

CORPORATE PARTICIPANTS

Zoran Bogdanovic - Chief Executive Officer

Ben Almanzar - Chief Financial Officer

Questions From

Sanjeet Aujla - Credit Suisse

Alicia Forry - Investec

Edward Mundy - Jefferies

Simon Hales - Citi

Fintan Ryan - JP Morgan

Andrea Pistacchi - Bank of America

Pinar Ergun - Morgan Stanley

Charlie Higgs - Redburn

Mandeep Sangha - Barclays Capital

Osman Memisoglu - Ambrosia Capital

Questions and Answer

Telephone Operator

Thank you. So as a reminder if you would like to ask your question, please press star one on your telephone keypad. Should you wish to withdraw your question, please press star two. You will be advised when to go ahead. And the first question comes from the line of Sanjeet Aujla from Credit Suisse. Please go ahead.

Sanjeet Aujla - Credit Suisse

Morning Zoran, Ben, and a couple of questions from me please just on the transaction to begin with. Can you give us a sense of where EBITDA and EBIT margins were for the Egyptian bottler for the last couple of years? Just trying to work out the transaction multiples here.

And how quickly do you think you can get margins up to the group levels? That's my first question please.

Zoran Bogdanovic - Chief Executive Officer

Thank you, Sanjeet. And once again to you and everyone else, thank you for understanding that we sent the press release literally at the start of the call, but we really wanted to ensure that literally the moment it was done that we shared it with all of you because we really didn't want to delay it and miss the opportunity of this call.

First of all on the margins which I highlighted that are lower than our group EBIT margin. Therefore you could see from the press release example of net profit which is in between mid and high-single digit millions.

We expect that with this growth story and growth opportunity that we see in Egypt that progressively over the years, we will be taking it to the group average and hopefully also beyond. We see a number of actions that I can go into more details.

But I just want to emphasise that this acquisition is not a cost synergy type of acquisition, but rather fuelling and supporting the acceleration of very important business given the underlying conditions as well as already the setup that this business has.

So myself and the whole team are quite optimistic about taking it progressively over the years with all actions we plan to do.

Sanjeet Aujla - Credit Suisse

Got it. And do you have an EBITDA multiple to mind – you're able to share at this stage based on the earnings the business had generated in the last couple of years? And my follow-up question is just really on the input cost outlook, if you're able to just give us a feel for the magnitude of that raw material cost inflation as we think about H2 and more importantly 2022? Thanks.

Zoran Bogdanovic - Chief Executive Officer

Yeah. Yes, yes, Sanjeet. So the multiple of the deal is around 10. And then I'll hand over to Ben for the second part of the question.

Ben Almanzar - Chief Financial Officer

Thank you, Sanjeet. So it is early to provide guidance for 2022. We'll do that as usual during the 2021 full year results. Our mid-term algorithm of FX neutral revenue growth in the 5% to 6% range accompanied by 20 to 40 basis points of EBIT margin expansion per year on average.

We made some change. We believe that the business has the capacity to continue to invest and grow the top and the bottom line even as the operating environment becomes more challenging.

And while we expect input costs to be higher in 2022 than they will be in 2021, we believe that the combination of driving the topline through category mix, package mix, pricing, the discipline that we have demonstrated managing the cost base to help us stay in track with our targeted margin products in 2022.

Sanjeet Aujla - Credit Suisse

Thank you.

Telephone Operator

The next question comes from the line of Alicia Forry from Investec. Please go ahead.

Alicia Forry - Investec

Hi, good morning. And thanks for taking the question. I just really wanted to discuss the fact that you were able to grow your volumes as the markets reopened while still holding your costs down so much. I appreciate this is not going to continue into H2.

But could you talk a little bit about what enables you to do that because it's quite impressive to my mind? Thank you.

Zoran Bogdanovic - Chief Executive Officer

Thank you, Alicia. I will kick it off, and then Ben will jump in with anything that he might have additionally. You might remember we also said when we entered into the year that we did estimate red, that Q1 will be as we called it red.

