

COCA-COLA EUROPACIFIC PARTNERS
Q1 2026 Trading Update
Analyst Call Transcript
28 April 2026

CORPORATE PARTICIPANTS OF PREPARED REMARKS

Damian Gammell - CEO

Ed Walker - 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 our CFO, Ed Walker.

Before I hand over to Damian, 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. Volume movements, unless otherwise stated, adjust for the impact of six more consumption days in this quarter when compared to the same period last year.

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.

Firstly, I would like to thank our colleagues for their hard work and dedication to this great business, which next month celebrates its 10th birthday!

It's been a good start to the year with CCEP continuing to lead the way in FMCG in creating value for our customers across our markets and in innovative and growing categories, where we are gaining share. While Q1 is typically our smallest quarter, we have delivered broadly in line with expectations and today we are reaffirming our guidance for FY26.

Topline growth in the quarter has seen revenue continuing to benefit from the positive mix drivers we saw last year, driven by areas such as more coolers and the growth in Monster. We also delivered solid comparable volume growth, beyond the benefit of a slightly earlier Easter.

The category remains really attractive for our consumers and customers and remains as competitive as ever. Price relevance across all occasions remains key with value continuing to play a role for shoppers in our developed markets. And in our emerging markets we continue to focus on entry level affordability to build the category for the long-term.

So, as we did last year, we continue to build our total beverage offering, leveraging our diverse brand and pack range and our capabilities in revenue and margin growth management. This of course goes beyond pricing as we continue to balance premiumisation with affordability. We know that value is playing a role for a lot of consumers, but we also know they love innovation and excitement. As the category leader, we take the role of bringing this to the consumer - more taste innovation with new flavours, more pack innovation and more promotional innovation, increasing leveraging AI, which I will come onto next, with more win mechanics and value add.

All of this has supported positive share gains in Europe. This has been driven by strong growth in zeros, in colas, flavours, sports and in energy.

We've also seen a sequential volume improvement in APS, supported by share gains in Australia, more normalised volumes in the Philippines and continued encouraging signs in Indonesia.

Volumes in Europe grew by 1.4% on a comparable basis, primarily driven by growth in Germany & GB, particularly in the Home channel, where we

typically see more Easter-related spending and typically in larger future consumption packs.

This was reflected in our revenue per unit case growth, alongside those positive mix benefits I mentioned just now, which I am really really pleased with.

We grew APS volumes by 1.9% on a comparable basis, driven by the Philippines, double-digit growth in the Pacific Islands & PNG, & further improvement in Indonesia driven by Sparkling supported by a solid Ramadan festive period.

Our revenue per unit case reflected the headwind from the Suntory alcohol exit which had just over a 3% impact on APS revenues and 1% at a Group level.

Fantastic in-market execution has supported a strong start for new innovations across our markets, which in Q1, have been largely focused around Coca-Cola Trademark. As I said before, bolder moves on Coke are the name of the game and we are seeing the benefits.

Strong distribution of the nostalgic Coke Cherry Float in GB is supporting the rollout of Cherry more broadly, with the excellent Devil Wears Prada movie sequel campaign supporting recent improvements in Diet Coke.

We've seen a great start for the new Coke 500ml Supercan, or SuperFAN can as it's known in GB. We are also relaunching zero caffeine, now much more in eye-catching black & gold packaging, supported by a partnership with the newly released '007' First Light video game.

In ARTD we've added to our growing alcohol portfolio with the additions of Bacardi Spiced with Coke and the recent launch of Absolut Vodka & Sprite Pineapple.

Monster more broadly has continued to motor from where it left off last year, with volumes up by 20% or more, in many of our largest markets, supported by new launches and strong growth of core variants like Ultra White. There have been multiple Monster launches during the quarter including Rehab, a line-up of tea-based stills, & the latest Juiced variant, Viking Berry.

This variant has been the strongest energy release to date in for example, GB, our largest energy market, where it's already outperformed last year's launches of both Rio Punch & Lando!

Q1 saw further progress in Away from Home, with some great customer wins in QSR. These include the American themed and fast growing Chilis casual dining chain in the Philippines & the largest holiday park operator in GB, Parkdean, boasting 66 sites and attracting 3 million visitors annually.

