

Media Release

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COCA-COLA AMATIL REMODELS AUSTRALIAN SUPPLY CHAIN

Coca-Cola Amatil today announced it would invest around \$90 million over three years to remodel its supply chain across Australia, through better utilisation of existing plant and a greater focus on technology and automation.

Coca-Cola Amatil Group Managing Director, Alison Watkins said the announcement was an outcome of a detailed review of the Company's Australian supply chain network.

The review identified opportunities for improvements in Amatil's supply chain, recommending increased production in Queensland and Western Australia and the closure of the Company's manufacturing operations in South Australia in 2019.

"We need to modernise and invest in new capability across our supply chain to maintain our competitiveness in the market," Ms Watkins said.

"As an outcome of the review, we will make a \$90 million investment at Richlands in Queensland. This will include a new glass production line and new dairy and juice production capacity.

"The review found that further development of our facility at Thebarton in South Australia was constrained by its CBD location, site layout, dated infrastructure and expensive logistics. We will therefore be closing our South Australian manufacturing facilities, principally at Thebarton, in 2019.

"This isn't a decision we have taken lightly, but we know it will be important for ensuring our position in the market into the future."

Ms Watkins said the \$90 million investment was in addition to the \$75 million Richlands investment announced in 2016 and intended to deliver a new, expanded and automated warehouse with greater capacity, comparatively lower operating costs and reduced materials handling and truck movements.

In addition to Richlands, other manufacturing activities would also shift to Kewdale in Western Australia, Moorabbin in Victoria, and Northmead in NSW.

"I want to take the opportunity to acknowledge our committed and hardworking manufacturing team in South Australia," Ms Watkins said.

"I know today's announcement will be difficult for the team, many of whom have been part of Coca-Cola Amatil for many years. They are our priority as we work through this transition."

Ms Watkins said approximately 180 employees and contractors were affected by the decision, and Amatil would work with each one individually in order to provide financial counselling, personal support and assistance in finding new positions. Where feasible, some permanent staff will be redeployed to other positions within the company.

Coca-Cola Amatil will maintain a strong workforce and presence in South Australia after 2019. Existing sales, distribution, warehousing, equipment servicing and Statewide Recycling teams in the state are unaffected by the changes.

The closure of manufacturing facilities in South Australia will deliver a further \$20 million in cost savings from 2020. There is also expected to be approximately \$50 million of one-off costs associated with this program expected to be offset by surplus profit from the proposed sale and leaseback of the Richlands site and sale of the Thebarton site following its closure.

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ABOUT COCA-COLA AMATIL

Coca-Cola Amatil is one of the largest manufacturers and distributors of ready-to-drink non-alcohol and alcohol beverages, coffee and ready-to-eat food snacks in the Asia Pacific region. Coca-Cola Amatil is also the authorised manufacturer and distributor of The Coca-Cola Company's beverage brands in Australia, New Zealand, Fiji, Indonesia, Papua New Guinea and Samoa. Coca-Cola Amatil directly employs around 14,000 people and indirectly creates thousands more jobs across the supply chain, partnering with key suppliers to manufacture, package, sell and distribute its products. With access to around 300 million potential consumers through more than 850,000 active customers Coca-Cola Amatil is committed to leading through innovation and building a sustainable future and delivering long-term value to shareholders.

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