SOLID RESULTS; FULL YEAR EXPECTATIONS UNCHANGED

Coca-Cola HBC AG, a leading bottler of The Coca-Cola Company, reports its financial results for the six months ended 28 June 2019.

Half-year highlights

- Solid H119 currency-neutral revenue growth of 3.4%, cycling exceptionally strong growth in Q218
- Unseasonably wet and cold weather conditions in the second quarter were a headwind to revenue growth in all segments; warmer weather in the second half of June drove stronger performance
- Currency-neutral revenue per case up 1.2% in the first half, showed an improvement in the second quarter driven by Europe, with positive contributions from pricing, as well as category and package mix
- Volume growth of 2.2% in the first half, with 2.4% growth in Sparkling
    - Volume in the Established markets increased by 0.4%; encouragingly positive performance in Italy
    - Developing markets volumes grew by 1.4%; challenging comparable in the prior-year period
    - Emerging markets volumes grew by 3.4%; continued strong growth in Nigeria
    - Innovation drove 4.5 percentage points of volume growth
- Revenue leverage and the cycling of the FIFA World Cup investments, resulted in a 50 basis point improvement in comparable operating expenses as a percentage of net sales revenue
- Comparable operating profit margin up 10 basis points to 9.7% while comparable operating profit increased by 4.7%
- Comparable earnings per share was €0.612, a 1.5% increase on the prior-year period, while basic earnings per share was €0.536, a 9.2% decrease

	Half-Year		Change
	2019	**2018**	
Volume (m unit cases)	**1,090.4**	1,067.4	2.2%
Net sales revenue (€ m)	**3,352.4**	3,228.3	3.8%
Net sales revenue per unit case (€)	**3.07**	3.02	1.7%
FX-neutral net sales revenue[1] (€)	**3,352.4**	3,241.2	3.4%
FX-neutral net sales revenue per unit case[1] (€)	**3.07**	3.04	1.2%
Operating expenses/ Net sales revenue (%)	**28.5**	28.1	30bps
Comparable operating expenses / Net sales revenue (%)	**27.5**	28.0	-50bps
Operating profit (EBIT)[2] (€ m)	**288.9**	303.9	-4.9%
Comparable EBIT[2] (€ m)	**325.1**	310.5	4.7%
EBIT margin (%)	**8.6**	9.4	-80bps
Comparable EBIT margin[1] (%)	**9.7**	9.6	10bps
Net profit[3] (€ m)	**195.1**	216.9	-10.1%
Comparable net profit[1,3] (€ m)	**222.8**	221.7	0.5%
Basic earnings per share (EPS) (€)	**0.536**	0.590	-9.2%
Comparable EPS[1] (€)	**0.612**	0.603	1.5%
Free cash flow[1] (€ m)	**79.3**	126.8	-37.5%

[1]For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.
[2] Refer to the condensed consolidated income statement.
[3]Net Profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.

Zoran Bogdanovic, Chief Executive Officer of Coca-Cola HBC AG, commented:

"We are pleased with this solid first half given the challenging combination of tough comparators and unseasonably cold and wet weather. We grew revenue and volume across all three segments of our business and delivered further growth in comparable margins. Revenue Growth Management and innovation continue to deliver results, with innovation driving 4.5pp of volume growth in the first 6 months. We are driving growth in some of our most important categories including Sparkling, Water and Energy and we are progressing with preparations to launch Costa Coffee in 10 of our markets in 2020. We made good progress in the period on our packaging initiatives with three of our water brands now being bottled in 100% recycled plastic. Looking forward, we expect to deliver FX-neutral revenue growth within the range of 5-6%, with another year of margin expansion."

Coca-Cola HBC Group

Coca-Cola HBC is a leading bottler of The Coca-Cola Company with an annual sales volume of more than 2 billion unit cases. It has a broad geographic footprint with operations in 28 countries serving a population of more than 600 million people. Coca-Cola HBC offers a diverse range of primarily non-alcoholic ready-to-drink beverages in the sparkling, juice, water, sport, energy, ready-to-drink tea and coffee categories. Coca-Cola HBC is committed to promoting sustainable development in order to create value for its business and for society. This includes providing products that meet the beverage needs of consumers, fostering an open and inclusive work environment, conducting its business in ways that protect and preserve the environment and contribute to the socio-economic development of the local communities. Coca-Cola HBC is ranked among the top sustainability performers in ESG benchmarks such as the Dow Jones Sustainability Indices, CDP, MSCI ESG and FTSE4Good, among others.

Coca-Cola HBC has a premium listing on the London Stock Exchange (LSE: CCH) and its shares are listed on the Athens Exchange (ATHEX: EEE). For more information, please visit http://www.coca-colahellenic.com.

Financial information in this announcement is presented on the basis of International Financial Reporting Standards ('IFRS').

Conference call

Coca-Cola HBC will host a conference call for financial analysts and investors to discuss the 2019 half-year financial results on 8 August 2019 at 10:00 am, Swiss time (9:00 am London, 11:00 am Athens, and 4:00 am New York time). Interested parties can access the live, audio webcast of the call through Coca-Cola HBC's website (http://coca-colahellenic.com/en/investors/).

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Special Note Regarding the Information set out herein

Unless otherwise indicated, the condensed consolidated interim financial statements and the financial and operating data or other information included herein relate to Coca-Cola HBC AG and its subsidiaries ("Coca-Cola HBC" or the "Company" or "we" or the "Group").

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" and similar expressions to identify forward-looking statements. All statements other than statements of historical facts, including, among others, statements regarding our future financial position and results, our outlook for 2019 and future years, business strategy and the effects of the global economic slowdown, the impact of the sovereign debt crisis, currency volatility, our recent acquisitions, and restructuring initiatives on our business and financial condition, our 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, effective tax rates and plans and objectives of management for future operations, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect our current expectations and assumptions as to future events and circumstances that may not prove accurate. Our actual results and events could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in the 2018 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries.

Although we believe that, as of the date of this document, the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we, nor our directors, employees, advisors nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. After the date of the condensed consolidated interim financial statements included in this document, unless we are required by law or the rules of the UK Financial Conduct Authority to update these forward-looking statements, we will not necessarily update any of these forward-looking statements to conform them either to actual results or to changes in our expectations.

Alternative Performance Measures

The Group uses certain Alternative Performance Measures ("APMs") in making financial, operating and planning decisions as well as in evaluating and reporting its performance. These APMs provide additional insights and understanding to the Group's underlying operating and financial performance, financial condition and cash flow. The APMs should be read in conjunction with and do not replace by any means the directly reconcilable IFRS line items. For more details on APMs please refer to 'Definitions and reconciliations of APMs' section.

Group Operational Review

Revenue growth was solid, up 3.4% on a currency-neutral basis in the first half. Adverse weather conditions throughout most of our territories reversed the trends of the prior-year period when we benefited from a backdrop of favourable weather as well as the FIFA World Cup. Volume growth, which was broad based throughout all three segments, closed at 2.2%. Reported revenue grew by 3.8%, faster than currency-neutral revenue growth, due to favourable currency movements in the Swiss Franc and Nigerian Naira.

Input costs per unit case were marginally higher on a currency-neutral basis compared to the prior-year period. The operating leverage in the business, and lower marketing expenses as we cycled the investments behind the FIFA World Cup, drove a 50 basis point improvement in comparable operating expenses as a percentage of revenue. Comparable operating margins increased by 10 basis points to 9.7%.

We made good progress, over the period, on our sustainability agenda. Three of our water brands, Valser in Switzerland, RiverRock in Ireland and Römerquelle in Austria are now bottled in 100% recycled PET plastic. This news forms part of our comprehensive, multi-year plan to directly address packaging issues across our 28 markets and includes a commitment to source 35% of our PET from recycled PET by 2025.

Volume performance by segment

Volume in the first half of the year grew by 2.2%, with growth across all three segments. The Established segment grew by 0.4%, with Italy, Ireland and Greece growing volumes while Austria and Switzerland declined. The Developing segment grew by 1.4% against tough comparable results in the prior-year period with volume growth from all countries in the segment other than the Czech Republic and Croatia. The Emerging segment grew by 3.4%, supported by good momentum and strong volume growth in Nigeria, while the pace of growth moderated in Russia and the rest of the segment, impacted by poor weather and the cycling of the FIFA World Cup.

Volume performance by category

Innovation continues to represent a material part of our growth. In the first half of 2019 we sold 49 million cases of new product, flavour and package innovations, and 4.5pp of our volume growth was attributable to these new launches. These innovations play an important role in maintaining excitement in the brands, meeting the evolving product and packaging preferences of our customers and consumers and delivering our revenue growth management objectives. In the first half of 2019 we launched two new variants of Coca-Cola: Coca-Cola Energy in Hungary, Ireland and Romania and Coca-Cola Plus Coffee in six markets including Italy, Greece and the Czech Republic. Last month we announced the launch of Costa Coffee in a range of formats, starting with 10 markets in 2020 and expanding into all of our markets over the following three years.

Sparkling beverages volume grew by 2.4%, with volume growth across all three market segments. Within the category, the low- and no-calorie variants grew by 36.0% in the first half, gaining momentum versus the 18.8% growth rate in the prior-year period. Trademark Coke continues to have strong momentum with volume growth of 4.5%, buoyed by 34.6% growth in Coke Zero. Fanta and Sprite volumes declined, however, we achieved very strong volume growth in the zero variants of both brands, with Fanta Zero volumes nearly doubling and Sprite Zero volumes more than quadrupling. Our Adult Sparkling portfolio continues to deliver growth momentum, with Schweppes volumes up high single digits.

Energy volume grew by 28.1% with strong performance from both Monster and Burn, which achieved organic revenue growth of 38.8% and 12.3% respectively. This category has benefited from a strong roster of flavour launches such as Monster Mango Loco and we are excited about two recent brand launches in the category: Coke Energy will give us a powerful brand to unlock opportunity in the premium part of the market, while Predator will serve the opportunities of the more affordable part of the market.

Water volume was up by 2.2%. Volume growth was fastest in our Emerging segment led by Nigeria. The Developing segment saw stable Water volumes while volume declined by low-single digits in the Established segment. Smartwater is now available in 12 of our markets, with Romania added in the first half, while the brand continues to deliver good incremental revenues.

