Coca-Cola
Hellenic Bottling Company

INTEGRATED ANNUAL REPORT 2019

WHAT IT TAKES TO DELIVER 24/7

We are a leading strategic bottling partner of The Coca-Cola Company, bringing beverage brands to life in 28 countries on three continents. Our vision is to be the leading 24/7 beverage partner, growing with our customers by ensuring that we have a beverage for each consumer moment around the clock.

Our commitment to sustainability

After years of embedding sustainability, our CSR strategy today is a business imperative and integral to our decision-making and targets. We are ranked as Europe's most sustainable beverage company by the Dow Jones Sustainability Index and are ranked amongst the top performers on other ESG benchmarks such as CDP Climate and Water, MSCI ESG, and FTSE4Good. Read more about what we are doing to achieve our sustainability agenda and how we measure our performance on pages 48-49.

MEMBER OF Dow Jones Sustainability Indices In collaboration with RobecoSAM

CDP A LIST 2019 WATER

CDP A LIST 2019 CLIMATE

MSCI

FTSE4Good

Our people

We're a company of over 28,000 diverse, talented colleagues. We share a passion for serving our customers, developing our people and delivering more for all our stakeholders.

28,389
Employees

Where we operate

Our geographic footprint spans from the West Coast of Ireland to the Pacific coast of Russia; from Northern Europe to our most southerly market, Nigeria. This combination of countries creates a unique and diverse balance. We benefit from operating in growth markets with significant opportunities to increase the per-capita consumption of our products, while also maintaining a leading presence in established markets.

28
Countries

3
Continents

Established markets

+1.3%
Currency-neutral revenue growth 2019

10.2%
Comparable EBIT margin 2019

Developing markets

+4.2%
Currency-neutral revenue growth 2019

10.8%
Comparable EBIT margin 2019

Emerging markets

+7.1% (+5.6% excl. Bambi)
Currency-neutral revenue growth 2019

11.3% (11.0% excl. Bambi)
Comparable EBIT margin 2019

Our 24/7 portfolio

Our portfolio is the strongest, broadest and most flexible in the beverage industry. Our products cater to a growing range of tastes with a wider choice of healthier options, premium products and increasingly sustainable packaging, giving us an undisputed ability to delight consumers across all consumption occasions.

More than
100
brands across eight categories

2019 highlights

VOLUME (m unit cases)
2,265
2018: 2,192

NET SALES REVENUE (€m)
7,026
2018: 6,657

COMPARABLE EBIT (€m)
759
2018: 681

COMPARABLE EBIT MARGIN (%)
10.8
2018: 10.2

COMPARABLE NET PROFIT[1,2] (€m)
522
2018: 480

NET PROFIT[2] (€m)
487
2018: 447

COMPARABLE EPS[1] (€)
1.436
2018: 1.306

BASIC EPS (€)
1.340
2018: 1.216

PRIMARY PACKAGING COLLECTED FOR RECYCLING (EQUIVALENT)
48%
2018: 48%

CARBON EMISSIONS INTENSITY REDUCED ACROSS THE VALUE CHAIN
31%
2018: 25%

1. For details on APMs, refer to the Alternative performance measures section.
2. Net profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.

Watch our video and learn more at https://coca-colahellenic.com/en/investors/2019-integrated-annual-report/

We have set out to deliver more for all of our stakeholders through our new strategy, targets and vision. Achieving our goals is made possible by our bold approach to products and portfolio strategy, route to market, passionate people, innovative thinking and commitment to responsible, sustainable practices throughout our Company.

About our report

The 2019 Integrated Annual Report ('Annual Report') consolidates Coca-Cola HBC AG's UK and Swiss disclosure requirements while meeting the disclosure requirements for its secondary listing on the Athens Exchange and the sustainability reporting standards. For more information about our Integrated Annual Report, see page 236.

Throughout the 2019 Integrated Annual Report, we have identified areas which are relevant to each of our five growth pillars. These are indicated through the following icons:

1. **LEVERAGE OUR UNIQUE 24/7 PORTFOLIO**
   go to pages 26-29
2. **WIN IN THE MARKETPLACE**
   go to pages 30-33
3. **FUEL GROWTH THROUGH COMPETITIVENESS & INVESTMENT**
   go to pages 34-37
4. **CULTIVATE THE POTENTIAL OF OUR PEOPLE**
   go to pages 38-41
5. **EARN OUR LICENCE TO OPERATE**
   go to pages 42-45

Contents


Coca-Cola
0.90€
1.20€
ΑΥΘΕΝΤΙΚΗ ΓΕΥΣΗ
singing
like
FANTA
squad
Coca-Cola PLUS

Our portfolio lies at the heart of our future growth plans. As the strongest, broadest and most flexible in the industry it caters to a growing range of tastes and preferences.

With over 100 brands, covering eight categories, we have evolved our offering dramatically in the past two decades as we have innovated and shifted into new and exciting brands and categories. Each category has a unique strategy targeted at driving profitable growth.

We are seeing strong growth in our low-and no-sugar variants, in line with our sustainability strategy, which includes reducing calories by 25% in the sparkling category over 10 years to 2025. Alongside that, we have increased our focus on premiumisation through accelerating the adult sparkling segment, adding premium water and juice offerings, introducing new products such as Coca-Cola Energy and exploring new categories, such as plant-based beverages with AdeZ. We consider coffee to be a highly promising category and The Coca-Cola Company's acquisition of Costa Coffee is an exciting opportunity in the years ahead.

Read more about how we are leveraging our unique 24/7 portfolio on pages 26-29.

IT TAKES BEING

BOLD

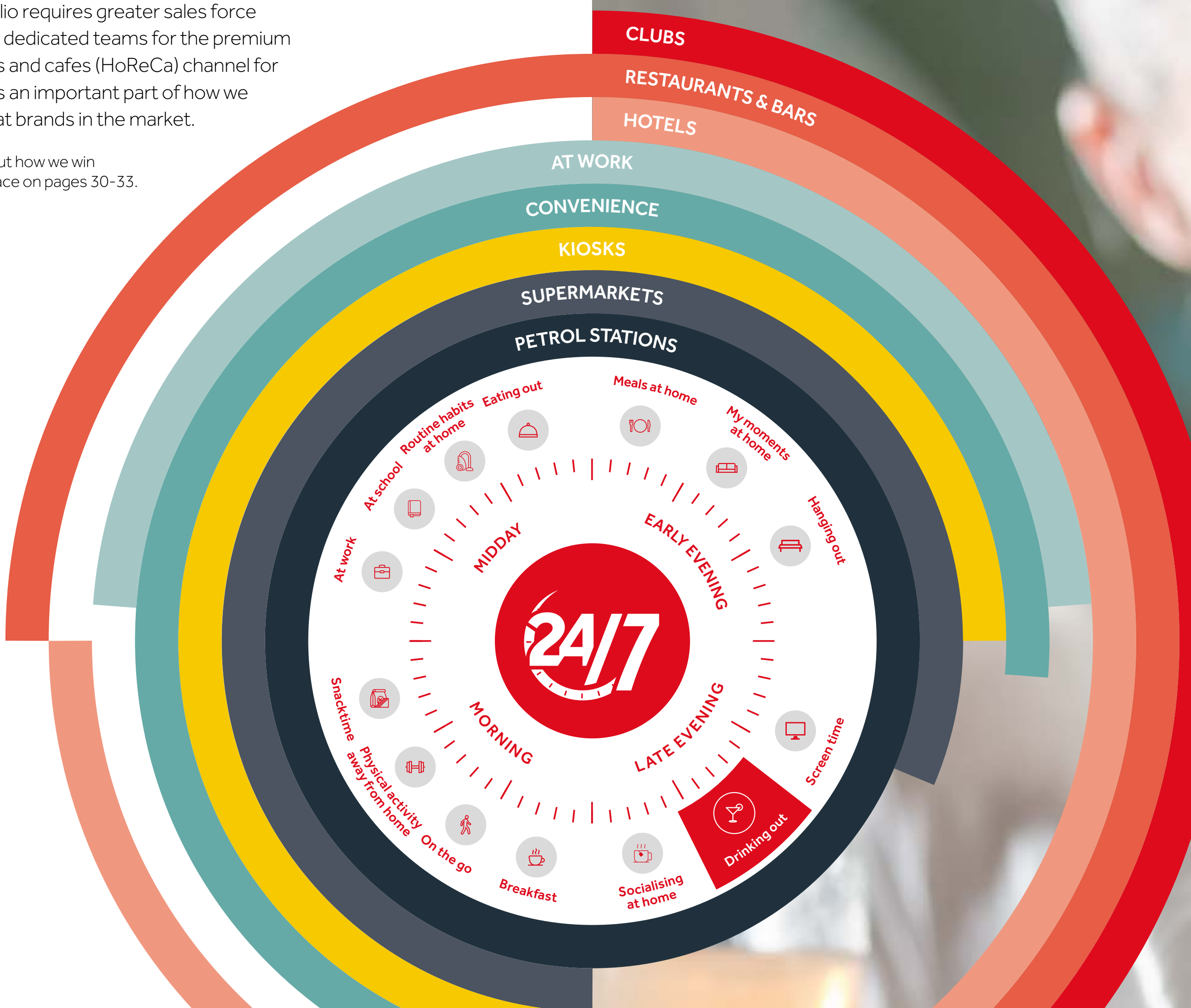
WITH CONSUMER CHOICE

IT TAKES BEING DYNAMIC IN THE MARKETPLACE

Our route-to-market strategy ensures that we create value for our customers by ensuring that the right outlets receive the right beverages, in the right pack, in the right quantities, at the right time and at the right price.

In line with our improving portfolio, we are continuously strengthening our route to market and partnering with our customers to bring our 24/7 portfolio into the hands of our consumers faster and with greater efficiency. Our route to market is increasingly segmented to offer more customer service options, aiming to capture the full potential of each individual outlet rather than just the channel. At the same time the broader portfolio requires greater sales force specialisation, with dedicated teams for the premium Hotels, restaurants and cafes (HoReCa) channel for example, and this is an important part of how we activate these great brands in the market.

Read more about how we win in the marketplace on pages 30-33.




Schweppes

INN

To ensure our business is fit for the future, we are transforming and digitalising many of our supply chain and sales execution processes.

Innovation helps us become more customer-centric. Our sales force automation tool embeds the latest technology into a single user-friendly solution that enables our sales people to make customer-specific suggestions of products and quantities, and track performance and execution in real time. At the same time, we are building a network of connected coolers that produce significantly lower emissions, while maximising performance by tracking door openings and inventory and undertaking automatic stocking and ordering. These 'smart coolers' connect directly to the sales person's device, freeing up time to spend with the customer.

We are also applying innovation to our manufacturing and logistics to expand our technical capabilities while ensuring productivity and cost savings.

Innovative approaches to manufacturing are helping us manage growth at our mega plants while consuming less energy and water. New, automatic line changeovers reduce idle production time and free up volume capacity, effectively expanding our production line capacity by nearly 1% per year. These lines support smaller runs of new products, helping us supply niche market segments and respond to rapidly changing consumer preferences.

And in the warehouse, new augmented reality technology helps us manage the complexity of our expanded 24/7 portfolio. The technology aids our warehouse colleagues in pulling inventory from stock and packing it for customer delivery, enhancing the speed and accuracy of our service.

Read more about how we are fuelling growth through efficiency on pages 34-37.

IT TAKES HAVING

OVATIVE

OPERATIONS

We are creating a more sustainable business that makes a positive impact on our people, our communities and our planet.

This begins by nurturing and cultivating the talent of our people. Our Company is made up of over 28,000 diverse, passionate professionals who are all committed to achieving long-term, sustainable success.

We introduced a new set of comprehensive sustainability targets in 2018, called Mission 2025. We report on our progress towards these goals on pages 48-49.
This includes an update on our journey to a World Without Waste, the Coca-Cola System's commitment to tackle the challenges of packaging waste, in particular plastics.

Read more about how we cultivate the potential of our people and earn our licence to operate on pages 38-45.

IT TAKES BEING

COMMIT

TO OUR PEOPLE AND OUR COMMUNITIES


TED
Coca-Cola

IT TAKES HAVING A VISION 24/7 FOR THE FUTURE

Our vision is to be the leading 24/7 beverage partner – growing with our customers by ensuring that we have a beverage for every consumer moment around the clock.

This vision can only be achieved by leveraging our 24/7 portfolio, which is the strongest, broadest and most flexible in the industry. With over 100 brands covering eight categories – sparkling, water, juices, ready-to-drink tea, energy, plant-based, premium spirits and coffee – we have more opportunities to help our customers delight consumers than ever before, by providing the brands and drinks people want, when and where they want them.

Our purpose and strategy

We will deliver on our vision through a clear purpose and strategy

To deliver on our vision of being the leading 24/7 beverage partner, we introduced a new strategy in 2019. Growth Story 2025 gives us a roadmap to grow with our customers and to delight consumers across our 28 markets, around the clock. We do this by empowering our people and building trust by operating our business responsibly and sustainably.

Our purpose

We are devoted to growing every customer and delighting every consumer 24/7

By nurturing passionate & empowered teams of people

While enriching our communities & caring for the environment

Our growth pillars

1 LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

Read more on pages 26-29.

2 WIN IN THE MARKETPLACE

Read more on pages 30-33.

3 FUEL GROWTH THROUGH COMPETITIVENESS & INVESTMENT

Read more on pages 34-37.

4 CULTIVATE THE POTENTIAL OF OUR PEOPLE

Read more on pages 38-41.

5 EARN OUR LICENCE TO OPERATE

Read more on pages 42-45.

Our Growth Mindset Values

WINNING WITH CUSTOMERS
We are the selling organisation devoted to providing innovative solutions to create shared value

NURTURING OUR PEOPLE
We believe in our people, and have a passion to develop ourselves and others

Read more about our values on pages 38-41.

Built on five key pillars of growth, each of which is a core strength or competitive advantage, our 2025 strategy is underpinned by new Growth Mindset Values and guided by ambitious targets. This plan to achieve our vision reflects the significant opportunities ahead that will help us deliver growth and value for our Company and all of our stakeholders.

How we grow

- Offer the best 24/7 beverage portfolio on the planet in partnership with The Coca-Cola Company

- Build unrivalled teams of true partners for our customers, executing with excellence in every channel for prioritised drinking moments
- Fast-forward critical capabilities for growth

- Transform, innovate and digitalise our business to ensure that we are fit for the future

- Invest in building the best teams in the industry
- Develop an inclusive growth culture around our empowered people

- Be an environmental leader, engage our communities behind water and waste initiatives, and empower youth, together with our partners

2021-2025 targets

5-6%
FX-neutral revenue growth per annum, on average

20-40bps
EBIT margin growth per annum, on average

Employee engagement
score greater than the high-performing norm

Accomplish
Mission 2025 sustainability commitments

EXCELLENCE
We strive for unparalleled performance by amazing customers with our passion and speed

INTEGRITY
We always do what is right, not just what is easy, and are accountable for the results

LEARNING
We listen, have a natural curiosity to learn and are empowered to take smart risks

PERFORMING AS ONE
We collaborate with agility to unlock the unique strength of diverse teams

Read more about our Growth Story 2025 on pages 24-25.

Chairman's letter

Dear Stakeholder,

Our strong growth and the significant progress we delivered toward our goals in 2019 reflect the successful implementation of Coca-Cola HBC's ambitious strategy. This was achieved despite the challenge of unfavourable weather in many of our markets.

We set the stage during the year for further improvements to our Company's long-term competitiveness and future growth.

Our Board's independence and diverse range of skills are complemented by the stability and truly long-term focus of our two majority shareholders. This keeps our focus on delivery not just in the current year but in building the conditions for success over the next five, 10 and 50 years.

Growth Story 2025

In 2016, we introduced a bold strategy, with 2020 targets, based on a vision to be the undisputed beverage leader in every market in which we compete. Aiming for further growth and success, the Board approved a new strategy in 2019 with new 2025 targets, in the context of an updated purpose and vision.

These targets include measures on financial results, people engagement and sustainability commitments. The entire Board is in agreement that achievement in each of these areas is crucial. With the ambition to be the leading 24/7 beverage partner, we have reinforced our commitment to delight consumers while creating growth and value for our Company, our partners, and all of our key stakeholders.

The Board of Directors has worked to ensure that the new strategy and targets reflect our ongoing engagement with stakeholders, including the communities in which we operate.

> "AIMING FOR FURTHER GROWTH AND SUCCESS, THE BOARD APPROVED A NEW STRATEGY IN 2019 WITH NEW 2025 TARGETS, IN THE CONTEXT OF AN UPDATED PURPOSE AND VISION."

A more dynamic operating environment and ambitious growth strategy also requires that our people are more empowered, and the Board is overseeing this cultural evolution. With this in mind, I am pleased to report that Charlotte Boyle has been designated as our non-Executive Director responsible for work-force engagement.

We also welcomed Alfredo Rivera as a new member of the Board in 2019. Alfredo is the President of The Coca-Cola Company's Latin America Group and has a wealth of insights to bring with his experience. Meanwhile, let me also take this opportunity to thank Ahmet Bozer for his years of service.

Culture and values

A big part of our success is based on our efforts to support and cultivate the potential of our people. This means investing in our teams and developing a culture that ensures that our people feel they belong in their place of work. Experience shows that diverse teams with an inclusive culture deliver better business outcomes, and I am encouraged by the steps taken to foster greater inclusivity.

Coca-Cola HBC has long had a very strong, values-based culture. Many of these values – excellence, customer-centricity – are timeless and enduring. As our Company evolves to respond to a changing business environment, we have advanced our Growth Mindset Values to better support the increased need for agility and continual learning and transformation. The years ahead will see an even greater focus on innovation, technology and growth. The Board is confident that these values and the continued development of the leaders of our Company, as well as our inclusive culture, will ensure that our teams are up for the challenges ahead.

Sustainability

One enduring aspect of our culture and values is our commitment to manage our business sustainably with integrity and respect for the planet. We took some big steps forwards on our journey to meet our 2025 sustainability commitments in 2019, particularly regarding product packaging.

We launched our first 100% recycled PET bottles for water brands in Austria, Switzerland, Ireland, Croatia and Romania and increased the recycled PET content of packaging for our sparkling brands in several markets. We know that we have more work to do and we remain committed to continued progress. Therefore, we have started to replace plastic wrap on can multi-packs with minimalist, paperboard packaging.

This effort is backed by a strategic €15 million investment in KeelClip packaging technology.

At our annual Group Stakeholder Forum, we listened to stakeholders from 20 countries and their recommendations for water stewardship strategies. Anastasios Leventis and Charlotte Boyle represented the Board at the event. Our efforts to support water availability in specific risk areas led to four different projects, of which one was finished in Nigeria's Kano State in 2019. Our investment in new wells and new piping to transport water from the Challawa River is already providing clean water to one million people in 20 communities.

In recognition of our sustainability leadership, we were named the most sustainable beverage company in Europe by the Dow Jones Sustainability Indices in 2019. We also received recognition in other sustainability benchmarks, such as CDP Climate and Water, FTSE4Good and MSCI ESG.

In 2019, the Company has made substantial investments in collision avoidance technology for our fleet and in safety training for all of our drivers. Building on the progress already made the Board will work closely with management on the critical need to reduce harm suffered on the job by our colleagues and those who work with us.

Dividend

Due to the continued strong operating performance of the business and our confidence in the Company's long-term strategy, the Board is proposing a full-year dividend payment of €0.62 per share. This proposal represents an 8.8% increase compared to the dividend that we paid in 2018.

Priorities for 2020

Our focus in 2020 will be on overseeing strategy implementation and decision-making as we continue to evolve our portfolio and transform our operations in this new decade. We will also continue to nurture the culture and values which underpin the potential of the business.

As we finalise the implementation of one strategy and begin to work toward an even bolder vision of growth, I would like to give my sincere thanks to everyone at Coca-Cola HBC for their passion, and hard work which continues to drive this Company to new strengths.

I am confident that we are operationally and strategically well-placed for long-term success. On behalf of the Board, I thank all of our stakeholders for your continued support.

ANASTASSIS G. DAVID
CHAIRMAN OF THE BOARD

Section 172 statement

Section 172 of the UK Companies Act 2006 requires directors to promote the success of the company for the benefit of the members as a whole having regard to the interests of stakeholders in their decision-making. As the Company is Swiss incorporated, the UK Companies Act 2006 has no legal effect. However, in accordance with the UK Corporate Governance Code 2018 and as a matter of good governance, in our decision-making the Board considers the interests of the Group's employees and other stakeholders and understands the importance of taking into account their views and considers the impact of the Company's activities on the community, environment and the Group's reputation. In its decision-making, the Board also considers what is most likely to promote the success of the Company for its shareholders in the long term.

Read more about:

- How we manage risks and materiality on pages 54 to 61
- How we engage with key stakeholders on page 19
- Examples of how stakeholders were considered in specific decisions on page 91

Our business model

Delivering value for our stakeholders

1. Our resources and relationships

Human

Our success is dependent on the passion, engagement and customer focus of our talented people. We cultivate their potential and empower them to leverage opportunities for growth, both for themselves and our Company.

Natural

To produce our products, we use raw materials including water, sugar, fruit concentrate, energy, glass, aluminium, PET resin and paper. We source these using sustainable practices and seek to use them efficiently.

Social and relationships

Maintaining our reputation and the trust of our key stakeholders is essential to our business. Our most valuable stakeholder relationships are with The Coca-Cola Company, our people and the communities we operate in, our customers, suppliers, governments and regulators.

Financial

Our business activities require financial capital, and we seek to allocate it efficiently. This capital is provided by our equity and debt holders as well as cash flow earned from our operations.

Intellectual

Innovation is embedded in our culture and the intellectual property created from that includes new packaging, new products and improvements in manufacturing, logistics and sales execution. As we expand our 24/7 portfolio, the importance of innovation is increasing.

Manufacturing

As a strategic partner, our plant and logistics assets allow us to prepare, package and deliver our products to meet the demands of customers and consumers.

2. What we do

We are a strategic bottling partner of The Coca-Cola Company

We have the exclusive authorisation to bottle and sell the beverages of The Coca-Cola Company in our 28 markets. We also partner with other beverage businesses such as Monster, Brown Forman and Campari to sell their products in our markets.

How our partnership works

The Coca-Cola Company owns, develops and markets its brands with the end consumer. Coca-Cola HBC is responsible for producing, distributing, and selling these beverages. We work together to ensure that we have the right portfolio for our markets and to ensure excellent, efficient execution.

We buy concentrate from The Coca-Cola Company under an incidence-based pricing model. We also share marketing costs and responsibilities, with The Coca-Cola Company marketing to consumers while we take responsibility for trade marketing to our customers.

Read more about how we leverage our unique 24/7 portfolio and win in the marketplace on pages 26-33.

3. How we do it

1. Working with suppliers

We work with our suppliers to procure high-quality ingredients, sustainably-sourced raw materials and equipment and services required to produce beverages.

2. Producing beverages efficiently and sustainably

Using concentrate from The Coca-Cola Company along with other ingredients, we prepare, package and deliver products with an optimised manufacturing infrastructure and logistics network.

Our business model describes the essence of what we do: How we create value for all our stakeholders from the resources and relationships we use to operate the business.

3. Partnering with our customers

We grow by supporting our customers' growth. To do this, we leverage our 24/7 portfolio and segmented sales execution to grow the overall beverage industry, focusing on areas of high value opportunity and executing with excellence.

4. Serving our consumers and communities

Our 24/7 product portfolio caters to a growing range of tastes and preferences with a wider choice of healthier options and premium products, and we continually innovate to remain relevant.

4. Value created for stakeholders

For our people

- Our business directly employs 28,389 people in 28 countries and supports many times more people across our value chain.
- Our people invested more than 600,000 hours to improve their functional capabilities and leadership capacities through different Company programmes.

For customers

- We are a customer-centric business aiming to provide value to our customers by growing their business and through perfect execution in the marketplace.

For the communities where we operate

- We are an important contributor to the local economies of the 28 countries in which we operate. Aside from our direct contribution through employment, and our indirect contribution through the value chain, we also invest in community programmes to address environmental and social issues.
- According to our socio-economic local reports, we support more than 406,000 direct and indirect jobs across our value chain.

For shareholders

- The cash flow we generate through the efficient management of our resources benefits our shareholders through dividend payments and share price appreciation.
- We operate a progressive dividend policy and occasionally make additional capital returns to shareholders through special dividends.

For wider stakeholders

- Our business activities generate revenue for our customers, suppliers and contractors as well as income for our employees. We are paying taxes which support government revenue, in turn supporting public wellbeing, local communities and infrastructure investment. For more details please see page 18: "Our socio-economic impact".

For consumers

- Our innovation provides consumers with beverages of the highest quality and increasingly healthy choices. We have committed to reduce calories per 100ml of sparkling soft drinks by 25% between 2015 and 2025. The reduction achieved in 2019 compared to the 2015 baseline was 12%.

For suppliers

- We benefit from a network of approximately 19,500 suppliers. In 2019 our spend with suppliers was €3.3bn. 74% of key ingredients are certified sustainable agricultural products.

Our socio-economic impact

Making an impact

Since 2010, we have been conducting socio-economic impact studies in our individual markets in a local sequence of maximum three years. We measure our impact on the communities where we operate in order to engage with stakeholders against the backdrop of this information. The numbers below represent the aggregated data from the latest set of local socio-economic reports from our markets, covering the period 2017-2019.

In conducting these studies, we use input-output modelling to generate estimates of jobs supported and economic value added. Input data includes our financial information (revenues, expenses, taxes, sales volume and profits) as well as some data from The Coca-Cola Company. While rigorous, the process involves statistical modelling, which should be considered when interpreting and using the results from the studies.

The input-output model enables an assessment of three key dimensions of impact:

- **Direct:** immediate effect in terms of employment, wages and output
- **Indirect:** subsequent effect in the supply chain
- **Induced:** effect caused by staff spend on goods or services

Overall footprint

56 Plants

98 Distribution centres

More than 487,000 customers

c.19,500 Suppliers

615m Potential consumers

€484m CAPEX spend

Contribution to the economy

€3.69bn paid in taxes. This includes taxes paid directly by Coca-Cola HBC and taxes paid by our suppliers and trade partners and their suppliers and trade partners, related to our activities.

>203,800 2017-2019 cumulative young people trained

647,590 Training hours

>98% of our total procurement = >€3.2bn spent with local suppliers

31,759 Employees in the Coca-Cola System in our markets

374,439 Indirect employment

€1,037.3m Total employee costs

1 Job in the system = 11.8 Jobs in our community

= €11.4bn created

in added value to total contribution via our value chain

Disclaimers:

- Numbers presented are aggregated based on the local SEI reports from CCHBC territories in the period 2016-2019;
- All KPIs represent an annual impact;
- Where applicable and relevant in local SEIS, the impact of other entities of the Coca-Cola System is included;
- All presented data covers CCHBC territories only.

STAKEHOLDER ENGAGEMENT

Understanding our stakeholders

The Board will sometimes engage directly with certain stakeholders, however, most stakeholder engagement takes place at the operational level with the Board receiving reports on activities and key areas of concern to use in its decision-making. The Board will then balance different perspectives as it determines the best course of action. Further information on stakeholder engagement is set out on page 90 with examples of "Governance in Action" on page 91.

Description	Key issues	How we engage	Why we engage	Growth pillar
Our people	• Building the best teams in the industry • Engagement score is greater than high performing norm	Through continuous conversations focused on results and behaviours as well as frequent employee surveys; by offering unique, personalised experiences and programmes for personal and professional growth; overseen by employee representative bodies, which have direct access to our non-Executive Director Charlotte Boyle.	Our people are our most important asset and engine of growth. They are both the creators and caretakers of our culture and values. Our people's views enhance our decision-making.	4
Our communities	• Water conservation • Waste from our packaging • Empowering youth and women	We engage directly with people in the markets in which we operate, particularly those living in the areas around our bottling operations, and through third-party partnerships.	To build trust by operating responsibly and sustainably, and addressing issues that are material for our communities. To provide training opportunities and support to young people currently not in education, training or employment.	5
Our consumers	• Continuously evolving our products to meet consumers' needs for healthy hydration, quality, taste, innovation and convenience	Understanding consumers' needs and preferences through collecting consumer insights. While this is also part of The Coca-Cola Company's role, we gain access to these insights.	By understanding the consumer and evolving our portfolio accordingly, we grow our business sustainably in the long term.	1, 5
Our customers	• Identifying products, channels and other opportunities that offer growth and value creation for us and our customers • Offering a 24/7 beverage portfolio that meets the changing preferences of consumers	A system of key account managers, in whom we are constantly investing, who engage with our customers at a strategic level. Our business developers make regular visits to outlets.	To build business plans with specific in-store execution and promotional activities to suit our customers' needs and create joint value. To avoid unnecessary costs.	1, 2
Partners in efficiency	• Rising costs of ingredients, labour, packaging material, energy and water • Minimising the environmental impact of water and energy resources, as well as air emissions	We receive feedback at our annual Group Stakeholder Forum. We align and co-ordinate with the Coca-Cola System's Central Procurement Group and our technology and commodity suppliers through regular interactions.	To share knowledge and expertise and find ways of using all our resources as efficiently as possible, reducing costs to our Company. To ensure a healthy, sustainable supply chain.	3, 5
NGOs	• Wide-ranging issues facing our business, from energy and water use, reductions in packaging waste to corporate governance, human rights and diversity	Via our annual Group Stakeholder Forum and our annual materiality assessment, as well as through ad hoc meetings.	NGOs have a key contributing role to our annual materiality process and we engage with them, both in our markets as well as at Group level, on an ongoing basis to develop and support community and environmental initiatives.	5
Shareholders	• Quality and effectiveness of governance • Profitability and growth potential of the business	Through open, honest communication during our Annual General Meetings, investor roadshows, press releases and results briefings, and ongoing dialogue with analysts and investors.	To achieve fair value and appropriate ownership of our shares by enabling the full understanding of the strategy, as well as the operational and financial performance of the Company.	1, 2, 3, 5
Governments	• Industry and/or product-specific policies, such as taxes, restrictions or regulations • Environmental policies • Consumer health and public health policies	Our advocacy efforts are mainly conducted through trade associations, which represent companies, organisations, causes and industries. We also partner with local governments to tackle waste collection challenges.	We consider it our duty and our responsibility to make our views clear to those who have the potential to influence the laws, regulations and policies that can impact our business.	5
The Coca-Cola Company	• Profitable growth opportunities • Value share in our markets • Sustainable sourcing	Day-to-day interaction as business partners, joint projects, joint business planning, functional groups on strategic issues and 'top-to-top' senior management forums.	To maintain consumer trust and generate sustainable growth for the Coca-Cola System, objectives central to both of our business models.	1, 2, 4, 5

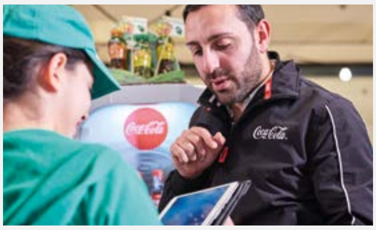
Market review

Responding to evolving trends

Market trends

Dynamic retail environment

The retail landscape is changing in response to transformation in lifestyles and technology use. Smaller households and busier lives are impacting consumer preferences and buying habits, and driving rapid growth in both the convenience and e-commerce channels. Consumers are also increasingly price-sensitive, fuelling the growth of discounters. Growth in away-from-home socialising occasions creates a big opportunity to capture sales through hotels, restaurants and cafés.



Digital evolution

With increasingly affordable and efficient connectivity, more consumers are using digital technology to explore potential purchases and interact with brands. Consumers increasingly use social media as a primary interaction point with brands and companies, requiring retailers to engage with these platforms. Smartphones have enabled consumers to become more price savvy, with the majority of shoppers doing online research before committing to a purchase. At the same time, online shopping is growing and evolving to provide consumers with more services and flexibility. One of the fastest growing segments of online shopping is online restaurant food delivery.

Regulatory environment

Our industry is facing increased regulation of product packaging as concerns about plastic pollution increase. To support the transition to a circular economy, the Europe-wide plastics strategy calls for all plastic packaging to be reusable or recyclable by 2030. At the same time, discussions about discriminatory taxation of added-sugar beverages are gaining traction. Following Ireland's adoption of a sugar tax in 2018, governments in Italy and Poland explored similar taxes in 2019. The World Health Organization recommends a reduction in consumption of free sugar to less than 10% of the daily energy intake to prevent obesity, diabetes and tooth decay.

Consumer preferences

Consumers increasingly look for healthy, sustainable product options, creating a clear shift towards natural and organic offerings that contain pure ingredients, less sugar or fat and are sourced locally. Product labels are increasingly scrutinised, with consumers searching for evidence of natural ingredients and brand authenticity. The demand for innovation and differentiation creates an opportunity for emerging, premium brands. Consumers are willing to pay more for better quality beverages, creating greater incentives to build authentic brand images to foster consumer trust and loyalty.

Sustainability

In 2019, global movements such as Fridays for Future as well as the United Nations Climate Change Conference COP 25 have created a lot of momentum for the environmental and socio-economic challenges that our world is facing. As a result, consumers and customers are increasingly aware of the impact they have on the environment and society. Companies are more than ever expected to act upon issues related to climate, water, packaging, poverty etc. in line with the UN Sustainable Development Goals. A thoughtful, authentic approach to sustainable business practices will help companies generate greater trust, help to attract employees, increase brand and customer loyalty and, eventually, strengthen competitive advantage.

How we are responding	Delivered through	Growth pillar
To reach consumers, we work hard to build strong customer relationships through joint value-creation processes. We are leveraging our unique 24/7 beverage portfolio with targeted execution excellence, covering more outlets more often. We are also evolving from a product supplier to a 360-degree business partner, offering customers a holistic set of products, services and expertise. We are using new technologies to provide better service faster. This includes connected coolers, sales force automation, image recognition and an online, 24/7 ordering platform. Technology frees up time for our sales force and increases possibilities for specialisation.	+3% In our active universe we have increased our net new outlets coverage by 3% in 2019.	1, 2
In each of our markets, we have a dedicated person or team responsible for e-commerce. We continue improving visibility of our products online and the use of e-commerce tools including eRED, our online merchandising performance tracking system. In many markets, we have built strong collaborations with merchandising, including the implementation of joint business plans. Going forward, we will continue building e-commerce capabilities and further improve our online ordering platform for retailers. To improve incremental volume and attract new shoppers, we have a goal to increase our sales incidence rate through online restaurant food delivery companies to a minimum of 30%. We are pursuing these opportunities responsibly, with increased focus on cyber-security and data protection. We have obtained in the year ISO 27001 certification for our IT organisation which confirms our commitment to secure management of information and adherence to international cyber-security standards.	+48% In our top three markets for e-commerce (Ireland, Italy and Russia) e-commerce volumes grew by 48% in 2019 compared to 2018.	1, 2
As part of the Coca-Cola System-wide World Without Waste initiative, we have committed to help collect the equivalent of 75% of primary packaging, use more recycled and renewable materials in packaging and make 100% of our consumer packaging recyclable by 2025. We offer low- or no-sugar drink options in every market, provide transparent nutritional information and have committed to a 25% reduction in the calories per 100ml of our sparkling beverage products by 2025 against a 2015 baseline. We also continue to support UNESDA's commitment to not offering soft drinks in primary schools or added-sugar beverages in secondary schools across the EU and Switzerland.	48% In 2019, we recovered 48% of the primary packaging we put in the marketplace.	3, 4
We are well placed to respond to these trends with an ever expanding 24/7 portfolio. Our range of low- and no-sugar sparkling variants has been very successful. We are nurturing premium propositions in the adult sparkling category, which has revenue growth over three times that of the overall sparkling category. To improve and expand our offerings for health-conscious consumers, we have established our position in ready-to-drink tea with FUZETEA, a sustainably sourced tea blended with natural juice and herbs, and we launched our first plant-based, sugar and dairy-free, vegan-friendly beverage with AdeZ. In addition, we are incubating new brands offering natural ingredients and simplicity in hand-picked outlets.	+3.0pp In 2019, the share of low- and no-sugar variants in our sparkling portfolio increased by 3.0pp, to 16.1%.	1, 5
By introducing Mission 2025 in late 2018, we have set a robust strategy which drives our progress in six main areas: emissions reduction; water reduction and stewardship; World Without Waste; sustainable sourcing; nutrition; and our people and communities. We continuously engage with all relevant stakeholder groups; we listen to them, for example during our annual Forum event, we discuss and implement their material recommendations and share updates accordingly.	42% In 2019, 42% of the total energy we used came from renewable and clean sources.	1, 3, 4, 5

Chief executive officer's letter

Dear Stakeholder,

I am pleased to report that we continued to make progress on our 2020 strategic objectives during 2019, putting us well on track to meet our targets.

We remain focused on implementing and delivering our strategy, leveraging a product portfolio that is stronger, broader and more consumer- and customer-centric than ever. We are continuously evolving and strengthening our route to market with segmented execution, which allows us to serve our customers better and capture the growth opportunities in every channel.

A focus on our customers is central to the way we want to work at Coca-Cola HBC, and we are embedding a growth mindset throughout our organisation to support this focus. Our willingness to cherish and leverage all our strengths, while being honest with each other, and open to identifying and addressing our gaps, underpins our progress and long-term success.

We delivered a strong set of results despite the challenging backdrop of unusually cool, wet summer weather in several of our largest markets which constrained consumption and impacted sales growth in the second and third quarter. It is when we come up against challenges that I am most impressed by the tenacity, creativity and spirit of our talented people. Due to their efforts, we gained or maintained share in the majority of our markets while also achieving solid growth and strong margin expansion.

An indispensable part of our strategy is our commitment to manage our business responsibly and sustainably.

"OUR VISION IS CLEAR: TO BE THE LEADING 24/7 BEVERAGE PARTNER."

Read more on our performance at https://coca-colahellenic.com/en/investors/2019-integrated-annual-report/

I am proud that we have again been ranked as Europe's most sustainable beverage company by the Dow Jones Sustainability Index. This is the ninth year in a row that we have been ranked among the top three beverage companies globally and in Europe. However, rankings and ratings are secondary to action and impact and we continue to work to improve in this regard.

In the key area of packaging, we collected 48% of our primary packaging, launched four water brands across five markets in 100% recycled PET packaging and we have announced that we will replace plastic shrink film on can multi-packs with recyclable paperboard by the end of 2021.

We are also making progress on carbon emissions: 89% of electricity used at our production sites in the EU and Switzerland is from renewable and clean sources. Our target is to be at 100% by 2025.

I hope you will spend some time reading more about this and other initiatives on pages 42-45. We intend to be as accountable on our sustainability targets as we are on our financial ones, and you can see our comprehensive reporting against Mission 2025 on pages 48-49.

What it takes to deliver 24/7

Since 2016, and as a part of our 2020 strategic plan, FX-neutral revenues grew at an average of 4.8%, at the upper end of the 4-5% range we targeted. At the same time, we have seen comparable EBIT margins expand by 330 basis points, leaving us well on track to achieving our 11.2% target in 2020.

We know that beverages remain a fast-growing industry, particularly in the markets in which we operate where per-capita consumption of sparkling drinks is still very low.

The sparkling category continues to have significant opportunities driven by innovation. We are seeing continued double-digit growth from low- and no-sugar variants, as well as strong growth from adult sparkling with brands such as Schweppes, Kinley and Royal Bliss.

Outside of sparkling we continue to focus on premiumisation while expanding our share. We know that we have an opportunity to continue to selectively expand our already broad product portfolio into new categories and brands as well as brand extensions where we see strong growth opportunities, today and in the future. Costa Coffee is a good example of this and we are excited to be embarking on our journey with this high-quality coffee and great brand in 2020.

In line with our improving portfolio, we are continuously strengthening our route to market with a relentless focus on execution excellence. Through segmentation, we are better able to sell our broader portfolio and serve our customers. We continue to invest to remain agile. Our investments in digital capabilities allow us to be more granular in how we slice the market to go after the highest potential opportunities. Similarly, our investments in tools for our sales force can enhance their productivity, while connected coolers can monitor both the performance and productivity of our chilled space.

This 24/7 portfolio and our execution excellence means faster growth for us, our partners and customers, more opportunities for our people and more value created for other stakeholders and the communities in which we operate.

We are energised by the ambition to deliver on this opportunity and What It Takes To Deliver 24/7 is the theme of this year's Integrated Annual Report. Throughout the report you can learn about how we aim to do this.

Preparing for future success

As we go into the final stages of our 2020 strategy implementation, we have also looked ahead to the next stage of growth, development and opportunity for all the stakeholders connected to Coca-Cola HBC.

In June of 2019, following approval and endorsement by the Board, we introduced our new purpose, values, vision and strategy. To guide and measure our success in implementing this strategy, Growth Story 2025, we also introduced new 2025 targets.

Our vision is clear: to be the leading 24/7 beverage partner. Our success and continued growth depend on our ability to serve our customers and delight consumers in collaboration with The Coca-Cola Company. We are committed to enriching the communities where we work and delivering sustainable products with excellence. Our future success is most dependent on the passion and engagement of our people, as well as the continual development of their capabilities which will make us fit for the future. That is why nurturing talent and inspiring people to take the initiative is such a focus for us.

Our targets, by which we will judge our success, include delivering, on average, FX-neutral revenue growth of 5-6% and comparable EBIT margin expansion of 20-40 basis points from 2021 to 2025. This would place our growth above the average for the beverage industry.

Our priority remains organic growth, but we have also made some targeted acquisitions. In December 2019 we acquired Lurisia in Italy, together with The Coca-Cola Company; this acquisition adds to our premium water and adult sparkling portfolio. Earlier in the year we acquired Bambi, the leading confectionery brand in Serbia, which helps us strengthen our market leverage and route to market, while synergising our beverage and snacks portfolio through joint activations. Going forward, we will continue to look at opportunities to make complementary, bolt-on acquisitions.

As we look to 2020 and beyond, we remain committed to partnership. We know that our Company can only grow when our customers grow, and when our growth benefits all of our stakeholders.

I thank you for your interest and partnership on our exciting journey to deliver 24/7.

Yours sincerely,

ZORAN BOGDANOVIC
CHIEF EXECUTIVE OFFICER

Growth story 2025

Setting out our Growth Story 2025

Over the first four years of our 2020 plan, currency-neutral revenues have grown at an average of 4.8% per year, at the upper end of the 4-5% range we targeted, while comparable EBIT margin expanded by 330 basis points to 10.8%, leaving us well on track to achieve the 11.2%[1] target in 2020.

As we entered the final stages of this plan, we started to look ahead to the next stage of growth and opportunity for all of our stakeholders.

Our new strategy, Growth Story 2025, builds on our new vision. Our focus has shifted to growing the market in partnership with our customers, aiming to be the leading 24/7 beverage partner.

Growth Story 2025 is built upon five key pillars of growth – each of which is a core strength or competitive advantage – and reflects our capabilities and the significant opportunities that will help us deliver another step up in performance through 2025.

In support of this revamped strategy, we have introduced 2025 targets that raise the bar for financial results, people engagement and sustainability achievements.

1. 2020 comparable EBIT margin target has been adjusted for the accretive impact of acquiring Bambi, taking an original target of 11% to 11.2%.

Our growth pillars

How we grow

1 LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

Offer the best 24/7 beverage portfolio on the planet in partnership with The Coca-Cola Company

- Extend sparkling quality leadership in all markets, driving accelerated shift to lights/zeros and adult
- Increase our portfolio value share in stills, moving into accretive premium sub-segments
- Build a substantial business in complementary categories

2 WIN IN THE MARKETPLACE

Build unrivalled teams of true partners for our customers, executing with excellence in every channel for prioritised drinking moments

- Create value with every customer we serve
- Deliver innovative growth ideas with devotion
- Seamlessly serve to exceed expectations across all functions

Fast-forward critical capabilities for growth

- Key Account Management, Revenue Growth Management, Route to Market, Big Data & Advanced Analytics & Innovation

3 FUEL GROWTH THROUGH COMPETITIVENESS & INVESTMENT

Transform, innovate and digitalise our business to ensure we are fit for the future

- Organise to act with agility and eliminate all non-essential cost
- Digitalise the business where it creates exceptional customer, consumer and employee experiences
- Make disciplined, growth-focused investments
- Experiment with new business models & technology to create the bottler of the future

4 CULTIVATE THE POTENTIAL OF OUR PEOPLE

Develop an inclusive growth culture around our empowered people

- Deliver high performance fast, by empowering every team to make it happen
- Ensure our people grow, and pursue their passion

Invest in building the best teams in the industry

- Make talent development our lighthouse capability, which each leader is excited to drive
- Become the employer of choice in all our markets

5 EARN OUR LICENCE TO OPERATE

Be an environmental leader in the markets in which we operate

- Help secure water availability in water risk areas
- Further decrease CO_2 emissions
- Work towards a World Without Waste

Engage our communities behind water and waste initiatives, as well as empower youth, together with our partners

1

GROWTH PILLAR

LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

KPIs

- FX-neutral revenue growth
- Volume growth
- FX-neutral revenue per case growth

Stakeholders

- Our consumers
- Our customers
- Shareholders
- The Coca-Cola Company

Risks

- Consumer health and wellbeing
- Geopolitical and macroeconomic
- Strategic stakeholder relationships

Highlights in 2019

- Maintained high growth in the sparkling category, aided by the strong performance of sophisticated adult sparkling beverages
- Achieved another year of double-digit revenue growth in energy drinks and expanded the energy portfolio with Coke Energy and Predator
- Innovations supported overall growth, with 4.2pp of total volume growth in the year delivered by products and packages launched in the last 12 months

Priorities in 2020

- Continue expanding to become a 24/7 beverage partner, creating shared value with our consumers and customers
- Consolidate the performance of product innovations by increasing distribution and repeat sales
- Continue driving growth in sparkling by leveraging light variants, flavour and pack architecture
- Bring ready-to-drink tea back to growth through a strong plan for FUZETEA
- Drive revenue growth in water by implementing our hydration portfolio strategy
- Launch Costa Coffee in at least 10 countries

Introduction

As lifestyles and consumer habits change, the motivations and occasions driving beverage consumption are also evolving. We are unlocking growth potential in segments beyond our core sparkling portfolio, offering a wider choice of drinks to meet consumer needs at any time of the day.

In line with growing societal concerns around environmental issues, consumers are looking for sustainably-sourced ingredients and responsible packaging. Technology, particularly social media, is changing socialising occasions and the ways consumers interact with brands. Consumers are also more focused on making healthier choices. This all leads to demand for a broader range of products, providing us with a number of new growth opportunities.

In 2019 we sold 165 million cases of new product, flavour and package innovations, and 4.2 percentage points of our volume growth was attributable to these new launches.

This is testament to how, working together with The Coca Cola Company, we are well placed to respond to market trends with an ever expanding 24/7 portfolio. We have the right brands, packaging and categories to meet the evolving needs of our consumer base.

Percentage of Coca-Cola HBC revenue

2019

- Sparkling **71%**
- Water **8%**
- Juice **8%**
- RTD tea **4%**
- Energy **4%**
- Plant based **1%**
- Premium spirits **3%**
- Coffee **1%**

Our category strategy

Drive category value growth (Sparkling)

Expand and premiumise (Water, Juice, RTD tea)

Innovate and expand (Energy)

Establish right to win (Plant based)

Unlock total portfolio growth in HoReCa (Premium spirits)

Unlock total portfolio growth in At Work & HoReCa (Coffee)

Leverage our unique 24/7 portfolio continued

Driving sparkling category growth

Our evolving sparkling drinks portfolio is proving popular with consumers across our territories and we are seeing strong growth from new variant and flavour launches. Sparkling beverage volume grew 3.5% in 2019 compared to the prior year, fuelled by the double-digit volume growth of low- and no-sugar options, which is stimulating growth in the entire category.

Coca-Cola Zero grew 26.2% in volume during the year, delivering 10 consecutive quarters of double-digit growth. This growth reflects execution excellence and powerful assets such as our Star Wars-themed activations. We also delivered strong performance from new, low- and no-sugar sparkling beverage options such as Sprite Zero and Fanta Zero. Our light variants had value growth over four times higher than the sparkling category average in 2019. In 2019, the share of low- and no-sugar variants in our total volume increased by 3.0pp to 16.1%.

Innovations played a key role in our success for 2019. In 14 markets, we launched Coca-Cola Plus Coffee, featuring a great coffee taste with more caffeine but zero calories for consumers on the go. This innovative product has seen great initial consumer engagement. In flavours, we introduced Coca-Cola Zero Vanilla, Cherry and seasonal flavours such as Cinnamon and Ginger in many of our markets.

We are also driving packaging innovation with smaller, more convenient packages, which also serve to expand revenue per case. Single-serve packages comprised 48.5% of our sparkling sales volume in 2019, up 2.5% compared with 2018, with significant potential for additional growth.

Another high-value, high-growth segment we are prioritising is the adult sparkling category, which has revenue growth over three times that of the overall sparkling category. Adult consumers with more discretionary income are interested in superior products and experimentation. When compared to core sparkling products, this category commands significant price premiums.

We launched the Royal Bliss brand in the adult sparkling category in 2018, using the best practices developed with our Schweppes and Kinley brands. Our approach for this category involves premiumisation and segmented execution with hotels, restaurants and cafes. We also support growth by fully leveraging partnerships with premium spirits.

Expanding value beyond sparkling beverage offerings

In energy, one of the fastest-growing segments of the beverage industry, our Monster brand products had another year of impressive growth with volume up 36% compared to 2018. In this category, we have pursued a segmentation strategy, launching a variety of brands at different price points to target different types of consumers. For consumers seeking a new taste and a taurine-free formula, we launched Coca-Cola Energy, a premium product, in 15 of our countries during 2019, attracting new users to the category. We also added the Predator brand to our portfolio in five markets, offering energy at a more affordable price point in two flavours.

Our biggest system-wide launch in 2018 was FUZETEA, and we continued to build on the successful introduction of this fresh, innovative, ready-to-drink tea in 2019. This fusion of sustainably-sourced tea extracts with fruit and herbal flavours has attracted strong competition in some markets, impacting growth. With good activation and customer coordination, the multi-layered, contemporary tea taste of FUZETEA is winning over consumers. In Italy, for example, FUZETEA doubled our market share. Our focus going forward is on adding differentiating flavours to attract more consumers to the category.

We are also focused on expanding our premium offerings in the juice and water categories. Within juice, we focused on product stratification during 2019 to capture premium revenue opportunities. In Russia, where our juice business represents a considerable proportion of our portfolio, we have a track record of continuous innovation, which supports higher price points and increased revenue per case. Bringing these juice innovations, and increased revenues, to other markets is a focus for 2020.

Within the water category, our overall focus is on accelerating value share gains with an aim to double the pace of our market share growth in the next five years. We develop market-specific maps of diverse water segments and price tiers, seeking to expand our market share and capture higher revenue per case. This hydration portfolio strategy involves a range of product offerings, execution tactics and route-to-market approaches.

We added to the premium water brands in our portfolio during the year with the acquisition of Acque Minerali S.r.l., owner and producer of Lurisia, an Italian natural mineral water and adult sparkling beverages company. This acquisition, which we made in conjunction with The Coca-Cola Company, was completed in December 2019.

Building market share

The dramatic expansion of our product portfolio includes products in new categories for our business. Following initial product rollouts, we are continuing to take action to build our market share.

We entered a completely new category in 2018 with AdeZ, our first plant-based, sugar- and dairy-free beverage. Thus far, we have launched eight vegan-friendly flavours, including plain for the breakfast occasion and fruit flavours for snacking on the go. We extended the distribution of AdeZ across all our channels in 2019, increasing our share of the plant-based beverage category in the 17 markets where it has been introduced. We have gained 6% market share in just over a year since its launch in prioritised markets.

> **"FOR CONSUMERS SEEKING A NEW TASTE AND A TAURINE-FREE FORMULA, WE LAUNCHED SUPER-PREMIUM COCA-COLA ENERGY IN 15 OF OUR COUNTRIES DURING 2019, ATTRACTING NEW USERS TO THE CATEGORY."**

UN Sustainable Development Goals

We serve our consumers with a broad range of high-quality products. In doing so, we create value by contributing to global goals for good health and wellbeing, innovation, responsible production and consumption and partnerships.

One of our biggest growth opportunities is in the coffee category. We announced in mid-2019 that we will launch Costa Coffee, a brand recently acquired by The Coca-Cola Company, in at least 10 countries during 2020. We believe this launch will address a broad range of consumer and customer needs across multiple occasions, particularly for the hotels, restaurants and cafes (HoReCa) and At Work channels. We are pleased to be the first Coca-Cola bottler to undertake such a launch in close partnership with The Coca-Cola Company. Our well-established infrastructure, processes and capabilities around coffee mean that we are well positioned to hit the ground running with this exciting opportunity.

We also benefit from the highly complementary premium spirits category, which is now available in 19 of our markets. We leverage premium spirits to create a compelling offering for HoReCa. This provides us with strong cross-selling opportunities for our core beverage portfolio in new, lucrative outlets.

Health and nutrition

As a company we are continuously evolving our portfolio to help create a healthier food environment. We've already reformulated many of our drinks to contain less sugar and fewer calories. To give consumers more options, we're also offering more diet, light and zero-calorie drinks in our portfolio.

Key nutritional information is visible on all of our bottles and cans. Guideline Daily Amount labels provide at-a-glance information on calories, as well as on sugar, fat, saturated fat and salt content. In several of our markets, we are trialling new front-of-pack labels which use the current European-wide Reference Intake (R.I.) monochrome model, disclosing the nutrient content per 100ml of our drinks for sugars, salt, fat and saturated fat through a simple 'traffic-light' colour scheme of red, amber and green.

The World Health Organization recommends that no more than 10% of total energy/calorie consumption come from added sugars. To help tackle consumption of added sugar we support UNESDA's pledge. In this context, we have committed to reduce calories per 100ml of sparkling soft drinks by 25% between 2015 and 2025, across all of our markets. The reduction we achieved in 2019 compared to the 2015 baseline was 12%.

Responsible marketing

Our advertising and promotions reach millions of consumers. While this is a core driver of our business, we take steps to ensure that marketing is responsible as well as effective. As part of the Coca-Cola System, we adhere to The Coca-Cola Company's Global Responsible Marketing policy and, together with other members of our industry, we are also signatories of the European Soft Drinks Industry Association (UNESDA) commitments.

In the EU and Switzerland, we do not offer soft drinks in primary schools or offer added-sugar beverages in secondary schools. We plan to gradually expand this approach to all our markets over the coming years. Further, we avoid engaging in any direct commercial activity in primary schools, except when requested by school authorities.

Product quality

Product quality is a critical priority for our business, highlighting the importance of maintaining consumer trust. The freshness of our products in trade, a key measure of quality, remained at the same level in 2019 compared to the prior year, while we introduced approximately 1,000 new SKUs across Coca-Cola HBC.

Our low rate of consumer complaints also demonstrates the high quality of our beverages and the trust consumers and customers place in our products and brands. The number of complaints declined by 5%, to 18 complaints per 100 million bottles sold. This meets our 2019 target of no more than 18 complaints per 100 million bottles sold. For 2020, we have set a target of no more than 17 complaints per 100 million bottles sold.

We offer the highest quality beverages in all markets by applying end-to-end quality and food safety standards and maintaining a strong focus on quality and safety throughout our value chain. To minimise quality risks in our supply chain, in 2019 we continued to collaborate with suppliers of key primary ingredients and packaging materials. This collaboration helped us eliminate quality incidents related to suppliers in 2019.

In 2019, we continued our strong focus on enhancing our training and capabilities in regard to product quality and food safety. As the result of best-in-class industry benchmarking, each of our markets has developed tailored plans to support and further develop our quality and food safety culture.

2

GROWTH PILLAR

WIN IN THE MARKETPLACE

KPIs

- FX-neutral revenue growth
- Volume growth
- FX-neutral revenue per case growth

Stakeholders

- Our customers
- Shareholders
- The Coca-Cola Company

Risks

- Channel mix
- Geopolitical and macroeconomic
- Quality

Highlights in 2019

- Continued improvement in customer satisfaction results and launch of new customer satisfaction pulse survey
- Improvements in customer coverage, including time spent with customers, with greater sales force specialisation to enable our 24/7 strategy
- Accelerated use of new technology, including connected coolers, sales force automation, image recognition and web-based ordering
- Holistic approach to building growth capabilities, including revenue growth management and key account management, by defining prioritised actions per capability

Priorities in 2020

- Leverage data and advanced analytics to improve segmented execution
- Step up in indirect partner management and data sharing
- Launch of new business developers' academy to drive our sales force's capability to deliver improved customer service, performance and execution and ensure successful onboarding for new business developers
- Strengthen our relationship with e-retailers and start deep partnering with new channels to achieve higher market share online
- Launch of internal validation and certification process to share best practices and accelerate the development of our prioritised growth capabilities

Route-to-market approach

Our route-to-market approach is about converting our strategy into excellent execution at every point of sale. In line with our improving portfolio, we are continuously strengthening our route to market and partnering with our customers to bring our 24/7 portfolio into the hands of our consumers faster and with greater efficiency.

Our targeted and segmented way of serving our customers, with an appropriate level of sales force specialisation and combined with the utilisation of new technologies, gives us a competitive advantage to win in the marketplace.

Capturing growth opportunities requires more than a strong product portfolio. It is equally necessary to have excellence in execution, successfully serving every customer through every outlet for every occasion, 24/7.

Our success is dependent on the success of our customers. When our customers are able to generate profits by selling our products, they demand more products from an expanded range. Joint value creation is therefore key to both category and market share expansion as well as profitable growth.

There are two pillars underpinning our joint value creation process: our next-generation customer approach and our industry-leading commercial capabilities.

Partnering with customers

Our next-generation customer partnership model allows us to generate powerful insights from customer data, which supports tailored execution plans implemented in collaboration with our partners. We start by commissioning an annual survey of more than 16,000 customers, comparing ourselves with other beverage suppliers. This survey allows us to understand the challenges and opportunities our customers are encountering, meaning we can identify how to become better partners and continue to exceed their expectations. This approach is helping us to develop stronger and more productive customer partnerships and provides a platform for us to continue building these relationships.

As a result of this model, in 2019 we were recognised as the top supplier for traditional outlets in three additional countries compared with 2018. We increased our share of satisfied customers by 2% to 68.6% in 2019, and we maintained our high share of satisfied key account customers at 81%.

We also launched customer pulse surveys during the year to listen and respond to our partners' needs even more frequently. Pulse surveys allow us to analyse satisfaction levels by region, channel and outlet segment for a more targeted response.

To optimise strategies undertaken together with our customers, we are developing more powerful analytic tools to assess commercial decisions and better understand the investment and returns required. Our customers are also developing their own offerings.

The HoReCa channel remains a key focus, as it is pivotal in driving premiumisation and building the right consumer experience around our brands. We leverage the expertise of our centres of excellence in Croatia and Greece to build a shared value proposition, provide a bespoke service to our customers and capitalise on available synergies.

Prioritising critical capabilities for growth

The second pillar underpinning our growth is our industry-leading commercial capabilities. This includes a game-changing approach to revenue growth management, which makes our business more sustainable and profitable, and excellent sales execution, which lets us offer the right range of products and services to our customers while remaining cost competitive.

Win in the marketplace continued

By improving revenue growth management, we aim to maximise value from every transaction. Our new revenue growth management framework, developed in partnership with The Coca-Cola Company, makes better use of big data and advanced analytics, giving us deep insight across different channels, customers and types of shoppers. This has led to fundamental changes in planning, and it empowers our markets to make the right strategic decisions.

In the last few years, we have continued to expand our portfolio and make it more consumer centric, along with an increased focus on consumer occasions. At the same time, we have striven to improve category and package mix, focusing on portfolio premiumisation, brand stratification and growing sales of single-serve packages. These are all crucial to our revenue growth approach.

As an example, in Russia we created a plan to address the challenges of low per-capita consumption and overall affordability of Coca-Cola products, combining consumer insights, pack-price architecture and promotions to create a compelling customer selling story. One specific initiative was the launch of a 900ml package size, which successfully contributed to sales growth.

In Italy, we have successfully used pack-price architecture to reverse declines in the sparkling category and dilution of customer margins. We launched several new packs including a 660ml PET bottle with a €1 price point as well as a new, smaller, 450ml pack for on-the-go occasions. In addition, we supported new multi-packs with value-based promotions. These moves helped us unlock opportunities for smart pricing which led to a return of sparkling category value growth in the market.

As our Revenue Growth Management approach is analytically intensive, it requires the right tools to be supported by our systems. To embed this model, we have equipped our business units with various analytical tools which are fully integrated with our digital environment. Our business developers can now use advanced pricing and assortment optimisation tools which are allowing us to make the right strategic decisions.

Leveraging technology for better execution

Our route-to-market approach converts our strategy into excellent execution at every point of sale. These efforts are increasingly segmented, with implementation plans for almost 300 initiatives across our markets. Increasingly, new technology frees up time needed by our sales force to focus on channel and product specialisation.

We have equipped our sales teams with a sales force automation tool, which helps our people provide the very best service quality. This platform uses a range of customer data, including from connected coolers, suggesting activities with the biggest impact for each customer visit, and recommending products and quantities to be ordered whilst reducing administrative tasks.

We have increased our investment in coolers over the past few years. Our cooler coverage reached 87% of our top customer outlets by the end of 2019, amounting to 1.43 million coolers, of which 28% are energy-efficient. This investment serves to drive immediate consumption and increases revenue per case. At the same time, we are building a network of connected coolers, which are now present in all of our 28 markets. This technology automatically keeps track of inventory and supports promotional messaging to consumers within close range.

In order to improve our in-store execution we have deployed image recognition technology. In Italy for example, our customers are incentivised through a loyalty scheme to perform image recognition in our coolers, ensuring the right presence for all our product categories.

In 2019, we launched Coca-Cola Hellenic's first service brand, Qwell by Valser, for delivery in Switzerland. The project includes a web-based ordering platform and app, and we have doubled the number of products available since 2017. This effort is supported by a cross-system team, in partnership with The Coca-Cola Company, and supports brand launches to fuel growth.

In 18 of our markets, we have improved online ordering and self-service functionality for customers with a solution that fully integrates SAP platforms with Coca-Cola HBC back-end systems. This streamlines both ordering and processes for cooler servicing, financial claims and order tracking. In 2019, we expanded this solution to a total of 12,000 customers. In 2020, our focus is on expanding the rollout of this solution to additional markets and further improving customers' online shopping experience with options for email marketing campaigns and product proposals.

UN Sustainable Development Goals

As we build our business by helping our customers to grow and thrive, we make substantial contributions to the achievement of the Sustainable Development Goals related to ending poverty, decent work, sustainable communities, responsible production, justice and strong institutions, and partnerships.

Sales force specialisation

By segmenting our customers and introducing dedicated sales teams specialising in specific channels, we are unlocking the potential of our 24/7 portfolio.

We start by understanding the total universe of outlets, defining different service levels and contact options and optimising customer visits by channel and segment. This process helps us determine the right level of specialisation so that we deploy the right number of business developers. In big cities, we have launched dedicated teams serving HoReCa key accounts and wholesalers, as well as ambassadors for coffee and premium spirits.

Meanwhile, our business developers in rural areas are responsible for a mix of customers and products.

In Italy, over half of the beverage revenue in the country comes from out-of-home consumption, but just over a third of our revenues in the market come from this channel. We have addressed this with a specialised sales force, supported by digital prospecting tools, adding 34,000 high potential outlets to our business developers' routes. Since we began this approach in 2017, we improved our coverage from 23% to 51% by the end of 2019.

Our tailored approach for the emerging e-commerce and at-work channels supports product cross-selling.

We are pleased with the results we have achieved, through customer segmentation and sales force specialisation. Our outlet coverage was up 6% to 68% in 2019 and time with customers up 3% in 2019 compared to the prior year.

Building customer-centric capabilities

To improve our efforts to partner with our customers to drive mutual revenue and profit growth, we have developed a new framework for end-to-end customer management. We are also training and developing the next generation of key account leaders as we continue to evolve into an even more customer-centric business.

To accomplish this, we have put in place a robust programme of training backed by a targeted development centre to address skill gaps and ensure our people have the right capabilities to take our customer partnerships forward. As an example, we are setting up dedicated negotiation rooms in each market for our teams to practise and build their negotiating skills, ready to meet our customers' expectations.

We are investing in improving leadership skills and intensifying the involvement of leaders in talent development. We have also launched a simplified people-powered process for performance and talent management which incorporates regular feedback from peers and customers. This is part of our effort to improve employee experiences, with increased focus on hiring, onboarding and career discussions.

Disciplined innovation

As we become the leading 24/7 beverage partner, we are unlocking growth potential in segments outside our core sparkling portfolio. New product launches accounted for 4.2pp of our volume growth in 2019, the result of our disciplined approach to innovation.

"

BY SEGMENTING OUR CUSTOMERS AND INTRODUCING DEDICATED SALES TEAMS SPECIALISING IN SPECIFIC CHANNELS, WE ARE UNLOCKING THE POTENTIAL OF OUR 24/7 PORTFOLIO.“

By offering a broader portfolio, with a wider choice of products, we grow our business and those of our customers. In established categories, new recipes, variants and packages are having a strong impact, while initiatives for new categories are the basis for long-term success.

With every initiative, we are focused on growing the value of our portfolio. For example, Coca-Cola Energy yields four times the net sales revenue per unit case compared to the non-alcoholic ready-to-drink average. For our customers, this represents increased revenue incremental to the overall energy category.

Additionally, we have launched an internal innovation platform with 6,600 employees currently engaged in the scheme. This is a hub for our employees to share their ideas, and so far, we have generated more than 4,700 ideas.

We also engage with external parties in our quest for innovation, partnering with leading universities and start-ups.

Big data and advanced analytics

As we seek to become more innovative and customer-centric, we are leveraging our data and investing in advanced analytic tools to identify and capture value creation and improve our service and operations.

In Nigeria, where trade is very fragmented, advanced analytics have given us the ability to segment our outlets to the same degree we had previously achieved in our other markets. This allows us to have different activations for different outlet segments, addressing different drinking occasions. In Lagos, for example, we were able to target the Easter occasion in outlets near major churches, with additional premium products in more affluent areas.

We aim to build and sustain this critical capability as a long-term competitive advantage.

Data and advanced analytics techniques are also supporting our segmented execution model, providing suggested activities to our sales force, including recommended orders with specific products and quantities to minimise out-of-stock incidents.

3

GROWTH PILLAR

FUEL GROWTH THROUGH COMPETITIVENESS & INVESTMENT

KPIs

- OpEx as a % of NSR
- CapEx as a % of NSR
- Comparable EBIT margin
- ROIC

Stakeholders

Partners in efficiencies

Shareholders

Risks

- Cyber incidents
- Foreign exchange and commodity costs
- Geopolitical and macroeconomic
- Ethics and compliance

Highlights in 2019

- Introduced automatic line changeovers to improve production flexibility
- Invested in augmented reality technology for increased efficiency
- Continued investing in automatic guided vehicles and high-bay warehouses
- Invested in growth-focused areas such as big data and advanced analytics, production capacity and connected coolers
- Introduced 100% recycled PET in four water brands

Priorities in 2020

- Continue increasing production flexibility to support our 24/7 portfolio and innovation
- Continue to focus on automation in all areas including production and warehousing
- Introduce innovative carton packaging to reduce plastic use
- Invest in new technology to produce 100% recycled PET widely at an affordable cost

Optimising infrastructure

Our drive to optimise and develop our infrastructure to support growth and produce an expanded 24/7 portfolio continued in 2019. By centralising our production planning system for the whole Group, with each plant serving regional needs, we have been able to meet market demand with speed and agility. We are currently expanding production capacity in targeted markets, including Nigeria and Russia, where we anticipate strong future growth.

To support innovation, we upgraded production lines so that our manufacturing capabilities reflect our diverse product portfolio. We made investments to support the new premium glass packaging for FUZETEA in the Czech Republic and Romania and for Coca-Cola Energy in Hungary. During the year, we also made additional investments to support the production of Cappy Lemonade and Coca-Cola signature mixers in Romania.

Investments made in Italy during the year included new production capabilities for different package sizes, a new aseptic PET line at our Nogara plant to accommodate our expanded 24/7 portfolio and new TriBlock technology in a PET line in our Marcianise plant. TriBlock technology helps us use production space more efficiently and reduce water and energy consumption.

To manage the increased output from our mega plants and the complexity of our expanded 24/7 portfolio, we continued investing in automation for our high-capacity warehouses. Automated warehouses, and automatic guided vehicles, improve both efficiency and service quality.

At our distribution centre in Northern Greece, we piloted augmented reality glasses to help our warehouse colleagues find products and pack orders for delivery. The positive results, with improvements in service and transaction speed and excellence, led us to introduce the technology to an additional seven locations in 2019 and we plan for further rollout across our 28 markets in 2020.

Beyond logistics, we also improved our manufacturing efficiency. In Bulgaria and the Czech Republic, we introduced automatic line changeovers to reduce idle production time and increase our effective production capacity. These lines are particularly well suited for small batch production, which improves our flexibility and helps us cater to changing consumer preferences. Additional investment in automatic line changeovers is planned for 2020 in Poland, Romania and Russia.

We have implemented split maintenance, which spreads maintenance activities more evenly across the year, and we are moving towards a predictive maintenance model. The move from one annual maintenance overhaul for manufacturing equipment to a more spread out maintenance schedule helped us reduce down time by approximately 6,500 production hours in 2019 compared with 2018. We made our first investments in predictive maintenance during the year, using machine learning to recognise patterns and generate insights to further improve the efficiency and effectiveness of our maintenance schedule.

In the five plants where this technology has been introduced, emergency breakdowns have been reduced by 30% resulting in a 2% increase in line capacity.

In 27 of our plants, we are now using smart glasses to resolve production line issues faster, capitalising on remote technical support from equipment manufacturers. This technology helps us resolve emergency incidents 70% faster than if a technician had to come to resolve problems on site and it will be rolled out in an additional 16 plants in 2020.

Across the business since 2008, our optimisation work has resulted in a 30% reduction in plants, from 80 to 56 at the end of 2019. At the same time, we increased our production lines per plant by 40% which allowed us to maintain our capacity and create more efficient and flexible facilities. To improve our service offering while reducing our costs, we have also reduced our distribution centres by 65% and our warehouses by 34% over the same time period.

Nigeria is a good example of our focus on≈fuelling growth through investments in efficiency. The country represents a key growth market for our business and one of the most challenging environments from a supply chain perspective. Since 2014, we have reduced our Nigerian production footprint by 38% while optimising our logistics network with a 74% reduction in distribution centres. By eliminating non-essential infrastructure and costs, the country has become more efficient and flexible for further growth.

Fuel growth through competitiveness & investment continued

Leveraging technology and big data

We are making investments in technology to provide a better and faster service. In 2019, we continued building a powerful network of connected coolers that maximises performance by tracking door openings, supporting automatic stocking and ordering and freeing up time for sales people to spend with our customers.

A productivity assessment in Bulgaria found that connected coolers increased sales team productivity by 117 minutes per month, equivalent to four selling days per year, while boosting incremental sales by 3.2%.

Our sales force automation tool gives our sales people easy access to critical data, including information from coolers, in a single user-friendly solution which is tablet-based in most markets. This technology boosts sales process effectiveness and agility with real-time performance measurement and execution tracking. Across our markets in 2019, we increased the use of our sales force automation tool by 7pp compared with the prior year.

We are also investing in big data and advanced analytics to identify and capture value creation opportunities. Leveraging our extensive customer and market data allows us to make better decisions faster and implement laser-focused initiatives that generate incremental value. In select Nigerian outlets where we trialled this approach in 2019, we achieved a 32% average increase in sales volumes.

In addition to outlet segmentation, our investments in analytics allow further optimisation in supply chain, minimising out-of-stocks with faster, more efficient responses to demand fluctuations. In 2020, we will deploy a machine learning solution that will have a demand forecasting process based on analytics in Italy, Greece, Romania and Poland.

Robotic process automation and master data

Following the 2018 implementation of robotic process automation (RPA) to execute basic tasks in our shared Business Service Organisation (BSO) in Sofia, we achieved cost and process efficiencies. During 2019, we expanded RPA use to additional processes in Sofia and in our Russian BSO, automating a total of 102 processes.

For example, we now have an RPA application extracting customer balances from SAP and sending them to customers by email and creating payment batches for weekly supplier payments. In 2020, we will implement this technology in other areas of the organisation including supply chain management, treasury and human resources.

Another area of enhanced efficiency is maintenance of our Company data relating to customers, suppliers and materials, called master data. We have implemented a new technology solution that has not only improved the quality and accuracy of our master data but has also reduced the cost per processed transaction.

Smarter procurement and joint initiatives

As part of ongoing efforts to digitalise our procurement processes, we are implementing a variety of new tools. We kicked off the implementation of SAP Ariba e-procurement software across our Company, a process we expect to complete by 2021. We also launched a new digitally-based buying platform to procure materials supporting our trade marketing. Following an initial rollout to four markets, it will be implemented in all of our other markets by late 2020. We have selected the Merkateo procurement platform as our preferred solution for cost-effectively managing smaller procurement orders, based on the success of a 2019 pilot in Austria. The platform will be available in seven markets by the end of 2020.

Changes in regulation in the EU sugar market have brought it more in line with global price setting practices, subsequently affecting global sugar prices. Capitalising on this opportunity along with other Coca-Cola bottlers, we have requested that all our sugar suppliers offer pricing formulas that reference the world benchmark contract for raw sugar trading. This gives us the option to use financial derivatives to mitigate the risk of sugar price volatility.

In line with our continuous efforts to improve operational efficiency and support our sustainability agenda, we have worked to continuously improve and reduce product packaging. Efforts to make our cans the lightest in the market are underway, with an aim of reducing our average aluminium can weight by 2%. We managed to reduce the weight of our 33cl can by 4% during 2019, and expect to achieve an additional 4% reduction by 2021.

> **"OUR SALES FORCE AUTOMATION TOOL GIVES OUR SALES PEOPLE EASY ACCESS TO CRITICAL DATA, INCLUDING INFORMATION FROM COOLERS, IN A SINGLE USER-FRIENDLY SOLUTION WHICH IS TABLET-BASED IN MOST MARKETS."**

We are making similar improvements to plastic packaging. Our aggressive PET bottle light-weighting programme reduced our Group-wide use of PET by 6,000 tonnes in 2019 compared with the prior year. We introduced our first 100% recycled PET bottles for water brands in Austria, Ireland, Switzerland, Croatia and Romania as part of a long-term effort to increase our use of recycled PET. In 2020, we will continue to expand this approach and we will invest in an innovative technological solution in Poland to produce 100% recycled PET bottles.

We are also one of the first bottlers in the Coca-Cola System to move to replace plastic wrap on can multi-packs with a sustainable, paperboard packaging solution, KeelClip™. The first countries to start introducing this will be Ireland, Poland, Austria and Romania. Meanwhile, we are exploring other sustainable solutions to replace stretch and shrink films.

We have guidelines and tools for supplier selection and governance, including Supplier Guiding Principles, and sustainability criteria for supplier selection are an integral part of our supply assessment process. On an ongoing basis, we monitor the activities of our critical suppliers through our internal supply base assessments, audits of compliance and the EcoVadis platform. EcoVadis helps us monitor a range of risks using 21 criteria from international standard setters including the UN Global Compact, ISO 26000, the Global Reporting Initiative and the International Labour Organization.

In 2019, more than 450 of our critical suppliers were assessed using EcoVadis and our plans are to expand the use of these assessments for better, more objective supplier monitoring.

To increase awareness of sustainability in our supply chain, during 2019 we held sustainability days with strategic suppliers in Russia, Austria and Hungary. These events create opportunities to identify joint sustainability initiatives and share our corporate social responsibility policy, sustainability commitments and best practices.

Sustainable sourcing

The sourcing of our raw materials accounts for a large portion of our economic, operational and environmental footprint, and the behaviour of our suppliers directly impacts our sustainability performance. We therefore consider our suppliers as critical partners, as well as contributors to the ongoing and sustainable success of our business.

As part of the Coca-Cola System, we have a uniform approach to sustainable agriculture, which is rooted in the principles of protecting the environment, upholding human and workplace rights, and helping to build more sustainable communities. These principles are showcased in The Coca-Cola Company's Sustainable Agriculture Guiding Principles, which provide guidance to our suppliers of agricultural ingredients.

The scale and uniform approach of the Coca-Cola System helps us source our raw materials sustainably, while mitigating business risks. This helps us balance the costs of sustainability by leveraging relationships and initiating new opportunities, ensuring that our agricultural suppliers and their suppliers have a sustainable business. All suppliers are required to meet our Supplier Guiding Principles. These principles communicate our values and expectations of compliance with all applicable laws, and emphasise the importance of responsible workplace practices that respect human rights.

This framework for sustainable sourcing is integrated into internal governance and procurement processes. Our 2025 target for ingredient sourcing is to achieve 100% certification of our key agricultural ingredients against the Sustainable Agriculture Guiding Principles. In 2019, 74% of the key commodities we purchased for use as ingredients were certified, up from 64% in 2018. Our work to certify our key agricultural ingredients will continue to expand in 2020, with close cooperation with suppliers who are still progressing towards certification.

UN Sustainable Development Goals

Our sustained efforts to reduce our costs and improve our impact have generated significant results for our business, our communities, society and the environment. These results correspond to contributions to the Sustainable Development Goals for clean water and sanitation, clean energy, economic growth, industry innovation, sustainable communities, responsible production, climate action, life below water and life on land.

4

GROWTH PILLAR

CULTIVATE THE POTENTIAL OF OUR PEOPLE

KPIs

- Employee engagement
- Percentage of managers that are women
- Lost time accident rate

Stakeholders

Our people

Risks

- People
- Geopolitical and macroeconomic
- Health and safety

Highlights in 2019

- Evolved approach to values and culture to better support agility, learning and transformation, ensuring we are fit for the future
- Improvement of employee engagement score by 2pp to 90%, compared to 2018
- Established an Agility Centre of Excellence to support improvements in speed to market, productivity and cultural evolution
- Transitioned our robust yet traditional performance management to an employee-driven continuous process, focused on results, behaviours and mindset
- Improved our social media presence to engage and attract the best talent
- The Board appointed Charlotte Boyle as the designated non-Executive Director for workforce engagement

Priorities in 2020

- Inspiring and activating our people to live our culture
- Investment in transformational leadership and the personal growth of our people
- Accelerating the development of our six prioritised organisational growth capabilities
- A step change to the digital and personal ambassadorship of our leaders in order to attract the best talent
- Fostering agile ways of working to improve the productivity of our empowered and motivated teams

Cultivating the potential of our people is one of the five pillars of our growth strategy. We know that to achieve our vision and our growth objectives, we need to develop our people, our culture and our critical organisational capabilities with even greater speed and effectiveness. We also understand that in this dynamic talent market the relationship between organisations and their people is changing.

We aim to make our Company an irresistible place to work, where employees feel heard, valued, supported and motivated to realise their full potential. To attract and retain the capable, committed people our business requires, we strive to provide a workplace where:

- Talented people have the opportunity for unique, personalised experiences and personal and professional growth;
- Our talent pipeline is a source of adaptive and disruptive leaders who are fully fit for the future;
- High achievers and curious learners are empowered to make decisions and take smart risks; and
- Learning is deeply embedded while diversity is leveraged as a source of energy and innovation.

