2016 TAX TRANSPARENCY REPORT

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CHIEF FINANCIAL OFFICER'S INTRODUCTION

On behalf of the Board, I am very pleased to present the inaugural Tax Transparency Report for Coca-Cola Amatil ("Amatil'), covering the 2016 financial year.

Amatil is one of the largest bottlers and distributors of alcoholic and non-alcoholic ready-to-drink beverages in the Asia-Pacific, and one of the world's largest bottlers of The Coca-Cola Company range. With around 14,000 employees working in Australia, Indonesia, New Zealand, Fiji, Papua New Guinea and Samoa, we work as one team to deliver our best every day for our consumers, our customers, our partners, our communities and our shareholders who all benefit from our success.

We are also a major contributor to economic growth in our communities. In 2016 we incurred $3.413 billion with suppliers and other service providers, $915 million in employee wages and $87 million in rent.

Amatil supports 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 2016 Annual Report which can be found on our website at *www.ccamatil.com*.

In all our activities, we remain committed to achieving the highest standards in the areas of corporate governance and business conduct. Our tax responsibilities are managed in line with this commitment, and we take pride in being regarded as a good corporate citizen in this field. The Australian Taxation Office (the "ATO") has acknowledged that Amatil maintains a cooperative and open relationship with them.

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 alcoholic and non-alcoholic ready-to-drink ("NARTD") 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:

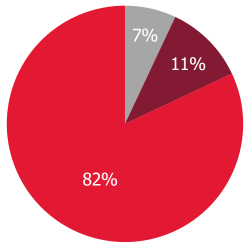
- Non-Alcoholic Beverages
- Alcohol & Coffee
- Corporate, Food and Services

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.

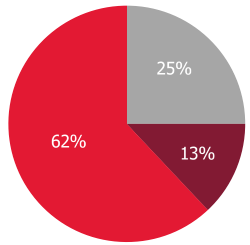
Amatil's Australian-based operations comprise Australian Non-Alcoholic Beverages, Australian Alcohol Beverages, and Corporate, Food and Services. Amatil's Australian Non-Alcoholic Beverages business contributed 67 per cent of the Group's earnings before interest and tax in 2016, and 70 per cent in 2015.

Amatil Group based on 2016 total revenue



- Corporate, Food and Services – $373.7m
- Alcohol & Coffee Beverages – $545.7m
- Non-Alcohol Beverages – $4,292.0m

2016 total revenue Non-Alcohol Beverages segment



- Indonesia & PNG – $1,054.9m
- New Zealand & Fiji – $560.6m
- Australia – $2,676.5m

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 reconciliations in Note 10 of the 2016 Financial Report found in the 2016 Annual Report. However, in the interests of greater transparency, Australian tax reconciliations are also published in Note 22 of the 2016 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	**2016 %**	**2015 %**
Effective Tax Rate – Australia		
Australian Operations	40.6	24.4
Australian Operations (excluding non-trading item)	30.0	24.4
Effective Tax Rate – Group		
Global Operations	34.5	29.8
Global Operations (excluding non-trading item)	29.7	29.8

Effective tax rate is calculated as income tax expense divided by profit before tax.

Income tax expense is different to income tax payable, as income tax expense (an accounting concept) reflects amounts of income which are assessable for tax / amounts of 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.

2016 AUSTRALIAN GROUP TAX 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

	2016	2015
Income Tax Expense ($m)	75.0	120.8
Profit before income tax ($m)	184.5	493.2
Effective Tax Rate (%)	40.6	24.4
Effective Tax Rate is reconciled as:	**%**	**%**
Australian tax rate	30.0	30.0
Adjustments to current tax of prior periods	(0.7)	–
Impairment of property, plant and equipment and intangible assets	10.6	–
Non-allowable expenses	1.5	0.8
Non-assessable income	–	(6.0)
Recognition of previously unrecognised tax losses	(0.8)	(0.4)
Effective Tax Rate (%)	**40.6**	**24.4**
Effective tax rate (before non-trading items) (%)	30.0	24.4

Reconciliation of Australian income tax expense to income tax payable

	2016 $m	2015 $m
Income tax expense	**75.0**	**120.8**
Net deferred tax benefit/(expense)	32.9	(9.1)
Adjustments to current tax of prior periods	1.3	(0.3)
Income Tax Payable – current year	**109.2**	**111.4**
Total income tax expense includes:		
Income tax benefit on non-trading items	45.5	–

PART A COMMENTARY

In the 2016 Financial Report, Amatil recognised impairments to the carrying value of inventories, property, plant and equipment and certain intangible assets held within the SPC business. This is reflected as a non-trading expense of $217.3 million before tax. (Refer Note 3(b) of the 2016 Financial Report).

The impairment resulted in non-temporary and temporary differences between the accounting and tax treatment for the impairment. The non-temporary difference arising from the impairment resulted in the effective tax rate for the Australian operations exceeding 40 per cent. When the impact of the non-trading items is removed, Amatil's Australian effective tax rate is 30 per cent.

In addition, the temporary differences of $45.5 million arising from the SPC impairment resulted in the material difference between income tax expense ($75 million) and income tax payable ($109.2 million) for the 2016 year.

The 2015 effective tax rate of 24.4 per cent for the Australian operations reflects that a proportion of Amatil's earnings in Australia were dividends from offshore operations which are exempt from Australian tax. (The underlying profits from which these dividends are paid have been subject to tax in the country of origin). Amatil did not receive any of these dividends in 2016.

The proportion of Amatil earnings from overseas is forecast to grow versus Australian taxable profits. Accordingly, it is anticipated that the proportion of our dividends that can be franked will decline below 75 per cent from 2017, however this will be dependent on the actual results achieved by the Group across our 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

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 business does 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 the business unit to the Amatil Board as necessary.

Amatil has an Audit and Risk Committee ("ARC"), the purpose of which is to oversee risk management and internal controls in relation to all risks across Amatil, including tax. There is regular reporting on tax matters to the ARC.

Engagement with revenue 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 Goods and Services Tax ("GST") and Excise, under its risk-differentiation framework ("RDF"). It also acknowledges Amatil's role as a key member of the Alcohol Stakeholder Group. For income tax purposes, the ATO adopts a periodic assurance process, combined with specific issue reviews.

As such, Amatil is engaged in ongoing dialogue with the ATO regarding its various review processes, particularly in relation to income tax. These reviews 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.

TOTAL TAX CONTRIBUTION

In Australia during the 2016 financial year, Amatil paid $255.1m in Commonwealth and State taxes:

Amatil Tax Contribution Summary[1]	2016
	($m)
Corporate Income Tax [2]	98.3
Excise	117.3
Wine Equalisation Tax	1.4
Fringe Benefits Tax	7.7
Payroll Tax	28.4
Property Tax	2.0
Total Taxes Paid	**255.1**

In addition to these taxes directly borne by Amatil, we collected net GST amounts and PAYG withholding taxes on salaries paid to Australian employees.

The net GST amount reflects GST collected by Amatil on Australian sales less the input tax credits claimed on our purchases. This amounted to $149.7 million in 2016.

PAYG employment withholding taxes collected and paid to the ATO by Amatil during 2016 was $142.3 million.

[1] Excludes council rates, customs duty and stamp duty paid in 2016.

[2] Income tax paid reflects cash tax paid during 2016 and does not reflect the income tax liability relating to that year. Income tax payable in respect of the 2016 financial year is disclosed at Part A.

PART B DISCLOSURES

(continued)

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 29.2% 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.

Transactions with TCCC primarily involve purchases of 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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