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Ewan Mitchell, Barclays

Jon Leinster, Société Générale

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Questions and Answer

Telephone Operator

Thank you very much. As a reminder, if you would like to ask a question please press *1 on your telephone keypad. Please ensure your line is unmuted locally. You will then be advised when to go ahead with your question.

The first question comes from the line of Simon Hales, calling from Citi. Please go ahead.

Simon Hales, Citi

Thank you, morning Zoran, morning Michalis. A couple from me really. The first question was just around the outlook again as we've headed into 2021. I mean you talked about a difficult first half across your European markets. I wonder if you'd give a little bit more colour as to perhaps anything you can say about Q1 trading, how it's moved versus Q4, any numbers you could throw at us?

And maybe a little bit more detail as to the assumptions you're making around the speed of reopening of the out of home markets in some of your different key regions, or key markets?

Zoran Bogdanovic, Chief Executive Officer

Thank you, Simon. So you're spot on, so exactly as we said we do see that Q1 is a quarter that's very similar to Q4 in terms of lots of restrictions across a number of our markets, which mostly affected the out of home. And that is what we are seeing.

As I said, we do see that some countries are slowly loosening like Italy, on the other side you have some markets like Greece, that are tightening. However, we have adjusted and adapted the way we play in the market given that new reality. And we do see that trading of this year started on an encouraging note, continuing what we saw in Q4, particularly in November and even more in December as at home continues to perform quite well.

So we've seen in January a pretty consistent, good, encouraging performance, led again by Sparkling, which grew in all of our markets and we also see that February also started on an encouraging note as well.

The speed of recovery, as I said, it's hard to predict. We do see, as everyone else, the vaccination rollout is not going fully at the pace that we all hoped. However, we do see that week by week more and more it is happening and therefore we have assumed in Q2 in modelling for this year, that Q2 will start seeing some easing. And in Q2, as a reminder, we will be cycling, you know, a very low Q2 of last year. And that's pretty much it.

The last point I would say as I said in my introductory remarks is that even though we see that a number of HoReCa outlets are closed in so many countries, however more and more customers by month have started working on deliveries to home. And we are in sync and very close to our customers in supporting them doing that. So that is one example of how to the new reality we are adapting. And that's also part of our modelling for the year.

I hope that answers Simon.

Simon Hales, Citi

Yeah, that's brilliant. Can I ask a second question just around the margins, I mean obviously you are guiding towards some slight margin improvement in 2021? Obviously, there's lots of sort of technical effects on the headline margin. You know when all is said and done do I read that, when I think back to the 10.8% margin in 2019, are you still confirming that in 2021 you expect to back at, or above, that 10.8% on a proper like for like basis if you like?

Michalis Imellos, Chief Financial Officer

Hi Simon. Yes, as we have said before we see no reason why in 2021, we will not be back at 2019 levels on a like for like basis. As we said, in 2021 on the one hand we have strong tailwinds when it comes to overall revenue growth recovery, package and channel mix within that being the most important driver, as well as continuing the strengthening of the category mix and also some pricing opportunities that we will drive in the year.

And of course the ongoing cost efficiencies and savings that we are driving, as well as some positive country mix as the Established markets will recover from the deeper declines of 2020.

On the other hand, headwinds will come from the input costs because that we expect to swing to high single digit growth in 2021 and the acceleration of FX, particularly transactional FX, compared to 2020.

So these are the two sides of the opposing drivers on the margin. And yes, we do confirm that we would expect that we can be back to 2019 levels on a like for like basis.

Simon Hales, Citi

Got it. And maybe just finally, obviously you finished the year with a strong balance sheet position again, I wonder if you could just maybe talk a little about the inorganic opportunities that may be out there. Are you seeing more things coming across your desk that could be of interest? Could we expect to see some deployment of the balance sheet inorganically this year? Or are you going to keep your powder dry until we've got a bit more of a firmer trading footing? How do we think about use of the balance sheet generally in 2021 and beyond?

Zoran Bogdanovic, Chief Executive Officer

Yeah Simon, I will start, Michalis please add if there is anything more. So Simon, we do say that we really want to leverage the strong balance sheet and firepower for investments into the business, primarily. And as you said, inorganically also to capture some of the opportunities.

I want to reiterate that we are fairly busy with a couple of things that our teams are exploring, working on, etc. And we all believe and are pushing for some form of cash investment in that direction and I hope that we will be able to materialise some of those this year.

Simon Hales, Citi

Got it, that's very clear. Thank you ever so much.

Telephone Operator

The next question comes from the line of Sanjeet Aujla, calling from Credit Suisse. Please go ahead.

Sanjeet Aujla, Credit Suisse

Hey, Zoran, Michalis, thanks for the questions. Just firstly on the Polish sugar tax, I think you had a benefit in Q4, from the trade ahead of that, can you just talk a little bit about how volumes have responded year to date to that price increase relative to your expectations and how you expect volumes to play out over the course of the year?

Secondly, on Nigeria, you know Q4, again very strong growth on a high comparative, I think you're cycling very strong growth from Q4 2019. So I guess, how do you assess the strength of Nigeria in light of the macro dynamics, any colour there would be useful. I appreciate you've been gaining share.

Yeah, those are my first two questions and then I've got one more follow up, thanks.

Zoran Bogdanovic, Chief Executive Officer

Thank you Sanjeet. So, Poland, as per plan the sugar tax started, so a new phase for the beverage industry in Poland is on. And so sugar tax in place from January 1, which means that we have passed it on as we said that we will. That has caused a price increase in the range of - on average 25%, and we see also that other players - basically the industry is doing the same thing of passing on that taxation through the prices.

