COCA-COLA EUROPACIFIC PARTNERS
Preliminary Unaudited Results for the Full-Year Ended 31 December 2021
Analyst Call Transcript
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CORPORATE PARTICIPANTS OF PREPARED REMARKS

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PREPARED REMARKS

Sarah Willett: Introduction
Thank you all for joining us today. I'm here with Damian Gammell, our CEO, and Nik Jhangiani, our CFO.

Before we begin with our opening remarks on our Preliminary Results for the Fourth-Quarter & Full-Year 2021, a reminder of our cautionary statements. This call will contain forward-looking management comments and other statements reflecting our outlook. These comments should be considered in conjunction with the cautionary language contained in today's release, as well as the detailed cautionary statements found in reports filed with the UK, U.S., Dutch, and Spanish authorities. A copy of this information is available on our website at www.cocacolaep.com. Prepared remarks will be made by Damian and Nik and accompanied by a slide deck. We will then turn the call over to your questions.

Unless otherwise stated, metrics presented today will be on a comparable and FX neutral basis throughout. They will also be presented on a pro forma basis, thus reflecting the results of CCEP and our Australian, Pacific & Indonesian business unit (API) as if the Coca-Cola Amatil transaction had occurred at the beginning of this year, rather than in May when the acquisition completed.

Following the call, a full transcript will be made available as soon as possible on our website. I will now turn the call over to our CEO, Damian.

Damian Gammell: Prepared remarks

Thank you, Sarah, and many thanks to everyone joining us today.

So, first I would like to begin with some of our key messages.

I would like to start by thanking all of our highly engaged colleagues at CCEP, for their continued hard work and commitment to our business and most importantly to our customers and to each other as we continued to navigate through the effects of COVID-19.

2021 was indeed an extraordinary year for CCEP.

Solid top-line recovery, the largest FMCG value creator, value share gains, operating margin expansion and a remarkable free cash flow generation speak for a strong performance in 2021. Our results also reflect the successful integration of Coca-Cola Amatil, a fantastic business acquisition at the right time. And basing our dividend on the now enlarged business, we are very pleased we paid our largest ever dividend in 2021.

So, we are well placed as we look to 2022 and beyond. In the near-term, we expect to see further volume and mix recovery whilst managing our key levers of pricing, promotional spend and on driving efficiencies, with the aim of mitigating inflationary pressures and protecting our margins.

Our aim at CCEP is to be smart & sustainable – through our people centric, data driven and digitally enabled approach. Disciplined investment in these areas, as well as in our portfolio, will support our long-term growth ambitions. And all supported by an even stronger relationship with TCCC and all of our other valued brand partners.

At CCEP, we have a simple but vital purpose: to refresh Europe and now API and critically to make a difference for all our communities and our stakeholders.

And we have a simple focus around great people, great service and great beverages. All done sustainably, for a better shared future.

So, now I'd like to touch on each of these areas as we look back on 2021. As you know, the well-being and safety of our colleagues is our number 1 priority.

At CCEP, we continued to break down barriers to inclusion. Our colleagues celebrated Pride, Black History Month and International Disability Day across many of our sites. In fact, we were named as one of GB's most admired companies, an accolade acknowledging our D&I credentials.

In New Zealand, we were thrilled to be named Employer of Choice, the only company to receive the gold award in three consecutive years. In France we were recognised by the Top Employers Institute. And across CCEP we were recognised as a "great place to work", in our first global engagement and culture survey.

Great service has always been critical element for our customer growth story and engagement. Supporting our customers and through the reopening of HoReCa has been a key priority.

New Zealand were crowned Candler Cup champions, the annual global Coca-Cola system bottler competition. And despite the ongoing challenges, we maintained high levels of customer service in the high 90s, and continued to invest in capacity to support our growth and our crucial revenue growth management initiatives. This included placing around 130,000 thousand cold drinks equipment units, increasing our canning capacity & efficiency, and accelerating our in-sourcing plans.

Our focused and creative Euro football, Halloween & Christmas activation generated great excitement for our customers, our colleagues, and our consumers.

And on digital – we hit record revenues with our B2B platform and launched several new platforms via our ventures arm.

We are also extremely privileged to make, move and sell the best beverages in the world.

Both Coca-Cola Zero Sugar & Monster continued to outperform across all of our markets. Our new taste, new look and new campaign for Coca-Cola Zero Sugar in Europe & Australia has been a great success, with full-year value share gains of 80 basis points in Europe and 260 basis points in Australia.

What the Fanta created great excitement for the brand, with value share up 70 basis points.

Our Monster innovations have supported impressive growth driven by solid distribution and innovation. Overall, versus 2019 we have delivered value share gains of nearly 200 basis points and our Energy portfolio volume has grown by a really impressive 36 percent.

We are very excited about Costa Coffee and we are readily expanding this great brand outside of GB. And Topo Chico continues to be an exciting opportunity, now launched in 6 of our European markets, already with a number 2 value position.

Now to sustainability which remains a huge priority for all of us at CCEP.

In 2020, we committed to ambitiously reducing our absolute GHG emissions across our entire value chain by 2030, a target that is embedded in our long-term incentive plans, and with the aim to reach net zero emissions by 2040.

We achieved carbon neutral status at two of our manufacturing sites and of course we are working closely with our suppliers to further reduce their emissions.

We continue to challenge our commitments, bringing them forward where possible as evidenced by us achieving our 50% recycled PET commitment a full two years early.

In Australia and Indonesia, we are investing in new PET recycling facilities. These collaborations are a step forward towards creating a circular economy for PET and will contribute to further accelerating our journey towards the ultimate goal of using 100% recycled or renewable plastic.

Now turning to our performance highlights. We continue to win with our customers, having created more absolute value sales growth compared to any of our peers. The NARTD category continues to be robust, growing in value terms by approximately 3 percent in Europe and over 10 percent in API.

We have grown our value share both online and instore, and doubled our instore growth if we extend back to 2019. And, critically in sparkling, we grew both volume and value share last year.

So, a very solid top line performance. The 4.5 percent increase in comparable volume obviously reflects the reopening of Away from Home and increased consumer mobility given the easing of restrictions and the soft prior year comparables. I am particularly pleased that our continued focus on revenue growth management has driven growth in revenue per case above pre-pandemic levels. A really impressive result given the mix headwinds we have continued to face.

