

FOCUSED ON DELIVERY

Our strategy is designed to achieve responsible, sustainable and profitable growth. We set clear objectives for the business in 2016, which we continue to track against a 2020 scorecard to measure our progress.

A sustainable business

We create a sustainable business by growing profitably, responsibly and by driving positive change in our communities.

Objectives

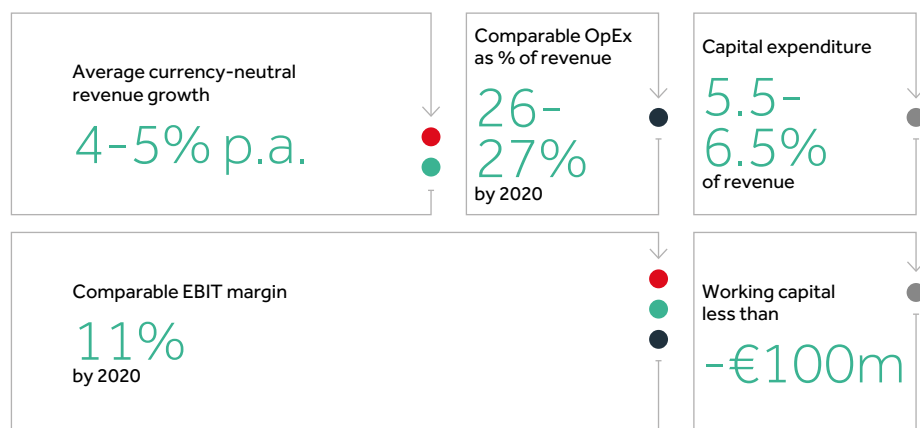
What we do to achieve our objectives

All of our operations in 28 countries work towards the same objectives – drive volume growth, focus on value, improve efficiency and invest in the business – by implementing initiatives that are designed centrally. These initiatives are adjusted to respond to local demographics, economies and market characteristics in order to manage risk while driving growth.

	Drive volume growth	Focus on value	Improve efficiency	Invest in the business
Initiatives	<ul style="list-style-type: none"> Expand and deepen route to market Execute in-store with excellence Create joint value with customers Drive the water category, focusing on value 	<ul style="list-style-type: none"> Capitalise on meals and socialising occasions for sparkling drinks Increase share of single-serve packs, driving transactions Improve performance in hotels, restaurants and cafés (HoReCa) Grow in the energy category Drive pricing strategies 	<ul style="list-style-type: none"> Continue production infrastructure and logistics optimisation Capitalise on contiguous territory and Emerging markets opportunities Utilise shared services to gain process efficiency Drive packaging harmonisation and innovation (light-weighting and recyclability) Continue reducing water, energy and carbon emissions 	<ul style="list-style-type: none"> Invest in revenue-generating assets and innovative technology Acquire water and juice brands in existing territory Maintain negative working capital balance sheet position
Scorecard				

How we measure our performance

We have five key performance indicators (KPIs) that are chosen to measure our progress. We report on these every year.



