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 statement of financial position as at 31 December 2018 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 153 to 220) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 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.

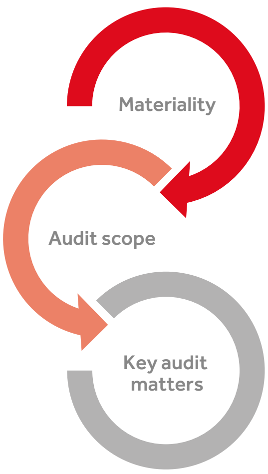
Basis for opinion

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: € 30.5 million, which represents 5% of profit before tax.

We conducted full scope audit work at subsidiary undertakings in 16 countries. Our audit scope addressed 87% of the Group's consolidated net sales revenue and 90% of the Group's assets. We also conducted specified audit procedures and analytical review procedures for other Group undertakings and functions.

As key audit matters, the following areas of focus, which are consistent with the prior year, have been identified:

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

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	€ 30.5 million
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 the bench mark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above €1.0 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

The Group operates through its trading subsidiary undertakings in 28 countries, as set out on page 163 of the 2018 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.

Mirroring the Group's set-up, with the parent entity incorporated in Switzerland and the Group Finance Function located in Greece, we structured our audit as a referred reporting assurance engagement and involved PwC Athens as a Performing Firm, while performing specific procedures related to our role of Signing Firm of the audit report on the Consolidated Financial Statements prepared for Swiss statutory purposes.

In close liaison with the performing firm, we designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated 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.

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.

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 2018 amount to €1,622.3 million and €193.8 million, respectively. The above noted amounts have been allocated to individual cash-generating units ('CGUs'), which require the performance of an impairment assessment at least annually. The impairment assessment involves the determination of the recoverable amount of the CGU, being the higher of the value-in-use and the fair value less costs to dispose. 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, direct 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 2018. Goodwill and franchise agreements held by the Nigeria CGU have been determined by management to remain sensitive to changes in the key drivers of cash flow forecasts given the continuing macroeconomic volatility in Nigeria.	We evaluated the appropriateness of management's identification of the Group's CGUs and the process by which management prepared the CGUs value-in-use calculations which we found to be satisfactory for the purposes of our audit. We tested the mathematical accuracy of the CGUs value-in-use calculations and compared them to the latest budget approved by the Directors and assessed the quality of the budgeting process by comparing the prior year budget with actual data. With the support of our valuation specialists, we challenged management's analysis around the key drivers of cash flow forecasts including selling price increases, short-term and long-term volume growth and the level of direct 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, perpetuity growth and foreign exchange rates and 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 which remain sensitive to changes in the key drivers, including the goodwill and franchise agreements held by the Nigeria CGU. We assessed the appropriateness and completeness of the related disclosures in Note 13, and consider them to be reasonable. 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 assumptions within reasonable ranges.

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 large number of different tax jurisdictions and is subject to periodic tax audits by local tax authorities, in the normal course of business, on a range of tax matters in relation to corporate tax, transfer pricing and indirect taxes. As at 31 December 2018, the Group has current tax liabilities of €135.6 million, which include €98.5 million of provisions for tax uncertainties. Where the amount of tax payable is uncertain, the Group establishes provisions based on management's judgements as regards the likelihood of material tax exposures and the probable amount of the liability. We consider this area as a key audit matter 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.	We evaluated the related accounting policy for provisioning for tax exposures and found it to be appropriate. 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 various tax jurisdictions in which the Group operates. We challenged management's key assumptions, in particular in cases where there had been significant developments with tax authorities, noting no significant deviation from our expectations. From the evidence obtained and in the context of the financial statements, taken as a whole, we consider the provisions in relation to uncertain tax positions as at 31 December 2018 to be appropriate.

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. The determination of the provision and/or the level of disclosure required involves a high degree of judgement resulting in provisions and contingent liabilities being considered as a key audit matter.	We evaluated the design of, and tested, key controls in respect of litigation and regulatory procedures, which we found to be satisfactory for the purposes of our audit. 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. On the basis of the work performed, whilst noting the inherent uncertainty with such legal and regulatory matters, we determined the relevant provisions as at 31 December 2018 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 stand-alone financial statements, the remuneration report 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.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Michael Foley
Audit expert
Auditor in charge

Luigi Voulgarelis

Lausanne, 15 March 2019

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 2018, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 230 to 240) as at 31 December 2018 comply with Swiss law and the Company's articles of incorporation.

