Swiss Statutory Reporting

Swiss Statutory Reporting continued

pwc

Report of the statutory auditor
to the General Meeting of
Coca-Cola HBC AG
Steinhausen/Zug

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Coca-Cola HBC AG and its subsidiaries (the Group), which comprise the Consolidated Balance Sheet as at 31 December 2016 and the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 114 to 176) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

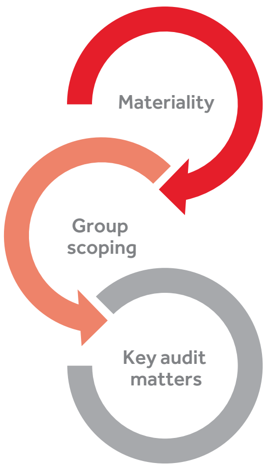
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: € 22.9 million

We audited the complete financial information of the Company and for subsidiary undertakings in 14 countries.

Taken together, the undertakings of which an audit of their complete financial information was performed accounted for 83% of consolidated net sales revenue, 89% of consolidated profit before tax and 85% of consolidated total assets of the Group.

We also conducted specific audit procedures and analytical review procedures for other Group undertakings and functions.

As key audit matters the following areas of focus have been identified:

- Goodwill and indefinite-lived intangible assets impairment assessment
- Uncertain tax positions
- Provisions and contingent liabilities

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates through its trading subsidiary undertakings in 28 countries, as set out on page 122 of the 2016 Integrated Annual Report. The processing of the accounting entries for these entities is largely centralised in a shared services centre in Bulgaria, except for the subsidiary undertakings in Russia, Ukraine, Belarus and Armenia, which process their accounting entries locally. The Group also operates a centralised treasury function in the Netherlands and in Greece and a centralised procurement function in Austria. We considered the nature of the work that needed to be performed on these entities and functions by us, as the group engagement team and by component auditors from other PwC network firms. Where work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those entities or functions to be able to conclude whether appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Based on the financial significance to the consolidated financial statements and in light of the key audit matters as noted above, we identified subsidiary undertakings in 14 countries (including the trading subsidiary undertakings in Russia, Nigeria and Italy) which in our view, required an audit of their complete financial information. Furthermore, the Company's complete financial information was subject to audit Specific audit procedures on certain balances and transactions were also performed on subsidiary undertakings in 3 countries, 1 joint venture and the corporate service centres in Greece and Austria. In addition, audit procedures were performed with respect to the centralised treasury function by the group engagement team and by the component audit team in Austria as regards to the centralised procurement function. The group engagement team also performed analytical review and other procedures on balances and transactions of subsidiary undertakings not covered by the procedures described above.

Our group engagement team's involvement with respect to audit work performed by component auditors included site visits (to Russia, Nigeria, Italy, Switzerland, Bulgaria and Greece), conference calls with component audit teams, meetings with local management, review of component auditor work papers, attendance at component audit clearance meetings, and other forms of interactions as considered necessary depending on the significance of the component and the extent of accounting and audit issues arising. The group engagement team was also responsible for planning, designing and overseeing the audit procedures performed at the shared services centre in Bulgaria. The Group consolidation, financial statement disclosures and a number of areas of significant judgement, including goodwill and intangible assets, material provisions and contingent liabilities, were audited by the group engagement team. We also performed work centrally on IT general controls. We held a two-day audit planning workshop in Greece focusing on planning and risk assessment activities. This audit planning workshop was attended by the component teams responsible for the subsidiaries requiring an audit of their complete financial information.

Based on the above, the undertakings of which an audit of the complete financial information was performed accounted for 83% of consolidated net sales revenue, 89% of consolidated profit before tax and 85% of consolidated total assets of the Group.

Swiss Statutory Reporting continued

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	€ 22.9 million (rounded)
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is one of the principal measures considered by users, and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in generally accepted auditing practice.

We agreed with the Audit and Risk Committee that we would report to them misstatements above € 1,000,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill and indefinite-lived intangible assets impairment assessment

Key audit matter	How our audit addressed the key audit matter
Refer to Note 13 for intangible assets including goodwill. Goodwill and indefinite-lived intangible assets as at 31 December 2016 amount to €1,671.9 million and €206.4 million, respectively. The above noted amounts have been allocated to individual cash-generating units ('CGUs'). The impairment assessment is performed at least annually and relies on the calculation of a value-in-use for each CGU. This area was a key matter for our audit due to the size of goodwill and indefinite-lived intangible assets and because the determination of whether elements of goodwill and of indefinite-lived intangible assets are impaired involves complex and subjective estimates and judgements by management about the future results of the CGUs. These estimates and judgements include assumptions surrounding revenue growth rates, input costs, foreign exchange rates and discount rates. Furthermore, macroeconomic volatility, competitor activity and regulatory/fiscal developments can adversely affect each CGU and potentially the carrying amount of goodwill and indefinite-lived intangible assets. No impairment charge was recorded in 2016. We note however, that goodwill and indefinite-lived intangible assets held by Multon ZAO CGU and the Nigeria CGU remain sensitive to changes in the key drivers of cash flow forecasts given the macroeconomic volatility in Russia and Nigeria respectively.	We evaluated the process by which management prepared the CGU value-in-use calculations and compared them to the latest budget approved by the Board of Directors. We assessed the quality of the budgeting process by comparing the prior year budget with actual data. No material exceptions were noted from our evaluation. Deploying our valuation specialists, we challenged management's analysis around the key drivers of cash flow forecasts including price increases, short-term and long-term volume growth and the level of input costs by comparing them with either the Group's historical information or market data, as appropriate. We also evaluated the appropriateness of other key assumptions including discount rates and foreign exchange rates by comparing them to relevant market data. We found the assumptions to be consistent and in line with our expectations. We also performed sensitivity analyses on the key drivers of cash flow forecasts for the CGUs with significant balances of goodwill and indefinite-lived intangible assets as well as for CGUs with marginal headroom, including the goodwill and indefinite-lived intangible assets held by Multon ZAO CGU and the Nigeria CGU. As a result of our work, we found that the determination by management that no impairment was required for goodwill and indefinite-lived intangible assets was supported by reasonable assumptions. Management has furthermore disclosed relevant sensitivity analyses in Note 13.

Uncertain tax positions

Key audit matter	How our audit addressed the key audit matter
Refer to Note 10 for taxation and Note 28 for contingencies. The Group operates in a complex multinational tax environment which gives rise to uncertain tax positions in relation to corporation tax, transfer pricing and indirect taxes. Given the number of judgements involved in estimating the provisions relating to uncertain tax positions and the complexities of dealing with tax rules and regulations in numerous jurisdictions, this was considered as a key audit matter.	In conjunction with our tax specialists, we evaluated management's judgements in respect of estimates of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions. In order to understand and evaluate management's judgements, we considered the status of current tax authority audits and enquiries, the outcome of previous tax authority audits, judgemental positions taken in tax returns and current year estimates and recent developments in the tax environments in which the Group operates. From the evidence obtained and in the context of the consolidated financial statements, taken as a whole, we consider the provisions in relation to uncertain tax positions as appropriate.

