Coca-Cola
Hellenic Bottling Company

# RESULTS PRESENTATION

## Full-year results 2018

14 February 2019

# Forward-looking statements

Unless otherwise indicated, the condensed consolidated interim financial statements 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").

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 2017 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 the condensed consolidated interim financial statements included in this document, 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.

# Full-year highlights

FX-neutral net sales revenue up 6.0%

FX-neutral revenue per case, up 1.7% driven by product innovation, price and package mix

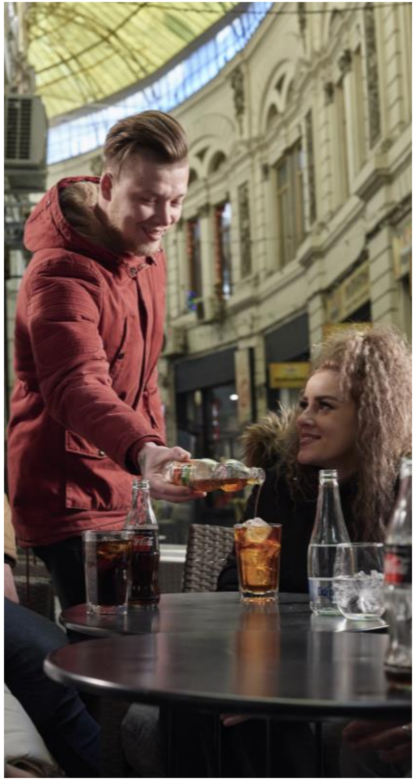
Volume growth accelerated to 4.2%, with positive performance in all segments and supported by new launches

Comparable EBIT margin up by 70 bps to 10.2%

Comparable EPS of €1.31, up 5.9%

Free cash flow at €370m for the year, with higher capital expenditure

Proposed dividend per share of €0.57, up 5.6%



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# Financial review

Michalis Imellos | Chief Financial Officer

# Financial performance overview

Volume up by 4.2%

FX-neutral net sales revenue up by 6.0%

Pricing actions and mix improvements drove 1.7% growth in FX-neutral NSR per case

Gross margin 40 bps higher

Opex as % of revenue 20 bps better, in a year of significant marketing investment

| | **FY '18** | FY '17 | **change** |
|---|---|---|---|
| **Volume** (m u.c.) | **2,192.3** | 2,104.1 | **4.2%** |
| **Net sales revenue** (€m) | **6,657.1** | 6,522.0 | **2.1%** |
| **FX-neutral net sales revenue** (€m) | **6,657.1** | 6,283.1 | **6.0%** |
| **FX-neutral NSR per case** (€) | **3.04** | 2.99 | **1.7%** |
| **Comparable gross profit margin** | **37.9%** | 37.5% | **40 bps** |
| **Comparable OPEX as % of NSR** | **27.7%** | 27.9% | **-20 bps** |

Financial indicators on a comparable basis exclude the recognition of restructuring costs, unrealised commodity hedging results and non-recurring items.
Certain differences in calculations are due to rounding.

# Financial performance overview

Better price/mix and volume leverage more than offset decrease in input costs and impact of adverse currency movements

70 bps EBIT margin expansion

Continued good growth in earnings per share

Free cash flow generation consistently strong

| | FY '18 | FY '17 | change |
|---|---|---|---|
| **Comparable EBIT** (€m) | 680.7 | 621.0 | 9.6% |
| **Comparable EBIT margin** | 10.2% | 9.5% | 70 bps |
| **Comparable net profit** (€m) | 480.4 | 449.7 | 6.8% |
| **Comparable EPS** (€) | 1.306 | 1.233 | 5.9% |
| **Free cash flow** (€m) | 370.0 | 425.9 | -13.1% |

Financial indicators on a comparable basis exclude the recognition of restructuring costs, unrealised commodity hedging results and non-recurring items.
Certain differences in calculations are due to rounding.

