CCH – 2019 Half-year results
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QUESTIONS FROM

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Sanjeet Aujla, Credit Suisse

Fernando Ferreira, Bank of America

Edward Mundy, Jefferies

Ewan Mitchell, Barclays

Nico von Stackelberg, Liberum

Tristan van Strien, Redburn Partners

QUESTIONS AND ANSWERS

Telephone Operator

Thank you. So if you would like to ask a question please press *1 on your telephone keypad. If you change your mind and wish to withdraw your question, please press *2. You will be advised when to ask your question.

The first question comes from the line of Richard Felton from Morgan Stanley. Please go ahead.

Richard Felton, Morgan Stanley

Hi, good morning. Given that you're guiding to an acceleration in volume growth in H2 I was wondering if you could elaborate slightly on what gives you confidence in achieving that. Is it sort of broad based or are there specific brands or innovation launches that will drive that growth? That's my first question.

Zoran Bogdanovic, Chief Executive Officer

Good morning, Richard. Thank you. It's a combination of practically all the factors that you have mentioned. We know that we are in several of our markets cycling more favourable easier comps in the second half versus the first half.

Namely, Nigeria is the leading market where we have that situation, then also Italy. And then also we expect Romania to continue with a solid growth and actually to have a better rest of the year than what we have seen in Q2.

Also the fact that we have done a number of launches at the end of Q1 and Q2 from which we expect a bigger impact.

Third element is that we also have more launches to come in the rest of the year across a number of markets. And I have to say also that we have a quite loaded marketing and trade calendar, which we beefed up because of our Q2 challenge with weather that we have faced.

So, with all of that I'm pretty confident that in the second half we will be seeing a stronger performance and improved growth because of all these reasons.

Richard Felton, Morgan Stanley

Great, thank you. And my follow-up is on Nigeria. Can you please comment on your market share performance, specifically in the Sparkling category since you've widened your Pack price architecture. Have those changes that you've made made it easier to defend your market share or are you still under a little bit of pressure in Sparkling?

Zoran Bogdanovic, Chief Executive Officer

We're still under pressure in Sparkling when it comes to market share. And we know that this type of dynamic happens when we see that sometimes, like in this case, competitors are doing very aggressive price actions or interventions. We know that, and we don't want to follow that to that extent.

However, we are of course correcting our game plan and, with that in mind, we have already done one wave of activities, to be very concrete.

For example, on our glass packages, since the beginning of the year we have done pack price adjustments to be more affordable and to be more competitive, which is now actually giving us very strong results, especially in Lagos where we are seeing very strong double-digit growth, to be concrete.

We do see also that we will be increasing our promo intensity when it comes to also PET packages, so we do expect that in the months ahead of us we will be seeing a recovery also on the share front.

Richard Felton, Morgan Stanley

Great, thanks. And my third and final question is on the Costa Coffee announcements. Could you elaborate a little bit on the strategy of taking that brand to market, in particular, what kind of channels and formats are you going to be looking at?

Zoran Bogdanovic, Chief Executive Officer

Absolutely, very happy to discuss that. Let me just say how really excited and thrilled we are about this great opportunity that Coca-Cola Company has brought on the table, and that for us it was both logical as well as exciting to partner with.

So as we speak, our teams have started really working on thorough, detailed planning of the overall model approach for all the markets that we will start with next year. And that's at least ten, as we have announced. But we definitely see this rolling out across all of our territories in a phased approach.

Our approach will be that we will be doing that across practically all channels and formats which means, you know, from the retail, from HoReCa, at work, leveraging also Costa Express coffee machines, which are really one of a kind and we definitely want to see that, as well as Ready-to-Drink options, which as a matter of fact we already started in Poland from July. So, one month ago.

So, that's it in a nutshell, and all of that we'll be rolling out during the first half and will start during the first half of next year.

Richard Felton, Morgan Stanley

Great, thank you very much.

