



Company: Coca Cola Hellenic Bottling Company Reason: Upgrade

Investment Thesis

In our previous analysis, Coca Colla Hellenic Bottling Company was presented with a 36% upside potential that materialized. It was trading at €19,75 and we were targeting €27. The company is indeed checking all the boxes to take advantage of the Lindy effect that validates proven/historic business models. Growth-focused, consumer packaged goods business, operating in 28 markets across Europe, Asia and Africa. It has a strong balance sheet, it recorded a non catastrophic revenue decrease during the pandemic (-12.7% y-o-y), and it managed to produce earnings despite the falling revenues.

We are revising upwards our target price, as the 2020 results confirm the resilience of its business.

With the vaccination rollout, the COVID uncertainty is falling, and it is prudent to expect a 5% annual revenue growth over the next 5 years. This makes the 2023 revenues level equal to the pre-pandemic 2019 level.

Another favoring revision that needs to be made is the falling cost of debt, that is reducing the Weighted Average Cost of Capital by 44bps (from 6,17% to 5,73%).

Valuation

The ballance between upside and downside potential is compelling: Assuming only 1% perpetual growth COCA COLA Hellenic Bottling Company is valued at €30.50 per share through a FCF exercise with an applied WACC of 5.73% (+14% upside potential). Even assuming no perpetual growth the resulting price becomes €25,77 (-3,6% from current levels).

Our analysis assumes that CAPEX will be within the management' s stated range (6.50% - 7.50% of revenue) and that EBIT margin will fall to the 9,9% average (-70bps from FY20). The EBIT margin assumption is not following the management's optimism that they can go +20 to +40bps EBIT margin from here. Worth noting that the Free Cash Flow of 2021 is expected to significantly fall, as the working capital effect that was boosting the 2020 result, will turn negative in 2021.

As far are the running projects are concerned, the Costa Coffee product line has launched smoothly, the Bambi acquisition (Serbia) is proving to be beneficial and the addition of Multon J/V (Russia) is adding value.

The Polish sugar tax and a possible cancellation of Tokyo postponed Olympic games, are not changing the analysis.

Date	19/2/2021
Fair Estimated Price (€)	30,50
Investment Thesis	UV
Bloomberg Ticker	EEEr
Reuters Ticker	EEE GA
Closing Price	26,71
Low/High price 52w	16.99 / 32.55
Market Cap (€mn)	9.722
EPS (2021F)	1,49
P/E (x)	17,7
DPS (2021F)	0,61
Dividend Yield %	2,3%



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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	2020F	2021F	2022F	2023F
Profit & Loss Items					
Total Net Revenues	7.026	6.132	6.438	6.760	7.098
EBIT	726	661	788	827	869
Net Income	500	415	544	571	601
Balance Sheet Items					
Total Equity	2.700	2.631	2.952	3.300	3.678
Cash Flow Items					
Operating Cash Flow	871	995	696	1.040	1.081
Free Cash Flow	388	460	213	567	584
Key Financial Ratios					
Revenue Growth	5,5%	-12,7%	5,0%	5,0%	5,0%
EBIT margin %	10,3%	10,8%	12,2%	12,2%	12,2%
EPS	1,37	1,14	1,49	1,57	1,65
DPS	2,57	0,62	0,61	0,61	0,61
ROE	18,5%	15,8%	18,4%	17,3%	16,4%
P/E (x)	22,0	17,2	20,6	19,6	18,6

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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 Μερίσματος	Dividend Yield
ROE:	Απόδοση Ιδίων Κεφαλαίων	Return on Equity
FV:	Τιμή Σωστής Αποτίμησης	Fair Value Price

Οδηγός Συστάσεων/Ratings

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