

Research Report of Coca Cola Hellenic BC S.A.

Maria Dimitriou*
University of Macedonia, Greece

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Coca-Cola HBC S.A.
Food & Beverages Industry: Alcohol-free beverage

Ticker: ● EEEK: Athens Exchange

Recommendation: ● Accumulate

Price: ● 12,5 € (as of 12/01/2012)

Price Target: ● 14,57 €

Market Profile (as of 01/12/2012)

Market Capitalization	4,57 billion EUR
Shares Outstanding	363,11M
Main Shareholders:	
The Coca Cola Company	23%
Kar-Tess Holding S.A.	23%
Free Float	54%
Opening and Closing Price	2.76 - 12.5 / -2.04%
52-Week Range	11.1 - 22.1
Volume / 30-Day Average	278.54K / 192.80K

	2008	2009	2010	2011E	2012E	2013E	2014E
Net sales (€ M)	6980,7	6543,6	6793,6	6827,6	6895,8	6999,3	7139,3
EBITDA (€ M)	1039,0	1019,3	1046,5	889,6	902,9	925,5	962,5
Net Income (€ M)	227,6	399,2	423,2	321,6	328,1	334,6	348,0
Earnings per share (€)	0,62	1,09	1,16	0,89	0,91	0,94	0,98
Dividends per share (€)	0,25	0,28	0,30	0,23	0,24	0,24	0,25

Highlights

- **We initiate coverage of Coca Cola Hellenic with an accumulate rating and a target price of 14,57 €, that offers a 16,56% upside from current stock price as of 12/01/2012.** CCHBC is the largest European manufacturer of beverages and one of the leading players in sparkling category in Europe and West Africa. After the successful turnaround of its business, and the recent downturn of the central-Western European and the Balcan economies, CCHBC's main growth drivers are differentiation by new innovative healthier products and reduction of the operation cost.
- **CCHBC will grow revenues and margins** as there are improvements in economic conditions to Developing and Emerging Markets in East Europe. Expansion in Russia and Nigeria, the launch of new healthier products, will consolidate volume growth with a 2,3% CAGR from 2011 to 2014. EBITDA margin will increase by 2011-2014 from 13% to 13,5%, also because of efficiency improvements in operations with the SAP Wave II platform in 20 countries.
- **Net financial position is expected to stabilize.** Supported by volume growth and margin expansion, Operating Cash Flow is expected to increase, and OCF to sales ratio to rise from 11,6 in 2011 to 12,2 in 2014. Based on our estimates, CCHBC's net financial position will stabilize around € 2,415.5 M from 2011 to 2014. This will leave CCHBC with ample financial flexibility to expand the production capacity and gain market share.
- **Valuation.** Our valuation methods lead to a target price of 14,57 € by the start of 2012. We think CCHBC may offer long term upside in case it succeeds in executing its 2011-2014 business plan. This will be crucial for CCHBC as the economic crisis impact the demand in its established markets. We evaluate Coca Cola Hellenic by applying two techniques: Discount Cash Flow and Multiple Analysis.
- **Main risks to our target price are:** failure to expand into new markets due to unsuccessful product launches and the increase in the level of competition in current markets. Other risks come from lower than expected growth in Emerging Markets, volatility in exchange rates, and a stronger than expected increase in PET resin, sugar, juice concentrate, and fuel costs.

Forward ratios -Source: personal estimates

	2012E	2013E	2014E
EV/EBITDA	4,4	4,3	4,2
EV/EBIT	8,1	8,0	7,8
EV/Sales	0,6	0,6	0,6
P/E	16,1	15,8	15,2

Relative Performance vs:

Coca-Cola Hellenic (ATHEX)

12m	-37.97 %
3m	-6.51 %
1m	+10.52 %

FTSE Eurotop 300

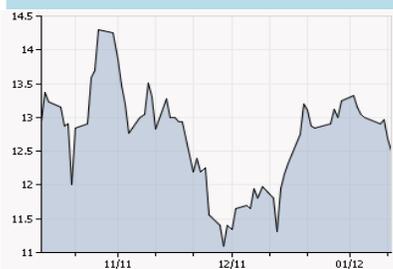
12m	-12.47 %
3m	+5.42 %
1m	+4.72 %

S&P 500

12m	+0.74 %
3m	+7.63 %
1m	+5.69 %

ASE General Index

12m	-56.04 %
3m	-18.15 %
1m	-3.74 %



Source: www.capital.gr

* MSc student in Strategic Managerial Accounting and Financial Management, Department of Accounting and Finance, Postgraduate Studies Program,

School of Business Administration, University of Macedonia, N. Egnatia Str. 156, 54006, Thessaloniki, Greece

E-mail: mdimitriou@uom.gr, mdimitriou@uom.edu.gr, maria.d.dimitriou@gmail.com

Website: <https://www.linkedin.com/in/maria-dimitriou-1b238b63/>, https://www.researchgate.net/profile/Maria_Dimitriou3

Identifiers: Web of Science Researcher ID Y-7232-2019, ORCID 0000-0002-6153-7122

<https://publons.com/researcher/3121758/maria-dimitriou/>, <https://orcid.org/0000-0002-6153-7122/print>

Investment Summary

We initiate coverage of CCHBC with an accumulate rating and a target price of € 14,57, offering a 16,56% upside from the current stock price as of 12/01/2012. Coca Cola HBC is one of the world's largest bottlers of products and the second-largest bottler of The Coca-Cola Company. During the 2008 recession, Coca Cola HBC was able to maintain its margins, mainly thanks to improving economic trends in developing markets and its exposure to Russia and Nigeria.

Management targets to increase revenues from Eastern Europe & Russia and Nigeria primarily through product line expansion, innovation and improvement in operation cost by SAP Wave II platform in twenty countries until 2012 while the reduction of operation cost in established markets will play main role. This strategy is expected to deliver a 2011-2014 Volume in unit cases CAGR of 2,3%, EBITDA CAGR of 2,7%, and EPS CAGR of 3,26 %. Further efficiency in European operations will support margin expansion. The EBITDA margin is expected to increase from 13% in 2010 to 13,5% in 2014.

Our target price of € 14,57, is based on a Discounted Cash Flow and Multiple Analysis. As the group operates in regions with different levels of growth, margins, and risks, our DCF is based on a sum of the parts approach that values separately the main geographic business in each region: Western Europe and both Eastern Europe and West Africa. Also, the Sensitivity analysis values Coca Cola Hellenic at a geographical and aggregate level. Our target price is the base case estimate of the prices resulting from our DCF and our Multiple Analysis.

Main risks are connected to Coca Cola HBC's expansion into new markets: the Group's ability to succeed in entering new markets in Nigeria and Russia is related mainly to the success of new product launches; besides, the high margins of these markets could be negatively impacted by an increase in rivalry among existing local players as well as the entrance of new competitors and bad weather condition in East Europe. Moreover, a relevant degree of volatility in the Group's net profit is tied to Emerging and Developing Markets' economic growth and their exchange rates with the Euro. Finally, a stronger than expected increase in PET resin, sugar, juice concentrate, and fuel costs could have a direct impact on the Group's operating margins.

Figure: Coca Cola HBC's share price in the last 12 months



Source: <http://www.coca-colahellenic.com>

Valuation

DCF models characteristics	
West Europe Model	Stable growth
East Europe & Russia, Nigeria Model	Two stage Analytic stage Perpetuity

Table 1-Source: personal estimates

We value Coca Cola Hellenic by applying two techniques: Discounted Cash Flow (DCF) and Multiple Analysis. The DCF model is based on a sum-of-the-parts approach that values the three main geographic businesses of the company separately. We deem this approach to be appropriate as the Group operates in regions with different levels of growth, margin and risk. The Multiple Analysis is used to correct our results at geographic and aggregate levels.

Discounted cash flow analysis:

Our DCF values Coca Cola Hellenic at € 11,12 per share for the start of 2012. We estimate this price with the separate valuation of West European, East European, and Nigerian operations. Figures are broken down across the regions according to the following assumptions:

Sales: Western Europe reaches approximately 28% of total sales by 2014, while Eastern European and Nigeria account for the remaining 72%.

Capex: the € 1.35 bn capex outlined in CCHBC's industrial plan is divided across the regions according to their relative contribution to sales, in line with management's allocation history in the forecast period 2011-2014.

Change in net working capital will increase in 2011-14. We divide the total change in net working capital across regions according to the relative sales growth.

More detailed assumptions are made on each business region, based on the forecasted competitive scenario described below:

In Eastern Europe & Russia, volume and net sales revenues per unit increase because of product line expansion in the juice market and exceptional heat in summer 2010. The EBITDA margin is higher than the company's average but slightly decreasing over time because of competitive pressures by Pepsico after the acquisition of 66% of Russian Wimm-Bill-Dann. As far as the sparkling category is concerned, we do not expect significant margin improvements except from the launch of coca-cola zero and light as there is a trend for healthier beverages.

In Nigeria, sparkling beverages and water category volumes sharply increase as well as the net sales revenues increase along with the EBITDA margin because of the introduction of healthier beverages.

In Western Europe, sparkling beverages volumes and net sales revenues per unit decrease because of declining demand, while a new launch of coca-cola zero and juices growth in volumes sold but lower than expected because of a lower price model and offers in many categories of beverages and juices. EBITDA margin increases because of cost reductions.

Main conclusions of our analysis are that:

-Established Countries are at the moment Coca Cola HBC's cash cow, with high revenue contribution but modest growth potential and that

-The majority of CCHBC's value comes from Established and Emerging Markets. In fact, despite generating small volumes and revenues, operations in Developing markets have an extraordinary growth outlook and limited tax rate (Appendix 1). In emerging markets, Russia, size, and growth combined, is by far the most significant source of value for CCHBC, following by Nigeria even though it is penalized by substitution.

Sensitivity analysis

Variable	DCF Analysis			Sensitivity Analysis	
	Base case estimate	Low estimate	High estimate	Valuation with Low estimate	Valuation with High estimate
Beta	0,85	0,8	0,9	11,26 €	10,98 €
Risk free rate	7%	6%	8%	12,03 €	10,39 €
Equity risk premium	3,40%	3,04%	4,73%	11,37 €	10,31 €
FCFE perpetuity growth rate	0,5%	0%	1%	10,96 €	11,30 €
FCFE 1 st stage growth	1,5%	1,5%	1,5%	11,12 €	11,12 €
FCFE 2 nd stage perpetuity growth	1,0%	0,5%	1,5%	10,78 €	11,49 €

Table 4-Source:personal estimates

Table 4 shows our base case and the highest and lowest reasonable alternative estimates. The column "Valuation with Low Estimate" gives the estimated value of CCHBC based on the low estimate for the variable on the same row of the first column and the base-case estimates for the remaining variables.

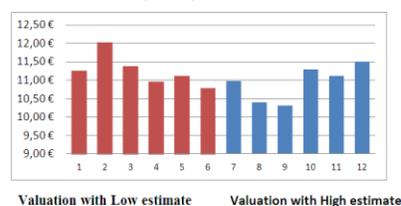
DCF Analysis	
Variable	Base case estimate
Beta	0,85
Risk free rate	7%
Equity risk premium	3,40%
FCFE perpetuity growth rate	0,5%
FCFE 1 st stage growth	1,5%
FCFE 2 nd stage perpetuity growth	1,0%
Cost of Equity	9,9%
Target Price	11,12

Table 2-Source: personal estimates

Assumptions and results of the sum-of-the-parts analysis			
	Western Europe	Eastern Europe	Nigeria
Revenues CAGR	-2,4%		3,7%
Volume CAGR	-3,2%		4,1%
EBITDA margin	2,3%→12,7%		12,8%→13,2%
Tax rate*	43%	13%	25%
Cost of Equity	9,9%		
Equity Value(€ '000)	1309	2553	
Price (€)	3,60	7,02	

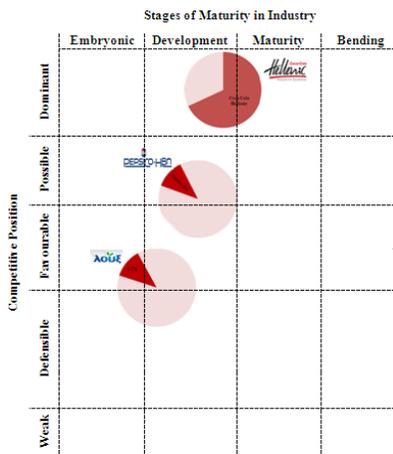
Table 3-Source: personal estimates

Chart of Sensitivity Analysis for Coca Cola Hellenic



“Valuation with High Estimate” performs a similar exercise based on the high estimate for the variable at issue. As the above chart of sensitivity analysis shows, the value of CCHBC is very sensitive to the inputs. Of the four variables presented, the stock valuation is least sensitive to the range of estimates for the equity risk premium and beta. The range of estimates for these variables produces the smallest ranges of stock values (from € 10,31 to € 11,37 for the equity risk premium and € 10,98 to € 11,26 for beta). The stock value is most sensitive to the extreme values for the risk-free rate and the FCFE growth rate.

