



Coca-Cola European Partners Reports Interim Results for the First-Quarter Ended 30 March 2018

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Solid Start to 2018 and On-Track to Deliver Full-Year Outlook

LONDON--(BUSINESS WIRE)--

Coca-Cola European Partners plc (CCEP) (ticker symbol: CCE) today announces its interim results for the first-quarter ended 30 March 2018, and affirms full-year 2018 outlook.

Highlights

- First-quarter diluted earnings per share were €0.25 on a reported basis or €0.33 on a comparable basis, including a negligible impact from currency translation.
- First-quarter reported revenue totalled €2.4 billion, flat versus prior year, or up 1.0 percent on a comparable and fx-neutral basis. Volume was down 2.5 percent on a comparable basis.
- First-quarter reported operating profit totalled €187 million, or €239 million on a comparable basis, up 12.5 percent or up 13.0 percent on a comparable and fx-neutral basis.
- CCEP affirms full-year guidance for 2018 including comparable and fx-neutral diluted earnings per share growth of between 6 percent and 7 percent when compared to 2017 comparable results.
- CCEP declares quarterly interim dividend of €0.26 per share.

“Our first-quarter results reflect our continued focus on improving our in-market execution and driving profitable revenue growth through strong price and mix realisation,” said Damian Gammell, Chief Executive Officer. “While pleased with our overall performance, volume growth was impacted during the quarter by unfavourable weather, customer challenges, and the effect of some of our brand realignment decisions.

“We remain confident that we are making the right strategic decisions for the long term and this is reflected in our 2018 outlook, which we have affirmed today,” Mr. Gammell said. “To achieve this outlook, we are focused on executing our plans over the key summer selling season while navigating through a dynamic trading environment.”

Key Financial Measures

Unaudited, fx impact calculated by recasting current year results at prior year rates	First-Quarter Ended 30 March 2018						
	€ million			% change			
	As Reported	Comparable	Fx-Impact	As Reported	Comparable	Fx-Impact	Comparable Fx-Neutral
Revenue	2,378	2,378	(24)	—%	—%	(1.0)%	1.0%
Cost of sales	1,491	1,462	(15)	1.5%	(2.5)%	(1.0)%	(1.5)%
Operating expenses	700	677	(8)	0.5%	1.0%	(1.0)%	2.0%
Operating profit	187	239	(1)	(14.5)%	12.5%	(0.5)%	13.0%
Profit after taxes	124	162	(1)	(15.5)%	15.5%	(1.0)%	16.5%
Diluted earnings per share (€)	0.25	0.33	—	(16.5)%	14.0%	—%	14.0%

Operational Review

First-quarter 2018 diluted earnings per share were €0.25 on a reported basis, or €0.33 on a comparable basis. Currency translation had a negligible impact on first-quarter comparable diluted earnings per share. First-quarter 2018 reported operating profit totalled €187 million, down 14.5 percent versus prior year. Comparable operating profit was €239 million, up 12.5 percent, or up 13.0 percent on a comparable and fx-neutral basis.

Key operating profit factors in the quarter include modest revenue growth driven by strong revenue per unit case growth. This was offset by a 2.5 percent decline in volume as we continue to optimise promotional effectiveness, focus on smaller pack formats and exit lower margin brands. Operating margins improved as we expanded our gross margin and continued to realise post-merger

synergy benefits.

Revenue

First-quarter 2018 reported revenue totalled €2.4 billion, flat versus prior year, or up 1.0 percent on a comparable and fx-neutral basis. Revenue per unit case was up 3.5 percent on a comparable and fx-neutral basis driven by favourable price, promotion and package mix. First-quarter volume decreased 2.5 percent on a comparable basis, reflecting unfavourable weather conditions; the impact from customer disruptions, notably in France; and some of our strategic decisions regarding our portfolio, principally in the water segment.