Telephone Operator

The next question comes from the line of Sanjeet Aujla from Credit Suisse. Please go ahead.

Sanjeet Aujla, Credit Suisse

Hi, Zoran and Michalis. Just a follow-up on Nigeria. Are you just able to just give a bit more clarity on the competitive dynamics in the PET? Where are the price gaps at the moment? How big are those price gaps versus the competition and you know, with the increased promo intensity in the second half would you equivalise those price gaps or do you still anticipate that to be a premium? That's my first question.

Zoran Bogdanovic, Chief Executive Officer

Good morning, Sanjeet. Thank you. So specifically on the PET packages, depending on the flavour variant, but let's say that this can be all the way from 40%, 50%, 60% premium versus the competitors.

Now, with things that we are doing and will be doing I don't see ourselves going to parity because this is not who we are. With the brand equity and marketing that the teams are doing on the ground I'm very confident that we always can trade at a premium level.

Now, obviously that premium level at a given moment cannot be at that level where we are now, so that's why we are doing certain activities, a combination of many where we will be reducing this premiumness. However, to which extent level I would reserve that for you know, our finalised planning and activities to happen in the market. But it's fair to say and be as open as what I've just said. So even though ...

Sanjeet Aujla, Credit Suisse

Just a quick ...

Zoran Bogdanovic, Chief Executive Officer

... Just to say, even though you said on PET, it's important to say that in the category it's also important what we are doing in the glass package because that's a package that only Pepsi and us are playing. And that's a pack with which for almost any other player it's very hard to enter because it's very capital intensive, including the route to market. And this is where we really are leveraging this more.

This is a type of market where this type of pack has a huge potential and opportunity and role to play. And we've seen that very well this year because also what we do with glass also impacts the performance of the overall PET package. So that's why I just need to make it more complete in terms of understanding how the interplay in the category goes with both packages.

Sanjeet Aujla, Credit Suisse

I understand, okay. And just on that glass point you know, if the price premium on PET is 40%, 60% when you sort of factor in the glass packaging against the PET from competition, is that premium smaller today than the 40%, 60%?

Zoran Bogdanovic, Chief Executive Officer

Absolutely, yes. That pack actually plays its role to be the most affordable pack in the market. And that's why, as in the previous call, I have said that our pack price as well as brand proliferation is taking us to be from most affordable proposition in the market to also most premium one.

Glass plays that role to be the most affordable, to deliver on that role and that's why we are really seeing how the scaling of the volume is helping. And that's a very good game plan that we see working quite well.

Sanjeet Aujla, Credit Suisse

Got it, thanks for that clarity. And just one for Michalis on the balance sheet please. Can you just talk about leverage targets between now and then end of the year where you'd expect the balance sheet to be and how you're thinking about bolt-on M&A going into the second half?

Michalis Imellos, Chief Financial Officer

Yes. Hi, Sanjeet. So, our target for net debt to comparable EBITDA of 1.5 to 2 remains. We expect that by the end of the year with some additional activities linked to potentially further debt issuance and also potentially some M&A activity, we will be at the upper end of this 1.5 to 2. So practically, depending on timing of those activities if not by the end of the year, certainly next year we will be at the upper end of this range.

And as we have said also in previous calls and in the capital market day, we have a good pipeline of potential bolt-on targets, so over the next 12 to 18 months we expect that some of these can materialise.

Sanjeet Aujla, Credit Suisse

Thanks. And just a final one. There's been some speculation in the press about a sugar tax being proposed in Romania in recent days. Can you just give us your thoughts on the likelihood of that being implemented and what you can do to mitigate any impact?

Zoran Bogdanovic, Chief Executive Officer

Yes, indeed that's something that came up very recently. However, it's really too early to speculate and to have any precise impact because we do see that there are various options being considered. And you can appreciate that any option can really have a different type of impact.

