S&P Global
Market Intelligence

Coca-Cola HBC AG LSE:CCH

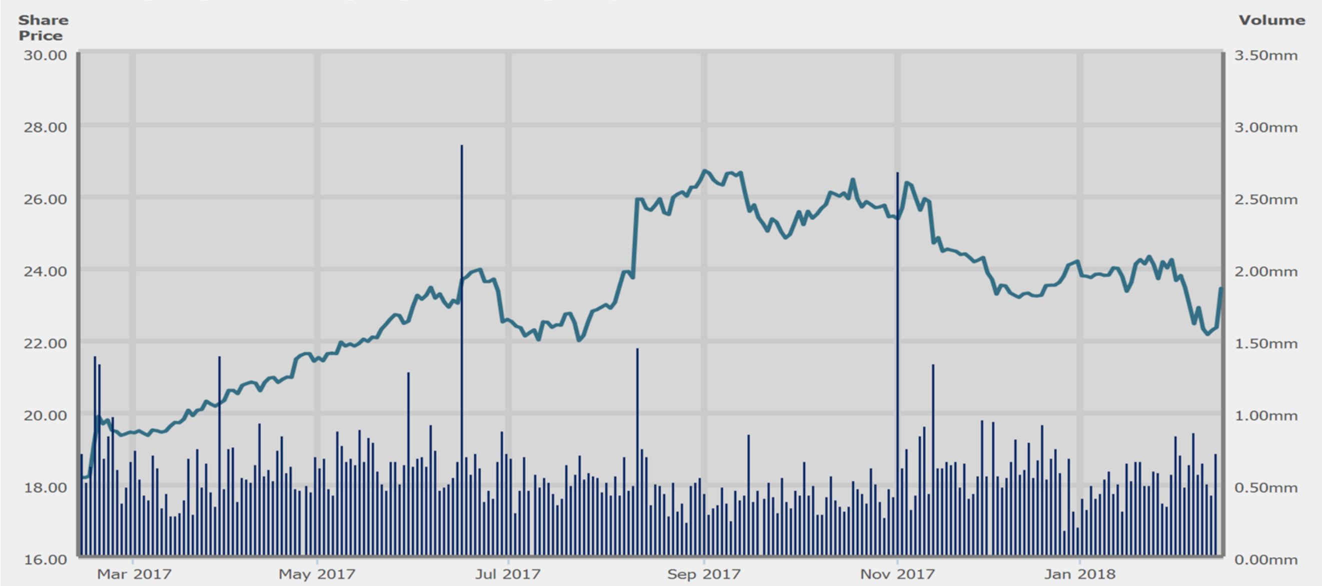
FY 2017 Earnings Call Transcripts

Wednesday, February 14, 2018 9:00 AM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2017-			-FQ1 2018-	-FY 2017-			-FY 2018-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	0.22	-	-	0.28	1.20	1.23	2.50	1.37
Revenue (mm)	1486.00	1486.60	0.04	-	6506.78	6522.00	0.23	6678.60

Currency: EUR
Consensus as of Feb-14-2018 8:19 AM GMT



- EPS NORMALIZED -			
	CONSENSUS	ACTUAL	SURPRISE
FY 2017	1.20	1.23	1 2.50 %

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Call Participants

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Former Investor Relations Director

Michalis Imellos
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Presentation

Operator

Thank you for standing by, ladies and gentlemen, and welcome to Coca-Cola HBC's conference call for the 2017 full year results.

We have with us Mr. Zoran Bogdanovic, Chief Executive Officer; Mr. Michalis Imellos, Chief Financial Officer; and Ms. Basak Kotler, Investor Relations Director. [Operator Instructions] I must also advise that this conference is being recorded today, Wednesday, February 14, 2018.

I'll now pass the floor to one of your speakers, Ms. Basak Kotler. Please go ahead.

Basak Kotler
Former Investor Relations Director

Good morning. Thank you for joining our call today to discuss Coca-Cola Hellenic Bottling Company's results for 2017.

Today, I'm joined by our Chief Executive Officer, Zoran Bogdanovic; and our Chief Financial Officer, Michalis Imellos. Following the presentation by Zoran and Michalis, we will open the floor to questions. [Operator Instructions]

Before we get started, I would like to remind everyone that this conference call contains various forward-looking statements. These should be considered in conjunction with the cautionary statements on the screen. This information can also be viewed in our press release issued today.

Now let me turn the call over to Zoran.

Zoran Bogdanovic
CEO & Executive Director

Thank you, Basak. Good morning, everyone, and thank you for joining our Full Year Results Call.

I'm delighted to host my first full year results as CEO of Coca-Cola HBC. I will start by giving an overview of the year. Michalis will then take you through our financial performance before I discuss our operational performance and outlook for 2018.

As you can see, I'm fortunate to have taken over a business in excellent shape. 2017 was an exceptional year for the company. We are delighted to have delivered strong growth in volume, revenue and margin, demonstrating significant progress towards our 2020 goals.

Starting with the top line. FX-neutral revenue grew by 5.9% in the year, achieved through a good balance of volume and FX-neutral revenue per case. FX-neutral revenue per case grew strongly, up 3.6%, and faster than in 2016 due to better price, category and package mix in all segments. Volumes grew by 2.2% overall, with strong growth in the second half of the year. We grew across all segments, with particularly strong growth in our Emerging and Developing countries, despite a challenging operating environment in both Nigeria and Russia. EBIT margin increased substantially, up 120 basis points, as the result of our ongoing focus on revenue growth initiatives led by price increases and mix improvements. We were also helped by volume leverage, careful management of input costs and a small positive foreign currency impact.

Comparable EPS was EUR 1.23, up 27% on the prior year.

We increased our net capital expenditure spend by EUR 46 million in this period, focusing on revenue-generating opportunities in markets with high growth potential. This impacted our free cash flow, which declined marginally to EUR 426 million.

Finally, our board is proposing a EUR 0.54 dividend per share, a 23% increase on the 2016 dividend.

With that, I will turn the call over to Michalis.

Michalis Imellos
Chief Financial Officer

Thank you, Zoran. Hello, everyone.

In line with our practice, as I take you through our financial results for the full year, I will refer to comparable figures which exclude the impact of restructuring costs, the mark-to-market valuation impact of commodity hedges and specific nonrecurring items.

Currency-neutral net sales revenue grew by 5.9% in the full year. On a reported basis, net sales revenue increased by 4.9%. In recent years, reported revenue growth has been considerably smaller than the currency-neutral one. In 2017, the stronger Russian ruble helped to minimize the currency impact.

Volume growth of 2.2% was broad based across the segments and accelerated as the year progressed, with the second half delivering better volume expansion than the first half. We are pleased to see good momentum in our medium-sized and Emerging and Developing segment countries, while Nigeria and Russia produced flattish results in a challenging operating environment. Currency-neutral revenue per case grew in all segments as well, up 3.6% overall, with positive contributions from price, category and package mix.