An inclusive culture to empower people

One of our greatest strengths is our values-based culture which is built on six Growth Mindset Values. As our Company evolves in the face of changes in our operating environment, we advanced our enduring values in 2019.

Next to the timeless values of excellence and customer-centricity, we are increasing focus on the continual learning and smart risk-taking necessary to manage fast-paced change.

We know that introducing new values is not enough; culture must be embedded throughout the organisation and progress measured. We use employee engagement surveys, evidence-based feedback from direct reports, peers and customers and quarterly reflection on how employees demonstrate growth mindset behaviours to understand how our culture evolves.

To bring our culture to life, we fostered internal discussions about our behaviours and mindset at Culture Lab workshops held across the Company in 2019. As we move forward, our focus is on embedding our culture into ways of working, structures and processes across our markets. We also aligned our employee engagement survey with our new values, sharpened its focus and increased the survey frequency from once to twice a year.

We know that committed employees provide the best experience for our customers, and we therefore listen to their voice carefully and act on what we hear.

In 2019, our Employee Engagement Index score improved by two percentage points from 2018, to 90%. We kept participation quite high, at 87% of our people, despite keeping the survey open for only three days.

By partnering with Willis Towers Watson, we are able to benchmark our performance against other companies in our industry and in the Coca-Cola System, as well as other high-performing companies. Our 2019 results strengthened our leading position in our industry and among the Coca-Cola System companies. Our score is 1% above the Willis Towers Watson's high-performing norm and considerably higher than the 81% average for FTSE 100 companies participating in the Willis Towers Watson benchmarking pool.

Engagement survey respondents reported that they are proud to be part of the company and, compared with 2018, were 2% more likely to recommend Coca-Cola HBC as a good place to work. Respondents also expressed an interest in more clarity about the Company's strategy.

Our six Growth Mindset Values are:

WINNING WITH CUSTOMERS
We are the selling organisation devoted to providing innovative solutions to create shared value.

NURTURING OUR PEOPLE
We believe in our people, and have a passion to develop ourselves and others.

EXCELLENCE
We strive for unparalleled performance by amazing customers with our passion and speed.

INTEGRITY
We always do what is right, not just what is easy, and are accountable for the results.

LEARNING
We listen, have a natural curiosity to learn and are empowered to take smart risks.

PERFORMING AS ONE
We collaborate with agility to unlock the unique strength of our diverse teams.

Cultivate the potential of our people continued

Managing performance for growth

We made a very bold change in our performance management approach in 2019, moving from manager-led performance to continuous conversations focused on results, behaviours and mindset with mutual accountability. These feedback loops are a critical part of evolving our culture and supporting continuous learning and agility.

We are especially proud of the high participation rates in evidence-based feedback sessions where our people and teams provide continuous feedback and learn from each other. In the last quarter of 2019, more than 80% of our people provided feedback to their teams.

We also simplified our leadership model during 2019, introducing new leadership standards with six prioritised leadership capabilities. These are: empowers, thinks customers, fosters agility, collaborates, builds talent and drives impact. These six capabilities focus on both results and behaviours to ensure that our people balance short- and long-term objectives and demonstrate desired growth behaviours.

In our effort to foster agility, we established a centre of expertise for agile working in 2019 with a multi-year plan to introduce the agile methodology, run projects and introduce elements of agility into our culture and organisation. Through this effort, we conducted eight major projects and trained 195 employees in our selected framework for fostering agility. Our aim is to use agility to deliver high quality results for customers faster and to prioritise, simplify, and improve the productivity of our teams.

In 2019, we further digitalised our workplace and introduced cloud-based applications for ongoing feedback and performance management as part of our HELO (hiring, empowering and learning online) platform. We also upgraded technologies for personalised learning as well as for talent identification and selection. The video interviewing and the new selection applications improve candidate experience, provide additional insights for selection decisions and improve hiring speed. HELO is available to all our online employees, democratising learning, accelerating development and helping our people fulfil their potential.

Invest in building the best teams in the industry

In addition to introducing six prioritised leadership capabilities for our people, as a Company we are focusing on six organisational capabilities that can accelerate our growth and performance.

Our investments in attracting talent, training, technology and process improvements are driven by these priorities: big data and advanced analytics, revenue growth management, route to market, key account management, disciplined innovation and talent development.

Through our ongoing Innovation for Growth initiative, 6,600 participating employees generated 4,700 new ideas in 2019, twice the amount generated in 2018. In 2020, we will step up our focus and investment in this programme and we will launch an upgraded platform that will support faster realisation of new ideas.

To engage people and maximise learning from critical work experiences, development programmes use a mix of in-person and online training. 95% of online employees completed digital learning programmes in 2019.

Our use of digital learning further increased in 2019, reaching 70% of all programmes completed. Learning through conversations and knowledge sharing complements formal learning. In 2019, 286 employees participated in mentoring and 568 in formal leadership coaching programmes.

Leadership acceleration centres have been established to support unlocking the potential of our talents and the development of future leaders. This helps our people understand their strengths and the areas of opportunity for development in their current and future roles. We also use functional development centres to accelerate functional expertise in our six prioritised organisational capabilities.

To accelerate the development of more than 600 people with leadership potential, we further improved experiential learning through our Fast Forward programmes. This programme received the 2019 Excellence in Practice Award from the Association for Talent Development. Within 12 months of graduating from this high-potential programme, 81% of the graduates were promoted. Promotion rates among the graduates of our management trainee programme improved as well due to our efforts to create a more effective entry point for our leadership pipeline.

Attracting and developing talent

To support our efforts to recruit the best teams, we refreshed our employer value proposition and improved our social media presence. Investments in recruiting help us retain nine out of ten new hires.

We are particularly proud of the 60 recognitions we received across our 28 countries, reflecting different measurements of employer attractiveness.

The number of people following Coca-Cola HBC as an employer on social media also increased by more than 50%, exceeding 300,000 followers by the end of 2019.

Our ability to develop leaders internally is an important competitive advantage, ensuring cultural continuity. Career progression depends on long-term performance and potential, as well as alignment with our values. In 2019, we simplified our talent review approach, making the career outlook for our people more understandable and eliminating unnecessary complexity. Our focus on succession for business unit function heads also paid off as we increased our successor pool for this critical workforce segment in 2019.

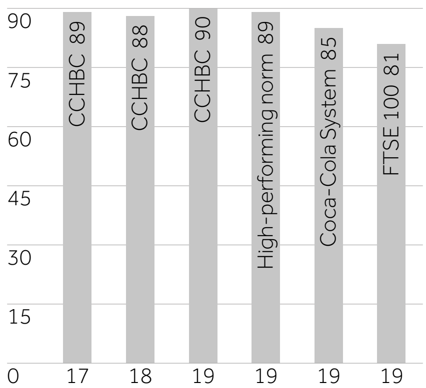
Our leadership plays an essential role in ensuring that we have the best teams, with every leader accountable for attracting, developing, retaining and engaging the right talent, and then empowering them to execute our strategy. We remain committed to enhancing talent development as our lighthouse organisational capability.

Championing diversity, inclusion and human rights

Respect for individuals is at the core of our values and we foster behaviours that create an inclusive culture. These behaviours can be found in our formal Inclusion and Diversity Policy, our Code of Business Conduct and our Human Rights Policy which can be found online at https://coca-colahellenic.com/en/about-us/policies.

One of our 2025 sustainability commitments is to achieve full gender balance in managerial positions. Our CEO also formalised our commitment to diversity and inclusion in 2019 by signing the CEO pledge of the LEAD Network Europe, which aims to accelerate gender parity and drive inclusion. In support of gender balance, we are building a strong pipeline of female leaders and a support network to help women in our business.

Employee engagement: outperforming peer companies (%)



We increased the percentage of management roles held by women by 1pp in 2019, to 38% compared with 37% in 2018. At the end of 2019, women made up 29% of our total workforce. Our newly established Diversity and Inclusion Council closely monitors our progress.

We foster diversity in our talent pipeline by recruiting a balanced number of male and female management trainees. In keeping with this approach, 62% of the management trainees we hired in 2019 were women.

To promote awareness and understanding of the importance of diversity and inclusion for our business, we launched a diversity and inclusion communication campaign. Also in 2019, leadership modules to develop ambassadors of inclusion were launched in five languages.

Our Human Rights Policy covers diversity, collective bargaining and workplace security and is guided by international human rights principles, such as the International Labour Organization's international labour standards and the UN Guiding Principles on Business and Human Rights (also known as the Ruggie Framework). Given that we also expect our partners to respect these workplace values, our Supplier Guiding Principles are aligned with our Human Rights Policy.

UN Sustainable Development Goals

Efforts to foster an engaging workplace, nurture and develop the capabilities of our people, increase gender balance in our management ranks and reduce stress and support employee wellbeing all contribute toward global goals for development. The specific Sustainable Development Goals supported are those for: good health and wellbeing; gender equality; decent work and economic growth; reducing inequalities; and peace, justice and strong institutions.

We regularly review our policies and internal standards to ensure we adhere to all applicable laws and regulations. In line with that, in 2019 we updated our Code of Business Conduct. To ensure awareness and understanding across our entire workforce, our Code of Business Conduct is acknowledged by all employees.

To ensure we continue to drive improvement in this area, in 2019 we held a cross-functional workshop on human rights with external guests to challenge our thinking.

In addition, we have a well-publicised whistleblower system, and we investigate all reported issues and incidents.

Health and safety

The health and safety of our people and contractors is managed as a principal risk, emphasising the critical importance of ensuring the wellbeing of everyone in our workplaces.

While the number of employee workplace accidents fell for the tenth consecutive year in 2019, regrettably, nine contractors died in road accidents. There were no employee fatalities. The Lost Time Accident Rate (LTAR) was 0.33, compared with 0.39 in 2018. All contractors are invited to attend a safety induction course and other ongoing training.

Our fleet safety training programmes aim to improve safety for all drivers within the Group. The blend of online, classroom and on-the-road training elements is adjusted for different groups, reflecting their relative risk classification. Overall, 5,407 participants completed these programmes in 2019, with an average 7% safety knowledge improvement.

To reduce the number of road accidents, we continued installing collision avoidance technology in fleet vehicles. OEM or MobilEye driver warning systems have now been installed in 71.7% of the Group's light fleet vehicles.

As a result of these efforts, the number of accidents per million kilometres travelled fell to 2.63, compared with 3.67 in 2018. This was our seventh consecutive year of improvement, resulting in a cumulative reduction of 71%.

While we have made much progress in ensuring safety, we are determined to do more. In 2019, we extended our behaviour-based safety programme to 53 manufacturing plants, 51 warehouses and commercial teams in five countries. Of the barriers to safety identified under this programme in 2019, 76% have been eliminated.

Support for wellbeing

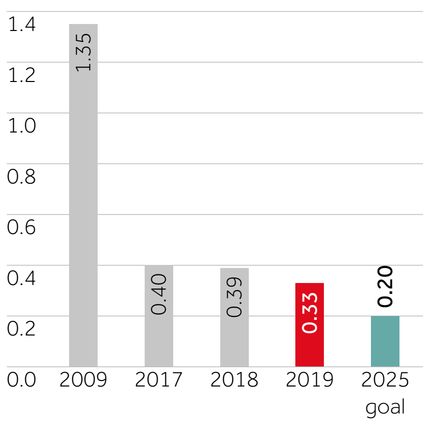
At Coca-Cola HBC, all of our employees have access to a range of health and wellbeing programmes. Our approach to employee wellbeing exemplifies our values and enhances engagement and productivity.

To help employees financially, we offer benefits such as pensions, a savings scheme and life insurance, and assistance with financial planning and literacy. Emotional wellbeing is addressed through on-site counselling, relaxation techniques, and energy balance programmes. To support social wellbeing, we host events for families and employee bonding and team building.

We have developed a Health and Dependent Care Framework designed to address the wellbeing needs of our employees. In each of our countries, employees are offered at least one programme option for both health and dependent care. Healthcare initiatives include medical and health insurance benefits, preventative measures such as medical check-ups, subsidised gym memberships and nutrition information. We also offer our people a range of dependent care initiatives, including dependent care leave, subsidies for school activities and supplies, internships and career days.

Across the Company, we promote the use of flexible working. Under our flexible working framework, over a quarter of our total workforce now has options for flex-time, remote working, job sharing, part-time work and compressed working arrangements. Flexible working arrangements involve a partnership between managers and employees that supports wellness and productivity.

Lost Time Accident Rate trend
(# LTA per 100 FTE)



5

GROWTH PILLAR

EARN OUR LICENCE TO OPERATE

KPIs

- Mission 2025 sustainability commitments

Stakeholders

- Our communities
- Our consumers
- Partners in efficiencies
- NGOs
- Shareholders
- Governments
- The Coca-Cola Company

Risks

- Sustainability: Plastics and packaging waste
- Sustainability: Climate and carbon
- Sustainability: Water
- Geopolitical and Macroeconomic

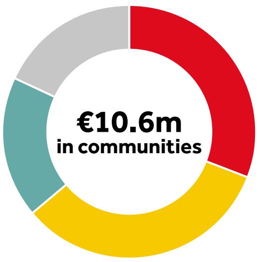
Highlights in 2019

- Increased our community investment by 34% to €10.6 million
- Engaged with 576 partners for community projects
- Secured water supplies for one million people in Nigeria
- >118,053 #YouthEmpowered participants – almost twice as many as in the year before
- Collection of primary packaging fully on schedule, 48% (equivalent) recovered

Priorities in 2020

- Improving effectiveness and impact of #YouthEmpowered digital platform
- Agree next science-based carbon reduction targets aligned with the new methodology

Total community investment



- #Youth Empowered: **31%**
- Water stewardship: **33%**
- World Without Waste: **18%**
- Local initiatives: **18%**

Environmental leadership

As we grow our business, we seek to ensure that this growth is sustainable over the long term and that ecosystems are sustained for future generations.

Long recognised as an environmental leader in the beverage industry. In 2019, we further improved our environmental impact, particularly regarding packaging. We introduced the first 100% recycled PET bottles for our water brands sold in Austria, Croatia, Ireland, Romania and Switzerland.

Working towards a World Without Waste

Together with The Coca-Cola Company, we have made good progress in making our packaging have more than one life.

We are working to achieve 100% recyclability in advance of the 2025 deadline; 99.9% of our primary packaging is already recyclable.

We are working to increase our use of recycled PET across all our packaging. Of the PET material that we used in packaging in 2019, 12% was from renewable or recycled materials. We are working to increase this percentage to 35% by 2025 and to 50% by 2030.

Innovative design is a key part of reducing packaging waste. By light-weighting our bottles, we reduced the total PET used across our portfolio by approximately 25%[1] vs a 2010 baseline. In 2019 we eliminated 6,000 tonnes of PET plastic compared to 2018. We also announced the introduction of KeelClip™, a paperboard packaging solution which replaces plastic packaging for multi-pack cans. This innovative, minimalist packaging will roll out in Austria, Ireland, Poland and Romania in 2020, and in our remaining EU markets by the end of 2021.

We believe every package has value and life beyond its initial use and should be collected and recycled into either a new package or another beneficial use. Therefore, we are striving to create a closed loop, so that old packaging can become new packaging. Nearly half, 48%, of the bottles and cans that we placed in the market in 2019 were either refilled or collected for recycling.

1. Considering neutral package mix evolution vs. 2010; packaging intensity reduction per litre of beverage produced is 4% in 2019 vs. 2010.

We are supporting the development of new infrastructure and improved collection systems across all our markets to ensure that we collect 75% of our primary packaging for recycling by 2025. As part of these efforts, we are exploring investment opportunities in PET recycling facilities in various markets.

We also partner with other organisations and use brand messaging to encourage consumers to reuse and recycle. Together with The Coca-Cola Company, and with the support of The Coca-Cola Foundation, we have engaged in seven zero waste partnerships during the year and promoted recycling through messaging on packaging and in stores in several market.

In partnership with the Italian plastic waste collection consortium (COREPLA), we developed and executed an educational project called Upcycle during 2019, at an annual public event called "Rimini Meeting". We provide information about packaging design and market-specific recycling processes. In addition to returning to the Rimini event in 2020, we are partnering with customers to bring Upcycle to Italian retail spaces. With national retailer Finiper, we will take Upcycle to two of Italy's largest shopping malls.

Educational project Upcycle at the "Rimini Meeting" event.

Earn our licence to operate continued

Further decreasing CO_2 emissions

As a business, we are aware that the effects of climate change are significant. Our risk management efforts to manage and mitigate the impacts of climate change include a focus on: increased cost of energy and raw materials; carbon taxation and regulation; water sustainability; and business disruption due to severe weather conditions.

Reducing emissions is a strategic priority, including ongoing investment along the value chain in energy efficiency and renewable and low carbon technologies.

Our Mission 2025 sustainability targets, which we report against on page 48-49, include goals for reducing energy consumption and associated emissions. Through a set of projects and innovative solutions implemented across our value chain, we saved 262,038 tonnes of CO_2 in 2019 compared to 2018 and increased the use of renewable electricity by 7.7% across our markets.

In Austria and Switzerland, we are using more power from the sun. We installed one of the largest photovoltaic systems in Austria on the roof of our production and logistics centre in Edelstal. This will save around 725 tonnes of CO_2 per year compared with conventional energy production, equivalent to the annual emissions of 400 mid-size cars.

The photovoltaic system on the roof of our Swiss mineral water warehouse was originally installed for the benefit of the community, supplying energy for 64 households. An extension of this project was added in September 2019 using bi-facial vertical solar panels, an innovation specifically developed for mountain areas to increase energy yield. This collected solar power is now also used in our plant, providing around 4% of the plant's annual energy consumption.

We tackle emission reductions throughout our value chain, including Company vehicles. Our 180 pool vehicles in Switzerland are powered by compressed natural gas, forming the country's largest biogas vehicle fleet. In comparison to similar vehicles using diesel, biogas-powered vehicles emit 15% less CO_2, resulting in annual savings of approx. 250 tonnes of CO_2.

By 2025, we will source 100% of our electricity needs from renewable and clean sources in the EU and Switzerland. In many of these markets, including Austria, Greece, the Czech Republic, Italy, Romania, Northern Ireland, Croatia and Hungary, we have already achieved this target, using only renewable and clean electricity in our plants.

In our Greek plants, we have reduced energy required for lighting by 75% by replacing conventional lighting with LED lights. For the impact we achieved through this project, we received recognition at the Energy Mastering Awards 2019.

Securing water availability

Safe, accessible water is essential to human health and ecosystems. Water is also the primary ingredient of many of our products, critical for our manufacturing processes and necessary to grow the agricultural ingredients for our products.

By the end of December 2019, 38 of our manufacturing sites were certified for their responsible use of water resources and excellence in water management according to the standards of either the European Water Stewardship or the Alliance for Water Stewardship. While all our European plants are now certified, we continue to move towards achieving certification for all our plants by the end of 2020. New acquisitions will be certified during the related post-merger integration.

We reduce water intensity in all our operations and focus particularly on our impact in water-risk areas. As part of our 2025 targets, we will reduce water use by 20% in plants located in water-risk areas. Together with other stakeholders in those watersheds, we also want to make sure that these communities retain access to safe, good-quality water.

Through assessments using globally recognised tools such as the WWF Water Risk Filter, we have identified 16 of our 56 bottling plant locations as areas with water risk. Half of these are in Nigeria, and the rest in Greece, Cyprus, Russia and Armenia.

In these catchment areas, we will:

- provide access to drinking water,
- purify waste water, and
- protect and restore watersheds.

We have reduced the water intensity at our plants in water-risk areas by 7% compared to the 2017 baseline. In 2019, we implemented 60 new water-saving projects, investing roughly €6 million and saving more than half a million cubic metres of water.

Community borehole in Kano, Nigeria.

First water stewardship initiative in Nigeria

To improve water security for communities around our production plant in Challawa, we made significant investments in water infrastructure in 2019. By drilling several new shallow wells, replacing ageing pipe, and supporting the refurbishment of the Kano State Water Board's water analysis laboratory, we are helping to ensure that one million people have greater access to water and water quality has been improved for approximately 10 million people. We further established a community water supply point at our plant, which has reduced the time needed by many families for water collection.

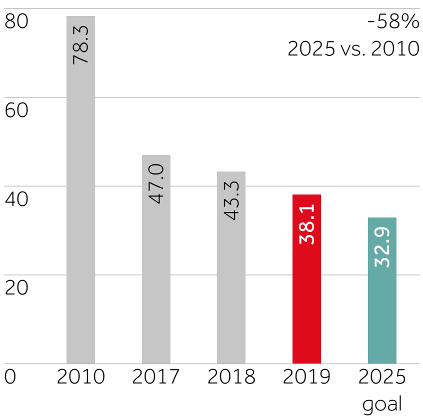
We continued to supply 8,000 litres of water per day by tube wells and solar powered boreholes to displaced people in a settlement close to Maiduguri in the north-east of Nigeria.

Our investments and process improvements are also having an impact in Greece and Cyprus.

We have begun using treated wastewater to clean the recycling area in our plant in Schimatari, Greece. Strict quality control ensures that we comply with all environmental requirements.

Our water initiatives in Cyprus were recognised in 2019 for their impact, benefiting more than 80,000 Cyprus residents, at the Responsible Business Awards. We launched Mission Water in 2013, with funding from The Coca-Cola Foundation, in cooperation with the international organisation Global Water Partnership Mediterranean (GWP-Med). Through Mission Water, 19 water projects were undertaken, saving more than 40,000 m^3 of water annually.

CO_2 ratio (scopes 1 and 2)
(gCO_2/litre of produced beverage)



UN Sustainable Development Goals

Our community initiatives contribute to the Sustainable Development Goals (SDGs). Our initiatives to empower youth and women contribute to the goals for quality education, decent work and economic growth, sustainable cities and communities, and partnerships. Our initiatives regarding water stewardship, CO_2 emissions reduction and waste reduction aid global progress towards the SDGs for clean water and sanitation, and climate action. Our initiatives in communities help advance the global objectives of good health and wellbeing, and sustainable cities and communities.

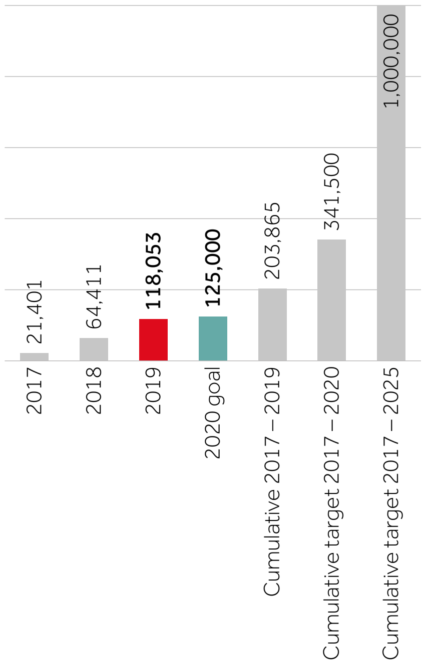
Beyond water-risk areas, we continue to invest to reduce water intensity. In the Czech Republic, a new system installed for pasteurisation has reduced water consumption by approximately 13,000 m^3 per year. Energy and chemical use have also been reduced. In Poland, we installed an additional reverse osmosis treatment step at our plant in Radzymin. This allows us to recover 35 to 60% of nano-filtration wastewater, saving approximately 60,000 m^3 of water annually.

Engaging communities to empower youth

We know that our business can only be as healthy and strong as the communities in which we operate. We have therefore been tackling one of the most relevant societal issues in many of our markets, the employability of young people. Through our flagship programme #YouthEmpowered, we aim to provide training for one million young adults across our markets by 2025.

Because the challenges faced by young people vary as much as the markets in which we operate, we adapt the programme to local needs. We have engaged over 118,053 young people during 2019 and hope to further ramp up our outreach through a new, improved online platform. More than 750 of our employees have become mentors through the initiative, and we have partnered with almost 50 local non-governmental organisations. Last year, we made particular progress in Italy, Poland, Russia and Greece. The strengths of the Polish programme include a mobile-friendly tool that is well-linked to social media platforms. We plan to take the learnings from Poland's online success to additional markets in 2020.

Number of young people trained through #YouthEmpowered



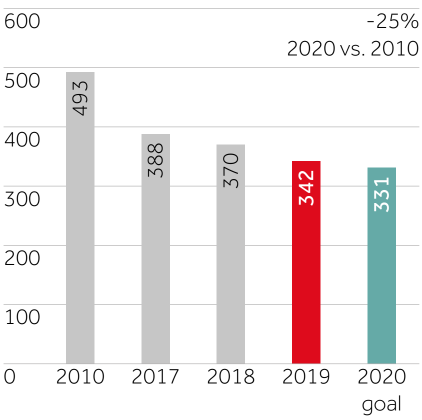
Beyond those markets, we have engaged in various additional initiatives. In Croatia, we are aligning the skills and knowledge of young people with the needs of employers in the tourism and hospitality sectors. Nearly two dozen young chefs applied for a culinary scholarship programme which we offered in 2019.

All candidates underwent a personality assessment, a skills test and an interview. The finalists were granted scholarships to top culinary schools. The winners commit to work in Croatia for at least two years after their training. We plan to finance 25 scholarships by 2024, supporting young culinary talent and the Croatian restaurant industry.

The #YouthEmpowered initiative in North Macedonia was recognised during the year by the country's ministry of economy and the national coordination body for corporate social responsibility. Our ongoing Skills for Success project provides free training for young adults in the country, including 1,700 trained in 2019. In recognition of our impact, the project received an award for best socially responsible practice in community investment.

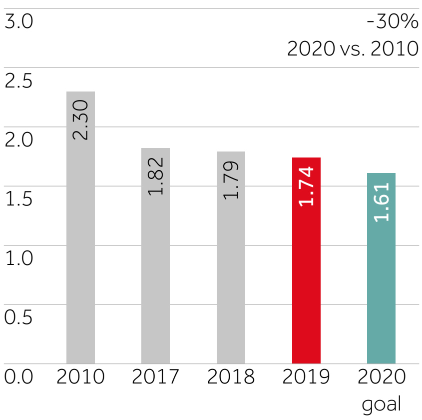
CO_2 ratio (scopes 1, 2 and 3)

(gCO_2/litre of produced beverage)



Water use ratio in plants

(litre/litre of produced beverage)



Key performance indicators

Tracking our progress

We measure our performance against our strategic objectives using specific KPIs. These KPIs allow us, and our stakeholders, to track our progress against our 2020 targets. These are also the financial and operational milestones which we will focus on for Growth Story 2025.

GROWTH PILLAR

1 LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

GROWTH PILLAR

2 WIN IN THE MARKETPLACE

How we measure our progress

Volume is measured in unit cases, where one unit case represents 5.678 litres. For Bambi volume, one unit case corresponds to 1 kilogram. We grow volume as we expand per-capita consumption of our products.

What happened in the year

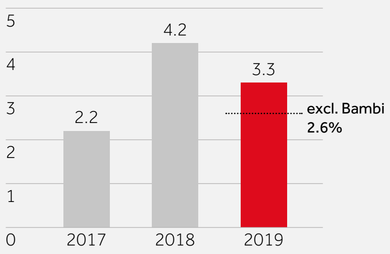
Volume grew by 3.3%, or by 2.6% excluding Bambi.

Link to remuneration

Volume is a key component of revenue and revenue is a measure for MIP awards.

Read more on page 122.

Volume growth (%)



How we measure our progress

We measure revenues on a currency-neutral basis to allow better focus on the underlying performance of the business. We grow FX-neutral revenue per case through pricing as well as driving positive category and package mix.

What happened in the year

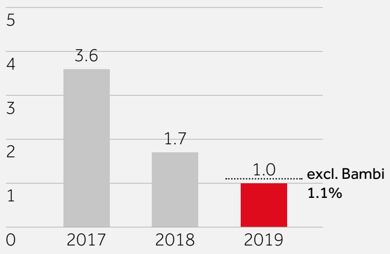
Currency-neutral revenue per case grew by 1.0%, in part impacted by price investments in Nigeria. Currency-neutral revenue grew by 4.4%, 3.7% excluding Bambi, with growth in all geographical segments.

Link to remuneration

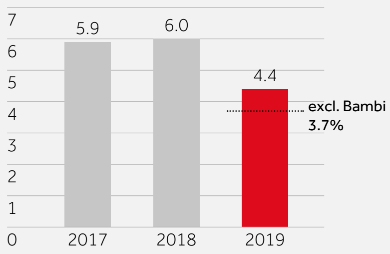
Revenue is a measure for MIP awards.

Read more on page 122.

Currency-neutral revenue per case growth (%)



Currency-neutral revenue growth (%)



GROWTH PILLAR

3 FUEL GROWTH THROUGH COMPETITIVENESS & INVESTMENT

How we measure our progress

We measure this by OpEx as a percentage of NSR and by comparable EBIT margin. We generate positive operational leverage as we grow revenues on our efficient cost base.

What happened in the year

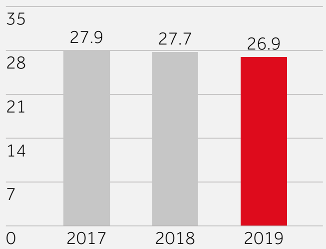
OpEx as a percentage of NSR improved by 80 basis points, and comparable EBIT margin expanded by 60 basis points.

Link to remuneration

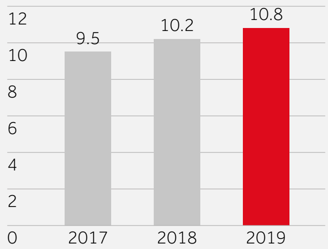
Gross profit margin, OpEx as a percentage of NSR and comparable EBIT are all measures for MIP awards.

Read more on page 124.

OpEx as percentage of NSR (%)



Comparable EBIT margin (%)



How we measure our progress

We measure CapEx as a percentage of NSR, as well as ROIC, to ensure prudent capital allocation and efficient working capital management. Disciplined investment supports our growth.

What happened in the year

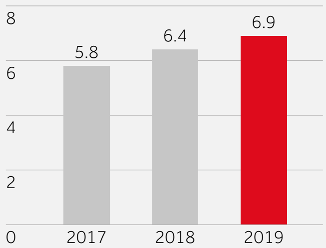
ROIC expanded by 50 basis points to 14.2%. CapEx as a percentage of NSR expanded to 6.9% with the majority of this investment being spent on revenue generating assets. Following the adoption of IFRS 16, CapEx in 2019 includes capital repayments of all leases.

Link to remuneration

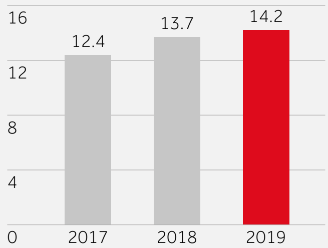
ROIC is a measure for PSP awards.

Read more on page 123.

CapEx as percentage of NSR (%)



ROIC (%)



GROWTH PILLAR

4 CULTIVATE THE POTENTIAL OF OUR PEOPLE

How we measure our progress

We conduct an engagement survey with an independent third party and measure our results against the norm for companies who perform highly on this metric.

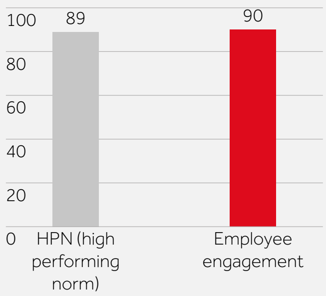
What happened in the year

Our employee engagement is above the high-performing norm.

Link to remuneration

Maintaining our high engagement score is part of the CEO's individual performance metrics.

Read more on page 122.



GROWTH PILLAR

5 EARN OUR LICENCE TO OPERATE

How we measure our progress

Progress on Mission 2025.

What happened in the year

Please see our performance on the following page.

Link to remuneration

Maintaining our leadership of the beverage industry in the DJSI index is part of the CEO's individual performance metrics.

Read more on page 122.

Sustainability performance

5 EARN OUR LICENCE TO OPERATE

Mission 2025 – our sustainability commitments

Sustainability areas	Material issues	UN's Sustainable Development Goals (SDGs) and their targets
Climate and renewable energy	• Carbon and energy • Economic impact	7 Affordable and clean energy: 7.2, 7.3 9 Industry, innovation and infrastructure: 9.4 11 Sustainable cities and communities: 11.6 12 Responsible consumption and production: 12.2 13 Climate action: 13.1
Water reduction and stewardship	• Water stewardship • Economic impact	6 Clean water and sanitation: 6.1, 6.4, 6.5, 6.6 9 Industry, innovation and infrastructure: 9.4 11 Sustainable cities and communities: 11.6 12 Responsible consumption and production: 12.1, 12.2, 12.4 15 Life on land: 15.1 17 Partnerships for the goals: 17.17
World Without Waste	• Packaging, recycling and waste management • Economic impact	8 Decent work and economic growth: 8.4 9 Industry, innovation and infrastructure: 9.4 11 Sustainable cities and communities: 11.6 12 Responsible consumption and production: 12.1, 12.2, 12.5 14 Life below water: 14.1 17 Partnerships for the goals: 17.17
Ingredient sourcing	• Product quality and integrity • Human rights, diversity and inclusion • Economic impact • Sourcing	8 Decent work and economic growth: 8.3, 8.8 9 Industry, innovation and infrastructure: 9.4 12 Responsible consumption and production: 12.1, 12.2, 12.4, 12.6, 12.7 13 Climate action: 13.1
Nutrition	• Product quality and integrity • Nutrition • Marketing	3 Good health and well-being: 3.4 12 Responsible consumption and production: 12.8
Our people and communities	• Human rights, diversity and inclusion • Employee wellbeing and engagement • Corporate citizenship and youth empowerment • Packaging, recycling and waste management • Economic impact	3 Good health and well-being: 3.4, 3.6 4 Quality education: 4.3, 4.4 5 Gender equality: 5.5 8 Decent work and economic growth: 8.5, 8.6, 8.8 10 Reduced inequalities: 10.2, 10.4 11 Sustainable cities and communities: 11.6 12 Responsible consumption and production: 12.2, 12.4 16 Peace, justice and strong institutions: 16.7 17 Partnerships for the goals: 17.16, 17.17

Note: The 17 Sustainable Development Goals (SDGs) are an urgent call for action by all countries – developed and developing – in a global partnership. Each of the 17 goals has very specific targets, referenced by the numbers shown above. You can read more about the SDGs and these targets here: https://sustainabledevelopment.un.org/sdgs

Key for performance status

→ Partly on track with internal annual plans

✓ On track, progress in line with internal annual plans

2025 Commitments[1]		2019 Performance	Status	
30%	reduce carbon ratio in direct operations	19%	✓	
50%	increase in energy-efficient refrigerators to half of our coolers in the market	28%	✓	
50%	of our total energy from renewable and clean[2] sources	42%	✓	
100%	total electricity used in the EU and Switzerland from renewable and clean[2] sources	89%	✓	
20%	water reduction in plants located in water-risk areas	7%	✓	
100%	help secure water availability for all our communities in water-risk areas	25%	✓	
75%	help collect the equivalent of 75% of our primary packaging	48%[5]	✓	
35%	of total PET used from recycled PET and/or PET from renewable material	12%	→	Due to availability and cost of high-quality food-grade feedstock. Roadmap developed up to 2025.
100%	of consumer packaging to be recyclable[3]	99.9%	✓	
100%	of our key agricultural ingredients sourced in line with sustainable agricultural principles	74%	→	We have recently introduced new suppliers that are currently in the process of certification and expect to be completed within 2020-2021.
25%	reduce calories per 100ml of sparkling soft drinks (all CCH countries)[4]	12%	✓	
10%	community participants in first-time managers' development programmes	4.5%	✓	
1 MIL	train one million young people through #YouthEmpowered	203,865	✓	Cumulative number 2017-2019, 2019-only number is 118,053.
20	engage in 20 zero waste partnerships (city and/or coast)	7[6]	✓	
10%	of employees take part in volunteering initiatives	17%	✓	
ZERO	target zero fatalities among our workforce	ZERO	✓	
50%	reduced (lost time) accident rate per 100 FTE	18%	→	Not reached due to increased number of incidents related to contact with machinery in production and 19% of accidents caused by public vehicles, out of our control and influence.
50%	of managers are women	38%	✓	

1. Baseline 2017.
2. Clean source means CHP.
3. Technical recyclability by design.
4. Baseline 2015.
5. Calculation methodology changed in 2019. See page 14 from 2019 GRI Index.
6. Supported by The Coca-Cola Foundation.

Q&A
Marcel Martin,
Group Supply Chain Director, explains the approach we are taking to tackle plastic packaging waste.

Tackling the problem of plastic

More than a million plastic bottles are sold throughout the world every minute, and most, 91%, are not recycled. All plastic packaging can and should have more than one life. The beverage industry, including Coca-Cola HBC, has an obligation to take significant action to solve this problem.

Through our World Without Waste initiative, described on page 43, we are committed to collect and recycle all the packs that we put on the market. Achieving that goal requires collective action from many stakeholders, and we are working proactively to help drive these changes.

"ALL PLASTIC PACKAGING CAN AND SHOULD HAVE MORE THAN ONE LIFE."

Marcel Martin

Q. Are you seeing changes in consumer behaviour resulting from the negative perceptions around plastic?

A. Plastic pollution is a huge concern and one that we are taking very seriously. While we are not yet seeing consumer concerns translating into significant avoidance of single-use plastics, we know that this is only a matter of time. So, we are taking action now to put the right solutions in place.

Q. Are you considering moving away from plastic packaging in the future?

A. While we understand that this might appear to be a sensible strategy, to be honest, that may not be the most environmentally sustainable scenario. When you look at the overall environmental impact of the different types of packaging material, PET plastic bottles typically have a lower carbon footprint compared to other options. And, bottles made from recycled PET have an even lower carbon footprint compared to PET bottles made from virgin material.

The challenge is around disposal – we need to create a circular economy around plastics. PET bottles can be recycled many times if they are collected in a well-segregated system and if the industry has good access to the packages that are collected. Most of our bottles are clear or lightly coloured, which means that they can be used to create recycled PET. In turn, recycled PET can be used to make new bottles, creating a closed loop for plastic. We see this closed loop in action with our 100% recycled PET pack water brands that we introduced last year.

Q. What new packaging solutions are you working on?

A. Designing more sustainable packaging is a big priority and this work focuses on four areas: ensuring recyclability, using more recycled materials, reducing the overall amount of packaging and exploring novel packaging materials.

Currently, 99.9% of our packaging is recyclable and we are committed to making that 100% in advance of our 2025 target. In 2019, we made some significant steps forward by introducing bottles made from 100% recycled PET for our water brands in Austria, Croatia, Ireland, Switzerland and Romania. This is an authentic circular approach that significantly reduces carbon impact, and we expect to make more progress in this regard in 2020.

We have also been continuing our work to reduce the overall amount of packaging materials. By light-weighting our bottles, we have managed to reduce total PET used across our portfolio by approximately 25%[1] since 2010. In 2019 we have eliminated 6,000 tonnes of PET plastic compared to 2018. When it comes to secondary packaging, we are eliminating shrink film from multi-pack cans through the introduction of KeelClip™ and carton packs, while also developing solutions to remove plastic film from PET multi-packs.

1. Considering neutral package mix evolution vs. 2010; packaging intensity reduction per litre of beverage produced is 4% in 2019 vs. 2010.

Investing in KeelClip™

In 2019, Coca-Cola HBC partnered with Graphic Packaging International to invest in KeelClip™, an innovative, minimalist paperboard packaging that replaces plastic shrink film from multi-pack cans. All of our markets in the EU will have KeelClip™ by the end of 2021.

"WE ARE TAKING ACTION TO PUT THE RIGHT SOLUTIONS IN PLACE."

Marcel Martin

Smart packaging approaches are another area we are exploring. These offer consumers the opportunity to use reusable smart cups with contactless and chip payment technology.

Q. What about biodegradable plastic? Is this a viable option?

A. Two universities, Politecnico of Milan and the National Technical University of Athens, have helped us investigate options using alternative materials. The viability of biodegradable plastics for primary packaging is limited by the very specific conditions they require to break down. However, following on from our work with the universities, we will be testing bio-based and recycled plastic films for secondary and tertiary packaging in several markets during 2020.

Q. What are you doing to ensure that you have access to enough high-quality, recycled PET to meet your future needs?

A. Across Europe and the EMEA region, there is a limited supply of high-quality, recycled PET (rPET) available to produce food-grade packaging. It is also expensive, currently commanding a price premium compared to virgin PET. Because we believe supply pressures will only increase, we are considering a number of options.

In 2006, we invested, as part of a consortium, in the establishment of a 'bottle to bottle' PET recycling facility in Austria. Our investment has meant that we have access to the high-quality, rPET the facility produces from well-segregated plastic. This is an economically sustainable model we are looking to replicate in other markets.

In 2020, we will also pilot some innovative technology on-site at our Krakow plant in Poland. The SIPA-EREMA Prime technology will allow us to process non-food grade 'hot washed' PET flakes, which are readily available, to produce high-quality food-grade rPET. While this is a pilot, we are excited about the potential it has to provide high-quality rPET in a cost-effective way. Innovative, new technologies may also play an important role. One example is an 'enhanced' recycling process that breaks PET down to the molecular level. This helps get around the need for highly segregated recycling, which is currently rare.

In short, we believe the war on waste will be won not through one simple solution but by being innovative, proactive and using many technologies. It also requires that we work with partners who are as engaged and passionate about this issue as we are.

Managing risk and materiality

Our approach to materiality

Our material issues are those that matter most to our stakeholders and subsequently impact on the Company's value drivers, competitive position and long-term value creation.

Through our regular materiality assessment, we consider the importance of all environmental, social, economic and financial topics that could either positively or negatively affect our ability to create value over the short, medium and long term.

The assessment is conducted annually to fully understand how to best manage the relevant risks and opportunities. Carried out by our cross-functional Mission Sustainability team, the annual materiality assessment consists of four phases:

- identify material issues;
- assess impact on or importance to stakeholders;
- assess impact on society and the environment; and
- review and validate findings.

The work to ensure that management of material issues is successfully embedded in our strategy and operations is carried out by three groups within the Company. The Mission Sustainability team assesses the list of material issues and ensures that our sustainability approach is fully aligned with our business priorities. The Social Responsibility Committee of the Board of Directors subsequently endorses the prioritised list of issues and the resulting materiality matrix. Finally, it is the responsibility of the Operating Committee to integrate our sustainability priorities into our business strategy.

In 2019, our process to validate areas defined as material included detailed desktop research, peer comparison internal interviews and review of summarised feedback from our external stakeholders. The process confirmed the relevance of the 12 material issues.

For more information about our materiality approach, please see the materiality section of our website.

Engaging stakeholders

Stakeholder engagement is essential to grow our business and fulfil our purpose. We need to engage and work in partnership with a wide range of stakeholders to make better business decisions and deliver on our commitments. Our key internal and external stakeholders include investors, employees, customers, consumers, suppliers, governments and regulators, The Coca-Cola Company, and local communities. We also engage with other businesses through trade associations and universities.

Every year we hold a Group Stakeholder Forum, organised together with The Coca-Cola Company, to discuss our material topics with a group of experts. In 2019, our focus was on water stewardship, which was ranked as having the second highest impact amongst our material issues by our stakeholders in our 2018 materiality survey. The 2019 Stakeholder Forum was held in Athens, Greece, in a market where two of our three manufacturing facilities are facing some water risk. We welcomed 34 participants from 20 countries, including customers, industry associations, non-governmental organisations, policy makers, investors and peer companies. Discussions covered three main areas: using water more efficiently in our operations and in the value chain; establishing water stewardship initiatives with local communities (stakeholder partnerships); and helping to educate local households on more efficient use of water.

Stakeholder recommendations from the 2019 Forum included:

- using 'big data' and new technologies to mitigate water risks;
- including water use reduction in standards for agricultural suppliers;
- demonstrating leadership through innovative technologies and scale locally;
- working with governments to influence local business;
- using the power of the brands to communicate broadly about water scarcity; and
- leveraging partnerships across markets to raise awareness and amplify achievements in water stewardship.

Stakeholder recommendations lead to detailed action plans, and we conduct follow-up webinars with the community of experts to inform them of our progress. At our 2018 Group Stakeholder Forum, held in a waste incineration plant in Vienna, we discussed the challenges of packaging waste. Our follow up on a number of the recommendations we received from stakeholders during the 2018 Forum is detailed in this report in the section on Tackling the problem of plastic on pages 50-52. This includes our exploration of biodegradable plastics and new technologies that break PET down to a molecular level, which is also called chemical recycling.

Along with the annual Group Stakeholder Forum, we ask more than 500 key stakeholders to provide online feedback every year via our material issues survey. This gives them the opportunity to prioritise our material issues based on their own interests and perception of the value we create.

The survey includes open-ended questions allowing stakeholders to propose further emerging material topics. In parallel, we conduct this survey internally to collect input from our top 300 business leaders and our 770 change leaders, which includes senior leadership teams in our 28 countries, key managers in our operations and at Group level, the regional management teams and the Group top management.

You can read more about our stakeholder engagement processes in the "Our stakeholders" section of this report (page 19) and on our website.

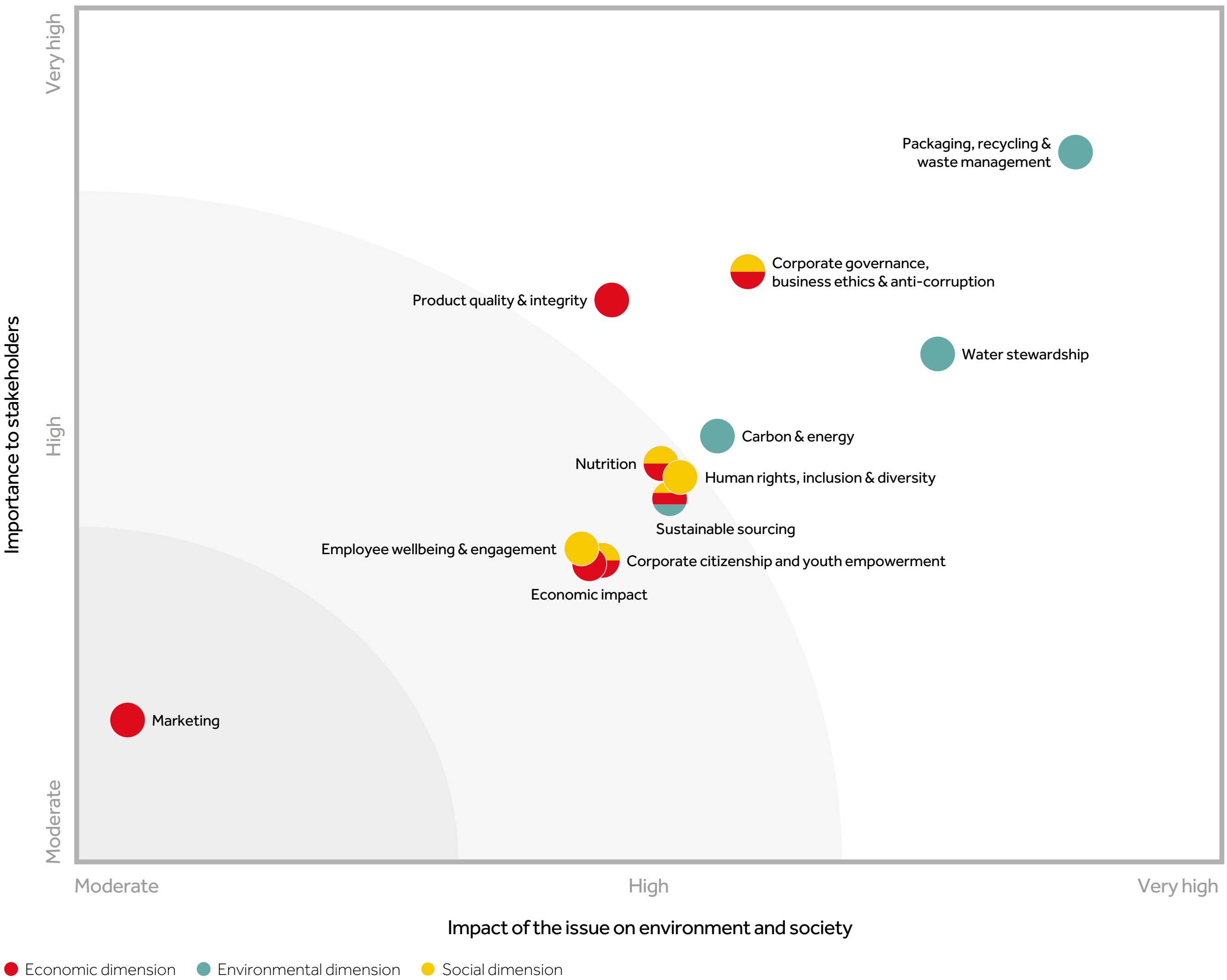
Managing our material issues

While the prioritisation of our 12 material issues has evolved, the issues continue to be the most relevant and important to our stakeholders and our business.

The outcome of our materiality survey is a ranking of material issues. By assessing the importance of these issues to our stakeholders and their decisions, combined with an assessment of the impact on society and the environment, we derive the relative materiality of each issue and prioritise them accordingly. Our work to manage the potential risks, opportunities and impacts of our material issues takes place across the Company, and is disclosed throughout this report.

We understand the critical role of companies like Coca-Cola HBC in addressing challenges the world faces and we fully support the UN sustainability agenda and the UN Sustainable Development Goals (SDGs). In 2018, when we published Mission 2025, our sustainability commitments, we linked all our material issues and 2025 targets with the UN SDGs, and their underlying targets. You can find more about how our material issues and sustainability commitments link to the SDGs at pages 48-49 of this report.

2019 Materiality matrix



Effective management of risk

Aligning risk and materiality

The management of our business risks is intrinsically linked to materiality and in 2019 the process of understanding and managing our material issues and principal risks remained high on our agenda as we continued to transform our business and expand our product portfolio.

Due to their criticality, our material issues and principal risks are monitored closely by the Operating Committee and our Board. To support our success and growth, we use a well-established, collaborative risk management approach across the business.

Enterprise risk management

Our risk management journey continued as we further embedded the Enterprise Risk Management (ERM) programme into our Company's DNA. Our Smart Risk programme, which is directly aligned to our growth mindset, drives cultural change by encouraging all employees to take informed risk to leverage opportunities for growth. By fully embedding risk discussions into existing monthly business routines, our leaders continue to boost their ability to identify risks and manage them in a timely manner.

The ERM programme is led by the Group Chief Risk Officer (CRO), who works in close collaboration with the risk owners across our business units and Group functions, such as legal, on specific business risks. The CRO is tasked with maintaining a wide-angled view of all business streams and emergent risks and opportunities and through regular reporting ensures that risk visibility is provided to the Operating Committee and our Board.

Our Board retains overall accountability and responsibility for the Group's risk management and internal control systems, has defined the Group's risk appetite, and, through the Audit and Risk Committee, has reviewed the effectiveness of these systems. During the year, the Board considered the nature and extent of the principal risks that have the potential to impact the ability of the Group to achieve its strategic objectives and reviewed its risk appetite statement to ensure that it remained not only aligned to our objectives but remained supportive of our robust Enterprise Risk Management programme and internal control systems.

Our system of enterprise risk management and internal control monitors operational, strategic, financial, legal and regulatory risk and the Board endorses our risk transference and insurance strategy. Overall, our programme is designed to manage risk and opportunities and encourages our people to embrace the concept of taking smart risks which drive innovation and growth, rather than eliminate the risk of failure in achieving business objectives.

The Smart Risk programme continued to enhance cross-functional collaboration with the strong internal partnerships and business alignment driving the successful integration of the programme. In 2019 we continued to enhance the ERM framework to ensure that it was effectively integrated into monthly routines to support senior leadership discussions on risk and opportunity. The revised ERM framework, which will be rolled out in 2020, will incorporate an analysis of both the velocity of the likelihood and consequence. This will enable us to evaluate the speed of onset of the risk itself, and if it occurs, the speed at which the consequences will eventuate.

The ERM programme incorporates a variety of processes including:

- alignment to our business strategies, objectives and principals;
- integration in our Group statements on strategic direction, ethics and values;
- integration into the business planning cycle;
- continual monitoring of our macro and operational environments for emerging risks and factors that may change our risk profile and create opportunities;
- robust training to increase risk awareness across all business units and functions which are focused on embedding the smart risk concepts into our DNA, creating informed risk-taking leaders across all management levels; and
- an annual evaluation of the type and amount of insurance purchased from the market for Group-wide policies while leveraging our captive insurance entity. In a hardening insurance market, our approach is influenced by the availability of insurance cover and cost, measured against the probability and magnitude of the relevant risks.

Programme review

Our internal audit department conducts an annual independent review of the ERM programme and its implementation. The audit team evaluates, across business units and functions, the risk management and business resilience programmes, the specific processes and their application against business best practices and the International Accounting Standard.

The Corporate Audit Director makes recommendations to improve the overall risk management programme, where required, with the findings submitted to the Audit and Risk Committee. Building on the review of our ERM programme, the Board and its Committees also conduct annual reviews of the effectiveness of our internal controls and further details of that review are set out in the Audit and Risk Committee Report on pages 98-103. Based on its reviews and evaluation, the Board confirms that it has concluded that our risk management and internal control systems are effective.

Principal risks

The cyclic review of our key risks involves an assessment of the likelihood of their occurrence and their potential consequences to confirm the level of exposure and evaluate the strategies to manage them. It is noted that the list does not include all risks that can ultimately affect our Company as there are risks that are not yet known to us, and risks currently evaluated to be immaterial that could ultimately have an impact on our business or financial performance.

By leveraging our robust risk management programme, which is integrated into monthly business routines and evaluates risks against our business and strategic priorities, we remain vigilant to the uncertainty in our operating environment and can react with greater speed.

The programme enables us to proactively identify new risks and opportunities which enable us to understand threats to our business viability. This analysis is the key component of our qualitative review process in support of our viability statement. The ERM programme did not identify any emerging risks that altered our principal risk dynamics.

During 2019, while we observed a general stability across the majority of our principal risks, changes in risk dynamics required changes in our principal risk articulation. Due to the continued rise in focus on the elements within our sustainability risk area (carbon and climate, packaging and water) we have decided to split that risk into three separate principal risks. This enables us to specifically articulate key elements of the changing consumer sentiment and public debate for each sustainability risk, thereby ensuring specific visibility of the risk elements and related mitigations. In respect of climate change, a broader discussion on our climate-related risks, their link to materiality, and our risk management approach is provided as part of our statement on implementing the recommendations of the Task Force on Climate-related Financial Disclosures located on pages 62-63.

Our evaluation and deliberations also determined that our existing discriminatory tax risk should be integrated as a potential consequence of two of the sustainability risks and our consumer health and wellbeing and geopolitical risks. As a result, the discriminatory tax risk was closed with the concept listed as a consequence for the cited specific risks.

In 2019 we attained an employee engagement level of 90%. Consequently, employee engagement risk has been integrated in a broader employee category that builds on the existing principal risk relating to attraction and retention. Lastly, as the global geopolitical and macroeconomic environment remains volatile and complex, with the potential to adversely impact consumer sentiment, the description and focus of that risk has been restructured.

SMART RISK creating and protecting business value

The Smart Risk programme in action

Our ERM process for the identification, review, management and escalation of both risks and opportunities continued to be refined and integrated with the best aspects of both ISO 31000 and the revised COSO frameworks. During the year our process included the following activities:

Opportunities and risks

Monthly focus with quarterly reviews

- Monthly risk discussions and risk updates were undertaken by the business units;
- Monthly reviews were undertaken by the Business Resilience team; and
- Quarterly risk reviews were undertaken with corporate functions.

CRO leadership sessions

- The CRO and his team facilitated regular risk review sessions with senior leaders in the business units and functions.

Management review

- The CRO facilitated in May and November, regional-level reviews with the CEO, Regional Directors and their teams to evaluate the key risks and management actions; and
- Stakeholder feedback was provided after these sessions, ensuring a cyclic bottom-up, top-down information loop and enhancing risk visibility.

The Group Risk Forum

- The Group Risk Forum (GRF), which is chaired by the CRO and is our internal senior leadership risk 'think tank', met in May and November. The forum evaluated trends and the internal and external risk environment to support the preparation of our Group-wide strategic risk register and principal risks.

Operating Committee review

- The Operating Committee reviewed the risk review outputs from the GRF discussions in May and November. With the CRO, it discussed, evaluated and aligned on our strategic risks and the potential exposures against business objectives.

Board review

- The CRO briefed the Audit and Risk Committee quarterly on material risks, management actions to mitigate risk, and process compliance with the risk management elements of the UK Corporate Governance Code.

Feedback to this process

Managing risk and materiality continued

Principal risks	Description	Potential impact
1. Sustainability: Plastics and packaging waste ↑ V 5	The risk of rising stakeholder concerns relating to packaging waste and plastics pollution that will drive the agenda on production methods and waste recovery.	• Potential imposition of discriminatory taxation • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business • Loss of consumer base
2. Sustainability: Climate and carbon ↑ 5	The risk of the continued escalation of the climate change agenda and a failure to reduce our environmental footprint. Impacts to our operations and value chain may arise from more volatile effects of weather and NGO monitoring of our approach to carbon use and compliance with TCFD.	• Commodity availability • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business • Loss of consumer base
3. Sustainability: Water ↑ 5	The risk of water availability, water stress to the communities in which we operate, and water quality caused by climate change.	• Potential imposition of discriminatory taxation • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business • Loss of consumer base
4. Consumer health and wellbeing ↔ V 1	Failure to adapt to changing consumer health trends, public health policies addressing misconceptions about our formulations, sugar and the health impact of our product portfolio.	• Potential imposition of discriminatory taxation • Failure to achieve our growth plans • Damage to our brand and corporate reputation • Loss of consumer base
5. Cyber incidents ↔ 3	A cyber-attack or data centre failure resulting in business disruption or breach of corporate or personal data confidentiality.	• Financial loss • Operational disruption • Damage to corporate reputation • Non-compliance with data protection legislation (e.g. GDPR)
6. Foreign exchange and commodity costs ↔ V 3	Foreign exchange and commodity exposure arises from changes in exchange rates and commodity prices. Currency devaluation, in combination with capital controls, restricts movement of funds and increases the risk of asset impairment.	• Financial loss • Increased cost base • Asset impairment • Limitations on cash repatriation

Key mitigations	Link to material issues
• Packaging waste management and World Without Waste global programmes • Partnering with local and international NGOs on packaging recovery • Partnering with local communities, start-ups and academia to minimise environmental impacts	• Packaging, recycling and waste management • Sourcing
• Energy management programmes and transition to renewable and clean energy • Partnering with local and international NGOs on common issues such as nature conservation • Partnering with local communities, start-ups and academia to minimise environmental impacts • Focus on sustainable procurement • Commitment to TCFD recommendations	• Carbon and energy • Sourcing
• Water reduction and waste water treatment programmes, as well as support for water stewardship initiatives in water-risk areas • Partnering with local and international NGOs on water stewardship strategies • Partnering with local communities, start-ups and academia to minimise environmental impacts	• Water stewardship • Sourcing
• Focus on product innovation and expansion to a 24/7 beverage portfolio • Expand our range of low- and no-calorie beverages • Introduce smaller packs • Reduce the calorie content of products in the portfolio • Clearer labelling on packaging • Promote active lifestyles through consumer engagement programmes focused on health and wellness	• Nutrition • Marketing • Product quality and integrity
• Implement a cyber-security and privacy control framework and monitor compliance • Maintain certification against the ISO 27001 standard and confirm our commitment to secure information assets and comply with international security standards • Safeguard critical IT and operational assets • Detect, respond and recover from cyber incidents and attacks • Foster a positive culture of cyber-security • Monitor threat landscape and remediate associated vulnerabilities	• Economic impact
• Treasury policy requires the hedging of 25% to 80% of rolling 12-month forecasted transactional foreign currency exposure • Hedging beyond 12 months may occur in exceptional cases subject to approval of Group CFO • Treasury policy requires the hedging of rolling three-year commodity exposures; different policy limits apply for each hedge-able commodity • Derivative financial instruments are used, where available, to reduce net exposure to currency and commodity price fluctuations	• Economic impact

Managing risk and materiality continued

Principal risks	Description	Potential impact
7. Channel mix ⇔ V 2	The increasing concentration and consolidation of retailers and independent wholesalers with retailer disruption due to discounters and e-commerce players. Consumers altering consumption habits.	• Reduced availability of our portfolio and overall profitability
8. People ⇔ 4	Inability to attract, retain and engage sufficient numbers of qualified and experienced employees in a highly competitive talent market.	• Failure to achieve our growth plans
9. Geopolitical and macroeconomic ↑ V 1 2 3 4 5	Volatile and challenging macroeconomic, security, and geopolitical conditions together with adverse global events including health-related issues can affect consumer demand and wellbeing and create security risks across our diverse markets.	• Eroded consumer confidence affecting discretionary spending • Potential imposition of discriminatory taxation • Inflationary pressures • Social unrest • Safety of people and assets
10. Quality ⇔ 2	The occurrence of quality/food safety issues, or the contamination of our products across our diverse brand portfolio.	• Damage to brand and corporate reputation • Loss of consumer trust • Reduction in volume and net sales revenue
11. Ethics and compliance ⇔ 3	We operate in some complex markets with high levels of perceived corruption. As a result, we are exposed to an increased risk of fraud against the Company as well as to the risk of anti-bribery and corruption (ABAC) fines or sanctions if our employees or the third parties we engage to deal with government fail to comply with ABAC requirements.	• Damage to our corporate reputation • Significant financial penalties • Management time diverted to resolving legal issues • We may suffer economic loss because of fraud and reputational damages, fines and penalties, in the event of non-compliance with ABAC regulations by our employees or by third parties representing us with government
12. Strategic stakeholder relationships ⇔ 1	We rely on our strategic relationships and agreements with The Coca-Cola Company (including Costa Coffee), Monster Energy and our premium spirits partners.	• Termination of agreements or unfavourable renewal terms could adversely affect profitability
13. Health and safety ⇔ 4	The risk of health and safety issues being ineffectively managed. This incorporates the management of third-party providers, particularly fleet and logistics.	• Death or injury of employees, contractors or members of the public • Employee engagement and motivation • Attraction of talent/prospective employees

Key mitigations	Link to material issues
• Enhance our key account capabilities to partner and grow with top customers • Work closely with our immediate consumption channel customers to drive incremental transactions • Accelerate Right Execution Daily (RED) to support our commitment to operational excellence • Develop our digital and e-commerce capabilities to capture opportunities associated with existing and new distribution channels	• Economic impact
• Upgrade our Employer Value Proposition and Employer Brand • Develop leaders and people for key positions internally, improve leaders' skills and commitment for talent development • Continuous employee listening to address culture and engagement effectively • Promote inclusive environment that allows all employees to achieve their full potential • Create shared value with the communities in which we work to ensure we are seen and considered as an ethical business with an attractive purpose • Expand talent pool by hiring more diverse workforce	• Employee wellbeing and engagement • Human rights, inclusion and diversity • Corporate citizenship and youth empowerment
• Seek to offer the right brand at the right price in the right package through the right channel • Robust security practices and procedures to protect people and assets • Crisis response and business continuity strategies that enable effective responses to adverse events	• Economic impact • Corporate citizenship and youth empowerment
• Stringent quality/food safety processes in place to minimise the likelihood of occurrence • Early warning systems (Consumer Information Centres and social media monitoring) that enable issue identification • Robust response processes and systems that enable us to quickly and efficiently deal with quality/food safety issues, ensuring customers and consumers retain confidence in our products	• Product quality and integrity
• Annual 'Tone from the Top' messaging • Code of Business Conduct (COBC), ABAC and commercial compliance training and awareness campaigns for our entire workforce • All third parties that we engage to deal with government on our behalf are subject to ABAC due diligence, and must agree and comply with our Supplier Guiding Principles • Cross-functional Joint Task Forces in Italy, Nigeria and Russia that pro-actively address risks in our key operations • Risk-based internal control framework and assurance programme with local management accountability • Periodic risk-based internal audits of ABAC compliance programme • Speak Up Hotline	• Corporate governance, business ethics and anti-corruption
• Management focus on effective day-to-day interaction with our strategic partners • Working together as effective partners for growth • Engagement in joint projects and business planning with a focus on strategic issues • Participation in 'Top to Top' senior management forums	• Economic impact
• Standardised programmes, policies and legislation applied locally • Group oversight by the Health and Safety (H&S) Team • H&S Board with the clear purpose to accelerate the H&S step-change plan implementation • Implemented the Behavioural-Based Safety Programme	• Employee wellbeing and engagement

Link to growth pillars **Principal risks trend**

V Risk included in viability assessment 1 2 3 4 5 Increasing Stable Decreasing

Managing risk and materiality continued

Climate-related financial disclosures

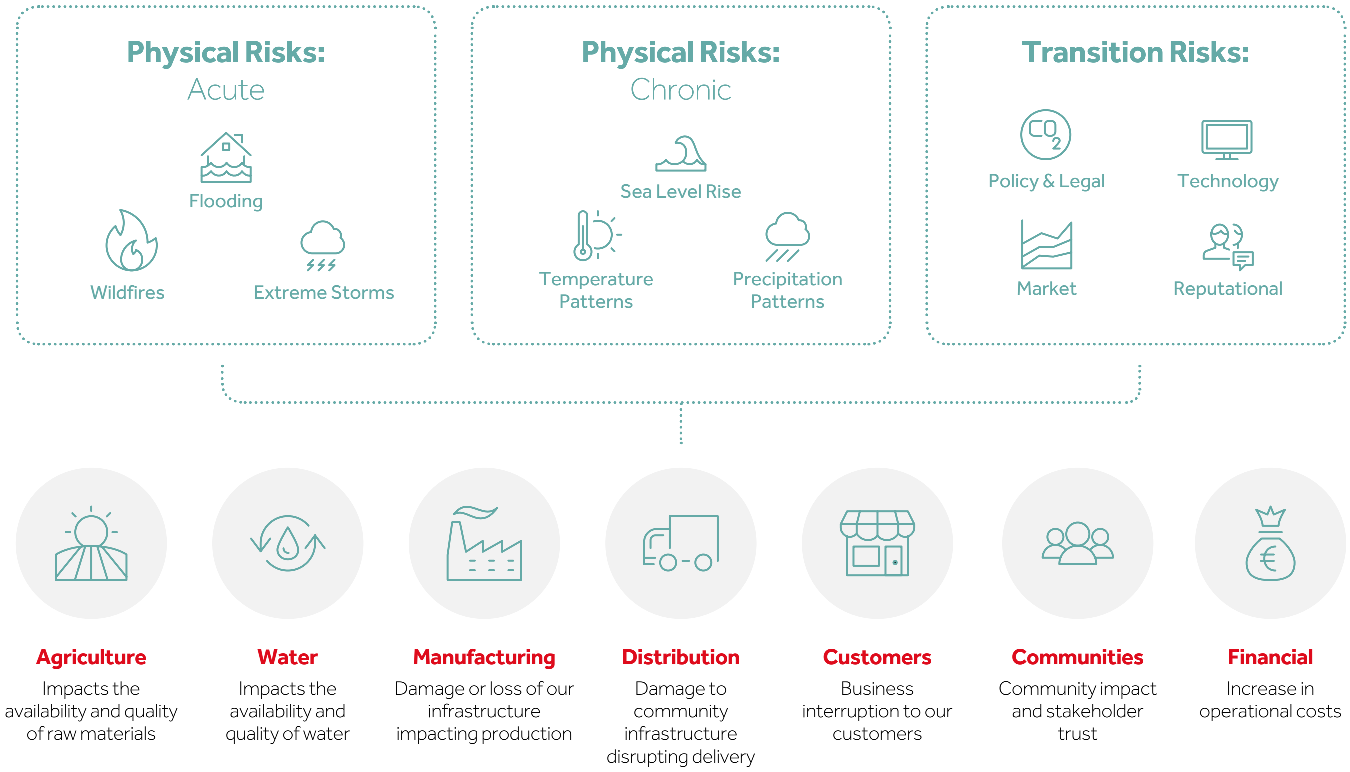
Managing climate change risk and opportunity

At Coca-Cola HBC we understand the physical and non-physical impacts that climate change may have on our assets, productivity and the communities in which we operate. Physical impacts can include the acute risks resulting from the increase in extreme weather events that can impact our production, distribution and supply chain. There are also chronic risks resulting from the longer-term changes in climate patterns, including water sustainability. The non-physical impacts can arise from risks relating to policy, legal, technological and stakeholder responses stemming from the challenges posed by climate change and the transition to a lower carbon economy.

Utilising our overall Enterprise Risk Management framework, we take a robust risk-based approach in responding to the physical impacts of climate change. We analyse our internal data points and work with recognised specialist agencies, our insurance brokers and insurers to obtain regional analysis of climate science which enables us to make informed decisions in respect of our business resilience and viability. This analysis also improves our understanding of the potential climate vulnerabilities of our operations and the communities in which we distribute our product portfolio. This data is shared across our business units, enabling them to build climate resilience into their planning and operations.

Climate-related financial disclosures

The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) with the aim of improving industry disclosure of climate-related risks and opportunities. At Coca-Cola HBC we believe that the TCFD's recommendations were an important step in the establishment of an accepted voluntary framework for information on climate-related risks and their financial impacts for the use of investors, lenders, insurers and other stakeholders.



We support efforts to improve the quality and consistency of disclosures and have been a leader in the field having made our first carbon reduction commitments in 2006 and subsequently being one of the first companies in the world to introduce science-based targets. During 2019, discussions on climate-related risk were integrated into the overall risk management process across our business units and Group functions.

Our TCFD working party continued to focus on the implementation of the core elements of the four pillars of governance, strategy, risk management and metrics and targets. The Board continued to have oversight of climate-related risks and opportunity through the activities of the Social Responsibility Committee and the Audit and Risk Committee.

The response to climate change transcends all areas of our strategy and operations and, as a result, our TCFD disclosures can be found throughout this report. The table below documents how our disclosures and discussions on climate change in this report align to the TCFD recommendations and where specific information can be found.

Location of TCFD aligned disclosures

Governance: Disclose the Company's governance around climate-related risks and opportunities

a) Describe the Board's oversight of climate-related risks and opportunities	Social Responsibility Committee: Pages 106-107
b) Describe management's role in identifying, assessing and managing climate-related risks and opportunities	Audit and Risk Committee: Pages 98-101 Risk and materiality: Pages 54-63

Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's business, strategy and financial planning where material

a) Describe the climate-related risks and opportunities that the organisation has identified over the short, medium and long term	Material issues: Pages 54-55 Principal risks: Pages 58-59
b) Describe the impact of climate-related risk and opportunity on the Company's business, strategy and financial planning	Principal risks: Pages 58-59, 62-63 Earn our Licence to operate: Page 44
c) Describe the resilience of the organisation's strategy considering different climate-related scenarios, including a 2-degree or lower scenario	Climate-related financial disclosures: Pages 62-63

Risk management: Disclose how the Company identifies, assesses and manages climate-related risks and opportunities

a) Describe the Company's process for identifying and assessing climate-related risks and opportunities	Risk and materiality: Pages 56-59
b) Describe the Company's process for managing climate-related risks and opportunities	Principal risks: Pages 56-59 Key performance indicators: Pages 44-45, 48-49, 2019 GRI Content Index
c) Describe how these processes are integrated into the overall risk management programme	Risk and materiality: Pages 56-64

Metrics and targets: Disclose the metrics and targets used to assess and manage climate-related risks and opportunities

a) Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management processes	Reporting on our emissions: Pages 44-45, 48-49, 2019 GRI Content Index
b) Describe the targets used by the Company to manage climate-related risks and opportunities and performance against these targets	Addressing climate change across our business: Pages 44-45, 48-49, 2019 GRI Content Index

Managing risk and materiality continued

Viability statement

Business model and prospects

Our business model and strategy, outlined on pages 16-17 of this report, documents the key factors that underpin the evaluation of our prospects. These factors include our:

- attractive geographic diversity;
- strong sales and execution capabilities;
- market leadership;
- global brands; and
- diverse beverage portfolio.

The Group's business model has been tested during periods of challenging market conditions and has been found to be effective and resilient. We review our strategy and adjust it over time to respond to changing market conditions and to ensure that we create sustainable value for our shareholders, suppliers, employees, and the customers and communities we serve.

The Board considers that our diverse geographic footprint, including exposure to emerging markets with low per-capita consumption, and a proven strategy in combination with our leading market position, offer significant opportunities for future growth. Our Board has historically applied and continues to apply a prudent approach to the Group's decisions relating to major projects and investments. From 2015 to 2019, we generated free cash flow of €416 million per year on average.

Key assumptions of the business plan and related viability period

The Group maintains a well-established strategic business planning process which has formed the basis of the Board's quantitative assessment of the Group's viability, with the plan reflecting our current strategy over a rolling five-year period. The financial projections in the plan are based on assumptions for the following:

- key macroeconomic data that could impact our consumers' disposable income and consequently our sales volume and revenues;
- key raw material costs;
- foreign currency rates;
- spending for production overheads and operating expenses;
- working capital levels; and
- capital expenditure.

The Board has assessed that a viability period of five years remains the most appropriate. This is due to its alignment with the Group's strategic business planning cycle, consistency with the evaluated potential impacts of our principal risks as disclosed on pages 58-61 and our impairment review process, where goodwill and indefinite-lived intangible assets are tested based on our five-year forecasts.

Assessment of viability

Qualitatively, we analysed the output of our robust enterprise risk management and internal business planning and liquidity management processes, to ensure that the risks to the Group's viability are understood and are being effectively managed.

The Board has concluded that the Group's well established processes across multiple streams continue to provide a comprehensive framework that effectively supports the operational and strategic objectives of the Group. It also provides a robust basis for assessment and confirmation of the Group's ability to continue operations and meet its obligations as they fall due over the period of assessment. Supporting the qualitative assessment was a quantitative analysis performed as part of strategic business planning. This assessment included, but was not limited to, the Group's ability to generate cash. We have continued to stress test the plan against several severe but plausible downside scenarios linked to certain principal risks as follows:

Scenario 1: The impact of changes to foreign exchange rates was considered, particularly the depreciation of foreign currencies including the Russian rouble and Nigerian naira. Principal risk: foreign exchange and commodity costs.

Scenario 2: Lower estimates for sales volumes were assessed. Principal risk: geopolitical and macroeconomic.

Scenario 3: Lower estimates for sales revenue for reasons other than volume decline are considered. Principal risk: channel mix.

Scenario 4: Continued stakeholder focus on issues relating to sugar and packaging resulting in the potential for discriminatory taxation. Principal risks: sustainability: plastics and packaging waste and consumer health and wellbeing.

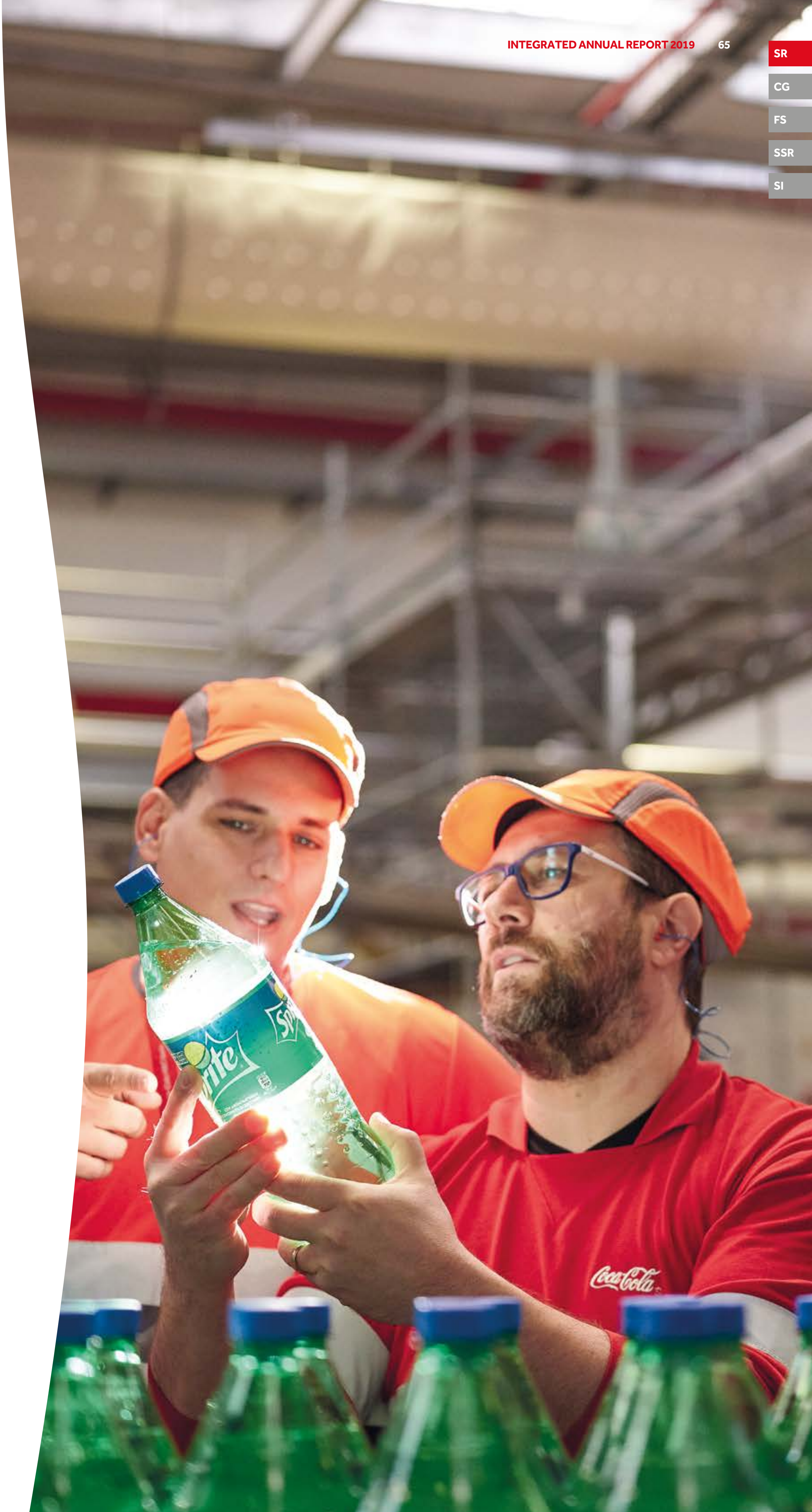
Scenario 5: The impact of higher raw material costs was also considered. Principal risk: foreign exchange and commodity costs.

The above scenarios were tested both in isolation and in combination. The stress testing showed that due to the stable cash generation of our business, the Group would be able to withstand the impact of these scenarios occurring over the period of the financial forecasts. This could be conducted by making adjustments, if required, to our operating plans within the normal course of business.

Following a thorough and robust assessment of the Group's risks that could threaten our business model, future performance, solvency or liquidity, the Board has concluded that the Group is well positioned to effectively manage its financial, operational and strategic risks.

Viability statement

Based on our assessment of the Group's prospects, business model and viability as outlined above, the Directors can confirm that they have a reasonable expectation that the Group will be able to continue operating and meet its liabilities as they fall due over the five-year period ending 31 December 2024.


