EXCELLENT FIRST HALF RESULTS

Coca-Cola HBC AG, a leading bottler of The Coca-Cola Company, reports its financial results for the six months ended 30 June 2017.

Half-year highlights

- Revenue growth accelerated in the second quarter, up 5.7% for the first half on an FX-neutral basis and 5.6% on a reported basis
- Focus on value delivery through a combination of category and package mix improvements as well as price increases resulted in revenue per case growth by 4.3% on an FX-neutral basis with all market segments improving
- Volume grew by 1.4% in the first half, with growth in all segments
  - Volume in the Established markets increased by 0.8%, with a good second quarter supported by the late Easter and a warm June
  - Good growth in most of the markets in the Developing segment led to 0.8% volume growth
  - The Emerging markets segment delivered 1.9% volume growth in the first half with good performances in Ukraine, Romania and Serbia
- Operating leverage resulted in a 40 basis point reduction in comparable operating expenses as percentage of net sales revenue
- Comparable operating margin increased by 150 basis points to 9.1%, benefiting from operating leverage despite adverse input costs and foreign exchange movements
- Comparable earnings per share was €0.576 – a 38.5% increase on the prior-year period; basic earnings per share was €0.526 - a 35.9% increase on the prior-year period

	Half-Year		Change
	2017	**2016**	
Volume (m unit cases)	**1,020.9**	1,007.3	1.4%
Net sales revenue (€ m)	**3,213.4**	3,043.9	5.6%
Net sales revenue per unit case (€)	**3.15**	3.02	4.2%
FX-neutral net sales revenue[1] (€ m)	**3,213.4**	3,039.8	5.7%
FX-neutral net sales revenue per unit case[1] (€)	**3.15**	3.02	4.3%
Operating expenses (€ m)	**(933.5)**	(918.1)	1.7%
Comparable operating expenses[1](€ m)	**(920.3)**	(885.1)	4.0%
Operating profit (EBIT)[2] (€ m)	**266.4**	220.6	20.8%
Comparable EBIT[1] (€ m)	**291.1**	229.6	26.8%
EBIT margin (%)	**8.3**	7.2	100bps
Comparable EBIT margin[1] (%)	**9.1**	7.5	150bps
Net profit[3] (€ m)	**191.6**	140.0	36.9%
Comparable net profit[1,3] (€ m)	**209.6**	150.4	39.4%
Basic earnings per share (EPS) (€)	**0.526**	0.387	35.9%
Comparable EPS[1] (€)	**0.576**	0.416	38.5%

[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.

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

"We are delighted to report an excellent set of results for the first half of the year, with volume and revenue per case growth in all three market segments. It is also very pleasing to see the revenue growth translating into significant margin expansion. This demonstrates that our strategy to exploit our lean asset base and improve profitability through operating leverage is powerful and delivers well.

"We are on track for broad-based revenue and margin growth for the full year with the organisation energised by the progress we are making towards our 2020 financial targets."

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 approximately 595 million people. Coca-Cola HBC offers a diverse range of primarily 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 is ranked beverage industry leader in the Dow Jones Sustainability World and Europe Indices, and is also included in the FTSE4Good Index.

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 2017 half-year financial results on 10 August 2017 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 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 2017 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 2016 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.

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

We are very pleased with the growth we have seen in the first half of the year in all three segments. Volume growth accelerated in the second quarter, in part due to the late Easter, driven by the Established and Developing market segments.

Net sales revenue improved by 5.7% on an FX-neutral basis, and 5.6% on a reported basis. Category and package mix improvements in all segments, combined with price increases, delivered 4.3% FX-neutral net sales revenue per case growth. Despite adverse input costs and foreign exchange movements, revenue growth drove significant operating leverage, delivering a 26.8% increase in operating profit and 150 basis points expansion in operating margin to 9.1%, all on a comparable basis.

Volume performance by segment

Volume increased in the first half by 1.4%, with growth across all three segments.

The Established markets segment grew by 0.8%, with a robust second quarter which benefited from the late Easter and a warm June. Good performances in Greece and Ireland offset volume decline in Italy. The Developing segment also grew by 0.8%, helped by strong delivery in the Czech Republic and Hungary, and a return to volume growth in Poland in the second quarter. The Emerging segment continued its positive trend, posting an increase of 1.9% in the first half, driven mainly by growth in Ukraine, Romania and Serbia.

Volume performance by category

Our commercial initiatives, Occasion, Brand, Price, Pack, Channel (OBPPC) choices, selective affordability measures and campaigns such as Taste the Feeling continue to drive good growth.

Sparkling beverages increased by 1.8% in the first half, following a 0.9% increase in the prior-year period. Good performances in most markets, especially in Ukraine, Romania, the Czech Republic, Hungary and Ireland, more than offset declines in Italy and Nigeria. We had a number of successful Coke Zero new formula and Fanta flavour launches, which supported the growth in the category. Within the category, Trademark Coca-Cola and Fanta grew by 2.3% and 1.9%, respectively.

Water grew by 0.7%, following a stable performance in the prior-year period. Strong performance in Italy and growth in Nigeria lifted the category, while Russia and Poland volumes suffered from cooler weather, and in the case of Poland, the shift to a smaller package size as part of our revenue growth management strategy.

Juice declined by 1.8%, an improved performance compared to the 5.0% decline in the prior-year period, helped by a positive contribution from Russia, the Czech Republic and Hungary. Ireland was adversely impacted by portfolio changes within the category, and Nigeria by the significant price increases we have taken.

RTD Tea declined in the first half by 6.4%. While the declines were driven by Russia and Switzerland, we saw positive results in Romania, Hungary and Bulgaria.

Energy posted an increase of 17.6% in the first half, continuing the strong trend we have seen in recent years in this strategically important growth category. We continue to build Monster volumes, which grew by 34.6% organically. Including new market launches, Monster volumes demonstrated 43.2% growth.

Our Premium Spirits business generated revenues of €89.3 million. Volume increased by 9.9%, helped by the inclusion of new brands in our portfolio.

Group Operational Review (continued)

Selling a larger proportion of high-value single-serve packages continues to be a priority. In the period, single-serve packages increased by 2.4%, while multi-serves increased by 0.6%, leading to a 40 basis point mix improvement. Established and Developing market segments improved their package mix, while the Emerging markets segment deteriorated by 0.2 percentage points. Sparkling package mix deteriorated by 0.3 percentage points and Water package mix improved by 2.2 percentage points in the period.

Key financials

It was a strong period for FX-neutral net sales revenue per case, which grew by 4.3% as a result of the price increases we have taken, particularly in Nigeria, and improved package and category mix. In addition to the much improved FX-neutral net sales revenue per case in Emerging markets, it is pleasing to see that Established and Developing markets, where we have seen persistent deflation in recent years, had a good start to the year with better FX-neutral net sales revenue per case.

Net sales revenue of €3.2 billion was up by 5.7% on an FX-neutral basis, helped by our revenue growth initiatives, including pricing, and higher volumes in all segments. The net impact from currency movements was minimal in the period, and therefore net sales revenue was up 5.6%.

Input costs per case increased by 2.4% on an FX-neutral basis, driven mainly by PET resin, which in turn reflected higher year-on-year oil prices. The adverse impact from foreign currency movements amounted to €23 million in the period.

We continue to drive efficiency measures which, helped by strong top-line operating leverage, led to a 40 basis point improvement in comparable operating expenses as a percentage of net sales revenue. On a segmental basis, Emerging and Established markets showed improvements, while Developing markets worsened in the period due to a significant bad debt provision in Croatia. Reductions in administrative and warehousing costs made the biggest contribution to savings, while sales and marketing expenses increased as a percentage of net sales revenue.

Comparable EBIT was €291.1 million, up 26.8% compared to the prior-year period, resulting in a 150 basis point expansion in comparable EBIT margin to 9.1%. The operating leverage effect of strong topline growth, mainly from price and mix improvements, was the key driver. On a segmental basis, we saw differing dynamics. The Emerging markets benefited from price increases and a smaller adverse net foreign exchange impact than in recent years, as the positive correction of the Russian Rouble offset most of the adverse impact of the Nigerian Naira devaluation. These factors led to an 82.5% increase in the Emerging segment comparable operating profit, and 410 basis point improvement in comparable operating margin to 10.4%. The bad debt provision impact mentioned above held back profitability in the Developing markets, while Established markets demonstrated marginally better profitability. On a reported basis, we delivered €266.4 million of EBIT in the period, a 20.8% improvement on the prior-year period.

