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Questions & Answers transcript – 6 August 2025

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Q&A

Laurence Whyatt (Barclays): First one for me on Finlandia. You have had that brand now for a couple of years. I am just wondering how you are thinking about your portfolio of alcoholic products. Would you increase your number of spirits that you own? Would you expand into ready-to-drink products? Of course, you have got some with the Coke brand already, but using your vodka brands, and you can imagine things like vodka tonics or Coke and tonics using the brands that you have got?

And then also the non-alcoholic products that would be adjacent to that. With Costa you could have something like an Espresso Martini non-alcoholic or non-alcoholic products using Coke and the brand that you own. Are these being considered? And how would you think about that sort of merging of categories?

Zoran Bogdanovic: Good morning, Laurence. Thanks for this question. First of all, we are very pleased with the addition of Finlandia into our portfolio from the angle of us being the owner. Let me just say that the fact that we are seeing very good and very strong growth now is a result of the fact that the whole transition and integration into Hellenic has gone very smoothly, very well. As we highlighted last year, we took the time to develop marketing campaign, which started this year, and we are very pleased how it is progressing.

Finlandia proves its role as a fantastic mixer with our core portfolio of non-alcohol portfolio, driving clearly transactions.

To remind you, on top of this, we have a range of high-quality premium brands in partnership with Brown-Forman, Edrington, and Bacardi, and to some extent, Campari. So a very strong portfolio. This is where we see ourselves primarily as the partner and distributor of these brands.

As a reminder, Finlandia was a unique opportunity and fit because 60% of its global volume is in our territories. That is why it was a great strategic fit, and we are now focused on working with that primarily, and supporting and working with all other partners for their brand. That is where we stand now as our priority.

In terms of the ready-to-drink things, this is where we partner with our, of course, key partner, Coca-Cola Company, and beyond Jack and Coke, now also with Bacardi Coca-Cola, with both of those performing very well. This is where we plan extensions, as those might be coming in the future.

Just to say on Espresso Martini, for example, we actually do that already in the channels of out-of-home, where we are really leveraging our portfolio, our Coffee presence. So mixability is a great part of our strategic focus, how we drive transactions in the out-of-home channel. We are actually doing those, whether they are alcoholic or non-alcoholic, as we call them mocktails. So all of that is fully activated and used.

Just to close to say that we really feel excited about the growth prospect that we have with this part of the portfolio and how it perfectly blends with our non-alcohol portfolio.

Laurence Whyatt: Super. Thank you very much. As a follow-up, I would just like to talk about the guidance in the second half of the year. Of course, you delivered EBIT growth ahead of your guidance range in the first half. Just what is giving you the caution in the second half of the year not to raise that top end of the guidance range? Are there any circumstances in which that could happen, or what particularly are you concerned about?

Anastasis Stamoulis: Good morning, Laurence. Anastasis. First of all, let me reiterate that we are very pleased with the strong performance in the first half of the year when we saw a delivery of 11.8% of organic EBIT growth.

Now actually, we have updated our guidance to the top end of what we have already provided of 7% to 11%. This, as you understand, assumes a slowdown in the second half of the year, but that is in line with the expectations of the phasing we had for the year. That is something we had already communicated at our earlier calls.

I mean, if you recall, we were also cycling the currency devaluation remeasurement impact we had in Egypt in the first half of 2024. Obviously, that is something that is reflected in the guidance.

Now as you understand, we are in the middle of the peak trading season. We had ahead of us big five months. Considering the external environment with a certain level of unpredictability, the macroeconomic movement, the geopolitical landscape, we believe that the current guidance captures very well what we see outside.

We will continue to invest in the market as we have done so far, and we feel strong about delivering another strong year.

Aron Adamski (Goldman Sachs): I have two. My first question is on the share buyback programme. I believe you have not been executing on the remaining portion of the buyback programme since September last year. Therefore, I was wondering what are your plans with respect to those funds? Would you consider returning it to shareholders in a different way, perhaps a special dividend, as you have done in the past?

Anastasis Stamoulis: Good morning, Aron. Let me take that one. Well, overall, we have progressed strongly with the share buyback programme. We have repurchased about 226 million worth of shares since the start of the program, with about 60% of the top end of the target of the program.

Now having said that, we always said that we have full discretion over the programme. We have been very disciplined on how we use our capital allocation priorities, particularly in times of volatility as we have seen going on over this year. So the programme remains in place, and we are flexible on how we will execute it as we see through the year, adapting under the current market environment as we see appropriate.

