# COCA-COLA EUROPACIFIC PARTNERS at
# Morgan Stanley Global Consumer & Retail Conference
# 3 December 2024

*Eric Serotta*

*Great. Good afternoon, everyone. I'm Eric Serotta from Morgan Stanley's beverages and household products team. And I'm very pleased today to welcome Coca-Cola Europacific Partners to Morgan Stanley's Global Consumer and Retail Conference. Before we begin, please see Morgan Stanley's research website at www.morganstanley.com/researchdisclosures for important disclosures. If you have any questions, you can reach out to your MS sales rep.*

*CCEP is Coke's largest bottler by revenue with a strong record of value creation. The company has had a busy few years expanding into the Asia Pacific region with the 2021 acquisition of Coca-Cola Amatil in Australia/New Zealand and Indonesia, and earlier this year, acquiring Coke's bottling business in the Philippines.*

*Joining us today is CEO, Damian Gammel. Damian, thank you for joining us.*

*Damian Gammell*

*Thank you.*

*Eric Serotta*

*Great. So starting with the latest, could you give us a bit of an update on the current timeline and status of transferring your U.K. listing type and potentially being added to the FTSE. Where do you stand today versus the liquidity threshold? And what do you see as the key benefits from potentially being added?*

*Damian Gammell*

*Well, we see, first, maybe to the benefits and then I'll talk about where we are in the process. So clearly, we've -- a lot of investor interest in Europe, particularly in the U.K. tied to the FTSE that many times Sarah and I and the team would be meeting. And you get a lot of interest and they'd say, well, we'd love to hold you* *but that FTSE indexation is key for us given their portfolio structure. So we just  feel that it will give access to those type of funds.*

*Clearly, FTSE has got a lot of trackers so that would also bring in some liquidity. And then if we did get on the FTSE, and again, based on today's numbers, we'd be around 25. So quite a serious addition to that index. So we're excited about that.*

*In terms of the process, it was meant to be simple. Let's leave it at that. But the good news is we're one month into that liquidity test, which is really the main hurdle that we need to overcome now. So November looked good. We did the right volume yesterday. If I look at Sarah as well. So we've started December off well. So clearly, if we continue to meet those thresholds, we could be looking at an entry by March '25. If not, for some reason then we would have another look again in June. So I think we're doing everything we can. I think we're getting a lot of interest on the sales side and on the buy side. And that will be the timing.*

*Eric Serotta*

*Great. So let's turn to fundamentals now. So CCEP is wrapping up another strong year, 3.1% FX neutral revenue growth through 9 months, even with some softer European away from home trends over the summer. Can you start by talking about some of the drivers of this year's growth in terms of whether it's categories or markets or pricing versus volume and how you see those evolving as you look to 2025.*

*Damian Gammell*

*So I think if you look at '24 across all of our markets we priced well coming into the year. We took our pricing in January. We've just gone back in Germany and in GB in September. So clearly, pricing has been a nice driver of that revenue and our pricing has kind of been in the range of 2% to 3%. So pretty standard for us at CCEP in Western Europe.*

*And then we've seen obviously good volume growth particularly coming out of the Philippines and across our Australia and New Zealand business. And then volume growth has been a bit more patchier in Europe and probably a bit weaker during the summer. Picked up a bit in August and it's kind of looking more like a more normalized Q4 from the volume perspective. So when you kind* *of deconstruct the revenue, strong pricing, mix was good, volume was the variable that was probably a little bit weaker than we would have liked.*

*A couple of reasons for that. When you look particularly Europe, away from home, out of home traffic is still soft. It's a combination I believe of pricing and affordability of menus and then also clearly pretty wet and damp summer in Northern Europe. Retail has held up really well. So when we look at our retail business with our big customers like Tesco, Lidl, Aldi, Kohls, Woolworth, another very strong year in terms of value creation for them on their side of the P&L. And also for us. And we continue to see in household penetration in Europe. So I think that gives us confidence in terms of a lot of the brand initiatives and brand marketing that we're doing and some of that smarter pricing through more analytics and revenue growth management tools is working.*