Enablers and values

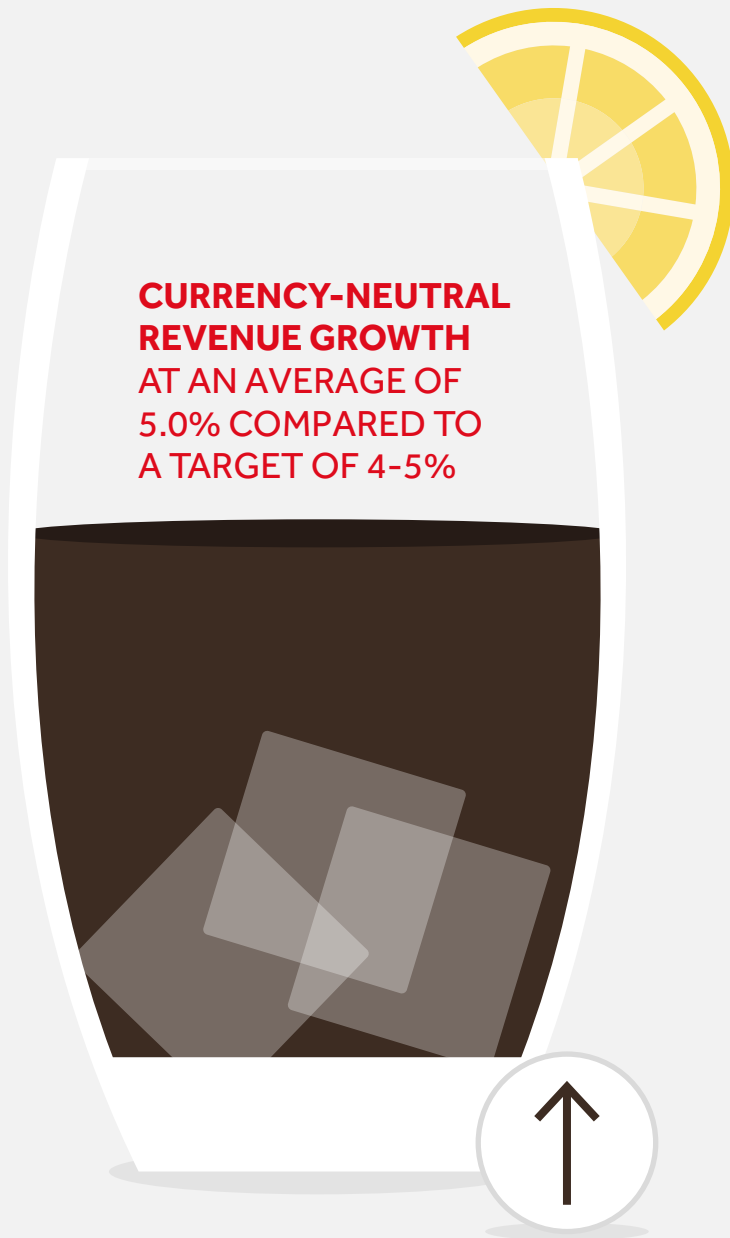
Our people

Our most important enablers of growth are our people. We encourage our people to feel empowered and expect them to be accountable. Our people make our Company what it is and create value by growing our business responsibly and sustainably.

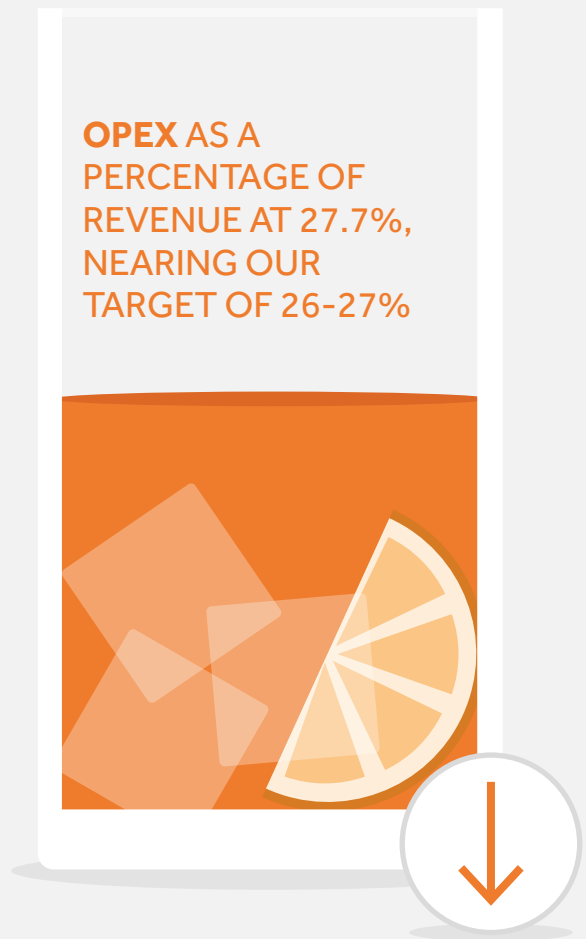
Nurturing the potential of our people as well as engaging them and rewarding them appropriately are priorities at every level of our Company, enabling us to continue to attract and retain the best talent in every key position.

