Operator

Good morning and thank you all for holding. At this time, I would like to welcome everyone to The Coca-Cola Company's Fourth Quarter 2014 Earnings Results Conference Call. Today's call is being recorded. If you have any objections, please disconnect at this time. All participants will be on a listen-only mode until the formal question-and-answer portion of the call. [Operator Instructions]

I would like to remind everyone that the purpose of this conference is to talk with investors and therefore questions from the media will not be addressed. Media participants should contact Coca-Cola's Media Relations Department, if they have questions.

I would now like to introduce Tim Leveridge, Vice President and Investor Relations Officer. Mr. Leveridge, you may begin.

Tim Leveridge

Good morning and thank you for being with us today. I'm joined by Muhtar Kent, our Chairman and Chief Executive Officer and Kathy Waller, our Chief Financial Officer.

Before we begin, I would like to inform you that you can find Webcast materials in the Investor section of our company Web site at www.coca-colacompany.com that support the prepared remarks by Muhtar and Kathy this morning. I would also like to note that we have posted schedules under the Financial Reports and Information tab in the Investors section of our company Web site.

These schedules reconcile certain non-GAAP financial measures, which may be referred to by our senior executives during this morning's discussion to our results as reported under Generally Accepted Accounting Principles. Please look on our Web site for this information.

In addition, this conference call may contain forward-looking statements including statements concerning long term earnings objectives and should be considered in conjunction with cautionary statements contained in our earnings release and in the company's most recent periodic SEC report.

Following prepared remarks by Muhtar and Kathy this morning, we will turn the call over for your questions. Ahmet Bozer, Executive Vice President and President of Coca-Cola International; Sandy Douglas, Senior Vice President, President of Coca-Cola North America; and Irial Finan, Executive Vice President and President of Bottling Investments will also be available for our Q&A session.

Now, I'll turn the call over to Muhtar.

Muhtar Kent

Thank you, Tim and good morning everyone. During our last Earnings call we articulated 5 strategic actions to reignite our growth and committed to providing you an update on our progress as we move forward and into 2015. So today, I'm going to start with some highlights from our fourth quarter performance and then review the progress we've made against our 5 strategic actions.

For those of you following our Web cast, you can see our quarterly performance on our new scorecard on Slide 4. Overall, our performance came in slightly ahead of where we had previously expected. This was driven by some net positives above the operating income line slightly offset by higher than expected returns to remeasurement impacting profit before tax. As the top line structurally adjusted comparable currency neutral net revenues grew 4% in the quarter driven by a balance between volume and underlying price mix in what was a challenging macro environment.

At the profit level, structurally adjusted comparable currency neutral operating income grew 7% in the quarter, while we continue to invest heavily behind our media with double digit increases in the quarter and full year. Importantly, there are some highlights for the quarter. We continue to focus pricing and revenue realization in key developed markets with North America and Europe both delivering positive price mix in the quarter and for the full year. Our core strategies and our diversified global portfolio enables us to gain global value share in non-alcoholic ready to drink Sparkling beverages as well as Still beverages in the quarter.

This is a key metric for us particularly in a challenging macro environment. As we announced last week, we also continue to strengthen our overall portfolio's billion dollar brand and in particular our Still brands. Gold Peak, a premium tea brand in the United States benefited from great marketing, strong media and stepped up execution to achieve this status. Furthermore FUZE TEA, our popular mainstream tea brand now available in nearly 40 markets around the world reached this status in less than three years demonstrating the strength of our systems marketing and executional capabilities. And finally, LOHAS our innovative water brand in Japan regained billion dollar brand status in 2014. This brings our total number of billion dollar brands to 20 out of which 14 are Still brands. Just five years ago we had 14 billion dollar brands. Since 2010 on average we've added more than one new billion dollar brand each year to the list.

Stepping back from our quarterly performance I would like to talk about the bigger picture in 2014 a year of significant change for our company that will continue in 2015. Specifically I want to discuss our five strategic actions to reignite our which are first; targeting disciplined brand and growth investment, Second; driving revenue and profit growth with clear portfolio roles across our market, Thirdly; refocusing on our core business model, Fourth; driving efficiency through more aggressive productivity and fifth -- last but not least streamline and simplify our organization.

