

## Alternative performance measures

# Definitions and reconciliations of Alternative Performance Measures (APMs)

### 1. Comparable APMs<sup>1</sup>

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 year 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.

1. Comparable APMs refer to comparable cost of goods sold, comparable gross profit, comparable operating expenses, comparable EBIT, comparable EBIT margin, comparable Adjusted EBITDA, comparable tax, comparable net profit and comparable EPS.

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

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

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

|                     | 2019               |              |                    |            |                 |              |                         |              |
|---------------------|--------------------|--------------|--------------------|------------|-----------------|--------------|-------------------------|--------------|
|                     | Cost of goods sold | Gross profit | Operating expenses | EBIT       | Adjusted EBITDA | Tax          | Net profit <sup>1</sup> | EPS (€)      |
| <b>As reported</b>  | <b>(4,380)</b>     | <b>2,646</b> | <b>(1,930)</b>     | <b>715</b> | <b>1,111</b>    | <b>(173)</b> | <b>487</b>              | <b>1.340</b> |
| Restructuring costs | –                  | –            | 38                 | 38         | 37              | (9)          | 29                      | 0.080        |
| Commodity hedging   | 2                  | 2            | –                  | 2          | 2               | –            | 2                       | 0.005        |
| Acquisition costs   | –                  | –            | 3                  | 3          | 3               | –            | 3                       | 0.008        |
| Other tax items     | –                  | –            | –                  | –          | –               | 1            | 1                       | 0.003        |
| <b>Comparable</b>   | <b>(4,378)</b>     | <b>2,648</b> | <b>(1,889)</b>     | <b>759</b> | <b>1,153</b>    | <b>(182)</b> | <b>522</b>              | <b>1.436</b> |
|                     | 2018               |              |                    |            |                 |              |                         |              |
|                     | Cost of goods sold | Gross profit | Operating expenses | EBIT       | Adjusted EBITDA | Tax          | Net profit <sup>1</sup> | EPS (€)      |
| <b>As reported</b>  | <b>(4,142)</b>     | <b>2,515</b> | <b>(1,876)</b>     | <b>639</b> | <b>969</b>      | <b>(163)</b> | <b>447</b>              | <b>1.216</b> |
| Restructuring costs | –                  | –            | 33                 | 33         | 23              | (8)          | 25                      | 0.068        |
| Commodity hedging   | 8                  | 8            | 1                  | 8          | 8               | (2)          | 7                       | 0.018        |
| Other tax items     | –                  | –            | –                  | –          | –               | 1            | 1                       | 0.004        |
| <b>Comparable</b>   | <b>(4,134)</b>     | <b>2,523</b> | <b>(1,843)</b>     | <b>681</b> | <b>1,000</b>    | <b>(171)</b> | <b>480</b>              | <b>1.306</b> |

Figures are rounded.

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)

|                        | 2019        |            |            |              |
|------------------------|-------------|------------|------------|--------------|
|                        | Established | Developing | Emerging   | Consolidated |
| <b>EBIT</b>            | <b>236</b>  | <b>139</b> | <b>340</b> | <b>715</b>   |
| Restructuring costs    | 20          | 7          | 11         | 38           |
| Commodity hedging      | –           | 1          | 2          | 2            |
| Acquisition costs      | –           | –          | 3          | 3            |
| <b>Comparable EBIT</b> | <b>256</b>  | <b>146</b> | <b>356</b> | <b>759</b>   |

|                     | 2018        |            |          |              |
|---------------------|-------------|------------|----------|--------------|
|                     | Established | Developing | Emerging | Consolidated |
| EBIT                | 232         | 131        | 277      | 639          |
| Restructuring costs | 5           | 4          | 24       | 33           |
| Commodity hedging   | 4           | 2          | 2        | 8            |
| Comparable EBIT     | 241         | 137        | 303      | 681          |

Figures are rounded.

## 2. FX-neutral APMs

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

1. FX-neutral net sales revenue and FX-neutral net sales revenue per unit case

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

2. FX-neutral comparable input costs per unit case

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

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

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

|                                                       | 2019        |             |             |              |
|-------------------------------------------------------|-------------|-------------|-------------|--------------|
|                                                       | Established | Developing  | Emerging    | Consolidated |
| Net sales revenue                                     | 2,518       | 1,352       | 3,156       | 7,026        |
| Currency impact                                       | –           | –           | –           | –            |
| FX-neutral net sales revenue                          | 2,518       | 1,352       | 3,156       | 7,026        |
| Volume (m unit cases)                                 | 624         | 431         | 1,209       | 2,265        |
| <b>FX-neutral net sales revenue per unit case (€)</b> | <b>4.03</b> | <b>3.14</b> | <b>2.61</b> | <b>3.10</b>  |

