

THIRD QUARTER 2018 TRADING UPDATE

A QUARTER OF SOLID GROWTH

Coca-Cola HBC AG, a leading bottler of the brands of The Coca-Cola Company, today announces its 2018 Q3 trading update.

Third quarter highlights

- Solid FX-neutral revenue growth, up 4.5%
- Volumes increased 4.2% in the quarter, with strong delivery in the Developing markets and the Emerging markets.
 - Established markets volumes were broadly stable, given the tough prior-year comparative of 2.2%.
 - Developing markets volumes increased by 11.3%. This very positive result was broad-based with strong volume growth across all the countries in the segment. Poland, which maintained its growth momentum, made a significant contribution.
 - Emerging markets volumes increased by 4.1%, with good contributions from all markets including Nigeria and Russia. As anticipated, we saw a moderation in the very strong pace of growth from Romania, Ukraine and Serbia, which were all cycling high growth rates in the prior-year period.
- FX-neutral revenue per case improved by 0.3% in the quarter, a slowdown on recent trends, reflecting the timing of our pricing actions and negative channel mix.
 - Established markets FX-neutral revenue per case declined by 0.4%, as strong Water volumes impacted category mix negatively and competitive pressures drove increased promotional activity in the quarter.
 - Developing markets saw FX-neutral revenue per case growth of 2.5%. This is an improvement on the first half, reflecting our strategy to drive more revenue growth in this segment from price and category mix in the second half.
 - Emerging markets saw FX-neutral revenue per case growth of 0.7%, a slowdown on the first half, driven partly by the timing of price increases. A decline in Premium Spirits volumes in Russia had a significant negative impact on category mix, in addition to ongoing negative channel mix.

Q3 2018 vs. Q3 2017 growth (%)	Net sales revenue		Volume	Net sales revenue per unit case	
	FX-neutral ¹	Reported		FX-neutral ¹	Reported
Total Group	4.5	2.6	4.2	0.3	-1.6
Established markets	-0.5	-0.7	-0.1	-0.4	-0.6
Developing markets	14.1	12.4	11.3	2.5	0.9
Emerging markets	4.8	1.1	4.1	0.7	-2.9

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 are pleased with how our actions are positioning the business to successfully capture growth opportunities in our markets. Our product portfolio is evolving to meet changing consumer preferences, and by partnering with customers we are strengthening our route to market."

"We had a quarter of solid growth led by continued good progress in volumes against strong comparatives. As expected, the slowdown in price/mix growth primarily reflected the timing of planned pricing activity, and we expect an acceleration in the final quarter. October trading has been strong, and we look to the full year confident that 2018 will be another year of good growth in both revenue and margins."

Trading

We made solid progress in the quarter, building on the strong performance the business delivered in the first six months of the year.

We are particularly pleased that despite mixed weather trends and tough comparatives against the prior-year quarter, our recently launched products continue to support growth in the business, particularly in the sparkling beverages category. Overall, we achieved 4.2% volume growth led by the Developing and Emerging market segments, in which every market grew. Specifically, Poland maintained its strong growth momentum, while Russia and Nigeria improved on the growth trends we had seen in the first half. Romania, Ukraine and Serbia moderated their very strong pace of growth as expected, following the high growth rates in the prior-year period.

In line with our strategy to improve the value we get from every case we sell, we made changes to our packaging formats that increased single-serve mix by 220 basis points compared to the prior-year quarter. This is also reflected in growth in transactions, which grew faster than volume in all three market segments.

