COCA-COLA EUROPACIFIC PARTNERS
Q1 2023 Trading Update
Analyst Call Transcript
25 April 2023

CORPORATE PARTICIPANTS OF PREPARED REMARKS

Damian Gammell - CEO
Nik Jhangiani - CFO
Sarah Willett - VP, Investor Relations & Corporate Strategy

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.

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.

I am really pleased with how the year has started. We achieved solid top-line growth of 14 percent in the first quarter reflecting great in-market execution as well as good underlying demand across our markets. And so as always, I would like to start by thanking everyone at CCEP for their continued hard work and commitment to our business and to our customers.

Revenue per unit case was up 10 percent, reflecting positive headline price across all markets and our continued focus on promotional spend optimisation. Favourable pack and channel mix also contributed to the growth in revenue per unit case, led by the outperformance of the Away from Home channel which was still impacted by covid-related restrictions at the beginning of last year.

Volume growth of 5 percent in Europe reflects strong underlying demand and the tail end of covid recovery in markets such as Germany, Northern Europe and Iberia. For example, in Germany, the Away from Home channel was still down twenty percent versus 2019 in the first quarter last year, and we have now seen a strong rebound, particularly in restaurants and cafes, this year. With recent trading indicating no significant change in underlying consumer demand, we are optimistic but remain vigilant as we head into Europe’s key summer selling season.

API volumes were flat overall. The great momentum we have been enjoying in Australia and New Zealand continued, with both markets also benefiting from the tail end of covid recovery and the successful navigation of industry-wide supply constraints. This was despite record rainfall and widespread catastrophic flooding which occurred in New Zealand earlier this year.

Resilient volume growth in Australia and New Zealand was offset by volume declines in Indonesia, reflecting the early steps we are taking in our long-term transformation journey in this exciting market. We are implementing a much tighter portfolio strategy, focusing on Sparkling and ready-to-drink Tea. As discussed previously, this has led to the rationalisation of a significant number of our SKUs, the impact of which will continue into the third quarter this year.

Despite some macro consumer headwinds such as the reduction of fuel subsidies and the slightly later timing of the religious holy day salary bonus, we achieved Sparkling volume growth during the quarter. And excluding the SKU rationalisation, total volumes in Indonesia would also have been slightly positive.

Revenue per unit case in Indonesia was positive as we continue to focus on driving profitable revenue growth through a more focused portfolio. This was supported by fantastic activation during both Chinese New Year and, of course, Ramadan, with more activations already planned as we start to build out new occasions across the entire year.

Overall, we gained value share both in-store and online in NARTD categories. We also retained our position as the highest value creator for our retail channel customers within FMCG in Europe, delivering over 100 million euros of absolute growth, and within NARTD in Australia and New Zealand.

The NARTD category continues to be one of the best performing categories within FMCG, growing in value terms by approximately 7 percent in Europe and nearly 9 percent in API. And, ultimately, we continue to believe that with our great brands and best in class capabilities we can continue to at least maintain or grow our share of the category.

Trading aside, we continued to make disciplined investments for long-term growth, particularly in our people, our portfolio, our digital capabilities and of course our sustainability agenda.

On our portfolio, we continued to invest in our much-loved core brands, and launched focused innovation.

Coca-Cola Zero Sugar continued to perform well, up 8 percent versus last year. You may also have already spotted our limited edition Marvel themed Coca-Cola cans out in our market.

Monster also continued to outperform driving overall Energy volume growth up 15 percent versus last year. Fantastic innovation and partnerships continue to help drive recruitment and distribution.

In our Flavours, Fanta and Sprite achieved good volume growth overall, supported by double-digit growth in Australia, where we also gained over 250 basis points of value share. And, WhatTheFanta is back again in Europe with a fabulous new purple taste.

ARTD achieved double-digit volume growth in Australia, led by -196. And we are very excited to have launched Jack Daniel's and Coca-Cola ready-to-drink in GB and the Netherlands. The packaging looks fantastic, integrating the iconic qualities of both brands, and it tastes great!

On digital, in online grocery, we continued to see share gains, up 40 basis points. And we relaunched our B2B portal, MyCCEP.com, with a new design improving the user experience and making it even easier for our Away from Home customers to do business with us.

On sustainability, we are proud to have retained inclusion on CDP's A List for Supplier Engagement for the fifth consecutive year, and to be again recognised amongst the Financial Times-Statista list of Europe's Climate Leaders. We are also extremely pleased to announce an investment of over 40 million euros in our refillable bottling infrastructure in Germany. Investing in refillable solutions is just one of the ways that we are seeking to eliminate packaging waste and reduce our carbon footprint as we continue our journey to net zero.

