

STRONG REVENUE GROWTH DRIVES MARGIN EXPANSION

Coca-Cola HBC AG, a leading bottler of The Coca-Cola Company, reports its financial results for the full year ended 31 December 2018.

Full-year highlights

- Second year of FX-neutral revenue growth above our 4-5% target range, with continued good progress towards 2020 margin targets
- Net sales revenue up 6.0% on an FX-neutral basis; reported net sales revenue increased by 2.1%
- FX-neutral revenue per case up 1.7% benefiting from our revenue growth management initiatives including product innovation, price increases and better package mix
 - Established and Developing segment countries improved price/mix at a higher rate than in 2017
 - Emerging segment price/mix growth, up 2.4%, was a moderation from prior years due to the cycling of 2016/17 price increases in Nigeria and lower Premium Spirits sales in Russia
- Volume growth accelerated to 4.2%, with growth in all segments, driven by Sparkling beverages
 - broad-based growth, with continued momentum in the Emerging and Developing segment countries
 - Nigeria volume decline in a very competitive environment
 - growth in all categories including RTD Tea, which returned to growth after the launch of FUZE Tea
- Comparable EBIT up 9.6% to €680.7 million; comparable EBIT margin up 70 basis points to 10.2%; reported margin up 60 basis points to 9.6%; key drivers included:
 - operating leverage from benefits of revenue growth management and strong volume growth
 - 20 basis-point reduction in comparable operating expenses as a percentage of revenue, a good performance in a year of continued investment in innovation and marketing
 - slightly favourable input costs offset by the impact of adverse foreign exchange movements
- Comparable EPS up 5.9%; higher operating profitability, lower interest income and higher effective tax rate
- Free cash flow was €370.0 million; strong operating cash flow was offset by a €49 million increase in net capital expenditure as we accelerated investment in revenue-generating assets as planned
- The Board of Directors proposes a €0.57 dividend per share, a 5.6% increase on the 2017 dividend

	Full Year		Change
	2018	2017	
Volume (m unit cases)	2,192.3	2,104.1	4.2%
Net sales revenue (€ m)	6,657.1	6,522.0	2.1%
Net sales revenue per unit case (€)	3.04	3.10	-2.0%
FX-neutral net sales revenue¹ (€ m)	6,657.1	6,283.1	6.0%
FX-neutral net sales revenue per unit case¹ (€)	3.04	2.99	1.7%
Operating expenses / Net sales revenue (%)	28.2	28.4	-20bps
Comparable operating expenses / Net sales revenue (%)	27.7	27.9	-20bps
Operating profit (EBIT)² (€ m)	639.4	589.8	8.4%
Comparable EBIT¹ (€ m)	680.7	621.0	9.6%
EBIT margin (%)	9.6	9.0	60bps
Comparable EBIT margin¹ (%)	10.2	9.5	70bps
Net profit³ (€ m)	447.4	426.0	5.0%
Comparable net profit¹⁻³ (€ m)	480.4	449.7	6.8%
Basic earnings per share (EPS) (€)	1.216	1.168	4.1%
Comparable EPS¹ (€)	1.306	1.233	5.9%
Free cash flow¹ (€ m)	370.0	425.9	-13.1%

¹For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.

²Refer to the condensed consolidated income statement.

³Net Profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.

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

In 2018 we delivered another very good performance with revenue growth above our target range and another step up in margins. Strong volume growth in all our segments was helped by a record number of new product launches, whilst price/mix improved for the eighth consecutive year. This growth supported margin progress, which we delivered while increasing our investment in marketing.

Our sharp focus on cost efficiencies continues while we invest in the business for growth. The shape of the business, capabilities and commitment of our people and our overall commercial proposition give us confidence in our ability to continue to grow revenues and margins.

Coca-Cola HBC Group

Coca-Cola HBC is a leading bottler of The Coca-Cola Company with an annual sales volume of more than 2 billion unit cases. It has a broad geographic footprint with operations in 28 countries serving a population of more than 600 million people. Coca-Cola HBC offers a diverse range of primarily non-alcoholic ready-to-drink beverages in the sparkling, juice, water, sport, energy, tea and coffee categories. Coca-Cola HBC is committed to promoting sustainable development in order to create value for its business and for society. This includes providing products that meet the beverage needs of consumers, fostering an open and inclusive work environment, conducting its business in ways that protect and preserve the environment and contribute to the socio-economic development of the local communities. Coca-Cola HBC has been listed in the Dow Jones Sustainability Indices since 2008, and ranked among the top beverage companies in the Global and European indices for the past five years. Coca-Cola HBC is also included in the FTSE4Good Index, rated "AAA" on the MSCI ESG index, rated "A" for Climate and Water by CDP and listed on the Sustainalytics and Vigeo rankings.

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 2018 full-year financial results on 14 February 2019 at 10:00 am Swiss time (9:00 am London, 11:00 am Athens, and 4:00 am New York). 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 2019 and future years, business strategy and the effects of the global economic slowdown, the impact of the sovereign debt crisis, currency volatility, our recent acquisitions, and restructuring initiatives on our business and financial condition, our future dealings with The Coca-Cola Company, budgets, projected levels of consumption and production, projected raw material and other costs, estimates of capital expenditure, free cash flow, effective tax rates and plans and objectives of management for future operations, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect our current expectations and assumptions as to future events and circumstances that may not prove accurate. Our actual results and events could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in the 2017 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 continue to make good progress towards our 2020 targets. Our revenue growth management initiatives, strong in-market execution with greater sales capability and a record number of new product launches, supported by favourable economic conditions in most of our markets, resulted in the second consecutive year of FX-neutral revenue growth above the 4-5% target range combined with good margin expansion. The excellent execution across our markets is a testament to the dedication and hard work of all our people.

Net sales revenue improved by 6.0% on an FX-neutral basis. Reported revenue grew 2.1%. FX-neutral revenue per case increased by 1.7% with growth in all segments and an acceleration in the fourth quarter as anticipated. Price increases as well as category and package mix contributed to the growth year on year. Volume growth of 4.2% was broad based across all categories and segments for the year. We benefited from improved volumes in the Established segment in the fourth quarter and particularly strong volumes for the full year in the Developing segment. Emerging segment volume growth improved in the full year as Russia returned to growth.

We are pleased to see that our ongoing focus on cost control resulted in good operational leverage resulting in a 20 basis-point improvement in comparable operating expenses as a percentage of revenue to 27.7%, in a year of significant marketing investment, which was up by 30 basis points as a percentage of revenue. Comparable EBIT margin expanded by 70 basis points to 10.2% - another solid step towards our 2020 financial targets.

2018 was an important year for our sustainability agenda as we introduced new and ambitious commitments to be met by 2025. These include bold targets and initiatives on packaging, recycling, water reduction, youth empowerment and gender balance. We are particularly proud to have ranked among the top beverage companies in the Dow Jones Sustainability Global and European indices for the past five years, and our new 2025 commitments underscore our ambition to remain a leader in this area.

Volume performance by segment

Volume grew 4.2% in the year, an acceleration from the 2.2% growth rate in the prior year. We delivered a strong performance in both Sparkling (including Energy) and Stills, which grew 4.7% and 3.0%, respectively.

Volume was up 1.0% in the Established segment, up 8.8% in the Developing segment and up 4.3% in the Emerging segment. The Established segment maintained the pace of volume expansion seen in the prior year, and the Developing and Emerging segments achieved a good improvement in volumes, where our medium-sized markets continue to be an important component of overall volume growth. We are particularly pleased to see the strong results from Russia, which has now returned to growth. Nigeria however, saw a decline in volumes in a very competitive environment.

Volume performance by category

As we become a Total Beverage Partner, we are tapping into growth potential in segments outside our core sparkling beverage portfolio, offering consumers a wider choice of drinks to meet their needs and desires at any time of day and for different occasions. This sits alongside our innovation agenda in the sparkling category, where our activities include reformulation of the recipes to suit increasingly health-conscious consumers looking for low- and no-sugar options and the introduction of new flavours as well as smaller, more convenient packages. Furthermore, by offering a broader portfolio with a wider choice of natural, healthy options and premium products, we help our customers excite shoppers and increase transactions and profitability for them and for us.

2018 was the busiest year of portfolio evolution in our recent history. We introduced more new products than ever before, with significant product launches in ready-to-drink tea with FUZE Tea and in premium water with GLACÉAU smartwater. With the launch of AdeZ plant-based beverages, we added an entirely new category to our portfolio. Overall we sold 96 million additional cases of new categories, brands, flavours and packages in the year, which represents 4.4% of our total volume compared to 2.3% in 2017. FUZE Tea is excluded from these numbers on the grounds that it is largely a replacement for Nestea.

Group Operational Review (continued)

Sparkling beverage volume grew 4.3% in the year, the highest pace of growth in a decade. We saw growth in all of our countries except for Italy and Nigeria. Growth was led by the low- and no-calorie variants which grew 25.9%. Coke Zero growth gained pace in 2018, with growth exceeding 20% for the seventh consecutive quarter, and we are encouraged to see very strong growth rates from Fanta Zero and Sprite Zero. Adult Sparkling continues to do well with growth from all brands contributing to a 6% volume growth for the category.

Water volume grew by 3.2%, a slight improvement on the growth rate of 3.0% in the prior year. Established segment volume growth slowed to 0.5%, as we focused on single-serve packages to enhance price/mix in the category. Water volume in the Developing segment increased 14.0%, mainly driven by very strong growth in Poland. In the Emerging segment Water volumes grew by 2.3%, the slower growth rate driven by the delisting of the 2L pack in Ukraine. In keeping with our strategy to focus on premium and value-added water, in April we launched GLACÉAU smartwater in ten of our markets.

