

GREAT BEVERAGES GREAT SERVICE GREAT PEOPLE

COCA-COLA EUROPEAN PARTNERS PLC
2018 INTEGRATED REPORT AND FORM 20-F



Coca-Cola European Partners is the world's largest independent Coca-Cola bottler by revenue. Our people make, sell and distribute the world's best loved drinks across 13 countries in Western Europe.

In two years, we've enhanced our position as a leader in one of the largest consumer goods sectors in some of Europe's most significant markets. Today, with a strong foundation in place, we're ready to take the next step in our journey.

Our business environment is changing – and we need to change too. By increasing our focus on our customers' needs, evolving our portfolio in line with changing consumer needs and tastes, and taking action on sustainability, we're paving the way for long-term, sustainable growth and shared value creation.

- 1** LEARN ABOUT WHAT WE DO ON **PAGES 6-7**
- 1** READ ABOUT OUR SUSTAINABILITY ACTION PLAN, THIS IS FORWARD, ON **PAGES 30-39**
- 1** SEE OUR REPORT ONLINE AT **IR.CCEP.COM/FINANCIAL-REPORTS/ANNUAL-REPORTS**

None of the websites referred to in this Annual Report on Form 20-F for the year ended 31 December 2018 (the Form 20-F), including where a link is provided, nor any of the information contained on such websites, are incorporated by reference in the Form 20-F.

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PERFORMANCE INDICATORS

FINANCIAL

● 2018 ● 2017

REVENUE

€11.5BN

Year	Revenue (€BN)
2018	11.5
2017	11.1

OPERATING PROFIT ON A COMPARABLE BASIS*

€1.6BN

Year	Operating Profit (€BN)
2018	1.6
2017	1.5

DILUTED EARNINGS PER SHARE ON A COMPARABLE BASIS*

€2.30

Year	Diluted Earnings per Share (€)
2018	2.30
2017	2.12

FREE CASH FLOW*

€1.1BN

Year	Free Cash Flow (€BN)
2018	1.13
2017	1.04

ROIC* (%)

9.9%

Year	ROIC (%)
2018	9.9
2017	9.0

* Please refer to Business and Financial Review on page 22 for definition and reconciliation of non-GAAP figures to GAAP figures.

OPERATIONAL

● 2018 ● 2017

% PET FROM RECYCLED PET

27.6%

Year	% PET from Recycled PET
2018	27.6
2017	24.6

% SUGAR REDUCTION IN OUR SOFT DRINKS SINCE 2015

11.1%

Year	% Sugar Reduction
2018	11.1
2017	4.2

LOST TIME INCIDENT RATE (NUMBER PER 100 FULL TIME EQUIVALENT EMPLOYEES)

1.14

Year	Lost Time Incident Rate
2018	1.14
2017	1.23

WATER USE RATIO (LITRES OF WATER/LITRE OF PRODUCT PRODUCED)

1.61

Year	Water Use Ratio
2018	1.61
2017	1.61

ENERGY USE RATIO (MJ/LITRE OF PRODUCT PRODUCED)

0.317

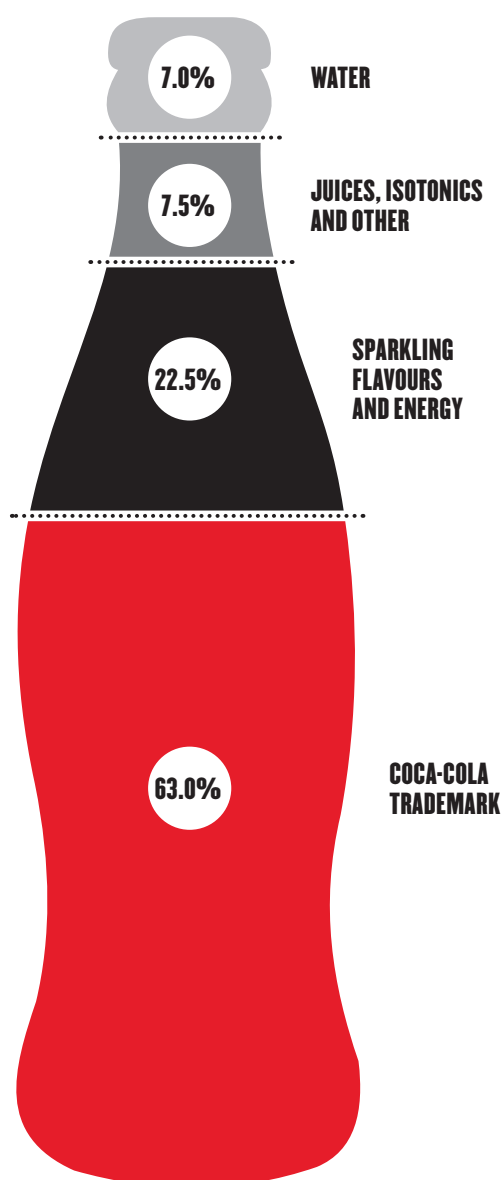
Year	Energy Use Ratio
2018	0.317
2017	0.320

For more about our sustainability commitments and progress, see pages 30 to 39

OUR PORTFOLIO

From Coca-Cola trademark soft drinks to organic teas and plant-based beverages, we offer some of the world's most popular drinks. Our portfolio is evolving to provide drinks for every taste and occasion – with or without sugar.

2018 BRAND CATEGORY VOLUME (ROUNDED)^(A)



SPARKLING – THE WORLD'S BEST-LOVED SOFT DRINKS AND MIXERS.

Our range of sparkling soft drinks includes iconic brands such as our trademark Coca-Cola drinks (including Diet and Light versions) as well as Fanta and Sprite.

Coca-Cola Zero Sugar is one of our fastest growing products. We're expanding our sparkling range with new flavours for old favourites. Regional products – like Mezzo Mix in Germany – continue to be popular.

This category includes our growing portfolio of adult mixers, led by Schweppes^(B), Royal Bliss and Finley.

(A) We report comparable volumes for our Coca-Cola trademark drinks; sparkling flavours and energy drinks; juices, isotonic and other drinks; and our water brands. As our portfolio evolves and expands we're also developing ready to drink tea and coffee and plant-based beverages to appeal to new groups of consumers.

(B) In Great Britain only.



ENERGY – FOR SOME EXTRA GET UP AND GO.

The popularity of our energy drinks continues to grow. We're broadening the range of Monster drinks we produce, and appealing to a wider range of consumers with brands like Relentless.



READY TO DRINK TEAS, COFFEES AND PLANT-BASED DRINKS.

Launched in 2018, Fuze Tea is already among the top three most popular ready to drink teas in most of our markets, according to data from Nielsen. We also launched our first ever range of premium ready to drink cold coffee products with the introduction of Honest Coffee (Latte and Mocha).



WATER – STILL, SPARKLING, FLAVOURED, DISTILLED.

Our waters are the perfect choice for consumers on the move, out and about and in the gym. We're continuing to expand the presence of GLACÉAU Smartwater across our territories, while supporting local favourites like Vio and Chaudfontaine.



JUICES AND OTHER FRUIT-BASED DRINKS IN A RANGE OF FLAVOURS.

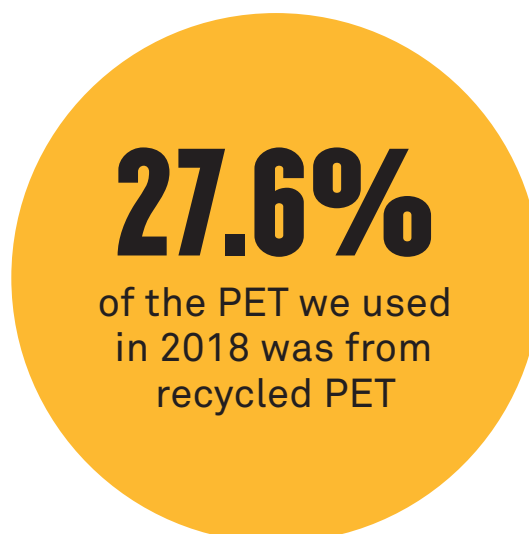
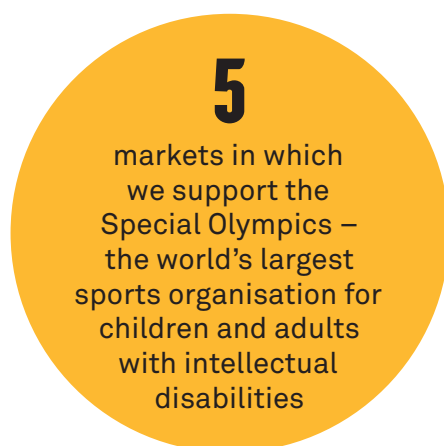
As our portfolio evolves, we're expanding the range of juice drinks we offer. Oasis continues to be popular, while Capri-Sun is now available with new flavours. Under the Honest brand, we offer Honest Kids fruit drinks. In 2018, The Coca-Cola Company acquired Tropicana, which will enhance our juice product range in Belgium, France and Luxembourg.

OUR OPERATIONS



We are around 23,300 people servicing customers in one million outlets across 13 countries in Western Europe. We are a European business and we invest, employ, manufacture and distribute locally, maintaining a strong commitment to the wellbeing of our communities. Our success is built on three pillars: great beverages, great service and great people.

I READ MORE ABOUT HOW WE ARE RESPONDING TO A CHANGING LANDSCAPE ON **PAGE 12**



100%

of the electricity we purchased in 2018 was from renewable sources

100%

electric vehicle fleet for 100 sales representatives and installation of 176 charging points at the HQ in Norway

66%

of our sales in Great Britain were low or no calorie in 2018

€10M

of a €19m investment in a new refillable glass bottle line in Socx, France

65

years since the first bottling contract was signed in Spain

€27.9M

We announced a investment in a new can line at our site in Ghent, Belgium

We serve
1M
customer outlets

WHAT WE DO

We create long-term sustainable value by making, selling and distributing the world's most loved drinks and striving to deliver excellent service to our customers. Our success is driven by our culture and the passion and commitment of our employees.

I SEE OUR BUSINESS MODEL ON **PAGES 16-17**

I SEE OUR THIS IS FORWARD STRATEGY ON **PAGES 30-31**

WORK WITH TCCC AND OTHER FRANCHISORS

The Coca-Cola Company (TCCC) and other franchisors make and sell concentrates, beverage bases and syrups, own the brands and are responsible for consumer brand marketing.

We license these brands and purchase the concentrates, beverage bases and syrups to make, sell and distribute packaged beverages to our customers and vending partners.

MAKE GREAT TASTING DRINKS

Our manufacturing sites make and bottle our wide range of drinks. We're continuously improving our manufacturing sites and investing in new technologies to make them more efficient and safer for our employees. Approximately 92% of the drinks we sell are produced in the country in which they are consumed.

SOURCE RAW MATERIALS

We use ingredients such as water, sugar beet, coffee, juices and syrup to make our drinks. We also rely on materials like glass, aluminium, PET, pulp and paper to make our packaging. We require all our suppliers to meet strict targets around workplace policies and practices, health and safety, ethics and human rights, environmental protection and business integrity.



DISTRIBUTE TO OUR CUSTOMERS

We distribute our products to customers and vending partners by locating our manufacturing sites near to customers and working closely with logistics partners.



WORK CLOSELY WITH CUSTOMERS WHO SELL TO CONSUMERS

Our 6,000 strong sales force works with a huge range of customers – from small local shops, supermarkets and wholesalers to restaurants, bars and sports stadiums – so consumers can enjoy one of our great products wherever they are and whenever they want. We also provide coolers and supply vending machines so people can find our drinks on the go.



WORK WITH PARTNERS, AIMING TO COLLECT 100% OF OUR PACKAGING

Although the vast majority of our bottles and cans are recyclable, they don't always end up being recycled. That needs to change. We're determined to lead the way towards a circular economy where 100% of our packaging is collected, reused or recycled, so that none of it ends up as litter or in the oceans.



A CONVERSATION WITH OUR CHAIRMAN AND CEO

WINNING TO WIN



**“BUILDING ON OUR
CURRENT MOMENTUM
AND FOCUSING ON THE
OPPORTUNITIES AHEAD,
WE CAN WIN TODAY TO
WIN TOMORROW.”**

S Sol Daurella, Chairman

D Damian Gammell, Chief Executive Officer

TODAY, TOMORROW

Our journey since the Merger

S | CCEP is a young company, but we've come a long way since our formation just two years ago. We're the largest independent Coca-Cola bottler by revenue, with a leading portfolio of brands supported by a sales force of over 6,000 people in Europe. Our journey is just beginning, but I'm very proud of everything we've achieved so far, and of the passion and hard work our employees show every day.

Following the Merger, we focused on three objectives to get us to where we are today. Firstly, we took some bold strategic decisions, resetting the base to focus on driving profitable revenue growth. Secondly, we launched a programme of business integration to deliver Merger synergies. Thirdly, we identified long-term strategic opportunities, and began to position ourselves to build for the future. We have delivered against these objectives, creating consistent revenue growth and shared value for all our stakeholders.

But CCEP was always about a bigger and bolder vision than simply delivering the Merger. Now, with a strong platform in place, we're ready to draw a line under the first chapter in our story and move on to the next.

Together with TCCC, we've taken a close look at what the long-term future holds for our industry, and developed an ambitious but realistic vision for growth over the next 10 years. To realise this vision, we're investing in core, best in class capabilities that will support our growth and set us apart to win.

Adapting to our changing consumer and customer landscape will require a new mindset and different ways of working. We're in a very exciting position. From the great people who work at CCEP, to the experienced leadership and strategy we have in place, and our strong commitment to sustainability, I'm confident we can succeed.

Growth opportunity

D | It's clear there's a massive opportunity ahead of us. Between now and 2028, we believe there is an incremental retail sales opportunity in our markets of €30 billion. As a leader in the non-alcoholic ready to drink category across our territories, we're in an ideal position to take advantage of this opportunity.

Our long-term growth plan has two pillars: diversifying our portfolio and packaging, and transforming our route to market.

A CONVERSATION WITH OUR CHAIRMAN AND CEO CONTINUED

Diversifying our portfolio and packaging

S | Consumer habits are changing and the range of drinking motivations and occasions is growing constantly. CCEP and TCCC are well placed to respond. We're investing in richer consumer insights to help us understand these changes and where we should focus our resources.

For example, while we continue to support our core sparkling brands, we're already diversifying our portfolio to include more non-sparkling drinks such as ready to drink teas, coffees and plant-based drinks. In 2018 we launched Fuze Tea – a low-calorie, premium ice tea range that's already the number three ready to drink tea in most of our markets, according to data from Nielsen. We expect 80% of growth in our industry to come from the non-sparkling category over the next 10 years.

We're also responding to changing consumer attitudes to packaging. The shift from large, weekly shopping for large households, to smaller, more regular shopping for smaller households is driving the popularity of our smaller packs. Similarly, we're responding to demand for more premium products with more small glass bottles.

Transforming our route to market

D | As consumer behaviour changes, so do our customers. Historically our sector has viewed customers in two large groups – those who sell products for drinking at home, and those who sell products for drinking away from home. It's clear that model is outdated.

We're changing our business to reflect more diverse customer segments. We're using insights to be clear on the opportunity in each category, which consumers shop in those categories and which products we need to target for each category.

We expect to see growth across all our channels, particularly away from home – an area where we are underrepresented today. This presents a big opportunity for us to gain market share and grow revenue.

Investing to deliver

D | We invested significantly in 2018 to make these plans a reality, and will continue to do so in 2019. We are:

- Harnessing market leading digital tools and technology so our employees can focus on what matters most – serving our customers. It'll be easier and quicker for customers to order our products, get support and grow their business in partnership with CCEP
- Adding new manufacturing lines and capabilities so we can produce a broader selection of drinks, in a wider range of packs so our customers can attract new groups of consumers
- Creating the best sales force, with bespoke teams for new products and dedicated support for every type of customer

Together, these investments will create a step change in the experience we provide for our customers. We believe that our new consumer insights and customer segmentation will drive better long-term conversations with our customers and help our sales force be more effective in each customer visit.

Mid-term objectives

D | We announced our mid-term objectives at our analyst and investor event in Germany in September 2018. We believe we can deliver low single digit revenue growth which we hope, alongside our ongoing focus on cost control and productivity efficiencies, will translate into mid single digit operating profit growth. We expect this will drive free cash flow of at least €1 billion per annum over the medium term.

Impact of soft drink industry taxes

S | As part of our strategy to diversify our portfolio, we want to offer an even greater choice of low and no sugar drinks. We have reformulated many of our recipes to reduce sugar across many of our brands, as well as making low and no sugar versions of our drinks easier to find. Since 2015, we've reduced the average sugar per litre in our soft drinks by 11.1%, exceeding our 10% target two years ahead of schedule. In 2018, 45% of our sales came from low and no calorie drinks and in Belgium, Great Britain and Spain we already meet our target of 50%.

As well as responding to the needs of our communities and helping us adapt to the regulatory environment, this strategy is also creating value for our shareholders. For example, Coca-Cola Zero Sugar led growth in the portfolio, with volume increasing 11% in 2018.

Sustainability

S | At CCEP, we want sustainability to underpin every part of how we do business. In 2017, together with TCCC, we launched This is Forward, our sustainability action plan. Building on 10 years of focused work on sustainability, and based on extensive stakeholder consultation, this ambitious plan sets out three action areas on drinks, packaging and society, and three supporting actions on water, climate and supply chain, with a series of clear, measurable targets for each of these areas.

The importance of this plan to our long-term strategy is reflected in the structure of our annual report. This year, for the first time, we have decided to release an integrated report, with progress on our sustainability commitments disclosed alongside our financial performance.

As with all areas of our business, our sustainability plan is underpinned by a strong governance framework, with progress overseen by our Corporate Social Responsibility (CSR) Committee.

The insights of our stakeholders continue to play an integral role in shaping our sustainability plan and we talk with them regularly to ensure we understand their views and concerns. For example, in 2018 we held the second of our OPEN series of stakeholder discussions in the Netherlands. During the event we talked about the progress we had made on each of our This is Forward commitments and the challenges and opportunities we faced over the year. More than 600 stakeholders took part in the event, including customers, journalists, students and non-governmental organisations (NGOs).

I READ MORE ABOUT OUR SUSTAINABILITY PLAN AND OUR PROGRESS AGAINST OUR TARGETS ON **PAGES 30-39**

Single use plastic

D | The world has a serious plastic waste problem and as a major producer of packaging we're determined to play a leading role in finding solutions. As part of our sustainability action plan we've made a number of commitments to reduce the impact of our packaging. In 2018, 27.6% of the PET we used to make our PET bottles was rPET and 98% of the packaging we used was recyclable.

Plastic is a complex issue. On the one hand, far too much plastic packaging ends up as litter or in our oceans. On the other, plastic can be a highly sustainable packaging material that's easy to recycle, with a lower carbon footprint than aluminium or glass. At CCEP, we believe the answer lies in building a circular economy, where 100% of our primary packaging is collected and reused. We're looking at ways to make closed loop recycling a reality by supporting well designed deposit return schemes and partnering with local household collection schemes, as well as investing in the rPET supply chain and PET reprocessing infrastructure.

In 2018, we also introduced a number of initiatives to reduce single use plastic in our packaging. This included replacing shrink wrap with cardboard on our 10 x 15cl cans in Belgium, France, Germany, Luxembourg and the Netherlands. We are also actively supporting anti-litter programmes across all our territories.

I READ MORE ABOUT OUR PACKAGING COMMITMENTS AND ACTIONS ON **PAGE 33**

Relationship with TCCC

S | TCCC is much more than an important shareholder in CCEP. Both companies are closely aligned on strategy, sharing the same vision of where we're going and how to get there. Over the past two years we've had to make some bold decisions to reset our business following the Merger, and TCCC has been very supportive in helping us take those decisions. For example, moving away from big promotions on our packs and adopting smaller, premium packs, which are now driving growth. We're currently working closely with TCCC to decide on the right priorities to grow our share in the non-alcoholic ready to drink space.

Culture at CCEP

S | Although CCEP is a big business, in many ways we need to act like a small business. To accelerate our performance and adapt quickly to changing customer and consumer expectations, it's vital that we continue to nurture an entrepreneurial mentality. In 2018, we continued to invest in building the right culture at CCEP, with a focus on agile ways of working and creating an ownership mindset where people feel empowered and confident to take appropriate risks and win together.

Diversity is also critically important for our culture, and something that the Board and I personally feel very passionate about. I'm convinced that the more we foster a diverse and inclusive culture at CCEP, the more we will succeed as a business. We know that a wide diversity of views, cultural standpoints and experiences drives creativity and innovation, and keeps us better attuned to the needs of the customers and consumers we serve.

As part of our commitment to diversity, we've pledged that 40% of management positions at CCEP will be held by women by 2025. In 2018, women held 35.6% of management positions.

In November, to mark the first anniversary of our This is Forward action plan, we launched a new volunteering policy that enables all CCEP employees to dedicate up to two paid working days a year to volunteer for a charity or cause of their choice.

To be a great company, we also need to conduct our business in the right way. That means acting with integrity and accountability in all of our actions and business relationships. Through our Code of Conduct, we ensure that this mindset is ingrained throughout our culture at CCEP.

What next?

D | In two years we've established CCEP as a strong, profitable business. Through our close alignment with TCCC, and thanks to our experienced leadership team and Board of Directors, we've delivered consistent value for shareholders.

Now I'm excited to move onto the next phase of our journey. As we look forward to the next 10 years, I'm confident we have the right operating model for long-term growth, and the scale and talent to deliver it. By building on our current momentum while focusing on the opportunities ahead, I'm confident we can win today to win tomorrow.

Thank you

S | None of this would be possible without the hard work and dedication of our employees across Western Europe. I'm consistently impressed by their expert local knowledge and passion for our brands and our business. I'm grateful for all they do every day to serve our customers and communities.

I would also like to thank my fellow Directors for their contribution. In particular, I would like to thank J. Alexander M. Douglas, Jr and Francisco Ruiz de la Torre Esporrín, who stepped down in March 2018, and Véronique Morali, who stepped down at the end of 2018. I was very pleased to welcome Francisco Crespo Benítez and Álvaro Gómez-Trénor Aguilar in March 2018 and Nathalie Gaveau from the start of 2019.

D | On behalf of both Sol and myself, I'd like to thank all of our shareholders and investors for their ongoing support. We look forward to continuing our journey with all of our partners and stakeholders in 2019.

Sol Daurella, Chairman
Damian Gammell, Chief Executive Officer

RESPONDING TO A CHANGING LANDSCAPE

From increasing demands for transparency to shifts in drinking habits, our business is being impacted by a range of major market trends.

At CCEP, we have built a business model that ensures we can adapt and thrive in this changing environment.



..... CCEP'S RESPONSE



DEMAND FOR TRANSPARENCY

We're committed to providing clear, transparent information about ingredients, nutrition and portion sizes on our packaging, as well as on our website. We also publish information about us and our performance through regular disclosures such as this report.



CHANGING CUSTOMER ENVIRONMENT

We're making major investments in our customer service model, improving the way we segment our customers to align more closely with consumer behaviour. We're also focused on increasing the efficiency of our sales force by investing in technology, particularly in the away from home channel.



SUSTAINABILITY

Through our sustainability action plan, This is Forward, we're taking action on the sustainability areas where we know we can have the most impact. This includes aiming to collect all of our packaging and reducing the sugar in our drinks.



EVOLVING CONSUMER NEEDS

We're diversifying our drinks portfolio and packaging. As well as reinvigorating our core drinks categories through product innovation and new recipes, we're also expanding our presence in exciting new areas such as ready to drink organic teas and coffees.



DIGITAL LIFESTYLES

We're working closely with our customers to share our insights into how digital technology is shaping consumer behaviour and blurring traditional sales channels. To reflect these changes, we're also investing in technology to better serve our customers and employees, drive efficiencies and become a more digital ready business.

OUR STRATEGY

Our business decisions are guided by five key strategic imperatives. Together, they give us a framework

for delivering our strategy, ensuring we increase shareholder value return over the long term.



CUSTOMER AND EXECUTION CENTRIC

Our customers are at the heart of our business. We're focused on creating long-term value for them through world class and segmented execution. We do this by getting the right drinks in the right packs in the right place – and by being a company that's easy to do business with.



TOP LINE REVENUE GROWTH

We'll capture top line revenue growth opportunities by adapting to our changing market, and anticipating and meeting the evolving needs of customers and consumers. This will create sustainable value.



FUTURE COMPETITIVENESS

We'll be competitive in everything we do – in the market, our cost base and our supply chain – investing in technologies and encouraging agile ways of working that will drive efficiencies across every part of our business.



SUSTAINABILITY AND STAKEHOLDER EQUITY

Our strategy is underpinned by This is Forward, our sustainability action plan. Through the plan, we'll address key global sustainability issues where we know we can make a difference, in line with the priorities and concerns of our stakeholders.



CULTURE AND CAPABILITY

We'll nurture a diverse, modern workplace where everyone's experience is valued, and where people are empowered to succeed. Our culture is rooted in the entrepreneurial spirit that the first Coca-Cola bottlers in Europe embodied. This drives us to move quickly, have a passion for growth and a commitment to our customers. We also strive to listen to, and care about, our stakeholders and their views.

We'll transform our route to market, targeting the customer segments with the biggest opportunity for growth. We'll also be more sophisticated in deciding which drink should be in which outlet to meet the need for specific occasions, particularly in the away from home environment.

We'll continue to put the right focus on value over volume, for example, through our small size premium packs. We'll evolve our portfolio in line with what consumers want, offering great drinks for every taste and occasion. And we'll strengthen our presence in the growing away from home channel.

That includes accelerating our digital transformation, as well as optimising the way we work together across our business (for example, through our shared service centre). It also means enhancing our relationships with our supply chain partners to improve productivity and flexibility.

That includes continuing to offer more choice and less sugar in our drinks, making sure our packaging doesn't end up as litter or in the oceans, and being a force for good in our communities.

We'll continue to invest in building an inclusive culture and a safe, ethical working environment. We'll also support our people by investing in tools and technologies, as well as programmes and initiatives that develop capabilities and talent. At all times we will act fairly and with integrity in our business relationships.

INCREASED SHAREHOLDER VALUE RETURN

- DELIVER ON OUR **GUIDANCE**
- DRIVE **ORGANIC** REVENUE & PROFIT GROWTH
- ACCELERATE **CASH** GENERATION
- **DELEVERAGE**
- INVEST IN **MARGIN** ENHANCING PROJECTS
- SEEK **ATTRACTIVE INORGANIC** GROWTH OPPORTUNITIES IN LINE WITH STRATEGY

i SEE OUR PERFORMANCE INDICATORS ON PAGE 1

BUSINESS MODEL

Our stakeholders are part of our business and play a vital role in our success at every stage in our value chain. From the suppliers who provide our raw ingredients, to the communities where we operate and the employees who make and sell our products, we seek to work together with our stakeholders to grow sustainably.

We engage with our stakeholders regularly to understand their views on the issues that matter most to them and how best to work together towards our common goals. By listening closely to our stakeholders, we ensure their insights shape our business strategy.

This is Forward

Our stakeholders want us to address the social and environmental issues related to our business – including the level of sugar in our drinks and the impact of our packaging on the environment. Their insights on these issues are the foundation of our sustainability action plan, This is Forward, which was developed in consultation with our key stakeholders, consumers and employees across our markets.

Throughout the year we discuss our sustainability commitments and progress with our stakeholders, ensuring that their priorities continue to be reflected in our plan as it develops.

I FOR MORE ABOUT THIS IS FORWARD, SEE **PAGES 30 TO 39**

Risk and governance

Our business model is supported by a strong governance framework. We are mindful of the risks that could affect our business, and comply with high standards of corporate governance.

I FOR MORE ABOUT OUR APPROACH TO RISK, SEE **PAGES 40 TO 43**

I OUR CORPORATE GOVERNANCE REPORT BEGINS ON **PAGE 57**





**MAKE GREAT
TASTING DRINKS**



**DISTRIBUTE TO
OUR CUSTOMERS**

OUR EMPLOYEES

Our business depends on the employees who make, sell and distribute our products every day. We foster a diverse, inclusive and safe working environment, where different perspectives are valued and where everyone has the training, tools and opportunity to succeed.

How we engage

We make sure our employees have opportunities to voice their views – for example, through town hall meetings and employee engagement surveys. We share information through our intranet and other communication channels. Our management meets regularly with works councils and trade unions that represent our employees. Through our Code of Conduct Speak Up channels, employees can seek advice and raise concerns.

**READ MORE ABOUT OUR PEOPLE
AND CULTURE ON PAGES 18-19**



**WORK CLOSELY WITH
CUSTOMERS WHO SELL
TO CONSUMERS**

OUR CUSTOMERS

We strive to be our customers' preferred partner and create value together by responding to changing consumer preferences and retail trends. Our operating model is customer centric and focused on the front line. We aim to deliver the strongest execution and reach a broad range of outlets in the marketplace, all the while making it easier to do business with us.

How we engage

We are focused on our customers, with thousands of our employees calling on them every day. General Managers regularly engage with customers, along with senior members of the sales teams. We also engage with customers at an international level through TCCC's Global Customer Commercial Leadership Group where certain international customers request this single point of contact within the Coca-Cola system. This engagement is limited to our markets under strict legal protocols.

In 2018, we hosted a series of workshops with our main customers in Spain and Belgium. During the sessions we discussed our strategy to expand our portfolio, as well as our packaging commitments and progress.

**WORK WITH
PARTNERS, AIMING
TO COLLECT 100%
OF OUR PACKAGING**



OUR COMMUNITIES

We have a strong local heritage and presence and we recognise the economic, social and environmental impact our business has on these communities. We seek to make a positive difference, helping to address the challenges our communities face by supporting local partnerships and grassroots initiatives.

How we engage

We invest in charitable and community causes in all of our markets and our employees regularly take part in volunteering activities to support social initiatives in our communities. This includes participation in litter clean ups and environmental activities and in supporting young people to gain the employability, skills and confidence they need to succeed.

**READ MORE ABOUT OUR COMMUNITY
SUPPORT WORK ON PAGES 34-35**

OUR PEOPLE

Our success is determined by the hard work and passion of the people who work at CCEP and we are grateful for everything they do. We employ a huge range of talented people in a wide range of roles. Together, they make CCEP a great company. We provide a supportive, safe and healthy working environment where diversity is valued and people at every level are empowered to succeed.



OUR PEOPLE STRATEGY

TOWARDS THE END OF 2018 WE LAUNCHED A NEW PEOPLE STRATEGY, WITH DIVERSITY AND INCLUSION ACTIONS FORMING A CORE PART OF THAT PLAN. THE STRATEGY WAS INFORMED BY THE RESULTS OF OUR FIRST ENGAGEMENT SURVEY, CARRIED OUT IN JUNE 2018. WE WILL REPORT ON THIS STRATEGY NEXT YEAR.

Diversity and equal opportunities

We believe that encouraging diversity of ideas, thinking and experience leads to better ways of working and better business results. We're committed to building a diverse workforce and encouraging an inclusive culture. This covers all areas of diversity, including gender, generations, cultural diversity, disability and sexual orientation.

As part of our This is Forward sustainability action plan, we have a target of ensuring that at least 40% of our management positions (middle management and above) are held by women by 2025. In 2018, 35.6% of management positions were held by women.

CCEP is an equal opportunities employer. We make decisions about recruitment, promotion, training and other employment issues solely on the grounds of individual ability, achievement, expertise and conduct. We don't discriminate on the basis of gender, gender identity, race, colour, religion, ethnicity, cultural heritage, age, social background, mental or physical ability or disability, national origin, sexual orientation or any other reason not related to job performance or prohibited by applicable law.

i FIND OUT MORE IN OUR SUSTAINABILITY SECTION ON PAGE 34



Training and developing talent

Across our business, we have a number of training programmes and systems to support our people and develop talent at every level of our organisation. These include our Accelerate Performance working sessions, as well as tools to identify talent and growth potential among our employees.

From 2019, we will introduce several new training and learning platforms as part of our new people strategy.

Benefits

Benefits are available to all employees and vary according to the employee's country and level in the organisation. They can include medical or dental insurance, life insurance, eyecare vouchers, holiday time and leave packages to cover sickness, the birth of a child, bereavement or a long-term illness in the family. Depending on the country, level and grade, pension plans and stock purchase plans are also offered to employees.

Share ownership

Some of our employees take part in incentive programmes or share ownership schemes that are tied to CCEP's performance. This gives them a direct interest in the Group's results. See page 171 for more details.

In Great Britain, we offer an Employee Share Plan (ESP). This offers a tax efficient mechanism for employees to become shareholders through salary sacrifice arrangements. Around 66% of eligible employees took part in the ESP as at 31 December 2018.

Communication

Good communication is an essential part of building a motivated, engaged workforce. We're committed to communicating clearly and transparently with our employees and their representatives.

Everyone at CCEP has access to news and information about us in local languages through intranet sites, printed materials and meetings with management. Our management updates employees on both CCEP's overall and local performance through these channels, as well as through our published results.

CCEP also meets regularly with European, national and local works councils and trade unions that represent our employees. When required, we consult with employees and their representatives to discuss proposed measures before making decisions.

We encourage constructive and meaningful dialogue with employees. During consultation, employee representatives have the opportunity to ask questions, share views and propose alternatives to proposals before management takes a final decision.

Workplace health and safety

We're committed to providing our employees with a safe and healthy work environment that safeguards their mental and physical wellbeing. To support this objective, we have a strong health and safety programme that aims to reduce our incident level to zero.

In cases where employees are injured or have other mental or physical health issues during employment with CCEP, we make any adjustments to their duties and working environment that are necessary to support their recovery and continued employment.

Information about our safety performance and incident rates will be available on our website from April 2019.

1 READ THE FULL DETAILS ON
WWW.CCEP.COM/PAGES/07-1-OUR-EMPLOYEES

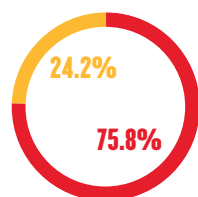
Community support

As part of our support for our local communities, we also encourage our employees to take part in a wide range of volunteering activities connected to our sustainability commitments, such as litter pick ups, charity sports events or youth mentoring schemes.

1 READ MORE ABOUT OUR SUPPORT FOR
OUR LOCAL COMMUNITIES ON **PAGE 35**

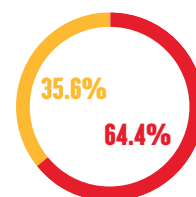
WORKFORCE DIVERSITY IN 2018

Total employees
(including part-time employees)



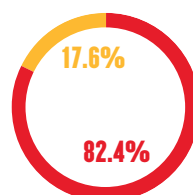
● 17,672 ● 5,638

Leadership
(including Executive Leadership Team – senior manager grade)^(A)



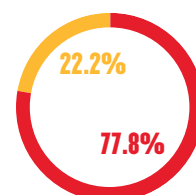
● 1,376 ● 759

Board of Directors



● 14 ● 3
● Male ● Female

Directors of subsidiary companies^(A)



● 56 ● 16

(A) 13 female and 37 male directors of subsidiary companies are also included in the workforce diversity figures for leadership.

OPERATING WITH INTEGRITY

We live up to our responsibilities as a business by being accountable, ethical and aware of the risks in everything we do.



Corporate governance

We hold ourselves accountable to the highest standards of corporate governance and public access to information about our company.

CCEP has a robust corporate governance structure with a Board of Directors overseeing the interests of all stakeholders. Of the five committees that support the Board, the Corporate Social Responsibility Committee oversees our sustainability strategy while the Audit Committee oversees the enterprise risk management and ethics and compliance programmes.

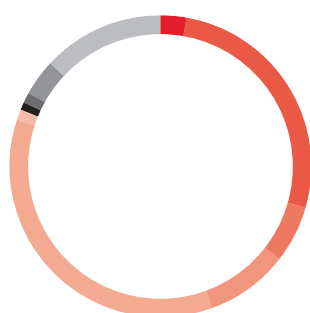
i FOR MORE ABOUT CORPORATE GOVERNANCE AT CCEP, SEE PAGES 57 TO 66

i FOR DETAILS ABOUT SUSTAINABILITY GOVERNANCE, VISIT WWW.CCEP.COM/PAGES/04-OPERATING-WITH-INTEGRITY

Ethics and compliance

Our ethics and compliance programme ensures we are conducting our operations in a lawful and ethical manner. The programme is applicable to our employees, our officers and our Directors. It also supports how we work with our customers, suppliers and third parties.

CODE OF CONDUCT REPORTS BY TYPE



	Number	% ^(A)
● Avoiding conflicts of interest	3	3
● Creating an inclusive and respectful workplace	29	27
● Dealing fairly with customers, business partners and suppliers	6	6
● Delivering high quality products	10	9
● Integrity of our business records ^(B)	38	35
● Protecting information	1	1
● Respecting global and local laws and customs	1	1
● Using our assets responsibly – financial	1	1
● Using our assets responsibly – non-financial	4	4
● Working in a safe and healthy environment	14	13
Grand total	107	
Number of employees resigned or dismissed	35	
Number of disciplined employees still employed ^(C)	40	

(A) Percentage versus overall reports.

(B) Not limited only to our financial records. Business records include records such as payroll, timecards, travel and expense reports, job applications, quality reports, field sales measures, customer agreements and inventory and sales reports.

(C) Some cases involve more than one employee.

Code of Conduct

Our Code of Conduct (CoC) ensures that we act with integrity and accountability in all of our business dealings and relationships, in compliance with all applicable laws, regulations and policies.

We expect everyone working at CCEP to adhere to the CoC. We also expect all third parties who work on our behalf to act in an ethical manner consistent with our CoC.

The new CoC for CCEP was launched in 2018. As at 31 December 2018, it had been formally adopted in all the territories in which we operate, as well as our shared service centre in Bulgaria. All employees are required to do CoC training, including as part of the induction process for new employees. Training on specific topics related to their roles is also provided where needed. All people managers receive a CoC guide that addresses their responsibilities. This includes a matrix to help with decision making and guidance on situations such as bullying and harassment.

Preventing bribery and corruption

We aim to prevent all forms of bribery and corruption in our business dealings. Our CoC sets out our principles and standards to prevent bribery and corruption, including conflicts of interest and the exchange of gifts and entertainment.

1 SEE THE COC AT IR.CCEP.COM/CORPORATE-GOVERNANCE/CODE-OF-CONDUCT

Raising concerns

Any employee who wishes to raise concerns about wrongdoing at CCEP can do so in a number of different ways, including contacting a line manager or through our dedicated Speak Up channels. CCEP does not tolerate any form of retaliation against anyone for making a genuine report or for cooperating in an investigation.

1 FOR MORE DETAIL, SEE OUR AUDIT COMMITTEE REPORT ON PAGES 71 TO 75

Respect for human rights

We consider human and workplace rights to be inviolable and fundamental to our sustainability as a business. We are committed to ensuring that everyone working throughout our operations and within our supply chain is treated with dignity and respect. Our principles regarding human rights are set out in our CoC and further detail is provided in our Human Rights Policy, which is based on accepted international standards such as the United Nations Guiding Principles on Business and Human Rights.

We have a zero tolerance approach to modern slavery of any kind within our operations and supply chain. This includes all forms of forced labour and any form of human trafficking.

1 FOR MORE ON OUR APPROACH TO HUMAN RIGHTS AND MODERN SLAVERY, SEE OUR SUSTAINABILITY SECTION ON PAGE 39

BUSINESS AND FINANCIAL REVIEW

Our business

CCEP is the world's largest independent Coca-Cola bottler by revenue, operating in 13 countries in Western Europe and employing around 23,300 people. We are proud of our strong heritage in Western Europe, and as CCEP, we are establishing a compelling track record and platform for profitable growth through our combined experience, scale and reach.

In two years, we've enhanced our position as a leader in one of the largest consumer goods sectors in some of Europe's most significant markets.

Note regarding the presentation of non-GAAP financial information

We use certain alternative performance measures (non-GAAP performance measures) to make financial, operating and planning decisions and to evaluate and report performance. We believe these measures provide useful information to investors and, as such, where clearly identified, we have included certain alternative performance measures in this document to allow investors to better analyse our business performance and allow for greater comparability. To do so, we have excluded items affecting the comparability of period over period financial performance as described below. The alternative performance measures included herein should be read in conjunction with and do not replace the directly reconcilable GAAP measure.

For purposes of this document, the following terms are defined:

"As reported" are results extracted directly from our consolidated financial statements.

"Comparable" is defined as results excluding items impacting comparability, such as restructuring charges, Merger and integration related costs, out of period mark-to-market impact of hedges, litigation provisions and net tax items relating to rate and law changes. Comparable volume is also adjusted for selling days.

"Fx-neutral" is defined as comparable results excluding the impact of foreign exchange rate changes. Foreign exchange impact is calculated by recasting current year results at prior year exchange rates.

"Free cash flow" is defined as net cash flows from operations, less capital expenditures and net interest paid, plus proceeds from sales of property, plant and equipment. Free cash flow is used as a measure of the Group's cash generation from operating activities, taking into account investments in property, plant and equipment and non-discretionary interest payments.

"ROIC" is defined as comparable operating profit after tax divided by the average of opening and closing invested capital for the year. Invested capital is calculated as the addition of borrowings and equity less cash and cash equivalents. ROIC is used as a measure of capital efficiency and reflects how well the Group generates comparable operating profit relative to the capital invested in the business.

"Net Debt to Adjusted EBITDA" Net Debt is defined as the net of cash and cash equivalents less currency adjusted borrowings. Adjusted EBITDA is calculated as Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), after adding back items impacting the comparability of year over year financial performance. Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments. Further, Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs, and although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised are likely to be replaced in the future and Adjusted EBITDA does not reflect cash requirements for such replacements. The ratio of net debt to Adjusted EBITDA is used by investors, analysts and credit rating agencies to analyse our operating performance in the context of targeted financial leverage.

"Dividend Payout Ratio" is defined as dividends as a proportion of comparable profit after tax.

Additionally, within this Integrated Report, we provide certain forward-looking non-GAAP financial information, which management uses for planning and measuring performance. We are not able to reconcile forward-looking non-GAAP measures to reported measures without unreasonable efforts because it is not possible to predict with a reasonable degree of certainty the actual impact or exact timing of items that may impact comparability throughout 2019.

Unless otherwise stated, percentage amounts are rounded to the nearest 0.5% within this section.

Key financial measures ^(A) Unaudited, fx impact calculated by recasting current year results at prior year rates	Year ended 31 December 2018						
	€ million			% change vs prior year			
	As reported	Comparable	Fx-impact	As reported	Comparable	Fx-impact	Comparable fx-neutral
Revenue	11,518	11,518	(60)	4.0%	4.0%	(0.5)%	4.5%
Cost of sales	7,060	7,029	(37)	4.5%	4.5%	(0.5)%	5.0%
Operating expenses	3,158	2,907	(16)	4.0%	2.5%	(0.5)%	3.0%
Operating profit	1,300	1,582	(7)	3.0%	7.0%	(0.5)%	7.5%
Profit after taxes	909	1,120	(4)	32.0%	8.0%	(0.5)%	8.5%
Diluted earnings per share (€)	1.86	2.30	—	32.0%	8.5%	—%	8.5%

(A) See Supplementary financial information – income statement section for reconciliation of As reported to Comparable financial information.

Financial highlights

- Reported revenue totalled €11.5 billion, up 4.0% versus prior year, or up 4.5% on an fx-neutral basis. Comparable volume decreased 1.0% while revenue per unit case increased 5.5%.
- Reported operating profit was €1.3 billion, up 3.0%. Comparable operating profit was €1.6 billion, up 7.0%, or up 7.5% on a comparable and fx-neutral basis.
- Reported diluted earnings per share were €1.86 or €2.30 on a comparable and fx-neutral basis, up 8.5%.
- Net cash flows from operating activities were €1.8 billion. Full year free cash flow* was €1.1 billion.
- Executed €500 million share buyback. Annual dividend of €1.06 per share, an increase of 26.0% from 2017.

* Refer to Liquidity and capital management section for a reconciliation between net cash flows from operating activities and free cash flow.

Operational review

After our first two years as CCEP, we continue to build a company based on three pillars: great beverages, great service and great people. In particular, our great people have delivered on our Merger commitments while continuing to build for the future. Our 2018 results demonstrate this momentum, reflecting our ongoing focus on driving profitable revenue growth through strong price and mix realisation and solid in market execution.

Key operating profit factors during the year included solid revenue growth on a comparable and fx-neutral basis driven by strong revenue per unit case growth. This was partially offset by a 1.0% decline in volume as favourable weather in Great Britain, Germany and Northern Europe over the summer months was not enough to compensate for softer trading in Spain and France, certain strategic portfolio and pricing initiatives, as well as the impact of new soft drinks taxes. Comparable operating margins improved as we broadly maintained our gross margin and continued to realise post-Merger synergy benefits.

Reported operating profit totalled €1.3 billion, up 3.0% versus prior year. Comparable operating profit was €1.6 billion, up 7.0% on a comparable basis, or up 7.5% on a comparable and fx-neutral basis. Full year 2018 diluted earnings per share were €1.86 on a reported basis, or €2.30 on a comparable basis.

BUSINESS AND FINANCIAL REVIEW CONTINUED

Revenue

Revenue totalled €11.5 billion, up 4.0% versus prior year, or up 4.5% on an fx-neutral basis. Full year 2018 revenue per unit case grew 5.5% on a comparable and fx-neutral basis benefiting approximately 2.5% from the impact of incremental soft drinks taxes. Volume decreased 1.0% on a comparable basis.

Revenue	Year ended		% change
	31 December 2018	31 December 2017	
In millions of €, except per case data which is calculated prior to rounding			
As reported	11,518	11,062	4.0%
Adjust: Total items impacting comparability ^(A)	—	(7)	—%
Comparable^(B)	11,518	11,055	4.0%
Adjust: Impact of fx changes	60	n/a	(0.5)%
Comparable & fx-neutral	11,578	11,055	4.5%
Revenue per unit case^(C)	4.64	4.41	5.5%

(A) See Supplementary financial information – income statement.

(B) The change in revenue includes the impact of 2018 incremental sugar and excise taxes in Belgium, France, Great Britain and Norway of 2.5%.

(C) The change in revenue per unit case includes the impact of 2018 incremental sugar and excise taxes in Belgium, France, Great Britain and Norway of 2.5%.

On a territory basis in 2018, Iberia revenues were down 1.0% with volume in Spain negatively impacted by unseasonably cold summer weather and weaker tourism trends. Revenue in Germany was up 5.5%. This was driven by of solid growth in glass and cans, as well as the continued benefit from scaling back on large multi pack promotions, which helped drive strong revenue per unit case gains throughout the year. Revenue in Great Britain grew 12.5% supported by underlying gains in revenue per unit case reflecting improved promotional effectiveness as well as the impact of the incremental soft drinks taxes. Volume growth in Great Britain was supported by favourable weather and strong execution. Revenue in France was down 1.5% for the year as a result of business disruption from customer negotiations as we focus on price realisation and the reduction of promotional activity. Revenue in the Northern European territories (Belgium, Luxembourg, the Netherlands, Norway, Sweden and Iceland) was up 6.5%, mainly driven by strong volume gains given favourable weather trends over the summer months led by the Netherlands and Belgium.

Revenue by geography	Year ended		Revenue % change
	31 December 2018 % of total	31 December 2017 % of total	
Spain/Portugal/Andorra ^(A)	23.0%	24.5%	(1.0)%
Germany	20.5%	20.0%	5.5%
Great Britain	20.0%	18.5%	12.5%
France/Monaco	15.5%	16.5%	(1.5)%
Belgium/Luxembourg	8.5%	8.0%	7.0%
Netherlands	5.0%	5.0%	10.5%
Norway	3.5%	3.5%	6.0%
Sweden	3.0%	3.0%	3.5%
Iceland	1.0%	1.0%	(4.0)%
Total	100.0%	100.0%	4.0%

(A) Spain/Portugal/Andorra is also referred to as Iberia.

Comparable volume – selling day shift

In millions of unit cases, prior period volume recast using current year selling days^(A)

Comparable volume – selling day shift	Year ended		% change
	31 December 2018	31 December 2017	
Volume	2,493	2,510	(0.5)%
Impact of selling day shift	n/a	10	n/a
Comparable volume – selling day shift adjusted	2,493	2,520	(1.0)%

(A) A unit case equals approximately 5.678 litres or 24 eight ounce servings, a typical volume measure used in our industry.

On a brand basis volume for full year 2018, volume of sparkling brands decreased 0.5%. Coca-Cola trademark brands declined by 1.5%, where a decline in Coca-Cola Classic offset the growth in Coca-Cola Zero Sugar. Sparkling flavours and energy grew 3.5%, supported by solid performances from Fanta, Schweppes and energy brands. Still brands declined 5.0% driven by a decline of 6.5% in juices, isotonics and other, as well as a 3.0% decline in water. This mainly reflects portfolio decisions in the ready to drink tea and water categories.

Comparable volume by brand category Adjusted for selling day shift	Year ended		Volume % change
	31 December 2018 % of total	31 December 2017 % of total	
Sparkling	85.5%	85.0%	(0.5)%
Coca-Cola trademark	63.0%	63.5%	(1.5)%
Sparkling flavours and energy	22.5%	21.5%	3.5%
Stills	14.5%	15.0%	(5.0)%
Juice, isotonics and other	7.5%	8.0%	(6.5)%
Water	7.0%	7.0%	(3.0)%
Total	100.0%	100.0%	(1.0)%

Cost of sales

Reported cost of sales were €7.1 billion, up 4.5% versus prior year. Comparable cost of sales were €7.0 billion, up 4.5%, or up 5.0% on a comparable and fx-neutral basis. Cost of sales per unit case increased 5.5% on a comparable and fx-neutral basis. This reflects brand mix, higher concentrate costs through the incidence pricing model given strong revenue per unit case growth, as well as approximately 4.0% from the impact of incremental soft drinks taxes.

Cost of sales In millions of €, except per case data which is calculated prior to rounding	Year ended		% change
	31 December 2018	31 December 2017	
As reported	7,060	6,772	4.5%
Adjust: Total items impacting comparability ^(A)	(31)	(33)	—%
Comparable^(B)	7,029	6,739	4.5%
Adjust: Impact of fx changes	37	n/a	(0.5)%
Comparable & fx-neutral	7,066	6,739	5.0%
Cost of sales per unit case^(C)	2.83	2.69	5.5%

(A) See Supplementary financial information – income statement.

(B) The change in cost of sales includes the impact of 2018 incremental sugar and excise taxes in Belgium, France, Great Britain and Norway of 4.0%.

(C) The change in cost of sales per unit case includes the impact of 2018 incremental sugar and excise taxes in Belgium, France, Great Britain and Norway of 4.0%.

Operating expenses

Reported operating expenses were €3.2 billion, up 4.0% versus prior year. Comparable operating expenses were €2.9 billion, up 2.5% on a comparable basis, or up 3.0% on a comparable and fx-neutral basis. This reflects our continued investments for the future partially offset by synergy benefits and a continued focus on managing expenses.

Operating expenses In millions of € except % change	Year ended		% Change
	31 December 2018	31 December 2017	
As reported	3,158	3,030	4.0%
Adjust: Total items impacting comparability ^(A)	(251)	(192)	(1.5)%
Comparable	2,907	2,838	2.5%
Adjust: Impact of fx changes	16	n/a	(0.5)%
Comparable & fx-neutral	2,923	2,838	3.0%

(A) See Supplementary financial information – income statement.

Restructuring and synergy programme

During the full year 2018, we recognised restructuring charges totalling €274 million. These charges principally relate to restructuring activities under our integration and synergy programme, supply chain site consolidation in Great Britain and Iberia and other initiatives in Iberia and Germany.

BUSINESS AND FINANCIAL REVIEW CONTINUED

Financial position

In millions of €	As at	
	31 December 2018	31 December 2017
Assets		
Non-current assets	15,225	14,880
Current assets	2,991	3,314
Total assets	18,216	18,194
Liabilities		
Non-current liabilities	7,860	8,222
Current liabilities	3,792	3,287
Total liabilities	11,652	11,509
Total equity	6,564	6,685
Total equity and liabilities	18,216	18,194

Total non-current assets increased €345 million, or 2.5%, from €14.9 billion at 31 December 2017 to €15.2 billion at 31 December 2018. This change was driven by a reclassification from current assets of €318 million relating to VAT receivables in Iberia, see Note 21 of the consolidated financial statements for further details. Property, plant and equipment had a net increase of €51 million primarily due to higher capital investments year on year, net of depreciation charges and disposals.

Total current assets decreased €323 million, or 9.5%, from €3.3 billion at 31 December 2017 to €3.0 billion at 31 December 2018, mainly driven by a reclassification to non-current assets of €318 million relating to VAT receivables in Iberia and by working capital movements.

Total non-current liabilities decreased by €362 million, or 4.5%, from €8.2 billion at 31 December 2017 to €7.9 billion at 31 December 2018. This change was mainly driven by the decrease in borrowings due to early repayments of €424 million, reclassification of maturing borrowings to current from non-current of €349 million, partially offset by the issuance of a €400 million Eurobond in November 2018.

Total current liabilities increased by €505 million, or 15.5%, from €3.3 billion at 31 December 2017 to €3.8 billion at 31 December 2018. This change was primarily driven by the €349 million borrowing reclassification explained above, an increase of €295 million in trade and other payables driven by working capital movements and increased tax liabilities arising from the incremental effect of sugar and excise tax changes enacted during 2018. This was partially offset by a decrease in commercial paper outstanding of €130 million.

Return on invested capital

ROIC is used as a measure of capital efficiency and reflects how well the Group generates comparable operating profit relative to the capital invested in the business. For the year ended 31 December 2018, ROIC has increased by 90 basis points to 9.9%, driven by comparable operating profit growth as well as the reduction in our invested capital from debt repayments and the share buyback programme.

ROIC In millions of €	Year ended	
	31 December 2018	31 December 2017
Comparable operating profit^(A)	1,582	1,478
Taxes ^(B)	(391)	(368)
Comparable operating profit after tax	1,191	1,110
Opening borrowings less cash and cash equivalents	5,388	6,051
Opening equity	6,685	6,461
Opening invested capital	12,073	12,512
Closing borrowings less cash and cash equivalents	5,309	5,388
Closing equity	6,564	6,685
Closing invested capital	11,873	12,073
Average invested capital	11,973	12,293
ROIC	9.9%	9.0%

(A) Reconciliation from reported operating profit to comparable operating profit is included in the Supplementary financial information – income statement.

(B) Tax rate used is the comparable effective tax rate for the year.

Liquidity and capital management

Liquidity

Liquidity risk is actively managed to ensure we have sufficient funds to satisfy our commitments as they fall due. Our sources of capital include, but are not limited to, cash flows from operating activities, public and private issuances of debt securities and bank borrowings. We believe our operating cash flow, cash on hand and available short-term and long-term capital resources are sufficient to fund our working capital requirements, scheduled borrowing payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations and dividends to shareholders. Counterparties and instruments used to hold cash and cash equivalents are continuously assessed, with a focus on preservation of capital and liquidity.

The Group has amounts available for borrowing under a €1.5 billion multi currency credit facility with a syndicate of ten banks. This credit facility was extended in 2018 and now matures in 2023 and is for general corporate purposes and supporting the Group's working capital needs. Based on information currently available, there is no indication that the financial institutions participating in this facility would be unable to fulfil their commitments to the Group as at the date of this report. Our current credit facility contains no financial covenants that would impact its liquidity or access to capital. As at 31 December 2018, we had no amounts drawn under this credit facility.

Free cash flow generation increased during the year, with €1.1 billion generated in the year, up 8.5% from 2017. This was driven by improved cash flows generated from operations, reflecting our continued focus on working capital initiatives, which resulted in benefits of over €300 million throughout 2018. This was partly offset by cash payments related to restructuring programmes. We continue to invest in capital expenditure programmes to improve operating capacity demonstrated by purchases of property, plant and equipment increasing to €525 million during the year.

Free cash flow In millions of €	Year ended	
	31 December 2018	31 December 2017
Net cash flows from operating activities	1,806	1,623
Less: Purchases of property, plant and equipment	(525)	(484)
Less: Purchases of capitalised software	(75)	(36)
Less: Interest paid, net	(81)	(94)
Add: Proceeds from sales of property, plant and equipment	4	32
Free cash flow	1,129	1,041

Capital management

The primary objective of our capital management strategy is to ensure strong ratings and to maintain appropriate capital ratios to support our business and maximise shareholder value. Our credit ratings are periodically reviewed by rating agencies and currently, our long-term ratings continue to be investment grade with stable outlook. Changes in the operating results, cash flows or financial position could impact the ratings assigned by ratings agencies. We regularly assess debt and equity capital levels against our stated policy for capital structure. Our capital structure is managed and, as appropriate, adjusted in light of changes in economic conditions and our financial policy.

Net debt In millions of €	As at		Credit ratings		
	31 December 2018	31 December 2017	As at 12 March 2019	Moody's	Standard & Poor's
Total borrowings	5,618	5,748	Long-term rating	A3	BBB+
Add: fx impact of non-euro borrowings	24	66	Outlook	Stable	Stable
Adjusted total borrowings	5,642	5,814	Note: Our credit ratings can be materially influenced by a number of factors including, but not limited to, acquisitions, investment decisions and working capital management activities of TCCC and/or changes in the credit rating of TCCC. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.		
Less: Cash and cash equivalents	(309)	(360)			
Net debt	5,333	5,454			

The ratio of net debt to Adjusted EBITDA is used by investors, analysts and credit rating agencies to analyse our operating performance in the context of targeted financial leverage, and so we provide a reconciliation of this measure. Net debt enables investors to see the economic effect of total borrowings, related foreign exchange impact and cash and cash equivalents in total. Adjusted EBITDA is calculated as EBITDA, after adding back items impacting the comparability of year over year financial performance.

Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments. Further, Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs and, although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised are likely to be replaced in the future and Adjusted EBITDA does not reflect cash requirements for such replacements.

BUSINESS AND FINANCIAL REVIEW CONTINUED

Net debt to Adjusted EBITDA

Adjusted EBITDA In millions of €	Year ended	
	31 December 2018	31 December 2017
Reported profit after tax	909	688
Taxes	296	471
Finance costs, net	93	100
Non-operating items	2	1
Reported operating profit	1,300	1,260
Depreciation and amortisation	512	490
Reported EBITDA	1,812	1,750
Items impacting comparability:		
Mark-to-market effects ^(A)	8	(6)
Restructuring charges ^(B)	259	218
Merger effects ^(C)	—	(20)
Merger and integration related costs ^(D)	—	4
Litigation provision ^(E)	—	5
Adjusted EBITDA	2,079	1,951
Net debt to EBITDA	2.94	3.12
Net debt to Adjusted EBITDA	2.57	2.80

(A) Amounts represent the net out of period mark-to-market impact of non-designated commodity hedges.

(B) Amounts represent restructuring charges related to business transformation activities, excluding accelerated depreciation included in the depreciation and amortisation line.

(C) Adjustments to reflect final acquisition accounting related adjustments in connection with the Merger to form CCEP.

(D) Amounts represent costs associated with the Merger to form CCEP.

(E) Amount represents a provision recorded for ongoing litigation.

Dividends

During the year ended 31 December 2018, we made dividend payments totalling €513 million (2017: €489 million), comprising four quarterly dividends totalling €1.06 per share and representing an increase of 26% compared to the previous year.

Going forward from 2019 onwards, there will be two interim dividend payments instead of four quarterly dividend payments. The first half interim dividend (if declared) will be announced with the first quarter trading update in April, with payment in June. The second half interim dividend will be announced with the third quarter trading update in October, with payment in December. We expect our 2019 dividend payout ratio to be approximately 50%.

Share buyback

In September 2018, we announced a €1.5 billion share buyback programme to reduce the share capital of CCEP. The buyback programme began in September 2018 and €500 million of shares were repurchased by the end of 2018. CCEP intends to continue with the buyback programme, repurchasing shares of up to €1 billion in 2019. The value of the programme may be adjusted depending on economic, operating, or other factors, including acquisition opportunities.

Looking forward*

For 2019, CCEP expects:

- Revenue growth in the low single digit range excluding the impact of incremental soft drinks taxes of approximately 1.0%^(A)
- Cost of sales per unit case growth of approximately 2.5% excluding the impact of incremental soft drinks taxes of approximately 1.5%^(A)
- Operating profit growth between 6–7%^(A)
- Comparable tax rate of approximately 25%
- Diluted earnings per share growth of between 10–11%^{(A)(B)}
- Share buyback of up to €1 billion
- Free cash flow in the range of €1 billion to €1.1 billion
- Capital expenditures of approximately €525 million to €575 million
- ROIC to improve by approximately 40 basis points

* Refer to Note regarding the presentation of non-GAAP financial information for further details about these measures.

(A) On a comparable and fx-neutral basis.

(B) Diluted earnings per share growth assumes share buybacks of €1 billion in 2019.

Intention to seek admission to trading on London Stock Exchange and to delist from Euronext London

CCEP gave notice on 14 February 2019 of its intention to transfer its existing admission to trading on the market of Euronext London to the Main Market of the London Stock Exchange (the Transfer). Its decision to delist from Euronext London and apply for admission to trading on the Main Market of the London Stock Exchange is in an effort to improve market access for investors and enhance liquidity. It is expected that CCEP's shares will be admitted to trading on the Main Market of the London Stock Exchange on 28 March 2019 and that delisting of the shares from Euronext London will occur from 29 March 2019.

Supplementary financial information – income statement

The following provides a summary reconciliation of CCEP's reported and comparable results for the full years ended 31 December 2018 and 31 December 2017:

	As reported	Items impacting comparability			Comparable
Full year 2018					
Unaudited, in millions of € except per share data which is calculated prior to rounding					
		Mark-to-market effects ^(A)	Restructuring charges ^(B)	Net tax items ^(F)	CCEP
Revenue	11,518	—	—	—	11,518
Cost of sales	7,060	(7)	(24)	—	7,029
Gross profit	4,458	7	24	—	4,489
Operating expenses	3,158	(1)	(250)	—	2,907
Operating profit	1,300	8	274	—	1,582
Total finance costs, net	93	—	—	—	93
Non-operating items	2	—	—	—	2
Profit before taxes	1,205	8	274	—	1,487
Taxes	296	1	68	2	367
Profit after taxes	909	7	206	(2)	1,120
Diluted earnings per share (€)	1.86	0.02	0.42	—	2.30

	As reported	Items impacting comparability					Comparable
Full year 2017							
Unaudited, in millions € except per share data which is calculated prior to rounding							
		Merger effects ^(D)	Mark-to-market effects ^(A)	Restructuring charges ^(B)	Merger and integration related costs ^(C)	Litigation provision ^(E)	CCEP
Revenue	11,062	(7)	—	—	—	—	11,055
Cost of sales	6,772	27	6	(66)	—	—	6,739
Gross profit	4,290	(34)	(6)	66	—	—	4,316
Operating expenses	3,030	(14)	—	(169)	(4)	(5)	2,838
Operating profit	1,260	(20)	(6)	235	4	5	1,478
Total finance costs, net	100	—	—	—	—	(1)	99
Non-operating items	1	—	—	—	—	—	1
Profit before taxes	1,159	(20)	(6)	235	4	6	1,378
Taxes	471	(4)	(2)	70	1	1	343
Profit after taxes	688	(16)	(4)	165	3	5	1,035
Diluted earnings per share (€)	1.41	(0.03)	(0.01)	0.34	0.01	0.01	2.12
Diluted weighted average shares outstanding							489

(A) Amounts represent the net out of period mark-to-market impact of non-designated commodity hedges.

(B) Amounts represent restructuring charges related to business transformation activities.

(C) Amounts represent costs associated with the Merger to form CCEP.

(D) Adjustments to reflect final acquisition accounting related adjustments and associated impacts.

(E) Amount represents a provision recorded for ongoing litigation.

(F) Amounts include the deferred tax impact related to income tax rate and law changes. The amount in 2018 includes the net book tax impact of US tax reform and the related simplification of our debt and capital structure. The amount in 2017 principally represents the net book tax impact of US tax reform.

SUSTAINABILITY

ACTION

WE ARE TAKING ACTION ON SUSTAINABILITY BY USING OUR BUSINESS AND BRANDS TO BUILD A BETTER FUTURE. FOR PEOPLE. FOR THE PLANET.

We believe that business success and sustainability go hand in hand. We want to grow our business in a way that manages our social and environmental impacts responsibly and makes our employees and our stakeholders proud.

Together with The Coca-Cola Company (TCCC) in Western Europe, we've created This is Forward – our Group wide sustainability action plan. Building on 10 years of focused work on sustainability, and developed through close consultation with our stakeholders, the plan places sustainability at the heart of our business strategy.

Through This is Forward, we are taking action on six key areas where we know we have significant impact, and which our stakeholders want us to prioritise. In each of these areas we have made a number of commitments. Together, they provide a clear direction for how we intend to work with partners across our value chain to build a better future – for our business, for people and for the planet. There is no going back. This is Forward.

F FIND OUT MORE AT
WWW.CCEP.COM/PAGES/01-ACTION-ON-SUSTAINABILITY

DRINKS

WE'LL BE A TOTAL BEVERAGE COMPANY, OFFERING CONSUMERS AN EVEN GREATER CHOICE OF DRINKS WITH REDUCED SUGAR.