We incurred €13 million in pre-tax restructuring charges in the period, the majority of which was due to our actions in the Established markets segment. Restructuring benefits in the first half from 2016 and 2017 initiatives amounted to €8 million.

Free cash flow was lower than in recent periods at €95.1 million, mainly due to the distorting effect of the phasing of certain working capital items, and will normalise in the full year.

Comparable net profit benefited from lower financing costs following our debt refinancing in 2016. Comparable net profit of €209.6 million and comparable basic earnings per share of €0.576 were 39.4% and 38.5% higher than in the prior-year period, respectively. Reported net profit and reported basic earnings per share were €191.6 million and €0.526, respectively, in the period.

Operational Review by Reporting Segment

Established markets

	Half-Year		Change
	2017	**2016**	
Volume (m unit cases)	**299.2**	296.9	0.8%
Net sales revenue (€ m)	**1,202.1**	1,192.6	0.8%
Net sales revenue per unit case (€)	**4.02**	4.02	-
FX-neutral net sales revenue (€ m)	**1,202.1**	1,190.7	1.0%
FX-neutral net sales revenue per unit case (€)	**4.02**	4.01	0.2%
Operating profit (EBIT) (€ m)	**99.0**	97.5	1.5%
Comparable EBIT (€ m)	**106.7**	103.8	2.8%
EBIT margin (%)	**8.2**	8.2	10bps
Comparable EBIT margin (%)	**8.9**	8.7	20bps

- Established markets volume increased by 0.8% in the first half with growth across all countries except for Italy. Water and Energy were the growth drivers, more than offsetting declines in Sparkling, Juice and RTD Tea.
- Net sales revenue increased by 0.8% in the first half. Volume growth, and favourable price and package mix more than offset the unfavourable channel mix. FX-neutral net sales revenue per case increased by 0.2% in the period.
- Volume in Italy declined by low single digits, with declines in Sparkling being partially offset by growth in Water despite the delisting of the low-value water brands. Sparkling declined by mid single digits with good performances from Sprite and Coke Zero, following the launch of the new formula in March, and the launch of Coke Zero Lemon, partially offsetting declines in Coke Regular and Coke Light. The Water strategy we implemented in 2016 is delivering, with high single-digit growth in volume and improved net sales revenue per case. Energy continued to grow well, with a good performance in Monster.
- Volume in Greece grew by mid single digits in the first half, driven by Sparkling, Water and Energy. Sparkling growth was driven by Coke Zero and the introduction of Coca-Cola with Stevia at the end of March. Water grew, particularly in the wholesale channel. Energy continued to grow following the introduction of new flavours of Monster and increased promotional activity.
- In Switzerland, volume grew by low single digits driven by Water, Coke Zero and Fanta, and supported by good weather. Water grew by mid single digits following increased promotional activity. Coke Zero continued to grow well, helping to offset declines in Coke Regular and Coke Light. The relaunch of Fanta, in the new Slider bottle, also contributed to the overall growth in Sparkling.
- Volume in Ireland grew by mid single digits in the first half, driven by growth in Sparkling, Energy and Water, partially offset by a decline in Juice. Sparkling was supported by growth in Coke Zero, following the launch of the new formula, as well as the launch of the new Fanta Slider bottle. Water grew by mid single digits, driven by multi-serve packages in the organised trade channel. Energy continued to grow well.
- Comparable operating profit in the Established segment increased by 2.8% to €106.7 million in the period, leading to a 20 basis point expansion in comparable operating profit margin to 8.9%. Volume growth, and favourable pricing and package mix more than offset the negative impact of higher input costs. On a reported basis, operating profit improved by 1.5% to €99.0 million.

Operational Review by Reporting Segment (continued)

Developing markets

	Half-Year		Change
	2017	**2016**	
Volume (m unit cases)	**188.6**	187.1	0.8%
Net sales revenue (€ m)	**557.4**	526.8	5.8%
Net sales revenue per unit case (€)	**2.96**	2.82	5.0%
FX-neutral net sales revenue (€ m)	**557.4**	534.7	4.2%
FX-neutral net sales revenue per unit case (€)	**2.96**	2.86	3.4%
Operating profit (EBIT) (€ m)	**31.2**	39.5	-21.0%
Comparable EBIT (€ m)	**33.3**	43.0	-22.6%
EBIT margin (%)	**5.6**	7.5	-190bps
Comparable EBIT margin (%)	**6.0**	8.2	-220bps

- Developing markets volume increased by 0.8% in the first half, with a strong second quarter more than making up for the slow start to the year. Volume growth was driven by Sparkling, Energy and Juice, partially offset by a decline in Water.
- Net sales revenue increased by 5.8% in the first half, with all components positively contributing. The biggest drivers were category and package mix, as well as a positive foreign exchange contribution from the stronger Polish Zloty. On an FX-neutral basis, net sales revenue per unit case improved by 3.4%.
- In Poland, volume declined by low single digits. While wet weather in the second quarter and a weak NARTD market impacted our volumes negatively, we recovered most of the volume lost in the first quarter. Sparkling volume grew driven by a strong performance by Coke Zero and Fanta following the launch of new flavours. Volume declined in Water following the strategic decision to downsize the frequency pack from 1.75L to 1.5L, and Energy maintained its robust performance driven by Monster. Our revenue growth management initiatives delivered good revenue per case growth in the period.
- Volume in Hungary increased by mid single digits in the period with growth in all categories following good execution of promotional activities and favourable weather. Sparkling grew by high single digits driven by Coke Zero new formula as well as growth in Coke Regular. Fanta and Sprite both grew strongly following the recent launch of the new Fanta Slider bottle and Sprite Zero.
- In the Czech Republic, volume grew by high single digits, with all categories growing except for Water. Sparkling demonstrated low-teens growth, driven by Coke Regular, Coke Zero, Fanta and Sprite. Water declined by high single digits while Energy continued to grow, increasing volume by mid teens driven by Monster.
- Developing markets posted a comparable operating profit of €33.3 million, a 22.6% decrease. Comparable operating profit margin for the segment recorded a deterioration of 220 basis points to 6.0%. Improved volume, price and mix only partly offset the impact of unfavourable input costs and a significant bad debt provision in Croatia. Reported operating profit declined by 21.0% to €31.2 million.

Operational Review by Reporting Segment (continued)

Emerging markets

	Half-Year 2017	Half-Year 2016	Change
Volume (m unit cases)	**533.1**	523.3	1.9%
Net sales revenue (€ m)	**1,453.9**	1,324.5	9.8%
Net sales revenue per unit case (€)	**2.73**	2.53	7.8%
FX-neutral net sales revenue (€ m)	**1,453.9**	1,314.4	10.6%
FX-neutral net sales revenue per unit case (€)	**2.73**	2.51	8.6%
Operating profit (EBIT) (€ m)	**136.2**	83.6	62.9%
Comparable EBIT (€ m)	**151.1**	82.8	82.5%
EBIT margin (%)	**9.4**	6.3	310bps
Comparable EBIT margin (%)	**10.4**	6.3	410bps

