COCA-COLA EUROPACIFIC PARTNERS
Q1 2024 Trading Update
Analyst Call Transcript
25 April 2024

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 first-quarter trading update, 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. 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 an adjusted comparable basis, thus reflecting the results of CCEP and our Australia, Pacific & Southeast Asia business unit (APS) as if the Coca-Cola Philippines transaction had occurred at the beginning of this year, rather than in February 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, to our first quarter. I am pleased with how the year has started reflecting our great brands and great in-market execution. All delivered by our great people at CCEP.

I would therefore like to start by thanking everyone at CCEP for their continued hard work and commitment to our business, also our customers and brand partners who support CCEP.

Back to Q1. We achieved solid top-line growth of 5.3 percent, with volume growth of 2.0 percent and revenue per unit case of 3.4 percent. This reflects a more balanced revenue growth, compared to last year, through volume and of course price/mix. Our volumes reflect strategic choices we have made in our portfolio, the cycling of strong volume growth in Europe and a great start to the year in APS, especially in the Philippines, our newest market.

Our diversity today truly makes us a stronger and more robust business, with around 30 percent delivered by our APS operating unit.

So, given our good start to the year and our confidence in the balance of year, we are also today reaffirming our guidance for full year 2024 which I will touch on a bit more later.

First on volumes, up versus last year and versus 2022.

Volume growth versus last year was driven by APS, up 8.1 percent. Given its size in the context of CCEP, we are now providing a bit more disclosure of Australia/Pacific versus Southeast Asia, as you will have seen in today's release.

The strong momentum in Australia and New Zealand continued over the summer period despite tough comparables, cycling a strong Q1 last year, benefitting from industry wide supply constraints as well as the last quarter of strategic bulk water exit in Australia, effective from Q2 last year. Excluding the impact of this strategic exit, underlying volume for Australia

Pacific would have been broadly flat. And from a brand perspective, we saw good volume growth in Coca-Cola TM, Fanta and Monster.

I'll turn to Southeast Asia. The Philippines had a strong start to the year, delivering double-digit volume growth with solid share gains. Although we were cycling our softest quarter of last year, underlying market demand remains strong. And, given our proven track record of integrating new markets, you will not be surprised that the Philippines has transitioned seamlessly into the CCEP family since the deal closed in late February. From a brand perspective, we saw double-digit volume growth in our Coke TM, and solid growth in Fanta and Sprite. And we also launched Monster and Predator in the Energy category.

Indonesia also delivered good volume growth, with the SKU rationalisation now complete, delivering encouraging sparkling volume growth of over 10 percent alongside transaction growth, albeit supported by an earlier Ramadan festive period. The recent launch of Coca-Cola Zero Sugar and Sprite Zero also remains encouraging. And alongside sparkling, we continue to look at the RTD tea opportunity as part of our long term transformation journey with The Coca-Cola Company.

Whilst Europe volumes were down 1.4 percent, we were cycling our toughest comparable of last year. If you recall, we delivered 5 percent volume benefitting from the tail end of covid recovery in Northern Europe, Germany and Iberia. We did see a slower start in what is typically the smallest quarter for our away from home channel, but we were cycling volume growth of 8.5 percent and of course the weather also played a part. In contrast, our home channel volumes grew versus last year. On a two year view total volumes for Europe were up 3.4 percent. And, from a brand perspective, we saw volume growth in Coca-Cola Zero Sugar, Sprite, Powerade & Fuze tea.

Alongside Australia as I mentioned just now, volumes in Europe also reflect our strategic portfolio choices, including our transition out of the Capri-sun brand which started in March this year. These are the right decisions as we continue to be more choiceful on where we want to play for the long-term, to ensure we continue to grow our business both profitably and sustainably.

Excluding the impact of these exits, underlying volume for Europe was up on a two year basis up around 4.1 percent versus 2022.

Consumer spending has held up reasonably well, we fully understand that some of our consumers continue to feel the squeeze. We continue to focus on the needs of our consumers, driving great execution both in the Home and away from home channels, and working closely with our customers to remain affordable and relevant for all of our consumers.

We have great brands across a broad price pack architecture, which enables shoppers to access our products across a wide spectrum of price points. It is essential now more than ever that we continue to balance premiumisation for those that seek it, with a more affordable offerings for those that need it.

One example is in Spain, we activated a popular and affordable price point on the iconic 2 litre pack in the Home channel to continue to drive frequency and household penetration and address some of those cost of living pressures. And in GB we worked in partnership with Domino's to activate a 'with pizza' promotion, driving positive results thereby supporting value share gains within the away from home channel.

So, our top-line performance demonstrates the strength of our brands and the resilience of our category. In fact, the NARTD category continues to be one of the best performing categories across FMCG, growing in value terms over 6 percent in Europe and 18.5 percent in APS.

