ENCOURAGING SIGNS AS MARKETS REOPEN

Coca-Cola HBC AG, a leading consumer products business and strategic bottling partner of The Coca-Cola Company, reports its financial results for the six months ended 26 June 2020.

Half-year highlights

- Employees remain safe, customers served, production and logistics fully operational
- FX-neutral revenue fell by 14.7%, with volumes down 9.2% and FX-neutral revenue per case down 6.1%, as the pandemic had a significant impact on the out-of-home channel, leading to lower volumes, the vast majority of which came from single-serve package formats, in turn adversely impacting price/mix[1]
- Sequential improvements in FX-neutral revenue since the April decline of 36%, to a 5% decline in July
- Continue to gain or maintain share in the majority of our markets in Sparkling and Non-alcoholic ready-to-drink
- FX-neutral revenue growth by segment heavily influenced by severity of lockdowns, timing and pace of easing and relative exposure to the out-of-home channel:
  - Established: -21.1% as countries in the segment entered lockdown first and derive a larger proportion of revenues from the out-of-home channel
  - Developing: -16.4% as several larger countries eased restrictions faster and the segment is relatively less exposed to the out-of-home channel
  - Emerging: -8.4% supported by growth in Nigeria and low exposure to the out-of-home channel in Russia
- Effective management of input costs and lower PET prices offset FX deterioration
- Strong cost control brought €61m of €100m savings planned for the year; comparable OPEX down 7.8%
- Operational deleverage drove comparable EBIT margins down 2.3pp to 7.4%. Comparable EBIT fell by 35.8% to €208.8m[1]
- Comparable EPS was €0.355, down 42.0%, while basic EPS was €0.341, down 36.4%.
- Strong balance sheet and adequate liquidity remains after paying a €0.62 dividend in July

	Half-Year		Change
	2020	**2019**	
Volume[1] (m unit cases)	**990.5**	1,090.4	-9.2%
Net sales revenue[1] (€ m)	**2,831.2**	3,352.4	-15.5%
Net sales revenue per unit case[1] (€)	**2.86**	3.07	-7.0%
FX-neutral net sales revenue[1,2] (€)	**2,831.2**	3,318.6	-14.7%
FX-neutral net sales revenue per unit case[1,2] (€)	**2.86**	3.04	-6.1%
Operating expenses/ Net sales revenue (%)	**30.1**	28.5	160bps
Comparable operating expenses / Net sales revenue (%)	**30.0**	27.5	250bps
Operating profit (EBIT)[3] (€ m)	**202.9**	288.9	-29.8%
Comparable EBIT[2] (€ m)	**208.8**	325.1	-35.8%
EBIT margin (%)	**7.2**	8.6	-150bps
Comparable EBIT margin[2] (%)	**7.4**	9.7	-230bps
Net profit[4] (€ m)	**124.0**	195.1	-36.4%
Comparable net profit[2,4] (€ m)	**129.0**	222.8	-42.1%
Basic earnings per share (EPS) (€)	**0.341**	0.536	-36.4%
Comparable EPS[2] (€)	**0.355**	0.612	-42.0%
Free cash flow[2] (€ m)	**(38.5)**	79.3	NM

[1] For performance excluding the impact of acquisitions and accounting changes refer to the 'Technical adjustments and the Bambi acquisition' and 'Supplementary information' sections.

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

[3] Refer to the condensed consolidated income statement.

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

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

"I am proud of our teams' positive attitude and agility during this fast-changing time. This crucial part of our culture has allowed us to maintain full business continuity in unprecedented conditions, while keeping our people safe and customers and communities served.

Our fast, decisive actions ensured that our supply chain was uninterrupted, and our profitability protected during a very challenging Q2. Our strong performance on market share clearly demonstrates the power of our portfolio of brands and execution in the market; we will capitalise on this advantage now that we are seeing early signs of recovery. Coca-Cola HBC is a resilient business, well-positioned to adapt as markets reopen, emerge even stronger and win in the new normal."

Coca-Cola HBC Group

Coca-Cola HBC is a growth-focused CPG business and strategic bottling partner of The Coca-Cola Company. We create value for all our stakeholders by supporting the socio-economic development of the societies in which we operate and we believe building a more positive environmental impact is integral to our future growth. Together, we and our customers serve more than 600 million consumers across a broad geographic footprint of 28 countries on 3 continents. Our portfolio is one of the strongest, broadest and most flexible in the beverage industry, offering consumer-leading partner brands in the sparkling, juice, water, sport, energy, plant-based, ready-to-drink tea, coffee, adult sparkling and premium spirits categories. These brands include Coca-Cola, Coca-Cola Zero, Schweppes, Kinley, Royal Bliss, Costa Coffee, Valser, Romerquelle, Fanta, Sprite, Powerade, FuzeTea, Dobry, Cappy, Monster and Adez. We foster an open and inclusive work environment amongst our more than 28,000 employees and we are ranked among the top sustainability performers in ESG benchmarks such as the Dow Jones Sustainability Indices, CDP, MSCI ESG and FTSE4Good.

Coca-Cola HBC has a premium listing on the London Stock Exchange (LSE:CCH) and is 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 2020 half year results on Wednesday, 5 August 2020 at 10:00 am BST. Interested parties can access the live, audio webcast of the call through Coca-Cola HBC's website http://coca-colahellenic.com/en/investors/.

Next event

11 November 2020	2020 third quarter trading update

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Special Note Regarding the Information set out herein

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

Forward-Looking Statements

This document contains forward-looking statements that involve risks and uncertainties. These statements may generally, but not always, be identified by the use of words such as "believe", "outlook", "guidance", "intend", "expect", "anticipate", "plan", "target" and similar expressions to identify forward-looking statements. All statements other than statements of historical facts, including, among others, statements regarding our future financial position and results, our outlook for 2020 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 2019 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries.

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

Alternative Performance Measures

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

Group Operational Review

Trading and current environment

Net sales revenue of €2,831 million declined by 14.7% on an FX-neutral basis and by 15.5% on a reported basis. Split by quarter, Q1 FX-neutral revenue declined by 1.2% and Q2 by 24.7%. Adjusting for the acquisition of Bambi and adjustments made to the way that we account for our Russian Juice business, H1 FX-neutral revenues declined by 15.1%.

Throughout the COVID-19 crisis our supply chain has remained fully operational and we have continued serving our customers through our physical and digital route to market. As our markets have been gradually reopening, trading has steadily recovered from the April low, with both volume and price/mix performance improving each month.

Group Operational Review (continued)

Trading and current environment (continued)

As we noted during our Q1 results in May, the out-of-home channel, which typically accounts for slightly over 40% of our revenues, was severely impacted by the lockdowns put in place in response to the COVID-19 pandemic. Consequently, as these lockdowns have been eased or reversed, we have seen trade gradually return to this channel, along with improved performance for our business. From early on in the crisis we had created targeted plans dedicated to hotels, restaurants and cafes (HoReCa). These include fast re-routing to active outlets, working with customers to build capabilities for the new reality, providing equipment for new hygiene needs, and overall supporting our customers as they restart their businesses, rebuild trust in the industry and manage traffic. Our ability to segment the market allows us to execute on these plans efficiently, focusing on those outlets which will gain in relevance.

The timing of re-opening of the out-of-home, and in particular of hotels, restaurants and cafes (HoReCa) has varied by market, as has the number of outlets choosing to open. There is also some variation in the capacity that each outlet can operate at depending on local social distancing rules. Overall, while in the weeks of the lockdowns we experienced volume declines in the out-of-home channel of 70% to 90%, during the months of May and June this has improved to declines of 25% to 50% and during July to 10% to 40%.

We have also seen an improvement in performance in the at-home channel since the month of April when trading was impacted by some customer de-stocking. While May and June saw volume improve to low-single digit declines, in July volumes grew by mid-single digits.

This improvement in volume performance has come with an improvement in FX-neutral revenue per case. The largest driver of FX-neutral revenue per case through this period has been the lower volume of single-serve package formats sold, as these package formats are closely linked to out-of-home consumption occasions and have been significantly impacted by the lockdowns. Consequently, as out-of-home consumption has started recovering, so has package mix and therefore price/mix. We have also been focused on increasing the number of single-serve package formats consumed during at-home occasions, particularly multi packs of single serves for relevant socialising, screen time and meals at home occasions.

In the period, single-serve package volumes declined by 16.9%, while multi-serves declined by 3.1%, leading to a 3.7 percentage point mix deterioration. All three segments saw their package mix decline. During the peak of the lockdowns, volumes of single-serve package formats declined by 40% to 50%, while from May to the end of the quarter this has improved to declines in the range of 15% to 30%.

Half-year performance by segment

FX-neutral revenue performance by segment has been heavily influenced by the severity of the lockdowns in each territory, the timing and pace of easing, as well as the relative exposure to the out-of-home channel within the markets in that segment.

The Established segment has seen volumes down 19.0% and an FX-neutral revenue per case decline of 2.6%. This segment saw some countries ease restrictions more gradually, such as Italy and Ireland, and also derives a larger proportion of revenues from the out-of-home channel.

The Developing segment has seen volumes down 8.9% and FX-neutral revenue per case down 8.2%. The segment as a whole derives less of its revenues from the out-of-home channel compared to the Established segment, and in addition several countries in the segment, such as Poland and the Czech Republic, eased lockdown measures relatively early. The Developing segment's FX-neutral revenue per case, in addition to being impacted by lower volumes from the out-of-home channel, was impacted by the strategic decision taken before the outbreak of the pandemic to take less pricing in 2020, after several years of strong price/mix development in the segment.

The Emerging segment has seen volumes down 4.1% and FX-neutral revenue per case down 4.5%. This segment has benefited from the relative resilience of Russia, and a rebound in growth in Nigeria in June, which has supported overall performance. Much of the rest of the segment, including markets such as Romania, Ukraine and Serbia have seen beverage performance more similar to the Developing segment's experience.

Group Operational Review (continued)

Half-year performance by category

The sparkling category has displayed resilience through this period. Overall, we have seen Sparkling volumes decline by 4.5%, with better performance from low- and no-sugar variants which declined by 3.4%. We have seen positive growth in the category during this period in some of our largest markets such as Nigeria and Poland, while Russian Sparkling volumes declined by low-single digits. We are also pleased to see that we are gaining or maintaining share in the majority of our measured markets. Within the category we see broad based resilience in Trademark Coke, where volumes fell by 3.9%. In the rest of the sparkling portfolio, Fanta declined by 1.4% and Sprite by 7.3%, while Adult Sparkling beverages, which over-index to the out-of-home, fell by 6.6%.

Energy volumes grew by 6.7% with growth in the first half in all three segments. We saw particularly good performance from Monster and encouraging contribution from our two recent launches, Coke Energy in the premium segment and Predator in the affordable segment.

Water volumes fell by 23.7% in the first half, with similar levels of decline across all three segments. After a period of heavy stock-up during the lockdown period, we have seen weaker volumes in the last few months. We sell proportionally more Water in the out-of-home channel compared to Sparkling drinks, which has been a clear driver of weaker performance from the category.

Juice volumes declined by 25.4%, also impacted by the accounting adjustments to our Russian Juice business. Without these adjustments, Juice volumes would have declined by 12.3%. The underlying juice category in our markets as a whole has seen weaker performance than Sparkling within the NARTD category, which has in turn impacted our performance in Juice.

Ready-to-drink tea (RTD tea) volume declined by 28.1% with similar declines across all three segments. The underlying category has seen the weakest performance among the NARTD category in our markets, which in combination with the fact that we sell proportionally more in the out-of-home channel has impacted our performance.

Our Premium Spirits business generated revenues of €59.2 million, a 22.5% decline compared to the prior-year period. This category has the highest exposure to the out-of-home channel among our categories.

Innovation

Innovation will continue to be an important strategic priority for us. We are in alignment with The Coca-Cola Company to be more selective and go for fewer, bigger innovations while also eliminating underperforming brands and SKUs. This approach also meets our customers' current focus on the fastest rotating products. We had already launched some of our most important innovations for the year before the outbreak, including Coke Energy and Aquarius. Where this is the case, we are committed to supporting these launches in a smart and targeted way, to ensure their long-term success. We have also launched Costa Coffee in the first six planned markets in May and are expecting to proceed with launching the brand in at least six more markets during the course of 2020.

In the meantime, together with The Coca-Cola Company we are continuously reassessing our innovation pipeline, and have decided to postpone some of our launches until conditions are more favourable.

Cost control and operating profit

Careful management of input costs and hedging has allowed us to benefit from lower input costs while protecting our cost of goods sold from foreign currency volatility. Input costs per case decreased by 8.1% on a comparable and currency-neutral basis, benefiting from lower costs of PET resin and aluminium. Our sugar costs, which are very well hedged in 2020, increased slightly. The adverse impact from foreign currency movements amounted to €15 million in the period, driven predominantly by the Russian Rouble.