*So overall, from a brand perspective, pretty much all of our brands in growth. Probably the one exception has been Coca Cola Classic. So that's probably the one brand that's kind of been below on volume. Slightly flat on revenue but the rest of our brands have enjoyed throughout the year good volume growth.*

*Energy is a category that's probably slowed down a bit this year. So we've seen our energy growth kind of typically been in the mid-teens. That drops to kind of mid-single digit during the summer. Again, very similar dynamics to our soft drinks portfolio in Europe. So again, we don't see anything structural and that category has got a lot of innovation. Monster is bringing a whole lot of innovation. We've just launched Rainstorm in Europe, similar to Celsius here in U.S. So overall, a lot happening across all of our categories.*

*Eric Serotta*

*Great. And then on the third quarter call, you did say that volumes rebounded nicely in August as the weather normalized. And I think September was a bit weaker. October, you commented was pretty strong. As you look to year-end, you have a retail at-home weighted quarter. What kind of visibility do you have in terms of selling, programming for the important holiday season and sort of how you're going to end the year in total?*

*Damian Gammell*

*I think we're well on track, Eric, to end the year as we thought when we kind of gave that trading update. I think we've seen volumes, particularly in November, pick up into retail in Europe. Clearly, what we're looking at now is apostate (ph) in terms of sell out and that product is moving, which is great. We've had quite an early summer in Australia so temperatures have been pretty good there. So we're well set up as we head into the summer. So overall, I'd say we're looking at enjoying a good year-end trading season across Europe and as we head into summer in Asia.*

*We have a few weeks to go, so we're always -- they're big weeks for us, right. So it's always an exciting time of the year. We have everybody out doing MITs now. So everybody is out of the office for the next 3, 4 weeks, merchandising stores, talking to customers, helping our front line move cases. Because when you just look at the absolute units we move, it's a lot of cans, a lot of bottles. So it's great.*

*Eric Serotta*

*I remember the Santa packs coming off the lines at the investor day 2 years ago.*

*Damian Gammell*

*It's a great. We have a couple of extra selling days. So I think that will help as well.*

*Eric Serotta*

*Great. And then last year, even going back to last year, you talked about a little bit of trade down around the edges and some of the ancillary categories like, I think it was juices and mixers to private label. So how has that evolved over the course of this year and sort of the course of the summer as some of the overall consumer metrics have gotten a little bit tougher? And have you seen any kind of broader changes in consumer behavior, whether it's channel mix or pack size?*

*Damian Gammell*

*If I kind of take a 2, 3 year view, because a lot of these kind of go beyond one kind of trading period. I think what you've seen is, and I'll start with out of home consumption -- so bars, restaurants, on the go convenience. So a couple of dynamics there. On the back of that really accelerated inflation three years ago, whether it was energy prices, food prices, pretty much menu prices, particularly in Europe have gone up probably 25% to 30% in that period. Coke hasn't gone up by that much but ultimately the menu has.*

*And that's seen revenues for those retail operators go nicely but footfall is still below 2019, right. So when you speak to those operators and if you look at even, I think in the U.S., with McDonald's, they do more value meals. A lot of our customers are doing early bird. So trying to just get the footfall back. And that's happening but it's slowly happening. So I think that's the dynamic. So revenues look great there but we'd like to see volume come back a bit stronger as we go into '25. And clearly, that wetter dynamic has an impact there.*

*If you move to retail, I think what we've seen particularly in the last 18 months is a pivot back to brands. I think you saw a big focus on private label retailer brands. And that was coming out of that accelerated interest level, pressure on the consumer, and the cost of living pressure. And a number of retailers responding with private label. And that's now kind of flattened or is actually declining in some countries.*

*I think there's a couple of dynamics for that. One is we continue to offer really good brands at good prices through that revenue got management strategy. I think secondly, we continue to be a massive profit generator for the customer. And I think a lot of customers have reflected on the margin and cash generated from retailer brands. And while it might be good to kind of look competitive on the value side, clearly, at an absolute margin, cash margin level, there's a big penalty. And they've suffered similar inflationary pressures on energy, employment costs.*