|                                                | 2018        |            |          |              |
|------------------------------------------------|-------------|------------|----------|--------------|
|                                                | Established | Developing | Emerging | Consolidated |
| Net sales revenue                              | 2,470       | 1,307      | 2,880    | 6,657        |
| Currency impact                                | 16          | (9)        | 67       | 75           |
| FX-neutral net sales revenue                   | 2,486       | 1,298      | 2,947    | 6,732        |
| Volume (m unit cases)                          | 619         | 429        | 1,144    | 2,192        |
| FX-neutral net sales revenue per unit case (€) | 4.01        | 3.03       | 2.58     | 3.07         |

Figures are rounded.

## Alternative performance measures continued

### 2. FX-neutral APMs continued

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

|                                                            | 2019        | 2018        |
|------------------------------------------------------------|-------------|-------------|
| Input costs                                                | 1,824       | 1,727       |
| Commodity hedging                                          | (2)         | (8)         |
| Comparable input costs                                     | 1,822       | 1,718       |
| Currency impact                                            | –           | 34          |
| FX-neutral comparable input costs                          | 1,822       | 1,753       |
| Volume (m unit cases)                                      | 2,265       | 2,192       |
| <b>FX-neutral comparable input costs per unit case (€)</b> | <b>0.80</b> | <b>0.80</b> |

Figures are rounded.

### 3. Other APMs

#### Adjusted EBITDA and comparable Adjusted EBITDA

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

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

As a result of the adoption of IFRS 16, Adjusted EBITDA and comparable Adjusted EBITDA have increased by approximately 5% as in 2019 the lease expense of operating leases (under IAS 17) is replaced with depreciation and interest.

#### Free cash flow

Free cash flow is an APM used by the Group and defined as cash generated by operating activities after payments for purchases of property, plant and equipment net of proceeds from sales of property, plant and equipment and including principal repayments of 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 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 adoption of IFRS 16 did not have a significant impact on free cash flow, as the increased capital expenditure was offset by the increase in Adjusted EBITDA.

The following table illustrates how Adjusted EBITDA, free cash flow and capital expenditure are calculated:

|                                                              | 2019<br>€ million | 2018<br>€ million |
|--------------------------------------------------------------|-------------------|-------------------|
| <b>Operating profit (EBIT)</b>                               | <b>715</b>        | 639               |
| Depreciation and impairment of property, plant and equipment | <b>385</b>        | 319               |
| Amortisation of intangible assets                            | <b>1</b>          | 1                 |
| Employee performance shares                                  | <b>10</b>         | 10                |
| <b>Adjusted EBITDA</b>                                       | <b>1,111</b>      | 969               |
| Gain on disposals of non-current assets                      | <b>(6)</b>        | (10)              |
| Cash generated / (consumed) from working capital movements   | <b>33</b>         | (46)              |
| Tax paid                                                     | <b>(212)</b>      | (116)             |
| <b>Net cash from operating activities</b>                    | <b>926</b>        | 797               |
| Payments for purchases of property, plant and equipment      | <b>(473)</b>      | (437)             |
| Principal repayments of lease obligations                    | <b>(46)</b>       | (8)               |
| Proceeds from sale of property, plant and equipment          | <b>35</b>         | 18                |
| <b>Capital expenditure</b>                                   | <b>(484)</b>      | (427)             |
| Net cash from operating activities                           | <b>926</b>        | 797               |
| Capital expenditure                                          | <b>(484)</b>      | (427)             |
| <b>Free cash flow</b>                                        | <b>443</b>        | 370               |

Figures are rounded.

### 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 31 December |                   |
|---------------------------|-------------------|-------------------|
|                           | 2019<br>€ million | 2018<br>€ million |
| Current borrowings        | <b>762</b>        | 136               |
| Non-current borrowings    | <b>2,563</b>      | 1,468             |
| Other financial assets    | <b>(729)</b>      | (279)             |
| Cash and cash equivalents | <b>(823)</b>      | (712)             |
| <b>Net debt</b>           | <b>1,773</b>      | 613               |

Figures are rounded.