Please see pages 22-23 for our performance against our 2018 KPIs

STRONG PROGRESS AGAINST OUR 2020 OBJECTIVES



AVERAGE ANNUAL CURRENCY-NEUTRAL REVENUE GROWTH



COMPARABLE OPEX AS % OF REVENUE



**COMPARABLE
EBIT MARGIN**
OF 10.2%, IN
CLEAR SIGHT
OF OUR 2020
TARGET OF 11%



**COMPARABLE
EBIT MARGIN**

**INCREASED
INVESTMENT IN
THE BUSINESS
WITH CAPEX**
AT 6.4% OF
REVENUES
IN 2018, WITHIN
OUR TARGET
RANGE OF
5.5-6.5%



**CAPITAL
EXPENDITURE**

**DISCIPLINED
MANAGEMENT
OF CASH WITH
WORKING
CAPITAL OF
LESS THAN
-€100 MILLION**



**WORKING
CAPITAL**

 INCREASE
  DECREASE
  STABLE

2020 OBJECTIVES WERE SET IN JUNE 2016 AND USE FY2015 AS THE BASE YEAR.

PROGRESS AGAINST OUR STRATEGY

We are proud of our achievements in 2018 against our strategy, and look to 2019 with determination to deliver another strong year.

2016

Drive volume growth

Key performance indicators we track

- Volume growth

See more on page 22

What we said we would do

- Grow volumes in all our segments with an acceleration in the Emerging segment

Challenges in 2018

- Weak economic expansion in Nigeria
- Sugar tax implementation in Ireland
- Declines in the non-alcoholic ready-to-drink market in Italy

What we did in 2018

- Accelerated the pace of launches of new products and brands
- Re-booted our route to market
- Returned sparkling to 4.3% growth, the fastest expansion in a decade
- Returned ready-to-drink tea to growth with the launch of FUZETEA

Priorities for 2019

- Maintain the momentum
- Continue to roll out and embed our new launches
- Ongoing focus on low- and no-calorie beverages, as well as adults which are renewing growth in the sparkling category



Risk management approach

Addressed under principal risks

- Consumer health and Channel mix

See more on pages 74-76

Delivered through

-  Our consumers
-  Our customers

See more on pages 40-53

Focus on value

Key performance indicators we track

- Currency-neutral net sales revenue per case growth
- Currency-neutral net sales revenue growth

See more on page 22

What we said we would do

- Expand price/mix in all our segments

Challenges in 2018

- Significant price increases taken in 2017 in Nigeria meant we entered the year with a high base
- The discontinuation of our distribution of the Brown-Forman products in Russia

What we did in 2018

- Took pricing where possible
- Improved package mix by 170bp
- Improved category mix with faster growth from sparkling and energy, and a focus on value in juices and water

Priorities for 2019

- Continued improvement in package and category mix along with price increases
- More effective management of promotions




Risk management approach

Addressed under principal risks

- Channel mix and Declining consumer demand

See more on pages 74-76

Delivered through

-  Our customers
-  Our consumers
-  Our communities

See more on pages 34-53

Progress
to date
2018

2020

Improve efficiency

Key performance indicators we track

- OpEx as percentage of net sales revenue
- Comparable EBIT margin

See more on page 23

What we said we would do

- Control our costs, allowing operating leverage to drive an improvement in margins
- Gain further efficiencies in our operating cost base
- Procure and use all resources efficiently with consideration of our environmental impact

Challenges in 2018

- Higher aluminium and PET resin prices
- Rising transport costs in certain Central and Eastern European countries
- The depreciation of the Russian rouble

