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BARCLAYS GLOBAL CONSUMER CONFERENCE

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FIRESIDE CHAT

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So next up, I'm pleased to welcome Coca-Cola European Partners. 3 years into the Landmark deal that created CCEP as the world's largest independent Coca-Cola bottler, top line growth has proven stronger than many expected. The new found alignment with KO has led to stronger innovation and enhanced execution of price/pack architecture, proactive reinvestment in data analytic capabilities and routes to market should lay the groundwork for momentum to come. That said, a key question for investors has been how the financial and reinvestment algorithm will evolve, whereas the synergy program has now come to an end. So joining me on stage to shed light on this topic and much more, we have CFO, Nik Jhangiani. Nik, thanks so much for being here.

Nik Jhangiani *Coca-Cola European Partners plc - CFO & Senior VP*

Thank you, Lauren.

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

Okay. So I'll get started with a recurring question that we have had, really, for the coke system actually has been whether or not recent top line performance has been sustainable. CCEP, the growth that you've put up in Western Europe has probably exceeded expectations of almost everybody in the last 2 years, not mine, of course. So there's a few questions on the topic. So how do you think about revenue growth prospects over the next 3 to 5 years? CFCs are still 80% of revenue. So just inherently, this kind of, I think, needs to start with a view on CSD category growth.

Nik Jhangiani *Coca-Cola European Partners plc - CFO & Senior VP*

Sure. So I think if you step back and look at the last 3 years, we've done a lot of resetting of our business. So I think it was around relooking at the volume to value equation. And a lot of that came really from the new set of alignment we had when we formed CCEP to think about revenue growth as opposed to volume growth. So I think we've done some of the very heavy lifting when we think about what we need to do in terms of price mix architecture, promotional efficiencies, et cetera. And in some ways, it sacrificed volume for that as well. But I think as we now go into 2020, we feel we've got the right base from which we can grow. And if you recall, when we did our last Capital Markets Day, for the first time, we actually looked at the category growth opportunities for the next 10 years. And the first thing to, kind of, remind everybody about is the NARTD category continues to be very robust in Western Europe. And we see that growing 2% to 3% on a CAGR basis annually, right? So when we look at that, and we look at our base today of about EUR 100 billion at retail value for NARTD, there's about EUR 30 billion of growth.

Now to your point, clearly, a big part of our business is CSDs And interestingly enough, when we look at that 2% to 3% growth on a CAGR basis, about 0.5 point to 1 point of growth is coming from sparkling. Okay. So I think it was a bit of a miss around the talked or thought that Western Europe was x growth and Western Europe, in particular, in sparkling, was x growth, all right? And I think we've demonstrated, even with some of the challenges that we've had with sugar taxes, et cetera, that we have been able to actually grow sparkling, all right? So then, what's going to drive some of that sparkling growth? I think for one, if we look at just trademark Coke, one of the things that we've been quite focused in on is Coke Zero Sugar, right? And I think that's done tremendously well and still has more legs. But one of the things that we've ignored as a result of that has been diet Coke or light Coke -- light cola, right? And I think that clearly is a very strong position that we can play in the marketplace with a 2 light 0-calorie cola strategy. And in some ways, even when I talk to friends who are consumers, they're confused. What's the difference between the two, right? And I think now with the focus around Coca-Cola with or without sugar and then a lighter crisper taste with Coca-Cola light diet coke, we clearly have a differentiation and an opportunity there. And when we think about Classic Coke, we probably have 90-plus percent penetration. But when we think about diet and light, Zero Sugar, it's still around that 60% to 70%. So there's just a penetration opportunity just with trademark Coke out there. And then you talk about flavors, you talk about mixers, right? I mean, typically, penetration and share in those could be anywhere in the range of 60% penetration, but shares might be 20% to 30%, and that's an opportunity when we think about private label, in particular, because in flavors, you have a very large private label offering, particularly in Western Europe.

So we have an opportunity to gain share as long as we continue to stay consistent with investments, availability, distribution, excitement around the brand and Fanta is a great example of that. 2 years ago, we reinvigorated Fanta with new packaging, new graphics, some new flavors, more investment behind the brand from the Coca-Cola Company. And we have consistently grown Fanta the last 2 years over 5% year-on-year, okay? We've just said that 2020 will be the year of Sprite, okay? And we're going to focus in on that. Mixers, right? I think everybody gets hyper-focused around Fever-Tree in GB, but it's not just about that. But if we look at that, for instance, we are now starting to gain share back. You've seen that in the Nielsen data that we're starting to gain back share in GB with Schweppes. But then we've got mixer brands that I know you're familiar with from your summers in Spain, in Majorca. But I mean, we have a great brand there called Royal Bliss, right? And you've seen that. And we're rolling that out across some of our other markets as well.

