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EDITED TRANSCRIPT

CCEP.OQ - Coca-Cola Europacific Partners PLC at Barclays Consumer Staples Conference (Virtual)

EVENT DATE/TIME: SEPTEMBER 07, 2022 / 6:15PM GMT

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PRESENTATION

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

We're going to get started. So next up, we have Coca-Cola Europacific Partners and Nik Jhangiani, the company's CFO, with us. So Nik, great to be back in person with you here in Boston. Lots of topics to hit on today. So I'm going to...

Manik H. Jhangiani - *Coca-Cola Europacific Partners PLC - CFO*

Dive right in?

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

Skip the pleasantries.

Manik H. Jhangiani - *Coca-Cola Europacific Partners PLC - CFO*

All right.

QUESTIONS AND ANSWERS

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

I'd love to start off with a discussion of Amatil. We're now 15 months in post the acquisition. Very little stability in the operating environment. It's sort of like you bought a business like online, almost, in terms of the distance. But it seems you have been able to move full steam ahead, not just on integration, but also seeking out opportunities and business planning. So maybe just -- I know we're going to spend more time at the Investor Day in November, but maybe just a little bit of an update on where things stand broadly, and then I'm going to speak more specifically about Australia.

Manik H. Jhangiani - *Coca-Cola Europacific Partners PLC - CFO*

Okay. Great. So yes, it was probably my most expensive online purchase, to say the least, but a truly fantastic transaction, I think, absolutely at the right time for our business and I think for the broader Coke system as well. 15 months into the acquisition, and thank you for asking the question, because everybody seems so focused on shorter-term issues, but it truly has been, in all senses of the word, a phenomenal integration.

I think we got a head start as soon as the shareowner vote happened. So in some ways, we started working together what seems like now almost 19 months ago and did pretty much a really good 3, 4 months' cadence with weekly or biweekly meetings to really think about how do we hit the ground running within the stuff that we wanted to do.

And if you looked across broader API, there were big choices that we needed to make in terms of the portfolio reset, and I think we'll talk a little bit more about that, both in Australia and in Indonesia, but there was also an opportunity to kind of change that dynamic in terms of how we were working with the retail environment and then also how we were thinking about route-to-market capabilities.

And I think the thing for me that was the most amazing was how quickly the team in API, which was really the operating team, because effectively day 1, the C-suite kind of left, right? And how quickly the operating team embraced our approach and strategy, and I think they just liked the simplicity, the clarity that we had in terms of who we were as a company, how we operate, our behaviors, our ways of working, and most importantly, where our focus is.

And so that happened very quickly, which sometimes the cultural integration piece is probably the biggest challenge, particularly when you're doing it remotely because remember, we closed the acquisition, but the first strip that Damian and I were able to do out was actually only at the end of March this year. So effectively, they were operating for a whole year with us doing everything virtually, right? So no, it's been amazing, and I think great results to date, but a lot more to come in the future as well.

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

Okay. Great. I think the greatest area of investor concern that we've heard around the transaction and the acquisition is Australia. And just around this, this is the response, "Don't you know how hard it is to do business in Australia? How can this be a good idea?" And I feel like I heard that quite a bit. What can you tell us kind of about first year of operations there? You mentioned the go-to-market, the reset on retail relationships. So kind of what can you tell us and what you found in terms of working, navigating the notoriously challenging retail environment? And then what you see is the long-term category growth potential within just Australia specifically?

Manik H. Jhangiani - Coca-Cola Europacific Partners PLC - CFO

Yes. So great question because I think if you actually even go back to when we formed European partners, what was the biggest thing on people's mind? Europe, the toughest place to do business, the most horrible retail environment, all that kind of stuff. So in some ways, it was that same tune now being played over again in terms of, oh, now you're taking on Australia.

If you step back and look at what we've been able to do in terms of the value creation story with our customers in Europe, right? That gave us a lot of confidence in terms of being able to rebase that relationship with the retailers in Australia. And they're no different when you think about the market in terms of 2, 3 large players, right? That's effectively what we deal with in most of our markets in Europe as well.

And it was about bringing to them that mindset around joint collaboration, around innovation, around the fact that actually over promoting our products and actually diluting the brand equities wasn't in their best interest, nor in ours, right? And there was a huge category growth opportunity that we went leveraging, right?

