CCH – Acquisition of CCBA & Q3 2025
Questions & Answers transcript – 21 October 2025

CORPORATE PARTICIPANTS

Zoran Bogdanovic – Coca-Cola HBC AG - CEO

Anastasis Stamoulis - Coca-Cola HBC AG – CFO

Questions From:

Laurence Whyatt – Barclays

Sanjeet Aujla – UBS

Nadine Sarwat – Bernstein

Andrea Pistacchi – Bank of America

Aron Adamski – Goldman Sachs

Simon Hales – Citi

Fintan Ryan – Goodbody

Charlie Higgs – Rothschild

David Roux – Morgan Stanley.

Mitch Collett – Deutsche Bank

Philip Spain – JP Morgan

Laurence Whyatt, Barclays Bank: Morning, Zoran. Thanks very much for the questions. A couple for me. I will start with the first one. When you have given us your estimate of low-single-digit EPS accretion in the first year of ownership, what have you assumed there in terms of cost synergies that you expect to gain from this transaction? And do you think there are going to be any costs associated with getting those synergies? That is my first question.

Anastasis Stamoulis: Hi, Laurence. Good morning. This is Anastasis. Let me take this first one. Let me also reiterate how excited we are about this strategic opportunity for further growth expansion, which is, actually, as we have outlined, the main driver of the acquisition, which is top line growth.

Obviously, in CCH, we have a history and a culture of driving efficiencies and looking through our processes, especially in supply chain, production and logistics, and we look to identify opportunities to optimise costs. So, there is a certain element of that captured in our expectations.

Let me reiterate that it's a top line growth rather than cost synergies that are the key driver of this acquisition.

Laurence Whyatt: Okay. Then secondly, with regard to the put and call option, I was wondering if you could just run us through how that is going to work? Are there any hurdles that need to be hit? Is there an established valuation principle around those options? And just further colour you can give us on the put and call options would be very helpful.

Anastasis Stamoulis: Yes. Look, there is actually no restrictions or no clear targets or requirements for them to be met. It is mostly in our decision that with this phased approach, it allows us to have a more effective liquidity management, and it will also allow us to have more time as we gain more opportunity to learn about CCBA in the market and work, of course, closely with the Coca-Cola Company in order to have a smooth handover to the full ownership and transition in the business.

Laurence Whyatt: Could you tell us, is there any established valuation principles around those options, or is that going to be done at the time that they are exercised?

Anastasis Stamoulis: No, there is no such a valuation principle.

Sanjeet Aujla, UBS: Good morning, Zoran and Anastasis, and congratulations. A couple of questions from me, please. Firstly, a lot of emphasis around growth surrounding this deal. I appreciate CCBA has been growing. I think the volume is mid-single-digit, organic sales around low-double-digit. But is the opportunity to accelerate that and invest upfront to accelerate that pace of growth or to sustain that growth? I am just trying to understand a little bit about that, what do you think is a more sustainable growth trajectory for the asset you are acquiring. That is my first question.

Zoran Bogdanovic: Hi, Sanjeet. Thank you. Look, this is about growth and driving growth. I think you have seen that our approach is when we believe in something very strong like we do in this, then we do all the necessary things and that can include also front-loading our investment to drive that growth and to build all the necessary fundamentals where we see that such need to be either built or further strengthened.

By that, I mean immediately the assessment of our critical growth capabilities and to see how we can further support. Those things usually mean that we invest in advance, whether that is in the teams, their expertise, knowledge, systems, tools. We are very convinced that that is always money very well spent. That is an important part behind the way how we see igniting long-term growth there.

Sanjeet Aujla: Got it. My follow-up question, just looking at some of the financials you provided, I see CCBA's EBIT margin is around 7.5% in 2024. I think a number of years ago, the business was delivering margins maybe closer to CCH levels. So I appreciate your comments about investing upfront that I guess, over a medium term, let's say three, five-year time horizon, is it conceivable for those margins to perhaps get back up as to where CCH is operating? Or do you think it's a longer generation investment horizon here?

Anastasis Stamoulis: Yes, absolutely. We do see the opportunity to drive margin expansion in the medium to long term. As Zoran was highlighting, this will come mainly from the top line growth of those markets. Clearly, we will also see any operational efficiencies, especially when it comes with our investments, as Zoran was highlighting in production efficiency and digital.

Now let us not forget, as you said, that CCBA is already a profitable business. The line was not very good. So if the question was also coming from a little bit of the margin development over the last years, if I got it right, let us not forget that through this time, the last time they came in public with expectations, we were in the COVID period, then there were significant global inflationary pressure in commodities, and then they face certain currency volatility, right?