Gross profit margin improved by 90 basis points, helped by the significant price/mix improvement, operating leverage from volume growth as well as careful management of input costs and a small positive foreign currency impact. Operating expenses as a percentage of revenue improved by 30 basis points, a good performance driven by top line operating leverage. Comparable operating profit increased in the full year by 20% versus the prior year, and comparable operating profit margin expanded by 120 basis points. Better price/mix, combined with volume leverage, drove this excellent performance. We also managed our input costs carefully, taking advantage of certain windows of opportunity to prebuy PET resin, for instance. I will give you a bit more color in a few minutes.

Currency impact was an EUR 8 million tailwind in the year due to the strong Russian ruble, which more than offset our other weaker currencies, mainly the Nigerian naira.

Comparable earnings per share reached EUR 1.23, 27% higher than prior year, further helped by the improved financing costs year-on-year.

Our working capital balance remained in a triple-digit negative territory. We generated strong free cash flow of EUR 426 million in the full year, down EUR 5 million year-on-year. Higher operating cash flow was offset by a EUR 46 million increase in net capital expenditure, as per our plans to invest in revenue-generating assets.

Turning to the revenue performance, let me start by saying that we are very pleased with a balanced contribution from volume growth and price/mix improvements. It is also good to see that the growth is broad based across our markets.

As I mentioned earlier, currency-neutral revenue per case improved substantially versus the prior year. Our successful commercial strategy and execution improved category and package mix in all segments. We also implemented significant pricing to offset adverse foreign currency movements, particularly in the Emerging segment. In our Established markets, currency-neutral revenue per case increased by 0.7%. Good category and part mix were partially offset by adverse channel mix. In Developing markets, improved price, category and package mix led to a 2.7% increase in FX-neutral revenue per case.

The Emerging markets saw a 6.9% improvement in currency-neutral revenue per case mostly as a result of price rises, which as I mentioned were deployed to offset currency headwinds. Category and package mix also contributed to the improvement, offsetting adverse channel mix.

Turning to input cost. Currency-neutral input cost per case was up by 3.1% in the year. This is slightly better than the guidance that we gave in November. We had contracted EU sugar prices at favorable levels at the end of 2015, which proved successful. PET resin prices did increase as expected, but careful management and certain well-timed prebuys by our procurement team ensured that we secured better pricing versus our plans.

Turning to our OpEx performance. We have worked hard over the years to rightsize our operating cost base, and we continue to use our infrastructure effectively while we grow the top line. In the year, this resulted in comparable operating expenses reducing to 27.9% of revenue, a 30 basis point reduction compared to the prior year. Let me walk you through the key drivers: Reductions in administration and warehousing costs led to a 50 basis points improvement as a percentage of revenue. Sales and marketing expenses increased by 10 basis points. Direct marketing expense increased in absolute terms to support our new product and flavor launches and was stable as a percentage of revenue. We also incurred a significant one-off negative impact of 40 basis points driven mainly by a bad debt provision in Croatia and the investment we have made in redesigning the revenue growth management framework. As a result, we are pleased with the ongoing strong underlying performance of our OpEx as a percentage of revenue, especially in view of the growing sales and marketing investments that support our revenue growth management initiatives.

Turning to the operating performance, we are reporting comparable operating profit of EUR 621 million in the year, EUR 103 million higher than in the prior year. This is a result of driving price/mix and volume while managing input and operating costs, enhanced by the absence of adverse net foreign exchange movements. Historically, currency movements have been a headwind to profitability, impacting predominantly the Emerging market segment. Let me provide you with some more color on the key drivers on a segmental basis.

In Established markets, we benefited from volume growth, favorable price and product mix and lower operating expenses. These were only partially offset by the negative impact of higher input costs and adverse foreign exchange impact. In Developing markets, improved volume, price and mix only partly offset the impact of unfavorable input costs and higher operating expenses due to the bad debt provision in Croatia. Excluding the provision, the Developing segment EBIT grew year-on-year. The Emerging markets segment benefited from higher pricing, mainly in Nigeria, and higher sales volume, along with minimal net FX impact. These factors more than offset higher costs of goods sold and increased operating expenses.

As far as restructuring is concerned, we incurred charges of EUR 29 million in the year, mostly in our Established and Emerging segments. Restructuring benefits in the year from 2016 and 2017 initiatives amounted to EUR 17 million. Looking ahead to 2018, we expect restructuring costs of approximately EUR 11 million, with estimated annualized benefits of EUR 8 million from 2019 onwards. The savings in 2018 from initiatives taken in 2017 and those that will be taken in 2018 are expected to reach EUR 7 million.

Turning now to free cash flow. We generated EUR 426 million in the year, EUR 5 million less than in the prior year. Cash flow generation was supported by higher profits and good working capital management, while we increased net capital expenditure by EUR 46 million. We remained disciplined in our working capital management, sustainably delivering triple-digit negative balance. Our capital expenditure as a percentage of revenue came in at 5.8%, within our target range of 5.5% to 6.5% compared to 5.3% in the prior year. In 2017, we accelerated investments in revenue-generating assets to support the momentum in top line growth.

Let me now touch upon the financing cost improvement in 2017.

With the successful refinancing of a EUR 600 million November 2016 bond, our 2017 results show a dual benefit: a bond interest cost improvement of EUR 7.5 million per year and the cycling of certain new-issue costs and the extra interest incurred during the overlapping period in 2016. These one-off costs amounted to EUR 13.5 million. Overall, net financing costs for 2017 amounted to EUR 37 million, a reduction of EUR 26 million compared to the prior year. Our net debt-to-comparable EBITDA ratio stood at 0.8x at the year-end.

Before I conclude, let me walk you through our profit margin levers in the light of our 2017 results.

Firstly, a reminder of the operating leverage formula. All else being equal, 1 percentage point of volume growth yields approximately 25 basis points of EBIT margin improvement, while 1 percentage point of revenue per case growth yields approximately 70 basis points of EBIT margin improvement. Applying this formula to our results, our 120 basis points EBIT margin expansion in the year can be explained as follows: 50 basis points of margin expansion from volume leverage based on the 2.2% volume growth in the year, 230 basis points expansion from revenue leverage based on the 3.6% growth in currency-neutral revenue per case in the year, 10 basis points expansion from our cost productivity initiatives, 100 basis points contraction from the combined impact of currency and input costs. Somewhat unusually this year, we also have a 70 basis points headwind from one-off costs, 30 basis points in cost of sales and 40 basis points in OpEx. These include a bad debt provision and our investment into the redesign of our revenue growth management framework.

With that, let me now pass the floor to Zoran, who will take you through the operational performance for the year.

Zoran Bogdanovic
CEO & Executive Director

Thank you, Michalis.

Overall, volume increased by 2.2%, an acceleration from the marginal expansion of 0.1% in the prior year. Additionally, all 3 segments delivered faster volume growth in the second half of 2017 compared to the first half. Furthermore, strong volume delivery from our markets such as Romania, Serbia, Ukraine, Hungary and the Czech Republic was an important component of overall volume growth. It is very pleasing to see these medium-size countries thrive as their economies develop. Nigeria and Russia had tough operating conditions in the year, although their economies are forecast to improve.