Figure 1: Life Cycle Matrix and Competitors



Source: personal estimates

Valuation based on comparables

In this section, we calculate a market-based range and a target price by comparing the valuation of companies in the sparkling and still beverage categories with that of Coca Cola HBC.

CCHBC’s peer group. To obtain an accurate market-based valuation, it is critical to identify a set of listed peers that are comparable. Among the currently listed companies, we define three different groups of comparable companies—described in Appendix 3 and 5. Table: (a) the companies that are direct competitors of Coca Cola HBC in Europe are subsidiaries of Pepsico and the growing entry of local competitors, for example, Loux (Greek Anonymous Industrial Trading company) ; (b) those companies whose core business is the production of beverages (sparkling and still beverages portfolio of Pepsico, sparkling beverages and juices portfolio of Loux); and (c) those large corporations whose business is largely diversified such as Pepsico business in food and snacks by 63% and Nestea in food processing by 73%. We conclude that there is no direct comparison for Coca Cola HBC.

As you can see from figure 1, Coca-Cola Hellenic is located in the phase of maturity, as the year’s active in the industry and the wider environment. With regard to its position in the industry, the company is located in a very strong position and is expected to dominate a dominant position.

Global players. Coca Cola HBC (as the second bottler in terms of volume of The Coca Cola Company), Pepsico and Nestle have very different growth rates and profit margins (Appendix 3). To highlight the disparity, we show in the matrix below (figure 2) for each company difference of those two measures from the same measures of Coca Cola HBC. Consequently, it is more realistic to compare Coca Cola HBC to sparkling beverages and juice categories. Yet, they have several different characteristics, such as positioning, market exposure, business diversification and product range, which make them also imperfect companies with which to compare CCHBC. Star-CCHBC has a uniquely diverse geography and the world’s most loved brands-stars that will leave the company very well placed to leverage the opportunities ahead. The ongoing rollout of its occasion-based brand, package, price and channel strategy drove an improved package mix and net sales revenue across the Group that will become the next cash cow and ensure future cash generation. CCHBC generates large amounts of cash because of its strong market positions in 28 countries, but also of its high growth rate in Eastern Europe & Russia in addition to its operations in West Africa (Nigeria).

Multiple Analysis

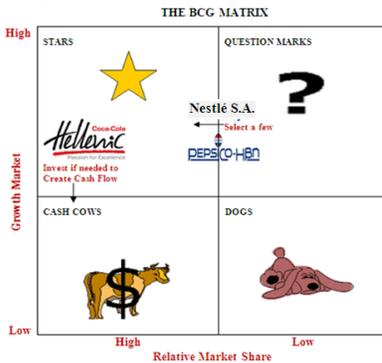
We consider the EV/EBITDA multiple to calculate our target price. We believe the EV/EBITDA to be the most significant multiple as it is a good proxy for cash flows, and on the contrary to EV/EBIT multiple, it is not influenced by differences in accounting of D&A. We also look at the P/E multiples. We estimated the enterprise value of CCHBC’s business to be € 5,251 M. In our DCF valuation Western Europe is 34% of the full Equity Value and Eastern Europe and Nigeria the remaining 66%. We assume the same for Multiple Analysis (Table 5).

A peer of multiple comparison. We also calculate competitors’ multiples to CCHBC, in order to estimate a market-based price range and multiple target price. We started before that CCHBC can be separated into two businesses, based on their geographic exposure. For the sake of this analysis, we assume multiples for the total Market. We estimate EV/EBITDA multiple calculated from market multiples of three multinational companies and assuming that sales being equal and we use the information about their sales to breakdown the EV/EBITDA. We look EV/EBITDA and P/E multiples and derive a price of € 17,52 and € 14,26 respectively (Table 7, Appendix 2).

Conclusions

We estimate a target price € 14,57 that has been obtained from a base case estimate of the prices resulting from our DCF Model and Multiple Analysis (Table 7). Weights are the same. In our opinion, Coca Cola Hellenic offers further upside potential in the medium term, as long as the growth strategy in emerging markets proves to be successful. We believe that the market is still not fully discounting the growth potential from East Europe and Nigeria, but we understand that there is an elevated degree of risk in executing strategy. 2012 results and business updates will be of particular importance to show that CCHBC is able to deliver on growth through especially in East Europe and Russia.

Figure 2:



Source: personal estimates

EV (in €000) and Forward 12m ratios	Total	Western Europe	Eastern Europe and Nigeria
EV	5.251	1.700	3.316
EV/EBIT	10,6	9,8	10,3
EV/EBITDA	5,8	5,5	5,6
EV/Sales	0,8	0,7	0,8
P/E	12,3	4,0	7,8
Target Price	11,12 €	3,60 €	7,02 €

Table 5-Source: personal estimates

	% of Sales from:	
	West Europe	East Europe & Nigeria
Coca-Cola	22%	18%
PepsiCo	8%	11%
Nestlé	5%	5%

Table 6-Source:Euromonitor, personal estimates

Target Price	14,57 €
DCF	11,92 €
Multiple EV/EBITDA	17,52 €
Multiple P/E	14,26 €

Table 7-Source: personal estimates

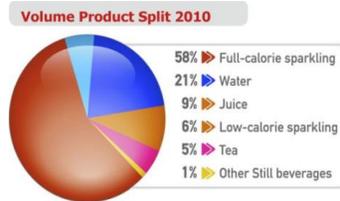
Business Description

Figure 3. Sales and EBITDA Margin (million €)



Source: Company's Annual Report

Figure 4. Diverse product portfolio



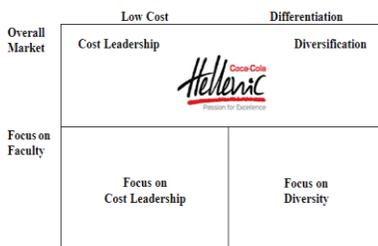
Source: Company's Annual Report (2010)

Figure 5. Diverse country portfolio



Source: Company's Annual Report (2010)

Figure 6. Strategies to Achieve Competitive Advantage



Source: Personal Estimates

Coca-Cola Hellenic began business in Greece in 1969. It was formed in 2000 as a result of the merger of the Athens-based Hellenic Bottling Company and the London-based Coca-Cola Beverages, with headquarters in Athens. Since then, CCHBC has undertaken 10 joint acquisitions. Nowadays, CCHBC is the second-largest bottler of products of The Coca-Cola Company in terms of volume. Its unique portfolio of world-leading brands, a mix of geographies (operations across 28 countries) and market execution capabilities make **Coca-Cola Hellenic a leader in the alcohol-free beverage industry**. The average number of full-time equivalent employees in the first nine months of 2011 was 42,088 (42,725 for the first nine months of 2010). Its two major shareholders are the Kar-Tess Holding S.A., a private holding company, and The Coca-Cola Company. Coca-Cola Hellenic's shares are listed on the Athens Exchange (ATHEX: EEEK), with a secondary listing on the London Stock Exchange (LSE: CCB). Its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE: CCH). It is one of only three beverage companies worldwide to earn a place on the DJSI World index, and one of just two to make it into the DJSI Europe index. In 2010, **Coca Cola Hellenic dominates the market** with increase in net sales revenue 6,794 € million (+4%) while in the first nine months of 2011, net sales revenue grew with a 3% increase in developing markets and a stable performance in established and emerging markets, compared to the same period of the previous year. At the period 2008-2010 Coca Cola Hellenic has an improvement both in EBITDA (+6%) and EBITDA Margin from 14, 91% to 15, 96%.

Product Portfolio. Coca-Cola Hellenic produces markets and sells a diverse range of ready-to-drink nonalcoholic beverages. Its product portfolio consists of:

-Sparkling beverages (64%): The main brands are Coca-Cola, Coca-Cola Light (diet Coke), Fanta and Sprite. The range covers: sugared, 'low sugar' and 'sugar-free' sparkling beverages, in an increasingly diverse range of packaging designed to match today's diverse lifestyles.

-Still beverages (15%): The range covers: **1) Juice beverages (9%)** - The main brands are Amita, Dobry and Cappy, offering in a variety of flavors and convenient packages, **2) Ready-to-drink teas (5%)** - The main brand licensed by Nestea, offering in a variety of flavors, and **3) Energy drinks and Sports drinks** (Burn, illy coffee, powerade) (1%).

-Waters (21%): The main brands are Avra, Lilia, and Bonaqua, offering in a range of flavors and tastes.

Geographic Segments. Coca-Cola Hellenic groups its markets into three following segments:

-Established markets (Austria, Cyprus, Greece, Italy, Northern Ireland, Republic of Ireland, Switzerland): This key market contributed €291 million to the Group's operating profit in 2010, a -11% decrease compared to 2009 and it is expected to decline more in 2011 driven by weak consumer sentiment, austerity measures and taxes in Greece and Italy although there is a low single-digit increase in Switzerland.

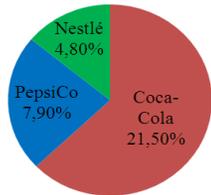
-Developing markets (Baltics (Estonia, Latvia, Lithuania), Croatia, Czech Republic, Hungary, Poland, Slovakia, Slovenia): The most promising area contributed €92 million to the Group's operating profit for 2010, -6% below the prior year and it is expected to decline more in 2011.

-Emerging markets (Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, FYROM, Moldova, Montenegro, Nigeria, Romania, Russia, Serbia, Ukraine): The biggest region in which CCHBC operates contributed €299 million to the Group's 2010 operating profit in 2010, +32% higher than in 2009 and it is expected further growth in 2011 as the economic recovery continues.

CCHBC's Strategy. CCHBC's main growth drivers are both **cost leadership** - being the lowest cost producer while offering products comparable to those of other companies, so that products can be priced at or near the industry average (light-weighting in both PET and glass packages); and **differentiation** - offering unique products (e.g. Coca-Cola Zero) or services (e.g. SAP Wave 2) that are widely valued by buyers so that the company can command premium prices. In the first nine months of 2011, Net Sales Revenue grew ahead of volume with a 3% increase in developing markets and is expected to increase 9% by 2014 while a stable performance in established and slow growth in emerging markets. To support growth in **Developing markets** CCHBC expands its product line with a focus on value-added products with a healthy positioning. Conversely, in **Established markets**, given that the prospects for economic recovery are very negative, CCHBC will try to maintain with new healthier product innovations, marketing and price discounting, new levels of business process efficiency and customer service, perhaps acquisitions of local companies as Loux in Greece. In February 2011, CCHBC sold all its interests in Eurmatik S.r.l., the vending operator in Italy. The disposal of Eurmatik S.r.l resulted in a gain of €0.8 million in the Group's established segment. Finally, in **Emerging markets**, CCHBC is to focus on building brand loyalty, expansion and new product launches. On 20 April 2011, the Group, along with TCCC, acquired through Multon ZAO, the Russian juice joint venture, all outstanding shares of MS Foods UAB, a company that owns 100% of the equity of Vlanpak FE ("Vlanpak"), a fruit juice and nectar producer in Belarus.