We'll reduce the sugar in our soft drinks by 10% between 2015 and 2020, and that's in addition to the 5% reduction achieved in the previous 5 years.^(A)

We'll aim for 50% of our sales to come from low or no calorie drinks.^(B)

We'll continuously evolve our recipes and portfolio to offer a greater choice of drinks.

We'll make it easier for consumers to cut down on sugar with straightforward product information and smaller pack sizes.

We'll make sure we don't advertise to children under 12 and that our sales and marketing practices evolve in line with external expectations.

PACKAGING

WE'LL COLLECT ALL OF OUR PACKAGING SO THAT NONE OF IT ENDS UP AS LITTER OR IN THE OCEANS.

We'll make sure that 100% of our primary packaging is recyclable or reusable.

We'll work with local and national partners to collect 100% of our packaging in Western Europe.

We'll make sure that at least 50% of the material we use for our PET bottles comes from recycled plastic.

We'll use the reach of our brands to inspire everyone to recycle.

We'll lead the way in pioneering sustainable packaging – including renewable materials and smart new ways to reduce packaging waste.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM



FTSE4Good



ON:



SOCIETY

WE'LL BE A FORCE FOR GOOD BY CHAMPIONING INCLUSION AND ECONOMIC DEVELOPMENT IN SOCIETY – WITH OUR EMPLOYEES AND OUR COMMUNITIES.

We'll foster a diverse and inclusive culture in our business and make sure that women hold at least 40% of our management positions.

We'll expand the contribution we make to society by increasing our employee volunteering and supporting local community partnerships.

We'll support initiatives which help young people gain the employability, skills and confidence they need to succeed.

WATER

WE'LL HANDLE WATER WITH THE CARE IT DESERVES ACROSS OUR BUSINESS AND OUR VALUE CHAIN.

We'll protect the sustainability of the water sources we use for future generations.

We'll reduce the water we use in manufacturing by 20% – and address water impacts in our supply chain.^(C)

We'll replenish 100% of the water we use in areas of water stress.

CLIMATE

WE'LL HALVE OUR DIRECT CARBON EMISSIONS AND PURCHASE 100% RENEWABLE ELECTRICITY.

We'll cut greenhouse gas emissions from our core business by 50%.^(D)

We'll cut greenhouse gas emissions by 35% across our entire value chain.

We'll purchase 100% renewable electricity by 2020.

SUPPLY CHAIN

WE'LL SOURCE OUR MAIN INGREDIENTS AND RAW MATERIALS SUSTAINABLY AND RESPONSIBLY.

We'll make sure 100% of our main agricultural ingredients and raw materials come from sustainable sources by 2020.

We'll continue to embed sustainability, ethics and human rights into our supply chain.^(E)

Baseline is 2010 and target date is 2025 unless otherwise stated

- (A) Sparkling soft drinks and non-carbonated soft drinks only. Does not include water or juice. This commitment is for CCEP and TCCC WEBU. Baseline is 2010 and includes historical, consolidated data for Coca-Cola Enterprises, Coca-Cola Iberian Partners, S.A. and Coca-Cola Erfrischungsgetränke AG that was recalculated after the Merger.
(B) Total CCEP sales. Does not include coffee, alcohol, beer or freestyle. Low calorie beverages $\leq 20\text{kcal}/100\text{ml}$. Zero calorie beverages $< 4\text{kcal}/100\text{ml}$.
(C) Water use ratio, litres of water per litre of finished product produced.
(D) Absolute carbon reduction target, irrespective of business growth. Core business operations includes manufacturing, cold drinks equipment and transportation.
(E) We'll do this through our global Supplier Guiding Principles and Human Rights Policies.



ACTION ON DRINKS

Too much sugar isn't good for anyone. By evolving our portfolio, we're helping consumers manage the amount of sugar they consume, and make more informed choices about their diets.

Our actions

As tastes and lifestyles change, consumers are increasingly looking for a wider variety of drinks, including low and no calorie drinks. In line with this demand, we're working with TCCC and other franchisors to reduce the amount of sugar in our soft drinks by changing our recipes. We're also continuously expanding our portfolio to include more low and no calorie drinks. We're committed to ensuring that 50% of our sales come from low and no calorie drinks by 2025.

We're also making it easier for consumers to cut down on sugar by providing straightforward product information, and by making smaller and more convenient pack sizes more readily available.

We make sure our sales and marketing practices are in line with external expectations, and do not advertise to children under 12.

Key progress

Sugar reduction

By the end of 2018, we had reduced the sugar in our soft drinks by 11.1% since 2015, in addition to the 5% already achieved since 2010. We have achieved our 10% target two years ahead of schedule and remain focused on our commitment to ensure that 50% of our sales come from low and no calorie drinks by 2025. In 2019, we will continue our work on portfolio innovation and reformulation, and to increase availability and visibility of smaller pack sizes. We will also continue to increase our investment in marketing to raise consumer awareness of our range of low or no sugar options. In 2018, 45% of the products we sold were low and no calorie.

We continued to expand our portfolio in 2018, introducing 131 low and no calorie drinks to the market and offering new products to consumers. This included expanding our portfolio with more zero sugar options, including Monster Ultra and new Fanta flavours. We launched Fuze Tea, our popular ready to drink tea brand. We also launched Honest Coffee, our new range of premium ready to drink cold coffee products.

To make it easier for consumers to cut down on sugar, we've also made progress on offering smaller pack sizes to our consumers. In 2018, we launched new Sprite and Coca-Cola Light flavours in 250ml cans in Belgium, France, the Netherlands and Sweden. In addition, 250ml PET Fanta balls were launched in Belgium in 2018 and will be extended to other countries in 2019.

Straightforward product information

To help consumers make an informed choice about their drinks we also provide nutritional information on all of our packaging. We have been using colour coded nutritional labelling in Great Britain since 2014 and in 2018 we began to trial this type of labelling in Belgium, France, Luxembourg and the Netherlands. We hope that this will make a positive contribution to the process of assessing different nutritional labelling options in Europe.



Fuze Tea

Launched in early 2018 in nine countries, Fuze Tea has become one of our fastest growing new drinks brands. Blending tea extracts with fruit and herb flavours, Fuze Tea is low in calories and comes in four flavours, along with seasonal variants. With the launch of Fuze Tea and other products, we're expanding our portfolio to align with changing consumer tastes, offering a wider choice of low and no calorie options. From April 2019, Fuze Tea will carry the Rainforest Alliance Certified™ "green frog" seal, confirming that the tea has been sourced sustainably from Rainforest Alliance Certified™ farms.

160K

tonnes of sugar removed
from our drinks since 2010

11.1%

reduction in average sugar per
litre in our soft drinks portfolio
since 2015. This represents a
reduction of 15.8% since 2010

45%

of the products we sold in 2018
were low or no calorie

i READ MORE AT WWW.CCEP.COM/PAGES/05-ACTION-ON-DRINKS

ACTION ON PACKAGING

Our packaging plays an essential role in maintaining the quality and safety of our drinks. We're taking action to ensure that we collect 100% of our packaging so that none of it ends up as litter or in the oceans.

Our actions

We're committed to leading the way towards a circular economy where 100% of our packaging is collected, reused or recycled.

We work with our packaging suppliers to minimise the impact of our packaging on the environment by designing it for recyclability, aiming to reduce packaging weight and increase its recycled and renewable content. We are working with TCCC and using our brands to inspire consumers to recycle more, as well as working with customers, local governments and other stakeholders to improve local collection and recycling rates.

We also want to lead the way in pioneering sustainable packaging, including using renewable materials and finding smart new ways to reduce packaging waste.

Key progress

Design and innovation

We're committed to ensuring that at least 50% of the material we use for our PET bottles comes from recycled PET (rPET) by 2025. In 2018, 27.6% of the PET we used to make our PET bottles was rPET. We're working with others in our industry to ensure that all of our primary packaging is 100% recyclable by 2025. In 2018, 98% of the packaging we used was recyclable.

We continued to invest in plastic reprocessing to ensure a reliable supply of high quality rPET in all our markets. One example is our new partnership and supply agreement with Loop Industries, Inc., a plastic reprocessing company. Loop's depolymerisation technology enables low value plastics to be diverted, recovered and recycled into new, virgin-quality PET plastic.

Towards our 100% packaging collection target

Recent years have seen an increasing focus and growing public concern around plastic waste. In 2018, the European Commission proposed new rules restricting the use of single use plastics, which represent around half of all marine litter in Europe^(A). We're committed to leading the way towards a circular economy where 100% of our packaging is collected, reused or recycled. Achieving a 100% collection rate for our packaging is a complex challenge. Our assessments show that achieving this target depends on the widespread adoption of well designed deposit return schemes or a



You sort, we recycle

In 2018, we supported "You sort, we recycle", a major campaign in France that saw 12 drinks brands joining forces to encourage consumers to recycle plastic bottles. Created by our sustainable packaging partner CITEO, the campaign demonstrated that one plastic bottle, when sorted correctly, can be recycled to produce another plastic bottle. The campaign was launched in Paris and was expanded to 40 major cities across France.

I READ MORE AT WWW.VOUSTRIEZNOUSRECYCLONS.COM

27.6%

of the PET we used in 2018
was from recycled PET

98%

of our primary packaging was
recyclable in 2018

significant improvement in packaging collection rates through local household collection schemes. In 2018, we continued to work with governments and industry partners including Fost Plus in Belgium, CITEO in France, Remondis and Interseroh in Germany, WRAP and Valpak in Great Britain, Infinitum in Norway, Ecoembes in Spain and Returpack in Sweden.

In 2018, CCEP set up a Recovery Management Office (RMO) – a cross functional office dedicated to packaging recovery. The RMO has helped develop a more detailed understanding of CCEP's recovery rates by material by market, in order to provide an accurate baseline for our 100% collection target.

We continued to support anti-litter and ocean clean up initiatives across our territories through local community partnerships. Major initiatives in 2018 included Mares Circulares (Circular Seas), a coastal waste collection campaign co-financed by The Coca-Cola Foundation. A total of 584 tons of waste was collected from 82 beaches, 12 ports and 11 marine reserves along 270 kms of coastline in Spain and Portugal and involved 5,270 volunteers. All collected PET bottles were reintegrated into our value chain in Spain.

I READ MORE AT WWW.CCEP.COM/PAGES/06-ACTION-ON-PACKAGING

(A) Source: http://ec.europa.eu/environment/waste/plastic_waste.htm

ACTION ON SOCIETY

We're determined to make a positive difference in society by promoting diversity, inclusion and economic development, both in our workplaces and in our local communities.

Our actions

We believe that a diverse workforce leads to better business results and increased innovation. We're committed to fostering a diverse, inclusive working culture that reflects the diversity of the communities we serve. We want to ensure that everyone can feel part of CCEP by celebrating all of the unique characteristics that make us who we are, and by respecting, valuing and taking into account people's differing needs and perspectives.

Many of our communities face significant challenges, including high levels of youth unemployment. We help address these issues across our territories through employee volunteering and by supporting local community partnerships, with a particular focus on helping young people gain the employability, skills and confidence they need to succeed.

Key progress

Diversity and inclusion

In 2018, we made progress towards our target of at least 40% of our management positions to be held by women by 2025. By the end of the year, 35.6% of our management positions were held by women – an increase of 2.8% compared to December 2017.

2018 saw progress in hiring more female talent into senior positions. Within our supply chain we have 47 manufacturing sites and women now lead seven of our sites in France, Germany, Great Britain and Spain, an increase of five since the formation of CCEP. We also now have excellent female leadership in our Investor Relations function and our Swedish leadership team.

This progress is the result of a consistent focus on improving diversity in our recruitment process. In 2018, this included requiring our recruitment firms to provide better gender balanced candidate shortlists, using diverse interviewing panels, talent mapping for external female talent and reviewing our job adverts to ensure they use inclusive language. We also introduced diversity KPIs for our internal recruiters and recruitment agencies. As an example, our business in Germany is aiming for 60% female candidates on each shortlist. To help meet that target, the company held a workshop to ensure the language it uses in recruitment adverts is more inclusive and engaging.



Promoting an inclusive culture

Across CCEP we have a number of employee networks providing safe and supportive spaces for employees from diverse backgrounds. One example is the Rainbow Network in Germany, which provides networking opportunities for LGBT colleagues and their supporters, as well as raising awareness of LGBT issues.

Not only does this provide development opportunities, it also helps to build our inclusive employer profile both internally and in the external marketplace – for example, by taking part in job fairs, and hosting best practice sharing events.

Thanks to the work of the Rainbow Network, Germany was awarded the PRIDE 500 seal for supporting workplace pride.

We also continue to build our female leadership pipeline through our Women in Leadership development plan, with a series of training programmes to support women's ambitions at different stages of their careers and to help develop the skills and networks to succeed. These include our Connect to Grow mentoring programme aimed at senior managers, associate directors and directors. Since its launch in 2017, 68 women have taken part in the programme.

In 2018, our business in Iberia received the Intrama Top Diversity Award, in recognition for its innovation and commitment in improving gender diversity.

35.6%
of management positions at
CCEP were held by women



Celebrating the Special Olympics

2018 marked the 40th anniversary of our long-term charity partner Special Olympics Great Britain, as well as the 50th anniversary of the worldwide Special Olympics movement. To show our support for this double celebration, employees in Great Britain launched an awareness raising campaign and volunteered at the Anniversary Games in Stirling, Scotland. Fundraising and volunteering activities also took place in Belgium, Germany and the Netherlands.

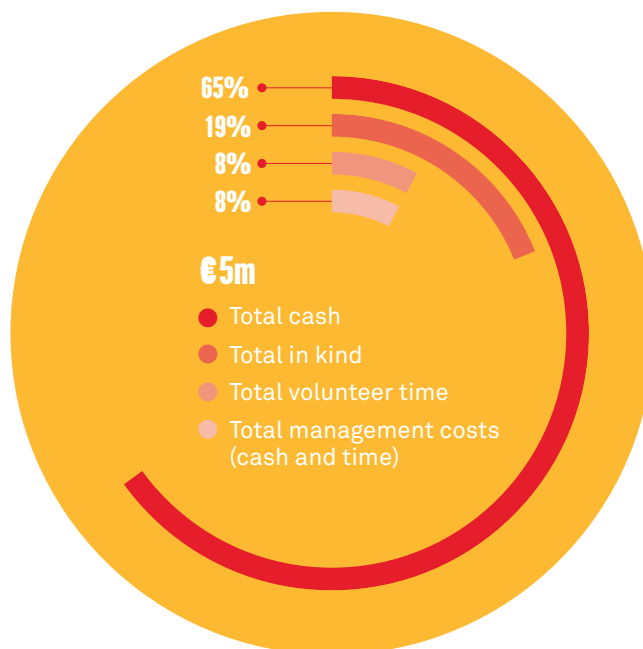
Community investment and volunteering

Working with TCCC, we expanded our support for local community partnerships in 2018. We currently support a range of local programmes that empower young people, including WannaWork in Belgium, Passport to Employment in France, the Foundation of Integration in Germany, Reach Up in Great Britain, JINC in the Netherlands, GIRA Jóvenes in Spain and Mentor in Sweden.

In Antwerp, Belgium, our Coca-Cola Visitors Centre offers an interactive experience that educates young people about our approach to sustainability, and provides an open door for young people to learn about manufacturing and the soft drinks industry. Around 18,000 people, mainly students, visit the centre every year.

One Young World is a UK-based charity that brings together some of the world's brightest young leaders every year, empowering them to make lasting connections to create positive change. Nine CCEP delegates took part in the One Young World 2018 summit, which was held in The Hague, the Netherlands. They joined 1,800 other young leaders from more than 190 countries to discuss pressing social and sustainability issues with leading companies, non-governmental organisations and key influencers.

VALUE OF OUR COMMUNITY CONTRIBUTION



In 2018, we contributed €5 million, or 0.41% of our profit before tax, to community activities. In addition, our employees dedicated 11,955 volunteer hours to support the work of our national charity partners, local community groups and other good causes.

In November 2018, to mark the first anniversary of our This is Forward strategy, we launched a new volunteering policy that enables all CCEP employees to dedicate up to two paid working days a year to volunteer for a charity or cause of their choice.

€5M
spent supporting local
community partnerships

11,955
hours volunteered by
our employees in 2018

1 READ MORE AT WWW.CCEP.COM/PAGES/07-ACTION-ON-SOCIETY

ACTION ON WATER

Water is the main ingredient in our products and essential to our manufacturing processes. To ensure a sustainable supply of water, we're working to reduce the amount of water we use in our operations and protect local water sources for future generations.

Our actions

In many of our territories, water resources are affected by over exploitation, poor water management and the impacts of climate change. Water scarcity and deteriorating water quality in our supply chain have become major issues for our business in Western Europe. Around 80% of the total water footprint of our products comes from our agricultural supply chain, including sugar beet – which is grown in Western Europe – or the fruit juices we source from around the world.

As a result, we're taking a value chain approach to handling water with the care that it deserves. We're aiming to reduce the water we use in our manufacturing operations by 20% by 2025, as well as addressing water impacts within our supply chain. We're also aiming to replenish 100% of the water we use in areas of water stress through community based partnerships.

Key progress

Protecting our water sources

To help protect our water sources, our manufacturing sites carry out source water vulnerability assessments (SVAs), which assess potential risks in terms of water quality and availability. These assessments inform our source water protection plans (SWPPs), which take account of future water needs and identify any further actions required. In 2018, 100% of our manufacturing sites carried out SVAs and had SWPPs in place.

Improving water efficiency

In 2018, we continued to invest in water saving systems for our manufacturing sites. For example, in Fürstenfeldbruck in Germany, up to 1,400 m³ of water per month was saved by investing in more water efficient bottle washers. In Barcelona, Spain we introduced a new system to reuse wastewater, which helped regenerate the ecosystem of a nearby lagoon and increased the biodiversity of aquatic flora and fauna. As a result of these and other initiatives, our water use ratio was 1.61L/L^(A) in 2018 – a reduction of 11.25% since 2010.

During the year, TCCC launched an Environment Award for Coca-Cola bottlers in Western Europe. The award recognises excellence and consistent improvement across a range of areas, including water efficiency. Our Dorsten manufacturing site in Germany won the award in 2018.

Water replenishment

Together with TCCC, we continue to replenish the water we use in areas of water stress in partnership with local NGOs and community groups. In 2018, we managed 15 community based water replenishment projects in Western Europe, enabling us to replenish 141% of the water we used in our drinks, where sourced from areas of water stress.

In 2018, in collaboration with The Coca-Cola Foundation, we partnered with WWF Spain on a three year project to protect water quantity and quality in the Guadalquivir river by improving agricultural practices in local citrus plantations. We also invested in new initiatives, such as a three year project with WWF UK to improve water quality and replenish water sources in East Anglia, Great Britain. Ongoing projects include the Camargue Wetland Restoration project in partnership with WWF France, due to complete in 2020.



Bringing a forest back to life

In 2018, we completed a project to protect groundwater close to our Aquabona manufacturing site in Northern Spain, which was severely impacted following a forest fire in 2009. The project involved restoring native and fire resilient trees, protecting grassland habitats and controlling vegetation growth. It was carried out together with TCCC and in partnership with the Ecology and Development Foundation (ECODES) and local government. As a result, we replenished 943.8 million litres of water, planted over 66,300 trees and restored 57 hectares of land. Rainwater recovery has improved by 20% and the local biodiversity and ecosystem will be protected for at least 20 years.

1.61L/L
water use ratio^(A)

141%
of the water we used in our drinks, where sourced from areas of water stress, was replenished

(A) Litres of water/litre of product produced

ACTION ON CLIMATE

Climate change is the world's most urgent environmental challenge. We are committed to playing our part in global efforts to tackle climate change, in line with the 2015 Paris Climate Change Agreement.

Our actions

We are working hard to reduce greenhouse gas (GHG) emissions across our entire value chain and have set a target to halve our direct carbon emissions by 2025. We're doing this by reducing the amount of energy we use in our manufacturing sites, cutting the distances our products are transported and making our cold drinks equipment more energy efficient.

CCEP is a member of The Climate Group's RE100 initiative, committed to purchase 100% renewable electricity by 2020.

In addition, we are aiming to cut GHG emissions across our entire value chain by 35%. Our carbon reduction targets are fully aligned with climate science and have been validated by the Science Based Targets initiative (SBTi).

Key progress

Assessing climate change risk

To adjust to higher global temperatures and move towards a low carbon economy, it's important that we fully understand the risks that climate change poses for our business. In 2018, together with TCCC, we began a detailed assessment of the climate related risks we face. The results will inform our strategic decisions and help us prepare for the potential impacts of climate change in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Reducing emissions across our core operations

In 2018, we reduced GHG emissions across our core business operations (manufacturing, distribution and cold drinks equipment) by 50.64% versus a 2010 baseline. For more detail, see page 38.

We continued to invest in energy saving processes and systems for our manufacturing operations. For example, in Germany, we trialled a new system designed to reduce the blowing pressure required to produce PET bottles, saving 897,000 kWh per year. As a result of this and other initiatives, our energy use ratio was 0.317 MJ/litre^(A) of product in 2018 – a reduction of 17.22% since 2010.

We continue to reduce the overall energy consumption of our cold drinks equipment fleet. In 2018, the total energy consumption was reduced by 7.1% compared to 2017, while growing our fleet by an average of 1.2% in 2018. Actions included setting higher efficiency performance requirements for our equipment, and installing smart devices to optimise energy efficiency.

(A) MJ/litre of product produced

Reducing emissions across our entire value chain

We are committed to reducing the carbon impact of our value chain in a number of ways, including making our packaging lighter, increasing the use of recycled materials and by working with our suppliers to ensure that they adopt energy saving technologies. We also share best practices and encourage others to tackle climate change – for example through our #PorElClima campaign which encourages the food service industry in Spain to adopt climate friendly practices and technologies.



Electric vehicle project – Norway and Belgium

In Norway, we are working to reduce our carbon footprint by investing in electric vehicles. In 2018, we ordered 100 electric cars for our field sales team, who drive approximately 3 million kilometres per year. We also changed our car policy to introduce electric and plug-in electric hybrid vehicles. To facilitate this change we installed 176 charging points at our headquarters in Robsrud. As a result, approximately 300 tonnes of CO₂ will be saved each year.

In Belgium and Luxembourg, we are also trialling the use of electric cars for our field sales teams. Ten field sales employees now use Hyundai Kona electric cars as part of an effort to reduce carbon emissions.

0.317 MJ/L
energy use ratio^(A)

100%
of the electricity we
purchased was from
renewable sources in 2018

1 READ MORE AT WWW.CCEP.COM/PAGES/09-ACTION-ON-CLIMATE

ACTION ON CLIMATE CONTINUED

Greenhouse gas emissions – core business operations (Scope 1, 2 and 3)

Details of our Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions in tonnes of CO₂ equivalent (stated as CO₂e) from our core business operations during 2018 are set out in table 1. Our Scope 1 and 2 emissions are independent of any greenhouse gas trades, and our Scope 2 emissions are calculated using the market based approach. The carbon footprint of our core business operations is calculated in accordance with the WRI/WBCSD GHG Protocol Corporate Standard, using an operational control approach to determine organisational boundaries.

We disclose the Scope 1, 2, and 3 emissions which make up our core business operations. We consider our core business operations to include our manufacturing, distribution and cold drinks equipment. More details about our GHG emissions, including the GHG emissions in our value chain (including our ingredients and packaging), will be published on our website in April 2019. Additional Scope 3 figures will also be included in our 2019 CDP response.

In 2018, we achieved a 4.14% reduction in our Scope 1 and 2 carbon emissions versus those in 2017, and a 59.17% reduction versus our 2010 baseline, using a market based Scope 2 approach.

Intensity ratios

GHG emissions (Scope 1 and 2) per litre of product produced (market based Scope 2 approach): 18.89 g/litre of product produced.

GHG emissions (Scope 1 and 2) per euro of revenue (market based Scope 2 approach): 20.73 g/euro of revenue.

Note on sources of data and calculation methodologies

Under the WRI/WBCSD GHG Protocol, we measure our emissions in three “scopes”, except for CO₂e emissions from biologically sequestered carbon, which is reported separately outside of these scopes. Our 2010 baseline and 2017 data incorporates data from the bottlers from which CCEP was formed, prior to the Merger. Some data for 2017 has been restated from last year due to more accurate data becoming available.

Data is consolidated from a number of sources across our business and is analysed centrally. We use a variety of methodologies to gather our emissions data and measure each part of our operational carbon footprint, including natural gas and purchased electricity data, refrigerant gas losses, CO₂ fugitive gas losses and transport fuel, water supply, wastewater and waste management. We use emission factors relevant to the source data including UK Department for Business, Environment and Industrial Strategy (BEIS) 2018 and IEA 2016 emission factors.

Scope 1 figures include: direct sources of emissions such as the fuel we use for manufacturing and our own vehicles plus our fugitive emissions.

Scope 2 figures include: indirect sources of emissions such as the purchased electricity we use at our sites. We report against this on both a location based and a market based approach. Commitments and KPIs are tracked using the market based approach.

Scope 3 figures include: indirect sources associated with the electricity used by our cold drinks and coffee equipment at our customers' premises, our employee business travel by rail and air, emissions related to the supply of water and treatment of wastewater, emissions from the treatment of waste, fuel used by our third party distributors, and other energy related emissions not already accounted for under Scope 1 and 2 (for example, emissions from well-to-tank and transmission and distribution). Additional Scope 3 figures from the WRI/ WBCSD GHG Protocol categories 1, 3, 4, 5, 6, 7, 9, 11, 12 and 13 are disclosed in our 2018 CDP response.

Emission factors used include supplier data, DEFRA/BEIS 2018 and IEA 2016 emission factors. 0.93% of our core business operations carbon footprint is based on estimated emissions (e.g. leased offices where energy invoices or the square metre footage size of the site is not available).

The figures for 2018 in table 1, along with selected information on our website, are subject to independent assurance by DNV GL in accordance with the ISAE 3000 standard. The full assurance statement with DNV GL's scope of work, and basis of conclusion, will be published on our website in April 2019.

Table 1
GHG emissions (greenhouse gases – 2018) (tonnes CO₂e)

		2018	2017
Scope 1 (tonnes CO ₂ e)	Direct emissions (e.g. fuel used in manufacturing, own vehicle fleet, as well as process and fugitive emissions)	232,187	228,657
Scope 2 (market based approach) (tonnes CO ₂ e)		6,540	20,379
	Indirect emissions (e.g. electricity)		
Scope 2 (location based approach) (tonnes CO ₂ e)		173,850	193,713
Scope 3 (tonnes CO ₂ e)	Third party emissions included in our core business operations, including those related to our cold drinks equipment, third party transportation and distribution, and business travel	989,514	1,112,538

ACTION ON SUPPLY CHAIN

Population growth, increased demand for food products and climate change are putting our supply chains under increasing pressure. We're committed to sourcing our agricultural ingredients and raw materials sustainably and responsibly.

Our actions

To make our drinks, we depend on a sustainable supply of high quality agricultural ingredients, including sugar beet and sugarcane, fruit juices, tea and coffee. We also rely on other raw materials such as pulp and paper to make our packaging. We've made a joint commitment with TCCC to ensure that 100% of our main agricultural ingredients and raw materials are sourced sustainably by 2020.

We also have a duty to respect and protect the human rights of everyone working across our supply chain. We aim to ensure our suppliers respect our Code of Conduct and make a positive impact on society, in line with the United Nations' Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the United Nations' Global Compact.

Key progress

Measuring compliance

We track our progress by measuring compliance with our Supplier Guiding Principles (SGPs), which apply to all of our suppliers, and our Sustainable Agriculture Guiding Principles (SAGPs), which apply to our suppliers of key agricultural ingredients and raw materials. We've made a commitment to ensure that all our suppliers comply with these principles by 2020. In 2018, 91% of our spend was with suppliers which are covered by our SGPs. In 2018, in partnership with TCCC, we conducted a risk assessment for our main ingredients. Together with TCCC, we are also developing sourcing guidelines to provide transparent criteria for our ingredient suppliers to outline the sustainability standards they should meet.

Evaluating performance

CCEP's supplier relationship management process provides a framework for evaluating the sustainability of our suppliers. Each supplier is given a score based on financial value, efficiency, innovation, risk and sustainability. The sustainability component of the score is rated by independent evaluation company EcoVadis. It evaluates suppliers against a number of sustainability criteria such as environment, carbon management, human rights and fair business practices.

Human rights

Following the publication of our first Modern Slavery Statement in 2017, we hosted an internal human rights workshop for senior managers across our business in 2018. Our aim was to understand what human rights means for

our own operations and our supply chain. As a result of this workshop, in 2019 we will conduct a human rights risk assessment across our entire business.

Sustainable sourcing

Together with TCCC we work to identify pathways to compliance for our main agricultural suppliers by 2020. In particular, we focus on sustainably sourcing coffee and tea for our Honest, Fuze Tea and Chaqwa brands. In 2018, Fuze Tea, a premium iced tea brand with a fusion of flavours of fruits, botanicals and tea, was launched in Europe. The tea extracts in Fuze Tea come from 100% sustainably sourced tea leaves. All farms that supply tea extracts must be certified to demonstrate that they meet an independent standard such as Fairtrade International, Rainforest Alliance or SAI FSA Silver or Gold. As of 2019, the complete Fuze Tea range joins the Rainforest Alliance community and will be marked with the "green frog" seal, confirming that the tea has been sourced from Rainforest Alliance Certified™ farms.



Sustainable citrus project

In Spain and Portugal, CCEP sources around 4.6 million kilos of citrus juice every year from local farmers. In 2018, with the support of The Coca-Cola Foundation we extended our sustainable citrus project for a further two years to continue to improve the sustainability of citrus production. The project promotes efficient irrigation and fertilisation techniques in areas of water stress. By providing monitoring, training and technical support, the project helps farmers save water and reduce their production costs. In 2018, the project visited 25 farms across Valencia, and helped install 2,000 kilometres of water efficient irrigation systems.

91%

of our spend was with suppliers which are covered by our SGPs

88%

of our sugar was sourced from suppliers which comply with our SAGPs

READ MORE AT WWW.CCEP.COM/PAGES/10-ACTION-ON-SUPPLY-CHAIN

PRINCIPAL RISKS

This section sets out the principal risks we face as a business and how we manage them.

Our approach to risk

Our decisions are informed by an understanding of the risks we face as a business. Through our enterprise wide risk management programme, we identify, measure and manage risk, as well as embed a strong risk culture across our business.

Assessing risk

To gain an overall understanding of the risks CCEP faces, we assess risk top down and bottom up.

Our annual enterprise risk assessment gives us a top down, strategic view of risk at the enterprise level. During this assessment we carry out a risk survey with our top leaders, followed by interviews with Board and Audit Committee members and members of our Executive Leadership Team (ELT). This risk assessment is reviewed and updated periodically. In 2018, we issued the risk survey to 150 top leaders.

To gain a bottom up view of risk from an operational perspective, we also carry out risk assessments on a business unit level. Each business unit has a local Compliance and Risk Committee reporting to its leadership team. The committee reviews and updates risk on a quarterly basis and makes sure that risk management is incorporated into day to day business operations. The ELT Compliance and Risk Committee oversees this work.

In 2018, we expanded our bottom up risk assessment process to include CCEP's functions, as well as business units. During the year, we identified high risk areas within certain functions and carried out detailed assessments of those areas. These included assessments of cybersecurity

risks within our IT function, and environmental and quality risks within our supply chain management function. These functional assessments are now an ongoing part of our risk management process.

Measuring and managing risk

Once risks have been identified through our risk assessment process, we analyse them to understand their likelihood and potential impact, how we are managing the risks and what mitigation measures we may need to put in place.

In 2018, we started to consider key risk indicators to more accurately monitor risk levels as they change over time. During the year we also developed our scenario analysis and planning to better understand how key risks could impact our organisation. As part of this work, we initiated our first climate change risk assessment and scenario analysis. These scenarios have been documented, and we have developed action plans for how we would respond to them.

READ MORE ABOUT OUR CLIMATE CHANGE RISK ASSESSMENT AND SCENARIO ANALYSIS ON OUR WEBSITE FROM APRIL 2019

At present, our scenario planning work is focused on understanding and managing current risks. In future, we are aiming to integrate scenario analysis more fully in our long-range strategic planning.

Risk appetite

The Board considers the level of risk it is prepared to accept to deliver CCEP's strategic objectives.

In 2019, we plan to develop a more detailed understanding of risk appetite and embed this further into CCEP's decision making processes.

Risk types	Risk description
External	External opportunities and risks, such as macroeconomic, socio/political and competition risks, that could fundamentally impact business strategy. Typically managed by teams that respond to significant shifts in consumer or supplier behaviour.
Operational	Opportunities and risks that could impact day to day operations in areas such as production, logistics or sales. Managed across all business areas through controls embedded in processes and procedures.
Strategic	Internal opportunities and risks that could impede the achievement of strategic objectives and targets, such as poor resource allocation or decision making. Typically managed by senior leaders responsible for delivering strategic initiatives.
Extreme events	Opportunities and risks that would have an extreme impact on the business (such as Brexit, global financial crisis, natural disasters, etc.). These can materialise in any part of the business and may coincide with other risks in particular scenarios. <i>Note: extreme events could occur in any principal risk and are, therefore, not allocated to any single specific category.</i>

Risk governance

Our risk management programme is coordinated by CCEP's enterprise risk management function. This is led by the Chief Compliance Officer, who reports to the General Counsel and Company Secretary. They provide support and expertise to all business units and functions across the organisation.

The Chief Compliance Officer also manages business continuity and incident management, ethics and compliance, security, data privacy, and regulation (including in relation to recovery management), and therefore has oversight of risk management across our business.

Principal risks

Our principal risks are those that have been identified as most impactful to our business by our enterprise risk assessment. CCEP defines these as risks that could materially and adversely affect our business, or could cause our actual results to differ materially from those given in the forward-looking statements within this report and other public statements we make.

Some of these risks have materialised during the year (such as the CO₂ shortage) and impacted the entire industry. CCEP has managed the mitigation of these risks very well and demonstrated robust business continuity capabilities.

The following pages set out a summary of our principal risks based on the findings of our most recent enterprise risk assessment.

The Directors have carried out a robust assessment of these principal risks. However, this summary is not intended to include all risks that could ultimately impact our business and is presented in no particular order.

Risk factors

Beyond our principal risks, CCEP faces other operational risks that we manage as part of our daily routines, such as employee health and safety and human rights. We cover both our principal risks and these other risks in more detail in our risk factors section.

1 READ ABOUT OUR RISK FACTORS ON PAGES 162 TO 168

Summary of current principal risks

Principal risk	Risk types	Definition and impact	Key mitigation	Change in risk
Changing consumer preferences and the health impact of soft drinks	External	We make and distribute products containing sugar and alternative sweeteners. Healthy lifestyle campaigns, increased media scrutiny and social media have led to an increasingly negative perception of these ingredients among consumers. This exposes us to the risk that we will be unable to evolve our product and packaging choices quickly enough to satisfy changes in consumer preferences. As a result, we could experience sustained decline in sales volume, which could impact our financial results and business performance.	- Reducing the sugar content of our soft drinks, through: - Product and pack innovation and reformulation - Managing our product mix to increase low and no calorie products - Making it easier for consumers to cut down on sugar by providing straightforward product information and smaller pack sizes - EU wide soft drink industry calorie reduction commitment with the Union of European Soft Drinks Associations (UNESDA) - Adopting calorie and sugar reduction commitments at country level - Dialogue with government representatives, non-governmental organisations (NGOs), local communities and customers - Employee communication and education - On pack communication of product and nutritional information enhanced - Responsible sales and marketing codes	Stayed the same
Legal and regulatory intervention	External	Our daily operations are subject to a broad range of regulations at EU and national level. These include regulations covering manufacturing, the use of certain ingredients, packaging, labelling requirements, and the distribution and sale of our products. This exposes us to the risk of regulatory changes that may adversely impact our business. As a result, we could face new or higher taxes, higher labour and other costs, stricter sales and marketing controls, or punitive or other interventionary actions from regulators or legislative bodies that negatively impact our financial results, business performance or licence to operate.	- Continuous monitoring of new or changing regulations and appropriate implementation of adequate mitigations - Dialogue with government representatives and input to public consultations on new or changing regulations - Effective compliance programmes and training for employees - Measures set out elsewhere in this table in relation to legal and regulatory intervention with respect to changing consumer preferences and the health impact of soft drinks and packaging and plastic	Stayed the same
Packaging and plastic ^(A)	External	Due to concerns about the environmental impacts of litter, our packaging (especially single use plastic packaging) is under increasing scrutiny by regulators, consumers and customers. This exposes us to the risk of increased regulation or taxation and reputational impacts. As a result, we may have to change our packaging strategy and mix in a short time frame. This could result in a reduction in demand for single use plastic packaging, and we may be liable for increased costs related to the design, collection, recycling and littering of our packaging. We may be unable to respond in a cost effective manner and our reputation may be adversely impacted.	- Continued sustainability action plan focused on packaging, including our commitments to: - Ensure that 100% of our primary packaging is recyclable or refillable - Drive higher collection rates, aiming to ensure that 100% of our packaging is collected for recycling - Ensure that by 2025 at least half of the material we use for our PET bottles comes from recycled plastic - Work with TCCC to explore alternative sources of rPET and innovative new packaging materials and delivery systems - Work with TCCC to encourage consumers to recycle their packaging using existing collection infrastructure - Establishment of a cross functional recovery management office with a dedicated focus on packaging collection - Support for well designed deposit return schemes across our markets as a route to 100% collection and increased availability of rPET	Increasing

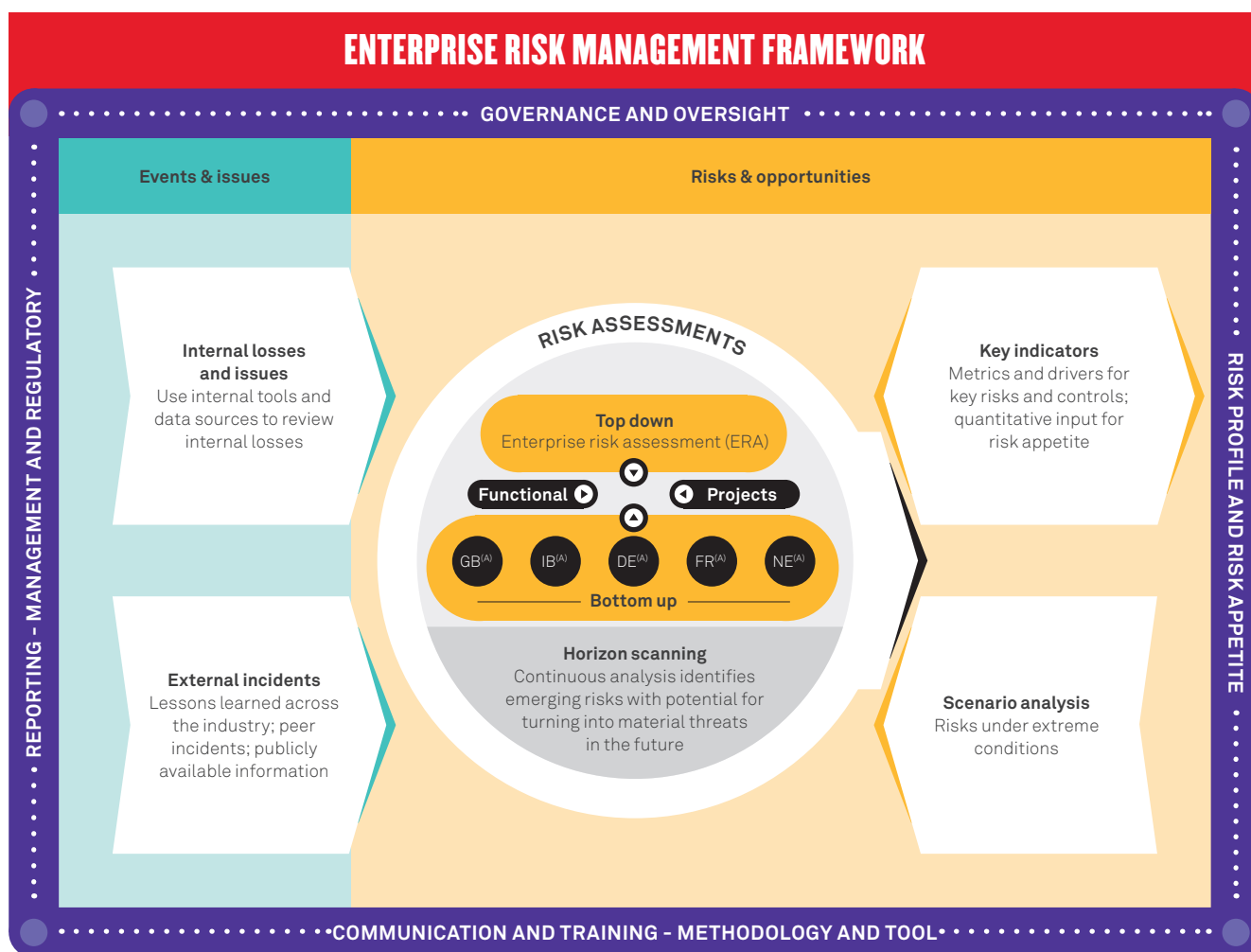
PRINCIPAL RISKS CONTINUED

Summary of current principal risks continued

Principal risk	Risk types	Definition and impact	Key mitigation	Change in risk
Competitiveness and transformation	Strategic	We are now implementing a programme of continuous improvements to stay competitive in the future. This programme includes technology transformation, continuous supply chain improvements and improvements in the way we work with our partners and franchisors. This exposes us to the risk of ineffective coordination between business units and central functions, change fatigue in our people and social unrest. As a result, we may not create the expected value from these initiatives or execute our business plans effectively. We may also experience damage to our corporate reputation, a decline in our share price, industrial action and disruption to our operations.	• Regular competitiveness reviews ensuring effective steering, high visibility and quick decision making • Dedicated programme management office and effective project management methodology • Continuation of governance routines • Regular ELT and Board reviews and approvals of programme progress and issue resolution	Stayed the same
Cyber and social engineering attacks	Operational	We rely on a complex IT landscape, using both internal and external systems. These systems are potentially vulnerable to security and cyber threats, as well as user behaviour. This threat profile is dynamically changing as potential attackers' skills and tools advance. This exposes us to the risk of unauthorised data access, compromised data accuracy and confidentiality, and the loss of system operation. As a result, we could experience disruption to operations, regulatory intervention, or damage to our reputation.	• Proactive monitoring of cyber threats and implementing preventive measures • Business awareness and training on information security • Business continuity and disaster recovery programmes • A programme to find and resolve vulnerabilities • Third party risk assessments	Increasing
Market	External	Our success in the market depends on a number of factors. These include actions taken by our competitors, route to market, and our ability to build strong customer relationships and realise price increases. This exposes us to the risk that market forces may limit our ability to execute our business plans effectively. As a result, we may be unable to expand margins, increase market share, or negotiate with customers effectively.	• Shopper insights and price elasticity assessments • Pack and product innovation • Promotional strategy • Commercial policy • Collaborative category planning with customers • Growth centric customer investment policies • Business development plans aligned with our customers • Diversification of portfolio and customer base • Realistic budgeting routines and targets • Investment in key account development and category planning	Stayed the same
Economic and political conditions	External	Our industry is sensitive to market conditions such as commodity price volatility, inflation, and political instability (for example, Brexit). This exposes us to the risk of an adverse impact on CCEP and our consumers, driving a reduction of spend within our category. As a result, we could experience reduced demand for our products, fail to meet our growth priorities and our reputation could be adversely impacted.	• Diversified product portfolio and the geographic diversity of our operations assist in mitigating our exposure to any localised economic risk • Our flexible business model allows us to adapt our portfolio to suit our customers' changing needs during economic downturns • We regularly update our forecast of business results and cash flows and, where necessary, rebalance capital investments	Stayed the same
Relationship with TCCC and other franchisors	Strategic	We conduct our business primarily under agreements with TCCC and other franchisors. This exposes us to the risk of misaligned incentives or strategy, particularly during periods of low category growth. As a result, TCCC or other franchisors could act adversely to our interests with respect to our business relationship.	• Clear agreements govern the relationships • Incidence pricing agreement • Aligned long range planning and annual business planning processes • Ongoing pan-European and local routines between CCEP and franchise partners • Positive relationships at all levels	Stayed the same
Product quality	Operational	We produce a wide range of products, all of which must adhere to strict food safety requirements. This exposes us to the risk of failing to meet, or being perceived as failing to meet, the necessary standards, which could lead to compromised product quality. As a result, our brand reputation could be damaged and our products could become less popular with consumers.	• TCCC standards and audits • Hygiene regimes at plants • Total quality management programme • Robust management systems • ISO certification • Internal governance audits • Quality monitoring programme • Customer and consumer monitoring and feedback • Incident management and crisis resolution	Stayed the same

(A) Packaging was identified as a separate new principal risk during the last enterprise risk assessment.

Figure 1
Enterprise risk management framework



The enterprise risk management framework gives a holistic view on the entire risk landscape at CCEP. It enables better decision making and best practice sharing across business units and functions.

(A) Our business units: Great Britain (GB), Iberia (IB), Germany (DE), France (FR) and Northern Europe (NE) (Northern Europe is Belgium, Iceland, Luxembourg, the Netherlands, Norway and Sweden).

Internal control procedures and risk management

CCEP's internal controls are designed to manage rather than eliminate risk, and aim to provide reasonable but not absolute assurance against material misstatement.

The Board has overall responsibility for the Company's system of internal controls and for reviewing its adequacy and effectiveness. To discharge its responsibility in a manner that complies with law and regulation and promotes effective and efficient operation, the Board has established clear operating procedures, lines of responsibility and delegated authority.

The Audit Committee has specific responsibility for reviewing the internal control policies and procedures associated with the identification, assessment and reporting of risks to check they are adequate and effective.

Our internal control processes include:

- Board approval for significant projects, transactions and corporate actions
- Either senior management or Board approval for all major expenditure at the appropriate stages of each transaction
- Regular reporting covering both technical progress and our financial affairs
- Board review, identification, evaluation and management of significant risks

VIABILITY STATEMENT

In accordance with provision C2.2 of the 2016 edition of the UK Corporate Governance Code (the 2016 UKCGC), the Directors assessed the viability of the Group over a period of three years, which corresponds to the Group's planning cycle.

The assessment considered the Group's prospects related to revenue, operating profit, EBITDA and free cash flow. The Directors considered the maturity dates for the Group's debt obligations and its access to public and private debt markets, including its committed multi currency credit facility. The Directors also carried out a robust review and analysis of the principal risks facing the Group, including those risks that could materially and adversely affect the Group's business model, future performance, solvency and liquidity.

Stress testing was performed on a number of scenarios, including different estimates for operating income and free cash flow. Among other considerations, these scenarios incorporated the potential downside impact of the Group's principal risks, including those related to:

- Changing consumer preferences and the health impact of soft drinks
- Legal and regulatory intervention, including plastic packaging
- The risk of a significant product quality issue or recall

Based on the Group's current financial position, stable cash generation and access to liquidity, the Directors concluded that the Group is well positioned to manage principal risks and potential downside impacts of such risks materialising to ensure solvency and liquidity over the assessment period. From a qualitative perspective, the Directors also took into consideration the Group's past experience of managing through adverse conditions and the Group's strong relationship and position within the Coca-Cola system. The Directors considered the extreme measures the Group could take in the event of crisis, including decreasing or stopping non-essential capital investment, decreasing or stopping shareholder dividends, renegotiating commercial terms with customers and suppliers or selling non-essential assets.

Based upon the assessment performed, the Directors confirm that they have a reasonable expectation the Group will be able to continue in operation and meet all liabilities as they fall due over the three year period covered by this assessment.

SECTION 172 STATEMENT FROM THE DIRECTORS

During 2018 we each acted in the way we considered, in good faith, would be most likely to promote CCEP's success, based on the information available to us at the time.

Through CCEP's culture, governance framework and delegated authorities, we ensure that the right people take the right decisions at the right time. They take into consideration the likely long-term consequences and impact on relevant stakeholders and the need to act fairly as between CCEP's shareholders. There are details about how this works in practice throughout this Integrated Report.

In 2018, we reviewed CCEP's stakeholders and agreed a stakeholder engagement matrix. This matrix identifies our key and other stakeholder groups and describes how we, and CCEP more widely, interact with them. This is summarised in table 1.

1 READ MORE ABOUT HOW WE LISTEN TO OUR STAKEHOLDERS ON PAGES 16 TO 17

Table 1
Summary of stakeholder engagement matrix in relation to key stakeholders identified by the Board

Key stakeholder group	Board engagement and information flows	More information
Customers	- The Board receives regular updates regarding customer relationships, development and engagement, including customer feedback and complaints data - Customers are considered as part of strategy sessions - Customer leaders are invited to present to the Board - The Board undertakes regular market visits, including visits to customers	1 See page 17
Suppliers	- The Board receives regular updates regarding supplier relationships, development and engagement - The Audit Committee receives updates through internal audit of relevant processes	1 See Action on Supply Chain on page 39
Workforce	- In May 2018, the Directors attended CCEP's inaugural Group wide workforce town hall. A recording of the event was made available to everyone at CCEP. We invited questions from the whole organisation in advance, and the full list of questions and answers, including all questions submitted (not only those answered on the day), was made available to everyone after the event. We intend for this to become an annual event - Directors attend the annual kick off conferences held in each country - Directors meet employees on market visits and factory tours and when travelling to the different countries in which we operate for Board meetings - The Board considers and approves our people strategy - Issues raised about the CoC are reported to the Audit Committee, which passes on any particular concerns to the Board - The Nomination Committee is responsible for a range of people matters and reports to the Board as appropriate - The Remuneration Committee is responsible for pay and reward matters and reports to the Board as appropriate	1 See Our People on pages 18 to 19 1 See the Nomination Committee Chairman's Letter on page 67 1 See the Directors' Remuneration Report on page 76
Franchisors	- The Board and Affiliated Transaction Committee receive regular updates regarding franchisor relationships, development and engagement - The Chairman engages with senior leadership at key franchisors - Senior leaders from TCCC are invited to present to the Board at regular intervals - Directors are invited to business unit meetings and have the opportunity to meet franchisors	1 See pages 16 and 174
Investors	- Directors are available to shareholders at the Annual General Meeting - The 2018 Capital Markets Day was attended by the CEO, Chairman and senior management - The CEO, with the CFO, attends regular investor calls and investor events, including CAGNY - The Board receives quarterly updates from investor relations, copies of analyst consensus and recommendations, post-earnings reaction and commentary, and deep dives on investor relations at appropriate intervals - In 2018, the Board held a panel session with investors and analysts	1 See page 65 in the Corporate Governance Report
Communities	- The CSR Committee receives regular updates on community activities, environmental matters and other social responsibility topics and reports onward to the Board where appropriate - The Board sets and reviews the strategy, including plans for engagement with communities, and receives updates from the CSR Committee	1 See Action on Society on pages 34 to 35

The Company's Strategic Report is set out on pages 1 to 45. The Strategic Report was approved by the Board on 14 March 2019 and signed on its behalf by

Damian Gammell
Chief Executive Officer

GOVERNANCE AND DIRECTORS' REPORT

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CHAIRMAN'S INTRODUCTION



“Corporate governance underpins the conduct of our daily business.”

Dear Shareholder

As Chairman, I believe that promoting the highest standards of governance throughout the Group benefits all of our shareholders and other stakeholders and underpins the long-term sustainable success of Coca-Cola European Partners (CCEP).

There is a brief summary of our Board's activities during 2018 in table 3 on page 61, with some more details on specific activities elsewhere in this report. This year, as well as our normal agenda we focused on:

- Refining and overseeing the implementation of our strategy
- Sustainable success, with particular consideration of issues around plastic and sugar, and meeting the commitments set out in This is Forward
- Engaging with our stakeholders, including running our first employee town hall with the whole Board, which was standing room only, and reviewing the terms of reference for our Committees and our forward agenda to give us a better understanding of stakeholders
- Considering our capital allocation framework and making the decision to start our first share buyback programme
- People and encouraging a diverse and inclusive culture
- Enhancing our corporate governance

Enhancing the governance framework

Corporate governance underpins the conduct of our daily business. Best practice for corporate governance continues to evolve. In 2018, the new UK Corporate Governance Code (the 2018 UKCGC) was published, and this applies to us from our accounting period starting on 1 January 2019.

Governance framework

In 2018, we reviewed and amended the terms of reference for our Audit, Nomination and Remuneration Committees to ensure they meet and support the requirements of the 2018 UKCGC. Details of the changes are set out in the letters from the Committee chairmen prefacing the Committees' reports.

We have continued to apply the 2016 edition of the UK Corporate Governance Code (the 2016 UKCGC) voluntarily on a comply or explain basis during 2018.

At the same time we have taken steps to keep ahead of corporate governance developments by enhancing our governance practices, applying the requirements of the 2018 UKCGC as early as we can. For example, we have included certain disclosures regarding the 2018 UKCGC even though it didn't apply to us during 2018 and we are not required to report against it yet.

Looking to the future

The Board is responsible for leading CCEP and overseeing the Group's governance, by setting its culture, values and standards, while keeping our stakeholders' interests front of mind. Along with its regular schedule of topics, the Board has the following activities planned for 2019:

Innovation and growth

We will continue to pursue an active growth agenda, taking appropriate opportunities.

Succession planning and diversity

During 2019, we will again carry out a Board evaluation and gap analysis against our skills matrix and diversity criteria, taking any appropriate action to ensure the Board has the skills and experience needed to support CCEP's future success.

It's important that the Board leads by example. The Board aims to do so through diverse leadership and by listening and caring, setting the inclusive tone and culture for the Group.

Stakeholder engagement

During 2018, we developed a stakeholder engagement matrix. In 2019, we will enhance our stakeholder engagement. Through our Committees we will gain a better understanding of stakeholders, particularly of the people in our business who contribute to our success.

SEE THE SECTION 172 STATEMENT FROM THE DIRECTORS ON PAGE 45

Sol Daurella

Chairman

14 March 2019

BOARD OF DIRECTORS

Our Board of Directors is diverse, experienced and knowledgeable, bringing together the skills we need in line with our skills matrix.

WOMEN ON THE BOARD^(A)



INDEPENDENT DIRECTORS ON THE BOARD^(A) (EXCLUDING THE CHAIRMAN)

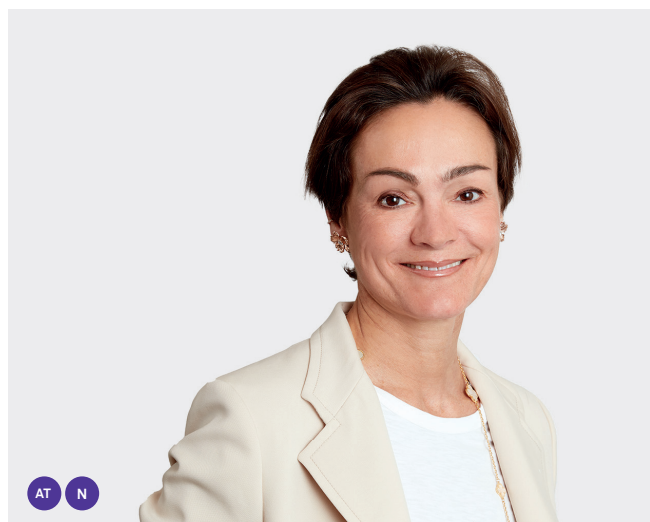


DIRECTORS' SKILLS AND EXPERIENCE^(A)



(A) Number shown is number of Directors.

DIRECTORS' BIOGRAPHIES



Sol Daurella

Chairman

Date appointed to the Board: May 2016

Independent: No

Key strengths/experience:

- Experienced director of public companies operating in an international environment
- A deep understanding of FMCG and our markets
- Extensive experience at Coca-Cola bottling companies
- Strong international strategic and commercial skills

Key external commitments:

Co-Chairman and member of the Executive Committee of Cobega, S.A., Executive Chairman of Olive Partners, S.A., Co-Chairman of Grupo Cacaolat, S.L., director of Equatorial Coca-Cola Bottling Company, S.L., director and a member of the Appointments, Remuneration and Responsible Banking, Sustainability and Culture Committees of Banco Santander

Previous roles:

Various roles at the Daurella family's Coca-Cola bottling business, director of Banco de Sabadell, Ebro Foods and Acciona



Damian Gammell

Chief Executive Officer

Date appointed to the Board: December 2016

Independent: No

Key strengths/experience:

- Strategy development and execution experience
- Vision, customer focus and transformational leadership
- Developing people and teams
- 25 years of leadership experience and in depth understanding of the NARTD industry and within the Coca-Cola system

Key external commitments:

N/A

Previous roles:

A number of senior executive roles in the Coca-Cola system, also Managing Director and Group President of Efes Soft Drinks, and President and CEO of Anadolu Efes S.K.

Key

- AT** Affiliated Transaction Committee
- A** Audit Committee
- C** Corporate Social Responsibility Committee
- N** Nomination Committee
- R** Remuneration Committee
- Committee Chairman**

I FULL BIOGRAPHIES ARE AVAILABLE AT
IR.CCEP.COM/CORPORATE-GOVERNANCE/BOARD-OF-DIRECTORS



Jan Bennink

Non-executive Director

Date appointed to the Board: May 2016

Independent: Yes

Key strengths/experience:

- Chairman/CEO of multinational public companies
- Extensive experience in FMCG, including the food and beverage industry
- Thorough understanding of global and Western European markets
- Strong strategic, marketing and sales experience relevant to the beverage industry

Key external commitments:

N/A

Previous roles:

CEO of Royal Numico N.V., Executive Chairman of Sara Lee Corporation, Chairman and CEO of DE Masterblenders 1753 N.V., director of Boots Company plc, Dalli-Werke GmbH & Co KG and Kraft Foods Inc. and a member of the Advisory Board of ABN Amro Bank



José Ignacio Comenge Sánchez-Real

Non-executive Director

Date appointed to the Board: May 2016

Independent: No

Key strengths/experience:

- Extensive experience of the Coca-Cola system
- Broad board experience across industries and sectors
- Knowledgeable about the industry in our key market of Iberia
- Insights in formulating strategy drawn from leadership roles in varied sectors

Key external commitments:

Director of Olive Partners, S.A., ENCE Energía y Celulosa, S.A., Compañía Vinícola del Norte de España, S.A., Ebro Foods S.A., Barbosa & Almeida SGPS, S.A., Azora, S.A., and Ball Beverage Can Iberica, S.L.

Previous roles:

Senior roles in the Coca-Cola system, AXA, S.A., Aguila and Heineken Spain, Vice-Chairman and CEO of MMA Insurance



Francisco Crespo Benítez

Non-executive Director

Date appointed to the Board: March 2018

Independent: No

Key strengths/experience:

- Extensive experience of working in the Coca-Cola system
- Deep understanding of integrated global marketing and corporate strategy
- Proven track record of leading customer and commercial teams
- Possesses a strong network at The Coca-Cola Company (TCCC)
- Seasoned operator in charge of P&L

Key external commitments:

Senior Vice President and Chief Growth Officer of TCCC

Previous roles:

TCCC's Mexico and South Latin business units, President of the Coca-Cola Foundation in Chile, Director and Vice President respectively of the American Chambers in Chile and Argentina, and also served on the boards of Zurich and Zurich Compañía de Seguros, S.A. in Mexico

1 FULL BIOGRAPHIES ARE AVAILABLE AT

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Christine Cross

Non-executive Director

Date appointed to the Board: May 2016

Independent: Yes

Key strengths/experience:

- In depth experience working in the food and beverage industry
- Consults on international business strategy, marketing and business development
- Global perspective on CCEP's activities
- Experience of chairing remuneration committees

Key external commitments:

Director of Christine Cross Ltd, Sonae – SGPS, S.A., Hilton Food Group plc and Pollen Estate

Previous roles:

Director of Brambles Limited, Fenwick Limited, Kathmandu Holdings Limited, Tesco PLC, Next plc, Woolworths (Au) plc, Sobeys (Ca) plc, Plantasgen, Fairmont Hotels Group plc, Premier Foods plc and Taylor Wimpey plc

DIRECTORS' BIOGRAPHIES CONTINUED



Javier Ferrán

Non-executive Director

Date appointed to the Board: May 2016

Independent: Yes

Key strengths/experience:

- Extensive experience in consumer brands and sales and marketing within the beverage industry
- Broad strategic understanding of the sector
- Deep experience of international commercial matters
- Financial and operational background

Key external commitments:

Chairman of Diageo plc and Senior Advisor at Lion Capital LLP

Previous roles:

Partner at Lion Capital LLP, President and CEO of Bacardi Limited, senior independent director of and director of Associated British Foods plc and director of SABMiller plc and William Grant & Sons Ltd



Irial Finan

Non-executive Director

Date appointed to the Board: April 2016

Independent: No

Key strengths/experience:

- Extensive international management experience
- Strong track record of growing businesses
- Extensive experience of working in the Coca-Cola system
- International strategy
- Possesses a strong network at TCCC

Key external commitments:

Director Coca-Cola Bottlers Japan Inc., Fortune Brands Home & Security, Inc. and the Smurfit Kappa Group plc

Previous roles:

Director and senior roles in the Coca-Cola system throughout his career including as CEO of Coca-Cola HBC AG, President of Bottling Investments Group, Executive Vice President of TCCC and director of Coca-Cola Amatil, Coca-Cola Enterprises, Inc., G2G Trading, Coca-Cola East Japan and Coca-Cola FEMSA



Nathalie Gaveau

Non-executive Director

Date appointed to the Board: January 2019

Independent: Yes

Key strengths/experience:

- Successful tech entrepreneur
- Expert in e-commerce and digital transformation, mobile, data and social marketing
- International consumer goods experience

Key external commitments:

Non-executive director of Calida Group and HEC Paris

Previous roles:

Founder and CEO of Shopcade, Interactive Business Director of the TBWA Tequila Group, Asia Pacific E-business and CRM Manager for Club Med, Co-founder and Managing Director of Priceminister, Financial Analyst for Lazard



Álvaro Gómez-Trénor Aguilar

Non-executive Director

Date appointed to the Board: March 2018

Independent: No

Key strengths/experience:

- Broad knowledge of working in the food and beverage industry
- Extensive understanding of the Coca-Cola system, particularly in Iberia
- Expertise in finance and investment banking
- Strategic and investment advisor to businesses in varied sectors

Key external commitments:

Director of Olive Partners, S.A., Global Omnium (Aguas de Valencia, S.A.) and Sinensis Seed Capital SCR de RC, S.A.

Previous roles:

Various board appointments in the Coca-Cola system, including as President of Begano, S.A., director and Chairman of the Audit Committee of Coca-Cola Iberian Partners, S.A., as well as key executive roles in Grupo Pas and Garcon Vallvé & Contreras

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L. Phillip Humann

Non-executive Director

Date appointed to the Board: May 2016

Independent: Yes

Key strengths/experience:

- Extensive experience as a director of major companies both within and outside the Coca-Cola system
- Expertise in banking and finance
- Leadership and consensus building skills
- Understanding of the consumer goods and services industries

Key external commitments:

N/A

Previous roles:

Director of Equifax Inc., Haverty Furniture Companies, Inc. and Coca-Cola Enterprises, Inc. and Chairman of the Board of SunTrust Banks, Inc.



Orrin H. Ingram II

Non-executive Director

Date appointed to the Board: May 2016

Independent: Yes

Key strengths/experience:

- Executive experience in the wholesale, distribution, consumer goods and transportation services industries
- A broad perspective on CCEP's operations
- Former director of a global distributor
- Strong strategic understanding

Key external commitments:

President and Chief Executive Officer of Ingram Industries Inc., Chairman and Chief Executive Officer of Ingram Marine Group and director of FirstBank

Previous roles:

Various positions with Ingram Materials Company, Ingram Barge Company and Co-President of Ingram Industries, a director of Ingram Micro Inc. and Coca-Cola Enterprises, Inc.



Thomas H. Johnson

Non-executive Director and Senior Independent Director

Date appointed to the Board: May 2016

Independent: Yes

Key strengths/experience:

- Chair and CEO of international public companies
- Manufacturing and distribution expertise
- Extensive international management experience in Europe
- Investment experience

Key external commitments:

Chief Executive Officer of The Taffrail Group, LLC and director of Universal Corporation

Previous roles:

Chairman and CEO of Chesapeake Corporation, director of Coca-Cola Enterprises, Inc., GenOn Corporation, Mirant Corporation, ModusLink Global Solutions, Inc., Superior Essex Inc. and Tumi, Inc.