Of course we always say that that kind of taxation does provoke a short-term volume impact, and this is what you see from January and through February so far. I have to say that of course there is a volume decline in Poland in double digit terms. However, the level and magnitude of the decline has been fully in line with our expectation. And we do model and expect this year that Poland will be in some negative neighbourhood of mid-single digits.

So that's our forecast, which is fully - that is what we forecast. And so far, just to reiterate, that everything is as we have planned. And I feel pretty confident with the fact that the team has done a fantastic job in preparing, leveraging all the learnings on similar situations from Hellenic, for example, Ireland, as well as taking learnings from other markets outside of our territories.

So on that one that's the brief summary.

On Nigeria, I can start maybe by saying that we are very encouraged by the fact that trading of 2021 shows the continued momentum that we have seen in 2020. 2020 has been an excellent year in Nigeria. All months have been double digit, except for May and April because of COVID and October because of this EndSARS protests that were happening there.

So Nigeria finished on a very strong note last year, especially November and December and even more cycling very strong comparables. And January and February have been also a very strong performance so far.

We don't see at the moment anything that would really cause any concern in terms of the economic environment, etc. You know, I would say the usual things, a reminder this is a classical emerging market. However, I feel really confident with the fact that our capabilities in Nigeria are constantly enhancing, both on the technical side, the capacity side, but even more importantly capabilities that we focus on with big data, advanced analytics, revenue growth management, route to market and evolution - the targeted evolution of our portfolio in the country, balancing both affordability and premiumisation. That gives me - those are in a nutshell a couple of things that give me very good confidence for Nigeria for 2021.

Sanjeet Aujla, Credit Suisse

Great thank you, thank you Zoran. And just picking up on Nigeria again, I just love to get your thoughts on the competitive landscape at the moment, particularly around the pricing side, how is that panning out and are we seeing a bit more of a return to price rationality?

Zoran Bogdanovic, Chief Executive Officer

Yes, you used a very good word, price rationality. So after the investment we have done in 2019 into pricing, we have seen that that really yielded even better results than we were hoping for. That also caused, I would say, that last year there has been industry conduct where not only us, but also other players started to do positive movements with the price.

We have also realised and are leveraging even better insights. And then RGM recommendations that we started deploying various regional pricing adjustments, which then we also saw that other competitors in the market followed.

So I would say that last year has brought some positive trends on the pricing level, which is for our benefit, but I think it should be also for the broader benefit of the whole industry. And I do believe that also this year will continue along those lines.

Sanjeet Aujla, Credit Suisse

Many thanks, Zoran.

Telephone Operator

The next question comes from the line of Natalia Svyriadi, calling from Eurobank Equities. Please go ahead.

Natalia Svyriadi, Eurobank Equities

Yes, hello, and thank you for the call. I was wondering - well as we said it's a challenging year, any of your thoughts around the Olympics and potential postponement and for the other games that are due this year and if you have actually these thoughts in your numbers, are they in what you were thinking in your EBIT margin drivers for FY'21 and what we should be expecting there?

Zoran Bogdanovic, Chief Executive Officer

Hi Natalia. That's a one-million-dollar question. Well we don't have yet any official thing that the Olympics will not happen, but I think it's reasonable to say that the chances of them also not happening are there. Together with The Coca-Cola Company team, we have prepared both scenarios, with the Olympics and without the Olympics.

Also in the case when the Olympics happen that doesn't mean that it gets activated in every single market, because in some markets this has more potential and in some a little bit less. However, we do have ready made plans in case it does proceed, and we are fully ready to deploy alternative plans if the reality will dictate so.

So the last point on margin, I wouldn't say that, you know, in this year this gives anything material for the Group. This is the type of property that not only gives us a possibility to activate in the current year when it happens, but this helps us also to strengthen our relationship with customers and gives us also the benefits for the coming years. But even if it doesn't happen, no worries that this is having any material impact on the margin.

Natalia Svyriadi, Eurobank Equities

Okay, thank you for that. And maybe could you give us an indication of your capex expected investment plans and you said you're going to have developments in Costa Coffee, which markets should we be expecting to come next - any other identified opportunities there?

Zoran Bogdanovic, Chief Executive Officer

Yeah, I'll start with Costa and then Michalis will cover capex. So with Costa, as you see I mean in seven months, we've been - on a steady - with a steady pace penetrating and now being live in 14 markets.

Let me just say that this reflects our absolutely strong belief in the category and also in the Costa brand and product proposition. And that is why we have already this year another pool of probably four, or five, six, next markets that are in the pipeline to get ready.

What does it mean? That means that before we start, we already, you know, recruit the team, ramp up capability, so that on the day when we launch, we are really truly fully ready.

So that also means that not only are we then creating our dedicated teams for this category, but it also means equipment investment that we are doing in various types of machines that we are then using for customer penetration in bars, restaurants, etc, as well as those unique Costa Express vending machines, with which deployment we have already started in several countries.

With that I'll hand over to Michalis to answer your part of the question on capex.

Michalis Imellos, Chief Financial Officer

Yes, so Natalia, in 2020 we spent in absolute terms less than in 2019 as a result of the situation. In fact when - as we were seeing during the year that the free cash flow was trending quite well, we brought forward some of the deferred capex spend that we had planned to do in 2021, we brought it forward in 2020, exactly so that we don't overburden this year.