We took decisive and early action to reduce operating costs in this crisis and found €100 million of cost savings for 2020 versus our original plans. We have delivered €61 million of this in the first half and expect to deliver the rest in the second half. In part driven by this, comparable operating expenses fell by 7.8% during the first half. This cost control has helped to support our profitability while we have faced operational deleverage from lower revenues. Overall comparable EBIT fell by 35.8% to €208.8m taking comparable EBIT margins down 230 basis points to 7.4%. On a reported basis, we delivered €202.9 million of EBIT in the period, a 29.8% deterioration on the prior-year period.

On a segmental basis, comparable EBIT margins declined by 410 basis points to 5.0% in the Established segment, by 480 basis points to 3.7% in the Developing, and in the Emerging by 10 basis points to 10.6%.

Group Operational Review (continued)

Net profit and free cash flow

Comparable net profit of €129.0 million and comparable basic earnings per share of €0.355 were 42.1% and 42.0% lower than in the prior-year period, respectively. Reported net profit and reported basic earnings per share were €124.0 million and €0.341, respectively, in the period.

Financing costs amounted to €36.2 million in the first half, €3.4 million higher compared to the prior-year period, in line with expectations and due to higher debt.

Free cash flow was an outflow of €38.5 million in the first half of the year, a €117.8 million deterioration compared to the prior-year period. Lower operational profitability combined with a deterioration in working capital drove free cash flow down, partly offset by a reduction in capital expenditure of €19.4 million to €176.3 million.

Balance sheet

Our strong balance sheet and liquidity position continue to support the company through this period. At the July close, after the payment of our dividend, we had approximately €1b of cash and time deposits. In addition to this we have an undrawn Revolving Credit Facility of €0.8b, as well as more than €0.7b available out of our €1.0b Commercial Paper Facility. None of these credit lines have any financial covenants and we have no further bond maturities until November 2024.

Supporting our people and communities

At Coca-Cola Hellenic, our first priority is to ensure the safety of our people, customers, partners and communities. We have implemented global best practice precautionary and hygiene measures at all our locations, allowing our production and supply to operate smoothly and our sales teams to continue to work alongside our customers to support our local communities.

Over the last nearly 70 years, partnering with and investing in the communities we serve has always been a core part of the way we do business.

In the face of the challenge coming from the coronavirus pandemic, the community networks and partnerships that we have established over the years are allowing us to support those in need, those fighting the pandemic on the frontline and our customers that continue to serve our shared communities. As we do so, keeping our colleagues safe and healthy is our number one priority and lies at the heart of our ability to continue serving our communities. Therefore, wherever they are working, our teams have the protocols and equipment that keeps them – and others – safe.

Globally, The Coca-Cola Company and The Coca-Cola Foundation together with Coca-Cola HBC and all other bottling partners are providing a $120 million support package focused on the people and organisations engaged in the frontline fight against COVID-19. As a result, each of our markets is making a significant donation primarily to the Red Cross but also to other NGOs in order to support frontline work or to purchase medical equipment. Thanks to the Coca-Cola Foundation, applications for funding have been approved for all our 28 markets.

Technical adjustments and the Bambi acquisition

The acquisition of Bambi benefited our volume and FX-neutral revenue growth by 130bps and our comparable EBIT by €13.1 million during this period.

From early May the accounting treatment of our Russian Juice business, which is undertaken jointly with The Coca-Cola Company, has changed following its re-organisation. Without this change, Group volume and FX-neutral revenue growth would have been 80bps better in H1.

As of 1 January 2020, the Group elected to classify its share of results from integral equity method investments within operating profit.

Without the above accounting changes, comparable EBIT would have been better by €0.9 million. Please refer to notes 1 and 16 of the condensed consolidated interim financial statements for further detail.

Operational Review by Reporting Segment

Established markets

	Half-Year		Change
	2020	**2019**	
Volume (m unit cases)	**245.3**	303.0	-19.0%
Net sales revenue (€ m)	**985.9**	1,237.7	-20.3%
Net sales revenue per unit case (€)	**4.02**	4.08	-1.6%
FX-neutral net sales revenue (€ m)	**985.9**	1,249.7	-21.1%
FX-neutral net sales revenue per unit case (€)	**4.02**	4.12	-2.6%
Operating profit (EBIT) (€ m)	**46.6**	92.2	-49.5%
Comparable EBIT (€ m)	**49.7**	113.2	-56.1%
EBIT margin (%)	**4.7**	7.4	-270bps
Comparable EBIT margin (%)	**5.0**	9.1	-410bps

- Established markets volume fell 19.0%, with rates of decline by market varying in the range of 12-25%. Energy and Sparkling performed best, with the energy category in low-single digit growth in the first half and Sparkling declining mid-teens, while Water and Juice declined in the mid-twenties.
- On a currency-neutral basis, net sales revenue per unit case declined by 2.6% as a result of the discontinuation of Lavazza and the negative impact that the COVID-19 crisis has on channel and package mix.
- FX-neutral net sales revenue declined by 21.1%. Declines in volume, package and channel mix overwhelmed improvements in category and price mix. Net sales revenue decreased by 20.3% also impacted by the Swiss Franc weakness in the period.
- Volume in Italy declined in the high teens in the first half. We have seen improved performance since May as the lockdown started to be eased gradually. HoReCa was able to open from mid-June and we are seeing that the majority of our outlets are now open, although with a wide range in their foot traffic and sales. Sparkling and Energy have been the most resilient categories and have contributed to our share gains in both Sparkling and NARTD year to date. We also continue to gain share in RTD tea.
- In Greece volumes declined in the mid-twenties in the first half. We started to see better performance in May, however, Greece has been one of our most impacted countries given the high proportion of revenue that comes from the out-of-home channel and its exposure to tourism. Despite this challenge we have gained share in Sparkling year to date.
- In Switzerland volumes declined in the low teens in the first half. Performance in the country was supported by the relatively less restrictive lockdown and the country starting to ease faster than other Established segment markets. We also saw positive growth in the at-home channel in May and June.
- Volume in Ireland declined by high teens in the first half. Ireland has been one of the last markets to reopen, with HoReCa only opening their doors in July. Performance in this country, however, has been supported by positive performance in the at-home channel in May and June. We have gained share in both NARTD and Sparkling year to date.
- Comparable operating profit in the Established segment decreased by 56.1% to €49.7 million in the period. Comparable EBIT margin declined by 410 basis points to 5.0%. Volume decline and lower price mix more than offset lower input costs and OPEX. On a reported basis, operating profit was €46.6 million, 49.5% lower compared to the prior-year period.

Operational Review by Reporting Segment (continued)

Developing markets

	Half-Year		Change
	2020	**2019**	
Volume (m unit cases)	**189.7**	208.2	-8.9%
Net sales revenue (€ m)	**520.2**	641.7	-18.9%
Net sales revenue per unit case (€)	**2.74**	3.08	-11.0%
FX-neutral net sales revenue (€ m)	**520.2**	622.0	-16.4%
FX-neutral net sales revenue per unit case (€)	**2.74**	2.99	-8.2%
Operating profit (EBIT) (€ m)	**16.1**	49.5	-67.5%
Comparable EBIT (€ m)	**19.1**	54.5	-65.0%
EBIT margin (%)	**3.1**	7.7	-460bps
Comparable EBIT margin (%)	**3.7**	8.5	-480bps

- Developing markets volume fell by 8.9% in the first half of the year with rates of decline by market varying in the range of -2.5% to -23.7%. The energy and sparkling categories performed best, with Energy in low-teens growth and Sparkling down low-single digits. Stills' performance was weaker, with mid-to-high twenties declines in Water and Juice.
- On a currency-neutral basis, net sales revenue per unit case declined by 8.2%. This is a result of the negative impact that the COVID-19 crisis has on channel and package mix, the discontinuation of Lavazza coupled with the strategic decision, taken before the crisis, for less pricing in some of these markets compared to the previous years.
- FX-neutral revenue declined by 16.4%, as volume, package, channel and price mix declines were only partially offset by an improvement in category mix. Net sales revenue fell by 18.9% in the first half, impacted by the Hungarian Forint and Polish Zloty weakness in the period.
- Poland was one of the best performing countries in the segment with volumes declining by low single digits in the period. This performance was supported by the earlier easing of restrictions in the country, as well as the lower proportion of sales from the out-of-home channel. We also saw a stabilisation of the at-home channel, turning to growth in the last two months of the period. We saw volume growth in the first half in Sparkling and have grown share in both Sparkling and NARTD year-to-date.
- Volume in Hungary declined by high teens in the first half of the year, impacted by a relatively late lifting of the restrictions compared to other countries in the segment. During May we launched Costa Coffee in the country and we are currently listing our new offering with customers across the country.
- In the Czech Republic, volume declined by high single digits. This was one of the first markets to end the lockdown and currently the vast majority of out-of-home outlets are open. We are gaining share in Sparkling year to date.
- The Developing markets segment delivered comparable operating profit of €19.1 million, a 65.0% decline compared with last year. Comparable operating profit margin for the segment decreased by 480 basis points to 3.7%. Volume decline and lower price mix more than offset lower input costs and OPEX. On a reported basis, operating profit was €16.1 million, a decline of 67.5% compared to the prior year period.

Operational Review by Reporting Segment (continued)

Emerging markets

	Half-Year		Change
	2020	**2019**	
Volume (m unit cases)	**555.5**	579.2	-4.1%
Net sales revenue (€ m)	**1,325.1**	1,473.0	-10.0%
Net sales revenue per unit case (€)	**2.39**	2.54	-6.2%
FX-neutral net sales revenue (€ m)	**1,325.1**	1,446.9	-8.4%
FX-neutral net sales revenue per unit case (€)	**2.39**	2.50	-4.5%
Operating profit (EBIT) (€ m)	**140.2**	147.2	-4.8%
Comparable EBIT (€ m)	**140.0**	157.4	-11.1%
EBIT margin (%)	**10.6**	10.0	60bps
Comparable EBIT margin (%)	**10.6**	10.7	-10bps

- Emerging markets volume fell by 4.1% in the first half of the year. This performance was well supported by Nigeria where volumes grew in the first half, despite entering lockdown later than most other countries and a relatively high exposure to the out of home. Declines in the other countries in the segment ranged from 1.9% to 22%. The energy and sparkling categories performed best with both of them growing, while Water and Juice saw declines in the low-to-mid twenties.

- Currency-neutral net sales revenue per case declined by 4.5%, impacted by the pricing investments implemented in Nigeria in the last quarter of 2019, as well as negative country mix from good volume development in the country. Outside of Nigeria we saw adverse channel and package mix due to the COVID-19 pandemic.

- FX-neutral revenues declined by 8.4%. We saw declining volume, package, channel and price mix while category mix improved due to the relative strength of Sparkling and Energy. Net sales revenue fell by 10.0%, also impacted by the weaker Russian Rouble, and in part also to the Nigerian Naira and Romanian Lei.

- Volume in Russia declined by low teens, or by mid-single digits if we adjust for the change in the accounting treatment of our Juice business in the country. Russia has a relatively low proportion of revenue from the out-of-home channel which meant that, despite HoReCa opening only in late June, the country had one of the best performances in the Group. We have also seen good performance from the at-home channel which turned positive in May and June. We have gained market share in both Sparkling and NARTD year to date.

- In Nigeria, the limited duration of the strict lockdown, coupled with resilient consumer sentiment, helped support volumes. Volume grew by high-single digits in the first half, with stable volumes in the second quarter. All categories grew double digits, with the exception of Water. Our competitive position benefited from our fully operational route to market and smooth logistics and operations, as well as the successful price adjustments implemented in 2019.

- Volume in Romania declined by low teens in the first half of the year, as the country experienced a long period of COVID-19 related restrictions, with some of them extended to mid-July. Despite these restrictions impacting beverage sales in the country, we are gaining share in Sparkling year to date.

- In Ukraine, volume decreased by mid-single digits. This resilient performance reflects the lower than average contribution from the out-of-home channel in the country as well as positive growth in Sparkling during the period.

- The Emerging segment delivered comparable operating profit of €140.0 million, a decline of 11.1% compared to last year, leading to a 10 basis points contraction in comparable operating margin to 10.6%. The Bambi acquisition benefited the Emerging segment's comparable operating profit by €13.1 million. Volume decline, combined with unfavourable price mix driven by the pricing investments in Nigeria in the fourth quarter of 2019 and negative foreign exchange impact mainly due to the weakened Russian Rouble and Nigerian Naira, more than offset lower OPEX and favourable category mix. On a reported basis, operating profit was €140.2 million, 4.8% lower compared to the prior-year period.

Business Outlook

The best available evidence suggests that Q2 should have been the trough of performance caused by COVID-19. Our current trading continues to confirm sequential improvement. There is, however, a great deal of uncertainty on the nature, duration, extent and effectiveness of social distancing and other measures as we emerge from the withdrawal of lockdown across our territories. We are planning for the continuation of safety and social distancing measures in our markets for the foreseeable future, or until a pharmaceutical solution is widely implemented. We are also expecting a weaker consumer environment and the tourist season to be negatively impacted this year. Finally, there is still the risk of an impactful second wave of the virus.