One of the things that was really interesting when we looked at this acquisition was the demographics of Australia. They're actually a lot more attractive than you think about Europe as well, right? Younger population, higher growth in GDPs, the fact that actually the NARTD category had probably a higher level of growth. When we looked at that circa 3% in Europe, this was more like that 4% to 5% in Australia and New Zealand. So the attractiveness of the category meant that we could have a very different dynamic and discussion with the retailers.

And let's be honest, we also use the card of being the new sheriff in town and told Peter West, hey, listen, go out and say, "Hey, we've got a big bad ugly CEO and CFO who's sitting in London, who just won't accept this anymore, right? But I think the proof is always in the pudding and what you can demonstrate to them. So showing them what we were able to achieve in a market like GB, which is quite similar to what they see in Australia. And being able to work with them dynamically and look at how we look at not just headline pricing dynamic, but also how we look at promo intensity, depth and frequency, right?"

And the fact that we've been able to pull back from what was ground numbers, 50% promo depth 50 weeks of the year to cutting it down to 40% promo depth in maybe 30 weeks. And actually, even in some instances moving that depth down to 30% without impacting volumes and being smarter around how we were looking at promo on packs depending on the level of the competitive dynamics for that particular pack in that particular catchment or ZIP code, and I'll come back and talk about that in a moment, has really played out well, because we've actually been able to grow share, continue to grow household penetration, right, despite the fact that headline rate and mix realization and that promo depth and frequency having come down has really resulted in just stronger value creation for us, but for them, and margin improvement for them. So it's a great story, right?

So 5 years in a row, we've been the #1 value creator versus FMCG in Europe. When we look at it now and we started measuring that in Australia as well, we're the #1 value creator in NARTD. I really want to take that to becoming the #1 value creator and FMCG as well. So there's a lot more that we can do.

But there's also great learnings that we've brought over from Australia over to Europe. And 2 great examples I can give you, I've alluded to this a little bit, was they took a much more granular approach with how they looked at a retailer's performance. So as opposed to looking at how was Woolies doing and how were certain brands doing, how were certain promotions doing, and how was the category doing, they started looking at it by ZIP code or post code and trying to see, well, why was one Woolies in a certain catchment or a post code doing differently from another? And what learnings could we take, or how did we need to tailor our assortment or our promo strategy in terms of how do we appeal to that type of shopper or consumer coming in there.

And we brought that into Europe, which has been some great learnings for us in terms of thinking about how do we actually improve and drive our performance but the retailers' performance within those certain post codes as well, where we might be not as strong versus competition, or our offering isn't the right offering, et cetera.

The other thing was great level of work that they've done in channel profitability. They very quickly had embraced our subsegmentation of home and away from home, but they actually had a great tool by looking at the profitability within those subchannels all the way down to the operating profit level. While in Europe we were looking at it at a full delivered margin, big difference there is actually a cost to serve in your away from home is so much higher that sometimes you're not necessarily allocating or making the right choices in terms of where you spend your capital or where you deploy your capabilities, right, based on looking at it from that perspective.

So great learnings coming across to us as well, which has been truly a strong part of this acquisition. And I think Damian had said it, and I think it really holds true. This acquisition was not just about us buying Amatil, but it also had to make Europe stronger. And clearly, that's some of the stuff that we're doing as well, that cross-pollinating talent, learnings, best practices, et cetera, which is great.

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

Okay. Great. So in addition to integrating these new territories, right, you've been operating in a rather dynamic environment. So as you look back over the past now 2.5 years and including the current cost environment, what has maybe been your biggest positive surprises in terms of how the business has fared? And where do you see areas where you can develop further resiliency?

Manik H. Jhangiani - Coca-Cola Europacific Partners PLC - CFO

So I have to say, if I step back and I look at supply chain and procurement organization and how they've been able to adapt literally on a day-to-day basis and hour-to-hour basis in what is a very dynamic environment has been phenomenal, right? And that comes through when we look at Advantage surveys and when we look at our service levels, with ultimately it's all measured by are we getting our product delivered to our customers on time, info and invoiced correctly, right? So our service levels definitely are a lot lower than where they were in the past. But when you compare it to a lot of our competitors, we're significantly better, right? And that comes back to the dynamic nature in which our supply chain, our customer service, our procurement teams have worked collectively to ensure that we get product on shelf. So that's been an amazing area.

The other piece is obviously how strongly and how quickly that away from home business has bounced back. I think if you step back and go back 12, 18 months, there was a lot of concern around, is that away from home channel going to come back? Are those outlets going to reopen? And today, across our markets, you've got 90% to 95% of those outlets that have reopened and the traffic and footfall has just been growing tremendously. Yes, clearly supported by great weather. Yes, clearly supported by return of a fair amount of tourism. You've just come back from Spain, you probably saw that, right?