I did mention earlier that I am confident about the rest of the year and beyond. We are building on our momentum as we head into Europe's key summer selling season, including many great opportunities, as you know, to engage and excite our consumers. Our plans are fully in place to leverage the Euros in Germany, the Paris Olympic and Paralympic Games and the 37th America's Cup in Barcelona! So lots of excitement ahead for our consumers in Europe.

Moving now to revenue per unit case which was up 3.4 percent, this reflects our continued focus on revenue growth management, positive headline price and promotional spend optimisation through data and *analytics. Favourable pack mix also contributed to the growth, led by the outperformance of Monster.*

In Europe, our revenue per unit case was up 5.6 percent. We continued to benefit from the pricing we took in the second half of last year in GB and Germany and have already successfully executed pricing across most of our other markets.

In APS, revenue per unit case was up 0.2 percent reflecting headline price increases but offset by geographic mix. This was driven by our strong volume growth in the Philippines, which is at a lower revenue per unit case. For Australia/Pacific, revenue per unit case grew more in line with Europe.

We continue to believe that with our great brands and best in class capabilities, we will continue to at least maintain or grow our share of the category. Overall, we gained value share both in-store and online in NARTD. And we continued to create value for our retail channel customers within FMCG and NARTD. For example, we have delivered over 2.6 billion euros of value growth over the last 3 years in Europe.

On our portfolio, we continued to invest in our core brands, and launched focused innovation. All in line with our expanding portfolio by focusing in on where we want to play for the long term.

Our Coca-Cola trademark performed well, up 2.4 percent. In Europe we launched our lemon flavour extension, available in both regular and zero variants.

Monster outperformed driving overall Energy volume growth up 7.5 percent, on top of the impressive 15 percent growth it delivered last year. Fantastic innovation continues to drive recruitment and distribution, building on the launch of Monster Green Zero and the launch of Monster Bad Apple and Reign Storm.

Our Sports volumes grew 4.3 percent despite strong growth last year, led by Powerade across all European markets, this was supported by great activation and continued favourable consumer trends in this category. We will continue to build on this momentum with the exciting pipeline of sporting events in the coming months.

And finally, in ARTD, as we diversify our business to address different need states, we are building on the excitement and encouraging results of Jack Daniel's and Coca-Cola, having now launched Absolut & Sprite in GB with further markets planned over the coming quarters.

So back briefly to our full year outlook.

Given our good start to the year delivering volume and revenue per unit case growth, and our confidence in the balance of year, we are today reaffirming our guidance for the full year 2024.

We continue to anticipate full year revenue growth of around 4 percent, again more balanced between volume and price/mix compared to last year. Operating profit growth of around 7 percent, supported by our ongoing efficiency programmes, and our strong free cash flow generation of around 1.7 billion euros.

Our guidance, combined with today's interim dividend declaration of 74 euro cents per share, clearly demonstrates the strength and resilience of our business, as well as our confidence in delivering shareholder value.

We are well placed for the full year 2024 and beyond, continuing to invest for the long-term. Our disciplined investments in our people, our portfolio, our digital capabilities and of course our sustainability agenda. You will see a few sustainability highlights in today's release.

To close, I would again like to thank our customers, our brand partners, and our great people, whose hard work and commitment mean we are able to go further together to deliver for all our stakeholders.

Thank you for your time today. Nik and I will now be happy to take your questions.

Over to you operator.

QUESTIONS AND ANSWERS

(Operator Instructions)
The first question today is from the line of Matthew Ford from BNP Paribas Exane.

Matthew Ford - BNP Paribas Exane, Research Division - Research Analyst
My question was on Southeast Asia and the performance you've seen there. So clearly, very strong growth in the quarter. And this is, I suppose, the first real quarter of Philippines and Indonesia, both making a positive contribution.
There was quite a lot going on there, whether it was the early timing of Ramadan, the comps in the Philippines. But I was just wondering if you could kind of pick it apart and say what are you most pleased with in those markets? How much of the growth that we've seen in Q1 should we be thinking about kind of extrapolating forward into Q2 and beyond? And how much of that growth was kind of benefiting a little bit from kind of low-hanging fruit, for example, in the Philippines? Any thoughts you have there would be great.