So sparkling continues to excite us. And I think while we want to embrace the beverages for life strategy and be able to put out a lot more products into the marketplace, we have to continue staying focused on core as well.

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

Great. And price mix has been about 2.5% over the last 4 quarters, I think, excluding the sugar tax accounting. So can you gain stick as there's real deflation that's been going back to risks of mix of Europe being x growth. We also all think about European being deflationary and yet you're posting positive price/mix. So can we stick? And can even -- can they continue?

Nik Jhangiani *Coca-Cola European Partners plc - CFO & Senior VP*

Yes. So I think just going back to an earlier comment that I made, I think there was a lot of focus over the last 3 years, and that's continued, obviously, into 2019, where we have been in some ways, resetting our base. All right. So in the earlier quarters versus the last four, we've probably had some even more positive impacts coming mainly from pulling back on some of the promotional mechanics. And remember, just to remind the audience here, some of that promotional mechanics pulling back was not just about wanting to get pricing, which I always want to get, but it also was linked to the fact that we were, in some ways, not being able to execute well our away-from-home strategy because the pricing in the home strategy on the home business was, in some ways, pulling us down. So for example, in France, when we were doing multipack promotions on cans or large PET, that's what some of the away-from-home customers, small cafe owners, for instance, were going and buying from a Carrefour as opposed to buying from us. That was challenging us in terms of our glass strategy, for instance, the perfect serve, and they were pouring. So it wasn't even a great consumer experience and the margin was sitting with these guys, right? So we have to really change that.

But if we look now going forward with that base reset, we've talked about the fact that we look at low single-digit revenue growth. So look at that 2% to 3%. And that's very much in line, back to my earlier point, around the CAGR that we're seeing across NARTD. We would see now that you're going to see about 1/3 of that come from volume, which does mean then you're looking at probably price mix being less than what you've been seeing historically over the last 3 years, or even the last 4 quarters. So we still feel confident that we can get price mix, not at those levels, and that's not what's baked into our algorithm, right? So price is always challenging, particularly with key accounts. But I think what we've done very successfully over the last years is demonstrate to them, not just what we can do from a revenue growth perspective but very much from the margin and a cash perspective for them, right? And I think, while we never like to get into customer disruptions, but we had to deal with one in France for a variety of different reasons, and then not in any way being arrogant, but we got back to the table because I think there was a realization around the cash loss that they have from our category. Not only is our category a traffic driver through their stores, but it is tremendous in terms of the cash and category growth opportunity. And one of the things that we've been tracking very effectively through Nielsen available data is the incremental value that we continue to create for our customers.

And if we look at 2018 and year-to-date 2019, FMCG across our category -- across our 13 markets, we have been the #1 value creator in terms of absolute revenue increments that have been generated from our category. So I think price is something we'll be focusing on. But keep in mind, one of the things that you might recall, again, when we looked at our markets and looked out the next 10 years, the away-from-home business in our markets accounts for about 55% of the business and 45% is home. Interestingly enough, we are actually indexed the other way. We're about 55% home, 45% away from home, which actually says, we've got a mix opportunity when you think about the channel growth, right? And a lot of focus of what we're doing when we talk about segmentation, sales force capabilities, is building out around making sure that we can drive better availability in the away-from-home, better distribution, better execution. So mix is an important element in terms of away-from-home growth. But then the other piece is really around our pack architecture.

One of the things that we've been talking a lot about is our focus around priority packs and small packs, right? I think you saw in our last half year results, small packs or priority packs, small cans, for

instance, grew double digits, right? Strong focus in on that. That's great from a mix perspective for us. So I think we feel confident that we can achieve our revenue growth algorithm going forward, probably at slightly lower rates than what you've seen in the past from a price mix perspective. But I think this is where volume comes back into the equation as well.

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

Okay. And all of this, I think, is, without talking too much yet about innovation. And of course, there's been some success with innovation to you being a really big one. But let's talk a little bit about innovation. I'm going to lead you first to talk about energies. And a lot of people have heard a lot on instant energy. So kind of -- let's call it, near neighbor to CSDs. You've brought brand Coke into the mix. So what makes energy attractive? How are you -- what's the approach with a dual-brand strategy in the market?