FX-neutral revenue per case growth of 0.3% was lower than the improvements we have reported in recent quarters. The reasons for this moderation are varied and relate predominantly to the Emerging and Established markets. In the Emerging markets, we cycled the substantial price increases of 2017 in the second quarter of 2018, with no benefit in the third quarter. In addition, we saw faster growth in the Organised Trade in Russia and adapted to intense competitive pressure in certain countries. The discontinuation of our distribution of the Brown-Forman premium spirits products in Russia also impacted the segment negatively, given the substantially higher price per case compared to non-alcoholic ready-to-drink beverages (NARTD). In the Established markets, higher Water volumes and more intense promotional activity drove the lower FX-neutral revenue per case. In the Developing segment on the other hand, we improved price/mix growth from 0.9% in the first half to 2.5% in the third quarter, as we benefited from price increases in certain markets and better category mix. Having implemented our planned pricing actions in October, we expect a recovery in FX-neutral revenue per case in the fourth quarter.

Net sales revenue growth was 4.5% on a currency-neutral basis and 2.6% on a reported basis compared to the prior-year quarter.

Established markets segment

Established markets volumes were broadly stable in the quarter, following the 2.2% increase in the prior-year period. Growth in Water, Ready-to-Drink Tea (RTD Tea) and Energy was offset by declines in Sparkling and Juice.

In Italy volumes declined by low single digits, driven by Sparkling. This is largely a reflection of the decline in the NARTD market in the third quarter, with particular weakness in the Sparkling category. While the weather overall was similar to that in the prior-year quarter, the key holiday month of August was considerably cooler and unseasonably wet, limiting volumes in this critical month. The launch of FUZE Tea has been particularly successful and Energy, Water and Plant-based beverages performed well. Within the Sparkling category, zero-calorie variants, such as Coca-Cola Zero, Coca-Cola without calories and with Stevia and Fanta Zero grew, while full-sugar variants declined.

Volumes in Greece continued to make good progress and grew by mid single digits, the seventh consecutive quarter of growth against the backdrop of a continuing challenging macroeconomic environment and stable weather conditions. All categories grew, apart from Juice. Water contributed the most to volume growth, helped by a strong tourist season. In Sparkling, the positive performance was driven by Coca-Cola Zero, zero-calorie Fanta and Sprite variants and by flavour innovations such as Mastic mint and Lemon in Schweppes.

Austria volumes declined by low single digits in the quarter, driven by lower volumes in Water and Juice, despite growth in Sparkling, RTD Tea and Energy. The shifting consumer preferences towards low-calorie products is particularly evident in Austria, with all of the growth in the Sparkling category driven by Coca-Cola Zero, Fanta Zero and the newly launched Sprite Zero.

Northern Ireland and Republic of Ireland implemented a sugar tax on soft drinks in the second quarter of the year. So far, the reaction from our customers and consumers has been in line with our expectations, with a shift in volume from full-sugar to low- and no-sugar variants. Sparkling was the main driver of the 0.7% volume growth, followed by Energy, while Juice and Water declined.

In Switzerland, good performances in Water and Energy, helped limit the decline driven by RTD Tea and Sparkling to low single digits.

Net sales revenue in the Established markets declined by 0.7% in the quarter. The benefit of favourable mix impacts, mainly in package mix as a result of new price and pack architecture in Ireland to respond to sugar tax, was more than offset by negative channel mix and the adverse movement of the Swiss Franc. FX-neutral net sales revenue per case declined by 0.4% in the quarter.

Developing markets segment

The Developing markets posted another quarter of double-digit volume growth, at 11.3%, cycling 5.1% growth in the prior-year period. All countries grew, with Poland being the key driver. Good weather in most of the countries during the summer and the continued favourable economic environment supported the positive performance in the segment.

Volume in Poland grew by mid teens, maintaining the positive trend of the first half of the year. Our actions to continuously improve our execution capability in the market, combined with very good summer weather and favourable macroeconomic environment in the country, helped achieve this positive result. Our performance was largely driven by Sparkling, with double-digit growth in all brands, as well as Water, which was supported by warm weather. Energy and Juice grew well, with RTD Tea being the only category that declined in the quarter.

