



Company: Coca Cola Hellenic Bottling Company Reason: Upgrade

Investment Thesis

Our valuation precedes, yet again, the stock's behavior. Last November, with the stock at €19,75 we pointed to €27. On February'21 while the stock was at €26,71 we targeted €30,50. Now we are pointing to €33,9, mainly due to goals having been achieved earlier than previously forecasted.

Coca Colla Hellenic Bottling Company has already surpassed the 2019 revenue levels, and is on track to record an incremental 20bps to 30bps of EBIT margin as the management promised. With the exception of the Polish market, 3Q21 volume levels surpassed the 3Q19 numbers. In Poland, volumes decreased, but revenues were up as prices increased by 25-35% to recoup the new sugar tax.

The company is responding to the increase of input costs impressively. Top line results show that they have the analytics capacity to accomplish price increases and simultaneously gain market share instead of losing it to competitors.

We are revising upwards our target price and we are confident that the superior pricing management, opex discipline, growth opportunities in low sugar sparkling, adults sparkling, coffee and single-serve packaging will help Coca Colla HBC be on track with its roadmap.

Valuation

The ballance between upside and downside potential remains compelling: Assuming only 1% perpetual growth COCA COLA Hellenic Bottling Company is valued at €33,9 per share through a FCFexercise with an applied WACC of 5.73% (+14% upside potential). Even assuming no perpetual growth, the resulting target price is €28,60 (-5,0% from current levels).

Our assumptions for CAPEX remains unchanged. On the other hand we have revised upwards our EBIT margin estimates. Having evidenced the management's ability to mitigate costs increases, we feel comfortable to support the management's outlook for an average EBIT margin increase of 20 to 40bps.

| | |
|---------------------------------|----------------------|
| Date | 4/11/2021 |
| Fair Estimated Price (€) | 33,90 |
| Investment Thesis | UV |
| Bloomberg Ticker | EEEr |
| Reuters Ticker | EEE GA |
| Closing Price | 29,73 |
| Low/High price 52w | 19.68 / 32.89 |
| Market Cap (€mn) | 11.019 |
| EPS (2021F) | 1,50 |
| P/E (x) | 19,8 |
| DPS (2021F) | 0,60 |
| Dividend Yield % | 2,0% |



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For important disclosure information, please refer to the disclaimer page of this report.

All N. Chrysochoidis Stock Brokerage I.S.S.A. research is available on the company website and FactSet.



| Summary Financials | | | | | |
|--------------------------------|-------|--------|-------|-------|-------|
| (€ mn) | 2019A | 2020A | 2021F | 2022F | 2023F |
| Profit & Loss Items | | | | | |
| Total Net Revenues | 7.026 | 6.132 | 7.070 | 7.303 | 7.544 |
| EBIT | 726 | 661 | 780 | 817 | 844 |
| Net Income | 500 | 415 | 557 | 587 | 607 |
| Balance Sheet Items | | | | | |
| Total Equity | 2.700 | 2.631 | 2.965 | 3.328 | 3.713 |
| Cash Flow Items | | | | | |
| Operating Cash Flow | 871 | 995 | 877 | 1.043 | 1.138 |
| Free Cash Flow | 388 | 460 | 347 | 532 | 610 |
| Key Financial Ratios | | | | | |
| Revenue Growth | 5,5% | -12,7% | 5,0% | 5,0% | 5,0% |
| EBIT margin % | 10,3% | 10,8% | 11,0% | 11,2% | 11,2% |
| EPS | 1,37 | 1,14 | 1,50 | 1,58 | 1,64 |
| DPS | 2,57 | 0,62 | 0,60 | 0,60 | 0,60 |
| ROE | 18,5% | 15,8% | 18,8% | 17,6% | 16,4% |
| P/E (x) | 19,7 | 26,5 | 19,8 | 18,8 | 18,2 |

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Σημειώσεις/Notes

| | | |
|-------|-----------------------------------|-------------------------|
| P: | Τρέχουσα Τιμή | Market Price |
| MCAP: | Κεφαλαιοποίηση | Capitalization |
| EPS: | Καθαρὰ 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 Μερισίματος | Dividend Yield |
| ROE: | Απόδοση Ίδιων Κεφαλαίων | Return on Equity |
| FV: | Τιμή Σωστής Αποτίμησης | Fair Value Price |

Οδηγός Συστάσεων/Ratings

| | | |
|-----|------------------------------------|---------------------------|
| UV | Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος | Underpriced/ Small Risk |
| UV1 | Χαμηλή Αποτίμηση/ Κίνδυνος | Underpriced/ Risk |
| FV | Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος | Fairly Priced/ Small Risk |
| OV1 | Σωστή Αποτίμηση/ Κίνδυνος | Fairly Priced/ Risk |
| OV | Υπερτιμημένη Μετοχή | Overvalued |
| N/R | Μη Αποτιμημένη Μετοχή | Not Rated |