But having the ability to respond to that is critically important as well, right? So if there's demand, being able to fulfill that is critically important. So I think the combination of those 2 coming together has been strong. We've been able to gain market share. We've been able to drive a deeper household penetration. And very importantly, if you look from a volume perspective, we're actually back to our 2019 levels in away from home. And from a revenue perspective, even ahead of that.

I was chatting at one of the earlier meetings and we were talking about pricing. And I said, you have to step back and not look at pricing just in isolation in one given year, right? We've had a 5-plus year journey in Europe of taking consistent price in terms of rate mix benefit. And that's helped, right? So when you look at us versus even our '19 levels, right, even though we had a big drop off from a mix perspective in away from home, we were actually ahead of our '19 levels, right, even in 2021, let alone '22, when this volume has all come back.

So I think the resilience of our business, the fact that we've been able to gain back share, gain back that traffic. Household penetration is strong. The robustness of the home channel continues to be very strong and I think that's really going to help us when you think about what potentially could be some recessionary impacts. I'm sure we'll talk about that a little bit. But just the diversification of what we've done in terms of our pack offering in the home channel really touches on spectrums of affordability all the way to premiumization, right? So a lot of companies are grappling today with how do we think about that? I think it's just about Smart RGM in terms of the packs that we have and how do we leverage that going forward.

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

Yes. Okay. On this notion of building resiliency, you've made it through the demand shocks, but costs are now, I think, the big investor worry, even more so, I think, than consumer recession. On your conference call in August, you talked a little bit about building out your own contingency plans and coordinating with suppliers on theirs, which is an interesting perspective, like the planning ahead for the operating environment to possibly get worse. I think that's the #1 question I get asked about CCEP today is the European cost environment and availability of energy, frankly. So what can you tell us a little bit more about this work, this kind of contingency planning and sort of what's embedded in your current outlook for flow-through inflation from suppliers?

Manik H. Jhangiani - Coca-Cola Europacific Partners PLC - CFO

So I think we try to take the best approach that we can in terms of how we're working collaboratively with our supplier base, right? Because today, for me, if you think about the procurement team, typically, we've always measured them by how well they've been able to manage costs, right? And I think that's not something you move away from. The continuity of supply is probably more critically important given the fact that I just talked about, having product on shelf, right? If I don't have product on shelf, what am I doing if I have a great price of a commodity or a raw material out there, right?

So continuity of supply is so critically important that we've been working with our suppliers, but we've also been doing the right things in terms of protecting ourselves in certain eventualities. So to use an example, we know that freight has been an issue, right, in terms of logistics and freight. So if there's going to be issues in terms of getting product into my facilities, I'm happy to take on some more inventory, particularly where that might get rougher? So that's one element.

Another element is, for instance, we know if you think about Germany, which is one market that probably has the most dependence and the linkage to the gas and power supplies, given the whole Russia-Ukraine issue, we recognized that quite early as a potential risk. And what we started doing was putting in boilers into each of our plants, so that we had alternative sources to run our facilities, right? Now someone might have sat there in

February and March and challenged us, well, why are you spending x million in CapEx to do that. It was a choice that we made and probably a calculated risk in terms of the fact, yes, it's x million in CapEx, but I'm going to do it. And if I don't need to use it, not the biggest issue, but at least I have that backup and contingency, right?

So those are just some of the examples of how we're thinking about what we can do and then how we're working with our suppliers to ensure that it is, again, in the same way as we have with our customers about collaboration and a partnership. It doesn't really help me if I'm going to try and squeeze my supplier because there's only 2 things that can happen. Either they go out of business because they can't supply anymore, and that's not great. Or all they do is try and pass on a huge increase to me next year, which isn't great either, right? So I'd rather be able to manage that in a more dynamic way with our supplier base, because it's about working with them for the future, right? So we're working with them on contingency plans. We're working with them on alternate sources of supply, right?

Because again, if you go back to how you measure the procurement team, and you think about cost, well, the more I could give to a certain supplier, the more value and the more discount I could get, that was the best thing. Well today, is that great to have just 1 supplier or 2 suppliers when I might need 7 or 8, right? And that's where I think the beauty of the Coca-Cola system and the cross enterprise procurement group and how we can collectively work together, right, to talk about alternate sources of supply, or where there might not be the same pressure points, for instance, with my colleagues here in Mexico, and I'll grab them and say, "send these into tough", or with my colleagues at Hellenic and I think that's the whole beauty about that system and how we can collaborate and work together. And that cross enterprise procurement group has really proven to be tremendously valuable at a time like that.