What we did in 2018

- Followed our hedging policies which insulated our cost base from fluctuations in sugar and aluminum pricing, and the Russian rouble

- Maintained cost discipline which allowed operating costs as a percentage of revenues to decline 20bp in 2018, even as marketing investments increasing 30bp as a percentage of revenues
- Launched new sustainability commitments for 2025
- Optimised our production and logistics in Nigeria



Priorities for 2019

- Continued cost discipline
- Ongoing optimisation of production, logistics and distribution

Risk management approach

Managed as an operational risk by the business units and functions in line with our risk management processes

Delivered through

-  Partners in efficiency
-  Our communities

See more on pages 54-62, 34-39

Invest in the business

Key performance indicators we track

- CapEx as percentage of net sales revenue
- ROIC

See more on page 23

What we said we would do

- Continue to invest in revenue-generating assets and innovative technology
- Acquire complementary non-sparkling brands in our existing territory
- Maintain discipline to ensure return on the capital invested

Challenges in 2018

- Potential acquisition targets were either not available or did not meet our strategic and financial criteria

What we did in 2018

- Increased our investment in coolers, including smart coolers by €120 million
- Invested in new PET lines in Nigeria
- Invested in a line for AdeZ and one for GLACÉAU smartwater



Priorities for 2019

- Invest to support the growth we are seeing in our markets
- Invest in our people and digital capabilities
- Continue to look for value-enhancing M&A

Risk management approach

Managed as an operational risk by the business units and functions in line with our risk management processes

Delivered through

-  Partners in efficiency
-  Our consumers

See more on pages 54-62, 40-47

A STRONG TRACK RECORD

In June 2016, we set out strategic objectives for the business accompanied by financial targets and specific KPIs with which to measure our progress.

Drive volume growth

How we measure our progress

Volume is measured in million unit cases sold, where one unit case represents 5.678 litres.

What happened in the year

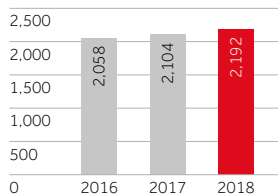
Volume grew 4.2%, with growth in all segments and acceleration in the pace of growth from the Developed and Emerging segments. All key categories grew volume.

Link to remuneration

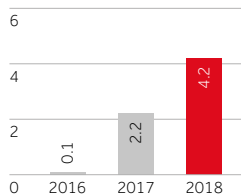
Volume is a measure for MIP awards.

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KPIs



Volume (m unit cases)



Volume growth (%)

Focus on value

How we measure our progress

Net sales revenue (NSR) comprises revenues from Coca-Cola HBC's primary activities. We track this on a currency-neutral basis.

What happened in the year

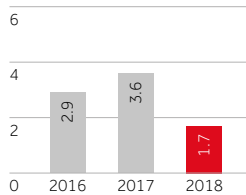
Currency-neutral net sales revenue per case grew 1.7% with growth in all segments, supported by better price, package and category mix.

Link to remuneration

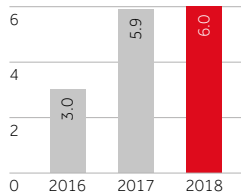
Net sales revenue is a financial measure for MIP awards

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KPIs



Currency-neutral revenue per case growth (%)



Currency-neutral revenue growth (%)

Underpinned by our focus on sustainability and our people

Operating sustainably is not just the right thing to do, it is a direct benefit to the Company's profitability and the potential of our people.

The quality and diversity of our people, and their engagement, is a key enabler of our business performance.

How we measure our performance

We measure savings made through careful use of water and energy.

We track the percentage of our employees responding positively to a Group-wide engagement survey and the percentage of women in management.

What happened in the year

In 2018, we made €2.6 million of savings in energy use and a further €0.5 million savings in water use.

Based on survey results, the employee engagement score was 88% in 2018. Women make up 37% of our managers, 35% of our senior leaders and 23% of our Board of Directors.