We know that the Cabinet is meeting these days to discuss. And I know that we, as also the industry, have been laying out facts which have been, I believe, useful in understanding all the possible implications that this can have.

I can only say that we have experienced both within Coca-Cola Hellenic and even within Coca-Cola System with such situations you know very well what we went through in Ireland, which is for us a benchmark case of how we have prepared.

And it's needless to say that our teams are leveraging on all the learnings and approaches that have been done in Ireland which we know is not one-dimensional, but rather includes a number of actions if this would happen. Because this is not only about passing on whatever the levy would be, through pricing, but it's about much faster reformulations with formulations that are ready with different pack sizes, various other innovations.

So for all of that there are many tools that we can deploy and use. However, I'm very confident that depending on whatever ends up here, and it's really too early to speculate, we will be ready for whatever comes.

Let me just remind that very often in these types of situations we do see with all the actions that we do that this can only be a very short term impact because as you see in Ireland, ever since the introduction of sugar tax because of all the actions that were done we have been achieving a quite solid growth rate and even the regular Coke has returned to growth as you see now in Q2.

Sanjeet Aujla, Credit Suisse

Thank you.

Telephone Operator

The next question comes from the line of Fernando Ferreira from Bank of America. Please go ahead.

Fernando Ferreira, Bank of America

Hi, Zoran and Michalis. Thanks for taking the question. I have two please. The first one, on the improvement that you're expecting on top line in the second half, just to be clear, the guidance includes Bambi, right?

Zoran Bogdanovic, Chief Executive Officer

Yes, it does.

Fernando Ferreira, Bank of America

Okay. Is it fair to say fair to say that if we look at the, let's say, underlying improvement ex Bambi you're expecting FX neutral top line to grow circa 4% to 5% in the second half, which would compare to the 3.4% you delivered in H1? Is that the right way to think about it?

Michalis Imellos, Chief Financial Officer

Well Fernando, just to decompose the impact of Bambi and to be very clear on this, obviously, it has a bearing only on the second half as we are staring to consolidate now from July.

In terms of volume, Bambi in the second half we expect that it will have around about 1.3 percentage points of growth impact in the second half. So in the full year that means approximately 70 bps of growth to the volume as a result of Bambi.

When it comes to revenue per case, currency neutral, I would say no real bearing. It's pretty similar to the overall Group revenue per case. So it's not going to have an impact.

So, if you combine the two, yeah, the 5% to 6% that we are guiding for the full year in 2019 includes the impact that I've just mentioned on Bambi.

Fernando Ferreira, Bank of America

Okay, very clear. And then a second question on the innovation, right, driving 4.5 percentage points of volume growth. I'm curious to know what's the repeat purchase you've seen so far in those big launches that you mentioned, like Coke Energy, Coke Coffee and the flavours?

And also, I mean, that growth as it's your core business would be down circa 2.2%, 2.3%. So I'm just curious where the decline was more prominent as well?

Zoran Bogdanovic, Chief Executive Officer

Yeah, so now with innovation as this becomes actually something constant that we are discussing because innovation and having a pipeline is a way of doing business and it's a critical driver of growth. That's why we do see that it's normal that as we innovate both on flavours and packages and sub-variants within brands that will drive growth that is going to be something that is going to drop from the list.

So, in the case of innovations this year I want to highlight that a big chunk of that before I talk about Coke Energy, etc, are further reformulations that we are doing in the area of Zero and Light, not only in Sparkling where we went after Coke where we have Coke Zero, we went to Fanta and Sprite. We also are doing the same with the FUZE Tea, so that's a very important piece that drives growth.

Then there are a number of flavour innovations. For example, Coca-Cola Vanilla in Russia, which is doing really well. And then you have a number of other variants, whether that's Lemon or Lime or Peach or Cinnamon, Cherry, etc. So, also these flavours extensions are something that makes the whole category more interesting and vibrant to consumer preferences of today.

