



We know that our success is dependent on the success of our customers.



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Growth pillar

Win in the marketplace

Highlights in 2021

- Supported the reopening of hotels, restaurants and cafés
- Strengthened our relationship with e-retailers and developed our partnerships with new channels, achieving higher market share online
- Accelerated the use of big data, advanced analytics and new technology
- Introduced the new Sales Academy across all our markets, to drive our salesforce’s capability to deliver improved customer service, performance and execution
- Deployed image recognition technology to five new markets and increased our connected cooler coverage by +3pp

Priorities in 2022

- Continue to execute our revenue growth management through both price and mix acceleration, while addressing consumer needs for affordability as well as premiumisation
- Advance our big data and advanced analytics capabilities to further enhance our segmented execution model
- Continue to invest to improve our digital commerce abilities and respond to rapid growth
- Improve our coverage of dynamic route-to-market solutions across markets, supported by the deployment of image recognition in all markets and an acceleration in the increase of coverage in connected coolers

KPIs

- FX-neutral revenue growth
- Volume growth
- FX-neutral revenue per case growth

Stakeholders

-  Our consumers
-  Our customers
-  Shareholders
-  The Coca-Cola Company

Principal risks

- Changing retail environment
- Quality
- Geopolitical and security environment
- Cyber incidents

Win in the marketplace *continued*

Excellence in execution

We know that our success is dependent on the success of our customers. Throughout the global pandemic, we have prioritised safety and customer service, while avoiding supply disruptions. We stood by out-of-home customers as restrictions disrupted their operations and helped them reopen as restrictions eased. The COVID-19 pandemic demonstrated the value of our customer partnerships, while underlining the need to continue to further develop our core commercial capabilities to help us to address new and evolving consumer occasions and ways of shopping.

Accelerating our critical growth capabilities is a key driver of our Growth Story 2025 strategy. The key capabilities we are focusing on are big data and advanced analytics, value-led revenue growth management, tech-enabled route to market, and customer-centric key account management. Our digital transformation is accelerating within the business and is fundamental to all these capabilities, enabling us to better understand the real and changing needs of our customers and consumers, drive rapid revenue recovery in a profitable manner and anticipate or react to new challenges faster and smarter than our competition.

Generating value for our customers

The at-home channel performed strongly during 2021, as drinking occasions at home continued even as out-of-home channels reopened. We remained a key partner to our at-home customers, ensuring product availability and adapting our offering to focus on capturing growth opportunities. With one large international customer in Italy, we jointly launched an on-shelf availability project to improve the replenishment process, which is now being rolled out further. We have also been collaborating with a key retailer in Poland to implement a Costa Coffee Corner in their stores. This success is now being introduced in additional markets.

Our out-of-home customers have had a more mixed year, experiencing good recovery but not yet back to 2019 levels in all markets. There were lockdowns across many countries in Q1, followed by a strong rebound in the summer. In Q4, however, restrictions resumed in certain markets. We have stood by our out-of-home customers' sides throughout the crisis, providing them with consumer insights, targeted programmes and practical support as markets reopened.



As the hotel, restaurant and café (HoReCa) channel began to reopen, we introduced our HoReCa for tomorrow (H4T) framework to support channel acceleration. Through the H4T framework we focused on being a full-service partner to our customers, increasing the frequency of sales visits and helping to upgrade the HoReCa experience through both portfolio premiumisation and innovations. We are providing upskilling for customers and continuing to build our internal capabilities to support the channel. Our restart programmes took place through Q2 across all our markets, helping hotels, restaurants and cafés restart their business growth by addressing their specific needs.

Big data and advanced analytics

To improve insight and decision-making, we use data and analytics capabilities to identify and capture value-creation opportunities, particularly for top-line acceleration and cost optimisation. We are now able to analyse data at a granular level, allowing us to implement focused initiatives that generate incremental value in targeted areas of the business. We expanded the use of these capabilities and achieved coverage of advanced analytics solutions across all our largest markets in 2021.

There are four priority areas we have been focusing on. The first, segmented execution, is where we use our capabilities to identify customer needs in different locations and different types of outlets to better target product assortment and marketing activities.

Segmented execution has produced promising results across our largest markets in 2021, including volume increases and improved outlet prioritisation for new product launches. For the prioritisation of our Costa Coffee roll-out in Bulgaria, Hungary, Poland and Russia, we analysed a vast range of data, including demographics and traffic flow. In Bulgaria, for example, we targeted locations with proximity to city parks and those with outdoor seating areas.

The second priority is demand forecasting. We are driving operational excellence through machine learning, improving our forecasting for short- and long-term demand in our markets. This streamlines inventory management and prevents out-of-stock incidents.

Thirdly, we are transforming our promotion management with our algorithms providing a holistic measurement of the return on investment for each promotion, including the negative impact of forward buying, competitor promotions and cross-brand cannibalisation. Finally, we are using our data to help improve our retention efforts for business developers, as well as to understand drivers of successful performance.

