CCH – Annual General Meeting – CEO presentation

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Welcome to our Annual General Meeting.

Before anything else I want to address the unspeakable tragedy that we are seeing in Ukraine. We are deeply distressed by the ongoing human suffering that this conflict is bringing to millions, including many of our people and their families. As always, their safety is most important to us all and remains our number one priority.

We are doing all we can to support our people on the ground with immediate financial and practical assistance. And alongside The Coca-Cola Company, The Coca-Cola Foundation and other bottling partners, we are contributing to the humanitarian effort with in-kind and financial donations.

2. Forward looking statement

Before I go through the presentation, let me remind everyone that it contains various forward-looking statements. These should be considered in conjunction with the cautionary statements currently on the screen.

3. Strong execution drives growth momentum

2021 was a great year for Coca-Cola HBC and I would like to take the opportunity to thank our passionate and engaged people, who continue to show great creativity and adaptability in making Coca-Cola HBC a stronger and better business every year. And also a very big thanks to all our customers, The Coca-Cola Company team, Monster Energy team and all our other partners for their trust and partnership.

Six things really stand out to me from our performance.

One: The strength of our financial performance. All key lines are now above pre-pandemic levels, with strong growth in 2021.

Two: This growth is being driven by strategic choices in the portfolio. Low and no sugar variants; Adult Sparkling and Energy in particular.

Three: We have been able to increase prices while continuing to gain significant share. We are also adding value to our customers - in 2021 we were the largest contributor of incremental value to our customers across the whole FMCG space.

Four: We are investing in future growth opportunities with marketing spend and capex increasing in the year.

Five: Given our confidence in our future opportunities we are increasing our dividend pay-out ratio target.

And finally: The strongest relationship we've ever had with The Coca-Cola Company team, reflected in the fast decisions and actions we take together, as well as creation of our future plans.

4. Strong financial progress

2021 has not been without challenges. We are therefore even prouder of our strong results.

Reopening has been asynchronous throughout our territories. And we had to successfully navigate significant global supply chain disruptions and input cost inflation.

Here I want to call out a few key achievements.

- Top line growth has been very strong, with like for like revenues up 20.6% in the year, that's 10% above 2019 levels.

- We sold an idle property in Cyprus in December. EBIT growth was 20.2% excluding this. Importantly, we delivered very strong operational leverage, while taking marketing spend up 63%.

- And finally free cash flow was the highest in our history, allowing another year of growth in the dividend.

5. Performance is driven by our strategy
We continue to put our investments and executional efforts behind the pillars of our 2025 Growth Story:

- We are making conscious choices across our powerful 24/7 brand portfolio

- We are winning in the market through creative and disciplined execution, which resulted in another year of share gains

- We continue to invest boldly behind our growth opportunities, while being highly disciplined on costs

- And we continue to nurture the talent and potential of our people. We are a high-performing organisation, and also one that cares. I'm therefore pleased to see us ranking in Forbes' World's Best Employers list in 2021. We are creating a diverse and inclusive workplace, which has been recognised by Refinitiv's D&I index that ranks us in the top 8 of the 11,000 companies they surveyed globally.

- Finally, it was another year of action and recognition for our sustainability efforts that I will refer to later in my remarks.

6. Egyptian growth opportunity

With our roots in Africa, we are extremely pleased to be welcoming the team from another African market to the Group 70 years later.

Egypt offers tremendous potential. Not just due to its size and attractive demographics, but also because we see the potential for both increased per capita consumption and market share expansion.

We are really excited about the impact and growth we can achieve in the market, while moving Egypt's margins towards group average over time.

7. Strong financial performance on all key lines

Moving on to financial performance.

We have said many times that the base of comparison for 2021 is not 2020. We expected to show big improvements versus last year given the impact of the COVID-19 pandemic. I am very glad to report that our business has delivered results above 2019 on every key performance indicator.

8. Revenues accelerate

Like-for-like volume accelerated in the second half, and was up 14.0% in the year, closing 9.0% above 2019 levels.

Price/mix also improved, up 5.8% or 3.9% excluding the pricing taken to offset the Polish sugar tax.

If we look at price/mix performance in 2021 on a two-year stack, we can see improved momentum versus 2019 through the year. This was achieved through careful but determined actions.

9. EBIT grew 23.6%, margin expansion continues

EBIT grew by 23.6%, with comparable margins expanding 60 basis points year on year.

A transaction to dispose of an idle property in Cyprus closed in December and contributed 30 basis points to this result.

From an accounting perspective this sale constitutes part of our comparable EBIT, since efficient management of our fixed asset base is part of the normal course of business. However, we're calling it out for two reasons.

- Firstly, because the precise timing of the deal was not known when we set the guidance; and
- Secondly because another sale of this magnitude is unlikely to repeat.

As such we believe that the fair assessment of business performance would consider EBIT margin expansion of 30 basis points in 2021, consistent with our original guidance.

We benefited from solid hedged positions across our key commodities, as well as long term contracts with our suppliers which helped to mitigate inflation in H1. Input costs, manufacturing and logistics pressure was far more pronounced during the second half. We finished the year with mid-single digit increase in COGS per case.