Sprite
Coca-Cola

Financial review

Another strong year

2019 was another year of strong progress towards our 2020 objectives. Reflecting on our performance during the first four years of our 2020 strategic plan, we have delivered an average FX-neutral revenue growth of 4.8% per annum and expanded our comparable EBIT margin by 330 bps, leaving us well on track to full delivery of all of our targets by the end of 2020.

Performance highlights for 2019 included:

- 4.4% FX-neutral revenue growth, or 3.7% excluding the impact of the acquisition of Bambi; a strong performance, considering the impact of the poor summer weather and the discontinuation of Lavazza coffee in Q4;
- price/mix improvement in all segments, up 1.0% overall, or up 1.1% excluding Bambi;
- volume increase of 3.3%, or 2.6% excluding Bambi. Volume growth accelerated strongly in Q4;
- 80 basis-point improvement in comparable operating expenses as a percentage of net sales revenue. Of this improvement, 30 basis points was due to revenue leverage on administration and logistics costs, and 50 basis points was due to lower marketing costs as we cycled the investment behind the FIFA World Cup in 2018, as well as other one-off items;
- another year of strong comparable EBIT growth, which was up 11.5% year-on-year;
- comparable EBIT margin increased by 60 basis points to 10.8%;
- comparable EPS increased by 10.0% to €1.436; and
- strong free cash flow generation of €443 million, up 20% year-on-year

As we come to the end of our 2020 strategic plan, we are setting our sights on 2025 and the new targets that we laid out for the business during our Capital Markets Day in June 2019.

Our vision to be the leading 24/7 beverage partner will see us targeting top-line growth of 5% to 6% per annum. on average and ongoing margin expansion of 20-40bps per annum, on average, while maintaining strong cash flow generation and a robust and flexible balance sheet.

Income statement

During 2019 we achieved a 3.3% increase in volume; excluding the impact of the acquisition of Bambi, the growth was 2.6%.

We continue to see sparkling drinks volumes growing faster than the overall portfolio. In 2019 sparkling drinks (including energy) grew by 3.5%, while still beverages grew by 1.7%. Volume was up 0.8% in the Established segment, up 0.5% in the Developing segment and up 5.7% in the Emerging segment (4.4% excluding Bambi). The pace of volume growth was negatively impacted by unusually poor weather in several of our larger markets during the second and third quarter which resulted in weaker industry volumes. Through this period, and the whole year, we gained or maintained share in the majority of our markets.

FX-neutral revenue per case increased by 1.0%, or 1.1% excluding the impact of Bambi. This performance is due to good improvements in package and category mix, and also to price increases taken in several markets. Excluding Nigeria, where we have made targeted price investments over the course of 2019, currency-neutral revenue per case increased by 2.1%.

Net sales revenue improved by 4.4% on a FX-neutral basis, or 3.7% excluding Bambi. Reported revenue grew by 5.5% as we benefited from favourable currency movements of several of our operating currencies versus the Euro.

FX-neutral input cost per case increased by 0.6%; a good outcome due to benign commodity costs growth as well as successful hedging and pre-buy actions that managed the risk effectively.

Comparable operating expenses as a percentage of revenue improved by 80 basis points in the full year to 26.9%.

During the course of 2019 we issued three bonds amounting to a total of €1.8 billion. Net financing costs in 2019 were €67.1 million, an increase of €25.8 million due to the higher level of gross debt on our balance sheet.

On a comparable basis, the Group's effective tax rate was 25.8% for 2019 and 26.2% for 2018. On a reported basis, the effective tax rate was 26.2% and 26.6% respectively. The Group's effective tax rate varies depending on the mix of taxable profits by territory, the non-deductibility of certain expenses, non-taxable income and other one-off tax items across its territories.

Comparable net profit increased by 8.7% and net profit by 9.0% in 2019 compared to the prior year. The increase was primarily due to higher operating profitability, partially offset by higher net financing costs and increased taxes.

Key financial information

	2019	2018	% change
Volume (million unit cases)	**2,265**	2,192	3.3
Net sales revenue (€ million)	**7,026**	6,657	5.5
Net sales revenue per unit case (€)	**3.10**	3.04	2.2
Currency-neutral net sales revenue (€ million)	**7,026**	6,732	4.4
Currency-neutral net sales revenue per unit case (€)	**3.10**	3.07	1.0
Operating profit (EBIT) (€ million)	**715**	639	11.9
Comparable EBIT (€ million)	**759**	681	11.5
EBIT margin (%)	**10.2**	9.6	60bps
Comparable EBIT margin (%)	**10.8**	10.2	60bps
Net profit (€ million)	**487**	447	9.0
Comparable net profit (€ million)	**522**	480	8.7
Comparable basic earnings per share (€)	**1.436**	1.306	10.0

Percentage changes are calculated on precise numbers.

Balance sheet

	2019 € million	2018 € million
Assets		
Total non-current assets	**5,138**	4,416
Total current assets	**3,076**	2,438
Total assets	**8,214**	6,854
Liabilities		
Total current liabilities	**2,667**	2,019
Total non-current liabilities	**2,847**	1,719
Total liabilities	**5,514**	3,738
Equity		
Owners of the parent	**2,697**	3,111
Non-controlling interests	**3**	5
Total equity	**2,700**	3,116
Total equity and liabilities	**8,214**	6,854

Figures are rounded.

Financial review continued

CURRENCY-NEUTRAL REVENUE GROWTH

+4.4%

COMPARABLE OPERATING PROFIT

€759m

COMPARABLE EBIT MARGIN IMPROVEMENT

+60bps

Dividend

In view of the Group's progressive dividend policy and the assessment of the progress against the Group's strategy, the Board of Directors has proposed a dividend of €0.62 per share. This is an 8.8% increase from €0.57 per share for 2018. The dividend payment will be subject to shareholders' approval at our Annual General Meeting.

After several years of successful progress towards our 2020 objectives, and in light of the positive momentum in the business, a special dividend of €2.00 per share was paid to shareholders in July 2019.

Balance sheet

Total non-current assets increased by €722 million in 2019 driven by the acquisition of Bambi, the adoption of IFRS 16, additions to property, plant and equipment and foreign currency impact. Net current assets decreased by €11 million in 2019, mainly due to the reclassification of our bond maturing in June 2020 from long to short term, which was almost fully offset by increased current assets.

Cash flow

Net cash from operating activities increased by 16.3% in 2019 compared to the prior year, due to higher operating profit as well as improvement in working capital.

Capital expenditure, net of receipts from the disposal of assets and including principal repayments of lease obligations, as well as the impact of the adoption of IFRS 16 (leases), increased by 13.4% in 2019 compared to the prior year and represented 6.9% of net sales revenue compared to 6.4% in 2018.

We generated €443 million of free cash flow in 2019, compared to €370 million in 2018, representing a 19.6% increase year on year. This result reflects increased operating profitability and working capital improvements, partly offset by increased capital expenditure to support revenue growth.

Economic value

Efficient use of capital and higher profits resulted in an increase in return on invested capital (ROIC) from 13.7% in 2018 to 14.2% in 2019. At the same time, our weighted average cost of capital (WACC) decreased from 7.4% in 2018 to 6.9% in 2019. We continued to grow the positive economic value generated by our operations.

Financial risk management

Although faced with a benign environment in foreign exchange rates and commodity prices for most of 2019, the volatility experienced in the second half of the year was smoothed out through our continuous financial risk management approach. Just as in 2018, the source of the volatility could be attributed to geopolitical events, trade tensions and sanctions.

In terms of managing foreign exchange risk, the Group is exposed to exchange rate fluctuation of the Euro versus the US Dollar and the local currency of each country of our operations. Our risk management strategy involves hedging transactional exposures arising from currency fluctuations, with available financial instruments on a 12-month rolling basis.

The Russian Rouble performed relatively well in 2019, both against the Euro and the US Dollar. The imposition of new US sanctions during the summer of 2019 had a temporary negative impact on the Rouble that was largely mitigated by the hedging strategy we had in place.

Following the rather smooth Nigerian Presidential elections in the first quarter of 2019, the Nigerian Naira benefited from increased foreign inflows into the country, up until the middle of the year after which the Naira reversed almost all of the gains versus the US Dollar. As a result, the 2019 average exchange rate of the Naira compared to the previous year was virtually unchanged against the US Dollar and slightly stronger versus the Euro.

Cash flow

	2019 € million	2018 € million
Cash flow from operating activities	**926**	797
Payments for purchases of property, plant and equipment	**(473)**	(437)
Proceeds from sales of property, plant and equipment	**35**	18
Principal repayments of lease obligations	**46**	(8)
Free cash flow	**443**	370

Figures are rounded.

In terms of commodities, our active risk management strategy allowed us to partially take advantage of the decreasing prices in aluminium and PET resin. At the same time, the financial derivatives in fuel oil performed very well for another year and we were also able to benefit from fixed priced EU sugar contracts in certain countries and take advantage of lower prices for a large part of 2019.

As far as interest rates are concerned, we experienced very favourable market conditions, with interest rates moving to multi-year lows; this enabled us to capture very competitive interest rates for the 2019 Euro bond issuances through interest rate hedging.

Our general policy is to retain a minimum amount of liquidity reserves in the form of cash and cash equivalents on our balance sheet. During 2019, we invested our excess cash primarily in short-term time deposits and money market funds.

Borrowings

Our medium- to long-term aim is to maintain a ratio of net debt to comparable EBITDA in the range of 1.5 – 2.0 times. In 2019, we ended the year with a ratio of 1.54 times. Our primary funding strategy in the debt capital markets involves raising financing through our wholly owned Dutch financing subsidiary, Coca-Cola HBC Finance B.V.

We use our €5 billion Euro Medium Term Note programme and our €1 billion Global Commercial Paper programme as the main basis for our financing. We endeavour to maintain our presence and profile in the international capital markets and, where possible, to broaden our investor base. We also seek to maintain a well-balanced redemption profile.

Looking ahead

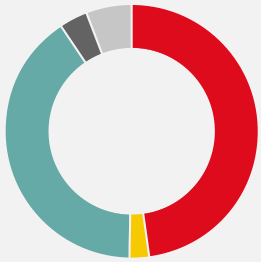
Prior to the COVID-19 outbreak, external forecasts for 2020 pointed to an economic outlook that was progressing well in our territories, albeit with global risks.

However, given the spread of the coronavirus, the range of potential outcomes for the global economy are difficult to predict at this point in time. Possible outcomes range from successful virus containment and minor short-term impact, to a prolonged global contagion resulting in potential recession. At the same time, there are a number of policy and fiscal responses emerging across the globe intended to mitigate potential negative economic impacts.

When it comes to our business, we are monitoring the COVID-19 outbreak developments closely, we follow guidance from the World Health Organization and local governments and have been implementing contingency plans to mitigate the impact on our people and operations. As the situation continues to unfold, our primary concern remains the welfare of our colleagues, their families and the local communities where we operate; our plans are focused on continuing to serve our customers while protecting the well-being of our people.

MICHALIS IMELLOS
CHIEF FINANCIAL OFFICER

Total tax by category in 2019 (%)



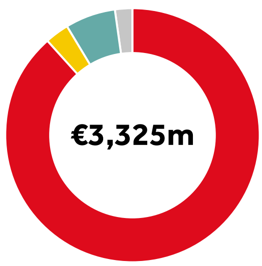
- Corporate income tax: **47.9%**
- Withholding tax: **2.4%**
- Payroll taxes: **40.4%**
- VAT (cost): **3.6%**
- Environmental taxes: **0.1%**
- Other taxes: **5.6%**

Taxes we contribute to our communities

When considering tax, Coca-Cola HBC ensures that due consideration is given to the Group's corporate and social responsibilities, and the value it places on earning community trust. More specifically, Coca-Cola HBC commits to continue paying taxes in the countries where value is created and ensures that it is fully compliant with tax laws across all relevant jurisdictions. In addition, Coca-Cola HBC commits to being open and transparent with tax authorities about the Group's tax affairs and to disclose relevant information to enable tax authorities to carry out their reviews.

We support the communities in the countries where we operate directly, by creating wealth, and also indirectly, by paying taxes. These taxes include corporate income tax calculated on each country's taxable profit, employer taxes and social security contributions, net VAT cost and other taxes that are reflected as operating expenses. Excise taxes and taxes borne by employees are not included.

2019 Borrowing structure (€ m)



- Bonds issued: **2,944m**
- Commercial paper: **100m**
- Leases: **211m**
- Other: **70m**

Segment highlights

Established markets

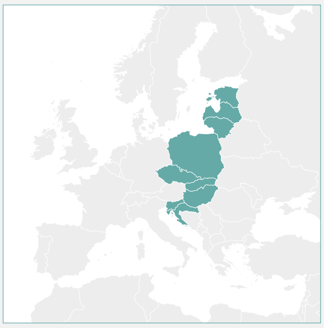
2019 was the third consecutive year of growth in both volumes and currency-neutral revenue per case in our Established markets. Sparkling volume grew by 1.0%, fuelled by Trademark Coke and we are pleased to have made significant progress in areas of strategic focus like adult sparkling and low- and no-sugar variants which offer strong growth opportunities while also helping to drive price and mix.

VOLUME VS. 2018

+0.8%

CURRENCY-NEUTRAL NET SALES REVENUE PER CASE VS. 2018

+0.4%



Developing markets

Developing markets saw another year of good currency-neutral revenue growth development, driven by price/mix, where our successful revenue growth management initiatives are driving continued strong progress. Volume growth was impacted by the unusually poor weather we experienced in several of the segment's markets during the summer months. As weather normalised, we were encouraged to see a strong improvement to volumes in the segment during the fourth quarter.

VOLUME VS. 2018

+0.5%

CURRENCY-NEUTRAL NET SALES REVENUE PER CASE VS. 2018

+3.7%

Emerging markets

We benefited from another year of good volume growth in the Emerging markets, particularly driven by Nigerian volume growth. Our investments into pricing in Nigeria are generating a strong response from our consumers and customers. The medium-sized markets in the segment continue to see strong growth, while Russia's volumes were stable, impacted by unusually poor weather during the summer months. We continue to see good price/mix development in the segment, albeit impacted in 2019 by the targeted investment into pricing in Nigeria.

VOLUME VS. 2018

+5.7%

+4.4% EXCLUDING BAMBI

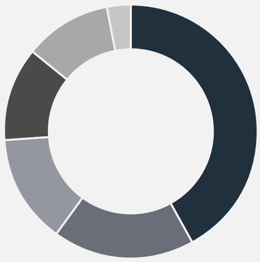
CURRENCY-NEUTRAL NET SALES REVENUE PER CASE VS. 2018

+1.3%

+1.2% EXCLUDING BAMBI

	2019	2018	% change
Volume (million unit cases)	**624**	619	0.8%
Net sales revenue (€ million)	**2,518**	2,470	1.9%
Operating profit (EBIT) (€ million)	**236**	232	1.7%
Comparable EBIT (€ million)	**256**	241	6.4%
Total taxes[1] (€ million)	**135**	123	9.8%
Population[2] (million)	**91**	91	0.1%
GDP per capita (US$)	**40,117**	41,053	-2.3%
Bottling plants (number)	**15**	13	15.4%
Employees (number)	**6,624**	6,642	-0.3%
Water footprint (billion litres)	**4.2**	4.3	-2.3%
Carbon emissions (tonnes)	**80,919**	86,468	-6.4%
Safety rate (lost time accidents >1 day per 100 employees)	**0.18**	0.86	-79.1%

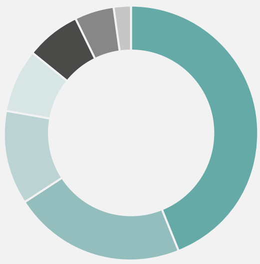
Volume breakdown by country (%)



1. Total taxes include corporate income tax, withholding tax and deferred tax, as well as social security costs and other taxes that are reflected as operating expenses; as per IFRS accounts.
2. Population source: International Monetary Fund, World Economic Outlook Database, October 2019. Northern Ireland: NISRA (Northern Ireland Statistics and Research Agency), Office for National Statistics, UK, Northern Ireland Economic Outlook, 2019. Italian data: Sicilian population excluded based on data from ISTAT (Italian National Institute of Statistics).

	2019	2018	% change
Volume (million unit cases)	**431**	429	0.5%
Net sales revenue (€ million)	**1,352**	1,307	3.5%
Operating profit (EBIT) (€ million)	**139**	131	6.4%
Comparable EBIT (€ million)	**146**	137	6.9%
Total taxes[1] (€ million)	**65**	65	–
Population[2] (million)	**76**	76	–
GDP per capita (US$)	**17,430**	17,529	-0.6%
Bottling plants (number)	**9**	8	12.5%
Employees (number)	**4,738**	4,721	0.4%
Water footprint (billion litres)	**3.5**	3.1	12.9%
Carbon emissions (tonnes)	**70,453**	82.470	-14.6%
Safety rate (lost time accidents >1 day per 100 employees)	**0.30**	0.38	-21.1%

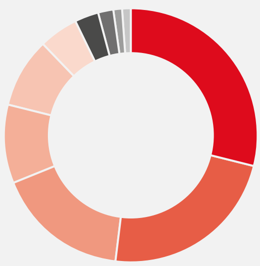
Volume breakdown by country (%)



1. Total taxes include corporate income tax, withholding tax and deferred tax, as well as social security costs and other taxes that are reflected as operating expenses; as per IFRS accounts.
2. Population source: International Monetary Fund, World Economic Outlook Database, October 2019.

	2019	2018	% change
Volume (million unit cases)	**1,209**	1,144	5.7%
Net sales revenue (€ million)	**3,156**	2,880	9.6%
Operating profit (EBIT) (€ million)	**340**	277	23.0%
Comparable EBIT (€ million)	**356**	303	17.5%
Total taxes[1] (€ million)	**149**	141	5.7%
Population[2] (million)	**447**	442	1.1%
GDP per capita (US$)	**6,108**	6,040	1.1%
Bottling plants (number)	**32**	31	3.2%
Employees (number)	**17,027**	17,521	-2.8%
Water footprint (billion litres)	**9.1**	9.3	-2.2%
Carbon emissions (tonnes)	**330,118**	369,267	-10.6%
Safety rate (lost time accidents >1 day per 100 employees)	**0.86**	0.24	>100%

Volume breakdown by country (%)



1. Total taxes include corporate income tax, withholding tax and deferred tax, as well as social security costs and other taxes that are reflected as operating expenses; as per IFRS accounts.
2. Population source: International Monetary Fund, World Economic Outlook Database, October 2019.

Figures are rounded. Percentage changes are calculated on precise numbers.

Non-financial reporting directive

Delivering 24/7 takes an integrated approach

Our purpose

Serving as our north star to guide everything we do.

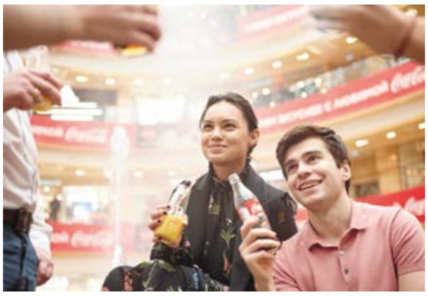
Policies and values

Underpinning our business and setting the direction for how we achieve our goals.

Effective oversight

Our Board and senior management ensure we stay on course to achieve our vision.

Our purpose page 12



We are devoted to growing every customer and delighting every consumer 24/7 by nurturing passionate & empowered teams of people while enriching our communities & caring for the environment.

Values page 39

- Winning with customers
- Nurturing our people
- Excellence
- Integrity
- Learning
- Performing as one

Policies (see our website)

Environmental matters
- Environmental policy
- Climate Change policy
- Packaging Waste & Recycling policy
- Sustainable Agricultural Guiding Principles
- Water Stewardship policy

Employees
- Code of Business Conduct
- Inclusion & Diversity policy
- Occupational Health & Safety policy
- Quality & Food Safety Policy

Human Rights
- Human Rights policy
- Supplier Guiding Principles
- Slavery & Human Trafficking statement

Social matters
- Health & Wellness policy
- HIV/AIDS policy
- Code of Business Conduct
- Supplier Guiding Principles
- GMO position statement
- Community Contributions policy
- Premium spirits Responsible Marketing policy
- Public policy engagement
- Quality & Food Safety policy

Anti-bribery & Corruption
- Code of Business Conduct
- Anti-bribery policy & compliance handbook
- Supplier Guiding Principles
- Community contributions policy

Principal risk
- Risk policy

Senior leadership pages 14, 22

How our Board considers stakeholders in decision-making pages 90-91

Social Responsibility Committee page 106

STAKEHOLDER ENGAGEMENT

Board engagement with key stakeholders

This spread constitutes our non-financial information statement. The below provides page references mapping out how our report complies with relevant regulation on non-financial information.

Positive influence

Being conscious of stakeholders, risks, market changes and material issues, while responding through our business model in a positive way.

Executing our vision

To fulfil our Growth Story 2025 we must consider all stakeholders at every step of our journey.

Defining our success

Operating in a sustainable way to ensure our remuneration and sustainability commitments are interlinked.

Business model pages 16-17

Stakeholder engagement page 19

STAKEHOLDER ENGAGEMENT

Understanding our stakeholders

Market review pages 20-21

- Regulatory environment
- Sustainability

Principal risks page 56

1 2 6 7 9 11 12

Material issues page 55

GRI Content Index
https://coca-colahellenic.com/Campaigns/AnnualReport2019/assets/pdf/Coca-Cola-HBC-2019-GRI-Content-Index.pdf

Strategic pillars page 25

1 LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

2 WIN IN THE MARKETPLACE

3 FUEL GROWTH THROUGH COMPETITIVENESS & INVESTMENT

4 CULTIVATE THE POTENTIAL OF OUR PEOPLE

5 EARN OUR LICENCE TO OPERATE

Remuneration report page 108

Dow Jones Sustainability Indexes

Maintaining our leadership of the beverage industry in the DJSI index is part of the CEO's individual performance metrics.

See page 122

CEO pay ratio

See page 125

2025 Sustainability Commitments page 48

- Emissions reduction
- Water reduction and stewardship
- World Without Waste
- Ingredient sourcing
- Nutrition
- Our people and communities


1886
Аптекарь
Джон Пембертон
изобрел Coca-Cola
1895
1923
Coca-Cola изобрела
картонную упаковку
на шесть бутылок
Drink Coca-Cola
Six Bottles
in this new handy container

Corporate Governance

Contents

Chairman's introduction to corporate governance

Governing the vision

Letter from the Chairman of the Board

Dear Shareholder

As Chairman, I am pleased to introduce our Corporate Governance Report for 2019, with details about the strong and effective governance system throughout the Group which supports the long-term success of our business. Our Board's independence and diverse range of skills helps keep us focused on long-term competitiveness. I believe the Board has proved that it is working well together, and the results of our work this year on our Growth Story 2025 strategy and the reinforcement of corporate governance and sustainability commitments is testament to the effectiveness of the Board.

Delivering more

The long-term success of our business is intertwined with the success of our customers and partners, and our ability to delight consumers with the beverages and brands they love. The theme of this year's report, "What It Takes To Deliver 24/7" highlights our focus on providing better, faster service through more channels with more products. This means delivering faster growth for our Company and our customers, more opportunities for our people, more environmental leadership spurred by more ambitious objectives and more value created for other stakeholders, including consumers and the communities in which we operate.

As a Board, we aim to ensure the highest standards of corporate governance as we oversee the implementation of these plans. See "Governance in Action" and "How the Board was involved in the development of our Growth Story 2025" on page 93.

Importance of good governance

Our internal policies and procedures, which have been consistently effective since the Group was formed, are properly documented and communicated against the framework applicable to premium listed companies in the UK. As a Board, our aim is to ensure the highest standards of corporate governance, accountability and risk management.

The Board and its committees conducted an annual review of the effectiveness of our risk management system and internal controls, further details of which are set out in the Audit and Risk Committee Report on page 98. The Board confirms that it has concluded that our risk management and internal control systems are effective.

This year we are subject to the UK Corporate Governance Code 2018. It sets out the principles of good practice in relation to: board leadership and company purpose; division of responsibilities; composition, success and evaluation; audit, risk and internal controls; and remuneration.

Further information on our application of the UK Corporate Governance Code 2018 for the year ended 31 December 2019 can be found in this report on page 78.

Strategy and oversight

Our focus during the year was on the approval and introduction of our Growth Story 2025 strategy. The Board was also particularly focused on aligning strategically with our network of partners and The Coca-Cola Company in all of our markets and managing the risks related to the external environment. For further information see "How the Board was involved in the development of our Growth Story 2025" on page 93.

The Board's meetings are split between guiding the longer-term vision and strategy of the Group, and assessing operational and financial updates on the markets where we operate. These updates provide links and context for the strategic discussions, as well as governance oversight.

Meetings take place in Zug, Switzerland, but also in selected markets across our footprint, to facilitate Board interaction with local management and to enable Director to learn more about their challenges and opportunities, and the way they are operating at a local level. In that context, our June 2019 meeting was held in Athens, Greece to celebrate 50 years of the Company's presence in Greece.

Culture and values

Our strong corporate culture is fundamental to our business continuity and success, and the Board plays a critical role in shaping the culture of the Company by promoting growth-focused and values-based conduct. As our business evolves in response to an evolving business environment, in 2019 the Board approved and endorsed an update to our core values. We retained our enduring core values of excellence and customer service while increasing focus on continual learning and smart risk taking. Our six Growth Mindset Values are: winning with customers; nurturing our people; excellence; integrity; learning; and performing as one. These values make for a culture where our people are clear on our purpose, our growth pillars and the elements of how we grow as well as on our targets.

We monitor our progress in integrating our values through various indicators, including our Employee Engagement Index, diversity indicators, and health and safety indicators in order to ensure that these remain relevant and in line with our strategy pillars, especially around cultivating the potential of our people and earning our licence to operate. We understand the importance of the Board's role in establishing the Company's 'tone from the top' in terms of its culture and values, and our Directors lead by example as ambassadors of our values in order to cascade good behaviour through the organisation. By focusing on continuous improvement, we model the values of excellence and learning. Equally importantly and as illustrated in other sections of the report, the Board reviewed during 2019 the feedback of the employee and customer satisfaction surveys and as a result the Board approved additional investments in coolers and technology to support evolving consumer needs.

Charlotte Boyle has been appointed as non-Executive Director responsible for engaging with our people to provide feedback to the Board to ensure Board discussions and decisions take into account our people's concerns.

Board evaluation

In line with our commitment to adhere to best corporate governance practices, an externally facilitated Board effectiveness evaluation was conducted in the second half of 2019. In line with past practice, we will do this once again in 2020 to build upon the learnings of the 2019 evaluation. Further details are set out in the Nomination Committee Report on page 104.

Board composition and diversity

The composition and size of the Board will continue to be under review. We believe that our Board is well-balanced and diverse, with the right mix of international skills, experience, background, independence and knowledge in order to discharge its duties and responsibilities effectively.

Our Nomination Committee has developed strong succession plans for the Board and senior management and these plans are reviewed at least annually. The Board is mindful of the overall length of service of the Board as a whole and is committed to recruiting Directors with diverse backgrounds, personalities, skills and experience. We continue to attach great importance to all aspects of diversity in our nomination processes at Board and senior management levels, while appointing candidates with the credentials that are necessary for the continuing growth of our operations within a highly competitive and specialised industry.

Alfredo Rivera was appointed to the Board, at the 2019 Annual General Meeting, as non-Executive Director and Ahmet Bozer retired on the same date.

ANASTASSIS G. DAVID
CHAIRMAN OF THE BOARD

How the Board was involved in the development of our 24/7 vision

To ensure that our vision to become the leading 24/7 beverage partner is successful, the Board has the important responsibility of ensuring that our Company culture and values are aligned with our business model and strategy. Our talented people are being asked to be even more agile and more entrepreneurial, focusing efforts on the highest-return opportunities. As a Board, we have to foster an environment that empowers our people and supports the informed risk-taking, collaboration and inclusion which is necessary for innovation.

To achieve alignment between the Company's culture and values and our new growth mindset, in 2019 the Board oversaw changes to the Group's ERM system as well as evolution in employee development and remuneration programmes. For more information about our evolving culture, see the sections of this report on risk, people and remuneration, on pages 58, 38, 108 respectively.

See page 93 for more information.

The UK Corporate Governance Code 2018

As a Swiss corporation listed on the London Stock Exchange (LSE) with a secondary listing on the Athens Exchange, we aim to ensure that our corporate governance systems remain in line with international best practices. Our corporate governance standards and procedures are continuously reviewed in light of current developments and rulemaking processes in the UK, Switzerland and also the EU. Further details are available on our website.

In respect of the year ended 31 December 2019, the Company was subject to the UK Corporate Governance Code 2018 (a copy is available from: frc.org.uk).

Our Board believes that the Company applied the principles and complied with, except as set out in this report, the provisions of the UK Corporate Governance Code throughout 2019. The Chairman was not independent on appointment. In addition, the Chairman has been a Board member for more than nine years, see page 84 for further details. Pursuant to our obligations under the Listing Rules, we intend to apply the principles and continually comply with the provisions of the UK Corporate Governance Code or to explain any instances of non-compliance in our Annual Report. The Company has applied the principles insofar as possible and in accordance with and permitted by Swiss law. Further information on appointment of Directors and compliance with the UK Corporate Governance Code can be found as follows:

Section 1: Board leadership and company purpose	**See page**
A. Effective and entrepreneurial board to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society B. Purpose, values and strategy with alignment to culture C. Resources for the company to meet its objectives and measure performance. Controls framework for management and assessment of risks D. Effective engagement with shareholders and stakeholders E. Consistency of workforce policies and practices to support long-term sustainable success	
• Chairman's letter	14
• Strategic report	12-72
• Board engagement with key stakeholders	90
• Shareholder engagement	92
• Audit and Risk Committee Report	98
• Conflicts of interest	89

Section 2: Division of responsibilities	**See page**
F. Leadership of board by chair G. Board composition and responsibilities H. Role of non-executive directors I. Company secretary, policies, processes, information, time and resources	
• Board composition	84
• Key roles and responsibilities	85
• General qualifications required of all Directors	87
• Information and training	89
• Board appointments and succession planning	89

Section 3: Composition, succession and evaluation	**See page**
J. Board appointments and succession plans for board and senior management and promotion of diversity K. Skills, experience and knowledge of Board and length of service of board as a whole L. Annual evaluation of board and directors and demonstration of whether each director continues to contribute effectively	
• Board composition	84
• Diversity, tenure and experience	87
• Board, committee and director performance evaluation	88, 105
• Nomination committee report	104

Section 4: Audit, risk and internal controls	**See page**
M. Independence and effectiveness of internal and external audit functions and integrity of financial and narrative statements N. Fair, balanced and understandable assessment of the company's position and prospects O. Risk management and internal control framework and principal risks company is willing to take to achieve its long-term objectives	
• Audit and Risk Committee report	98
• Strategic report	12-72
• Fair, balanced and understandable annual report	129
• Going concern basis of accounting	129
• Viability statement	64

Section 5: Remuneration	**See page**
P. Remuneration policies and practices to support strategy and promote long-term sustainable success with executive remuneration aligned to company purpose and value Q. Procedure for executive remuneration, director and senior management remuneration R. Authorisation of remuneration outcomes	
• Remuneration committee report	108-128

Certain differences between the Company's corporate governance practices and the UK Corporate Governance Code

The Swiss Ordinance against Excessive Compensation in Listed Companies further limits the authority of the Remuneration Committee and the Board to determine compensation. The effective limitations include requiring that the Annual General Meeting approve the maximum total compensation of each of the Board and the Operating Committee, requiring that certain compensation elements be authorised in the Articles of Association and prohibiting certain forms of compensation, such as severance payments and financial or monetary incentives for the acquisition or disposal of firms. We are in compliance with the requirements of the Swiss Ordinance against Excessive Compensation in Listed Companies and have amended our Articles of Association to that effect.

Anastassis G. David was originally appointed at the request of Kar-Tess Holding and was not, at the time of his appointment as Chairman, independent as defined by the UK Corporate Governance Code. In view of Anastassis David's strong identification with the Company and its shareholder interests, combined with his deep knowledge and experience of the Coca-Cola System, the Board deemed it to be in the best interests of the Group and its shareholders for him to be appointed as Chairman, to continue to promote an effective and appropriately balanced leadership of the Group. In accordance with the established policy of appointing all Directors for one year at a time, the Board intends to continue to keep all positions under regular review and subject to annual election by shareholders at the Annual General Meeting.

Application of governance codes

Other corporate governance codes

There is no mandatory corporate governance code under Swiss law applicable to us. The main source of law for Swiss governance rules is the company law contained in article 620 ff. of the Swiss Code of Obligations, as well as the Ordinance against Excessive Compensation in Listed Companies.

In addition, the UK's City Code on Takeovers and Mergers (the 'City Code') does not apply to the Company by operation of law, as the Company is not incorporated under English law. The Articles of Association include specific provisions designed to prevent any person acquiring shares carrying 30% or more of the voting rights (taken together with any interest in shares held or acquired by the acquirer or persons acting in concert with the acquirer) except if (subject to certain exceptions) such acquisition would not have been prohibited by the City Code or if such acquisition is made through an offer conducted in accordance with the City Code. For further details, please refer to the Company's Articles of Association, which are available on our website.

Amending the articles of association

The Articles of Association may only be amended by a resolution of the shareholders passed by a majority of at least two-thirds of the voting rights represented and an absolute majority of the nominal value of the shares represented.

Share capital structure

The Company has ordinary shares in issue with a nominal value of CHF 6.7 each. Rights attaching to each share are identical and each share carries one vote. The Company's Articles of Association also allow, subject to shareholder approval, for the conversion of registered shares into bearer shares and bearer shares into registered shares. Details in the movement in ordinary share capital during the year can be found on page 192. There are no persons holding shares that carry special rights with regard to the control of the Company.

Powers of directors to issue and buy back shares

Subject to the provisions of the relevant laws and the Articles of Association, the Board acting collectively has the ultimate responsibility for running the Company and the supervision and control of its executive management. The Directors may take decisions on all matters which are not expressly reserved to the shareholders or by the Articles of Association. Pursuant to the provisions of the Articles of Association, the Directors require shareholder authority to issue and repurchase shares. At the Annual General Meeting on 11 June 2018, the shareholders authorised the Directors to repurchase ordinary shares of CHF 6.70 each in the capital of the Company up to a maximum aggregate number of 7,500,000 representing approximately 2% of the Company's issued share capital as at 30 April 2018. The authority expired at the conclusion of the 2019 Annual General Meeting on 18 June 2019. The Company commenced a share buy-back programme on 3 December 2018 and reported on the shares repurchased as at 13 March 2019 in the 2018 integrated annual report. The programme continued after 13 March 2019 and concluded on 29 May 2019. Between 14 March and 29 May 2019, 2,921,668 shares were purchased at an average of 2,575.74 pence per share. Following the completion of the buy-back programme 3.249.803 shares have been cancelled. Total shares held in treasury being 6,658,233 of which 3,228,098 shares are held by Coca-Cola HBC AG and 3,430,135 shares are held by its subsidiary, Coca-Cola HBC Services MEPE. There is no outstanding authority for the Directors to repurchase or issue shares, since no authority of the shareholders was sought or approved at the Annual General Meeting on 18 June 2019.

Board of directors

From left to right: Alfredo Rivera, Reto Francioni, José Octavio Reyes, Olusola (Sola) David-Borha, Zoran Bogdanovic, Charlotte J. Boyle

Anastassis G. David
Non-Executive Chairman

Appointment: Anastassis David was appointed Chairman of the Board of Directors of Coca-Cola HBC on 27 January 2016. He joined the Board of Coca-Cola HBC as a non-Executive Director in 2006 and was appointed Vice Chairman in 2014.

Skills and experience: Anastassis brings to his role more than 20 years' experience as an investor and non-executive director in the beverage industry. Anastassis is also a former Chairman of Navios Corporation. He holds a BA in History from Tufts University.

External appointments: Anastassis is active in the international community and serves on the International Board of Advisors of Tufts University. He serves as vice-chairman of Aegean Airlines S.A. and vice-chairman of the Cyprus Union of Shipowners. He is also a member of the Board of Trustees of College Year in Athens.

Nationality: British

Zoran Bogdanovic
Chief Executive Officer,
Executive Director

Appointment: Zoran Bogdanovic was appointed to the Board of Directors of Coca-Cola HBC in 2018.

Skills and experience: Zoran was previously the Company's Region Director responsible for operations in 12 countries, and has been a member of the Operating Committee since 2013. He joined the Company in 1996 and has held a number of senior leadership positions, including as General Manager of the Company's operations in Croatia, Switzerland and Greece. Zoran has a track record of delivering results across our territories and demonstrating the values that are the foundation of our Company culture.

External appointments: None

Nationality: Croatian

Charlotte J. Boyle
Independent non-Executive Director

Appointment: Charlotte Boyle was appointed to the Board of Directors of Coca-Cola HBC on 20 June 2017.

Skills and experience: Charlotte joined The Zygos Partnership, an international executive search and board advisory firm, as a consultant in 2003 and was subsequently appointed associate partner in 2006 and partner in 2008. After 14 years with the firm, she retired from her position in July 2017. Prior to that, Charlotte worked at Goldman Sachs International between 2000 and 2003. Between 1996 and 1999 she was a consultant at Egon Zehnder International, an international executive search and management assessment firm. Charlotte obtained an MBA from the London Business School and an MA from Oxford University, and was a Bahrain British Foundation Scholar.

External appointments: Charlotte serves as an independent non-executive director and chair of the Remuneration Committee of Capco plc, a non-executive adviser to the Global Board of Knight Frank LLP and as a member of the board and chair of the Finance Committee of Alfanar, the venture philanthropy organisation.

Nationality: British

Olusola (Sola) David-Borha
Independent non-Executive Director

Appointment: Sola David-Borha was appointed to the Board of Directors of Coca-Cola HBC in 2015.

Skills and experience: Sola was Chief Executive Officer of Stanbic IBTC Holdings plc, a full service financial services group with subsidiaries in commercial banking, investment banking, pension and non-pension asset management and stockbroking. Stanbic IBTC Holdings is listed on the Nigerian Stock Exchange and is a member of Standard Bank group.

Sola has more than 30 years' experience in financial services and held several senior roles within the Stanbic Group, including the position of Chief Executive of Stanbic IBTC Bank from May 2011 to November 2012. She also served as Deputy Chief Executive Officer of Stanbic IBTC Bank and Head of Investment Banking Coverage Africa (excluding South Africa).

Sola holds a first degree in Economics, and obtained an MBA degree from Manchester Business School. Her executive education experience includes the Advanced Management Programme of the Harvard Business School and the Global CEO Programme of CEIBS, Wharton and IESE.

External appointments: Since January 2017, Sola is the Chief Executive of the Africa Regions (excluding South Africa) for Standard Bank Group, Africa's largest bank by assets with operations in 20 countries across the continent. Sola is an Honorary Fellow of the Chartered Institute of Bankers of Nigeria (CIBN) and a former Vice Chairman of the Nigerian Economic Summit Group.

Nationality: Nigerian

William W. (Bill) Douglas III
Independent non-Executive Director

Appointment: Bill Douglas was appointed to the Board of Directors of Coca-Cola HBC on 21 June 2016.

Skills and experience: Bill is a former Vice President of Coca-Cola Enterprises, a position in which he served from July 2004 until his retirement in June 2016. Bill has held various positions within the Coca-Cola System since 1985. In 1991, he was appointed Division Finance Manager for the Nordic & Northern Eurasia Division of The Coca-Cola Company. Bill moved to Atlanta in 1994 as Executive Assistant to the President of The Coca-Cola Company's Greater Europe Group. In 1996, he became Nordic Region Manager. In 1998, he was appointed Controller of Coca-Cola Beverages plc.

From 2000 until 2004, Bill served as Chief Financial Officer of Coca-Cola HBC. He joined Coca-Cola Enterprises in 2004 when he was appointed Vice President, Controller and Principal Accounting Officer. He was appointed Senior Vice President and Chief Financial Officer in 2005 and Executive Vice President and Chief Financial Officer of Coca-Cola Enterprises in 2008. From 2013 to 2015, Bill was the Executive Vice President, Supply Chain. Before joining the Coca-Cola System, Bill was associated with Ernst & Whinney, an international accounting firm. He received his undergraduate degree from the J.M. Tull School of Accounting at the University of Georgia.

From left to right: Anastassis G. David, William W. (Bill) Douglas III, Alexandra Papalexopoulou, John P. Sechi, Christo Leventis, Anastasios I. Leventis, Ryan Rudolph

External appointments: Bill is the Lead Director and Chairman of the Audit Committee of SiteOne Landscape Supply, Inc. He is also a member of the Board of Directors and Chair of the Audit Committee for The North Highland company. Finally, he is on the Board and past Chair of the University of Georgia Trustees.

Nationality: American

Reto Francioni

Senior Independent non-Executive Director

Appointment: Reto Francioni was appointed to the Board of Directors of Coca-Cola HBC on 21 June 2016.

Skills and experience: Reto has been Professor of Applied Capital Markets Theory at the University of Basel since 2006 and is the author of several highly respected books on capital market issues. From 2005 until 2015, Reto was Chief Executive Officer of Deutsche Börse AG and from 2002 until 2005, he served as Chairman of the Supervisory Board and President of the SWX Group, which owns the Swiss Stock Exchange and has holdings in other exchanges. Between 2000 and 2002, Reto was Co-Chief Executive Officer and Spokesman for the Board of Directors of Consors AG. Between 1993 and 2000, he held various management positions at Deutsche Börse AG, including that of Deputy Chief Executive Officer. From 2003 until 2005, Reto was an Adjunct Professor of Economics and Finance at Zicklin School of Business, part of the City University of New York. He earned his Doctorate of Law at the University of Zurich.

External appointments: Reto serves as a member of the Board of Directors of UBS Group and also as the Chairman of the Supervisory Board of Swiss International Airlines. Reto is also a Vice Chairman at the Board of Directors of Medtech Innovation Partners AG, Basel.

Nationality: Swiss

Anastasios I. Leventis

Non-Executive Director

Appointment: Anastasios Leventis was appointed to the Board of Directors of Coca-Cola HBC in 2014.

Skills and experience: Anastasios previously worked as a banking analyst at Credit Suisse and American Express Bank. He holds a BA in Classics from the University of Exeter and an MBA from New York University's Leonard Stern School of Business.

External appointments: Anastasios currently works for Leventis Overseas Limited, a company that provides goods and services to companies in West Africa, and is a board member of A.G. Leventis (Nigeria) Plc. Anastasios is also a director of Alpheus Administration, a private company that administers assets for private clients and charitable foundations. In addition, he serves as a trustee of the A.G. Leventis Foundation, a member of the board of overseers of the Gennadius Library in Athens and a member of the Campaign board of the University of Exeter.

Nationality: British

Christo Leventis

Non-Executive Director

Appointment: Christo Leventis was appointed to the Board of Directors of Coca-Cola HBC in 2014.

Skills and experience: Christo worked as an Investment Analyst with Credit Suisse Asset Management from 1994 to 1999. In 2001, he joined J.P. Morgan Securities as an Equity Research Analyst focusing on European beverage companies. From 2003 until March 2014, Christo was a member of the Board of Directors of Frigoglass S.A.I.C., a leading global manufacturer of commercial refrigeration products for the beverage industry. Christo holds a BA in Classics from University College London and an MBA from the Kellogg School of Management in Chicago.

External appointments: In 2003, Christo started the private equity investment arm of Alpheus, a private asset management company, and he continues to serve as a member of its investment advisory committee.

Nationality: British

Alexandra Papalexopoulou

Independent non-Executive Director

Appointment: Alexandra Papalexopoulou was appointed to the Board of Directors of Coca-Cola HBC in 2015.

Skills and experience: Alexandra worked previously for the OECD and the consultancy firm Booz, Allen & Hamilton, in Paris. From 2003 until February 2015, she served as a member of the board of directors of Frigoglass S.A.I.C. From 2010 to 2015, she served as a member of the board of directors of National Bank of Greece and from 2007 to 2009, she served as a member of the board of directors of Emporiki Bank. Alexandra holds a BA in Economics and Mathematics from Swarthmore College, USA, and an MBA from INSEAD, France.

External appointments: Alexandra is the Strategic Planning Director at Titan Cement Company S.A., where she has been employed since 1992 and has served as Executive Director since 1995. Alexandra is treasurer and a member of the board of directors of the Paul and Alexandra Canellopoulos Foundation, a member of the board of directors of the INSEAD business school and a member of the board of trustees of the American College of Greece.

Nationality: Greek

Board committees

- Audit and Risk Committee page 98
- Nomination Committee page 104
- Social Responsibility Committee page 106
- Remuneration Committee page 108
- Committee Chair

Board of directors continued

José Octavio Reyes
Non-Executive Director

Appointment: José Octavio Reyes was appointed to the Board of Directors of Coca-Cola HBC in 2014.

Skills and experience: José is the former Vice Chairman of The Coca-Cola Export Corporation, a position in which he served from January 2013 until his retirement in March 2014. He was president of the Latin America Group of The Coca-Cola Company from December 2002 to December 2012. Following various managerial positions in Mexico, Brazil and in The Coca-Cola Company headquarters in Atlanta, José was named President of the North Latin America Division of Coca-Cola in 2002. Prior to joining Coca-Cola, José spent five years with Grupo IRSA, a Monsanto Company joint venture. José holds a BSc in Chemical Engineering from the Universidad Nacional Autónoma de México and an MBA from the Instituto Tecnológico de Estudios Superiores de Monterrey.

External appointments: José has been a member of the board of directors of MasterCard WorldWide since January 2008. He has been a Director of Coca-Cola FEMSA S.A.B. de C.V. since 2016.

Nationality: Mexican

Alfredo Rivera
Non-Executive Director

Appointment: Alfredo Rivera was appointed to the Board of Directors of Coca-Cola HBC on 18 June 2019.

Skills and experience: From 2013 to 2016, Alfredo was President of the Latin Center Business Unit for The Coca-Cola Company. Before joining the Latin Center, from September 2006 to December 2012, Alfredo was Sparkling Beverages General Manager for the Mexico Business Unit, where he was responsible for leading the Franchise and Customer & Commercial Leadership functions in the second largest business unit of The Coca-Cola Company. Alfredo joined The Coca-Cola Company in the Central America and Caribbean Division in 1997 as District Manager for Guatemala and El Salvador. From 1999 to 2003 he was appointed Southeast Region Manager in the Brazil Division and from 2004 to 2006, he served as General Manager of the Ecuador business, leading the turnaround of the business under challenging circumstances. Prior to joining The Coca-Cola Company, Alfredo worked for two independent Coca-Cola bottlers in Honduras and El Salvador over a 13 year period. Alfredo holds a Bachelor's degree in History and an MBA from the University of Mississippi.

External appointments: Alfredo is President of the Latin American Group for The Coca-Cola Company. He oversees the Coca-Cola business across four business units in Latin America: South Latin, Brazil, Latin Center and Mexico. A long-time veteran of The Coca-Cola System, Alfredo is also contributing to crafting the short- and long-term growth strategies of The Coca-Cola Company.

Nationality: Honduran

Ryan Rudolph
Non-Executive Director

Appointment: Ryan Rudolph was appointed to the Board of Directors of Coca-Cola HBC on 21 June 2016.

Skills and experience: From 1993 until 2006, Ryan worked as an attorney at the business law firm Lenz & Staehelin in Zurich. Prior to that, he worked as a public relations consultant at the public relations agency Huber & Partner in Zurich, as marketing assistant and subsequently as manager at Winterthur Life Insurance as well as part-time with D&S, the Institute for Marketing and Communications Research in Zurich. Ryan obtained an LLM from the University of Zurich and is admitted to the Zurich bar. Ryan also studied at the Faculté des Lettres of the University of Geneva, as well as the Ecole Polytechnique in Lausanne.

External appointments: Ryan is an attorney and partner at the Zurich-based law firm Oesch & Rudolph. In addition, he serves as a member of the Foundation Board of the A.G. Leventis Foundation and as a member of the board of various privately-held companies.

Nationality: Swiss

John P. Sechi
Independent non-Executive Director

Appointment: John Sechi was appointed to the Board of Directors of Coca-Cola HBC in 2014.

Skills and experience: John started his career as a financial analyst and audit manager. In 1985, he joined The Coca-Cola Company as an internal auditor. In 1987, John became the Finance Director for Coca-Cola Great Britain Limited based in London. The following year, he was appointed General Manager of the European Supply Point Group and in 1990 he moved to Madrid to join the Iberian Division as Chief Financial Officer. In 1993, John was promoted to President of the Central Mediterranean Division of The Coca-Cola Company, based in Milan, where he was responsible for operations in Greece, Cyprus, Malta, Bulgaria, Former Yugoslavia (Croatia, Serbia, Bosnia, Montenegro, Kosovo and North Macedonia), Albania and Italy. In 1998, he was promoted to President of the German Division, based in Düsseldorf. John was Chairman of Globalpraxis, a commercial consulting firm, from 2001 to 2008. From 2007 until 2013, he was President, Greater Europe of The Campbell Soup Company, and from 2006 to 2011, a non-executive Board member and Chairman of the Audit Committee of Coca-Cola Içecek. John has a BA in Business Management from Ryerson University in Toronto and is a Chartered Accountant (Canada) and a Chartered Professional Accountant.

External appointments: John is a non-executive director and advisor to various privately-held companies, and serves as Executive Chairman of Sechi & Sechi Properties Limited.

Nationality: Canadian

Board committees

- Audit and Risk Committee page 98
- Nomination Committee page 104
- Social Responsibility Committee page 106
- Remuneration Committee page 108

- Committee Chair

GOVERNANCE IN ACTION

Board meetings

The Board met six times during 2019. Board meetings took place over two days to allow the Board sufficient time for deep-dives, reflection and candid discussion, and to take stock of the business environment and geographies in which we operate. The structure and nature of these meetings also allows time for Directors to socialise, which facilitates cordial relations and supports forthright discussion during Board meetings. Two of the meetings were held by conference call.

The Directors have and are encouraged to have free and open contact with management at all levels, and have full access to all relevant information. Board meetings are normally held over almost two days in Zug, Switzerland, with one of the Board meetings every year being held in one of our countries so that the Board will have the opportunity to visit the facilities and the respective markets in one of the 28 countries that make up our geographic footprint. In June 2019, our Board meeting was held in Athens, Greece.

This allows Directors to gain a better understanding of regional differences in our business and the specifics of various markets. At each Board meeting, the Board receives reports and in-depth presentations from line and functional executives. The chairperson of each committee also reports to the Board on matters considered or decided in meetings of the respective Board committees. The Board also frequently reviews the actual performance of the Group versus its long-term strategy. In particular, the Board scrutinises the performance of the Chief Executive Officer, holding him and his management team to account when reviewing the performance of the Group against the agreed business plan.

	Board[1]	Audit and Risk[2]	Remuneration	Nomination[7]	Social Responsibility
Director	Attended/ Total meetings	Attended/ Total meetings	Attended/ Total meetings	Attended/ Total meetings	Attended/ Total meetings
Anastassis G. David	6/6				
Zoran Bogdanovic	6/6				
Charlotte J. Boyle	6/6		4/4	5/5	
Ahmet C. Bozer[3]	3/3		–	–	
Olusola (Sola) David-Borha	6/6	8/8	–	–	
William W. (Bill) Douglas III	6/6	8/8	–	–	
Reto Francioni[6]	6/6		3/4	4/5	
Anastasios I. Leventis	6/6				4/4
Christo Leventis	6/6		–	–	
Alexandra Papalexopoulou	6/6		4/4	5/5	4/4
José Octavio Reyes	6/6				4/4
Alfredo Rivera[4]	2/3				
Ryan Rudolph	6/6		–	–	
John P. Sechi[5]	5/6	7/8			

1. Includes two conference calls.
2. Includes four conference calls.
3. Ahmet Bozer retired from the Board at the Annual General Meeting on 18 June 2019.
4. Alfredo Rivera was appointed to the Board at the Annual General Meeting on 18 June 2019. He did not attend the August 2019 Board Conference Call due to a long-standing prior commitment.
5. John Sechi did not attend the June 2019 Audit and Risk Committee and Board meetings due to long-standing other commitments.
6. Reto Francioni did not attend the September 2019 Renumeration and Nomination Committee meetings due to long-standing other commitments.
7. Includes one conference call.

Corporate governance report

Board composition

Membership of the Board

On 31 December 2019, our Board comprised 13 Directors: the Chairman, one Senior Independent Director, 10 non-Executive Directors and one Executive Director. The biographies of each member of the Board are set out on pages 80 to 82.

The Operating Committee, described on pages 94-96, supports Zoran Bogdanovic in his role as Chief Executive Officer.

The non-Executive Directors, of whom six (representing half of the members excluding the Chairman) are determined by the Board to be independent, are experienced individuals from a range of backgrounds, countries and industries. The composition of the Board complies with the UK Corporate Governance Code's recommendation that at least half of the Board, excluding the Chairman, comprise independent Directors. At the Annual General Meeting held on 18 June 2019 Alfredo Rivera was appointed as a non-Executive Director and Ahmet Bozer retired as a non-Executive Director. There were no other changes to the Board or committee membership during 2019.

Outside appointments

The Articles of Association of the Company (article 36) set out limits on the maximum number of external appointments that members of our Board and executive management may hold. In addition, if a Board member wishes to take up an external appointment he or she must obtain prior Board approval. The Board will assess all requests on a case-by-case basis, including whether the appointment in question could negatively impact the Company or the performance of the Director's duties to the Group.

The nature of the appointment and the expected time commitment are also assessed to ensure that the effectiveness of the Board would not be compromised.

Details of the external appointments of our non-Executive Directors are contained in their respective biographies set out on pages 80-82.

Our Chairman serves on the International Board of Advisors of Tufts University. He serves as vice-chairman of Aegean Airlines S.A. and vice-chairman of the Cyprus Union of Shipowners. He is also a member of the Board of Trustees of College Year in Athens. In this context, the Board considers that fewer than four of the positions held by the Chairman are considered to be significant.

Having considered the scope of the external appointments of all Directors, including the Chairman, our Board is satisfied that they do not compromise the effectiveness of the Board as each Director has sufficient time to devote to his or her role on the Board as the Board requires.

Independence

Our Board has concluded that Charlotte J. Boyle, Olusola (Sola) David-Borha, William W. (Bill) Douglas III, Reto Francioni, Alexandra Papalexopoulou and John P. Sechi are deemed to be independent in accordance with the criteria set out in the UK Corporate Governance Code, with such individuals being independent in both character and judgement.

The other non-Executive Directors, Anastassis G. David (Chairman), Anastasios I. Leventis, Christo Leventis, José Octavio Reyes, Alfredo Rivera and Ryan Rudolph, were appointed at the request of shareholders of the Company: Kar-Tess Holding and The Coca-Cola Company. They are therefore not considered, by the Board, to be independent as defined by the UK Corporate Governance Code.

Anastassis G. David was appointed as Chairman on 27 January 2016. The Board firmly believes that Anastassis David embodies the Company's core values, heritage and culture and that these attributes, together with his strong identification with the Company and its shareholders' interests, and his deep knowledge and experience of the Coca-Cola System, ensure an effective and appropriately balanced leadership of the Board and the Company. Anastassis David was first appointed as a member of the Board in 2006 before being appointed Chairman in 2016. Prior to his appointment as Chairman, major shareholders were consulted and an external search consultancy engaged to find suitable candidates. The consensus and recommendation was that Anastassis David was the appropriate candidate to become Chairman and that he continues to be effective in his leadership of the Board. Anastassis David has the continuing support of the Board and major shareholders to remain as Chairman.

Shareholders' nominees

As described under the heading 'Major shareholders' on page 233, since the main listing of the Company on the Official List of the London Stock Exchange in 2013, Kar-Tess Holding, The Coca-Cola Company and their respective affiliates have no special rights in relation to the appointment or re-election of nominee Directors, and those Directors of the Company who were originally nominated at the request of The Coca-Cola Company or Kar-Tess Holding will be required to stand for re-election on an annual basis in the same way as the other Directors. The Nomination Committee is responsible for identifying and recommending persons for subsequent nomination by the Board for election as Directors by the shareholders on an annual basis.

As our Board currently comprises 13 Directors, neither Kar-Tess Holding nor The Coca-Cola Company is in a position to control (positively or negatively) decisions of the Board that are subject to simple majority approval. However, decisions of the Board that are subject to the special quorum provisions and supermajority requirements contained in the Articles of Association, in practice, require the support of Directors nominated at the request of at least one of either The Coca-Cola Company or Kar-Tess Holding in order to be approved. In addition, based on their current shareholdings, neither Kar-Tess Holding nor The Coca-Cola Company is in a position to control a decision of the shareholders (positively or negatively), except to block a resolution to wind up or dissolve the Company or to amend the supermajority voting requirements. The latter requires the approval of 80% of shareholders where all shareholders are represented and voting. Depending on the attendance levels at Annual General Meetings, Kar-Tess Holding or The Coca-Cola Company may also be in a position to control other matters requiring supermajority shareholder approval.

Anastassis G. David, Anastasios I. Leventis, Christo Leventis and Ryan Rudolph were all originally appointed at the request of Kar-Tess Holding. José Octavio Reyes and Alfredo Rivera have been appointed at the request of The Coca-Cola Company.

Separation of roles

There is a clear separation of the roles of the Chairman and the Chief Executive Officer. The Chairman is responsible for the operation of the Board and for ensuring that all Directors are properly informed and consulted on all relevant matters. The Chairman, in the context of the Board meetings and as a matter of practice, meets also separately with the non-Executive Directors without the presence of the Chief Executive Officer and promotes the culture of openness and debate within the Board sessions as well as outside.

The Chairman is also actively involved in the work of the Nomination Committee concerning succession planning and the selection of key people. The Chief Executive Officer, Zoran Bogdanovic, is responsible for the day-to-day management and performance of the Company and for the implementation of the strategy approved by the Board.

Key roles and responsibilities

Board of Directors

Our Board has ultimate responsibility for our long-term success and for delivering sustainable shareholder value as well as contributing to wider society. The Board is responsible for setting the Company's purpose, values and strategy and ensures the alignment with its culture; this includes ensuring that workforce policies and practices are consistent with the Company's values and support its long-term sustainable vision. Further details are set out on page 86. This is achieved by approving the corporate strategy, monitoring performance toward strategic objectives, overseeing implementation of the strategy by the Operating Committee and approving matters reserved by the Articles of Association for decision by the Board. Specific tasks are delegated by the Board to its committees for audit and risk, nomination, remuneration and social responsibility.

The governance process of the Board is set out in our Articles of Association and the Organisational Regulations. These regulations define the role and responsibilities of the Board and its committees, and can be found at https://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/. In addition, the Swiss Ordinance against Excessive Compensation in Listed Companies imposes certain obligations on the Board, including a requirement to prepare and make available a remuneration report pursuant to Swiss law.

Chairman

- leads the Board, sets the agenda and promotes a culture of openness and debate;
- is responsible for overall effectiveness in leading the Company and setting the culture;
- ensures the highest standards of corporate governance;
- is the main point of contact between the Board and management; and
- ensures effective communication with shareholders and stakeholders.

Chief Executive Officer

- leads the business, implements strategy and chairs the Operating Committee; and
- communicates with the Board, shareholders, employees, government authorities, other stakeholders and the public.

Senior Independent Director

- acts as a sounding board for the Chairman and appraises his performance;
- leads the independent non-Executive Directors on matters that benefit from an independent review; and
- is available to shareholders if they have concerns which have not been resolved through the normal channels of communication.

Non-Executive Directors

- contribute to developing Group strategy;
- scrutinise and constructively challenge the performance of management in the execution of the Group's strategy; and
- oversee succession planning, including the appointment of Executive Directors.

Company Secretary

- ensures that correct Board procedures are followed and ensures the Board has full and timely access to all relevant information;
- facilitates induction and training programmes, and assists with the Board's professional development requirements; and
- advises the Board on governance matters.

Board committees

Our Board has delegated specific tasks to its committees as set out in the Organisational Regulations and reports from these committees are set out in this Corporate Governance Report. Biographies of the Chairs of the Board committees and the other members of the Board, the Audit and Risk Committee, the Nomination Committee, the Remuneration Committee and the Social Responsibility Committee are set out on pages 80-82.

Audit and Risk Committee

Responsibilities

- Oversight of the accounting policies, financial reporting and disclosure controls; the Group's approach to internal controls and risk management; and the quality, adequacy and scope of internal and external audit functions.
- Oversight of the Company's compliance with legal, regulatory and financial reporting requirements, and the work programme of the internal audit function.
- External auditor reports directly to the Committee.

Remuneration Committee

Responsibilities

- Establishment of the remuneration strategy for the Group; determines and agrees with the Board the remuneration of Group Executives and approves remuneration for the Chairman and the Chief Executive Officer.
- Makes recommendations to the Board regarding remuneration matters to be approved at the Annual General Meeting.
- Implementation or modification of any employee benefit plan resulting in an increased annual cost of €5 million or more.

Nomination Committee

Responsibilities

- Identification and nomination of new Board members, including recommending Directors to be members of each Board Committee
- Ensuring adequate Board training; supporting the Board and each committee in conducting a self-assessment;
- Oversight of the establishment of a talent development framework for the Group.
- Oversees effective succession planning for the Chief Executive Officer, in consultation with the Chairman, and for the Operating Committee, in consultation with the Chief Executive Officer.

Social Responsibility Committee

Responsibilities

- Supports the Board in its responsibilities to safeguard the Group's reputation for responsible and sustainable operations.
- Oversight of the Group's engagement with stakeholders to assess their expectations, and the possible consequences of these expectations for the Group.
- Establishes principles governing social and environmental management, and oversees development of performance management to achieve social and environmental goals.

Operating Committee

The Operating Committee, led by the Chief Executive Officer, meets 12 times each year and provides the Group with executive leadership. The Committee has responsibility for: the development of long-term strategies and the implementation of strategies approved by the Board; providing adequate head-office support for each of the Group's countries; working closely with the country General Managers, as set out in our operating framework; and the setting of annual targets and approval of annual business plans which form the basis of the Group's performance management.

Corporate governance report continued

Summary of key Board activities for 2019 and priorities for 2020

Topic	2019 activity	2020 priority
Strategy	• Working towards the 2025 sustainability targets Close collaboration and alignment with The Coca-Cola Company • Monitoring of potential acquisition opportunities • Approving the Group's 2025 Growth Story and strategy • Continuous support of new product and package launches	• Monitoring progress towards our 2025 Growth Story • Ongoing support on product innovation and new product and package launches • Continued close alignment with The Coca-Cola Company • Monitoring progress towards our 2025 sustainability commitments
Performance	• Regular business overviews and monitoring progress towards the Group's long-term growth targets • Periodic reviews of specific markets, regions and functions • Reviewing the macroeconomic outlook, commodities hedging and currency trends	• Regular performance reviews with focus on Group's key business indicators • Deep dive reviews of regions and key functions • Review of the performance of the Company's innovation initiatives
Risk management and internal control	• Ongoing overview of the principal and emerging risks with focus on cyber-security • Ongoing reviews of mitigation plans for commodities and currency volatility	• Continued review of emerging principal risks and mitigation programmes • Reviewing mitigation plans for currency and commodities volatility • Reviewing information technology plans, including cyber-security
Operational	• Detailed review and approval of capex investments • Review of the Company's cost optimisation plans • Consolidation of new acquisitions (Bambi) • Contingency plans for hard Brexit	• Ongoing review of the Group's cost optimisation and investment programmes • Consolidation of new acquisitions • Review of material capital expenditure projects
Culture and values	• Reviewing the results of the Company's engagement actions • Discussing talent and people capability plans • Appointment of designated non-Executive Director for employee engagement	• Monitoring the engagement surveys and people plans • Continuing working with the designated non-Executive Director on issues that are identified through the employee engagement
Succession planning and diversity	• Ongoing succession planning work and preparing succession planning and bench strength initiatives for senior management and Board vacancies • Discussed Board effectiveness	• Reviewing the succession planning work for Board and senior management • Reviewing the Company's talent development plans

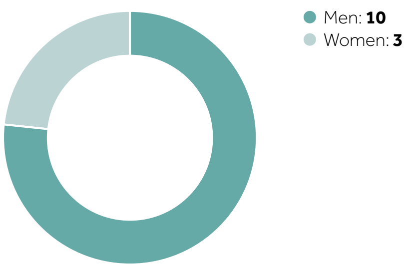
General qualifications required of all Directors

Coca-Cola HBC's Board Nomination Policy requires that each Director is recognised as a person of the highest integrity and standing, both personally and professionally. Each Director must be ready to devote the time necessary to fulfil his or her responsibilities to the Company according to the terms and conditions of his or her letter of appointment. Each Director should have demonstrable experience, skills and knowledge which enhance Board effectiveness and will complement those of the other members of the Board to ensure an overall balance of experience, skills and knowledge on the Board. In addition, each Director must demonstrate familiarity with and respect for good corporate governance practices, sustainability and responsible approaches to social issues.

Business characteristics	Qualifications, skills and experience	Directors
Our business is extensive and involves complex financial transactions in the various jurisdictions where we operate	Experience in finance, investments and accounting	12
Our business is truly international with operations in 28 countries, at different stages of development, on three continents	Broad international exposure, and emerging and developing markets experience	12
Our business involves the preparation, packaging, sale and distribution of the world's leading non-alcoholic beverage brands	Extensive knowledge of our business and the fast-moving consumer goods industry, as well as experience with manufacturing, route to market and customer relationships	6
Our Board's responsibilities include the understanding and oversight of the key risks we are facing, establishing our risk appetite and ensuring that appropriate policies and procedures are in place to effectively manage and mitigate risks	Risk oversight and management expertise	12
Building community trust through the responsible and sustainable management of our business is an indispensable part of our culture	Expertise in sustainability and experience in community engagement	7
Our business involves compliance with many different regulatory and corporate governance requirements across a number of countries, as well as relationships with national governments and local authorities	Expertise in corporate governance and/or government relations	6

Diversity, tenure and experience of the Board

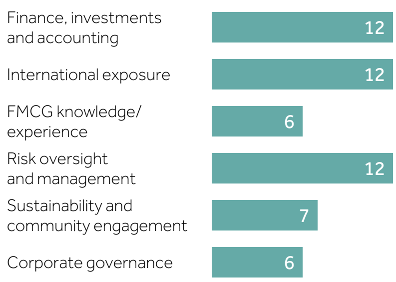
Board gender diversity



Board tenure

0-1 years	1
1-2 years	1
2-3 years	1
3-4 years	3
4-5 years	2
5-6 years	4
12-13 years	1

Board experience



Corporate governance report continued

Board, committee and Director performance evaluation

At least annually, on the basis of an assessment conducted by the Nomination Committee, the Board reviews its own performance as well as the performance of each of the Board committees. This review seeks to determine whether the Board and its committees function effectively and efficiently. During the year, the Chairman meets with the Directors to receive feedback on the functioning of the Board and its committees, the boardroom dynamics, and the Group's strategy.

Particular focus is given to areas where a Director believes the performance of the Board and its committees could be improved. A report is prepared for the Board on its effectiveness and that of its committees.

For the past four years, the evaluation of the Board's effectiveness has been facilitated by Lintstock, and details of the 2019 Lintstock Report are set out below. A summary of the Board evaluation findings for 2018, the actions taken in response to improve Board effectiveness in 2019, the Board evaluation findings for 2019, and the resulting priorities for 2020 is as follows:

2018 Board evaluation findings	2019 actions
• Focus on strategy • Continue to engage with key stakeholders • Keep abreast of relevant technological developments	• Continued development of our 24/7 Total Beverage Company strategy • Maintaining relationships with key stakeholders • Focusing on digital and technological developments that will support the business
2019 Board evaluation findings	**2020 priorities**
• Focus on strategy • Broaden exposure to colleagues throughout the Company • Continued focus on risk oversight	• Monitoring the development of our 2025 Growth Strategy • Continued alignment with key stakeholders • Enhance exposure to colleagues throughout the organisation

The independent Directors meet separately at every regular Board meeting to discuss a variety of issues, including the effectiveness of the Board. An evaluation of each Director, other than the Chairman, is conducted by the Chairman and the Senior Independent Director. The Senior Independent Director leads the evaluation of the Chairman in conjunction with the non-Executive Directors, taking into account the views of the Chief Executive Officer, and, as a matter of practice, meets with the other independent non-Executive Directors when each Board meeting is held to discuss issues together, without the Chief Executive Officer or other non-Executive Directors present.

Lintstock report

In 2019, we once again engaged advisory firm Lintstock to facilitate an evaluation of the performance of the Board. Lintstock specialises in Board performance reviews and has no other connection with Coca-Cola HBC.

Process

The first stage of the review involved Lintstock engaging with the Company Secretary to set the context for the evaluation, and to tailor survey content to the specific circumstances of Coca-Cola HBC. The surveys were designed to follow up on, and further explore, key themes identified in last year's evaluation, so that year-on-year progress can be tracked. The anonymous online surveys permitted detailed narrative feedback.

The surveys addressed core aspects of the Board's performance, and had a particular focus on the following areas:

- The appropriateness of the Board's composition, including the skills represented and the level of diversity among members.
- The Board's understanding of the views of key stakeholders (including shareholders, customers, employees and suppliers) and monitoring of the Company's culture and values.
- The dynamics between Board members, and between the Board and the Operating Committee, as well as the atmosphere in the boardroom.
- The management and focus of meetings, including the extent to which the Board's agendas manage to strike the correct balance between strategic and operational issues.
- The flow of information to the Board with regard to potential acquisition opportunities, and the Board's performance in reviewing the effectiveness of past decisions.
- The Board's oversight of the implementation of the Company's strategy, as well as the capacity of the organisation to deliver the strategy.
- The Board's understanding of the competitive landscape and relevant technological developments, in terms of the opportunities and threats they represent for the business.
- The appropriateness of the structure of the Company at senior levels, in terms of delivering the strategic plan, and the Board's oversight of talent and succession.

All Board members were requested to complete online surveys on the performance of the Board, its committees and the Chairman. The performance of the committees of the Board was also evaluated, as was the performance of the Chairman. The anonymity of all responses was guaranteed throughout the process to promote open, detailed and honest feedback.

Lintstock subsequently analysed the results and delivered reports on the performance of the Board, the committees and the Chairman, which were considered at a subsequent Board meeting.

The results of the review were positive overall, and there was consensus among members that the Board's performance continues to improve. A continued focus on strategy was prioritised, as was gaining exposure to colleagues throughout the organisation, as part of the Board's oversight of talent and succession.

Information and training

The practices and procedures adopted by our Board ensure that the Directors are supplied on a timely basis with comprehensive information on the business development and financial position of the Company, the form and content of which is expected to enable the Directors to discharge their duties and carry out their responsibilities. All Directors have access to our General Counsel, as well as independent professional advice at the expense of the Company. All Directors have full access to the Chief Executive Officer and senior management, as well as the external auditor and internal audit team.

The Board has in place an induction programme for new Directors. Generally, it involves meeting with the Chairman, members of the Operating Committee and other senior executives, as well as receiving orientation training in relation to the Group and its corporate governance practices. The induction programme also includes meetings with representatives of our sales force, customers and major shareholders, and visits to our production plants. Alfredo Rivera participated in the induction programme during 2019 as part of his onboarding process.

All Directors are given the opportunity to attend training to ensure that they are kept up to date on relevant legal, accounting and corporate governance developments. The Directors individually attend seminars, forums, conferences and working groups on relevant topics. The Nomination Committee reviews our Director training activities regularly. Finally, as part of the continuing development of the Directors, the Company Secretary ensures that our Board is kept up to date with key corporate governance developments. The Board appoints the Company Secretary, who acts as secretary to the Board.

Board appointments and succession planning

Our Board has in place plans to ensure the progressive renewal of the Board and appropriate succession planning for senior management. Appointments and succession plans are based on merit and objective criteria to ensure the Company is promoting diversity (including gender), social and ethnic backgrounds, cognitive and personal strengths.

Pursuant to our Articles of Association, the Board consists of a minimum of seven and a maximum of 15 members, and the Directors are elected annually for a term of one year by the Company's shareholders. All Directors are subject to annual re-election by shareholders, in accordance with the UK Corporate Governance Code. In case of resignation or death of any member of the Board, the Board may elect a permanent guest, whom the Board will propose for election by the shareholders at the next Annual General Meeting. In accordance with the Organisational Regulations, the Board proposes for election at the shareholders' meeting new Directors who have been recommended by the Nomination Committee after consultation with the Chairman.

In making such recommendations, the Nomination Committee and the Board must consider objective criteria including the overall balance of skills, experience, independence and knowledge of the Board member, as well as diversity considerations including gender but also social and ethnic backgrounds. Consideration is also given to the overall length of service of the Board as a whole when refreshing its membership. See the Nomination Committee report on page 104 for further information on the role and work of the Nomination Committee, including the Board Diversity Policy. Through this process, the Board is satisfied that the Board and its committees have the appropriate balance of experience and skills, diversity, independence and knowledge of the Company to enable them to discharge their duties and responsibilities effectively, including sufficient time commitment.

Conflicts of interest

In accordance with the Organisational Regulations, Directors are required to arrange their personal and business affairs so as to avoid a conflict of interest with the Group.

Each Director must disclose to the Chairman the nature and extent of any conflict of interest arising generally or in relation to any matter to be discussed at a Board meeting, as soon as the Director becomes aware of its existence. In the event that the Chairman becomes aware of a Director's conflict of interest, the Chairman is required to contact that Director promptly and discuss with him or her the nature and extent of such a conflict of interest. Subject to exceptional circumstances in which the best interests of the Company dictate otherwise, the Director affected by a conflict of interest is not permitted to participate in discussions and decision-making involving the interest at stake.

STAKEHOLDER ENGAGEMENT

Board engagement with key stakeholders

Engagement with key stakeholder groups strengthens our relationships and is an ongoing part of the operational management of the Group. This includes employee surveys, assessments of customer satisfaction and ongoing conversations with regulators and non-governmental organisations. The Board receives regular updates from senior management on insights and feedback from stakeholders, which allows the Board to understand and consider the perspectives of key stakeholders in decision-making.

Our employees are one of our most important stakeholder groups and the Board therefore understands the importance of engaging with its workforce.

The Board closely monitors and reviews the results of the Company's annual Employee Engagement, Values and Ambassadorship surveys. In 2019, to assist the Board in its communications between the Board and the workforce, Charlotte Boyle (non-Executive Director) was appointed to help with the engagement to enable employees to share ideas and concerns with senior management and the Board.

The Board likewise closely monitors the Company's annual customer survey, which we commission to assess the satisfaction of more than 15,000 customers. For more information about these surveys, see the People and Customer sections on pages 38 and 30, respectively.

We also work with our customers, consumers, suppliers, local community representatives and other business partners across the value chain every day. The infographic below sets out the different stakeholders with whom we engage, which in turn is reported on to the Board. Examples of governance in action are on page 91.

Description	How the Board is kept informed	Read more
Our people	Reviewing and developing plans that promote an inclusive growth culture and investing in building the best teams in the industry. Designated non-Executive Director for engagement with our people.	Pages 38
Our communities	Plant visits, community meetings, partnerships on common issues, sponsorship activities, lectures at universities, training opportunities and support to young people currently not in education, training or employment.	Pages 42
Our consumers	Consumer hotlines, local websites, plant tours, research, surveys, focus groups.	Pages 26
Our customers	Regular visits, dedicated account teams, joint business planning, joint value-creation initiatives, customer care centres, customer satisfaction surveys.	Pages 30
Partners in efficiency	Engagement with our suppliers, consultants and counterparts in related industries.	Pages 34
NGOs	Dialogue, policy work, partnerships on common issues, membership of business and industry associations.	Pages 54
Shareholders	Annual General Meetings, investor roadshows and results briefings, webcasts, ongoing dialogue with analysts and investors.	Pages 92
Governments	Recycling and recovery initiatives, EU Platform for Action on Diet, Physical Activity and Health, foreign investment advisory councils, chambers of commerce.	Pages 42
The Coca-Cola Company	Day-to-day interaction as business partners, joint projects, joint business planning, functional groups on strategic issues, 'top-to-top' senior management meetings.	Pages 16

Workforce engagement statement

The Company's success largely depends on the passion of our people and our ability to attract, retain and develop the best talent. The Board therefore closely monitors and reviews the results of the Company's annual Employee Engagement survey. We engage with our workforce to ensure that we are supporting a healthy working environment and making appropriate business decisions. In addition, the Board reviews talent development initiatives designed to support long-term success. For further details please see below and growth pillar 4.

Wider stakeholder engagement statement

Effective engagement with key stakeholder groups strengthens our relationships and ensures the right operational management of the Group. This engagement includes surveys of employees and customers and ongoing conversations with regulators and non-governmental organisations. As part of day-to-day operations, we also work on a regular basis with our customers, consumers, suppliers, local community representatives and other business partners across the value chain. Their input, cooperation and trust factors in to Board decision-making and the success of the business.

GOVERNANCE IN ACTION

Employee engagement

How the Board was involved in new employee initiatives

During 2019, several Directors were involved in the introduction of the Group's new Performance for Growth programme. Based on continual feedback, this performance management approach is designed to accelerate growth, drive business impact and simplify processes. The Board also endorsed the employer branding strategy and employee value proposition for 2020. These initiatives have been communicated to employees through social media, our corporate websites and a series of webinars, and build on ongoing employer branding efforts that were recognised in 2019 with 60 awards.

GOVERNANCE IN ACTION

Considering stakeholders in decision-making

Issues the Board considered – Acquisition of Bambi

During the Board's consideration of the acquisition of Bambi in Serbia, important factors included Bambi's reputation, its iconic complementary consumer brands and its distribution strengths. The Bambi acquisition fits perfectly also within the Group's strategy as it is a supplementary category which helps us in leveraging our unique 24/7 portfolio. Apart from financial benefits and revenue synergies, the Board's decision weighed the relevance with customers, our aim to win in the marketplace, the potential for an increased presence in key consumption occasions and expanding our opportunities to delight consumers.

Workforce engagement mechanism

During the year, the Board appointed Charlotte Boyle as the designated non-Executive Director for workforce engagement, in line with UK Corporate Governance Code recommendations. The two-day annual meeting of our European Works Council in September 2019 gave Charlotte an opportunity to meet with elected employee representatives from our businesses in EU countries. This meeting allows employee representatives to hear from senior leaders – including the CEO – about significant matters affecting the workforce, and to ask questions and give feedback. Charlotte was able to hear from employee representatives about topics raised by employees and their experience of the Company's approach to the workforce.

Charlotte also met with our Group Employee Relations Director, who has responsibility for diversity and inclusion, to better understand the steps that the Company is taking to become more diverse and inclusive (see page 39) for activities in this area). To embed these attributes within the Company's culture, a communications campaign and training have been launched to increase awareness and understanding. The Company is also promoting employee affinity groups, such as women's networks. The Board takes the lead by recognising good practices and driving accountability.

Charlotte reported back to the Board on her observations and matters raised by employees, ensuring Board deliberations and decision-making are fully informed.

Corporate governance report continued

Shareholder engagement

The Chairman, the Senior Independent Director and the Chair of the Audit and Risk Committee will be available at the Annual General Meeting of the Company to answer questions from shareholders. The Board encourages shareholders to attend as it provides an opportunity to engage with the Board.