And then Coke Energy, which we started in Q2, we can only say that it's still quite early. However, the results that we see in the market are very encouraging. We see that they are coming as incremental to the category of Energy exactly as we hoped because the positioning is a unique one, both as a proposition taste brand, as well as the pricing proposition.

Coca-Cola Plus Coffee also started only in some cases a few weeks ago or maybe one or two months ago. That's why I highlighted that for the remainder of the year we do see and we expect more impact from that in the market.

Now, what are some of the lower performing things? So, possibly you know, these are some of the other flavours that we are phasing out or we have had a challenging performance in Sprite in several of the markets. So net net we do see that innovations are pooling and driving our top line growth. And we see that as this has been over the last two years, this is going to be the case not only for this year but as well for the years to come.

And let me just conclude by saying that I'm very confident knowing how the pipeline of innovation propositions is full and is just a matter of proper prioritisation and sequencing that we are doing, how do we take that to the market.

Thank you, Fernando.

Fernando Ferreira, Bank of America

Thanks, Zoran.

Telephone Operator

The next question comes from the line of Edward Mundy from Jefferies. Please go ahead.

Edward Mundy, Jefferies

Hi Zoran, hi Michalis, a couple of questions from me. The first is around the weather, I'm just wondering whether you're able to quantify the impact from adverse weather in Q2? And then you know perhaps explain whether the weather has been better as you've got off to Q3?

Zoran Bogdanovic, Chief Executive Officer

Hi Ed, well I definitely can say that the impact that we had in Q2, all the way from a soft Easter - or both Easters, all the way to the majority of June, I can't say from the top of my head would be the percent.

However, I'm sure that we are talking at least 1.5 to 2 percentage points of growth. That's easy, because especially May for us was very hard, a very hard month, which really didn't resemble anything which looked like spring or the early start of the summer, we really had complete absence of the usual weather.

So in short I would say 1.5 to 2% of growth for sure.

Edward Mundy, Jefferies

And the weather in Q3 so far, any comments on that?

Zoran Bogdanovic, Chief Executive Officer

The start of Q3 was, I would say good, solid, positive within the bracket that we are shooting for. I have to say that you know could I have wished for better weather and even stronger growth? Absolutely, yes. But on the other side I also have to admit that I cannot be unhappy with how we started. But it's not as you know it would be in a fully normal summer.

Edward Mundy, Jefferies

Great thank you. And then the second for perhaps Michalis, I think you know traditionally you've indicated that roughly 20% of the FX impact is translation and 80% is transaction, you know clearly you're changing your guidance on FX. Is that 20/80 split sort of still appropriate for this year?

Michalis Imellos, Chief Financial Officer

Hi Ed, specifically for this year, first of all what we've seen in the first half is that pretty much all of the FX adverse impact was transactional. In fact the total FX adverse impact in the first half was €19m, transactional was €20m and the translational was positive €1m.

And we see pretty much that this is going to be the case for the full year as well. So based on the current spot rates which are quite favourable at the moment, I have to say, and all the hedges that we have in place we see that the total FX adverse impact in the year will be €20m. All of it is going to be transactional and translational will be pretty much flat.

Edward Mundy, Jefferies

Okay, got it, fine. And just the final question is on Costa - is there any more colour that you're able to provide at this stage around the structure of the agreement with Costa through the Coca-Cola Company are you sort of partnering through an incidence pricing model, are you doing a JV, is there anything that you can add at this stage on that?

Zoran Bogdanovic, Chief Executive Officer

Yeah Ed, as I said we are as we speak fully into discussions, collaborations which are progressing very well. And both teams are super excited. One of the elements is also how do we structure the overall model.

We do see that more resembling what we have on our Stills models, rather than incidence model on Sparkling. So that means more of a kind of - if you will virtual JV type of thing - a model where it's more - almost like 50/50 sharing that we have on the Stills.

