



Coca-Cola European Partners Reports Interim Results for the Third-Quarter Ended 29 September 2017

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Third Quarter In-Line with Guidance, Full-Year Outlook Affirmed

LONDON--(BUSINESS WIRE)--

Coca-Cola European Partners plc (CCEP) (ticker symbol: CCE) today announces its interim results for the third-quarter ended 29 September 2017 and affirms full-year 2017 outlook.

Highlights

- Third-quarter diluted earnings per share were €0.62 on a reported basis or €0.68 on a comparable basis, including a negative currency translation impact of €0.01.
- Third-quarter reported revenue totalled €3.0 billion, down 1.5 percent, or down 0.5 percent on a comparable and fx-neutral basis. Volume was down 3.5 percent on a comparable basis.
- Third-quarter reported operating profit was €427 million; comparable operating profit was €470 million, up 2.5 percent on a comparable basis, or up 3.5 percent on a comparable and fx-neutral basis.
- CCEP provides full-year guidance for 2017 including comparable diluted earnings per share in a range of €2.10 to €2.13 including currency translation at recent rates.
- CCEP remains on track to achieve pre-tax savings of €315 million to €340 million through synergies by mid-2019.
- CCEP declares quarterly dividend of €0.21 per share.

“Our third-quarter results were in-line with our guidance and we remain firmly on track to achieve our planned synergies and continue to make solid progress in building on our foundation of winning with customers through great beverages, great service, and great people,” said Damian Gammell, Chief Executive Officer.

“We remain focused on driving profitable revenue growth, expanding our portfolio, and continuing to invest in our business to capture the long-term growth opportunities ahead of us,” Mr. Gammell said. “This includes improving our sales force capabilities, evolving our routes-to-market, reducing low value promotions, and leveraging our digital abilities. These factors, combined with our focus on cash generation, will help us address the headwinds that lie ahead and importantly, support our most important goal which is driving shareholder value.”

Key Financial Measures	Third Quarter Ended 29 September 2017						
	€ million			% change			
	As Reported	Comparable	Fx-Impact	As Reported	Comparable	Fx-Impact	Comparable Fx-Neutral
<i>Unaudited, fx impact calculated by recasting current year results at prior year rates</i>							
Revenue	2,964	2,964	(29)	(1.5)%	(1.5)%	(1.0)%	(0.5)%
Cost of sales	1,774	1,768	(17)	(1.0)%	(1.5)%	(1.0)%	(0.5)%
Operating expenses	763	726	(7)	(5.5)%	(3.5)%	(0.5)%	(3.0)%
Operating profit	427	470	(5)	5.5%	2.5%	(1.0)%	3.5%
Profit after taxes	304	333	(4)	(7.0)%	3.5%	(1.5)%	5.0%
Diluted earnings per share (€)	0.62	0.68	(0.01)	(7.5)%	3.0%	(1.0)%	4.0%

Key Financial Measures	Nine Months Ended 29 September 2017			
	€ million		% change	

<i>Unaudited, fx impact calculated by recasting current year results at prior year rates</i>							
	As Reported	Comparable	Fx-Impact	As Reported	Comparable	Fx-Impact	Comparable Fx-Neutral
Revenue	8,400	8,400	(122)	28.0%	1.5%	(1.5)%	3.0%
Cost of sales	5,095	5,092	(73)	26.5%	1.5%	(1.5)%	3.0%
Operating expenses	2,243	2,150	(25)	24.0%	(2.5)%	(1.0)%	(1.5)%
Operating profit	1,062	1,158	(24)	47.5%	9.0%	(2.5)%	11.5%
Profit after taxes	749	811	(18)	39.5%	11.5%	(2.5)%	14.0%
Diluted earnings per share (€)	1.53	1.66	(0.04)	14.0%	11.5%	(2.5)%	14.0%

Operational Review

Third-quarter 2017 diluted earnings per share were €0.62 on a reported basis, or €0.68 on a comparable basis. Currency translation had a negative impact of €0.01 on third-quarter comparable diluted earnings per share. Third-quarter reported operating profit totalled €427 million, up 5.5 percent versus prior year. Comparable operating profit was €470 million, up 2.5 percent on a comparable basis, or up 3.5 percent on a comparable and fx-neutral basis.

