CONTINUED GOOD PROGRESS IN MARGIN RECOVERY

Coca-Cola HBC AG, a leading bottler of The Coca-Cola Company, reports its financial results for the full year ended 31 December 2016.

Full-year highlights

- Another year of good progress, with the business developing in line with our 2020 strategic plan
- Net sales revenue up 3.0% on an FX-neutral basis; taking account of currency movements, net sales revenue declined by 2.0%
- FX-neutral revenue per case grew in all geographic segments, up 2.9% overall; this substantial increase reflects our focus on value through price increases, mainly in Emerging markets, as well as better package and category mix
- Volume increased by 0.1%, with good growth led by Nigeria and Romania, offset by continuing decline in Russia and weaker volume performance in Italy and Austria
- Cost efficiencies resulted in a 100 basis-point reduction in comparable operating expenses as a percentage of net sales revenue
- Comparable EBIT margin increased by 90 basis points to 8.3%, benefiting from our revenue growth management initiatives, cost efficiencies and benign input costs; EBIT margin improved by 160 basis points to 8.1% on a reported basis
- Increased profits helped generate €431.2 million of free cash flow, up €19.4 million year on year
- Comparable EPS increased by 12.5% to €0.972; reported EPS increased by 23.1% to €0.949
- The Board of Directors proposes a €0.44 dividend per share, a 10% increase on the 2015 dividend

	Full Year		Change
	2016	**2015**	
Volume (m unit cases)	**2,057.9**	2,055.0	0.1%
Net sales revenue (€ m)	**6,219.0**	6,346.1	-2.0%
Net sales revenue per unit case (€)	**3.02**	3.09	-2.1%
FX-neutral net sales revenue[1] (€ m)	**6,219.0**	6,038.0	3.0%
FX-neutral net sales revenue per unit case[1] (€)	**3.02**	2.94	2.9%
Operating expenses (€ m)	**(1,792.5)**	(1,909.2)	-6.1%
Comparable operating expenses[1](€ m)	**(1,756.8)**	(1,855.2)	-5.3%
Operating profit (EBIT) (€ m)	**506.3**	418.2	21.1%
Comparable EBIT[1] (€ m)	**517.5**	473.2	9.4%
EBIT margin (%)	**8.1**	6.6	160bps
Comparable EBIT margin[1] (%)	**8.3**	7.5	90bps
Net profit[2] (€ m)	**343.5**	280.3	22.5%
Comparable net profit[1,2] (€ m)	**352.1**	314.3	12.0%
Basic earnings per share (EPS) (€)	**0.949**	0.771	23.1%
Comparable EPS[1] (€)	**0.972**	0.864	12.5%
Free cash flow[1] (€ m)	**431.2**	411.8	4.7%

[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:

"I am delighted with our 2016 performance and the momentum in the business. We have delivered solid currency-neutral revenue growth and another year of significant growth in margins and profits, representing a sustainable and well established recovery. Cost and efficiency actions continue to improve profitability and enable the business to maximise the gains from top line growth.

"In 2017, we expect slightly better economic conditions to support volume growth. We take confidence from these improving underlying trends as well as the success of both our commercial activities and cost initiatives, which will remain key focus areas in our plans. We are confident that 2017 will be a year of currency-neutral revenue growth and margin expansion as we continue to make progress towards our 2020 targets."

Coca-Cola HBC Group

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

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

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

Conference call

Coca-Cola HBC will host a conference call for financial analysts and investors to discuss the 2016 full-year financial results on 16 February 2017 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/).

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Special Note Regarding the Information set out herein

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

Forward-Looking Statements

This document contains forward-looking statements that involve risks and uncertainties. These statements may generally, but not always, be identified by the use of words such as "believe", "outlook", "guidance", "intend", "expect", "anticipate", "plan", "target" and similar expressions to identify forward-looking statements. All statements other than statements of historical facts, including, among others, statements regarding our future financial position and results, our outlook for 2017 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 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

Our strong plans delivered good progress in 2016, resulting in solid top-line growth and substantial operating margin expansion. Volume growth was marginal at Group level with good improvement in the Developing and Emerging markets segments.

Net sales revenue improved by 3.0% on an FX-neutral basis, although adverse currency movements resulted in a 2.0% decline on a reported basis. FX-neutral revenue per case grew in all segments. We are pleased to see that our focus on price and mix, combined with continued savings in operating expenses and careful management of input costs, has delivered a 90 basis-point expansion in our comparable EBIT margin to 8.3%.

Volume performance by segment

Volume increased marginally in the year, up 0.1%, following a 2.6% increase in the prior year. We saw a good performance from Sparkling, while Water declined compared to the performance in the prior year which benefited from a hot summer.

Volume declined in all Established markets, down 2.3% overall, with Italy and Austria having the biggest impact. The Developing segment volume grew by 1.3%, with a strong fourth quarter helped by one extra selling day, which compensated for the weakness in volumes in the third quarter, when the segment cycled the extremely hot summer of 2015. Emerging markets segment volume increased by 1.2%, continuing the good performance we have seen throughout the year, mainly helped by double-digit growth in Nigeria and high single-digit growth in Romania. Russia volume decline continued to be a strong headwind for the segment.

Volume performance by category

Our commercial initiatives, new Occasion, Brand, Price, Pack, Channel (OBPPC) choices, selective affordability measures, campaigns such as Taste the Feeling and agile responses to developments in Nigeria supported good growth, particularly in the sparkling drinks category.

Sparkling beverages increased by 1.4% in the year, following a 2.0% increase in the prior year, with good performances in Nigeria, Romania, Poland and Ukraine more than offsetting declines in Russia, Italy, Greece and Austria. Within the category, we saw a 0.7% increase in Trademark Coca-Cola, with a 6.0% improvement in Coke Zero volume, and approximately 5% uplift in Fanta and Schweppes.

Water volume declined by 2.0% against a strong period in the summer of 2015. Established markets segment volume declined by 2.2% and Developing markets, which cycled 14.1% growth in the prior year, fell by 0.5%. Emerging markets volume was 2.2% lower, mainly due to weaker sales in Russia and Ukraine, while Nigeria was strongly positive.

Juice posted a 2.8% decline in the full year, with growth in the Developing markets more than offset by declines in Emerging, and Established markets, down by 2.8% and 7.6%, respectively.

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

Our 2016 launches of Monster energy drinks in several new markets including Russia, Italy and Romania helped lift volume growth in this strategically important category to 20.5%.

Our Premium Spirits business generated revenues of €178.4 million – a 2.9% increase compared to the prior year on an FX-neutral basis. Volume was broadly stable.

In keeping with our strategy to drive revenue through smaller pack sizes, single-serve packages increased by 3.5%, while multi-serves decreased by 2.2% in the year, leading to a 1.4 percentage point mix improvement. All segments improved their package mix with the Emerging markets segment performing particularly well. Russia made the biggest contribution to the 2.1 percentage point increase in package mix in the segment. Sparkling package mix improved by 1.0 percentage point and Water package mix by 2.1 percentage points in the year.

Group Operational Review (continued)

Key financials

FX-neutral net sales revenue per unit case grew for the sixth consecutive year, with an acceleration to 2.9% for the full year. While our revenue growth management initiatives in a number of Emerging markets delivered as expected in the year, we are particularly pleased to see the negative trends in Established and Developing markets reverse in the second half, closing the year in positive territory.

Net sales revenue of €6.2 billion was down 2.0% compared to the prior year. Revenue growth initiatives, including pricing, offset part of the headwind from currency movements, which had a 5% adverse impact in the year.

Towards the end of 2015, we put in place pre-buy contracts for EU sugar and Russian beet sugar, which had a favourable effect on sugar costs in the year. The increase in World sugar prices, which mainly impacted us in Nigeria, largely offset the decline in the price of PET resin, resulting in broadly stable FX-neutral input cost per unit case for the year. The impact of raw materials was slightly favourable in the Established markets segment and flat in the Emerging markets, while in the Developing markets, the impact was negative.