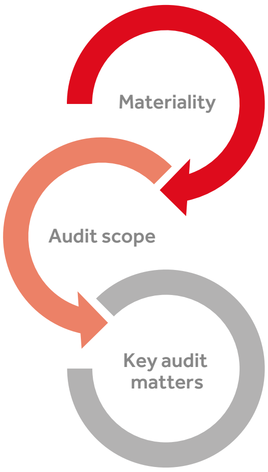
Basis for opinion

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 41.1 million, which represents 0.5% of net assets.

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, consistent with the prior year, the following area of focus has been identified:

- Valuation of investment in subsidiary

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 41.1 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.

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.

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 Notes 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. The investment in subsidiary as at 31 December 2018 amounts to CHF 8,265 million. The valuation of the investment in subsidiary is inherently a matter of judgement 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 of the total investments. The Company's market capitalisation is subject to share price volatility. Management tests the carrying value of the Company's investment annually by comparing the market capitalisation of the Group with the carrying value of the investment.	We reperformed the market capitalisation comparison test performed by management. In addition, we obtained comfort over the valuation of investment in subsidiary by reviewing management's goodwill impairment analysis performed for the purposes of the IFRS consolidated financial statements. As a result of our work, we found management's assumptions and their determination that no impairment was required to be reasonable, after having recorded the reduction of the investment to reflect the dividend received from Coca Cola HBC Holdings B.V. of CHF 236.3 million.

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.

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.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Michael Foley Audit expert Auditor in charge	**Luigi Voulgarelis**

Lausanne, 15 March 2019

Coca-Cola HBC AG's financial statements, Zug

Balance sheet

	Note	As at 31 December CHF thousands 2018	2017
ASSETS			
Cash and cash equivalents		**489**	601
Short-term receivables from direct and indirect participations	2.1	**5,377**	37,673
Short-term receivables from third parties		**1,071**	1,126
Prepaid expenses and accrued income		**–**	37
Total current assets		**6,937**	39,437
Investments in subsidiaries	2.2	**8,264,856**	8,501,197
Property, plant and equipment		**1,153**	1,296
Total non-current assets		**8,266,009**	8,502,493
Total assets		**8,272,946**	8,541,930
LIABILITIES AND SHAREHOLDERS' EQUITY			
Trade payables due to third parties		**1,206**	1,170
Short-term liabilities to direct and indirect participations	2.3	**2,608**	2,168
Short-term interest-bearing liabilities to direct and indirect participations		**–**	117
Accrued expenses	2.3	**39,990**	20,002
Total short-term liabilities		**43,804**	23,457
Long-term interest-bearing liabilities to indirect participations	2.4	**9,832**	–
Provisions	2.5	**8,688**	65
Total long-term liabilities		**18,520**	65
Share capital	2.6	**2,491,242**	2,484,112
Legal capital reserves			
Reserves from capital contributions		**5,601,593**	5,824,716
Reserves for treasury shares	2.7	**85,298**	85,298
Retained earnings			
Results carried forward		**126,232**	137,297
Loss for the year		**(60,140)**	(11,065)
Treasury shares	2.7	**(33,603)**	(1,950)
Total shareholders' equity	2.8	**8,210,622**	8,518,408
Total liabilities and shareholders' equity		**8,272,946**	8,541,930

Coca-Cola HBC AG's financial statements, Zug

Statement of income

		Year ended 31 December	
		CHF thousands	
	Note	2018	2017
Dividend income		**236,341**	203,385
Other operating income	2.9	**20,412**	34,420
Total operating income		**256,753**	237,805
Employee costs	2.10	**(35,649)**	(27,463)
Other operating expenses	2.11	**(43,758)**	(15,719)
Write down of investments	2.2	**(236,341)**	(203,385)
Depreciation of property, plant and equipment		**(192)**	(197)
Total operating expenses		**(315,940)**	(246,764)
Operating loss		**(59,187)**	(8,959)
Finance income		**399**	–
Finance costs		**(852)**	(1,835)
Foreign exchange differences		**(281)**	–
Loss before tax		**(59,921)**	(10,794)
Direct taxes		**(219)**	(271)
Loss for the year		**(60,140)**	(11,065)

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). 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 2018. Income and expenses are translated into CHF at the average exchange rate of the reporting year except for dividend income and related write down of investments (see Note 2.2) which are valued at the transaction date exchange rate. 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 2018**	31 December 2017	**31 December 2018**	31 December 2017
EUR	**1.13**	1.17	**1.16**	1.11
USD	**0.99**	0.99		
GBP	**1.25**	1.32		

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.

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.

