TOP-LINE GROWTH DELIVERS PROFIT AND MARGIN EXPANSION

Coca-Cola HBC AG, a leading bottler of The Coca-Cola Company, reports its financial results for the six-month period ended 1 July 2016.

Half-year highlights

- FX-neutral net sales revenue grew by 2.4%, or 3.0% taking into account the one less selling day; currencies continue to impact adversely, leading to a 3.4% decline in net sales revenue
- Robust increase in FX-neutral revenue per case of 2.4%, mainly due to better pricing trends across all segments compared to the prior-year period and a 110 basis point improvement in package mix
- Volume increased marginally on a strong prior-year period; taking into account the one less selling day in Q1, volume grew by 0.7%
  - Volume in the Established markets declined by 2.8%, partly impacted by unseasonably cool weather
  - The Developing segment continued to demonstrate good volume growth momentum with all key categories contributing to the 3.5% volume growth
  - Nigeria, Romania and Serbia were key drivers of the 0.5% volume growth in the Emerging markets segment, which continued to be negatively impacted by Russia
- Cost efficiencies and revenue leverage resulted in a 45 basis point reduction in comparable operating expenses as percentage of net sales revenue
- Comparable EBIT margin increased by 60 basis points to 7.5%, benefiting from our revenue growth management initiatives, favourable input costs and cost efficiencies, which more than offset the adverse currency impact; EBIT margin improved by 90 basis points to 7.2% on a reported basis
- Comparable earnings per share was €0.416 – a 6.9% increase on the prior-year period; basic earnings per share was €0.387 - a 12.5% increase on the prior-year period

	Half-year		Change
	2016	**2015**	
Volume (m unit cases)	**1,007.3**	1,006.6	0.1%
Net sales revenue (€ m)	**3,043.9**	3,150.9	-3.4%
Net sales revenue per unit case (€)	**3.02**	3.13	-3.5%
FX-neutral net sales revenue[1] (€ m)	**3,043.9**	2,972.5	2.4%
FX-neutral net sales revenue per unit case[1] (€)	**3.02**	2.95	2.4%
Operating profit (EBIT) (€ m)	**220.6**	199.1	10.8%
Comparable EBIT[1] (€ m)	**229.6**	219.0	4.8%
EBIT margin (%)	**7.2**	6.3	90bps
Comparable EBIT margin[1] (%)	**7.5**	7.0	60bps
Net profit[2] (€ m)	**140.0**	125.2	11.8%
Comparable net profit[1,2] (€ m)	**150.4**	141.7	6.1%
Basic earnings per share (EPS) (€)	**0.387**	0.344	12.5%
Comparable EPS[1] (€)	**0.416**	0.389	6.9%

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

Dimitris Lois, Chief Executive Officer of Coca-Cola HBC AG, commented:

"We are pleased with the strong performance in the first half of the year. The business delivered robust revenue growth and significant margin expansion, driven by improved pricing and mix trends, good progress on operating costs and a favourable input cost environment.

"We remain confident that 2016 will be another year of currency-neutral revenue and operating margin growth."

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 594 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 2016 half-year financial results on 11 August 2016 at 10:00 am, Swiss time (9:00 am London, 11:00 am Athens, and 4:00 am New York time). Interested parties can access the live, audio webcast of the call through Coca-Cola HBC's website (http://coca-colahellenic.com/en/investors/).

Enquiries

Coca-Cola HBC Group
Basak Kotler — Tel: +44 20 37 444 231
Investor Relations Director — email: basak.kotler@cchellenic.com

Nikos Efstathopoulos — Tel: +30 210 6183260
Investor Relations Manager — email: nikos.efstathopoulos@cchellenic.com

Caroline Crampton — Tel: +44 20 37 444 230
Investor Relations Manager — caroline.crampton@cchellenic.com

International media contact:
Teneo — Tel: +44 20 7240 2486
Rob Morgan — robert.morgan@teneostrategy.com
Anushka Mathew — anushka.mathew@teneostrategy.com

Greek media contact:

V+O Communications — Tel: +30 211 7501219
Argyro Oikonomou — email: ao@vando.gr

Special Note Regarding the Information set out herein

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

Forward-Looking Statements

This document contains forward-looking statements that involve risks and uncertainties. These statements may generally, but not always, be identified by the use of words such as "believe", "outlook", "guidance", "intend", "expect", "anticipate", "plan", "target" and similar expressions to identify forward-looking statements. All statements other than statements of historical facts, including, among others, statements regarding our future financial position and results, our outlook for 2016 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 2015 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries.

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

Alternative Performance Measures

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

Group Operational Review

We made good progress in the second quarter, completing the first half of the year on track with our plans. While our volumes were impacted by continuing macroeconomic difficulties in a small number of markets and poor weather in Europe, we are pleased that our focus on revenue growth management initiatives drove the top line and along with operational efficiencies, delivered increased profitability.

Overall, net sales revenue was up 2.4% on an FX-neutral basis, although adverse currency movements resulted in a 3.4% decline on a reported basis. Adjusting for one less selling day in the period, the improvement in FX-neutral net sales revenue was 3.0%. This good performance, combined with favourable input costs and further savings in operating expenses led to a 60 basis-point expansion in our comparable EBIT margin to 7.5%.

Volume performance by segment

Volume increased marginally in the first half, up 0.1%, following a 3.8% increase in the prior-year period. We saw a good performance in Sparkling and Energy and stable volume in Water.

Volume declined by 2.8% in the Established markets segment. Good performances from Coke Zero across the board, the launch of Coke Life in Austria and Italy, and good growth in Energy only partly offset the declines in most categories, which can be partly attributed to poor weather. In the Developing markets segment, volume grew by 3.5% in the period. Good growth was evident across all markets except for the Czech Republic and all categories with the exception of Tea. Emerging markets volume posted a 0.5% increase in the first half. Nigeria was the major driver of the volume performance followed by Romania and Serbia, while in Russia and Belarus volumes declined.

Volume performance by category

Our commercial initiatives, new Occasion, Brand, Price, Pack, Channel (OBPPC) packs, selective affordability measures and campaigns such as Taste the Feeling and Share a Coke II in Nigeria supported good growth, particularly in the sparkling drinks category.

Sparkling beverages increased by 1.1% in the period, following a 2.9% increase in the prior-year period, with good performances in Nigeria, Romania, Poland and Serbia more than offsetting declines in Russia, Ireland, Italy and Greece. Within the category, we saw a 0.3% increase in Trademark Coca-Cola, with an 11.3% improvement in Coke Zero volume, and approximately 5% uplift in both Fanta and Schweppes.

Water was stable in the period. The category continued its good performance in the Developing markets with a 10.1% growth, cycling an improvement of 5.1%. This offset a 1.8% decline in Emerging markets and a 1.5% fall in the Established markets. The declines are largely attributable to the economic conditions in Russia and delisting of smaller water brands in Italy.

Juice declined in the period by 5.0%, following very strong growth in the prior-year period of 18.5%. A slow-down in juice volume in Russia was partly offset by broad-based growth in the Developing segment as well as double-digit growth in Nigeria and Romania.

Ready-to-drink tea performance remained weak overall, while certain markets such as Romania and Ukraine performed well.

We launched Monster energy drinks in several new markets including Russia, Italy and Romania. Our dual-brand Energy strategy, coupled with the success of the new launches, resulted in 23% growth in the period.

Our Premium Spirits business generated revenues of €65.8 million – an 11.6% decline compared to the prior-year period. This was due to adverse currency movements in the period as well as a 4.4% decline in volume.

Single-serve packages increased by 2.8%, while multi-serves decreased by 1.8% in the first half, leading to a 1.1 percentage point mix improvement. All segments improved their package mix with the Emerging markets segment performing particularly well. Russia, Romania and Serbia were the main contributors to the 2.1 percentage point increase in package mix in the segment. Sparkling package mix improved by 0.8 percentage points and Water package mix by 1.3 percentage points in the period.

Group Operational Review (continued)

Key financials

FX-neutral net sales revenue per unit case improved by 2.4% in the period, representing a substantial improvement compared to the prior-year period. The revenue growth management initiatives we implemented in several of our markets proved to be successful. These initiatives, coupled with price increases in the Emerging markets segment and favourable category mix, more than offset our affordability measures and deflationary pressures in a number of markets in the first half.

We delivered €3.0 billion of net sales revenue in the first half, down 3.4% compared to the prior-year period. The 5.7% headwind from adverse movements in currencies was only partly offset by improved category mix and our revenue growth initiatives, including pricing, taken during the period.

We started the year with favourable input costs in line with our expectations. FX-neutral comparable input cost per unit case declined by mid single digits. Key drivers of the improvement were more favourable sugar prices and the lower cost of PET resin, driven by the lower oil price.

Our restructuring efforts in recent years and tight cost management have better positioned the business to benefit from operating leverage, leading to a 45 basis point reduction in comparable operating expenses as a percentage of net sales revenue. On a reported basis, we delivered an 8 basis point improvement.

Comparable EBIT was €229.6 million, translating to a 60 basis point expansion in comparable EBIT margin to 7.5%. Benefits from our revenue growth management initiatives, favourable input costs and ongoing cost efficiencies more than offset the adverse impact of currency movements. On a reported basis, we delivered €220.6 million of EBIT in the first half - a €21.5 million improvement on the prior-year period.

