



Coca-Cola European Partners Reports Fourth-Quarter & Full-Year Results for the Period Ended 31 December 2016

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LONDON--(BUSINESS WIRE)--

Coca-Cola European Partners plc (CCEP) (ticker symbol: CCE) today announces fourth-quarter and full-year results for the period ended 31 December 2016, and affirms its full-year 2017 outlook.

Highlights

- Full-year diluted earnings per share were €1.42 on a reported basis or €1.92 on a pro forma comparable basis, including a negative currency translation impact of €0.08.
- Full-year reported revenue totalled €9.1 billion. Pro forma comparable revenue was €10.9 billion, down 1.5 percent vs. prior year, or up 1.0 percent on a pro forma comparable and fx-neutral basis. Volume increased 0.5 percent on a pro forma comparable basis.
- Full-year reported operating profit was €851 million; pro forma comparable operating profit was €1.4 billion, up 1.0 percent, or up 5.0 percent on a pro forma comparable and fx-neutral basis.
- Fourth-quarter diluted earnings per share were €0.02 on a reported basis or €0.43 on a pro forma comparable basis, including a negative currency translation impact of €0.03.
- CCEP affirms its full-year guidance for 2017 including comparable and fx-neutral diluted earnings per share growth in a high single-digit range when compared to the 2016 pro forma comparable results; at recent rates, currency translation would reduce diluted earnings per share by approximately 2.0 percent.
- 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.

"During 2016, we successfully brought together the businesses of Coca-Cola European Partners, while delivering our growth objectives for revenue, profit, and diluted earnings per share," said Chief Executive Officer Damian Gammell. "This transaction, completed only 10 months ago, establishes an improved platform for growth as we diversify and increase our portfolio value, collaborate to win with our customers, and operate more efficiently, effectively, and locally to capture the market opportunities.

"As we worked to integrate our business in 2016, our company remained focused on driving core revenue, operating profit, and improving profit margins," Mr. Gammell said. "These results were driven by strong field level execution by our employees, solid marketing initiatives, and the benefits of improved weather in key months.

"Going forward, we will focus on delivering our operating objectives for 2017 - goals we have affirmed today - by successfully implementing our marketing and brand initiatives and continuing to realize our synergy objectives," Mr. Gammell said. "We believe the operating advantages of our new company, coupled with the skill and dedication of our people, will enable us to deliver consistent, value-building growth that creates benefits for our stakeholders and drives shareholder value.

"Today's dividend announcement, an increase of over 20 percent, is a clear demonstration of our strong commitment to driving shareholder value," Mr. Gammell said.

Note Regarding the Presentation of Financial Information

Unless otherwise noted, the financial information included in this release is provided on a pro forma comparable basis to allow investors to better analyse CCEP's business performance and allow for greater comparability. To do so, we have given effect to the Merger as if it had occurred at the beginning of the periods presented, thereby including the financial results of Coca-Cola Enterprises, Inc. ("CCE"), Coca-Cola Erfrischungsgetränke GmbH ("Germany," "CCEG") and Coca-Cola Iberian Partners S.A.U. ("Iberia," "CCIP") and acquisition accounting adjustments for the full periods presented. We have also excluded items affecting the comparability of year-over-year financial performance, including merger and integration costs, restructuring costs, the out-of-period mark-to-market impact of hedges and the inventory step-up related to acquisition accounting. See the Supplementary Financial Information for a full reconciliation of our reported results to our pro forma comparable results.

For purposes of this review, the following terms are defined as follows:

'As reported' includes the financial results of CCE only, as the accounting predecessor, for all periods prior to 27 May 2016 and combined CCEP (CCE, Germany and Iberia) for the period from 28 May 2016 through 31 December 2016.

'Pro forma' includes the results of CCE, Germany and Iberia as well as the impact of the additional debt financing costs incurred by CCEP in connection with the Merger for all periods presented, as if the Merger had occurred at the beginning of the period presented.

'Pro forma Comparable' represents the pro forma results excluding the items impacting comparability during the periods presented for CCE, Germany and Iberia.

'Fx-Neutral' represents the pro forma comparable results excluding the impact of foreign exchange rate changes during the periods presented.

