



## **Coca-Cola HBC AG | Barclays Global Consumer Staples Conference | September 4, 2025**

Laurence Whyatt:

Good afternoon, everyone. Thanks again for joining us on the last day of the Barclays Global Consumer Conference. I'm very happy to have Zoran Bogdanovic here from Coca-Cola Hellenic to talk us through their recent trading and results and what's next for the future. Zoran, thank you very much for joining.

Zoran Bogdanovic:

Thanks, Laurence.

Laurence Whyatt:

If we just have a quick overview question on the business. There was quite a big reaction to the latest set of results. Were you happy with the achievements? And how would you describe the highlights? What are the key areas that you're trying to improve?

Zoran Bogdanovic:

First of all, thanks for having me here. Very happy with the results that we reported in August for the first 6 months. We had +9.9% revenue coming both from price/mix and from volume as we are really focused that all levers of the revenue generation work. And 6 months have really demonstrated that, together with the share growth. Seeing that disciplined focus behind strategy really works. And our work on capabilities underpins that. That was a good testament to the hard work that really happened.

Also at that time we, as you remember, we clearly said that in the guided range, both on the top line and bottom line, we made the clear point that we see ourselves at the top of that range, which reflects the confidence in that result delivery, in spite of a mixed environment that we are seeing and that we really have to respect.

Laurence Whyatt:

You mentioned that you're going towards the top end of the guidance range, but I think you delivered 11.8% in the first half, which was ahead of the guidance range. What's the key concern as we go into the second half of the year?

Zoran Bogdanovic:

Look second half of the year is a big period. As I said, in the mixed environment, where we see that there are a number of markets where we see more consumer softness, I think this is a red thread that everyone has been talking about here. We do see in several markets that there is more of a price elasticity, need for the affordability. We know that there are still a good number of months that simply we have to be mindful of that. And to be at the top of our guided range, we really think it keeps us at the top of the game.

That's really what was in our mind. Equally encouraged that there are a number of markets, to say, where we see increasingly good performance. We said that Italy will be positive after the first 6 months. Very pleased to see that that really happened. Czech is continuously performing well, Ireland. So when I say mixed combination, that really means that on the other side there are some markets where inevitably there is some slowdown, but we are used to that. We have seen these kind of periods. But we have complete variety of tools how we can really sell for that.

I would really want to highlight the fact that we have such a vast portfolio, like probably no other company. With so many categories that we have in our 24/7 strategy of a total beverage company which really helps us that with various categories we can tackle various segments of consumers: both the needs in various segments within affordable proposals as well as in the premium ones. So we see that working really well. And we just cannot rest. We have to constantly be on our toes to monitor what happens in every single market and quickly adapt. And that's exactly what we've been doing this year, which keeps us busy.

Laurence Whyatt:

You mentioned a couple of the markets there, but one of the key themes around this conference has been the various levels of consumer confidence around the world. But specifically within your markets, how are you seeing the current level of consumer confidence?

Zoran Bogdanovic:

Look, for the last couple of result calls, we've been indicating that there are various pockets where we see that it's clearly softer. So cumulative year on year increasing pricing levels across not only CPG products, but overall cost of living for people of the last couple of years has gone up. One has to really have very strong capability in revenue growth management to take all that into account. And that's why I'm very happy that from 2016, we've been working very hard in bringing that capability to a very strong level. I can't imagine how we would go through the last years without that level of capability and teams that we have in every single country.

We have to respect the state of consumer as a reality. But I wouldn't call that as something which is uncontrollable. Actually, it is controllable, as long as we lead honestly with facts, good insights, the situation on the ground. This is where I see that our data, insights and analytics really helps us so that our capabilities, primarily RGM and route to market, customer management, these really help us to play smarter and faster.

Laurence Whyatt:

We're going to go through a few of the markets in a bit more detail later on, but first, let's chat through some of the categories that you're in. I think Energy has been one of the most dynamic categories for you. What's really driving that growth and are you confident that will continue?

Zoran Bogdanovic:

I am. Look, this year will be the 10th consecutive year that we are having strong double-digit growth in Energy category. That can only happen, first of all, with very close, constructive, well-working partnership that we have with Monster. Our teams are working on a weekly basis quickly, fast. Continuous stream of exciting innovations that Monster gives us works very well. Not only such cool flavor combinations, this year Rio Punch, Ultra Strawberry, but now, Q3, we are rolling out Lando Norris flavor. I don't need to say that this creates such an excitement. More to come.