Juice volume declined by 2.5%, driven by lower volume in the Established and Emerging markets, which more than offset growth in Developing markets.

Group Operational Review (continued)

Ready-to-drink tea (RTD tea) volume declined by 6.2%. While we saw volume growth of 8.6% in the Established segment, volume declined in the other two segments. In the Emerging segment the de-listing of Nestea in Romania impacted volumes negatively, while in the Developing segment, heavy promotional activity by a competitor in Poland in the second quarter impacted volume growth. As always, it is our intention to focus on value creation for our customers and us, spurred by innovation and justifiable premiumisation; this focus improved price/mix in the category by mid-single digits in the period.

Our Premium Spirits business generated revenues of €76.4 million, a 2.6% decline compared to the prior-year period. Volume growth in the category was up 11.3%, however, the discontinuation of Brown-Forman Spirits distribution in Russia resulted in a deterioration of price/mix.

Selling a larger proportion of high-value single-serve packages continues to be a priority. In the period, single-serve packages increased by 6.9%, while multi-serves declined by 1.5%, leading to a 2.0 percentage point mix improvement. All three segments improved their package mix. Sparkling and Water package mix improved by 2.0 and 1.8 percentage points, respectively.

Key financials

Currency-neutral revenue per case expanded by 1.2%, with an improvement in the second quarter compared to the first. We are encouraged to see the improvement in price/mix in the Established, Developing and much of the Emerging segment in the period, while the competitive situation in Nigeria is impacting price/mix in that market. If we remove the impact of Nigeria from these numbers, price/mix would have been up 2.5% in the first half.

Emerging markets currency-neutral revenue per case expansion of 0.5% slowed compared to the first quarter due to the aforementioned weaker price/mix in Nigeria driven by intense competitive pressure. In the Developing markets, currency-neutral revenue per case improved by 3.9%. We are pleased by this continued strong momentum in price/mix, driven by category and package mix improvement. In the Established markets, improving package mix and category mix as a result of strong execution of our Revenue Growth Management initiatives drove currency-neutral revenue per case growth of 1.5%, an acceleration in the pace of expansion in the second quarter compared to the first.

Net sales revenue of €3,352.4 million was up by 3.4% on a currency-neutral basis and up 3.8% on a reported basis due to favourable currency movements in the Swiss Franc and Nigerian Naira.

Input costs per case increased by 1.8% on a comparable and currency-neutral basis, with the lower cost of sugar and aluminium being more than offset by higher PET, as well as the increased proportion of finished goods in input costs due to volume growth in Monster, Premium Spirits and Coffee. The adverse impact from foreign currency movements amounted to €19.3 million in the period, driven predominantly by the Russian Rouble.

Comparable EBIT was €325.1 million, up 4.7% compared to the prior-year period, resulting in a 10 basis point expansion in comparable EBIT margin to 9.7%. The key driver of this was the operating leverage effect of revenue growth, as well as lower marketing expenses as we cycle the investment made last year behind the FIFA World Cup. Established markets comparable EBIT margin of 9.1% was stable compared with the prior-year period with margin improvement due to operational leverage being offset by the impact from the sugar tax in Ireland. In the Developing segment, the comparable EBIT margin declined 70 basis points to 8.5% as we cycled specific, one-off benefits in the prior year. In the Emerging segment the comparable EBIT margin increased by 50 basis points to 10.7%, aided in particular by lower marketing expenses as we cycle the investments made behind last year's FIFA World Cup. On a reported basis, we delivered €288.9 million of EBIT in the period, a 4.9% deterioration on the prior-year period.

We implemented restructuring projects across all segments in the period, incurring €30.2 million in pre-tax restructuring charges.

Financing costs amounted to €32.8 million in the first half, €13.7 million higher compared to the prior-year period, as expected, due to the higher interest costs. Comparable net profit of €222.8 million and comparable basic earnings per share of €0.612 were 0.5% and 1.5% higher than in the prior-year period,

Group Operational Review (continued)

respectively. Reported net profit and reported basic earnings per share were €195.1 million and €0.536, respectively, in the period.

We generated €79.3 million of free cash flow in the first half of the year, a €47.5 million deterioration compared to the prior-year period. Higher operational profitability was offset by higher tax payments and the phasing of capital expenditure and working capital.

Operational Review by Reporting Segment

Established markets

	Half-Year		Change
	2019	**2018**	
Volume (m unit cases)	**303.0**	301.9	0.4%
Net sales revenue (€ m)	**1,237.7**	1,207.4	2.5%
Net sales revenue per unit case (€)	**4.08**	4.00	2.1%
FX-neutral net sales revenue (€ m)	**1,237.7**	1,215.0	1.9%
FX-neutral net sales revenue per unit case (€)	**4.08**	4.02	1.5%
Operating profit (EBIT) (€ m)	**92.2**	108.3	-14.9%
Comparable EBIT (€ m)	**113.2**	110.8	2.2%
EBIT margin (%)	**7.4**	9.0	-150bps
Comparable EBIT margin (%)	**9.1**	9.2	—

- Established markets volume increased by 0.4% during the period mainly driven by Ireland, Greece and encouraging progress in Italy. In terms of categories, Sparkling, Energy and RTD tea were the key growth drivers, more than offsetting declines in Juice and Water.
- Net sales revenue increased by 2.5% in the first half. Volume growth and favourable price, package and category mix more than offset unfavourable channel mix. Currency-neutral net sales revenue per case increased by 1.5% in the period.
- Volume in Italy grew by low single digits, with stable volumes in Sparkling and Water and growth in RTD tea and Energy. The Sparkling category benefitted from the success of recent adjustments to pack/price architecture which are driving revenue growth as well as value share gains and improved revenue per case. Strong performance from new brands like FUZE TEA, which grew by double digits, as well as the strategy behind premiumisation, and un-locking the potential from the out of home channel have helped keep the positive momentum we have observed in the country since Q3 2018.
- In Greece the economy continues to show slow but promising signs of recovery. Volume grew by low single digits in the first half, driven by continued momentum in Sparkling and Energy. Sparkling growth was driven by Coca-Cola Regular and Coke Zero as well as the introduction of Coca-Cola Plus Coffee and Coke Zero Lemon. Energy continued to grow following the launch of new flavours as well as the placement of new coolers in the market.
- In Switzerland, a very wet start to the summer saw volumes decline by mid single digits driven mainly by Sparkling, Water and RTD tea. Coke Zero continued to grow, helping to partially offset declines in Coca-Cola Regular. The introduction of new pack/price architecture at the start of the year is yielding good results notwithstanding the challenging comparative year and unfavourable weather conditions.
- Volume in Ireland grew by mid single digits in the first half, driven by growth in Sparkling and Energy, partially offset by a decline in Juice and Water. Sparkling was supported by the growth in Coke Zero as well as the return to growth of Coca-Cola Regular as we begin to cycle the sugar tax implementation in 2018. Fanta kept the positive momentum with Fanta Zero variants growing by double digits. Energy continued to grow well, supported by high growth rates in Monster and the launch of Coke Energy.
- Comparable operating profit in the Established segment increased by 2.2% to €113.2 million in the period. Comparable EBIT margin remained stable at 9.1% while the reported EBIT margin declined by 150 basis points to 7.4%. Margins were impacted by the full implementation of the Irish sugar tax in the period.

Operational Review by Reporting Segment (continued)

Developing markets

	Half-Year		Change
	2019	**2018**	
Volume (m unit cases)	**208.2**	205.4	1.4%
Net sales revenue (€ m)	**641.7**	616.0	4.2%
Net sales revenue per unit case (€)	**3.08**	3.00	2.8%
FX-neutral net sales revenue (€ m)	**641.7**	609.4	5.3%
FX-neutral net sales revenue per unit case (€)	**3.08**	2.97	3.9%
Operating profit (EBIT) (€ m)	**49.5**	55.4	-10.6%
Comparable EBIT (€ m)	**54.5**	56.5	-3.5%
EBIT margin (%)	**7.7**	9.0	-130bps
Comparable EBIT margin (%)	**8.5**	9.2	-70bps

- Developing markets volume increased by 1.4% in the first half of the year. We are cycling strong volume growth of 8.9% in the prior-year period which benefited from very warm weather, while this year weather has been much cooler. Nevertheless, all markets with the exception of Croatia and the Czech Republic, saw good volume growth. On a category basis, growth was driven primarily by Sparkling and Energy.
- Net sales revenue increased by 4.2% in the first half. Improvements in category and package mix, as well as selective price increases, helped to drive currency-neutral revenue up 5.3%, more than offsetting negative channel and currency impact. On a currency-neutral basis, net sales revenue per unit case improved by 3.9%.
- In Poland, volume grew by low single digits impacted by weather in the second quarter together with the cycling of our Water acceleration plan in the first half of 2018. Sparkling volumes improved by low-single digits with good results from Trademark Coke and Kinley. Our pack/price architecture changes in the first half of the year drove an improvement in single-serve mix. Water volumes grew by low single digits against a very strong performance in the prior-year period, while Energy maintained its strong performance with volume growth supported by a new flavour launch.
- Volume in Hungary increased by low single digits in the period, with growth in all categories apart from Water and RTD tea, which tend to have a higher sensitivity to weather. Sparkling grew by low single digits supported by strong performance from flavours launched in Zero formulations. Juice grew by mid single digits with the introduction of the new pack/price architecture while Energy grew by high single digits supported by the launch of Coke Energy.
- In the Czech Republic, volume declined by mid single digits. Sparkling saw a mid-single digit decline with lower volume in all brands apart from Coca-Cola Zero and Fanta. Energy grew by mid teens with good performance from Monster, while Water volumes declined.
- The Developing markets segment delivered comparable operating profit of €54.5 million, a 3.5% decline compared with last year. Comparable operating profit margin for the segment decreased by 70 basis points to 8.5% mainly due to cycling the reversal of a bad debt provision in Croatia. On a reported basis, operating profit was €49.5 million, a decline of 10.6% compared to the prior period.