- Emerging market segment volume increased by 1.9% with strong growth in Ukraine, Romania and Serbia. Russia volume declined in the period.
- Net sales revenue grew by 9.8%. Benefits from higher volume and price increases, along with improved category and package mix, more than offset the unfavourable currency impact, predominantly by the Nigerian Naira. FX-neutral net sales revenue per case grew by 8.6%, reflecting our strategy to implement improved pricing in our markets where we face currency headwinds.
- Volume in Russia declined by low single digits, as we continue to operate in a challenging market, with declines in total NARTD market volume. In Sparkling, the low single-digit volume increase was driven by growth in Trademark Coke, and strong growth in Sprite, following the successful launch of Sprite Cucumber. Energy grew by high single digits. Juice volume increased by low single digits, following a very strong second quarter. Volume loss was driven by Water and RTD Tea.
- Nigeria delivered low single-digit volume growth in the first half of the year despite a difficult second quarter, impacted by the third round of price increases in April. The sparkling beverages category was broadly stable, with volume growth in Trademark Coke and Sprite offsetting losses in Fanta and Schweppes. In Stills, Juice declined by high teens, although the Pulpy 40cl PET pack continued its positive performance. Water grew by low teens, supported by trade incentives and improved availability in the North. Monster was launched successfully in February and continues to grow.
- Volume in Romania grew by mid single digits, maintaining its positive trend of growth for ten consecutive quarters. Sparkling beverages posted mid single-digit growth, driven by our strong marketing plans, the launch of Coca-Cola Lime and the new formula of Coca-Cola Zero. Water increased by low single digits and Juice posted a marginal decline, cycling double-digit growth in the prior-year period. RTD Tea grew by high single digits, helped by strong promotional activity and the launch of a new flavour.
- In Ukraine, volume increased by low teens, driven by Sparkling and RTD Tea. In Sparkling, volume increased by mid teens, with growth across all brands, supported by the launch of Coca-Cola Zero and new flavours in Schweppes. RTD Tea sustained the positive trend of the past few quarters and grew by low teens across all packs whilst achieving continued market share gains.
- The Emerging markets segment delivered comparable operating profit of €151.1 million, an increase of 82.5%, leading to 410 basis point improvement in comparable operating margin to 10.4%. Improved price and mix more than offset the higher input costs and the adverse net foreign exchange impact, which was smaller in the period than in recent years. On a reported basis, operating profit was €136.2 million, an increase of 62.9% compared to prior-year period.

Business Outlook

The excellent progress we have made in the first half of the year is encouraging. The underlying trends in our markets will be supported by the robust plans we have for the remainder of the year. Therefore, we believe that the good volume trends will continue in the second half, with an acceleration in the Developing segment.

After a very strong first half of growth in FX-neutral net sales revenue per case, we expect growth to moderate in the second half of the year. In the Emerging markets growth will slow due to the combined effect of most of the 2017 price increases being front-loaded and the cycling of the price increases we took in the second half of 2016. The Established markets are expected to follow a more positive trajectory in the second half, while the Developing markets will moderate gradually.

During the period, we took advantage of the favourable Russian Rouble/USD rates and hedged a significant part of our Rouble exposure. In addition, the significant devaluation of the Nigerian Naira we expected at the time we gave foreign exchange guidance has not materialised. As a result of these developments, and taking into account our hedged positions and current spot rates, we believe that the net impact from foreign exchange movements on our P&L in the full year will be neutral. This compares with our previous guidance of a €15m headwind to comparable EBIT.

Input costs have been more benign than expected, with a 2.4% increase in FX-neutral input cost per case in the first half. As we progress through the year, we expect input costs to rise as a result of the higher oil prices and their impact on PET resin as well as higher aluminium prices. Including the impact of a higher proportion of finished goods in the portfolio, we now expect FX-neutral input cost per case to increase by mid single digits in the full year compared to the high single-digit guidance we gave previously.

As our revenue grows we are benefiting from having right-sized our operating cost base over several years. Aided by the operating leverage of the expected growth in our revenue, we should continue to deliver reduction in operating expenses as a percentage of net sales revenue in the year.

We have made another significant step towards achieving our 2020 financial targets in the first six months of the year. Looking ahead, we continue to expect volume and price/mix growth, as well as better than expected foreign exchange and input cost movements. Altogether, these elements lead us to anticipate better revenue and margin performance in 2017 than we had anticipated at the start of the year.

Technical guidance

Our initiatives to further improve operational efficiencies remain largely unchanged. For 2017, we have identified restructuring initiatives of approximately €26 million. We expect these initiatives to yield €14 million in annualised benefits from 2017 onwards. The initiatives already taken in 2016 and those that we will take in 2017 are also expected to yield €15 million of total benefits in 2017.

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.

Group Financial Review

Income statement

	Half-Year		
	2017 € million	**2016 € million**	**% Change**
Volume (m unit cases)	**1,020.9**	1,007.3	1.4%
Net sales revenue	**3,213.4**	3,043.9	5.6%
Net sales revenue per unit case (€)	**3.15**	3.02	4.2%
FX-neutral net sales revenue[1]	**3,213.4**	3,039.8	5.7%
FX-neutral net sales revenue per unit case (€)[1]	**3.15**	3.02	4.3%
Cost of goods sold	**(2,013.5)**	(1,905.2)	5.7%
Comparable cost of goods sold[1]	**(2,002.0)**	(1,929.2)	3.8%
Gross profit	**1,199.9**	1,138.7	5.4%
Comparable gross profit[1]	**1,211.4**	1,114.7	8.7%
Operating expenses	**(933.5)**	(918.1)	1.7%
Comparable operating expenses[1]	**(920.3)**	(885.1)	4.0%
Operating profit (EBIT)[2]	**266.4**	220.6	20.8%
Comparable operating profit (EBIT)[1]	**291.1**	229.6	26.8%
Adjusted EBITDA[1]	**423.2**	395.7	6.9%
Comparable adjusted EBITDA[1]	**448.0**	387.1	15.7%
Finance costs, net	**(17.5)**	(35.0)	-50.0%
Share of results of equity method investments	**5.3**	5.3	-
Tax	**(62.4)**	(50.7)	23.1%
Comparable tax[1]	**(69.3)**	(49.4)	40.3%
Net profit[3]	**191.6**	140.0	36.9%
Comparable net profit[1,3]	**209.6**	150.4	39.4%
Basic earnings per share (€)	**0.526**	0.387	35.9%
Comparable basic earnings per share (€)[1]	**0.576**	0.416	38.5%

[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 an FX-neutral basis, net sales revenue improved by 5.7% during the first half of 2017, compared to the prior-year period. Net sales revenue improved by 5.6% during the first half of 2017, compared to the prior-year period, driven by category and package mix improvements in all segments, coupled with price increases, and higher volumes in all segments.

Comparable cost of goods sold increased by 3.8% and cost of goods sold increased by 5.7% in the first half of 2017, compared to the prior-year period, as a result of increased input costs driven by increases in resin, sugar and aluminium prices in the period, as well as growing share of high-value finished goods in our purchases.

Comparable gross profit margin increased from 36.6% in the first half of 2016 to 37.7% in the first half of 2017, mainly reflecting the FX-neutral net sales revenue expansion.

Comparable operating expenses increased by 4.0% and operating expenses by 1.7% in the first half of 2017, compared to the prior-year period, mainly driven by increased sales and marketing expenses, which more than offset savings in administrative and warehousing costs.

Comparable operating profit increased by 26.8% in the first half of 2017, compared to the prior-year period, reflecting the benefits from our revenue growth management initiatives, which were only partially offset by increased input costs, operating expenses and adverse currency impact. Operating profit increased by 20.8% in the first half of 2017, compared to the prior-year period, as the benefits from our revenue growth management initiatives and lower restructuring expenses were only partially offset by increased input cost and operating expenses, the adverse foreign exchange movements and the impact from the mark-to-market valuation of commodity economic hedges.

Group Financial Review (continued)

Income statement (continued)

Net finance costs declined by €17.5 million during the first half of 2017, compared to the prior-year period, mainly driven by the repayment in November 2016 of the 4.25% fixed rate bond and the lower effective interest rate applied on the €600m bond issued in March 2016.

On a comparable basis, the effective tax rate was approximately 25% for both the first half of 2017 and the first half of 2016. On a reported basis, Coca-Cola HBC's effective tax rate was approximately 25% for the first half of 2017, compared to 27% for the first half of 2016. 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 39.4%, while net profit increased by 36.9%, in the first half of 2017 compared to the prior-year period, mainly driven by the higher operating profitability and lower net finance costs, only partially offset by increased taxes.

Balance sheet

	As at		
Assets	**30 June 2017 € million**	**31 December 2016 € million**	**Change € million**
Total non-current assets	**4,373.8**	4,503.6	-129.8
Total current assets	**2,355.5**	2,061.3	294.2
Total assets	**6,729.3**	**6,564.9**	164.4
Liabilities			
Total current liabilities	**2,220.2**	1,968.1	252.1
Total non-current liabilities	**1,715.4**	1,726.7	-11.3
Total liabilities	**3,935.6**	**3,694.8**	240.8
Equity			
Owners of the parent	**2,789.2**	2,865.6	-76.4
Non-controlling interests	**4.5**	4.5	-
Total equity	**2,793.7**	**2,870.1**	-76.4
Total equity and liabilities	**6,729.3**	**6,564.9**	164.4

Total non-current assets decreased by €129.8 million in the first half of 2017, mainly due to the impact of foreign currency translation. Net current assets increased by €42.1 million in the first half of 2017, driven mainly by phasing in working capital and the cash and cash equivalents generated by the Group in the period, partially offset by declared dividends.