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director
Well, actually, Nik and I are just back from Indonesia. We were there last week to spend time in the business. So it was great to be there after a good first quarter. So clearly, the guidance reflects how we see those markets for the rest of the year. I do think it's great that we could enjoy such a strong quarter.
There are a couple of, I suppose, elements to call out. One, Ramadan was earlier. So we did benefit in Indonesia from having an earlier Ramadan. And secondly, as I called out in my comments, we had a weaker Q1 last year in the Philippines, so the comps were beneficial.
Having said that, the underlying momentum in both of those businesses is strong. What I'm particularly happy with is the Philippine integration has gone really well and the business has performed strongly and the team feels very much part of CCEP now, obviously our largest market. So a lot of excitement there.
And clearly, we've made a lot of changes in Indonesia and we will continue to do so. So we're still on a transformation path in Indonesia. Our next big focus is on the tea category. I feel pretty good that we've focused more on

Sparkling over the last 18 months. We've seen that in our results, both in terms of volume and transactions. We'll now, with the Coca-Cola Company,

look at our tea platform. So more work to do in Indonesia, but clearly happy for the team, and particularly, locally, to see the results that we could deliver in Q1. So yes, a strong quarter helped by comps, early Ramadan. But that underlying momentum we've reflected in our full year guidance. I hope that helps, Matt.

Nik Jhangiani - Coca-Cola Europacific Partners PLC - CFO
So Matt, just on some numbers to give you a sense there. Really -- clearly, you're seeing much, much higher growth in Philippines for the comps. But I think that normalizes. So when you think back around the category growth being in that circa 7% to 9%, I would say from a revenue perspective, we would clearly be looking at getting back to that at a full-year basis. And that's very much then volume driven largely.
And then Indonesia, as Damian said, a great start with Sparkling. We'll continue to track well through the year. And you'll probably see similar levels going forward as well. But as Damian said, built into the guidance that we've provided, which we've held...

Operator
We'll now take our next question, and this is from the line of Simon Hales from Citi.

Simon Lynsay Hales - Citigroup Inc., Research Division - MD
So a clean and encouraging start in Europe for the year despite some tough volume comps. I don't know if you can just talk a little bit perhaps about how Q2 has started and how consumer confidence is evolving, as you noted. Perhaps there's some -- is there signs of an improvement around the edges there.
And maybe more specifically, as we head through Q2 and Q3 -- Damian, you talked about obviously the activation that's coming around the Olympics and the Euros, et cetera. How should we think about the impact that will have on your business? Is it more of a brand-building exercise? Or is it really an opportunity to drive higher volume and crucially higher value growth through the period?

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director

Yes, I think when we look at Europe in particular, a couple of things that I'd call out. We talked about the comps in our comments, and I think we had a great Q1 last year. So I think that's a reality. I'm really pleased with our unit price per case evolution in Europe. I think if you look at the growth that we've delivered on our price mix, I think that's great, and it sets us up for a solid rest of the year from the price mix, which really leads back to your kind of question around volumes.

So when I look at volume in Europe, it's really, I think, 2 elements that I'd call out. One, our retail volume has held up well and we continue to create a lot of value in retail online and in-store. I think the area that we've seen been slower has really been in the out-of-home channel. Obviously, we'd expect that to pick up as we go through Q2 and into the summer. Part of that, for those of us living in Northern Europe, is clearly we haven't really enjoyed the spring yet. So I think everybody is looking forward to brighter days ahead and a more normalized summer. We're well settled for that. So I think we're gaining share in away-from-home. We've got some good customer wins. So as that market opens up, I think we'll really benefit.

On the back of that, to your comment, we've got a number of assets that are giving us a chance to engage with our consumers and our customers through the summer, the Euros, the Olympics. Generally, they are really -- your first comment is really more valid. They are really brand-building opportunities and they do help us to bring in new consumers, connect with our loyal consumers, and to kind of build the image of our Coca-Cola brand, both in Zero and regular. And that's what we will focus on.

We do clearly leverage it to get more space, particularly through displays, drive more activation, more promo space. And that does benefit. But I think the long-term benefit is really that connection through the brand building. But we're obviously focused on leveraging it for volume and for revenue as much as we can. And again, we factor that in as we look through our guidance for the rest of the year.

Operator
We'll now take our next question, and this is from the line of Lauren Lieberman from Barclays.

Lauren Rae Lieberman - Barclays Bank PLC, Research Division - MD & Senior Research Analyst
Two separate questions. First, which is a little bit, I think, of a follow-on from what Simon was getting after. But I noted the language in the release statement. You said you're maintaining guidance despite a dynamic outlook. And so I just wanted to get maybe an update on said dynamic outlook, what you're kind of read is on the consumer.
And then when you talk about affordability and managing the portfolio and premiumization versus affordability, what's your -- I guess, your KPIs, like your measure for how to gauge where you stand on affordability? Is it transaction growth? Is it frequency? Kind of what's your best measure for knowing how you are doing on that metric and consumer engagement with the brand?

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director
Lauren, you always managed to get 2 questions in. That's...

Lauren Rae Lieberman - Barclays Bank PLC, Research Division - MD & Senior Research Analyst
I've like 7. You know that actually.