## Assurance statement

# Independent assurance statement for the 2019 Integrated Annual Report

### To the management and stakeholders of Coca-Cola Hellenic Bottling Company AG:

denkstatt GmbH was commissioned by Coca-Cola Hellenic Bottling Company AG (hereinafter referred to as "the Company") to provide independent third-party assurance, in accordance with the AA1000 Assurance Standard (AA1000AS 2008 with the 2018 Addendum), for the printed and downloadable pdf versions of the Company's 2019 Integrated Annual Report (hereinafter referred to as "the Report"). We have reviewed sustainability-related data and content in the Report. Financial data were not reviewed as part of this process. The assurance engagement covered the nature and extent of the Company's application of the principles of inclusivity, materiality, responsiveness and impact, as described in the AA1000 Series of Standards (AA1000 AP 2018). The application level of the Global Reporting Initiative (GRI) Standards (comprehensive option) was verified.

denkstatt is an independent professional services company. Our team of experts has extensive professional experience of assurance engagements related to non-financial information and sustainability management, meaning it is qualified to conduct this independent assurance engagement. denkstatt has implemented a certified quality and environmental management system which complies with the requirements of ISO 9001:2015 and ISO 14001:2015, and accordingly maintains a comprehensive quality control system.

### Management responsibilities

The Company's management is responsible for preparing the Report, statements within it and related online content. The Management is also responsible for identifying stakeholders and material issues, defining commitments with respect to sustainability performance, and establishing and maintaining appropriate performance management and internal control systems from which reported information is derived.

Additionally, the Company's management is responsible for establishing data collection and internal control systems to ensure reliable reporting; for specifying acceptable reporting criteria; and for selecting data to be collected for the purposes of the Report. Management responsibilities also extend to preparing the Report in accordance with the GRI Standards.

### Assurance provider's responsibilities

Our responsibilities are to:

- express our conclusions and make recommendations regarding the nature and extent of the Company's adherence to the AA1000 Accountability Principles Standard (APS 2018), and
- express our conclusions on the reliability of the information in the Report, and whether it is in accordance with the criteria in the GRI Standards.

During 2019 we did not perform any tasks or services for the Company or other clients which would lead to a conflict of interest. We were not responsible for the preparation of any part of the Report.

### Scope of assurance, standards and criteria used

We have fulfilled our responsibilities to provide appropriate assurance that the information in the Report is free of material misstatements. We planned and carried out our work based on the GRI Standards and the AA1000 Series of Standards. We used the criteria in AA1000AS (2008 with 2018 Addendum) to perform a Type 2 engagement and to provide high assurance regarding the nature and extent of the Company's adherence to the principles of impact, inclusivity, materiality and responsiveness.

### Methodology, approach, limitations and scope of work

We planned and carried out our work in order to obtain all the evidence, information and explanations that we considered necessary to fulfil our responsibilities. Our work included the following procedures, comprising a range of evidence-gathering activities:

- Gathering information regarding the Company's adherence to the principles of impact, inclusivity, materiality, sustainability context, completeness and responsiveness as required by GRI and AA1000, and conducting interviews with members of the Executive Management, staff from the Sustainability Department, the Human Resources Department, the Procurement Department, the Finance Department, the Legal Affairs Department, the Marketing Department, the Product Quality and Safety Department and the Public Affairs and Communication Department, as well as various Group-level functional managers. This included verifying the commitment to these principles of the Company's management, the presence of systems and procedures to support adherence to these principles, and the embedding of the principles at market level.

The key topics of the interviews conducted at Group level were the materiality process, health and nutrition, employee wellbeing and engagement, vehicle fleets, corporate governance, business ethics and anti-corruption, energy and climate, water stewardship, World Without Waste, sourcing, licence to operate, human rights and diversity.

- Conducting further interviews at national headquarters in Bosnia and Herzegovina, Greece, Italy, Nigeria, Northern Ireland, Serbia and Ukraine in order to guarantee the completeness of the information required for the engagement.
- Site visits to nine bottling plants, the majority of which were located in emerging markets: Sarajevo (Bosnia and Herzegovina), Schimatari (Greece), Oricola (Italy), Asejire, Benin and Port Harcourt (Nigeria), Knockmore Hill (Northern Ireland), Belgrade (Serbia), Kiev (Ukraine).

- Making enquiries and conducting spot checks to assess implementation of the Company's policies (at plant, market and Group level).
- Making enquiries and conducting spot checks regarding necessary documentation for assessing the current data collection systems, and the procedures in place to ensure reliable and consistent reporting from the plants to Group level.
- Verifying all three inventory scopes (scopes 1, 2 and 3) as defined by the GHG Protocol, including progress against emission reduction targets, reported changes in emissions compared with base years (2010 and 2017) and emissions intensity figures for 2019.
- Verifying the GRI content index, which was published separately to the Report, to ensure consistency with the requirements of the GRI Standards (comprehensive option).
- Conducting additional interviews with four representatives of the following external stakeholder groups: investors, water stewardship implementation partners and non-governmental organisations. The interviews were conducted during the Joint Annual Stakeholder Forum of the Company and The Coca-Cola Company in Athens in autumn 2019.

