EXCEPTIONAL SET OF RESULTS

Coca-Cola HBC AG, a leading bottler of The Coca-Cola Company, reports its financial results for the full year ended 31 December 2017.

Full-year highlights

- Another year of significant progress towards our 2020 strategic objectives
- Good balance of volume and price/mix growth drove net sales revenue up 5.9% on an FX-neutral basis; reported net sales revenue increased by 4.9%
- FX-neutral revenue per case improved in all segments, up 3.6% overall
  - acceleration compared to 2016 driven by price increases taken in the Emerging segment and better package and category mix across the business
- Volume increased by 2.2%, with growth in all segments
  - good momentum in Emerging and Developing segment countries except for Nigeria and Russia, which delivered marginally lower volumes in challenging environments
  - growth in both Sparkling and Still drinks
- Comparable EBIT up 20.0% to €621.0 million; comparable EBIT margin up 120 basis points to 9.5%; reported margin up 90 basis points to 9.0%
  - benefits of revenue growth management initiatives including price increases
  - carefully managed input costs and a marginally positive foreign exchange impact
  - marketing spend up 10 basis points as percentage of revenue to invest in future growth
  - operating leverage drove a 30 basis-point reduction in comparable operating expenses as a percentage of net sales revenue
- Free cash flow was €425.9 million; higher operating cash flow was offset by a €46 million increase in investments in revenue-generating assets as planned
- The Board of Directors proposes a €0.54 dividend per share, a 23% increase on the 2016 dividend

	Full Year		Change
	2017	**2016**	
Volume (m unit cases)	**2,104.1**	2,057.9	2.2%
Net sales revenue (€ m)	**6,522.0**	6,219.0	4.9%
Net sales revenue per unit case (€)	**3.10**	3.02	2.6%
FX-neutral net sales revenue[1] (€ m)	**6,522.0**	6,157.2	5.9%
FX-neutral net sales revenue per unit case[1] (€)	**3.10**	2.99	3.6%
Operating expenses (€ m)	**(1,849.2)**	(1,792.5)	3.2%
Comparable operating expenses[1](€ m)	**(1,821.5)**	(1,756.8)	3.7%
Operating profit (EBIT)[2] (€ m)	**589.8**	506.3	16.5%
Comparable EBIT[1] (€ m)	**621.0**	517.5	20.0%
EBIT margin (%)	**9.0**	8.1	90bps
Comparable EBIT margin[1] (%)	**9.5**	8.3	120bps
Net profit[3] (€ m)	**426.0**	343.5	24.0%
Comparable net profit[1,3] (€ m)	**449.7**	352.1	27.7%
Basic earnings per share (EPS) (€)	**1.168**	0.949	23.1%
Comparable EPS[1] (€)	**1.233**	0.972	26.9%
Free cash flow[1] (€ m)	**425.9**	431.2	-1.2%

[1]For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.
[2] Refer to the condensed consolidated income statement.
[3]Net Profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.

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

"I am fortunate to have taken over a business performing well and with a clear strategic direction. 2017 was an exceptional year for us, and we are delighted to have delivered strong growth in volume, revenue and margin, overall demonstrating significant progress towards our 2020 objectives.

"We are excited about the year ahead, which has a particularly strong pipeline of product innovation and commercial activity around our route to market and in-store execution. There is good momentum in the business and a determination to build on our success. We are confident that 2018 will be another successful year."

Coca-Cola HBC Group

Coca-Cola HBC is a leading bottler of The Coca-Cola Company with an annual sales volume of more than 2 billion unit cases. It has a broad geographic footprint with operations in 28 countries serving a population of approximately 595 million people. Coca-Cola HBC offers a diverse range of primarily non-alcoholic ready to drink beverages in the sparkling, juice, water, sport, energy, tea and coffee categories. Coca-Cola HBC is committed to promoting sustainable development in order to create value for its business and for society. This includes providing products that meet the beverage needs of consumers, fostering an open and inclusive work environment, conducting its business in ways that protect and preserve the environment and contribute to the socio-economic development of the local communities. Coca-Cola HBC is ranked beverage industry leader in the Dow Jones Sustainability World and Europe Indices, and is also included in the FTSE4Good Index.

Coca-Cola HBC has a premium listing on the London Stock Exchange (LSE: CCH) and its shares are listed on the Athens Exchange (ATHEX: EEE). For more information, please visit http://www.coca-colahellenic.com.

Financial information in this announcement is presented on the basis of International Financial Reporting Standards ('IFRS').

Conference call

Coca-Cola HBC will host a conference call for financial analysts and investors to discuss the 2017 full-year financial results on 14 February 2018 at 10:00 am Swiss time (9:00 am London, 11:00 am Athens, and 4:00 am New York). Interested parties can access the live, audio webcast of the call through Coca-Cola HBC's website (http://coca-colahellenic.com/en/investors/).

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Special Note Regarding the Information set out herein

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

Forward-Looking Statements

This document contains forward-looking statements that involve risks and uncertainties. These statements may generally, but not always, be identified by the use of words such as "believe", "outlook", "guidance", "intend", "expect", "anticipate", "plan", "target" and similar expressions to identify forward-looking statements. All statements other than statements of historical facts, including, among others, statements regarding our future financial position and results, our outlook for 2018 and future years, business strategy and the effects of the global economic slowdown, the impact of the sovereign debt crisis, currency volatility, our recent acquisitions, and restructuring initiatives on our business and financial condition, our future dealings with The Coca-Cola Company, budgets, projected levels of consumption and production, projected raw material and other costs, estimates of capital expenditure, free cash flow, effective tax rates and plans and objectives of management for future operations, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect our current expectations and assumptions as to future events and circumstances that may not prove accurate. Our actual results and events could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in the 2016 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries.

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

Alternative Performance Measures

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

Group Operational Review

We delivered another year of progress towards our 2020 objectives, and with better momentum. Strong in-market execution, supported by an improving economic environment, resulted in excellent top-line growth and margin expansion in 2017. We are particularly pleased to have achieved revenue growth through a balanced delivery of both volume and price/mix.

Net sales revenue improved by 5.9% on an FX-neutral basis. Reported revenue grew 4.9%, aided by the stronger Russian Rouble when compared to the prior year. FX-neutral revenue per case grew in all segments, up 3.6% overall, with positive contributions from price, category and package mix. Volume growth of 2.2% was broad based across the segments and improved as the year progressed, with the second half delivering better volume expansion than the first half.

We are pleased to see that our ongoing focus on costs has resulted in strong operational leverage with a 30 basis-point improvement in comparable operating expenses as a percent of revenue to 27.9% and a 120 basis-point expansion in comparable EBIT margin to 9.5% in a year of increased marketing investment. The significant progress in EBIT margin was helped by the stronger Russian Rouble in the year.

Volume performance by segment

Volume grew 2.2% in the year, an acceleration from the marginal expansion of 0.1% in the prior year. We saw a good performance from both Sparkling (including Energy) and Stills, which grew 2.6% and 1.5%, respectively.

Volume was up 1.1% in the Established segment, up 2.8% in the Developing segment and up 2.7% in the Emerging segment. All three segments delivered faster volume growth in the second half of 2017 compared to the first half, and better volume growth in 2017 compared to 2016. Strong volume delivery from our medium-sized markets in both the Developing and Emerging segments has been an important component of overall volume growth.

Volume performance by category

Sparkling beverage volume grew 2.3% in the year, an improvement on the 1.2% increase in the prior year. We saw growth in the vast majority of our Developing and Emerging segment countries, while performance was mixed in the Established segment. Our evolving sparkling drinks portfolio is proving popular with consumers and we are seeing strong growth trends from new variant and flavour launches such as Coca-Cola Lime, Coca-Cola Zero Lemon, Sprite Cucumber, Schweppes Pomegranate and eight new flavours of Fanta. Within the category, we saw a 2.7% increase in Trademark Coca-Cola, with a 22.4% improvement in Coke Zero volume. Fanta delivered growth of 2.7%, while Schweppes grew 5.1%.

Water volume grew 3.0% following a decline of 2.0% in the prior year. Established segment volume increased 4.5%, supported by a good summer period. Water volume in the Developing segment declined 1.9% while in the Emerging segment volume increased 3.2% as strong growth from Nigeria, Romania and Serbia more than offset declines in Russia, where volumes were negatively impacted by a cold and wet summer.

Juice volume declined 0.8% in the full year, an improvement on the 2.8% decline in the prior year. Juice volume was stable in the Emerging segment, helped by growth in Russia. Juice grew 1.7% in the Developing segment, and declined 8.5% in the Established segment, mainly driven by Ireland, where the decision to reduce distribution of concentrated formula drinks impacted volumes negatively.

Ready-to-drink tea (RTD tea) performance remained weak with a decline of 7.1%. Romania, Hungary and Bulgaria, the countries where we will retain the Nestea brand, delivered volume growth, while other countries were in decline in 2017. We launched the FUZE tea brand at the start of 2018 in all of our markets apart from Nigeria and believe that the new launch will revitalise the category.