Juice volume grew marginally, up 0.3% in the full year. Volume growth was 0.5% in the Emerging segment, as growth from Nigeria, Romania and Bulgaria was partially offset by declines in Russia where we focused on premium brands in a competitive market. Juice grew 4.4% in the Developing segment, mainly driven by Poland and declined by 5.2% in the Established segment, mainly driven by Ireland, where the decision to discontinue distribution of dilutes in Juice drinks continues to impact volumes negatively.

Ready-to-drink tea (RTD tea) volume grew by 1.5%. We are pleased to see the category return to growth this year with the introduction of FUZE Tea. This improved performance was particularly notable in the Established segment, which grew volumes by 3.6% after a decline of 8.8% in the prior year, and in the Emerging segment, which grew volumes by 3.7% after a decline of 8.1% in the prior year. The Developing segment, however, saw volume decline of 4.0% in 2018 driven mainly by Poland.

The energy category delivered another year of excellent volume growth, up 30.6%, with strong growth from both Monster and Burn.

We launched AdeZ plant-based beverages - made from almond, rice, soy or oats and blended with fruits - in 11 countries in May and in Russia in September. This new category, available in sizes appropriate for at-home consumption and on-the-go use, proved very popular with our shoppers, contributing 0.9 million unit cases of sales volume in the year.

In keeping with our strategy to drive revenue through selling smaller pack sizes, single-serve packages increased by 8.5%, while multi-serves increased by 1.1% in the year, leading to a 1.7 percentage point package mix improvement. All three segments improved their package mix.

Key financials

FX-neutral net sales revenue per unit case grew by 1.7% in the year after an acceleration in the fourth quarter to 3.1%. This is the eighth consecutive year of expansion and all three segments made good contributions. The Established segment delivered growth of 1.1% for the full year, benefiting from acceleration in the fourth quarter. The Developing segment delivered 2.8% growth for the year, with a significant improvement in the fourth quarter. The Emerging segment grew FX-neutral net sales revenue per unit case by 2.4%, a slower pace of expansion than in 2017. This slowdown was driven by Russia and Nigeria. In Nigeria, we cycled the significant pricing we took in 2016/17 and also had to adjust price and pack architecture in the business to respond to intense competition. In Russia, the discontinuation of our distribution of the Brown-Forman products played a significant role due to the very high revenue per case Premium Spirits command. Excluding this impact, Emerging market FX-neutral net sales revenue per unit case increased by 5.0%.

Net sales revenue of €6.7 billion was up 2.1% compared to the prior year. The weakening of the Russian Rouble, Nigerian Naira and to a lesser extent, Swiss Franc accounts for the difference between this and our revenue growth on an FX-neutral basis.

FX-neutral input cost per unit case for the year was down 1.4%, which was slightly better than our expectations. The main driver was sugar, while the costs of PET resin and aluminium increased in the year.

Group Operational Review (continued)

On the other hand, the total adverse impact of currency movements on our P&L was €51 million, slightly above our expectations and driven mainly by the Russian Rouble, the Nigerian Naira and the Swiss Franc.

Comparable operating expenses as a percentage of revenue improved by 20 basis points in the full year to 27.7%. We are pleased that we were able to deliver this improvement despite the growth in marketing expense relating to FIFA World Cup and new product launches amounting to 30 basis points as a percentage of revenue, as well as increased transport costs in certain Central and Eastern European countries. On the other hand, we benefitted from cycling the prior year's bad debt provision in Croatia and the partial recovery thereof.

Comparable EBIT was €680.7 million, up 9.6% on the prior year. Comparable EBIT margin expanded by 70 basis points to 10.2%. Comparable EBIT margin declined by 50 basis points in the Established segment to 9.7%, while it improved by 100 basis points in the Emerging segment to 10.5% and 260 basis points in the Developing segment to 10.5%. Our revenue growth management initiatives, including product innovation, price increases and better package and category mix proved very effective, making the biggest contribution to our profits followed closely by increased volumes. On a reported basis, we delivered €639.4 million of EBIT in the year, an 8.4% improvement on the prior year.

We generated €370.0 million of free cash flow in the year, continuing our consistently strong performance. As expected, capital expenditure as a percentage of revenue increased by 60 basis points to 6.4%, as we accelerated our investments in revenue-generating opportunities. Working capital balance remains in our target level of triple-digit negative.

Comparable net profit of €480.4 million and comparable earnings per share of €1.306 were 6.8% and 5.9% higher than in the prior year, respectively, reflecting the impact of a higher effective tax rate in the year as well as lower interest income. Reported net profit and reported basic earnings per share were €447.4 million and €1.216, respectively.

In line with our dividend policy, the Board of Directors proposes a full-year dividend of 0.57 Euros per share, a 5.6% increase on the 2017 dividend. The dividend payment will be subject to, among other things, shareholders' approval at our annual general meeting.

Operational Review by Reporting Segment
Established markets

	Full Year		Change
	2018	2017	
Volume (m unit cases)	619.5	613.3	1.0%
Net sales revenue (€ m)	2,470.1	2,436.3	1.4%
Net sales revenue per unit case (€)	3.99	3.97	0.4%
FX-neutral net sales revenue (€ m)	2,470.1	2,418.9	2.1%
FX-neutral net sales revenue per unit case (€)	3.99	3.94	1.1%
Operating profit (EBIT) (€ m)	232.0	238.3	-2.6%
Comparable EBIT (€ m)	240.7	250.4	-3.9%
EBIT margin (%)	9.4	9.8	-40bps
Comparable EBIT margin (%)	9.7	10.3	-50bps

- Established markets volume increased by 1.0% in the full year, driven mainly by Greece and Ireland, with an acceleration in the fourth quarter. Sparkling was the key contributor, followed by Energy and Water.
- Net sales revenue increased by 1.4% in the full year. Volume growth, favourable pricing driven by the implementation of the sugar tax in Ireland, price increases in several countries, as well as favourable package and product mix more than offset the unfavourable channel mix and currency impact. FX-neutral net sales revenue per case increased by 1.1% in the year.
- Volume in Italy was down by 0.6%. Excellent growth in RTD Tea, following the successful launch of FUZE Tea and continued positive momentum in Coca-Cola Zero, partially offset declines in full-sugar variants of Sparkling. In Water, while volumes declined, our focus on single-serve packages delivered a 2.0% improvement in price/mix within the category. Energy maintained its growth throughout the year, driven by Monster.
- Volume in Greece increased by 4.5% in the year, helped by a good tourist season and a gradually improving economic environment. We saw good growth in Sparkling, driven by Coca-Cola Zero and to a lesser extent by Coca-Cola Regular, while Schweppes grew by mid-teens and Sprite returned to growth after several years, helped by the launch of Sprite Zero Lemon Mint. Water delivered another year of mid single-digit growth. On the other hand, Juice and RTD Tea declined.
- In Ireland, volume grew by 2.8%, with an acceleration in the fourth quarter. We are very pleased with this result, as in the second quarter, both Northern Ireland and the Republic of Ireland implemented a sugar tax. Sparkling was the main growth driver, with a notable shift from full-sugar to low- and no-calorie variants. The launch of the premium skittle bottle in Schweppes supported volumes and Monster also grew well.
- In Switzerland, volume grew by 0.6%, with a strong fourth quarter regaining some of the volume lost in the first nine months of the year. Good performance in Sparkling, with positive results in Coca-Cola Zero and Regular and in Energy, more than offset declines in RTD Tea and Water.
- Volume in Austria was stable compared to the prior year, with a good performance in RTD Tea, Sparkling and Energy offset by declines in Water and Juice. In Sparkling, growth came from the low-calorie variants, mainly Coca-Cola Zero, but also from the new flavours we launched.
- Comparable operating profit in the Established segment declined by 3.9% to €240.7 million, resulting in a 50 basis-point contraction in comparable operating profit margin to 9.7%. Volume growth and favourable price and product mix, were more than offset by higher input costs, higher operating expenses and adverse foreign exchange impact, mainly from the Swiss Franc. On a reported basis, operating profit declined by 2.6% to €232.0 million.

Operational Review by Reporting Segment (continued)
Developing markets

	Full Year		Change
	2018	2017	
Volume (m unit cases)	429.0	394.2	8.8%
Net sales revenue (€ m)	1,306.9	1,173.4	11.4%
Net sales revenue per unit case (€)	3.05	2.98	2.3%
FX-neutral net sales revenue (€ m)	1,306.9	1,167.7	11.9%
FX-neutral net sales revenue per unit case (€)	3.05	2.96	2.8%
Operating profit (EBIT) (€ m)	130.7	91.6	42.7%
Comparable EBIT (€ m)	137.0	92.3	48.4%
EBIT margin (%)	10.0	7.8	220bps
Comparable EBIT margin (%)	10.5	7.9	260bps

- Developing markets volume increased by 8.8% in the full year, continuing the momentum of the first half. Volume growth was broad-based with a good performance in all countries in the segment and all categories apart from RTD Tea.
- Net sales revenue increased by 11.4% in the year, driven by higher volume and price/mix, which improved in the second half. This was achieved through price increases in Hungary, Poland and the Czech Republic coupled with better promotional management, and favourable category and package mix. Local currencies, which were weaker on balance, led to negative foreign exchange impact. On an FX-neutral basis, net sales revenue per unit case improved by 2.8%.
- In Poland, volume grew by 9.9%, with a strong performance throughout the year, supported by economic growth and low unemployment levels. In the latter part of the year, the business implemented several actions including price increases which, coupled with a tough comparison in the fourth quarter, held back volume growth. In Sparkling, volume was driven by good performance in Coca-Cola Regular followed by Coca-Cola Zero and Fanta. Energy continued to deliver excellent results and grew by 67.2% in the full year driven by Monster, which grew by 79.8% compared to the prior year, supported by promotions, no-calorie variants and new flavours. Water grew by 23.6% as the result of the water trade plan to support the category at an attractive price point coupled with warm weather during the summer season.
- Volume in Hungary increased by 7.2%, benefiting from strong execution in the market and a healthy economic environment supported by direct investment. Coca-Cola trademark grew by 11% with strong growth in Coca-Cola Zero in line with the country's commitment to raise the share of low-calorie sparkling beverages in the portfolio. RTD Tea and Energy also contributed well.
- In the Czech Republic, volume was up 4.0% in the full year. All categories grew, apart from RTD Tea. Growth in Sparkling was led by Coca-Cola Zero, Fanta and Kinley, all of which were supported by strong innovation plans. Energy and Juice also contributed well.
- Developing markets posted a comparable operating profit of €137.0 million, a 48.4% increase compared to the prior year and profit growth in all countries, in particular, Poland, Croatia and Hungary. Comparable operating profit margin for the segment improved by 260 basis points to 10.5%. Improved volume, price and mix more than offset the impact of unfavourable input costs and currency movements. The segment benefitted from cycling the prior year's bad debt provision in Croatia as well as the partial recovery thereof. Reported operating profit grew by 42.7% to €130.7 million.