While we're making solid progress we have more to do. In 2014 we invest significantly in both our brands and in incremental growth opportunities. We substantially increased our media investment in markets and categories where our media was underfunded relative to the market opportunity, where we had the right price tag, channel architectures and where we had clear executional alignment with our bottlers. The quality of our media has been increasing and we intend to improve it even further under the leadership of our new global Chief Marketing Officer Marcos de Quinto.

We're seeing initial success as exemplified by North America where our incremental media investments coupled with our segmented price tag strategies drove revenue growth in our Sparkling portfolio through strong 4% price mix in the second half of the year. This gives us confidence that when we invest in our brands, align on our system plans and focus on execution we do see positive results.

And looking beyond our existing portfolio we continue to focus on expanding our participation across a range of consumption [occasions]. Today the average household globally consumes 26 beverages per day and of these 26 beverages only 1.4 are Coca-Cola company brand. Our opportunity to capture more beverage [occasions] is just immense. And for that reason we've announced strategic investments in Keurig Green Mountain and Monster Beverage Corporation both of these investments underscore not only our ability to adapt to changing consumer trend but also our commitment to accelerate innovation.

Next we expanded our market segmentation recognizing that each of our markets has a specific role in order to sustainable revenue growth. Some markets focus on price realization, others on volume and the remainder on the balance of the two. Importantly our proxy statement will be coming out in the coming weeks and you will see the revised intensive metrics which will add revenue growth directly aligned to those market roles.

We also made headways in refranchising our bottling operations both in the United States and internationally. In North America we closed several refranchising transactions in 2014 and laid out a clear path and timeline to refranchise the remaining territories. Specifically, we refranchised territories representing approximately 5% of the U.S bottler-delivered business in 2014 and have already signed definitive agreements to continue refranchising a similar amount in the first half of 2015.

These agreements along with our ongoing work give us confidence that we will continue to accelerate our rate of refranchising each year and achieve our goal to retain a maximum of about one-third of the U.S bottler-delivered business by the end of 2017. And it is our intent to refranchise the remaining territories by 2020 at the latest. As we reached the end phase in North America these actions will drive higher operating margins, lower capital spending and invested capital and improve the ROIC for our company.

Outside of North America we announced two transformative changes to our bottling landscape in critical high growth markets around the world. First in Indonesia we announced a joint venture in Coca-Cola Amatil Indonesia that will help our system to capture the long-term opportunity in this extremely attractive emerging market. We also entered into an agreement to re-architect our African bottling system with the creation of Coca-Cola Beverages Africa which will serve 12 Southern and East African countries and will be a top ten global bottler once the transaction is completed.

Importantly, Coca-Cola Beverages Africa will have the scale, resources and efficiencies to fund the investment required to capture the strong long term growth potential in Africa. These markets will be long term growth engines for our company so it is absolutely critical that we invest sufficiently today to prime those engines for decade to come. In order to reinvest our business and deliver against our long term financial targets we embarked upon an expanded productivity plan that will result in a total $3 billion in annualized savings by 2019.

As Kathy discuss in detail during our modeling call in December this represents the significant reduction to our investable spend base and our efforts are on track. As you’ve seen in the press we've began work on reducing positions that are no longer aligned to our growth priorities or are deemed redundant as we streamline our operation. While this is never an easy process, it is absolutely essential to ensuring that our business is wired for greatest speed, responsiveness as well as innovation. And importantly, it also frees up the resources we need to reinvesting in the business to accelerate our growth.

Fifth and finally towards the end of 2014 we begin the process of streamlining and simplifying our operating model. We announced the streamlining of group functional layer and began standardizing the key processes across our business units. This will not only reduce our cost structure but more importantly will create a more nimble organization that is wired to act swiftly and rapidly in today's dynamic landscape.

In summary, I am confident that these strategic actions are laying the grand work for accelerated top and bottom line growth in the future and delivering the long term shareowner value you expect. Looking ahead we will continue to make progress against our actions to regain momentum. But as we've said before 2015 will be a transition year for the company as we implement our new operating model and our incremental media investments in both 2014 and 2015 taking time to pay off in full. Further we expect the global consumer environment to remain volatile, geo-political hotspots around the world and potential deflation environment in Europe and continued softness in many emerging and developing markets around the could to be partially offset by an improving environment in the United States.

