



Coca-Cola HBC AG
Publishes 2019 integrated annual report
'What it takes to deliver 24/7'

Zug, Switzerland – 19 March 2020 - Coca-Cola HBC AG today published its 2019 Integrated Annual Report, *What it takes to deliver 24/7*. The report highlights progress made on all aspects of business, governance and sustainability during 2019.

You can find our 2019 Integrated Annual Report, ("2019 Annual Report") here: <http://www.coca-colahellenic.com/investorrelations/annualreports>

A copy of the 2019 Annual Report will be submitted to the National Storage Mechanism and will be shortly available for inspection at: www.morningstar.co.uk/uk/nsm

Printed copies of the 2019 Annual Report will be available on or around 9 April 2020 and can be requested by shareholders, free of charge, at <http://coca-colahellenic.com/en/investors/order-a-report/>

The information in the Group's preliminary results announcement released on 13 February 2020, together with the information set out in the Appendix to this announcement, which is extracted from the 2019 Annual Report, constitutes the material required by the Disclosure Guidance and Transparency Rules (DTR 6.3.5R) to be communicated to the media in unedited full text through a Regulatory Information Service. Page numbers and notes to the accounts mentioned in the extracts from the 2019 Annual Report, refer to page numbers and notes to the accounts in the 2019 Annual Report. Terms used, but not otherwise defined in this announcement, have the meanings given to them in the 2019 Annual Report. This material is not a substitute for reading the full 2019 Annual Report.

Since we reported our full year 2019 results, the Covid-19 pandemic has had a major impact on people's lives and weakened the global economic outlook. Our primary focus is on supporting our customers, colleagues and the communities where we operate, and we have implemented contingency plans to mitigate the impact on our people and operations as far as possible. The company is in a strong position as a market leader in the countries where we operate and with a strong balance sheet and adequate liquidity. Although at this stage it is still too early to quantify the impact due to the Covid-19 outbreak on our full year 2020 results, we are monitoring the situation closely and will update the market in due course.

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APPENDIX

1. Principal risks and uncertainties

The principal risks and uncertainties relating to the Company are as set out in the “Effective management of risk” section of the 2019 Annual Report, pages 56 to 61.

The following is extracted in full and unedited text from the 2019 Annual Report and is repeated here solely for the purpose of complying with DTR 6.3.5R.

Principal risks

The cyclic review of our key risks involves an assessment of the likelihood of their occurrence and their potential consequences to confirm the level of exposure and evaluate the strategies to manage them. It is noted that the list does not include all risks that can ultimately affect our Company as there are risks that are not yet known to us, and risks currently evaluated to be immaterial that could ultimately have an impact on our business or financial performance.

By leveraging our robust risk management programme, which is integrated into monthly business routines and evaluates risks against our business and strategic priorities, we remain vigilant to the uncertainty in our operating environment and can react with greater speed.

The programme enables us to proactively identify new risks and opportunities which enable us to understand threats to our business viability. This analysis is the key component of our qualitative review process in support of our viability statement. The ERM programme did not identify any emerging risks that altered our principal risk dynamics.

During 2019, while we observed a general stability across the majority of our principal risks, changes in risk dynamics required changes in our principal risk articulation. Due to the continued rise in focus on the elements within our sustainability risk area (carbon and climate, packaging and water) we have decided to split that risk into three separate principal risks. This enables us to specifically articulate key elements of the changing consumer sentiment and public debate for each sustainability risk, thereby ensuring specific visibility of the risk elements and related mitigations. In respect of climate change, a broader discussion on our climate-related risks, their link to materiality, and our risk management approach is provided as part of our statement on implementing the recommendations of the Task Force on Climate-related Financial Disclosures located on pages 62-63.

Our evaluation and deliberations also determined that our existing discriminatory tax risk should be integrated as a potential consequence of two of the sustainability risks and our consumer



health and wellbeing and geopolitical risks. As a result, the discriminatory tax risk was closed with the concept listed as a consequence for the cited specific risks.