Operational Review by Reporting Segment (continued)
Emerging markets

	Full Year		Change
	2018	2017	
Volume (m unit cases)	1,143.8	1,096.6	4.3%
Net sales revenue (€ m)	2,880.1	2,912.3	-1.1%
Net sales revenue per unit case (€)	2.52	2.66	-5.2%
FX-neutral net sales revenue (€ m)	2,880.1	2,696.5	6.8%
FX-neutral net sales revenue per unit case (€)	2.52	2.46	2.4%
Operating profit (EBIT) (€ m)	276.7	259.9	6.5%
Comparable EBIT (€ m)	303.0	278.3	8.9%
EBIT margin (%)	9.6	8.9	70bps
Comparable EBIT margin (%)	10.5	9.6	100bps

- Emerging market segment volume increased by 4.3% with strong growth in all countries apart from Nigeria, where volumes declined.
- Net sales revenue declined by 1.1% as the significant adverse currency impact, mainly in Russia and Nigeria as well as the discontinuation of our distribution of the Brown-Forman products in Russia offset the positive contribution from volume growth, package mix and the price increases implemented in the second half of the year. FX-neutral revenue per case grew by 2.4%. Excluding the Brown-Forman impact, FX-neutral revenue per case was up by 5.0%.
- Volume in Russia was up by 4.4% for the full year. We are pleased to see the volume growth momentum continue in our Russia business given that the tailwind from the World Cup activity and good weather have ceased. Sparkling grew by 6.4%, with Trademark Coke and Fanta up by 11% supported by intense promotional activity, flavour innovations and changes to our price/pack architecture. Sprite declined as we cycled the launch of Sprite Cucumber, while Schweppes grew driven by Bitter lemon and Pomegranate flavours. Energy grew by 35.7% in the full year with good performances from both Burn and Monster.
- In Nigeria, continued intense competition and price increases taken in October resulted in weak volumes for the fourth quarter, turning volume performance from a small growth in the first nine months to a decline of 1.9% for the full year. Water, Juice and Energy delivered positive results offset by Sparkling. FX-neutral revenue, which is a reflection of the value we are pursuing in Nigeria, was up by 5.0%. Having made further changes to our price/pack architecture, we saw encouraging results from the business in December.
- Volume in Romania increased by 8.9% in the full year, with growth in all categories. Sparkling grew by 10.4% as marketing, innovation and focus on execution drove a strong performance against the backdrop of good economic growth. Schweppes volume grew by 28.3% supported by the launch of new 0.2L non-returnable glass packages dedicated to the hotel, restaurant and café channel and by promotional activity in multi-serve packs.
- Ukraine delivered 6.9% volume growth in the full year. Sparkling and RTD Tea grew well, while Water declined after the delisting of the 2L package. Coke Regular grew, driven by multi-serve packages in the organised trade channel and the launch of Coca-Cola Zero Lemon and Vanilla supported growth.
- The Emerging markets segment delivered comparable operating profit of €303.0 million, resulting in a 100 basis-point improvement in comparable operating margin to 10.5%. Better price/mix across the segment and higher sales volume were partly offset by increased operating expenses as we invested in the FIFA World Cup and product launches, as well as the adverse impact of currency movements. On a reported basis, operating profit was €276.7million, an increase of 6.5% compared to prior year.

Business Outlook

Economic growth in 2019 is forecast to slow down in a number of our markets, which is likely to negatively impact consumer spending in the Established and Developing segments. We believe that we are well-placed to withstand these more challenging conditions given our strong marketing programmes, ongoing initiatives in revenue growth management and route to market, together with the new product launches in 2018 which we expect to gain momentum with increased distribution and repeat sales.

Overall, we expect volume to continue to grow in all three segments, with the Established and Emerging market segments accelerating marginally, as Nigeria returns to volume growth, and Developing markets moderating to more normalised levels.

Our revenue growth management initiatives, which are designed to grow revenue faster than volume, the price increases we took in the second half of 2018 and the contribution from new products with higher revenue per case should ensure that we continue to deliver FX-neutral net sales revenue per case improvement in 2019. The Developing segment should accelerate its price/mix growth, while the Emerging segment remains under pressure from the discontinuation of our distribution of the Brown-Forman products in Russia and the affordability and competitive pressures in Nigeria.

Taking into account our hedged positions and the current favourable spot rates, we expect the adverse impact on EBIT from foreign currency to amount to approximately €50 million for the full year.

All of our EU sugar requirements are contracted at lower rates than those experienced in 2018, and nearly all of our World sugar requirements are hedged. Together, this gives us a favourable position for sugar in 2019. In PET resin, we expect higher prices in 2019 compared to 2018, and aluminium costs are expected to be stable on the prior year. Overall, we expect our input costs per case to increase by low single digits on an FX-neutral basis.

Our sharp focus on cost efficiencies continues while we invest in the business for growth. Aided by the operating leverage of the anticipated growth in our revenue, we expect to deliver further reduction in operating expenses as a percentage of net sales revenue in the year.

In summary, we are pleased with our progress towards our strategic objectives and have clear plans for 2019, including ongoing work on our route to market and in-store execution as well as building on the success of our new launches. We therefore, expect the combination of volume growth, price/mix improvement and cost control to continue to deliver FX-neutral revenue growth and margin expansion in the year.

Technical guidance

We remain focused on further improving operational efficiencies in the business. For 2019, we have identified restructuring initiatives of approximately €33 million. We expect these initiatives to yield €17 million in annualised benefits from 2020 onwards, while the initiatives already taken in 2018 and those that will be taken in 2019 are expected to yield €23 million of total benefits in 2019.

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

Given that the €800 million Euro bond will mature in June 2020, we would expect to do the refinancing of this bond in 2019. Therefore, we estimate that finance costs in 2019 will be nearly double the amount in 2018, comprising the new cost of the debt and related refinancing expenses, as well as the impact of adoption of IFRS 16 from January 2019.

Annual capital expenditure over the medium term is expected to range between 5.5% and 6.5% of net sales revenue excluding the impact of the adoption of IFRS 16. In 2018, we stepped up our investment in revenue-generating assets such as coolers and new technology and expect to remain at the high end of that range also in 2019. Going forward and taking into account the impact of the adoption of IFRS 16, the restated annual capital expenditure target range becomes 6.5% to 7.5% of net sales revenue.

Group Financial Review
Income statement

	Full Year		
	2018 € million	2017 € million	% Change
Volume (m unit cases)	2,192.3	2,104.1	4.2%
Net sales revenue	6,657.1	6,522.0	2.1%
Net sales revenue per unit case (€)	3.04	3.10	-2.0%
FX-neutral net sales revenue ¹	6,657.1	6,283.1	6.0%
FX-neutral net sales revenue per unit case (€) ¹	3.04	2.99	1.7%
Cost of goods sold	(4,141.8)	(4,083.0)	1.4%
Comparable cost of goods sold ¹	(4,133.8)	(4,079.5)	1.3%
Gross profit	2,515.3	2,439.0	3.1%
Comparable gross profit ¹	2,523.3	2,442.5	3.3%
Operating expenses	(1,875.9)	(1,849.2)	1.4%
Comparable operating expenses ¹	(1,842.6)	(1,821.5)	1.2%
Operating profit (EBIT) ²	639.4	589.8	8.4%
Comparable operating profit (EBIT) ¹	680.7	621.0	9.6%
Adjusted EBITDA ¹	968.7	927.5	4.4%
Comparable adjusted EBITDA ¹	1,000.3	949.3	5.4%
Finance costs, net	(41.3)	(36.7)	12.5%
Share of results of equity method investments	12.8	11.8	8.5%
Tax	(162.8)	(138.4)	17.6%
Comparable tax ¹	(171.1)	(146.1)	17.1%
Net profit ³	447.4	426.0	5.0%
Comparable net profit ^{1,3}	480.4	449.7	6.8%
Basic earnings per share (€)	1.216	1.168	4.1%
Comparable basic earnings per share (€) ¹	1.306	1.233	5.9%

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 6.0% during 2018, compared to the prior year. Net sales revenue improved by 2.1% during 2018, compared to the prior year, driven by higher volume, pricing and favourable category and package mix.

Comparable cost of goods sold increased by 1.3% and cost of goods sold increased by 1.4% in 2018, compared to the prior year, mainly driven by volume growth partially offset by lower sugar costs.

Comparable operating expenses in absolute terms increased by 1.2% and operating expenses by 1.4% in 2018, compared to the prior year, mainly driven by increased sales and marketing as well as distribution expenses.

Comparable operating profit increased by 9.6% in 2018, compared to the prior year, as the benefits from volume and our revenue growth management initiatives, including price increases, more than offset higher cost of goods sold, increased operating expenses and adverse foreign exchange impact. Operating profit increased by 8.4% in 2018, compared to the prior year, as the benefits from volume and our revenue growth management initiatives, including price increases, more than offset higher cost of goods sold, including the costs from the mark-to-market valuation of commodity economic hedges, adverse foreign exchange impact as well as increased operating expenses including restructuring costs.