Looking at the segments. In Established markets, volume grew by 1.1%, helped by a good summer. Water and Energy were the growth drivers, more than offsetting declines in Sparkling, Juice and ready-to-drink tea. Developing markets grew volumes by 2.8%, showing an acceleration in the second half mainly due to an acceleration of volume performance in Poland. Volume growth was driven by Sparkling, Energy and Juice, partially offset by declines in Water, ready-to-drink tea and sports drinks. In the Emerging markets, volume grew by 2.7%, with a strong growth in Ukraine, Romania and Serbia. Russia and Nigeria volumes declined marginally. All categories grew in this segment, apart from ready-to-drink tea.

Looking at our performance by category. Our evolving sparkling beverages portfolio is proving popular with consumers. And we are seeing strong growth trends from new variants and flavor launches such as Coca-Cola Lime, Coca-Cola Zero Lemon, Sprite Cucumber, Schweppes Pomegranate and 8 new flavors of Fanta. As the result of our efforts, sparkling beverages volumes increased by 2.3% in the year, faster than 1.2% growth rate we saw in 2016. All our marketing in the Developing and Emerging segments delivered volume growth in Sparkling, with the exception of Nigeria.

In the Established markets, we are putting extra efforts behind lights and adult drinks. Therefore, seeing Coca-Cola Zero up by 14% and Schweppes up by 10% in this segment is very encouraging. Having said that, the decline in regular Coke is holding Sparkling volumes back in the Established segment. Within the Sparkling category and overall for the group, Trademark Coca-Cola increased by 2.7%, with a 22% increase in Coke Zero. We also saw a 5% uplift in Schweppes and 3% in Fanta. We are also seeing growth overall in our still drinks portfolio.

Let me touch on the developments in the key categories. Water grew by 3% in the year, with growth in Established and Emerging segments and decline in Developing. Juice declined in the year by 0.8%, with mixed results in our markets. The Established segment declined, mainly driven by Ireland where the decision to reduce distribution of concentrated formula drinks impacted volumes negatively. Nigeria had a difficult year following price increases. On the other hand, Juice volume is back to growth in Russia. Energy continues to be a strategically important category for us, and we delivered another year of volume growth above 20%. Growth is supported by Monster, which increased volumes by 48.3%, including the launch in Nigeria, and 40.6% on an organic basis. Ready-to-drink tea remained weak in a -- with a decline of 7%. Romania, Hungary and Bulgaria, the countries where we will retain the Nestea brand, delivered volume growth, while other countries were in decline in 2017. We launched the FUZE brand at the start of 2018 in all of our markets, apart from Nigeria. The early indications from the markets are very good, and we believe that the new launch will revitalize the category in the coming years.

Turning now to our performance by segment and focusing on some of the bigger countries.

In our Established markets segment, volume was up by 1.1% in the year, mainly a result of Water and energy drinks. Sparkling, Juice and ready-to-drink tea were in decline. In Italy, volumes declined by 0.5 percentage points. Excluding the impact of the delisting of the low-value Water brands, which impacted comparatives in the first quarter, volume in Italy would have been stable on the prior year. While full-sugar sparkling drinks have been under pressure for some time in Italy, our efforts in lights, adult drinks, single-serve packaging; and the hotels, restaurants and cafés channels are bearing fruit. For instance, Coke Zero, which now accounts for 16% of Trademark Coke in Italy, grew by 21% in the year.

Volume in Greece grew by 6% in the full year, driven by Water, Sparkling and Energy. The good summer, a good tourist season and an improving retail market helped, although macroeconomic conditions are still challenging. Water continued its positive momentum, with growth in all 4 quarters. Low-calorie sparkling drinks grew, with growth in Coca-Cola Zero further helped by the launch of the new Coca-Cola with stevia and no calories. In Switzerland, volume declined marginally. Good performance in Water, growth in Coca-Cola Zero following the launch of the new 0-sugar formula and in Fanta with the slider bottle were not enough to offset declines in Coca-Cola regular and ready-to-drink tea.

In addition to robust volume growth in Established markets, we achieved a 0.7% improvement in FX-neutral net sales revenue per case. Favorable price and product mix more than offset the unfavorable channel mix.

In our Developing markets, volume grew by 2.8%, with an acceleration in the second half mainly due to acceleration of volume performance in Poland. Volume growth was driven by Sparkling, Energy and Juice, partially offset by declines in Water and ready-to-drink tea. In Poland, we started the year with specific commercial plans that will drive value faster than volume; as well as a significant pipeline of innovation in new variants, flavors and packaging. These initiatives improved FX-neutral revenue per case. And volumes picked up as the year progressed despite poor summer weather and a declining underlining NARTD market. We finished the year with 1.5% volume growth in 2017. And the very strong fourth quarter is extremely encouraging for 2018.

In the Czech Republic, volume grew by 6%, with all categories growing except for Water. Sparkling delivered high single-digit growth driven by Coca-Cola regular, Coca-Cola Zero, Fanta and Sprite. Water declined by high single digits despite a flattish fourth quarter, while Energy continued to grow, driven by Monster. Hungary remains a strong market, where the consumer is very receptive to innovation. Volumes grew by 7% overall. Coca-Cola trademark grew by mid-single digits, led by double-digit growth in Coca-Cola Zero following the launch of the new formula and by growth in Coca-Cola regular. Fanta grew by double digits as well following the launch of the new Fanta slider bottle. Water grew by high single digits, helped by the good weather in the third quarter.

Overall in the segment, favorable price, category and package mix resulted in a 2.7% increase in FX-neutral revenue per case.

Volume in our Emerging markets grew by 2.7%, with strong growth in Ukraine, Romania and Serbia which more than offset the marginal declines in Russia and Nigeria. Volume in Russia declined by 0.3% for the full year, with positive momentum through the year culminating in a good fourth quarter. It is good to see that Trademark Coke was up mid-single digits, supported by Coke Zero which grew in the high teens. Mid-teens growth in Schweppes and mid-single-digit growth in Sprite also helped to achieve low single-digit growth in Sparkling overall. Water was weak, declining at a low double-digit rate boosted by a particularly poor summer weather and competitive pressure. Juice volume returned to growth after a couple of difficult years.

Volumes in Nigeria declined by 1%. 3 price increases taken to offset the significant depreciation of the naira had an adverse impact on demand. We adjusted our PET package sizes to maintain price points relevant to the consumer, which helped to maintain volumes. We have further PET package launches planned in Schweppes and juices. Stills grew mid-single digits, with high single-digit growth in Water but a double-digit decline in Juice. Volume in Romania grew by 6%, with strong results across all categories. Sparkling grew mid-single digits, with mid-single-digit growth in Trademark Coke and Fanta. Schweppes grew in the low teens. Stills grew high single digits, with mid-single-digit growth from Water and Juice. Ready-to-drink tea continues to do well, with mid-teens expansion.

FX-neutral revenue per case grew by 6.9% in the period, in line with our strategy to implement pricing initiatives in markets facing inflationary pressures and currency headwinds. It is pleasing to see that both category and package mix also supported value.