We've also made great progress around placing even more coolers, with a particular focus on convenience & Food to Go outlets, supporting immediate consumption – for, as we know, 'what's cold is sold'! So far this year, we've already added around 40k more Coke & Monster coolers with more to come – for example, we will be adding up to 1,000 in Co-op convenience stores, a great win for our team.

Looking out to the rest of the year, much of our planned pricing is now in-market, we have solid commercial programmes in place with plenty more innovation and excitement to come.

For example, in Flavours, new Sprite Chill Zero will soon be available across our markets, together with the latest burst of the Fanta Wanta campaign, with a new Gen-Z focused gaming tie-up with Xbox. We've more Fuze Tea flavours to come in Europe, an expansion of Lift in the Philippines, and more in Energy across the Monster portfolio. And of course, as an avid football fan, June sees the start of the FIFA World Cup, which will see us front and centre with colourful & exciting in-store activations & consumer promotions, particularly around Coke & Powerade.

So, all in all, lots to look forward to, to excite both our customers and consumers.

More broadly, the macro-economic environment is increasingly uncertain, particularly given the situation in the Middle East. We are resilient and have a robust operating model, so while input prices have been affected, we are able to manage the impact. Our highly hedged commodities position, now at around 85%, ongoing efficiency programmes and control of discretionary spend, give us good visibility on costs for the year. Our planning has been based on temporary market disruption and whilst we aren't currently seeing

any material impact on consumers, we're monitoring the situation closely and will adapt our plans accordingly should things change.

We're continuing to invest in our business. In coolers as I mentioned, in our supply chain, with our new megaplant outside Manila on track to begin production at the start of '27 & also in our digital capabilities. As an example, we recently launched Kira, a newly developed natural language chat interface for our insights teams, helping them analyse complex & diverse data to drive deeper understanding of our brands & markets & power swifter decision making as a result.

As I mentioned earlier, we have reiterated our guidance for FY26. As a reminder that is for between 3 and 4% revenue growth, around 7% operating profit, & comparable free cash flow of at least €1.7 billion which will be H2 weighted as usual.

Today's dividend declaration and our continuing share buyback programme demonstrate the strength of our business & our ability to deliver continued shareholder value.

Just before we take your questions a reminder of our sustainability webinar on Thursday, which will provide details & progress on our This is Forward targets, which we have now been updated to include the Philippines.

Thank you for your time today – Ed and I will now be happy very to take your questions. Over to you, operator.

QUESTIONS AND ANSWERS

Operator

Thank you. We will now begin the question-and-answer session. (Operator Instructions)

Edward Mundy, Jefferies.

Edward Mundy - Jefferies LLC - Analyst

Afternoon, Damian, afternoon, Ed. So my question is really around the current period of inflation and volatility. I mean when you look back at the last round of inflation volatility in 2022. I'd love you to compare across what you're seeing today versus then based on what we know today. So COGS looks a little bit less bad for '27. Consumers arguably a little bit more fatigued.

I mean how do you adjust your playbook for this picture? And listening to your opening comments just now, Damian, it does sound like the degree of taste, pack, promo innovation is probably amongst the fullest it's been for a long time. How is that helping to play into what you're looking to achieve?

Damian Gammell - Coca-Cola Europacific Partners PLC - Chief Executive Officer, Executive Director

Yes, so thanks, Ed. Maybe I'll just talk to your last point and then hand the call to Ed in terms of how we see it versus 2022. I mean I think

you're spot on. We've been working really hard to continue to bring a lot of innovation and excitement to the categories. We think that as

obviously brand leader, category leader, that's a primary responsibility. And you're seeing that hitting the market, whether that's with Coke

Zero Zero or a number of our other innovations. And we see consumers and shoppers responding to that. I mean value is still important.

We know that for a lot of our shopper base.

Over the last couple of years, I think we've navigated that opportunity really well, providing available affordability, but also not forgetting that ultimately what drives the category is innovation, excitement and passion. And I think with the assets we have this year, whether it's FIFA or some of the assets coming in the second half of the year, we will be able to navigate nicely that balance of creating category excitement and growth, which is ultimately what our customers expect from us and manage some of those affordability and inflationary challenges. Don't see it as 2022, to be honest. Maybe I'll just pass to Ed and he can give a bit more color on how we're thinking about that.

Edward Walker - Coca-Cola Europacific Partners PLC - Chief Financial Officer

Yes. Thanks, Damian. And thanks, Ed, for the question. So yes, we've learned a lot, I think, from 2022. As we look at these type of crisis, we really split our activities into three areas.