Swiss Statutory Reporting continued

Provisions and contingent liabilities

Key audit matter	How our audit addressed the key audit matter
Refer to Note 20 for provisions and Note 28 for contingencies. The Group faces a number of threatened and actual legal and regulatory proceedings including legal proceedings with the Greek Competition Commission. The level of provisioning and/or the level of disclosure required involves a high level of judgement resulting in provisions and contingent liabilities being considered as a key audit matter.	We evaluated the design and implementation of controls in respect of litigation and regulatory procedures, and no material exceptions were noted. Our procedures included the following: – where relevant, reading external legal advice obtained by management; – discussing open matters with the Group general counsel; – meeting with local management and reading subsequent correspondence; – assessing and challenging management's conclusions through understanding precedents set in similar cases; and – circularising relevant third-party legal representatives and follow up discussions, where appropriate, on certain material cases. – Based on the evidence obtained, whilst noting the inherent uncertainty with such legal and regulatory matters, we determined the level of provisioning as at 31 December 2016 to be appropriate. We assessed the appropriateness of the related disclosures in Note 28 and considered these to be reasonable.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements of Coca-Cola HBC AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Mike Foley
Audit expert
Auditor in charge

Philipp Kegele

Zürich, 17 March 2017

Swiss Statutory Reporting continued

pwc

Report of the statutory auditor
to the General Meeting of
Coca-Cola HBC AG
Steinhausen/Zug

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Coca-Cola HBC AG, which comprise the Balance sheet as at 31 December 2016, Income statement and Notes to the financial statements (pages 187 to 195) for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2016 comply with Swiss law and the Company's articles of incorporation.

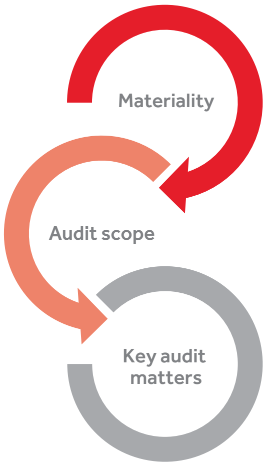
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 43.1 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

- Valuation of investment in subsidiary

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	CHF 43.1 million
How we determined it	0.5% of net assets
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is the benchmark which reflects the actual substance of the entity. This is a generally accepted benchmark for ultimate holding entities.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment in subsidiary

Key audit matter	How our audit addressed the key audit matter
See Note 1 and 2.2 to the financial statements of the Company for the Directors' disclosures of the related accounting policy and the detailed information on the valuation of the investment in subsidiary. Investments in subsidiaries as at 31 December 2016 amount to CHF 8.704m. The valuation of the investments in subsidiaries is inherently judgemental as it relies on forecasts of future profitability and cash flows. Macroeconomic volatility, competitor activity and regulatory/fiscal developments can adversely affect each underlying cash-generating-unit and potentially the carrying amount the total investments. The Company's market capitalisation is subject to share price volatility.	We evaluated the process by which management prepared its value-in-use calculations and compared them to the latest budget approved by the Board of Directors. We assessed the quality of the budgeting process by comparing the prior year budget with actual data. No material exceptions were noted from our evaluation. Deploying valuation specialists, we challenged management's analysis around the key drivers of cash flow forecasts including price increases, short-term and long-term volume growth and the level of input costs by comparing them with either the Group's historical information or market data, as appropriate. We also evaluated the appropriateness of other key assumptions including discount rates and foreign exchange rates by comparing them to relevant market data. We found the assumptions to be consistent and in line with our expectations. We also performed sensitivity analyses on the key drivers of cash flow forecasts for significant components. As an overall consideration we assessed management's comparison between investment value and market capitalisation. As a result of our work, we found managements assumptions and their determination that no impairment was required to be reasonable, after having reflected the write down of investments equal to the dividend received from Coca Cola HBC Holdings B.V. of CHF 160m.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Swiss Statutory Reporting continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

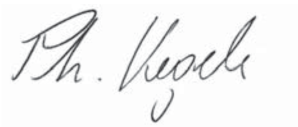
Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and reserves complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Mike Foley
Audit expert
Auditor in charge



Philipp Kegele

Zürich, 17 March 2017

Coca-Cola HBC AG's financial statements, Zug

Balance sheet

	Note	2016	2015
		As at 31 December	
		CHF thousands	
ASSETS			
Cash and cash equivalents		**1,648**	537
Short-term receivables from direct and indirect participations	2.1	**7,354**	6,656
Short-term receivables from third parties		**763**	829
Prepaid expenses and accrued income		**–**	218
Total current assets		**9,765**	**8,240**
Investments in subsidiaries	2.2	**8,704,582**	8,864,977
Property, plant and equipment		**1,465**	1,687
Total non-current assets		**8,706,047**	**8,866,664**
Total assets		**8,715,812**	**8,874,904**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Trade payables due to third parties		**806**	1,202
Short-term liabilities to direct and indirect participations	2.3	**3,493**	4,718
Short-term interest-bearing liabilities to direct and indirect participations	2.3	**2,142**	–
Accrued expenses	2.3	**15,605**	16,998
Total short-term liabilities		**22,046**	**22,918**
Long-term interest-bearing liabilities to indirect participations	2.4	**68,446**	83,362
Provisions		**–**	249
Total long-term liabilities		**68,446**	**83,611**
Share capital	2.5	**2,456,492**	2,466,547
Legal capital reserves			
Reserves from capital contributions		**5,948,183**	6,137,760
Reserves for treasury shares	2.6	**85,298**	85,298
Retained earnings			
Results carried forward		**144,617**	200,291
Loss for the year		**(7,320)**	(55,674)
Treasury shares	2.6	**(1,950)**	(65,847)
Total shareholders' equity	2.7	**8,625,320**	**8,768,375**
Total liabilities and shareholders' equity		**8,715,812**	**8,874,904**

Swiss Statutory Reporting continued

Statement of income

		Year ended 31 December	
		2016	2015
	Note	CHF thousands	
Dividend income		**160,395**	254,174
Other operating income	2.8	**25,333**	24,396
Total operating income		**185,728**	**278,570**
Employee costs		**(14,728)**	(16,119)
Other operating expenses		**(17,198)**	(19,922)
Write down of investments	2.2	**(160,395)**	(254,174)
Depreciation on property, plant and equipment		**(213)**	(199)
Total operating expenses		**(192,534)**	**(290,414)**
Operating loss		**(6,806)**	**(11,844)**
Finance income		**3,568**	937
Finance costs		**(3,790)**	(7,610)
Extraordinary, non-recurring or prior period expenses	2.9	**–**	(36,845)
Loss before tax		**(7,028)**	**(55,362)**
Direct taxes		**(292)**	(312)
Loss for the year		**(7,320)**	**(55,674)**

