

FIRST QUARTER 2021 TRADING UPDATE
Good start in a challenging environment

Coca-Cola HBC AG, a growth-focused Consumer Packaged Goods business and strategic bottling partner of The Coca-Cola Company, today announces its 2021 Q1 trading update.

First quarter highlights

- Good FX-neutral revenue growth, +2.7% or +6.1% like-for-like¹, driven by Sparkling and Energy, the Emerging segment and strong execution in the at-home channel
- Growth accelerated in the Emerging segment, while the Established and Developing segments continued to be impacted by COVID-19 related restrictions extending through most of the quarter
- Volumes up +1.5% or +4.7% like-for-like¹; Sparkling and Energy together grew 10.7%. The comparative period in 2020 had 3 fewer selling days but also benefited from 2.5 months of pre-pandemic trading
- FX-neutral revenue per case +1.2% or +1.3% like-for-like¹; continued strong category mix and pricing in several markets
- Gained or maintained value share in Non-alcoholic ready-to-drink and Sparkling in the majority of markets
- Costa Coffee roll-out continues to progress well; now selling a range of formats in 16 markets

Segment highlights

- **Established:** Sustained positive price/mix development despite ongoing restrictions in the out-of-home channel
- **Developing:** Sugar tax implementation in Poland progressed as expected with volume recovering at the end of the quarter. Pricing taken to offset this tax had a 10.3pp impact on Developing price/mix
- **Emerging:** Continued strong momentum in Nigeria and accelerated trends in Russia, with both markets growing volumes double-digit

Q1 2021 vs Q1 2020 growth (%)	Net sales revenue		Volume	Net sales revenue per unit	
	FX - neutral ²	Reported		FX - neutral ²	Reported
Total Group	2.7	-4.0	1.5	1.2	-5.4
Established markets	-3.2	-3.7	-4.7	1.5	1.1
Developing markets	-3.5	-7.3	-11.4	8.9	4.6
Emerging markets	10.4	-3.0	8.7	1.6	-10.7

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

“We have had a good start to the year despite the continued impact of the pandemic, with revenue growth led by Sparkling, Energy and strong execution in the at-home channel. Our operational agility, flexible route to market and strong customer relationships mean that we are well placed to capitalise on the reopening of the out-of-home channel. In the meantime, our diverse and balanced geographic footprint has allowed us to benefit from accelerating revenue in the Emerging market segment, while lockdowns continue to impact most European markets.

The speed and shape of recovery from the pandemic remains uncertain, but Q1 puts us on track to achieve our 2021 guidance for a strong recovery in FX-neutral revenues, along with a small increase in EBIT margin.”

¹Performance, unless stated otherwise, is negatively impacted by the change in classification of our Russian Juice business, Multon, from a joint operation to a joint venture, following its re-organisation in May 2020. For the Group's growth including the performance of Multon as a joint operation in the current period, refer to the relevant table in the 'Supplementary information' section.

²For details on Alternative Performance Measures ('APMs') refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.

Operational highlights

Good performance in a challenging environment

Our business delivered a good performance in the quarter, maintaining the momentum seen in Q4. Strong execution is being driven by improvements in our route-to-market, through greater use of digital tools and our increasing ability to segment our customer base in more fine detail. We have also seen results from our focus on gaining share in the highest value at-home occasions, and we continue to gain or maintain share in the majority of our markets.

We benefited from another strong performance in the Emerging segment. Underlying category growth, combined with our teams' execution of the portfolio, focusing on affordable packs as well as premiumisation opportunities in Adult Sparkling and Energy, led to continued double digit growth in Nigeria and an acceleration in Russia. We continue to invest behind the most attractive growth opportunities in this key segment, adding both capabilities and capacity to sustain business momentum.

While Q1 volume growth included 3 additional selling days, it was delivered against a comparative period that was far less impacted by COVID-19 restrictions, with Q1 2020 benefitting from roughly two and a half months of pre-pandemic trading.