Firstly, making sure we have security of supply. So we've done a lot of work over the last few years in making sure we have multiple sources of supply for key commodities and materials and we're not dependent on particular geographies or particular suppliers and have multiple contingencies for the supply. And as we sit here today, we're in great shape and no material risks from a supply perspective.

The second area is around cost as we see the impact on input prices. So as you know, we have a very extensive hedging program, and we're over 85% hedged now for the remainder of the year. And actually, since '22, we've also started working directly with suppliers and hedging their exposure or looking at how they can reduce the risk within their supply chain because, obviously, otherwise, that ultimately can get passed on to us. So we're in good shape, certainly for 2026 in terms of that hedging.

And then finally, is the impact on demand. I think what is similar to '22 is that I think the crisis isn't specific to soft drinks or ourselves. It's going to be a general challenge on inflation across all of food and drink, which in turn can impact consumer demand. But as we sit here today, we don't think it will be as severe as 2022. And obviously, we monitor the situation carefully. As you also know, we've got a number of OR and MGM technique, a very broad portfolio from a brand and pack perspective. So there's a number of levers we can pull if things do change to mitigate the risk. But yes, lots of learnings back from 2022.

Edward Mundy - Jefferies LLC - Analyst

Thank you.

Operator

Bonnie Herzog, Goldman Sachs.

Bonnie Herzog - Goldman Sachs Group Inc - Analyst

All right. Thank you. Hi, everyone. I wanted to ask about the volume improvement in APS. I guess I was hoping for some more color on what's driving this and how sustainable you believe this is? Also you touched on encouraging sparkling volumes in Indonesia. So could you provide a little more color on maybe what innovation and/or activation or marketing is driving this? And how we should think about the ultimate opportunity you have in sparkling in that market?

Damian Gammell - Coca-Cola Europacific Partners PLC - Chief Executive Officer, Executive Director

Hi, Bonnie. Thank you. I mean we're very pleased with our APS volume performance overall. I think there's a number of areas that I'd call out. I mean, firstly, our businesses in Australia and New Zealand Pacific Islands, in particular, have been performing really strong on our -- particularly on the sparkling category, and we see that being very sustainable. As you know, we've had the exit of some of our Suntory

assets out of there.

So that's made the numbers a little bit lumpier, but that's merely through now. And underlying our sparkling business in those markets is

performing really well and benefiting from many of the activities we talked about earlier in terms of new flavor innovation, pack innovation

and great marketing assets. Philippines has performed well and continues to be a market that we really get excited about in terms of its

long-term growth, not just on our core sparkling. We've now launched energy. We bought back Lift.

So we've got some good brand innovation going into the Philippines. We see that business performing in line with our expectations. Indonesia,

it was great, particularly for our team locally to enjoy a successful Ramadan and festive period, really all driven by sparkling, Bonnie. So if

you look at our underlying numbers, our Tea proposition in Indonesia is still work in progress. We're very happy with where we've got to

with our sparkling portfolio. And really what's been driving that is continued investment for the Coke company against the consumer.

So as we've talked about before, building more relevance for our brands and therefore, the sparkling category. We've made some good

decisions around route to market, which we've talked to, which meant we were a very resilient and stable business during Ramadan in terms

of just getting all those cases out. So that was great. And then clearly, we're looking at as we move forward, how do we continue to drive

sustainable affordability so the consumers can enter the sparkling franchise in Indonesia.

So that's really what drove the business year-to-date. That will be what drives it for the rest of the year. Yes, and we're excited about it. And

I think it's great to have a winning Ramadan. As you know, that's a key, key period for us in that market. So across APS, lots of positive signs

coming out of Q1. A lot to do still, which is great. So I think that sets us up for multiyear growth in that region, which is really what excites us.

Bonnie Herzog - Goldman Sachs Group Inc - Analyst

All right. Thank you. Very helpful.

Operator

Matt Ford, BNP Paribas.

Matthew Ford - Exane Bnp Paribas - Analyst

Just one question, I suppose, on the portfolio. I think within Q1, I think you reported original taste coke volumes down around 3% with growth

in APS offset by Europe. But obviously, you had very strong growth in your Zero Sugar and Diet Coke portfolio. Just be interested, Damian,

to get your thoughts on -- obviously, you've got a lot planned for Q2 and beyond World Cup activation, the new can format for Coke. I'm

just interested to get your thoughts on how confident you are in that sort of original taste volume picking up as we move through the year?