We incurred €33.9 million in pre-tax restructuring charges in the first half, the majority of which was due to planned actions in the Established and Emerging segments. We continue to execute on our restructuring plans ultimately creating a more agile and efficient organisation.

In the period, we generated €239.8 million of free cash inflow - a €20.6 million improvement compared to the same period in the prior year. Key drivers of the improvement, namely better operational profitability and working capital reduction, more than offset increased capital expenditure to fuel the growth in our business. Both the balance sheet working capital position and the working capital days improved in the first half.

Comparable net profit of €150.4 million was 6.1% higher and comparable earnings per share of €0.416 was 6.9% higher than in the prior-year period. Reported net profit and basic earnings per share was €140.0 million and €0.387, respectively in the period.

Operational Review by Reporting Segment

Established markets

	Half-year		Change
	2016	**2015**	
Volume (m unit cases)	**296.9**	305.3	-2.8%
Net sales revenue (€ m)	**1,192.6**	1,237.0	-3.6%
Net sales revenue per unit case (€)	**4.02**	4.05	-0.7%
FX-neutral net sales revenue (€ m)	**1,192.6**	1,221.2	-2.3%
FX-neutral net sales revenue per unit case (€)	**4.02**	4.00	0.5%
Operating profit (EBIT) (€ m)	**97.5**	73.2	33.2%
Comparable EBIT (€ m)	**103.8**	84.1	23.4%
EBIT margin (%)	**8.2**	5.9	230bps
Comparable EBIT margin (%)	**8.7**	6.8	190bps

- Established markets volume declined by 2.8% in the first half. Volume declined across almost all geographies and in particular Italy and Ireland, partly impacted by poor weather. Good performance from Coke Zero and Energy along with the launch of Coke Life in Italy and Austria only partly offset the decline in Sparkling and other categories.
- Net sales revenue declined by 3.6% in the first half. Volume decline along with adverse currency impact driven mainly by the Swiss Franc more than offset the benefits of favourable category and package mix. FX-neutral net sales revenue per case increased by 0.5% in the first half.
- Volume in Italy declined by low single digits in the first half, led by Sparkling, which was down by low single digits. Good performance from Coke Zero and Fanta, supported by Coke Life, partially offset the decline in brand Coca-Cola. Water declined by mid single digits, driven by the delisting of the smaller brands. Excluding the delisted brands, Water grew by more than 3%. Energy also grew well, capitalising on the distribution expansion for Monster.
- Volume in Greece was broadly flat in the first half following a challenging start to the year with reported Q1 volume down by mid single digits. Growth in the still drinks category, driven by a mid single-digit growth in Water, and a low-teens growth in Energy offset a mid single-digit decline in Trademark Coca-Cola. Coke Zero grew by 3.3%. Macroeconomic and trading environment remain challenging.
- A very wet start to the summer in Switzerland led to a low single-digit decline in volume. Growth in Energy only partially offset declines across all other categories. At brand level, we saw good growth in Coke Zero and Brand Coca-Cola.
- Volume in Ireland declined by high single digits in the first half driven by declines in Trademark Coca Cola, impacted by the transition to our new OBPPC package assortment and competitive volume pressure. Water maintained its positive trend, up high single digits in the period, and Energy grew by mid teens.
- Comparable operating profit in the Established markets segment increased by 23.4% to €103.8 million in the first half, leading to a 190 basis point expansion in the segment's comparable operating profit margin to 8.7%. Favourable input costs, benefits from revenue growth management initiatives including pricing, and lower operating expenses more than offset the negative impact from lower volume. On a reported basis, operating profit improved by 33.2% to €97.5 million.

Operational Review by Reporting Segment (continued)

Developing markets

	Half-year 2016	Half-year 2015	Change
Volume (m unit cases)	**187.1**	180.8	3.5%
Net sales revenue (€ m)	**526.8**	528.6	-0.3%
Net sales revenue per unit case (€)	**2.82**	2.92	-3.4%
FX-neutral net sales revenue (€ m)	**526.8**	515.8	2.1%
FX-neutral net sales revenue per unit case (€)	**2.82**	2.85	-1.1%
Operating profit (EBIT) (€ m)	**39.5**	43.9	-10.0%
Comparable EBIT (€ m)	**43.0**	45.1	-4.7%
EBIT margin (%)	**7.5**	8.3	-80bps
Comparable EBIT margin (%)	**8.2**	8.5	-40bps

- Unit case volume in our Developing market segment grew by 3.5% in the first half, with good performances in most of our countries and categories. The sparkling beverages category was the main growth driver, followed by Water which was buoyed by the addition of the Neptunas brand to the portfolio in Lithuania.
- Net sales revenue declined by 0.3% in the period. Benefits of improved volume and package mix were more than offset by unfavourable currency impact, driven by the Polish zloty, channel and price mix. On an FX-neutral basis, net sales revenue per unit case declined by 1.1% in the first half. The deceleration in the decline in FX-neutral net sales revenue per case for the 3rd consecutive quarter is encouraging.
- In Poland, volume increased by mid single digits in the period. Most categories performed well, with Sparkling beverages growing by mid single digits, driven by Trademark Coke performance. Still beverages posted a mid single-digit increase driven by Water performance, with Juice also registering high single-digit growth. Energy maintained its robust performance, driven by Monster.
- Volume in Hungary increased by low single digits in the first half, with growth across all categories. Our focus on OBPPC initiatives drove a low single-digit increase in Sparkling beverages. Trademark Coke registered a mid single-digit increase driven by Coke Zero. Volume in Energy maintained the positive trend and grew by double digits, with growth from both Burn and Monster, reflecting the strength of our dual brand Energy strategy. Juice volume increased by low single digits, helped by the growth of Cappy. Our focus on increasing single-serve contribution delivered results, with package mix improving by 1.4 percentage points in the first half, mainly driven by increased volume of single-serve packages in the sparkling beverages category.
- In the Czech Republic volume declined by mid single digits in the first half, with most key categories declining. Amidst a challenging competitive environment, good performance in flavoured sparkling beverages and mid teens growth in Juice helped to partially offset the declines in Sparkling and Water. Energy also grew well registering double-digit growth.
- Developing markets posted a €2.1 million decrease in comparable operating profit to €43.0 million in the first half. Improved volume and favourable input costs only partly offset the impact of adverse channel and price mix as well as adverse currency impact. Comparable operating profit margin for the segment recorded a deterioration of 40 basis points to 8.2%. Reported operating profit declined by 10.0% to €39.5 million.

Operational Review by Reporting Segment (continued)

Emerging markets

	Half-year 2016	Half-year 2015	Change
Volume (m unit cases)	**523.3**	520.5	0.5%
Net sales revenue (€ m)	**1,324.5**	1,385.3	-4.4%
Net sales revenue per unit case (€)	**2.53**	2.66	-4.9%
FX-neutral net sales revenue (€ m)	**1,324.5**	1,235.5	7.2%
FX-neutral net sales revenue per unit case (€)	**2.53**	2.37	6.8%
Operating profit (EBIT) (€ m)	**83.6**	82.0	2.0%
Comparable EBIT (€ m)	**82.8**	89.8	-7.8%
EBIT margin (%)	**6.3**	5.9	40bps
Comparable EBIT margin (%)	**6.3**	6.5	-20bps

- Unit case volume in our Emerging markets segment grew by 0.5% in the period. Strong performances in Nigeria, Romania and Serbia coupled with Sparkling and Energy growth, more than offset a decline in Russia which was affected by the challenging market conditions.
- Net sales revenue declined by 4.4% in the first half. Benefits of improved volume, positive pricing, package and category mix only partly compensated for the substantial negative impact from currency movements. FX-neutral net sales revenue per case grew by 6.8% in the period, in line with our strategy to implement pricing initiatives in territories facing currency headwinds.
- Volume in Russia declined by high single digits in the period. Discontinuation of a small number of low value brands accounted for c.1% of the decline. Amidst an overall challenging backdrop, Coke Zero maintained its positive momentum, as did Fanta, helping to arrest the decline in Sparkling to mid single digits. Energy also grew well, with good performance from both brands, mainly driven by Monster. Juice posted a low-teens decline, driven by the poor performance of the fragmented trade under the current conditions.
- Volume in Nigeria continues to grow well, delivering a high single-digit growth rate. The business delivered a very good performance across all categories, benefitting from the introduction of the 600ml PET, supported by the second wave of the successful 'Share a Coke' campaign and juice innovation. Nigeria remains a key growth driver for the Group.
- Volume in Romania increased by low teens, with good performances across all our categories, registering the sixth consecutive quarter of growth. Sparkling performance was supported by our 1.25L pack for the organised trade as well as single-serve package performance. Water maintained its positive momentum growing by low teens. Cappy Pulpy continues to drive robust results in Juice. Package mix continued to improve driven by good growth in the Sparkling single-serve packages.
- Ukraine posted a marginal decline in the half year. The overall environment remains challenging, impacting consumer confidence. Against this backdrop, Sparkling grew well, registering a low single-digit growth driven by Trademark Coca-Cola performance. This, coupled with good growth in the ready-to-drink tea and energy categories, compensated for declines in Water and Juice.
- Our Emerging markets segment posted a €7.0 million deterioration in comparable operating profit to €82.8 million, leading to a 20 basis point decrease in the segment's comparable operating margin to 6.3%. Higher currency-driven pricing and revenue growth management initiatives, improved volume and favourable input costs, were more than offset by the significant currency headwinds, increased marketing spend and higher operating and overhead costs. On a reported basis, operating profit improved by 2.0% to €83.6 million.

