

COCA-COLA EUROPACIFIC PARTNERS
Q3 2025 Trading Update
Analyst Call Transcript
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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 we begin with our opening remarks on our third-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. Year to date numbers will also be presented on an adjusted comparable basis, thus reflecting the results of CCEP and our Australia, Pacific & Southeast Asia business unit (APS) as if the Coca-Cola Philippines transaction had occurred at the beginning of last year, rather than in February when the acquisition completed.

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:

Thank you, Sarah, and many thanks to everyone for joining us today.

Before looking at Q3 in more detail, I want to take a moment to stand back and reflect on the year to date.

This has been a solid year for CCEP. We are reaffirming our full year guidance reflecting the strength and resilience of the business. So, firstly a huge call out to my fantastic 41,000 colleagues who make this business great, every single day. As always, supported by our strongly aligned relationships with our brand partners and customers.

We've delivered another quarter of volume growth in Europe, despite softer consumer demand. And we continue to drive underlying growth in APS.

The NARTD category is profitable & growing. Not only by value, up around 6% this year, but also and more importantly by volume – not a dynamic we're seeing across FMCG categories.

And we are winning; leading the way in creating value for our customers and growing share ahead of the market. Our focus on revenue and margin growth management continues to support solid progression in revenue per unit case, whilst balancing premiumisation with affordability for our consumers.

As you know, we've had some challenges this year which we continue to navigate. These include some one-offs, such as the portfolio changes in Australia & Spain with Suntory and Nestea. And also, the challenge from softer consumer demand in a number of our markets, like Germany and Indonesia.

Absent the one-off headwinds, revenue to date would have been growing at a level more in line with our mid-term revenue objective.

Touching on market share, our share overall has continued to grow. This reflects consistent share growth in the Philippines & the performance of Monster, which has grown share by just under 200 basis points this year. We have however seen pockets of pressure in the Home channel in parts of Europe over the past couple of quarters. Our focus remains on driving profitable growth with our customers whilst ensuring that we continue to prioritise consumer value for money.

We've continued to see good progress in Away from Home which is not well represented in the Nielsen share data. In GB for instance, which is having a standout year, we have had great success in retaining key accounts and winning new business, in on and off premise, across QSR, sandwich & coffee shops, bars, restaurants and sporting venues. All of which has contributed to growing Away from Home share and volumes, which have grown in Europe in every quarter this year.

Our efficiency & productivity programmes remain firmly on track, delivering slightly earlier than plan. So, together with our topline performance, we are driving strong and profitable cash generation, supporting record investment in future growth, a growing dividend and ongoing share buybacks.

Our great brands, great execution and great people continue to drive the delivery of our clear and sustainable long-term strategy. So, there is much to feel good about today!

Turning now to Q3.

It's been another solid period with volumes and revenue growing ahead of H1, with volumes up 0.4% & revenue up 3.2%.

This has been supported by strong brand performances across the portfolio, driven by great activation, execution & some good innovation.

Coke Zero grew 6.3% in the period supported by the fantastic Star Wars collaboration & the kick off of the exciting new relationship with the English Premier League. We also saw further improvement in Diet Coke, broadly flat, with growth in GB reflecting the continued success of the This is My Taste Campaign fronted by actor Jamie Dornan.

Overall, Coke Trademark volumes were flat, following lower sales of Coke Original Taste, reflecting the Philippines flooding impact, the increase in the rate of French sugar tax & consumer softness, particularly in Germany.

In flavours, Fanta has seen a new 'icons of horror' campaign with characters including Chucky, Megan & The Grabber adorning bottles & cans in the run up to Halloween last week. Elsewhere in flavours, Sprite performed well, up 4.2% supported by new QSR listings in France & in GB, with new limited edition Green Apple X.

Energy has continued its excellent performance driven by Monster. We delivered volume growth of 24% during the quarter & 18% for the year to date. Recent innovation, in particular Lando Norris Ultra, the strongest ever energy launch in Europe, together with the enduring strength of Green and White Ultra Zero, have contributed to this performance, also supported by our ongoing cooler rollout, which is driving increased distribution.

In Ready to Drink Tea, although the transition in Iberia from Nestea represents a volume headwind this year, great execution from our Spanish colleagues has supported performance ahead of plan, with Fuze Tea strengthening its leadership of the category.

The sports category continues to grow, driven by Aquarius in Spain, where we've also recently introduced Body Armour to customers in the Home channel, with listings in Convenience coming from Q4.