Notes to the financial statements of Coca-Cola HBC AG, Zug

Introduction

Coca-Cola HBC AG ('the Company') was incorporated on 19 September 2012 by Kar-Tess Holding. On 11 October 2012, the Company announced a voluntary share exchange offer to acquire all outstanding ordinary registered shares and all American depositary shares of Coca-Cola Hellenic Bottling Company S.A., Maroussi (GR) ('CCHBC SA'). As a result of the successful completion of this offer, on 25 April 2013 the Company acquired 96.85% of the issued CCHBC SA shares, including shares represented by American depositary shares, and became the new parent company of the Group (the Company and its direct and indirect subsidiaries). On 17 June 2013, the Company completed its statutory buyout of the remaining shares of CCHBC SA that it did not acquire upon completion of its voluntary share exchange offer.

1. Accounting principles

Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, applicable from the year ended 31 December 2015). Significant accounting and valuation principles are described below:

Dividend income

Dividend income is recognised when the right to receive payment is established.

Other operating income

The Company provides management services to its principal subsidiaries and acts as guarantor to its principal subsidiary, Coca-Cola HBC Finance B.V. The income from these services is recognised in the accounting period in which the service is provided.

Exchange rate differences

The accounting records of the Company are retained in Euro and translated to Swiss francs (CHF) for presentation purposes. Except for investments in subsidiaries, property, plant and equipment, long-term liabilities and equity, which are translated at historical rates, all assets and liabilities denominated in foreign currencies are translated into CHF using the closing exchange rate as at 31 December 2016. Income and expenses are translated into CHF at the average exchange rate of the reporting year. Net unrealised exchange losses are recorded in the income statement, while net unrealised gains are deferred within accrued liabilities.

	Balance sheet as at		Income statement for the year ended	
Exchange rates	**31 December 2016**	**31 December 2015**	**31 December 2016**	**31 December 2015**
EUR	**1.07**	1.08	1.09	1.06
USD	**1.03**	0.99		
GBP	**1.26**	1.47		

Investments in subsidiaries

Investments in subsidiaries are valued at historical cost and evaluated for impairment if identified triggering events occur.

Property, plant and equipment

Depreciation is calculated on the basis of the following useful lives and in accordance with the following methods:

Property, plant and equipment	**Useful life**	**Method**
Leasehold improvement (building)	20 years	5% linear
Leasehold improvement (office infrastructure)	10 years	10% linear
Building infrastructure	12 years	8.33% linear
Furniture and fixtures, office equipment and other tangible fixed assets	8 years	12.5% linear
Telephony infrastructure	7 years	14.29% linear
Communication equipment, computers and PCs	4 years	25% linear
Tablets	3 years	33.33% linear

Treasury shares

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. If treasury shares are sold, the gain or loss arising is recognised in the income statement as finance income or finance cost as appropriate.

Swiss Statutory Reporting continued

2. Information relating to the balance sheet and statement of income

2.1. Short-term receivables from direct and indirect participations

The short-term receivables from direct and indirect participations do not bear interest.

Name of participation	As at 31 December 2016	2015
	CHF thousands	
CCB Management Services GmbH, Vienna	**6,631**	6,030
Coca-Cola HBC Finance B.V., Amsterdam	**703**	626
LLC Coca-Cola Eurasia, Nizhni Novgorod	**15**	–
Coca-Cola HBC Business Services Organisation, Sofia	**5**	–
Short-term receivables from direct and indirect participations	**7,354**	**6,656**

2.2. Investments in subsidiaries

Direct subsidiary	Share of capital	Share of votes	As at 31 December 2016	2015
			CHF thousands	
Coca-Cola HBC Holdings B.V., Amsterdam[1]	100%	100%	**8,864,977**	9,119,151
Write down of investment			**(160,395)**	(254,174)
Investments in subsidiaries	**100%**	**100%**	**8,704,582**	**8,864,977**

1. Coca-Cola HBC Holdings B.V., Amsterdam was incorporated on 26 June 2013.

In 2015 the Company adopted a practice to reduce the value of its investment in Coca-Cola HBC Holdings B.V. by an amount equal to the dividend received from that subsidiary. The amount of the write down in 2016 is equal to the dividend received in July 2016 from Coca-Cola HBC Holdings B.V. of CHF160,395 thousand.

The principal direct and indirect participations of the Company are disclosed in Note 15 to the consolidated financial statements.

2.3. Short-term liabilities to direct and indirect participations and accrued expenses

The short-term liabilities to the direct and indirect participations do not bear interest except for the liability to Coca-Cola HBC Finance B.V. which is interest bearing.

Name of participation	As at 31 December 2016	2015
	CHF thousands	
CCB Management Services GmbH, Vienna	**2,820**	3,088
Coca-Cola Hellenic Business Service Organisation, Sofia	**4**	4
Coca-Cola HBC Ireland Limited, Dublin	**–**	66
Coca-Cola HBC Finance B.V. Amsterdam	**647**	1,560
Coca-Cola HBC Services, Athens	**17**	–
Coca-Cola HBC Northern Ireland Ltd., Lisburn	**5**	–
Total short-term non interest-bearing liabilities to direct and indirect participations	**3,493**	**4,718**

Name of participation	As at 31 December 2016	2015
	CHF thousands	
Coca-Cola HBC Finance B.V., Amsterdam	**2,142**	–
Total short-term interest-bearing liabilities to direct and indirect participations	**2,142**	**–**

	As at 31 December 2016	2015
Accrued expenses	CHF thousands	
Direct taxes	**313**	294
Management incentive plan ('MIP')	**2,848**	3,770
Employee related costs (social security & insurance, payroll taxes)	**1,149**	1,156
Other accrued expenses	**2,360**	2,362
Net unrealised gains from foreign currency translation	**8,935**	9,416
Total accrued expenses	**15,605**	**16,998**

2.4. Long-term interest-bearing liabilities

	As at 31 December	
	2016	2015
	CHF thousands	
Coca-Cola HBC Finance B.V., Amsterdam	**68,446**	83,362

Long-term interest-bearing liabilities comprise loans from Coca-Cola HBC Finance B.V. On 13 August 2015 the Company entered into interest-bearing long-term loan agreements with Coca-Cola Finance B.V. with a nominal amount of € 66,000 thousand and maturing on 31 December 2019. The outstanding amount of the loan as at 31 December 2016 was CHF 68,446 thousand.