*So I think a combination of what we've been doing and some of those economic pressures. Now you see brands back in focus. If you look at going into the end of year, it's all brand led activity in store. And I think that will continue into '25. I don't think the consumer, particularly in Western Europe, is going to feel really well off next year. I think they'll feel better than they did probably this year. And I think as we look at our growth algorithm from Europe we've kind of guided that*

*2% to 3% revenue. And within that context, with us taking pricing of 2, volume of 1, I think as we look forward looks pretty reasonable.*

*Eric Serotta*

*Great. So picking up on pricing, you landed price increases in basically all of your markets this year with little or no trade disruption. Nothing showed up in the trade press and nothing that you guys called out. So realizing it's early in discussions for next year but what are your retail partners telling you in terms of pricing for 2025? And how are you thinking about the ability of consumers to absorb further pricing, whether it's in retail or away from home?*

*Damian Gammell*

*So I mean, just to your point, I think we do a multiyear view on pricing and we do it consumer led. So I think first, to go to our customers and talk about taking pricing, it's got to be a conversation that we believe the brand has earned and that the consumer will respond so. So ultimately, we start with the consumer and we look at that by segmentation in terms of geography within country, channel. So whether it's in the discount channel or mainline retail, or convenience, or out of home.*

*So very different pricing strategy by channel and by occasion and even by geography. Because we know in certain parts of the U.K. or certain parts of Germany, there is more price sensitive consumers or not. So we look at it across the board. And then I think we've worked hard with our retailers. Ultimately, they set the shelf price. That's their decision. But generally, and I think history points where they take a little more pricing than we do. So their margins on their categories have expanded and that's been a big change in Western Europe over the last 5 years. And that's working really well. I think that's one of the reasons why we can take price. We don't take it for granted.*

*But because we lead with a consumer lens and we've proven that the pricing we take, the consumer has accepted, it's easier in those conversations with the customer. And then if you overlay that with a bit of margin expansion, and then if you look at the velocity of our category and the size, we continue to be the #1 value cash generator across all categories for our retailers. And again that's not a position of strength, I'd say, but it's certainly a position of relevance.*

*And we didn't, and we got some criticism -- we didn't price up at that 10% level 2 or 3 years ago when all that massive inflation hit. We took a conscious decision and through that consumer lens. That would have pushed a lot of our consumers out of our franchise and clearly would have put a lot of pressure on our customers. It put pressure on our gross margins and we're dealing with that now and we will get our gross margins back to where we want them to be. But I think that longer-term strategic view of pricing definitely makes those conversations easier.*

*Eric Serotta*

*And clearly, the Coke system and CCEP has come a long way in terms of RGM over the past few years. Can you talk about further runway there in terms of both the premiumization of our GM as well as the affordability side?*

*Damian Gammell*

*I think we've -- and I suppose an example I would give, if you walk into a convenience store, supermarket in Europe or Australia, you're probably looking at between 90 and 140 SKUs. So we've got, obviously across multiple brands. But we now have a price ladder of packaging that we've built up over really 8, 9 years. So starting off with small mini-cans all the way up to 6 x 1.5 liter PET or 24-pack can. And then in between, we'll have 2 liter 1.75, 1.5, 1 liter, glass bottles for the premium occasion.*

*So we've kind of laid out over many years just a much broader ladder of packaging. And then that gives us multiple options to hit either 2 key dynamics that we're seeing. One is absolute price points. So we know some of our consumers, they will go in and they will look for something below 2 euros. That's their buying range. So having something at EUR 1.99, EUR 1.89 is critical.*

*There are other consumers who will go in and go, I want value. So I want my 24-pack can. I'll buy it every 2 weeks but that's my pack because I'm shopping on value. And then you still have consumers who have a lot of money still and they walk in and they will want to continue to buy that 6 x 330 ml glass premium pack, contour bottle.*

*I think what we've been able to do is kind of keep all of those packages relevant for our customers. And then when we sit down and look at that price increase or that price strategy, for example in Spain last year when we did our work, we landed on actually rolling back our 2 liter pack EUR 1.99, which is something we don't do that often. And the primary driver there was we saw that some of the retailer brands were getting momentum below EUR 2. And that's worked really well. We've taken back about a share point in Spain.*

