

EXECUTION DRIVES TOP-LINE AND MARGIN EXPANSION

Coca-Cola HBC AG, a leading bottler of The Coca-Cola Company, reports its financial results for the full year ended 31 December 2015.

Full-year highlights

- Underlying trends in volume growth continued to be strong in the fourth quarter leading to a 2.6% increase in reported volume for the year
 - Established markets returned to growth for the first time in five years, with good performances in Italy and Greece
 - Volumes grew in all countries in the Developing markets segment with particularly positive trends in Poland and Hungary
 - Double-digit growth in Nigeria, Romania and Ukraine helped drive volume in the Emerging markets segment up by 2.5%, despite the anticipated mid single-digit decline in Russia
 - Volume growth in all key categories except for RTD Tea
- FX-neutral net sales revenue per case developed positively in the fourth quarter, resulting in a marginal increase for the full year; deflation in Europe and affordability concerns in certain markets limited pricing opportunities in the Established and Developing market segments, largely offsetting the pricing actions taken in Emerging markets
- Net sales revenue declined by 2.5% after a -5.1% adverse foreign exchange impact
- Comparable EBIT was €473.2 million – up 11.4%; comparable EBIT margin expanded by 100 basis points; pricing actions in certain countries, favourable input costs and volume leverage, particularly in Established and Developing markets, more than offset the significant adverse impact from currencies, primarily the Russian Rouble
- Increased profits and further improvements in working capital helped generate €411.8 million of free cash flow for the year bringing the 2013-2015 free cash flow to €1.16 billion
- On a reported basis, EBIT increased by 15.8% to €418.2 million; net profit was €280.3 million
- Comparable EPS increased by 13.5% to €0.864; reported EPS declined by 4.7% to €0.771
- The Board of Directors proposes a €0.40 dividend per share, a 11.1% uplift on the 2014 dividend

	Full Year		Change
	2015	2014	
Volume (m unit cases)	2,055.0	2,002.9	2.6%
Net sales revenue (€ m)	6,346.1	6,510.2	-2.5%
Net sales revenue per unit case (€)	3.09	3.25	-4.9%
FX-neutral net sales revenue per unit case (€)	3.09	3.08	0.3%
Operating profit (EBIT) (€ m)	418.2	361.1	15.8%
Comparable EBIT (€ m)	473.2	424.7	11.4%
EBIT margin (%)	6.6	5.5	110bps
Comparable EBIT margin (%)	7.5	6.5	100bps
Net profit* (€ m)	280.3	294.8	-4.9%
Comparable net profit* (€ m)	314.3	277.4	13.3%
Basic earnings per share (EPS) (€)	0.771	0.809	-4.7%
Comparable EPS (€)	0.864	0.761	13.5%

**Net Profit and Comparable Net Profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.*

Dimitris Lois, Chief Executive Officer of Coca-Cola HBC AG, commented:

"I am pleased with our progress in 2015; volumes grew in all segments for the first time in five years and margins have improved significantly. Our commercial initiatives supported volume expansion and we made further efficiency gains to ensure continued profitable growth.

"Conditions in Europe are slowly improving while countries with large oil exposure face ongoing difficult trading conditions. Going into 2016 we will continue to take action to address the challenges on a country by country basis. Overall we think the business is well placed to build further on both the volume growth and margin expansion achieved in 2015."

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 2016 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 2014 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 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.

Reconciliation of Reported to Comparable Financial Indicators *(numbers in € million except per share data)*

Group Financial Results	Full Year 2015						
	COGS ¹	Gross Profit ²	EBIT ³	Adjusted EBITDA ⁴	Tax ⁵	Net Profit ⁶	EPS ⁷ (€)
Reported	(4,018.7)	2,327.4	418.2	766.3	(76.4)	280.3	0.771
Restructuring costs ⁸	-	-	54.0	36.3	(11.9)	43.3	0.119
Commodity hedging ⁹	1.0	1.0	1.0	1.0	(0.2)	0.8	0.002
Other tax items ¹⁰	-	-	-	-	(10.1)	(10.1)	(0.028)
Comparable	(4,017.7)	2,328.4	473.2	803.6	(98.6)	314.3	0.864
Group Financial Results	Full Year 2014						
	COGS ¹	Gross Profit ²	EBIT ³	Adjusted EBITDA ⁴	Tax ⁵	Net Profit ⁶	EPS ⁷ (€)
Reported	(4,192.5)	2,317.7	361.1	742.1	(57.8)	294.8	0.809
Restructuring costs ⁸	-	-	55.2	34.2	(11.3)	50.4	0.138
Commodity hedging ⁹	8.4	8.4	8.4	8.4	(2.9)	5.5	0.015
Other tax items ¹⁰	-	-	-	-	(13.4)	(13.4)	(0.037)
Non-recurring items ¹¹	-	-	-	-	-	(59.9)	(0.164)
Comparable	(4,184.1)	2,326.1	424.7	784.7	(85.4)	277.4	0.761

¹ Reported COGS refers to cost of goods sold.

² Reported Gross Profit refers to gross profit.

³ Reported EBIT refers to operating profit.

⁴ Adjusted EBITDA refers to operating profit before deductions for depreciation and impairment of property, plant and equipment (included both in cost of goods sold and in operating expenses), amortisation and impairment of intangible assets, employee share options and performance shares and other non-cash items, if any (refer to 'Supplementary information' section).

⁵ Reported tax refers to tax.

⁶ Reported Net Profit refers to profit after tax attributable to owners of the parent.

⁷ Reported EPS refers to basic earnings per share.

⁸ Restructuring costs comprise costs arising from significant changes in the way we conduct business, such as significant supply chain infrastructure changes and centralisation of processes. These are included within the income statement line "restructuring costs". However, they are excluded from the comparable results in order for the user to obtain a proper understanding of the Group's financial performance. Net profit for 2015 includes €1.2 million from restructuring within joint ventures (2014: €6.5 million).

⁹ The Group has entered into certain commodity derivative transactions in order to mitigate its exposure to commodity price risk. Although these transactions are economic hedging activities that aim to manage our exposure to sugar, aluminium and gas oil price volatility, they do not qualify for hedge accounting. In addition, the Group recognises certain derivatives embedded within commodity purchase contracts that have been accounted for as stand alone derivatives and which 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 line item. The Group's comparable results exclude the unrealised gains or losses resulting from the mark-to-market valuation of this hedging activity. These gains or losses will be reflected in the comparable results in the period when the underlying transactions will occur, to match the profit or loss impact of the underlying transactions.

¹⁰ Other tax items represent the tax impact of both changes in income tax rates affecting the opening balance of deferred tax and other one-off items arising during the year.

¹¹ Non-recurring items in 2014 refer to the gain included within our share of results of equity method investments from the sale of Zagorka by Brewmasters Holdings Ltd, a subsidiary of Brewinvest S.A., a joint venture with Heineken.

Group Operational Review

Over the year we have successfully managed the business, in challenging macroeconomic and trading conditions, to deliver strong results. This performance marks an important step in returning our business to sustainable growth and higher margins.

The combination of affordability measures in certain countries, targeted and better-quality marketing, and our focus on execution ensured volume growth in the year. Enhanced volume growth, favourable input costs and operating cost discipline drove a 100 basis point improvement in our comparable EBIT margin in the year despite the adverse impact of currencies.

Volume performance

Volume increased in the year by 2.6%, cycling a 2.8% decline in the prior year. Good performance from Sparkling and Water further supported by Juice helped achieve this growth.

Established market volume increased by 1.0%, cycling a 5.4% decline in the prior year, and posting growth for the first time in five years. Good Water performance, particularly in Italy, Austria and Greece, as well as Energy growth offset a marginal decline in the sparkling beverages category. Developing market volume grew by 5.7%, following a 6.0% decline in the prior year. All markets and categories with the exception of RTD Tea contributed to the growth, with notable performances in Poland and Hungary. Emerging markets posted 2.5% growth, cycling a stable performance in the prior year. With the exception of Russia and Belarus, all of our markets delivered very good growth. In particular, Nigeria, Romania and Ukraine achieved growth rates in low teens.

Category performance

Sparkling beverages volume grew by 2% boosted by trade marketing initiatives such as 'Share a Coke' in Nigeria and Coke with Food across our markets, organised trade performance in the Developing segment and affordability measures in certain markets. These actions more than offset the challenging trading conditions in Russia, Belarus, Ireland and Greece. Within the category, Trademark Coca-Cola increased by 3.3%, Coke Zero by 23.5% and Fanta by 4.0%.