We expected that Q2 will be orange or amber. And then that progressively the second part of the year will be green. Therefore, we have planned that our cost will be – need to be much tighter in the first half. And that's exactly what we have done. And I would say giving credit to the team that we have done that very, very diligently because we have seen that actually Q1 had even a spill over of the measures into the start of Q2, and exercising again the algorithm and agility of managing our costs in terms of what we see in the market.

This is where we have been really holding on until we get better visibility. And for that reason and what we have seen in the second part of the Q2 where we are also today, even though we are mindful that a lot of things can still happen by the end of the year. However, we do see the need and we want to invest more in the second half to support the business for the rest of the year as well as for the next year.

And that's why it has been highlighted we will be investing much more costs across many areas for the rest of the year. Ben, anything?

Ben Almanzar - Chief Financial Officer

Thank you. Zoran said it very well. We are pleased with the cost discipline in the business. We have adapted our ways of working resulting in lower headcount. To give you a sense in June this year we had over a thousand FTEs less than what we had in June 2020.

We have also maintained strict control on inflationary expenses to finish H1 with OpEx again practically in line with last year, completely flat, notwithstanding the double-digit increase in revenue and marketing spend. As we look into the second half as Zoran rightly said, we will step up the brand investment partnership with the Coca-Cola Company to sustain topline recovery near-term and support the long-term health of our unique 24/7 portfolio.

Alicia Forry - Investec

Thank you. If I could have a follow-up, Nigeria has been very strong and continued to be in the latest quarter. Can you talk about the outlook there over the sort of near to medium term?

Zoran Bogdanovic - Chief Executive Officer

Sorry, so Alicia you said outlook for the rest of the year?

Alicia Forry - Investec

Yes for Nigeria, yeah.

Zoran Bogdanovic - Chief Executive Officer

For Nigeria, absolutely. So, listen, as you see not only this year but also building on momentum of the last year, we've been performing very well. And I expect that Nigeria is going to continue also in the second half performing on a strong note.

So that means that there's going to be a continued double-digit performance. We see that also from the current trading and the overall, even though there are some of the – in line with Nigeria being a true emerging market, there always are certain uncertainties.

However, from today's visibility, we have every reason to believe that the rest of the year is also going to be on a strong double-digit note.

Alicia Forry - Investec

Thank you.

Telephone Operator

The next question comes from the line of Edward Mundy from Jefferies. Please go ahead.

Edward Mundy - Jefferies

Morning, everyone. So, my first question is really for Zoran on Egypt. Congrats on the deal. I think you could talk about some of the opportunities in the broadest terms that you've identified on top and bottom line in terms of the best practices you can bring from your business over to Egypt?

And the sort of part of that same question, it's a slightly different setup to your current footprint where you've got incredibly strong market share. So, you're a sort of a very

strong number two, but does that sort of change the way you're going to go about your business in Egypt?

Zoran Bogdanovic - Chief Executive Officer

Thanks, Ed. On the first part of the question, we – as the transaction will be in the process of fully closing, we will only then be able to get in a deeper way into the business. However, from also – from our so far work and engagement that we have done on which we have based our decision, we really see very – even though very challenging competitive environment.

However, we are very much encouraged with the potentiality of the business. And already a number of both commercial as well as operational supply chain practices that the operation has, clearly, we see that we can bring lots of benefits from our scale, expertise, and accelerated funds into the market to enable them to grow and compete faster and to a better extent.

So, we primarily see the opportunities to stimulate and drive the topline. However of course, we will utilise every opportunity for productivity and efficiencies benefiting from Hellenic sourcing, procurement, our vendor contracts. So, we have recognised also that part.

And I also want to emphasise one another point which might – which is not easy to put an immediate number on. However, Egypt seen becoming part of the Hellenic Group also makes it more accessible more in the talent exchange, benefiting from our talent development practices which I strongly believe also can help the local team further where they already are. And then the second part of the question was, please remind me, Ed.

Edward Mundy - Jefferies

Just yeah, as to whether it's slightly different going about your business given the dominant market share?

Zoran Bogdanovic - Chief Executive Officer

Well first of all, I have to give the local team in Egypt credit that they have been as a system team been doing quite well over the last couple of years. We've seen some really impressive initiatives and strategic choices. So, the business is having a solid good momentum.