The scope of the assurance covered all of the information relevant to sustainability in the Report and focused on Company systems and activities during the reporting period. The following chapters were not covered in the sustainability assurance process:

- Financial Statements and Swiss Statutory Reporting.

## Conclusions

On the basis of our work, we found nothing to suggest that the information in the 2019 Integrated Annual Report is inaccurate or contains material misstatements. Any errors or misstatements identified during the engagement were corrected prior to the Report being published.

## Positive developments

- A sustainability culture has been deeply embedded in the Company. This is evident in well-structured, easily accessible guidelines, which ensure proper dissemination of Company-wide standards (e.g. the Code of Business Conduct or Inclusion and Diversity Policy). It can also be seen in the organisational structure and all its functions, with clear responsibilities for sustainability topics, from factory-level to top management.
- The Company demonstrates a very strong commitment to its goals. Most operations have a strong track record of highly sophisticated collection and documentation of sustainability data. Traceability of data has significantly improved over recent years, due to well-structured monitoring and reporting processes at plant, market and Group level.
- Great efforts have been made to upscale ESG assessments in the critical supplier base through EcoVadis, a third-party CSR assessment platform for managing supply chain sustainability performance. The organisation motivates its strategic suppliers to join this platform and encourages suppliers to improve their own sustainability management.
- The Company fully understands the links between business risks and sustainability issues. An excellent risk management system has been developed over recent years. Procedures for identifying and mitigating risks cover sustainability-related risks comprehensively.
- The Company understands the social context in which it operates and runs projects that meet the needs of local communities. Through meaningful projects and targeted support, a positive impact is realised (e.g. educational programmes for young people covering soft and/or business skills, context-based water targets).

## Findings and conclusions regarding adherence to the AA1000 principles of inclusivity, materiality, responsiveness, impact, and specific performance-related information.

### Inclusivity

- Group level: The Company has implemented a comprehensive and efficient stakeholder engagement process at Group level. Its cornerstones are the annual internal and external materiality survey and the Annual Stakeholder Forum (held in Athens in 2019).
- Market and plant level: Stakeholder engagement activities at market and plant level are being further developed. As a result of an increasing number of stakeholder forums and materiality surveys, the Company consistently includes the views of stakeholders across all levels and is well aware of stakeholders' concerns.

### Materiality

- Group level: An advanced process is in place for defining material topics for the Company. The materiality assessment process considers stakeholder expectations with regard to relevant topics. Moreover, the Company impact on society and the environment is considered in the materiality assessment, as required by GRI Standards. The material topics identified during the assessment provided the basis for the sustainability strategy and reporting.
- Market and plant level: As a growing number of markets have started to publish sustainability reports in combination with socio-economic impact studies, formalised processes for carrying out the materiality assessment have been more strongly implemented throughout the organisation. It should be ensured that all materiality assessments comply with the same basic rules (e.g. by using harmonised assessment criteria for the materiality assessment), so that they follow a consistent approach.

## Assurance statement continued

### Responsiveness

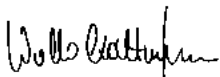
- Market level: There are sophisticated tools for stakeholder assessment in place, taking into account the influence and attitude of stakeholders. Detailed communication plans are available; they are based on stakeholder assessment and demonstrate how communication measures are tailored to stakeholder needs. By gauging the opinion of a wide range of stakeholders, new sustainability-related topics can be addressed at an early stage.
- A strategic focus on Youth Empowered has been defined, which aims to reduce and prevent youth unemployment. The Company has implemented excellent projects in this focus area, tailored to the needs of young people and reflecting the respective local economic situation.

### Impact

- Group level: The Company has embedded robust processes in place for understanding, assessing and managing its impacts, including risk management and strategy development.
- Market level: Sound socio-economic impact studies are conducted in individual markets, on a local cycle of max. three years, to measure the organisational impact on communities. Results from these studies are summarised at Group level to disclose the organisation's impact on stakeholders, the society and on the Company itself.