Alfonso Libano Daurella

Non-executive Director

Date appointed to the Board: May 2016

Independent: No

Key strengths/experience:

- Developed the Daurella family's association with the Coca-Cola system
- Detailed knowledge of the Coca-Cola system
- Insight to CCEP's impact on communities from experience as trustee or director of charitable and public organisations
- Experienced corporate social responsibility committee chair

Key external commitments:

Co-Vice Chairman and member of the Executive Committee of Cobega, S.A., director of Olive Partners, S.A., Cobega Invest, S.L. and Grupo Cacaolat, S.L., Chairman of Equatorial Coca-Cola Bottling Company, S.L., Vice-Chairman of MECC Soft Drinks DMCC and President of GEEF European Family Business

Previous roles:

Various roles at the Daurella family's Coca-Cola bottling business, Director and Chairman of the Quality & CRS Committee of Coca-Cola Iberian Partners, S.A., a member of the Board of the American Chamber of Commerce in Spain

DIRECTORS' BIOGRAPHIES CONTINUED



Mario Rotllant Solá

Non-executive Director

Date appointed to the Board: May 2016

Independent: No

Key strengths/experience:

- Deep understanding of the Coca-Cola system
- Extensive international experience in the food and beverage industry
- Experience of dealing with regulatory and political bodies
- Experience of chairing a remuneration committee

Key external commitments:

Vice-Chairman of Olive Partners, S.A., Co-Chairman and member of the Executive Committee of Cobega, S.A., Chairman of the North Africa Bottling Company, Chairman of the Advisory Board of Banco Santander, S.A. in Catalonia and a director of Equatorial Coca-Cola Bottling Company, S.L. and Copesco Sefrisa

Previous roles:

Second Vice-Chairman and member of the Executive Committee and Chairman of the Appointment & Remuneration Committee of Coca-Cola Iberian Partners, S.A.



Garry Watts

Non-executive Director

Date appointed to the Board: April 2016

Independent: Yes

Key strengths/experience:

- Extensive business experience in Western Europe and the UK, including as CEO of a global consumer goods business
- Served as executive and non-executive director in a broad variety of sectors and previously chaired the Audit Committee of a sizeable company
- Financial expertise, experience and skills
- Formerly an auditor

Key external commitments:

Chairman of Spire Healthcare Group plc and Foxtons Group plc and retiring Chairman of BTG plc

Previous roles:

Audit partner at KPMG LLP, CFO of Medeva plc, CEO of SSL International, director of Coca-Cola Enterprises, Inc., Deputy Chairman and Audit Committee Chairman of Stagecoach Group plc and Protherics plc



Curtis R. Welling

Non-executive Director

Date appointed to the Board: May 2016

Independent: Yes

Key strengths/experience:

- Finance and business leadership skills
- Skilled evaluator of business performance and plans
- Experience of the financial services and securities industries
- Subject matter expert in sustainability and corporate responsibility

Key external commitments:

Director of Apjet and a member of the faculty of Dartmouth College's Amos Tuck School of Business

Previous roles:

Director of Sapient Corporation, President and CEO of AmeriCares Foundation, CEO of Princeton eCom Corporation, SG Cowen Securities Corporation and a director of Coca-Cola Enterprises, Inc.

Board members that stepped down during the year were:

- J. Alexander M. Douglas, Jr, who was replaced by Francisco Crespo Benítez in March 2018
- Véronique Morali, who resigned effective 31 December 2018
- Francisco Ruiz de la Torre Esporrín, who was replaced by Álvaro Gómez-Trénor Aguilar in March 2018

SENIOR MANAGEMENT

The senior management and Damian Gammell together constitute the members of the Executive Leadership Team (ELT).

Nik Jhangiani
Chief Financial Officer
Appointed May 2016

Nik has more than 25 years of finance experience, including 17 years within the Coca-Cola system, latterly as Senior Vice President and CFO for Coca-Cola Enterprises, Inc.. Nik started his career in New York at accountancy firm Deloitte & Touche before spending two years at Bristol-Myers Squibb as International Senior Internal Auditor. He then joined the Colgate-Palmolive Company in New York where he was appointed Group Financial Director for the Nigerian operations, before moving to TCCC in Atlanta. He is a CPA.

Clare Wardle
General Counsel and Company Secretary
Appointed July 2016

Clare leads legal, risk, compliance, security and company secretariat. Prior to joining CCEP, she was Group General Counsel at Kingfisher plc, Commercial Director, General Counsel and Company Secretary at Tube Lines and held senior roles at the Royal Mail Group. She began her career as a barrister before moving to Hogan Lovells. Clare is non-executive chairman of Basketball England, and a non-executive director of Lee/Fitzgerald Architects and Modern Pentathlon GB.

Peter Brickley
Chief Information Officer
Appointed November 2016

Peter leads the business solutions, support services and technology infrastructure at CCEP, including steering CCEP's investments in technology solutions. Peter has over 20 years' experience leading technology for global businesses including Heineken, Centrica and BAT. More recently, he was Global CIO and Managing Director of Global Business Services at SABMiller. Peter is also non-executive chairman of Newbury Building Society.

Ron Lewis
Chief Supply Chain Officer
Appointed May 2016

Ron is an experienced supply chain leader who leads the end to end supply chain for CCEP. He is familiar with the Coca-Cola system, having served in a number of general management and supply chain roles, including Senior Vice President, Supply Chain for Coca-Cola Enterprises, Inc., Senior Vice President and General Manager of the Southeastern United States for Coca-Cola Refreshments and Chief Procurement Officer for TCCC. He has also served as a director of ZICO and Southeastern Containers. Previously, Ron worked for Mars Inc. and Cargill Inc..

Lauren Sayeski
Chief Public Affairs and Communications Officer
Appointed May 2016

Lauren leads CCEP's strategic engagement with media, policymakers, civil society and community stakeholders. Lauren has worked in the Coca-Cola system for over 12 years in roles across the spectrum of public affairs and communications. She has served on transaction teams for the 2010 sale of Coca-Cola Enterprises' North American operations to TCCC and, most recently, on the Merger to create CCEP.

Victor Rufart
Chief Strategy Officer
Appointed October 2016

Victor leads business strategy and business transformation. Prior to joining CCEP, he was CEO of Coca-Cola Iberian Partners, S.A. and spent 25 years at Cobega, S.A.. While with Cobega, S.A., he held a number of senior roles including Director of New Business, Head of Finance, advisor in the formation of the Equatorial Coca-Cola Bottling Company and Head of Tax Planning.

SENIOR MANAGEMENT CONTINUED

Nick Wall

Chief Human Resources Officer

Appointed September 2016

Nick heads CCEP's HR function and has been working within the Coca-Cola system for over 30 years. He started his career in his native Ireland, before progressing through international positions, based in Austria, Turkey, USA, Zimbabwe and Swaziland. Before joining CCEP, Nick was Senior Vice-President HR for TCCC's Bottling Investment Group – with more than 80,000 employees in 25 countries around the world. Prior to that, he was Group Head of HR for Europe, Eurasia, & Middle East for TCCC. He worked for a Pfizer Inc. company before joining Coca-Cola.

Leendert den Hollander

General Manager, Great Britain Business Unit

Appointed May 2016

Leendert is responsible for CCEP's business unit in Great Britain, having been Vice President & General Manager of Coca-Cola Enterprises Great Britain. Previously, he was CEO of Young's Seafood and Managing Director at Findus Group Ltd. Earlier in his career, Leendert spent 15 years at Procter & Gamble in senior marketing positions. Leendert is President of the British Soft Drinks Association and a member of the Leadership Council of IGD (the Institute of Grocery Distribution).

Frank Molthan

General Manager, Germany Business Unit

Appointed May 2016

Frank leads CCEP's business unit in Germany and has 30 years' experience in Germany's Coca-Cola system. He started his career at Coca-Cola bottling operations in Schleswig-Holstein and North Rhine-Westphalia. He has held a range of regional and commercial leadership roles, latterly as HR Director for Coca-Cola Germany. He was also Managing Director of Coca-Cola Deutschland Verkauf GmbH and Co. KG.

Francesc Cosano

General Manager, Iberia Business Unit

Appointed May 2016

Francesc leads CCEP's business unit in Spain, Portugal and Andorra. He was previously the Operations Director then Managing Director of Coca-Cola Iberian Partners, S.A.. Francesc has been part of the Coca-Cola system for 30 years, and involved in a number of sales management positions and ultimately as Sales Director then Deputy General Manager. He has also worked as Regional Director for the Leche Pascual, S.A. group, in Anglo Española de Distribución, S.A..

Ben Lambrecht

General Manager, France Business Unit

Appointed May 2016

Ben is responsible for CCEP's business unit in France, having worked in the Coca-Cola system in various leadership positions for more than 20 years, latterly as Vice President & General Manager France of Coca-Cola Enterprises, Inc.. Ben's career began at KPMG, followed by several years in other companies including Biscuits Delacre. Ben is a director of the French Soft Drinks Association (Boissons Rafraîchissantes de France) and of the French Food Association (Association Nationale de l'Industrie Alimentaire).

Stephen Moorhouse

General Manager, Northern Europe Business Unit

Appointed May 2016

Stephen is responsible for CCEP's business unit in Northern Europe and has 16 years' experience in the Coca-Cola system, leading operations and supply chain in Belgium, Luxembourg, the Netherlands, Sweden, Norway and Iceland. Stephen has held a number of other senior executive roles throughout Europe. Prior to joining, he worked overseas for the Swire Group in the US and Asian Pacific region.

CORPORATE GOVERNANCE REPORT

Statement of compliance

The governance framework of the Company is set out in its Articles of Association (the Articles) and the Shareholders' Agreement. These provide a high level framework for the Company's affairs, governance and relationship with its stakeholders and its shareholders. The Articles are available on the Company's website at ir.ccep.com/corporate-governance/governance-documents.

Statement of compliance with the UK Corporate Governance Code

We follow the 2016 UKCGC on a comply or explain basis. CCEP is not subject to the 2016 UKCGC as it only has a standard listing of ordinary shares on the Official List. However, we have chosen to apply the 2016 UKCGC to demonstrate our commitment to good governance as an integral part of our culture. This Corporate Governance Report explains how the Company has applied the 2016 UKCGC during the year ended 31 December 2018.

We also took steps in 2018 to ensure we were well positioned to follow the 2018 UKCGC from 1 January 2019. This Corporate Governance Report also provides early reporting against relevant aspects of the 2018 UKCGC.

There are a number of instances where CCEP's practices vary from the principles and provisions of both the 2016 and 2018 UKCGCs. These are set out below.

Copies of the 2016 and 2018 UKCGCs are both available on the FRC's website www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code.

Chairman

2016 UKCGC provision A.3.1

2018 UKCGC provision 9

The Chairman, Sol Daurella, was not independent on either her appointment or election, within the meaning of the UKCGC. However, we benefit from her vast knowledge of, and long-term commitment to, the Coca-Cola system and her extensive experience and leadership skills, gained from her roles as director and CEO of large public and private institutions across many different sectors.

Effectiveness

2016 UKCGC principle B.7 and provision B.7.1

2018 UKCGC provision 18

Sol Daurella, the Chairman, will not be subject to re-election during her nine year tenure following the completion of the Merger. Her extended term recognises the importance of her extensive experience and knowledge of the beverage industry, and the significant shareholding of Olive Partners, S.A. (Olive Partners) in the Company.

None of the Independent Non-executive Directors (INEDs) were put up for election at an Annual General Meeting (AGM) before the AGM in 2019. At this AGM, three INEDs will be put up for election (Nathalie Gaveau, Dagmar Kollmann and Lord Price), with three additional INEDs put up for election at the AGMs in 2020 and 2021. From the point of their first election at an AGM, an INED will be subject to annual re-election. This arrangement is in place to ensure effective representation of public shareholders and to retain INEDs' influence over the Company's strategic direction and operation, following the completion of the Merger.

Remuneration

2016 UKCGC provision D.2.1

2018 UKCGC provision 32

The Remuneration Committee is not comprised solely of INEDs, although it is comprised of a majority of INEDs. The Shareholders' Agreement requires that the Remuneration Committee comprises at least one Director nominated by:

- Olive Partners, for as long as it owns at least 15% of the Company
- European Refreshments (ER), a subsidiary of TCCC, for as long as it owns at least 10% of the Company

The Remuneration Committee, and its independent chairman, benefit from the nominated Directors' extensive understanding of the Group's market.

CORPORATE GOVERNANCE REPORT CONTINUED

Remuneration

2016 UKCGC provision D.2.2

2018 UKCGC provision 33

The Remuneration Committee is not solely responsible for setting the remuneration of the Chairman, CEO and Non-executive Directors (NEDs). Instead, the Board (excluding any Director whose remuneration is linked to the decision) determines their remuneration upon the recommendation of the Remuneration Committee and following rigorous analysis and debate. To date, the Board has followed all of the Remuneration Committee's remuneration recommendations.

Differences between the 2016 UKCGC and the New York Stock Exchange (NYSE) corporate governance rules (the NYSE Rules)

The Company is classed as a Foreign Private Issuer (FPI). It is therefore exempt from most of the NYSE Rules that apply to domestic US listed companies, because of its voluntary compliance with the 2016 UKCGC. However, under the NYSE Rules, the Company is required to provide an annual written affirmation to the NYSE and disclose significant differences between its corporate governance practices and those followed by domestic US companies listed on the NYSE. The significant differences are summarised below.

Director independence

The NYSE Rules require a majority of the Board to be independent. The 2016 UKCGC requires at least half of the Board (excluding the Chairman) to be independent. The NYSE Rules contain different tests from the 2016 UKCGC for determining whether a director is independent. The independence of the Company's NEDs is reviewed by the Board on an annual basis, taking into account the guidance contained in the 2016 UKCGC and criteria established by the Company. It has determined that a majority of the Board is independent, without explicitly taking into consideration the independence requirements outlined in the NYSE Rules.

Board Committees

The Company has a number of Committees whose purpose and composition are broadly comparable in purpose and composition to those required by the NYSE Rules for domestic US companies. However, other than the Audit Committee, the Committee members are not all INEDs, although in all cases the majority are. Each Committee has its own terms of reference (broadly equivalent to a charter document) which can be found on our website at ir.ccep.com/corporate-governance/governance-documents. A summary of the terms of reference, roles and activities of the Audit Committee and the Remuneration Committee can be found in the Committees' respective reports. The Remuneration Committee's terms of reference include responsibility for matters relating to remuneration policy, share-based incentive plans, employee benefit plans and implementation of the remuneration policy.

Audit Committee

More information about the Audit Committee is set out in its report, including compliance with the requirements of Rule 10A-3 under the US Securities Exchange Act of 1934, as amended, and Section 303A.06 of the NYSE Rules. The Audit Committee is comprised only of INEDs (complying with the NYSE Rules). However, the responsibilities of the Audit Committee (except for applicable mandatory responsibilities under the Sarbanes-Oxley Act) follow the 2016 UKCGC's recommendations rather than the NYSE Rules, although they are broadly comparable. One of the NYSE's similar requirements for the Audit Committee states

that at least one member of the Audit Committee should have accounting or related financial management expertise. The Board has determined that Garry Watts possesses such expertise and is therefore deemed the audit committee financial expert as defined in Item 16A of Form 20-F.

Corporate Governance Guidelines

The NYSE Rules require relevant domestic US companies to adopt and disclose corporate governance guidelines. There is no equivalent recommendation in the 2016 UKCGC. However, the Nomination Committee reviews the governance code guidelines, as required by its terms of reference.

Shareholder approval of equity compensation plans

The NYSE Rules for domestic US companies require that shareholders must be given the opportunity to vote on all equity compensation plans and material revisions to those plans. The Company complies with UK requirements that are similar to those of the NYSE Rules. However, the Board does not explicitly take into consideration the NYSE's detailed definition of "material revisions".

Code of Conduct

The NYSE Rules require relevant domestic US companies to adopt and disclose a code of business conduct and ethics for their directors, officers and employees. CCEP has a Code of Conduct (CoC) that currently applies to all Directors and the senior financial officers of the Group. See ir.ccep.com/corporate-governance/code-of-conduct. If the Board amends or waives the provisions of the CoC, details of the amendment or waiver will appear on the website. No such waiver has been made or given to date.

The new CoC was approved by the Board in 2017 and launched in early 2018 for employees in all countries in which we operate, except Germany where initially it was applied only to senior management. From 19 December 2018, following acceptance by the Works Council, the new CoC was implemented for all employees in Germany. We also expect all third parties who work on our behalf, such as suppliers, vendors, contractors, consultants, distributors and agents, to act in an ethical manner consistent with our CoC and in compliance with our Supplier Guiding Principles.

The CoC covers issues such as share dealing, anti-bribery, data protection, environmental regulation, human rights, health, safety, wellbeing and respect for others. It aligns with the UN Global Compact, the US Foreign Corrupt Practices Act, the UK Bribery Act, the 2016 and 2018 UKCGCs, the EU General Data Protection Regulation, the Spanish and Portuguese Criminal Codes and Sapin II. The Company considers that the CoC and related policies address the NYSE Rules on the codes of conduct for relevant domestic US companies.

We received no fines for CoC violations in 2018.

SEE DETAILS OF COC REPORTING ON PAGE 21

NED meetings

The NYSE Rules require NEDs to meet regularly without management and independent directors to meet separately at least once a year. The 2016 UKCGC requires NEDs to meet without the Chairman present at least once annually to appraise the Chairman's performance. The NEDs have regular meetings without management present. There are also meetings of the INEDs as required and at least once a year.

Leadership

Roles and responsibilities of the Board

The Board is primarily responsible for the Group's strategic plan, risk appetite, systems of internal control and corporate governance policies, to ensure the long-term success of the Group. To retain control of key decisions and ensure there is a clear division of responsibilities, there is a formal schedule of matters reserved to the Board, which sets out the structure under which the Board manages its responsibilities, and provides guidance on how it discharges its authority and manages its activities. Key matters include:

- Strategic decisions
- Approval of annual and long-term business plans
- Suspension, cessation or abandonment of any material activity of the Group
- Material acquisitions and disposals
- Approvals relating to listings
- Change of the Company's country of incorporation
- Amendment or repeal of the constitution of the Company
- Material commitment or arrangement of the Group outside the normal course of business and/or not specifically identified in the annual business plan

The Board is responsible for the management of the Group. While both the Executive Director and NEDs have the same duties and constraints, they have different roles on the Board (see table 1). There is a clear, written division of responsibilities between the Chairman and the CEO.

Meeting attendance

The Board held five formal meetings during 2018, with additional ad hoc meetings with Board and Committee members held in line with business needs. Directors and Committee members are expected to attend every meeting. If a Director is unable to attend a meeting, the relevant meeting papers are provided to that Director in advance of the relevant meeting so that comments can be given to the Chairman or Committee Chairman, as applicable, who relays them at the meeting. After the meeting, the Chairman or Committee Chairman, as applicable, also briefs the Director on the matters discussed.

Attendance during 2018 is set out in table 2.

The Chairman attends most Committee meetings. The Chairman of the Audit Committee sits on the Remuneration Committee and the Chairman of the Remuneration Committee sits on the Audit Committee.

Both the Audit and Remuneration Committee Chairmen are INEDs and offer impartial and extensive experience and knowledge of the responsibilities of each Committee.

Cross membership between Board Committees and active collaboration means liaison across Committees is working well. See figure 1 for details.

At the end of most Board meetings, two sessions are held: one that all Directors attend, without management present, and the other that all the NEDs attend, without management or the CEO present. Directors may raise any matter they wish for discussion at these sessions.

Table 1
Roles on the Board

Role	Responsibilities
Chairman	• Operating, leading and governing the Board • Setting meeting agendas, managing meeting timetables • Promoting culture of open debate between Directors and encouraging effective communication during meetings • Creating the conditions for overall Board and individual Director effectiveness
CEO	• Leading the business • Implementing strategy approved by the Board • Overseeing the operation of the internal control framework
Senior Independent Director (SID)	• Advising and supporting the Chairman by acting as an alternative contact for shareholders and as an intermediary to NEDs
NEDs	• Providing external insight to the Board and its Committees • Offering their extensive experience and business knowledge from other sectors and industries
Company Secretary	• Assisting the Chairman by ensuring that all Directors have full and timely access to relevant information • Advising the Board on legal, compliance and corporate governance matters • Organising the induction and ongoing training of Directors

Figure 1
Board Committee cross membership

	Audit Committee	Nomination Committee	Remuneration Committee	Corporate Social Responsibility Committee
Affiliated Transaction Committee	1	2	–	1
Corporate Social Responsibility Committee	0 ^(A)	–	1	
Remuneration Committee	2	1		
Nomination Committee	1			

(A) Véronique Morali was a member of both the Audit Committee and the Corporate Social Responsibility Committee until her resignation on 31 December 2018.

CORPORATE GOVERNANCE REPORT CONTINUED

Table 2
Meeting attendance by Board and Committee members^(A)

	Independent or nominated by Olive Partners or ER ^(B)	Board of Directors	Affiliated Transaction Committee	Audit Committee	CSR Committee	Nomination Committee	Remuneration Committee
Chairman							
Sol Daurella	Nominated by Olive Partners	5 (5)	5 (5)			5 (5)	
Executive Director							
Damian Gammell	CEO	5 (5)					
Non-executive Directors							
Jan Bennink	Independent	5 (5)	5 (5) ^(E)			5 (5)	
José Ignacio de Comenge Sánchez-Real	Nominated by Olive Partners	5 (5)	5 (5)				
Francisco Crespo Benítez ^(C)	Nominated by ER	4 (4)			4 (4)		
Christine Cross	Independent	5 (5)		7 (7)			5 (5) ^(E)
J. Alexander M. Douglas, Jr ^(C)	Nominated by ER	1 (1)			1 (1)		
Javier Ferrán	Independent	4 (5) ^(F)	4 (5) ^(F)	6 (7) ^(F)			
Irial Finan	Nominated by ER	5 (5)				5 (5)	5 (5)
Álvaro Gómez-Trénor Aguilar ^(D)	Nominated by Olive Partners	4 (4)					
L. Phillip Humann	Independent	5 (5)				5 (5) ^(E)	
Orrin H. Ingram II	Independent	5 (5)		7 (7)		5 (5)	
Thomas H. Johnson	SID	5 (5)			5 (5)		5 (5)
Alfonso Líbano Daurella	Nominated by Olive Partners	5 (5)			5 (5) ^(E)		
Véronique Morali	Independent	4 (5) ^(G)		7 (7)	5 (5)		
Mario Rotllant Solà	Nominated by Olive Partners	5 (5)					5 (5)
Francisco Ruiz de la Torre Esporrín ^(D)	Nominated by Olive Partners	1 (1)					
Garry Watts	Independent	5 (5)		7 (7) ^(E)			4 (5) ^(H)
Curtis R. Welling	Independent	5 (5)	4 (5) ^(H)		4 (5) ^(H)		

(A) The maximum number of meetings in the period during which the individual was a Board or Committee member is shown in brackets. Nathalie Gaveau, an INED, joined the Board on 1 January 2019 and so did not attend any meetings in 2018.

(B) Nominated pursuant to the Articles of Association and terms of the Shareholders' Agreement.

(C) Francisco Crespo Benítez was appointed as a Director by ER when J. Alexander M. Douglas, Jr stepped down on 7 March 2018.

(D) Álvaro Gómez-Trénor Aguilar was appointed as a Director by Olive Partners when Francisco Ruiz de la Torre Esporrín stepped down on 7 March 2018.

(E) Chairman of the Committee.

(F) Javier Ferrán missed one meeting of the Board, one meeting of the Affiliated Transaction Committee and one meeting of the Audit Committee due to a prior engagement.

(G) Véronique Morali missed one meeting of the Board due to a prior engagement.

(H) Curtis R. Welling missed one meeting of the Affiliated Transaction Committee and one meeting of the CSR Committee due to unforeseen family circumstances.

(I) Garry Watts missed one meeting of the Remuneration Committee due to a prior engagement.

Activities of the Board

The Chairman sets the Board agenda, which consists of the following discussion matters:

- Updates from the CEO, the CFO and other key senior executives on the business performance and key business initiatives
- Governance matters
- Strategy, diversity, sustainability, material expenditure and other Group matters

The key areas of focus for the Board's activities and topics discussed during the year are set out in table 3.

Strategy remained a key focus for the Board throughout the course of the year. It held a separate strategy day in July 2018, which was attended by members of the ELT. At the event the Directors and members of the ELT considered the key drivers of strategy, and debated and scrutinised the Group's performance when compared to its strategic plan.

Governance structure

The Group operates within a framework of delegated authority that ensures an appropriate level of Board contribution to, and oversight of, key decisions and the management of daily business. This framework is outlined in figure 2 on page 62.

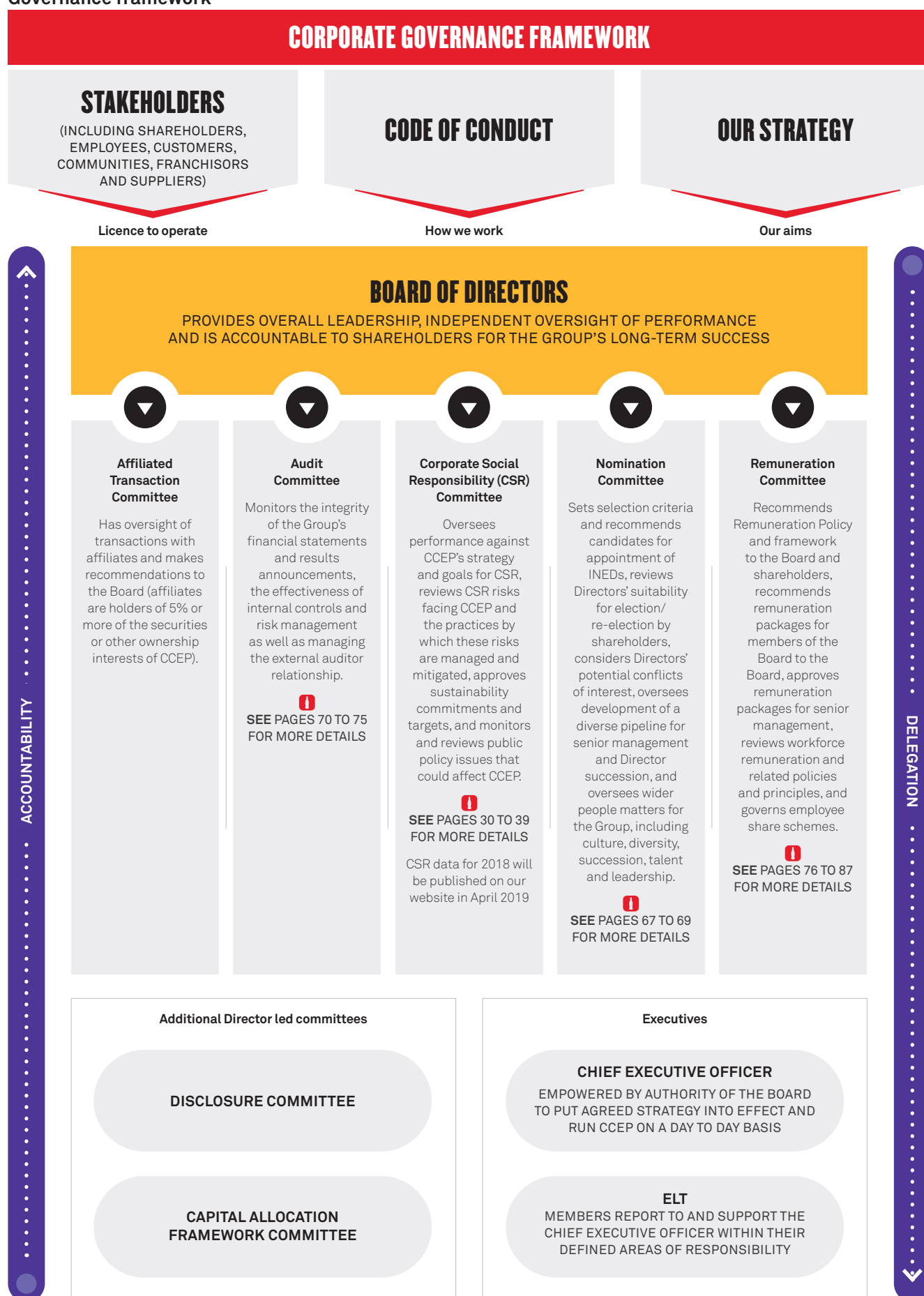
Each of the five Committees has its own written terms of reference, which are reviewed annually. These are available at ir.ccep.com/corporate-governance/governance-documents.

Table 3
Board activities in 2018

Strategic imperative (SI)/ area of focus	Discussion topics
Top line revenue growth (SI)	- Increasing consumer choice by innovating on flavours and growing our portfolio of products - Packaging mix - Refining assessments of acquisitions opportunities - Focusing on digital revenue streams and the digital transformation programme - Long-term industry trends and opportunities - Enterprise wide risk assessment - Approval of annual business plan
Customer and execution centric business (SI)	- Enhancing customer convenience by expanding distribution channels such as online marketplaces - The growth of discounter, value and convenience customers - Focusing on end to end service delivery and reshaping our sales force to address market opportunities - Supply chain evolution and focus areas
Competitiveness (SI)	- The 2018 and 2019 annual business plans, including strategic priorities - Long range planning - Progress of the integration and transformation programmes - Capital allocation and expenditure - Operating model - Debt structure including bond programme and revolving credit facility - Share buyback programme - Competitor review - External landscape review
Sustainability and stakeholder equity (SI)	- Defining our sustainable packaging strategies including consideration of the implementation of the EU directive on single use plastics - Considering our position on the EU directive on tethered caps - Growing demand for low and no calorie products and product reformulation - Review of CCEP's key and other stakeholders and engagement with them - General Data Protection Regulation readiness programme - Planning for Brexit including contingency and scenario planning and consideration of risks to areas such as trade and customs, people and immigration, and operations - Approval of 2018 Modern Slavery Statement - Approval of tax strategy - Considering our investor engagement plan
Culture and capability (SI)	- People strategy including performance acceleration, employee engagement, talent, diversity and inclusion, learning and development, and harmonisation of structures - Group culture and its role in supporting the strategy - Gender pay gap reporting - Labour relations - Attendance at Group wide workforce town hall with the whole Board - Licence to operate
Corporate governance	- Approval of financial results and associated viability and going concern statements - Approval of interim dividend payments - Approval of Annual Report and Form 20-F for 2017, subject to final sign off by a sub committee - Approval of Notice of AGM, subject to final sign off by a sub committee - Board evaluation feedback and action plan, including agreeing objectives for the Board - Publication of the 2018 UKCGC and action required including approving updated terms of reference for the Audit, Nomination and Remuneration Committees - Consideration of new reporting requirements affecting CCEP - Matrix of skills required on the Board to enable CCEP to win in the future and succession planning for the Board - Approval of policies and of policy governance and framework - Approval of new Director appointments: Francisco Crespo Benítez, Nathalie Gaveau and Álvaro Gómez-Trénor Aguilar

CORPORATE GOVERNANCE REPORT CONTINUED

Figure 2
Governance framework



Effectiveness

Composition of the Board

The composition of the Board and its Committees is set out in table 2 on page 60. This includes details of appointments and resignations during 2018.

The NED terms of appointment are available for inspection at the Company's registered office and at each AGM.

Independence of Non-executive Directors

The Board reviewed the independence of all of the NEDs against the UKCGCs and also considered the requirements of SEC Rule 10A-3 in relation to the Audit Committee. It determined that Jan Bennink, Christine Cross, Javier Ferrán, Nathalie Gaveau (from her appointment), L. Phillip Humann, Orrin H. Ingram II, Thomas H. Johnson, Véronique Morali (until her resignation), Garry Watts and Curtis R. Welling are independent and continue to make effective contributions. The Board recognises that seven of CCEP's NEDs, including the Chairman, cannot be considered independent. However, they continue to demonstrate effective judgement when carrying out their roles and are clear on their obligations as Directors including under section 172 of the Companies Act.

Our CEO, Damian Gammell, is not considered independent because of his executive responsibilities to the Group.

Consequently, the majority of the Directors and the NEDs are independent.

Diversity

As their biographies on pages 50 to 54 show, our Board members have a range of backgrounds, skills, experiences and nationalities, demonstrating a rich cognitive diversity beyond gender.

Our commitment to diversity begins at the top, with clear leadership from our Board, and is embedded at every level of our business through This is Forward and the CoC. Our Board is confident it will achieve its goal for women to make up 33% of its Directors by 2020. The Nomination Committee is committed to overseeing a diverse pipeline for senior management and Director positions.

1 SEE THE NOMINATION COMMITTEE REPORT ON PAGES 67 TO 69

The Board:

- Has started its 2019 review of performance and effectiveness and appointed Lintstock to support this
- Will continue to keep its procedures under review to ensure their effectiveness
- Will monitor and assess how it spends its time so that it can continue to improve and refine the focus and balance of its meetings

1 SEE THE BOARD'S DIVERSITY POLICY ON THE COMPANY'S WEBSITE AT IR.CCEP.COM/CORPORATE-GOVERNANCE/OVERVIEW

1 SEE OUR EMPLOYEE GENDER DIVERSITY STATISTICS ON PAGE 19

Re-election of Directors

The Board has determined that all Directors, subject to continued satisfactory performance, shall stand for re-election at each AGM with the exception of the Chairman and some of the INEDs, as explained on page 57. All Directors appointed by Olive Partners and ER (other than the Chairman) will submit themselves for re-election at the 2019 AGM. Nathalie Gaveau, Dagmar Kollmann and Lord Price will stand for election at the 2019 AGM. Following its performance assessments of Directors, the Board is confident that each Director will continue to perform their duties effectively and remains committed to CCEP.

1 SEE THE SIGNIFICANT COMMITMENTS OF OUR DIRECTORS IN THEIR BIOGRAPHIES ON PAGES 50 TO 54

Induction and training

A comprehensive induction programme is made available to our new Directors, tailored to their individual requirements and phased to allow feedback and further customisation of meetings and other development activities. CCEP provides each of them with a suite of induction materials explaining:

- Their role and responsibilities
- Attributes of an effective board
- Their legal duties and responsibilities, including in relation to section 172 of the Companies Act 2006
- The calendar of Board and Committee meetings
- Governance documents, policies and procedures
- Committee terms of reference
- Our CoC
- Our share dealing code
- Background information about the Group

Meetings with members of the Board and the ELT and site visits in a number of our markets are also arranged. Francisco Crespo Benítez and Álvaro Gómez-Trénor Aguilar completed their induction during 2018 and Nathalie Gaveau commenced her induction in early 2019.

Training and development opportunities are regularly provided to Directors following their induction. The programme for 2018 is set out in table 4.

CORPORATE GOVERNANCE REPORT CONTINUED

Table 4
Director training and development programme

Form of training	Purpose	Subject
Briefings	Focused on in depth studies of matters of topical interest to CCEP as well as on relevant commercial, legal and regulatory developments	Separate deep dives regarding: • The French, GB, German, Iberian, Northern Europe and Netherlands operations • The Group's people strategy • Investor relations • Board Intelligence training materials available through a Board portal
Development sessions	To address requests from Directors	• Competitor deep dive with TCCC • Packaging mix • Adjacent market opportunities
Site visits	Visits to Group businesses, factories and commercial outlets to enhance knowledge of CCEP operations and meet employees, suppliers and customers	• Lille, France • London, GB • Edmonton, GB • Amsterdam, Netherlands • Opportunity to attend kick off meetings in business units and supply chain taken up by some Directors
External speakers	To receive insights from experts and engage with stakeholders	• James Quincey, President and Chief Executive Officer TCCC • Tim Brett, President of TCCC's Western Europe business unit • Analysts that follow CCEP • Professor Thomas Malmgren: Escalating the Strategic Conversation • CCEP's Digital Advisory Committee: – Carlos Cordon (Professor of Strategy and Supply Chain, IMD Institute) – Roisin Donnelly (NED, Just Eat PLC and NED, Holland & Barrett, among others) – Daniele Fiandaca (advisor and co-founder of multiple start-up businesses) – Lars Hinrichs (NED, Deutsche Telekom, and digital entrepreneur) – Simon Thompson (Chief Product Officer, Ocado PLC, and NED, Royal Mail PLC) • Brexit panel: – Kevin Gardiner (Global Investment Strategist, Rothschild Wealth Management) – Glenn Hall (Partner and Co-Head of Government Relations & Public Policy, Norton Rose Fulbright) – Daniel Mikkelsen (Senior Partner, McKinsey) – Lord Mark Price (Founder, Engaging Works, and Chairman of Trustees, Fairtrade)

Board evaluation

In 2018, Ffion Hague of Independent Board Evaluation (IBE) carried out an externally facilitated Board evaluation. Neither Ffion nor IBE has any connection with the Board or any individual Director. The Board evaluation process involved interviewing each Director, and observing Board and Committee meetings. The evaluation produced comprehensive reports on the Board, each Committee and the Directors, and the Board discussed them in detail. Overall, the Board confirmed that it continued to perform effectively but identified some areas for improvement. These are set out in table 5.

Board support

Board meetings are scheduled at least one year in advance, with ad hoc meetings arranged to suit business needs. These meetings are held in a variety of locations, reflecting our engagement with all aspects of our international business.

The agenda of Board meetings follows our annual Board programme. This sets out the standing items at each meeting, such as periodic activities (including results and AGM documentation), business plan and the assessment of Board evaluation results.

Ahead of the Board meeting, the Chairman, CEO and Company Secretary agree the final agenda. This covers discussion items such as the status of ongoing projects and stakeholder considerations. Comprehensive briefing papers are circulated electronically to all Directors, to allow time to review the matters which are to be discussed.

Throughout the year Directors have access to the advice and services of the Company Secretary and independent professional advice, at the Company's expense.

Conflicts of interest

The Nomination Committee considers issues involving potential conflicts of interest of Directors. The Prospectus outlines numerous potential conflicts of interest of certain Board members, as at the date of the Prospectus.

The following were recognised as potential conflicts of interests with regards to Cobega, S.A. (Cobega):

- Sol Daurella is a shareholder, co-chairman and member of its executive committee
- Alfonso Líbano Daurella is a shareholder, co-vice chairman and member of its executive committee
- Mario Rotllant Solá is a co-chairman and member of its executive committee
- Sol Daurella and Alfonso Líbano Daurella are indirect shareholders in the following subsidiaries of Cobega:
 - Grupo Norte de Distribucion, S.L. and Daufood U. Lda., which have commercial agreements with Cobega for, respectively, the distribution and purchase of our products
 - Norinvest Consumo, S.L., which has a lease agreement with Norbega S.A., a subsidiary within the Group
 - Delivra, S.L. and Gadisven, S.A., which have agreements in place for the provision of equipment maintenance services to us and, in the case of Gadisven, S.A., also for the supply of our products

Table 5
2018 Board evaluation findings and actions

	Focus and prioritisation of strategic objectives at Board meetings	Succession and recruitment planning	Board support and Director development
2018 findings	Establish a clear medium-term business strategy to complement the long-term business strategy by focusing Board discussions	Improve INED succession planning to ensure the Board has the right skills and experience to support CCEP winning today, to win tomorrow	Provide further governance training based on experience, encourage participation and internal Board mentoring
Actions undertaken in 2018	- Agreed to set annual, measurable objectives for the Board to monitor its performance and facilitate the prioritisation of matters discussed at Board meetings throughout the year - Refined the format for Board papers to ensure the right focus at meetings - Will hold the Board's strategy day separately rather than following a routine Board meeting from 2019 - Developed a stakeholder engagement matrix	- Developed a skills matrix to identify the key skills needed on the Board for the future - Developed succession plans taking into account diversity targets and skills gaps identified in the skills matrix - Delegated role of ensuring a diverse pipeline of senior management to the Nomination Committee, in preparation for 2018 UKCGC implementation	- Developed an induction framework for new Directors to ensure exposure to our operations and understanding of our governance framework - Provided additional training and reference materials in a resources portal

Irial Finan and J. Alexander M. Douglas, Jr held various roles in TCCC until March 2018. Francisco Crespo Benítez continues to hold roles in TCCC. When considering Francisco's appointment as a Director, the Board was confident that these roles would not interfere with Francisco's clear commitment to CCEP as Director.

The following were recognised as potential conflicts of interests with regards to Fimalac Développement (Fimalac):

- Véronique Morali is its chairman and chief officer of its digital division, WEBEDIA

The Board is satisfied that the systems for reporting situational conflicts (situations where a Director has an interest that conflicts, or may conflict, with our interests) are operating effectively.

Accountability

Disclosures of compliance with provisions of the Accountability sections of the 2016 UKCGC are located elsewhere in this Integrated Report. Table 6 sets out where each respective disclosure can be found.

Relations with shareholders

The Board recognises the importance of regular engagement with both existing and potential shareholders. During 2018, the Board, the ELT and the investor relations team worked together to ensure this happened. This included:

- Quarterly results announcements, accompanied by webcast conference calls, where investors and analysts were invited to participate
- A capital markets day, focused on outlining the next phase beyond CCEP's Merger
- Investor conferences, often incorporating webcast presentations alongside group and one to one meetings
- Investor roadshow meetings across Europe, the US and Canada

Our CEO, CFO and the investor relations team engage with investors and analysts throughout the year to ensure our strategy and performance are clearly understood, and that their views and market sentiment are clearly communicated within CCEP. The Board, in particular, receives regular updates on the views of shareholders and the investor relations programme at each Board meeting.

We share market information on the investor relations section of our website. This includes results, annual reports, presentations, archived webcasts and transcripts, other announcements, and shareholder information and services. The website also has a rolling financial calendar with news of upcoming events.

CORPORATE GOVERNANCE REPORT CONTINUED

Table 6

Disclosure of compliance with provisions of the Accountability section of the 2016 UKCGC

Items located elsewhere in the 2018 Integrated Report	Page(s)
Directors' responsibilities statement	91
Directors' statement that they consider the Integrated Report and accounts, taken as a whole, to be fair, balanced and understandable	91
Statement by the external auditor of its reporting responsibilities	100
The Group's business model	16 to 17
Group strategy	14 to 15
Going concern statement	90
Assessment of the Group's principal risks	40 to 43
Viability statement	44
Risk management and internal control systems and the Board's review of their effectiveness	43
Audit Committee Report	70 to 75

Annual General Meeting

The AGM continues to be a key date in our annual shareholder engagement programme. In 2018, members of the Board and the ELT attended the AGM to discuss the resolutions in the Notice of AGM, the business, and to answer shareholders' questions. We were pleased that shareholders holding 87.10% of the issued shares provided voting instructions, and all resolutions were passed by more than 80% of those voting.

The 2019 AGM of the Company will be held in May at Pemberton House, Bakers Road, Uxbridge, UB8 1EZ, United Kingdom. The Notice of AGM will set out a full description of the business to be conducted at the meeting. This will be available on our website from the time of its posting to shareholders in April 2019.

As with last year, the Chairman, SID and Committee Chairmen plan to attend the AGM to give shareholders an opportunity to ask them questions about the Group and its business, either during the AGM or informally afterwards. They are also available to shareholders for discussion throughout the year to discuss any matters under their areas of responsibility, by contacting the Company Secretary.

1 READ MORE ABOUT OUR ENGAGEMENT WITH
STAKEHOLDERS IN OUR BUSINESS MODEL ON **PAGES 16 TO 17**

Sol Daurella

Chairman

14 March 2019

NOMINATION COMMITTEE CHAIRMAN'S LETTER



“We continue to focus on maintaining a well balanced Board with the right mix of individuals who can apply their wider business knowledge and experience to overseeing and guiding the delivery of the Group’s strategy.”

Dear Shareholder

I am pleased to report on the work of the Nomination Committee during 2018. This year our activities have focused on INED succession; Board skills, experience and cognitive diversity; and our people. A brief summary of these activities is provided in table 1 on page 69. We give more details about some of these activities throughout the rest of the Nomination Committee Report.

Changes to our remit

As our Chairman explains in her introduction to the Governance and Directors' Report, a new UK Corporate Governance Code was published in July 2018 and will apply to us from 1 January 2019. We have considered the Committee's terms of reference as part of a wider review of governance arrangements to ensure compliance with the 2018 UKCGC.

Although the Committee was already fulfilling many of the duties regarding culture and workforce on an informal basis, we have now expanded its remit to include specific responsibilities. In particular, it will now formally:

- Oversee the development of a diverse pipeline for senior management positions as well as the Board
- Assess and monitor the Group's culture
- Ensure that diversity, succession and talent policies and practices within the Group are in line with its purpose and values and support its desired culture
- Help set diversity objectives and strategies and monitor the impact of diversity initiatives

- Assess and monitor leadership talent development programmes
- Ensure effective engagement with relevant stakeholders (including the workforce) on diversity, succession and talent policies and practices, making sure their views are understood and considered by the Board

We are working with management to develop the reporting needed to support us in meeting our new responsibilities. We will report on our activities at the end of the year.

Availability to shareholders

I will be available at our 2019 Annual General Meeting to answer any questions about the work of the Committee.

L. Phillip Humann

Chairman of the Nomination Committee

14 March 2019

NOMINATION COMMITTEE REPORT

Nomination Committee role

The key duties and responsibilities of the Nomination Committee are set out in its terms of reference. These are available at ir.ccep.com/corporate-governance/governance-documents. They cover the following areas:

- Corporate governance
- Director selection, re-election and review
- Potential conflicts of interest
- Evaluations of the Board and succession planning
- Culture and workforce

Activities of the Nomination Committee during the year

The Nomination Committee has a process for planning its future meeting agendas and topics to be considered. Table 1 sets out the matters considered by the Committee during 2018. More detail about some of these matters is provided in the rest of this report.

The Committee met five times during the year.

I SEE DETAILS OF ATTENDANCE AT MEETINGS ON **PAGE 60**

The Board

Independent Non-executive Director succession

We continue to focus on maintaining a well balanced Board with the right mix of individuals who can apply their wider business knowledge and experience to overseeing and guiding the delivery of the Group's strategy. To support this, as part of the Board evaluation process in 2018, we developed an agreed matrix of skills required on the Board to support the Group's future plans.

Three INEDs will be put up for election or re-election by shareholders at our AGM in 2019. The Committee therefore spent time this year considering the orderly succession of INEDs in light of the matrix of skills.

We engaged MWM Consulting, a firm of external recruitment consultants, to identify potential INED candidates. MWM Consulting supported some of CCEP's specialist recruitment activities in 2017 and has no connection to any individual Director. It is a signatory to the UK's Standard Voluntary Code of Conduct for Executive Search Firms.

To ensure we maintained the right balance of skills and experience on the Board, we drew up INED candidate specifications based on our existing selection criteria, and the gaps identified through our agreed skills matrix. We also considered the need to build a diverse pipeline of potential successors for particular roles on the Board.

Potential candidates for INED roles were interviewed by members of the Committee, the Chairman, Senior Independent Director and other Board members and were assessed objectively against the candidate specifications. Nathalie Gaveau was appointed to succeed Véronique Morali with effect from 1 January 2019. She brings a wealth of digital and international experience to the Board and is undertaking a detailed induction programme.

We announced on 8 March 2019 that Dagmar Kollmann and Lord Mark Price would, subject to their election at the AGM in May 2019, succeed L. Phillip Humann and Curtis R. Welling. Dagmar brings a wealth of experience in finance and international listed groups to the Board, while Mark brings his substantial experience in retail. They will also both undertake a detailed induction programme.

The current INED selection criteria reflect the importance of selecting candidates who can give voice to stakeholder interests effectively, particularly to help discharge the Board's duties under section 172 of the Companies Act 2006.

I SEE OUR INED SELECTION CRITERIA AT IR.CCEP.COM/~MEDIA/FILES/C/COKECCEP-IR/GOVERNANCE-DOCUMENTS/CRITERIA-FOR-SELECTION-OF-INDEPENDENT-NON-EXECUTIVE-DIRECTORS-03-05-18.PDF

Other NED appointments to the Board

In early March 2018, in accordance with the Company's Articles of Association and the Shareholders' Agreement, Olive Partners nominated Álvaro Gómez-Trénor Aguilar to replace Francisco Ruiz de la Torre Esporrín and ER nominated Francisco Crespo Benítez to replace J. Alexander (Sandy) M. Douglas, Jr as Directors of the Company. Both Álvaro Gómez-Trénor Aguilar and Francisco Crespo Benítez undertook a detailed induction programme.

I SEE MORE ABOUT DIRECTOR INDUCTION ON **PAGES 63 TO 64**

Diversity on the Board

Cognitive diversity is important to good decision making, and we have paid particular attention to this in our succession planning. This is driven by diversity of background, including gender and ethnic diversity. It is part of the INED selection criteria, and supports the Board's stated target to ensure that 33% of its Directors are women by 2020 and take into account the recommendations of the Parker Review. Diversity is a key consideration in considering potential INED candidates.

During 2018, one female INED chose to step down from the Board and was replaced with a new female INED. Olive Partners and ER each nominated new Directors to the Board in early March 2018, in place of Directors who stepped down. In both cases they replaced male Directors with male Directors. As a result, there were no changes to the gender diversity of the Board during the year.

Female representation on the Board currently stands at 17.6%. It will increase to 23.5%, subject to Dagmar Kollmann's election at the AGM.

I READ MORE ABOUT OUR APPROACH TO DIVERSITY ON THE BOARD ON **PAGE 63**

Table 1
Matters considered by the Nomination Committee during 2018

Meeting date	Key agenda items
March 2018	• Director skills matrix • Director succession, particularly INEDs • Initiatives around key talent
May 2018	• Senior leadership assessment • Director skills matrix • Director succession, particularly INEDs
July 2018	• People engagement, culture and capability initiatives • Director succession, particularly INEDs
October 2018	• Director succession, particularly INEDs • Terms of reference
December 2018	• Director succession, particularly INEDs • Our people: talent, inclusion and diversity, succession planning, and attracting and engaging younger generations • Board evaluation process approval

Executive Leadership Team

Succession planning

During 2018 we considered a detailed assessment of the Group's ELT and gave input into ELT development activities. We also considered succession management plans for the appointment of Executive Directors to the Board. Korn Ferry supported both of these exercises.

Our people

We oversee the approach to culture, succession planning and talent management, including diversity, for the whole Group.

Inclusion, diversity and talent

We are committed to fostering an inclusive environment and building diverse talent within the Group. We received updates on the progress of diversity and inclusion initiatives, in particular the target to have 40% of our management positions held by women by 2025. We also received details about the revised approach to talent management.

1 READ MORE ABOUT THE GROUP'S APPROACH TO DIVERSITY ON PAGES 18 TO 19

Engagement

In 2018 we conducted the Group's first engagement survey, built around our agreed ways of working. We considered the results and action plans with management. We were pleased that the results showed people feel safe at work, feel empowered to make decisions, engage with our purpose and feel that they belong. They also identified some areas to accelerate, including leadership, understanding decision making and personal development.

1 FOR MORE ABOUT HOW WE ENGAGE WITH OUR PEOPLE, SEE PAGES 18 TO 19

Capability

As our engagement survey showed, building our leadership capability is a key differentiator for performance. We considered the Group's new leadership development programme ahead of its launch.

Evaluation

At the start of each year, we begin the process of evaluating the performance of the Board and its Committees.

We wanted to ensure the evaluation process undertaken in early 2018 would support the Board as it looks to the future, as well as reflecting on past performance. Based on our recommendation to the Board, Independent Board Evaluation was appointed to facilitate the evaluation process in 2018.

1 READ MORE ABOUT THE EVALUATION EXERCISE ON PAGE 64

Given the depth and breadth of the 2018 evaluation exercise, we recommended to the Board that a more concise evaluation process be undertaken in early 2019. The Board accepted our recommendation and appointed Lintstock to support a questionnaire based exercise, alongside interviews of all Directors by the SID.

Neither Independent Board Evaluation nor Lintstock has any other connection with CCEP or any individual director.

Independence

1 SEE THE LIST OF NON-EXECUTIVE DIRECTORS DETERMINED TO BE INDEPENDENT ON PAGE 60

L. Phillip Humann

Chairman of the Nomination Committee
14 March 2019

AUDIT COMMITTEE CHAIRMAN'S LETTER



“The Committee plays a key role within the governance framework of the Group and continues to support the Board in matters relating to financial reporting, internal control and risk management.”

Dear Shareholder

I am pleased to present the report of the Audit Committee for 2018. The report describes how we have discharged our responsibilities under the 2016 UKCGC. Table 1 on page 72 provides an overview of our activities during 2018, with additional details throughout this Audit Committee Report.

Over the past two years, the Committee has helped support and oversee the successful integration of the Group. The Committee plays a key role within the governance framework of the Group and continues to support the Board in matters relating to financial reporting, internal control and risk management.

During 2018, we discussed a range of topics, with a focus on accounting and reporting matters, internal controls and Sarbanes-Oxley Act section 404 updates, external and internal audit activities, ethics and compliance matters, business continuity management, enterprise risk management, and cybersecurity.

Looking forward to 2019

We have dedicated significant time in 2018 to ensuring that we are ready for the implementation of the new lease reporting standard, IFRS 16, “Leases”. We are confident the systems and controls implemented by management will ensure full compliance in the first year of adoption.

A new UK Corporate Governance Code was published in July 2018 and will apply to us from 1 January 2019. The Committee's terms of reference were considered as part of a wider review of governance arrangements to ensure compliance with the 2018 UKCGC.

While the Committee's remit has remained largely unchanged, we have made two key amendments. Firstly, the Committee will report to the Board on whistleblowing arrangements, reports and investigations, in line with the responsibility for whistleblowing matters resting with the Board under the 2018 UKCGC. Secondly, we will ensure we engage effectively with relevant stakeholders. This is to make sure that the views of relevant stakeholders are understood and considered by the Board.

Availability to shareholders

I will be available at our 2019 Annual General Meeting to answer any questions on the work of the Committee.

Garry Watts

Chairman of the Audit Committee
14 March 2019

AUDIT COMMITTEE REPORT

Role of the Audit Committee

The key duties and responsibilities of the Audit Committee are set out in its terms of reference, which are available on the Company's website ir.ccep.com/corporate-governance/governance-documents. They include matters within the following areas:

- Financial reporting, including the annual financial statements of the Group and other periodic announcements relating to the Group's financial performance, the Group's Viability Statement, and the Group's going concern assumption
- Accounting principles, policies and internal controls and emerging business issues that could significantly affect financial results alongside disclosure controls and procedures
- Ethics and compliance programme, which includes operational and financial risk assessments within the broader enterprise risk management programme, business continuity management, anti-bribery and anti-corruption, and fraud prevention
- Whistleblowing policy and other arrangements for employees and contractors to raise concerns, in confidence
- External audit, including scope, output and effectiveness
- External auditor, including independence and objectivity, and appointment, reappointment and removal
- Internal audit, including scope, output and effectiveness
- Supporting the Board in relation to specific matters including annual and long-term business planning, dividend and capital structure, and capital expenditure

The Committee consisted of five independent Directors during the year and now consists of four independent Directors. It has significant experience and competence relevant to the sector in which the Group operates, fast moving consumer goods. In accordance with the NYSE Rules for FPIs, the Group follows UK practice in relation to corporate governance. However, FPIs are required to have an audit committee that satisfies the requirements of SEC Rule 10A-3. The Group's Audit Committee satisfies these independence requirements and the Board has determined that the Chairman of the Committee, Garry Watts, may be regarded as an audit committee financial expert as defined in Item 16A of Form 20-F.

Activities of the Audit Committee during the year

The Audit Committee has a process for planning its future meeting agendas and a schedule of topics to be considered. Table 1 sets out the matters considered by the Committee during 2018. More detail about some key matters is provided in the rest of the Audit Committee Report.

The Committee met seven times during the year.

I SEE DETAILS OF ATTENDANCE AT MEETINGS ON PAGE 60

Financial reporting, significant financial issues and material judgements

In 2018, the Group adopted two new significant accounting standards: IFRS 15, "Revenue from contracts with customers", and IFRS 9, "Financial Instruments". The Committee oversaw management's implementation of these standards and was comfortable with the Group's approach and processes.

IFRS 16, "Leases", which is effective from 1 January 2019, has a significant impact on the reported assets and liabilities of the Group, as well as the classification of cash flows relating to lease contracts. The Group's implementation of IFRS 16 was governed by a steering committee, which regularly reported its progress during the year to the Audit Committee.

I READ MORE ABOUT THE TRANSITION IMPACT OF IFRS 16 IN NOTE 23 TO THE FINANCIAL STATEMENTS ON PAGE 147

The Committee undertook a formal review and recommended for approval each of the Group's interim financial statements and associated earnings announcements. As part of each review, the Committee considered the significant accounting principles, policies and practices applied, their appropriateness, the financial reporting issues concerned and the significant judgements made. Details regarding the significant financial reporting matters and the related Committee considerations are set out later in this report.

The Committee also reviewed and considered the Group's alternative performance measures in each of the Group's earnings announcements. The Committee confirmed that each of the adjusting items complied with the Group's policy on alternative performance measures and did not take exception to any of the adjusting amounts. The Committee also reviewed to its satisfaction the adequacy of the Group's disclosures regarding the use of alternative performance measures, having regard to the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) in October 2015 as well as the SEC guidance with respect to non-GAAP measures.

The Committee spent time reviewing and assessing the processes undertaken by management to support the Group's Viability Statement and going concern statement, both for the half yearly report and the annual report. In particular, the Committee reviewed the results of management's scenario modelling and the stress testing of these models.

I SEE OUR VIABILITY STATEMENT ON PAGE 44

AUDIT COMMITTEE REPORT CONTINUED

Table 1
Matters considered by the Audit Committee during 2018^(A)

Meeting date	Key standing agenda items	Other topics
February 2018	- Accounting and reporting matters - External auditor report 2017 preliminary full year and Q4 results - Q1 interim dividend	- US tax reform - Spain VAT refund
March 2018	- Accounting and reporting matters - External auditor report - Internal auditor report 2017 Annual Report and Form 20-F including related significant judgements and estimates - Legal matters - Ethics and compliance matters - Business continuity management - Enterprise risk management - Capital review and approvals	- Spain VAT refund - Forthcoming changes to IFRS - Debt structure - Code of Conduct compliance - Enterprise risk management framework - IFRS 16, "Leases" - Sarbanes-Oxley Act (SOX) section 404 (s404) compliance
April 2018	2018 Q1 results - Q2 interim dividend	
May 2018	- Accounting and reporting matters - External auditor report - Internal auditor report - Legal matters - Ethics and compliance matters - Business continuity management - Enterprise risk management - Capital review and approvals	- Synergy audit and certification - General Data Protection Regulation (GDPR) - IT/cybersecurity update - Transition of transactional activities to the shared service centre from Iberia
July 2018	- Accounting and reporting matters - FPI status - External auditor report - Internal auditor report 2018 half year results - Q3 interim dividend - Legal matters - Ethics and compliance matters - Business continuity management - Enterprise risk management - Capital review and approvals	- Spain VAT refund - IFRS 16, "Leases" - SOX s404 compliance - Revolving credit facility - CO₂ supply issues - GDPR - Code of Conduct compliance - Competition law compliance - Anti-corruption compliance programme
October 2018	- Accounting and reporting matters - External auditor report - Internal auditor report 2018 Q3 results - Q4 interim dividend - Legal matters - Ethics and compliance matters - Business continuity management - Enterprise risk management - Capital review and approvals	- IFRS 16, "Leases" - Debt structure - Brexit - IT/cybersecurity update - Committee terms of reference
December 2018	- Accounting and reporting matters - External auditor report - Internal auditor report - Legal matters - Ethics and compliance matters - Business continuity management - Enterprise risk management - Capital review and approvals	- Treasury update - Tax update - Integrated report planning

(A) During February and March 2019, the Committee discussed a number of matters in respect of the year ended 31 December 2018. These included:

- Significant estimates and judgements regarding the Group's 2018 results, including a review of accounting policies, viability statement and going concern
- Reviewing the preliminary 2018 full year earnings announcement and Integrated Report
- Advising the Board, at its request, on whether the Integrated Report is fair, balanced and understandable
- Independent auditor's report in respect of the results
- Approval of this Audit Committee Report

In relation to this Integrated Report, Committee members undertook a review of a developed draft and suggested a number of enhancements that were then implemented to improve it so that the Committee could confirm to the Board that, in its assessment, the Integrated Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Throughout the period under review, the Committee considered the work of, and reports from, several management functions including finance, legal and IT, together with reports from the internal and external auditors on their findings.

The significant financial reporting matters in relation to financial statements that the Committee considered during 2018 are summarised in table 2. In summary, the Committee concluded, after discussion, that the judgements and estimates made on each of the issues it considered were appropriate and acceptable.

Table 2**Significant financial reporting matters in relation to financial statements considered by the Audit Committee during 2018**

Accounting area	Key financial impacts	Audit Committee considerations
Deductions from revenue and sales incentives	Total cost of customer marketing programmes in 2018: €3 billion Accrual at 31 December 2018: €753 million	The Group participates in various programmes and arrangements with customers designed to increase the sale of products. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed upon sales levels or for participating in specific marketing programmes. For customer incentives that must be earned, management must make estimates related to the contractual terms, customer performance and sales volume to determine the total amounts earned. Under IFRS 15, these types of variable consideration are deducted from revenue. There are significant estimates used at each reporting date to ensure the proper deduction from revenue has been recorded. Actual amounts ultimately paid may be different from estimates. At each reporting date, the Committee received information regarding the amount of customer marketing spend of the Group along with period end accruals. The Committee also discussed and challenged management on key judgements and estimates applied during the period and any relevant information on significant or abnormal movements in accrual balances, if applicable.
Tax accounting and reporting	2018 book tax expense: €296 million 2018 cash taxes: €263 million 2018 effective tax rate: 24.6% VAT receivable at 31 December 2018: €318 million	The Group evaluated a number of tax matters during the year, including legislative developments across tax jurisdictions, risks related to direct and indirect tax provisions in all jurisdictions, the impact of the US Tax Cuts and Jobs Act, the deferred tax inventory and potential transfer pricing exposure. Throughout the year, the Committee received information from management on the critical aspects of tax matters affecting the Group, considered the information received, and gained an understanding of the level of risk involved with each significant conclusion. Additionally, the Committee continued to receive updates on the Group's outstanding VAT receivable in Spain and the efforts undertaken to secure payment of the refund due. The Committee agreed with management's conclusion that, in light of the continued delay in the meeting of the Arbitration Committee, it is appropriate to reclassify €318 million of the receivable balance as non-current assets. The Committee also considered and provided input on the Group's disclosures regarding these and other tax matters. See further information in Note 21 to the financial statements on page 144
Asset impairment analysis	Franchise intangible assets with indefinite lives: €8.1 billion Goodwill: €2.5 billion	The Group performs an annual impairment test of goodwill and intangible assets with indefinite lives, or more frequently if impairment indicators are present. The testing is performed at a cash generating unit (CGU) level, which for the Group are based on geography and generally represent the individual territories in which the Group operates. The Group did not record any impairment charges as a result of the tests conducted in 2018. The Committee received information from management on the impairment analysis performed, focusing on the most critical assumptions such as the terminal growth rate and the discount rate. The Committee reviewed and challenged a sensitivity analysis provided by management to understand the impact of changes in key assumptions, primarily the discount rate. The Committee was satisfied with the assumptions utilised by the Group and also considered and reviewed the Group's disclosures about its impairment testing.
Restructuring accounting	Restructuring cost recorded in 2018: €274 million Restructuring provision at 31 December 2018: €223 million	During 2018 the Group commenced new transformation restructuring initiatives. The Committee has been regularly updated by management on the nature of such initiatives and key assumptions underpinning the related provision in the financial statements. The integration and synergy programme is nearing completion. The Committee continued to receive regular updates from management on the status, including cost incurred and synergy tracking. As in 2017, during 2018 the Committee received programme assurance from a third party audit regarding the validation of synergies captured. The Committee also reviewed the Group's restructuring provision balance as at 31 December 2018 and disclosures in the financial statements. The Committee was satisfied with the appropriateness of the restructuring accounting during the year.

AUDIT COMMITTEE REPORT CONTINUED

External audit

The Committee reviews and makes recommendations to the Board with regard to the reappointment of the external auditor. In doing so, the Committee takes into account external auditor independence and audit partner rotation. Ernst & Young LLP was appointed as the external auditor in 2016 and the lead audit partner is Karl Havers. The Committee confirms voluntary compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, as published by the UK Competition and Markets Authority.

During the year, in line with its normal practice, the Committee agreed the approach to and scope of the audit work to be undertaken by the external auditor. The Committee also reviewed and agreed the terms of engagement, and areas of responsibility and the work to be undertaken by the external auditor, and agreed the fees payable in respect of the 2018 audit work. In addition, the external auditor provided the Committee with a schedule of each matter on which there was an initial difference between them and management in relation to the accounting treatment, and the final decisions on these issues.

I SEE DETAILS OF THE AMOUNTS PAID TO THE EXTERNAL AUDITOR FOR THEIR AUDIT SERVICES IN NOTE 15 TO THE ACCOUNTS ON PAGE 134

The Committee also considered the external auditor's effectiveness. It reviewed the experience and expertise of the audit team, the fulfilment of the agreed audit plan and any variations to it, feedback from the Group's businesses and the contents of the external audit report. The Committee confirmed its satisfaction with the effectiveness of the external auditor.

The Committee has recommended to the Board that Ernst & Young LLP be proposed for reappointment by shareholders as the Group's external auditor at the 2019 AGM.

The independence of the external auditor is important to a successful audit. The Committee actively monitors this. In particular, the Group has a policy on the use of the external auditor for non-audit work and this is regularly reviewed. The external auditor is precluded from engaging in non-audit services that would compromise its independence or violate any laws or regulations affecting its appointment as external auditor. The approval of the Chairman of the Committee is required prior to awarding contracts for non-audit services to the external auditor in excess of specified amounts.