Reformulations also on the Zero variants, very important. These guys have been tapping into well chosen assets which are touching consumer passion points. We know that Monster has been for long in GP Motocross. The work that Monster has done with Formula One which is booming in terms of interest and awareness and appeal to younger population. And exploiting that very well in promotions and what we do. And look, people sometimes ask, why Energy? I just have to say that we do observe that in the lifestyles that happen in people's lives, people need energy. And somehow people connotate that energy primarily comes from these kind of Energy drinks. Even though in our portfolio, Coke Original taste or Coffee also give you that boost.

Interesting is that this consumer base is increasing. 26% of Energy drinkers have entered the category in the last 12 months. I think that's a good indication that consumer base is increasing and Energy as a category is being consumed on more occasions. On top of that, our teams are executing very strongly, continuously every year increasing the number of coolers, which is important for Energy, for which majority of purchases are impulse purchases. And that's correlated with our cooler purchases and placements. I'm very confident as well as the whole team that we will continue with Energy performance which will be above our average rate of growth.

Laurence Whyatt:

Okay, well, let's move on to coffee. There have been a few reports recently that Coca-Cola is looking to potentially sell the Costa business. How important is coffee to your growth and how does Caffè Vergnano fit into that portfolio as well?

Zoran Bogdanovic:

Yeah. Well, let me first say that these headlines that were there, I really can't comment on that. I'm not part of that and so really cannot comment on that. But more importantly here, I would say that we recognize that in what we aspire to be, as our 24/7 strategy, total beverage company, coffee is very important strategically.

Why? Because coffee is such a big, profitable revenue pool in any country. For our customers, especially in out-of-home, coffee is a great important generator of their revenue and even more profitability. To have in our portfolio coffee and not only one proposition, but options, we thought it's an essential part of the strategy. That's why we call out Coffee in three enterprise-wide priorities next to Sparkling and Energy.

And just to remind, maybe for those who don't know, even before Coca-Cola Company had acquired Costa, we've been already 3 years in coffee with another brand, which then we discontinued for obvious reasons that we go with our partner, which is Costa. And then as we recognized that you need to simply have multi brand strategy these days, because you can't have the same proposition for every segment of customers. That's why we recognize that Caffè Vergnano as a premium coffee with a strong family heritage of 140 plus years, Italian type of coffee, really fits well so that we have a portfolio and choices.

And this is what we see on the ground, that customers sometimes prefer Costa, then other types of customers prefer Vergnano. Because people are very picky and they are very demanding when it comes to coffee taste and profile of coffee and also different segments. So I want to say that we as Coca-Cola Hellenic, we see the value, importance and we are committed to the Coffee category and we continue building and developing it.

Laurence Whyatt:

Innovation delivered quite a lot of growth for your system over the past few years. What are the key innovations that you're launching at the moment and how do you expect them to drive both volume and mix over the next few years?

Zoran Bogdanovic:

Yeah. Every year there is something in that space. Firstly, with the Coca-Cola Company, we are very pleased to see that every year there is something that in almost every category brings excitement and news. Now, one cluster is the flavors, innovative flavors. Whether that's in Fanta, this Tutti Frutti Zero sugar. In Schweppes we had a very exciting, tasting and looking purple proposition which with mixability creates something very exciting. That's why the experiential segment that we are focused on in out-of-home is very important, and how we deploy that.

Coke Zero, which per se is not innovation, but it's good to see what used to be called then innovation continues to perform very strongly. But now there is another version which is Coke Zero, meaning zero sugar, zero caffeine, which is really performing very well and you will see us doing more behind that. As people recognize that after a point in day, maybe they don't want to have caffeine and we have a proposition for them which is so well tasting. In Powerade, also more innovations, in the Sports category which is working extremely well, I think zero sugar blackcurrant. Then in Juices, and Lemonades which are the better performing part of the category, we also have Lemonade zero sugar.