Cash flow

	Half-Year		
	2017 € million	**2016 € million**	**% Change**
Net cash from operating activities[1]	**258.9**	374.9	-30.9%
Capital expenditure[1]	**(163.8)**	(135.1)	21.2%
Free cash flow[1]	**95.1**	239.8	-60.3%

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

Group Financial Review (continued)

Cash flow(continued)

Net cash from operating activities decreased by 30.9% or €116.0 million, in the first half of 2017, compared to the prior-year period, as increased operating profitability was more than offset by taxes paid and phasing in working capital changes that will normalise in the full year.

Capital expenditure, net of receipts from the disposal of assets and including principal repayments of finance lease obligations, increased by 21.2% in the first half of 2017, compared to the prior-year period and represented 5.1% (first half of 2016: 4.4%) of net sales revenue.

In the first half of 2017, capital expenditure amounted to €163.8 million of which 48% was related to investment in production equipment and facilities and 24% to the acquisition of marketing equipment. In the first half of 2016, capital expenditure amounted to €135.1 million of which 47% was related to investment in production equipment and facilities and 29% to the acquisition of marketing equipment.

In the first half of 2017, free cash flow declined by 60.3% or €144.7 million, compared to the prior-year period, reflecting the decreased cash from operating activities as well as increased capital expenditure.

Supplementary Information

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

	Half-Year		%
NARTD	**2017**	**2016**	**Change**
Volume (m unit cases)[1]	**1,019.8**	1,006.3	1.3%
Net sales revenue (€ m)	**3,124.1**	2,978.1	4.9%
Net sales revenue per unit case (€)	**3.06**	2.96	3.5%
FX-neutral net sales revenue (€ m)	**3,124.1**	2,968.1	5.3%
FX-neutral net sales revenue per unit case (€)	**3.06**	2.95	3.9%

	Half-Year		%
Premium Spirits	**2017**	**2016**	**Change**
Volume (m unit cases)[1]	**1.052**	0.957	9.9%
Net sales revenue (€ m)	**89.3**	65.8	35.7%
Net sales revenue per unit case (€)	**84.89**	68.76	23.5%
FX-neutral net sales revenue (€ m)	**89.3**	71.7	24.5%
FX-neutral net sales revenue per unit case (€)	**84.89**	74.92	13.3%

	Half-Year		%
Total	**2017**	**2016**	**Change**
Volume (m unit cases)[1]	**1,020.9**	1,007.3	1.4%
Net sales revenue (€ m)	**3,213.4**	3,043.9	5.6%
Net sales revenue per unit case (€)	**3.15**	3.02	4.2%
FX-neutral net sales revenue (€ m)	**3,213.4**	3,039.8	5.7%
FX-neutral net sales revenue per unit case (€)	**3.15**	3.02	4.3%

[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.

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 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 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 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 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) *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 APMs (continued)

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

	Half-year 2017							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	**(2,013.5)**	**1,199.9**	**(933.5)**	**266.4**	**423.2**	**(62.4)**	**191.6**	**0.526**
Restructuring costs	**-**	**-**	**13.0**	**13.0**	**13.1**	**(3.5)**	**9.7**	**0.027**
Commodity hedging loss / (gain)	**11.5**	**11.5**	**0.2**	**11.7**	**11.7**	**(3.4)**	**8.3**	**0.023**
Other tax items	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Comparable	**(2,002.0)**	**1,211.4**	**(920.3)**	**291.1**	**448.0**	**(69.3)**	**209.6**	**0.576**

	Half-year 2016							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	(1,905.2)	1,138.7	(918.1)	220.6	395.7	(50.7)	140.0	0.387
Restructuring costs	-	-	33.9	33.9	16.3	(6.9)	27.1	0.075
Commodity hedging loss / (gain)	(24.0)	(24.0)	(0.9)	(24.9)	(24.9)	7.0	(17.9)	(0.049)
Other tax items	-	-	-	-	-	1.2	1.2	0.003
Comparable	(1,929.2)	1,114.7	(885.1)	229.6	387.1	(49.4)	150.4	0.416

[1] Net Profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent. Net profit for 2017 includes € 0.2 million from restructuring within joint ventures (2016: € 0.1 million).

Reconciliation of Comparable EBIT per reportable segment *(numbers in € million)*

	Half-year 2017			
	Established	Developing	Emerging	Consolidated
EBIT	**99.0**	**31.2**	**136.2**	**266.4**
Restructuring costs	**7.5**	**2.0**	**3.5**	**13.0**
Commodity hedging	**0.2**	**0.1**	**11.4**	**11.7**
Comparable EBIT	**106.7**	**33.3**	**151.1**	**291.1**

	Half-year 2016			
	Established	Developing	Emerging	Consolidated
EBIT	97.5	39.5	83.6	220.6
Restructuring costs	9.1	4.9	19.9	33.9
Commodity hedging	(2.8)	(1.4)	(20.7)	(24.9)
Comparable EBIT	103.8	43.0	82.8	229.6

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 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 unless otherwise stated)*

	Half-year 2017			
	Established	Developing	Emerging	Consolidated
Net sales revenue	**1,202.1**	**557.4**	**1,453.9**	**3,213.4**
Currency impact	**-**	**-**	**-**	**-**
FX-neutral net sales revenue	**1,202.1**	**557.4**	**1,453.9**	**3,213.4**
Volume (m unit cases)	**299.2**	**188.6**	**533.1**	**1,020.9**
FX-neutral net sales revenue per unit case (€)	**4.02**	**2.96**	**2.73**	**3.15**

	Half-year 2016			
	Established	Developing	Emerging	Consolidated
Net sales revenue	1,192.6	526.8	1,324.5	3,043.9
Currency impact	(1.9)	7.9	(10.1)	(4.1)
FX-neutral net sales revenue	1,190.7	534.7	1,314.4	3,039.8
Volume (m unit cases)	296.9	187.1	523.3	1,007.3
FX-neutral net sales revenue per unit case (€)	4.01	2.86	2.51	3.02

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

	Half-year 2017	Half-year 2016
Input costs	**862.9**	746.2
Commodity hedging	**(11.5)**	24.0
Comparable input costs	**851.4**	770.2
Currency impact	**-**	50.3
FX-neutral comparable input costs	**851.4**	820.5
Volume (m unit cases)	**1,020.9**	1,007.3
FX-neutral comparable input costs per unit case (€)	**0.83**	**0.81**

Definitions and reconciliations of 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.

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 following table illustrates how Adjusted EBITDA, Free Cash Flow and Capital Expenditure are calculated:

Definitions and reconciliations of APMs (continued)

	Half-year	
	2017	**2016**
	€ million	**€ million**
Operating profit (EBIT)	**266.4**	**220.6**
Depreciation and impairment of property, plant and equipment	**153.2**	171.3
Amortisation of intangible assets	**0.2**	0.2
Employee stock options and performance shares	**3.5**	3.6
Other non-cash items included in operating income	**(0.1)**	-
Adjusted EBITDA	**423.2**	**395.7**
Gain on disposal of non-current assets	**(1.8)**	(3.4)
(Increase)/Decrease in working capital	**(101.4)**	16.2
Tax paid	**(61.1)**	(33.6)
Net cash from operating activities	**258.9**	**374.9**
Payments for purchases of property, plant and equipment	**(164.4)**	(148.3)
Principal repayments of finance lease obligations	**(3.7)**	(3.6)
Proceeds from sale of property, plant and equipment	**4.3**	16.8
Capital expenditure	**(163.8)**	**(135.1)**
Free cash flow	**95.1**	**239.8**

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 as illustrated below:

	As at	
	30 June 2017	**31 December 2016**
	€ million	**€ million**
Current borrowings	**159.9**	156.5
Non-current borrowings	**1,463.0**	1,468.1
Cash and cash equivalents	**(648.7)**	(573.2)
Net debt	**974.2**	**1,051.4**

Principal risks and uncertainties

The principal risks and uncertainties to which the Company will be exposed in the second half of 2017 are substantially the same as those outlined in the 2016 Integrated Annual Report for the year ended 31 December 2016, pages 19 to 21.

