CCH – Capital Markets Day
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Joanna Kennedy, Investor Relations Director

Joanna Kennedy - Investor Relations Director

Agenda

Hi, Good afternoon. A very warm welcome from the investor relations team to everyone in the room here today and to those listening on the webcast.

We have a very full afternoon for you and we really hope that you will find the information valuable.

We also hope that you have plenty of opportunity to get to know all of the Coca-Cola Hellenic team, during the presentations of course, but also during the break and at drinks after the presentations and Q&A.

Forward-looking statements

Now, if I can ask you to observe the forward-looking statements disclaimer on the screen, that is also included in your packs. And I will ask Zoran Bogdanovic, our CEO, to come and get the presentations underway.

And if I can just finally ask you to check your mobiles on more time and enjoy the afternoon.

Accelerating Growth
Zoran Bogdanovic, Chief Executive Officer

Our Company

Thank you Joanna.

Good afternoon everyone and welcome to Coca-Cola HBC's 2019 Capital Markets Day. Thank you for taking the time to be with us this afternoon for what I hope you will find an interesting and insightful presentation setting out our plans to 2025.

Management Team

With me today is our CFO Michalis Imellos, who most of you already know well, along with other members of our senior executive team - Naya Kalogeraki, our Group Chief Customer and Commercial Officer, Minas Agelidis and Nikos Kalaitzidakis, our two Regional Directors.

Also, here are Vitaliy Novikov, the General Manager of our Italian business, Jaak Mikkel, the GM of Poland and Baltics, Jovan Radosavljevic, GM of Romania and Sean O'Neill, our Group Public Affairs and Communication Director.

George Polymenakos, our GM in Nigeria and Aleksandar Ruzevic, our GM in Russia, would have loved to have been here today to discuss these two exciting markets but unfortunately were unable to travel and are sending their apologies.

Finally, as a clear sign of the importance of our strategic partnership with the Coca-Cola Company, we are joined by Lana Popovic, the Central and Eastern Europe Business Unit President of The Coca-Cola Company. Lana will share her perspective on our partnership later.

Agenda

Many of you here attended our last event, almost exactly three years ago, when we set out ambitious medium term targets to 2020. In the first three years of that plan we have made excellent progress against those targets.

We are still working hard to deliver our 2020 commitments. However, we also feel that now is the right time to reflect on what we have achieved and look ahead to the next stage of our growth story.

So today we are going to set out our plan for the period up to 2025 and explain how we are going to deliver it.

Here's what the day will look like. I will start by outlining why we are so excited about the future of Coca-Cola Hellenic and then introduce our new 2025 plan.

I will then hand over to Minas who will talk us through our superb product portfolio and how that is allowing us to explore and create value from more opportunities than ever before.

Then Naya will explain how we combine that portfolio with our industry leading commercial capabilities to win in the marketplace.

We will then have a short break, after which Nikos will describe our focus on competitiveness, efficiencies and investments in order to fuel top line growth.

Finally, Michalis will lay out our perspective on how the financial performance of the Group will evolve over the course of the plan.

I will then come back up, joined by Lana, who will share some thoughts on our partnership.

With that we will wrap up with the key conclusions and we'll end the formal part of the day with Q&A.

After that, we all look forward to sharing a drink, or two, in the bar.

Accelerating growth

Three years ago, I presented to you as a Regional Director and I am privileged to return today as CEO of this exceptional business, in which I have had the pleasure of working for nearly 23 years.

A unique business with a strong growth profile

The Group in its current form was established in 2000 when Hellenic Bottling Company merged with Coca-Cola Beverages, combining the former's 10 markets with the latter's 13.

But our roots go further back to 1951 when Anastassis Leventis established the Nigerian Bottling Company in Lagos, and of course Nigeria remains one of our most exciting growth markets today.

The company has evolved into a leading, global FMCG business with a strong track record of delivering growth and value for all our stakeholders, while establishing itself as an industry leader in sustainability.

We have a very diverse geographic footprint with operations in 28 countries across three continents, giving us exposure to a range of different growth profiles and economic cycles. And we have a track record of success in a range of challenging economic and political environments.

Our product range is also increasingly broad. Among the bottlers we have one of the highest percentages of Still drinks, making us well-positioned to cater to a wide range of consumer preferences.

And we are a company that delivers for all our stakeholders - customers, consumers, suppliers, shareholders, our people and our communities.

The targets we set back in 2016 were ambitious and our progress against them has been excellent, driving strong returns for shareholders and contributing to a 23% total shareholder return CAGR since 2015.

Our distinctive Hellenic culture is a critical differentiator, and our capable, engaged and passionate people are committed to drive the business forward.

Last, but certainly not least, we've got a deep and enduring relationship with The Coca-Cola Company that dates back to when the business was founded in Nigeria 68 years ago.

As strategic partners we've been working together, over the decades, to delight consumers and meet customer needs with high quality products and service.

Distinct competitive advantages and growth opportunities

But what really excites me is our future, which is underpinned and enabled by this set of powerful, proven, structural competitive advantages.

We are the leader in a dynamic growing industry. We have a growing population and low per-capita consumption. Our diverse geographic footprint mitigates risk. Our portfolio is the strongest broadest and most flexible in the industry.

We have exceptional growth opportunities across high value occasions and categories. We have significant share in profitable, growing channels. A relentless focus on efficiency allows us to fuel investment in growth. And our people are focused on growth, performance and winning.

Taken together, these elements set us apart within the industry and are central to our growth plan. So, I'm going to elaborate briefly on each of them.

Leader in the dynamic, growing NARTD industry

We are the leader in the fast growing and dynamic non-alcohol ready to drink industry. We are clear number one in Sparkling in 22 of 23 measured markets.

Sparkling is expected to contribute a third of the total NARTD value growth in the next five to seven years, and we are very well-positioned to capture this growth.

We also have strong positions in other exciting categories like Energy and ready to drink Tea with clear opportunity to expand our share further.

Finally, there are categories, like Plant Based beverages, that we are just entering, but in which our scale and capabilities make us a formidable challenger.

As we look forward to 2025 you can see the accelerating growth profile for NARTD overall, and for nearly every one of our key categories. This is one reason why we are so confident in our growth plan.

Future opportunity in coffee

And NARTD is only the beginning. There are other lucrative revenue pools in commercial beverages in which we have clear opportunity thanks to our scale and portfolio. Coffee alone is worth €56bn across our markets and it's growing.

With the addition of Costa to The Coca-Cola Company portfolio range we believe that is a great opportunity for us and with the work we've already done in the category, we are ready.

Favourable demographics

We have an attractive geographic footprint with favourable demographics. Our territory has a population of 616 million, which is expected to grow to nearly 650 million by 2025. And Nigeria, which alone accounts for 200 million people today, has a very young population with more than 50% younger than 19.

In addition, if you look at Sparkling in particular, many of our countries have a significant headroom on a per capita consumption basis, which presents a significant opportunity for us.

A big part of this opportunity is our presence in Emerging markets like Russia and Nigeria, but even some of our Established markets such as Italy have sizeable room for growth to reach at least the European average.

There is one fact that keeps me focused on the scale of the opportunity. If we bring the average per capita consumption of Coca-Cola HBC to the average EU level we would double our volumes. We believe that the right products and commercial strategies can help us unlock this potential.

Diverse, balanced country portfolio mitigates country specific risks

The combination of countries creates a unique balance for us. We have exposure to fast growing markets, a strong presence in the profitable and cash generative Established markets, and we benefit from the portfolio effect of exposure to different economic cycles.

We are proven operators in volatile socio-economic conditions and over the last few years have successfully overcome significant foreign exchange depreciation in two of our largest markets.

The strongest, broadest, most flexible portfolio

The 24/7 product portfolio we now have is a truly unique asset. Our products cater to a growing range of tastes and preferences with a wider choice of healthier options and premium products.

When I reflect on my 20 plus years with the company, the change in portfolio is impressive. As an example, in 2001, 90% of volumes came from Sparkling; today that is only 70%.

Last year in particular, saw a step change in the pace of innovation in the portfolio through the introduction of new products, flavours and brands, which are increasingly driving our growth. New launches throughout 2018 drove volume growth of 4.4% in the year.

Our Sparkling portfolio has evolved with the proliferation of zero sugar and light variants, more convenient packs, and broader innovation in flavours.