The energy category delivered another year of volume growth above 20% supported by Monster, which grew volumes by 48.3% including the launch in Nigeria and 40.6% on an organic basis.

Group Operational Review (continued)

In keeping with our strategy to drive revenue through smaller pack sizes, single-serve packages increased by 3.1%, while multi-serves increased by 1.6% in the year, leading to a 30 basis-point package mix improvement. The Established and Developing segments improved their package mix while the Emerging segment package mix deteriorated.

Key financials

FX-neutral net sales revenue per unit case grew 3.6%. This is the seventh consecutive year of growth and an acceleration compared to the 2.9% expansion in 2016. All three segments contributed good FX-neutral net sales revenue per unit case expansion. The Established segment delivered an expansion of 0.7% for the full year with an improvement in the second half compared to the first half. The Developing and Emerging segments delivered 2.7% and 6.9% of FX-neutral net sales revenue per unit case expansion, respectively, with a moderation in the second half relative to the first half trends, as we cycled price increases taken in the Emerging segment and reduced the intensity of some of our programmes focused on driving pricing in the Developing segment.

Net sales revenue of €6.5 billion was up 4.9% compared to the prior year. This is only 1 percentage point lower than the revenue growth on an FX-neutral basis, as the recovery in the Russian Rouble in 2017 offset most of the significant negative impact of the Nigerian Naira depreciation in the year, moderating the total translation impact of currencies on revenue.

FX-neutral input cost per unit case for the year was up 3.1%, which is at the lower end of our expectations. The main driver of higher input costs has been the price of PET resin. The cost of our other main commodities declined year on year.

Ongoing tight cost management, combined with strong revenue growth, delivered a 30 basis-point reduction in comparable operating expenses as a percentage of revenue in a year where we invested to support our revenue growth management initiatives and increased marketing spend, including investment to support the 2018 FIFA World Cup.

Comparable EBIT was €621.0 million, up 20.0% on the prior year. Comparable EBIT margin expanded 120 basis points to 9.5%. Comparable EBIT margin increased 20 basis points in the Established segment to 10.3%, 300 basis points in the Emerging segment to 9.6% and decreased 100 basis points in the Developing segment to 7.9%, impacted by the provision taken in the first half against trade receivables in Croatia. The total P&L impact of currencies was favourable in the full year at €7.8 million. Given our operations in many emerging countries, this is a rather unusual tailwind due to the stronger Russian Rouble in 2017, and it has supported the profitability of the Emerging segment. On a reported basis, we delivered €589.8 million of EBIT in the year, a 16.5% improvement on the prior year.

We generated €425.9 million of free cash flow while increasing capital expenditure as a percentage of revenue by 50 basis points to 5.8%. We have increased our investments in revenue-generating opportunities and in particular in markets with high growth potential such as Nigeria, Russia and Romania. The balance sheet net working capital position improved compared to that at the end of 2016.

Comparable net profit of €449.7 million and comparable earnings per share of €1.233 were 27.7% and 26.9% higher than in the prior year, respectively. Reported net profit and reported basic earnings per share were €426.0 million and €1.168, respectively, in the full year.

In line with our dividend policy, the Board of Directors proposes a full-year dividend of 0.54 Euros per share, a 23% increase on the 2016 dividend. The dividend payment will be subject to, among other things, shareholders' approval at our annual general meeting.

Operational Review by Reporting Segment

Established markets

	Full Year		Change
	2017	**2016**	
Volume (m unit cases)	**613.3**	606.6	1.1%
Net sales revenue (€ m)	**2,436.3**	2,407.8	1.2%
Net sales revenue per unit case (€)	**3.97**	3.97	0.1%
FX-neutral net sales revenue (€ m)	**2,436.3**	2,392.4	1.8%
FX-neutral net sales revenue per unit case (€)	**3.97**	3.94	0.7%
Operating profit (EBIT) (€ m)	**238.3**	236.8	0.6%
Comparable EBIT (€ m)	**250.4**	242.3	3.3%
EBIT margin (%)	**9.8**	9.8	-
Comparable EBIT margin (%)	**10.3**	10.1	20bps

- Established markets volume increased by 1.1% in the full year, helped by a good summer. Water and Energy were the growth drivers, more than offsetting declines in Sparkling, Juice and RTD Tea.
- Net sales revenue increased by 1.2% in the full year. Volume growth and favourable price and product mix more than offset the unfavourable channel mix and currency impact. FX-neutral net sales revenue per case increased by 0.7% in the year, with improvements through the quarters.
- Volume in Italy declined by 0.5%, driven by Sparkling, partially offset by growth in Water; without the impact of the delisting of the low-value water brands, which impacted comparatives in the first quarter, volume in Italy would have been stable compared to the prior year. Sparkling declined by low single digits, with good performance in Coke Zero. We launched Coca-Cola with Stevia and no calories in the fourth quarter.
- Volume in Greece grew by 6% in the full year, driven by Water, Sparkling and Energy, helped by a warm summer, a good tourist season and an improving retail market, amid still challenging macroeconomic conditions. Water continued its positive momentum with growth in all four quarters. Low-calorie Sparkling drinks grew, with growth in Coca-Cola Zero, further helped by the launch of the new Coca-Cola with Stevia and no calories. Energy, Schweppes and Fanta performed well.
- In Switzerland, volume declined marginally. Good performance in Water, growth in Coca-Cola Zero following the launch of the new zero sugar formula, and in Fanta with the slider bottle, were not enough to offset declines in Coca-Cola Regular and RTD Tea.
- Volume in Ireland grew by 1% in the full year, driven by growth in Sparkling and Energy, partially offset by declines, mainly in Juice. Sparkling was supported by good performance in Coca-Cola Zero, as well as Coca-Cola Regular and Light. Fanta grew well as did Schweppes, however Sprite posted declines in all quarters. Energy continued to grow, driven by Monster.
- Volume in Austria grew by 1% in the full year, following a very strong fourth quarter. Good performance in Water, Sparkling and Energy, offset declines in RTD Tea and Juice. In Sparkling, Coca-Cola Zero and Fanta were the only brands that grew, due to the launches of the new zero sugar formula and the slider bottle, respectively.
- Comparable operating profit in the Established segment increased by 3.3% to €250.4 million, resulting in a 20 basis-point expansion in comparable operating profit margin of 10.3%. Volume growth, favourable price and product mix, and lower operating expenses, more than offset the negative impact of higher input costs and adverse foreign exchange impact. On a reported basis, operating profit improved by 0.6% to €238.3 million.

Operational Review by Reporting Segment (continued)

Developing markets

	Full Year		Change
	2017	**2016**	
Volume (m unit cases)	**394.2**	383.5	2.8%
Net sales revenue (€ m)	**1,173.4**	1,094.2	7.2%
Net sales revenue per unit case (€)	**2.98**	2.85	4.3%
FX-neutral net sales revenue (€ m)	**1,173.4**	1,112.0	5.5%
FX-neutral net sales revenue per unit case (€)	**2.98**	2.90	2.7%
Operating profit (EBIT) (€ m)	**91.6**	92.9	-1.4%
Comparable EBIT (€ m)	**92.3**	97.1	-4.9%
EBIT margin (%)	**7.8**	8.5	-70bps
Comparable EBIT margin (%)	**7.9**	8.9	-100bps

- Developing markets volume increased by 2.8% in the full year, showing an acceleration in the second half, mainly due to an acceleration of volume performance in Poland. Volume growth was driven by Sparkling, Energy and Juice, partially offset by declines in Water, RTD Tea and Sport drinks.
- Net sales revenue increased by 7.2% in the year, driven by higher volume and pricing, favourable category and package mix, helped by positive foreign exchange contribution mainly from the stronger Polish Zloty. On an FX-neutral basis, net sales revenue per unit case improved by 2.7%.
- In Poland, volume grew by 1.5%, following a very strong fourth quarter that compensated for weak results in the first nine months of the year, which were due to our planned actions to improve revenue growth, as well as poor summer weather and a declining underlying NARTD market. In Sparkling, volume was driven by good performance in Coca-Cola Regular following the launch of Coca-Cola Lime, and double-digit growth in Coca-Cola Zero and Fanta following the launch of new flavours. Energy maintained its robust performance driven by Monster. In Water, volume declined, following the strategic decision to downsize the frequency pack from 1.75L to 1.5L in the third quarter in 2016. Our aforementioned revenue growth management initiatives delivered good revenue per case growth in the full year.
- Volume in Hungary increased by 7%, with growth in all categories following good execution of promotional activities and new launches. Coca-Cola trademark grew by mid single digits led by double-digit growth in Coca-Cola Zero, following the launch of the new formula, and by growth in Coca-Cola Regular. Fanta also grew by double digits, following the launch of the new Fanta Slider bottle. Water grew by high single digits, helped by good weather in the third quarter.
- In the Czech Republic, volume grew by 6%, with all key categories growing except for Water. Sparkling delivered high single-digit growth, driven by Coca-Cola Regular, Coca-Cola Zero, Fanta, and Sprite. Water declined by high single digits, despite the flattish fourth quarter, while Energy continued to grow, driven by Monster.
- Developing markets posted a comparable operating profit of €92.3 million, a 4.9% decrease compared to prior year. Comparable operating profit margin for the segment recorded a deterioration of 100 basis points to 7.9%. Improved volume, price and mix only partly offset the impact of unfavourable input costs and higher operating expenses as the result of a significant bad debt provision in Croatia. Excluding the provision, the Developing segment EBIT grew year on year. Reported operating profit declined by 1.4% to €91.6 million.