The Committee received a statement of independence from the auditor and a report describing their arrangements to identify, report and manage any conflicts of interest. It reviewed and approved the scope of non-audit services provided by the external auditor to ensure that there was no impairment of independence and objectivity, and subsequently monitored the non-audit work performed to ensure it was within policy guidelines. It also considered the extent of non-audit services provided to the Group. The Committee determined the external auditor was sufficiently independent.

Internal audit

The Committee approved and reviewed internal audit's audit plan for 2018 and agreed its budget and resource requirements. The internal audit function reports directly to the Audit Committee and consists of approximately 25 full time professional audit staff based in London, Berlin, Madrid and Sofia, covering a range of disciplines and business expertise.

The Committee received and discussed, at least quarterly, regular reports from the Chief Audit Executive summarising audit findings and recommendations and describing actions taken by management to address any shortfalls. It also reviewed progress on implementation of recommendations and met independently with the Chief Audit Executive during the year.

The internal audit function reviews the internal control systems across the organisation. As determined by a risk based approach to audit planning, areas of assurance focus during 2018 included: management of deductions from revenue, field sales, product quality management, implementation of new accounting standards, changes to data privacy standards (GDPR), procurement processes, security of information systems, as well as reviews of major capital and transformation projects. A significant proportion of the internal audit's resources was allocated to an extensive testing of the Group's internal control system in support of management's opinion over the design and operating effectiveness of internal controls over financial reporting as required under SOX s404.

At the end of 2018, internal audit participated in the Group's enterprise risk assessment and reviewed the three year strategic audit plan to ensure that it continues to address major strategic, operational, financial and compliance risks. The plan was presented to and approved by the Committee at its March 2019 meeting.

In 2019, the Committee will engage an independent third party to perform an effectiveness review of the internal audit function against the Institute of Internal Audit's Standards.

Internal control and risk management

The Committee is responsible for monitoring the effectiveness of the Group's internal controls, compliance with relevant sections of the UK Corporate Governance Code, and the requirements of SOX, specifically sections 302 and 404, as it applies to a US FPI listed on a US exchange. Robust internal controls and risk management are critical to our ability to deliver on our strategy.

During 2018, the Committee continued to monitor the progress of the Group's internal control framework harmonisation efforts and the remediation of any internal control deficiencies. It also considered the internal control implications of the Group's IT roadmap and continued integration and transition activities.

In 2018, management completed a controls optimisation project, designed to seek efficiencies within the existing control environment, and to ensure control processes continued to be effective in both design and operation. The Committee was regularly updated on the progress of this project and, on closing out the year, is satisfied that the improvements implemented continued to support a robust control environment.

The Group's internal control over financial reporting was deemed to be designed and operating effectively as at 31 December 2018.

1 FURTHER INFORMATION ABOUT THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES IS SET OUT ON **PAGES 40 TO 43**

Whistleblowing hotline

The Committee has oversight of the adequacy and security of the Group's whistleblowing policy and other arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, including breaches of our CoC. In each of our territories, we have established ways for employees to raise concerns. These include channels for employees to contact a line manager or HR representative, or to share information through our dedicated, independent and confidential Speak Up service. Retaliation against anyone for whistleblowing, including making a genuine report, or for cooperation in an investigation, is prohibited.

Investigations into potential breaches of our CoC are overseen in each business unit by the business unit's CoC Committee, chaired by the business unit's Vice President, Legal. All (potential) CoC breaches and corrective actions are overseen by the Group CoC Committee, which is a sub committee of the Group Compliance and Risk Committee and is chaired by the Chief Compliance Officer. The Group CoC Committee also:

- Ensures that all reported cases have been recorded, investigated and a conclusion reached
- Evaluates trends
- Ensures consistent application of the CoC across CCEP

As required under the Spanish Criminal Code, the Iberia business unit has an Ethics Committee formed of members of the Iberia business unit leadership team. It is responsible for any ethics and compliance activities, including overseeing the local crime prevention model. It reports to the Iberia business unit leadership team and the Chief Compliance Officer.

An overview of all reported incidents is provided to the Audit Committee.

1 SEE DETAILS OF COC REPORTS ON **PAGE 21**

Garry Watts

Chairman of the Audit Committee
14 March 2019

STATEMENT FROM THE REMUNERATION COMMITTEE CHAIRMAN



“Remuneration outcomes continue to reflect good underlying business performance within a framework aligned to the business strategy and reflecting good governance.”

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for CCEP (or the Group) for the year ended 31 December 2018. This includes a summary of our Remuneration Policy, which was approved by shareholders at our 2017 AGM and our Annual Report on Remuneration (ARR), which will be subject to an advisory vote at our 2019 AGM.

Context for executive remuneration at CCEP – New UK Corporate Governance Code

We take our reporting obligations to our shareholders and our duty to our employees very seriously. As outlined in my letter last year, we have paid close attention to the new UK Corporate Governance Code that was published in July 2018, and will apply to us from 1 January 2019, plus the annual guidance updates from the three main proxy advisory firms (The Investment Association, ISS and Glass Lewis).

Expanded remit

In line with the provisions of the 2018 UKCGC we have expanded the Committee's remit to cover reviewing workforce remuneration and related policies.

Our management is developing appropriate reporting mechanisms to enable the Committee to fulfill its responsibilities in this regard and workforce remuneration and policies will be taken into account when setting the remuneration for Executive Directors. The Committee will also have responsibility for ensuring these policies and processes support the culture, purpose, values and diversity initiatives across CCEP.

We intend to report on our activities in this area, in next year's Directors' Remuneration Report.

Introduction of LTI holding period

Long-Term Incentive (LTI) awards made to our CEO Damian Gammell in 2019 and future years will be subject to an additional two year holding period following the end of the three year performance period.

CCEP already has a strong focus on ensuring there is alignment between the CEO and the long-term interests of shareholders. The CEO is required to build up and hold shares equivalent to 300% of salary, which he must continue to hold for one year following cessation of employment. He currently holds shares equivalent to 283% of salary.

The introduction of an additional two year holding period in respect of all LTI awards made from 2019 will further enhance this alignment and ensure CCEP is compliant with the provision as set out in the 2018 UKCGC.

Context for executive remuneration at CCEP – business performance

The Remuneration Policy is designed to be simple, transparent and incentivise the delivery of the business strategy in a manner that aligns the interests of management and shareholders. This alignment is reflected through the significant focus on variable remuneration, which sets stretching performance targets against our key financial performance indicators.

SEE OUR PERFORMANCE INDICATORS ON PAGE 1

Performance during 2018 has been strong, with above target performance being achieved in respect of all our key financial measures. This has resulted from the delivery of our Merger commitments and our ongoing focus on driving profitable revenue growth through strong price and mix realisation as well as solid in market execution. Payments in respect of our incentive arrangements are reflective of this underlying business performance.

Remuneration outcomes for 2018

Annual bonus

Similarly to last year, the Committee used its discretion to adjust the formulaic outcome of the bonus calculation. This discretion was applied to ensure that the bonus payment was a true reflection of underlying business performance and in particular, not artificially inflated as a result of the underspend in respect of restructuring costs that occurred during the year.

Overall, the adjustments have resulted in a reduction in the overall bonus for Damian Gammell from 71% of maximum to 63% of maximum or 256% of salary to 227% of salary. See further details on page 81.

Long-term incentives

Damian Gammell had no long-term incentive awards vesting in the year that were subject to performance conditions for the year ending 31 December 2018. However, the final tranches of Restricted Stock Units (RSUs) and share option awards that were made prior to the Merger, in November 2015, did vest during the year. See full details on page 83.

Implementation of Remuneration Policy in 2019

Our strategic priorities remain unchanged as we continue to focus on delivering growth aligned with our three year plan. The current remuneration framework continues to support this strategy and therefore the Remuneration Policy will be operated in 2019 on a very similar basis as it was during 2018.

Remuneration element	2019 Implementation	Key terms
Base salary ■ See page 85	2.6% increase	Aligned with UK wider workforce increase
Pension ■ See page 85	£30,000 (2.6% of salary)	Payment in lieu of pension – aligned with policy for all other UK employees
Annual bonus ■ See page 85 for further details including definitions of financial metrics	Target opportunity of 150% of salary	Subject to financial and individual performance calculated on a multiplicative basis Financial measures of operating profit, revenue and operating free cash flow aligned with key financial indicators
LTI ■ See page 86	Target award of 250% of salary	Subject to Earnings Per Share (EPS) and Return on Invested Capital (ROIC) performance each with an equal weighting Additional two year holding period to apply following three year performance period

Looking ahead

2019 ARR

The Committee continues to focus on ensuring that the ARR remains compliant with all legislative requirements as they come into force and is aligned with evolving good governance, while remaining meaningful and motivational for our employees.

On this basis, the 2019 ARR will include further details of how the provisions of the 2018 UKCGC have been implemented as well as disclosure of the CEO pay ratio for 2019.

Remuneration Policy review

We are entering the third year of our first Remuneration Policy, which was approved by shareholders in 2017 following the Merger. We intend to review this policy fully during 2019 to ensure that it:

- Remains focused on delivering our business strategy
- Continues to be aligned with the latest Corporate Governance guidelines, legislative requirements and best practice
- Is considered in the context of the remuneration of the wider workforce
- Maintains the principles of simplicity, transparency and alignment of interests between management and shareholders

We will ask shareholders to approve this revised Remuneration Policy at our AGM in 2020.

I hope we continue to receive your support in respect of our ARR at our forthcoming AGM and look forward to engaging with you during 2019 as we review our Remuneration Policy.

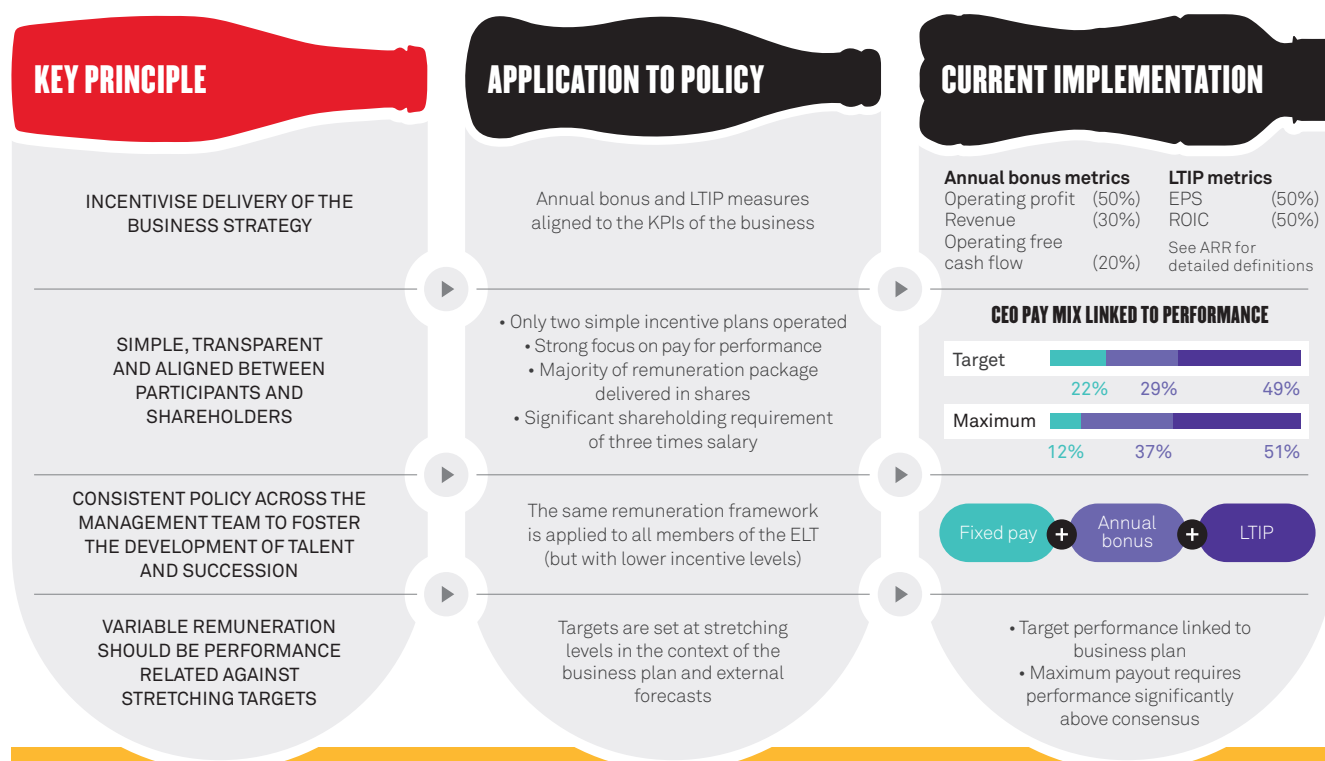
Christine Cross

Chairman of the Remuneration Committee
14 March 2019

OVERVIEW OF THE REMUNERATION POLICY

OVERVIEW OF THE REMUNERATION POLICY

OUR REMUNERATION POLICY WAS APPROVED BY OVER 90% OF OUR SHAREHOLDERS AND IS BASED ON THE FOLLOWING PRINCIPLES



SUMMARY OF REMUNERATION POLICY TABLE

Fixed pay	Annual bonus	LTIP
KEY FEATURES Base salary: Annual increases will normally take into account business performance and increases awarded to the general workforce. Benefits: A range of benefits may be provided in line with market practice. Pension: - Can participate in the UK pension plan or receive a cash allowance on the same basis as all other employees - Maximum employer contribution is £30k	KEY FEATURES - Target bonus opportunity is 150% of salary - Bonus calculated by multiplying the target bonus by a Business Performance Factor (0-200%) and an Individual Performance Factor (0-120%). - Business and Individual performance targets are set in the context of the strategic plan. - Malus and clawback provisions may apply to awards	KEY FEATURES - Based on performance measures aligned to the strategic plan and measured over at least three financial years - Target LTIP award is 250% of salary (500% of salary maximum) - Malus and clawback provisions may apply to awards
LINK TO STRATEGY Supports recruitment and retention of Executive Directors of the calibre required for the long-term success of the business	LINK TO STRATEGY - Incentivises delivery of the business plan on an annual basis - Rewards performance against key indicators which are critical to the delivery of the strategy	LINK TO STRATEGY - Focused on delivery of Group performance over the long term - Delivered in shares to provide alignment with shareholders' interests

A full copy of the Remuneration Policy can be found in the 2016 Annual Report which is in the Financial Reports section within the Investor section of our website at <http://ir.ccep.com>

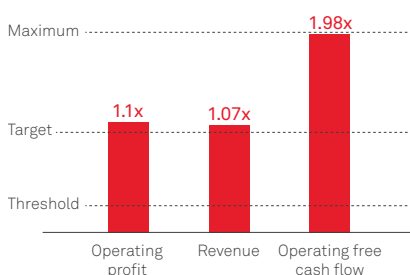
REMUNERATION AT A GLANCE

OVERVIEW OF 2018 REMUNERATION PERFORMANCE

CCEP SHARE PRICE US\$

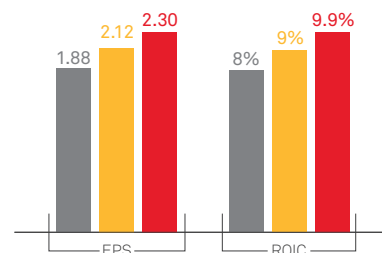


PERFORMANCE VS ANNUAL KPIs BONUS PAYOUT = 63% OF MAXIMUM (Including IPF of 1.2x)

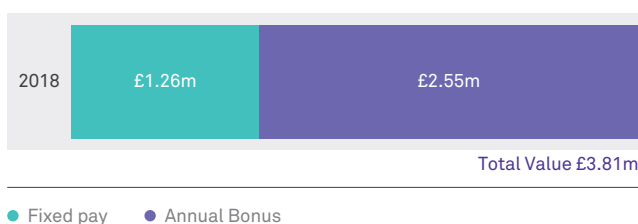


See ARR for detailed definitions

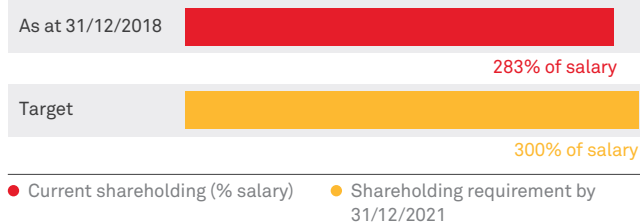
PERFORMANCE VS LONG-TERM KPIs ● 2016 ● 2017 ● 2018



2018 CEO SINGLE FIGURE

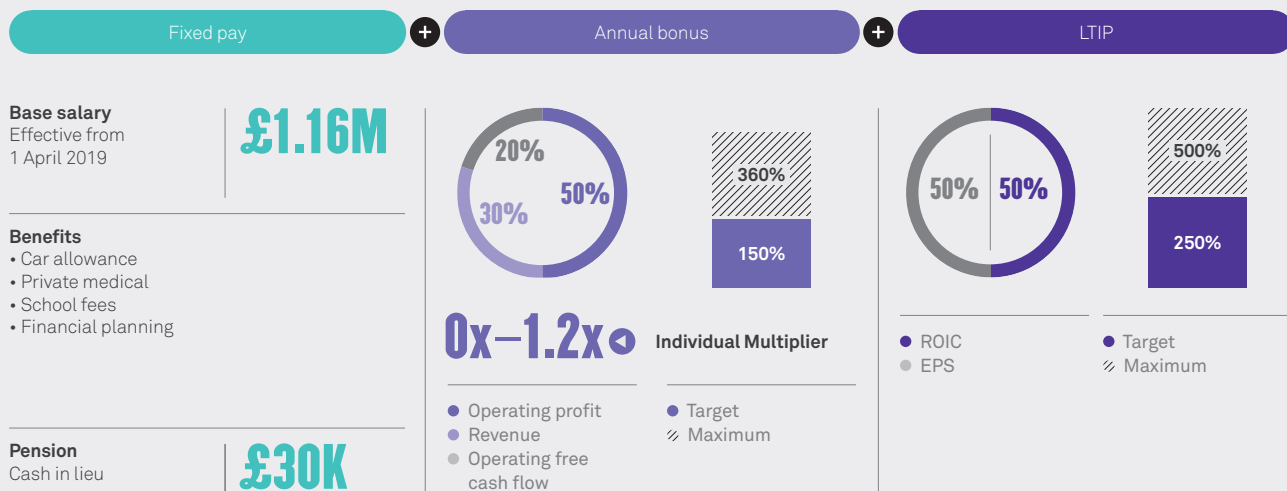


CEO SHAREHOLDING



i READ MORE IN THE ANNUAL REPORT ON REMUNERATION FROM PAGE 80

OVERVIEW OF 2019 CEO REMUNERATION FRAMEWORK



i READ MORE IN THE ANNUAL REPORT ON REMUNERATION FROM PAGE 85

ANNUAL REPORT ON REMUNERATION

Remuneration outcomes for 2018

The following pages set out details of the remuneration received by Directors for the financial year ending 31 December 2018. Prior year figures have also been shown. Audited sections of the report have been identified.

Single figure table for Executive Directors (audited)

Individual	Year	Salary (£000)	Taxable benefits (£000)	Annual bonus (£000)	Long-term incentives (£000)	Pension (£000)	Total remuneration (£000)
Damian Gammell	2018	1,121	121	2,546	0	26	3,814
	2017	1,100	185	2,405	0	26	3,716

Notes to the single figure table for Executive Directors (audited)

Base salary

Damian Gammell received a base salary increase of 2.6% from £1,100,000 to £1,128,600 effective from 1 April 2018. This increase was in line with the average increase provided to the wider UK workforce.

Taxable benefits

During the year, Damian Gammell received the following main benefits: car allowance (£14,000), financial planning allowance (£10,000), schooling allowance (£75,000) and family private medical coverage (£8,000).

Pension

The pension provisions that apply to Damian Gammell are aligned to all other UK employees. Damian Gammell elected to receive a cash allowance in lieu of participation in the pension scheme. This equates to a payment of £30,000 from CCEP inclusive of employer National Insurance costs (i.e. the actual benefit received by Damian is less than £30,000 per year).

Annual bonus

Overview of CCEP's annual bonus design

The 2018 CCEP annual bonus plan was designed to incentivise the delivery of the business strategy and comprised the following elements:

Business Performance Factor (BPF) – provides alignment with our core objectives to deliver strong financial performance against our main financial performance indicators of:

- Operating profit (50%)
- Revenue (30%)
- Operating free cash flow (20%)

Individual Performance Factor (IPF) – individual objectives were also set for Damian Gammell focused on our five strategic imperatives. The five objectives were as follows:

- Driving top line revenue growth
- Improving the customer experience
- Strategic cost management
- Building stakeholder equity
- Leading the development of CCEP's culture, talent and diversity

In line with the Remuneration Policy, Damian Gammell had a target bonus opportunity of 150% of salary. Actual payments could range from zero to a maximum of 360% of salary depending on the extent to which both business and individual performance measures were achieved.



2018 annual bonus outcome – BPF

Performance in 2018 has been strong with above target performance being achieved in respect of all three financial measures:

Measures	Weighting	Performance targets ^(A)			Performance outcome	
		Threshold (0.25x multiplier)	Target (1.0x multiplier)	Maximum (2.0x multiplier)	Actual outcome ^(B)	Multiplier achieved
Operating profit ^(C)	50%	€1,097m	€1,273m	€1,426m	€1,284m	1.10x
Revenue ^(D)	30%	€11,154m	€11,652m	€12,051m	€11,693m	1.07x
Operating free cash flow ^(E)	20%	€1,186m	€1,361m	€1,514m	€1,510m	1.98x
Total	100%					1.26x

(A) All targets set on a constant currency basis at budgeted foreign exchange rates. Operating profit is defined as comparable operating profit including restructuring expenses. Refer to page 85 for definition of revenue and operating free cash flow targets.

(B) Actual outcome is provided only to assess performance against performance targets for the purpose of calculating the Business Performance Factor (BPF) relating to the annual bonus.

(C) Comparable operating profit (refer to page 29) adjusted for budgeted restructuring and other items (see below), at 2018 budgeted foreign exchange rates.

(D) For the purposes of the annual bonus, revenue is as defined on page 29, at 2018 budgeted foreign exchange rates.

(E) For the purposes of the annual bonus, this measure is defined as comparable operating profit as set out on page 29, including depreciation and amortisation and adjusting for capital expenditures and proceeds from sale of property, plant and equipment, budgeted restructuring cash expenditures (see below) and changes in operating working capital, at 2018 budgeted foreign exchange rates.

The Committee once again determined that in calculating the bonus outcome, all restructuring expenses in respect of the operating profit measure and all cash restructuring costs in respect of the operating free cash flow measure should be held at budgeted amounts. This applied the same principle that was used in respect of the 2017 annual bonus, to ensure that management does not benefit from any underspend in restructuring costs during 2018 that arose purely as a result of a change in assumptions. The Remuneration Committee also neutralised other minor variances in respect of exceptional items which were considered to be outside of management's control or where there had been significant changes to original budget assumptions. These variances related to the acceleration of capital expenditure from 2018 to 2019, the recovery of VAT payments and increases in inventory levels.

The Committee exercised its discretion such that the overall impact of these adjustments resulted in a reduction to the formulaic bonus payout, with a decrease in the Business Performance Factor from 1.42x to 1.26x.

2018 annual bonus outcome – IPF

To determine an appropriate IPF, the Chairman of the Board assesses Damian Gammell's performance against the individual performance objectives that were set at the start of the year based on our five strategic imperatives. The outcome is then discussed with and recommended by the Committee for final approval by the Board.

Overall, the Committee determined that Damian led the business exceptionally well during 2018, delivering both strong in year business results and laying further foundations for future growth in accordance with the Company's long-term strategic objectives. This performance was also delivered in a challenging external environment which included the sugar tax in the UK as well as the CO₂ shortage across Europe. Given this strong performance the Committee awarded an IPF of 1.2x.

Further details of some of the specific objectives achieved are included in the table below:

Objective	Achievements
Drive top line revenue growth	- Total revenue growth above target levels - Continued diversification and portfolio expansion across CCEP (e.g. successful launch of Fuze Tea) - Implemented number of projects to support future growth ambitions
Improve the customer experience	- Obtained Board approval for a new CCEP sales force strategy - Continued to build world class key account and wholesaler capabilities
Strategic cost management	- Delivered target level of synergies of €120m - Implemented digital transformation programme across the business - Created new long-term ways of working with TCCC
Building stakeholder equity	- Has taken a lead role in finding solutions to single use plastics - Significant engagement and collaboration with TCCC to align strategic objectives - Objectives met in respect of wider stakeholder engagement including investors and regulators
Leading the development of CCEP's culture, talent and diversity	- Lost time incident rate reduced from 1.23 to 1.14 - Strong employee engagement score - On track to meet targeted improvements in respect of diversity - Excellent progress on sustainability commitments through This is Forward

2018 annual bonus outcome – Calculation

Based on the level of performance achieved as set out above, this resulted in a bonus payment to Damian Gammell of £2.546 million:



ANNUAL REPORT ON REMUNERATION CONTINUED

Long-term incentives

Awards vesting for performance in respect of 2018

Damian Gammell had no long-term incentive awards vesting in the year that were subject to performance conditions for the period ending 31 December 2018. Full details of all outstanding awards are on page 83.

Awards granted in 2018

A conditional award was made under the CCEP Long-Term Incentive Plan to Damian Gammell on 12 March 2018, with a target value of 250% of salary. Further details are set out below:

Individual	Date of award	Maximum number of shares under award	Closing share price at date of award	Face value	Performance period	Normal vesting date
Damian Gammell	12/03/2018	178,000	\$41.78	\$7,436,840	1 Jan 2018 - 31 Dec 2020	12/03/2021

The vesting of awards is subject to the achievement of the following performance targets:

Measure	Definition	Weighting	Vesting level ^(C)		
			25%	50%	100%
EPS ^(A)	Compound annual growth over the three year period 2018–2020	50%	4.0% p.a.	7.5% p.a.	11.0% p.a.
ROIC ^(B)	ROIC achieved in the final year of the performance period (2020)	50%	9.5%	11.0%	12.5%

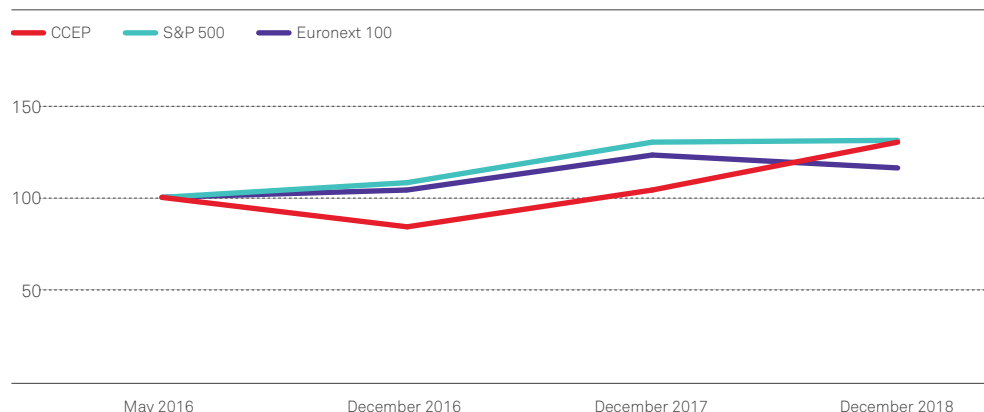
(A) Comparable and on a tax, currency and share buyback neutral basis.

(B) ROIC calculated as comparable operating profit after tax, on a tax and currency neutral basis, divided by the average of opening and closing invested capital for the year. Invested capital is calculated as the addition of borrowings and equity less cash and cash equivalents. For the purpose of these awards, invested capital excludes the effect of the Group's adoption of IFRS 16 on 1 January 2019.

(C) Straight line vesting between each vesting level (shown).

Historical TSR performance and Chief Executive remuneration outcomes

The chart below compares the Total Shareholder Return (TSR) performance of CCEP from Admission up until 31 December 2018 with the TSR of both the Euronext 100 and the S&P 500. These indices have been chosen as recognised equity market indices of companies of a similar size, complexity and global reach as CCEP.



The following table summarises the historical CEO's single figure of total remuneration and annual bonus payout as a percentage of the maximum opportunity over this period:

	2016 ^(A) John Brock	2016 ^(A) Damian Gammell	2017 Damian Gammell	2018 Damian Gammell
CEO single figure of remuneration ('000)	\$3,890	£27	£3,716	£3,814
Annual bonus payout (as a % of maximum opportunity)	31.23%	40.6%	60.7%	63.1%
LTI vesting (as a % of maximum opportunity)	N/A	N/A	N/A	N/A

(A) The figures for 2016 are in respect of the period for which each individual served as CEO during the year. John Brock served as CEO from 29 May to 28 December 2016. Damian Gammell served as CEO from 29 December to 31 December 2016.

Percentage change in CEO remuneration

The table below shows the percentage change in CEO remuneration from 2017 to 2018 compared to the average percentage change in remuneration for all UK employees. The UK population was considered to be the most appropriate as it most closely reflects the reward environment of the CEO.

	CEO	Other employees
Base salary	2.6%	2.6%
Taxable benefits	(34.6%)	1.7%
Annual bonus	5.9%	9.9%

Relative importance of spend on pay

The table below shows a summary of distributions to shareholders by way of dividends and share buyback as well as total employee expenditure for 2017 and 2018, along with the percentage change of each.

	2018	2017	% change
Total employee expenditure	€1,768m	€1,719m	2.9%
Dividends	€513m	€489m	4.9%
Share buybacks	€502m	N/A	N/A

Payments to past Directors (audited)

As disclosed fully in the 2016 ARR, payments were made to John Brock subsequent to his retirement following the Merger. These payments were in accordance with the rights and obligations set out in his employment agreement, the last of which was paid in May 2018.

Payments for loss of office (audited)

There were no payments for loss of office during the year.

Statement of Directors' share ownership and share interests (audited)

Interests of the CEO

As stated above, the CEO is required to hold 300% of his base salary in shares. The guideline is expected to be met within five years of appointment. Until the guideline is met, 50% of any vested shares from incentive awards (post-tax) must be retained. The guideline continues to apply for one year following termination of employment.

Share ownership requirements and the number of shares held by Damian Gammell are set out in the table below.

	Interests in shares at 31 December 2018	Interests in share incentive schemes subject to performance conditions at 31 December 2018 ^{(A)(B)}	Interests in share incentive schemes not subject to performance conditions at 31 December 2018 ^{(A)(C)}	Interests in share option schemes ^{(A)(B)}	Share ownership requirement as a % of salary	Share ownership as a % of salary achieved at 31 December 2018 ^(D)
Damian Gammell	90,345	445,400	60,300	324,643	300%	283%

(A) For further details of these interests, please refer to the outstanding awards table below.

(B) Do not count towards achievement of the share ownership guideline.

(C) Count towards achievement of the share ownership guideline on an assumed net of tax basis.

(D) Our share ownership policy stipulates that the Committee will translate the percentage of base salary requirement (300%) into a number of shares, using base salary (£1.1m), average of the high and low share price on the NYSE (\$31.97), and the currency exchange rate (GBP/USD exchange rate of 1:1.25604) on 1 December 2016. This results in a share ownership requirement for Damian Gammell of 129,651 shares.

Details of the CEO's outstanding share awards are set out in the table below.

Director and grant date	Form of award	Exercise price	Number of shares subject to awards at 31 December 2017	Granted during the year	Vested during the year	Exercised during the year	Lapsed during the year	Number of shares subject to awards at 31 December 2018	End of performance period	Vesting date	Exercise period end
Damian Gammell											
02.11.15	RSU ^(A)	N/A	39,000	—	39,000	N/A	—	—	N/A	12.10.18	N/A
05.11.15	PSU ^(B)	N/A	60,300	—	—	N/A	—	60,300	31.12.16	30.04.19	N/A
05.11.15	Options ^(C)	\$39.00	108,215	—	108,215	—	—	—	—	05.11.18	05.11.25
27.03.17	PSU ^(D)	N/A	267,400	—	—	N/A	—	267,400	31.12.19	28.03.20	N/A
12.03.18	PSU ^(D)	N/A	—	178,000	—	N/A	—	178,000	31.12.20	12.03.21	N/A

(A) Restricted Stock Unit (RSU) award vests in three tranches. First tranche (19,500) vested on 12 October 2016. Second tranche (19,500) vested on 12 October 2017. Final tranche (39,000) vested on 12 October 2018.

(B) Performance Share Unit (PSU) – the performance condition was satisfied at target on 31 December 2016. Award will vest on 30 April 2019.

(C) Options vest in three equal tranches. First tranche (108,214) vested on 5 November 2016. Second tranche (108,214) vested on 5 November 2017. Final tranche (108,215) vested on 5 November 2018. All options remain unexercised.

(D) Performance Share Unit. The number of shares shown is the maximum number of shares that may vest if the performance targets are met in full.

ANNUAL REPORT ON REMUNERATION CONTINUED

Interests of other Directors

The table below gives details of the share interests of each NED either through direct ownership or connected persons.

	Interests in shares at 31 December 2018
Sol Daurella ^(A)	32,354,039
Jan Bennink	27,200
José Ignacio Comenge Sánchez-Real ^(A)	7,740,332
Francisco Crespo Benítez ^(C)	—
Christine Cross	—
J. Alexander M. Douglas, Jr ^(B)	—
Javier Ferrán	—
Irial Finan	—
Álvaro Gómez-Trénor Aguilar ^(C)	3,102,926
L. Phillip Humann	51,717
Orrin H. Ingram II	10,000
Thomas H. Johnson	10,000
Alfonso Líbano Daurella ^(A)	6,495,125
Véronique Morali	—
Mario Rotllant Solá	—
Francisco Ruiz de la Torre Esporrín ^(B)	—
Garry Watts	10,000
Curtis R. Welling	10,000

(A) Shares held indirectly through Olive Partners. The numbers of shares increased slightly during the year as a result of a reduction in Olive Partners' share capital.

(B) Resigned from the Board on 7 March 2018.

(C) Appointed to the Board on 7 March 2018.

Dilution levels

The terms of the Company's share plans set limits on the number of newly issued shares that may be issued to satisfy awards. In accordance with guidance from the Investment Association, these limits restrict overall dilution under all plans to under 10% of the Company's issued share capital over a 10 year period in relation to the Company's issued share capital, with a further limitation of 5% in any 10 year period on discretionary plans.

Single figure table for NEDs (audited)

The following table sets out the total fees and taxable benefits received by the Chairman and NEDs for the year ended 31 December 2018. Prior year figures are also shown.

Individual	2018 (£'000)				2017 (£'000)			
	Base fee	Chairman/ Committee fees	Taxable benefits ^(A)	Total fees	Base fee	Chairman/ Committee fees	Taxable benefits ^(A)	Total fees
Sol Daurella	550	25	—	575	550	25	6	581
Jan Bennink	80	45	7	132	80	45	6	131
José Ignacio Comenge Sánchez-Real	80	15	7	102	80	15	6	101
Francisco Crespo Benítez ^(C)	66	8	7	81	N/A	N/A	N/A	N/A
Christine Cross	80	50	8	138	80	50	5	135
J. Alexander M. Douglas, Jr ^(B)	15	2	—	17	80	10	7	97
Javier Ferrán	80	30	1	111	80	30	6	116
Irial Finan	80	25	7	112	80	25	6	111
Álvaro Gómez-Trénor Aguilar ^(C)	66	—	6	72	N/A	N/A	N/A	N/A
L. Phillip Humann	80	20	11	111	80	20	11	111
Orrin H. Ingram II	80	25	8	113	80	25	8	113
Thomas H. Johnson	110	25	11	146	110	25	14	149
Alfonso Líbano Daurella	80	20	1	101	80	20	6	106
Véronique Morali	80	25	3	108	80	25	9	114
Mario Rotllant Solá	80	15	6	101	80	15	6	101
Francisco Ruiz de la Torre Esporrín ^(B)	15	—	—	15	80	—	6	86
Garry Watts	80	50	1	131	80	50	4	134
Curtis R. Welling	80	25	6	111	80	25	8	113

(A) Taxable benefits mainly relate to travel and accommodation costs in respect of attendance at Board meetings with fx rates used as at the date of the transaction.

(B) Resigned from the Board on 7 March 2018.

(C) Appointed to the Board on 7 March 2018.

Implementation of Remuneration Policy for 2019

Base salary

Damian Gammell will receive a 2.6% salary increase with effect from 1 April 2019. This reflects strong performance during the year and is in line with the average increase provided to the wider UK workforce and more generally across the business.

Individual	2018 salary	2019 salary (effective from 1 April)	% increase
Damian Gammell	£1,128,600	£1,157,944	2.6%

Taxable benefits

No significant changes to the provision of benefits are proposed for 2019. The main benefits for Damian Gammell will continue to include allowances in respect of: a car, financial planning, schooling and private healthcare.

Pension

No changes are proposed in respect of the pension provision for Damian Gammell. He will continue to receive a cash allowance of £30,000 (inclusive of employer National Insurance contributions) in lieu of participation in the pension scheme.

Annual bonus

No changes have been made to the structure of the annual bonus plan for 2019 and the opportunity for Damian Gammell will remain unchanged at 150% of salary for target performance and 360% for maximum performance.

Performance will continue to be assessed against financial and individual performance measures on a multiplicative basis as set out on page 80. The financial measures and relative weightings will also remain unchanged. However, the operating profit measure will no longer include restructuring expenses as we are now coming to the end of our synergy programme following the Merger.

Measure	Definition	Weighting
Operating profit	Comparable operating profit on a currency neutral basis	50%
Revenue	Revenue on a currency neutral basis	30%
Operating free cash flow	Comparable operating profit before depreciation and amortisation and adjusting for capital expenditures, proceeds from sale of property, plant and equipment, restructuring cash expenditures and changes in operating working capital, on a currency neutral basis	20%

In determining the IPF for Damian Gammell for 2019 he will be assessed against a number of areas of focus which are aligned to the key longer-term strategic objectives of the business, which include:

Strategic Intent	Areas of focus include:
Increase and diversify the revenue and profit pools for CCEP	- Value share in sparkling - Away from home revenues - NPD revenues
Deliver great service internally and externally for our employees and customers	Customer satisfaction/service levels
Improve the competitiveness of CCEP	Implementation of competitiveness plan to deliver targeted value of productivity
Enhance and protect CCEP and its industry licence to operate with our stakeholders	- Franchise alignment - Further development of This is Forward - Investor relations
Improve the engagement, diversity and capability of our workforce	- Health and safety, including further improvement of lost time accident rate - Achieve targeted levels in respect of diversity and inclusion - Engagement action plan

The actual financial targets are not disclosed prospectively as they are deemed commercially sensitive. We intend to disclose them in next year's ARR. A description of individual performance including specific quantitative measures (where appropriate) will also be disclosed in next year's ARR.

ANNUAL REPORT ON REMUNERATION CONTINUED

Long-term incentive

Damian Gammell's long-term incentive opportunity for 2019 will be aligned with the limits set out in the Remuneration Policy. He will be made a target award of 250% of salary and may receive up to 2x this target award if the maximum performance targets are achieved.

Performance will be assessed against the following EPS and ROIC targets over a three year period, each with an equal weighting. Targets have been set at stretching levels taking into account both our long-term plan and external forecasts. EPS targets for 2019 awards include the impact of share buybacks to provide greater alignment with external expectations. The targets have been set based on current assumptions in respect of share buybacks over the performance period. The final performance targets will be adjusted to reflect the actual value of share buybacks made during the performance period to neutralise any variances and will be fully disclosed at the time of vesting.

Following the end of the performance period, awards will be subject to an additional two year holding period.

Measure	Definition	Weighting	Vesting level ^(C)		
			25%	100%	200%
EPS ^(A)	Compound annual growth over the three year period to FY 2021	50%	5.7%	11.0%	15.5%
ROIC ^(B)	ROIC achieved in the final year of the performance period (FY 2021)	50%	10.9%	12.4%	13.9%

(A) Comparable and on a tax and currency neutral basis.

(B) ROIC calculated as comparable operating profit after tax, on a tax and currency neutral basis, divided by the average of opening and closing invested capital for the year. Invested capital is calculated as the total of borrowings and equity less cash and cash equivalents. For the purpose of these awards, invested capital excludes the effect of the Group's adoption of IFRS 16 on 1 January 2019.

(C) Straight line vesting between each vesting level.

Chairman and NED fees

NED fees were set prior to the Merger and are subject to a review every three years. In accordance with this timeline, the NED and Chairman fees have been reviewed and will increase by approximately 2.6%. This increase will be effective from 1 April 2019.

Role		Current fees	Fees effective 1 April 2019
Chairman		£550,000	£564,250
NED basic fee		£80,000	£82,000
Additional fee for Senior Independent Director		£30,000	£30,750
Additional fee for Committee Chairman:	Audit, Remuneration and Affiliated Transaction Committees	£35,000	£36,000
	Nomination and CSR Committees	£20,000	£20,500
Additional fee for Committee Membership:	Audit, Remuneration and Affiliated Transaction Committees	£15,000	£15,500
	Nomination and CSR Committees	£10,000	£10,250

The Remuneration Committee

The entire Board determines the terms of the compensation of the CEO and fees for the NEDs and Chairman on the Committee's recommendation. The Committee is also responsible for approving the Remuneration Policy and setting the remuneration for each member of the ELT reporting to the CEO. The Committee's terms of reference were reviewed during 2018 in the context of the 2018 UKCGC and approved by the Board on 24 October 2018. They can be found in the corporate governance section within the Investors section of our website at ir.ccep.com.

Remuneration Committee members and attendance

In line with the Shareholders' Agreement, the Committee has five members. They are three independent NEDs, one Director nominated by Olive Partners and one Director nominated by European Refreshments (an indirect subsidiary of TCCC). The Committee met five times during the year, with attendance as set out in the table on page 60 of the Corporate Governance Report.

Remuneration Committee key activities

The table below gives an overview of the key agenda items discussed at each meeting of the Committee during 2018:

Meeting date	Key agenda items
February 2018	• Determine performance outcomes for the 2017 annual bonus • ELT individual objectives for 2018 annual bonus
March 2018	• Annual base salary review for the ELT • Agree target award levels for 2018 Annual Bonus and LTIP awards • Determination of financial performance targets for the 2018 annual bonus and LTIP awards • Agree final performance outcome for legacy German Cash LTIP • Review of Remuneration Policy and ARR • Progress report on ELT shareholding requirements • Consideration of LTI holding period
May 2018	• Annual pension review • Gender and equal pay review • Review of ELT service contracts • AGM voting update
October 2018	• ELT benchmarking review • Performance update for 2018 annual bonus and 2017 LTIP • AGM season review and UK corporate governance reforms update • Update on proposed remuneration arrangements across the wider workforce • Updates to LTI award documentation • Review of terms of reference to align with the 2018 UKCGC
December 2018	• Review of first draft of the ARR • Performance update for 2018 annual bonus and 2017 LTIP • Base pay design for 2019 • Annual bonus and LTIP design for 2019 • All employee remuneration arrangements

Support for the Remuneration Committee

During the year, Deloitte LLP (Deloitte) provided the Committee with external advice on executive remuneration. Deloitte is a member of the Remuneration Consultants Group and has voluntarily signed up to the Remuneration Consultants' Code of Conduct relating to executive remuneration consulting in the UK. The Committee is satisfied that the engagement partner and team that provides advice to the Committee do not have connections with CCEP that may impair their independence. During 2018, the wider Deloitte firm also provided CCEP with unrelated tax and consultancy services, including employment tax and financial advisory services.

Total fees received by Deloitte in relation to the remuneration advice provided to the Committee during the year amounted to £54,350 based on the required time commitment.

The Chairman, the CEO, the CFO, and the Chief Human Resources Officer attended meetings by invitation of the Committee in order to provide it with additional context or information, except where their own remuneration was discussed.

Summary of voting outcomes

The table below shows how shareholders voted in respect of the ARR at the AGM held on 31 May 2018 and the Remuneration Policy at the AGM held on 22 June 2017:

Resolution	Votes For (%)	Votes Against (%)	Number of votes Withheld
Approval of the ARR	99.91%	0.09%	130,634
Approval of the Remuneration Policy	90.27%	9.37%	152,723

This Directors' Remuneration Report is approved by the Board and signed on its behalf by

Christine Cross

Chairman of the Remuneration Committee

14 March 2019

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of the Group and of the Company for the year ended 31 December 2018.

This Directors' Report was prepared in accordance with the applicable information disclosure requirements of the following:

- Companies Act 2006 (Companies Act)
- Listing Rules (LRs) and Disclosure Guidance and Transparency Rules (DTRs)
- Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, as published by the UK Competition and Markets Authority (with which the Company complies voluntarily)
- US SEC for FPIs

As permitted by legislation, some of the information and disclosures required under the Companies Act, LRs and DTRs are included elsewhere in this Integrated Report and are incorporated into this Directors' Report by reference, as set out in table 1 on page 89.

This Directors' Report, together with the Strategic Report on pages 1 to 45, represent the management report for the purpose of compliance with DTR 4.1.8R.

Directors

READ MORE ABOUT OUR DIRECTORS ON PAGES 50 TO 54

READ MORE ABOUT DIRECTORS' REMUNERATION AND CONTRACTUAL ARRANGEMENTS IN THE DIRECTORS' REMUNERATION REPORT ON PAGES 76 TO 87 AND THE DIRECTORS AND SENIOR MANAGEMENT SECTION OF OTHER GROUP INFORMATION ON PAGE 169

Appointment and replacement of Directors

The Articles set out certain rules covering how Directors can be appointed and replaced. These are as follows:

- A Director may be appointed by either an ordinary resolution of shareholders or the Board
- Olive Partners and European Refreshments, a subsidiary of TCCC, both have the right to nominate a specified number of Directors to the Board, if their respective equity proportions are above a certain percentage of the Company's issued shares
- The majority of Directors must be independent
- The Nomination Committee must nominate, and the Board must approve, the replacement of INEDs
- Directors (other than the initial Chairman, CEO and INEDs) must retire at each AGM, and may, if eligible, offer themselves for re-election

Two changes to the Board occurred during the year. With effect from 7 March 2018:

- Alvaro Gómez-Trenár Aguilar was appointed as an Olive Partners' nominated Director, in place of Francisco Ruiz de la Torre Esporrín, who stepped down from the Board
- Francisco Crespo Benítez was appointed as TCCC's nominated Director, in place of J. Alexander M. Douglas, Jr, who stepped down from the Board

In addition, Véronique Morali stepped down at the end of 2018 and was succeeded from the start of 2019 by Nathalie Gaveau.

READ MORE ABOUT THE APPOINTMENT AND REPLACEMENT OF DIRECTORS IN THE CORPORATE GOVERNANCE REPORT ON PAGES 57 AND 63 AND THE ARTICLES OF ASSOCIATION SECTION OF OTHER GROUP INFORMATION ON PAGE 176

Powers of Directors

The Directors may exercise all powers of the Company, subject to the applicable legislation and regulation and the Articles.

READ MORE ABOUT THE ROLES AND RESPONSIBILITIES OF THE BOARD AND THE MAIN COMMITTEES OF THE BOARD IN THE FOLLOWING SECTIONS: CORPORATE GOVERNANCE REPORT (ON PAGES 59 AND 62), NOMINATION COMMITTEE REPORT (FROM PAGE 67), AUDIT COMMITTEE REPORT (FROM PAGE 70), DIRECTORS' REMUNERATION REPORT (FROM PAGE 76)

Details about the roles and responsibilities of the main Committees of the Board are contained in their terms of reference. These are available at ir.ccep.com/corporate-governance/governance-documents.

Directors' indemnity arrangements

Directors are granted a qualifying third party indemnity from the Company in respect of liability incurred as a result of their office. In addition, we maintained a directors' and officers' liability insurance policy throughout the year. Neither the indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently.

Amendment of Articles

The Articles may only be amended by a special resolution in accordance with the Companies Act.

DIRECTORS' REPORT CONTINUED

Table 1
Information and disclosures included elsewhere in this report

Disclosure	Report Section	Page(s)
Names of Directors during the year	Board of Directors	50 to 54
Review of performance, financial position and likely future developments	Strategic Report	1 to 45
Dividends	Dividends section of the Business and Financial Review and Note 14 to the consolidated financial statements	28 and 132
Information on share capital relating to the capital structure, rights and obligations, share classes and dividends	Note 14 to the consolidated financial statements, and the Nature of trading market, Share capital and Articles of Association sections in Other Group Information	131 to 132 170 to 173 and 174 to 177
Principal risks	Principal risks section of the Strategic Report	40 to 43
Financial instruments and financial risk management	Notes 10 and 22 to the consolidated financial statements	120 to 123 and 145 to 147
Cash balances and borrowings	Notes 8 and 11 to the consolidated financial statements	119 and 123 to 125
Employment of disabled persons and employee engagement	Our People	18 to 19
Greenhouse gas emissions	Action On Climate	37 to 38
Responsibility statement	Directors' Responsibilities Statement	91

Political donations

The Group made no political donations or contributions during 2018 (2017: nil). Our policy is not to make political donations or incur political expenditure in the EU. However, there is uncertainty as to whether some normal business activities and expenditure might fall under the wide definitions of political donations, organisations and expenditure used in the Companies Act. We will therefore continue to seek shareholder approval to make political donations or incur expenditure within the EU as a precautionary measure to avoid any inadvertent breach of the Companies Act.

Shares

Rights and obligations

The rights and obligations relating to shares (in addition to those set out in law) are set out in the Articles. These are available at ir.ccep.com/corporate-governance/governance-documents.

I SEE THE SUMMARY OF RELEVANT ARTICLE PROVISIONS IN OTHER GROUP INFORMATION ON **PAGES 174 TO 177**

Restrictions on transfer of securities

Other than the Shareholders' Agreement, we are not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights. Olive Partners and TCCC are both subject to certain restrictions on the disposal or acquisition of shares under the terms of the Shareholders' Agreement.

I READ MORE ABOUT THE TRANSFER OF SECURITIES IN THE TRANSFER OF SHARES SECTION IN OTHER GROUP INFORMATION ON **PAGES 174 TO 175**

Rights under employee share plans

Shares acquired through the Group's employee share plans rank equally with all other shares in issue and have no special rights. The voting rights attached to shares held on trust on behalf of participants in the UK Employee Share Plan and the Belgian and Luxembourg Share Savings Plan are exercised by the trustee as directed by the participants.

Significant shareholdings

In accordance with the DTRs, table 2 shows the interests in shares notified to the Company as at the year end and date of this report. The percentage interests disclosed were calculated as at the date on which the relevant disclosures were made. The shareholders identified have the same voting rights as all other shareholders.

Table 2
Interests in shares of which the Company has been notified

Shareholder	Percentage of total voting rights notified to the Company as at the year end ^(D)	Number of voting rights notified to the Company as at the year end	Percentage of total voting rights notified to the Company as at the date of this report ^(D)	Number of voting rights notified to the Company as at the date of this report
Cobega, S.A. ^(A)	34.4%	166,128,987	35.03%	166,128,987
TCCC ^(B)	18.21%	87,950,640	18.21%	87,950,640
The Capital Group Companies, Inc. ^(C)	5.0266%	24,357,484	5.0266%	24,357,484

(A) Held indirectly through its 55.7% owned subsidiary, Olive Partners.

(B) Held indirectly through ER.

(C) In accordance with the DTRs, The Capital Group Companies, Inc. (Capital Group) notified changes to its interest on 12 September 2017 (when it increased to above 5%), 17 November 2017 (when it decreased to below 5%) and 8 December 2017 (when it increased to above 5%). On 14 February 2019, Capital World Investors filed a Schedule 13G to the SEC confirming an interest in 32,763,678 shares, representing 6.7% of the issued shares; this change would not have required a notification under the DTRs.

(D) Percentage interests disclosed calculated as at the date on which the relevant disclosure was made. These have not been updated to reflect changes in the total voting rights since notification and so may not represent the percentage interest as at the year end/date of this report.

Share buyback programme

On 12 September 2018, the Company announced a share buyback programme of up to €1.5 billion to reduce the Company's share capital. The share buyback programme is being carried out in accordance with the authority granted by shareholders at the 2018 AGM. The maximum number of shares authorised for purchase at the 2018 AGM was 48,507,819 shares, representing 10% of the issued shares as at 6 April 2018. The existing authority to buy back shares will expire at the 2019 AGM. We intend to seek shareholder approval to renew the authority to buy back shares.

Table 3 shows details of the shares purchased through this programme in 2018. All repurchased shares were cancelled immediately.

I FOR MORE DETAILS ABOUT THESE PURCHASES, SEE THE SHARE BUYBACK PROGRAMME SECTION IN OTHER GROUP INFORMATION ON PAGES 171 AND 173

Change of control

There are no agreements in place with any Director or officer providing for compensation for loss of office or employment in the event of a takeover except for provisions under the Company's share plans, which may cause outstanding awards to vest on a takeover.

The Board considers that a change of control might have an impact on the following significant agreements:

- Bottling agreements between the Group and TCCC
- Two bank credit facility agreements, under which the maximum total outstanding amount at 31 December 2018 was €1.8 billion

Research and development

The Company invests in the development of innovative solutions, digital capabilities and advanced analytics to drive the simplification of applications and platforms, and to support and grow its business.

Table 3
Share purchases

Period	Number of shares purchased	Nominal value of shares purchased (€ millions)	Amount paid for the shares (€ millions)	Percentage of called up share capital represented by purchased shares ^(A)
2018	12,429,600	0.1	500	2.56%

(A) Calculated as a percentage of the called up issued share capital immediately before the buyback programme started, which was 486,466,433 shares.

Independent auditor

Disclosure of information to auditors

Each Director, as at the date of this Integrated Report, confirms that:

- So far as he or she is aware, there is no relevant audit information (as defined by section 418 of the Companies Act) of which the Company's auditor is unaware
- He or she has taken all the reasonable steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor reappointment

The Company's independent auditor, Ernst & Young LLP, has expressed its willingness to continue in office. The Company plans to support a resolution in favour of this reappointment at the forthcoming AGM.

Going concern

The Directors have prepared and reviewed the Group's cash flow forecasts over a period in excess of 12 months from the date of their approval of the 2018 financial statements. The forecasts include an assessment of current and future end market conditions and their impact on the Group's future trading performance. They show that the Group will be able to continue to operate within its current committed debt facilities and comply with its financial covenants.

As a result, the Directors are satisfied that the Group has adequate resources to continue operating as a going concern for a period of at least 12 months from the date of this Integrated Report. Therefore, the financial statements are prepared on a going concern basis.

The Directors' Report has been approved by the Board and is signed on its behalf by

Clare Wardle

Company Secretary
14 March 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

Responsibility for preparing financial statements

The Directors are responsible for preparing the Integrated Report and the financial statements in accordance with applicable law and regulations.

UK company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulations. They have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law) including FRS 101 "Reduced Disclosure Framework". In preparing the consolidated Group financial statements the Directors have also elected to comply with IFRS as issued by the International Accounting Standards Board (IASB).

Under section 393 of the Companies Act, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Company financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Follow applicable UK Accounting Standards (except where any departures from this requirement are explained in the notes to the parent company financial statements)
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements in accordance with IAS (UK & Ireland) 1, "Presentation of Financial Statements", the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial performance
- Make an assessment of the Group's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation, regulation and practice in the UK governing the preparation and dissemination of financial statements may differ from legislation, regulation and practice in other jurisdictions.

Responsibility statement

The Directors, whose names and functions are set out on pages 50 to 54, confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face
- The Integrated Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy

By order of the Board

Clare Wardle

Company Secretary

14 March 2019

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COCA-COLA EUROPEAN PARTNERS PLC

Opinion

In our opinion:

- Coca-Cola European Partners plc's Group financial statements and Parent company financial statements (the financial statements) give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Coca-Cola European Partners plc which comprise:

Group	Parent company
Consolidated income statement for the year then ended	Statement of financial position as at 31 December 2018
Consolidated statement of comprehensive income for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of financial position as at 31 December 2018	Related notes 1 to 13 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Consolidated statement of changes in equity for the year then ended	
Related notes 1 to 24 to the financial statements including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as explained in the accounting policies set out in the Group financial statements, the Group, in addition to complying with its legal obligation to apply IFRS as adopted by the EU, has also applied IFRS as issued by the IASB. In our opinion, the Consolidated Financial Statements comply with IFRS as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, 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.

This page does not form part of Coca-Cola European Partners plc Integrated Report on Form 20-F for the year ended 31 December 2018 as filed with the SEC

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 41-42 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 41 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 90 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 44 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Aspects of Revenue Recognition • Carrying value of goodwill and indefinite lived intangibles • Taxation: accounting for deferred tax assets and uncertain tax positions
Audit scope	• We performed an audit of the complete financial information of seven components and audit procedures on specific balances for a further four components • The components where we performed full or specific audit procedures accounted for 95% of profit before taxation, 91% of revenue and 96% of total assets
	• Overall Group materiality of €60.3 million which represents 5% of Group profit before taxation

Key audit matters

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 and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Aspects of revenue recognition Refer to the Audit Committee Report (page 70); Accounting policies (page 109). The Group participates in various programmes and arrangements with customers referred to as pay for performance programmes and sales incentives, which are recorded as deductions from revenue. These totalled €3.0 billion for the year ended 31 December 2018 (2017: €2.9 billion). The types of programmes are disclosed in Note 1 to the Consolidated Financial Statements with details about accruals for the Group's pay for performance programmes disclosed in Note 12 to the Consolidated Financial Statements We identified a significant risk related to manipulation of revenues through the measurement of the pay for performance liability and through manual and unusual adjustments to revenue. Our response to this identified risk included significant audit effort and focused on the areas where management applies judgement, where the processing is either manual or more complex, and where the quantum of agreements is high. Our assessment of the risk remained broadly unchanged compared to 2017.	We performed full audit procedures over this risk area in seven components, which covered 87% of the risk amount. We obtained an understanding, evaluated the design and tested the operating effectiveness of controls, including IT controls, in place within the pay for performance programmes process. We were able to take a controls-reliance approach over the process in all locations. We tested the completeness and valuation of deductions from revenue and the associated unpaid balance sheet amounts recognised in trade and other payables by reviewing post-period end settlement. We also performed a historical analysis of prior period balance sheet amounts to test that these amounts were appropriately settled. We tested settlement of pay for performance programmes balances throughout the year on a sample basis and performed completeness testing procedures. When estimation was inherent in the calculation of accruals, we performed procedures, among others, to evaluate assumptions inherent in the calculation of the accrual by testing deals to settlement. We tested the assumptions utilised in the calculations, including consideration of any changes in the business environment that would warrant changes in the methodology utilised from prior year and the presence of any contrary evidence. In seven full and specific scope components, and at two other locations, we performed correlation analysis between revenue, accounts receivable, and cash utilising journal data to identify and test unusual and unexpected journals. We obtained and inspected documentation for any material unusual or unexpected journals which were made. We reviewed management's disclosure in respect of customer marketing programme amounts recorded in the income statement and statement of financial position.	Pay for performance agreements are appropriately recognised in the income statement and balance sheet, and the related disclosures included in the financial statements are appropriate. We concluded that revenue was appropriately recognised by the Group.
Carrying value of goodwill and indefinite lived intangibles Refer to the Audit Committee Report (page 70); Accounting policies (page 109). At 31 December 2018, the value of the Group's goodwill and indefinite lived intangibles was €10,602 million (2017: €10,629 million) As discussed in Note 4 of the Consolidated Financial Statements (page 113), goodwill and indefinite lived intangibles are tested for impairment at least annually at the Cash Generating Unit (CGU) Level. Auditing management's annual impairment test was complex and judgemental as the directors' assessment of 'value in use' of the Group's CGUs involves judgement about the future results of the business, long-term growth rates and the discount rates applied to future cash flow forecasts. In particular, management's impairment models used to calculate the value in use estimate were most sensitive to assumptions such as discount rates, EBITDA assumptions, and terminal growth rates. Our assessment of the risk remained broadly unchanged compared to 2017.	We performed audit procedures on all impairment models relating to material cash generating units. Our audit procedures were performed by the Group audit team. We obtained an understanding, evaluated the design and tested the operating effectiveness of controls, including IT controls, in place within the impairment review process. We were able to take a controls-reliance approach over the process. We evaluated management's assumptions used in the impairment models. We corroborated management's assumptions with reference to historical data and, where applicable, external benchmarks. We tested the integrity of management's models and carried out audit procedures on management's sensitivity calculations. We performed further testing on those CGUs with lower available headroom, of those the most significant CGUs were Iberia and Germany, where we also assessed management's historical accuracy in determining assumptions by comparing actual results with previously forecasted results and considered any contrary evidence available for the assumptions. In addition, we performed additional sensitivity analysis on the significant management judgements, with the support of our specialist on certain of these judgements, to assess whether a reasonably possible change in certain assumptions to which the model is most sensitive could lead to an impairment charge. We performed testing on the accounting for synergy benefits and expenses for compliance with the requirements of IAS 36. We reviewed the appropriateness of the related disclosures provided in the Group financial statements including review for completeness of the disclosures regarding those CGUs with material goodwill balances and where a reasonably possible change in certain variables could lead to impairment charges.	We agree with management's conclusion that no impairment is required. We consider management's estimates to be appropriate, with all assumptions within an acceptable range.

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Risk	Our response to the risk	Key observations communicated to the Audit Committee
Taxation: accounting for deferred tax assets and uncertain tax positions Refer to the Audit Committee Report (page 70); Accounting policies (page 109). The Group is subject to income tax in numerous jurisdictions and is also involved in various legal proceedings relating to tax matters as described in Note 18 of the Consolidated Financial Statements (page 137). We focused our audit effort on recognition or realisation of material deferred tax assets 2018 recognised: €37.2 million, 2018 unrecognised: €544 million (2017 recognised: €56 million, 2017 unrecognised: €569 million), primarily within Spain and Germany, as well as the uncertain tax positions arising from the ongoing tax audits within the Group, specifically within Spain and at the pan-European level. Recognition and realisation of deferred tax assets was considered to be a highly judgemental area due to ongoing tax audits, changes in certain jurisdictions' profitability and business models. This risk has been revised from the prior year to remove a focus on the US Tax Cuts and Job Act which was enacted on 22 December 2017, as this has not had a significant impact on the Group's 2018 Consolidated Financial Statements.	Auditing this risk area was complex and highly judgemental due to the significant estimation required in calculating the uncertain tax positions and assessing the recoverability of deferred tax assets. Therefore, audit procedures over this risk area were performed in part by the Group audit team, as well as by full scope component teams with Group audit team oversight. We obtained an understanding, evaluated the design and tested the operating effectiveness of controls, including IT controls, in place to mitigate the risks within each process. We were able to take a controls-reliance approach over the process in all locations. We inspected management's assessment of the recoverability and realisation of deferred tax assets by considering recent changes in tax legislation, current status of ongoing tax audits, expected sources of income and the timeframe required to utilise any deferred tax asset. We challenged management's assumptions with the assistance of our own specialists and carried out audit procedures on management's sensitivity calculations. Assisted by our local tax specialists, we tested the material tax positions taken by the Group in each significant jurisdiction (Spain, France and Germany) and at the pan-European level in the context of local tax law and significant tax assessments. We also reviewed correspondence with tax authorities and considered the status of any tax audits, historic and current. We evaluated management's positions by obtaining management's assessment of risk from legal proceedings in relation to the tax position and have obtained the legal documentation which supports each position. We also reviewed the appropriateness of the related disclosures provided in the Group financial statements including the disclosure of tax balances subject to ongoing disputes.	We concluded that tax balances are appropriately recognised by the Group. We concluded that the tax disclosures provided in the Consolidated Financial Statements are appropriate.

There have been no changes to key audit matters since the prior year other than to our revised risk related to taxation as described above.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 48 reporting components of the Group (12 of which are trading components), we selected 11 components covering two corporate entities and nine trading entities within Great Britain, Spain, Germany, France, Belgium, Netherlands and Luxembourg, which represent the principal business units within the Group.

Of the 11 components selected, we performed an audit of the complete financial information of 7 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 4 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The table below illustrates the coverage obtained from the work performed by our audit teams.