And yeah, we have been already in some of our markets in Europe in a more challenging competitive position where we have been number two player, and then over years overtaking and taking the leading position.

And I really have the confidence that with the expertise and fuelling with additional investments, we will be able to do the same thing eventually in Egypt. I really see it as a very healthy challenge for all of us. And I'm very excited about it.

Edward Mundy - Jefferies

Very good. And just like a quick follow-up perhaps for Ben. I appreciate it's probably a little bit too early to talk about input costs for 2022. But could you perhaps just confirm sort of how far hedged you are on COGS for next year at this stage?

Ben Almanzar - Chief Financial Officer

Thanks, Ed. So as you know, the commodity environment is very volatile. The markets are choppy. We're looking for the right windows when it comes to the second half of the year to go into 2022. There are raw materials, critical ones, where we're further ahead.

For example, in sugar, there European sugar is probably about 25% to 30% already covered. Others of the strategic materials like PET and aluminium are a bit lower. And we're looking for the right window to make sure that we're looking at the right prices for 2022.

Edward Mundy - Jefferies

Got it. Thank you.

Telephone Operator

The next question comes from the line of Simon Hales from Citi. Please go ahead.

Simon Hales - Citi

Thank you. Hi, Zoran, Ben and Joanna. A couple from me as well. I wonder if I can just sort of pick up on where you left off really with regards to the Egypt acquisition. So, if

you could give us a bit more of a flavour of where we are in terms of per capita consumption sort of trends generally in Egypt?

How things have been evolving over time? How the share of the business you've acquiring has been evolving over time? You talked about the 5% compound volume growth that the business has delivered over the last sort of decade. Is there any numbers that you can share with us to give us a bit more colour? That's my first question.

Zoran Bogdanovic - Chief Executive Officer

Thank you, Simon. Thank you, Simon. So, in both cases as we said both in RTD as well as sparkling, Egypt team at the moment is on the second position. It has in sparkling a value share of 42%. And there is a very good room for per capita improvement.

And with specific numbers, our IR team and Joanna will be happy to come back to you, so that I don't misquote a wrong number.

Simon Hales - Citi

Got it, okay. And then secondly can I just go back to the sort of the reinvestment that's going back in the second half of the year? I mean can you give us a little bit more colour as to where that will be going? I mean maybe regionally it should be expected to be more skewed to established and developing?

And I got to sort of ask the question because when I look at the very strong performance we saw in EM from a margin delivery standpoint through the first half of the year, it seems that it's really being driven by the operational leverage coming through the P&L.

Should we not expect to see sort of a step-down in margins in emerging markets as a result of the cost reinvestment? It's going to be more coming elsewhere. Is that how I should think about it?

Zoran Bogdanovic - Chief Executive Officer

Yes, Simon. So first of all, all the investments that we are doing in any case. But especially for the rest of the year are in a very targeted focused way by country. It's not one size fits all. However first of all, you might remember that the biggest chunk of our last year's savings were marketing spend.

And this is where we are primarily accelerating. Our initial plan between half one and half two has been such that in the second half of the year we already planned higher investment which we are now taking even further with savings that we had in the first half because our intention given the development of the year is not to pocket market investment because we do see that investing back into the business is the right thing to do.

So out of this spend that will be happening in the second half, more than 50% is on marketing investments. Then we go into various parts of – even though we are not resuming even close to activity of travel or anything like that, however we do start with certain necessary activities. Also then versus last year, you have different types of incentive costs for the whole teams given the specifics of last year.

However in this year, that's going to be – we are having incentives on a normal as usual basis. So that is quite significant incremental cost. So, these are the primary areas of that where we will be investing. And I'll ask now Ben to do and give you a little bit more flavour on the margin for the second part.

Ben Almanzar - Chief Financial Officer

Yeah. So thanks, Zoran. Again, when you look at the comparisons between half one and half two, then it all makes a lot of sense. If you think about half two 2020, generally extraordinary with EBIT up 14%. So clearly, we were always going to be facing a much more challenging comp in the second half of the year.

And you can also probably remember that we faced a very favourable cost environment in 2020. And that we have always expected that to get tougher in 2021. So again, when you put the picture of what's happening on the commodity side of the business added to what Zoran already mentioned there are so far increased investments in that second half.