Juice volume increased by 7.9% in the year. Russia was the key driver of this growth as a result of the performance of our expanded portfolio offering in the country, incorporating our newest brand Moya Semya. Our investments in juice innovation in Nigeria also paid off with a 19.2% volume uplift in the country. Excluding Moya Semya, growth in the juice category overall for the Group was 2.1%. Water grew by 4.7% in the period, with good performances in most of our countries, particularly Ukraine, Poland, Italy and Romania. Energy drinks category sustained its growth momentum, increasing volumes by 6.6% driven by Hungary, Poland, Serbia and Ireland.

Our Premium Spirits volume declined by 6.1%. Revenues were €181.8 million - down 8.6% compared to prior year - after a 13.2% adverse currency movement in the year.

Single-serve packs increased by 3.6%, while multi-serves increased by 1.9%, leading to a 0.4 percentage point improvement in package mix. All segments improved their mix, Emerging markets being the key contributor to the performance. Sparkling mix improved by 0.9 percentage points while Water mix deteriorated by 0.5 percentage points in the year.

Group Operational Review (continued)**Key financials**

FX-neutral net sales revenue per unit case grew for the fifth consecutive year, increasing by 0.3% in the year. Good delivery of our revenue growth management initiatives in a number of Emerging markets was, largely offset by the impact of our affordability measures and deflationary pressures.

Net sales revenue of €6.3 billion was down 2.5% compared to prior year. The 5.1% headwind from adverse movements in currencies was only partly offset by the improved volume and the revenue growth initiatives, including pricing, taken during the period.

FX-neutral input cost per unit case declined by 9% as expected. The lower cost of EU sugar and PET resin benefited the Established and Developing segments in particular.

Our restructuring efforts in recent years and tight cost management have optimised the cost base, better positioning the business for operating leverage, although higher currency management costs in a very volatile year, coupled with the sharp adverse currency impact on revenue, led to a stable performance in terms of operating expenses as a percentage of net sales revenue.

Comparable EBIT was €473.2 million, leading to a 100 basis point expansion in comparable EBIT margin to 7.5%. Favourable input costs, increased volume and the benefits from our revenue growth management initiatives more than offset the €173.5 million adverse impact of currency movements. Comparable EBIT and comparable EBIT margin increased considerably in the Established and Developing market segments, while profitability in the Emerging markets segment declined. On a reported basis, we delivered €418.2 million of EBIT in the year, a €57.1 million improvement on the prior year.

We incurred €54.0 million in pre-tax restructuring charges in the year, the majority of which was due to planned actions in the Established and Emerging segments. We continue to effectively execute our restructuring plans, targeting an increasingly agile and efficient organisation.

In the year, we grew free cash flow by €79.1 million to €411.8 million. Key drivers of the improvement were working capital reduction, improved operational profitability and capital expenditure. Both the balance sheet working capital position and the working capital days improved in the year.

Comparable net profit of €314.3 million and comparable earnings per share of €0.864 were 13.3% and 13.5% higher than in the prior year, respectively. Reported net profit and reported basic earnings per share were €280.3 million and €0.771, respectively, in the period.

In line with our progressive dividend policy, the Board of Directors proposes a full-year dividend of 0.40 Euros per share, an 11.1% increase on the 2014 dividend. The dividend payment will be subject, among other things, to shareholders' approval at our annual general meeting.

Operational Review by Reporting Segment
Established markets

	Full Year		Change
	2015	2014	
Volume (m unit cases)	621.1	615.2	1.0%
Net sales revenue (€ m)	2,485.6	2,448.9	1.5%
Net sales revenue per unit case (€)	4.00	3.98	0.5%
FX-neutral net sales revenue per unit case (€)	4.00	4.10	-2.4%
Operating profit (EBIT) (€ m)	171.3	123.7	38.5%
Comparable EBIT (€ m)	198.8	146.7	35.5%
EBIT margin (%)	6.9	5.1	180bps
Comparable EBIT margin (%)	8.0	6.0	200bps

- Unit case volume in our Established markets segment improved by 1.0% in the year, following a 5.4% decline in the prior year. This is the first year of growth following five consecutive years of decline. Good Water growth combined with volume increases in Italy and Greece, more than offset declines in Ireland.
- Net sales revenue grew by 1.5% in the year. Volume leverage and the positive currency impact, mainly from the Swiss Franc, more than offset negative category and channel mix as well as price mix deterioration amidst an overall deflationary environment. FX-neutral net sales revenue per case declined by 2.4% in the year.
- Volume in Italy returned to growth after five years of decline, increasing by 2%, cycling a 10% decline in the prior year. The underlying trading environment remains challenging with unemployment still at high levels, albeit with some signs of improvement in disposable income. Amidst these conditions, our focus on executing our commercial strategy, driven by our OBPPC (Occasion-based Brand Price Pack Channel) initiatives led to growth in most key categories. Sparkling grew by 2%, driven by Trademark Coke, with Fanta and Sprite also registering positive performances. The Still category also grew, led by Water, which posted a 4% increase. Single-serve contribution increased in the year, driven by our single-serve focus on Sparkling in the immediate consumption channel.
- Volume in Greece grew for the second consecutive year, increasing by 1% in the year, cycling a 2% increase in the prior year. Performance in the still drinks category was the key growth driver, with Water and Juice growing by 6% and 5%, respectively. Coke Zero grew by 7%, while Energy continues to build its base, growing by 24%. We are very pleased with the performance of the business in Greece, given the challenging macroeconomic and trading environment.
- Volume in Switzerland was stable in the year, cycling a 7% decline in the prior year. Water grew by 6% helped by increased distribution. This, combined with Trademark Coke's positive performance, offset declines in the other categories.
- Volume declined by nearly 2% in Ireland, cycling a stable performance in the prior year. We saw declines in most key categories, with the exception of Water and Energy. Water grew by 9%, with Energy also delivering well with 26% growth. Sparkling beverages declined in a very competitive market, despite the good performance registered by Coke Zero, which grew by 6% and Fanta by 1%. Package mix improved by 1.8 percentage points in the year driven by good performance of single-serve packs in Sparkling.
- Comparable operating profit in the Established markets segment improved by 35.5% to €198.8 million in the year. Favourable input costs, benefits from restructuring and lower operating expenses, favourable movements in currencies (mainly the Swiss Franc) and volume leverage more than offset the negative impact from our affordability measures. On a reported basis, operating profit improved by 38.5% compared to the prior year to €171.3 million.

Operational Review by Reporting Segment (continued)
Developing markets

	Full Year		Change
	2015	2014	
Volume (m unit cases)	378.7	358.3	5.7%
Net sales revenue (€ m)	1,092.0	1,054.1	3.6%
Net sales revenue per unit case (€)	2.88	2.94	-2.0%
FX-neutral net sales revenue per unit case (€)	2.88	2.95	-2.4%
Operating profit (EBIT) (€ m)	87.4	52.0	68.1%
Comparable EBIT (€ m)	98.6	57.9	70.3%
EBIT margin (%)	8.0	4.9	310bps
Comparable EBIT margin (%)	9.0	5.5	350bps

- Unit case volume in our Developing market segment grew by 5.7% in the year, with good performances in all of our countries. The sparkling beverages category was the main growth driver, supported by Water and to a lesser extent Juice.
- Net sales revenue grew by 3.6% in the period. Benefits of improved volume and category mix as well as the positive currency impact more than offset unfavourable channel and price mix. On an FX-neutral basis, net sales revenue per unit case declined by 2.4% in the year.
- In Poland, volume increased by 7% in the period. This follows a 7% decline in the prior year when we rationalised unprofitable volume by removing certain SKUs. Volume growth in the period was driven by Sparkling beverages growing by 7%, boosted by good results particularly in the organised trade. Still beverages posted a 7% increase driven by Water performance with both plain and flavoured water increasing. Package mix deteriorated by 1.1 percentage points in the year, driven by the strong performance of Sparkling multi-serve packages in the discounters channel.
- Volume in Hungary increased by 8% in the year, cycling a 1% decline in the prior year, posting growth across all key categories. Sparkling beverages increased by 8%, with positive performance across the board. Notably Coca-Cola Zero grew by 30%. Water grew by 12% driven by marketing activations in the fragmented trade. Energy volumes were up 37%, continuing their double-digit growth and reflecting the solid performance of our new product and flavour launches. Juice volumes increased by 3%, helped by the growth of Cappy. Our focus on increasing single-serve contribution delivered results, with package mix improving by 1.7 percentage points in the year, driven by the sparkling beverages category.
- Czech Republic volume grew by 4% in the year, with good performance across all key categories. This performance is a testament to the success of our strategic decision to focus on value-accretive volume and healthy growth. Water was the main driver of this performance with significant support from Sparkling which increased by 2% helped by the strong performance of Fanta in the organised trade. Juice also grew strongly, posting a 14% increase. Good growth of single-serve packages in the Sparkling category led to a 0.2 percentage points improvement in the package mix.
- Developing markets posted a €40.7 million increase in comparable operating profit to €98.6 million in the year. Favourable input costs and improved volume more than offset the impact of adverse channel mix as well as increased marketing and promotional activity. Comparable operating margin for the segment recorded a significant improvement, up 350 basis points. Reported operating profit improved by €35.4 million compared to the prior year, reaching €87.4 million.