And I am proud that we were recently recognised as one of Australia's best places to work for 2023 from over 700 nominated organisations.

So now onto our outlook for the full-year.

Our first quarter has set us up really well for the rest of the year and we are now focused on building on this great momentum in the key trading months ahead, particularly as we lap last year's amazing European summer.

As you know, the first quarter is our smallest, and as such today we are reaffirming the full year outlook we provided in February, albeit with greater confidence given an encouraging start to the year, whilst remaining conscious of the dynamic macroeconomic outlook.

So, we continue to anticipate full year revenue growth of between 6 to 8 percent, mainly price and mix led, driven by our anticipated headline price increases this year, combined with the annualised impact of last year's second round of pricing.

Importantly our priority is to remain relevant and affordable for consumers and so we will continue to optimise promotional spend and focus on delivering our revenue and margin growth management initiatives.

As you know, we experienced unprecedented levels of input cost inflation last year, and continue to face cost pressures, albeit to a lesser extent, this year.

We continue to expect commodity inflation of around 10 percent for the full-year although we are seeing some respite on account of easing inflation in recycled PET as well as lower gas and power pricing. We are now approximately 90 percent hedged on our commodity exposure for 2023.

We continue to anticipate an increase of around 8 percent in our COGS per unit case with slightly more favourable commodities offset by upwards pressure through the concentrate line as a result of strong revenue per unit case growth, as well as geographic and pack mix headwinds. We will continue to update you on this as the year progresses.

On OPEX, we remain on track to deliver our previously announced efficiency programmes, and continue to focus on optimising our discretionary spend.

Overall I am pleased to confidently reaffirm our operating profit guidance of 6 to 7 percent growth versus last year and to reaffirm our commitment to deliver strong free cash flow of at least 1.6 billion euros this year.

Our guidance, combined with today's interim dividend declaration of 67 euro cents per share, clearly demonstrates the strength and resilience of our business, as well as our confidence in delivering shareholder value.

To close, I would 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.

And over to you operator.

Q&A

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

Great quarter. I just had a question on your guidance. I recognize Q1 is a small quarter for you, but given the strong underlying momentum and execution so far this year, I guess what gives you guys pause to increase your full-year guidance today, especially on the top line? Is there some concern that elasticities are strengthening? Also, you touched on utilizing promotion, so trying to understand the pricing levels will be maintained, and/or promotional levels may need to increase I guess as the year progresses or really is there just a level of conservatism on your part for you to maintain your guide?

Damian Gammell

Bonnie, I think you answered the question in your opening comment. It is our smallest quarter. So we're very happy with the start to the year that we've seen. We've got good momentum heading into the key selling period, particularly in Europe of summer. So I think it's just a reflection that we have a long way to go this year, but it's a great start.

On some of the specifics, our pricing has landed well in the market. We've seen our volumes hold up. We have called out more promotional pricing optimization, so that's on the back of some of the work we're doing in data and analytics, just to really understand how we can spend that investment even wiser in the market, and that's baked into our plan and into our guidance. So we called out affordability as being important, given some of the pressures our consumers are under and our shoppers. So we will maintain our planned promo strategy and pricing strategy. That hasn't changed, and it's working well. So really it's a reflection of, as you said, it's our smallest quarter, and we've got the key selling period, particularly in Europe, to come. But we're not seeing anything beyond that. So it really is about the timing and the fact that it has been a great quarter, but obviously a small one. So that's the reason behind us not moving our guidance today.

Nik Jhangiani
And just keep in mind, Bonnie, we are lapping very strong performance in Q2 and Q3 last year as you'll recall. So we just want to see how the summer starts out as well.

Edward Brampton Mundy - Jefferies LLC, Research Division - Equity Analyst
Just one question on your volumes. I appreciate that your away from home volumes had a little bit of a post-COVID tell and a post-COVID boost, but your at-home volumes didn't have that, and we're lapping some quite tough comps, but you've still managed to deliver 3% volume growth. Could you as you reflect on that volume number, could you perhaps provide a bit of colour as you think about the category, the consumer environment, and some of the execution that you've been driving that very strong volume performance at the home channel?