We are moving at pace to accelerate our digital transformation, which I'll come back to shortly.

We remain focused on efficiency and are on track to deliver the programmes and combination benefits that we shared with you last year, and we remain committed to not returning to our pre pandemic cost base.

And as I mentioned earlier, the integration of API is very well advanced.

In the digital space, our transformation journey continues. In online grocery, we continued to see share gains as I've mentioned.

Our B2B portal, My.CCEP.com, had a record delivering 1.1 billion euros in revenue, around 20% of our away from home business. Our direct to consumer platform, your Coca-Cola, celebrated its first birthday, extending its personalised cans to Christmas and Valentines Day. Starstock launched an online marketplace in GB, and we launched Wabi, a B2B eco-system platform in Portugal, in partnership with The Coca-Cola Company, as we continue to explore and progress new models that make it easier for our customers to do business with us.

We are delivering efficiencies in supply chain and we are making it even easier for our colleagues to work flexibly and efficiently with many digital tools.

So, a great year of progress with a lot more to come.

And on that note, I would now like to hand over to Nik to talk in more detail to the financials. Nik.

Nik Jhangiani: Prepared remarks

Thank you, Damian and thank you all for joining us today.

Let me start by walking you through with our financial summary.

We delivered total revenue of 14.8 billion euros, an increase of 7 and ½ percent on a full year pro forma comparable basis.

Our COGS per unit case increased by 1 and ½ percent. As you are aware, typically around 85 percent of our total COGS is variable. This includes our concentrate purchases and finished goods, which have naturally increased in line with our incidence model reflecting the improvement in revenue per unit case. Commodities have been adverse driven by higher aluminium and PET prices but remember we went into the year with more solid hedge coverage. And finally, approximately 15 percent relates to manufacturing and D&A, both of which are largely fixed. As expected, we saw a positive impact from the favourable recovery of fixed manufacturing costs given higher volumes.

We delivered operating profit of 1.9 billion euros, up 23 and ½ percent, reflecting our solid top line revenue growth, the benefit of our on-going efficiency programmes and our efforts on managing discretionary spend. On a comparable basis, accounting for the timing of the API acquisition, we delivered operating profit of 1.8 billion euros, up 46 percent.

We are pleased that both our revenues and pro forma operating margins in the second half of the year approached the pro forma second half performance metrics of 2019. This not only demonstrates the resilience of the business but also put us in a solid position as we enter 2022.

Our comparable effective tax rate declined to just under 21 percent from 24 percent last year. The reduction is driven by a reassessment of our uncertain tax positions and release of tax reserves that are no longer required. As I referred to at the half year, we indicated a future expectation of an upward move on our our effective tax rate, driven mainly by anticipated increases in corporate income tax rates. I will touch on this in a bit more detail shortly.

Our performance resulted in a comparable diluted earnings per share of €2.83, accounting for the timing of the API acquisition, up 54 and ½ percent.

Free cash flow generation continues to be a core priority and once again we delivered on an impressive performance of approximately 1.4 billion euros. I will share more details on that in a few moments.

And finally, on shareholder returns, we paid a full-year dividend of €1.40 per share in December maintaining our dividend payout ratio of circa 50%, in line with our policy. In absolute terms, this is the largest dividend we have paid, reflecting the earnings of our enlarged business, but also importantly our confidence in being able to continue to navigate our business effectively.

Now if we move to revenue highlights where I will focus on the full year given that Q4 drivers are quite similar.

The revenue increase was driven by both an increase in volume, as Damian referred to earlier, and importantly our revenue per unit case.

Unsurprisingly, the most significant improvement has been in on our away from home channel. Revenue per unit case grew by 3 percent versus 2020 reflecting positive pack and channel mix following the re-openings in the away from home channel, positive brand mix and favourable underlying rate increases. And encouragingly up 1 and a half percent versus 2019.

Solid trading in the home channel continued, benefitting from increased at-home occasions as well as continued growth in online grocery, with volumes up 2 percent versus 2019.

Revenue by segment is also referred to here. You can see more detailed commentary by geography in the release but at a headline level, full-year performance has been similar across Europe and API, with Great Britain and New Zealand being the stand outs with revenues ahead of 2019.

Now moving to our efficiency programmes.

As a reminder, we announced €200 to €225m of efficiency savings in Europe and A$145 million or €90 million for API. We also communicated combination benefits of €60 to €80 million, weighted towards 2022 and beyond.

These pre-announced efficiency savings and combination benefits equate to €350 to €395 million in total and remain on track. So far, in line with the indicative dates on the slide, we have so far delivered approximately 65% of these commitments. This includes the permanent savings from the 2020 mitigation programmes in Europe and API, such as less travel and meetings and more efficient trade marketing spend, as well as the more structural efficiencies from Europe's Accelerate Competitiveness and API's Fighting Fit programmes. These included structural headcount changes across field sales, central supply chain and support functions and the *closure of 3 plants in Europe during 2020, to address duplication, increase efficiency and scale and simplify how we work. As we move into 2022, the next wave of these programmes will take effect. We will also start to unlock more of the combination benefits from areas such as procurement and supply chain.*

These ongoing programmes, along with our continuous efforts on discretionary spend optimisation are helping us to protect profits and margins in the short-term, while ensuring that we will be fit and competitive for the longer-term.

Now as we communicated last year, we committed to rebasing our cost base versus pre-pandemic levels. And you can see that here. As a percent of revenue, our opex is lower now, not only compared to last year, but more importantly compared to 2019.

Going forward we will continue to manage very tightly, but we do anticipate some volume related increase in opex given that roughly a third of our opex is variable in nature. And as that recovery continues, focused investment in TME will be needed to support that recovery and we are naturally seeing upward inflationary pressures in areas like labour and haulage.

So, let me now turn to free cash flow in a bit more detail, a hugely important metric for us.

Despite the challenging backdrop, we generated nearly €1.4 billion of free cash flow in 2021. Based on full-year 2022 Vuma consensus estimates for free cash flow, our free cash flow yield equates to around seven percent. On this slide you can see the key components of the full-year 2021 free cash flow and I will call out a few items in particular.