	As at 31 December	
	CHF thousands	
Name of participation	**2018**	2017
Coca-Cola HBC Schweiz AG, Brüttisellen	**–**	14
CCB Management Services GmbH, Vienna	**4,693**	16,076
Coca-Cola HBC Finance B.V., Amsterdam	**684**	21,583
Short-term receivables from direct and indirect participations	**5,377**	**37,673**

2.2. Investments in subsidiaries

			As at 31 December	
			CHF thousands	
Direct subsidiary	**Share of capital**	**Share of votes**	**2018**	2017
Coca-Cola HBC Holdings B.V., Amsterdam[1]	100%	100%	**8,501,197**	8,704,582
Write down of investment			**(236,341)**	(203,385)
Investments in subsidiaries	**100%**	**100%**	**8,264,856**	8,501,197

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 2018 is equal to the dividend received in July 2018 from Coca-Cola HBC Holdings B.V. of CHF 236,341 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.

	As at 31 December	
	CHF thousands	
Name of participation	**2018**	2017
CCB Management Services GmbH, Vienna	**2,557**	1,865
Coca-Cola Hellenic Business Service Organisation, Sofia	**–**	50
Coca-Cola HBC Srbija d.o.o., Belgrade	**–**	146
Coca-Cola HBC Finance B.V. Amsterdam	**49**	89
Coca-Cola HBC Switzerland AG, Brüttisellen	**1**	–
Coca-Cola HBC Northern Ireland Ltd., Lisburn	**1**	18
Total short-term non interest-bearing liabilities to direct and indirect participations	**2,608**	**2,168**

	As at 31 December	
	CHF thousands	
Name of participation	**2018**	2017
Coca-Cola HBC Finance B.V., Amsterdam	**–**	117
Total short-term interest-bearing liabilities to direct and indirect participations	**–**	117

	As at 31 December	
	CHF thousands	
Accrued expenses	**2018**	2017
Direct taxes	**309**	359
Management Incentive Plan and Performance Share Plan for own employees	**15,125**	15,963
Employee related costs (social security & insurance and payroll taxes)	**2,192**	1,734
Provision for acquiring treasury shares to satisfy subsidiaries' Performance Share Plan rights	**17,067**	–
Other accrued expenses	**5,297**	1,205
Net unrealised gains from foreign currency translation	**–**	741
Total accrued expenses	**39,990**	**20,002**

Following the publication of circular letter 37a by Swiss Federal Tax Administration in May 2018, the Company recognised a provision of CHF 15,540 thousand that relates to the Company's employees' Performance Share Plan, of which CHF 12,815 thousand is short-term and is disclosed in the line item Management Incentive Plan and Performance Share Plan for own employees; while CHF 2,725 thousand is long-term and disclosed in Note 2.5, Provisions. The provision for acquiring treasury shares to satisfy subsidiaries' Performance Share Plan rights amounts to CHF 22,648 thousand of which CHF 17,067 thousand is short-term and disclosed in accrued expenses while CHF 5,581 thousand is long-term and disclosed in Note 2.5, Provisions.

As at 31 December 2017 the Management Incentive Plan and Performance Share Plan for own employees includes an accrual of CHF 12,2 million due to the accelerated vesting of the former CEO's Performance Share Plan of estimated net 374,152 shares at GBP 24.64 per share.

2.4. Long-term interest-bearing liabilities

	As at 31 December	
	CHF thousands	
	2018	2017
Coca-Cola HBC Finance B.V., Amsterdam	**9,832**	–
Long-term interest-bearing liabilities	**9,832**	–

Long-term interest-bearing liabilities comprise loans from Coca-Cola HBC Finance B.V. On 12 December 2018 the Company entered into interest-bearing long-term loan agreements with Coca-Cola Finance B.V. with a nominal amount of EUR 21,200 thousand and maturing on 8 November 2024.

2.5. Provisions

	As at 31 December	
	CHF thousands	
	2018	2017
Long-term Incentive Plan	178	65
Provision for acquiring treasury shares to satisfy subsidiaries' Performance Share Plan rights (refer to Note 2.3)	5,581	–
Performance Share Plan Coca-Cola HBC AG employees (refer to Note 2.3)	2,725	–
Provision for social security costs of Performance Share Plan	204	–
Provisions	**8,688**	**65**

2.6. Share capital

	Number of shares	Nominal value	Total
		CHF	CHF thousands
Share capital as at 1 January 2017	366,640,638	6.70	2,456,492
Shares issued to employees exercising stock options	4,122,401	6.70	27,620
Share capital as at 31 December 2017	**370,763,039**	**6.70**	**2,484,112**

	Number of shares	Nominal value	Total
		CHF	CHF thousands
Share capital as at 1 January 2018	370,763,039	6.70	2,484,112
Shares issued to employees exercising stock options	1,064,190	6.70	7,130
Share capital as at 31 December 2018	**371,827,229**	**6.70**	**2,491,242**