### Additional conclusions and recommendations

- The Company has developed a new vision, i.e. to be the new leading 24/7 beverage partner. We encourage the Company to continue its journey in embedding sustainability within the business strategy, in particularly related to new ingredients, new product categories and new sales channels.
- Strong commitments have been developed that provide a long-term perspective for the Company and cover a wide range of areas along the value chain, including environmental and social topics. In order to shape these sustainability commitments ("Mission 2025") further, it is recommended that the Company pays special attention to refining definitions of indicators.
- The Company has made progress in efficiently monitoring and reporting data. In order to report robust data, further alignment of definitions is needed, in particular data related to people management, community engagement, and the environment.
- The Company has made progress in increasing the number of critical suppliers that undergo an ESG assessment through EcoVadis (strategic suppliers). In order to minimise risks related to critical suppliers, the Company should make ESG assessments mandatory for market operations.
- The Company has a strong commitment in the area of waste collection and recycling. We advise supporting, developing and establishing extended producer responsibility (EPR) schemes in countries where they are not present. Furthermore, it is recommended that the Company refrains from being involved in projects using "waste certificates" in countries without EPR schemes, in order to avoid double counting.



**WILLIBALD KALTENBRUNNER**

LEAD AUDITOR

**DENKSTATT GMBH**

Advisory for Sustainable Development

Vienna, 12 March 2020



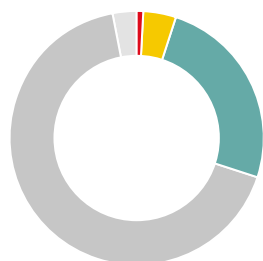
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## Shareholder information

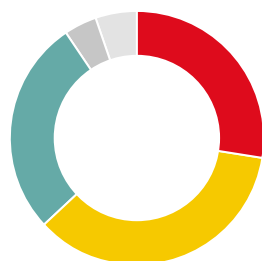
We take great pride in being regarded as a transparent and accessible company in all our communications with investment communities around the world. We engage with key financial audiences, including institutional investors, sell-side analysts and financial journalists, as well as our Company's shareholders. The investor relations department manages the interaction with these audiences by attending ad hoc meetings and investor conferences throughout the year, in addition to the regular meetings and presentations held at the time of our results announcements.

### Analysis of shareholding sizes



|                                   |
|-----------------------------------|
| ● 1 – 10,000: <b>1%</b>           |
| ● 10,001 – 100,000: <b>4%</b>     |
| ● 100,001 – 1,000,000: <b>25%</b> |
| ● 1,000,001 – over: <b>67%</b>    |
| ● Treasury shares: <b>3%</b>      |

### Geographic concentration (%)



|                                  |
|----------------------------------|
| ● UK: <b>27%</b>                 |
| ● Continental Europe: <b>35%</b> |
| ● United States: <b>27%</b>      |
| ● Rest of the world: <b>4%</b>   |
| ● Retail investors: <b>5%</b>    |

### Listings

Coca-Cola HBC AG (LSE: CCH) was admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities on 29 April 2013. With effect from 29 April 2013, Coca-Cola HBC AG's shares are also admitted on the Athens Exchange (ATHEX: EEE). Coca-Cola HBC AG has been included as a constituent of the FTSE 100 and FTSE All-Share Indices from 20 September 2013.

London Stock Exchange  
 Ticker symbol: CCH  
 ISIN: CH019 825 1305  
 SEDOL: B9895B7  
 Reuters: CCH.L  
 Bloomberg: CCH LN

Athens Exchange  
 Ticker symbol: EEE  
 ISIN: CH019 825 1305  
 Reuters: EEEr.AT  
 Bloomberg: EEE GA

### Credit rating

Standard & Poor's: L/T BBB+, S/T A2, stable outlook  
 Moody's: L/T Baa1, S/T P2, stable outlook

### Share price performance

| LSE: CCH                          | 2019          | 2018  | 2017  |
|-----------------------------------|---------------|-------|-------|
| In € per share                    |               |       |       |
| Close                             | <b>25.65</b>  | 24.52 | 24.20 |
| High                              | <b>30.74</b>  | 28.01 | 26.71 |
| Low                               | <b>22.99</b>  | 22.16 | 17.69 |
| Market capitalisation (€ million) | <b>9,318</b>  | 9,007 | 8,862 |
| ATHEX: EEE                        | 2019          | 2018  | 2017  |
| In € per share                    |               |       |       |
| Close                             | <b>30.17</b>  | 27.11 | 27.25 |
| High                              | <b>35.09</b>  | 31.90 | 29.80 |
| Low                               | <b>26.93</b>  | 24.99 | 20.47 |
| Market capitalisation (€ million) | <b>10,960</b> | 9,959 | 9,979 |

Source: Bloomberg

### Share capital

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 Group's employee stock option plan.