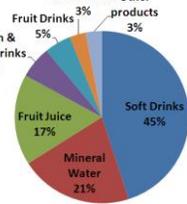
Industry Overview and Competitive Positioning

Figure 7. Top three major players in Europe



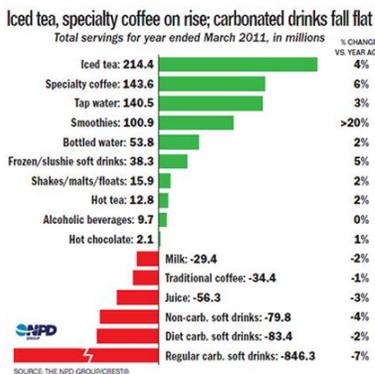
Source: <http://foodmarkets.wordpress.com/2010/10/26/soft-drinks->

Figure 8. Product Market Share



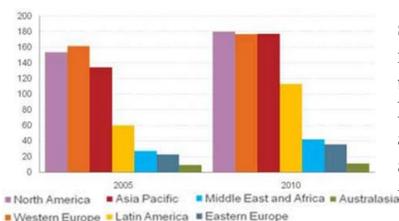
Source: <http://foodmarkets.wordpress.com/2010/10/26/>

Figure 9. Total servings for year ended March 2011, in millions



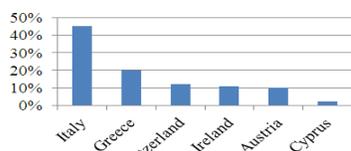
Source: http://www.euromonitor.com/medialibrary/Image/S/D_SoftDrinks2010TrendsandFutureDirections.jpg

Figure 10. Soft drinks value sales in \$ billion, Trend from 2005 to 2010 by region



Source: Recent study by The NPD Group: http://insidепenton.com/nrv/images/CHART_SpecialtyCoffeeTeaRise.jpg

Figure 11: Established markets in West Europe (Volume Split)



Source: Company's Annual Report (2010)

According to Food for Thought (FFT)'s market study, the size of the Soft Drinks & Juices Market in Europe, as this is captured by the 16 largest countries in Europe, was EUR 72.9 bn in 2009, or 6.6% of all food and drink market of EUR 1,111 bn. The Soft Drinks & Juices Market in Europe is highly fragmented. There are 784 companies operating in this market, with the Top-10 companies accounting for c.50% of the total sales. Major players are Coca-Cola with a market share of 21.5%, followed by PepsiCo (7.9%) and Nestlé (4.8%) (Figure 7). The study covers 112 country and 7 product markets, with The Coca-Cola Company, have a leading presence, being present in 57 markets, in 26 of which are covered by Coca-Cola HBC S.A. (following by two markets: Asia (Armenia) and West Africa (Nigeria), CCHBC completes presence in 28 markets). However, the Soft Drinks & Juices Market in Europe is forecast to decline at an average annual real -1.16% during the 2009 - 2012 period, compared to 0.51% for the total food and drink market.

In this section, we analyze the three main markets in which CCHBC operates: Sparkling beverages, Water, and Juices.

Sparkling beverages or Soft Drinks. This market is the largest and most popular product market (among the 7 products currently selected in figure 8), which makes up 45% of the total 2009 Western European soft drinks market or EUR 32.6 bn. Worldwide, the most significant trends of recent years are three: a) the clear trend for balanced diet has turned part of the consumer public by soft drinks to juices and even in the most 'strengthened' by them, b) branded products elbowed by private label that gains small but constantly growing market shares, and c) traditional bottlers who are distinguished for the quality of their products are now trying with more and more ways to reach the general public. The market has opportunities to grow due to innovations for beverages with low calories.

Water. This market is the second-largest product market, accounting for 21% of the Western European total market, or EUR 15.3 bn. Bottled Water performances based on annual real % growth (2010-2011) with +2% (figure 9). Following several years of double-digit growth, bottled water is being hit by the economic crisis. 2009 saw a notable migration towards private labels and a slowdown of volume growth, yet the impact of the crisis was more severe in 2010 when volume sales started to register negative growth with many price-sensitive consumers opting to drink tap water. However, the market has opportunities to grow in Eastern Europe & Russia, due to two main factors: increasing disposable incomes and the bad quality of tap water.

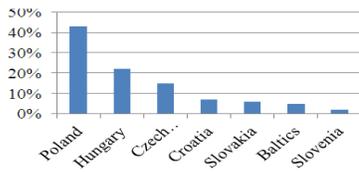
Juices. This market is the third-largest product market, accounting for 17% of the Western European total market, or EUR 12.7 bn. The decline in the juice category slowed to mid-single-digits in 2011 as there are many private label products at low prices. According to Euromonitor International Research in Nigeria, Juice is expected to grow by 7% 10-11 CAGR of in total volume terms, which is slower than the 10% 09-10 CAGR. In this section, we analyze the trends in three main regions in which CCHBC operates: Western Europe, Eastern Europe & Russia and West Africa. In the adjacent Figure 10 shows the trend by each region in soft drinks value sales (in \$ billion).

Western Europe: an aging core business. In 2010, Western Europe took the second region in soft drinks value sales globally after North America. The largest country market, Germany, makes up 20% of the total soft drinks market in the world or EUR 72.9 bn, following by U.K. and Italy (30%) and the 5 largest country markets, including France and Spain (27%). However, economic challenges remain throughout this market as the sovereign debt crisis in countries like Greece, Italy, Spain and Portugal continues to impact growth in the Eurozone. In this market, there are CCHBC's established markets which are mainly driven by Italy, accounting for 15% of total sales following by Greece (7%). The crisis seems to continue for much longer and the tax measures taken to increase government revenue both in Italy and in Greece are not only ineffective but also is expected to hit even more the sales.

On the other hand, the demand for soft drinks in Italy is predicted to grow slightly from 2011-2014. Growth will be driven by three factors: population growth, economic recovery and purchasing behavior being increasingly oriented towards healthy products. This last trend is affecting almost all soft drinks categories, and in this respect, bottled water has the advantage of being naturally healthy.

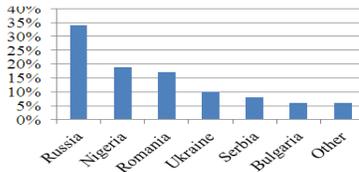
Eastern Europe & Russia: boosting sales. In 2010, Eastern Europe took the sixth region in soft drinks value sales globally before Australasia. In Eastern, there are CCHBC's developing and emerging markets in which there are improving economic trends. However, the largest market of the two in terms of volume for Coca Cola Hellenic is the emerging one with Russia as a leading country of CCHBC's total volume. Russian soft drinks market recognized as the largest and fastest-growing among the Eastern European ones. Increases in disposable income, decreasing unemployment and a stabilization of the currency brought about the effect of "delayed demand" and the people are ready to spend money on consumer goods again. In recent years, Russia has adopted a trend of switching to healthy foods i.e. mineral water and juices.

Figure 12: Developing markets in East Europe (Volume Split)



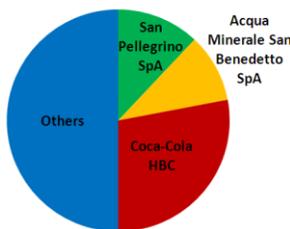
Source: Company's Annual Report (2010)

Figure 13: Emerging markets in East Europe & West Africa (Volume Split)



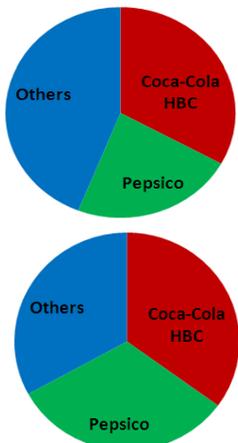
Source: Company's Annual Report (2010)

Figure 14: Market share of sparkling beverages in Italy



Source: <http://www.euromonitor.com>, personal estimates

Figure 15: Market share of sparkling beverages and Juices in Russia



Source: <http://www.euromonitor.com>, personal estimates

West Africa: a developing world business. In 2010, this market took the fifth region in soft drinks value sales globally before Eastern Europe. Here, there is Nigeria, CCHBC's emerging country in Africa, the third market in terms of volume for Coca Cola Hellenic. Total volume growth will continue to be strong in Nigeria with a CAGR of 7% in 2011, although this will slow in later years due to slower GDP growth. Juices and bottled water will continue to be strong performers, although growth will be considerably slower than the still-new RTD tea category.

Market drivers vary depending on geographic area and type of product. The three reference markets for Coca Cola Hellenic are: sparkling beverages in Western Europe (Italy), sparkling beverages, Juices, and bottled water both in Eastern Europe & Russia (Russia) and in West Africa (Nigeria). The competitive scenario can be summarized in Appendix 17,18 and 19)

Western Europe. The most relevant drivers of competition are: brand presence, promotional activity, business process, quality, innovative products, price, and distribution channel:

- **Brand Presence:** The visibility of brands and expand is a distinguishing factor.
- **Promotional Activity:** Increased promotional activity offset the adverse impact on sales in the immediate consumption channels from economic conditions and poor consumer sentiment.
- **Business Process:** Efficiency improvements in distribution and production resulted in notable cost savings.
- **Quality:** The desire for healthier products drives sales of RTD tea and low-calorie cola sparkling beverages, while the sales increases for mixers and energy drinks.
- **Innovative Products:** The best opportunity in soft drinks remains with the most innovative products that are able to combine new types of fruit flavors with a perception that they are healthier.
- **Price:** Economic constraints have forced consumers to become more considered about their spending, and many have turned to private labels.
- **Distribution channel:** The off-trade channel is still the main channel for soft drinks. The growth in this channel was stronger than in the on-trade channel, as consumers were more reluctant to consume soft drinks out of the home.

Sparkling beverages in Italy. As you can see from Figure 14, the list of main competitors in Italy (San Pellegrino SpA, Acqua Minerale San Benedetto SpA and Coca-Cola HBC Italia Srl) is short and the concentration is high with a total market share of nearly 50%. This level of concentration has led to a stable market, characterized by a lack of new launches, with companies having little reason to invest heavily in innovation since it would not be rewarded in terms of adequate returns or market share growth. These three companies invest in substantial advertising campaigns focused on increasing brand loyalty. Coca-Cola increased its advertising activities because of the FIFA World Cup, which has always represented a good opportunity for Coca-Cola to strengthen its presence and visibility. Companies are likely to focus on health aspects, both in terms of new products and advertising, in an attempt to exploit the trend of increased health awareness in Italy as the successful launch of coca-cola zero. Within cola sparkling beverages, the fastest growth category was low-calorie cola which gives plenty of room for further growth. Coca-Cola is the leading brand, with a share of 27% of total volume, followed by Fanta, with a share of 14%. The successful implementation of SAP Wave 2 in Italy is expected to provide competitive advantages by facilitating closer functional integration, enhancing Coca Cola Hellenic's commercial capabilities and improving overall customer service levels.

Eastern Europe & Russia. The most relevant drivers of competition are: brand presence and weather conditions:

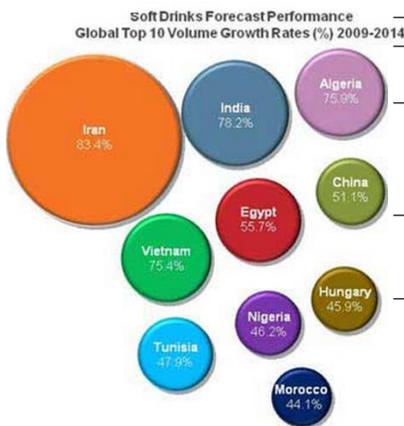
- **Brand Presence:** The visibility of brands and expand is a distinguishing factor.
- **Financial Capacity:** As there are many opportunities for growth and expansion by acquisitions.
- **Weather conditions:** Unseasonably cold and rainy weather conditions in Eastern Europe in the summer months may cause a negative impact on revenues.

Sparkling Beverages, Juices and Bottled Water in Russia. The leading players focused on building brand loyalty and expansion. Coca-Cola started its business in Russia in 1991 and now owns 14 local factories. The company has invested US\$2 billion in Russia over the past two decades, while PepsiCo has been present in the market since 1974, currently were operating 11 factories and has invested about US\$3 billion in Russia over the last 10 years. To hold on to its leading position, PepsiCo Holdings OOO announced the acquisition of Wimm-Bill-Dann Produkty Pitania OOO in 2010. Between them, Coca-Cola and PepsiCo control 56% (33% and 23% respectively) of sparkling beverages sales, 67% (35% and 32% respectively) of juices sales (boosted by the Nidan acquisition by Coca-Cola) and 27% (10% and 17% respectively) of bottled water in total volume terms (Figure 15). The most popular brands of sparkling beverages in Russia are Coca-Cola, Pepsi, Fanta, Sprite and 7-Up.

West Africa. The most relevant drivers of competition are: brand presence, packaging design, innovative products, quality, and price and distribution channel:

- **Brand Presence:** The visibility of brands and expand is a distinguishing factor.