In closing. We are very pleased with our performance in 2017. We delivered another year of strong growth in profitability, and there is a good momentum in the business we can build on. Looking at 2018, we expect volume to continue to grow in all 3 segments, with the Emerging markets segment accelerating and Russia and Nigeria return to volume growth. Our revenue growth management initiatives which are designed to grow revenue faster than volume have gained momentum. We will also take pricing actions in markets impacted by foreign currency depreciation. With relative stability in Nigeria and Russia, the contribution from pricing actions is likely to slow down in 2018. Overall, we are confident we can continue to improve FX-neutral net sales revenue per case in the year.

At current commodity price levels, input costs are expected to be a low single-digit headwind in the year mainly driven by resin. Taking into account our hedge positions and current spot rates, the adverse impact on EBIT from foreign currency is expected to be around EUR 30 million for the full year. Finally, our actions in cost management and the effect of top line operating leverage are expected to result in further reduction in operating expenses as a percentage of revenue, supporting another year of EBIT margin growth.
With that, I will now hand over to the operator. And Michalis and I will take your questions.

Question and Answer

Operator

[Operator Instructions] Our first question is from Sanjeet Aujla from Crédit Suisse in London.

Sanjeet Aujla
Crédit Suisse AG, Research Division

My first question is really on your volume growth outlook. You sound pretty upbeat. Can you just elaborate a little bit more on what you're seeing which gives you the confidence? And are you anticipating volume acceleration at the group level in 2018? And in particular, you're losing Nestea, which is a bit of a headwind on your volumes in 2018. Can you elaborate on the early indicators on FUZE? And are you confident that the FUZE launch can offset the Nestea headwinds?

Zoran Bogdanovic
CEO & Executive Director

Thank you, Sanjeet. When it comes to volume outlook for 2018, we feel positive as we see that economies are showing slight improvements in the right direction across all markets. And for that reason, we expect volume to continue grow in all 3 segments. The underlying economic conditions are expected to be broadly similar. And on top of that, we have a strong pipeline of innovations and package launches. Now if I can give you some more detail on each segment: As I mentioned, we had a notable improvement in our volumes in the Established segment in 2017 compared to 2016. And as you'll remember, the summer volumes were particularly strong due to very good weather. This will present a difficult comparison for 2018. Now we will work hard to repeat our 2017 volume performance in the Established segment. Now in the Developing segment, we do see ongoing good economic conditions. And with that background, we think that our teams can deliver an equally good year of volume growth. In the Emerging segment, where we delivered strong volume growth even though Russia and Nigeria saw marginal declines. Now we think that, in 2018, we will see a better performance from Russia and Nigeria, while a few markets such as Ukraine and Romania which delivered really exceptional volume growth in 2017 may see a slight slowdown, so overall we think that volume growth in the Emerging segment has room to accelerate. Now when it comes to the switch and launch of FUZE tea, we feel very excited having in the portfolio such a brand as FUZE tea, as it's a great-tasting product. It offers exciting and innovative flavor combinations. It is the fastest-growing billion-dollar brand from The Coca-Cola Company portfolio. And early signs from the launch from all of our markets are very encouraging. So with that, I remain quite confident that with the FUZE tea we will be able to reshape the iced tea category. Thank you.

Sanjeet Aujla
Crédit Suisse AG, Research Division

My follow-up question is really on some of the investments that you've been putting through. Can you just elaborate on the -- in particular on the investments in the revenue growth initiatives, which were a margin headwind? What -- where exactly are those investments going? And also, on CapEx, can you just elaborate on the increasing CapEx? And is that the sort of new run rate we should think about given your faster top line growth?

Zoran Bogdanovic
CEO & Executive Director

Thank you. Now in particular with revenue growth management over the last 2 years, we've been stepping up quite a bit the way we do things, increasing our capability. And all of that resulted in the targeting initiatives that we have implemented last year and that we will continue this year and the years to come. This relates to the targeted focus behind our prioritized occasions; behind single-serve packages, which have higher value, as you know; behind the targeted channels where we are exploring where are the revenue pools that we want to go after. So also playing with the new categories, that is also part of our revenue growth management when it comes to category mix. So targeted actions which are focusing on category, package mix, high-value products, occasions, adult propositions, these are some of the things that I would highlight as a part of our revenue growth management agenda. CapEx, as we mentioned, as you see, we have increased CapEx last year, which increased from 5.3% of revenue to 5.8%. And this increase of CapEx spending has been behind the revenue-generating activities. And one of the examples of that is our acceleration behind coolers, which we started last year but even more we will continue this year.

Operator

And the next question is from Richard Felton from Morgan Stanley in London.

Richard Felton
Morgan Stanley, Research Division

First of all, on Nigeria, you mentioned in your pre-prepared remarks that you expect it to return to volume growth in FY '18. I was wondering if you could perhaps be a little more specific on that. Should we expect just a modest recovery or a return to the kind of growth rates that we saw in 2015 and 2016?

Zoran Bogdanovic
CEO & Executive Director

Thank you, Richard. Indeed we do expect Nigeria to come back to positive volume growth. Even in 2017, bearing in mind that we have done pricing in excess of 30%, delivering this minor decline in volume, we find that as a very good result. Now as the conditions in Nigeria have stabilized in the course and progressively in 2017, we need to remind ourselves that Nigeria stays our significant growth engine with demographic opportunity, urbanization. It's a country with low per capita, so it is a growth opportunity. And we have seen that, with our OBPPC strategy that we have executed last year and that we will continue doing this year, where we see more of our SKU or our package proliferation, that helps us to position our products at the magic price point which help us to capture the volume growth in the market that is there. To your point, which level of growth we would see, I would say that we see something in the low single digits. We have to also bear in mind that we will be cycling very strong Q1 last year. And that's why we do see that start of the year will be more soft. However, then progressively it is going to pick up and accelerate. Thank you.

Richard Felton
Morgan Stanley, Research Division

And I'm sorry. My one follow-up question: In the Developing markets region, F '17 was obviously impacted by the bad debt provision in Croatia. You mentioned in your statement that, without that bad debt provision, EBIT would have been up year-on-year. Can you also say whether EBIT margin would have been up year-on-year?

Michalis Imellos
Chief Financial Officer

Thanks, Richard. This is Michalis. So yes, absolute EBIT would have been up. EBIT margin would have been marginally down. And that's because we have in the Developing segment the biggest increase in terms of input cost per case currency neutral compared to the other 2 segments. So that had a negative impact on the margin. And in addition to that, we had in a couple of countries some significant increases in terms of the tariffs in logistics which have not been fully absorbed yet through revenue-growing actions. And also, we had some promo pressures which had an unusually higher impact in terms of the revenue per case and overall the margin. So a small decrease if you exclude the impact of the Croatian bad debt provision, very confident that we can resume margin growth in 2018 in Developing.

Operator

And we have a question from Stamatios Draziotis from Eurobank Equity Investments.

Stamatios Draziotis
Eurobank Equities Investment Firm S.A., Research Division

Three questions, if I may, please. Firstly, on the volume argument, just a follow-up mainly regarding Russia. Could you tell us, based on the research that you may have done, what sort of boost to volumes similar big football events have had in the past and the extent to which you expect this sort of a volume boost to materialize in Russia in 2018? Second question would be on -- sorry. Yes. Sorry.

Basak Kotler
Former Investor Relations Director

Stam, it's Basak. Can I remind you and perhaps those who may have dialed-in late to the call that we suggest you ask your questions one at a time?