Operational Review by Reporting Segment (continued)

Emerging markets

	Half-Year 2019	Half-Year 2018	Change
Volume (m unit cases)	**579.2**	560.1	3.4%
Net sales revenue (€ m)	**1,473.0**	1,404.9	4.8%
Net sales revenue per unit case (€)	**2.54**	2.51	1.4%
FX-neutral net sales revenue (€ m)	**1,473.0**	1,416.8	4.0%
FX-neutral net sales revenue per unit case (€)	**2.54**	2.53	0.5%
Operating profit (EBIT) (€ m)	**147.2**	140.2	5.0%
Comparable EBIT (€ m)	**157.4**	143.2	9.9%
EBIT margin (%)	**10.0**	10.0	—
Comparable EBIT margin (%)	**10.7**	10.2	50bps

- Emerging markets volume increased by 3.4%. The pace of volume growth slowed in the second quarter, given the cycling of the FIFA World Cup in Russia and the poor weather in several of the segment's countries.
- Net sales revenue increased by 4.8%. The benefits of higher volume and price increases, along with improved category and package mix and favourable currency impact, predominantly from the Nigerian Naira, were partially offset by negative channel mix. Currency-neutral net sales revenue per case growth moderated to 0.5%.
- Volume in Russia grew by low single digits cycling a strong prior-year volume performance which benefited from the combined effect of FIFA World Cup and more stable weather. In Sparkling, the mid single-digit volume increase was driven by strong volume growth in Trademark Coke, with Coca-Cola Regular up 9.9% and Coke Zero up 12.7%. Adult Sparkling continues to have good momentum with Schweppes up double-digits. Energy volumes also grew double digits supported by successful flavour launches. Water volume declined by high single digits. In the juice category we remain focused on strengthening our brand equity and ongoing premiumization initiatives which are driving improving currency-neutral revenue growth despite a low single digit decline in volumes.
- Nigeria volume grew by mid single digits in the first half, with the volume growth in the second quarter keeping the favourable momentum of the first quarter. Sparkling volumes saw marginal growth, while we saw double-digit growth from Water and Energy. We have widened the pack/price architecture across our Sparkling brands and this, along with the work we have done to evolve and strengthen our route to market, is delivering results amid a very competitive market environment.
- Volume in Romania increased by low single digits. Sparkling volume grew by mid single digits, with the fastest growth coming from no-sugar variants supported by the launch of new flavours. Strong activation plans drove low-teens volume growth in Schweppes. RTD tea volumes declined double-digits, impacted by the delisting of Nestea. Water grew by low single digits and Energy grew by double digits supported by the launch of Coke Energy with positive early results and customer engagement.
- In Ukraine, volume increased by high single digits. Growth was led by Sparkling which grew in the low teens with strong contributions in Trademark Coke, Fanta and Schweppes. Energy grew double digits and RTD tea high single-digits. Water volume declined, however, currency-neutral Water revenues grew mid teens as we focused on improved price/mix.
- The Emerging segment delivered comparable operating profit of €157.4 million, an increase of 9.9%, leading to a 50 basis points expansion in comparable operating margin to 10.7%. Volume growth, combined with favourable pricing and lower direct marketing expenses due to the cycling of FIFA activations in Russia and Nigeria, more than offset the negative foreign exchange impact. On a reported basis, operating profit was €147.2 million, an increase of 5.0% compared to the prior-year period.

Business Outlook

In the second half of 2019 we expect to see an improvement in revenue growth compared to the first half in all three segments and especially in Emerging. We would anticipate this improvement to be driven by faster volume growth in all segments, while the growth in revenue per case on a currency-neutral basis is expected to continue at the pace of the first half.

We have seen slightly more stable currencies than anticipated during the first half period. Taking into account our hedged positions and the current favourable spot rates, we believe that the adverse impact from foreign exchange movements on our P&L in the full year will be approximately €20 million. This is lower by €30 million compared to our previous spot-rate driven guidance. We will take advantage of this more benign FX environment to support top-line growth.

Input costs have progressed in line with expectations. We have contracts in place for the vast majority of the raw materials we use and based on these contracts we continue to expect low-single digit growth in currency-neutral input cost per case for the full year.

Looking ahead, we expect currency-neutral revenue growth for 2019 to be within the range of 5-6% and to deliver another year of margin expansion. This puts us on track to deliver against the commitments laid out at our recent Capital Markets Day.

Technical guidance

The restructuring initiatives already undertaken in 2019 were at a cost of approximately €30 million. We expect these initiatives to yield €19 million in annualised benefits from 2020 onwards. The initiatives already taken in 2018 and the first part of 2019 are expected to yield €30 million of total benefits in 2019. We do not expect any significant restructuring opportunities for the rest of 2019.

Considering the dynamics of the evolving mix of profitability in our country portfolio, we expect our comparable effective tax rate to be in a range between 24% and 26%.

Following the successful issuance and pricing of two new bonds in May, and taking into account the adoption of IFRS 16 as of 1 January 2019, we now expect net finance costs for the full year to be approximately €70 million, being approximately a €10 million reduction from our expectations at the beginning of the year.

Group Financial Review

Income statement	**Half-Year**		
	2019	**2018**	**%**
Volume (m unit cases)	**1,090.4**	1,067.4	2.2%
Net sales revenue	**3,352.4**	3,228.3	3.8%
Net sales revenue per unit case (€)	**3.07**	3.02	1.7%
FX-neutral net sales revenue[1]	**3,352.4**	3,241.2	3.4%
FX-neutral net sales revenue per unit case (€)[1]	**3.07**	3.04	1.2%
Cost of goods sold	**(2,108.4)**	(2,015.8)	4.6%
Comparable cost of goods sold[1]	**(2,105.3)**	(2,013.2)	4.6%
Gross profit	**1,244.0**	1,212.5	2.6%
Comparable gross profit[1]	**1,247.1**	1,215.1	2.6%
Operating expenses	**(955.1)**	(908.6)	5.1%
Comparable operating expenses[1]	**(922.0)**	(904.6)	1.9%
Operating profit (EBIT)[2]	**288.9**	303.9	-4.9%
Comparable operating profit (EBIT)[1]	**325.1**	310.5	4.7%
Adjusted EBITDA[1]	**479.4**	465.9	2.9%
Comparable adjusted EBITDA[1]	**514.4**	473.0	8.8%
Finance costs, net	**(32.8)**	(19.1)	71.7%
Share of results of equity method investments	**4.7**	5.3	-11.3%
Tax	**(65.6)**	(73.0)	-10.1%
Comparable tax[1]	**(74.1)**	(74.8)	-0.9%
Net profit[3]	**195.1**	216.9	-10.1%
Comparable net profit[1,3]	**222.8**	221.7	0.5%
Basic earnings per share (€)	**0.536**	0.590	-9.2%
Comparable basic earnings per share (€)[1]	**0.612**	0.603	1.5%

[1] *Refer to the 'Definitions and reconciliations of APMs' section.*
[2] *Refer to the condensed consolidated income statement.*
[3] *Net Profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.*

On a currency-neutral basis, net sales revenue improved by 3.4% during the first half of 2019, compared to the prior-year period. Net sales revenue improved by 3.8% during the first half of 2019, compared to the prior-year period, driven by higher volume, pricing and favourable category and package mix.

Both comparable and reported cost of goods sold increased by 4.6% in the first half of 2019, compared to the prior-year period, mainly driven by higher volume and input costs, as the lower cost of sugar and aluminium was more than offset by increases in the cost of our other main commodities.

Comparable operating expenses increased by 1.9% in the first half of 2019, compared to the prior-year period, mainly driven by the operating leverage effect of solid revenue growth, as well as lower marketing expenses due to the cycling of the investment behind FIFA World Cup. Operating expenses increased by 5.1% in the first half of 2019, compared to the prior-year period, due to increased restructuring and acquisition costs.

Comparable operating profit increased by 4.7% in the first half of 2019, compared to the prior-year period, reflecting the benefits from volume and revenue growth management initiatives, which were only partially offset by adverse foreign currency movements as well as higher input costs and operating expenses. Operating profit declined by 4.9% in the first half of 2019, compared to the prior-year period, as higher restructuring, acquisition and input costs, including the impact from the mark-to-market valuation of commodity economic hedges, as well as increased operating expenses and adverse foreign currency movements more than offset the benefits from volume and revenue growth management initiatives.

Group Financial Review (continued)

Income statement (continued)

Net finance costs increased by €13.7 million during the first half of 2019, compared to the prior-year period, mainly due to the higher level of gross debt and the adoption of IFRS 16 on leases.

On a comparable basis, the effective tax rate was 24.9% for the first half of 2019 and 25.2% for the first half of 2018. On a reported basis, the effective tax rate was 25.2% for both the first half of 2019 and the first half of 2018. 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 0.5% in the first half of 2019 compared to the prior-year period, mainly driven by operating profitability, partially offset by increased net finance costs. Net profit decreased by 10.1% in the first half of 2019 compared to the prior-year period, mainly driven by the increased restructuring costs.

Balance Sheet

	As at		
	28 June 2019	**31 December 2018**	**Change**
Assets	**€ million**	**€ million**	**€ million**
Total non-current assets	**4,955.3**	4,416.1	539.2
Total current assets	**3,636.3**	2,438.2	1,198.1
Total assets	**8,591.6**	**6,854.3**	1,737.3
Liabilities			
Total current liabilities	**3,883.0**	2,018.6	1,864.4
Total non-current liabilities	**2,357.8**	1,719.3	638.5
Total liabilities	**6,240.8**	**3,737.9**	2,502.9
Equity			
Owners of the parent	**2,345.7**	3,111.1	-765.4
Non-controlling interests	**5.1**	5.3	-0.2
Total equity	**2,350.8**	**3,116.4**	-765.6
Total equity and liabilities	**8,591.6**	**6,854.3**	1,737.3
Net current (liabilities) / assets	**(246.7)**	**419.6**	-666.3

Total non-current assets increased by €539.2 million in the first half of 2019, due to the acquisition of Koncern Bambi a.d. Požarevac ("Bambi") in Serbia; the recognition of right-of-use assets resulting from adoption of IFRS 16 and foreign currency translation. As at 28 June 2019, net current liabilities amounted to €246.7 million compared to net current assets of €419.6 million as at 31 December 2018, the change being mainly a result of a reclassification of the bond maturing in June 2020 to short term as well as the recognition of a liability relating to the declared dividend and special dividend, partially offset by increased current assets – primarily receivables and cash and cash equivalents.