2.5. Share capital

	Number of shares	Nominal value	Total
		CHF	CHF thousands
Share capital as at 1 January 2015	367,819,247	6.70	2,464,389
Shares issued to employees exercising stock options	322,050	6.70	2,158
Share capital as at 31 December 2015	**368,141,297**	6.70	**2,466,547**

	Number of shares	Nominal value	Total
		CHF	CHF thousands
Share capital as at 1 January 2016	368,141,297	6.70	2,466,547
Cancellation of shares[1]	(3,000,000)	6.70	(20,100)
Shares issued to employees exercising stock options	1,499,341	6.70	10,045
Share capital as at 31 December 2016	**366,640,638**	**6.70**	**2,456,492**

2.6. Treasury shares

The number of treasury shares held by Coca-Cola HBC AG and its subsidiaries qualifying under article 659b SCO and their movements are as follows:

Treasury shares (held by subsidiaries)	Number of shares	Book value per share	Total
		CHF	CHF thousands
Total ordinary treasury shares at 31 December 2015	3,430,135	24.8673	85,298
Total ordinary treasury shares at 31 December 2016	**3,430,135**	24.8673	**85,298**

Treasury shares held by the Company	Number of shares	Book value per share	Total
		CHF	CHF thousands
Treasury shares held by Company as at 1 January 2015	14,925	130.6600	(1,950)
Shares purchased as part of buy-back programme in 2015[1]	3,000,000	21.2990	(63,897)
Treasury shares held by Coca-Cola HBC AG as at 31 December 2015	**3,014,925**	**21.8404**	**(65,847)**
Treasury shares held by Company as at 1 January 2016	3,014,925	21.8404	(65,847)
Cancellation of shares[1]	(3,000,000)	21.2990	63,897
Treasury shares held by Coca-Cola HBC AG as at 31 December 2016	**14,925**	**130.6600**	**(1,950)**

1. On 23 June 2015, the Annual General Meeting adopted a proposal to buy-back of up to 3,000,000 ordinary shares. The programme started on 17 August 2015 and was completed on 21 December 2015. The Company purchased 3,000,000 of its ordinary shares of CHF 6.70 each at an average price of GBP 1,407.53 pence per share (minimum price of GBP 1,284.67 pence and maximum price of 1,548.45 pence). 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.

Swiss Statutory Reporting continued

2. Information relating to the balance sheet and statement of income continued

2.7. Equity

	Share capital	Legal capital reserves		Retained earnings	Treasury shares	Total
		Reserves from capital contributions	Reserves for treasury shares[1]			
			CHF thousands			
Balance as at 1 January 2015	**2,464,389**	**6,276,922**	**85,298**	**200,291**	**(1,950)**	**9,024,950**
Shares issued to employees exercising stock options	2,158	3,453	–	–	–	5,611
Dividends	–	(142,615)	–	–	–	(142,615)
Own shares bought back 2015	–	–	–	–	(63,897)	(63,897)
Loss for the year	–	–	–	(55,674)	–	(55,674)
Balance as at 31 December 2015	**2,466,547**	**6,137,760**	**85,298**	**144,617**	**(65,847)**	**8,768,375**
Balance as at 1 January 2016	**2,466,547**	**6,137,760**	**85,298**	**144,617**	**(65,847)**	**8,768,375**
Shares issued to employees exercising stock options	10,045	13,462	–	–	–	23,507
Dividends[2]	–	(159,242)	–	–	–	(159,242)
Cancellation of shares	(20,100)	(43,797)	–	–	63,897	–
Loss for the year	–	–	–	(7,320)	–	(7,320)
Balance as at 31 December 2016	**2,456,492**	**5,948,183**	**85,298**	**137,297**	**(1,950)**	**8,625,320**

1. Represents the book value of treasury shares held by subsidiaries.
2. On 21 June 2016 the shareholders of the Company at the Annual General Meeting approved the distribution of a €0.40 dividend per each ordinary registered share. The dividend was paid on 26 July 2016 and amounted to CHF 159,242 thousand.

2.8. Other operating income

	2016	2015
	CHF thousands	
Management fees	**22,383**	22,272
Guarantee fee	**2,950**	2,124
Total other operating income	**25,333**	**24,396**

Management fees relate to service income earned from services provided to the Company's direct and indirect participations.

Guarantee fee is the income the Company receives for the services provided as guarantor to Coca-Cola HBC Finance B.V.

2.9. Extraordinary, non-recurring or prior period expenses

The year ended 31 December 2015 includes extraordinary amortisation of CHF 36,845 thousand resulting from capitalised organisational costs that were fully amortised as at 1 January 2015 in accordance with the new accounting law. The extraordinary, non-recurring prior period expenses were nil for the year ended 31 December 2016.

3. Other information

3.1. Net release of hidden reserves

No hidden reserves were released for the years ended 31 December 2016 or 31 December 2015.

3.2. Number of employees

In 2016 and 2015 on an annual average basis, the number of full-time equivalent employees did not exceed 50.

3.3. Operating lease liabilities (not terminable or expiring within 12 months of balance sheet date)

	Residual term (years)	2016	2015
		CHF thousands	
Office rental, Turmstrasse 26, Zug	1 to 5 year	**500**	799
Total lease liabilities		**500**	**799**

3.4. Pension liabilities

As at 31 December 2016 the liability to the pension scheme amounted to CHF 159 thousand (2015: CHF 265 thousand).

3.5. Contingent liabilities

Euro medium-term note programmes

In June 2013 the Group established a new €3.0bn Euro medium-term note programme (the 'EMTN Programme'). The EMTN programme was updated in September 2014 and then again in September 2015. Notes are issued under the EMTN programme through the Company's wholly owned subsidiary, Coca-Cola HBC Finance B.V., a private limited liability company established under the laws of the Netherlands, and are guaranteed by the Company.

On 18 June 2013 Coca-Cola HBC Finance B.V. issued €800m 2.375% notes due 18 June 2020 under the EMTN programme, which are guaranteed by the Company.

On 10 March 2016 Coca-Cola HBC Finance B.V. issued €600m 1.875% notes due 11 November 2024 under the EMTN programme, which are guaranteed by the Company.

As at 31 December 2016, a total of €1.4bn in notes issued under the EMTN programme were outstanding.

Syndicated multi-currency revolving credit facility

In June 2015, a new syndicated multi-currency revolving credit facility agreement was signed for €500m. Coca-Cola HBC Finance B.V. is the original borrower, ING Bank N.V., London Branch the facility agent and the Company and Coca-Cola HBC Holdings B.V are the two guarantors.

Commercial paper programme

In October 2013 the Group established a new €1.0bn Euro commercial paper programme which was updated in September 2014. Notes are issued under the Euro commercial paper programme by Coca-Cola HBC Finance B.V. and guaranteed by the Company. The outstanding amount under the commercial paper programme was €108.5m as at 31 December 2016 (2015: €173.5m).