There have been a number of things there and that's complemented with exciting activations which are part of innovation. Share a Coke, with names, I think it's one of those things that only Coke can do. And our teams have been so excited to do it, but even more to see acceptance of consumers. I'm saying that because this type of things really create excitement and affinity and closeness to brand. And I'm super excited to see what it will do in Nigeria where soon we start to launch it, believe it or not, with variety of 1,000 names.

Then I just talked about Monster. Various flavors that we are getting there. You know, Finlandia that we bought in April this year, we started with a new campaign. And I would say, maybe it's not innovation, but it's innovative approach in the way we have repositioned the brand to be closer to the lifestyle of younger adults. And to a little bit depart from very serious way of positioning to a little bit more creative, witty, not so serious. And it seems that, based on the feedback, that this has been received very well.

So every year there are things that we do and I'm also happy that the pipeline not only for the next year, but the years to come, I'm not worried about that.

Laurence Whyatt:

You mentioned Finlandia and I suppose that's a different approach to your Spirits portfolio, owning the brand itself. Could you let us know what you learned from actually having that ownership and how that interacts with your existing portfolio of brands that you distribute for others?

Zoran Bogdanovic:

Yeah. It's good to clarify that in the whole premium spirits space, first of all, why? We see the opportunity and how much premium spirits can be leveraged in driving more transactions on all of our non-alcohol portfolio. Because through blending, mixability, we have more opportunities to activate the portfolio. And we clearly see how that's driving transactions, how that's increasing the leverage with our customers. They really appreciate that. So it's very complementary and goes well together.

Secondly, majority of our business in the premium spirits space is that we are exclusive distributors to our chosen key partners. And that's the core. Finlandia came as a very unique relevant opportunity for us because 60% of the global volume is in our territories. Whereas before acquisition, we were distributing only 12%. With acquisition, we have immediately unlocked that 60% of the global volume that could be activated in all our countries. And then of course there are some well selected markets outside of the Hellenic territories where it's exported.

What we learned is that it gives us the opportunity to really creatively activate it, to test what more we can do in mixability working closely with customers. And I can only say that following the very successful integration that has been done last year, we are very pleased with how it's performing. But we only see that as the beginning. There is a lot more work to be done, but we are very excited about how much we can push the needle with that.

Laurence Whyatt:

Do you think we should be expecting any more transactions like this in future?

Zoran Bogdanovic:

Look, I said for Finlandia that that was something very specific and unique where we recognized the click. While I am not saying no, however, we are primarily focused on distributing brands of partners and really taking Finlandia to the next level. That's our focus and we are not actively looking for anything else.

Laurence Whyatt:

Okay. Well, let's go into a few of your regions and a few of the countries. We start off with the Established space. Volume growth has been pretty tough in that part of the world for you and for a lot of other people as well. And you mentioned Switzerland and Austria seeing a bit of weak consumers. What are the key reasons behind that? And do you expect that to improve as we see a bit of an improvement in consumer health?

Zoran Bogdanovic:

Starting with the end of your questions, the answer is yes, we do expect, we will expect that Established segment is going to be a contributor to volume growth as well as the other two segments. Now, countries in that segment, all of them have certain reasons of what currently we've been seeing. But

starting with Italy, as I've said, very happy, and we are very pleased what Italy has been achieving and doing over the last several years where we primarily intentionally focused in Italy and in other markets on price/mix for the obvious reasons. But to see now positive volume in Italy performance, that's what we really expect and what we want to see.

Then Ireland, as I said, really working well. Switzerland, we did have I would say a temporary situation with one of our big customers that eventually has been resolved and we have been resuming full cooperation. I'm optimistic of Switzerland. Austria started with the DRS. Usually when that starts, that always impacts the price of the product because deposit is embedded in the price of the product. So that's one of the reasons for some of that.

However, we are very pleased with overall performance of the Established segment. And when I see what we've done over the last 3, 4 years in that segment, in all these inflationary, commodity situations that we went through, and how much price/mix we've been able to achieve in that segment. I mean if you'd asked me 7, 8 years ago, I would be doubtful if we would be able to do that. But exactly because of what I was saying at the beginning, because of revenue growth management and capabilities that we have, I think we have sailed through that well. And that's why, just staying with two feet on the ground, looking what more and better we can do in that segment as well as the other two.