But from the exercise we have done and the view that we have is that we believe that we can continue to see a recovery of the margins going forward.

Sanjeet Aujla: Got it. Thank you.

Nadine Sarwat, Bernstein: One for me. It is great to hear all of the enthusiasm regarding this deal. Clearly, there are a lot of opportunities that you have highlighted, both top line but also profitability. Maybe we could touch on maybe some of the challenges that you might anticipate facing prior to the deal completing, but also post the deal completing. What are you anticipating some of those challenges might be? How do you plan on tackling those particular challenges? What is your approach?

Zoran Bogdanovic: Thank you, Nadine. Look, first of all, it is a strong confidence. As you said rightly, it is excitement that we feel because this is truly something transformational for our growth and future. Of course, emerging markets do bring a certain level of risks. However, we believe and see from our experience that we have already from Africa, both in Nigeria and Egypt, is that this is much more outweighed with the opportunities that these markets bring.

In my introductory remarks, I shared things about demographics, size, per capita, overall economic development opportunity that exists across these markets. Those opportunities give us huge confidence that with the experience that we have, with the knowledge and experience how we operate and our play to win attitude in these markets, we really think that we can navigate through all types of situations.

Based on Nigeria and Egypt, just to mention those two, in Africa, we have seen all kinds of situations. With strong people on the ground, that is the biggest guarantee, how to act with agility and speed and do the right things for the business. We are always mindful of not only of the short term, but always building fundamentally strong business for the long term.

We do have the very robust scenario planning contingency practices that we are all the time exercising for all of our markets, but even more to the emerging. With all this, I just want to say that, yes, clearly, there can be risks but we are much more guided by the opportunities that this presents to us.

Nadine Sarwat: Very clear. Thank you.

Andrea Pistacchi, Bank of America: My first question is on South Africa, which is the largest market of the business. Per capita in Sparkling is quite high already in South Africa. Where do you see the main growth opportunities there? I mean in the other markets, Ethiopia, etc., it is very clear. Low per caps, excellent demographics, etc. But what do you see as a growth driver in South Africa, please?

The second question. As you combine the two businesses, are you able to give any perspective on how the growth algorithm of the company changes, if at all, 6-8% top line whether you think you will be able to grow slightly faster and maybe a slightly different mix between volume and price mix?

Zoran Bogdanovic: Hi, Andrea. On South Africa, yes, a very exciting and critical market for CCBA. We have seen that there is a strong business there. We believe that there are a number of opportunities. One is the overall increasing the pie, if you will. Then for sure, there could be opportunity in further portfolio fine-tuning and development that we would explore.

On top of that comes the revenue growth management, which you know we are extremely passionate about when we know how much it means in converting the potentiality of the portfolio into profitable revenue growth.

What we will do, and we see opportunity in assessing the overall OBPPC where we clearly want to understand what are the key occasions, which brands are tapping there, with which packs, at which price and those channels. We would be doing that to also understand how further we can support and develop all the affordability options with possibly relevant entry packs, which clearly play a role in every market, and South Africa is no exception.

Then also, we do see opportunities with premiumisation offerings. So we are very excited with South Africa. First of all, it is a great business already. We are just excited how to support and invest behind this business to take it further, and we are confident that we can do that.

On the next one, I can just say that, look, Andrea, we are just at the point of announcing and we will be coming back in due course, where we will be sharing more of how we think about the combined entity or combined business, and we will be very happy to share those.

Andrea Pistacchi: Can I just add a quick thing. I may have missed it. But did you give us a coupon at which you are financing the deal, the bridge loan? Or could you, please?

Anastasis Stamoulis: Yes. I mean, look, the financing of the deal, as you have seen is on structured on issuing of bonds. Well, you would expect that the cost of finance should be within the CCH prevailing market rates.

Aron Adamski, Goldman Sachs: Congratulations on the deal. My first question is on coolers. I suppose that having a wide cooler footprint is critical to succeeding in CCBA geographies. When you look at CCBA's footprint and penetration of the cold drink equipment, do you think it is a well invested business on that front? Or after the completion, should we expect the CAPEX to step up?

Zoran Bogdanovic: Good morning, Aron. Thank you. This whole case has been built on how to drive growth where commercial strategy and commercial pillars play a significant role. Next to the revenue growth management I talked earlier, this is then backed up and executed with a very robust comprehensive route to market. Within that is also a cooler strategy. We have seen so far a solid cooler positioning across the markets.

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However, we do see more opportunities and cooler overall strategy for us as Hellenic is one of those that really matters for all our categories. That is part of our overall plan for sure.