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

Have you been tapping into that more? The sources of the company?

Manik H. Jhangiani - Coca-Cola Europacific Partners PLC - CFO

Sure. Absolutely. I mean, there've been instances where we've got tankers of CO2 coming in from other parts of outside our territory to be able to support us, right? We've looked at gas supply that's coming in from different parts. We've looked at can supply, right, even from Münster, for instance. It's coming in from some of the different parts of the system that don't necessarily have those same issues or the capacity is there, but you're paying a little bit more for the freight to get that product across, et cetera. But again, back to that point, continuity of supply is critically important.

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

Okay. On that topic, CO2.

Manik H. Jhangiani - Coca-Cola Europacific Partners PLC - CFO

Yes.

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

Sorry. you opened that can up. So just any thoughts on CO2 access, just an update on that front because...

Manik H. Jhangiani - *Coca-Cola Europacific Partners PLC - CFO*

Listen, again, in the same way as I've talked about us trying to literally firefight and deal with these issues every day, something new crops up every day, right. And the resilience of the team to kind of deal with it and figure out alternative sources of supply has played out well. So all I would say to you is if it was a bigger issue, we'd be calling it out and be diligent, right? That's the challenge with, you know, one big Bloomberg article or one headline on Bloomberg and suddenly the world is falling apart and there's no CO2 and suddenly we've no product. Bull(expletive), right? That's not the case. And we've worked through figuring out how do we protect ourselves and get that contingency in place. So not an issue. I mean am I concerned about it? Absolutely. Are we doing the right things to protect ourselves? Absolutely.

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

Okay. Great. I think with those competing macro headlines, sustainability has sort of -- well, environmental sustainability has taken a back seat, even though there's plenty of business sustainability to be discussed. So can you just talk a little bit of progress on the 2040 net zero target? I know it's a big part and a big focus of the company and how everyone at CCEP operates every day. So whether recent volatility has kind of impacted medium-term planning, contingency plans that may impact that.

Manik H. Jhangiani - *Coca-Cola Europacific Partners PLC - CFO*

Yes. I mean, listen, I think we set out some bold targets and ambitions, and more importantly, to your point, for us, ESG is so integral as a part of our strategy, if you think about it, it's either the ingredients in terms of sustainable sourcing of those that go into our product or it's actually the packaging, right? And it's a part of who we are in terms of what we put out. So it is a part of our everyday DNA when we think about that, and it's very much correlated for senior management because you also want the first few companies to put that into our long-term incentive plans as well, right?

So I think from an importance and focus, clearly top of mind for us. Where are we? I mean, I think still early days from an angle of really having a clear glide path of how we're going to get there. But I think, are we doing the right things in areas that I can call out? So 3 of our plants are now carbon-neutral facilities, and we'll continue to accelerate on that. We have really made huge progress on our commitments on use of rPET, right? And we actually were able to go out and reset a target and get there even planned 2 years earlier than what we had initially laid out of 2025. And actually, we're already ahead of that even before 2023 in terms of that 50% rPET use.

And that's not just great from an angle of the fact that we're using rPET. Actually, from a sustainability angle, and actually the production of rPET, it actually is a much more sustainable process versus vPET when you think about the energy intensity there as well. Package-less solutions is what we're looking at there, or returnables, right? We have a big returnable business in Germany with a returnable 1-liter PET. We have a big glass returnable business. We've transitioned all of our HoReCa glass in France to returnable packages from one-way. Okay? So there's lots of things that we're doing when we think about where our carbon emissions are coming from, because 45% of this is packaging, another 25% is about sourcing and supply, right? So if you think about if you're addressing that 75%, 80%, right, in even small increments, it can have big impacts in terms of what you're able to do. Tethered caps, we've moved to tethered caps in Germany and GB, which then allows for easier recycling of that product, right?

The biggest piece that we'll continue to drive is really much more of a lead to a circular economy, right? So 5 years ago, 4 years ago, I would have said, we would have challenged if people asked us about deposit recovery systems, right? Actually, today, we're leaning in and trying to encourage governments, with the experience that we've had in markets like Germany, with the experience in the Netherlands, in Scandinavia, where the collection rates are 98%, 99%, right? They're supported by robust, well-designed deposit recovery systems that allow for the collection of that material and then the recycle and reuse of that material, right? So those are some of the examples of things that we're doing more on the environmental side. Lots on the societal side as well that we're proud of. But very much committed to our journey and nothing that I would see that derails us.