Net finance costs increased by €4.6 million during 2018, compared to the prior year, mainly due to lower interest returns on cash deposits.

Group Financial Review (continued)
Income statement (continued)

On a comparable basis, the effective tax rate was 26.2% for 2018 and 24.5% for 2017. On a reported basis, Coca-Cola HBC's effective tax rate was 26.6% and 24.5% for 2018 and 2017 respectively. The Group's effective tax rate varies depending on the mix of taxable profits by territory, the non-deductibility of certain expenses, non-taxable income and other one-off tax items across its territories.

Comparable net profit increased by 6.8% and net profit by 5.0% in 2018 compared to the prior year, mainly driven by the higher operating profitability partially offset by higher net finance costs and increased taxes.

Balance sheet

	As at		
	31 December 2018	31 December 2017	Change
	€ million	€ million	€ million
Assets			
Total non-current assets	4,416.1	4,344.6	71.5
Total current assets	2,438.2	2,285.6	152.6
Total assets	6,854.3	6,630.2	224.1
Liabilities			
Total current liabilities	2,018.6	1,896.4	122.2
Total non-current liabilities	1,719.3	1,721.6	-2.3
Total liabilities	3,737.9	3,618.0	119.9
Equity			
Owners of the parent	3,111.1	3,007.4	103.7
Non-controlling interests	5.3	4.8	0.5
Total equity	3,116.4	3,012.2	104.2
Total equity and liabilities	6,854.3	6,630.2	224.1

Total non-current assets increased by €71.5 million in 2018, mainly driven by purchases of property, plant and equipment for the year. Net current assets increased by €30.4 million in 2018, as increased inventory and investments in financial assets were partially offset by payable relating to purchase of own shares and increased taxes payable.

Cash flow

	Full Year		
	2018	2017	%
	€ million	€ million	Change
Net cash from operating activities	796.6	803.5	-0.9%
Capital expenditure ¹	(426.6)	(377.6)	13.0%
Free cash flow ¹	370.0	425.9	-13.1%

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

Net cash from operating activities decreased by 0.9% in 2018 compared to the prior year, as increased operating profitability was offset by a decrease in cash generated from working capital movements.

Capital expenditure, net of receipts from the disposal of assets and including principal repayments of finance lease obligations, increased by 13.0% in 2018, compared to the prior year and represented 6.4% (2017: 5.8%) of net sales revenue, as a result of our purchases of property, plant and equipment combined with lower proceeds from sale of idle assets.

Group Financial Review (continued)
Cash flow (continued)

In 2018, capital expenditure amounted to €426.6 million of which 51% was related to investment in production equipment and facilities and 33% to the acquisition of marketing equipment. In 2017, capital expenditure amounted to €377.6 million of which 49% was related to investment in production equipment and facilities and 27% to the acquisition of marketing equipment. The increase in capital expenditure related to marketing equipment is mainly driven by an acceleration of our investment in coolers.

In 2018, free cash flow declined by 13.1% or €55.9 million compared to the prior year, mainly driven by 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:

	Full Year		%
	2018	2017	
NARTD			
Volume (m unit cases) ¹	2,189.7	2,101.3	4.2%
Net sales revenue (€ m)	6,471.8	6,295.2	2.8%
Net sales revenue per unit case (€)	2.96	3.00	-1.3%
FX-neutral net sales revenue (€ m)	6,471.8	6,066.5	6.7%
FX-neutral net sales revenue per unit case (€)	2.96	2.89	2.4%
Premium Spirits			
Volume (m unit cases) ¹	2.594	2.764	-6.2%
Net sales revenue (€ m)	185.3	226.8	-18.3%
Net sales revenue per unit case (€)	71.43	82.05	-12.9%
FX-neutral net sales revenue (€ m)	185.3	216.6	-14.5%
FX-neutral net sales revenue per unit case (€)	71.43	78.36	-8.8%
Total			
Volume (m unit cases) ¹	2,192.3	2,104.1	4.2%
Net sales revenue (€ m)	6,657.1	6,522.0	2.1%
Net sales revenue per unit case (€)	3.04	3.10	-2.0%
FX-neutral net sales revenue (€ m)	6,657.1	6,283.1	6.0%
FX-neutral net sales revenue per unit case (€)	3.04	2.99	1.7%

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 APMs¹**

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, gas oil and PET price volatility, hedge accounting has not been applied. 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 years for which these measures are presented.

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

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)

	Full-year 2018							EPS (€)
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit ¹	
As reported	(4,141.8)	2,515.3	(1,875.9)	639.4	968.7	(162.8)	447.4	1.216
Restructuring costs	-	-	32.8	32.8	23.1	(7.8)	25.0	0.068
Commodity hedging loss / (gain)	8.0	8.0	0.5	8.5	8.5	(1.9)	6.6	0.018
Other tax items	-	-	-	-	-	1.4	1.4	0.004
Comparable	(4,133.8)	2,523.3	(1,842.6)	680.7	1,000.3	(171.1)	480.4	1.306
	Full-year 2017							EPS (€)
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit ¹	
As reported	(4,083.0)	2,439.0	(1,849.2)	589.8	927.5	(138.4)	426.0	1.168
Restructuring costs	-	-	28.9	28.9	19.5	(6.9)	22.2	0.061
Commodity hedging loss / (gain)	3.5	3.5	(1.2)	2.3	2.3	(0.8)	1.5	0.004
Other tax items	-	-	-	-	-	-	-	-
Comparable	(4,079.5)	2,442.5	(1,821.5)	621.0	949.3	(146.1)	449.7	1.233

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 2018 includes €nil from restructuring within joint ventures (2017: €0.2 million).

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

	Full-year 2018			
	Established	Developing	Emerging	Consolidated
EBIT	232.0	130.7	276.7	639.4
Restructuring costs	4.9	4.0	23.9	32.8
Commodity hedging	3.8	2.3	2.4	8.5
Comparable EBIT	240.7	137.0	303.0	680.7
	Full-year 2017			
	Established	Developing	Emerging	Consolidated
EBIT	238.3	91.6	259.9	589.8
Restructuring costs	13.1	1.6	14.2	28.9
Commodity hedging	(1.0)	(0.9)	4.2	2.3
Comparable EBIT	250.4	92.3	278.3	621.0

2. FX-neutral APMs

The Group also evaluates its operating and financial performance on an FX-neutral basis (i.e. without giving effect to the impact of variation of foreign currency exchange rates from year to year). FX-neutral APMs are calculated by adjusting prior year amounts for the impact of exchange rates applicable to the current year. FX-neutral measures enable users to focus on the performance of the business on a basis which is not affected by changes in foreign currency exchange rates applicable to the Group's operating activities from year to year. The most common FX-neutral measures used by the Group are:

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

 2) *FX-neutral comparable input costs per unit case*

FX-neutral comparable input costs per unit case is calculated by adjusting prior year commodity costs and more specifically, sugar, resin, aluminium and fuel commodity costs, excluding commodity hedging as described above; and other raw materials costs for the impact of changes in exchange rates applicable in the current year.

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

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

	Full-year 2018			
	Established	Developing	Emerging	Consolidated
Net sales revenue	2,470.1	1,306.9	2,880.1	6,657.1
Currency impact	-	-	-	-
FX-neutral net sales revenue	2,470.1	1,306.9	2,880.1	6,657.1
Volume (m unit cases)	619.5	429.0	1,143.8	2,192.3
FX-neutral net sales revenue per unit case (€)	3.99	3.05	2.52	3.04

	Full-year 2017			
	Established	Developing	Emerging	Consolidated
Net sales revenue	2,436.3	1,173.4	2,912.3	6,522.0
Currency impact	(17.4)	(5.7)	(215.8)	(238.9)
FX-neutral net sales revenue	2,418.9	1,167.7	2,696.5	6,283.1
Volume (m unit cases)	613.3	394.2	1,096.6	2,104.1
FX-neutral net sales revenue per unit case (€)	3.94	2.96	2.46	2.99

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

	Full-year 2018	Full-year 2017
Input costs	1,726.5	1,729.2
Commodity hedging	(8.0)	(3.5)
Comparable input costs	1,718.5	1,725.7
Currency impact	-	(53.4)
FX-neutral comparable input costs	1,718.5	1,672.3
Volume (m unit cases)	2,192.3	2,104.1
FX-neutral comparable input costs per unit case (€)	0.78	0.79

Definitions and reconciliations of APMs (continued)**3. Other APMs****Adjusted EBITDA and comparable Adjusted EBITDA**

Adjusted EBITDA is calculated by adding back to operating profit the depreciation and impairment of property, plant and equipment, the amortisation and impairment of intangible assets, the employee share option and performance share costs and items, if any, reported in line "Other non-cash items" of the consolidated cash flow statement. Adjusted EBITDA is intended to provide useful information to analyse the Group's operating performance excluding the impact of operating non-cash items as defined above. The Group also uses comparable Adjusted EBITDA, which is calculated by deducting from Adjusted EBITDA the impact of the Group's restructuring costs and the mark-to-market valuation of the commodity hedging activity. Comparable Adjusted EBITDA is intended to measure the level of financial leverage of the Group by comparing comparable Adjusted EBITDA to Net debt.

Adjusted EBITDA and comparable Adjusted EBITDA are not measures of profitability and liquidity under IFRS and have limitations, some of which are as follows: Adjusted EBITDA and comparable Adjusted EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; Adjusted EBITDA and comparable Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and Adjusted EBITDA and comparable Adjusted EBITDA do not reflect any cash requirements for such replacements. Because of these limitations, Adjusted EBITDA and comparable Adjusted EBITDA should not be considered as a measure of discretionary cash available to us and should be used only as a supplementary APM.

As a result of IFRS 16 adoption we expect Adjusted EBITDA and comparable Adjusted EBITDA to increase in 2019 as operating lease expense will be replaced by depreciation and interest.