Laurence Whyatt:

You mentioned that Austria put a DRS system in and I think Ireland did one last year as well. Can you just run us through what happened and how you responded to it? And if there are any other countries that are considering these sorts of schemes?

Zoran Bogdanovic:

Yeah, DRS is already in 9 markets. So Austria started, Poland, Greece are soon to come, maybe end of next year, beginning of next. And then there are 9 other countries which are preparing. We actively advocate, together with other industry players, for well-designed DRS systems in the countries. Because we've seen that that's the best proven way to ensure return of the packaging to collection points which are mostly with retailers, but not only, because that's the first step of the whole positive cycle of returning, collecting and then recycling, producing recycled material, which we then buy and in-house mostly already, producing our own preforms from recycled PET material. And that's how we are achieving all the targets for the recycled PET.

So we really advocate and I think we are probably already by now recognized in, for sure in the system, also in the industry, among the best if not those, how we prepare for DRS, and then how do we adjust our pack price architecture, recognizing that the introduction of deposit is almost like a price increase. Because initially, it's increasing your price of the product until you get your deposit back. So it takes a while until people really learn how that works. But we fully advocate for the DRS as a sustainable good solution that is good for us, as well for the whole industry.

Laurence Whyatt:

You mentioned Poland as well, and I think there's quite a big change at the competitive landscape there. But are you seeing any more fundamental concerns in that part of the world? And how's your market share in the region even if we exclude what's happening in Biedronka?

Zoran Bogdanovic:

Look, it was expected that our key competitor would sooner or later return in that customer. It was unrealistic to expect that they would not be back. But irrespective of this period when key competitor was not in that customer, our team in Poland has done phenomenal job with the fact that over the last 4 or 5 years we have strengthened our position, continuously gained share, established very well working relationship with customers, with our joint value creation programs that we do together with customers. So even now, if you exclude this customer outside of the pool of customers, we are gaining share in the country, both in the NARTD as well as Sparkling, which just is a testament that quality work continues as well as the deeper and even stronger relationship with the customer itself.

So I don't have concerns, actually we remain very excited about the potentiality of Poland as a very big market, very well developing. We just had in June our Board meeting in Warsaw because we really wanted to demonstrate to our Board members and let them see how Poland is developing. And I have to say, some of them have never been in Poland, some of them have not been for 20 years, everyone left impressed how Warsaw has changed and how the whole country is evolving. So Poland will be an important driver of growth for Hellenic.

Laurence Whyatt:

And if we move on to the Emerging space, I appreciate the macro in Nigeria has been pretty tough for yourselves and a lot of other people as well. But I think we are seeing some signs of lower inflation there. But how have you navigated these pretty challenging conditions, especially given the number of price increases that you've had to take? Has that made an impact on demand?

Zoran Bogdanovic:

Look, operating in Nigeria, learning, is the cradle of this company. We've seen, I believe all kind of situations and that gave us the experience, knowledge, how to operate in these kinds of market. That's why 4, 4.5 years ago, acquiring Egypt, source of confidence was how much experience we have from Nigeria. Nigeria is a market where when we introduce some of our biggest initiatives, when we started with RGM, when we did serious evolution in route to market, when we started with data, insights, analytics, Nigeria is first or among the first 2 markets where we go. Because we know that in such a challenging market, having stronger capabilities enables us to perform better and we have to be at our best in this type of market.

That's why in the last several years, seeing the progress, how much share gain we have achieved, the way we work with customers, reflected in the Net Promoter Score, which I think in Nigeria now is the highest in our group. And I could now talk much more about Nigeria, but I would only point to the recent Bitesize event that our Chief Operating Officer Naya and Nigerian team have done together in July. It's there on our website and we really wanted to demonstrate what and how we do things in Nigeria.

Also, what's encouraging I have to say also with the current administration that runs the country, we see that they are doing smart step-by-step moves. Which now it's visible that there is more hard currency inflow in the country. So there are some structural refinements, evolutions that give us confidence.

And if I can say immediately with Egypt, it's not been easy the last couple of years. But if anything, many things that came together as a headwind, just gave us the preset to do things faster and bolder. And irrespective of the challenges that we faced, one learning is, if we believe in the strategy, it's important to stick to that consistently. And all the investments that we planned when we did acquisition case, we

did not pause or stop. Everything that has been going on, we proceeded with executing everything that we imagined that we had to do. And we see very good results over the years. And this year particularly, Egypt is performing really well and we are absolutely certain that this market offers abundance of profitable growth in the future.