And finally, we continue to grow our share of the ARTD category, the only alcohol segment in growth, up around 8% in value terms this year. Jack Daniel's & Coke is the number 1 ARTD SKU in GB & Spain, with Bacardi & Coke and Absolut & Sprite contributing to overall share gains.

Turning now to our performance in the markets.

We had a strong start to the quarter in July as we highlighted in our H1 results, supported by more favourable weather in Europe. We continued to see the impact of July's flooding in the Philippines in August. And, across the Group, August was more mixed from a consumer perspective, with that continuing into September.

This aside, in Europe we delivered another solid quarter of volume growth, with volumes up 0.9%, supported by continued growth in Away from Home & a great performance as I mentioned in GB.

Revenue was up 3.2%, supported by growth in revenue per unit case of 2.7%, slightly lower than the previous quarter, reflecting an earlier pricing increase in GB.

Although the NARTD category continues to grow strongly, it remains as competitive as ever. Notably in Germany where we've seen a softening in demand. As affordability & value for money become an increasingly relevant

driver for more consumers, it remains as important as ever that we have the right packs, at the right price points. We continue to prioritise profitable volume growth, maintaining the optimal balance of promotions across the portfolio, but with more focus on mechanics & messaging to visibly emphasise value to consumers.

In GB for example 2 free cans with an 8 can multipack, in Spain with 4 for 3 on 1.25 litre bottles or in Germany with buy 12 get 2 free on crates of 1 litre re-fillable PET are all examples of how we continue to offer right value for our consumers.

Our results in APS for Q3 reflect the impact of one-off events, namely, flooding in the Philippines & the exit of Suntory alcohol distribution in Australia, with distribution in New Zealand due to finish in December.

APS volumes for the quarter were down 0.6%, with revenue broadly flat.

Excluding the Suntory impact, performance in Australia was strong, with volumes & revenue in Australia Pacific overall growing mid-single digits & high single-digits respectively, supported by continued strong growth in Papua New Guinea.

During Q3 we agreed a new multi-year agreement with Bacardi Martini which from this week, sees us start distribution of the Bacardi portfolio of premium spirits & ready to drink brands in Australia, including of course Bacardi & Coca-Cola, the latest addition to our ARTD portfolio down under.

Q3 volumes in the Philippines were held back by July's floods, which also disrupted distribution in August, with September returning to growth.

In Indonesia we've seen the rate of decline ease versus Q2, though volumes continued to reflect a weaker consumer & macroeconomic backdrop. Our transformation of the route to market continues to progress to plan and is expected to complete by the end of the year, strengthening our presence and execution in the market to be fit for the future.

Touching now on our investments across CCEP to support long-term growth. During Q3 we opened our largest canning line to date at our site in Queensland – a €65m investment to support the ever-growing demand for Monster, producing 120 thousand cans per hour.

We also began the build of a third aseptic line at our plant in Dunkerque to cater for the growing demand for brands like Powerade & Fuze Tea, while breaking ground in the Philippines on one of our largest infrastructure investments to date, the new plant in Tarlac outside Manila.

And our investment in technology saw the introduction in New Zealand of the latest innovation in cold drink equipment, Coke & Go, a new generation of smart coolers which use AI and image recognition to offer a faster, more convenient experience to consumers.

Delivering €2.3 billion in revenue last year, we're continuing to invest in our B2B portal, MyCCEP, making it even easier for our 260 thousand registered customers to do business with us. The portal is now available as a convenient app for customers in Germany - with other markets to follow over the coming months. Revenues through the portal continue to grow ahead of our overall topline.

Finally, our SAP rollout of S4/Hana, a key foundation for future topline and productivity gains, is progressing as expected, with the first deployment in Germany running smoothly.

I would like now to return to what I said at the beginning. We are reaffirming our full year guidance which is in line with existing market expectations. We are pleased to be declaring a second half dividend of 1 euro 25 cents per share, which together with our first half dividend of 79 cents, maintains an annualised payout ratio of approximately 50 percent. And the current €1bn share buyback programme will conclude in December. We will provide a further update alongside our FY25 results in February.

Looking ahead, I am proud of the strength and resilience of CCEP and have continued confidence in our ability to deliver.

The fundamentals of our business are strong & we operate in resilient & innovative consumer categories which are healthy and growing. We continue to grow our topline, supported by share gains, sequential periods of volume growth in Europe & underlying growth in APS, supported by unmatched capabilities in revenue & margin growth management.