Operational Review by Reporting Segment (continued)

Emerging markets

	Full Year 2017	Full Year 2016	Change
Volume (m unit cases)	**1,096.6**	1,067.8	2.7%
Net sales revenue (€ m)	**2,912.3**	2,717.0	7.2%
Net sales revenue per unit case (€)	**2.66**	2.54	4.4%
FX-neutral net sales revenue (€ m)	**2,912.3**	2,652.8	9.8%
FX-neutral net sales revenue per unit case (€)	**2.66**	2.48	6.9%
Operating profit (EBIT) (€ m)	**259.9**	176.6	47.2%
Comparable EBIT (€ m)	**278.3**	178.1	56.3%
EBIT margin (%)	**8.9**	6.5	240bps
Comparable EBIT margin (%)	**9.6**	6.6	300bps

- Emerging market segment volume increased by 2.7% with strong growth in Ukraine, Romania and Serbia. Russia and Nigeria volumes declined marginally.
- Net sales revenue increased by 7.2%, aided by positive price, category and package mix, partly offset by channel mix and currency impact. The negative currency impact was lower than in recent years, as the Russian Rouble strengthened, while the Nigerian Naira depreciated sharply. FX-neutral net sales revenue per case grew by 6.9%.
- Volume in Russia declined by 0.3% for the full year with positive momentum through the year, culminating in a good fourth quarter. Trademark Coke was up mid single digits, supported by Coke Zero which grew in the high teens. Mid-teens growth in Schweppes and mid single-digit growth in Sprite also helped to achieve low single-digit growth in Sparkling overall. Water was weak, declining at a low double-digit rate, exacerbated by particularly poor summer weather and competitive pressure. Juice volume grew low single digits.
- Volume in Nigeria declined 1%, as challenging economic conditions and a series of three price increases taken to offset the significant depreciation of the Naira suppressed demand. Our strategy of adjusting our PET package sizes in Sparkling drinks to maintain price points relevant to the consumer has helped to maintain volumes. We have further PET package launches planned in Schweppes and Juice. Stills grew mid single digits, with high single-digit growth in Water, but a double-digit decline in Juice.
- Volume in Romania grew by 6%, with strong results across all categories. Sparkling grew mid single digits, with mid single-digit growth in Trademark Coke and Fanta, offset by a low single-digit decline in Sprite. Schweppes grew in the low teens. Stills grew high single digits with mid single-digit growth from Water and Juice and mid-teens expansion in RTD tea.
- Ukraine delivered excellent volume growth of 11%, driven by Sparkling and Water. RTD tea was the only category in decline. In Sparkling, volumes increased by mid teens with Trademark Coke up mid teens and all other brands grew. Water grew mid single digits, supported by good weather in the second half. Juice volumes were flat and RTD tea declined mid single digits.
- The Emerging markets segment delivered comparable operating profit of €278.3 million - an increase of 56.3% leading to a 300 basis-point improvement in comparable operating margin to 9.6%. Higher pricing, mainly in Nigeria, and higher sales volume along with minimal net FX impact, offset higher cost of goods sold and increased operating expenses. On a reported basis, operating profit was €259.9 million, an increase of 47.2% compared to prior year.

Business Outlook

Economic conditions improved, as expected, in nearly all the countries in our geographic footprint in 2017. In 2018, we expect these conditions to continue, with further economic growth and healthy inflation. In Nigeria, high inflation challenges impacted consumers. We expect the economic conditions to improve in Nigeria in 2018. Overall, we expect volume to continue to grow in all three segments, with the Emerging markets segment accelerating, as Russia and Nigeria return to volume growth.

Our revenue growth management initiatives, which are designed to grow revenue faster than volume, have gained momentum and should continue to enhance the value we get from every case we sell. We also intend to continue with pricing actions in markets impacted by foreign currency depreciation and markets where deflationary pressures are abating. We expect our plans to continue to improve FX-neutral net sales revenue per case in the year.

Taking into account our hedged positions and current spot rates, we expect the adverse impact on EBIT from foreign currency to amount to approximately €30 million for the full year.

Our Russian sugar requirements have been contracted since 2015, and we have now entered into contracts for all of our EU sugar requirements as well as most of our Nigerian sugar and aluminium needs. Together, these positions give us good visibility for 2018. In PET resin, which we currently do not hedge, we expect higher prices in 2018 compared to 2017. Overall, we expect our input costs per case to increase by low single digits on an FX-neutral basis.

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

In summary, we have started the year excited about our plans for product innovation and the work we are doing in route to market and in-store execution. We expect the combination of volume growth, price/mix improvement and cost control to deliver FX-neutral revenue growth and margin expansion in the year.

Technical guidance

We remain focused on further improving operational efficiencies, although the scale of initiatives is gradually diminishing. For 2018, we have identified restructuring initiatives of approximately €11 million. We expect these initiatives to yield €8 million in annualised benefits from 2019 onwards, while the initiatives already taken in 2017 and those that will be taken in 2018 are expected to yield €7 million of total benefits in 2018.

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

Annual capital expenditure over the medium term is expected to range between 5.5% and 6.5% of net sales revenue.

Group Financial Review

Income statement

	Full Year		
	2017 € million	**2016 € million**	**% Change**
Volume (m unit cases)	**2,104.1**	2,057.9	2.2%
Net sales revenue	**6,522.0**	6,219.0	4.9%
Net sales revenue per unit case (€)	**3.10**	3.02	2.6%
FX-neutral net sales revenue[1]	**6,522.0**	6,157.2	5.9%
FX-neutral net sales revenue per unit case (€)[1]	**3.10**	2.99	3.6%
Cost of goods sold	**(4,083.0)**	(3,920.2)	4.2%
Comparable cost of goods sold[1]	**(4,079.5)**	(3,944.7)	3.4%
Gross profit	**2,439.0**	2,298.8	6.1%
Comparable gross profit[1]	**2,442.5**	2,274.3	7.4%
Operating expenses	**(1,849.2)**	(1,792.5)	3.2%
Comparable operating expenses[1]	**(1,821.5)**	(1,756.8)	3.7%
Operating profit (EBIT)[2]	**589.8**	506.3	16.5%
Comparable operating profit (EBIT)[1]	**621.0**	517.5	20.0%
Adjusted EBITDA[1]	**927.5**	845.9	9.6%
Comparable adjusted EBITDA[1]	**949.3**	839.3	13.1%
Finance costs, net	**(36.7)**	(62.3)	-41.1%
Share of results of equity method investments	**11.8**	13.8	-14.5%
Tax	**(138.4)**	(113.8)	21.6%
Comparable tax[1]	**(146.1)**	(116.5)	25.4%
Net profit[3]	**426.0**	343.5	24.0%
Comparable net profit[1,3]	**449.7**	352.1	27.7%
Basic earnings per share (€)	**1.168**	0.949	23.1%
Comparable basic earnings per share (€)[1]	**1.233**	0.972	26.9%

[1] *Refer to the 'Definitions and reconciliations of APMs' section.*
[2] *Refer to the condensed consolidated income statement.*
[3] *Net Profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.*

On an FX-neutral basis, net sales revenue improved by 5.9% during 2017, compared to the prior year. Net sales revenue improved by 4.9% during 2017, compared to the prior year, driven by higher volume, pricing and favourable category and package mix.

Comparable cost of goods sold increased by 3.4% and cost of goods sold increased by 4.2% in 2017, compared to the prior year, as a result of volume growth as well as higher input costs driven mainly by increases in PET resin while the cost of our other main commodities declined year on year.

Comparable operating expenses in absolute terms increased by 3.7% and operating expenses by 3.2% in 2017, compared to the prior year, mainly driven by volume growth as well as increased sales and marketing expenses.

Comparable operating profit increased by 20.0% in 2017, compared to the prior year, as benefits from our revenue growth management initiatives including price increases, higher sales volume along with slightly positive FX impact, more than offset higher cost of goods sold and increased operating expenses. Operating profit increased by 16.5% in 2017, compared to the prior year, as benefits from our revenue growth management initiatives including price increases, higher sales volume, lower restructuring costs along with slightly positive FX impact, more than offset higher cost of goods sold, including the costs from the mark-to-market valuation of commodity economic hedges, and increased operating expenses.

Net finance costs declined by €25.6 million during 2017, compared to the prior year, mainly driven by the issuance of the €600 million bond in March 2016 and the repayment in November 2016 of the 4.25% fixed

Group Financial Review (continued)

Income statement (continued)

rate bond, that had resulted in higher interest costs in 2016, as well as the lower effective interest rate of the new bond.

