2017 TAX TRANSPARENCY REPORT

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CHIEF FINANCIAL OFFICER'S INTRODUCTION

On behalf of the Board, I am very pleased to present Amatil's second Tax Transparency Report, covering the 2017 financial year.

Amatil is one of the largest bottlers and distributors of non-alcoholic and alcoholic ready-to-drink beverages in the Asia-Pacific region, and one of the world's largest bottlers of The Coca-Cola Company's range of products. As both brand partner and brand owner, we operate across six countries – Australia, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa – to manufacture, distribute and sell an unrivalled range of beverages, coffee and ready-to-eat food snacks.

We employ around 13,000 people and create thousands more jobs in the communities in which we operate. In 2017 we incurred $3.0 billion with suppliers and other service providers, $943 million in employee wages and $82 million in rent.

2017 Highlights

In June 2017 we established an on-market share buy-back program. This was completed in November utilising the full $350 million allocated to the program.

The year also saw the introduction of the Container Deposit Scheme (CDS) in New South Wales, with other schemes planned in Queensland, the ACT and Western Australia.

The business commenced a second $100 million cost and revenue optimisation program during the year, having completed the previous program ahead of schedule in 2016. We completed the sale and operating leaseback of the Richlands manufacturing and warehousing site.

Amatil continues to support initiatives by large corporations to provide additional tax transparency to stakeholders and the community. The focus on transparency is one of the cornerstones of our sustainability framework, which focuses on real accountability and outcomes on issues affecting the community, the environment, and consumer wellbeing.

Our approach to tax management and strategy is to ensure robust tax governance across the group, alignment with Amatil's overall business objectives, and transparency and compliance with local tax authorities.

This Report provides an overview of Amatil's tax strategy, governance and tax contributions made to Australian State and Commonwealth governments. The information provided in this Report is released on a voluntary basis in accordance with the recommendations and guidelines contained in the Board of Taxation's Voluntary Tax Transparency Code (the "Code"). It should be read in conjunction with Coca-Cola Amatil's 2017 Annual Report which can be found on our website at *www.ccamatil.com*.

I commend this Report to you as a useful guide to Amatil's approach on tax strategy, governance and contributions in Australia, and as a reflection of Amatil's values of transparency and openness on matters affecting the communities in which we live and work.

Martyn Roberts
Group Chief Financial Officer

AMATIL OVERVIEW

Amatil's history as an Australian manufacturer dates back to 1904. Today we are one of the largest bottlers of non-alcoholic and alcoholic ready-to-drink beverages in the Asia-Pacific. At Amatil, we are committed to acting with integrity in everything we do. We share a common set of values across all our businesses and are committed to maintaining our reputation for high moral and ethical standards in the areas of corporate governance and business conduct in each of the six countries in which we operate.

The principal segments of Amatil and its subsidiaries ("the Group") are:

- Non-Alcoholic Beverages
- Alcohol & Coffee
- Corporate, Food and Services

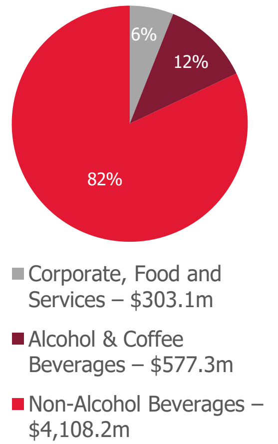
The Non-Alcoholic Beverages segment operates in Australia, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa. In these markets, Amatil manufactures, distributes and sells NARTD beverages, principally including the trademarked products of The Coca-Cola Company ("TCCC").

In each of these locations, Amatil owns substantial manufacturing and warehousing assets and sells to thousands of outlets through best-in-class route to market distribution networks. Each business develops autonomous business strategies and in-market execution models to remain at the forefront of consumer preferences.