While the global macroeconomic environment remains volatile & we're likely to see challenging consumer conditions persist, we will start to cycle some of this year's headwinds, particularly during the second half as we annualise the Suntory exit in Australia.

We're investing more than ever before in our key capabilities, accelerating productivity through technology and digital, supported by the strength of our cash generation, which also underpins our ability to sustainably grow returns to shareholders. We therefore remain very confident we have the right strategy, done sustainably, to deliver on our mid-term growth objectives.

Thank you for your time today.

Ed and I will now be very happy to take your questions.

Over to you operator.

Q&A SESSION

Operator

Matt Ford, BNP.

Matthew Ford - Exande Bnp Paribas

My question is on the consumer affordability point that you mentioned, Damian. I think you mentioned that sequentially kind of throughout the quarter you were noticing in a few markets, things becoming a little bit more challenging. I'd just like to get your thoughts on I suppose, how things have developed in October across Europe and across your markets? And kind of looking forward into the rest of the quarter and into 2026, how would you say this increased consumer pressure is likely to affect your strategy in terms of your prioritization of volumes, perhaps at the expense of price mix as you look to promote a bit

more? Yes, just to get your sense on the outlook for top line growth in Europe going into '26 given the environment.

Damian Gammell

Yeah. Thanks, Matt. So I would say it's been pretty consistent now for a number of quarters that particularly in markets in Europe that consumers are responding positively to a lot of our value pricing and communication. I think what's interesting is, in parallel, we have seen Away-from-Home return to growth. So I think that's a good sign across our markets. As I look -- as we look into next year, I think we're assuming that, that consumer sentiment will remain pretty consistent. I don't see it getting any worse. I don't see our pricing strategy changing. We'll continue to take price. I think that's an important part of that balanced growth. We will see volume growth next year as well as we look at our brand and pack price strategy. But I think overall, I think that value price point management will remain important into 2026. But we'll give a bit more color, obviously, at full year results time on our guidance for next year. But I would expect us to keep our balanced growth outlook for Europe, which was typically price, volume and maybe even a bit more mix next year as we see Away-from-Home continuing to strengthen.

Operator

Edward Mundy, Jefferies

Edward Mundy

So just to build on that same theme, I think you're highlighting it's not necessarily a significantly weaker consumer environment, but just to broaden it, it's not the first time we've seen a soft environment with Europe. I'd love to sort of get your perspective, Damian, on how your business today is set up to better able to navigate a potentially softer environment given some of your digital tools, your RGM investments, execution and also your category mix with energy bigger?

Damian Gammell

Yeah. Thanks, Ed. So I think, as you've seen, we have been able to grow volume and revenue in this current environment. And we're obviously confident that will continue going into next year. What gives us that confidence are a number of the capabilities you called out. I think, one, we have invested smartly, I believe, in good capabilities around revenue and margin growth management. And that's allowing us to hit the price points that resonate with consumers, but continue to deliver value for our shareholders and for our customers. So that pack pricing architecture, I think, remains a core strength of CCEP. As we've talked about before, if you visit any of our customers, you'll see a wide range of SKUs covering a lot of different price points. Some offer value. We still have a lot of SKUs that offer premiumization, whether that's mini cans or glass. So we still have a lot of consumers out there who are quite happy to pay a little bit more for convenience or for packaging premium. So that gives us confidence in that revenue delivery. Our portfolio is evolving. So as we look at, obviously, ARTD is a relatively new category for us, but that comes on top of our great soft drinks business. It also comes on top of a very dynamic energy portfolio. And then we're also looking to the future with brands like BODYARMOR being launched in Spain, and we'll continue to look at can we drive a bigger sports portfolio through POWERADE really on the back of what we've learned from that great business in Australia. So definitely price packaging architecture and the data and analytics around how consumers are responding to that will be key. A broader portfolio. So a lot of those categories I talked about, our share position is a lot lower than it is, for example, in our cola franchise, so that's incremental growth. And then fundamentally, we see the category growing. So NARTD, as I called out, is a growth category. So we're very well positioned in a category that's growing anyway. So participating in that and taking more share I think, is definitely part of our plan for 2026. And we'll continue to work with the Coca-Cola Company and Monster on more innovation. And I think we've seen that being a key driver of both recruiting new consumers but also growing the categories. So across that balance, I feel pretty good about our midterm revenue guidance. And then on top of that, I talked a little bit about in my prepared remarks, the investment. So in parallel,

