

FIRST QUARTER 2019 TRADING UPDATE

A STRONG FIRST QUARTER

Coca-Cola HBC AG, a leading bottler of the brands of The Coca-Cola Company, today announces its 2019 Q1 trading update.

First quarter highlights

- Strong performance across all segments delivered FX-neutral revenue growth of 4.7%.
- Volumes increased by 3.5%, an acceleration from the prior year first quarter, despite a 90 basis point headwind from the later Easter.
 - Established segment volumes grew by 0.2%, with ongoing growth in Ireland and Greece and a notable improvement in Italy despite the Easter impact.
 - Developing segment volumes grew by 2.6%, cycling a very strong 11.8% in the prior year period.
 - Emerging segment volumes grew by 5.7% with encouraging volume growth in Nigeria and continued strong results from Russia, Romania and Ukraine.
- FX-neutral revenue per case increased by 1.1% as better pack mix, and the benefits of price increases in the second half of 2018, more than offset dilution from the discontinuation of Brown-Forman Spirits distribution in Russia.
 - In the Established segment, positive pack mix and selective price increases drove a 1.2% improvement in FX-neutral revenue per case.
 - In the Developing segment, FX-neutral revenue per case grew by 3.8%, an improvement from the pace of expansion in 2018, reflecting our strategy to drive more revenue growth in this segment from pack and category mix, as well as price increases.
 - In the Emerging segment, the 1.1% improvement in FX-neutral revenue per case was held-back by adverse channel and category mix in Russia, as well as weaker price mix in Nigeria.
- Following several years of strong financial performance and good progress towards our 2020 growth targets, the Board is proposing a special dividend of €2.00 per share, amounting to a total of approximately €730 million.

Q1 2019 vs Q1 2018 growth (%)	Net sales revenue		Volume	Net sales revenue per unit case	
	FX - neutral ¹	Reported		FX - neutral ¹	Reported
Total Group	4.7	4.4	3.5	1.1	0.8
Established markets	1.5	2.1	0.2	1.2	1.8
Developing markets	6.5	4.7	2.6	3.8	2.0
Emerging markets	6.9	6.4	5.7	1.1	0.7

¹ For details on Alternative Performance Measures ('APMs') refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.

Zoran Bogdanovic, Chief Executive Officer of Coca-Cola HBC AG, commented:

We have started the year well, delivering solid growth in revenues despite the impact of this year's late Easter. Volume growth accelerated compared to last year and our ongoing revenue growth management initiatives continue to deliver improvements in price/mix.

This good start sets us up well to deliver on our plans and make 2019 another year in which we achieve FX-neutral revenue growth above our targeted range with another step up in margins.

I am also pleased to announce that the Board has decided to propose a special dividend of €2.00 per share, reflecting successive years of strong performance, confidence in the future and our commitment to creating value for our shareholders.

Trading

Volume expansion of 3.5% was driven by ongoing growth in Sparkling, up 2.8%, and an improvement in the growth rate in Stills, up 4.3%. Growth was broad-based across our territories. We saw strong growth continuing in Russia, and we are particularly encouraged to see good volume growth in Italy and Nigeria this quarter as we start to see the benefits of our work in both countries, including changes to pack/price architecture and route-to-market. The shift of timing of Easter negatively impacted volume growth by 90 basis points.

FX-neutral net sales revenue per unit case expanded 1.1%. Ongoing efforts to drive more value from every pack we sell improved pack mix in the quarter. Single serve package mix improved by 240 basis points, with strong results in both Sparkling and Stills. We continue to benefit from price increases taken in the second half of 2018. Offsetting these positive drivers was the negative impact from the discontinuation of the Brown-Forman products in Russia and declining price/mix in Nigeria. Net sales revenue increased by 4.4%, after a 0.3% adverse currency impact.