	Number	% Group profit before tax 2018	% Group profit before tax 2017	% Group revenue 2018	% Group revenue 2017	% Total assets 2018	% Total assets 2017	See Note
Full scope	7	81%	88%	82%	78%	90%	91%	(B) (C) (D)
Specific scope	4	14%	6%	9%	13%	6%	5%	(A) (B) (C) (E)
Full and specific scope coverage	11	95%	94%	91%	91%	96%	96%	
Remaining components	37	5%	6%	9%	9%	4%	4%	(C) (D) (F)
Total Reporting components	48	100%	100%	100%	100%	100%	100%	

Notes

- (A) The specific scope components relate to one corporate entity whose activities include certain Group management functions and consolidation adjustments and three trading entities.
- (B) The Group audit risk in relation to tax was subject to audit procedures at each of the full and specific scoped locations.
- (C) The Group audit risk in relation to Aspects of Revenue Recognition was subject to full scope audit procedures in four components, specific scope audit procedures in three components, and review scope procedures in two components that were performed by the Group audit team.
- (D) The Group audit risk in relation to carrying value of goodwill and intangible assets was subject to audit procedures across the Group performed by the Group audit team.
- (E) The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. Significant accounts that were not subject to the specific scope audit were subjected to testing of Group-wide controls and analytical review.
- (F) Of the remaining 37 components that together represent 5% of the Group's profit before tax, none are individually greater than 5% of the Group's profit before tax. For the four trading components within this category, we defined two as 'review scope' components for which we performed specified procedures on revenue. For the remaining components in this category, we performed other procedures, including testing of Group-wide controls, analytical review, testing of consolidation journals and intercompany eliminations, and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year

For our 2018 integrated audit, we reduced the components in Specific Scope from 5 to 4. This is due to the dilution of the share of the Group's results for one corporate entity.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the seven full scope components, audit procedures were performed on six of these directly by the component audit team. For the three specific scope components where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits all full scope audit locations at least once in the year. During the current year's audit cycle, visits were undertaken by the Primary audit team to the component teams in Great Britain, France, Belgium, Spain and Germany. We also visited Bulgaria, which is the shared service centre location which contributed to the audits of a number of components. These visits involved meetings with component teams to discuss and direct their audit approach, reviewing and understanding the significant audit findings in response to the risk areas including aspects of revenue recognition and taxation, holding meetings with local management, and obtaining updates on local regulatory matters including tax, pensions, restructuring and legal. The Primary audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements. The Group audit team attended all component audit closing meetings.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be €60.3 million (2017: €58 million), which is 5% of profit before taxation (2017: 5% of profit before taxation). We believe that profit before taxation provides us with most relevant performance measure to the stakeholders of Coca-Cola European Partners plc.

We determined materiality for the Parent Company to be €165.0 million (2017: €169 million), which is 1% of shareholders' equity (2017: 1% of shareholders' equity).

During the course of our audit, we reassessed initial materiality and adjusted the materiality level based on actual results. We did not change our materiality measure of 5% of profit before tax.

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Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2017: 75%) of our planning materiality, namely €45.2 million (2017: €43.5 million). We reviewed any misstatements identified in our 2017 Group audit to assess their potential recurrence in 2018 (which would affect the percentage of Group performance materiality we utilised to determine the extent of our audit procedures). Based on the nature of the adjustments identified last year and the stabilised structure of the finance environment within the Group, we concluded the likelihood of material misstatements would be lower in the current year and, hence, we set performance materiality at 75%.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was €9 million to €23.6 million (2017: €8.7 million to €21.8 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €3.0 million (2017: €2.9 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, including Strategic report set out on pages 1-47, Governance and Directors' report set out on pages 48-91, Other Group Information set out on pages 160-196, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 91 – the statement given/the explanation as to why the annual report does not include a statement by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting set out on page 70 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee/the explanation as to why the annual report does not include a section describing the work of the audit committee is materially inconsistent with our knowledge obtained in the audit; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 57 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

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Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the strategic report or the directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 91, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the Group and parent company'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 directors either intend to liquidate the Group or the parent company or to cease operations, or have 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 ISAs (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:
 - those that relate to the form and content of the financial statements, such as the Group accounting policy, International Financial Reporting Standards (IFRS), the UK Companies Act 2006 and the UK Corporate Governance Code;
 - those that relate to the accrual or recognition of expenses for taxation such as various country specific tax codes in which the Group has operations; and
 - those that relate to the accrual or recognition of expenses for pension costs, as well as the treatment of its employees, such as labour agreements in countries where the Group operates.
- We understood how Coca-Cola European Partners plc is complying with those frameworks by observing the oversight of those charged with governance, the culture of honesty and ethical behaviour and a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by making an assessment of the key fraud risks to the Group and the manner in which such risks may manifest themselves in practice, based on our previous knowledge of the Group as well as an assessment of the current business environment.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free of fraud or error. We evaluated the design and operational effectiveness of controls put in place to address the risks identified, or that otherwise prevent, deter and detect fraud. We also considered performance targets and their influence on efforts made by management to manage earnings.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the company on 22 June 2016 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 3 years, covering the years ending 31 December 2016 to 31 December 2018.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Karl Havers (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

14 March 2019

Notes

- A. The maintenance and integrity of the Coca-Cola European Partners plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site
- B. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This page does not form part of Coca-Cola European Partners plc Integrated Report on Form 20-F for the year ended 31 December 2018 as filed with the SEC

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Coca-Cola European Partners plc

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Coca-Cola European Partners plc (the Company) as of 31 December 2018 and 2017, the related consolidated statements of income, comprehensive income, statement of changes in equity and cash flows for each of the three years in the period ended 31 December 2018 and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company at 31 December 2018 and 2017, and the consolidated results of its operations and its cash flows for each of the three years in the period ended 31 December 2018, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of 31 December 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated 14 March 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.

London, United Kingdom

14 March 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Coca-Cola European Partners plc

Opinion on Internal Control over Financial Reporting

We have audited Coca-Cola European Partners plc's internal control over financial reporting as of 31 December 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, Coca-Cola European Partners plc (the Company) maintained, in all material respects, effective internal control over financial reporting as of 31 December 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the accompanying consolidated statement of financial position of the Company as of 31 December 2018 and 2017, the related consolidated statements of income, comprehensive income, statement of changes in equity and cash flows for each of the three years in the period ended 31 December 2018 and the related notes and our report dated 14 March 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Annual Report on Form 20-F. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
London, United Kingdom
14 March 2019

CONSOLIDATED INCOME STATEMENT

	Note	Year ended		
		31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Revenue		11,518	11,062	9,133
Cost of sales	15	(7,060)	(6,772)	(5,584)
Gross profit		4,458	4,290	3,549
Selling and distribution expenses	15	(2,178)	(2,124)	(1,615)
Administrative expenses	15	(980)	(906)	(1,083)
Operating profit		1,300	1,260	851
Finance income	16	47	48	31
Finance costs	16	(140)	(148)	(154)
Total finance costs, net		(93)	(100)	(123)
Non-operating items		(2)	(1)	(9)
Profit before taxes		1,205	1,159	719
Taxes	18	(296)	(471)	(170)
Profit after taxes		909	688	549
Basic earnings per share (€)	3	1.88	1.42	1.45
Diluted earnings per share (€)	3	1.86	1.41	1.42

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended		
		31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Profit after taxes		909	688	549
Components of other comprehensive income (loss):				
Items that may be subsequently reclassified to the income statement:				
Foreign currency translations:				
Pretax activity, net		(35)	(111)	(186)
Tax effect		—	—	—
Foreign currency translation, net of tax		(35)	(111)	(186)
Net investment hedges:				
Pretax activity, net		—	—	(66)
Tax effect		—	27	22
Net investment hedges, net of tax	10, 18	—	27	(44)
Cash flow hedges:				
Pretax activity, net		(17)	—	(11)
Tax effect		3	—	2
Cash flow hedges, net of tax	10, 18	(14)	—	(9)
		(49)	(84)	(239)
Items that will not be subsequently reclassified to the income statement:				
Pension plan remeasurements:				
Pretax activity, net		2	91	(65)
Tax effect		—	(18)	14
Pension plan remeasurements, net of tax	13, 18	2	73	(51)
		2	73	(51)
Other comprehensive loss for the period, net of tax		(47)	(11)	(290)
Comprehensive income for the period		862	677	259

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2018 € million	31 December 2017 € million
ASSETS			
Non-current:			
Intangible assets	4	8,384	8,384
Goodwill	4	2,518	2,520
Property, plant and equipment	5	3,888	3,837
Non-current derivative assets	10	2	2
Deferred tax assets	18	37	56
Other non-current assets	21	396	81
Total non-current assets		15,225	14,880
Current:			
Current derivative assets	10	13	20
Current tax assets	18	21	25
Inventories	6	693	650
Amounts receivable from related parties	17	107	75
Trade accounts receivable	7	1,655	1,732
Other current assets	21	193	452
Cash and cash equivalents	8	309	360
Total current assets		2,991	3,314
Total assets		18,216	18,194
LIABILITIES			
Non-current:			
Borrowings, less current portion	11	5,127	5,474
Employee benefit liabilities	13	142	162
Non-current provisions	20	119	48
Non-current derivative liabilities	10	51	93
Deferred tax liabilities	18	2,157	2,237
Other non-current liabilities		264	208
Total non-current liabilities		7,860	8,222
Current:			
Current portion of borrowings	11	491	274
Current portion of employee benefit liabilities	13	19	21
Current provisions	20	133	194
Current derivative liabilities	10	20	1
Current tax liabilities	18	110	86
Amounts payable to related parties	17	191	178
Trade and other payables	12	2,828	2,533
Total current liabilities		3,792	3,287
Total liabilities		11,652	11,509
EQUITY			
Share capital	14	5	5
Share premium	14	152	127
Merger reserves	14	287	287
Other reserves	14	(552)	(503)
Retained earnings		6,672	6,769
Total equity		6,564	6,685
Total equity and liabilities		18,216	18,194

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements were approved by the Directors and authorised for issue on 14 March 2019. They were signed on its behalf by:

Damian Gammell
Chief Executive Officer
14 March 2019

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended		
	Note	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Cash flows from operating activities:				
Profit before taxes		1,205	1,159	719
Adjustments to reconcile profit before tax to net cash flows from operating activities:				
Depreciation	5	461	443	333
Amortisation of intangible assets	4	51	47	39
Share-based payment expense	19	17	14	42
Finance costs, net	16	93	100	123
Income taxes paid		(263)	(247)	(187)
Changes in assets and liabilities, net of acquisition amounts:				
Decrease/(increase) in trade and other receivables		72	108	87
Decrease/(increase) in inventories		(45)	16	61
Increase/(decrease) in trade and other payables		297	142	155
Increase/(decrease) in provisions		9	(67)	37
Change in other operating assets and liabilities		(91)	(92)	(165)
Net cash flows from operating activities		1,806	1,623	1,244
Cash flows from investing activities:				
Purchases of property, plant and equipment		(525)	(484)	(459)
Purchases of capitalised software		(75)	(36)	(38)
Proceeds from sales of property, plant and equipment		4	32	12
Settlement of net investment hedges		—	—	(8)
Cash from acquisition of bottling operations		—	—	110
Net cash flows used in investing activities		(596)	(488)	(383)
Cash flows from financing activities:				
Proceeds from borrowings, net of issuance costs	11	398	350	3,174
Changes in short-term borrowings	11	(131)	250	(183)
Repayments on third-party borrowings	11	(444)	(1,180)	(241)
Interest paid, net	11	(81)	(94)	(110)
Dividends paid	14	(513)	(489)	(204)
Purchase of own shares under share buyback programme	14	(502)	—	—
Exercise of employee share options		25	13	18
Repurchases of share-based payments	19	—	—	(27)
Repayment of loan with TCCC assumed in acquisition	17	—	—	(73)
Return of capital to CCE shareholders	14	—	—	(2,963)
Other financing activities, net		(11)	(2)	(17)
Net cash flows used in financing activities		(1,259)	(1,152)	(626)
Net change in cash and cash equivalents		(49)	(17)	235
Net effect of currency exchange rate changes on cash and cash equivalents		(2)	(9)	(5)
Cash and cash equivalents at beginning of period	8	360	386	156
Cash and cash equivalents at end of period	8	309	360	386

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital € million	Share premium € million	Merger reserves € million	Other reserves € million	Treasury shares € million	Retained earnings € million	Total equity € million
As at 1 January 2016		3	2,729	—	(180)	(3,307)	1,626	871
Profit after taxes		—	—	—	—	—	549	549
Other comprehensive income/(expense)		—	—	—	(239)	—	(51)	(290)
Total comprehensive income		—	—	—	(239)	—	498	259
Shares utilised for share-based payments prior to Merger	14	—	9	—	—	(6)	6	9
Cancellation of CCE shares	14	(3)	(2,738)	(572)	—	3,313	—	—
Issuance of CCEP shares in consideration for CCIP and CCEG	14	3	—	8,466	—	—	—	8,469
Group reconstruction transaction	14	2	7,605	(7,607)	—	—	—	—
Issuances of shares post-Merger	14	—	9	—	—	—	—	9
Return of capital to CCE shareholders	14	—	—	—	—	—	(2,963)	(2,963)
Capital reduction	14	—	(7,500)	—	—	—	7,500	—
Reclassifications of share-based payments	19	—	—	—	—	—	(22)	(22)
Equity-settled share-based payment expense	19	—	—	—	—	—	29	29
Share-based payment tax benefits	18	—	—	—	—	—	5	5
Dividends	14	—	—	—	—	—	(205)	(205)
As at 31 December 2016		5	114	287	(419)	—	6,474	6,461
Profit after taxes		—	—	—	—	—	688	688
Other comprehensive income/(expense)		—	—	—	(84)	—	73	(11)
Total comprehensive income		—	—	—	(84)	—	761	677
Issue of shares during the year	14	—	13	—	—	—	—	13
Equity-settled share-based payment expense	19	—	—	—	—	—	11	11
Share-based payment tax benefits	18	—	—	—	—	—	14	14
Dividends	14	—	—	—	—	—	(491)	(491)
As at 31 December 2017		5	127	287	(503)	—	6,769	6,685
Profit after taxes		—	—	—	—	—	909	909
Other comprehensive income/(expense)		—	—	—	(49)	—	2	(47)
Total comprehensive income		—	—	—	(49)	—	911	862
Issue of shares during the year	14	—	25	—	—	—	—	25
Equity-settled share-based payment expense	19	—	—	—	—	—	16	16
Share-based payment tax effects	18	—	—	—	—	—	(7)	(7)
Dividends	14	—	—	—	—	—	(515)	(515)
Own shares purchased under share buyback programme	14	—	—	—	—	—	(502)	(502)
As at 31 December 2018		5	152	287	(552)	—	6,672	6,564

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1

GENERAL INFORMATION AND BASIS OF PREPARATION

Coca-Cola European Partners plc (the Company or Parent Company) was created through the Merger on 28 May 2016 of the businesses of Coca-Cola Enterprises, Inc. (CCE), Coca-Cola Iberian Partners, S.A. (CCIP) and Coca-Cola Erfrischungsgetränke GmbH (CCEG) (the Merger).

The Company and its subsidiaries (together CCEP, or the Group) are a leading consumer goods group in Europe, making, selling and distributing an extensive range of ready to drink beverages. CCEP is a public company limited by shares, incorporated under the laws of England and Wales with the registered number in England of 09717350. The Group's shares are listed and traded on Euronext Amsterdam, the New York Stock Exchange, Euronext London and the continuous market of the Spanish Stock Exchanges.

The consolidated financial statements of the Group for the year ended 31 December 2018 were approved and signed by Damian Gammell, Chief Executive Officer on 14 March 2019 having been duly authorised to do so by the Board of Directors.

Basis of preparation

Upon the consummation of the Merger, the historical consolidated financial statements of CCE became CCEP's historical financial statements as CCE was deemed to be the predecessor to CCEP. Therefore, the financial results from 1 January 2016 to 27 May 2016 refer to CCE and its consolidated subsidiaries, and the periods subsequent to 28 May 2016 refer to the consolidated financial results of CCEP.

Additionally, these consolidated financial statements reflect the following:

- They have been prepared in accordance with IFRS as issued by the International Accounting Standards Board, IFRS as adopted by the European Union and in accordance with the provisions of the Companies Act 2006. There are no differences between IFRS as adopted by the European Union and IFRS as issued by the International Accounting Standards Board (IASB) that have an impact for the years presented.
- They have been prepared under the historical cost convention, except for certain items measured at fair value. Those accounting policies have been applied consistently in all periods, except for the adoption of new standards and amendments as of 1 January 2018, as described below under Accounting Policies.
- They are presented in euros, which is also the Parent Company's functional currency and all values are rounded to the nearest € million except where otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. All subsidiaries have accounting years ended 31 December and apply consistent accounting policies for the purpose of the consolidated financial statements.

Subsidiary undertakings are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through the Group's power to direct the activities of the entity. All intercompany accounts and transactions are eliminated on consolidation.

Foreign currency

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the subsidiary operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each subsidiary are expressed in euros.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are remeasured to the functional currency of the entity at the rate of exchange in effect at the statement of financial position date with the resulting gain or loss recorded in the consolidated income statement. The consolidated income statement includes non-operating items which are primarily made up of remeasurement gains and losses related to currency exchange rate fluctuations on financing transactions denominated in a currency other than the subsidiary's functional currency. Non-operating items are shown on a net basis and reflect the impact of any derivative instruments utilised to hedge the foreign currency movements of the underlying financing transactions.

The assets and liabilities of the Group's foreign operations are translated from local currencies to the euro reporting currency at currency exchange rates in effect at the end of each reporting period. Revenues and expenses are translated at average monthly currency exchange rates, with average rates being a reasonable approximation of the rates prevailing on the transaction dates. Gains and losses from translation are included in other comprehensive income. On disposal of a foreign operation, accumulated exchange differences are recognised as a component of the gain or loss on disposal.

Reporting periods

In these consolidated financial statements, the Group is reporting the financial results for the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

Sales of the Group's products are seasonal, with the second and third quarters accounting for higher unit sales of the Group's products than the first and fourth quarters. The seasonality of the Group's sales volume, combined with the accounting for fixed costs such as depreciation, amortisation, rent and interest expense, impacts the Group's reported results for the first and second halves of the year. Additionally, year over year shifts in holidays, selling days and weather patterns can impact the Group's results on an annual or half-yearly basis.

The following table summarises the number of selling days by quarter for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 (based on a standard five-day selling week):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2018	65	65	65	66	261
2017	65	65	65	65	260
2016	66	65	65	65	261

Accounting policies

The accounting policies applied by the Group are included in the relevant notes herein. Effective 1 January 2018, the Group implemented the following new accounting policies, following changes in the related accounting standards. Refer to Note 23 for accounting standards issued but not yet effective.

IFRS 15 - Revenue recognition and deductions from revenue (IFRS 15)

The Group derives its revenues by making, selling and distributing ready to drink beverages. The revenue from the sale of our products is recognised at the point in time at which control passes to a customer, typically when products are delivered to a customer. A receivable is recognised by the Group at the point in time at which the right to consideration becomes unconditional. Therefore, the adoption of IFRS 15 on 1 January 2018 did not have an impact on the manner in which the Group recognised revenue.

The Group also examined the terms of the various promotional programmes under which rebates, refunds, price concessions or similar items can be earned by customers for attaining agreed upon sales levels or for participating in specific marketing programmes. Those promotional programmes do not give rise to a separate performance obligation. Where the consideration the Group is entitled to varies because of such programmes, it is deemed to be variable consideration. The related accruals are recognised as a deduction from revenue and are not considered distinct from the sale of products to the customer. Variable consideration is only included to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future normal commercial terms. Therefore, the variable consideration and classification requirements of IFRS 15 did not have any impact in the Group's consolidated financial statements.

Financing elements are not deemed present in our contracts with customers as the sales are made with credit terms not exceeding normal commercial terms. Taxes on sugared soft drinks, excise taxes and taxes on packaging are recorded on a gross basis (i.e. included in revenue) where the Group is the principal in the arrangement. Value added taxes are recorded on a net basis (i.e. excluded from revenue). The Group assesses these taxes and duties on a jurisdiction by jurisdiction basis to conclude on the appropriate accounting treatment.

IFRS 9 - Financial Instruments (IFRS 9)

IFRS 9 has been developed by the International Accounting Standards Board (IASB) to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and was applied prospectively.

Classification and measurement

As part of the IFRS 9 transition, there was no material change in the measurement or classification of assets or liabilities in the Group's consolidated financial statements.

Impairment of financial assets

The expected credit loss model required under IFRS 9 primarily impacts the Group's trade receivables. The simplified approach permitted under IFRS 9 was applied across the Group to measure expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. This approach is substantially similar to the reserving methodology applied under IAS 39 and the impact was insignificant.

Hedge accounting

The hedge principles under IFRS 9 align more closely with the Group's financial risk management as described in Note 22. Therefore more hedge relationships during 2018 were eligible for hedge accounting upon the adoption of IFRS 9.

Other amendments and interpretations

The Group has also adopted the Amendments to IFRS 2, "Classification and Measurement of Share-based Payment Transactions" which did not have an impact on the consolidated financial statements.

Significant judgements and estimates

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made in applying the Group's accounting policies were applied consistently across the annual periods. The significant judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in these financial statements are outlined below:

Deductions from revenue and sales incentives

The Group participates in various promotional programmes with customers designed to increase the sale of products. Among the programmes are arrangements under which rebates, refunds, price concessions or similar items can be earned by customers for attaining agreed upon sales levels, or for participating in specific marketing programmes. Those promotional programmes do not give rise to a separate performance obligation. Where the consideration the Group is entitled to varies because of such programmes, the amount payable is deemed to be variable consideration. Management makes estimates on an ongoing basis for each individual promotion to assess the value of the variable consideration. The related accruals are recognised as a deduction from revenue and are not considered distinct from the sale of products to the customer. Refer to Note 12 for further details.

Income tax

The Group is subject to income taxes in numerous jurisdictions and there are many transactions for which the ultimate tax determination cannot be assessed with certainty in the ordinary course of business. The Group recognises a provision for situations that might arise in the foreseeable future based on assessment of the probabilities as to whether additional taxes will be due. In addition, the Group is involved in various legal proceedings and tax matters. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made, management provides for its best estimate of the liability. Where the final outcome on these matters is different from the amounts that were initially recorded, such differences will impact the tax provision in the period in which such determination is made. These estimates are subject to potential change over time as new facts emerge and each circumstance progresses. The evaluation of deferred tax assets recoverability requires judgements to be made regarding the availability of future taxable income in the jurisdiction giving rise to the deferred tax asset. Refer to Note 18 for further details regarding income taxes.

Intangible assets and goodwill

The Group has assigned indefinite lives to its bottling agreements with The Coca-Cola Company (TCCC). This judgement has been made after evaluating the contractual provisions of the bottling agreements, the Group's mutually beneficial relationship with TCCC and the history of renewals for bottling agreements.

The Group has allocated the goodwill associated with the Merger to the appropriate cash-generating units (CGU). This judgement was based on estimated synergy benefits expected to be realised for each CGU. Determining whether goodwill and intangible assets with indefinite lives are impaired requires an estimation of the value in use or the fair value less costs to sell of the cash-generating units (CGU) to which the goodwill or intangible asset has been allocated. The value in use calculation requires management's judgement in estimating the future cash flows expected to arise from the CGU. Refer to Note 4 for further details about the judgement regarding the lives of bottling agreements, as well as the sensitivity analysis of the assumptions used in the impairment analysis of goodwill and intangible assets with indefinite lives.

Restructuring

The Group holds provisions related to its ongoing restructuring programmes. These provisions are predominantly made up of severance costs. While a detailed plan is in place for the respective events, the amount and timing of outflows is subject to estimation uncertainty. Estimates are made by management based on the information available at the statement of financial position date. Actual outflows may not occur as anticipated and estimates may prove to be incorrect, leading to further charges or releases of provisions as circumstances dictate. Refer to Note 15 and Note 20 for further details regarding restructuring provisions.

Defined benefit plans

The determination of pension benefit costs and obligations are estimated based on assumptions determined with the assistance of external actuarial advice. The key assumptions impacting the valuations are the discount rate, salary rate of inflation and mortality rates. Refer to Note 13 for further details about the Group's defined benefit pension plan costs and obligations.

Note 2

SEGMENT INFORMATION

Description of segment and principal activities

The Group evaluates its segmental reporting under IFRS 8, "Operating Segments". The Group derives its revenues through a single business activity, which is making, selling and distributing ready-to-drink beverages. The Group operates solely in developed markets in Western Europe and has a homogenous product portfolio across its geographic territories. Based on the governance structure of the Group, including decision making authority and oversight, the Group has determined that the Board is its Chief Operating Decision Maker (CODM). The Board, as the CODM, allocates resources and evaluates performance at a consolidated level and, therefore, the Group has one operating segment.

No single customer accounted for more than 10% of the Group's revenue during the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

Revenue by geography

The following table summarises revenue from external customers by geography, which is based on the origin of the sale:

Revenue:	Year ended		
	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Spain/Portugal/Andorra ^(A)	2,670	2,706	1,721
Germany	2,335	2,218	1,335
Great Britain	2,280	2,026	2,076
France/Monaco	1,775	1,803	1,791
Belgium/Luxembourg	983	919	909
Netherlands	580	526	505
Norway	439	416	408
Sweden	365	353	350
Iceland	91	95	38
Total	11,518	11,062	9,133

(A) Spain/Portugal/Andorra is also referred to as Iberia.

Assets by geography

Assets are allocated based on operations and physical location. The following table summarises non-current assets, other than financial instruments and deferred tax assets by geography:

	31 December 2018 € million	31 December 2017 € million
Spain/Portugal/Andorra ^(A)	6,873	6,561
Germany	3,160	3,176
Great Britain	2,441	2,395
France/Monaco	890	876
Belgium/Luxembourg	637	612
Netherlands	440	429
Sweden	404	421
Norway	259	267
Iceland	37	41
Other unallocated	45	44
Total	15,186	14,822

(A) Spain/Portugal/Andorra is also referred to as Iberia.

Note 3

EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after taxes by the weighted average number of shares in issue and outstanding during the period. Diluted earnings per share is calculated in a similar manner, but includes the effect of dilutive securities, principally share options, restricted stock units and performance share units. Share-based payment awards that are contingently issuable upon the achievement of specified market and/or performance conditions are included in the diluted earnings per share calculation based on the number of shares that would be issuable if the end of the period was the end of the contingency period.

The following table summarises basic and diluted earnings per share calculations for the years presented:

	Year ended		
	31 December 2018	31 December 2017	31 December 2016
Profit after taxes attributable to equity shareholders (€ million)	909	688	549
Basic weighted average number of shares in issue ^(A) (million)	484	484	380
Effect of dilutive potential shares ^(B) (million)	4	5	5
Diluted weighted average number of shares in issue ^(A) (million)	488	489	385
Basic earnings per share (€)	1.88	1.42	1.45
Diluted earnings per share (€)	1.86	1.41	1.42

(A) The increase of the basic and diluted weighted average number of shares in issue in 2017 is due to the Merger transaction and further described in Note 14. As at 31 December 2018 and at 31 December 2017, the Group had 474,920,066 shares and 484,586,428 shares, respectively in issue and outstanding.

(B) For the year ended 31 December 2018, there were no outstanding options to purchase shares excluded from the diluted earnings per share calculation. For the years ended 31 December 2017 and 31 December 2016, outstanding options to purchase 1.2 million shares and 1.2 million shares, respectively, were excluded from the diluted earnings per share calculation because the effect of including these options in the computation would have been anti-dilutive. The dilutive impact of the remaining options outstanding and unvested restricted stock units was included in the effect of dilutive securities.

Note 4

INTANGIBLE ASSETS AND GOODWILL

Intangible assets with indefinite lives

Intangible assets with indefinite lives acquired through business combination transactions are measured at fair value at the date of acquisition. These assets are not subject to amortisation but are tested for impairment at least annually at the CGU level or more frequently if facts and circumstances arise that would indicate an impairment may exist. In addition to the annual impairment test, the assessment of indefinite lives is also reviewed annually.

Franchise intangible assets

The Group's bottling agreements contain performance requirements and convey the rights to distribute and sell products within specified territories. The Group's agreements with TCCC for each of its territories have terms of 10 years and expire on 28 May 2026, with each containing the right for the Group to request a 10 year renewal. While these agreements contain no automatic right of renewal beyond that date, the Group believes that its interdependent relationship with TCCC and the substantial cost and disruption to TCCC that would be caused by non-renewal ensure that these agreements will continue to be renewed and, therefore, are essentially perpetual. The Group has never had a bottling agreement with TCCC terminated due to non-performance of the terms of the agreement or due to a decision by TCCC to terminate an agreement at the expiration of a term. After evaluating the contractual provisions of bottling agreements, the Group's mutually beneficial relationship with TCCC and history of renewals, indefinite lives have been assigned to all of the Group's franchise intangible assets.

Goodwill

Goodwill is initially measured as the excess of the total consideration transferred over the amount recognised for net identifiable assets acquired and liabilities assumed in a business combination. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in the consolidated income statement as a bargain purchase. Goodwill is not subject to amortisation. It is tested annually for impairment at the CGU level or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill acquired in a business combination is, from the acquisition date, allocated to the CGU that is expected to benefit from the synergies of the combination irrespective of whether a CGU is part of the business combination.

Intangible assets with finite lives

Intangible assets with finite lives are measured at cost of acquisition or production and are amortised using the straight-line method over their respective estimated useful lives. Finite lived intangible assets are assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed annually.

Internally generated software

The Group capitalises certain development costs associated with internally developed software, including external direct costs of materials and services and payroll costs for employees devoting time to a software project and any such software acquired as part of a business combination. Development expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated. When capitalised software is not integral to related hardware it is treated as an intangible asset; otherwise it is included within property, plant and equipment. The estimated useful life of capitalised software is 5 years. Amortisation expense for capitalised software is included within administrative expenses and was €43 million, €38 million and €33 million for the years ended 31 December 2018, 31 December 2017 and 31 December 2016, respectively.

Customer relationships

The Group acquired certain customer relationships in connection with the acquisitions of the Norway and Sweden bottling operations from TCCC in 2010 and the Merger with CCIP and CCEG in 2016. These customer relationships were recorded at their fair values on the date of acquisition, and they are amortised over an estimated economic life of 20 years. The fair values were determined using a "with and without" valuation technique, which compares the revenues with all assets of the business in place, to a "without" scenario, which assumes the customer relationship asset and related revenues do not exist and must be rebuilt over time. Amortisation expense for these assets is included within administrative expenses and was €8 million, €9 million and €6 million for the years ended 31 December 2018, 31 December 2017 and 31 December 2016, respectively.

Balances and movements in intangible assets and goodwill

The following table summarises the movements in the carrying amounts of intangible assets and goodwill for the periods presented:

Cost:	Franchise intangible € million	Software € million	Customer relationships € million	Assets under construction € million	Total intangibles € million	Goodwill € million
As at 31 December 2016	8,003	277	193	3	8,476	2,427
Additions	—	26	—	10	36	—
Disposals	—	(5)	—	—	(5)	—
Currency translation adjustments	(73)	(14)	(1)	—	(88)	(5)
Acquisition accounting adjustments ^(A)	179	(17)	(30)	(3)	129	98
As at 31 December 2017	8,109	267	162	10	8,548	2,520
Additions	—	32	—	43	75	—
Disposals	—	(4)	—	—	(4)	—
Transfers and reclassifications	—	1	—	(1)	—	—
Currency translation adjustments	(25)	4	—	—	(21)	(2)
As at 31 December 2018	8,084	300	162	52	8,598	2,518
Accumulated amortisation:						
As at 31 December 2016	—	(121)	(11)	—	(132)	—
Amortisation expense	—	(38)	(9)	—	(47)	—
Disposals	—	5	—	—	5	—
Currency translation adjustments	—	9	1	—	10	—
As at 31 December 2017	—	(145)	(19)	—	(164)	—
Amortisation expense	—	(43)	(8)	—	(51)	—
Disposals	—	3	—	—	3	—
Currency translation adjustments	—	(2)	—	—	(2)	—
As at 31 December 2018	—	(187)	(27)	—	(214)	—
Net book value:						
As at 31 December 2016	8,003	156	182	3	8,344	2,427
As at 31 December 2017	8,109	122	143	10	8,384	2,520
As at 31 December 2018	8,084	113	135	52	8,384	2,518

(A) The fair values of the assets and liabilities acquired as part of the Merger were provisional as at 31 December 2016 due to the complexity of the acquired businesses. During 2017, the Group finalised the valuation process and adjustments were recorded based on new information obtained about facts and circumstances that existed at the date of Merger. Management concluded that the changes in the fair values from the provisional amounts disclosed in the 2016 consolidated financial statements were not material to the Group's 2016 consolidated financial statements taken as whole.

Impairment testing

Each CGU is tested for impairment at least annually in the fourth quarter or whenever there is an indication of impairment. The recoverable amount of each CGU is determined through a value in use calculation. To determine value in use for a CGU, estimated future cash flows are discounted to their present values using a pre-tax discount rate reflective of the current market conditions and risks specific to each CGU. If the carrying value of a CGU exceeds its recoverable amount, the carrying value of the CGU is reduced to its recoverable amount and impairment charges are recognised immediately within the consolidated income statement. Impairment charges other than those related to goodwill may be reversed in future periods if a subsequent test indicates that the recoverable amount has increased. Such recoveries may not exceed a CGU's original carrying value less any depreciation that would have been recognised if no impairment charges were previously recorded.

The Group's CGUs are based on geography and generally represent the individual territories in which the Group operates. For purposes of allocating intangibles, each franchise intangible is allocated to the geographic region to which the agreement relates and goodwill is allocated to each of the CGUs expected to benefit from a business combination, irrespective of whether other assets and liabilities of the acquired businesses are assigned to the CGUs. The following table identifies the carrying value of goodwill and indefinite-lived intangible assets attributable to each significant CGU of the Group. In addition to the significant CGUs of the Group, as at 31 December 2018 the Group had other CGUs with total franchise intangible assets of €1,103 million and goodwill of €295 million, which includes €218 million related to goodwill allocated from the Merger.

Cash-generating unit	31 December 2018		31 December 2017	
	Franchise intangible € million	Goodwill € million	Franchise intangible € million	Goodwill € million
Iberia	4,289	1,275	4,289	1,275
Great Britain	1,632	200	1,647	200
Germany	1,060	748	1,060	748

The recoverable amounts of each CGU were determined through a value in use calculation, which uses cash flow projections for a five year period. The key assumptions used in projecting these cash flows were as follows:

- Discount rate: A weighted average cost of capital was applied specific to each CGU as a hurdle rate to discount cash flows. The discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The table below identifies the pre-tax discount rate attributable to each significant CGU.
- Growth rate: Cash flows were projected for five years based on the Group's three year business plans approved by the Board. Cash flows for the fourth year were projected using compound annual growth rates over the preceding three years, and cash flows for a fifth year and beyond the five year period were projected using a terminal growth rate of 2%.
- Gross and operating margins: Gross and operating margins are based on the business plans approved by the Board. Key assumptions are made within these plans about volume, pricing, discounts and costs based on historical data, current strategy and expected market trends.

Cash-generating unit	31 December 2018	31 December 2017
	Pre-tax discount rate %	%
Iberia	10	11
Great Britain	10	10
Germany	9	10

The Group did not record any impairment charges as a result of the tests conducted in 2018 and 2017. The Group's Great Britain CGU has substantial headroom when comparing the estimated value in use calculation of the CGU versus the CGU's carrying value. For the Group's Germany and Iberia CGUs, the headroom in the 2018 impairment analysis was approximately 60% and 20% of carrying value, respectively, which is representative of the fact that the net assets of Germany and Iberia were recently subject to acquisition accounting and fair valued based upon operating plans and macroeconomic conditions present at the time of the Merger. As a result, should operating results or macroeconomic conditions deteriorate versus those utilised to fair value the assets, an impairment of the acquired assets could result in the future.

The calculation of value in use is most sensitive to the discount rate and terminal growth rate assumptions. For the Iberia CGU, the Group estimates that a 1.0% increase in the discount rate, or a reduction in terminal growth rates of 1.5%, would eliminate existing headroom. The Group estimates that for the Germany CGU, an approximate 2.5% increase in the discount rate, or a 3.5% reduction in terminal growth rates, would eliminate existing headroom.

Note 5

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost, net of accumulated depreciation and accumulated impairment losses, where cost is the amount of cash or cash equivalents paid to acquire an asset at the time of its acquisition or construction. Major property additions, replacements and improvements are capitalised, while maintenance and repairs that do not extend the useful life of an asset or add new functionality are expensed as incurred. Land is not depreciated, as it is considered to have an indefinite life. For all property, plant and equipment, other than land, depreciation is recorded using the straight-line method over the respective estimated useful lives as follows:

Category	Useful life (years)	
	Low	High
Building and improvements	10	40
Machinery, equipment and containers	3	20
Cold-drink equipment	5	13
Vehicle fleet	3	12
Furniture and office equipment	4	10

Gains or losses arising on the disposal or retirement of an asset are determined as the difference between the carrying amount of the asset and any proceeds from its sale. Leasehold improvements are amortised using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvement.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, an impairment test is performed to estimate the potential loss of value that may reduce the recoverable amount of the asset to below its carrying amount. Any impairment loss is recognised within the consolidated income statement by the amount which the carrying amount exceeds the recoverable amount. Useful lives and residual amounts are reviewed annually and adjustments are made prospectively as required.

For property, plant and equipment, the Group assesses annually whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, a previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised and only up to the recoverable amount or the original carrying amount net of depreciation that would have been incurred had no impairment losses been recognised.

The following table summarises the movement in net book value for property, plant and equipment for the periods presented:

	Land € million	Building and improvements € million	Machinery, equipment and containers € million	Cold drink equipment € million	Vehicle fleet € million	Furniture and office equipment € million	Assets under construction € million	Total € million
Cost:								
As at 31 December 2016	324	1,512	2,350	1,186	124	165	125	5,786
Additions	1	38	155	168	8	18	129	517
Disposals	(3)	(8)	(116)	(82)	(2)	(13)	—	(224)
Transfers and reclassifications	—	5	68	(1)	1	1	(74)	—
Currency translation adjustments	(5)	(16)	(24)	(20)	(1)	(6)	—	(72)
Acquisition accounting adjustments and reclassifications ^(A)	(5)	(78)	(5)	(48)	(12)	12	—	(136)
As at 31 December 2017	312	1,453	2,428	1,203	118	177	180	5,871
Additions	9	30	129	104	12	14	242	540
Disposals	(3)	(10)	(73)	(87)	(1)	(12)	—	(186)
Transfers and reclassifications	—	22	57	1	—	3	(83)	—
Currency translation adjustments	(1)	(7)	(8)	(7)	—	1	—	(22)
As at 31 December 2018	317	1,488	2,533	1,214	129	183	339	6,203
Accumulated depreciation:								
As at 31 December 2016	—	(363)	(690)	(598)	(49)	(93)	—	(1,793)
Depreciation expense	—	(64)	(223)	(119)	(17)	(20)	—	(443)
Disposals	—	3	85	75	2	12	—	177
Currency translation adjustments	—	6	12	13	1	6	—	38
Acquisition accounting adjustments and reclassifications ^(A)	—	6	(4)	(3)	(4)	(8)	—	(13)
As at 31 December 2017	—	(412)	(820)	(632)	(67)	(103)	—	(2,034)
Depreciation expense	—	(60)	(232)	(127)	(18)	(24)	—	(461)
Disposals	—	2	70	85	1	12	—	170
Currency translation adjustments	—	3	4	4	—	(1)	—	10
As at 31 December 2018	—	(467)	(978)	(670)	(84)	(116)	—	(2,315)
Net book value:								
As at 31 December 2016	324	1,149	1,660	588	75	72	125	3,993
As at 31 December 2017	312	1,041	1,608	571	51	74	180	3,837
As at 31 December 2018	317	1,021	1,555	544	45	67	339	3,888

(A) The fair values of the assets and liabilities acquired as part of the Merger were provisional as at 31 December 2016 due to the complexity of the acquired businesses. During 2017, the Group finalised the valuation process and adjustments were recorded based on new information obtained about facts and circumstances that existed at the date of Merger. Management concluded that the changes in the fair values from the provisional amounts disclosed in the 2016 consolidated financial statements were not material to the Group's 2016 consolidated financial statements taken as whole. In addition, certain reclassifications between cost and accumulated depreciation were made.

Finance leases included in property, plant and equipment primarily relate to buildings, machinery and equipment, vehicle fleet assets and office equipment. The net book value of buildings held under finance leases was €18 million and €20 million as at 31 December 2018 and 31 December 2017, respectively. The net book value of machinery and equipment held under finance leases was €6 million and €8 million as at 31 December 2018 and 31 December 2017, respectively. The net book value of vehicle fleet held under finance leases was €39 million and €43 million as at 31 December 2018 and 31 December 2017, respectively. The net book value of furniture and office equipment held under finance leases was €3 million and €7 million as at 31 December 2018 and 31 December 2017, respectively. Depreciation expense on assets held under finance leases was €16 million, €25 million and €13 million for the years ended 31 December 2018, 31 December 2017 and 31 December 2016, respectively. Assets held under finance leases have been pledged as security in relation to the liabilities under the finance leases. Some lease agreements include renewal or purchase options or escalation clauses.

Note 6

INVENTORIES

Inventories are valued at the lower of cost or net realisable value and cost is determined using the first-in, first-out (FIFO) method. Inventories consist of raw materials, supplies (primarily including concentrate, other ingredients and packaging) and finished goods, which also include direct labour, indirect production and overhead costs. Cost includes all costs incurred to bring inventories to their present location and condition. Spare parts are recorded as assets at the time of purchase and are expensed as utilised. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to complete and sell the inventory.

The following table summarises the inventory outstanding in the consolidated statement of financial position as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Finished goods	378	324
Raw materials and supplies	234	223
Spare parts	81	103
Total inventories	693	650

Write downs of inventories to net realisable value totalled €23 million and €25 million during the years ended 31 December 2018 and 31 December 2017, respectively, which were included within cost of sales. None of the write downs were subsequently reversed.

Note 7

TRADE ACCOUNTS RECEIVABLE

The Group sells its products to retailers, wholesalers and other customers and extends credit, generally without requiring collateral, based on an evaluation of the customer's financial condition. While the Group has a concentration of credit risk in the retail sector, this risk is mitigated due to the diverse nature of the customers the Group serves, including, but not limited to, their type, geographic location, size and beverage channel. Collections of receivables are dependent on each individual customer's financial condition and sales adjustments granted after the statement of financial position date.

Trade accounts receivable are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. Typically, accounts receivable have terms of 30 to 60 days and do not bear interest. With the adoption of IFRS 9 on 1 January 2018, the Group adopted an expected credit loss reserve methodology which had an insignificant effect on the Group's consolidated financial statements. Refer to Note 1 for further details on the adoption of IFRS 9. Balances are considered for impairment on an individual basis rather than by reference to the extent that they become overdue. The Group considers factors such as delinquency in payment, financial difficulties, payment history of the debtor as well as certain forward-looking macroeconomic indicators. The carrying amount of trade accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. Credit insurance on a portion of the accounts receivable balance is also carried. Refer to Note 22 for further details on credit risk management.

The following table summarises the trade accounts receivable outstanding in the consolidated statement of financial position as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Trade accounts receivable, gross	1,671	1,746
Allowance for doubtful accounts	(16)	(14)
Total trade accounts receivable	1,655	1,732

The following table summarises the aging of trade accounts receivable, net of allowance for doubtful accounts in the consolidated statement of financial position as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Not past due	1,483	1,561
Past due 1 – 30 days	112	93
Past due 31 – 60 days	8	44
Past due 61 – 90 days	11	8
Past due 91 – 120 days	11	10
Past due 121+ days	30	16
Total	1,655	1,732

The following table summarises the change in the allowance for doubtful accounts for the periods presented:

	Allowance for doubtful accounts € million
As at 31 December 2016	(14)
Provision for impairment recognised during the year	(4)
Receivables written off during the year as uncollectible	4
As at 31 December 2017	(14)
Provision for impairment recognised during the year	(4)
Receivables written off during the year as uncollectible	2
As at 31 December 2018	(16)

Note 8

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short-term, highly liquid investments with maturity dates of less than three months when acquired that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Counterparties and instruments used to hold the Group's cash and cash equivalents are continually assessed, with a focus on preservation of capital and liquidity. Bank overdrafts are classified as current portion of borrowings in the consolidated statement of financial position.

The following table summarises the cash and cash equivalents outstanding in the consolidated statement of financial position as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Cash at banks and on hand	279	304
Short-term deposits and securities	30	56
Total cash and cash equivalents	309	360

Cash and cash equivalents are held in the following currencies as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Euro	185	248
US dollar	6	27
British pound	33	30
Norwegian krone	26	34
Swedish krona	44	8
Other	15	13
Total cash and cash equivalents	309	360

There are no material restrictions on the Group's cash and cash equivalents.

Note 9

FAIR VALUES

Fair value measurements

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as one of the following, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1. The Group values assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair values of the Group's cash and cash equivalents, trade accounts receivable, amounts receivable from related parties, trade and other payables and amounts payable to related parties approximate their carrying amounts due to their short-term nature.

The fair values of the Group's borrowings are estimated based on borrowings with similar maturities and credit quality and current market interest rates. These are categorised within Level 2 of the fair value hierarchy as the Group uses certain pricing models and quoted prices for similar liabilities in active markets in assessing their fair values. Refer to Note 11 for further details regarding the Group's borrowings.

The following table summarises the book value and fair value of the Group's borrowings as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Fair value of borrowings	5,739	5,953
Book value of borrowings (Note 11)	5,618	5,748

The Group's derivative assets and liabilities are carried at fair value, which is determined using a variety of valuation techniques, depending on the specific characteristics of the hedging instrument, taking into account credit risk. The fair value of its derivative contracts (including forwards, options, cross currency swaps and interest rate swaps) are determined using standard valuation models. The significant inputs used in these models are readily available in public markets or can be derived from observable market transactions and, therefore, the derivative contracts have been classified as Level 2. Inputs used in these standard valuation models include the applicable spot, forward and discount rates. The standard valuation model for the option contracts also includes implied volatility, which is specific to individual options and is based on rates quoted from a widely used third party resource. Refer to Note 10 for further details about the Group's derivatives.

The following table summarises the fair value of the assets and liabilities as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Assets at fair value:		
Derivatives (Note 10)	15	22
Liabilities at fair value:		
Derivatives (Note 10)	71	94

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period. There have been no transfers between levels during the periods presented.

Note 10

HEDGING ACTIVITIES

Derivative financial instruments

The Group utilises derivative financial instruments to mitigate its exposure to certain market risks associated with its ongoing operations. The primary risks that it seeks to manage through the use of derivative financial instruments include currency exchange risk, commodity price risk and interest rate risk. All derivative financial instrument assets and liabilities are recorded at fair value on the consolidated statement of financial position. The Group does not use derivative financial instruments for trading or speculative purposes and all hedge ratios are on a 1:1 basis. At the inception of a hedge transaction the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. This process includes linking the derivative financial instrument designated as a hedging instrument to the specific asset, liability, firm commitment or forecasted transaction. Further information on the Group's risk management strategy and objective can be found in Note 22. Both at the hedge inception and on an ongoing basis, the Group assesses and documents whether the derivative financial instrument used in the hedging transaction is highly effective in maintaining the risk management objective. Where critical terms match, the Group uses a qualitative assessment to ensure initial and ongoing effectiveness criteria. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

While certain derivative financial instruments are designated as hedging instruments, the Group also enters into derivative financial instruments that are designed to hedge a risk but are not designated as hedging instruments (referred to as an economic hedge or a non-designated hedge). The decision regarding whether or not to designate a hedge for hedge accounting is made by management considering the size, purpose and tenure of the hedge, as well as the anticipated ability to achieve and maintain the Group's risk management objective. Refer to Note 1 for further details on the adoption of IFRS 9.

The Group is exposed to counterparty credit risk on all of its derivative financial instruments. It has established and maintained strict counterparty credit guidelines and enters into hedges only with financial institutions that are investment grade or better. It continuously monitors counterparty credit risk and utilises numerous counterparties to minimise its exposure to potential defaults. It does not require collateral under these agreements.

The following table summarises the fair value of the assets and liabilities related to derivative financial instruments and the respective line items in which they were recorded in the consolidated statement of financial position as at the dates presented. All derivative instruments are classified as Level 2 within the fair value hierarchy. Discussion of the Group's other financial assets and liabilities is contained elsewhere in these financial statements. Refer to Note 7 for trade accounts receivable, Note 12 for trade and other payables, Note 11 for borrowings and Note 17 for amounts receivable and payable with related parties.

Hedging instrument	Location – statement of financial position	31 December 2018 € million	31 December 2017 € million
Assets:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	Non-current derivative assets	1	1
Foreign currency contracts	Current derivative assets	9	12
Commodity Contracts	Current derivative assets	3	—
	Total	13	13
Derivatives not designated as hedging instruments:			
Commodity contracts	Non-current derivative assets	1	1
Commodity contracts	Current derivative assets	1	8
	Total	2	9
Total Assets		15	22
Liabilities:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	Non-current derivative liabilities	49	93
Commodity Contracts	Non-current derivative liabilities	1	—
Foreign currency contracts	Current derivative liabilities	1	—
Commodity contracts	Current derivative liabilities	17	—
	Total	68	93
Derivatives not designated as hedging instruments:			
Commodity contracts	Non-current derivative liabilities	1	—
Commodity contracts	Current derivative liabilities	2	1
	Total	3	1
Total Liabilities		71	94

Cash flow hedges

The Group uses cash flow hedges to mitigate its exposure to changes in cash flows attributable to currency fluctuations and commodity price fluctuations associated with certain forecasted transactions, including purchases of raw materials, finished goods and services denominated in non-functional currencies, the receipt of interest and principal on intercompany loans denominated in non-functional currencies and the payment of interest and principal on debt issuances in non-functional currencies. Effective changes in the fair value of these cash flow hedging instruments are recognised as a component of other reserves on the consolidated statement of financial position. The effective changes are then recognised within the line item on the consolidated income statement that is consistent with the nature of the underlying hedged item in the period that the forecasted purchases or payments impact earnings. Any changes in the fair value of these cash flow hedges that are the result of ineffectiveness are recognised immediately in the line item on the consolidated income statement that is consistent with the nature of the underlying hedged item. Historically, the Group has not experienced, nor does it expect to experience material hedge ineffectiveness with the value of the hedged instrument equalling that of the hedged item.

The net notional amount of outstanding currency related cash flow hedges was €1.3 billion as at 31 December 2018 and €1.2 billion as at 31 December 2017. The net notional amount of outstanding commodity related cash flow hedges was €0.2 billion as at 31 December 2018 and nil as at 31 December 2017. Outstanding cash flow hedges as at 31 December 2018 are expected to settle and affect profit or loss between 2019 and 2021.

The following table summarises the Group's outstanding cash flow hedges by risk category as at the dates presented (all contracts denominated in a foreign currency have been converted into euros using the respective year end spot rate):

	Notional maturity profile			
	Total € million	Less than one year € million	1 to 3 years € million	3 to 5 years € million
Cash flow hedges				
Foreign currency	1,221	236	22	963
As at 31 December 2016	1,221	236	22	963
Foreign currency	1,214	196	526	492
As at 31 December 2017	1,214	196	526	492
Foreign currency	1,255	227	1,028	—
Commodity	237	212	25	—
As at 31 December 2018	1,492	439	1,053	—

The Group recognised within other comprehensive income €33 million net gains, €116 million net losses and €44 million net gains for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 respectively, related to changes in the fair values of outstanding cash flow hedges. The amount of ineffectiveness associated with these cash flow hedges was not material during any year presented within these financial statements.

The following table summarises the net of tax effect for cash flow hedges that settled for the periods presented within the consolidated income statement:

	Location – income statement	Amount of gain (loss) reclassified from the hedging reserve into profit		
		31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Cash flow hedging instruments				
Foreign currency contracts	Cost of sales	4	7	5
Foreign currency contracts	Selling and distribution expenses	—	—	(1)
Foreign currency contracts ^(A)	Non-operating items	43	(123)	49
Total		47	(116)	53

(A) The gain/(loss) recognised on these currency contracts is offset by the gain/(loss) recognised on the remeasurement of the underlying debt instruments; therefore, there is a minimal consolidated net effect in non-operating items on the consolidated income statement.

Non-designated hedges

The Group periodically enters into derivative instruments that are designed to hedge various risks but are not designated as hedging instruments. These hedged risks include those related to commodity price fluctuations associated with forecasted purchases of aluminium, sugar, components of PET (plastic) and vehicle fuel. At times, it also enters into other short-term non-designated hedges to mitigate its exposure to changes in cash flows attributable to currency fluctuations associated with short-term intercompany loans and certain cash equivalents denominated in non-functional currencies. Changes in the fair value of outstanding non-designated hedges are recognised each reporting period in the line item on the consolidated income statement that is consistent with the nature of the hedged risk.

The notional amount of outstanding non-designated commodity hedges was €31 million and €132 million as at 31 December 2018 and 31 December 2017, respectively. Outstanding commodity hedges as at 31 December 2018 are expected to settle and affect profit or loss between 2019 and 2020.

The notional amount of outstanding non-designated short-term foreign currency contracts associated with intercompany loans was €57 million and €59 million as at 31 December 2018 and 31 December 2017, respectively. Outstanding non-designated foreign currency hedges as at 31 December 2018 are expected to settle and affect profit or loss during 2019.

The following table summarises the gains (losses) recognised from non-designated derivative financial instruments in the consolidated income statement for the years presented:

Non-designated hedging instruments	Location – income statement	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Commodity contracts	Cost of sales	1	20	8
Commodity contracts	Selling and distribution expenses	—	(2)	10
Foreign currency contracts ^(A)	Non-operating items	(4)	13	17
Total		(3)	31	35

(A) The gain (loss) recognised on these currency contracts is offset by the gain (loss) recognised on the remeasurement of the underlying hedged items; therefore, there is a minimal consolidated net effect in non-operating items on the consolidated income statement.

Net investment hedges

Prior to the Merger, the Group entered into foreign currency forwards, options and foreign currency denominated borrowings designated as net investment hedges of its foreign subsidiaries. Changes in the fair value of these hedges resulting from currency exchange rate changes are recognised as a component of other reserves on the consolidated statement of financial position to offset the change in the carrying value of the net investment being hedged. Any changes in the fair value of these hedges that are the result of ineffectiveness are recognised immediately in operating profit on the consolidated income statement. All outstanding net investment hedges were settled prior to the Merger. Although the Group had no net investment hedges in place as at 31 December 2018 or 31 December 2017, it continues to monitor its exposure to currency exchange rates and may enter into future net investment hedges as a result of volatility in the functional currencies of certain of its subsidiaries.

The Group recognised within other comprehensive income €44 million in net losses for the year 31 December 2016 related to net investment hedges. As a result of US tax law changes, in 2017, the Group recognised a deferred tax benefit of €27 million in other reserves related to the deferred gain on net investment hedges.

Note 11

BORROWINGS AND FINANCE LEASES

Borrowings

Borrowings are initially recognised at fair value, net of issuance costs incurred. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortisation of transaction costs, premiums and discounts is recognised as part of finance costs within the consolidated income statement.

Finance leases

Finance leases are recognised when the Group leases property, plant and equipment and has substantially all the risks and rewards of ownership. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Lease payments are apportioned between the finance costs and the reduction of the remaining liability. The finance costs are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability. Property, plant and equipment acquired in connection with a finance lease is depreciated over the shorter of the useful life of the asset or the lease term. The Group's interests in assets acquired under finance leases are included in property, plant and equipment and primarily relate to buildings, machinery and equipment, vehicle fleet assets and office equipment. Amortisation of finance lease assets is included in depreciation expense and recorded in the consolidated income statement in the line item consistent with the nature of the leased item.

Borrowings outstanding

The following table summarises the carrying value of the Group's borrowings as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Non-current:		
€350 million 2.00% Notes 2019 ^(A)	—	348
US\$525 million 3.50% Notes 2020	456	436
US\$250 million 3.25% Notes 2021	216	206
US\$300 million 4.50% Notes 2021	261	249
€350 million Floating Rate Note 2021 ^(B)	350	351
€700 million 0.75% Notes 2022 ^(C)	697	697
€350 million 2.63% Notes 2023	348	348
€500 million 1.13% Notes 2024 ^(C)	495	495
€350 million 2.38% Notes 2025	346	347
€250 million 2.75% Notes 2026	248	248
€500 million 1.75% Notes 2028 ^(C)	493	492
€400 million 1.50% Notes 2027 ^(D)	395	—
€500 million 1.88% Notes 2030	495	496
Term loan 2018-2021 ^(E)	274	698
Finance lease obligations ^(F)	53	63
Total non-current borrowings	5,127	5,474
Current:		
€350 million 2.00% Notes 2019 ^(A)	349	—
EUR commercial paper ^(G)	120	250
Finance lease obligations ^(F)	22	24
Total current borrowings	491	274

(A) In December 2018, the €350 million 2.0% Notes due 2019 were reclassified from non-current to current borrowings.

(B) In November 2017, the Group issued €350 million floating-rate notes due 2021.

(C) To finance the return of capital to CCE shareholders in connection with the Merger, the Group issued €2.2 billion Eurobond notes due between November 2017 and May 2028.

In December 2017, €500 million floating-rate notes matured and were paid in full.

(D) In November 2018, the Group issued €400 million, 1.50% interest rate notes due 2027.

(E) To finance the return of capital to CCE shareholders in connection with the Merger, the Group obtained a €1.0 billion, floating rate bank term loan with annual payments due each May beginning in 2018 until 2021. In September 2017, €200 million of the term loan due in 2018 and €100 million of the term loan due in 2021 were repaid prior to maturity. In July 2018, €100 million due in 2019 were repaid prior to maturity. In September 2018, €100 million due in 2019 and €50 million due in 2020 were repaid prior to maturity. In November 2018, €100 million due in 2020 were repaid prior to maturity. In December 2018, €75 million due in 2020 were repaid prior to maturity. As at 31 December 2018, €275 million of the term loan remains outstanding with annual repayments due between 2020 and 2021.

(F) These amounts represent the present values of the Group's minimum finance lease obligations.

(G) As of 31 December 2018, the Group had €120 million of euro denominated commercial paper outstanding, due January 2019.

Borrowings are stated net of unamortised financing fees of €24 million and €19 million, as at 31 December 2018 and 31 December 2017, respectively.

Credit facilities

The Group has amounts available for borrowing under a €1.5 billion multicurrency credit facility with a syndicate of ten banks. This credit facility matures in 2023 and is for general corporate purposes and supporting the Group's working capital needs. Based on information currently available, there is no indication that the financial institutions participating in this facility would be unable to fulfil their commitments to the Group as at the date of this report. The Group's current credit facility contains no financial covenants that would impact its liquidity or access to capital. As at 31 December 2018, the Group had no amounts drawn under this credit facility.

Finance lease maturities

The following table summarises the maturity of the Group's finance lease obligations as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Finance lease maturities		
Within one year	22	24
After one year but not more than five years	39	46
More than five years	22	26
Total minimum lease payments	83	96
Amounts representing interest ^(A)	(8)	(9)
Present value of minimum lease payments	75	87

(A) Amounts representing interest related to finance lease commitments are not significant for any of the individual time periods presented above.

Cash flows from financing activities

The following table provides a reconciliation of movements of liabilities to cash flows arising from financing activities:

	Current portion of borrowings € million	Borrowings, less current portion € million	Total € million
As at 31 December 2016	875	5,562	6,437
Changes from financing cash flows			
Proceeds from third party borrowings, net of issuance costs	—	350	350
Changes in short-term borrowings	250	—	250
Repayments on third party borrowings	(850)	(310)	(1,160)
Repayments on third party borrowings; finance leases	(1)	(19)	(20)
Capitalised discount/premium	—	2	2
Other non-cash changes			
Amortisation of discount, premium and issue costs	—	8	8
Finance lease additions and other	—	5	5
Currency translation	—	(124)	(124)
Total changes	(601)	(88)	(689)
As at 31 December 2017	274	5,474	5,748
Changes from financing cash flows			
Proceeds from third party borrowings, net of issuance costs	—	398	398
Changes in short-term borrowings	(131)	—	(131)
Repayments on third party borrowings	—	(426)	(426)
Repayments on third party borrowings; finance leases	(18)	—	(18)
Capitalised discount/premium	—	(2)	(2)
Other financing activities	—	(8)	(8)
Other non-cash changes			
Amortisation of discount, premium and issue costs	—	8	8
Finance lease additions and other	1	5	6
Currency translation	1	42	43
Reclassifications	364	(364)	—
Total changes	217	(347)	(130)
As at 31 December 2018	491	5,127	5,618

Cash flows from financing activities includes €34 million, €36 million and €17 million of cash received related to income on a cross currency swap for the years 2018, 2017 and 2016, respectively.

Note 12

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade payables are non-interest bearing and are normally settled between 30 to 60 days.

The Group participates in various programmes and arrangements with customers designed to increase the sale of our products. The costs of these programmes are recorded as deductions from revenue. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed upon sales levels or for participating in specific marketing programmes. When these allowances are paid in arrears, the Group accrues the estimated amount to be paid based upon historical customer experience, the programme's contractual terms, expected customer performance and/or estimated sales volume. The costs of these off-invoice arrangements totalled €3.0 billion, €2.9 billion and €2.5 billion for 2018, 2017 and 2016, respectively. The increase in 2017 versus 2016 is due to the inclusion of Germany and Iberia for the full year as a result of the Merger.

The following table summarises trade and other payables as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Trade accounts payable	1,105	1,057
Accrued customer marketing costs	753	648
Accrued deposits	282	266
Accrued compensation and benefits	269	249
Accrued taxes	273	167
Other accrued expenses	146	146
Total trade and other payables	2,828	2,533

Note 13

POST-EMPLOYMENT BENEFITS

The cost of providing benefits is determined using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. All remeasurements of the defined benefit obligation, such as actuarial gains and losses and return on plan assets, are recognised directly in other comprehensive income. Remeasurements recognised in other comprehensive income are reflected immediately in retained earnings and are not reclassified to profit or loss. Service costs are presented within cost of sales, selling and distribution expenses and administrative expenses in the consolidated income statement. Past service costs are recognised immediately within cost of sales, selling and distribution expenses and administrative expenses in the consolidated income statement. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. Net interest cost is presented within finance costs or finance income, as applicable, in the consolidated income statement. The defined benefit obligation recognised in the consolidated statement of financial position represents the present value of the estimated future cash outflows using interest rates of high quality corporate or government bonds, depending on whether or not there is a deep market for corporate bonds in the relevant country, which have terms to maturity approximating the terms of the related liability. For termination benefits the Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for those benefits.

The following table summarises non-current employee benefit liabilities as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Retirement benefit obligation	89	95
Other employee benefit liabilities	53	67
Total non-current employee benefit liabilities	142	162

Defined benefit plans

The Group sponsors a number of defined benefit pension plans in Belgium, France, Germany, Great Britain, Luxembourg and Norway, of which the Great Britain plan (GB Scheme) and Germany plans (Pension Plan 1 and Pension Plan 2) are the most significant.

The GB Scheme's defined benefit obligation includes benefits for current employees, former employees and current pensioners. The level of benefits provided (funded final salary pension) depends on the member's length of service and salary at retirement age. Part of the pension may be exchanged for a tax free cash lump sum. The GB Scheme was closed to new members with effect from 1 October 2005 and is administered by a separate board of trustees, which is legally separate from the Group. The board of trustees are composed of representatives of both the employer and employees. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

A full actuarial valuation of the GB Scheme occurs on a triennial basis by a qualified external actuary. The latest triennial valuation was carried out as at 5 April 2016 and has been updated to 31 December 2018. The Group's contributions are determined on the basis of the triennial valuations.

Germany's defined benefit pension plans are open to existing members but closed to new entrants. The defined benefit obligation includes benefits for current employees, former employees and current pensioners. Pension Plan 1 has elements of a final salary pension for past service and a career average formula for new accruals. It is funded through a support fund administered by an insurance company. Pension Plan 2 is administered by the Group with the plan being covered by a Contractual Trust Arrangement (CTA) and a single reinsurance contract. The Company is responsible for paying obligations. There is no external board of trustees. The insurer shares some responsibility for plan assets, investment policy and administration. The latest annual valuation for these plans was performed as at 31 December 2017 and has been updated to 31 December 2018.

Risks

The Group's defined benefit pension schemes expose the Group to a number of risks, including:

- Asset volatility – the plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, a deficit would occur. Some of our plans hold a significant proportion of growth assets (equities and property) which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given each scheme's long-term objectives.
- Changes in bond yields – a decrease in corporate bond yields will increase the defined benefit liability, although this will be partially offset by an increase in the value of the plan's bond holdings.
- Inflation risk – a significant proportion of our benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
- Life expectancy – the majority of our plans have an obligation to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the defined benefit liabilities.

Benefit costs

The following table summarises the expense related to pension plans recognised in the consolidated income statement for the years presented:

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Service cost	52	53	49
Past service cost	—	(3)	—
Net interest cost (income)	1	3	2
Administrative expenses	2	2	2
Total cost	55	55	53

Other comprehensive income

The following table summarises the changes in other comprehensive income related to our pension plans for the years presented:

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Actuarial (gain)/loss on defined benefit obligation arising during the period	(120)	30	248
Return on plan assets (greater)/less than discount rate	118	(121)	(183)
Net charge to other comprehensive income	(2)	(91)	65

Benefit obligation and fair value of plan assets

The following table summarises the changes in the pension plan benefit obligation and the fair value of plan assets for the periods presented:

	31 December 2018 € million	31 December 2017 € million
Reconciliation of benefit obligation:		
Benefit obligation at beginning of plan year	1,969	1,947
Service cost	52	53
Past service cost	—	(3)
Interest costs on defined benefit obligation	42	43
Plan participants contribution	47	45
Actuarial loss/(gain) – experience	(5)	5
Actuarial loss/(gain) – demographic assumptions	(35)	—
Actuarial loss/(gain) – financial assumptions	(80)	25
Benefit payments	(110)	(90)
Administrative expenses	2	2
Currency translation adjustments	(10)	(50)
Settlements	—	(8)
Benefit obligation at end of plan year	1,872	1,969
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of plan year	1,898	1,779
Interest income on plan assets	41	40
Return on plan assets greater/(less) than discount rate	(118)	121
Plan participants contributions	47	45
Employer contributions	56	58
Benefit payments	(110)	(90)
Currency translation adjustment	(10)	(48)
Settlements	—	(7)
Fair value of plan assets at end of plan year	1,804	1,898

Timing of benefit payments

The weighted average duration of the defined benefit plan obligation as at 31 December 2018 is 21 years, out of which the GB Scheme represents 23 years and Germany plans represent 15 years.