Pursuant to Swiss law and the Articles of Association, shareholders annually elect an independent proxy and we have adopted an electronic proxy voting system for our Annual General Meetings.

The Company has a dedicated investor relations function which reports to the Chief Financial Officer. Through the investor relations team, the Company and Board maintain a dialogue with institutional investors and financial analysts on operational financial performance and strategic direction items. We engaged with the investment community and our shareholders throughout the year, as outlined in the diagram below, demonstrating our commitment to being accessible and transparent. The feedback from shareholders has been regularly considered by the Board and, where necessary, appropriate action to further engage with shareholders was taken.

Key investor relations activities in 2019

February
- IR roadshows in Edinburgh and London
- IR roadshow in Paris

March
- Credit Suisse Consumer/ Retail Conference in London
- Societe Generale Consumer Staples Conference in London
- IR roadshow in London

April
- IR roadshow in the US

June
- Capital Markets Day in London
- Annual General Meeting in Zug
- Deutsche Bank Access Global Consumer conference in Paris
- Exane BNP Paribas 21st European CEO Conference in Paris

September
- Barclays Global Consumer Staples Conference in Boston
- Greek institutional investor breakfast in Athens
- IR roadshow in Paris
- IR roadshow in Frankfurt
- IR roadshow in Zurich
- Exane BNP – IR Insight Day Milan

November
- Roadshows in Edinburgh, London and New York
- Roadshow in the US
- IR Berenberg West Coast Consumer & E-Commerce Conference in San Francisco
- IR roadshow in London

December
- Citi's Global Consumer Conference in London

GOVERNANCE IN ACTION

Board oversight of Growth Story 2025

How the Board was involved in the development of Growth Story 2025

1

LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

The Board reviewed the Group's performance in the different beverage categories as well as the strategy behind categories with specific focus. Beyond the core sparkling category, this includes new and fast-growing categories such as energy, plant-based beverages and coffee.

2

WIN IN THE MARKETPLACE

Management presented to the Board the Group's plans to create joint value with customers. This includes projects to further develop commercial capabilities and initiatives for in-store execution, as well as findings from customer satisfaction surveys. To address evolving consumer needs, the Board also approved continued investments in coolers and technology to support online shopping experiences.

3

FUEL GROWTH THROUGH COMPETITIVENESS AND INVESTMENT

The Board approved plans to increase the Group's production capacity and investments in technology to enhance productivity. In line with the Company's sustainability objectives, the Board endorsed the Group's elimination of plastic film from can multi-packs and continued light-weighting of plastic packaging. These efforts reduce the Company's resin costs while supporting achievement of sustainability targets.

4

CULTIVATE THE POTENTIAL OF OUR PEOPLE

In 2019 the Board discussed, reviewed or approved the most important people development initiatives of the Group. This included a deep dive into the employee engagement score, the launch of the new people-powered performance evaluation system and updated Growth Mindset Values to support Growth Story 2025.

5

EARN OUR LICENCE TO OPERATE

The Board approved a plan to introduce 100% recycled PET packaging for four water brands. The Board also reviewed the plans to source 100% of our electricity needs from renewable and clean sources in the EU and Switzerland by 2025. In many of these markets, including Austria, Italy and Romania, the Group has already achieved this target, using only renewable and clean electricity sourced from the grid in our plants.

The Operating Committee represents the executive leadership of the Company

The Operating Committee is chaired by Zoran Bogdanovic, Chief Executive Officer, and his biography is set out on page 80.

Other members of the Operating Committee:

Michalis Imellos

(51) Group Chief Financial Officer

Senior management tenure: Appointed April 2012 (7 years)

Previous Group roles: Region Finance Director responsible for Nigeria, Romania, Moldova, Bulgaria, Greece, Cyprus, Serbia and Montenegro; General Manager, Romania and Moldova.

Previous relevant experience: Michalis held a number of finance positions in the UK-based European headquarters of Xerox, including those of European Mergers & Acquisitions Director and Finance Director of the Office Europe Division. He managed the financial, tax and legal aspects of Xerox's sponsorship of the Athens 2004 Olympic Games, as well as the finance function of the company's operations in Greece. He is a Fellow of the Institute of Chartered Accountants in England and Wales, and started his career at Ernst & Young.

Nationality: Greek

Naya Kalogeraki

(50) Group Chief Customer and Commercial Officer

Senior management tenure: Appointed July 2016 (3 years)

Previous Group roles: Director of Strategy, CEO office. From 1998, when Naya joined the Company, she built her career assuming roles of increased scale and scope, including Marketing Director, Trade Marketing Director, Sales Director and Country Commercial Director, Greece. She has been heavily involved in Group strategic projects and task forces addressing mission-critical business imperatives. In September 2013, Naya was appointed to the role of General Manager, Greece and Cyprus.

Previous relevant experience: Naya joined the Company in 1998 from The Coca-Cola Company where she held a number of marketing positions up to Marketing Manager.

Nationality: Greek






Minas Angelidis

(50) Region Director: Austria, Belarus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Island of Ireland, Slovakia and Switzerland

Senior management tenure: Appointed April 2019

Previous Group roles: Minas joined the Group in 1999 holding positions with increasing responsibility in the commercial function in Greece (National Account Manager, Athens Region Sales Manager, National Wholesale Manager, Country Sales Director). Since 2008, Minas has held general management assignments in a number of our markets, including those of Country General Manager Cyprus, Country General Manager Bulgaria and Country General Manager Hungary.

Previous relevant experience: Prior to joining the Group, Minas spent seven years in Unilever Greece in managerial positions in sales and marketing including those of Brand Manager, Trade Marketing Manager and National Account Manager.

Nationality: Greek

Marcel Martin

(61) Group Supply Chain Director

Senior management tenure: Appointed January 2015 (5 years)

Previous Group roles: Marcel joined the Group in 1993, holding positions with increasing responsibility in the supply chain and commercial functions. Since 1995, he has held general management assignments in several of our markets, including as General Manager for Eastern Romania, Regional Manager Russia, Country General Manager Ukraine and General Manager Nigeria. He became General Manager of our Irish operations in 2010 and is now our Group Supply Chain Director.

Nationality: Romanian

From left to right

Row one

Michalis Imellos, Zoran Bogdanovic, Naya Kalogeraki, Jan Gustavsson, Sanda Parezanovic, Mourad Ajarti

Row two

Marcel Martin, Minas Angelidis, Sean O'Neill, Nikos Kalaitzidakis

Corporate governance report continued

Jan Gustavsson

(54) General Counsel, Company Secretary and Director of Strategic Development

Senior management tenure: Appointed August 2001 (18 years)

Previous Group roles: Jan served as Deputy General Counsel for Coca-Cola Beverages plc from 1999-2001.

Previous relevant experience: Jan started his career in 1993 with the law firm White & Case in Stockholm, Sweden. In 1995, he joined The Coca-Cola Company as Assistant Division Counsel in the Nordic and Northern Eurasia Division. From 1997 to 1999, Jan was Senior Associate in White & Case's New York office, practicing securities law and M&A.

Nationality: Swedish

Sanda Parezanovic

(55) Group Human Resources Director

Senior management tenure: Appointed June 2015 (4 years)

Previous Group roles: Sanda's previous roles in the Group include: Public Affairs & Communications Manager, Serbia and Montenegro from 2003 to 2006; Country Human Resources and Public Affairs & Communications Manager, Serbia and Montenegro from 2006 to 2010; and Region Human Resources Director Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, Greece, Northern Ireland, the Republic of Ireland, North Macedonia, Moldova, Montenegro, Nigeria, Romania, Serbia and Slovenia from 2010 to 2015.

Previous relevant experience: Sanda started in 1989 as Market Researcher and later Strategic Planner working for various local research and marketing agencies in SFR Yugoslavia. She joined Saatchi & Saatchi Balkans in 1994, holding various senior management positions in several Balkan countries, including Managing Director of two start-up agencies, first in North Macedonia and later in Serbia. In 1999 she relocated to London, where she worked for Saatchi & Saatchi and Marketing Drive on a number of pan-European and business development projects, before she joined our Group in 2003.

Nationality: Serbian

Nikos Kalaitzidakis

(50) Region Director: Armenia, Bosnia & Herzegovina, Moldova, Croatia, Slovenia & Ukraine, Bulgaria, Greece, Cyprus, Republic of North Macedonia, Romania and Serbia & Montenegro

Senior management tenure: Appointed May 2018 (2 years)

Previous Group roles: Nikos joined the Group in 2006 as Regional Manager for Northwest Russia and then moved to general manager roles in Croatia (2008), Bulgaria (2010), Hungary (2013) and Poland (2014).

Previous relevant experience: Prior to joining the Group, Nikos spent five years in technology and telecommunications and seven years with Phillip Morris International in various roles and geographies across Europe and Central Asia.

Nationality: Greek

Mourad Ajarti

(43) Chief Information Officer

Senior management tenure: Appointed October 2019

Previous Group roles: None.

Previous relevant experience: Mourad holds an MSc in Computer Systems Networking & Tele-communications from L'École Mohammadia d'Ingénieurs. He has 20 years' experience with two fast moving consumer goods industry leaders, Procter & Gamble and L'Oréal. Mourad started with Procter & Gamble leading SAP implementation in Morocco, Saudi Arabia and Europe, and later was CIO for different lines of business. From 2014 to 2019, Mourad was CIO for the Asia and Pacific region for L'Oréal, leading consumer and customer journey transformation and enabling the use of big data and advanced analytics.

Nationality: British

Sean O'Neill

(55) Group Public Affairs and Communication Director

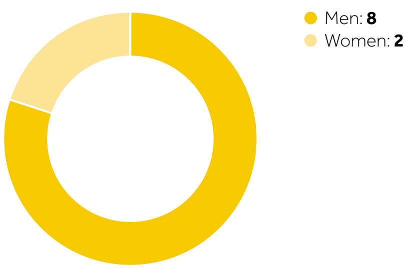
Senior management tenure: Appointed January 2019 (1 year)

Previous Group roles: None.

Previous relevant experience: Sean joined Coca-Cola HBC in January 2019 as Group Public Affairs and Communication Director. His previous roles include 12 years as Chief Corporate Relations Officer for Heineken NV in the Netherlands, where he was a member of the company's global executive committee with responsibility for public and government affairs, sustainability, communication and consumer public relations. Prior to that, Sean held senior international corporate affairs leadership roles with Diageo and Guinness. This followed a variety of international management roles in the UK, Russia, Egypt and Australia with the communication and corporate affairs consultancy, Burson-Marsteller. Sean is an ex-Chairman of ICAP, the drinks industry's main international organisation, a former adviser to the Russian and Egyptian governments and a board member of Try for Change, the charity of the England Rugby Football Union.

Nationality: British

OpCo gender diversity



OpCo tenure

0-1 years	3
2-3 years	2
4-5 years	2
6-7 years	1
17-18 years	1

Key responsibilities of the Operating Committee

The key responsibilities and elements of the Operating Committee's role are:

- the day-to-day executive management of the Group and its businesses, including all matters not reserved for the Board or other bodies;
- the development of Group strategies and implementation of the strategies approved by the Board;
- providing adequate head-office support for each of the Group's countries;
- the setting of annual targets and approval of annual business plans which form the basis of the Group's performance management, including a comprehensive programme of strategies and targets agreed between the Country General Managers and the Region Directors;
- working closely with the Country General Managers, as set out in the Group's operating framework, in order to capture benefits of scale, ensuring appropriate governance and compliance, and managing the performance of the Group; and
- leading the Group's talent and capability development programmes.

Key activities and decisions in 2019

Long-term direction setting

- Deployment and cascading our 2025 organisational strategy, targets and growth pillars.
- Articulating during the Capital Markets Day in June 2019 our 2025 organisational strategy, targets and growth pillars.
- Optimising the Group's organisational and reporting structure, both geographically as well as functionally.
- Reviewing and updating our revenue growth management strategies and implementing these in our local commercialisation plans.
- Rebooting our route-to-market approach in selected markets.
- Assessing our sustainability priorities and initiatives on the way to deliver 2025 commitments.
- Setting long-term capability building priorities and programmes.
- Evaluating and evolving our 24/7 portfolio strategy together with our brand partners.

Business planning

- Evaluating and updating the Group's long-range business plan.
- Reviewing and approving annual business plans for 2019 for all operations and central functions.
- Approving Group and country talent, capabilities development and succession plans.

Risk, safety and business resilience

- Evaluating the Group's business resilience strategies.
- Evaluating the Group's Risk Register of major business risks as well as associated risk response plans.
- Reviewing the Group's health & safety policies and material incidents.

Business case reviews and approvals

- Assessing the strategic acquisitions of Bambi in Serbia, Lurisia in Italy and Toma in Czech Republic.
- Assessing strategic revenue-generating initiatives and product / packaging innovation business cases.
- Overseeing the strategic evolution of Supply Chain, Human Resources, Commercial, Finance and BSS departments.
- The optimisation and expansion of our logistics and manufacturing infrastructure.
- Capital expenditure proposals review and approval.

Policy formulation, reviews

- Sustainability commitments.
- Updates on our Commercial policy.

Priority projects

- 2025 strategy deployment
- Redesign of business planning process
- Revenue Growth Management
- Route-to-Market Reboot
- Renewing Category Growth
- Right Execution Daily
- Innovation for Growth
- Digital and Big Data and Advanced Analytics (BDAA)
- Capabilities for Growth
- Engagement

2019

Raising the bar for risk management

Letter from the Chair of the Audit and Risk Committee

Highlights this year

- Updating our Code of Business Conduct and Anti-Bribery policies.
- Adoption of IFRS 16 on leases.

Priorities for 2020

- monitoring the developments in accounting and regulatory matters, including potential changes to IFRS accounting standards;
- monitoring compliance with the EU Data Protection Regulation;
- ongoing monitoring of risks as well as impairment testing of goodwill and intangible assets;
- ongoing monitoring of internal financial controls, anti-fraud systems and Code of Business Conduct compliance; and
- ongoing monitoring of the Group's Enterprise Risk Management and Quality assurance, and information system security processes.

Dear Shareholder

The Audit and Risk Committee focused its work during 2019 on enhancing and strengthening the Group's existing financial controls, risk management and compliance systems, which the Board recognises as essential components of effective corporate governance.

During 2019, the Audit and Risk Committee worked closely with the internal audit and finance teams in implementing the Group's internal control framework. The Committee also reviewed developments in accounting and regulatory matters, including changes to IFRS, initiatives around human rights and gender diversity, and the EU Data Protection Regulation.

The Audit and Risk Committee Report describes in more detail the work of the Audit and Risk Committee during 2019. In performing its work, the Committee balances independent oversight with support and guidance to management. I am confident to report that the Committee supported by senior management and the external auditor consistently carried out its duties to a high standard during the reporting year.

WILLIAM W. (BILL) DOUGLAS III
COMMITTEE CHAIR

Role and responsibilities

The Audit and Risk Committee monitors the effectiveness of our financial reporting, internal control and risk management systems, and processes. The role of the Audit and Risk Committee is set out in the charter for the committees of the Board of Directors in Annex C to the Company's Organisational Regulations. This is available at http://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/.The key responsibilities and elements of the Audit and Risk Committee's role are:

- providing advice to the Board on whether the Annual Report including the consolidated Financial Statements, taken as a whole, is a fair, balanced and understandable assessment of the Company's position and prospects and provides the information necessary for shareholders to assess the Group's position and performance, including whether there is consistency through out the report including the financial reporting, whether the report will form a good basis of information for the shareholders, and that important messages are highlighted appropriately throughout the report;
- monitoring the quality, fairness and integrity of the consolidated Financial Statements of the Group, and reviewing significant financial reporting issues and judgements contained in them;

- reviewing the Group's internal financial control and anti-fraud systems as well as the Group's broader enterprise risk management and legal and ethical compliance programmes (including computerised information system controls and security) with the input of the external auditor and the internal audit department;
- reviewing and evaluating the Group's major areas of financial risk and the steps taken to monitor and control such risk, as well as guidelines and policies governing risk assessment; and
- monitoring and reviewing the external auditor's independence, quality, adequacy and effectiveness, taking into consideration the requirements of all applicable laws in Switzerland and the UK, the listing requirements of the London Stock Exchange and Athens Stock Exchange, and applicable professional standards.

Members	Membership status
William W. (Bill) Douglas III (Chair)	Member since 2016 Chair since 2016
John P. Sechi	Member since 2014
Olusola (Sola) David-Borha	Member since 2015

The Audit and Risk Committee comprises three independent non-Executive Directors: Bill Douglas (Chair), Olusola (Sola) David-Borha and John P. Sechi, who were each re-elected for a one-year term by the shareholders at the Annual General Meeting on 18 June 2019.

The Board remains satisfied that Bill Douglas, Sola David-Borha and John Sechi possess recent and relevant financial and sector experience in compliance with the UK Corporate Governance Code. Bill Douglas was formerly Executive Vice President and Chief Financial Officer of Coca-Cola Enterprises, and Sola David-Borha and John Sechi have held a number of senior financial positions.

Further details on their experience are set out in their respective biographies on pages 80 to 82.

The Group Chief Financial Officer, as well as the General Counsel, external auditor, the Director of Corporate Audit, and the Group Financial Controller, normally attend all meetings of the Audit and Risk Committee. Other officers and employees are invited to attend meetings when appropriate. The Director of Corporate Audit, and, separately, the external auditor, meet regularly with the Audit and Risk Committee without the presence of management to discuss the adequacy of internal controls over financial reporting and any other matters deemed relevant to the Audit and Risk Committee.

Work and activities

The Audit and Risk Committee met eight (including four conference calls) times during 2019 and discharged the responsibilities defined under Annex C of the Organisational Regulations. The work of the Audit and Risk Committee during the accounting year included evaluation of:

- the Annual Report including the consolidated Financial Statements and the full year results announcement for the year ended 31 December 2018 prior to their submission to the Board for approval, including consideration of the Group on a going concern basis, and compliance with Group policies;
- the interim consolidated Financial Statements and interim results announcement for the six-month period ending 28 June 2019, prior to their submission to the Board for approval;
- the trading updates for the three-month period ended 29 March 2019 and the nine-month period ended 27 September 2019;
- areas of significance in the preparation of the consolidated Financial Statements;
- the internal control environment, principal risks and risk management systems (including the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives), and the Group's statement on the effectiveness of its internal controls prior to endorsement by the Board;
- review of the Viability Statement scenarios and underlying assumptions and recommendations to the Board that the Viability Statement be approved;
- review and approval of the internal audit plan, quarterly reports on the results of internal audit work and an internal quality assessment of the internal audit function in accordance with the Institute of Internal Auditors Attribute Standards 1311;

Corporate governance report continued

- assessment of the overall financial risk management of the Group's operations and review of internal financial control procedures;
- discussion of tax developments, including OECD initiatives to combat aggressive tax planning and tax abuse; EU's Anti-Tax Avoidance Directive, consequential development of tax governance and risk management framework for the Group;
- review of tax issues in Romania, Italy and Austria;
- discussion of location of direct procurement activities;
- matters arising under the Group's Code of Business Conduct and the actions taken to address any identified issues;
- revisions to and compliance with treasury policies, including risk limits, hedging programmes and counterparty limits;
- discussion of various accounting requirements taking effect from 1 January 2019 primarily related to IFRS 16 (Leases);
- regular reports on quality assurance, health and safety, environmental protection, asset protection, treasury and financial risks, fraud control, insurance, security, enterprise risk management processes and internal control framework;
- reports from the external auditor on the annual and interim Financial Statements, review of the external audit plan and pre-approval of audit fees for 2020;
- review of the external auditor's independence, quality, adequacy and effectiveness;
- the results of the Audit and Risk Committee self-assessment process; and
- reports on regulatory review of audit sector in the UK.

Areas of key significance in the preparation of the Financial Statements

The Audit and Risk Committee considered a number of areas of key significance in the preparation of the Financial Statements in 2019, including the following:

- critical accounting judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the consolidated Financial Statements, including income taxes (detailed in Notes 5, 10, 13, 15 and 21 to the consolidated Financial Statements);
- contingencies, legal proceedings, competition law and regulatory procedures, including cases involving the national competition authorities of Greece and Switzerland and litigation matters in Nigeria, Russia, Italy and Greece, and the impact of these on the consolidated Financial Statements and accompanying notes;
- the impairment testing of goodwill and indefinite-lived intangible assets with a particular emphasis on reviewing and challenging the key assumptions used in the value-in-use calculation, and the sensitivity analysis performed for the material operations with reduced financial headroom. These assumptions, and a discussion of how they are established as well as the sensitivity analysis, are described in Note 13 to the consolidated Financial Statements;
- reviewed the management's work in conducting a robust assessment of the risks that impact the Viability and Going Concern Statements; and
- recommended to the Board to approve the Viability Statement.

External auditor

PricewaterhouseCoopers AG, Birchstrasse 160, CH 8050 Zurich, Switzerland ('PwC AG') has been elected by the shareholders as the statutory auditor for the Group's statutory consolidated and standalone Financial Statements. Signing partner for the statutory Financial Statements on behalf of PwC AG is Michael Foley, who has held this role since the year ended 31 December 2016.

The Board, at the recommendation of the Audit and Risk Committee, has retained PricewaterhouseCoopers S.A., 268 Kifissias Avenue – 15232 Halandri, Greece ('PwC S.A.'), an affiliate of PwC AG, to act as the Group's independent registered public accounting firm for the purposes of reporting under the UK rules for the year ended 31 December 2019. Signing partner for the Financial Statements on behalf of PwC S.A. is Konstantinos Michalatos, who has held this role since the year ended 31 December 2018.

The appointment of PwC has been approved by the shareholders until the next Annual General Meeting by way of advisory vote. 'PwC' refers to PwC AG or PwC S.A., as applicable, in this Annual Report.

During the accounting period, the members of the Audit and Risk Committee met separately with PwC on a regular basis, and the Audit and Risk Committee took an active role in reviewing the scope of the audit, the independence, objectivity and effectiveness of PwC, and the negotiations relating to audit fees. The Audit and Risk Committee also met with the management team, which led the discussions with PwC, including the Director of Corporate Audit, to review the performance of PwC without PwC being present. Following this review process, the Audit and Risk Committee has recommended to the Board that a proposal to reappoint PwC be put to a shareholders' vote at the next Annual General Meeting.

PwC has acted as the Group's sole external auditor since 2003. The Company ran a competitive tender for the external auditor services in 2015 which was overseen by the Audit and Risk Committee. Following the evaluation of the proposals, the Audit and Risk Committee concluded in 2015 that the best interests of the Group and its shareholders would be served by retaining PwC as external auditor and made such recommendation to the Board. PwC was reappointed by the Board as the Group's external auditor with effect from 11 December 2015. Currently, the Audit and Risk Committee anticipates that the audit contract will be put out to tender again in 2025. There are no contractual or other obligations restricting the Group's choice of external auditor.

Non-audit services provided by the external auditor

The Audit and Risk Committee considers the independence, in both fact and appearance, of the external auditor as critical and has long had an auditor independence policy providing definitions of the services that the external auditor may and may not provide. In line with the relevant FRC Guidance, the policy requires the Audit and Risk Committee's pre-approval of all audit and permissible non-audit services provided by the external auditor. Such services include audit, work directly related to audit, and certain tax and other services as further explained below. In practice, the Audit and Risk Committee applies the policy restrictively, and approval for work other than audit and audit-related services is rarely granted.

Under the policy, pre-approval may be provided for work associated with: statutory or other financial audit work under IFRS or according to local statutory requirements; attestation services not required by statute or regulation; accounting and financial reporting consultation and research work necessary to comply with generally accepted accounting and auditing standards; internal control reviews and assistance with internal control reporting requirements; review of information systems security and controls; tax compliance and related tax services, excluding any tax services prohibited by regulatory or other oversight authorities; expatriates' and other individual tax services; and assistance and consultation on questions raised by regulatory agencies.

For each proposed service, the external auditor is required to provide detailed back-up documentation at the time of approval to permit the Audit and Risk Committee to make a determination whether the provision of such services would impair the external auditor's independence.

PwC has complied with the policy for the financial year ended on 31 December 2019, and there have been no changes to the policy during the year.

Audit fees and all other fees

Audit fees

The total fees for audit services paid to PwC and affiliates were approximately €4.9 million for the year ended 31 December 2019, compared to approximately €4.3 million for the year ended 31 December 2018. The total fees for 2019 include fees associated with the annual audit and review of the Group's half-year reports, prepared in accordance with IFRS and local statutory audits.

Audit-related fees

Fees for audit-related services paid to PwC and affiliates for the year ended 31 December 2019 were €0.4 million, compared to €0.4 million for the year ended 31 December 2018.

Tax-related fees

No fees were paid to PwC and affiliates for tax services for the year ended 31 December 2019 or for the year ended 31 December 2018.

All other fees

Fees for non-audit services paid to PwC or affiliates for the year ended 31 December 2019 were €nil million. There were €0.1 million in fees for non-audit services paid to PwC or affiliates during the year ended 31 December 2018.

Risk management

During 2019, the Company continued to revise and strengthen its approach to risk management as described in detail on pages 54-64. The primary aim of this framework is to minimise our exposure and ensure that the nature and significance of all risks we are facing are properly identified, reviewed, managed and, where necessary, escalated. A quarterly risk assessment is undertaken by the countries and corporate office support functions, and significant risks are then reported to the Chief Risk Officer for review by the CEO and Region Directors. The Company's Group Risk Forum reviews the emerging as well as the identified risks biannually and presents issues of critical exposure to the Operating Committee. The latter, after careful review, reports to the Audit and Risk Committee emerging and material risks as well as mitigating actions. This process is both top-down and bottom-up and is designed to ensure that risks arising from business activities are appropriately managed.

Finally, we have in place third-party insurance to cover residual insurable risk exposure such as property damage, business interruption and liability protection, including Directors' and officers' insurance for our Directors and officers, as well as for the officers and directors of certain subsidiaries.

Corporate governance report continued

Internal control

The Board has ultimate responsibility for ensuring that the Company has adequate systems of financial reporting control. Systems of financial reporting control can provide only reasonable and not absolute assurance against material misstatements or loss. In certain of the countries in which we operate, our businesses are exposed to a heightened risk of loss due to fraud and criminal activity. We review our systems of financial control regularly in order to minimise such losses.

Internal audit

Our internal audit function reports directly to the Audit and Risk Committee, which reviews and approves the internal audit plan for each year. The internal audit function consists of approximately 40 full-time professional audit staff based in Athens, Budapest, Sofia, Moscow and Lagos, covering a range of disciplines and business expertise. One of the responsibilities of the internal audit function is to provide risk-based and objective assurance to the Board as to whether the Group's framework of risk management, including internal control framework, is operating effectively. For this purpose, the Director of Corporate Audit makes quarterly presentations to the Audit and Risk Committee and meets regularly with the Audit and Risk Committee without the presence of our management.

In addition, the internal audit function reviews the internal financial, operational and compliance control systems across all the jurisdictions in which we operate and reports its findings to management and the Audit and Risk Committee on a regular basis. The internal audit function focuses its work on the areas of greatest risk to us, as determined by a risk-based approach to audit planning. As part of our commitment to maintaining and strengthening best practice in corporate governance matters, we also consistently seek to enhance our internal control environment and risk management capability.

The internal audit function carries out work across the Group, providing independent assurance, advice and insight to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. In December 2019, the Audit and Risk Committee agreed the FY20 audit plan to be undertaken by the internal audit team. The audit plan coverage is based on risk, strategic priorities and consideration of the strength of the control environment. The internal audit function prepares audit reports and recommendations following each audit, and appropriate measures are then taken to ensure that all recommendations are implemented. Significant issues, if any, are raised at once. There were no such issues in 2019.

The Board has adopted a chart of authority, defining financial and other authorisation limits and setting procedures for approving capital and investment expenditure. The Board also approves detailed annual budgets. It subsequently reviews quarterly performance against targets set forth in these plans and budgets. A key focus of the financial management strategy is the protection of our earnings stream and management of our cash flow.

We have conducted an annual review of the effectiveness of our risk management system and internal control systems in accordance with the UK Corporate Governance Code. Part of this review involves regular review of our financial, operational and compliance controls, following which we report back to the Board on our work and findings as described above. This allowed us to provide positive assurance to the Board to assist it in making the statements that our risk management and internal control systems are effective, as required by the UK Corporate Governance Code. Further information is set out on pages 56-61.

The key features of the Group's internal control systems that ensure the accuracy and reliability of financial reporting include: clearly defined lines of accountability and delegation of authority; policies and procedures that cover financial planning and reporting; preparation of monthly management accounts; and review of the disclosures within the Annual Report, from function heads to ensure that the disclosures made appropriately reflect the developments within the Group in the year and meet the requirement of being fair, balanced and understandable.

The Audit and Risk Committee reviews the results of the internal audit reports during each meeting, focusing on the key observations of any reports where processes and controls require improvement. The Audit and Risk Committee was also provided with updates on the remediation status of management actions of internal audit findings and on the internal audit quality assurance and improvement programme at each meeting.

The Group Chief Financial Officer and the Regional Finance Directors, Country General Managers and Country Chief Financial Officers have access to the implementation status of the recommendations at all times.

Where internal or external circumstances give rise to an increased level of risk, the audit plan is modified accordingly. Nevertheless, no such cases occurred this year. Any changes to the agreed audit plan are presented to and agreed by the Audit and Risk Committee. Detailed updates on specific areas were provided at the request of the Audit and Risk Committee, such as, for example, the progress on audit issues relating to a Health and Safety audit.

Whistleblowing measures

Business ethics and anti-corruption

We seek to grow our business by serving customers and consumers, and conduct all business activities with integrity and respect. The Board is responsible for ensuring appropriate procedures and processes are in place to enable our workforce to raise any issues of concern. The Board maintains zero-tolerance regarding breaches of our Code of Business Conduct and anti-bribery policies, as well as any attempts to retaliate against our people who report potential violations.

We have online and classroom training for all our people so that everyone understands our Code of Business Conduct, and we hold targeted anti-bribery training for employees working in areas we assess as high risk. During the year, 98.9% of our employees across the Group were trained on our Code of Business Conduct and 98.9% on our anti-bribery policies, in line with our target to train a minimum of 95% of our total workforce. We have also established an anti-bribery due diligence process for third parties who have contact with government authorities. We have established grievance mechanisms, including an independently operated whistleblower 'Speak Up Hotline', available in all Coca-Cola HBC countries in local languages to ensure any concerns can be raised.

In 2019, we investigated 311 allegations (2018: 296) of which 166 (2018: 141) were received through the 'Speak Up Hotline'. All allegations involving potential Code of Business Conduct violations were investigated in accordance with the Group Code of Business Conduct Handling Guidelines. Of those investigated, 98 (2018: 113) matters were substantiated as code violations of which 20 (2018: 20) involved an employee in a managerial position or involved a loss greater than €10,000. For details concerning the handling of allegations received in 2019, see our website.

You can find more on allegations investigated and violations uncovered in our GRI index: https://coca-colahellenic.com/Campaigns/AnnualReport2019/assets/pdf/Coca-Cola-HBC-2019-GRI-Content-Index.pdf.

Through the 'Speak Up Hotline' we receive, retain, investigate and act on employee complaints or concerns regarding accounting, internal control or ethical matters. This includes any matters regarding the circumvention or attempted circumvention of internal controls, including matters that would constitute a violation of our Code of Business Conduct or matters involving fraudulent behaviour by officers or employees of the Group. All such allegations, complaints or concerns may be communicated in a variety of ways, in local languages and on an anonymous basis, to our Director of Corporate Audit. Communications received by the Director of Corporate Audit, or directly through the 'Speak Up Hotline' are kept confidential and, where requested, anonymous. The Director of Corporate Audit liaises regularly with the General Counsel and communicates all significant allegations to the Chair of the Audit and Risk Committee.

All matters received via the 'Speak Up Hotline' or any other reporting mechanism are thoroughly investigated. The Audit and Risk Committee receives summary reports of escalated incidents and instances of whistleblowing together with the status of investigations and, where appropriate, management actions to remedy issues identified. The Committee reports to the Board on such matters.

Disclosure Committee

A Disclosure Committee has been established, and disclosure controls and procedures have been adopted to ensure the accuracy and completeness of our public disclosures. The Disclosure Committee is composed of the Group Chief Financial Officer, the General Counsel, the Director of Investor Relations and the Group Financial Controller.

Performance reporting

Reports on our annual performance and prospects are presented in the Annual Report following recommendation by the Audit and Risk Committee. In line with UK practice, we have adopted half-year and full-year reports, and Q1 and Q3 trading updates. Internally, our financial results and key performance indicators are reviewed by the Operating Committee on a monthly basis. This information includes comparisons against business plans, forecasts and prior-year performance. The Board of Directors receives updates on performance at each Board meeting, as well as a monthly report on our business and financial performance.

Corporate governance report continued

Ensuring the right team for the future

Letter from the Chair of the Nomination Committee

Highlights this year

- The successful onboarding of our new non-Executive Director, Alfredo Rivera.

Priorities for 2020

- continuous work on succession plans for Board and senior management positions;
- externally facilitated Board and committee assessments; and
- follow up actions on outcome of 2019 evaluation assessment.

Dear Shareholder

The work of the Nomination Committee has continued to focus on the composition of the Board and the important task of Board and senior management succession planning.

In 2019, the Committee continued to review the balance of skills, experience and diversity of the Board and focused on the talent development, employee engagement and gender diversity initiatives necessary to ensure that the Group has the people and skills to deliver on its strategy. The Committee also considers the overall length of service of the Board as a whole as part of its succession planning and keeps under review the need to refresh Board membership. In addition, the Committee oversaw an externally facilitated self-assessment process.

A summary of the Group's Nomination Policy for the recruitment of Board members is available online at: https://coca-colahellenic.com/media/1549/summary-of-nomination-policy-for-recruitment-of-board-members.pdf. The Board Diversity Policy is described on page 105.

RETO FRANCIONI
COMMITTEE CHAIR

Role and responsibilities

The function of the Nomination Committee is to establish and maintain a process for appointing new Board members, to manage, in consultation with the Chairman, the succession of the Chief Executive Officer and to support the Board in fulfilling its duty to conduct a Board self-assessment. The formal role of the Nomination Committee is set out in the charter for the committees of the Board of Directors in Annex C of the Company's Organisational Regulations. This is available online at https://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/.

Key elements of the Nomination Committee's role are:

- reviewing the size and composition of the Board;
- identifying candidates and nominating new members to the Board;
- planning and managing, in consultation with the Chairman, a Board membership succession plan;
- ensuring, together with the Chairman, the operation of a satisfactory induction programme for new members of the Board and a satisfactory ongoing training and education programme for existing members of the Board and its committees as necessary to deliver on our strategy;
- setting the criteria for, and overseeing, the annual assessment of the performance and effectiveness of each member of the Board and each Board committee;
- conducting an annual assessment of the performance and effectiveness of the Board, and reporting conclusions and recommendations based on the assessment to the Board; and
- overseeing the employee and management talent development and succession plans of the Group.

Committee at work

Succession planning → Board composition → Recruitment → Shortlisting

Members	Membership status
Reto Francioni (Chair)	Member since 2016 Chair since 2016
Charlotte J. Boyle	Member since 2017
Alexandra Papalexopoulou	Member since 2015

The members of the Nomination Committee are Reto Francioni, Charlotte Boyle and Alexandra Papalexopoulou. All members of the Nomination Committee are independent non-Executive Directors. At the Annual General Meeting on 18 June 2019, Reto Francioni, Charlotte Boyle and Alexandra Papalexopoulou were re-elected for a one-year term by the shareholders.

Work and activities

The Nomination Committee met four times during 2019 and discharged the responsibilities defined under Annex C of the Company's Organisational Regulations. The Chief Executive Officer and the Group Human Resources Director regularly attend meetings of the Nomination Committee. In addition, the Chairman is actively involved in the work of the Nomination Committee concerning succession planning and the selection of key people. In 2019, the General Counsel also met with the Nomination Committee on several occasions. During 2019, the work of the Nomination Committee included consideration of:

- succession planning and development of plans for the recruitment of new Board members;
- composition of the Board, including the appropriate balance of skills, knowledge, experience and diversity;
- review of the talent management framework;
- the performance evaluation and annual assessments of the committees and the Board;
- follow up actions arising from Board and committee evaluations;
- review of the Director induction process and training programmes; and
- review of the Group's Inclusion and Diversity Policy.

Performance evaluation of the Board

The Nomination Committee led the annual assessment of the performance of the Board and its committees during the year with the support of Lintstock, an external advisory firm.The key areas included in the assessment were Board structure and diversity, timeliness and quality of information, Board discussions, and effective contributions of each Director, the performance of the Board, committees, succession planning, risk appetite and risk management, and remuneration and performance. The scores were high overall and the results of the evaluation were presented at the December 2019 Board meeting. Further details on the internal Board evaluation are set out on page 88.

As with all employees, the Group offers training opportunities to the Board and senior management in order to improve their skills, and encourages all Board members and senior management to gain relevant experience and knowledge to fulfil their position's duties.

Diversity

The Group continues to have a firm commitment to policies promoting diversity, equal opportunity and talent development at every level throughout the Group, including at Board and management level, and is constantly seeking to attract and recruit highly qualified candidates for all positions in its business. The Group's Inclusion and Diversity Policy applies to all people who work for us. Further details on the Group's Inclusion and Diversity Policy are set out on pages 40-41 in the Strategic Report.

The Group believes that diversity at the Board level acts as a key driver of Board effectiveness, helps to ensure that the Group can achieve its overall business goals, especially in light of our geographical footprint, and is critical in promoting a diverse and inclusive culture across the whole Group. The Board has adopted a formal Board Diversity Policy.

The Group's Board Diversity Policy guides the Nomination Committee and the Board in relation to their approach to diversity in respect of succession planning and the selection process for the appointment of new Board members. The Nomination Committee is responsible for implementing this policy and for monitoring progress towards the achievement of its objectives.

Under the Board Diversity Policy, the Nomination Committee is required to take into account all aspects of diversity, including age, ethnicity, gender, educational and professional background and social background when considering succession planning and new Board appointments. Board appointments are evaluated on merit against objective criteria with due regard for diversity to ensure that candidates contribute to the balance of skills, experience, knowledge and diversity of the Board. The Board also considers the overall length of service of the Board as a whole when considering refreshment of the membership.

The Board recognises the importance of diversity in its business. It is the Board's responsibility to oversee senior management succession planning for a diverse pipeline of managers and talent identified from the management talent development programme. This links to our strategy to develop our people and ensure we attract and retain a diverse talent pool, and is one of the five pillars of our growth strategy. Further information on Growth Pillar 4 is set out on pages 38-41.

The Board understands the benefits of diversity of gender, ethnicity, knowledge and experience. Both the Board and Nomination Committee remain mindful of the targets set for FTSE 100 companies by the Hampton-Alexander Review (minimum of 33% of women on the board and 33% of women on the executive committee and direct reports by the end of 2020) and the Parker Review to increase ethnic diversity (at least 'one person of colour' on the board by 2021). The Board currently has 23% female representation and also meets the target set by the Parker Review. The Board is committed to improving the Board gender balance. The Board is committed to improving the Board gender balance. The Operating Committee has 20% female representation while 35% of our senior leaders are women. Figures showing Board and senior management gender diversity are shown on pages 87 and 96. The Board is committed to appointing the best people with the right skills set, regardless of gender, ethnicity, age, religion or disability and as such does not think it is appropriate to set specific targets for Board appointments.

The Nomination Committee, in conjunction with the Operating Committee, will continue to monitor the proportion of women at all levels of the Group and ensure that all appointments are made with a view to having a high level of diversity within the workplace and in leadership positions.

Interview → Balance of skills assessment → Appointment → Induction

Raising the level of ambition with 2025 sustainability commitments

Letter from the Chair of the Social Responsibility Committee

Highlights this year

- Good progress demonstrated during 2019 towards our Mission 2025 sustainability commitments
- Solid plans on packaging, plastic packaging and waste.
- Monitoring the licence to operate pillar as part of our Growth Story 2025.
- Participating in annual Stakeholder Forum on Water stewardship and the broader water strategy.

Priorities for 2020

- overseeing progress towards the 2025 sustainability commitments;
- monitoring progress of the World Without Waste strategy and related plans;
- reviewing and endorsing the Group's sustainability reporting according to the GRI and IIRC frameworks;
- developing/setting next-level science-based carbon reduction targets;
- monitoring the implementation of recommendations from the TCFD; and
- addressing potential sparkling soft drinks and plastic packaging taxation.

Dear Stakeholder

In 2019 as in previous years the Social Responsibility Committee continued to focus on the implementation of our sustainability strategy as well as on external social and environmental trends and their impact on the business.

Growth Story 2025 defines our vision and targets for the period up to 2025, and one of its pillars, Earn our license to operate, is closely linked with Mission 2025, our sustainability commitments. These sustainability commitments were embraced in 2018 and focus on six key areas: Climate and Renewable Energy; Water Reduction and Stewardship; World Without Waste; Ingredient Sourcing; Nutrition; and People and Communities (for details, please see pages 48-49).

The Committee also carefully monitored sustainability-related regulatory developments such as circular economy directives, single use plastics and waste, evolved nutrition labelling and product tax developments.

During 2019, we achieved outstanding scores for our sustainability efforts from the Dow Jones Sustainability Index Europe, the MSCI ESG rating, FTSE4Good and CDP Climate Change and Water. We are particularly proud that Standard & Poor's have recognised us as an industry mover in 2019 due to our achieving the largest proportional improvement demonstrated within the top 15% companies of our industry.

Going forward in 2020, it is the Committee's responsibility to ensure that sustainability objectives are fully integrated in the business strategy of the Company and that responsible, sustainable business practices continue to engender the trust of stakeholders while supporting the sustainable growth of our business. In 2018, two years ahead of schedule, we achieved our first science-based carbon reduction targets (reaching 25% carbon intensity reduction in the whole value chain vs. 2010). In 2020 we will monitor the development of the new set of science-based carbon reduction targets. We will also devote our efforts to fully understanding the new European Union Green Deal endorsed by the European Commission and its impact on us.

ANASTASIOS I. LEVENTIS
COMMITTEE CHAIR

Role and responsibilities

The Social Responsibility Committee is responsible for the development and supervision of procedures and systems to ensure the pursuit of the Group's social and environmental goals. The formal role of the Social Responsibility Committee is set out in the charter for the committees of the Board of Directors in Annex C of the Company's Organisational Regulations. This is available online at https://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/. The key elements of the Social Responsibility Committee's role and responsibilities are:

- establishing the principles governing the Group's policies on social responsibility, and the environment to guide management's decisions and actions;
- overseeing the development and supervision of procedures and systems to ensure the achievement of the Group's social responsibility and environmental goals;
- establishing and operating a council responsible for developing and implementing policies and strategies to achieve the Company's social responsibility and environmental goals, and ensuring Group-wide capabilities to execute such policies and strategies;
- ensuring the necessary and appropriate transparency and openness in the Group's business conduct in pursuit of its social responsibility and environmental goals;
- ensuring and overseeing the Group's interactions with stakeholders in relation to its social responsibility and environmental policies, goals and achievements, including the level of compliance with internationally accepted standards; and
- reviewing Group policies on environmental issues, human rights, and other topics as they relate to social responsibility.

Members	Membership status
Anastasios I. Leventis (Chair)	Member since 2016 Chair since 2016
Alexandra Papalexopoulou	Member since 2016
José Octavio Reyes	Member since 2014

Work and activities

The Social Responsibility Committee met four times during 2019 and discharged its responsibilities as defined under Annex C of the Company's Organisational Regulations. In addition to the Committee members, meetings were attended by two other members of the Board, Charlotte J. Boyle and Ryan Rudolph, by the Group Director of Public Affairs and Communication and by different senior leaders based on the discussion topics. The CEO, Zoran Bogdanovic, attended all four of the meetings.

During 2019, the Social Responsibility Committee reviewed and provided guidance and insights to advance the Group's sustainability approach in the following areas:

- rate of implementation and progress made against Mission 2025, our 17 publicly communicated 2025 sustainability commitments and their six pillars;
- progress and annual plans of the global Coca-Cola World Without Waste strategy, in all three pillars: packaging design, packaging collection and partnering;
- specific market initiatives addressing sustainability, such as 100% rPET in four of the mineral water brands and 50% rPET in 0.5l in Trade Mark Coke family in two countries, zero waste cities and youth empowered programmes;
- plans for calorie and sugar reduction in our portfolio;
- materiality process review and endorsement of stakeholder engagement plan, in particular the feedback from the Annual Stakeholder Forum;
- assessment of the Group's progress regarding the level of disclosure and reporting across all three dimensions of ESG investments (environmental, social and governance), with particular focus on the Dow Jones Sustainability Indices, GRI Standards and Task Force on Climate-related Financial Disclosures (TCFD) recommendations;
- assessment of emerging trends in sustainability and potential implications for Coca-Cola HBC, particularly in the areas of relevant UN SDGs.

Directors' remuneration report

Driving long-term performance

Letter from the Chair of the Remuneration Committee

Highlights this year

- Changes to our remuneration policy to align with governance developments and to take into account feedback received as part of our ongoing engagement with shareholders and proxy advisers.

Dear Shareholder

2019 was another year of very good performance. In light of our evolving business strategy, changes to the UK Corporate Governance Code and investor feedback, we have made changes to the remuneration policy to incentivise the balance between growth and profitability as appropriate.

As the Chair of the Remuneration Committee, I am pleased to present our Directors' Remuneration Report for the year ended 31 December 2019. Our primary listing is on the London Stock Exchange, and our Company is domiciled in Switzerland. We therefore ensure that we comply fully with UK regulations, except where these conflict with Swiss law. The format of this year's Remuneration Report is consistent with the format of last year's as there were no significant changes in relevant regulations or internal policies, except for changes driven by the UK Corporate Governance Code and by evolving business realities. As always, I welcome your feedback and suggestions regarding anything we can do to improve the report further.

The Group's remuneration philosophy and policies are designed to attract, motivate and retain the talented people we need to meet the Company's strategic objectives, and to give them due recognition.

To this end, the Remuneration Committee has worked to ensure that the remuneration policy of the Group remains fair, transparent and competitive in comparison with our peers, and that remuneration helps drive our growth strategy and sustainable performance.

2019 performance outcomes

In 2019, we delivered another year of strong growth, with the business recording its highest ever volume and comparable EBIT. We are delighted to announce strong results for the 2019 financial year, delivering net sales revenue growth of 4.4% on a currency-neutral basis, volume growth of 3.3% with positive performance in all segments and our comparable EBIT margin improved this year to 10.8%. We have continued to improve our cost efficiency with operating expenditure (as a % of revenue) reaching 26.9%. We also saw an improvement in our overall ROIC performance, to 14.2% this year (up from 13.7% in 2018). This performance demonstrates considerable momentum as we enter 2020.

The table below illustrates Company performance achieved against key performance indicators, and highlights the key business indicators that are used in our Management Incentive Plan (MIP) and Performance Share Plan (PSP) variable pay schemes.

COMPARABLE GROSS PROFIT MARGIN (%) 37.7% (2018: 37.9%)	**NET SALES REVENUE** (€m) 7,026 (2018: 6,657)	**COMPARABLE EPS** (€) 1.436 (2018: 1.306)	**FREE CASH FLOW** (€m) 443 (2018: 370)
COMPARABLE EBIT (€m) 759 (2018: 681)	**COMPARABLE OPERATING EXPENSE AS % OF NSR** (excl. DME) 24.7% (2018: 25.0%)	**ROIC** 14.2% (2018: 13.7%)	**VOLUME** (m unit cases) 2,265 (2018: 2,192)

● Included in MIP ● Included in PSP ● Other key performance indicators

Applying the remuneration policy for Directors in 2019

In accordance with our remuneration policy, the base salary of the Chief Executive Officer is reviewed annually. In 2019, the Committee approved a base salary increase of 5.3% to €790,000, effective 1 May 2019.

Our sustained business performance in 2019 has resulted in a payout of 72% of base salary under the Management Incentive Plan (MIP) for the CEO, equivalent to an award of 56% of maximum MIP opportunity. This reflects solid Company performance, with gross profit margin, comparable EBIT and net sales revenue between target and maximum, and operating expenses ratio between threshold and target levels.

We continue to be committed to disclosing MIP targets retrospectively and you will find the 2019 performance targets and outcomes reported on page 122.

Three-year EPS and ROIC performance to the end of 2019 resulted in a vesting level of 75% of the maximum PSP award granted in 2017. Details of the targets and outcomes are explained on page 124.

Changes in 2019

The Remuneration Committee performed its regular annual review of the Group's remuneration policy in 2019. To ensure that the policy remains fit for purpose and ensures the alignment of management with our business strategy and shareholders' interests, changes to the remuneration policy were formulated. The proposed changes take into account feedback received as part of our ongoing engagement with our shareholders and proxy advisers. The amended remuneration policy will be put to shareholders' vote at our 2020 Annual General Meeting. The key changes to the policy (detailed on pages 112 to 114) include:

- The timing of annual salary review determination which is brought forward so that disclosure can be included on a forward-looking basis in each year's remuneration report.
- For any new Executive Director, employee contributions in the pension scheme will be required, to align the scheme with that of the wider Swiss workforce. Pension contribution levels for the CEO are already aligned with those for our Swiss workforce, as defined by Swiss legislation.
- The use of straight-line vesting between threshold and maximum performance levels for PSP awards to be introduced from 2020.
- In the case of retirement, time pro-rating of PSP awards to be applied (in line with the requirements of Swiss law). Post-vesting holding periods to continue to apply to unvested awards at the time of retirement.
- Expanded explanation of the potential scenarios in which malus / clawback provisions might be applied for incentive arrangements.
- The Remuneration Committee will have discretion to reduce or negate PSP award vesting, in case of significant adverse Environmental, Social or Governance impacts regarding the Company's activities.
- An increase in the required shareholding level for the CEO to 300% of base salary.

Looking ahead

The Remuneration Committee will continue to keep policies under review so as to ensure that plans and programmes relating to remuneration support the Company's strategy and are closely linked to shareholders' interests. We value the dialogue with shareholders and welcome views on this Remuneration Report. We were pleased with the positive vote for the Company's remuneration policy and the Annual Report on Remuneration at the 2019 Annual General Meeting, and hope we will have your support again in 2020.

The Committee is mindful of the evolution in corporate governance requirements and will continue to review the application of this as it relates to aspects of remuneration.

The role of the Remuneration Committee

The main responsibilities of the Remuneration Committee are to establish the remuneration strategy for the Group and to approve compensation packages for Directors and senior management. Further, the Committee reviews wider workforce remuneration policies at Coca-Cola HBC and the alignment of incentives and rewards with strategy and culture, taking these into account when setting the remuneration policy. The Remuneration Committee operates under the Charter for the Committees of the Board of the Company set forth in Annex C to the Organisational Regulations of the Company, available on the Group's website at: https://coca-colahellenic.com/en/about-us/corporate-governance/board-committees/

Members	Membership status
Alexandra Papalexopoulou (Chair)	Member since 2015 Chair since June 2016
Reto Francioni	Appointed June 2016
Charlotte J. Boyle	Appointed June 2017

In accordance with the UK Corporate Governance Code, the Remuneration Committee consists of three independent non-Executive Directors: Alexandra Papalexopoulou (Chair), Charlotte Boyle and Reto Francioni, who were each elected by the shareholders for a one-year term on 18 June 2019. The Remuneration Committee met four times in 2019; in March, June, September and December. Please refer to the 'Governance in action' section of the Corporate Governance Report on page 83 for details on the Remuneration Committee meetings.

ALEXANDRA PAPALEXOPOULOU
CHAIR OF THE REMUNERATION COMMITTEE

Directors' remuneration report continued

Remuneration throughout the organisation – a snapshot

Attracting
Finding the people we want and need

Recognising
Adopting behaviours that produce exceptional performance

Retaining
Continuing to attract the best talent

Motivating
Achieving financial, business and non-financial targets

Reward strategy and objective

The objective of the Group's remuneration philosophy is to attract, retain and motivate employees who are curious, agile and committed to perform. Our reward strategy seeks to promote a growth mindset and reinforce desirable behaviours, ensuring that employees are fairly rewarded and that their individual contributions are linked to the success of the Company.

Variable pay is an important element of our reward philosophy. A significant proportion of total remuneration for top managers (including the Chief Executive Officer and the members of the Operating Committee) is tied to the achievement of our business objectives. These objectives are defined by key business metrics that are consistent with our growth strategy and will deliver long-term shareholder value. The variable pay element increases or decreases, based on the achieved business performance. Through equity-related long-term compensation, we seek to ensure that the financial interests of the Chief Executive Officer, the members of the Operating Committee and top managers are aligned with those of shareholders.

All of our remuneration plans, both fixed and variable, are designed to be cost-effective, taking into account market practice, business performance, and individual performance and experience where relevant. We pay close attention to our shareholders' views in reviewing our remuneration policy and programmes.

In line with the UK Corporate Governance Code, the following factors, which align well with our objectives, were also considered:

- clarity and simplicity: we believe that our policy provides transparency for executives and shareholders about what performance we are looking for across our portfolio;
- risk: we note the reputational and other risks that can result from excessive rewards and believe that our robust target-setting and long history of applying discretion to performance outcome addresses this;
- predictability and proportionality: we believe that the link between individual awards, the delivery of strategy and the long-term performance of the Company is clearly explained in this report and that our approach ensures proportionate pay outcomes that do not reward poor performance; and
- alignment to culture: we want our executives to make decisions for the long-term performance and health of the business.

How we implement our reward strategy

The chart below illustrates how we put our reward strategy into practice, with the different remuneration arrangements that apply to different employee groups.

Chief Executive Officer and Operating Committee

Shareholding guidelines
Support the alignment with shareholder interests ensuring sustainable performance:
Chief Executive Officer – required to hold shares in the Company equal in value to 300% of annual base salary within a five-year period.
Operating Committee – required to hold shares in the Company equal in value to 100% of annual base salary within a five-year period.

Chief Executive Officer, Operating Committee and selected senior management

Performance Share Plan
Performance share awards vest over three years. PSP awards are cascaded down to select senior managers, promoting a focus on long-term performance and aligning them to shareholders' interests.

Selected middle and senior management

Long-Term Incentive Plan
Cash long-term incentive awards vest over three years. LTIP awards are cascaded down to select middle and senior management to promote a high-performance culture.

All management

Management Incentive Plan
Management employees may be eligible to receive an award under the annual bonus scheme. Performance conditions are bespoke to the role and business unit.

All employees

Employee Share Purchase Plan (dependent on country practice)
The Employee Share Purchase Plan encourages share ownership and aligns the interests of our employees with those of shareholders.

Fixed pay and benefits (base salary, retirement and other benefits – dependent on country practice)
Base salaries may reflect the market value of each role as well as the individual's performance and potential. Retirement and other benefits are subject to local market practice.

Note: Participants in the Performance Share Plan are not eligible to participate in the Long-Term Incentive Plan.

Remuneration arrangements for the Chief Executive Officer – at a glance

The table below summarises the remuneration arrangements in place for our Chief Executive Officer. See page 121 for total compensation figures.

Pay element	Detail
Base salary	The base salary of the Chief Executive Officer is €790,000. The salary is reviewed annually and any increase is typically effective 1 May each year.
Retirement benefits	The Chief Executive Officer participates in a defined benefit pension plan under Swiss law. Employer contributions are 15% of annual base salary.
Other benefits	Other benefits include (but are not limited to) medical insurance, housing allowance, company car/allowance, cost of living adjustment, trip allowance, partner allowance, exchange rate protection, tax equalisation and tax filing support and advice. Benefit levels vary each year depending on need.
ESPP (Employee Share Purchase Plan)	The Chief Executive Officer may participate in the Company's Employee Share Purchase Plan. As a scheme participant, the Chief Executive Officer has the opportunity to invest a portion of his base salary and/or MIP payments in shares. The Company matches employee contributions on a one-to-one basis up to 3% of base salary and/or MIP payout. Awards are subject to potential application of malus and clawback provisions.
MIP (Management Incentive Plan)	The MIP consists of a maximum annual bonus opportunity of up to 130% of base salary. Payout is based on business performance targets (up to 120% of base salary) and individual performance (up to 10% of base salary). No bonus will be paid out if the Chief Executive Officer has achieved less than 50% of his individual objectives. 50% of any MIP payout will be deferred into shares for a further three-year period. Payments are subject to potential application of malus and clawback provisions.
PSP (Performance Share Plan)	The PSP is an annual share award which vests after three years and is subject to two equally weighted performance conditions: (i) comparable earnings per share (EPS); and (ii) return on invested capital (ROIC), each measured over a three-year period. An additional two-year holding period will apply following vesting. Awards are subject to potential application of malus and clawback provisions.

Directors' remuneration report continued

Remuneration policy

Introduction

The following section (pages 112 to 114) sets out our Directors' remuneration policy. To ensure that remuneration is structured in a way that attracts, motivates and retains the talented people we need to achieve the Company's strategic objectives and gives them due recognition, whilst driving sustainable performance and also being in line with corporate governance requirements, we have proposed some changes to the remuneration policy for 2020. The proposed changes take into account feedback received as part of our ongoing engagement with our shareholders and proxy advisers. The amended remuneration policy will be put to shareholder approval at our 2020 Annual General Meeting.

As a Swiss-incorporated Company, we are not required to put forward our remuneration policy for a shareholder vote, but we intend to do so voluntarily at least every three years, or when there are changes. We continue to endeavour to make sure that our disclosure complies fully with UK regulations, except when these conflict with Swiss law.

Policy table – Chief Executive Officer

The Company currently has a single Executive Director, being the Chief Executive Officer. Therefore, for simplicity, this section refers only to the Chief Executive Officer. This remuneration policy would, however, apply for any new Executive Director role, in the event that one were created during the term of this remuneration policy. In that case, references in this section to the Chief Executive Officer should be read as being to each Executive Director.

Fixed

Base salary

Purpose and link to strategy

To provide a fixed level of compensation appropriate to the requirements of the role of Chief Executive Officer and to support the attraction and retention of the talent able to deliver the Group's strategy.

Operation

Salary is reviewed annually, with salary changes normally effective on 1 May each year.

The following parameters are considered when reviewing base salary level:

- the Chief Executive Officer's performance, skills and responsibilities;
- economic conditions and performance trends;
- experience of the Chief Executive Officer;
- pay increases for other employees; and
- external comparisons based on factors such as: the industry of the business, revenue, market capitalisation, headcount, geographical footprint, stock exchange listing (FTSE) and other European companies.

Malus and clawback provisions do not apply to base salary.

Maximum opportunity

Whilst there is no maximum salary level, any increases awarded to the Chief Executive Officer will normally be broadly aligned with the broader employee population.

The salary increase made to the Chief Executive Officer may exceed the average salary increase under certain circumstances at the Remuneration Committee's discretion. For example, this may include: business and individual performance; material changes to the business; internal promotions; accrual of experience; changes to the role; or other material factors.

Performance metrics

Individual and business performance are key factors when determining any base salary changes.

The annual base salary for the Chief Executive Officer is set out on page 111.

Retirement benefits

Purpose and link to strategy

To provide competitive, cost-effective post-retirement benefits.

Operation

The Chief Executive Officer participates in a defined benefit pension plan under Swiss law. Until 2019, there was no obligation for employee contributions. However, we will adapt the pension scheme to be co-contributory, in line with the pension scheme for the wider Swiss workforce, for new Executive Directors' appointments from 2020 onwards.

Normal retirement age for the Chief Executive Officer's plan is 65 years. In case of early retirement, which is possible from the age of 58, the Chief Executive Officer is entitled to receive the amount accrued under the plan as a lump sum.

Malus and clawback provisions do not apply to retirement benefits.

Maximum opportunity

The contributions to the pension plan are calculated as a percentage of annual base salary (excluding any incentive payments or other allowance/benefits provided) based on age brackets as defined by Federal Swiss legislation.

This percentage is currently 15% of base salary and increases to 18% for age above 55.

Performance metrics

None.

Other benefits

Purpose and link to strategy

To provide benefits to the Chief Executive Officer which are consistent with market practice.

Operation

Benefit provisions are reviewed by the Remuneration Committee which has the discretion to recommend the introduction of additional benefits where appropriate.

Typical provisions for the Chief Executive Officer include benefits related to relocation such as housing allowance, company car/allowance, cost of living adjustment, trip allowance, partner allowance, exchange rate protection, tax equalisation and tax filing support and advice. For all benefits, the Company will bear any income tax and social security contributions arising from such payments.

Malus and clawback provisions do not apply to benefits.

Maximum opportunity

There is no defined maximum as the cost to the Company of providing such benefits will vary from year to year.

Performance metrics

None.

ESPP (Employee Share Purchase Plan)

Purpose and link to strategy

The ESPP is an Employee Share Purchase Plan, encouraging broader share ownership, and is intended to align the interests of employees and the Chief Executive Officer with those of the shareholders.

Operation

This is a voluntary share purchase scheme across many of the Group's countries. The Chief Executive Officer as a scheme participant has the opportunity to invest from 1% to 15% of his base salary and/or MIP payout to purchase Company's shares by contributing to the plan on a monthly basis.

The Company matches the Chief Executive Officer's contributions on a one-to-one basis up to 3% of the employee's base salary and/or MIP payout. Matching contributions are used to purchase shares one year after the matching. Matching shares are immediately vested.

Dividends received in respect of shares held under the ESPP are used to purchase additional shares and are immediately vested. The Chief Executive Officer is eligible to participate in the ESPP operated by the Company on the same basis as other employees. Malus and clawback provisions apply. Further details may be found in the Additional notes to the remuneration policy table section on page 116.

Maximum opportunity

Maximum investment is 15% of gross base salary and MIP payout. The Company matches contributions up to 3% of gross base salary and MIP payout. Matching contributions are used to purchase shares after one year from the matching. Matching shares are immediately vested.

Performance metrics

The value is directly linked to the share price performance. It is therefore not affected by other performance criteria.

Variable pay

MIP (Management Incentive Plan)

Purpose and link to strategy

To support profitable growth and reward annually for contribution to business performance. The plan aims to promote a high-performance culture with stretching individual and business targets linked to our key strategies.

Operation

Annual cash bonus awarded under the MIP is subject to business and individual performance metrics and is non-pensionable.

The Chief Executive Officer's individual objectives are regularly reviewed to ensure relevance to business strategy and are set and approved annually by the Chair of the Remuneration Committee and Chairman of the Board of Directors.

Stretching targets for business performance are set annually, based on the business plan of the Group as approved by the Board of Directors.

Performance against these targets and bonus outcomes is assessed by the Remuneration Committee, which may recommend an adjustment to the payout level where it considers the overall performance of the Company or the individual's contribution warrants a higher or lower outcome.

Malus and clawback provisions apply. Further details may be found in the Additional notes to the remuneration policy table section on page 116.

PSP (Performance Share Plan)

Purpose and link to strategy

To align the Chief Executive Officer's interests with the interests of shareholders, and increase the ability of the Group to attract and reward individuals with exceptional skills.

Operation

The Chief Executive Officer is granted conditional awards of shares which vest after three years, subject to the achievement of performance metrics and continued service. Grants take place annually, normally every March.

Performance metrics and the associated targets are reviewed and determined around the beginning of each performance period to ensure that they support the long-term strategies and objectives of the Group and are aligned with shareholders' interests.

Dividends may be paid on vested shares where the performance metrics are achieved at the end of the three-year period.

Malus and clawback provisions apply. Further details may be found in the Additional notes to the remuneration policy table section on page 116.

Directors' remuneration report continued

Variable pay continued

MIP (Management Incentive Plan)

Maximum opportunity

The Chief Executive Officer's maximum MIP opportunity is set at 130% of annual base salary.

Threshold, target and maximum bonus opportunity levels are as follows:

- Threshold: 5% of base salary
- Target: 70% of base salary
- Maximum: 130% of base salary
- Maximum payout is based on business performance targets (up to 120% of salary) and individual performance (up to 10% of salary)

Performance metrics

The MIP awards are based on business metrics linked to our business strategy. These may include but are not limited to measures of revenue, profit, profit margins and operating efficiencies. The weighting of individual performance metrics shall be determined by the Remuneration Committee around the beginning of the MIP performance period.

Details related to the key performance indicators and individual objectives can be found in the Annual Report on Remuneration on page 123.

Deferral of MIP

50% of any MIP award is to be deferred into shares which will be made available after a three-year deferral period which commences on the first day on the fiscal year in which the deferred share award is made.

Deferred shares may be subject to malus and clawback (for a period of two years following this incentive award) to the extent deemed appropriate by the Remuneration Committee, in line with best practice.

PSP (Performance Share Plan)

Maximum opportunity

Awards (normally) have a face value up to 330% of base salary.

In exceptional circumstances only, the Remuneration Committee has the discretion to grant awards up to 450% of base salary.

Performance metrics

Vesting of awards is subject to the three-year Group performance metrics based on two equally-weighted measures which have been selected as they are aligned to long-term growth and also measure the efficient use of capital, both of which are aligned to our strategic plan: comparable earnings per share (comparable EPS); and the percentage of comparable net profit excluding net finance costs divided by the capital employed (ROIC). Capital employed is calculated as the average of net debt and shareholders' equity attributable to the owners of the parent through the year.

Following the end of the three-year period, the Remuneration Committee will determine the extent to which performance metrics have been met and, in turn, the level of vesting. Participants may receive vested awards in the form of shares or a cash equivalent.

For both performance metrics, achieving threshold performance results in vesting of 25% of the award and maximum performance results in vesting of 100% of the award. There will be a straight-line vesting between these performance levels for awards made from 2020.

Performance share awards will lapse if the Remuneration Committee determines that the performance metrics have not been met. The Remuneration Committee will have discretion to reduce or negate PSP award vesting, in case of significant adverse Environmental, Social or Governance impacts regarding the Company's activities.

Holding period

Any vested award (net of shares sold to cover tax liability) is subject to a further two-year holding period following the end of the three-year performance period. During this two-year period, these beneficially owned shares are subject to a no sale commitment. Any shares subject to the holding period count towards the shareholding requirement.

Adjustments

In the event of an equity restructuring, the Remuneration Committee may make an equitable adjustment to the terms of the performance share award by adjusting the number and kind of shares which have been granted or may be granted and/or making provision for payment of cash in respect of any outstanding performance share award.

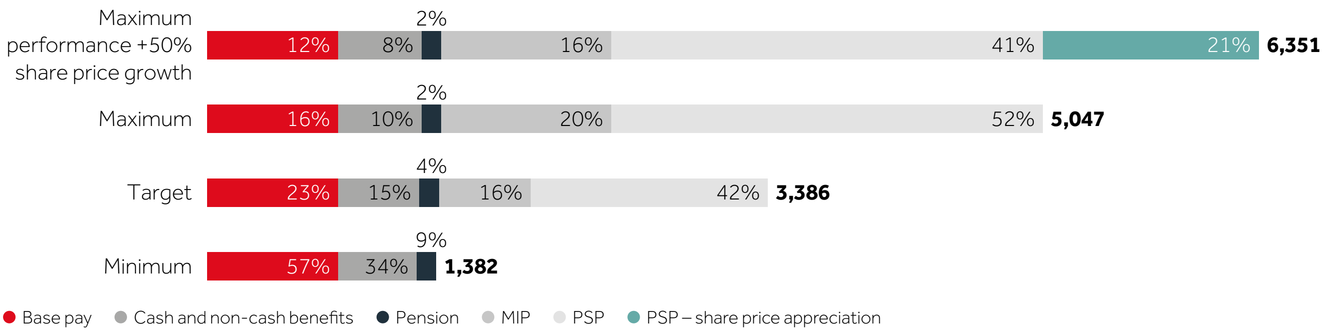
Change of control

In the event of change of control, unvested performance share awards held by participants vest immediately on a pro-rated basis if the Remuneration Committee determines that the performance metrics have been satisfied or would have been likely to be satisfied at the end of the performance period, unless the Remuneration Committee determines that substitute performance share awards may be used in place of the previous awards. For vested shares subject to the additional holding period, the holding period will lapse and the participants are no longer subject to the no sale commitment.

Additional notes to the Executive Director's remuneration policy table

Chief Executive Officer's remuneration policy illustration

The graph below provides estimates of the potential reward opportunity for the Chief Executive Officer and the split between the three different elements of remuneration under three different performance scenarios: 'Minimum', 'Target' and 'Maximum'. In line with the reporting regulations, a scenario assuming 50% share price growth over the three-year PSP performance period is also shown below. The assumptions used for these charts are set out in the table below (€ 000s).



Minimum performance	Fixed remuneration only, i.e. base salary, pension and other benefits (including ESPP participation). No payout under the MIP or PSP.
Target performance	Fixed remuneration. MIP payout of 70% of base salary. PSP vesting at 181.5% of base salary.
Maximum performance	Fixed remuneration. MIP payout of 130% of base salary. PSP vesting at 330% of base salary.
Maximum performance + 50% share price growth	Fixed remuneration. MIP payout of 130% of base salary. PSP vesting at 330% of base salary. 50% assumed share price growth over three-year PSP performance period.

Other than the 'Maximum scenario + 50% share price growth', no share price growth or dividend assumptions have been included in the charts above.

	Component	Minimum (€ 000s)	Target (€ 000s)	Maximum (€ 000s)	Maximum performance + 50% share price growth (€ 000's)
Fixed	Base salary[1]	€790	€790	€790	€790
	Pension	€119	€119	€119	€119
	Cash and non-cash benefits[2]	€473	€490	€504	€504
Variable	MIP	–	€553	€1,027	€1,027
	PSP	–	€1,434	€2,607	€2,607
	PSP – 50% share price appreciation	–	–	–	€1,304
Total		**€1,382**	**€3,386**	**€5,047**	**€6,351**

1. Represents the annual base salary as at 1 May 2019.
2. ESPP employer contributions may vary depending on the MIP payout provided that the Chief Executive Officer decides to contribute a portion of the MIP towards the ESPP. The figures provided have been calculated on the basis of the applicable MIP payout and the Chief Executive Officer deciding to contribute 3% to the ESPP.

Directors' remuneration report continued

ESOP (Employee Stock Option Plan)

The ESOP was replaced by the PSP in 2015 and the last grant under the ESOP took place in December 2014. Although the Remuneration Committee does not intend to award under the ESOP going forward, there are still outstanding stock option awards which may be exercised in future years. Awards vest in one-third increments each year for three years and can be exercised for up to 10 years from the date of the award.

Malus and clawback provision for variable pay plans

The Committee has reviewed the malus and clawback provisions as part of the policy review. The MIP, PSP, ESOP and ESPP plans include malus provisions which give the Remuneration Committee and/or the Board discretion to judge that an award should lapse wholly or partly in event of material misstatement of financial results and/or misconduct, significant reputational risk and corporate failure.

The Remuneration Committee and/or Board also has the discretion to determine that clawback should be applied to awards under the MIP, PSP, ESOP and ESPP plans for the Chief Executive Officer and members of the Operating Committee. Clawback can potentially be applied to payments or vested awards for up to a two-year period following the payment or vesting.

Shareholding guidelines

In order to strengthen the link with shareholders' interests, the Chief Executive Officer is required to hold shares in the Company equal in value to 300% of annual base salary. Members of the Operating Committee are required to hold 100% of annual base salary. The Chief Executive Officer has five years from appointment to accumulate shares equal to 300% of annual base salary (with shares acquired from PSP awards and shares resulting from the deferral of the 50% of the MIP counting towards fulfillment of the shareholding requirement). The current Chief Executive Officer will have an additional two years to meet the increased requirement, from 200% previously. The Committee continues to review the need for stronger shareholding requirements in the long term and this is subject to further review in the future.

Remuneration arrangements across the Group

The remuneration approach for the Chief Executive Officer, the members of the Operating Committee and senior management is similar. The Chief Executive Officer's total remuneration has a significantly higher proportion of variable pay in comparison with the rest of our employees. The Chief Executive Officer's remuneration will increase or decrease in line with business performance, aligning it with shareholders' interests.

The structure of the remuneration package for the wider employee population takes into account local market practice and is intended to attract and retain the right talent, be competitive and remunerate employees for promoting a growth mindset while contributing to the Group's performance. As part of the Performance for Growth framework introduced in 2019, we have revised and updated the remuneration framework with features such as each business unit having more flexibility on target positioning, managers having the flexibility to retain key talents and guidance provided for increased award for high-potential and/or exceptional performance.

Policy table – non-Executive Directors

Base fees

Purpose and link to strategy

To provide a fixed level of compensation appropriate to the requirements of the role of non-Executive Director and to attract and retain high-quality non-Executive Directors with the right talent, values and skills necessary to provide oversight and support to management to grow the business, support the Company's strategic framework and maximise shareholder value.

Operation

Non-Executive Directors' pay is set at a level that will not call into question the objectivity of the Board. When considering market levels, comparable companies typically include those in the FTSE index with similar positioning as the Company, other Swiss companies with similar market capitalisation and/or revenues, and other relevant European listed companies.

Maximum opportunity

Fee levels for non-Executive Directors include an annual fixed fee plus additional fees for membership of Board committees when applicable, as summarised below:

- Base non-Executive Director's fee: €73,500
- Senior Independent Director's fee: €15,800
- Audit and Risk Committee Chair fee: €28,900
- Audit and Risk Committee member fee: €14,500
- Remuneration, Nomination and Social Responsibility Chair fees: €11,600
- Remuneration, Nomination and Social Responsibility member fees: €5,800

Fee levels are subject to periodic review and approval by the Chairman of the Board and the Chief Executive Officer.

Other benefits

Non-Executive Directors do not receive any benefits in cash or in kind. They are not entitled to severance payments in the event of termination of their appointment. They are entitled to reimbursement of all reasonable expenses incurred in the interests of the Group.

Variable remuneration

Non-Executive Directors do not receive any form of variable compensation.

Legacy arrangements

For the avoidance of doubt, it is noted that the Company will honour any commitments entered into that have previously been disclosed to shareholders.

Policy on recruitment/appointment

Executive Directors

Annual base salary arrangements for the appointment of an Executive Director will be set considering market relevance, skills, experience, internal comparisons and cost. The Remuneration Committee may recommend an appropriate initial annual base salary below relevant market levels. In such situations, the Remuneration Committee may make a recommendation to realign the level of base salary in the forthcoming years. As highlighted above, annual base salary 'gaps' may result in higher rates of salary increase in the short term, subject to an individual's performance. The discretion is retained to offer an annual base salary necessary to meet the individual circumstances of the recruited Executive Director and to enable the hiring of an individual with the necessary skills and expertise.

The maximum level of variable pay that may be offered will follow the rules of the MIP and is capped at 130% of the relevant individual's annual base salary. The maximum level of equity-related pay that may be offered will follow the PSP rules and is capped at 450% of the relevant individual's annual base salary. The typical award is not expected to surpass 330% of base salary. Different performance measures may be set initially for the annual bonus taking into consideration the point in the financial year that a new Executive Director joins. The above limits do not include the value of any buyout arrangements.

Benefits will be provided in line with those offered according to the Group's policy for other employees. If an Executive Director is required to relocate, benefits may be provided as per the Group's international transfer policy which may include transfer allowance, tax equalisation, tax advice and support, housing, cost of living, schooling, travel and relocation costs.

The Remuneration Committee may consider recommending the buying out of incentive awards that an individual would forfeit by accepting the appointment up to an equivalent value in shares or in cash. In the case of a share award, the Remuneration Committee may approve a grant of shares under the PSP. When deciding on a potential incentive award buyout and in particular the level and value thereof, the Remuneration Committee will be informed of the time and performance pro-rated level of any forfeited award.

It is expected that Executive Directors appointed during the remuneration policy period will be appointed on similar notice provisions to the Chief Executive Officer, allowing for termination of office by either party on six months' notice.

Non-Executive Directors

It is expected that non-Executive Directors appointed during the remuneration policy period will receive the same basic fee and, as appropriate, committee fee or fees as existing non-Executive Directors and will be entitled to reimbursement of all reasonable expenses incurred in the interests of the Group.

It is expected that non-Executive Directors appointed during the remuneration policy period will be appointed on a one-year term of appointment, in the same manner as existing non-Executive Directors.

The Company does not compensate new non-Executive Directors for any forfeited share awards in previous employment.

Termination payments

The Swiss Ordinance against Excessive Compensation in Listed Companies limits the authority of the Remuneration Committee and the Board to determine compensation. Limitations include the prohibition of certain types of severance compensation.

Our governance framework ensures that the Group uses the right channels to support reward decisions. In the case of early termination, the non-Executive Directors would be entitled to their fees accrued as of the date of termination, but are not entitled to any additional compensation. The Chief Executive Officer's employment contract does not contain any provisions for payments on termination. Notice periods are set for up to six months and non-compete clauses are 12 months, effective in 2019. The notice period anticipates that up to six months' paid garden leave may be provided. Similarly, up to 12 months of base salary may be paid out in relation to the non-compete period.

In case of future terminations, payments will be made in accordance with the termination policy on page 118.

Directors' remuneration report continued

Pay element	Good leaver (retirement at 55 or later/at least 10 years' continued service)	Good leaver (injury, disability)	Bad leaver (resignation, dismissal)	Death in service
Base salary and other benefits / non-Executive Directors' fees	Payment in lieu of notice is not permissible. The Company could ask the Chief Executive Officer to be on paid garden leave for up to six months.			
ESPP	Unvested cash allocations held in the ESPP will vest upon termination.		Unvested cash allocations under the ESPP are forfeited.	Available ESPP shares will be transferred to heirs.
MIP	A pro-rated payout as of the date of retirement will be applied. Deferred shares will continue to vest as normal.	A pro-rated payout as of the date of leaving will be applied. Deferred shares will continue to vest as normal.	In the event of resignation or dismissal, as per Swiss Law, the Chief Executive Officer is entitled to a pro-rated MIP payout. Any outstanding deferred shares will lapse.	A pro-rated payout will be applied and will be paid immediately to heirs, based on the latest rolling estimate. Deferred shares will continue to vest as normal.
PSP/ESOP	All unvested options and performance share awards continue to vest as normal subject to time pro-rating and are subject to the additional holding period[1]. For vested shares that are subject to the additional holding period, they will continue to be subject to the no-sale commitment until the end of the relevant two-year period. Under Swiss law, share awards are considered annual compensation and as such when time pro-rating is required, the year of grant (12 months) and not the vesting period (36 months) for time pro-rating calculations is considered.	All unvested options and performance share awards immediately vest to the extent that the Remuneration Committee determines that the performance conditions have been met, or are likely to be met at the end of the three-year performance period and are subject to the additional holding period. Any options that vest are exercisable within 12 months from the date of termination. For vested shares that are subject to the additional holding period, they will continue to be subject to the no-sale commitment until the end of the relevant two-year period.	All unvested options and performance share awards immediately lapse without any compensation. In the event of resignation, all vested options must be exercised within six months from the date of termination. Upon dismissal, all vested options must be exercised within 30 days from the date of termination. For vested shares that are subject to the additional holding period, they will continue to be subject to the no-sale commitment until the end of the relevant two-year period.	All unvested options and performance share awards immediately vest subject to time and performance pro-rating. Any options that vest are exercisable within 12 months from the date of termination. For vested shares that are subject to the additional holding period, the no-sale commitment will cease immediately. Under Swiss law, share awards are considered annual compensation and as such when time pro-rating is required, the year of grant (12 months) and not the vesting period (36 months) for time pro-rating calculations is considered.