That's how we get into the margin equation. And we end up with our expectation of 20 to 30 basis points for the year.

Simon Hales - Citi

Got it. That's really helpful. Can I just clarify one thing? Particularly I think it's something you said earlier Ben with regards to input costs. I know you're not giving any guidance for 2022 at this stage.

But did you say that you expected the rate of input cost inflation to be higher in 2022 than 2021 or just the absolute level of input costs to be higher? I think you said something to that order in response to Sanjeet's question earlier?

Ben Almanzar - Chief Financial Officer

So basically, Simon if you think about the input costs this year, we have low single digit in the first half. We expect a full year in high single digit that would imply that the second half is double digit.

When we look at 2022, what we are saying is that the annual cost input costs for 2022, the absolute certainly will be higher than in 2021. That's what we see right now. And that is the expectation for next year.

Simon Hales - Citi

Got it. Very clear, thank you.

Telephone Operator

The next question comes from the line of Vincent Ryan from JP Morgan. Please go ahead.

Fintan Ryan - JP Morgan

Good morning, Zoran and thank you for the questions. First to start with, I'm wondering could you within the sort of 6.2% price mix that you reported for the first half. I wonder could you break them, what was the mix component and what was say specifically pricing? And just, do you have any – is there any other sort of meaningful pricing actions or countries where you expect to take more pricing in the second half of the year? And what should we sort of expect of that number probably going into 2022?

Ben Almanzar - Chief Financial Officer

Very well, let me get started with how to think about that 6.2% increase in NSR per unit case. And if you break that down between pricing and mix, you're going to see that pricing is slightly higher than half responsible for in the first half of the year. As the year progresses, we should be seeing an outweigh in pricing.

Zoran Bogdanovic - Chief Executive Officer

And I'll just add. You've seen Vincent that we said that we've done pricing in over 90% of our markets. That was intentionally frontloaded seeing how the year will be and doing it almost across the board. All the planned pricing has been done.

However, we are continuously reading and identifying a situation for every single country to see where we can and should do some more pricing. So definitely as we see how the situation evolves and moves, I would say that's – probably there will be even a bit more by the end of the year. However, at this point, I wouldn't put exact finger where and how much.

Fintan Ryan - JP Morgan

That's fair. And just as a slightly left field and a follow-up question, could you give us any colour on how the type of Topo Chico innovation has been going in the market where it's launched?

And sort of appreciate that in the US PepsicCo and Boston Beer having a sort of alcoholic Mountain Dew variant. Are there any other brands or conversations happening with the Coca-Cola company, maybe where you could consider expanding some of the non-alcoholic, start new brands into the alcoholic space?

Zoran Bogdanovic - Chief Executive Officer

Yes, yes. Look so, it's a really new start that we together with the Coca-Cola company are doing. And we were very pleased to start immediately as soon as Top Chico was available.

We launched it intentionally in a couple of different types of markets exactly as we together with the Coca-Cola company team know that this is going to offer a good deal of learning for us because it varies types of markets where already the category is existent to types of markets where it's not existent and then it's developing.

So, we are literally still in the learning phase. But I can say that for example from more developed market like Republic of Ireland and Northern Ireland, Austria, we are really seeing some encouraging performance where already in those markets as well as Greece for example.

We are – in Ireland, we are growing a third player in Tesco. We are second player with almost 40% share in Greece. We are a second player in Austria. So, we do see encouraging results. I need to remind that this is still – these are still low volumes.

However, we really see this as an important evolution of the portfolio expansion from which we learn a lot. And both Coca-Cola company and us are quite excited to embed those learnings going forward. And we are committed into developing this further.

Fintan Ryan - JP Morgan

Great. Thanks very much.

Telephone Operator

The next question comes from the line of Andrea Pistacchi from Bank of America. Please go ahead.

Andrea Pistacchi - Bank of America

Hi, good morning. My main question is again on pricing please. If you could give a bit of colour by channel, so in what channels are you able to support through the pricing? And going forward, what channels do you expect to see more pricing?