The dedication of our people, combined with our brands, proven capability at executing in the markets, efficient operations and strong financial position mean we are well placed for the future. We plan to capitalise on our advantages as the market recovers and remain flexible and focused on continuously driving efficiencies, however it is still too early to provide financial guidance for the future.

Technical guidance

Two accounting changes this year impact the comparability of the figures until May 2021. These changes, and their impact on H1 performance, are summarised in the section 'Technical adjustments and the Bambi acquisition' and explained in detail in note 1 and note 16 of the condensed consolidated interim financial statements.

It is expected that the impact of these changes in the second half of the year will be to remove approximately 290bps of growth from H2 FX-neutral revenue growth and benefit H2 comparable EBIT by approximately €4 million.

We are aware of the potential for discriminatory taxation impacting our Italian and Polish businesses during the course of 2021. Whilst the detail of these proposals is not yet final, with the benefit of our experience in Ireland we are currently working on appropriate plans including price and mix adjustments, efficiency measures and CAPEX reallocation. In principle, if these taxes and the respective plans are implemented, we expect they would lead to an inflation in revenue with minimal net impact on Group EBIT.

As part of our previously existing restructuring plan for 2020, we had already identified restructuring initiatives of approximately €8 million. We expect these initiatives to yield €5 million in annualised benefits from 2020 onwards, while the initiatives already taken in 2019 and those that will be taken in 2020 are expected to yield €32 million of total benefits in 2020. We remain focused on continuously improving our business and seeking productivity opportunities and as we adapt to the impact Covid is having on consumer habits, we may consider further operational efficiencies as necessary.

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

We expect net finance costs for 2020 to be approximately €70 million.

Group Financial Review

Income statement	**Half-Year**		
	2020	**2019**	**%**
Volume (m unit cases)	**990.5**	1,090.4	-9.2%
Net sales revenue	**2,831.2**	3,352.4	-15.5%
Net sales revenue per unit case (€)	**2.86**	3.07	-7.0%
FX-neutral net sales revenue[1]	**2,831.2**	3,318.6	-14.7%
FX-neutral net sales revenue per unit case (€)[1]	**2.86**	3.04	-6.1%
Cost of goods sold	**(1,782.1)**	(2,108.4)	-15.5%
Comparable cost of goods sold[1]	**(1,777.0)**	(2,105.3)	-15.6%
Gross profit	**1,049.1**	1,244.0	-15.7%
Comparable gross profit[1]	**1,054.2**	1,247.1	-15.5%
Operating expenses	**(850.8)**	(955.1)	-10.9%
Comparable operating expenses[1]	**(850.0)**	(922.0)	-7.8%
Share of results of integral equity method investments	**4.6**	—	NM
Operating profit (EBIT)[2]	**202.9**	288.9	-29.8%
Comparable operating profit (EBIT)[1]	**208.8**	325.1	-35.8%
Adjusted EBITDA[1]	**399.8**	479.4	-16.6%
Comparable adjusted EBITDA[1]	**405.7**	514.4	-21.1%
Finance costs, net	**(36.2)**	(32.8)	10.4%
Share of results of equity method investments	**—**	4.7	-100%
Share of results of non-integral equity method investments	**0.5**	—	NM
Tax	**(43.1)**	(65.6)	-34.3%
Comparable tax[1]	**(44.0)**	(74.1)	-40.6%
Net profit[3]	**124.0**	195.1	-36.4%
Comparable net profit[1,3]	**129.0**	222.8	-42.1%
Basic earnings per share (€)	**0.341**	0.536	-36.4%
Comparable basic earnings per share (€)[1]	**0.355**	0.612	-42.0%

[1] *Refer to the 'Definitions and reconciliations of APMs' section.*
[2] *Refer to the condensed consolidated interim 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.*

Net sales revenue declined by 15.5% during the first half of 2020, compared to the prior-year period, driven by lower volume and negative package and channel mix due to the impact of COVID-19 related measures to the out-of-home consumption. On a currency-neutral basis, net sales revenue decreased by 14.7% during the first half of 2020, compared to the prior-year period.

Comparable and reported cost of goods sold decreased by 15.6% and 15.5% respectively in the first half of 2020, compared to the prior-year period, driven by the volume decline and lower input costs, as the lower costs of PET resin and aluminium more than offset slightly increased sugar cost.

Comparable operating expenses decreased by 7.8% in the first half of 2020, compared to the prior-year period, mainly driven by lower volumes and our focus on cost control. Operating expenses decreased by 10.9% in the first half of 2020, compared to the prior-year period, due to lower volumes, cost control and lower restructuring costs.

Comparable operating profit declined by 35.8% in the first half of 2020, compared to the prior-year period, driven by lower volume and net sales revenue, due to the out-of-home consumption decline resulting from the COVID-19 related measures, which were only partially offset by lower input costs and operating expenses as well as the positive contribution from the Bambi acquisition. Operating profit declined by 29.8% in the first half of 2020, compared to the prior-year period, as volume and net sales revenue deterioration more than offset lower input costs and operating expenses, including restructuring costs, as well as the positive contribution from the Bambi acquisition.

Group Financial Review (continued)

Income statement (continued)

Net finance costs increased by €3.4 million during the first half of 2020, compared to the prior-year period, mainly due to increased finance costs driven by higher borrowings.

On a comparable basis, the effective tax rate was 25.4% for the first half of 2020 and 24.9% for the first half of 2019. On a reported basis, the effective tax rate was 25.8% for the first half of 2020 and 25.2% for the first half of 2019. 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 decreased by 42.1% and net profit decreased by 36.4% in the first half of 2020 compared to the prior-year period, mainly driven by lower operating profitability.

Balance Sheet

	As at		
	26 June 2020	**31 December 2019**	**Change**
Assets	**€ million**	**€ million**	**€ million**
Total non-current assets	**5,120.4**	5,137.7	-17.3
Total current assets	**2,659.6**	3,076.3	-416.7
Total assets	**7,780.0**	**8,214.0**	-434.0
Liabilities			
Total current liabilities	**2,467.2**	2,667.2	-200.0
Total non-current liabilities	**2,855.7**	2,846.6	9.1
Total liabilities	**5,322.9**	**5,513.8**	-190.9
Equity			
Owners to the parent	**2,454.4**	2,697.5	-243.1
Non-controlling interests	**2.7**	2.7	0.0
Total equity	**2,457.1**	**2,700.2**	-243.1
Total equity and liabilities	**7,780.0**	**8,214.0**	-434.0
Net current assets	**192.4**	**409.1**	-216.7

Net current assets decreased by €216.7 million in the first half of 2020, as a result of lower investments in financial assets and the recognition of the liability relating to the declared dividend, which were only partially offset by lower current borrowings, due to the repayment of the remaining bond which matured in June 2020, as well as increased inventory and cash and cash equivalents.

Cash flow

	Half-Year		
	2020 € million	**2019 € million**	**% Change**
Net cash from operating activities[1]	**137.8**	275.0	-49.9%
Capital expenditure[1]	**(176.3)**	(195.7)	-9.9%
Free cash flow[1]	**(38.5)**	79.3	NM

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

Net cash from operating activities decreased by 49.9% or €137.2 million, in the first half of 2020, compared to the prior-year period, driven by lower operating profitability and increased cash consumed from movements in working capital.

Group Financial Review (continued)

Cash flow (continued)

Capital expenditure decreased by 9.9% in the first half of 2020, compared to the prior-year period. In the first half of 2020, capital expenditure amounted to €176.3 million of which 48% was related to investment in production equipment and facilities and 29% to the acquisition of marketing equipment. In the first half of 2019, capital expenditure amounted to €195.7 million of which 54% was related to investment in production equipment and facilities and 29% to the acquisition of marketing equipment.

In the first half of 2020, free cash flow amounted to an outflow of €38.5 million, a €117.8 million deterioration compared to the prior-year period, reflecting the decreased cash from operating activities, which was only partially offset by decreased capital expenditure.

Supplementary Information

Bambi has been included in the Group's consolidated financial statements since 18 June 2019. Effective May 2020, following a re-organisation of Multon's structure, the joint arrangement was reclassified from a joint operation to a joint venture. The tables below depict the impact of Bambi acquisition and Multon re-organisation to the Group's growth compared to the prior-year period:

2020 vs 2019 Growth (%)	**Volume**				**Net sales revenue per unit case**							
					FX-neutral				**Reported**			
	Total CCH	**Excl. Bambi**	**Incl. Multon**	**Total CCH excl. Bambi & incl. Multon**	**Total CCH**	**Excl. Bambi**	**Incl. Multon**	**Total CCH excl. Bambi & incl. Multon**	**Total CCH**	**Excl. Bambi**	**Incl. Multon**	**Total CCH excl. Bambi & incl. Multon**
Total Group	-9.2	-10.5	-8.4	-9.7	-6.1	-6.1	-6.0	-6.0	-7.0	-7.1	-7.0	-7.0
Established	-19.0	-19.0	-19.0	-19.0	-2.6	-2.6	-2.6	-2.6	-1.6	-1.6	-1.6	-1.6
Developing	-8.9	-8.9	-8.9	-8.9	-8.2	-8.2	-8.2	-8.2	-11.0	-11.0	-11.0	-11.0
Emerging	-4.1	-6.6	-2.6	-5.1	-4.5	-5.1	-4.1	-4.6	-6.2	-6.8	-5.8	-6.3

2020 vs 2019 Growth (%)	**Net sales revenue**							
	FX-neutral				**Reported**			
	Total CCH	**Excl. Bambi**	**Incl. Multon**	**Total CCH excl. Bambi & incl. Multon**	**Total CCH**	**Excl. Bambi**	**Incl. Multon**	**Total CCH excl. Bambi & incl. Multon**
Total Group	-14.7	-16.0	-13.9	-15.1	-15.5	-16.8	-14.7	-16.0
Established	-21.1	-21.1	-21.1	-21.1	-20.3	-20.3	-20.3	-20.3
Developing	-16.4	-16.4	-16.4	-16.4	-18.9	-18.9	-18.9	-18.9
Emerging	-8.4	-11.3	-6.6	-9.5	-10.0	-12.9	-8.2	-11.1

Supplementary Information (continued)

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

	Half-Year		%
NARTD	**2020**	**2019**	**Change**
Volume (m in unit cases)[1]	**989.6**	1,089.2	-9.1%
Net sales revenue (€ m)	**2,772.0**	3,276.0	-15.4%
Net sales revenue per unit case (€)	**2.80**	3.01	-6.9%
FX-neutral net sales revenue (€ m)	**2,772.0**	3,242.5	-14.5%
FX-neutral net sales revenue per unit case (€)	**2.80**	2.98	-5.9%
	Half-Year		**%**
Premium Spirits	**2020**	**2019**	**Change**
Volume (m in unit cases)[1]	**0.910**	1.200	-24.2%
Net sales revenue (€ m)	**59.2**	76.4	-22.5%
Net sales revenue per unit case (€)	**65.05**	63.67	2.2%
FX-neutral net sales revenue (€ m)	**59.2**	76.1	-22.2%
FX-neutral net sales revenue per unit case (€)	**65.05**	63.42	2.6%
	Half-Year		**%**
Total	**2020**	**2019**	**Change**
Volume (m in unit cases)[1]	**990.5**	1,090.4	-9.2%
Net sales revenue (€ m)	**2,831.2**	3,352.4	-15.5%
Net sales revenue per unit case (€)	**2.86**	3.07	-7.0%
FX-neutral net sales revenue (€ m)	**2,831.2**	3,318.6	-14.7%
FX-neutral net sales revenue per unit case (€)	**2.86**	3.04	-6.1%

[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. For biscuits volume, one unit case corresponds to 1 kilogram.

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

1. Comparable APMs[1]

In discussing the performance of the Group, "comparable" measures are used, which are calculated by deducting from the directly reconcilable IFRS measures the impact of the Group's restructuring costs, the mark-to-market valuation of the commodity hedging activity, acquisition costs and certain other tax items, which are collectively considered as items impacting comparability, due to their nature. More specifically the following items are considered as items that impact comparability:

1) *Restructuring costs*
Restructuring costs comprise costs arising from significant changes in the way the Group conducts business, such as significant supply chain infrastructure changes, outsourcing of activities and centralisation of processes. These costs are included within the income statement line "Operating expenses". However, they are excluded from the comparable results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from underlying activity.
2) *Commodity hedging*
The Group has entered into certain commodity derivative transactions in order to hedge its exposure to commodity price risk. Although these transactions are economic hedging activities that aim to manage our exposure to sugar, aluminium, gas oil and PET price volatility, hedge accounting has not been applied in all cases. In addition, the Group recognises certain derivatives embedded within commodity purchase contracts that have been accounted for as stand-alone derivatives and do not qualify for hedge accounting. The fair value gains and losses on the derivatives and embedded derivatives are immediately recognised in the income statement in the cost of goods sold and operating expenses line items. The Group's comparable results exclude the gains or losses resulting from the mark-to-market valuation of these derivatives to which hedge accounting has not been applied (primarily PET) and embedded derivatives. These gains or losses are reflected in the comparable results in the period when the underlying transactions occur, to match the profit or loss to that of the corresponding underlying transactions. We believe this adjustment provides useful information related to the impact of our economic risk management activities.
3) *Acquisition costs*
Acquisition costs comprise costs incurred to effect a business combination such as finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees. These costs are included within the income statement line "Operating expenses". However, to the extent that they relate to business combinations that have completed or are expected to be completed, they are excluded from the comparable results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from underlying activity.
4) *Other tax items*
Other tax items represent the tax impact of changes in income tax rates affecting the opening balance of deferred tax arising during the year, included in the Tax line item of the income statement. These are excluded from comparable after-tax results in order for the user to obtain a better understanding of the Group's underlying financial performance.