*So just one example of when you've got all those pack optionalities, our margin and revenue growth management teams just have a lot more choices what to do. And then it's not a blanket choice of we are going to be a value-led brand or we're going to be a price point led brand, or we're going to be a premiumization driven business. We can do it all because we have the packs and we have the space.*

*Eric Serotta*

*And 90 to 140 SKUs, I realize that covers a lot of brands and things you don't own like Monster. But is there a risk of over proliferation in terms of SKUs? And what do you do to manage that?*

*Damian Gammell*

*I think we're relentless as people talk about hook to tail. And we earn that space in the retailers and they'll be the first ones to tell us you're not doing enough on that facing, Damian. So you're out. So if we don't manage it, they'll definitely manage it. So we have a good process and I suppose we want to give new packs and new formats enough time to see if they work. But if they don't, we're pretty ruthless about taking them out. Because we know we'll lose it anyway.*

*And I think if you particularly look at the energy category, if you look at a supermarket or a shelf in the convenience store now, if you go back maybe 5, 10 years ago, you'd walk in. There was like a soft drinks aisle that was maybe driven by 2 packs like cans and large PET. Then there was a big juice section, a big water section, and energy was at the beginning. And today, if you walk in, you'll see a much bigger soft drink section with a lot more SKUs. So not just a can and PET. You'll see a much, much bigger mainstream energy section now and the two categories that have given up space and lost relevance are juice on* *the back of pricing and some other challenges, and water, which has kind of moved more to, in many cases, a price driven segment.*

*And then for us in Europe, the 2 other categories that we want to bring into that picture that we have done a good job is on tea. So Fuze Tea is a big brand for us now. And then the one that I'm jealous of when I'm here in the U.S. or if I look at our Australian business is sports and Powerade. We have that brand in Europe but if you walk a European store versus a store here in New York or even in one of our stores in Sydney, we just haven't got behind the sports category and I think that's a big opportunity for the future.*

*Eric Serotta*

*Great. So in my introduction, I mentioned that you guys have been active with M&A over the past few years. More broadly in terms of capital allocation, you said in the third quarter call you reiterated that you're on track to hit the 2.5x to 3x leverage target this year. So could you discuss the capital allocation priorities from here? What role M&A you expect to play over the next few years versus the last few years and then how management and the board is thinking about buybacks.*

*Damian Gammell*

*So I suppose to start on the debt side, we have a great treasury team. I think we've got obviously on an absolute level, well on track, probably a year ahead of time to get back to our stated range of 2.x to 3x. We'll be there end of this year. So that's great. I think that below that, the cost of that debt is really solid. We did a really good job at the right time and the tenure is really good. So as we look out, there's no year in the coming 7 years where we've got any real peak on a repayment. So on the debt side, we're in great shape.*

*On the dividend side, I think we've seen it holding to that 50% dividend policy. I think is a good return for our shareholders but also gives us optionality with the remainder of our cash. When we think about that, we've recently guided up our CapEx from 4 to 5. That's short-term and that's really to reflect the opportunity in the Philippines. But I think we're investing what we need to invest in this business for the next 3 year to 5 year tenure. And we're still generating and are very committed to generate that 1.7 billion free cash.*

*So then we're left with two great choices as a management team. One is to keep looking for quality bottling assets that we could bring into the family. I think we've a good relationship with Atlanta. We've got to earn that every day as a bottler. That's the way it works. But by delivering, I think we will always have a seat around any potential M&A. I just don't see in the near term a lot of markets that either the buyer wants to sell -- sorry, the owner wants to sell, or that would fit with CCEP. So clearly, absent that then we'll continue to discuss with our board on that excess cash that's left and returning that to our shareholders.*

*So we'll keep an eye on M&A. I think honestly, and maybe for me and some of our team, it's kind of encouraging to look forward to maybe a couple of years where we're doubling down on our existing assets, making the changes that we're excited about and that we've already bought, returning volume growth sustainability to Western Europe because we think that's the biggest value driver for us. And clearly, helping Indonesia come out of what's been a tough period for many reasons. And if that allows us at the same time to return cash to shareholders we feel pretty excited about that.*