Nine-months ended 2017 diluted earnings per share were €1.53 on a reported basis, or €1.66 on a comparable basis. Currency translation had a negative impact of €0.04 on comparable diluted earnings per share for the nine-months ended 2017. Nine-months ended 2017 reported operating profit totalled €1.1 billion, up 47.5 percent versus prior year. Comparable operating profit was €1.2 billion, up 9.0 percent on a comparable basis, or up 11.5 percent on a comparable and fx-neutral basis.

Key operating factors in the third quarter include a modest revenue decline driven by unfavourable weather as well as strong prior year comparables. Additional factors include a stable gross margin as the growth in revenue per unit case offset the increase in cost of sales per unit case, reflecting an ongoing focus on improving mix and promotional profitability. Operating margins improved as we continue to benefit from post-merger synergy benefits.

Revenue

Third-quarter 2017 reported revenue totalled €3.0 billion, down 1.5 percent, or down 0.5 percent on a comparable and fx-neutral basis. Revenue per unit case was up 3.0 percent on a comparable and fx-neutral basis driven by favourable price, promotion, and package mix. Third-quarter volume decreased 3.5 percent on a comparable basis, reflecting strong prior year hurdles, unfavourable weather conditions, and the impact from customer disruptions as we focus on maintaining gross margins.

On a territory basis for the third quarter, Iberia revenues were up 0.5 percent, as revenue per unit case growth offset a decline in volume, supported by favourable channel and package mix. Revenue in Germany was down 1.0 percent, with a decline in volume partially offset by strong revenue per unit case growth driven by the impact of pricing and promotional plans as well as favourable package and brand mix. Great Britain had strong revenue growth on an fx-neutral basis with gains in both revenue per unit case and volume, driven by solid growth in Coca-Cola Zero Sugar, flavours, and energy. On a reported basis, Great Britain revenues were down 3.0 percent, driven by a decline of the British pound versus the Euro of approximately 5.0 percent. Revenue in France was down 6.5 percent, as revenue per unit case growth was not enough to offset a decline in volume, driven by unfavourable weather and lower promotional activity versus prior year. Revenue in the Northern European territories (Belgium, Luxembourg, the Netherlands, Norway, Sweden, and Iceland) was flat, benefiting 2.0 percent from the inclusion of Iceland and a 2.0 percent decline in previously existing territories. Growth in Northern Europe was led by Norway and Sweden, offset by a decline in Belgium/Luxembourg.

On a brand basis for the third quarter, volume for sparkling brands was down 3.0 percent. Coca-Cola trademark brands decreased 4.5 percent, with growth of 8.0 percent in Coca-Cola Zero Sugar offset by declines in other trademark brands. Sparkling flavours and energy grew 1.5 percent led by energy brands and Fanta. Still brands decreased 5.5 percent. Water brands were down 8.5 percent, impacted by the discontinuation of select less profitable water brands partially offset by solid growth from Aquabona in the quarter. Juices, isotonic, and other were down 3.5 percent with growth from Capri-Sun offset by a decline in the sports category reflecting unfavourable weather and strong prior year hurdles, notably in Iberia.

Cost of Sales

Third-quarter 2017 reported cost of sales were €1.8 billion, down 1.0 percent. Comparable cost of sales were €1.8 billion, down 1.5 percent on a comparable basis, or down 0.5 percent on a comparable and fx-neutral basis. Third-quarter cost of sales per unit case increased 2.5 percent on a comparable and fx-neutral basis, driven by channel and brand mix, manufacturing costs, as well as year-over-year cost increases in key inputs, principally concentrate, partially offset by benefits from our synergy programmes.

Operating Expenses

Third-quarter 2017 reported operating expenses were €763 million, down 5.5 percent. Comparable operating expenses were €726 million, down 3.5 percent on a comparable basis, or down 3.0 percent on a comparable and fx-neutral basis. This reflects synergy benefits, expense timing, volume, and a continued focus on managing operating expenses.