The Group discloses comparable performance measures to enable users to focus on the underlying performance of the business on a basis which is common to both periods for which these measures are presented.

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

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

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

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

	Half-year 2020							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	**(1,782.1)**	**1,049.1**	**(850.8)**	**202.9**	**399.8**	**(43.1)**	**124.0**	**0.341**
Restructuring costs	**—**	**—**	**0.8**	**0.8**	**0.8**	**(0.2)**	**0.6**	**0.002**
Commodity hedging	**5.1**	**5.1**	**—**	**5.1**	**5.1**	**(1.0)**	**4.1**	**0.011**
Other tax items	**—**	**—**	**—**	**—**	**—**	**0.3**	**0.3**	**0.001**
Comparable	**(1,777.0)**	**1,054.2**	**(850.0)**	**208.8**	**405.7**	**(44.0)**	**129.0**	**0.355**
	Half-year 2019							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	(2,108.4)	1,244.0	(955.1)	288.9	479.4	(65.6)	195.1	0.536
Restructuring costs	—	—	30.2	30.2	29.0	(6.8)	23.4	0.064
Commodity hedging	3.1	3.1	—	3.1	3.1	(0.6)	2.5	0.007
Acquisition costs	—	—	2.9	2.9	2.9	(0.4)	2.5	0.007
Other tax items	—	—	—	—	—	(0.7)	(0.7)	(0.002)
Comparable	**(2,105.3)**	**1,247.1**	**(922.0)**	**325.1**	**514.4**	**(74.1)**	**222.8**	**0.612**

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

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

	Half-year 2020			
	Established	Developing	Emerging	Consolidated
EBIT	**46.6**	**16.1**	**140.2**	**202.9**
Restructuring costs	0.8	—	—	0.8
Commodity hedging	2.3	3.0	(0.2)	5.1
Comparable EBIT	**49.7**	**19.1**	**140.0**	**208.8**
	Half-year 2019			
	Established	Developing	Emerging	Consolidated
EBIT	**92.2**	**49.5**	**147.2**	**288.9**
Restructuring costs	19.6	3.4	7.2	30.2
Commodity hedging	1.4	1.6	0.1	3.1
Acquisition costs	—	—	2.9	2.9
Comparable EBIT	**113.2**	**54.5**	**157.4**	**325.1**

2. FX-neutral APMs

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

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

1) *FX-neutral net sales revenue and FX-neutral net sales revenue per unit case*
FX-neutral net sales revenue and FX-neutral net sales revenue per unit case are calculated by adjusting prior-period net sales revenue for the impact of changes in exchange rates applicable in the current period.

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

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

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

	Half-year 2020			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	**985.9**	**520.2**	**1,325.1**	**2,831.2**
Currency impact	**—**	**—**	**—**	**—**
FX-neutral net sales revenue	**985.9**	**520.2**	**1,325.1**	**2,831.2**
Volume (m unit cases)	**245.3**	**189.7**	**555.5**	**990.5**
FX-neutral net sales revenue per unit case (€)	**4.02**	**2.74**	**2.39**	**2.86**

	Half-year 2019			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	1,237.7	641.7	1,473.0	3,352.4
Currency impact	12.0	(19.7)	(26.1)	(33.8)
FX-neutral net sales revenue	1,249.7	622.0	1,446.9	3,318.6
Volume (m unit cases)	303.0	208.2	579.2	1,090.4
FX-neutral net sales revenue per unit case (€)	4.12	2.99	2.50	3.04

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

	Half-year 2020	**Half-year 2019**
Input costs	**729.0**	880.3
Commodity hedging	**(5.1)**	(3.1)
Comparable input costs	**723.9**	877.2
Currency impact	**—**	(10.3)
FX-neutral comparable input costs (€)	**723.9**	866.9
Volume (m unit cases)	**990.5**	1,090.4
FX-neutral comparable input costs per unit case (€)	**0.73**	0.80

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

3. Other APMs

Adjusted EBITDA

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

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

Free cash flow

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

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

Capital expenditure

The Group uses capital expenditure as an APM to ensure that the cash spending is in line with its overall strategy for the use of cash. Capital expenditure is defined as payments for purchases of property, plant and equipment plus principal repayments of lease obligations less proceeds from sale of property, plant and equipment.

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

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

	Half-year 2020 € million	Half-year 2019 € million
Operating profit (EBIT)	**202.9**	**288.9**
Depreciation and impairment of property, plant and equipment, including right-of-use assets	**190.8**	185.9
Amortisation of intangible assets	**0.5**	0.3
Employee performance shares	**5.6**	4.3
Adjusted EBITDA	**399.8**	**479.4**
Share of results of integral equity method investments	**(4.6)**	—
Loss / (gain) on disposal of non-current assets	**0.4**	(1.5)
Cash consumed from working capital movements	**(194.2)**	(129.5)
Tax paid	**(63.6)**	(73.4)
Net cash from operating activities	**137.8**	**275.0**
Payments for purchases of property, plant and equipment	**(159.4)**	(192.6)
Principal repayments of lease obligations	**(26.1)**	(16.0)
Proceeds from sales of property, plant and equipment	**9.2**	12.9
Capital expenditure	**(176.3)**	**(195.7)**
Free cash flow	**(38.5)**	**79.3**

Net debt

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

	As at	
	26 June 2020 € million	31 December 2019 € million
Current borrowings	**424.1**	761.8
Non-current borrowings	**2,569.0**	2,562.9
Other financial assets	**(105.0)**	(728.8)
Cash and cash equivalents	**(987.4)**	(823.0)
Net debt	**1,900.7**	**1,772.9**

Principal risks and uncertainties

The Company faces a number of risks and uncertainties that may have an adverse effect on its operations, performance and future prospects and has a robust risk management programme to assess these and evaluate strategies to manage them.

In light of the impact of COVID-19, our risk management programme has been given even greater emphasis during this period with daily discussions on emergent risks and opportunities associated with the pandemic and continued monitoring and assessment of our principal risks and uncertainties against the backdrop of the altered operating environment. Operationally, we continue to actively monitor the risk elements related to the uncertain political and social effects from the pandemic which have the potential to impact consumer sentiment, spending, taxation and health and safety. We have responded to the various risk dynamics through the activation of our local business unit crisis teams that exist in all of our business units and are coordinated at the Group level by the Group Crisis team that is chaired by the Group CRO. Additionally, we established a Group-wide COVID-19 Taskforce that immediately set clear priorities that focused on protecting our people, safeguarding our product supply, responding to new patterns of customer and consumer demand, preserving cash, while at the same time supporting the communities in which we operate. The COVID-19 Taskforce unlocked new levels of agility that enabled us to speedily respond to the unprecedented changes in market dynamics while securing the wellbeing of our employees and minimize any disruption in our production and supply demands.

The principal risks and uncertainties that the Company expects to be exposed to in the second half of 2020 are substantially the same as those outlined in the 2019 Integrated Annual Report for the year ended 31 December 2019, pages 55 to 61. These are reproduced below but, in addition, the risks that have the potential to be influenced in various ways by COVID-19 events have been indicated and where additional mitigations have been implemented, these have been noted.

The principal risks will be closely monitored during the second half of the year to identify material changes to the risk environment.

Our principal risks

Principal risks	**Description**	**Potential impact**	**Key mitigations**	**Link to material issues**
1. Sustainability: Plastics and packaging waste	The risk of rising stakeholder concerns relating to packaging waste and plastics pollution that will drive the agenda on production methods and waste recovery.	• Potential imposition of discriminatory taxation • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business • Loss of consumer base	• Packaging waste management and World Without Waste global programmes • Partnering with local and international NGOs on packaging recovery • Partnering with local communities, start-ups and academia to minimise environmental impacts	• Packaging, recycling and waste management • Sourcing

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
2. Sustainability: Climate and carbon	The risk of the continued escalation of the climate change agenda and a failure to reduce our environmental footprint. Impacts to our operations and value chain may arise from more volatile effects of weather and NGO monitoring of our approach to carbon use and compliance with TCFD.	• Commodity availability • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business • Loss of consumer base	• Energy management programmes and transition to renewable and clean energy • Partnering with local and international NGOs on common issues such as nature conservation • Partnering with local communities, start-ups and academia to minimise environmental impacts • Focus on sustainable procurement • Commitment to TCFD recommendations	• Carbon and energy • Sourcing
3. Sustainability: Water	The risk of water availability, water stress to the communities in which we operate, and water quality caused by climate change.	• Potential imposition of discriminatory taxation • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business • Loss of consumer base	• Water reduction and waste water treatment programmes, as well as support for water stewardship initiatives in water-risk areas • Partnering with local and international NGOs on water stewardship strategies • Partnering with local communities, start-ups and academia to minimise environmental impacts	• Water stewardship • Sourcing

Principal risks	**Description**	**Potential impact**	**Key mitigations**	**Link to material issues**
4. Consumer health and wellbeing	Failure to adapt to changing consumer health trends, public health policies addressing misconceptions about our formulations, sugar and the health impact of our product portfolio.	• Potential imposition of discriminatory taxation • Failure to achieve our growth plans • Damage to our brand and corporate reputation • Loss of consumer base	• Focus on product innovation and expansion to a 24/7 beverage portfolio • Expand our range of low- and no-calorie beverages • Introduce smaller packs • Reduce the calorie content of products in the portfolio • Clearer labelling on packaging • Promote active lifestyles through consumer engagement programmes focused on health and wellness	• Nutrition • Marketing • Product quality and integrity
5. Cyber incidents	A cyber-attack or data centre failure resulting in business disruption or breach of corporate or personal data confidentiality. Influenced by COVID-19 – mitigations remain relevant	• Financial loss • Operational disruption • Damage to corporate reputation • Non-compliance with data protection legislation (e.g. GDPR)	• COVID-19 response plan managed as part of the Group Crisis team response. • Implemented a cyber-security and privacy control framework and monitor compliance • Maintain certification against the ISO 27001 standard and confirm our commitment to secure information assets and comply with international security standards • Safeguard critical IT and operational assets • Detect, respond and recover from cyber incidents and attacks • Foster a positive culture of cyber-security • Monitor threat landscape and changes influenced by COVID-19 and remediate associated vulnerabilities	• Economic impact

Principal risks	**Description**	**Potential impact**	**Key mitigations**	**Link to material issues**
6. Foreign exchange and commodity costs	Foreign exchange and commodity exposure arises from changes in exchange rates and commodity prices. Currency devaluation, in combination with capital controls, restricts movement of funds and increases the risk of asset impairment. Influenced by COVID-19	• Financial loss • Increased cost base • Asset impairment • Limitations on cash repatriation	• COVID-19 working party responding to financial risks from the pandemic • Treasury policy requires the hedging of 25% to 80% of rolling 12-month forecasted transactional foreign currency exposure • Hedging beyond 12 months may occur in exceptional cases subject to approval of Group CFO • Treasury policy requires the hedging of rolling three-year commodity exposures; different policy limits apply for each hedgeable commodity • Derivative financial instruments are used, where available, to reduce net exposure to currency and commodity price fluctuations	• Economic impact
7. Channel mix	The increasing concentration and consolidation of retailers and independent wholesalers with retailer disruption due to discounters and e-commerce players. Consumers altering consumption habits. Influenced by COVID-19	• Reduced availability of our portfolio and overall profitability	• COVID-19 Group Task force focused on pandemic responses • Enhance our key account capabilities to partner and grow with top customers • Work closely with our immediate consumption channel customers to drive incremental transactions • Accelerate Right Execution Daily (RED) to support our commitment to operational excellence • Develop our digital and e-commerce capabilities to capture opportunities associated with existing and new distribution channels	• Economic impact