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director
Yes, I know. So maybe on the second one first. Clearly, we've looked at affordability across all of our portfolio. And there's a couple of metrics that we track very, very closely. And I think you've called them out. Probably the one that we're focused on is household penetration. So just to make sure that we continue to maintain and grow our household penetration. And I think that points to the strength of our brand.
As we think about that, clearly, the right pack at the right price. And I called out in the release what we've done in Spain. I think that was a conscious decision with the Coke Company to adjust our pricing on a 2-liter pack. And again, that's all based off a lot of work that we've been

doing on data and analytics to understand more around the price elasticity of our brands at certain price and pack points.

So we're also very focused on transactions, particularly as we move into the summer in Europe. I think that gives us a healthy metric that we're continuing to offer more drinks to more people. And obviously, we are also tracking volume. So both of those dynamics lead to a healthy volume growth as we look for the rest of the year. Yes. So pretty much household penetration, transaction growth, and then that ends up, obviously, in terms of volume.

In terms of the macro environment, I mean, there's a couple of things that I'd call out. One, the category is extremely robust. So when we look at NARTD, across all the categories -- and I'll just talk to Europe -- it remains one of the most resilient and one of the highest growing categories. So while there is a dynamic environment, we feel that the category is holding up really well and it's resilient. We're gaining share. So I think that's a metric that we're always conscious about.

And as we look through that, I suppose what we're looking at is, how does that cost of living pressure, particularly in Northern Europe, unwind as we go through the rest of the year? And obviously, there's some macro political challenges that we're all dealing with. So I suppose that's what's kind of driving that dynamic environment.

But again, I think on the back of a lot of work that we've done over a number of years, we are offering more packs at more price points for our consumers than ever in Europe. And I think on the back of the great work, particularly in digital marketing that the Coke Company are doing, we see that connection with our brands getting stronger. So that gives us confidence as we look through 2024 and indeed into 2025. So that's how we're seeing it at the moment.

Operator

We'll now move on to the next question, and this is from the line of Edward Mundy from Jefferies.

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

Just to build on that question from Lauren, I mean, your volumes are holding up incredibly well within Europe and you've still managed to get incredibly strong revenue per case through not just this quarter, but over the last couple of years. I think you've historically said that price is only a *proportion of that, maybe 2/3 of it. How much more is there still to do on the pack and the category side of things as you look at -- think about Europe over the next 3 to 5 years?*

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director

Yes, I think we've been very choiceful particularly on headline price. So as we think about our kind of midterm, we like to get to that 1/3, price, volume and mix. I think that's always a healthy kind of split to aim for. Clearly, we've seen a bit more on price, and volume has come back. So we're happy with that. I think as we look into the midterm and you look at how we're positioned in Europe, I still think there's opportunity on mix across our markets for sure.

I think there's some really good category opportunities coming through. I think I called out Powerade today. I think the sports category, if you look at how big and profitable that is for us in Australia, is an opportunity. Energy continues to outperform. And clearly, that's a single-serve category. So that's a healthy dynamic into the future as well. ARTD, it's a small part of our business now in Europe. It's a big part of our business in Australia. So we've got really good insights on how that can contribute to that midterm growth algorithm. And clearly, there's a lot of innovation coming from the partnerships with the Coca-Cola Company and a number of other companies. So that's a play.

Also, we are still -- if we look at our flavor portfolio, it's below in terms of relative share to our cola. So that's an opportunity going forward. So really across all of our markets in Europe, Ed, I feel excited about the growth opportunities. I think it will be more balanced. I think we've done really good on price/mix. We want to see volume continue to be a bigger part of that revenue story in Europe.

And clearly, we still have inflation, right? So I think while inflation has slowed down, we still see the need to take headline price. And obviously, we're choiceful about where we do that and how we do it. And I think the fact that we've made good decisions based on really good insights have supported that volume in Q1.

So yes, a lot to play for in the midterm. And then, obviously, when we factor in Philippines, Indonesia and Australia and New Zealand, where the category is even more robust, I think it supports that midterm outlook that we've guided to.

Operator
We'll now take our next question. This is from the line of Bonnie Herzog from Goldman Sachs.

Bonnie Lee Herzog - Goldman Sachs Group, Inc., Research Division - MD & Senior Consumer Analyst
I had a question on your acquisition of the Philippines. Just curious if you could talk a little more about where things are surpassing your initial expectations, I guess, for the deal thus far? And then maybe where things have been a little bit more challenging than what you guys anticipated? And then, finally, could you talk a little bit more about how accretive this could be to both the top and the bottom lines?