Credit support provider

On 18 July 2013 the Company signed as credit support provider to Deutsche Bank AG, to J.P. Morgan Securities plc, to Credit Suisse International, to Credit Suisse AG, to ING Bank N.V., to Societe Generale, to Merrill Lynch International and to The Royal Bank of Scotland plc in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreements.[1]

On 24 July 2013 the Company signed as credit support provider to the Governor and Company of the Bank of Ireland, Dublin, in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 8 August 2013 the Company signed as credit support provider to Citibank N.A. in favour of CCHBC Bulgaria AD for the obligations as defined in the ISDA Master Agreement.[1]

On 8 August 2013 the Company signed as credit support provider to Citibank N.A. in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

Swiss Statutory Reporting continued

3.5. Contingent liabilities continued

On 24 June 2014 the Company signed as credit support provider to Intesa Sanpaolo S.pA. in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 5 October 2015 the Company signed as credit support provider to Macquarie Bank International Limited in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 22 June 2016 the Company signed as credit support provider to UniCredit Bank AG in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 31 August 2016 the Company signed as credit support provider to BNP Paribas in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

1. The ISDA (International Swap Dealers Association) Master Agreement is a standardised form issued by the International Swap Dealers Association Inc. to be used for credit support transactions.

3.6. Significant shareholders

As at 31 December 2016 and 2015, there were two shareholders exceeding the threshold of 5% voting rights in the Company's share capital.

	Date	Number of shares	Percentage of issued share capital[1]	Percentage of outstanding share capital[2]
Total Kar-Tess Holding	31.12.2015	85,355,019	23.2%	23.6%
Total Kar-Tess Holding	31.12.2016	85,355,019	23.3%	23.5%
Total shareholdings related to The Coca-Cola Company	31.12.2015	85,112,078	23.1%	23.5%
Total shareholdings related to The Coca-Cola Company	31.12.2016	85,112,078	23.2%	23.4%

1. Basis: total issued share capital including treasury shares. Share basis 366,640,638 as at 31 December 2016 (2015: 368,141,297).
2. Basis: total issued share capital excluding treasury shares. Share basis 363,195,578 as at 31 December 2016 (2015: 361,696,237).

3.7. Shareholdings, conversion and option rights

The table below sets out a comparison of the interests in the Company's total issued share capital that the members of the Board of Directors ('Directors') and Operating Committee hold (all of which, unless otherwise stated, are beneficial interests or are interests of a person connected with a Director or a member of the Operating Committee) and the interests in the Company's share capital.

	31.12.2016			31.12.2015		
	Number of shares	**Percentage of issued share capital[1]**	**Percentage of outstanding share capital[2]**	**Number of shares**	**Percentage of issued share capital[1]**	**Percentage of outstanding share capital[2]**
Directors						
Anastassis G. David[3]	**–**	**–**	**–**	–	–	–
Dimitris Lois	**49,142**	**0.01%**	**0.01%**	35,993	0.01%	0.01%
Ahmet C. Bozer	**–**	**–**	**–**	–	–	–
George A. David[4]	**–**	**–**	**–**	–	–	–
Olusola (Sola) David-Borha	**–**	**–**	**–**	–	–	–
William W. (Bill) Douglas III	**10,000**	**0.00%**	**0.00%**	–	–	–
Irial Finan[5]	**–**	**–**	**–**	–	–	–
Antonio D'Amato	**–**	**–**	**–**	–	–	–
Reto Francioni	**–**	**–**	**–**	–	–	–
Sir Michael Llewellyn-Smith[6]	**545**	**0.00%**	**0.00%**	545	0.00%	0.00%
Nigel Macdonald[7]	**1,700**	**0.00%**	**0.00%**	1,700	0.00%	0.00%
Anastasios I. Leventis[8]	**–**	**–**	**–**	–	–	–
Christo Leventis[9]	**–**	**–**	**–**	–	–	–
José Octavio Reyes	**–**	**–**	**–**	–	–	–
Alexandra Papalexopoulou	**–**	**–**	**–**	–	–	–
Robert Ryan Rudolph	**–**	**–**	**–**	–	–	–
John P. Sechi	**–**	**–**	**–**	–	–	–

	31.12.2016			31.12.2015		
	Number of shares	Percentage of issued share capital[1]	Percentage of outstanding share capital[2]	Number of shares	Percentage of issued share capital[1]	Percentage of outstanding share capital[2]
Operating Committee						
Alain Brouhard	**14,534**	**0.00%**	**0.00%**	11,186	0.00%	0.00%
Jan Gustavsson	**53,027**	**0.01%**	**0.01%**	47,856	0.01%	0.01%
John Brady[10]	**2,924**	**0.00%**	**0.00%**	10,145	0.00%	0.00%
Keith Sanders	**27,125**	**0.01%**	**0.01%**	24,228	0.01%	0.01%
Martin Marcel	**5,824**	**0.00%**	**0.00%**	3,797	0.00%	0.00%
Michalis Imellos	**14,649**	**0.00%**	**0.00%**	11,585	0.00%	0.00%
Naya Kalogeraki[11]	**355**	**0.00%**	**0.00%**	–	–	–
Sanda Parezanovic	**1,477**	**0.00%**	**0.00%**	425	0.00%	0.00%
Sotiris Yannopoulos	**10,377**	**0.00%**	**0.00%**	7,993	0.00%	0.00%
Zoran Bogdanovic	**16,817**	**0.00%**	**0.00%**	13,600	0.00%	0.00%

The following table sets out information regarding the stock options and performance shares held by members of the Operating Committee as at 31 December 2016:

	Stock options ('ESOP')			Performance shares ('PSP')		
	Number of stock options	Already vested	Vesting at the end of 2017	Granted in 2016	Unvested and subject to performance conditions	Vested but unexercised
Dimitris Lois	1,700,000	1,580,000	120,000	159,876	298,352	–
Alain Brouhard	320,000	296,666	23,334	30,577	57,061	–
Jan Gustavsson	726,000	694,333	31,667	34,284	63,979	–
John Brady[10]	325,334	293,667	31,667	34,438	64,266	–
Keith Sanders	499,000	474,000	25,000	33,434	62,393	–
Martin Marcel	178,000	169,000	9,000	28,570	53,316	–
Michalis Imellos	286,500	256,500	30,000	37,836	70,607	–
Naya Kalogeraki[11]	45,000	38,333	6,667	13,030	22,811	–
Sanda Parezanovic	48,500	43,500	5,000	22,393	41,788	–
Sotiris Yannopoulos	150,500	133,833	16,667	29,188	54,469	–
Zoran Bogdanovic	236,750	213,416	23,334	31,813	59,368	–