Improve efficiency

How we measure our progress

OpEx (operating expenses) as a percentage of net sales revenue is calculated by dividing comparable operating expenses by total net sales revenue.

Comparable EBIT margin refers to comparable profit before tax excluding finance income or cost and share of results of equity method investments divided by net sales revenue.

What happened in the year

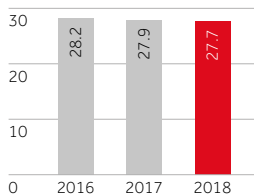
Operating leverage resulted in a 20 basis-point reduction in OpEx as a percentage of revenue. This, combined with the improvement in gross margin, gave us a 70 basis-point expansion in comparable EBIT margin.

Link to remuneration

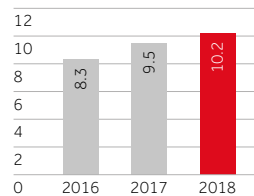
OpEx as a percentage of NSR and comparable EBIT are financial measures for MIP awards.

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KPIs



OpEx as percentage of NSR (%)



Comparable EBIT margin (%)

Invest in the business

How we measure our progress

Working capital is operating current assets minus operating current liabilities, excluding financing and investment activities.

CapEx (capital expenditure) is calculated as a percentage of NSR.

Return on invested capital (ROIC) is comparable net profit excluding net finance costs divided by capital employed (net debt + shareholders' equity averaged through the year)

What happened in the year

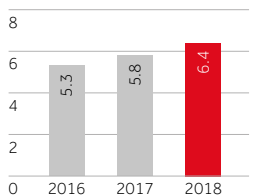
We kept the year-end working capital balance sheet position under negative €100 million. We increased capital expenditure to 6.4% of revenue to support the growth opportunities in our business.

Link to remuneration

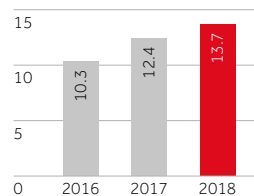
Working capital acts as a qualifier for the volume MIP payout. ROIC is a financial measure for PSP awards.

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KPIs

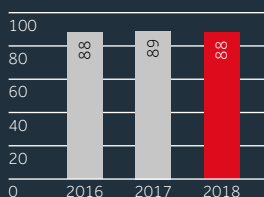


CapEx as percentage of NSR (%)

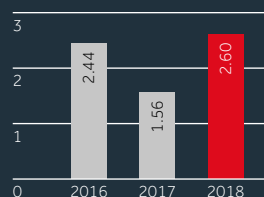


ROIC (%)

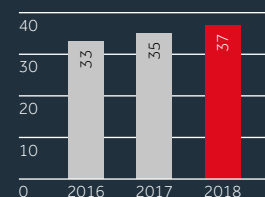
KPIs



Employee engagement score (%)



Energy savings (€ millions)



Women in management (%)

OUR 2025 SUSTAINABILITY COMMITMENTS




2020 targets*

2018 achievements

Climate and renewable energy


50% carbon ratio reduction in direct operations

 **45%** carbon ratio reduction in direct operations achieved

25% carbon ratio reduction in value chain

 **25%** carbon ratio reduction in value chain achieved

40% of total energy from renewable and clean sources**

 **41%** of total energy from renewable and clean sources achieved

Water use and stewardship

30% water ratio reduction in operations

 **22%** water ratio reduction in operations achieved

100% certification of all plants in water stewardship


 **60%** of 53 plants certified

World Without Waste

40% of packaging to be recovered for recycling

 **45%** of packaging recovered for recycling

20% of PET used in the Group to be recycled PET and/or PET from renewable materials

 **9%** PET used is recycled PET and/or PET from renewable materials

25% reduction in the amount of material used for main primary packaging***

 **19%** reduction in the amount of material used for main primary packaging


Ingredient sourcing

>95% of key agricultural ingredients will be certified against the Sustainable Agriculture Guiding Principles