Operational Review by Reporting Segment (continued)
Emerging markets

	Full Year		Change
	2015	2014	
Volume (m unit cases)	1,055.2	1,029.4	2.5%
Net sales revenue (€ m)	2,768.5	3,007.2	-7.9%
Net sales revenue per unit case (€)	2.62	2.92	-10.3%
FX-neutral net sales revenue per unit case (€)	2.62	2.52	4.0%
Operating profit (EBIT) (€ m)	159.5	185.4	-14.0%
Comparable EBIT (€ m)	175.8	220.1	-20.1%
EBIT margin (%)	5.8	6.2	-40bps
Comparable EBIT margin (%)	6.4	7.3	-90bps

- Unit case volume in our Emerging markets segment grew by 2.5% in the year, following a stable performance in the prior year. Strong performances in Nigeria, Romania and Ukraine across all key categories and an exceptional performance in Juice more than offset the weakness in Russia's Sparkling and Water performance amidst challenging macroeconomic conditions.
- Net sales revenue declined by 7.9% in the year. Benefits of positive pricing initiatives, improved volume and category mix in the year only partly compensated for the substantial negative impact from currency movements and adverse package mix. FX-neutral net sales revenue per case grew by 4.0% in the year, reflecting our strategy to implement pricing initiatives in territories facing currency headwinds.
- Volume in Russia finished the year with a 6% decline as anticipated, following 1% growth in the prior year. Within the context of a low-teens decline in the market, our strategic actions including the launch of Coke Zero and increased promotional activity in the organised trade held the decline of Trademark Coca-Cola products to 2%. Juice registered 14% growth, partly supported by the inclusion of Moya Semya in our portfolio, however this was not enough to offset declines in the flavoured brands of our Sparkling portfolio and to a lesser extent, in the water category.
- Volume in Nigeria grew by 10%, cycling a 4% increase in the prior year, with good performance across all categories. Successful trade activation initiatives such as the 'Share a Coke' campaign, additional PET bottle production capacity and further utilisation of SAP capabilities to improve product availability, helped drive the growth. Juice is a significant contributor with 19% growth in the year, demonstrating the success of our pulpy juice innovation in the country. We continue to capitalise on the growth opportunities that Nigeria has to offer.
- Volume in Romania increased by 11% in the year, with good performances across all categories. This follows a 6% decline in the prior year. Sparkling performance was driven by Trademark Coca-Cola and Fanta, supported by our new 1.25 L Sparkling pack for the organised trade. Water grew by 7% in the year following the completion of the SKU rationalisation process that took place over the last couple of years. Cappy Pulpy continues to drive good results in Juice. Package mix improved by 1.3 percentage points driven by good growth in single-serve packages of both Sparkling and Water.
- Performance in Ukraine was strong with 14% growth in the year, following a 4% decline in the prior year. The trading environment remains volatile, with currency fluctuations and high inflation impacting disposable income and consumer confidence. Against this backdrop, we have maintained our focus on executing our strategy of expanding our promotional initiatives in the organised trade channel, through campaigns such as Coke with Food. This enabled us to register good growth, reaching double digits in nearly all key categories.

Operational Review by Reporting Segment (continued)

Emerging markets

- Our Emerging markets segment posted a €44.3 million decline in comparable operating profit to €175.8 million, leading to a 90 basis point deterioration in the segment's comparable operating margin to 6.4%. Higher currency-driven pricing and revenue growth management initiatives, improved volume and favorable input costs only partly offset the significant currency headwinds and higher operating and overhead costs. On a reported basis, operating profit declined by 14% compared to prior year to €159.5 million.

Business Outlook

The outlook for 2016 is characterised by increased volatility. In the Euro area, growth prospects are revised upwards, reflecting the expected benefits from the oil and commodity price developments and the accommodating monetary conditions. However in contrast, growth estimates are revised downwards in the countries exporting these commodities.

In our territory, we face mixed prospects. On the one hand, we expect a reversal from deflation to inflation, and improvements in unemployment levels and private consumption in many of our markets benefitting from the low oil prices. On the other hand, oil exporting countries such as Russia and Nigeria continue to face ongoing challenges in an otherwise buoyant emerging markets landscape.

The commercial initiatives that we put in place in 2015 proved to be effective, leading to good volume growth in all three segments. We are determined to build further on this success and plan similar initiatives in 2016. Looking forward, we expect to maintain volume growth in all three market segments.

One of our key areas of focus in 2016 is revenue growth management. We have planned pricing actions in markets impacted by foreign currency depreciation and markets where deflationary pressures are abating. In addition, we will continue with our OBPPC initiatives to achieve better value for every case we sell. We expect substantial improvements in FX-neutral net sales revenue per case in the full year for all three segments.

The recent volatility of the Russian Rouble and the risk of a Nigerian Naira devaluation make it difficult to estimate the potential impact of currencies on our business. Taking into account our hedged positions and current spot rates, we expect an adverse impact on EBIT from foreign currency to amount to €135 million for the full year.

World and EU sugar prices have started rising from their lows in 2015 and PET resin prices, which are correlated with oil prices, are expected to further decrease if the current levels of oil price persist in the remainder of the year. Given that we entered into contracts, which cover all of our EU sugar and the majority of our World sugar needs for 2016, and based on current oil spot prices, we are confident that we can limit the increase in our overall input costs per case to low single digits on an FX-neutral basis.

Our efforts to gain further efficiencies in our operating cost base continue. Aided by anticipated growth in our revenue, we expect to deliver a significant reduction in operating expenses as a percentage of net sales revenue in the year.

Overall our focus for 2016 is to build on this year's good performance with another year of volume and revenue growth along with margin expansion. We have strong plans and our track record gives us confidence that we can take appropriate action in countries where we face challenging market conditions. Our efficiency programmes have, over several years, created a strong platform. As many of our European markets slowly improve, we expect to capitalise on this platform.

Technical guidance

Our initiatives to further improve operational efficiencies remain unchanged. For 2016, we have identified restructuring initiatives of approximately €35 million. We expect these initiatives to yield €25 million in annualised benefits from 2017 onwards, while the initiatives already taken in 2015 and those that we will take in 2016 are expected to yield €22 million of total benefits in 2016.

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%.

Annual capital expenditure over the medium term is expected to range between 5.5% and 6.5% of net sales revenue, although in 2016, we expect this ratio to materialise at the lower end of this range as a result of the significant volatility in some of our Emerging markets.

Group Financial Review
Selected income statement and other items

	Full Year		
	2015 € million	2014 € million	% Change
Volume (m unit cases)	2,055.0	2,002.9	2.6%
Net sales revenue	6,346.1	6,510.2	-2.5%
Net sales revenue per unit case (€)	3.09	3.25	-4.9%
FX-neutral net sales revenue per unit case (€) ¹	3.09	3.08	0.3%
Cost of goods sold	(4,018.7)	(4,192.5)	-4.1%
Comparable cost of goods sold ²	(4,017.7)	(4,184.1)	-4.0%
Gross profit	2,327.4	2,317.7	0.4%
Comparable gross profit ²	2,328.4	2,326.1	0.1%
Operating expenses	(1,855.2)	(1,901.4)	-2.4%
Operating profit (EBIT)	418.2	361.1	15.8%
Comparable operating profit (EBIT) ²	473.2	424.7	11.4%
Adjusted EBITDA ³	766.3	742.1	3.3%
Comparable adjusted EBITDA ²	803.6	784.7	2.4%
Total net finance costs	(68.2)	(72.9)	-6.4%
Tax	(76.4)	(57.8)	32.2%
Comparable tax	(98.6)	(85.4)	15.5%
Profit after tax attributable to owners of the parent	280.3	294.8	-4.9%
Comparable profit after tax attributable to owners of the parent ²	314.3	277.4	13.3%
Basic earnings per share (€)	0.771	0.809	-4.7%
Comparable basic earnings per share (€) ²	0.864	0.761	13.5%
Net cash from operating activities ³	739.3	686.3	7.7%
Capital expenditure ³	(327.5)	(353.6)	-7.4%
Free cash flow ³	411.8	332.7	23.8%

¹ FX-neutral net sales revenue per unit case refers to net sales revenue translated using 2015 exchange rates divided by volume (unit cases).

