

CCH – 2024 First quarter trading update

Conference call script – 30 April 2024

CORPORATE PARTICIPANTS

Zoran Bogdanovic – Coca-Cola HBC AG - CEO

Anastasis Stamoulis - Coca-Cola HBC AG – CFO

Joanna Kennedy - Coca-Cola HBC AG – Head of Investor Relations

Joanna Kennedy - Coca-Cola HBC AG – Head of Investor Relations

Good morning everyone. I'm here with our CEO, Zoran Bogdanovic and our incoming CFO, Anastasis Stamoulis.

We'll start with some opening remarks from Zoran and then open the floor to your questions. Please keep to one question and a follow up, waiting for us to answer the first question before moving to your follow up. We have about an hour for the call today, which should give plenty of time for a good discussion.

Finally, I must remind you that this conference call contains various forward-looking statements. These should be considered in conjunction with the cautionary statements in our trading update of this morning.

And with that I will turn the call over to Zoran.

Zoran Bogdanovic – Coca-Cola HBC AG – CEO

Thank you, Joanna. And good morning everyone. Thanks for joining the call.

I'm pleased to share an update on another quarter of good progress, and the continued execution of our 24/7 strategy. We've delivered strong sales growth, with good volume and revenue per case expansion. This is an encouraging start to the year, and our teams have continued to deliver despite challenging conditions in certain markets.

CCH – 2024 First quarter trading update

Conference call script – 30 April 2024

Let me share a few highlights of the quarter.

First, we continue to benefit from a clear focus on our three strategic priority categories. Sparkling, Energy and Coffee all grew revenue in the quarter, driven by strong marketing plans, excellent execution and continued deployment of our bespoke capabilities.

Second, we have continued to expand Sparkling and non-alcoholic ready to drink value share, on top of the strong gains in 2023. A clear testament to the enduring strength of our brands, and to our teams' in-market execution and customer relationships. A big thank you to all our people who continue to activate our markets with precision and passion every day, and to our customers and partners for their ongoing commitment and trust.

And finally, this strong start to the year, combined with our 24/7 portfolio, our bespoke capabilities and great opportunities for growth, gives us confidence in our full year guidance, and I'm pleased to reiterate that today.

And now I'll share some detail on the **Q1 performance** after which our new CFO, Anastasis and I will be happy to take your questions.

Organic revenue grew by **12.6%**, volumes were up **1.8%** and price mix grew **10.6%**. Reported revenue grew 1% as we faced currency headwinds.

I'm pleased by the level of volume growth we're delivering as well as the continued improvement in the value of every case we sell. Our revenue growth management toolkit allows us to maintain this consistent improvement and balance.

Pricing has been an important lever this quarter as we have navigated specific challenges relating to currency devaluation in Nigeria and Egypt, a sugar tax in Romania, the implementation of deposit return schemes in the Republic of Ireland and Hungary and continued, albeit lower cost inflation across our segments. Revenue growth in the

CCH – 2024 First quarter trading update

Conference call script – 30 April 2024

quarter also benefitted from pricing taken in 2023 – an impact which will clearly reduce as we move through 2024.

Mix and volume are also both improving as we address, and adapt to, the range of affordability and premiumisation needs of our consumers.

Our 2024 plans are full of tailored initiatives.

A good example is the launch of affordable entry packs, such as the 300 ml PET which had great success in Bulgaria over the last two years, that we are now launching in Romania, Hungary and Croatia. We also continue to seize premiumisation opportunities across our markets, for example with the ongoing innovation in Adult Sparkling, our focus on glass package formats in the out-of-home channel, and on multi-packs of single serves for the at-home occasion.

This sustained attention on improving mix is driving good results, with total single serve mix up by 210 basis points overall in the quarter, and by 230bps in Sparkling.

Now turning to performance by category.

Sparkling volumes were flat in the quarter. Trademark Coke grew low-single digits, led by Developing and Emerging.

One of the most important occasions for our consumers and customers is drinking a Coke alongside a meal. This quarter we benefitted from the '**Recipe for Magic**' campaigns created for this occasion which were specifically linked to transaction driving activations. We continue to see momentum in low and no-sugar variants, which grew well in the Established and Developing segments, benefitting from the Coke Zero '**Best Coke Ever?**' campaign in Europe.

Adult Sparkling volumes grew low-double digit driven by Schweppes and in particular Kinley, which delivered **over 20%** growth.

CCH – 2024 First quarter trading update

Conference call script – 30 April 2024

Energy volumes grew **over 37%**, even against strong comparatives, with good momentum particularly in Emerging markets. We launched Monster Energy Green Zero Sugar in 16 markets, on top of three launches in Q4 last year.