Cash flow

	Half-Year		
	2019	**2018**	**%**
	€ million	**€ million**	**Change**
Net cash from operating activities[1]	**275.0**	305.2	-9.9%
Capital expenditure[1]	**(195.7)**	(178.4)	9.7%
Free cash flow[1]	**79.3**	126.8	-37.5%

[1] *Refer to the 'Definitions and reconciliations of APMs' section.*

Net cash from operating activities decreased by 9.9% or €30.2 million, in the first half of 2019, compared to the prior-year period, as the increase in Adjusted EBITDA was more than offset by changes in working capital and increased taxes paid.

Group Financial Review (continued)

Cash flow(continued)

Capital expenditure increased by 9.7% in the first half of 2019, compared to the prior-year period. In the first half of 2019, capital expenditure amounted to €195.7 million of which 54% was related to investment in production equipment and facilities and 29% to the acquisition of marketing equipment. In the first half of 2018, capital expenditure amounted to €178.4 million of which 50% was related to investment in production equipment and facilities and 36% to the acquisition of marketing equipment.

In the first half of 2019, free cash flow decreased by 37.5% or €47.5 million, compared to the prior-year period, reflecting the decreased cash from operating activities and increased capital expenditure.

Supplementary Information

The volume, net sales revenue and net sales revenue per unit case on a reported and currency-neutral base, are provided for NARTD and Premium Spirits, as set out below:

	Half-Year		%
NARTD	**2019**	**2018**	**Change**
Volume (m in unit cases)[1]	**1,089.2**	1,066.3	2.1%
Net sales revenue (€ m)	**3,276.0**	3,149.9	4.0%
Net sales revenue per unit case (€)	**3.01**	2.95	1.8%
FX-neutral net sales revenue (€ m)	**3,276.0**	3,163.0	3.6%
FX-neutral net sales revenue per unit case (€)	**3.01**	2.97	1.4%
	Half-Year		**%**
Premium Spirits	**2019**	**2018**	**Change**
Volume (m in unit cases)[1]	**1.200**	1.078	11.3%
Net sales revenue (€ m)	**76.4**	78.4	-2.6%
Net sales revenue per unit case (€)	**63.67**	72.73	-12.5%
FX-neutral net sales revenue (€ m)	**76.4**	78.2	-2.3%
FX-neutral net sales revenue per unit case (€)	**63.67**	72.54	-12.2%
	Half-Year		**%**
Total	**2019**	**2018**	**Change**
Volume (m in unit cases)[1]	**1,090.4**	1,067.4	2.2%
Net sales revenue (€ m)	**3,352.4**	3,228.3	3.8%
Net sales revenue per unit case (€)	**3.07**	3.02	1.7%
FX-neutral net sales revenue (€ m)	**3,352.4**	3,241.2	3.4%
FX-neutral net sales revenue per unit case (€)	**3.07**	3.04	1.2%

[1] For NARTD volume, 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.

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 accouting has not been applied (primarily PET) and embedded derivatives. These gains or losses are reflected in the comparable results in the period 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.

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 periods for which these measures are presented.

The reconciliation of comparable measures to the directly related measures calculated in accordance with IFRS is as follows:

[1]Comparable APMs refer to comparable COGS, comparable Gross Profit, comparable Operating expenses, comparable EBIT, comparable EBIT margin, comparable Adjusted EBITDA, comparable tax, comparable net profit and comparable EPS.

Definitions and reconciliations of Alternative Performance Measures ("APMs") (continued)

Reconciliation of comparable financial indicators *(numbers in € million except per share data)*

	Half-year 2019							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	**(2,108.4)**	**1,244.0**	**(955.1)**	**288.9**	**479.4**	**(65.6)**	**195.1**	**0.536**
Restructuring costs	**—**	**—**	**30.2**	**30.2**	**29.0**	**(6.8)**	**23.4**	**0.064**
Commodity hedging	**3.1**	**3.1**	**—**	**3.1**	**3.1**	**(0.6)**	**2.5**	**0.007**
Acquisition costs	**—**	**—**	**2.9**	**2.9**	**2.9**	**(0.4)**	**2.5**	**0.007**
Other tax items	**—**	**—**	**—**	**—**	**—**	**(0.7)**	**(0.7)**	**(0.002)**
Comparable	**(2,105.3)**	**1,247.1**	**(922.0)**	**325.1**	**514.4**	**(74.1)**	**222.8**	**0.612**
	Half-year 2018							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	(2,015.8)	1,212.5	(908.6)	303.9	465.9	(73.0)	216.9	0.590
Restructuring costs	—	—	4.0	4.0	4.5	(0.9)	3.1	0.008
Commodity hedging	2.6	2.6	—	2.6	2.6	(0.5)	2.1	0.006
Other tax items	—	—	—	—	—	(0.4)	(0.4)	(0.001)
Comparable	(2,013.2)	1,215.1	(904.6)	310.5	473.0	(74.8)	221.7	0.603

[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)*

	Half-year 2019			
	Established	Developing	Emerging	Consolidated
EBIT	**92.2**	**49.5**	**147.2**	**288.9**
Restructuring costs	**19.6**	**3.4**	**7.2**	**30.2**
Commodity hedging	**1.4**	**1.6**	**0.1**	**3.1**
Acquisition costs	**—**	**—**	**2.9**	**2.9**
Comparable EBIT	**113.2**	**54.5**	**157.4**	**325.1**
	Half-year 2018			
	Established	Developing	Emerging	Consolidated
EBIT	108.3	55.4	140.2	303.9
Restructuring costs	1.1	0.5	2.4	4.0
Commodity hedging	1.4	0.6	0.6	2.6
Comparable EBIT	110.8	56.5	143.2	310.5

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 period to period). FX-neutral APMs are calculated by adjusting prior period amounts for the impact of exchange rates applicable to the current period. 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 period to period. The most common FX-neutral measures used by the Group are:

Definitions and reconciliations of Alternative Performance Measures ("APMs") (continued)

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-period net sales revenue for the impact of changes in exchange rates applicable in the current period.

2) *FX-neutral comparable input costs per unit case*
FX-neutral comparable input costs per unit case is calculated by adjusting prior-period 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 period.

The calculations of the FX-neutral APMs and the reconciliation to the most directly related measures calculated in accordance with IFRS is as follows:

Reconciliation of FX-neutral net sales revenue per unit case *(numbers in € million otherwise stated)*

	Half-year 2019			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	**1,237.7**	**641.7**	**1,473.0**	**3,352.4**
Currency impact	**—**	**—**	**—**	**—**
FX-neutral net sales revenue	**1,237.7**	**641.7**	**1,473.0**	**3,352.4**
Volume (m unit cases)	**303.0**	**208.2**	**579.2**	**1,090.4**
FX-neutral net sales revenue per unit case (€)	**4.08**	**3.08**	**2.54**	**3.07**

	Half-year 2018			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	1,207.4	616.0	1,404.9	3,228.3
Currency impact	7.6	(6.6)	11.9	12.9
FX-neutral net sales revenue	1,215.0	609.4	1,416.8	3,241.2
Volume (m unit cases)	301.9	205.4	560.1	1,067.4
FX-neutral net sales revenue per unit case (€)	4.02	2.97	2.53	3.04

Reconciliation of FX-neutral input costs per unit case *(numbers in € million unless otherwise stated)*

	Half-year 2019	**Half-year 2018**
Input costs	**880.3**	830.1
Commodity hedging	**(3.1)**	(2.6)
Comparable input costs	**877.2**	827.5
Currency impact	**—**	16.4
FX-neutral comparable input costs (€)	**877.2**	843.9
Volume (m unit cases)	**1,090.4**	1,067.4
FX-neutral comparable input costs per unit case (€)	**0.80**	0.79

Definitions and reconciliations of Alternative Performance Measures ("APMs") (continued)

3. Other APMs

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. It is also intended to measure the level of financial leverage of the Group by comparing Adjusted EBITDA to Net debt.

Adjusted EBITDA is not a measure of profitability and liquidity under IFRS and has limitations, some of which are as follows: Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; Adjusted EBITDA does 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 does not reflect any cash requirements for such replacements. Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us and should be used only as a supplementary APM.

As a result of IFRS 16 adoption, Adjusted EBITDA and comparable Adjusted EBITDA have increased by approximately 5% respectively, in the first half of 2019 as 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 finance 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 CCHBC 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 finance lease obligations less proceeds from sale of property, plant and equipment.

The adoption on IFRS 16 did not have a significant impact on the free cash flow, as the increased capital expenditure was offset by the increase in Adjusted EBITDA. The following table illustrates how Adjusted EBITDA, Free Cash Flow and Capital Expenditure are calculated:

Definitions and reconciliations of Alternative Performance Measures ("APMs") (continued)

	Half-year 2019 € million	Half-year 2018 € million
Operating profit (EBIT)	**288.9**	**303.9**
Depreciation and impairment of property, plant and equipment	**185.9**	153.2
Amortisation of intangible assets	**0.3**	0.3
Employee stock options and performance shares	**4.3**	8.5
Adjusted EBITDA	**479.4**	**465.9**
Gain on disposals of non-current assets	**(1.5)**	(3.1)
Cash consumed from working capital movements	**(129.5)**	(107.3)
Tax paid	**(73.4)**	(50.3)
Net cash from operating activities	**275.0**	**305.2**
Payments for purchases of property, plant and equipment	**(192.6)**	(177.4)
Principal repayments of lease obligations	**(16.0)**	(3.9)
Proceeds from sales of property, plant and equipment	**12.9**	2.9
Capital expenditure	**(195.7)**	**(178.4)**
Free cash flow	**79.3**	**126.8**

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	
	28 June 2019 € million	31 December 2018 € million
Current borrowings	**746.7**	136.4
Non-current borrowings	**2,075.5**	1,468.0
Other financial assets	**(556.9)**	(278.8)
Cash and cash equivalents	**(1,151.9)**	(712.3)
Net debt	**1,113.4**	**613.3**

Principal risks and uncertainties

The principal risks and uncertainties to which the Company will be exposed in the second half of 2019 are substantially the same as those outlined in the 2018 Integrated Annual Report for the year ended 31 December 2018, pages 72 to 76.