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
8. People	Inability to attract, retain and engage sufficient numbers of qualified and experienced employees in a highly competitive talent market.	• Failure to achieve our growth plans	• Upgrade our Employer Value Proposition and Employer Brand • Develop leaders and people for key positions internally, improve leaders' skills and commitment for talent development • Continuous employee listening to address culture and engagement effectively • Promote inclusive environment that allows all employees to achieve their full potential • Create shared value with the communities in which we work to ensure we are seen and considered as an ethical business with an attractive purpose • Expand talent pool by hiring more diverse workforce	• Employee wellbeing and engagement • Human rights, inclusion and diversity • Corporate citizenship and youth empowerment
9. Geopolitical and macroeconomic	Volatile and challenging macroeconomic, security, and geopolitical conditions together with adverse global events including health-related issues can affect consumer demand and wellbeing and create security risks across our diverse markets. Influenced by COVID-19	• Eroded consumer confidence affecting discretionary spending • Potential imposition of discriminatory taxation • Inflationary pressures • Social unrest • Safety of people and assets	• COVID-19 Group Taskforce monitoring developments and responding with appropriate commercial strategies. • Crisis response and business continuity strategies effectively activated in all business units and the Group responding to COVID-19 • Seek to offer the right brand at the right price in the right package through the right channel • Robust security practices and procedures to protect people and assets	• Economic impact • Corporate citizenship and youth empowerment

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
10. Quality	The occurrence of quality/food safety issues, or the contamination of our products across our diverse brand portfolio.	• Damage to brand and corporate reputation • Loss of consumer trust • Reduction in volume and net sales revenue	• Stringent quality/food safety processes in place to minimise the likelihood of occurrence • Early warning systems (Consumer Information Centres and social media monitoring) that enable issue identification • Robust response processes and systems that enable us to quickly and efficiently deal with quality/food safety issues, ensuring customers and consumers retain confidence in our products	• Product quality and integrity
11. Ethics and compliance	We operate in some complex markets with high levels of perceived corruption. As a result, we are exposed to an increased risk of fraud against the Company as well as to the risk of anti-bribery and corruption (ABAC) fines or sanctions if our employees or the third parties we engage to deal with government fail to comply with ABAC requirements.	• Damage to our corporate reputation • Significant financial penalties • Management time diverted to resolving legal issues • We may suffer economic loss because of fraud and reputational damages, fines and penalties, in the event of non-compliance with ABAC regulations by our employees or by third parties representing us with government	• Annual 'Tone from the Top' messaging • Code of Business Conduct (COBC), ABAC and commercial compliance training and awareness campaigns for our entire workforce • All third parties that we engage to deal with government on our behalf are subject to ABAC due diligence, and must agree and comply with our Supplier Guiding Principles • Cross-functional Joint Task Forces in Italy, Nigeria and Russia that pro-actively address risks in our key operations • Risk-based internal control framework and assurance programme with local management accountability • Periodic risk-based internal audits of ABAC compliance programme • Speak Up Hotline	• Corporate governance, business ethics and anti-corruption

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
12. Strategic stakeholder relationships	We rely on our strategic relationships and agreements with The Coca-Cola Company (including Costa Coffee), Monster Energy and our premium spirits partners.	• Termination of agreements or unfavourable renewal terms could adversely affect profitability	• Management focus on effective day-to-day interaction with our strategic partners • Working together as effective partners for growth • Engagement in joint projects and business planning with a focus on strategic issues • Participation in 'Top to Top' senior management forums	• Economic impact
13. Health and safety	The risk of health and safety issues being ineffectively managed. This incorporates the management of third-party providers, particularly fleet and logistics. Influenced by COVID-19	• Death or injury of employees, contractors or members of the public • Employee engagement and motivation • Attraction of talent/ prospective employees	• COVID-19 safety plans supporting our people and infection response • Standardised programmes, policies and legislation applied locally • Group oversight by the Health and Safety (H&S) Team and Group Crisis Team • H&S Board with the clear purpose to accelerate the H&S step-change plan implementation • Implemented the Behavioural-Based Safety Programme	• Employee wellbeing and engagement

Related party transactions

Related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial positions or the performance of Coca-Cola HBC during the period, as well as any changes in the related party transactions as described in the 2019 Integrated Annual Report that could have a material effect on the financial positions or performance of the Group in the first six months of the current financial year, are described in section "Condensed consolidated interim financial statements for the six months ended 26 June 2020, note 17 "Related party transactions".

Going concern statement

The outbreak of the COVID-19 global pandemic during the first half of the year has been an unprecedented event that , in varying degrees, has impacted people around the world and created, and continues to create, a high degree of uncertainty as to future financial performance of many companies. The implications of this, and particularly the implications of the enforced lockdown in almost all of our markets and the related impact on the Group's trading, have been considered by the Directors in assessing the ability of the Group to continue trading as a going concern. As the COVID-19 lockdown eases, the Group's markets are expected to resume their economic activities, however the Group is mindful of the vulnerability of its customer base and has reflected this within its adjusted commercial plans.

As part of the consideration of whether to adopt the going concern basis in preparing the interim report and financial statements, management reviewed a range of scenarios and forecasts. The assumptions have been modelled on the estimated potential impact and plausible severe scenarios, along with the Group's proposed responses as a result of the COVID-19 pandemic.

The Group's strong balance sheet and liquidity position, its leading market shares and largely variable cost base, together with its unique portfolio of brands and resilient and talented people will, management believe, allow the Group to weather these uncertain times. The Group has considerable financial resources together with long term contracts with a number of customers and suppliers across different countries.

Accordingly, and having reassessed the principal risks, the Directors continue to adopt the going concern basis of accounting in preparing these condensed consolidated interim financial statements and have not identified any material uncertainties to the Group's ability to continue trading as a going concern over a period of at least 12 months from the date of approval of these condensed consolidated interim financial statements.

Responsibility statement

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

(a) the condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board and adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the consolidation as a whole for the period ended 26 June 2020 as required by the Disclosure Guidance and Transparency Rules sourcebook of the UK FCA ("DTR") 4.2.4R; and

(b) the interim management report includes a fair review of the information required by:

- DTR 4.2.7R of the DTRs, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed consolidated interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- DTR 4.2.8 R of the DTRs, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the 2019 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries for the year ended 31 December 2019, that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

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

Signed on behalf of the Board
Zoran Bogdanovic
Chief Executive Officer

5 August 2020

Independent review report to Coca-Cola HBC AG

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements (the "interim financial statements") in the half-yearly financial report of Coca-Cola HBC AG (the "Company") for the six months ended 26 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated interim balance sheet as at 26 June 2020;
- the condensed consolidated interim income statement for the six month period then ended;
- the condensed consolidated interim statement of comprehensive income for the six month period then ended;
- the condensed consolidated interim statement of changes in equity for the six month period then ended;
- the condensed consolidated interim cash flow statement for the six month period then ended; and
- the explanatory notes to the interim financial statements.

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

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

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What a review of interim financial statements involves

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

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

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

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

5 August 2020
Athens, Greece

Notes:

(a) The maintenance and integrity of the Company’s website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

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

Condensed consolidated interim financial statements for the six months ended 26 June 2020

Condensed consolidated interim income statement (unaudited)

		Six months ended	
		26 June 2020	28 June 2019
	Note	**€ million**	€ million
Net sales revenue	3	**2,831.2**	3,352.4
Cost of goods sold		**(1,782.1)**	(2,108.4)
Gross profit		**1,049.1**	**1,244.0**
Operating expenses	4	**(850.8)**	(955.1)
Share of results of integral equity method investments	1	**4.6**	—
Operating profit	3	**202.9**	**288.9**
Finance costs, net	5	**(36.2)**	(32.8)
Share of results of equity method investments		**—**	4.7
Share of results of non-integral equity method investments	1	**0.5**	—
Profit before tax		**167.2**	**260.8**
Tax	6	**(43.1)**	(65.6)
Profit after tax		**124.1**	**195.2**
Attributable to:			
Owners of the parent		**124.0**	195.1
Non-controlling interests		**0.1**	0.1
		124.1	**195.2**
Basic earnings per share (€)	7	**0.34**	0.54
Diluted earnings per share (€)	7	**0.34**	0.53

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

Condensed consolidated interim statement of comprehensive income (unaudited)

	Six months ended	
	26 June 2020	28 June 2019
	€ million	€ million
Profit after tax	**124.1**	**195.2**
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Cost of hedging	**(2.2)**	(8.9)
Net gain / (loss) of cash flow hedges	**4.4**	(0.7)
Foreign currency translation	**(138.7)**	77.7
Share of other comprehensive income of equity method investments	**5.9**	0.4
Income tax relating to items that may be subsequently reclassified to income statement	**0.3**	0.8
	(130.3)	**69.3**
Items that will not be subsequently reclassified to income statement:		
Valuation (loss) / gain on equity investments at fair value through other comprehensive income	**(0.3)**	0.2
Actuarial losses	**(23.3)**	(23.6)
Income tax relating to items that will not be subsequently reclassified to income statement	**4.3**	3.9
	(19.3)	**(19.5)**
Other comprehensive (loss) / income for the period, net of tax	**(149.6)**	**49.8**
Total comprehensive (loss) / income for the period	**(25.5)**	**245.0**
Total comprehensive income attributable to:		
Owners of the parent	**(25.6)**	244.9
Non-controlling interests	**0.1**	0.1
	(25.5)	**245.0**

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

Condensed consolidated interim balance sheet (unaudited)

		As at	
		26 June 2020	31 December 2019
	Note	**€ million**	€ million
Assets			
Intangible assets	8	**1,999.0**	2,105.4
Property, plant and equipment	8	**2,647.4**	2,742.2
Other non-current assets		**474.0**	290.1
Total non-current assets		**5,120.4**	**5,137.7**
Inventories		**543.0**	488.1
Trade, other receivables and assets		**1,005.3**	1,029.7
Other financial assets	11	**122.8**	734.9
Cash and cash equivalents	11	**987.4**	823.0
		2,658.5	**3,075.7**
Assets classified as held for sale		**1.1**	0.6
Total current assets		**2,659.6**	**3,076.3**
Total assets		**7,780.0**	**8,214.0**
Liabilities			
Borrowings	11	**424.1**	761.8
Other current liabilities		**2,043.1**	1,905.4
Total current liabilities		**2,467.2**	**2,667.2**
Borrowings	11	**2,569.0**	2,562.9
Other non-current liabilities		**286.7**	283.7
Total non-current liabilities		**2,855.7**	**2,846.6**
Total liabilities		**5,322.9**	**5,513.8**
Equity			
Owners of the parent		**2,454.4**	2,697.5
Non-controlling interests		**2.7**	2.7
Total equity		**2,457.1**	**2,700.2**
Total equity and liabilities		**7,780.0**	**8,214.0**

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

Condensed consolidated interim statement of changes in equity (unaudited)

	Attributable to owners of the parent									
	Share capital € million	Share premium € million	Group Reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	**Total € million**	Non-controlling interests € million	**Total equity € million**
Balance as at 1 January 2019	**2,021.2**	**4,547.9**	**(6,472.1)**	**(184.1)**	**(1,088.8)**	**269.0**	**4,018.0**	**3,111.1**	**5.3**	**3,116.4**
Shares issued to employees exercising stock options (note 12)	6.7	11.9	—	—	—	—	—	**18.6**	—	**18.6**
Share-based compensation:										
Performance shares	—	—	—	—	—	4.3	—	**4.3**	—	**4.3**
Appropriation of reserves (note 12)	—	—	—	27.9	—	(28.0)	0.1	**—**	—	**—**
Movement of treasury shares (note 12)	—	—	—	(106.1)	—	—	—	**(106.1)**	—	**(106.1)**
Dividends (note 14)	—	(941.9)	—	—	—	—	8.8	**(933.1)**	(0.3)	**(933.4)**
Transfer of cash flow hedge reserve including cost of hedging, to inventories, net of deferred tax[1]	—	—	—	—	—	6.0	—	**6.0**	—	**6.0**
	2,027.9	**3,617.9**	**(6,472.1)**	**(262.3)**	**(1,088.8)**	**251.3**	**4,026.9**	**2,100.8**	**5.0**	**2,105.8**
Profit for the period, net of tax	—	—	—	—	—	—	195.1	**195.1**	0.1	**195.2**
Other comprehensive income for the period, net of tax	—	—	—	—	78.1	(8.6)	(19.7)	**49.8**	—	**49.8**
Total comprehensive income for the period net of tax[2]	—	—	—	—	78.1	(8.6)	175.4	**244.9**	0.1	**245.0**
Balance as at 28 June 2019	**2,027.9**	**3,617.9**	**(6,472.1)**	**(262.3)**	**(1,010.7)**	**242.7**	**4,202.3**	**2,345.7**	**5.1**	**2,350.8**
Shares issued to employees exercising stock options (note 12)	1.3	1.5	—	—	—	—	—	**2.8**	—	**2.8**
Share-based compensation:										
Performance shares	—	—	—	—	—	5.6	—	**5.6**	—	**5.6**
Cancellation of shares	(18.4)	(74.1)	—	92.5	—	—	—	**—**	—	**—**
Appropriation of reserves	—	—	—	—	—	0.5	(0.5)	**—**	—	**—**
Acquisition of shares held by non-controlling interests (note 15)	—	—	—	—	—	—	(7.0)	**(7.0)**	(2.5)	**(9.5)**
Dividends	—	—	—	—	—	—	—	**—**	(0.3)	**(0.3)**
Transfer of cash flow hedge reserve including cost of hedging, to inventories, net of deferred tax	—	—	—	—	—	5.9	—	**5.9**	—	**5.9**
	2,010.8	**3,545.3**	**(6,472.1)**	**(169.8)**	**(1,010.7)**	**254.7**	**4,194.8**	**2,353.0**	**2.3**	**2,355.3**
Profit for the period, net of tax	—	—	—	—	—	—	292.4	**292.4**	0.4	**292.8**
Other comprehensive income for the period, net of tax	—	—	—	—	46.0	1.6	4.5	**52.1**	—	**52.1**
Total comprehensive income for the period, net of tax	—	—	—	—	46.0	1.6	296.9	**344.5**	0.4	**344.9**
Balance as at 31 December 2019	**2,010.8**	**3,545.3**	**(6,472.1)**	**(169.8)**	**(964.7)**	**256.3**	**4,491.7**	**2,697.5**	**2.7**	**2,700.2**

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

[2] The amount included in the exchange equalisation reserve of €78.1 million gain for the first half of 2019 represents the exchange gain attributed to the owners of the parent, mainly related to the Russian Rouble, including €0.4 million gain relating to share of other comprehensive income of equity method investments.