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director
I'll take the first couple, and then I'll ask Nik to just comment on how accretive we see it. So obviously, we're really pleased. So I think -- on a very kind of strategic level, I think it's bringing a different dynamic to CCEP. Clearly, it supports a bigger footprint in Asia Pacific and will also support our Indonesian business because we see a lot of learnings that we're taking from Philippines back into Indo, and, obviously, from Indo back into the Philippines.
I think what's continued to excite us is the brand strength in the Philippines and the brand love of the consumers. We have a great organization there, which they call themselves the Tigers. So extremely passionate about the business. And that's been something we saw pre-acquisition, but has continued to impress us. And a passion for execution. A great refillable business. So a big part of our volume there is refillable. And I think that's something that we're embracing and continuing to learn from.
From a challenging perspective, we haven't really seen anything different to what we expected going in. I think we can add some more value around some of the key account work that we've been doing both in Europe and in Asia Pacific as key accounts. And the modern trade continues to outpace growth in Philippines in line with most markets out there. We continue to invest in that business on supply chain, where we see we can add value in terms of not just capacity, but also our customer service levels.

And obviously, it's a market that we feel over time we can also look at different categories as well. And that's some work we're doing both on -- energy, we've just launched with Monster and Predator. So we're excited about that. And obviously, ARTD is a play there as well. So a lot happening. But I have to say really pleased with how it's gone. Great leadership with Gareth, our CEO there, and the team. And clearly accretive.
And on that note, I'll pass it to Nik to just share a bit of color on that.

Nik Jhangiani - Coca-Cola Europacific Partners PLC - CFO
Yes. So I think, Bonnie, Damian has touched on a lot of the elements that give us a lot of confidence in that market. So clearly, if you go to my earlier comment, we see that market from an NARTD perspective continuing to grow in that 7% to 9% range. So clearly, that is attractive. Now within that, we're very well positioned, as Damian said, within Sparkling, which happens to be over 50% of the category, which is quite different from Indonesia, as you recall, right? And our per caps continue to grow. So I think we've got great opportunities to continue driving per caps in sparkling, and the team is doing a fantastic job with that. Part of it comes back to what Damian just said, packaging diversity. We've got a refillable business, but we've also gone into PET. But then also going a lot more into the Zero category, which is really seeing much stronger growth.
So in a lot of ways, it's a developed market that continues to have very attractive growth opportunities in other categories as well. Damian touched upon energy, he talked about ARTD. We already selectively play with premium water. We have a juice business that we'll continue to look at. We have a dairy business. And those serve us very well when you go back to the point Damian made around the elements of how modern trade and retail is growing a lot faster in that market.
So clearly, a top-line accretion, as you would imagine. And I think we'll continue to monitor that as we continue to look at the next few years. But you will see that coming through both healthily from a volume angle, and over time as we look at those new categories -- some of those are higher revenue per case categories. And then some -- that clearly has an impact on leverage on the P&L.
And then if you add to that the elements around cost base and, in particular, some of the commodity challenges that exist in that market, which is quite a closed market, clearly, that will give a double benefit from

the broader leverage from top line, and, hopefully, over time reducing cost base on the commodity side and what we can continue to do to leverage from the scale, which will get us to much a higher margin.
So we see it on all elements being extremely accretive. And I think the other piece you got to keep in mind is I see an accretion element in terms of great learnings going into Indonesia as well, and things that we can build as common platforms with 2 large markets of scale -- two of the largest populations in Southeast Asia that we have access to. So lots of positives on that acquisition from a broader accretion perspective.

Operator
We'll now take our next question, and this is from the line of Mitch Collett from Deutsche Bank.

Mitchell John Collett - Deutsche Bank AG, Research Division - Research Analyst
You had very strong growth for Sprite this quarter, and I think you say in the release that's driven by great execution across all your key markets. Can you provide a bit of color on what that great execution is? And is it something you can put on other SKUs, perhaps within flavors or even translate across to Coca-Cola?

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director
Yes. I mean I think it follows on from a number of years of strong growth and continued growth on our Coca-Cola Zero. And then Fanta has been a big contributor to our growth if you look over a number of years in Europe. And then with Sprite, we've been working with the Coke Company on kind of a number of initiatives. So obviously, a new visual identity and labeling, which we think has refreshed the look of the brand. A really, really good tasting Sprite Zero formulation. And I think both of those have just given the brand a little bit more relevance to consumers. That's allowed us to get a bit more space in store, space in our coolers. And the brands responded well.
So yes, it's pretty much a playbook that we probably came to Sprite after Coke and Fanta. We always felt Sprite was an opportunity that we'd under leveraged particularly in Europe and indeed across other markets. Interesting to see Sprite Zero now in Indonesia. And as Nik said, we'll

probably look at, as we build out a Zero portfolio in Philippines, what role Sprite can play.