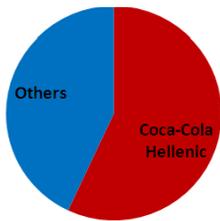
Figure 16:



- **Packaging Design:** Increased availability of one-way packages has a positive impact on sales.
- **Innovative Products:** The best opportunity in soft drinks remains with the most innovative products that are able to combine new types of fruit flavors with a perception that they are healthier.
- **Quality:** Increased health consciousness among Nigerians, who are becoming more concerned about their sugar intake, is leading many to choose juices instead of sparkling beverages, thereby limiting demand for sparkling beverages. The bottled water category continued to perform strongly in Nigeria due to the scarcity of safe drinking water and electricity. The new RTD tea category continues to develop.
- **Price:** In bottled water in 2009 of brands Mowa (Dansa Foods Ltd) and Aquafina (7-Up Bottling Co Nigeria) have not yet caught on strongly, but their positioning at a lower price in comparison to the leading Eva brand (Coca-Cola Nigeria Ltd) may help them to build share in the coming years.
- **Distribution channels:** Traditional open markets and the traffic channel continued to dominate volume sales in Nigeria. Many consumers buy these drinks for consumption at home or on the go or for entertaining guests at parties and other events. The supermarkets/hypermarkets channel, in particular, is increasing its presence. The recent boom in the fast-food industry has resulted in the dynamic growth of on-trade volume sales.

Source: <http://www.euromonitor.com/medialibrary/Imag/e/SoftDrinksMAMarketOpportunities2010.jpg>

Figure 17: Market share of sparkling beverages in Nigeria



Source: <http://www.euromonitor.com>, personal estimates

Sparkling Beverages, Juices, and Bottled Water in Nigeria. In Nigeria, Coca-Cola and PepsiCo have more than 40% of the beverage volume share combined, primarily through their sparkling category. There is a tremendous opportunity for growth. Coca-Cola and PepsiCo are coming into this region in a big way. Coca-Cola HBC's sparkling category dominance with 57% of off-trade volume sales in 2010 due largely to its vast distribution network, which is crucial in a country where the road networks remain challenging. It also benefits from aggressive advertising and brand-building activities.

Moreover, increased availability of one-way packages resulting from increased capacity had a positive impact on sales of brand Coca-Cola in 2010, while Sprite volume grew in the low double-digits, supported by the continued roll-out of the Ultra glass bottle. Coca-Cola continues to dominate sales in two categories, sparkling beverages (57%) and bottled water (50%), thanks to its well-established name in Nigeria, a strong distribution network and massive marketing expenditure (Figure 17). Coca-Cola Nigeria Ltd is followed by 7-Up Bottling Co Nigeria (Pepsico), which only entered the bottled water category in 2009. In juices, CCHBC continued to gain category share and expand its product portfolio. **Competition: Local players** have a strong presence, supported by the government's ban on imported juice in Nigeria. Thus, Chi Nigeria Ltd leads in two categories –juices and RTD tea – with a well-known brand name and marketing emphasizing its Nigerian origins, while the first brand of RTD tea category is Cway Food & Beverages Co Nig Ltd, launched only in 2008. The RTD tea and Juice categories are expected to continue to develop in the future with new companies likely to enter, which in turn will lead to an increase in the number of brands, flavors and pack types being launched. **Multinationals:** Nestle is the leader in still beverages with around an 11% share, following by Coca-Cola (7%) and Danone (3%) while PepsiCo did not appear in the top five. **Substitution:** Nigerians, who are becoming more concerned about their sugar intake, is leading growing numbers to choose juice instead of sparkling beverages, thereby reducing the demand for them. However, this will be offset by a slowing economy and competition from “nutritious” flavored milk drinks, which are considered to be healthy and filling. **The best opportunity in soft drinks** remains with the most innovative products that are able to combine new types of fruit flavors with a perception that they are healthier.

Financial Analysis

In this section, we present the principal assumptions on which we base our valuation. We use 10-14 CAGR for consistency with the company's strategic plan.

Sales: Growth driven by the most innovative products and expansion in Developing and Emerging Markets while in Established by healthy value-added products and cost reduction.

Western Europe: maintaining its position in a flat growth scenario. Volume is expected to slightly decrease thanks to the launch of new healthier beverages as coca-cola zero. It is expected a -3,2% volume CAGR and a revenue CAGR -2,4% from 2010 to 2014 as economical crisis impact demand and consumers switch to cheaper private label brands, CCHBC forced to reduce prices and increase packaging offers to maintain its market share. However, acquisitions of local manufacturers such as Loux or closing factories in Greece and transportation in Bulgaria where taxation is lower are likely scenarios.

Eastern Europe & Russia: Coca-Cola HBC is strengthening its leadership position in the beverage market in Russia with its expansion in the juice market and entry in the bottled water market. With Multon ZAO and Nidan Soki OAO, Coca-Cola challenged PepsiCo's juice market dominance in Russia. Growth in sparkling beverages is driven by the launch of new coca-cola zero and Fanta Grape by 2011, with higher prices and healthier than the usual ones. **West Africa:** expansion in Nigerian beverage range. The best opportunity in soft drinks remains with the most innovative products that are able to combine new types of fruit flavors with a perception that they are healthier. The introduction of healthier beverages in Nigeria is expected to expand



Figure 18- Source: personal estimates

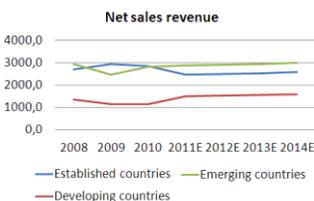


Figure 19- Source: personal estimates

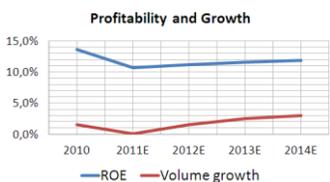


Figure 20- Source: personal estimates

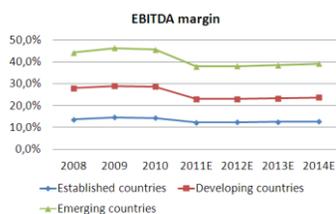


Figure 21- Source: personal estimates



Figure 22- Source: personal estimates



Figure 23- Source: personal estimates



Figure 24- Source: personal estimates

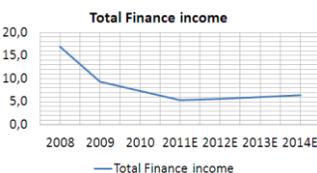


Figure 25- Source: personal estimates

unit growth and increased saturation in the category, as well as the acquisition scenario of local brands. CCHBC is expected to expand unit growth to 1,081.2 M unit cases in emerging markets and 540.6 M unit cases in developing markets with a 1,7% CAGR and 8,4% CAGR respectively from 2012 to 2014.

Margins: Unique and diverse geography product portfolio leads to improvements in profitability. We forecast EBITDA margin improvement from 13% in 2011 to 13,5% in 2014, driven by:

Efficiency improvements in Eastern Europe & Nigeria: Developing and Emerging markets represented 58% (17%, 41% respectively) of sales in 2010 while we estimate an increase by 2014 to 64% (22%, 42% respectively) but contributed too approximately from 59% of EBIT to 65% (19%, 46% respectively) by 2014, and for even a larger percentage of earnings. According to our estimates, we expected EBITDA margin in CCHBC's emerging markets to remain substantially higher than the company's average at 15,4% in 2014.

Changes in product mix: Better pricing and category mix benefit EBITDA margin mainly in emerging and developing countries. Coca Cola Hellenic is committed to pursuing a premium pricing strategy, but the introduction of new beverages in Established markets with a low price will put some pressure on margins. Nevertheless, we expect the EBITDA margin in established markets to increase from 12, 3% in 2011 to 12,7% in 2014.

Improvements in operating efficiencies: Coca Cola HBC's on-going investment in coolers, marketing, additional production capacity, and continuous improvement in its processes and customer service through the implementation of SAP Wave 2 across its markets, improve operational efficiency, enhance customer service and also enables in a sound balance sheet and strong cash flow.

Innovations in the industry: Manufacturers are for example, likely to increasingly replace artificial components with natural substances such as the sweetener stevia or the stimulant guarana; as a result Health-conscious consumers will be ready to pay more for natural, ecological, low-sugar, or functional drinks with different health benefits.

Cash Flow: Increasing along with revenues and margins.

Sales growth and margin expansion will increase operating cash flow. According to our estimates, Coca Cola Hellenic will generate € 826.6 M operating cash flow per year on average for the next three years. We forecast OCF to sales ratio to reach 12,2% by 2014, moving from 11,6% of 2011. This cash flow will be used to finance € 369.1 M in capital expenditure, € 213,5 M increase in net working capital by 2014, and a reduction in net financial position. As far as dividends are concerned, we estimate an average 20, 9% payout ratio from 2011 to 2014, with a dividend per share rising from € 0, 23 in 2011 to € 0, 25 in 2014 because of taxation.

Financial structure

According to our estimates, the Net Financial Position will decrease by 2014. We believe that the resulting debt to equity ratio of 0.29 leaves room for financing future growth plans. We estimate financial charges to increase over the next years because of rising interest rates. However, the impact on the income statement will be moderate.

Corporate Governance and Social Responsibility

Based on our firm conviction that Corporate Governance (CG) and Corporate Social Responsibility (CRS) could enhance the sustainability of the company, and consequently its long term value, we performed an assessment of Coca Cola Hellenic in these areas of interest.

Corporate Governance. Coca-Cola Hellenic continuously reviews the Company's corporate governance standards and procedures in light of the ongoing debates and rule making projects in Greece, Europe and the United States, in order to ensure that its corporate governance systems remain in line with international best practices.

Corporate Social Responsibility. The alcohol-free beverage industry is very concerned about CSR. Since 2002 Coca-Cola Hellenic publishes its Social Responsibility Report. 2010 CSR Report has been prepared under the G3 guidelines of the Global Reporting Initiative (GRI), making CCHBC the first European food and beverage company reach the A+ level. The group focuses on CSR performance and sets targets for each of the four pillars of corporate social responsibility – marketplace, environment, workplace and community (figure 27). Country operations of the Company actively support 14 local networks.

CSR Issue	CSR Targets
 Marketplace	<ul style="list-style-type: none"> Expansion of beverages range Reduction of average calorific content of beverages Provision highly visible nutritional information Marketing responsibility Promotion of physical activity & active lifestyles
 Environment	<ul style="list-style-type: none"> Bottling plants' performance according to four environmental key performance indicators (KPIs): Water, Energy, Waste & Recycling
 Workplace	<ul style="list-style-type: none"> Safe, Fair and Inclusive Workplace Challenging and rewarding careers Workplace practices
 Community	<ul style="list-style-type: none"> Development of local communities Protection of water and the local environment Disaster relief and recovery

Source: Company's 2010 CSR Report

Investment Risks

In this section, we analyze the main risks that could affect our target price.

Strategic risks:

Unsuccessful product launch. CCHBC's strategy in emerging markets is growing through product line expansion. If new products do not meet customers' needs and tastes, the Group's sales may be lower than expected. To minimize this risk, the company invests in research to enhance its competitive advantage in the marketplace and generate long-term sustainable growth.

GDP growth rates. CCHBC's growth strategy is affected by GDP growth. Based on the site trading economics' forecasts, during the next three years GDP at constant prices is expected to grow on average by 4,8% per year in Russia, 0,2% per year in Italy and 7,4% per year in Nigeria; we expect CCHBC's 2010-2014 revenues to grow 3,7% CAGR both in developing and emerging markets while -2,4% CAGR will fall in established markets (Appendix 15).

Stronger competition. The entrance of Loux in Greece, Cyprus, and Italy market may lead competition from an oligopoly to oligopolistic competition. This context may force the company to reduce prices to maintain mainly its 68% market share in Greece, affecting margins.

Penetration of the private label market. The launch of private label juices and bottled water represent a shift from a premiumization strategy to a price strategy. Competition in price strategy focuses on price reduction; therefore, CCHBC's margin could progressively decrease.

Financial risks:

Fluctuations of exchange rates. Foreign exchange risk, primarily in developing and emerging markets, arise as many of its operations have functional currencies other than euro. The impacts of it continue to be a significant driver on its consolidated income statement and balance sheet when results are translated into euro. The Group Treasury's risk management policy is to hedge between 25% and 80% of anticipated cash flows in each major foreign currency for the subsequent twelve months. Each subsidiary designates contracts with Group Treasury as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

Operative risks:

Increased input costs across its markets. PET resin, sugar, juice concentrate, and fuel costs weight for approximately 70% of CCHBC's fixed cost. The impact of increased commodity prices continues to be a significant driver of its reduced profitability. Therefore their fluctuation has an important impact on profitability. The Group has no material exposure to the effect of short-term changes in the price of sugar, fructose and aluminum as where possible it contracts prices with suppliers up to one year in advance.

Business seasonality. Unseasonably cold and rainy weather conditions in Central and Eastern Europe in July and August may cause a negative impact on revenues.