Nik Jhangiani Coca-Cola European Partners plc - CFO & Senior VP

Sure. So firstly, I think energy is a very underpenetrated category in Europe relative to what you guys see in the U.S. So I think when we look at the growth opportunity, and again, going back and looking at the work that we've done, and we continue to update that, energy will grow mid- to high-single digits year-on-year across our markets, right? So we're excited about that; two, when we think about energy as a contribution to our portfolio, it's circa 3% to 4% when we look at it from a volume or a revenue perspective. So it's a small contribution to our portfolio today; three, I think we've got great partners in Monster in terms of -- particularly, to your point, they're focused on innovation.

What we've been able to do with more of the Ultra range, the 0-calorie range, the Mango Loco, using that as an example, has been tremendous. But we also ventured into a new category with them, which was into Monster Espresso. I don't know if you've seen that at all, but it is a pretty sexy looking package with a great-tasting product and an absolutely tremendous retail selling price. So great from a margin perspective for both the retailers as well as for ourselves. But there's a lot more in the pipeline that we have with them. And I know this caused a lot of stir when we were together at the sell-side reception in May, but I talked about an aspiration around the fact that we want to double our energy business over the next 3 to 5 years, right? And clearly, when we look at the market growth opportunity out there with the right partner focused in on innovation, we feel good about that. All right. Now obviously, more recently, we've also launched Coke Energy. We're very excited about that. But it's early days. We will need to continue to see how that plays out. Spain was the first market in which we launched that. The customers are very excited.

Most of the space that we've seen that we have been allocated was incremental space. For us, the most exciting thing about it is the fact that it brings potentially a new kind of drinker into the category and grows the category. But very importantly, too, I think it brings probably a bit of a halo effect around trademark Coke as well, which we all know, as we just talked about, is a big part of our business today, and anything that can drive more excitement around trademark Coke is great for us too. So early days, but more to come, but I would say to you, we're very excited about the energy category.

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

Okay. Great. Other big category, news, of course, has been with coffee. So can you talk a little bit

about opportunities you see for Costa? I guess, your view of the brand? Early days comments on their ready -- I think it's okay now to ask about ready-to-drink, how it's gone in early days. And then the potential for other platforms in the food service, beans and machines let's have a conversation.

Nik Jhangiani *Coca-Cola European Partners plc - CFO & Senior VP*

Sure. So yes, we just launched the Costa Ready-to-Drink. And I think a pretty record time in terms of getting post a closed deal of some ready-to-drink products out into the market. And we launched in GB, obviously, where the brand recognition is the strongest. It's got a great heritage in that market, the Costa brand. And we launched in 3 flavors. So we've got an Americano, we've got a latte and a caramel latte, very well priced, again, good RSPs on that product, great-tasting product, probably the only ready-to-drink coffee that is out there in our markets that has about 30% less sugar as well, which is a great focus for us as well. So I think that has been launched in GB, and we'll be going across our markets. Yes, it is early days for me to tell you still how it's doing. You typically need, I would say, 6 to 9 months to get a really good read. And this goes to Coke energy as well, right? Because initially, there's a lot of excitement. There's a lot of trial, what does the repeat purchase look like, right? And how well is the consumer really bringing that then, not just in terms of immediate consumption, but into the home for consumption as well, right? So you need 6 to 9 months of data to really get a good read. So early days on that, but I think we're very excited about that in terms of the opportunity. But to your point, I think with Costa, there is something beyond just the ready-to-drink.

So firstly, if I focus in on GB, where there's over 2,500 outlets. That in itself is a great opportunity for us when you go back to innovation to be able to make sure that you can actually get some pretty immediate feedback in terms of launches of new products, because we are now selling our products through the Costa outlets. Interestingly enough, I think we've talked about this in the past, but when the deal was announced, we were already in the midst of trying to win that business from Costa, right? Where, actually, our competitor was selling their products. So when the deal was announced, we said, Oh, do we have to kind of pull back? And fortunately, the lawyers on both sides said, no, you were kind of in process, and it was done before you had any kind of visibility into this. So we continued, and we won that contract. So I think we've got a range of products, but there's an innovation opportunity for a testing ground with the number of consumers that are in and out of those outlets every day. And then obviously, the other piece that we are exploring right now with the Costa team, Damian and I, and our commercial guys met with the team at Costa, literally, I would say, now about 3 weeks ago. And both the Proud to Serve machines, which typically would go into almost like a standalone coffee vending type of opportunity versus then the Costa Express, which are smaller machines that might go into more the on-the-go opportunities, great and convenient. Both those look very attractive when we have seen the initial, kind of, value chain out there. So we're working through that, need to define the model.