Established markets segment

Established markets volumes grew by 0.2%, which was slower than the prior year quarter's 1.1% growth. The slowdown can be attributed to the timing of the Easter sell-in this year. Sparkling volume overall declined 0.8%, but we saw strong performance from Zero sugar variants. Coke Zero, which now accounts for 22.5% of Trademark Coke volumes in the Established segment, grew by 13.3%. We also saw good growth from our Adult Sparkling brands, and Energy continues to grow double-digit. We saw an acceleration in the pace of growth in Stills with volumes up 2.8%, with volume growth in Water and Ready-to-drink tea (RTD tea), while Juice volumes declined.

Volume in Italy grew by low single digits. While overall volumes in Sparkling declined in the quarter, we are encouraged by the strong growth from no-sugar Sparkling, with Coke Zero volumes up 13.5% and Fanta Zero up 42.5%. We are seeing positive early signs from the adjustments we made to both route-to-market and pack/price architecture in the second half of 2018, supporting an improvement in price/mix within the Sparkling category and in the country overall. Still volumes grew 12.7% with strong results from Water, Juice and RTD tea, the last of which more than doubled volumes in the quarter.

Volume in Greece grew by low single digits, a slowdown in the pace of growth compared to the prior year period. Sparkling volumes grew by low single digits with balanced growth between Coca-Cola Regular and Coke Zero. Volumes in Stills were stable due to declines in Juice, while Water volumes grew with improved package mix.

Austrian volumes were stable overall. We saw mid single-digit growth from Trademark Coke and similarly good volume growth in Fanta, offset by declines in Sprite and the phasing out of a local brand. Volumes grew in Stills led by Water and RTD tea. We are pleased to have launched a new bottle for Romerquelle in April which is made from 100% recycled PET.

In Switzerland, volume declined by mid single digits, after a strong Q4, and as we worked to finalise our agreements with key customers on the launch of a new pack/price architecture in Sparkling in April. Adult Sparkling volumes were strong, up over 25% due to the good performance of Royal Bliss. Energy also grew by 23.5%.

Volume in Ireland grew by mid single digits, with mid single-digit growth in Sparkling. No-sugar variants had strong growth as both Coke Zero and Fanta Zero grew by over 50%. Schweppes grew by high single digit, benefiting from new flavour launches and strong results for the brand in Modern Trade. Still volumes declined low single digits, led by volume declines in Water where we are focusing on growing value in a competitive market place with resulting positive improvements in FX-neutral revenue per case.

Net sales revenue in Established markets grew by 2.1% in the quarter with a 0.6% positive impact from currency, mainly from the Swiss Franc. FX-neutral net sales revenue per case increased by 1.2% in the quarter with positive contribution from package mix, as well as the impact of the pricing taken to offset the Irish sugar tax.

Developing markets segment

Volume in the Developing markets grew by 2.6%, compared to an 11.8% expansion in the prior year period. We estimate that, absent the Easter shift, volume growth would have been in excess of 4%.

Volume in Poland grew by low single digits and we are pleased to see FX-neutral revenue per case expand at a similar pace as we continue to realise the benefits of price increases taken in the second half of 2018 and improving package mix driven mainly by Sparkling. Strong volume growth from our Adult Sparkling brand Kinley continued this quarter. Still volumes grew by mid single digits, supported by strong volume growth in Water.

In Hungary, volume increased by mid single digits, with growth in all categories. In Sparkling, growth was supported by strong volumes in Zero variants with good performance from Coke Zero Lemon, Sprite Zero and Fanta Zero. Still volumes grew by high single digits with strong growth in Water and Juice.

Volume in the Czech Republic declined by low single digits, however, price/mix improvements in Sparkling drove a low single-digit expansion in FX-neutral revenue growth in the country.

Net sales revenue in the Developing markets grew by 4.7% in the quarter, while on an FX-neutral basis, revenues were up 6.5%. The 1.8% negative impact from currencies was mainly due to the Polish Zloty and Hungarian Forint. FX-neutral net sales revenue per case improved by 3.8% due to price increases taken in 2018 and lower promotions, as well as positive category and package mix.