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

2.7. 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	Acquisition cost per share	Total
		CHF	CHF thousands
Total treasury shares at 31 December 2017	3,430,135	24.8673	85,298
Total treasury shares at 31 December 2018	**3,430,135**	24.8673	**85,298**

Treasury shares held by the Company	Number of shares	Acquisition cost per share	Total
		CHF	CHF thousands
Treasury shares held by Coca-Cola HBC AG as at 31 December 2017	**14,925**	**130.6600**	**(1,950)**
Treasury shares held by the Company as at 1 January 2018	14,925	130.6600	(1,950)
Acquisition of shares	1,033,068	30.6402	(31,653)
Treasury shares held by Coca-Cola HBC AG as at 31 December 2018	**1,047,993**	**32.0637**	**(33,603)**

On 11 June 2018, the Annual General Meeting adopted a proposal for share buy-back of up to 7,500,000 ordinary shares. The buy-back programme commenced on 3 December 2018 and will be completed in 2019. As at 31 December 2018 the Company had purchased 1,033,068 of its ordinary shares of 6.70 CHF each at an average price of GBP 2,409.29 pence per share (minimum price of GBP 2,344.93 pence and maximum price of GBP 2,468.29 pence).

2.8. 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 2017	**2,456,492**	**5,948,183**	**85,298**	**137,297**	**(1,950)**	**8,625,320**
Shares issued to employees exercising stock options	27,620	53,368	–	–	–	80,988
Dividends	–	(176,835)	–	–	–	(176,835)
Loss for the year	–	–	–	(11,065)	–	(11,065)
Balance as at 31 December 2017	**2,484,112**	**5,824,716**	**85,298**	**126,232**	**(1,950)**	**8,518,408**
Balance as at 1 January 2018	**2,484,112**	**5,824,716**	**85,298**	**126,232**	**(1,950)**	**8,518,408**
Shares issued to employees exercising stock options	7,130	10,739	–	–	–	17,869
Dividends[2]	–	(233,862)	–	–	–	(233,862)
Own shares bought back	–	–	–	–	(31,653)	(31,653)
Loss for the year	–	–	–	(60,140)	–	(60,140)
Balance as at 31 December 2018	**2,491,242**	**5,601,593**	**85,298**	**66,092**	**(33,603)**	**8,210,622**

1. Represents the book value of treasury shares held by subsidiaries.
2. On 11 June 2018 the shareholders of the Company at the Annual General Meeting approved the distribution of a €0.54 dividend per ordinary registered share. The dividend was paid on 24 July 2018 and amounted to CHF 233,862 thousand.

2.9. Other operating income

	CHF thousands	
	2018	2017
Management fees	**17,687**	31,763
Guarantee fee	**2,725**	2,657
Total other operating income	**20,412**	**34,420**

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.

2.10 Employee costs

	CHF thousands	
	2018	2017
Wages and salaries	**10, 298**	11,020
Social security costs	**3,922**	985
Pensions and employee benefits	**21,429**	15,458
Total employee costs	**35,649**	**27,463**

Pensions and employee benefits mainly include Performance Share Plan expenses for CCHBC AG employees of the amount of CHF 15,540 thousand, refer to Note 2.3 for more information.

2.11 Other operating expenses

Other operating expenses that amount to CHF 43,758 thousand for 2018 mainly include CHF 16,776 thousand that correspond to estimated net costs to acquire treasury shares on behalf of the subsidiaries, to extinguish vested Performance Share Plan rights (refer to Note 2.3 for more information) and CHF 14,248 thousand for management fees to CCB Management Services GmbH.

3. Other information

3.1. Net release of hidden reserves

No hidden reserves were released for the years ended 31 December 2018 or 31 December 2017.

3.2. Number of employees

In 2018 and 2017 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)	2018	2017
		CHF thousands	
Office rental, Turmstrasse 26, Steinhausen (Zug)	1 to 5 year	**1,399**	–
Total lease liabilities		**1,399**	**–**

3.4. 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 2018, a total of €1.4bn in notes issued under the EMTN Programme were outstanding.

The EMTN Programme has not been updated since September 2015 so further issues under the EMTN Programme are currently not possible pending a further update.

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 (the 'CP Programme'). The CP Programme was updated in September 2014 and then again in May 2017. Notes are issued under the CP Programme by Coca-Cola HBC Finance B.V. and guaranteed by the Company. The outstanding amount under the CP Programme was €95m as at 31 December 2018 (2017: €120m).