Outlook

For 2017, as previously stated, CCEP expects low single-digit revenue growth and operating profit growth at the top end of the high single-digit range. Excluding synergies, operating profit growth has been broadly in-line with revenue growth for the first nine months of 2017. For the full year, we now expect some deleveraging as we invest in our business while maintaining our full-year operating profit guidance. Each of these growth figures is on a comparable and fx-neutral basis when compared to 2016 comparable results. CCEP also expects diluted earnings per share in the range of €2.10 to €2.13 including currency translation at recent rates. At recent rates, currency translation reduces 2017 full-year diluted earnings per share by approximately 2 percent.

CCEP now expects 2017 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 approximately €550 million, including approximately €50 million to €75 million of capital expenditures related to synergies. Weighted-average cost of debt is expected to be approximately 2.0 percent. The comparable effective tax rate for 2017 is expected to be just under 25 percent. CCEP does not expect to repurchase shares in 2017.

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 exit 2017 with run-rate savings of approximately one-half of the target. 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 2017, CCEP expects year-end net debt to adjusted EBITDA* for 2017 to be under 3 times.

* 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 dividend of €0.21 per share. The dividend is payable 4 December 2017 to those shareholders of record on 20 November 2017. The Company is pursuing arrangements to pay the 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 GMT on 7 November 2017. 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 GMT, 16:00 CET and 10:00 a.m. EST. The call can be accessed through the Company's website at www.ccep.com.

Financial Details

Financial details can be found in our third-quarter 2017 filing, available at www.morningstar.co.uk/uk/NSM (located under effective date 29 September 2017) and available immediately on our website, www.ccep.com, under the Investors tab.

About CCEP

Coca-Cola European Partners plc (CCEP) is a leading consumer goods company in Western Europe, selling, making and distributing an extensive range of nonalcoholic 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 and uncertainties that could cause actual results to differ materially from CCEP's historical experience and its present expectations or projections. These risks and uncertainties include, but are not limited to, obesity concerns; water scarcity and poor quality; evolving consumer preferences; increased competition and capabilities in the marketplace; product safety and quality concerns; perceived negative health consequences of certain ingredients, such as non-nutritive sweeteners and biotechnology-derived substances, and of other substances present in CCEP's beverage products or packaging materials; increased demand for food products and decreased agricultural productivity; changes in the retail landscape or the loss of key retail or foodservice customers; fluctuations in foreign currency exchange rates; fluctuations in the stability of the Euro; interest rate increases; an inability of CCEP to maintain good relationships with its partners; a deterioration in its partners' financial condition; increases in income tax rates, changes in income tax laws or unfavourable resolution of tax matters; increased or new indirect taxes in CCEP's tax jurisdictions; increased cost, disruption of supply or shortage of energy or fuels; increased cost, disruption of supply or shortage of ingredients, other raw materials or packaging materials; changes in laws and regulations relating to beverage containers and packaging;

significant additional labelling or warning requirements or limitations on the availability of CCEP's respective products; an inability of CCEP to protect its respective information systems against service interruption, misappropriation of data or breaches of security; unfavourable general economic or political conditions in Europe or elsewhere; the United Kingdom's exit from the European Union; litigation or legal proceedings; non-compliance with anti-corruption laws and regulations and economic sanctions programmes; adverse weather conditions; climate change; damage to CCEP's respective brand images and corporate reputation from negative publicity, even if unwarranted, related to product safety or quality, human and workplace rights, obesity or other issues; changes in, or failure to comply with, the laws and regulations applicable to CCEP's respective products or business operations; changes in accounting standards; an inability of CCEP to achieve its respective overall long-term growth objectives; deterioration of global credit market conditions; default by or failure of one or more of CCEP's respective counterparty financial institutions; fluctuations in CCEP's debt rating; an inability to timely implement any previously announced actions to reinvigorate growth, or to realise the economic benefits CCEP anticipates from these actions; failure to realise a significant portion of the anticipated benefits of strategic relationships, including (without limitation) The Coca-Cola Company's relationship with Monster Beverage Corporation; an inability to renew collective bargaining agreements on satisfactory terms, or CCEP or its respective partners experience strikes, work stoppages or labour unrest; future impairment charges; an inability to realise business integration and synergy savings; an inability to successfully manage the possible negative consequences of productivity initiatives; global or regional catastrophic events; and other risks discussed in the 2016 Annual Report on Form 20-F, published on 12 April 2017, and in the interim results for the first six months ended 30 June 2017, published on 14 August 2017. 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. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. 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 public statements may prove to be incorrect.

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