There are 3 markets that we probably want to go out and test that in, France, Spain and Germany. We've got some experience with hot coffee already because we have a brand called CHAQWA that you might have seen when you were in Germany. Well, we've got that in Germany, we've got that in Belgium, we've got that in the Scandinavian countries, but I think the Costa opportunity is clearly very exciting. So work being done on the value chain, 3 countries that we would have a focus in on, and we would look at both the Proud-to Serve and the Costa Express opportunity.

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

Okay. And I think Hellenic has already talked about moving forward with some of these models so I'm guessing that development of an economic model is not that far off.

Nik Jhangiani Coca-Cola European Partners plc - CFO & Senior VP

Well, it shouldn't be. I mean, I don't know what Hellenic has agreed. They were lots ahead of the game, because remember, they already had a coffee partnership. And they had gone out in several markets. So in some ways, they've got a bit of a head start on us outside of what we've done with CHAQWA. So -- but I can comment around the fact that as I've looked at the value chain with my team and with the Costa team, we've got good economic models in place when we look at the innovation and some of the non-SSD categories that are under incidents today. The other ones we have kind of 50-50 models, cash 50-50 models, sharing of CapEx or a cost of capital type of allocation methodology. So I think there's enough out there to play with. But I don't think that's what's going to slow us down. It's really about, is that value chain and the economics good for both parties to be able to move ahead? And do we pilot in one of those 3 markets? Do we pilot across those 3 markets in certain channels? Those are the types of things we need to try and work through.

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

Okay.

Nik Jhangiani Coca-Cola European Partners plc - CFO & Senior VP

So work in progress, excited about the opportunity.

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

Okay. Great. I'm going to completely switch gears and talk about packaging and plastics. So how are you dealing with the -- the demonization of plastic -- the demonization of plastics across your markets? I mean how should we view the mix of PET in the future, a sort of basic level question?

Nik Jhangiani Coca-Cola European Partners plc - CFO & Senior VP

Yes. So I think we want to be led by what the consumer wants. And I think we want to make sure that we have a full range of packages out there available for consumers to choose from, whether it's glass, whether it's cans, whether it's PET. Interestingly enough, we have continued to see growth in line with our strategy of some of the small priority packs on cans and glass, right? So that's come naturally as a part of our strategy as opposed to in any way what we would be consciously trying to encourage, which goes back to your word around demonization, villainization of plastics. I think the challenge is not in any way plastic, per se. It's the fact that there is not good collection systems and then good recycling of that plastic to make it available back to be able to use into our products, right? We set some very ambitious targets. So one, today, over 97% of the packaging that we put out is fully recyclable. All right.

We want to get to 100% of our packaging out there that's fully recyclable; two, we've talked about some bold commitments in terms of moving towards 50% recycled PET into our products; and then three, we've talked about the fact that we actually want to drive a 100% collection of our products.

Let me just pick up on each one of those. I think we're pretty good in terms of getting to our target of making sure everything that we put out is 100% recyclable, right? So no issue there. Like I said, we're at 97%. On the 50% rPET, part of that -- recycled PET, part of that challenge is the fact that there isn't availability of good quality recycled PET, and that comes back to the fact that we don't have good collection systems, you're not able to recycle and get that quality recycled PET back. Today, we're at about just under 30% recycled PET use into our product. But actually, we're making some great strides there. So in 2020, we will actually have 3 of our brands in 100% rPET. So Honest, SmartWater and Chaudfontaine will be in 100% recycled PET bottles during 2020. The other thing that you will see -- so while we've set this target to get to 50% recycled PET by 2025, 3 to 5 of our markets will actually achieve that during the course of next year. So we'll get to that 50% target in those markets. So I think we're continuing to push the envelope pretty strongly and aggressively there. Then the third thing goes back to around the collections. That's a complex issue. All right. Now we've got some very good systems in our markets, Germany, Netherlands, Scandinavia, where you actually have very good deposit recovery systems. But that means industry, government, education to consumers, all that needs to happen holistically and in a very joint up way to make sure that there's a good understanding and a good infrastructure to encourage. And actually, in some ways -- I hate to use of the word, force, but actually force consumers to bring that package back.

