

CCH – 2025 Half-year results

Conference call script – 6 August 2025

CORPORATE PARTICIPANTS

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Thank you for standing by ladies and gentlemen, and welcome to Coca-Cola HBC's conference call for the 2025 half-year results. At this time all participants are in listen only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, please press star one on your telephone keypad at any time and wait until your name is announced. I must also advise that this conference is being recorded today Wednesday, August 6, 2025. I now pass the floor to one of your speakers, Jemima Benstead, Head of Investor Relations. Please go ahead. Thank you.

Good morning and thank you all for joining the call.

I'm here with our CEO, Zoran Bogdanovic, and our CFO, Anastasis Stamoulis. We have about an hour for the call today, which should give plenty of time for a good discussion. Please keep to one question and one follow up, waiting for us to answer the first question before moving to your follow up.

I will also remind you that this conference call contains various forward-looking statements. These should be considered in conjunction with the cautionary statements in our results press release this morning, and at the end of our slide deck. And with that I will turn the call over to Zoran.

Thank you, Jemima. Good morning, everyone, and thank you for joining the call. This morning, I will start by sharing an operational review of the first half, with updates on a few strategic areas of the business. Anastasis will then take you through our financial

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performance in more detail. I will then come back to touch on the environment and discuss the outlook for 2025.

I'm very pleased with our progress in the first half of 2025. We've continued to execute our strategy, delivering a strong performance in a mixed-market environment, while investing in our portfolio and capabilities.

I'd like to call out three things that stand out for me in the period.

First, the high-quality top line growth we've delivered. Organic revenue grew 9.9%, with good volume growth of 2.6%. Growth was led by two of our strategic priority categories, Sparkling and Energy, and I'm pleased that we saw an improved volume performance in the second quarter.

Second, the strong EBIT performance, both in terms of organic growth and margin expansion. And even better delivery of EPS, growing nearly 26%. Anastasis will get into more detail here shortly.

Third, we continue to win in the market and deliver real value to our customers. We gained a further 100 basis points of value share in NARTD year to date. And we remained the number one contributor to our retail customers' absolute revenue growth within FMCG in Europe.

The numbers we have reported today show that our growth strategy is working and give us the confidence to update our guidance for 2025 as well. More on that later.

Let's get straight into the drivers of our strong topline performance, from a category perspective. Starting with Sparkling.

Sparkling remains the most important engine of growth for our company, and has performed well this half, with organic volume growth of 2.3%, supported by our focused in-market execution of campaigns and innovations.

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In April we launched the “Share a Coke” campaign across most of our markets, with locally relevant consumer and customer experiences across all channels. This campaign has had a great start and will continue throughout the summer. We are looking forward to launching the campaign in Nigeria in Q4, during their peak season, with a record 1000 popular first names on bottles.

We saw good ongoing performance from Coke Zero, up high-single digits. Sprite delivered an improved performance, up mid-single digits. The reformulation we had at the end of last year is seeing good results, and we continued with the Sprite Spicy meals campaigns. Fanta grew low-single digits, and we launched a new limited-edition flavour across several markets, Fanta Tutti Frutti.

In Adult Sparkling, we also delivered mid-single digit growth, with a good performance from Schweppes, particularly in Nigeria and Egypt. In the second quarter, we launched the new Purple flavour with strong market activation.

Energy continues to perform very well, up 30%, even against increasingly tough comparatives. All segments saw strong growth, with our segmented portfolio allowing us to tailor the offering to different markets, demographics and affordability needs.

Monster performed well, helped by successful innovations such as Rio Punch and Ultra Strawberry.

Predator and Fury, our affordable offers in Africa, also continued to perform strongly, supported by locally relevant marketing and partnerships that resonate with consumers.

The innovation continues, and we’re really looking forward to the launch of the new Monster drink with Lando Norris which we’ve started rolling out already, and is coming to most of our markets in Q3.

Moving onto Coffee. As I mentioned in the last few sets of results, we have made the strategic decision with our partners at Costa Coffee to prioritise the out-of-home

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channel. Now with both Costa Coffee and Caffè Vergnano we are putting our full focus behind this channel, because that is where we see the greatest potential for sustainable, profitable growth.

This means we're seeing an impact on total coffee volumes this year, and in the first half volumes declined 7.6%. That said, I'm really encouraged that we're seeing good results from the out-of-home channel, with volume growth of 17%, from both existing outlets and newly recruited outlets.