Stamatios Draziotis
Eurobank Equities Investment Firm S.A., Research Division

Yes. Sorry. Sorry about that, Basak, yes...

Basak Kotler
Former Investor Relations Director

Let us answer one question before you ask another. We will make sure the operator will keep your line open until we exhaust your questions. Thank you.

Zoran Bogdanovic
CEO & Executive Director

So thank you, Stam. So in Russia, we see that signs of economic recovery are continuing. You know what, so far, we have not seen growth in NARTD market. Last year, it was a low single-digit negative. And the summer weather was, in particular, poor in Russia last year. Now all of that makes underlying conditions difficult to judge. Our volume, to remind you, last year was like minor 0.3 down, almost flat. And the volume momentum in our business has improved through the year, so we really think that volume can return to growth in 2018. As also inflation levels can come down to healthy levels, that will allow for better balance between volume and price/mix. Now commenting on FIFA World Cup: Rightly so, and we are very happy that this event is happening in one of our territories. Now the world cup as such gives us the opportunity and the assets do lots of brand building and in-store activation where we work closely with The Coca-Cola Company. Now we view these properties as long-term investments rather than a pure volume booster for the year of the event because, after all, you know that the event only lasts a month. So bottom line is that we do see that this event is going to make an impact in Russia, not only for this year where the impact might not be huge and is not going to be the sole driver of the growth in Russia. However, it will have a certain impact, for sure, but we also see that as an important impact for the years, for the next years to come. Thank you.

Stamatios Draziotis
Eurobank Equities Investment Firm S.A., Research Division

That's very clear. Secondly, just on price/mix, which you are basically saying you expect to register a further improvement in 2018. If you could just comment on the drivers of that, namely pricing and mix; and just if you could just focus primarily on channel mix and where you expect improvements mainly in Established and Emerging markets, please.

Zoran Bogdanovic
CEO & Executive Director

Thanks. Now for price/mix outlook for 2018, well, first of all, in the Established, as you know, we've seen a good progress on the FX-neutral NSR per case expansion in '17 where we were up 0.7%, with even better second half. Now this has been driven by better promo effectiveness as inflation improves; positive package mix and category mix, which was aided by our RGM initiatives, which I talked about earlier, and negative channel mix. Now the outlook here in this segment, where we are seeing better momentum, is that some of our revenue growth management initiatives will play a role. And with a supportive macro backdrop, we think that we can maintain this improving trend and deliver a bit more FX-neutral NSR per case growth in '18. In the Developing, where we've seen a slowing down of FX-neutral NSR per case expansion throughout 2017, and this was, as you might heard before, when we finalized our half 1 actions in Poland, this was driven by better category and package mix, also aided by our RGM initiatives. Here we had also worse channel mix. So the outlook, we do not expect this moderating trend in price/mix to continue. And we think that -- for 2018, we think we will see slightly better FX NSR per case. Lastly, in the Emerging, price/mix has moderated in the second half of '17, as we have cycled the price increase taken in Russia in Q2 of 2016. The majority of the increase has come from pricing in Nigeria. Positive category mix also helped us, while package mix has deteriorated. Outlook in this segment is that we will see a slowdown in the pace of NSR per case FX-neutral growth which is driven by a slowdown in Nigeria and Russia as we cycle the price increases taken in Nigeria and as we continue to experience a lower level of inflation in Russia. Now in particular to the channel mix impact that you asked, we do not expect that this channel mix is going to be better in the future. And it's going to be in the dynamic as it is, as we've seen it so far. Thank you.

Stamatios Draziotis
Eurobank Equities Investment Firm S.A., Research Division

And my last question would be on your balance sheet and your -- if I can say, your re-leveraging options. Assuming -- yes, assuming there is no transformational M&A, which you obviously cannot comment on, I'm just wondering. What sort of leverage do you intend to target? Would you want to go to the high end of the previously guided range through a special dividend distribution, for example? Or do you intend to -- would you intend to keep some headroom, anyway, so that you can use it for bolt-on acquisitions in the future?

Michalis Imellos
Chief Financial Officer

Stam, it's Michalis. It's too early really to say exactly where in the range we might consider going to. It will depend also on the timing; what other opportunities on bolt-on acquisitions, as you mentioned, exist at the time. So really there will be a decision we will be taking and considering as and when we reach that point.

Operator

And the next question is from Edward Mundy from Jefferies in London.

Edward Brampton Mundy
Jefferies LLC, Research Division

My first question is around the EUR 30 million of adverse currency impact for 2018. Are you able to split up the difference in the translation and transaction within that?

Michalis Imellos
Chief Financial Officer

Ed, it's Michalis. So yes, first of all, the EUR 30 million is based on the current level of spot rates for the major currencies. And looking at things historically, we have seen a significant hit from FX in the last couple of years before '17, I mean. So 2015, it was EUR 174 million. 2016, it was EUR 101 million. We had the positive impact in '17. I think now we are getting more towards a more normalized situation where we will have some normal currency depreciation. The EUR 30 million is driven primarily by 2 countries, and that's Nigeria and Russia. In Nigeria we have a stable situation, I would say, now with the currency. So the naira to the dollar being at around NGN 360, it generates the biggest, I would say, negative impact for 2018 but not so dramatic. It's the ruble which is interesting in the sense that the spot rate against the dollar is pretty much flat versus 2017. So from a transactional impact perspective, that generates probably a muted impact, whereas due to the strengthening of the euro against the dollar, the gross rate is very high. And therefore, the euro to the ruble is significantly weaker than last year, and that is going to have a bigger impact on translation. So overall, for this EUR 30 million next year, we'll see that potentially 2/3 are going to be translational impact and 1/3 is going to be transactional, considering all the hedges that we have already in place and, as I said, the current spot rates. We are in a good place with regard to the coverage of ruble to the dollar, around 60%. We are already hedged at good rates, whereas euro to the ruble, we are only 33%, exactly because the window has not been favorable due to the strength of the euro against the dollar.

Edward Brampton Mundy
Jefferies LLC, Research Division

Great. My second question is looking at Slide 14, where you give a very helpful breakdown. If I do a similar of the margin bridge, if I do a similar analysis for 2018 with your starting margin of 9.5%, to that you should add the one-off costs of 0.7. It seems like the volumes should be at least as good, if not better, so you'll probably get another 50 bps. And from a revenue perspective, it sounds like it's going to be slightly weaker as the Emerging markets come off a little bit but assuming you may well get another 150 bps. FX is broadly similar from an input cost perspective. And you just flagged that EUR 10 million of the EUR 30 million is transactional, for a sort of 15 bps. It does feel like you're going to be bashing through your 11% margin quite comfortably in 2018. Am I missing anything on that?