And whether actually some of the growth here was being cannibalized by the low sugar part of the portfolio? And then just one follow-up,

I suppose, on that potentially related is just on Easter and Ramadan. If you were able to potentially quantify how much of a boost that was

or if that had any impact on this coke picture?

Damian Gammell - Coca-Cola Europacific Partners PLC - Chief Executive Officer, Executive Director

Yeah, thanks, Matt. So I mean, there's a couple of elements to your question that I call out. So I would say, absolutely, our sugar-free offerings

continue to accelerate. So we see that across all of our brands, but particularly led by Coke Zero. And then also, we see Diet Coke, as I

called out, continuing to benefit from more focus, more investment. And again, we've talked about that last year that we see those two

brands as being key to our midterm growth. So it's great to see Diet Coke and Coke Light responding.

On Coke Original Taste, I mean, there's a couple of dynamics I'd talk to. One, the brand is performing really strongly, particularly in single-serve and smaller pack formats. So we are seeing some of those revenue margin and growth management moves, working, whether it's mini cans, small cans. Clearly the half liter can where we have it's performing really well, although it's very early days. Most of the volume weakness has been on large PET, and that's been a trend for a number of quarters now.

Some of that moves back into Coke Zero, which is great, and some of it moves back into smaller packs in terms of frequency and convenience.

So we'd expect that trend to continue, which is why we continue to look at building out whether it's Coke Zero Zero or Cherry on our Zero

offerings, but also supporting Coke Classic with flavor innovation as well. So a lot of our markets for the first time, you'll see a bigger focus

on Coke Original Taste Cherry and some more innovations on Coke Original Taste because that brand also responds really well to innovation and excitement. It will lead our FIFA campaign as we get into the summer, and will remain our flagship brand across all of our innovations.

So yes, I think it's long term, really good to see the category in robust health driven by sugar-free as we've talked about the taste quality of our sugar-free propositions now, it's just excellent, and we see consumers continuing to respond to that. So as we look at guidance for the full year, as we look at our midterm guidance, that dynamic, we will continue to factor into our numbers, Matt, because particularly in our developed markets, we see it as a very healthy dynamic.

Matthew Ford - Exane Bnp Paribas - Analyst

Thank you.

Operator

Simon Hales, Citi.

Simon Hales - Citibank Cameroon SA (Douala Branch) - Analyst

Hi, Damian, Ed and Sarah. Damian, could you just talk a little bit more about the channel performance you saw in Europe through Q1 and perhaps what we've seen into Q2. Obviously, a bit of a slowdown in away-from-home or pickup in at-home. I understand that's probably a function of the Easter timing impacting. But have you seen a return to more of the long-term trends we've been seeing more recently, i.e., a firmer away-from-home the offtake trend as we've come into April. Just interested in your thoughts on how we think those different channels should evolve over the coming quarters.

Damian Gammell - Coca-Cola Europacific Partners PLC - Chief Executive Officer, Executive Director

Yes. We're not seeing a significant change in what we saw coming out of last year, Simon. I think the -- clearly, the Easter occasion, particularly in Europe is a much more at-home occasion. So we do overindex on large packs. That also flowed into our revenue per case performance as well. But that's quite normal. It's a very big period, particularly for markets like Germany. So we continue to focus heavily on away-from-home.

We are enjoying a little bit of good spring or could I even dare say early summer weather in Northern Europe. That's definitely giving away from home a boost as we get into April.

But clearly, it's a channel that performed well for us last year on the back of solid investment, whether it's coolers, new customer wins. And a lot of that product innovation we talked about, particularly in energy is also supporting our away-from-home growth. So yes, nothing to read into in Q1. Clearly, away-from-home key focus period for us now is really -- in Europe is in the next couple of quarters, and we're well set up for a strong performance as we get through the summer.

Simon Hales - Citibank Cameroon SA (Douala Branch) - Analyst

Thank you.

Operator

Richard Withagen, Kepler Schuffer.

Richard Withagen - Kepler Cheuvreux SA - Analyst

Yeah. Hi, Damian, Ed and Sarah. I have a question on Europe. How should we view the price mix in Europe? We had obviously Easter and

the large pack they had an impact in the first quarter. So maybe you can talk about what is the underlying trend? And should we assume

any pressure on price/mix in the remainder of 2026, given the inflationary pressures in Europe from higher energy prices?