On a comparable basis, the effective tax rate was 24.5% for 2017 and 24.8% for 2016. On a reported basis, Coca-Cola HBC's effective tax rate was fairly stable at 24.5% and 24.9% for 2017 and 2016 respectively. The Group's effective tax rate varies depending on the mix of taxable profits by territory, the non-deductibility of certain expenses, non-taxable income and other one-off tax items across its territories.

Comparable net profit increased by 27.7% and net profit by 24.0% in 2017 compared to the prior year, mainly driven by the higher operating profitability and lower net finance costs, only partially offset by increased taxes.

Balance sheet

	As at		
Assets	**31 December 2017 € million**	**31 December 2016 € million**	**Change € million**
Total non-current assets	**4,344.6**	4,503.6	-159.0
Total current assets	**2,285.6**	2,061.3	224.3
Total assets	**6,630.2**	**6,564.9**	65.3
Liabilities			
Total current liabilities	**1,896.4**	1,968.1	-71.7
Total non-current liabilities	**1,721.6**	1,726.7	-5.1
Total liabilities	**3,618.0**	**3,694.8**	-76.8
Equity			
Owners of the parent	**3,007.4**	2,865.6	141.8
Non-controlling interests	**4.8**	4.5	0.3
Total equity	**3,012.2**	**2,870.1**	142.1
Total equity and liabilities	**6,630.2**	**6,564.9**	65.3

Total non-current assets decreased by €159.0 million in 2017, mainly due to the impact of foreign currency translation. Net current assets increased by €296.0 million in 2017, driven mainly by the cash and cash equivalents generated by the Group in the year.

Cash flow

	Full Year		
	2017 € million	**2016 € million**	**% Change**
Net cash from operating activities	**803.5**	763.3	5.3%
Capital expenditure[1]	**(377.6)**	(332.1)	13.7%
Free cash flow[1]	**425.9**	431.2	-1.2%

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

Net cash from operating activities increased by 5.3% in 2017 compared to the prior year, as increased operating profitability was only partially offset by taxes paid.

Capital expenditure, net of receipts from the disposal of assets and including principal repayments of finance lease obligations, increased by 13.7% in 2017, compared to the prior year and represented 5.8% (2016: 5.3%) of net sales revenue.

Group Financial Review (continued)

Cash flow (continued)

In 2017, capital expenditure amounted to €377.6 million of which 49% was related to investment in production equipment and facilities and 27% to the acquisition of marketing equipment. In 2016, capital expenditure amounted to €332.1 million of which 52% was related to investment in production equipment and facilities and 27% to the acquisition of marketing equipment.

In 2017, free cash flow declined by 1.2% or €5.3 million compared to the prior year, as higher cash generated from operating activities was offset by increased capital expenditure.

Supplementary Information

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

	Full Year		%
NARTD	**2017**	**2016**	**Change**
Volume (m unit cases)[1]	**2,101.3**	2,055.5	2.2%
Net sales revenue (€ m)	**6,295.2**	6,040.6	4.2%
Net sales revenue per unit case (€)	**3.00**	2.94	1.9%
FX-neutral net sales revenue (€ m)	**6,295.2**	5,972.5	5.4%
FX-neutral net sales revenue per unit case (€)	**3.00**	2.91	3.1%

	Full Year		%
Premium Spirits	**2017**	**2016**	**Change**
Volume (m unit cases)[1]	**2.764**	2.386	15.8%
Net sales revenue (€ m)	**226.8**	178.4	27.1%
Net sales revenue per unit case (€)	**82.05**	74.77	9.7%
FX-neutral net sales revenue (€ m)	**226.8**	184.7	22.8%
FX-neutral net sales revenue per unit case (€)	**82.05**	77.41	6.0%

	Full Year		%
Total	**2017**	**2016**	**Change**
Volume (m unit cases)[1]	**2,104.1**	2,057.9	2.2%
Net sales revenue (€ m)	**6,522.0**	6,219.0	4.9%
Net sales revenue per unit case (€)	**3.10**	3.02	2.6%
FX-neutral net sales revenue (€ m)	**6,522.0**	6,157.2	5.9%
FX-neutral net sales revenue per unit case (€)	**3.10**	2.99	3.6%

[1] For NARTD volume, one unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For premium spirits volume, one unit case also corresponds to 5.678 litres.

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

1. Comparable APMs[1]

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

1) *Restructuring costs*
Restructuring costs comprise costs arising from significant changes in the way the Group conducts business, such as significant supply chain infrastructure changes, outsourcing of activities and centralisation of processes. These costs are included within the income statement line "Operating expenses". However, they are excluded from the comparable results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from underlying activity.
2) *Commodity hedging*
The Group has entered into certain commodity derivative transactions in order to hedge its exposure to commodity price risk. Although these transactions are economic hedging activities that aim to manage our exposure to sugar, aluminium and gas oil price volatility, they do not qualify for hedge accounting. In addition, the Group recognises certain derivatives embedded within commodity purchase contracts that have been accounted for as stand-alone derivatives and do not qualify for hedge accounting. The fair value gains and losses on the derivatives and embedded derivatives are immediately recognised in the income statement in the cost of goods sold and operating expenses line items. The Group's comparable results exclude the gains or losses resulting from the mark-to-market valuation of these derivatives and embedded derivatives. These gains or losses are reflected in the comparable results in the 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) *Other tax items*
Other tax items represent the tax impact of changes in income tax rates affecting the opening balance of deferred tax arising during the year, included in the Tax line item of the income statement. These are excluded from comparable after tax results in order for the user to obtain a better understanding of the Group's underlying financial performance.

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

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

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

Definitions and reconciliations of APMs (continued)

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

	Full-year 2017							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	**(4,083.0)**	**2,439.0**	**(1,849.2)**	**589.8**	**927.5**	**(138.4)**	**426.0**	**1.168**
Restructuring costs	**-**	**-**	**28.9**	**28.9**	**19.5**	**(6.9)**	**22.2**	**0.061**
Commodity hedging loss / (gain)	**3.5**	**3.5**	**(1.2)**	**2.3**	**2.3**	**(0.8)**	**1.5**	**0.004**
Other tax items	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Comparable	**(4,079.5)**	**2,442.5**	**(1,821.5)**	**621.0**	**949.3**	**(146.1)**	**449.7**	**1.233**
	Full-year 2016							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	(3,920.2)	2,298.8	(1,792.5)	506.3	845.9	(113.8)	343.5	0.949
Restructuring costs	-	-	37.7	37.7	19.9	(7.9)	29.9	0.082
Commodity hedging loss / (gain)	(24.5)	(24.5)	(2.0)	(26.5)	(26.5)	7.5	(19.0)	(0.052)
Other tax items	-	-	-	-	-	(2.3)	(2.3)	(0.007)
Comparable	(3,944.7)	2,274.3	(1,756.8)	517.5	839.3	(116.5)	352.1	0.972

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

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

	Full-year 2017			
	Established	Developing	Emerging	Consolidated
EBIT	**238.3**	**91.6**	**259.9**	**589.8**
Restructuring costs	**13.1**	**1.6**	**14.2**	**28.9**
Commodity hedging	**(1.0)**	**(0.9)**	**4.2**	**2.3**
Comparable EBIT	**250.4**	**92.3**	**278.3**	**621.0**
	Full-year 2016			
	Established	Developing	Emerging	Consolidated
EBIT	236.8	92.9	176.6	506.3
Restructuring costs	9.4	6.3	22.0	37.7
Commodity hedging	(3.9)	(2.1)	(20.5)	(26.5)
Comparable EBIT	242.3	97.1	178.1	517.5

2. FX-neutral APMs

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

Definitions and reconciliations of APMs (continued)

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

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

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

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

	Full-year 2017			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	**2,436.3**	**1,173.4**	**2,912.3**	**6,522.0**
Currency impact	**-**	**-**	**-**	**-**
FX-neutral net sales revenue	**2,436.3**	**1,173.4**	**2,912.3**	**6,522.0**
Volume (m unit cases)	**613.3**	**394.2**	**1,096.6**	**2,104.1**
FX-neutral net sales revenue per unit case (€)	**3.97**	**2.98**	**2.66**	**3.10**

	Full-year 2016			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	2,407.8	1,094.2	2,717.0	6,219.0
Currency impact	(15.4)	17.8	(64.2)	(61.8)
FX-neutral net sales revenue	2,392.4	1,112.0	2,652.8	6,157.2
Volume (m unit cases)	606.6	383.5	1,067.8	2,057.9
FX-neutral net sales revenue per unit case (€)	3.94	2.90	2.48	2.99

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

	Full-year 2017	**Full-year 2016**
Input costs	**1,729.2**	1,599.2
Commodity hedging	**(3.5)**	24.5
Comparable input costs	**1,725.7**	1,623.7
Currency impact	**-**	13.1
FX-neutral comparable input costs	**1,725.7**	1,636.8
Volume (m unit cases)	**2,104.1**	2,057.9
FX-neutral comparable input costs per unit case (€)	**0.82**	**0.80**