² Refer to the 'Reconciliation of Reported to Comparable Financial Indicators' section.

³ Refer to 'Supplementary Information' section.

Net sales revenue

Net sales revenue decreased by 2.5% in 2015, compared to the prior year, as strong volume performance and the positive result from our revenue growth management initiatives were more than offset by adverse currency headwinds. On an FX-neutral basis, net sales revenue per unit case improved by 0.3%.

Cost of goods sold

Cost of goods sold decreased by 4.1% and comparable cost of goods sold decreased by 4.0% for 2015, compared to the prior year, as the input cost environment, in particular EU sugar and PET resin prices, continued to be favourable.

Gross profit

Gross profit increased by 0.4%, increasing slightly from €2,317.7 million in 2014 to €2,327.4 million in 2015. Comparable gross profit margin increased from 35.7% in 2014 to 36.7% in 2015 mainly reflecting the benefits of favourable input costs.

Operating expenses

Operating expenses decreased by 2.4% in 2015 compared to 2014, mainly reflecting the benefits of our restructuring initiatives and tight cost management. Operating expenses as a percentage of net sales revenue remained stable.

Operating profit

Comparable operating profit increased by 11.4% in 2015 compared to 2014, reflecting the increased sales volume, the benefits from our revenue growth management initiatives and favourable input costs, which were only partially offset by the significant adverse foreign currency impact. In line with comparable operating profit, operating profit increased by 15.8% in 2015.

Group Financial Review (continued)

Total net finance costs

Total net finance costs decreased by €4.7 million in 2015, compared to 2014 mainly due to the cessation of hyperinflation accounting in Belarus and lower net foreign exchange losses.

Tax

On a comparable basis, Coca-Cola HBC's effective tax rate was approximately 24% for 2015 compared to 23% for 2014. On a reported basis, the Group's effective tax rate was approximately 21% for 2015 and 16% for 2014. Coca-Cola HBC'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. In 2014 the reported effective tax rate was impacted by the net impact of the gain from the sale of equity method investments.

Profit after tax attributable to owners of the parent

On a comparable basis, profit after tax attributed to owners of the parent increased by 13.3% in 2015 compared to 2014, mainly driven by higher operating profitability.

Net cash from operating activities and capital expenditure

Net cash from operating activities increased by 7.7% in 2015 compared to 2014, reflecting increased operating profitability and the improvement in working capital.

Capital expenditure, net of receipts from the disposal of assets and including principal repayments of finance lease obligations, decreased by 7.4% in the year. In 2015, capital expenditure amounted to €327.5 million of which 55% was related to investment in production equipment and facilities and 24% to the acquisition of marketing equipment. In 2014, capital expenditure amounted to €353.6 million of which 51% was related to investment in production equipment and facilities and 25% to the acquisition of marketing equipment.

In 2015, free cash flow grew by €79.1 million to €411.8 million, reflecting increased cash from operating activities and lower capital expenditure.

Supplementary Information

The financial measures Adjusted EBITDA, Capital Expenditure and Free Cash Flow consist of the following reported amounts in the condensed consolidated financial statements:

	Full Year	
	2015 € million	2014 € million
Profit after tax	280.7	294.2
Tax charged to the income statement	76.4	57.8
Total finance costs, net	68.2	72.9
Share of results of equity method investments	(7.1)	(63.8)
Operating profit (EBIT)	418.2	361.1
Depreciation and impairment of property, plant and equipment	340.2	368.8
Amortisation of intangible assets	0.4	0.4
Employee share options and performance shares	8.8	12.1
Other non-cash items	(1.3)	(0.3)
Adjusted EBITDA	766.3	742.1
Losses / (gains) on disposal of non-current assets	1.8	(1.8)
Decrease in working capital	43.9	15.0
Tax paid	(72.7)	(69.0)
Net cash from operating activities	739.3	686.3
Payments for purchases of property, plant and equipment	(331.5)	(362.6)
Principal repayments of finance lease obligations	(13.8)	(14.0)
Proceeds from sale of property, plant and equipment	17.8	23.0
Capital expenditure	(327.5)	(353.6)
Net cash from operating activities	739.3	686.3
Capital expenditure	(327.5)	(353.6)
Free cash flow	411.8	332.7

The volume, net sales revenue and net sales revenues per unit case on a reported and FX-neutral base, are provided for NARTD and premium spirits, as set out below:

NARTD

	Full Year		%
	2015	2014	Change
Volume (m unit cases) ⁽¹⁾	2,052.6	2,000.3	2.6%
Net sales revenue (€ m)	6,164.3	6,311.3	-2.3%
Net sales revenue per Unit Case (€)	3.00	3.16	-5.1%
FX-neutral net sales revenue per unit case (€)	3.00	3.00	-

Premium Spirits

	Full Year		%
	2015	2014	Change
Volume (m unit cases) ⁽¹⁾	2,396	2,553	-6.1%
Net sales revenues (€ m)	181.8	198.9	-8.6%
Net sales revenue per unit case (€)	75.9	77.9	-2.6%
FX-neutral net sales revenue per unit case (€)	75.9	67.6	12.3%

Total

	Full Year		%
	2015	2014	Change
Volume (m unit cases) ⁽¹⁾	2,055.0	2,002.9	2.6%
Net sales revenue (€ m)	6,346.1	6,510.2	-2.5%
Net sales revenue per unit case (€)	3.09	3.25	-4.9%
FX-neutral net sales revenue per unit case (€)	3.09	3.08	0.3%

⁽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.

Coca-Cola HBC Group

Coca-Cola HBC is a leading bottler of The Coca-Cola Company with a sales volume of more than 2 billion unit cases. It has a broad geographic footprint with operations in 28 countries serving a population of approximately 590 million people. Coca-Cola HBC offers a diverse range of non-alcoholic ready to drink beverages in the sparkling, juice, water, sport, energy, 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 has a premium listing on the London Stock Exchange (LSE: CCH) and its shares are listed on the Athens Exchange (ATHEX: EEE). Coca-Cola HBC is included in the Dow Jones Sustainability and FTSE4Good Indexes. 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 2015 full-year financial results on 19 February 2016 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 (www.coca-colahellenic.com/investorrelations/webcasts).

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Condensed consolidated financial statements for the six months and the year ended 31 December 2015

Condensed consolidated balance sheet (unaudited)

	Note	As at 31 December 2015 € million	As at 31 December 2014 € million
Assets			
Intangible assets	4	1,911.6	1,884.8
Property, plant and equipment	4	2,545.5	2,624.1
Other non-current assets		208.1	308.0
Total non-current assets		4,665.2	4,816.9
Inventories		435.8	414.2
Trade and other receivables		939.3	1,010.6
Cash and cash equivalents	5	487.4	636.3
		1,862.5	2,061.1
Assets classified as held for sale		5.5	1.0
Total current assets		1,868.0	2,062.1
Total assets		6,533.2	6,879.0
Liabilities			
Short-term borrowings	5	781.5	548.6
Other current liabilities		1,709.4	1,647.3
Total current liabilities		2,490.9	2,195.9
Long-term borrowings	5	923.0	1,556.3
Other non-current liabilities		295.2	335.7
Total non-current liabilities		1,218.2	1,892.0
Total liabilities		3,709.1	4,087.9
Equity			
Owners of the parent		2,819.8	2,787.0
Non-controlling interests		4.3	4.1
Total equity		2,824.1	2,791.1
Total equity and liabilities		6,533.2	6,879.0

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

Condensed consolidated income statement (unaudited)