We continued our restructuring efforts and tight cost management in the year and took further steps to expand the scope of our Shared Services Centres in Russia and Nigeria. Our optimisation efforts, coupled with the impact of the strong top-line operating leverage, led to a 100 basis-point improvement in comparable operating expenses as a percentage of net sales revenue. All three segments improved compared to the prior year. Reductions in administrative, warehouse and distribution costs made the biggest contribution, and allowed us to increase our marketing investment.

Comparable EBIT was €517.5 million, resulting in a 90 basis point expansion in comparable EBIT margin to 8.3%. Comparable EBIT and comparable EBIT margin increased considerably in the Established market segment, while profitability in the Emerging markets segment was stable. The Developing markets segment profitability suffered slightly, mainly due to the €7.7 million adverse currency impact. At a Group level, positive price, package and category mix and lower operating expenses more than offset the adverse currency impact, which amounted to €101 million in the year. On a reported basis, we delivered €506.3 million of EBIT in the year, a 21.1% improvement on the prior year.

We incurred €37.7 million in pre-tax restructuring charges in the year, the majority of which was due to our actions in the Emerging segments. Restructuring benefits in the year from 2015 and 2016 initiatives amounted to €19.6 million.

We generated €431.2 million of free cash flow, a €19.4 million improvement on the prior year, mainly due to improved operational profitability and disposal of idle assets.

Comparable net profit of €352.1 million and comparable earnings per share of €0.972 were 12.0% and 12.5% higher than in the prior year, respectively. Reported net profit and reported basic earnings per share were €343.5 million and €0.949, respectively, in the year.

In line with our dividend policy, the Board of Directors proposes a full-year dividend of 0.44 Euros per share, a 10% increase on the 2015 dividend. The dividend payment will be subject to, among other things, shareholders' approval at our annual general meeting.

Operational Review by Reporting Segment

Established markets

	Full Year 2016	Full Year 2015	Change
Volume (m unit cases)	**606.6**	621.1	-2.3%
Net sales revenue (€ m)	**2,407.8**	2,485.6	-3.1%
Net sales revenue per unit case (€)	**3.97**	4.00	-0.8%
FX-neutral net sales revenue (€ m)	**2,407.8**	2,457.9	-2.0%
FX-neutral net sales revenue per unit case (€)	**3.97**	3.96	0.3%
Operating profit (EBIT) (€ m)	**236.8**	171.3	38.2%
Comparable EBIT (€ m)	**242.3**	198.8	21.9%
EBIT margin (%)	**9.8**	6.9	290bps
Comparable EBIT margin (%)	**10.1**	8.0	210bps

- Volume in our Established markets segment declined by 2.3% in the year. Key drivers were lower volume in Sparkling, the delisting of our low value water brands in Italy and cycling of a very hot summer in 2015 that had supported good growth in Water in the prior year. Organic growth, combined with the launch of Monster in Italy, helped deliver good growth in the energy category. Coke Zero, Fanta and Schweppes also contributed well.

- Net sales revenue declined by 3.1% in the year. While facing weaker volume, negative currency impact of the British Pound and the Swiss Franc, price mix deterioration amidst an overall deflationary environment and negative channel mix, the businesses improved category and package mix. FX-neutral net sales revenue per case increased by 0.3% in the year.

- Volume in Italy posted a 3% decline in the year. Positive performance in Coke Zero and Fanta as well as Coca-Cola Life and Monster, helped arrest the decline in Sparkling to low single digits. In the first quarter, we made a strategic decision to delist low value smaller water brands, as part of our revenue growth management initiatives, resulting in a mid single-digit decline in Water volume in the year. Excluding the delisted brands, Water volume increased by low single digits. Package mix improved in the year, driven by the delisting of our low value brands in the water category as well as the good performance of single-serve packages across key categories.

- Volume in Greece was stable in the year. Performance in the still drinks category was the key growth driver, with Water posting a mid single-digit growth. Coke Zero, Schweppes and Monster all performed well despite the sparkling beverages category posting an overall decrease. Macroeconomic conditions and the trading environment remain challenging.

- Switzerland delivered a 2% decline in volume in the year. Sparkling beverages were broadly flat compared to the prior year, with good growth in Coca-Cola regular and Coke Zero. The overall decline was mainly driven by Still drinks, with a mid single-digit decline in Water and a high single-digit decline in Ready-to-drink tea.

- Volume in Ireland declined by 2% in the year. Most key categories declined, with the exception of Water and Energy. Water grew by high single digits, and Energy delivered double-digit growth. Sparkling beverages declined in a very competitive market, despite the good performance registered by Coke Zero and Schweppes, both of which posted double-digit growth. Package mix improved in the year driven by good performance of single-serve packages of Sparkling drinks.

- Despite volume and pricing pressure, comparable operating profit in the Established markets segment improved by 21.9% to €242.3 million in the year, leading to a 210 basis-point expansion in the segment's comparable operating profit margin to 10.1%. Benefits from revenue growth management initiatives, lower operating expenses and favourable input costs more than offset the negative impact from lower volume. On a reported basis, operating profit improved by 38.2% to €236.8 million.

Operational Review by Reporting Segment (continued)

Developing markets

	Full Year 2016	Full Year 2015	Change
Volume (m unit cases)	**383.5**	378.7	1.3%
Net sales revenue (€ m)	**1,094.2**	1,092.0	0.2%
Net sales revenue per unit case (€)	**2.85**	2.88	-1.1%
FX-neutral net sales revenue (€ m)	**1,094.2**	1,073.8	1.9%
FX-neutral net sales revenue per unit case (€)	**2.85**	2.84	0.6%
Operating profit (EBIT) (€ m)	**92.9**	87.4	6.3%
Comparable EBIT (€ m)	**97.1**	98.6	-1.5%
EBIT margin (%)	**8.5**	8.0	50bps
Comparable EBIT margin (%)	**8.9**	9.0	-20bps

- Volume in our Developing market segment increased by 1.3%, with growth in nearly all markets driven by Sparkling and Energy.
- Net sales revenue increased by 0.2% driven by volume growth, favourable category and package mix partially offset by unfavourable currency impact, arising mainly from the Polish Zloty, as well as unfavourable price and channel mix. On an FX-neutral basis, net sales revenue per unit case improved by 0.6%.
- In Poland, volume increased by 1%, with growth in Sparkling drinks and Energy, offset by decline in Still drinks. In Sparkling Trademark Coke continues to grow driven by Coke Zero with Fanta growing by double digits following the launch of the new formula in the new slider bottle. Energy maintained strong double-digit growth driven by Monster. In Stills, Juice increased by double digits but did not offset the decline seen in Water, which was cycling a tough summer period comparator in 2015. Package mix improved by 0.6 percentage points driven by single-serve improvements in Water and Sparking.
- Hungary reported a 1% volume increase, with increases in Sparkling being largely offset by declines in Water. In Sparkling, our continued focus on OBPPC initiatives drove a mid single-digit increase in Trademark Coke, with exceptional performance from Coke Zero whilst Sprite grew particularly well following the successful launch of Sprite Zero. Energy continued its growth trajectory, growing by double digits driven by both Monster and Burn, with the added benefit from the new Monster portfolio expansion. Package mix improved by 1.2 percentage points driven by our continued focus on increasing single-serve contribution across all categories.
- In the Czech Republic, volumes declined by 1% with a good performance in Sparkling, Juice and Energy partially offsetting declines in Water and Tea. In Sparkling, Trademark Coke performed well - up low single-digits - as did Sprite, growing by double digits driven by our focus on OBPPC initiatives in the organised trade. Juice grew by high single digits, following a good performance in single serve packages in the organised trade. Energy continued to grow, increasing volume by double digits driven by Monster. Water declined following the cycling of a very hot summer in 2015, though the single-serve performance in Water largely contributed to the overall package mix improvement of 0.8 percentage points.
- Developing markets delivered €97.1 million in comparable EBIT, a decrease of €1.5 million compared to the last year. Improved volume with favourable category and pack mix only partially offset the adverse currency impact as well as the negative impact from price and channel mix. Comparable operating profit margin for the segment decreased by 20 basis points to 8.9%. Reported operating profit increased by 6.3% to €92.9 million.