We have significantly increased our focus on the lucrative Adult Sparkling segment, leveraging the jewels within our portfolio and accelerating profitable revenue growth.

Energy as a category continues to grow rapidly. With Monster and Burn, we have two of the leading brands in this exciting category. We have just launched Coke Energy, and Predator is being launched as we speak.

We have also added premium offerings in Water and Juice, launched a new ready to drink Tea brand with FUZETEA and entered new categories like Plant Based beverages with AdeZ.

We also benefit from the highly complementary Premium Spirits category which helps us to unlock the potential of our portfolio, particularly in the HoReCa channel.

And finally, as I mentioned earlier, Coffee is a huge opportunity and one in which we have developed expertise over the past few years in a number of our markets.

Growth opportunity in commercial beverages within the largest and most valuable occasions

This range of brands and categories gives us an undisputed 24/7 capability to appeal to a larger group of consumers across all occasions, whether it's a coffee first thing in the morning, a Coke break, water or sports beverage during a workout, FUZETEA when you're relaxing at home or Schweppes, Kinley or Royal Bliss as mixers at the bar with a Premium Spirit supplied by us.

And the really exciting thing is that this broader, truly 24/7, flexible portfolio has only recently taken shape and we now have the opportunity and plans to scale it across our markets. Because we understand which consumer occasions contribute most to industry revenues, we are able to prioritise those occasions to drive faster, profitable growth among the total commercial beverages revenue pool. This lies at the heart of our future plans.

In 2016 we set ambitious targets for 2020

Before moving on to our 2025 plan I want to spend a few moments summarising our progress towards the 2020 targets we set back in 2016. This is also the right moment to highlight the contribution of our late CEO Dimitris Lois who presided over the creation of this successful strategy and played a significant role in its delivery.

In 2016 we set out our ambitions to grow currency neutral revenue in a range of 4 to 5% per annum, deliver an 11% margin by 2020, improve our efficiency by reducing opex as a percent of revenue to between 26 and 27%, whilst investing in the business to the tune of 5.5 to 6.5% of revenue, and maintaining working capital less than negative €100m.

We are delivering on our 2020 targets

And you can see that as we go into the final stages of this plan, we have either consistently met, or are well on track to meet these targets by 2020.

2018 saw the second year of currency neutral revenue growth above the 4 to 5% range. We have delivered exceptional margin growth and are on our way to taking margins back to levels last seen in the strong 2004 to 2008 period before the financial crisis.

Over the course of this plan margins have recovered from 6.5% in 2014 to 10.2% in 2018, and we are confident of further progress this year.

Working capital performance has consistently been triple digit negative and we have remained within our capex target with the pace of growth accelerating.

One benefit of all this for shareholders is the €730m special dividend we recently announced, demonstrating our commitment and ability to generate significant, sustainable returns to them.

So as one growth chapter is soon drawing to a close, what does the next stage look like?

Our growth will be driven by a crystal-clear vision

Following a thorough review of our industry dynamics, our operations and capabilities, we have created an ambitious plan with a clear vision.

This vision is to be the leading 24/7 beverage partner. I've spoken about our portfolio and the 24/7 opportunity it gives us. And I have also laid out the importance of our relationships - both with The Coca-Cola Company and our customers, and you will hear a lot more about that today from Naya.

So, as we look forward we've got absolute clarity about how we can and we will leverage our 24/7 beverage portfolio to be the leader in our industry and partner for growth with our customers and The Coca-Cola Company.

Each of our growth pillars is a core strength or competitive advantage

This vision will be enabled by five growth pillars which are supported by our core capabilities.

The first of these pillars is to leverage our 24/7 portfolio. When we take account of our rate of innovation, new product launches and reformulations, we have a product range that we can deploy across high value occasions and channels to create value from the substantial growth opportunities that exist.

The second pillar is to win in the marketplace with customers. Just as our portfolio is now more consumer centric, our sales approach is becoming more customer centric while at the same time evolving to provide the broader, 24/7 portfolio to an even wider range of customers.

We are now able to use increasingly sophisticated market and customer insights to create category strategies which unlock growth across various channels and create joint value for both our customers and us.

Our third pillar is to fuel growth through competitiveness and investment. We have a strong track record of driving efficiency and savings. Since 2015 we have taken a lot of cost out of the business.

But there are always smarter and faster ways to operate and become more efficient, which will allow us to accelerate investments for growth into areas like cold drink equipment, production and logistics infrastructure, customer service and the capabilities of our people.

So these are the first three growth pillars which inform our strong commercial and operational plans, and build on our strengths, market position and track record.

I now want to spend a few moments on the last two growth pillars before my colleagues talk in more detail on the key commercial and operational pillars of our strategy.

Cultivate the potential of our people

We are a business of nearly 29,000 passionate, diverse and committed professionals. I am genuinely proud of the way that we identify, nurture and develop talent in this business.

Not only does our approach develop our colleagues individually, but it also creates a committed, experienced and deep management bench at the company.

Our structure, diversity of markets, and sheer number of geographies mean that our people gain valuable and versatile operational experience throughout their careers.

In turn, this comprehensive understanding of our business allows them to make a tangible contribution to our growth. There is absolutely no doubt that our approach to talent development has been a critical part of our growth and success.

As we begin to transition into our next phase of growth, the importance of developing our people and building carefully selected capabilities will remain.

We will ensure that our focus on internal talent development as our lighthouse capability is complemented by the selective injection of skills and capability from the market in critical positions. The CCH people in the room today reflect that blend very well.

But wherever they come from, putting the customer at the heart of what we do and how we think with relentless curiosity and a passion for learning will be the key to building a successful career and a successful business.

Earning our license to operate

Building a successful business cannot be done without doing business the right way. This is something that has always been part of our DNA and, as society rightly demands more from businesses, I am genuinely proud of our efforts and ambitious plans.

We are a recognised industry leader in sustainability. CCH ranked in the top three of both the global and European beverage industry indices in the 2018 Dow Jones Sustainability Indices, one of the most recognised and credible global benchmarks; prior to that we had been the industry leader for four consecutive years.

Our achievements are also recognised by other leading sustainability benchmarks, such as CDP, FTSE4Good of which we have been a member for 17 years, and MSCI ESG where we have maintained a triple A rating for the last three years.

There is clearly more for us to do and in 2018 we re-set our ambition for 2025 with new, extended targets.

As part of these commitments, as you would expect, packaging is a core element. Together with the Coca-Cola Company, we have embarked on the World Without Waste journey. As CCH, our aim by 2025 is to collect 75% of our packaging and ensure 100% of our packaging is recyclable.

We will use more recycled PET in our packs and have already launched bottles made from 100% recycled material on two of our key water brands in Ireland and Austria with another two planned in the next couple of weeks and months.

In addition, our Coca-Cola and Coke Zero in Austria and Switzerland are made from 50% recycled material.

Alongside these commitments, we will also reduce carbon emissions by 30%, source 100% of our electricity in the EU and Switzerland from renewable resources, we will reduce water usage in water risk areas by 20%, we aim that 50% of manager positions will be held by women, and we plan to train one million young people in our territories. These are just some of the commitments we have made across 17 areas.

As I mentioned earlier, this is the right thing to do, but it's good business too and we intend to remain a leader.

We aim to deliver another step up in performance

Combined together, these five growth pillars, and our ability to execute against them, should deliver another step up in performance. We will build on the success of the last three years with another period of growth in revenue and profitability.

We've recently proved our ability to deliver industry leading growth and we plan to maintain this pace, which represents a step up in performance versus our 2016 - 2020 plan.

Our plan targets annual organic currency-neutral revenue growth of between 5 to 6%.

Having already grown margins by 270 basis points since the start of the plan, from 7.5% in 2015 to 10.2% last year, we aim to deliver further margin expansion of between 20 to 40 basis points beyond 2020. This will take us to the highest level of margin in the history of the company.

In addition, we plan to fulfil the sustainability commitments I have outlined and keep our employees engaged. On employee engagement, we measure ourselves against the benchmark of the highest performing companies in the industry.

We have the strategy, portfolio and competitive advantage to deliver

So, in summary, Coca-Cola HBC today is a leading FMCG business with a unique and attractive geographic footprint, which gives us exposure to fast growth markets and diverse economic cycles.

We have a track record of creating value and have delivered significant restructuring and optimisation to create a highly efficient company capable of accelerated top line growth.