Damian Gammell
Yes. Ed, yes, we're really pleased that both of our channels held up really well in the quarter. As you said, away from home, we, believe it or not, it seems like a long time ago, but we were still cycling some of the remains of the pandemic. So that was pretty much expected. And the home market has proved very resilient. So I think on the back of a lot of the work we did over the last number of years around some of our brand innovations, particularly around Zero, new packaging formats, smarter price promotional activity, good listings and distribution, big push around our in-store inventory levels and SOVI. I think there's a number of initiatives that we've been focused on over multiple quarters that are just giving the home market a little bit more growth.

We're also seeing the consumer remaining resilient. We do see our retailers focusing a little bit more on retailer brands. And really, that's on the back, particularly in Western Europe, of some of those consumer challenges around energy prices and disposable income. But despite that, the category remains very resilient, and I'm pleased that we could hold our share in NARTD and continue to deliver good volume growth on the back of really solid pricing. So I think it demonstrates the investments from the Coca-Cola Company in building out our brands and the ongoing work we've been doing with our customers around value creation, ensuring that we got that space in store that allowed us to capture that increased demand. So, yes, very pleased with the volume number. I think it's been a while since we've seen that in a normalized quarter in the home market. So as I said, it sets us up well for the rest of the year.

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

Damian, you gave a lot of detail, a good update on Indonesia. But I was curious also on Australia. I think Coke yesterday actually called out package diversity in small towns as a highlight on their call, and particularly in Australia I should say. So I was just curious if you could talk a little bit about some of the work that you've been doing on package diversity, the degree to which this is creating new immediate consumption opportunities, transaction growth, and also any development in terms of on-premise penetration and mix as well.

Damian Gammell

Lauren, yes, I'm really pleased for the Australian team. I think they've had a great 2022 and they've kicked off with a very strong first quarter in '23. So I think the whole team down there are really doing a good job. One of the callouts when we did the transaction was to try and bring some of the learnings from Europe around pack mix in retail, smaller packs, mini cans, smaller PET, and better promotional effectiveness, and the team in Australia have really taken that and really started to implement it.

So what you're seeing, and James called it out yesterday, is really strong transaction growth, particularly in retail, on the back of smaller pack sizes, which obviously deliver better revenue per case growth for us and our customers. So that's definitely been a key driver of our revenue and it's supported volume. On top of that, we've seen very strong share gains, particularly in Flavours in Australia. Again, that goes back to the transaction where, as you know, we strategically realigned our portfolio with the Coke Company and sold the Flavour brands that we used to own to the company, so we could have one strategic plan around Flavours. That's paid off honestly a lot earlier than I expected. So we've really seen that clarity for our people and for our customers around our Flavours portfolio working.

So a combination of pack, price, small packs, particularly on Coke and Coke Zero, and a stronger Flavour performance on the back of that new aligned plan with the Coca-Cola Company. So both of those are delivering really strong growth in Australia. And also out of retail, the team continues to do a great job in terms of just driving our away from home business there. We've had a good summer. We're now coming into autumn, but strong momentum continues. So all of those three elements really make the Australian business stand out in Q1.

Nik Jhangiani

And the home channel, in particular, Lauren, was up high-single digits, when you look at it, and one of the things that Damian and I have really seen that they've been able to leverage with some of those smaller packs is they've got great presence in retail in terms of front of store. So the checkout coolers and the (inaudible) there and the shares that we have in there are just tremendous, and the team have really been able to leverage those small packs through there as well. So that's really positive.

Damian Gammell

Yes. That's something we're looking at for Europe. We continue to look at how Australia have really built that front of store cold availability. I think we've lost a little bit of that in Europe. So it's something that we're trying to bring back because, clearly, it's great for our retailers' profit and for transactions. So learning going both ways, which is something we really focused on as part of the deal.

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

I just had a question on the energy drinks category there, and another strong quarter with volumes up 15%. Can you maybe just share a bit more colour on that, which countries are driving it? And is it predominantly Monster from the sugar-free range, is it very much driven by the innovations? Just any colour there would be very useful.

Damian Gammell

Yes. That category continues to be the winner in NARTD. It's had a phenomenal number of years and the first quarter again very strong. It's really coming on the back of the innovation that on the Monster brand, Charlie. And it is sugar-free variants, but they continue to bring really great products to market, great imagery, and we match that with a lot of great space in the store and the execution. So it's pretty much across all of our markets. So it's very consistent, but we've seen strong growth across all of -- particularly Western Europe, and we see that continuing as we go through the year, based on the pipeline of innovation. So as I said, that category continues to take share in NARTD, we're taking share within the category, which is great. We're challenging for leadership across a number of markets or have taken leadership. Yes, so the growth is pretty much across all of the countries, at the moment, Charlie.