The amount of other comprehensive income net of tax included in other reserves of €8.6 million loss for the first half of 2019 consists of gain on valuation of equity investments at fair value through other comprehensive income of €0.2 million, cash flow hedges loss of €9.6 million, and the deferred tax income thereof amounting to €0.8 million.

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

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

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

Condensed consolidated interim statement of changes in equity (unaudited)

	Attributable to owners of the parent									
	Share capital € million	Share premium € million	Group Reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	**Total € million**	Non-controlling interests € million	**Total equity € million**
Balance as at 1 January 2020	**2,010.8**	**3,545.3**	**(6,472.1)**	**(169.8)**	**(964.7)**	**256.3**	**4,491.7**	**2,697.5**	**2.7**	**2,700.2**
Shares issued to employees exercising stock options (note 12)	2.2	2.4	—	—	—	—	—	**4.6**	—	**4.6**
Share based compensation: Performance shares	—	—	—	—	—	5.6	—	**5.6**	—	**5.6**
Appropriation of reserves (note 12)	—	—	—	14.3	—	(14.3)	—	**—**	—	**—**
Dividends (Note 14)	—	(227.9)	—	—	—	—	2.2	**(225.7)**	(0.1)	**(225.8)**
Transfer of cash flow hedge reserve, including cost of hedging, to inventories, net of deferred tax[3]	—	—	—	—	—	(2.0)	—	**(2.0)**	—	**(2.0)**
	2,013.0	**3,319.8**	**(6,472.1)**	**(155.5)**	**(964.7)**	**245.6**	**4,493.9**	**2,480.0**	**2.6**	**2,482.6**
Profit for the period net of tax	—	—	—	—	—	—	124.0	**124.0**	0.1	**124.1**
Other comprehensive loss for the period, net of tax	—	—	—	—	(131.1)	0.5	(19.0)	**(149.6)**	—	**(149.6)**
Total comprehensive loss for the period, net of tax[4]	—	—	—	—	(131.1)	0.5	105.0	**(25.6)**	0.1	**(25.5)**
Balance as at 26 June 2020	**2,013.0**	**3,319.8**	**(6,472.1)**	**(155.5)**	**(1,095.8)**	**246.1**	**4,598.9**	**2,454.4**	**2.7**	**2,457.1**

[3] The amount included in other reserves of €2.0 million gain for the first half of 2020 represents the cash flow hedge reserve, including cost of hedging, transferred to inventory of €2.3 million gain, and the deferred tax thereof amounting to €0.3 million.

[4] The amount included in the exchange equalisation reserve of €131.1 million loss for the first half of 2020 represents the exchange loss attributed to the owners of the parent, mainly related to the Russian Rouble and Nigerian Naira, including €7.6 million gain relating to share of other comprehensive income of equity method investments.

The amount of other comprehensive income net of tax included in other reserves of €0.5 million gain for the first half of 2020 consists of loss on valuation of equity investments at fair value through other comprehensive income of €0.3 million, cash flow hedges gain of €2.2 million, share of other comprehensive income of equity method investments of €1.7 million loss and the deferred tax income thereof amounting to €0.3 million.

The amount of €105.0 million gain attributable to owners of the parent comprises of profit for the period of €124.0 million, actuarial losses of €23.3 million and deferred tax income of €4.3 million.

The amount of €0.1 million gain included in non-controlling interests for the first half of 2020 represents the share of non-controlling interests in profit for the period.

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

Condensed consolidated interim cash flow statement (unaudited)

	Note	Six months ended 26 June 2020 € million	Six months ended 28 June 2019 € million
Operating activities			
Profit after tax for the period		**124.1**	195.2
Finance costs, net	5	**36.2**	32.8
Share of results of equity method investments		**—**	(4.7)
Share of results of non-integral equity method investments	1	**(0.5)**	—
Tax charged to the income statement		**43.1**	65.6
Depreciation and impairment of property, plant and equipment		**190.8**	185.9
Employee performance shares		**5.6**	4.3
Amortisation of intangible assets	8	**0.5**	0.3
		399.8	**479.4**
Share of results of integral equity method investments	1	**(4.6)**	—
Loss / (gain) on disposals of non-current assets		**0.4**	(1.5)
Increase in inventories		**(97.4)**	(116.2)
Increase in trade and other receivables		**(16.9)**	(320.8)
(Decrease) / increase in trade and other payables		**(79.9)**	307.5
Tax paid		**(63.6)**	(73.4)
Net cash inflow from operating activities		**137.8**	**275.0**
Investing activities			
Payments for purchases of property, plant and equipment		**(159.4)**	(192.6)
Proceeds from sales of property, plant and equipment		**9.2**	12.9
Payment for business combination, net of cash acquired	15	**—**	(130.5)
Net receipts from equity method investments		**—**	0.8
Payment for acquisition of non-integral equity method investment	1	**(2.1)**	—
Joint arrangement reclassification	16	**(13.1)**	—
Net proceeds from investments in financial assets at amortised cost		**252.4**	211.4
Net proceeds from / (payments for) investments in financial assets at fair value through profit or loss		**370.8**	(489.8)
Net receipts from non-integral equity method investments	17,1	**1.3**	—
Interest received		**0.5**	2.7
Proceeds from loans		**—**	5.9
Net cash inflow / (outflow) from investing activities		**459.6**	**(579.2)**
Financing activities			
Proceeds from shares issued to employees exercising stock options	12	**4.6**	18.6
Purchase of own shares	12	**—**	(192.8)
Proceeds from borrowings		**203.0**	1,341.1
Repayments of borrowings		**(565.1)**	(361.9)
Principal repayments of lease obligations		**(26.1)**	(16.0)
Payments for settlement of derivatives regarding financing activities		**(0.1)**	(3.4)
Interest paid		**(39.8)**	(45.7)
Dividends paid to non-controlling interests		**(0.1)**	—
Net cash (outflow) / inflow from financing activities		**(423.6)**	**739.9**
Net increase in cash and cash equivalents		**173.8**	**435.7**
Movement in cash and cash equivalents:			
Cash and cash equivalents at 1 January		**823.0**	712.3
Net increase in cash and cash equivalents		**186.9**	435.7
Joint arrangement reclassification	16	**(13.1)**	—
Effect of changes in exchange rates		**(9.4)**	3.9
Cash and cash equivalents at the end of the period		**987.4**	**1,151.9**

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

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

1. Accounting policies and basis of preparation

Basis of preparation

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') applicable to Interim Financial Reporting ('IAS 34'). These condensed consolidated interim 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 2019.

COVID-19 considerations

The outbreak of the COVID-19 global pandemic during the first half of the year has been an unprecedented event that, in varying degrees, has impacted people around the world and created, and continues to create, a high degree of uncertainty as to future financial performance of many companies. The implications of this, and particularly the implications of the enforced lockdown in almost all of our markets and the related impact on the Group's trading, have been considered by the Directors in assessing the ability of the Group to continue trading as a going concern. As the COVID-19 lockdown eases, the Group's markets are expected to resume their economic activities.

As part of the consideration of whether to adopt the going concern basis in preparing the interim report and financial statements, management reviewed a range of scenarios and forecasts. The assumptions have been modelled on the estimated potential impact and plausible severe scenarios, along with the Group's proposed responses as a result of the COVID-19 pandemic. Following the assessment the Group continues to adopt the going concern basis in preparing the interim condensed consolidated financial statements.

The Group has considered the impact of the COVID-19 pandemic on the interim condensed consolidated financial statements, including critical accounting estimates and judgements as detailed in note 5 of the 2019 consolidated financial statements of the Group. Relevant disclosures have been included where appropriate, refer to note 8 for impairment assessment of indefinite-lived intangible assets, note 9 for financial risk management considerations and note 10 for trade receivables analysis.

Accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial statements of Coca-Cola HBC AG ('Coca-Cola HBC', the 'Company' or the 'Group') are consistent with those used in the 2019 annual financial statements, except for the adoption of new and amended accounting standards effective as of 1 January 2020 and the Group's voluntary change in accounting policy regarding the presentation of its share of results from integral equity investments.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New and amended standards adopted by the Group

A number of amendments to the standards became applicable as of 1 January 2020 and were adopted by the Group. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

Amendments to IFRS 3, Definition of a Business: The amendments to IFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, the amendments clarify that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on these condensed consolidated interim financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39, Interest Rate Benchmark Reform: The amendments provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact

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

1. Accounting policies and basis of preparation (continued)

New and amended standards adopted by the Group (continued)

on these condensed consolidated interim financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material: The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on these condensed consolidated interim financial statements.

Conceptual Framework for Financial Reporting issued on 29 March 2018: The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on these condensed consolidated interim financial statements.

Change in accounting policy

The Group re-assessed its presentation of its share of results of equity method investments. The Group had previously presented its share of results from all equity method investments in a single line after operating profit. As of 1 January 2020, the Group elected to change the classification of its investments in joint ventures and associates to integral and non-integral investments and present its share of results from integral equity method investments within operating profit.

Integral investments in joint ventures and associates are those which are considered to be part of the Group's core operations and strategy; therefore including the Group's share of results from integral equity method investments within operating profit better reflects the relevance of their underlying activities to the Group. The share of results of non-integral equity method investments (i.e. investments that are not considered to be part of the Group's core operations and strategy) continue to be presented below operating profit. Furthermore as of 1 January 2020 the Group will present cash flows in respect of its investments in integral and non-integral associates and joint ventures separately within investing activities, to reflect the distinction in the income statement.

For the period ended 28 June 2019 the share of results of equity method investments amounted to €4.7 million of which €3.2 million was attributable to integral equity method investments and €1.5 million to non-integral equity method investments. As the amounts are not material, comparatives have not been restated.

Selected explanatory notes to the condensed consolidated interim 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 26 June. The principal exchange rates used for translation purposes in respect of one Euro are:

	Average rate for the six months ended		Closing rate as at	
	26 June 2020	28 June 2019	**26 June 2020**	31 December 2019
US Dollar	**1.10**	1.13	**1.13**	1.12
UK Sterling	**0.87**	0.87	**0.91**	0.85
Polish Zloty	**4.41**	4.29	**4.46**	4.26
Nigerian Naira	**414.29**	408.22	**435.93**	406.66
Hungarian Forint	**344.71**	320.44	**351.79**	330.46
Swiss Franc	**1.06**	1.13	**1.07**	1.09
Russian Rouble	**76.33**	73.82	**78.29**	69.43
Romanian Leu	**4.81**	4.74	**4.84**	4.79
Ukrainian Hryvnia	**28.50**	30.48	**30.07**	25.81
Czech Koruna	**26.31**	25.68	**26.72**	25.46
Serbian Dinar	**117.57**	118.11	**117.59**	117.55

3. Segmental analysis

The Group has essentially one business, being the production, sale and distribution of ready-to-drink, primarily non-alcoholic, beverages. The Group operates in 28 countries which are aggregated in reportable segments as follows:

Established markets: Austria, Cyprus, Greece, Italy, Northern Ireland, the Republic of Ireland and Switzerland.

