Chief Executive Officer’s review continued

Looking ahead

The outlook for 2016 is characterised by increased volatility. In the Euro area, growth prospects are revised upwards, reflecting the expected benefits from the oil and commodity price developments and the accommodating monetary conditions. However, in contrast, growth estimates are revised downwards in the countries exporting these commodities.

In our territory we face mixed prospects. On the one hand, we expect a reversal from deflation to inflation, and improvements in unemployment levels and private consumption in many of our markets benefitting from the drop in oil prices. On the other hand, oil exporting countries such as Russia and Nigeria continue to face ongoing challenges in an otherwise buoyant emerging markets landscape.

The commercial initiatives that we put in place in 2015 proved to be effective, leading to good volume growth in all three segments. We are determined to build on this success and maintain volume growth in all three market segments. Two key areas of focus in 2016 are revenue growth management and gaining further efficiencies in our cost base. We expect substantial improvement in currency-neutral net sales revenue per case in the full year for all three segments as well as a significant reduction in operating expenses as a percentage of net sales revenue. The two challenges we face are currencies in emerging markets such as Russia and Nigeria and rising input costs, particularly sugar.

Overall, our focus for 2016 is to build on this year’s good performance with a year of volume and revenue growth along with margin expansion. We have strong plans and our track record gives us confidence that we can take appropriate action in countries where we face challenging market conditions. Our efficiency programmes have, over several years, created a strong platform. As many of our European markets slowly improve, we expect to capitalise on this platform.

Finally, I wholeheartedly thank all of our people for their passion, dedication and hard work. Our success this year would not have been possible without their contributions. I also thank our shareholders for their support. We will endeavour to maintain your trust, working to create sustainable, long-term business growth and shared value for all of our stakeholders.

Dimitris Lois
Chief Executive Officer

Key areas of focus in 2016 are revenue growth management and gaining further efficiencies in our cost base while investing in our people.

Play to Win strategic framework

Our vision is to be the undisputed beverage leader in every market in which we compete.

In collaboration with The Coca-Cola Company, we have evolved our portfolio to create a balance of sparkling and still beverages, giving us a powerful commercial platform and enabling us to be a strong partner for our customers. We want to be the partner of choice for our customers, working with them to grow their business and ours. Business efficiency is an ongoing priority and it is vital that we continue to optimise our manufacturing cost base and logistics footprint with ongoing careful management of operating expenses. In doing all of this, we will continue to strive for leadership and build on our reputation as a responsible business focused on minimising our environmental impact in water use, energy and packaging.

We live by our values: authenticity, excellence, learning, caring for our people, performing as one and winning with customers. We think these values make for a culture where people have a strong sense of ownership and make decisions with purpose, confidence and speed. A values approach to business also makes good commercial sense as it creates a company customers want to work with.

Strategic pillars: How we report

We focus on our four strategic pillars – Community Trust, Consumer Relevance, Customer Preference and Cost Leadership – that encompass the key areas of our business.

Strategic targets: How we measure our performance

We have four strategic targets that we work towards: Win in the marketplace, Grow value ahead of volume, Focus on cost and Generate free cash flow.

Enablers: What ensures the success of our business

We have two enablers that support our business and ensure its success in the long-term: our people and our culture.
Our strategy and KPIs

Our strategic objectives

<table>
<thead>
<tr>
<th>How we measure our performance (KPI)</th>
<th>Win in the marketplace</th>
<th>Grow value ahead of volume</th>
<th>Focus on cost</th>
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</tr>
<tr>
<td>Volume (million unit cases)</td>
<td>Net sales revenue (€m)</td>
<td>FX neutral NSR/case improvement (%)</td>
<td>OpEx (Operating expenses) as percentage of net sales revenue</td>
<td>comparable EBIT (EBIT) after tax</td>
</tr>
<tr>
<td></td>
<td>1000</td>
<td>5%</td>
<td>50%</td>
<td>30%</td>
</tr>
</tbody>
</table>

**What happened in the year?**

We achieved volume growth in all segments. While the Emerging markets segment slowed down due to the challenges in Russia, a return to growth in our Established markets supported this outcome. As a result, we improved our sparkling volume share in 17 out of 24 measured markets.