we are investing a lot into this business, both in terms of capital and in technology. We talked about it on a previous call. This will be a record year for cooler placements, and that type of investment will deliver growth multiyear going forward. And we see the same investment levels as we look into 2026. So a combination of all that, Ed, certainly gives me confidence. I'd also say that we continue to see positive signs coming out of Diet Coke in GB. We've talked about that before together. That has been a challenge on our numbers, particularly out of GB. So it's great to see that brand responding to the investment we've made and the focus we've given. And then also, clearly, in APS, we've had a tough quarter in the Philippines, but that business continues to get stronger. And Indonesia, while it's not where I'd like it to be, clearly, we are starting to see some early signs of that business at least getting to a more normalized performance level, which gives us a bit more confidence as we look into '26. So a long answer to your question, but it covers a lot, I think. Thanks, Ed.

Operator

Andrea Pistacchi, Bank of America.

Andrea Pistacchi

I just wanted a follow up actually on Indonesia, which you just touched on. As you said, it improved in the quarter, but still declining high single digit. So could you talk a bit more about, I mean, the drivers here of the improvement? I mean you're implementing the turnaround plan and the distribution changes should be complete now by year-end. But is the improvement coming on the sparkling parts mainly and tea still difficult and you're confident of being able to finally bring Indonesia back into growth next year?

Damian Gammell

Thanks. I mean, it's a business we're extremely passionate about at CCEP, and it's a fantastic business, but it's clearly gone through a number of challenges. So in terms of what we're in control of, very happy with our route to market transition. That's just finalizing now. So that does set us up with a much better execution route to market, but also a more efficient cost base going into the future. So that was a change that we had to make, and now it's complete, and that's gone really well. From a growth perspective, we are seeing our sparkling portfolio doing a lot better. It's all relative, but it is doing better. So to your point, our drag in our performance is really on the tea portfolio. Within that, we are seeing progress on our flavored tea. So that's performing well. It's really on our kind of more standard black tea proposition, regular tea that we haven't quite found the price point or the product that we need to. So that's work in progress. So I'd expect as we look into 2026, certainly a better performance in sparkling, led by brand Coke and Fanta in particular. With Ramadan coming early in the year, so that will be a great start to the year for us in Indonesia. We know that's a period that excites our consumers, but also our customers. And I'm really pleased that's coming early because I think will really allow that new route to market to flourish in what is a key selling period. And we're continuing to work with the Coke Company on a more Indonesian centric consumer marketing campaign, and I think that's definitely paying off. So more work to do on tea, absolutely early days on sparkling. But some of those macroeconomic headwinds are starting to, I would say, moderate a bit, and we're certainly seeing that in our performance as we come into the end of the year. But we will be talking about Indonesia, and its opportunity for quite a while yet to come. So yeah, happy that we're making the changes. But clearly, until we get back into that mid-single-digit revenue growth, we still have a lot of work to do in Indonesia.

Edward Walker

Yeah. And maybe just to add, I mean, while it's obviously frustrating given the long-term opportunity and all the transformation we're doing, I mean, as you all know, it's not material to CCEP from a profit perspective, but we'll continue to do the right things for the long term to unlock that opportunity.

Operator

Eric Serotta, Morgan Stanley.

Eric Serotta - Morgan Stanley

Great. Hoping you could expand a little bit upon the Europe Away-from-Home trends? I know you pointed to share gains. But more broadly, we've been seeing pretty strong Away-from-Home trends or positive Away-from-Home trends in Europe this year. At the same time, kind of building consumer pressures and weaker -- weakening at-home trends. So I guess how do you square the two? What's your read into the consumer there? Is there a consumer bifurcation between high end and low end or middle to high end and low end? And -- or do you largely attribute this to your execution and share gains?