3. Other information continued

Credit support provider

On 18 July 2013 the Company signed as credit support provider to Deutsche Bank AG, J.P. Morgan Securities plc, Credit Suisse International, Credit Suisse AG, ING Bank N.V., Societe Generale, 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, 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]

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]

On 1 November 2017 the Company signed as credit support provider to Goldman Sachs Global International in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 22 December 2017 the Company signed as credit support provider to Citigroup Global Markets Limited in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 14 February 2018 the Company signed as credit support provider to Morgan Stanley & Co. International PLC in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

3.5. Significant shareholders

As at 31 December 2018 and 2017, 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[2]	Percentage of outstanding share capital[3]
Total Kar-Tess Holding	31.12.2017	85,355,019	23.0%	23.2%
Total Kar-Tess Holding	31.12.2018	85,355,019	23.0%	23.2%
Total shareholdings related to The Coca-Cola Company	31.12.2017	85,112,078	23.0%	23.2%
Total shareholdings related to The Coca-Cola Company	31.12.2018	85,112,078	22.9%	23.2%

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.
2. Basis: total issued share capital including treasury shares. Share basis 371,827,229 as at 31 December 2018 (2017: 370,763,039).
3. Basis: total issued share capital excluding treasury shares. Share basis 367,349,101 as at 31 December 2018 (2017: 367,317,979).

3.6. 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 December 2018			31 December 2017		
	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]	**–**	**–**	**–**	–	–	–
Zoran Bogdanovic	**22,819**	**0.01%**	**0.01%**	19,869	0.01%	0.01%
Dimitris Lois	**–**	**–**	**–**	57,379	0.02%	0.02%
Ahmet C. Bozer	**–**	**–**	**–**	–	–	–
Charlotte J. Boyle	**1,017**	**0.00%**	**0.00%**	–	–	–
Antonio D'Amato[4]	**–**	**–**	**–**	–	–	–
Olusola (Sola) David-Borha	**–**	**–**	**–**	–	–	–
William W. (Bill) Douglas III	**10,000**	**0.00%**	**0.00%**	10,000	0.00%	0.00%
Reto Francioni	**–**	**–**	**–**	–	–	–
Anastasios I. Leventis[5]	**–**	**–**	**–**	–	–	–
Christo Leventis[6]	**–**	**–**	**–**	–	–	–
Alexandra Papalexopoulou	**–**	**–**	**–**	–	–	–
José Octavio Reyes	**–**	**–**	**–**	–	–	–
Robert Ryan Rudolph	**–**	**–**	**–**	–	–	–
John P. Sechi	**–**	**–**	**–**	–	–	–

	31 December 2018			31 December 2017		
	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	**19,901**	**0.01%**	**0.01%**	17,304	0.00%	0.00%
Jan Gustavsson	**59,544**	**0.02%**	**0.02%**	56,633	0.02%	0.02%
Keith Sanders	**30,351**	**0.01%**	**0.01%**	28,555	0.01%	0.01%
Martin Marcel	**22,832**	**0.01%**	**0.01%**	9,171	0.00%	0.00%
Michalis Imellos	**18,003**	**0.00%**	**0.00%**	16,650	0.00%	0.00%
Nikolaos Kalaitzidakis	**940**	**0.00%**	**0.00%**	–	–	–
Naya Kalogeraki	**3,906**	**0.00%**	**0.00%**	1,755	0.00%	0.00%
Sanda Parezanovic	**3,012**	**0.00%**	**0.00%**	2,236	0.00%	0.00%
Sotiris Yannopoulos	**13,781**	**0.00%**	**0.00%**	12,385	0.00%	0.00%

3. Other information continued

The following table sets out information regarding the stock options and performance shares held by members of the Operating Committee as at 31 December 2018:

	Stock options ('ESOP')			Performance shares ('PSP')		
	Number of stock options	Already vested	Vesting at the end of 2019	Granted in 2018	Unvested and subject to performance conditions	Vested
Zoran Bogdanovic[7]	210,000	210,000	–	86,404	171,245	–
Alain Brouhard	260,000	260,000	–	20,136	101,411	–
Jan Gustavsson	561,000	561,000	–	22,634	113,824	–
Keith Sanders	430,000	430,000	–	21,994	110,939	–
Martin Marcel	132,505	132,505	–	19,550	96,121	–
Nikolaos Kalaitzidakis	11,000	11,000	–	12,080	43,572	–
Michalis Imellos	277,500	277,500	–	25,200	125,955	–
Naya Kalogeraki	45,000	45,000	–	18,572	61,761	–
Sanda Parezanovic	48,500	48,500	–	17,517	80,163	–
Sotiris Yannopoulos	–	–	–	19,794	97,938	–