Key Financial Measures <i>Unaudited, FX impact calculated by recasting current year results at prior year rates</i>	Fourth Quarter Ended 31 December 2016						
	€ million			% change			
	As Reported	Pro forma Comparable	Fx-Impact	As Reported	Pro forma Comparable	Fx-Impact	Pro forma Comparable Fx-Neutral
Revenue	2,578	2,578	(101)	73.0%	—%	(4.0)%	4.0%
Cost of sales	1,559	1,560	(59)	65.0%	—%	(3.5)%	3.5%
Operating expenses	887	691	(24)	124.0%	(2.5)%	(4.0)%	1.5%
Operating profit	132	327	(18)	(12.0)%	7.0%	(6.0)%	13.0%
Profit after taxes	12	212	(14)	(91.0)%	18.5%	(7.5)%	26.0%
Diluted earnings per share (€)	0.02	0.43	(0.03)	(96.5)%	16.0%	(10.0)%	26.0%

Key Financial Measures <i>Unaudited, FX impact calculated by recasting current year results at prior year rates</i>	Year Ended 31 December 2016						
	€ million			% change			
	As Reported	Pro forma Comparable	Fx-Impact	As Reported	Pro forma Comparable	Fx-Impact	Pro forma Comparable Fx-Neutral
Revenue	9,133	10,865	(288)	44.5%	(1.5)%	(2.5)%	1.0%
Cost of sales	5,584	6,575	(171)	39.0%	(2.0)%	(2.5)%	0.5%
Operating expenses	2,698	2,901	(66)	73.5%	(2.0)%	(2.5)%	0.5%
Operating profit	851	1,389	(51)	12.0%	1.0%	(4.0)%	5.0%
Profit after taxes	549	938	(39)	6.5%	13.0%	(4.5)%	17.5%
Diluted earnings per share (€)	1.42	1.92	(0.08)	(35.0)%	13.0%	(4.5)%	17.5%

Operational Review

CCEP reported full-year 2016 diluted earnings per share of €1.42, or €1.92 on a pro forma comparable basis. Currency translation had a negative impact of approximately €0.08 on full-year pro forma comparable diluted earnings per share. Full-year 2016 reported operating profit totalled €851 million, up 12.0 percent vs. prior year, reflecting the inclusion of Germany and Iberia in 2016. Pro forma comparable operating profit was €1.4 billion, up 1.0 percent, or up 5.0 percent on a pro forma comparable and fx-neutral basis.

Fourth-quarter reported 2016 diluted earnings per share were €0.02, or €0.43 on a comparable basis. Currency translation had a negative impact of approximately €0.03 on fourth-quarter comparable diluted earnings per share. Fourth-quarter 2016 reported operating profit totalled €132 million, down 12.0 percent vs. prior year, reflecting the inclusion of Germany and Iberia, offset by restructuring charges recorded in the fourth quarter of 2016. Pro forma comparable operating profit was €327 million, up 7.0 percent, or up 13.0 percent on a pro forma comparable and fx-neutral basis.

Key operating factors in the fourth-quarter included modest price/mix per case growth that was slightly ahead of cost of sales per case growth, coupled with a 1.5 percent increase in volume, one additional selling day in fourth-quarter 2016, and post-merger synergy benefits, all partially offset by the impact of a sustained, challenging consumer environment.

Revenue

Full-year reported revenue totalled €9.1 billion, up 44.5 percent, driven by the inclusion of Germany and Iberia in 2016. Pro forma comparable revenue was €10.9 billion, down 1.5 percent, or up 1.0 percent on a pro forma comparable and fx-neutral basis. Revenue per unit case grew 0.5 percent on a pro forma comparable and fx-neutral basis. Volume increased 0.5 percent on a pro forma comparable basis.

Fourth-quarter reported revenue totalled €2.6 billion, up 73.0 percent, driven by the inclusion of Germany and Iberia in 2016. Pro forma comparable revenue was €2.6 billion, flat vs. prior year, or up 4.0 percent on a pro forma comparable and fx-neutral basis. Revenue per unit case was up 1.5 percent on a pro forma comparable and fx-neutral basis. Volume increased 2.5 percent on a pro forma basis, or increased 1.5 percent on a pro forma comparable basis after adjusting for one additional selling day in the

fourth quarter of 2016.

On a territory basis for the fourth quarter, Iberia revenues were up 8.0 percent benefiting from strong growth of Coca-Cola Zero Sugar and the addition of Monster brands, with both revenue per unit case and volume growth. Revenue in Germany declined 1.5 percent, reflecting the impact of promotional plans and negative channel mix with growth in the home channel and declines in the cold channel, all partially offset by positive volume growth. Great Britain revenues were down 14.0 percent, as solid gains in both price/mix and volume growth were not enough to offset a 17.0 percent decline of the British pound vs. the Euro. Revenue in France grew 3.5 percent, primarily due to favourable price/mix and flat volume growth driven by promotional timing. Revenue in the Northern European territories (Belgium/Luxembourg, Iceland, the Netherlands, Norway and Sweden) grew approximately 7.5 percent led by solid growth in Belgium/Luxembourg, the Netherlands and Norway and the inclusion of Iceland. These figures also include the benefit of one additional selling day during the fourth quarter of 2016 when compared to the prior year fourth quarter.