Anastasis Stamoulis: Then to come to your CAPEX question, Aron, as you understand, as you rightly pointed out, that we would expect that we would invest ahead of the curve in CAPEX and OPEX in the first two years in order to support the growth that has been as Zoran was highlighting. That CAPEX investment definitely includes cooler placements in line with the route-to-market opportunities.

As I said earlier, production capacity to ensure the growth and modernisation of our facilities and digital tools and technology to support the overall growth.

I want to reiterate that we have a very good record on having a playbook that delivers successfully, implementing investments in the markets over the years, while delivering profitable growth, free cash flow generation and a very strong balance sheet while gaining share. That is what we plan to do here as well.

Aron Adamski: Very clear. Then my second question is on transactional FX. It has definitely been a key topic in your African markets over the past few years. I was wondering if you can give us a sense of what percentage of CCBA's cost of goods sold are denominated in hard currencies. Does CCBA currently hedge that exposure, or is that an opportunity for you?

Just going forward, do you see any opportunities to reduce the exposure to hard currencies in Africa going forward?

Anastasis Stamoulis: Look, we are not going to go through that detail for the call. I am sure that you can connect with Jemima and the team to get any support you need. Obviously, I want to reiterate, as Zoran said, we have a big experience in operating in Africa. I have to say that Nigeria and Egypt have given us quite a big level of experience with currency volatilities and inflationary pressure.

I think we have demonstrated that we have navigated very effectively in these markets, and our learnings and our experience will be put in place as well in the new markets.

Simon Hales, Citi: Congratulations for finally getting this deal done, guys. I have got two questions, please. Firstly, Anastasis, can you just talk a little bit about the cost of capital you are assuming on this transaction and how we should think about perhaps the payback period or the time frame for that to covering your cost of capital?

Anastasis Stamoulis: Yes. Hi, Simon. First of all, again, I have to repeat that the rationale of this acquisition is on long-term growth opportunity that we get from CCBA. You have seen that over the years, we have very good progress on ROIC as a Group, even we reached 18.3% last year. However, we have always said in many calls that for the right strategic acquisition and the case of CCBA is exactly that. We are prepared to see our ROIC progress slowdown in the short term.

At Group level, we expect to continue to generate ROIC above our cost of capital, post-acquisition of CCBA. Of course, I will be working through the plans now with the Coca-Cola Company to deploy more in the markets. We will come back, and we will clarify more about the specifics on the CCBA ROIC development.

Let me reiterate that this is about the long-term opportunities at Africa has and we are very excited about it.

Simon Hales: Got it. Then secondly, just on the profitability of CCBA. Obviously, you have disclosed the EBIT and EBITDA numbers going back over the last three years. Some of those numbers look quite volatile, and I think EBITDA over a three-year period has been broadly flat. Is there anything we should take into account when looking at that recent historical trajectory?

Then second to that, when we think about the translational FX impact that we have seen across CCBA over the last few years, how much of a headwind on average has translational FX been to you?

Anastasis Stamoulis: On the second part of the question, I will repeat what I said earlier that from what you have seen over the last years, there was a certain negative impact from FX volatility that resulted to either remeasurements or pressure on both transactional and translation to those markets. That has been the main driver, considering also, as I said before, the significant inflationary pressure on key commodities following the developments of what we have seen globally over the years.

What we can say now is, to the extent that we can disclose since we are not in control yet of the business, is that they are on a good recovery trajectory. As I said before, in our assessment, in combination with the top line growth and the RGM exercises we are seeing, we believe that they will get back on a good track to recover margins in those markets.

Fintan Ryan, Goodbody: Two questions from me, please. Firstly, on a slightly different note, within the core CCH business, organic sales growth slowed to 5% in the quarter. I appreciate that a quarter is a short time frame and there is a few dynamics in specific markets. Could you give us a sense of what the run rate trajectory of that was towards the end of the quarter? And on a stand-alone basis, would you still be hopeful to see an acceleration towards the 6-7% current mid-term guidance for FY2026 on top line? That is the first question.

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Zoran Bogdanovic: Hi, Fintan. Yes, on the third quarter, as I said in the intro, we are pleased with that quarter, especially as after first nine months, brings us to 8.1% of the organic revenue growth. Especially important is that we are consistently delivering that with a positive volume. Yes, with of course price mix and continuously gaining share.

As we highlighted, Q3 has been characterised with not so good weather in a number of markets, and that left some impact. Also, we have seen a mixed bag of some more resilient markets, some of them coming back actually to the positive performance, like, for example, Poland and Switzerland.