Whilst understanding that our 2020 journey is not yet complete, and has to be delivered, we have done a huge amount of work and analysis to design the next stage of our journey, creating a plan with a clear vision and growth pillars. The growth strategy reflects our capabilities and the significant opportunity we see.

The management team and I are excited by the opportunity and are totally focused on its delivery.

I will now hand over to my colleagues who will each cover the commercial and operational pillars in more detail.

Minas, over to you.

Leveraging our unique 24/7 portfolio
Minas Agelidis, Regional Director

Leveraging our unique 24/7 portfolio

Thanks Zoran. Good afternoon everyone. My name is Minas Agelidis and I'm the Regional Director for Region 1 which covers Central Europe, our North East European countries & Ireland.

I've been at Hellenic for nearly 20 years, after starting my career in Unilever's Food & Beverages division, so overall nearly three decades in consumer staples.

While at Hellenic, I held several commercial roles and then had the pleasure and privilege to spend 11 years as General Manager in three of our markets and most recently in Hungary.

I'm happy to be here with you all to talk about our portfolio of beverages, which is stronger and broader than ever. We now have a consumer focused, flexible portfolio to leverage across drinking occasions. A portfolio that is more relevant in high value channels than ever before.

Consumer dynamics are changing

Any discussion of the right portfolio starts with the consumer. Consumer dynamics are changing. We're seeing greater consumer desire for healthier, more environmentally friendly and more local products and they are ready to pay a premium for it.

We are also seeing demographic and lifestyle shifts, which are opening up new beverage opportunities linked to social occasions.

We are well positioned to address them

We are well positioned to benefit from these opportunities, with both our existing products, as well as future launches. The portfolio we have is not just the strongest, broadest and most flexible that we've ever seen but is also one that can win and is winning in the marketplace. I will elaborate on these opportunities in the next few slides.

This is creating real opportunity around our 24/7 portfolio

You've already seen the clock from Zoran, which is central to our portfolio approach. I want to emphasise the point that the broader portfolio gives us the relevant products across all the drinking occasions, around the clock, and the right to win in the priority ones. It is this unique portfolio diversity which gives us a competitive advantage to win with the consumers and costumers throughout the day - 24/7.

We have a clear category strategy

We have very clear strategies behind each one of our categories. As we expand our offering outside of Sparkling it becomes crucial that we understand, together with The Coca-Cola Company, exactly what we want these categories to achieve.

In Sparkling, being an undisputed leader, we are driving overall category value growth. In Water, Juices and Tea the goal is to premiumise and expand, and I'll give you a bit more detail on that in a few slides.

Energy is a very dynamic category with an accelerated growth profile which we think is just starting, and here we will expand and innovate, as you've seen with the Coke Energy launch in three of our markets so far.

And finally, it's worth being clear on the role of both Premium Spirits and our current Coffee portfolio, where the focus is on unlocking growth for our total beverage portfolio in relevant, high value channels.

Sparkling is where our right to win is the strongest

Clearly, within Sparkling we have the strongest right to win. This, linked with our geographical footprint and headroom for Sparkling per capita consumption, positions us well for revenue growth.

And we are winning. 2018 saw a 4.3% volume increase in Sparkling, the fastest pace of growth in a decade. This category will continue to be a main driver of profitable growth for CCH. There are a few key areas within Sparkling that will be critical, and these are where we have placed our big bets.

One of those is zero sugar variants. The growth of no sugar offerings is reinvigorating growth in the whole category. No sugar variants currently account for 13% of our portfolio, up over three percentage points in two years, and with plenty of room for ongoing growth.

Our focus on single-serves is not new, but it continues to be one of the most effective ways of driving revenue per case expansion. On average single-serves generate 1.7 times higher revenue per case relative to multi-serves, and for the more premium end of single serve the ratio can be three times, or more.

This range also gives you a flavour of why premiumisation is such a powerful tool within the Sparkling portfolio. We are pursuing this opportunity with glass and new brand variants such as Coke Plus Coffee.

And last, but certainly not least, is Adult Sparkling. This is an area we are extremely excited about. Our growth in this segment is twice the pace of overall Sparkling growth, and we plan to further accelerate this pace.

And because adult consumers demand superior taste and have a desire to experiment, this is also a segment that is ripe for premiumisation. Currently, we have a price premium versus core Sparkling which ranges from 15% all the way up to 55%.

It is important to highlight that this is a premium we have created. If we went back five years, you would have seen this mixer category with a price index below the Sparkling average. We created this premium through a clearly defined, long term strategy in our adult brands. I want to give you a flavour of how we did that in Romania on the next slide.

Romania: Schweppes growth fueled by innovation

In Romania, we have gone a long way to reposition the Schweppes brand, including new packaging, stepping up in store activations and focusing on its role as the right product for cocktails. And here on the right-hand side you can see the results.

In 2016 the pricing of Schweppes was at parity to Coca-Cola in Romania. By 2018, we gained the right to claim a 30% premium and so far in 2019 the brand already trades at a 40% premium.

What's particularly exciting is that this pricing is so well justified by the superior product offering, that volume growth has accelerated as well. We've doubled the size of the brand in revenue terms since we began premiumising the brand.

Other countries are now taking the learnings from Romania to shape their own strategies in Adult Sparkling.

This proves that with the right innovation and premiumisation strategy we can improve revenue per case, and also expand volumes. This is as relevant on our core Sparkling portfolio as it is in Adults. Let me give you an example of what I mean.

Adria: Coca-Cola growth fueled by package premiumisation

Here are some images of the beautiful, limited edition packs launched in the past years in our Adria business unit, which covers Bosnia, Croatia and Slovenia. These packs are all highly accretive to our revenue per case.

Along the bottom of the slide you can see the results for the whole business unit. These premium packs are contributing to revenue per case growth and helping to drive consumption of single-serves.

We have a similar premium packaging approach in several of our markets. In my native Greece for example we have had limited edition bottles for popular islands during the holiday season for the last few years, which have become iconic collectibles.

Drive value growth in non-sparkling via scale and premiumisation

Now let me come to our portfolio outside of Sparkling which is where we have the biggest opportunity to expand market share and grow into available white space. Our Water, Juice and Tea strategy is to expand and premiumise.

Within Water we develop market specific maps of diverse water segments and price tiers, to expand our shares as well as capture higher revenue per case. We call it the hydration portfolio strategy.

Across these maps we have different product offerings, execution tactics and route to market approach.

Overall, however, the focus is on accelerating value share gains and our target is to double the pace of our share growth in the next 5 years.

Moving to the ready to drink Tea category, last year saw the introduction of FUZETEA in 27 of our markets, and with it the category transformed from a declining segment for Hellenic to one that has achieved volume growth already in the first year of launch.

Our focus now is on product stratification, adding premium flavours and driving more value from the category.

Similarly, in Juice, the focus is on product stratification to capture premium revenue pools.

One thing which is underappreciated about us is the strength of our Juice business in Russia. Our Russian juice operation is the third largest juice business in the world. Russia has had a track record of success with its strategy to focus on higher price points through continuous innovation, which is driving revenue per case and EBIT in the category.

To maximise the benefit, we are currently expanding these innovations across other markets.

Pushing the boundaries beyond the core by leveraging fast growing and new categories

We have exciting growth opportunities beyond our core categories too. Energy drinks remain one of the fastest growing categories in the beverage industry and our Energy drinks business has grown at a 26% CAGR over the last three years and the Monster brand has been leading that growth.

As the market becomes more segmented with new consumer needs emerging in Energy, we are expanding the category with new brands and innovations.

One of the most exciting pieces of news this year is our entry in the super premium segment with Coke Energy in three of our markets, with very promising early results.

In 2018, we broke new ground with AdeZ, our first Plant Based beverage. We know that AdeZ has strong potential having already launched in 17 of our markets and gaining 5% share on average, and up to 9% market share in selected territories.

We leverage Premium Spirits to create a compelling offering for the HoReCa channel, including premium HoReCa, which gives us a foot in the door to sell our core beverages portfolio in new, lucrative outlets.

Finally, Coffee is one of the categories that has been helping us fulfil our ambition to become a Total Beverage Company since its introduction to our portfolio two years ago.

Through this experience we have developed the required infrastructure, processes and capabilities around Coffee and we are ready for the exciting opportunities that this category brings with a fantastic brand like Costa.

Our 24/7 portfolio allows us to stay relevant for every outlet in every channel

Capturing the opportunities in the NARTD market is not just about a strong portfolio, but also being able to reach every outlet and consumer through the appropriate channel. The connection to the consumer is again through the drinking occasions - 24/7.