Political risk in Greece. Greece's new coalition government seeks to implement reforms needed to secure vital EU/IMF bailout funds while facing a public angry with the pain inflicted by wage cuts and tax hikes. After weeks of roller-coaster politics for referendum plans, the interim government led by former ECB vice-president Lucas Papademos will try to keep the country afloat until elections penciled for February 19. There is a bankruptcy risk in Greece, its defenestration from the euro and fear of domino in the eurozone.

Vat rate risk in Greece and Italy. The transfer of all commercial beverages except still water in the VAT rate from 13% to 23%, decided by the Government from 1 September 2011 in Greece, will lead to reducing the demand for products and-consequently-in sales. Given that the demand for these products is elastic, an increase in the price by 10% will lead to a decreasing demand by 15%. In addition, the VAT increase in the hotel, restaurant and cafe channel. The above is even more alarming if we take into consideration the fact that around 60% of sales are made in focus areas (cafe, bars, and restaurants). The overall VAT rate was increased by one percent in Italy effective from 19 September 2011.

Appendix 1. Table –Source: personal estimates

Assumptions and results of the sum-of-the-parts analysis (2010-2014)				
	Western Europe	Eastern Europe	Nigeria	Aggregate
Revenues CAGR	-2,4%	3,7%		1,3%
Volume CAGR	-3,2%	4,1%		1,8%
EBITDA margin	12,3%→ 12,7%	12,8%→13,2%		13,5%
Tax rate*	43%	13%	25%	38,0%
Cost of Equity	9,9%			9,9%
Equity Value(€ '000)	1469	2862		4332
Price (€)	4,04	7,87		11,92

*Tax rates in Italy, Russia and Nigeria respectively, Source: <http://www.taxrates.cc/html/nigeria-tax-rates.html>

Appendix 2. Table of Multiple Analysis-Source: personal estimates

	EV/EBITDA next 12 mth	P/E
Coca-Cola HBC	5,8	12,3
PepsiCo	9,18	15,2
Nestlé	10,43	19,9
Average	8,47	15,8

	Valuation based on EV/EBITDA	Valuation based on P/E
EV	7.648	
Equity	6.369	5.183
Target Price	17,5	14,3

Target Price	14,57 €
DCF	11,92 €
Multiple EV/EBITDA	17,52 €
Multiple P/E	14,26 €

Appendix 3. Table of the three competitors worldwide: the Coca-Cola Company, PepsiCo and the Nestlé.- *Source: <http://en.wikipedia.org/>*

	The Coca Cola Company	PepsiCo Inc.	Nestlé S.A.
Type Traded as	Public NYSE: KO Dow Jones Component S&P 500 Component	Public NYSE: PEP NASDAQ: PEP S&P 500 Component	Société Anonyme SIX: NESN OTC Markets Group: NSRGY
Industry	Beverage	Foods, Beverages	Food processing
Founded	1892	North Carolina, U.S. (1965)	Vevey, Switzerland (1866)
Founder(s)	Asa Candler	Donald Kendall, Herman Lay	Henri Nestlé
Headquarters	Coca-Cola headquarters, Atlanta, Georgia, U.S.	Purchase, New York, United States	Vevey, Switzerland
Area served	Worldwide 100% beverages	Worldwide 37% beverages and 63% foods	Worldwide 27% drinks, 26% dairy and food products, 18% ready-prepared dishes and ready-cooked dishes, 12% chocolate, 11% pet products, 6% pharmaceutical products and 2% baby milks
Key people	Muhtar Kent (Chairman & CEO)	Indra Nooyi (Chairman & CEO)	Peter Brabeck-Letmathe(Chairman), Paul Bulcke (CEO)
Revenue	▲ US\$ 35.119 billion(2010)	▲ US\$ 57.838 billion(2010)	CHF 109.72 billion (2010)
Operating income	▲ US\$ 8.449 billion (2010)	▲ US\$ 8.332 billion (2010)	CHF 16.19 billion (2010)
Net income	▲ US\$ 11.809 billion (2010)	▲ US\$ 6.338 billion (2010)	CHF 34.23 billion (2010)
Total assets	▲ US\$ 72.921 billion (2010)	▲ US\$ 68.153 billion (2010)	CHF 111.64 billion (end 2010)
Total equity	▲ US\$ 31.317 billion (2010)	▲ US\$ 21.476 billion (2010)	CHF 62.60 billion (end 2010)
Employees	139,600 (2010)	294,000 (2010)	281,000 (2010)
Website	TheCoca-ColaCompany.com	PepsiCo.com	www.nestle.com

Appendix 4. Table of the Coca-Cola Company had equity positions in 51 unconsolidated bottlings, canning and distribution operations which produced approximately 58% of volume. Significant investees include:

Company	% owned	% of market	Area
Coca-Cola Hellenic	23%	100%	Armenia, Austria, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, FYROM, Moldova, Montenegro, Nigeria, Northern Ireland, Poland, Rep. of Ireland, Romania, Russia, Serbia, Slovakia, Slovenia, Switzerland and Ukraine
		67%	Italy
Coca-Cola Enterprises	36%	78%	United States
		98%	Canada
		100%	Great Britain (but not Northern Ireland)
		100%	Continental France, Benelux, Monaco
FEMSA	40%	48%	Mexico
		16%	Brazil
		98%	Colombia
		47%	Guatemala
		100%	Costa Rica, Ecuador, Nicaragua, Panama, Peru and Venezuela
		30%	Argentina
Coca-Cola Amatil	34%	98%	Indonesia
		100%	Australia, New Zealand, South Korea, Fiji, and Papua New Guinea
Coca-Cola Bottling Co.	27.3%		United States
Embotelladora Andina	11%		Chile, Argentina, and part of Brazil

Coca-Cola du Canada, Ltée			Quebec
Coca-Cola Philippines	100%	100%	Philippines
Coca-Cola İçecek	20%	100%	Azerbaijan, Iraq, Jordan, Kazakhstan, Kyrgyzstan, Pakistan, Syria, Tajikistan, Turkey, Turkmenistan

Source: <http://en.wikipedia.org/>

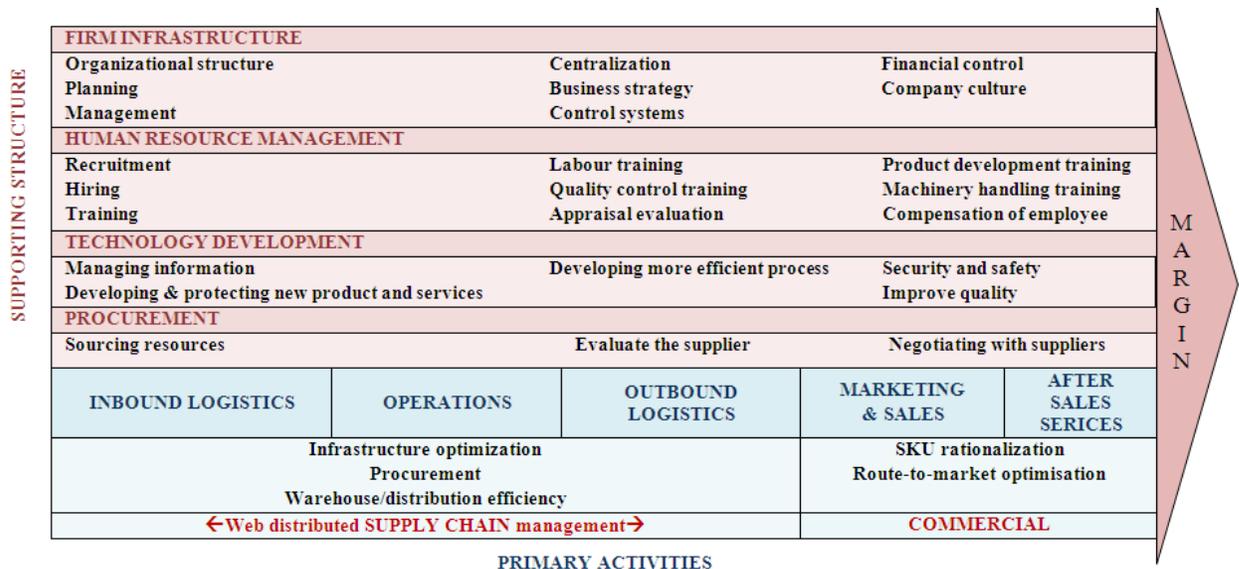
Appendix 5. Table of main competitors-Source: <http://en.wikipedia.org/>, Personal estimates

COMPARISON PROFILE OF COMPETITORS			
MAIN FACTORS			
Founded	1969 (2000 as Hellenic Bottling Company S.A.)	N/A	1950
Type	S.A. (corporation)	Subsidiaries of PepsiCo	Anonymous Industrial Trading Company
Origin	Multinational Marousi, Athens, Greece	Multinational New York, United States	Purely Greek Patras, Peloponisos, Greece
Product portfolio	100 % beverages: 64% of sparkling beverages, 15% of still beverages (such as iced tea, juice, sports and energy drinks, iced coffee) and 21% of natural mineral, table, and flavored waters	37 % of beverages 63% of foods -snacks (such as Juice, RTD tea, cola, snacks, dairy)	100 % beverages (Sparkling beverages and Juices)
Geographical presence (sales volume)	28 countries Established markets: Austria, Cyprus, Greece, Italy, Northern Ireland, Republic of Ireland, Switzerland Developing markets: Baltics (Estonia, Latvia, Lithuania), Croatia, Czech Republic, Hungary, Poland, Slovakia, Slovenia Emerging markets: Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, FYROM, Moldova, Montenegro, Nigeria, Romania, Russia, Serbia, Ukraine	Subsidiaries in Western Europe: Austria, Cyprus, Greece, Italy, Eastern Europe: Czech Republic, Poland, Slovakia, Romania, Russia, Ukraine, Central Asia, Arabia	Greece, Cyprus, Italy, Albania, Germany, United Kingdom, Canada, USA, South Korea, Islands of Mayotte
A listed company on the Stock Exchange	Athex: EEEK, LSE: CCB, NYSE: CCH	N/A	N/A
Key people	Dimitris Lois (CEO), George A. David (Chairman)	N/A	Marlafekas
Website	www.coca-colahellenic.gr www.coca-colahellenic.com	http://www.pepsico-ivi.gr/ http://www.pepsico.com.gr/	http://www.loux.gr/
Quality and nutritional system	ISO Quality standards HACCP	ISO Quality standards HACCP	ISO Quality standards HACCP

Appendix 6. Table of Swot Analysis of Coca-Cola Hellenic-Source:Personal estimates

		Helpful to achieving the objectives	Harmful to achieving the objectives
Internal environment (Attributes of the organization)	Strengths	<ol style="list-style-type: none"> 1. Leader in all countries which operates 2. Broad and balanced geographic footprint 3. Wide product range 4. Successful promotional activity 5. Customer centricity 6. Consumption per capita growth potential 7. Highly experienced management team 8. Strong balance sheet 9. Continued free cash flow generation 10. Globally recognized commitment to sustainability 	Weaknesses <ol style="list-style-type: none"> 1. The prices that the bottling company uses are fixed by the prices of Coca-Cola controls. 2. Some gaps in market share of Juice, Ice tea 3. Staff's fear by the closing of factories or redundancies 4. No dividend distribution with tax-effective way 5. High lending 6. High advertising 7. High investments 8. Processes and systems 9. Large production costs 10. Operation cost
	Opportunities	<ol style="list-style-type: none"> 1. Acquisitions of Local competitors 2. Encouraging signs of economic recovery in Eastern Europe & Russia/ Africa. 3. Technology development and innovation 4. Business and product development 5. Could seek better supplier deals. 6. Modern pace of life 7. Trend for a healthy diet and physical activity 8. Trend for eating and drinking out of home 9. Impressive growth in consumption of Bottled water and Ice tea 10. Summer months/Tourist traffic 	Threats <ol style="list-style-type: none"> 1. Protracted recession in the Eurozone- Low purchasing power of the household 2. Legislation could impact for dividends in Greece 3. Government austerity measures in Western Europe (Increased taxes/ V.A.T. rate on beverages) 4. High competition (Pepsico Ivi, Nestle, etc.) 5. Fluctuations of exchange rates risk. 6. Market demand very seasonal. 7. Demand elasticity in the price- growth in private label 8. Retention is of key staff critical. 9. Possible negative publicity for the quality and nutritional value 10. Increased input costs
External environment (Attributes of the organization)			

Appendix 7. Table of Value Chain of Coca-Cola Bottling Company S.A.-Source: Personal estimates