Business Outlook

We are pleased with our performance in the first half of the year, and have a strong foundation for continued growth in volume and FX-neutral revenue in the remainder of the year.

Despite the tough comparatives in the prior year, volumes held up well in July. With this momentum and the one extra selling day in the fourth quarter, we are confident of volume growth for the year as a whole. Within the segments, we expect the Developing markets segment to continue to grow in the second half of the year, albeit at a slower pace, as we are cycling a very strong third quarter in the prior year. Volume growth in the Emerging segment should improve in the second half of the year, mainly due to the expected deceleration of the market decline in Russia and continued growth in Nigeria. We expect the volume decline in Established markets to moderate considerably in the second half, despite the very strong third quarter in 2015.

Importantly, we are encouraged by the sequential improvement in FX-neutral net sales revenue per unit case and expect our revenue growth management strategy to accelerate this improvement in the remainder of the year.

While the Russian Rouble has stabilised to some degree, the Nigerian Naira has depreciated and remains volatile. Taking into account our hedged positions and current spot rates (with the exception of the Naira, where a further 10% depreciation from the current spot rate is assumed for the remainder of the year), we estimate the adverse impact on EBIT from foreign currency to remain c. €115 million for the full year.

The favourable input costs from 2015 and some well-timed commodity purchases early in the year gave us an advantage in the first half. As we move into the second half, our input costs will increase. We expect a marginal increase in full-year currency-neutral comparable input cost per unit case year on year.

Operating expense management will continue to be an area of focus in the remainder of the year, and we plan to invest part of the savings back in the market in the form of direct marketing expenses. Overall, our actions are expected to result in an absolute reduction in comparable operating expenses and supported by operating leverage, a significant reduction in comparable operating expenses as a percentage of net sales revenue, driving in turn, operating margin growth.

In summary, we remain on track to deliver modest volume growth this year coupled with a substantial improvement in FX-neutral net sales revenue per unit case, leading to strong growth in FX-neutral revenue. Through the operating leverage in our business, which is further enhanced by the accelerated programmes to reduce costs, we expect the growth in revenue to lead to another year of operating margin expansion.

Technical guidance

We have accelerated our programmes to further improve operational efficiencies. For 2016, we have identified additional restructuring initiatives which bring the cost of our restructuring programmes to approximately €48 million. We expect these initiatives to yield €32 million in annualised benefits from 2017 onwards, while the initiatives already taken in 2015 and those that we will take in 2016 are expected to yield €23 million of total benefits in 2016.

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

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

Group Financial Review

Selected income statement and other items	**Half-year**		
	2016 € million	**2015 € million**	**Change**
Volume (m unit cases)	**1,007.3**	1,006.6	0.1%
Net sales revenue	**3,043.9**	3,150.9	-3.4%
Net sales revenue per unit case (€)	**3.02**	3.13	-3.5%
FX-neutral net sales revenue[1]	**3,043.9**	2,972.5	2.4%
FX-neutral net sales revenue per unit case[1] (€)	**3.02**	2.95	2.4%
Cost of goods sold	**(1,905.2)**	(1,999.0)	-4.7%
Comparable cost of goods sold[1]	**(1,929.2)**	(2,001.5)	-3.6%
Gross profit	**1,138.7**	1,151.9	-1.1%
Comparable gross profit[1]	**1,114.7**	1,149.4	-3.0%
Operating expenses	**(918.1)**	(952.8)	-3.6%
Comparable operating expenses[1]	**(885.1)**	(930.4)	-4.9%
Operating profit (EBIT)	**220.6**	199.1	10.8%
Comparable operating profit (EBIT)[1]	**229.6**	219.0	4.8%
Adjusted EBITDA[1]	**395.7**	369.5	7.1%
Comparable adjusted EBITDA[1]	**387.1**	382.3	1.3%
Total net finance costs	**(35.0)**	(37.2)	-5.9%
Share of results of equity method investments	**5.3**	2.8	89.3%
Tax	**(50.7)**	(39.2)	29.3%
Comparable tax[1]	**(49.4)**	(43.7)	13.0%
Net profit[2]	**140.0**	125.2	11.8%
Comparable net profit[1,2]	**150.4**	141.7	6.1%
Basic earnings per share (€)	**0.387**	0.344	12.5%
Comparable basic earnings per share[1] (€)	**0.416**	0.389	6.9%
Net cash from operating activities[1]	**374.9**	336.4	11.4%
Capital expenditure[1]	**(135.1)**	(117.2)	15.3%
Free cash flow[1]	**239.8**	219.2	9.4%

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

Income statement

Net sales revenue decreased by 3.4% during the first half of 2016, compared to the prior-year period, as the positive result from our revenue growth management initiatives, including pricing, was more than offset by adverse currency headwinds. On an FX-neutral basis, net sales revenue improved by 2.4% during the first half of 2016 compared to the prior-year period.

Comparable cost of goods sold decreased by 3.6% and cost of goods sold decreased by 4.7% in the first half of 2016, compared to the prior-year period, as a result of more favourable sugar prices and lower cost of PET resin, which was driven by the lower oil prices.

Comparable gross profit margin increased slightly from 36.5% in the first half of 2015 to 36.6% in the first half of 2016 mainly reflecting the FX-neutral net sales revenue expansion and the benefits of favourable input costs, partially offset by the adverse transactional currency impact. Gross profit decreased by 1.1% during the first half of 2016 falling slightly from €1,151.9 million in the first half of 2015 to €1,138.7 million in the first half of 2016.

Comparable operating expenses decreased by 4.9% and operating expenses by 3.6% during the first half of 2016 compared to the respective prior-year period, mainly reflecting the benefits of our restructuring initiatives and tight cost management.

Group Financial Review (continued)

Income statement (continued)

Comparable operating profit increased by 4.8% in the first half of 2016 compared to the prior-year period, reflecting the benefits from our revenue growth management initiatives, favourable input costs and cost efficiencies, which were only partially offset by the adverse foreign currency impact. Operating profit increased by 10.8% in the first half of 2016, compared to the prior-year period, as a result of lower input costs, the positive impact from the mark-to-market valuation of commodity economic hedges and the benefits from our revenue growth management initiatives, which were only partially offset by higher restructuring costs and unfavourable foreign currency movements.

Total net finance costs decreased by €2.2 million during the first half of 2016, compared to the prior-year period mainly due to decreased net foreign exchange losses.

On a comparable basis, the effective tax rate was approximately 25% for the first half of 2016 compared to 24% for the prior-year period. On a reported basis, Coca-Cola HBC's effective tax rate was approximately 27% for the first half of 2016 compared to 24% for the prior-year period. The Group's effective tax rate varies depending on the mix of taxable profits by territory, the non-deductibility of certain expenses, non-taxable income and other one-off tax items across its territories.

Comparable net profit increased by 6.1% while net profit increased by 11.8%, for the first half of 2016 compared to the respective prior-year period, mainly driven by the higher operating profitability, only partially offset by increased tax.

Cash flow

Net cash from operating activities increased by 11.4% in the first half of 2016 compared to the respective prior-year period, mainly reflecting the increased operating profitability and the working capital reduction, compared to the respective prior-year period.

For the first half of 2016, free cash flow increased by 9.4% or €20.6 million compared to the respective prior-year period, reflecting mainly the increased cash from operating activities, which was partially offset by increased capital expenditure.

Capital expenditure, net of receipts from the disposal of assets and including principal repayments of finance lease obligations, increased by 15.3% in the first half of 2016 compared with the respective prior-year period. In the first half of 2016, capital expenditure amounted to €135.1 million of which 47% was related to investment in production equipment and facilities and 29% to the acquisition of marketing equipment. In the first half of 2015, capital expenditure amounted to €117.2 million of which 61% was related to investment in production equipment and facilities and 17% to the acquisition of marketing equipment.

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:

	Half-year		
NARTD	**2016**	**2015**	**Change**
Volume (m unit cases)(1)	1,006.3	1,005.6	0.1%
Net sales revenue (€ m)	2,978.1	3,076.5	-3.2%
Net sales revenue per unit case (€)	2.96	3.06	-3.3%
FX-neutral net sales revenue (€ m)	2,978.1	2,906.4	2.5%
FX-neutral net sales revenue per unit case (€)	2.96	2.89	2.4%

	Half-year		
Premium Spirits	**2016**	**2015**	**Change**
Volume (m unit cases)(1)	0.957	1.001	-4.4%
Net sales revenue (€ m)	65.8	74.4	-11.6%
Net sales revenue per unit case (€)	68.76	74.33	-7.5%
FX-neutral net sales revenue (€ m)	65.8	66.1	-0.5%
FX-neutral net sales revenue per unit case (€)	68.76	65.99	4.2%

	Half-year		
Total	**2016**	**2015**	**Change**
Volume (m unit cases)(1)	1,007.3	1,006.6	0.1%
Net sales revenue (€ m)	3,043.9	3,150.9	-3.4%
Net sales revenue per unit case (€)	3.02	3.13	-3.5%
FX-neutral net sales revenue (€ m)	3,043.9	2,972.5	2.4%
FX-neutral net sales revenue per unit case (€)	3.02	2.95	2.4%

(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 ongoing 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

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

Definitions and reconciliations of APMs (continued)

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 unrealised gains or losses resulting from the mark-to-market valuation of these derivatives and embedded derivatives. These gains or losses are reflected in the comparable results in the period when the underlying transactions occur, to match the profit or loss to that of the corresponding underlying transactions. We believe this adjustment provides useful information related to the impact of our economic risk management activities.