Damian Gammell

Thanks, Eric. I mean, I think we have to talk about the comps as well. So not that that's going to help me. But I mean, clearly, we have had previously a number of quarters where we didn't see growth in Away-from-Home. So mathematically, that helps. Beyond that though, we are seeing a number of factors. One, the category, NARTD, generally is in very good health in Away-from-Home. I mean people are drinking more NARTD beverages when they're out and about. We've seen good customer wins supporting our growth in the channel. We've also seen customers responding, I think, even more to some of those affordability challenges. So you're seeing a lot more value deals, menu deals, early bird deals across Europe. And clearly, we participate in that with our customers. So that's helping. And obviously, we did benefit from some good weather, particularly in Northern Europe, and that's always a key driver for our Away-from-Home business. So our cooler placements, which I talked to, our focus on incidents is also helping. I mean, that's a longer-term impact on our growth. But I think overall, the combination of cycling a number of quarters where we weren't growing and where Away-from-Home was under pressure. Very good customer strategies around value and, I would say,

instance driving, which we participate in. And then clearly, our execution capability on the back of our coolers is supporting growth. So it's great to see that coming back. I mean it's a big part of our business, it's a big part of our profit. It remains a priority for us to do better in terms of execution. But obviously, as it grows, we continue to see that as a mixed benefit in our business. It's not one story across Europe, I would say, particularly GB is a stand out. On the other side of the equation, Germany, we haven't seen the same strength in Away-from-Home there. So I would say it's not a one size fits all across Europe. We've seen really strong performances in GB but a much tougher consumer environment in Germany, and that's something that we continue to focus on.

Operator

Lauren Lieberman, Barclays.

Lauren Lieberman - Barclays Services Corp

Great. I wanted to talk a little bit about trademark Coke. And so really encouraging signs on Diet Coke moving to flat and with growth in GB, called out Australia being better too. So I wanted to talk, I guess, about Diet Coke trend line, other key markets to kind of -- and what do you -- do you think that business can get back into mid-single-digit growth? Are there other markets to kind of add to the pile that can be material? Zero Sugar also accelerated this year. As I look back at all the releases this morning and trend line last year was like kind of low single digits, and this year, you're more solidly in mid-singles. So maybe talk a little bit about what supported that acceleration specific around execution or anything that you've been doing differently to support the acceleration in Zero Sugar.

Damian Gammell

Thanks, Lauren. Yeah. So maybe I'll start with your last point around Zero Sugar. So really happy with the growth we've seen this year. I think that's on the back of a number of initiatives. I think one, obviously, the product is fantastic. It tastes great. So continuing to remind our consumers that compared to a number of years ago, the taste penalty from moving out of a Classic into a Zero is really gone. So I think taste is still a key driver of our category and something we never take for granted. I think on the back of that, a number of initiatives I talked to earlier, particularly around our promo strategy, our pack pricing, flavor innovation has already benefited Zero Sugar. Clearly, it's our lead brand as we look at our cooler rollout. So I still think we've more to do. I think we could grow faster on Coke Zero Sugar, to be honest. So while we're having a great year, I'm still somewhat discontent that we could do more. It's the fastest-growing segment within soft drinks, and it's an area that I think we can and should take more share in. So while we're happy, I think there is honestly a bit more work to do in Zero Sugar as we move into 2026. As I look to Diet Coke, again, it's mainly a GB story at the moment and Australia where they're our two biggest markets, I think the dedicated campaigns are definitely working. I think we clearly see that as a brand that if you support it independently, it will respond, and we've got a very loyal user base. It's a little bit early to think about other markets yet. But clearly, what is on our mind is if that dual strategy within the light cola segment really delivers, it's an obvious question to think about what does it mean for Coke Light in Belgium or in France or in other markets. That's probably a conversation that we'll come back to in the middle of next year. Our primary focus now is to get Diet Coke back into growth in GB and then I think we would kind of guide to what that growth would look like going forward. But clearly, the first milestone is to get it into growth. When you look at Coke trademark overall, I think a couple of challenges this year have been one in Germany where we've seen promotional pricing move up, and that's clearly impacted Coke Classic. We've seen the tax in France, which is quite a significant price hike. And then clearly, Coke Classic is by far and away, our biggest brand in the Philippines. So if the Philippines has got any challenges, you really see it reflected in Coke Original Taste. So some of those are one-offs. Clearly, some of the pricing moves we will look at as we move into '26. But overall, pleased with Diet Coke, early days. Really pleased with Zero Sugar, but I'm a little bit discontented. I think we should be growing a little bit faster. And as we talked about previously, I'm very excited with the Coke Company that we're bringing back flavor innovation on Coke

Original Taste next year. And I think that's going to be really exciting for what is still our biggest brand.

Operator

Nadine Sarwat, Bernstein.