Strong presence in HoReCa and New Convenience

While our portfolio gives us the right to play and win across channels, HoReCa and New Convenience are two channels where we enjoy very strong shares, up to one and a half times our average share.

The New Convenience channel measures all proximity retail, so combining convenience and traditional mom and pops.

This positions us well for the future, given that away from home and convenience are forecast to drive 60% of the NARTD growth in the coming years.

HoReCa and New Convenience drive significant value creation

Aside from being critical sources of future growth, our strength in these channels is also important because of their value creation potential.

One of the reasons that drink out is one of our three Focus Occasions, is the fact that it has a disproportionately higher retail revenue per litre vs. at home occasions.

We see a similar theme when it comes to the new convenience, with favourable product mix behind smaller packs driving 20% higher revenue per litre in this channel versus hypers and supers.

Not only do our high shares in these accretive channels put us in a good position to benefit from their growth, but also, our diversified 24/7 portfolio gives us the right to further expand our leadership within these channels.

Let me give you an example.

Greece: Winning in HoReCa through 24/7 total beverage partnership

Here you can see a real-life example from Greece of how adding Premium Spirits and Coffee to our portfolio substantially increases our relevance as a supplier to our HoReCa customers.

The addition of Premium Spirits takes the share of our products in the outlet turnover from only 8% to 50%, and then with Coffee we get to 75%.

At the bottom right of the slide you can also see the additional value we bring to that customer through the activations of our product, which help them to gain share too.

This example gives a sense of the value we are creating for both our customers and ultimately for Hellenic, by shifting from an NARTD supplier, to a 24/7 total beverage partner to our customers.

Leveraging our unique 24/7 portfolio key takeaways

What I want to leave you with is the message that our broader, more flexible, unique 24/7 portfolio means we are well positioned to seize the opportunities coming from changing consumer preferences.

In addition, we have the right strategy for each of our categories. These strategies allow each category to play its role within our portfolio and enable us to win in the most valuable consumption occasions with the right products in the right channels.

Ultimately, this generates profitable growth for ourselves and for our customers.

Thank you for your attention and with that, let me ask Naya to come and expand upon our second growth pillar. Thank you.

Winning in the marketplace with customers
Naya Kalogeraki, Chief Customer and Commercial Officer

Winning in the marketplace with customers

Thank you Minas. Good afternoon everyone, my name is Naya Kalogeraki and I am the Group Chief Customer and Commercial Officer at Coca-Cola Hellenic.

I've spent over 20 years in this great company, joining from The Coca-Cola Company, so in all 23 years with Coke. We met with some of you three years ago here in London, when we presented - three years ago, when we presented our 2020 growth story.

This is an exciting time for Coca-Cola Hellenic. We have sizeable growth opportunities coming from our 24/7 portfolio, which as you heard earlier, is stronger, broader and more flexible than ever before.

I will now cover a topic that is at the heart of our business, which is Coca-Cola Hellenic's partnership with our customers across all channels, creating joint value creation by using this brilliant portfolio.

Winning in the marketplace with customers

You have just heard from Minas about our 24/7 portfolio and how we leverage it across channels. I will now focus on our next generation customer approach and our prioritised capabilities for joint value creation.

It is a simple equation - when we create value with our customers, growing their revenue and profit from selling our products, we are able to grow our share with those customers and continue reinvesting in category growth.

This ability to create a spiral of joint value creation is crucial. And you're going to hear me talk about this frequently in my presentation today.

At Coca-Cola Hellenic we have developed what we call our next-gen customer approach. It is the magic of how we blend a sophisticated, insights-driven approach to craft winning customer plans, with the discipline of frontline execution. Enabled by industry-leading commercial capabilities, this creates our competitive advantage which allows us to win in the marketplace with our customers.

Later in the presentation I will talk about these capabilities, which are critical to our success today, but even more importantly tomorrow, and which we have prioritised to develop as an industry benchmark.

Let me first tell you about our next generation customer partnership. This is a Hellenic model which allows us to generate a set of powerful insights, and design plans based on these insights, helping customers maximise the NARTD portfolio opportunity with the consumer.

I will take you through this model in the next few slides.

Creating joint value requires insights and continuous listening

Partnering with our customers means we need to really understand the world as they see it. This starts with listening.

Our annual customer surveys are partly about ensuring that our customers are happy with the service but are also about improving our relationship with them and understanding the opportunities and challenges they see.

At Coca-Cola Hellenic, in addition to the standard annual customer survey, we have also added quarterly pulsing surveys.

Alongside this, we have developed a set of revenue and profit tools that allow us to assess the customer-specific impact of our commercial decisions.

We are able to simulate the customer profitability in our categories, allowing us to quantify the revenue and profit impact of a new proposal on the overall category, not just our business.

We are developing state of the art analytical tools to model the impact of promotions, which means that we can understand the mutual investments and returns and set successful strategies.

The results speak for themselves. In five years we have transformed the picture when it comes to customer satisfaction, increasing the number of Champions' League positions year by year.

The positive outcome of this is the impactful conversations with customers and opportunities for shared growth with them as we become their preferred beverage partner.

I am excited about the impact this can have as we utilise the full potential of those insights and analytics and take our customer relationships to the next level.

Alongside the tools, we have developed a Hellenic cross functional methodology that covers the whole annual customer management process from early stage conversations with our customers, right through agreement, and then to the execution of the strategy in store.

The best way to explain this is with a real-life example.

We have a prioprietary methodology to create joint value with customers

Here you see the journey with a key account customer in one of our Established markets. It starts by listening to our customers' needs to understand their strategy - for example driving traffic and revenue through competitive promotions.

In parallel, we want to be clear on our objectives with the customer. These objectives are connected to our category strategies which you heard about earlier, such as growing single-serve in Sparkling for example, or expanding in Energy.

We then generate shopper insights that help us identify customer specific category opportunities, very often eye opening to the customers themselves. In this particular case, the customer's shoppers, on average, purchased lower volume per transaction relative to other retailers' shoppers.

As you can imagine, having these insights allows us to design a very tangible proposal for the customer, channelling execution and promotion on the areas with the highest potential and reward for both the customer and us.

In this specific case we offered differentiated multi-packs of single-serve, in line with the customer's need for a differentiated promotion, but also with the aim to accelerate revenue growth and drive single-serve consumption habits.

This approach has had a profound impact on the quality of conversations with our customers, getting us to joint solutions faster and in a more constructive manner.

The early results of this approach are strong. The case, which I've shared, where we followed this methodology, resulted in 7% revenue growth with the customer.

And that's it. You've just had a crash course in the Hellenic next-gen customer partnership approach and of course, more than happy to go into more detail over a drink later.

Our partnership principles and execution capabilities bring customer plans to life

This approach works best with large, key account customers where we already have a strong collaborative relationship.

However, it is also indicative of the principle of customer partnership that runs throughout the organisation, and we are replicating relevant parts of the journey across all customers. As a principle, we always listen to act, which helps us constantly improve excellence in execution in the marketplace.

We have the scale and proven track record to deliver that. Our 15,000 sales people are the front line of this business, visiting the approximately 1.2 million active stores we cover across our 28 markets.

Superior execution goes hand in hand with making our products available cold. Coolers are crucial to the business and are one of the best tools to improve our revenue per case. There is a direct correlation between cooler coverage and products bought for immediate consumption, which sell at a higher price.

We have increased our investment in coolers in the last few years in particular, as we've seen growth return to our markets.

Moving to experiential execution

As shoppers become more demanding, conventional shopping becomes outdated, with shoppers looking for an all-round shopping experience. This calls for a differentiated approach to execution, whether it is impressive execution and promotions in supermarkets, ease of finding products in e-retail or perfect serve rituals in HoReCa.

Customers therefore rely on us to evolve from conventional to experiential execution. By creating this and connecting it with our brands we trigger that "wow, I didn't expect this" moment in the outlet, not only triggering purchase but turning the store into a brand building vehicle for us.

In this store in Russia, for example, a digitised store of the future as we call it with our retail partner, shoppers navigate and interact with a range of digitised shopper solutions.

The combination of technology and its use, which is guided by customer specific shopper insights, and tailored to specific occasions, is what makes the approach truly powerful. To maximise the win-win value creation, we have also ensured the solutions include cross category activations beyond beverages.