So against this back drop what remains to be seen is how quickly and to what extent lower oil prices trickle down to impact consumer discretionary spending in both importing as well as oil exporting nations. Therefore we will focus on what we can control; we will implement our strategies with focus and conviction, investing for the long term in emerging market as well as taking advantage of opportunities to solidify our position in the growth market of today and tomorrow. While in 2015 we expect to grow comparable currency neutral EPS mid-single digit, from 2016 on we intend to be back to delivering again a long term target of high single digit comparable currency neutral EPS growth.

We will strengthen our leading brands through incremental media investments and best in class marketing campaign. We will deliver a [net] change in productivity and complete the majority of North America franchising both of which will drive growth and improve our margin structure. And finally we will continue to enhance our marketing leading capabilities to provide our customers and consumer with the innovative and refreshing product they expect from the Coca-Cola Company.

I will now hand the call to our Chief Financial Officer Kathy Waller who will provide you with a more detailed look at our financial performance as well as the outlook on our business for 2015.

Kathy Waller

Thank you Muhtar and good morning everyone. Our performance in the fourth quarter was slightly ahead of our expectations due primarily to three factors. First, several markets around the world delivered slightly better top line performance thanks to a strong finish during the holiday season.

Second, gross margin came in slightly better than anticipated and third, operating expenses were lower than expected which led to comparable currency neutral margin expansion. We are pleased with where the quarter landed. Structurally adjusted comparable currency neutral revenue growth was driven by 3% growth in concentrate shipment and 2% underlying price mix. Concentrate shipment outpaced unit cases in the quarter driven by an extra selling days. However for the full year concentrate shipment were in line with unit cases. Consolidated price mix in the quarter was driven by pricing initiatives in North America, Latin America and Europe.

Importantly as we've done throughout 2014 we continue to invest the behind our brand. During the quarter our marketing expenditures grew high single digit resulting in mid-single digit growth for the year. This increase in annual marketing expenditures was driven by a double digit increase in media investment as we continue to drive efficiencies within our overall marketing budget to put against our media spend. Our fourth quarter comparable EPS was $0.44 which included a 10 point currency headwind. On a comparable currency neutral basis our EPS grew 5% in both the quarter and the full year. Items impacting comparability in the quarter were primarily related to the impact of changing the exchange rate used to measure our Venezuela subsidiaries, net monetary assets into U.S. dollars, a write down on the competent sales receivable from our bottling partner in Venezuela, non-cash charges related to refranchising certain territories in North America and cost associated with our previously announced $3 billion productivity program.

Given increased uncertainty and lack of liquidity in Venezuela, we remeasured our bolivar-denominated net monetary assets at the end of the quarter using the SICAD II exchange rate. We are also using the SICAD II exchange rate to translate our Venezuelan subsidiaries local currency income statement into U.S. dollars beginning in January 2015. The receivable write down was recorded as a result of revised assessment of the U.S. dollar value we expect to receive. Despite a difficult operating environment in Venezuela, the Coca-Cola system remains committed to the market and will continue producing and selling our products that Venezuelan consumers enjoy on a daily basis.

As you saw on our scorecard, full year free cash flow with $8.2 billion, up 3% primarily due to the efficient management of working capital and cycling incremental pension contributions last year, partially offset by an unfavorable impact from foreign currency exchange rate fluctuations

and the deconsolidation of the Company’s Brazilian bottling operations in July 2013.

For the year, cash returned on invested capital declined 32 basis points due to the $1.5 billion investment we made in Keurig Green Mountain. As we look ahead to 2015, we anticipate continued challenging macroeconomic conditions in many markets around the world. Despite this, we're on track with the access we laid out during our last earnings call and we remain confident in the outlook we provided in December. Therefore we expect our comparable currency neutral EPS growth in 2015 to be mid-single digit, roughly in line with our growth rate in 2014.

