

# ASX Announcement

13 February 2014

## CCA AND VICTORIAN GOVERNMENT INVEST IN FUTURE FOR SPC ARDMONA

Coca-Cola Amatil (CCA) together with the Victorian Government is today pleased to announce a new \$100 million investment plan to assist the future of SPC Ardmona and the Goulburn Valley.

CCA will invest \$78 million into SPC Ardmona and welcomed the decision by the Victorian Government to invest \$22 million over three years.

The Victorian Government's participation is conditional upon the entering into of formal legal documentation which will set out the investment milestones upon which the financial assistance will be provided and include the condition of employment being maintained at a minimum level of 500 Full Time Equivalent (FTE) employees for three years, and the \$78 million contribution by CCA to the overall project cost. A further requirement will be the refund of all payments made under this agreement should SPCA cease business operations at Shepparton within five years of the agreement with the Victorian Government.

The total combined \$100 million package will be invested over a three year period into efficiency measures and innovation at SPC Ardmona, the last remaining major fruit and vegetable processor in Australia.

SPC Ardmona Managing Director Peter Kelly said: "We are delighted with the support shown for our business case by Premier Napthine, Deputy Premier Peter Ryan and their Government for the future of this important food industry. They have been unwavering in their determination to help the Goulburn Valley and have played a critical role in assisting us with our transformation plans for the business from a cannery to a modern food company.

"This \$100 million capital investment package, while not the amount we originally planned, is significant and will be immediately put to work by our business to drive new product and packaging innovation and efficiency measures."

It is estimated that in the Goulburn Valley region, more than 2500 jobs are reliant on the ongoing operations of SPC Ardmona and today's announcement is a vote of confidence in the region's future economy.

Mr Kelly said while the new investment package will mean adjustments to the business plan, he paid tribute to what he said were unprecedented levels of support from the broad Australian community for SPC Ardmona and its brands, SPC, Ardmona, Goulburn Valley, Taylor's, IXL and Henry Jones.

"We are seeing a magnificent surge of support from retailers and consumers who are choosing to stock and buy our iconic Australian brands over cheap imports. Sales of our key SPC Ardmona products in major supermarkets soared on the back of last weekend's phenomenal grassroots #SPCSunday social media campaign which generated several thousand Tweets and a staggering 15 million impressions as well as 3000 new SPCA Facebook friends.

"While consumers are rallying behind us, retailers all over the country have been fantastic too. We have been receiving offers of new business and more in-store support – ideas like Australian made sections on shelf."

Mr Kelly said he was pleased and proud of the support shown to SPC Ardmona from the Goulburn Valley community, particularly from growers, local retailers and local politicians including the wonderful support of Dr Sharman Stone and Shepparton Mayor Jenny Houlihan, and also State Ministers Jeanette Powell and Wendy Lovell, as well as the entire SPCA workforce.

“The local council in Shepparton has given us amazing support, streamlining several processes to enable us to redesign the sites’ material flows and layout for improved efficiency.”

Mr Kelly said he has also been contacted by the University of Melbourne and Latrobe University offering research and technology expertise to help SPC Ardmona’s R&D and food technology needs.

“SPC Ardmona has a clear responsibility to bring innovation and great brands to market and I am increasingly optimistic that the Australian consumers can see the efforts we are making and will continue to consider the Australian products whenever they shop.

“At the end of the day the future of companies like ours are in the hands of consumers and we’re going to make sure we give consumers what they want.”

The Group Managing Director of Coca-Cola Amatil (CCA), Terry Davis also thanked the Victorian Premier and his Government for their support. He welcomed news that Australian authorities would now address the removal of some unfair structural barriers which have been particularly damaging to the food processing sector.

“As a major manufacturer in Australia it has been difficult to understand how the New Zealand Government has been able to support its packaged fruit industry for so long with strong anti-dumping measures, and we have not.

“However last week’s Anti-Dumping Commission finding which showed SPCA was materially damaged by illegally dumped tomato products, and news this week that the Federal Government is working on trade measures to defend Australian companies against dumping of cheap imports, are very welcome.

“We would also like to see more done in the areas of tariffs on processed fruit imports and a greater enforcement of standards and inspections to prevent imports which may have unsafe levels of contaminants like lead.”

Mr Davis also advised that there would be a material write down of CCA’s investment in SPC Ardmona.

He said: “CCA’s Board of Directors is comfortable with the returns expected for SPCA under the new investment package, but notwithstanding that, in order to right size the business, write downs will occur in the 2013 accounts. These will be detailed further on Tuesday at CCA’s full year results presentation.”

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