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

I wonder to maybe just ask a little bit about COGS. Damian, you provided an update on your 2023 COGS and hedging situation, but can I ask a little bit more about 2024? I know it's still some way off. But I think back at the full year results, you talked about being just under 50% hedged for 2024. I just wonder where you are now, especially on things like sugar, given the recent moves you've seen in spot prices there. So just any early colour, again, on 2024, please?

Nik Jhangiani

Yes. And it's never too early to be planning ahead. So we are still about that 50% coverage level, and we're continuing to look at the right trigger points to raise that. So when you think about some of the key materials like ali we're about 50% for 2024 across both Europe and API, sugar a little more covered in API versus Europe, but a healthy level of coverage, but you're probably picking up that there's quite a lot of volatility in Europe potentially with sugar. So that's one that we'll continue to watch with our supplier base as well. But overall, I think we're in a good position at that circa 50% hedged, and we continue to look at '25 and '26 as well. '25 today we're about 20% covered, but we'll continue to, over the course of this year, bump up '24 for sure, but also look at appropriate entry points and trigger points for '25.

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

My question is just around mix and looking at, I think it's Slide 3, if you look across the different geographies, I think mix is pointed both package and I guess channel mix and brand mix are called out positively really pretty much across all the different geographic regions. So can you touch a little bit on was that mix actually better than you expected? Looks like especially immediate consumption away from home, and if it holds just like what the implications of that are for the year, I guess especially as we think about margins going forward?

Damian Gammell

Bryan, yes, it has been very strong. I think when we look at it, our transactions, which is a metric that we focus on quite a bit, are well ahead of our volume, and I think that's a really healthy sign. So we are seeing more consumers coming in to your point, on smaller packs on immediate consumption. So that is giving us a mix benefit. Clearly, we'll see how that evolves as we go through the summer, particularly in Western Europe. We've talked about in Australia we expect that to be maintained. It's been a good start there and in New Zealand. And we'd expect mix to be favourable as we go through the summer in Europe as well. And it comes back to a lot of focus around those smaller packs.

Obviously, away from home is getting a boost. You see it's quite challenging to get a flight or a hotel if you're trying to book summer vacation in Europe. It looks like it's going to be a good summer. Having said that, we had a great summer last year, right, so Nik called that out. So we got to be mindful that we had a very warm summer. We had the benefit of reopening. And that probably comes back to my comment to Bonnie at the beginning that let's see how we get through the next quarter and into the key summer season. But we expect mix to be a puzzle for the rest of the year. Whether it remains at this level, we'll wait and see. We're well positioned to capture it. So from a supply chain perspective, pack availability perspective, promotional plans, customer alignment, I think we're in good shape. We've got through the pricing with minimal disruption which is great. So that does set us up. But as I said, we are cycling a couple of strong quarters, so more to come on mix.

Nik Jhangiani

Yes, Bryan, just keep in mind again, the earlier comment, with Q1, in particular, we are seeing a bit of that still post-COVID recovery in markets like Germany, NEBU, Iberia, etc, which is clearly helping the mixed elements as well. And that will start moderating as we go through the rest of the year.

Richard Withagen - Kepler Cheuvreux, Research Division - Research Analyst

Damian, you talked about promo optimizations in Europe. What is the trend in general in promotions in NARTD in Europe? Is that picking up again as markets normalize or do you see major differences per market?

Damian Gammell

Richard, no, it's pretty holding steady, and it has been traditionally different by market. So in terms of the percentage of volumes sold and promotion, you can get a range from 20% to 30% depending on the markets. So some markets traditionally have just had a higher level of promotional intensity in NARTD and in other categories. So what we are seeing is the investment probably being spent a bit wiser. We've done a lot of work to understand what promotions generate more revenue and profit for our customers and for CCEP.

We're also doing a lot of work around what promotions drive recruitment into the category. We've done some very interesting work in Australia where we've looked at the promotional intensity level. So we've talked to this before, but it continues to be a big driver in 2023 where traditionally the category was promoted at a 50% discount. We tested the water at 40% to see what would happen. On some promotions now we've gone to 30%. So we'll continue to look at how we optimize that. The good news is with those changes we're seeing, the volume remains robust, our share pretty steady, and I think that's what we look at for the rest of the year.