As for volume, total full-year 2016 volume grew 0.5 percent on a pro forma basis and 0.5 percent on a pro forma comparable basis as the one fewer selling day in the first quarter was offset by the one additional selling day in the fourth quarter. A challenging consumer environment, improved weather in key selling months, and other operating factors highlighted above, combined to limit volume results.

Full-year sparkling brands grew 0.5 percent. Coca-Cola trademark declined approximately 1.0 percent, with approximately 10.0 percent growth in Coca-Cola Zero Sugar, offset by declines in other trademark brands. Sparkling flavors and energy grew 5.0 percent with continued strong growth in energy and solid growth in Fanta, Vio Bio sparkling, and Sprite. Energy is benefiting from year-over-year comparisons as we have not yet lapped the newly acquired distribution of Monster in Germany and Spain. Still brands grew 2.0 percent with water brands up 3.5 percent benefiting from Smartwater, Vio, Chaudfontaine and Aquabona. All other stills were flat as solid growth in teas and sports drinks were offset by declines in fruit and juice drinks.

Fourth-quarter comparable volume grew 1.5 percent on a pro forma basis after adjusting for one additional selling day. Sparkling brands grew 1.5 percent led by Coca-Cola Zero Sugar growth of approximately 13.5 percent. Sparkling flavors and energy grew 3.0 percent with solid growth in energy brands and Fanta. Still brands declined 0.5 percent with water up almost 2.0 percent, and all other still beverages were down 2.0 percent as growth in teas and sports drinks did not fully offset declines in fruit and juice drinks.

Cost of Sales

Full-year 2016 reported cost of sales totalled €5.6 billion, up 39.0 percent vs. prior year, driven by the inclusion of Germany and Iberia in 2016. Pro forma comparable cost of sales totalled €6.6 billion, down 2.0 percent vs. prior year, or up 0.5 percent on a pro forma comparable and fx-neutral basis driven in part by 0.5 percent reported volume growth. Full-year cost of sales per unit case was flat on a pro forma comparable and fx-neutral basis. This reflects the year-over-year impact of mix, the increase in commodity costs, notably sweetener and PET, partially offset by an overall net modest decline in all other cost of sales.

Fourth-quarter 2016 reported cost of sales totalled €1.6 billion, up 65.0 percent vs. prior year, driven by the inclusion of Germany and Iberia in 2016. Pro forma comparable cost of sales totalled €1.6 billion, flat vs. prior year, or up 3.5 percent on a pro forma comparable and fx-neutral basis driven by 2.5 percent pro forma volume growth. Pro forma comparable volume grew 1.5 percent after adjusting for an extra selling day in the fourth quarter. Fourth-quarter cost of sales per unit case increased 1.0 percent on a pro forma comparable and fx-neutral basis.

Operating Expense

Full-year 2016 reported operating expenses totalled €2.7 billion, up 73.5 percent vs. prior year, reflecting the inclusion of Germany and Iberia in 2016. Pro forma comparable operating expenses were €2.9 billion, down 2.0 percent, or up 0.5 percent on a pro forma comparable and fx-neutral basis. This includes the impact of volume growth and wage inflation, partially offset by the benefits of restructuring.

Fourth-quarter 2016 reported operating expenses totalled €887 million, up 124.0 percent vs. prior year, reflecting the inclusion of Germany and Iberia in 2016. Pro forma comparable operating expenses were €691 million, down 2.5 percent, or up 1.5 percent on a pro forma comparable and fx-neutral basis. This includes the impact of volume growth and one additional selling day, partially offset by the benefits of restructuring.

Restructuring Charges

During the fourth quarter of 2016, the Company recorded €162 million in restructuring charges principally related to restructuring proposals announced in October 2016, including those related to further supply chain improvements including network optimisation, productivity initiatives, continued facility rationalisation in Germany, and end-to-end supply chain organisational design. These announcements also include transferring of Germany transactional related activities to the Company's shared services centre in Bulgaria, and other central function initiatives.

During the full-year 2016, on a pro forma comparable basis, the Company recognized restructuring charges of €560 million, which includes amounts related to Germany and Iberia in-flight initiatives prior to the Merger. This included €300 million of pre-merger charges, €45 million of post-merger charges during the first half of 2016, and €215 million of post-merger charges during the second half of 2016. At the time of the Merger, the Company assumed provisions related to ongoing restructuring initiatives in

Germany of approximately €228 million.

Outlook

For 2017, CCEP affirms prior guidance, including expectations of modest low single-digit revenue growth, with operating profit and diluted earnings per share growth to be up high single-digits. Excluding synergies, CCEP expects core operating profit growth to modestly exceed revenue growth. Each of these growth figures are on a comparable and fx-neutral basis when compared to the 2016 pro forma comparable results. At recent rates, currency translation would reduce 2017 full-year diluted earnings per share by approximately 2.0 percent.