Stills volumes were broadly flat. We are focused on capturing growth in the highest value parts of the portfolio. That means prioritising premium Water, Sports drinks and Ready-to-drink tea, with offers tailored to the local markets. In Ready-to-drink tea, we launched Peace Tea in Switzerland in Q2, with activations focused on Gen Z consumers.

Sports Drinks continues to be a standout performer, delivering mid-teens growth. With Powerade, we leveraged relevant global football activations featuring new ambassadors: Barcelona's Yamal and Real Madrid's Rodrygo. We also executed many local activations to drive growth, across summer sporting activities such as running events, and in local gyms. We launched Powerade in Romania in the period, and rolled out flavour innovations such as Mountain Blast Zero.

Premium Spirits volumes grew by 24%, with good growth across all three segments. I'm pleased that we saw growth from both Finlandia Vodka, and our brand distribution partners.

In April, we launched a new marketing campaign for Finlandia Vodka. While it's still early days, we've had positive feedback from consumers and customers. We're also investing in our team and capabilities, with a refreshed Premium Spirits Academy for our sales people, and we are building stronger marketing capabilities.

We also launched Bacardi & Coca-Cola in eleven markets in the first half, with encouraging initial signs.

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One area of the business we don't talk about every quarter, is our digital, data and AI transformation at Coca-Cola HBC. These capabilities are truly an accelerator of business growth and transformation, and they are constantly evolving.

Our investment is focused in three key areas to drive growth and transformation.

Firstly, consumer and customer centricity. This is how we use data, digital tools and AI, to power our commercial capabilities, like revenue growth management and route to market. We continue to enhance our ability to drive personalised execution for every outlet, with suggested orders, personalised marketing and optimised promotions, to name just a few.

Secondly, operational productivities within our enterprise. We've been investing ahead of the curve in this area for a number of years. For example, we've been live with SAP S/4 Hana across 28 markets since 2021, and added Egypt last year. This gives us the latest capabilities from SAP including realtime reporting and is, we believe, a real competitive advantage.

And across our Supply Chain we are driving Industry 4.0 transformation, which basically means leveraging automation, computer vision and advanced analytics.

Thirdly, transforming and digitising the employee experience, to drive collaboration, productivity and foster a digital workplace.

Let me touch for a moment on Digital Commerce. We have been investing and developing our digital commerce platforms to better serve the growing numbers of consumers and customers choosing to shop online.

We broadly split these opportunities between route-to-customer and route-to-consumer.

In our route-to-customer, Customer Portal is our largest B2B platform, which allows our customers to buy CCH products through our platform, any time of the day. This platform is most relevant for our direct sales delivery customers, and we are live in 20 markets. We

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continue to see good growth in the number of active customers, orders, and revenue generated.

We also have Sirvis, our B2B marketplace for the HoReCa channel, which is mostly relevant for indirect customers. As well as offering our own 24/7 beverage portfolio, the platform also offers a range of products from our wholesale partners, and a range of services. After piloting this in 2022 in Italy, we've seen a great increase in its share of orders. Sirvis is now live in 5 markets, with Croatia having launched earlier this year and more markets coming.

And in Nigeria, as you might have seen in the Bitesize event a few weeks ago, we have developed a WhatsApp chatbot, a tool made specifically for customers in Nigeria to effortlessly place orders directly via the platform.

When it comes to route-to-consumer, we are partnering with e-retailers and food delivery platforms. This area of our business grew by 25% in the first half and is margin accretive.

At Coca-Cola HBC we believe sustainability is key to our business growth.

Let me share some of the highlights during the first half.

We are pleased to be a part of a co-developed sustainable linked business plan, announced by The Coca-Cola Company and our valued customer Carrefour. This is the first time that a retailer and a manufacturer have formalised joint goals in sustainability, with an aim to reduce packaging waste and cut carbon emissions.

Our team in Romania will be one of the first markets to implement this. It is collaboration with our partners, that can help us deliver our sustainability targets and drive value for our customers and consumers.

Packaging circularity remains at the top of our agenda. Deposit Return Schemes, or DRS, are one way to ensure both high packaging collection rates, and supply of feedstock for recycling. DRS went live in Austria in January this year, with a promising start. In general,

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we are finding that the transitions to DRS are progressing in line with plans and customers and consumers are responding positively. For example, both Romania and Hungary have seen average return rates of around 80% this year.