So yes, a combination of upgrade of visual identity and brand imagery, and what's always critically important in our industry, a great-tasting product, particularly on Zero. And I think that's really been the driver of that performance.

Operator

We'll now take our next question. This is from Eric Serotta from Morgan Stanley.

Eric Adam Serotta - Morgan Stanley, Research Division - Equity Analyst

Hoping you could give a little bit more color on your thinking in terms of Europe away-from-home. I know you called out the weather, the comps. And to be fair, it's a small seasonal quarter in the first quarter for Europe. Just wondering how you're thinking about the rest of the year, particularly given the easy comps in the third quarter. And then specifically, I have heard some reports about some QSR traffic weakness in some of your markets in Europe. Is that anything you guys have seen? And how material is QSR for you?

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director

Yes. So just back to some of the comments that I've made. So clearly, we had some tough comps in away-from-home in the quarter. As we look through the rest of the year, I think certainly in Northern Europe the weather played a role. But as we look at the full-year outlook, certainly some of the macros are encouraging. So if you look at some of the tourism data, particularly for Spain, it looks like it's going to be a record year in terms of visitors, hotel bookings. Clearly, we've got great assets, which will impact away-from-home, the Olympics, the Euros in Germany. So I think we're well set to perform well in that channel as we get into the summer.

It is fair to say, though, that, yes, you're right. On QSR, we've also seen with some of our customers a slowdown in footfall. It's an important channel for us, but clearly it's one of many in away-from-home. And I know that certainly as we speak to our customers, they're also looking forward to a more robust Q2 and Q3 as we head into the year.

So a slight slowdown. It differs by market. Clearly, markets where we've had probably more weather end of winter and into spring, it's had a bigger impact.
But as you mentioned, it's a small quarter for away-from-home. We really see that market open up as we get through April into the summer season in Europe. And what I suppose what gives us confidence is we have got those assets coming in Europe which will really drive the away-from-home channel. So something we'll continue to update on. Clearly, it's an area that we're very focused on. We've got good share, good capability. But obviously, we would like to see the consumers getting out -- about a bit more. And we expect that to happen as we move through Q2.

Operator
We'll now take our next question. This is from the line of Sanjeet Aujla from UBS.

Sanjeet Aujla - UBS Investment Bank, Research Division - Analyst
Just following up on Indonesia, please. I think you -- so you've spoken a lot about SKU rationalization ending. I think you had called out a weaker macro environment through the course of last year as well. So just love to get your broad assessment on the state of the consumer there, but also how some of your recent price point changes is impacting, and if you're seeing the sort of response you would have expected to that.

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director
Yes, so last year was a tougher year on the macros in Indo. We've seen that. We've got through the election. So we've seen that improve. We see the category in growth in ARTD as well. So that's encouraging. I think from our own perspective, we've really doubled down on our core Sparkling proposition. We're very happy with that. We're particularly happy with the addition of Zeros into the portfolio. It's probably performed better than we could have hoped for, to be honest, particularly in the modern trade.
We have taken some pricing decisions really against the affordability opportunity in Indonesia. And that's landed well and it has supported, as Nik talked about, strong transaction growth, good Sparkling growth. And we plan to maintain those price points throughout the rest of the year because we do believe it's helping us recruit and grow the category.

Yes, so overall, positive. We've -- as I mentioned, we've got a bit of work to do on tea. I suppose that's our next step. We continue to refine our route-to-market because we do know there's a big opportunity for more efficient and effective route-to-market in Indonesia. And we're doing that as we speak.

And then, clearly, we are also looking at, do we want to broaden our package portfolio into RGB based on some of the learnings out of the Philippines? So that's something we're looking at this year as well.

So a lot happening. It is a multi-year journey. It's worth it because of the size of the prize potentially. If you get to even a fraction of the per capitas in the Philippines, you can kind of imagine how big a business we could have there. So that's what we're focused on. And to make sure when we get there, which we will, that it's a sustainable business both in terms of profitability and the environment and it's a business that we can be proud of. And I think that's the steps we're making. But yes, overall, a good start. And clearly, Ramadan helped.

Nik Jhangiani - Coca-Cola Europacific Partners PLC - CFO

Yes. And one other data point I would just add from what Damian said around the consumer is when you actually look at the market, there is going to be continued spend being released given government -- potential changes with the election. And that's always a positive to continue to boost consumer confidence. So that alongside all the work that we're doing in terms of building brand relevance should continue to help us, supported by the right affordability strategy as well. So excited about that market opportunity. As Damian said, it's a multi-year journey.

Operator

We'll now take our next question, and this is from Bryan Spillane from Bank of America.