Let's watch together a short video from this outlet.

[Video Played]

Winning in the marketplace with customers

Now let me turn to our commercial capabilities, which underpin everything we do for our customers, and are the enablers of our growth.

Our capabilities are catalysts for growth and drivers of competitive advantage

First on this list is big data and advanced analytics. BDAA is revolutionising today's business, and we're no exception. We have increased our efforts and investment in this area to capture and monetise our data through our growth focused BDAA.

The opportunities are immense, even for some of our less developed markets, as you will see in a while.

Revenue Growth Management, or RGM, is key to ensure profitable top line growth. Through value led RGM we work to maximise both the number of, and the value from every transaction, by improving category and package mix, as well as through pricing and improving the return on investment on our promotions.

Our Route to Market or RTM is about finding the appropriate sales and distribution model that maximises revenue growth and customer service levels, most importantly, at the right cost. If RGM is the 'what', RTM is the 'how' in terms of how we sell.

What makes our technology enabled RTM approach successful is that we leverage technology to make it more targeted, with a segmented sales force focusing on segmented opportunities.

Without the investments we've made in technology this couldn't happen.

Coca-Cola Hellenic in 2018, as Zoran mentioned, had more new launches than at any time in recent history, and it's clear that the pace of innovation is accelerating. We have a disciplined approach to innovation, targeting specific, value enhancing revenue opportunities with new products and new business models.

And last, but certainly not least, the customer partnership that we just discussed is underpinned by capability building to identify and capture sources of mutual value creation with the customers.

Each and every one of these five capabilities is a critical catalyst of our growth. However, combined in a comprehensive set, and enhanced with rich insights and our 24/7 portfolio, they represent a clear competitive advantage that helps us win in the marketplace and grow value share profitably.

A few words on each one of them to understand why.

Growth focused big data and advanced analytics

Our approach to big data and advanced analytics is comprehensive and driven by value creation. We use BDAA to identify and capture value creation opportunities in the form of top line acceleration and cost optimisation, and to improve our service and operations across functions.

Through BDAA we are able to slice the data in such fine detail that it allows us to make decisions and implement laser focused initiatives that generate incremental value in targeted areas of the business.

By developing internal BDAA capabilities, we aim to build and sustain this critical capability as a long-term competitive advantage.

In Nigeria up until recently we had been unable to segment our outlets in a way nearly as sophisticated as in our other markets. BDAA unlocked that possibility.

In addition to outlet segmentation, BDAA offers the potential to target very specific occasions. For example, as part of our pilot in Nigeria we were able to target the Easter occasion in outlets near major churches in Lagos.

We could also go one layer deeper, having different activations for different outlet segments to address that occasion.

To illustrate the point, while focusing on this Easter opportunity, we would further segment our approach, with different products in more affluent outlets compared to outlets that target lower income shoppers.

Another exciting opportunity is the ability to minimise out of stocks through providing the sales person with a suggested order to propose to the customer.

Our Nigerian sales force is very busy. Given how small each outlet is, sales people only spend a few minutes in each store. The risk with that is that the sales person ends up simply taking the repeat order from the customer rather than adjusting it to changing demand levels.

Through BDAA we generate suggested orders which better reflect demand fluctuations in the market. In a country with the growth profile of Nigeria this is a significant opportunity.

And in case all that sounds a bit academic let me assure you that the sales results from our initial tests are extremely strong. In the outlets where we have trialled this we have seen a 32% average increase in volumes.

Value and revenue growth management

In the last two years, as the Coke System has expanded the portfolio and made it more consumer centric, we have also shifted our revenue growth management approach to focus more on customers and what benefits them.

We have developed, jointly with The Coca-Cola Company, a proprietary approach on RGM. This blueprint has been scaled across all our markets.

The simple framework of 10 steps, offers us a comprehensive view of how an RGM initiative will impact consumers, shoppers and customers.

The other key improvement is that versus the past where we might have had a separate RGM strategy by channel, now we are more channel agnostic. This puts the focus on the occasion and blurs the category and channel lines in order to best tackle the occasion opportunity.

Revenue growth management- Russia: RGM Example

The best way to explain this is again with an example of the RGM plan we developed for Russia. This plan consisted of 15 initiatives, phased across three years.

In one of them, we managed to decrease the share of non-effective promotions and increase promo uplifts, which is the volume growth directly associated with a promotion.

In another initiative, we introduced a new Coca-Cola pack to drive household penetration, which is generating amazing incremental revenue and transactions. While this may seem like business as usual, what's different with this approach is that we connect the dots across all pillars - from insights, through pack price architecture, communication, commercial policy and promo, landing into a compelling customer selling story.

It is important to note that RGM for us is an iterative process and we have ongoing routines to refresh our strategies and plans.

Tech enabled route to market

As I mentioned earlier, we are leveraging the investments we have made in technology in order to better segment and target customers and channels, which in turn allows us to maximise the opportunities behind our 24/7 portfolio.

This means - for example - that in some markets we have set up dedicated sales teams for the high margin HoReCa channel, while in others - where relevant, we've even added sales people specifically dedicated to the premium end of the HoReCa channel.

This, in combination with our Premium Spirits portfolio, unlocks the potential of the Adult Sparkling category, but it is also effective for the rest of our portfolio in HoReCa.

We have a tailored approach for emerging channels like e-commerce and At work.

Similarly, in the At work channel, our Coffee proposition is successfully unlocking opportunities to also sell the rest of our portfolio.

We are evolving our work with wholesalers, with strategies customised to that channel. And in certain places, with a select number of wholesalers, we are building deeper partnerships and developing their capabilities so that we can transition lower revenue customers to the wholesale network, allowing us to focus on our highest priority, Platinum and Gold customers.

These strategies are delivering good results. Let me give you an actual example. We saw a significant opportunity in Italy to expand our revenues in out of home, as over half of the beverage revenue in the country is in out of home.

To address this, we improved our direct outlets coverage, going from covering 23% of the out of home revenue pool in 2017, to covering 43% in 2018, with an ultimate goal to get to 55%.

We also increased the specialisation of the sales force by forming dedicated premium HoReCa sales teams and increasing the number of sales people and merchandisers visits in that channel.

The secret ingredient in the Italian case was the technology, enabling us to link customer opportunities with planning of our sales force visits, and connect them with third party deliveries.

As always, we remain focused on the highest revenue opportunities, managing to double customer facing time in our most important outlets. As a result, we saw both value share growth and 1.5% revenue growth in this channel in 2018.

Technology enables route to market efficiency and improves customer focus

Technology lets us become more customer centric while staying efficient. Our sales force automation tool embeds the latest technology into a single user-friendly solution that boosts the sales process effectiveness by making it faster, enabling real time performance and execution tracking.

Our segmented execution model suggests activities with the biggest impact for each customer visit, including products and quantities to be ordered.

At the same time, we are building a network of connected coolers that maximise performance by tracking door openings, asset inventory including automatic stocking and ordering.

They connect directly to the sales person's device, to reduce administrative tasks during the sales visit, freeing up time to spend with the customer.

Finally, image recognition technology allows our sales force to accurately record store execution by providing insights on our performance in store within the beverage category. The image processing takes up to 30 seconds, allowing our sales people to immediately address any opportunities.

To better understand the power of these tools, I suggest all of us watch a short video.

[Video Played]

Disciplined innovation

As we become a Total Beverage Company, we are unlocking growth potential in segments outside our core Sparkling portfolio. 2018 saw a record number of new product launches, which drove volume growth up 4.4%, up from 2.3% in 2017.

With every initiative, we are focused on growing the category value, so innovative launches are in higher revenue per case brands and packs. We call it RAI, revenue accretive innovations.

For example, Coke Energy, which so far we have launched in Romania, Hungary and Ireland, yields 4.7 times the average net sales revenue per unit case of our non-alcoholic ready to drink beverages.

For us innovation is much more than new products. Innovation is a capability which we nurture and build in every corner of our organisation. We have launched a specific platform for this, called Innovation for Growth.

With this platform all employees can submit their own innovation idea and receive colleagues' endorsement for its deployment. We also engage in external partnerships, being genuine believers that an outside in perspective is essential for us to stay relevant in today's business world.

Assess and accelerate key account capabilities

The final capability I will leave you with brings us full circle back to the topic I started with, customer partnership. As we evolve into an even more customer centric business we need to ensure our people have the skills to do that.