Is it more convenience out of home? I asked this because in some of your markets, I imagine you typically have sort of once per year negotiations which I don't know whether this is a case in a lot of your markets in Eastern Europe. But so the pricing so far, has that largely been not in the grocery channel and that is still to come?

And then just a quick follow-up after, please. I was wondering whether you had a sales number or a broad sales number for Egypt that you could share with us please?

Zoran Bogdanovic - Chief Executive Officer

Thank you, Andrea. Good to hear you. So, on pricing, we've taken pricing I can say across both types of – both at home as well as out of home. And however, how it varies is by different packages as well as different categories. We are really taking into account competitive play and situation in each, if I can call it, sub segment.

However it happened across both segments of the market. In terms of also those customers where usually you need to discuss it and announce it earlier, the teams have

promptly done this on time last year. So I'm really pleased that the execution of the whole pricing schedule has been absolutely flawless. And then the second part of the question was?

Andrea Pistacchi - Bank of America

It was if you could share if you have an Egypt sales number that you could share or a broad indication of the business' sales last year?

Zoran Bogdanovic - Chief Executive Officer

Yeah with the details, we'll come back at a later stage. But their sales turnover for last year was just over €400 million.

Andrea Pistacchi - Bank of America

Superb. Thank you.

Telephone Operator

The next question comes from the line of Pinar Ergun from Morgan Stanley. Please go ahead.

Pinar Ergun - Morgan Stanley

Good morning. I'm sorry, just a quick follow-up on price mix. Should we expect continued positive mix impact from sparkling and energy as you lap stronger comps? And how will you look to balance further pricing with affordability in your emerging regions?

And then a very quick check on the balance sheet. Would the Egypt deal preclude further balance sheet deployment in other deals or special dividends in the near term? Thank you.

Zoran Bogdanovic - Chief Executive Officer

Thank you. So we do expect that there is going to be positive mix impact from sparkling and energy. And clearly those are pan-Hellenic priorities where we are focusing and doing joint initiatives together with Coca-Cola company team.

So in short, the answer is yes that we do expect that with our strategic focus areas within sparkling and energy that this is going to give us the positive impact. Then I think you said also on the affordability options, we are – absolutely we are doing a balanced focus between premiumisation as well as affordability.

In many markets, both of those have to be satisfied and have to be addressed, most obvious to mention emerging markets especially affordability is key. And for that reason, we are doing innovation in the pack sizes as well which are addressing better some of the critical price-points that are focused to address more affordable levels.

And I can only say in conclusion that both of those of premiumisation as well as affordability are working well.

Ben Almanzar - Chief Financial Officer

On the last question regarding the balance sheet, what we are expecting is that upon successful completion, we should be closing the year within our target range of 1.5 to 2.0x EBITDA in terms of our leverage ratio, most towards the upper end.

That still gives us a significant optionality and does not preclude for further transactions so we find the right opportunity at the right time.

Telephone Operator

Thank you. The next question comes from the line of Charlie Higgs from Redburn. Please go ahead.

Charlie Higgs - Redburn

Good morning, Zoran and Ben. I've got three questions please. The first one is on Russia where again another quarter of very strong growth there, well done to your local team there. I was wondering if you could remind us what are you doing differently in Russia at the moment? And how sustainable is this growth and maybe some early signs that you're seeing as we move into Q3 really. So thanks.

Zoran Bogdanovic - Chief Executive Officer

Hi, Charlie. Yes, so in short, Russia is really doing well. Let me just say first of all externally and market wise, we see that the industry, both the whole NARTD as well as sparkling etc, there is a good growth in the market, both in volume as well as in value.

So we are part of the let's say a very fertile play field that is happening. Secondly, we also see that certain consumer sentiment and confidence in the country has been on a very good level especially in the best place over the last five years. That plays a role.

Thirdly, also the fact that Russians to a great extent have stayed in the country for their vacations. And fourthly, also we need to call out that we can't complain about whether in Russia, actually it's been quite good. So all that has given a tailwind from which we benefit.

Now this also – the reason that we are also having this sustained performance is also the fact that some of our big bets in the country are working very well. Russia is one of our exemplary examples of the revenue growth management initiatives. Let's say in the packages where we have done exactly what I said in my previous answer, where we have done let's say example downsizing of one litre to 0.9 which is performing extremely well, driving share.