Defining our principal risks

Our strategic priorities provide the context for guiding us in the management of both the material matters and the principal risks faced by our business.

The overview of our most important risks, involving an assessment of the likelihood of occurrence and potential consequences, does not include all the risks that may ultimately affect our Company. Some risks not yet known to us, or currently believed to be immaterial, could ultimately have an impact on our business or financial performance. We remain constantly vigilant to changes to our economic and regulatory operating environments, to ensure that we proactively identify and evaluate new risks and understand threats to our business viability.

Our principal risks

Principal Risks	Risk	Potential impact	Key mitigations	Link to material issues
1. Consumer health	Failure to adapt to changing consumer health trends and address misconceptions about 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 - Expand our range of low- and zero-calorie beverages - Introduce smaller entry 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	Health and nutrition Responsible marketing
2. Foreign Exchange	Foreign exchange exposure arises from changes in exchange rates, as well as currency devaluation in combination with capital controls, which restricts movement of funds and increases the risk of asset impairment.	- Financial loss - Asset impairment - Limitations on cash repatriation	- Treasury Policy requires the hedging of 25% to 80% of rolling 12-month forecast transactional exposure - Hedging beyond 12 months may occur if forecast transactions are highly probable - Derivative financial instruments are used, where available, to reduce net exposure to currency fluctuations	Not applicable
3. Climate, carbon and water	Failure to meet our stakeholders' expectations in making a positive contribution to the sustainability agenda, particularly relating to climate change, packaging waste and water usage.	- Long-term damage to our corporate reputation - Less influence in shaping the citizenship and sustainability agenda - Reduced profitability	- Water stewardship programmes that reduce our water consumption and our footprint and assure sustainable end-to-end water use - Carbon and energy management programmes - Packaging waste management programmes - Partnering with NGOs and International NGOs on common issues such as nature conservation - Partnering with local communities to minimise environmental impact - Focus on sustainable procurement	Carbon and energy Packaging, recycling and waste management Sustainable sourcing Water stewardship

Principal Risks	Risk	Potential impact	Key mitigations	Link to material issues
4. 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 profitability	- Continued to increase our presence in the discounter channel during 2016 - Working closely with our customers to identify opportunities for joint value creation - Right Execution Daily (RED) strategy continues to support our commitment to operational excellence, enabling us to respond to changing customer needs across all channels	Not applicable
5. Declining consumer demand	Challenging and volatile 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	Direct and indirect economic impacts
6. Discriminatory tax	Regulations on consumer health and the risk of the targeting of our products for discriminatory tax and packaging waste recovery.	- Reduction in profitability	- Proactively working with governments and regulatory authorities to ensure that the facts are clearly understood and that our products are not singled out unfairly - Shaping the sustainability agenda as it relates to packaging and waste recovery - Engaging with stakeholders including NGOs and the communities in which we operate on strategies to protect the environment	Not applicable
7. Quality	The occurrence of quality issues, or the contamination of our products.	- Reduction in volume and net sales revenue - Damage to brand and corporate reputation - Loss of consumer trust	- Stringent quality processes in place to minimise the occurrence of quality issues - 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 issues, ensuring customers and consumers retain confidence in our products	Product quality and integrity
8. Regulatory challenges	Inadvertent non-compliance, by the Company or related third parties, with local laws and regulations, that exist across our diverse mix of markets.	- Damage to our corporate reputation - Significant financial penalties - Management time diverted to resolving legal issues	- Annual 'Tone from the Top' messaging - Code of Business Conduct training and awareness - Anti-Bribery Policy and commercial compliance training - Internal control assurance programme with local management accountability - Risk-based internal control framework - 'Speak Up' hotline - Legal function in constant dialogue with regulators	Corporate governance, business ethics and anti-corruption Human rights and diversity
9. People and talent	Inability to attract and retain sufficient numbers of qualified and experienced employees in competitive talent markets and an inability to ensure their ongoing engagement and commitment.	- Failure to achieve our growth plans	- Focus on developing leadership talent - Right people in the right positions across the business - Focus on employee engagement ensuring support for our values - Promote operational excellence - Create shared value with the communities in which we work to ensure we are seen as an attractive employer	Employee well-being and engagement

Principal Risks	Risk	Potential impact	Key mitigations	Link to material issues
10. System availability and cyber attacks	Business stoppage due to applications or systems unavailability, or a loss of personal data, arising from data centre failure or other internal or external cyber threats and vulnerabilities.	- Financial loss - Operational disruption - Damage to corporate reputation - Non-compliance with statutory data protection legislation	- Monitoring, identifying and addressing cyber threats and suspicious internal computer activity - Training on information management and the protection of information - Disaster recovery testing and building resilience into our cyber risk programme	Not applicable
11. Change management	Failure to effectively execute major business transformations, or performance issues with third-party providers that we deploy as part of our business transformation.	- Under-delivery of expected transformation results - Disengaged employees - Reduction in profitability - Market confidence in our ability to deliver on strategy is weakened - Damage to corporate reputation	- Project plans and change management strategies in place - Board and Operating Committee conduct regular tracking of the actual performance compared to business case	Not applicable
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	Not applicable

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 CCHBC during the period, as well as any changes in the related party transactions as described in the 2016 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 30 June 2017", note 13 "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 IASB 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 30 June 2017 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 2016 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries for the year ended 31 December 2016, 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
Dimitris Lois	Chief Executive Officer
Anastasios I. Leventis	Non-Executive Director
Christo Leventis	Non-Executive Director
José Octavio Reyes	Non-Executive Director
Ahmet C. Bozer	Non-Executive Director
Robert Ryan Rudolph	Non-Executive Director
Reto Francioni	Senior Independent Non-Executive Director
Charlotte J. Boyle	Independent Non-Executive Director
John P. Sechi	Independent Non-Executive Director
Alexandra Papalexopoulou	Independent Non-Executive Director
Olusola (Sola) David-Borha	Independent Non-Executive Director
William W. (Bill) Douglas III	Independent Non-Executive Director

Signed on behalf of the Board
Dimitris Lois
Chief Executive Officer

10 August 2017

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 30 June 2017. 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 30 June 2017;
- 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.

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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.

Marios Psaltis
the Certified Auditor, Reg. No. 38081
for and on behalf of PricewaterhouseCoopers S.A.
Certified Auditors, Reg. No. 113

10 August 2017
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 30 June 2017

Condensed consolidated interim income statement (unaudited)

	Note	**Six months ended 30 June 2017 € million**	Six months ended 1 July 2016 € million
Net sales revenue	3	**3,213.4**	3,043.9
Cost of goods sold		**(2,013.5)**	(1,905.2)
Gross profit		**1,199.9**	**1,138.7**
Operating expenses	4	**(933.5)**	(918.1)
Operating profit	3	**266.4**	**220.6**
Finance costs, net	5	**(17.5)**	(35.0)
Share of results of equity method investments		**5.3**	5.3
Profit before tax		**254.2**	**190.9**
Tax	6	**(62.4)**	(50.7)
Profit after tax		**191.8**	**140.2**
Attributable to:			
Owners of the parent		**191.6**	140.0
Non-controlling interests		**0.2**	0.2
		191.8	**140.2**
Basic earnings per share (€)	7	**0.53**	0.39
Diluted earnings per share (€)	7	**0.52**	0.39

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

Condensed consolidated interim statement of comprehensive income (unaudited)

		Six months ended 30 June 2017 € million		Six months ended 1 July 2016 € million
Profit after tax		**191.8**		140.2
Other comprehensive income:				
Items that may be subsequently reclassified to income statement:				
Valuation gain/(loss) on available-for-sale assets		**0.1**		(0.2)
Cash flow hedges:				
Net losses during the period	**(4.6)**		(43.2)	
Net losses reclassified to income statement for the period	**4.4**		3.2	
Transfers to inventory for the period	**10.2**	**10.0**	1.3	(38.7)
Foreign currency translation		**(150.6)**		(171.1)
Share of other comprehensive loss of equity method investments		**(4.8)**		(7.5)
Income tax relating to items that may be subsequently reclassified to income statement		**(1.2)**		2.1
		(146.5)		**(215.4)**
Items that will not be subsequently reclassified to income statement:				
Actuarial gains / (losses)		**13.8**		(70.6)
Income tax relating to items that will not be subsequently reclassified to income statement		**(2.4)**		13.5
		11.4		**(57.1)**
Other comprehensive loss for the period, net of tax		**(135.1)**		**(272.5)**
Total comprehensive income / (loss) for the period		**56.7**		**(132.3)**
Total comprehensive income / (loss) for the period				
Owners of the parent		**56.5**		(132.5)
Non-controlling interests		**0.2**		0.2
		56.7		**(132.3)**

