

# CCH – 2023 First quarter trading update

## Conference call script – 3 May 2023

### CORPORATE PARTICIPANTS

**Zoran Bogdanovic – Coca-Cola HBC AG - CEO**

**Ben Almanzar - Coca-Cola HBC AG – CFO**

**John Dawson - Coca-Cola HBC AG – Head of Investor Relations**

**John Dawson - Coca-Cola HBC AG – Head of IR**

Good morning everyone. We'll start with some opening remarks from Zoran and then open the floor to your questions. Please keep to one question and a follow up. We have about an hour for the call today, which should leave plenty of time for Q&A.

Finally, I must remind you that this conference call contains various forward-looking statements. These should be considered in conjunction with the cautionary statements in our trading update press release, which we published this morning.

And with that I will turn the call over to Zoran.

**Zoran Bogdanovic – Coca-Cola HBC AG – CEO**

Thank you, John. And good morning everyone. Thanks for joining the call. As you will have seen from our trading update today, we have had a good start to 2023. This strong Q1 performance underpins my key messages today.

First, our 2025 Growth Story is working, delivering great commercial execution, securing necessary price increases, while also increasing market share and nurturing our deep customer relationships.

Second, our portfolio has been instrumental to our success. Our categories with our most widespread focus, Sparkling, Energy and Coffee, have all performed strongly. Stills, driven by water, has been impacted in some of our emerging markets by the macroeconomic environment.

And third, the good start gives us increased confidence that we're on track for another year of strong performance in 2023. As a result, we're updating our guidance in a positive way and I'll discuss that at the end of my remarks.

# CCH – 2023 First quarter trading update

## Conference call script – 3 May 2023

With that let me get into the detail.

We are very pleased with our performance in Q1. A key measure of success has been the effective use of price and mix levers to recover the inflation effects we're seeing in the cost of goods sold. Volumes have remained solid, particularly in Established and Developing, and we've improved our market shares in non-alcoholic ready to drink and sparkling overall. Our exceptional teams, our strong and close partnerships with our customers, and the effectiveness of our combined commercial initiatives with The Coca-Cola Company and other partners, have been critical enablers to our success.

As a result, first quarter organic revenues were up 22.2%, excluding Russia and Ukraine. Including them, group organic revenue growth was 16.2%, again very strong.

This growth was fueled by an increase of 21% in organic revenue per case, an acceleration from the 16% delivered in 2022 as a whole. This continues to reflect our responsible approach to pricing and mix decisions, enhanced by data and insights. It is essential that we always try to provide value to shoppers and customers, balancing premiumisation and affordability, and ensuring relevant propositions are available for all consumer segments.

We are encouraged to see continued market share gains, particularly given the price increases taken over the last twelve to eighteen months. In the first quarter, we've gained 70 basis points of value share in non-alcoholic ready to drink and a further 10 basis points in Sparkling, on top of the 120 and 170 basis points achieved respectively in 2022. This reflects the strength of our brand portfolio, effective marketing and the strong commercial offer and execution we bring to our customers.

Looking at the performance by category we can differentiate some of the trends. Please note the following volumes are organic, excluding Russia and Ukraine.

Sparkling volumes were up nearly 3%. Within the category, Trademark Coke volume grew mid-single digits. This quarter we prepared for the exciting launch of Jack Daniel's

# CCH – 2023 First quarter trading update

## Conference call script – 3 May 2023

& Coca-Cola in Poland, Ireland and Hungary in Q2 and the relaunch of the Adult Sparkling Kinley brand in several markets.

Energy performance continues to be strong, up nearly 24%, with sustained volume growth across all three regional segments. Within this, Predator is doing very well in Poland and Nigeria, with other markets like Czech, Ireland, Italy and Romania, all making strong contributions to the overall Energy growth. We're also making good progress building out the Energy category in Egypt.

Coffee volumes were up 25%, reflecting good growth across all segments. Costa Coffee continues to make good progress, particularly in the out-of-home channel, as does Caffè Vergnano. Indeed, we are preparing for further roll outs of Caffè Vergnano in Czech and Slovakia in Q2.