Definitions and reconciliations of APMs (continued)

3. Other APMs

Adjusted EBITDA

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

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

Free cash flow

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

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

Capital expenditure

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

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

Definitions and reconciliations of APMs (continued)

	Full-year	
	2017 **€ million**	**2016** **€ million**
Operating profit (EBIT)	**589.8**	**506.3**
Depreciation and impairment of property, plant and equipment	**316.8**	332.4
Amortisation of intangible assets	**0.4**	0.4
Employee stock options and performance shares	**20.8**	8.1
Other non-cash items included in operating income	**(0.3)**	(1.3)
Adjusted EBITDA	**927.5**	**845.9**
Gain on disposal of non-current assets	**(4.3)**	(2.9)
Decrease in working capital	**8.7**	12.4
Tax paid	**(128.4)**	(92.1)
Net cash from operating activities	**803.5**	**763.3**
Payments for purchases of property, plant and equipment	**(409.9)**	(347.8)
Principal repayments of finance lease obligations	**(7.2)**	(20.2)
Proceeds from sale of property, plant and equipment	**39.5**	35.9
Capital expenditure	**(377.6)**	**(332.1)**
Net cash from operating activities	**803.5**	**763.3**
Capital expenditure	**(377.6)**	**(332.1)**
Free cash flow	**425.9**	**431.2**

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 time deposits classified as current investments, as illustrated below:

	As at	
	31 December 2017 **€ million**	**31 December 2016** **€ million**
Current borrowings	**166.4**	156.5
Non-current borrowings	**1,459.8**	1,468.1
Other financial assets - time deposits	**(150.9)**	-
Cash and cash equivalents	**(723.5)**	(573.2)
Net debt	**751.8**	**1,051.4**

Condensed consolidated financial statements for the six months and the year ended 31 December 2017

Condensed consolidated income statement (unaudited)

		Six months ended 31 December	
	Note	**2017 € million**	2016 € million
Net sales revenue	3	**3,308.6**	3,175.1
Cost of goods sold		**(2,069.5)**	(2,015.0)
Gross profit		**1,239.1**	**1,160.1**
Operating expenses	4	**(915.7)**	(874.4)
Operating profit	3	**323.4**	**285.7**
Finance costs, net	5	**(19.2)**	(27.3)
Share of results of equity method investments		**6.5**	8.5
Profit before tax		**310.7**	**266.9**
Tax	6	**(76.0)**	(63.1)
Profit after tax		**234.7**	**203.8**
Attributable to:			
Owners of the parent		**234.4**	203.5
Non-controlling interests		**0.3**	0.3
		234.7	**203.8**
Basic and diluted earnings per share (€)	7	**0.64**	0.56

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

Condensed consolidated statement of comprehensive income (unaudited)

	Six months ended 31 December			
		2017		2016
		€ million		€ million
Profit after tax		**234.7**		203.8
Other comprehensive income:				
Items that may be subsequently reclassified to income statement:				
Valuation gain on available-for-sale assets		**-**		0.1
Cash flow hedges:				
Net losses during the period	**(2.4)**		(5.0)	
Net losses reclassified to income statement for the period	**1.9**		9.6	
Transfers to inventory for the period	**(0.9)**	**(1.4)**	2.8	7.4
Foreign currency translation		**(68.6)**		58.2
Share of other comprehensive loss of equity method investments		**(0.5)**		-
Income tax relating to items that may be subsequently reclassified to income statement		**0.9**		(1.0)
		(69.6)		**64.7**
Items that will not be subsequently reclassified to income statement:				
Actuarial (losses) / gains		**(6.9)**		28.9
Income tax relating to items that will not be subsequently reclassified to income statement		**0.2**		(6.5)
		(6.7)		**22.4**
Other comprehensive (loss) / income for the period, net of tax		**(76.3)**		**87.1**
Total comprehensive income for the period		**158.4**		**290.9**
Total comprehensive income for the period				
Owners of the parent		**158.1**		290.6
Non-controlling interests		**0.3**		0.3
		158.4		**290.9**

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

Condensed consolidated income statement (unaudited)

	Note	**Year ended 31 December** **2017** **€ million**	2016 € million
Net sales revenue	3	**6,522.0**	6,219.0
Cost of goods sold		**(4,083.0)**	(3,920.2)
Gross profit		**2,439.0**	**2,298.8**
Operating expenses	4	**(1,849.2)**	(1,792.5)
Operating profit	3	**589.8**	**506.3**
Finance costs, net	5	**(36.7)**	(62.3)
Share of results of equity method investments		**11.8**	13.8
Profit before tax		**564.9**	**457.8**
Tax	6	**(138.4)**	(113.8)
Profit after tax		**426.5**	**344.0**
Attributable to:			
Owners of the parent		**426.0**	343.5
Non-controlling interests		**0.5**	0.5
		426.5	**344.0**
Basic earnings per share (€)	7	**1.17**	0.95
Diluted earnings per share (€)	7	**1.16**	0.95

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

Condensed consolidated statement of comprehensive income (unaudited)

		Year ended 31 December		
		2017		2016
		€ million		€ million
Profit after tax for the year		**426.5**		**344.0**
Other comprehensive income:				
Items that may be subsequently reclassified to income statement:				
Valuation gain / (loss) on available-for-sale assets		**0.1**		(0.1)
Cash flow hedges:				
Net losses during the year	**(7.0)**		(48.2)	
Net losses reclassified to income statement for the year	**6.3**		12.8	
Transfers to inventory for the year	**9.3**	**8.6**	4.1	(31.3)
Foreign currency translation		**(219.2)**		(112.9)
Share of other comprehensive income of equity method investments		**(5.3)**		(7.5)
Income tax relating to items that may be subsequently reclassified to income statement		**(0.3)**		1.1
		(216.1)		**(150.7)**
Items that will not be subsequently reclassified to income statement:				
Actuarial gains / (losses)		**6.9**		**(41.7)**
Income tax relating to items that will not be subsequently reclassified to income statement		**(2.2)**		**7.0**
		4.7		**(34.7)**
Other comprehensive loss for the year, net of tax		**(211.4)**		**(185.4)**
Total comprehensive income for the year		**215.1**		**158.6**
Total comprehensive income attributable to:				
Owners of the parent		**214.6**		158.1
Non-controlling interests		**0.5**		0.5
		215.1		**158.6**

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

Condensed consolidated balance sheet (unaudited)

	Note	As at 31 December 2017 € million	2016 € million
Assets			
Intangible assets	8	**1,829.9**	1,885.7
Property, plant and equipment	8	**2,322.0**	2,406.6
Other non-current assets		**192.7**	211.3
Total non-current assets		**4,344.6**	**4,503.6**
Inventories		**416.8**	431.5
Trade and other receivables		**991.1**	1,044.8
Other financial assets	10	**150.9**	-
Cash and cash equivalents	10	**723.5**	573.2
		2,282.3	**2,049.5**
Assets classified as held for sale		**3.3**	11.8
Total current assets		**2,285.6**	**2,061.3**
Total assets		**6,630.2**	**6,564.9**
Liabilities			
Borrowings	10	**166.4**	156.5
Other current liabilities		**1,730.0**	1,811.6
Total current liabilities		**1,896.4**	**1,968.1**
Borrowings	10	**1,459.8**	1,468.1
Other non-current liabilities		**261.8**	258.6
Total non-current liabilities		**1,721.6**	**1,726.7**
Total liabilities		**3,618.0**	**3,694.8**
Equity			
Owners of the parent		**3,007.4**	2,865.6
Non-controlling interests		**4.8**	4.5
Total equity		**3,012.2**	**2,870.1**
Total equity and liabilities		**6,630.2**	**6,564.9**

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

Condensed consolidated statement of changes in equity (unaudited)

	Attributable to owners of the parent									
	Share capital € million	Share premium € million	Group reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	**Total € million**	Non-controlling interests € million	**Total equity € million**
Balance as at 1 January 2016	**2,000.1**	**5,028.3**	**(6,472.1)**	**(132.0)**	**(681.4)**	**260.4**	**2,816.5**	**2,819.8**	**4.3**	**2,824.1**
Shares issued to employees exercising stock options	9.1	12.5	-	-	-	-	-	**21.6**	-	**21.6**
Share-based compensation:										
Options and performance shares	-	-	-	-	-	8.1	-	**8.1**	-	**8.1**
Movement in shares held for equity compensation plan	-	-	-	(0.4)	-	-	-	**(0.4)**	-	**(0.4)**
Sale of own shares	-	-	-	3.1	-	-	-	**3.1**	-	**3.1**
Cancellation of shares (note 11)	(18.4)	(40.1)	-	58.5	-	-	-	**-**	-	**-**
Appropriation of reserves	-	-	-	0.1	-	6.9	(7.0)	**-**	-	**-**
Dividends (note 12)	-	(146.1)	-	-	-	-	1.4	**(144.7)**	(0.3)	**(145.0)**
	1,990.8	**4,854.6**	**(6,472.1)**	**(70.7)**	**(681.4)**	**275.4**	**2,810.9**	**2,707.5**	**4.0**	**2,711.5**
Profit for the year net of tax	-	-	-	-	-	-	343.5	**343.5**	0.5	**344.0**
Other comprehensive income for the year, net of tax	-	-	-	-	(120.4)	(30.3)	(34.7)	**(185.4)**	-	**(185.4)**
Total comprehensive income for the year net of tax [1]	-	-	-	-	(120.4)	(30.3)	308.8	**158.1**	0.5	**158.6**
Balance as at 31 December 2016	**1,990.8**	**4,854.6**	**(6,472.1)**	**(70.7)**	**(801.8)**	**245.1**	**3,119.7**	**2,865.6**	**4.5**	**2,870.1**

[1] The amount included in the exchange equalisation reserve of €120.4 million loss for 2016 represents the exchange loss attributed to the owners of the parent, mainly related to the Nigerian naira and the Russian rouble, including a €7.5 million loss relating to share of other comprehensive income of equity method investments.