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

Condensed consolidated interim balance sheet (unaudited)

	Note	**As at 30 June 2017 € million**	As at 31 December 2016 € million
Assets			
Intangible assets	8	**1,863.3**	1,885.7
Property, plant and equipment	8	**2,314.6**	2,406.6
Other non-current assets		**195.9**	211.3
Total non-current assets		**4,373.8**	**4,503.6**
Inventories		**527.2**	431.5
Trade and other receivables		**1,159.6**	1,044.8
Cash and cash equivalents	10	**648.7**	573.2
		2,335.5	**2,049.5**
Assets classified as held for sale		**20.0**	11.8
Total current assets		**2,355.5**	**2,061.3**
Total assets		**6,729.3**	**6,564.9**
Liabilities			
Borrowings	10	**159.9**	156.5
Other current liabilities		**2,060.3**	1,811.6
Total current liabilities		**2,220.2**	**1,968.1**
Borrowings	10	**1,463.0**	1,468.1
Other non-current liabilities		**252.4**	258.6
Total non-current liabilities		**1,715.4**	**1,726.7**
Total liabilities		**3,935.6**	**3,694.8**
Equity			
Owners of the parent		**2,789.2**	2,865.6
Non-controlling interests		**4.5**	4.5
Total equity		**2,793.7**	**2,870.1**
Total equity and liabilities		**6,729.3**	**6,564.9**

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 2016	**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**
Shares issued to employees exercising stock options	1.1	1.4	-	-	-	-	-	**2.5**	-	**2.5**
Share-based compensation:										
Options and performance shares	-	-	-	-	-	3.6	-	**3.6**	-	**3.6**
Sale of own shares	-	-	-	1.9	-	-	-	**1.9**	-	**1.9**
Appropriation of reserves	-	-	-	0.1	-	6.0	(6.1)	-	-	-
Dividends (note 12)	-	(146.1)	-	-	-	-	1.4	**(144.7)**	(0.2)	**(144.9)**
	2,001.2	**4,883.6**	**(6,472.1)**	**(130.0)**	**(681.4)**	**270.0**	**2,811.8**	**2,683.1**	**4.1**	**2,687.2**
Profit for the period net of tax	-	-	-	-	-	-	140.0	**140.0**	0.2	**140.2**
Other comprehensive loss for the period, net of tax	-	-	-	-	(178.6)	(36.8)	(57.1)	**(272.5)**	-	**(272.5)**
Total comprehensive loss for the period net of tax [1]	-	-	-	-	(178.6)	(36.8)	82.9	**(132.5)**	0.2	**(132.3)**
Balance as at 1 July 2016	**2,001.2**	**4,883.6**	**(6,472.1)**	**(130.0)**	**(860.0)**	**233.2**	**2,894.7**	**2,550.6**	**4.3**	**2,554.9**
Shares issued to employees exercising stock options	8.0	11.1	-	-	-	-	-	**19.1**	-	**19.1**
Share-based compensation:										
Options and performance shares	-	-	-	-	-	4.5	-	**4.5**	-	**4.5**
Movement in shares held for equity compensation plan	-	-	-	(0.4)	-	-	-	**(0.4)**	-	**(0.4)**
Sale of own shares	-	-	-	1.2	-	-	-	**1.2**	-	**1.2**
Cancellation of shares (note 11)	(18.4)	(40.1)	-	58.5	-	-	-	**-**	-	**-**
Appropriation of reserves	-	-	-	-	-	0.9	(0.9)	**-**	-	**-**
Dividends	-	-	-	-	-	-	-	**-**	(0.1)	**(0.1)**
	1,990.8	**4,854.6**	**(6,472.1)**	**(70.7)**	**(860.0)**	**238.6**	**2,893.8**	**2,575.0**	**4.2**	**2,579.2**
Profit for the period net of tax	-	-	-	-	-	-	203.5	**203.5**	0.3	**203.8**
Other comprehensive income for the period, net of tax	-	-	-	-	58.2	6.5	22.4	**87.1**	-	**87.1**
Total comprehensive income for the period net of tax	-	-	-	-	58.2	6.5	225.9	**290.6**	0.3	**290.9**
Balance as at 31 December 2016	**1,990.8**	**4,854.6**	**(6,472.1)**	**(70.7)**	**(801.8)**	**245.1**	**3,119.7**	**2,865.6**	**4.5**	**2,870.1**

[1] *The amount included in the exchange equalisation reserve of €178.6 million loss for the first half of 2016 represents the exchange loss attributed to the owners of the parent, including €7.5 million loss relating to share of other comprehensive income of equity method investments.*

The amount included in other reserves of €36.8 million loss for the first half of 2016 consists of loss on valuation of available-for-sale financial assets of €0.2 million, cash flow hedges losses of €38.7 million, and the deferred tax income thereof amounting to €2.1 million.

The amount of €82.9 million gain attributable to owners of the parent comprises profit for the period of €140.0 million minus actuarial loss of €70.6 million less deferred tax income of €13.5 million. The actuarial loss is attributed to a decrease in discount rates of plans in the established markets.

The amount of €0.2 million gain included in non-controlling interests for the first half of 2016 represents the share of non-controlling interests in retained earnings.

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 2017	**1,990.8**	**4,854.6**	**(6,472.1)**	**(70.7)**	**(801.8)**	**245.1**	**3,119.7**	**2,865.6**	**4.5**	**2,870.1**
Shares issued to employees exercising stock options	8.9	15.2	-	-	-	-	-	**24.1**	-	**24.1**
Share-based compensation:										
Options and performance shares	-	-	-	-	-	3.5	-	**3.5**	-	**3.5**
Appropriation of reserves	-	-	-	-	-	0.1	(0.1)	**-**	-	**-**
Dividends (note 12)	-	(162.0)	-	-	-	-	1.5	**(160.5)**	(0.2)	**(160.7)**
	1,999.7	**4,707.8**	**(6,472.1)**	**(70.7)**	**(801.8)**	**248.7**	**3,121.1**	**2,732.7**	**4.3**	**2,737.0**
Profit for the period net of tax	-	-	-	-	-	-	191.6	**191.6**	0.2	**191.8**
Other comprehensive loss for the period, net of tax	-	-	-	-	(155.4)	8.9	11.4	**(135.1)**	-	**(135.1)**
Total comprehensive income for the period net of tax[2]	-	-	-	-	(155.4)	8.9	203.0	**56.5**	0.2	**56.7**
Balance as at 30 June 2017	**1,999.7**	**4,707.8**	**(6,472.1)**	**(70.7)**	**(957.2)**	**257.6**	**3,324.1**	**2,789.2**	**4.5**	**2,793.7**

[2] The amount included in the exchange equalisation reserve of €155.4 million loss for the first half of 2017 represents the exchange loss attributed to the owners of the parent, including € 4.8 million loss relating to share of other comprehensive income of equity method investments.

The amount included in other reserves of €8.9 million gain for the first half of 2017 consists of gain on valuation of available-for-sale financial assets of €0.1 million, cash flow hedges gains of €10.0 million, and the deferred tax expense there of amounting to €1.2 million.

The amount of €203.0 million gain attributable to owners of the parent comprises profit for the period of €191.6 million plus actuarial gain of €13.8 million less deferred tax expense of €2.4 million. The actuarial gain is mainly attributed to an increase in discount rates of plans in the established markets.

The amount of €0.2 million gain included in non-controlling interests for the first half of 2017 represents the share of non-controlling interests in retained earnings.