As you'll recall from the modeling call in December, there are many puts and takes to our P&L in 2015 with the exception of currency these are not changed. Therefore I'm not going into detail on this call, but you can see the various line items on Slide 13. After considering our hedge positions, current spot rate and the cycling of our prior-year rates, we now expect an approximate five-point currency headwind on net revenues with a seven to eight-point headwind on profit before tax for the full year 2015.

This is a stronger headwind than the previously communicated five to six-point for profit before tax due primarily to the effect from translating our bolivar-denominated profit at the SICAD II rate and to a recent decline in several emerging market currencies which we do not hedge. In terms of coverage, we're fully hedged on the Euro, Yen and Sterling for 2015. We also have near term coverage in place across several other major currencies. There are a couple of phasing items you should consider when modeling the first quarter. Due to our fiscal calendar, there are six additional days in the first quarter of 2015 as compared to the first quarter of 2014.

Although that will benefit revenue, variable cost such as marketing, sales and distribution expenses will also occur to a much greater degree in the first quarter. We expect the Venezuelan pricing provision will continue to negatively impact our net revenue and operating income in the first quarter of 2015 as we began to recognize the impact in the second quarter of last year. And we expect structural items primarily related to North America to be a headwind in the first quarter. Taken together, we expect structural adjustment and the Venezuelan pricing provision to be an approximate two-point headwind on net revenues and an approximate three-point headwind on a profit before tax.

In addition, we will cycle the timing of expenses in the first quarter of last year when we had four-points of operating leverage. Therefore we expect the comparable currency neutral operating leverage will be negative in the first quarter. Finally, we currently expect currency will be an approximate six-point headwind on net revenues and an approximate eight-point headwind on profit before tax in the first quarter as we cycle more favorable rates from the prior year. We currently anticipate closing the transaction with Monster Beverage Corporation at the beginning of the second quarter, note that there is a slightly later than our initial expectations of the first quarter due to various closing considerations. At this stage we do not anticipate any material changes to our structural impact guidance from December and of course we will update you along the way if there were to be a change.

In closing we're confident in our strategies and in the actions we've already taken to regain our momentum. 2015 will be a transition year as we implement significant change in our company and continue to reinvest in our business. We absolutely believe that the Coca-Cola Company is best positioned to capture growth in the non-alcoholic beverages and to continue to deliver long term value to our shareholders.

Operator, we're now ready for questions.

Question-and-Answer Session

Operator

Thank you. [Operator Instructions] Our first question today is from Bryan Spillane from Bank of America.

Bryan Spillane

Hey, good morning everyone. I've got a question about -- Muhtar, in your prepared remarks you mentioned the consumer environment remain volatile in terms of your expectations for '15. Can you talk a little bit about sort of what type, what range of volatility you might have embedded in your sort of plan for '15, maybe talk a little bit more specifically about the consumer environment both in Europe and Latin America where those are really two important markets for the company and where it seems volatile and then finally just maybe how that might affect your decision to spend more vagaries in those markets this year given the volatility -- I know there is a lot there but? Thanks.

Muhtar Kent

Sure. Thanks, Brian. First just at a very high level 10,000 feet, 2015 I think we expect the macro environment to even become a little more volatile versus 2013 and 2014. As the micro economic vagaries get worse in certain parts of the world, so rate of interest, currency certainly will add to volatility, growth gaps will in some parts are going to -- versus other parts are going to grow. Take for example the United States and Great Britain two large western economies starting the year of 2015 strong whereas the Euro zone, Japan and most of the emerging worlds starting the year slower. So there is this kind of gap and some catching up to do.

We're gaining share across the world in Sparkling juices, important categories. The industry -- we see some evidence that there are some things that are working for us but we need to be cautious and take it quarter-by-quarter I think that's really is important, then as far as Latin America is concerned I think Columbia seems to do continue to do really well as an economy and I think there is some more lifting to do in Mexico and Brazil and South zone. I was recently in Latin America and our business there continues to -- we have fantastic group of bottling partners investing for the short and long-term growth and we continue to gain share, we have a fantastic -- very strong packaged product channel segmentation and architecture and pricing, competitive, but at the same time great revenue growth, management strategies working there.

And so Europe as towards the last quarter, quarter four which we're just reporting on the Southern European countries continue to be challenged. Germany, our business was very much in the positive, Northern Europe had a better environment for us -- was a better environment for us than the South and Eastern Europe is again challenged by some of the macro volatility that spills over across from the East. So I think that how will see.