Continued growth in the at-home channel

The *at-home channel* has continued to be an engine for growth for the business with volume expansion in the mid-single digits. Our teams have executed their plans well, including:

- Remaining focused on increasing our share of at-home occasions, targeting affordable and premium offerings with our customers.
- Ensuring affordability needs are met with the right pack and price portfolio offerings and targeted promotion. There is a strong focus on smaller packs that allow for lower consumer price points.
- Continuing to seize a considerable premiumisation opportunity in the at-home channel through the expansion of multi-packs of single-serves which earn a higher revenue per case, and which grew by 18.4% in Q1, a significant acceleration compared to the prior two quarters (Q3 2020 +4.7%, Q4 2020 +12.9%).

The *out-of-home channel* saw declines of 20 to 30% in January and February. Performance stabilised in March as we began to lap a base where many of our markets had gone into lockdowns by mid-March 2020. Once underway, the recovery of the out-of-home channel, in addition to driving volume growth, is also expected to have a positive impact on price/mix. In the meantime:

- The flexibility of our route to market allows us to dynamically re-allocate our sales force, maximising opportunities in a changing marketplace.
- We are actively supporting our customers so that they can drive more transactions and capture the growth opportunities in the channel as markets begin to reopen through the rest of the year.

Digital commerce channels are an increasingly important part of our route to market, and the COVID-19 pandemic has provided an additional boost to this trend.

Although e-retail and digital commerce currently contribute a small proportion of revenues, we are seeing revenue growth from the channel in the high double digits, and we continue to invest capital and management attention in this area.

We now focus on four main areas of opportunity in this space:

- Growing demand from our customers to order online from us and engage with us 24/7
- Opportunities to digitise our physical business to business (B2B) route to market through e-marketplaces creating ecosystem effects
- Business acceleration with pure e-retail and omnichannel brick and click customers where we are working to increase our availability, digital shelf space and visibility as well as direct shopper engagement; and
- Opportunities in accelerating direct to consumer (D2C) offers and business models, especially in the post-COVID context with more and more consumers' moving online

Driving growth through disciplined innovation

Costa Coffee is now live in 16 markets and we continue to build our presence and distribution with plans to expand coverage to all 28 markets by 2023. We have also had good early results from the out-of-home opportunity which remains a key focus for 2021.

We began the roll out of the enhanced formula and package design for Coca-Cola Zero Sugar towards the end of the quarter, as well as the targeted acceleration of Aquarius in several markets.

Established markets segment – positive price/mix on partially offsetting out-of-home

Established markets volume declined 4.7% in the quarter. The Established segment countries have a greater proportion of their revenues from the out-of-home channel and most of the countries in the segment saw restrictions in this channel tighten throughout the quarter, which impacted performance. Meanwhile the at-home channel continued to see strong volume performance as consumers have adapted their habits and our teams have focused execution on growing at-home occasions.

Energy and Sparkling continue to be the best performing categories, with Energy volumes up double digits. Sparkling volumes excluding Energy declined by low-single digits with low and no-sugar variants and Adult Sparkling growing volumes double digit. This good performance was offset by weaker trading in Water and Juice, which declined in the low to high-teens. Water over-indexes to the out-of-home channel which impacted performance.

In Italy, volumes declined by low-single digits. The country was the first in our territories to see restrictions in the out-of-home channel in 2020. We have seen low-single digit volume growth in Sparkling led by Trademark Coke and Energy while Stills volumes declined by mid-single digits.

Volumes in Greece declined low single digit. The out-of-home channel was closed for the whole quarter. Despite this, we saw low-single digit volume growth in Sparkling and ongoing volume growth in the at-home channel, while Stills volumes declined by low teens.

In Switzerland, volumes declined by low double digits. The out-of-home channel was closed for the whole quarter while the at-home channel grew. On a category basis we saw volume declines in Stills and Sparkling overall, while Energy saw strong volume growth.

In Ireland, volumes declined by low single digits. The out-of-home channel was closed for the whole quarter impacting performance, while we continued to see strong trends in the at-home channel. The sparkling category remained resilient, with low-single digit volume declines overall while Energy saw strong volume growth. Stills volumes declined, led by Water.