Emerging markets segment

Emerging markets volume was up 5.7%, a strong improvement on the stable volumes in the prior year period. This reflects good growth from Nigeria in the quarter and ongoing expansion in Russia, Romania and Ukraine. Volumes in Sparkling and Still both grew by mid single digits.

Volume growth in Russia was in the high single digits with high single-digit growth from Sparkling and double-digit growth from Trademark Coke and Schweppes. Energy volumes continue to be strong with volume growth over 40% in the quarter. Still volumes were stable, driven by volume declines in Juice where we are focusing on higher value brands and packs; this is growing our value share and benefiting FX-neutral revenue growth in the category. RTD tea grew in the high single digits.

Volumes in Nigeria expanded by mid single digits with stable volumes in Sparkling and strong volume growth in Stills, including Water and Juice volumes up double digit. We have widened the pack/price architecture across our brands in Sparkling, which is helping the category, and is margin enhancing to our Nigerian business. At the same time the work we are doing to evolve and strengthen our route to market through increasing direct outlet coverage, and by segmenting regional execution, is creating growth opportunities.

In Romania, volume increased by high single digits. Sparkling volume growth was in the double digits with the fastest growth from no-sugar variants. Schweppes volumes grew over 20% as the brand continues to benefit from the 2018 relaunch which included new packages, flavours and marketing. Still volumes were stable with mid single-digit growth from Water.

Volume in Ukraine maintained its positive momentum, with volume growth up double digit. Sparkling volumes, Energy and RTD Tea grew in the double digits. While volumes in Water declined, FX-neutral revenues grew high single digits in the category as we focused on improved price/mix.

FX-neutral revenues increased by 6.9%. Currency had an adverse impact of 0.5% due to the Russian Rouble leading to reported net sales revenue growth of 6.4%. FX-neutral net sales revenue per case growth moderated to 1.1%. Favourable pricing in most countries except Nigeria, combined with improved package mix, were partially offset by negative category mix due to the discontinuation of Brown-Forman Spirits distribution in Russia, as well as negative channel mix.

Category highlights

Sparkling drinks grew by 2.8% with strong results from the Developing and Emerging segments, while the Established segment declined slightly. Within Sparkling, no-sugar variants grew 43.0%, while full sugar variants declined. Adult Sparkling grew by 8.8% with good results from Schweppes and Royal Bliss.

Water grew by 7.3% in the quarter, with volume growth across all three segments. Juice declined by 0.8%, driven by lower volume in the Emerging and Established segments, partly offset by volume growth in the Developing segment. The Energy category maintained its good momentum and grew by 31.8% in the first quarter, with continued strong performance across all three segments.

In RTD tea, volume declined 5.1% compared to the prior year quarter as we cycled a strong sell-in in the first two months of the year in 2018 to support the launch of the FUZE brand; we are encouraged to see the strong results in March with volume growth of 6.4%. Volumes were weaker in the Developing and Emerging segment, while Established volumes grew by mid single digits with particularly strong results from Italy.

Single-serve contribution improved by 240 basis points in the quarter with improvement in every segment. Single-serve mix improved by 220 basis points in Sparkling, and by 230 basis points in Water.

Dividends

At the 2018 full-year results announcement, the Board of Directors proposed an ordinary dividend for the 2018 financial year of €0.57 per share, representing a pay-out ratio of 44%, within our guided range of 35-45%. Furthermore, in light of the strong operational and financial performance of the Group over the past few years, significant progress toward our 2020 objectives and also taking into account our strong cash position and financing plans, the Board will be proposing an additional special dividend of €2.00 per share, amounting to a total of approximately €730 million. This special dividend is underpinned by our commitment to creating long-term sustainable value for our shareholders. Further details on the special dividend (including the proposed record date and payment date) will be set out in the notice of the Annual General Meeting that will be sent to shareholders in May 2019.