Then you see some of the more stable backdrops for Nigeria and Egypt, where we are continuously performing well, very pleased with that. Also, we see good Ireland, stable Hungary.

Then, look, there are some challenging markets. Romania, which feels the effect over the last several years, we have had taxation and regulatory changes continuously, and somehow that cumulatively does have an impact on the consumer. We have seen also, unfortunately, some of the in-market turmoil in Serbia, which also has an effect on the consumer. This is just to give you a little bit of the flavour as we have been this time shorter on the Q3.

But to reiterate the confidence that we will be having the higher growth rate in Q4 than Q3. To remind you that Q4 is the quarter with the most favourable cycling rate. We do see also technically even one more selling day. We see also the Share a Coke in Nigeria, which is an important campaign in an important big country, when it is the season there.

Last but not least, is also the revival and now fully operational Bambi biscuits business, which is coming back on stream. So, we feel confident to be where we guided for.

Then I would just reiterate that we do see our mid-term guidance of 6-7% as being valid and what we will be really shooting for, and we believe that we can, and we will do that.

Fintan Ryan: Great. Very clear. Just a follow-up. Within the CCBA business, could you give a sense of what the current capacity utilisation is of the production assets and how that benchmarks versus Nigeria and Egypt? I think on the slide, you also mentioned that you have got 100% channel coverage within the Nigerian market. Obviously, that is your best in class. Where does that metric sit for some of the key CCBA markets?

Zoran Bogdanovic: Look, we would not go into any specifics or details now on CCBA. We will come in due course where we will present how we think about the combined business. But I can just say that there are no constraints for the business there. For the performance that is delivering, we have seen that there are a couple of capacity expansions happening this year.

We have seen that the business there is having initiatives, which are supporting the capacity expansion, to be able to deliver the growth rates that that business is shooting for. So, we do not see any issue there.

Charlie Higgs, Rothschild: I just had a question on management intention with this deal. If I think back over the past few years what CCH has dealt with, it is probably the most of any bottler I have seen, with currency devaluation, conflict, commodity inflation, the fire at Bambi. So how do you think about successfully integrating CCBA in the context of what historically was quite a volatile world?

Zoran Bogdanovic: Hi Charlie. Thanks for this question. That gives me the opportunity to say that when we make a decision like this, obviously, it has to be based also on our own true assessment of the in-house capability, talent and people we have. And that is one of the driving forces, why I believe that the time is great and right for us to step into this new opportunity.

I am very proud of the bench strength that we have. For everything that you said, what we have been dealing through is a great testament to the skills and expertise and knowledge of our teams that have been dealing with, both locally on the ground, which I emphasise is the number one priority, but also on a regional and Group level, which provide critical support for our teams on the ground.

We feel we are well equipped with this. Also I would add that we see lots of talented and capable people in CCBA, and we see that it is just a matter of a good blend. Our intention is to support local talent, and we will do every effort and investment to support people across countries in CCBA. We are all excited to learn from the teams and people there and incorporate them in all our talent management and development programmes.

I am sure that will bring a breadth of experience and knowledge from their markets. We will primarily leverage and capitalise on that.

Charlie Higgs: Then my follow-up is just on the way that you report at the moment. You have Egypt and Nigeria in your Emerging segment. Should we expect that going forward, would you dedicate a segment purely towards Africa to help try and bring in more focus and accelerate the growth there?

Anastasis Stamoulis: Hi Charlie. As you can understand, we are still working on the best approach on how this will be the most appropriate way to see our segmental reporting, and, of course, being compliant with our financial reporting requirements.

Bear with us a little bit, and we will communicate in due course once we are closer to completion on the best way to see this new structure.

David Roux, Morgan Stanley: Congratulations on the deal. As a South African, I certainly look forward to a site visit there at some stage to see the assets. My question is just on the production footprints of the CCBA portfolio. How much of production is local for local? Or is there a large component that is produced in South Africa for exports to other African countries?

Zoran Bogdanovic: Good morning, David. Actually, CCBA network is quite well widespread across countries. Big majority of everything that is sold across the countries is sourced and produced within respective countries.

Mitch Collett, Deutsche Bank: Congratulations on the transaction. I know you have been asked this a few times, but maybe I will try and ask it a slightly different way. What would be the appropriate organic growth algorithm to expect for the acquired business? Would it be safe to assume that it is above your current 6-7% medium-term ambition? Given what you said about the scope to improve profitability, does it do anything to your 20 to 40 basis points of annual margin expansion? I mean are there any structural reasons why the acquired markets would be less profitable?