1. Basis: total issued share capital including treasury shares. Share basis 371,827,229 as at 31 December 2018 (2017: 370,763,039).
2. Basis: total issued share capital excluding treasury shares. Share basis 367,349,101 as at 31 December 2018 (2017: 367,317,979).
3. Anastassis David is a beneficiary of:
   (a) 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, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) 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, whereby he has an indirect interest with respect to 823,008 shares held by Selene Treuhand AG.
4. Antonio D' Amato retired from the Board of Directors, the Remuneration Committee and the Nomination Committee on 20 June 2017.
5. Anastasios I. Leventis is a beneficiary of:
   (a) 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, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) 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, whereby he has an indirect interest with respect to 286,879 shares held by Selene Treuhand AG.
   (c) a further 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, whereby he has an indirect interest with respect to 623,664 shares held by Carlcan Holding Limited.
6. Christo Leventis is a beneficiary of:
   (a) 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, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) 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, whereby he has an indirect interest with respect to 458,545 shares held by Selene Treuhand AG.
   (c) a further 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, whereby he has an indirect interest with respect to 757,307 shares held by Carlcan Holding Limited.
7. The Remuneration Committee determined at its meeting in March 2019 that, in line with the terms of the PSP, PSP awards granted to Zoran Bogdanovic in 2015 and 2016 vested over in aggregate 62,860 shares (including the dividend equivalent shares paid on PSP shares that vested in 2019).

3.7. Fees paid to the auditor

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

3.8. Conditional capital

On 25 April 2013, the shareholders' meeting agreed to the creation of conditional capital in the maximum amount of CHF 245,601 thousand, through issuance of a maximum of 36,657 thousand fully paid-in registered shares with a par value of CHF 6.70 each upon exercise of options issued to members of the Board of Directors, members of management, employees or advisers of the Company, its subsidiaries and other affiliated companies. The share capital of CHF 2,491,242 thousand as disclosed in the balance sheet differs from the share capital in the commercial register of CHF 2,484,112 thousand as per 31 December 2018 due to the exercise of management options in the course of full year 2018.

Conditional capital	Number of shares	Book value per share CHF	Total CHF thousand
Agreed conditional capital as per shareholders' meeting on 25 April 2013	**36,656,843**	**6.70**	**245,601**
Shares issued to employees exercising stock options until 31 December 2016	(3,149,493)	6.70	(21,102)
Shares issued to employees exercising stock options in 2017	(4,122,401)	6.70	(27,620)
Remaining conditional capital as at 31 December 2017	**29,384,949**	**6.70**	**196,879**
Shares issued to employees exercising stock options in 2018	(1,064,190)	6.70	(7,130)
Remaining conditional capital as at 31 December 2018	**28,320,759**	**6.70**	**189,749**

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	126,232
Net loss for the year	(60,140)
Total available retained earnings to be carried forward	**66,092**
Reserves from capital contributions before distribution	5,601,593
Total available retained earnings and reserves	**5,667,685**

2. Proposed declaration of a dividend from reserves

The Board of Directors proposes to declare a gross dividend of EUR 0.57 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 300,000 thousand (the 'Cap'), and thus will reduce the general capital contribution reserve of CHF 5,601,593 thousand, as shown in the financial statements as of 31 December 2018, by a maximum of CHF 300,000 thousand. To the extent that the dividend calculated on EUR 0.57 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 0.57 at current exchange ratio

As of 31 December 2018	CHF thousands
Reserves from capital contributions before distribution	5,601,593
Proposed dividend of EUR 0.57[1]	(240,932)
Reserves from capital contributions after distribution	**5,360,661**

Variant 2: Dividend if Cap is triggered

As of 31 December 2018	CHF thousands
Reserves from capital contributions before distribution	5,601,593
(Maximum) dividend if Cap is triggered[2]	(300,000)
(Minimum) Reserves from capital contributions after distribution	**5,301,593**

1. Illustrative at an exchange rate of CHF 1.14 per EUR. Assumes that the shares entitled to a dividend amount to 370,779,236.
2. Dividend is capped at a total aggregate amount of CHF 300,000 thousand.

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

Report of the statutory auditor on the statutory remuneration report 2018

We have audited the remuneration report of Coca-Cola HBC AG for the year ended 31 December 2018. The audit was limited to the information according to the articles 14-16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 242 to 245 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 judgment, 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 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Michael Foley
Audit expert
Auditor in charge

Luigi Voulgarelis

Lausanne, 15 March 2019

Statutory Remuneration Report

Additional disclosures regarding the Statutory Remuneration Report

The section below is in line with the Ordinance against Excessive Compensation in Listed Stock 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 2018 and 2017. In the information presented below, the exchange rate used for conversion of 2018 remuneration data from Euro to CHF is 1/1.1546 and the exchange rate used for conversion of 2017 remuneration data from Euro to CHF is 1/1.1202.