The amount included in other reserves of €30.3 million loss for 2016 consists of loss on valuation of available-for-sale financial assets of €0.1 million, cash flow hedges losses of €31.3 million and the deferred tax income thereof amounting to €1.1 million.

The amount of €308.8 million gain comprises profit for the year of €343.5 million less actuarial losses of €41.7 million plus a deferred tax income of €7.0 million.

The amount of €0.5 million gain included in non-controlling interests for 2016 represents the share of non-controlling interests in profit for the year.

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

Condensed consolidated statement of changes in equity (unaudited)

	Attributable to owners of the parent									
	Share capital € million	Share premium € million	Group reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	**Total € million**	Non-controlling interests € million	**Total equity € million**
Balance as at 1 January 2017	**1,990.8**	**4,854.6**	**(6,472.1)**	**(70.7)**	**(801.8)**	**245.1**	**3,119.7**	**2,865.6**	**4.5**	**2,870.1**
Shares issued to employees exercising stock options	24.3	46.7	-	-	-	-	-	**71.0**	-	**71.0**
Share-based compensation:										
Options and performance shares	-	-	-	-	-	17.2	-	**17.2**	-	**17.2**
Movement in shares held for equity compensation plan	-	-	-	(0.6)	-	0.1	-	**(0.5)**	-	**(0.5)**
Appropriation of reserves	-	-	-	-	-	0.4	(0.4)	**-**	-	**-**
Dividends (note 12)	-	(162.0)	-	-	-	-	1.5	**(160.5)**	(0.2)	**(160.7)**
	2,015.1	**4,739.3**	**(6,472.1)**	**(71.3)**	**(801.8)**	**262.8**	**3,120.8**	**2,792.8**	**4.3**	**2,797.1**
Profit for the year net of tax	-	-	-	**-**	-	-	426.0	**426.0**	0.5	**426.5**
Other comprehensive income for the year, net of tax	-	-	-	**-**	(224.5)	8.4	4.7	**(211.4)**	-	**(211.4)**
Total comprehensive income for the year net of tax[(2)]	-	-	-	**-**	(224.5)	8.4	430.7	**214.6**	0.5	**215.1**
Balance as at 31 December 2017	**2,015.1**	**4,739.3**	**(6,472.1)**	**(71.3)**	**(1,026.3)**	**271.2**	**3,551.5**	**3,007.4**	**4.8**	**3,012.2**

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

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

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

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

Condensed consolidated cash flow statement (unaudited)

	Note	**Year ended 31 December** **2017** **€ million**	2016 € million
Operating activities			
Profit after tax for the year		**426.5**	344.0
Finance costs, net	5	**36.7**	62.3
Share of results of equity method investments		**(11.8)**	(13.8)
Tax charged to the income statement		**138.4**	113.8
Depreciation and impairment of property, plant and equipment	8	**316.8**	332.4
Employee stock options and performance shares		**20.8**	8.1
Amortisation of intangible assets	8	**0.4**	0.4
Other non- cash items		**(0.3)**	(1.3)
		927.5	**845.9**
Gain on disposal of non-current assets		**(4.3)**	(2.9)
(Increase) / Decrease in inventories		**(13.1)**	3.8
Decrease / (Increase) in trade and other receivables		**11.7**	(122.6)
Increase in trade and other payables		**10.1**	131.2
Tax paid		**(128.4)**	(92.1)
Net cash from operating activities		**803.5**	**763.3**
Investing activities			
Payments for purchases of property, plant and equipment		**(409.9)**	(347.8)
Payments for purchases of intangible assets		**(1.8)**	-
Proceeds from sales of property, plant and equipment		**39.5**	35.9
Net receipts from equity investments	13	**24.4**	17.8
Net payments for investments in financial assets		**(151.0)**	-
Proceeds from loans to related parties		**1.6**	2.8
Interest received		**7.1**	7.3
Payments for acquisition of subsidiary		**-**	(19.5)
Net cash used in investing activities		**(490.1)**	**(303.5)**
Financing activities			
Proceeds from shares issued to employees exercising stock options	11	**71.0**	21.6
Purchase of shares from non-controlling interests		**(0.5)**	(0.7)
Proceeds from sale of own shares		**-**	3.1
Dividends paid to owners of the parent	12	**(160.5)**	(144.7)
Dividends paid to non-controlling interests	12	**(0.2)**	(0.3)
Proceeds from borrowings	10	**82.2**	679.6
Repayments of borrowings	10	**(83.8)**	(738.2)
Principal repayments of finance lease obligations		**(7.2)**	(20.2)
Payments for settlement of derivatives and forward starting swaps		**(3.1)**	(55.4)
Interest paid		**(36.9)**	(72.8)
Net cash used in financing activities		**(139.0)**	**(328.0)**
Net increase in cash and cash equivalents		**174.4**	**131.8**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**573.2**	487.4
Increase in cash and cash equivalents		**174.4**	131.8
Effect of changes in exchange rates		**(24.1)**	(46.0)
Cash and cash equivalents at the end of the year		**723.5**	**573.2**

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

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

1. Accounting policies and basis of preparation

Basis of preparation

These condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') applicable to Interim Financial Reporting ('IAS 34'). These condensed consolidated financial statements should be read in conjunction with the 2016 annual financial statements, which include a full description of the Group's accounting policies.

Accounting policies

The accounting policies used in the preparation of the condensed consolidated financial statements of Coca-Cola HBC AG ('Coca-Cola HBC', the 'Company' or the 'Group') are consistent with those used in the 2016 annual financial statements, except for the amendments to the IFRSs effective as of 1 January 2017, which, however, do not have a material impact on the condensed consolidated financial statements of the Group but will however impact the disclosures in the 2017 annual consolidated financial statements .

The following standards relevant to the Group's operations have been issued but are not yet effective and not early adopted:

IFRS 15, *Revenue from Contracts with Customers* that will replace IAS 18, which covers contracts for goods and services, and IAS 11, which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. IFRS 15 is effective for annual periods beginning on or after 1 January 2018. Management has assessed the effect of adopting the new standard on the Group's financial statements and has concluded adoption of the new standard will not have a material impact to the Group's financial statements although may impact disclosures.

IFRS 9, *Financial Instruments,* which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Management has assessed the effect of adopting the new standard on the Group's financial statements and has concluded that neither the new requirements related to the classification and measurement nor the ones related to impairment will have a material impact to the financial statements although may impact disclosures. The new hedge accounting requirements will align the accounting for hedging instruments more closely with the Group's risk management practices and therefore more hedge relationships are expected to be eligible for hedge accounting. Furthermore, changes in time value of option contracts will in future be deferred in a new 'costs of hedging' reserve within equity. The deferred amounts will be recognized against the related hedged transaction when it occurs. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard.

IFRS 16, *Leases*. The new standard supersedes IAS 17 and its objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group is currently evaluating the impact IFRS 16 will have on its consolidated financial statements.