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 30 June 2017 € million**	Six months ended 1 July 2016 € million
Operating activities			
Profit after tax for the period		**191.8**	140.2
Finance costs, net	5	**17.5**	35.0
Share of results of equity method investments		**(5.3)**	(5.3)
Tax charged to the income statement		**62.4**	50.7
Depreciation and impairment of property, plant and equipment	8	**153.2**	171.3
Employee stock options and performance shares		**3.5**	3.6
Amortisation of intangible assets	8	**0.2**	0.2
Other non- cash items		**(0.1)**	-
		423.2	**395.7**
Gain on disposal of non-current assets		**(1.8)**	(3.4)
Increase in inventories		**(115.2)**	(64.9)
Increase in trade and other receivables		**(132.6)**	(185.3)
Increase in trade and other payables		**146.4**	266.4
Tax paid		**(61.1)**	(33.6)
Net cash from operating activities		**258.9**	**374.9**
Investing activities			
Payments for purchases of property, plant and equipment		**(164.4)**	(148.3)
Payments for purchases of intangible assets		**(1.8)**	-
Proceeds from sales of property, plant and equipment		**4.3**	16.8
Payments for investments in financial assets		**(5.4)**	-
Net receipts from / (payments for) equity investments	13	**5.6**	(6.6)
Interest received		**3.8**	3.1
Loans to related parties		**0.9**	-
Payments for acquisition of subsidiary		-	(19.5)
Net cash used in investing activities		**(157.0)**	**(154.5)**
Financing activities			
Proceeds from shares issued to employees exercising stock options	11	**24.1**	2.5
Payments for shares held by non-controlling interests		**(0.3)**	(0.5)
Proceeds from sale of own shares		**-**	0.4
Proceeds from borrowings	10	**30.8**	632.5
Repayments of borrowings	10	**(35.4)**	(270.6)
Principal repayments of finance lease obligations		**(3.7)**	(3.6)
Payments for settlement of forward starting swaps		**-**	(55.4)
Interest paid		**(20.3)**	(38.2)
Net cash (used in) / from financing activities		**(4.8)**	**267.1**
Increase in cash and cash equivalents		**97.1**	**487.5**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**573.2**	487.4
Increase in cash and cash equivalents		**97.1**	487.5
Effect of changes in exchange rates		**(21.6)**	(45.8)
Cash and cash equivalents at the end of the period		**648.7**	**929.1**

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

a) 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 2016 annual financial statements, except for the adoption of applicable amendments to standards, effective 1 January 2017. The adoption of the amended standards did not have any impact on the current or prior periods but it is expected that it will impact the disclosures in 2017 annual consolidated financial statements.

b) Basis of preparation

Operating results for the first half of 2017 are not indicative of the results that may be expected for the year ending 31 December 2017 because of business seasonality. Business seasonality results from higher unit sales of the Group's products in the warmer months of the year. The Group's methods of accounting for fixed costs such as depreciation and interest expense are not affected by business seasonality.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

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 interim financial statements should be read in conjunction with the 2016 annual financial statements, which include a full description of the Group's accounting policies and have been prepared in accordance with IFRS as issued by the IASB.

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 30 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**	
	30 June 2017	1 July 2016	**30 June 2017**	31 December 2016
US dollar	**1.08**	1.12	**1.14**	1.04
UK sterling	**0.86**	0.78	**0.88**	0.85
Polish zloty	**4.27**	4.37	**4.23**	4.40
Nigerian naira	**332.22**	225.61	**418.61**	317.95
Hungarian forint	**309.53**	312.66	**309.29**	309.22
Swiss franc	**1.08**	1.10	**1.09**	1.07
Russian rouble	**62.70**	78.58	**67.40**	64.72
Romanian leu	**4.54**	4.50	**4.55**	4.54
Ukrainian hryvnia	**28.97**	28.40	**29.41**	27.97
Czech koruna	**26.79**	27.04	**26.30**	27.02
Serbian dinar	**123.44**	122.89	**121.32**	123.30

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

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 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, FYROM, Moldova, Montenegro, Nigeria, 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	
	30 June 2017	1 July 2016
Established	**299.2**	296.9
Developing	**188.6**	187.1
Emerging	**533.1**	523.3
Total volume	**1,020.9**	**1,007.3**

[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 30 June 2017 and 1 July 2016 is presented in the table below:

	Six months ended	
	30 June 2017 € million	1 July 2016 € million
Established	**1,202.1**	1,192.6
Developing	**557.4**	526.8
Emerging	**1,453.9**	1,324.5
Total net sales revenue	**3,213.4**	**3,043.9**

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 30 June 2017 and 1 July 2016 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	
	30 June 2017	**1 July 2016**
Volume in million unit cases[1]		
NARTD[2]	1,019.8	1,006.3
Premium spirits[1]	1.1	1.0
Total volume	**1,020.9**	**1,007.3**
Net sales revenue (€ million)		
NARTD	3,124.1	2,978.1
Premium spirits	89.3	65.8
Total net sales revenue	**3,213.4**	**3,043.9**

[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	
	30 June 2017 € million	1 July 2016 € million
Operating profit		
Established	**99.0**	97.5
Developing	**31.2**	39.5
Emerging	**136.2**	83.6
Total operating profit	**266.4**	**220.6**
Reconciling items		
Finance costs, net	**(17.5)**	(35.0)
Tax	**(62.4)**	(50.7)
Share of results of equity method investments	**5.3**	5.3
Non-controlling interests	**(0.2)**	(0.2)
Profit after tax attributable to owners of the parent	**191.6**	**140.0**

c) Other items

The macroeconomic conditions in Nigeria remain volatile. Our 2017 first half year revenue of our operations in Nigeria amounted to 10% of consolidated net sales revenue; as at 30 June 2017 non-current assets of our operations in Nigeria amounted to 8% of the consolidated non-current assets. As at the end of June 2017 a foreign currency translation loss of €116.5 million has been recognised within other comprehensive income of the consolidated statement of comprehensive income for the period. The Group is continuously monitoring the situation in Nigeria in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impact on its performance.

3. Segmental analysis (continued)

c) Other items (continued)

The ongoing challenges in the Greek banking sector, the continuation of capital controls restricting the movement of funds out of Greece and the ongoing need for austerity measures, may further impact consumers' disposable income which may adversely affect the Group's operations in Greece for the second half of 2017. Our 2017 first half year revenue of our operations in Greece amounted to 7% of consolidated net sales revenue and as at 30 June 2017 non-current assets amounted to 4% of the consolidated non-current assets. We are continuously monitoring developments in Greece.

4. Restructuring expenses

As part of the effort to optimise its cost base and sustain competitiveness in the marketplace, the Company undertakes restructuring initiatives. The restructuring concerns mainly employees' costs and impairment of property, plant and equipment and are included within operating expenses. Restructuring expenses per reportable segment for the six months ended 30 June 2017 and 1 July 2016 are presented below:

	Six months ended	
	30 June 2017 € million	1 July 2016 € million
Established	**7.5**	9.1
Developing	**2.0**	4.9
Emerging	**3.5**	19.9
Total restructuring expenses	**13.0**	**33.9**

5. Finance costs, net

	Six months ended	
	30 June 2017 € million	1 July 2016 € million
Interest income	**(4.8)**	(3.2)
Finance costs	**21.8**	37.5
Net foreign exchange losses	**0.5**	0.7
Finance costs, net	**17.5**	**35.0**

6. Tax

	Six months ended	
	30 June 2017 € million	1 July 2016 € million
Profit before tax	**254.2**	190.9
Tax	**(62.4)**	(50.7)
Effective tax rate	**25%**	**27%**

The Group's effective tax rate for 2017 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.

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

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 2017: 363,917,901, first half of 2016: 361,579,709). 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.

8. Intangible assets and property, plant and equipment

	Intangible assets € million	Property, plant and equipment € million
Net book value as at 1 January 2017	1,885.7	2,406.6
Additions	1.8	197.3
Reclassified to assets held for sale	-	(8.6)
Disposals	-	(1.4)
Depreciation, impairment and amortisation	(0.2)	(153.2)
Foreign currency translation	(24.0)	(126.1)
Net book value as at 30 June 2017	**1,863.3**	**2,314.6**

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 year end.

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 2016 (as described in the 2016 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com). As at 30 June 2017, the total derivatives included in Level 2 were financial assets of €22.8 million and financial liabilities of €10.0 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 30 June 2017 amounted to a financial asset of €1.8 million and are classified within Level 2.