Michalis Imellos
Chief Financial Officer

Okay, so first of all, let me start with the one-offs that you mentioned. With the exception of the bad debt provision in Croatia, all the rest are items that we expect to see also in 2018. For example, the revenue growth management investments, Zoran mentioned also earlier that we will continue to invest behind them because they support the accelerated growth in the top line. So this go hand in hand. We highlighted them in 2017 because we didn't have these investments in 2016 and they were relevant in the bridge so that you can understand the evolution of the margin. So that's one. So we will have a significant part of that built in the margin evolution also in '18. When it comes to volume and revenue, as Zoran was saying earlier, we are looking at potentially a rebalancing with some acceleration of the volume growth compared to '17 and some potentially small slowdown in the revenue per case currency-neutral growth compared to '17 again. So that means that, because there is 1 to 3 in terms of impact, in terms of the factors and the contributions in the EBIT margin growth, overall this impact will be a little bit weaker than the positive impact we saw in 2017. And then you have the input costs, which are still growing but potentially at half the pace than that in 2017, and FX based on the current spot rates being the EUR 30 million impact. So with that -- and also, if you consider looking at it from a completely different angle, that the 120 basis points growth in 2017 incorporates what I would consider an exceptional positive impact from the ruble. And if you look at the combined effect of this positive FX impact from the ruble and the fact that we slowed down dramatically the pricing that we took in Russia compared to our original plans exactly because the currency was helping quite a lot, I would say that the combined impact, without this being extremely scientific, is probably around 50 basis points. So out of the 120, I will say that 50 basis points is, if you like, the exceptional performance of the ruble in 2017. So that gives you a little bit of guidance as to which way we expect a normal EBIT margin progression to be in 2018.

Edward Brampton Mundy
Jefferies LLC, Research Division

Okay. And my final question is for Zoran. At the 2016 investor event, you presented on value growth, from recollection. And you say you're very fortunate to take over a business performing well. Where do you see the biggest opportunities for Coke Hellenic as we stand today?

Zoran Bogdanovic
CEO & Executive Director

Thank you, Ed. Well, there are a couple of things I would like to say on this question. And this gives me the opportunity just to say that I, first of all, feel very privileged and delighted to have taken over a business which is in excellent shape and has a growth momentum, as it is witnessed by the set of results that we are presenting today. Our strategy is clear and fully understood and endorsed by our people, who are actually driving its successful execution and implementation. Being part of the company for quite some time, I was also part of the team that has worked on the creation of our strategic plan. And I strongly believe our strategic choices are the right ones to help us drive sustainable growth. If I may just say that also the period ahead of us I see as a period of continuity and evolution. And like any successful company that aspires to improve every single day, we will continue evolving our capacity and capability to deliver sustainable, profitable growth. And I feel quite optimistic and excited about the future because there are limitless possibilities that are ahead of us. We are evolving as a total beverage company. And that gives us the opportunity to provide and serve to consumers, shoppers a beverage range that satisfies the needs across full 24/7 during the day. In many, in a number of categories, we don't have a leading position. In a number of occasions, we are at a lower end, so there are lots of revenue pools out there that are ahead of us to tap into. And actually it's a matter of our prioritization and excitement how to channel it and smartly drive it forward because the opportunities are enormous. And that's why these are some of the top things that I would tell you where I see the opportunities to create value are.

Operator

And we have a question from Fernando Ferreira from Bank of America Merrill Lynch in London.

Fernando Ferreira
BofA Merrill Lynch, Research Division

I have 2 questions, please. First one, on your very strong performance from your innovation, right, as you recall, do you have -- can you give us a number of what percentage of your growth is coming from your new products in the last 12 or 24 months?

Zoran Bogdanovic
CEO & Executive Director

Thank you, Fernando. Now very short answer is that a big majority of our growth is actually coming from a variety of innovations that we have done last year, whether that's various reformulations, new flavor variants, whether that's new packages. So all of that -- well, a big majority of our growth is driven by these innovations.

Fernando Ferreira
BofA Merrill Lynch, Research Division

And the Energy segment and particularly Monster, how relevant is that of your sales today, that segment and the brand specifically?

Zoran Bogdanovic
CEO & Executive Director

Today, this part is around 1% of our total volume. We find it very important because, while it is 1% of the volume, it is 2% of the revenue. And that also shows importance of it for value creation. And that's one of the pillars in our strategy where we communicate how we drive value, so very relevant category. We are very passionate about it, happy with the portfolio range we have. And we only see that with this category we will be growing and driving more value in the years to come. Thank you.

Fernando Ferreira
BofA Merrill Lynch, Research Division

Great. Maybe just one last question, if I may, going back to the margin discussion but thinking it about more from a regional perspective, right? I mean all of your margin expansion came from EM last year. And as you saw this unusual benefit, right, from FX, do you expect a more balanced margin expansion within your regions thinking about this year?

Michalis Imellos
Chief Financial Officer

Yes, Fernando. It's Michalis. So indeed we saw in 2017 significantly all the margin expansion coming from the Emerging. That's very normal because, with Russia and Nigeria going through very challenging macro situation in the last 2 to 3 years, we had lost ground there, and also in some of the other emerging countries closely linked to the -- to particularly the Russian economy. So going forward, it's also normal to expect that this is the segment where we expect the lion's share of the margin expansion to come from.

In Established we have already reached a level of margin which is above 10%, and we have stabilized quite well there. This is a good level of margin for this type of markets. And therefore, we will continue to work towards expansion of margin in Established, although we don't expect that we will see significant movements in this particular segment. Developing has a little bit more room to grow. We had also the bad debt provision that affected the performance in '17. So we do expect also developing to continue to contribute. However, Emerging will continue to be the lion's share of the growth.

Operator

And we have a question from Andrew Holland from Societe Generale, London.

Andrew Holland
Societe Generale Cross Asset Research

I've got two, possibly three, so let's start off with the first one. Could you actually tell us how big this Croatian bad debt is? Because with the various clues you're giving us, I'm getting various, different, slightly conflicting numbers. So it would be quite helpful if you could just tell us how big that bad debt is, please.

Michalis Imellos
Chief Financial Officer

[Andy], it's Michalis. I wouldn't like to give a figure. It's quite a sensitive piece of information, particularly for the local markets, so we will not be giving a specific number.

Andrew Holland
Societe Generale Cross Asset Research

Okay. So does that suggest I heard it wrong when I thought I heard you say that it accounted for 40 basis points of margin erosion? Have I got that wrong?

Michalis Imellos
Chief Financial Officer

40 basis points was the total OpEx one-off, so investments in revenue growth management, some other items that were going on and the bad debt provision. So it's not 40 basis points of the total group revenue.

Andrew Holland
Societe Generale Cross Asset Research

Okay, that's clearer, although not quite there. Second question, actually arising from the last one: You say that the 10% margin you're getting in Established markets is a pretty good level. And your other European bottler competitor CCP looks like it's heading more for about a 13% margin across its equivalent territories, if we think of them in that way. So are you saying that you can't sort of move that 10% up further?

Michalis Imellos
Chief Financial Officer

We can move the 10% further, not to the tune of 13% or those figures that you mentioned. We have some specific structural differences with the countries that you are mentioning and you are benchmarking against. It's completely different level of per capita consumption, completely different level of revenue per case as an absolute. It's -- and these 2 factors drive a much more efficient supply chain structure and overall cost. So we will -- as I said earlier, we will continue to grow Established margins but not to the tune of those countries that you just mentioned.