In Hungary, volume increased by mid single digits with growth in all categories apart from Water. Double-digit growth in Sparkling was driven by Coca-Cola Regular, but also by new flavour launches in Coca-Cola Zero and Fanta. RTD Tea grew well, as did Energy with both Monster and Burn demonstrating strong growth.

In the Czech Republic, exceptionally good weather in combination with an expanding NARTD market helped volumes grow by double digits. All categories grew apart from RTD Tea. Sparkling, Water and Juice contributed the most to the positive performance.

Net sales revenue in the Developing markets grew by 12.4% in the quarter, driven by significant volume growth coupled with favourable category mix and price impacts. This offset the adverse currency movements in the Hungarian Forint and the Polish Zloty. FX-neutral net sales revenue per case increased by 2.5%.

Emerging markets segment

Emerging markets volumes increased by 4.1%, with positive performances from every market in the segment. Growth was led by mid single-digit improvement in Sparkling and double-digit growth in Energy.

In Russia, volumes grew by mid single digits in the quarter, led by growth in Sparkling, Energy and RTD Tea. The improving underlying NARTD market, helped by the warmer summer, underpinned our growth, while the environment remains intensely competitive. Sparkling had a strong quarter, helped by flavour innovations such as Coke Zero Cherry and Fanta Pear. Energy had another quarter of double-digit growth with strong performances from both Monster and Burn. In RTD Tea, the successful launch of FUZE Mango Chamomile led to strong results. These areas of positive performance were offset by Juice, where we had volume declines as we focused our efforts behind our premium brands in a competitive environment.

In Nigeria, volume grew by mid single digits, with double-digit volume growth in Water and Juice, offset partly by modest declines in Sparkling. The Nigerian consumer continues to be under pressure in a weak economic environment. Under these circumstances, the flexibility we have to adjust the brand, price and pack architecture allows us to address affordability needs and adapt to strong competitive pressure. This quarter, we saw a very rapid acceleration in Coke Zero volume, which has a more affordable price point than Coke Regular in Nigeria, and we also saw growth from our 35cl PET 'solo' bottle.

In Romania, volumes grew by mid single digits, with strong growth in Sparkling and Energy. TM Coke saw high single-digit growth with contributions from both Coke Regular and Coke Zero. Fanta also saw good results, boosted by Fanta Zero Grapefruit and Zero Lemon. Schweppes continued its excellent performance in the country supported by the new Ginger Ale flavour. Water volumes declined this quarter as we are cycling a very strong result in the prior-year period.

Net sales revenue increased by 1.1%, with positive contributions from volume as well as price and package mix. Category mix was positive within non-alcoholic ready-to-drink beverages but negative overall due to the decline in Premium Spirits volumes in Russia in the quarter following the discontinuation of our distribution of the Brown-Forman premium spirits products. FX neutral net sales revenue per case increased by 0.7%.

Category highlights

In the first two quarters we launched a number of new categories, brands, flavours and packages to meet our consumers' changing needs and preferences. In the third quarter, we focused our efforts on increasing distribution and repeat sales of these innovations. AdeZ plant-based beverages, Smartwater and Honest Tea, which represent the new categories and brands, continued to grow, albeit from a low base. In Coke flavours, Coca-Cola Zero Cherry volumes accelerated, partly at the expense of Coca-Cola Zero Lemon volumes. Our seasonal flavours in Fanta and Sprite, particularly Fanta Zero Lemon and Grapefruit, revitalised the sales of these brands. In total, we sold 31.5 million unit cases of new products, flavours and packages, representing 5.1% of our volume in the quarter. In addition to this, we continue to evolve our recipes and reduce our sugar footprint, in line with our commitment to reduce the amount of sugar per 100 ml of product by 10% by 2020.

We are pleased to report a successful quarter for Sparkling beverages, which grew by 4.7% despite a strong prior-year period with 2.7% volume growth. We saw good performances across all markets apart from Italy, Nigeria and Switzerland. Within Sparkling beverages, the low- and no-calorie variants grew by 25.9% in the quarter - much faster than the full-sugar variants, which grew by 2.1%.