1. Applicable to any retirement of an Executive Director which takes place after 2020.

Corporate events

In the event of an equity restructuring, the Remuneration Committee may make an equitable adjustment to the terms of the performance share award by adjusting the number and kind of shares that have been granted or may be granted and/or making provision for payment of cash in respect of any outstanding performance share award.

In the event of a change of control, unvested performance share awards held by participants vest immediately on a pro-rated basis if the Remuneration Committee determines that the performance condition(s) have been satisfied or would have been likely to be satisfied at the end of the performance period, unless the Remuneration Committee determines that substitute performance share awards may be used in place of the previous awards.

Service contracts

Zoran Bogdanovic, the Chief Executive Officer, has a service contract with the Company with a six-month notice period. As noted under Termination payments on page 117, the Chief Executive Officer's employment contract does not include any termination benefits, other than as mandated by Swiss law. The Swiss Code of Obligations requires employers to pay severance when an employment relationship ends with an employee of at least 50 years of age after 20 years or more of service.

The Chief Executive Officer is also entitled to reimbursement of all reasonable expenses incurred in the interests of the Company. In accordance with the Swiss Ordinance against Excessive Compensation in Listed Companies, there are no sign-on policies/provisions for the appointment of the Chief Executive Officer.

The table below provides details of the current service contracts and terms of appointment for the Chief Executive Officer and other Directors.

Name	Title	Date originally appointed to the Board of the Company	Date appointed to the Board of the Company	Unexpired term of service contract or appointment as non-Executive Director
Anastassis G. David	Chairman and non-Executive Director	27 July 2006	18 June 2019	One year
Zoran Bogdanovic	Chief Executive Officer	11 June 2018	18 June 2019	Indefinite, terminable on six months' notice
Charlotte J. Boyle	Non-Executive Director	20 June 2017	18 June 2019	One year
Olusola (Sola) David-Borha	Non-Executive Director	24 June 2015	18 June 2019	One year
William W. (Bill) Douglas III	Non-Executive Director	21 June 2016	18 June 2019	One year
Reto Francioni	Senior Independent non-Executive Director	21 June 2016	18 June 2019	One year
Anastasios I. Leventis	Non-Executive Director	25 June 2014	18 June 2019	One year
Christo Leventis	Non-Executive Director	25 June 2014	18 June 2019	One year
Alexandra Papalexopoulou	Non-Executive Director	24 June 2015	18 June 2019	One year
José Octavio Reyes	Non-Executive Director	25 June 2014	18 June 2019	One year
Alfredo Rivera	Non-Executive Director	18 June 2019	18 June 2019	One year
Ryan Rudolph	Non-Executive Director	21 June 2016	18 June 2019	One year
John P. Sechi	Non-Executive Director	25 June 2014	18 June 2019	One year

The Chief Executive Officer's service contract and the terms and conditions of appointment of the non-Executive Directors are open for inspection by the public at the registered office of the Group.

Consideration of employee views

The Remuneration Committee does not currently consult specifically with employees on policy for the remuneration of the Chief Executive Officer. Pay movement for the wider employment group is considered when making pay decisions for the Chief Executive Officer.

Consideration of shareholder views

Shareholder views and the achievement of the Group's overall business strategies have been taken into account in formulating the remuneration policy. Following shareholder feedback before and after the Annual General Meeting, the Remuneration Committee and the Board consult with shareholders and meet with the largest institutional investors to gather feedback on the Company's remuneration strategy and corporate governance. The Company would be happy to engage with shareholders in the future to discuss the outcomes of the remuneration policy.

In reviewing and determining remuneration, the Remuneration Committee takes into account the following:

- the business strategies and needs of the Company;
- the views of shareholders on Group policies and programmes of remuneration;
- the alignment of remuneration policy with principles of clarity, simplicity, risk, predictability, proportionality and alignment with culture;
- market comparisons and the positioning of the Group's remuneration relative to other comparable companies;
- input from employees regarding our remuneration programmes;
- the need for similar, performance-related principles for the determination of executive remuneration and the remuneration of other employees; and
- the need for objectivity. Board members, the Chief Executive Officer and Operating Committee members play no part in determining their own remuneration. The Chair of the Remuneration Committee and the Chief Executive Officer are not present when the Remuneration Committee and the Board discuss matters that pertain to their remuneration.

This ensures that the same performance-setting principles are applied for executive remuneration and other employees in the organisation.

Directors' remuneration report continued

Annual Report on Remuneration

Introduction

This section of the report provides detail on how we have implemented our remuneration policy in 2019 which, in accordance with the UK remuneration reporting regulations, will be subject to an advisory shareholder vote at our 2020 Annual General Meeting.

Activities of the Remuneration Committee during 2019

During 2019, the key Remuneration Committee activities were to:

- Review and sign off the 2018 Directors' Remuneration Report;
- Review the 2019 base salary for the Chief Executive Officer;
- Review and approve the 2019 base salaries for the Operating Committee members and general managers;
- Review and approve the 2018 MIP payout for the Chief Executive Officer;
- Review and approve payout levels for the 2018 MIP in relation to Operating Committee members and general managers;
- Review and approve the performance achievement of the 2015 and 2016 PSP awards, number of shares vesting and dividend equivalents of the respective plans;
- Set and approve 2019 PSP targets;
- Review award levels for 2019 PSP awards;
- Review the Company's Irish pension plans;
- Review and approve changes to the Executive Director's remuneration policy; and
- Review the new leadership and performance framework – Performance for Growth.

Advisers to the Remuneration Committee

The Chairman of the Board, the Chief Executive Officer, the Group Human Resources Director, the Group Rewards Director and the General Counsel regularly attend meetings of the Remuneration Committee.

While the Remuneration Committee does not have external advisers, in 2019 it authorised management to work with external consultancy firm Willis Towers Watson, to provide independent advice on ad hoc remuneration issues during the year. These services are considered to have been independent, objective and relevant to the market. Other than employee engagement benchmarking services, Willis Towers Watson does not provide any other services to the Company. The total cost in connection with this work was €36,123, invoiced on a time spent basis. Willis Towers Watson is a member of the Remuneration Consultants Group and provides advice in line with its Code of Business Conduct. Considering this, and the level and nature of the service received, the Committee remains satisfied that the advice is objective and independent.

Non-Executive Directors' remuneration for the year ended 31 December 2019 and 2018

	Financial year	Base fee[1] (€)	Audit and Risk Committee (€)	Remuneration Committee (€)	Nomination Committee (€)	Social Responsibility Committee (€)	Senior Independent Director (€)	Social security contributions[2] (€)	Total (€)
Anastassis G. David	**FY2019**	**73,500**	–	–	–	–	–	–	**73,500**
	FY2018	73,500	–	–	–	–	–	–	73,500
Ahmet C. Bozer[3]	**FY2019**	**36,750**	–	–	–	–	–	–	**36,750**
	FY2018	73,500	–	–	–	–	–	–	73,500
Charlotte J. Boyle	**FY2019**	**73,500**	–	5,800	5,800	–	–	–	**85,100**
	FY2018	73,500	–	5,800	5,800	–	–	–	85,100
Olusola (Sola) David-Borha	**FY2019**	**73,500**	14,500	–	–	–	–	7,001	**95,001**
	FY2018	73,500	14,500	–	–	–	–	7,001	95,001
William W. (Bill) Douglas III	**FY2019**	**73,500**	28,900	–	–	–	–	–	**102,400**
	FY2018	73,500	28,900	–	–	–	–	–	102,400
Reto Francioni	**FY2019**	**73,500**	–	5,800	11,600	–	15,800	8,489	**115,189**
	FY2018	73,500	–	5,800	11,600	–	15,800	8,489	115,189
Anastasios I. Leventis	**FY2019**	**73,500**	–	–	–	11,600	–	–	**85,100**
	FY2018	73,500	–	–	–	11,600	–	–	85,100
Christo Leventis	**FY2019**	**73,500**	–	–	–	–	–	–	**73,500**
	FY2018	73,500	–	–	–	–	–	–	73,500
Alexandra Papalexopoulou	**FY2019**	**73,500**	–	11,600	5,800	5,800	–	–	**96,700**
	FY2018	73,500	–	11,600	5,800	5,800	–	–	96,700
José Octavio Reyes	**FY2019**	**73,500**	–	–	–	5,800	–	4,400	**83,700**
	FY2018	73,500	–	–	–	5,800	–	4,434	83,734
Alfredo Rivera[4]	**FY2019**	**36,750**	–	–	–	–	–	–	**36,750**
	FY2018	–	–	–	–	–	–	–	–
Ryan Rudolph	**FY2019**	**73,500**	–	–	–	–	–	5,848	**79,348**
	FY2018	73,500	–	–	–	–	–	5,848	79,348
John P. Sechi	**FY2019**	**73,500**	14,500	–	–	–	–	–	**88,000**
	FY2018	73,500	14,500	–	–	–	–	–	88,000

1. Non-Executive Director fees for 2019 are in line with the fees that were revised in 2018.
2. Social security employer contributions as required by Swiss legislation.
3. Ahmet C. Bozer retired from the Board of Directors on 18 June 2019. The Group has applied a half-year period base fee.
4. Alfredo Rivera was appointed to the Board of Directors on 18 June 2019. The Group has applied a half-year period base fee.

Non-Executive Directors do not participate in any of the Group's incentive plans, nor do they receive any retirement or other taxable benefits. Fee levels were reviewed in 2018 to ensure that they remained competitive in relation to comparable companies and an adjustment of 5% was made. Before this, Non-Executive Director fees were last adjusted in 2016.

Single figure table

Single total figure of remuneration for the Chief Executive Officer for the years ended 31 December 2019 and 2018

	Base pay[1] €000s		Cash and non-cash benefits[2] €000s		Annual bonus[3] €000s		Employee Share Purchase Plan[4] €000s		Long-term incentives[5] €000s		Retirement benefits[6] €000s		Total single figure €000s	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Zoran Bogdanovic	**777**	750	**450**	420	**572**	465	**30**	32	**621**	1,919	**127**	124	**2,577**	3,710

1. 'Base pay' includes the monthly instalments linked to the base salary for 2019.
2. 'Cash and non-cash benefits' includes the value of all benefits paid during 2019. These are outlined in the 'Cash and non-cash benefits' section below and include any gross-ups for the tax benefit.
3. Annual bonus for 2019 includes the MIP payout, receivable early in 2020 for the 2019 performance year, including the amount deferred in shares.
4. 'Employee Share Purchase Plan' reflects the value of Company matching share contributions under the ESPP.
5. 'Long-term incentives' for 2019 reflects the 2017 awards made under the Performance Share Plan and the dividend equivalent shares paid on PSP shares that will vest in early 2020. The number of shares due to vest to the Chief Executive Officer for the 2017 award is 20,288. The Chief Executive Officer will also get 1,088 shares representing the dividend equivalents for the awarded shares for 2017, 2018 and 2019. The value reflects the number of shares multiplied by the average market price over the last three months of the financial year. The figure will be restated in next year's report based on the share price at vesting (as has been done for the 2015 and 2016 awards in the 2018 figure above). €188,713 of the €620,508 total vested value of the 2017 award was due to increase in share price since date of grant.
6. 'Retirement benefits' includes the pension plan under Swiss law. Employer contributions are 15% of annual base salary. The disclosed figure includes also risk and administration costs of €10,735.

Directors' remuneration report continued

Fixed pay for 2019

Base salary

In 2019 the Remuneration Committee approved a base salary of €790,000, effective 1 May 2019. When determining the base salary level, the Remuneration Committee considered alignment and competitiveness versus peers in the FTSE, and the experience of the individual.

Retirement benefits

Zoran Bogdanovic is to receive an annual retirement benefit of 15% of base salary, aligning to the retirement benefit provided under Swiss law and based on the age brackets defined by federal Swiss legislation. During the year, €127,235 of retirement benefit was received inclusive of €10,735 for risk and administration costs.

Cash and non-cash benefits

Zoran Bogdanovic received additional benefits during 2019. These included cost of living and foreign exchange rate adjustment (€233,632), private medical insurance (€11,420), partner allowance (€1,000), home trip allowance (€2,224), tax support (€2,504), company car (€18,153), housing allowance (€105,952), Company matching contribution related to the ESPP (€30,275 – reflecting the maximum match of 3% under the plan), tax equalisation (€-30,349), and the value of social security contributions (€105,236).

Variable pay for 2019

MIP performance outcomes – 2019

As outlined above, the annual bonus award in respect of the 2019 financial year for the Chief Executive Officer was €571,960, 72% of base salary. In accordance with the terms of the MIP, 50% of this will be paid out in March 2020 and the remaining 50% will be deferred into shares for a period of three years. This bonus reflects the financial and individual performance achieved during the period 1 January 2019 to 31 December 2019. The financial metrics, the associated targets and level of achievement are set below.

MIP payouts are not driven by share price appreciation.

Achievement against the Chief Executive Officer's individual performance metrics and the respective payout is outlined below.

Objectives			Assessment	
Description	Measure of success	Weighting %	Actual results	Payout % of CEO's annual base salary (maximum 10%)
Revenue	Grow revenue faster than volume and transactions faster than volume	20%	Revenue growth (NARTD FX neutral) +4.4% > Transactions growth +3.4% > Volume growth +3.3%	2.0%
Volume	Grow volume in all three segments, Established, Developing and Emerging	20%	We grew volume in all three segments: Established markets +0.8%, Developing markets +0.5%, Emerging markets +5.7%	2.0%
Engagement	Maintain the High-Performing Norm Status as per Willis Tower Watson	20%	2019 engagement score: 90 (+2ppts vs. 2018, +1 vs. High Performing Norm, +9ppts vs. FTSE100)	2.0%
EBIT Margin	Further improve comparable EBIT margin compared to 2018 by 50 basis points or more	20%	EBIT margin improved by 60 basis points	2.0%
Sustainability	Regain Beverage Industry Leadership on DJSI either World or Europe	20%	Coca-Cola HBC ranked first in Europe and second on a Global level. This makes nine consecutive years in Top 3 in Europe and globally	2.0%
			Total	**10.0%**

Achievement against the Group's business metrics and the respective payout is outlined below.

	Threshold (0%)	**Target** (15%)	**Maximum** (30%)	Actual	**Payout** (% of base salary)
Gross profit margin (%)	36.7	37.4	39.4	37.7	**13.7%**
Comparable EBIT (€ m)	689	749	809	759	**21.0%**
OpEx % of NSR	25.5	24.2	21.7	24.7	**7.8%**
NSR (€ m)	6,434	6,994	7,343	7,026	**19.7%**
				Total financial performance measures payout	**62.2%**

● Threshold ● Target ● Maximum ● Actual

Employee Stock Option Plan (ESOP) outcomes – 2019

The Remuneration Committee will no longer make awards under this plan. All stock options are fully vested.

Performance Share Plan (PSP) awards – 2019

The PSP is the primary long-term incentive vehicle. In March 2019, the Chief Executive Officer was granted a performance share award over 82,156 shares under the PSP, representing 330% of base salary at date of grant.

The award is subject to a three-year performance period, aligned to the Company's financial year, with performance measured to the end of financial year 2021, and vesting anticipated in March 2022.These vested shares will then be subject to a further two-year holding period, whereby the Chief Executive Officer agrees to a no-sale commitment during this time.

The following table sets out the details of the performance share award made to the Chief Executive Officer under the PSP for 2019.

Type of award made	Performance share award over 82,156 [1] shares, receivable for nil cost
Share price at date of grant	€30,13 (£26.17)
Date of grant	13 March 2019
Performance period	1 January 2019 to 31 December 2021
Face value of the award (The maximum number of shares that would vest if all performance measures and targets are met, multiplied by the share price at the date of grant)	€2,475,000
Face value of the award as a % of annual base salary	330%
Percentage that would be distributed if threshold performance was achieved in both PSP key performance indicators	25% of maximum award
Percentage that would be distributed if threshold performance was achieved only in one PSP key performance indicator	12.5% of maximum award

1. The number of shares was adjusted as of 5 July 2019 to 87,247 as a result of the 2019 extraordinary dividend. This adjustment was mechanistic in nature to keep PSP participants neutral as to the effect of the extraordinary dividend of €2.00 per share.

Similar to the award made in March 2018, the 2019 award was subject to comparable earnings per share (EPS) and return on invested capital (ROIC), as outlined below.

			Threshold		Maximum	
Measure	Description	Weighting	Target	Vesting (% of max)	Target	Vesting (% of max)
Comparable EPS	Calculated by dividing the comparable net profit attributable to the owners of the parent by the weighted average number of outstanding shares during the period.	50%	1.62	25%	1.80	100%
Return on invested capital (ROIC)	ROIC is the percentage return that a company makes over its invested capital. More specifically, we define ROIC as the percentage of comparable net profit excluding net finance costs divided by the capital employed. Capital employed is calculated as the average of net debt and shareholders' equity attributable to the owners of the parent through the year.	50%	13.8%	25%	15.8%	100%

The vesting schedule for PSP performance conditions is not a straight line between the threshold and maximum performance levels. At the date of grant of this award, the Remuneration Committee considered it was appropriate to place greater emphasis on achieving the target performance level than the outperformance of this level. As described earlier in the report, responding to feedback received, awards from 2020 will vest on a straight-line basis between threshold and maximum performance levels.

Directors' remuneration report continued

Performance Share Plan (PSP) outcomes – 2019

The table below summarises performance against the applicable targets for PSP awards made in 2017, which are due to vest in early 2020.

			Threshold		Maximum		Actual to the year ending 2019		
	Measure	Weighting	Target	Vesting (% of max)	Three-year target	Vesting (% of max)	Achievement	Vesting (% of max)	Total (% of max)
2017 award	Comparable EPS	50%	1.24	25%	1.50	100%	1.426	74%	75%
	ROIC	50%	13.0%	25%	15.8%	100%	15.0%	76%	

Note that the figures for achieved EPS and ROIC in the table above reflect adjusted performance and the unadjusted, reported figures are EPS: €1.436, ROIC: 14.2%.

The Committee determined that it was appropriate to make a number of adjustments to the performance outcome to take account of (i) the acquisition of Bambi during the year, (ii) a change in accounting under the IFRS 16 standard, and (iii) the special dividend paid in July 2019. In making these adjustments, the Committee's intention was to maintain the original degree of stretch by adjusting for these items which were not anticipated at the time the targets were calibrated.

The impact of the Bambi acquisition and change in IFRS 16 accounting was a €0.01 increase in EPS and so an equivalent negative adjustment was applied for PSP performance assessment purposes.

The impact of the Bambi acquisition and change in IFRS 16 accounting was a reduction of ROIC of 1.3% so an equivalent positive adjustment was applied for PSP performance assessment purposes. As ROIC is calculated using a five-quarter average rather than a year-end snapshot, the special dividend increased reported ROIC by 0.5% and an equivalent negative adjustment was applied. The overall impact of all adjustments was an increase in ROIC of 0.8% compared to reported figures.

The overall impact of the above positive and negative adjustments was a vesting level of 75%. Without the adjustments, the vesting level would have been 65%.

Dilution limit

Usage of shares under all share plans and executive share plans adhere to the dilution limits set by the Investment Association Principles of Remuneration (10% for all share plans and 5% for all executive share plans, in any 10-year period).

Implementation of policy in 2020

For 2020, subject to shareholder approval, we will apply the amended remuneration policy outlined on pages 112 to 114.

Base salary and fees

The Chief Executive Officer's base salary was reviewed in March 2020. The base salary has been increased by 3.2% to €815,000 effective 1 May 2020. Although 2020 salary increase levels for employees have not been confirmed at the date of this report, it is anticipated that the Chief Executive Officer's increase will be in line with the increases provided for the wider workforce.

The fee levels for the Chairman and other non-Executive Directors were last reviewed in 2018, as outlined on page 116. Fee levels have not been reviewed in 2019.

Management Incentive Plan (MIP)

The annual bonus award levels for 2020 are expected to be in line with those for 2019. 50% of any award will be awarded as deferred bonus shares which will vest three years from their date of grant. The performance measures have been set by the Remuneration Committee to align to our KPIs and are summarised below.

Performance measure	Weighting at maximum opportunity levels (% of base salary)
Business measures	120%
Gross profit margin. Incentivises profitability, measuring percentage remaining after excluding cost of goods from sales.	24%
Net sales revenue (NSR). Incentivises the Group's revenue growth objectives.	36%
Comparable earnings before interest and tax (comparable EBIT). Defined as comparable operating profit.	36%
Operating expenditures (OpEx) excluding DME as a percentage of NSR. This key performance indicator, which excludes direct marketing expenses (DME), incentivises effective cost management.	24%
Individual measures	10%

The Remuneration Committee is unable to provide the 2020 bonus award performance targets on a forward-looking basis as they are deemed commercially sensitive. However, the targets will be disclosed in next year's remuneration report once the actual performance against these targets has been realised.

Performance Share Plan (PSP)

The levels of PSP awards for 2020 are anticipated to be in line with those awarded in 2019. The performance measures will be consistent with those detailed for the 2019 award outlined in this report and these are summarised below.

			Threshold		Maximum	
Measure	Description	Weighting	Target	Vesting (% of max)	Target	Vesting (% of max)
Comparable EPS	Calculated by dividing the comparable net profit attributable to the owners of the parent by the weighted average number of outstanding shares during the period.	50%	1.79	25%	1.98	100%
Return on invested capital (ROIC)	ROIC is the percentage return that a company makes over its invested capital. More specifically, we define ROIC as the percentage of comparable net profit excluding net finance costs divided by the capital employed. Capital employed is calculated as the average of net debt and shareholders' equity attributable to the owners of the parent through the year.	50%	13.9%	25%	15.9%	100%

The Remuneration Committee expects to recommend an award of 330% of base salary to the Chief Executive Officer in March 2020, with performance running to the end of December 2022 and vesting occurring in March 2023. These vested shares will then be subject to a further two-year holding period, whereby the Chief Executive Officer agrees to a no sale commitment during this time. In light of the feedback received from our shareholders and typical market practice, the Remuneration Committee has changed the vesting schedule to a straight line between the threshold and maximum performance levels for PSP grants from 2020 onwards.

Changes to Chief Executive Officer and employee pay

The table below sets out the percentage change in base salary, taxable benefits and annual bonus for the Chief Executive Officer and the average pay for Swiss-based employees. We have chosen to make a comparison with employees in Switzerland as this is the market in which our Chief Executive Officer is based. MIP payouts for the Swiss workforce are primarily based on Swiss business unit results.

	Annual base salary	Benefits	Annual bonus
Chief Executive Officer % change from 2018 to 2019	3.6%	6.3%	23.0%
Average employee % change for the Swiss workforce from 2018 to 2019	1.2%	65.6%	23.2%

CEO pay ratio

Coca-Cola HBC is domiciled in Switzerland. We are therefore not required to report a CEO pay ratio under UK regulations; however, we are voluntarily disclosing ratios below. Similar to the section 'Changes to Chief Executive Officer and employee pay' above, we have chosen to make a comparison with employees in Switzerland as this is the market in which our CEO is based. The international nature of our business means that we operate in countries with a significant range in terms of market practice for levels of remuneration and cost of living – for example, Switzerland has a substantially higher cost of living and employment remuneration compared to other countries. For this reason, comparisons with our Swiss workforce are likely to be more informative about the pay distribution of our workforce.

The table below compares the 2019 single figure of remuneration for the CEO with that of the employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of the Company's workforce based in Switzerland ranked based on total remuneration.

Year	Method	25th Percentile pay ratio (P1)	Median pay ratio (P2)	75th Percentile pay ratio (P3)
2019	Option A	33:1	29:1	23:1

The methodology used to identify the lower quartile, median and upper quartile employees was by ranking all employees of the Swiss workforce on total remuneration (for employees who were in employment for the full calendar year). Two employees around each percentile were identified to ensure they accurately represent the relevant percentile ranking. The total remuneration for each of these employees was then calculated consistent with the methodology applied for deriving the CEO's single figure remuneration.

The table below sets out the total pay and benefits for the lower quartile, median and upper quartile:

	25th Percentile in €	Median in €	75th Percentile in €
Annual base salary	68,146	78,450	92,618
Total remuneration	78,504	90,375	113,097

Directors' remuneration report continued

Total remuneration of Swiss employees includes the base salary, annual bonuses, other cash compensation (e.g. overtime), other cash and non-cash benefits (e.g. company car, tax support, relocation etc.), pension employer contributions and employer social security contributions during 2019.

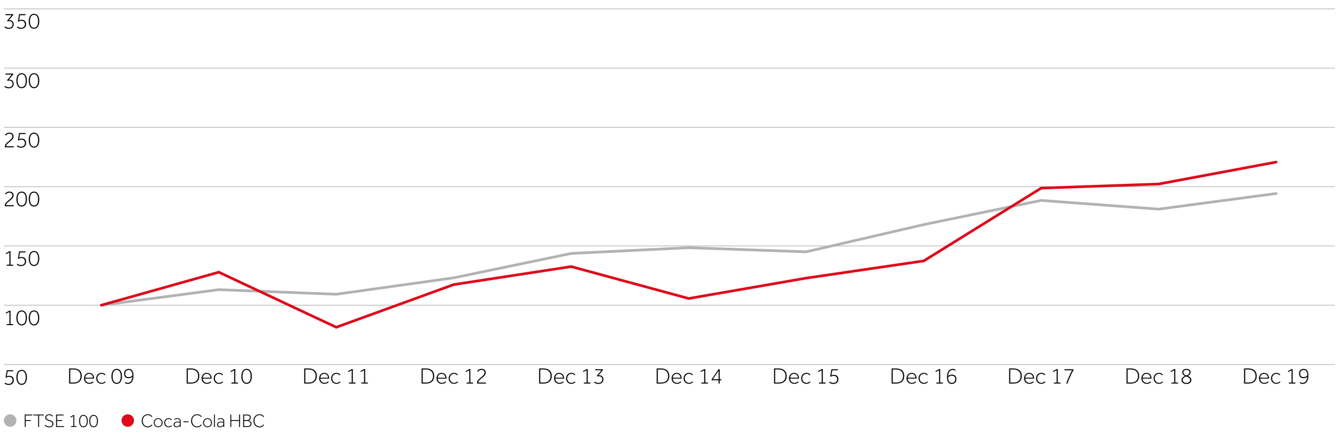
We are satisfied that the pay ratios reported this year are consistent with our wider pay, reward and progression policies for employees. As described on page 110, we have an overall remuneration philosophy that operates throughout the Group, ensuring that employees are fairly rewarded and that their individual contributions are linked to the success of the Company.

Variable pay is an important element of our reward philosophy and a significant proportion of total remuneration for top managers (including the CEO) is tied to the achievement of our business objectives. As employees advance through the Company there will be the opportunity to receive higher rewards commensurate with increased accountability and market practice. The CEO's total remuneration has a significantly higher proportion of variable pay in comparison with the rest of our employees. The CEO's remuneration will therefore increase or decrease in line with business performance, aligning it with shareholders' interests.

Chief Executive Officer pay and performance comparison

The graph below shows the Total Shareholder Return (TSR) of the Company compared with the FTSE 100 index over a 10-year period to 31 December 2019. The Remuneration Committee believes that the FTSE 100 Index is the most appropriate index to compare historic performance due to the size of the Company and our listing location.

Total shareholder return versus FTSE 100



	2010	2011		2012	2013	2014	2015	2016	2017		2018	2019
	Doros Constantinou	Doros Constantinou	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Zoran Bogdanovic	Zoran Bogdanovic	Zoran Bogdanovic
Total remuneration – single figure (€ 000s)	3,752	4,708	711	1,524	1,928	1,918	3,012	2,923	15,378	410	3,710	2,577
MIP (% of maximum)	65%	9%	24%	68%	49%	45%	75%	55%	53%	5%	48%	56%
PSP (% of maximum)	–	–	–	–	–	–	–	–	90%	–	100%	75%

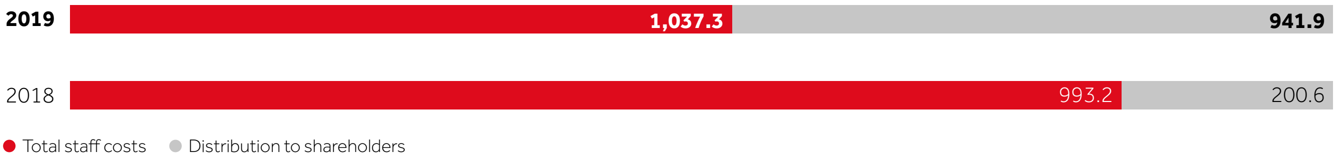
On 4 July 2011, Doros Constantinou retired from service, and Dimitris Lois succeeded him. The amounts for 2011 include the remuneration of Doros Constantinou up to the retirement date and the remuneration of Dimitris Lois for the remainder of the year. For 2011, the remuneration of Doros Constantinou includes termination benefits due to retirement.

Dimitris Lois sadly passed away on 2 October 2017. The 2017 total remuneration values above reflect the period 1 January 2017 to 2 October 2017. The total remuneration value for Zoran Bogdanovic reflects the period from his appointment as Chief Executive Officer to the end of the financial year, 7 December 2017 to 31 December 2017.

As the Company listed on the London Stock Exchange in April 2013, the amounts included in respect of the period before that date relate to the remuneration the previous Chief Executive Officers received in their capacity as Chief Executive Officer of Coca-Cola Hellenic Bottling Company S.A.

Relative importance of spend on pay (€m)

The graphic below presents the year-on-year change in total expenditure for all employees across the Group and distributions made to shareholders in the form of dividend share buy-backs and/or capital returns.



Compared to the prior year, the total staff costs have increased by 4%, while dividends distributed to shareholders have increased by 370% mainly driven by the extraordinary dividend of €2.00 per share, on top of the ordinary dividend of €0.57 per share.

Shareholder voting outcomes

The table below sets out the result of the vote on the remuneration-related resolutions at the Annual General Meeting held in June 2019.

Resolution	Votes for	Votes against	Abstentions	Total votes cast	Voting rights represented
Advisory vote on the UK Remuneration Report	232,487,763	1,747,581	10,897	234,246,241	64.55%
	99.24%	0.75%	0.01%		
Advisory vote on the Swiss Remuneration Report	232,323,962	1,911,392	10,887	234,246,241	64.55%
	99.17%	0.82%	0.01%		
Advisory vote on the remuneration policy	224,790,736	9,445,934	9,571	234,246,241	64.55%
	95.96%	4.03%	0.01%		
Approval of the maximum aggregate amount of remuneration for the Board until the next Annual General Meeting	232,930,428	1,304,801	11,012	234,235,229	64.55%
	99.44%	0.56%	n.a.		
Approval of the maximum aggregate amount of remuneration for the Operating Committee for the next financial year	231,596,412	2,385,368	264,461	233,981,780	64.55%
	98.98%	1.02%	n.a.		

The Remuneration Committee was pleased that shareholders supported our remuneration-related resolutions so strongly. We value our ongoing dialogue with shareholders and welcome any views on this report.

Payments to past Directors and payment for loss of office

There were no payments made to past Directors of the Group or loss of office payments made during the year.

Payments to appointed Directors

There were no payments made to appointed Directors during the year.

Outside appointments for the Chief Executive Officer

Zoran Bogdanovic does not hold any appointments outside the Company.

Total Directors' and Operating Committee members' remuneration

The table below outlines the aggregated total remuneration figures for Directors and Operating Committee members in the year.

	2019 € million	2018 € million
Total remuneration paid to or accrued for Directors, the Operating Committee and the Chief Executive Officer	**21.3**	18.8
Salaries and other short-term benefits	**14.9**	11.7
Amount accrued for performance share awards	**5.5**	6.3
Pension and post-employment benefits for Directors, the Operating Committee and the Chief Executive Officer	**0.9**	0.8

Credits and loans granted to governing bodies

In 2019, no credits or loans were granted to active or former members of the Company's Board, members of the Operating Committee or to any related persons.

Directors' remuneration report continued

Share ownership

The table below summarises the total shareholding as at 31 December 2019, including any outstanding shares awarded through our incentive plans, for the Chief Executive Officer and other Directors. There have been no changes in the interests of any Directors in shares in the period to 17 March 2020.

		With performance measures			Without performance measures						
		PSP			ESOP			ESPP			
Name	Share interests	Performance shares granted in 2019	Unvested and subject to performance conditions	Vested	Number of stock options outstanding	Fully vested	Vesting at the end of 2019	Number of outstanding shares held as at 31 December 2019	Beneficially owned	Current shareholding as % of base salary[1]	Shareholding guideline met[1]
Zoran Bogdanovic[2]	Yes	87,247	206,056	62,860	206,015	206,015	–	33,202	67,027	381%	Yes
Anastassis G. David[3]		–	–	–	–	–	–	–	–	–	–
Ahmet C. Bozer		–	–	–	–	–	–	–	–	–	–
Charlotte J. Boyle	Yes	–	–	–	–	–	–	–	1,017	–	–
Olusola (Sola) David-Borha		–	–	–	–	–	–	–	–	–	–
William W. (Bill) Douglas III	Yes	–	–	–	–	–	–	–	10,000	–	–
Reto Francioni		–	–	–	–	–	–	–	–	–	–
Anastasios I. Leventis[4]		–	–	–	–	–	–	–	–	–	–
Christo Leventis[5]		–	–	–	–	–	–	–	–	–	–
Alexandra Papalexopoulou		–	–	–	–	–	–	–	–	–	–
José Octavio Reyes		–	–	–	–	–	–	–	–	–	–
Alfredo Rivera		–	–	–	–	–	–	–	–	–	–
Ryan Rudolph		–	–	–	–	–	–	–	–	–	–
John P. Sechi		–	–	–	–	–	–	–	–	–	–

1. The shareholding requirement was introduced from the date of the 2015 PSP award, 10 December 2015 and has been updated to 300% in 2020. The Chief Executive Officer has a period of five years from his appointment to December 2022 to build up a 200% of base salary shareholding and then another two years to meet the additional requirement.
2. During 2019, Zoran Bogdanovic exercised 16,000 options under the ESOP due to upcoming expiration.
3. Anastassis David is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Sentry Management (PTC) Ltd. is the Trustee, whereby he has an indirect interest with respect to 823,008 shares held by Sentry Management (PTC) Ltd.
4. Anastasios I. Leventis is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, whereby he has an indirect interest with respect to 286,879 shares held by Selene Treuhand AG.
   (c) a further private discretionary trust for the primary benefit of present and future members of the family of the late Christodoulos Papaneokleus Leventis, of which Mervail Company (PTC) Limited is the Trustee, whereby he has an indirect interest with respect to 757,307 shares held by Carlcan Holding Limited.
5. Christo Leventis is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, whereby he has an indirect interest with respect to 458,545 shares held by Selene Treuhand AG.
   (c) a further private discretionary trust for the primary benefit of present and future members of the family of the late Christodoulos Papaneokleus Leventis, of which Mervail Company (PTC) Limited is the Trustee, whereby he has an indirect interest with respect to 623,664 shares held by Carlcan Holding Limited.

Approval of the Directors' Remuneration Report

The Directors' Remuneration Report set out on pages 108 to 128 was approved by the Board of Directors on 17 March 2020 and signed on its behalf by Alexandra Papalexopoulou, Chair of the Remuneration Committee.

ALEXANDRA PAPALEXOPOULOU
CHAIR OF THE REMUNERATION COMMITTEE
17 March 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, including the consolidated Financial Statements, and the Corporate Governance Report including the Remuneration Report and the Strategic Report, in accordance with applicable law and regulations.

The Directors, whose names and functions are set out on pages 80-82, confirm to the best of their knowledge that:

(a) The Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

(b) The consolidated Financial Statements, which have been prepared in accordance with International Financial Reporting Standards, as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation of the Group taken as a whole.

(c) The Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidated Coca-Cola HBC Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

The activities of the Group, together with the factors likely to affect its future development, performance, financial position, cash flows, liquidity position and borrowing facilities are described in the Strategic Report (pages 12 to 73). In addition, Notes 24 'Financial risk management and financial instruments', 25 'Net debt', and 26 'Equity' include: the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Group has considerable financial resources, together with long-term contracts with a number of customers and suppliers across different countries. The Directors have also assessed the principal risks and the other matters discussed in connection with the Viability Statement on page 64. The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the annual Financial Statements and have not identified any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of these financial statements.

By order of the Board

ANASTASSIS G. DAVID
CHAIRMAN OF THE BOARD
18 March 2020

Disclosure of information required under Listing Rule 9.8.4R

For the purposes of Listing Rule 9.8.4C, the information required to be disclosed by premium listed companies in the United Kingdom is as follows:

Listing Rule	Information to be included	Reference in report
9.8.4(1)	Interest capitalised by the Group and an indication of the amount and treatment of any associated tax relief	Not applicable
9.8.4(2)	Details of any unaudited financial information required by LR 9.2.18	Not applicable
9.8.4(4)	Details of any long-term incentive scheme described in LR 9.4.3	Not applicable
9.8.4(5)	Details of any arrangement under which a Director has waived any emoluments	Not applicable
9.8.4(6)	Details of any arrangement under which a Director has agreed to waive future emoluments	Not applicable
9.8.4(7)	Details of any allotments of shares by the Company for cash not previously authorised by shareholders	Not applicable
9.8.4(8)	Details of any allotments of shares for cash by a major subsidiary of the Company	Not applicable
9.8.4(9)	Details of the participation by the Company in any placing made by its parent company	Not applicable
9.8.4(10)	Details of any contracts of significance involving a Director	Not applicable
9.8.4(11)	Details of any contract for the provision of services to the Company by a controlling shareholder	Not applicable
9.8.4(12)	Details of any arrangement under which a shareholder has waived or agreed to waive any dividends	Not applicable
9.8.4(13)	Details of any arrangement under which a shareholder has agreed to waive future dividends	Not applicable
9.8.4(14)	Agreements with a controlling shareholder	Not applicable

Financial statements

Contents

Independent auditor's report

Independent auditor's report to Coca-Cola HBC AG

Report on the audit of the consolidated financial statements

Opinion

In our opinion:

- Coca-Cola HBC AG's ('Coca-Cola HBC' or the 'Group') consolidated financial statements (the 'financial statements') give a true and fair view of the state of the Group's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB').

We have audited the financial statements, included within the 2019 Integrated Annual Report (the 'Annual Report'), which comprise: the consolidated income statement and the consolidated statement of comprehensive income for the year ended 31 December 2019, the consolidated balance sheet as at 31 December 2019, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 31 December 2019, and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit & Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under ISAs are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

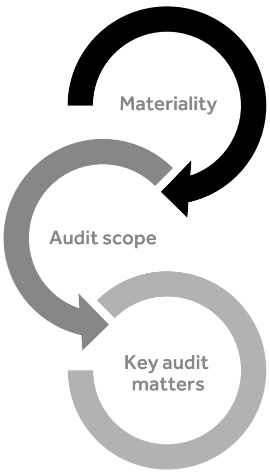
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements, which include the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other applicable laws and regulations.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the IESBA Code and other applicable laws and regulations were not provided to the Group.

Other than those disclosed in Note 8 of the Annual Report, we have provided no non-audit services to the Group in the period from 1 January 2019 to 31 December 2019.

Our audit approach

Overview



- Overall group materiality: €33.0 million (2018: €30.5 million)

- We audited the complete financial information of the Company and of subsidiary undertakings in 15 countries.
- Taken together, the undertakings of which an audit of their complete financial information was performed accounted for 84% of consolidated net sales revenue, 89% of consolidated profit before tax and 87% of consolidated total assets of the Group.
- We also conducted specified audit procedures and analytical review procedures for other subsidiary undertakings and Group functions.

- Goodwill and indefinite-lived intangible assets valuation.
- Uncertain tax positions.
- Provisions and contingent liabilities.

Independent auditor's report continued

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry in which it operates, we considered the extent to which non-compliance with applicable laws and regulations might have a material effect on the financial statements, including, but not limited to, the Listing Rules of the Financial Conduct Authority ('FCA'), tax laws and regulations applicable to Coca-Cola HBC and its subsidiaries and regulations relating to unethical and prohibited business practices. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and where management made subjective judgements in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, internal audit, internal legal counsel and the Group's legal advisors, where relevant, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to impairment of goodwill and indefinite-lived intangible assets and uncertain tax positions (see related key audit matters below);
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, journals posted by senior management and consolidation entries.

There are inherent limitations in the audit procedures described above and the further non-compliance with laws and regulations is removed from the events and transactions reflected in the financial statements, the less likely we would become aware of it. In addition, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Goodwill and indefinite-lived intangible assets valuation Refer to Note 13 for intangible assets including goodwill and to Note 23 for business combinations. Goodwill and indefinite-lived intangible assets as at 31 December 2019 amount to €1,773.7 million and €318.3 million, respectively. The above amounts have been allocated to individual cash-generating units ('CGUs'), which require the performance of an impairment assessment at least annually. The impairment assessment involves the determination of the recoverable amount of the CGU, being the higher of the value-in-use and the fair value less costs to dispose. This area was a key matter for our audit due to the size of goodwill and indefinite-lived intangible assets balances and because the determination of whether elements of goodwill and of indefinite-lived intangible assets are impaired involves complex and subjective estimates and judgements made by management about the future results of the CGUs. These estimates and judgements include assumptions surrounding revenue growth rates, direct costs, foreign exchange rates and discount rates. Furthermore, macroeconomic volatility, competitor activity and regulatory/fiscal developments can adversely affect each CGU and potentially the carrying amount of goodwill and indefinite-lived intangible assets. In addition, during 2019 the Group acquired a 100% shareholding in Koncern Bambi a.d. Požarevac ('Bambi') a Serbian confectionary business. This acquisition was the main contributor to the increase in goodwill and indefinite-lived intangible assets which added to the Group €114.6 million and €117.9 million of goodwill and indefinite-lived trademarks respectively. No impairment charge was recorded in 2019.	We evaluated the appropriateness of management's identification of the Group's CGUs, related control activities and the process by which management prepared the CGUs' value-in-use calculations which we found to be satisfactory for the purposes of our audit. We tested the mathematical accuracy of the CGUs' value-in-use calculations and compared the cash flow projections included therein to the financial budgets, approved by the Directors, covering a one year period and management's projections for the subsequent four years. In addition, we assessed the quality of the budgeting process by comparing the prior year budget with actual results. We challenged management's cash flow projections around the key drivers of cash flow forecasts including future performance with respect to revenue, short-term and long-term volume growth and the level of direct costs. With the support of our valuation specialists, we evaluated the appropriateness of key assumptions including discount, perpetuity growth and foreign exchange rates. We also performed sensitivity analyses on the key drivers of cash flow forecasts for the CGUs with significant balances of goodwill and indefinite-lived intangible assets as well as for CGUs which remain sensitive to changes in the key drivers, including the goodwill and franchise agreements held by the Nigeria CGU. Specifically, as regards the Bambi acquisition we assessed the business combinations process and engaged our component team to perform a full scope audit of the opening balance sheet. With the support of our valuation specialists we reviewed management's purchase price allocation, including attending a series of calls with the Group's valuation experts to critically challenge the valuation methodology and key underlying assumptions used. We evaluated the key inputs used in the valuation model as well as management's assessment of the useful lives of intangible assets identified. We assessed the appropriateness and completeness of the related disclosures in Note 13, as regards goodwill and indefinite-lived intangible assets, and in Note 23, with respect to the acquisition of Bambi, and consider them to be reasonable. As a result of our work, we found that the determination by management that no impairment was required for goodwill and indefinite-lived intangible assets was supported by assumptions within reasonable ranges. Furthermore, we determined that the underlying assumptions used by management in the business combination and purchase price allocation of Bambi form a reasonable basis for the carrying value of the goodwill and trademarks of Bambi.
Uncertain tax positions Refer to Note 10 for taxation and Note 29 for contingencies. The Group operates in numerous tax jurisdictions and is subject to periodic tax audits by local tax authorities, in the normal course of business, on a range of tax matters in relation to corporate tax, transfer pricing and indirect taxes. As at 31 December 2019, the Group has current tax liabilities of €125.6 million, which include €95.1 million of provisions for tax uncertainties. Where the amount of tax payable is uncertain, the Group establishes provisions based on management's judgements with respect to the likelihood of material tax exposures and the probable amount of the liability. We consider this area as a key audit matter given the number of judgements involved in estimating the provisions relating to uncertain tax positions and the complexities of dealing with tax rules and regulations in numerous jurisdictions.	We evaluated the related accounting policy for estimating tax exposures. In conjunction with our tax specialists, we evaluated management's judgements in respect of estimates of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions. In order to understand and evaluate management's judgements, we considered the status of current tax authority audits and enquiries, the outcome of previous tax authority audits, judgmental positions taken in tax returns and current year estimates as well as recent developments in the various tax jurisdictions in which the Group operates. We challenged management's key assumptions, particularly in cases where there had been significant developments with tax authorities. From the evidence obtained we consider the provisions in relation to uncertain tax positions as at 31 December 2019 to be reasonable under the circumstances.

Independent auditor's report continued

Key audit matter	How our audit addressed the key audit matter
Provisions and contingent liabilities Refer to Note 21 for provisions and Note 29 for contingencies. The Group faces a number of threatened and actual legal and regulatory proceedings. The determination of the provision and/or the level of disclosure required involves a high degree of judgement resulting in provisions and contingent liabilities being considered a key audit matter.	Our procedures with respect to provisions and contingent liabilities included the following: • evaluation of the design and testing of key controls with respect to litigation and regulatory procedures; • where relevant, reading external legal advice obtained by management; • discussion of open matters with the Group's general counsel; • meeting with local management and if deemed necessary reading relevant correspondence; • assessing and challenging management's conclusions through understanding precedents set in similar cases; and • obtaining confirmation requests from relevant third-party legal representatives and holding follow up discussions, where appropriate, on certain material cases. In addition, we assessed the appropriateness of the related disclosures in Note 29. Based on the work performed, whilst noting the inherent uncertainty with such legal and regulatory matters, we determined that management's judgments and relevant provisions, including related disclosures, as at 31 December 2019 are reasonable.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed sufficient work to be able to provide an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates through its trading subsidiary undertakings in 28 countries, as set out on page 145 of the Annual Report. The processing of the accounting entries for these subsidiary undertakings is largely centralised in a shared services centre in Bulgaria, except for the subsidiary undertakings in Russia, Ukraine, Belarus and Armenia, which process their accounting entries locally. The Group also operates centralised treasury functions in the Netherlands and in Greece and a centralised procurement function in Austria.

Based on the significance to the financial statements and in light of the key audit matters as noted above, we identified subsidiary undertakings in 15 countries (including the trading subsidiary undertakings in Italy, Russia, Nigeria, Romania and Switzerland) which in our view, required an audit of their complete financial information. We also performed specified audit procedures on certain balances and transactions on one joint operation. In addition, audit procedures were performed with respect to the centralised treasury functions by the group engagement team and with respect to the centralised procurement function by the component audit team in Austria. The group engagement team also performed analytical review and other procedures on balances and transactions of subsidiary undertakings not covered by the procedures described above.

The group engagement team's involvement with respect to audit work performed by component auditors included site visits and attendance at component audit meetings with local management, in Nigeria, Russia, Italy, Romania, Poland, Bulgaria and Greece. Where physical attendance was not undertaken, the group engagement team held conference calls with component audit teams and with local management, as considered appropriate. Furthermore, the group engagement team reviewed component auditor work papers and undertook other forms of interactions as considered necessary depending on the significance of the component and the extent of accounting and audit issues arising. The group engagement team was also responsible for planning, designing and overseeing the audit procedures performed at the shared services centre in Bulgaria. In addition, we performed work centrally on IT general controls and shared comfort with the component teams. The Group consolidation, financial statement disclosures and a number of areas of significant judgement, including goodwill and intangible assets, material provisions and contingent liabilities, were audited by the group engagement team. We also held a two-day audit planning workshop in Greece focusing on planning and risk assessment activities, auditor independence, centralised testing procedures and the implementation of new IFRSs and specifically IFRS 16 'Leases'. This audit planning workshop was attended by the component teams responsible for the subsidiary undertakings requiring an audit of their complete financial information.

Based on the above, the undertakings of which an audit of their complete financial information was performed accounted for 84% of consolidated net sales revenue, 89% of consolidated profit before tax and 87% of consolidated total assets of the Group.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole, as follows:

Overall group materiality	€33.0 million (2018: €30.5 million).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	We chose profit before tax as the benchmark because, in our view, it is one of the principal measures considered by users and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in generally accepted auditing practice.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was from €1.35 million to €11.5 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €1.0 million (2018: €1.0 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

With respect to the statement on going concern included in the Annual Report, we report as follows:

Reporting obligation	Outcome
We have reviewed the statement on going concern, included in the Statement of Directors' Responsibilities, in the Annual Report on page 130, as if Coca-Cola HBC were a UK incorporated premium listed entity.	We have nothing to report having performed our review.
As noted in the Statement of Directors' Responsibilities, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed.	As part of our audit, we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements, our auditor's report thereon and the Swiss statutory reporting, which we obtained prior to the date of this auditor's report. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Listing Rules of the FCA require us also to report on certain matters as described below.

UK Corporate Governance Code Provisions

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the UK Corporate Governance Code issued in July 2018 (the 'Code') does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules of the FCA, for review by the auditors.

The Directors' assessment of the prospects of the Group

We have also reviewed the Directors' statement in relation to the longer-term viability of the Group, set out on page 64, of the Annual Report as if Coca-Cola HBC were a UK incorporated premium listed entity. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the Code; and considering whether the statement is consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 130 of the Annual Report, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report continued

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. Those charged with governance are responsible for overseeing the Group's financial reporting process.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

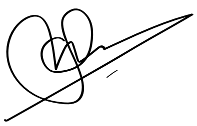
Use of this report

This report, including the opinions, has been prepared for and only for Coca-Cola HBC AG for the purpose of the Disclosure Guidance and Transparency Rules sourcebook and the Listing Rules of the FCA and for no other purpose.

Other required reporting

Appointment

We have been the Group's auditors since 2003 and following a tender process that the Group conducted in 2015, at the recommendation of the Audit & Risk Committee, we were reappointed by the Directors on 11 December 2015 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods.



Konstantinos Michalatos
the Certified Auditor, Reg. No. 17701
for and on behalf of PricewaterhouseCoopers S.A.
Certified Auditors, Reg. No. 113
Athens, Greece

19 March 2020

Notes:

a. The maintenance and integrity of the Coca-Cola HBC AG website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

b. Legislation in UK and Switzerland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial statements

Consolidated income statement

For the year ended 31 December

	Note	2019 € million	2018 € million
Net sales revenue	6,7	**7,026.0**	6,657.1
Cost of goods sold		**(4,380.4)**	(4,141.8)
Gross profit		**2,645.6**	**2,515.3**
Operating expenses	8	**(1,930.3)**	(1,875.9)
Operating profit	6	**715.3**	**639.4**
Finance income		**6.3**	6.1
Finance costs		**(73.4)**	(47.4)
Finance costs, net	9	**(67.1)**	**(41.3)**
Share of results of equity-method investments	15	**13.0**	12.8
Profit before tax		**661.2**	**610.9**
Tax	10	**(173.2)**	(162.8)
Profit after tax		**488.0**	**448.1**
Attributable to:			
Owners of the parent		**487.5**	447.4
Non-controlling interests		**0.5**	0.7
		488.0	448.1
Basic earnings per share (€)	11	**1.34**	1.22
Diluted earnings per share (€)	11	**1.33**	1.21

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December

	Note	2019 € million	2018 € million
Profit after tax		**488.0**	448.1
Other comprehensive income:			
Items that may be subsequently reclassified to income statement:			
Cost of hedging	24	**(11.1)**	(5.3)
Net gain of cash flow hedges	24	**2.5**	6.3
Foreign currency translation	12	**123.4**	(63.1)
Share of other comprehensive income of equity-method investments		**0.7**	0.6
Income tax relating to items that may be subsequently reclassified to income statement	12	**1.4**	1.0
		116.9	**(60.5)**
Items that will not be subsequently reclassified to income statement:			
Valuation gain / (loss) on equity investments at fair value through other comprehensive income		**0.2**	(0.3)
Actuarial (losses) / gains		**(17.0)**	20.8
Income tax relating to items that will not be subsequently reclassified to income statement	12	**1.8**	(3.3)
		(15.0)	**17.2**
Other comprehensive income / (loss) for the year, net of tax (refer to Note 12)		**101.9**	**(43.3)**
Total comprehensive income for the year		**589.9**	**404.8**
Total comprehensive income attributable to:			
Owners of the parent		**589.4**	404.1
Non-controlling interests		**0.5**	0.7
		589.9	**404.8**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated balance sheet

As at 31 December

	Note	2019 €million	2018 €million
Assets			
Intangible assets	13	**2,105.4**	1,825.8
Property, plant and equipment	14	**2,742.2**	2,391.6
Equity-method investments	15	**148.5**	99.3
Other financial assets	24	**5.8**	6.1
Deferred tax assets	10	**64.5**	47.4
Other non-current assets	18	**71.3**	45.9
Total non-current assets		**5,137.7**	**4,416.1**
Inventories	17	**488.1**	463.2
Trade, other receivables and assets	18	**1,025.6**	961.2
Other financial assets	24,25	**734.9**	290.0
Current tax assets		**4.1**	8.5
Cash and cash equivalents	25	**823.0**	712.3
		3,075.7	**2,435.2**
Assets classified as held for sale	19	**0.6**	3.0
Total current assets		**3,076.3**	**2,438.2**
Total assets		**8,214.0**	**6,854.3**
Liabilities			
Borrowings	25	**761.8**	136.4
Other financial liabilities	24	**11.6**	16.6
Trade and other payables	20	**1,666.1**	1,652.4
Provisions and employee benefits	21	**102.1**	77.6
Current tax liabilities		**125.6**	135.6
Total current liabilities		**2,667.2**	**2,018.6**
Borrowings	25	**2,562.9**	1,468.0
Other financial liabilities	24	**0.1**	1.3
Deferred tax liabilities	10	**159.5**	131.3
Provisions and employee benefits	21	**117.6**	112.2
Other non-current liabilities		**6.5**	6.5
Total non-current liabilities		**2,846.6**	**1,719.3**
Total liabilities		**5,513.8**	**3,737.9**
Equity			
Share capital	26	**2,010.8**	2,021.2
Share premium	26	**3,545.3**	4,547.9
Group reorganisation reserve	26	**(6,472.1)**	(6,472.1)
Treasury shares	26	**(169.8)**	(184.1)
Exchange equalisation reserve	26	**(964.7)**	(1,088.8)
Other reserves	26	**256.3**	269.0
Retained earnings		**4,491.7**	4,018.0
Equity attributable to owners of the parent		**2,697.5**	**3,111.1**
Non-controlling interests		**2.7**	5.3
Total equity		**2,700.2**	**3,116.4**
Total equity and liabilities		**8,214.0**	**6,854.3**

The accompanying notes form an integral part of these consolidated financial statements.

Financial statements continued

Consolidated statement of changes in equity

	Attributable to owners of the parent									
	Share capital €million	Share premium €million	Group reorganisation reserve €million	Treasury shares €million	Exchange equalisation reserve €million	Other reserves €million	Retained earnings €million	**Total €million**	Non-controlling interests €million	**Total equity €million**
Balance as at 1 January 2018	2,015.1	4,739.3	(6,472.1)	(71.3)	(1,026.3)	271.2	3,551.5	**3,007.4**	4.8	**3,012.2**
Shares issued to employees exercising stock options	6.1	9.2	–	–	–	–	–	**15.3**	–	**15.3**
Share-based compensation:										
Performance shares	–	–	–	–	–	(1.5)	–	**(1.5)**	–	**(1.5)**
Movement in shares held for equity compensation plan	–	–	–	(0.1)	–	1.8	–	**1.7**	–	**1.7**
Sale of own shares	–	–	–	0.8	–	–	–	**0.8**	–	**0.8**
Appropriation of reserves	–	–	–	(0.2)	–	0.3	(0.1)	**–**	–	**–**
Movement of treasury shares	–	–	–	(113.3)	–	–	–	**(113.3)**	–	**(113.3)**
Dividends	–	(200.6)	–	–	–	–	1.8	**(198.8)**	(0.2)	**(199.0)**
Transfer of cash flow hedge reserve, including cost of hedging to inventories, net of tax[1]	–	–	–	–	–	(4.6)	–	**(4.6)**	–	**(4.6)**
	2,021.2	**4,547.9**	**(6,472.1)**	**(184.1)**	**(1,026.3)**	**267.2**	**3,553.2**	**2,707.0**	**4.6**	**2,711.6**
Profit for the year, net of tax	–	–	–	–	–	–	447.4	**447.4**	0.7	**448.1**
Other comprehensive loss for the year, net of tax	–	–	–	–	(62.5)	1.8	17.4	**(43.3)**	–	**(43.3)**
Total comprehensive income for the year, net of tax[2]	–	–	–	–	(62.5)	1.8	464.8	**404.1**	0.7	**404.8**
Balance as at 31 December 2018	**2,021.2**	**4,547.9**	**(6,472.1)**	**(184.1)**	**(1,088.8)**	**269.0**	**4,018.0**	**3,111.1**	**5.3**	**3,116.4**

1. The amount included in other reserves of €4.6m gain for 2018 represents the cash flow hedge reserve, including cost of hedging, transferred to inventory of €5.9m gain, and the deferred tax expense thereof amounting to €1.3m.
2. The amount included in the exchange equalisation reserve of €62.5m loss for 2018 represents the exchange loss attributed to the owners of the parent, including €0.6m gain relating to share of other comprehensive income of equity-method investments.
   The amount of other comprehensive loss net of tax included in other reserves of €1.8m gain for 2018 consists of loss on valuation of equity investments at fair value through other comprehensive income of €0.3m, cash flow hedges gains of €1.0m and the deferred tax income thereof amounting to €1.1m.
   The amount of €464.8m gain attributable to owners of the parent comprises profit for the year of €447.4m, plus actuarial gains of €20.8m, minus deferred tax expense of €3.4m.
   The amount of €0.7m gain included in non-controlling interests for 2018 represents the share of non-controlling interests in profit for the year.

The accompanying notes form an integral part of these consolidated financial statements.

	Attributable to owners of the parent									
	Share capital €million	Share premium €million	Group reorganisation reserve €million	Treasury shares €million	Exchange equalisation reserve €million	Other reserves €million	Retained earnings €million	**Total €million**	Non-controlling interests €million	**Total equity €million**
Balance as at 1 January 2019	2,021.2	4,547.9	(6,472.1)	(184.1)	(1,088.8)	269.0	4,018.0	**3,111.1**	5.3	**3,116.4**
Shares issued to employees exercising stock options	8.0	13.4	–	–	–	–	–	**21.4**	–	**21.4**
Share-based compensation:										
Performance shares	–	–	–	–	–	9.9	–	**9.9**	–	**9.9**
Cancellation of shares	(18.4)	(74.1)	–	92.5	–	–	–	**–**	–	**–**
Appropriation of reserves	–	–	–	27.9	–	(27.5)	(0.4)	**–**	–	**–**
Movement of treasury shares	–	–	–	(106.1)	–	–	–	**(106.1)**	–	**(106.1)**
Acquisition of shares held by non-controlling interests	–	–	–	–	–	–	(7.0)	**(7.0)**	(2.5)	**(9.5)**
Dividends	–	(941.9)	–	–	–	–	8.8	**(933.1)**	(0.6)	**(933.7)**
Transfer of cash flow hedge reserve, including cost of hedging to inventories, net of tax[3]	–	–	–	–	–	11.9	–	**11.9**	–	**11.9**
	2,010.8	**3,545.3**	**(6,472.1)**	**(169.8)**	**(1,088.8)**	**263.3**	**4,019.4**	**2,108.1**	**2.2**	**2,110.3**
Profit for the year, net of tax	–	–	–	–	–	–	487.5	**487.5**	0.5	**488.0**
Other comprehensive income for the year, net of tax	–	–	–	–	124.1	(7.0)	(15.2)	**101.9**	–	**101.9**
Total comprehensive income for the year, net of tax[4]	–	–	–	–	124.1	(7.0)	472.3	**589.4**	0.5	**589.9**
Balance as at 31 December 2019	**2,010.8**	**3,545.3**	**(6,472.1)**	**(169.8)**	**(964.7)**	**256.3**	**4,491.7**	**2,697.5**	**2.7**	**2,700.2**

3. The amount included in other reserves of €11.9m loss for 2019 represents the cash flow hedge reserve, including cost of hedging, transferred to inventory of €15.1m loss, and the deferred tax income thereof amounting to €3.2m.
4. The amount included in the exchange equalisation reserve of €124.1m gain for 2019 represents the exchange gain attributed to the owners of the parent, including €0.7m gain relating to share of other comprehensive income of equity-method investments.
The amount of other comprehensive income net of tax included in other reserves of €7.0m loss for 2019 consists of gain on valuation of equity investments at fair value through other comprehensive income of €0.2m, cash flow hedges loss of €8.6m, and the deferred tax income thereof amounting to €1.4m.
The amount of €472.3m gain attributable to owners of the parent comprises profit for the year of €487.5m plus actuarial losses of €17.0m, minus deferred tax income of €1.8m.
The amount of €0.5m gain included in non-controlling interests for 2019 represents the share of non-controlling interests in profit for the year.

For further details, refer to: Note 24 'Financial risk management and financial instruments', Note 26 'Equity' and Note 28 'Share-based payments'.

The accompanying notes form an integral part of these consolidated financial statements.

Financial statements continued

Consolidated cash flow statement

For the year ended 31 December

	Note	2019 €million	2018 €million
Operating activities			
Profit after tax		**488.0**	448.1
Finance costs, net	9	**67.1**	41.3
Share of results of equity-method investments	15	**(13.0)**	(12.8)
Tax charged to the income statement	10	**173.2**	162.8
Depreciation of property, plant and equipment	14	**374.8**	305.1
Impairment of property, plant and equipment	14	**10.0**	13.6
Employee performance shares		**9.9**	10.1
Amortisation of intangible assets	13	**0.7**	0.5
		1,110.7	**968.7**
Gain on disposals of non-current assets	8	**(6.2)**	(10.2)
Decrease / (increase) in inventories		**14.2**	(62.4)
Increase in trade and other receivables		**(18.0)**	(23.3)
Increase in trade and other payables		**37.0**	40.2
Tax paid		**(211.5)**	(116.4)
Net cash inflow from operating activities		**926.2**	**796.6**
Investing activities			
Payments for purchases of property, plant and equipment		**(473.2)**	(437.2)
Payments for purchases of intangible assets	13	**–**	(1.5)
Proceeds from sales of property, plant and equipment		**35.1**	18.3
Payments for business combinations, net of cash acquired	23	**(138.2)**	–
Payment for acquisition of equity-method investment		**(42.5)**	–
Net receipts from equity investments		**8.9**	12.0
Net payments for investments in financial assets at amortised cost		**(113.4)**	(92.7)
Net payments for investments in financial assets at fair value through profit or loss		**(337.3)**	(35.0)
Proceeds from loans		**5.8**	0.2
Interest received		**5.9**	7.8
Net cash outflow from investing activities		**(1,048.9)**	**(528.1)**
Financing activities			
Proceeds from shares issued to employees exercising stock options	26	**21.4**	15.3
Purchase of shares from non-controlling interests		**(9.5)**	(0.2)
Purchase of own shares	26	**(192.8)**	(27.8)
Proceeds from sale of own shares		**–**	0.8
Dividends paid to owners of the parent	26	**(933.1)**	(198.8)
Dividends paid to non-controlling interests		**(0.6)**	(0.2)
Proceeds from borrowings		**1,840.0**	52.4
Repayments of borrowings		**(372.2)**	(69.6)
Principal repayments of lease obligations (2018: Principal repayments of finance lease obligations)		**(45.5)**	(7.7)
(Payments for) / proceeds from settlement of derivatives regarding financing activities		**(8.3)**	1.4
Interest paid		**(71.8)**	(40.4)
Net cash inflow / (outflow) from financing activities		**227.6**	**(274.8)**
Net increase / (decrease) in cash and cash equivalents		**104.9**	**(6.3)**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**712.3**	723.5
Net increase / (decrease) in cash and cash equivalents		**104.9**	(6.3)
Effect of changes in exchange rates		**5.8**	(4.9)
Cash and cash equivalents at 31 December	25	**823.0**	**712.3**

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Description of business

Coca-Cola HBC AG and its subsidiaries (the 'Group' or 'Coca-Cola HBC' or 'the Company') are principally engaged in the production, sales and distribution of primarily non-alcoholic ready-to-drink beverages, under franchise from The Coca-Cola Company. The Company distributes its products in Nigeria and 27 countries in Europe. Information on the Company's operations by segment is included in Note 6.

On 11 October 2012, Coca-Cola HBC, a Swiss stock corporation (Aktiengesellschaft / Société Anonyme) incorporated by Kar-Tess Holding (a related party of the Group, see Note 27), announced a voluntary share exchange offer to acquire all outstanding ordinary registered shares and all American depositary shares of Coca-Cola Hellenic Bottling Company S.A. As a result of the successful completion of this offer, on 25 April 2013 Coca-Cola HBC acquired 96.85% of the issued Coca-Cola Hellenic Bottling Company S.A. shares, including shares represented by American depositary shares, and became the new parent company of the Group. On 17 June 2013, Coca-Cola HBC completed its statutory buy-out of the remaining shares of Coca-Cola Hellenic Bottling Company S.A. that it did not acquire upon completion of its voluntary share exchange offer. Consequently, Coca-Cola HBC acquired 100% of Coca-Cola Hellenic Bottling Company S.A., which was eventually delisted from the Athens Exchange, from the London Stock Exchange where it had a secondary listing and from the New York Stock Exchange where American depositary shares were listed.

The shares of Coca-Cola HBC started trading in the premium segment of the London Stock Exchange (Ticker symbol: CCH) and on the Athens Exchange (Ticker symbol: EEE), and regular way trading in Coca-Cola HBC American depositary shares commenced on the New York Stock Exchange (Ticker symbol: CCH) on 29 April 2013. On 24 July 2014 the Group proceeded to the delisting of its American depositary shares from the New York Stock Exchange and terminated its reporting obligations under the US Securities Exchange Act of 1934. The deregistration of Coca-Cola HBC shares under the US Securities Exchange Act of 1934 and the termination of its reporting obligations became effective on 3 November 2014.

2. Basis of preparation and consolidation

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements are prepared on a going concern basis under the historical cost convention, as modified by the revaluation of money market funds, investments in equity instruments classified at fair value through other comprehensive income and derivative financial instruments.

These consolidated financial statements were approved for issue by the Board of Directors on 18 March 2020 and are expected to be verified at the Annual General Meeting to be held on 16 June 2020.

Comparative figures

Comparative figures have been adjusted and reclassified where necessary to conform with changes in presentation in the current year. More specifically, in the consolidated balance sheet, related party loan receivables of €3.5m have been reclassified from 'Trade, other receivables and assets' to 'Other financial assets'.

Basis of consolidation

Subsidiary undertakings are those companies over which the Group, directly or indirectly, has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiary undertakings are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Inter-company transactions and balances between Group companies are eliminated. The subsidiaries' accounting policies are consistent with policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when such control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income, if any, are reclassified to profit or loss.

Notes to the consolidated financial statements continued

3. Foreign currency and translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Euro, which is the presentation currency for the consolidated financial statements.

The assets and liabilities of foreign subsidiaries are translated into Euro at the exchange rate ruling at the balance sheet date. The results of foreign subsidiaries are translated into Euro using the average monthly exchange rate (being a reasonable approximation of the rates prevailing on the transaction dates). The exchange differences arising on translation are recognised in other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are recognised as a component of the gain or loss on disposal.

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at the rate of exchange ruling at the balance sheet date. All gains and losses arising on remeasurement are included in the income statement, except for exchange differences arising on assets and liabilities classified as cash flow hedges which are deferred in equity until the occurrence of the hedged transaction, at which time they are recognised in the income statement. Share capital denominated in a currency other than the functional currency is initially stated at spot rate of the date of issue but is not retranslated.

The principal exchange rates used for translation purposes in respect of one Euro are:

	Average 2019	Average 2018	**Closing 2019**	Closing 2018
US dollar	**1.12**	1.18	**1.12**	1.14
UK sterling	**0.88**	0.88	**0.85**	0.90
Polish zloty	**4.30**	4.26	**4.26**	4.29
Nigerian naira	**405.07**	427.39	**406.66**	416.55
Hungarian forint	**325.10**	318.51	**330.46**	321.07
Swiss franc	**1.11**	1.16	**1.09**	1.13
Russian rouble	**72.54**	73.94	**69.43**	79.46
Romanian leu	**4.74**	4.65	**4.79**	4.66
Ukrainian hryvnia	**29.03**	32.14	**25.81**	31.11
Czech koruna	**25.67**	25.65	**25.46**	25.83
Serbian dinar	**117.87**	118.28	**117.55**	118.21

4. Accounting pronouncements

a) Accounting standards and pronouncements adopted in 2019

In the current period, the Group has adopted the following standards and amendments which were issued by the IASB, that are relevant to its operations and effective for accounting periods beginning on 1 January 2019:

- IFRS 16 'Leases'.

The Group adopted IFRS 16 'Leases' retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of the new leasing standard are therefore recognised in the opening balance sheet on 1 January 2019. Refer to Note 16 for more details on the impact of the transition to IFRS 16.

The Group has adopted the following other amendments and interpretations which were issued by the IASB that are effective for accounting periods beginning on 1 January 2019:

- Prepayment Features with Negative Compensation – Amendments to IFRS 9;
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28;
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle;
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19; and
- Interpretation 23 – Uncertainty over Income Tax Treatments.

The above other amendments and interpretations that came into effect on 1 January 2019 did not have a material impact on the consolidated financial statements of the Group.

b) Accounting pronouncements not yet adopted

At the date of approval of these consolidated financial statements, the following amendments relevant to the Group's operations were issued but not yet effective and not early-adopted:

- References to the Conceptual Framework in IFRS Standards – Conceptual Framework;
- Definition of a Business – Amendment to IFRS 3;
- Definition of Material – Amendments to IAS 1 and IAS 8;
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Classification of Liabilities as Current or Non-current – Amendment to IAS 1.

The Group is still assessing the impact that the above amendments will have on the consolidated financial statements of the Group.

5. Critical accounting estimates and judgements

In conformity with IFRS, the preparation of the consolidated financial statements for Coca-Cola HBC requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. Although these estimates and judgements are based on management's knowledge of current events and actions that may be undertaken in the future, actual results may ultimately differ from estimates.

Estimates

The key items concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

- Income taxes (refer to Note 10);
- Impairment of goodwill and indefinite-lived intangible assets (refer to Note 13); and
- Employee benefits – defined benefit pension plans (refer to Note 21).

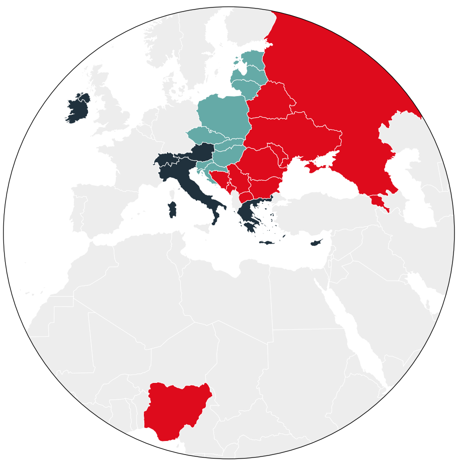
Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations as described above, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Joint arrangements (refer to Note 15).

6. Segmental analysis

The Group has essentially one business, being the production, sale and distribution of ready-to-drink, primarily non-alcoholic, beverages. The Group operates in 28 countries which are aggregated in reportable segments as follows:



Established markets:	Austria, Cyprus, Greece, Italy, Northern Ireland, the Republic of Ireland and Switzerland.
Developing markets:	Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.
Emerging markets:	Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Moldova, Montenegro, Nigeria, North Macedonia, Romania, the Russian Federation, Serbia (including the Republic of Kosovo) and Ukraine.

The Group's operations in each of the three reportable segments have been aggregated on the basis of their similar economic characteristics, assessed by reference to their net sales revenue per unit case as well as disposable income per capita, exposure to political and economic volatility, regulatory environments, customers and distribution infrastructures. The accounting policies of the reportable segments are the same as those adopted by the Group. The Group's chief operating decision maker is its Operating Committee, which evaluates performance and allocates resources based on volume, net sales revenue and operating profit.

Notes to the consolidated financial statements continued

6. Segmental analysis continued

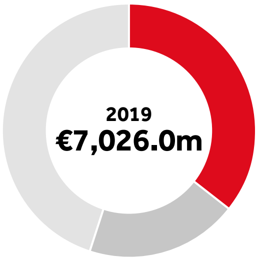
a) Volume and net sales revenue

The Group sales volume in million unit cases[1] for the years ended 31 December was as follows:

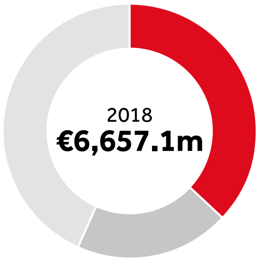
	2019	2018
Established	624.5	619.5
Developing	431.1	429.0
Emerging	1,208.9	1,143.8
Total volume	**2,264.5**	**2,192.3**

1. One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For biscuits volume, one unit case corresponds to 1 kilogram. Volume data is derived from unaudited operational data.

Net sales revenue per reportable segment for the years ended 31 December is presented in the graphs below:



- Established: **€2,517.6m**
- Developing: **€1,352.1m**
- Emerging: **€3,156.3m**



- Established: €2,470.1m
- Developing: €1,306.9m
- Emerging: €2,880.1m

Sales or transfers between the Group's segments are not material, nor are there any customers who represent more than 10% of net sales revenue for the Group.

In addition to non-alcoholic, ready-to-drink beverages ('NARTD'), the Group sells and distributes premium spirits. An analysis of volume and net sales revenue per product type for the years ended 31 December is presented below:

Volume in million unit cases[1]:	2019	2018
NARTD[2]	2,261.8	2,189.7
Premium spirits[1]	2.7	2.6
Total volume	**2,264.5**	**2,192.3**
Net sales revenue in € million:		
NARTD	6,845.7	6,471.8
Premium spirits	180.3	185.3
Total net sales revenue	**7,026.0**	**6,657.1**

1. One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For premium spirits volume, one unit case also corresponds to 5.678 litres. For biscuits volume, one unit case corresponds to 1 kilogram. Volume data is derived from unaudited operational data.
2. NARTD: non-alcoholic, ready-to-drink beverages.

Net sales revenue from external customers attributed to Switzerland (the Group's country of domicile), Russia, Italy and Nigeria was as follows for the years ended 31 December:

	2019 € million	2018 € million
Switzerland	399.6	402.3
Russia	1,059.5	988.7
Italy	897.6	868.3
Nigeria	512.9	484.5
All countries other than Switzerland, Russia, Italy and Nigeria	4,156.4	3,913.3
Total net sales revenue from external customers	**7,026.0**	**6,657.1**

b) Other income statement items

Year ended 31 December	Note	2019 € million	2018 € million
Operating profit:			
Established		**236.0**	232.0
Developing		**139.0**	130.7
Emerging		**340.3**	276.7
Total operating profit		**715.3**	**639.4**
Finance costs:			
Established		**(25.7)**	(25.8)
Developing		**(6.0)**	(5.1)
Emerging		**(15.6)**	(7.5)
Corporate[3]		**(149.2)**	(110.3)
Inter-segment finance costs		**123.1**	101.3
Total finance costs	9	**(73.4)**	**(47.4)**
Finance income:			
Established		**1.0**	0.9
Developing		**1.6**	1.7
Emerging		**23.4**	22.3
Corporate[3]		**103.4**	82.5
Inter-segment finance income		**(123.1)**	(101.3)
Total finance income	9	**6.3**	**6.1**
Income tax expense:			
Established		**(61.4)**	(52.5)
Developing		**(27.0)**	(28.2)
Emerging		**(66.2)**	(66.0)
Corporate[3]		**(18.6)**	(16.1)
Total income tax expense	10	**(173.2)**	**(162.8)**
Reconciling items:			
Share of results of equity-method investments	15	**13.0**	12.8
Profit after tax		**488.0**	**448.1**

3. Corporate refers to holding, finance and other non-operating subsidiaries of the Group.

Depreciation and impairment of property, plant and equipment and amortisation of intangible assets included in the measure of operating profit are as follows:

	Note	2019 € million	2018 € million
Depreciation and impairment of property, plant and equipment:			
Established		**(103.3)**	(89.6)
Developing		**(65.0)**	(52.9)
Emerging		**(216.5)**	(176.2)
Total depreciation and impairment of property, plant and equipment	14	**(384.8)**	**(318.7)**
Amortisation of intangible assets:			
Developing		**(0.1)**	(0.1)
Emerging		**(0.6)**	(0.4)
Total amortisation of intangible assets	13	**(0.7)**	**(0.5)**

Notes to the consolidated financial statements continued

6. Segmental analysis continued

c) Other items

The balance of non-current assets[4] attributed to Switzerland (the Group's country of domicile), Russia, Italy and Nigeria was as follows for the years ended 31 December:

	2019 € million	2018 € million
Switzerland	**546.7**	509.0
Russia	**551.3**	467.4
Italy	**1,087.7**	1,000.7
Nigeria	**564.5**	489.8
All countries other than Switzerland, Russia, Italy and Nigeria	**2,297.2**	1,880.1
Total non-current assets[4]	**5,047.4**	**4,347.0**

4. Excluding other financial assets, deferred tax assets, pension plan assets, trade and loans receivable.

Expenditure of property, plant and equipment per reportable segment was as follows for the years ended 31 December:

	2019 € million	2018 € million
Established	**102.0**	95.7
Developing	**84.5**	72.1
Emerging	**286.7**	269.4
Total expenditure of property, plant and equipment	**473.2**	**437.2**

The Group continues to monitor the situation in Nigeria in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impact on its performance, particularly in relation to potential currency volatility.

7. Net sales revenue

Accounting policy

The Group principally produces, sells and distributes ready-to-drink, primarily non-alcoholic, beverages. Under IFRS 15 'Revenue from contracts with customers' the Group recognises revenue when control of the products is transferred, being when the products are delivered to the customer.

Net sales revenue is measured at the fair value of the consideration received or receivable and is stated net of sales discounts and consideration paid to customers. These mainly take the form of promotional incentives and are amortised over the terms of the related contracts as a deduction in revenue.

The Group provides volume rebates to customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates the Group uses the most likely amount method.

Net sales revenue includes excise and other duties where the Group acts as a principal, but excludes amounts collected by third parties such as value-added taxes as these are not included in the transaction price. The Group assesses these taxes and duties on a jurisdiction-by-jurisdiction basis to conclude on the appropriate accounting treatment.

Coca-Cola HBC receives contributions from The Coca-Cola Company in order to promote sales of its brands. Contributions for price support, marketing and promotional campaigns in respect of specific customers are recognised as an offset to promotional incentives provided to those customers to which the contributions contractually relate. These contributions are accrued and matched to the expenditure to which they relate (refer to Note 27).