Free cash flow

Free cash flow is an APM used by the Group and defined as cash generated by operating activities after payments for purchases of property, plant and equipment net of proceeds from sales of property, plant and equipment and including principal repayments of finance lease obligations. Free cash flow is intended to measure the cash generation from the Group's business, based on operating activities, including the efficient use of working capital and taking into account its net payments for purchases of property, plant and equipment. The Group considers the purchase and disposal of property, plant and equipment as ultimately non-discretionary since ongoing investment in plant, machinery, technology and marketing equipment, including coolers, is required to support the day-to-day operations and the CCHBC Group's growth prospects. The Group presents free cash flow because it believes the measure assists users of the financial statements in understanding the Group's cash generating performance as well as availability for interest payment, dividend distribution and own retention. The free cash flow measure is used by management for its own planning and reporting purposes since it provides information on operating cash flows, working capital changes and net capital expenditure that local managers are most directly able to influence.

Free cash flow is not a measure of cash generation under IFRS and has limitations, some of which are as follows: Free cash flow does not represent the Group's residual cash flow available for discretionary expenditures since the Group has debt payment obligations that are not deducted from the measure; free cash flow does not deduct cash flows used by the Group in other investing and financing activities and free cash flow does not deduct certain items settled in cash. Other companies in the industry in which the Group operates may calculate free cash flow differently, limiting its usefulness as a comparative measure.

Definitions and reconciliations of APMs (continued)
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.

As a result of IFRS 16 adoption we expect capital expenditure to increase in 2019 as a result of increased principal repayments of lease obligations due to the recognition of nearly all leases on the balance sheet.

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

	Full-year	
	2018 € million	2017 € million
Operating profit (EBIT)	639.4	589.8
Depreciation and impairment of property, plant and equipment	318.7	316.8
Amortisation of intangible assets	0.5	0.4
Employee stock options and performance shares	10.1	20.8
Other non-cash items included in operating income	-	(0.3)
Adjusted EBITDA	968.7	927.5
Gain on disposal of non-current assets	(10.2)	(4.3)
Cash (consumed) / generated from working capital movements	(45.5)	8.7
Tax paid	(116.4)	(128.4)
Net cash from operating activities	796.6	803.5
Payments for purchases of property, plant and equipment	(437.2)	(409.9)
Principal repayments of finance lease obligations	(7.7)	(7.2)
Proceeds from sale of property, plant and equipment	18.3	39.5
Capital expenditure	(426.6)	(377.6)
Free cash flow	370.0	425.9

Net debt

Net debt is an APM used by management to evaluate the Group's capital structure and leverage. Net debt is defined as current borrowings plus non-current borrowings less cash and cash equivalents and financial assets (time deposits and money market funds), as illustrated below:

	As at	
	31 December 2018 € million	31 December 2017 € million
Current borrowings	136.4	166.4
Non-current borrowings	1,468.0	1,459.8
Other financial assets	(278.8)	(150.9)
Cash and cash equivalents	(712.3)	(723.5)
Net debt	613.3	751.8

**Condensed consolidated financial statements for the six months and the
year ended 31 December 2018**

Condensed consolidated income statement (unaudited)

		Six months ended 31 December	
		2018	2017
		€ million	€ million
	Note		
Net sales revenue	3	3,428.8	3,308.6
Cost of goods sold		(2,126.0)	(2,069.5)
Gross profit		1,302.8	1,239.1
Operating expenses	4	(967.3)	(915.7)
Operating profit	3	335.5	323.4
Finance costs, net	5	(22.2)	(19.2)
Share of results of equity method investments		7.5	6.5
Profit before tax		320.8	310.7
Tax	6	(89.8)	(76.0)
Profit after tax		231.0	234.7
Attributable to:			
Owners of the parent		230.5	234.4
Non-controlling interests		0.5	0.3
		231.0	234.7
Basic earnings per share (€)	7	0.63	0.64
Diluted earnings per share (€)	7	0.62	0.64

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

Condensed consolidated statement of comprehensive income (unaudited)

	Six months ended 31 December	
	2018	2017
	€ million	€ million
Profit after tax	231.0	234.7
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Cost of hedging	(3.1)	-
Net loss of cash flow hedges	(3.2)	(1.4)
Foreign currency translation	(39.1)	(68.6)
Share of other comprehensive loss of equity method investments	-	(0.5)
Income tax relating to items that may be subsequently reclassified to income statement	1.7	0.9
	(43.7)	(69.6)
Items that will not be subsequently reclassified to income statement:		
Valuation loss of equity investments at fair value through other comprehensive income	(0.2)	-
Actuarial (losses) / gains	15.7	(6.9)
Income tax relating to items that will not be subsequently reclassified to income statement	(2.2)	0.2
	13.3	(6.7)
Other comprehensive loss for the period, net of tax	(30.4)	(76.3)
Total comprehensive income for the period	200.6	158.4
Total comprehensive income for the period		
Owners of the parent	200.1	158.1
Non-controlling interests	0.5	0.3
	200.6	158.4

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

Condensed consolidated income statement (unaudited)

	Note	Year ended 31 December	
		2018 € million	2017 € million
Net sales revenue	3	6,657.1	6,522.0
Cost of goods sold		(4,141.8)	(4,083.0)
Gross profit		2,515.3	2,439.0
Operating expenses	4	(1,875.9)	(1,849.2)
Operating profit	3	639.4	589.8
Finance costs, net	5	(41.3)	(36.7)
Share of results of equity method investments		12.8	11.8
Profit before tax		610.9	564.9
Tax	6	(162.8)	(138.4)
Profit after tax		448.1	426.5
Attributable to:			
Owners of the parent		447.4	426.0
Non-controlling interests		0.7	0.5
		448.1	426.5
Basic earnings per share (€)	7	1.22	1.17
Diluted earnings per share (€)	7	1.21	1.16

Condensed consolidated statement of comprehensive income (unaudited)

	Year ended 31 December	
	2018	2017
	€ million	€ million
Profit after tax for the year	448.1	426.5
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Valuation gain on available-for-sale assets	-	0.1
Cost of hedging	(5.3)	-
Net gain of cash flow hedges	6.3	8.6
Foreign currency translation	(63.1)	(219.2)
Share of other comprehensive income / (loss) of equity method investments	0.6	(5.3)
Income tax relating to items that may be subsequently reclassified to income statement	1.0	(0.3)
	(60.5)	(216.1)
Items that will not be subsequently reclassified to income statement:		
Valuation loss on equity investments at fair value through other comprehensive income	(0.3)	-
Actuarial gains	20.8	6.9
Income tax relating to items that will not be subsequently reclassified to income statement	(3.3)	(2.2)
	17.2	4.7
Other comprehensive loss for the year, net of tax	(43.3)	(211.4)
Total comprehensive income for the year	404.8	215.1
Total comprehensive income attributable to:		
Owners of the parent	404.1	214.6
Non-controlling interests	0.7	0.5
	404.8	215.1

Condensed consolidated balance sheet (unaudited)

	Note	As at 31 December	
		2018 € million	2017 € million
Assets			
Intangible assets	8	1,825.8	1,829.9
Property, plant and equipment	8	2,391.6	2,322.0
Other non-current assets		198.7	192.7
Total non-current assets		4,416.1	4,344.6
Inventories		463.2	416.8
Trade, other receivables and assets		973.2	979.1
Other financial assets	10	286.5	162.9
Cash and cash equivalents	10	712.3	723.5
		2,435.2	2,282.3
Assets classified as held for sale		3.0	3.3
Total current assets		2,438.2	2,285.6
Total assets		6,854.3	6,630.2
Liabilities			
Borrowings	10	136.4	166.4
Other current liabilities		1,882.2	1,730.0
Total current liabilities		2,018.6	1,896.4
Borrowings	10	1,468.0	1,459.8
Other non-current liabilities		251.3	261.8
Total non-current liabilities		1,719.3	1,721.6
Total liabilities		3,737.9	3,618.0
Equity			
Owners of the parent		3,111.1	3,007.4
Non-controlling interests		5.3	4.8
Total equity		3,116.4	3,012.2
Total equity and liabilities		6,854.3	6,630.2

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

Condensed consolidated statement of changes in equity (unaudited)

	Attributable to owners of the parent							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Group reorganisation reserve	Treasury shares	Exchange equalisation reserve	Other reserves	Retained earnings			
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ 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	24.3	46.7	-	-	-	-	-	71.0	-	71.0
Share-based compensation:										
Options and performance shares	-	-	-	-	-	17.2	-	17.2	-	17.2
Movement in shares held for equity compensation plan	-	-	-	(0.6)	-	0.1	-	(0.5)	-	(0.5)
Appropriation of reserves	-	-	-	-	-	0.4	(0.4)	-	-	-
Dividends (note 12)	-	(162.0)	-	-	-	-	1.5	(160.5)	(0.2)	(160.7)
	2,015.1	4,739.3	(6,472.1)	(71.3)	(801.8)	262.8	3,120.8	2,792.8	4.3	2,797.1
Profit for the year net of tax	-	-	-	-	-	-	426.0	426.0	0.5	426.5
Other comprehensive loss for the year, net of tax	-	-	-	-	(224.5)	8.4	4.7	(211.4)	-	(211.4)
Total comprehensive income for the year net of tax ⁽¹⁾	-	-	-	-	(224.5)	8.4	430.7	214.6	0.5	215.1
Balance as at 31 December 2017	2,015.1	4,739.3	(6,472.1)	(71.3)	(1,026.3)	271.2	3,551.5	3,007.4	4.8	3,012.2

⁽¹⁾ The amount included in the exchange equalisation reserve of €224.5 million loss for 2017 represents the exchange loss attributed to the owners of the parent, mainly related to the Nigerian naira as well as the Russian rouble and the Swiss franc, including €5.3 million loss relating to share of other comprehensive income of equity method investments.

The amount included in other reserves of €8.4 million gain for 2017 consists of gain on valuation of available-for-sale financial assets of €0.1 million, cash flow hedges gains of €8.6 million, and the deferred tax expense thereof amounting to €0.3 million.