We have been assessing our people's readiness and potential to take customer partnerships to the next level, and we address any gaps in skills. This is a tough, but practical programme, with the rigor that sharpens our capabilities and ensures we have the skills to deliver for the next stage of our growth era, by preparing the next generation of key account leaders.

Winning in the marketplace with customers key takeaways

Thank you for your time today and the opportunity to lay out how we are going to bring our fantastic portfolio to life and continue winning in the marketplace.

We have the approach and the tools to unlock value for our customers, and when they win with their shoppers, we win with them. This is why at Coca-Cola Hellenic we live and breathe partnership with our customers because, in combination with a great portfolio, it is the key to category and market share expansion and profitable growth.

[Coke Break]

Winning in the marketplace with customers
Naya Kalogeraki, Chief Customer and Commercial Officer

Fuelling growth through competitiveness and Investments

Hello, good afternoon from me as well. My name is Nikos Kalaitzidakis, and I am the Regional Director for 14 markets in South East of our territories.

I am almost 14 years at Coca-Cola Hellenic, where I joined from Philip Morris International before that, so I have spent a bit longer than that within consumer goods.

So while at Hellenic, I have had the pleasure to work as a GM for four of our markets, most recently in Poland. A year ago I took over the responsibility of my current position.

I'm very happy to be here with you all to talk about an area that has always been in the DNA of our business: efficiency and investments for growth.

We will recap on our journey so far and how we plan to support this exciting top-line growth opportunity that you saw in the earlier presentations.

Finally, we will see how this translates into the financials - into our 2025 growth story.

Track record for delivering cost reduction

So, let me start by sharing with you a snapshot of our impressive cost resetting journey in recent years. A journey that not only fuelled the operating leverage we have enjoyed so far, but also positioned us strongly for further growth opportunities.

So, what were some of these achievements? Leveraging our common SAP platform, we reset our processes to manage our production capacity as a unified network, where each plant produces not just for its local country needs, but for regional needs depending on optimal cost and service criteria.

This enabled us to reduce the number of production plants by 35% since 2008. At the same time, we increased our production lines per plant by 36%, thus maintaining our capacity and gaining in efficiency. This was achieved by consolidating our network into fewer and faster mega plants.

At the same time, we adapted our logistics infrastructure to reflect the new production footprint and the evolving customer service needs. Since 2008, we have reduced the number of our distribution centres by 66% and our warehouses by 38%, gaining in efficiency and quality of services.

As a result of those and many other initiatives, we have reduced opex as a percentage of revenue by just over 300 basis points since 2008, putting us in a strong position to reach our 2020 target of 26 to 27%.

We continue to drive supply chain efficiencies

It is evident that our focus on optimisation initiatives has yielded great results over the years. It has helped us sustain performance during the period up to 2014, despite significant top line headwinds.

It also positioned us well for the period post 2014, creating a leaner and more variable cost base. Leveraging this has been the reason that has contributed to our 270 basis points EBIT margin expansion since 2015.

As we move to the new era of top line growth acceleration, we will continue to strive for further efficiencies. What is new going forward is that technology will play a key role in materialising the related benefits, by reviewing, testing and adopting technology innovation in different areas of our supply chain.

Let me take you through some initiatives in three key areas. Logistic - in logistics, we are focusing on warehouse automation. Let me give you some examples.

Automated warehouses, as well as automatic guided vehicles, allow for reduction of people costs and improvement of efficiency and service levels.

Automated yard management, a decision-making software, reduces a truck's cycle time, leading to cost efficiency with improved service levels.

Transportation control tower is a software that manages our transportation flows both within our premises, as well as when distributing the products to our customers.

And my final example in logistics is vision picking using augmented reality. This technology significantly improves accuracy and productivity, while reducing investment needs, and we have a short video to show to all of you how this works.

[Video Played]

So quite impressive. Beyond logistics we also have efficiency improvement projects in manufacturing. Some examples - we have introduced automatic line changeover, which reduces the idle production time thus improving line efficiency, which in turn means more available volume capacity from the same line.

We are also moving towards predictive maintenance, whereby machine learning algorithms will be used to analyse sensor data from the lines, recognise patterns and generate insights for timely and targeted maintenance, thus minimising unplanned downtime, which as a result, will reduce maintenance cost by five to ten percentage points. And, again, higher line efficiency for the same lines means higher volume per line.

Finally, through the usage of smart glasses we will improve our capabilities in resolving issues on the production line faster, capitalising on remote technical support from the equipment manufacturers.

Quality assurance is another area where innovation will continue to improve our performance through the use of statistical process control. This is about having online system information on a set of quality parameters, enabling us to reduce the time required to release the product to the market, resulting in lower inventory days.

Finally, within the framework of our sustainability agenda we are aiming to eliminate plastic film from can packaging. We will also continue our efforts with plastic light-weighting, which not only reduces our resin cost per case sold, but also contributes, together with our recycled resin programmes that you saw earlier from Zoran, to our sustainability targets around use of plastics.

The initiatives I just described and others that we are working on will drive an 80 basis points reduction in the total supply chain costs in the next five years, equally split between production overheads and logistics.

Efficiencies allow us to accelerate investment for growth

As Zoran mentioned earlier, our 2025 growth story aspirations require acceleration of our investments behind revenue-generating and customer service initiatives. The efficiency targets I described earlier create the space in the P&L to accommodate these accelerated investments and resultant depreciation.

The first major category of revenue-generating investments is cold drink equipment. You heard earlier from Naya that coolers are directly correlated with the volumes of single-serve products sold in the market, and therefore accretive revenue and mix.

We have already started to expand our fleet, predominantly with connected coolers, whose benefits and potential Naya explained earlier. This way we will increase coverage of our top outlets, drive more transactions and improve our service levels to our customers.

The second major category of revenue generating investments is that of production lines and logistics infrastructure. We are expanding production capacity in targeted markets where growth has fully utilised existing capacity or where we anticipate strong future growth. Examples of such markets are Nigeria, Russia, Poland and Romania.

As we expand into new categories, we need to also invest in new technologies to be able to produce new products; recent examples being the AdeZ plant-based beverages and SmartWater.

We are also investing in automated high capacity warehouses and automation capabilities to manage the increased output from our mega plants and the complexity of the expanded 24/7 portfolio that we are developing.

The third group of investments is focused on customer service. We invest in big data & advanced analytics and integrated demand planning tools to help us identify patterns and adapt our production and logistics services to our customers' requirements.

At the same time, we partner with our customers in delivering solutions matching their needs, such as direct deliveries from our lines to the customer's central warehouse, which eliminates intermediate logistics costs for the joint benefit of our customers and us, as well as shelf ready products that can be placed directly on the shelf, without the need to unwrap, therefore saving in time, costs and waste.

As a result, our capex investment as a percentage of revenue will be in the range of 6.5% to 7.5%, with the share of investments into revenue generating and customer service initiatives exceeding 75%.

Efficiencies allow us to accelerate investment for growth - Nigeria

I would like to take this opportunity to demonstrate this efficiency and investment story with a real-life example. And the best one is Nigeria, which is a key engine of growth for us and one of the most challenging environments from a supply chain perspective.

As you know, our cost optimisation initiatives up to 2014 had focused primarily in our European footprint. Since 2014 we have also put a stronger focus behind Nigeria and Russia.

In Nigeria during this period we reduced our production footprint by 38%, consolidating our plants from 13 to 8, while at the same time consolidating and optimising our logistics network dramatically, with a 75% reduction in distribution centres.

As a result, our production lines efficiency improved by 15 percentage points, which means that we have created additional capacity from the same lines. This was achieved while improving our total supply chain costs by an impressive 800 basis points over the same period.

Those optimisation initiatives allowed us to create a modern infrastructure in Nigeria, which can serve the growing demand more efficiently and effectively.

In the last four years we have invested in 12 new lines and expanded our mega plants operational space by approximately 60%. A good example of such investment is the Ikeja production plant, where we operate one of the fastest PET lines of Hellenic with a speed of 65,000 bottles per hour, as well as a new hot-fill line that allowed us to launch the successful Pulpy products innovation in the country.

And the best way to show you this is through a quick video.

[Video Played]

Our efficiency and investment for growth scorecard

So, before I hand over to Michalis to take us through the financials, let me summarise how our work on efficiency and investments will translate into key metrics.