We also continued to deliver efficiencies through the benefits of positive production and overhead leverage as well as ongoing productivity initiatives in our supply chain.
As anticipated, we have seen the consistent upward pressure on commodities extending into 2022. We are prepared to steer the business in a significant inflationary environment.

That is why we are counting on continued pricing actions, making the mix work harder, and disciplined cost management to deliver on our goals for this year.

10. Marketing investment up 63%

Moving to OPEX:
We made the most out of the operational leverage from the strong revenue growth in the business.
We are working differently and require less discretionary spend. Travel, meetings, consultancy fees and training were all kept near 2020 levels.
This in turn has allowed us to restore marketing spend while still driving OPEX as a percentage of sales down by 2.2 percentage points to 25.1%.
Together these factors contributed to the strong EBIT growth and margin expansion we are reporting today.

11. EPS expansion of 33.7%

As we travel down the P&L we harvest the benefit of broadly reduced finance charges, combined with a much-improved tax rate, which boosted EPS up 33.7%.

12. Free cash generation with continued investment

Cash conversion improved in 2021.

We achieved the highest free cash flow in history while continuing to up investments in the business.

Capex reached 7.5% of revenues. We focused on four key areas.

- Building additional production capacity in priority markets and categories;
- Increasing our coolers which are a key driver and enabler for single-serve mix;
- Accelerating our investments in our digital agenda; and
- Continued support of our sustainability commitments

13. Continued ROIC expansion

I'm proud of the pace of the recovery in ROIC seen in 2021 which builds on the positive trajectory of prior years.
We are reaping the benefits of having rationalised our supply network, optimised our logistics infrastructure and improved our cost to serve. As revenue grows and margins

expand, so does asset efficiency. And of course, we invest behind projects which we expect can improve ROIC over time.

14. Strong balance sheet maintained
Our gearing finished at 1.1 times net debt to EBITDA. However, in January we closed the acquisition of Coca-Cola Bottling Company of Egypt, and this would take our leverage ratio to 1.6 times.
We continue to maintain a strong balance sheet. This provides optionality for our capital allocation priorities including organic investment, M&A, and our progressive dividend. Of course, when the available investments do not meet our requirements we will return capital to shareholders.

15. Net zero by 2040
Moving to another crucial area.
Taking action on climate is a priority for Coca-Cola HBC. We have a strong track record of making, and achieving, clear, science-based targets on emissions reductions.
In the last decade we have reduced our absolute value chain emissions by 31%, or by 50% across our own business.
With our net zero commitment we have set targets to reduce emissions by 25% to 2030 and by a further 50% in the following decade.
Management and the Board are fully aligned on the importance of this initiative. We will remain accountable on our progress, with emissions reductions being included in our long-term incentive plan.

16. Progress on Mission 2025
In 2021 we continued to make good progress on our Mission 2025 sustainability commitments.
And I am proud that we continue to be recognised for our efforts.
We have once again been ranked as an 'A list' business by CDP on both Climate and Water. And I am particularly pleased that they have also ranked us as a Supplier Engagement Leader, in the top 8% of all assessed companies. This award recognises the work we have been doing to engage with our suppliers to tackle climate change. Partnership with our suppliers will be critical in reducing our emissions across the value chain.
In addition, for the 11th year running, the Dow Jones Sustainability Index has ranked us in the top three of all beverage companies globally, and number one in Europe. Maintaining this consistent leadership requires commitment and investment. We know there is still much more to do, but we are proud of our progress and determined to push for more.

17. Momentum continues in Q1

Moving on to the first quarter.
We saw the benefit of the consistent execution of our strategy in our financial performance.
We achieved organic sales growth of 24.2% in Q1, or 25.9% excluding Russia and Ukraine's performance. Revenue growth was well-balanced between volume expansion and, very importantly, revenue per case acceleration.

Organic volumes grew by 11.3%, with broad-based growth across segments.

And as I mentioned, our consistent investment in Revenue-Growth-Management capabilities ensures that we activate the right levers to protect profitability in an increasingly challenging input cost environment. Q1 organic revenue per case grew by 11.6%, a strong acceleration on the growth in 2021.
What is really important here is that while driving this improvement in revenue per case, we are also accelerating our market share gains in both value and volume terms. And that is the case across Sparkling as well as in the broader Non-alcoholic ready to drink industry.

18. Outlook

Let me now say a few words about the rest of the year.

There is no doubt that the conflict has significantly impacted our business in Ukraine and Russia.

However, our other 27 markets are delivering very well against our plans for the year, in many cases ahead of expectations. And we are investing even more behind that potential.
The inflationary environment has only intensified and we expect to continue to see pressure on our COGS for the rest of 2022. This is why I am so pleased to see the effective use of our Revenue Growth Management capabilities, including pricing, visible in our performance.

Given the number of uncertainties that remain about the rest of 2022 we continue to believe that it would not be prudent to provide financial guidance for the year at this time. That said, we have high confidence in our portfolio, evolving route to market, customer-focused commercial strategy, the potential of our diverse markets, and above all, the capability of our people.

We remain agile as we prioritise our investments, with discipline, to continue to drive sustainable growth despite the uncertain environment.