In 2019 we attained an employee engagement level of 90%. Consequently, employee engagement risk has been integrated in a broader employee category that builds on the existing principal risk relating to attraction and retention. Lastly, as the global geopolitical and macroeconomic environment remains volatile and complex, with the potential to adversely impact consumer sentiment, the description and focus of that risk has been restructured.

Principal risks	Description	Potential impact	Key mitigations	Link to material issues	Risk Status
1. Sustainability: Plastics and packaging waste	The risk of rising stakeholder concerns relating to packaging waste and plastics pollution that will drive the agenda on production methods and waste recovery.	<ul style="list-style-type: none"> • Potential imposition of discriminatory taxation • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business • Loss of consumer base 	<ul style="list-style-type: none"> • Packaging waste management and World Without Waste global programmes • Partnering with local and international NGOs on packaging recovery • Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> • Packaging, recycling and waste management • Sourcing 	Increasing
2. Sustainability: Climate and carbon	The risk of the continued escalation of the climate change agenda and a failure to reduce our environmental footprint. Impacts to our operations and value chain may arise from more volatile effects of weather and NGO monitoring of our approach to carbon use and compliance with TCFD.	<ul style="list-style-type: none"> • Commodity availability • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business • Loss of consumer base 	<ul style="list-style-type: none"> • Energy management programmes and transition to renewable and clean energy • Partnering with local and international NGOs on common issues such as nature conservation • Partnering with local communities, start-ups and academia to minimise environmental impacts • Focus on sustainable procurement • Commitment to TCFD recommendations 	<ul style="list-style-type: none"> • Carbon and energy • Sourcing 	Increasing
3. Sustainability: Water	The risk of water availability, water stress to the communities in which we operate, and water quality caused by climate change.	<ul style="list-style-type: none"> • Potential imposition of discriminatory taxation • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business 	<ul style="list-style-type: none"> • Water reduction and waste water treatment programmes, as well as support for water stewardship initiatives in water-risk areas • Partnering with local and international NGOs on water stewardship strategies • Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> • Water stewardship • Sourcing 	Increasing



Principal risks	Description	Potential impact	Key mitigations	Link to material issues	Risk Status
		<ul style="list-style-type: none"> • Loss of consumer base 			
4. Consumer health and wellbeing	Failure to adapt to changing consumer health trends, public health policies addressing misconceptions about our formulations, sugar and the health impact of our product portfolio.	<ul style="list-style-type: none"> • Potential imposition of discriminatory taxation • Failure to achieve our growth plans • Damage to our brand and corporate reputation • Loss of consumer base 	<ul style="list-style-type: none"> • Focus on product innovation and expansion to a 24/7 beverage portfolio • Expand our range of low- and no-calorie beverages • Introduce smaller packs • Reduce the calorie content of products in the portfolio • Clearer labelling on packaging • Promote active lifestyles through consumer engagement programmes focused on health and wellness 	<ul style="list-style-type: none"> • Nutrition • Marketing • Product quality and integrity 	Stable
5. Cyber incidents	A cyber-attack or data centre failure resulting in business disruption or breach of corporate or personal data confidentiality.	<ul style="list-style-type: none"> • Financial loss • Operational disruption • Damage to corporate reputation • Non-compliance with data protection legislation (e.g. GDPR) 	<ul style="list-style-type: none"> • Implement a cyber-security and privacy control framework and monitor compliance • Maintain certification against the ISO 27001 standard and confirm our commitment to secure information assets and comply with international security standards • Safeguard critical IT and operational assets • Detect, respond and recover from cyber incidents and attacks • Foster a positive culture of cyber-security • Monitor threat landscape and remediate associated vulnerabilities 	<ul style="list-style-type: none"> • Economic impact 	Stable
6. Foreign exchange and commodity costs	Foreign exchange and commodity exposure arises from changes in exchange rates and commodity prices. Currency devaluation, in combination with capital controls, restricts movement of funds and increases the risk of asset impairment.	<ul style="list-style-type: none"> • Financial loss • Increased cost base • Asset impairment • Limitations on cash repatriation 	<ul style="list-style-type: none"> • Treasury policy requires the hedging of 25% to 80% of rolling 12-month forecasted transactional foreign currency exposure • Hedging beyond 12 months may occur in exceptional cases subject to approval of Group CFO • Treasury policy requires the hedging of rolling three-year commodity exposures; different policy limits apply for each hedge-able commodity • Derivative financial instruments are used, where available, to reduce net exposure to currency and commodity price fluctuations 	<ul style="list-style-type: none"> • Economic impact 	Stable