There were no transfers between Level 1, 2 and 3 during the first six months of 2017. The fair value of bonds and notes payable applying the clean market price, as at 30 June 2017, was €1,482.1 million compared to their book value of €1,392.7 million, as at the same date.

10. Net debt

	As at	
	30 June 2017 € million	31 December 2016 € million
Current borrowings	**159.9**	156.5
Non-current borrowings	**1,463.0**	1,468.1
Less: Cash and cash equivalents	**(648.7)**	(573.2)
Net debt	**974.2**	**1,051.4**

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

10. Net debt (continued)

In March 2016 the Group completed the issue of a €600 million Euro-denominated fixed rate bond maturing in November 2024. The net proceeds of the new issue were used to repay the €600 million 4.25%, 7-year fixed rate bond which matured in November 2016.

Cash and cash equivalents include an amount of €65.8 million equivalent in Nigerian naira and €0.2 million held by the Group's subsidiary, Nigerian Bottling company Ltd, including an amount of €13.1 million equivalent in Nigerian Naira, which relates to the outstanding balance of the bank account held for the repayment of its former minority shareholders, following the 2011 acquisition of non-controlling interests. Cash and cash equivalents held by our subsidiaries in Greece of €7.9 million were subject to capital controls as at 30 June 2017.

11. Share capital and share premium

	Number of shares (authorised and issued)	Share capital € million	Share premium € million
Balance as at 1 January 2016	**368,141,297**	**2,000.1**	**5,028.3**
Shares issued to employees exercising stock options	1,499,341	9.1	12.5
Cancellation of shares	(3,000,000)	(18.4)	(40.1)
Dividends (note 12)	-	-	(146.1)
Balance as at 31 December 2016	**366,640,638**	**1,990.8**	**4,854.6**
Shares issued to employees exercising stock options	1,447,169	8.9	15.2
Dividends (note 12)	-	-	(162.0)
Balance as at 30 June 2017	**368,087,807**	**1,999.7**	**4,707.8**

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 neutralising 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. On 21 June 2016, the Annual General Meeting approved the proposal to reduce the share capital of Coca-Cola HBC AG by cancelling the 3,000,000 treasury shares acquired as part of the share buy-back programme described above. The respective reduction of the share capital was completed in September 2016.

In 2016, the share capital of Coca-Cola HBC increased by the issue of 1,499,341 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 €21.6 million.

For the six months ended 30 June 2017, the share capital of Coca-Cola HBC increased by the issue of 1,447,169 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 €24.1 million.

Following the above changes, on 30 June 2017 the share capital of the Group amounted to €1,999.7 million and comprised 368,087,807 shares with a nominal value of CHF 6.70 each.

12. Dividends

The shareholders of Coca-Cola HBC AG approved the dividend distribution of 0.44 euro cents per share at the Annual General Meeting held on 20 June 2017. The total dividend amounted to €162.0 million and was paid on 25 July 2017. Of this an amount of €1.5 million relates to shares held by the Group.

On 21 June 2016, the shareholders of Coca-Cola HBC AG at the Annual General Meeting approved the dividend distribution of 0.40 euro cents per share. The total dividend amounted to €146.1 million and was paid on 26 July 2016. Of this an amount of €1.4 million related to shares held by the Group.

13. Related party transactions

a) The Coca-Cola Company

As at 30 June 2017, The Coca-Cola Company and its subsidiaries (collectively, "TCCC") indirectly owned 23.1% (31 December 2016: 23.2%) 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	
	30 June 2017	1 July 2016
	€ million	€ million
Purchases of concentrate, finished goods and other items	**716.1**	705.1
Net contributions received for marketing and promotional incentives	**39.0**	45.8
Sales of finished goods and raw materials	**5.6**	4.7
Other expenses	**1.7**	0.2
Other income	**2.2**	1.4

Other income primarily comprises rent, facility and other items. As at 30 June 2017, the Group had a total amount of €73.6 million due from TCCC (€94.3 million as at 31 December 2016), and had a total amount of €268.5 million due to TCCC (€234.6 million as at 31 December 2016).

During the six months ended 30 June 2017, the remaining consideration of €0.5 million regarding the sale in December 2016 of 50% of the Group's share in its subsidiary Neptuno Vandenys, UAB to European Refreshments, a subsidiary of TCCC, was collected and is included in line 'Net receipts from / (payments for) equity investments' in the consolidated cash flow statement.

b) Frigoglass S.A. ('Frigoglass') and 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 44.4% of Frigoglass and 50.7% of AG Leventis (Nigeria) Plc and also indirectly controls Kar Tess Holding, which holds approximately 23.2% (31 December 2016: 23.3%) 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 below table summarises transactions with Frigoglass, Kar-Tess Holding and AG Leventis (Nigeria) Plc:

	Six months ended	
	30 June 2017	1 July 2016
	€ million	€ million
Purchases of coolers and other equipment, raw and other materials	**75.1**	56.7
Maintenance, rent and other expenses	**12.8**	10.0

13. Related party transactions (continued)

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

As at 30 June 2017, Coca-Cola HBC owed €35.8 million (€32.0 million as at 31 December 2016) to and was owed €0.2 million (€1.0 million as at 31 December 2016) from Frigoglass and its subsidiaries. As at 30 June 2017, Coca-Cola HBC owed €2.4 million (€2.6 million as at 31 December 2016) to AG Leventis (Nigeria) Plc. Capital commitments with Frigoglass and its subsidiaries as at 30 June 2017, amounted to €4.1 million (€0.4 million as at 31 December 2016).

After 30 June 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, are proposed to become guarantors under the amended banking facilities and notes to be issued by the Frigoglass Group, as part of the debt restructuring of the latter. The Group will have no direct exposure arising from these guarantee arrangements, but the Group's investment in these associates, which stood at €15.8m as at 30 June 2017 (€17.3m as at 1 July 2016), 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.

c) Other related parties

Beverage Partners Worldwide ("BPW")

BPW is a 50/50 joint venture between TCCC and Nestlé. The Group purchased inventory from BPW of €49.8 million during the six months ended 30 June 2017 (€49.4 million in the respective prior-year period). As at 30 June 2017, the Group owed €16.5 million (€5.4 million as at 31 December 2016) to, and was owed €12.9 million (€14.9 million as at 31 December 2016) by BPW.

Other

During the six months ended 30 June 2017, the Group incurred other expenses of €11.5 million (€11.2 million in the respective prior-year period). As at 30 June 2017, the Group owed €0.4 million (€0.1 million as at 31 December 2016) to, and was owed €0.2 million including loans receivable of €nil million (€0.1 million as at 31 December 2016 including loans receivable of €0.1 million) by other related parties.

d) Joint ventures

The below table summarises transactions with joint ventures:

	Six months ended	
	30 June 2017	1 July 2016
	€ million	€ million
Purchases of inventory	**14.2**	20.5
Sales of finished goods and raw materials	**6.7**	5.7
Sales of property, plant and equipment	**-**	2.5

As at 30 June 2017, the Group owed €42.0 million including loans payable of €19.1 million (€34.0 million as at 31 December 2016 including loans payable of €4.1 million) to, and was owed €13.5 million including loans receivable of €4.4 million (€11.9 million as at 31 December 2016 including loans receivable of €5.1 million) by joint ventures. During the six months ended 30 June 2017 the Group received dividends of €0.6 million (€nil in the respective prior-year period) from Brewinvest SA Group of companies, which are included in line 'Net receipts from / (payments for) equity investments' of the consolidated cash flow statement.

13. Related party transactions (continued)

e) Directors

There were no transactions between Coca-Cola HBC and the directors and senior management except for remuneration for both the six months ended 30 June 2017 and the prior-year period.

There were no other significant transactions with other related parties for the six months ended 30 June 2017.

14. Contingencies

There have been no significant adverse changes in contingencies since 31 December 2016 (as described in our 2016 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com).

15. Commitments

As at 30 June 2017 the Group, including joint ventures, had capital commitments of €66.2 million (31 December 2016: €85.3 million), which mainly relate to plant and machinery equipment.

16. Number of employees

The average number of full-time equivalent employees in the first half of 2017 was 29,651 (31,627 for the first half of 2016).

17. Subsequent events

There were no subsequent events following 30 June 2017.