Operational Review by Reporting Segment (continued)

Emerging markets

	Full Year 2016	Full Year 2015	Change
Volume (m unit cases)	**1,067.8**	1,055.2	1.2%
Net sales revenue (€ m)	**2,717.0**	2,768.5	-1.9%
Net sales revenue per unit case (€)	**2.54**	2.62	-3.0%
FX-neutral net sales revenue (€ m)	**2,717.0**	2,506.3	8.4%
FX-neutral net sales revenue per unit case (€)	**2.54**	2.38	7.1%
Operating profit (EBIT) (€ m)	**176.6**	159.5	10.7%
Comparable EBIT (€ m)	**178.1**	175.8	1.3%
EBIT margin (%)	**6.5**	5.8	70bps
Comparable EBIT margin (%)	**6.6**	6.4	20bps

- Emerging market segment volume increased by 1.2% with strong growth in Nigeria, Romania and Serbia. Russia continued to be weak during the year.
- Net sales revenue declined by 1.9%. Benefits of an improved pricing environment, increased volume and positive package and category mix were more than offset by the unfavourable currency impact driven by devaluation in the Russian Rouble and the Nigerian Naira. FX-neutral net sales revenue per case grew by 8.4%, reflecting our strategy to implement improved pricing in our markets where we face currency headwinds.
- Volume in Russia declined by 8% in continued challenging market conditions. Double-digit volume growth in Energy and high single-digit volume growth in Fanta and Coke Zero in the Sparkling category went some way to offset the overall volume decline in the market. Juice volume decline decelerated, down mid-single digits following a low-teens decline at half-year. Package mix improved by 1.1 percentage points, with Sparkling, Water and Juice single-serve mix improving.
- Nigeria continued to grow strongly, delivering 11% volume growth across all categories. In Sparkling, volume increase was largely driven by Trademark Coke and the 35cl glass pack as well as the introduction of the 60cl PET pack. Sprite and Fanta also grew strongly with volumes helped by reduction in tensions in the North and consequent improved availability of product. In Stills, Juice grew by mid single-digits helped by the launch of Pulpy in a new 40cl PET pack and Water grew by double digits.
- Volume in Romania grew by 9%, maintaining its positive trend by registering eight consecutive quarters of growth. In Sparkling, Trademark Coke and Fanta both grew by high single digits driven by marketing activities and ongoing OBPPC initiatives. In Stills, Water increased by low single digits and Juice increased by double digits driven by consistently good performance of Cappy Pulpy.
- In Ukraine, volume increased by 1%, driven by Sparkling and Tea, offset by declines in Water, Juice and Energy. In Sparkling, volumes increased by mid single digits with nearly all the brands in growth, while Energy declined by low single digits driven by Burn. Water and Juice both experienced double-digit decline following tough comparators in Water and the de-listing of a juice brand. RTD Tea increased by double digits on tough comparators with a good performance across all packs whilst experiencing continued market share gains.
- The Emerging markets segment delivered comparable operating profit of €178.1m, an increase of 1.3%, leading to 20 basis point improvement in comparable operating margin to 6.6%. Improved price and mix offset the adverse currency impact as well as higher input costs. On a reported basis, operating profit was €176.6 million, an increase of 10.7% compared to prior year.

Business Outlook

Following a muted macroeconomic backdrop to our performance in 2016, economic activity is projected to improve in 2017, especially in developing and emerging economies. Accordingly, the outlook for our territories in 2017 is mixed, with firming oil prices, gradually improving activity in Russia and modest growth prospects in Nigeria. In addition, we see varying trends across Europe, which altogether, point to a GDP growth forecast for the Euro area that is unchanged from 2016.

Specifically in our Emerging markets, following two years in recession, Russia is showing some signs of stabilisation. We expect the return to growth to be gradual and view 2017 as the year of volume stabilisation. Nigeria is currently facing its worst economic crisis in more than 20 years, following the devaluation of the Naira in June 2016. While there are early signs that the economy could return to growth in 2017, we expect 2017 volumes to be soft due to the likely lag between the economic downturn and decline in consumer spending.

Against this backdrop, in 2017 we expect volume to continue to grow in the Developing and Emerging segments and to stabilise in the Established segment.

Our focus on revenue growth management benefited the business in 2016, with price and mix improvements. We intend to continue with planned pricing actions in markets impacted by foreign currency depreciation and markets where deflationary pressures are abating. In addition, we will continue with our OBPPC initiatives to achieve better value for every case we sell. We expect our plans to again deliver a substantial increase in FX-neutral net sales revenue per case in the full year.

Uncertainty surrounding potential for further devaluation of the Nigerian Naira and volatility in the Russian Rouble make it difficult to estimate the potential impact of currencies on our business. Taking into account our hedged positions and current spot rates, we expect the adverse impact on EBIT from foreign currency to amount to €15 million for the full year.

We entered into contracts for EU and Russian sugar at favourable prices in 2015, and more recently we covered approximately half of our Nigerian sugar and aluminium needs. In PET resin, which we do not hedge, we expect higher prices in 2017 compared to the prior year. Overall, we expect our input costs per case to increase by high single digits on an FX-neutral basis.

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

Overall in 2017, we expect slightly better economic conditions, leading to volume growth. We expect the improving volume trends as well as our cost and commercial activities to deliver FX-neutral revenue growth and margin expansion in the year.

Technical guidance

Our initiatives to further improve operational efficiencies remain unchanged. For 2017, we have identified restructuring initiatives of approximately €26 million. We expect these initiatives to yield €14 million in annualised benefits from 2018 onwards, while the initiatives already taken in 2016 and those that we will take in 2017 are expected to yield €15 million of total benefits in 2017.

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

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

Group Financial Review

Income statement	Full Year		
	2016 € million	**2015 € million**	**% Change**
Volume (m unit cases)	**2,057.9**	2,055.0	0.1%
Net sales revenue	**6,219.0**	6,346.1	-2.0%
Net sales revenue per unit case (€)	**3.02**	3.09	-2.1%
FX-neutral net sales revenue[1]	**6,219.0**	6,038.0	3.0%
FX-neutral net sales revenue per unit case (€)[1]	**3.02**	2.94	2.9%
Cost of goods sold	**(3,920.2)**	(4,018.7)	-2.5%
Comparable cost of goods sold[1]	**(3,944.7)**	(4,017.7)	-1.8%
Gross profit	**2,298.8**	2,327.4	-1.2%
Comparable gross profit[1]	**2,274.3**	2,328.4	-2.3%
Operating expenses	**(1,792.5)**	(1,909.2)	-6.1%
Comparable operating expenses[1]	**(1,756.8)**	(1,855.2)	-5.3%
Operating profit (EBIT)	**506.3**	418.2	21.1%
Comparable operating profit (EBIT)[1]	**517.5**	473.2	9.4%
Adjusted EBITDA[1]	**845.9**	766.3	10.4%
Comparable adjusted EBITDA[1]	**839.3**	803.6	4.4%
Finance costs, net	**(62.3)**	(68.2)	-8.7%
Share of results of equity method investments	**13.8**	7.1	94.4%
Tax	**(113.8)**	(76.4)	49.0%
Comparable tax[1]	**(116.5)**	(98.6)	18.2%
Net profit[2]	**343.5**	280.3	22.5%
Comparable net profit[1,2]	**352.1**	314.3	12.0%
Basic earnings per share (€)	**0.949**	0.771	23.1%
Comparable basic earnings per share (€)[1]	**0.972**	0.864	12.5%

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.*

On an FX-neutral basis, net sales revenue improved by 3.0% compared to the prior year. Net sales revenue decreased by 2.0% in 2016, compared to the prior year, as the positive result from our revenue growth management initiatives, including pricing, was more than offset by unfavourable currency movements.