Nadine Sarwat - Sanford C Bernstein & Co LLC

So in the release and so far on the call, the weaker consumer sentiment in Europe is a key topic of discussion. Can you share a little bit of how that is manifesting itself by different demographics, so whether that's age or income to give us a flavor of where some of those pressure points are greatest? And then related to that, which specific parts might have gotten better or worse compared to last quarter?

Damian Gammell

Yeah. Thanks, Nadine. So as I mentioned earlier, I mean, when you look at the size of the category and you look at our pricing strategy across it, I would say there's many parts of our business continue to do really well, whether that's our single serve, our can business is performing really well, and Away-from-Home is coming back where we've really seen more of the pressure has been on the more value-orientated consumer, so lower income. And typically, the package where that's kind of come under the most pressure is our large PET. So in Europe, that's really around your 1.5liter to 2 liter. And that's where we definitely see the consumer, one, responding more to value, but two, also not so much decreasing frequency, but the amount of product they buy, and that's really what we've been trying to address with some of that promo strategy. So it's not a story across all packs. A lot of our packaging are growing ahead. It's really on that large PET, and it's really probably, yeah, as I said, lower down, I

think, at the consumer more in the lower socioeconomic areas that we see more of the pressure.

Operator

Charlie Higgs, Rothschild & Co Redburn.

Charlie Higgs - Redburn Partners LLP

I've got a question on energy drinks, please, which despite all the talk of weak consumer, actually accelerated to 24% volume growth in the quarter, which is pretty remarkable. Are you able to give any color on the contribution of innovation to that growth versus core or a bit more color on what were the key countries that were driving that growth and perhaps within it, how Predator and the Philippines has been performing since you changed the brand proposition over there?

Damian Gammell

Yeah. So Charlie, as you called out, a standout category and obviously, Monster is standout brand in our performance. Maybe touching on the Philippines, it's still very early days for us there. So we're excited about the opportunity of the energy category. It's quite relevant already in the Philippines, we're new into it. So certainly more to come on our Predator proposition. We've made some changes around pricing there recently. So as I said, early days. Back in Europe and also in Australia and New Zealand, the growth in energy has been really strong. I think it's on the back of innovation and on our core. So I think we look at both, obviously, at a lot of detail. So innovation is key to the category, whether it's Lando, whether it's new flavor innovation, but we do see a balanced growth between innovation and core, and we think that's important. So Monster Green, Monster Ultra continue to perform really

strongly, and you overlay that with innovation, and I think that's where you get to that mid-teen growth in the midterm that we've talked to. Yeah. So I think it's also something that we're excited about going into next year. I think I mentioned in our half year call, we had a good session with the Monster Group in Paris recently where we looked at 2 years out innovation. So we see a very strong pipeline. That gives us confidence. And then on the back of that, we see stronger growth in Away-from-Home, where we continue to have a big opportunity to drive distribution. If you look at our Monster distribution Away-from-Home, there's a massive opportunity for us to do better there. Our cooler placements will help that, and that is supporting the growth. But there's a long runway ahead of us, particularly in Away-from-Home distribution on the Monster and on the energy category. Yeah. So very exciting, and we see that continuing into '26, Charlie.

Operator

Sanjeet Aujla, UBS.

Sanjeet Aujla - UBS AG

Just coming back to top line. So it feels like this year, you're going to be landing closer to 3% organic sales growth. Next year, you've got another half year of the Suntory exit in Australia, a full year in New Zealand. Is it fair to say those technical headwinds make it difficult for you to hit 4% next year even if Europe volumes can grow?

Damian Gammell

Thanks, Sanjeet. Well, we're not giving guidance today for next year yet. So -- but clearly, yeah, there are some elements that will continue into next year. There are also some elements that will move out, so like tea in Spain. So we'll

give a bit more color on '26 guidance when we get to our full year results. But clearly, we're still very comfortable with the 4% midterm guidance. And I think that reflects a midterm view as some of those technical elements go away, but also as we add in a lot more innovation and we continue to see the category to grow. So I'll give a bit more color on exactly what it means in '26 as we factor in those technical elements. As I made the point on the call, if you kind of take those out, clearly, we're pretty much bang in line with that 4% guidance. So we still feel very confident about that as a midterm. Obviously, we'll be as happy as you guys were when we cycle out of some of these one-offs because I certainly don't like referencing them so often, but they are a real factor. But when you take them out, you do see us pretty much around that 4% level. And then there's a couple of elements that are very much in our control. One is, obviously, the Philippines business has been impacted in the quarter. We're seeing that returning to normal levels of growth. And we talked a little bit about Indonesia, which from a profit perspective, as Ed said, isn't that material. But clearly, on a growth level, it does have an impact. And clearly, that's something we see getting better. So yes, probably a few puts and takes as we move into '26, but net-net, pretty comfortable with that 4% as a midterm objective for the company.