As you recall, when the pandemic first hit our markets, we moved at speed to review all sources and uses of cash to preserve maximum flexibility. As we said this time last year, we expected to maintain capex in 2021 at 2020 levels, given the continued uncertainty. Recognising the importance of targeted investment and now including API since May, we spent nearly €420 million, excluding leases, on supply chain, digital and other technologies, as well as cold drink equipment.

And despite the backdrop, we delivered an impressive, reported working capital inflow of €270m in 2021 driven by Europe, taking our cumulative improvements to well over 1 billion since 2017. A very strong performance and importantly more to come.

And now to our leverage and balance sheet. As you know, we entered this crisis from a position of strength having de-levered quickly post-merger driven by our strong free cash flow generation. We ended 2019 with a net debt to adjusted EBITDA ratio of 2.7 times, in line with our target leverage range of 2.5 to 3.0 times.

Leverage peaked at approximately 5 times upon closing the Amatil transaction in May. But given our strong focus on cash and working capital improvements, we are confident that we will return to our target leverage range by full-year 2024 whilst remaining fully committed to our strong investment grade ratings. As you will see here, we closed full-year 2021 at 4.3 times net debt to adjusted EBITDA.

Our deleveraging will be through a combination of using the higher combined cash flows of our now enlarged business, and a continued strong focus on being disciplined around our investments and of course working capital improvements that I mentioned earlier. There is not *only more opportunity to drive working capital improvements in Europe but having already aligned API's annual incentives to Europe, to incorporate free cash flow, work is underway to apply the best practices to API as well.*

So, looking now to full-year 2022. Our guidance today reflects current market conditions which do remain uncertain.

First to revenue.

From a volume perspective, although we saw solid recovery in 2021, volumes do still remain below 2019 levels mainly driven by our away from home channel performance. So, we expect to see continued momentum in this channel, supporting volume and mix recovery.

We continue to optimise our recommended pricing and work with our customers to optimise our range and pack architecture. And we continue to leverage data analytics, customer and consumer insights to drive smart RGM initiatives to expand the category and continue to create value for our customers.

Given the inflationary backdrop, pricing will need to take a bigger role in 2022 compared to previous years. As you know, we have been able to achieve price increases in previous years, typically representing at some points at least half of our revenue per unit case growth, across headline price and optimising our promotional spend. To date, we are executing our pricing strategies successfully across many of our markets, except for example France where the negotiation is currently on-going.

This all translates into revenue growth guidance on a comparable and currency neutral basis of between 6 and 8 percent with about half coming from volume and the other half from price and mix.

Now to COGS. A chart you will have seen before, the moving parts which I spoke to earlier when refering to 2021 still very much in tact as we look at 2022.

So for 22, I don't think that we are immune to the dynamic macro and uncertain inflationary environment.

As we see it today, we expect elevated commodity inflation reflecting our latest hedging position of approximately 57 percent, up from approximately 45 percent in October.

This is weighted, meaning we are almost fully hedged for the first quarter, about 60% for the second quarter with the remaining coverage in the second half, so we will continue to closely monitor the appropriate trigger levels to lock in more of our unhedged exposures depending on market conditions.

We currently expect commodity inflation to be in the high single-digit range for 2022. This translates, with other factors as I mentioned earlier, to our latest view on COGS per unit case for the full year, of an increase of around 5 percent. Clearly, this guidance is based on what we know today. Given the level of uncertainty, we will continue to update you more as the year progresses.

Continuing with the remaining guidance, on operating profit, we are guiding to a range of 6 to 9 percent growth vs 2021, again on a comparable and currency neutral basis. This will be delivered through a combination of the expected volume and mix recovery whilst managing our key levers of pricing, promotional and discretionary spend and efficiencies. Given the uncertain inflationary backdrop, we are not discounting a second round of pricing and further promotional spend optimisation, while of course ensuring that we remain competitive in order to protect the broader health and affordability but also our position within the NARTD category.

And lastly, the effective comparable tax rate for 2022 will be 22% to 23% is based on enacted tax legislation and assumes no significant change in our assessment of uncertain tax positions at this stage. We will of course continue to update you as the year progresses.

And then finally, a reminder on our key objectives based on the medium term which all remain very much intact.

We will continue to maintain our competitive and progressive dividend pay-out ratio at around 50 percent. This year, we will revert to two interim dividends as was our standard cadence pre the pandemic. As detailed in the release, we are simplifying the mechanism across the two payments. The first will be calculated as 40 percent of the prior year full year dividend, with the second being paid with reference to the current year annualised total dividend payout ratio.

And with that I am going to hand back to Damian. Damian.

Damian Gammell: Prepared remarks

Thank you, Nik.

I just wanted to now touch on the Amatil transaction. An exciting transaction that firmly underpins those medium-term objectives, giving us even greater confidence in our revenue and operating growth ambitions. Simply a great move, at the right time.

Since closing the deal in May we've made excellent progress on the integration of API.

We have our key talent in place. We are bringing our people, systems and processes together to allow us to collaborate and operate as one. And, we are already, and continue to share learnings and best practices. The investments and solutions that we've been making in our European IT infrastructure are being leveraged and scaled to API.

And, we are bringing excellent segmented channel profitability analysis in API back to Europe to identify further headroom for growth opportunities in our business.

Close to our hearts, we are of course working on aligning our sustainability commitments across CCEP.

And, finally and very importantly, we are already driving system value creation with The Coca-Cola Company to better align our portfolio, and focus more on our core brands.

We continue to remain externally focussed throughout this process as we know the success of this integration will be determined in the market and with our customers.

So, with that in mind, we have recently reached an agreement with The Coca-Cola Company to transfer the ownership of our CCEP-owned NARTD brands in Australia, New Zealand and Fiji, subject to Overseas Investment Office approval in New Zealand. This will drive better alignment with our franchise partner to maximise value creation for our customers and for the system.

Alongside this we continue to progress our previously announced plans to exit beer & apple cider in Australia.

From a timing perspective, we anticipate these changes will complete substantially by the end of the first half.

In NARTD, to provide a sense of scale, the 5 Australian brands equate to roughly 13 percent of Australian volume and the 5 New Zealand brands about 9 percent of New Zealand volume. There will not be any impact to the associated volumes or revenues, however they will transition to the broadly 50/50 incidence-based concentrate model. This will equate to an approximate EBIT impact of 25 million Australian dollars per annum, so roughly half of that given the expected timings this year. We will receive 275 million Australian dollars on completion.