	Note	Six months ended 31 December 2015 € million	Six months ended 31 December 2014 € million
Net sales revenue	3	3,195.2	3,327.1
Cost of goods sold		(2,019.7)	(2,159.1)
Gross profit		1,175.5	1,168.0
Operating expenses		(924.8)	(927.7)
Restructuring costs	7	(31.6)	(43.3)
Operating profit	3	219.1	197.0
Total finance costs, net	8	(31.0)	(34.0)
Share of results of equity method investments		4.3	59.8
Profit before tax		192.4	222.8
Tax	9	(37.2)	(23.7)
Profit after tax		155.2	199.1
Attributable to:			
Owners of the parent		155.1	199.7
Non-controlling interests		0.1	(0.6)
		155.2	199.1
Basic and diluted earnings per share (€)	10	0.43	0.55

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

Condensed consolidated statement of comprehensive income (unaudited)

	Six months ended 31 December 2015 € million	Six months ended 31 December 2014 € million
Profit after tax for the period	155.2	199.1
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Valuation gain / (loss) on available-for-sale assets	0.2	(0.7)
Cash flow hedges:		
Net (losses)/gains during the period	(2.2)	12.1
Net losses reclassified to profit and loss for the period	1.4	3.6
Transfers to inventory for the period	(7.4)	(4.2)
Foreign currency translation	(178.3)	(275.7)
Share of other comprehensive income of equity method investments	(1.1)	(0.1)
Income tax relating to items that may be subsequently reclassified to income statement	(1.6)	(7.8)
	(189.0)	(272.8)
Items that will not be subsequently reclassified to income statement:		
Actuarial gains / (losses)	6.0	(16.7)
Income tax relating to items that will not be subsequently reclassified to income statement	(2.5)	2.3
	3.5	(14.4)
Other comprehensive income for the period, net of tax	(185.5)	(287.2)
Total comprehensive income for the period	(30.3)	(88.1)
Total comprehensive income attributable to:		
Owners of the parent	(30.4)	(87.5)
Non-controlling interests	0.1	(0.6)
	(30.3)	(88.1)

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

Condensed consolidated income statement (unaudited)

	Note	Year ended 31 December 2015 € million	Year ended 31 December 2014 € million
Net sales revenue	3	6,346.1	6,510.2
Cost of goods sold		(4,018.7)	(4,192.5)
Gross profit		2,327.4	2,317.7
Operating expenses		(1,855.2)	(1,901.4)
Restructuring costs	7	(54.0)	(55.2)
Operating profit	3	418.2	361.1
Total finance costs, net	8	(68.2)	(72.9)
Share of results of equity method investments		7.1	63.8
Profit before tax		357.1	352.0
Tax	9	(76.4)	(57.8)
Profit after tax		280.7	294.2
Attributable to:			
Owners of the parent		280.3	294.8
Non-controlling interests		0.4	(0.6)
		280.7	294.2
Basic and diluted earnings per share (€)	10	0.77	0.81

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

Condensed consolidated statement of comprehensive income (unaudited)

	Year ended 31 December 2015 € million	Year ended 31 December 2014 € million
Profit after tax for the year	280.7	294.2
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Valuation gain / (loss) on available-for-sale assets	0.1	(0.6)
Cash flow hedges:		
Net (losses)/gains during the year	(5.2)	5.4
Net losses reclassified to profit and loss for the year	4.6	7.4
Transfers to inventory for the year	(19.7)	(6.4)
Foreign currency translation	(65.8)	(322.0)
Share of other comprehensive income of equity method investments	(0.2)	-
Income tax relating to items that may be subsequently reclassified to income statement	5.5	(6.6)
	(80.7)	(322.8)
Items that will not be subsequently reclassified to income statement:		
Actuarial gains / (losses)	11.1	(38.7)
Income tax relating to items that will not be subsequently reclassified to income statement	(2.9)	6.6
	8.2	(32.1)
Other comprehensive income for the year, net of tax	(72.5)	(354.9)
Total comprehensive income for the year	208.2	(60.7)
Total comprehensive income attributable to:		
Owners of the parent	207.8	(60.1)
Non-controlling interests	0.4	(0.6)
	208.2	(60.7)

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

Condensed consolidated statement of changes in equity (unaudited)

	Attributable to owners of the parent						Retained earnings € million	Total € million	Non-controlling interests € million	Total equity € million
	Share capital € million	Share Premium € million	Reorganization reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million				
Balance as at 1 January 2014	1,997.4	5,287.1	(6,472.1)	(70.7)	(293.3)	388.7	2,125.1	2,962.2	5.1	2,967.3
Shares issued to employees exercising stock options	0.7	0.7	-	-	-	-	-	1.4	-	1.4
Share-based compensation:										
Options	-	-	-	-	-	12.1	-	12.1	-	12.1
Movement in shares held for equity compensation plan	-	-	-	-	-	(2.3)	-	(2.3)	-	(2.3)
Hyperinflation impact	-	-	-	-	-	-	3.2	3.2	-	3.2
Share of other changes in equity of equity method investments	-	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Appropriation / transfer of reserves	-	-	-	-	-	(138.0)	138.0	-	-	-
Dividends (note 13)	-	(130.2)	-	-	-	-	1.2	(129.0)	(0.4)	(129.4)
	1,998.1	5,157.6	(6,472.1)	(70.7)	(293.3)	260.5	2,267.0	2,847.1	4.7	2,851.8
Profit for the year net of tax	-	-	-	-	-	-	294.8	294.8	(0.6)	294.2
Other comprehensive income for the year, net of tax	-	-	-	-	(322.0)	(0.8)	(32.1)	(354.9)	-	(354.9)
Total comprehensive income for the year, net of tax ⁽¹⁾	-	-	-	-	(322.0)	(0.8)	262.7	(60.1)	(0.6)	(60.7)
Balance as at 31 December 2014	1,998.1	5,157.6	(6,472.1)	(70.7)	(615.3)	259.7	2,529.7	2,787.0	4.1	2,791.1

⁽¹⁾ The amount included in the exchange equalisation reserve of €322.0 million loss for 2014 represents the exchange loss attributed to the owners of the parent.

The amount included in other reserves of €0.8 million loss for 2014 consists of loss on valuation of available-for-sale financial assets of €0.6 million, cash flow hedges gains of €6.4 million (of which €5.4 million represents revaluation gain for the year, €7.4 million represents revaluation loss reclassified to profit and loss for the year and €6.4 million represents revaluation gain reclassified to inventory for the year) and the deferred tax expense thereof amounting to €6.6 million.

The amount of €262.7 million gain comprises profit for the year of €294.8 million plus actuarial loss of €38.7 million less a deferred tax income of €6.6 million.

The amount of €0.6 million loss included in non-controlling interests for 2014 represents the share of non-controlling interests in retained earnings.

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

Condensed consolidated statement of changes in equity (unaudited)

	Attributable to owners of the parent						Retained earnings € million	Total € million	Non-controlling interests € million	Total equity € million
	Share Capital € million	Share Premium € million	Group Reorganization reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million				
Balance as at 1 January 2015	1,998.1	5,157.6	(6,472.1)	(70.7)	(615.3)	259.7	2,529.7	2,787.0	4.1	2,791.1
Shares issued to employees exercising stock options	2.0	3.1	-	-	-	-	-	5.1	-	5.1
Share-based compensation:										
Options and performance shares	-	-	-	-	-	8.8	-	8.8	-	8.8
Movement in shares held for equity compensation plan	-	-	-	(0.6)	-	1.3	-	0.7	-	0.7
Acquisition of treasury shares (note 11)	-	-	-	(58.5)	-	-	-	(58.5)	-	(58.5)
Appropriation of reserves	-	-	-	(2.2)	-	5.2	(3.0)	-	-	-
Dividends (note 13)	-	(132.4)	-	-	-	-	1.3	(131.1)	(0.2)	(131.3)
	2,000.1	5,028.3	(6,472.1)	(132.0)	(615.3)	275.0	2,528.0	2,612.0	3.9	2,615.9
Profit for the year net of tax	-	-	-	-	-	-	280.3	280.3	0.4	280.7
Other comprehensive income for the year, net of tax	-	-	-	-	(66.1)	(14.6)	8.2	(72.5)	-	(72.5)
Total comprehensive income for the year net of tax ⁽²⁾	-	-	-	-	(66.1)	(14.6)	288.5	207.8	0.4	208.2
Balance as at 31 December 2015	2,000.1	5,028.3	(6,472.1)	(132.0)	(681.4)	260.4	2,816.5	2,819.8	4.3	2,824.1

⁽²⁾ The amount included in the exchange equalisation reserve of €66.1 million loss for 2015 represents the exchange loss attributed to the owners of the parent.