The amount of €430.7 million gain attributable to owners of the parent comprises profit for the year of €426.0 million plus actuarial gains of €6.9 million, minus deferred tax expense of €2.2 million.

The amount of €0.5 million gain included in non-controlling interests for 2017 represents the share of non-controlling interests in profit for the year.

Condensed consolidated statement of changes in equity (unaudited)

	Attributable to owners of the parent								Non-controlling interests € million	Total equity € million
	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		
Balance as at 1 January 2018	2,015.1	4,739.3	(6,472.1)	(71.3)	(1,026.3)	271.2	3,551.5	3,007.4	4.8	3,012.2
Shares issued to employees exercising stock options	6.1	9.2	-	-	-	-	-	15.3	-	15.3
Share-based compensation:										
Options and performance shares	-	-	-	-	-	(1.5)	-	(1.5)	-	(1.5)
Movement in shares held for equity compensation plan	-	-	-	(0.1)	-	1.8	-	1.7	-	1.7
Sale of own shares	-	-	-	0.8	-	-	-	0.8	-	0.8
Appropriation of reserves	-	-	-	(0.2)	-	0.3	(0.1)	-	-	-
Movement of treasury shares (note 11)	-	-	-	(113.3)	-	-	-	(113.3)	-	(113.3)
Dividends (note 12)	-	(200.6)	-	-	-	-	1.8	(198.8)	(0.2)	(199.0)
Transfer of cash flow hedge reserve including cost of hedging, to inventories, net of deferred tax ⁽²⁾	-	-	-	-	-	(4.6)	-	(4.6)	-	(4.6)
	2,021.2	4,547.9	(6,472.1)	(184.1)	(1,026.3)	267.2	3,553.2	2,707.0	4.6	2,711.6
Profit for the year net of tax	-	-	-	-	-	-	447.4	447.4	0.7	448.1
Other comprehensive loss for the year, net of tax	-	-	-	-	(62.5)	1.8	17.4	(43.3)	-	(43.3)
Total comprehensive income for the year net of tax ⁽³⁾	-	-	-	-	(62.5)	1.8	464.8	404.1	0.7	404.8
Balance as at 31 December 2018	2,021.2	4,547.9	(6,472.1)	(184.1)	(1,088.8)	269.0	4,018.0	3,111.1	5.3	3,116.4

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

⁽³⁾ The amount included in the exchange equalisation reserve of €62.5 million loss for 2018 represents the exchange loss attributed to the owners of the parent, mainly related to the Russian rouble, including €0.6 million gain relating to share of other comprehensive income of equity method investments.

The amount of other comprehensive loss net of tax included in other reserves of €1.8 million gain for 2018 consists of loss on valuation of equity investments at fair value through other comprehensive income of €0.3 million, cash flow hedges gains of €1.0 million, and the deferred tax income thereof amounting to €1.1 million.

The amount of €464.8 million gain attributable to owners of the parent comprises profit for the year of €447.4 million plus actuarial gains of €20.8 million, minus deferred tax expense of €3.4 million.

The amount of €0.7 million gain included in non-controlling interests for 2018 represents the share of non-controlling interests in profit for the year.

Condensed consolidated cash flow statement (unaudited)

	Note	Year ended 31 December	
		2018 € million	2017 € million
Operating activities			
Profit after tax for the year		448.1	426.5
Finance costs, net	5	41.3	36.7
Share of results of equity method investments		(12.8)	(11.8)
Tax charged to the income statement		162.8	138.4
Depreciation and impairment of property, plant and equipment	8	318.7	316.8
Employee stock options and performance shares		10.1	20.8
Amortisation of intangible assets	8	0.5	0.4
Other non- cash items		-	(0.3)
		968.7	927.5
Gain on disposals of non-current assets		(10.2)	(4.3)
Increase in inventories		(62.4)	(13.1)
(Increase) / Decrease in trade and other receivables		(23.3)	11.7
Increase in trade and other payables		40.2	10.1
Tax paid		(116.4)	(128.4)
Net cash inflow from operating activities		796.6	803.5
Investing activities			
Payments for purchases of property, plant and equipment		(437.2)	(409.9)
Payments for purchases of intangible assets		(1.5)	(1.8)
Proceeds from sales of property, plant and equipment		18.3	39.5
Net receipts from equity investments		12.0	24.4
Net payments for investments in financial assets at amortised cost		(92.7)	-
Net payments for investments in financial assets at fair value through profit or loss		(35.0)	-
Net payments for investments in financial assets		-	(151.0)
Proceeds from loans to related parties		0.2	1.6
Interest received		7.8	7.1
Net cash outflow from investing activities		(528.1)	(490.1)
Financing activities			
Proceeds from shares issued to employees	11	15.3	71.0
Payments for shares held by non-controlling interests		(0.2)	(0.5)
Purchase of own shares	11	(27.8)	-
Proceeds from sale of own shares		0.8	-
Dividends paid to owners of the parent	12	(198.8)	(160.5)
Dividends paid to non-controlling interests	12	(0.2)	(0.2)
Proceeds from borrowings	10	52.4	82.2
Repayments of borrowings	10	(69.6)	(83.8)
Principal repayments of finance lease obligations		(7.7)	(7.2)
Settlement of derivatives regarding financing activities		1.4	(3.1)
Interest paid		(40.4)	(36.9)
Net cash outflow from financing activities		(274.8)	(139.0)
Net (decrease) / increase in cash and cash equivalents		(6.3)	174.4
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		723.5	573.2
Net (decrease) / increase in cash and cash equivalents		(6.3)	174.4
Effect of changes in exchange rates		(4.9)	(24.1)
Cash and cash equivalents at the end of the year		712.3	723.5

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

These condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') applicable to Interim Financial Reporting ('IAS 34'). These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017.

Comparative figures

Comparative figures have been adjusted and reclassified where necessary to conform with changes in presentation in the current period. More specifically, in the condensed consolidated balance sheet, derivative financial instruments of €12.0 million have been reclassified from 'Trade and other receivables' to 'Other financial assets'.

Accounting policies

The accounting policies used in the preparation of the condensed consolidated financial statements of Coca-Cola HBC AG ('Coca-Cola HBC', the 'Company' or the 'Group') are consistent with those used in the 2017 annual financial statements, except for the adoption of new standards and amendments as of 1 January 2018.

New and amended standards adopted by the Group

The Group adopted IFRS 9, *Financial Instruments* in accordance with the standard's transitional provisions and IFRS 15, *Revenue from Contracts with Customers*, using the modified retrospective approach. Neither the adoption of IFRS 9 or IFRS 15 resulted in the restatement of comparatives. The impact of the adoption is described below:

a) *IFRS 9 Financial Instruments*

IFRS 9 introduces new requirements for the recognition, classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement of financial assets

Under IFRS 9, financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit and loss (FVPL), transaction costs. Subsequently debt instruments are measured at FVPL, amortised cost or fair value through other comprehensive income (FVOCI). The classification depends on two criteria a) the Group's business model for managing assets and b) whether the instruments' contractual cashflows represent solely payments for principal and interest on the principal amount outstanding (the "SPPI criterion").

On 1 January 2018 the Group has assessed which business models apply to its financial assets and classified them into the appropriate IFRS 9 categories. Its debt instruments are held at amortised cost, these include trade receivables, investments in time deposits and treasury bills. Other financial assets are classified and subsequently measured as follows:

The Group's investments in equity instruments are classified at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. The Group intends to hold these equity instruments for the foreseeable future and for which the Group has irrevocably elected to so classify upon initial recognition or transition. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's investments in equity instruments were classified as Available-for-Sale financial assets.

Financial assets at FVPL comprise derivative instruments and money market funds.

There were no differences in measurement during the transfer of financial assets from IAS 39 to IFRS 9 categories.

Selected explanatory notes to the condensed consolidated financial statements (unaudited)**1. Accounting policies and basis of preparation (continued)***Impairments of financial assets*

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group uses past experience for determining the risk of default as well as forward looking information at the end of each reporting period specific to the debtors and the economic environment. On this basis, the Group has determined the loss allowance as at 1 January 2018 which didn't result in material differences compared to the 31 December 2017 loss allowance.

All other financial assets at amortised cost are considered to have a low credit risk and the fair value approximates the carrying value.

Hedge accounting

The new hedge accounting requirements have aligned the accounting for hedging instruments more closely with the Group's risk management practices and therefore more hedge relationships are eligible for hedge accounting. At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Since adoption of IFRS 9 the Group recognises the changes in time value of option contracts as a deferred amount in a new 'cost of hedging' reserve within equity. The deferred amounts are recognised against the related hedged transaction when it occurs. However, as amounts were not material prior periods have not been restated.

b) IFRS 15 Revenue from Contracts with Customers

The Group produces, distributes and sells primarily non-alcoholic beverages. Under IFRS 15, *Revenue from Contracts with Customers* the Group recognises revenue when control of the products is transferred, being when the products are delivered to the customer, therefore the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

Net sales revenue is measured at the fair value of the consideration received or receivable and is stated net of sales discounts and consideration paid to customers. These mainly take the form of promotional incentives and are amortised over the terms of the related contracts as a deduction in revenue. The Group examined these in terms of the variable consideration and classification. The adoption of IFRS 15 did not have any impact on either of these.

Net sales revenue includes excise and other duties where the Group acts as a principal but excludes amounts collected by third parties such as value added taxes as these are not included in the transaction price. The Group assesses these taxes and duties on a jurisdiction-by-jurisdiction basis to conclude on the appropriate accounting treatment.

Other amendments and interpretations

The Group has adopted the following other amendments and interpretations which were issued by the IASB, that are relevant to its operations and effective for accounting periods beginning on 1 January 2018:

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture
- Interpretation 22: Foreign Currency Transactions and Advance Consideration
- Annual improvements to IFRSs: 2014-2016 Cycle - IAS 28

These other amendments and interpretations that came into effect on 1 January 2018 did not have an impact on the condensed consolidated financial statements of the Group.