Retirement benefit status

The following table summarises the retirement benefit status of pension plans as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Net benefit status:		
Present value of obligation	(1,872)	(1,969)
Fair value of assets	1,804	1,898
Net benefit status:	(68)	(71)
Retirement benefit surplus	21	24
Retirement benefit obligation	(89)	(95)

The GB scheme and Germany plans approximately represented 70.5% and 18.5% of the present value of the obligation and 73.0% and 19.0% of the fair value of assets as at 31 December 2018, respectively.

The surplus for 2018 and 2017, which is primarily related to Germany Pension Plan 2, is recognised on the balance sheet on the basis that the Group is entitled to a refund of any remaining assets once all members have left the plan. Refer to Note 21.

Actuarial assumptions

The following tables summarise the weighted average actuarial assumptions used to determine the benefit obligations of pension plans as at the dates presented:

	31 December 2018 %	31 December 2017 %
Financial assumptions		
Discount rate	2.5	2.3
Rate of compensation increase	3.1	3.1
Rate of price inflation	2.9	2.9
Demographic assumptions (weighted average)^(A)		
Retiring at the end of the reporting period		
Male	21.3	21.4
Female	23.9	24.3
Retiring 15 years after the end of the reporting period		
Male	22.3	22.7
Female	25.0	25.6

(A) These assumptions translate into an average life expectancy in years, post retirement, for an employee retiring at age 65.

The following table summarises the sensitivity of the defined benefit obligation to changes in the weighted average principal assumptions for the periods presented:

Principal assumptions	Change in assumption	Impact on defined benefit obligation (%)			
		Increase in assumption		Decrease in assumption	
		2018	2017	2018	2017
Discount rate	0.5%	(8.6)	(9.1)	9.8	10.6
Rate of compensation increase	0.5%	2.4	2.6	(2.2)	(2.4)
Rate of price inflation	0.5%	8.1	8.9	(6.6)	(7.8)
Mortality rates	1 year	2.9	2.5	(3.0)	(2.4)

The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Pension plan assets

The Group has established formal investment policies for the assets associated with the pension plans. Policy objectives include (1) maximising long-term return at acceptable risk levels; (2) diversifying among asset classes, if appropriate, and among investment managers; and (3) establishing relevant risk parameters within each asset class. Investment policies reflect the unique circumstances of the respective plans and include requirements designed to mitigate risk, including quality and diversification standards. Asset allocation targets are based on periodic asset liability and/or risk budgeting study results, which help determine the appropriate investment strategies for acceptable risk levels. The investment policies permit variances from the targets within certain parameters.

The following tables summarise pension plan assets measured at fair value as at the dates presented:

	Total 31 December 2018 € million	Investments quoted in active markets € million	Unquoted investments € million
Equity securities:^(A)			
US equities	201	201	—
Non-US equities	626	626	—
Fixed-income securities:^(B)			
Corporate bonds and notes	67	43	24
Government bonds	384	384	—
Cash and other short-term investments^(C)	7	7	—
Other investments:			
Real estate funds ^(D)	293	27	266
Insurance contracts ^(E)	226	—	226
	1,804	1,288	516

	Total 31 December 2017 € million	Investments quoted in active markets € million	Unquoted investments € million
Equity securities:^(A)			
US equities	226	226	—
Non-US equities	749	693	56
Fixed-income securities:^(B)			
Corporate bonds and notes	60	34	26
Government bonds	409	387	22
Cash and other short-term investments^(C)	10	5	5
Other investments:			
Real estate funds ^(D)	226	14	212
Insurance contracts ^(E)	218	—	218
	1,898	1,359	539

(A) Equity securities are comprised of the following investment types: (1) ordinary shares; (2) preference shares; and (3) common trust funds and collective funds. Investments in ordinary and preference shares are valued using quoted market prices multiplied by the number of shares owned. Investments in common trust funds and collective funds are valued at the net asset value per share, which is calculated based on the underlying quoted investments market price, multiplied by the number of shares held as of the measurement date.

(B) Investments other than those held in common trust funds and collective funds are valued utilising a market approach. The value of such assets is primarily sourced from broker quotes in active markets. Bonds are held mainly in the currency of the geography of the plan.

(C) Cash and other short-term investments are valued at €1.00/unit, which approximates fair value. Amounts are generally invested in cash, actively managed common trust funds or interest bearing accounts.

(D) Real estate funds, mainly related to the GB Scheme, are valued at the net asset value per share. For quoted funds, the calculation is based on the underlying quoted investments market price, multiplied by the number of shares held as of the measurement date. For unquoted funds, this is calculated using the most recent partnership financial reports, adjusted, as appropriate, for any lag between the date of the financial reports and the measurement date (as of 31 December 2018, it is not probable that these investments will be sold at an amount other than net asset value).

(E) Insurance contracts exactly match the amount and timing of certain benefits, therefore the fair value of these insurance policies is deemed to be the present value of the related obligations. The significant majority of these are reinsurance contracts relating to benefit arrangements in Germany.

Contributions

Contributions to pension plans totalled €56 million, €58 million and €78 million during the years ended 31 December 2018, 31 December 2017 and 31 December 2016, respectively. During 2016, in order to improve the funded status of the plan, the Group and the board of trustees of the GB Scheme agreed to additional future funding levels in the total amount of approximately £13 million for each year until 2024, subject to the triennial valuation. The Group expects to make contributions of €54 million for the full year ending 31 December 2019 in line with the agreed funding plan.

Other employee benefit liabilities

In Germany, the Group also has an early retirement programme designed to create an incentive for employees, within a certain age group, to transition from (full or part time) employment into retirement before their legal retirement age. Furthermore, the Group also sponsors deferred compensation plans in other territories. The current portion of these liabilities totalled €19 million and €21 million as at 31 December 2018 and 31 December 2017, respectively and is included within the current portion of employee benefit liabilities on the consolidated statement of financial position. The non-current portion of these liabilities totalled €53 million and €67 million as at 31 December 2018 and 31 December 2017 and is included within employee benefit liabilities on the consolidated statement of financial position.

Defined contribution plans

The Group sponsors qualified defined contribution plans covering substantially all of our employees in Iceland, the Netherlands, Norway, Spain and certain employees in Great Britain. Contributions payable for the period are charged to the consolidated income statement as an operating expense for defined contribution plans. Contributions to these plans totalled €27 million, €25 million and €24 million during the year ended 31 December 2018, 31 December 2017 and 31 December 2016, respectively.

Note 14

EQUITY

Share capital

As at 31 December 2018, the Company has issued and fully paid 474,920,066 ordinary shares with a nominal value of €0.01 per share. Shares in issue have one voting right each and no restrictions related to dividends or return of capital.

	Number of shares millions	Share Capital € million
As at 1 January 2016	227	3
Shares utilised for share-based payments prior to Merger	1	—
Cancellation of CCE shares	(228)	(3)
Issuance of CCEP shares in consideration for CCIP and CCEG	254	3
Group reconstruction transaction	228	2
Issuances of shares post-Merger	1	—
As at 31 December 2016	483	5
Issuance of shares	2	—
As at 31 December 2017	485	5
Issuance of shares	3	—
Cancellation of shares	(13)	—
As at 31 December 2018	475	5

Immediately prior to the Merger on 28 May 2016, there were 228,244,244 shares of US\$0.01 par value of CCE shares issued and fully paid, which included net issuances of 908,456 related to share-based payment awards from 1 January 2016 through 27 May 2016. In connection with the Merger, all CCE shares were cancelled and replaced with shares of the Company. Additionally, the Company issued 166,128,987 shares to Olive Partners and 87,950,640 shares to European Refreshments (ER), Coca-Cola GmbH and Vivaqa Beteiligungs GmbH & Co. KG as consideration to acquire their bottling operations. Subsequent to the Merger, those of the 87,950,640 shares held by Coca-Cola GmbH and Vivaqa Beteiligungs GmbH & Co. KG were transferred to ER. Furthermore in 2016, the Group issued an additional 752,525 shares related to share-based payment awards post-Merger.

The share capital increased in 2017 from the issue of 1,510,032 shares following the exercise of share-based payment awards.

In connection with the share buyback programme that commenced in 2018, 12,429,600 shares were cancelled. Also in 2018, 2,763,238 shares were issued related to share-based payment awards.

As at 31 December 2018, 2017 and 2016, the number of shares issued and fully paid was 474,920,066, 484,586,428 and 483,076,396 respectively.

Share premium

Under the Companies Act 2006, the amount reflected in share premium for a group reconstruction is equal to the total consideration transferred in excess of nominal value for the accounting acquirer. As all shares of CCE were cancelled and replaced with shares in the Company, €7.6 billion was recorded to the share premium account representing the excess over nominal value of €0.01 for the 228,244,244 shares issued to CCE shareholders on 28 May 2016 based on the adjusted closing price of CCE shares of €33.33 at the time of the Merger. As CCE was deemed to be the accounting acquirer, its net assets remain at book value, therefore, the Group recorded a corresponding reduction to merger reserves for this amount. Furthermore, on 22 June 2016, the Company received approval from the UK High Court of Justice to convert €7.5 billion of its undistributable profits into distributable profits. This resulted in a reduction to the share premium account of €7.5 billion and a corresponding increase to retained earnings. The share premium account increased by cash received for the exercise of options after the Merger by €25 million for 31 December 2018, €13 million for 31 December 2017 and €9 million for 31 December 2016, respectively.

Merger reserves

The consideration transferred to acquire CCIP and CCEG qualified for merger relief under the UK Companies Act of 2006. As such, the excess consideration transferred over nominal value was required to be excluded from the share premium account and recorded to merger reserves. The cumulative balance of €8.5 billion includes the consideration transferred in excess of nominal value of €0.01 for CCIP and CCEG of €5.5 billion and €2.9 billion, respectively.

Return of capital to CCE shareholders

The return of capital to CCE shareholders in connection with the Merger was in the form of a cash payment of €3.0 billion, with a corresponding reduction in retained earnings.

Treasury shares

As part of the Merger agreement, the 128,993,430 remaining shares held in treasury on the acquisition date, with a total cost of €3.3 billion, were cancelled in 2016.

Share buyback programme

On 12 September 2018, the Company announced a share buyback programme of up to €1.5 billion. The maximum number of shares authorised for repurchase at the Company's 2018 Annual General Meeting was 48,507,819. The Company entered into agreements to purchase €500 million of its own shares as part of this share buyback programme through to 31 December 2018.

For the year ended 31 December 2018, 12,429,600 shares were repurchased by the Company and cancelled. The total cost of the repurchased shares of €502 million, including €2 million of directly attributable tax costs, was deducted from retained earnings. As a result of the cancellation, €0.1 million was transferred from share capital to a capital redemption reserve (disclosed within other reserves), representing the nominal value of the shares cancelled.

Other reserves

The following table outlines the balances in other reserves (net of tax) as at the dates presented:

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Cash flow hedge reserve	(26)	(12)	(12)
Net investment hedge reserve	197	197	170
Foreign currency translation adjustment reserve	(723)	(688)	(577)
Total other reserves	(552)	(503)	(419)

Movements, including the tax effects, in these accounts through 31 December 2018 are included within the consolidated statement of comprehensive income.

Dividends

Dividends are recorded within the Group's consolidated financial statements in the period in which they are paid.

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Quarter 1 dividend for 2018: €0.26 per share (2017: €0.17 per share, 2016: \$0.30 per share)	126	82	61
Quarter 2 dividend for 2018: €0.26 per share (2017: two payments for €0.21 per share, 2016: \$0.30 per share)	126	204	61
Quarter 3 dividend for 2018: €0.26 per share (2017: €0.21 per share, 2016: none)	127	102	—
Quarter 4 dividend for 2018: €0.28 per share (2017: €0.21 per share, 2016: €0.17 per share)	134	101	82
Total dividend on ordinary shares paid	513	489	204

Additionally, €2 million, €2 million and €1 million were accrued as dividends in relation to restricted stock units and performance share units in 2018, 2017 and 2016, respectively.

Note 15

TOTAL OPERATING COSTS

The following table outlines the significant cost items by nature within operating costs for the years presented:

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Cost of inventory recognised as an expense	4,901	5,021	4,194
Write-down of inventories (Note 6)	23	25	28
Employee costs ^(A)	1,768	1,719	1,411
Distribution costs	637	595	514
Depreciation of property, plant and equipment, excluding restructuring	446	426	321
Amortisation of intangible assets (Note 4)	51	47	39
Out of period mark-to-market effects on undesignated derivatives	8	(6)	(35)
Merger related costs	—	4	126
Restructuring charges, including accelerated depreciation ^(B)	274	235	286

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
(A) Employee Costs			
Wages and salaries	1,360	1,317	1,059
Social security costs	290	290	234
Pension and other employee benefits	118	112	118
Total staff costs	1,768	1,719	1,411

Directors' remuneration information is disclosed in the Directors' Remuneration Report.

The average number of persons employed by the Group (including Directors) for the periods presented were as follows:

	2018 No. in thousands	2017 No. in thousands	2016 No. in thousands
Commercial	7.7	7.7	6.1
Supply chain	13.1	13.5	10.8
Support functions	2.7	2.3	2.2
Total average staff employed	23.5	23.5	19.1

The average number of persons employed by the Group reflects only CCE employees from 1 January to 27 May 2016. From 28 May through to 31 December 2016, and for the full years 2017 and 2018, the average number reflects CCEP employees.

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
(B) Restructuring			
Increase in provision for restructuring programmes (Note 20)	236	186	260
Amount of provision reversed unused (Note 20)	(23)	(22)	(6)
Accelerated depreciation and non-cash costs	22	33	24
Other cash costs ^(A)	39	38	8
Total	274	235	286

(A) Other cash costs primarily relate to professional fees, which includes consultancy costs, legal fees, and other costs associated with restructuring.

Restructuring costs charged in arriving at operating profit for the years presented include restructuring costs arising under the following programmes and initiatives:

Supply chain site closure in Iberia

In 2016, as required by a Supreme Court ruling, CCIP created a new logistics centre (COIL) in Fuenlabrada, Spain and re-employed many of the workers who had been subject to a 2014 collective dismissal process at the same location. Following subsequent discussions with employee representatives, in November 2018 a COIL shutdown agreement was signed which effected the closure of the facility. For the year ended 31 December 2018, the Group recorded a related restructuring expense of €112 million, primarily related to severance costs. No further expenses are expected to be recognised.

Supply chain site closure in GB

In January 2018, as part of productivity initiatives in Great Britain, the Group announced proposals to close its manufacturing site in Milton Keynes and distribution centre in Northampton during the course of 2019. Through the year ended 31 December 2018, the Group recorded expense of €31 million, primarily related to severance costs and accelerated depreciation. Total costs of this programme are expected to be €40 million, and this programme will be substantially completed by 31 December 2019.

Commercial restructuring initiatives

In 2018, commercial restructuring initiatives were announced in Iberia relating to the route to market and in Germany relating to the full service vending business. Through the year ended 31 December 2018, the Group recorded expense of €15 million and €11 million in Iberia and Germany respectively, primarily related to severance costs. Total costs of these programmes are expected to be €38 million and €30 million and these programmes will be substantially completed by 31 December 2019 and 31 December 2020, respectively.

CCEP integration and synergy programme

In 2016, the Group announced several restructuring proposals to facilitate and enable the integration of CCE, CCIP and CCEG following the Merger. Restructuring activities include those related to supply chain improvements such as network optimisation, productivity initiatives, continued facility rationalisation in Germany and end to end supply chain organisational design. Restructuring plans also include transferring Germany transactional related activities to the Company's shared service centre in Bulgaria and other central function initiatives. The Group also initiated the relocation of Atlanta based headquarters roles to Europe. In 2017, the Group announced additional restructuring proposals, including the optimisation of manufacturing, warehouse and labour productivity, cold drink operational practices and facilities, further facility rationalisation in Germany and supply chain organisational design improvements such as route to market. These proposals also include the transfer of additional activities to the Group's shared service centre in Bulgaria and other central function initiatives. During the years ended 31 December 2018 and 31 December 2017, the Group recorded total expenses related to this programme of €50 million and €215 million, respectively. The programme was substantially completed during 2018 and total expenditure over the life of the programme was approximately €450 million.

Germany restructuring programme and Iberia inflight initiatives

At the time of the Merger, the Group assumed ongoing restructuring initiatives in both Germany and Iberia. In Germany, these initiatives principally related to improving the efficiency and effectiveness of the supply chain organisation. On 1 March 2016, CCEG announced its intent to close two production sites, six distribution sites and to phase out a refillable PET production line. In addition, CCEG announced its intent to restructure parts of its finance, human resources, marketing and sales departments. At the Merger date, there was approximately €228 million of restructuring provisions recorded in the opening balance sheet of Germany related to this and other programmes. Subsequent to the Merger, and through the years ended 31 December 2018 and 31 December 2017, the Group recorded additional expense of €3 million and €23 million primarily related to severance costs. This programme was substantially completed by 31 December 2017.

Auditor's remuneration

Audit and other fees charged in the income statement concerning the statutory auditor of the consolidated financial statements, Ernst & Young LLP, were as follows:

	31 December 2018 € thousand	31 December 2017 € thousand	31 December 2016 € thousand
Audit of parent company and consolidated financial statements ^(A)	2,401	2,383	4,932
Audit of the company's subsidiaries	3,719	4,167	3,800
Total audit	6,120	6,550	8,732
Audit related assurance services ^(B)	976	1,187	1,512
Other assurance services	101	115	138
Total audit and audit-related assurance services	7,197	7,852	10,382
Taxation advisory services ^(C)	—	—	508
All other services ^(D)	1,180	90	3
Total non-audit or non-audit-related assurance services	1,180	90	511
Total audit and all other fees	8,377	7,942	10,893

(A) Fees in respect of the audit of the accounts of CCEP plc (and its predecessor CCE, Inc.), including the Group's consolidated financial statements.

(B) Includes professional fees for interim reviews, reporting on internal financial controls, services related to the transaction entered into with CCE, TCCC, CCIP and CCEG, IFRS advisory services, issuance of comfort letters for debt issuances, certain accounting consultations and other attest engagements.

(C) Includes fees for tax advisory services related to tax advice provided in conjunction with the Merger transaction and its related US tax implications and tax advisory services, including transfer pricing and VAT advisory work, in the Company's subsidiaries.

(D) Represents fees for all other allowable services.

Note 16

FINANCE COSTS

Finance costs are recognised directly within the income statement in the period in which they are incurred, with the exception of general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised within the consolidated income statement in the period in which they are incurred based upon the effective interest rate method. Interest income is recognised using the effective interest rate method.

The following table summarises net finance costs for the years presented:

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Interest income ^(A)	47	48	31
Interest expense on external debt ^(A)	(134)	(141)	(145)
Other finance costs ^(B)	(6)	(7)	(9)
Total finance costs	(140)	(148)	(154)
Total finance costs, net	(93)	(100)	(123)

(A) Includes interest income and expense amounts, as applicable, on cross currency swaps used to hedge USD debt. Interest swap income amounts to €34 million, €36 million and €23 million for 2018, 2017 and 2016, respectively. Refer to Note 10 for further details.

(B) Other finance costs principally include amortisation of the discount on external debt and interest expense on finance leases.

Note 17

RELATED PARTY TRANSACTIONS

For the purpose of these consolidated financial statements, transactions with related parties mainly comprise transactions between subsidiaries of the Group and the related parties of the Group.

Transactions with TCCC

TCCC exhibits significant influence over the Group, as defined by IAS 24, "Related Party Disclosures". As at 31 December 2018, 18.5% of the total outstanding shares in the Group were owned by European Refreshments, a wholly owned subsidiary of TCCC. The Group is a key bottler of TCCC products and has entered into bottling agreements with TCCC to make, sell and distribute products of TCCC within the Group's territories. The Group purchases concentrate from TCCC and also receives marketing funding to help promote the sale of TCCC products. Bottling agreements with TCCC for each of the Group's territories extend through 28 May 2026, with terms of 10 years, with each containing the right for the Group to request a 10 year renewal. Additionally, two of the Group's 17 Directors are nominated by TCCC.

The Group and TCCC engage in a variety of marketing programmes to promote the sale of TCCC products in territories in which the Group operates. The Group and TCCC operate under an incidence based concentrate pricing model and funding programme, the terms of which are tied to the terms of our bottling agreements.

TCCC makes discretionary marketing contributions under shared marketing agreements to CCEP's operating subsidiaries. Amounts to be paid to the Group by TCCC under the programmes are generally determined annually and are periodically reassessed as the programmes progress. Under the bottling agreements, TCCC is under no obligation to participate in the programmes or continue past levels of funding in the future. The amounts paid and terms of similar programmes with other franchises may differ.

Marketing support funding programmes granted to the Group provide financial support principally based on product sales or upon the completion of stated requirements and are intended to offset a portion of the costs of the programmes.

Payments from TCCC for marketing programmes to promote the sale of products are classified as a reduction in cost of sales, unless the presumption that the payment is a reduction in the price of the franchisors' products can be overcome. Payments for marketing programmes are recognised as product is sold.

The following table summarises the transactions with TCCC that directly impacted the consolidated income statement for the years presented:

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Amounts affecting revenue ^(A)	59	61	44
Amounts affecting cost of sales ^(B)	(2,860)	(2,829)	(2,227)
Amounts affecting operating expenses ^(C)	(18)	(1)	1
Total net amount affecting the consolidated income statement	(2,819)	(2,769)	(2,182)

(A) Amounts principally relate to fountain syrup and packaged product sales.

(B) Amounts principally relate to the purchase of concentrate, syrup, mineral water and juice, as well as funding for marketing programmes.

(C) Amounts principally relate to certain costs associated with new product development initiatives.

The following table summarises the transactions with TCCC that impacted the consolidated statement of financial position for the periods presented:

	31 December 2018 € million	31 December 2017 € million
Amounts due from TCCC	101	71
Amounts payable to TCCC	166	162

Repayment of acquired loan

At the time of the Merger, the Group assumed a non-interest bearing loan with Atlantic Industries, a subsidiary of TCCC, for the amount of €73 million. This loan was fully repaid prior to 31 December 2016.

Terms and conditions of transactions with TCCC

Outstanding balances on transactions with TCCC are unsecured, interest free and generally settled in cash. There have been no guarantees provided or received for any TCCC receivables or payables. Receivables from TCCC are considered to be recoverable and no expense was incurred as a result of outstanding receivables due from TCCC for the year ended 31 December 2018, 31 December 2017 and 31 December 2016.

Transactions with Cobega companies

Cobega S.A. (Cobega) exhibits significant influence over the Group, as defined by IAS 24, "Related Party Disclosures". As a result of the consummation of the Merger, Cobega, who previously owned 56% of CCIP, indirectly owned 19.5% of the total outstanding shares in the Group as at 31 December 2018 through its ownership interest in Olive Partners. Additionally, five of the Group's 17 Directors, including the Chairman, are nominated by Olive Partners, three of whom are affiliated with Cobega.

The principal transactions with Cobega are for the purchase of juice concentrate and mineral water. The following table summarises the transactions with Cobega that directly impacted the consolidated income statement for the years presented:

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Amounts affecting revenue ^(A)	3	3	5
Amounts affecting cost of sales ^(B)	(85)	(80)	(43)
Amounts affecting operating expenses ^(C)	(14)	(16)	(9)
Total net amount affecting the consolidated income statement	(96)	(93)	(47)

(A) Amounts principally relate to packaged product sales.

(B) Amounts principally relate to the purchase of concentrate, mineral water and packaging materials.

(C) Amounts principally relate to certain costs associated with maintenance and repair services and rent.

The following table summarises the transactions with Cobega that impacted the consolidated statement of financial position for the periods presented:

	31 December 2018 € million	31 December 2017 € million
Amounts due from Cobega	6	4
Amounts payable to Cobega	25	16

There are no significant transactions with other related parties in the periods presented.

Transactions with key management personnel

Key management personnel are the members of the Board of Directors and the members of the Executive Leadership Team.

The following table summarises the total remuneration paid or accrued during the reporting period related to key management personnel:

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Salaries and other short-term employee benefits ^(A)	23	18	20
Post-employment benefits	1	1	1
Share-based payments	9	8	20
Termination benefits	—	—	10
Total	33	27	51

(A) Short-term employee benefits includes wages, salaries and social security contributions, paid annual leave and paid sick leave, paid bonuses and non-monetary benefits (such as medical care and cars).

The Group did not have any loans with key management personnel and was not party to any other transactions with the key management personnel during the periods presented.

Note 18

INCOME TAXES

Current income tax

Current income tax for the period includes amounts expected to be payable on taxable income in the period together with any adjustments to taxes payable in respect of previous periods, and is determined based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is determined by identifying the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax for the period includes origination and reversal of temporary differences, remeasurements of deferred tax balances and adjustments in respect of prior periods.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Income tax is recognised in the consolidated income statement. Income tax is recognised in other comprehensive income or directly in equity to the extent that it relates to items recognised in other comprehensive income or in equity.

2018, 2017 and 2016 results

The following table summarises the major components of income tax expense for the periods presented.

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Current income tax:			
Current income tax charge	315	294	242
Adjustment in respect of current income tax from prior periods	4	—	24
Total current tax	319	294	266
Deferred tax:			
Relating to the origination and reversal of temporary differences	21	196	(56)
Adjustment in respect of deferred income tax from prior periods	(6)	(3)	3
Relating to changes in tax rates or the imposition of new taxes	(38)	(16)	(43)
Total deferred tax	(23)	177	(96)
Income tax charge per the income statement	296	471	170

The following table summarises the taxes on items recognised in other comprehensive income and directly within equity for the periods presented.

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Taxes charged (credited) to OCI:			
Deferred tax on net gain/loss on revaluation of cash flow hedges	(3)	—	(2)
Deferred tax on net gain/loss on net investment hedges	(41)	(27)	(22)
Current tax on net gain/loss on net investment hedges	41	—	—
Deferred tax on net gain/loss on pension plan remeasurements	—	18	(14)
Total taxes charged (credited) to OCI	(3)	(9)	(38)
Taxes charged (credited) to equity:			
Deferred tax charge (credit): share based compensation	12	(12)	(5)
Current tax charge (credit): share based compensation	(5)	(2)	—
Total taxes charged (credited) to equity	7	(14)	(5)

The effective tax rate was 24.6%, 40.6% and 23.6% for the years ended 31 December 2018, 31 December 2017 and 31 December 2016, respectively. The parent company of the Group is a UK company. Accordingly, the following tables provide reconciliations of the Group's income tax expense at the UK statutory tax rate to the actual income tax expense for the periods presented:

	31 December 2018 € million	31 December 2017 € million	31 December 2016 € million
Accounting profit before tax from continuing operations	1,205	1,159	719
Tax expense at the UK statutory rate	229	223	144
Taxation of foreign operations, net ^(A)	81	86	(11)
Non-deductible expense items for tax purposes ^(B)	30	7	13
Non-deductible transaction costs	—	—	10
Rate and law change benefit, net ^{(C)(D)(E)(F)(G)(H)(I)}	(38)	(16)	(43)
Deferred taxes not recognised ^(J)	(4)	174	30
Adjustment in respect of prior periods ^(K)	(2)	(3)	27
Total provision for income taxes	296	471	170

(A) This reflects the impact, net of income tax contingencies, of having operations outside the UK, which are taxed at rates other than the statutory UK rate of 19% (2017: 19.25%, 2016: 20%), with the benefit of some income being fully or partially exempt from income taxes due to various operating and financing activities. In 2017, the amount also includes a net €125 million charge related to the deemed repatriation of profits to the US under the Tax Cuts and Jobs Act of 2017 (the US Tax Act).

(B) In 2018, includes a €24 million charge from a change in tax basis in the year as a result of the simplification of our debt and capital structure following the US Tax Act.

(C) In 2018, the Basque territory enacted a law change which reduced the rate of tax from 28% in prior years, to 26% in 2018 and 24% from 2019. Additionally the rules relating to the use of tax credits changed. The Group recognised a deferred tax benefit of €23 million to reflect the impact of this change.

(D) In December 2018, the Netherlands enacted an incremental corporate income tax rate reduction from 25%, ultimately reaching 20.5%, effective 1 January 2021. As a result, the Group recognised a deferred tax benefit of €9 million to reflect the impact of this change.

(E) In June 2018, Sweden enacted an incremental corporate income tax rate reduction from 22%, ultimately reaching 20.6%, effective 1 January 2021. As a result, the Group recognised a deferred tax benefit of €5 million to reflect the impact of this change.

(F) In December 2017, the US enacted a corporate income tax rate reduction from 35% to 21%, effective 1 January 2018. In 2017, the Group recognised a deferred tax expense of €16 million to reflect the impact of this change.

(G) During the second half of 2016, France enacted a corporate income tax rate reduction from 33.33% to 28% effective for tax years beginning on or after 1 January 2018. As a result, the Group recognised a deferred tax benefit of €28 million during the second half of 2016 to reflect the impact of this change. In December 2017, France enacted a further incremental corporate income tax rate reduction, ultimately reaching 25% effective 1 January 2022. In 2017, the Group recognised a deferred tax benefit of €11 million to reflect the impact of this change.

(H) In December 2017, Belgium enacted an incremental corporate income tax rate reduction from 34%, ultimately reaching 25%, effective 1 January 2020. As a result, the Group recognised a deferred tax benefit of €20 million to reflect the impact of this change.

(I) During the second half of 2016, the UK enacted a corporate income tax rate reduction of 1% effective 1 April 2020. As a result, the Group recognised a deferred tax benefit of €14 million during the second half of 2016 to reflect the impact of this change.

(J) In 2017, deferred taxes not recognised include a €178 million charge related to the reduction of foreign tax credits as a result of the US Tax Act.

(K) In 2018, the adjustment in respect of prior periods includes a charge of €11 million to true up the estimated impact of changes to the US tax system enacted under the US Tax Act.

Deferred income taxes

The following table summarises the movements in the carrying amounts of deferred tax liabilities and assets by significant component during the period presented:

	Franchise and other intangible assets € million	Property, plant and equipment € million	Financial assets and liabilities € million	Tax losses € million	Employee and retiree benefit accruals € million	Tax credits € million	Other, net € million	Total, net € million
31 December 2016	1,980	318	80	(72)	(124)	(258)	50	1,974
Amount charged/(credited) to income statement (excluding effect of tax rate changes)	2	(21)	(12)	45	20	165	(6)	193
Effect of tax rate changes on income statement	(33)	(13)	3	8	14	—	5	(16)
Amounts charged/(credited) directly to OCI (excluding effect of tax rate changes)	—	—	—	—	17	—	—	17
Effect of tax rate changes on OCI	—	—	(27)	—	1	—	—	(26)
Amount charged/(credited) to equity (excluding effect of tax rate changes)	—	—	—	—	(20)	—	—	(20)
Effect of tax rate changes on equity	—	—	—	—	8	—	—	8
Acquired through business combinations	63	(45)	—	—	(2)	46	(7)	55
Balance sheet reclassifications	(2)	2	—	—	—	—	—	—
Effect of movements in foreign exchange	(13)	(4)	(13)	5	3	19	(1)	(4)
As at 31 December 2017	1,997	237	31	(14)	(83)	(28)	41	2,181
Amount charged/(credited) to income statement (excluding effect of tax rate changes)	(3)	(23)	28	10	(9)	11	1	15
Effect of tax rate changes on income statement	(40)	(1)	—	—	—	4	(1)	(38)
Amounts charged/(credited) directly to OCI	—	—	(44)	—	—	—	—	(44)
Amount charged/(credited) to equity	—	—	—	—	11	1	—	12
Effect of movements in foreign exchange	(5)	(1)	—	—	—	—	—	(6)
As at 31 December 2018	1,949	212	15	(4)	(81)	(12)	41	2,120

The total net deferred tax liability of €2,120 million at 31 December 2018 is presented in the consolidated statement of financial position as deferred tax assets of €37 million and deferred tax liabilities of €2,157 million. Other net deferred tax liabilities as at 31 December 2018 include a €44 million liability arising on assets capitalised under IFRS but expensed for tax, and a €22 million liability related to purchase accounting on earlier transactions in an acquired entity.

Unrecognised tax items

The utilisation of tax losses and temporary differences carried forward, for which no deferred tax asset is currently recognised, is subject to the resolution of tax authority enquiries and the achievement of positive income in periods which are beyond the Group's current business plan, and therefore this utilisation is uncertain. In respect of unused tax losses and other attributes carried forward, deferred tax assets of €544 million, €569 million and €356 million have not been recognised as at 31 December 2018, 31 December 2017 and 31 December 2016, respectively. As at 31 December 2018, the net recognised tax losses carried forward totalled €4 million. Of these, €3 million expire between 2026 and 2028. As at 31 December 2018, the Group recognised tax credits carried forward totalled €12 million, which expire between 2043 and 2048.

As at 31 December 2018, there are no taxable temporary differences associated with investments in subsidiaries.

Tax provisions

The Group is routinely under audit by taxing authorities in the ordinary course of business. Due to their nature, such proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, settlements between affected parties and/or governmental actions. The probability of outcome is assessed and accrued as a liability and/or disclosed, as appropriate. The Group maintains provisions for uncertainty relating to these tax matters that it believes appropriately reflect its risk, the carrying amount of which as at 31 December 2018 is included within other non-current liabilities on the consolidated statement of financial position.

The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. Due to the uncertainty associated with tax matters, it is possible that at some future date, liabilities resulting from audits or litigation could vary significantly from the Group's provisions.

The Group has received tax assessments in certain jurisdictions for potential tax related to the Group's purchases of concentrate. The value of the Group's concentrate purchases is significant, and therefore, the tax assessments are substantial. The Group strongly believes the application of tax has no technical merit based on applicable tax law, and its tax position would be sustained. Accordingly, the Group has not recorded a tax liability for these assessments, and is vigorously defending its position against these assessments.

US Tax Cuts and Jobs Act

The US Tax Cuts and Jobs Act was enacted on 22 December 2017 and represented a significant change to the US tax code. Whilst the Group is a UK listed and tax resident entity, it has a number of subsidiaries outside the UK including a US incorporated holding company that is wholly owned by Coca-Cola European Partners plc. Based on the applicable provisions of the US Tax Act, the Group recorded a non-recurring provisional book tax expense totalling €320 million during the fourth quarter of 2017. In 2018, the Group finalised its calculation of the impact of the enactment and recorded a further €11 million of non-recurring book tax expense. Further regulations clarifying the continuing impact of the new regime on the Group were issued in late December 2018 and have yet to be finalised by the US government which could ultimately have an impact on the consolidated financial statements. The total expense of €331 million is comprised of the following items:

- A deemed repatriation book tax charge of €156 million, net of foreign tax credits. As part of the transition from a worldwide taxation to a territorial taxation system, the US Tax Act imposed a one-off transition tax on unrepatriated earnings of US entities with investments in foreign entities. For the Group, this impact represented a book tax expense and will not result in additional cash taxes.
- A €167 million reduction in deferred tax assets recognised due to the repeal of the foreign tax credit system. The Group has determined that its foreign tax credits brought forward will not be fully utilised going forward and as such has reduced its deferred tax assets accordingly.
- An €8 million net reduction in deferred tax liabilities as a result of the reduction in the US corporate income tax rate from 35% to 21% with effect from 1 January 2018. Based on the backward tracing requirements of IAS 12, the Group recognised a deferred tax benefit of €27 million in other comprehensive income, an €11 million unfavourable adjustment to equity, and a deferred tax book expense of €8 million.

Note 19

SHARE-BASED PAYMENT PLANS

The Group has established share-based payment plans that provide for the granting of share options and restricted stock units, some with performance and/or market conditions, to certain executive and management level employees. These awards are designed to align the interests of its employees with the interests of its shareholders.

The Group recognises compensation expense equal to the grant date fair value for all share-based payment awards that are expected to vest. Expense is generally recorded on a straight line basis over the requisite service period for each separately vesting portion of the award.

During the years ended 31 December 2018, 31 December 2017 and 31 December 2016, compensation expense related to our share-based payment plans totalled €17 million, €14 million and €42 million, respectively.

Share options

Share options (1) are granted with exercise prices equal to or greater than the fair value of the Group's stock on the date of grant (2) generally vest in three annual tranches over a period of 36 months and (3) expire 10 years from the date of grant. Generally, when options are exercised, new shares will be issued rather than issuing treasury shares, if available. At the time of the Merger, 7,462,690 options to purchase CCE shares were converted to 9,900,496 options to purchase Company shares. The number of options, exercise price and grant date fair value were converted to ensure no change in the option holders' intrinsic values or total cost to exercise. There were no changes made to any option's vesting schedule and no additional compensation expense was recognised as a result of this conversion. No options were granted during the year ended 31 December 2018, 31 December 2017 and 31 December 2016. All options outstanding as at 31 December 2018, 31 December 2017 and 31 December 2016 were valued and had exercise prices in US dollars.

The following table summarises our share option activity for the periods presented:

	2018		2017		2016	
	Shares thousands	Average exercise price US\$	Shares thousands	Average exercise price US\$	Shares thousands	Average exercise price US\$
Outstanding at beginning of year	8,579	23.58	9,435	23.03	8,136	29.17
Granted	—	—	—	—	—	—
Exercised	(2,037)	14.16	(842)	17.48	(1,347)	14.61
Forfeited, expired or cancelled	—	—	(14)	24.61	(12)	32.22
Adjustment for option conversion	n/a	n/a	n/a	n/a	2,658	37.05
Outstanding at end of year	6,542	26.51	8,579	23.58	9,435	23.03
Options exercisable at end of year	6,542	26.51	8,417	23.28	8,701	21.77

The weighted average share prices during the years ended 31 December 2018, 31 December 2017 and 31 December 2016 were US\$41.91, US\$39.24 and US\$42.12, respectively.

The following table summarises the weighted average remaining life of options outstanding for the periods presented:

Range of exercise prices US\$	2018		2017		2016	
	Options outstanding thousands	Weighted average remaining life years	Options outstanding thousands	Weighted average remaining life years	Options outstanding thousands	Weighted average remaining life years
5.00 to 15.00	713	0.84	1,987	1.37	2,532	2.09
15.01 to 25.00	2,459	2.94	2,882	3.98	3,060	5.01
25.01 to 40.00	3,370	5.84	3,710	6.85	3,843	7.83
	6,542	4.21	8,579	4.62	9,435	5.37

Restricted Stock Units (RSUs) and Performance Share Units (PSUs)

RSU awards entitle the participant to accrue dividends, which are paid in cash only if the RSUs vest. They do not give voting rights. Upon vesting, the participant is granted one share for each RSU. They generally vest subject to continued employment for a period of at least 36 months. Unvested RSUs are restricted as to disposition and subject to forfeiture.

There were 0.3 million, 0.4 million and 0.4 million unvested RSUs outstanding with a weighted average grant date fair value of US\$39.51, US\$44.05 and US\$45.76 as at 31 December 2018, 31 December 2017 and 31 December 2016, respectively.

PSU awards entitle the participant to the same benefits as RSUs. They vest subject to continued employment for a period of at least 36 months and the attainment of certain market conditions and/or performance targets. There were 1.2 million, 1.3 million and 1.4 million of unvested PSUs with weighted average grant date fair values of US\$42.66, US\$44.19 and US\$45.81 outstanding as at 31 December 2018, 31 December 2017 and 31 December 2016, respectively.

The PSUs granted in 2014 were subject to a market condition that adjusted the number of PSUs otherwise earned based on the following year's EPS results. Specifically, the percentage of the target PSUs earned based on EPS growth was adjusted upward based on Total Shareholder Return (TSR) performance, as compared to the TSR of the companies in the S&P 500 over the performance period. The 2014 performance share units were paid out during 2018 at 175% of the target award.

The 2015 PSUs contained only performance and service conditions and will pay out at 100% of the target award in 2019. In 2016, there was no award of PSUs.

The 2017 and 2018 PSUs vest after three years and are subject to two equally weighted performance conditions: compound annual growth rate of earnings per share, and return on invested capital (ROIC), both measured over a three year period.

Key assumptions for grant date fair value

The following table summarises the weighted average grant date fair values per unit:

Restricted Stock Units	2018	2017
Grant date fair value – service conditions (US\$)	41.62	38.95
Grant date fair value – service and performance conditions (US\$)	41.76	37.78

Conversions of share-based payments

Upon completion of the Merger, each unvested restricted stock unit of CCE shares was converted into a cash payment of US\$14.50 and one restricted stock unit of Company shares. The cash payment and restricted stock unit both vest concurrently and under the same schedule as the original CCE restricted stock unit. These awards do not contain a net settlement feature for employee taxes; therefore, the liability of €21 million for tax withholdings on unvested restricted stock units as at the Merger was reclassified into equity. Further, the Group determined that the total fair value of the cash payment and the new restricted stock unit immediately after the Merger equalled the fair value of the original restricted stock unit immediately prior to the Merger; thus no incremental expense was recognised. As at 31 December 2016, the total accrued portion of the cash payment reclassified from equity and included within accrued compensation was €16 million. Additionally, CCE had a pre-existing deferred share-based payment plan that was terminated in connection with the Merger. This resulted in the plan being converted and reclassified from an equity-settled plan to a cash-settled plan and shortly after the Merger approximately €27 million was distributed to the plan participants.

Note 20

PROVISIONS, CONTINGENCIES AND COMMITMENTS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When some or all of a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement, net of any reimbursement.

Asset retirement obligations are estimated at the inception of a lease or contract, for which a liability is recognised. A corresponding asset is also created and depreciated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions

The following table summarises the movement in each class of provision for the periods presented:

	Restructuring provision € million	Decommissioning provision € million	Other provisions ^(A) € million	Total € million
As at 31 December 2016	289	12	9	310
Charged/(credited) to profit or loss:				
Additional provisions recognised	186	1	9	196
Unused amounts reversed	(22)	—	(3)	(25)
Utilised during the period	(238)	(1)	(2)	(241)
Translation	1	1	—	2
As at 31 December 2017	216	13	13	242
Charged/(credited) to profit or loss:				
Additional provisions recognised	236	4	2	242
Unused amounts reversed	(23)	—	—	(23)
Utilised during the period	(206)	(1)	(2)	(209)
As at 31 December 2018	223	16	13	252
Non-current	99	16	4	119
Current	124	—	9	133
As at 31 December 2018	223	16	13	252

(A) Other provisions primarily relate to property tax assessment provisions and legal reserves and are not considered material to these financial statements.

Restructuring provision

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline and the employees affected have been notified of the plan's main features. These provisions are expected to be resolved by the time the related programme is substantively complete.

Refer to Note 15 for further details regarding our restructuring programmes, including expected completion date, total costs incurred and expected costs to be incurred.

Decommissioning provisions

Decommissioning liabilities relate to contractual or legal obligations to pay for asset retirement costs. The liabilities represent both the reinstatement obligations when the Group is contractually obligated to pay for the cost of retiring leased buildings and the costs for collection, treatment, reuse, recovery and environmentally sound disposal of cold drink equipment. Specific to cold drink equipment obligations, the Group is subject to, and operates in accordance with, the EU Directive on Waste Electrical and Electronic Equipment (WEEE). Under the WEEE, companies that put electrical and electronic equipment (such as cold drink equipment) on the EU market are responsible for the costs of collection, treatment, recovery and disposal of their own products. Where applicable, the WEEE provision estimate is calculated utilising assumptions including disposal cost per unit, average equipment age and the inflation rate, to determine the appropriate accrual amount.

The period over which the decommissioning liabilities on leased buildings and cold drink equipment will be settled ranges from 1 to 10 years and 3 to 13 years, respectively.

Contingencies

Legal proceedings and tax matters

The Group is involved in various legal proceedings and tax matters and is routinely under audit by taxing authorities in the ordinary course of business. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, settlements between affected parties and/or governmental actions. The probability of loss for such contingencies is assessed and accrued as a liability and/or disclosed, as appropriate.

Guarantees

In connection with ongoing litigation in certain territories, guarantees of approximately €295 million have been issued to the authorities. The Group was required to issue these guarantees to satisfy potential obligations arising from such litigation. In addition, we have approximately €80 million of guarantees issued to third parties through the normal course of business. The guarantees have various terms, and the amounts represents the maximum potential future payments that we could be required to make under the guarantees. No significant additional liabilities in the accompanying consolidated financial statements are expected to arise from guarantees issued.

Commitments

Commitments beyond 31 December 2018 are disclosed herein but not accrued for within the consolidated statement of financial position.

Purchase agreements

Total purchase commitments were €0.7 billion as at 31 December 2018. This amount represents non-cancellable purchase agreements with various suppliers that are enforceable and legally binding, and that specify a fixed or minimum quantity that we must purchase. All purchases made under these agreements have standard quality and performance criteria. In addition to these amounts, the Group has outstanding capital expenditure purchase orders of approximately €148 million as at 31 December 2018. The Group also has other purchase orders raised in the ordinary course of business which are settled in a reasonably short period of time.

Operating lease commitments

The Group leases land, office and warehouse space, computer hardware, machinery and equipment and vehicles under non-cancellable operating lease agreements expiring at various dates through to 2028. Some lease agreements contain standard renewal provisions that allow for renewal at rates equivalent to fair market value at the end of the lease term. Under lease agreements that contain escalating rent provisions, lease expense is recorded on a straight-line basis over the lease term. Under lease agreements that contain rent holidays, rent expense is recorded on a straight-line basis over the entire lease term, including the period covered by the rent holiday.

Rent expense under non-cancellable operating lease agreements totalled €119 million, €120 million and €92 million during the years ended 31 December 2018, 31 December 2017 and 31 December 2016, respectively.

The following table summarises the future maturity of the Group's operating lease obligations as at the dates presented:

	31 December 2018 € million	31 December 2017 € million
Operating lease maturities		
Within one year	94	90
After one year but not more than five years	169	163
More than five years	37	37
Total minimum lease payments	300	290

Note 21

OTHER ASSETS

The following table summarises the Group's other current assets as at the dates presented:

	31 December 2018	31 December 2017
	€ million	€ million
Other current assets		
Prepayments	47	45
VAT receivables	17	273
Miscellaneous receivables	114	124
Assets held for sale	15	10
Total other current assets	193	452

The following table summarises the Group's other non-current assets as at the dates presented:

	31 December 2018	31 December 2017
	€ million	€ million
Other non-current assets		
VAT receivables	318	—
Retirement benefit surplus	21	24
Other	57	57
Total other non-current assets	396	81

VAT receivables

As at 31 December 2018 and 31 December 2017, the Group had a value added tax (VAT) receivable recorded of €318 million and €235 million respectively, relating to a dispute that began in 2014 between the Spanish Tax Authorities and the Regional Tax Authorities of Bizkaia (Basque Region) as to the responsibility for refunding the VAT to CCEP.

Under relevant tax laws in Spain, conflicts between jurisdictions are ruled by a special Arbitration Board and the refund of the VAT is mandated following the resolution of the issue at the Arbitration Board. However, to date, the Arbitration Board has not ruled on the issue and Spanish legislation offers limited mechanisms for a taxpayer to force the expedition of matters before the Arbitration Board.

Under the laws of the European Union, there must be neutrality of treatment between a supplier and the recipient of a transaction, i.e. provided VAT has been correctly charged and paid, and the recipient is entitled to deduct the input VAT, the excess VAT must be refunded. As such, we believe it is a certainty that the amount due plus interest will be refunded to CCEP once the Arbitration Board rules. However, in light of the continued delay in the resolution of the matter, the VAT receivable has been reclassified to other non-current assets as at 31 December 2018.

Note 22

FINANCIAL RISK MANAGEMENT

Financial risk factors, objectives and policies

The Group's activities expose it to several financial risks including market risk, credit risk and liquidity risk. Financial risk activities are governed by appropriate policies and procedures to minimise the uncertainties these risks create on the Group's future cash flows. Such policies are developed and approved by the Group's Treasury and Commodities Risk Committee, through the authority provided to it by the Board.

Market risk

Market risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices and includes interest rate risk, currency risk and other price risk such as commodity price risk. Market risk affects outstanding borrowings, as well as derivative financial instruments.

Interest rates

The Group is subject to interest rate risk for its outstanding borrowings. To manage interest rate risk, the Group maintains a significant proportion of its borrowings at fixed rates. Approximately 87% and 77% of the Group's interest bearing borrowings was comprised of fixed rate borrowings at 31 December 2018 and 31 December 2017, respectively. The Group has not entered into any interest rate swap agreements or other such instruments to hedge its interest rate risk during the periods presented.

If interest rates on the Group's floating rate debt were adjusted by 1% for the years ended 31 December 2018, 31 December 2017 and 31 December 2016, the Group's finance costs and pre-tax equity would change on an annual basis by approximately €6 million, €12 million and €15 million, respectively. This amount is determined by calculating the effect of a hypothetical interest rate change on the Group's floating rate debt. This estimate does not include the effects of other actions to mitigate this risk or changes in the Group's financial structure.

Currency exchange rates

The Group's exposure to the risk of changes in currency exchange rates relates primarily to its operating activities denominated in currencies other than the functional currency, euro. To manage currency exchange risk arising from future commercial transactions and recognised monetary assets and liabilities, foreign currency forward and option contracts with external third parties are utilised. Typically, up to 80% of anticipated cash flow exposures in each major foreign currency for the next calendar year are hedged using a combination of forward and option contracts with third parties.

The Group is also exposed to the risk of changes in currency exchange rates between US dollar and euro relating to its US denominated borrowings. The following table demonstrates the sensitivity of the Group's profit before income taxes and pre-tax equity as a result of changes in the value of outstanding debt instruments due to reasonable movements in the US dollar against the euro, with all other variables held constant. Movements in foreign currencies related to the Group's other financial instruments do not have a material impact on profit before income taxes or pre-tax equity.

Effect on profit before tax and pre-tax equity	Change in currency rate %	€ strengthens against US\$ € million	€ weakens against US\$ € million
Year ended 31 December 2018	10	85	(93)
Year ended 31 December 2017	10	81	(89)
Year ended 31 December 2016	10	92	(101)

Commodity price risk

The competitive marketplace in which the Group operates may limit its ability to recover increased costs through higher prices. As such, the Group is subject to market risk with respect to commodity price fluctuations, principally related to its purchases of aluminium, PET (plastic), steel, sugar and vehicle fuel. When possible, exposure to this risk is managed primarily through the use of supplier pricing agreements, which enable the Group to establish the purchase price for certain commodities. Certain suppliers restrict the Group's ability to hedge prices through supplier agreements. As a result, commodity hedging programmes are entered into and generally designated as hedging instruments. Refer to Note 10 Hedging Activities for more information. Typically, up to 80% of the anticipated commodity transaction exposures for the next calendar year are hedged using a combination of forward and option contracts executed with third parties. The Group estimates that a 10% change in the market price of these commodities over the current market prices would affect operating profit during the next 12 months by approximately €37 million. This does not take into account the effects of derivative instruments used to manage exposure to this risk or pricing agreements in place.

Credit risk

The Group is exposed to counterparty credit risk on all of its derivative financial instruments. Strict counterparty credit guidelines are maintained and only financial institutions that are investment grade or better are acceptable counterparties. Counterparty credit risk is continuously monitored and numerous counterparties are utilised to minimise exposure to potential defaults. Collateral is not required under these agreements. The maximum credit risk exposure for each derivative financial instrument is the carrying amount of the derivative.

Credit is extended in the form of payment terms for trade to customers of the Group, consisting of retailers, wholesalers and other customers, generally without requiring collateral, based on an evaluation of the customer's financial condition. While the Group has a concentration of credit risk in the retail sector, this risk is mitigated due to the diverse nature of the customers the Group serves, including, but not limited to, their type, geographic location, size and beverage channel. Collections of receivables are dependent on each individual customer's financial condition and sales adjustments granted. Trade accounts receivable are carried at net realisable value. Typically, accounts receivable have terms of 30 to 60 days and do not bear interest. Exposure to losses on receivables is monitored, and allowances for potential losses or adjustments are maintained. Allowances are determined by: (1) evaluating the aging of receivables; (2) analysing the history of adjustments; and (3) reviewing high risk customers. Past due receivable balances are written off when the Group's efforts have been unsuccessful in collecting the amount due. Credit insurance on a portion of the accounts receivable balance is also carried.

Liquidity risk

Liquidity risk is actively managed to ensure that the Group has sufficient funds to satisfy its commitments. The Group's sources of capital include, but are not limited to, cash flows from operations, public and private issuances of debt and equity securities and bank borrowings. The Group believes its operating cash flow, cash on hand and available short-term and long-term capital resources are sufficient to fund its working capital requirements, scheduled borrowing payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations and dividends to its shareholders. Counterparties and instruments used to hold cash and cash equivalents are continuously assessed, with a focus on preservation of capital and liquidity. Based on information currently available, the Group does not believe it is at significant risk of default by its counterparties.

The Group has amounts available for borrowing under a €1.5 billion multi-currency credit facility with a syndicate of 10 banks. This credit facility matures in 2023 and is for general corporate purposes, including serving as a backstop to its commercial paper programme and supporting the Group's working capital needs. Based on information currently available, the Group has no indication that the financial institutions participating in this facility would be unable to fulfil their commitments as at the date of these financial statements. The current credit facility contains no financial covenants that would impact the Group's liquidity or access to capital. As at 31 December 2018, the Group had no amounts drawn under this credit facility.

The table below analyses the Group's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows:

Financial liabilities	Total € million	Less than 1 year € million	1 to 3 years € million	3 to 5 years € million	More than 5 years € million
31 December 2018					
Trade accounts payable	2,327	2,327	—	—	—
Amounts payable to related parties	191	191	—	—	—
Borrowings	5,626	491	1,584	1,057	2,494
Derivatives	71	20	51	—	—
Total financial liabilities	8,215	3,029	1,635	1,057	2,494
31 December 2017					
Trade accounts payable	2,282	2,282	—	—	—
Amounts payable to related parties	178	178	—	—	—
Borrowings	5,792	274	1,320	1,722	2,476
Derivatives	94	1	93	—	—
Total financial liabilities	8,346	2,735	1,413	1,722	2,476

Capital management

The primary objective of the Group's capital management is to ensure a strong credit rating and appropriate capital ratios are maintained in order to support the Group's business and maximise shareholder value. The Group's credit ratings are periodically reviewed by rating agencies. Currently, the Group's long-term ratings from Moody's and Standard & Poor's (S&P), are A3 and BBB+, respectively. The ratings outlook from Moody's and S&P are stable. Changes in the operating results, cash flows or financial position could impact the ratings assigned by the various rating agencies. The credit rating can be materially influenced by a number of factors including, but not limited to, acquisitions, investment decisions, capital management activities of TCCC and/or changes in the credit rating of TCCC. Should the credit ratings be adjusted downward, the Group may incur higher costs to borrow, which could have a material impact on the financial condition and results of operations.

The capital structure is managed and, as appropriate, adjustments are made in light of changes in economic conditions and the Group's financial policy. The Group monitors its operating performance in the context of targeted financial leverage by comparing the ratio of net debt with Adjusted EBITDA. Net debt is calculated as being the net of cash and cash equivalents and currency adjusted borrowings. Adjusted EBITDA is calculated as EBITDA and adjusting for items impacting comparability.

Refer to Note 9 for the presentation of fair values for each class of financial assets and financial liabilities and Note 10 for an outline of how the Group utilises derivative financial instruments to mitigate its exposure to certain market risks associated with its ongoing operations.

Refer to the Strategic Report included within this Integrated Report for disclosure of strategic, commercial and operational risk relevant to the Group.

Note 23

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued (although in some cases not yet adopted by the EU), but not yet effective, up to the date of issuance of these financial statements, are disclosed below. These standards will be adopted, if applicable, when they become effective. The impact the standards will have on the Group's financial statements is being evaluated.

IFRS 16, "Leases" (IFRS 16)

In January 2016, the IASB issued IFRS 16, "Leases". The new standard supersedes IAS 17 and is effective for annual periods beginning on or after 1 January 2019. The objective of IFRS 16 is to ensure a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 and related interpretations. Accordingly, a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently.

The lease liability will be initially measured at the present value of lease payments, discounted using the Group's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease whenever the Group is reasonably certain to exercise that option. Subsequently, the lease liability will be measured by increasing the carrying amount to reflect interest on the lease liability and reducing it by lease payments made.

Right of use assets will be initially measured at cost, comprising the initial measurement of the lease liability, plus any direct costs and an estimate of asset retirement obligations, less lease incentives. Subsequently, right of use assets will be measured at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation will be calculated on a straight line basis over the length of the lease.

The Group intends to apply the modified retrospective approach and will not restate comparative amounts for the year prior to first adoption. Right of use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

On 1 January 2019, the Group expects to recognise between €300 million to €350 million of right of use assets and a corresponding debt liability.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the consolidated financial statements.

IFRIC Interpretation 23, “Uncertainty over Income Tax Treatment” (IFRIC 23)

IFRIC 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include interest and penalties associated with uncertain tax treatments. It addresses the following: whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how changes in facts and circumstances are considered.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019.

We do not expect IFRIC 23 to have a material impact on the consolidated financial statements.

Amendments to IAS 19, “Plan Amendment, Curtailment or Settlement” (IAS 19)

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements applicable to the Group include:

IAS 12, “Income Taxes”

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

IAS 23, “Borrowing Costs”

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 24

GROUP COMPANIES

In accordance with section 409 of the Companies Act 2006, a full list of the Company's subsidiaries, partnerships, associates, joint ventures and joint arrangements as at 31 December 2018 is disclosed below, along with, the country of incorporation, the registered address and the effective percentage of equity owned at that date. Unless otherwise stated, each entity has a share capital comprising a single class of ordinary shares and is wholly owned and indirectly held by Coca-Cola European Partners plc.

Name	Country of incorporation	% equity interest	Registered address
Agua De La Vega Del Codorno, S.L.U.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta – 28042 (Madrid)
Aguas De Santolin, S.L.U.	Spain	100%	C/ Real, s/n 09246, Quintanaurria (Burgos)
Aguas Del Maestrazgo, S.L.U.	Spain	100%	C/ Monasterio de las huelgas, 7, Pol.ind.Alcalde Caballero, 50014 (Zaragoza)
Aguas Del Toscal, S.A.U.	Spain	100%	Ctra. de la Pasadilla, km. 3- 35250, ingenio (Gran Canaria)
Aguas Vilas Del Turbon, S.L.U.	Spain	100%	C/ Monasterio de las huelgas, 7, Pol.ind.Alcalde Caballero, 50014 (Zaragoza)
Amalgamated Beverages Great Britain Limited	United Kingdom	100% ^(D)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
BBH Investment Ireland Limited	Ireland	100%	6th Floor, 2 Grand Canal Square (Dublin 2)
Bebidas Gaseosas Del Noroeste, S.L.U.	Spain	100%	Avda.Alcalde Alfonso Molina, s/n- 15007 (A Coruña)
Beganet, S.L.U.	Spain	100%	Avda Paisos Catalans, 32 – 08950 (Esplugues de Llobregat)
BH Holdings Lux Commandite SCS	Luxembourg	100% ^(B)	2, Rue des Joncs, L-1818, Howald
BH Holdings Luxembourg SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
BH Luxembourg SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
BH SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
Birtingahúsið ehf.	Iceland	34.5%	Laugavegur 174, 105, (Reykjavík)
BL Bottling Holdings UK Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Bottling Great Britain Limited	United Kingdom	100% ^(D)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Bottling Holdings (Luxembourg) SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
Bottling Holdings (Netherlands) B.V.	Netherlands	100%	Watermanweg 30, 3067 GG (Rotterdam)
Bottling Holdings Europe Limited	United Kingdom	100% ^{(D)(E)}	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Bottling Holding France SAS	France	100%	9, chemin de Bretagne, 92784 (Issy-les-Moulineaux)
CC Digital GmbH	Germany	50%	Stralauer Allee 4, 10245 (Berlin)
CC Erfrischungsgetränke Oldenburg Verwaltungs GmbH	Germany	100%	Sandkruger, Straße 234, 26133 (Oldenburg)
CC Iberian Partners Gestion S.L.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta – 28042 (Madrid)
CC Verpackungsgesellschaft mit beschränkter Haftung	Germany	100%	Schieferstraße 20 06126 Halle (Saale)
CCEP Group Services Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
CCEP Holdings Norge AS	Norway	100%	Robsrudskogen 5, 1470 (Lørenskog)
CCEP Holdings Sverige AB	Sweden	100%	Dryckesvägen 2 C, 136 87 (Haninge)
CCEP Holdings UK Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
CCEP Ventures Europe Limited	United Kingdom	100% ^(A)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
CCEP Ventures UK Limited	United Kingdom	100% ^(A)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
CCIP Soporite, S.L.U.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta – 28042 (Madrid)
Classic Brand (Europe) Designated Activity Company	Ireland	100%	4th Floor, 25-28 Adelaide Road, D02 RY98 (Dublin 2)
Cobega Embotellador, S.L.U.	Spain	100%	Avda Paisos Catalans, 32 – 08950 (Esplugues de Llobregat)
Coca-Cola European Partners Belgium SPRL	Belgium	100%	Chaussée de Mons 1424, 1070 (Brussels)
Coca-Cola European Partners Deutschland GmbH	Germany	100% ^(F)	Stralauer Allee 4, 10245 (Berlin)
Coca-Cola European Partners France SAS	France	100% ^(G)	9, chemin de Bretagne, 92784 (Issy-les-Moulineaux)
Coca-Cola European Partners Great Britain Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Coca-Cola European Partners Holdings Great Britain Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Coca-Cola European Partners Holdings US, Inc.	United States	100% ^{(A)(D)}	Corporation Trust Center, 1209 Orange Street, Wilmington 19801 (Delaware)
Coca-Cola European Partners Iberia, S.L.U.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta – 28042 (Madrid)
Coca-Cola European Partners Ísland ehf.	Iceland	100%	Studlahals 1, 110 (Reykjavík)
Coca-Cola European Partners Luxembourg SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
Coca-Cola European Partners Nederland B.V.	Netherlands	100%	Watermanweg 30, 3067 GG (Rotterdam)
Coca-Cola European Partners Norge AS	Norway	100%	Robsrudskogen 5, 1470 (Lørenskog)
Coca-Cola European Partners Pension Scheme Trustees Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Coca-Cola European Partners Portugal Unipessoal, LDA	Portugal	100%	Quinta da Salmoura – Cabanas, 2929- 509, Azeitão (Setúbal)

Name	Country of incorporation	% equity interest	Registered address
Coca-Cola European Partners Services Bulgaria EOOD	Bulgaria	100%	48, Sitnyakovo Blvd, Serdika Center, Office Building, floor 5, 1505 (Sofia)
Coca-Cola European Partners Services Europe Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Coca-Cola European Partners Services SPRL	Belgium	100% ^(C)	Chaussée de Mons 1424, 1070 (Brussels)
Coca-Cola European Partners Sverige AB	Sweden	100%	Dryckesvägen 2 C, 136 87 (Haninge)
Coca-Cola European Partners US II, LLC	United States	100%	Corporation Trust Center, 1209 Orange Street, Wilmington 19801 (Delaware)
Coca-Cola European Partners US, LLC	United States	100%	Corporation Trust Center, 1209 Orange Street, Wilmington 19801 (Delaware)
Coca-Cola Immobilier SCI	France	100% ^(G)	9, chemin de Bretagne, 92784 (Issy-les-Moulineaux)
Coca-Cola Production SAS	France	100%	Zone d'entreprises de Bergues, Commune de Socx, 59380 (Bergues)
Compañía Asturiana De Bebidas Gaseosas, S.L.U.	Spain	100%	C/ Nava, 18- 3ª (Granda) Siero – 33006 (Oviedo)
Compañía Castellana De Bebidas Gaseosas, S.L.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta – 28042 (Madrid)
Compañía Levantina De Bebidas Gaseosas, S.L.U.	Spain	100%	Av. Real Monasterio de Sta. María de Poblet, 36, 46930 (Quart de Poblet)
Compañía Norteña De Bebidas Gaseosas, S.L.U.	Spain	100%	C/ Ibaizábal, 57 – 48960 Galdakao (Bizkaia)
Compañía Para La Comunicación De Bebidas Sin Alcohol, S.L.U.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta – 28042 (Madrid)
Conversia IT, S.L.U.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta – 28042 (Madrid)
Developed System Logistics, S.L.U.	Spain	100%	Av. Henry Ford, 25, Manzana 19, Complejo Pq. Ind. Juan Carlos I, 46220 Picassent (Valencia)
GBH Investment Ireland Limited	Ireland	100%	6th Floor, 2 Grand Canal Square (Dublin 2)
GBH Luxembourg SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
GH Luxembourg SCS	Luxembourg	100% ^(B)	2, Rue des Joncs, L-1818, Howald
GR Bottling Holdings UK Limited	United Kingdom	100% ^(A)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Herdt Verwaltungsgesellschaft mit beschränkter Haftung i.L.	Germany	100%	Karl-Herdt-Weg 100, 63075 (Offenbach)
Infineo Recyclage SAS	France	49% ^(H)	Sainte Marie la Blanche – 21200 (Dijon)
Instelling voor Bedrijfspensioenvoorziening Coca-Cola European Partners Belgium/Coca-Cola European Partners Services – Bedienden-Arbeiders OFP	Belgium	100%	Bergensesteenweg 1424 – 1070 (Brussels)
Instelling voor Bedrijfspensioenvoorziening Coca-Cola European Partners Belgium/Coca-Cola European Partners Services – Kaderleden OFP	Belgium	100%	Bergensesteenweg 1424 – 1070 (Brussels)
Iparbal, 99 S.L.	Spain	100%	C/ Ibaizábal, 57 – 48960 Galdakao (Bizkaia)
IPARSOFT, 2004 S.L.	Spain	100%	C/ Ibaizábal, 57 – 48960 Galdakao (Bizkaia)
Kollex GmbH	Germany	33.3%	Torstraße 155, 10115 (Berlin)
Lusobega, S.L.	Spain	100%	C/ Ibaizábal, 57 – 48960 Galdakao (Bizkaia)
Madrid Ecoplatform, S.L.U.	Spain	100%	C/Pedro Lara, 8 Pq. Tecnológico de Leganes- 28919 (Leganes)
Peña Umbria, S.L.U.	Spain	100%	Av. Real Monasterio de Sta. María de Poblet, 36 – 46930 (Quart de Poblet)
Refecon Águas S.A.	Portugal	100%	Quinta da Salmoura – Cabanas-2929- 509 Azeitão (Setúbal)
Refrescos Envasados Del Sur, S.L.U.	Spain	100%	Autovía del Sur A-IV, km.528- 41309 La Rinconada (Sevilla)
Refrige Sgps, S.A.	Portugal	100%	Quinta da Salmoura- Cabanas, 2929-509 (Azeitão)
Roalba, S.L.U.	Spain	100%	C/ Ibaizábal, 57 – 48960 Galdakao (Bizkaia)
Solares y Edificios Norteños, S.L.U.	Spain	100%	C/ Ibaizábal, 57 – 48960 Galdakao (Bizkaia)
Svenska Brettbolaget AB	Sweden	19.6%	Greg Turegatan 9, 114 46, (Stockholm)
WB Investment Ireland 2 Limited	Ireland	100%	6th Floor, 2 Grand Canal Square (Dublin 2)
WB Investment Ireland Limited	Ireland	100%	6th Floor, 2 Grand Canal Square (Dublin 2)
WBH Holdings Luxembourg SCS	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
WBH Luxembourg SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
WIH UK Limited	United Kingdom	100% ^(A)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Wir sind Coca-Cola Gesellschaft mit beschränkter Haftung	Germany	100%	Stralauer Allee 4, 10245 (Berlin)

(A) 100% equity interest directly held by CCEP plc

(B) Class A and B ordinary shares

(C) Class A, B and C ordinary shares

(D) Including preference shares issued to the Group

(E) 38.3% equity interest directly held by CCEP plc (100% of A ordinary shares in issue)

(F) 10% equity interest directly held by CCEP

(G) Group shareholding of 99.99% or greater

(H) Class A and B shares. The Group holds 49% of Class B shares

COCA-COLA EUROPEAN PARTNERS PLC

COMPANY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2018 € thousand	31 December 2017 € thousand
ASSETS			
Non-current			
Investments	3	21,849,050	21,834,017
Amounts owed by affiliates	6	350,000	350,000
Deferred tax asset	5	4,409	4,456
Other non-current assets		4,064	—
Fixed assets		209	112
Total non-current assets		22,207,732	22,188,585
Current:			
Amounts owed by affiliates	6	68,383	561,339
Current derivative assets	4	5,505	4,995
Prepayments		724	382
Trade and other receivables		483	123
Cash		167	132
Total current assets		75,262	566,971
Total assets		22,282,994	22,755,556
LIABILITIES			
Non-current:			
Borrowings, less current portion	8	4,696,120	2,030,098
Amounts owed to affiliates	7	222,833	2,850,514
Non-current derivative liabilities	4	49,645	214,558
Deferred tax liability	5	1,146	—
Total non-current liabilities		4,969,744	5,095,170
Current:			
Amounts owed to affiliates	7	195,453	445,705
Current portion of borrowings	8	470,000	249,915
Trade and other payables		83,076	57,070
Provisions		1,418	2,336
Total current liabilities		749,947	755,026
Total liabilities		5,719,691	5,850,196
EQUITY			
Share capital	9	4,749	4,846
Capital redemption reserve	9	124	—
Share premium	9	151,356	126,742
Merger reserves	9	8,465,979	8,465,979
Retained earnings	9	7,941,095	8,307,793
Total equity		16,563,303	16,905,360
Total equity and liabilities		22,282,994	22,755,556

The financial statements were approved by the Directors and authorised for issue on 14 March 2019. They were signed on its behalf by:

Damian Gammell
Chief Executive Officer
14 March 2019

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STATEMENT OF CHANGES IN EQUITY

	Share capital € thousand	Capital redemption reserve € thousand	Share premium € thousand	Merger reserves € thousand	Retained earnings € thousand	Total € thousand
Balance as at 31 December 2016	4,831	—	113,239	8,465,979	7,989,409	16,573,458
Issue of shares during the year	15	—	13,503	—	—	13,518
Equity-settled share-based payment expense	—	—	—	—	11,781	11,781
Total comprehensive income for the period	—	—	—	—	796,227	796,227
Dividends	—	—	—	—	(489,624)	(489,624)
Balance as at 31 December 2017	4,846	—	126,742	8,465,979	8,307,793	16,905,360
Issue of shares during the year	27	—	24,614	—	—	24,641
Equity-settled share-based payment reserves	—	—	—	—	16,158	16,158
Own shares purchased under share buyback programme	(124)	124	—	—	(502,474)	(502,474)
Total comprehensive income for the period	—	—	—	—	633,366	633,366
Dividends*	—	—	—	—	(513,748)	(513,748)
Balance as at 31 December 2018	4,749	124	151,356	8,465,979	7,941,095	16,563,303

* Refer to Note 14 of the consolidated financial statements for details on dividends per share.