Stills volumes fell 11.2%, largely reflecting weaknesses in water in emerging markets. This masks some strong performances and good activations, particularly in Sports drinks, with Powerade up 33%, and with premium waters which performed particularly well in Ireland, Greece and Italy.

Turning to some highlights in our segmental performance.

**Established segment** organic sales grew by 20.6%, with both good volumes and revenue per case contribution. Volume growth momentum was maintained in all markets, but it was especially strong in Greece, Ireland and Switzerland. I am particularly pleased with a high-single digit Sparkling volume growth and, within that, mid-teens volume growth of Adult Sparkling. Strong double-digit growth of all single serve packages reflects well our focus behind driving single serves as an important lever to drive positive mix impact.

In the **Developing segment**, organic sales grew by 26%. This was driven by improved revenue per case, also up 26%. Within this, positive channel and package mix made a meaningful contribution, alongside the cumulative benefit of pricing initiatives taken over the last twelve months. Overall volumes were flat, although Sparkling and Energy grew well, offset by volume declines in stills.

# CCH – 2023 First quarter trading update

## Conference call script – 3 May 2023

In the **Emerging segment** we achieved a good overall revenue performance, protected market shares in sparkling and energy, and only saw material volume reductions in Stills, particularly water. We met consumers' needs on affordability and thoughtful pricing and mix, resulting in Emerging market organic revenues growing by 9.5% and up nearly 22% excluding Russia and Ukraine.

In Nigeria, the team have done a great job of navigating the shortage of bank notes, delivering strong execution that supported value share gains. Energy was particularly strong, with strong double digit volume growth.

Integration in Egypt continues to progress well, helping the organisation manage the challenging macro environment. We remain very confident that the business will achieve our vision of healthy share gains and improved profitability over the medium term.

As you know, our position as a leader in sustainability is an important part of our license to operate. I'm delighted that for the seventh year running we've been A-rated by CDP as a supplier engagement leader on climate change, for working with our suppliers to cascade environmental action across our supply chain. We have also been recognized as one of Europe Climate Leaders in the Financial Times – Statista list for the third consecutive year.

We continue to invest in projects that drive organic growth and support our journey to net zero. A good example of this is our new returnable glass bottle line in Austria which will come on-line in the second quarter. This investment also taps into the funds created by our first green bond issue in 2022.

Let me conclude my remarks by commenting on our guidance for 2023 before we open up to questions.

As I said at the beginning of this call, the good start gives us strengthened confidence that we're on track for another year of strong performance in 2023. As a result, we continue to believe we will deliver revenue growth above our 5-6% medium-term guidance range. On EBIT, we are now confident that we will deliver positive organic EBIT

# CCH – 2023 First quarter trading update

## Conference call script – 3 May 2023

growth in 2023 – at the top end of our –3 to +3 percent guidance range. That said, there's no room for complacency and we're mindful of uncertainties ahead and are ready to adapt with well-prepared actions to ensure we deliver our plans if needed.

Our Q1 performance demonstrates the good progress we are making towards our vision of being the Leading 24/7 Beverage Partner and against our five strategic growth pillars - this is of critical importance. I won't provide a detailed update on strategy now as we look forward to sharing more at our Capital Markets Day, in Rome, in three weeks' time. This will be a highly interactive event for those who can attend, and we look forward to seeing you there.

Before I close, I really want to emphasise that this strong performance is down to the continued hard work and dedication of all our people, to whom I'm very grateful. In addition, I thank all our customers, The Coca-Cola Company and other partners for their support.

Ben and I are now happy to take your questions. Back to you operator.

**---- [ Q&A transcript will be available on the company's website on 04/05/2023]----**

Thank you operator,

Just to recap the key points from our presentation today. We have had a good start to 2023, with a strong Q1 performance. Our 2025 Growth Story is working; our excellent portfolio, our strong capabilities and passionate people are key to our success. The good start gives us strengthened confidence in our performance. We look forward to seeing many of you in Rome later this month.

Thank you for your attention.

With that I will close the call and wish you a good day.