3) *Other tax items*

Other tax items represent the tax impact of both changes in income tax rates affecting the opening balance of deferred tax and other one-off items arising during the year, included in the tax line item of the income statement. These are excluded from comparable after tax results in order for the user to obtain a better understanding of the Group's underlying financial performance.

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

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

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

	Half-year 2016							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	**(1,905.2)**	**1,138.7**	**(918.1)**	**220.6**	**395.7**	**(50.7)**	**140.0**	**0.387**
Restructuring costs	**-**	**-**	**33.9**	**33.9**	**16.3**	**(6.9)**	**27.1**	**0.075**
Commodity hedging	**(24.0)**	**(24.0)**	**(0.9)**	**(24.9)**	**(24.9)**	**7.0**	**(17.9)**	**(0.049)**
Other tax items	**-**	**-**	**-**	**-**	**-**	**1.2**	**1.2**	**0.003**
Comparable	**(1,929.2)**	**1,114.7**	**(885.1)**	**229.6**	**387.1**	**(49.4)**	**150.4**	**0.416**
	Half-year 2015							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	(1,999.0)	1,151.9	(952.8)	199.1	369.5	(39.2)	125.2	0.344
Restructuring costs	-	-	22.4	22.4	15.3	(4.8)	18.7	0.051
Commodity hedging	(2.5)	(2.5)	-	(2.5)	(2.5)	0.3	(2.2)	(0.006)
Other tax items	-	-	-	-	-	-	-	-
Comparable	(2,001.5)	1,149.4	(930.4)	219.0	382.3	(43.7)	141.7	0.389

[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 2016 includes € 0.1 million from restructuring within joint ventures (2015: € 1.1 million).

Definitions and reconciliations of APMs (continued)

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

	Half-year 2016			
	Established	Developing	Emerging	Consolidated
EBIT	**97.5**	**39.5**	**83.6**	**220.6**
Restructuring costs	**9.1**	**4.9**	**19.9**	**33.9**
Commodity hedging	**(2.8)**	**(1.4)**	**(20.7)**	**(24.9)**
Comparable EBIT	**103.8**	**43.0**	**82.8**	**229.6**
	Half-year 2015			
	Established	**Developing**	**Emerging**	**Consolidated**
EBIT	73.2	43.9	82.0	199.1
Restructuring costs	10.2	0.8	11.4	22.4
Commodity hedging	0.7	0.4	(3.6)	(2.5)
Comparable EBIT	84.1	45.1	89.8	219.0

2. FX-neutral APMs

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

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

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

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

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

	Half-year 2016			
	Established	Developing	Emerging	Consolidated
Net sales revenue	**1,192.6**	**526.8**	**1,324.5**	**3,043.9**
Currency impact	**-**	**-**	**-**	**-**
FX-neutral net sales revenue	**1,192.6**	**526.8**	**1,324.5**	**3,043.9**
Volume (m unit cases)	**296.9**	**187.1**	**523.3**	**1,007.3**
FX-neutral net sales revenue per unit case (€)	**4.02**	**2.82**	**2.53**	**3.02**

Definitions and reconciliations of APMs (continued)

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

	Half-year 2015			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	1,237.0	528.6	1,385.3	3,150.9
Currency impact	(15.8)	(12.8)	(149.8)	(178.4)
FX-neutral net sales revenue	1,221.2	515.8	1,235.5	2,972.5
Volume (m unit cases)	305.3	180.8	520.5	1,006.6
FX-neutral net sales revenue per unit case (€)	4.00	2.85	2.37	2.95

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

	Half-year 2016	**Half-year 2015**
Input costs	**746.2**	798.0
Commodity hedging	**24.0**	2.5
Comparable input costs	**770.2**	800.5
Currency impact	**-**	(1.4)
FX-neutral comparable input costs (€)	**770.2**	799.1
Volume (m unit cases)	**1,007.3**	1,006.6
FX-neutral comparable input costs per unit case (€)	**0.76**	**0.79**

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 other non-cash items, if any. Adjusted EBITDA is intended to provide useful information to analyse the Group's operating performance excluding the impact of operating non-cash items. 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 amortization 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

Definitions and reconciliations of APMs (continued)

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:

	Half-year	
	2016 € million	2015 € million
Profit after tax	**140.2**	125.5
Tax charged to the income statement	**50.7**	39.2
Total finance costs, net	**35.0**	37.2
Share of results of equity method investments	**(5.3)**	(2.8)
Operating profit (EBIT)	**220.6**	**199.1**
Depreciation and impairment of property, plant and equipment	**171.3**	165.6
Amortisation of intangible assets	**0.2**	0.2
Employee share options and performance shares	**3.6**	5.1
Other non-cash items included in operating income	**-**	(0.5)
Adjusted EBITDA	**395.7**	**369.5**
(Gains) / losses on disposal of non-current assets	**(3.4)**	1.8
Decrease / (increase) in working capital	**16.2**	(11.9)
Tax paid	**(33.6)**	(23.0)
Net cash from operating activities	**374.9**	**336.4**
Payments for purchases of property, plant and equipment	**(148.3)**	(113.3)
Principal repayments of finance lease obligations	**(3.6)**	(5.0)
Proceeds from sale of property, plant and equipment	**16.8**	1.1
Capital expenditure	**(135.1)**	**(117.2)**
Net cash from operating activities	**374.9**	336.4
Capital expenditure	**(135.1)**	(117.2)
Free cash flow	**239.8**	**219.2**

Definitions and reconciliations of APMs (continued)

Net debt

Net debt is an APM used by management to evaluate the Group's capital structure and leverage. Net debt is defined as short-term borrowings plus long-term borrowings less cash and cash equivalents as illustrated below:

	As at	
	1 July 2016	**31 December 2015**
	€ million	**€ million**
Long-term borrowings	**1,501.1**	923.0
Short-term borrowings	**556.8**	781.5
Cash and cash equivalents	**(929.1)**	(487.4)
Net debt	**1,128.8**	**1,217.1**

Principal risks and uncertainties

The principal risks and uncertainties to which the Company will be exposed in the second half of 2016 are substantially the same as those outlined in the 2015 Integrated Annual Report for the year ended 31 December 2015, pages 58 to 60.

Defining our principal risks

Our strategic priorities provide the context for guiding us in the management of the risks faced by our business. The most important risk categories are macroeconomic and operational. Macroeconomic risks relate to the external environment and the markets in which we operate. We have less control over these risks than we do over operational risks, such as product quality.

The overview of our most important risks does not include all the risks that may ultimately affect our Company. Some risks not yet known to us, or currently believed to be immaterial, could ultimately have an impact on our business or financial performance. We remain constantly vigilant to changes to our economic and regulatory operating environments, to ensure that we proactively identify and evaluate new risks.

Our principal risks

Principal risks	Risk	Impact	Key Mitigations	Risk Universe	Strategy
Breach of laws or regulations	Inadvertent non-compliance with the wide-ranging local laws and regulations that exist across our diverse mix of markets.	– Damage to our corporate reputation – Significant financial penalties – Management time diverted to resolving legal issues	– Annual 'tone from the top' messaging – Code of business conduct training and awareness – Anti-bribery policy and compliance training – Risk-based internal control framework (2015) – Internal control assurance programme with local management accountability – Speak Up hotline implemented (2015) – Legal function in constant dialogue with regulators	Legal and Regulatory	Community Trust
Change management	Failure to effectively execute major business transformations or performance issues with third-party providers that we deploy as part of our business transformation.	– Under-delivery of expected transformation results – Disengaged employees – Reduction in profitability – Market confidence in our ability to deliver on strategy is weakened	– Project plans and change management strategies in place – Board and Operating Committee conduct regular tracking of actual performance against the business case	Business Transformation	Customer Preference

Principal risks	Risk	Impact	Key Mitigations	Risk Universe	Strategy
		– Corporate reputation is adversely affected			
Climate, carbon and water	Failure to meet our stakeholders' expectations in making a positive contribution to the sustainability agenda, particularly relating to climate change, carbon emissions and water usage.	– Long-term damage to our corporate reputation – Less influence in shaping the citizenship and sustainability agenda	– Water stewardship programmes that are reducing our water consumption – Carbon and energy management programmes – Packaging waste management programmes – Partnering with NGOs and INGOs on common issues such as nature conservation – Partnering with local communities to minimise environmental impact – Focus on sustainable procurement	Sustainability	Community Trust
Cyber-attacks and system availability	Dependence on IT systems and infrastructure in our interaction with our customers, suppliers and consumers together with the protection of the data we have created, or that has been provided to us.	– Financial loss – Operational disruption – Damage to corporate reputation – Non-compliance with statutory data protection legislation	– Monitoring, identification and addressing cyber threats and suspicious internal computer activity – Training on information management and the protection of information – Disaster recovery testing and building resilience into our cyber risk programme	Cyber Security	Customer Preference
Channel mix	A continued increase in the concentration of retailers and independent wholesalers on whom we depend to distribute our products. The immediate consumption channel remains under pressure as consumers switch to at-home consumption.	– Reduced profitability	– Continued to increase our presence in the discounter channel during 2015 – Collaboration with customers to identify opportunities for joint value creation – Right Execution Daily (RED) strategy continues to support our commitment to operational excellence	Commercial and Competition	Customer Preference