As the Company is headquartered in Switzerland, it is required for statutory purposes to present compensation data for two consecutive years, 2017 and 2018. The applicable methodology used to calculate the value of stock option and performance shares follows Swiss standards. In 2018 and 2017, the fair value of performance shares from the 2018 and 2017 grants is calculated based on the performance share awards that are expected to vest, and not the stock options that vested in 2018 and 2017 respectively. Below is the relevant information for Swiss statutory purposes.

Remuneration 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 2018 amounted to CHF 16.4 million. Out of this, the amount relating to the expected value of performance share awards granted in relation to 2018 was CHF 3.3 million. Pension and post-employment benefits for Directors and the Operating Committee of the Company during 2018 amounted to CHF 0.9 million.

Remuneration of the Board of Directors

	2018 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 remuneration
Anastassis G. David	**84,863**	–	–	–	–	**84,863**
Ahmet C. Bozer	**84,863**	–	–	–	–	**84,863**
Charlotte J. Boyle	**98,256**	–	–	–	–	**98,256**
Olusola (Sola) David-Borha[2]	**101,605**	–	–	–	–	**101,605**
William W. (Bill) Douglas III	**118,231**	–	–	–	–	**118,231**
Reto Francioni[3]	**123,196**	–	–	–	–	**123,196**
Anastasios I. Leventis	**98,256**	–	–	–	–	**98,256**
Christo Leventis	**84,863**	–	–	–	–	**84,863**
Alexandra Papalexopoulou	**111,650**	–	–	–	–	**111,650**
José Octavio Reyes[4]	**91,560**	–	–	–	–	**91,560**
Robert Ryan Rudolph[5]	**84,863**	–	–	–	–	**84,863**
John P. Sechi	**101,605**	–	–	–	–	**101,605**
Zoran Bogdanovic[6]	–	–	–	–	–	–
Total Board of Directors	**1,183,811**	–	–	–	–	**1,183,811**

1. Allowances consist of cost of living allowance, housing support, Employee Share Purchase Plan, private medical insurance, relocation expenses, home trip allowance, lump sum expenses and similar allowances.
2. For Olusola (Sola) David-Borha, on top of her fees, the Group paid CHF 8,083 in social security contributions as required by Swiss legislation.
3. For Reto Francioni, on top of his fees, the Group paid CHF 9,801 in social security contributions as required by Swiss legislation.
4. For José Octavio Reyes, on top of his fees, the Group paid CHF 5,119 in social security contributions as required by Swiss legislation.
5. For Robert Ryan Rudolph, on top of his fees, the Group paid CHF 6,752 in social security contributions as required by Swiss legislation.
6. Zoran Bogdanovic's compensation was based on his role as CEO, member of the Operating Committee, and his employment agreement. Zoran Bogdanovic was not entitled and did 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.

Remuneration of the Board of Directors

	2017 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 remuneration
Anastassis G. David	78,411	–	–	–	–	78,411
Ahmet C. Bozer	78,411	–	–	–	–	78,411
Charlotte J. Boyle[2]	45,366					45,366
Antonio D'Amato[3]	45,366	–	–	–	–	45,366
Olusola (Sola) David-Borha[4]	101,285	–	–	–	–	101,285
William W. (Bill) Douglas III	109,216	–	–	–	–	109,216
Reto Francioni[5]	122,678	–	–	–	–	122,678
Anastasios I. Leventis	90,733	–	–	–	–	90,733
Christo Leventis[6]	80,790	–	–	–	–	80,790
Alexandra Papalexopoulou	103,055	–	–	–	–	103,055
José Octavio Reyes[7]	89,693	–	–	–	–	89,693
Robert Ryan Rudolph[8]	84,605	–	–	–	–	84,605
John P. Sechi	93,869	–	–	–	–	93,869
Dimitris Lois[9]	–	–	–	–	–	–
Total Board of Directors	**1,123,478**	**–**	**–**	**–**	**–**	**1,123,478**