So even with that for 2021 in absolute terms we will increase our capex spend, because to Zoran's point, our investment plan behind coffee, but also resuming our investments behind coolers is intact. And as a result, as I said, in absolute terms we will have a growth in the capex. As a percent of revenue it will be at the upper end of our guided range of 6.5 to 7.5%.

Natalia Svyriadi, Eurobank Equities

Okay, thank you for that. Thank you very much.

Telephone Operator

The next question comes from the line of Ewan Mitchell, calling from Barclays. Please go ahead.

Ewan Mitchell, Barclays

Good morning Zoran, Michalis and Joanna, thanks for the questions. I just wanted to confirm the very detailed guidance, thank you, on Poland and this depreciation move. So essentially those largely net each other out and so we're looking at an 11% comparable EBIT margin versus where we were when we include the Poland sugar tax and this depreciation charge. Is that the correct way of looking at this now?

Michalis Imellos, Chief Financial Officer

Yeah, Ewan, that's exactly right. In terms of the sugar tax and the useful life extension and the impact on the depreciation, those two effectively cancel each other out. And from then on if you look at the year over year impact of this Multon accounting change this also has no impact when you compare it to 2020. So effectively the margin that we will report and effectively the like for like margin will be the same.

Ewan Mitchell, Barclays

Brilliant, thank you, that's very clear. I then just wanted to ask about the Energy performance which seems to have really been a standout this year. Can you just give us a bit more colour as to what's driving that, how you see it sort of playing out in the next couple of years and can you continue that momentum, or is it more sort of channel shift based?

Zoran Bogdanovic, Chief Executive Officer

Hi Ewan. No, no we strongly believe in the underlying performance and growth potential of the Energy category. It's been consistently growing double digit for the last number of years. And actually to see that Energy, again, repeated that level of growth in a year like last year I think that that really speaks to how strong the category is and how just it's getting on a good fast track.

One of the reasons I believe that we have performed very well is because first of all our ability to execute that category and execute the portfolio of the brands that we have probably uniquely globally, as you know with Monster, we have Monster as a mainstream, there is also Burn as a higher proposition, higher priced proposition. And then there is Predator which we launched last year, which by the way, now in Nigeria is performing really, really well and that is hitting the affordable level of the Energy. And then also there is Coca-Cola Energy from The Coca-Cola Company portfolio, which is really on the premium segment.

So we are really hitting various consumer segments with various brand propositions. And I think that's really enabling us to continuously penetrate - have more consumers in the category and leverage the exciting activations that each of those brands offer.

Just to illustrate how also it's important for us in value terms - in the volume terms Energy is approximately 2% of our volume. However, it's more than 5% in our revenues. And this percent or contribution in our total mix is continuously, every year, increasing. And I really believe that is going to continue also in the coming years.

Ewan Mitchell, Barclays

Brilliant. That's very helpful. Perhaps just a quick follow up on that one and about the opportunity that Coffee sort of presents to you, you touched on it in the presentation. But pretty much coming from a standing start with the Lavazza contract ending and not being able to rollout Costa quite as fully as perhaps you would like, where do you see that sort of getting to over the next mid term in terms of percentage of the portfolio and how significant it could become for you in terms of revenue?

Zoran Bogdanovic, Chief Executive Officer

Yeah, so our play with the previous Coffee partner was limited to only five markets, whereas with Costa we are going full-fledge, the plan is that we go everywhere. And I think we have an even broader portfolio and technical capabilities to really have a variety of propositions for all possible channels. That is why I really think that we are with the right artillery for this category.

The category in itself is worth almost - it's 75%, 80% of the value of the whole non-alcohol ready to drink. Of course there is also segmentation of various levels within that Coffee. We are shooting for the higher mainstream, borderline premium and that is an enormous revenue and profit pool.

However, this has to come with the patience of how we are building this capability. We started last year, we continue this year, together with Coca-Cola Company / Costa, which is obviously now one. We really have a well-developed, long range plan. Costa Coffee is going to be a significant contributor to our growth. And it is hard to say at the moment what the exact number is, however, we have very, very ambitious, I would say exponential plans over the next few years.

But we want to be mindful that we build this in a high-quality way, because this also has to have the right proposition, the right marketing, so that we - do not devalue the brand, but actually position it in the way this high-quality product should be.

So to give you a little bit more concreteness I'm absolutely sure that over the next couple of years this is going to be for sure, you know, 100 plus and a couple of hundred million of revenues. And patiently we also build this so that eventually this category, down the road I would say, maybe three, four, five years down the road has to be also margin accretive, which you appreciate that at the moment it is not, because this is all about how we ramp up and build the business where we are investing ahead of the curve to be able to do the proper job.

Does that help you Ewan to understand?

Ewan Mitchell, Barclays

Yeah. That's been very helpful, thank you Zoran. And one last one if I may? The rPET investment that you've made to clean pellets and upcycle them, could you give us an idea as to the kind of extent across your geographic portfolio as to where that's happening, how much the cost is and where you see it going from here in terms of expanding that to meet your rPET targets?

Zoran Bogdanovic, Chief Executive Officer

Yeah, so this helps us with two levels. One is that even before this investment that I referred to we've been buying - preforms from rPET and we started with already 100% of our portfolio and four Water brands are already there.

However, we really want to accelerate and that is why this investment in Poland, which helps us to have rPET at more competitive prices, also being able to produce more as I describe, so not to repeat.

And we plan to accelerate this. I mentioned Italy, as the next one. But there is also one or two other locations which are in preparation that we want to do the same thing so that we can really deliver on our commitments and targets, latest by 2025, if not earlier.