Water volume grew by 2.2%, following 7.4% in the prior-year period. This performance was driven by 10.0% growth in the Developing segment, mainly in Poland, owing to increased activation and very good summer weather. Water grew by 2.2% in the Established segment, with volume growth in all countries apart from Austria and Ireland.

Juice declined in the quarter by 0.2%, driven by lower volume in Established and Emerging segments, mainly Russia. The Developing segment on the other hand, grew strongly at 8.1%, with positive results in all countries apart from Croatia and Slovenia.

Energy maintained its good momentum and grew by 31.7% in the quarter, following 24.1% in the prior-year quarter. Monster volumes grew organically by 47.2% and Burn by 17.3%.

In Ready-to-Drink Tea, we continue to build on the launch of FUZE Tea in January 2018. In only three quarters, FUZE Tea has revitalised the category, and achieved 0.4% growth in the third quarter. In light of performance so far, we are now optimistic that the RTD tea category can achieve growth in its first year of transition from Nestea to FUZE Tea.

Supplementary information

Group	Third quarter 2018	Third quarter 2017	% Change	Nine months 2018	Nine months 2017	% Change
Volume (m unit cases)	615.7	591.0	4.2%	1,683.1	1,611.9	4.4%
Net sales revenue (€ m)	1,868.5	1,822.0	2.6%	5,096.8	5,035.4	1.2%
Net sales revenue per unit case (€)	3.03	3.08	-1.6%	3.03	3.12	-3.1%
FX-neutral net sales revenue (€ m)	1,868.5	1,788.1	4.5%	5,096.8	4,821.1	5.7%
FX-neutral net sales revenue per unit case ¹ (€)	3.03	3.03	0.3%	3.03	2.99	1.2%
Established markets						
Volume (m unit cases)	178.8	179.0	-0.1%	480.7	478.2	0.5%
Net sales revenue (€ m)	689.2	693.9	-0.7%	1,896.6	1,896.0	-
Net sales revenue per unit case (€)	3.85	3.88	-0.6%	3.95	3.96	-0.5%
FX-neutral net sales revenue (€ m)	689.2	692.8	-0.5%	1,896.6	1,876.4	1.1%
FX-neutral net sales revenue per unit case ¹ (€)	3.85	3.87	-0.4%	3.95	3.92	0.6%
Developing markets						
Volume (m unit cases)	123.9	111.3	11.3%	329.3	299.9	9.8%
Net sales revenue (€ m)	387.8	345.1	12.4%	1,003.8	902.5	11.2%
Net sales revenue per unit case (€)	3.13	3.10	0.9%	3.05	3.01	1.3%
FX-neutral net sales revenue (€ m)	387.8	339.9	14.1%	1,003.8	900.6	11.5%
FX-neutral net sales revenue per unit case ¹ (€)	3.13	3.05	2.5%	3.05	3.00	1.5%
Emerging markets						
Volume (m unit cases)	313.0	300.7	4.1%	873.1	833.8	4.7%
Net sales revenue (€ m)	791.5	783.0	1.1%	2,196.4	2,236.9	-1.8%
Net sales revenue per unit case (€)	2.53	2.60	-2.9%	2.52	2.68	-6.2%
FX-neutral net sales revenue (€ m)	791.5	755.4	4.8%	2,196.4	2,044.1	7.5%
FX-neutral net sales revenue per unit case ¹ (€)	2.53	2.51	0.7%	2.52	2.45	2.6%

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:

	Third quarter 2018	Third quarter 2017	% Change	Nine months 2018	Nine months 2017	% Change
NARTD						
Volume (m unit cases) ¹	615.0	590.3	4.2%	1,681.4	1,610.2	4.4%
Net sales revenue (€ m)	1,823.2	1,767.5	3.2%	4,973.0	4,891.6	1.7%
Net sales revenue per unit case (€)	2.96	2.99	-1.0%	2.96	3.04	-2.6%
FX-neutral net sales revenue (€ m)	1,823.2	1,735.7	5.0%	4,973.0	4,684.6	6.2%
FX-neutral net sales revenue per unit case (€)	2.96	2.94	0.8%	2.96	2.91	1.7%
Premium Spirits						
Volume (m unit cases) ¹	0.658	0.687	-4.2%	1.737	1.739	-0.1%
Net sales revenue (€ m)	45.3	54.5	-16.9%	123.8	143.8	-13.9%
Net sales revenue per unit case (€)	68.84	79.33	-13.2%	71.27	82.69	-13.8%
FX-neutral net sales revenue (€ m)	45.3	52.4	-13.5%	123.8	136.5	-9.3%
FX-neutral net sales revenue per unit case (€)	68.84	76.27	-9.7%	71.27	78.49	-9.2%
Total						
Volume (m unit cases) ¹	615.7	591.0	4.2%	1,683.1	1,611.9	4.4%
Net sales revenue (€ m)	1,868.5	1,822.0	2.6%	5,096.8	5,035.4	1.2%
Net sales revenue per unit case (€)	3.03	3.08	-1.6%	3.03	3.12	-3.1%
FX-neutral net sales revenue (€ m)	1,868.5	1,788.1	4.5%	5,096.8	4,821.1	5.7%
FX-neutral net sales revenue per unit case (€)	3.03	3.03	0.3%	3.03	2.99	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.

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 approximately 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 has been listed in the Dow Jones Sustainability Indices since 2008, and ranked among the top beverage companies in the Global and European indices for the past four years. Coca-Cola HBC is also included in the FTSE4Good Index, rated "AAA" on the MSCI ESG index, rated "A" for Climate and Water by CDP and listed on the Sustainalytics and Vigeo rankings.

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 will host a conference call for investors and analysts to discuss the trading update for the third quarter of 2018 on Thursday, 8 November 2018 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 event

14 February 2019

Full-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 2018 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 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 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)

	Third quarter 2018			
	Established	Developing	Emerging	Consolidated
Net sales revenue	689.2	387.8	791.5	1,868.5
Currency impact	-	-	-	-
FX-neutral net sales revenue	689.2	387.8	791.5	1,868.5
Volume (m unit cases)	178.8	123.9	313.0	615.7
FX-neutral net sales revenue per unit case (€)	3.85	3.13	2.53	3.03

	Third quarter 2017			
	Established	Developing	Emerging	Consolidated
Net sales revenue	693.9	345.1	783.0	1,822.0
Currency impact	(1.1)	(5.2)	(27.6)	(33.9)
FX-neutral net sales revenue	692.8	339.9	755.4	1,788.1
Volume (m unit cases)	179.0	111.3	300.7	591.0
FX-neutral net sales revenue per unit case (€)	3.87	3.05	2.51	3.03

	Nine months 2018			
	Established	Developing	Emerging	Consolidated
Net sales revenue	1,896.6	1,003.8	2,196.4	5,096.8
Currency impact	-	-	-	-
FX-neutral net sales revenue	1,896.6	1,003.8	2,196.4	5,096.8
Volume (m unit cases)	480.7	329.3	873.1	1,683.1
FX-neutral net sales revenue per unit case (€)	3.95	3.05	2.52	3.03

	Nine months 2017			
	Established	Developing	Emerging	Consolidated
Net sales revenue	1,896.0	902.5	2,236.9	5,035.4
Currency impact	(19.6)	(1.9)	(192.8)	(214.3)
FX-neutral net sales revenue	1,876.4	900.6	2,044.1	4,821.1
Volume (m unit cases)	478.2	299.9	833.8	1,611.9
FX-neutral net sales revenue per unit case (€)	3.92	3.00	2.45	2.99