And given the scale of our Beer and cider portfolio in Australia, the overall impact to the API segment of these moves is relatively small. These are however important changes to enable us to give greater focus on NARTD, and our ready to drink alcohol & Spirits business.

Indonesia is undoubtedly one of the most important opportunities for The Coca-Cola Company globally, and we see a clear pathway to the long-term transformation opportunity.

The key to unlocking this is having great people in place, led by Jorge, our new general manager, who joined us from one of the Mexican Coca-Cola bottlers. Beyond Jorge, we are also progressing well with the wider leadership team, including transferring talent from some of our European markets.

Pivotal to Indonesia's success is to develop the sparkling category. It's where we have differentiation, distinctiveness and a right to win. Alongside this we will continue to build our solid foundations with the ready-to-drink Tea category.

We need to simplify the business by focusing on the core, supported by the appropriate pack and price architecture to drive consumer relevance. And we also see opportunities to improve our route to market and supply chain capabilities to support our in-market execution.

As Ramadan is only around the corner, we already have exciting plans in place. This is a key occasion in the calendar representing about a third of our annual sparkling sales. It's great that our consumers enjoy our drinks with their friends and family during this period, so converting more of this seasonal penetration into year-round performance has to be a clear opportunity for us.

We will share more on our plans in due course.

And finally, talking of wider excitement, we've got plenty to look forward to.

We will continue to invest in Coca-Cola Zero Sugar with a great new gaming promotion and marketing campaign, 'Real Thrills, Real Magic'.

Other examples across our portfolio extend to exciting new flavour variations, mystery with our next What the Fanta campaign, the continued roll out of Costa to new markets, as well as many new packs.

For example, in France, we are launching one refillable glass bottle across many of our core brands. This move will simplify bottle management for our HoReCa customers and wholesalers whilst reducing our carbon footprint.

So, 2021 really was an extraordinary year. And we are well placed for 2022 and beyond, alongside The Coca Cola Company and our other brand partners.

And as I started by thanking our engaged and committed colleagues, I wish to end on the same note as we look to the future.

Thank you for your time today. Nik and I will now be happy to take your questions. And I'll hand back to you, operator.

Thank you.

Question & Answers

Operator

(Operator Instructions) And your first question comes from the line of Charlie Higgs from Redburn.

Charlie Higgs - Redburn (Europe) Limited, Research Division - Research Analyst

I've got a question on the pricing environment. I was just wondering if you could comment on what you're seeing across your markets, whether you're seeing branded competitors and private label behaving rationally. And then, please, could you just clarify the point on pricing in France when you say the negotiations are still ongoing? I think in previous years, we've had quite extended negotiations in France and a bit of disruption. So if you could just clarify that point, please?

Damian Gammell

Yes. Thank you, Charlie. I think what we're seeing is kind of what we talked about as we closed out '21 is that we're seeing certainly pricing ahead of the kind of normal cadence that we've seen in previous years. And I think that's clearly on the back of the inflationary pressures that Nik outlined, and I suppose they're across all industries in all categories.

So we are seeing higher-than-normal pricing coming into the market. And whether you define that as rational or not, but that's what we're seeing. Clearly, from our perspective, and I'll let Nik talk about France, in particular, we're quite pleased with where we are coming into '22.

As we've called out before, we're managing the challenges on inflation, I think, with a view both to protect '22, but most importantly, to protect our franchise for the mid to long term. So I think we've got a lot of levers to play with at CCEP. I think we've built some really strong capability in RGM.

So as we look at our strategy this year, you'll see, obviously, above average pricing. You'll see more mix coming through, particularly as away-from-home continues to reopen across all of our markets. And obviously, we're benefiting from volume coming back into our business as the pandemic eases. So we've probably got a few more tools to play with. And obviously, we've got a very diverse channel mix compared to a lot of other FMCG who are really retail-focused. So I think all of that plays out well for CCEP. And I'll just hand over to Nik now to just share a bit more colour on France?

Nik Jhangiani

Yes. Charlie, I think as we've continued to say, we've created a lot of value for all our retail customers since our formation back in 2016 as European, and as we continue under Europacific, which includes France as well. So -- and I think, quite honestly, we're very focused on making sure that continues. So in France, the legal deadline for the customer negotiations is the 1st of March, so nothing new there. Yes, you're right, we have encountered disruptions in France and other markets in the past. But I think our teams continue to have very productive discussions with the retailers.

So I think we look forward to a positive outcome. I think France has just been 1 of the more challenging markets from a pricing perspective. But with today's reality of really exceptional inflationary pressures, I don't think France is immune. So I don't think it's an option to really hold our headline price. I think our brand equities are strong. So our consumer kind of acceptance should be there. And that's what our retailers and us should be focused in on in terms of that joint value creation going forward as well.

Operator

Your next question comes from the line of Simon Hales from Citi.

Simon Lynsay Hales - Citigroup Inc., Research Division - MD

I wonder, could I just sort of probe a bit further on your hedging position on COGS between '22 a little bit more, then perhaps where you are on some of the specific raw materials? I know you've shared in the past, perhaps where you are hedged in relation to things like aluminum. I just wonder where you are now on that. And just to clarify, overall, in terms 5% COGS per case expectation that you've got. I assume that is based on current spot prices just holding from here on the unhedged part.

Nik Jhangiani

Yes. Great question, Simon. So I think if you look, as I said, our average hedge coverage is just under 60% and over 90% for Q1 and about 60% for Q2. So in a much better position for half 1. When you look across the commodities, again, if you look at, again, where we're seeing the most volatility, which is around Ali, we're probably in those same ratios for Q1 and Q2. So clearly, second half more open as we continue to believe there should be some triggers that look at that price coming down.

When you asked the question around that 5%, that 5% would normally assume us getting to about that circa 80% hedge level that we would normally go into the year at, right? So if you remember our policy, typically, we try and go in, in the current year at 80% and typically keep about 20% open as we go through.

So that's what that will be based on. So if you actually went to 100% covering its spot, which is not normally what we would do, you'd see a slightly higher impact. But we'll update you as we go through the year on that.

Operator

Your next question comes from the line of Fintan Ryan from JPMorgan.