Principal risks	**Risk**	**Impact**	**Key Mitigations**	**Risk Universe**	**Strategy**
Consumer health	Failure to adapt to changing consumer health trends and addressing the misconceptions on the health impact of soft drinks.	– Failure to achieve our growth plans – Damage to our brand and corporate reputation – Loss of consumer base	– Focus on product innovation – Expand our range of low- and no-calorie beverages – 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	Beverage Category Acceptability	Consumer Relevance
Declining consumer demand	Challenging and volatile macroeconomic conditions can affect consumer demand. This includes political and security instability in Russia, Ukraine and Nigeria.	– Eroded consumer confidence affecting spending – Inflationary pressures – Social unrest – Safety of people – Asset security	– 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	Political & Security Stability	Customer Preference
Foreign exchange	Foreign exchange exposure arising from changes in exchange rates between the Euro, US Dollar, and other currencies in the markets we serve.	– Negative EBIT impact	– Treasury policy requires hedging of 25% to 80% of rolling 12 month forecasted transactional exposure – Hedging beyond 12 months if forecast transactions are highly probable – Derivative financial instruments are used, where available and appropriate, to reduce net exposure to currency fluctuations	Tax & Treasury	Cost Leadership
People and talent	Inability to attract and retain sufficient numbers of qualified and experienced employees in competitive talent markets and inability to ensure their	– Failure to achieve our growth plans	– Focus on developing leadership talent – Right people in the right positions across the business – Focus on employee engagement ensuring support	Employee Engagement & Retention	Community Trust

Principal risks	Risk	Impact	Key Mitigations	Risk Universe	Strategy
	ongoing engagement and commitment.		for our values – Promote operational excellence – Create shared value with the communities in which we work to ensure we are seen as an attractive employer		
Quality	The occurrence of quality issues, or the contamination of our products.	– Reduction in volume and net sales revenue – Damage to brand and corporate reputation – Loss of consumer trust	– Stringent quality processes in place to minimise the occurrence of quality issues – Early warning systems (consumer information centres and social media monitoring) that enable issue identification – Robust response processes and systems to address quality issues, ensuring customers and consumers retain confidence in our products	Product Quality & Food Safety	Consumer Relevance
Strategic stakeholder relationships	We rely on our strategic relationships and agreements with The Coca-Cola Company, Monster Energy and our premium spirits partners.	– Termination of agreements, or less favourable renewal terms than currently experienced, could adversely affect profitability	– Management focus on effective day-to-day interaction with our strategic partners – Working together as effective partners for growth – Engagement in joint projects and business planning with a focus on strategic issues – Participation in 'Top to Top' senior management forums	Stakeholder Relationships	Community Trust
Taxation	Regulations on consumer health and the risk of the targeting of our products for discriminatory tax and packaging waste recovery.	– Reduction in profitability	– Proactively work with governments and regulatory authorities to ensure that the facts are clearly understood and that our products are not singled out unfairly – Shape sustainability agenda relating to	Legal and Regulatory	Community Trust

Principal risks	Risk	Impact	Key Mitigations	Risk Universe	Strategy
			packaging and waste recovery – Engage with stakeholders, including NGOs and the communities in which we operate, on strategies to protect the environment		

Related party transactions

Related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of CCHBC during the period, as well as any changes in the related party transactions as described in the 2015 Integrated Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of current financial year, are described in section "Condensed consolidated interim financial statements for the six months ended 1 July 2016", note 16 "Related party transactions".

Going concern statement

The Group has considerable financial resources together with long term contracts with a number of customers and suppliers across different countries. Accordingly, and having reassessed the principal risks, the Directors continue to adopt the going concern basis of accounting in preparing these condensed consolidated interim financial statements and have not identified any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of these condensed consolidated interim financial statements.

Responsibility statement

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

(a) the condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the IASB and give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the consolidation as a whole for the period ended 1 July 2016 as required by the Disclosure and Transparency Rules of the UK Financial Conduct Authority ("DTR") 4.2.4R; and

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

- DTR 4.2.7R of the DTRs, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed consolidated interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- DTR 4.2.8 R of the DTRs, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the 2015 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries for the year ended 31 December 2015, that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Name	**Title**
Anastassis G. David	Non-Executive Chairman
Dimitris Lois	Chief Executive Officer
Anastasios I. Leventis	Non-Executive Director
Christo Leventis	Non-Executive Director
José Octavio Reyes	Non-Executive Director
Ahmet C. Bozer	Non-Executive Director
Robert Ryan Rudolph	Non-Executive Director
Reto Francioni	Senior Independent Non-Executive Director
Antonio D'Amato	Independent Non-Executive Director
John P.Sechi	Independent Non-Executive Director
Alexandra Papalexopoulou	Independent Non-Executive Director
Olusola (Sola) David-Borha	Independent Non-Executive Director
William W. (Bill) Douglas III	Independent Non-Executive Director

Signed on behalf of the Board
Dimitris Lois
Chief Executive Officer

11 August 2016

Independent review report to Coca-Cola HBC AG

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements (the "interim financial statements") in the half-yearly financial report of Coca-Cola HBC AG (the "Company") for the six months ended 1 July 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority (the "Disclosure and Transparency Rules").

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated interim balance sheet as at 1 July 2016;
- the condensed consolidated interim income statement for the six month period then ended;
- the condensed consolidated interim statement of comprehensive income for the six month period then ended;
- the condensed consolidated interim statement of changes in equity for the six month period then ended;
- the condensed consolidated interim cash flow statement for the six month period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure and Transparency Rules.

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors of the Company. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules.

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

What a review of interim financial statements involves

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

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

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

Marios Psaltis
the Certified Auditor, Reg. No. 38081
for and on behalf of PricewaterhouseCoopers S.A.
Certified Auditors, Reg. No. 113

11 August 2016
Athens, Greece

Notes:

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

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

Condensed consolidated interim financial statements for the six months ended 1 July 2016

Condensed consolidated interim balance sheet (unaudited)

	Note	**As at 1 July 2016 € million**	As at 31 December 2015 € million
Assets			
Intangible assets	4	**1,875.0**	1,911.6
Property, plant and equipment	4	**2,357.7**	2,545.5
Other non-current assets		**233.7**	208.1
Total non-current assets		**4,466.4**	**4,665.2**
Inventories		**488.3**	435.8
Trade and other receivables		**1,072.0**	939.3
Cash and cash equivalents	5	**929.1**	487.4
		2,489.4	**1,862.5**
Assets classified as held for sale		**18.0**	5.5
Total current assets		**2,507.4**	**1,868.0**
Total assets		**6,973.8**	**6,533.2**
Liabilities			
Short-term borrowings	5	**556.8**	781.5
Other current liabilities		**2,056.6**	1,709.4
Total current liabilities		**2,613.4**	**2,490.9**
Long-term borrowings	5	**1,501.1**	923.0
Other non-current liabilities		**304.4**	295.2
Total non-current liabilities		**1,805.5**	**1,218.2**
Total liabilities		**4,418.9**	**3,709.1**
Equity			
Owners of the parent		**2,550.6**	2,819.8
Non-controlling interests		**4.3**	4.3
Total equity		**2,554.9**	**2,824.1**
Total equity and liabilities		**6,973.8**	**6,533.2**

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

Condensed consolidated interim income statement (unaudited)

	Note	**Six months ended 1 July 2016 € million**	Six months ended 3 July 2015 € million
Net sales revenue	3	**3,043.9**	3,150.9
Cost of goods sold		**(1,905.2)**	(1,999.0)
Gross profit		**1,138.7**	**1,151.9**
Operating expenses	7	**(918.1)**	(952.8)
Operating profit	3	**220.6**	**199.1**
Total finance costs, net	8	**(35.0)**	(37.2)
Share of results of equity method investments		**5.3**	2.8
Profit before tax		**190.9**	**164.7**
Tax	9	**(50.7)**	(39.2)
Profit after tax		**140.2**	**125.5**
Attributable to:			
Owners of the parent		**140.0**	**125.2**
Non-controlling interests		**0.2**	**0.3**
		140.2	**125.5**
Basic and diluted earnings per share (€)	10	**0.39**	**0.34**

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

Condensed consolidated interim statement of comprehensive income (unaudited)