Appendix 8. Table of Financial Ratios

Financial Ratios	2009	2010	2011E	2012E	2013E	2014E
Liquidity Ratios						
Quick Ratio	0,81	0,71	0,87	0,94	1,02	1,10
Current Ratio	1,06	0,95	1,09	1,15	1,21	1,28
Asset Management Ratios						
Receivable Turnover (times)	6,16	6,16	5,89	5,89	5,89	5,83
Days' Receivable (days)	59,29	59,30	61,95	61,95	61,95	62,56
Inventory Turnover (times)	9,19	8,41	8,81	8,67	8,52	8,38
Days' Inventory Turnover (days)	39,73	43,42	41,41	42,11	42,83	43,56
Fixed Assets Turnover (times)	3,79	3,79	3,63	3,63	3,63	3,59
Total Assets Turnover (times)	0,96	0,94	0,90	0,90	0,90	0,89
Debt Management Ratios						
Times Interest Earned (TIE) Ratio (times)	8,1	7,8	5,0	5,9	6,3	6,6
Debt Ratio	61,8%	57,2%	60,5%	61,9%	63,0%	63,3%
Debt-Equity Ratio		0,38	0,29	0,32	0,32	0,31
Equity Multiplier	2,62	2,34	2,53	2,62	2,70	2,72
Profitability Ratios						
Profit Margin	6,1%	6,2%	4,7%	4,8%	4,8%	4,9%
ROA	5,9%	5,9%	4,2%	4,3%	4,3%	4,3%
ROE	15,4%	13,7%	10,7%	11,2%	11,6%	11,8%
Market Value Ratios						
MBV	7,10	8,52	8,30	8,14	8,06	8,28
Dividend Ratios						
Payout Ratio	25,6%	21,6%	25,3%	24,8%	24,4%	23,4%
Retention Ratio	0,27%	0,28%	0,28%	0,28%	0,28%	0,28%
Earnings Per Share (€)	1,09	1,16	0,89	0,91	0,94	0,98
Book Value Per Share (€)	7,1	8,5	8,3	8,1	8,1	8,3

Source: Personal estimates

Appendix 9. Table of Income Statement

Income Statement (€ '000)	2008	2009	2010	2011E	2012E	2013E	2014E
Net sales revenue							
Established countries	2704,0	2927,8	2834,6	2457,9	2482,5	2519,7	2570,1
<i>Reported growth</i>		8,3%	-3,2%	-13,3%	1,0%	1,5%	2,0%
Greece	728,9	714,3	604,9	341,4	344,8	350,0	357,0
<i>Reported growth</i>		-2,0%	-15,3%	-43,6%	1,0%	1,5%	2,0%
Italy	904,2	1166,4	1135,2	1160,7	1172,3	1189,9	1213,7
<i>Reported growth</i>		29,0%	-2,7%	2,2%	1,0%	1,5%	2,0%
Developing countries	1348,4	1149,1	1140,0	1502,1	1517,1	1539,8	1570,6
<i>Reported growth</i>		-14,8%	-0,8%	31,8%	1,0%	1,5%	2,0%
Emerging countries	2928,3	2466,7	2819,0	2867,6	2896,3	2939,7	2998,5
<i>Reported growth</i>		-15,8%	14,3%	1,7%	1,0%	1,5%	2,0%
Russia	1122,3	878,2	1138,6	1502,1	1517,1	1539,8	1570,6
<i>Reported growth</i>		-21,7%	29,7%	31,9%	1,0%	1,5%	2,0%
Total net sales revenue	6.980,7	6.543,6	6.793,6	6.827,6	6.895,8	6.999,3	7.139,3
<i>Reported growth</i>		-6,3%	3,8%	0,5%	1,0%	1,5%	2,0%
Cost of Goods Sold	4.169,6	3.905,5	4.049,6	4.231,8	4.147,2	4.064,3	3.983,0
Administrative Expenses	419,8	396,5	388,4	380,5	372,8	365,2	357,8
EBITDA							
Established countries	369,8	425,7	404,6	302,5	307,0	314,7	327,2
<i>Reported growth</i>		15,1%	-5,0%	-25,2%	1,5%	2,5%	4,0%
Developing countries	193,5	165,0	163,9	160,1	162,5	166,6	173,2
<i>Reported growth</i>		-14,7%	-0,7%	-2,3%	1,5%	2,5%	4,0%
Emerging countries	475,7	428,6	478,1	427,0	433,4	444,2	462,0
<i>Reported growth</i>		-9,9%	11,5%	-10,7%	1,5%	2,5%	4,0%
Total EBITDA	1.039,0	1.019,3	1.046,5	889,6	902,9	925,5	962,5
<i>Reported growth</i>		-1,9%	2,7%	-15%	2%	3%	4%
Depreciation							
Established countries	108,5	122,3	132,3	136,3	140,4	144,6	148,9
Developing countries	72,8	77,0	72,9	75,1	77,3	79,7	82,0
Emerging countries	184,1	161,4	182,6	188,1	193,7	199,5	205,5
Total Depreciation	365,4	360,7	387,8	399,4	411,4	423,8	436,5
EBIT/Operating profit							
Established countries	79,6	297,6	265,5	172,7	173,6	176,2	180,6
<i>Reported growth</i>		273,9%	-10,8%	-35,0%	0,5%	1,5%	2,5%
Developing countries	118,6	86,3	89,2	93,8	94,2	95,6	98,0
<i>Reported growth</i>		-27,2%	3,4%	5,1%	0,5%	1,5%	2,5%
Emerging countries	256,4	254,9	290,3	227,0	228,1	231,5	237,3
<i>Reported growth</i>		-0,6%	13,9%	-21,8%	0,5%	1,5%	2,5%
Total EBIT	454,6	638,8	645,0	493,4	495,9	503,3	515,9
<i>Reported growth</i>		41%	1%	-23,5%	0,5%	1,5%	2,5%
Interest Expense							

Established countries	105,6	59,6	106,2	127,4	107,0	102,8	100,7
<i>Reported growth</i>		-44%	78%	20%	-16%	-4%	-2%
Developing countries	5,7	4,7	2,0	2,4	2,0	1,9	1,9
<i>Reported growth</i>		-18%	-57%	20%	-16%	-4%	-2%
Emerging countries	76,6	51,1	21,7	26,0	21,9	21,0	20,6
<i>Reported growth</i>		-33%	-58%	20%	-16%	-4%	-2%
Corporate	213,6	122,3	153,1	183,7	154,3	148,2	145,2
Inter segment	282,9	159,2	200,3	240,4	201,9	193,8	189,9
Total interest expense	118,6	78,5	82,7	99,2	83,4	80,0	78,4
<i>Reported growth</i>		-34%	5%	20%	-16%	-4%	-2%
Finance Income							
Established countries	20,9	9,1	49,4	35,6	37,5	40,0	43,0
<i>Reported growth</i>		-56%	443%	-28%	6%	7%	7%
Developing countries	5,6	1,9	2,4	1,7	1,8	1,9	2,1
<i>Reported growth</i>		-66%	26%	-28%	6%	7%	7%
Emerging countries	44,9	41,3	16,2	11,7	12,3	13,1	14,1
<i>Reported growth</i>		-8%	-61%	-28%	6%	6%	8%
Corporate	228,4	116,4	139,7	100,6	106,1	113,0	121,5
Inter segment	282,9	159,3	200,3	144,2	152,1	162,0	174,2
Total Finance income	16,9	9,4	7,4	5,3	5,6	6,0	6,4
<i>Reported growth</i>		-44%	-21%	-28%	6%	7%	8%
Tax expense							
Taxes							
Established countries	48,7	87,5	72,3	52,8	51,5	48,9	44,0
<i>Reported growth</i>		79,7%	-17,4%	-27,0%	-2,5%	-5,0%	-10,0%
Developing countries	26,2	20,5	22,4	16,4	15,9	15,1	13,6
<i>Reported growth</i>		-21,8%	9,3%	-27,0%	-2,5%	-5,0%	-10,0%
Emerging countries	28,6	31,4	40,2	29,3	28,6	27,2	24,5
<i>Reported growth</i>		10%	28%	-27%	-3%	-5%	-10%
Corporate	2,9	3,1	2,0	1,5	1,4	1,4	1,2
Total income tax expense	106,4	142,5	136,9	99,9	97,4	92,6	83,3
<i>Reported growth</i>		33,9%	-3,9%	-27,0%	-2,5%	-5,0%	-10,0%
Net Income	227,6	399,2	423,2	321,6	328,1	334,6	348,0
Dividends per share	0,25	0,28	0,30	0,23	0,24	0,24	0,25
Earnings per share	0,62	1,09	1,16	0,89	0,91	0,94	0,98
Other Information	2008	2009	2010	2011E	2012E	2013E	2014E
Number of Shares Outstanding ('000)	366,3	365,6	363,5	361,4	359,3	357,3	355,2
DPS	0,25	0,28	0,30	0,27	0,28	0,29	0,30
Dividends paid to owners	102,0	102,3	91,3	81,48	87,30	93,54	100,22

Source: CCHBC Annual report, Personal estimates

Appendix 10. Table of Balance Sheet

Balance Sheet (€ '000)	2008	2009	2010	2011E	2012E	2013E	2014E
Assets							
Current Assets							
Cash	724,6	232,0	326,1	640,0	652,8	665,9	679,2
Accounts Receivable		1.062,9	1.103,7	1.158,9	1.170,5	1.188,0	1.223,7
Inventory		425,1	481,7	480,1	478,5	476,9	475,3
Total Current Assets		1.748,5	1.929,5	2.361,0	2.667,9	3.014,8	3.406,7
Fixed Assets		5.048,3	5.301,9	5.180,0	5.060,9	4.944,5	4.830,9
Property, Plant, and Equipment		2.961,3	3.122,9	3.279,0	3.311,8	3.361,5	3.462,4
Less Accumulated Depreciation	365,4	360,7	387,8	399,4	411,4	423,8	436,5
Net Fixed Assets		1.726,3	1.791,2	1.880,8	1.899,6	1.928,1	1.985,9
Assets							
Established countries	3.390,0	3.512,1	3.657,3	3.364,7	3.162,8	3.162,8	3.162,8
<i>Reported growth</i>		3,6%	4,1%	-8,0%	-6,0%	0,0%	0,0%
Developing countries	1.081,0	1.059,1	1.026,8	1.057,6	1.089,3	1.122,0	1.155,7
<i>Reported growth</i>		-2,0%	-3,0%	3,0%	3,0%	3,0%	3,0%
Emerging countries	2.724,6	2.421,2	2.570,0	2.672,8	2.779,7	2.890,9	2.948,7
<i>Reported growth</i>		-11,1%	6,1%	4,0%	4,0%	4,0%	2,0%
Corporate	326,2	195,6	22,7				
Total Assets	7.521,8	6.796,8	7.231,4	7.593,0	7.668,9	7.783,9	8.017,5
<i>Reported growth</i>		-10%	6%	5%	1%	2%	3%
Total Liabilities		4.200,9	4.135,5	4.593,8	4.743,3	4.903,5	5.075,1
Current Liabilities							
Short term Debt		307,0	535,1	433,0	394,0	358,6	326,3
Other Payables		961,3	1.079,4	1.338,0	1.311,2	1.285,0	1.259,3
Total Current Liabilities		1.642,6	2.036,4	2.171,0	2.323,0	2.485,6	2.659,6
Long-Term Liabilities			457,1	517,7	586,3	568,7	551,7
Long-Term Debt		2.100,6	1.656,4	1.919,1	1.861,5	1.805,7	1.751,5
Total Long-Term Liabilities		2.558,3	2.099,1	2.422,8	2.420,4	2.418,0	2.415,5
Owners' Equity							
Common Stock		182,8	183,1	192,3	194,2	197,1	203,0
Capital Surplus		1.113,8	1.119,2	1.175,2	1.186,9	1.204,7	1.240,9
Retained Earnings		1.151,8	1.494,8	1.569,5	1.585,2	1.609,0	1.657,3
Total Owners' Equity		2.595,9	3.095,9	2.999,2	2.925,6	2.880,4	2.942,3
Total Liab. and Owners' Equity	7.521,8	6.796,8	7.231,4	7.593,0	7.668,9	7.783,9	8.017,5
<i>Reported growth</i>		-10%	6%	5%	1%	2%	3%