But that also depends on how we are working with countries on the collection systems, through industries, that's why I made consciously the reference on the collection systems, because it's all interconnected in this ecosystem of, you know, improving the whole waste management where rPET is only one part. And therefore we are taking this innovative, conscious investment behind our own capacity to do that.

Does that help?

Ewan Mitchell, Barclays

Very clear. Thank you, Zoran.

Zoran Bogdanovic, Chief Executive Officer

You're welcome.

Telephone Operator

The next question comes from the line of Jon Leinster, calling from Société Générale. Please go ahead.

Jon Leinster, Société Générale

Thank you and good morning gentlemen and thank you for the question. A couple of really slightly dull accounting questions if I may. First of all, the share of integrated equity companies that added €21.4m to the comparable EBIT, that presumably includes €2.9m from Multon, but is the rest of that - I mean that's clearly been added into the margin, so is that within the margin target going forward as well?

Michalis Imellos, Chief Financial Officer

Yes, the answer is yes, it is. It was previously part - equity accounted below EBIT, so it was part of profit after tax and EPS. Now with the new accounting treatment it's part of EBIT.

Jon Leinster, Société Générale

So that added around about 30 basis points and presumably that includes the €2.9m from the Russian Juice business?

Michalis Imellos, Chief Financial Officer

Yes, and that's what you have seen in the slide, this whole Multon accounting change on joint ventures accounting for the 30 bps. It was effectively for the full year of 2020; it will be also in 2021. So between 2021 and 2020 it makes no difference because it's exactly the same impact.

Jon Leinster, Société Générale

Right, but the 21.4, I mean that's 2.9 for Multon and then there's others in there as well?

Michalis Imellos, Chief Financial Officer

We have a detailed disclosure in the press release about this.

Jon Leinster, Société Générale

Right, okay. And secondly, sorry to - but just on the useful economic life, just to be clear, so depreciation will be down roughly €25m is that from extending the life, or is that from lower depreciation rates, or is that from something being written off?

Michalis Imellos, Chief Financial Officer

No, we undertook a study to compare the actual useful economic life of various asset classes compared to what we use to depreciate them in the books. This was quite a long project, which concluded that the actual economic life, useful economic life was higher than what we were using in the books.

And as a result we have changed the depreciation rates starting from the 1st of January 2021 and that gives a benefit year over year in 2021 versus 2020. But obviously the value of the assets is the same, it's just we take a little bit longer to fully depreciate.

Jon Leinster, Société Générale

Right thanks. And lastly, you mentioned obviously in 2020 - that you'd actually increased prices on a number of products at the start of 2020 and obviously you've had the pass through in Poland. But other than Poland, has COVID meant that there's been less price increases, or has there been any price increases in the start of 2021?

Zoran Bogdanovic, Chief Executive Officer

Jon, it's Zoran. So, no, COVID did not result in the fact that we could not take pricing as well as we've seen also other players in the market. So, the simple answer is not. It's only that COVID brought additional variables in the whole revenue management planning and design so that we have to take into account, possibly, different sensitivities as well as attractiveness of various packages.

So, it just brought another element, but it didn't stop us from doing that, especially because various countries have their own different dynamics. And our whole pack price architecture is unique for every single country, and that's how we play it. And, as you know, COVID did not have the same level of impact on consumers in every single country.

Also, our plan for '21 is that we, as part of our algorithm to drive the top line growth, specifically in the price mix, yes, there is an element that we plan to take some pricing as well in '21.

Jon Leinster, Société Générale

Okay. Great. Thank you very much.

Zoran Bogdanovic, Chief Executive Officer

You're welcome.

Telephone Operator

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

Fintan Ryan, JP Morgan

Thank you. Morning, Zoran. Morning, Michalis. Morning, Joanna. There's three sort of relatively small questions from me, please.

So, firstly, I note the increase in your absolute dividend spend, proposed dividend for this year, pay-out ratio going up by roughly about 10% year-on-year. Is this a change to your long-term pay-out ratio which, I guess, had been quite stable for many years in advance of that, and how should we think of the dividend going forward, I guess, either in absolute or as a percentage of EPS?

Michalis Imellos, Chief Financial Officer

Yeah. Hi, Fintan.

At this point in time, it's a temporary increase of our pay-out ratio exactly reflecting the confidence we have that business is returning to a more normal EPS growth trajectory from 2021. So, we didn't want to, and the Board didn't want to reduce the dividend exactly to reflect this confidence in the recovery. So, it's a temporary increase in our pay-out ratio which will smoothen out over the coming years.

Fintan Ryan, JP Morgan

Thank you.

And then the second question, I appreciate you've given a lot of colour on the impact of the sweetener tax in Poland, I'm wondering, could you provide any updates on the other taxes, sort of, direct to your geographies? I appreciate the Italian sweetener tax has been pushed back, at least from 1st July, so is there anything else we should be thinking about, certainly as we start with modelling the outer years and other potential disruptions to come?

Zoran Bogdanovic, Chief Executive Officer

Yeah, so, Fintan, as you said, Italy, that was the most critical one, that it moved to next year. Nothing imminent that we know that would be happening. So, nothing that's actually forecasted or estimated from our side that might impact this year, but, needless to say, that this is a topic that we constantly monitor, and, as soon as we see anything anywhere happening, we apply now a very good developed approach that, you know, Ireland followed, Poland followed, so we are always ready to adjust and adapt in case something happens. But, at the moment, apart from the Italian case, I don't see anything really coming up.

Fintan Ryan, JP Morgan

Great. Thank you.