Andrew Holland
Societe Generale Cross Asset Research

Okay. And just a final one, just on pricing prospects for 2018 in Nigeria. I mean you say that the naira has sort of stabilized. I think it took a bit of a lurch down towards the end of 2017. Presumably your anticipated volume performance and pricing performance takes account of that, as it feels like you might need more pricing than perhaps you might have thought a few months ago in Nigeria if you're going to recover that latest currency devaluation.

Zoran Bogdanovic
CEO & Executive Director

Thank you, Andrew. So starting point, to say that from Q4 of '16 and then through January and then April price increases we have taken more than a 30% price increase. We said that inflation, which is our important compass when we make pricing decisions, is going to be mid-teens. We equally stay alert to constantly pulse the market and monitor dynamic competitively what is going on. And understanding that today we have quite some price premium versus the competition, we have certain thoughts what we want to do in the course of the year. It's still early to say. However, I can say that, over the years or beginning of January, we have done like a small, single-digit smart pricing in Nigeria, which shows that, whenever we see the opportunity, we react to it because we are committed to our value creation and not value destruction. And now in the course of the year, as I said, we have some thoughts. It's still early. I mentioned earlier on my previous answer that with our OBPPC strategy and a bigger package proliferation we see the opportunity to do a balanced way of driving volume as well as price/mix.

Operator

And we have a question from [Peter Osowitz] from [indiscernible] in London.

Unknown Analyst

Just starting with Russia and Nigeria, so the markets where we have seen the most of movement in the last years. Can you please give us a bit more color on how you have seen volume performance in those 2 geographies? And how do you see 2018 starting, and how would you envisage for the full year?

Zoran Bogdanovic
CEO & Executive Director

Thank you, [Piedro]. So as we said, both for Russia and Nigeria we see and our outlook is that these 2 countries will come back into a positive volume growth area. With the signs of economic recovery, we take that into account. That's an important element in both of the markets; on top of that, with all the initiatives, revenue growth management plans, marketing plans. Example is -- also is that why I talked earlier about FIFA World Cup importance for Russia. However, this doesn't play only a role in Russia itself because Nigeria is also a good example of a country where we make a good leverage of such property. One of the big passions of that country is football. Together with Coca-Cola Company, we are a proud sponsor of the national football team. And it is obvious that we will be leveraging that also in our marketing and activation calendar in the course of this year as we go forward. So also, another reason for confidence is that in both countries we have a level of innovation that we started doing last year and, especially this year, we will be doing more as a part of the overall umbrella in which and -- 2018 is going to be a strong innovation pipeline year for Coca-Cola Hellenic, probably strongest ever. And that's I believe and I hope that gives you more color on where we are sourcing our belief. Thank you.

Unknown Analyst

Have you seen any of this happening either in Q4 or in January and February looking at the -- how the market is performing now?

Zoran Bogdanovic
CEO & Executive Director

Yes. We mentioned earlier that we were very encouraged with Q4 performance of Russia. And that gave us also the signs and reasons for belief that Russia is going to have a good 2018. In Nigeria, realistically we have to be fair to say that, end of last year and Q1 of this year, we are cycling strong performance of last year, knowing that we are cycling that with a sizable price premium versus the market. That's why we see that it's going to be a softer start but definitely with a strong positive outlook as we move forward in the year.

Unknown Analyst

Okay. And so in Russia and also to some extent in Nigeria, do you -- to -- in order for you to capture this growth, what's the level of CapEx or merchandising spend? Or do you need to do anything to capture this growth?

Michalis Imellos
Chief Financial Officer

Yes. [Piedro], this is Michalis. So as we were saying earlier, we are accelerating our revenue-generating assets -- investment in those revenue-generating assets and both in Russia and in Nigeria. In Russia, there is more -- this is more towards accelerated placement of coolers. In Nigeria, we are looking not only the opportunities where we can increase capacity, particularly in PET lines, because the market is moving very quickly towards this part. And as we -- as you saw in 2017, we had a significant acceleration of the CapEx as percent of revenue, considering also that revenue is growing quite fast. And we will continue with further acceleration of CapEx as percent of revenue also in '18, driven by Russia and Nigeria.

Unknown Analyst

Yes, just following up on this: You mentioned coolers, but when I look at your cooler expense, I mean, they seem to be much lower in the second half of this year. So it seem that -- it seems like you have spent more in the first half than in 2016, while in second half your cooler expense was about 20%, 25% down. So help me reconcile this because it doesn't really -- it's not -- it doesn't really sound to be in line with your strategy of spending more for revenue-generating assets.

Michalis Imellos
Chief Financial Officer

Yes, you can't look at the phasing within a year. It's really not indicative. You need to look at whole years only and because the phasing of orders and when exactly the payments are taking place is not indicative in terms of [indiscernible] by half years or quarters.

Unknown Analyst

Okay, so overall we should be looking at you spending more on coolers or on CapEx in general in 2018. Can you give us the -- roughly the CapEx guidance for whole 2018?

Michalis Imellos
Chief Financial Officer

There is an acceleration. We had acceleration in 2017 overall from 5.3% to 5.8% in the total CapEx. And we will be north of 6%, as our expectation also in 2018.

Unknown Analyst

Okay. And lastly, to wrap up on Russia: How much of growth do we expect? I mean, should we -- because now you are about 15% below the 2014 peak in terms of volumes. So should we expect that you will be going back to 2014, 2015 levels? Or that will stabilize somewhere lower.

Zoran Bogdanovic
CEO & Executive Director

Thank you. So briefly: Our expectation is that Russia would be low to mid-single digit for the year.

Unknown Analyst

Okay. And do you see this -- if you go beyond this year, do you see this, that the volume is coming back to where they used to be at the peak? Or there are some reasons for them to be lower.

Zoran Bogdanovic
CEO & Executive Director

Look, it takes -- the recovery, it takes a bit of time, especially because the recent crisis et cetera was not an easy one. So definitely we see that -- year by year, with current visibility that we have of Russia, it's that it is going to be continue growing and -- but it's just going to take -- it's going to be a paced growth.

Unknown Analyst

Okay. And just my last question was on the -- on sugar prices. You have mentioned that you managed to lock-in the 2015 prices in, but looking at sugar performance, we've had some high prices in 2016. Then 2017 was much weaker. 2018 seems to be shaping up -- I'm talking about sugar, seems to be shaping up even lower than 2017. Can you discuss, like, how long your sugar prices are locked in now and whether you are going to benefit from the lower sugar prices? And maybe you can talk a bit about your sugar sourcing strategy.

Michalis Imellos
Chief Financial Officer

Okay, so the view is exactly as you mentioned. For 2018, this low single-digit increase overall in the input cost is going to be driven by sugar, both the EU sugar and the world sugar. So specifically on the world sugar, to your question, we expect a high single-digit decline in 2018 compared to '17. And we have good visibility on that because we are fully covered in Russia, and we are more than 70% covered in Nigeria already. So we feel quite confident about this outlook. Same with EU sugar, where the abolition of the quota regime in the European Union and also the oversupply generally in the market has helped us to lock into contracts for 2018 and 2019, to that matter, at prices that are high single-digit down compared to 2017. So some strong benefits in the input costs expected from sugar. The flip side of this is in resin, where we expect a high single-digit increase which is driven both by the higher oil price environment and also the fact that the resin market is experiencing a tight demand situation, so an increased demand situation. So high single-digit increase. And just to conclude the picture in terms of 2018 input costs: When it comes to aluminium, for 2018 we are more than 50% covered already at good rates compared to '17, so even with the increased spot rate that we experience, we expect that, considering all these, the hedged, the non-hedged exposures, we will be flattish versus 2017. And all this drives in total the input cost per case currency neutral for '18 to low single-digit increase.