Source: CCHBC Annual report, Personal estimates

Appendix 11. Table of Highlights

Highlights (€ '000)	2009	2010	2011E	2012E	2013E	2014E
Volume in unit cases ('000)						
Established countries	743,2	718,2	579,2	587,9	605,5	632,8
<i>Reported growth</i>		-3,4%	-19,4%	1,5%	3,0%	4,5%
Developing countries	388,3	391,7	496,4	503,9	519,0	542,4
<i>Reported growth</i>		0,9%	26,7%	1,5%	3,0%	4,5%
Emerging countries	937,8	990,1	992,9	1007,8	1038,0	1084,7
<i>Reported growth</i>		5,6%	0,3%	1,5%	3,0%	4,5%
Total volume	2069,3	2100,0	2068,5	2099,5	2162,5	2259,8
<i>Reported growth</i>	-2,2%	1,5%	-1,5%	1,5%	3,0%	4,5%
Net sales revenue						
Established countries	2927,8	2834,6	2299,0	2356,4	2438,9	2548,7
Developing countries	1149,1	1140,0	1404,9	1440,0	1490,4	1557,5
Emerging countries	2466,7	2819,0	2682,1	2749,2	2845,4	2973,4
Total net sales revenue	6543,6	6793,6	6386,0	6545,6	6774,7	7079,6
Gross profit	2638,1	2744,0	2187,0	2430,6	2742,0	3127,5
Operating expenses	1987,2	2062,3	2062,3	2062,3	2062,3	2062,3
EBIT/Operating profit						
Established countries	297,6	265,5	223,5	228,0	237,1	251,3
<i>Reported growth</i>	274%	-11%	-16%	2%	4%	6%
Developing countries	86,3	89,2	121,3	123,8	128,7	136,4
<i>Reported growth</i>	-27%	3%	36%	2%	4%	6%
Emerging countries	254,9	290,3	293,7	299,6	311,6	330,3
<i>Reported growth</i>	-1%	14%	1%	2%	4%	6%
Total EBIT	638,8	645,0	638,6	651,3	677,4	718,0
<i>Reported growth</i>	41%	1%	-1%	2%	4%	6%
Net Profit	399,2	423,2	389,3	397,1	405,1	421,3
EBITDA	1019,3	1046,5	1009,9	1030,1	1071,3	1135,6
Profitability ratios						
Gross Profit Margin	40%	40%	34,2%	37,1%	40,5%	44,2%
EBIT Margin	10%	9%	10%	10,0%	10,0%	10,1%
EBITDA Margin	15,6%	15,4%	15,8%	15,7%	15,8%	16,0%
Gearing ratios	46%	38%	33%	33%	33%	33%

Source: CCHBC Annual report, Personal estimates

Appendix 12. Table of Cash Flows

(€ '000)	2010	2011E	2012E	2013E	2014E
Net Income	423,2	321,6	328,1	334,6	348,0
- (1- d) (Capital Exp. - Deprec'n)	-46,06	-60,98	-12,87	-19,64	-40,41
- (1- d) Change in Work. Capital	-151,03	202,16	106,05	127,00	152,27
Free Cash flow to Equity (FCFE):	620,29	180,45	234,88	227,27	236,16
d=D/A	29,03%	31,91%	31,56%	31,06%	30,13%
<i>Reported growth</i>		9,92%	30,16%	-3,24%	3,9%
Western Europe	217,10	63,16	82,21	79,54	82,65
Eastern Europe & Russia	377,51	109,82	142,95	138,32	143,72
West Africa	25,68	7,47	9,72	9,41	9,78
Operating Cash Flow:	895,9	792,9	809,9	834,5	869,1
Western Europe	313,6	277,5	283,5	292,1	304,2
Eastern Europe & Russia	545,2	482,6	492,9	507,9	528,9
West Africa	37,1	32,8	33,5	34,5	36,0
Capital Spending CAPEX:	322,9	309,9	392,6	395,3	378,6
Western Europe	113,0	108,5	137,4	138,3	132,5
Eastern Europe & Russia	196,5	188,6	238,9	240,6	230,4
West Africa	13,4	12,8	16,3	16,4	15,7

Source: Personal estimates

Appendix 13. Table of PEST Analysis of Alcohol -Free Beverage Industry-Source:Personal estimates

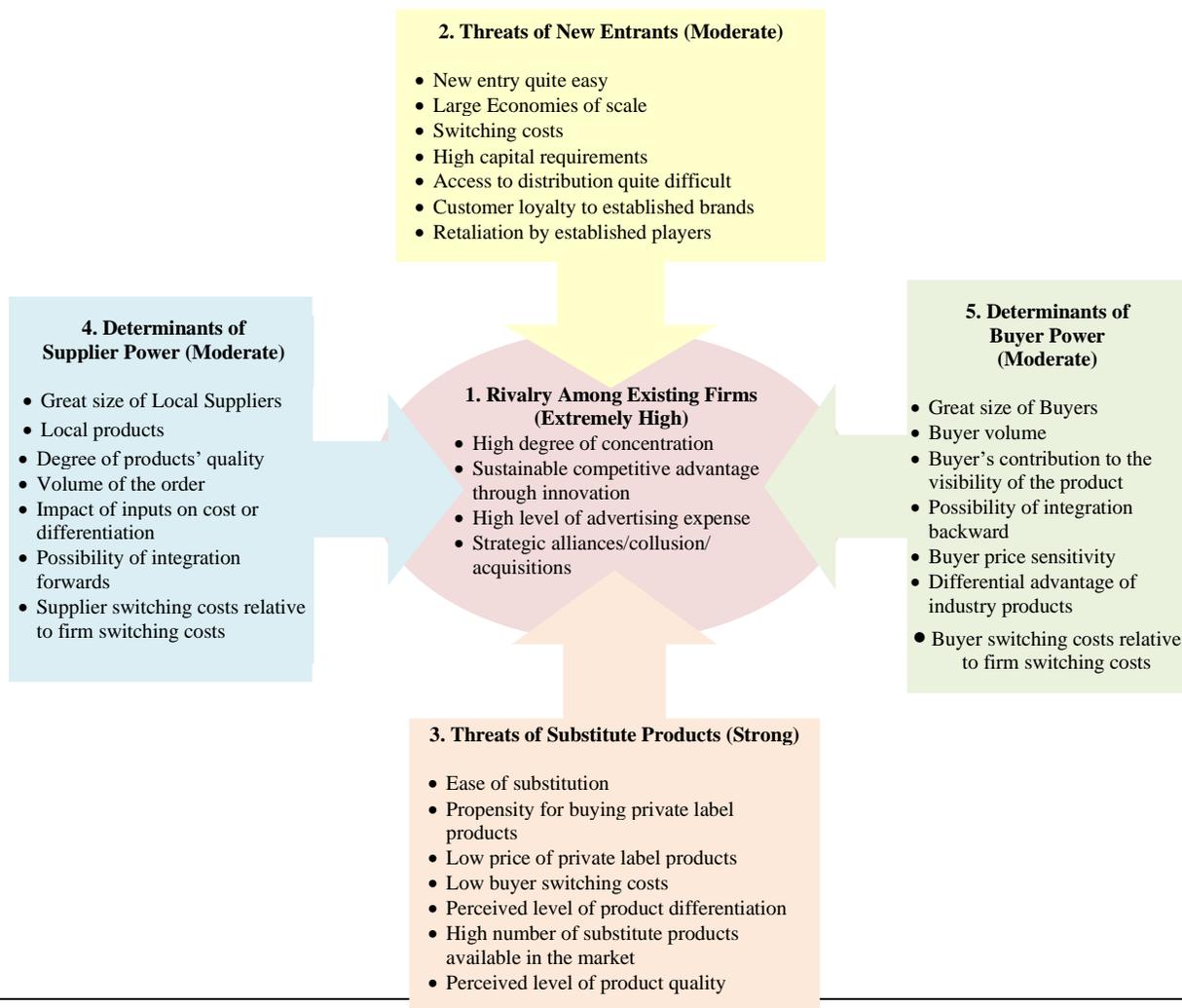
	Economic Environment	Social- Environmental Environment
Positive Influence	<ul style="list-style-type: none"> + Strength economy trends in East Europe & Russia/ Africa + Large market and trade cycles + New distribution trends + Many customers + Faster growth in consumption of non-sparkling drinks, particularly waters and juices + High earnings of the largest companies + High degree of concentration + Strong distribution channel + Policies of retail offerings/ ' war ' of prices + Demand covered by domestic production + Resistant Industry 	<ul style="list-style-type: none"> + Lifestyle trends for eating and drinking out of home + Consumer trends for a healthy diet and physical activity + Major events and influences + Many brands, companies, technology image + High advertising and publicity + Easy access to the market + Ethnic/religious factors for local products + More hot days a year + Tourist traffic during the period April-October + Modern pace of life + Average number of children per family + Age distribution
Negative Influence	<ul style="list-style-type: none"> - Competition is rife - European economic crisis - Weak economy situation in Central-Western Europe - General taxation issues/ Taxation specific to beverages in Greece and Italy - High Inflation/Unemployment in Europe - Seasonality - Weather issues - Demand elasticity in price - Increase in the cost of many categories of feed materials - Rise in oil prices Fluctuate interest and exchange rates - Low credits from banks- High-interest rates 	<ul style="list-style-type: none"> - Media views for the quality and nutritional value of beverages - Law changes affecting social factors - Consumer buying private label products - Low consumer credit in Western Europe - Increase in consumption at home in Western Europe - Rumor for the quality & nutritional value of beverages - Sensitivity of primary production of raw materials to extreme changes in weather conditions. - Ecological/environmental issues
	Political - Legal Environment	Technological Environment
Positive Influence	<ul style="list-style-type: none"> + International legislation + Regulatory bodies and processes + Trading policies + Funding, grants, and initiatives + Home market lobbying/pressure groups + International pressure groups + E-Government 	<ul style="list-style-type: none"> + Competing technology development + Replacement technology/solutions + Information and communications + Consumer buying mechanisms/technology + Technology legislation + Innovation potential of new products & packages + Technology access, licensing + Global communications + Continuous intensive advertising support + Increase in the use of coolers
Negative Influence	<ul style="list-style-type: none"> - Current legislation home market in Greece - Future legislation - Austerity government policies in Greece and Italy - Political and tax instability in Greece - The legislative framework for dividends voted 2010 in Greece (Article 18 of the Law 3697/2008) 	<ul style="list-style-type: none"> - Low research funding - Development in private label production

Appendix 14. Table of Countries Index and Rates

Country	GDP Billion USD	GDP QoQ	GDP YoY	Interest rate	Inflation rate	Jobless rate	Gov. Budget	Debt to GDP	Current Account	Exchange rate	Population
Euro Area	12456	0.20%	1.40%	1.00%	3.00%	10.30%	-6.20	85.10	-0.40	1.31	329.58
Italy	2051	-0.20%	0.20%	1.00%	3.30%	8.50%	-4.60	119.00	-3.30	1.31	60.60
Russia	1480	0.20%	4.80%	8.00%	7.00%	6.40%	-3.90	9.90	4.90	31.70	142.90
Switzerland	524	0.20%	1.30%	0.00%	-0.50%	3.10%	-1.30	55.00	14.20	0.93	7.79
Poland	469	1.00%	4.20%	4.50%	4.80%	12.10%	-7.80	55.00	-3.40	3.43	38.18
Austria	376	0.30%	2.60%	1.00%	3.60%	4.30%	-4.40	72.30	2.70	1.31	8.40
Greece	305	0.20%	-5.00%	1.00%	2.90%	17.50%	-10.60	142.80	-10.50	1.31	11.33
Ireland	204	-1.90%	-0.10%	1.00%	2.90%	14.50%	-31.30	96.20	-0.70	1.31	4.45
Nigeria	194	7.40%	7.40%	12.00%	10.50%	21.10%	-3.28	16.40	6.40	160.30	158.26
Czech Republic	192	-0.10%	1.20%	0.75%	2.50%	8.00%	-4.80	38.50	-3.80	19.70	10.53
Romania	162	1.80%	2.60%	6.00%	3.44%	7.20%	-6.90	30.80	-4.10	3.31	21.45
Ukraine	138	0.50%	3.80%	7.75%	5.90%	8.90%	-5.50	40.50	-1.90	8.00	45.78
Hungary	130	0.50%	1.40%	7.00%	4.30%	10.80%	-4.20	80.20	2.10	242.41	10.00
Slovakia	89	0.70%	3.00%	1.00%	4.60%	13.40%	-7.70	41.00	-3.40	1.31	5.43
Slovenia	48	-0.20%	-0.10%	1.00%	2.00%	11.50%	-5.80	38.80	-1.10	1.31	2.07
Bulgaria	48	0.00%	1.30%	0.20%	3.10%	10.20%	-3.10	16.20	-1.00	1.38	7.56
Lithuania	36	1.30%	6.60%	1.75%	4.40%	14.80%	-7.00	38.20	1.80	2.65	3.32
Latvia	24	1.70%	6.60%	3.50%	4.20%	14.40%	-8.30	44.70	3.60	0.54	2.24
Estonia	19	1.20%	8.50%	1.00%	4.20%	10.90%	0.20	6.60	3.60	1.31	1.34
FYROM	9	5.30%	5.30%	4.00%	2.80%	31.30%	-2.50	24.60	-2.80	44.58	2.06