Comparable cost of goods sold decreased by 1.8% and cost of goods sold decreased by 2.5% in 2016, compared to the prior year, mainly as a result of the positive impact from currency movements, while input costs remained fairly stable.

Comparable gross profit margin and gross profit margin were fairly stable in 2016 compared to the prior year.

Comparable operating expenses decreased by 5.3% and operating expenses by 6.1% in 2016 compared to the prior year, mainly reflecting the benefits of our restructuring initiatives, tight cost management and the positive impact from currency movements.

Comparable operating profit increased by 9.4% in 2016 compared to the prior year, reflecting the benefits from our revenue growth management initiatives and cost efficiencies, which were only partially offset by the adverse currency impact. Operating profit increased by 21.1% in 2016, compared to the prior year, as the benefits from our revenue growth management initiatives coupled with the positive impact from the mark-to-market valuation of commodity economic hedges, cost efficiencies and lower restructuring expenses, were only partially offset by unfavourable currency movements.

Group Financial Review (continued)

Net finance costs decreased by €5.9 million during 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 2016 compared to 24% for 2015. On a reported basis, Coca-Cola HBC's effective tax rate was approximately 25% for 2016 compared to 21% for 2015. Prior year's effective tax rate on a reported basis was impacted by certain non-recurring items. 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 12.0% while net profit increased by 22.5%, in 2016 compared to the prior year, mainly driven by the higher operating profitability, only partially offset by increased taxes.

Balance sheet	**As at**		
Assets	**31 December 2016 € million**	**31 December 2015 € million**	**Change € million**
Total non-current assets	**4,503.6**	4,665.2	-161.6
Total current assets	**2,061.3**	1,868.0	193.3
Total assets	**6,564.9**	**6,533.2**	31.7
Liabilities			
Total current liabilities	**1,968.1**	2,490.9	-522.8
Total non-current liabilities	**1,726.7**	1,218.2	508.5
Total liabilities	**3,694.8**	**3,709.1**	-14.3
Equity			
Owners of the parent	**2,865.6**	2,819.8	45.8
Non-controlling interests	**4.5**	4.3	0.2
Total equity	**2,870.1**	**2,824.1**	46.0
Total equity and liabilities	**6,564.9**	**6,533.2**	31.7

Total non-current assets decreased in 2016 by €161.6 million mainly due to the impact of foreign currency translation. Net current assets increased by €716.1 million mainly due to the repayment of the €600 million bond which matured in November 2016 and the cash and cash equivalents generated by the Group in the year. The Group's non-current liabilities also increased by €508.5 million largely as a result of the €600 million bond issued in March 2016 and maturing in November 2024.

Group Financial Review (continued)

Cash flow

	Full Year		
	2016 € million	**2015 € million**	**% Change**
Net cash from operating activities[1]	**763.3**	739.3	3.2%
Capital expenditure[1]	**(332.1)**	(327.5)	1.4%
Free cash flow[1]	**431.2**	411.8	4.7%

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

Net cash from operating activities increased by 3.2% or €24.0 million, in 2016 compared to 2015, mainly reflecting the increased operating profitability, only partially offset by taxes paid and changes in working capital.

Capital expenditure, net of receipts from the disposal of assets and including principal repayments of finance lease obligations, increased by 1.4% in the year and represented 5.3% (2015: 5.2%) of net sales revenue. In 2016, capital expenditure amounted to €332.1 million of which 52% was related to investment in production equipment and facilities and 27% to the acquisition of marketing equipment. In 2015, capital expenditure amounted to €327.5 million of which 55% was related to investment in production equipment and facilities and 24% to the acquisition of marketing equipment.

In 2016, free cash flow grew by 4.7% or €19.4 million, reflecting the increased cash from operating activities, which was only partially offset by increased capital expenditure.

Supplementary Information

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

NARTD	Full Year 2016	Full Year 2015	% Change
Volume (m unit cases) [1]	**2,055.5**	2,052.6	0.1%
Net sales revenue (€ m)	**6,040.6**	6,164.3	-2.0%
Net sales revenue per Unit Case (€)	**2.94**	3.00	-2.1%
FX-neutral net sales revenue (€ m)	**6,040.6**	5,864.7	3.0%
FX-neutral net sales revenue per unit case (€)	**2.94**	2.86	2.9%

Premium Spirits	Full Year 2016	Full Year 2015	% Change
Volume (m unit cases) [1]	**2.386**	2.396	-0.4%
Net sales revenue (€ m)	**178.4**	181.8	-1.9%
Net sales revenue per unit case (€)	**74.8**	75.9	-1.5%
FX-neutral net sales revenue (€ m)	**178.4**	173.3	2.9%
FX-neutral net sales revenue per unit case (€)	**74.8**	72.3	3.4%

Total	Full Year 2016	Full Year 2015	% Change
Volume (m unit cases) [1]	**2,057.9**	2,055.0	0.1%
Net sales revenue (€ m)	**6,219.0**	6,346.1	-2.0%
Net sales revenue per unit case (€)	**3.02**	3.09	-2.1%
FX-neutral net sales revenue (€ m)	**6,219.0**	6,038.0	3.0%
FX-neutral net sales revenue per unit case (€)	**3.02**	2.94	2.9%

[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 also corresponds to 5.678 litres.

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

1. Comparable APMs[1]

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

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

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

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

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

Definitions and reconciliations of APMs (continued)

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

	Full-year 2016							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	**(3,920.2)**	**2,298.8**	**(1,792.5)**	**506.3**	**845.9**	**(113.8)**	**343.5**	**0.949**
Restructuring costs	**-**	**-**	**37.7**	**37.7**	**19.9**	**(7.9)**	**29.9**	**0.082**
Commodity hedging	**(24.5)**	**(24.5)**	**(2.0)**	**(26.5)**	**(26.5)**	**7.5**	**(19.0)**	**(0.052)**
Other tax items	**-**	**-**	**-**	**-**	**-**	**(2.3)**	**(2.3)**	**(0.007)**
Comparable	**(3,944.7)**	**2,274.3**	**(1,756.8)**	**517.5**	**839.3**	**(116.5)**	**352.1**	**0.972**
	Full-year 2015							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	(4,018.7)	2,327.4	(1,909.2)	418.2	766.3	(76.4)	280.3	0.771
Restructuring costs	-	-	54.0	54.0	36.3	(11.9)	43.3	0.119
Commodity hedging	1.0	1.0	-	1.0	1.0	(0.2)	0.8	0.002
Other tax items	-	-	-	-	-	(10.1)	(10.1)	(0.028)
Comparable	(4,017.7)	2,328.4	(1,855.2)	473.2	803.6	(98.6)	314.3	0.864

[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: € 1.2 million).

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

	Full-year 2016			
	Established	Developing	Emerging	Consolidated
EBIT	**236.8**	**92.9**	**176.6**	**506.3**
Restructuring costs	**9.4**	**6.3**	**22.0**	**37.7**
Commodity hedging	**(3.9)**	**(2.1)**	**(20.5)**	**(26.5)**
Comparable EBIT	**242.3**	**97.1**	**178.1**	**517.5**
	Full-year 2015			
	Established	Developing	Emerging	Consolidated
EBIT	171.3	87.4	159.5	418.2
Restructuring costs	23.9	9.0	21.1	54.0
Commodity hedging	3.6	2.2	(4.8)	1.0
Comparable EBIT	198.8	98.6	175.8	473.2

2. FX-neutral APMs

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

Definitions and reconciliations of APMs (continued)

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

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

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

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

	Full-year 2016			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	**2,407.8**	**1,094.2**	**2,717.0**	**6,219.0**
Currency impact	**-**	**-**	**-**	**-**
FX-neutral net sales revenue	**2,407.8**	**1,094.2**	**2,717.0**	**6,219.0**
Volume (m unit cases)	**606.6**	**383.5**	**1,067.8**	**2,057.9**
FX-neutral net sales revenue per unit case (€)	**3.97**	**2.85**	**2.54**	**3.02**