1. Basis: total issued share capital including treasury shares. Share basis 366,640,638 as at 31 December 2016 (2015: 368,141,297).
2. Basis: total issued share capital excluding treasury shares. Share basis 363,195,578 as at 31 December 2016 (2015: 361,696,237).
3. The infant child of Mr. Anastassis David being a beneficiary of a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.. The infant child of Mr. Anastassis David being a beneficiary of a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, has a further indirect interest in respect of 823,008 shares held by Selene Treuhand AG. Mr. Anastassis David is connected with his infant child for the purposes of rule 3 of the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority.
4. Mr. George A. David retired from the Board and the Social Responsibility Committee on 21 June 2016.
5. Mr. Irial Finan retired from the Board on 21 June 2016.
6. Sir Michael Llewellyn-Smith retired from the Board, the Remuneration Committee, the Nomination Committee and the Social Responsibility Committee on 21 June 2016.
7. Mr. Nigel Macdonald retired from the Board and the Audit and Risk Committee on 21 June 2016.
8. The infant child of Mr. Anastasios I. Leventis, being a beneficiary of a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, has an indirect interest in respect of the 85,355,019 shares held by Kar-Tess Holding S.A.. The infant child of Mr. Anastasios I. Leventis, being a beneficiary of a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, has a further indirect interest in respect of 386,879 shares held by Selene Treuhand AG. Mr. Anastasios I. Leventis is connected with his infant child for the purposes of rule 3 of the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority. By virtue of himself being a beneficiary of a private discretionary trust for the primary benefit of present and future members of the family of the late Christodoulos Papaneokleus Leventis, of which Mervail Company (PTC) Limited is the trustee, Mr. Anastasios I. Leventis has an indirect interest with respect to 623,664 shares held by Carlcan Holding Limited.
9. The infant children of Mr. Christo Leventis being beneficiaries of a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, have indirect interests with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.. The infant children of Mr. Christo Leventis being beneficiaries of a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, have further indirect interests in respect of 498,545 shares held by Selene Treuhand AG. Mr. Christo Leventis is connected with his infant children for the purposes of rule 3 of the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority. By virtue of himself being a beneficiary of a private discretionary trust for the primary benefit of present and future members of the family of the late Christodoulos Papaneokleus Leventis, of which Mervail Company (PTC) Limited is the trustee, Mr. Christo Leventis has an indirect interest with respect to the 757,307 shares held by Carlcan Holding Limited.
10. Mr. Brady left the Group on 31 December 2016.
11. Ms. Kalogeraki joined the Operating Committee on 1 July 2016.

3.8. Fees paid to the auditor

The audit and other fees paid to the auditor are disclosed in Note 8 of the consolidated financial statements.

Swiss Statutory Reporting continued

Proposed appropriation of available earnings and reserves / declaration of dividend

1. Proposed appropriation of available earnings

Available earnings and reserves	**CHF thousands**
Balance brought forward from previous years	144,617
Net loss for the year	(7,320)
Total available retained earnings to be carried forward	**137,297**
Reserves from capital contributions before distribution	5,948,183
Total available retained earnings and reserves	**6,085,480**

2. Proposed declaration of a dividend from reserves

The Board of Directors proposes to declare a gross dividend of EUR 0.44 on each ordinary registered share with a par value of CHF 6.70 from the general capital contribution reserve. Own shares held directly by the Company are not entitled to dividends. The total aggregate amount of the dividends shall be capped at an amount of CHF 200,000 thousand (the 'Cap'), and thus will reduce the general capital contribution reserve of CHF 5,948,183 thousand, as shown in the financial statements as of 31 December 2016, by a maximum of CHF 200,000 thousand. To the extent that the dividend calculated on EUR 0.44 per share would exceed the Cap on the day of the Annual General Meeting, due to the exchange rate determined by the Board of Directors in its reasonable opinion, the Euro per share amount of the dividend shall be reduced on a pro-rata basis so that the aggregate amount of all dividends paid does not exceed the Cap. Payment of the dividend shall be made at such time and with such record date as shall be determined by the Annual General Meeting and the Board of Directors.

3. Proposed appropriation of reserves/declaration of dividend

Variant 1: Dividend of EUR 0.44 at current exchange ratio

As of 31 December 2016	**CHF thousands**
Reserves from capital contributions before distribution	5,948,183
Proposed dividend of EUR 0.44[1]	(177,447)
Reserves from capital contributions after distribution	**5,770,736**

1. Illustrative at an exchange rate of CHF 1.10 per EUR. Assumes that the shares entitled to a dividend amount to 366,625,713.

Variant 2: Dividend if Cap is triggered

As of 31 December 2016	**CHF thousands**
Reserves from capital contributions before distribution	5,948,183
(Maximum) dividend if Cap is triggered[1]	(200,000)
(Minimum) Reserves from capital contributions after distribution	**5,748,183**

1. Dividend is capped at a total aggregate amount of CHF 200,000 thousand.

pwc

Report of the statutory auditor
to the General Meeting
Coca-Cola HBC AG
Steinhausen/Zug

Report of the statutory auditor on the statutory remuneration report

We have audited the accompanying remuneration report of Coca Cola HBC AG for the year ended 31 December 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 199 to 201 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Coca Cola HBC AG for the year ended 31 December 2016 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Mike Foley Audit expert Auditor in charge	**Philipp Kegele**

Zürich, 17 March 2017

Swiss Statutory Reporting continued

Statutory Remuneration Report

Additional disclosures regarding the Statutory Remuneration Report

The section below is in line with the Ordinance against excessive pay in stock exchange listed companies, which requires disclosure of the elements of compensation paid to the Company's Board of Directors and the Operating Committee. The numbers relate to the calendar years of 2016 and 2015. In the information presented below, the exchange rate used for conversion of 2016 remuneration data from Euro to CHF is 1/1.0903 and the exchange rate used for conversion of 2015 remuneration data from Euro to CHF is 1/1.0622.

As the Company is headquartered in Switzerland, it is required for statutory purposes to present compensation data for two consecutive years, 2015 and 2016. The applicable methodology used to calculate the value of stock option and performance shares follows Swiss standards. In 2016 and 2015, the fair value of performance shares from the 2016 and 2015 grants is calculated based on the performance share awards that are expected to vest, and not the stock options that vested in 2016 and 2015 respectively. Below is the relevant information for Swiss statutory purposes.

Compensation for acting members of governing bodies

The Company's Directors believe that the level of remuneration offered to Directors and the members of the Operating Committee should reflect their experience and responsibility as determined by, among other factors, a comparison with similar multinational companies and should be sufficient to attract and retain high-calibre Directors who will lead the Group successfully. In line with the Group's commitment to maximise shareholder value, its policy is to link a significant proportion of remuneration for its Operating Committee to the performance of the business through short and long-term incentives. Therefore, the Operating Committee members' financial interests are closely aligned with those of the Company's shareholders through the equity-related long-term compensation plan.