Edward Mundy, Jefferies

Great thank you. And just finally on Costa again, you know I think you mentioned you got Lavazza in five markets so far. Are you pretty confident that as - you know that rolls off and Costa comes on there will be a net positive for the overall business?

Zoran Bogdanovic, Chief Executive Officer

I have no doubt, I have no doubt. Ed, I just need to reiterate that obviously we are not here, for us this is not 100 metre sprint. We are really with Costa for a healthy marathon, that's why we - first of all want to get ready properly.

We will be in market by market starting in the course of the first half of next year. And we want to do it right, meaning we really want to segment, analyse - approach the market in the right way. That's why we will not be seeing probably - incremental effect in year one, because we need to take into account that in five markets we've been there for almost - depending - for three years.

However, I have no doubt that in the second year and third year, this is going to be continuously growing, not only because we will be expanding this to more and more markets across our territories but we will be seeing the organic growth within each of the markets.

I don't have any doubts about that, because Costa Coffee is a high quality coffee and we are very excited with the more we'll learn and see through the preparations. I can only say that the more excited, encouraged and confident we are, thank you.

Edward Mundy, Jefferies

Thank you.

Telephone Operator

The next question comes from the line of Ewan Mitchell from Barclays. Please go ahead.

Ewan Mitchell, Barclays

Hi Zoran, hi Michalis, thank you for the questions. Two from me. First of all in your prepared remarks you said that you had negative price mix in Nigeria, I think we've gone through that quite a bit. I just wondered when the focus on glass starts to lap out; I know that you mentioned this is now the most affordable price point in the market. When will you start to kind of lap that effect and so when can we start to see slightly more stable price mix in Nigeria?

Zoran Bogdanovic, Chief Executive Officer

Thanks Ewan. So the thing that we've done on glass practically will lap - well it will lap the end of the year, because in Q4 last year, which means the end of November and December is when we have done - immediately pack price adjustments. So as we enter Q4 we will start seeing some lapping in that respect.

But to be fair and realistic that's why we say that for the second half of the year we do see price mix in the neighbourhood or being relatively similar to the first half that we've seen in Nigeria.

And if anything happens in terms of price moves that sooner or later will happen, I mean in a positive sense in Nigeria, you know then we can only be better. But we are adjusting our game plan to be actually resilient for this intense game that we already see for a while there.

Ewan Mitchell, Barclays

Sure and just to follow up once we do see that lapping, which sounds like it will be much more 2020, will we be talking sort of flat price mix, or will we still be in the negative territory?

Zoran Bogdanovic, Chief Executive Officer

It's hard to tell now; definitely we would aspire to have a positive price mix. After all we need to remind ourselves it's a real inflationary economy. And anyone not following with price mix we know that we all leave money on the table.

However, we also need to be mindful that we are in a competitive game there. And we also need to protect our position because we are not in Nigeria just for this and next year.

So that's why it's hard to say from today - in short we would aspire definitely for a positive price mix, however, we will be very alert to do whatever is right to win in the market and do whatever is needed in that respect.

Ewan Mitchell, Barclays

Okay, excellent. And secondly can you just give us some more colour on the performance in Russia. You were lapping low single digit volume growth and you kind of mentioned the tailwinds that that had in terms of weather and the World Cup last year. You did the same this year in terms of low single digit volume without those tailwinds. Should we be reading this as an underlying acceleration and kind of positivity within the market?

Zoran Bogdanovic, Chief Executive Officer

Yeah you've picked it up exactly right. I need to reiterate that last year we really had a fantastic strong combination of two big factors. The FIFA World Cup which proved to be a more successful World Cup in every sense, visitors, activation, mood, etc, and that definitely had a very tangible impact on our business.

And on top of that we really had unprecedented weather last year. It was continuously sunny, dry, a perfect storm. So this year of course the absence of the World Cup, but the weather has been very different, extremely wet. I've been there in June and it was very cold.