FX-neutral net sales revenue per case increased by 1.5% in the quarter benefiting from favorable category mix as well as price increases in several markets. Package and channel mix was negative, although with an improved trend compared to 2020. FX-neutral revenues declined by 3.2% in the quarter, while reported revenue declined by 3.7%, with the difference being due to the weakening of the Swiss Franc.

Developing markets segment – pricing taken to offset sugar tax in Poland

Volume in the Developing markets declined by 11.4%, led by Poland where pricing taken to pass on the new sugar tax resulted in an anticipated volume decline. Excluding Poland, the segment's volume decline was 3.2%. We saw COVID-19 related restrictions continue through the quarter. Energy and Sparkling continue to be the best performing categories, while Stills volume declined double digits.

In Poland, volumes were impacted by the new sugar tax which started on 1 January 2021. In line with our plans, we have passed this tax on in full, necessitating price increases and resulting in an anticipated volume decline in the low twenties. Early signs from the tax are in line with our expectations and we are encouraged by the resilience of the sparkling category, very good volume growth of Coke Zero, as well as continued strong growth in Energy. Outside of the tax, the out-of-home channel remained closed for the whole quarter, but a relisting at a major retailer saw volumes improve in the last month of the quarter.

In Hungary, volume contracted by mid-single digits led by declines in Stills, while Sparkling volumes grew mid-single digits. The out-of-home channel was closed throughout Q1, which led to volume declines, while the at-home channel continued to grow.

Volume in the Czech Republic declined by mid-single digits led by Stills, particularly Water. The out-of-home channel was closed throughout the quarter. Despite that, Sparkling volumes were stable, and Energy saw strong performance.

FX-neutral net sales revenue per case increased by 8.9% buoyed by the pricing taken to offset the Polish sugar tax, without it, FX-neutral revenue per case would have been -1.4%. The segment benefited from strong category mix while package and channel mix declined. FX-neutral net sales revenue in the Developing markets was down 3.5% in the quarter. Reported revenue declined by 7.3%, negatively impacted by adverse currency movements in the Polish Zloty and Hungarian Forint.

Emerging markets segment - continued momentum in Nigeria and accelerated performance in Russia

Emerging markets volumes increased by 8.7% or 14.5% on a like-for-like basis. This like-for-like adjustment includes the volumes from our Russian Juice business, Multon, which as of May 2020 is classified as a joint venture, following its re-organisation, thus resulting in the relevant volumes not being recognised as part of our reported revenues.

In Q1, the Emerging segment saw an acceleration in volume growth, despite a high comparative, due to faster growth in Russia and continued strong results in Nigeria. The capabilities developed over many years in revenue growth management and route to market are allowing us to take advantage of strong category growth and continue to focus on value share expansion.

In Russia, volumes declined by low-single digits, or grew by high teens like-for-like. This acceleration in performance was led by Sparkling, up mid-twenties with double-digit growth across Trademark Coke, Fanta and Sprite, while Schweppes volumes doubled. Energy saw a strong acceleration. Juice volumes grew by double digits like-for-like, while overall Stills performance grew mid-single digits on a like-for-like basis.

Nigeria has maintained strong momentum, with Q1 marking the second quarter in a row where the market has achieved double digit volume growth despite cycling high comparatives in the prior period. Volume strength was led by Sparkling, which grew by high-twenties and exceptional growth in Energy. Stills volumes declined by mid-single digits with double digit growth in Juices offset by volumes declines in Water.

In Romania, volumes grew by low-single digits. The country has operated with relatively few COVID-19 related restrictions in the quarter, achieving growth in both at-home and out-of-home channels. Sparkling volumes grew high-single digit while Stills declined mid-teens.