And, just finally, on Topo Chico, I noticed that it's now in five markets, could you give us a sense of what your plans are for the expansion of that brand, or even just sort of a wider RTD alcohol beverage space across the rest of your geographies that will feature during in 2021?

And, I guess, similar to what you've said just earlier on the question with regard to Costa Coffee, economics in the long run, do you have any similar ambitions specifically for Topo Chico in RTDs?

Zoran Bogdanovic, Chief Executive Officer

Yeah, so, yes, number one, Topo Chico in five markets - this is a type of product, because it's a new emerging category, which has varying degrees of development across markets, like in Ireland, it's already there, similar to UK, so that kind of follows the US pattern whereas, in some other markets, we are actually opening, or at the very beginning of the category start.

Now, we do have a positive customer feedback, consumer feedback. We only recently started in the second part of Q4, so it's still too early to make any more significant conclusions.

However, I really can reiterate that consumers and customers, which is most important, are recognising that it's a high-quality product, and we are encouraged so that we will continue this year with a couple of other markets - one of them is Switzerland because that's also a type of market that can fit well for this type of product. We believe it's a high potential category, definitely in few targeted markets, and of high value.

Economics behind this product, both for Coca-Cola Company and us, are very good. It's a little bit of a different type of approach versus Costa because Costa, being really a type of product that goes across all channels, has a little bit more specifics for category knowledge, expertise and necessary equipment that you need for certain channels. That's why the kind of machine-building for Coffee category is different versus doing Ready-to-Drink products, like Topo Chico, which has three flavours in one pack size. That's why it's very different variables which are driving economics, but Topo Chico does fit the spec of the new innovation approach that Coca-Cola Company and us are doing, that it is scalable, that it is consumer relevant, and that economics are healthy.

Fintan Ryan, JP Morgan

Very clear. Thank you.

Telephone Operator

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

Edward Mundy, Jefferies

Hi, Zoran. Hi, Michalis. A couple of questions from me.

The first is really around your medium-term growth aspiration of 5% or 6%, or 5% to 6% even. You know, clearly, a lot has happened over the last nine months or so, and the landscape's probably looking quite different to where it was back in 2019, you know, some things possibly better, some things possibly worse. Can you talk about the puts and takes around what gives you confidence in, you know, continuing to grow 5% or 6% over the medium-term?

Zoran Bogdanovic, Chief Executive Officer

Hi, Ed. Thank you for the questions.

So, coming back, once the, you know, recovery and the new normal is there, which I really believe that it's going to come there, there are a couple of very strong reasons; number one, that the beverage industry in itself, is a high potential industry, and the estimated growth rates of the industry itself have not materially changed from what was the estimate that we had before COVID as we are forecasting it, and think about it once the new normal is there.

Secondly, the blend of our markets, where just Emerging markets' potential, population size in Nigeria, continuous growth over more affluent consumers, in Nigeria primarily, but also in Russia, per capita that we have in a number of those markets where, taking them just to the average of Europe, or to the average of our whole Hellenic per capita consumption, is an enormous opportunity, and there is no reason that we don't aspire to get to those levels.

Then, we have analysed a lot where other revenue pools of various categories, and, together with Coca-Cola Company, we have made our portfolio choices. That's why you see so much innovation happening in the Sparkling with reformulations, with zeros, with flavours. Adult Sparkling is tapping in the continuous strengths of mixers, which is also complemented with our Premium Spirits portfolio that we distribute in almost all countries, Energy growth, you see evolution of the portfolio with Coffee. So, the whole portfolio evolution is additional reason.

And then, when you think a little bit forward, and when you see that new normal, and when I compare that picture with how we have been a couple of years ago, we see a company that has a very different level of capability - ability to read the market, utilise the abundance of data we have to generate the insights with which we can make sharper, more segmented plans and execution in the market. So, capabilities ramp up and building is going to be another driver.

And, so, these are, you know, some of the critical things that I really believe that are there as a reason for those targets. Maybe one that one cannot feel, you know, you can't touch it with your hand, but it's something that's also critical, and that's the culture and strength of the team, and the mentality of constantly searching for better - good is enemy of the great - and, that's why, you know, a mindset of continuous adaptability that I've got so much confidence from for last year, I mean, as I said, you can't put a finger on it or a number, but it's evidently there and makes a difference of, at least in my belief, for the future.

Does that help, Ed?

Edward Mundy, Jefferies

It does, and actually brings onto the second question, which is really around this sort of theme of culture and operation agility. You know, clearly, you've had a decade of restructuring, and, you know, that's proved itself to be, you know, very effective in 2020, which was a very, you know, particularly tough year for the top line to protect both your cash and your bottom line. As you come out of the pandemic and start to think more about the growth, how do you sort of pivot and use that culture towards growth?

Zoran Bogdanovic, Chief Executive Officer

Look, one of the critical elements there is the unsatisfied curiosity where we, on one side, we constantly seek and search for the opportunities. The second element of that culture is ability to prioritise. And I think that's a critical quality in how we have evolved our behaviours, how we make choices, where we are definitely, you know, potential and impact driven. That's an important element.

The third element is the continuous learning and development that we put behind our people. I find that enormously important. To be able to capture the opportunities that are ahead of us, we cannot achieve that with yesterday's skills, or yesterday's capabilities. We have to realise that our culture has to foster and nurture, building those capabilities in advance, and Coffee is one example.

And maybe last is to promote entrepreneurship and really allowing people, and giving them space to operate, bring forward the ideas so to be able to act with speed and agility because, in our industry, it's not without reason that it's called fast consumer goods because this 'fast' really means that we have to act with speed and simplicity, which has to come from, you know, agility and constant adaptability.