Edward Walker - Coca-Cola Europacific Partners PLC - Chief Financial Officer

Thanks, Richard. Yes, so we were pleased with quarter 1 in terms of an overall revenue growth of 9.8% in total, and I'm pleased as well with

the makeup of it. So obviously, the biggest proportion was from volume with the extra days at just over 8%. Within the mix, we saw quite a

few different factors. So we continue to see the very positive brand mix that we saw last year, fueled by energy. We did see some positive

package mix, but it was offset because of the impact of Easter, which as we just talked about, is more of a future consumption multi-serve

occasion at home.

So generally a lower revenue per case. But nevertheless, when you add that with the brand mix, we did overall see positive mix. And we

did see a slight headwind from country mix with GB and Germany growing slightly faster and the slightly lower revenue per case versus the

other markets in Europe. And then we did see some headline price and benefit from the sugar tax in France last year. So happy with the

makeup.

As always, I think it's a bit dangerous to look at one quarter in isolation as the promotional program does move around. But as we look at the year as a whole and given what we see today, including the impact of the Middle East crisis, we continue to see a balanced makeup of our 3% to 4% revenue growth for the year with a nice split between volume, mix and rate.

Operator

Nadine Sarwat. Bernstein.

Nadine Sarwat - Sanford C Bernstein & Co LLC - Equity Analyst

Good afternoon, guys. Forgive me for the predictable question, but I'm sure a lot on the call are wondering given the news last week on the Pepsi bottling agreement to change hands in Denmark and Finland in 2029, can you talk to your ability and/or desire to get those Coke markets and perhaps a refresher for us how these discussions with Coke have worked in the past for you when it comes to gaining new markets? Thank you.

Damian Gammell - Coca-Cola Europacific Partners PLC - Chief Executive Officer, Executive Director

Yes. Thank you. We were expecting that question. So thank you for asking it. We've talked a lot about our broader ambition to become a bigger bottler in the Coke family really since we started over 10 years ago. And that ambition remains constant. So as we think about what we can do to make that happen, clearly, performance is key. So we remain very much focused on performing where we've got the bottling licenses. And I think our Q1 numbers reflect that.

The second is obviously our balance sheet and capital allocation framework retains the capability to do a transaction. So we're in a good place financially. But ultimately, it comes down to having conversations with the Coca-Cola Company about how they see the future of those

markets and if CCEP can play a role in really unlocking value for the company, obviously, for our shareholders, but most importantly, for the consumers and customers within those markets.

I mean we believe -- we're well positioned with our other businesses in the Nordics to do that, and we'll continue to keep a close eye on

developments about what happens after those announcements last week. And again, obviously stay close to our biggest partner, the

Coca-Cola Company to see how their view on those markets evolves. But as always, not just for those markets, but for other bottling

franchises that may present themselves of an opportunity, we remain with a healthy appetite and a humble desire to try and continue to

grow the CCEP family.

Nadine Sarwat - Sanford C Bernstein & Co LLC - Equity Analyst

Understood. Thank you.

Operator

Lauren Lieberman, Barclays.

Lauren Lieberman - Barclays Services Corp - Analyst

Great. Thanks. Good morning, everyone. I wanted to just talk a little bit about price pack architecture plans. I know Damian, there's a bunch

of information on this in your prepared remarks. But just thinking about the consumer environment, concerns around European consumers

kind of in the context of the Iran war and higher energy prices. Just any adjustments that you may be making on that front? And then part

and parcel of that is GB was really strong this quarter. And I know you mentioned Zero Sugar, Diet Coke and Monster. But anything you can

share about the end market execution that were maybe key accelerators in the momentum this quarter versus that low single-digit volume

number that you put up last year?

Damian Gammell - Coca-Cola Europacific Partners PLC - Chief Executive Officer, Executive Director

Yes. Thanks, Lauren. So maybe first to GB, I mean, I think the team have had a number of really strong quarters. A lot of what we talked to last year also benefited Q1, where we've had a lot of good execution improvements and customer wins in away-from-home. That's definitely supporting our growth and will continue for the year. Good brand pack innovation from both the Coca-Cola Company and Monster, that's definitely helping. And we clearly continue to invest behind our brands in store.