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

Okay. Great. We'll completely shift gears just to something that's been very topical, which is pricing. So I think you implemented some additional pricing this summer, in July and August. Can you just remind us kind of what that action brings you in terms of aggregate list price increases you've taken for '22? And you've already done '23. I think this would be kind of when you're engaging in those customer discussions for what might come in '23?

Manik H. Jhangiani - *Coca-Cola Europacific Partners PLC - CFO*

Yes. So we took a second round of pricing in Spain and in France in July, August. And actually, as we speak, we're live in those discussions in Germany and GB with that going, being discussed relatively well right now. I won't talk about an aggregate number because I think there's so many elements of what you're looking at. It's not just about looking at headline pricing, and it's not a one size fits all. So we don't just go into retail and saying we're taking a 5% increase in all our packs. It's very much, I might be doing nothing on PET, and I might be doing 7% on glass and 3% on cans, right? It's going to vary, and it's going to vary depending on the channel and the elasticity that we see, et cetera, as well.

So that's again where we've been very smart and surgical with how we look at those opportunities, because ultimately what's the retailers' concern, right? You're going to impact elasticities or the relevance of the category and that's going to have an impact on volumes of footfall or traffic, right? And we don't want that, they don't want that, right? So we've got to do it in a smart way. For us, it comes back to my point earlier around the fact that we have been taking pricing year-on-year. And I had a discussion with some of our investors earlier today as well. Is it better to take one big increase? Or is it better to break it up into smaller increments. And I think it's much better on the latter, because not only are you managing that dynamic with your customer, but ultimately, you want them to be able to pass that on to shelf, right?

I don't want that eating into their margins. But ultimately, they'll come back to me at some point to say, margin recovery, right? So how do we work collaboratively together where there is opportunity to be able to drive that pricing on shelf higher with limited impact on volumes, right? But then how do you also continue to play that promo efficiency card, right? Because you can always flex that as you go ahead as well, right? So if you think about affordability versus premiumization, well, there might be certain packs, if I think about what might come, where I might have to play up that promo intensity depth or frequency for a period of time, but not necessarily across all my packs in a particular retailer or channel, right?

So that's what we'll continue to work through to ensure that, that portfolio of brands that we have and packages that we have continue to remain relevant to that consumer base that is shopping for those, right, whether it's a premium shopper, a more affordable and value-conscious shopper, whether it's someone who's an occasional or a light drinker versus a heavy consumer of our products, right? And that's what we'll continue to play with.

One of the things that I think I'd like to talk a bit about, which is linked to this and comes back to that pricing piece is why is that business so different today versus 10 years ago, 12 years ago, you think about a recessionary environment. If you go back to 2008, '09, our business and our business model with the Coca-Cola Company was very different, right? It was a volume-led business where effectively you were still driving large packs at deep promotions, right? Clearly, all that's changed when you think about the model with the Coca-Cola Company.

But it also allowed you to think about packages to maximize revenue realization and hence came about that diversification of packs, right? So it links back to my point earlier that you have a full range of packs. While a lot of companies today might be struggling to think about how do we need to reposition the brand, the pack architecture, right? We've got that in place. It's about flexing promos and pricing on each of those packs that we have, but it's available, right?

The other thing that's quite different, I think, in the past, there was a lot of concern around down-trading into private labels. And that's still always a concern, right? When consumers hit hard, where do they strain and cut back on. Fortunately, within FMCG, NARTD continues to be quite robust in terms of brand equities and brand preference, right? But that's not to say that isn't the risk in terms of down trading. But when you do see down trading, it typically happens in a couple of categories first, water, juice, and as you recall, we've actually exited a lot of those categories in the last 5 years, right?

Our mode of business is primarily an on-the-go or HoReCa business in immediate consumption packs, right? The other area that you typically end up seeing that is a little bit in flavors. But if you think about the strength of our flavors portfolio with Fanta and Sprite versus where we were 10-plus years ago, very different brand equities, as in much stronger, right? So I think lots of those angles also have us in a business model and a brand and pack offering that makes us a lot more robust today versus what might have been past recessions that people are thinking about.