So, I hope that little bit gives you a flavour of what's in our head.

Edward Mundy, Jefferies

Thank you.

And my final question - and apologies if it got answered earlier as I dropped off the called - but, on the balance sheet, you know, clearly, you're at the bottom end of your range, which is likely to fall further as the recovery comes through in 2021. Can you just remind us at what stage you start to think about capital returns in the form of special dividends?

Michalis Imellos, Chief Financial Officer

Yeah, Ed. Let me take this one.

Nothing really has changed to how we have been utilising and allocating capital, how we've been utilising the balance sheet and allocating capital.

First and foremost is growing our investments behind the top line growth. And, what I mentioned earlier about capex is evidence of that.

In addition to that, there are a lot of new, if you like, initiatives and big bets that are coming behind Coffee, digital transformation and so on, that, you know, will require capital.

And from then on, we have said many times that we have an active interest for bolt-on acquisitions for locally relevant brands in the Still stage, but also, for example, Adult Sparkling and any other category that are potentially adjacent and, you know, is of interest particularly.

And, of course, from then on, if any opportunity comes in terms of a transformational M&A, we feel that we have a very flexible balance sheet to stretch it, quite significantly if necessary, in order to be able to fulfil such an opportunity.

So, we have many, many options. And, if at the end of the day, like we have done previously, at the end of a mid-term cycle, we see that no such opportunities potentially are coming forward and, indeed, we are very unlevered in terms of the balance sheet, potentially, a special dividend can be, again, on the cards given that we cannot do extensive share buybacks.

Edward Mundy, Jefferies

Great. Thank you.

Telephone Operator

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

Pinar Ergun, Morgan Stanley

Hi. Good morning. I have just a quick follow-up on Established markets.

Your profit margin in the region was very strong in H2. If I'm calculating correctly, your comparable EBIT margin was something like 13.5% in H2. Can you please give us some colour on the key drivers of this margin expansion and comment whether this is a sustainable level of profitability to strive for in the future? Thank you.

Michalis Imellos, Chief Financial Officer

Yes. Hi, Pinar.

So, in the Established, there is, first of all, a very favourable country mix within the segment, and that's because markets with relatively higher margins have performed relatively better than others in terms of the decline, of course. So, I would say, to some extent, this is a technical sort of benefit because some markets did not decline as sharp as others - so, for example, if you compare Switzerland to Greece in terms of a top line decline.

From then on, within the segment, we have had relatively good performance on price mix because there were pricing increases in the segment that were taken early in the year, before even the outbreak of COVID, and that helped, obviously, throughout the year.

We had very good category mix. It's a consistent theme also in Established, that Sparkling, and Energy have been outperforming all other categories.

And, from then on, of course, package mix was negative, and channel mix was negative. Having said that, we have seen that, in the second half, there has been quite a significant improvement compared to the first half in this respect.

From then on, input cost has been a very strong tailwind, and, obviously, all the cost saving actions have benefited also this segment.

So, these are more or less the drivers for the good, strong performance in EBIT margin in Established.

Pinar Ergun, Morgan Stanley

Great. Thank you very much.

Telephone Operator

The next question comes from the line of Alexander Gnusarev calling from VTB Capital. Please go ahead.

Alexander Gnusarev, VTB Capital

Greetings. I have a couple of questions. To be quick, I'll ask them one-by-one.

When you're talking about a FX neutral revenue recovery in 2021, what range was implied there?

Zoran Bogdanovic, Chief Executive Officer

Hi, Alexander.

So, what we are looking at is high single digits without tax in Poland. If you take Polish tax into account, and price increases there, so then we are looking at the low double-digit. So, that's the neighbourhood we are talking about.

Alexander Gnusarev, VTB Capital

Okay. That's clear.

I think the previous question was about it, but I really missed the part - How sustainable your record-high markets in Emerging segments will be in 2021, and on further?

Zoran Bogdanovic, Chief Executive Officer

You said in Emerging?

Alexander Gnusarev, VTB Capital

Emerging. Sure, Emerging.

Zoran Bogdanovic, Chief Executive Officer

Michalis, do you want to take that part?

Michalis Imellos, Chief Financial Officer

Yeah, so in Emerging in 2021 obviously, this is a segment that we see the biggest let's say, impact from the for forex and the input cost increases. On the other side we see obviously, to Zoran's point earlier, very good top-line development which is going to help on the leverage to the bottom-line margin.

So all in all, I would say that because Emerging has had a fantastic year in 2020 in terms of the growth actually, real underlying growth of EBIT margin it probably - it can continue to grow, but probably not as fast as potentially the recovery that we can see in the other two segments as the other two segments recover to a larger extent from the impact of the pandemic.

Alexander Gnusarev, VTB Capital

Okay that's clear, thank you. And the last question from my side, how do your trade payables change from year-on-year in 2021? They're going to grow, or maybe some colour there?

Michalis Imellos, Chief Financial Officer

I'm sorry, what was that about the growth?

Alexander Gnusarev, VTB Capital

Specific - how possibly could your trade payables line change in 2021, perhaps the total amount is going to increase, the average days are going to increase. Maybe you could provide more colour on that?

Michalis Imellos, Chief Financial Officer

Yeah. So, I would expect first of all that both receivables and payables as an absolute balance will grow simply because the activity of our own will pick up in 2021 compared to the levels of 2020.

So if I look then at the days, to your point about payables days, there isn't really a reason that fundamentally something will change very dramatically. Of course 2020 was a year where we all worked very hard to preserve cash and be very careful with management of working capital.