To further scale our capabilities, we are combining a number of data sets to develop a 360-degree view of each of our customers, while also maintaining strong data governance. We have introduced leading data quality and governance tools to maintain the quality of our priority datasets, treating data as a strategic asset.

Revenue growth management

With The Coca-Cola Company, we have built a revenue growth management (RGM) framework that helps us maximise both the number and value of our transactions, supporting profitable top-line growth. We deliver this by improving mix across different levers, as well as through pricing and increasing the return on investment on our promotions. With these efforts, we help our customers meet consumer demand for affordability as well as premiumisation.

In 2021 we made progress with our smaller multi-serve entry packs, which allowed us to compete at attractive price points for the consumer and grow transactions in smaller baskets in a margin-accretive way. Sales of the multi-serve entry pack format grew by 16% in the year, driven by ongoing strong performance in Russia, Poland and Italy and the introduction of smaller packs in Hungary, Ireland and Czech Republic.

We also provide our customers with affordable options through our promotion strategy. Advanced analytics are helping us to quantify the incremental benefit from promotions at the customer and outlet level.

Premiumisation strategies have helped us sustain the increase in at-home consumption we saw during the first phases of the pandemic as consumers replicated out-of-home experiences at home.

We drove greater sales of multi-pack single-serves, and this helped us to improve our single-serve mix in the at-home channel, with single-serve volumes growing 16% in 2021, 19% above 2019 levels.

Another driver of premiumisation is the growth of glass packages. We saw a good performance of our 1L returnable glass bottles in Austria, as well as sustained double-digit growth of 330ml glass packs in Romania.

Pricing is another critical lever of our RGM strategy. In 2021, we implemented price increases in 95% of our markets. To support these pricing moves and make the best decisions, we analyse data on elasticities per brand, pack and pack type.

Optimising our digitally enabled route to market

Our route-to-market capabilities showcase our wide beverage portfolio in every outlet, increasingly assisted by technology. In a challenging year, our agile operating model, built through investment over several years, enabled us to react quickly to the changing environment. We delivered impressive volume growth compared with 2019, even with most of our markets operating under restrictions for several months of the year and out-of-home visits much lower.

The flexibility of our route to market allowed us to dynamically re-allocate our sales force, maximising opportunities in a changing marketplace. We actively supported our customers so that they could drive more transactions and capture growth opportunities as markets began to reopen.

Improvements made to our route to market, particularly through increased use of digital and data capabilities, are allowing for a more granular segmentation of our customer base, more targeted services and stronger execution. As explained in the digitalisation section on page 30, we further incorporated digital tools into our route to market, increasing our share of digital orders through our business-to-business platforms and increasing coverage of our Customer Portal across our markets.



UN Sustainable Development Goals

As we build our business by helping our customers to grow and thrive, we make substantial contributions to the achievement of the Sustainable Development Goals related to ending poverty, decent work, sustainable communities, responsible production, justice and strong institutions, as well as partnerships.



Win in the marketplace *continued*

With the reopening of our markets, we worked to reinforce our leadership through increased market execution in displays and the placement of connected coolers. On top of this we have enhanced our execution capabilities by the expansion of image recognition from three countries to eight.

To support our business growth and single-serve mix opportunities, we continued to invest in new coolers, reaching 88% coverage of our top customer outlets, up 3pp compared to last year. We now have a total of 1.4 million coolers on customer premises. Approaching half of these, 44%, have online connections, helping us drive the efficiency of our assets and enhance our sales teams' productivity.

Driving stronger capabilities across our salesforce

To deliver our strategy, our people need the right tools to address customer needs. This was the thinking behind the establishment of our Sales Academy in 2020, to build unmatched sales teams that constantly strive to improve our service and drive value with and for all our customers.

After a successful pilot in 2020, we launched the Sales Academy in all our markets in 2021. The Sales Academy has been developed as a transformative digital learning approach to help build our teams' capabilities on the job, allowing each country to have flexibility to focus on the capabilities that are most relevant to their market. Feedback from our pilot markets has been strong, with our customers in Russia appreciating that our sales force works collaboratively to drive better operational performance and offer solutions to drive sales.

Evolving our customer satisfaction approach

A key learning from 2020 and the COVID-19 pandemic was that being close to our customers is the most important way to win in the market. We were able to make significant advances through 2020 with our customer experience and brought in additional improvements in 2021.

To remain competitive, we ensure that we listen and respond to every customer. In 2021 we made step changes to empower our salespeople to drive customer-centric behaviours and 'close the loop' to resolve issues immediately.

When a customer raises an issue, we target a 48-hour response, listening carefully and improving their experience swiftly.

We launched CustomerGauge, a new digitally enabled customer experience feedback approach, across all our markets in 2021. We initiated a faster and simpler way of listening to our customers more frequently, and we enhanced our ability to capture more data and actionable insights to drive revenue growth. This is a key example of the digital transformation Coca-Cola HBC is undergoing in every aspect of the business. We expect CustomerGauge feedback to lead to more learnings and further improvement in 2022.