1. Allowances consist of cost of living allowance, housing support, Employee Share Purchase Plan, private medical insurance, relocation expenses, home trip allowance, lump sum expenses and similar allowances.
2. Charlotte J. Boyle was appointed to the Board of Directors, the Remuneration Committee and the Nomination Committee on 20 June 2017. The Group has applied a half-year period base fee of CHF 45,366.
3. Antonio D' Amato retired from the Board of Directors, the Remuneration Committee and the Nomination Committee on 20 June 2017. The Group has applied a half-year period base fee of CHF 45,366.
4. For Olusola (Sola) David-Borha, on top of her fees of CHF 93,869, the Group paid CHF 7,416 in social security contributions as required by Swiss legislation.
5. For Reto Francioni, on top of his fees of CHF 113,696, the Group paid CHF 8,982 in social security contributions as required by Swiss legislation.
6. In June 2017 social security contributions of CHF 2,379, withheld in December 2016, were returned to Christo Leventis, on top of his fees of CHF 78,411, as he was deemed not subject to Swiss social security.
7. For José Octavio Reyes, on top of his fees of CHF 84,572, the Group paid CHF 5,121 in social security contributions as required by Swiss legislation.
8. For Robert Ryan Rudolph, on top of his fees of CHF 78,411, the Group paid CHF 6,194 in social security contributions as required by Swiss legislation.
9. Dimitris Lois' compensation was based on his role as CEO, member of the Operating Committee, and his employment agreement. Dimitris Lois was not entitled and did 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.

Remuneration of the Operating Committee

The total remuneration paid to or accrued for the Operating Committee for 2018 amounted to CHF 16.4 million.

2018 CHF	Base salary	Cash and non-cash benefits[1]	Cash performance incentives[2]	Pension and post-employment benefits[3]	Total fair value of performance shares at the date granted[4]	Total remuneration
Zoran Bogdanovic, Chief Executive Officer	**865,950**	**521,628**	**368,513**	**143,691**	**1,085,901**	**2,985,682**
Other members[5]	**4,242,424**	**3,641,729**	**2,640,246**	**737,429**	**2,179,889**	**13,441,717**
Total Operating Committee	**5,108,374**	**4,163,357**	**3,008,758**	**881,120**	**3,265,790**	**16,427,399**

1. Cash and non-cash benefits consist of cost of living allowance, housing support, schooling, Employee Share Purchase Plan, private medical insurance, relocation expenses, home trip allowance, employer social security contributions, lump sum expenses and similar allowances.
2. The cash performance incentives represent the monetary value that was paid under MIP in 2018 reflecting the 2017 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 2018 grant in order to comply with Swiss reporting guidelines.
5. Nikolaos Kalaitzidakis was appointed to the role of Region Director on 1 May 2018.

The total remuneration paid to or accrued for the Operating Committee for 2017 amounted to CHF 22.5 million.

2017 CHF	Base salary	Cash and non-cash benefits[1]	Cash performance incentives[2]	Pension and post-employment benefits[3]	Total fair value of performance shares at the date granted[4]	Total remuneration
Dimitris Lois[5, 6], Chief Executive Officer (highest compensated member of the Operating Committee)	954,005	603,522	724,976	132,354	2,217,695	4,632,552
Zoran Bogdanovic[7], Chief Executive Officer	65,347	40,651	0	6,498	48,876	161,372
Other members	4,194,756	5,066,461	2,719,887	699,118	5,057,260	17,737,482
Total Operating Committee	**5,214,108**	**5,710,634**	**3,444,863**	**837,970**	**7,323,831**	**22,531,406**

1. Cash and non-cash benefits consist of cost of living allowance, housing support, schooling, Employee Share Purchase Plan, private medical insurance, relocation expenses, home trip allowance, employer social security contributions, lump sum expenses and similar allowances.
2. The cash performance incentives represent the monetary value that was paid under MIP in 2017 reflecting the 2016 business performance, inclusive of the value that was paid under LTIP in 2017 reflecting the 2014-2016 business performance for Naya Kalogeraki, Marcel Martin and Sanda Parezanovic.
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 2017 grant in order to comply with Swiss reporting guidelines.
5. Dimitris Lois' compensation was based on his role as CEO, member of the Operating Committee, and his employment agreement. Dimitris Lois was not entitled to and did not receive the fixed compensation applicable for Non-Executive Directors of the Board of Directors.
6. Dimitris Lois' compensation reflects the period 1 January to 2 October 2017 and includes two months' payment made to the heirs as per Swiss law. Total fair value of performance shares at the date granted has been prorated for the period 1 January to 2 October 2017.
7. Zoran Bogdanovic's compensation as CEO reflects the period 7 December to 31 December 2017. His compensation for the period 1 January to 6 December 2017 is included under "Other Members". Total fair value of performance shares at the date granted has been prorated for the period 7 December to 31 December 2017.

Credits and loans granted to governing bodies

In 2018, 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.