And then Asia I think we're still very bullish and Africa and you see the actions we have taken related to the reorganizing our bottling structure to even better suit the growth potential and opportunities there in both Indonesia, the fourth most top of the nation in the world as well as the very dynamic one plus billion consumers in Africa.

Bryan Spillane

And just -- fair to say that you've got a sort of wider range of volatility or contingencies for that type of volatility built into the 2015 plan to -- maybe they're normal, just in such a volatile environment?

Muhtar Kent

Yes and I think when you look at LRP or non-alcoholic ready to drink beverages, Brian I think what you would see probably is maybe a hundred basis points less growth versus the sort of previous years. It's again anybody's guess as to how quickly some of those economies are going to come back. So that we have definitely all those contingencies built in and maybe I can refer to Ahmet to give you a few more sort of snapshots of the world in terms of micro and macro picture. Ahmet?

Ahmet Bozer

Thanks, Muhtar. Brian, the only thing I would add to Muhtar's calculation is that volatility sort of comes on top of sort of slowdown. But what's working for us is that we're getting more and more traction on our plans and programs working with our bottlers. I was in about four, five different countries over the last couple of weeks and even though we witness economic volatility or uncertainty even in Northern Europe, yes there is quantitative easing, yes there is lower oil prices but it is uncertain yet whether the consumer will really benefit from that. But even within that our plans that address the right pricing and packaging and the right level of media investment and our alignment with our bottling system is giving us confidence that we could actually weather this volatility in line with the guidance that has been provided.

So couple of bright spots too, I was in India probably one country where there is a lot of optimism inside the country in terms of economic development. And as you know we have an incredible momentum in India over the last seven or eight years especially last year. And our plans continue to build on each other from year to year, so that's pretty. I was in Brazil, again a similar story. After the elections there was come cautious optimism and that sort of caution side of that continues there is still a bit of optimism. But we do continue to deliver our results despite that environment as you know Brazil had a mid-single digit growth at the end of the quarter. Yes, it was cycling better numbers from last year. But we've also had very strong share gains in Brazil. So I would say that is our story, there is volatility on top of a slowdown but we do have traction with our plans and programs in the marketplace with close alignment with our bottlers.

Muhtar Kent

Bryan one last thing I want to add to what Ahmet said and what I had said earlier to your question about doesn’t make sense to invest in media and marketing. And the answer is absolutely yes, when we are able to target our investments in media and the way we're doing it, segmenting them by the different countries and the different regions of the world and improving not just the quantity but also the quality of the media that’s what one of the main important factors that we see driving a better revenue number -- a better price mix number. So the two are really connected and that’s what I really want to -- so gain in share improving on the top line through all the actions we're taking of which targeted media increased an improved quality media is one of those.

Bryan Spillane

Alright thank you for that look forward seeing you next down at Cagney.

Operator

Our next question is from Judy Hong from Goldman Sachs.

Judy Hong

So I guess my question is really relating to the strong price mix that you saw in North America in the quarter. Obviously you've been focused on getting mix impact and rational pricing can you just speak to how much of the improvement was mix driven as opposed to maybe cycling some of the height and promotional environment last year. And as you think about 2015 and beyond just thinking about some of the mix acceleration potential on the pricing spot in North America.

Muhtar Kent

I'll let Irial answer that question and then also Sandy will add labor to that too.

Irial Finan

I think the most important things are 12 quarters ago Sandy and I spoke on this topic and we iterated our belief in having balanced price mix volume growth in North America. And we delivered another epic quarter this year and our plan is to deliver again next year in the same way. But in terms of your question on mix and headline price it's a balanced approach. Yes in the fourth quarter last year we were trending some lower numbers when we had some heavy promotional activity, but when you look over the half year as Muhtar said we grew pricing 4%. So we feel very good about the actions we're taking, we're feeling very good about how the trade is reacting and more importantly we're feeling very good that our marketing and our execution are coming together in a way that really adds incremental value to our system. But I'll ask Sandy to add to that.