Fintan Ryan - JPMorgan Chase & Co, Research Division - Analyst

Just in terms of your free cash generation for 2021, if you think around 2022, could you give us a sense of the bridge, particularly with regards to CapEx and working capital? And are you still confident of delivering the at least EUR 1.25 billion free cash for 2022 and beyond?

Nik Jhangiani

Yes. Well, listen, I think, Fintan, as you've probably seen, for the last several years, we've had a very strong focus on free cash flow, and you've seen our delivery of the numbers, and I think 2021 was no exception.

So our midterm objective of at least EUR 1.25 billion as a floor still remains very much intact. I would say to you, if you look at 2022, I think the key drivers there would be clearly a positive impact from EBITDA growth on the top line. when you've got obviously cash investments in CapEx. I think Damian might have continued to stay very focused and disciplined around that.

Clearly, that will be an area that we will continue to want to invest in for growth. But then we will also continue to see working capital improvements coming through. So if I actually look at it. Yes, that floor of the EUR 1.25 billion is there, but there is no reason why we actually wouldn't be growing relative to our 2021 delivery as well. But obviously, as we go through the year, we'll provide more updates on that.

Fintan Ryan - JPMorgan Chase & Co, Research Division - Analyst

And just in terms of -- just a follow-up, in terms of the CapEx requirements, I think you mentioned during the year that you had some supply chain issues with Monster Energy. I note that in Q4, their growth is just 11% and below what you delivered for the year. Is that Monster Energy something that you'd be actively looking to in-source in those CapEx funds?

Nik Jhangiani

Absolutely. So we're very focused with both our supply chain team and with our partners at Monster to make the right investments to be able to really support a lot more in-house manufacturing to support that growth that's coming. So that's probably a multiyear plan, but that's very much baked into how we think about 2022, in particular.

So our guidance range typically of that circa 4% to 5% of CapEx of NSR still stays very much intact, and we'll manage that tightly.

Operator

Your next question comes from the line of Edward Mundy from Jefferies.

Edward Brampton Mundy - Jefferies LLC, Research Division - Equity Analyst

Just a question on the revenue guidance of 6% to 8%, which you helpfully have split roughly 3% to 4% volume and 3% to 4% price. If we unpick that, first of all, on the volume side, I guess what we've seen is the at-home channel has been incredibly resilient despite the reopening and the away from home is still 16% down from pre-pandemic levels. If you think about 2022 being another year of pretty decent recovery, why shouldn't we see growth closer to the 4.5% sort of delivered this year on the volume side?

And then on the revenue per case price mix side, you've just delivered 5.5%, I think, in Q4, which seems more pack mix and promo optimization orientated rather than headline pricing. Why shouldn't we see more than 3% to 4% as we go into 2022, especially if some of the pricing gets realized?

Damian Gammell

Thanks, Ed. Good questions, as always. Clearly, as we look at that guidance, we've taken a view that we see recovery coming in away from home, but with still some degree of hesitation on HoReCa in particular. We're taking a view also around summer tourism still a bit away in terms of what the behavior of consumers is really going to be. So we've kind of reflected that when we looked at our volume. You're right. I think what we're seeing is a solid performance in retail. That continued solid performance and online.

As '22 moves forward, we are seeing good recovery, particularly in Northern Europe, as restrictions kind of close out in markets like Belgium, the Netherlands. If you look at our GB numbers in Q4, I mean, I think they stand out, and I think GB, for those of us living in the U.K. know that as the restrictions came down earlier there, it's kind of given a pathway for other *markets in Europe for what we can expect, and I suppose that's what we're seeing in Q1.*

So we'll obviously monitor that as we go through the year and update. On the price mix, again, we're taking a view on really our headline pricing will be ahead of previous years for sure in '22. There will be a mix benefit. But again, that goes back to how quick will we see HoReCa and away-from-home getting back to pre-pandemic levels. We haven't seen that full year '22 yet, and that's reflected in those assumptions. So that's how we're looking at it.

Operator

Your next question comes from the line of Lauren Lieberman from Barclays.

Lauren Rae Lieberman - Barclays Bank PLC, Research Division - MD & Senior Research Analyst

Great. I actually wanted to follow up on that point on HoReCa recovery because -- I guess, assuming that HoReCa is still not yet at 2019 levels this year, how would you maybe break that down between outlet openings or outlet closures, like I say is the way to say it, versus foot traffic? Because I -- my thought has been that you've been gaining share within HoReCa by some of your efforts with customers and your enhanced data and service capabilities.

So I'm just -- I'm surprised and I am trying to gauge how conservative it may or may not be to be thinking about HoReCa is still subdued versus 2019, given that there is strategic investments you've been making in the channel?

Damian Gammell

Yes. Thanks, Lauren. Yes, we're certainly extremely well positioned for the recovery in HoReCa. And we've had some nice customer wins actually throughout 2021. So I think you're absolutely spot on that we're in a good position from a share perspective going into '22. What we're seeing from Australia, New Zealand right across to Europe is that the outlet reopenings are stronger than we originally anticipated.

So I think it obviously differs by market, but we're seeing a lot of outlets reopen. And in some markets, you might have single-digit closures that they just haven't come back for a variety of reasons. So what we are seeing is footfall being the biggest challenge, so -- particularly in cities. I'm not surprised with -- we're still in most of our markets in Europe and Australia, New Zealand, not quite work from home, but come back to the offices, but it's obviously quite slow. So we are seeing, particularly in the bigger cities, outlets reopening, but footfall a bit lower than pre-pandemic levels.

And I think as we go through the year, I think a lot of companies are now talking about being more proactive about getting their people back to the office 3 days a week, and that will certainly bring back to those city centers a lot more life and energy. But that will take a bit of time. And I suppose that's why we're probably slightly conservative because that journey is starting now. Certainly, the U.K. is leading, and we see other markets following.

But obviously, as we get through the first half of '22, we'll have a better line of sight on the second half of the year in terms of where will that HoReCa away-from-home footfall land. And I suppose from that perspective, we've kind of taken a slightly conservative view, but we can *update you as we go through the first half of the year.*

Lauren Rae Lieberman - Barclays Bank PLC, Research Division - MD & Senior Research Analyst

Okay. Great. And then I was just curious on the supply constraints that you called out in Australia. Anything more specific you could share on that front? And is it in particular package size? And do you just think about some of the strategic imperatives you've got in that market in terms of pursuing package diversity, is supply going to be an imperative to that this year? Or is there a progress on that front built into the outlook?