So in spite of that - reporting low single digits for the first half, I really find it very pleasing. And on top of that I'm very pleased with price mix in Russia, let's forget now Brown-Forman which we have finished cycling at the end of March, the beginning of April and we really see that we are having quite solid price mix in Russia, which is very, very important.

That's why in combination we are seeing healthy mid single digits - FX neutral revenue.

And I'm pretty confident with the work that the team is doing in Russia. So as soon as, let's say, we get just a normal weather or we are out of these weather connotations I have no doubt that the work being done on the ground is going to yield very solid results, because the programmes are there, revenue growth management activities that the team has crafted and is implementing in the market are giving clear results, which is visible also in our share gains.

Route to market evolution that is one of the things that the team is working more and more on, pipeline of innovations, segmented execution based on segmentation of the market, knowing that St Pete and Moscow has a different type and approach versus the rest of Russia and quality of people, which sometimes we don't mention but it's a very important source of confidence.

So all in all I'm confident about Russia's performance this year and for the years to come.

Ewan Mitchell, Barclays

Thank you very much.

Telephone Operator

The next question comes from the line of Nico von Stackelberg from Liberum. Please go ahead

Nico von Stackelberg, Liberum

Hi there, thanks for the question guys. What percentage of your pricing have you already taken for this year?

Michalis Imellos, Chief Financial Officer

Yeah. Look, we have taken some pricing already in the Established and the Developing markets, so I would say that for them it's pretty much done.

There has been some pricing also late, Half 1, in Russia. So I would say that in the vast majority of the cases the pricing is already taken and we have to see the full effect of that coming into the second half.

Nico von Stackelberg, Liberum

Okay, wonderful. And I appreciate there's some phasing with regard to working capital, but I was wondering if you could provide me with a rough guide for the full year in terms of where working capital might come out? Thanks.

Michalis Imellos, Chief Financial Officer

Our objective for working capital is to stay triple digit negative and not to have a positive or a negative impact year over year on a full year basis.

Clearly, with all the challenges that we are discussing here on the top line, you know, the priority here is to ensure that the work we are doing in receivables primarily and to some extent also on inventories is such that will enable the business, but also obviously will not affect negatively year over year the cash generation.

So, the objective is still triple digit negative as balance and not to have an adverse impact year over year on the cash generation.

Nico von Stackelberg, Liberum

Okay, thank you guys, appreciated.

Telephone Operator

The next question comes from the line of Tristan van Strien from Redburn Partners. Please go ahead.

Tristan van Strien, Redburn Partners

Good morning. Three questions from me. So the first one, I'm sorry to do this, but another one on Nigeria.

Last year Nigeria moved back into positive profit growth but listening to all the comments it sounds like you're basically not making any money at the moment. Is that a fair assumption?

Zoran Bogdanovic, Chief Executive Officer

No. No, because I mentioned also that over the last few years as well as last year especially also there was another wave end of last year and we are doing more this year - the whole efficiency, productivity and cost optimisation is a huge piece of work that we are doing in Nigeria.

And over this continuous sequence of years we've been doing, not incremental but truly sizeable optimisations, especially knowing that for the reasons of to secure that this business is a profitable one.

Tristan van Strien, Redburn Partners

Okay, that's very clear. Thank you. Just a second one. On your Energy category you now have a wonderful pricing ladder really from affordable to the premium Coca-Cola Energy. Just practically in the market, your shelf sets and your category management in these channels, how does that work? Does Coke Energy sit next to Monster in an Energy fridge or how do you maintain that premium presentation and execution beyond just price points? What do you actually do in Hungary and Romania for people to understand that there is a premium or a discount on competitor, yeah, on price?

Zoran Bogdanovic, Chief Executive Officer

Yeah, an excellent question. And first of all it's actually when you see the Energy category which is so vibrant, dynamic and growing, the more we learn every year we see how various segments play their own role.