Despite volume growth, net sales revenue declined due to adverse currency movements. FX-neutral net sales revenue per case increased in the fifth consecutive year but only slightly, 3%, constrained by the deflationary environment and affordability measures in a number of our markets.

Our actions resulted in a 10% absolute reduction in OpEx, although as a percentage of net sales revenue, the ratio was stable. Input costs were fixed, albeit slightly above those three years more than offset by adverse currency movements. The strong improvement in comparable EBIT margin was effectively the result of the volume growth and the operational leverage it brings.

We generated 4% return on capital employed in the year. The benefit from additional reductions in working capital, which reached triple-digit negative level (in million Euro), at year end, coupled with higher profitability contributed to this outcome. These factors also supported the growth in ROIC.

**Our plans for 2015**

We have plans to build on the growth achieved in 2014 in all segments. This is supported by signs of recovery in certain European markets and our marketing programmes combined with cost savings.

Revenue growth management initiatives are integral to our commercial strategy and a significant focal point in our plans. We expect to increase profits in countries with currency depreciation as well as continue our initiatives to improve packages, channel and category mix to get more value out of every case we sell.

Focus on cost and efficiency is a disciplined approach to our business and we expect to be able to further improve operating expenses as a percentage of net sales revenue. We expect our profitability to also benefit from operational leverage as volumes grow, and our focus on pricing of our products in 2015.

Going forward, while the benefit we can expect from working capital reductions is diminishing, further improvements in our profitability and disciplined capital expenditure management should ensure good free cash flow generation.

Underpinned by our enablers and values

**Enablers and values**

<table>
<thead>
<tr>
<th>How we measure our performance (KPI)</th>
<th>Nurture unparalleled talent and a high performance mindset</th>
<th>Act responsibly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume (million unit cases)</td>
<td>100% of our people are women.</td>
<td>We measure direct and indirect greenhouse gas emissions from our operations (scopes 1, 2 and 3 as defined by the Greenhouse Gas protocol).</td>
</tr>
<tr>
<td>Net sales revenue (€m)</td>
<td>75% of our key people are in key positions.</td>
<td>We record the number of employees in key positions and the number of women in our Company.</td>
</tr>
<tr>
<td>FX neutral NSR/case improvement (%)</td>
<td>90% of our key people are in key positions – up from 78% in 2014.</td>
<td>Our operational carbon footprint from production and transport (carbon dioxide) to 6.417 million tonnes in 2015, an 11.3% decrease vs. 2014. The global carbon footprint of our products, including indirect emissions from the supply chain and for cooling, amounted to 4.175 million tonnes of CO₂, a reduction of 3.5% in the year.</td>
</tr>
<tr>
<td>Comparable EBIT (EBIT) after tax</td>
<td>23% of our total workforce, 33% of our managers, 34% of our senior leaders and 15% of our Board of Directors are women.</td>
<td>Greenhouse gas emissions: 0000 tonnes (scopes 1 and 2)*</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>100% of our people in key positions.</td>
<td>Greenhouse gas emissions: 0000 tonnes (scopes 1, 2 and 3)*</td>
</tr>
<tr>
<td>ROIC (%)</td>
<td>20% of our people in key positions.</td>
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</table>

Comparable indicator excludes the impact of restructuring, divestitures and other items from the net margin calculation. Comparability of financial statements and KPIs across all regions is dependent on the use of comparable financial statements and financial performance metrics. For a reconciliation of comparable financial indicators to the respective IFRS financial indicators, please see page 84.

* Scope 1 includes emissions from fuel combustion for production and transport, Scope 2 includes direct and indirect emissions from purchased steam, hot and chilled water, electricity and cooling, Scope 3 includes emissions from company vehicle use and waste disposal. For more detail please see the Supplementary Information.