*Eric Serotta*

*Great. So shifting gears, I want to dig into the APS business a bit. Starting with Australia, the business struggled for a number of years, was starting to see some signs of improvement under Amatil before you acquired it. But you guys definitely really accelerated the pace of improvement there. Can you talk about opportunities to further improve the business in Australia going forward? And what rate could that business grow at over the midterm?*

*Damian Gammell*

*So just on the rate, this is a multiyear range but we see no reason why that's not a 3% to 4% revenue growth operation. A couple of dynamics underpinning that GDP growth. Excellent demographic profile. Immigration is boosting the population. We're well positioned in terms of share, well positioned with the 2 largest retailers. So structurally, we're well set up.*

*And then on top of that, we feel there's still improvements that we can make to that business. We're through probably most of our capital investment in Australia. There was definitely a lot of bottlenecks in our logistics and manufacturing. So we've taken them out over the last 2 years. So this year, we've been voted by most of our customers of that supplier that hadn't been happening because their supply chain wasn't in great shape. That will unlock growth. We're clearly cycling out of our relationship with Beam Suntory on alcohol ready-to-drink. So that will have a near term impact because as those brands move back to Beam. But as you've seen, globally we've got options, whether it's with Brown Foreman, Absolut and Coke, Bacardi.*

*So we will look at replacing that revenue and volume through those partnerships, but again that will be multiyear. We've cleaned up our portfolio. We've I think just sold our small beer business in Western Australia. We've got out of our bulk water business and now, really what's driving our business is the sparkling footprint, sports, energy does really well for us there.*

*So when I look at all that, there will be a short-term blip as we cycle out of the Beam business because it's high revenue but that's temporary. And then that 3 to 4 looks really doable.*

*Eric Serotta*

*Great. And then Indonesia, probably one of the most attractive longer-term markets for you guys if you look at demographics, economic growth, under-developed sparkling category. But clearly, some macro geopolitical headwinds there over the past year or so. So how are you thinking about the longer-term potential for the business? How are you planning for 2025? You've been through a number of kind of phases of the business transformation there between the portfolio, the pack size, and where are you in terms of the route to market. So a lot in there but where are we in terms of Indonesia, transformation, and when do we get to where you want to be.*

*Damian Gammell*

*There deserves to be a lot there because we're as excited as ever about that business despite what's been honestly a difficult couple of years. So I look at Indonesia as kind of we've got 2 work streams in motion. One is the long-term strategic reset of the business that we designed when we bought it and we're* *committed to making that happen. And then the short-term managing with agility given some of those macro issues you kind of called out.*

*What we want to be very clear is those short-term issues are short-term, if you look at years. And therefore, we don’t want to get knocked off track on what we think will be the bigger term opportunity of Indonesia. So to kind of start with the bigger strategy, quite a simple view when we bought the business. One was we were trying to sell too many categories, pretty much failing in all of them. So we said there's 2 categories we feel we've got the right to win, sparkling and tea. So that’s happening and that’s done.*

*The second strategic issue was we were too cost -- our cost was too high in our business and therefore our selling prices were too high and we were not affordable. So we realized we had to get to a 3,500 to 4,000 rupee price point. We've done that and we've restructured our business to get the cost out so we can be affordable.*

*And then the third big pillar was we inherited a very bureaucratic, inefficient route to market. Prior to buying the Philippines, we'd already designed to move to their model by coincidence. So now -- and that’s a longer process. So by the end of the year we'll probably have 50% to 60% of our revenues going through the new route to market already. And then as we move into next year, we'll make the final change, which will be Java and Jakarta. So by the middle of '25, that route to market redesign is done as well.*

*What's interesting if I go back to the short-term, so it has been very difficult. We've lost a couple of years just in terms of momentum given the macros. We're not alone. Actually, in some ways, we've performed better than a lot of companies. What also gives us encouragement is in areas that are less impacted by those macros, so let's say Bali or whatever, we're hitting ahead of our business plan. So we're in volume growth. The route to market is working. Our affordability strategy has landed well.*