So, yes, no dramatic changes. You are probably seeing outside of our portfolio a bit more promotional intensity coming from retailer brands, but you got to remember that's on the back of quite high pricing. So if you look at the pricing that the retailers took on their own label, percentage wise, obviously, much bigger than what we've achieved. So you are seeing a bit more promotional intensity on retailer brands and a bit more feature. But again, I'd imagine that's offset the impact of that higher pricing that really hit the market in Q1. So that's what we're seeing at the moment in Europe and in Australia in particular.

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

Congratulations on another terrific quarter. I was wondering if we can -- you started to touch on it a little bit in this last question, but wondering if you could go into more detail and Coca-Cola yesterday was talking about the need to expand the pricing ladder, both the premiumised as well as focused on affordability. And so I was just wondering how does that -- what does that mean for you specifically. Is this all through packaging or is liquids a consideration and just trying to understand your initiatives to address what Coca-Cola talks about as the need for a widening pricing ladder?

Damian Gammell

Robert, yes, I've picked up on those comments yesterday, and clearly, that's probably been a journey we've been on for a number of years at CCEP. So I think if you look at our pack availability, and I'll just talk on retail and the number of SKUs we have on shelf, we've pretty much looked at premiumization for a number of years, whether that's been on mini cans have gone really well, glass is now available in most of our retailers in small multi packs, very premium. We launched 1 litre glass in some markets, again, very premium. We've launched in Australia small PET, 12 packs, 10 packs. So we've got that at the top end, and then we've obviously got immediate consumption available in retail cold which is great.

And then on the other side, as you recall, in Europe, in particular, we rolled back a number of years ago from some of those very heavy promo discounting, so 8 pack 1.5 litre, a pack you couldn't even carry if you could buy it, and became a little bit smarter around our RGM promo strategy on affordability. So at the lower end of the ladder, you'll see competitive pricing on multi pack cans in Europe and Australia, and you'll continue to see PET offering as well. So we are conscious that a lot of our shoppers and consumers have other pressures on their spend, and we want to make sure we retain them in our brands and in the category.

So having that balance of affordability on our large packs, having good value on premium packs as well, and that's driving that mix that you're seeing in our numbers, and that will continue. So I think the pricing ladder is well established in Europe and Australia, New Zealand. It's ongoing, so we'll continue to look and trial packs that may give us more consumer reach. But if you stand in a store in Europe or Australia, New Zealand, I think you're going to see a lot of pack offerings from, as you said, that premium level, as I said, glass, mini pack cans, all the way through to those affordability packs that, let's face it, are really, really important for a large number of our shoppers. So our pricing strategy over the last number of years has been behind some of the cost pressures. We've talked about that on a lot of our calls. That was a deliberate choice by us to maintain relevance and affordability and to drive mix. And I think we're seeing the benefits of that. We saw it in '22 and thankfully we're seeing it starting off in '23 as well. So hopefully that covers that, Robert.

Sanjeet Aujla - Crédit Suisse AG, Research Division - European Beverages Analyst
Damian and Nik, my question is just in regards to input costs again, given where energy costs are today and have remained quite stable year to date, but well below levels from the second half of last year. Are you already starting to renegotiate some of your conversion costs with suppliers? And if so, when would you expect to see the benefit from that?

Nik Jhangiani
Yes, great question, Sanjeet. Clearly, we are seeing some of that benefit coming through both on what we would call primary, as in what we are facing in terms of consumption of that energy and power, but also what the supplier conversion costs will be. I think it comes back to having a lot more transparency with them than being able to get them to lock it in right now and say that's what we're going to be able to go ahead and commit to. And that's what we're working on with them because that's a multiyear journey, right? Because this is going to be an ongoing issue for the next couple of years.

So I think we've got a very good relationship with our suppliers in terms of more transparency and how that will start flowing through in terms of those conversion cost elements coming through. So clearly, when we look at our COGS, the commodities element or line of it is clearly coming down, which is good, versus what we had initially guided to. But then keep in mind, if you're looking at it from an angle of a broader COGS perspective, we're also hoping to continue achieving good rate and mix realization, as you've seen evidence in Q1, which as you know, with the incidence model has some implications on our concentrate element, but we'll provide you all a more holistic update probably at the half year.

Eric Adam Serotta - Morgan Stanley, Research Division - Equity Analyst
I'm hoping you could give a little bit more colour on Indonesia. Looks like you're making some -- and it's early, but it looks like you're making some progress on sparkling there with the growth in the quarter versus a strong push for Ramadan last year. How are you -- hoping you could discuss some early learnings from your efforts in Indo and how you're looking at the rest of the year there and your efforts to expand consumption beyond Ramadan.

