

# CCH – Annual General Meeting – Note from CEO

## 23 May 2025

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

2024 was yet another strong year for Coca-Cola HBC. I feel very proud of all we've achieved and privileged to be able to share the progress made by our 33,000 colleagues.

We delivered an excellent financial and operational performance, while managing through macro-economic challenges.

In all cases we've consistently adapted to the environment, leveraging our portfolio, and capabilities, particularly revenue growth management, route to market, and data insights and analytics.

I really want to commend our people's focus behind execution excellence, because the speed and agility with which they are executing our strategy, in every single outlet, is fantastic. They are raising the bar every year.

Taken together, this enabled us to deliver ahead of our plans in 2024. We continue to invest in our teams, our capabilities, our 24/7 portfolio and our operations to ensure we're ready to unlock the huge future growth potential we see.

Let me remind you of our forward-looking statement.

Now looking at our full year 2024 highlights:

- Firstly, our topline growth was strong and high quality, underpinned by continued volume momentum.
- Secondly, we are delivering real value to our customers. We were once again the number one contributor to retail customers absolute revenue growth within FMCG in Europe. And we are continuing to gain value share, with an additional 150 basis points gained in NARTD in 2024 and continued share gains in Sparkling.
- And thirdly, this progress was all possible because we are focusing on the most promising opportunities in our markets, led by our strategic priority categories.

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As well as delivering results today, we are investing for future growth.

- Firstly, strengthening our portfolio. We continue to prioritise Sparkling, Energy and Coffee, which offer the most sizeable growth potential across our 24/7 portfolio. We're also ensuring we have the right, locally-relevant portfolio in Stills. And we're taking hold of the opportunities in our 24/7 portfolio through investments in Premium Spirits, which enhance our mixability credentials and drive incremental transactions.
- Secondly, we are investing in our bespoke capabilities, with a particular focus on embedding our Data, Insights and Analytics capability into other capabilities and key business processes.
- And thirdly, we continue to invest in sustainability, focusing on our most material areas: packaging, climate and water.

Focused execution of our strategy has continued to drive strong financial performance.

In 2024, revenue grew by 13.8% on an organic basis, with volume up 2.8%, and volume expansion in all three segments.

Comparable EBIT was 1.2 billion euros, the highest ever for our company, and up 12.2% year on year on an organic basis. Our comparable EBIT margin reached 11.1%, a strong improvement from the 10.6% of 2023. Comparable EPS grew by 9.5% year on year.

We delivered strong free cash flow of 713 million euros, driven by this improved profit generation.

Finally, return on invested capital is an important metric for us at CCH, as a measure that we are driving strong returns from the investments we're making. I'm really proud to say we have driven a 190 basis point improvement in 2024, reaching 18.3%.

Looking now at our strategic priority categories.

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Sparkling continues to be the largest driver of growth for our business given its healthy long term category potential and the 70% weighting in our revenues. In 2024, volumes for the category grew 1.5%.

Energy is also driving significant growth through increased consumption and an expanded footprint. In 2024, we delivered our ninth year in a row of double-digit volume expansion in Energy, with growth of 30.2%. It is now 8% of our Group revenues.

Coffee is earlier in its journey but remains a sizeable and important market with huge potential. We have been investing to create a strong, credible business here with unique competitive advantages. These advantages give us a real 'right to win' in the out-of-home segment, which is where we see the greatest potential for sustainable, profitable growth. Going forward, we have made the joint decision with our partners at Costa Coffee to prioritise further strengthening Coffee in this channel, rather than the at-home channel.

As I mentioned, 2024 comparable EBIT grew by 12.2% on an organic basis.

We drove a 110 basis point expansion in gross profit margins. This was as a result of strong top line growth, combined with the easing rate of inflation of our key commodities.

Opex as a percent of revenue increased by 70 basis points in the year, impacted by currency headwinds in the first half, as well as investment in the business throughout the year.

Sustainability remains a key priority and growth enabler. I'm therefore really pleased we were recognised, for the eighth time, as the world's most sustainable beverage company by the 2024 Dow Jones best-in-class indices, and also to see our efforts recognised by the double-A rating from CDP on climate and water.