*So given Indonesia is such a big country when you consolidate it, for sure our kind of consolidated results are a challenge. When we break it out and say, okay, where are we less impacted, how is the business looking and it's doing exactly what we hoped it would do when we made all those changes. So more to come but in terms of confidence of the future of that business, on the back of the changes we're making, it's as high as ever.*

*Eric Serotta*

*Great. And then Philippines, that was a very different market from Indonesia when you bought it, much more developed, well run, under Coke. Can you discuss the opportunities to kind of further build on that momentum in the Philippines? And then sort of the potential for you guys to more leverage your scale across Southeast Asia, putting Indonesia and the Philippines together more as a business unit. Not literally but ways to get some cross-country scale.*

*Damian Gammell*

*The consumers are completely different and the per capitas and the category relevance is completely different. But the operating environment is very similar. So a lot of islands, a lot of small stores, so logistics becomes critical, your manufacturing footprint becomes critical. And accelerating key accounts, landscape, whether that's in home or away from home. So there are many similarities between Indo and the Philippines in that space. So we're leveraging that.*

*As I said, we moved to the Filipino route to market. And then obviously, the technology platforms we build work in both markets really well because they're addressing a very fragmented infrastructure. So IT, obviously procurement, people. So we've got lots to share between those 2 markets and that's helping both. Back to the Philippines, it's been a great business. We identified when we spoke to Coke about purchasing it that we could bring more value to that business in a number of areas.*

*Key accounts and large supermarkets are the fastest growing channel in the Philippines, like 20%, 25% of the business. The business there locally had been more focused on general trade. So we saw big opportunity just to lift and shift some of our OGM tools, our analytics tools, our world class key account management program. So that's gone in. We also felt that they were basically not managing margin as much as we'd like and we've set a goal to get our margins to double-digit.*

*And to unlock that, we've -- I'll go back to that CapEx. We realized that they were running on pretty, in some cases, really old infrastructure, 70 years old. So we've been putting 2, 3 new production lines and that's allowed them to be more productive. They had a very low inventory on glass. So glass is about 50% of the volume, RGB, critical for that affordability play. So a lot of that capital that we* *put in was to buy a float of glass. That's unlocked a lot of bottlenecks in the business.*

*And then clearly, we've got a big shard services function out of Bulgaria with 1,000 people. As the Philippines had been operating pretty much as a one country unit, getting leverage on things like shared services, procurement, IT, and also talent management is something that we've been able to bring to that business. So we knew that business was going to grow. What we wanted to do was accelerate that growth by unlocking those bottlenecks in the supply chain. I think we're doing that. We knew the margins were too low from what we thought. So using some of our pricing analytics to get a bit more pricing to support margin expansion and we're doing that.*

*And then clearly, we knew it was kind of under developed in key capabilities, whether it's shared services or key account management and we're working on that now. So it's been a great year. It's been a great integration. It's given us a lot of energy in that part of the world to help us with Indonesia. And both of those I think will continue to really benefit from each other.*

*Eric Serotta*

*Great. So zooming back out to CCEP as a whole. So about 2 years ago, you raised the midterm financial targets to 4% comparable FX neutral revenue growth, 7% OI growth. EUR 1.7 billion of free cash flow per year. So could you talk a bit about the building blocks to the 4% topline longer-term as we move past this macro volatility, this elevated pricing that we've seen, whether it's geographic category or volume versus price mix.*

*Damian Gammell*

*So maybe just kind of starting at a very top level by geography. So currently, our kind of midterm in Europe is a 2% to 3% revenue growth environment, as I said, a bit of price, a bit of volume. I think as the economies recover, a bit more mix. That growth is supported by a very healthy category. NAORTD (ph) is growing anyway. We always want to outgrow the category. And clearly, we can stimulate that maybe to be even better with innovation, either through our energy portfolio with Monster. Clearly, we look at what's happening in the U.S. with like a Body Armor. We've kept a close eye on Celsius. We've looked at whether Smart Water pH could play a role.*

*So within that 2% to 3% we've kind of assumed it's with the brands we have and with the kind of macros that are ahead of us over the next 3 years to 4 years. But we clearly want to challenge ourselves, can we support that 2% to 3% even more or go ahead. So that's Europe.*