Total proceeds from the issuance of the shares under the stock option plan amounted to €21.4 million.

Following the above changes, and including 6,658,233 ordinary shares held as treasury shares, on 31 December 2019 the share capital of the Group amounted to €2,010.8 million and comprised 369,930,157 shares with a nominal value of CHF 6.70 each.

### Major shareholders

The principal shareholders of the Group are Kar-Tess Holding (a Luxembourg company), which holds approximately 23%, and The Coca-Cola Company, which indirectly holds approximately 23% of the Group's issued share capital.

### Dividends

For 2019, the Board of Directors has proposed a €0.62 dividend per share in line with the Group's progressive dividend policy.

This compares to a dividend payment of €0.57 per share in 2018. For more information on our dividend policy and dividend history, please visit our website at [www.coca-colahellenic.com](http://www.coca-colahellenic.com).

### Financial calendar

|                  |                              |
|------------------|------------------------------|
| 7 May 2020       | First quarter trading update |
| 16 June 2020     | Annual General Meeting       |
| 5 August 2020    | Half-year financial results  |
| 11 November 2020 | Third quarter trading update |

### Corporate website

[www.coca-colahellenic.com](http://www.coca-colahellenic.com)

### Shareholder and analyst information

Shareholders and financial analysts can obtain further information by contacting:

Investor Relations  
 Tel: +30 210 618 3100  
 Email: [investor.relations@cchellenic.com](mailto:investor.relations@cchellenic.com)  
 IR website: [www.coca-colahellenic.com/investorrelations](http://www.coca-colahellenic.com/investorrelations)



## Glossary

### Basis points (bps)

One hundredth of one percentage point (used chiefly in expressing differences)

### BSO

Business services organisation

### BSS

Business solutions and systems

### CAGR

Compound annual growth rate

### Capital expenditure or CapEx

Gross CapEx is defined as payments for purchase of property, plant and equipment. Net CapEx is defined as payments for purchase of property, plant and equipment less receipts from disposals of property, plant and equipment plus principal repayment of lease obligations

### Carbon emissions (scope 1 and 2)

Emissions of CO<sub>2</sub> and other greenhouse gases from fuel combustion and energy use in Coca-Cola HBC's own operations in bottling, storage, distribution and in offices

### Carbon footprint

Global emissions of CO<sub>2</sub> and other greenhouse gases from Coca-Cola HBC's wider value chain (raw materials, product cooling, etc.)

### CHP

Combined heat and power plants

### Coca-Cola brands

Includes Coca-Cola, Coca-Cola Zero and Coca-Cola Light brands

### Coca-Cola HBC

Coca-Cola HBC AG, and, as the context may require, its subsidiaries and joint ventures; also, the Group, the Company

### Coca-Cola System

The Coca-Cola Company and its bottling partners

### Cold drink equipment

A generic term encompassing point-of-sale equipment such as coolers (refrigerators), vending machines and post-mix machines

### Comparable adjusted EBITDA

We define comparable adjusted EBITDA as operating profit before deductions for depreciation and impairment of property, plant and equipment (included both in cost of goods sold and in operating expenses), amortisation and impairment of intangible assets, stock option compensation and other non-cash items, if any; and further adjusted for restructuring costs, acquisition costs and mark to market valuation of commodity hedging activity

### Comparable net profit

Refers to net profit after tax attributable to owners of the parent adjusted for restructuring costs, acquisition costs, mark to market valuation of commodity hedging activity and certain other tax items

### Comparable operating profit (EBIT)

Comparable operating profit (EBIT) refers to profit before tax excluding finance income/ (costs) and share of results of equity method investments and adjusted for restructuring costs, acquisition costs and mark to market valuation of commodity hedging activity

### Comparable operating expenditure

Comparable operating expenditure refers to operating expenditure adjusted for restructuring costs, acquisition costs and mark to market valuation of certain commodity hedging activity

### Customer

Retail outlet, restaurant or other operation that sells or serves Coca-Cola HBC products directly to consumers

### Dividend policy

Our Board of Directors approved a dividend policy, effective from 2013, aiming to increase dividend payments progressively with a medium-term target payout ratio of 35-45% on comparable net profits

### DME

Direct marketing expenses

### Energy use ratio

The KPI used by Coca-Cola HBC to measure energy consumption in the bottling plants, expressed in megajoules of energy consumed per litre of produced beverage (MJ/lpb)

### FMCG

Fast-moving consumer goods

### Future consumption

A distribution channel where consumers buy multi-packs and larger packages from supermarkets and discounters which are not consumed on the spot