Developing markets: Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

Emerging markets: Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Moldova, Montenegro, Nigeria, North Macedonia, Romania, the Russian Federation, Serbia (including the Republic of Kosovo) and Ukraine.

a) Volume and net sales revenue

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

	Six months ended	
	26 June 2020	28 June 2019
Established	**245.3**	303.0
Developing	**189.7**	208.2
Emerging	**555.5**	579.2
Total volume	**990.5**	**1,090.4**

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

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

3. Segmental analysis (continued)

a) Volume and net sales revenue (continued)

Net sales revenue per reportable segment for the six months ended 26 June 2020 and 28 June 2019 is presented below:

	Six months ended	
	26 June 2020	28 June 2019
	€ million	€ million
Established	**985.9**	1,237.7
Developing	**520.2**	641.7
Emerging	**1,325.1**	1,473.0
Total net sales revenue	**2,831.2**	**3,352.4**

In addition to non-alcoholic ready-to-drink beverages ("NARTD"), the Group sells and distributes Premium Spirits. An analysis of volume and net sales revenue per product type for the six months ended 26 June 2020 and 28 June 2019 is presented below:

	Six months ended	
	26 June 2020	28 June 2019
	€ million	€ million
Volume in million unit cases[1]		
NARTD[2]	**989.6**	1,089.2
Premium spirits[1]	**0.9**	1.2
Total volume	**990.5**	**1,090.4**
Net sales revenue (€ million)		
NARTD	**2,772.0**	3,276.0
Premium spirits	**59.2**	76.4
Total net sales revenue	**2,831.2**	**3,352.4**

[1] *One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For Premium Spirits volume, one unit case also corresponds to 5.678 litres. For biscuits volume, one unit case corresponds to 1 kilogram. Volume data is derived from unaudited operational data.*
[2] *NARTD: non-alcoholic, ready-to-drink beverages.*

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

3. Segmental analysis (continued)

b) Other income statement items

	Six months ended	
	26 June 2020	28 June 2019
	€ million	€ million
Operating profit		
Established	**46.6**	92.2
Developing	**16.1**	49.5
Emerging	**140.2**	147.2
Total operating profit	**202.9**	**288.9**
Reconciling items		
Finance costs, net	**(36.2)**	(32.8)
Tax	**(43.1)**	(65.6)
Share of results of non-integral equity method investments	**0.5**	—
Share of results of equity method investments	**—**	4.7
Non-controlling interests	**(0.1)**	(0.1)
Profit after tax attributable to owners of the parent	**124.0**	**195.1**

4. Restructuring expenses

As part of the effort to optimise its cost base and sustain competitiveness in the marketplace, the Company undertakes restructuring initiatives. Restructuring concerns mainly employee costs and impairment of property, plant and equipment, which are included within operating expenses. Restructuring expenses per reportable segment for the six months ended 26 June 2020 and 28 June 2019 are presented below:

	Six months ended	
	26 June 2020	28 June 2019
	€ million	€ million
Established	**0.8**	19.6
Developing	**—**	3.4
Emerging	**—**	7.2
Total restructuring costs	**0.8**	**30.2**

5. Finance costs, net

	Six months ended	
	26 June 2020	28 June 2019
	€ million	€ million
Interest income	**(2.1)**	(3.1)
Finance costs	**38.6**	36.2
Net foreign exchange gains	**(0.3)**	(0.3)
Finance costs, net	**36.2**	**32.8**

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

6. Tax

	Six months ended	
	26 June 2020	28 June 2019
	€ million	€ million
Profit before tax	**167.2**	260.8
Tax	**(43.1)**	(65.6)
Effective tax rate	**25.8%**	**25.2%**

The Group's effective tax rate for 2020 may differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. This difference can be a consequence of a number of factors, the most significant of which are the application of statutory tax rates of the countries in which the Group operates, the non-deductibility of certain expenses, the non-taxable income and one off tax items.

7. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of shares outstanding during the period (first half of 2020: 363,766,482, first half of 2019: 364,285,659). 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	**Property, plant and equipment**
	€ million	**€ million**
Net book value as at 1 January 2020 excluding right-of-use assets	**2,105.4**	**2,538.0**
Additions	—	242.4
Reclassified to assets held for sale	—	(1.1)
Assets held for sale classified back to property, plant and equipment	—	0.1
Disposals[1]	(78.1)	(39.5)
Depreciation, impairment and amortisation	(0.5)	(162.5)
Foreign currency translation	(27.8)	(117.3)
Net book value as at 26 June 2020 excluding right-of-use assets	**1,999.0**	**2,460.1**
Net book value of right-of-use assets as at 1 January 2020		204.2
Net book value of right-of-use assets as at 26 June 2020 (note 13)		**187.3**
Net book value as at 26 June 2020		**2,647.4**

[1] *Disposals line for Intangible assets and Property, plant and equipment includes the impact from the reorganisation of Multon (refer to note 16).*

Impairment assessment for goodwill and other indefinite-lived intangible assets

The Group performed its annual impairment test in 2019 where the recoverable amount was higher than the carrying amount of all cash-generating units and therefore no impairment was recorded. COVID-19 has significantly impacted demand and economic activity worldwide, including territories in which the Group operates and has therefore also impacted the Group's profitability for the half year. As a result, the impact of COVID-19 and the deterioration of the macroeconomic environment led to the Group proceeding with an interim impairment assessment of the recoverable amount for cash-generating units significantly impacted by COVID-19 and deterioration of macroeconomic conditions. The respective recoverable amounts include goodwill and other indefinite-lived intangible assets.

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

8. Intangible assets and property, plant and equipment (continued)

The recoverable amount of the cash-generating units was determined through a value-in-use calculation. No impairment of goodwill and other indefinite-lived assets was identified for the selected cash-generating units as at 26 June 2020.

Sensitivity analysis

For the cash-generating units of Nigeria and Italy, which held €19.7 million and €752.1 million of goodwill and franchise agreements as at 26 June 2020 respectively, possible changes in certain key assumptions of the 2020 interim impairment assessment would remove the remaining headroom. The recoverable amount of the Nigerian and Italian cash-generating units exceeded carrying value by €63.8 million and €201.1 million; changes per assumption that would eliminate remaining headroom are summarised below:

	Average growth profit margins	Growth rate in perpetuity	Discount rate
Nigeria	-120bps	-90bps	80bps
Italy	-190bps	-130bps	110bps

The Group will continue to closely monitor these cash-generating units in order to ensure that timely actions and initiatives are undertaken to minimize potential adverse impact on their expected performance, particularly in relation to potential currency volatility in Nigeria. During 2020, revenue from our operations in Nigeria amounted to 9% of consolidated net sales revenue; as at 26 June 2020 non-current assets of our operations in Nigeria amounted to 11% of the consolidated non-current assets.

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 material changes in the risk management policies since the previous year end.

As described in the 2019 integrated annual report, the Group actively manages its liquidity risk. This has been an area of focus due to the impact of COVID-19, however the Group maintains its healthy liquidity position and is able to meet its liabilities as they fall due. As at 26 June 2020, the Group has a net debt of €1.9 billion (refer to note 11). The Group recently repaid the remaining bond of €563.4 million which matured in June, while there are no further bond maturities until November 2024. In addition, as disclosed in the 2019 integrated annual report, the Group has an undrawn Revolving Credit Facility of €800 million available, as well as more than €0.7 billion available out of the €1.0 billion Commercial Paper Facility. The Group credit ratings as disclosed in the 2019 integrated annual report were re-affirmed in the first half of 2020.

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 2019 Integrated Annual Report. The money market funds recorded at fair value are included in Level 1 within the fair value hierarchy. As at 26 June 2020, the fair value of the money market funds amounted to €nil (31 December 2019: €371.5 million). As at 26 June 2020, the total derivatives included in Level 2 were financial assets of €9.1 million and financial liabilities of €15.3 million.

The Group has entered into derivatives to mitigate the commodity price risk related to PET. As the valuation of these derivatives uses prices that are not observable in the market, it is classified within Level 3. The fair value of the PET derivatives as at 26 June 2020 amounted to a financial liability of €8.8 million.

There were no transfers between Level 1 and 2 during the six months ended 26 June 2020. In 2020 the Group reclassified foreign currency derivatives relating to the Nigerian Naira from Level 2 into Level 3. This reclassification resulted from the use of a more relevant valuation technique which incorporates greater use of the unobservable inputs and more appropriately approximates their fair value as at 26 June 2020. The fair value of these derivatives as at 26th June 2020 amounted to a financial asset of €6.2 million (31 December 2019: financial liability of €0.1 million).

The fair value of bonds and notes payable applying the clean market price, as at 26 June 2020, was €2,493.5 million compared to their book value of €2,382.2 million, as at the same date.

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

10. Trade receivables

Trade receivables included within "Trade, other receivables and assets" line of the condensed consolidated interim balance sheet, consisted of the following as at 26 June 2020 and 31 December 2019 respectively:

	26 June 2020	31 December 2019
	€ million	€ million
Trade receivables	**845.4**	866.1
Less: Loss allowance	**(96.6)**	(93.2)
Total trade receivables	**748.8**	**772.9**

The ageing analysis of trade receivables is as follows:

	26 June 2020 € million			31 December 2019 € million		
	Gross carrying amount	**Loss allowance**	**Trade receivables**	**Gross carrying amount**	**Loss allowance**	**Trade receivables**
Within due date	674.6	(5.2)	669.4	671.4	(2.1)	669.3
Past due-Up to three months	51.1	(2.5)	48.6	82.1	(5.3)	76.8
Past due-Three to six months	10.8	(2.1)	8.7	12.3	(2.9)	9.4
Past due-Six to nine months	8.8	(3.8)	5.0	5.1	(0.9)	4.2
Past due-More than nine months	100.1	(83.0)	17.1	95.2	(82.0)	13.2
Total trade receivables	**845.4**	**(96.6)**	**748.8**	**866.1**	**(93.2)**	**772.9**

In the current COVID-19 impacted environment, the Group is actively monitoring the recoverability of trade receivables and ensures loss allowance reflects on a timely basis management's best estimate of potential losses in compliance with IFRS 9.

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

11. Net debt

	As at	
	26 June 2020	31 December
	€ million	€ million
Current borrowings	**424.1**	761.8
Non-current borrowings	**2,569.0**	2,562.9
Less: Cash and cash equivalents	**(987.4)**	(823.0)
- Financial assets at amortised cost	(105.0)	(357.3)
- Financial assets at fair value through profit or loss	—	(371.5)
Less: Other financial assets	**(105.0)**	(728.8)
Net debt	**1,900.7**	**1,772.9**

In May 2019 the Group completed the issue of a €700 million Euro-denominated fixed rate bond maturing in May 2027 with a coupon rate of 1% and the issue of a €600 million Euro-denominated fixed rate bond maturing in May 2031 with a coupon rate of 1.625%. The net proceeds of the new issue were used to partially repay €236.6 million of the 2.375%, 7-year fixed rate bond in May 2019, while the remaining €563.4 million was repaid upon its maturity in June 2020. In November 2019 the Group completed the issue of a €500 million Euro-denominated fixed rate bond maturing in November 2029 with a coupon rate of 0.625%.

Cash and cash equivalents include an amount of €43.6 million equivalent in Nigerian Naira. This includes an amount of €13.1 million equivalent in Nigerian Naira, which relates to the outstanding balance held for the repayment of Nigerian Bottling Company Ltd's former minority shareholders, following the 2011 acquisition of non-controlling interests.

The financial assets at amortised cost comprise of time deposits amounting to €105.0 million (31 December 2019: €349.8 million) and also include an amount of €nil (31 December 2019: €7.5 million) equivalent in Nigerian Naira invested in Treasury Bills, which relates to the outstanding balance of the bank account held for the repayment of Nigerian Bottling Company Ltd's former minority shareholders as described above. The financial assets at fair value through profit or loss relate to money market funds. Included in 'Other financial assets' of the condensed consolidated interim balance sheet are derivative financial instruments of €14.2 million (31 December 2019: €2.5 million) and related party loans receivable of €3.6 million (31 December 2019: €3.6 million).

In December 2019 the Group established a loan facility of US dollar 85.0 million to finance the purchase of production equipment by the Group's subsidiary in Nigeria. The facility will be drawn down by Nigerian Bottling Company Ltd (NBC) over the course of 2020 and 2021 maturing in 2027. The obligations under this facility are guaranteed by Coca-Cola HBC AG. As at 26 June 2020, the outstanding liability amounted to €15.9 million.

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

12. Share capital, share premium and treasury shares

	Number of shares (authorised and issued)	Share capital € million	Share premium € million
Balance as at 1 January 2019	**371,827,229**	**2,021.2**	**4,547.9**
Shares issued employees exercising stock options	1,352,731	8.0	13.4
Cancellation of shares	(3,249,803)	(18.4)	(74.1)
Dividends (note 14)	—	—	(208.9)
Special Dividend (note 14)	—	—	(733.0)
Balance as at 31 December 2019	**369,930,157**	**2,010.8**	**3,545.3**
Shares issued employees exercising stock options	355,728	2.2	2.4
Dividends (note 14)	—	—	(227.9)
Balance as at 26 June 2020	**370,285,885**	**2,013.0**	**3,319.8**

On 11 June 2018, the Annual General Meeting adopted a proposal for share buy-back of up to 7,500,000 ordinary shares of Coca-Cola HBC for the purpose of neutralising the dilution resulting from shares issued under Coca-Cola HBC's equity compensation plans and meeting the requirements of the Company's employee incentive scheme. The program was completed in full in May 2019 for a total consideration of €220.6 million. This resulted in a movement to treasury shares within the 2019 condensed consolidated interim statement of changes in equity of €106.1 million, being the consideration paid in 2019 of €192.8 million adjusted for the impact from the €85.5 million UK sterling denominated liability recognised as at 31 December 2018, further adjusted by €1.2 million recorded on settlement of the arrangement.