Bryan Douglass Spillane - BofA Securities, Research Division - MD of Equity Research

Just wanted to maybe comment on 2 things. One, there has been some concern, I guess, on our side of the world about just the potential for can costs going up, given the sanctions on aluminum. And I mean -- I think even we saw a downgrade by one of my competitors on Monster related to that. So just -- is that something we should be concerned about, maybe commodity costs in general?

And then the second, just as we're sitting here and looking at how the first quarter came in and the phasing for the year, if you can just update us, Nik, on just how we should be thinking about the phasing of our models first half, second half, please.

Nik Jhangiani - Coca-Cola Europacific Partners PLC - CFO
Okay. So we'll take that one first. Phasing very much, remember, goes back to the comps, and it's pretty much half 1 weighted comps that we will be cycling, right? So obviously, Q1 was that much stronger, but smaller quarter. But half year last year was -- continued to be strong. And then I think as you look at what Damian said, think about the events. There'll be some building up to those events, but those are really July, August, and the America's Cup even goes into September, October. So you will clearly see a benefit in terms of Q3. And that's a positive in terms of both the comp from Q3, which was weaker, and then, obviously, these events which we can activate. So clearly, a much more half 2 weighted from an angle of particularly volume and top line.
So to your first question, we aren't seeing any of those impacts quite yet. And I think we are well covered clearly for this year and going into next year with some of our contracts. In fact, we continue to work with our suppliers to drive for much more soft tolling arrangement, which actually allows for more visibility and tracking into use of recycled material, which clearly is an opportunity because you're probably sitting at circa that 50% mark, and there's no reason why that can't get up to 80%. So that's a positive.
But it's obviously one we'll watch, because sometimes you can see a contango effect coming through or a drift into these markets because of the fact that you've got some issues in the U.S. So one that we're tracking, but nothing immediate at this point for us.

Operator
We'll now take our next question. This is from Robert Ottenstein from Evercore.

Robert Edward Ottenstein - Evercore ISI Institutional Equities, Research Division - Senior MD and Head of Global Beverages & Household Products Research
Congratulations on a terrific quarter. A couple of follow-ups. You mentioned, I think, that you had some share gains in Europe. You

mentioned that Sprite is getting more shelf space, I guess, in Europe. I was wondering if you could elaborate on both of those themes. Any more details at all in terms of volume or value share in major markets? Any quantification of that? And any more details in terms of where you're getting shelf space. And in terms of kind of the shelf space sets and the changes in that, is that something that's largely done now or still coming into the markets?

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director

So we've seen share gains in Europe in ARTD, and I think that's coming on the back of some of the growth we've seen, obviously, in our energy category, where we continue to do well, on our core Sparkling. We have clearly called out that we want to continue to grow, as Nik said, ahead of the market or -- and that's really what we've been prioritizing.

What's driving that? There's a number of different elements in the mix. I would say to your point on shelf share and space, that's a never-ending journey for us. We continue to work with our retailers to optimize our share of shelf. We've been, as you know, since we created CCEP, very focused on the value creation story for our customers. We've seen that continuing to unlock more space for us, both on shelf and in cooler.

We're very focused across Europe as we come into the summer on expanding our share of cold space. That's really driven by 2 initiatives. One is our own cooler placements, which is reflected in our capital. And then, secondly, we've been working very hard also to grow our space in our customers' coolers. So as you know, in Europe, a lot of our retailers have their own chilled space front of store. We participate in that, but we also see an opportunity to take a little bit more space based on our rate of sale and on our profitability.

And then as we expand into categories and look at a bolder ambition around brands like Powerade, obviously, energy, we want to continue to over index in the space that we can get for those brands as they are really growing ahead of the category. So a lot happening in that area around space, and it supports growth on brands like Sprite, as you called out, but really across all of our brands.

Operator

We'll now go ahead with our next question. This is from Richard Withagen from Kepler Cheuvreux.

Richard Withagen - Kepler Cheuvreux, Research Division - Equity Research Analyst

I just want to go back to the Philippines. You mentioned a good performance on the Coke trademark, also the entry in the energy category. So a couple of months into the acquisition, what will be the biggest bet for you in the next 1 to 2 years and why?

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director

So obviously, to keep up the momentum is definitely one of our big bets. As we've called out, we had a great quarter. But clearly, it's been a strong Coca-Cola business for many years. So underneath that, we got to remain affordable. So I think supporting our RGB business is a big bet. And we will continue to work with our teams in terms of efficiency around our supply chain, making sure we've got the right glass float in place. And I think we called that out when we acquired the business that we did see a step-up in our capital on the back of supporting our RGB. So definitely affordability.

Within that, broadening that affordability into new categories like Zero, as we talked about earlier. And then, obviously, we want to continue to look at how we can support the bottom line growth and margin. We looked at a stronger business in some of our more profitable packs like PET, categories like energy, which we've gone into. So really balancing that affordability and top line growth with a bottom line focus as well. So as Nik said, it will be accretive both top and bottom line to the business. So broadly they'd be -- the areas is a lot behind, each of those, as you can imagine. But that's really what we're focused on with the team at the moment.