Refer to Note 6 for an analysis of net sales revenue per reportable segment.

8. Operating expenses

Operating expenses for the year ended 31 December comprised:

	2019 € million	2018 € million
Selling expenses	**938.6**	927.3
Delivery expenses	**539.2**	522.1
Administrative expenses	**411.5**	393.7
Restructuring expenses	**37.8**	32.8
Acquisition costs (refer to Note 23)	**3.2**	–
Operating expenses	**1,930.3**	**1,875.9**

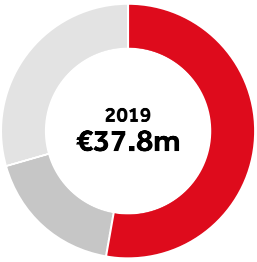
In 2019, operating expenses included net gain on disposals of non-current assets of €6.2m (2018: €10.2m net gain).

a) Restructuring expenses

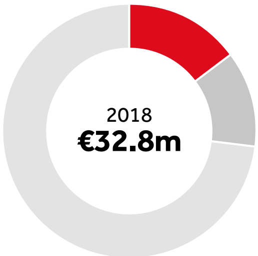
Accounting policy

Restructuring expenses are recorded in a separate line item within operating expenses and comprise costs arising from significant changes in the way the Group conducts its business such as significant supply chain infrastructure changes, outsourcing of activities and centralisation of processes. Redundancy provisions are recognised only when the Group has a present constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, as well as an appropriate timeline, and the employees affected have been notified of the plan's main features.

As part of the effort to optimise its cost base and sustain competitiveness in the marketplace, the Company undertakes restructuring initiatives. The restructuring concerns mainly employees' costs and impairment of property, plant and equipment (refer to Note 14). Restructuring expenses per reportable segment for the years ended 31 December are presented below:



- Established: **€20.0m**
- Developing: **€6.7m**
- Emerging: **€11.1m**



- Established: €4.9m
- Developing: €4.0m
- Emerging: €23.9m

b) Employee costs

Employee costs for the years ended 31 December comprised:

	2019 € million	2018 € million
Wages and salaries	**732.4**	705.5
Social security costs	**145.0**	139.0
Pension and other employee benefits	**117.7**	126.3
Termination benefits	**42.2**	22.4
Total employee costs	**1,037.3**	**993.2**

The average number of full-time equivalent employees in 2019 was 28,389 (2018: 28,884).

Employee costs for 2019 included in operating expenses and cost of goods sold amounted to €785.1m and €252.2m respectively (2018: €766.2m and €227.0m respectively).

c) Directors' and senior management remuneration

The total remuneration paid to or accrued for Directors and the senior management team for the years ended 31 December comprised:

	2019 € million	2018 € million
Salaries and other short-term benefits	**14.9**	11.7
Performance share awards	**5.5**	6.3
Pension and post-employment benefits	**0.9**	0.8
Total remuneration	**21.3**	**18.8**

d) Fees and other services of the auditor

Audit and other fees charged in the income statement concerning the auditor of the consolidated financial statements, PricewaterhouseCoopers S.A. and affiliates, were as follows, for the years ended 31 December:

	2019 € million	2018 € million
Audit fees	**4.9**	4.3
Audit-related fees	**0.4**	0.4
Other fees	**–**	0.1
Total audit and all other fees	**5.3**	**4.8**

Notes to the consolidated financial statements continued

9. Finance costs, net

Accounting policy

Interest income and interest expense are recognised using the effective interest rate method, and are recorded in the income statement within 'Finance income' and 'Finance costs' respectively. Interest expense includes finance charges with respect to leases. Interest expense also includes amortisation of the loss on the forward starting swaps and the net impact from swaptions recorded in other comprehensive income (refer to Note 24).

Finance costs, net for the years ended 31 December comprised:

	2019 € million	2018 € million
Interest income	**6.3**	**6.1**
Interest expense	**(71.3)**	(46.5)
Other finance costs	**(2.6)**	(1.3)
Net foreign exchange remeasurement gain	**0.5**	0.4
Finance costs	**(73.4)**	**(47.4)**
Finance costs, net	**(67.1)**	**(41.3)**

Other finance costs include commitment fees on loan facilities (for the part not yet drawn down) and other similar fees.

For the interest expense incurred with respect to leases refer to Note 16.

10. Taxation

Accounting policy

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or in equity. In this case, the tax is recognised in other comprehensive income or directly in equity.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Tax rates enacted or substantively enacted at the balance sheet date are those that are expected to apply when the deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the reduction of the future taxes is probable.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future. This includes taxation in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Critical accounting estimates

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination cannot be assessed with certainty in the ordinary course of business. The Group recognises a provision for potential cases that might arise in the foreseeable future based on assessment of the probabilities as to whether additional taxes will be due. Where the final tax outcome on these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made. The income tax provision amounted to €95.1m as at 31 December 2019 (2018: €98.5m) and is included in the line 'Current tax liabilities' of the consolidated balance sheet.

The income tax charge for the years ended 31 December was as follows:

	2019 € million	2018 € million
Current tax expense	185.6	149.0
Deferred tax expense	(12.4)	13.8
Income tax expense	**173.2**	**162.8**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2019 € million	2018 € million
Profit before tax	661.2	610.9
Tax calculated at domestic tax rates applicable to profits in the respective countries	139.9	122.8
Additional local taxes in foreign jurisdictions	9.0	9.0
Tax holidays in foreign jurisdictions	(3.6)	9.0
Expenses non-deductible for tax purposes	23.8	16.7
Income not subject to tax	(5.1)	(8.9)
Changes in tax laws and rates	0.9	1.4
Movement of accumulated tax losses	3.5	(1.5)
Movement of deferred tax asset not recognised	0.4	(0.5)
Other	4.4	14.8
Income tax expense	**173.2**	**162.8**

Non-deductible expenses for tax purposes include marketing and advertising expenses, service fees, bad debt provisions, entertainment expenses, certain employee benefits and other items that, partially or in full, are not deductible for tax purposes in certain of our jurisdictions.

Deferred tax assets and liabilities presented in the consolidated balance sheet as at 31 December can be further analysed as follows:

Deferred tax assets:	2019 € million	2018 € million
To be recovered after 12 months	47.6	29.4
To be recovered within 12 months	85.2	78.0
Gross deferred tax assets	**132.8**	**107.4**
Offset of deferred tax	(68.3)	(60.0)
Net deferred tax assets	**64.5**	**47.4**
Deferred tax liabilities:		
To be recovered after 12 months	(204.1)	(162.2)
To be recovered within 12 months	(23.7)	(29.1)
Gross deferred tax liabilities	**(227.8)**	**(191.3)**
Offset of deferred tax	68.3	60.0
Net deferred tax liabilities	**(159.5)**	**(131.3)**

A reconciliation of net deferred tax is presented below:

	2019 € million	2018 € million
As at 1 January	(83.9)	(74.9)
Taken to the income statement	12.4	(13.8)
Arising on acquisitions (refer to Note 23)	(17.5)	–
Taken to other comprehensive income	3.2	(2.3)
Taken directly to equity	(3.2)	1.3
Foreign currency translation	(6.0)	5.8
As at 31 December	**(95.0)**	**(83.9)**

Notes to the consolidated financial statements continued

10. Taxation continued

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction where applicable, are as follows:

Deferred tax assets	Provisions € million	Pensions and benefit plans € million	Tax losses carry-forward € million	Book in excess of tax depreciation € million	Leasing € million	Other deferred tax assets € million	Total € million
As at 1 January 2018	49.8	18.7	10.4	20.2	7.7	7.5	**114.3**
Taken to the income statement	(7.0)	2.0	(6.8)	(2.2)	(0.7)	10.2	**(4.5)**
Taken to other comprehensive income	–	(4.0)	–	–	–	1.1	**(2.9)**
Taken directly to equity	–	–	–	–	–	1.3	**1.3**
Transfers between assets / liabilities	–	–	–	0.9	–	–	**0.9**
Foreign currency translation	(1.4)	0.1	(0.4)	0.3	–	(0.3)	**(1.7)**
As at 31 December 2018	**41.4**	**16.8**	**3.2**	**19.2**	**7.0**	**19.8**	**107.4**
Adjustment on adoption of IFRS 16*	–	–	–	(9.8)	25.4	(0.2)	**15.4**
As at 1 January 2019	41.4	16.8	3.2	9.4	32.4	19.6	**122.8**
Arising on acquisitions (refer to Note 23)	0.4	0.1	–	–	–	0.1	**0.6**
Taken to the income statement	(3.3)	(2.8)	(1.9)	4.0	(3.5)	11.8	**4.3**
Taken to other comprehensive income	–	1.7	–	–	–	1.2	**2.9**
Taken directly to equity	–	–	–	–	–	(3.2)	**(3.2)**
Transfers between assets / liabilities	0.3	1.8	–	1.3	–	(1.2)	**2.2**
Foreign currency translation	2.4	0.1	0.1	0.2	0.1	0.3	**3.2**
As at 31 December 2019	**41.2**	**17.7**	**1.4**	**14.9**	**29.0**	**28.6**	**132.8**

Deferred tax liabilities	Tax in excess of book depreciation € million	Derivative instruments € million	Other deferred tax liabilities € million	Total € million
As at 1 January 2018	(176.0)	(2.0)	(11.2)	**(189.2)**
Taken to the income statement	(5.0)	0.1	(4.4)	**(9.3)**
Taken to other comprehensive income	–	(0.1)	0.7	**0.6**
Transfers between assets / liabilities	(0.9)	–	–	**(0.9)**
Foreign currency translation	8.3	–	(0.8)	**7.5**
As at 31 December 2018	**(173.6)**	**(2.0)**	**(15.7)**	**(191.3)**
Adjustment on adoption of IFRS 16*	(15.4)	–	–	**(15.4)**
As at 1 January 2019	(189.0)	(2.0)	(15.7)	**(206.7)**
Arising on acquisitions (refer to Note 23)	(18.2)	–	0.1	**(18.1)**
Taken to the income statement	10.4	0.1	(2.4)	**8.1**
Taken to other comprehensive income	–	0.3	–	**0.3**
Transfers between assets / liabilities	(0.6)	–	(1.6)	**(2.2)**
Foreign currency translation	(8.9)	–	(0.3)	**(9.2)**
As at 31 December 2019	**(206.3)**	**(1.6)**	**(19.9)**	**(227.8)**

* In 2018 the Group was accounting for its leasing activities under IAS 17 'Leases'. From 2019 right-of-use assets and lease liabilities are recognised in the consolidated balance sheet under IFRS 16 'Leases'. Refer to Note 16 for details about the change in accounting policy.

Deferred tax assets recognised for tax losses carry-forward in accordance with the relevant local rules applying in the Group's jurisdictions can be analysed as follows:

	2019 € million	2018 € million
Attributable to tax losses that expire within five years	**1.0**	1.6
Attributable to tax losses that can be carried forward indefinitely	**0.4**	1.6
Recognised deferred tax assets attributable to tax losses	**1.4**	**3.2**

The Group has unrecognised deferred tax assets attributable to tax losses that are available to carry forward against future taxable income of €24.3m (2018: €13.4m). These are analysed as follows:

	2019 € million	2018 € million
Attributable to tax losses that expire within five years	**16.1**	12.1
Attributable to tax losses that expire after five years	**8.2**	1.3
Unrecognised deferred tax assets attributable to tax losses	**24.3**	**13.4**

The aggregate amount of distributable reserves arising from the realised earnings of the Group's operations was €2,389.4m in 2019 (2018: €2,271.5m). No deferred tax liabilities have been recognised on such reserves given that their distribution is controlled by the Group or, in the event of plans to remit overseas earnings of subsidiaries, such distribution would not give rise to a tax liability.

11. Earnings per share

Accounting policy

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. Diluted earnings per share incorporates stock options for which the average share price for the year is in excess of the exercise price of the stock option and which create a dilutive effect.

The calculation of the basic and diluted earnings per share attributable to the owners of the parent entity is based on the following data:

	2019	2018
Net profit attributable to the owners of the parent (€ million)	**487.5**	447.4
Weighted average number of ordinary shares for the purposes of basic earnings per share (million)	**363.7**	367.9
Effect of dilutive stock options (million)	**2.2**	2.2
Weighted average number of ordinary shares for the purposes of diluted earnings per share (million)	**365.9**	370.1
Basic earnings per share (€)	**1.34**	**1.22**
Diluted earnings per share (€)	**1.33**	**1.21**

12. Components of other comprehensive income

The components of other comprehensive income for the years ended 31 December comprise:

	2019			2018		
	Before-tax € million	**Tax expense € million**	**Net-of-tax € million**	Before-tax € million	Tax expense € million	Net-of-tax € million
Cost of hedging (refer to Note 24)	**(11.1)**	**–**	**(11.1)**	(5.3)	–	(5.3)
Cash flow hedges (refer to Note 24)	**2.5**	**1.4**	**3.9**	6.3	1.0	7.3
Foreign currency translation	**123.4**	**–**	**123.4**	(63.1)	–	(63.1)
Equity investments at fair value through other comprehensive income	**0.2**	**–**	**0.2**	(0.3)	0.1	(0.2)
Actuarial (losses) / gains	**(17.0)**	**1.8**	**(15.2)**	20.8	(3.4)	17.4
Share of other comprehensive income of equity-method investments	**0.7**	**–**	**0.7**	0.6	–	0.6
Other comprehensive income / (loss)	**98.7**	**3.2**	**101.9**	**(41.0)**	**(2.3)**	**(43.3)**

The foreign currency translation gain for 2019 primarily relates to the Russian rouble but also the Swiss franc and Ukrainian hryvnia, while the majority of the loss from the foreign currency translation for 2018 related to the Russian rouble.

13. Intangible assets

Accounting policy

Intangible assets consist of goodwill, franchise agreements, trademarks and water rights. Goodwill and other indefinite-lived intangible assets are carried at cost less accumulated impairment losses, while intangible assets with finite lives are amortised over their useful economic lives. The useful lives, both finite and indefinite, assigned to intangible assets are evaluated on an annual basis.

Intangible assets with indefinite lives ('not subject to amortisation')

Intangible assets not subject to amortisation consist of goodwill, franchise agreements and trademarks.

Goodwill is the excess of the consideration transferred over the fair value of the share of net assets acquired. Goodwill and fair value adjustments arising on the acquisition of subsidiaries are treated as the assets and liabilities of those subsidiaries. These balances are denominated in the functional currency of the subsidiary and are translated to Euro on a basis consistent with the other assets and liabilities of the subsidiary.

The useful life of franchise agreements is usually based on the term of the respective franchise agreements. The Coca-Cola Company does not grant perpetual franchise rights outside the United States. However, given the Group's strategic relationship with The Coca-Cola Company and consistent with past experience, the Group believes that franchise agreements will continue to be renewed at each expiration date with no significant costs. The Group has concluded that the franchise agreements are perpetual in nature and they have therefore been assigned indefinite useful lives.

Notes to the consolidated financial statements continued

13. Intangible assets continued

Accounting policy continued

Intangible assets with indefinite lives ('not subject to amortisation') continued

The Group's trademarks are assigned an indefinite useful life when they have an established sales history in the applicable region. It is the intention of the Group to receive a benefit from them indefinitely and there is no indication that this will not be the case.

Goodwill and other indefinite-lived intangible assets are tested for impairment annually and whenever there is an indication of impairment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the business combination in which the goodwill arose. Other indefinite-lived intangible assets are also allocated to the Group's cash-generating units expected to benefit from those intangibles. The cash-generating units ('unit') to which goodwill and other indefinite-lived intangible assets have been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount (i.e. the higher of the value in use and fair value less costs to sell) of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit on the basis of the carrying amount of each asset in the unit. Impairment losses recognised against goodwill are not reversed in subsequent periods.

Intangible assets with finite lives

Intangible assets with finite lives mainly consist of water rights and certain brands, are amortised over their useful economic lives and are carried at cost less accumulated amortisation and impairment losses. Intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

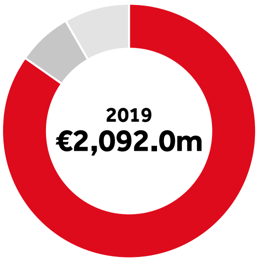
Critical accounting estimates

Determining whether goodwill or indefinite-lived intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which they have been allocated in order to determine the recoverable amount of the cash-generating units. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

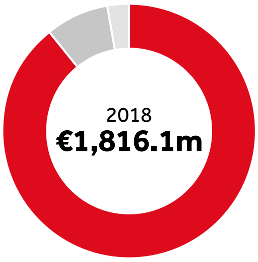
The movements in intangible assets by classes of assets during the year are as follows:

	Goodwill €million	Franchise agreements €million	Trademarks €million	Other intangible assets €million	**Total €million**
Cost					
As at 1 January 2018	1,803.6	145.9	64.7	26.3	**2,040.5**
Additions	–	–	1.5	–	**1.5**
Foreign currency translation	1.1	0.3	(6.5)	–	**(5.1)**
As at 31 December 2018	**1,804.7**	**146.2**	**59.7**	**26.3**	**2,036.9**
Amortisation					
As at 1 January 2018	182.4	–	8.9	19.3	**210.6**
Charge for the year	–	–	0.1	0.4	**0.5**
As at 31 December 2018	**182.4**	**–**	**9.0**	**19.7**	**211.1**
Net book value as at 1 January 2018	1,621.2	145.9	55.8	7.0	**1,829.9**
Net book value as at 31 December 2018	**1,622.3**	**146.2**	**50.7**	**6.6**	**1,825.8**
Cost					
As at 1 January 2019	1,804.7	146.2	59.7	26.3	**2,036.9**
Intangible assets arising on current-year acquisitions (refer to Note 23)	115.0	–	121.1	1.3	**237.4**
Foreign currency translation	36.4	0.2	6.3	–	**42.9**
As at 31 December 2019	**1,956.1**	**146.4**	**187.1**	**27.6**	**2,317.2**
Amortisation					
As at 1 January 2019	182.4	–	9.0	19.7	**211.1**
Charge for the year	–	–	0.3	0.4	**0.7**
As at 31 December 2019	**182.4**	**–**	**9.3**	**20.1**	**211.8**
Net book value as at 1 January 2019	1,622.3	146.2	50.7	6.6	**1,825.8**
Net book value as at 31 December 2019	**1,773.7**	**146.4**	**177.8**	**7.5**	**2,105.4**

Intangible assets not subject to amortisation amounted to €2,092.0m (2018: €1,816.1m), and are presented in the charts below:



- Goodwill: **€1,773.7m**
- Franchise agreements: **€146.4m**
- Trademarks: **€171.9m**



- Goodwill: €1,622.3m
- Franchise agreements: €146.2m
- Trademarks: €47.6m

The carrying value of intangible assets subject to amortisation amounted to €13.4m (2018: €9.7m) and comprised water rights of €7.5m and trademarks of €5.9m (2018: €6.6m water rights and €3.1m trademarks).

Impairment tests for goodwill and other indefinite-lived intangible assets

The recoverable amount of each cash-generating unit was determined through a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the Board of Directors covering a one-year period and cash projections for four additional years. Cash flows for years two to five were projected by management based on operation- and market-specific high-level assumptions including growth rates, discount rates and forecast selling prices and direct costs. Management determined gross margins based on past performance, expectations for the development of the market and expectations about raw material costs. The growth rates used in perpetuity reflect the forecasts in line with management beliefs. These forecasts exceeded, in certain cases, those expected for the industry in general, due to the strength of our brand portfolio. Management estimates discount rates using rates that reflect current market assessments of the time value of money and risks specific to the countries of operation. The Group applies post-tax discount rates to post-tax cash flows as the valuation calculated using this method closely approximates to applying pre-tax discount rates to pre-tax cash flows.

No impairment of goodwill and other indefinite-lived assets was indicated from the impairment tests of 2019 and 2018.

The following table sets forth the carrying value of goodwill and other indefinite-lived intangible assets for those cash-generating units whose carrying value is greater than 10% of the total, as at 31 December 2019.

	Goodwill € million	Franchise Agreements € million	Trademarks € million	**Total € million**
Italy	625.2	126.9	–	**752.1**
Switzerland	423.0	–	–	**423.0**
The Republic of Ireland and Northern Ireland	249.6	–	–	**249.6**
Koncern Bambi a.d. Požarevac	115.0	–	118.3	**233.3**
All other cash-generating units	360.9	19.5	53.6	**434.0**
Total	**1,773.7**	**146.4**	**171.9**	**2,092.0**

Notes to the consolidated financial statements continued

13. Intangible assets continued

For the above cash-generating units, cash flows beyond the five-year period (the period in perpetuity) have been extrapolated using the following estimated growth and discount rates:

Intangible assets not subject to amortisation as at 31 December 2019 (%)

	Growth rate in perpetuity (%)		Discount rate (%)	
	2019	2018	**2019**	2018
Italy	**2.5**	2.5	**6.9**	7.0
Switzerland	**1.5**	1.2	**5.2**	6.0
The Republic of Ireland and Northern Ireland	**3.0**	2.9	**5.3**	6.0
Koncern Bambi a.d. Požarevac	**4.5**	–	**7.7**	–

Sensitivity analysis

In the cash-generating unit of Nigeria, which held €21.2m of goodwill and franchise agreements as at 31 December 2019, possible changes in certain key assumptions of the 2019 impairment test would remove the remaining headroom. As at 31 December 2019, the recoverable amount of the Nigerian cash-generating unit calculated based on value in use exceeded carrying value by €314.3m; changes per assumption that would eliminate remaining headroom are summarised in the table below:

	Average gross profit margin	Growth rate in perpetuity	Discount rate
Nigeria	↓ 410bps	↓ 310bps	↑ 260bps

14. Property, plant and equipment

Accounting policy

All property, plant and equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the operation and the costs can be measured reliably. All other subsequent expenditure is expensed in the period in which it is incurred.

Assets under construction are recorded as part of property, plant and equipment and depreciation on these assets commences when the assets are made available for use.

Depreciation is calculated on a straight-line basis to allocate the depreciable amount over the estimated useful life of the assets as follows:

Freehold buildings and improvements	40 years
Leasehold buildings and improvements	Over the lease term, up to 40 years
Production equipment	4 to 20 years
Vehicles	5 to 8 years
Computer hardware and software	3 to 10 years
Marketing equipment	3 to 10 years
Fixtures and fittings	8 years
Returnable containers	3 to 12 years

Freehold land is not depreciated as it is considered to have an indefinite life.

Deposits received for returnable containers by customers are accounted for as deposit liabilities (refer to Note 20).

Residual values and useful lives of assets are reviewed and adjusted if appropriate at each balance sheet date.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's fair value less cost to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level of separately identifiable cash flows.

For accounting policy regarding right-of-use assets refer to Note 16 'Leases'.

The movements of property, plant and equipment by class of assets are as follows:

	Land and buildings € million	Plant and equipment € million	Returnable containers € million	Assets under construction € million	**Total € million**
Cost					
As at 1 January 2018	1,384.0	3,525.1	376.0	92.7	**5,377.8**
Additions	10.4	177.9	34.8	235.1	**458.2**
Disposals	(7.3)	(192.8)	(15.7)	(3.5)	**(219.3)**
Reclassified from assets held for sale (refer to Note 19)	–	0.7	–	–	**0.7**
Reclassified to assets held for sale (refer to Note 19)	(9.7)	(3.6)	–	–	**(13.3)**
Reclassifications	48.2	174.9	1.3	(224.4)	**–**
Foreign currency translation	(28.2)	(84.1)	3.9	0.1	**(108.3)**
As at 31 December 2018	**1,397.4**	**3,598.1**	**400.3**	**100.0**	**5,495.8**
Depreciation and impairment					
As at 1 January 2018	431.4	2,408.4	214.9	1.1	**3,055.8**
Charge for the year	37.4	242.3	25.4	–	**305.1**
Impairment	5.1	6.8	1.7	–	**13.6**
Disposals	(3.7)	(187.1)	(10.3)	–	**(201.1)**
Reclassified from assets held for sale (refer to Note 19)	–	0.5	–	–	**0.5**
Reclassified to assets held for sale (refer to Note 19)	(6.8)	(2.2)	–	–	**(9.0)**
Foreign currency translation	(8.8)	(53.4)	1.5	–	**(60.7)**
As at 31 December 2018	**454.6**	**2,415.3**	**233.2**	**1.1**	**3,104.2**
Net book value as at 31 December 2018	**942.8**	**1,182.8**	**167.1**	**98.9**	**2,391.6**
Cost					
As at 31 December 2018	1,397.4	3,598.1	400.3	100.0	**5,495.8**
Adjustment on adoption of IFRS 16 (refer to Note 16)	(20.7)	(89.2)	–	–	**(109.9)**
As at 1 January 2019	1,376.7	3,508.9	400.3	100.0	**5,385.9**
Additions	8.7	168.7	39.9	246.3	**463.6**
Arising from business combinations (refer to Note 23)	12.5	11.7	–	0.2	**24.4**
Disposals	(5.2)	(162.2)	(19.3)	–	**(186.7)**
Reclassified from assets held for sale (refer to Note 19)	–	0.1	–	–	**0.1**
Reclassified to assets held for sale (refer to Note 19)	(15.0)	(9.6)	–	–	**(24.6)**
Reclassifications	70.5	154.7	0.2	(225.4)	**–**
Foreign currency translation	42.2	135.6	4.0	2.4	**184.2**
As at 31 December 2019	**1,490.4**	**3,807.9**	**425.1**	**123.5**	**5,846.9**
Depreciation and impairment					
As at 31 December 2018	454.6	2,415.3	233.2	1.1	**3,104.2**
Adjustment on adoption of IFRS 16 (refer to Note 16)	(4.4)	(35.0)	–	–	**(39.4)**
As at 1 January 2019	450.2	2,380.3	233.2	1.1	**3,064.8**
Charge for the year	41.6	254.0	26.7	–	**322.3**
Impairment	0.9	8.9	0.3	(0.1)	**10.0**
Disposals	(2.6)	(153.4)	(14.7)	–	**(170.7)**
Reclassified to assets held for sale (refer to Note 19)	(6.9)	(4.8)	–	–	**(11.7)**
Foreign currency translation	13.7	79.0	1.5	–	**94.2**
As at 31 December 2019	**496.9**	**2,564.0**	**247.0**	**1.0**	**3,308.9**
Net book value as at 31 December 2019 excluding right-of-use assets	**993.5**	**1,243.9**	**178.1**	**122.5**	**2,538.0**
Net book value of right-of-use assets as at 31 December 2019	**84.0**	**120.2**	**–**	**–**	**204.2**
Net book value as at 31 December 2019	**1,077.5**	**1,364.1**	**178.1**	**122.5**	**2,742.2**

Assets under construction at 31 December 2019 include advances for equipment purchases of €22.7m (2018: €13.3m). Depreciation charge for the year included in operating expenses amounted to €193.2m (2018: €142.3m). Depreciation charge for the year included in cost of goods sold amounted to €181.6m (2018: €162.8m).

Notes to the consolidated financial statements continued

14. Property, plant and equipment continued

Impairment of property, plant and equipment

In 2018 the Group recorded impairment losses of €2.9m, €1.5m and €12.3m and reversals of impairment of €1.2m, €0.1m and €1.8m relating to property, plant and equipment in the Established, Developing and Emerging segments respectively. These amounts include impairment related to restructuring initiatives (refer to Note 8). The impaired assets, being mainly buildings and production equipment, were written down based mainly on value-in-use calculations.

In 2019 the Group recorded impairment losses of €2.5m, €1.5m and €8.2m and reversals of impairment of €0.4m, €0.2m and €1.6m relating to property, plant and equipment in the Established, Developing and Emerging segments respectively. These amounts include impairment related to restructuring initiatives (refer to Note 8). The impaired assets, being mainly buildings and production equipment, were written down based mainly on value-in-use calculations.

Leased assets

Accounting policy 2018

Leases of property, plant and equipment, where the Group had substantially all the risks and rewards of ownership, were classified as finance leases. Finance leases were capitalised at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment was allocated between liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, were included in current and non-current borrowings. The interest element of the finance cost was charged to the income statement over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period (refer to Note 25). Property, plant and equipment acquired under finance lease was depreciated over the shorter of the useful life of the asset and the lease term. The useful life for lease assets corresponded with the Group policy for the depreciable life of property, plant and equipment.

From 1 January 2019 leased assets are accounted for in accordance with IFRS 16 'Leases' (refer to Note 16 'Leases' for details).

As at 31 December 2018 included in property, plant and equipment were assets held under finance leases in accordance with IAS 17 'Leases', where the Group was the lessee, as follows:

	2018 € million
Cost	109.9
Accumulated depreciation	(39.4)
Net book value as at 31 December 2018	**70.5**

Net book value of assets held under finance leases by classes of assets was as follows:	
Plant and equipment	54.2
Land and buildings	16.3
Net book value	**70.5**

15. Interests in other entities

List of principal subsidiaries

The following are the principal subsidiaries of the Group as at 31 December:

		% of voting rights		% ownership	
	Country of registration	**2019**	2018	**2019**	2018
AS Coca-Cola HBC Eesti	Estonia	**100.0%**	100.0%	**100.0%**	100.0%
CCB Management Services GmbH	Austria	**100.0%**	100.0%	**100.0%**	100.0%
CCHBC Armenia CJSC[1]	Armenia	**100.0%**	90.0%	**100.0%**	90.0%
CCHBC Bulgaria AD	Bulgaria	**99.4%**	99.4%	**99.4%**	99.4%
Coca-Cola Imbuteliere Chisinau SRL	Moldova	**100.0%**	100.0%	**100.0%**	100.0%
CCHBC Insurance (Guernsey) Limited	Guernsey	**100.0%**	100.0%	**100.0%**	100.0%
CCHBC IT Services Limited	Bulgaria	**100.0%**	100.0%	**100.0%**	100.0%
CCHBC Reinsurance Designated Activity Company[2]	Republic of Ireland	**100.0%**	–	**100.0%**	–
Coca-Cola Beverages Austria GmbH	Austria	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Beverages Belorussiya	Belarus	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Beverages Ukraine Ltd	Ukraine	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC B-H d.o.o. Sarajevo	Bosnia and Herzegovina	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Česko a Slovensko, s.r.o.	Czech Republic	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Česko a Slovensko, s.r.o. – organizačná zložka	Slovakia	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Cyprus Ltd[3]	Cyprus	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Finance B.V.	The Netherlands	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Greece S.A.I.C.	Greece	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Holdings B.V.	The Netherlands	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Hrvatska d.o.o.	Croatia	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Hungary Ltd	Hungary	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Ireland Limited	Republic of Ireland	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Italia S.r.l.	Italy	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Kosovo L.L.C.	Kosovo	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Northern Ireland Limited	Northern Ireland	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Polska sp. z o.o.	Poland	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Romania Ltd	Romania	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Services MEPE	Greece	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Slovenija d.o.o.	Slovenia	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Sourcing B.V.[4]	The Netherlands	**100.0%**	–	**100.0%**	–
Coca-Cola HBC Switzerland Ltd	Switzerland	**99.9%**	99.9%	**99.9%**	99.9%
Coca-Cola HBC-Srbija d.o.o.	Serbia	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Hellenic Bottling Company-Crna Gora d.o.o., Podgorica	Montenegro	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Hellenic Business Service Organisation	Bulgaria	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Hellenic Procurement GmbH	Austria	**100.0%**	100.0%	**100.0%**	100.0%
CC Beverages Holdings II B.V.	The Netherlands	**100.0%**	100.0%	**100.0%**	100.0%
Koncern Bambi a.d. Požarevac[5]	Serbia	**100.0%**	–	**100.0%**	–
LLC Coca-Cola HBC Eurasia	Russia	**100.0%**	100.0%	**100.0%**	100.0%
Nigerian Bottling Company Ltd	Nigeria	**100.0%**	100.0%	**100.0%**	100.0%
SIA Coca-Cola HBC Latvia	Latvia	**100.0%**	100.0%	**100.0%**	100.0%
Star Bottling Limited	Cyprus	**100.0%**	100.0%	**100.0%**	100.0%
UAB Coca-Cola HBC Lietuva	Lithuania	**100.0%**	100.0%	**100.0%**	100.0%

1. Remaining non-controlling interest was acquired on 12 November 2019 (refer to Note 23).
2. CCHBC Reinsurance Designated Activity Company was incorporated on 24 January 2019.
3. Effective 17 October 2019 the entity has been renamed Coca-Cola HBC Cyprus Ltd (formerly Lanitis Bros Ltd).
4. Coca-Cola HBC Sourcing B.V. was incorporated on 20 May 2019.
5. Effective 18 June 2019 Coca-Cola HBC acquired Koncern Bambi a.d. Požarevac (refer to Note 23).

Notes to the consolidated financial statements continued

15. Interests in other entities continued

Associates and joint arrangements

Accounting policies

Investments in associates

Investments in associated undertakings are accounted for by the equity method of accounting. Associated undertakings are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights.

The equity method of accounting involves recognising the Group's share of the associates' post-acquisition profit or loss and movements in other comprehensive income for the period in the income statement and other comprehensive income respectively. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's interest in each associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes goodwill on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associate.

Investments in joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent. Joint arrangements are classified as joint ventures or joint operations depending upon the rights and obligations arising from the joint arrangement.

The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement. The Group accounts for its interests in joint ventures using the equity method of accounting as described in the section above.

The Group classifies a joint arrangement as a joint operation when the Group has the rights to the assets, and obligations for the liabilities, of the arrangement and accounts for each of its assets, liabilities, revenues and expenses, including its share of those held or incurred jointly, in relation to the joint operation.

If facts and circumstances change, the Group reassesses whether it still has joint control and whether the type of joint arrangement in which it is involved has changed.

Critical accounting judgements

The Group participates in several joint arrangements. Judgement is required in order to determine their classification as a joint venture where the Group has rights to the net assets of the arrangement, or a joint operation where the Group has rights to the assets and obligations for the liabilities of the arrangement. In making this judgement, consideration is given to the legal form of the arrangement, and the contractual terms and conditions, as well as other facts and circumstances (including the economic rationale of the arrangement and the impact of the legal framework).

a) Equity-method investments

Changes in the carrying amounts of equity-method investments are as follows:

	Associates € million	Joint ventures € million	**Total € million**
As at 1 January 2018	22.0	74.8	**96.8**
Capital increase	–	0.3	**0.3**
Additions	–	1.0	**1.0**
Share of results of equity-method investments	5.1	7.7	**12.8**
Share of other comprehensive income of equity-method investments	0.5	0.1	**0.6**
Share of total comprehensive income	5.6	7.8	**13.4**
Return of capital	–	(0.9)	**(0.9)**
Dividends	(2.8)	(8.5)	**(11.3)**
As at 31 December 2018	**24.8**	**74.5**	99.3
Additions	**–**	**44.5**	44.5
Share of results of equity-method investments	**4.6**	**8.4**	13.0
Share of other comprehensive income of equity-method investments	**0.5**	**0.2**	0.7
Share of total comprehensive income	**5.1**	**8.6**	13.7
Return of capital	**–**	**(0.8)**	(0.8)
Dividends	**(0.7)**	**(7.5)**	(8.2)
As at 31 December 2019	**29.2**	**119.3**	148.5

Included in investment in associates is the Group's investment in Frigoglass Industries (Nigeria) Limited. The Group has an effective interest of 23.9% in Frigoglass Industries (Nigeria) Limited (2018: 23.9%) through its investment in Nigeria Bottling Company Ltd.

In 2019, Frigoglass West Africa Ltd merged with Frigoglass Industries (Nigeria) Limited. Frigoglass Industries (Nigeria) Limited, an associate in which the Group holds an effective interest of 23.9% through its subsidiary Nigerian Bottling Company Ltd, is guarantor under the amended banking facilities and notes issued by the Frigoglass Group, as part of the debt restructuring of the latter. The Group has no direct exposure arising from this guarantee arrangement, but the Group's investment in this associate, which stood at €25.2m as at 31 December 2019, would be at potential risk if there was a default under the terms of the amended banking facilities or the notes and the Frigoglass Group (including the guarantor) was unable to meet its obligations thereunder.

On 6 December 2019, the Group acquired, in conjunction with The Coca-Cola Company, Acque Minerali S.r.l, a mineral water and adult sparkling beverages business in Italy. The transaction resulted in the Group holding a 50% effective interest in Acque Minerali S.r.l. The relevant investment of €44.5m which includes acquisition costs of €0.7m was classified in accordance with the requirements of IFRS 11 'Joint arrangements' as an investment in a joint venture and provides the Group and The Coca-Cola Company with rights to the entity's net assets. Consideration of €1.8m and acquisition costs of €0.2m were not yet paid as at 31 December 2019.

During 2018, the Group reorganised its Water business joint operation in Serbia, which resulted in an increase to investments in joint ventures of €1.0m.

Investments in joint ventures

The Group has a significant joint venture with Heineken that is conducted through a number of legal entities being the BrewTech B.V. Group of companies, which is engaged in the bottling and distribution of soft drinks and beer in North Macedonia. BrewTech B.V. is incorporated in the Netherlands and the Group owns 50% (2018: 50%) of its share capital. The structure of the joint venture provides the Group with rights to its net assets.

Summarised financial information of the Group's significant joint venture is as follows (the information below reflects the amount presented in the IFRS financial statements of the joint venture, and not the Group's share in those amounts):

	2019 € million	2018 € million
Summarised balance sheet:		
Non-current assets	**54.7**	51.6
Cash and cash equivalents	**2.3**	1.8
Other current assets	**11.1**	11.1
Total current assets	**13.4**	**12.9**
Total current liabilities	**(18.1)**	**(15.4)**
Non-current other liabilities	**(0.5)**	**(0.2)**
Net assets	**49.5**	**48.9**
Summarised statement of comprehensive income:		
Revenue	**74.6**	67.2
Depreciation and amortisation	**(5.1)**	(3.3)
Profit before tax	**18.4**	16.8
Income tax expense	**(2.2)**	(2.0)
Profit after tax	**16.2**	14.8
Total comprehensive income	**16.2**	**14.8**
Dividends received and capital returns (refer to Note 27)	**7.7**	**7.4**
Reconciliation of net assets to carrying amount:		
Closing net assets	**49.5**	48.9
Interest in joint venture at 50%	**24.8**	24.5
Goodwill	**16.9**	16.9
Non-controlling interest	**(1.6)**	(1.6)
Carrying value	**40.1**	**39.8**

Summarised financial information of the Group's investment in other joint ventures is as follows:

	2019 € million	2018 € million
Carrying amount	**79.2**	34.7
Share of profit	**0.3**	0.3
Share of other comprehensive income	**0.2**	0.1
Share of total comprehensive income	**0.5**	**0.4**

Notes to the consolidated financial statements continued

15. Interests in other entities continued

b) Joint operations with TCCC

The Group has a 50% interest in the Multon Z.A.O. group of companies ('Multon'). Multon is engaged in the production and distribution of juices in Russia and is classified as a joint operation as the arrangement gives the Group rights to the assets and obligations for the liabilities relating to the joint arrangement. Other joint operations of the Group comprise mainly a 50% interest in each of the water businesses depicted below, which are engaged in the production and distribution of water in the respective countries.

Country	Joint operation
Austria	Römerquelle
Italy	Fonti del Vulture
Romania	Dorna
Baltics	Neptūno Vandenys

Country	Joint operation
Poland	Multivita
Switzerland	Valser
Serbia	Vlasinka

16. Leases

Accounting policy

From 1 January 2019, leases for which the Group is in a lessee position are recognised as a right-of-use asset and a corresponding lease liability at the date at which the lease asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a net-present-value basis and are recognised as part of 'Property, plant and equipment', 'Current borrowings' and 'Non-current borrowings' in the consolidated balance sheet, respectively.

Lease contracts may contain both lease and non-lease components. The Group allocates the payments in the contract to the lease and non-lease component respectively. Consideration relevant to the non-lease component is recognised as an expense in the consolidated income statement over the period of the lease.

Lease liabilities include the net present value of the following lease payments:

a) fixed payments (including in-substance fixed payments) over the lease term, less any lease incentives receivable;

b) variable lease payments that are based on an index or a rate;

c) amounts expected to be payable by the lessee under residual value guarantees;

d) the exercise price of a purchase option if the Group is reasonably certain it will exercise that option; and

e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease (if that rate can be determined), or the incremental borrowing rate of the lease, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions. In determining the incremental borrowing rate to be used, the Group applies judgement to establish the suitable reference rate and credit spread.

Each lease payment is allocated between the liability (principal) and finance cost. The interest expense is charged to the consolidated income statement as part of 'Finance costs' over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

a) the amount of the initial measurement of lease liability;

b) any lease payments made at or before the commencement date less any lease incentives received;

c) any initial direct costs; and

d) any restoration costs.

Accounting policy continued

The right-of-use assets are depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group utilises a number of practical expedients permitted by the standard, namely:

1) applying the recognition exemption to short-term leases (i.e. leases with a term of 12 months or less) that do not contain a purchase option; and

2) applying the recognition exemption to leases of underlying assets with a low value, which mainly comprise IT equipment.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and which is within the control of the lessee.

a) Adoption of IFRS 16

The Group has applied the modified retrospective transition approach on adoption of IFRS 16 and has recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 'Leases'. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.7%.

In line with IFRS 16 transition options, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of accrued lease incentives relating to those leases recognised in the consolidated balance sheet as at 31 December 2018. For leases previously classified as finance leases under the principles of IAS 17 'Leases', the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

The table below shows the reconciliation of operating lease commitments previously disclosed under IAS 17 and lease liabilities initially recognised under IFRS 16, including the lease liability for leases previously classified as finance leases:

	€ million
Total operating lease commitments disclosed at 31 December 2018 (refer to Note 30)	183.3
Discounted using the lessee's incremental borrowing rate at the date of initial application	161.2
(Less): Short-term leases recognised on a straight-line basis as expense	(8.9)
(Less): Low-value leases recognised on a straight-line basis as expense	(0.3)
(Less): Contracts committed in 2018 with commencement date January 2019	(6.6)
Lease liability recognised for operating leases	**145.4**
Add: Finance lease liabilities recognised at 31 December 2018 (refer to Note 25)	66.0
Total lease liability recognised at 1 January 2019	**211.4**
Of which:	
Current lease liability	46.4
Non-current lease liability	165.0
	211.4

The recognised right-of-use assets on adoption were as follows:

	1 January 2019 € million
Lease liability recognised for operating leases	145.4
(Less): Lease incentives accrued at 31 December 2018	(0.7)
Right-of-use assets recognised for operating leases at 1 January 2019	**144.7**
Add: Net book value of assets held under finance leases at 31 December 2018 (refer to Note 14)	70.5
Total right-of-use assets recognised at 1 January 2019	**215.2**
Of which:	
Land and buildings	83.1
Plant and equipment	132.1
	215.2

Notes to the consolidated financial statements continued

16. Leases continued

The change in accounting policy affected the following lines of the consolidated balance sheet on 1 January 2019:

Property, plant and equipment – increase by €144.7m

Current borrowings – increase by €39.9m

Non-current borrowings – increase by €105.5m

Trade and other payables – decrease by €0.7m.

On transition the Group:

a) excluded all leases expiring in 2019;

b) excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;

c) applied the new guidance regarding definition of a lease only to contracts entered into or changed on or after 1 January 2019; and

d) applied the recognition exemption to leases of underlying assets with a low value.

Refer to Note 10 for the impact on deferred tax assets and deferred tax liabilities arising from the adoption of IFRS 16.

b) Leasing activities

The leases which are recorded on the consolidated balance sheet following implementation of IFRS 16 are principally in respect of vehicles and buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Extension options considered reasonably certain to be exercised relate primarily to buildings and do not exceed 6 years. Most termination options have not been considered reasonably certain to be exercised.

The Group's carrying amount of lease liability is presented below as at 31 December:

	2019 € million	2018[1] € million
Current lease liability	56.3	6.5
Non-current lease liability	154.7	59.5
Total lease liability (refer to Note 25)	**211.0**	**66.0**

1. In the previous year the Group only recognised lease assets and lease liabilities in relation to leases that were classified as finance leases under IAS 17 'Leases'. The assets were presented in property, plant and equipment and the liabilities as part of Group's borrowings.

For the carrying amount of right-of-use assets per class of underlying asset refer to Note 14.

The Group's additions to right-of-use assets are:

	2019 € million
Land and buildings	23.4
Plant and equipment	40.3
Total additions	**63.7**

The consolidated income statement includes the following amounts relating to depreciation charge of right-of-use assets:

	2019 € million
Land and buildings	18.2
Plant and equipment	34.3
Total depreciation charge	**52.5**

The following expenses have been included in cost of goods sold and operating expenses:

	2019 € million
Expense relating to short-term leases	18.4
Expense relating to leases of low-value assets	1.2
Expense relating to variable lease payments	9.9

Interest expense on leases in 2019 was €12.8m (2018: €4.7m) and is recorded within 'Finance costs' (refer to Note 9).

The total cash outflow for leases in 2019 was €77.9m.

Expenses relating to short-term leases include leases that expire within 2019 as per the practical expedient applied by the Group on transition to IFRS 16 as well as consideration for short-term leases used to cover seasonal business needs.

17. Inventories

Accounting policy

Inventories are stated at the lower of cost and net realisable value.

Cost for raw materials and consumables is determined on a weighted average basis. Cost for work in progress and finished goods is comprised of the cost of direct materials and labour plus attributable overhead costs. Cost of inventories includes all costs incurred to bring the product to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to complete and sell the inventory.

Inventories consisted of the following at 31 December:

	2019 € million	2018 € million
Finished goods	**230.9**	219.5
Raw materials and work in progress	**191.9**	176.6
Consumables	**65.3**	67.1
Total inventories	**488.1**	**463.2**

The amount of inventories recognised as an expense during 2019 was €3,328.5m (2018: €3,196.8m). During 2019 provision of obsolete inventories recognised as an expense amounted to €18.4m (2018: €20.3m), whereas provision reversed in the year amounted to €1.0m (2018: €2.5m).

18. Trade, other receivables and assets

Accounting policies

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. The normal credit terms are between 7-90 days upon delivery.

The Group applies the IFRS 9 simplified approach for trade and other receivables and follows an Expected Credit Losses ('ECLs') approach for measuring the allowance of its trade receivables. The expected loss rate is assessed on the basis of historical credit losses of 24 months before the year end and adjusted to reflect current and forward-looking information. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The carrying amount of the receivable is reduced by the loss allowance, which is recognised as part of operating expenses. If a trade receivable ultimately becomes uncollectible, it is written off initially against any loss allowance made in respect of that receivable with any excess recognised as part of operating expenses. Subsequent recoveries of amounts previously written off or loss allowance no longer required are recognised within operating expenses.

Loans are initially recognised at the fair value net of transaction costs incurred. After initial recognition, all interest-bearing loans are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method whereby any discount, premium or transaction costs associated with a loan are amortised to the income statement over the borrowing period.

Notes to the consolidated financial statements continued

18. Trade, other receivables and assets continued

Trade, other receivables and assets consisted of the following at 31 December:

	Current assets		Non-current assets	
	2019 € million	2018 € million	2019 € million	2018 € million
Trade and other receivables:				
Trade receivables	772.9	690.3	2.0	1.5
Receivables from related parties (refer to Note 27)	65.6	81.1	–	–
Loans receivable	1.9	1.0	1.9	2.3
Receivables from sale of property, plant and equipment	3.3	6.6	–	–
Loans and advances to employees	5.9	5.2	–	–
Other receivables	82.0	78.9	–	–
Total trade and other receivables	**931.6**	**863.1**	**3.9**	**3.8**
Other assets:				
Prepayments	60.8	63.7	14.9	13.1
Pension plan assets (refer to Note 21)	–	–	16.1	11.8
Non-current income tax receivable	–	–	36.4	17.2
VAT and other taxes receivable	33.2	34.4	–	–
Total other assets	**94.0**	**98.1**	**67.4**	**42.1**
Total trade, other receivables and assets	**1,025.6**	**961.2**	**71.3**	**45.9**

Non-current trade receivables relate to renegotiated receivables, which are expected to be settled within the new contractual due date.

Trade receivables

Trade receivables classified as current assets consisted of the following at 31 December:

	2019 € million	2018 € million
Trade receivables	866.1	789.1
Less: Loss allowance	(93.2)	(98.8)
Total trade receivables	**772.9**	**690.3**

The ageing analysis of trade receivables classified as current assets is as follows:

	2019 € million			2018 € million		
	Gross carrying amount	Loss allowance	Trade receivables	Gross carrying amount	Loss allowance	Trade receivables
Within due date	671.4	(2.1)	669.3	569.3	(3.0)	566.3
Past due – Up to three months	82.1	(5.3)	76.8	104.0	(3.9)	100.1
Past due – Three to six months	12.3	(2.9)	9.4	9.8	(2.7)	7.1
Past due – Six to nine months	5.1	(0.9)	4.2	4.6	(1.6)	3.0
Past due – More than nine months	95.2	(82.0)	13.2	101.4	(87.6)	13.8
Total trade receivables	**866.1**	**(93.2)**	**772.9**	**789.1**	**(98.8)**	**690.3**

The carrying amount of the trade receivables includes €nil which is subject to factoring agreement (2018: €0.3m).

The movement in the loss allowance during the year is as follows:

	2019 € million	2018 € million
As at 1 January	(98.8)	(103.6)
Amounts written off during the year	13.8	1.5
Amounts recovered during the year	4.9	9.1
Increase in allowance recognised in income statement	(12.4)	(6.1)
Foreign currency translation	(0.7)	0.3
As at 31 December	**(93.2)**	**(98.8)**

Receivables from related parties

The related party receivables, net of the loss allowance, are as follows:

	2019 € million	2018 € million
Within due date	**62.3**	72.4
Past due	**3.5**	8.8
Less: Loss allowance	**(0.2)**	(0.1)
Total related party receivables	**65.6**	**81.1**

The ageing analysis of these receivables is as follows:

	2019 € million	2018 € million
Within due date	**62.3**	72.4
Past due – Up to three months	**1.9**	7.4
Past due – Three to six months	**0.8**	0.7
Past due – Six to nine months	**0.2**	0.3
Past due – More than nine months	**0.4**	0.3
Total	**65.6**	**81.1**

Net impairment

Net impairment loss / (gain) on trade and other receivables recognised in the income statement is analysed as follows:

	2019 € million	2018 € million
Trade receivables	**7.3**	(3.2)
Receivables from related parties	**0.1**	(0.1)
Other receivables and assets	**–**	(0.4)
Net impairment loss / (gain)	**7.4**	**(3.7)**

19. Assets classified as held for sale

Accounting policy

Non-current assets and disposal groups are classified as held for sale if it is considered highly probable that their carrying amount will be principally recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. In order for a sale to be considered highly probable, management must be committed to a plan to sell the asset, an active programme to locate a buyer and complete the plan must have been initiated, and the sale expected to be completed within one year from the date of classification.

In the event that the criteria for continued classification as held for sale are no longer met, the assets are reclassified to property, plant and equipment and the depreciation charge is adjusted for the depreciation that would have been recognised had the assets not been classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the individual assets' previous carrying amount and their fair value less costs to sell.

Changes in carrying amounts of assets classified as held for sale for the years ended 31 December are as follows:

	2019 € million	2018 € million
As at 1 January	**3.0**	3.3
Reclassified from property, plant and equipment (refer to Note 14)	**12.9**	4.3
Disposals	**(15.2)**	(4.5)
Reclassified to property, plant and equipment (refer to Note 14)	**(0.1)**	(0.2)
Foreign currency translation	**–**	0.1
As at 31 December	**0.6**	**3.0**

Total assets classified as held for sale as at 31 December 2018 amounted to €3.0m, comprising the net book value of property, plant and equipment in our Established, Developing and Emerging segments that have been written down to fair value less cost to sell. The fair value of assets classified as held for sale was determined through the use of a sales comparison approach and is a non-recurring fair value measurement within Level 3 of the fair value hierarchy.

Notes to the consolidated financial statements continued

19. Assets classified as held for sale continued

Total assets classified as held for sale as at 31 December 2019 amounted to €0.6m, comprising the net book value of property, plant and equipment in our Established segment that have been written down to fair value less cost to sell. The fair value of assets classified as held for sale was determined through the use of a sales comparison approach and is a non-recurring fair value measurement within Level 3 of the fair value hierarchy.

20. Trade and other payables

Accounting policy

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables consisted of the following at 31 December:

	2019 € million	2018 € million
Trade payables	605.5	565.5
Accrued liabilities	474.6	461.0
Payables to related parties (refer to Note 27)	291.2	270.8
Deposit liabilities	98.4	95.7
Other tax and social security liabilities	111.4	90.3
Salaries and employee-related payables	48.5	39.0
Contract liabilities	7.2	4.5
Payable for purchase of own shares (refer to Note 26)	–	85.4
Other payables	29.3	40.2
Total trade and other payables	**1,666.1**	**1,652.4**

Payable for purchase of own shares of €85.4m equivalent in UK sterling as at 31 December 2018 related to the liability from an irrevocable share purchase agreement (refer to Note 26). The arrangement was settled in 2019.

The Group facilitates a supply chain financing programme under which the supplier can elect on an invoice-by-invoice basis to receive a discounted early payment from the partner bank or continue to be paid in line with the agreed payment terms; in either case the value and due date of the liability payable by the Group remains unchanged and as such remain classified as trade payables. At 31 December 2019 invoices included in the programme amounted to €97.5m (2018: €82.1m).

Accrued liabilities regarding volume, marketing and promotional incentives as well as listing fees and other incentives provided to customers as at 31 December 2019 amounted to €211.9m (2018: €182.1m).

Revenue recognised in 2019 that was included in the contract liability balance at the beginning of the year amounted to €4.1m (2018: €6.6m).

21. Provisions and employee benefits

Provisions and employee benefits consisted of the following at 31 December:

	2019 € million	2018 € million
Current:		
Employee benefits	78.6	59.2
Restructuring provisions	14.6	10.9
Other provisions	8.9	7.5
Total current provisions and employee benefits	**102.1**	**77.6**
Non-current:		
Employee benefits	114.5	111.1
Other provisions	3.1	1.1
Total non-current provisions and employee benefits	**117.6**	**112.2**
Total provisions and employee benefits	**219.7**	**189.8**

a) Provisions

Accounting policy

Provisions are recognised when: the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when such reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: a) when the Group can no longer withdraw the offer of those benefits and b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 'Provisions, contingent liabilities and contingent assets' and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

The movements in restructuring and other provisions comprise:

	2019 € million		2018 € million	
	Restructuring provision	**Other provisions**	Restructuring provision	Other provisions
As at 1 January	**10.9**	**8.6**	7.7	15.6
Arising during the year	**36.4**	**11.8**	24.2	1.9
Utilised during the year	**(31.4)**	**(9.1)**	(19.2)	(6.0)
Unused amount reversed	**(1.3)**	**(0.1)**	(1.7)	(2.9)
Arising on acquisitions	**–**	**0.7**	–	–
Foreign currency translation	**–**	**0.1**	(0.1)	–
As at 31 December	**14.6**	**12.0**	**10.9**	**8.6**

Other provisions primarily comprise provisions in relation to employee litigation and legal provisions.

Notes to the consolidated financial statements continued

21. Provisions and employee benefits continued

b) Employee benefits

Accounting policy

The Group operates a number of defined benefit and defined contribution pension plans in its territories.

The defined benefit plans are made up of both funded and unfunded pension plans and employee leaving indemnities. The assets of funded plans are generally held in separate trustee-administered funds and are financed by payments from employees and / or the relevant Group companies.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets.

For defined benefit pension plans, pension costs are assessed using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Such actuarial gains and losses are not reclassified to the income statement in subsequent periods. The defined benefit obligations are measured at the present value of the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. Past service cost is recognised immediately in the income statement. A number of the Group's operations have other long-service benefits in the form of jubilee plans. These plans are measured at the present value of the estimated future cash outflows with immediate recognition of actuarial gains and losses in the income statement.

The Group's contributions to the defined contribution pension plans are charged to the income statement in the period to which the contributions relate.

Critical accounting estimates

The Group provides defined benefit pension plans as an employee benefit in certain territories. Determining the value of these plans requires several actuarial assumptions and estimates about discount rates, future salary increases and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Employee benefits consisted of the following at 31 December:

	2019 € million	2018 € million
Defined benefit plans:		
Employee leaving indemnities	**66.8**	64.6
Pension plans	**14.6**	10.1
Long-service benefits (jubilee plans) and other benefits	**11.7**	9.8
Total defined benefit plans	**93.1**	**84.5**
Other employee benefits:		
Annual leave	**5.9**	6.1
Other employee benefits	**94.1**	79.7
Total other employee benefits	**100.0**	**85.8**
Total employee benefits obligations	**193.1**	**170.3**

Other employee benefits are primarily comprised of employee bonuses, which are linked to business and individual performance metrics.

Employees of Coca-Cola HBC's subsidiaries in Austria, Bulgaria, Croatia, Greece, Italy, Montenegro, Nigeria, Poland, Romania, Serbia and Slovenia are entitled to employee leaving indemnities, generally based on each employee's length of service, employment category and remuneration. These are unfunded plans where the Company meets the payment obligation as it falls due.

Coca-Cola HBC's subsidiaries in Austria, Northern Ireland, the Republic of Ireland and Switzerland sponsor defined benefit pension plans. Of the three plans in the Republic of Ireland, two have plan assets, as do the two plans in Northern Ireland, and three plans in Switzerland. The Austrian plans do not have plan assets and the Company meets the payment obligation as it falls due. The defined benefit plans in Austria, Republic of Ireland and Northern Ireland are closed to new members.

Coca-Cola HBC provides long-service benefits in the form of jubilee plans to its employees in Austria, Croatia, Nigeria, Poland, Serbia, Slovenia and Switzerland.

Defined benefit obligation by segment is as follows for the years ended 31 December:

The average duration of the defined benefit obligations is 19 years and the total employer contributions expected to be paid in 2020 are €17.3m.

The reconciliation of plan assets and plan liabilities for the years ended 31 December is as follows:

	Plan assets € million	Plan liabilities € million	Net (deficit) / surplus € million
As at 31 December 2017	**395.9**	**(489.6)**	**(93.7)**
Current service cost	–	(8.8)	**(8.8)**
Past service cost	–	(3.3)	**(3.3)**
Administrative expenses	(0.2)	–	**(0.2)**
Curtailment / settlement	–	(0.7)	**(0.7)**
Interest income / (expense)	5.2	(8.7)	**(3.5)**
Actuarial gains	–	0.5	**0.5**
Total income / (expense) recognised in income statement	**5.0**	**(21.0)**	**(16.0)**
Gain from change in demographic assumptions	–	10.4	**10.4**
Gain from change in financial assumptions	–	23.1	**23.1**
Experience adjustments	–	(3.6)	**(3.6)**
Return on plan assets excluding interest income	(14.2)	–	**(14.2)**
Total remeasurements recognised in other comprehensive income	**(14.2)**	**29.9**	**15.7**
Benefits paid	(12.9)	23.9	**11.0**
Employer's contributions	13.6	–	**13.6**
Participant's contributions	4.6	(4.7)	**(0.1)**
Foreign currency translation	6.2	(5.8)	**0.4**
As at 31 December 2018	**398.2**	**(467.3)**	**(69.1)**
Current service cost	**–**	**(9.2)**	**(9.2)**
Past service cost	**–**	**1.2**	**1.2**
Administrative expenses	**(0.2)**	**–**	**(0.2)**
Curtailment / settlement	**–**	**(1.5)**	**(1.5)**
Interest income / (expense)	**6.4**	**(9.2)**	**(2.8)**
Actuarial gains	**–**	**0.1**	**0.1**
Total income / (expense) recognised in income statement	**6.2**	**(18.6)**	**(12.4)**
Gain from change in demographic assumptions	**–**	**2.4**	**2.4**
Loss from change in financial assumptions	**–**	**(59.4)**	**(59.4)**
Experience adjustments	**–**	**(4.2)**	**(4.2)**
Return on plan assets excluding interest income	**42.7**	**–**	**42.7**
Total remeasurements recognised in other comprehensive income	**42.7**	**(61.2)**	**(18.5)**
Benefits paid	**(25.5)**	**37.5**	**12.0**
Employer's contributions	**14.0**	**–**	**14.0**
Participant's contributions	**5.1**	**(5.1)**	**–**
Increase in defined benefit obligation arising from acquisition	**–**	**(0.4)**	**(0.4)**
Net decrease in defined benefit obligation from other movements	**4.5**	**(4.4)**	**0.1**
Foreign currency translation	**13.0**	**(13.4)**	**(0.4)**
As at 31 December 2019	**458.2**	**(532.9)**	**(74.7)**

Notes to the consolidated financial statements continued

21. Provisions and employee benefits continued

The effect of the asset ceiling on plan assets and net deficit for the years ended 31 December is as follows:

	2019 € million	2018 € million
Fair value of plan assets at 31 December excluding asset ceiling	**458.2**	398.2
Opening unrecognised asset due to the asset ceiling	**(3.6)**	(8.3)
Change in asset ceiling recognised in other comprehensive income	**1.5**	5.1
Exchange rate gain	**(0.1)**	(0.3)
Interest on unrecognised asset recognised in profit and loss	**(0.1)**	(0.1)
Fair value of plan assets at 31 December including asset ceiling	**455.9**	**394.6**

	2019 € million	2018 € million
Present value of funded obligations	**453.1**	391.3
Fair value of plan assets	**(458.2)**	(398.2)
Defined benefit obligations of funded plans	**(5.1)**	**(6.9)**
Present value of unfunded obligations	**79.8**	76.0
Unrecognised asset due to asset ceiling	**2.3**	3.6
Defined benefit obligations	**77.0**	**72.7**
Plus: amounts recognised within non-current assets (refer to Note 18)	**16.1**	11.8
Total defined benefit obligations	**93.1**	**84.5**

Funding levels are monitored in conjunction with the agreed contribution rate. The funding level of the funded plans as at 31 December 2019 was 101% (2018: 101%).

Four of the plans have funded status surplus totalling €16.1m as at 31 December 2019 (2018: €11.8m) that is recognised as an asset on the basis that the Group has an unconditional right to future economic benefits either via a refund or a reduction in future contributions.

Defined benefit plan expense is included in employee costs and recorded in cost of goods sold and operating expenses.

The assumptions (weighted average for the Group) used in computing the defined benefit obligation comprised the following for the years ended 31 December:

	2019 %	2018 %
Discount rate	**1.1**	2.0
Rate of compensation increase	**2.3**	2.5
Rate of pension increase	**0.9**	1.0
Life expectancy for pensioners at the age of 65 in years:		
Male	**22**	22
Female	**24**	24

Asset liability matching: Plan assets allocated to growth assets are monitored regularly to ensure they remain appropriate and in line with the Group's long-term strategy to manage the plans. As the plans mature, the level of investment risk will be reduced by investing more in assets such as bonds that better match the liabilities.

Pension plan assets are invested in different asset classes in order to maintain a balance between risk and return. Investments are well diversified to limit the financial effect of the failure of any individual investment. Through its defined benefit plans the Group is exposed to a number of risks, as outlined below:

Asset volatility: The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, a deficit will be created. The Northern Ireland, the Republic of Ireland and Swiss plans hold a significant proportion of growth assets (equities) which are expected to outperform corporate bonds in the long term while being subject to volatility and risk in the short term.

Changes in bond yields: A decrease in corporate bond yields will increase the plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. Conversely, an increase in corporate bond yields will decrease the plan liabilities, although this will be partially offset by a decrease in the value of the plans' bond holdings.

Inflation: The Northern Ireland, the Republic of Ireland and Swiss plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy: The majority of the pension plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The sensitivity analysis presented below is based on a change in assumption while all other assumptions remain constant.

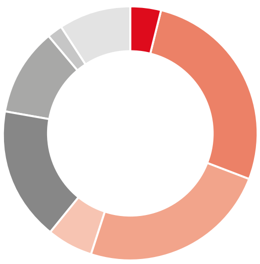
	Impact on defined benefit obligation as at 31 December 2019		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	50bps	↓ 8.7%	↑ 10.2%
Rate of compensation increase	50bps	↑ 2.0%	↓ 1.8%
Rate of pension increase	50bps	↑ 6.1%	↓ 2.7%
Life expectancy	1 year	↑ 2.6%	↓ 2.6%

Plan assets are invested as follows:

The assets of funded plans are generally held in separately administered trusts, either as specific assets or as a proportion of a general fund, or are insurance contracts. Plan assets held in trust are governed by local regulations and practice in each country. The category 'Other' mainly includes investments in funds holding a portfolio of assets. Plan assets relate predominantly to quoted financial instruments.

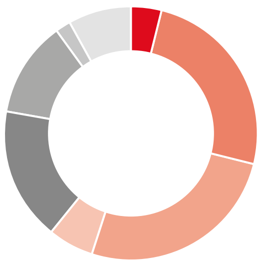
Equity securities were not invested in ordinary shares of the Company as at 31 December 2019 or 31 December 2018.

Assets' categories 2019 (%)



- Equity securities – Eurozone: **4%**
- Equity securities – Non-Eurozone: **27%**
- Government bonds – Eurozone: **24%**
- Corporate bonds – Eurozone: **6%**
- Corporate bonds – Non-Eurozone: **17%**
- Real estate: **11%**
- Cash: **2%**
- Other: **9%**

Assets' categories 2018 (%)



- Equity securities – Eurozone: 4%
- Equity securities – Non-Eurozone: 25%
- Government bonds – Eurozone: 26%
- Corporate bonds – Eurozone: 6%
- Corporate bonds – Non-Eurozone: 17%
- Real estate: 12%
- Cash: 2%
- Other: 8%

Defined contribution plans

The expense recognised in the income statement in 2019 for the defined contribution plans is €18.0m (2018: €18.9m). This is included in employee costs and recorded in cost of goods sold and operating expenses.

22. Offsetting financial assets and financial liabilities

Accounting policy

The Group offsets financial assets and financial liabilities to the net amount reported in the balance sheet when it currently has a legally enforceable right to offset the recognised amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements or other similar agreements. In general, under such agreements the counterparties can elect to settle as one single net amount the aggregated amounts owed by each counterparty on a single day with respect to all outstanding transactions of the same currency and the same type of derivative. In the event of default or early termination all outstanding transactions under the agreement are terminated and subject to any set-off. These agreements do not meet all of the IAS 32 criteria for offsetting in the balance sheet as the Group does not have any current legally enforceable right to offset amounts since the right can only be applied if elected by both counterparties.

The financial assets and financial liabilities presented below are subject to offsetting, enforceable master netting or similar agreements. The column 'Net amount' shows the impact on the Group's balance sheet if all set-off rights were exercised.

Notes to the consolidated financial statements continued

22. Offsetting financial assets and financial liabilities continued

a) Financial assets

As at 31 December 2019

	Gross amounts of recognised financial assets €million	Gross amounts of recognised financial liabilities set off in the balance sheet €million	Net amounts of financial assets presented in the balance sheet €million	Related amounts not set off in the balance sheet: Financial instruments €million	Net amount €million
Derivative financial assets	3.7	–	3.7	(0.1)	3.6
Cash and cash equivalents	823.0	–	823.0	–	823.0
Other financial assets (excluding derivatives)	728.8	–	728.8	–	728.8
Trade receivables	820.2	(47.3)	772.9	–	772.9
Total	**2,375.7**	**(47.3)**	**2,328.4**	**(0.1)**	**2,328.3**

As at 31 December 2018

	Gross amounts of recognised financial assets €million	Gross amounts of recognised financial liabilities set off in the balance sheet €million	Net amounts of financial assets presented in the balance sheet €million	Related amounts not set off in the balance sheet: Financial instruments €million	Net amount €million
Derivative financial assets	9.4	–	9.4	(4.9)	4.5
Cash and cash equivalents	712.3	–	712.3	–	712.3
Other financial assets (excluding derivatives)	278.8	–	278.8	–	278.8
Trade receivables	749.6	(59.3)	690.3	–	690.3
Total	**1,750.1**	**(59.3)**	**1,690.8**	**(4.9)**	**1,685.9**

b) Financial liabilities

As at 31 December 2019

	Gross amounts of recognised financial liabilities €million	Gross amounts of recognised financial assets set off in the balance sheet €million	Net amounts of financial liabilities presented in the balance sheet €million	Related amounts not set off in the balance sheet: Financial instruments €million	Net amount €million
Derivative financial liabilities	11.7	–	11.7	(0.1)	11.6
Trade payables	652.8	(47.3)	605.5	–	605.5
Total	**664.5**	**(47.3)**	**617.2**	**(0.1)**	**617.1**

As at 31 December 2018

	Gross amounts of recognised financial liabilities €million	Gross amounts of recognised financial assets set off in the balance sheet €million	Net amounts of financial liabilities presented in the balance sheet €million	Related amounts not set off in the balance sheet: Financial instruments €million	Net amount €million
Derivative financial liabilities	17.9	–	17.9	(4.9)	13.0
Trade payables	624.8	(59.3)	565.5	–	565.5
Total	**642.7**	**(59.3)**	**583.4**	**(4.9)**	**578.5**

23. Business combinations and acquisition of non-controlling interest

Accounting policy

The acquisition method of accounting is used to account for business combinations. The consideration transferred is the fair value of any asset transferred, shares issued and liabilities assumed. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred and the fair value of non-controlling interest over the net assets acquired and liabilities assumed is recorded as goodwill. Acquisition costs comprise costs incurred to effect a business combination such as finder's, advisory, legal, accounting, valuation and other professional or consulting fees. All acquisition-related costs are expensed as incurred.

For each business combination, the Group elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Refer also to Note 2 for accounting policy regarding basis of consolidation.

a) Business combinations

On 18 June 2019, the Group acquired 100% of the issued shares of Koncern Bambi a.d. Požarevac ('Bambi'), Serbia's leading confectionery business, for a consideration of €148.8m net of borrowings of €125.9m. The acquisition adds a relevant, adjacent category to the Group's portfolio in Serbia and the Western Balkans, which are among its fastest growing territories. Details of the acquisition with regard to the net assets acquired and goodwill are as follows:

	Fair value € million
Trademarks	121.1
Property, plant and equipment	19.3
Other non-current assets	0.1
Inventories	5.9
Other current assets	25.7
Cash and cash equivalents	18.3
Current borrowings	(125.9)
Other current liabilities	(10.3)
Non-current borrowings	(0.3)
Deferred tax liabilities	(17.5)
Other non-current liabilities	(2.2)
Net identifiable assets acquired	**34.2**
Goodwill arising on acquisition	114.6
Cash paid to former shareholders	**148.8**

The acquisition resulted in the Group recording €114.6m of goodwill and €121.1m of trademarks in its Emerging segment. The goodwill arising is attributable to Bambi's strong operating profitability and strong market position.

Net sales revenue and profit after tax contributed by the acquired business to the Group for the period from 18 June 2019 to 31 December 2019 amounted to €43.6m and €11.2m respectively. If the acquisition had occurred on 1 January 2019, consolidated Group revenue and consolidated Group profit after tax for the year ended 31 December 2019 would have been higher by €38.6m and €7.0m respectively.

Acquisition-related costs of €2.9m were included in 2019 operating expenses, as a result of the above acquisition.

On 1 September 2019, the Group acquired a water business in the Czech Republic for a cash consideration of €7.7m. The acquisition was of a group of assets that constituted a business, and which have been integrated into the Group's operations in the Czech Republic. The acquisition did not have a material effect on the Group's 2019 financial position and income statement. As a result of the acquisition, water rights of €1.3m and goodwill of €0.4m were recorded in the Group's Developing segment. Acquisition-related costs of €0.3m were included in 2019 operating expenses, as a result of the above acquisition.

b) Acquisition of non-controlling interest

On 12 November 2019, the Group acquired all the remaining shares of the non-controlling interest in its subsidiary Leman Beverages Holding S.àr.l., through which the Group controls its operation in Armenia. The consideration paid for the acquisition of the non-controlling interest amounted to €9.5m.

Notes to the consolidated financial statements continued

24. Financial risk management and financial instruments

Accounting policies

Financial assets

On initial recognition financial assets are recorded at fair value plus, in the case of financial assets not at fair value through profit or loss (FVTPL), any directly attributable transaction costs. Transaction costs of financial assets at FVTPL are expensed.

Financial assets are classified into three categories:

a) Financial assets at amortised cost (debt instruments)

The classification of debt instruments at amortised cost depends on two criteria: a) the Group's business model for managing assets and b) whether the instruments' contractual cash flows represent solely payments for principal and interest on the principal amount outstanding (the 'SPPI criterion'). If both criteria are met the financial assets of the Group are subsequently measured at amortised cost, whereby any interest income is recognised using the effective interest method. This category includes trade receivables, treasury bills and time deposits. The accounting policy for trade receivables is described in Note 18.

b) Financial assets through other comprehensive income (FVOCI)

The Group also has investments in financial assets at FVOCI. These include equity investments that are not of a trading nature and which are subsequently recorded at fair value. The Group intends to hold these equity instruments for the foreseeable future and has irrevocably elected to classify them as FVOCI upon initial recognition. Subsequently there is no recycling of gains or losses to profit or loss on derecognition.

c) Financial assets through profit or loss (FVTPL)

The Group also has investments in financial assets at FVTPL, which are subsequently measured at fair value and where changes in fair value are recognised in the income statement. Financial assets at FVTPL mainly comprise money market funds.

For those financial assets that are not subsequently held at fair value, the Group assesses whether there is evidence of impairment at each balance sheet date.

Derivative financial instruments

The Group uses derivative financial instruments, including currency, commodity and interest rate derivatives, to manage currency, commodity price and interest rate risk associated with the Group's underlying business activities. The Group does not enter into derivative financial instruments for trading activity purposes.

All derivative financial instruments are initially recognised on the balance sheet at fair value and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments are recognised at each reporting date either in the income statement or in equity, depending on whether the derivative financial instrument qualifies for hedge accounting as a cash flow hedge.

All derivative financial instruments that are not part of an effective hedging relationship (undesignated hedges) are classified as assets or liabilities at fair value through profit or loss.

At the inception of a hedge transaction the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. This process includes linking the derivative financial instrument designated as a hedging instrument to the specific asset, liability, firm commitment or forecast transaction. The Group has established a hedge ratio of 1:1 for the hedging relationships, as the underlying risks of the hedging instruments are identical to the hedged risks component. The economic relationship between the hedged item and the hedging instrument is assessed on an ongoing basis. Ineffectiveness may arise if the timing or the notional amount of the forecast transaction changes, or if the credit risk changes impacting the fair value movements of the hedging instruments.

Accounting policies continued

Changes in the fair value of derivative financial instruments (both the intrinsic value and the aligned time value) that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement as the related hedged asset acquired or liability assumed affects the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Embedded derivatives in financial host contracts are recorded at fair value through profit or loss together with the host contracts.

Derivatives embedded in non-financial host contracts are accounted for as separate derivatives and recorded at fair value if:

- their economic characteristics and risks are not closely related to those of the host contracts;
- the host contracts are not designated as at fair value through profit or loss; and
- a separate instrument with the same terms as the embedded derivative meets the definition of a derivative.

These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required, or a reclassification of a financial asset out of the fair value through profit or loss category.

Regular purchases and sales of investments are recognised on the trade date, which is the day the Group commits to purchase or sell. The investments are recognised initially at fair value plus transaction costs, except in the case of FVTPL. For investments traded in active markets, fair value is determined by reference to stock exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, commodity price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the Group's cash flows. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by Group Treasury in a controlled manner, consistent with the Board of Directors' approved policies. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's subsidiaries. The Board of Directors has approved the Treasury Policy, which provides the control framework for all treasury and treasury-related transactions.

Market risk

a) Foreign currency risk

The Group is exposed to the effect of foreign currency risk on future transactions, recognised monetary assets and liabilities that are denominated in currencies other than the local entity's functional currency, as well as net investments in foreign operations. Foreign currency forward, option and future contracts are used to hedge a portion of the Group's foreign currency risk. The majority of the foreign currency forward, option and future contracts have maturities of less than one year after the balance sheet date.

Management has set up a policy that requires Group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future transactions and recognised monetary assets and liabilities, entities in the Group use foreign currency forward, option and future contracts transacted by Group Treasury. Group Treasury's risk management policy is to hedge, on an average coverage ratio basis, between 25% and 80% of anticipated cash flows for the next 12 months by using a layer strategy and 100% of balance sheet remeasurement risk in each major foreign currency for which hedging is applicable. Each subsidiary designates contracts with Group Treasury as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific monetary assets, monetary liabilities or future transactions on a gross basis.

The following tables present details of the Group's sensitivity to reasonably possible increases and decreases in the Euro and US dollar against the relevant foreign currencies. In determining reasonable possible changes, the historical volatility over a 12-month period of the respective foreign currencies in relation to the Euro and the US dollar has been considered. The sensitivity analysis determines the potential gains and losses in the income statement or equity arising from the Group's foreign exchange positions as a result of the corresponding percentage increases and decreases in the Group's main foreign currencies relative to the Euro and the US dollar. The sensitivity analysis includes outstanding foreign-currency-denominated monetary items, external loans, and loans between operations within the Group where the denomination of the loan is in a currency other than the functional currency of the local entity.

Notes to the consolidated financial statements continued

24. Financial risk management and financial instruments continued

2019 exchange risk sensitivity to reasonably possible changes in the Euro against relevant other currencies

	Euro strengthens against local currency			Euro weakens against local currency	
	% historical volatility over a 12-month period	Loss / (gain) in income statement € million	(Gain) / loss in equity € million	(Gain) / loss in income statement € million	Loss / (gain) in equity € million
Nigerian naira	8.36%	(0.4)	–	0.5	–
Russian rouble	7.98%	(1.3)	(1.6)	1.5	1.9
UK sterling	7.49%	0.8	–	(1.0)	–
Ukrainian hryvnia	10.28%	0.8	–	(1.0)	–
Other		0.7	(1.7)	(0.8)	1.8
Total		0.6	(3.3)	(0.8)	3.7

2019 exchange risk sensitivity to reasonably possible changes in the US dollar against relevant other currencies

	US dollar strengthens against local currency			US dollar weakens against local currency	
	% historical volatility over a 12-month period	Loss / (gain) in income statement € million	(Gain) / loss in equity € million	Loss / (gain) in income statement € million	Loss / (gain) in equity € million
Euro	4.91%	1.3	–	(1.5)	–
Nigerian naira	3.43%	(1.2)	–	2.1	–
Russian rouble	8.25%	–	(4.4)	(0.1)	5.2
Total		0.1	(4.4)	0.5	5.2

2018 exchange risk sensitivity to reasonably possible changes in the Euro against relevant other currencies

	Euro strengthens against local currency			Euro weakens against local currency	
	% historical volatility over a 12-month period	Loss / (gain) in income statement € million	(Gain) / loss in equity € million	(Gain) / loss in income statement € million	Loss / (gain) in equity € million
Nigerian naira	8.29%	1.1	–	(1.3)	–
Russian rouble	13.32%	(3.2)	(2.4)	2.7	2.6
Ukrainian hryvnia	8.77%	0.9	(0.1)	(1.0)	0.1
Other		0.5	(5.1)	(0.6)	5.4
Total		**(0.7)**	**(7.6)**	**(0.2)**	**8.1**

2018 exchange risk sensitivity to reasonably possible changes in the US dollar against relevant other currencies

	US dollar strengthens against local currency			US dollar weakens against local currency	
	% historical volatility over a 12-month period	Loss / (gain) in income statement € million	(Gain) / loss in equity € million	Loss / (gain) in income statement € million	Loss / (gain) in equity € million
Euro	7.23%	1.5	–	(1.8)	–
Nigerian naira	2.12%	(1.6)	–	1.6	–
Russian rouble	13.48%	(0.2)	(3.1)	0.2	4.0
Total		**(0.3)**	**(3.1)**	**–**	**4.0**

b) Commodity price risk

The Group is affected by the volatility of certain commodity prices (being mainly sugar, aluminium, aluminium premium, PET and gas oil) in relation to certain raw materials necessary for the production of the Group's products.

