



Company: Coca Cola Hellenic Bottling Company Reason: Update

Investment Thesis

We are projecting a €30 target price for Coca Cola Hellenic Bottling Company, a -12% revision from €33.9, presented on November '21, prio to the war in Ukraine.

The group was on a smooth trajectory to meet increased EBIT margin targets, responding efficiently to the rising costs, with targeted price increases, boosting single-serve packages, sparkling, energy and coffee capacity. The invasion crashed all predictions as 20% of 2021 volume was generated in Russia & Ukraine. Markets overreacted, wiping out 40% of the pre-war market capitalization. The low visibility for both the expected 2022 results and the magnitude of capital invested in the region, drove the stock price to the €18 low.

As 12 months have passed since the start of the war, visibility is back. The materialized effect for 2022, is so far a one-off loss of €127M that includes: (a) impairment losses for property, plant and equipment, intangible assets and equity method investments (b) restructuring costs and (c) allowance for expected credit losses and write-offs of inventory. The -28% of lost volume in these countries (143M less unit cases sold in 2022) is more than offset by the consolidation of Egypt that adds 287M unit cases in the group's volume.

Our target price could have been higher. Nevertheless we present our baseline scenario in which an extra write off in Russia & Ukraine during 2023, or impairment of the recent investment in Egypt is propable.

The management appears confident with their portfolio, revenue growth management capabilities, route to market strength, customer-centric commercial strategy, and the capabilities of their people. Their response to the 2022 increase of input costs was impressive. Results are proving that they have the analytics capacity to accomplish price increases and simultaneously gain market share instead of losing it to competitors.

Valuation

The firm is valued at €30 per share through a FCFexercise with an applied WACC of 6.98%, 125bps higher to account for the rising cost of capital. Our assumption for a conservative 1% perpetual growth remains unchanged.

Date	6/3/23
Fair Estimated Price (€)	30,00
Investment Thesis	UV
Bloomberg Ticker	EEEr
Reuters Ticker	EEE GA
Closing Price	24,27
Low/High price 52w	17.60 / 24.85
Market Cap (€mn)	9.031
EPS (2023)	1,70
P/E (2023)	14,3
DPS (2023)	0,81
Dividend Yield %	3,3%



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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)	FY21	FY22	FY23E	FY24E	FY25E
Profit & Loss Items					
Total Net Revenues	7.168	9.198	10.079	10.784	11.425
EBIT	799	704	836	854	870
Net Income	547	415	622	636	648
Balance Sheet Items					
Total Equity	3.117	3.295			
Net Debt	1.276	1.636			
Cash Flow Items					
Operating Cash Flow	765	790	836	854	870
Free Cash Flow	601	645	546	599	662
Key Financial Ratios					
Revenue Growth	16,9%	28,3%	9,6%	7,0%	5,9%
EBIT margin %	10,7%	8,6%	8,3%	7,9%	7,6%
EPS	1,50 €	1,48 €	1,70 €	1,74 €	1,77 €
DPS	0,64 €	0,71 €	0,81 €	0,83 €	0,85 €
P/E (x)		16,4	14,3	14,0	13,8

Ρήτρα Περιορισμού Ευθύνης:

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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 Μερισματος	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