Aron Adamski: That is clear. And then my second question is on the retailer landscape in Europe. I think in the release, you highlighted your number one position when it comes to generating the FMCG revenue growth for retailers. I was wondering if the recent increase in the number of retailer purchasing groups we have seen in Europe, if that concerns you in any way when it comes to next year's price negotiations, or do you see yourself as being relatively more immune than other FMCG companies given the value you create for those retailers?

Zoran Bogdanovic: Hi, Aron. Look, in short, we have been dealing and partnering with such various retailer groups for a number of years. They are not new to us. We have a very strong capability within the house from our key account teams that is working on this.

I can say that so far, we have been partnering very effectively, and we have always come to win-win agreements, creating evidently value. In short, I believe this is going to be such case also for the future.

Nadine Sarwat (Bernstein): Two questions from me. First, comparable EBIT margin was, I think quite weak versus expectations in the Established and Developed markets. I know you called out higher marketing and operating expenses as a driver, both in the release and your prepared remarks. But could you unpack that a little bit further? Crucially, how are you expecting those line items to play out in the second year?

Then maybe as a follow-up, in Established markets, I know you commented on what you're seeing in Q2 versus Q1 and improvements there for the top line. Are you able to comment on any exit rates in Q2 and perhaps what you are seeing in July?

Anastasis Stamoulis: Hi, Nadine. Let me start, and then Zoran will take the second part of the question on the trading.

Let me give a bigger view over the segment movement, and particularly on the Established, as you referred to, right? As we said earlier on the call, we stepped up on our investments across the Group with the Share a Coke campaign and the new Finlandia marketing campaign launch. Specifically in the Established, the performance was broadly in line with expectations, and especially when it comes to the gross margins, but the step up on investments with the Share a Coke campaign as well as some particular market activities like the Fanta 70 years anniversary in Italy or the Winter Olympics step-up on the investments ahead in preparation of the Winter Olympics in Milano, which had even 40 basis points on the margin as an effect are some of the key drivers.

In addition, I would like to call out that we had increased investments when it comes to our field force in the out-of-home channel in markets like Greece, cycling the incremental field force that we had in the second half of 2024.

I think on the second point on the Developing markets, the performance was in line with the expectation. And again, the incremental investment in marketing was the key driver. Here, in addition to the Share a Coke campaign, the other big driver has been the new Finlandia marketing campaign.

Well, it is a relaunch of the whole brand out on a global basis. Considering the fact that in the Developing segment is where we have the biggest turnover and business of Finlandia. In Poland, in particular, you see a bigger weight out of this marketing allocation expense being driven there. On top of that, operating expenses, similarly, as I said before, on Established were on the upper end, in line with our expectations.

Now if we look into the second half of the year, we do expect that both segments will continue to improve profitability, and they will be adding to the overall organic EBIT growth, as I guided earlier.

Zoran Bogdanovic: Yes. Nadine, related to Q2, and to your question, first of all, we are very pleased that Established performed positively in Q2, bearing in mind that it was cycling solid Q2 of last year. I would particularly highlight a very good performance of Italy, which had a very nice Q2, bringing Italy to be at the end of first half on a positive note, exactly as we were anticipating and planning.

In that regard, also you see Ireland performing quite well, Greece staying positive for the first half. Yes, we also have some markets like Austria and Switzerland, where we did see some more consumer price sensitivity and softness. However, all in all, we are positive that Established for the full year will be positive, and will be positive in the second half. And we remain very much focused on the execution.

We are in the middle of the season. So if you will, the game is on. I just reiterate that all three segments, we anticipate to be positive, to land overall with a low single-digit volume positive performance for the full year, as we said from the beginning of the year.

Edward Mundy (Jefferies): My first question is around your comments in the release around stepping up promo activity to drive volume growth. I know that this is part of your normal playbook to balance affordability with premiumisation. But perhaps a few comments on what you are seeing with regards to external environment. Are you seeing it deteriorating? Or is this just the standard practice that you carry out to drive volume growth?

Zoran Bogdanovic: Hi Ed. Let me start saying, I would rather see that as a quite standard practice and promo is one of the excellent tools to drive value together with customers. This is part of that agile approach that we talk about and quickly, swiftly adapting as the circumstances in the countries evolve.

I just mentioned good performance in Italy, for example, where we have seen some more positive recovery. You might remember how I said already in the last two, three calls, how we have been rewiring the algorithm in Italy where to support more of the volume performance because we were also adjusting the promo investments as part of the overall RGM.