The amount included in other reserves of €14.6 million loss for 2015 consists of gain on valuation of available-for-sale financial assets of €0.1 million, cash flow hedges losses of €20.3 million (of which €5.2 million represents revaluation loss for the year, €4.6 million represents revaluation loss reclassified to profit and loss for the year and €19.7 million represents revaluation gain reclassified to inventory for the year), €0.1 million gain relating to share of other comprehensive income of equity method investments and the deferred tax income thereof amounting to €5.5 million.

The amount of €288.5 million gain comprises profit for the year of €280.3 million plus actuarial gains of €11.1 million less a deferred tax expense of €2.9 million.

The amount of €0.4 million gain included in non-controlling interests for 2015 represents the share of non-controlling interests in retained earnings.

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

Condensed consolidated cash flow statement (unaudited)

	Note	Year ended 31 December 2015 € million	Year ended 31 December 2014 € million
Operating activities			
Profit after tax for the year		280.7	294.2
Total finance costs, net	8	68.2	72.9
Share of results of equity method investments		(7.1)	(63.8)
Tax charged to the income statement		76.4	57.8
Depreciation and impairment of property, plant and equipment	4	340.2	368.8
Employee share options and performance shares		8.8	12.1
Amortisation of intangible assets	4	0.4	0.4
Other non- cash items		(1.3)	(0.3)
		766.3	742.1
Loss /(gain) on disposal of non-current assets		1.8	(1.8)
Increase in inventories		(37.1)	(38.0)
Increase in trade and other receivables		(13.8)	(53.9)
Increase in trade and other payables		94.8	106.9
Tax paid		(72.7)	(69.0)
Net cash from operating activities		739.3	686.3
Investing activities			
Payments for purchases of property, plant and equipment		(331.5)	(362.6)
Payments for purchase of intangible assets	17	-	(14.1)
Proceeds from sales of property, plant and equipment		17.8	23.0
Net receipts from investments	17	118.2	6.6
Interest received		9.5	10.0
Net cash used in investing activities		(186.0)	(337.1)
Financing activities			
Proceeds from shares issued to employees exercising stock options	11	5.1	1.4
(Payments) / proceeds for shares held by non-controlling interests		(1.2)	2.6
Share buy-back payments	11	(58.5)	-
Dividends paid to owners of the parent		(131.1)	(129.0)
Dividends paid to non-controlling interests		(0.2)	(0.4)
Proceeds from borrowings		742.7	1,137.9
Repayments of borrowings		(1,162.7)	(1,347.2)
Principal repayments of finance lease obligations		(13.8)	(14.0)
Interest paid		(69.5)	(91.3)
Net cash used in financing activities		(689.2)	(440.0)
Decrease in cash and cash equivalents		(135.9)	(90.8)
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		636.3	737.5
Decrease in cash and cash equivalents		(135.9)	(90.8)
Effect of changes in exchange rates		(13.0)	(11.4)
Hyperinflation impact on cash		-	1.0
Cash and cash equivalents at the end of the year		487.4	636.3

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

Selected explanatory notes to the condensed consolidated financial statements (unaudited)**1. Basis of preparation and accounting policies****Basis of preparation**

These condensed consolidated 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 should be read in conjunction with the 2014 annual financial statements, which include a full description of the Group's accounting policies.

Comparative figures have been reclassified and adjusted where necessary to conform with changes in presentation in the current year according to IAS 1 presentation requirements. More specifically, an amount of €1.0 million included in 'Trade and other receivables' was reclassified from the 2014 comparatives and shown separately to 'Assets classified as held for sale' on the condensed consolidated balance sheet.

Accounting policies

The accounting policies used in the preparation of the condensed consolidated financial statements of Coca-Cola HBC AG ("Coca-Cola HBC", the "Company" or the "Group") are consistent with those used in the annual financial statements for the year ended 31 December 2014, except for the amendments to the IFRSs effective as of 1 January 2015, but which do not have a material impact on the condensed consolidated financial statements of the Group.

In January 2016, the IASB issued a new standard, IFRS 16 Leases; the Group is currently assessing the effect that it will have on the consolidated financial statements of the Group.

Selected explanatory notes to the condensed consolidated financial statements (unaudited)
2. Exchange rates

The Group's reporting currency is the euro (€). Coca-Cola HBC translates the income statements of subsidiary operations to the euro at average exchange rates and the balance sheet at the closing exchange rate for the year.

The principal exchange rates used for transaction and translation purposes in respect of one euro were:

	Average for the year ended		Closing as at	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
US dollar	1.11	1.33	1.09	1.22
UK sterling	0.72	0.81	0.74	0.78
Polish zloty	4.17	4.19	4.23	4.31
Nigerian naira	215.63	208.35	216.15	204.99
Hungarian forint	309.12	308.58	312.98	315.45
Swiss franc	1.06	1.22	1.08	1.20
Russian Rouble	67.67	50.82	78.95	68.34
Romanian leu	4.44	4.45	4.54	4.47
Serbian dinar	120.70	117.26	121.33	120.41
Czech koruna	27.29	27.55	27.03	27.69
Ukrainian hryvnia	24.52	15.86	26.06	19.23

3. Segmental analysis

The Group has one business, being the production, sale and distribution of ready -to- drink primarily non-alcoholic, beverages. The Group operates in 28 countries and its financial results are reported in the following three reportable segments:

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, FYROM, Moldova, Montenegro, Nigeria, Romania, the Russian Federation, Serbia (including the Republic of Kosovo) and Ukraine.

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

Information on the Group's segments is as follows:

	Six months ended		Year ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<i>Volume in unit cases⁽¹⁾ (million)</i>				
Established countries	315.8	309.3	621.1	615.2
Developing countries	197.9	188.0	378.7	358.3
Emerging countries	534.7	535.4	1,055.2	1,029.4
Total volume	1,048.4	1,032.7	2,055.0	2,002.9
<i>Net sales revenue (€ million)</i>				
Established countries	1,248.6	1,220.9	2,485.6	2,448.9
Developing countries	563.4	549.4	1,092.0	1,054.1
Emerging countries	1,383.2	1,556.8	2,768.5	3,007.2
Total net sales revenue	3,195.2	3,327.1	6,346.1	6,510.2
<i>Operating profit (€ million)</i>				
Established countries	98.1	64.8	171.3	123.7
Developing countries	43.5	29.2	87.4	52.0
Emerging countries	77.5	103.0	159.5	185.4
Total operating profit	219.1	197.0	418.2	361.1
<i>Reconciling items (€ million)</i>				
Finance costs, net	(31.0)	(34.0)	(68.2)	(72.9)
Tax	(37.2)	(23.7)	(76.4)	(57.8)
Share of results of equity method investments	4.3	59.8	7.1	63.8
Non-controlling interests	(0.1)	0.6	(0.4)	0.6
Profit after tax attributable to owners of the parent	155.1	199.7	280.3	294.8

Additional information by product type:

	Six months ended		Year ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<i>Volume in unit cases⁽¹⁾ (million)</i>				
NARTD ⁽²⁾	1,047.0	1,031.1	2,052.6	2,000.3
Premium spirits	1.4	1.6	2.4	2.6
Total volume	1,048.4	1,032.7	2,055.0	2,002.9
<i>Net sales revenue (€ million)</i>				
NARTD ⁽²⁾	3,087.8	3,204.4	6,164.3	6,311.3
Premium spirits	107.4	122.7	181.8	198.9
Total net sales revenue	3,195.2	3,327.1	6,346.1	6,510.2

⁽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 corresponds also to 5.678 litres. Volume data is derived from unaudited operational data.

⁽²⁾ Non alcoholic, ready-to-drink beverages.

Selected explanatory notes to the condensed consolidated financial statements (unaudited)
4. Tangible and intangible assets

	Property, plant and equipment	Intangible assets
	€ million	€ million
Opening net book value as at 1 January 2015	2,624.1	1,884.8
Additions	367.4	-
Reclassified from assets held for sale	0.9	-
Reclassified to assets held for sale	(5.4)	-
Disposals	(15.0)	-
Depreciation, impairment and amortisation	(340.2)	(0.4)
Foreign exchange differences	(86.3)	27.2
Closing net book value as at 31 December 2015	2,545.5	1,911.6

5. Net debt

	As at	
	31 December 2015	31 December 2014
	€ million	€ million
Long-term borrowings	923.0	1,556.3
Short-term borrowings	781.5	548.6
Cash and cash equivalents	(487.4)	(636.3)
Net debt	1,217.1	1,468.6

During November 2015 the outstanding bond of €600 million maturing in November 2016 was reclassified from long term borrowings to short term borrowings. In addition, the bond of \$400 million issued in 2003, which was fully hedged by cross currency swap contracts and which matured in September 2015, was repaid using the available cash balance.