# Volume and price/mix growth in all three segments

Volume growth driven by:

- strong in-market execution,
- record number of new product launches,
- FIFA World Cup, and
- good summer weather

Moderation of currency-neutral revenue per case growth, driven by a slowdown in the Emerging segment

| | FY '18 vs. FY '17 |
|---|---|
| **Total CCH** | |
| Volume | 4.2% |
| FX-neutral revenue per case | 1.7% |
| **Established markets** | |
| Volume | 1.0% |
| FX-neutral revenue per case | 1.1% |
| **Developing markets** | |
| Volume | 8.8% |
| FX-neutral revenue per case | 2.8% |
| **Emerging markets** | |
| Volume | 4.3% |
| FX-neutral revenue per case | 2.4% |

# Input costs slightly better than our expectations

Input cost per case down 1.4% on an FX-neutral basis

Contracts ensured favourable sugar costs

PET resin prices increased, reflecting higher oil prices, offset by well-timed pre-buys

Higher aluminium spot prices were mitigated by hedging and light-weighting initiatives

# Operating leverage delivering alongside higher marketing

Operating leverage and ongoing cost efficiency measures driving a 20 bps improvement in OPEX as % of revenue

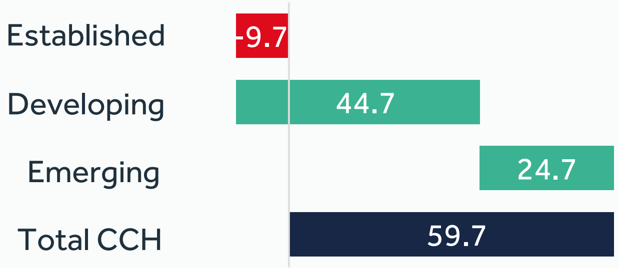
30 bps increase in marketing expenses as % of revenue to support our new product and flavour launches

20 bps benefit from cycling prior year's bad debt provision

| | FY '18 | FY '17 | change |
|---|---|---|---|
| **Volume** (m u.c.) | **2,192.3** | 2,104.1 | **4.2%** |
| **Net sales revenue** (€m) | **6,657.1** | 6,522.0 | **2.1%** |
| **Comparable operating expenses** (€m) | **1,842.6** | 1,821.5 | **1.2%** |
| **Comparable OPEX as % of NSR** | **27.7%** | 27.9% | **-20 bps** |

# Profit and margin growth

## Comparable EBIT (change €m)




| | Comparable EBIT (€m) FY '18 | Comparable EBIT (€m) FY '17 | Comparable EBIT margin FY '18 | Comparable EBIT margin change |
|---|---|---|---|---|
| Established | **240.7** | 250.4 | **9.7%** | -50 bps |
| Developing | **137.0** | 92.3 | **10.5%** | 260 bps |
| Emerging | **303.0** | 278.3 | **10.5%** | 100 bps |
| Total CCH | **680.7** | 621.0 | **10.2%** | 70 bps |

Financial indicators on a comparable basis exclude the recognition of restructuring costs, unrealised commodity hedging results and non-recurring items.
Certain differences in calculations are due to rounding.

# Restructuring plans

## FY 2018

€33m of pre-tax restructuring costs in the period

Restructuring efforts focused mostly on the Emerging markets

Benefits from 2017 and 2018 initiatives €15m

## FY 2019

Going forward we expect:

- pre-tax restructuring charges totalling €33m for 2019
- total annualised benefits from 2019 initiatives of c.€17m
- savings in 2019 from 2018 and 2019 initiatives of c.€23m

# Higher operating cash flow re-invested in revenue-generating assets

Free cash flow lower than in prior year

Key contributor to free cash flow performance is improving EBITDA

Higher capital expenditure, at 6.4% of revenue, in keeping with our plans to invest in revenue-generating assets

Working capital management sustainably delivering triple-digit negative balance

| | FY '18 | FY '17 | change |
|---|---|---|---|
| **EBITDA** (€m) | **968.7** | 927.5 | **41.2** |
| **Working capital change** (€m) | **-45.5** | 8.7 | **-54.2** |
| **Net capital expenditure** (€m) | **-426.6** | -377.6 | **-49.0** |
| **Free cash flow** (€m) | **370.0** | 425.9 | **-55.9** |