An example of premiumisation where intentionally over the last two years, the team has done really conscious 360 approach to Schweppes as we recognise that adult sparkling is a huge opportunity in Russia. And the fact that last year as well as this year we are having that level of growth on Schweppes which has higher revenue per litre than the rest of the sparkling portfolio is a good example of how we are how we are driving a profitable revenue growth.

Also Russia is benefiting from the fact that our big data and advanced analytics. Next to Nigeria, Russia is the – those are the top two markets where we are frontloading with capability investment. So big data and advanced analytics has served how we are taking segmented execution in the country to the next level. And let me close also with the fact that Russia is one of our leading countries in how they are taking the – how they are digitising with our B2B platform where last year they were on 1% of orders down through the platform and they are now just over 25% of all orders in the country being done through the platform which then enables our teams on the ground to more focus on account development, new initiatives etc.

So honestly, Charlie I could talk much more on Russia on the call. But let me know if this helps.

Charlie Higgs - Redburn

Thank you. No, that's great colour. My second one was on maybe if we could talk a bit about some of the category growth and in particular Sprite and Fanta which have been fairly lackluster for a few quarters but had a very strong half. Could you maybe talk about what you're doing differently there and how sustainable that is?

Zoran Bogdanovic - Chief Executive Officer

Yes, this comes as a result of intentional work coming from Coca-Cola company and our teams to really embed hard learnings from last year and the year before. I have to also give a credit that in the new emerging stronger reorganisation that Coca-Cola company has done, they have split the teams, global teams between Coca-Cola trademark team and flavours team.

And evidently, there is more oxygen in the teams to focus more. And that has produced some very good results, great campaign. This is coupled also with the fact that we are accelerating reformulation where we are introducing low and no sugar variants, which are performing really well in the markets as well as the innovation of the flavours.

And I have to say that the same thing to pre-empt the question that that I just said for Fanta. I'm very pleased that the same thing I can say also for Sprite. And both of those are performing really well. And I'm confident that they will give us more growth going forward. Thank you.

Charlie Higgs - Redburn

Thank you. And so just a last one to squeeze in for Ben. The working capital profile this half was quite different than normal with the big inflow on trade payables. I was just wondering if you could talk a bit more about that, and then how you think that will shape up for the rest of the year? Thank you.

Ben Almanzar - Chief Financial Officer

Yeah, so on working capital, we have been doing a lot of work taking in the learnings that we that we took in 2020 to – in the management of receivables for example and extending it into 2021. So we're seeing a very good performance coming through in working capital.

All I can say is that this will continue to be an area of focus. As we enter the second half, we will have some headwinds in working capital as well. You may remember that during Q4 last year, we received a benefit from payments and from customers as we disclosed.

And essentially we will be annualising against that. But so far, so good both in terms of the receivables, inventories, and payables as well. I'm very encouraged by the conversion cycle days that is improving this year versus prior year.

Charlie Higgs - Redburn

Perfect. Thank you very much.

Telephone Operator

The next question comes from the line of Lawrence Whyatt from Barclays Capital. Please go ahead.

Mandeep Sangha - Barclays Capital

Good morning, it's Mandeep Sangha on behalf of Lawrence. Thank you very much for taking our questions. My first one just relates to the reopening of the at-home channel. Obviously, that's clearly accelerated in the second quarter.

Do you have a feel of where sort of inventory levels are in the – sorry, out-of-home channel, sorry – where inventory levels are in the out-of-home channel? And do you expect that as being sort of restocking and may have pulled forward demand from 3Q at all?

Zoran Bogdanovic - Chief Executive Officer

Yes. Hi, Mandeep. Look, inventory levels have been on a very low level. That was one of the learning last year that we worked very closely with our customers to help them keep as low inventory as possible given the circumstances.

And then as they reopen that we are very fast in how we support them, with providing them with the product they need. So that's part of what we say how we support the reopening, not burdening them with excessive inventory, but being really agile in

working closer with them. So that also we help them in how they work with our own working capital.