	Full-year 2015			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	2,485.6	1,092.0	2,768.5	6,346.1
Currency impact	(27.7)	(18.2)	(262.2)	(308.1)
FX-neutral net sales revenue	2,457.9	1,073.8	2,506.3	6,038.0
Volume (m unit cases)	621.1	378.7	1,055.2	2,055.0
FX-neutral net sales revenue per unit case (€)	3.96	2.84	2.38	2.94

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

	Full-year 2016	**Full-year 2015**
Input costs	**1,597.2**	1,619.1
Commodity hedging	**26.5**	(1.0)
Comparable input costs	**1,623.7**	1,618.1
Currency impact	**-**	13.3
FX-neutral comparable input costs	**1,623.7**	1,631.4
Volume (m unit cases)	**2,057.9**	2,055.0
FX-neutral comparable input costs per unit case (€)	**0.79**	**0.79**

Definitions and reconciliations of APMs (continued)

3. Other APMs

Adjusted EBITDA

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

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

Free cash flow

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

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

Capital expenditure

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

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

Definitions and reconciliations of APMs (continued)

	Full-year 2016 € million	Full-year 2015 € million
Operating profit (EBIT)	**506.3**	**418.2**
Depreciation and impairment of property, plant and equipment	**332.4**	340.2
Amortisation of intangible assets	**0.4**	0.4
Employee share options and performance shares	**8.1**	8.8
Other non-cash items included in operating income	**(1.3)**	(1.3)
Adjusted EBITDA	**845.9**	**766.3**
(Gains) / losses on disposal of non-current assets	**(2.9)**	1.8
Decrease in working capital	**12.4**	43.9
Tax paid	**(92.1)**	(72.7)
Net cash from operating activities	**763.3**	**739.3**
Payments for purchases of property, plant and equipment	**(347.8)**	(331.5)
Principal repayments of finance lease obligations	**(20.2)**	(13.8)
Proceeds from sale of property, plant and equipment	**35.9**	17.8
Capital expenditure	**(332.1)**	**(327.5)**
Net cash from operating activities	**763.3**	739.3
Capital expenditure	**(332.1)**	(327.5)
Free cash flow	**431.2**	**411.8**

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 31 December 2016 € million	As at 31 December 2015 € million
Long-term borrowings	**1,468.1**	923.0
Short-term borrowings	**156.5**	781.5
Cash and cash equivalents	**(573.2)**	(487.4)
Net debt	**1,051.4**	**1,217.1**

Condensed consolidated financial statements for the six months and the year ended 31 December 2016

Condensed consolidated balance sheet (unaudited)

	Note	**As at 31 December 2016 € million**	As at 31 December 2015 € million
Assets			
Intangible assets	4	**1,885.7**	1,911.6
Property, plant and equipment	4	**2,406.6**	2,545.5
Other non-current assets		**211.3**	208.1
Total non-current assets		**4,503.6**	**4,665.2**
Inventories		**431.5**	435.8
Trade and other receivables		**1,044.8**	939.3
Cash and cash equivalents	5	**573.2**	487.4
		2,049.5	**1,862.5**
Assets classified as held for sale		**11.8**	5.5
Total current assets		**2,061.3**	**1,868.0**
Total assets		**6,564.9**	**6,533.2**
Liabilities			
Short-term borrowings	5	**156.5**	781.5
Other current liabilities		**1,811.6**	1,709.4
Total current liabilities		**1,968.1**	**2,490.9**
Long-term borrowings	5	**1,468.1**	923.0
Other non-current liabilities		**258.6**	295.2
Total non-current liabilities		**1,726.7**	**1,218.2**
Total liabilities		**3,694.8**	**3,709.1**
Equity			
Owners of the parent		**2,865.6**	2,819.8
Non-controlling interests		**4.5**	4.3
Total equity		**2,870.1**	**2,824.1**
Total equity and liabilities		**6,564.9**	**6,533.2**

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

Condensed consolidated income statement (unaudited)

	Note	**Six months ended 31 December 2016 € million**	Six months ended 31 December 2015 € million
Net sales revenue	3	**3,175.1**	3,195.2
Cost of goods sold		**(2,015.0)**	(2,019.7)
Gross profit		**1,160.1**	**1,175.5**
Operating expenses	7	**(874.4)**	(956.4)
Operating profit	3	**285.7**	**219.1**
Finance costs, net	8	**(27.3)**	(31.0)
Share of results of equity method investments		**8.5**	4.3
Profit before tax		**266.9**	**192.4**
Tax	9	**(63.1)**	(37.2)
Profit after tax		**203.8**	**155.2**
Attributable to:			
Owners of the parent		**203.5**	155.1
Non-controlling interests		**0.3**	0.1
		203.8	**155.2**
Basic and diluted earnings per share (€)	10	**0.56**	**0.43**

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

Condensed consolidated statement of comprehensive income (unaudited)

		Six months ended 31 December 2016 € million		Six months ended 31 December 2015 € million
Profit after tax for the period		**203.8**		**155.2**
Other comprehensive income:				
Items that may be subsequently reclassified to income statement:				
Valuation gain on available-for-sale assets		**0.1**		0.2
Cash flow hedges:				
Net losses during the period	**(5.0)**		(2.2)	
Net losses reclassified to profit and loss for the period	**9.6**		1.4	
Transfers to inventory for the period	**2.8**	**7.4**	(7.4)	(8.2)
Foreign currency translation		**58.2**		(178.3)
Share of other comprehensive income of equity method investments		**-**		(1.1)
Income tax relating to items that may be subsequently reclassified to income statement		**(1.0)**		(1.6)
		64.7		**(189.0)**
Items that will not be subsequently reclassified to income statement:				
Actuarial gains		**28.9**		**6.0**
Income tax relating to items that will not be subsequently reclassified to income statement		**(6.5)**		**(2.5)**
		22.4		**3.5**
Other comprehensive income for the period, net of tax		**87.1**		**(185.5)**
Total comprehensive income for the period		**290.9**		**(30.3)**
Total comprehensive income attributable to:				
Owners of the parent		**290.6**		(30.4)
Non-controlling interests		**0.3**		0.1
		290.9		**(30.3)**

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

Condensed consolidated income statement (unaudited)

	Note	**Year ended 31 December 2016 € million**	Year ended 31 December 2015 € million
Net sales revenue	3	**6,219.0**	6,346.1
Cost of goods sold		**(3,920.2)**	(4,018.7)
Gross profit		**2,298.8**	**2,327.4**
Operating expenses	7	**(1,792.5)**	(1,909.2)
Operating profit	3	**506.3**	**418.2**
Finance costs, net	8	**(62.3)**	(68.2)
Share of results of equity method investments		**13.8**	7.1
Profit before tax		**457.8**	**357.1**
Tax	9	**(113.8)**	(76.4)
Profit after tax		**344.0**	**280.7**
Attributable to:			
Owners of the parent		**343.5**	280.3
Non-controlling interests		**0.5**	0.4
		344.0	**280.7**
Basic and diluted earnings per share (€)	10	**0.95**	**0.77**

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

Condensed consolidated statement of comprehensive income (unaudited)

		Year ended 31 December 2016 € million		Year ended 31 December 2015 € million
Profit after tax for the year		**344.0**		**280.7**
Other comprehensive income:				
Items that may be subsequently reclassified to income statement:				
Valuation (loss) / gain on available-for-sale assets		**(0.1)**		0.1
Cash flow hedges:				
Net losses during the year	**(48.2)**		(5.2)	
Net losses reclassified to profit and loss for the year	**12.8**		4.6	
Transfers to inventory for the year	**4.1**	**(31.3)**	(19.7)	(20.3)
Foreign currency translation		**(112.9)**		(65.8)
Share of other comprehensive income of equity method investments		**(7.5)**		(0.2)
Income tax relating to items that may be subsequently reclassified to income statement		**1.1**		5.5
		(150.7)		**(80.7)**
Items that will not be subsequently reclassified to income statement:				
Actuarial (losses) /gains		**(41.7)**		**11.1**
Income tax relating to items that will not be subsequently reclassified to income statement		**7.0**		**(2.9)**
		(34.7)		**8.2**
Other comprehensive income for the year, net of tax		**(185.4)**		**(72.5)**
Total comprehensive income for the year		**158.6**		**208.2**
Total comprehensive income attributable to:				
Owners of the parent		**158.1**		207.8
Non-controlling interests		**0.5**		0.4
		158.6		**208.2**