FX neutral net sales revenue per case was up 1.6%, or 3.2% like-for-like. Positive category mix, as well as pricing, more than offset negative channel and package mix. FX-neutral revenues increased by 10.4% or by 18.3% on a like-for-like basis. Reported revenues declined by 3.0%, or increased by 3.9% like-for-like, with the difference mainly due to the weakened Russian Rouble and Nigerian Naira.

Category highlights

Sparkling volumes were up 9.6% in the quarter. We saw particularly strong performance from low and no-sugar variants, which grew volumes by double digits in all three segments. Growth was broad-based across brands and led by Trademark Coke at 9.1%. Adult Sparkling is a key area of focus for the Group since it offers premiumisation and revenue generation opportunities across our markets and is well placed for the growing trend for consumers to replicate out-of-home experiences at home. We are pleased to see the sub-category continuing to expand faster than the core portfolio, up 28.5% in the first quarter with volume growth across all three segments. The energy category saw an acceleration in performance, with volumes up by 55.8% and double-digit growth in all segments.

Still drinks declined by 22.1%, or by 10.5% on a like-for-like basis. The category was weighed down by Water, which over-indexes to the out-of-home channel and declined by 16.9% with declines across all three segments. Juice volume was up 1.3% on a like-for-like basis, or down 52.7% on a reported basis which includes the change in accounting treatment of our Russian Juice business. In RTD tea, volume declined by 10.5%.

Package mix is recovering, finishing with a marginal decline of 0.2pp in Q1, a notable improvement compared to the 3.0pp decline in 2020 with single-serve packs growing volumes by 4.1% like-for-like.

Emission reduction targets

Coca-Cola HBC was one of the first companies to set, and deliver, science-based CO2 emissions targets. We are proud of our track record, having cut direct and purchased carbon emissions by 50% in the last decade. We have now committed that, by 2030, we will reduce emissions by a further 55% compared to a 2017 baseline. These targets are approved by the Science Based Target initiative and in line with the 1.5-degree pathway.

Supplementary information

Group	First quarter 2021	First quarter 2020	% Change
Volume (m in unit cases)	490.8	483.7	1.5%
Net sales revenue (€ m)	1,352.1	1,408.8	-4.0%
Net sales revenue per unit case (€)	2.75	2.91	-5.4%
FX-neutral net sales revenue ¹ (€ m)	1,352.1	1,317.0	2.7%
FX-neutral net sales revenue per unit case ¹ (€)	2.75	2.72	1.2%
Established markets			
Volume (m in unit cases)	117.8	123.6	-4.7%
Net sales revenue (€ m)	481.1	499.5	-3.7%
Net sales revenue per unit case (€)	4.08	4.04	1.1%
FX-neutral net sales revenue ¹ (€ m)	481.1	497.1	-3.2%
FX-neutral net sales revenue per unit case ¹ (€)	4.08	4.02	1.5%
Developing markets			
Volume (m in unit cases)	80.9	91.3	-11.4%
Net sales revenue (€ m)	236.7	255.4	-7.3%
Net sales revenue per unit case (€)	2.93	2.80	4.6%
FX-neutral net sales revenue ¹ (€ m)	236.7	245.3	-3.5%
FX-neutral net sales revenue per unit case ¹ (€)	2.93	2.69	8.9%
Emerging markets			
Volume (m in unit cases)	292.1	268.8	8.7%
Net sales revenue (€ m)	634.3	653.9	-3.0%
Net sales revenue per unit case (€)	2.17	2.43	-10.7%
FX-neutral net sales revenue ¹ (€ m)	634.3	574.6	10.4%
FX-neutral net sales revenue per unit case ¹ (€)	2.17	2.14	1.6%

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

Supplementary information (continued)