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

2. Foreign currency and translation

The Group's reporting currency is the Euro (€). Coca-Cola HBC translates the income statements of foreign operations to the Euro at average exchange rates and the balance sheets at the closing exchange rates at 31 December. The principal exchange rates used for translation purposes in respect of one Euro are:

	Average rate for the year ended		**Closing rate as at**	
	31 December 2017	31 December 2016	**31 December 2017**	31 December 2016
US dollar	**1.13**	1.11	**1.19**	1.04
UK sterling	**0.88**	0.82	**0.89**	0.85
Polish zloty	**4.26**	4.36	**4.19**	4.40
Nigerian naira	**378.60**	279.97	**428.75**	317.95
Hungarian forint	**309.20**	311.40	**310.12**	309.22
Swiss franc	**1.11**	1.09	**1.17**	1.07
Russian rouble	**65.87**	74.36	**68.67**	64.72
Romanian leu	**4.57**	4.49	**4.65**	4.54
Ukrainian hryvnia	**29.97**	28.27	**33.12**	27.97
Czech koruna	**26.34**	27.03	**25.93**	27.02
Serbian dinar	**121.45**	123.08	**118.29**	123.30

3. Segmental analysis

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

Established markets:	Austria, Cyprus, Greece, Italy, Northern Ireland, the Republic of Ireland and Switzerland.
Developing markets:	Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.
Emerging markets:	Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, FYROM, Moldova, Montenegro, Nigeria, Romania, the Russian Federation, Serbia (including the Republic of Kosovo) and Ukraine.

a) Volume and net sales revenue

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

	Six months ended 31 December		**Year ended 31 December**	
	2017	2016	**2017**	2016
Established	**314.1**	309.7	**613.3**	606.6
Developing	**205.6**	196.4	**394.2**	383.5
Emerging	**563.5**	544.5	**1,096.6**	1,067.8
Total volume	**1,083.2**	**1,050.6**	**2,104.1**	**2,057.9**

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

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

3. Segmental analysis (continued)

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

	Six months ended 31 December		Year ended 31 December	
	2017	2016	**2017**	2016
	€ million	€ million	**€ million**	€ million
Established	**1,234.2**	1,215.2	**2,436.3**	2,407.8
Developing	**616.0**	567.4	**1,173.4**	1,094.2
Emerging	**1,458.4**	1,392.5	**2,912.3**	2,717.0
Total net sales revenue	**3,308.6**	**3,175.1**	**6,522.0**	**6,219.0**

In addition to non-alcoholic ready to drink beverages ("NARTD"), the Group sells and distributes premium spirits. An analysis of volume and net sales revenue per product type for the six months and the years ended 31 December is presented below:

	Six months ended 31 December		Year ended 31 December	
	2017	**2016**	**2017**	**2016**
Volume in million unit cases[1]				
NARTD[2]	1,081.5	1,049.2	2,101.3	2,055.5
Premium spirits[1]	1.7	1.4	2.8	2.4
Total volume	**1,083.2**	**1,050.6**	**2,104.1**	**2,057.9**
Net sales revenue (€ million)				
NARTD	3,171.1	3,062.5	6,295.2	6,040.6
Premium spirits	137.5	112.6	226.8	178.4
Total net sales revenue	**3,308.6**	**3,175.1**	**6,522.0**	**6,219.0**

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

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

3. Segmental analysis (continued)

b) Other income statement items

	Six months ended 31 December		Year ended 31 December	
	2017	2016	**2017**	2016
	€ million	€ million	**€ million**	€ million
Operating profit				
Established	**139.3**	139.3	**238.3**	236.8
Developing	**60.4**	53.4	**91.6**	92.9
Emerging	**123.7**	93.0	**259.9**	176.6
Total operating profit	**323.4**	**285.7**	**589.8**	**506.3**
Reconciling items				
Finance costs, net	**(19.2)**	(27.3)	**(36.7)**	(62.3)
Tax	**(76.0)**	(63.1)	**(138.4)**	(113.8)
Share of results of equity method investments	**6.5**	8.5	**11.8**	13.8
Non-controlling interests	**(0.3)**	(0.3)	**(0.5)**	(0.5)
Profit after tax attributable to owners of the parent	**234.4**	**203.5**	**426.0**	**343.5**

c) Other items

The Group continues to monitor the situation in Nigeria in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impact on its performance, particularly in relation to the currency volatility. During 2017 revenue of our operations in Nigeria amounted to 8% of consolidated net sales revenue; as at 31 December 2017 non-current assets of our operations in Nigeria amounted to 10% of the consolidated non-current assets.

4. Restructuring expenses

As part of the effort to optimise its cost base and sustain competitiveness in the marketplace, the Group undertakes restructuring initiatives. The restructuring concerns mainly employees' costs and impairment of property, plant and equipment and are included within operating expenses. Restructuring expenses per reportable segment for the six months and years ended 31 December are presented below:

	Six months ended 31 December		Year ended 31 December	
	2017	2016	**2017**	2016
	€ million	€ million	**€ million**	€ million
Established	**5.6**	0.3	**13.1**	9.4
Developing	**(0.4)**	1.4	**1.6**	6.3
Emerging	**10.7**	2.1	**14.2**	22.0
Total restructuring expenses	**15.9**	**3.8**	**28.9**	**37.7**

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

5. Finance costs, net

	Six months ended 31 December		**Year ended 31 December**	
	2017	2016	**2017**	2016
	€ million	€ million	**€ million**	€ million
Interest income	**(5.8)**	(4.2)	**(10.6)**	(7.4)
Finance costs	**25.5**	32.2	**47.3**	69.7
Net foreign exchange gains	**(0.5)**	(0.7)	**-**	-
Finance costs, net	**19.2**	**27.3**	**36.7**	**62.3**

6. Tax

	Six months ended 31 December		**Year ended 31 December**	
	2017	2016	**2017**	2016
	€ million	€ million	**€ million**	€ million
Profit before tax	**310.7**	266.9	**564.9**	457.8
Tax	**(76.0)**	(63.1)	**(138.4)**	(113.8)
Effective tax rate	**24.5%**	**23.6%**	**24.5%**	**24.9%**

The Group's effective tax rate for 2017 may differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as a consequence of a number of factors, the most significant of which are the application of statutory tax rates of the countries in which the Group operates, the non-deductibility of certain expenses, the non-taxable income and one off tax items.

7. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of shares outstanding during the period (full year of 2017: 364,669,782, full year of 2016: 362,117,968, six months ended 31 December 2017: 365,409,403, six months ended 31 December 2016: 362,656,226). Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares arising from exercising employee stock options.

8. Intangible assets and property, plant and equipment

	Intangible assets € million	**Property, plant and equipment € million**
Net book value as at 1 January 2017	1,885.7	2,406.6
Additions	1.8	415.5
Reclassified to assets held for sale	-	(14.2)
Disposals	-	(12.7)
Depreciation, impairment and amortisation	(0.4)	(316.8)
Foreign currency translation	(57.2)	(156.4)
Net book value as at 31 December 2017	**1,829.9**	**2,322.0**

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

9. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk, liquidity risk and capital risk. There have been no changes in the risk management policies since 31 December 2016.

The Group's financial instruments recorded at fair value are included in Level 2 within the fair value hierarchy. The financial instruments include derivatives for which there have been no changes in valuation techniques and inputs used to determine their fair value since 31 December 2016 (as described in the 2016 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com). As at 31 December 2017, the total derivatives included in Level 2 were financial assets of €16.4 million and financial liabilities of €5.4 million.

The Group recognises embedded derivatives whose risks and economic characteristics were not considered to be closely related to the commodity contract in which they were embedded. The valuation techniques used to determine their fair value maximised the use of observable market data. The fair value of the embedded derivatives as at 31 December 2017 amounted to a financial asset of €2.6 million and are classified within Level 2.

There were no transfers between Level 1, 2 and 3 during 2017. The fair value of bonds and notes payable applying the clean market price, as at 31 December 2017, was €1,485.1 million compared to their book value of €1,393.5 million, as at the same date.

10. Net debt

	As at 31 December	
	2017	2016
	€ million	€ million
Current borrowings	**166.4**	156.5
Non-current borrowings	**1,459.8**	1,468.1
Less: Cash and cash equivalents	**(723.5)**	(573.2)
Less: Other financial assets – time deposits	**(150.9)**	-
Net debt	**751.8**	**1,051.4**

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

Cash and cash equivalents include an amount of €83.9 million equivalent held by the Group's subsidiary, Nigerian Bottling company Ltd (€82.8 million equivalent in Nigerian Naira and €1.1 million equivalent in other currencies). Furthermore, this amount includes €12.9 million equivalent in Nigerian Naira, which relates to the outstanding balance of the bank account held for the repayment of its former minority shareholders, following the 2011 acquisition of non-controlling interests. Cash and cash equivalents held by our subsidiaries in Greece of €16.6 million were subject to capital controls as at 31 December 2017.

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

11. Share capital and share premium

	Number of shares (authorised and issued)	Share capital € million	Share premium € million
Balance as at 1 January 2016	**368,141,297**	**2,000.1**	**5,028.3**
Shares issued to employees exercising stock options	1,499,341	9.1	12.5
Cancellation of shares	(3,000,000)	(18.4)	(40.1)
Dividends (note 12)	-	-	(146.1)
Balance as at 31 December 2016	**366,640,638**	**1,990.8**	**4,854.6**
Shares issued to employees exercising stock options	4,122,401	24.3	46.7
Dividends (note 12)	-	-	(162.0)
Balance as at 31 December 2017	**370,763,039**	**2,015.1**	**4,739.3**

On 23 June 2015, the Annual General Meeting adopted a proposal for share buy-back of up to 3,000,000 ordinary shares of Coca-Cola HBC for the purpose of neutralising the dilution resulting from shares issues under Coca-Cola HBC's equity compensation plans. The programme was completed in full during 2015 for a consideration of €58.5 million. On 21 June 2016, the Annual General Meeting approved the proposal to reduce the share capital of Coca-Cola HBC AG by cancelling the 3,000,000 treasury shares acquired as part of the share buy-back programme described above. The respective reduction of the share capital was completed in September 2016.