The total remuneration of the Directors and members of the Operating Committee of the Company, including performance share grants, during 2016 amounted to CHF 27.6 million. Out of this, the amount relating to the expected value of performance share awards granted in relation to 2016 was CHF 6.3 million. Pension and post-employment benefits for Directors and the Operating Committee of the Company during 2016 amounted to CHF 0.9 million.

Compensation of the Board of Directors

	2016 CHF					
	Fees	Cash and non-cash benefits[1]	Cash performance incentives	Pension and post-employment benefits	Total fair value of stock options at the date granted	Total compensation
Anastassis G. David	**73,490**	–	–	–	–	**73,490**
Ahmet C. Bozer[2]	**37,555**	–	–	–	–	**37,555**
George A. David[3]	–	–	–	–	–	–
Olusola (Sola) David-Borha[4]	**94,712**	–	–	–	–	**94,712**
William W. (Bill) Douglas III[5]	**52,310**	–	–	–	–	**52,310**
Irial Finan[6]	**35,935**	–	–	–	–	**35,935**
Antonio D'Amato	**84,920**	–	–	–	–	**84,920**
Reto Francioni[7]	**58,738**	–	–	–	–	**58,738**
Sir Michael Llewellyn-Smith[8]	**52,522**	–	–	–	–	**52,522**
Nigel Macdonald[9]	**49,757**	–	–	–	–	**49,757**
Anastasios I. Leventis[10]	**43,457**	–	–	–	–	**43,457**
Christo Leventis[11]	**40,509**	–	–	–	–	**40,509**
José Octavio Reyes[12]	**85,435**	–	–	–	–	**85,435**
Alexandra Papalexopoulou[13]	**90,822**	–	–	–	–	**90,822**
Robert Ryan Rudolph[14]	**40,509**	–	–	–	–	**40,509**
John P. Sechi[15]	**87,805**	–	–	–	–	**87,805**
Dimitris Lois[16]	–	–	–	–	–	–
Total Board of Directors	**928,476**	–	–	–	–	**928,476**

1. Allowances consist of cost of living allowance, housing support, Employee Stock Purchase Plan, private medical insurance, relocation expenses, home trip allowance, lump sum expenses and similar allowances.
2. Mr. Ahmet C. Bozer was appointed to the Board on 21 June 2016. The Group has applied a half-year period base fee of CHF 37,555.
3. Mr. George A. David retired from the Board and the Social Responsibility Committee on 21 June 2016. For the first half of 2016, Mr. George A. David waived any fee in respect to his membership on the Board of Directors or any Board Committee.
4. For Mrs. David-Borha, on top of the base fee of CHF 73,490 and Audit and Risk Committee membership fee of CHF 14,315, the Group paid CHF 6,907 in social security contributions as required by Swiss legislation.
5. Mr. William W. (Bill) Douglas III was appointed to the Board and the Audit and Risk Committee on 21 June 2016. The Group has applied a half-year period base fee of CHF 37,555 and CHF 14,755 for the Audit and Risk Committee.
6. Mr. Irial Finan retired from the Board on 21 June 2016. The Group has applied a half-year period base fee of CHF 35,935.
7. Mr. Reto Francioni was appointed to the Board, the Remuneration Committee and the Nomination Committee on 21 June 2016. For Mr. Reto Francioni on top of the fees of CHF 54,455 the Group paid CHF 4,283 in social security contributions as required by Swiss legislation. The Group has applied a half-year period base fee of CHF 37,555, CHF 5,902 for the Nomination Committee, CHF 2,951 for the Remuneration Committee and CHF 8,047 for Senior Independent membership fee.
8. Sir Michael Llewellyn-Smith retired from the Board, the Remuneration Committee, the Nomination Committee and the Social Responsibility Committee on 21 June 2016. For the first half of 2016, Sir Michael Llewellyn-Smith waived his membership fee on Social Responsibility Committee. The Group has applied a half-year period fee of CHF 5,529 for the Nomination Committee Chairmanship, CHF 5,529 for the Remuneration Committee Chairmanship, CHF 5,529 for the Senior Independent membership fee and a CHF 35,935 base fee.
9. Mr. Nigel Macdonald retired from the Board and the Audit and Risk Committee on 21 June 2016. The Group has applied a half-year period fee of CHF 13,822 for the Audit and Risk Committee Chairmanship and a CHF 35,935 base fee.
10. For Mr. Anastasios I. Leventis, the Group has applied a half-year period base fee of CHF 37,555 and CHF 5,902 for the Social Responsibility Committee Chairmanship. For the first half of 2016, Mr. Anastasios I. Leventis waived any fee in respect to his membership on the Board of Directors or any Board Committee.
11. For Mr. Christo Leventis, on top of the base fee of CHF 37, 555, the Group paid CHF 2,954 in social security contributions as required by Swiss legislation. The Group has applied half-year period base fee. For the first half of 2016, Mr. Christo Leventis waived any fee in respect to his membership on the Board of Directors or any Board Committee.
12. For Mr. José Octavio Reyes, on top of the base fee of CHF 73,490 and Social Responsibility Committee membership fee of CHF 5,715, the Group paid a social security contribution of CHF 6,230
13. For Mrs. Alexandra Papalexopoulou on top of the full year base fees of CHF 73,490 and CHF 5,715 for the Nomination Committee, the Group has applied a half-year period fee of CHF 2,951 for the Social Responsibility Committee, half year period membership fee of CHF 2,764 as member of the Remuneration Committee and half-year period fee of CHF 5,902 as Chair of the Remuneration Committee.
14. Mr. Robert Ryan Rudolph was appointed to the Board on 21 June 2016. For Mr. Robert Ryan Rudolf, on top of the base half-year fee of CHF 37,555, the Group paid, as required by Swiss legislation, a social security contribution of CHF 2,954.
15. For Mr. John Sechi the Group has applied a full year period fee of CHF 14,315 for the Audit and Risk Committee membership and a CHF 73,490 base fee.
16. Dimitris Lois' compensation is based on his role as CEO and member of the Operating Committee, according to his employment contract. Mr. Lois is not entitled to and does not receive additional compensation as a Director.

Non-Executive Directors do not participate in any of the Group's incentive plans, nor do they receive any retirement benefits.