### GDP

Gross domestic product

### GRI

Global Reporting Initiative, a global standard for sustainability reporting

### HoReCa

Distribution channel encompassing hotels, restaurants and cafés

### IFRS

International Financial Reporting Standards, issued by the International Accounting Standards Board

### IIRC

The International Integrated Reporting Council, a global coalition of regulators, investors, companies, standard-setters, the accounting profession and NGOs. The coalition is promoting communication about value creation as the next step in the evolution of corporate reporting

### Immediate consumption

A distribution channel where consumers buy chilled beverages in single-serve packages and fountain products for immediate consumption, away from home

### Inventory days

We define inventory days as the average number of days an item remains in inventory before being sold, using the following formula: average inventory ÷ cost of goods sold x 365

### Ireland

The Republic of Ireland and Northern Ireland

**Italy**

Territory in Italy served by Coca-Cola HBC (excludes Sicily)

**Joint value creation (JVC)**

An advanced programme and process to collaborate with customers in order to create shared value

**Litre of produced beverage (lpb)**

Unit of reference to show environmental performance relative to production volume

**Market**

When used in reference to geographic areas, a country in which Coca-Cola HBC does business

**NARTD**

Non-alcoholic ready-to-drink

**NGOs**

Non-governmental organisations

**Nm<sup>3</sup>**

Normal cubic metre

**NSR**

Net sales revenue

**Operational leverage**

Operational leverage is the degree to which an increase in a company's revenues will result in an increase in comparable EBIT

**Organised trade**

Large retailers (e.g. supermarkets, discounters etc.)

**PET**

Polyethylene terephthalate, a form of polyester used in the manufacturing of beverage bottles

**Ready-to-drink (RTD)**

Drinks that are pre-mixed and packaged, ready to be consumed immediately with no further preparation

**Right Execution Daily (RED)**

Major Group-wide programme to ensure in-outlet excellence

**Receivable days**

The average number of days it takes to collect receivables using the following formula: average accounts receivable ÷ net sales revenue x 365

**ROIC**

Return on invested capital. ROIC is the percentage return that a company makes over its invested capital. We define ROIC as the percentage of comparable net profit excluding net finance costs divided by the capital employed. Capital employed is calculated as the average of net debt and shareholders' equity attributable to the owners of the parent through the year

**SAP**

A powerful software platform that enables us to standardise key business processes and systems

**SDG**

UN Sustainable Development Goals. On 25 September 2015, countries adopted a set of 17 goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved by 2030

**Serving**

237ml or 8oz of beverage, equivalent to 1/24 of a unit case

**Shared services**

Centre to standardise and simplify key finance and human resources processes

**Sparkling beverages**

Non-alcoholic carbonated beverages containing flavourings and sweeteners, but excluding, among others, waters and flavoured waters, juices and juice drinks, sports and energy drinks, teas and coffee

**SKU**

Stock Keeping Unit

**Still and water beverages**

Non-alcoholic beverages without carbonation including, but not limited to, waters and flavoured waters, juices and juice drinks, sports and energy drinks, teas and coffee

**TCFD**

Task Force on Climate-related Financial Disclosures

**Territory**

The 28 countries where Coca-Cola HBC operates and in which we have bottling agreements with The Coca-Cola Company to be their exclusive distribution partner

**UNESDA**

Union of European Soft Drinks Associations

**Unit case (u.c.)**

Approximately 5.678 litres or 24 servings, a typical volume measurement unit. For Bambi volume, one unit case corresponds to 1 kilogram

**UN Global Compact (UNGC)**

The world's largest corporate citizenship initiative which provides a framework for businesses to align strategies with its 10 principles promoting labour rights, human rights, environmental protection and anti-corruption

**Volume**

Amount of physical product produced and sold, measured in unit cases

**Volume share**

Share of total unit cases sold

**Value share**

Share of total revenue

**Waste ratio**

The KPI used by Coca-Cola HBC to measure waste generation in its bottling plants, expressed in grammes of waste generated per litre of produced beverage (g/lpb)

**Waste recycling**

The KPI used by Coca-Cola HBC to measure the percentage of production waste at bottling plants that is recycled or recovered

**Water footprint**

A measure of the impact of water use, in operations or beyond, as defined by the Water Footprint Network methodology

**Water use ratio**

The KPI used by Coca-Cola HBC to measure water use in its bottling plants, expressed in litres of water used per litre of produced beverage (l/lpb)

**Working capital**

Operating current assets minus operating current liabilities excluding financing and investment activities