And obviously, that's featured around Diet Coke, but particularly Coke Cherry. So we had a big push around Coke Cherry in Q1, and that's definitely helping us as well. So yes, I think GB has had another great quarter, and we're well set up for another good Q2 and into the rest of the year. So a lot of innovation and a lot of good execution. Back to your first question, I mean, we've been for a number of quarters now, balancing price, value relevance to our consumers on the back of previously cost of living pressures, now cost of living due to energy.

Obviously, as we come out of winter, while they remain a concern, it does get a little bit easier in Europe, particularly on the domestic front, as Ed talked to internally and with our suppliers, we're managing those higher fuel costs through to the end of the year. So as you know, in Europe, market by market, it's quite different, but we can have up to 30% to 40% of our retail volumes on promo.

So we already have quite a, I would say, high level of investment against that need state of value. But as always, we'll continue to look at that as we go through the year to see if we need to make any changes. On the other side, in some of our markets, we'll also look at whether pricing in the latter part of the year is also going to be part of our plan as we also look into 2027. So we're balancing both sides of that

equation, Lauren, at the moment.

Lauren Lieberman - Barclays Services Corp - Analyst

Great. Thank you.

Operator

Charlie Higgs, Rothschild & Co Redburn.

Charlie Higgs - Redburn Partners LLP - Analyst

Hey, Damian, Ed, hope you're well. I wanted to dig a bit more into the Philippines performance, please. I think it picked up quite nicely in

Q1. What's been the driving force? Is it still trademark Coke? Are you seeing some good success with expanding the sparkling flavors,

Predator, ARTD? And then how are you thinking about energy shortages in the Philippines? I think from memory, your partner there has a

very good energy business. But are you seeing any impact at the consumer level or in your distribution supply chain? Thanks.

Damian Gammell - Coca-Cola Europacific Partners PLC - Chief Executive Officer, Executive Director

Yeah. I mean from a -- I suppose to answer the last part of that, Charlie, from a kind of to Ed's point earlier, we've been very focused on

continuity of supply, and we have that in the Philippines, and we're in good shape there. We are obviously keeping a very close eye on

what's happening with the consumer and the higher fuel prices and how that may impact spending. We have a very affordable proposition,

as you know, in the Philippines anyway, particularly led by our GB.

So we plan to maintain that through the rest of the year, and that really gives a good entry point. So if consumers come under even more

pressure on energy or utility bills, I think our affordability strategy will definitely help us. I think broadly speaking, beyond that, the Philippines

continues to benefit from a really strong route to market. We're also unlocking some of the supply chain bottlenecks. I mentioned in my

statements, it's a bit away, but we'll have our greenfield up and running next year.

But since we took over that business, as you know, we've put in a lot of capital, both in terms of manufacturing, but also in terms of bottle floats. And I think that's just unlocking volume as well for our sales teams. And when I speak to Gareth and the team there, it definitely makes our sales team's life easier having RGB in particular, at a good stock level. Yes. So we expect that to continue. It is a market where we'll continue to look at energy contingencies. But so far, we've been in good shape, Charlie.

Charlie Higgs - Redburn Partners LLP - Analyst

Thank you.

Operator

Robert Ottenstein, Evercore ISI.

Robert Ottenstein - Evercore Inc - Equity Analyst

Great. Thank you very much. Damian, I was wondering if you could give us an update on your implementation of artificial intelligence tools, kind of where you are in the journey, maybe surprise learnings? And also more specifically, is this something that you see eventually integrating with some of your major retail partners and helping grow the entire space, optimize shelf sets and any green shoots along that front?

Damian Gammell - Coca-Cola Europacific Partners PLC - Chief Executive Officer, Executive Director

Yes. Definitely not happening in that space. And maybe just to call out some of the areas that we're utilizing in and seeing benefits. I think we talked to these before. Certainly, in the planning and forecasting area, I mean, we're getting a much higher degree of accuracy around

planning. And obviously, that allows us to do a lot in terms of asset utilization, inventory levels and customer service levels. So that's working really well. Like most companies, and I'm sure you hear this in other calls, tools like Copilot we've rolled out across our business to make everybody's job easier and to lean into AI to see what we can develop and learn more from.