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

Condensed consolidated statement of changes in equity (unaudited)

	Attributable to owners of the parent									
	Share capital € million	Share Premium € million	Group Reorganization 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	2.0	3.1	-	-	-	-	-	**5.1**	-	**5.1**
Share-based compensation:										
Options and performance shares	-	-	-	-	-	8.8	-	**8.8**	-	**8.8**
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)	-	5.2	(3.0)	-	-	-
Dividends (note 12)	-	(132.4)	-	-	-	-	1.3	**(131.1)**	(0.2)	**(131.3)**
	2,000.1	**5,028.3**	**(6,472.1)**	**(132.0)**	**(615.3)**	**275.0**	**2,528.0**	**2,612.0**	**3.9**	**2,615.9**
Profit for the year net of tax	-	-	-	-	-	-	280.3	**280.3**	0.4	**280.7**
Other comprehensive income for the year, net of tax	-	-	-	-	(66.1)	(14.6)	8.2	**(72.5)**	-	**(72.5)**
Total comprehensive income for the year net of tax [1]	-	-	-	-	(66.1)	(14.6)	288.5	**207.8**	0.4	**208.2**
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 €66.1 million loss for 2015 represents the exchange loss attributed to the owners of the parent, including €0.3 million loss relating to share of other comprehensive income of equity method investments.*

The amount included in other reserves of €14.6 million loss for 2015 consists of gain on valuation of available-for-sale financial assets of €0.1 million, cash flow hedges losses of €20.3 million, €0.1 million gain relating to share of other comprehensive income of equity method investments and the deferred tax income thereof amounting to €5.5 million.

The amount of €288.5 million gain comprises profit for the year of €280.3 million plus actuarial gains of €11.1 million less a deferred tax expense of €2.9 million.

The amount of €0.4 million gain included in non-controlling interests for 2015 represents the share of non-controlling interests in retained earnings.

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

Condensed consolidated statement of changes in equity (unaudited)

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

[(2)] The amount included in the exchange equalisation reserve of €120.4 million loss for 2016 represents the exchange loss attributed to the owners of the parent, including a €7.5 million loss relating to share of other comprehensive income of equity method investments.

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

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

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

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

Condensed consolidated cash flow statement (unaudited)

	Note	**Year ended 31 December 2016 € million**	Year ended 31 December 2015 € million
Operating activities			
Profit after tax for the year		**344.0**	280.7
Finance costs, net	8	**62.3**	68.2
Share of results of equity method investments		**(13.8)**	(7.1)
Tax charged to the income statement		**113.8**	76.4
Depreciation and impairment of property, plant and equipment	4	**332.4**	340.2
Employee stock options and performance shares		**8.1**	8.8
Amortisation of intangible assets	4	**0.4**	0.4
Other non- cash items		**(1.3)**	(1.3)
		845.9	**766.3**
(Gain) / loss on disposal of non-current assets		**(2.9)**	1.8
Decrease / (increase) in inventories		**3.8**	(37.1)
Increase in trade and other receivables		**(122.6)**	(13.8)
Increase in trade and other payables		**131.2**	94.8
Tax paid		**(92.1)**	(72.7)
Net cash from operating activities		**763.3**	**739.3**
Investing activities			
Payments for purchases of property, plant and equipment		**(347.8)**	(331.5)
Proceeds from sales of property, plant and equipment		**35.9**	17.8
Net receipts from investments	16,17	**17.8**	120.9
Loans to related parties		**2.8**	(2.7)
Interest received		**7.3**	9.5
Payments for acquisition of subsidiary	17	**(19.5)**	-
Net cash used in investing activities		**(303.5)**	**(186.0)**
Financing activities			
Proceeds from shares issued to employees exercising stock options	11	**21.6**	5.1
Payments for shares held by non-controlling interests		**(0.7)**	(1.2)
Share buy-back payments	11	**-**	(58.5)
Proceeds from sale of own shares		**3.1**	-
Dividends paid to owners of the parent	12	**(144.7)**	(131.1)
Dividends paid to non-controlling interests		**(0.3)**	(0.2)
Proceeds from borrowings	5	**679.6**	104.2
Repayments of borrowings	5	**(738.2)**	(524.2)
Principal repayments of finance lease obligations		**(20.2)**	(13.8)
Payments for settlement of forward starting swaps	5	**(55.4)**	-
Interest paid		**(72.8)**	(69.5)
Net cash used in financing activities		**(328.0)**	**(689.2)**
Increase / (decrease) in cash and cash equivalents		**131.8**	**(135.9)**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**487.4**	636.3
Increase / (decrease) in cash and cash equivalents		**131.8**	(135.9)
Effect of changes in exchange rates		**(46.0)**	(13.0)
Cash and cash equivalents at the end of the year		**573.2**	**487.4**

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

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

1. Basis of preparation and accounting policies

Basis of preparation

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

Accounting policies

The accounting policies used in the preparation of the condensed consolidated financial statements of Coca-Cola HBC AG ('Coca-Cola HBC', the 'Company' or the 'Group') are consistent with those used in the 2015 annual financial statements, except for the amendments to the IFRSs effective as of 1 January 2016, but which do not have a material impact on the condensed consolidated financial statements of the Group.

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

IFRS 15, *Revenue from Contracts with Customers* that will replace IAS 18, which covers contracts for goods and services, and IAS 11, which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. IFRS 15 is effective for annual periods beginning on or after 1 January 2018. Based on a preliminary assessment, the Group believes that the adoption of IFRS 15 will not have a significant impact on its consolidated financial statements.

IFRS 9, *Financial Instruments,* which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The new hedge accounting requirements will align the accounting for hedging instruments more closely with the Group's risk management practices and therefore more hedge relationships are expected to be eligible for hedge accounting. Furthermore, the Group will assess possible changes related to its accounting for the time value of option and forward points in more detail in 2017.

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

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

2. 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 sheet at the closing exchange rate for the year.

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

	Average for the year ended		**Closing as at**	
	31 December 2016	31 December 2015	**31 December 2016**	31 December 2015
US dollar	**1.11**	1.11	**1.04**	1.09
UK sterling	**0.82**	0.72	**0.85**	0.74
Polish zloty	**4.36**	4.17	**4.40**	4.23
Nigerian naira	**279.97**	215.63	**317.95**	216.15
Hungarian forint	**311.40**	309.12	**309.22**	312.98
Swiss franc	**1.09**	1.06	**1.07**	1.08
Russian Rouble	**74.36**	67.67	**64.72**	78.95
Romanian leu	**4.49**	4.44	**4.54**	4.54
Serbian dinar	**123.08**	120.70	**123.30**	121.33
Czech koruna	**27.03**	27.29	**27.02**	27.03
Ukrainian hryvnia	**28.27**	24.52	**27.97**	26.06

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.