		Six months ended 1 July 2016 € million		Six months ended 3 July 2015 € million
Profit after tax for the period		**140.2**		**125.5**
Other comprehensive income:				
Items that may be subsequently reclassified to income statement:				
Valuation loss on available-for-sale assets		**(0.2)**		(0.1)
Cash flow hedges:				
Net losses during the period	(43.2)		(3.0)	
Net losses reclassified to profit and loss for the period	3.2		3.2	
Transfers to inventory for the period	1.3	**(38.7)**	(12.3)	(12.1)
Foreign currency translation		**(171.1)**		112.5
Share of other comprehensive (loss) / income of equity method investments		**(7.5)**		0.9
Income tax relating to items that may be subsequently reclassified to income statement		**2.1**		7.1
		(215.4)		**108.3**
Items that will not be subsequently reclassified to income statement:				
Actuarial (losses) / gains		**(70.6)**		5.1
Income tax relating to items that will not be subsequently reclassified to income statement		**13.5**		(0.4)
		(57.1)		**4.7**
Other comprehensive (loss) / income for the period, net of tax		**(272.5)**		**113.0**
Total comprehensive (loss) / income for the period		**(132.3)**		**238.5**
Total comprehensive (loss) / income attributable to:				
Owners of the parent		**(132.5)**		238.2
Non-controlling interests		**0.2**		0.3
		(132.3)		**238.5**

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

Condensed consolidated interim statement of changes in equity (unaudited)

	Attributable to owners of the parent									
	Share capital € million	Share Premium € million	Group Reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	**Total € million**	Non-controlling interests € million	**Total equity € million**
Balance as at 1 January 2015	**1,998.1**	**5,157.6**	**(6,472.1)**	**(70.7)**	**(615.3)**	**259.7**	**2,529.7**	**2,787.0**	**4.1**	**2,791.1**
Shares issued to employees exercising stock options	0.1	0.2	-	-	-	-	-	**0.3**	-	**0.3**
Share-based compensation:										
Options	-	-	-	-	-	5.1	-	**5.1**	-	**5.1**
Appropriation of reserves	-	-	-	-	-	0.7	(0.7)	**-**	-	**-**
Dividends (note 12)	-	(132.4)	-	-	-	-	1.2	**(131.2)**	(0.1)	**(131.3)**
	1,998.2	**5,025.4**	**(6,472.1)**	**(70.7)**	**(615.3)**	**265.5**	**2,530.2**	**2,661.2**	**4.0**	**2,665.2**
Profit for the period net of tax	-	-	-	-	-	-	125.2	**125.2**	0.3	**125.5**
Other comprehensive income for the period, net of tax	-	-	-	-	113.3	(5.0)	4.7	**113.0**	-	**113.0**
Total comprehensive income for the period, net of tax[(1)]	-	-	-	-	113.3	(5.0)	129.9	**238.2**	0.3	**238.5**
Balance as at 3 July 2015	**1,998.2**	**5,025.4**	**(6,472.1)**	**(70.7)**	**(502.0)**	**260.5**	**2,660.1**	**2,899.4**	**4.3**	**2,903.7**
Shares issued to employees exercising stock options	1.9	2.9	-	-	-	-	-	**4.8**	-	**4.8**
Share-based compensation:										
Options and performance shares	-	-	-	-	-	3.7	-	**3.7**	-	**3.7**
Movement in shares held for equity compensation plan	-	-	-	(0.6)	-	1.3	-	**0.7**	-	**0.7**
Acquisition of treasury shares (note 11)	-	-	-	(58.5)	-	-	-	**(58.5)**	-	**(58.5)**
Appropriation of reserves	-	-	-	(2.2)	-	4.5	(2.3)	**-**	-	**-**
Dividends	-	-	-	-	-	-	0.1	**0.1**	(0.1)	**-**
	2,000.1	**5,028.3**	**(6,472.1)**	**(132.0)**	**(502.0)**	**270.0**	**2,657.9**	**2,850.2**	**4.2**	**2,854.4**
Profit for the period net of tax	-	-	-	-	-	-	155.1	**155.1**	0.1	**155.2**
Other comprehensive income for the period, net of tax	-	-	-	-	(179.4)	(9.6)	3.5	**(185.5)**	-	**(185.5)**
Total comprehensive income for the period, net of tax	-	-	-	-	(179.4)	(9.6)	158.6	**(30.4)**	0.1	**(30.3)**
Balance as at 31 December 2015	**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**

[(1)] *The amount included in the exchange equalisation reserve of €113.3 million gain for the first half of 2015 represents the exchange gain attributed to the owners of the parent, including €0.8 million gain relating to share of other comprehensive income of equity method investments.*

The amount included in other reserves of €5.0 million loss for the first half of 2015 consists of loss on valuation of available-for-sale financial assets of €0.1 million, cash flow hedges losses of €12.1 million, €0.1 million gain relating to share of other comprehensive income of equity method investments and the deferred tax income thereof amounting to €7.1 million.

The amount of €129.9 million gain comprises profit for the period of €125.2 million plus actuarial gains of €5.1 million less a deferred tax expense of €0.4 million.

The amount of €0.3 million gain included in non-controlling interests for the first half of 2015 represents the share of non-controlling interests in retained earnings.

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

Condensed consolidated interim statement of changes in equity (unaudited)

	Attributable to owners of the parent									
	Share Capital € million	Share Premium € million	Group Reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	**Total € million**	Non-controlling interests € million	**Total equity € million**
Balance as at 1 January 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	1.1	1.4	-	-	-	-	-	**2.5**	-	**2.5**
Share-based compensation:										
Options and performance shares	-	-	-	-	-	3.6	-	**3.6**	-	**3.6**
Sale of own shares	-	-	-	1.9	-	-	-	**1.9**	-	**1.9**
Appropriation of reserves	-	-	-	0.1	-	6.0	(6.1)	-	-	-
Dividends (note 12)	-	(146.1)	-	-	-	-	1.4	**(144.7)**	(0.2)	**(144.9)**
	2,001.2	**4,883.6**	**(6,472.1)**	**(130.0)**	**(681.4)**	**270.0**	**2,811.8**	**2,683.1**	**4.1**	**2,687.2**
Profit for the period net of tax	-	-	-	-	-	-	140.0	**140.0**	0.2	**140.2**
Other comprehensive income for the period, net of tax	-	-	-	-	**(178.6)**	**(36.8)**	**(57.1)**	**(272.5)**	-	**(272.5)**
Total comprehensive income for the period net of tax[2]	-	-	-	-	(178.6)	(36.8)	82.9	**(132.5)**	0.2	**(132.3)**
Balance as at 1 July 2016	**2,001.2**	**4,883.6**	**(6,472.1)**	**(130.0)**	**(860.0)**	**233.2**	**2,894.7**	**2,550.6**	**4.3**	**2,554.9**

[2] The amount included in the exchange equalisation reserve of €178.6 million loss for the first half of 2016 represents the exchange loss attributed to the owners of the parent, including € 7.5 million loss relating to share of other comprehensive income of equity method investments.

The amount included in other reserves of €36.8 million loss for the first half of 2016 consists of loss on valuation of available-for-sale financial assets of €0.2 million, cash flow hedges losses of €38.7 million, and the deferred tax income there of amounting to €2.1 million.

The amount of €82.9 million gain comprises profit for the period of €140.0 million minus actuarial loss of €70.6 million less deferred tax income of €13.5 million. The actuarial loss is attributed to a decrease in discount rates of plans in the established markets.

The amount of €0.2 million gain included in non-controlling interests for the first half of 2016 represents the share of non-controlling interests in retained earnings.

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

Condensed consolidated interim cash flow statement (unaudited)

	Note	**Six months ended 1 July 2016 € million**	Six months ended 3 July 2015 € million
Operating activities			
Profit after tax for the period		**140.2**	125.5
Total finance costs, net	8	**35.0**	37.2
Share of results of equity method investments		**(5.3)**	(2.8)
Tax charged to the income statement		**50.7**	39.2
Depreciation and impairment of property, plant and equipment	4	**171.3**	165.6
Employee share options and performance shares		**3.6**	5.1
Amortisation of intangible assets	4	**0.2**	0.2
Other non- cash items		**-**	(0.5)
		395.7	**369.5**
(Gain)/loss on disposal of non-current assets		**(3.4)**	1.8
Increase in inventories		**(64.9)**	(108.1)
Increase in trade and other receivables		**(185.3)**	(150.3)
Increase in trade and other payables		**266.4**	246.5
Tax paid		**(33.6)**	(23.0)
Net cash from operating activities		**374.9**	**336.4**
Investing activities			
Payments for purchases of property, plant and equipment		**(148.3)**	(113.3)
Proceeds from sales of property, plant and equipment		**16.8**	1.1
Net (payments for) / receipts from investments	16	**(6.6)**	113.3
Interest received		**3.1**	5.0
Payments for acquisition of subsidiary	17	**(19.5)**	-
Net cash (used in)/from investing activities		**(154.5)**	**6.1**
Financing activities			
Proceeds from shares issued to employees exercising stock options	11	**2.5**	0.3
Payments for shares held by non-controlling interests		**(0.5)**	(0.9)
Proceeds from sale of own shares		**0.4**	-
Proceeds from borrowings	5	**632.5**	27.4
Repayments of borrowings	5	**(270.6)**	(136.8)
Principal repayments of finance lease obligations		**(3.6)**	(5.0)
Payments for settlement of forward starting swaps	5	**(55.4)**	-
Interest paid		**(38.2)**	(30.3)
Net cash from/(used in) financing activities		**267.1**	**(145.3)**
Increase in cash and cash equivalents		**487.5**	**197.2**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**487.4**	636.3
Increase in cash and cash equivalents		**487.5**	197.2
Effect of changes in exchange rates		**(45.8)**	(3.5)
Cash and cash equivalents at the end of the period		**929.1**	**830.0**

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

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

1. Accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial statements of Coca-Cola HBC AG ('Coca-Cola HBC', the 'Company' or the 'Group') are consistent with those used in the 2015 annual financial statements.