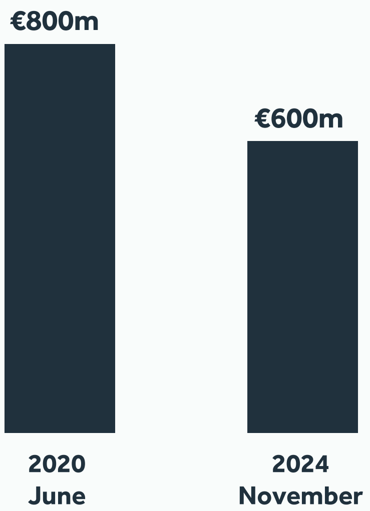
Differences in the absolute year-on-year change are due to rounding

# Financing cost

€4.6 million increase in total financing costs compared to prior year

Driven by lower interest income

## Debt maturity profile




## Financing cost movements

## Operating leverage continues to drive margin expansion



# 2018 EBIT margin development

70 basis-point expansion in the EBIT margin overall with the following components:

+ 90 bps from volume leverage
+ 80 bps from revenue leverage
+ 10 bps from our cost productivity initiatives
- 50 bps from the combined impact of FX and input costs
- 30 bps from increased investment in innovation, and
- 30 bps headwind from one-off costs

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# Operational review and strategy