Selected explanatory notes to the condensed consolidated financial statements (unaudited)**1. Accounting policies and basis of preparation (continued)****Impact of Standards issued but not yet adopted by the Group**

IFRS 16, *Leases*. The new standard supersedes IAS 17 and will result in almost all leases being recognised on the balance sheet by lessees as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, the only exceptions are short-term leases that do not contain a purchase option and low-value leases. The right of use assets will be depreciated on a straight-line basis. The liability, recognised as part of borrowings, will be measured at a discounted value using the interest rate implicit in the lease (if that rate can be determined), or the incremental borrowing rate of the lease and any interest will be charged to finance costs in the income statement. Therefore, the charge to the income statement for the operating lease expense will be replaced with depreciation on the right of use asset and the interest charge inherent in the lease.

The Group intends to apply the modified retrospective transition approach and will not restate comparative amounts for the year prior to first adoption. On transition the Group has decided to:

- (i) measure all right-of-use assets at an amount equal to the lease liability on the date of initial application (adjusted for any prepaid or accrued lease expenses);
- (ii) exclude all leases that expire within 2019;
- (iii) exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- (iv) apply the new guidance regarding definition of a lease only to contracts entered into or changed on or after 1 January 2019.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group. In determining the incremental borrowing rate to be used, the Group applies judgement to establish the suitable reference rate and credit spread.

The operating leases which will be recorded on the balance sheet following implementation of IFRS 16 are principally in respect of cars and buildings. The Group has decided to reduce the complexity of implementation by taking advantage of a number of practical expedients permitted by the standard namely:

- (i) apply the recognition exemption to short-term leases that do not contain a purchase option; and
- (ii) apply the recognition exemption to leases of underlying assets with a low value.

The Group expects to recognise right of use assets of approximately €150 million on 1 January 2019 and lease liabilities of approximately €150 million, while the impact to net assets will be immaterial.

Other standards and amendments issued but not yet adopted by the Group.

- IFRIC 23 - Uncertainty over income tax treatments
- IAS 28 (Amendment) - Long term interests in associates and joint ventures
- IAS 19 (Amendment) - Plan Amendment, Curtailment or Settlement
- 2015-2017 Annual Improvements cycle:
 - IFRS 3 *Business Combinations* - Previously held Interests in a joint operation
 - IFRS 11 *Joint Arrangements* - Previously held Interests in a joint operation
 - IAS 12 *Income Taxes* - Income tax consequences of payments on financial instruments classified as equity
 - IAS 23 *Borrowing Costs* - Borrowing costs eligible for capitalization.

The above amendments and interpretations are not expected to have a material impact on the condensed consolidated financial statements of the Group.

Selected explanatory notes to the condensed consolidated financial statements (unaudited)
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 31 December. The principal exchange rates used for translation purposes in respect of one Euro are:

	Average rate for the year ended		Closing rate as at	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
US dollar	1.18	1.13	1.14	1.19
UK sterling	0.88	0.88	0.90	0.89
Polish zloty	4.26	4.26	4.29	4.19
Nigerian naira	427.39	378.60	416.55	428.75
Hungarian forint	318.51	309.20	321.07	310.12
Swiss franc	1.16	1.11	1.13	1.17
Russian rouble	73.94	65.87	79.46	68.67
Romanian leu	4.65	4.57	4.66	4.65
Ukrainian hryvnia	32.14	29.97	31.11	33.12
Czech koruna	25.65	26.34	25.83	25.93
Serbian dinar	118.28	121.45	118.21	118.29

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, Northern Macedonia, 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 cases¹ was as follows:

	Six months ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
Established	317.6	314.1	619.5	613.3
Developing	223.6	205.6	429.0	394.2
Emerging	583.7	563.5	1,143.8	1,096.6
Total volume	1,124.9	1,083.2	2,192.3	2,104.1

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.

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

3. Segmental analysis (continued)

Net sales revenue per reportable segment for the six months and the years ended 31 December is presented below:

	Six months ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	€ million	€ million	€ million	€ million
Established	1,262.7	1,234.2	2,470.1	2,436.3
Developing	690.9	616.0	1,306.9	1,173.4
Emerging	1,475.2	1,458.4	2,880.1	2,912.3
Total net sales revenue	3,428.8	3,308.6	6,657.1	6,522.0

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 and the years ended 31 December is presented below:

	Six months ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
<i>Volume in million unit cases¹</i>				
NARTD ²	1,123.4	1,081.5	2,189.7	2,101.3
Premium spirits ¹	1.5	1.7	2.6	2.8
Total volume	1,124.9	1,083.2	2,192.3	2,104.1
<i>Net sales revenue (€ million)</i>				
NARTD	3,321.9	3,171.1	6,471.8	6,295.2
Premium spirits	106.9	137.5	185.3	226.8
Total net sales revenue	3,428.8	3,308.6	6,657.1	6,522.0

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 31 December		Year ended 31 December	
	2018	2017	2018	2017
	€ million	€ million	€ million	€ million
<i>Operating profit</i>				
Established	123.7	139.3	232.0	238.3
Developing	75.3	60.4	130.7	91.6
Emerging	136.5	123.7	276.7	259.9
Total operating profit	335.5	323.4	639.4	589.8
<i>Reconciling items</i>				
Finance costs, net	(22.2)	(19.2)	(41.3)	(36.7)
Tax	(89.8)	(76.0)	(162.8)	(138.4)
Share of results of equity method investments	7.5	6.5	12.8	11.8
Non-controlling interests	(0.5)	(0.3)	(0.7)	(0.5)
Profit after tax attributable to owners of the parent	230.5	234.4	447.4	426.0

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

3. Segmental analysis (continued)
c) Other items

The Group continues to monitor the situation in Nigeria in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impact on its performance, particularly in relation to potential currency volatility. During 2018 revenue from our operations in Nigeria amounted to 7% of consolidated net sales revenue; as at 31 December 2018 non-current assets of our operations in Nigeria amounted to 11% of the consolidated non-current assets.

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 and years ended 31 December are presented below:

	Six months ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	€ million	€ million	€ million	€ million
Established	3.8	5.6	4.9	13.1
Developing	3.5	(0.4)	4.0	1.6
Emerging	21.5	10.7	23.9	14.2
Total restructuring expenses	28.8	15.9	32.8	28.9

5. Finance costs, net

	Six months ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	€ million	€ million	€ million	€ million
Interest income	(2.5)	(5.8)	(6.1)	(10.6)
Finance costs	24.9	25.5	47.8	47.3
Net foreign exchange gains	(0.2)	(0.5)	(0.4)	-
Finance costs, net	22.2	19.2	41.3	36.7

6. Tax

	Six months ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	€ million	€ million	€ million	€ million
Profit before tax	320.8	310.7	610.9	564.9
Tax	(89.8)	(76.0)	(162.8)	(138.4)
Effective tax rate	28.0%	24.5%	26.6%	24.5%

The Group's effective tax rate for 2018 may differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. This difference can be a consequence of a number of factors, the most significant of which are the application of statutory tax rates of the countries in which the Group operates, the non-deductibility of certain expenses, the non-taxable income and one off tax items.

Selected explanatory notes to the condensed consolidated 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 (full year of 2018: 367,933,949, full year of 2017: 364,669,782, six months ended 31 December 2018: 368,124,700, six months ended 31 December 2017: 365,409,403). 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 2018	1,829.9	2,322.0
Additions	1.5	458.2
Reclassified to assets held for sale	-	(4.3)
Reclassified from assets held for sale	-	0.2
Disposals	-	(18.2)
Amortisation, depreciation and impairment	(0.5)	(318.7)
Foreign currency translation	(5.1)	(47.6)
Net book value as at 31 December 2018	1,825.8	2,391.6

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 previous year end. The Group's financial instruments recorded at fair value are included in Level 1, Level 2 and Level 3 within the fair value hierarchy as described in the Integrated Annual Report.

The money market funds recorded at fair value are included in Level 1 within the fair value hierarchy. As at 31 December 2018, the fair value of the money market funds amounted to €34.9 million (31 December 2017: €nil).

As at 31 December 2018, the total derivatives included in Level 2 were financial assets of €7.8 million and financial liabilities of €14.8 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 31 December 2018 amounted to a financial asset of €1.6 million and are classified within Level 2.

The Group has entered into derivatives to mitigate the commodity price risk related to PET. As the valuation of these derivatives uses prices not observable in the market, it is classified within Level 3. The fair value of the PET derivatives as at 31 December 2018 amounted to a financial liability of €3.1 million.

There were no transfers between Level 1, 2 and 3 during 2018. The fair value of bonds and notes payable applying the clean market price, as at 31 December 2018, was €1,455.0 million compared to their book value of €1,395.2 million, as at the same date.

Selected explanatory notes to the condensed consolidated financial statements (unaudited)
10. Net debt

	As at 31 December	
	2018	2017
	€ million	€ million
Current borrowings	136.4	166.4
Non-current borrowings	1,468.0	1,459.8
Less: Cash and cash equivalents	(712.3)	(723.5)
-Financial assets held to maturity	-	(150.9)
-Financial assets at amortised cost	(243.9)	-
-Financial assets at fair value through profit or loss	(34.9)	-
Less: Other financial assets	(278.8)	(150.9)
Net debt	613.3	751.8

Cash and cash equivalents include an amount of €49.8 million equivalent in Nigerian Naira. This includes an amount of €13.3 million equivalent in Nigerian Naira, which relates to the outstanding balance held for the repayment of Nigerian Bottling Company Ltd's former minority shareholders, following the 2011 acquisition of non-controlling interests.

The financial assets at amortised cost comprise of time deposits and the financial assets at fair value through profit or loss relate to money market funds. Included in 'Other financial assets' of the condensed consolidated balance sheet are derivative financial instruments of €7.7 million (2017: €12.0 million).