Amendments to IFRSs effective for the financial year ending 31 December 2016 are not expected to have a material impact on the consolidated financial statements but may affect disclosures.

Basis of preparation

Operating results for the first half of 2016 are not indicative of the results that may be expected for the year ending 31 December 2016 because of business seasonality. Business seasonality results from higher unit sales of the Group's products in the warmer months of the year. The Group's methods of accounting for fixed costs such as depreciation and interest expense are not affected by business seasonality.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to Interim Financial Reporting ("IAS 34"). These condensed consolidated interim financial statements should be read in conjunction with the 2015 annual financial statements, which include a full description of the Group's accounting policies and have been prepared in accordance with IFRS as issued by the IASB.

2. Exchange rates

The Group's reporting currency is the euro (€). Coca-Cola HBC translates the income statements of subsidiary operations to the euro at average exchange rates and the balance sheets at the closing exchange rate for the period.

The principal exchange rates used for transaction and translation purposes in respect of one euro were:

	Average for the six months period ended		**Closing as at**	
	1 July 2016	3 July 2015	**1 July 2016**	31 December 2015
US dollar	**1.12**	1.11	**1.11**	1.09
UK sterling	**0.78**	0.73	**0.83**	0.74
Polish zloty	**4.37**	4.12	**4.42**	4.23
Nigerian naira	**225.61**	213.85	**313.60**	216.15
Hungarian forint	**312.66**	305.94	**317.04**	312.98
Swiss franc	**1.10**	1.05	**1.09**	1.08
Russian Rouble	**78.58**	64.10	**70.91**	78.95
Romanian leu	**4.50**	4.44	**4.53**	4.54
Serbian dinar	**122.89**	120.90	**123.56**	121.33
Czech koruna	**27.04**	27.50	**27.11**	27.03
Ukrainian hryvnia	**28.40**	24.42	**27.56**	26.06

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

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 and its financial results are reported in the following three reportable segments:

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.

Information on the Group's segments is as follows:

	Six months ended	
	1 July 2016	3 July 2015
Volume in unit cases[1] (million)		
Established countries	**296.9**	305.3
Developing countries	**187.1**	180.8
Emerging countries	**523.3**	520.5
Total volume	**1,007.3**	**1,006.6**
Net sales revenue (€ million)		
Established countries	**1,192.6**	1,237.0
Developing countries	**526.8**	528.6
Emerging countries	**1,324.5**	1,385.3
Total net sales revenue	**3,043.9**	**3,150.9**
Operating profit (€ million)		
Established countries	**97.5**	73.2
Developing countries	**39.5**	43.9
Emerging countries	**83.6**	82.0
Total operating profit	**220.6**	**199.1**
Reconciling items (€ million)		
Finance costs, net	**(35.0)**	(37.2)
Tax	**(50.7)**	(39.2)
Share of results of equity method investments	**5.3**	2.8
Non-controlling interests	**(0.2)**	(0.3)
Profit after tax attributable to owners of the parent	**140.0**	**125.2**

3. Segmental analysis (continued)

Additional information by product type:

	Six months ended	
	1 July 2016	**3 July 2015**
Volume in unit cases[1] (million)		
NARTD[2]	1,006.3	1,005.6
Premium spirits	1.0	1.0
Total volume	**1,007.3**	**1,006.6**
Net sales revenue (€ million)		
NARTD[2]	2,978.1	3,076.5
Premium spirits	65.8	74.4
Total net sales revenue	**3,043.9**	**3,150.9**

[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 corresponds also to 5.678 litres. Volume data is derived from unaudited operational data.*
[2] *Non alcoholic, ready-to-drink beverages*.

4. Tangible and intangible assets

	Property, plant and equipment € million	**Intangible assets € million**
Opening net book value as at 1 January 2016	2,545.5	1,911.6
Additions	152.0	-
Arising on acquisitions (note 17)	2.8	19.8
Classified to assets held for sale	(0.2)	(16.6)
Disposals	(17.5)	-
Depreciation, impairment and amortisation	(171.3)	(0.2)
Foreign currency translation	(153.6)	(39.6)
Closing net book value as at 1 July 2016	**2,357.7**	**1,875.0**

5. Net debt

	As at	
	1 July 2016 € million	31 December 2015 € million
Long-term borrowings	**1,501.1**	923.0
Short-term borrowings	**556.8**	781.5
Cash and cash equivalents	**(929.1)**	(487.4)
Net debt	**1,128.8**	1,217.1

In March 2016 the Group completed the issue of a €600 million Euro-denominated fixed rate bond maturing in November 2024. The coupon rate of the new bond is 1.875% which, including the amortisation of the loss on the forward starting swap contracts over the term of the fixed rate bond, results in an effective interest rate of 2.99%. The above mentioned loss on the forward starting swaps amounted to €55.4 million and forms part of the cash flow hedge reserve, recognised in "other comprehensive income" over the life of the instruments. The net proceeds of the new issue were used to partially repay €214.6 million of the 4.25%, 7-year fixed rate bond due in November 2016.

5. Net debt (continued)

Cash and cash equivalents includes an amount of €18.5 million equivalent in Nigerian Naira, which relates to the outstanding balance of the bank account held for the repayment of the former minority shareholders of the Group's subsidiary Nigerian Bottling Company plc, following the 2011 acquisition of non-controlling interests.

6. Financial risk management and financial instruments

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

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 2015 (as described in the 2015 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com). As at 1 July 2016, the total derivatives included in Level 2 were financial assets of €19.1 million and financial liabilities of €22.0 million.

The Group recognizes 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 1 July 2016 amounted to a financial asset of €4.3 million and are classified within Level 2.

There were no transfers between Level 1, 2 and 3 during the first six months of 2016. The fair value of bonds and notes payable as at 1 July 2016, including the current portion, was €1,879.8 million, compared to their book value of €1,776.4 million, including the current portion, as at the same date.

7. Restructuring costs

The restructuring costs mainly concern redundancy costs and impairment of property, plant and equipment and are included within the condensed consolidated interim income statement line "operating expenses". Restructuring costs amounted to €33.9 million before tax in the first half of 2016. The Group recorded €9.1 million, €4.9 million and €19.9 million of restructuring charges in its established, developing and emerging countries respectively. For the first half of 2015, restructuring costs amounted to €22.4 million. The Group recorded €10.2 million, €0.8 million and €11.4 million of restructuring charges in its established, developing and emerging countries respectively.

8. Total finance costs, net

	Six months ended	
	1 July 2016	3 July 2015
	€ million	€ million
Interest income	**(3.2)**	(5.0)
Finance costs	**37.5**	36.8
Net foreign exchange losses	**0.7**	5.4
Total finance costs, net	**35.0**	**37.2**

Included within finance costs is an amount of €6.2 million related to the early redemption in March of an amount of €214.6 million with respect to the 4.25% fixed rate bond.

9. Tax

	Six months ended	
	1 July 2016	3 July 2015
	€ million	€ million
Profit before tax	**190.9**	164.7
Tax	**(50.7)**	(39.2)
Effective tax rate	**27%**	**24%**

The Group's effective tax rate for 2016 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.

10. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of shares outstanding during the period (first half of 2016: 361,579,709, first half of 2015: 364,383,002). 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.

11. Share capital

In 2015, the share capital of Coca-Cola HBC increased by the issue of 322,050 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 €5.1 million.

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 neutralizing the dilution resulting from shares issues under Coca-Cola HBC's equity compensation plans. The program 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 is expected to be completed at the beginning of September 2016.

In 2016, the share capital of Coca-Cola HBC increased by the issue of 173,718 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 €2.5 million.

Following the above changes, and including 3,445,060 ordinary shares held as treasury shares, out of which 14,925 shares represent the initial ordinary shares of Coca-Cola HBC, on 1 July 2016 the share capital of the Group amounted to €2,001.2 million and comprised 368,315,015 shares with a nominal value of CHF 6.70 each.

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

12. Dividends

The shareholders of Coca-Cola HBC AG approved the dividend distribution of 0.40 euro cents per share at the Annual General Meeting held on 21 June 2016. The total dividend amounted to €146.1 million and was paid on 26 July 2016. Of this an amount of €1.4 million relates to shares held by the Group. Dividends declared by the Group to non-controlling interests in the emerging markets amounted to €0.2 million.

On 23 June 2015 the shareholders of Coca-Cola HBC AG at the Annual General Meeting approved the dividend distribution of 0.360 euro cents per share. The total dividend amounted to €132.4 million and was paid on 28 July 2015. Of this an amount of €1.3 million related to shares held by the Group. Dividends paid by the Group in the second half of 2015 to non-controlling interests in the emerging markets amounted to €0.2 million.

13. Contingencies

There have been no significant adverse changes in contingencies since 31 December 2015 (as described in our 2015 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com).

14. Commitments

As at 1 July 2016 the Group, including joint ventures, had capital commitments of €88.4 million (31 December 2015: €75.4 million), which mainly relate to plant and machinery equipment.