Similar is being done as we speak in other markets. Those are not necessarily only price promotions. We equally focus on value-added promotions, leveraging on a number of excellent assets that we have in our hands. One of those is already Olympics, where we have our winning ticket promotions. So it is a variety of things. Just for the sake of saying it clearly that when we say promotions that we do not only think price promotions.

Promotions are also helping us to drive mix. You have seen that our mix, again, has been quite positive. In Established, every single country has, for example, a positive mix. And with promotions, we are driving transactions.

Just a little bit longer answer, but basically to say that, that is where we are and what we are planning for is in the frame of a standard approach.

Edward Mundy: Understood. Thanks for clearing that up, Zoran. Anastasis, just on the finance charges, which are coming in slightly lighter than we have seen in the past. I think you highlighted the cash flow in Nigeria, Egypt, some greater currency stability, perhaps a bit more finance income from certain markets. But is this the right level of finance costs going forward, assuming currencies stay where they are, there is no big M&A. There is no special dividend or incremental buyback. Based on what we are seeing today, is this the right level of interest that we should be modelling going forward?

Anastasis Stamoulis: Yes. I mean, look, as you rightfully highlighted, yes, the first half of the year, we benefited from the environment, especially in Nigeria and Egypt normalising and less currency volatility, good cash generation, better-than-expected in this case or less need for capital and better income from finance, right?

And on the back of this performance, we have updated our guidance to €15 million to €25 million, right? Now on the second half of the year, that would imply that there is a step-up, and that is because considering that, we see there is a mixed environment out in the markets. Also including the dynamics from Russia as well as the cost we have, we believe that this range is capturing for this year the needs on finance cost.

If you are implying about longer term, like 2026 onwards, what I can say, even if we do not provide guidance at this stage of the year. What we can say is that directionally, we would expect finance costs to normalise at a higher level in 2026 than 2025, but probably not as high as we had in 2024, given the current situation of the available income from this case and the stability we see in the particular markets.

Sanjeet Aujla (UBS): A couple from me as well, please. Firstly, Zoran, can you just talk to what you are seeing in Established and Developing between away-from-home and the at-home channel performance, please? Particularly, I am curious to get a sense of to what extent the investments you put in OPEX is already paying back in the away from home in particular?

My follow-up question is just on the cash pile that is building up in Russia. I think that has got up to over €700 million now, Anastasis. Is there any update on your ability to be able to extract that cash or upstream that cash out of Russia? What needs to change for that to happen?

Zoran Bogdanovic: Hi, Sanjeet. On Established and Developing, first to highlight that both of those in Q2 had a very good progress versus Q1. As from intro remarks, you have seen that we really have a number of markets performing well, while also having a few where we see watchouts. For those, we have been adjusting quickly plans.

But overall, I am very positive that both in Developing and Established, we will have a positive volume performance in the second half. And good to see that overall for us as the whole company, we had growth coming from both away-from-home and at-home. I am very happy that out-of-home has been positive across all three segments.

Same goes for at-home with the only exception in Developing for Poland, and that is for this particular specific situation of a key competitor re-entry into the largest customer in Poland, which we know that is going to have just a short-term impact. We are not concerned about that. We anticipated that. Just to highlight that when you take out and exclude this event and situation in the rest of the Poland market, we are gaining share, both in NARTD as well as in Sparkling.

Anastasis Stamoulis: Yes, good morning, Sanjeet. No, nothing has changed to what we have previously communicated in relation to the cash positions in Russia, apart from the amount, as you said. As per the current requirements and legal obligations, we are not able to currently upstream dividends out of Russia.

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Now let me remind that the cash there is covering the operational needs of the business, which is being fully self-sustained and there are no cash injections coming from the Group to Russia. I would really like to stress out that our balance sheet remains strong and the cash position in Russia does not limit our ability to pay dividends or invest in the Group, and in general, execute our capital allocation strategy.

Charlie Higgs (Redburn Atlantic): My first question is on Energy drinks, where I think volumes accelerated in Q2 and Q3 you have got some pretty exciting launches coming. Could you maybe just talk a bit more about the Energy drinks performance in Q2, maybe split between Monster and then Predator, Fury in some of the Emerging markets, where are you seeing particular strength? Should we expect that to continue in H2? That is my first question.

Zoran Bogdanovic: Hi, Charlie. Hope you are well as well. Energy, as expected, has performed very strong. I highlighted in the intro remarks several, again, very good innovations that we had in our portfolio, activities, and that really worked very well.