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 2021	First quarter 2020	% Change
NARTD			
Volume (m unit cases) ¹	490.3	483.3	1.4%
Net sales revenue (€ m)	1,321.5	1,381.6	-4.4%
Net sales revenue per unit case (€)	2.70	2.86	-5.7%
FX-neutral net sales revenue (€ m)	1,321.5	1,291.3	2.3%
FX-neutral net sales revenue per unit case (€)	2.70	2.67	0.9%
Premium Spirits			
Volume (m unit cases) ¹	0.481	0.415	15.9%
Net sales revenue (€ m)	30.6	27.2	12.5%
Net sales revenue per unit case (€)	63.62	65.54	-2.9%
FX-neutral net sales revenue (€ m)	30.6	25.7	19.1%
FX-neutral net sales revenue per unit case (€)	63.62	61.93	2.7%
Total			
Volume (m unit cases) ¹	490.8	483.7	1.5%
Net sales revenue (€ m)	1,352.1	1,408.8	-4.0%
Net sales revenue per unit case (€)	2.75	2.91	-5.4%
FX-neutral net sales revenue (€ m)	1,352.1	1,317.0	2.7%
FX-neutral net sales revenue per unit case (€)	2.75	2.72	1.2%

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. For biscuits volume, one unit case corresponds to 1 kilogram.

Effective May 2020, following a re-organisation of Multon's structure, the joint arrangement was reclassified from a joint operation to a joint venture. The table below depicts the Group's growth compared to the prior-year period including the performance of Multon as a joint operation in the current period:

Q1 2021 vs Q1 2020 growth (%) (incl. Multon)	Net sales revenue		Volume	Net sales revenue per unit case	
	FX - neutral ¹	Reported		FX - neutral ¹	Reported
Total Group	6.1	-0.8	4.7	1.3	-5.3
Established markets	-3.2	-3.7	-4.7	1.5	1.1
Developing markets	-3.5	-7.3	-11.4	8.9	4.6
Emerging markets	18.3	3.9	14.5	3.2	-9.3

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

Coca-Cola HBC Group

Coca-Cola HBC is a growth-focused Consumer Packaged Goods business and strategic bottling partner of The Coca-Cola Company. We create value for all our stakeholders by supporting the socio-economic development of the communities in which we operate and we believe building a more positive environmental impact is integral to our future growth. Together, we and our customers serve more than 600 million consumers across a broad geographic footprint of 28 countries on 3 continents. Our portfolio is one of the strongest, broadest and most flexible in the beverage industry, offering consumer-leading partner brands in the sparkling, juice, water, sport, energy, plant-based, ready-to-drink tea, coffee, adult sparkling and premium spirits categories. These brands include Coca-Cola, Coca-Cola Zero, Schweppes, Kinley, Costa Coffee, Valsler, Romerquelle, Fanta, Sprite, Powerade, FuzeTea, Dobry, Cappy, Monster and Adez. We foster an open and inclusive work environment amongst our more than 27,000 employees and we are ranked among the top sustainability performers in ESG benchmarks such as the Dow Jones Sustainability Indices, CDP, MSCI ESG and FTSE4Good.

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

Conference call

Coca-Cola HBC will host a conference call for financial analysts and investors to discuss the 2021 first quarter trading update on Wednesday, 12 May 2021 at 9:00 am BST. Interested parties can access the live, audio webcast of the call through Coca-Cola HBC's website <https://www.coca-colahellenic.com/en/investor-relations/results-reports-presentations>

Next event

12 August 2021

2021 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 2021 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 2020 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.

Definitions and reconciliations of APMs (continued)

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 2021			
	Established	Developing	Emerging	Consolidated
Net sales revenue	481.1	236.7	634.3	1,352.1
Currency impact	—	—	—	—
FX-neutral net sales revenue	481.1	236.7	634.3	1,352.1
Volume (m unit cases)	117.8	80.9	292.1	490.8
FX-neutral net sales revenue per unit case (€)	4.08	2.93	2.17	2.75

	First quarter 2020			
	Established	Developing	Emerging	Consolidated
Net sales revenue	499.5	255.4	653.9	1,408.8
Currency impact	(2.4)	(10.1)	(79.3)	(91.8)
FX-neutral net sales revenue	497.1	245.3	574.6	1,317.0
Volume (m unit cases)	123.6	91.3	268.8	483.7
FX-neutral net sales revenue per unit case (€)	4.02	2.69	2.14	2.72