15. Number of employees

The average number of full-time equivalent employees in the first half of 2016 was 31,627 (33,670 for the first half of 2015).

16. Related party transactions

a) The Coca-Cola Company

As at 1 July 2016, The Coca-Cola Company and its subsidiaries (collectively, "TCCC") indirectly owned 23.1% (2015: 23.1%) of the issued share capital of Coca-Cola HBC.

Total purchases of concentrate, finished products and other materials from TCCC and its subsidiaries during the first half of 2016 amounted to €702.6 million (€712.1 million in the respective prior-year period). Total net contributions received from TCCC for marketing and promotional incentives during the same period amounted to €45.8 million (€33.2 million in the respective prior-year period).

During the first half of 2016, the Group sold €4.7 million of finished goods and raw materials to TCCC (€9.1 million in the respective prior-year period), while other income from TCCC was €1.4 million (€3.8 million in the respective prior-year period). Other expenses from TCCC amounted to €0.2 million for the first half of 2016 (€0.1 million in the respective prior-year period).

Furthermore during the first half of 2016 the Group acquired €2.5 million in tangible fixed assets from TCCC and its subsidiaries (first half of 2015: nil).

As at 1 July 2016, the Group had a total amount of €76.6 million due from TCCC (€72.4 million as at 31 December 2015), and had a total amount of €308.8 million due to TCCC including loans payable of €13.5 million (€216.8 million including loans payable of €13.5 million as at 31 December 2015).

16. Related party transactions (continued)

b) Frigoglass S.A. ('Frigoglass') and Kar-Tess Holding

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 44.4% of Frigoglass and also indirectly controls Kar Tess Holding, which holds approximately 23.2% (2015: 23.2%) of Coca Cola HBC's total issued capital. Frigoglass has a controlling interest in Frigoglass Industries Limited, a company in which Coca-Cola HBC has a 23.9% effective interest, through its investment in NBC. Furthermore, during 2015 Coca-Cola HBC acquired through its investment in NBC a 23.9% effective interest of Frigoglass West Africa Ltd., a company in which Frigoglass has a controlling interest.

During the first half of 2016, the Group made purchases of €56.4 million (€49.9 million in the respective prior-year period) of coolers, raw materials and containers from Frigoglass and its subsidiaries and incurred maintenance and other expenses of €8.2 million (€6.3 million in the respective prior-year period). The Group recorded other income of €0.5 million from Frigoglass during the first half of 2016 (€0.2 million in the respective prior-year period). As at 1 July 2016, Coca-Cola HBC owed €35.3 million (€23.6 million as at 31 December 2015) to, and was owed €0.6 million (€0.6 million as at 31 December 2015) by Frigoglass.

c) Beverage Partners Worldwide ("BPW")

BPW is a 50/50 joint venture between TCCC and Nestlé. The Group purchased inventory from BPW of €49.4 million during the first half of 2016 (€51.3 million in the respective prior-year period). As at 1 July 2016, the Group owed €12.4 million (€5.8 million as at 31 December 2015) to, and was owed €3.7 million (€5.4 million as at 31 December 2015) by BPW.

d) Other related parties

During the first half of 2016, the Group purchased €1.1 million of raw materials and finished goods (€10.4 million in the respective prior-year period) from other related parties and recorded sales of finished goods of €0.1 million (€0.2 million in the respective prior-year period) to other related parties. In addition, the Group received reimbursement for direct marketing expenses of €0.3 million for the first half of 2016 (€0.4 for the respective prior-year period) from other related parties. Furthermore the Group acquired €0.7 million in tangible fixed assets from other related parties during the first half of 2016 (€0.8 million for the respective prior-year period). During the first half of 2016 the Group incurred other expenses of €13.0 million (€14.7 million in the respective prior-year period) and recorded income of nil (€0.2 million in the respective prior-year period). As at 1 July 2016, the Group owed €8.0 million (€1.7 million as at 31 December 2015) to, and was owed €0.3 million including loans receivable of €0.1 million (€2.3 million as at 31 December 2015 including loans receivable of €0.1 million) by other related parties.

e) Joint Ventures

During the first half of 2016, the Group purchased €20.5 million of finished goods (€25.5 million in the respective prior-year period) from joint ventures while the Group recorded sales of finished goods to joint ventures of €5.7 million for the first half of 2016 (€0.6 million for the respective prior-year period). The Group did not receive reimbursement for direct marketing expenses for the first half of 2016 (€0.1 million in the respective prior-year period). Furthermore, during the first half of 2016, the Group incurred expenses of €0.2 million (€0.3 million for the respective prior-year period) and recorded other income of €0.6 million from joint ventures for the first half of 2016 (€0.5 million in the respective prior-year period). In addition during the first half of 2016 the Group sold tangible fixed assets to joint ventures at their net book value of €2.5 million (first half of 2015: nil). As at 1 July 2016, the Group owed €64.8 million including loans payable of €31.6 (€42.2 million as at 31 December 2015 including loans payable of €17.4) to, and was owed €16.0 million including loans receivable of €7.9 (€13.0 million as at 31 December 2015 including loans receivable of €7.9 million) by joint ventures. In March 2015 the Group received dividends of €113.8 million from Brewinvest S.A.

16. Related party transactions (continued)

There were no transactions between Coca-Cola HBC and the directors and senior management except for remuneration for both the six months ended 1 July 2016 and the prior-year period.

There were no other significant transactions with related parties for the first half of 2016.

17. Business Combinations

On 1 April 2016, the Group acquired 100% of Neptūno Vandenys, UAB, the leading bottled water company in Lithuania, for a consideration of €19.5 million. The acquisition includes the mineral water brand 'Neptūnas' and is expected to increase the Group's market share in the still drinks category in Lithuania. Details of the acquisition are as follows:

	Acquiree's carrying amount before combination €million	Fair value adjustments €million	Final fair values €million
Trademark	-	7.8	7.8
Water rights	-	8.8	8.8
Property, plant and equipment	2.4	0.4	2.8
Inventories	0.1	-	0.1
Other current assets	1.1	-	1.1
Short-term borrowings	(1.0)	-	(1.0)
Other current liabilities	(0.7)	-	(0.7)
Deferred tax liabilities	-	(2.6)	(2.6)
Net identifiable assets acquired	**1.9**	**14.4**	**16.3**
Goodwill arising on acquisition			3.2
Cash paid to former shareholders			**19.5**

The acquisition resulted in the Group recording €3.2 million of goodwill, €7.8 million of trademark and €8.8 million of water rights in its developing markets segment. The goodwill arising from the acquisition of Neptūno Vandenys, UAB is attributed to expected future cash flows (including the effect of synergies) in excess of the value of net identifiable assets.

The acquired business contributed net sales revenue of €1.7 million and net profit of €0.9 million to the Group for the period from 1 April 2016 to 1 July 2016. If the acquisition had occurred on 1 January 2016, consolidated Group revenue and consolidated Group profit after tax for the six month period ended 1 July 2016 would have been higher by €1.0 million and €0.5 million respectively.

18. Recent developments in Ukraine, the Russian Federation, Greece and Nigeria

We disclosed in our 2015 Integrated Annual Report that the ongoing tensions and market changes in Ukraine and the Russian Federation have adversely impacted the economies of these countries and, among other things, have resulted in increased volatility in currency markets, causing the Russian Rouble and the Ukrainian Hryvnia to depreciate significantly against some major currencies. Our 2016 first half year revenue for our operations in Russia amounted to 15% of consolidated net sales revenue and as at 1 July 2016 non-current assets amounted to 10% of the consolidated non-current assets. Although there have been no significant developments following the publication of our Integrated Annual Report, we continue to monitor and assess the situation in the area so as to minimise potential adverse impact on the Company's performance.

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

18. Recent developments in Ukraine, the Russian Federation, Greece and Nigeria (continued)

In addition, we disclosed in our 2015 Integrated Annual Report that the macroeconomic and financial environment in Greece remained fragile. The continued instability of the Greek banking sector and the continuation of capital controls restricting the movement of funds out of Greece, may further impact consumers' disposable income which may adversely affect the Group's operations in Greece for the second half of 2016. Our 2016 first half year revenue for our operations in Greece amounted to 6% of consolidated net sales revenue and as at 1 July 2016 non-current assets amounted to 4% of the consolidated non-current assets. We are continuously monitoring developments in Greece. Cash and cash equivalents of €16.3 million were subject to capital controls as at 1 July 2016.

Finally, we disclosed in our 2015 Integrated Annual Report that the introduction of tight capital controls and the pegging of the Naira to the USD at a rate that may not be reflecting the supply and demand rate for the currency, may result in volatility in the local currency. In mid-June 2016 the Naira was significantly devalued against the Euro, resulting in a foreign currency translation loss of €198.1 million which was recognised in "other comprehensive income" for the six-month period ended 1 July 2016. Our 2016 first half year revenue for our operations in Nigeria amounted to 12% of consolidated net sales revenue; as at 1 July 2016 non-current assets for our operations in Nigeria amounted to 10% of the consolidated non-current assets and intangible assets (included within non-current assets), amounted to 1% of the consolidated intangible assets. The Group is continuously monitoring the situation in Nigeria in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impact on its performance. As at the end of July 2016 the Naira had devalued by a further 10% against the Euro, resulting in an additional foreign currency translation loss of €43.9 million.