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

3. Segmental analysis (continued)

Information on the Group's segments is as follows:

	Six months ended		Year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Volume in unit cases [(1)] (million)				
Established countries	**309.7**	315.8	**606.6**	621.1
Developing countries	**196.4**	197.9	**383.5**	378.7
Emerging countries	**544.5**	534.7	**1,067.8**	1,055.2
Total volume	**1,050.6**	**1,048.4**	**2,057.9**	**2,055.0**
Net sales revenue (€ million)				
Established countries	**1,215.2**	1,248.6	**2,407.8**	2,485.6
Developing countries	**567.4**	563.4	**1,094.2**	1,092.0
Emerging countries	**1,392.5**	1,383.2	**2,717.0**	2,768.5
Total net sales revenue	**3,175.1**	**3,195.2**	**6,219.0**	**6,346.1**
Operating profit (€ million)				
Established countries	**139.3**	98.1	**236.8**	171.3
Developing countries	**53.4**	43.5	**92.9**	87.4
Emerging countries	**93.0**	77.5	**176.6**	159.5
Total operating profit	**285.7**	**219.1**	**506.3**	**418.2**
Reconciling items (€ million)				
Finance costs, net	**(27.3)**	(31.0)	**(62.3)**	(68.2)
Share of results of equity method investments	**8.5**	4.3	**13.8**	7.1
Tax	**(63.1)**	(37.2)	**(113.8)**	(76.4)
Non-controlling interests	**(0.3)**	(0.1)	**(0.5)**	(0.4)
Profit after tax attributable to owners of the parent	**203.5**	**155.1**	**343.5**	**280.3**

Additional information by product type:

	Six months ended		Year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Volume in unit cases [(1)] (million)				
NARTD [(2)]	1,049.2	1,047.0	2,055.5	2,052.6
Premium spirits	1.4	1.4	2.4	2.4
Total volume	**1,050.6**	**1,048.4**	**2,057.9**	**2,055.0**
Net sales revenue (€ million)				
NARTD [(2)]	3,062.5	3,087.8	6,040.6	6,164.3
Premium spirits	112.6	107.4	178.4	181.8
Total net sales revenue	**3,175.1**	**3,195.2**	**6,219.0**	**6,346.1**

[(1)] *For NARTD volume, one unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For premium spirits volume, one unit case corresponds also to 5.678 litres. Volume data is derived from unaudited operational data.*

[(2)] *Non alcoholic, ready-to-drink beverages*.

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

4. Property, plant and equipment 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	339.7	-
Arising on acquisitions	2.8	19.8
Reclassified from assets held for sale	4.3	-
Reclassified to assets held for sale	(14.4)	(16.6)
Disposals	(25.2)	-
Depreciation, impairment and amortisation	(332.4)	(0.4)
Foreign exchange differences	(113.7)	(28.7)
Closing net book value as at 31 December 2016	**2,406.6**	**1,885.7**

5. Net debt

	As at	
	31 December 2016 € million	31 December 2015 € million
Long-term borrowings	**1,468.1**	923.0
Short-term borrowings	**156.5**	781.5
Cash and cash equivalents	**(573.2)**	(487.4)
Net debt	**1,051.4**	**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 was 1.875% which, including the amortisation of the loss on the forward starting swap contracts to the income statement over the term of the fixed rate bond, resulted 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, initially recognised in "other comprehensive income". The net proceeds of the new issue were used to partially repay €214.6 million of the 4.25% fixed rate bond in March 2016, while the remaining €385.4 million was repaid upon its maturity in November 2016.

Cash and cash equivalents includes an amount of €110.7 million equivalent in Nigerian Naira and €2.1 million held by the Group's subsidiary, Nigerian Bottling Company Ltd, including €18.2 million equivalent in Nigerian Naira, which relates to the outstanding balance of the bank account held for the repayment of its former minority shareholders, following the 2011 acquisition of non-controlling interests.

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 significant changes in the risk management policies since 31 December 2015.

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 31 December 2016, the total derivatives included in Level 2 were financial assets of €16.0 million and financial liabilities of €15.5 million.

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

6. Financial risk management and financial instruments (continued)

The Group recognises embedded derivatives whose risks and economic characteristics were not considered to be closely related to the commodity contract in which they were embedded. The valuation techniques used to determine their fair value maximised the use of observable market data. The fair value of the embedded derivatives as at 31 December 2016 amounted to a financial asset of €3.3 million and are classified within Level 2.

There were no transfers between Level 1, 2 and 3 during 2016. The fair value of bonds and notes payable as at 31 December 2016, including the current portion, was €1,490.7 million, compared to their book value of €1,391.8 million, including the current portion, as at the same date.

7. Restructuring costs

Restructuring costs mainly concern redundancy costs and impairment of property, plant and equipment and are included within the condensed consolidated income statement line "operating expenses".

Restructuring costs amounted to €3.8 million before tax for the six months ended 31 December 2016. The Group recorded €0.3 million, €1.4 million and €2.1 million of restructuring charges in its established, developing and emerging countries respectively. For the six months ended 31 December 2015, restructuring costs amounted to €31.6 million. The Group recorded €13.7 million, €8.2 million and €9.7 million of restructuring charges in its established, developing and emerging countries respectively.

Restructuring costs amounted to €37.7 million before tax for the year 2016. The Group recorded €9.4 million, €6.3 million and €22.0 million of restructuring charges in its established, developing and emerging countries respectively. For the year 2015, restructuring costs amounted to €54.0 million. The Group recorded €23.9 million, €9.0 million and €21.1 million of restructuring charges in its established, developing and emerging countries respectively.

8. Finance costs, net

	Six months ended	
	31 December 2016	31 December 2015
	€ million	€ million
Interest income	**(4.2)**	(4.5)
Finance costs	**32.2**	33.4
Net foreign exchange (gains) / losses	**(0.7)**	2.1
Finance costs, net	**27.3**	**31.0**

	Year ended	
	31 December 2016	31 December 2015
	€ million	€ million
Interest income	**(7.4)**	(9.5)
Finance costs	**69.7**	70.2
Net foreign exchange losses	**-**	7.5
Finance costs, net	**62.3**	**68.2**

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

9. Tax

	Year ended	
	31 December 2016	31 December 2015
	€ million	€ million
Profit before tax	**457.8**	357.1
Tax	**(113.8)**	(76.4)
Effective tax rate	**25%**	**21%**

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 (full year of 2016: 362,117,968, full year of 2015: 363,727,764, six months ended 31 December 2016: 362,656,226, six months ended 31 December 2015: 363,061,665). 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 neutralising 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 was completed in September 2016.

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

Following the above changes, as at 31 December 2016 the share capital of the Group amounted to €1,990.8 million and comprised 366,640,638 shares with a nominal value of CHF 6.70 each.

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

12. Dividends

On 23 June 2015, the shareholders of Coca-Cola HBC AG at the Annual General Meeting approved the dividend distribution of 0.36 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.

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

The Board of Directors of Coca-Cola HBC AG has proposed a €0.44 dividend per share in respect of 2016. If approved by the shareholders of Coca-Cola HBC AG, this dividend will be paid in 2017.

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 Hellenic's web site: www.coca-colahellenic.com).

14. Capital commitments

As of 31 December 2016 the Group had capital commitments of €85.3 million (31 December 2015: €75.4 million), which mainly relate to the acquisition of plant and machinery equipment.

15. Number of employees

The average number of full-time equivalent employees in 2016 was 31,083 (33,311 for 2015).

16. Related party transactions

a) The Coca-Cola Company

As at 31 December 2016, The Coca-Cola Company and its subsidiaries (collectively, "TCCC") indirectly owned 23.2% (2015: 23.1%) of the issued share capital of Coca-Cola HBC.

The below table summarises transactions with The Coca-Cola Company and its subsidiaries:

	Six months ended 31 December		**Year ended 31 December**	
	2016	**2015**	**2016**	**2015**
	€ million	**€ million**	**€ million**	**€ million**
Purchases of concentrate, finished goods, other materials and coolers	**614.3**	642.9	**1,319.4**	1,355.0
Net contributions received for marketing and promotional incentives	**45.4**	56.3	**91.2**	89.5
Sales of finished goods and raw materials	**6.1**	—	**10.8**	9.1
Other income	**3.0**	2.8	**4.4**	6.6
Other expenses	**3.3**	4.0	**3.5**	4.1

In December 2016 the Group sold 50% of its share in its subsidiary Neptūno Vandenys, UAB, to European Refreshments, a subsidiary of TCCC (refer to note 17).
As at 31 December 2016, the Group had a total amount of €94.3 million due from TCCC (€72.4 million as at 31 December 2015), and had a total amount of €234.6 million due to TCCC including loans payable of € nil (€216.8 million including loans payable of €13.5 million as at 31 December 2015).

