EQUITY RESEARCH (FUNDAMENTALS)

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Equity Research Department

COCA COLA HBC.

Date: 27/08/18

FAIR ESTIMATED PRICE: **29.00Euros/Share**

Investment Thesis: **FV**

Outlook:

We retain Coca Cola HBC's Fair Estimated Price to 29.00Euros/Share, on the back of satisfactory Half Year 2018 results.

HY'18 results showed that the company succeeded in obtaining a strong revenue growth –in terms of FX neutral revenues- and satisfactory operating earnings confirming its efforts towards operating efficiency.

All the geographical operating segments demonstrated growth in terms of volumes sold.

Operating profitability marked a double digit growth from the previous period due to the decline in operating expenses and the favorable product mix.

Bottom line profitability came up at 217,10mn.Euros, 13% up from the previous period.

Key Statistics:

VALUATION	27/8/2018
Share Price	29,61
Price High 52 week	31,90
Price Low 52 week	24,99
Current num. of shares	371.365.550
P/E	28
Market Cap.	10.996.133.936
EPS (Trailing)	0,59
DPS (FY17)	0,54
**Closing Price as 24/08/2018*	

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COCA COLA HBC

Coca Cola's HBC HY18 consolidated results were characterized by the substantial revenue and cases volume sold growth, the further reduction of operating expenses and the FX volatility that affects the first semester's results.

Accordingly, the unit cases volumes for the three geographical units increased with a more favorable package mix as evidenced by the increase in unit cases sold, but the substantial volatility of Nigerian and Russian currencies led to lower revenue per case and decreased revenues for the Emerging markets sector. In the Developing market sector the unit cases sold were 8.90% higher than the previous year reflecting the positive trend in Water and Sparkling Beverages sales. In terms of operating performance the company still reaps the profits of the efforts towards operating efficiency as demonstrate 90 basis points lower operating expenses, a fact that enhances the FCFF and the fundamental value of the company in combination with the Net profitability.

Understandably, we are satisfied by HBC's performance as we notice the reversal in the downward trend for the majority of its markets and products (Water and Sparkling Beverages) and the further stabilization in the macroeconomic environment for the markets of Nigeria and Russia, paired with the ongoing improvement in operating and profitability margins respectively.

We decide to keep the key assumptions in our valuation model as previously stated in our FY17 update as we believe that HBC's HY 18 confirm our expectations regarding the ongoing revenue growth, operating efficiency and strong FCFF generation.

In closing remarks we consider Coca Cola HBC's as the most valuable pick among the Hellenic Equities universe, we are satisfied from the share's operating performance and we consider it as an attractive investment case with further growth prospects.

FINANCIAL SUMMARY AND VALUATION TABLES

Table I: Income Statement

Income Statement	2017A	2018E	2019E	2020E	2021E
Sales	6.522.000.000,00	6.749.852.020	6.876.535.513	7.032.971.869	7.282.105.078
COGS	-4.083.000.000,00	- 4.252.406.773	- 4.332.217.373	- 4.489.145.944	- 4.648.167.671
Gross Profit	2.439.000.000,00	2.497.445.247	2.544.318.140	2.543.825.925	2.633.937.407
OPEX	- 1.849.200.000	- 1.923.707.826	- 1.959.812.621	- 2.004.396.983	- 2.119.820.788
Impairments	-	-	-	-	-
Restructuring Expenses		- 25.000.000	- 25.000.000	- 25.000.000	- 25.000.000
Non-Recurring					
EBITDA	906.600.000	886.230.023	903.332.294	866.077.536	886.719.556
D&A	- 316.800.000	- 337.492.601	- 343.826.776	- 351.648.593	- 397.602.937
EBIT	589.800.000,00	548.737.422	559.505.519	514.428.942	489.116.618
Interest Expenses	- 36.700.000	- 37.660.700	- 37.660.700	- 37.660.700	- 37.660.700
P/L from Assoc.	11.800.000	18.000.000	18.000.000	18.000.000	18.000.000
EBT	564.900.000	529.076.722	539.844.819	494.768.242	469.455.918
Taxes	-138.400.000,00	-129.623.796,82	-132.261.980,56	-121.218.219,37	-117.363.979,62
Net Income/Loss	426.500.000	399.452.925	407.582.838	373.550.023	352.091.939

Source: Company's statements, N.Chryssochoidis Research Department estimates.

Table II: Cash Flows

Cash Flow estimations (E)	2017A	2018E	2019E
EBIT	589.800.000,00	548.737.421,70	559.505.518,62
Taxation (1-Tax Rate)	76%	76%	76%
NOPAT	445.299.522,04	414.296.753,38	422.426.666,56
Depreciation	316.800.000,00	337.492.601,00	343.826.775,66
Capital Exp.	377.000.000,00	371.241.861,10	378.209.453,23
IWC	13.200.000,00	38.269.442,08	- 5.327.027,38
NCF	**371.899.522,04**	**342.278.051,21**	**393.371.016,38**

Source: Company's statements, N.Chryssochoidis Research Department estimates

Table III: Valuation Metrics

Growth	12/17A	12/18E	12/19E
Sales growth	4,87%	3,49%	1,88%
EBITDA growth	8,10%	-2,25%	1,93%
Net Profit/Loss growth	4,87%	-6,34%	2,04%
RATIOS	**12/17A**	**12/18E**	**12/19E**
Debt/Equity	0,16	0,16	0,16
Capex/EBITDA	42%	42%	42%
ROE	14%	14%	14%
WACC	5,27%	5,27%	5,27%
VALUATION	**12/17A**	**12/18E**	**12/19E**
Book Value	8,22	8,22	8,22
P/BV	3,60	3,60	3,60
P/E	27	27	27

Source: Company's statements, N.Chryssochoidis Research Department estimates

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 ενδεδειγμένες 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 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