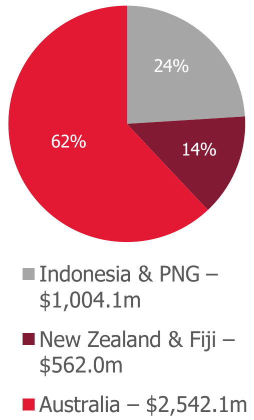
With access to more than 270 million potential consumers through more than 950,000 active customers, our product range includes non-alcoholic sparkling beverages, spring water, sports and energy drinks, fruit juices, iced tea, flavoured milk, coffee, tea, beer, cider, spirits and ready-to-eat fruit and vegetable snacks and products.

Amatil's Australian-based operations comprise Australian Non-Alcoholic Beverages, Australian Alcohol Beverages, and Corporate, Food and Services. Amatil's Australian Non-Alcoholic Beverages business contributed 61 per cent of the Group's underlying earnings before interest and tax in 2017, and 67 per cent in 2016.

Amatil Group based on 2017 total segment revenue



2017 total segment revenue Non-Alcohol Beverages



PART A DISCLOSURES

The "Part A" disclosures required of Amatil by the Code are:

- Amatil's Australian and Group effective tax rates;
- a reconciliation of the accounting profit to income tax expense;
- a reconciliation from income tax expense to current year income tax payable.

Amatil publishes its Group tax disclosures in Note 10 of the 2017 Financial Report found in the 2017 Annual Report. However, in the interests of greater transparency, Amatil has voluntarily chosen to provide Australian tax disclosures in Note 22 of the 2017 Financial Report. The Australian tax reconciliations form the basis of Amatil's Part A disclosures for the Code.

AMATIL'S AUSTRALIAN AND GLOBAL EFFECTIVE TAX RATE

Amatil Effective Tax Rate		
Australian and Global Operations	**2017 %**	**2016 %**
Effective Tax Rate – Australia		
Australian Operations	19.3	40.6
Australian Operations (excluding non-trading item)	26.4	30.0
Effective Tax Rate – Group		
Global Operations	24.4	34.5
Global Operations (excluding non-trading item)	29.2	29.7

Effective tax rate is calculated as income tax expense divided by profit before tax. Where non-trading items are recognised, effective tax rates are calculated on this same basis, excluding the impacts of these items. A reconciliation of Amatil's effective tax rate for the Australian operations to the applicable corporate income tax rate of 30% is outlined on the following page. A similar reconciliation in respect of the Global Operations is located at Note 10 to the 2017 Financial Report.

Note 3(b) of Amatil's 2017 Financial Report contains a definition and details of non-trading items for the current and comparative years.

Income tax expense is different to income tax payable, as income tax expense (an accounting concept) reflects amounts of accounting income which are assessable for tax / amounts of accounting expenditure which are deductible for tax, irrespective of when that assessment or deduction arises. Income tax payable reflects amounts which are assessable or deductible in the current year, which does not always align with the timing for these amounts being recognised in the income statement. This difference is illustrated further below in the reconciliation of income tax expense to income tax payable.

PART A DISCLOSURES

(continued)

2017 AUSTRALIAN GROUP INCOME TAX EXPENSE AND INCOME TAX PAYABLE

Outlined below is:

- A reconciliation of the Australian accounting profit to income tax expense and effective tax rate;
- a reconciliation of the Australian tax expense to income tax payable.

Reconciliation of Australian accounting profit to income tax expense		
	2017	**2016**
Income Tax Expense ($m)	87.1	75.0
Profit before income tax ($m)	451.3	184.5
Effective Tax Rate (%)	19.3	40.6
Effective Tax Rate is reconciled as:	**%**	**%**
Australian tax rate	30.0	30.0
Adjustments to current tax of prior periods	(0.2)	(0.7)
Impairment of property, plant and equipment and intangible assets	-	10.6
Non-allowable expenses	(0.2)	1.5
Non-assessable dividend from subsidiary	(4.8)	-
Recognition of previously unrecognised tax losses	(5.5)	(0.8)
Effective Tax Rate (%)	**19.3**	**40.6**
Effective tax rate (before non-trading items) (%)	26.4	30.0