Damian Gammell

No. I mean our Australian business had a great year last year. I mean if you look at the full year, Peter and the team have done a fantastic job. And certainly, that business comes into '22 with a lot of momentum. Some of the challenges were driven by that success actually.

So primarily, in Q4, across all categories in Australia, there was some practical issues around shortages of pallets, believe it or not, and some logistics challenges, but they were very short-term, Lauren. So we -- I think when I look at what the team did, I think we navigated those challenges a lot better than some of our competitors and peer companies. But that was an industry-wide challenge in Australia that we've now got through. And obviously, that's peak season, right? It's summer down there. So that added to that kind of bottleneck. But it wasn't that material in our business and certainly not something that we would see in '22.

Lauren Rae Lieberman - Barclays Bank PLC, Research Division - MD & Senior Research Analyst

Okay. Great. And then final thing, if I can squeeze it in, is just on the pricing -- price/mix outlook. I just wanted to clarify, I think you've said your -- the guidance does not assume second rounds of pricing. And I was curious if France pricing is in the guidance at all or not yet?

Nik Jhangiani

So our current assumption that we've laid out does not include a second round of pricing, but we have not discounted that or put that on the back burner yet, and we'll continue to evaluate the need for that, particularly also as we continue to think about optimizing our promo spend, which I think we've managed that lever quite well during '21 as well. France, obviously, in terms of what we're planning, as I discussed earlier, is in our numbers. And as I said, we expect that we want to continue driving a joint value creation focus with our retailers and brands going forward as well. So that's in -- currently.

Damian Gammell

And just on that, Lauren. I mean we're -- like every company in this environment, we're doing a lot of scenario planning with our GMs looking at second price increases where and when could they come.

So we've been going through that really since last year as we looked into the some of the inflation we had on them. So we'll continue to model that. But obviously, we manage the business, it's a great category. It's a resilient category. We want to make sure that we keep our consumers with us as well. So we'll take that views as we go through the year.

And we are fortunate, as Nik called out, that we have quite a sizable amount of promotional investment that we can look at before we get to the second price increase. So we look at both of those, but I would say with the pragmatic view on the health of the business and the health of the category and our momentum. So more to come on that as we go through the year.

Lauren Rae Lieberman - Barclays Bank PLC, Research Division - MD & Senior Research Analyst

That sounds great. Now it all seems very measured and balanced in a volatile environment.

Operator

Your next question comes from the line of Rob Ottenstein from Evercore ISI.

Robert Edward Ottenstein - Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Beverages Research & Fundamental Research Analyst

Great. And congratulations on navigating through a really tough environment. Just wondering if -- just kind of building on some of the other questions around pricing and taking the other side of the equation. Can you talk a little bit about the state of the consumer in a number of markets. We read about really pretty punishing increases in the cost of fuel and home heating in the U.K.

So I'd like to get a sense of what sort of elasticities you're thinking about, revenue management strategies that you may have now that you didn't have in the past to help recover the input costs given what is happening with the consumer and maybe give us a little bit of a sense of what wage growth looks like in your key markets?

Damian Gammell

Thanks, Robert. I think a year like this is certainly a year where consumers and customers will remember how we treat them. And I think that's the right mindset to have. And I think we've got to take into account that a lot of our consumers are suffering from inflation pressures across a range of different categories, but also on essentials like, as you said, fuel, energy. So we're very mindful that -- we want to keep our consumers with us for the long term. And I think we're lucky that we've created a number of opportunities through our RGM strategies to navigate our cost pressures without penalizing our consumers. And I think that's critical for our customers. And I think that's why we've laid out a combination of pricing for sure, mix and volume. And kind of wrapping around that, some smart RGM strategies around promo spend, pack sizes, et cetera.

So we want to make sure that we keep our consumer franchise healthy and growing, and it's been growing through the pandemic, particularly in the home market, and it's been growing for a number of years, and I think that's what makes this business great. It's a resilient category, but you've got to make sure as, we are with the Coke company that we maintain affordability in the category for our consumers and brand relevance.

And that's our main priority, while being very conscious of protecting our P&L. So we'll manage both of those dynamics clearly to '22, but we are very mindful of that. It's not just about the price of the coke in Europe, it's -- there's a lot of other things that are going up and they're essential, right? So I think we've got to be -- and we are very mindful of being pragmatic around our pricing strategy and keeping our consumer franchise healthy. It's pretty much standard across all the markets, Robert. I mean we see there's a slight variance above inflationary pressure, particularly driven by energy and fuel is pretty consistent across all of our businesses. We are seeing the category continue to perform. It's a great category. It's had great '21. We gained share in a growing category. We see it growing again this year.

And I suppose what hurt us in the '20 and '21 particularly as a bottler with the biggest share in away-from-home across the system, obviously, that's something that will come back in 2022. And I suppose that helps us on the mix side as we kind of look at that balance between price/mix and volume. And that's how we're looking at it.

And I suppose I characterize that it's a year to take care of our consumers and our customers, but also take care of our P&L., and then that's what we're focused on.

Robert Edward Ottenstein - Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Beverages Research & Fundamental Research Analyst

And just maybe can you talk a little bit about what's going on with B brands and private label? And whether -- you guys are generally the premium player in all your markets, whether you feel that you are better positioned today to deal with any kind of customer down-trading than maybe you were in the past?

Damian Gammell

Yes. I mean obviously, the inflationary pressures applied to private label and -- well, to all of our competitors. So -- and obviously, we're keeping a close eye as we always do on what's happening in the market on pricing across all the ranges from our brands right the way through to private label.

So we do anticipate, in line with the overall pressures that they'll flow through to private label as well. So -- and I think that maintains, I suppose, our premiumness, but again, at a level that we believe our brands deserve and the consumers will support. And I think, like in any year, if we saw the drifting, we would take actions to look at that, but we haven't seen that yet.

Well, it's early in the year. I mean, as we'll see as these cost pressures come through what's happening. But overall, we're seeing prices going up across all of our markets. I mean, that's what we're seeing from private label to other competitors. But let's see, but that's what we're seeing at the moment.