Defining our principal risks

Leveraging our robust risk management programme, we are constantly vigilant to uncertainty in our operating environments. In this way, we proactively identify new risks and opportunities, and strive to understand the threats to our business viability.

This overview of our most important risks involves an assessment of the likelihood of their occurrence and their potential consequences, it does not include all risks that can ultimately affect the Company. There are risks not yet known to us, and risks currently believed to be immaterial that could ultimately have an impact on our business or financial performance.

Our principal risks

Principal Risks	Risk	Potential impact	Key mitigations	Link to material issues
1. Environmental: Climate, carbon, plastics, waste and water	Failure to reduce our environmental footprint and to meet stakeholders' expectations, particularly relating to climate change, water availability, packaging waste and sustainable agriculture.	– 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	– Energy management programmes and transition to renewable and clean energy – Water reduction and waste water treatment programmes, as well as support for water stewardship initiatives in water–risk areas – Packaging waste management and World Without Waste global programmes – Partnering with local and international NGOs on common issues such as nature conservation, water stewardship and packaging recovery – Partnering with local communities, start–ups and academia to minimise environmental impacts – Focus on sustainable procurement – Commitment to the Task Force on Climate–related Financial Disclosures (TCFD) recommendations	– Carbon and energy – Packaging, recycling and waste management – Sourcing – Water stewardship
2. Consumer health and wellbeing	Failure to adapt to changing consumer health trends, public health policies addressing misconceptions about our formulations, sugar and the health impact of soft drinks.	– Failure to achieve our growth plans – Damage to our brand and corporate reputation – Loss of consumer base	– Focus on product innovation and expansion to a total 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	– Marketing – Nutrition – Product quality and integrity

Principal Risks	Risk	Potential impact	Key mitigations	Link to material issues
3. Cyber incidents	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)	– Implement a cyber–security and privacy control framework and monitor compliance – Safeguard critical IT and operational assets – Detect, respond and recover from cyber incidents and attacks – Foster a culture of cyber–security – Monitor threat landscape and remediate associated vulnerabilities	– Economic impact
4. Foreign exchange and commodity prices	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	– 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 hedgeable commodity – Derivative financial instruments are used, where available, to reduce net exposure to currency and commodity price fluctuations	– Economic impact
5. Channel mix	A continued increase in the concentration of retailers and independent wholesalers on whom we depend to distribute our products. The immediate consumption channel remains under pressure as consumers alter consumption habits.	– Reduced availability of our portfolio and overall profitability	– 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 RED execution 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
6. People attraction	Inability to attract and retain sufficient numbers of qualified and experienced employees in highly competitive talent market.	– Failure to achieve our growth plans	– Upgrade our Employer Value Proposition and Employer Brand – Develop leaders and people for key positions internally, improve leaders' skills and commitment for talent development – 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 – Corporate citizenship – Human rights and diversity

Principal Risks	**Risk**	**Potential impact**	**Key mitigations**	**Link to material issues**
7. People engagement	Inability to ensure ongoing engagement and commitment of our workforce.	– Failure to achieve our growth plans	– Promote operational excellence and remove barriers to performance – Measure culture and engagement, and address findings through continuous listening to our people – Improve wellbeing of employees – Improve leaders' skills to enable, engage and energise employees sustainably – Promote inclusive environment that allows all employees to realise their full potential	– Employee well–being and engagement – Human rights and diversity
8. Declining consumer demand	Volatile and challenging macroeconomic, security and political conditions can affect consumer demand and create security risks across our diverse mix of markets.	– Eroded consumer confidence affecting spending – Inflationary pressures – Social unrest – Safety of people and security of assets	– 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	– Economic impact – Corporate citizenship
9. Discriminatory taxes	Regulations on consumer health, government misconceptions relating to formulations and the risk of being a target for governments and interest groups to introduce discriminatory taxation (e.g. sugar) and packaging waste recovery taxation.	– Reduction in profitability	– Proactively working with governments and regulatory authorities to ensure that the facts relating to formulations are clearly understood and that our products are not singled out unfairly – Retain our 'seat at the table' by demonstrating that we are a responsible and sustainable business – Engaging with various stakeholder groups including NGOs and the communities in which we operate to deliver our 2025 sustainability commitments	– Economic impact
10. Quality	The occurrence of quality/food safety issues, or the contamination of our products across our diverse total beverage portfolio.	– Damage to brand and corporate reputation – Loss of consumer trust – Reduction in volume and net sales revenue	– 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

Principal Risks	Risk	Potential impact	Key mitigations	Link to material issues
11. Ethics and compliance	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	– 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 Force in Nigeria and Russia that pro–actively addresses risks in the most challenging of our 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
12 Strategic stakeholder relationships	We rely on our strategic relationships and agreements with The Coca–Cola Company, Monster Energy and our Premium Spirits partners.	– Termination of agreements or unfavourable renewal terms could adversely affect profitability	– 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
13. Health and safety	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	– 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

Related party transactions

Related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of Coca-Cola HBC during the period, as well as any changes in the related party transactions as described in the 2018 Integrated Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of current financial year, are described in section "Condensed consolidated interim financial statements for the six months ended 28 June 2019", Note 15 “Related party transactions”.

Going concern statement

The Group has considerable financial resources together with long term contracts with a number of customers and suppliers across different countries. Accordingly, and having reassessed the principal risks, the Directors continue to adopt the going concern basis of accounting in preparing these condensed consolidated interim 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 condensed consolidated interim financial statements.

Responsibility statement

The Directors of the Company, whose names are set out below, confirm that to the best of their knowledge:

(a) the condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board and adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the consolidation as a whole for the period ended 28 June 2019 as required by the Disclosure Guidance and Transparency Rules sourcebook of the UK FCA ("DTR") 4.2.4R; and
(b) the interim management report includes a fair review of the information required by:

- DTR 4.2.7R of the DTRs, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed consolidated interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- DTR 4.2.8 R of the DTRs, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the 2018 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries for the year ended 31 December 2018, that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Name	**Title**
Anastassis G. David	Non-Executive Chairman
Zoran Bogdanovic	Chief Executive Officer
Anastasios I. Leventis	Non-Executive Director
Christo Leventis	Non-Executive Director
José Octavio Reyes	Non-Executive Director
Alfredo Rivera	Non-Executive Director
Robert Ryan Rudolph	Non-Executive Director
Reto Francioni	Senior Independent Non-Executive Director
Charlotte J. Boyle	Independent Non-Executive Director
Olusola (Sola) David-Borha	Independent Non-Executive Director
William W. (Bill) Douglas III	Independent Non-Executive Director
Alexandra Papalexopoulou	Independent Non-Executive Director
John P. Sechi	Independent Non-Executive Director

Signed on behalf of the Board
Zoran Bogdanovic
Chief Executive Officer

8 August 2019

pwc

Independent review report to Coca-Cola HBC AG

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements (the “interim financial statements”) in the half-yearly financial report of Coca-Cola HBC AG (the “Company”) for the six months ended 28 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated interim balance sheet as at 28 June 2019;
- the condensed consolidated interim income statement for the six month period then ended;
- the condensed consolidated interim statement of comprehensive income for the six month period then ended;
- the condensed consolidated interim statement of changes in equity for the six month period then ended;
- the condensed consolidated interim cash flow statement for the six month period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’ and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors of the Company. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the Company a conclusion on the interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Konstantinos Michalatos
Certified Accountant Auditor
SOEL Reg. No. 17701
For and on behalf of PricewaterhouseCoopers S.A.
Certified Auditors, Reg. No. 113

8 August 2019
Athens, Greece

Notes:

(a) The maintenance and integrity of the Company's 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 interim financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom and Switzerland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed consolidated interim financial statements for the six months ended 28 June 2019

Condensed consolidated interim income statement (unaudited)

		Six months ended	
		28 June 2019	29 June 2018
	Note	**€ million**	€ million
Net sales revenue	3	**3,352.4**	3,228.3
Cost of goods sold		**(2,108.4)**	(2,015.8)
Gross profit		**1,244.0**	**1,212.5**
Operating expenses	4	**(955.1)**	(908.6)
Operating profit	3	**288.9**	**303.9**
Finance costs, net	5	**(32.8)**	(19.1)
Share of results of equity method investments		**4.7**	5.3
Profit before tax		**260.8**	**290.1**
Tax	6	**(65.6)**	(73.0)
Profit after tax		**195.2**	**217.1**
Attributable to:			
Owners of the parent		**195.1**	216.9
Non-controlling interests		**0.1**	0.2
		195.2	**217.1**
Basic earnings per share (€)	7	**0.54**	0.59
Diluted earnings per share (€)	7	**0.53**	0.59

Condensed consolidated interim statement of comprehensive income (unaudited)

	Six months ended	
	28 June 2019	29 June 2018
	€ million	€ million
Profit after tax	**195.2**	**217.1**
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Cost of hedging	**(8.9)**	—
Net (loss) / gain of cash flow hedges	**(0.7)**	5.2
Foreign currency translation	**77.7**	(24.0)
Share of other comprehensive income of equity method investments	**0.4**	0.6
Income tax relating to items that may be subsequently reclassified to income statement	**0.8**	(0.1)
	69.3	**(18.3)**
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**	(0.1)
Actuarial (losses) / gains	**(23.6)**	5.1
Income tax relating to items that will not be subsequently reclassified to income statement	**3.9**	(1.1)
	(19.5)	**3.9**
Other comprehensive income / (loss) for the period, net of tax	**49.8**	**(14.4)**
Total comprehensive income for the period	**245.0**	**202.7**
Total comprehensive income for the period		
Owners of the parent	**244.9**	202.5
Non-controlling interests	**0.1**	0.2
	245.0	**202.7**

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim balance sheet (unaudited)