Then thirdly, you have said it takes you towards the top end of your target gearing range. Given your growth algorithm and the cash generation, what is the cadence of de-gearing you expect to see going forward?

Zoran Bogdanovic: Hi Mitch. Thank you. Look, while we said that we will come back in due course where we will be more specific how we see the growth algorithm. Obviously, we are talking here about more growth opportunities and to drive more growth. To which extent and how that will be translated in the algorithm, we will come back on that. But for sure, it just solidifies and strengthens the guidance that we have, and then we will see what potentially this can imply going forward.

However, I would emphasise the opportunity. The per capita situation that we see currently, is fertile ground to recruit more consumers with a relevant portfolio. Working through sound revenue growth management, which really takes into account affordability needs, because realistically we know that all these countries and markets need affordability propositions. It is up to us, together with CCBA team, to further develop and offer those things that will really ignite more recruitment, driving more transactions.

Particularly, we see that there is a quite relevant segment across countries, where more premium propositions also play a role. I am very confident that also with our data insights and analytics, we will be able to work through the data to uncover more opportunities, based on which we will design the plans.

I am just saying all these things, Mitch, just to reiterate how, in substance, we are looking at the construct of that growth, for which specifics, we will come back later because we believe that at this stage will be just too early.

Let me close with strong optimism and confidence that I believe that this offers for more growth.

Anastasis Stamoulis: Hi Mitch. Let me start a little bit now on the debt structure and the leverage impact. But as we have clearly highlighted, this is an acquisition that is structured in a way that the funding is designed to mitigate any potential deterioration to our credit metrics and ratings. We do expect our current credit worthiness to remain as is.

As you have seen the funding is quite balanced, with both the use of debt and shares, with a very clear focus to maintain the acceptable leverage performance that we have. And I will say a bit more in the second.

Of course, the work with the rating agencies that has taken place has performed several stress tests of all scenarios you can imagine to make sure that we maintain a very good credit level.

Now with that, the acquisition is expected to bring our net debt to EBITDA ratio close to our top end range of the 1.5 to 2 times, as I said earlier. If you are considering the deleveraging, we would expect that to start from 2027 onwards, as we progress following the acquisition.

Zoran Bogdanovic: Just to add one more thing. For us it goes without saying, in the algorithm of driving growth, the marketing and the consequential market execution that we do with Coca-Cola Company is also very important. We have seen some very strong relevant passion point activations, that in these types of markets work very well, and gives us good confidence that we will have a great platform that we will then activate with our customers and across the trade. I just did not want to miss the opportunity to emphasize that. Thank you, Mitch.

Mitch Collett: Very helpful. Thank you, both. Just on the margin piece, maybe not a lot you can say, but does it change your 20 to 40 basis point margin aspiration? Is there any structural reason why CCBA's markets would be less profitable than your existing CCH markets?

Anastasis Stamoulis: Look, I think as you can understand, Mitch, when you compare it to what we see in 2024 to today, you would expect that the average margins are lower to the overall CCH rate.

What I can reiterate is that we expect that we will continue to be able, as a Group, to drive margin expansion to what we have provided as guidance already. So that will not slow down our opportunity to grow margins.

Philip Spain, JP Morgan: I just had a follow-up around the organic growth. In Ethiopia and Nigeria, your ability to leverage very strong data and analytics capabilities to drive your volume growth as well as your strong RGM management. You have obviously referenced that as being something you look to bring into CCBA to drive that top line opportunity. Just wanted to get a sense of how long you think it would take to roll those systems into CCBA, if it is something you could do quickly across all the markets? Or is there something you have to do market by market over time, just to get a sense of when we can expect that benefit start to accrue.

Zoran Bogdanovic: Thank you, Philip. First, I want to acknowledge that CCBA already has fairly solid systems and the tools that they are using, so it will be for us to assess, okay, where and how we build from that base.

For sure, from the experience of Egypt, we have seen that implementing our revenue growth management framework as well as upskilling and training people to really work with it gave us an excellent impact and effect. From whenever we will be allowed to do so, we really plan to help and support local teams with the knowledge and experience, from our centres of expertise that we have across the Group.

That is exactly the template that we have done also in Nigeria that you referred to, as I mentioned, same was in Egypt. So we will apply the same winning proven playbook, which always leverages the talent capability in the local countries, just additionally supported from the centre as a capability building.

I would like to thank everyone for taking part in today's call at short notice. Let me just briefly conclude, we are very excited about the combination, and we have a great confidence in the opportunity ahead of us to drive sustainable, profitable growth. Thank you very much and wish you all a great day. Goodbye.