Sandy Douglas

As Irial said it's a consistent strategy and the strategy is born of where the consumer wanted to go. The consumer is buying smaller special packages of our Sparkling beverage brand and accelerating that purchase and we're seeing the kind of mix benefit from that that you described. But that's coupled with the disciplined approach to rate and volume. Because in the end what we're trying to do is expand the values and usefulness of our brand and create value for our customers and through the consistent execution of that strategy we're seeing in 2014 solid year, but a year of improving performance through the year and we'll continue to pursue that disciplined strategy in 2015.

Judy Hong

Got it okay and Kathy if can just have a quick follow up on just in terms of the commodities in 2015, what have you locked in, in terms of your exposure there. And as you think about different commodity complexes that are turning more favorable. How much of that could we expect to see drive some of that margin improvement, particularly markets like North America?

Kathy Waller

The commodities environment for 2015, commodities we expect really to be benign for -- there are some that are absolutely favorable. But then we have other challenges and depending on the amount in North America, but of that in North America we also have impact of secondary exchange embedded into our commodity. So we really anticipated being more of a benign commodity environment for us versus they have any significant impact or benefits from it.

Operator

Our next question is from John Faucher from JPMC.

John Faucher

Wanted to follow a little bit on Muhtar on your comment on Europe and obviously it's been a difficult market over the past couple of years. What's the right way to think about sort of glide pass getting back to growth there? Is it something where QE works and we start to see the economy come back, you think you can get back to consistent growth and what are some realistic sort of ranges of expectations for 2015 and potentially into 2016? Thanks.

Muhtar Kent

Yes well I think we're all going to watch what's happening with the quantities easing, John, in Europe 18 months of the planned amount 60 billion and month of Euros coming kicking in whether that will have an impact or not we will watch and see. I think stability is the key word for Europe as we go into 2015.

So, not getting much worst and I think in some areas continued volatility and South Europe is going to continue to be, certainly to be a challenge. So, I don't think there is going to be suddenly a lifting of the cloud for the consumers in the Southern belt of Europe, I think Germany is the very low, -- current exchange rate I think will help exporting countries for sure, how soon will that trickle in related to Germany, related to other export markets from Europe. But that's a positive; the quantitative easing is a positive.

The notion that most consumers now are used to this environment and feel that it's not going to get much worse, it may get a little better because of the [indiscernible], so we'll have to see but we think that it will continue to be challenged and then you've got of course the whole political environment to sort of basically weave into the equation, that political environment is something that is an unknown for us all. I think that's how I would see, as far as growth, yes, there will be pockets of growth in Europe and there will be continued pockets of challenges but I think what we see was our -- we've very strong plans in place with our bottling partners for growth in Europe and we'll see how -- we've all kinds of contingencies built into the plan in Europe also and we're going to take it quarter-by-quarter.

John Faucher

Great, thanks and if I can ask one follow up to Kathy. Kathy, you talked about your FX coverage on translational for '15, obviously what this can lead to sometime is sort of year two impact, any thoughts on 2016 and how you'll manage what could potentially be some FX headwind there as the hedges roll-off? Thanks.

Kathy Waller

Yes, so John, for 2016 we are also hedged on our major currencies and at this point also have some on other currencies as well. So, we'll manage the impact and we're at pretty good rates at this point with that hedging. So, basically we don't think that there is a relative issue at this point.

Operator

Thank you, our next question is from Steve Powers from UBS.

Steve Powers

Hey, thanks, good morning. I guess one quicker clarification question and a slightly more thematic one. First, obviously there are lot of moving parts driving pricing mix in the quarter globally, and I was wondering if you could just focus in on rate increases and talk about trend there because my guess is that rate lagged overall price mix in North America which you talked about but Europe, the volume [best] looks like in Latin America and then rate was probably stronger than price mix and Eurasia, Africa, Pacific and across the whole company, so any help there would be great just parsing our overall rate trend. And then more broadly, it sounds like your productivity targets remain unchanged from last fall, which isn't really surprising as it's only been a few months, but at the same time we've already seen announcements of headcount reductions that likely we're not envisioned prior to your October update. So I'm wondering, why we're not seeing more incrementality sooner on that front or perhaps we are, it's just being absorbed by the macro headwinds, so if you can clarify that, that would be great.