Supplementary information

Group	First quarter 2019	First quarter 2018	% Change
Volume (m unit cases)	469.2	453.2	3.5%
Net sales revenue (€ m)	1,412.6	1,353.0	4.4%
Net sales revenue per unit case (€)	3.01	2.99	0.8%
FX-neutral net sales revenue ¹ (€)	1,412.6	1,349.0	4.7%
FX-neutral net sales revenue per unit case ¹ (€)	3.01	2.98	1.1%
Established markets			
Volume (m unit cases)	130.8	130.5	0.2%
Net sales revenue (€ m)	532.5	521.7	2.1%
Net sales revenue per unit case (€)	4.07	4.00	1.8%
FX-neutral net sales revenue ¹ (€)	532.5	524.8	1.5%
FX-neutral net sales revenue per unit case ¹ (€)	4.07	4.02	1.2%
Developing markets			
Volume (m unit cases)	89.7	87.4	2.6%
Net sales revenue (€ m)	267.2	255.2	4.7%
Net sales revenue per unit case (€)	2.98	2.92	2.0%
FX-neutral net sales revenue ¹ (€)	267.2	250.9	6.5%
FX-neutral net sales revenue per unit case ¹ (€)	2.98	2.87	3.8%
Emerging markets			
Volume (m unit cases)	248.7	235.3	5.7%
Net sales revenue (€ m)	612.9	576.1	6.4%
Net sales revenue per unit case (€)	2.46	2.45	0.7%
FX-neutral net sales revenue ¹ (€)	612.9	573.3	6.9%
FX-neutral net sales revenue per unit case ¹ (€)	2.46	2.44	1.1%

¹ For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.

The volume, net sales revenue and net sales revenue per unit case on reported and FX-neutral basis, are provided for NARTD and premium spirits, as set out below:

	First quarter 2019	First quarter 2018	% Change
NARTD			
Volume (m unit cases) ¹	468.7	452.7	3.5%
Net sales revenue (€ m)	1,380.1	1,315.0	5.0%
Net sales revenue per unit case (€)	2.94	2.90	1.4%
FX-neutral net sales revenue (€ m)	1,380.1	1,311.4	5.2%
FX-neutral net sales revenue per unit case (€)	2.94	2.90	1.6%
Premium Spirits			
Volume (m unit cases) ¹	0.512	0.506	1.2%
Net sales revenue (€ m)	32.5	38.0	-14.5%
Net sales revenue per unit case (€)	63.48	75.10	-15.5%
FX-neutral net sales revenue (€ m)	32.5	37.6	-13.6%
FX-neutral net sales revenue per unit case (€)	63.48	74.31	-14.6%
Total			
Volume (m unit cases) ¹	469.2	453.2	3.5%
Net sales revenue (€ m)	1,412.6	1,353.0	4.4%
Net sales revenue per unit case (€)	3.01	2.99	0.8%
FX-neutral net sales revenue (€ m)	1,412.6	1,349.0	4.7%
FX-neutral net sales revenue per unit case (€)	3.01	2.98	1.1%

¹ For NARTD volume, one unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For premium spirits volume, one unit case also corresponds to 5.678 litres.

Coca-Cola HBC Group

Coca-Cola HBC is a leading bottler of The Coca-Cola Company with an annual sales volume of more than 2 billion unit cases. It has a broad geographic footprint with operations in 28 countries serving a population of more than 600 million people. Coca-Cola HBC offers a diverse range of primarily non-alcoholic ready-to-drink beverages in the sparkling, juice, water, sport, energy, tea and coffee categories. Coca-Cola HBC is committed to promoting sustainable development in order to create value for its business and for society. This includes providing products that meet the beverage needs of consumers, fostering an open and inclusive work environment, conducting its business in ways that protect and preserve the environment and contribute to the socio-economic development of the local communities. Coca-Cola HBC is ranked among the top sustainability performers in ESG benchmarks such as the Dow Jones Sustainability Indices, CDP, MSCI ESG and FTSE4Good, among others.

Coca-Cola HBC has a premium listing on the London Stock Exchange (LSE: CCH) and its shares are listed on the Athens Exchange (ATHEX: EEE). For more information, please visit <http://www.coca-colahellenic.com>.