So that's why from two brands that we had so far, which is Monster and Burn, when you see now Coke Energy it clearly sits at the premium.

Now, what does it mean? First of all it goes into Energy segment. It goes on the shelf where the Energy brands are. And ideally it goes where the strongest or leading brands are, let's say next to the Red Bull on one side and then Monster will be on the other side.

So, it leverages the fact that it bears the name of Coca-Cola and consumers immediately connotate 'premiumness' with that.

The second thing is that it delivers taste wise. And product proposition wise it delivers on that promise that the brand name carries. And we do see that reaction both from consumers as well as from customers, which have been extremely well receptive to the whole proposition.

Going forward because let me remind you we only started, The Coca-Cola Company has very strong marketing plans tailored specifically for this brand that we will be deploying leveraging various platforms that we will see more and more in the market, which simply I wouldn't talk about them now for obvious reasons. However, there is a whole suite of things that follow that price premium positioning.

On the other side you see Predator, which is at the lower end of the market, which fights exactly with those brands which are at that tier. We only started with that in a few markets a few weeks ago. And also we see that initial reactions are very good.

It's very encouraging to see from customers to whom our teams are selling those propositions that they very well understand in which segments of Energy category we are tapping into, as those have profiled themselves quite clearly.

What additionally helps is that for the Energy category we are having more and more coolers out there which have a dedicated Energy portfolio for themselves that's important. And then each brand has their own activations in the respective channels, either HoReCa or various properties like Monster has with Motocross or Formula One or celebrities like Lewis Hamilton. So a number of them have their own story. So, Tristan, I hope that answers your question.

Tristan van Strien, Redburn Partners

That's very clear. Maybe just - so if I'm a retailer you would prefer, and I don't have one of your fridges, you would prefer me to put this next space to do with the Energy drinks rather than putting it next to Coke Zero or Coca-Cola. Would that be a fair way of looking at it?

Zoran Bogdanovic, Chief Executive Officer

Yes, yes, in the Energy. In the Energy.

Tristan van Strien, Redburn Partners

Okay, the Energy. Yeah, very clear. Okay and then maybe just a third one. It might be a little bit of a technical question to Michalis.

By looking at your strong performance with the Coca-Cola trademark I would have expected that your third party transactions with The Coca-Cola Company actually would have gone up as a share of revenue. And when I look at that it's actually gone down this half. Is that a technical impact in terms of cash payments or is something else in play here at the moment?

Michalis Imellos, Chief Financial Officer

No, it's exactly what you said, it's cash payments. It has nothing to do with P&L basis.

Tristan van Strien, Redburn Partners

Okay.

Michalis Imellos, Chief Financial Officer

So, it's really phasing.

Tristan van Strien, Redburn Partners

Would it be fair just as we think about this more on a longer timeframe that obviously as you get the revenue mix benefits of your Coca-Cola extensions that your incidence rate should go up as part of the programme?

Michalis Imellos, Chief Financial Officer

Not the incidence rate per se. I mean that is affected by mix and it can go any way depending on country mix, brand mix, pack mix, channels and so on.

If you are talking about absolute level of spend, yes, as the business grows you should expect to see the absolute amount going up.

Tristan van Strien, Redburn Partners

Thank you very much, very clear.

Telephone Operator

Okay, we have no further questions in the queue, so I'll hand you back to Zoran for any concluding remarks.

Zoran Bogdanovic, Chief Executive Officer

Well, thank you everyone for joining our call today, your questions and the discussion. Let me leave you with a few final thoughts.

We are pleased with this solid first half, given a challenging comparative period for volume growth combined with adverse weather conditions in the second quarter of the year.

As we look to the rest of 2019, we are encouraged by both the exit rate from this quarter, positive recent trading and our strong plans for the rest of the year. We are pleased to confirm our expectations for the year.

Thanks again to all of you and we look forward to speaking to you for the next quarter. Thank you.

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