Beyond that, it's clearly part of our partners' tools, particularly with Salesforce and ServiceNow. We use a lot of their kit and embedded in that now is AI functionality. So we are benefiting from that. I would say where I would like us to continue to get better at is really around the trade promo optimization. I mean that's a big value pool for us. As I mentioned in my comments to Lauren, we do invest a lot behind promo and value, and we continue to learn using AI on how to use that more efficiently and effectively.

But while we've been using it, I would say we're at the beginning of that journey, and that's super exciting. And the tools are getting better, which will allow us to continue to leverage that big investment year-on-year. So it's touching on all aspects of our business. We are using it with customers on a couple of levels. One, a number of our customers provide us with outlet level sales information.

So there, we can really quickly in-store look at that data, manipulate it and then to your point, play it back to fairly basic conversations around share of shelf cooler space, products on display. And as we also look at our promo optimization, we are building in shopper and customer level information. So we get to see what's the impact on household penetration, on frequency and also on loyalty, which is a key metric for a lot of our retailers.

So a lot happening, nowhere near, I would say, getting near the end of that journey. As much progress as we've made and as much of

investment we've put in, it's still a really exciting journey. While we're not at the beginning, we're probably on the way to the middle, I'd say, and that's quite a bit of way. So a lot happening. We have digital wins in our manufacturing as well as an example of where we're using AI. Yes, so super exciting and something to your point that our customers really want to lean into as well for their business. So it's a great conversation. Thank you.

Operator

Andrea Pistacchi, Bank of America.

Andrea Pistacchi - Bofa Merrill Lynch Asset Holdings Inc - Analyst

Yes, thanks for the question. So Damian, you touched on the strong performance in GB. The other market that looked very solid is Germany, which has returned to volume growth. So could you give a bit of color, please, on what's behind this performance in Germany? Is it the adjusted promo strategy or more than that? And on the sustainability there of Germany in the remainder of the year? And conversely, France seems to have remained quite soft despite an easier comparison. So could you comment a bit on France, how that is looking? Thank you.

Damian Gammell - Coca-Cola Europacific Partners PLC - Chief Executive Officer, Executive Director

Yes. I mean I think on Germany, Andrea, we certainly see a big benefit from Easter in Q1. So I would say, while we're really happy to see volume growth return, it remains quite a competitive market, and I see that remaining through the rest of the year. It is great that we did have a winning Easter, both in terms of share and volume. And that gives us momentum into April, but we need to continue to look at some of our price promo architecture in Germany to keep that volume growth sustainable through Q2 and into next year. So yes, a great start to the year.

I would have to say a lot of it's Easter driven. So still more work to do in Germany, but we're excited at the progress we could make in Q1.

I'm actually pleased with France. We've had a lot of pricing inflation on our core brand there on the back of taxation. As we've kind of come

through cycling that, I think the team has done a great job in France. And I was really pleased with the March performance, but also how

we're looking into the rest of the year. So I think the tax in France was disruptive, but we're through it now. Germany, a great start to the

year, more work to do, but an encouraging start.

Andrea Pistacchi - Bofa Merrill Lynch Asset Holdings Inc - Analyst

That's very clear. Thank you.

Operator

And that was the final question. So I would now like to hand the conference back over to Damian Gammell for his closing remarks. Damian,

please go ahead.

Damian Gammell - Coca-Cola Europacific Partners PLC - Chief Executive Officer, Executive Director

Thank you, operator. And again, thank you, everybody, for taking the time to join us. I know it's a busy week when it comes to earnings, a

busy day. So I appreciate you taking the time. As Ed and I spoke to, we're really pleased, good start to the year with solid underlying volume

growth beyond the benefit of an early Easter and a continued progress on our mix.

Critically, we remain the number one value creator, gaining share in categories that remain really attractive for our consumers and our

customers. Despite the uncertain backdrop, we do remain resilient and very pleased to be reaffirming our full year 2026 guidance today.

Clearly, as you'd expect, we'll continue to monitor the situation closely. And as always, we'll adjust our plans accordingly.

There's a lot to look forward in the rest of the year, big FIFA activation coming. We've got our Panini stickers and a lot of innovation coming across all of our brands through to the end of the year and indeed into 2027. Dividends are now 50% complete on our 2026 share buyback demonstrates strength of our great business and our ability to continue to deliver shareholder value. So look forward to catching up with you after Q2. Have a great summer and speak to you again in August. Thank you, everybody.