Reconciliation of Australian income tax expense to income tax payable		
	2017 $m	**2016 $m**
Income tax expense	**87.1**	**75.0**
Movements in temporary differences	17.5	32.9
Adjustments to current tax of prior periods	0.5	1.3
Income Tax Payable – current year	**105.1**	**109.2**
Total income tax expense includes:		
Income tax benefit on non-trading items	29.3	45.5

PART A COMMENTARY

In the 2017 Financial Report, Amatil recognised the gain on the sale of the Richlands manufacturing and warehouse site in Queensland, and expenses associated with cost and revenue optimisation programs as part of the restructuring of the Australian beverages business. These amounts have been classified as non-trading items, and total to a net expense of $0.3 million before tax. (Refer Note 3(b) of the 2017 Financial Report).

The 2017 effective tax rate for the Australian operations is 19.3 per cent, substantively reflecting:

a) the recognition of previously unrecognised capital losses to offset a capital gain arising from the Richlands property sale; and

b) receipt of a dividend from its New Zealand subsidiary which is exempt from Australian tax. (The underlying profits from which this dividend has been paid have been subject to corporate income tax in New Zealand at the rate of 28%).

After the impact of these items is removed, Amatil's Australian effective tax rate is 26.4 per cent.

In addition, the temporary differences of $16.2 million arising from the cost and revenue restructuring were the major contributor to the difference between income tax expense ($87.1 million) and income tax payable ($105.1 million) for the 2017 year.

The 2016 effective tax rate was 40.6 per cent for the Australian operations. This reflected the recognition of the non-tax-deductible impairment expense to the carrying value of certain assets held within the SPC business, which were also classified as non-trading items. After the impact of the non-trading items is removed, Amatil's Australian effective tax rate was 30 per cent for 2016.

The proportion of Amatil earnings from overseas is anticipated to grow versus Australian taxable profits. If this eventuates. the proportion of Amatil's dividends that can be franked will be lower than previous years, however this will be dependent on the actual results achieved by the Group across its various jurisdictions

PART B DISCLOSURES

Part B of the Code prescribes minimum disclosure standards in relation to Amatil's:

- tax policy, strategy and governance;
- total tax contributions;
- international related party dealings.

TAX POLICY, TAX STRATEGY AND GOVERNANCE

Amati is committed to achieving the highest standards in the areas of corporate governance and business conduct and Amatil's tax responsibilities are managed in line with this commitment. The Australian Taxation Office (the "ATO") has acknowledged that Amatil maintains a cooperative and open relationship with them.

Amatil's tax operating environment and framework is guided by a Board approved "Group Tax Risk Management" policy. A fundamental guiding principle is the execution of transactions is to be driven by the desired commercial outcomes not by the potential tax benefits/outcomes. Amatil's operating businesses do not carry a high level of natural tax risk and its capital investment is not generally mobile or fluid.

The responsibilities imposed under the policy are carried out by experienced tax professionals in the Group tax function along with the tax functions located in each of Amatil's major businesses. Amatil also draws on external tax expertise using tax advisors in each of the jurisdictions it operates in.

Amatil has implemented appropriate internal controls at a Board and managerial level in relation to the identification and management of tax risk, and a framework for escalation of tax matters from business units to the Amatil Board as necessary.

Amatil has an Audit and Finance Committee ("AFC"), the purpose of which is to oversee financial risk management and internal controls across Amatil, including tax. There is regular reporting on tax matters to the AFC.

Engagement with revenue authorities

Amatil is subject to regular tax audits across its jurisdictions and interacts with tax authorities on a range of issues as part of the ongoing activities of tax authorities.

Amatil seeks proactive and constructive engagement with the ATO and other revenue offices with which it interacts. In this regard, the ATO has recognised Amatil's willingness to maintain a cooperative and transparent relationship with it.

The ATO rates Amatil as a key taxpayer for income tax, goods and services tax ("GST") and excise, under its risk-categorisation framework.

As such, Amatil is engaged in ongoing dialogue with the ATO regarding its various review processes, particularly in relation to income tax. The completed reviews to date have predominantly found Amatil to be "low-risk" in respect of the matters examined, with no material adjustments made to Amatil's tax payments in Australia. In addition, Amatil's internal auditors conduct periodic reviews of Amatil's controls, processes and systems for both GST and Fringe Benefits Tax.