		As at	
		28 June 2019	31 December 2018
	Note	**€ million**	€ million
Assets			
Intangible assets	8	**2,080.5**	1,825.8
Property, plant and equipment	8	**2,660.0**	2,391.6
Other non-current assets		**214.8**	198.7
Total non-current assets		**4,955.3**	**4,416.1**
Inventories		**604.7**	463.2
Trade, other receivables and assets		**1,314.6**	973.2
Other financial assets	10	**557.8**	286.5
Cash and cash equivalents	10	**1,151.9**	712.3
		3,629.0	**2,435.2**
Assets classified as held for sale		**7.3**	3.0
Total current assets		**3,636.3**	**2,438.2**
Total assets		**8,591.6**	**6,854.3**
Liabilities			
Borrowings	10	**746.7**	136.4
Other current liabilities		**3,136.3**	1,882.2
Total current liabilities		**3,883.0**	**2,018.6**
Borrowings	10	**2,075.5**	1,468.0
Other non-current liabilities		**282.3**	251.3
Total non-current liabilities		**2,357.8**	**1,719.3**
Total liabilities		**6,240.8**	**3,737.9**
Equity			
Owners of the parent		**2,345.7**	3,111.1
Non-controlling interests		**5.1**	5.3
Total equity		**2,350.8**	**3,116.4**
Total equity and liabilities		**8,591.6**	**6,854.3**

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim statement of changes in equity (unaudited)

	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	4.7	8.0	—	—	—	—	—	**12.7**	—	**12.7**
Share-based compensation:										
Options and performance shares	—	—	—	—	—	(4.3)	—	**(4.3)**	—	**(4.3)**
Dividends (Note 13)	—	(200.6)	—	—	—	—	1.8	**(198.8)**	(0.2)	**(199.0)**
	2,019.8	**4,546.7**	**(6,472.1)**	**(71.3)**	**(1,026.3)**	**266.9**	**3,553.3**	**2,817.0**	**4.6**	**2,821.6**
Profit for the period, net of tax	—	—	—	—	—	—	216.9	**216.9**	0.2	**217.1**
Other comprehensive loss for the period, net of tax	—	—	—	—	(23.4)	5.0	4.0	**(14.4)**	—	**(14.4)**
Total comprehensive income for the period net of tax [(1)]	—	—	—	—	(23.4)	5.0	220.9	**202.5**	0.2	**202.7**
Balance as at 29 June 2018	**2,019.8**	**4,546.7**	**(6,472.1)**	**(71.3)**	**(1,049.7)**	**271.9**	**3,774.2**	**3,019.5**	**4.8**	**3,024.3**
Shares issued to employees exercising stock options	1.4	1.2	—	—	—	—	—	**2.6**	—	**2.6**
Share-based compensation:										
Options and performance shares	—	—	—	—	—	2.8	—	**2.8**	—	**2.8**
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 (Note 11)	—	—	—	(113.3)	—	—	—	**(113.3)**	—	**(113.3)**
Transfer of cash flow hedge reserve including cost of hedging, to inventories, net of deferred tax [(2)]	—	—	—	—	—	(4.6)	—	**(4.6)**	—	**(4.6)**
	2,021.2	**4,547.9**	**(6,472.1)**	**(184.1)**	**(1,049.7)**	**272.2**	**3,774.1**	**2,909.5**	**4.8**	**2,914.3**
Profit for the period, net of tax	—	—	—	—	—	—	230.5	**230.5**	0.5	**231.0**
Other comprehensive loss for the period, net of tax	—	—	—	—	(39.1)	(3.2)	13.4	**(28.9)**	—	**(28.9)**
Total comprehensive income for the period, net of tax	—	—	—	—	(39.1)	(3.2)	243.9	**201.6**	0.5	**202.1**
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 the exchange equalisation reserve of €23.4 million loss for the first half of 2018 represents the exchange loss attributed to the owners of the parent, mainly related to the Russian Rouble, partially offset by a gain related to the Nigerian Naira, including €0.6 million gain relating to share of other comprehensive income of equity method investments.

The amount included in other reserves of €5.0 million gain for the first half of 2018 consists of loss on valuation of equity investments at fair value through other comprehensive income of €0.1 million, cash flow hedges gains of €5.2 million, and the deferred tax expense there of amounting to €0.1 million.

The amount of €220.9 million gain attributable to owners of the parent comprises profit for the period of €216.9 million plus actuarial gain of €5.1 million less deferred tax expense of €1.1 million.

The amount of €0.2 million gain included in non-controlling interests for the first half of 2018 represents the share of non-controlling interests in retained earnings.

[(2)] The amount included in other reserves of €4.6 million loss for 2018 represents the cash flow hedge reserve, including cost of hedging, transferred to inventory of €5.9 million loss, and the deferred tax thereof amounting to €1.3 million .

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim statement of changes in equity (unaudited)

	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 (Note 11)	6.7	11.9	—	—	—	—	—	**18.6**	—	**18.6**
Share based compensation:										
Options and performance shares	—	—	—	—	—	4.3	—	**4.3**	—	**4.3**
Appropriation of reserves	—	—	—	27.9	—	(28.0)	0.1	**—**	—	**—**
Movement of treasury shares (Note 11)	—	—	—	(106.1)	—	—	—	**(106.1)**	—	**(106.1)**
Dividends (Note 13)	—	(941.9)	—	—	—	—	8.8	**(933.1)**	(0.3)	**(933.4)**
Transfer of cash flow hedge reserve, including cost of hedging, to inventories, net of deferred tax[3]	—	—	—	—	—	6.0	—	**6.0**	—	**6.0**
	2,027.9	**3,617.9**	**(6,472.1)**	**(262.3)**	**(1,088.8)**	**251.3**	**4,026.9**	**2,100.8**	**5.0**	**2,105.8**
Profit for the period net of tax	—	—	—	—	—	—	195.1	**195.1**	0.1	**195.2**
Other comprehensive income for the period, net of tax	—	—	—	—	78.1	(8.6)	(19.7)	**49.8**	—	**49.8**
Total comprehensive income for the period, net of tax[4]	—	—	—	—	78.1	(8.6)	175.4	**244.9**	0.1	**245.0**
Balance as at 28 June 2019	**2,027.9**	**3,617.9**	**(6,472.1)**	**(262.3)**	**(1,010.7)**	**242.7**	**4,202.3**	**2,345.7**	**5.1**	**2,350.8**

[3] *The amount included in other reserves of €6.0 million gain for the first half of 2019 represents the cash flow hedge reserve, including cost of hedging, transferred to inventory of €7.6 million gain, and the deferred tax thereof amounting to €1.6 million.*

[4] *The amount included in the exchange equalisation reserve of €78.1 million gain for the first half of 2019 represents the exchange gain attributed to the owners of the parent, mainly related to the Russian Rouble, including €0.4 million 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 €8.6 million loss for the first half of 2019 consists of gain on valuation of equity investments at fair value through other comprehensive income of €0.2 million, cash flow hedges loss of €9.6 million, and the deferred tax income thereof amounting to €0.8 million.

The amount of €175.4 million gain attributable to owners of the parent comprises profit for the period of €195.1 million plus actuarial losses of €23.6 million, minus deferred tax income of €3.9 million.

The amount of €0.1 million gain included in non-controlling interests for the first half of 2019 represents the share of non-controlling interests in profit for the period.

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim cash flow statement (unaudited)

	Note	Six months ended 28 June 2019 € million	Six months ended 29 June 2018 € million
Operating activities			
Profit after tax for the period		**195.2**	217.1
Finance costs, net	5	**32.8**	19.1
Share of results of equity method investments		**(4.7)**	(5.3)
Tax charged to the income statement		**65.6**	73.0
Depreciation and impairment of property, plant and equipment	8	**185.9**	153.2
Employee stock options and performance shares		**4.3**	8.5
Amortisation of intangible assets	8	**0.3**	0.3
		479.4	**465.9**
Gain on disposals of non-current assets		**(1.5)**	(3.1)
Increase in inventories		**(116.2)**	(171.2)
Increase in trade and other receivables		**(320.8)**	(255.8)
Increase in trade and other payables		**307.5**	319.7
Tax paid		**(73.4)**	(50.3)
Net cash inflow from operating activities		**275.0**	**305.2**
Investing activities			
Payments for purchases of property, plant and equipment		**(192.6)**	(177.4)
Payments for purchases of intangible assets		**—**	(1.5)
Proceeds from sales of property, plant and equipment		**12.9**	2.9
Payment for acquisition of subsidiary, net of cash acquired	14	**(130.5)**	—
Net receipts from equity investments		**0.8**	5.0
Net proceeds from / (payments for) investments in financial assets at amortised cost		**211.4**	(92.4)
Net payments for investments in financial assets at fair value through profit or loss		**(489.8)**	(56.5)
Interest received		**2.7**	4.7
Proceeds from loans		**5.9**	—
Net cash outflow from investing activities		**(579.2)**	**(315.2)**
Financing activities			
Proceeds from shares issued to employees	11	**18.6**	12.7
Purchase of own shares	11	**(192.8)**	—
Proceeds from borrowings		**1,341.1**	25.0
Repayments of borrowings		**(361.9)**	(63.9)
Principal repayments of lease obligations (2018: Principal repayments of finance lease obligations)		**(16.0)**	(3.9)
(Payments for) / proceeds from settlement of derivatives regarding financing activities		**(3.4)**	0.6
Interest paid		**(45.7)**	(23.5)
Net cash inflow / (outflow) from financing activities		**739.9**	**(53.0)**
Net increase / (decrease) in cash and cash equivalents		**435.7**	**(63.0)**
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		**435.7**	(63.0)
Effect of changes in exchange rates		**3.9**	(1.1)
Cash and cash equivalents at the end of the period		**1,151.9**	**659.4**

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

1. Accounting policies and basis of preparation

Basis of preparation

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') applicable to Interim Financial Reporting ('IAS 34'). These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

Accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial statements of Coca-Cola HBC AG ('Coca-Cola HBC', the 'Company' or the 'Group') are consistent with those used in the 2018 annual financial statements, except for the adoption of new and amended accounting standards effective as of 1 January 2019.

New and amended standards adopted by the Group

A number of new or amended standards became effective as of 1 January 2019 and were adopted by the Group, none of these however, other than the adoption of IFRS 16, had a significant impact on the Group's accounting policies or the condensed consolidated interim financial statements.