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NOTES TO THE COMPANY FINANCIAL STATEMENTS

Note 1

AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of Coca-Cola European Partners plc (the Company, CCEP) for the period from 1 January 2018 until 31 December 2018 were authorised for issue by the Board of Directors on 14 March 2019 and the financial statements were signed on the Board's behalf by Damian Gammell, Chief Executive Officer. Coca-Cola European Partners plc is incorporated and domiciled in England and Wales. CCEP was incorporated as a public company limited by shares under the laws of England and Wales with the registered number in England of 09717350. The address of the Company's registered office is Coca-Cola European Partners plc, Pemberton House, Bakers Road, Uxbridge UB8 1EZ, United Kingdom. Refer to the consolidated accounts for a full list of subsidiaries.

These financial statements were prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101) and in accordance with applicable accounting standards. No income statement is presented by the Company as permitted by section 408 of the Companies Act 2006. The profit for the year is €633,366 thousand.

The Company's financial statements are presented in euros and all values are rounded to the nearest thousand (€000) except where otherwise indicated.

The principal accounting policies adopted by the Company are set out in Note 2.

Note 2

ACCOUNTING POLICIES

Basis of preparation

The accounting policies that follow set out those policies applied in preparing the financial statements for the period ended 31 December 2018. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, "Share-based Payment"
- (b) The requirements of IFRS 7, "Financial Instruments: Disclosures"
- (c) The requirements of paragraphs 91-99 of IFRS 13, "Fair Value Measurement"
 - (i) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, "Revenue from Contracts with Customers"
 - (ii) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, "Leases"
- (d) The requirements of paragraph 58 of IFRS 16, "Leases"
- (e) The requirement in paragraph 38 of IAS 1, "Presentation of Financial Statements" to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1
 - (ii) paragraph 73(e) of IAS 16, "Property, Plant and Equipment"
 - (iii) paragraph 118(e) of IAS 38, "Intangible Assets"
 - (iv) paragraphs 76 and 79(d) of IAS 40, "Investment Property"
- (f) The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1
- (g) The requirements of IAS 7, "Statement of Cash Flows"
- (h) The requirements of paragraphs 30 and 31 of IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors"
- (i) The requirements of paragraph 17 of IAS 24, "Related Party Disclosures"
- (j) The requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- (k) The requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36, "Impairment of Assets"

Significant accounting policies

a) Foreign currency translation

The Company's financial statements are presented in euros, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the period end date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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b) IFRS 16, “Leases”

In January 2016, the IASB issued IFRS 16, “Leases”. The new standard supersedes IAS 17 and is effective for annual periods beginning on or after 1 January 2019. The objective of IFRS 16 is to ensure a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 and related interpretations. Accordingly, a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently.

The lease liability will be initially measured at the present value of lease payments, discounted using incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease whenever the Company is reasonably certain to exercise that option. Subsequently, the lease liability will be measured by increasing the carrying amount to reflect interest on the lease liability and reducing it by lease payments made.

Right of use assets will be initially measured at cost, comprising the initial measurement of the lease liability, plus any direct costs and an estimate of asset retirement obligations, less lease incentives. Subsequently, right of use assets will be measured at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation will be calculated on a straight line basis over the length of the lease.

The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right of use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

On 1 January 2019, the Company expects to recognise right of use assets of approximately €40 million and a corresponding debt liability.

The Company’s activities as a lessor are not material and hence the Company does not expect any significant impact on the financial statements.

c) Investments

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists the Company makes an estimate of the asset’s recoverable amount in order to determine the extent of the impairment loss. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

d) Share-based payments

The Company has established share-based payments plans that provide for the granting of non-qualified share options and restricted stock units to certain executive and management level employees that are employed at its subsidiaries. The Company accounts for its share-based payments by applying IFRS 2, “Share-based Payment” and IFRIC 11 – IFRS 2 “Group and Treasury Share Transactions”. The Company incurs an obligation to settle the transactions with the respective employees where a subsidiary receives the services. The transactions are classified as equity-settled because they are settled in equity instruments of the Company.

The Company recharges subsidiaries for the equity it provides to their respective employees upon vesting of the awards.

e) Financial Instruments

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39, "Financial Instruments: Recognition and Measurement" are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan notes, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognised respectively in finance revenue and finance cost.

iii) Derivative financial instruments and hedging

The Company utilises derivative financial instruments to mitigate its exposure to certain market risks associated with its ongoing operations. The primary risks that it seeks to manage through the use of derivative financial instruments include currency exchange risk. All derivative financial instruments are recorded at fair value on the statement of financial position. The Company does not use derivative financial instruments for trading or speculative purposes.

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f) Trade and other payables

These amounts represent liabilities for goods and services provided prior to the end of period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, as needed.

g) Cash at bank and in hand

Cash and cash equivalents in the statement of financial position comprises of cash at banks.

h) Income taxes

Income tax is determined by using the comprehensive balance sheet method of accounting for income taxes which recognises current and future tax consequences of transactions and events, and future tax consequences of future recovery or settlement of the carrying amount of assets and liabilities.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be paid to or recovered from taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company and/or its subsidiaries operate. Current income tax relating to items recognised directly in equity is not recognised in the income statement. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

Deferred tax

Deferred tax is determined by identifying the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Company and/or its subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Note 3

INVESTMENTS

	2018 € thousand	2017 € thousand
Balance at 1 January	21,834,017	21,818,126
Subsequent investment in subsidiaries	27,093	3,000
Capitalised/vested share-based payments, net	(12,060)	12,891
Balance at 31 December	21,849,050	21,834,017

The investments in subsidiaries represent the Company's investment, mainly created after the Merger in 2016 in the businesses of CCE, CCIP and CCEG. Investments in subsidiaries are shown at cost less provision for impairment. Management performed an impairment assessment of the investments in subsidiaries balance and concluded that the carrying value of the investments does not exceed the recoverable amount.

During the year ended 31 December 2018, certain Group reorganisation activities between wholly owned subsidiaries of the Company resulted in a charge of €5.7 billion in the Company income statement. However, there was an equal and offsetting amount of dividend income received in connection with these transactions, resulting in a zero net impact on the Company's statement of comprehensive income.

Note 4

DERIVATIVE ASSETS / LIABILITIES

	31 December 2018 € thousand	31 December 2017 € thousand
Current derivative assets:		
Foreign currency contracts	5,505	4,995
Total current derivative assets	5,505	4,995
Total derivative assets	5,505	4,995
	31 December 2018 € thousand	31 December 2017 € thousand
Non-current derivative liabilities:		
Foreign currency contracts	49,645	214,558
Total non-current derivative liabilities	49,645	214,558
Total derivative liabilities	49,645	214,558

The Company uses cash flow hedges to mitigate its exposure to changes in cash flows attributable to currency fluctuations associated with certain forecasted transactions including the receipt of interest and principal on intercompany loans denominated in non-functional currencies and the payment of interest and principal on debt issuances in non-functional currencies. The derivative instruments are classified as level 2.

Note 5

DEFERRED TAXES

	31 December 2018 € thousand	31 December 2017 € thousand
Deferred tax on foreign currency contracts	4,409	4,456
Other deferred tax items	(1,146)	—
Total deferred tax	3,263	4,456

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Note 6

AMOUNTS OWED BY AFFILIATES

	31 December 2018 € thousand	31 December 2017 € thousand
Non-current amounts owed by affiliates:		
Loans	350,000	350,000
Total non-current amounts owed by affiliates	350,000	350,000
Current amounts owed by affiliates:		
Trade receivables	68,383	2,307
Loans	—	434,896
Cash pool receivables	—	123,713
Other	—	423
Total current amounts owed by affiliates	68,383	561,339
Total amounts owed by affiliates	418,383	911,339

Affiliates represent direct and indirect subsidiaries of CCEP. During 2018 €9.3 million of interest income recognised in 2017 relating to affiliate receivables was forgiven and recognised as finance cost.

Note 7

AMOUNTS OWED TO AFFILIATES

	31 December 2018 € thousand	31 December 2017 € thousand
Non-current amounts owed to affiliates:		
Borrowings	222,833	2,850,514
Total non-current amounts owed to affiliates	222,833	2,850,514
Current amounts owed to affiliates:		
Cash pool payables	150,984	—
Trade and other payables	41,830	8,211
Interest payables	2,619	11,162
Borrowings	20	426,332
Total current amounts owed to affiliates	195,453	445,705
Total amounts owed to affiliates	418,286	3,296,219

Affiliates represent direct and indirect subsidiaries of CCEP.

Note 8

BORROWINGS

	31 December 2018 € thousand	31 December 2017 € thousand
Non-current borrowings:		
Bank notes	4,696,120	2,030,098
Total non-current borrowings	4,696,120	2,030,098
Current borrowings:		
Bank notes	350,000	—
Commercial paper	120,000	249,915
Total current borrowings	470,000	249,915
Total borrowings	5,166,120	2,280,013

The non-current borrowings as at 31 December 2018 represent loan notes due between September 2020 and March 2030. When including interest on the floating rate notes as at 31 December 2018, the interest rates on these loan notes is between 0% and 4.5%. The principal amounts are €4,616 million (2017: €2,050 million). The loan notes are stated net of unamortised financing fees of €23 million (2017: €20 million). During 2018, loan notes increased due to Group reorganisation activities between wholly owned subsidiaries of the Company as a result of the simplification of the Group's debt and capital structure.

The current borrowings as at 31 December 2018 represent Eurobond notes due in December 2019 with a rate of 2% and euro commercial paper maturing in January 2019 with negative interest rates from 0.28% to 0.35%.

The balance in trade and other payables includes interest payable on the borrowings of €41 million (2017: €13 million).

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Note 9

EQUITY

Share capital

As at 31 December 2018, the Company has issued and fully paid 474,920,066 ordinary shares with a nominal value of €0.01 per share. Shares in issue have one voting right each and no restrictions related to dividends or return on capital. For more details please refer to Note 14 from the consolidated financial statements.

In connection with the share buyback programme that commenced in 2018, 12,429,600 shares were cancelled.

Capital redemption reserve

Refer to Note 14 from the consolidated financial statements for more details on the capital redemption reserve.

Share premium

The balance in share premium as at 31 December 2018 represents the excess over nominal value of €0.01 for the 228,244,244 shares issued to CCE shareholders on 28 May 2016 based on the adjusted closing stock price of CCE ordinary shares of €33.33 at the time of the Merger. The balance also includes €46,258 thousand excess over nominal value of share-based payments awarded through to 31 December 2018.

Merger reserves

The Company determined that the consideration transferred to acquire CCIP and CCEG qualified for merger relief under the UK Companies Act of 2006, therefore, the excess consideration transferred over nominal value is excluded from share premium. The cumulative balance of €8.5 billion includes the consideration transferred in excess of nominal value of €0.01 for CCIP and CCEG of €5.5 billion and €2.9 billion, respectively.

Retained earnings

The balance in retained earnings represents opening balance on 1 January 2018, combined with the result for the period and the share-based payment reserve.

Dividends

Dividends are recorded within the financial statements in the period in which they are paid. Please refer to Note 14 from the consolidated financial statements.

Note 10

CONTINGENT LIABILITIES

As at 31 December 2018, the Company does not have any material contingent liabilities.

Note 11

AUDITOR'S REMUNERATION

Refer to Note 15 of the consolidated financial statements for details of the remuneration of the Company's auditor on a Group basis.

Note 12

DIRECTORS' REMUNERATION

Refer to the Directors' Remuneration Report for details of the remuneration of the Company's Directors.

Note 13

EMPLOYEE NUMBERS AND COSTS

In November 2018, certain employees including members of the executive leadership team were transferred to the Company from its subsidiary Coca-Cola European Partners Great Britain Limited. At the year end, the Company employed 12 employees with a total cost for salary and benefits of €2.3 million.

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RISK FACTORS

This section examines the underlying factors contributing to the risks Coca-Cola European Partners (CCEP) faces as a business. These risks may change over time.

Changing consumer preferences and the health impact of soft drinks

Health concerns could reduce consumer demand for some of our products, impacting our financial performance.

There is continued public concern about the public health consequences of obesity, particularly among young people. Some researchers, health advocates, and dietary guidelines suggest that consumption of sugar sweetened beverages is a primary cause of increased obesity rates, and are encouraging consumers to reduce or eliminate consumption of such products. In addition, governments have introduced stronger regulations around the marketing, labelling, packaging, or sale of sugar sweetened beverages. These concerns and regulations could reduce demand for, or increase the cost of, our sugar sweetened beverages.

Health and wellness trends among consumers have also led to an increased demand for low-calorie soft drinks, water, enhanced water, isotonic, energy drinks, teas, and beverages with natural sweeteners. If we fail to meet this demand by not providing a broad enough range of these types of products, this could adversely affect our business and financial results.

Legal and regulatory intervention

Legislative or regulatory changes (including changes to tax laws) that affect our products, distribution, or packaging could reduce demand for our products or increase our costs.

CCEP's business model depends on making our products and packages available in multiple channels and locations. Laws that restrict our ability to do this could negatively impact our financial results. These include laws affecting the promotion and distribution of our products, laws that require deposit return schemes (DRSs) to be introduced for certain types of packages, or laws that limit our ability to design new packages or market certain packages.

In addition, taxes or other charges imposed on the sale of our products could increase costs or cause consumers to purchase fewer of them. Many countries in Europe, including countries in which CCEP operates, are looking into implementing or increasing such taxes.

For example:

- From 1 January 2018, Belgium, Portugal and Norway all increased the excise taxes on sugared (or other sweetened) products
- From April 2018, the UK introduced a levy on sugared soft drinks
- From July 2018 France increased the tax on our products modulated by sugar levels

In addition, as part of the European Strategy for Plastics in a Circular Economy (EU Plastics Strategy), the European Commission presented a Proposal for a Directive on the reduction of the impact of certain plastic products on the environment (the so called draft Single Use Plastics (SUP) Directive) in May 2018. The draft SUP Directive imposes provisions and targets on EU member states for the collection and recycling of single use plastics, as well as some specific provisions for the collection, recycling, recycled content, and design of plastic beverage bottles. One of the design requirements in the draft SUP Directive for plastic beverage bottles is that caps and lids made of plastic must remain attached to the container during the product's intended use (so called tethered caps).

In addition to legislative initiatives at EU level, several countries in which we operate also have or are planning other legislative or regulatory measures to reduce the use of single use plastics, including plastic beverage bottles, and/or to increase plastic collection and recycling. Such measures may include implementing a DRS under which a deposit fee is added to the consumer price, which is refunded to them if and when the bottle is returned. Other measures may include rules on recycled content, individual collection or recycling targets, or a "plastic tax".

DRSs for plastic beverage bottles currently exist in some of the countries in which we do business, such as in Norway (which is part of the EEA but is not an EU member state), the Netherlands, Germany and Sweden. Other countries (such as Scotland and Portugal) have announced that they will introduce a DRS for beverage packaging in the coming years. Some countries are considering extending their existing schemes (such as the Netherlands), or are issuing public consultations on the topic (such as in the rest of the UK and France).

In addition to the regulations on packaging, plastic and waste in general, concern over climate change has led to more environmental legislative and regulatory initiatives at an EU and national level. These cover areas such as greenhouse gas (GHG) emissions, water use and energy efficiency.

Additional taxes levied on CCEP could harm our financial results.

CCEP's tax filings for various periods are subject to current or future audit by tax authorities in most countries in which we do business. These audits may result, or have resulted, in assessments of additional taxes, as well as interest and/or penalties, and could affect our financial results.

For example, the US Internal Revenue Service (IRS) may seek to examine the Merger between CCE, CCEG and CCIP, and may not agree with our positions, potentially causing material adverse tax consequences. Although we believe that our positions with respect to the Merger are consistent with relevant authorities, there can be no assurance that the IRS will not take a contrary view.

Changes in tax laws, regulations, court rulings, related interpretations, and tax accounting standards in countries in which we operate or if we are unsuccessful in defending our tax positions may adversely affect our financial results.

Additionally, amounts we may need to repatriate for the payment of dividends, share repurchases, interest on debt, salaries and other costs may be subject to additional taxation when repatriated.

CCEP may be exposed to risks in relation to compliance with anti-corruption laws and other key regulations and economic sanctions programmes.

CCEP and its subsidiaries are required to comply with the laws and regulations of the various countries in which they conduct business, as well as certain laws of other countries, including the US. In particular, our operations are subject to anti-corruption laws and other key regulations such as the US Foreign Corrupt Practices Act of 1977 (the FCPA), the United Kingdom Bribery Act of 2010 (UKBA), the corporate criminal offence provisions of the UK Criminal Finances Act 2017, General Data Protection Regulation (GDPR), the Spanish and Portuguese Criminal Codes and Sapin II. We are also subject to economic sanction programmes, including those administered by the United Nations, the EU and the Office of Foreign Assets Control of the US Department of the Treasury (OFAC), and regulations set forth under the US Comprehensive Iran Accountability Divestment Act.

In Europe, GDPR requirements came into force on 25 May 2018. A GDPR data breach could lead to fines of up to 4% of our global annual turnover, as well as negatively affect our reputation.

The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage (active bribery). In our business dealings we may deal with both governments and state owned business enterprises, the employees of which are considered foreign officials for the purposes of the FCPA.

The provisions of the UKBA extend beyond bribery of foreign public officials, covering both public and private sector bribery. They are more onerous than the FCPA in a number of respects, including jurisdiction, non-exemption of facilitation payments, the receipt of bribery (passive bribery), penalties and in some cases imprisonment.

We do not currently operate in jurisdictions that are subject to territorial sanction imposed by OFAC or other relevant sanction authorities. However, such economic sanction programmes will restrict our ability to engage or confirm business dealings with certain sanctioned countries and with sanctioned parties.

Violations of the above, including GDPR, anti-corruption sanctions, competition law or other applicable laws and regulations are punishable by civil and sometimes criminal penalties for individuals and companies. These penalties can vary from fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) to revocations or restrictions of licences, as well as criminal fines and imprisonment. Potentially any violation within one of these compliance risk areas could have an impact on our reputation and consequently on our ability to win future business.

Having effective compliance programmes in place can never give the assurance that related policies or procedures will be followed at all times, or always detect and prevent violations of the applicable laws by our employees, consultants, agents or partners.

Legal changes could affect our status as a foreign corporation for US federal income tax purposes, or limit the US tax benefits we receive from engaging in certain transactions.

In general, for US federal income tax purposes, a corporation is considered a tax resident in the jurisdiction of its organisation or incorporation. Because CCEP is incorporated under the laws of England and Wales, it would generally be classified as a non-US corporation (and therefore a non-US tax resident) under these rules. However, section 7874 of the US Internal Revenue Code (IRC) of 1986, as amended, provides an exception under which a non-US incorporated entity may, in certain circumstances, be treated as a US corporation for US federal income tax purposes.

Under current law, CCEP expects to be treated as a non-US corporation for US federal income tax purposes. However, section 7874 of the IRC and the related US Treasury Regulations are complex and there is limited guidance as to their application. In addition, changes to section 7874 of the IRC or the US Treasury Regulations could adversely affect CCEP's status as a foreign corporation for US federal tax purposes, and any such changes could have prospective or retroactive application. If CCEP were to be treated as a US corporation for US federal income tax purposes, it could be subject to materially greater US tax liability than as a non-US corporation.

Future changes to US, UK and other tax laws to which CCEP is subject could adversely affect our business.

In the US, the UK and other countries in which CCEP and its affiliates do business, government agencies such as the US Congress and HM Revenue and Customs are looking into a number of issues related to the taxation of multinational corporations. One key area of focus is "base erosion and profit shifting", where multinational groups artificially shift profits from a higher tax jurisdiction to a lower tax jurisdiction. As a result, tax laws in these countries could change on a prospective or retroactive basis. Any such changes could adversely affect our business and its affiliates, and there is no assurance that we would be able to maintain any particular worldwide effective corporate tax rate.

Our business may be subject to US federal tax withholding as a result of the subscription for CCEP shares in exchange for property.

If certain US Treasury regulations applied, our business could be treated as having received a distribution as a result of the subscription for CCEP shares by a US company. The amount of such deemed distribution could be substantial, and would be subject to US withholding tax (at a rate of 5%) under the United Kingdom-United States Tax Treaty.

We do not believe that such regulations apply under the particular facts and circumstances of the Merger. However, there can be no assurance that the US Internal Revenue Service will not take a contrary view.

US federal income tax reform could adversely affect us.

On 22 December 2017, the US enacted the Tax Cuts and Jobs Act (the US Tax Act), which implements a broad range of changes to the IRC. The US Tax Act, among other things, includes changes to US federal tax rates, imposes significant additional limitations on the deductibility of interest and net operating losses and allows for the expensing of certain capital expenditures. It also puts into effect a number of changes impacting operations outside the US. These include, but are not limited to, the imposition of a one time tax on accumulated post-1986 deferred foreign income that has not previously been subject to tax, and modifications to the treatment of certain intercompany transactions.

While CCEP is a UK listed and tax resident entity, we have a number of subsidiaries outside the UK, including a US incorporated holding company that is wholly owned by the Company. CCEP has analysed and accounted for the effects of this new legislation in its 2017 and 2018 consolidated financial statements. However, the amounts recorded are based on the most recently available information and the impact of the tax legislation may ultimately differ from these amounts, possibly materially. This could be due to, among other things, changes in interpretations and assumptions made, additional guidance that may be issued and future actions taken by CCEP as a result of the tax legislation. See Note 18 of the consolidated financial statements for more details about the accounting impacts of the US Tax Act.

Packaging and plastics

Global issues such as climate change, resource scarcity, marine litter and water scarcity, and the legal and regulatory responses to these issues, could adversely impact our business.

Climate change – caused by greenhouse gas (GHG) emissions in part from businesses such as ours – is resulting in global average temperature increases and extreme weather conditions around the world. This has an adverse impact on our business. CCEP depends on water (see below), and climate change may exacerbate water scarcity and cause a deterioration of water quality in affected regions. It could also decrease agricultural productivity in certain regions of the world, which could limit the availability or increase the cost of key raw materials that we use to produce our products. More frequent extreme weather events, such as storms or floods in our territories, could disrupt our facilities and distribution network, further impacting our business.

Concern over climate change has led to legislative and regulatory initiatives aimed at limiting GHG emissions. Policy makers continue to consider proposals that could impose mandatory requirements on GHG emissions reduction and reporting. Other climate laws could affect other areas of our business, such as production, distribution, packaging or the cost of raw materials. This in turn could impact our business and financial results.

Waste and pollution – particularly plastic and packaging waste – is another global issue affecting our business. Although the vast majority of our packaging is fully recyclable, it is not always collected for recycling across our territories, and can end up as litter or marine litter. Concern over litter, marine litter and the environmental impacts of our packaging has led to laws and regulations that aim to increase the

collection and recycling of our packs, reduce packaging waste and littering and introduce specific design requirements related to our packaging.

If we fail to engage sufficiently with stakeholders to address concerns about packaging and recycling, it could result in higher costs through packaging taxes, producer responsibility reform, damage to corporate reputation or investor confidence and a reduction of consumer acceptance of our products and packaging.

Water is the primary ingredient in all of our products. It is also vital to our manufacturing processes and is needed to produce the agricultural ingredients that are essential to our business. Water scarcity and a deterioration in the quality of available water sources in our territories or our supply chain, even if temporary, may result in increased production costs or capacity constraints. This could adversely affect our ability to produce and sell our beverages, and increase our costs.

As part of our commitment to addressing our climate change impacts, we are investing in technologies that improve the energy efficiency of our operations and reduce GHG emissions related to our packaging, cold drinks equipment and transportation. In general, the cost of these investments is greater than investments in less energy efficient technologies, and the period of return is often longer. Although we believe these investments will provide long-term benefits, there is a risk that we may not always achieve our desired returns.

Competitiveness and transformation

CCEP may not identify sufficient initiatives to realise its cost saving goals to stay competitive.

Following the completion of our integration plan and delivery of the committed synergy savings, we are now implementing a programme of continuous improvements. This strategic cost management programme targets to ensure our competitiveness in the future and encompasses three areas: technology transformation, continuous supply chain improvements, and working efficiently with our partners and franchisors. The focus of these initiatives are to offset potential future increases in costs, such as material or headcount.

The programme is highly complex due to its multi functional and multi country nature of initiatives which cover many parts of our business. Ineffective coordination and control over the single initiatives and interdependencies between business units and central functions could result in failing to realise the expected benefits. The continuous change might trigger change fatigue among our staff or social unrest in the event that such changes result in industrial action.

Labour and union unrest.

We have implemented significant restructuring across all countries and functions since CCEP was established, resulting in redundancies. We continue to look at opportunities to increase CCEP competitiveness. In the event that these have an impact on employees, we would engage with our employees representatives, as appropriate. We would ensure that any industrial unrest would be mitigated through open social dialogue.

Miscalculation of CCEP's need for infrastructure investment could impact its financial results.

In order to deliver on our investing for growth programme, we are making investments in our infrastructure, including cold drink, fleet, technology, sales force, digital capability and production equipment.

There is a risk that these investments do not generate the projected returns, either because of market or technological changes, or because the projected requirements of these investments may differ from actual levels if our volume growth or product demands are not as anticipated.

Our infrastructure investments are anticipated to be long-term in nature, and it is possible that they may not generate the expected return due to future changes in the marketplace. This could adversely affect CCEP's financial results.

Technology failures could disrupt our operations and negatively impact our business.

CCEP relies extensively on information technology (IT) systems to process, transmit, store and protect electronic information. For example, our production and distribution facilities and inventory management all use IT to maximise efficiencies and minimise costs. Communication between our employees, customers, and suppliers also depends, to a large extent, on IT.

Our IT systems may be vulnerable to interruptions due to events that may be beyond our control. These include, but are not limited to, natural disasters, telecommunications failures and security issues. We have IT security processes and disaster recovery plans in place, but they may not be adequate or implemented effectively enough to ensure that our operations are not disrupted.

We continually invest in IT to ensure our technology solutions are current and up to date. If we miscalculate the level of investment needed, our software, hardware and maintenance practices could become out of date, and this could result in disruptions to our business.

In addition, when we implement new systems or system upgrades (such as SAP), there is a risk that our business may be temporarily disrupted during the implementation period.

We may not be able to execute our strategy to pursue suitable acquisitions or may have difficulty integrating acquired businesses.

Our strategy involves, in part, pursuing disciplined and attractive investments, which are intended to create a positive net present value for total shareholder return. Our efforts to execute this strategy may be affected by our ability to identify suitable acquisition targets and negotiate and close acquisition and development transactions. Further, to the extent that we are able to identify suitable investments, there are risks that integration of those investments does not proceed as anticipated or that management attention is diverted by such opportunities, and there is no guarantee that these investments will support the growth of CCEP or achieve the intended return.

Cyber and social engineering attacks

Cyber attacks, or a deficiency in CCEP's cyber-security, could negatively impact our business.

As our reliance on technology increases, so will the risks posed to our internal and third party systems from cyber incidents.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our data or information systems. It could involve gaining unauthorised access to systems, either unintentionally or through an intentional attack (such as a terrorist attack, hacking or a computer virus) in order to disrupt operations, corrupt data, or steal confidential information.

A cyber incident could disrupt our operations, compromise or corrupt private data, or damage our brand image. All of these outcomes could negatively impact our financial results.

The market

We may not be able to respond successfully to changes in the marketplace.

CCEP operates in the highly competitive beverage industry and faces strong competition from other general and speciality beverage companies. Our response to continued and increased competitor and customer consolidations and marketplace competition may result in lower than expected net pricing of our products.

Changes in our relationships with large customers may adversely impact our financial results.

A significant amount of our volume is sold through large retail chains, including supermarkets and wholesalers. Many of these customers are becoming more consolidated, which increases their purchasing power. They may, at times, seek to use this to improve their profitability through lower prices, increased emphasis on generic and other private label brands, or increased promotional programmes.

Competition from hard discount retailers and online retailers continues to challenge traditional retail outlets. This can increase the pressure on all customer margins, which may then be reflected in pressure on suppliers such as CCEP.

In addition, a customer may choose to temporarily stop selling some of our products as a result of a dispute we may be having with them.

These factors, as well as others, could have a negative impact on the availability of CCEP's products, and our profitability.

Economic and political conditions

The deterioration of global and local economic conditions could adversely affect CCEP's business performance and share price.

Our performance is closely linked to the economic cycle in the countries, regions and cities where we operate. Normally, strong economic growth in these areas results in greater demand for our products, while slow economic growth or economic contraction decreases demand and drives down sales.

For example, adverse economic conditions may result in consumers choosing to purchase cheaper private label brands, or avoiding buying beverage products altogether. Those consumers who do continue to buy our products may shift away from higher margin products and packages. A weak economic climate could also increase the likelihood of customer delinquencies and bankruptcies, which would increase the risk of accounts being deemed uncollectable. Each of these factors could adversely affect our business, operational results, financial condition and share price.

Economic growth, globally and in the EU, faces a slowdown and markets continue to be volatile, which could have a material adverse effect on our financial results. Concerns remain about future interest rate increases, and there is continuing uncertainty around the Eurozone crisis. Sovereign debt concerns in certain territories, whether real or perceived, could result in the availability of capital to be limited, which may restrict our liquidity.

Even in the absence of a market downturn, CCEP is exposed to substantial risk from volatility in areas such as consumer spending and capital markets conditions, which affect the business and economic environment. This in turn may affect our business performance and share price.

Beyond the international economic situation, there is growing political uncertainty stemming from the growth of anti-EU political parties, the emergence of political forces with alternative economic priorities in EU member states, and concerns about independence movements within the EU. This uncertainty could affect the economic situation in the Eurozone, which could negatively impact our business and financial results.

Increases in costs, limitation of supplies, or lower than expected quality of raw materials could harm our financial results.

The cost of our raw materials, ingredients or packaging materials could increase over time. If that happens, and if we are unable to pass the increased costs on to our customers in the form of higher prices, our financial results could be adversely affected.

We use supplier pricing agreements and derivative financial instruments to manage volatility and market risk for certain commodities. Generally, these hedging instruments establish the purchase price for these commodities before the time of delivery. These pricing positions are taken in line with the Board's agreed risk policy and the impact of these positions are known and forecasted in our financial results. This may lock CCEP into prices that are ultimately greater or lower than the actual market price at the time of delivery.

We continue to experience volatility in commodity prices mainly driven by political uncertainty, increased protectionist policies and volatility impacts of capital markets. Due to this, some of our suppliers have restricted our ability to hedge prices through supplier agreements. As a result, we have expanded our non-designated hedging programmes. We expect to continue to expand them in future.

Our suppliers could be adversely affected by a number of external events. These could include strikes, adverse weather conditions, speculation, abnormally high demand, governmental controls, new taxes, national emergencies, natural disasters and insolvency. If this happens, and we are unable to find an alternative source for our materials, our cost of sales, revenues, and ability to manufacture and distribute products could be adversely affected.

The quality of the materials or finished goods delivered to us could be lower than expected. If this happens, we may need to substitute those items for ones that meet our standards, or replace underperforming suppliers. This could disrupt our operations and adversely affect our business.

Changes in interest rates or our debt rating could harm our financial results and financial position.

CCEP is subject to interest rate risk, and changes in our debt rating could have a material adverse effect on interest costs and debt financing sources. Our debt rating can be materially influenced by a range of factors, including our financial performance, acquisitions, and investment decisions, as well as the capital management activities of TCCC and changes in the debt rating of TCCC.

Changes in the stability of the euro could significantly impact our financial results and ultimately hinder our competitiveness in the marketplace.

There are concerns regarding the short and long-term stability of the euro and pound sterling and the euro's ability to serve as a single currency for a number of individual countries. These concerns could lead individual countries to revert, or threaten to revert, to local currencies. In more extreme circumstances, they could exit from the EU, and the Eurozone could be dissolved entirely.

Should this occur, the assets we hold in a country that reintroduces local currency could be subject to significant changes in value when expressed in euros. Furthermore, the full or partial dissolution of the euro, the exit of one or more EU member states from the EU or the full dissolution of the EU could cause significant volatility and disruption to the global economy. This could affect our ability to access capital at acceptable financing costs, the availability of supplies and materials, and demand for our products, all of which could impact our financial results.

Finally, if it becomes necessary for us to conduct our business in additional currencies, we would be subjected to additional earnings volatility as amounts in these currencies are translated into euros.

The UK's exit from the EU could impact our profits.

We face potential risks associated with the UK's vote to leave the EU and its negotiations over the terms of its leaving. This could materially and adversely affect the operational, regulatory, currency, insurance and tax regime to which we are currently subject. It could also result in prolonged uncertainty regarding aspects of the UK economy and damage customers' and investors' confidence.

Were these risks to materialise, the effect could be to increase our operating costs, and restrict the movement of capital and the mobility of personnel. It could also materially affect our tax position, business results and financial position.

Political instability could impact our operations and profits.

We continue to be exposed to risks associated with political instability in different parts of our territories. For example, the instability in Catalonia impacting the Spanish Economy and the "Gilet Jaunes" movement in France impacting the French Economy.

Such instability could result in prolonged political, economic and operational uncertainty for our business, our customers and consumers, with potential impacts on tourism, private consumption and regulation.

Default by or failure of one or more of our counterparty financial institutions could cause us to incur losses.

We are exposed to the risk of default by, or failure of, counterparty financial institutions with which we do business. This risk may be heightened during economic downturns and periods of uncertainty in the financial markets.

If one of our counterparties became insolvent or filed for bankruptcy, our ability to recover amounts owed from or held in accounts with the counterparty may be limited. In this event we could incur losses, which could negatively impact our results and financial condition.

The relationship with TCCC and other franchisors

Our business success, including our financial results, depends on our relationship with TCCC and other franchisors.

More than 90% of our revenue for the year ended 31 December 2018 was derived from the distribution of beverages under agreements with TCCC. We make, sell and distribute products of TCCC through fixed term bottling agreements with TCCC, which typically include the following terms:

- We purchase our entire requirement of concentrates and syrups for Coca-Cola trademark beverages (sparkling beverages bearing the trademark "Coca-Cola" or the "Coke" brand name) and allied beverages (beverages of TCCC or its subsidiaries that are sparkling beverages, but not Coca-Cola trademark beverages or energy drinks) from TCCC. Prices, terms of payment, and other terms and conditions of supply are determined from time to time by TCCC at its sole discretion.
- There are no limits on the prices that TCCC may charge for concentrate. TCCC maintains current effective concentrate incidence at the same levels that CCE, CCIP and CCEG had in place before the Merger, provided certain specific mutually agreed metrics are achieved.
- Much of the marketing and promotional support that we receive from TCCC is at TCCC's discretion. Programmes may contain requirements, or be subject to conditions, established by TCCC that we may not be able to achieve or satisfy. The terms of most of the marketing programmes do not and will not contain an express obligation for TCCC to participate in future programmes or continue past levels of payments into the future.
- Our bottling agreements with TCCC are for fixed terms, and most of them are renewable only at the discretion of TCCC at the conclusion of their terms. A decision by TCCC not to renew a fixed term bottling agreement at the end of its term could substantially and adversely affect our financial results.
- We are obligated to maintain sound financial capacity to perform our duties, as required and determined by TCCC at its sole discretion. These duties include, but are not limited to, making certain investments in marketing activities to stimulate the demand for products in our territories and making infrastructure improvements to ensure our facilities and distribution network are capable of handling the demand for these beverages.

Disagreements with TCCC concerning business issues may lead TCCC to act adversely to our interests with respect to these relationships.

Product quality

Our business could be adversely affected if CCEP, TCCC or other franchisors and manufacturers of the products we distribute are unable to maintain a positive brand image as a result of product quality issues.

Our success depends on our products, and those of TCCC and other licensors, having a positive brand image among customers and consumers. Product quality issues, whether real or perceived, or allegations of product contamination, even if false or unfounded, could tarnish the image of products and result in customers and consumers choosing other products.

Product liability claims or product recalls could also negatively impact our brand image and business results. We could be liable if the consumption of our products causes injury or illness. We could also be required to recall products if they become or are perceived to become contaminated, or are damaged or mislabelled.

Adverse publicity around health and wellness concerns, water usage, customer disputes, labour relations, product ingredients, recovery, and the environmental impact of products could negatively affect our overall reputation and our products' acceptance by our customers and consumers. This could happen even when the publicity results from actions occurring outside our territory or control. Similarly, if product quality issues arise from products not manufactured by us but imported into one of our territories, our reputation and consumer goodwill could be damaged.

Through social media, people and NGOs can spread opinions about our business, including the safety or health impact of our products, to an increasingly wider audience at a faster pace. If we fail to respond to any negative opinions effectively and in a timely manner, this could harm the perception of our brands and damage our reputation, regardless of the validity of the statements.

Other risks

Our business is vulnerable to products being imported from outside its territories, which adversely affects our sales.

The territories in which we operate are susceptible to the import of products manufactured by bottlers from countries outside our territories, where prices and costs are lower. When these imports come from members of the European Economic Area (EEA), we are generally prohibited from taking action to stop such imports.

Adverse weather conditions could limit the demand for our products.

Our sales are significantly influenced by weather conditions in the markets in which we operate. In particular, due to the seasonality of our business, cold or wet weather during the summer months may have a negative impact on the demand for our products and contribute to lower sales. This could have an adverse effect on our financial results.

Global or regional catastrophic events could impact our business and financial results.

Our business may be affected by major IT outages, large scale natural disasters or terrorist acts, especially those occurring in our territories or other major industrialised countries. Other catastrophic events that could affect our business include the loss of key employees, shortages of key raw materials, the outbreak or escalation of armed hostilities or widespread outbreaks of infectious disease.

Such events in the geographic regions where we do business could have a material impact on our sales volume, cost of sales, earnings, and overall financial condition.

Legal claims against our vendors could affect their ability to provide us with products and services, which could negatively impact our financial results.

Many of our vendors supply us with products and services that rely on certain intellectual property rights or other proprietary information, and are subject to other third party rights, laws and regulations. If these vendors face legal claims brought by third parties or regulatory authorities, they could be required to pay large settlements or even cease providing us with products and services as well as exposing CCEP to risk.

These outcomes could require us to change vendors or develop replacement solutions or be subject to third party claims. This could result in business inefficiencies or higher costs, which could negatively impact CCEP's financial results.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

CCEP is a party to various litigation claims and legal proceedings. We evaluate these claims and proceedings to assess the likelihood of unfavourable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves or disclose the relevant claims or proceedings, as appropriate.

These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgement. As a result, actual outcomes or losses may differ materially from those in the current assessments and estimates.

We have bottling and other business operations in markets with strong legal compliance environments. Our policies and procedures require strict compliance with all laws and regulations that apply to our business operations, including those prohibiting improper payments to government officials. Those policies are supported by leadership and are ingrained in our business through our compliance culture and training. Nonetheless, we cannot guarantee that our employees will always ensure full compliance with all applicable legal requirements.

Improper conduct by our employees could damage our reputation or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines as well as disgorgement of profits.

Increases in the cost of wages and employee benefits, including pension retirement benefits, could impact our financial results and cash flow.

We have a number of important collective bargaining agreements to be negotiated during 2019. Wage increases and other employee benefit costs above what we have budgeted for would be detrimental to our operating income.

TCCC and Olive Partners, S.A. (Olive Partners) hold a significant interest in CCEP and their interests may differ from or conflict with those of our public shareholders.

Around 18% and 35% of CCEP's shares are owned by European Refreshments (a wholly-owned subsidiary of TCCC) and Olive Partners respectively. Both TCCC and Olive Partners possess sufficient voting power to have a significant influence over all matters requiring shareholder approval, subject to our Articles of Association and the Shareholders' Agreement.

The interests of TCCC and Olive Partners may not always align with the interests of our other shareholders. If the shares owned by European Refreshments and Olive Partners were voted in the same manner on any shareholder proposal, they would control the outcome on any proposal that requires a simple majority vote of our shareholders. Other shareholders will have more limited influence over proposals that require a shareholder vote and proposals that require approval of Board members appointed under the terms of the Shareholders' Agreement, whether or not they vote in the same manner on a shareholder proposal.

OTHER GROUP INFORMATION

Shareholder information

The Company was incorporated in England and Wales on 4 August 2015, as a private company under the Companies Act 2006 (the Companies Act). On 4 May 2016, the Company was reregistered as a public company limited by shares and changed its name from Coca-Cola European Partners Limited to Coca-Cola European Partners plc. It is registered at Companies House, Cardiff, under company number 9717350. The business address for Directors and senior management is Pemberton House, Bakers Road, Uxbridge, UB8 1EZ, England. The main switchboard telephone number is 01895 231313.

The Company is resident in the UK for tax purposes. Its primary objective is to make, sell and distribute ready to drink beverages.

Annual General Meeting

The Company's 2019 Annual General Meeting (AGM) will be held at Pemberton House, Bakers Road, Uxbridge, UB8 1EZ in May 2019. Registered shareholders will be sent a Notice of AGM or notice of availability of the Notice of AGM closer to the time of the meeting.

Investor calendar

Ex-dividend date for interim H1 dividend ^(A)	23 May 2019
Record date for interim H1 dividend ^(A)	24 May 2019
Interim H1 dividend payment date ^(A)	6 June 2019
AGM	May 2019
Ex-dividend date for H2 interim dividend ^(A)	18 November 2019
Record date for interim H2 dividend ^(A)	19 November 2019
Interim H2 dividend payment date ^(A)	3 December 2019

(A) Subject to Board approval.

Directors and senior management

Biographies of the Board of Directors and senior management are set out on pages 50 to 56. Sol Daurella and Alfonso Libano Daurella are first cousins.

Service contracts and loss of office arrangements

It is the Remuneration Committee's policy that there should be no element of reward for failure. When considering payments in the event of a loss of office, it takes account of the individual circumstances, including the reason for the loss of office, Group and individual performance, contractual obligations of both parties as well as share and pension plan rules.

Service contracts for Executive Directors provide for a notice period of not more than 12 months from CCEP and not more than 12 months from the individual. The standard Executive Director service contract does not confer any right to additional payments in the event of termination. However, it does reserve the right for the Group to impose garden leave (i.e. leave with pay) on the Executive Director during any notice period. In the event of redundancy, benefits would be paid according to CCEP's UK redundancy policy prevailing at that time. Executive Directors may be eligible for a pro rata bonus for the period served, subject to performance, but no bonus will be paid in the event of gross misconduct. The treatment of unvested long-term incentive awards is governed by the rules of the relevant plan and depends on the reasons for leaving. The cost of legal fees spent on reviewing a settlement agreement on departure may be provided where appropriate. The Company also reserves the right to pay for outplacement services as appropriate.

The Non-executive Directors (NEDs), including the Chairman of the Board, do not have service contracts but have letters of appointment. NEDs are not entitled to compensation on leaving the Board.

Directors and senior management interest in shares

Other than Sol Daurella, Alfonso Libano Daurella, and José Ignacio Comenge Sánchez-Real, who owned 6.8% (32,354,039 shares), 1.4% (6,495,125 shares), and 1.6% (7,740,332 shares) of the shares outstanding as of 28 February 2019, respectively, no Director or member of senior management individually owned more than 1% of the Company's shares as of 28 February 2019.

Table 1 shows the number of share options held by Directors and other members of senior management as at 28 February 2019, including the applicable exercise price and the date when the applicable exercise period ends.

Table 1
Share options held by Directors and other members of senior management as at 28 February 2019

Name	Grant Date	Expiry Date	Exercise Price	Total number of shares subject to outstanding options including exercisable and unvested options
Damian Gammell	5 November 2015	5 November 2025	\$39.00	324,643
Stephen Moorhouse	3 November 2011	3 November 2021	\$19.68	17,155
Stephen Moorhouse	31 October 2013	31 October 2023	\$31.46	11,446
Stephen Moorhouse	30 October 2014	30 October 2024	\$32.51	1,476
Stephen Moorhouse	30 October 2014	30 October 2024	\$32.51	9,598
Lauren Sayeski	31 October 2013	31 October 2023	\$31.46	1,517
Lauren Sayeski	31 October 2013	31 October 2023	\$31.46	1,661
Ron Lewis	5 November 2015	5 November 2025	\$39.00	81,194

Other employee related matters

Note 15 to the consolidated financial statements provides a breakdown of employees by main category of activity. As at 31 December 2018, we had around 23,300 employees, of whom three were located in the US. A number of our employees in Europe are covered by collectively bargained labour agreements, most of which do not expire. However, wage rates must be renegotiated at various dates throughout 2019. We believe we will be able to renegotiate these wage rates with satisfactory terms.

Nature of trading market

The Company has one class of ordinary shares. These shares are traded on the New York Stock Exchange (NYSE), Euronext London and Amsterdam, and the Spanish Stock Exchanges.

Listing information

Ticker symbol (all exchanges)	CCEP
ISIN code	GB00BDCPN049
Legal entity identifier	549300LTH67W4GWMRF57
CUSIP	G25839104
SEDOL number	BDCPN04

Intention to seek admission to trading on London Stock Exchange (LSE) and to delist from Euronext London

CCEP gave notice on 14 February 2019 of its intention to transfer its existing admission to trading on the market of Euronext London to the Main Market of the LSE (the Transfer). Its decision to delist from Euronext London and apply for admission to trading on the Main Market of the LSE is in an effort to improve market access for investors and enhance liquidity. This does not change its category of listing, which will remain a standard listing under Chapter 14 of the UK Listing Authority's Listing Rules.

It is expected that CCEP's shares will be admitted to trading on the Main Market of the LSE on 28 March 2019 and that delisting of the shares from Euronext London will occur from 29 March 2019. There will therefore be one day of overlap during which the shares will be admitted to trading on both the LSE and Euronext London to ensure continuous admission to the Official List of the UK Listing Authority.

Please note that this does not impact the listing of the shares on the NYSE, Euronext Amsterdam or the Spanish Stock Exchanges. Following admission, investors will be able to trade the shares on all markets under the symbol CCEP, with the shares being quoted and traded in euros on the LSE, Euronext Amsterdam and the Spanish Stock Exchanges, and in US dollars on the NYSE.

A summary document in connection with the Transfer will be published by the Company in due course and will be available at www.ccep.com.

Share capital

The Articles of Association of the Company (the Articles) contain no upper limit on the authorised share capital of the Company. Subject to certain limitations under the Shareholders' Agreement, the Board has the authority to offer, allot, grant options over or otherwise deal with or dispose of shares to such persons, at such times, for such consideration and upon such terms as the Board may decide, only if approved by ordinary resolution of our shareholders.

As of 31 December 2018, the Company had 474,920,066 shares issued and fully paid. As of 28 February 2019, the Company had 474,280,192 shares issued and fully paid.

Under the Shareholders' Agreement and the Articles, the Company is permitted to issue, or grant to any person rights to be issued, securities, in one or a series of related transactions, in each case representing 20% or more of our issued share capital, only if approved in advance by special resolution of our shareholders.

Pursuant to this authority, our shareholders have passed resolutions allowing a maximum of a further 336,180,378 shares (as of 28 February 2019) to be allotted and issued, subject to the restrictions set out below:

1. pursuant to a shareholder resolution passed on 26 May 2016, the Board is authorised to grant rights to subscribe for or to convert any security into, and/or allot and issue, shares up to an aggregate maximum of 18,000,000 shares in connection with the assumption or replacement by the Company of equity awards granted under certain CCE legacy share plans, of which 5,205,085 have been issued as of 28 February 2019;
2. pursuant to a shareholder resolution passed on 31 May 2018 regarding the authority to allot new shares, the Board is authorised to allot shares and to grant rights to subscribe for or convert any security into shares:
 - a. up to a nominal amount of €1,616,927.31 (representing 161,692,731 shares; such amount to be reduced by any allotments or grants made under paragraph 2(b) below in excess of such sum); and
 - b. comprising equity securities (as defined in the Companies Act) up to a nominal amount of €3,233,854.63 (representing 323,385,463 shares; such amount to be reduced by any allotments or grants made under paragraph 2(a) above) in connection with an offer by way of a rights issue:
 - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - ii. to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

3. pursuant to a shareholder resolution passed on 31 May 2018 regarding authority to disapply pre-emption rights, the Board is authorised to allot equity securities (as defined in the Companies Act) for cash under the authority given by the shareholder resolution described in paragraph 2 above and/or to sell shares held by the Company as treasury shares for cash as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to be limited:
 - a. to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph 2(b) above, by way of a rights issue only):
 - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - ii. to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary, and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
 - b. in the case of the authority granted under paragraph 2(a) above and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 3(a) above) up to a nominal amount of €242,539.09 (representing 24,253,909 shares).

Immediately prior to the Merger on 28 May 2016, there were 228,244,244 shares of \$0.01 par value of CCE common stock issued and fully paid, which included net issuances of 908,456 related to share-based payment awards from 1 January 2016 through 27 May 2016. In connection with the Merger, all CCE shares were cancelled and replaced with shares in CCEP. Additionally, CCEP issued 166,128,987 shares to Olive Partners and 87,950,640 shares to European Refreshments (ER), Coca-Cola GmbH and Vivaqa Beteiligungs GmbH & Co. KG as consideration to acquire their bottling operations. Subsequent to the Merger, those of the 87,950,640 shares held by Coca-Cola GmbH and Vivaqa Beteiligungs GmbH & Co. KG were transferred to ER. Also subsequent to the Merger, up to and including 31 December 2018, CCEP issued 5,025,795 additional shares related to share-based payment awards. Between 1 January 2019 and 28 February 2019, CCEP issued 216,926 additional shares related to share-based payment awards.

Shares not representing capital

None.

Shares held by CCEP

We are not permitted under English law to hold our own shares unless they are repurchased by us and held in treasury. At our 2018 AGM, our shareholders passed a special resolution that allows us to buy back our own shares in the market as permitted by the Companies Act. On 12 September 2018, the Board announced a €1.5 billion share buyback programme, to begin as soon as possible with up to €500 million of shares to be repurchased in 2018, subject to trading volumes. All shares repurchased as part of the buyback programme have been to date, and will in future be, cancelled. Details of the shares bought back are provided under share buyback programme below.

Share-based payment awards

Table 2 on page 172 shows the share-based payment awards outstanding under each of the CCE Legacy Long-Term Incentive Plan (Legacy LTIP), the CCE 2010 Incentive Award Plan (2010 Plan) and the Long-Term Incentive Plan 2016 (CCEP LTIP) as at 31 December 2018 and 28 February 2019. For more details about the share plans and awards granted, see Note 19 to the consolidated financial statements on pages 140 to 141.

History of share capital

Table 3 on page 173 sets out the history of our share capital for the period from the Merger until 28 February 2019.

Share buyback programme

Table 4 on page 173 sets out details of our share buyback programme from its start until 28 February 2019.

US shareholders

To the knowledge of the Company, 211 holders of record with an address in the US held a total of 474,213,168 shares (or 99.99% of the total number of issued shares outstanding) as at 28 February 2019. However, some shares are registered in the names of nominees, meaning that the number of shareholders with registered addresses in the US may not be representative of the number of beneficial owners of shares resident in the US.

Table 2
Outstanding share-based payment awards

Plan	Date of award (dd/mm/yy)	Type of award ^(A)	Total number of shares awarded to employees outstanding as at 31 December 2018	Total number of shares awarded to employees outstanding as at 28 February 2019 ^(B)	Price per share payable on exercise/ transfer (\$)	Expiration date (dd/mm/yy)
Legacy LTIP	04/11/09	Option	706,932	499,156	9.89	04/11/19
	13/11/09	Option	6,334	6,334	10.46	13/11/19
2010 Plan	04/11/10	Option	678,900	672,874	18.40	04/11/20
	12/11/10	Option	10,599	10,599	18.80	12/05/20
	03/11/11	Option	814,392	813,440	19.68	03/11/21
	14/11/11	Option	12,884	12,884	19.82	14/05/21
	05/11/12	Option	942,269	940,546	23.21	05/11/22
	31/10/13	Option	—	955	31.46	31/07/19
	31/10/13	Option	2,860	2,860	31.46	15/05/20
	31/10/13	Option	955	955	31.46	31/08/20
	31/10/13	Option	827	827	31.46	22/11/20
	31/10/13	Option	1,046,797	1,045,842	31.46	31/10/23
	30/10/14	Option	—	1,077	32.51	31/07/19
	30/10/14	Option	143	—	32.51	31/05/19
	30/10/14	Option	3,566	3,566	32.51	15/05/20
	30/10/14	Option	923	923	32.51	31/08/20
	30/10/14	Option	923	923	32.51	22/11/20
	30/10/14	Option	1,221,332	1,220,255	32.51	30/10/24
	05/11/15	Option	1,091,075	1,091,075	39.00	05/11/25
	05/11/15	PSU	315,293	314,534	Nil	30/04/19
CCEP LTIP	03/10/16	RSU	16,666	16,666	Nil	03/10/19
	03/10/16	RSU	16,667	16,667	Nil	03/10/20
	01/12/16	RSU	13,165	13,165	Nil	01/12/19
	27/03/17	PSU	401,260	398,763	Nil	28/03/20
	27/03/17	RSU	93,489	90,992	Nil	28/03/20
	01/09/17	RSU	8,874	8,874	Nil	01/09/19
	01/09/17	RSU	8,874	8,874	Nil	01/09/20
	12/03/18	PSU	325,981	324,169	Nil	13/03/21
	12/03/18	RSU	88,581	86,769	Nil	13/03/21
	15/06/18	RSU	4,132	4,132	Nil	30/04/19
	15/06/18	PSU	794	794	Nil	27/03/20
	15/06/18	RSU	3,651	3,651	Nil	27/03/20
	15/06/18	PSU	2,843	2,843	Nil	13/03/21
	15/06/18	RSU	2,843	2,843	Nil	13/03/21

(A) PSU is Performance Share Unit. RSU is Restricted Stock Unit.

(B) When an employee leaves CCEP, the expiration date of their options is shortened so options with a new expiration date may appear between the year end and the later reporting date. These are not new options but options that have been moved from another row in the table.

Table 3
Share capital history

Period	Nature of share issuance	Number of shares	Consideration	Cumulative balance of issued shares at end of period
At Merger	Opening balance	482,323,871	N/A	482,323,871
Merger to 31 December 2016	Shares issued in connection with the exercise of stock options	459,148	Exercise price per share ranging from \$11.27 to \$32.51	482,783,019
Merger to 31 December 2016	Shares issued in connection with the fulfilment of RSU and PSU share-based payment awards	293,377	Nil	483,076,396
1 January to 31 December 2017	Shares issued in connection with the exercise of stock options	838,486	Exercise price per share ranging from \$5.09 to \$32.51	483,914,882
1 January to 31 December 2017	Shares issued in connection with the fulfilment of RSU and PSU share-based payment awards	671,546	Nil	484,586,428
1 January to 31 December 2018	Shares issued in connection with the exercise of stock options	2,022,729	Exercise price per share ranging from \$5.09 to \$39.00	486,609,157
1 January to 31 December 2018	Shares issued in connection with the fulfilment of RSU and PSU share-based payment awards	740,509	Nil	487,349,666
1 January to 31 December 2018	Shares cancelled as part of buyback programme	(12,429,600)	€500 million (see table 4 for more details)	474,920,066
1 January to 28 February 2019	Shares issued in connection with the exercise of stock options	216,620	Exercise price per share ranging from \$9.89 to \$32.51	475,136,686
1 January to 28 February 2019	Shares issued in connection with the fulfilment of RSU and PSU share-based payment awards	306	Nil	475,136,992
1 January to 28 February 2019	Shares cancelled as part of buyback programme	(856,800)	€44.5 million	474,280,192

Table 4
Share buyback programme

Period	(a) Total number of shares purchased	(b) Average price paid per share (€)	(c) Total number of shares purchased as part of publicly announced plans or programmes ^(A)	(d) Approximate value of shares that may yet be purchased under the plans or programmes ^(A) (€ million)
14 to 30 September 2018	2,301,600	39.066176	2,301,600	1,410
1 to 31 October 2018	4,445,000	38.702657	6,746,600	1,238
1 to 30 November 2018	3,478,600	42.087376	10,225,200	1,092
1 to 31 December 2018	2,204,400	41.477310	12,429,600	1,000
1 to 31 January 2019	—	—	12,429,600	1,000
1 to 28 February 2019	1,079,800	41.220023	13,509,400	956

(A) On 12 September 2018, the Company announced a new share buyback programme of up to €1.5 billion to reduce the Company's share capital. The share buyback programme is being carried out in accordance with the authority granted by shareholders at the 2018 AGM. The maximum number of shares authorised for purchase at the 2018 AGM was 48,507,819 shares, representing 10% of the issued shares at 6 April 2018. The existing authority to buy back shares will expire at the 2019 AGM. We intend to seek shareholder approval to renew the authority to buy back shares.

Marketing

CCEP relies extensively on advertising and sales promotions to market its products. TCCC and other franchisors advertise in all major media to promote sales in the local areas we serve. We also benefit from regional, local and global advertising programmes conducted by TCCC and other franchisors. Certain advertising expenditures by TCCC and other franchisors are made pursuant to annual arrangements.

CCEP and TCCC engage in a variety of marketing programmes to promote the sale of TCCC's products in territories in which we operate. The amounts to be paid to us by TCCC under the programmes are determined annually and are periodically reassessed as the programmes progress. Marketing support funding programmes entered into with TCCC provide financial support, principally based on our product sales or upon the completion of stated requirements, to offset a portion of the cost of our marketing programmes. Except in certain limited circumstances, TCCC has no specified contractual obligation to participate in expenditures for advertising, marketing and other support in our territories. The terms of similar programmes TCCC may have with other licensees and the amounts paid by TCCC under them could differ from CCEP's arrangements.

We take part in various programmes and arrangements with customers to increase the sale of products. These include arrangements under which allowances can be earned by customers for attaining agreed upon sales levels or for participating in specific marketing programmes.

Dependence on franchisors

As a franchise business, CCEP's business success, including its financial results, depends upon our relationships with TCCC and its other franchisors. For more about our relationships with franchisors, see the Risk Factors on page 167.

Competition

CCEP competes mainly in the manufacturing, sale and distribution of non-alcoholic ready to drink (NARTD) beverages industry and adjacencies, including squashes/cordials, hot beverages and premium spirits. CCEP competes in the Western Europe segment, and primarily manufactures, sells and distributes the products of TCCC, as well as those of other franchisors such as Monster Energy and Capri Sun AG.

CCEP competes mainly with:

- NARTD and non-alcoholic, non-ready to drink (for example squashes/cordials & hot beverages) brand and private label manufacturers, sellers and distributors
- Alcoholic beverage manufacturers, sellers and distributors – in the sense that some of their products may be considered to be substitutes to CCEP's own products for certain consumer occasions

A small number of such companies may also be contracted by CCEP as manufacturers (e.g. co-packers) or commercial partners (e.g. on behalf of which CCEP sells and/or distributes, or which sells and/or distributes on CCEP's behalf).

CCEP sells and distributes to a wide range of customers, including both physical and online food and beverage retailers, wholesalers and out of retail customers. The market is highly competitive and all CCEP customers and consumers may choose freely between products of CCEP and its competitors. Many of CCEP's customers are under increasing competitive pressure, including with the increasing market share of discounters, the growth of e-commerce food and beverage players, and customer consolidation.

CCEP competes with respect to a wide range of commercial factors, including brand awareness, product and packaging innovations, supply chain efficacy, customer service, sales strategy, marketing, and pricing and promotions.

