



<b>Share Price:</b>		<b>16,55</b>
Closing Price as 18/08/14		
Price High 52week		23,66
Price Low 52week		16,3
Market capitalisation		6.086.220.960
Current num. of shares		367.747.490
Long Term Debt		1.855.000.000

Key Financials	12/12	12/13	12/14E
Sales	7.044.700.000	6.874.000.000,00	6.456.104.000,00
EBITDA	749.000.000	748.800.000,00	732.366.240,00
EBITDA margin	11%	11%	11%
Total Debt/Equity	0,31	0,33	0,32
P/E	30,24	30,24	31,14
EPS	0,50	0,60	0,52
Dividend/Share	N/A	N/A	0,35

<b>Enterprise Value</b>	9.828.231.603
<b>Shareholders value</b>	7.973.231.603

**COCA COLA HBC**  
**Sector: Foods-Beverages**

**Activity:** Production, sale and distribution of soft drinks, particular those of the Coca-Cola company, and other fruit juices, mineral waters, etc.

**Outlook:**

We downgrade HBC's target price at 21,70 euros/share from 24,25 due to the serious reduction in Emerging Markets Sales (-8 million cases, -137 million euros) which the Company expects to continue in a weaker scale for FY15.

However, we retain our Investment Thesis, (UV), incorporating the Operating Efficiency of the Group and a possible turnaround in Emerging Markets Sales from 2016 and on.

Coca Cola H.B.C presented its HY14 Financial Results on 08/07/14 where the reduction in the volume of sales (measured in millions of cases) in the three main geographical areas which the Group operates, the highest price per box (unit cases/sales) compared to the HY13 and the improvement in operating expenses were the most important elements. In addition, the geopolitical tension in Russia and Ukraine has decelerated the 6% CAGR in the Emerging Geographical Sector.

Although we had followed the Group's guidance for declining sales in Established and Developing Sector Markets we could not estimate the reduction in Emerging markets Sector properly. Having included these facts we re-estimate HBC's fair estimated price at 21 euros/share from 24.25 euros/share in our previous analysis incorporating further Sales deceleration for FY15, improved Operating margin and FY14 restructuring costs in line with Groups guidance.

**Strengths:**

We view the ongoing restructuring project in line with management's expectations.

Operating margin improvement.

We incorporate in our model a better risk profile due to the relocation of the company. Accordingly we have used a 9,5% discount factor as a result of the lower risk premiums in the markets which Coca Cola HBC operates deriving a lower cost of capital than the one previously used.

**Weaknesses:**

The liquidity ratio has deteriorated (Total bank Debt/Equity at 0,33 from 0,32).

Deceleration in sales towards Established and Developing markets.

Significant deceleration in Emerging Markets due to Geopolitical Crisis.

Current Market Cap. implies high P/E and P/BV multiples (even by Coca Cola's HBC historical multiples)

**Please note that the current valuation is extremely sensitive to the discount factors utilized in our model.**

**Date** 19/8/2014

<b>FAIR ESTIMATED PRICE</b>	<b>21,70</b>
<b>Δ% from Current Price</b>	<b>31%</b>
<b>Investment Thesis</b>	<b>UV</b>