And the last area, I would say, to you is what you might see in terms of a shift in consumption patterns, right? People going out less, right? So typically, if they're going out 3 days a week, they're going out 2 days a week now. They typically will still spend that same ticket size when they go out, but they're spending it less because they're going out twice instead of 3 times. What's actually worked out very well that we saw during the pandemic was that move towards trusted brands and that home consumption pattern. So it's interesting because when you see a shift, it might be a shift from away from home into home, but more premium packs at home that they're consuming, versus again in the past some years ago, where it was an automatic default to buying a large 2 liter back on discount, right, type of thing. So I think there's lots of different things when you think about that pricing, that promo, that pack offering that we have that I think really positions us very differently to what you've seen in the past.

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

Yes. And then you mentioned earlier the learning from Amatil back to Europe of by ZIP code or catchment or by store management. And I think you also referenced it briefly under your last conference call. So are you yet at a point where you can implement that also, not just in terms of real relative strength versus competition, but frankly, the socioeconomic realities of a given store versus another. So if you're managing affordability...

Manik H. Jhangiani - Coca-Cola Europacific Partners PLC - CFO

Absolutely. Because when you're looking again back to that granular level of performance of a certain type of format in a certain post code, you can alter your offerings and your promo intensity or depth or frequency for a period of time to be able to appeal to that, right? So you're getting much more granular in terms of how you're looking at your whole pricing and promo strategy, not just in a market, but within a market, within a retailer, within a post code type of thing. So yes, no it's early days, but exciting.

Yes, there's a capability and there's already a lot of mapping that's happened to understand where will we go relative to competition within a certain retailer within a certain post code, right? So Belgium and the Netherlands and GB have already done a big mapping. So now it's about, okay. So it's about, okay, so what? And what do you do now about it, right? And those are some of the actions that we're starting to take now.

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

Okay. Great. Consumer behavior. So as you mentioned, weather across Europe has been, kind of it's good. It's hot. And it's busy. So kind of what can you tell us in terms of trends as the summer has continued and whether or not you're yet starting to see signs of trade down or changed behavior among the European consumer base.

Manik H. Jhangiani - Coca-Cola Europacific Partners PLC - CFO

Yes, I'm going to sound like a broken record, but so far, no, nothing, which is great, right? We talked in July or in early August and the August trends continue to be very strong and September started up strong as well. So no, no changes in terms of consumers' appetite to go out and consume. Travel has been strong, hotel bookings. I mean it's not like people have canceled. Restaurant bookings continue to be robust and solid, and nor are we seeing any shifts in terms of down trading right now.

Are we constantly looking to see the signs of those, et cetera, so far none. I think part of it, and I hate to say this, but it becomes a bit of a media frenzy, right? You put on the news and all they talk about is the cost of living crisis. And then in some way, does it automatically start playing on people's minds as opposed to not feeling anything, but should I be feeling something? Or I'm not thinking about something and should I be concerned about it, right? So to date, no.

But as I said, I think our business is a lot stronger and a lot more different and robust to be able to weather through this. And I think one callout that I'll make that I think is very underappreciated is the fact that even in a COVID year, where we had 70%, 80% of our away from home business shut down overnight, if you looked at us as there from the pro forma of where we were as today, Europacific, we still would have generated \$1.2 billion of free cash flow, right? So our free cash flow conversion and the ability to look at areas of discretionary spend to also protect our free cash flow delivery is something I think that's quite underappreciated. That will play out well for us.

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

And what would you say is the, in our final minute, kind of what's the opportunity or thing that you're probably most excited about over the next -- we're sitting here a year from now in person, what's the thing you're most excited to tell me about?

Manik H. Jhangiani - Coca-Cola Europacific Partners PLC - CFO

So listen, I think it's just really about all the things that we're doing that are actually helping what is our core business get that much stronger, right? Whether it's about availability, much better execution, the challenge that we're bringing across our markets, the challenge that we're looking at when we look at other coke bottlers and how they're doing and what can we bring in. Ultimately, executing best-in-class in our core sparkling teams energy is what's going to really help us win. We're excited about new categories. We're looking at coffee. We're looking at the whole ARTD space.

But ultimately, I always believe your license to do well in those is only based on how good and strong your core is, right? It comes back to some of the choices that we're making in API, right? There was too much distraction. There were too many things that we were trying to do. And let's focus on the core. If you focus on the core, if you focus on the basics and get those right and well, I think there continues to be tremendous opportunity for us, not just today, but 12, 18 and 36 months from now.

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

All right. Great. Nik, thank you so much for being here. Please join me in thanking Nik, and thanks again, Nik.

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