So if anything, I would say that it would be difficult to continue to improve payables days from the 2020 performance and therefore, I would expect to see some deterioration in payables days as a result of obviously the growth in the payables balance.

Alexander Gnusarev, VTB Capital

Thank you, that's clear. And since we were talking about payables, what was the payables amount in 2020? I wasn't able to find it in accounts actually.

Michalis Imellos, Chief Financial Officer

Look, we can take it offline, it's in a couple of places and we can point out and help you with that, Alexander.

Joanna Kennedy, Director, Investor Relations

Yeah Alexander, I'll come back to you on that.

Alexander Gnusarev, VTB Capital

Sure okay, okay. Thank you, that's everything from myself. Thank you very much. Congratulations on your results.

Telephone Operator

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

Alicia Forry, Investec

Hi, good morning everyone.

To touch on the competitive environment, obviously [audio jump] but during the crisis we heard about, the consumer moving more towards bigger trusted brands across many categories at the expense perhaps of some trust in smaller brands, presumably this would have helped you. Are you observing this in your specific categories? And do you think that might still be a feature going forwards in 2021 or might some of the smaller brands claw back some lost shelf space?

Zoran Bogdanovic, Chief Executive Officer

Thank you, Alicia. So first of all yes, fully reiterating and echoing what you said about the you know, tested, proven, known, and loved brands and that's why we see such a resilient and very good performance of Sparkling, first of all.

Now, this also means that we are in this approach that is, I would say, evolved and more rigorous is that some smaller brands we see really their relevance, in which countries more than others. And that means that we are more conscious of a segmentation that certain brands will play a role in given markets and then they will be also properly supported versus spreading ourselves thin of let's say, keeping some of the brands in the markets where either our right to win or potentiality of the category is not as attractive as it may be in some other markets.

That's why beyond the overarching priorities which start with Sparkling, etc. Second thing is that we are applying this approach of customer segments where certain brands are more relevant.

To be concrete, when you take for example some of our Juice brands, they are very relevant in several markets like Russia and Belarus and Ukraine and Serbia and Greece. Whereas in some other markets keeping some of the Juice brands might not be any more justifiable because of the size or because of the economics. And therefore available funds we will channel behind those brands where it really matters and where it will make an impact.

Alicia Forry, Investec

Thank you.

Zoran Bogdanovic, Chief Executive Officer

Thank you, Alicia.

Telephone Operator

The next question comes from the line of Richard Felton calling from Goldman Sachs. Please go ahead.

Richard Felton, Godman Sachs

Thank you very much. Just one question from me please on the topic of single serve at home, which you've mentioned a few times today and on previous calls.

I'd just like to understand the size of the opportunity in a bit more detail please. So will it be possible to tell us roughly how the revenue per case of single serve at home compares to the larger at home packs formats?

And then within your at home channel, what is the share of single-serve currently and what is a reasonable benchmark for how that might evolve over time?

I appreciate it probably varies quite a bit market to market, but any detail you can share to help us understand the size of that opportunity would be great. Thank you.

Zoran Bogdanovic, Chief Executive Officer

Yeah, thank you Richard, very good.

So first of all, not knowing the exact number from the top of my head. However, single serves are certainly on the higher end of revenue per case in the at home channel.

Of course, it depends on which single serve for which category, but within any category single serves will have higher per case than the rest of the portfolio or the average of that channel.

Single serves in at home channel are around 25%. And that percent is growing over years. As single serve is our continuous focus over years there is more and more package proliferation that we are doing. Part of the conscious effort which especially got a boost last year because people are more at home. We are also more focusing behind multipacks of single serve. And a good, let's say, example of that is that in Q3 last year we grew multipacks of single serve 4.7%, Q4 was 12.9% and it continues.

The opportunity is strong across all three segments. Even though the percentage of single serves in this channel is highest in the Established segment, as that one resembles more of the shopping patterns that are there in West Europe, so our single-serve percent in at home in Established would be around 35%. But in Developing and Emerging it's significantly lower, therefore that is the opportunity to develop and to bring that percentage to higher levels than it is today.

So that's it in a nutshell what I would say on this. Does that answer what you had in mind?

Richard Felton, Godman Sachs

Yeah, that's very helpful. Thank you very much.

Telephone Operator

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

Osman Memisoglou, Ambrosia Capital

Hello. Many thanks for the presentation and your time.

Just two questions on my side. One is on capex and the other one is on Russia. I'll ask the capex one first.

You mentioned earlier that you will increase investing in coolers again. Can you give us some colour on the extent of the increase and how has the competition moved on cooler investments in Q4 and these days in Q1?

Michalis Imellos, Chief Financial Officer

Well let me just say that we grow coolers capex investment every year. It's just that in 2020, I would say in the second half we slowed down to almost stopped any new deployment because as we can all understand with the out of home facing such major challenges it wouldn't make sense to continue to place coolers in a channel that was severely challenged or even non-operating.

But the way we look at that is simply a delay or a deferral of the investment. It doesn't mean that we are cutting coolers investment, and that's why looking at our plans in 2021 we are looking to go obviously higher than 2020 and to resume effectively the rate of growth that we had previously with effectively a six-month delay because of the half two of 2020.

And I believe it was a very similar approach also from competition because we all faced the same systemic issue in the market.

Osman Memisoglou, Ambrosia Capital

You mentioned the 40 million capex was moved forward. Did that include coolers as well or it was for other investments?

Michalis Imellos, Chief Financial Officer

No, it had nothing to do with coolers, it was for other investments.