On a territory basis for the first quarter, Iberia revenues were down 0.5 percent, with a decline in volume partially offset by revenue per unit case growth, supported by favourable channel mix. Revenue in Germany was up 1.5 percent, with strong revenue per unit case growth driven by the impact of pricing and promotional plans, partially offset by volume declines. Revenue in Great Britain grew 3.0 percent with solid gains in revenue per unit case reflecting an ongoing focus on promotional effectiveness and favourable package mix. Revenue in France was down 4.5 percent with modest growth in revenue per unit case more than offset by a decline in volume owing primarily to the impact from customer disruptions as we focus on price realisation and reduction of promotional activity. Revenue in the Northern European territories (Belgium, Luxembourg, the Netherlands, Norway, Sweden, and Iceland) was flat, led by growth in the Netherlands and Sweden.

On a brand basis for first-quarter 2018, volume for sparkling brands was down 1.0 percent. Coca-Cola trademark brands decreased 2.0 percent, with growth of 8.5 percent in Coca-Cola Zero Sugar offset by declines in other trademark brands. Sparkling flavours and energy grew 1.0 percent led by energy brands and Schweppes. Still brands decreased 9.0 percent, with water brands down 10.5 percent and juices, isotonics, and other down 8.0 percent mainly due to strategic decisions regarding our brand portfolio.

Cost of Sales

First-quarter 2018 reported cost of sales were €1.5 billion, up 1.5 percent versus prior year. Comparable cost of sales were €1.5 billion, down 2.5 percent, or down 1.5 percent on a comparable and fx-neutral basis.

First-quarter cost of sales per unit case increased 1.0 percent on a comparable and fx-neutral basis, driven by channel, brand and package mix, as well as year-over-year cost increases in key inputs, principally concentrate as a result of our incidence model, and aluminium. This was partially offset by sweetener and benefits from our synergy programmes.

Operating Expenses

First-quarter 2018 reported operating expenses were €700 million, up 0.5 percent versus prior year. Comparable operating expenses were €677 million, up 1.0 percent, or up 2.0 percent on a comparable and fx-neutral basis. This reflects expense timing and select investments partially offset by synergy benefits and a continued focus on managing expenses.

Restructuring Charges

During the first-quarter 2018, we recognised restructuring charges totaling €44 million. These charges principally relate to proposed restructuring activities under our Integration and Synergy Programme and our recently announced proposal to close our manufacturing site in Milton Keynes and distribution centre in Northampton during the course of 2019.

Outlook

For 2018, CCEP affirms prior guidance, including revenue growth in a low single-digit range, with both operating profit and earnings per share growth of between 6 percent and 7 percent. Each of these growth figures is on a comparable and fx-neutral basis when compared to 2017 comparable results. This revenue growth guidance excludes the accounting impact of incremental soft drinks industry taxes. These taxes are expected to add approximately 2 percent to 3 percent to revenue growth and approximately 4 percent to cost of goods growth. At recent rates, currency translation would have a negligible impact on 2018 full-year diluted earnings per share.

CCEP affirms 2018 free cash flow* in the range of €850 million to €900 million, including the expected benefit from improved working capital offset by the impact of restructuring and integration costs. Capital expenditures are expected to be in the range of €525 million to €575 million, including approximately €75 million of capital expenditures related to synergies. Weighted-average cost of debt is expected to be approximately 2 percent. The comparable effective tax rate for 2018 is expected to be approximately 25 percent.

CCEP remains on track to achieve pre-tax run-rate savings of €315 million to €340 million through synergies by mid-2019. Further, CCEP expects to have realised approximately 75 percent of the target by year-end 2018. Restructuring cash costs to achieve these synergies are expected to be approximately 2 1/4 times expected savings and includes cash costs associated with pre-transaction close accruals. Given these factors, currency exchange rates, and our outlook for 2018, CCEP expects year-end net debt to adjusted EBITDA* for 2018 to be towards the low-end of our target range of 2.5 to 3 times. As a result, during 2018, CCEP expects to continue to evaluate returning incremental cash to shareholders.