## Special note regarding 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', 'seek', 'estimates', 'potential' and similar expressions to identify forward-looking statements. All statements other than statements of historical fact, including, among others, statements regarding the future financial position and results; Coca-Cola HBC's 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, Coca-Cola HBC's recent acquisitions, and restructuring initiatives on Coca-Cola HBC's business and financial condition; Coca-Cola HBC's 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; and effective tax rates and plans and objectives of management for future operations, are forward-looking statements. You should not place undue reliance on such forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect Coca-Cola HBC's current expectations and assumptions about future events and circumstances that may not prove accurate. Forward-looking statements speak only as of the date they are made. Coca-Cola HBC's actual results and events could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in the Risk and materiality section. Although Coca-Cola HBC believes that, as of the date of this document, the expectations reflected in the forward-looking statements are reasonable, Coca-Cola HBC cannot assure that Coca-Cola HBC's future results, level of activity, performance or achievements will meet these expectations. Moreover, neither Coca-Cola HBC, nor its Directors, employees, advisers nor any other person assumes responsibility for the accuracy and completeness of any forward-looking statements. After the date of this Integrated Annual Report, unless Coca-Cola HBC is required by law or the rules of the UK Financial Conduct Authority to update these forward-looking statements, Coca-Cola HBC makes no commitment to update any of these forward-looking statements to conform them either to actual results or to changes in Coca-Cola HBC's expectations.

## About our report

The 2019 Integrated Annual Report (the 'Annual Report') consolidates Coca-Cola HBC AG's (also referred to as 'Coca-Cola HBC' or the 'Company' or the 'Group') UK and Swiss disclosure requirements, while meeting the disclosure requirements for its secondary listing on the Athens Exchange. In addition, the Annual Report aims to deliver against the expectations of the Company's stakeholders and sustainability reporting standards, providing a transparent overview of the Group's performance and progress in sustainable development for 2019.

Our strategy is designed to deliver responsible, sustainable and profitable growth. Our strategic objectives of driving volume growth, focusing on value, improving efficiency and investing in the business are supported by our people and our commitment to sustainability. The initiatives we implemented to achieve our objectives and the evidence of our success during the year form the basis of the narrative in the Annual Report, which is structured around our stakeholders: our people, communities, consumers, customers and other stakeholders, with whom we work to enhance efficiencies in the business.

The Annual Report is for the year ended 31 December 2019, and its focus is on the primary core business of non-alcoholic ready-to-drink beverages across the 28 countries in which we operate. Our website and any other website referred to in the Annual Report are not incorporated by reference and do not form part of the Annual Report.

The consolidated financial statements of the Group, included on pages 137-198, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Coca-Cola HBC AG's statutory financial statements, included on pages 209-220, have been prepared in accordance with the Swiss Code of Obligations. Unless otherwise indicated or required by context, all financial information contained in this document has been prepared in accordance with IFRS. For Swiss law purposes, the annual management report consists of the sections entitled 'Strategic Report', 'Corporate Governance' (without the sub-section 'Director's Remuneration Report'), 'Supplementary Information' and 'Glossary'.

The Group uses certain Alternative performance measures ('APMs') that provide additional insights and understanding to the Group's underlying operating and financial performance, financial condition and cash flows. A full list of these APMs, their definition and reconciliation to the respective IFRS measures can be found on pages 226-229.

This report is prepared in accordance with the Global Reporting Initiative (GRI) standards, comprehensive option. In addition, the sustainability aspects of this Annual Report comply with the AA1000AS Assurance Standard, and the advanced level requirements for communication on progress against the 10 Principles of the United Nations Global Compact. In addition, the report is aligned with the principles and elements of the International Integrated Reporting Council's (IIRC) framework. Carbon emissions are calculated using the GHG Protocol Corporate Accounting and Reporting Standard methodology. Furthermore, Coca-Cola HBC supports the Task Force on Climate-related Financial Disclosures (TCFD). The sustainability aspects of the Integrated Annual Report have been verified by an independent professional assurance provider as dictated by the Company's Operating and Sustainability Steering Committees, and you can find the relevant assurance statement on pages 230-232. As with the rest of the information provided, the sustainability aspects of this Annual Report are for the full year ended 31 December 2019<sup>1</sup> and the related information presented is based on an annual reporting cycle.

We remain committed to strong corporate governance and leadership as well as transparency in our disclosures. We will continue to review our reporting approach and routines, to ensure they meet best practice reporting standards and the expectations of our stakeholders, and provide visibility on how we create sustainable value for the communities we serve.

1. Co-packers are excluded from environmental reporting and data