

Coca-Cola Warns of Falling Volumes Due to 'Sudden Deterioration' in Russia

By [The Moscow Times](#)

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A logo of Coca-Cola is seen through a fence outside a plant of the company on the outskirts of Moscow.

ATHENS — Coca-Cola HBC, the world's No. 2 bottler of Coca-Cola drinks, warned volumes would fall for the rest of the year, citing a "sudden deterioration" in Russia, its biggest market.

The bottler, which buys syrup concentrate from Coca-Cola and then bottles and distributes the U.S. group's drinks in 28 countries in Europe and Nigeria, posted a 6 percent rise in second-quarter profit to 135 million euros (\$181 million) from 127 million euros in the same period a year earlier.

But the company warned difficult economic and trading conditions had forced it to review its outlook for volumes, and it expected the trend of declining volumes to continue for the rest of the year. Volumes fell 3 percent in the first half.

In Russia, volumes fell by a low single digit percentage in the second quarter, the first decline in 11 quarters. The company said the escalation of the crisis in Russia and Ukraine had affected consumer spending in the region.

"The prevailing difficult economic and trading conditions, the sudden deterioration in Russia ... have led us to review our volume outlook," the company said.

The sharp devaluation in the Russian ruble and Ukrainian hryvia against the euro due to political tensions in Ukraine damaged CC HBC's results in the first quarter as well.

The group said foreign exchange losses for the full year would be lower than initially expected, at around 80-90 million euros in 2014, 10 million euros lower than the range projected in May.

Greece, a significant market in terms of profit, declined by a low single digit in the second quarter. The company said it was still cautious, citing record unemployment and falling household incomes in the country.

The company moved its headquarters to Switzerland from debt-laden Greece last month and its primary listing to London to save on taxes and improve access to capital markets.

See also:

[Coca-Cola Removes Adverts from 4 Russian TV Channels](#)

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