Then very excited with the fact that we already started launching the Lando Norris new flavour and initial reactions are excellent, as one would assume. Great thing is that all the brands are performing very well in their own segments, delivering on their own purpose and positioning.

Very happy that Fury and Predator in Africa are really kicking extremely well, but also Monster overall, leveraging excellent assets that those brands are bringing that we are activating through the promotions. But also emphasising that there is a lot on the experiential part, the way the brands are activated throughout the countries. This is what the target consumers really want.

I think that the overall performance of Energy just is a testament to strong plans, multi-brand strategy, which allows us to play across all segments, leveraging on strong assets, and coupling it with a very disciplined focused execution in the market, fuelled also by continuously increasing number of cold drink equipment, which is important for this category as well.

All in all, we continue to be very positive and confident about the performance of Energy, which, just as a reminder, nine years in a row, we have been delivering at a very strong double-digit growth, and this year will be no exception. We remain positive that also in the years to come, Energy will be more than average contributor to our overall growth algorithm.

Charlie Higgs: Then my second question for Anastasis on COGS per unit case inflation, 4.8% in H1. Are you able to maybe provide a bit more colour on commodity inflation within that and transactional FX? Then how you see COGS per unit case trending for the rest of the year and some early thoughts perhaps on 2026 given current hedging?

Anastasis Stamoulis: Yes, good morning, Charlie. Okay, for the first half of the year, we benefited from lower sugar costs versus prior year. Aluminium and PET remained inflationary. We also faced certain higher COGS when it comes to finished goods like the Energy, Premium Spirits being part of the portfolio and the mix effect, and also a certain level from impact from taxation like the sugar tax in Slovakia.

Now this year, you are right, we did not benefit from translational FX impact as much as we had last year. I remind you that last year, for example, the COGS per case, which have been double-digit, around 10% if it were not for the currency devaluation in Nigeria and Egypt, right? So this year, we don't have this type of volatility.

We expect for the remaining of the year and the full 2025 to keep the COGS per case in low to mid-single-digit.

Now where we see the commodities, as I said, we have seen some moderation when it comes to sugar and oil, but aluminium and secondary packaging materials remain relatively elevated. But to this point, I want to highlight that we have a very strong hedging coverage against our key commodities. We are above 85% covered with most coverage in sugar and aluminium above 90%, which pretty much means that regardless of any possible movements on the year to go, we would not see any significant impact on the cost, whether it is on the positive or negative side, even if we are looking for any improvements.

To your question for 2026, it is a bit too early to comment on how we can guide on the COGS for next year. What I can say is that we already stepped up on our hedging coverage. I can say that we are significantly better covered at this stage of the year compared to the same period last year. But we will provide more guidance on 2026 at a later call.

Matthew Ford (BNP Paribas): I have actually just got one question. It is on the volume performance in Nigeria and Egypt, clearly, very strong, as you alluded to. Can I just get your thoughts around the H2 progression on volumes? I think looking at the comp base for markets like Nigeria, I think we are about to start cycling some easier comps mainly in Q4. But yes, any sense of what you are expecting? Would you expect a kind of underlying improvement in H2 in both these markets versus what we saw in Q2? Then just your overall take on the volume outlook going into 2026 in these markets.

Zoran Bogdanovic: Hi Matt. Look, we have seen, in both of those markets, Nigeria and Egypt, more stable environment over the last six or even more months. That is one of the also reasons that such environment and backdrop creates a better environment for us to perform and to demonstrate all the strong plans that we have in both of those countries, which is reflected in the very strong revenue growth delivered by also positive volume growth in parallel with very strong price/mix for the obvious reasons.

But also, I really want to highlight that in both of those markets, we have a very good and strong and consistent share gains, both in NARTD and Sparkling. So expectation is that in both of those markets, we will have a positive volume in the second half of the year. Both of those markets are robust growth markets with a very strong potential. That is how we are thinking about both of those for the years to come.

We have very strong plans for the rest of the year. I already mentioned Q4 with Nigeria, Share a Coke, which I am very confident that this is going to be a very strong driver and that is going to have a very strong appeal for the consumers there.

In short, very excited and confident for both of the markets for the rest of the year and for the years ahead.

Simon Hales (Citi): Zoran, I wonder if I could just come back to trading as we have started into Q3 again. I wonder if you could just provide a little bit more colour. Perhaps what you have seen as you have come out of July, I think the weather has clearly been okay across maybe your Established markets, but maybe a bit more mix still in some of your Developing market footprint. Just interested in what you have seen specifically Q3 to-date.