Conference call

Coca-Cola HBC's management will host a conference call for investors and analysts to discuss the trading update for the first quarter of 2019 on Thursday, 2 May 2019 at 09:00 am London Time. Interested parties can access the live, audio webcast of the call through Coca-Cola HBC's website (<http://coca-colahellenic.com/en/investors/>).

Next events

3 June 2019

Capital Markets Day

8 August 2019

Half-year financial report and results announcement

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Unless otherwise indicated, this trading update and the financial and operating data or other information included herein relate to Coca-Cola HBC AG and its subsidiaries ("Coca-Cola HBC" or the "Company" or "we" or the "Group").

Forward-Looking Statements

This document contains forward-looking statements that involve risks and uncertainties. These statements may generally, but not always, be identified by the use of words such as “believe”, “outlook”, “guidance”, “intend”, “expect”, “anticipate”, “plan”, “target” and similar expressions to identify forward-looking statements. All statements other than statements of historical facts, including, among others, statements regarding our future financial position and results, our outlook for 2019 and future years, business strategy and the effects of the global economic slowdown, the impact of the sovereign debt crisis, currency volatility, our recent acquisitions, and restructuring initiatives on our business and financial condition, our future dealings with The Coca-Cola Company, budgets, projected levels of consumption and production, projected raw material and other costs, estimates of capital expenditure, free cash flow, effective tax rates and plans and objectives of management for future operations, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect our current expectations and assumptions as to future events and circumstances that may not prove accurate. Our actual results and events could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in the 2018 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries. Although we believe that, as of the date of this document, the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we, nor our directors, employees, advisors nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. After the date of this trading update, unless we are required by law or the rules of the UK Financial Conduct Authority to update these forward-looking statements, we will not necessarily update any of these forward-looking statements to conform them either to actual results or to changes in our expectations.

Alternative Performance Measures

The Group uses certain Alternative Performance Measures (“APMs”) in making financial, operating and planning decisions as well as in evaluating and reporting its performance. These APMs provide additional insights and understanding to the Group’s underlying operating and financial performance. The APMs should be read in conjunction with and do not replace by any means the directly reconcilable International Financial Reporting Standards (“IFRS”) line items.

Definitions and reconciliations of APMs

FX-neutral APMs

The Group also evaluates its operating and financial performance on an FX-neutral basis (i.e. without giving effect to the impact of variation of foreign currency exchange rates from period to period). FX-neutral APMs are calculated by adjusting prior period amounts for the impact of exchange rates applicable to the current period. FX-neutral measures enable users to focus on the performance of the business on a basis which is not affected by changes in foreign currency exchange rates applicable to the Group’s operating activities from period to period.

FX-neutral net sales revenue and FX-neutral net sales revenue per unit case

FX-neutral net sales revenue and FX-neutral net sales revenue per unit case are calculated by adjusting prior period net sales revenue for the impact of changes in exchange rates applicable in the current period.

The calculations of the FX-neutral net sales revenue and FX-neutral net sales revenue per unit case and the reconciliation to the most directly related measures calculated in accordance with IFRS is as follows:

Reconciliation of FX-neutral net sales revenue per unit case *(numbers in € million unless otherwise stated)*

	First quarter 2019			
	Established	Developing	Emerging	Consolidated
Net sales revenue	532.5	267.2	612.9	1,412.6
Currency impact	—	—	—	—
FX-neutral net sales revenue	532.5	267.2	612.9	1,412.6
Volume (m unit cases)	130.8	89.7	248.7	469.2
FX-neutral net sales revenue per unit case (€)	4.07	2.98	2.46	3.01

	First quarter 2018			
	Established	Developing	Emerging	Consolidated
Net sales revenue	521.7	255.2	576.1	1,353.0
Currency impact	3.1	(4.3)	(2.8)	(4.0)
FX-neutral net sales revenue	524.8	250.9	573.3	1,349.0
Volume (m unit cases)	130.5	87.4	235.3	453.2
FX-neutral net sales revenue per unit case (€)	4.02	2.87	2.44	2.98