Osman Memisoglou, Ambrosia Capital

Okay. And the second question on Russia, if I can. I appreciate your comments on Nigeria, which is very promising.

You mentioned something about affluent consumers increasing in Russia. What's the overall colour you can provide on recent market performance and then outlook, short term, longer term if you want and related to all this of course, the recent rouble volatility and your hedging actions? Thank you.

Zoran Bogdanovic, Chief Executive Officer

Thank you, Osman. I'll start. And before I come to Russia let me just add one additional point on capex, specifically on coolers that Michalis was explaining.

So, I would just emphasise the point that coolers and our investment there and how we deploy them then is a very good example of how we are leveraging the data insights which help us to do continuous customer segmentation so that both quantity and types of cooling equipment, how that gets, I would call it fit for purpose that there is a clear picture of success where we want to place types and quantity of coolers specifically behind segments across all markets, really respecting the dynamics and the structure of the markets there.

So that doesn't mean we don't continue. Contrary, we continue investing in coolers and we will as that's an important part of our market investment.

However, I just wanted to add this additional piece about the, I would say, insight driven quality placements within segmented execution.

Now, let me turn to Russia to which I really have to say that we're very pleased with the performance that we've seen in Russia.

Last year it also benefited from the fact that it did not have as severe restrictions as some other markets, so even a number of channels like restaurants, bars were not closed for as long and then they, even with limitations, but they were open.

The overall Non-Alcohol, Ready-To-Drink market as well as the Sparkling category in the market has a very good growth in Russia. I'm very pleased that we are, particularly in Sparkling, gaining share in such markets which comes as a result of the fact that we've been primarily focused behind Sparkling, which is the huge opportunity in Russia which is focusing behind at home occasions. Primarily this is led with our initiatives and programmes behind meals at home, which is a huge opportunity in Russia as we call it, Fooding.

Then also there is a very strong performance of Adult Sparkling that is also a strategic opportunity for us in Russia where there is a big revenue pool. The team there has done a fantastic revamp of the whole change of packaging expansion of flavours together with Coca-Cola Company diverting more serious investments for brand building and execution in the market. And we see that gives us a very good result.

Example, last year we grew Adult Sparkling 22% in Russia. Also support of Zero Sugar variants. Energy is progressing very strong as well, again, mid-teens growth of last year even in a year like that. And I would highlight the excellent work that Russia has done with Revenue Growth Management and Route to Market as two critical capabilities that really mattered a lot last year but also going forward in Russia.

Pushing more Adult, example of an entry pack for At Home consumption, example of 900ml that Russia has introduced, which is working really, really well.

So these are some of the things that I would highlight that really worked very well together holistically. And that's why we had a very good year in Russia on top of the excellent work that the team has been doing there with making business continuously more efficient and faster so that from top line to bottom line this has worked very well, and I have the confidence that you know, the underlying opportunity in Russia is strong.

Our team there is very strong. Programmes that we have lined up with Coca-Cola Company team and our own actions are, I think, very well adjusted and adapted to the circumstances and I believe in the, not only growth for Russia this year but in the years to come.

Osman Memisoglou, Ambrosia Capital

Okay. Would you say you have significant market share opportunities still in Russia? I'm guessing that's one of the few areas where you're lagging, your competitor?

Zoran Bogdanovic, Chief Executive Officer

Look, opportunity is there for sure. However, I need to remind that we are interested for quality share, which means a share that brings a value. That's why the value share that we are after in a quality manner that really creates value not only for us, for customers.

So in that context, absolutely yes, but in a quality way.

Osman Memisoglou, Ambrosia Capital

Got it.

Telephone Operator

We have no further questions coming through on the phone lines, so I'd now like to hand the call back over to Mr Michalis Imellos. Thank you.

Michalis Imellos, Chief Financial Officer

Thank you, Operator. Before Zoran wraps up the call, as many of you know today was the last time I have the pleasure of presenting Hellenic's results.

I have had a great 13 years with an incredible company. Along the way there have been some difficult challenges, not least the last 12 months that have helped us to build real financial and operational resilience. And of course there has been considerable growth.

I wanted to take the opportunity to thank all of you for the positive way you have always engaged with me and our business during my nine years as CFO. You have been challenging, fair and transparent in your approach, and I have enjoyed working with you immensely.

You will get to meet Ben Almanzar, my successor, very soon. He officially joined us earlier this month and will take over in April.

For now though from me, thank you all and I'm looking forward to our paths crossing again.

Over to Zoran for the close.

Zoran Bogdanovic, Chief Executive Officer

Thank you, Michalis. On a personal note I'd like to thank you for your considerable contribution to the growth of our business over the last 13 years. I think today's results show how far we've come in building a much more resilient business.

I speak for us all at CCH and I'm sure for many on this call when I say it has been a great pleasure to work with you.

Finally, thank you all for your time and attention today. We are very pleased by this performance in extremely challenging circumstances, and it gives me confidence in our future trajectory.

We entered this crisis from a position of strength in terms of our portfolio, market execution focus, our customer relationships, our team strength, and our partnerships with the Coca-Cola Company and beyond.

This crisis has strengthened those advantages, and our share gains in the year show the benefit of that. We play in a highly potential industry and we've shown that we can, and we will continue to adapt to win.

The immediate future may be hard to predict, but 2020 has shown that we can manage this and that we remain well positioned to capture the recovery that will come.

Let me last at the end extend my good wishes to you and your families, and all of us Coca-Cola HBC sincerely hope you stay safe and well. We look forward to speaking to you all again soon.

Thank you.

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