Operator

Your next question comes from the line of Mitch Collett from Deutsche Bank.

Mitchell John Collett - Deutsche Bank AG, Research Division - Research Analyst

My question is, in GB and New Zealand, you've said that revenue is already tracking ahead of 2019. Can you maybe comment on what's driving your success in those 2 markets? And given both will probably have still an away-from-home headwind, would you expect to build on that in those 2 markets in '22 as away-from-home comes back? And is there an opportunity to take what you've done in those markets successfully and move it into some of your other geographies?

Damian Gammell

Thanks, Mitch. It sounds like you've been listening in one of my management meetings, as I've always put New Zealand and GB out there. I mean, Chris and the team in New Zealand have done a phenomenal job over multiple years. I mean I think that's a business that we've talked about. The Amatil transaction will be super successful if it helps us transform Europe.

And I think putting New Zealand out there as a benchmark, it's something that we're doing. And while New Zealand has been, obviously, in lockdown from a visitor's perspective, it had a very good year last year overall in terms of the domestic business, and the team down there did a good job managing reopening away-from-home and retail, and that brought the business back ahead of 2019.

I think GB is another success. And I think the team in GB -- we did very well in retail, in online. We did well with our big customers, and I think that certainly supported our growth. And then on top of that, we've seen GB, as I said, lead the way in Europe in terms of reopening. And as GB goes, we see other markets following, to be honest. So maybe a quarter behind because they were a quarter later lifting restrictions. But obviously, Borris was a bit more bullish, and we benefited from that in the second half of last year. and you Can see that in our numbers and particularly in Q4.

So we'd expect other markets to follow suit as we go through '22. We haven't seen restrictions being lifted in Belgium, the Netherlands recently, and we see that in our sales already. We see Germany coming out of some restrictions. And then obviously, as we get into Easter key trading period, we've got Ramadan coming up in Indonesia, so we're well set for that.

And obviously, that's our biggest selling period of the year. So yes, definitely New Zealand, GB are the standouts. And some of the dynamics that have driven that performance are rapid but in other markets. And clearly, that's what we're looking to accelerate.

Nik Jhangiani

And Mitch, just to give you some numbers, if you look at it from an angle of '21 performance relative to '19, away-from-home was down about mid-teens, right? But as Damian said, if you look at both GB and Pacific, GB was down about 4% relative to that mid-teens and then the Pacific, including New Zealand, was down about 1%.

So clearly, a great dynamic of what used to come depending on the speed of that reopening and recovery. So clearly, that should have a positive impact as that happens, but we'll update you as Damian rightfully said, as the year progresses we'll see how that moves.

Mitchell John Collett - Deutsche Bank AG, Research Division - Research Analyst

Really helpful. I do have 1 unrelated follow-up, if that's okay, which is I think you gave the percentage of cost savings you'd achieved in '21, are you able to comment on what percentage you will have baked into the 6% to 9% operating profit guidance for '22?

Nik Jhangiani

I knew you were going to ask that. So yes, we achieved just under 65% to date. And I would say we're probably looking at being able to achieve somewhere between 15% to 18% in 2022, which is baked in. We'll update you through the year.

Operator

Your next question comes from the line of Sanjeet Aujla from Credit Suisse.

Sanjeet Aujla - Crédit Suisse AG, Research Division - European Beverages Analyst

Just a follow-up on the hedging comments. Nik, I think you said in your remarks 1 of the questions that you think there could be a potentially a more favorable window to lock in a great hedging profile. Can you just talk a little bit about what the potential triggers might be -- and is the potential second price increase entirely conditional on further escalation in input costs? Or is there something else that potentially triggers that?

Damian Gammell

Thank you. Maybe I'll just take the second and then back to Nik on the hedging. Yes, I think the second price increase is something that we review based on the cost pressures that we see coming through the year. I think that would be the primary trigger for that.

So as we look at our hedging position, as we look out towards the end of the year, I mean, that's primarily what would trigger that action. We've got great momentum. We're in a great place for our customers. We've got great brand plans with the Coke Company with Monster.

So clearly, that's our priority as we look at Q1, Q2. But we'll keep an eye on that cost pressure. And if that mandates that we need to go back for a second price increase, we always have that option.

Nik Jhangiani

Yes. And back to your question on hedging, as I said, we're well positioned Q1, probably good into Q2, but we've set triggers based on intelligence from our banking partners, from CEPG in terms of what those trends could be for the second half of the year. We've put in those triggers in terms of orders so that we know they can be fulfilled quickly if we move in that direction, and we'll continue to monitor that, right, to be able to lock in a favourable prices versus locking in at current spot today.

Operator
Your next question comes from the line of Bonnie Herzog from Goldman Sachs.

Bonnie Lee Herzog - Goldman Sachs Group, Inc., Research Division - Research Analyst

All right. Damian and Nik. Maybe a couple of follow-up questions to some previous ones. I guess, first, curious to hear if you guys see upside on your top line, either from stronger-than-expected volume and/or price mix as the year progresses, would you let this broadly flow through to your bottom line?

Or would your plan be to reinvest any potential upside into your business? And then maybe a quick 1 for you, Nik, on COGS guidance and visibility. You've touched on this a lot, but -- it's interesting, you didn't give a range, which does suggest your visibility at this point must be pretty good, although it is quite early in the year. So I guess I really just wanted to understand that point and then maybe how conservative your guide on COGS might be?

Nik Jhangiani

I'm conservative. I don't think that's the case.

Damian Gammell

So just on your first comment Bonnie. I mean I think we're fully funded, let's put it that way as we look from the capital side, as Nik called, from a capacity, technology, digital, people. So we've got a great investment plan for '22. So I don't really see the need for more coming in '22.

I mean clearly, we look as we go through the year on what we look at '23, but I think, at the moment, we feel pretty good about our investment line-up, both with our brand partners with KO with Monster, in particular. And from our perspective, against that revenue guidance that we've given today. So we'll update during the year, but it's not something that we see happening in 2022 to be almost.