Zoran Bogdanovic | Chief Executive Officer

Coca-Cola
Hellenic Bottling Company



# Driving a clear strategy

Drive volume growth

Focus on value


Improve efficiency

Invest in the business

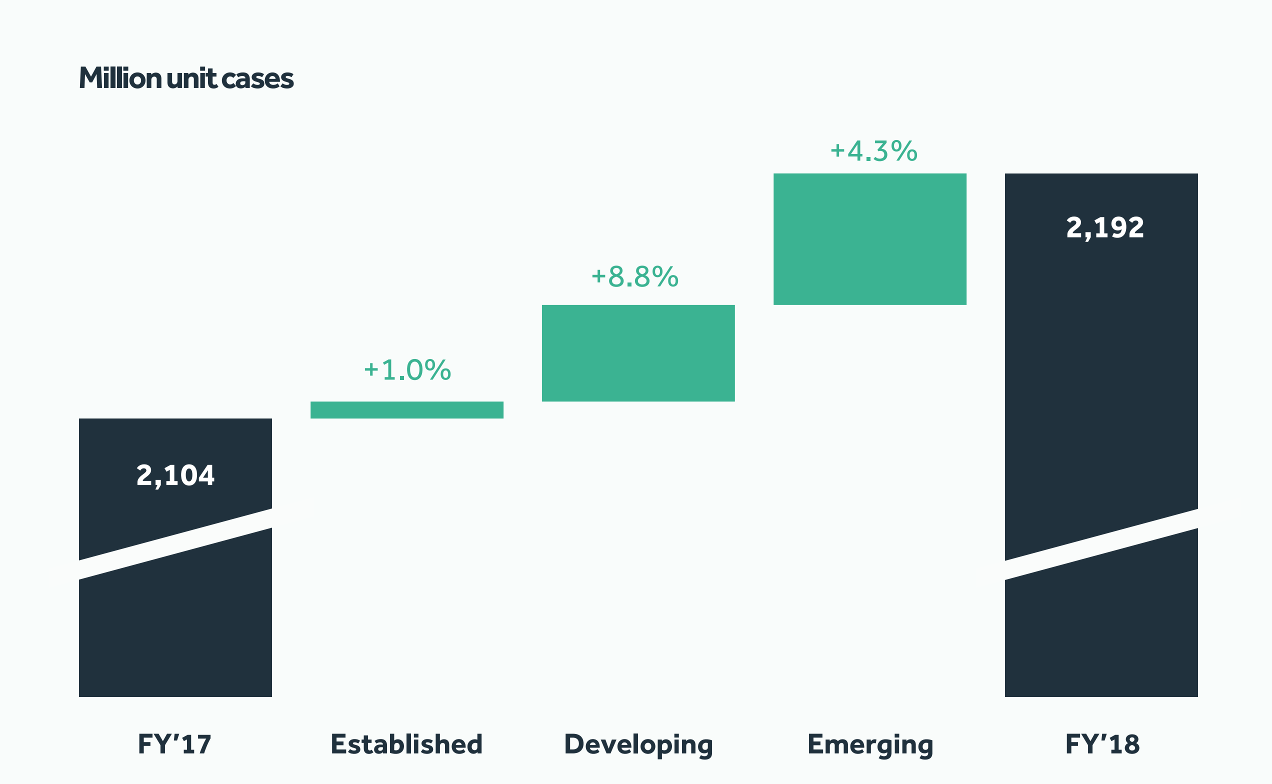
# Volume by segment

Group volume increased by 4.2%

Developing grew by 8.8% driven by Poland, Hungary and the Czech Republic

Emerging increased by 4.3% with growth in all countries except for Nigeria

Established grew by 1.0% driven by Ireland and Greece



# Growth in all categories

Sparkling saw the highest growth in a decade

Water volume improved slightly on prior year

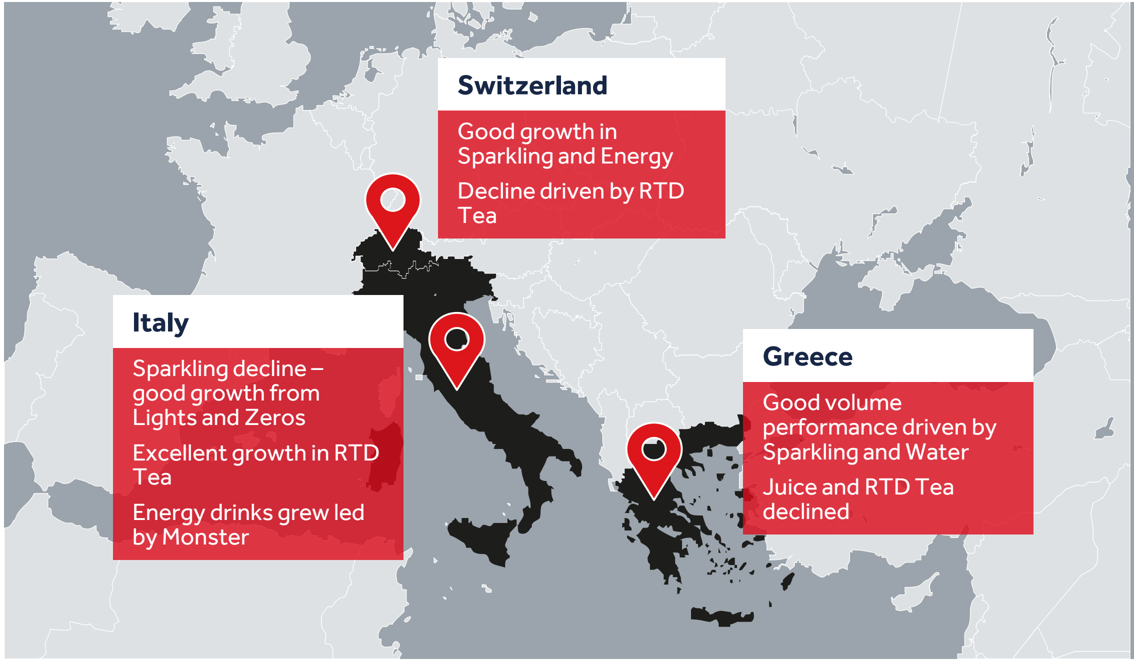
Juice grew marginally in the full year

Energy saw another year of excellent growth

RTD Tea returned to growth with the introduction of FUZE Tea

| YoY growth | FY '18 | FY '17 |
|---|---|---|
| **Sparkling** | 4.3% | 2.3% |
| Trademark Coca-Cola | 5.0% | 2.7% |
| Coca-Cola Zero | 29.1% | 22.4% |
| **Water** | 3.2% | 3.0% |
| **Juice** | 0.3% | -0.8% |
| Multon brands | -1.1% | 1.4% |
| **Energy** | 30.6% | 25.4% |
| **Tea** | 1.5% | -7.1% |