The level of competition faced by CCEP may be affected by, for example, changing customer and consumer product, brand, and packaging preferences; shifts in customers' industries; competitor strategy shifts; new competitor entrants; supplier dynamics; the weather; and social, economic, political or other external landscape shifts.

Key factors affecting CCEP's competitive strength include, for example, CCEP's strategic choices; investments; partnerships (e.g. with customers, franchisors and suppliers); people management; asset base (e.g. property, plant, fleet, and equipment); technological sophistication; and processes and systems.

Impact of governmental regulation

Our business is sensitive to the economic and political action and conditions in our countries of operation. The risks this can pose to our business are set out in our Principal Risks on pages 41 to 42 and in our Risk Factors on pages 162 to 164. By responding to these challenges positively we can gain a competitive advantage.

Material contracts

There have been no material contracts, other than contracts entered into in the ordinary course of business, to which the Company or any member of its group is a party, for the two years immediately preceding the publication of this document.

Articles of Association

The following is a summary of the principal provisions of the Company's Articles of Association (the Articles). Shareholders should not rely on this summary but should instead refer to the current Articles, which are filed with the Registrar of Companies in England and Wales and can be viewed at ir.ccep.com/corporate-governance/governance-documents, and to the applicable provisions of English law. The Company has no statement of objects in its Articles and accordingly its objects are unrestricted in accordance with the provisions of the Companies Act.

(a) Voting

Any resolution put to a vote at a general meeting will be decided on a show of hands unless a poll is validly demanded. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he or she is the holder. In the case of joint holders of a share, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names stand on the register. Unless the Board otherwise decides, the right to attend a general meeting and voting rights may not be exercised by a shareholder who has not paid to the Company all calls and other sums then payable by him or her in respect of his or her shares.

(b) Transfer of shares

Any shareholder may transfer his or her shares which are in certificated form by an instrument of transfer in any usual form or in any other form which the Board may approve. Such instrument must be properly signed and stamped or certified (or otherwise shown to the satisfaction of the Board as being exempt from stamp duty) and lodged with the Company together with the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

The Articles contain no other restrictions on the transfer of fully paid certificated shares provided: (i) the transfer, if to joint transferees, is in favour of not more than four transferees; (ii) the instrument of transfer is in respect of only one class of shares; and (iii) the holder of the shares is not subject to an order under section 794 of the Companies Act.

Any shareholder may transfer title to his or her uncertificated shares by means of a relevant system, such as CREST.

Registration of a transfer of uncertificated shares may be refused in the circumstances set out in the uncertificated securities rules and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

Provisions in the Articles will not apply to uncertificated shares to the extent that they are inconsistent with:

- i. the holding of shares in uncertificated form;
- ii. the transfer of title to shares by means of a system such as CREST; and
- iii. any provisions of relevant regulations.

The Board may decline to register a transfer of shares, whether certificated or uncertificated, by a person holding 0.25% or more of the existing shares if such person is subject to an order under section 794 of the Companies Act, after failure to provide the Company with information concerning interests in those shares required to be provided under section 793 of the Companies Act, unless the transfer is carried out pursuant to an arm's length sale.

Notice of refusal to register a transfer must be sent to the transferee within two months of the instrument of transfer being lodged.

The transferor of a share is deemed to remain the holder until the transferee's name is entered on the register. The Board may decline to register any transfer of any share which is not fully paid.

(c) Dividends and distribution of assets on liquidation

Under English law, the Company may pay dividends only out of profits available for that purpose, as stated on its accounts that are deemed as relevant accounts pursuant to the Companies Act. A company's profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made. In addition, the Company may only make a distribution if the amount of its net assets is not less than the aggregate of its called up share capital and undistributable reserves, and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate.

The Articles permit the shareholders, by passing an ordinary resolution, to declare dividends. A declaration must not be made unless the Directors have first made a recommendation as to the amount of the dividend. The dividend must not exceed that amount.

In addition, the Board may decide to pay interim dividends. As the Company has only one class of shares, the holders of such shares will be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

(d) Unclaimed dividends

All dividends or other sums payable on or in respect of any shares which remain unclaimed may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Unless the Board decides otherwise, any dividend or other sums payable on or in respect of any shares unclaimed after a period of 12 years from the date when it was declared or became due for payment will be forfeited and revert to the Company. The Company may stop sending dividend cheques or warrants by post, or employing such other means of payment in respect of any shares, if at least two consecutive dividend payments have remained uncashed or are returned undelivered or if one payment has remained uncashed or is returned undelivered and the Company cannot establish a new address for the holder after making reasonable enquiries. However, in either case, the Company must resume sending cheques or warrants or employ such other means of dividend payment if the holder or any person entitled to the shares by transmission requests the resumption in writing.

(e) Variation of rights and changes in capital

Subject to the provisions of the Companies Act, all or any of the rights attached to any existing class of shares may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. All the provisions of the Articles as to general meetings of the Company shall, with any necessary modifications, apply to any such separate general meeting, but so that the necessary quorum shall be one person entitled to vote and holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), (but so that at any adjourned meeting one holder entitled to vote and present in person or by proxy (whatever the number of shares held by him) shall be a quorum), and that any holder of shares of the class present in person or by proxy and entitled to vote may demand a poll.

The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them or by the purchase or redemption by the Company of any of its own shares.

(f) Limitations on rights of non-resident or foreign shareholders

There are no limitations imposed by the Articles on the rights of non-resident or foreign shareholders or (subject to the effect of any economic sanctions that may be in force from time to time) by current UK laws which relate only to non-residents of the UK or foreign shareholders and which limit the rights of such non-resident or foreign shareholders to hold or (when entitled to do so) vote the shares.

(g) General meetings of shareholders

The Companies Act sets out the provisions applicable to the Company regarding the calling of a general meeting. The Company is required by the Companies Act to hold an AGM each year. General meetings of shareholders may be called as necessary by the Board and must be called promptly upon receipt of a requisition from shareholders representing at least 5% of the paid up, voting capital of the Company. Under the Companies Act, an AGM must be called by notice of at least 21 clear days. A general meeting other than an AGM may be called on not less than 14 clear days' notice provided a special resolution reducing the notice period to 14 clear days has been passed at the immediately preceding AGM or a general meeting held since that AGM.

(h) Conflicts of interest

The Board may, subject to the provisions of the Articles, authorise any matter which would otherwise involve a Director breaching his or her duty under the Companies Act to avoid conflicts of interest (each a Conflict). A Director seeking authorisation in respect of a Conflict shall declare to the Board the nature and extent of his or her Conflict as soon as is reasonably practicable and shall provide the Board with such details of the matter as are necessary to decide how to address the Conflict. The Board may resolve to authorise the relevant Director in relation to any matter the subject of a Conflict, save that the relevant Director and any other Director with a similar interest shall not count towards the quorum nor vote on any resolution giving such authority, and, if the other Directors so decide, shall be excluded from any Board meeting while the Conflict is under consideration.

(i) Other conflicts of interest

Subject to the provisions of the Companies Act, and provided the nature and extent of a Director's interest has been declared to the Board, a Director may:

- i. be party to, or otherwise interested in, any contract with the Company, or in which the Company has a direct or indirect interest;
- ii. hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms, including remuneration, as the Board may decide;
- iii. act by himself or through a firm with which he is associated in a professional capacity for the Company or any other company in which the Company may be interested (otherwise than as auditor);
- iv. be or become a director or other officer of, or employed by or a party to a transaction or arrangement with, or otherwise be interested in any holding company or subsidiary company of the Company or any other company in which the Company may be interested; and
- v. be or become a director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as director of that other company.

No contract in which a Director is interested shall be liable to be avoided, and any Director who is so interested is not liable to account to the Company or its shareholders for any benefit realised by the contract by reason of the Director holding that office or of the fiduciary relationship thereby established. However, no Director may vote on, or be counted in the quorum, in relation to any resolution of the Board relating specifically to his or her own appointment (including remuneration) or the terms of his or her termination of appointment or relating to any contract in which he or she has an interest (subject to certain exceptions).

Subject to the Companies Act, the Company may by ordinary resolution suspend or relax to any extent the provisions relating to Directors' interests or restrictions on voting or ratify any transaction not duly authorised by reason of a contravention of such provisions.

(j) Borrowing powers

Subject to the provisions of the Companies Act, the Board may exercise all the Company's powers to borrow money; to mortgage or charge all or any of the Company's undertaking, property (present and future), and uncalled capital; to issue debentures and other securities; and to give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(k) Retirement and removal of Directors

At every AGM all the Directors, other than the Initial Independent Non-executive Directors (Initial INEDs), shall retire from office and may offer themselves for reappointment by the shareholders. This requirement does not apply to the Chairman during the nine year period after completion of the Merger for as long as she holds office in accordance with the Articles. This requirement also does not apply to the Initial INEDs during their initial fixed term of appointment. Three Initial INEDs had an initial fixed term of appointment until the 2019 AGM, three until the 2020 AGM and three until the 2021 AGM. Initial INEDs will either stand down from the Board at the end of their initial fixed term of appointment or, if they and the Board agree, will stand for election at the relevant AGM and each AGM thereafter. There is no mandatory retirement age for any Director.

(l) Vacation of office

The office of a Director shall be vacated if:

- i. he or she resigns or offers to resign and the Board resolves to accept such offer;
- ii. he or she is prohibited by law from being a Director;
- iii. the Board determines that he or she has committed gross misconduct in carrying out his or her duties as a Director or for other similar just cause; or the Board determines that he or she has acted in breach of the Company's anti-corruption or sanctions policies, securities dealing policies or otherwise has acted in a manner which might reasonably be expected to bring the Group into disrepute;
- iv. being a nominated Director he or she is identified in a notice given to the Company by his or her appointer;
- v. being an INED he or she can no longer be considered to meet the criteria required for him or her to be independent, in the reasonable opinion of the Nomination Committee; or
- vi. being an INED the Board determines that he or she holds any operating responsibilities in the NARTD beverage bottling business in any territory in which the Group operates from time to time.

(m) Share rights

Subject to any rights attached to existing shares, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Such rights and restrictions shall apply as if they were set out in the Articles. Redeemable shares may be issued, subject to any rights attached to existing shares. The Board may determine the terms, conditions and manner of redemption of any redeemable share so issued. Such terms and conditions shall apply to the relevant shares as if they were set out in the Articles. Subject to the Articles, any resolution passed by the shareholders and other shareholders' rights, the Board may decide how to deal with any shares in the Company.

(n) Entrenchment

Certain provisions of the Articles are entrenched and may only be amended or repealed with the prior consent of Olive Partners, ER or a majority of the INEDs (as applicable). In particular, the requirement under the Articles that the Board shall at all times contain a majority of INEDs may only be amended or repealed with the prior consent of a majority of the INEDs.

Documents on display

CCEP is subject to the information requirements of the US Securities Exchange Act of 1934, as amended, applicable to FPIs. In accordance with these requirements, we file our Annual Report on Form 20-F and other related documents with the US Securities and Exchange Commission (SEC). It is possible to read and copy documents that we have filed with the SEC at the SEC's office. Please call the SEC at 1-800-SEC-0330 for information about using their public reference rooms and their copy charges. Filings with the SEC are also available to the public from commercial document retrieval services, and from the website maintained by the SEC at www.sec.gov.

Our Annual Report on Form 20-F is also available on our website (www.ccep.com). Shareholders may also order a hard copy, free of charge – see Useful Addresses on page 195.

Exchange controls

Other than those individuals and entities subject to economic sanctions that may be in force from time to time, we are not aware of any other legislative or legal provision currently in force in the UK, the US, the Netherlands or Spain restricting remittances to non-resident holders of CCEP's shares or affecting the import or export of capital for the Company's use.

Taxation information for shareholders

US federal income taxation

US federal income tax consequences to US holders of the ownership and disposition of CCEP shares

This section summarises the material US federal income tax consequences of owning shares as capital assets for tax purposes. It is not, however, a comprehensive analysis of all the potential US tax consequences for such holders, and it does not discuss the tax consequences of members of special classes of holders which may be subject to other rules, including: tax exempt entities, life insurance companies, dealers in securities, traders in securities that elect a mark-to-market method of accounting for securities holdings, investors liable for alternative minimum tax, holders that, directly or indirectly, hold 10% or more (by vote or by value) of the Company's stock, holders that hold shares as part of a straddle or a hedging or conversion transaction, holders that purchase or sell shares as part of a wash sale for US federal income tax purposes, or holders whose functional currency is not the US dollar. In addition, if a partnership holds shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership and may not be described fully below. This summary does not address any aspect of US taxation other than US federal taxation (such as the estate and gift tax, the Medicare tax on net investment income or US state or local tax). Investors should consult their tax advisors regarding the US federal, state, local and other

tax consequences of owning and disposing of shares in their particular circumstances.

This section is based on the Internal Revenue Code of 1986, as amended (the IRC), its legislative history, existing and proposed regulations, published rulings and court decisions, and on the United Kingdom-United States Tax Treaty, all of which are subject to change, possibly on a retroactive basis.

A US holder is a beneficial owner of shares that is, for US federal income tax purposes, (i) a citizen or resident of the US, (ii) a US domestic corporation, (iii) an estate whose income is subject to US federal income taxation regardless of its source, or (iv) a trust if a US court can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust. A non-US holder is a beneficial owner of shares that is neither a US holder nor a partnership for US federal income tax purposes.

Taxation of dividends

Subject to the passive foreign investment company (PFIC) rules discussed below, a US holder is subject to US federal income taxation on the gross amount of any dividend paid by CCEP out of the Company's current or accumulated earnings and profits (as determined for US federal income tax purposes). Dividends paid to a non-corporate US holder will generally constitute "qualified dividend income" and be taxable to the holder at a preferential rate, provided that the holder has a holding period in the shares of more than 60 days during the 121 day period beginning 60 days before the ex-dividend date and meets other holding period requirements.

For US federal income tax purposes, a dividend must be included in income when the US holder actually or constructively receives the dividend. Dividends paid by CCEP to corporate US holders will generally not be eligible for the dividends received deduction allowed to US corporations in respect of dividends received from other US corporations, unless such corporate US holder holds more than 10% (by vote or by value) of the Company's stock. For foreign tax credit purposes, dividends will generally be income from sources outside the US and will, depending on a US holder's circumstances, be either "passive" or "general" income for purposes of computing the foreign tax credit allowable to a US holder.

The amount of a dividend distribution on shares that is paid in a currency other than the US dollar will generally be included in ordinary income in an amount equal to the US dollar value of the currency received on the date such dividend distribution is includible in income, regardless of whether the payment is, in fact, converted into US dollars on such date. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in income to the date the payment is converted into US dollars will be treated as ordinary income or loss and will not be eligible for the preferential tax rate on qualified dividend income. Generally, the gain or loss will be income or loss from sources within the US for foreign tax credit purposes.

Distributions in excess of CCEP's earnings and profits, as determined for US federal income tax purposes, will be treated as a return of capital to the extent of the US holder's basis in its shares and thereafter as capital gain, subject to taxation as described below.

Taxation of capital gains

Subject to the PFIC rules discussed below, a US holder will generally recognise gain or loss on any sale, exchange, redemption or other taxable disposition of shares in an amount equal to the difference between the US dollar value of the amount realised on the disposition and the US holder's tax basis, determined in US dollars, in the shares. Any such capital gain or loss will generally be long-term gain or loss, subject to tax at a preferential rate for a non-corporate US holder, if the US holder's holding period for such shares exceeds one year. Any gain or loss recognised by a US holder on the sale or exchange of shares will generally be treated as income or loss from sources within the US for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

PFIC status

Currently, we do not believe that shares will be treated as stock of a PFIC for US federal income tax purposes. However, we review this annually, and therefore this conclusion is subject to change. If CCEP was to be treated as a PFIC, unless a US holder elects to be taxed annually on a mark-to-market basis with respect to its shares, any gain realised on the sale or exchange of such shares would in general not be treated as capital gain. Instead, a US holder would be treated as if he or she had realised such gain ratably over the holding period for shares and generally would be taxed at the highest tax rate in effect for each such year to which the gain was allocated. In this case, an interest charge in respect of the tax attributable to each such year would apply. Certain distributions would be similarly treated if CCEP were treated as a PFIC. In addition, distributions made by a PFIC generally do not constitute qualified dividend income and are not eligible for the preferential tax rate applicable to such income.

Information reporting and backup withholding

In general, information reporting requirements will apply to dividends received by US holders of shares, and the proceeds received on the disposition of shares effected within the US (and, in certain cases, outside the US), in each case, other than US holders that are exempt recipients (such as corporations).

Backup withholding may apply to such amounts if the US holder fails to provide an accurate taxpayer identification number (generally on an IRS Form W-9 provided to the paying agent or the US holder's broker) or is otherwise subject to backup withholding.

Dividends with respect to shares and proceeds from the sale or other disposition of shares received in the US or through certain US related financial intermediaries by a non-US holder, may be subject to information reporting and backup withholding unless such non-US holder provides to the applicable withholding agent the required certification showing its non-US status, such as a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, or otherwise establishes an exemption, and otherwise complies with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or credit against a holder's US federal income tax liability, if any, provided the required information is given to the IRS on a timely basis.

UK taxation consequences for US holders

The following explains certain UK tax consequences of the ownership and disposition of shares for US holders who are not resident in the UK for tax purposes and to whom split year treatment does not apply, who do not carry on a trade, profession or vocation through a permanent establishment or branch or agency in the UK, and who are the absolute beneficial owners of their shares and hold such shares as a capital investment.

This information is based on UK tax law and what is understood to be the practice of HMRC, all as in effect on the date of publication, and all of which are subject to differing interpretations and change at any time, possibly with retroactive effect. It is not a complete analysis of all potential UK tax considerations that may apply to a US holder. In addition, this discussion neither addresses all aspects of UK tax law that may be relevant to particular US holders nor takes into account the individual facts and circumstances of any particular US holder. Accordingly, it is not intended to be, and should not be construed as, tax advice.

Distributions on shares

No UK tax is required to be withheld from cash distributions on shares paid to US holders. In addition, US holders will not be subject to UK tax in respect of their receipt of cash distributions on their shares.

Sale, exchange, redemption or other dispositions of shares

US holders will not be subject to UK tax on capital gains in respect of any gain realised by such US holders on a sale, exchange, redemption or other disposition of their shares. Special rules may apply to individual US holders who have ceased to reside in the UK for tax purposes and who make a disposition of their shares before becoming once again resident in the UK for tax purposes.

While shares are held within the DTC clearance system, and provided that DTC satisfies various conditions specified in UK legislation, electronic book entry transfers of such shares should not be subject to UK stamp duty, and agreements to transfer such shares should not be subject to Stamp Duty Reserve Tax (SDRT). Confirmation of this position was obtained by way of formal clearance by HMRC. Likewise, transfers of, or agreements to transfer, such shares from the DTC clearance system into another clearance system (or into a depository receipt system) should not, provided that the other clearance system or depository receipt system satisfies various conditions specified in UK legislation, be subject to UK stamp duty or SDRT.

In the event that shares have left the DTC clearance system, other than into another clearance system or depositary receipt system, any subsequent transfer of, or agreement to transfer, such shares may, subject to any available exemption or relief, be subject to UK stamp duty or SDRT at a rate of 0.5% of the consideration for such transfer or agreement (in the case of UK stamp duty, rounded up to the next multiple of £5). Any such UK stamp duty or SDRT will generally be payable by the transferee and must be paid (and any relevant transfer document duly stamped by HMRC) before the transfer can be registered in the books of the Company. In the event that shares that have left the DTC clearance system, other than into another clearance system or depositary receipt system, are subsequently transferred back into a clearance system or depositary receipt system, such transfer or agreement may, subject to any available exemption or relief, be subject to UK stamp duty or SDRT at a rate of 1.5% of the consideration for such transfer (or, where there is no such consideration, 1.5% of the value of such shares). Notwithstanding the foregoing provisions of this paragraph, a transfer of listed securities may in certain circumstances be subject to UK stamp duty or SDRT based on the value of the relevant securities if this is higher than the amount of the consideration for the relevant transfer.

US federal income tax consequences to non-US holders of the ownership and disposition of CCEP shares

In general, a non-US holder of shares will not be subject to US federal income tax or, subject to the discussion above under Information reporting and backup withholding, US federal withholding tax on any dividends received on shares or any gain recognised on a sale or other disposition of shares including any distribution to the extent it exceeds the adjusted basis in the non-US holder's shares unless:

- the dividend or gain is effectively connected with such non-US holder's conduct of a trade or business in the US (and, if required by an applicable tax treaty, is attributable to a permanent establishment maintained by the non-US holder in the US); or
- in the case of gain only, such non-US holder is a non-resident alien individual present in the US for 183 days or more during the taxable year of the sale or disposition, and certain other requirements are met.

Special rules may apply to a non-US holder who was previously a US holder and who again becomes a US holder in a later year.

A non-US holder that is a corporation may also be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable tax treaty) on its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

THIS SUMMARY IS NOT EXHAUSTIVE OF ALL POSSIBLE TAX CONSEQUENCES. IT IS NOT INTENDED AS LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER OF SHARES AND SHOULD NOT BE SO CONSTRUED. HOLDERS OF SHARES SHOULD CONSULT THEIR OWN TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES APPLICABLE TO THEM IN THEIR OWN PARTICULAR CIRCUMSTANCES.

Selected financial data

The following selected financial data has been extracted from, and should be read in conjunction with the consolidated financial statements of the Group and their accompanying notes.

Coca-Cola European Partners plc was created through the Merger on 28 May 2016 of the businesses of Coca-Cola Enterprises, Inc., (CCE), Coca-Cola Iberian Partners, S.A. (CCIP) and Coca-Cola Erfrischungsgetränke GmbH (CCEG). As part of the Merger, in July 2016, the Company completed the acquisition of Vifilfell hf., the Coca-Cola bottler in Iceland. Upon the consummation of the Merger, the historical consolidated financial statements of CCE became CCEP's historical financial statements as CCE was deemed to be the predecessor to CCEP. Therefore, the financial results presented here for the years ended 31 December 2014, 31 December 2015 and for the period from 1 January 2016 to 27 May 2016 refer to CCE and its consolidated subsidiaries, and the periods subsequent to 28 May 2016 refer to the combined financial results of CCEP.

For all periods up to and including the year ended 31 December 2015, CCE prepared and published its consolidated financial statements in accordance with US GAAP. As part of first time adoption of IFRS for CCEP and to provide comparative period information, the financial statements of CCE for 2014 and 2015 were prepared in accordance with IFRS. The date of transition to IFRS was 1 January 2014, at which date an opening IFRS statement of financial position was prepared.

The financial information presented here has been prepared in accordance with IFRS as issued by the IASB and adopted by the EU. There are no differences between IFRS as issued by the IASB and IFRS as adopted by the EU that have an impact for the years presented.

Income statement	2018 € million	2017 € million	2016 € million	2015 € million	2014 € million
Revenue	11,518	11,062	9,133	6,329	6,217
Cost of sales	(7,060)	(6,772)	(5,584)	(4,017)	(3,987)
Gross profit	4,458	4,290	3,549	2,312	2,230
Selling and distribution expenses	(2,178)	(2,124)	(1,615)	(919)	(944)
Administrative expenses	(980)	(906)	(1,083)	(634)	(539)
Operating profit	1,300	1,260	851	759	747
Finance income	47	48	31	24	34
Finance costs	(140)	(148)	(154)	(134)	(123)
Total finance costs, net	(93)	(100)	(123)	(110)	(89)
Non-operating items	(2)	(1)	(9)	(5)	—
Profit before taxes	1,205	1,159	719	644	658
Taxes	(296)	(471)	(170)	(131)	(174)
Profit after taxes	909	688	549	513	484

Statement of financial position	2018 € million	2017 € million	2016 € million	2015 € million	2014 € million
Non-current assets	15,225	14,880	15,143	5,113	5,040
Current assets	2,991	3,314	3,425	1,883	2,008
Total assets	18,216	18,194	18,568	6,996	7,048
Non-current liabilities	7,860	8,222	8,355	4,119	3,706
Current liabilities	3,792	3,287	3,752	2,006	2,155
Total liabilities	11,652	11,509	12,107	6,125	5,861
Total equity	6,564	6,685	6,461	871	1,187
Total equity and liabilities	18,216	18,194	18,568	6,996	7,048

Capital stock data

Number of shares (in millions)	475	485	483	227	239
Share capital (in € million)	5	5	5	3	3
Share premium (in € million)	152	127	114	2,729	2,711

Per share data

Basic earnings per share (€)	1.88	1.42	1.45	2.23	1.96
Diluted earnings per share (€)	1.86	1.41	1.42	2.19	1.92
Dividends declared per share (€) ^(A)	1.06	0.84	0.86	1.01	0.75
Dividends declared per share (\$) ^(A)	n/a	n/a	0.97	1.12	1.00

(A) As a result of the Merger, dividends declared in 2016 may be viewed in two separate categories: dividends declared by CCEP in euros and dividends declared by CCE in US dollars. Dividends declared by CCE in 2016 in US dollars have been converted to euro from US dollars to provide an annualised dividend amount for 2016 using the average exchange rate for the respective period. Similarly, dividends declared by CCEP in euros in 2016 have been converted to US dollars to provide an annualised dividend amount for 2016 using the average exchange rate for the respective period. All dividends declared prior to 2016 were declared in US dollars and have been converted to euro using the average exchange rate for each respective period.

Operations review

Revenue

Revenue increased by €0.4 billion, or 4.0%, from €11.1 billion in 2017 to €11.5 billion in 2018. Refer to the business and financial review section for a discussion of significant factors that impacted revenue in 2018, as compared to 2017.

2017 vs 2016

On a reported basis, revenue increased by €1.9 billion, or 21.0%, from €9.1 billion in 2016 to €11.1 billion in 2017, driven primarily by a full year of operations for Iberia and Germany in 2017, as compared to only seven months in 2016. Iberia and Germany revenues increased €1.0 billion and €0.9 billion, respectively, in 2017. Excluding the impact of Iberia and Germany, revenues were flat year over year. On a reported basis, revenue in Great Britain declined by 2.5%, driven by a decline in the British pound versus the euro. Adjusting for a 7.0% unfavourable change due to currency, Great Britain's revenue was up 4.5% year on year. This improvement was driven primarily by volume gains of 2.0% (adjusted for one less selling day in 2017 versus 2016), and favourable price/mix movements. Revenue in France increased by 0.5%, as improvements in price/mix outpaced a slight decline in volume. Revenue in the Northern European territories (Belgium, Luxembourg, Netherlands, Iceland, Norway and Sweden) was up 4.5%, led by Belgium/Luxembourg and the Netherlands, and the inclusion of Iceland.

Volume

Refer to the business and financial review section for a discussion of significant factors that impacted volume in 2018, as compared to 2017.

2017 vs 2016

The following table summarises the change in our unit case volume for the periods presented, as adjusted to reflect the impact of one less selling day in 2017 versus 2016 (rounded to the nearest 0.5%):

	2017 versus 2016
Change in volume	23.0%

The following table summarises volume by major brand category for the periods presented, as adjusted to reflect the impact of one less selling day in 2017 versus 2016 (rounded to the nearest 0.5%):

	2017 versus 2016 Change	2017 % of total	2016 % of total
Sparkling			
Coca-Cola trademark	20.5%	63.5%	65.0%
Sparkling flavours and energy	28.5%	21.5%	20.5%
Still			
Juices, isotonic and other	23.0%	8.0%	8.0%
Water	33.0%	7.0%	6.5%
Total	23.0%	100.0%	100.0%

The change in volume between 2017 and 2016 was primarily due to the inclusion in 2017 of full year operating results for Germany and Iberia. Excluding the impact of Germany and Iberia, the change in volume between 2017 and 2016 would have been an increase of approximately 1.5% (adjusted for the selling day shift).

Cost of sales

On a reported basis, cost of sales increased 4.5%, from €6.8 billion in 2017 to €7.1 billion in 2018. Refer to the business and financial review section for a discussion of significant factors that impacted cost of sales in 2018, as compared to 2017.

2017 vs 2016

On a reported basis, cost of sales increased 21.5%, from €5.6 billion in 2016 to €6.8 billion in 2017, driven primarily by the full year of operations for Iberia and Germany in 2017, as compared to only seven months in 2016. Excluding the impact of Iberia and Germany, cost of sales increased 2% between 2017 and 2016. This increase was driven by year over year cost increases in key inputs, principally concentrate and sweetener, and an increase in restructuring charges recorded in cost of sales as a result of the integration and synergy programme. These increases were partially offset by benefits from our synergy programmes and currency exchange rate changes, specifically the British pound to euro exchange rate.

Included within cost of sales for 2017 are €66 million of restructuring charges. These charges principally related to restructuring activities under the integration and synergy programme including the optimisation of manufacturing, warehouse and labour productivity, cold drink operational practices and facilities, further facility rationalisation in Germany and supply chain organisational design improvements such as route to market.

Selling and distribution expenses and administrative expenses

The following table presents selling and distribution expenses and administrative expenses for the periods presented:

	2018 € million	2017 € million	2016 € million
Selling and distribution expenses	2,178	2,124	1,615
Administrative expenses	980	906	1,083
Total	3,158	3,030	2,698

On a reported basis, selling and distribution expenses and administrative expenses (operating expenses) increased by 4.0% from €3.0 billion in 2017 to €3.2 billion in 2018, driven primarily by an increase in administrative expenses due to the restructuring activities under our integration and synergy programme, supply chain site consolidation in Great Britain and Iberia and other initiatives in Iberia and Germany.

2017 vs 2016

On a reported basis, selling and distribution expenses and administrative expenses (operating expenses) increased by 12.5% from €2.7 billion in 2016 to €3.0 billion in 2017, driven primarily by the full year of operations for Iberia and Germany in 2017, as compared to only seven months in 2016.

Included within operating expenses for 2017 are €169 million of restructuring charges. These charges principally related to restructuring activities under the integration and synergy programme including supply chain improvements, productivity initiatives, streamlining of the HR organisation, the transfer of Germany and Iberia transactional related activities to the shared service centre in Sofia, Bulgaria, and other central function initiatives.

Finance costs, net

Finance costs, net totalled €93 million, €100 million and €123 million in 2018, 2017 and 2016, respectively. The following tables summarise the primary items impacting our interest expense during the periods presented (in millions):

	2018	2017	2016
Average outstanding debt balance	5,674	6,263	5,709
Weighted average cost of debt	1.6%	1.6%	1.8%
Fixed rate debt (% of portfolio)	87%	77%	77%
Floating rate debt (% of portfolio)	13%	23%	23%

Other non-operating items

Other non-operating expense totalled €2 million, €1 million and €9 million in 2018, 2017 and 2016, respectively. Our other non-operating expense is primarily made up of remeasurement gains and losses related to currency exchange rate fluctuations on financing transactions denominated in a currency other than the subsidiary's functional currency.

Non-operating items are shown on a net basis and reflect the impact of any derivative instruments utilised to hedge the foreign currency movements of the underlying financing transactions.

Tax expense

In 2018, our reported effective tax rate was 24.6%. This includes the impact of an €11 million non-recurring tax expense related to the continuing impact assessment of the US Tax Act enacted in 2017. Our 2018 reported effective tax rate also reflected a deferred tax benefit of €38 million due to the enactment of corporate income tax rate reductions and rule changes in the Basque region, the Netherlands and Sweden. In addition, our 2018 reported effective tax rate also includes a €24 million deferred tax expense reflecting a change in tax basis related to the simplification of our debt and capital structure.

In 2017, our reported effective tax rate was 40.6%. This includes the impact of a net €125 million non-recurring book tax expense related to the deemed repatriation of profits to the US under the US Tax Act and a €195 million reduction in deferred tax assets in the US primarily due to the elimination of foreign tax credits. Our 2017 reported effective tax rate also reflected a deferred tax benefit of €33 million due to the enactment of corporate income tax rate reductions in France, Belgium and Norway.

In 2016, our reported effective tax rate was 23.6%. Prior to the Merger on 28 May 2016, the accounting predecessor to the Group was CCE, a US tax resident and from the date of the Merger, a UK company became the parent of the Group. The inclusion of Germany and Iberia during 2016 also impacted the effective tax rate as well as a deferred tax benefit of €42 million due to the enactment of corporate income tax rate reductions in the UK and France and the US tax impact associated with repatriating to the US €195 million of 2016 non-US earnings.

Cash flow and liquidity review

Liquidity and capital resources

Our sources of capital include, but are not limited to, cash flows from operating activities, public and private issuances of debt and equity securities and bank borrowings. Based on information currently available, we do not believe we are at significant risk of default by our counterparties.

The Group satisfies seasonal working capital needs and other financing requirements with operating cash flow, cash in hand, short-term borrowings and line of credit. At 31 December 2018, the Group had €469 million in third party debt maturities in the next 12 months, €120 million of which was in the form of short-term commercial paper and €349 million Eurobond notes. In addition to using operating cash flow and cash in hand, the Group may repay our short-term obligations by issuing more debt which may take the form of commercial paper and/or long-term debt. Further details regarding the level of borrowings at the year end are provided in Note 11 of the consolidated financial statements.

In February 2018, the Board increased our quarterly dividend by more than 20% from €0.21 per share to €0.26 per share. In October 2018, a further increase in the quarterly dividend to €0.28 per share was declared. For the full year 2018, our dividend per share paid represented approximately 46% of our comparable diluted earnings per share. This is in line with our commitments to deliver long-term value to shareholders. Going forward from 2019 onwards, there will be two interim dividend payments instead of four quarterly dividend payments.

Historically, CCE had authorised and completed a number of share buyback programmes. Immediately prior to the Merger, CCE had authorisations from the CCE Board of Directors to repurchase shares up to US\$1.0 billion. CCE completed its planned share repurchases during the second half of 2015. As part of the Merger agreement, the 128,993,430 shares held in treasury on the acquisition date, with a total cost of €3.3 billion, were cancelled. Since the Merger, there have been no share repurchases made by the Group until 2018. In September 2018, the Company announced a new share buyback programme up to €1.5 billion, for further details of the 2018 share buyback programme refer to Note 14.

Credit ratings and covenants

The Group's credit ratings are periodically reviewed by rating agencies. Currently, the Group's long-term ratings continue to be investment grade with stable outlook. Changes in the operating results, cash flows or financial position could impact the ratings assigned by the various rating agencies. The credit rating can be materially influenced by a number of factors including, but not limited to, acquisitions, investment decisions, and capital management activities of TCCC, and/or changes in the credit rating of TCCC. Should the credit ratings be adjusted downward, the Group may incur higher costs to borrow, which could have a material impact on the financial condition and results of operations.

Summary of cash flow activities

2018

During 2018, our primary sources of cash included: (1) €1,806 million from operating activities, net of cash payments related to restructuring programmes of €245 million and contributions to our defined benefit pension plans of €56 million; and (2) proceeds of €398 million from the issuance of €400 million 1.5% notes due in 2027.

Our primary uses of cash were: (1) payments on debt of €444 million (refer to Financing activities below); (2) dividend payments of €513 million; (3) payments related to the share buyback programme of €502 million; (4) capital spend on property, plant and equipment of €525 million and software €75 million; (5) net changes in short term borrowings of €131 million and (6) net interest paid of €81 million.

2017

During 2017, our primary sources of cash included: (1) €1,623 million from operating activities, net of cash payments related to restructuring programmes of €276 million and contributions to our defined benefit pension plans of €58 million; and (2) proceeds of €600 million from the issuance of €350 million floating rate notes due in 2021, and €250 million net issuances of short-term borrowings.

Our primary uses of cash were: (1) payments on debt of €1,180 million (refer to Financing activities below); (2) dividend payments of €489 million; and (3) capital spend on property, plant and equipment of €484 million.

2016

During 2016, our primary sources of cash included: (1) €1,244 million from operating activities, net of cash payments related to restructuring programmes of €212 million and contributions to our defined benefit pension plans of €78 million; and (2) proceeds of €3.2 billion from the issuances of debt.

Our primary uses of cash were: (1) return of capital to CCE shareholders of €3 billion; (2) debt maturity payments of €424 million, primarily the \$250 million 2.00% notes falling due in 2016, and the payment of €73 million of debt obligations to TCCC assumed at the time of the Merger; (3) capital spend on property, plant and equipment of €459 million; and (4) dividend payments of €204 million.

Operating activities

2018 versus 2017

Our cash derived from operating activities totalled €1.8 billion in 2018 versus €1.6 billion in 2017. This increase was primarily due to higher profit before tax and working capital benefits attained in the year.

2017 versus 2016

Our cash derived from operating activities totalled €1.6 billion in 2017 versus €1.2 billion in 2016. This increase was primarily due to the inclusion of Germany and Iberia operating cash flows for a full year versus seven months in 2016.

Investing activities

Capital asset investments represent a primary use of cash for our investing activities.

The following table summarises the capital investments for the periods presented:

	2018 € million	2017 € million	2016 € million
Supply chain infrastructure	409	322	309
Cold drink equipment	109	160	115
Fleet and other	7	2	35
Total capital asset investments	525	484	459

No significant other investing activities took place during the year ended 31 December 2018 or 2017.

As part of our investing activities in 2016, cash and cash equivalent balances of €149 million were acquired from Germany and Iberia in connection with the Merger. These cash inflows were partially offset in the year by the €35 million cash payment used as the consideration to acquire Vifilfell hf. and €4 million of other items.

During 2019, we expect our capital expenditures to be in a range of €525 million to €575 million and to be invested in similar categories as those listed in the table above. We believe our operating cash flow, cash in hand and available short-term and long-term capital resources are sufficient to fund these plans.

Financing activities

Our net cash used in financing activities totalled €1,259 million, €1,152 million and €626 million in 2018, 2017 and 2016, respectively.

The following table summarises our financing activities related to the issuances of and payments on debt for the periods presented (in € millions):

Issuances of Debt	Maturity Date	Rate	2018	2017	2016
€400 million notes	November 2027	1.5%	398	—	—
€350 million notes	November 2021	floating	—	350	—
€500 million notes	November 2017	floating	—	—	499
€700 million notes	February 2022	0.8%	—	—	695
€500 million notes	May 2024	1.1%	—	—	493
€500 million notes	May 2028	1.8%	—	—	491
Term loan	April 2021	floating	—	—	996
€500 million notes	March 2030	1.9%	—	—	—
Total issuances of debt, less short-term borrowings, net of issuance costs			398	350	3,174
Net issuances of short-term borrowings	—	(A)	—	250	—
Total issuances of debt, net of issuance costs			398	600	3,174
Payments on Debt	Maturity Date	Rate	2018	2017	2016
Term loan	May 2018-2021	floating	(425)	(300)	—
€350 million notes	September 2017	3.1%	—	(350)	—
€500 million notes	November 2017	floating	—	(500)	—
US\$250 million notes	August 2016	2.0%	—	—	(223)
Payments of other non-current borrowings	—	6.7%	(1)	(10)	—
Capital lease & other borrowings	—	—	(18)	(20)	(18)
Repayments on third-party borrowings, less short-term borrowings			(444)	(1,180)	(241)
Net payments of short-term borrowings	—	(A)	(131)	—	(183)
Total payments on debt			(575)	(1,180)	(424)

(A) These amounts represent short-term euro commercial paper with varying interest rates.

Our financing activities during 2018 included dividend payments totalling €513 million. These included three dividend payments from March 2018 through to September 2018 totalling €379 million, each based on a dividend rate of €0.26 per share and one dividend payment for €134 million paid in November 2018 based on a dividend rate of €0.28 per share.

During 2018, 2017 and 2016, short-term borrowings of €5 million, €50 million and €200 million, respectively, were drawn against a credit facility and subsequently repaid prior to 31 December.

Our financing activities during 2017 included dividend payments totalling €489 million. These included €82 million paid in January 2017, based on a dividend rate of €0.17 per share, and four dividend payments from April 2017 through to December 2017 totalling €407 million, each based on an increased dividend rate of €0.21 per share.

Our financing activities during 2016 included cash payments to CCE shareholders in connection with the Merger of €3.0 billion, as well as the repayment of a loan with TCCC of €73 million, assumed at the time of the Merger.

In 2016, prior to the Merger, two dividend payments were made on previously outstanding CCE shares totalling \$136 million, or €122 million, based on an approved dividend rate of \$0.30 per share. Subsequent to the Merger, the CCEP Board of Directors declared a dividend of €0.17 per share for the third quarter 2016, totalling €82 million, which was paid in October 2016.

Financial position

2018 vs 2017

Refer to the business and financial review section for a discussion of the financial position in 2018 as compared with 2017.

2017 versus 2016

	31 December 2017 € million	31 December 2016 € million	Change € million	Change %
Assets				
Non-current assets	14,880	15,143	(263)	1.5%
Current assets	3,314	3,425	(111)	3.0%
Total assets	18,194	18,568	(374)	2.0%
Liabilities				
Non-current liabilities	8,222	8,355	(133)	1.5%
Current liabilities	3,287	3,752	(465)	12.5%
Total liabilities	11,509	12,107	(598)	5.0%
Total equity	6,685	6,461	224	3.5%
Total equity and liabilities	18,194	18,568	(374)	2.0%

Total non-current assets decreased €263 million, or 1.5%, from €15.1 billion at 31 December 2016 to €14.9 billion at 31 December 2017. This change was partially driven by a decrease in deferred tax assets of €218 million mainly related to US tax law changes enacted prior to year end. Property, plant and equipment reduced by €156 million which was offset by increases in intangible assets and goodwill of €40 million and €93 million, respectively, relating primarily to the finalisation of acquisition accounting for Germany and Iberia and currency effects during the period.

Total current assets decreased €111 million, or 3.0%, from €3.4 billion at 31 December 2016 to €3.3 billion at 31 December 2017. This change was primarily driven by a decrease of €23 million in inventories and €128 million in trade accounts receivable resulting from working capital initiatives.

Total non-current liabilities decreased by €133 million, or 1.5%, from €8.4 billion at 31 December 2016 to €8.2 billion at 31 December 2017. This change was mainly driven by a reduction of €116 million in our employee benefit liabilities primarily due to the actual return on underlying assets exceeding actuarial estimates, a reduction in non-current borrowings of €88 million reflecting early repayments on a term loan of €300 million, foreign exchange movements on our US denominated debt and issuance of €350 million floating rate notes, offset by an increase in our derivative liabilities of €92 million relating to our US denominated debt.

Total current liabilities decreased €465 million, or 12.5%, from €3.8 billion at 31 December 2016 to €3.3 billion at 31 December 2017. This change was primarily driven by the repayment of €300 million Eurobond notes in November 2017 and €500 million floating rate notes in December 2017, offset by commercial paper issuances of €250 million. This reduction was offset by an increase in trade and other payables of €115 million, primarily due to working capital initiatives.

Raw materials

CCEP purchases concentrates and syrups from TCCC and other franchisors to manufacture products. In addition, the Group purchases sweeteners, juices, coffee, mineral waters, finished product, carbon dioxide, fuel, PET (plastic) preforms, glass, aluminium and plastic bottles, aluminium and steel cans, pouches, closures, post-mix and packaging materials. The Group generally purchases raw materials, other than concentrates, syrups and mineral waters, from multiple suppliers. The product licensing and bottling agreements with TCCC and agreements with some of our other franchisors provide that all authorised containers, closures, cases, cartons and other packages, and labels for their products must be purchased from manufacturers approved by the respective franchisor. The principal sweetener we use is sugar derived from sugar beets. Our sugar purchases are made from multiple suppliers. The Group does not separately purchase low-calorie sweeteners because sweeteners for low-calorie beverage products are contained in the concentrates or syrups we purchase.

The Group produces most of its plastic bottle requirements within the production facilities using preforms purchased from multiple suppliers. The Group believes the self-manufacture of certain packages serves to ensure supply and to reduce or manage costs. The Group does not use any materials or supplies that are currently in short supply, although the supply and price of specific materials or supplies are, at times, adversely affected by strikes, weather conditions, speculation, abnormally high demand, governmental controls, new taxes, national emergencies, natural disasters, price or supply fluctuations of their raw material components, and currency fluctuations.

Off-balance sheet arrangements

The Group does not have any off-balance sheet arrangements, as defined by the SEC in Item 5.E of Form 20-F, that have or are reasonably likely to have a current or future effect on the Group's financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Contractual obligations

The following table reflects the Group's contractual obligations as at 31 December 2018:

	Total € million	Less than 1 year € million	1 to 3 years € million	3 to 5 years € million	More than 5 years € million
Borrowings ^(A)	5,543	469	1,557	1,045	2,472
Finance lease obligations ^(B)	83	22	27	12	22
Operating lease obligations ^(C)	300	94	126	43	37
Interest obligations ^(D)	484	86	139	108	151
Purchase agreements ^(E)	691	382	252	52	5
	7,101	1,053	2,101	1,260	2,687

(A) These amounts represent the Group's scheduled debt maturities, excluding finance lease obligations. Refer to Note 11 of the consolidated financial statements for further details about the borrowings of CCEP.

(B) These amounts represent the Group's minimum finance lease payments (including amounts representing interest). Refer to Note 11 of the consolidated financial statements for further details about the finance leases of CCEP.

(C) These amounts represent the Group's minimum operating lease payments due under non-cancellable operating leases with initial or remaining lease terms in excess of one year as at 31 December 2018. Income associated with sublease arrangements is not significant. Refer to Note 20 of the consolidated financial statements for further details about the operating leases of CCEP.

(D) These amounts represent estimated interest payments related to the Group's long-term debt obligations, excluding financing leases. Interest on fixed-rate debt has been calculated based on applicable rates and payment dates. Interest on variable rate debt has been calculated using the forward interest rate curve. Refer to Note 22 of the consolidated financial statements for further details about Financial Risk Management with CCEP.

(E) These amounts represent non-cancellable purchase agreements with various suppliers that are enforceable and legally binding and that specify a fixed or minimum quantity that we must purchase. All purchases made under these agreements have standard quality and performance criteria. In addition to these amounts, the Group has outstanding capital expenditure purchase orders of approximately €148 million as at 31 December 2018. The Group also has other purchase orders raised in the ordinary course of business which are settled in a reasonably short period of time. These are excluded from the table above.

The above table does not reflect the impact of derivatives and hedging instruments, other than for long-term debt, which are discussed in Note 22 of the consolidated financial statements.

The above table also does not reflect employee benefit liabilities of €161 million which include current liabilities of €19 million and non-current liabilities of €142 million as at 31 December 2018. Refer to Note 13 of the consolidated financial statements for further information.

Properties

The Group's principal properties include production facilities, sales and distribution centres, business unit headquarter offices, a shared service centre and corporate offices.

The table below summarises the main properties which the Group uses as at 31 December 2018:

	Great Britain	France	Belgium/ Luxembourg	Netherlands	Norway	Sweden	Germany	Iberia	Iceland	Total
Production facilities ^(A)										
Leased	1	—	—	—	—	—	1	1	—	3
Owned	5	5	3	1	1	1	16	10	2	44
Total	6	5	3	1	1	1	17	11	2	47
Sales and/or distribution facilities										
Leased	5	—	3	2	13	2	34	81	—	140
Owned	5	—	—	—	—	1	9	8	—	23
Total	10	—	3	2	13	3	43	89	—	163

(A) All production facilities are combination production and warehouse facilities.

The Group's principal properties cover approximately 52.7 million square feet in the aggregate of which 10.6 million square feet is leased and 42.1 million square feet is owned. The Group believes that its facilities are adequately utilised and sufficient to meet its present operating needs.

At 31 December 2018, the Group operated approximately 14 thousand vehicles of various types, the majority of which are leased. The Group also owned approximately 1.3 million pieces of cold drink equipment, principally coolers and vending machines.

Disclosure controls and procedures

Evaluation of disclosure controls and procedures

The Group maintains "disclosure controls and procedures", as defined in Rule 13a-15(e) under the US Securities Exchange Act of 1934 (Exchange Act), which are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarised and reported within the time periods specified in the US Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Group's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Group's management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Group's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as at 31 December 2018. Based on that evaluation, the Group's Chief Executive Officer and Chief Financial Officer have concluded that the Group's disclosure controls and procedures were effective.

Management's report on internal control over financial reporting

The Group's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group, as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed under the supervision of the principal executive and financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with IFRS issued by the IASB. The Group's internal control over financial reporting includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Group's transactions and dispositions of assets; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the Group's consolidated financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with authorisations of management and the Directors of the Group; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Group's assets that could have a material effect on the Group's consolidated financial statements. Internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Group's internal control over financial reporting as at 31 December 2018, using the criteria set forth in the Internal Control-Integrated Framework issued by The Committee of Sponsoring Organisations of the Treadway Commission (2013 Framework). Based on this assessment, management has determined that the Group's internal control over financial reporting as at 31 December 2018 was effective. Ernst & Young LLP, the Group's independent registered public accounting firm, has issued an attestation report on the Group's internal control over financial reporting as at 31 December 2018, which is set out on page 103.

Changes in internal control over financial reporting

There has been no change in the Group's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during 2018 that has materially affected, or is reasonably likely to materially affect, the Group's internal control over financial reporting.

Principal accountants' fees and services

The Audit Committee has established policies and procedures for the engagement of the independent registered public accounting firm, Ernst & Young LLP, to render audit and certain assurance and tax services. The policies provide for pre-approval by the Audit Committee of specifically defined audit, audit related, tax and other services that are not prohibited by regulatory or other professional requirements. Ernst & Young are engaged for these services when its expertise and experience of CCEP are important. Most of this work is of an audit nature. Tax services were awarded either through a full competitive tender process or following an assessment of the expertise of Ernst & Young relative to that of other potential service providers. These services are for a fixed term.

Under the policy, pre-approval is given for specific services within the following categories: advice on accounting, auditing and financial reporting matters; internal accounting and risk management control reviews (excluding any services relating to information systems design and implementation); non-statutory audit; project assurance and advice on business and accounting process improvement (excluding any services relating to information systems design and implementation relating to CCEP's financial statements or accounting records); due diligence in connection with acquisitions, disposals and arrangements in which two or more parties have joint control (excluding valuation or involvement in prospective financial information); income tax and indirect tax compliance and advisory services; employee tax services (excluding tax services that could impair independence); provision of, or access to, Ernst & Young publications, workshops, seminars and other training materials; provision of reports from data gathered on non-financial policies and information; and assistance with understanding non-financial regulatory requirements. The Audit Committee has delegated authority to the chairman of the Audit Committee to approve permitted services provided that the chairman reports any decisions to the committee at its next scheduled meeting. Any proposed service not included in the approved service list must be approved in advance by the Audit Committee chairman and reported to the Committee, or approved by the full Audit Committee in advance of commencement of the engagement.

The Audit Committee evaluates the performance of the auditors each year. The Committee keeps under review the scope and results of audit work and the independence and objectivity of the auditors. The audit fees payable to Ernst & Young are reviewed by the Committee for cost effectiveness each year. External regulation and CCEP policy requires the auditors to rotate their lead audit partner every five years. (See Note 15 of the consolidated financial statements for details of fees for services provided by auditors.)

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EXHIBITS

The following documents, which form a part of this Annual Report on Form 20-F, have been filed with the US Securities and Exchange Commission (SEC) via its EDGAR system and can be viewed on the SEC's website at www.sec.gov.

Exhibit 1	Articles of Association of CCEP (incorporated by reference to Exhibit 3 to CCEP's Form S-8 registration statement filed with the SEC on June 1, 2016).
Exhibit 3.1	Shareholders' Agreement by and among the Company, Olive Partners, S.A., European Refreshments, Coca-Cola GmbH and Vivaqa Beteiligungs GmbH & Co. KG (incorporated by reference to Annex C to the proxy statement/prospectus contained in CCEP's Form F-4/A registration statement filed with the SEC on April 11, 2016).
Exhibit 3.2	Form of Bottler's Agreement entered into between The Coca-Cola Company and the bottling subsidiaries of CCEP (incorporated by reference to Exhibit 10.7 to the Company's Form F-4/A registration statement filed with the SEC on April 7, 2016).
Exhibit 3.3	Coca-Cola European Partners plc Long-Term Incentive Plan 2016 (incorporated by reference to Exhibit 4.1 to CCEP's Form S-8 registration statement filed with the SEC on June 1, 2016).
Exhibit 3.4	Rules of the Coca-Cola Enterprises Belgium/Coca-Cola Enterprises Services Belgian and Luxembourg Share Savings Plan (incorporated by reference to Exhibit 4.3 to CCEP's Form S-8 registration statement filed with the SEC on June 1, 2016).
Exhibit 3.5	Trust Deed and Rules of Coca-Cola Enterprises UK Share Plan (incorporated by reference to Exhibit 4.2 to the Company's Form S-8 registration statement filed with the SEC on June 1, 2016).
Exhibit 3.6	The Coca-Cola Enterprises, Inc. 2010 Incentive Award Plan (As Amended Effective February 7, 2012) (incorporated by reference to Exhibit 99.1 to Coca-Cola Enterprises, Inc.'s Current Report on Form 8-K filed on February 9, 2012).
Exhibit 3.7	The Coca-Cola Enterprises, Inc. Legacy Long-Term Incentive Plan As Amended and Restated (Effective December 14, 2010) (incorporated by reference to Exhibit 10.9.1 to Coca-Cola Enterprises, Inc.'s Annual Report on Form 10-K filed on February 14, 2011).
Exhibit 3.8	Deed of Assumption and Replacement relating to Equity Awards of Coca-Cola Enterprises, Inc. (incorporated by reference to Exhibit 4.3 to the Company's Post-Effective Amendment No. 1 on Form S-8 to Form F-4 registration statement filed with the SEC on June 1, 2016).
Exhibit 8	List of Subsidiaries of the Company (included in Note 24 of the consolidated financial statements in this Annual Report on Form 20-F).
Exhibit 12.1	Rule 13a-14(a) Certification of Damian Gammell
Exhibit 12.2	Rule 13a-14(a) Certification of Nik Jhangiani
Exhibit 13	Rule 13a-14(b) Certifications
Exhibit 15.1	Consent of Ernst & Young LLP, UK
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

The total amount of long-term debt securities of the Company and its subsidiaries authorised under any one instrument does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish copies of any or all such instruments to the SEC on request.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorised the undersigned to sign the Annual Report on Form 20-F on its behalf.

Coca-Cola European Partners plc

_____/s/ Damian Gammell_____

Damian Gammell
Chief Executive Officer
14 March 2019

GLOSSARY

Unless the context otherwise requires, the following terms have the meanings shown below.

2010 Plan	CCE 2010 Incentive Award Plan
2016 UKCGC	the UK Corporate Governance Code (April 2016 edition)
2018 UKCGC	the UK Corporate Governance Code (July 2018 edition)
Admission	the date of the Company's admission to the UK market (28 May 2016)
AGM	Annual General Meeting
ARR	Annual Report on Remuneration
Articles	Articles of Association of Coca-Cola European Partners plc
BEIS	Department for Business, Environment and Industrial Strategy of the UK
Board	Board of Directors of Coca-Cola European Partners plc
BPF	business performance factor
Brexit	the potential departure of the UK from the EU
Bribery Act or UKBA	the UK Bribery Act 2010
Business Unit	a business unit of the Group
CCE or Coca-Cola Enterprises	Coca-Cola Enterprises, Inc.
CEEG or Coca-Cola Erfrischungsgetränke or Germany	Coca-Cola Erfrischungsgetränke GmbH (which changed its name to Coca-Cola European Partners Deutschland GmbH from 22 August 2016)
CCEP or the Group	Coca-Cola European Partners plc (registered in England and Wales number 9717350) and its subsidiaries and subsidiary undertakings from time to time
CCEP LTIP	Long-Term Incentive Plan 2016
CCIP or Coca-Cola Iberian Partners	Coca-Cola Iberian Partners, S.A. (which changed its name to Coca-Cola European Partners Iberia S.L.U. from 1 January 2017)
CDP	formerly known as the Carbon Disclosure Project
CEO	Chief Executive Officer (of Coca-Cola European Partners plc)
CFO	Chief Financial Officer (of Coca-Cola European Partners plc)
CGU	cash generating units
Chairman	the Chairman of Coca-Cola European Partners plc
CIO	Chief Information Officer (of Coca-Cola European Partners plc)
Cobega	Cobega, S.A.
Coca-Cola system	comprises The Coca-Cola Company and more than 250 bottling partners worldwide
CoC	Code of Conduct
CODM	chief operating decision maker
Committee(s)	the five committees with delegated authority from the Board: the Audit, Remuneration, Nomination, Corporate Social Responsibility and Affiliated Transaction Committees
Committee Chairman/Chairmen	the Chairman/Chairmen of the Committee(s)
Committee member(s)	member(s) of the Committees
Companies Act	the UK Companies Act 2006, as amended
Company or Parent Company	Coca-Cola European Partners plc
Company Secretary	Company Secretary (of Coca-Cola European Partners plc)
Conflict	any matter which would involve a Director breaching his or her duty under the Companies Act to avoid a conflict of interest
CSR	Corporate Social Responsibility
CTA	Contractual Trust Arrangement
DEFRA	UK Department for Environment, Food and Rural Affairs
Deloitte	Deloitte LLP
Director(s)	a (the) director(s) of Coca-Cola European Partners plc
DRS	deposit return scheme
DTRs	the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority
EBITDA	earnings before interest, tax, depreciation and amortisation
EEA	European Economic Area
EIR	effective interest rate
EPS	earnings per share
ERA	enterprise risk assessment
ESMA	European Securities and Markets Authority
ESP	Employee Share Plan
EU	European Union

EU Plastics Strategy	the European Strategy for Plastics in a Circular Economy
European Refreshments or ER	European Refreshments, a wholly-owned subsidiary of TCCC
Exchange Act	the US Securities Exchange Act of 1934
Executive Leadership Team or ELT	the CEO and his direct senior leadership reports
FCPA	US Foreign Corrupt Practices Act of 1977
FIFO	first-in, first-out method
Fimalac	Fimalac Developpement
FMCG	fast moving consumer goods
FPI	foreign private issuer, a term that applies to a company under the rules of the New York Stock Exchange that is not a domestic US company
FRC	the Financial Reporting Council
FRS	Financial Reporting Standards
FTSE4Good	a series of ethical investment stock market indices launched in 2001 by the FTSE Group
GAAP	Generally Accepted Accounting Principles
GB Scheme	the Great Britain defined benefit pension plan
GDPR	General Data Protection Regulation of the EU
GHG	greenhouse gas
Group or CCEP	Cola-Cola European Partners plc and its subsidiaries and subsidiary undertakings from time to time
HMRC	Her Majesty's Revenue and Customs, the UK's tax authority
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IAS Regulations	International Accounting Standards (IAS) Regulations relate to the harmonisation of the financial information presented by issuers of securities in the European Union
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IGD	Institute of Grocery Distribution in the UK
INEDs	independent non-executive directors of Coca-Cola European Partners plc
Initial INEDs	independent non-executive directors who were appointed to the Company's Board on completion of the Merger
IPF	individual performance factor
the IRC	the US Internal Revenue Code of 1986, as amended
ISAE 3000	International Standard on Assurance Engagements 3000
ISO	International Organisation for Standardisation
Legacy LTIP	CCE Legacy Long-Term Incentive Plan
Listing Rules or LRs	the Listing Rules of the UK Financial Conduct Authority
LSE	London Stock Exchange
LTi	long-term incentive
LTIP	Long-Term Incentive Plan
Merger	the formation of Coca-Cola European Partners plc on 28 May 2016 through the combination of the businesses of Coca-Cola Enterprises, Inc., Coca-Cola Iberian Partners, S.A. and Coca-Cola Erfrischungsgetränke GmbH
Merger Agreement	the merger agreement dated 6 August 2015 between Coca-Cola European Partners plc, Coca-Cola Enterprises, Inc., Coca-Cola European Partners Holdings US, Inc., formerly known as Orange U.S. HoldCo, LLC, and Coca-Cola European Partners US, LLC, formerly known as Orange MergeCo, LLC
NARTD	non-alcoholic ready to drink
NEDs	non-executive directors of Coca-Cola European Partners plc
NGO	non-governmental organisation
NYSE	New York Stock Exchange
NYSE Rules	the corporate governance rules of the NYSE
OFAC	Office of Foreign Assets Control of the US Department of the Treasury
Official List	the Official List is the list maintained by the Financial Conduct Authority of securities issued by companies for the purpose of those securities being traded on a UK regulated market such as Euronext London
Olive Partners	Olive Partners, S.A.
Company or Parent Company	Coca-Cola European Partners plc
Paris Climate Change Agreement	the agreement on climate change resulting from UN COP21, the UN Climate Change Conference, also known as the 2015 Paris Climate Conference
Pension Plan 1 and Pension Plan 2	the Germany defined benefit pension plans
PET	polyethylene terephthalate
PFIC	passive foreign investment company
Remuneration Policy	the Remuneration Policy as approved by shareholders at the Company's AGM held on 22 June 2017
rPET	recycled PET

Prospectus	the prospectus dated 25 May 2016 issued to investors regarding the admission to the standard listing segment of the Official List and to trading on Euronext London and the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges (together the Spanish Stock Exchanges)
PSU	performance share unit
RMO	recovery management office
ROIC	return on invested capital
RSU	restricted stock unit
SBTi	Science Based Targets initiative
SAGP	Sustainable Agriculture Guiding Principles
SDRT	stamp duty reserve tax
SGP	Supplier Guiding Principles
SEC	Securities Exchange Commission of the US
Shareholders' Agreement	the shareholders' agreement dated 28 May 2016 between Coca-Cola European Partners plc and Olive Partners, S.A., European Refreshments, Coca-Cola GmbH and Vivaqa Beteiligungs GmbH & Co. KG
SI	strategic imperative
SID	Senior Independent Director
SOX or the Sarbanes-Oxley Act	the US Sarbanes-Oxley Act of 2002
S&P	Standard & Poor's
the Spanish Stock Exchanges	the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges
SUP Directive	Proposed EU Directive on the reduction of the impact of certain plastic products on the environment
SVA	source water vulnerability assessment
SWPP	source water protection plan
TCCC	The Coca-Cola Company
Transfer	the intention to transfer CCEP's existing admission to trading on the market of Euronext London to the Main Market of LSE
TSR	total shareholder return
UK Accounting Standards	Financial Reporting Standards issued by the Accounting Standards Board
UKBA or Bribery Act	the UK Bribery Act 2010
UKCGC	UK Corporate Governance Code (see also 2016 UKCGC and 2018 UKCGC)
UNESDA	Union of European Soft Drinks Associations
unit case	approximately 5.678 litres or 24 servings, a typical volume measurement unit.
US GAAP	the US Generally Accepted Accounting Principles
US Tax Act	the Tax Cuts and Jobs Act 2017 of the US
VAT	value added tax
WEEE	EU Directive on Waste Electrical and Electronic Equipment
WRI/WBCSD GHG Protocol	World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol

USEFUL ADDRESSES

Registered office

Coca-Cola European Partners plc
Pemberton House
Bakers Road
Uxbridge
UB8 1EZ
Registered in England and Wales
Company number: 9717350

Share registration

US shareholders:

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Bristol
BS99 6ZZ

+44 (0)370 702 0003

Report ordering

Shareholders who would like a paper copy of the Integrated Report, which will be despatched from around 17 April 2019, can make their request by post to the Company Secretary, Pemberton House, Bakers Road, Uxbridge UB8 1EZ, United Kingdom or by making a request via ir.ccep.com/investor-services/information-request or by sending an email to sendmaterial@proxyvote.com or by making a request via www.proxyvote.com or by phoning (in the US) 1-800-579-1639 or (outside the US) +1-800-579-1639.

Agent for service of process in the US

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801

FORWARD LOOKING STATEMENTS

This document contains statements, estimates or projections that constitute “forward-looking statements” concerning the financial condition, performance, results, strategy and objectives of Coca-Cola European Partners plc and its subsidiaries (together “CCEP” or the “Group”). Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “plan,” “seek,” “may,” “could,” “would,” “should,” “might,” “will,” “forecast,” “outlook,” “guidance,” “possible,” “potential,” “predict,” “objective” and similar expressions identify forward-looking statements, which generally are not historical in nature.

Forward-looking statements are subject to certain risks that could cause actual results to differ materially from CCEP’s historical experience and present expectations or projections. As a result, undue reliance should not be placed on forward-looking statements, which speak only as of the date on which they are made. These risks include but are not limited to those set forth in the “Risk Factors” section of this 2018 Annual Report on Form 20-F, including the statements under the following headings: Changing consumer preferences and the health impact of soft drinks (such as sugar alternatives); Legal and regulatory intervention (such as the development of regulations regarding packaging and taxes); Packaging and plastics; Competitiveness and transformation; Cyber and social engineering attacks; The market (such as customer consolidation and route to market); Economic and political conditions (such as continuing developments in relation to the UK’s exit from the EU, political instability in Catalonia, “Gilets Jaunes” protest movement and demonstrations in France); The relationship with TCCC and other franchisors; Product quality; and Other risks.

Due to these risks, CCEP’s actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set out in CCEP’s forward-looking statements. Additional risks that may impact CCEP’s future financial condition and performance are identified in filings with the SEC which are available on the SEC’s website at www.sec.gov. CCEP does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required under applicable rules, laws and regulations. CCEP assumes no responsibility for the accuracy and completeness of any forward-looking statements. Any or all of the forward-looking statements contained in this filing and in any other of CCEP’s respective public statements may prove to be incorrect.



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