Swiss Statutory Reporting continued

Compensation of the Board of Directors

	2015 CHF					
	Fees	Cash and non-cash benefits[1]	Cash performance incentives	Pension and post-employment benefits	Total fair value of stock options at the date granted	Total compensation
George A. David[2]	–	–	–	–	–	–
Anastasios I. Leventis[2]	–	–	–	–	–	–
Christo Leventis[2]	–	–	–	–	–	–
Anastassis G. David[3]	71,699	–	–	–	–	71,699
Irial Finan	69,043	–	–	–	–	69,043
Antonio D'Amato	79,665	–	–	–	–	79,665
Christos Ioannou[4]	41,160	–	–	–	–	41,160
Sir Michael Llewellyn-Smith	100,909	–	–	–	–	100,909
Nigel Macdonald	95,598	–	–	–	–	95,598
Susan Kilsby[5]	39,833	–	–	–	–	39,833
José Octavio Reyes[6]	83,086	–	–	–	–	83,086
John P. Sechi	82,321	–	–	–	–	82,321
Alexandra Papalexopoulou[7]	39,833	–	–	–	–	39,833
Olusola (Sola) David-Borha[8]	44,409	–	–	–	–	44,409
Dimitris Lois[9]	–	–	–	–	–	–
Total Board of Directors	**747,556**	**–**	**–**	**–**	**–**	**747,556**

1. Allowances consist of cost of living allowance, housing support, Employee Stock Purchase Plan, private medical insurance, relocation expenses, home trip allowance, lump sum expenses and similar allowances.
2. George A. David, Anastasios I. Leventis and Christo Leventis waived any annual fee in respect of their membership of the Board of Directors or any Board Committee.
3. With effect from 24 June 2015 Mr. Anastassis David retired from the Company's Nomination Committee. The Group has applied a half-year period fee of CHF 2,656 for Nomination Committee membership.
4. Mr. Christos Ioannou retired from the Board of Directors and the Audit and Risk Committee on 24 June 2015. The Group has applied a half-year period fee of CHF 6,639 for Audit and Risk Committee membership.
5. Ms. Susan Kilsby retired from the Board, the Remuneration Committee and the Nomination Committee on 24 June 2015. The Group has applied a half-year period fee of CHF 2,656 for the Nomination Committee and CHF 2,656 for the Remuneration Committee.
6. With effect from 24 June 2015 Mr. Reyes retired from the Company's Nomination Committee. The Group has applied a half-year period fee of CHF 2,656 for his Nomination Committee membership. The Group paid, as required by Swiss legislation, a social security contribution of CHF 6,077 for Mr. Reyes in addition to his fees of CHF 77,009.
7. Ms. Alexandra Papalexopoulou was appointed to the Board and the Nomination Committee on 24 June 2015. The Group has applied a half-year period fee of CHF 2,656 for the Nomination Committee and CHF 2,656 for the Remuneration Committee.
8. Ms. Olusola (Sola) David-Borha was appointed to the Board of Directors and the Audit and Risk Committee on 24 June 2015. The Group has applied a half-year period fee of CHF 6,639 for Audit and Risk Committee membership. The Group paid, as required by legislation, a social security contribution of CHF 3,249 for Ms. Olusola (Sola) David-Borha in addition to fees of CHF 41,160.
9. Dimitris Lois' compensation is based on his role as CEO and member of the Operating Committee, according to his employment contract. Mr. Lois is not entitled to and does not receive additional compensation as a Director.

Non-Executive Directors do not participate in any of the Group's incentive plans, nor do they receive any retirement benefits.

Compensation of the Operating Committee

The total remuneration paid to or accrued for the Operating Committee for 2016 amounted to CHF 26.6 million.

	2016 CHF					
	Base salary	**Cash and non-cash benefits[1]**	**Cash performance incentives[2]**	**Pension and post-employment benefits[3]**	**Total fair value of stock options at the date granted[4]**	**Total compensation**
Dimitris Lois, Chief Executive Officer (highest compensated member of the Operating Committee)[5]	**979,959**	**605,006**	**934,732**	**171,448**	**2,191,279**	**4,882,424**
Other members[6,7]	**4,541,369**	**8,872,660**	**3,551,429**	**706,926**	**4,064,975**	**21,737,359**
Total Operating Committee	**5,521,328**	**9,477,666**	**4,486,161**	**878,374**	**6,256,254**	**26,619,783**

1. Allowances consist of cost of living allowance, housing, support, schooling, Employee Stock Purchase Plan, private medical insurance, relocation expenses, employer social security contributions, lump sum expenses and similar allowances.
2. The bonus represents the monetary value that was paid under MIP in 2016 reflecting the 2015 business performance.
3. Members of the Operating Committee participate in the pension plan of their employing entity, as appropriate.
4. Values under long-term incentives represent the fair value of performance shares that are expected to vest for the 2016 grant in order to comply with Swiss reporting guidelines.
5. Dimitris Lois' compensation is based on his role as CEO and member of the Operating Committee, according to his employment contract. Mr. Lois is not entitled to and does not receive the fixed compensation applicable for Executive Directors of the Board of Directors.
6. John Brady left the Group on 31 December 2016.
7. Naya Kalogeraki was appointed to the role of Group Commercial Director on 1 July 2016.

The total remuneration paid to or accrued for the Operating Committee for 2015 amounted to CHF 17.9 million.

	2015 CHF					
	Base salary	Cash and non-cash benefits[1]	Cash performance incentives[2]	Pension and post-employment benefits[3]	Total fair value of stock options at the date granted[4]	Total compensation
Dimitris Lois, Chief Executive Officer (highest compensated member of the Operating Committee)[5]	881,201	1,108,580	458,743	152,097	1,693,461	4,294,082
Other members[6,7,8,9]	4,241,711	3,812,714	1,858,301	682,832	2,992,674	13,588,232
Total Operating Committee	**5,122,912**	**4,921,294**	**2,317,044**	**834,929**	**4,686,135**	**17,882,314**

1. Allowances consist of cost of living allowance, housing, support, schooling, Employee Stock Purchase Plan, private medical insurance, relocation expenses, employer social security contributions, lump sum expenses and similar allowances.
2. The bonus represents the monetary value that was paid under MIP in 2015 reflecting the 2014 business performance.
3. Members of the Operating Committee participate in the pension plan of their employing entity, as appropriate.
4. Values under long-term incentives represent the fair value of performance shares that are expected to vest for the 2015 grant in order to comply with Swiss reporting guidelines.
5. Dimitris Lois' compensation is based on his role as CEO and member of the Operating Committee, according to his employment contract. Mr. Lois is not entitled to and does not receive the fixed compensation applicable for Executive Directors of the Board of Directors.
6. June Hirst stepped down from the role of Human Resources Director on 31 May 2015.
7. Kleon Giavassoglou resigned from the role of Supply Chain Director on 31 December 2014.
8. Sanda Parezanovic was appointed to the role of Human Resources Director on 1 June 2015.
9. Marcel Martin was appointed to the role of Supply Chain Director on 1 January 2015.

Credits and loans granted to governing bodies

In 2016, there were no credits or loans granted to active or former members of the Company's Board of Directors, members of the Operating Committee or to any related persons. There are no outstanding credits or loans.