# Established markets



### Switzerland

Good growth in Sparkling and Energy

Decline driven by RTD Tea

### Italy

Sparkling decline – good growth from Lights and Zeros

Excellent growth in RTD Tea

Energy drinks grew led by Monster

### Greece

Good volume performance driven by Sparkling and Water

Juice and RTD Tea declined

**+1%**
Trademark Coca-Cola

**+16%**
Coca-Cola Zero

**+0.5%**
Water

**+1.0%**
Volume

**+1.1%**
Currency-neutral net sales revenue per case

All figures refer to full-year 2018, unless otherwise stated

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# Developing markets

**Czech Republic**

All categories grew except for RTD Tea

Good growth in Coke Zero with flavour innovation

**Poland**

Volume growth in all categories apart from RTD Tea

Sparkling grew by 8%

**Hungary**

Strong momentum continues, particularly in Sparkling

Warm weather during the summer months supported growth

**+8%**
Trademark Coca-Cola

**+23%**
Coca-Cola Zero

**+14%**
Water

**+8.8%**
Volume

**+2.8%**
Currency-neutral net sales revenue per case

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# Emerging markets

## Romania

Strong results across all categories, especially Sparkling

RTD Tea continues to perform well

## Nigeria

Lower volume due to intense competition in Sparkling

Water, Juice and Energy delivered positive results

## Russia

Growth in underlying NARTD market

Positive momentum through the year

Good growth in Trademark Coke and Fanta

Price/mix impacted by discontinuation of Brown-Forman premium spirits contract

**+6%**
Trademark Coca-Cola

**+64%**
Coca-Cola Zero

**+2%**
Water

**+4.3%**
Volume

**+2.4%**
Currency-neutral net sales revenue per case

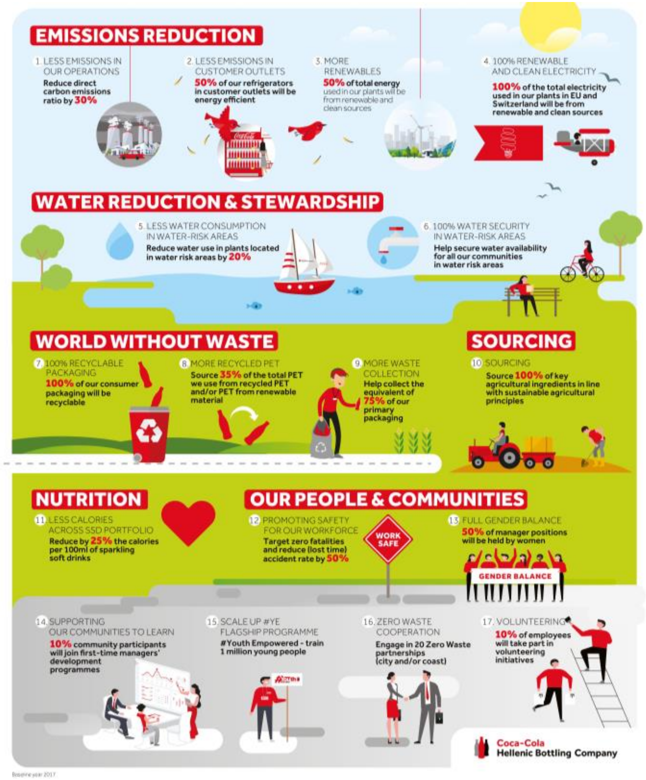
All figures refer to full-year 2018, unless otherwise stated

# Ambitious 2025 commitments

Made excellent progress towards our 2020 sustainability commitments

Introduced ambitious 2025 commitments

Determined to remain a leader



Coca-Cola Hellenic Bottling Company

# Nurturing the potential of our people



# We expect another year of growth

Volume growth in all segments

Continued improvement in FX-neutral net sales revenue per case

Input cost headwind in low single digits

FX headwind of c. €50m at current favourable spot rates

Another good year of FX-neutral revenue growth and profit margin expansion

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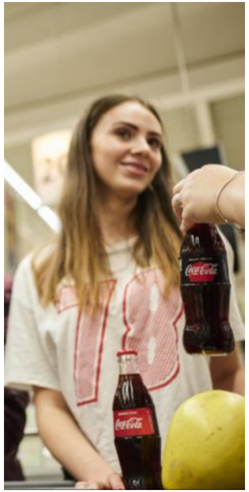




# Q&A

For further information on Coca-Cola Hellenic please visit our website at:

**www.coca-colahellenic.com**

Or contact our investor relations team
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Most known brands in the world

Low per capita consumption with potential for growth


Solid track record of winning in the marketplace

Diverse geographic footprint with strong emerging market exposure

Consistent growth in currency-neutral revenue per case

Strong focus on cost leadership and history of solid cash generation