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 12 for more details on the impact of the transition to IFRS 16.

From 1 January 2019, leases, from a lessee's perspective, are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased 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' within the condensed consolidated interim balance sheet, respectively.

Lease liabilities include the net present value of the following lease payments:

a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

b) variable lease payment 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.

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 Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms 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 and finance cost, within 'Finance costs, net' in the the condensed consolidated interim income statement.

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.

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

1. Accounting policies and basis of preparation (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. The Group utilises a number of practical expedients permitted by the standard, namely;

1) applying the recognition exemption to short-term leases that do not contain a purchase option; and

2) applying the recognition exemption to leases of underlying assets with a low value.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the condensed consolidated interim 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 that is within the control of the lessee.

2. Foreign currency and translation

The Group's reporting currency is the Euro (€). Coca-Cola HBC translates the income statements of foreign operations to the Euro at average exchange rates and the balance sheets at the closing exchange rates at 28 June. The principal exchange rates used for translation purposes in respect of one Euro are:

	Average rate for the six months ended		**Closing rate as at**	
	28 June 2019	29 June2018	**28 June 2019**	31 December 2018
US Dollar	**1.13**	1.21	**1.14**	1.14
UK Sterling	**0.87**	0.88	**0.90**	0.90
Polish Zloty	**4.29**	4.22	**4.26**	4.29
Nigerian Naira	**408.22**	436.65	**409.84**	416.55
Hungarian Forint	**320.44**	313.54	**323.37**	321.07
Swiss Franc	**1.13**	1.17	**1.11**	1.13
Russian Rouble	**73.82**	71.91	**71.62**	79.46
Romanian Leu	**4.74**	4.65	**4.72**	4.66
Ukrainian Hryvnia	**30.48**	32.49	**29.73**	31.11
Czech Koruna	**25.68**	25.49	**25.43**	25.83
Serbian Dinar	**118.11**	118.32	**117.92**	118.21

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

3. 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.

a) Volume and net sales revenue

The Group sales volume in million unit cases[1] was as follows:

	Six months ended	
	28 June 2019	29 June 2018
Established	**303.0**	301.9
Developing	**208.2**	205.4
Emerging	**579.2**	560.1
Total volume	**1,090.4**	**1,067.4**

[1] *One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. Volume data is derived from unaudited operational data.*

Net sales revenue per reportable segment for the six months ended 28 June 2019 and 29 June 2018 is presented below:

	Six months ended	
	28 June 2019	29 June 2018
	€ million	€ million
Established	**1,237.7**	1,207.4
Developing	**641.7**	616.0
Emerging	**1,473.0**	1,404.9
Total net sales revenue	**3,352.4**	**3,228.3**

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 six months ended 28 June 2019 and 29 June 2018 is presented below:

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

3. Segmental analysis (continued)

a) Volume and net sales revenue (continued)

	Six months ended	
	28 June 2019	29 June 2018
	€ million	€ million
Volume in million unit cases[1]		
NARTD[2]	**1,089.2**	1,066.3
Premium Spirits[1]	**1.2**	1.1
Total volume	**1,090.4**	**1,067.4**
Net sales revenue (€ million)		
NARTD	**3,276.0**	3,149.9
Premium Spirits	**76.4**	78.4
Total net sales revenue	**3,352.4**	**3,228.3**

[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. Volume data is derived from unaudited operational data.*
[2] *NARTD: non-alcoholic, ready-to-drink beverages.*

b) Other income statement items

	Six months ended	
	28 June 2019	29 June 2018
	€ million	€ million
Operating profit		
Established	**92.2**	108.3
Developing	**49.5**	55.4
Emerging	**147.2**	140.2
Total operating profit	**288.9**	**303.9**
Reconciling items		
Finance costs, net	**(32.8)**	(19.1)
Tax	**(65.6)**	(73.0)
Share of results of equity method investments	**4.7**	5.3
Non-controlling interests	**(0.1)**	(0.2)
Profit after tax attributable to owners of the parent	**195.1**	**216.9**

c) Other items

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. During 2019, revenue from our operations in Nigeria amounted to 8% of consolidated net sales revenue; as at 28 June 2019 non-current assets of our operations in Nigeria amounted to 11% of the consolidated non-current assets.

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

4. Restructuring expenses

As part of the effort to optimise its cost base and sustain competitiveness in the marketplace, the Company undertakes restructuring initiatives. Restructuring concerns mainly employee costs and impairment of property, plant and equipment, which are included within operating expenses. Restructuring expenses per reportable segment for the six months ended 28 June 2019 and 29 June 2018 are presented below:

	Six months ended	
	28 June 2019	29 June 2018
	€ million	€ million
Established	**19.6**	1.1
Developing	**3.4**	0.5
Emerging	**7.2**	2.4
Total restructuring costs	**30.2**	**4.0**

5. Finance costs, net

	Six months ended	
	28 June 2019	29 June 2018
	€ million	€ million
Interest income	**(3.1)**	(3.6)
Finance costs	**36.2**	22.9
Net foreign exchange gains	**(0.3)**	(0.2)
Finance costs, net	**32.8**	**19.1**

Finance costs in 2019 include an amount of €5.3 million, being the premium paid on the early redemption of €236.6 million of the 2.375%, 7-year fixed rate bond, maturing in June 2020 (refer to Note 10).

6. Tax

	Six months ended	
	28 June 2019	29 June 2018
	€ million	€ million
Profit before tax	**260.8**	290.1
Tax	**(65.6)**	(73.0)
Effective tax rate	**25.2%**	**25.2%**

The Group's effective tax rate for 2019 may differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. This difference can be a consequence of a number of factors, the most significant of which are the application of statutory tax rates of the countries in which the Group operates, the non-deductibility of certain expenses, the non-taxable income and one off tax items.

7. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of shares outstanding during the period (first half of 2019: 364,285,659, first half of 2018: 367,737,898). Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares arising from exercising employee stock options.

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

8. Intangible assets and property, plant and equipment

	Intangible assets € million	Property, plant and equipment € million
Net book value as at 31 December 2018	1,825.8	2,391.6
Adjustment for change in accounting policy (Note 12)	—	144.7
Additions	—	249.1
Acquisition of subsidiary (Note 14)	235.7	19.3
Reclassified to assets held for sale	—	(7.2)
Disposals	—	(6.2)
Terminations of lease contracts	—	(0.9)
Amortisation, depreciation and impairment	(0.3)	(185.9)
Foreign currency translation	19.3	55.5
Net book value as at 28 June 2019	**2,080.5**	**2,660.0**

9. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk, liquidity risk and capital risk. There have been no changes in the risk management policies since the previous year end. The Group's financial instruments recorded at fair value are included in Level 1, Level 2 and Level 3 within the fair value hierarchy as described in the 2018 Integrated Annual Report.

The money market funds recorded at fair value are included in Level 1 within the fair value hierarchy. As at 28 June 2019, the fair value of the money market funds amounted to €524.4 million (31 December 2018: €34.9 million).

As at 28 June 2019, the total derivatives included in Level 2 were financial assets of €2.8 million and financial liabilities of €14.6 million. The Group recognises embedded derivatives whose risks and economic characteristics were not considered to be closely related to the commodity contract in which they were embedded. The valuation techniques used to determine their fair value maximised the use of observable market data. The fair value of the embedded derivatives as at 28 June 2019 amounted to a financial asset of €1.7 million and are classified within Level 2.

The Group has entered into derivatives to mitigate the commodity price risk related to PET. As the valuation of these derivatives uses prices not observable in the market, it is classified within Level 3. The fair value of the PET derivatives as at 28 June 2019 amounted to a financial liability of €6.1 million.

There were no transfers between Level 1, 2 and 3 during the six months ended 28 June 2019. The fair value of bonds and notes payable applying the clean market price, as at 28 June 2019, was €2,576.3 million compared to their book value of €2,449.7 million, as at the same date.

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

10. Net debt

	As at	
	28 June 2019	31 December 2018
	€ million	€ million
Current borrowings	**746.7**	136.4
Non-current borrowings	**2,075.5**	1,468.0
Less: Cash and cash equivalents	**(1,151.9)**	(712.3)
- Financial assets at amortised cost	(32.5)	(243.9)
- Financial assets at fair value through profit or loss	(524.4)	(34.9)
Less: Other financial assets	**(556.9)**	(278.8)
Net debt	**1,113.4**	**613.3**

In May 2019 the Group completed the issue of a €700 million Euro-denominated fixed rate bond maturing in May 2027 with a coupon rate of 1% and the issue of a €600 million Euro-denominated fixed rate bond maturing in May 2031 with a coupon rate of 1.625%. Both bonds were issued under the Group's €5 billion Euro Medium Term Note Programme, which was updated in April 2019. The net proceeds of the new issue were used to partially repay €236.6 million of the 2.375%, 7-year fixed rate bond maturing in June 2020.

Cash and cash equivalents include an amount of €17.7 million equivalent in Nigerian Naira. This includes an amount of €5.5 million equivalent in Nigerian Naira, which relates to the outstanding balance held for the repayment of Nigerian Bottling Company Ltd's former minority shareholders, following the 2011 acquisition of non-controlling interests.

The financial assets at amortised cost comprise of time deposits amounting to €25.0 million (31 December 2018: €243.9 million) and also include an amount of €7.5 million (31 December 2018: €nil) equivalent in Nigerian Naira invested in Treasury Bills, which relates to the outstanding balance of the bank account held for the repayment of Nigerian Bottling Company Ltd's former minority shareholders as described above. The financial assets at fair value through profit or loss relate to money market funds. Included in 'Other financial assets' of the condensed consolidated interim balance sheet are derivative financial instruments of €0.9 million (31 December 2018: €7.7 million).

11. Share capital, share premium and treasury shares

	Number of shares (authorised and issued)	**Share capital € million**	**Share premium € million**
Balance as at 1 January 2018	**370,763,039**	**2,015.1**	**4,739.3**
Shares issued employees exercising stock options	1,064,190	6.1	9.2
Dividends (Note 13)	—	—	(200.6)
Balance as at 31 December 2018	**371,827,229**	**2,021.2**	**4,547.9**
Shares issued employees exercising stock options	1,143,353	6.7	11.9
Dividends (Note 13)	—	—	(208.9)
Special dividend (Note 13)	—	—	(733.0)
Balance as at 28 June 2019	**372,970,582**	**2,027.9**	**3,617.9**

In 2018, the share capital of Coca-Cola HBC increased by the issue of 1,064,190 new ordinary shares following the exercise of stock options pursuant to the Coca-Cola HBC AG's employees' stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €15.3 million.