In 2016, the share capital of Coca-Cola HBC increased by the issue of 1,499,341 new ordinary shares following the exercise of stock options pursuant to the Coca-Cola HBC AG's employees' stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €21.6 million.

For the year ended 31 December 2017, the share capital of Coca-Cola HBC increased by the issue of 4,122,401 new ordinary shares following the exercise of stock options pursuant to the Coca-Cola HBC AG's employees' stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €71.0 million.

Following the above changes, on 31 December 2017 the share capital of the Group amounted to €2,015.1 million and comprised 370,763,039 shares with a nominal value of CHF 6.70 each.

12. Dividends

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

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

The Board of Directors of Coca-Cola HBC AG has proposed a €0.54 dividend per share in respect of 2017. If approved by the shareholders of Coca-Cola HBC AG, this dividend will be paid in 2018.

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

13. Related party transactions

a) The Coca-Cola Company

As at 31 December 2017, The Coca-Cola Company and its subsidiaries (collectively, ''TCCC'') indirectly owned 23.0% (31 December 2016: 23.2%) of the issued share capital of Coca-Cola HBC. The below table summarises transactions with The Coca-Cola Company and its subsidiaries:

	Six months ended 31 December		Year ended 31 December	
	2017	**2016**	**2017**	**2016**
	€ million	**€ million**	**€ million**	**€ million**
Purchases of concentrate, finished goods and other items	**663.8**	614.3	**1,379.9**	1,319.4
Net contributions received for marketing and promotional incentives	**44.9**	45.4	**83.9**	91.2
Sales of finished goods and raw materials	**8.7**	6.1	**14.3**	10.8
Other income	**3.9**	3.0	**6.1**	4.4
Other expenses	**1.9**	3.3	**3.6**	3.5

Other income primarily comprises rent, facility and other items. As at 31 December 2017, the Group had a total amount of €79.3 million due from TCCC (€94.3 million as at 31 December 2016), and a total amount of €260.2 million due to TCCC (€234.6 million as at 31 December 2016).

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

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

Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, cooler parts, glass bottles, crowns and plastics. Truad Verwaltungs AG, currently indirectly owns 48.6% of Frigoglass and 50.7% of AG Leventis (Nigeria) Plc and also indirectly controls Kar Tess Holding, which holds approximately 23.0% (31 December 2016: 23.3%) of Coca-Cola HBC's total issued capital. Frigoglass has a controlling interest in Frigoglass Industries Limited and Frigoglass West Africa Ltd., in which Coca-Cola HBC has a 23.9% effective interest, through its investment in Nigerian Bottling Company Ltd (NBC).

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

	Six months ended 31 December		Year ended 31 December	
	2017	**2016**	**2017**	**2016**
	€ million	**€ million**	**€ million**	**€ million**
Purchases of coolers and other equipment, raw and other materials	**51.1**	66.3	**126.2**	123.0
Maintenance, rent and other expenses	**7.4**	11.4	**20.2**	21.4

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

13. Related party transactions (continued)

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

As at 31 December 2017, Coca-Cola HBC owed €14.8 million (€32.0 million as at 31 December 2016) to and was owed €0.2 million (€1.0 million as at 31 December 2016) from Frigoglass and its subsidiaries. As at 31 December 2017, Coca-Cola HBC owed €1.3 million (€2.6 million as at 31 December 2016) to AG Leventis (Nigeria) Plc. Capital commitments with Frigoglass and its subsidiaries as at 31 December 2017, amounted to €21.9 million (€0.4 million as at 31 December 2016).

In 2017, Frigoglass Industries Nigeria Limited and Frigoglass West Africa Ltd, associates in which the Group holds an effective interest of 23.9% through its subsidiary Nigerian Bottling Company Ltd, became guarantors under the amended banking facilities and notes issued by the Frigoglass Group, as part of the debt restructuring of the latter. The Group has no direct exposure arising from these guarantee arrangements, but the Group's investment in these associates, which stood at €16.8m as at 31 December 2017, would be at potential risk if there was a default under the terms of the amended banking facilities or the notes and the Frigoglass Group (including the guarantors) were unable to meet their obligations thereunder.

c) Other related parties

Beverage Partners Worldwide ("BPW")

BPW is a 50/50 joint venture between TCCC and Nestlé. The Group purchased inventory from BPW of €28.1 million and €77.9 million during the six months and the full year ended 31 December 2017 (€38.9 million and €88.3 million in the respective prior-year periods). As at 31 December 2017, the Group owed €4.5 million (€5.4 million as at 31 December 2016) to, and was owed €4.5 million (€14.9 million as at 31 December 2016) by BPW. Effective 1 January 2018, TCCC and Nestle have agreed to dissolve BPW.

Other

During the six months and the full year ended 31 December 2017, the Group incurred other expenses of €11.7 million and €23.2 million (€12.3 million and €23.5 million in the respective prior-year periods) and acquired property, plant and equipment of €1.4 million (€0.4 million and €1.1 million in the respective prior-year periods) from other related parties. As at 31 December 2017, the Group owed €0.4 million (€0.1 million as at 31 December 2016) to, and was owed €0.8 million including loans receivable of € nil (€0.1 million as at 31 December 2016 including loans receivable of €0.1 million) by other related parties.

d) Joint ventures

The below table summarises transactions with joint ventures:

	Six months ended 31 December		Year ended 31 December	
	2017	**2016**	**2017**	**2016**
	€ million	**€ million**	**€ million**	**€ million**
Purchases of finished goods	**5.5**	21.7	**19.7**	42.2
Sales of finished goods and raw materials	**5.9**	6.6	**12.6**	12.3
Other income	**1.4**	1.0	**1.4**	1.6

During the six months and the full year ended 31 December 2016, the Group sold property, plant and equipment of € nil and €2.5 million to joint ventures. As at 31 December 2017, the Group owed €24.0 million including loans payable of €4.3 million (€34.0 million as at 31 December 2016 including loans payable of €4.1 million) to, and was owed €8.6 million including loans receivable of €3.6 million (€11.9 million as at 31 December 2016 including loans receivable of €5.1 million) by joint ventures. During the six months and the full year ended 31 December 2017, the Group received dividends and capital return of €18.7 million and €19.3 million (€16.5 million dividends in the respective prior-year periods) from Brewinvest S.A. Group of companies, which are included in line 'Net receipts from equity investments' of the consolidated cash flow statement.

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

13. Related party transactions (continued)

e) Directors

There were no transactions between Coca-Cola HBC and the directors and senior management except for remuneration for both the six months and years ended 31 December 2017 and 2016.

There were no other significant transactions with other related parties for the year ended 31 December 2017.

14. Contingencies

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

15. Commitments

As at 31 December 2017 the Group, including joint ventures, had capital commitments of €76.3 million (31 December 2016: €85.3 million), which mainly relate to plant and machinery equipment.

16. Number of employees

The average number of full-time equivalent employees in 2017 was 29,427 (2016: 31,083).

17. Subsequent events

There were no subsequent events following 31 December 2017.

Volume by country for 2017 and 2016			
Unit cases (million) [(1)]	**2017**	2016	% change 2017 vs 2016
Established Markets			
Austria	**87.0**	86.0	1%
Cyprus	**17.1**	16.6	3%
Greece	**106.8**	101.0	6%
Italy	**256.5**	257.7	-
Republic of Ireland and Northern Ireland	**71.0**	70.3	1%
Switzerland	**74.9**	75.0	-
Total	**613.3**	**606.6**	**1%**
Developing Markets			
Baltics	**26.5**	28.1	-6%
Croatia	**26.7**	25.0	7%
Czech Republic	**53.7**	50.7	6%
Hungary	**90.2**	84.5	7%
Poland	**170.2**	167.7	1%
Slovakia	**20.3**	21.1	-4%
Slovenia	**6.6**	6.4	3%
Total	**394.2**	**383.5**	**3%**
Emerging Markets			
Armenia	**10.1**	8.4	20%
Belarus	**34.8**	34.7	-
Bosnia and Herzegovina	**18.3**	16.7	10%
Bulgaria	**62.0**	58.4	6%
Moldova	**7.1**	6.8	4%
Nigeria	**254.8**	257.9	-1%
Romania	**177.0**	167.4	6%
Russian Federation	**337.3**	338.1	-
Serbia (including the Republic of Kosovo) and Montenegro	**98.9**	92.5	7%
Ukraine	**96.3**	86.9	11%
Total	**1,096.6**	**1,067.8**	**3%**
Total Coca-Cola HBC	**2,104.1**	**2,057.9**	**2%**

[(1)] *One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. Volume data is derived from unaudited operational data.*
- Our joint venture with Heineken in FYROM generated volume of 19.5 million unit cases in 2017 (2016: 18.1 million unit cases), up 8% compared to the prior year.