11. Share capital and share premium

	Number of shares (authorised and issued)	Share capital € million	Share premium € million
Balance as at 1 January 2017	366,640,638	1,990.8	4,854.6
Shares issued to employees exercising stock options	4,122,401	24.3	46.7
Dividends (note 12)	-	-	(162.0)
Balance as at 31 December 2017	370,763,039	2,015.1	4,739.3
Shares issued to employees exercising stock options	1,064,190	6.1	9.2
Dividends (note 12)	-	-	(200.6)
Balance as at 31 December 2018	371,827,229	2,021.2	4,547.9

In 2017, the share capital of Coca-Cola HBC increased by the issue of 4,122,401 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 €71.0 million.

For the year ended 31 December 2018, the share capital of Coca-Cola HBC increased by the issue of 1,064,190 new ordinary shares following the exercise of stock options pursuant to the Coca-Cola HBC AG's employees' stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €15.3 million.

On 11 June 2018, the Annual General Meeting adopted a proposal for share buy-back of up to 7,500,000 ordinary shares of Coca-Cola HBC for the purpose of neutralising the dilution resulting from shares issued under Coca-Cola HBC's equity compensation plans and meeting the requirements of the Company's employee incentive scheme. The program was partially completed during 2018 for a consideration of €27.8 million and is expected to be completed in full in the first half of 2019. As a result of an irrevocable share

Selected explanatory notes to the condensed consolidated financial statements (unaudited)
11. Share capital and share premium (continued)

purchase agreement entered into in December 2018, the Group has recognised a liability of €85.4 million with a corresponding deduction in 'Treasury shares' within the consolidated statement of changes in equity.

Following the above changes, on 31 December 2018 the share capital of the Group amounted to €2,021.2 million and comprised 371,827,229 shares with a nominal value of CHF 6.70 each.

12. Dividends

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

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

The Board of Directors of Coca-Cola HBC AG has proposed a 0.57 euro cents dividend per share in respect of 2018. If approved by the shareholders of Coca-Cola HBC AG, this dividend will be paid in 2019.

13. Related party transactions
a) The Coca-Cola Company

As at 31 December 2018, The Coca-Cola Company and its subsidiaries (collectively, "TCCC") indirectly owned 22.9% (31 December 2017: 23.0%) 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		Year ended	
	31 December		31 December	
	2018	2017	2018	2017
	€ million	€ million	€ million	€ million
Purchases of concentrate, finished goods and other items	685.6	663.8	1,525.3	1,379.9
Net contributions received for marketing and promotional incentives	41.3	44.9	110.8	83.9
Sales of finished goods and raw materials	8.4	8.7	17.6	14.3
Other income	6.3	3.9	8.3	6.1
Other expenses	3.1	1.9	3.8	3.6

Other income primarily comprises rent and other items. As at 31 December 2018, the Group was owed €76.7 million (€79.3 million as at 31 December 2017) by TCCC, and owed €256.1 million including loan payable of €13.3 million (€260.2 million including loan payable of €nil as at 31 December 2017) to TCCC.

During 2017, the remaining consideration of €0.5 million regarding the sale of 50% of the Group's share in its subsidiary Neptuno Vandenys, UAB to European Refreshments, a subsidiary of TCCC, was received and is included in line 'Net receipts from equity investments' in the consolidated cash flow statement.

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

Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, cooler parts, glass bottles, crowns and plastics. Truad Verwaltungen AG, currently indirectly owns 48.6% of Frigoglass and 50.7% of AG Leventis (Nigeria) Plc and also indirectly controls Kar Tess Holding, which holds approximately 23.0% (31 December 2017: 23.0%) of Coca-Cola HBC's total issued capital. Frigoglass has a controlling interest in Frigoglass Industries Limited and Frigoglass West Africa Ltd., in which Coca-Cola HBC has a 23.9% effective interest, through its investment in Nigerian Bottling Company Ltd (NBC).

Selected explanatory notes to the condensed consolidated financial statements (unaudited)
13. Related party transactions (continued)
b) Frigoglass S.A. ('Frigoglass'), Kar-Tess Holding and AG Leventis (Nigeria) Plc (continued)

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

	Six months ended		Year ended	
	31 December		31 December	
	2018	2017	2018	2017
	€ million	€ million	€ million	€ million
Purchases of coolers and other equipment, raw and other materials	41.8	51.1	143.8	126.2
Maintenance, rent and other expenses	10.0	7.4	21.8	20.2

As at 31 December 2018, Coca-Cola HBC owed €18.3 million (€14.8 million as at 31 December 2017) to and was owed €0.3 million (€0.2 million as at 31 December 2017) from Frigoglass and its subsidiaries. As at 31 December 2018, Coca-Cola HBC owed €1.4 million (€1.3 million as at 31 December 2017) to and was owed €0.1 million (€nil as at 31 December 2017) from AG Leventis (Nigeria) Plc. Capital commitments with Frigoglass and its subsidiaries as at 31 December 2018, amounted to €28.1 million (€21.9 million as at 31 December 2017).

In 2017, Frigoglass Industries Nigeria Limited and Frigoglass West Africa Ltd, associates in which the Group holds an effective interest of 23.9% through its subsidiary Nigerian Bottling Company Ltd, became guarantors under the amended banking facilities and notes issued by the Frigoglass Group, as part of the debt restructuring of the latter. The Group has no direct exposure arising from these guarantee arrangements, but the Group's investment in these associates, which stood at €21.2 million as at 31 December 2018, 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 was a 50/50 joint venture between TCCC and Nestlé. Effective 1 January 2018, TCCC and Nestlé agreed to dissolve BPW. During the six months and the full year ended 31 December 2017 the Group purchased inventory from BPW of €28.1 million and €77.9 million respectively. As at 31 December 2018, the Group owed €nil (€4.5 million as at 31 December 2017) to, and was owed €nil (€4.5 million as at 31 December 2017) from BPW.

Other

During the six months and the full year ended 31 December 2018, the Group incurred other expenses of €8.2 million and €18.7 million (€11.7 million and €23.2 million in the respective prior-year periods) and subsequent expenditure for fixed assets of €1.1 million and €2.4 million (€nil and €1.4 million in the respective prior-year periods) from other related parties. As at 31 December 2018, the Group owed €2.7 million (€0.4 million as at 31 December 2017) to, and was owed €0.1 million (€0.8 million as at 31 December 2017) by other related parties.

Selected explanatory notes to the condensed consolidated financial statements (unaudited)
13. Related party transactions (continued)
d) Joint ventures

The below table summarises transactions with joint ventures:

	Six months ended		Year ended	
	31 December		31 December	
	2018	2017	2018	2017
	€ million	€ million	€ million	€ million
Purchases of inventory	7.5	5.5	10.6	19.7
Sales of finished goods and raw materials	1.6	5.9	2.7	12.6
Other income	2.9	1.4	4.2	1.4
Other expenses	2.1	-	2.1	-

As at 31 December 2018, the Group owed €9.6 million including loans payable of €4.0 million (€24.0 million as at 31 December 2017 including loans payable of €4.3 million) to, and was owed €7.4 million including loans receivable of €3.5 million (€8.6 million as at 31 December 2017 including loans receivable of €3.6 million) by joint ventures. During the six months and the full year ended 31 December 2018, the Group received dividends and capital return of €7.2 million and €7.4 million (€18.7 million and €19.3 million in the respective prior-year periods) from Brewinvest S.A. Group of companies, which are included in line 'Net receipts from equity investments' of the consolidated cash flow statement.

e) Directors

There were no transactions between Coca-Cola HBC and the directors and senior management except for remuneration for both the six months and years ended 31 December 2018 and 2017.

There were no other significant transactions with other related parties for the year ended 31 December 2018.

14. Contingencies

There have been no significant adverse changes in contingencies since 31 December 2017 (as described in our 2017 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com).

15. Commitments

As at 31 December 2018 the Group, including joint ventures, had capital commitments of €131.7 million (31 December 2017: €76.3 million), which mainly relate to plant and machinery equipment.

16. Number of employees

The average number of full-time equivalent employees in 2018 was 28,884 (2017: 29,427).

17. Subsequent events

During the first months of 2019 the Group incurred €13.5 million of restructuring expenses in Established markets.

Volume by country for 2018 and 2017

Unit cases (million) ⁽¹⁾	2018	2017	% change 2018 vs 2017
<i>Established Markets</i>			
Austria	87.0	87.0	-
Cyprus	17.5	17.1	2%
Greece	111.6	106.8	4%
Italy	255.0	256.5	-1%
Republic of Ireland and Northern Ireland	73.0	71.0	3%
Switzerland	75.4	74.9	1%
Total	619.5	613.3	1%
<i>Developing Markets</i>			
Baltics	32.0	26.5	21%
Croatia	28.7	26.7	7%
Czech Republic	55.9	53.7	4%
Hungary	96.6	90.2	7%
Poland	187.0	170.2	10%
Slovakia	21.9	20.3	8%
Slovenia	6.9	6.6	5%
Total	429.0	394.2	9%
<i>Emerging Markets</i>			
Armenia	11.3	10.1	12%
Belarus	37.7	34.8	8%
Bosnia and Herzegovina	19.9	18.3	9%
Bulgaria	65.8	62.0	6%
Moldova	7.3	7.1	3%
Nigeria	249.9	254.8	-2%
Romania	192.7	177.0	9%
Russian Federation	352.0	337.3	4%
Serbia (including the Republic of Kosovo) and Montenegro	104.3	98.9	5%
Ukraine	102.9	96.3	7%
Total	1,143.8	1,096.6	4%
Total Coca-Cola HBC	2,192.3	2,104.1	4%

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

- Our joint venture with Heineken in Northern Macedonia generated volume of 21.1 million unit cases in 2018 (2017: 19.5 million unit cases), up 8% compared to the prior year.