As already mentioned, we expect production overheads and logistics costs as a percentage of revenue to reduce by 40 basis points each, between 2021 and 2025. The slowdown compared to the previous five years is the natural result of the fact that we are exiting the period of strong operating leverage benefits from the utilisation of significant spare capacity.

Our capital expenditure as a percentage of revenue will range between 6.5% and 7.5%, an acceleration from the average of 7% in the previous period, adjusting for the impact of the adoption of IFRS 16, which is approximately one percentage point of revenue.

Finally, the initiatives I described will improve our overall production line efficiency by three percentage points, which, in combination with our targeted investments in additional capacity, will keep our peak season capacity utilisation just below 80% by 2025, which is the optimum level of operation.

With that let me now hand over to Michalis, who will take you through the financial algorithm of our 2025 growth story.

Delivering strong financial results
Michalis Imellos, Chief Financial Officer

Delivering strong financial results

Thank you, Nikos. Good afternoon everyone. I believe that in this audience most of you know me well, but for those who are new to our story, my name is Michalis Imellos and I am the Group CFO of Coca-Cola Hellenic.

In the earlier presentations you saw our vision for growth going forward, as well as the 24/7 portfolio, commercial strategies, capabilities and investments that will drive this future growth.

What I am going to do now is to very explicitly translate all of that into our financials. So, the next few slides are going to concentrate on the financial elements of our growth story and how the strategy you have seen today comes together to form our new targets for 2025.

Before we get into that, let me start by reviewing where we have come from.

Delivering strong financial results

Straight after the onset of the financial crisis in 2008, we embarked on a significant journey to transform the business. The crisis impacted several of our countries severely, especially in the Established segment.

In the aftermath of this crisis we focused on improving the areas that we were controlling and embarked on significant infrastructure optimisation and cost control initiatives.

We consolidated the manufacturing footprint outside Russia and Nigeria under one efficient and interconnected supply chain which we call Borderless Europe, followed by optimisation of our supply chain in Russia and Nigeria.

By 2015 we were managing a much leaner and more efficient company, and we were starting to see the first signs of recovery in our markets.

Three years ago, at our last Capital Markets Day, we laid out clear targets based on revenue acceleration helped by that economic recovery. We also explained that the business would see very strong operating leverage as we maintained strong cost discipline, enabling the revenue acceleration to translate into significant margin improvement.

As you have been hearing today, our next chapter of growth will be written with further acceleration in revenue growth compared to our 2020 targets and margin expansion from the 11% levels of 2020.

We continue to transform the business to reach our 2025 growth ambition

I would like to take a few moments to walk you through what is changing with our new 2025 growth strategy compared to the 2020 one, which will help you appreciate the different dynamics of our financial performance going forward.

We are moving from a period of recovery of volume lost due to the economic crisis to a period of accelerated volume growth through horizontal and vertical expansion, that is, expansion to new beverage categories, new occasions and new channels, as well as full exploitation of opportunities within existing occasions, categories and channels.

The previous era was characterised by focus on leveraging our idle capacity and our opportunities for scale and efficiency. Going forward, and as already demonstrated in 2018, we are accelerating innovation, which will be driving the vast majority of growth.

We went through a phase of constrained marketing investments to fuel operating leverage and maximise margin expansion. The new era of acceleration of top line growth requires increased investment behind marketing plans and capabilities to support innovation and horizontal expansion.

The new expansion era will be supported by technology led route to market. We will be expanding across more channels, and we will be using technology at a different scale compared to the past, when optimisation initiatives were mostly undertaken in existing channels.

Since we expect a less difficult macroeconomic environment than the recent years that saw the Russian and Nigerian financial crises, we in turn expect a more normalised currency depreciation in our Emerging markets and therefore less need for aggressive pricing to recover the impact.

Going forward, we expect that pricing will be guided more by inflation developments and competitive dynamics.

While in the previous era we had spare capacity to utilise, as we move into the new era we will need to accelerate our investments in incremental production capacity and new technologies to support product innovation and accelerated volume growth.

We are transitioning from a period of aggressively recovering margins from the historic lows on the back of operating leverage, to a period of faster expansion of absolute revenue and profit and further growth of EBIT margin at a pace slower than before.

One thing that does not change is our commitment to maintain a solid balance sheet and strong free cash flow generation that supports the business and our returns to the shareholders.

We aim to deliver superior organic topline growth

Having had an overview of how we move from the 2020 to the 2025 growth era, let me now walk you through the industry dynamics that shape our accelerating revenue growth.

You have heard throughout the afternoon that we are fortunate to operate in the NARTD industry, which continues to see strong growth.

You have heard how we are now able to leverage a broader portfolio and how we are building on our competitive advantages to ensure that we can continue to expand our market share within the industry.

As you can see from this chart on the left, we have been gaining market share in both NARTD and Sparkling, and we expect this trend to continue in the 2021 to 2025 period, as we plan to continue to grow our volumes faster than the industry growth.

Volume growth will come from all segments. We expect an acceleration in volume growth from the Established and Emerging segments, with a slight deceleration in the pace of growth in the Developing segment. This volume acceleration will be mostly driven by Russia and Nigeria, but we expect that Europe will continue to grow at a pace similar to what we have seen in the last five years.

As you can see from the top and bottom charts, the trends I have just described apply to both Sparkling and total NARTD.

At the same time, we expect to continue to improve price mix with ongoing improvements in category, package and price mix, as a result of the commercial strategies laid out today.

This gives us confidence to expect that currency neutral revenue will grow faster than volume, reaching 5 to 6% per annum for the Group.

We continue to transform the business to reach our 2025 growth ambition

As I have already mentioned, we expect that our EBIT margin will continue to grow beyond the 11% milestone of 2020.

In this slide, I will walk you through in detail the most important margin drivers going forward. In the middle column you can see how each driver is expected to affect margin growth year over year in the 2021 to 2025 period, and in the far-right column you can see how the same driver impacts the pace of margin growth compared to the previous growth era of 2016 to 2020.

First of all, faster volume expansion will support margin growth year over year, however at a decelerating pace compared to the 2016 to 2020 period. This is consistent with what we have shared in the past about the impact of volume growth to margin expansion.

All other things being equal, volume growth is accretive to margins, but as volume grows faster than price mix, the pace of margin growth slows down.

Moving now to the revenue mix elements. To start with, category mix is a positive driver of revenue per case, and therefore of EBIT margin, and here we expect similar dynamics as during the 2016 to 2020 period. This is because we continue to see good growth in Sparkling and Energy relative to other categories.

The continuous focus and premiumisation initiatives that you saw earlier today behind single-serve packages across categories and channels will keep improving package mix and we believe that the benefits of this will maintain the current pace of growth.

Channel mix will keep having an adverse impact on revenue and therefore margin growth, as we expect modern trade growth to accelerate, partly offset by the HoReCa and fragmented trade opportunity.

Pricing will have a positive contribution to EBIT margin growth year over year, however at a more moderate pace than we saw in 2016 to 2020. The main reason for this is that, as I explained earlier, we do not expect to have to take as much pricing to offset currency depreciation in the future, and instead expect pricing to be guided by inflation dynamics.

We are also conscious that competitive pressures tend to intensify in the industry and we therefore believe it is prudent to consider that those may be a headwind to the pricing impact.

In addition to the above, two more elements that have an impact on margins are input costs and FX, both of which we do not control. We anticipate that they will be more normalised in the future, thus contributing positively to the pace of margin development compared to 2016 to 2020, albeit still negatively impacting the year over year margin.

Finally, the accelerated marketing and capex investments that we described as necessary to support our 24/7 strategy will have a negative impact both on year over year margins and the pace of expansion compared to 2016 to 2020. They are necessary though to support the aggressive top line expansion and the overall financial algorithm.

As a result of all the different dynamics I have just listed, we expect our EBIT margin to continue to expand in the period 2021 to 2025, albeit at a slower pace than what we experienced in the 2016 to 2020 period.

Margin expansion continues

Let's now see how the information I have shared with you shapes our EBIT margin waterfall. I would first like to highlight that this chart is not to scale and that it was built only as an illustration of our expectations for margin progression.

The left part of the chart refers to the growth story 2016 to 2020 and was shared with you in our previous Capital Markets Day event in June 2016. It shows the evolution of EBIT margin from 7.5% in 2015 to the pre-crisis levels of 11% in 2020, implying an average annual growth rate of 70 basis points.