Our segmented approach to Coffee is working well, **and Coffee** grew by over 34%, led by good performances in Developing and Emerging. And this quarter we've seen strong growth in Caffe Vergnano, as we continue to expand our coverage of premium outlets.

Still volumes grew 2.5%. We are focused on improving our profitability in Water, with ongoing targeted revenue growth management initiatives. Water volume grew overall, even with our focus on profitability, benefitting from good performance in the Emerging segment.

And I'm really pleased to see Sports drinks growing high-single digits.

Premium Spirits volumes increased by nearly 15%, and our integration of Finlandia Vodka is well advanced, as we expanded distribution to a further **17 markets**. It's early days but I am really excited about the opportunities here, especially in mixability with our core portfolio.

I am super proud of our **sustainability** leadership, and packaging circularity continues to be a focus. Deposit return schemes went live in both the Republic of Ireland and Hungary in the quarter. In Nigeria, we are investing in the first-ever Coca-Cola System-owned and operated packaging collection facility. We are establishing the infrastructure for gathering plastic bottles for recycling, working with local collectors and recyclers. We expect the first centre to be fully operational later this year, initially collecting around 100 tonnes of plastic bottles per month, contributing to our Mission 2025 goal of collecting the equivalent of 75% of our primary packaging.

CCH – 2024 First quarter trading update

Conference call script – 30 April 2024

Turning briefly to performance by segment.

In **Established**, net sales revenue grew by 5.1%, led by strong price mix of 9.3%. Volumes overall declined but we've seen good performances from Coke Zero, Adult Sparkling and Energy.

The phasing of pricing into the market in 2023, combined with tough comparatives on volume in Q1, have been important drivers of the shape of our top line growth this quarter. As the year progresses, we expect to see some of this pricing roll off and some recovery in volumes.

In **Developing** markets, net sales revenue grew by 12.5%, led by strong price/mix of 8.0%. We've been really pleased to see the continuation of volume recovery that we called out at our full year results.

Again, our strategic priority categories are leading, with Sparkling up mid-single digits, led by strong performance from Coke Zero and Adult sparkling offerings. And Coffee was also up high-single digits despite tough comparatives.

This is great evidence of how our teams have been able to adapt to inflationary and regulatory pressures with critical pack and price adjustments.

Moving onto **Emerging** markets where organic revenue expanded 19.0%, with volume growth of 3.2%.

We faced two sizeable currency devaluations in the segment this quarter, in Nigeria and Egypt. I am very proud of how prepared our teams were for these challenges with ready-to-go execution plans that allowed us to adapt to this environment. Our African businesses offer incredible long-term growth opportunities. We remain agile and poised to adjust to any market conditions, enabled by our bespoke capabilities.

CCH – 2024 First quarter trading update

Conference call script – 30 April 2024

In Egypt we saw a mid-single digit volume decline in what was a challenging consumer environment, and felt some push back against Western brands. That said, we are gaining share versus our largest competitor, and are pleased to see the continued progress of our market-leading Schweppes brand.

Meanwhile in Nigeria, we saw volume growth in the high teens and value share gain, despite purposely driving strong price mix. Our targeted plans, bespoke capabilities and execution in the market has allowed us to continue to drive joint value with our customers, in coordination with The Coca-Cola Company.

Nigeria is just one of many great examples of how our team's brilliant execution, enabled by strong capabilities, ensures that we are well-positioned to fully benefit from the growth opportunities in our diverse markets, even in challenging circumstances.

As we look to the rest of the year, although we are mindful of the broader macroeconomic environment, we remain on track to deliver against our financial guidance in the year ahead and to make further progress against our medium-term growth targets.

Finally, I would like to thank all our people for their tireless efforts – they are at the heart of what we do. It is their passion and dedication, along with the commitment and trust of our partners, The Coca-Cola Company and Monster, that enables us to keep delivering for our customers and consumers.

Thank you for your attention, I will now hand back to the operator, and Anastasis and I will be happy to take your questions.

CCH – 2024 First quarter trading update

Conference call script – 30 April 2024

----- Q&A transcript will be available on the company's website on 1 May2024-----

Zoran Bogdanovic – Coca-Cola HBC AG – CEO

Thank you operator. Just to recap the key points from our call today.

This was another quarter of good progress, and an encouraging start to the year with the continued execution of our strategy delivering high sales growth, through good volume and revenue per case expansion. We continue to benefit from focus on our strategic priority categories, with Sparkling, Energy and Coffee all growing revenue in the quarter. We continued to add share, building on already strong gains in 2023. Today we reiterated our guidance for 2024 that we shared at full year results.

Thank you for your attention. With that I will close the call and wish you a good day.