Principal risks	Description	Potential impact	Key mitigations	Link to material issues	Risk Status
7. Channel mix	The increasing concentration and consolidation of retailers and independent wholesalers with retailer disruption due to discounters and e-commerce players. Consumers altering consumption habits.	<ul style="list-style-type: none"> • Reduced availability of our portfolio and overall profitability 	<ul style="list-style-type: none"> • Enhance our key account capabilities to partner and grow with top customers • Work closely with our immediate consumption channel customers to drive incremental transactions • Accelerate Right Execution Daily (RED) to support our commitment to operational excellence • Develop our digital and e-commerce capabilities to capture opportunities associated with existing and new distribution channels 	<ul style="list-style-type: none"> • Economic impact 	Stable
8. People	Inability to attract, retain and engage sufficient numbers of qualified and experienced employees in a highly competitive talent market.	<ul style="list-style-type: none"> • Failure to achieve our growth plans 	<ul style="list-style-type: none"> • Upgrade our Employer Value Proposition and Employer Brand • Develop leaders and people for key positions internally, improve leaders' skills and commitment for talent development • Continuous employee listening to address culture and engagement effectively • Promote inclusive environment that allows all employees to achieve their full potential • Create shared value with the communities in which we work to ensure we are seen and considered as an ethical business with an attractive purpose • Expand talent pool by hiring more diverse workforce 	<ul style="list-style-type: none"> • Employee wellbeing and engagement • Human rights, inclusion and diversity • Corporate citizenship and youth empowerment 	Stable
9. Geopolitical and macroeconomic	Volatile and challenging macroeconomic, security, and geopolitical conditions together with adverse global events including health-related issues can affect consumer demand and wellbeing and create security risks across our diverse markets.	<ul style="list-style-type: none"> • Eroded consumer confidence affecting discretionary spending • Potential imposition of discriminatory taxation • Inflationary pressures • Social unrest • Safety of people and assets 	<ul style="list-style-type: none"> • Seek to offer the right brand at the right price in the right package through the right channel • Robust security practices and procedures to protect people and assets • Crisis response and business continuity strategies that enable effective responses to adverse events 	<ul style="list-style-type: none"> • Economic impact • Corporate citizenship and youth empowerment 	Increasing