6. 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 31 December 2014.

The Group's financial instruments recorded at fair value are included in Level 2 within the fair value hierarchy. The financial instruments include derivatives for which there have been no changes in valuation techniques and inputs used to determine their fair value since 31 December 2014. As at 31 December 2015, the total derivatives included in Level 2 were financial assets of €17.3 million and financial liabilities of €55.4 million.

During 2015 the Group recognized 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 maximized the use of observable market data. The fair value of the embedded derivatives as at 31 December 2015 amounted to a financial asset of €6.2 million and are classified within Level 2.

There were no transfers between Level 1, 2 and 3 during 2015. The fair value of bonds and notes payable as at 31 December 2015, including the current portion, is €1,465.8 million, compared to their book value of €1,394.7 million, including the current portion.

Selected explanatory notes to the condensed consolidated financial statements (unaudited)
7. Restructuring costs

Restructuring costs amounted to €31.6 million before tax for the six months ended 31 December 2015. The Group recorded €13.7 million, €8.2 million and €9.7 million of restructuring charges in its established, developing and emerging countries respectively. For the six months ended 31 December 2014, restructuring costs amounted to €43.3 million. The Group recorded €19.8 million, €6.2 million and €17.3 million of restructuring charges in its established, developing and emerging countries respectively. The restructuring costs mainly concern redundancy costs and impairment of property, plant and equipment.

Restructuring costs amounted to €54.0 million before tax for the year 2015. The Group recorded €23.9 million, €9.0 million and €21.1 million of restructuring charges in its established, developing and emerging countries respectively. For the year 2014, restructuring costs amounted to €55.2 million. The Group recorded €25.6 million, €7.3 million and €22.3 million of restructuring charges in its established, developing and emerging countries respectively. The restructuring costs mainly concern redundancy costs and impairment of property, plant and equipment.

8. Total finance costs, net

	Six months ended	
	31 December 2015	31 December 2014
	€ million	€ million
Interest income	(4.5)	(5.3)
Finance costs	33.4	35.2
Net foreign exchange losses	2.1	4.2
Gain on net monetary position	-	(0.1)
Total finance costs, net	31.0	34.0

	Year ended	
	31 December 2015	31 December 2014
	€ million	€ million
Interest income	(9.5)	(10.0)
Finance costs	70.2	69.6
Net foreign exchange losses	7.5	10.9
Loss on net monetary position	-	2.4
Total finance costs, net	68.2	72.9

Hyperinflation

Belarus was considered to be a hyperinflationary economy from the fourth quarter of 2011 and up until 31 December 2014. During this period hyperinflation accounting was applied in accordance with IAS 29. However, since 1 January 2015 hyperinflation accounting has been discontinued, as Belarus ceased to meet the criteria of a hyperinflationary economy as defined by IAS 29. All amounts expressed in the measuring unit at 31 December 2014 were treated as the basis for the carrying amounts as at 1 January 2015.

Selected explanatory notes to the condensed consolidated financial statements (unaudited)**9. Tax**

The Group's effective tax rate for 2015 may differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as 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.

10. 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 (full year of 2015: 363,727,764, full year of 2014: 364,304,795, six months ended 31 December 2015: 363,061,665, six months ended 31 December 2014: 364,331,278). 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.

11. Share capital

In 2014, the share capital of Coca-Cola HBC increased by the issue of 129,022 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 €1.4 million.

In 2015, the share capital of Coca-Cola HBC increased by the issue of 322,050 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 €5.1 million.

On 23 June 2015, the Annual General Meeting adopted a proposal for share buy-back of up to 3,000,000 ordinary shares of Coca-Cola HBC for the purpose of neutralizing the dilution resulting from shares issues under Coca-Cola HBC's equity compensation plans. The program was completed in full during 2015 for a consideration of €58.5 million.

Following the above changes, as at 31 December 2015 the share capital of the Group amounted to €2,000.1 million and comprised 368,141,297 shares with a nominal value of CHF 6.70 each.

12. Non-controlling interests

On 8 June 2011, the Board of Directors of the Coca-Cola HBC's subsidiary Nigerian Bottling Company plc ("NBC") resolved to propose a scheme of arrangement between NBC and its minority shareholders, involving the cancellation of part of the share capital of NBC. The transaction was approved by the Board of Directors and General Assembly of NBC on 8 June 2011 and 22 July 2011 respectively and resulted in the acquisition of the remaining 33.6% of the voting shares of NBC bringing the Group's interest in the subsidiary to 100%. The transaction was completed in September 2011 and NBC was de-listed from the Nigerian Stock Exchange. The consideration for the acquisition of non-controlling interests was €100.2 million, including transaction costs of €1.8 million, out of which €73.8 million was paid as of 31 December 2015 (as of 31 December 2014: €72.6 million).

Selected explanatory notes to the condensed consolidated financial statements (unaudited)**13. Dividends**

The Board of Directors of Coca-Cola HBC AG has proposed a €0.40 dividend per share in respect of 2015. If approved by the shareholders of Coca-Cola HBC AG, this dividend will be paid in 2016.

The shareholders of Coca-Cola HBC AG approved the dividend distribution of €0.36 per share at the Annual General Meeting held on 23 June 2015. The total dividend amounted to €132.4 million and was paid on 28 July 2015. Of this an amount of €1.3 million relates to shares held by the Group.

On 25 June 2014 the shareholders of Coca-Cola HBC AG at the Annual General Meeting approved the dividend distribution of €0.354 per share. The total dividend amounted to €130.2 million and was paid on 29 July 2014. Of this an amount of €1.2 million related to shares held by the Group.

14. Contingencies

There have been no significant adverse changes in contingencies since 31 December 2014 (as described in our 2014 Integrated Annual Report available on the Coca-Cola Hellenic's web site: www.coca-colahellenic.com). On 7 July 2015, the Supreme Administrative Court of Greece rejected our appeal against the decision of the Court of Appeals that upheld the decision but reduced the fine imposed by the Greek Competition Authority. The Supreme Administrative Court also rejected the counter-appeals by the Competition Authority and one of our competitors. Following this development, the case is closed.

15. Capital commitments

As of 31 December 2015 the Group has capital commitments of €75.4 million (31 December 2014: €81.0 million), which mainly relate to plant and machinery equipment.

16. Number of employees

The average number of full-time equivalent employees in 2015 was 33,311 (36,362 for 2014).

17. Related party transactions**a) The Coca-Cola Company**

As at 31 December 2015, The Coca-Cola Company and its subsidiaries (collectively, "TCCC") indirectly owned 23.1% (2014: 23.1%) of the issued share capital of Coca-Cola HBC.

Total purchases of concentrate, finished products and other materials from TCCC and its subsidiaries during the full year and the six months ended 31 December 2015 amounted to €1,355.0 million and €642.9 million (€1,381.1 million and €651.4 million in the respective prior year periods). Total net contributions received from TCCC for marketing and promotional incentives during the same period amounted to €89.5 million and €56.3 million (€78.7 million and €48.1 million in the respective prior year periods) while the Group received contributions for purchases of coolers amounting of €0.5 million for both the full year and the six months ended 31 December 2015 (€0.3 million for both prior year periods).

During 2015, the Group sold €9.1 million of finished goods and raw materials to TCCC, while there were no such sales for the six months ended 31 December 2015 (€28.1 million and €16.2 million in the respective prior year periods), while other income from TCCC was €6.6 million and €2.8 million for the full year and the six months ended 31 December 2015 (€18.2 million and €9.6 million in the respective prior year periods). Other expenses from TCCC amounted to €4.1 million and €4.0 million for the full year and the six months ended 31 December 2015 (€3.2 million and €3.1 million in the respective prior year periods).

As at 31 December 2015, the Group had a total amount of €72.4 million due from TCCC (€88.2 million as at 31 December 2014), and had a total amount of €216.8 million due to TCCC including loans payable of €13.5 million (€222.3 million including loans payable of €7.3 million as at 31 December 2014).