The Company expects 2017 free cash flow in a range of €700 million to €800 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 a range of €575 million to €625 million, including €75 million to €100 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 in a range of 24 percent to 26 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 EBITDA for 2017 to be under 3 times.

Dividends

The CCEP Board of Directors declared a regular quarterly dividend of €0.21 per share. The dividend is payable 24 April 2017 to those shareholders of record on 10 April 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 21 March 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 14:00 GMT, 15:00 CET 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 full-year 2016 earnings release on Form 6-K, available within the next 24 hours at www.morningstar.co.uk/uk/NSM (located under effective date 31 December 2016) and available immediately on our website, www.ccep.com, under the Investors tab. This document will include pro forma and comparable income statements for full-year 2015 and 2016, as well as quarterly 2015 and 2016 income statements. There is also additional supplemental financial information, such as volume and per unit case data. Additionally, there are pro forma and comparable quarterly income statements.

Formation of Coca-Cola European Partners plc

CCEP was formed on 28 May 2016 through the combination of CCE, CCIP and CCEG. CCEP is a publicly traded UK domiciled company listed on the Euronext Amsterdam, New York Stock Exchange, Euronext London and various Spanish stock exchanges (ticker symbol: CCE). CCEP is the world's largest independent Coca-Cola bottler based on revenue and serves over 300 million consumers across Western Europe, including Andorra, Belgium, continental France, Germany, Great Britain, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain and Sweden. Subsequent to the close of the merger, CCEP acquired Vifilfell, the Icelandic Coca-Cola bottler per the terms of the Merger agreement. With pro forma 2016 revenue of approximately €10.9 billion and pro forma comparable 2016 operating profit of approximately €1.4 billion, CCEP is a leading consumer packaged goods company in Europe.

CCEP represents the combination of three strong Coca-Cola bottlers, each with their own unique strengths, operating approaches and best practices. To capitalise on these individual strengths and capture the synergies created by the combination we are focused on developing new ways of operating. We are in the early stages of this work and it will take some time to complete; however, we are committed to delivering the full benefit of the synergies associated with the formation of CCEP and have already begun to share best practices across the organisation. While going through this transformation, we will continue to make the appropriate level of investment in key marketing initiatives that support business development and will seek to optimise the return on our capital investment.

CCEP also remains committed to doing business sustainably and responsibly in the way it creates shareholder value. In 2016, CCEP was listed on both the Dow Jones Sustainability Europe and World Indices, having achieved the highest score of 100 in Brand Management, Health and Nutrition, Materiality, Environmental Reporting, Packaging, and Water Related Risks. The Carbon Disclosure Project also included CCEP in its 2016 Climate A and Water A lists, which recognises companies who are leading the way in sustainable water, climate and carbon management.

As The Coca-Cola Company's ("TCCC") strategic bottling partner in Western Europe and one of the world's largest independent Coca-Cola bottlers, we also believe the creation of CCEP will drive a new level of partnership with TCCC. We and TCCC understand that winning in the marketplace requires us to act with a common vision, one that includes clearly aligned growth targets, common priorities and a commitment to execute seamlessly together. Our shared vision requires aligned commitments to continuously develop our brands, assets and capabilities to maximise performance and value.

About CCEP

Coca-Cola European Partners plc (CCEP) is a leading consumer packaged goods company in 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](https://twitter.com/CocaColaEP).

Forward-Looking Statements

This document may contain statements, estimates or projections that constitute "forward-looking statements." 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 Coca-Cola European Partners plc's ("CCEP") historical experience and its present expectations or projections. These risks 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 their 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; interest rate increases; an inability 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 its 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 labeling or warning requirements or limitations on the availability of its respective products; an inability to protect its respective information systems against service interruption, misappropriation of data or breaches of security; unfavourable general economic or political conditions in the United States, Europe or elsewhere; litigation or legal proceedings; adverse weather conditions; climate change; damage to its 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 its respective products or business operations; changes in accounting standards; an inability to achieve its respective overall long-term growth objectives; deterioration of global credit market conditions; default by or failure of one or more of its respective counterparty financial institutions; an inability to timely implement their previously announced actions to reinvigorate growth, or to realise the economic benefits it anticipates from these actions; failure to realise a significant portion of the anticipated benefits of its respective 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 it or its respective partners experience strikes, work stoppages or labour unrest; future impairment charges; an inability to successfully manage the possible negative consequences of its respective productivity initiatives; global or regional catastrophic events; and other risks discussed in the CCEP prospectus approved by the UK Listing Authority and published on 25 May 2016, the registration statement on Form F-4, which was filed with the SEC by CCEP, and the interim results for the first six months ended 1 July 2016, published on 22 September 2016. 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. 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 its public statements may prove to be incorrect.

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