Nik Jhangiani

Yes. So definitely drop to the bottom line as that top line continues to recover, which we remain very mindful of. On the hedging question, yes, I could have provided a range, but as I indicated, when you're looking at it from an angle of where we're sitting today and where we would have typically gone in around that circa 80% coverage, then we'd be at kind of that top end of that 5% versus the 4% to 5% that we provided. So clearly, if spot prices do not abate and continue to be where they are today, then you're seeing an impact for that circa 20%, which could add probably somewhere between 0.5ppt to 70 bps in terms of that guidance, but we'll update you as we go along. It's probably too early to give you a clear indication on that.

Nik Jhangiani

Back to the point, that's also, Bonnie, that's probably something that would trigger what we need to do in terms as we look at promo spend optimization pricing, et cetera, et cetera.

Operator

Your next question comes from the line of Eric Wilmer from ABN ODDO BHF Corporate & Markets

Eric Wilmer - ODDO BHF Corporate & Markets, Research Division - Analyst

I was wondering if the prospects of rising interest rates could have consequences for your bond refinancing strategy and agenda, especially in a scenario where interest rates reach a certain level that they may start to materially impact your EPS, for example, through earlier refinancings or strategy focused on different maturities, et cetera.

So I guess I'm wondering how should we look at your strategy to protect EPS from a bond refinancing perspective?

Damian Gammell

Yes. Great question, Eric. So we continue to assess various opportunities, both from an angle of our fixed versus floating portfolio as well as opportunities that we see a window to look at extending our maturity profile. I think we're in a great position right now from an angle of debt maturities. We actually don't have to go out to market really until at the earliest mid- to late 2023. And that also would be more around refinancing given the fact that we actually are looking to continue to deleverage and our cash flows are strong.

So both those are very much on our agenda from an angle of, is there an opportunity in the shorter term to move towards some floating as well as lengthening maturity. But I think, right now, as we look at that outlook, I would actually say you'll continue to see with the deleveraging and our current portfolio that interest line continues to come down and actually help us on the EPS perspective.

Operator

Our last question for today comes from the line of Carlos Laboy from HSBC.

Carlos Alberto Laboy - HSBC, Research Division - MD, Global Head of Beverages Research and Senior Analyst, Global Beverages

I'm going to take the hook, I think Nik mentioned that regarding revenue growth management and dealing with inflation, you probably have a few more tools to play with. I was hoping you could expand on that. And -- it may be related to that question, maybe not. But can you link for us revenue growth management to how you're reviewing package evolution and ESG?

And the reason I'm asking is, given Coke's new global refillable targets, how is your focus maybe changing or evolving regarding how you use refillable package sets to supplement what you're doing on revenue growth management?

Damian Gammell

Thanks, Carlos. And, yes. On revenue growth management broadly, I think what you've seen in our numbers on a net revenue per case over '19 gives us confidence that we're certainly in the right path in terms of leveraging a number of tools, but ones that we've talked before around pack size, premiumization of some of our brands, better promo analytics so we can spend our promo investments smarter with our customers.

So we're getting much better at just understanding what really works on promo, what drives penetration, share and value for us and our customers. So all of those tools will become even more relevant as we get into '22, given some of the headwinds we have that we've talked about today. So I think we're well placed. And it's evolving, right? We're nowhere near where I think we'll be bythe end of '22 or into '23. But certainly, it's supporting our business, and we've seen that in our NSR per case.

And so more to come on that. And we're also looking at the refillable opportunity. I mean we have a refillable big part of our business as refillable already across CCEP. So you're looking at the high teens. So when you look at the targets that the Coca-Cola Company laid out clearly, we very much support that. And we see it as an opportunity to obviously meet our ESG goals, particularly carbon reduction.

So it's going to play a big role in our portfolio to achieve that goal. But we also see it as a way to create value. So I think, as you know, in a lot of markets, refillable has been used as an affordability strategy. In Europe, it tends to be more premium and HoReCa, glass positioning. So it can also support your ESG and your net revenue goals. And I think that's what we're looking at is, how do we really play refillable in that space?

And then also in Indonesia, clearly, we will look at it from an affordability perspective and can that drive more brand relevance by getting to some price points potentially that consumers are happier to pay in Indonesia. So Indonesia is probably a more traditional deal refillable.

Certainly, Europe, we see it play a role in a more RGM lens, let's put it that way. And it's something that we're exploring. We're working with suppliers around refillable technology. I think 1 of the big benefits of putting a target, I'd like the Coca-Cola Company did, I think it will allow us to engage even more with suppliers and getting to what I call 2.0 refillable technology. And for those of us who have been in the system a while or in the industry a while, the refillable technology hasn't really moved on compared to the rest of the supply chain. And I see that as a big opportunity. And I think putting out that target gives suppliers confidence that refillable is going to be part of the system's future and should encourage them to work with us to develop better technology in that space, which over time will have the carbon footprint but also should help margins. So a lot going on in that space, Carlos.

Operator

I would now like to hand the conference back over to Damian Gammell for his closing remarks. Damian, please go ahead.

Damian Gammell

Thank you. Again, a big thank you to everybody joining us this morning and this afternoon. Just to recap. We had really strong performance in 2021. And I just want to reiterate my thanks to our customers, but also clearly to all of my colleagues at CCEP for a terrific year in '21 and their ongoing commitment and passion for our business. So that gives us a great platform to build off, and we're very well placed for 2022. As we've talked about today, we are dealing with the near-term inflation pressures. We've got lots of strategies and tools in place to allow us to navigate that. And clearly, we'll continue to update you as we go through 2022.

Fundamentally, it's a great category. It's a great business. It's growing. It's resilient. It's creating a lot of value for our customers and for our shareholders, and we see that continuing through '22 and beyond.

And clearly, we'll get the benefit of a stronger away-from-home business in '22, and we're really excited about that after the last couple of years. It is all about our consumers and our customers. So we've got a really exciting portfolio of brand plans, particularly with the Coca-Cola Company and Monster. So a lot of innovation, a lot of excitement coming through our business. And clearly, we'll continue our journey to be a smarter bottler and the most sustainable bottler. So as Nik laid out, we'll continue to invest in our business, to be focused around our people, our digital journey, our brands and obviously, our sustainability agenda, which remains core to everything we do at CCEP. So thank you, and again, I look forward to talking to you later in 2022, and have a great day, everybody. Thank you.

Operator

That concludes our conference for today. Thank you for participating. You may all disconnect.

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