Selected explanatory notes to the condensed consolidated financial statements (unaudited)**17. Related party transactions (continued)**

An amount of €14.1 million was paid to TCCC in the second quarter of 2014 in relation to the acquisition of certain intangible assets.

b) Frigoglass S.A. ('Frigoglass') and Kar-Tess Holding

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 44.4% of Frigoglass and also indirectly controls Kar Tess Holding, which holds approximately 23.2% (2014: 23.2%) of Coca Cola HBC's total issued capital. Frigoglass has a controlling interest in Frigoglass Industries Limited, a company in which Coca-Cola HBC has a 23.9% effective interest, through its investment in NBC. Furthermore, during 2015 Coca-Cola HBC acquired through its investment in NBC a 23.9% effective interest of Frigoglass West Africa Ltd., a company in which Frigoglass has a controlling interest.

During the full year and the six months ended 31 December 2015, the Group made purchases of €101.7 million and €51.8 million (€91.4 million and €49.5 million in the respective prior year periods) of coolers, raw materials and containers from Frigoglass and its subsidiaries and incurred maintenance and other expenses of €14.8 million and €8.5 million (€14.1 million and €7.6 million in the respective prior year periods). The Group recorded other income of €0.8 million and €0.6 million from Frigoglass during the full year and the six months ended 31 December 2015 (€0.1 million for both prior year periods). As at 31 December 2015, Coca-Cola HBC owed €23.6 million (€12.1 million as at 31 December 2014) to, and was owed €0.6 million (€0.4 million as at 31 December 2014) by Frigoglass.

c) Beverage Partners Worldwide ("BPW")

BPW is a 50/50 joint venture between TCCC and Nestlé. The Group purchased inventory from BPW of €82.9 million and €31.6 million during the full year and the six months ended 31 December 2015 respectively (€79.0 million and €27.8 million in the respective prior year periods). As at 31 December 2015, the Group owed €5.8 million (€3.6 million as at 31 December 2014) to, and was owed €5.4 million (€0.9 million as at 31 December 2014) by BPW.

d) Other related parties

During the full year and the six months ended 31 December 2015, the Group purchased €22.6 million and €12.2 million of raw materials and finished goods (€19.7 million and €9.3 million in the respective prior year periods) from other related parties and recorded sales of finished goods of €0.3 million and €0.1 million (€0.3 million for both prior year periods) to other related parties. In addition, the Group received reimbursement for direct marketing expenses of €0.7 million and €0.3 million for the full year and the six months ended 31 December 2015 (€0.2 million for both prior year periods) from other related parties. Furthermore, the Group acquired €2.3 million and €1.5 million in tangible fixed assets from other related parties during the full year and the six months ended 31 December 2015 (€1.4 million and €0.4 million in the respective prior year periods). During the full year and six months ended 31 December 2015, the Group incurred other expenses of €29.0 million and €14.3 million (€31.2 million and €13.4 million in the respective prior year periods) and recorded income of €0.4 million and €0.2 million respectively (€0.5 million and €0.2 million in the respective prior year periods). As at 31 December 2015, the Group owed €1.7 million (€8.9 million as at 31 December 2014) to, and was owed €2.3 million including loans receivable of €0.1 million (€2.3 million as at 31 December 2014 with loans receivable of €0.2 million) by other related parties.

Selected explanatory notes to the condensed consolidated financial statements (unaudited)**17. Related party transactions (continued)****e) Joint Ventures**

During the full year and the six months ended 31 December 2015, the Group purchased €49.0 million and €23.5 million of finished goods (€56.5 million and €28.7 million in the respective prior year periods) from joint ventures while the Group recorded sales of finished goods to joint ventures of €11.9 million and €11.3 million for the full year and the six months ended 31 December 2015 (€0.7 million and €0.4 million in the respective prior year periods). In addition, the Group received reimbursement for direct marketing expenses of €0.6 million and €0.5 million for the full year and the six months ended 31 December 2015 (€0.3 million for for both prior year periods). Furthermore, during the full year and the six months ended 31 December 2015, the Group incurred expenses of €0.6 million and €0.3 million (€0.9 million and €0.5 million for for both prior year periods) and recorded other income for the full year and the six months ended 31 December 2015 of €2.5 million and €2.0 million from joint ventures (€2.7 million and €2.2 million in the respective prior year periods). In addition, the Group acquired €1.2 million in tangible fixed assets from joint ventures for the full year and the six months ended 31 December 2015 (nil in the respective prior year periods). As at 31 December 2015, the Group owed €42.2 million including loans payable of €17.4 million (€163.7 million as at 31 December 2014 including loans payable of €150.2 million) to, and was owed €13.0 million including loans receivable of €7.9 million (€17.4 million as at 31 December 2014 including loans receivable of €5.1 million) by joint ventures. During 2015 the Group received dividends of €119.6 million from Brewinvest S.A. Group of companies.

There were no transactions between Coca-Cola HBC and the directors and senior management except for remuneration for both the full year and the six months ended 31 December 2015 and the respective prior year periods.

There were no other significant transactions with related parties for the year ended 31 December 2015.

18. Recent developments in Ukraine, the Russian Federation, Greece and Nigeria

We disclosed in our 2014 Integrated Annual Report that the ongoing situation in Ukraine and the Russian Federation has adversely impacted the economies of these countries, and among other things, resulted in increased volatility in currency markets, causing the Russian rouble and the Ukrainian hryvnia to depreciate significantly against some major currencies. Although there have been no significant developments following the publication of our Integrated Annual Report, we continuously monitor and assess the situation in order to ensure that timely actions and initiatives are undertaken to minimize potential adverse impact on the Company's performance.

In addition, we disclosed in our 2014 Integrated Annual Report that the macroeconomic and financial environment in Greece remained fragile. The recent developments relating to the instability of the Greek banking sector and the resulting imposition of capital controls restricting the movement of funds out of Greece, are anticipated to further impact consumer's disposable income which may adversely affect the Group's operations in Greece for 2016. Our 2015 revenues for Greece amounted to 6% of consolidated net sales revenues and our 2015 non-current assets for the territory amounted to 3% of the consolidated non-current assets. We are continuously monitoring developments in Greece. As at 31 december 2015, cash and cash equivalents of €7.2 million were subject to capital controls.

Furthermore, in Nigeria, the introduction of tight capital controls and the pegging of the Naira to USD at a rate that may not be reflecting the supply and demand rate for the currency, may result in volatility in the local currency. We are continuously monitoring and assessing the situation and we are taking timely actions to secure the smooth operation of our business in this challenging environment and minimize any adverse impact of a potential currency devaluation on the Group's performance.

Selected explanatory notes to the condensed consolidated financial statements (unaudited)**19. Subsequent events**

In December 2015, the Group signed an agreement for the acquisition of Neptūno Vandenyys, UAB, the leading bottled water company in Lithuania. The acquisition is subject to customary closing conditions, including relevant regulatory approvals and is expected to be completed towards the end of the first quarter of 2016.

Following the 31st of December 2015, the Group incurred €1.4 million of restructuring costs before tax, of which €0.3 million, €0.5 million and €0.6 million in its established, developing and emerging markets respectively.

Volume by country for 2015 and 2014

Million unit cases	2015	2014	% change 2015 vs 2014
<i>Established Markets</i>			
Austria	89.9	89.6	-
Cyprus	16.1	15.8	2%
Greece	101.0	100.0	1%
Italy	265.7	259.9	2%
Republic of Ireland and Northern Ireland	71.6	72.8	-2%
Switzerland	76.8	77.1	-
Total	621.1	615.2	1%
<i>Developing Markets</i>			
Baltics	26.1	26.0	-
Croatia	24.6	23.9	3%
Czech Republic	51.1	49.1	4%
Hungary	83.8	77.5	8%
Poland	165.8	155.2	7%
Slovakia	21.3	20.7	3%
Slovenia	6.0	5.9	2%
Total	378.7	358.3	6%
<i>Emerging Markets</i>			
Armenia	8.6	8.8	-2%
Belarus	38.4	43.9	-13%
Bosnia and Herzegovina	16.1	15.6	3%
Bulgaria	57.6	54.7	5%
Moldova	6.7	6.2	8%
Nigeria	232.0	210.6	10%
Romania	153.9	139.2	11%
Russian Federation	366.0	390.2	-6%
Serbia (including the Republic of Kosovo) and Montenegro	90.2	84.7	6%
Ukraine	85.7	75.5	14%
Total	1,055.2	1,029.4	3%
Total Coca-Cola HBC	2,055.0	2,002.9	3%