Moving on to the 2021 to 2025 period, we can see the following levers in detail. The first one is volume leverage; we expect that volume growth will accelerate in the 2021 to 25 period, with positive contribution to margin growth.

As already mentioned, the expansion of the portfolio with the addition of new exciting product categories requires higher investments both in commercial and supply chain functions, and as a result the strength of the volume leverage will slightly diminish compared to the previous era.

The second lever is revenue per case leverage and this is expected to drive the biggest margin gains year on year. As we already covered in the previous slide, pricing will slow down in countries that previously saw high currency depreciation, and therefore the strength of the price mix leverage will also diminish compared to the previous era.

The third lever is net cost efficiency which is expected to have a positive but more incremental impact on margin expansion, driven by ongoing cost optimisation initiatives without major restructuring anticipated, which was the case in the past.

The last lever is FX and input costs. As both of them are elements outside of our control they can be considered as an accelerator or decelerator to our EBIT margin growth.

Their combined impact is expected to continue to be adverse to margin expansion, however at a more moderate pace than before.

All these drivers are expected to lead to an average annual EBIT margin expansion of circa 20 to 40 basis points per annum.

We have a strong, deliverable financial scorecard

As Zoran mentioned in his introduction, back in 2016 we set some very ambitious targets for 2020. In the years up to now, we have consistently delivered against those targets.

Let's now see the financial targets that underpin our 2025 Growth aspirations.

First, currency neutral revenue is expected to grow by 5 to 6% per annum. As has already been highlighted, this target reflects our expectation that we will see an acceleration in top line growth on the back of our new 24/7 strategy.

Second, we expect our comparable EBIT margin to grow by 20 to 40 basis points per annum on average until 2025.

Our capital expenditure as a percentage of revenue target range will remain at today's levels, but we expect that we will be accelerating our spend within that range. We consider this range as both reasonable and adequate to cover the investment needs resulting from our new growth story.

Let me take the opportunity to remind you that the impact of the IFRS 16 adoption to this KPI was approximately 1 percentage point, thus the new financial target for 2025 is for capital expenditure to be within 6.5% and 7.5% of revenue.

The last item in the financial scorecard is the net debt to comparable EBITDA target, which will remain at 1.5 to 2.0 times in the ordinary course of business.

Our total shareholder return is above sector average and has accelerated

Before I give the floor back to Zoran and Lana, I would like to take a minute to highlight our track record on the total returns to our shareholders.

All our efforts and strategic plans behind the new growth story presented today are closely linked to the ongoing creation of superior shareholder value. We have a strong track-record when it comes to creating shareholder value compared to our peers.

This chart shows the compound annual growth rate for Hellenic's total shareholder returns compared to the Euro Stoxx 600 Food and Beverage Index and the FTSE 100 Index.

As you can see we have outperformed both indices over the last decade. And you will also see that this outperformance has accelerated over the last three years as we delivered against our 2020 objectives. And these returns exclude the special dividend already proposed to our shareholders for payment in July.

We are now setting new targets in the market, and you know by our track record and reputation for delivering market leading financial results and shareholder value that we take our commitments very seriously.

And with that, let me hand the floor back to Zoran and Lana for the close.

Stronger than ever for accelerated growth and superior shareholder returns
Zoran Bogdanovic, Chief Executive Officer

Stronger than ever for accelerated growth and superior shareholder returns

Thank you, Michalis. Before I make a few concluding remarks, I am pleased to introduce Lana Popovic, President of The Coca-Cola Company's Central & Eastern Europe Business Unit, who will say a few words about our partnership. Lana

The relationship with The Coca-Cola company is stronger than ever with a shared vision
Lana Popovic, Central & Eastern Europe (CEE) Business Unit President TCCC

The relationship with The Coca-Cola company is stronger than ever with a shared vision

Thank you Zoran, and good afternoon everyone, I am Lana Popovic and I have been with The Coca-Cola Company for that last 18 years. However, as of January I took the lead of Central and Eastern Europe. I also very recently took the lead of the Global Woman Leadership Council, both of them very exciting roles and both of them coming in very exciting times. So I'm thankful and I'm really happy to be here today.

Hellenic and Coca-Cola came together nearly 70 years ago as you heard today to take to market what was back then a limited number of products to only one country.

Over the ensuing decades we have not only stayed together, but we have broadened and deepened our partnership to cover 28 countries with thousands of products in our portfolio over multiple geographies and categories.

And when I reflect on what's behind this longevity, it boils down to the alignment. Working together is success and to work together you need to be working towards a shared goal. This fosters the necessary collaboration and dialogue that underpins great partnerships.

Clearly, within the partnership both of us have distinct role to play. Ours as the brand owner is to build the demand with best in class consumer marketing, to ensure we have the right portfolio that meets consumer tastes and profiles and ultimately to ensure supply of the concentrate.

At the same time our route to market partner, Hellenic, is the one that bottles, sells, markets and supplies to customers with the sort of industry leading capabilities that you heard Naya talking about earlier.

But the magic of the partnership really happens in the sweet spot where we have shared and aligned interests. It's these elements that you see in the middle that really move the needle and make us together much more than the sum of the two parts.

And it's absolutely true to say that we are aligned at every level, from our participation in the ownership structure, which is a very tangible sign of our commitment and our interdependency through the day to day work that our teams do on the ground in the markets.

But organisations cannot work together, stay together and will not be successful without unity of vision and purpose. And when I think about what we are trying to do at The Coca-Cola Company, not only is it aligned with what the Hellenic business is trying to achieve, but it is also based on the dialogue between us.

So, whether it's our World Without Waste targets, our portfolio evolution or our investing for growth, we create the strategy together, we debate together, and ultimately, we rely on each other to deliver.

The CCH business has performed very successfully over the last recent years. But what is especially exciting, as you have heard today, is that there are still so many great opportunities ahead.

Our relationship today is unquestionably as close as it's ever been in in the last 70 years of history, and we look to the next stage of the journey with real excitement about what we can achieve together.

With that, I will now hand back to Zoran. Thank you.

We aim to deliver another step up in performance
Zoran Bogdanovic, Chief Executive Officer

We aim to deliver another step up in performance

Thank you, Lana. Let me close with a few remarks. We have a clear vision to be the leading 24/7 beverage partner and we have set out how this has shaped our strategy and what it means in terms of targets.

We have strong commercial and operational plans which build on our strengths, market position and track record.

We now have a truly 24/7 portfolio that covers a huge range of consumer preferences within all occasions during the full day across all channels.

And, as you have heard, our sales approach is evolving towards a new generation of partnership with our customers, as we are now able to use increasingly sophisticated market and customer insights to create strategies which will drive joint value creation.

We have a strong market position, particularly in Sparkling, where we are undisputed leaders, giving us a superb platform from which to win in the broader portfolio too.

All this is underpinned by our core capabilities which we treat as the catalyst of our growth.

And lastly, we will fuel growth through competitiveness and investments. We are confident that there are more supply chain efficiencies to benefit from, which will allow us to fund accelerated investments for growth into areas like cold drink equipment, production and logistics infrastructure and customer service.

Alongside these commercial and operational pillars, the people and sustainability pillars are critical for growth.

Firstly, how we develop and grow our people will be vital to the successful delivery of our aspirations. We have clear plans, initiatives and discipline to ensure our passionate people are best prepared to drive the business to the next stage.

Secondly, we will continue to do business in the right way, ensuring we are a good partner for the communities where we operate, because it creates value, it embodies what we stand for at Hellenic and it's what our people and society expect of us.

I am confident that the successful execution of our strategy underpinned by our core capabilities will translate into a new era of outstanding performance for our company.

And what I want to close by reminding you of why we think we can deliver this plan. We are the leader in an exciting growth industry in which we have been operating for nearly 70 years.

We have developed the broadest, most flexible portfolio which allows us to capitalise on fantastic growth opportunities in high value occasions and channels.

Our territory is balanced and encompasses some really exciting markets with powerful structural trends.

Since 2016 we have driven efficiency in order to invest behind growth and drive cash flow. Our recent success has delivered a strong balance sheet which gives us flexibility to expand through acquisition of bolt-on locally relevant brands in Stills, but also to make more significant moves should the right opportunity present itself.

We have a history of delivering shareholder value above the industry average and we are determined to maintain this performance.

So, with that, thank you very much for listening to us, I do hope you have found it interesting and useful. I will ask my colleagues to join me on this little stage and we will be delighted to take any questions you may have. Thank you.