Coca-Cola Amatil Limited
ABN 26 004 139 397

ASX Release

18 February 2019

SPC UPDATE

Cola-Cola Amatil ("Amatil", "the Group") today provides an update on the divestment process for SPC.

In August 2018, Amatil announced that it had completed a four-year, $100 million co-investment in SPC in conjunction with the Victorian Government and had commenced a strategic review of growth options for SPC. On 30 November 2018, Amatil announced it had concluded the strategic review of SPC with a decision to proceed towards divestment.

We have received strong interest in SPC. The divestment process has proceeded to the first round of non-binding indicative offers, of which a number have been received from Australian and overseas parties and bidders are being short listed to proceed in the process. The strong interest reflects the many opportunities for growth in SPC, including new products and markets, further efficiency improvements, and leveraging technology and intellectual property.

However, given the wide range of offers received, in terms of size and structure, and the inherent uncertainty of the financial outcome of the sale process, we believe it is prudent to recognise a non-cash impairment of the carrying value of SPC's net assets held for sale of $146.9 million before tax in the 2018 full year accounts. This will reduce the carrying value of SPC's net assets held for sale as at 31 December 2018 to zero.

This non-cash impairment does not impact the underlying performance of the business or the Group's ability to pay dividends.

Furthermore, as a result of the divestment process proceeding, SPC's assets and liabilities to be sold will be classified as held for sale in the consolidated balance sheet and the business's loss will be classified as discontinued operations in the consolidated income statement from a financial reporting perspective in the FY18 results. Consequently, SPC's result will not be included in the "Corporate, Food & Services" segment for FY18, and the segment renamed "Corporate & Services".

At our Investor Day in November 2018, we indicated that we were expecting a full year underlying earnings before interest and tax loss for SPC of approximately $10 million for FY18. The indicative result for SPC is in line with that disclosure.

As a result of the non-cash impairment of SPC and the trading loss for the year, the reported loss in "Discontinued Operation" will be a total loss of approximately $120 million after tax. This does not impact our underlying result but will be reflected in our statutory result.

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