Muhtar Kent

Steve, this is Muhtar, good morning again. As far as the rate versus mix I think it's basically completely depended on the country and the environment and the region. So there is no trend globally, this is on average, this much rate and this much -- it all depends on price tag channel architecture, our position in the market, the strength of our brand, how effective is our marketing driving the result that we need, which is all work in progress. So, I think it all depends on -- and I'll let Sandy comment on the United States, on that but it's very much dependent on the region and depended on the country and depended on the circumstances.

I think that's really what I would say and then Sandy, you want to just address the United States part of that question?

Sandy Douglas

Sure, I mean our strategy in the U.S. is again as Irial sad very consistent. We view there to be a significant upside pricing opportunity in the Sparkling beverage category. We are driving that with significant investments in brand building and execution of price package architecture that will expand margins for our system and also for our customers and that involves a very healthy rate program but at the same time, we're executing with tremendous amount of energy, multiple proprietary and other small packages that the consumer is buying at accelerating rates, I mean for example mini Cans increased by 15% in the fourth quarter and that's following the consumer to smaller packaged sizes of the brands they love and that combination of rate and mix is creating a good balance with volume to healthy top-line growth picture.

Muhtar Kent

And see just on your question on why -- what on productivity, I would say to you that they reorg and how we're flattening the organization and the number of -- and announced cuts were all part of the program -- totally part of the program. So there is nothing that just being executed and that's all. And as Kathy -- we standby what Kathy said in the modeling call in December we're on track with the 500 plus million dollars piece of the productivity program for 2015 and we're on track with that. So but just to emphasize all of what you see, what you hear, what you read was part of the program.

Steve Powers

Okay. So just two points of clarification just a follow-up on those answers, thank you very much. On the price mix I guess maybe just Kathy -- specifically to Eurasia, Africa where I am assuming great pricing in Russia for example is quite positive should we be expecting this negative mix trend to persist in '15, this is one pop on pricing. And then Muhtar to your point on the part of the plan, does that mean the headcount reductions for example that were announced, was that part of the original $1 billion or is that part of the additional $2 billion that was announced last call? Thanks.

Muhtar Kent

Just quickly on the last piece of your question, it was part of the additional 2 billion and then as far as the rate increases I will defer it to Ahmet, if you want to just refer to that part of the question.

Ahmet Bozer

On the markets like EAG we price in line with inflation, we may be slightly below inflation, slightly ahead at times, so you should expect to see consistent rate increase more or less in that range. Fourth quarter for EAG was a bit of an anomaly, there was a sort of geographic mix impact that was driven by cycling of Galland shipment. So if you look at full year price mix realization of EAG, it’s a healthy 4 points. So I wouldn't look at Q4 to draw any conclusion.

Operator

Thank you. Our next question is from Ali Dibadj from Bernstein.

Ali Dibadj

So, given the pressure that currency is placing and kind of all this macro volatility. Do you anticipate or can you actually accelerate anything around your cost cutting plans to offset this or do you plan taking even more pricing in places like Europe, Eurasia, Africa, or Asia-Pacific where does it not look like you are offsetting your currency moves as much?

Muhtar Kent

Yes I think Ali it’s just on a broad base answer to your question. I think it's really critical that we balance the needs in the marketplace and the needs for us to be healthy in the marketplace on a both medium and long-term basis that's why we hold accountable all our business unit President's for local currency. And I think that, we're very happy with our progress so far with what we're doing with our productivity initiatives and what the current results are for those productivity initiatives so far, early days. But we certainly are looking to do more where it makes sense. But one thing you will not see us is taking -- basically actions in the marketplace that weakens our position for the medium and long-term that's the critical piece that I want to stress.

Ali Dibadj

So in other words we shouldn't anticipate more pricing as FX continues to be at a negative pressure. And if you can answer that also in the context of the benign mix of commodities in 2015 and if that's a limit on your ability to take pricing again to offset FX in the bottle price

context?