Laurence Whyatt:

Just to complete the Emerging division then, I guess Russia has been a very different business than it has been over the past 3 years. But since you've come out of the Coke brand there, what have you learned within Russia from building a business on entirely local brands?

Zoran Bogdanovic:

Look, a very difficult, complex situation. But kudos to very capable team with expertise and knowledge that has rewired the business on leveraging already existing local brands and doing the extensions, just to have and maintain a healthy business in the interest of protection of our people and assets. And I have to say that they've been doing a good job in this self-managed, self-financed way where we as a group are not doing any investments into the country as we've said many times. And just hoping and waiting that this absolutely unfortunate crazy situation hopefully finishes as soon as possible.

Laurence Whyatt:

Well, very much fingers crossed. We've only got a few minutes left and I want to touch on a few of the financial questions here. Margins have been generally on an upward trajectory for you. What's really been driving that and should we expect that to continue sort of over the medium term?

Zoran Bogdanovic:

Primary driver is our orientation that we see ourselves as a growth-focused company. We see that we have so many opportunities in driving growth represented in the revenue growth, and secondarily, verified by our market share progress. So it's volume and it's price/mix. Those are the key drivers that drove our P&L and cash flow.

Every year, we don't lose sight on productivity, cost efficiency. That's deeply embedded in continuous reviews and work, so that's been there as well. Third, last 4-5 years, we have almost tripled the rate of investments that we are doing behind digital technology. And that also has contributed that we do a number of processes faster and cost-wise more efficiently. When you blend all that together, so I can't call out one big thing, putting that all together enables us to drive this improvement and in line with how we guided that in mid-term we see the opportunity to drive margins forward.

Laurence Whyatt:

Your balance sheet is one of the strongest within European beverages. What leverage levels are you comfortable at? And can you describe what your main capital allocation priorities are?

Zoran Bogdanovic:

Yeah. We guided on the leverage of 1.5x to 2x. We finished last year at 1.0x. And that demonstrates that we have the capacity and firepower. We always remind that first of all, investing organically in our



business. Our range of Capex is 6.5% to 7.5% and we see ourselves being at the upper end of that. So we are keen to continue investing to increase the capacity and also our technical capabilities to do more and better.

Secondly, we have a progressive dividend policy, 40% to 50%, that we've been sticking to and delivering on that, even during COVID years.

And then lastly, we see the opportunities that strategically can make sense either in the bolt-on space or in geographical expansion. I mean it's logical that for us, as the strategic partner of the Coca-Cola Company, it's logical that if the opportunity comes up to discuss more territories, that of course we would be interested. Any successful and growth-focused bottler will be keen to do that, and we are. Among these areas I'm sure we'll find ways to deploy that balance sheet in a smart way.

Laurence Whyatt:

Well, I think we've done a pretty good runaround of the key parts of the business. But is there anything at CCH that you think analysts or investors just don't focus on that we really should spend more time on? What questions should we be asking you?

Zoran Bogdanovic:

That's not an easy question because I have to give credit that even in short meetings of 35 minutes, people cover whole variety of things. However, if I would highlight one thing that is deeply embedded also in the way we do business and it matters is the focus on sustainability.

In the Dow Jones now called Best Practice Index, for 13 years we are in the top 3 globally. And 8 times, like last year, we are global beverage leader. It's not about the ranking per se. It's how we constantly evolve the business that we achieve the results but in a good way. And why does it matter? It matters because you've seen recently what James has done with Carrefour. First partnership of such kind in the sustainability space. And one of our countries, Romania, is in the first wave.

We like to be at the forefront of doing things right in a rational and meaningful way because we do see that it positively impacts the business. We do see that customers really want to partner with us and sometimes that's a deciding factor why they work with us on a given initiative or more and better than with others. And I could talk for a lot about that. But that's one area just to remind. And as much as recently there have been some question marks, for us there is no question mark that we want to do things in an ambitious way but done in the right way.

Laurence Whyatt:

Well, Zoran, thank you so much for spending your time with us.

Zoran Bogdanovic:

Thank you for having me. Thank you, Laurence.

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