## Coca Cola HBC Summary tables

Income Statement	2011	2012	2013	2014E	2015E
Established Countries	2.807.000.000,00	2.701.800.000,00	2.485.656.000,00	2.488.808.000,00	2.439.031.840,00
Developing Countries	1.161.500.000,00	1.148.100.000,00	1.113.657.000,00	1.061.376.000,00	1.029.534.720,00
Emerging Countries	2.885.800.000,00	3.194.800.000,00	3.226.748.000,00	2.905.920.000,00	2.731.564.800,00
Total Sales	<b>6.854.300.000,00</b>	<b>7.044.700.000,00</b>	<b>6.826.061.000,00</b>	6.456.104.000,00	6.200.131.360,00
Cost of goods	<b>4.258.800.000,00</b>	<b>4.522.200.000,00</b>	<b>4.368.679.040,00</b>	<b>4.196.467.600,00</b>	<b>3.968.084.070,40</b>
Gross Profit	2.595.500.000,00	2.522.500.000,00	2.457.381.960,00	2.259.636.400,00	2.232.047.289,60
Operating Expenses	<b>2.055.600.000,00</b>	<b>2.078.100.000,00</b>	<b>1.979.557.690,00</b>	1.872.270.160,00	1.798.038.094,40
Impairment of intangible assets	0,00	0,00	0,00	0,00	0,00
Restructuring costs	<b>71.500.000,00</b>	<b>106.700.000,00</b>	<b>50.000.000,00</b>	<b>45.000.000,00</b>	<b>60.000.000,00</b>
Non-recurring items	0,00	0,00	0,00	0,00	0,00
EBITDA	<b>846.300.000,00</b>	<b>749.000.000,00</b>	<b>817.824.270,00</b>	732.366.240,00	744.009.195,20
Depreciation	377.900.000,00	411.300.000,00	390.000.000,00	390.000.000,00	370.000.000,00
EBIT	<b>468.400.000,00</b>	<b>337.700.000,00</b>	<b>427.824.270,00</b>	342.366.240,00	374.009.195,20
Interest	<b>95.200.000,00</b>	<b>90.700.000,00</b>	<b>90.000.000,00</b>	<b>90.000.000,00</b>	<b>90.000.000,00</b>
EBT	373.200.000,00	247.000.000,00	337.824.270,00	252.366.240,00	284.009.195,20
Taxation	<b>98.800.000,00</b>	<b>65.200.000,00</b>	<b>87.834.310,20</b>	<b>60.567.897,60</b>	<b>73.842.390,75</b>
Net Income	<b>274.400.000,00</b>	<b>181.800.000,00</b>	<b>249.989.959,80</b>	191.798.342,40	210.166.804,45

## Cash flow estimations (E)

	2013	2014E	2015E
EBIT	429.200.000,00	387.366.240,00	434.009.195,20
Taxation	25%	25%	25%
NOPAT	320.183.200,00	288.975.215,04	323.770.859,62
Depreciation	375.100.000,00	390.000.000,00	370.000.000,00
Capital Exp.	300.000.000,00	300.000.000,00	300.000.000,00
IWC	22.708.000,00	7.110.880,00	17.000.000,00
NCF	372.575.200,00	371.864.335,04	376.770.859,62

## Growth/Margins/Metrics(E)

	12/12	12/13	12/14E
Sales Growth	3%	-3%	-6%
EBITDA growth Y-Y	-11%	9%	-
Net Profit/Loss growth	-34%	38%	-
<b>RATIOS</b>	<b>12/12</b>	<b>12/13</b>	<b>12/14E</b>
Debt/Equity	0,31	0,32	0,73
Capex/EBITDA	27%	43%	41%
ROE	0,06	0,09	0,07
WACC	5,89%	5,89%	5,89%
<b>VALUATION</b>	<b>12/12</b>	<b>12/13</b>	<b>12/14E</b>
Book Value	8,15	7,80	7,80
P/BV	1,84	2,72	2,78
P/E	30,24	31,14	31,14

## Σημειώσεις/Notes

P: Τρέχουσα Τιμή  
MCAP: Κεφαλαιοποίηση  
EPS: Καθαρά Κέρδη Ανά Μετοχή

P/E: Λόγος Τιμής προς Κέρδη  
P/S: Λόγος Τιμής προς Πωλήσεις  
D/A: Συνολικός Δανεισμός προς Παθητικό

DY: Απόδοση Μερισμάτων  
ROE: Απόδοση Ιδίων Κεφαλαίων  
P/E: Λόγος Τιμής προς Αποτίμησης

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## Οδηγός Συστάσεων/Ratings

**UV** Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος  
**UV1** Χαμηλή Αποτίμηση/ Κίνδυνος  
**FV** Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος  
**OVI** Σωστή Αποτίμηση/ Κίνδυνος  
**OV** Υπερτιμημένη Μετοχή

Underpriced/ Small Risk  
Stock Price < 20% of Fair  
Underpriced/ Risk  
Stock Price < 10% of Fair  
Fairly Priced/ Small Risk  
10% < Stock Price < 10%  
Fairly Priced/ Risk  
Stock Price > 10% of Fair  
Overvalued  
Stock Price > 20% of Fair