With regards to the Developing markets and particularly Poland, what is really giving you the confidence of that acceleration in H2 volumes in that key market? That is my first question. I will come back with the second.

Zoran Bogdanovic: Hi, Simon. First of all, you said about the trading and Q3. I can say that Q3 started in line with our expectations with what we really say is a dynamic environment, which I truly mean that because what I said earlier, you see that in some of the markets, there is more positive development, in some markets, there is something slow. But overall, it started in line with our expectations and within the guidance that we have provided, where we felt confident to say that we see ourselves really being at the top end of what we guided for so far.

To be fair, for the weather, which, of course, we do not control, however, we fully control what we do in the circumstances that we have. Overall, we can say that weather was varied. Let us say, in general, for the majority of our countries, we saw less good weather year-on-year.

Q2 was similar. May was not easy in many markets, then June was quite better. Then we have seen the very varied picture in July. But look, this we also do not take as a surprise.

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We know that weather patterns have been evolving over the years. So this is also part of our contingency planning. So we are ready for all kinds of eventualities.

In short, overall in line with expectations and fully focused on our relentless execution in every country.

Simon Hales: Got it. Thanks for that, Zoran. Then just my second question was just coming back to the Russian cash pile that Sanjeet referenced. I think there is a 50% increase in that Russian cash to €730 million from where we were at the end of December. That is quite a big move in the first half. I think you talked about Russian volumes in the market being up mid-single digits in the first half of the year. What is driving that massive step-up in cash flow?

Anastasis Stamoulis: Yes. Hi Simon. This is Anastasis. Yes, there is also a certain element of phasing compared to the same period last year, right? It was also a different phasing and also the currency has an impact on the rouble translation. But what I can say is that if we were to look at the Emerging segment performance on an organic basis, if you exclude Russia, it will be even faster than what you see today on the segment.

Philip Spain (JP Morgan): My first one was just on Sparkling volumes. They were in decline, I think low single-digit decline, both in the Established and Developed segments in the first half. I just want to understand, firstly, was this driven mainly by trademark Coke? And if it was, what do you think you need to do to drive trademark Coke back into growth in these segments? I am thinking particularly given this came at the time when you were doing the Share a Coke campaign from the second quarter as well.

Zoran Bogdanovic: Yes. Hi, Philip. Listen, on the overall trademark Coke, we do see that very strong performance of Coke Zero. Really love to see ramping up also a stronger and wider performance of Coca-Cola Zero Sugar Zero Caffeine.

On the original, yes, this is where we have seen a slight decline. But we are confident that with the Share a Coke campaign, which only de facto started in Q2 and goes through the summer, even in several selected markets, we have extension of that campaign amplified with some local specificities and also with the strong plans that we have for the rest of the year. That is part of the whole plan, which I would rather say that it is quite intense plan that we have for Coke.

A reminder that in Developing, because of that specificity of the key competitor entering in the largest customer, this is where I would see just a short-term impact. But overall, no doubt about expectation for Coca-Cola trademark to perform and deliver based on the very strong calendar that we have for the year to go and also shaping up plans for the next year.

Philip Spain: Then my follow-up was just you spoke earlier on the call in the press release about the very strong single-serve mix you have been seeing. I wonder if you could just give us a bit more colour on what drove that in the first half, be it cooler rollout or things you are doing by channel as well, that would be really helpful.

Zoran Bogdanovic: Yes. Look, single-serve is for us, as we always say, in the RGM, apart from price and volume, mix is a very important element. We have been consistently, for now many years, focusing on driving single-serve mix to constantly strengthen the quality of the revenue we generate. That is supported by, you are right, coolers; then types of promotions that we are doing. I just mentioned Share a Coke campaign, which is done both on multi-serve, but even more is amplified in the single-serve part of our portfolio.

Then you have also our intentional drive with multipacks of single serves in the at-home channel, where we are creating the habit of single-serve in-home consumption, which also is showing good results.

I mentioned at the beginning of the call, mixability programmes, which are also supporting the single-serve. We have constant focus on our glass bottle across the market. There is a whole suite of things that are serving the need of driving growth with single serves.

Thank you. I would like to thank everyone for taking part in today's call. Let me just briefly conclude, we are very pleased with our performance year-to-date, and we feel very well positioned to continue delivering in 2025 and beyond. Thank you very much, and goodbye.

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