Packaging, climate and water are our most material issues and a key focus. 2024 was a busy year with a lot of achievements to be proud of. Let me share a few highlights.

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**Starting with packaging** - Packaging circularity is vital for us to achieve our sustainability targets. We actively support the launch of well-run deposit return schemes or DRS, which are an important way to drive packaging collection rates. Nine schemes have launched across our countries to date. Last year we had successful DRS launches in Hungary and the Republic of Ireland. In January, we went live in Austria, and Greece and Poland are due to follow later this year.

**On climate**, I'm pleased to report that the Science Based Targets initiative validated our updated NetZero by 40 emissions targets, now including Egypt for the first time.

**On water**, we continue to work with The Living Danube Partnership, where we are supporting communities and nature on this vital watercourse that flows through several of our markets.

**Our communities are also a continued focus for us.** Sadly, in Europe and Nigeria several communities were severely impacted by floods in 2024. In addition to delivering over 270,000 litres of beverages, The Coca-Cola HBC Foundation also made financial donations to support a variety of targeted community projects in each of the affected areas. A big thanks to those that made that happen.

Finally, I'm delighted to share that we have exceeded our 1 million target for the number of young people we have trained in our Youth Empowered programme, a year ahead of schedule.

Comparable earnings per share grew 9.5% to 2 euros and 28 cents.

This was supported by strong profit delivery and effective management of financial costs, and a tax rate in line with our guidance at 27%.

Consistent growth in comparable earnings per share leads us to recommend a dividend of 1 euro and 3 cents, up 11% from 2023.

Our priorities for capital allocation remain unchanged and set in service of our strategy and our vision to be the leading 24/7 beverage partner.

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We continue to invest in the business organically, and capex for the year was 6.3% of revenue or 679 million euros. We made ongoing investments in production capacity, supply chain automation and energy-efficient coolers. And we're also continuing our investment in digital and data solutions.

We also continued to make value accretive acquisitions that further improve our portfolio, or our capabilities. The most recent example is Finlandia. 2024 has been a year of integration, and we're really pleased with how well the Finlandia teams have become part of CCH.

This capital discipline has also allowed us to drive higher returns to shareholders, I already mentioned the dividend increase, and we have also returned 226 million euros, or approximately 2% of shares outstanding, through a share buyback since November 2023.

Overall, I'm really pleased that we're successfully achieving a combination of investment in the business, strong improvements in ROIC and increased shareholder returns, while maintaining a strong balance sheet. At the close of the year net debt to comparable EBITDA was one times.

Let me now share some highlights on our Q1 performance.

Ongoing execution of our 24/7 strategy delivered 10.6% organic revenue growth in the first quarter of 2025.

Organic volume grew 1.8%, driven by a good performance in Emerging markets.

Sparkling volumes grew 1.1% and Energy volumes grew 25.5%, whereas Coffee volumes declined, impacted by our joint strategic decision with Costa Coffee to focus primarily on the out-of-home channel, where, as I mentioned earlier, we see greater long-term potential.

Organic revenue per case increased 8.7%, reflecting effective revenue growth management initiatives.

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We also continued to invest in our unique 24/7 portfolio and bespoke capabilities. We activated Coke & Meals campaigns across many markets throughout the period, leveraging what continues to be the biggest consumption occasion of Coca-Cola. And I'm really excited that as of early April, nearly all our markets have started activating the "Share a Coke" campaign, which will continue through the summer.

Moving on to our outlook for 2025. We continue to expect a challenging and unpredictable macroeconomic and geopolitical outlook. Despite this, we remain confident in our ability to navigate through periods of volatility, with agility, supported by our 24/7 portfolio, our bespoke capabilities, our close customer partnerships, and our people who remain close to the market.

We remain on track to deliver against our financial guidance for 2025 that we set in February, of organic revenue growth in the range of 6 to 8% and organic EBIT growth in the range of 7 to 11%.

Thank you for your attention.