PART B DISCLOSURES

(continued)

TOTAL TAX CONTRIBUTION

Taxes borne by Amatil

In Australia during the 2017 financial year, Amatil paid $308.5m in Commonwealth and State taxes:

Amatil Taxes Borne Summary[1]	2017	2016
	($m)	($m)
Corporate Income Tax [2]	114.6	98.3
Excise	157.2	117.3
Fringe Benefits Tax	7.0	7.7
Payroll Tax	27.0	28.4
Property Tax	2.7	2.0
Total	**308.5**	**253.7**

Taxes collected by Amatil

In addition to the taxes directly borne by Amatil, Amatil collected net GST amounts, PAYG withholding taxes on salaries paid to Australian employees, and Wine Equalisation Tax ("WET"), as follows:

Amatil Taxes Collected Summary	2017	2016
	($m)	($m)
Net GST	133.3	149.7
Wine Equalisation Tax	1.2	1.4
Employee Withholding Taxes	131.2	142.3
Total	**265.7**	**293.4**

[1] Excludes council rates, customs duty and stamp duty paid.

INTERNATIONAL RELATED PARTY DEALINGS

The Amatil group discloses transactions with related parties at Note 16 of its Financial Report. The nature and terms of transactions with related parties is monitored by Amatil's Related Party Committee ("RPC"). The RPC is an Amatil Board appointed committee consisting of Amatil's Independent Non-executive Directors, tasked with reviewing material transactions with related parties to assess whether the transactions occur on normal commercial terms and are no more favourable than would reasonably be expected of transactions negotiated on an arm's length basis.

Having regard to the current activities and shareholdings of the Group, the transactions under review by the Committee are primarily those transactions that the Group conducts with TCCC. Amatil and TCCC are independently listed entities that deal independently with each other. TCCC currently owns 30.8% of the ordinary shares in Amatil, and first became an Amatil shareholder in 1989 through a major reorganisation, 24 years after Amatil first acquired a TCCC bottling enterprise in Australia.

[2] Income tax paid reflects cash tax paid during 2017 and does not reflect the income tax liability relating to that year. Income tax payable in respect of the 2017 financial year is disclosed at Part A.

Transactions with TCCC primarily involve purchases of concentrate and beverage base used to produce finished products.

Amatil operates each of its businesses on an "in-country" basis, which means that the quantum of international transactions within the wholly-owned Amatil group are generally not material. Each operating beverage business has its own Bottler's Agreement with TCCC, its own management, manufacturing and distribution platforms supported by sales, commercial, finance and administration functions. There is appropriate corporate oversight and stewardship in respect of the business units.

As such, there are limited cross-border transactions between the subsidiaries of the Group. Nonetheless, economies of scale are achieved within the Amatil group through transparent cost sharing arrangements in corporate functions, external and internal IT costs, and hedging of inputs to manufacture through a centralised Treasury function. External costs attributable to each business unit will be recharged, and a mark-up added to internal costs where a service has been performed in accordance with OECD guidelines. Generally, the services originate from Australia and are charged to the operations in New Zealand, Indonesia, Papua New Guinea and Fiji.

In circumstances where one of the subsidiaries of the Group has excess liquidity, it may lend funds within the Group at arm's length interest rates. However, this is not common given that the preference is for each entity to maintain appropriate amounts of external debt on its balance sheet, to act as a natural hedge against translation of foreign earnings into AUD.

Finally, there are limited cross-border sales of finished goods, and inputs to manufacture such as bottle caps and pre-forms. A pre-form is the PET core that is blown into a bottle during the manufacturing process. Amatil has capacity to manufacture these inputs in Australia and Indonesia, and exports the caps and preforms from Australia to its operations in New Zealand, Fiji and Papua New Guinea at an arm's length price.

Further information about Amatil's operations is available at our Group website, *www.ccamatil.com*.

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