Part of that is actually linked to actually having the right type of deposit, something that's meaningful that drives that consumer behavior as well. But you've also got to have a system and an infrastructure that allows for the return of those bottles with ease, right? If you suddenly have to collect your bottles for a month before you can find a way to get them back, it's not going to be very efficient. So I think you might have seen in Germany, when you were out there, what they've developed, and it's extremely efficient in terms of reverse vending machines that are out there that allow you to take back your product to several locations, obviously, retailers, but also other types of outlets at train stations, at depots, et cetera, so that you can actually eat with these, be able to return that product, drive the collection rates up and then drives the availability and use of recycled PET back into the product. So lots of work happening in that space. There's a consultation going on right now in the U.K., we're very much a part of that. And I think we would encourage well-designed deposit recovery systems to be implemented, and we want to be a part of that solution with industry and with government.

So a lot of good stuff happening. Then, I think, back to the point, it's very important that we don't demonize or villainize plastics because it is a very convenient pack, it's a preferred on-the-go pack, the resealability aspects, the lightness, all that kind of stuff is great.

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

So one last thing, just because you mentioned the U.K. consultations. I guess anything you can offer knowing it's still in process about additional costs. So the CapEx, the ongoing operating expenses of when whatever the ultimate scheme looks like goes into place?

Nik Jhangiani *Coca-Cola European Partners plc - CFO & Senior VP*

Yes, really, tough for me to give you good estimates at this point because I think it all depends on the design of the system. But I think one of the things that I think is important to mention as well, we were actually just at the innovation lab with the Coca-Cola Company in Brussels with our board a couple of months ago. And I bring this up because one of the things we were very focused in on was

around what's happening with plastic packaging innovation around that, whether it's about recycled PETs but other forms of PET, whether it's mechanical, chemical, type of biodegradable type of materials, et cetera. But back to that collection point, right? There's so much technology that's happening today. We saw these little RFID chips that allow you to actually have them on a TrashCan. So as opposed to worrying about getting to a central depository point, you can put them on trash cans and you can actually just throw your bottle in there and put your mobile phone on there, and it recognizes your deposit and you get your -- the bottle and get your deposit back. So think about the way the technology and the way the world is evolving from where it was 3, 5 years ago that could allow for more innovative and more cost-effective solutions right, that could be out there for the industry as a whole.

And I think, for us, it's not about wanting to keep that to ourselves. The more we can actually put this out as an industry standard, that helps drive what we want to ultimately achieve, which is better collection of plastics. So it's hard to put a cost number on it because there's so much new technology that's happening that can actually change the way that's set up. But there will clearly be CapEx costs, there will be disruption because typically, you have to educate the consumer as well. Because remember, while there's not a price increase, the out-of-pocket is going up until they actually bring that bottle back. So -- but also the right thing to do for the environment, for the marketplace and for our consumers and for all our stakeholders.

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

Great. So we talked a lot about revenue growth. I think we have to talk a bit about profit growth.

Nik Jhangiani Coca-Cola European Partners plc - CFO & Senior VP

Do we have to?

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

We have to. Because there's a lot of worry out there, maybe not that I worry, but a lot of you guys on what happens as the synergy program wraps up. And I guess, also people have extrapolated a perceived cost of growth, given how much has been reinvested throughout the synergy program. So just, I guess, key questions would be, to what degree are there future efficiencies to be had? I know you spent time at the Investor Day, but not everybody was there. So anything you can offer on that front. And then efforts to improve in-market execution that you've talked about, cost of growth. How are you going to balance these 2 elements going forward?

Nik Jhangiani Coca-Cola European Partners plc - CFO & Senior VP

Sure. So firstly, I think while the noise around the fact that we've been investing back in the business. I mean, clearly, that's the right thing to do. And that investment back in the business has helped us support that healthy top line growth that we've been able to see back into Western Europe that most people thought wasn't there, right? So yes, the synergy program has ended, thank God, because I can stop talking about that. But more importantly, just to remind everybody, when we had talked about the synergy program as well, we had talked about the fact that over half of that was linked to in-country initiatives that would have been happening anyway. And roughly the other half of that was the synergy program, right? So if you think about the fact that there were a lot of in-

country initiatives that were happening, for us, as we think about the next 3, 5, 7 years, we think about what we are now calling the competitiveness program, right? So how do we think about the marketplace and the changing dynamics in the marketplace? And what does that mean in terms of our setup, our ways of doing business to continue being competitive in that marketplace, right? So we've set up several cross-country, cross-functional teams, and we've laid out probably about 10 different initiatives.