Nik Jhangiani - Coca-Cola Europacific Partners PLC - CFO

Yes. And I'll just add one more to that. I think we've called out -- Damian has picked it up on a couple of comments. But I clearly see that there's an accelerating growth in the modern trade, right? And that's where we can bring in a lot of capabilities. And in fact, we already have a new person who's already joined the team for modern trade, right? World-class key account management, joint business planning, et cetera, which really lends well to helping build that business out at a faster pace. So I would call that as one additional big bet that we'd be looking at.

Operator
We'll now take our next question. This is from Philip Spain from JPMorgan.

Philip Spain - JPMorgan Chase & Co, Research Division - Research Analyst
I just wanted to ask -- I appreciate the comments you've made about optimizing your promotional spend, but just wanted to understand if you've seen any step-up in promotional intensity from your peers or competitors in the market? If they're behaving rationally? And then if they have stepped up their promotional intensity, how you're planning to respond to that?

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director
I mean, always you see different competitors behaving differently. I think we haven't seen any dramatic big increase. I think we've seen, on a difference by market, I would say in GB probably a little bit more, certainly on the back of some of the new branding that we've seen in the marketplace from one of our competitors.
Overall, I would say our promotional frequency and intensity has held up. I think we're using it a bit smarter on the back of some of those data and analytics. We probably have a broader pack promo offering in the market, and we see that benefiting us. So yes, I mean rational is always an interesting word, so it depends how you define rational. But I think overall, if you look at the category NARTD and Sparkling, broadly you're seeing good revenue per case growth for the industry year-on-year. And then underneath that, obviously, that's supporting -- supported by a promotional strategy. Yes. So nothing structurally changing, but it can differ quarter-to-quarter. And that's probably what we're seeing more of, to be honest, Philip.

Operator
Now we have one more question today. Our last question is from the line of Charlie Higgs from Redburn Atlantic.

Charlie Higgs - Redburn Atlantic, Research Division - Equity Research Analyst

I've got one just on the portfolio, please, and how you're feeling about that. We'd seen quite a few SKU trims and exiting water in various markets. Now you're relatively happy with the portfolio as it stands. And is there maybe scope to add more? I know that Coca-Cola Company has been talking about scaling some of their bets. They bought BODYARMOR. You've been speaking quite positively about sports drinks today. Is there maybe room for BODYARMOR in any of your markets? And then if I could just squeeze one in. Has there been any new updates on the London listing changes?

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director

Yes, a great question. First, I'll talk about the portfolio. So I think we've made right choices across a number of categories, I suppose, particularly water, where we've over a couple of years exited the bulk water and low value-added. We continue to put pressure on our business to simplify our SKUs on our core sparkling range. I think we did a lot in the last number of years, but I think it's an area that we can continue to analyze and drive a bit more efficiency.

I think that's critically important to do the second part of your question, which is really to look at other categories or brands that we can add into our portfolio. So a couple of those that we're happy with is obviously Powerade. We continue to add a lot in energy. We continue to add on our core, particularly flavors on cola. And we've got a number of in and out activations on Fanta. So creating space for those new brands and variants is critical. So in parallel with adding, we've got to continue to be disciplined around what we're putting through our supply chain.

From a broader category perspective, we're excited about sports. We are looking at BODYARMOR. We continuously engage with the Coca-Cola Company to look at global innovation and what could land well in Europe or Asia Pacific. So that's something we'll continue to evaluate. I think as we go into the rest of this year, I think we're well set up in terms of innovation and brands. So I think BODYARMOR may be something we'd look at as we look into '25 and beyond. But clearly, it's an ongoing conversation with our brand partners, both Coke and Monster.

On the listing, no news. We're waiting like you are. So I think once we get an update, it's something that we'll all kind of reflect on. So no news on that at the moment.

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

Damian Gammell - Coca-Cola Europacific Partners PLC - CEO & Executive Director
Thank you, operator. And again, thank you, everybody, for joining us today and the questions. So just to close out our call, a good start to the year with volume and revenue per unit case growth versus last year ahead and versus 2022. As you've heard from both myself and Nik today, we are truly a more diversified business now, including the great market in the Philippines.
We are confident in the balance of the year supported by a great summer of events. So please visit our markets if you can. We have a lot going on as we head into the summer in Europe. So today we're pleased that we're reaffirming our guidance for the full year 2024. And obviously, look forward to seeing you and speaking to you again at the half year. So thanks, everybody, and have a great rest of the day.

Operator
And that concludes our conference for today. Thank you for participating. You may all disconnect.