CCH – 2015 Q1 Trading Update
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CORPORATE PARTICIPANTS

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Good morning. Thank you for joining our call today to discuss Coca-Cola Hellenic Bottling Company's first quarter 2015 trading update.

Today, I am joined by our Chief Executive Officer, Dimitris Lois, and our Chief Financial Officer, Michalis Imellos.

Before we get started, I would like to make a few quick points. Firstly, let me remind everyone 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.

Secondly, the growth rates we will refer to on this call are calculated on a reported basis. The four additional selling days we had in the quarter compared to the prior-year quarter, account for approximately six percentage points of the growth figures we quote.

I would also like to point out that we have modified the structure of this call in line with our move from full quarterly reporting to a trading update. Therefore we will not make a slide presentation today. Instead, you will hear brief opening remarks from Dimitris before we open the floor to your questions, which Dimitris and Michalis will take together.

Let me now turn the call over to Dimitris.

Dimitris Lois - Coca-Cola HBC AG – CEO

Thank you Basak. Good morning everyone and thank you for joining our call.

I'm pleased to report that we have started the year with a solid quarter. The plans we put in place to stabilise volumes in Europe and return to growth, and the pricing initiatives we implemented to mitigate the adverse impact of emerging market currencies have been effective. While there is some uncertainty ahead of us in the remainder of the year, we are encouraged by the results the business has delivered in the quarter.

Overall, our Group volumes grew by 7.2% in the quarter. Even without the benefit of the additional selling days, this compares well with the 4% decline we reported in the prior-year quarter. Nigeria, Poland, Romania, Hungary and the Czech Republic were very good performers.

Currency-neutral net sales revenue per case was stable for the Group, although there were varying dynamics from segment to segment, which I will come to in a minute. Overall, we achieved 1.7% net sales revenue growth compared to the prior-year quarter after an approximately 5% adverse currency impact on Group revenue.

Let me now take you through the segment drivers and performance.

Established market volumes have improved from the trends we saw in 2014, with 3.4% growth compared to 7.5% decline in the prior-year quarter. That said, knowing that the quarter benefited from the earlier timing of Easter holidays, we need to work harder to stabilise volumes in the segment, particularly in Italy.

We have seen a deterioration in currency-neutral net sales revenue per case in the segment. This arose from unfavourable mix and our efforts to maintain the affordability of our products in a deflationary environment. This wasn't entirely unexpected and was more than offset by the strong Swiss Franc and Sterling. Overall, we achieved 5% growth in net sales revenue in Established markets.

Now, I'm very proud of the turnaround our teams executed in the Developing markets, achieving 14% volume growth in the quarter. For several quarters we have been updating you on our strategy in the organised trade in Poland and the Czech Republic. We believe this was the right thing to do, and we are now growing our business together with our customers from a healthier base.

We have seen deflationary pressures in Developing markets as well which, in combination with the impact of unfavourable pack and channel mix, resulted in 2.7% decline in currency-neutral revenue per case. Net sales revenue grew by 11.4% in the quarter, mainly as a result of volume growth.

Emerging markets volumes increased by 7.4% in the quarter, cycling a stable performance in the prior-year period. Within the segment, there were differing country dynamics, the most important of which are the following.

In Russia, volumes were broadly stable, cycling a very strong prior-year quarter. Let me draw your attention again to the fact that on like-for like terms, this equates to the mid single-digit decline we expected in the country. In Sparkling beverages, we faced a difficult trading environment with the overall market declining by high single digits. In Juice, the strong performance of Dobriy and the addition of Moya Semya helped us outperform the market significantly. This was both because of incremental volumes, and also due to the advantages our broader portfolio offering gives us in the market. These are the results of the very strong plans we have been implementing in Russia, and there is more excitement to come for the Russian consumer, starting with the launch of Coke Zero by the end of May.

Moving on to Nigeria, volumes increased by high teens, helped - only in part - by easy comparatives in the prior-year quarter. It is worth noting that our successful 'Share a Coke' campaign, additional PET capacity and improved product availability were instrumental in this very good performance across all categories, and continue to support our expectations for the remainder of the year.

During the quarter we implemented pricing initiatives in certain Emerging markets to mitigate the impact of significant adverse currency movements. This delivered 4.1% improvement in currency-neutral net sales revenue per case. Inevitably however, the impact of currency movements was significant in the segment. As a result, net sales revenue declined by 4.6%.

Now allow me to give you some highlights from category performance before I close.
We started the year with strong plans to reverse the decline we saw in Sparkling beverages last year. Our plans in the organised trade channel, including stronger marketing initiatives, resulted in high single-digit volume growth, with Nigeria, Poland, Romania, Hungary and the Czech Republic all contributing meaningfully. Moreover, we gained volume share in 17 of our 25 measured markets in the quarter. Some of these gains are quite material, which is very pleasing.

The juice category grew by high teens with good contributions from Nigeria, and our juice brands Cappy Pulpy, Moya Semya and Dobriy. Specifically in Russia, excluding Moya Semya, the juice business grew by 11%, our 13th quarter of volume growth – 10 of those at double-digit growth rates.

So, looking at the remainder of the year, there is some uncertainty ahead of us related to volatility in currencies and oil prices as well as political concerns in certain countries. Having said that, in February we set out the initiatives we could deploy to mitigate these potential headwinds, and we have been successful so far in pulling these levers.

Also, we have been executing well against our plans in Established and Developing markets, where we aim to return our businesses to growth. In summary, we are encouraged by the solid start to the year.

Michalis and I will now be happy to take your questions with the assistance of the operator.