Achieving our decarbonisation targets requires innovation. We've started using biomethane, a clean and renewable source of energy, at our Knockmore Hill plant in Northern Ireland. This should contribute up to 25% of the energy at the plant by the end of 2025.

Finally, it's great that we have retained our A-list position in CDP's 2024 Supplier Engagement Assessment and the highest score in the FTSE Russell ESG report on the soft drinks category.

Let me now hand over to Anastasis to take you through the financial results.

Thank you, Zoran, and good morning, everyone.

In the first half, we delivered strong top-line growth, with organic sales up 9.9%, driven by both volumes and revenue per case expansion.

We also drove organic EBIT growth and margin improvement, leading to strong Comparable EPS growth of nearly 26%, which was also supported by better net finance costs.

Finally, free cash flow increased by 10% to €243 million, driven by the EBIT delivery, while also increasing capex.

So let me start with the strong top-line performance.

As Zoran mentioned, the quality of our organic revenue growth of 9.9% remains high, with 2.6% volume growth, and with volumes accelerating in Q2 and growing in all three segments.

Organic revenue per case increased by 7.2%, a slowdown vs. Q1 as we expected.

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Overall, pricing remained the most important driver of revenue per case. Carryover pricing drove over half of this, largely due to pricing in Nigeria and Egypt over the last twelve months as we mitigated inflation and currency devaluation. In line with our plans, we saw this impact reduce in Q2 compared to Q1.

Category mix and package mix were also positive, with continued improvement in single-serve mix, which expanded by 120 basis points in the first half.

Comparable EBIT grew 11.8% on an organic basis in the first half to €650 million. Our comparable EBIT margin increased 70 basis points on a reported basis to 11.6%, and increased 20 basis points organically.

Let me break down the drivers of this. We improved gross profit margins by 60 basis points, with a strong recovery in the Emerging segment, which benefited from pricing leverage, easing COGS pressure, and efficiency initiatives.

Operating costs excluding direct marketing expenses improved by 50 basis points as a percent of revenue. You may recall that last year we faced headwinds in our operating expense line, due to the foreign currency remeasurement of balance sheet items in Egypt, following the significant devaluation of the Egyptian Pound. This gave us a cycling benefit this year as expected, since we did not face additional currency headwinds.

This improvement in opex was partially offset by an increase in direct marketing expenses. We invested in the Share a Coke and the new Finlandia marketing campaigns, as well as investments ahead of the upcoming Winter Olympics in Italy in February 2026.

Let's now look at the drivers of performance by segment. I am going to discuss these figures on an organic basis and for the first half of the year.

In the Established segment, revenues grew by 2.5%.

Established markets volume was broadly in line with last year, and with a return to growth in Q2, partly helped by a later Catholic Easter than in 2024. Sparkling volumes decreased low-single digits, despite mid-single digit growth in Coke Zero and high-single digit

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growth in Sprite. Energy saw good momentum, with volumes growing mid-teens in the period. Stills grew low-single digits, with Sports Drinks growing high-single digits.

On a country basis, it was good to see better volumes in Italy, up low-single digits in the first half. The return to growth in Q2 was supported by a later Easter and a better start to the summer season compared to the prior year.

In Greece, volumes grew low-single digits in H1. In the second quarter, we saw a slowdown in volume growth against a tough comparative and with less favourable weather resulting in a later start to the season.

Established revenue per case was up 2.4%, driven by pricing, as well as positive package and category mix.

Established segment comparable EBIT declined 7.2%, due to accelerated marketing investments and operating expenses in the period.

Turning to the Developing segment, revenues were up 6.4%.

Volumes were flat, but returned to growth in Q2, supported by a later Catholic Easter. Sparkling volumes declined by low-single digits, despite growth in Coke Zero, Fanta and Sprite. Energy grew strongly on a soft comparative. Stills declined mid-single digits, driven by Water, despite strong double-digit growth in Sports Drinks.

In terms of country performance, Czech was the standout performer, growing volumes high-single digits despite a tough comparative. Poland declined, but saw an improvement in Q2, as we expect a better second half.

Developing revenue per case increased by 6.4%, driven by pricing actions taken to manage inflation, along with positive category and package mix.

Comparable EBIT was down 0.6% year-on-year, due to higher operating and marketing expenses in the period, mainly due to the new Finlandia marketing campaign.

In the Emerging segment, revenue grew by 17.4%, driven by both volume and good price mix.