Mandeep Sangha - Barclays Capital

Right, thank you. And just a follow-on question. Obviously in terms of the Poland, you took high pricing in Q1. And that sort of led to low twenty volume decline. It looks like that seemed to have stabilised in 2Q. Do you – are you still confident of sort of mid single-digit volume declines on the full year? Or do you think maybe underlying trends are a bit stronger, and maybe you could outperform that mid single-digit decline?

Zoran Bogdanovic - Chief Executive Officer

Yeah, so absolutely first of all that performance in Q2 was really encouraging. Overall between the quarters, it's fully in line with our expectations. On a full-year level, yes I would say that this would be around mid single-digits, maybe slightly a bit more negative.

But that's pretty much in line how we expect that year one following this tectonic price increase that we had to do because of the tax is evolving. But I'm really also pleased about the fact that we are gaining share in the country. That proves that, given the new set of circumstances, that the activities and measures that the team has done were spot on.

And particularly, we are really encouraged how the impact of those has been visible in Q2. And I believe that we will see those kinds of in-line and positive signs for the rest of the year.

Mandeep Sangha - Barclays Capital

All right, thank you very much.

Zoran Bogdanovic - Chief Executive Officer

You're welcome.

Telephone Operator

The next question comes from the line of Osman Memisoglu from Ambrosia Capital. Please go ahead.

Osman Memisoglu - Ambrosia Capital

Hello, many thanks for your time. I just wanted to come back to Egypt. I was wondering if you could give us a bit colour on the balance sheet of the company, how much net debt or net cash are you taking over during your time – with the transaction? That's my first question. I have another one.

Zoran Bogdanovic - Chief Executive Officer

Hi, Osman. At this stage, I would only refer to the number that we provided in the press release which is the total assets number which I think was EGP5.2 billion. And thank you for the understanding that – we'll give you more details and colour as we progress towards the closing of the deal.

Osman Memisoglu - Ambrosia Capital

That's fine. Let me ask you my second question if I can. Regarding market share dynamics you've done another strong quarter half and gained share. Where are the gains coming from? Is it mainly your main competitor in most of the geographies or are you seeing some different trends, maybe gains from smaller competitors?

Zoran Bogdanovic - Chief Executive Officer

Yeah, indeed. So first of all, yes. I'm really encouraged with the fair performance, and also how it evolved also further in Q2. Depending on the country, this is coming in several countries either from our key competitor Pepsi, or in some other countries it's from the local competition. But it's not only one of those. It really depends on the market.

Osman Memisoglu - Ambrosia Capital

Okay. And maybe if I could squeeze in, I mean you did talk about Russia earlier in the call. But in the near term, there was a bit of a virus spike. Has that now normalised? I see it

has kind of in the Google data. But on the ground, how are you seeing near-term performance in Russia?

Zoran Bogdanovic - Chief Executive Officer

Yeah, it's still not finished definitely. However, we think that the country overall has started resolving it in a more accelerated way. Vaccination is improving and definitely within our organisation, we are pleased also with the quite-accelerated vaccination rate that has been achieved and I'm really proud of that.

So however with those measures that were in place, our teams have adjusted and supported customers. But I would say that while measures are not still out or lifted, however we have adjusted and that is enabling the performance. Thank you.

Osman Memisoglu - Ambrosia Capital

Perfect. Thank you.

Telephone Operator

We have now come to the end of the question-and-answer session. So I will hand back to Zoran for any closing remarks.

Zoran Bogdanovic - Chief Executive Officer

Thank you. Thank you for your time today and for the patience with our technical disruption. I just want to highlight that we are very pleased by this performance and our progress on our strategy. We continue to build on our strength.

And I'm confident our portfolio, market execution focus, our customer relationships, our people and our partnerships with the Coca-Cola company and beyond ensure that we will continue to capture the recovery. We are also very excited with this opportunity to expand our footprint in Africa bringing a hundred million more consumers into the population we serve. And we look forward to updating you on this soon. Let me extend my good wishes to you and your families. And all of us at Coca-Cola HBC sincerely hope you stay safe and well. We look forward to speaking to you all again soon. Thank you.

Telephone Operator

CCH – 2021 Half-year results

Conference call Q&A transcript – 12 August 2021

Thank you everyone for joining today's conference. You may now disconnect. Thank you.

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