Due to the significantly increased volatility of commodity prices, the Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. Although the Group continues to contract prices with suppliers in advance, to reduce its exposure to the effect of short-term changes in the price of sugar, aluminium, aluminium premium, gas oil and PET, the Group hedges the market price of sugar, aluminium, aluminium premium, PET and gas oil using commodity swap contracts based on a rolling forecast for a period up to 36 months. Group Treasury's Risk management policy is to hedge a minimum of 25% and a maximum of 80% of commodity exposure for the next 12 months, except for PET where no minimum coverage is required and the maximum is at 50% for the first year.

The following table presents details of the Group's income statement and equity sensitivity to increases and decreases in sugar, aluminium, aluminium premium, PET and gas oil prices. The table does not show the sensitivity to the Group's total underlying commodity exposure or the impact of changes in volumes that may arise from increase or decrease in the respective commodity prices. The sensitivity analysis determines the potential effect on profit or loss and equity arising from the Group's commodity swap contract positions as a result of the reasonably possible increases or decreases of the respective commodity prices.

2019 commodity price risk sensitivity to reasonably possible changes in the commodity price of relevant commodities

		Commodity price increases with all other variables held constant		Commodity price decreases with all other variables held constant	
	% historical volatility over a 12-month period per contract maturity	(Gain) / loss in income statement € million	(Gain) / loss in equity € million	Loss / (gain) in income statement € million	Loss / (gain) in equity € million
Sugar	**14.0%**	**(0.3)**	**(7.1)**	**0.3**	**7.1**
Aluminium	**15.0%**	**(0.2)**	**(4.6)**	**0.2**	**4.6**
Aluminium premium	**25.5%**	**(0.1)**	**(0.2)**	**0.1**	**0.2**
Gas oil	**26.3%**	**–**	**(2.1)**	**–**	**2.1**
PET	**14.4%**	**(3.6)**	**–**	**3.6**	**–**
Total		**(4.2)**	**(14.0)**	**4.2**	**14.0**

2018 commodity price risk sensitivity to reasonably possible changes in the commodity price of relevant commodities

		Commodity price increases with all other variables held constant		Commodity price decreases with all other variables held constant	
	% historical volatility over a 12-month period per contract maturity	(Gain) / loss in income statement € million	(Gain) / loss in equity € million	Loss / (gain) in income statement € million	Loss / (gain) in equity € million
Sugar	19.5%	(0.3)	(5.1)	0.3	5.1
Aluminium	24.0%	(0.1)	(12.2)	0.1	12.2
Aluminium premium	29.6%	–	(0.5)	–	0.5
Gas oil	24.2%	–	(2.9)	–	2.9
PET	22.2%	(10.1)	–	10.1	–
Total		**(10.5)**	**(20.7)**	**10.5**	**20.7**

c) Interest rate risk

The sensitivity analysis in the following table has been determined based on exposure to interest rates of both derivative and non-derivative instruments existing at the balance sheet date and assuming constant foreign exchange rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease for 2019 (2018: 50 basis point) represents management's assessment of a reasonably possible change in interest rates.

Interest rate risk sensitivity to reasonably possible changes in interest rates

	2019 € million		2018 € million	
	Loss / (gain) in income statement	**(Gain) / loss In equity**	Loss / (gain) in income statement	(Gain) / loss In equity
Increase in basis points	**0.2**	**–**	0.3	(6.8)
Decrease in basis points	**(0.2)**	**–**	2.0	–

As at 31 December 2018, the impact in the Group's equity is attributable to the changes in the fair value of the Swaptions entered in 2018 and settled in 2019, and designated as hedging instruments in a cash flow hedge.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its obligations under the contract or arrangement. The Group has limited concentration of credit risk across trade and financial counterparties. Credit policies are in place and the exposure to credit risk is monitored on an ongoing basis.

The Group's maximum exposure to credit risk in the event that counterparties fail to meet their obligations at 31 December 2019 in relation to each class of recognised financial asset is the carrying amount of those assets as indicated on the balance sheet.

Under the credit policies, before accepting any new credit customers, the Group investigates the potential customer's credit quality, using either external agencies and in some cases bank references and / or historic experience, and defines credit limits for each customer. Customers that fail to meet the Group's benchmark credit quality may transact with the Group only on a prepayment or cash basis. Customers are reviewed on an ongoing basis and credit limits are adjusted accordingly. There is no significant concentration of credit risk with regard to loans, trade and other receivables as the Group has a large number of customers which are geographically dispersed.

Notes to the consolidated financial statements continued

24. Financial risk management and financial instruments continued

The Group has policies that limit the amount of credit exposure to any single financial institution. The Group only undertakes investment and derivative transactions with banks and financial institutions that have a minimum credit rating of 'BBB-' from Standard & Poor's and 'Baa3' from Moody's, unless the investment is in countries where the Sovereign Credit Rating is below the 'BBB- / Baa3'. The Group also uses Credit Default Swaps of a counterparty in order to measure in a timelier way the creditworthiness of a counterparty and set up its counterparties in tiers in order to assign maximum exposure and tenor per tier. If the Credit Default Swaps of a certain counterparty exceed 400 basis points the Group will stop trading derivatives with that counterparty and will try to cancel any deposits on a best-effort basis. In addition, the Group regularly makes use of time deposits and money market funds to invest excess cash balances and to diversify its counterparty risk. As at 31 December 2019, an amount of €881.5m (2018: €594.6m) is invested in time deposits and money market funds.

Liquidity risk

The Group actively manages liquidity risk to ensure there are sufficient funds available for any short-term and long-term commitments. Bank overdrafts and bank facilities, both committed and uncommitted, are used to manage this risk.

The Group manages liquidity risk by maintaining adequate cash reserves and committed banking facilities, access to the debt and equity capital markets, and by continuously monitoring forecast and actual cash flows. In Note 25, the undrawn facilities that the Group has at its disposal to manage liquidity risk are discussed under the headings 'Commercial paper programme' and 'Committed credit facilities'.

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables include both interest and principal undiscounted cash flows, assuming that interest rates remain constant from 31 December 2019.

	Up to one year € million	**One to two years € million**	**Two to five years € million**	**Over five years € million**	**Total € million**
Borrowings	**733.2**	**59.9**	**693.4**	**1,904.9**	**3,391.4**
Derivative liabilities	**11.6**	**0.1**	**–**	**–**	**11.7**
Trade and other payables	**1,547.8**	**0.4**	**0.9**	**4.8**	**1,553.9**
Leases	**67.7**	**54.7**	**86.8**	**52.5**	**261.7**
As at 31 December 2019	**2,360.3**	**115.1**	**781.1**	**1,962.2**	**5,218.7**

	Up to one year € million	One to two years € million	Two to five years € million	Over five years € million	Total € million
Borrowings	159.5	853.0	67.1	644.6	1,724.2
Derivative liabilities	16.6	1.3	–	–	17.9
Trade and other payables	1,557.6	0.1	0.2	6.3	1,564.2
As at 31 December 2018	**1,733.7**	**854.4**	**67.3**	**650.9**	**3,306.3**

Capital risk

The Group monitors its financial capacity and credit ratings by reference to a number of key financial ratios, including net debt to comparable adjusted EBITDA, which provides a framework within which the Group's capital base is managed. This ratio is calculated as net debt divided by comparable adjusted EBITDA.

Adjusted EBITDA is calculated by adding back to operating profit the depreciation and impairment of property, plant and equipment, the amortisation and impairment of intangible assets, the employee share option and performance share costs and other non-cash items, if any. Comparable adjusted EBITDA refers to adjusted EBITDA excluding restructuring expenses, acquisition costs and the unrealised gains or losses resulting from the mark-to-market valuation of derivatives and embedded derivatives related to commodity hedging.

Refer to Note 25 for definition of net debt.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may increase or decrease debt, issue or buy back shares, adjust the amount of dividends paid to shareholders, or return capital to shareholders.

The Group's goal is to maintain a conservative financial profile. This is evidenced by the credit ratings maintained with Standard & Poor's and Moody's.

Rating agency	Publication date	Long-term debt	Outlook	Short-term debt
Standard & Poor's	April 2019	BBB+	Stable	A2
Moody's	May 2019	Baa1	Stable	P2

The Group's medium- to long-term target is to maintain the net debt to comparable adjusted EBITDA ratio within a 1.5 to 2.0 range.

The ratios as at 31 December were as follows:

	2019 € million	2018 € million
Net debt (refer to Note 25)	**1,772.9**	**613.3**
Operating profit	**715.3**	639.4
Depreciation and impairment of property, plant and equipment	**384.8**	318.7
Amortisation of intangible assets	**0.7**	0.5
Employee stock options and performance shares	**9.9**	10.1
Adjusted EBITDA	**1,110.7**	**968.7**
Other restructuring expenses (primarily redundancy costs)	**36.6**	23.1
Acquisition costs	**3.2**	–
Unrealised loss on commodity derivatives	**2.4**	8.5
Total comparable adjusted EBITDA	**1,152.9**	**1,000.3**
Net debt / comparable adjusted EBITDA ratio	**1.54**	**0.61**

Although the adoption of IFRS 16 had an impact on net debt and comparable adjusted EBITDA, the impact on the ratio was not significant.

The reconciliation of other restructuring expenses to total restructuring expenses for the years ended 31 December was as follows:

	2019 € million	2018 € million
Total restructuring expenses (refer to Note 8)	**37.8**	32.8
Less: Impairment of property, plant and equipment	**(1.2)**	(9.7)
Other restructuring expenses (primarily redundancy costs)	**36.6**	**23.1**

Hedging activity

The carrying amounts of the derivative financial instruments are included in the lines 'Other financial assets' and 'Other financial liabilities' of the consolidated balance sheet.

a) Cash flow hedges

The impact of the hedging instruments on the consolidated balance sheet was:

As at 31 December 2019	Notional amount € million	Carrying amount € million	Period of maturity date
Contracts with positive fair values	**69.1**	**2.4**	
Non-current	**17.9**	**0.7**	
Commodity swap contracts	**17.9**	**0.7**	**Jan21-Nov21**
Current	**51.2**	**1.7**	
Foreign currency forward contracts	**7.3**	**0.1**	**Jan20-Sep20**
Foreign currency option contracts	**9.5**	**0.2**	**Jul20-Sep20**
Commodity swap contracts	**34.4**	**1.4**	**Jan20-Dec20**
Contracts with negative fair values	**141.8**	**(4.3)**	
Non-current	**6.4**	**(0.1)**	
Commodity swap contracts	**6.4**	**(0.1)**	**Jan21-Nov21**
Current	**135.4**	**(4.2)**	
Foreign currency forward contracts	**104.7**	**(2.5)**	**Jan20-Nov20**
Commodity swap contracts	**30.7**	**(1.7)**	**Jan20-Dec20**

Notes to the consolidated financial statements continued

24. Financial risk management and financial instruments continued

As at 31 December 2018	Notional amount € million	Carrying amount € million	Period of maturity date
Contracts with positive fair values	**434.4**	**4.5**	
Non-current	**1.4**	**0.1**	
Commodity swap contracts	1.4	0.1	Jan20-Oct20
Current	**433.0**	**4.4**	
Foreign currency forward contracts	78.3	2.1	Jan19-Dec19
Interest rate contracts	350.0	2.2	Dec19
Commodity swap contracts	4.7	0.1	Jan19-Dec19
Contracts with negative fair values	**216.0**	**(11.5)**	
Non-current	**19.7**	**(1.3)**	
Commodity swap contracts	19.7	(1.3)	Jan20-Nov20
Current	**196.3**	**(10.2)**	
Foreign currency forward contracts	120.5	(1.1)	Jan19-Dec19
Commodity swap contracts	75.8	(9.1)	Jan19-Dec19

The impact on the hedging reserve as a result of applying cash flow hedge accounting was:

	Spot component of foreign currency forward contracts	Intrinsic value of foreign currency option contracts	Cost of hedging reserve of currency derivatives	Commodity swap contracts	Interest rate swap contracts	Total
Opening balance 1 January 2018	**(2.0)**	**(0.2)**	**–**	**0.9**	**(43.8)**	**(45.1)**
Net gain of cash flow hedges	**9.2**	**2.1**	**–**	**(11.2)**	**6.2**	**6.3**
Change in fair value of hedging instruments recognised in OCI	8.9	2.6	–	(11.2)	(0.2)	**0.1**
Reclassified to profit or loss	0.3	(0.5)	–	–	6.4	**6.2**
Cost of hedging recognised in OCI	–	–	(3.5)	–	(1.8)	**(5.3)**
Reclassified to the cost of inventory	(7.0)	(1.7)	3.0	(0.2)	–	**(5.9)**
Closing balance 31 December 2018	**0.2**	**0.2**	**(0.5)**	**(10.5)**	**(39.4)**	**(50.0)**
Net gain of cash flow hedges	**(6.6)**	**0.5**	**–**	**2.8**	**5.8**	**2.5**
Change in fair value of hedging instruments recognised in OCI	(6.6)	0.5	–	2.8	(1.0)	**(4.3)**
Reclassified to profit or loss	–	–	–	–	6.8	**6.8**
Cost of hedging recognised in OCI	**–**	**–**	**(4.5)**	**–**	**(6.6)**	**(11.1)**
Reclassified to the cost of inventory	**2.8**	**–**	**4.4**	**7.9**	**–**	**15.1**
Closing balance 31 December 2019	**(3.6)**	**0.7**	**(0.6)**	**0.2**	**(40.2)**	**(43.5)**

As at 1 January 2018 the transfer of cash flow hedge reserve to the cost of inventory is directly from equity.

The effect of the cash flow hedges in the consolidated income statement was:

	2019 Loss / (Gain) € million	2018 Loss / (Gain) € million
Net amount reclassified from other comprehensive income to cost of goods sold	**–**	(0.2)
Net amount reclassified from other comprehensive income to finance costs	**6.8**	6.4
Total	**6.8**	**6.2**

There was no significant ineffectiveness on the cash flow hedges during the years ended 31 December 2019 and 2018 in relation to cash flow hedges.

b) Undesignated hedges

The fair values of derivative financial instruments as at 31 December which economically hedge Group's risks and for which hedge accounting has not been applied were:

As at 31 December 2019	**Notional amount €million**	**Carrying amount €million**	**Period of maturity date**
Contracts with positive fair values	**163.1**	**1.3**	
Non-current	**23.8**	**0.5**	
Embedded derivatives	**23.8**	**0.5**	**Jan21-May21**
Current	**139.3**	**0.8**	
Foreign currency forward contracts	**139.3**	**0.8**	**Jan20-Dec20**
Contracts with negative fair values	**189.3**	**(7.4)**	
Non-current	**2.7**	**–**	
Commodity swap contracts	**2.7**	**–**	**Jan21-Nov21**
Current	**186.6**	**(7.4)**	
Foreign currency forward contracts	**74.9**	**(3.6)**	**Jan20-Dec20**
Foreign currency future contracts	**81.8**	**(0.1)**	**Jan20-Dec20**
Commodity swap contracts	**29.9**	**(3.7)**	**Jan20-Dec20**

As at 31 December 2018	Notional amount €million	Carrying amount €million	Period of maturity date
Contracts with positive fair values	**296.4**	**4.9**	
Non-current	**54.2**	**1.6**	
Embedded derivatives	54.2	1.6	Jan 19-May21
Current	**242.2**	**3.3**	
Foreign currency forward contracts	160.7	3.2	Jan 19-Dec19
Foreign currency future contracts	81.5	0.1	Jun19-Nov19
Contracts with negative fair values	**(165.4)**	**(6.4)**	
Current	**(165.4)**	**(6.4)**	
Foreign currency forward contracts	(215.4)	(2.9)	Jan 19-Dec19
Commodity swap contracts	50.0	(3.5)	Jan 19-Dec19

The effect of the undesignated hedges in the consolidated income statement was:

	2019 Loss / (Gain) €million	2018 Loss / (Gain) €million
Net amount recognised in cost of goods sold	**11.4**	8.7
Net amount recognised in operating expenses	**(6.5)**	(6.3)
Total	**4.9**	**2.4**

Notes to the consolidated financial statements continued

24. Financial risk management and financial instruments continued

Financial instruments' categories

Categories of financial instruments as at 31 December were as follows (in € million):

2019

Assets	Financial assets at amortised cost	Assets at FVTPL	Derivatives designated as hedging instruments	Equity financial assets at FVOCI	Total current and non-current	Analysis of total assets: Current	Analysis of total assets: Non-current
Investments including loans to related parties	361.8	371.5	–	3.7	737.0	732.4	4.6
Derivative financial instruments	–	1.3	2.4	–	3.7	2.5	1.2
Trade and other receivables excluding prepayments	935.5	–	–	–	935.5	931.6	3.9
Cash and cash equivalents	823.0	–	–	–	823.0	823.0	–
Total	**2,120.3**	**372.8**	**2.4**	**3.7**	**2,499.2**	**2,489.5**	**9.7**

Liabilities	Liabilities held at amortised cost	Liabilities at FVTPL	Derivatives designated as hedging instruments	Total current and non-current	Analysis of total liabilities: Current	Analysis of total liabilities: Non-current
Trade and other payables excluding provisions and deferred income	1,553.9	–	–	1,553.9	1,547.8	6.1
Borrowings	3,324.7	–	–	3,324.7	761.8	2,562.9
Derivative financial instruments	–	7.4	4.3	11.7	11.6	0.1
Total	**4,878.6**	**7.4**	**4.3**	**4,890.3**	**2,321.2**	**2,569.1**

2018

Assets	Financial assets at amortised cost	Assets at FVTPL	Derivatives designated as hedging instruments	Equity financial assets at FVOCI	Total current and non-current	Analysis of total assets: Current	Analysis of total assets: Non-current
Investments including loans to related parties	248.3	34.9	–	3.5	286.7	282.3	4.4
Derivative financial instruments	–	4.9	4.5	–	9.4	7.7	1.7
Trade and other receivables excluding prepayments	870.4	–	–	–	870.4	866.6	3.8
Cash and cash equivalents	712.3	–	–	–	712.3	712.3	–
Total	**1,831.0**	**39.8**	**4.5**	**3.5**	**1,878.8**	**1,868.9**	**9.9**

Liabilities	Liabilities held at amortised cost	Liabilities at FVTPL	Derivatives designated as hedging instruments	Total current and non-current	Analysis of total liabilities: Current	Analysis of total liabilities: Non-current
Trade and other payables excluding provisions and deferred income	1,564.2	–	–	1,564.2	1,557.6	6.6
Borrowings	1,604.4	–	–	1,604.4	136.4	1,468.0
Derivative financial instruments	–	6.4	11.5	17.9	16.6	1.3
Total	**3,168.6**	**6.4**	**11.5**	**3,186.5**	**1,710.6**	**1,475.9**

Interest rate swap contracts

The Group entered into forward starting swap contracts of €500.0m in 2014 to hedge the interest rate risk related to its Euro-denominated forecast issuance of fixed rate debt in March 2016. In August 2015 the Group entered into additional forward starting swap contracts of €100.0m. In March 2016 the forward starting swap contracts were settled and at the same time the new note was issued, the accumulated loss of €55.4m recorded in other comprehensive income is being amortised to the income statement over the term of the new note (refer to Note 25).

The Group entered into swaption contracts of €350.0m in 2018 and €1,050.0m in 2019 to hedge the interest rate risk related to its Euro-denominated forecast issuance of fixed rate debt in 2019 and formally designated them as cash flow hedges. In May and November 2019 the swaption contracts were settled and, at the same time, the new notes were issued. The accumulated loss of €9.6m recorded in other comprehensive income is being amortised to the income statement over the relevant period.

Embedded derivatives

During 2015 the Group recognised embedded derivatives whose risks and economic characteristics were not considered to be closely related to the commodity contract in which they were embedded. The fair value of the embedded derivatives as at 31 December 2019 amounted to a financial asset of €0.5m (2018: €1.6m).

Fair values of financial assets and liabilities

For financial instruments such as cash, deposits, debtors and creditors, investments, loans payable to related parties, short-term borrowings (excluding the current portion of bonds and notes payable) and other financial liabilities (other than bonds and notes payable), carrying values are a reasonable approximation of their fair values. According to the fair value hierarchy, the financial instruments measured at fair value are classified as follows:

Level 1

The fair value of FVOCI listed equity securities as well as FVTPL securities is based on quoted market prices at the reported date. The fair value of bonds is based on quoted market prices at the reported date.

Level 2

The fair value of foreign currency forward, option and future contracts, commodity swap contracts, bonds and notes payable, interest rate swap contracts, forward starting swap contracts and embedded foreign currency derivatives is determined by using valuation techniques. These valuation techniques maximise the use of observable market data. The fair value of the foreign currency forward, option and future contracts, commodity swap contracts, embedded foreign currency derivatives and cross-currency swap contracts is calculated by reference to quoted forward exchange, deposit rates and the forward rate curve of the underlying commodity at the reported date for contracts with similar maturity dates. The fair value of interest rate option contracts is calculated by reference to the Black-Scholes valuation model and implied volatilities. The fair value of interest rate swap contracts is determined as the difference in the present value of the future interest cash inflows and outflows based on observable yield curves.

Level 3

The fair value of FVOCI unlisted equity securities as well as certain undesignated derivatives is determined through the use of estimated discounted cash flows or other valuation technique.

Notes to the consolidated financial statements continued

24. Financial risk management and financial instruments continued

The following table provides the fair value hierarchy levels into which fair value measurements are categorised for assets and liabilities measured at fair value as at 31 December 2019:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets at FVTPL				
Foreign currency forward contracts	–	0.8	–	**0.8**
Embedded derivatives	–	0.5	–	**0.5**
Money market funds	371.5	–	–	**371.5**
Derivative financial assets used for hedging				
Cash flow hedges				
Foreign currency forward contracts	–	0.1	–	**0.1**
Foreign currency option contracts	–	0.2	–	**0.2**
Commodity swap contracts	–	2.1	–	**2.1**
Assets at FVOCI				
Equity securities	0.9	–	2.8	**3.7**
Total financial assets	**372.4**	**3.7**	**2.8**	**378.9**
Financial liabilities at FVTPL				
Foreign currency forward contracts	–	(3.6)	–	**(3.6)**
Foreign currency futures contracts	–	(0.1)	–	**(0.1)**
Commodity swap contracts	–	–	(3.7)	**(3.7)**
Derivative financial liabilities used for hedging				
Cash flow hedges				
Foreign currency forward contracts	–	(2.5)	–	**(2.5)**
Commodity swap contracts	–	(1.8)	–	**(1.8)**
Total financial liabilities	**–**	**(8.0)**	**(3.7)**	**(11.7)**

There were no transfers between Level 1, Level 2 and Level 3 in the period.

The following table provides the fair value hierarchy levels into which fair value measurements are categorised for assets and liabilities measured at fair value as at 31 December 2018:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets at FVTPL				
Foreign currency forward contracts	–	3.2	–	**3.2**
Embedded derivatives	–	1.6	–	**1.6**
Foreign currency futures contracts	–	0.1	–	**0.1**
Money market funds	34.9	–	–	**34.9**
Derivative financial assets used for hedging				
Cash flow hedges				
Foreign currency forward contracts	–	2.1	–	**2.1**
Interest rate swap contracts	–	2.2	–	**2.2**
Commodity swap contracts	–	0.2	–	**0.2**
Assets at FVOCI				
Equity securities	0.7	–	2.8	**3.5**
Total financial assets	**35.6**	**9.4**	**2.8**	**47.8**
Financial liabilities at FVTPL				
Foreign currency forward contracts	–	(2.9)	–	**(2.9)**
Commodity swap contracts	–	(0.4)	(3.1)	**(3.5)**
Derivative financial liabilities used for hedging				
Cash flow hedges				
Foreign currency forward contracts	–	(1.1)	–	**(1.1)**
Commodity swap contracts	–	(10.4)	–	**(10.4)**
Total financial liabilities	**–**	**(14.8)**	**(3.1)**	**(17.9)**

There were no transfers between Level 1, Level 2 and Level 3 in the period.

25. Net debt

Accounting policy

Borrowings are initially recognised at the fair value net of transaction costs incurred.

After initial recognition, all interest-bearing borrowings are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method whereby any discount, premium or transaction costs associated with a borrowing are amortised to the income statement over the borrowing period.

Refer also to Note 16 for accounting policy on leases.

Cash and cash equivalents comprise cash balances and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. Bank overdrafts are classified as short-term borrowings in the balance sheet and for the purpose of the cash flow statement. Time deposits and treasury bills which do not meet the definition of cash and cash equivalents are classified as short-term investments at amortised cost. Money market funds are classified as short-term investments at fair value through profit or loss.

Net debt is defined as current borrowings plus non-current borrowings less cash and cash equivalents, and certain other financial assets.

Net debt for the year ended 31 December comprised:

	2019 € million	2018 € million
Current borrowings	**761.8**	136.4
Non-current borrowings	**2,562.9**	1,468.0
Less: Cash and cash equivalents	**(823.0)**	(712.3)
• Financial assets at amortised cost	**(357.3)**	(243.9)
• Financial assets at fair value through profit or loss	**(371.5)**	(34.9)
Less: Other financial assets	**(728.8)**	(278.8)
Net debt	**1,772.9**	**613.3**

The financial assets at amortised cost comprise time deposits amounting to €349.8m (31 December 2018: €243.9m) and also include an amount of €7.5m (31 December 2018: €nil) invested in Nigerian Treasury Bills. The financial assets at fair value through profit or loss relate to money market funds. The line item 'Other financial assets' on the balance sheet includes derivative financial instruments of €2.5m (2018: €7.7m) and related party loans receivable of €3.6m (2018: €3.5m).

a) Borrowings

The Group held the following borrowings as at 31 December:

	2019 € million	2018 € million
Bonds, bills and unsecured notes	**563.1**	–
Commercial paper	**100.0**	95.0
Loans payable to related parties (refer to Note 27)	**20.1**	4.0
Other borrowings	**22.3**	30.9
	705.5	**129.9**
Obligations under leases falling due within one year	**56.3**	6.5
Total borrowings falling due within one year	**761.8**	**136.4**
Borrowings falling due within one to two years		
Bonds, bills and unsecured notes	**–**	798.3
Loans payable to related parties (refer to Note 27)	**27.2**	13.3
Borrowings falling due within two to five years		
Bonds, bills and unsecured notes	**597.4**	–
Borrowings falling due in more than five years		
Bonds, bills and unsecured notes	**1,783.6**	596.9
	2,408.2	**1,408.5**
Obligations under leases falling due in more than one year	**154.7**	59.5
Total borrowings falling due after one year	**2,562.9**	**1,468.0**
Total borrowings	**3,324.7**	**1,604.4**

Notes to the consolidated financial statements continued

25. Net debt continued

Reconciliation of liabilities to cash flows arising from financing activities:

	Borrowings		Leases			
	due within one year	due in more than one year	due within one year	due in more than one year	Derivative assets / (liabilities)	Total
Balance at 1 January 2018	158.8	1,393.5	7.6	66.3	–	**1,626.2**
Cash flows						
Proceeds from borrowings	39.5	12.9	–	–	–	**52.4**
Repayments of borrowings	(69.6)	–	–	–	–	**(69.6)**
Principal repayments of finance lease obligations	–	–	(7.7)	–	–	**(7.7)**
Interest paid	(34.7)	–	(5.7)	–	–	**(40.4)**
Proceeds from / (payments for) settlement of derivatives regarding financing activities	–	–	–	–	1.4	**1.4**
Total cash flows	**(64.8)**	**12.9**	**(13.4)**	**–**	**1.4**	**(63.9)**
Finance leases increase	–	–	–	(0.8)	–	**(0.8)**
Effect of changes in exchange rates	–	–	–	(0.4)	–	**(0.4)**
Other non-cash movements	35.9	2.1	12.3	(5.6)	(1.4)	**43.3**
Balance at 31 December 2018	**129.9**	**1,408.5**	**6.5**	**59.5**	**–**	**1,604.4**
Recognition of leases on adoption of IFRS 16	–	–	39.9	105.5	–	**145.4**
Arising from business combination	125.6	–	0.3	0.3	–	**126.2**
Cash flows						
Proceeds from borrowings	16.7	1,823.3	–	–	–	**1,840.0**
Repayments of borrowings	(135.6)	(236.6)	–	–	–	**(372.2)**
Principal repayments of lease obligations	–	–	(45.5)	–	–	**(45.5)**
Interest paid	(43.7)	(17.0)	(11.1)	–	–	**(71.8)**
Proceeds from / (payments for) settlement of derivatives regarding financing activities	–	–	–	–	(8.3)	**(8.3)**
Total cash flows	**(37.0)**	**1,569.7**	**(16.4)**	**105.8**	**(8.3)**	**1,613.8**
Leases increase	–	–	13.7	50.0	–	**63.7**
Effect of changes in exchange rates	0.1	3.4	0.9	1.7	–	**6.1**
Other non-cash movements	612.5	(573.4)	51.6	(62.3)	8.3	**36.7**
Balance at 31 December 2019	**705.5**	**2,408.2**	**56.3**	**154.7**	**–**	**3,324.7**

The line 'Other non-cash movements' primarily comprises the transfers from long-term to short-term liabilities.

Commercial paper programme

In October 2013 the Group established a €1.0bn Euro-commercial paper programme (the 'CP programme') which was updated in September 2014 and then in May 2017, to further diversify its short-term funding sources. The Euro-commercial paper notes may be issued either as non-interest-bearing notes sold at a discount or as interest-bearing notes at a fixed or floating rate. All commercial paper issued under the CP programme must be repaid within 7 to 364 days. The CP programme has been granted the Short-Term Euro Paper label ('STEP') and commercial paper is issued through Coca-Cola HBC's fully owned subsidiary Coca-Cola HBC Finance B.V. and is fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC AG. The outstanding amount under the CP programme as at 31 December 2019 was €100.0m (2018: €95.0m).

Committed credit facilities

In April 2019, the Group updated its then-existing €500.0m syndicated revolving credit facility, which was set to expire in June 2021. The updated syndicated revolving credit facility has been increased to €800.0m and has been extended to April 2024 with the option to be extended for up to two more years until April 2026. This facility can be used for general corporate purposes and carries a floating interest rate over EURIBOR and LIBOR. No amounts have been drawn under the syndicated loan facility since inception. The borrower in the syndicated loan facility is Coca-Cola HBC's fully owned subsidiary Coca-Cola HBC Finance B.V. and it is fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC AG. The facility is not subject to any financial covenants that would impact the Group's liquidity or access to capital.

In December 2019 the Group established a loan facility of US dollar 85m to finance the purchase of production equipment by the Group's subsidiary in Nigeria. The facility will be drawn down by the Nigerian Bottling Company ('NBC') over the course of 2020 and 2021 and has a term of 8 years. The obligations under this facility are guaranteed by Coca-Cola HBC AG.

Euro medium-term note programme

In June 2013, the Group established a new €3.0bn Euro medium-term note programme (the 'EMTN programme'). The EMTN programme was updated in September 2014, September 2015 and then April 2019, when it was increased to €5.0bn. Notes are issued under the EMTN programme through Coca-Cola HBC's 100%-owned subsidiary Coca-Cola HBC Finance B.V. and are fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC AG.

In June 2013, Coca-Cola HBC Finance B.V. completed the issue of €800m, 2.375%, seven-year fixed rate, Euro-denominated notes. The net proceeds of the new issue were used to repay the US dollar 500m notes due in September 2013 and partially repay €183.0m of the 7.875% five-year fixed rate notes due in January 2014.

In March 2016, Coca-Cola HBC Finance B.V. completed the issue of a €600m Euro-denominated fixed rate bond maturing in November 2024. The coupon rate of the new bond is 1.875% which, including the amortisation of the loss on the forward starting swap contracts over the term of the fixed rate bond, results in an effective interest rate of 2.99%. The net proceeds of the new issue were used to partially repay €214.6m of the 4.25% seven-year fixed rate notes due in November 2016. The remaining €385.4m was repaid in November 2016 upon its maturity.

In May 2019, Coca-Cola HBC Finance B.V. completed the issue of a €700m Euro-denominated fixed rate bond maturing in May 2027 with a coupon rate of 1% and the issue of a €600m Euro-denominated fixed rate bond maturing in May 2031 with a coupon rate of 1.625%. The net proceeds of the new issue were used to partially repay €236.6m of the 2.375%, seven-year fixed rate bond due in June 2020.

In November 2019, Coca-Cola HBC Finance B.V. completed the issue of a €500m Euro-denominated fixed rate bond maturing in November 2029 with a coupon rate of 0.625%.

As at 31 December 2019, a total of €3.0bn in notes issued under the EMTN programme were outstanding.

Summary of notes outstanding as at 31 December

				Book Value		Fair Value	
Notes	Start date	Maturity date	Fixed coupon	2019 € million	2018 € million	2019 € million	2018 € million
€800	18 June 2013	18 June 2020	2.375%	**563.1**	798.3	**566.6**	822.5
€600	10 March 2016	11 November 2024	1.875%	**597.4**	596.9	**652.3**	632.5
€700	14 May 2019	14 May 2027	1.000%	**695.2**	–	**721.5**	–
€500	21 November 2019	21 November 2029	0.625%	**493.2**	–	**489.7**	–
€600	14 May 2019	14 May 2031	1.625%	**595.2**	–	**643.4**	–
Total				**2,944.1**	**1,395.2**	**3,073.5**	**1,455.0**

The weighted average effective interest rate of the Euro-denominated fixed rate bonds is 2.06% and the weighted average maturity is 6.8 years.

The fair values are within Level 1 of the value hierarchy.

Obligations under leases

As at 31 December 2018 finance leases were recorded in accordance with IAS 17. Future minimum lease payments together with the present value of the net minimum lease payments were as follows:

	2018 € million	
	Minimum payments	Present value of payments
Less than one year	11.2	6.5
Later than one year but less than five years	44.5	29.8
Later than five years	36.5	29.7
Total minimum lease payments	**92.2**	**66.0**
Future finance charges on leases	(26.2)	–
Present value of minimum lease payments	**66.0**	**66.0**

Notes to the consolidated financial statements continued

25. Net debt continued

Total borrowings at 31 December were held in the following currencies:

	Current		Non-current	
	2019 € million	2018 € million	**2019 € million**	2018 € million
Euro	**709.2**	129.8	**2,442.5**	1,412.8
Russian rouble	**21.8**	–	**37.6**	13.3
Nigerian naira	**9.4**	1.1	**15.3**	–
US dollar	**1.5**	2.3	**22.0**	23.0
Bulgarian lev	**5.0**	–	**12.9**	–
Czech koruna	**2.9**	–	**9.1**	–
Swiss franc	**4.5**	–	**6.1**	–
UK sterling	**1.9**	1.6	**7.4**	7.7
Romanian leu	**1.4**	–	**3.5**	–
Polish zloty	**1.7**	1.0	**1.6**	11.2
Croatian kuna	**1.0**	0.3	**1.2**	–
Hungarian forint	**0.7**	–	**1.2**	–
Belarusian rouble	**–**	–	**1.2**	–
Bosnian mark	**0.3**	–	**0.3**	–
Other	**0.5**	0.3	**1.0**	–
Total borrowings	**761.8**	**136.4**	**2,562.9**	**1,468.0**

The carrying amounts of interest-bearing borrowings held at fixed and floating interest rate as at 31 December 2019 were as follows:

	Fixed interest rate € million	**Floating interest rate € million**	**Total € million**
Euro	**3,139.5**	**12.2**	**3,151.7**
Russian rouble	**16.1**	**43.3**	**59.4**
Nigerian naira	**24.7**	**–**	**24.7**
US dollar	**23.5**	**–**	**23.5**
Bulgarian lev	**17.9**	**–**	**17.9**
Czech koruna	**12.0**	**–**	**12.0**
Swiss franc	**10.6**	**–**	**10.6**
UK sterling	**1.2**	**8.1**	**9.3**
Romanian leu	**4.9**	**–**	**4.9**
Polish zloty	**3.3**	**–**	**3.3**
Croatian kuna	**2.2**	**–**	**2.2**
Hungarian forint	**1.9**	**–**	**1.9**
Belarusian rouble	**1.2**	**–**	**1.2**
Bosnian mark	**0.6**	**–**	**0.6**
Other	**1.5**	**–**	**1.5**
Total interest-bearing borrowings	**3,261.1**	**63.6**	**3,324.7**

As of 31 December 2018, other borrowings of €0.3m were subject to factoring agreements, based on which the customers are liable to the interest being charged (refer to Note 18).

b) Cash and cash equivalents

Cash and cash equivalents as at 31 December comprise the following:

	2019 € million	2018 € million
Cash at bank, in transit and in hand	**662.8**	396.5
Short-term deposits	**160.2**	315.8
Total cash and cash equivalents	**823.0**	**712.3**

Cash and cash equivalents are held in the following currencies:

	2019 € million	2018 € million
Euro	**683.5**	577.0
Nigerian naira	**33.1**	49.8
Serbian dinar	**20.0**	9.6
Polish zloty	**18.2**	9.0
Russian rouble	**16.3**	22.9
Romanian leu	**11.1**	8.7
US dollar	**8.1**	3.3
UK sterling	**6.7**	13.2
Ukrainian hryvnia	**5.3**	1.9
Hungarian forint	**5.0**	3.3
Belarusian rouble	**4.1**	1.7
Bosnian mark	**2.9**	1.2
Croatian kuna	**2.1**	1.9
Moldovan leu	**2.1**	1.1
Czech koruna	**1.1**	1.2
Swiss franc	**1.0**	5.4
Other	**2.4**	1.1
Total cash and cash equivalents	**823.0**	**712.3**

As at 31 December 2019, time deposits of €349.8m (2018: €243.9m), which do not meet the definition of cash and cash equivalents, and investment in Nigerian Treasury Bills of €7.5m (2018: €nil), which relates to the outstanding balance held for the repayment of Nigerian Bottling Company former minority shareholders following the 2011 acquisition of non-controlling interests, are recorded as other financial assets.

Cash and cash equivalents include an amount of €33.1m equivalent in Nigerian naira. This includes an amount of €6.4m equivalent in Nigerian naira which relates to the outstanding balance held for the repayment of Nigerian Bottling Company former minority shareholders, following the 2011 acquisition of non-controlling interests.

The amount of dividends payable to the Company by its operating subsidiaries is subject to, among other restrictions, general limitations imposed by the corporate laws and exchange control restrictions of the respective jurisdictions where those subsidiaries are organised and operate. Also, there are fund transfer restrictions in certain countries in which we operate, in particular Belarus, Nigeria, Serbia and Ukraine, where these restrictions do not have a material impact on the Group's liquidity, as the amounts of cash and cash equivalents held in such countries are generally retained for capital expenditure, working capital and dividend distribution purposes. Intra-group dividends paid by certain of our subsidiaries are also subject to withholding taxes.

26. Equity

Accounting policies

Share capital

Coca-Cola HBC has only one class of shares, ordinary shares. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. Incremental external costs directly attributable to the issue of new shares or to the process of returning capital to shareholders are recorded in equity as a deduction, net of tax, in the share premium reserve.

Dividends

Dividends are recorded in the Group's consolidated financial statements, against the relevant equity component, in the period in which they are approved by the Group's shareholders.

Notes to the consolidated financial statements continued

26. Equity continued

a) Share capital, share premium and Group reorganisation reserve

	Number of shares (authorised and issued)	Share capital € million	Share premium € million	Group reorganisation reserve € million
Balance as at 1 January 2018	370,763,039	2,015.1	4,739.3	(6,472.1)
Shares issued to employees exercising stock options (refer to Note 28)	1,064,190	6.1	9.2	–
Dividends	–	–	(200.6)	–
Balance as at 31 December 2018	**371,827,229**	**2,021.2**	**4,547.9**	**(6,472.1)**
Shares issued to employees exercising stock options (refer to Note 28)	1,352,731	8.0	13.4	–
Cancellation of shares	(3,249,803)	(18.4)	(74.1)	–
Dividends	–	–	(208.9)	–
Special dividend	–	–	(733.0)	–
Balance as at 31 December 2019	**369,930,157**	**2,010.8**	**3,545.3**	**(6,472.1)**

The Group reorganisation reserve relates to the impact from adjusting share capital, share premium and treasury shares to reflect the statutory amounts of Coca-Cola HBC on 25 April 2013, together with the transaction costs incurred by the latter, relating primarily to the re-domiciliation of the Group and its admission to listing in the premium segment of the London Stock Exchange, following successful completion of the voluntary share exchange offer (refer also to Note 1). These transactions were treated as a reorganisation of an existing entity that has not changed the substance of the reporting entity.

In 2019, the share capital of Coca-Cola HBC increased by the issue of 1,352,731 (2018: 1,064,190) new ordinary shares following the exercise of stock options pursuant to the Coca-Cola HBC AG employee stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €21.4m (2018: €15.3m).

Following the above changes, as at 31 December 2019 the share capital of the Group amounted to €2,010.8m (2018: €2,021.2m) and comprised 369,930,157 shares with a nominal value of CHF 6.70 each.

b) Dividends

The shareholders of Coca-Cola HBC AG approved the 2017 dividend distribution of €0.54 per share at the Annual General Meeting held on 11 June 2018. The total dividend amounted to €200.6m and was paid on 24 July 2018. Of this, an amount of €1.8m related to shares held by the Group.

The shareholders of Coca-Cola HBC AG approved the 2018 dividend distribution of €0.57 per share as well as a special dividend of €2.00 per share at the Annual General Meeting held on 18 June 2019. The total dividend amounted to €941.9m and was paid on 30 July 2019. Of this, an amount of €8.8m related to shares held by the Group.

The Board of Directors of Coca-Cola HBC AG has proposed a €0.62 dividend per share in respect of 2019. If approved by the shareholders of Coca-Cola HBC AG, this dividend will be paid in 2020.

c) Treasury shares and reserves

The reserves of the Group at 31 December were as follows:

	2019 € million	2018 € million
Treasury shares	**(169.8)**	**(184.1)**
Exchange equalisation reserve	**(964.7)**	**(1,088.8)**
Other reserves		
Hedging reserve, net	**(42.6)**	(49.6)
Tax-free reserve	**163.8**	163.8
Statutory reserves	**28.0**	27.6
Stock option and performance share reserve	**84.9**	102.9
Financial assets at fair value through other comprehensive income reserve, net	**0.8**	0.6
Other	**21.4**	23.7
Total other reserves	**256.3**	**269.0**
Total reserves	**(878.2)**	**(1,003.9)**

Treasury shares

Treasury shares held by the Group represent shares acquired following approval of share buy-back programmes, forfeited shares under the equity compensation plan operated by the Group as well as shares representing the initial ordinary shares of Coca-Cola HBC acquired from Kar-Tess Holding.

On 11 June 2018, the Annual General Meeting adopted a proposal for share buy-back of up to 7,500,000 ordinary shares of Coca-Cola HBC for the purpose of neutralising the dilution resulting from shares issued under Coca-Cola HBC's equity compensation plans and meeting the requirements of the Company's employee incentive scheme. The programme was partially completed during 2018 for a consideration of €27.8m. As a result of an irrevocable share purchase agreement entered into in December 2018, the Group recognised a UK sterling-denominated liability of €85.5m with a corresponding deduction in treasury shares. This resulted in a movement to treasury shares within the consolidated statement of changes in equity of €113.3m for 2018.

The programme was completed in full in May 2019 for a total consideration of €220.6m. This resulted in a movement to treasury shares within the consolidated statement of changes in equity of €106.1m, being the consideration paid in 2019 of €192.8m adjusted for the impact from the €85.5m UK sterling-denominated liability recognised as at 31 December 2018, further adjusted by €1.2m recorded on settlement of the arrangement.

On 18 June 2019, the Annual General Meeting approved the proposal to reduce the share capital of Coca-Cola HBC AG by cancelling the 3,249,803 treasury shares acquired as part of the share buy-back programme described above. The consequent reduction in the share capital was completed in August 2019.

An amount of €27.9m relates to treasury shares provided to employees in 2019 in connection with vested performance share awards under the Company's employee incentive scheme, which was reflected as an appropriation of reserves between 'Treasury shares' and 'Other reserves' in the consolidated statement of changes in equity, more specifically the 'Stock option and performance share reserve'.

As at 31 December 2019, 6,658,233 (2018: 4,478,128) treasury shares were held by the Group.

Exchange equalisation reserve

The exchange equalisation reserve comprises all foreign exchange differences arising from the translation of the financial statements of Group entities with functional currencies other than the Euro.

Other reserves

Hedging reserve

The hedging reserve reflects changes in the fair values of derivatives accounted for as cash flow hedges, net of the deferred tax related to such balances.

Tax-free and statutory reserves

The tax-free reserve includes investment amounts exempt from tax according to incentive legislation, other tax-free income or income taxed at source.

Statutory reserves are particular to the various countries in which the Group operates. The amount of statutory reserves of the parent entity, Coca-Cola HBC AG, is €nil. During 2019, an amount of €0.4m (2018: €0.3m) was reclassified to statutory reserves relating to the establishment of additional reserves by the Group's subsidiaries.

Stock option and performance share reserve

The stock option and performance share reserve represents the cumulative charge to the income statement for employee stock option and performance share awards less the vested performance share awards.

Other

Other reserves are particular to the various countries in which the Group operates and include shares held for the Group's employee share purchase plan, which is an equity compensation plan in which eligible employees may participate.

27. Related party transactions

a) The Coca-Cola Company

As at 31 December 2019, The Coca-Cola Company indirectly owned 23.0% (2018: 22.9%) of the issued share capital of Coca-Cola HBC. The Coca-Cola Company considers Coca-Cola HBC to be a 'key bottler' and has entered into bottlers' agreements with Coca-Cola HBC in respect of each of the Group's territories. All the bottlers' agreements entered into by The Coca-Cola Company and Coca-Cola HBC are Standard International Bottlers' ('SIB') agreements.

Notes to the consolidated financial statements continued

27. Related party transactions continued

The terms of the bottlers' agreements grant Coca-Cola HBC the right to produce and the exclusive right to sell and distribute the beverages of The Coca-Cola Company in each of the countries in which the Group operates. Consequently, Coca-Cola HBC is obliged to purchase all concentrate for The Coca-Cola Company's beverages from The Coca-Cola Company, or its designee, in the ordinary course of business. On 10 October 2012, The Coca-Cola Company agreed to extend the term of the bottlers' agreements for a further 10 years until 2023.

The Coca-Cola Company owns or has applied for the trademarks that identify its beverages in each of the countries in which the Group operates. The Coca-Cola Company has authorised Coca-Cola HBC and certain of its subsidiaries to use the trademark 'Coca-Cola' in their corporate names.

The below table summarises transactions with The Coca-Cola Company and its subsidiaries:

	2019 € million	2018 € million
Purchases of concentrate, finished products and other items	**1,596.5**	1,525.3
Net contributions received for marketing and promotional incentives	**119.2**	110.8
Sales of finished goods and raw materials	**15.7**	17.6
Other income	**3.3**	8.3
Other expenses	**5.6**	3.8

The Coca-Cola Company makes discretionary marketing contributions to Coca-Cola HBC's operating subsidiaries. The participation in shared marketing agreements is at The Coca-Cola Company's discretion and, where co-operative arrangements are entered into, marketing expenses are shared. Such arrangements include the development of marketing programmes to promote The Coca-Cola Company's beverages. Contributions received from The Coca-Cola Company for marketing and promotional incentives during the year amounted to €119.2m (2018: €110.8m): contributions made by The Coca-Cola Company to Coca-Cola HBC for price support and marketing and promotional campaigns in respect of specific customers in 2019 totalled €92.6m (2018: €95.1m), while contributions made by The Coca-Cola Company to Coca-Cola HBC for general marketing programmes in 2019 totalled €26.6m (2018: €15.7m). The Coca-Cola Company has also customarily made additional payments for marketing and advertising directly to suppliers as part of the shared marketing arrangements. The proportion of direct and indirect payments, made at The Coca-Cola Company's discretion, will not necessarily be the same from year to year.

As at 31 December 2019, the Group had a total amount due from The Coca-Cola Company of €61.4m (2018: €76.7m), and a total amount due to The Coca-Cola Company of €309.4m including loan payable of €43.3m (2018: €256.1m including loan payable of €13.3m).

b) Frigoglass S.A. ('Frigoglass'), Kar-Tess Holding and AG Leventis (Nigeria) Plc

Truad Verwaltungs AG currently indirectly owns 48.6% of Frigoglass and 50.7% of AG Leventis (Nigeria) Plc and also indirectly controls Kar-Tess Holding, which holds approximately 23.1% (2018: 23.0%) of Coca-Cola HBC's total issued share capital.

The below table summarises transactions with the above entities:

Frigoglass & subsidiaries	**2019 € million**	2018 € million
Purchases of coolers, cooler parts, glass bottles, crowns and raw and other materials	**131.2**	138.7
Maintenance and other expenses	**24.0**	21.0
AG Leventis (Nigeria) Plc		
Purchases of finished goods and other materials	**7.5**	5.1
Other expenses	**0.3**	0.8

Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, cooler parts, glass bottles, crowns and plastics.

Frigoglass has a controlling interest in Frigoglass Industries (Nigeria) Limited, a company in which the Group has a 23.9% effective interest, through its investment in Nigerian Bottling Company Ltd. Furthermore, during 2015 the Group acquired through its investment in Nigerian Bottling Company Ltd a 23.9% effective interest in Frigoglass West Africa Ltd. In 2019, Frigoglass West Africa Ltd merged with Frigoglass Industries (Nigeria) Limited.

The Group entered into a supply agreement with Frigoglass for the purchase of cooling equipment in 1999. The supply agreement was extended in 2004, 2008, 2013 and, most recently, in 2018, on substantially similar terms. Coca-Cola HBC has the status of most favoured customer of Frigoglass, on a non-exclusive basis, provided that it obtains at least 60% (at prices which are agreed on an annual basis and which must be competitive) of its annual requirements for cooling equipment from Frigoglass. The current agreement expires on 31 December 2020.

As at 31 December 2019, Coca-Cola HBC owed €16.4m (2018: €18.3m) to and was owed €0.9m (2018: €0.3m) by Frigoglass.

As at 31 December 2019, the Group owed €1.9m (2018: €1.4m) to and was owed €nil (2018: €0.1m) by AG Leventis (Nigeria) Plc.

Capital commitments to Frigoglass and its subsidiaries as at 31 December 2019 amounted to €32.4m (€28.1m as at 31 December 2018) including the Group's share of its joint ventures' capital commitments to Frigoglass.

c) Other related parties

The below table summarises transactions with other related parties:

	2019 € million	2018 € million
Purchases	**2.1**	2.4
Other expenses	**17.5**	18.7

During 2019, the Group incurred subsequent expenditure for fixed assets of €2.1m (2018: €2.4m) from other related parties. Furthermore, during 2019, the Group incurred expenses of €17.5m (2018: €18.7m) mainly related to maintenance services for cold drink equipment and installations of coolers, fountains, vending and merchandising equipment from other related parties.

As at 31 December 2019, the Group owed €1.2m (2018: €2.7m) to and was owed €0.1m (2018: €0.1m) by other related parties.

d) Joint ventures

During 2019, the Group purchased €18.3m of finished goods (2018: €10.6m) from joint ventures. In addition, during 2019 the Group recorded sales of finished goods and raw materials of €3.8m (2018: €2.7m) to joint ventures. Furthermore, the Group recorded other income of €4.2m (2018: €4.2m) and other expenses of €3.9m (2018: €2.1m) from joint ventures.

As at 31 December 2019, the Group owed €9.6m including loans payable of €4.0m (2018: €9.6m including loans payable of €4.0m) to and was owed €6.8m including loans receivable of €3.6m (2018: €7.4m including loans receivable of €3.5m) by joint ventures. During 2019 the Group received dividends and capital returns of €7.7m (2018: €7.4m) from BrewTech B.V. Group of companies, which are included in the line 'Net receipts from equity investments' of the consolidated cash flow statement.

e) Directors and senior management

Anastassis G. David, Anastasios I. Leventis, Christo Leventis and Ryan Rudolph have all been nominated by Kar-Tess Holding to the Board of Coca-Cola HBC. José Octavio Reyes has been nominated by TCCC to the Board of Coca-Cola HBC and Alfredo Rivera has been elected to the Board of Coca-Cola HBC following a proposal by TCCC. There have been no transactions between Coca-Cola HBC and the Directors and senior management except for remuneration (refer to Note 8).

28. Share-based payments

Accounting policies

Stock option and performance share award plan

Coca-Cola HBC provides equity-settled share-based payments to its senior managers in the form of an employee stock option and performance share award plan (the 'Plan').

Stock options under the Plan are measured at fair value at the date of grant. Fair value reflects the parameters of the compensation plan, the risk-free interest rate, the expected volatility, the dividend yield and the early exercise experience under the Plan. Expected volatility is determined by calculating the historical volatility of Coca-Cola HBC's share price over previous years. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period.

The Plan offers a specified number of performance share awards that vest three years after the grant. The fair value is determined at the grant date and reflects the parameters of the compensation plan, the dividend yield and the closing share price on the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period. At the end of each reporting period the Group revises its estimates of the number of shares that are expected to vest based on non-market conditions, and recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to equity.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Employee Share Purchase Plan

The Group operates an employee share purchase plan (the 'ESPP'), an equity compensation plan in which eligible employees can participate. The Group makes contributions to the plan for participating employees and recognises expenses over the vesting period of the contributions.

Notes to the consolidated financial statements continued

28. Share-based payments continued

The charge included in employee costs regarding share-based payments for the years ended 31 December is analysed as follows:

	2019 € million	2018 € million
Performance share awards	12.7	13.3
Employee Share Purchase Plan	4.8	5.3
Total share-based payments charge	**17.5**	**18.6**

Terms and conditions

Stock option and performance share award plan

Based on Plan rules, senior managers are granted awards of stock options, based on performance, potentiality and level of responsibility. Options are granted at an exercise price equal to the closing price of the Company's shares trading on the London Stock Exchange on the day of the grant. Options vest in one-third increments each year for three years and can be exercised for up to 10 years from the date of award. When the options are exercised, the proceeds received by the Group, net of any transaction costs, are credited to share capital (at the nominal value) and share premium. The Group has not issued any new stock options since 2014.

Since 2015 performance shares are the primary long-term award. Senior managers are granted performance share awards, which have a three-year vesting period and are linked to Group-specific key performance indicators. The closing price of the Company's shares trading on the London Stock Exchange on the day of the grant is used to determine the number of performance share awards granted. In 2018 the Group modified the performance share plan, in order for eligible employees to receive upon vesting, additionally to the specific number of shares, the value of dividends corresponding to the years from grant till vest date, subject to the approval of the Remuneration Committee. The incremental fair value of €1.38 per share for the 2015 and 2016 grant and €1.48 per share for the 2017 grant is recognised as an expense from the modification date to the end of the vesting period.

Employee Share Purchase Plan

The Employee Share Purchase Plan is administered by a Plan Administrator. Under the terms of this plan, employees have the opportunity to invest 1% to 15% of their salary in ordinary Coca-Cola HBC shares by contributing to the plan through a payroll deduction. Employee deductions are used monthly to purchase ordinary Coca-Cola HBC shares in the open market (London Stock Exchange).

Coca-Cola HBC will match employee contributions up to a maximum of 3% of the employee's salary. Employer matching cash contributions vest one year after the grant, at which time they are used to purchase matching shares on the open market that are immediately vested. Dividends received in respect of shares held under this plan are used to purchase additional shares at the time of dividend distribution. Shares are held under the Plan Administrator. For employees resident in Greece, Coca-Cola HBC matches the employee's contribution with an annual employer contribution of up to 5% of the employee's salary that vests annually in December of each year.

Stock option activity

As a result of the special dividend distribution in 2019 (refer to Note 26) and following the related approval of the Remuneration Committee, an equitable adjustment was made to the exercise price of each unexercised stock option as well as to the outstanding number of stock options under each grant. This equitable adjustment ensured the intrinsic value of each stock option was retained and did not result in incremental fair value for any of the unexercised stock options.

The outstanding stock options are fully vested and are exercisable until 2026.

A summary of stock option activity in 2019 under all grants is as follows:

	Number of stock options 2019	Weighted* average exercise price 2019 (EUR)	Weighted average exercise price 2019 (GBP)
Outstanding at 1 January	5,299,467	16.29	14.73
Equitable adjustment	257,408	17.39	14.86
Exercised	(1,352,731)	16.59	14.17
Outstanding at 31 December	**4,204,144**	**16.45**	**14.05**
Exercisable at 31 December	**4,204,144**	**16.45**	**14.05**

A summary of stock option activity in 2018 under all grants is as follows:

	Number of stock options 2018	Weighted* average exercise price 2018 (EUR)	Weighted average exercise price 2018 (GBP)
Outstanding at 1 January	6,363,657	16.29	14.46
Exercised	(1,064,190)	14.49	13.10
Outstanding at 31 December	**5,299,467**	**16.29**	**14.73**
Exercisable at 31 December	**5,299,467**	**16.29**	**14.73**

* For convenience purposes, the prices are translated at the closing exchange rate.

Total proceeds from the issuance of the shares under the stock option plan in 2019 amounted to €21.4m (2018: €15.3m).

The weighted average remaining contractual life of stock options outstanding at 31 December 2019 was 2.5 years (2018: 3.5 years).

Performance shares activity

As a result of the special dividend distribution in 2019 (refer to Note 26) and following the related approval of the Remuneration Committee, an equitable adjustment was made to the number of outstanding shares under the Plan. This equitable adjustment did not result in incremental fair value for the outstanding shares.

A summary of performance shares activity is as follows:

	Number of performance shares	
	2019	2018
Outstanding at 1 January	**2,277,871**	2,122,290
Granted[1]	**739,237**	678,969
Equitable adjustment	**115,706**	–
Vested	**(1,037,024)**	(396,402)
Forfeited / Cancelled	**(201,767)**	(126,986)
Outstanding at 31 December	**1,894,023**	**2,277,871**

1. Includes dividend equivalent shares.

In 2018, following approval of the Remuneration Committee, the 396,402 shares relating to the former CEO vested fully. The weighted average remaining contractual life of performance shares outstanding at 31 December 2019 was 1.3 years (2018: 1.1 years).

The fair value for the 2019 performance share plan is £26.17 per share (2018: £25.28[2]). Relevant inputs into the valuation are as follows:

	2019	2018
Weighted average share price	**£26.17**	£25.28[2]
Dividend yield	**nil**	nil
Weighted average exercise period	**3.0 years**	3.0 years

2. Fair value prior to equitable adjustment.

29. Contingencies

In relation to the Greek Competition Authority's decision of 25 January 2002, one of Coca-Cola Hellenic Bottling Company S.A.'s competitors had filed a lawsuit against Coca-Cola Hellenic Bottling Company S.A. claiming damages in an amount of €7.7m. The court of first instance heard the case on 21 January 2009 and subsequently rejected the lawsuit. The plaintiff appealed the judgement and on 9 December 2013 the Athens Court of Appeals rejected the plaintiff's appeal. Following the spin-off, Coca-Cola HBC Greece S.A.I.C. substituted Coca-Cola Hellenic Bottling Company S.A. as defendant in this lawsuit. The 2013 Court of Appeals decision has been rendered final and irrecoverable and the case was closed. On 19 April 2014, the same plaintiff filed a new lawsuit against Coca-Cola Hellenic Bottling Company S.A. (following the spin-off, Coca-Cola HBC Greece S.A.I.C.) claiming payment of €7.5m as compensation for losses and moral damages for alleged anti-competitive commercial practices of Coca-Cola Hellenic Bottling Company S.A. between 1994 and 2013. The two lawsuits partially overlap in the time period for which damages are sought by the plaintiff. The hearing of the new lawsuit was scheduled for 17 January 2019. On 21 December 2018, the plaintiff served their withdrawal from the lawsuit. However, on 20 June 2019, the same plaintiff filed another new lawsuit against Coca-Cola HBC Greece S.A.I.C. claiming payment of €10.1m as compensation for losses and moral damages again for alleged anti-competitive commercial practices of Coca-Cola Hellenic Bottling Company S.A. for the same period between 1994 and 2013. The parties filed their briefs and exhibits with the Court and the hearing date of the case has been scheduled for 1 April 2020. Coca-Cola HBC Greece S.A.I.C. has not provided for any losses related to this case.

With respect to the ongoing investigation of the Greek Competition Commission initiated on 6 September 2016, regarding Coca-Cola HBC Greece S.A.I.C.'s operations in certain commercial practices in the sparkling juice and water categories, on 29 May 2019 the Greek Competition Commission issued a Statement of Objections to Coca-Cola HBC Greece S.A.I.C. and certain former and current employees, for obstruction of its on-site investigation. Coca-Cola HBC Greece S.A.I.C. collaborated fully with the Commission. In connection with this Statement of Objections, a hearing took place on 24 July 2019. On 4 March 2020, Coca-Cola HBC Greece S.A.I.C. was served with the decision of the Greek Competition Commission in respect of this Statement of Objections and the procedural case regarding the obstruction of the on-site investigation, based on which a fine amounting to €0.8m was imposed on Coca-Cola HBC Greece S.A.I.C. Coca-Cola HBC Greece S.A.I.C. has fully provided for this amount. The Greek Competition Commission in this decision accepted the proposal for active co-operation and settlement of the case, which was submitted by Coca-Cola HBC Greece S.A.I.C. in line with its policy of full compliance with the principles of competition law and cooperation with the regulatory authorities. The Greek Competition Commission's investigation on Coca-Cola HBC Greece S.A.I.C.'s commercial practices, is still ongoing.

Notes to the consolidated financial statements continued

29. Contingencies continued

In 1992, our subsidiary Nigerian Bottling Company ('NBC') acquired a manufacturing facility in Nigeria from Vacunak, a Nigerian company. In 1994, Vacunak filed a lawsuit against NBC, alleging that a representative of NBC had orally agreed to rescind the sale agreement and instead enter into a lease agreement with Vacunak. As part of its lawsuit, Vacunak sought compensation for rent and loss of business opportunities. NBC discontinued all use of the facility in 1995. On 19 August 2013, NBC received the written judgment of the Nigerian court of first instance issued on 28 June 2012 providing for damages of approximately €20.3m. NBC has filed an appeal against the judgment. Based on advice from NBC's outside legal counsel, we believe that it is unlikely that NBC will suffer material financial losses from this case. We have consequently not provided for any losses in relation to this case.

The tax filings of the Group and its subsidiaries are routinely subjected to audit by tax authorities in most of the jurisdictions in which the Group conducts business. These audits may result in assessments of additional taxes. The Group provides for additional tax in relation to the outcome of such tax assessments, to the extent that a liability is probable and estimable.

The Group is also involved in various other legal proceedings. Management believes that any liability to the Group that may arise as a result of these pending legal proceedings will not have a material adverse effect on the results of operations, cash flows, or the financial position of the Group taken as a whole.

30. Commitments

Accounting policy

In 2018, leases of property, plant and equipment not classified as finance leases were classified as operating leases under IAS 17 'Leases'. Rentals paid under operating leases were charged to the income statement on a straight-line basis over the lease term.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, in accordance with IAS 16 'Leases' (refer to Note 16 for further information).

a) Operating leases

The total future minimum lease payments under operating leases at 31 December were due as follows:

	2018 € million
Less than one year	53.0
Later than one year but less than five years	98.1
Later than five years	32.2
Future minimum lease payments	**183.3**

The total operating lease charges included within operating expenses for 2018 amounted to €59.4m, of which €39.8m related to plant and equipment and €19.6m related to property.

b) Capital commitments

As at 31 December 2019, the Group had capital commitments for property, plant and equipment amounting to €221.7m (2018: €131.7m). Of this, €1.1m and €0.9m are related to the Group's share of the commitments arising from joint operations and joint ventures respectively (2018: €0.7m and €nil respectively).

Capital commitments for 2019 include total future minimum lease payments under leases not yet commenced to which the Group was committed at 31 December 2019 of €16.8m.

31. Post balance sheet events

On 17 March 2020 the Remuneration Committee granted 1,114,716 performance share awards under the performance share plan, which have a three-year vesting period.

The outbreak of novel coronavirus (COVID-19) in early 2020 has affected business and economic activity around the world, including certain countries in which we operate. The Group considers this outbreak to be a non-adjusting post balance sheet event as of 31 December 2019. Given the spread of the coronavirus, the range of potential outcomes for the global economy are difficult to predict at this point in time. Possible outcomes range from successful virus containment and minor short-term impact, to a prolonged global contagion resulting in potential recession. At the same time, there are a number of policy and fiscal responses emerging across the globe intended to mitigate potential negative economic impacts. When it comes to our business, we are monitoring the COVID-19 outbreak developments closely, the Group follows guidance from the World Health Organization and abides by the requirements as activated by local governments. We have been implementing contingency plans to mitigate the potential adverse impact on the Group's employees and operations.

Swiss Statutory Reporting

Contents

Swiss statutory reporting

Report of the statutory auditor
to the General Meeting of
Coca-Cola HBC AG
Steinhausen/Zug

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Coca-Cola HBC AG and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2019, the consolidated balance sheet as at 31 December 2019 and the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 137 to 198) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

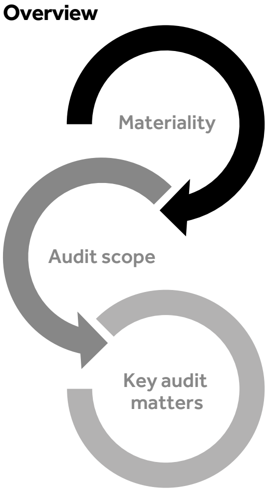
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: €33 million

We conducted full scope audit work at subsidiaries in 15 countries. Our audit scope addressed 84% of the Group's consolidated net sales revenue. We also conducted specified audit procedures and analytical review procedures for other subsidiaries and Group functions.

As key audit matters, the following areas of focus have been identified:

- Goodwill and indefinite-lived intangible assets valuation
- Uncertain tax positions
- Provisions and contingent liabilities

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	€33 million
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above €1.0 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit to ensure that we performed sufficient work to be able to provide an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates through its trading subsidiaries in 28 countries, as set out on page 145 of the Annual Report. The processing of the accounting entries for these subsidiaries is largely centralised in a shared services centre in Bulgaria, except for the subsidiaries in Russia, Ukraine, Belarus, Armenia and North Macedonia, which process their accounting entries locally. The Group also operates centralised treasury functions in the Netherlands and in Greece and a centralised procurement function in Austria.

Based on the significance to the financial statements and in light of the key audit matters as noted below, we identified subsidiaries in 15 countries (including the trading subsidiaries in Italy, Russia, Nigeria, Romania and Switzerland) which in our view, required an audit of their complete financial information. We also performed specified audit procedures on certain balances and transactions on one joint operation. In addition, audit procedures were performed with respect to the centralised treasury functions by the group engagement team and with respect to the centralised procurement function by the component audit team in Austria. The group engagement team also performed analytical review and other procedures on balances and transactions of subsidiaries not covered by the procedures described above.

The group engagement team's involvement with respect to audit work performed by component auditors included site visits and attendance at component audit meetings. Where physical attendance was not undertaken, the group engagement team held conference calls with component audit teams and with local management, as considered appropriate. Furthermore, the group engagement team reviewed component auditor work papers and undertook other forms of interactions as considered necessary depending on the significance of the component and the extent of accounting and audit issues arising. The Group consolidation, financial statement disclosures and a number of areas of significant judgement, including goodwill and intangible assets, material provisions and contingent liabilities, were audited by the group engagement team.

Based on the above, the subsidiaries for which an audit of their complete financial information was performed accounted for 84% of consolidated net sales revenue.

Swiss statutory reporting continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill and indefinite-lived intangible assets valuation

Key audit matter	How our audit addressed the key audit matter
Refer to Note 13 for intangible assets including goodwill and to Note 23 for business combinations. Goodwill and indefinite-lived intangible assets as at 31 December 2019 amount to €1,773.7 million and €318.3 million, respectively. The above amounts have been allocated to individual cash-generating units ('CGUs'), which require the performance of an impairment assessment at least annually. The impairment assessment involves the determination of the recoverable amount of the CGU, being the higher of the value-in-use and the fair value less costs to dispose. This area was a key matter for our audit due to the size of the goodwill and indefinite-lived intangible assets balances and because the determination of whether elements of goodwill and of indefinite-lived intangible assets are impaired involves complex and subjective estimates made by management about the future results of the CGUs. These estimates and judgements include assumptions surrounding revenue growth rates, direct costs, foreign exchange rates and discount rates. Furthermore, macroeconomic volatility, competitor activity and regulatory/fiscal developments can adversely affect each CGU and potentially the carrying amount of goodwill and indefinite-lived intangible assets. In addition, during 2019 the Group acquired a 100% shareholding in Koncern Bambi a.d. Požarevac ('Bambi') a Serbian confectionary business. This acquisition was the main contributor to the increase in goodwill and indefinite-lived intangible assets, adding €114.6 million and €117.9 million of goodwill and indefinite-lived trademarks, respectively.	We evaluated the appropriateness of management's identification of the Group's CGUs, related control activities and the process by which management prepared the CGUs' value-in-use calculations. We tested the mathematical accuracy of the CGUs' value-in-use calculations and compared the cash flow projections included therein to the latest financial budgets approved by the Directors, covering a one year period and management's projections for the subsequent four years. In addition, we assessed the quality of the budgeting process by comparing the prior year budget with actual results. We challenged management's cash flow projections around the key drivers of cash flow forecasts including performance with respect to revenue, short-term and long-term volume growth and the level of direct costs. With the support of our valuation specialists, we evaluated the appropriateness of key assumptions including discount, perpetuity growth and foreign exchange rates. We performed sensitivity analyses on the key drivers of cash flow forecasts for the CGUs with significant balances of goodwill and indefinite-lived intangible assets as well as for CGUs which remain sensitive to changes in the key drivers, including the goodwill and franchise agreements held by the Nigeria CGU. Specifically, as regards the Bambi acquisition we assessed the business combinations process and engaged our component team to perform a full scope audit of the opening balance sheet. With the support of our valuation specialists we reviewed management's purchase price allocation, including attending a series of calls with the Group's valuation experts to critically challenge the valuation methodology and key underlying assumptions used. We evaluated the key inputs used in the valuation model as well as management's assessment of the useful lives of intangible assets identified. We assessed the appropriateness and completeness of the related disclosures in Note 13, as regards goodwill and indefinite-lived intangible assets, and in Note 23, with respect to the acquisition of Bambi. As a result of our work, we found that the determination by management that no impairment was required for goodwill and indefinite-lived intangible assets was supported by assumptions within reasonable ranges. Furthermore, we determined that the underlying assumptions used by management in the business combination and purchase price allocation of Bambi form a reasonable basis for the carrying value of the goodwill and trademarks of Bambi.

Uncertain tax positions

Key audit matter	How our audit addressed the key audit matter
Refer to Note 10 for taxation and Note 29 for contingencies. The Group operates in numerous tax jurisdictions and is subject to periodic tax audits by local tax authorities on a range of tax matters in relation to corporate tax, transfer pricing and indirect taxes. As at 31 December 2019, the Group has current tax liabilities of €129.6 million, which include €95.1 million of provisions for uncertain tax positions. Where the amount of tax payable is uncertain, the Group establishes provisions based on management's judgements with respect to the likelihood of material tax exposures and the probable amount of the liability. We consider this a key audit matter given the number of judgements involved in estimating the provisions relating to uncertain tax positions and the complexity of dealing with tax rules and regulations in numerous jurisdictions.	We evaluated the related accounting policy for estimating tax exposures. In conjunction with our tax specialists, we evaluated management's judgements in respect of estimates of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions. In order to understand and evaluate management's judgements, we considered the status of current tax authority audits and enquiries, the outcome of previous tax authority audits, judgmental positions taken in tax returns and current year estimates as well as recent developments in the various tax jurisdictions in which the Group operates. We challenged management's key assumptions, particularly in cases where there had been significant developments with tax authorities. From the evidence obtained we consider management's judgements as at 31 December 2019 to be reasonable under the circumstances.

Provisions and contingent liabilities

Key audit matter	How our audit addressed the key audit matter
Refer to Note 21 for provisions and Note 29 for contingencies. The Group faces a number of threatened and actual legal and regulatory proceedings. The determination of the provision and/or the level of disclosure required involves a high degree of judgement resulting in provisions and contingent liabilities being considered a key audit matter.	Our procedures with respect to provisions and contingent liabilities included the following: • We evaluated the design of and tested key controls with respect to litigation and regulatory proceedings. • Where relevant, we read external legal advice obtained by management. • We discussed open matters with the Group's general counsel. • We met with local management and if deemed necessary we read relevant correspondence. • We assessed and challenged management's conclusions through understanding precedence set in similar cases. • Obtained confirmation requests from relevant third-party legal representatives and had follow-up discussions, where appropriate, on certain material cases. • We assessed the appropriateness of the related disclosures in Note 29. Based on the work performed, whilst noting the inherent uncertainty with such legal and regulatory matters, we determined that management's judgements, including related disclosures, as at 31 December 2019 are reasonable.

Swiss statutory reporting continued

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Coca-Cola HBC AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Michael Foley
Audit Expert
Auditor In Charge

Laura Bucur
Audit Expert

Zürich, 19 March 2020

Enclosure:

- Consolidated financial statements (consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and notes)

Swiss statutory reporting continued

pwc

Report of the statutory auditor
to the General Meeting of
Coca-Cola HBC AG
Steinhausen/Zug

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Coca-Cola HBC AG, which comprise the balance sheet as at 31 December 2019, statement of income and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2019 (pages 209 to 220) comply with Swiss law and the company's articles of incorporation.

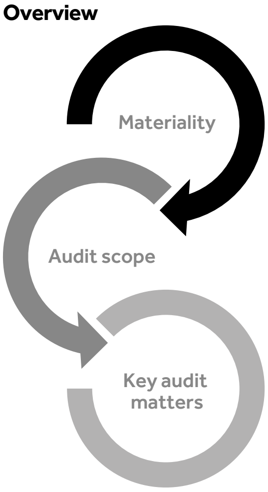
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 34'800'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter, the following area of focus has been identified:

Valuation of investment in subsidiary

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 34'800'000
How we determined it	0.5% of Net Assets
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is the benchmark which reflects the actual substance of the entity. This is a generally accepted benchmark for ultimate holding entities.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment in subsidiary

Key audit matter	How our audit addressed the key audit matter
Refer to Notes 1 and 2.2 for the Directors' disclosures of the related accounting policy and the detailed information on the valuation of the investment in subsidiary. The investment in subsidiary as at 31 December 2019 amounts to CHF 7'214 million. The valuation of the investment in subsidiary is inherently a matter of judgement as it relies on forecasts of future profitability and cash flows. Macroeconomic volatility, competitor activity and regulatory/fiscal developments can adversely affect the group's performance and potentially the carrying amount of the total investment. The Company's market capitalisation is subject to share price volatility. Management tests the carrying value of the Company's investment annually by comparing the market capitalisation of the Group with the carrying value of the investment.	We reperformed the market capitalisation comparison test performed by management. In addition, we obtained comfort over the valuation of investment in subsidiary by reviewing management's goodwill impairment analysis performed for the purposes of the IFRS consolidated financial statements. As a result of our work, we found management's assumptions and their determination that no impairment was required to be reasonable, after having recorded the reduction of the investment to reflect the dividend received from Coca Cola HBC Holdings B.V. of CHF 1,051 million.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Swiss statutory reporting continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Michael Foley Audit Expert Auditor In Charge	**Laura Bucur** Audit Expert

Zürich, 19 March 2020

Enclosures:

- Financial statements (balance sheet, statement of income and notes)
- Proposed appropriation of the available earnings

Coca-Cola HBC AG, Steinhausen (Zug)

Balance sheet

		As at 31 December	
		CHF thousands	
	Note	2019	2018
ASSETS			
Cash and cash equivalents		**48**	489
Short-term receivables from direct and indirect participations	2.1	**14,874**	5,377
Short-term receivables from third parties		**1,402**	1,071
Total current assets		**16,324**	**6,937**
Investments in subsidiaries	2.2	**7,213,865**	8,264,856
Property, plant and equipment (incl. right-of-use assets)		**2,354**	1,153
Total non-current assets		**7,216,219**	**8,266,009**
Total assets		**7,232,543**	**8,272,946**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Trade payables due to third parties		**1,590**	1,206
Short-term liabilities to direct and indirect participations	2.3	**5,078**	2,608
Short-term lease liabilities		**445**	–
Accrued expenses	2.3	**38,339**	39,990
Total short-term liabilities		**45,452**	**43,804**
Long-term interest-bearing liabilities to indirect participations	2.4	**216,277**	9,832
Long-term lease liabilities		**900**	–
Provisions	2.5	**7,329**	8,688
Total long-term liabilities		**224,506**	**18,520**
Share capital	2.6	**2,478,532**	2,491,242
Legal capital reserves			
Reserves from capital contributions		**4,470,097**	5,601,593
Reserves for treasury shares	2.7	**85,298**	85,298
Retained earnings			
Results carried forward		**66,092**	126,232
Loss for the year		**(23,289)**	(60,140)
Treasury shares	2.7	**(114,145)**	(33,603)
Total shareholders' equity	2.8	**6,962,585**	**8,210,622**
Total liabilities and shareholders' equity		**7,232,543**	**8,272,946**

Swiss statutory reporting continued

Coca-Cola HBC AG, Steinhausen (Zug)

Statement of income

		Year ended 31 December	
		CHF thousands	
	Note	2019	2018
Dividend income		**1,050,991**	236,341
Other operating income	2.9	**25,294**	20,412
Total operating Income		**1,076,285**	**256,753**
Employee costs	2.10	**(26,242)**	(35,649)
Other operating expenses	2.11	**(15,469)**	(43,758)
Writedown of investments	2.2	**(1,050,991)**	(236,341)
Depreciation on property, plant and equipment (incl. right-of-use assets)		**(570)**	(192)
Total operating expenses		**(1,093,272)**	**(315,940)**
Operating loss		**(16,987)**	**(59,187)**
Finance income		**995**	399
Finance costs		**(7,118)**	(852)
Foreign exchange differences		**–**	(281)
Loss before tax		**(23,110)**	**(59,921)**
Direct taxes		**(179)**	(219)
Loss for the year		**(23,289)**	**(60,140)**

Notes to the Financial Statements of Coca-Cola HBC AG, Steinhausen (Zug)

Introduction

Coca-Cola HBC AG ('the Company') was incorporated on 19 September 2012 by Kar-Tess Holding. On 11 October 2012, the Company announced a voluntary share exchange offer to acquire all outstanding ordinary registered shares and all American depositary shares of Coca-Cola Hellenic Bottling Company S.A., Maroussi (GR) ('CCHBC SA'). As a result of the successful completion of this offer, on 25 April 2013 the Company acquired 96.85% of the issued CCHBC SA shares, including shares represented by American depositary shares, and became the new parent company of the Group (the Company and its direct and indirect subsidiaries). On 17 June 2013, the Company completed its statutory buyout of the remaining shares of CCHBC SA that it did not acquire upon completion of its voluntary share exchange offer.