Source: <http://www.tradingeconomics.com/>

Appendix 15. Table of Porter Five Forces Analysis of Food & Drinks Industry.-Source: Personal estimates



Appendix 16. Table of SWOT & Strategy Analysis of Coca-Cola Hellenic.-Source: Personal estimates

		Internal environment of Coca-Cola Hellenic	
		(Attributes of the organization)	
SWOT & Strategy Analysis of Coca-Cola Hellenic		Strengths	Weaknesses
			<ul style="list-style-type: none"> + Leader in all countries which operates + Broad and balanced geographic footprint + Wide product range + Successful promotional activity + Customer centricity + Consumption per capita growth potential + Highly experienced management team + Strong balance sheet + Continued free cash flow generation + Globally recognized commitment to sustainability
External environment (Attributes of the organization)	Opportunities	SO Strategies	WO Strategies
	<ul style="list-style-type: none"> + Acquisitions of Local competitors + Encouraging signs of economic recovery in Eastern Europe & Russia/ Africa. + Technology development and innovation + Business and product development + Could seek better supplier deals. + Modern pace of life + Trend for a healthy diet and physical activity + Trend for eating and drinking out of home + Impressive growth in consumption of Bottled water and Ice tea + Summer months/Tourist traffic 	<ul style="list-style-type: none"> = Probably justifying immediate action-planning or feasibility study. = Revenue growth ahead of volume = Strategic alliances for entry into new markets = Production of new light products with health and wellness benefits = Expansion of production line = Strategic investments in new technologies = Flexibility to changes in consumer preference 	<ul style="list-style-type: none"> = Expansion to RTD and food/snack market = Continuous control of market strategy = Improvement in pricing and category mix = Invest in brands = Investments to coolers and other cold drink equipment in retail outlets and other consumption venues = Joint venture with The Coca-Cola Company
	Threats	ST Strategies	WT Strategies
	<ul style="list-style-type: none"> - Protracted recession in the Eurozone- Low purchasing power of the household - Legislation could impact for dividends in Greece - Government austerity measures in Western Europe (Increased taxes/ V.A.T. rate on beverages) - High competition (Pepsico Ivi, Nestle, etc.) - Fluctuations of exchange rates risk. - Market demand very seasonal. - Demand elasticity in the price- growth in private label - Retention of key staff critical. - Possible negative publicity for the quality and nutritional value - Increased input costs 	<ul style="list-style-type: none"> = Improvement in pricing and category mix, invest in brands = Focus on continuing to invest in brands = New levels of business process efficiency and customer service (SAP Wave II). = Continuing win in the marketplace = Aggressive price policy, by reducing or maintaining stable = Strengthen the leading market presence = Looking for new acquisitions = Advertising strategy promoting quality = Awareness, planning, and implementation required to meet these challenges. 	<ul style="list-style-type: none"> = Assessment of risk crucial. = Improvement in market place execution = Promotion of economic packages = Focus on the reduction of operating costs = Transfer of activities in neighboring countries with a low tax system = Decline in business = Reduction in staff = Sell existing bonds with a view to reduce expenses for interest and to improve the schedule's finish lending

Appendix 17. Table of SWOT & Strategy Analysis of PepsiCo.-Source: Personal estimates

		Internal environment of PepsiCo	
		(Attributes of the organization)	
SWOT & Strategy Analysis of PepsiCo's Subsidiaries		Strengths	Weaknesses
		<ul style="list-style-type: none"> + Subsidiary of PepsiCo(Multinational) + Operating in many countries + Strong diverse and quality portfolio of foods- snack (63%) & beverages (37 %) + Capacity development of innovative products and improvements to existing ones + Qualitative production process + Low-cost facilities locations + Possibility of producing innovative products + Smart marketing and promotional capacity + Strong sales in juices, tea, and snacks 	<ul style="list-style-type: none"> - Some gaps in range for beverages - Lack of competitive strength - Low factories and warehouses - Weak processes and systems - Management cover insufficient
External environment (Attributes of the organization)		Opportunities	SO Strategies
		<ul style="list-style-type: none"> + Acquisitions of Local competitors + Encouraging signs of economic recovery in Eastern Europe & Russia/ Africa. + Technology development and innovation + Business and product development + Could seek better supplier deals. + Modern pace of life + Trend for a healthy diet and physical activity + Trend for eating and drinking out of home + Impressive growth in consumption of Bottled water and Ice tea + Summer months/Tourist traffic 	<ul style="list-style-type: none"> = Strategic acquisition for entry into new markets = Production of new light products with health and wellness benefits = Strategic investments in new technologies = Flexibility to changes in consumer preference
		Threats	ST Strategies
		<ul style="list-style-type: none"> - Protracted recession in the Eurozone- Low purchasing power of the household - Legislation could impact for dividends in Greece - Government austerity measures in Western Europe (Increased taxes/ V.A.T. rate on beverages) - High competition (CCHBC, Nestle, etc.) - Fluctuations of exchange rates risk. - Market demand very seasonal. - Demand elasticity in the price- growth in private label - Retention of key staff critical. - Possible negative publicity for the quality and nutritional value - Increased input costs 	<ul style="list-style-type: none"> = Aggressive price policy, by reducing or maintaining stable = Increasing advertising = Strengthen its presence and visibility
		WO Strategies	WT Strategies
		<ul style="list-style-type: none"> = Investments for equipment (machinery and buildings) = Investment in more efficient systems and processes which enhance customer service = Strengthen their network and promote their products on the market 	<ul style="list-style-type: none"> = Investment to buildings/factories

Appendix 18. Table of SWOT & Strategy Analysis of LOUX.-Source:Personal estimates

		Internal environment of LOUX	
		(Attributes of the organization)	
SWOT & Strategy Analysis of LOUX		Strengths	Weaknesses
		<ul style="list-style-type: none"> + The largest pure Greek company in industry + Popular image of the undertaking for Quality and authenticity of taste + Approval of membership in the incentive law + Individual business effort + Modern and sophisticated production units, storage and handling of soft drinks + Low-cost facilities locations + Use exclusively of its own funds + Development and exports 	<ul style="list-style-type: none"> - Be a small player - No direct marketing experience. - Some gaps in range for beverages - Low R&D activity and innovation - Low sales distribution network - Low marketing - Weak Processes and systems - Gaps in capabilities
External environment (Attributes of the organization)		Opportunities	WO Strategies
		<ul style="list-style-type: none"> + Acquisitions of Local competitors + Encouraging signs of economic recovery in Eastern Europe & Russia/ Africa. + Technology development and innovation + Business and product development + Could seek better supplier deals. + Modern pace of life + Trend for a healthy diet and physical activity + Trend for eating and drinking out of home + Impressive growth in consumption of Bottled water and Ice tea + Summer months/Tourist traffic 	<ul style="list-style-type: none"> = Expansion into new markets, such as Bottled water = Creation of new innovative products on the market for soft drinks, juices and tea = Production of new light products with health and wellness benefits = Stabilization in mature markets = Development of innovative products and improvements to existing ones
External environment (Attributes of the organization)		Threats	WT Strategies
		<ul style="list-style-type: none"> - Protracted recession in the Eurozone- Low purchasing power of the household - Legislation could impact for dividends in Greece - Government austerity measures in Western Europe (Increased taxes/ V.A.T. rate on beverages) - High competition (CC HBC, Pepsico,etc.) - Fluctuations of exchange rates risk. - Market demand very seasonal. - Demand elasticity in the price- growth in private label - Retention of key staff critical. - Possible negative publicity for the quality and nutritional value - Increased input costs 	<ul style="list-style-type: none"> = Investment in the production of innovative products in the wider area of non-alcoholic beverages = Expansion into new markets and products = Strengthen their network and promote their products on the market in order to obtain further widening their share
		ST Strategies	WT Strategies
		<ul style="list-style-type: none"> = Expansion into new markets, such as Bottled water = Creation of new innovative products on the market for soft drinks, juices and tea = Production of new light products with health and wellness benefits = Stabilization in mature markets = Development of innovative products and improvements to existing ones 	<ul style="list-style-type: none"> = Investments for equipment (machinery and buildings) = Creation of a PET packaging production unit
		<ul style="list-style-type: none"> = Investment in the production of innovative products in the wider area of non-alcoholic beverages = Expansion into new markets and products = Strengthen their network and promote their products on the market in order to obtain further widening their share 	<ul style="list-style-type: none"> = Merge to multinational

CFA Research Challenge-UoM's team:

Participating at CFA Research Challenge from November 2011-February 2012 as a 3-member (out of the initial 5-member) team of MSc students (in Strategic Managerial Accounting and Financial Management) during the last weeks, representing the University of Macedonia under the supervision of Mentor CFA: D.Karydas and Acad. Adv.: I.Lazaridis & S.Papadopoulos, who called for expressions of interest in this University Competition, creating a team of 3-5 students.

- 1st Meeting & Guidance by Mentor: November 14, 2011.
- 2nd Meeting & Presentation of the Company by a member of its management team: December 7, 2011.
- Draft Due to Mentor who reviews and critiques the report throughout the research process: January 9, 2012.
- Final Report Due Date: January 30, 2012, and
- Local Final Presentation to a panel of experts: February 9, 2012

at King George Hotel, Athens, Greece, February 9, 2012 (Mr. Dimitris Karydas – CFA mentor, Mr. Ioannis Ritsios- CFA chair, professor Ioannis Lazaridis, and lecturer Simos Papadopoulos – faculty advisors, Panel of Experts or Examination Committee, Participants)

The combined report and presentation score (quantitative & qualitative examined by 5 judges): ranked 3rd among six teams of 3-5 students of universities from all over Greece, February 10, 2012 (Distinction) based on quantitative and qualitative criteria, as part of a local CFA Research Challenge/ Competition (representing the University of Macedonia), hosted by Hellenic CFA Society-CFA Institute.

The Analysis of Coca Cola Hellenic BC S.A., the Research Report Writing (high report scoring) and Presentation (low presentation scoring among teams of 3-5 students due to two-member involvement in the presentation day) answering questions, is the original work of Maria Dimitriou* as member of the team, and the report was prepared from the perspective of a sell-side or independent research analyst mentored by an experienced professional.

It was a very personal decision when team-members hadn't time to go for invest time and effort researching and to analyze an extensive range of data applying the tools of equity valuation directed toward exploring real-world business and writing an investment research report. It was needed not only to understand what information is available and important in a complex, unknown, and different level but also to be able to spend countless hours with extremely hard work and clear mind to accomplish it on time in a research report format.

It offered me the opportunity to study a real business issue developing my knowledge in depth and then applying that knowledge to an extent, in master and later doctorate level. In fact, it was a ticket to pursue my master thesis, where the investment research report included by a different approach and translated in Greek - it is available for downloading from the site of library from November 2012 inside library only, and after thirty-six-month period available generally - directly improving educational outcomes at the context of the library's role, within University of Macedonia and beyond, PhD project in this direction.

Receiving a Certificate for outstanding investment research and a Distinction for the combined score of the written report and its presentation to a panel of experts (examination committee) among six teams (of 3-5 students) of universities from all over Greece as part of the CFA institute research challenge (representing the University of Macedonia).

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*Maria Dimitriou, MSc student in Strategic Managerial Accounting and Financial Management,

Department of Accounting and Finance, Postgraduate Studies Program, School of Business Administration,

University of Macedonia, N. Egnatia Str. 156, 54006, Thessaloniki, Greece

E-mail: mdimitriou@uom.gr, mdimitriou@uom.edu.gr, maria.d.dimitriou@gmail.com

Website: <https://www.linkedin.com/in/maria-dimitriou-1b238b63/>, https://www.researchgate.net/profile/Maria_Dimitriou3

Identifiers: Web of Science Researcher ID Y-7232-2019, ORCID 0000-0002-6153-7122

<https://publons.com/researcher/3121758/maria-dimitriou/>, <https://orcid.org/0000-0002-6153-7122/print>