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

11. Share capital, share premium and treasury shares (continued)

For the six months ended 28 June 2019, the share capital of Coca-Cola HBC increased by the issue of 1,143,353 new ordinary shares following the exercise of stock options pursuant to the Coca-Cola HBC AG's employees' stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €18.6 million.

Following the above changes, on 28 June 2019 the share capital of the Group amounted to €2,027.9 million and comprised 372,970,582 shares with a nominal value of CHF 6.70 each.

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 program was completed in full in May 2019 for a total consideration of €220.6 million (first half of 2019: €192.8 million). This resulted in a movement to treasury shares within the condensed consolidated interim statement of changes in equity of €106.1 million, being the consideration paid in the first half of 2019 of €192.8 million adjusted for the impact from the UK Sterling denominated liability recognised as at 31 December 2018 of €85.5 million, due to an irrevocable share purchase agreement, further adjusted by €1.2 million recorded on settlement of the arrangement.

An amount of €27.9 million relates to treasury shares provided to employees in the first half of 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 condensed consolidated interim statement of changes in equity.

12. Leases

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%.

The table below shows the reconciliation of operating lease commitments previously recognised 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 as at 31 December 2018	183.3
Discounted using the lessee's incremental borrowing rate at the date of initial application	161.2
Add: Finance lease liabilities recognised as at 31 December 2018	66.0
(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 as at 1 January 2019	**211.4**
Of which are:	
Current lease liabilities	46.4
Non-current lease liabilities	165.0
	211.4

12. Leases (continued)

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 condensed consolidated balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. For leases previously classified as finance leases the entity 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 recognised right-of-use assets on adoption relate to the following types of assets:

	1 January 2019
	€ million
Land and buildings	66.8
Plant and equipment	77.9
Total right-of-use assets	**144.7**

The change in accounting policy affected the following lines of the condensed consolidated balance sheet on 1 January 2019:

Property, plant and equipment – increase by €144.7 million
Current borrowings – increase by €39.9 million
Non – current borrowings – increase by €105.5 million
Other current liabilities – decrease by €0.7 million.

On transition the Group has decided to:

a) exclude all leases that expire within 2019;

b) exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application;

c) apply the new guidance regarding definition of a lease only to contracts entered into or changed on or after 1 January 2019; and

d) apply the recognition exemption to leases of underlying assets with a low value.

b) Leasing activities

The leases which are recorded on the condensed consolidated balance sheet following implementation of IFRS 16 are principally in respect of cars and buildings.

The Group's right-of-use assets and lease liability are presented below:

	28 June 2019
	€ million
Land and buildings	89.3
Plant and equipment	121.8
Total right-of-use assets	**211.1**
Current lease liabilities	48.8
Non-current lease liabilities	159.0
Total lease liability	**207.8**

13. Dividends

On 11 June 2018, the shareholders of Coca-Cola HBC AG at the Annual General Meeting approved the dividend distribution of 0.54 euro cents per share. The total dividend amounted to €200.6 million and was paid on 24 July 2018. Of this an amount of €1.8 million related to shares held by the Group.

The shareholders of Coca-Cola HBC AG approved a dividend distribution of 0.57 euro cents per share as well as a special dividend of 2.00 euro per share at the Annual General Meeting held on 18 June 2019. The total dividend amounted to €941.9 million and was paid on 30 July 2019. Of this an amount of €8.8 million related to shares held by the Group.

14. 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 €148.8 million net of borrowings of €125.9 million. The acquisition adds a relevant, adjacent category to the Group's portfolio in Serbia and Western Balkans which are among our fastest growing territories. Details of the acquisition with regards to the provisional fair values 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**

Acquisition-related costs of €2.9 million are included in operating expenses within the condensed consolidated interim income statement.

The acquisition resulted in the Group recording €114.6 million of goodwill and €121.1 million of trademarks in its emerging markets segment. The goodwill arising is attributable to Bambi's strong operating profitability and strong market position.

Net sales revenue and net profit contributed by the acquired business to the Group for the period from 18 June 2019 to 28 June 2019 were insignificant. If the acquisition had occurred on 1 January 2019, consolidated Group revenue and consolidated Group profit after tax for the six month period ended 28 June 2019 would have been higher by €38.6 million and €7.0 million respectively.

15. Related party transactions

a) The Coca-Cola Company

As at 28 June 2019, The Coca-Cola Company and its subsidiaries (collectively, ''TCCC'') indirectly owned 22.8% (31 December 2018: 22.9%) of the issued share capital of Coca-Cola HBC. The below table summarises transactions with The Coca-Cola Company and its subsidiaries:

	Six months ended	
	28 June 2019	29 June 2018
	€ million	€ million
Purchases of concentrate, finished products and other items	**832.0**	839.7
Net contributions received for marketing and promotional incentives	**57.8**	69.5
Sales of finished goods and raw materials	**9.0**	9.2
Other expenses	**2.7**	0.7
Other income	**1.2**	2.0

As at 28 June 2019, the Group was owed €96.7 million (€76.7 million as at 31 December 2018) by TCCC, and owed €378.0 million including loan payable of €29.9 million (€256.1 million including loan payable of €13.3 million as at 31 December 2018) to TCCC.

b) Frigoglass S.A. ('Frigoglass'), Kar-Tess Holding and AG Leventis (Nigeria) Plc

Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, cooler parts, glass bottles, crowns and plastics. 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 22.9% (31 December 2018: 23.0%) of Coca-Cola HBC's total issued capital. Frigoglass has a controlling interest in Frigoglass Industries Limited and Frigoglass West Africa Ltd., in which Coca-Cola HBC has a 23.9% effective interest, through its investment in Nigerian Bottling Company Ltd (NBC).

The table below summarises transactions with Frigoglass, Kar-Tess Holding and AG Leventis (Nigeria) Plc:

	Six months ended	
	28 June 2019	29 June 2018
	€ million	€ million
Purchases of coolers and other equipment, raw and other materials	**99.8**	102.0
Maintenance, rent and other expenses	**10.4**	11.8

As at 28 June 2019, Coca-Cola HBC owed €58.3 million (€18.3 million as at 31 December 2018) to and was owed €0.2 million (€0.3 million as at 31 December 2018) from Frigoglass and its subsidiaries. As at 28 June 2019, Coca-Cola HBC owed €2.7 million (€1.4 million as at 31 December 2018) to and was owed €nil million (€0.1 million as at 31 December 2018) from AG Leventis (Nigeria) Plc. Capital commitments with Frigoglass and its subsidiaries as at 28 June 2019, amounted to €11.9 million (€28.1 million as at 31 December 2018).

In 2017, Frigoglass Industries Nigeria Limited and Frigoglass West Africa Ltd, associates in which the Group holds an effective interest of 23.9% through its subsidiary Nigerian Bottling Company Ltd, became guarantors 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 these guarantee arrangements, but the Group's investment in these associates, which stood at €23.2 million as at 28 June 2019 (31 December 2018: €21.2 million), 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 guarantors) were unable to meet their obligations thereunder.

15. Related party transactions (continued)

c) Other related parties

Other

During the six months ended 28 June 2019, the Group incurred other expenses of €8.4 million (€10.5 million in the respective prior-year period) mainly related to maintenance services for cold drink equipment and installations of coolers, fountains, vending and merchandising equipment as well as subsequent expenditure for fixed assets of €1.1 million (€1.3 million in the respective prior-year period) from other related parties. As at 28 June 2019, the Group owed €1.5 million (€2.7 million as at 31 December 2018) to, and was owed €0.1 million (€0.1 million as at 31 December 2018) by other related parties.

d) Joint ventures

The below table summarises transactions with joint ventures:

	Six months ended	
	28 June 2019	29 June 2018
	€ million	€ million
Purchases of inventory	**9.7**	3.1
Sales of finished goods and raw materials	**1.6**	1.1
Other income	**2.2**	—

As at 28 June 2019, the Group owed €7.9 million including loans payable of €4.0 million (€9.6 million as at 31 December 2018 including loans payable of €4.0 million) to, and was owed €9.6 million including loans receivable of €3.6 million (€7.4 million as at 31 December 2018 including loans receivable of €3.5 million) by joint ventures. During the six months ended 28 June 2019, the Group received dividends of €nil million (€0.2 million in the respective prior-year period, which were included in line "Net receipts from equity investments" of the condensed consolidated interim cash flow statement) from Brewinvest S.A. Group of companies. As at 28 June 2019, dividends of €1.6 million were declared but not received from Brewinvest S.A. Group of companies.

e) Directors

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 for both the six months ended 28 June 2019 and the prior-year period.

There were no other significant transactions with other related parties for the period ended 28 June 2019.

16. 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 €7.7 million. 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 €7.5 million 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 €10.1 million as compensation for losses and moral damages again for alleged anti-competitive commercial practices of Coca-Cola Hellenic Bottling Company S.A.

16. Contingencies (continued)

for the same period between 1994 and 2013. The parties must file their briefs and exhibits with the Court until 29 October 2019. 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 into certain commercial practices in the sparkling, juice and water categories, on 29 May 2019, the Greek Competition Commission issued a Statement of Objections to the company and certain former and current employees, for obstruction of its on-site investigation. The company is collaborating fully with the Commission. The hearing took place on 24 July 2019 and the company is expecting a decision in the third quarter of 2019.

Other than the above, there have been no significant adverse changes in contingencies since 31 December 2018 (as described in our 2018 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com).

17. Commitments

As at 28 June 2019 the Group, including joint ventures, had capital commitments, including commitments for leases, of €149.3 million (31 December 2018: €131.7 million), which mainly relate to plant and machinery equipment.

18. Number of employees

The average number of full-time equivalent employees in the first half of 2019 was 28,212 (28,957 for the first half of 2018).

19. Subsequent events

There were no subsequent events following 28 June 2019.