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

16. Related party transactions (continued)

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

Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, cooler parts, glass bottles, crowns and plastics. Truad Verwaltungs AG, currently indirectly owns 44.4% of Frigoglass and 50.8% of AG Leventis (Nigeria) Plc and also indirectly controls Kar-Tess Holding, which holds approximately 23.3% (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 Nigerian Bottling Company Ltd ("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.

The below table summarises transactions with Frigoglass, Kar-Tess Holdings and A.G Leventis (Nigeria) Plc:

	Six months ended 31 December		Year ended 31 December	
	2016	**2015**	**2016**	**2015**
	€ million	**€ million**	**€ million**	**€ million**
Purchases of coolers and other equipment, raw and other materials and finished goods	**66.3**	67.7	**123.0**	120.5
Maintenance, rent and other expenses	**11.4**	13.0	**21.4**	19.3

As at 31 December 2016, Coca-Cola HBC owed €32.0 million (€23.6 million as at 31 December 2015) to, and was owed €1.0 million (€0.6 million as at 31 December 2015) by Frigoglass. As at 31 December 2016, the Group owed €2.6 million (2015: €1.2 million) to, and was owed €nil (2015: €1.9 million) by AG Leventis (Nigeria) Plc.

c) Other related parties

Beverage Partners Worldwide ("BPW")

BPW is a 50/50 joint venture between TCCC and Nestlé. The Group purchased inventory from BPW of €88.3 million and €38.9 million during the full year and the six months ended 31 December 2016 respectively (€82.9 million and €31.6 million in the respective prior-year periods). As at 31 December 2016, the Group owed €5.4 million (€5.8 million as at 31 December 2015) to, and was owed €14.9 million (€5.4 million as at 31 December 2015) by BPW.

Other

During the full year and the six months ended 31 December 2016, the Group purchased €0.8 million and € nil of raw materials and finished goods (€3.8 million and € nil in the respective prior-year periods) from other related parties. In addition, the Group acquired €1.1 million and €0.4 million of property, plant and equipment from other related parties during the full year and the six months ended 31 December 2016 (€2.3 million and €1.5 million in the respective prior-year periods). Furthermore, during the full year and six months ended 31 December 2016, the Group incurred other expenses of €23.5 million and €12.3 million (€24.5 million and €9.8 million in the respective prior-year periods). As at 31 December 2016, the Group owed €0.1 million (€0.5 million as at 31 December 2015) to, and was owed €0.1 million, including loans receivable of €0.1 million (€0.4 million as at 31 December 2015 including loans receivable of €0.1 million), by other related parties.

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

16. Related party transactions (continued)

d) Joint Ventures

The below table summarises transactions with joint ventures:

	Six months ended 31 December		Year ended 31 December	
	2016	**2015**	**2016**	**2015**
	€ million	**€ million**	**€ million**	**€ million**
Purchases of finished goods	**21.7**	23.5	**42.2**	49.0
Sales of finished goods	**6.6**	11.3	**12.3**	11.9
Other income	**1.0**	2.0	**1.6**	2.5
Acquisition of property, plant and equipment	**—**	1.2	**—**	1.2

During the full year and the six months ended 31 December 2016, the Group sold property, plant and equipment of €2.5 million and € nil (€ nil in the respective prior-year periods) to joint ventures.

As at 31 December 2016, the Group owed €34.0 million, including loans payable of €4.1 million (€42.2 million as at 31 December 2015 including loans payable of €17.4 million) to, and was owed €11.9 million, including loans receivable of €5.1 million (€13.0 million as at 31 December 2015 including loans receivable of €7.9 million) by joint ventures. During 2016, the Group received dividends of €16.5 million from Brewinvest S.A. Group of companies (€119.6 million during 2015), which are included in line 'Net receipts from investments' of the consolidated cash flow statement.

There were no transactions between Coca-Cola HBC and the directors and senior management except for remuneration for both the full year and the six months ended 31 December 2016 and the respective prior-year periods.

There were no other significant transactions with related parties for the year ended 31 December 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 total consideration of €19.5 million, including the assumption of debt of €1.0 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**

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

17. Business combinations (continued)

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 €3.8 million and net profit of €1.4 million to the Group for the period from 1 April 2016 to 31 December 2016. If the acquisition had occurred on 1 January 2016, consolidated Group revenue and consolidated Group profit after tax for the year ended 31 December 2016 would have been higher by €1.0 million and €0.5 million respectively.

In December 2016, TCCC acquired 50% of the share capital of Neptūno Vandenys, UAB for a total consideration of €10.3 million, of which €9.8 million has been received and is included in line 'Net receipts from investments' in the consolidated cash flow statement. This transaction resulted in a joint venture between the Group and TCCC. The gain on the transaction was immaterial.

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

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 €196.8 million which was recognised within other comprehensive income of the condensed consolidated statement of comprehensive income. In spite of the devaluation, as a result of further pressures in the economy, the official Naira rate may once again not be reflecting the supply and demand rate for the currency, which may result in further volatility in the local currency. 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. Our 2016 revenue from our operations in Nigeria amounted to 9% of consolidated net sales revenue; as at 31 December 2016 non-current assets for our operations in Nigeria amounted to 10% of the consolidated non-current assets.

In addition, 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 revenue from our operations in Russia amounted to 16% of consolidated net sales revenue and as at 31 December 2016 non-current assets amounted to 10% of the consolidated non-current assets. Although Russia is showing signs of stabilisation of the economic environment, we continue to monitor and assess the situation in the area so as to minimise potential adverse impact on the Company's performance.

Finally, 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, the continuation of capital controls restricting the movement of funds out of Greece and the ongoing need for austerity measures may further impact consumers' disposable income which may adversely affect the Group's operations in Greece. Our 2016 revenue from our operations in Greece amounted to 6% of consolidated net sales revenue and as at 31 December 2016 non-current assets amounted to 4% of the consolidated non-current assets. We are continuously monitoring developments in Greece. Cash and cash equivalents held by our subsidiaries in Greece of €10.1 million were subject to capital controls as at 31 December 2016.

19. Subsequent events

Following the 31st of December 2016, the Group incurred €1.2 million of restructuring costs before tax in its established markets.

Volume by country for 2016 and 2015

Unit cases (million) [1]	2016	2015	% change 2016 vs 2015
Established Markets			
Austria	**86.0**	89.9	-4%
Cyprus	**16.6**	16.1	3%
Greece	**101.0**	101.0	-
Italy	**257.7**	265.7	-3%
Republic of Ireland and Northern Ireland	**70.3**	71.6	-2%
Switzerland	**75.0**	76.8	-2%
Total	**606.6**	**621.1**	**-2%**
Developing Markets			
Baltics	**28.1**	26.1	8%
Croatia	**25.0**	24.6	2%
Czech Republic	**50.7**	51.1	-1%
Hungary	**84.5**	83.8	1%
Poland	**167.7**	165.8	1%
Slovakia	**21.1**	21.3	-1%
Slovenia	**6.4**	6.0	7%
Total	**383.5**	**378.7**	**1%**
Emerging Markets			
Armenia	**8.4**	8.6	-2%
Belarus	**34.7**	38.4	-10%
Bosnia and Herzegovina	**16.7**	16.1	4%
Bulgaria	**58.4**	57.6	1%
Moldova	**6.8**	6.7	1%
Nigeria	**257.9**	232.0	11%
Romania	**167.4**	153.9	9%
Russian Federation	**338.1**	366.0	-8%
Serbia (including the Republic of Kosovo) and Montenegro	**92.5**	90.2	3%
Ukraine	**86.9**	85.7	1%
Total	**1,067.8**	**1,055.2**	**1%**
Total Coca-Cola HBC	**2,057.9**	**2,055.0**	**-**

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