Damian Gammell
Yes. Eric, it's a really exciting market. I was down there again in Q1. Team did a fantastic job getting ready for Ramadan, and we are at the beginning of that transformation journey. I think we've made some good decisions. I think the two callouts in the quarter for me would be our revenue per case growth of 11%, quite strong. And while achieving that, also delivering sparkling volume growth. So, yes, our primary goal there is with the Coke Company to really make sparkling more and more relevant for the Indonesian consumer.

So that's a multiyear journey. That doesn't happen in a quarter. But I think we can be pleased with the start we've made.

I think tidying up the portfolio has unlocked a lot of benefits in terms of a number of areas: one, our people, particularly our sales force and our distributors, can really focus on two categories now rather than five or six. It's bringing much more efficient supply chain just in terms of getting product to market and I'm pleased with that. So obviously, as we stripped out some of those brands, our overall volume declined, but again, that's just a cycling issue, and we'll see through that.

So we'll continue to focus on sparkling. We're well set for the rest of the year. We are working on, as I've talked about, building out the shoulders of Ramadan even more, so identifying other occasions throughout the year, whether it's Independence Day celebration, and there's a number of other big holidays that we can activate, so to try and create that excitement around the category, and fundamentally connect with passion points for Indonesian consumers. So with the Coke Company, we've looked at our investment and really focusing on music and food, so two passion points for consumers and making sure we can connect our brands, particularly Sprite and Coke, against those occasions.

And I think that's what we've got to do consistently quarter by quarter, year by year to build the relevance of the sparkling category. And as I said, it's early but it's been a good start, and some of those decisions have landed quicker than we anticipated, which is great. There has been some pressures on the consumer in Indonesia. Fuel pricing has been high. So if you look at volume growth, it's a little bit lower than normal, but that's on the back of a quarter where there was a lot of pressure on the consumers. So that's something we look forward to seeing how that goes as we come into Q2 and into Q3. But overall positive, but as I say to the team and continue to talk to, it's going to take a bit of time but a good start is half the battle, so we're pleased with that.

Jared T. Dinges - JPMorgan Chase & Co, Research Division - Analyst
To come back on pricing, you said you were able to land pricing in line with expectations so far this year. Do you think you're done with pricing for the year in Europe or do you need -- or do you expect more pricing to be done in the remainder of the year? And I'm thinking maybe more specifically about Germany and the U.K., given I think pricing was expected to fall a bit later this year, the normal -- and I'm also saying that in the context of the falling commodity prices that you've mentioned.

Nik Jhangiani
Yes. So to your question, a categorical yes, we will be taking more pricing, and I think it comes back a little bit to while you're seeing a slight falling on commodity prices, which clearly will have a positive implication, the year-on-year inflation is still very much

prevalent, right? So it's not like we've gone into a deflation mode. It's just that the level of inflation is coming down a little bit on the commodities element. So to your point, we've been able to very successfully land pricing in some of our key markets in Q1, Iberia, France, Australia, Indonesia, etc.

And the plan is for our pricing to be taken in both GB and Germany. GB those conversations are actually ongoing as we speak with the idea to be able to close that out in the early part of June, and then Germany we'd be looking at that during Q3, Q4. But, again, just to reiterate, we are still seeing inflation just at a slightly lower level than we were expecting. And so that will be a piece that -- a theme that will continue because again keep in mind, when we look at our margin over the last couple of years, back to the point that Damian's made, we've tried to make sure that we have continued to stay relevant. We've always said this is a multiyear journey as opposed to a single year of trying to pass on all the inflation. And that's something we'll continue to monitor as we go forward as well.

Damian Gammell

Thank you, operator. And a big thank you to everybody for joining us today. As both myself and Nik have said, it's been a good start to the year. But to echo Bonnie's opening comment, it is our smallest quarter. So we'll continue to update you as we go through the year. I do want to call out again all of my colleagues at CCEP from the Pacific Islands, Australia, New Zealand, PNG, Indonesia to Europe to Iceland. We've got a great group of people at CCEP who are really committed to our customers, and that continues to be a big part of our story at CCEP, so thank you to all of them.

Myself and Nik are out on the road soon, so looking forward to seeing many of you. We've got conferences coming up in May and June. We'll see some of you later today in our offices in London, so I look forward to that, and we will be in New York next month. So, again, look forward to giving you a further update with our half year earnings results in August. And again, thank you for joining us and have a great rest of the day. Thank you.

End