Muhtar Kent

I think we work with all the different levers that are available to us. How our better marketing --more marketing is working driving results, how the investments are working, with that we're putting in the marketplace with our bottling partners, our basic brand strength in the marketplace all of those things. And especially in terms of commodities, again that's something that is very volatile in the world that we live in. Four or five months ago if someone said we'd be looking at the current price of oil, no one would have believed this. So I think everything is changing very rapidly and we are remaining flexible on what we can achieve to the best of our ability, both in pricing, both in terms of investing for the future as well as making sure that our investments are targeted and our segmentation works. So I think there is not one solution, the segmentation is really driving better results than we have anticipated when we put that program into place.

Ali Dibadj

Okay. So I am just trying to understand, so we could anticipate if the consumer is ready to do it and if the segmentation suggest, we could see more pricing align with inflation because of currencies being so negative. Is that kind of what you're saying?

Muhtar Kent

Ali I'll just leave to what I said.

Operator

Our next question is from Mark Swartzberg from Stifel Financials.

Mark Swartzberg

Just a quick one Kathy a technical question, the six additional days in the first quarter, is there some level to get back later in the year. Do we see reverse of that in the fourth quarter for example?

Kathy Waller

Based on our corporate calendar the six additional days get pushed into the first quarter. But they come out in the fourth quarter.

Mark Swartzberg

Okay fair enough. That's all I've got. Thank you.

Operator

Our next question is from Bill Schmidt from Deutsche Bank.

Bill Schmidt

Wanted to ask sort of a housekeeping question. Can you just tell us what the pricing would have been in Latin America if you were at SICAD II for this year and last?

Muhtar Kent

I think what we talked about is oil pricing in terms of the local currency we pick. So whether we re-measured that in SICAD I or II it will be the same number.

Bill Schmidt

Okay I was just trying to get at what impact Venezuela had on the price, it's just for modeling for next year I think there was sort of Venezuela anomaly this quarter that might have taken that pricing down next year.

Kathy Waller

So for next year the impact of share pricing law will continue in Venezuela. That is what actually impacts our revenue in Venezuela, so its caps our ability to take revenue that does continue obviously it's kind of cost -- that are over in 2015. But it will not be a structural item because we [indiscernible] as of the second quarter. But then -- yes we also do have an impact to our revenues from a different exchange rate and that will be considered into currency.

Bill Schmidt

And then just on Asia Pacific we came in a little bit late then our expectations. And I think it's one of the lowest volumes outcomes in while and in you prepared comments it seems like you're fairly safe about that segment. So was there an anomaly this quarter that took the volume a little bit softer and the price mix of negative and other is a mix element there. But any comments on that would be very much appreciate.

Ahmet Bozer

Hey Bill, this is Ahmet. I'll try and address that; one big thing was the timing of the Chinese New Year. But I wouldn't conclude my comments without saying that the market in China specially the food and beverage market has been weakest in the last 10 years. But I would also say that we've been consistently applying our strategy that we have covered with you guys number of times before. And resulting in fairly significant share gains in China and as you know in Japan and in the middle of last year there was increase in taxes and we're continuing to see the effect of that. But still delivering almost close to flat but not that close it's minus one. So -- but the biggest item there was the timing of the Chinese New Year as well as continued sort of industry headwinds in China.

Bill Schmidt

And just one quick last one if I could. Just too kind of gauge the progress of the productivity program is it good metric to look at the cooperate and allocated line in the segment data. So should that come down as kind of the restructuring savings come through?

Kathy Waller

The cooperate on allocated line. So yes that is one place where you will be able to see the restructuring come through, but as Muhtar said we are on track with everything that we have announced to date.

Operator

Now I would like to turn the call back to Muhtar Kent for closing remark.

Muhtar Kent

Thank you Kathy, Ahmet, Sandy and Tim. In summary, we're moving quickly to regionalize revenue growth while simultaneously driving cost out of our business during an aggressive productivity plan. While we've already made progress against our five strategic actions to regain our momentum we're just beginning 2015 will be a transition year as we rewire our operating model for growth and mix in uncertain global consumer environment. While the macroeconomic environment remains challenging in the near term we are confident in our ability to return to sustainable growth as the long term dynamics of our industry remain promising. Our brands and our global system are unparalleled and we are fully dedicated to strengthening our position as the world's leading beverage company. As always we thank you for your interest, your investment in our company and for joining us this morning.