CCH – Q1 2016 trading update
Conference call script – 13 May 2016

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 2016 trading update.

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

Before I hand the call over to Dimitris, I would like to make a couple of 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 timing of our quarter end means that this year we had, on average, one less selling day compared to Q1 2015. The result of having one less selling day negatively impacted our reported volumes by 1.4 percent this quarter.

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.

We've had a good start to the year. Q1 trading was in line with our plans, and we continued to see underlying momentum in our business after a strong 2015.

The varying trends witnessed in our markets during 2015 persisted in the first quarter, and we tailored our commercial initiatives accordingly. We took advantage of the opportunities in countries such as Poland, and mitigated the adverse macroeconomic conditions in countries such as Russia and Nigeria as per our plans. Overall, our actions were successful in delivering good results.

Reported volume was stable in the quarter. As Basak mentioned, adjusting for one less selling day, our underlying growth for the quarter is 1.5%. We had good growth in the Developing and Emerging market segments. While Established market reported volumes were soft, we are encouraged by the improving underlying trends in a number of markets.

Revenue growth is a key objective for the business, and we are pleased to see delivery in this respect excluding the impact of currencies. Improvement in package mix, coupled with implementation of pricing initiatives, drove FX-neutral net sales revenue per case up by 2% in the quarter, in line with the plans we shared with you in February for 2016.

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

Established markets volumes declined by 2.7% in the quarter. We are encouraged by the improving underlying trends in many of our markets and the early results of our initiatives, particularly in Italy. While most key categories declined, we registered good volume growth from Coke Zero and Energy. FX-neutral net sales revenue per case improved by 0.2% driven by improving package and category mix. Selective headline price increases in certain countries were also instrumental in reversing the 2.4% decline in FX-neutral revenue per case we saw in this segment in 2015.

Nearly all the countries contributed to the 1.9% volume growth in the Developing markets segment. You will remember that this segment grew strongly in 2015, so we are pleased to see continuing growth, albeit at a slower pace. We are also encouraged by the fact that the growth is fairly uniform across nearly every category. Unlike in the Established markets, it is taking longer to implement price increases in this segment where deflation is persistent. Having said this, we are happy to see that the pressure on FX-neutral NSR per case is gradually abating versus 2015.

Emerging markets volumes increased by 1.3% in the quarter, with strong performances from most of the countries in the segment. Nigeria maintained its strong performance for the eighth consecutive quarter, while in Russia, we continued to operate against a challenging backdrop. The other countries in the segment, including Romania, Ukraine and Serbia remain buoyant. Our pricing initiatives and favourable package mix resulted in a 6.5% improvement in FX-neutral net sales revenue per case. This represents an acceleration on the 2015 improvement as planned.

Now allow me to give you some highlights from category performance before I close.

In Sparkling beverages, we achieved 0.6% volume growth, with Nigeria, Romania, Poland and Ukraine delivering strong results, more than offsetting the weakness in Russia, and Greece. Within the category, trademark Coca-Cola grew marginally. The launch of Coke Zero in Russia in May last year contributed to the good performance of the brand which grew across all segments.

Water volumes grew by low single digits, with good growth in Developing and Emerging market segments helping to offset a small decline in Established markets. The juice category declined by low single digits, mainly due to the impact of the very strong comparatives and the slowdown in Russia, which is our biggest juice market. On the other hand, the energy category increased volumes by 24% almost evenly across all segments.

We are pleased with our commercial activity this quarter. We remain focused on the opportunities created by occasions such as meals and socialising and our OBPPC strategy, and the delivery of tailored marketing initiatives. As a result of these initiatives, single-serve contribution improved in the quarter, with Sparkling single-serve packs up by 1.4 percentage points and Water up by 0.8 percentage points.

In summary, we are encouraged by the ongoing volume growth in Emerging and Developing markets and the improving underlying trend in Established markets. While soft in the quarter, pricing trends in Developing markets are improving. We are confident we have the right initiatives in place to continue our progress in the remainder of the year.

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

Q&A transcript will be available on the Company's website on 16 May.