



## COCA COLA HBC AG

### Investment Thesis

Following the announcement of Q1-2019 results, we upgrade Coca Cola HBC (CCHBC) fair estimated price from €29.00 to €32.00. We maintain our positive view on Coca Cola HBC due to its healthy balance sheet, strong free cash flow generation, the diverse geographical source of earnings, as well as its unique and broad portfolio of brands. In addition the recent acquisition of Costa Coffee by The Coca-Cola Company, the large emerging / developing market footprint and the cost cutting initiatives consists of the main upside risks in our view. Key downside risks are related to economic conditions in the markets that firm has exposure, FX fluctuations and the expansion / evolution of private label and national brands in the countries that the group has presence. The main catalysts which could increase the fair value of the company, is the acquisition of new brands, the expansion franchise agreement with Coca-Cola in new countries and also the development of new products in the NARTD industry. Furthermore, we believe that the management which had a long record of delivering excellent results in the past, has the capabilities of implementing successfully the new strategic targets of the group for the period 2019-2025.

### Q1-2019 Trading Update

Despite the Easter effect, the group continued to deliver satisfactory results. Total Net Revenues stood at €1,413mn, recording a 4,4% yoy increase, group volumes increased by 3.5% while net sales revenue per unit case increased by 0.8%.

<b>Date</b>	<b>14/6/2019</b>
<b>Fair Estimated Price (€)</b>	<b>32,00</b>
Investment Thesis	FV
Bloomberg Ticker	EEEr
Reuters Ticker	EEE GA
Closing Price	32,70
Low/High price 52w	25,05 / 33,50
Market Cap (€mn)	12.182
EPS (2019F)	1,34
P/E (x)	23,8
DPS (2019F)	2,45
Dividend Yield %	7,5%

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## Special Dividend

The Board has decided to propose an ordinary dividend of €0.57 per share and also a special dividend of €2.00 per share at the AGM of shareholders on June 18, 2019. In addition in the forthcoming AGM the Board will propose the reduction of the share capital of Coca-Cola HBC AG, cancelling 3,24mn of treasury shares which accounts approximately 0.9% of the total outstanding shares.

## Valuation

We value CCHBC at €32.00 per share through a DCF exercise. We apply a WACC of 8.0% with a risk free rate of 6.5% reflecting the high exposure of the group in emerging and developing markets. Although we believe that CCH's medium – long term prospects remain intact, our analysis and assumptions are conservative in order to reflect the risks associated with the markets where CCH is active. Overall, we remain positive, as we feel that even in a slower growth in the beverage sector, CCH's defensive characteristics and sound strategy will enable it to absorb any shocks quicker than its competitors.

<b>Summary Financials</b>				
<b>(€ mn)</b>	<b>2017A</b>	<b>2018A</b>	<b>2019F</b>	<b>2020F</b>
<b>Profit &amp; Loss Items</b>				
Total Net Revenues	6.522	6.657	6.990	7.339
EBIT	590	639	720	802
Net Income	427	448	499	556
<b>Balance Sheet Items</b>				
Total Assets	6.630	6.854	6.529	6.983
Cash at Hand	724	712	487	976
Total Equity	3.012	3.116	2.659	2.992
<b>Cash Flow Items</b>				
Operating Cash Flow	777	905	941	1.112
Free Cash Flow	255	358	531	712
<b>Key Financial Ratios</b>				
Revenue Growth	4,9%	2,1%	5,0%	5,0%
EBIT margin %	9,0%	9,6%	10,3%	10,9%
EPS	1,14	1,20	1,34	1,49
DPS	0,43	0,53	2,57	0,60
Dividend Yield	1,6%	2,0%	7,8%	1,8%
ROE	14,2%	14,4%	18,8%	18,6%
P/E (x)	23,8	22,5	24,4	21,9



18/6/2019

**Ρήτρα Περιορισμού Ευθύνης:**

Απαγορεύεται η αναδημοσίευση του παρόντος χωρίς την άδεια της Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗΣ Α.Ε.Π.Ε.Υ. Οι απόψεις που περιέχονται βασίζονται σε πηγές που θεωρούνται αξιόπιστες, ωστόσο η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. δεν ευθύνεται για την εγκυρότητα, ορθότητα ή αξιοπιστία τους και διατηρεί το δικαίωμα αλλαγής τους χωρίς πρότερη ειδοποίηση. Τόσο η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. όσο και οι διευθύνοντες και υπάλληλοι της δεν φέρουν ουδεμία ευθύνη για οποιαδήποτε συνέπεια των πληροφοριών αυτών. **Το παρόν δεν αποτελεί προσφορά, προτροπή ή επενδυτική πρόταση για αγορά ή πώληση μετοχών ή άλλων κινητών αξιών. Οι επενδύσεις που αναφέρονται ενδέχεται να μην είναι οι ενδεικνυμένες για ορισμένους επενδυτές.**

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**Σημειώσεις/Notes**

P:	Τρέχουσα Τιμή	Market Price
MCAP:	Κεφαλαιοποίηση	Capitalization
EPS:	Καθαρά Κέρδη Ανά Μετοχή	Earnings per Share
P/E:	Λόγος Τιμής προς Κέρδη	Price/Earnings Ratio
P/S:	Λόγος Τιμής προς Πωλήσεις	Price/Sales Ratio
D/A:	Συνολικός Δανεισμός προς Παθητικό	Total Debt/Assets Ratio
DY:	Απόδοση Μερισμάτων	Dividend Yield
ROE:	Απόδοση Ιδίων Κεφαλαίων	Return on Equity
FV:	Τιμή Σοστής Αποτίμησης	Fair Value Price

**Οδηγός Συστάσεων/Ratings**

<b>UV</b>	Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος	Underpriced/ Small Risk Stock Price < 20% of Fair
<b>UV1</b>	Χαμηλή Αποτίμηση/ Κίνδυνος	Underpriced/ Risk Stock Price < 10% of Fair
<b>FV</b>	Σοστή Αποτίμηση/ Χαμηλός Κίνδυνος	Fairly Priced/ Small Risk 10% < Stock Price < 10%
<b>OV1</b>	Σοστή Αποτίμηση/ Κίνδυνος	Fairly Priced/ Risk Stock Price > 10% of Fair
<b>OV</b>	Υπερτιμημένη Μετοχή	Overvalued Stock Price > 20% of Fair
<b>N/R</b>	Μη Αποτιμημένη Μετοχή	Not Rated