So firstly, if we think about our business capability program. We've talked about the fact that we're making over a EUR 300 million investment over the next 3 to 5 years in the infrastructure of our business from an IT systems perspective. So that is really more than just an IT system because it's about business capabilities, whether it's about things such as advanced analytics, artificial intelligence, et cetera, everything that's going to help drive top line growth, strong focus in on that, but there's also a lot of work around the backbone of the infrastructure of bringing still the 3 companies together with one harmonized system, right? So a lot of focus on business capability program. What that allows us to do, think about end-to-end processes, right? And I'll come back and talk about that in a moment because I think that can unlock a lot of value for us. Then we've looked at commercial. And if you recall, when we had talked about everything that to date, we've realized from a synergy perspective, one of the areas we didn't touch at all was commercial. And that is not an area we want to touch from an angle of cutting what is the true meat of the business and the muscle of the business. But what we want to do is really challenge our ways of working.

We've got a one CCEP commercial strategy, but we've probably got 10 different ways of executing that across our markets, right? Now intentionally, we didn't touch that because we wanted to focus on revenue growth. There was everything that we needed to do with supply chain efficiencies, procurement, back office, admin costs, et cetera, that gave us that [EUR 315 million] to [EUR 340 million]. But commercial is an area that we're relooking at in terms of our ways of working. Trade marketing expenses, right? If you look at both those today in terms of our costs, it's approximately EUR 1 billion, right? If I can drive a lot more efficiency in terms of how I work and how I spend, that's an opportunity.

Supply chain. We've done a lot in that area, but there continues to be opportunities in terms of manufacturing and delivery and logistics. We've actually just announced some changes. We have a new supply chain head that's starting up, and we've actually rebranded it to be customer service and supply chain because there is such a strong focus and interlink. And if you think about great beverages, great people, great customer service, that's such a strong focus for us, right? But we're linking that together. So there's big opportunity that we feel we can unlock. Then if you marry up the commercial and the supply chain piece, one of the things we're quite focused in on now is our collaborative demand supply planning. One of the things that we actually suffer from is the fact that we don't have very good planning. And our forecast accuracy, typically, when you go out anything beyond 4 weeks is not that great, particularly on some of the promotional and the new beverages, right? What does that mean? Well, it drives challenges in terms of inventory and availability. We typically don't have the right product at the right place. Working capital issues. And I think we can unlock a lot of that with the systems that we talked about, better processes and better governance. So those are just some of the examples of things that we've done. One last one, I just want to touch upon that we announced, which was the cold drink operations kind of rework that we've done. I think that's a really important one too, because a lot of people focused in on it. Well, accounting change in terms of what does that mean in occupational lives? It's actually a lot more than that because it's really relooking at how do we think about the types of coolers that we place in the

market. So there's a big OpEx and CapEx savings because we're moving from putting out equipment that had -- more costly equipment that had a larger CapEx upfront investment, but we would refurbish that. We would move that. So there was quite some CapEx related to that, that we can pull out by moving to some of these lower cost type of models that can be replaced in 3 years. And you don't need to move that. So there's a lot of OpEx and CapEx benefits from that as well. And that's probably one of the first big initiatives as a part of our competitiveness program when I think about the opportunities going forward. So we feel good about that. It's not going to be easy. But a lot of that comes back to ways of working and culture. And I think we've embedded a great culture at CCEP. And we feel confident in our mid-term growth algorithm, which is that low single-digit revenue growth translating to that mid-single-digit operating profit growth supported by our competitiveness initiatives.

Lauren Rae Lieberman Barclays Bank PLC, Research Division - MD & Senior Research Analyst
Okay. Great. Thank you. I could sit here and do this all day...

Nik Jhangiani Coca-Cola European Partners plc - CFO & Senior VP
But I don't want to do that.

Lauren Rae Lieberman Barclays Bank PLC, Research Division - MD & Senior Research Analyst
Yes, I mean, I'm ready to keep going but we have to wrap it up. So thank you so much. This was really great. We'll go to break now.

Nik Jhangiani Coca-Cola European Partners plc - CFO & Senior VP
Great. Thank you.