On 18 June 2019, the Annual General Meeting approved the proposal to reduce the share capital of Coca-Cola HBC AG by cancelling the 3,249,803 treasury shares acquired as part of the share buy-back programme described above. The respective reduction of the share capital was completed in August 2019.

In 2019, the share capital of Coca-Cola HBC increased by the issue of 1,352,731 new ordinary shares following the exercise of stock options pursuant to the Coca-Cola HBC AG's employees' stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €21.4 million.

For the six months ended 26 June 2020, the share capital of Coca-Cola HBC increased by the issue of 355,728 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 €4.6 million.

An amount of €14.3 million in the first half of 2020 (first half of 2019: €27.9 million) relates to treasury shares provided to employees in connection with vested performance share awards under the Company's employee incentive scheme, which was reflected as an appropriation of reserves between 'Treasury shares' and 'Other reserves' in the condensed consolidated interim statement of changes in equity.

Following the above changes, on 26 June 2020 the share capital of the Group amounted to €2,013.0 million and comprised 370,285,885 shares with a nominal value of CHF 6.70 each.

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

13. Leases

Leasing activities

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

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

	26 June 2020 € million	31 December 2019 € million
Land and buildings	**75.2**	84.0
Plant and equipment	**112.1**	120.2
Total right-of-use assets	**187.3**	**204.2**
Current lease liabilities	**54.2**	56.3
Non-current lease liabilities	**140.2**	154.7
Total lease liabilities	**194.4**	**211.0**

14. Dividends

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

The shareholders of Coca-Cola HBC AG approved a dividend distribution of 0.62 euro cents per share at the Annual General Meeting held on 16 June 2020. The total dividend amounted to €227.9 million and was paid on 28 July 2020. Of this an amount of €2.2 million related to shares held by the Group.

15. Business Combinations and acquisition of non-controlling interest

On 18 June 2019, the Group acquired 100% of the issued shares of Koncern Bambi a.d. Požarevac ("Bambi"), Serbia's leading confectionery business, for a consideration of €148.8 million net of borrowings of €125.9 million. The acquisition added a relevant, adjacent category to the Group's portfolio in Serbia and Western Balkans, which are among our fastest growing territories. Details of the acquisition with regards to the provisional fair values are as follows:

	Fair value € million
Trademarks	121.1
Property, plant and equipment	19.3
Other non-current assets	0.1
Inventories	5.9
Other current assets	25.7
Cash and cash equivalents	18.3
Current borrowings	(125.9)
Other current liabilities	(10.3)
Non-current borrowings	(0.3)
Deferred tax liabilities	(17.5)
Other non-current liabilities	(2.2)
Net identifiable assets acquired	**34.2**
Goodwill arising on acquisition	114.6
Cash paid to former shareholders	**148.8**

15. Business Combinations and acquisition of non-controlling interest (continued)

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

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

Acquisition-related costs of €2.9 million were included in 2019 operating expenses, as a result of the above acquisition.

On 12 November 2019, the Group acquired all of the remaining shares of the non-controlling interest in its subsidiary Leman Beverages Holding S.ár.l., through which the Group controls its operation in Armenia. The consideration paid for the acquisition of the non-controlling interest amounted to €9.5 million.

16. Interests in other entities

The Group has a 50% interest in the Multon Z.A.O. Group of companies ('Multon'), which is engaged in the production and distribution of juices in Russia and is jointly controlled by the Group and The Coca-Cola Company.

The joint arrangement was classified as a joint operation, as it provided to the Group and The Coca-Cola Company rights to the assets and obligations for the liabilities of the joint arrangement. Effective May 6, 2020 following the completion of Multon's reorganisation, the joint arrangement was reclassified from a joint operation to an integral joint venture, as the new structure provides to the Group and The Coca-Cola Company rights to the joint arrangement's net assets. As a result, the Group derecognised its share of the joint arrangement's assets and liabilities with a corresponding increase in equity method investments of €194.1 million, included in line 'Other non-current assets' of the condensed consolidated interim balance sheet. No gain or loss was recognised in the condensed consolidated interim income statement as a result of the above reorganisation.

More specifically, intangible assets and property, plant and equipment decreased by €78.1 million and €30.9 million respectively as a result of the above reorganisation (refer to note 8). In addition, the decrease of cash and cash equivalents resulting from the reorganisation of Multon, amounting to €13.1 million, was reported in line "Joint arrangement reclassification" within investing activities in the condensed consolidated interim cash flow statement.

Following the reorganisation, the Group's share of results of Multon joint venture amounted to €4.0 million and is included in line "Share of results of integral equity method investments" of the condensed consolidated interim income statement.

Following Multon's reorganisation, transactions between the Group entities and the joint arrangement are reported as related party transactions under the joint venture category (refer to note 17).

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

17. Related party transactions

a) The Coca-Cola Company

As at 26 June 2020, The Coca-Cola Company and its subsidiaries (collectively, ''TCCC'') indirectly owned 23.0% (31 December 2019: 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	
	26 June 2020	28 June 2019
	€ million	€ million
Purchases of concentrate, finished products and other items	**686.2**	832.0
Net contributions received for marketing and promotional incentives	**32.5**	57.8
Sales of finished goods and raw materials	**1.2**	9.0
Other expenses	**2.6**	2.7
Other income	**2.0**	1.2

As at 26 June 2020, the Group was owed €63.3 million (€61.4 million as at 31 December 2019) by TCCC, and owed €214.3 million including loan payable of €nil (€309.4 million including loan payable of €43.3 million as at 31 December 2019) to TCCC.

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

Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, cooler parts, glass bottles, crowns and plastics. Truad Verwaltungs AG, currently indirectly owns 48.6% of Frigoglass and 62.8% of AG Leventis (Nigeria) Plc and also indirectly controls Kar Tess Holding, which holds approximately 23.1% (31 December 2019: 23.1%) of Coca-Cola HBC's total issued capital. Frigoglass has a controlling interest in Frigoglass Industries (Nigeria) Limited, in which Coca-Cola HBC has a 23.9% effective interest, through its investment in Nigerian Bottling Company Ltd (NBC).

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

	Six months ended	
	26 June 2020	28 June 2019
	€ million	€ million
Purchases of coolers and other equipment, raw and other materials	**66.0**	99.8
Maintenance, rent and other expenses	**11.3**	10.4

As at 26 June 2020, Coca-Cola HBC owed €19.1 million (€16.4 million as at 31 December 2019) to and was owed €0.1 million (€0.9 million as at 31 December 2019) from Frigoglass and its subsidiaries. As at 26 June 2020, Coca-Cola HBC owed €1.8 million (€1.9 million as at 31 December 2019) to AG Leventis (Nigeria) Plc. Capital commitments with Frigoglass and its subsidiaries as at 26 June 2020, amounted to €16.8 million (€32.4 million as at 31 December 2019).

In 2019, Frigoglass West Africa Ltd. merged with Frigoglass Industries (Nigeria) Limited. Frigoglass Industries (Nigeria) Limited, associate in which the Group holds an effective interest of 23.9% through its subsidiary Nigerian Bottling Company Ltd, is guarantor under the amended banking facilities and notes issued by the Frigoglass Group, as part of the debt restructuring of the latter. The Group has no direct exposure arising from this guarantee arrangement, but the Group's investment in this associate, which stood at €24.1 million as at 26 June 2020 (31 December 2019: €25.2 million), would be at potential risk if there was a default under the terms of the amended banking facilities or the notes and the Frigoglass Group (including the guarantor) were unable to meet their obligations thereunder.

17. Related party transactions (continued)

c) Other related parties

Other

During the six months ended 26 June 2020, the Group incurred other expenses of €9.0 million (€8.4 million in the respective prior-year period) mainly related to maintenance services for cold drink equipment and installations of coolers, fountains, vending and merchandising equipment as well as subsequent expenditure for fixed assets of €0.9 million (€1.1 million in the respective prior-year period) from other related parties. As at 26 June 2020, the Group owed €1.3 million (€1.2 million as at 31 December 2019) to, and was owed €0.1 million (€0.1 million as at 31 December 2019) by other related parties.

During the six months ended 26 June 2020, the Group received dividends of €1.3 million from Bevservice S.r.l. (€nil in the respective prior-year period), which are included in line "Net receipts from non-integral equity method investments" of the condensed consolidated interim cash flow statement.

d) Joint ventures

The below table summarises transactions with joint ventures:

	Six months ended	
	26 June 2020	28 June 2019
	€ million	€ million
Purchases of inventory	**6.2**	9.7
Sales of finished goods and raw materials	**1.1**	1.6
Other expenses	**2.6**	-
Other income	**2.7**	2.2

As at 26 June 2020, the Group owed €179.0 million including loans payable of €109.8 million (€9.6 million as at 31 December 2019 including loans payable of €4.0 million) to, and was owed €11.6 million including loans receivable of €3.6 million (€6.8 million as at 31 December 2019 including loans receivable of €3.6 million) by joint ventures. As at 26 June 2020, the Group was owed dividend receivable of €1.6 million (€nil as at 31 December 2019) from BrewTech B.V. Group of companies.

e) Directors

There have been no transactions between Coca-Cola HBC and the Directors and senior management except for remuneration for both the six months ended 26 June 2020 and the prior-year period.

There were no other significant transactions with other related parties for the period ended 26 June 2020.

18. Contingencies

In relation to the Greek Competition Authority's decision of 25 January 2002, one of Coca-Cola Hellenic Bottling Company S.A.'s competitors had filed a lawsuit against Coca-Cola Hellenic Bottling Company S.A. claiming damages in an amount of €7.7m. The court of first instance heard the case on 21 January 2009 and subsequently rejected the lawsuit. The plaintiff appealed the judgement and on 9 December 2013 the Athens Court of Appeals rejected the plaintiff's appeal. Following the spin-off, Coca-Cola HBC Greece S.A.I.C. substituted Coca-Cola Hellenic Bottling Company S.A. as defendant in this lawsuit. The 2013 Court of Appeals decision has been rendered final and irrecoverable and the case was closed. On 19 April 2014, the same plaintiff filed a new lawsuit against Coca-Cola Hellenic Bottling Company S.A. (following the spin-off, Coca-Cola HBC Greece S.A.I.C.) claiming payment of €7.5m as compensation for losses and moral damages for alleged anti-competitive commercial practices of Coca-Cola Hellenic Bottling Company S.A. between 1994 and 2013. The two lawsuits partially overlap in the time period for which damages are sought by the plaintiff. The hearing of the new lawsuit was scheduled for 17 January 2019. On 21 December 2018, the plaintiff served their withdrawal from the lawsuit. However, on 20 June 2019, the same plaintiff filed another new lawsuit against Coca-Cola HBC Greece S.A.I.C. claiming payment of €10.1m as compensation for losses and moral damages again for alleged anti-competitive commercial practices of Coca-Cola Hellenic Bottling Company S.A. for the same period between 1994 and 2013. The parties filed their briefs and exhibits with the Court and the hearing date of the case has been originally scheduled for 1 April 2020 but postponed (due to COVID-19) and rescheduled to 18 November 2020. Coca-Cola HBC Greece S.A.I.C. has not provided for any losses related to this case.

With respect to the ongoing investigation of the Greek Competition Commission initiated on 6 September 2016, regarding Coca-Cola HBC Greece S.A.I.C.'s operations in certain commercial practices in the sparkling juice and water categories, on 29 May 2019 the Greek Competition Commission issued a Statement of Objections to Coca-Cola HBC Greece S.A.I.C. and certain former and current employees, for obstruction of its on-site investigation. Coca-Cola HBC Greece S.A.I.C. collaborated fully with the Commission. In connection with this Statement of Objections, a hearing took place on 24 July 2019. On 4 March 2020, Coca-Cola HBC Greece S.A.I.C. was served with the decision of the Greek Competition Commission in respect of this Statement of Objections and the procedural case regarding the obstruction of the on-site investigation, based on which a fine amounting to €0.8m was imposed on Coca-Cola HBC Greece S.A.I.C. Coca-Cola HBC Greece S.A.I.C. has fully provided for this amount. The Greek Competition Commission in this decision accepted the proposal for active co-operation and settlement of the case, which was submitted by Coca-Cola HBC Greece S.A.I.C. in line with its policy of full compliance with the principles of competition law and cooperation with the regulatory authorities. The Greek Competition Commission's investigation on Coca-Cola HBC Greece S.A.I.C.'s commercial practices, is still ongoing.

Other than the above, there have been no significant adverse changes in contingencies since 31 December 2019 (as described in our 2019 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com).

19. Commitments

As at 26 June 2020 the Group had capital commitments, including commitments for leases and the share of its joint ventures' capital commitments, of €244.9 million (31 December 2019: €221.7 million), which mainly relate to plant and machinery equipment.

20. Number of employees

The average number of full-time equivalent employees in the first half of 2020 was 28,132 (28,212 for the first half of 2019).

21. Subsequent events

There were no subsequent events following 26 June 2020.