*I think when you move to Australia/New Zealand, very similar story but you're probably getting a point or two more just from demographics, age profile, and population growth. So that gets us to like a 3% to 4%. And then we go to Philippines. I think consistently you're looking at high single digit revenue growth. Again, GDP is probably around 4% to 5%. Our category is growing that plus. We're bringing in energy which we didn't have there. We're going to launch Zeros, which haven't been a big part of our portfolio. And some of that CapEx that we're unlocking is a multiyear unlock. It doesn't all come in one year. So that gives us confidence that we can get to that high single digit.*

*I would see Indonesia being in the same range. The question is when. Hopefully it will be quickly. And as we rebound from these tough couple of years, I think Indonesia will come back quite quickly. So put all that together. As you're all super mathematicians, you'll say, but Damian, that gets to a much higher number than a 4%. And it probably does if you assume every year everything goes well. And I think that's just not the way things work, right. So I think we can consolidate unit by unit and get to a higher revenue. But I think like this year, it's been a tougher weather summer in Europe and we've had challenges in Indo but we still want to make sure we can hit the 7%. And I think it's a testament to the strength of the business and some of the work we've done in productivity that our revenue can come in below our guidance, that 3.5% to 4%. But we're very comfortable with the 7% OI and we're very comfortable with the 1.7% free cash flow.*

*Eric Serotta*

*Great. And then understanding you're not giving 2025 guidance today, but can you talk a bit about some of the big picture puts and takes for growth next year, in terms of the top line. You're cycling big events like the Euros, the Paris Olympics. But as you've said before, it's not a surprise that the Olympics don't happen every year, the Euros don't happen in Germany every year. On the other hand, your at home business looks pretty resilient. You've got some easier away from home comps in the second and third quarters. So maybe you could talk through some of these puts and takes.*

*Damian Gammell*

*So we've had a couple of portfolio changes. So if you look at '24, just going back a bit, we exited the Capri Sun business. That was about 1 point of growth. So when you look at our number that was just -- next year, we'll have a couple of other events just to keep you guys busy and trying to model all this stuff. So we will transition our tea business in Spain from Nestea to Fuze tea. That's already happening. And in Australia, we will be exciting the Beam Suntory alcohol ARTD and then we will be replacing it. We won't replace the revenues of both of those in one year. They're going to be multiyear. So there are 2 events that are coming. But again, in terms of a consolidated number, they're not that material but they're material in those 2 markets.*

*But even with that, we feel really good on our guidance for next year. I mean I think I mentioned some of that 4 that we need next year. We've locked in Germany and GB through price. We feel pretty good with land pricing in Q1 and all of our other markets. So let's say of that 4, we kind of get to 2, ready for the rest of the year. And then you're looking at about a point of volume and we feel we've got great plans in place, particularly with the Coke company around I think will be the best summer promotional calendar we've had in a long time in Europe. And it will come into Australia as well.*

*And then I think obviously, the energy category, we're seeing that rebound from that single digit back up to it's normal CAGR rate. So again, that gives us confidence. And we have a number of new initiatives that we're bringing to market, whether it's on flavors on regular Coke, and we've just got back into promoting Diet Coke in the U.K. with a multiyear campaign. That's been a big drag on our U.K. business which is a huge market for us. So when I put all that together with some of our music events coming through the summer, we're aiming to place a record number of coolers next year.*

*So as we looked at that away from home, we challenged ourselves on yes, there's broader macro moves that have to happen. The consumer has to feel that they've got a bit more money in their pocket. Some of those operator pricing messages have to get through. But what we can do as a bottler to stimulate it. So we're signing off with our board on our biggest ever cooler CapEx. And that will be in energy and in soft drinks. And we just think that's the right thing to do to bring to that segment of the market that's been a little bit soft. And it's one* *thing we can do to bring a bit of excitement and a bit more space. So lots happening already for '25.*

*Eric Serotta*

*Great. Well that puts us up right against the time here. I want to thank you for joining us today, thank Ed, Sarah, and Charles from the IR team as well for joining for the day and tomorrow. So thank you again and look forward to having you next year.*

*Damian Gammell*

*Thank you very much.*