 **64%** are now certified against the Sustainable Agriculture Guiding Principles


Nutrition

10% reduction in added sugar per 100 ml of sparkling beverage in EU&CH vs. 2015

 **8%** reduction achieved in added sugar per 100 ml of sparkling beverage in EU&CH vs. 2015

Our people and communities

2% investment of our annual pre-tax profit in communities

 **1.3%** investment in communities

10% of employees will be participating in volunteering initiatives during work time

 **21%** of employees participated in volunteering



Achieved



Well on track



New target introduced

* Baseline 2010

** Clean source means CHP

*** Packaging mix evolution neutral vs. 2010

Our 2025 sustainability commitments confirm that sustainability is embedded in our business strategy, driven by the expertise of our employees and partners and their commitment to sustainable practices and performance.

See pages 68-71 for how these align to our material issues and SDGs

New 2025 commitments*

30%	reduce carbon ratio in direct operations
50%	increase in energy-efficient refrigerators to half of our coolers in the market
50%	of our total energy from renewable and clean sources
100%	total electricity used in EU&CH from renewable and clean energy
20%	water reduction in plants located in water-risk areas
100%	help secure water availability for all our communities in water-risk areas
75%	help collect the equivalent of 75% of our primary packaging
35%	of total PET used from recycled PET and/or PET from renewable material
100%	of consumer packaging to be recyclable**
100%	of our key agricultural ingredients sourced in line with sustainable agricultural principles
25%	reduce calories per 100ml of sparkling soft drinks (all CCH countries)***
10%	community participants in first-time managers' development programmes
1 MIL	train 1 million young people through #Youth Empowered
20	engage in 20 Zero Waste partnerships (city and/or coast)
10%	of employees take part in volunteering initiatives
ZERO	target zero fatalities and reduce (lost time) accident rate by 50%
50%	of managers are women

* Baseline 2017

** Technical recyclability by design

*** Baseline 2015

How we got here



Laying the groundwork for greater impact

Coca-Cola HBC is a sustainability leader in the beverage industry. Our Company ranked in the top three of both the global and European beverage industry leagues in the 2018 Dow Jones Sustainability Indices, a global benchmark of sustainability, after having been the industry leader for the past four years. We received additional recognition in other sustainability benchmarks, such as CDP, FTSE4Good and MSCI ESG.

For our current sustainability targets, we are approaching our 2020 timeline. Therefore, this year we introduced 17 new 2025 sustainability commitments, addressing six key areas along our value chain, by following our materiality approach: reducing emissions; water use and stewardship; World Without Waste; ingredient sourcing; nutrition; and our people and communities.

These commitments set stretching targets for our Company and our people. As an example, we have almost doubled our 2025 target for collecting the equivalent of our primary product packaging compared to 2020 target.

With this higher level of ambition, we are stepping up efforts to contribute to the Coca-Cola System goal of collecting and recycling the equivalent of every bottle or can sold globally by 2030. Our 2025 commitments also represent a shift in our focus, more emphasising outputs and impacts rather than inputs. In this context, we have discontinued our practice of setting a target for investing a specific percentage annual pre-tax profit in community programmes, as this commitment in itself doesn't ensure that we are creating a positive impact on our communities. Therefore, we have introduced new community commitments to train one million young people, to help secure water availability in water-risk areas as well as engage in zero waste partnerships.

We are very proud that we have achieved our 2020 carbon emissions reduction goal in the value chain (approved science-based target), reaching 25% reduction in 2018, and our renewable and clean energy commitment. In addition, we achieved our target of 40% of our packaging being collected and recycled by 2017.

We are making good progress on our commitments related to water reduction in our direct operations and water stewardship certifications. By means of our 2025 commitments, we will focus more in water risk communities.

On track with the UNESDA pledge on sugar reduction per 100ml of our carbonated beverages, for 2025 we have a new goal for calorie reduction in sparkling drinks portfolio.