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Emerging markets' volume grew 4.1%. Sparkling volumes increased by mid-single digits, with mid-single digit growth in Trademark Coke, Sprite and Adult Sparkling. Energy grew strongly, despite tough comparatives, driven by affordable brands. Stills volumes grew low-single digits, with very strong growth on a small base in Sports Drinks.

In terms of countries, the performance of both Nigeria and Egypt has been really impressive in the first half of the year, with volumes up mid-single digit and high-single digit respectively. I'd also like to mention Ukraine, where volumes grew high-single digits, in what continues to be a tough market to operate in.

Emerging segment revenue per case increased 12.7%, with a step down in Q2 relative to Q1 as we started to see inflation come down in Nigeria and Egypt, which also had more stable currencies. In the first half overall, we benefited from pricing actions taken throughout the last 12 months to manage the impact of currency devaluation and cost inflation, as well as from positive category mix.

Comparable EBIT grew 31.3%, a strong rebound due to organic growth as well as cycling the impact of the foreign currency remeasurement in Egypt last year.

Moving to the Group P&L, we saw comparable earnings per share grow 25.8% to €1.31. This was supported by the strong EBIT delivery, and lower net finance costs than the previous year.

The better finance costs was due to several factors. We delivered better cash flow than we expected in Nigeria and Egypt, meaning we had lower financing needs. As we've seen greater currency stability this year, which meant lower foreign exchange losses compared to the previous year. We also benefited from higher finance income. This performance has allowed us to upgrade the finance cost guidance for the year. We also improved our FX translation guidance.

The first half saw a year-on-year step-up in capex, in line with our plans. Capex was 5% of revenues in the period, up 100 basis points compared to the same period last year, in line with planned phasing. For the full year we expect capex to be within our guided range of 6.5 to 7.5% of revenues.

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We continue to generate strong free cash flow of €243 million, 10% higher year-on-year, reflecting higher EBIT and improved working capital, partly offset by the higher capex.

Let me now hand back to Zoran to share some perspectives on the market environment and our expectations for the rest of the year.

Thanks Anastasi.

As Anastasi has laid out, we've delivered strong results at the Group level in the first half of the year, building on what has been a good performance in the last few years as well. This performance has been achieved despite operating in a mixed-market environment.

We have seen, and continue to see, a range of trends across our diverse 29 markets, with some areas that have been more challenging and sensitive to the consumer environment.

What we've learnt across many years operating in a range of markets and conditions, is that there is no one-size-fits-all approach. We strike a careful balance to focus on what makes the local market unique, staying relevant and tailoring our approach, while aligning with the Group strategy, leveraging our global scale, tools, and capabilities, particularly with digital and data insights to drive personalised execution.

In some of our emerging markets, in Africa particularly, we manage volatility proactively, with rigorous scenario planning and empowered local teams. I'm particularly pleased that despite the external challenges, Nigeria and Egypt have both delivered strong volume growth and share gains in the period, and improvements in profitability.

In some of our European markets, consumer sentiment has remained a bit softer, but in these markets we remain agile in adapting our plans - investing more in marketing, and stepping up promotions and affordable offers. We expect these conditions to persist in the second half and we will continue to take these steps to drive growth.

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We've demonstrated our ability to adapt to local market dynamics and consistently deliver at the Group level, which is why we remain confident in achieving low-single digit volume growth in 2025, with all segments growing.

Moving to the outlook for the year, as we progress into the second half, we do expect the broader macroeconomic and geopolitical environment to remain challenging, with the consumer environment still a mixed picture across our markets.

Having said that, we have high confidence in our unique 24/7 portfolio, in our bespoke capabilities, in the growth opportunities across our diverse markets and in our people. Given our strong first half performance, we now expect to deliver growth in organic revenue and organic EBIT at the top end of our guided ranges.

To close, I'd like to finish on the three areas I highlighted at the start.

First, the strong and high-quality top line growth we've delivered in the first half of the year.

Second, the strong EBIT performance, and even better delivery of EPS.

Third, our ongoing investment in our strategic priorities is allowing us to continue to win in the market and deliver real value to our customers.

And before I close, I would like to sincerely thank all our colleagues, customers, suppliers and partners for their ongoing efforts and support.

Thank you for your attention.

With that, let us now open the call up to questions.

---- Q&A transcript will be available on the company's website on 07 August 2025 ----

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Thank you, operator.

I would like to thank everyone for taking part in today's call.

Let me just briefly conclude, we're very pleased with our performance year-to-date, and we feel very well positioned to continue delivering in 2025 and beyond.

Thank you very much and goodbye.