* Refer to 'Note Regarding the Presentation of Alternative Performance Measures' for further details about these measures.

Dividends

The CCEP Board of Directors declared a regular quarterly interim dividend of €0.26 per share. The interim dividend is payable 29 May 2018 to those shareholders of record on 14 May 2018. The Company is pursuing arrangements to pay the interim dividend in euros to shares held within Euroclear Netherlands. Other publicly held shares will be converted into an equivalent US dollar amount using exchange rates issued by WM/Reuters taken at 16:00 BST on 26 April 2018. This translated amount will be posted on our website, www.ccep.com, under the Investor/Shareowner Information section.

Conference Call

CCEP will host a conference call with investors and analysts today at 15:00 BST, 16:00 CEST, and 10:00 a.m. EDT. The call can be accessed through the Company's website at www.ccep.com.

Financial Details

Financial details can be found in our first-quarter 2018 earnings release on Form 6-K, available within the next 24 hours at www.morningstar.co.uk/uk/NSM (located under effective date 30 March 2018) and available immediately on our website, www.ccep.com, under the Investors tab. This document will include comparable income statements for first-quarter 2018 and 2017. There is also additional supplemental financial information, such as volume and per unit case data. The financial details included in this earnings release and on Form 6-K are unaudited.

About CCEP

Coca-Cola European Partners plc is a leading consumer goods company in Western Europe, selling, making and distributing an extensive range of non alcoholic ready-to-drink beverages and is the world's largest independent Coca-Cola bottler based on revenue. Coca-Cola European Partners serves a consumer population of over 300 million across Western Europe, including Andorra, Belgium, continental France, Germany, Great Britain, Iceland, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain and Sweden. The Company is listed on Euronext Amsterdam, the New York Stock Exchange, Euronext London and on the Spanish stock exchanges, and trades under the symbol CCE. For more information about CCEP, please visit our website at www.ccep.com and follow CCEP on Twitter at @CocaColaEP.

Forward-Looking Statements

This document may contain statements, estimates or projections that constitute "forward-looking statements" concerning the financial condition, performance, results, strategy and objectives of Coca-Cola European Partners plc and its subsidiaries ("CCEP"). Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "plan," "seek," "may," "could," "would," "should," "might," "will," "forecast," "outlook," "guidance," "possible," "potential," "predict" and similar expressions identify forward-looking statements, which generally are not historical in nature.

Forward-looking statements are subject to certain risks that could cause actual results to differ materially from CCEP's historical experience and present expectations or projections. As a result, undue reliance should not be placed on forward-looking statements, which speak only as of the date on which they are made. These risks and uncertainties include but are not limited to those set forth in the "Risk Factors" section of the 2017 Annual Report on Form 20-F, including the statements under the following headings: Risks Relating to Consumer Preferences and the Health Impact of Soft Drinks; Risks Relating to Legal and Regulatory Intervention (such as the impact of sugar taxes being implemented in a number of countries in 2018 and recently announced plans by the UK Government to consider the introduction of some form of deposit return scheme in GB); Risks Relating to Business Integration and Synergy Savings; Risks Relating to Cyber and Social Engineering Attacks; Risks Relating to the Market; Risks Relating to Economic and Political Conditions (such as continuing developments in relation to the UK's exit from the EU); Risks Relating to the Relationship with TCCC and Other Franchisors; Risks Relating to Product Quality; and Other Risks.

Due to these risks and uncertainties, CCEP's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set out in CCEP's forward-looking statements. Additional risks and uncertainties that may impact CCEP's future financial condition and performance are identified in filings with the SEC which are available on the SEC's website at www.sec.gov. CCEP does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required under applicable rules, laws and regulations. CCEP assumes no responsibility for the accuracy and completeness of any forward-looking statements. Any or all of the forward-looking statements contained in this filing and in any other of CCEP's respective public statements may prove to be incorrect.

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