Sanjeet Aujla - UBS AG

Got it. And how much of the lost Beam or Suntory distribution in Australia are you able to offset with Bacardi, which is now coming online in Q4?

Damian Gammell

Yeah, it's quite small. I mean, we're really building a new business there, and we're giving up a business that we spent, I suppose, 15, 16 years building. So yes, it's going to take a number of years for us to get back to a similar level of revenue. That's for sure. But ultimately, we are building out a new portfolio, and we feel good about it. Yeah, it's definitely not going to cover it, Sanjeet, in the near term. That's for sure. My Australian colleagues might prove me wrong,

but let's see. I think the Beam business is a very strong portfolio that we've moved out of, but we're replacing it with great brands, but it will take time.

Operator

Robert Ottenstein, Evercore ISI.

Robert Ottenstein - Evercore Inc

Great. Not asking for specific guidance on 2026, but would love to get a sense of the kind of things that you're focused on, on '26. I think you probably are finishing up or have finished your discussions with the Coca-Cola Company. So maybe if you could give us an idea of two or three initiatives that you have aligned on for '26, kind of key things, whether it's innovation, RGM or IT-related initiatives? And maybe touch on the World Cup and remind us traditionally, historically, how much of a factor that's been in a given year?

Damian Gammell

Thanks, Robert. Well, you're quite correct. I'm not going to give guidance for '26. And I'll give a little bit of color around your question, but obviously, some of the elements we're working on are, we want to keep close to ourselves. But ultimately, you mentioned one, clearly, the World Cup is a great event for our brands. And we will -- we've already gone through a lot of planning with the Coke Company on how we make it the best World Cup activation ever. A lot of our markets are participating. So that will definitely be a big part of our summer campaign. A lot of what we've been doing this year will continue into 2026. So that may sound a little bit boring. But clearly, on the energy category, we have a pipeline of innovation that will continue. I talked about driving our distribution there. So that will continue into '26. We'll benefit from our cooler placements in

'25 and in '26 going forward, so that will help. And then on our priority brands, particularly around Diet Coke, we'll continue to support that in GB and Australia. I mentioned earlier with Lauren, that's something we reflect on, what does it mean for other markets probably as we move through '26. You'll see more flavor innovation on our sparkling category. You'll see a continued focus on Coke Original Taste flavor innovation. We've got Coke Zero going out in a lot of our markets at the moment, we'll benefit from that in '26. We've got more work to do on Fanta. So that's something we continue to focus on, not just on innovation, but on the core proposition. Yes. So pretty full calendar, Robert, and I'd say, quite balanced growth across our brands and our territories. Yeah. And obviously, the investment and the changes we've made in '25 will benefit '26. And we're also looking at pricing as well. So clearly, that will be part of our revenue story. Some of that's already gone in, in September this year. So we feel good about that, and the balance will come in January. I might just pass it over to Ed to talk about a few other highlights.

Edward Walker

Yeah. So, I think, Robert, from a P&L side as well, we'll continue with a number of the themes we've progressed in '25. So it'd be another big year of productivity and transformation for CCEP as we work towards that EUR350 million to EUR400 million target. And another big year of investment, whether it's another significant increase in coolers in the market, making the most of all of these capacity investments we've done in a number of our regions over the last couple of years. And continuing to invest a lot in capabilities, whether it's in AI and a lot of the tools we talked about earlier in the call, in the R-and-MGM areas or we'll see the first big go-lives of our S/4HANA suite through many of the markets starting with Germany. So lot's happening as well from a P&L and a productivity transformation perspective next year.

Operator

Thank you. I would now like to hand the conference back over to Damian Gammell for his closing remarks. Damian, please go ahead.

Damian Gammell

Thank you, operator. And again, a big thank you to everybody for joining us today. As you've heard from myself and Ed, it's another solid year for CCEP and lots of opportunity as we look into 2026 and beyond. Really happy that we're reaffirming our full year guidance today. And clearly, the next milestone, and I look forward to speaking to you again, is with our full year results in February. And so with that, I'll close the call. And again, a big thank you for joining us. Thank you.

Edward Walker

Thank you.