Unknown Analyst

Okay, so on the sugar front, do you expect to benefit from those lower contracts starting January? Or that will kick in later in the year.

Michalis Imellos
Chief Financial Officer

Yes, starting January.

Unknown Analyst

Okay, perfect. And just to understand: I know that, of course, you don't disclose the exact number, but should we think about your contracted sugar prices somewhere around the current spot or just a little bit above those? I mean, the current spot state, there will be further benefits to you in 2019.

Michalis Imellos
Chief Financial Officer

Without going into too much detail, let's stay at the level that the sugar costs that we will experience on a per-case basis currency neutral will be high single-digit down compared to the costs that we experienced as a group in 2017.

Unknown Analyst

Okay, so that would look like there's a further benefit in 2019. Is that fair, assuming that the current spot persists.

Basak Kotler
Former Investor Relations Director

[Pietr], I think this is getting into a lot of detail that we can best handle on the phone. Shall I give you a call after this analysts call? And we can look into the numbers you're wanting to get the detail on.

Unknown Analyst

That's okay. Let's do it.

Operator

And we have a question from Tristan van Strien from Redburn.

Tristan van Strien

A few from my side. The first one, just on your key accounts modern trade just looking at the year ahead, are there any risks for delisting that you see currently? And secondly, are you -- within that, are you able to fully implement your Easter programs in markets like Poland and Italy? Or is there anything that will prevent you from doing that at the moment?

Zoran Bogdanovic
CEO & Executive Director

Thank you, Tristan. We don't see anything on our radar screen which would show the risk of any delisting or as you referred to and equally also no obstacle in activating and executing our Easter plans across all of our markets, so we are heading in fully ready.

Tristan van Strien

Good stuff. Just secondly, in Nigeria, is it safe to assume you made a profit this year?

Michalis Imellos
Chief Financial Officer

Tristan, as you know -- this is Michalis. We don't disclose profitability by market, but everything you heard, I hope, points to the fact that it was a good year in Nigeria.

Tristan van Strien

Got it. And just lastly, the -- all the revenue management initiatives seem to have really worked for you the last few years, but now I should say it's taken a few one-offs as you're making a few changes, so what exactly -- maybe give a bit more color. So what do you feel that needs to change going forward? And I assume the one-off costs are purely consultancy fees. Or is there anything more structural that needs a bit of investment behind your new RGM program?

Zoran Bogdanovic
CEO & Executive Director

This was a conscious choice and effort and approach to step up our capability, as we have recognized that it is something that we need to improve. And that's why, over the last 2 years, we started, we had a -- we started with a rollout in '17. We continued that in the course of '18. And as for any capability development, that means people, profiles, skills, tools, all of that requires investment to set it up and elevate it. We have also done with the expert help that has helped us through the process. So that has been what -- the background of what has been driving our investment. And as Michalis also reiterated earlier, we see that as an important investment for our future growth and how we fuel it. Thank you.

Operator

And the final question we have coming through is from Komal Dhillon from JPMorgan in London.

Komal Dhillon
JP Morgan Chase & Co, Research Division

Just 2 questions from me, please. The first one is a sort of follow-up on the revenue management strategy, just checking. So obviously you've had a very successful OBPPC strategy that you've deployed over many years, so I'm just curious to know what exactly the difference is with this new strategy; and also from that, an idea of how much incremental improvement we can expect on mix going forward. That's the first one, please.

Zoran Bogdanovic
CEO & Executive Director

Thank you, Komal. The truth is revenue growth management has been always there and present; and as a part of it, our OBPPC. Now we also recognize that in every one of our markets we see the opportunities how we really evolve it, how we make it more sharp and specific to really address the prioritized opportunities. And a part of the RGM process and the way we do it is to recognize very concretely where we want to play in the market. And then second part is how we want to play it and how we then commercialize it, so that means that we might have paid more attention to specific occasions in certain territories in a new way, in a stepped-up way. Maybe we pay attention to occasions that we didn't pay attention to, so far. The -- for example, socializing away from home or socializing at home in some markets have been on a lower level or hasn't been part of the focus. Also, in some of the markets, as a conscious way going forward or what we started doing is paying more dedicated focus and drive behind single-serves, as we also see that in a number of our markets there is opportunity to do that. Now that requires new set of actions and initiatives. So I hope these are some of the examples that give you more flavor what that really means. When you say what is the exact impact, look, I can't put exact number on it, but it's an ingredient in the whole meal, if you will, which contributes to drive of our price and mix; and which has elements of category mix, package mix that we will drive. Of course, part of the RGM is also pricing, for which we are ready to take it whenever there is opportunity to do it. So we said that we see the opportunity that our price/mix improvement in the years is between 2% and 3% over years, and RGM is just an integral part of that. Thank you.

Komal Dhillon
JP Morgan Chase & Co, Research Division

No, that's very helpful. And then just a second and last question from my side, on leverage. So obviously your balance sheet is quite ungeared now, 0.8x net debt-EBITDA. How should we be thinking about capital deployment and then the time line of that, please?

Michalis Imellos
Chief Financial Officer

Yes, Komal, so as we have said in the past, the position hasn't changed. We obviously look for, first of all, to invest in the business. We are accelerating the level of CapEx investment behind revenue-generating activities and assets; from then on, bolt-on acquisitions for locally relevant brands in the stills area, basically Water and Juice. And we are very actively looking for such opportunities. Now you know we cannot do extensive buybacks because of the level of free float, so for us to optimize the balance sheet in the absence of any transformational M&A, it would be a special dividend. Now exactly the timing, we cannot comment right now. However, as and when the time comes, as I was saying earlier with an earlier question, we will assess where we are at that point. We have a range of 1.5x to 2x of net debt-to-comparable EBITDA gearing ratio, where we want to be in the long term. And therefore, with these parameters in mind and what potentially is the landscape of any potential bolt-on acquisitions, we will make a decision around a potential special dividend.

Operator

We have no further questions, so I'll hand you back to Mr. Zoran Bogdanovic to conclude the call. Thank you.

Zoran Bogdanovic

CEO & Executive Director

Thank you, operator.

I want to thank you for joining us today and for all your questions that facilitated a good discussion, so thank you very much. I will leave you with the following thoughts: We are very pleased to be delivering well against our 2020 strategic plan. The progress we have made is a testament to the dedication of our people to a strategy they understand and drive. Looking forward, we are confident that the unique strengths of our business, combined with our proven strategy, position us well towards our 2020 objectives.

Thank you, and we look forward to speaking with you again. Thank you.

Operator
Ladies and gentlemen, thank you for joining today's conference. You may now replace your handsets. Thank you.