1. Accounting principles

Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO). Significant accounting and valuation principles are described below:

Dividend income

Dividend income is recognised when the right to receive payment is established.

Other operating income

The Company provides management services to its principal subsidiaries and acts as guarantor to its principal subsidiary, Coca-Cola HBC Finance B.V. The income from these services is recognised in the accounting period in which the service is provided.

Exchange rate differences

The accounting records of the Company are retained in Euro and translated to Swiss francs (CHF) for presentation purposes. Except for investments in subsidiaries, property, plant and equipment, long-term liabilities and equity, which are translated at historical rates, all assets and liabilities denominated in foreign currencies are translated into CHF using the closing exchange rate as at 31 December 2019. Income and expenses are translated into CHF at the average exchange rate of the reporting year except for dividend income and related writedown of investments (see Note 2.2) which are valued at the transaction date exchange rate. Net unrealised exchange losses are recorded in the income statement, while net unrealised gains are deferred within accrued liabilities.

	Balance sheet as at		Income statement for the year ended	
Exchange rates	**31 December 2019**	31 December 2018	**31 December 2019**	31 December 2018
EUR	**1.09**	1.13	**1.11**	1.16
USD	**0.97**	0.99	**–**	–
GBP	**1.27**	1.25	**–**	–

Leasing disclosure

From 1 January 2019 management has applied an economic-view approach to the disclosure of lease contracts considering the underlying usage rights. Right-of-use assets are presented within property, plant and equipment and depreciated over their usefull life (or lease term if this is shorter). The short- and long-term lease liabilities are adjusted for interest and lease payments, comparatives have not been restated.

Investments in subsidiaries

Investments in subsidiaries are valued at historical cost and evaluated for impairment if identified triggering events occur.

Property, plant and equipment

Right-of-use assets are included within property, plant and equipment.

Depreciation is calculated on the basis of the following useful lives and in accordance with the following methods:

Property, plant and equipment	Useful life	Method
Leasehold improvement (building)	20 years	5% linear
Leasehold improvement (office infrastructure)	10 years	10% linear
Building infrastructure	12 years	8.33% linear
Right-of-use buildings and company cars	Shorter of useful life and lease term	Linear
Furniture and fixtures, office equipment and other tangible fixed assets	8 years	12.5% linear
Telephony infrastructure	7 years	14.29% linear
Communication equipment, computers and PCs	4 years	25% linear
Tablets	3 years	33.33% linear

Swiss statutory reporting continued

Treasury shares

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. If treasury shares are sold, the gain or loss arising is recognised in the income statement as finance income or finance cost as appropriate.

2. Information relating to the balance sheet and statement of income

2.1 Short-term receivables from direct and indirect participations

The short-term receivables from direct and indirect participations do not bear interest.

	As at 31 December	
	CHF thousands	
Name of participation	2019	2018
Coca-Cola HBC Schweiz AG, Brüttisellen	79	–
CCB Management Services GmbH, Vienna	14,185	4,693
Coca-Cola HBC Finance B.V., Amsterdam	149	684
Coca-Cola HBC Italia S.r.l	381	–
Coca-Cola HBC Business Services Organisation, Sofia	80	–
Short-term receivables from direct and indirect participations	**14,874**	**5,377**

2.2 Investments in subsidiaries

			As at 31 December	
			CHF thousands	
Direct subsidiary	Share of capital	Share of votes	2019	2018
Coca-Cola HBC Holdings B.V., Amsterdam[1]	100%	100%	8,264,856	8,501,197
Writedown of investment			(1,050,991)	(236,341)
Investments in subsidiaries	**100%**	**100%**	**7,213,865**	8,264,856

1. Coca-Cola HBC Holdings B.V., Amsterdam was incorporated on 26 June 2013.

In 2015 the Company adopted a practice of reducing the value of its investment in Coca-Cola HBC Holdings B.V. by an amount equal to the dividend received from that subsidiary. The amount of the writedown in 2019 is equal to the dividend received in July 2019 from Coca-Cola HBC Holdings B.V. of CHF 1,050,991 thousand.

The principal direct and indirect participations of the Company are disclosed in Note 15 to the consolidated financial statements.

2.3 Short-term liabilities to direct and indirect participations and accrued expenses

The short-term liabilities to the direct and indirect participations do not bear interest except for the liability to Coca-Cola HBC Finance B.V. which is interest-bearing.

	As at 31 December	
	CHF thousands	
Name of participation	2019	2018
CCB Management Services GmbH, Vienna	3,224	2,557
Coca-Cola Hellenic Business Service Organisation, Sofia	29	–
Coca-Cola HBC Česko a Slovensko, Prague	4	–
Coca-Cola HBC Finance B.V., Amsterdam	1,792	49
Coca-Cola HBC Schweiz AG, Brüttisellen	–	1
Coca-Cola HBC Northern Ireland Ltd., Lisburn	13	1
Coca-Cola HBC Services MEPE, Athens	16	–
Total short-term liabilities to direct and indirect participations	**5,078**	**2,608**

	As at 31 December	
	CHF thousands	
Accrued expenses	2019	2018
Direct taxes	263	309
Management incentive plan and Performance Share Plan for own employees	11,487	15,125
Employee-related costs (social security and insurance, payroll taxes)	1,998	2,192
Provision for acquiring treasury shares to satisfy subsidiaries' Performance Share Plan rights	9,830	17,067
Other accrued expenses	4,116	5,297
Net unrealised gains from foreign currency translation	10,645	–
Total accrued expenses	**38,339**	**39,990**

Following the publication of circular letter 37a by the Swiss Federal Tax Administration in May 2018, the Company recognised a provision of CHF 7,665 thousand (2018: CHF 15,540 thousand) that relates to the Company's employees' Performance Share Plan, of which CHF 4,994 thousand (2018: CHF 12,815 thousand) is short-term and is disclosed in the line item Management incentive plan and Performance Share Plan for own employees; while CHF 2,671 thousand (2018: CHF 2,725 thousand) is long-term and disclosed in Note 2.5, Provisions. The provision for acquiring treasury shares to satisfy subsidiaries' Performance Share Plan rights amounts to CHF 14,151 thousand (2018: CHF 22,648 thousand) of which CHF 9,830 thousand (2018: CHF 17,067 thousand) is short-term and disclosed in accrued expenses while CHF 4,321 thousand (2018: CHF 5,581 thousand) is long-term and disclosed in Note 2.5, Provisions.

2.4 Long-term interest-bearing liabilities

	As at 31 December	
	CHF thousands	
	2019	2018
Coca-Cola HBC Finance B.V., Amsterdam	**216,277**	9,832
Long-term interest-bearing liabilities	**216,277**	**9,832**

Long-term interest-bearing liabilities comprise loans from Coca-Cola HBC Finance B.V. received in 2019 and all maturing on 8 November 2024.

2.5 Provisions

	As at 31 December	
	CHF thousands	
	2019	2018
Long-term incentive Plan	**137**	178
Provision for acquiring treasury shares to satisfy subsidiaries' Performance Share Plan rights (refer to Note 2.3)	**4,321**	5,581
Performance Share Plan Coca-Cola HBC AG employees (refer to Note 2.3)	**2,671**	2,725
Provision for social security costs of Performance Share Plan	**200**	204
Provisions	**7,329**	**8,688**

2.6 Share capital

	Number of shares	Nominal value	Total
		CHF	CHF thousands
Share capital as at 1 January 2018	370,763,039	6.70	2,484,112
Shares issued to employees exercising stock options	1,064,190	6.70	7,130
Share capital as at 31 December 2018	**371,827,229**	**6.70**	**2,491,242**

	Number of shares	Nominal value	Total
		CHF	CHF thousands
Share capital as at 1 January 2019	371,827,229	6.70	2,491,242
Cancellation of shares[1]	(3,249,803)	6.70	(21,773)
Shares issued to employees exercising stock options	1,352,731	6.70	9,063
Share capital as at 31 December 2019	**369,930,157**	**6.70**	**2,478,532**

1. The Company reduced the share capital of Coca-Cola HBC AG by cancelling 3,249,803 registered shares which were held by Coca-Cola HBC AG in treasury and were acquired as part of the share buy-back programme. Refer to Note 2.7 'Treasury shares'.

Swiss statutory reporting continued

2. Information relating to the balance sheet and statement of income continued

2.7 Treasury shares

The number of treasury shares held by Coca-Cola HBC AG and its subsidiaries qualifying under article 659b of the Swiss Code of Obligations and their movements are as follows:

Treasury shares (held by subsidiaries)	Number of shares	Acquisition cost per share	Total
		CHF	CHF thousands
Total treasury shares at 31 December 2018	3,430,135	24.8673	85,298
Total treasury shares at 31 December 2019	**3,430,135**	24.8673	**85,298**

Treasury shares held by the Company	Number of shares	Acquisition cost per share	Total
		CHF	CHF thousands
Treasury shares held by the Company at 31 December 2018	**1,047,993**	**32.0637**	**(33,603)**
Treasury shares held by the Company as at 1 January 2019	1,047,993	32.0637	(33,603)
Acquisition of shares[1]	6,466,932	34.2707	(221,626)
Vested PSP shares[2]	(1,037,024)	30.6413	31,776
Cancellation of shares[3]	(3,249,803)	33.6352	109,308
Treasury shares held by the Company at 31 December 2019	**3,228,098**	**35.3599**	**(114,145)**

1. On 11 June 2018, the Annual General Meeting adopted a proposal for share buy-back of up to 7,500,000 ordinary shares. The buy-back programme commenced on 3 December 2018 and was completed on 29 May 2019. The Company purchased 7,500,000 (6,466,932 in 2019 and 1,033,068 in 2018) of its ordinary shares of 6.70 CHF each at an average price of GBP 2,578.06 pence per share (minimum price of GBP 2,344.93 pence and maximum price of GBP 2,852.41).
2. In March 2019, following the vesting of the 2015 and 2016 PSP plans,1,037,024 treasury shares were transferred to relevant participants.
3. The Company reduced the share capital of Coca-Cola HBC AG by cancelling 3,249,803 registered shares which were held by Coca-Cola HBC AG in treasury and were acquired as part of the share buy-back programme (see footnote 1). Due to the cancellation of shares, reserves from capital contributions reduced by CHF 87,534 thousand.

2.8 Equity

	Share capital	Legal capital reserves		Retained earnings	Treasury shares	Total
		Reserves from capital contributions	Reserves for treasury shares[1]			
	CHF thousands					
Balance as at 1 January 2018	**2,484,112**	**5,824,716**	**85,298**	**126,232**	**(1,950)**	**8,518,408**
Shares issued to employees exercising stock options	7,130	10,739	–	–	–	17,869
Dividends[2]	–	(233,862)	–	–	–	(233,862)
Own shares bought back	–	–	–	–	(31,653)	(31,653)
Loss for the year	–	–	–	(60,140)	–	(60,140)
Balance as at 31 December 2018	**2,491,242**	**5,601,593**	**85,298**	**66,092**	**(33,603)**	**8,210,622**
Balance as at 1 January 2019	**2,491,242**	**5,601,593**	**85,298**	**66,092**	**(33,603)**	**8,210,622**
Shares issued to employees exercising stock options	9,063	15,162	–	–	–	24,225
Dividends[2]	–	(1,059,123)	–	–	–	(1,059,123)
Own shares bought back	–	–	–	–	(221,626)	(221,626)
Vested PSP shares	–	–	–	–	31,776	31,776
Cancellation of shares	(21,773)	(87,535)	–	–	109,308	–
Loss for the year	–	–	–	(23,289)	–	(23,289)
Balance as at 31 December 2019	**2,478,532**	**4,470,097**	**85,298**	**42,803**	**(114,145)**	**6,962,585**

1. Represents the book value of treasury shares held by subsidiaries.
2. On 18 June 2019 the shareholders of the Company at the Annual General Meeting approved the distribution of i) a gross dividend of €0.57 and ii) a special dividend of €2.00 on each ordinary registered share. The dividend was paid on 30 July 2019 and amounted to CHF 1,059,123 thousand.

2.9 Other operating income

	2019	2018
	CHF thousands	
Management fees	**22,493**	17,687
Guarantee fee	**2,801**	2,725
Total other operating income	**25,294**	**20,412**

Management fees relate to service income earned from services provided to the Company's direct and indirect participations.

Guarantee fee is the income the Company receives for the services provided as guarantor to Coca-Cola HBC Finance B.V.

2.10 Employee costs

	2019	2018
	CHF thousands	
Wages and salaries	**10,708**	10,298
Social security costs	**1,323**	3,922
Pensions and employee benefits	**14,211**	21,429
Total employee costs	**26,242**	**35,649**

Pension and employee benefits mainly include Performance Share Plan expenses for CCHBC AG employees of the amount of CHF 5,850 thousand (2018: CHF 15,540 thousand). Refer to Note 2.3 for more information.

2.11 Other operating expenses

Other operating expenses amounting to CHF 15,469 thousand for 2019 mainly comprise CHF12,476 thousand for management fees to CCB Management Services GmbH.

3. Other information

3.1 Net release of hidden reserves

No hidden reserves were released for the years ended 31 December 2019 or 31 December 2018.

3.2 Number of employees

In 2019 and 2018 on an annual average basis, the number of full-time-equivalent employees did not exceed 50.

3.3 Operating lease liabilities (not terminable or expiring within 12 months of balance sheet date)

	Residual term (years)	2019	2018
		CHF thousands	
Office rental, Turmstrasse 26, Steinhausen (Zug)	1 to 5 years	–	1,399
Total lease liabilities		**–**	**1,399**

Following management's decision to disclose leasing contracts using the economic-view approach, the above disclosure is not applicable to 2019.

3.4 Contingent liabilities

Euro medium-term note programmes

In June 2013, the Group established a new €3.0bn Euro medium-term note programme (the 'EMTN programme'). The EMTN programme was updated in September 2014, September 2015 and then April 2019, when it was increased to €5.0bn. Notes are issued under the EMTN programme through the Company's wholly owned subsidiary Coca-Cola HBC Finance B.V., a private limited liability company established under the laws of the Netherlands, and are fully, unconditionally and irrevocably guaranteed by the Company.

In June 2013, Coca-Cola HBC Finance B.V. issued €800m, 2.375%, Euro-denominated notes due 18 June 2020 under the EMTN programme, which are guaranteed by the Company.

In March 2016, Coca-Cola HBC Finance B.V. issued €600m, 1.875% Euro-denominated notes due in November 2024, which are guaranteed by the Company.

In May 2019, Coca-Cola HBC Finance B.V. issued €700m, 1%,Euro-denominated notes due in May 2027 and issued €600m, 1.625%, Euro-denominated notes due in May 2031. The net proceeds of the new issue were used to partially repay €236.6m of the 2.375%, seven-year fixed rate bond due in June 2020. The new notes are guaranteed by the Company.

In November 2019, Coca-Cola HBC Finance B.V. completed the issue of a €500m Euro-denominated fixed rate bond maturing in November 2029 with a coupon rate of 0.625%, which is guaranteed by the Company.

As at 31 December 2019, a total of €3.0bn in notes issued under the EMTN programme were outstanding.

Swiss statutory reporting continued

3. Other information continued

Committed credit facilities

In April 2019, the Group updated its then-existing €500.0m syndicated revolving credit facility, which was set to expire in June 2021. The updated syndicated revolving credit facility has been increased to €800.0m and has been extended to April 2024 with the option to be extended for up to two more years until April 2026. This facility can be used for general corporate purposes and carries a floating interest rate over EURIBOR and LIBOR. No amounts have been drawn under the syndicated loan facility since inception. The borrower in the syndicated loan facility is the Company's wholly owned subsidiary Coca-Cola HBC Finance B.V. and it is fully, unconditionally and irrevocably guaranteed by the Company.

Commercial paper programme

In October 2013 the Group established a new €1.0bn Euro commercial paper programme (the 'CP Programme'). The CP Programme was updated in September 2014 and then again in May 2017. Notes are issued under the CP Programme by Coca-Cola HBC Finance B.V. and guaranteed by the Company. The outstanding amount under the CP Programme was €100m as at 31 December 2019 (2018: €95m).

Nigerian Bottling Company Ltd

In December 2019 the Group established a loan facility of US dollar 85m to finance the purchase of production equipment by the Group's subsidiary in Nigeria. The facility will be drawn down by Nigerian Bottling Company ('NBC') over the course of 2020 and 2021 and has a term of eight years. The obligations under this facility are guaranteed by the Company.

Credit support provider

On 18 July 2013 the Company signed as credit support provider to Deutsche Bank AG, J.P. Morgan Securities plc, Credit Suisse International, Credit Suisse AG, ING Bank N.V., Societe Generale, Merrill Lynch International and to The Royal Bank of Scotland plc in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreements.[1]

On 24 July 2013 the Company signed as credit support provider to the Governor and Company of the Bank of Ireland, in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 8 August 2013 the Company signed as credit support provider to Citibank N.A. in favour of CCHBC Bulgaria AD for the obligations as defined in the ISDA Master Agreement.[1]

On 8 August 2013 the Company signed as credit support provider to Citibank N.A. in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 24 June 2014 the Company signed as credit support provider to Intesa Sanpaolo S.pA. in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 5 October 2015 the Company signed as credit support provider to Macquarie Bank International Limited in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 22 June 2016 the Company signed as credit support provider to UniCredit Bank AG in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 31 August 2016 the Company signed as credit support provider to BNP Paribas in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 1 November 2017 the Company signed as credit support provider to Goldman Sachs Global International in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 22 December 2017 the Company signed as credit support provider to Citigroup Global Markets Limited in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 14 February 2018 the Company signed as credit support provider to Morgan Stanley & Co. International PLC in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 25 March 2019 the Company signed as credit support provider to Citigroup Global Markets Europe AG in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 1 July 2019 the Company signed as credit support provider to Credit Suisse Securities, Sociedad de Valores, S.A. in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 10 July 2019 the Company signed as credit support provider to Macquarie Bank Limited (London Branch) in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 12 November 2019 the Company signed as credit support provider to UBS AG in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

1. The ISDA (International Swap Dealers Association) Master Agreement is a standardised form issued by the International Swap Dealers Association Inc. to be used for credit support transactions.

3.5 Significant shareholders

As at 31 December 2019 and 2018, there were two shareholders exceeding the threshold of 5% voting rights in the Company's share capital.

	Date	Number of shares	Percentage of issued share capital[1]	Percentage of outstanding share capital[2]
Total Kar-Tess Holding	31.12.2018	85,355,019	23.0%	23.2%
Total Kar-Tess Holding	31.12.2019	85,355,019	23.1%	23.5%
Total shareholdings related to The Coca-Cola Company	31.12.2018	85,112,078	22.9%	23.2%
Total shareholdings related to The Coca-Cola Company	31.12.2019	85,112,078	23.0%	23.4%

1. Basis: total issued share capital including treasury shares. Share basis 369,930,157 as at 31 December 2019 (2018: 371,827,229).
2. Basis: total issued share capital excluding treasury shares. Share basis 363,271,924 as at 31 December 2019 (2018: 367,349,101).

3.6 Shareholdings, conversion and option rights

The table below sets out a comparison of the interests in the Company's total issued share capital that the members of the Board of Directors ('Directors') and Operating Committee hold (all of which, unless otherwise stated, are beneficial interests or are interests of a person connected with a Director or a member of the Operating Committee) and the interests in the Company's share capital.

	31 December 2019			31 December 2018		
	Number of shares	**Percentage of issued share capital[1]**	**Percentage of outstanding share capital[2]**	Number of shares	Percentage of issued share capital	Percentage of outstanding share capital
Directors						
Anastassis G. David[3]	–	–	–	–	–	–
Zoran Bogdanovic	100,229	0.03%	0.03%	22,819	0.01%	0.01%
Ahmet C. Bozer[4]	–	–	–	–	–	–
Charlotte J. Boyle	1,017	0.00%	0.00%	1,017	0.00%	0.00%
Olusola (Sola) David-Borha	–	–	–			
William W. (Bill) Douglas III	10,000	0.00%	0.00%	10,000	0.00%	0.00%
Reto Francioni	–	–	–	–		
Anastasios I. Leventis[5]	–	–	–			
Christo Leventis[6]	–	–	–	–	–	–
Alexandra Papalexopoulou	–	–	–	–	–	–
José Octavio Reyes	–	–	–	–	–	–
Alfredo Rivera[7]	–	–	–	–	–	–
Ryan Rudolph	–	–	–	–		
John P. Sechi	–	–	–	–	–	–

	31 December 2019			31 December 2018		
	Number of shares	**Percentage of issued share capital[1]**	**Percentage of outstanding share capital[2]**	Number of shares	Percentage of issued share capital	Percentage of outstanding share capital
Operating Committee						
Minas Agelidis[8]	**30,911**	**0.01%**	**0.01%**	–	–	–
Mourad Ajarti[9]	**–**	**–**	**–**	–	–	–
Alain Brouhard[10]	**84,467**	**0.02%**	**0.02%**	19,901	0.01%	0.01%
Jan Gustavsson	**135,877**	**0.04%**	**0.04%**	59,544	0.02%	0.02%
Michael Imellos	**97,568**	**0.03%**	**0.03%**	18,003	0.00%	0.00%
Nikolaos Kalaitzidakis	**20,994**	**0.01%**	**0.01%**	940	0.00%	0.00%
Naya Kalogeraki	**22,195**	**0.01%**	**0.01%**	3,906	0.00%	0.00%
Marcel Martin	**66,817**	**0.02%**	**0.02%**	22,832	0.01%	0.01%
Sean O'Neill[11]	**127**	**0.00%**	**0.00%**	–	–	–
Sanda Parezanovic	**49,476**	**0.01%**	**0.01%**	3,012	0.00%	0.00%
Keith Sanders[12]	**77,888**	**0.02%**	**0.02%**	30,351	0.01%	0.01%
Sotiris Yannopoulos[13]	**61,703**	**0.02%**	**0.02%**	13,781	0.00%	0.00%

Footnotes are presented at the end of Note 3.6.

Swiss statutory reporting continued

3. Other information continued

The following table sets out information regarding the stock options and performance shares held by members of the Operating Committee as at 31 December 2019:

	Stock options ('ESOP')			Performance shares ('PSP')		
	Number of stock options	Already vested	Vesting at the end of 2019	Granted in 2019	Unvested and subject to performance conditions	Vested
Zoran Bodganovic[14]	206,015	206,015	–	97,671	206,056	62,860
Minas Agelidis[8]	–	–	–	19,530	41,045	15,713
Mourad Ajarti[9]	–	–	–	–	–	–
Alain Brouhard[10]	111,503	111,503	–	26,639	67,632	60,418
Jan Gustavsson	432,925	432,925	–	30,166	76,247	67,743
Michael Imellos	284,069	284,069	–	33,537	84,731	74,761
Nikolaos Kalaitzidakis	11,680	11,680	–	19,912	44,852	18,632
Naya Kalogeraki	47,784	47,784	–	23,492	61,102	24,151
Marcel Martin	116,835	116,835	–	25,923	65,593	56,451
Sean O'Neill[11]	–	–	–	12,161	12,161	–
Sanda Parezanovic	51,497	51,497	–	23,339	59,258	44,244
Keith Sanders[12]	247,511	247,511	–	29,330	74,205	66,064
Sotiris Yannopoulos[13]	–	–	–	3,204	–	57,673

1. Basis: total issued share capital including treasury shares. Share basis 369,930,157 as at 31 December 2019.
2. Basis: total issued share capital excluding treasury shares. Share basis 363,271,924 as at 31 December 2019.
3. Mr Anastassis David is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Sentry Management (PTC) Ltd. is the Trustee, whereby he has an indirect interest with respect to 823,008 shares held by Sentry Management (PTC) Ltd.
4. Mr Ahmet C. Bozer retired from the Board of Directors on 18 June 2019.
5. Mr Anastasios I. Leventis is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, whereby he has an indirect interest with respect to 286,879 shares held by Selene Treuhand AG.
   (c) a further private discretionary trust for the primary benefit of present and future members of the family of the late Christodoulos Papaneokleus Leventis, of which Mervail Company (PTC) Limited is the Trustee, whereby he has an indirect interest with respect to 757,307 shares held by Carlcan Holding Limited.
6. Mr Christo Leventis is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, whereby he has an indirect interest with respect to 458,545 shares held by Selene Treuhand AG.
   (c) a further private discretionary trust for the primary benefit of present and future members of the family of the late Christodoulos Papaneokleus Leventis, of which Mervail Company (PTC) Limited is the Trustee, whereby he has an indirect interest with respect to 623,664 shares held by Carlcan Holding Limited.
7. Mr Alfredo Rivera was appointed to the Board of Directors on 18 June 2019.
8. Mr Minas Agelidis joined the Operating Committee on 1 April 2019.
9. Mr Mourad Ajarti joined the Group and the Operating Committee on 8 October 2019.
10. Mr Alain Brouhard stepped down from the Operating Committee on 31 October 2019.
11. Mr Sean O' Neill joined the Group and the Operating Committee on 7 January 2019.
12. Mr Keith Sanders stepped down from the Operating Committee on 31 March 2019 and left the Company on 30 September 2019.
13. Mr Sotiris Yannopoulos stepped down from the Operating Committee on 31 March 2019 and left the Company on 30 September 2019.
14. The Remuneration Committee determined at its meeting in March 2020 that, in line with the terms of the PSP, PSP awards granted to Zoran Bogdanovic in 2017 vested over in aggregate 21,376 shares (including the dividend equivalent shares paid on PSP shares that vested in 2020).

3.7 Fees paid to the auditor

The audit and other fees paid to the auditor are disclosed in Note 8 of the consolidated financial statements.

3.8 Conditional capital

On 25 April 2013, the shareholders' meeting agreed to the creation of conditional capital in the maximum amount of CHF 245,601 thousand, through issuance of a maximum of 36,657 thousand fully paid-in registered shares with a par value of CHF 6.70 each upon exercise of options issued to members of the Board of Directors, members of the management, employees or advisers of the Company, its subsidiaries and other affiliated companies. The share capital of CHF 2,478,532 thousand as disclosed in the balance sheet differs from the share capital in the commercial register of CHF 2,469,469 thousand as per 31 December 2019 due to the exercise of management options in the course of full year 2019.

Conditional capital	Number of shares	Book value per share CHF	Total CHF thousands
Agreed conditional capital as per shareholders' meeting on 25 April 2013	36,656,843	6.70	245,601
Shares issued to employees exercising stock options until 31 December 2016	(3,149,493)	6.70	(21,102)
Shares issued to employees exercising stock options in 2017	(4,122,401)	6.70	(27,620)
Shares issued to employees exercising stock options in 2018	(1,064,190)	6.70	(7,130)
Remaining conditional capital as at 31 December 2018	**28,320,759**	**6.70**	**189,749**
Shares issued to employees exercising stock options in 2019	(1,352,731)	6.70	(9,063)
Remaining conditional capital as at 31 December 2019	**26,968,028**	**6.70**	**180,686**

Swiss statutory reporting continued

Proposed appropriation of available earnings and reserves / declaration of dividend

1. Proposed appropriation of available earnings

Available earnings and reserves	CHF thousands
Balance brought forward from previous years	66,092
Net loss for the year	(23,289)
Total available retained earnings to be carried forward	**42,803**
Reserves from capital contributions before distribution	4,470,097
Total available retained earnings and reserves	**4,512,899**

2. Proposed declaration of dividend from reserves

The Board of Directors proposes to declare a gross dividend of EUR 0.62 on each ordinary registered share with a par value of CHF 6.70 from the general capital contribution reserve. Own shares held directly by the Company are not entitled to dividends. The total aggregate amount of the dividends shall be capped at an amount of CHF 300,000 thousand (the 'Cap'), and thus will reduce the general capital contribution reserve of CHF 4,470,097 thousand, as shown in the financial statements as of 31 December 2019, by a maximum of CHF 300,000 thousand. To the extent that the dividend calculated on EUR 0.62 per share would exceed the Cap on the day of the Annual General Meeting, due to the exchange rate determined by the Board of Directors in its reasonable opinion, the Euro per share amount of the dividend shall be reduced on a pro-rata basis so that the aggregate amount of all dividends paid does not exceed the Cap. Payment of the dividend shall be made at such time and with such record date as shall be determined by the Annual General Meeting and the Board of Directors.

3. Proposed appropriation of reserves / declaration of dividend

Variant 1: Dividend of EUR 0.62 at current exchange rate

As of 31 December 2019	CHF thousands
Reserves from capital contributions before distribution	4,470,097
Proposed dividend of EUR 0.62[1]	(247,817)
Reserves from capital contributions after distribution	**4,222,280**

Variant 2: Dividend if Cap is triggered

As of 31 December 2019	CHF thousands
Reserves from capital contributions before distribution	4,470,097
(Maximum) dividend if cap is triggered[2]	(300,000)
(Minimum) Reserves from capital contributions after distribution	**4,170,097**

1. Illustrative at an exchange ratio of CHF 1.09 per EUR. Assumes that the shares entitled to a dividend amount to 366,702,059.
2. Dividend is capped at a total aggregate amount of CHF 300,000 thousand.

Report of the statutory auditor
to the General Meeting of
Coca-Cola HBC AG
Steinhausen / Zug

Report of the statutory auditor to the General Meeting on the remuneration report 2019

We have audited the remuneration report of Coca-Cola HBC AG for the year ended 31 December 2019. The audit was limited to the information according to the articles 14-16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 222 to 225 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Coca-Cola HBC AG for the year ended 31 December 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Michael Foley
Audit Expert
Auditor In Charge

Laura Bucur
Audit Expert

Lausanne, 19 March 2020

Swiss statutory reporting continued

Statutory Remuneration Report

Additional disclosures regarding the Statutory Remuneration Report

The section below is in line with the Ordinance against Excessive Compensation in Listed Stock Companies, which requires disclosure of the elements of compensation paid to the Company's Board of Directors and the Operating Committee. The numbers relate to the calendar years of 2019 and 2018. In the information presented below, the exchange rate used for conversion of 2019 remuneration data from Euro to CHF is 1/1.1138 and the exchange rate used for conversion of 2018 remuneration data from Euro to CHF is 1/1.1546.

As the Company is headquartered in Switzerland, it is required for statutory purposes to present compensation data for two consecutive years, 2019 and 2018. The applicable methodology used to calculate the value of stock option and performance shares follows Swiss standards. In 2019 and 2018, the fair value of performance shares from the 2019 and 2018 grants is calculated based on the performance share awards that are expected to vest. Below is the relevant information for Swiss statutory purposes.

Remuneration for acting members of governing bodies

The Company's Directors believe that the level of remuneration offered to Directors and the members of the Operating Committee should reflect their experience and responsibility as determined by, among other factors, a comparison with similar multinational companies and should be sufficient to attract and retain high-calibre Directors who will lead the Group successfully. In line with the Group 's commitment to maximise shareholder value, its policy is to link a significant proportion of remuneration for its Operating Committee to the performance of the business through short- and long-term incentives. Therefore, the Operating Committee members' financial interests are closely aligned with those of the Company's shareholders through the equity-related long-term compensation plan.

The total remuneration of the Directors and members of the Operating Committee of the Company, including performance share grants, during 2019 amounted to CHF 22.1m. Out of this, the amount relating to the expected value of performance share awards granted in relation to 2019 was CHF 4.4m. Pension and post-employment benefits for Directors and the Operating Committee of the Company during 2019 amounted to CHF 1.0m.

Remuneration of the Board of Directors

	2019 CHF					
	Fees	Cash and non-cash benefits[1]	Cash performance incentives	Pension and post-employment benefits	Total fair value of stock options at the date granted	Total remuneration
Anastassis G. David	**81,864**	–	–	–	–	**81,864**
Ahmet C. Bozer[2]	**40,932**	–	–	–	–	**40,932**
Charlotte J. Boyle	**94,784**	–	–	–	–	**94,784**
Olusola (Sola) David-Borha[3]	**98,014**	–	–	–	–	**98,014**
William W. (Bill) Douglas III	**114,053**	–	–	–	–	**114,053**
Reto Francioni[4]	**118,842**	–	–	–	–	**118,842**
Anastasios I. Leventis	**94,784**	–	–	–	–	**94,784**
Christo Leventis	**81,864**	–	–	–	–	**81,864**
Alexandra Papalexopoulou	**107,704**	–	–	–	–	**107,704**
José Octavio Reyes[5]	**88,324**	–	–	–	–	**88,324**
Alfredo Rivera[6]	**40,932**	–	–	–	–	**40,932**
Ryan Rudolph[7]	**81,864**	–	–	–	–	**81,864**
John P. Sechi	**98,014**	–	–	–	–	**98,014**
Zoran Bogdanovic[8]	–	–	–	–	–	–
Total Board of Directors	**1,141,975**	–	–	–	–	**1,141,975**

1. Allowances consist of cost of living allowance, housing support, Employee Share Purchase Plan, private medical insurance, relocation expenses, home trip allowance, lump sum expenses and similar allowances.
2. Ahmet C. Bozer retired from the Board of Directors on 18 June 2019. The Group has applied a half-year period base fee of CHF 40,932.
3. For Olusola (Sola) David-Borha, on top of her fees the Group paid CHF 7,798 in social security contributions as required by Swiss legislation.
4. For Reto Francioni, on top of his fees the Group paid CHF 9,455 in social security contributions as required by Swiss legislation.
5. For José Octavio Reyes, on top of his fees the Group paid CHF 4,901 in social security contributions as required by Swiss legislation.
6. Alfredo Rivera was appointed to the Board of Directors on 18 June 2019. The Group has applied a half-year period base fee of CHF 40,932.
7. For Ryan Rudolph, on top of his fees the Group paid CHF 6,513 in social security contributions as required by Swiss legislation.
8. Zoran Bogdanovic's compensation was based on his role as CEO and member of the Operating Committee, and his employment agreement. Zoran Bogdanovic was not entitled to and did not receive additional compensation as a Director.

Non-Executive Directors do not participate in any of the Group's incentive plans, nor do they receive any retirement benefits.

Swiss statutory reporting continued

Remuneration of the Board of Directors

	2018 CHF					
	Fees	Cash and non-cash benefits[1]	Cash performance incentives	Pension and post-employment benefits	Total fair value of stock options at the date granted	Total remuneration
Anastassis G. David	84,863	–	–	–	–	84,863
Ahmet C. Bozer	84,863	–	–	–	–	84,863
Charlotte J. Boyle	98,256	–	–	–	–	98,256
Olusola (Sola) David-Borha[2]	101,605	–	–	–	–	101,605
William W. (Bill) Douglas III	118,231	–	–	–	–	118,231
Reto Francioni[3]	123,196	–	–	–	–	123,196
Anastasios I. Leventis	98,256	–	–	–	–	98,256
Christo Leventis	84,863	–	–	–	–	84,863
Alexandra Papalexopoulou	111,650	–	–	–	–	111,650
José Octavio Reyes[4]	91,560	–	–	–	–	91,560
Ryan Rudolph[5]	84,863	–	–	–	–	84,863
John P. Sechi	101,605	–	–	–	–	101,605
Zoran Bogdanovic[6]	–	–	–	–	–	–
Total Board of Directors	**1,183,811**	**–**	**–**	**–**	**–**	**1,183,811**

1. Allowances consist of cost of living allowance, housing support, Employee Share Purchase Plan, private medical insurance, relocation expenses, home trip allowance, lump sum expenses and similar allowances.
2. For Olusola (Sola) David-Borha, on top of her fees the Group paid CHF 8,083 in social security contributions as required by Swiss legislation.
3. For Reto Francioni, on top of his fees the Group paid CHF 9,801 in social security contributions as required by Swiss legislation.
4. For José Octavio Reyes, on top of his fees the Group paid CHF 5,119 in social security contributions as required by Swiss legislation.
5. For Ryan Rudolph, on top of his fees the Group paid CHF 6,752 in social security contributions as required by Swiss legislation.
6. Zoran Bogdanovic's compensation was based on his role as CEO and member of the Operating Committee, and his employment agreement. Zoran Bogdanovic was not entitled to and did not receive additional compensation as a Director.

Non-Executive Directors do not participate in any of the Group's incentive plans, nor do they receive any retirement benefits.

Remuneration of the Operating Committee

The total remuneration paid to or accrued for the Operating Committee for 2019 amounted to CHF 20.9m.

	2019 CHF					
	Base salary	Cash and non-cash benefits[1]	Cash performance incentives[2]	Pension and post-employment benefits[3]	Total fair value of performance shares at the date granted[4]	Total remuneration
Zoran Bogdanovic, Chief Executive Officer	**865,051**	**534,675**	**517,917**	**141,715**	**1,378,328**	**3,437,686**
Other members[5]	**5,041,738**	**6,315,793**	**2,163,334**	**872,247**	**3,052,625**	**17,445,737**
Total Operating Committee	**5,906,789**	**6,850,468**	**2,681,251**	**1,013,962**	**4,430,953**	**20,883,423**

1. Cash and non-cash benefits consist of cost of living allowance, housing support, schooling, Employee Share Purchase Plan, private medical insurance, relocation expenses, home trip allowance, employer social security contributions, lump sum expenses and similar allowances.
2. The cash performance incentives represent the monetary value that was paid under the Management Incentive Plan in 2019 reflecting the 2018 business performance.
3. Members of the Operating Committee participate in the pension plan of their employing entity, as appropriate.
4. Values under long-term incentives represent the fair value of performance shares that are expected to vest for the 2019 grant in order to comply with Swiss reporting guidelines.
5. Minas Agelidis was appointed to the role of Region Director on 1 April 2019. Sotiris Yannopoulos and Keith Sanders stepped down from their roles as Region Directors on 1 April 2019. Their employment ceased on 30 September 2019. Mourad Ajarti was appointed to the role of Group Business Solutions and Systems Director on 8 October 2019. Alain Brouhard stepped down from his role as Group Business Solutions and Systems Director on 1 November 2019. His employment will cease on 30 June 2020.

The total remuneration paid to or accrued for the Operating Committee for 2018 amounted to CHF 16.4m.

	2019 CHF					
	Base salary	Cash and non-cash benefits[1]	Cash performance incentives[2]	Pension and post-employment benefits[3]	Total fair value of performance shares at the date granted[4]	Total remuneration
Zoran Bogdanovic, Chief Executive Officer	865,950	521,628	368,513	143,691	1,085,901	2,985,682
Other members[5]	4,242,424	3,641,729	2,640,246	737,429	2,179,889	13,441,717
Total Operating Committee	**5,108,374**	**4,163,357**	**3,008,758**	**881,120**	**3,265,790**	**16,427,399**

1. Cash and non-cash benefits consist of cost of living allowance, housing support, schooling, Employee Share Purchase Plan, private medical insurance, relocation expenses, home trip allowance, employer social security contributions, lump sum expenses and similar allowances.
2. The cash performance incentives represent the monetary value that was paid under the Management Incentive Plan in 2018 reflecting the 2017 business performance.
3. Members of the Operating Committee participate in the pension plan of their employing entity, as appropriate.
4. Values under long-term incentives represent the fair value of performance shares that are expected to vest for the 2018 grant in order to comply with Swiss reporting guidelines.
5. Nikolaos Kalaitzidakis was appointed to the role of Region Director on 1 May 2018.

Credits and loans granted to governing bodies

In 2019, there were no credits or loans granted to active or former members of the Company's Board of Directors, members of the Operating Committee or to any related persons. There are no outstanding credits or loans.

Alternative performance measures

Definitions and reconciliations of Alternative Performance Measures (APMs)

1. Comparable APMs[1]

In discussing the performance of the Group, 'comparable' measures are used, which are calculated by deducting from the directly reconcilable IFRS measures the impact of the Group's restructuring costs, the mark-to-market valuation of the commodity hedging activity, acquisition costs and certain other tax items, which are collectively considered as items impacting comparability, due to their nature. More specifically the following items are considered as items that impact comparability:

1. Restructuring costs

Restructuring costs comprise costs arising from significant changes in the way the Group conducts business, such as significant supply chain infrastructure changes, outsourcing of activities and centralisation of processes. These costs are included within the income statement line 'Operating expenses'. However, they are excluded from the comparable results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from underlying activity.

2. Commodity hedging

The Group has entered into certain commodity derivative transactions in order to hedge its exposure to commodity price risk. Although these transactions are economic hedging activities that aim to manage our exposure to sugar, aluminium, gas oil and PET price volatility, hedge accounting has not been applied in all cases. In addition, the Group recognises certain derivatives embedded within commodity purchase contracts that have been accounted for as stand-alone derivatives and do not qualify for hedge accounting. The fair value gains and losses on the derivatives and embedded derivatives are immediately recognised in the income statement in the cost of goods sold and operating expenses line items. The Group's comparable results exclude the gains or losses resulting from the mark-to-market valuation of these derivatives to which hedge accounting has not been applied (primarily PET) and embedded derivatives. These gains or losses are reflected in the comparable results in the year when the underlying transactions occur, to match the profit or loss to that of the corresponding underlying transactions. We believe this adjustment provides useful information related to the impact of our economic risk management activities.

3. Acquisition costs

Acquisition costs comprise costs incurred to effect a business combination such as finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees. These costs are included within the income statement line 'Operating expenses'. However, to the extent that they relate to business combinations that have completed or are expected to be completed, they are excluded from the comparable results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from underlying activity.

4. Other tax items

Other tax items represent the tax impact of changes in income tax rates affecting the opening balance of deferred tax arising during the year, included in the 'Tax' line item of the income statement. These are excluded from comparable after-tax results in order for the user to obtain a better understanding of the Group's underlying financial performance.

1. Comparable APMs refer to comparable cost of goods sold, comparable gross profit, comparable operating expenses, comparable EBIT, comparable EBIT margin, comparable Adjusted EBITDA, comparable tax, comparable net profit and comparable EPS.

The Group discloses comparable performance measures to enable users to focus on the underlying performance of the business on a basis which is common to both years for which these measures are presented.

The reconciliation of comparable measures to the directly related measures calculated in accordance with IFRS is as follows:

Reconciliation of comparable financial indicators (numbers in € million except per share data)

2019	Cost of goods sold	Gross profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net profit[1]	EPS (€)
As reported	**(4,380)**	**2,646**	**(1,930)**	**715**	**1,111**	**(173)**	**487**	**1.340**
Restructuring costs	**–**	**–**	**38**	**38**	**37**	**(9)**	**29**	**0.080**
Commodity hedging	**2**	**2**	**–**	**2**	**2**	**–**	**2**	**0.005**
Acquisition costs	**–**	**–**	**3**	**3**	**3**	**–**	**3**	**0.008**
Other tax items	**–**	**–**	**–**	**–**	**–**	**1**	**1**	**0.003**
Comparable	**(4,378)**	**2,648**	**(1,889)**	**759**	**1,153**	**(182)**	**522**	**1.436**

2018	Cost of goods sold	Gross profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net profit[1]	EPS (€)
As reported	(4,142)	2,515	(1,876)	639	969	(163)	447	1.216
Restructuring costs	–	–	33	33	23	(8)	25	0.068
Commodity hedging	8	8	1	8	8	(2)	7	0.018
Other tax items	–	–	–	–	–	1	1	0.004
Comparable	(4,134)	2,523	(1,843)	681	1,000	(171)	480	1.306

Figures are rounded.

1. Net profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.

Reconciliation of comparable EBIT per reportable segment (numbers in € million)

	2019			
	Established	**Developing**	**Emerging**	**Consolidated**
EBIT	**236**	**139**	**340**	**715**
Restructuring costs	**20**	**7**	**11**	**38**
Commodity hedging	**–**	**1**	**2**	**2**
Acquisition costs	**–**	**–**	**3**	**3**
Comparable EBIT	**256**	**146**	**356**	**759**

	2018			
	Established	Developing	Emerging	Consolidated
EBIT	232	131	277	639
Restructuring costs	5	4	24	33
Commodity hedging	4	2	2	8
Comparable EBIT	241	137	303	681

Figures are rounded.

2. FX-neutral APMs

The Group also evaluates its operating and financial performance on an FX-neutral basis (i.e. without giving effect to the impact of variation of foreign currency exchange rates from year to year). FX-neutral APMs are calculated by adjusting prior year amounts for the impact of exchange rates applicable to the current year. FX-neutral measures enable users to focus on the performance of the business on a basis which is not affected by changes in foreign currency exchange rates applicable to the Group's operating activities from year to year. The most common FX-neutral measures used by the Group are:

1. FX-neutral net sales revenue and FX-neutral net sales revenue per unit case

   FX-neutral net sales revenue and FX-neutral net sales revenue per unit case are calculated by adjusting prior-year net sales revenue for the impact of changes in exchange rates applicable in the current year.

2. FX-neutral comparable input costs per unit case

   FX-neutral comparable input costs per unit case is calculated by adjusting prior-year commodity costs and more specifically, sugar, resin, aluminium and fuel commodity costs, excluding commodity hedging as described above; and other raw materials costs for the impact of changes in exchange rates applicable in the current year.

The calculations of the FX-neutral APMs and the reconciliation to the most directly related measures calculated in accordance with IFRS are as follows:

Reconciliation of FX-neutral net sales revenue per unit case (numbers in € million unless otherwise stated)

	2019			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	**2,518**	**1,352**	**3,156**	**7,026**
Currency impact	**–**	**–**	**–**	**–**
FX-neutral net sales revenue	**2,518**	**1,352**	**3,156**	**7,026**
Volume (m unit cases)	**624**	**431**	**1,209**	**2,265**
FX-neutral net sales revenue per unit case (€)	**4.03**	**3.14**	**2.61**	**3.10**

	2018			
	Established	Developing	Emerging	Consolidated
Net sales revenue	2,470	1,307	2,880	6,657
Currency impact	16	(9)	67	75
FX-neutral net sales revenue	2,486	1,298	2,947	6,732
Volume (m unit cases)	619	429	1,144	2,192
FX-neutral net sales revenue per unit case (€)	4.01	3.03	2.58	3.07

Figures are rounded.

Alternative performance measures continued

2. FX-neutral APMs continued

Reconciliation of FX-neutral input costs per unit case (numbers in € million unless otherwise stated)

	2019	2018
Input costs	1,824	1,727
Commodity hedging	(2)	(8)
Comparable input costs	1,822	1,718
Currency impact	–	34
FX-neutral comparable input costs	1,822	1,753
Volume (m unit cases)	2,265	2,192
FX-neutral comparable input costs per unit case (€)	**0.80**	0.80

Figures are rounded.

3. Other APMs

Adjusted EBITDA and comparable Adjusted EBITDA

Adjusted EBITDA is calculated by adding back to operating profit the depreciation and impairment of property, plant and equipment, the amortisation and impairment of intangible assets, the employee share option and performance share costs and items, if any, reported in line 'Other non-cash items' of the consolidated cash flow statement. Adjusted EBITDA is intended to provide useful information to analyse the Group's operating performance excluding the impact of operating non-cash items as defined above. The Group also uses comparable Adjusted EBITDA, which is calculated by deducting from Adjusted EBITDA the impact of the Group's restructuring costs, acquisition costs and the mark-to-market valuation of the commodity hedging activity. Comparable Adjusted EBITDA is intended to measure the level of financial leverage of the Group by comparing comparable Adjusted EBITDA to Net debt.

Adjusted EBITDA and comparable Adjusted EBITDA are not measures of profitability and liquidity under IFRS and have limitations, some of which are as follows: Adjusted EBITDA and comparable Adjusted EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; Adjusted EBITDA and comparable Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future and Adjusted EBITDA and comparable Adjusted EBITDA do not reflect any cash requirements for such replacements. Because of these limitations, Adjusted EBITDA and comparable Adjusted EBITDA should not be considered as measures of discretionary cash available to us and should be used only as supplementary APMs.

As a result of the adoption of IFRS 16, Adjusted EBITDA and comparable Adjusted EBITDA have increased by approximately 5% as in 2019 the lease expense of operating leases (under IAS 17) is replaced with depreciation and interest.

Free cash flow

Free cash flow is an APM used by the Group and defined as cash generated by operating activities after payments for purchases of property, plant and equipment net of proceeds from sales of property, plant and equipment and including principal repayments of lease obligations. Free cash flow is intended to measure the cash generation from the Group's business, based on operating activities, including the efficient use of working capital and taking into account its net payments for purchases of property, plant and equipment.

The Group considers the purchase and disposal of property, plant and equipment as ultimately non-discretionary since ongoing investment in plant, machinery, technology and marketing equipment, including coolers, is required to support the day-to-day operations and the Group's growth prospects. The Group presents free cash flow because it believes the measure assists users of the financial statements in understanding the Group's cash-generating performance as well as availability for interest payment, dividend distribution and own retention. The free cash flow measure is used by management for its own planning and reporting purposes since it provides information on operating cash flows, working capital changes and net capital expenditure that local managers are most directly able to influence.

Free cash flow is not a measure of cash generation under IFRS and has limitations, some of which are as follows: free cash flow does not represent the Group's residual cash flow available for discretionary expenditures since the Group has debt payment obligations that are not deducted from the measure; free cash flow does not deduct cash flows used by the Group in other investing and financing activities; and free cash flow does not deduct certain items settled in cash. Other companies in the industry in which the Group operates may calculate free cash flow differently, limiting its usefulness as a comparative measure.

Capital expenditure

The Group uses capital expenditure as an APM to ensure that the cash spending is in line with its overall strategy for the use of cash. Capital expenditure is defined as payments for purchases of property, plant and equipment plus principal repayments of lease obligations less proceeds from sale of property, plant and equipment.

The adoption of IFRS 16 did not have a significant impact on free cash flow, as the increased capital expentiture was offset by the increase in Adjusted EBITDA.

The following table illustrates how Adjusted EBITDA, free cash flow and capital expenditure are calculated:

	2019 € million	2018 € million
Operating profit (EBIT)	**715**	639
Depreciation and impairment of property, plant and equipment	**385**	319
Amortisation of intangible assets	**1**	1
Employee performance shares	**10**	10
Adjusted EBITDA	**1,111**	969
Gain on disposals of non-current assets	**(6)**	(10)
Cash generated / (consumed) from working capital movements	**33**	(46)
Tax paid	**(212)**	(116)
Net cash from operating activities	**926**	797
Payments for purchases of property, plant and equipment	**(473)**	(437)
Principal repayments of lease obligations	**(46)**	(8)
Proceeds from sale of property, plant and equipment	**35**	18
Capital expenditure	**(484)**	(427)
Net cash from operating activities	**926**	797
Capital expenditure	**(484)**	(427)
Free cash flow	**443**	370

Figures are rounded.

Net debt

Net debt is an APM used by management to evaluate the Group's capital structure and leverage. Net debt is defined as current borrowings plus non-current borrowings less cash and cash equivalents and financial assets (time deposits, treasury bills and money market funds), as illustrated below:

	As at 31 December	
	2019 € million	2018 € million
Current borrowings	**762**	136
Non-current borrowings	**2,563**	1,468
Other financial assets	**(729)**	(279)
Cash and cash equivalents	**(823)**	(712)
Net debt	**1,773**	613

Figures are rounded.

Assurance statement

Independent assurance statement for the 2019 Integrated Annual Report

To the management and stakeholders of Coca-Cola Hellenic Bottling Company AG:

denkstatt GmbH was commissioned by Coca-Cola Hellenic Bottling Company AG (hereinafter referred to as "the Company") to provide independent third-party assurance, in accordance with the AA1000 Assurance Standard (AA1000AS 2008 with the 2018 Addendum), for the printed and downloadable pdf versions of the Company's 2019 Integrated Annual Report (hereinafter referred to as "the Report"). We have reviewed sustainability-related data and content in the Report. Financial data were not reviewed as part of this process. The assurance engagement covered the nature and extent of the Company's application of the principles of inclusivity, materiality, responsiveness and impact, as described in the AA1000 Series of Standards (AA1000 AP 2018). The application level of the Global Reporting Initiative (GRI) Standards (comprehensive option) was verified.

denkstatt is an independent professional services company. Our team of experts has extensive professional experience of assurance engagements related to non-financial information and sustainability management, meaning it is qualified to conduct this independent assurance engagement. denkstatt has implemented a certified quality and environmental management system which complies with the requirements of ISO 9001:2015 and ISO 14001:2015, and accordingly maintains a comprehensive quality control system.

Management responsibilities

The Company's management is responsible for preparing the Report, statements within it and related online content. The Management is also responsible for identifying stakeholders and material issues, defining commitments with respect to sustainability performance, and establishing and maintaining appropriate performance management and internal control systems from which reported information is derived.

Additionally, the Company's management is responsible for establishing data collection and internal control systems to ensure reliable reporting; for specifying acceptable reporting criteria; and for selecting data to be collected for the purposes of the Report. Management responsibilities also extend to preparing the Report in accordance with the GRI Standards.

Assurance provider's responsibilities

Our responsibilities are to:

- express our conclusions and make recommendations regarding the nature and extent of the Company's adherence to the AA1000 Accountability Principles Standard (APS 2018), and
- express our conclusions on the reliability of the information in the Report, and whether it is in accordance with the criteria in the GRI Standards.

During 2019 we did not perform any tasks or services for the Company or other clients which would lead to a conflict of interest. We were not responsible for the preparation of any part of the Report.

Scope of assurance, standards and criteria used

We have fulfilled our responsibilities to provide appropriate assurance that the information in the Report is free of material misstatements. We planned and carried out our work based on the GRI Standards and the AA1000 Series of Standards. We used the criteria in AA1000AS (2008 with 2018 Addendum) to perform a Type 2 engagement and to provide high assurance regarding the nature and extent of the Company's adherence to the principles of impact, inclusivity, materiality and responsiveness.

Methodology, approach, limitations and scope of work

We planned and carried out our work in order to obtain all the evidence, information and explanations that we considered necessary to fulfil our responsibilities. Our work included the following procedures, comprising a range of evidence-gathering activities:

- Gathering information regarding the Company's adherence to the principles of impact, inclusivity, materiality, sustainability context, completeness and responsiveness as required by GRI and AA1000, and conducting interviews with members of the Executive Management, staff from the Sustainability Department, the Human Resources Department, the Procurement Department, the Finance Department, the Legal Affairs Department, the Marketing Department, the Product Quality and Safety Department and the Public Affairs and Communication Department, as well as various Group-level functional managers. This included verifying the commitment to these principles of the Company's management, the presence of systems and procedures to support adherence to these principles, and the embedding of the principles at market level.

  The key topics of the interviews conducted at Group level were the materiality process, health and nutrition, employee wellbeing and engagement, vehicle fleets, corporate governance, business ethics and anti-corruption, energy and climate, water stewardship, World Without Waste, sourcing, licence to operate, human rights and diversity.
- Conducting further interviews at national headquarters in Bosnia and Herzegovina, Greece, Italy, Nigeria, Northern Ireland, Serbia and Ukraine in order to guarantee the completeness of the information required for the engagement.
- Site visits to nine bottling plants, the majority of which were located in emerging markets: Sarajevo (Bosnia and Herzegovina), Schimatari (Greece), Oricola (Italy), Asejire, Benin and Port Harcourt (Nigeria), Knockmore Hill (Northern Ireland), Belgrade (Serbia), Kiev (Ukraine).

- Making enquiries and conducting spot checks to assess implementation of the Company's policies (at plant, market and Group level).
- Making enquiries and conducting spot checks regarding necessary documentation for assessing the current data collection systems, and the procedures in place to ensure reliable and consistent reporting from the plants to Group level.
- Verifying all three inventory scopes (scopes 1, 2 and 3) as defined by the GHG Protocol, including progress against emission reduction targets, reported changes in emissions compared with base years (2010 and 2017) and emissions intensity figures for 2019.
- Verifying the GRI content index, which was published separately to the Report, to ensure consistency with the requirements of the GRI Standards (comprehensive option).
- Conducting additional interviews with four representatives of the following external stakeholder groups: investors, water stewardship implementation partners and non-governmental organisations. The interviews were conducted during the Joint Annual Stakeholder Forum of the Company and The Coca-Cola Company in Athens in autumn 2019.

The scope of the assurance covered all of the information relevant to sustainability in the Report and focused on Company systems and activities during the reporting period. The following chapters were not covered in the sustainability assurance process:

- Financial Statements and Swiss Statutory Reporting.

Conclusions

On the basis of our work, we found nothing to suggest that the information in the 2019 Integrated Annual Report is inaccurate or contains material misstatements. Any errors or misstatements identified during the engagement were corrected prior to the Report being published.

Positive developments

- A sustainability culture has been deeply embedded in the Company. This is evident in well-structured, easily accessible guidelines, which ensure proper dissemination of Company-wide standards (e.g. the Code of Business Conduct or Inclusion and Diversity Policy). It can also be seen in the organisational structure and all its functions, with clear responsibilities for sustainability topics, from factory-level to top management.
- The Company demonstrates a very strong commitment to its goals. Most operations have a strong track record of highly sophisticated collection and documentation of sustainability data. Traceability of data has significantly improved over recent years, due to well-structured monitoring and reporting processes at plant, market and Group level.
- Great efforts have been made to upscale ESG assessments in the critical supplier base through EcoVadis, a third-party CSR assessment platform for managing supply chain sustainability performance. The organisation motivates its strategic suppliers to join this platform and encourages suppliers to improve their own sustainability management.
- The Company fully understands the links between business risks and sustainability issues. An excellent risk management system has been developed over recent years. Procedures for identifying and mitigating risks cover sustainability-related risks comprehensively.
- The Company understands the social context in which it operates and runs projects that meet the needs of local communities. Through meaningful projects and targeted support, a positive impact is realised (e.g. educational programmes for young people covering soft and/or business skills, context-based water targets).

Findings and conclusions regarding adherence to the AA1000 principles of inclusivity, materiality, responsiveness, impact, and specific performance-related information.

Inclusivity

- Group level: The Company has implemented a comprehensive and efficient stakeholder engagement process at Group level. Its cornerstones are the annual internal and external materiality survey and the Annual Stakeholder Forum (held in Athens in 2019).
- Market and plant level: Stakeholder engagement activities at market and plant level are being further developed. As a result of an increasing number of stakeholder forums and materiality surveys, the Company consistently includes the views of stakeholders across all levels and is well aware of stakeholders' concerns.

Materiality

- Group level: An advanced process is in place for defining material topics for the Company. The materiality assessment process considers stakeholder expectations with regard to relevant topics. Moreover, the Company impact on society and the environment is considered in the materiality assessment, as required by GRI Standards. The material topics identified during the assessment provided the basis for the sustainability strategy and reporting.
- Market and plant level: As a growing number of markets have started to publish sustainability reports in combination with socio-economic impact studies, formalised processes for carrying out the materiality assessment have been more strongly implemented throughout the organisation. It should be ensured that all materiality assessments comply with the same basic rules (e.g. by using harmonised assessment criteria for the materiality assessment), so that they follow a consistent approach.

Assurance statement continued

Responsiveness

- Market level: There are sophisticated tools for stakeholder assessment in place, taking into account the influence and attitude of stakeholders. Detailed communication plans are available; they are based on stakeholder assessment and demonstrate how communication measures are tailored to stakeholder needs. By gauging the opinion of a wide range of stakeholders, new sustainability-related topics can be addressed at an early stage.
- A strategic focus on Youth Empowered has been defined, which aims to reduce and prevent youth unemployment. The Company has implemented excellent projects in this focus area, tailored to the needs of young people and reflecting the respective local economic situation.

Impact

- Group level: The Company has embedded robust processes in place for understanding, assessing and managing its impacts, including risk management and strategy development.
- Market level: Sound socio-economic impact studies are conducted in individual markets, on a local cycle of max. three years, to measure the organisational impact on communities. Results from these studies are summarised at Group level to disclose the organisation's impact on stakeholders, the society and on the Company itself.

Additional conclusions and recommendations

- The Company has developed a new vision, i.e. to be the new leading 24/7 beverage partner. We encourage the Company to continue its journey in embedding sustainability within the business strategy, in particularly related to new ingredients, new product categories and new sales channels.
- Strong commitments have been developed that provide a long-term perspective for the Company and cover a wide range of areas along the value chain, including environmental and social topics. In order to shape these sustainability commitments ("Mission 2025") further, it is recommended that the Company pays special attention to refining definitions of indicators.
- The Company has made progress in efficiently monitoring and reporting data. In order to report robust data, further alignment of definitions is needed, in particular data related to people management, community engagement, and the environment.
- The Company has made progress in increasing the number of critical suppliers that undergo an ESG assessment through EcoVadis (strategic suppliers). In order to minimise risks related to critical suppliers, the Company should make ESG assessments mandatory for market operations.
- The Company has a strong commitment in the area of waste collection and recycling. We advise supporting, developing and establishing extended producer responsibility (EPR) schemes in countries where they are not present. Furthermore, it is recommended that the Company refrains from being involved in projects using "waste certificates" in countries without EPR schemes, in order to avoid double counting.

WILLIBALD KALTENBRUNNER
LEAD AUDITOR

DENKSTATT GMBH
Advisory for Sustainable Development

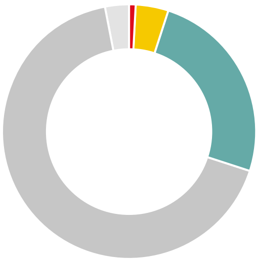
Vienna, 12 March 2020

AA1000
Licensed Assurance Provider
000-86

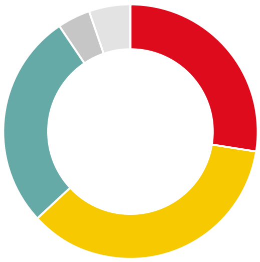
Shareholder information

We take great pride in being regarded as a transparent and accessible company in all our communications with investment communities around the world. We engage with key financial audiences, including institutional investors, sell-side analysts and financial journalists, as well as our Company's shareholders. The investor relations department manages the interaction with these audiences by attending ad hoc meetings and investor conferences throughout the year, in addition to the regular meetings and presentations held at the time of our results announcements.

Analysis of shareholding sizes



Geographic concentration (%)



Listings

Coca-Cola HBC AG (LSE: CCH) was admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities on 29 April 2013. With effect from 29 April 2013, Coca-Cola HBC AG's shares are also admitted on the Athens Exchange (ATHEX: EEE). Coca-Cola HBC AG has been included as a constituent of the FTSE 100 and FTSE All-Share Indices from 20 September 2013.

London Stock Exchange
Ticker symbol: CCH
ISIN: CH019 825 1305
SEDOL: B9895B7
Reuters: CCH.L
Bloomberg: CCH LN

Athens Exchange
Ticker symbol: EEE
ISIN: CH019 825 1305
Reuters: EEEr.AT
Bloomberg: EEE GA

Credit rating

Standard & Poor's: L/T BBB+, S/T A2, stable outlook
Moody's: L/T Baa1, S/T P2, stable outlook

Share price performance

LSE: CCH	**2019**	2018	2017
In £ per share			
Close	**25.65**	24.52	24.20
High	**30.74**	28.01	26.71
Low	**22.99**	22.16	17.69
Market capitalisation (£ million)	**9,318**	9,007	8,862

ATHEX: EEE	**2019**	2018	2017
In € per share			
Close	**30.17**	27.11	27.25
High	**35.09**	31.90	29.80
Low	**26.93**	24.99	20.47
Market capitalisation (€ million)	**10,960**	9,959	9,979

Source: Bloomberg

Share capital

In 2019, the share capital of Coca-Cola HBC increased by the issue of 1,352,731 new ordinary shares following the exercise of stock options pursuant to the Group's employee stock option plan.

Total proceeds from the issuance of the shares under the stock option plan amounted to €21.4 million.

Following the above changes, and including 6,658,233 ordinary shares held as treasury shares, on 31 December 2019 the share capital of the Group amounted to €2,010.8 million and comprised 369,930,157 shares with a nominal value of CHF 6.70 each.

Major shareholders

The principal shareholders of the Group are Kar-Tess Holding (a Luxembourg company), which holds approximately 23%, and The Coca-Cola Company, which indirectly holds approximately 23% of the Group's issued share capital.

Dividends

For 2019, the Board of Directors has proposed a €0.62 dividend per share in line with the Group's progressive dividend policy.

This compares to a dividend payment of €0.57 per share in 2018. For more information on our dividend policy and dividend history, please visit our website at www.coca-colahellenic.com.

Financial calendar

7 May 2020	First quarter trading update
16 June 2020	Annual General Meeting
5 August 2020	Half-year financial results
11 November 2020	Third quarter trading update

Corporate website

www.coca-colahellenic.com

Shareholder and analyst information

Shareholders and financial analysts can obtain further information by contacting:

Investor Relations
Tel: +30 210 618 3100
Email: investor.relations@cchellenic.com
IR website: www.coca-colahellenic.com/investorrelations

Glossary

Basis points (bps)
One hundredth of one percentage point (used chiefly in expressing differences)

BSO
Business services organisation

BSS
Business solutions and systems

CAGR
Compound annual growth rate

Capital expenditure or CapEx
Gross CapEx is defined as payments for purchase of property, plant and equipment. Net CapEx is defined as payments for purchase of property, plant and equipment less receipts from disposals of property, plant and equipment plus principal repayment of lease obligations

Carbon emissions (scope 1 and 2)
Emissions of CO_2 and other greenhouse gases from fuel combustion and energy use in Coca-Cola HBC's own operations in bottling, storage, distribution and in offices

Carbon footprint
Global emissions of CO_2 and other greenhouse gases from Coca-Cola HBC's wider value chain (raw materials, product cooling, etc.)

CHP
Combined heat and power plants

Coca-Cola brands
Includes Coca-Cola, Coca-Cola Zero and Coca-Cola Light brands

Coca-Cola HBC
Coca-Cola HBC AG, and, as the context may require, its subsidiaries and joint ventures; also, the Group, the Company

Coca-Cola System
The Coca-Cola Company and its bottling partners

Cold drink equipment
A generic term encompassing point-of-sale equipment such as coolers (refrigerators), vending machines and post-mix machines

Comparable adjusted EBITDA
We define comparable adjusted EBITDA as operating profit before deductions for depreciation and impairment of property, plant and equipment (included both in cost of goods sold and in operating expenses), amortisation and impairment of intangible assets, stock option compensation and other non-cash items, if any; and further adjusted for restructuring costs, acquisition costs and mark to market valuation of commodity hedging activity

Comparable net profit
Refers to net profit after tax attributable to owners of the parent adjusted for restructuring costs, acquisition costs, mark to market valuation of commodity hedging activity and certain other tax items

Comparable operating profit (EBIT)
Comparable operating profit (EBIT) refers to profit before tax excluding finance income/(costs) and share of results of equity method investments and adjusted for restructuring costs, acquisition costs and mark to market valuation of commodity hedging activity

Comparable operating expenditure
Comparable operating expenditure refers to operating expenditure adjusted for restructuring costs, acquisition costs and mark to market valuation of certain commodity hedging activity

Customer
Retail outlet, restaurant or other operation that sells or serves Coca-Cola HBC products directly to consumers

Dividend policy
Our Board of Directors approved a dividend policy, effective from 2013, aiming to increase dividend payments progressively with a medium-term target payout ratio of 35-45% on comparable net profits

DME
Direct marketing expenses

Energy use ratio
The KPI used by Coca-Cola HBC to measure energy consumption in the bottling plants, expressed in megajoules of energy consumed per litre of produced beverage (MJ/lpb)

FMCG
Fast-moving consumer goods

Future consumption
A distribution channel where consumers buy multi-packs and larger packages from supermarkets and discounters which are not consumed on the spot

GDP
Gross domestic product

GRI
Global Reporting Initiative, a global standard for sustainability reporting

HoReCa
Distribution channel encompassing hotels, restaurants and cafés

IFRS
International Financial Reporting Standards, issued by the International Accounting Standards Board

IIRC
The International Integrated Reporting Council, a global coalition of regulators, investors, companies, standard-setters, the accounting profession and NGOs. The coalition is promoting communication about value creation as the next step in the evolution of corporate reporting

Immediate consumption
A distribution channel where consumers buy chilled beverages in single-serve packages and fountain products for immediate consumption, away from home

Inventory days
We define inventory days as the average number of days an item remains in inventory before being sold, using the following formula: average inventory ÷ cost of goods sold x 365

Ireland
The Republic of Ireland and Northern Ireland

Italy
Territory in Italy served by Coca-Cola HBC (excludes Sicily)

Joint value creation (JVC)
An advanced programme and process to collaborate with customers in order to create shared value

Litre of produced beverage (lpb)
Unit of reference to show environmental performance relative to production volume

Market
When used in reference to geographic areas, a country in which Coca-Cola HBC does business

NARTD
Non-alcoholic ready-to-drink

NGOs
Non-governmental organisations

Nm^3
Normal cubic metre

NSR
Net sales revenue

Operational leverage
Operational leverage is the degree to which an increase in a company's revenues will result in an increase in comparable EBIT

Organised trade
Large retailers (e.g. supermarkets, discounters etc.)

PET
Polyethylene terepthalate, a form of polyester used in the manufacturing of beverage bottles

Ready-to-drink (RTD)
Drinks that are pre-mixed and packaged, ready to be consumed immediately with no further preparation

Right Execution Daily (RED)
Major Group-wide programme to ensure in-outlet excellence

Receivable days
The average number of days it takes to collect receivables using the following formula: average accounts receivable ÷ net sales revenue x 365

ROIC
Return on invested capital. ROIC is the percentage return that a company makes over its invested capital. We define ROIC as the percentage of comparable net profit excluding net finance costs divided by the capital employed. Capital employed is calculated as the average of net debt and shareholders' equity attributable to the owners of the parent through the year

SAP
A powerful software platform that enables us to standardise key business processes and systems

SDG
UN Sustainable Development Goals. On 25 September 2015, countries adopted a set of 17 goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved by 2030

Serving
237ml or 8oz of beverage, equivalent to 1/24 of a unit case

Shared services
Centre to standardise and simplify key finance and human resources processes

Sparkling beverages
Non-alcoholic carbonated beverages containing flavourings and sweeteners, but excluding, among others, waters and flavoured waters, juices and juice drinks, sports and energy drinks, teas and coffee

SKU
Stock Keeping Unit

Still and water beverages
Non-alcoholic beverages without carbonation including, but not limited to, waters and flavoured waters, juices and juice drinks, sports and energy drinks, teas and coffee

TCFD
Task Force on Climate-related Financial Disclosures

Territory
The 28 countries where Coca-Cola HBC operates and in which we have bottling agreements with The Coca-Cola Company to be their exclusive distribution partner

UNESDA
Union of European Soft Drinks Associations

Unit case (u.c.)
Approximately 5.678 litres or 24 servings, a typical volume measurement unit. For Bambi volume, one unit case corresponds to 1 kilogram

UN Global Compact (UNGC)
The world's largest corporate citizenship initiative which provides a framework for businesses to align strategies with its 10 principles promoting labour rights, human rights, environmental protection and anti-corruption

Volume
Amount of physical product produced and sold, measured in unit cases

Volume share
Share of total unit cases sold

Value share
Share of total revenue

Waste ratio
The KPI used by Coca-Cola HBC to measure waste generation in its bottling plants, expressed in grammes of waste generated per litre of produced beverage (g/lpb)

Waste recycling
The KPI used by Coca-Cola HBC to measure the percentage of production waste at bottling plants that is recycled or recovered

Water footprint
A measure of the impact of water use, in operations or beyond, as defined by the Water Footprint Network methodology

Water use ratio
The KPI used by Coca-Cola HBC to measure water use in its bottling plants, expressed in litres of water used per litre of produced beverage (l/lpb)

Working capital
Operating current assets minus operating current liabilities excluding financing and investment activities

Special note regarding forward-looking statements

This document contains forward-looking statements that involve risks and uncertainties. These statements may generally, but not always, be identified by the use of words such as 'believe', 'outlook', 'guidance', 'intend', 'expect', 'anticipate', 'plan', 'target', 'seek', 'estimates', 'potential' and similar expressions to identify forward-looking statements. All statements other than statements of historical fact, including, among others, statements regarding the future financial position and results; Coca-Cola HBC's outlook for 2020 and future years; business strategy and the effects of the global economic slowdown; the impact of the sovereign debt crisis, currency volatility, Coca-Cola HBC's recent acquisitions, and restructuring initiatives on Coca-Cola HBC's business and financial condition; Coca-Cola HBC's future dealings with The Coca-Cola Company; budgets; projected levels of consumption and production; projected raw material and other costs; estimates of capital expenditure; free cash flow; and effective tax rates and plans and objectives of management for future operations, are forward-looking statements. You should not place undue reliance on such forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect Coca-Cola HBC's current expectations and assumptions about future events and circumstances that may not prove accurate. Forward-looking statements speak only as of the date they are made. Coca-Cola HBC's actual results and events could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in the Risk and materiality section. Although Coca-Cola HBC believes that, as of the date of this document, the expectations reflected in the forward-looking statements are reasonable, Coca-Cola HBC cannot assure that Coca-Cola HBC's future results, level of activity, performance or achievements will meet these expectations. Moreover, neither Coca-Cola HBC, nor its Directors, employees, advisers nor any other person assumes responsibility for the accuracy and completeness of any forward-looking statements. After the date of this Integrated Annual Report, unless Coca-Cola HBC is required by law or the rules of the UK Financial Conduct Authority to update these forward-looking statements, Coca-Cola HBC makes no commitment to update any of these forward- looking statements to conform them either to actual results or to changes in Coca-Cola HBC's expectations.

About our report

The 2019 Integrated Annual Report (the 'Annual Report') consolidates Coca-Cola HBC AG's (also referred to as 'Coca-Cola HBC' or the 'Company' or the 'Group') UK and Swiss disclosure requirements, while meeting the disclosure requirements for its secondary listing on the Athens Exchange. In addition, the Annual Report aims to deliver against the expectations of the Company's stakeholders and sustainability reporting standards, providing a transparent overview of the Group's performance and progress in sustainable development for 2019.

Our strategy is designed to deliver responsible, sustainable and profitable growth. Our strategic objectives of driving volume growth, focusing on value, improving efficiency and investing in the business are supported by our people and our commitment to sustainability. The initiatives we implemented to achieve our objectives and the evidence of our success during the year form the basis of the narrative in the Annual Report, which is structured around our stakeholders: our people, communities, consumers, customers and other stakeholders, with whom we work to enhance efficiencies in the business.

The Annual Report is for the year ended 31 December 2019, and its focus is on the primary core business of non-alcoholic ready-to-drink beverages across the 28 countries in which we operate. Our website and any other website referred to in the Annual Report are not incorporated by reference and do not form part of the Annual Report.

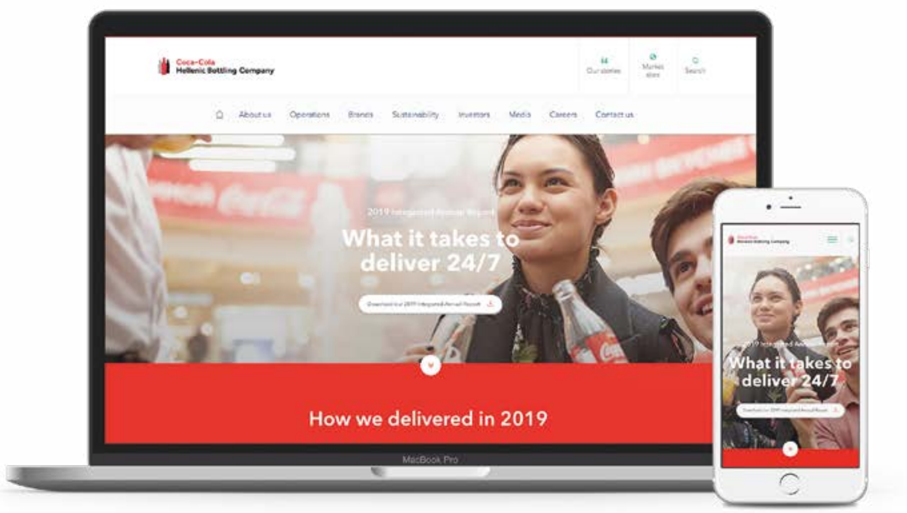
The consolidated financial statements of the Group, included on pages 137-198, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Coca-Cola HBC AG's statutory financial statements, included on pages 209-220, have been prepared in accordance with the Swiss Code of Obligations. Unless otherwise indicated or required by context, all financial information contained in this document has been prepared in accordance with IFRS. For Swiss law purposes, the annual management report consists of the sections entitled 'Strategic Report', 'Corporate Governance' (without the sub-section 'Director's Remuneration Report'), 'Supplementary Information' and 'Glossary'.

The Group uses certain Alternative performance measures ('APMs') that provide additional insights and understanding to the Group's underlying operating and financial performance, financial condition and cash flows. A full list of these APMs, their definition and reconciliation to the respective IFRS measures can be found on pages 226-229.

This report is prepared in accordance with the Global Reporting Initiative (GRI) standards, comprehensive option. In addition, the sustainability aspects of this Annual Report comply with the AA1000AS Assurance Standard, and the advanced level requirements for communication on progress against the 10 Principles of the United Nations Global Compact. In addition, the report is aligned with the principles and elements of the International Integrated Reporting Council's (IIRC) framework. Carbon emissions are calculated using the GHG Protocol Corporate Accounting and Reporting Standard methodology. Furthermore, Coca-Cola HBC supports the Task Force on Climate-related Financial Disclosures (TCFD). The sustainability aspects of the Integrated Annual Report have been verified by an independent professional assurance provider as dictated by the Company's Operating and Sustainability Steering Committees, and you can find the relevant assurance statement on pages 230-232. As with the rest of the information provided, the sustainability aspects of this Annual Report are for the full year ended 31 December 2019[1] and the related information presented is based on an annual reporting cycle.

We remain committed to strong corporate governance and leadership as well as transparency in our disclosures. We will continue to review our reporting approach and routines, to ensure they meet best practice reporting standards and the expectations of our stakeholders, and provide visibility on how we create sustainable value for the communities we serve.

1. Co-packers are excluded from environmental reporting and data



Visit us

www.coca-colahellenic.com

The Group site features all the latest news and stories from around our business and communities, as well as an interactive online version of this report.

Write to us

We have dedicated email addresses which you can use to communicate with us:

investor.relations@cchellenic.com
sustainability@cchellenic.com

Coca-Cola
Hellenic Bottling Company

FSC www.fsc.org RECYCLED Paper made from recycled material FSC® C022913

The paper used in this report is 100% recycled and FSC® certified. Printed in the UK using vegetable based inks. The printer is ISO 14001 accredited and Forest Stewardship Council® (FSC®) chain of custody certified. Under the framework of ISO 14001 a structured approach is taken by the company to measure, improve and audit their environmental status on an ongoing basis. FSC® ensures there is an audited chain of custody from the tree in the well-managed forest through to the finished document in the printing factory.

Designed and produced by **Black Sun Plc**

Coca-Cola HBC AG

Turmstrasse 26, CH-6312 Steinhausen, Switzerland
www.coca-colahellenic.com
investor.relations@cchellenic.com
sustainability@cchellenic.com