Principal risks	Description	Potential impact	Key mitigations	Link to material issues	Risk Status
10. Quality	The occurrence of quality/food safety issues, or the contamination of our products across our diverse brand portfolio.	<ul style="list-style-type: none"> • Damage to brand and corporate reputation • Loss of consumer trust • Reduction in volume and net sales revenue 	<ul style="list-style-type: none"> • Stringent quality/food safety processes in place to minimise the likelihood of occurrence • Early warning systems (Consumer Information Centres and social media monitoring) that enable issue identification • Robust response processes and systems that enable us to quickly and efficiently deal with quality/food safety issues, ensuring customers and consumers retain confidence in our products 	<ul style="list-style-type: none"> • Product quality and integrity 	Stable
11. Ethics and compliance	We operate in some complex markets with high levels of perceived corruption. As a result, we are exposed to an increased risk of fraud against the Company as well as to the risk of Anti-bribery and Corruption (ABAC) fines or sanctions if our employees or the third parties we engage to deal with government fail to comply with ABAC requirements.	<ul style="list-style-type: none"> • Damage to our corporate reputation • Significant financial penalties • Management time diverted to resolving legal issues • We may suffer economic loss because of fraud and reputational damages, fines and penalties, in the event of non-compliance with ABAC regulations by our employees or by third parties representing us with government 	<ul style="list-style-type: none"> • Annual 'Tone from the Top' messaging • Code of Business Conduct (COBC), ABAC and commercial compliance training and awareness campaigns for our entire workforce • All third parties that we engage to deal with government on our behalf are subject to ABAC due diligence, and must agree and comply with our Supplier Guiding Principles • Cross-functional Joint Task Forces in Italy, Nigeria and Russia that pro-actively address risks in our key operations • Risk-based internal control framework and assurance programme with local management accountability • Periodic risk-based internal audits of ABAC compliance programme • Speak Up Hotline 	<ul style="list-style-type: none"> • Corporate governance, business ethics and anti-corruption 	Stable
12. Strategic stakeholder relationships	We rely on our strategic relationships and agreements with The Coca-Cola Company (including Costa Coffee), Monster Energy and our Premium Spirits partners.	<ul style="list-style-type: none"> • Termination of agreements or unfavourable renewal terms could adversely affect profitability 	<ul style="list-style-type: none"> • Management focus on effective day-to-day interaction with our strategic partners • Working together as effective partners for growth • Engagement in joint projects and business planning with a focus on strategic issues • Participation in 'Top to Top' senior management forums 	<ul style="list-style-type: none"> - Economic impact 	Stable

Principal risks	Description	Potential impact	Key mitigations	Link to material issues	Risk Status
13. Health and safety	The risk of health and safety issues being ineffectively managed. This incorporates the management of third-party providers, particularly fleet and logistics.	<ul style="list-style-type: none"> • Death or injury of employees, contractors or members of the public • Employee engagement and motivation • Attraction of talent/prospective employees 	<ul style="list-style-type: none"> • Standardised programmes, policies and legislation applied locally • Group oversight by the Health and Safety (H&S) Team • H&S Board with the clear purpose to accelerate the H&S step-change plan implementation • Implemented the Behavioural-Based Safety Programme 	<ul style="list-style-type: none"> • Employee wellbeing and engagement 	Stable

2. Directors' responsibility statement

The following statement relates to and is extracted from the 2019 Annual Report, page 129. It is repeated here solely for the purpose of complying with DTR 6.3.5R. It is not connected to the extracted information presented in this announcement or in the Company's results announcement published on 13 February 2020.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, including the consolidated Financial Statements, and the Corporate Governance Report including the Remuneration Report and the Strategic Report, in accordance with applicable law and regulations.

The Directors, whose names and functions are set out on pages 80-82, confirm to the best of their knowledge that:

- The Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.
- The consolidated Financial Statements, which have been prepared in accordance with International Financial Reporting Standards, as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation of the Group taken as a whole.
- The Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidated Coca-Cola HBC Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

The activities of the Group, together with the factors likely to affect its future development, performance, financial position, cash flows, liquidity position and borrowing facilities are described in the Strategic Report (pages 12 to 73]. In addition, Notes 24 'Financial risk management and financial instruments', 25 'Net debt', and 26 'Equity' include: the Company's objectives, policies and processes for managing its capital; its financial risk management



Coca-Cola
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objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Group has considerable financial resources, together with long-term contracts with a number of customers and suppliers across different countries. The Directors have also assessed the principal risks and the other matters discussed in connection with the Viability Statement on page 64. The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the annual Financial Statements and have not identified any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of these financial statements.

By order of the Board

Anastassis G. David

Chairman of the Board

18 March 2020

About Coca-Cola HBC

Coca-Cola HBC is a leading bottler of The Coca-Cola Company with an annual revenue in excess of €7 billion. It has a broad geographic footprint with operations in 28 countries serving a population of more than 600 million people. Coca-Cola HBC offers a diverse range of primarily non-alcoholic ready-to-drink beverages in the sparkling, juice, water, sport, energy, plant-based beverages and ready-to-drink 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 among the top sustainability performers in ESG benchmarks such as the Dow Jones Sustainability Indices, CDP, MSCI ESG and FTSE4Good, among others.

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>.