Strategic Update Meeting, Wednesday 31 March 2021

Good morning, good afternoon and good evening to the more than 130 participants that are joining us today from all over the globe. For those of you who don't know me: my name is Robin Jansen and I head the Investor Relations department at JDE Peet's.

On behalf of the entire team it is my pleasure to welcome you to JDE Peet's virtual event for analysts and institutional investors.

In the next 2.5 to 3 hours we will update you and share our latest thinking on our strategic roadmap, our position and growth opportunities in the U.S., a selection of our achievements and ambitions when it comes to corporate responsibility, and we will finish today's presentations with an update on our capital allocation policy and capital structure.

But before we begin, I'd like to direct your attention to the disclaimer on screen, regarding non-IFRS measures and forward-looking statements.

You will also find this information in the presentation deck that we have published in the News & Events section on our website. We would kindly like to ask you to read this information carefully.

Going through the agenda, we will start today's event with Fabien Simon who will provide a strategic update after his first 6, 7 months as the CEO of JDE Peet's.

After that, Shawn Conway, President of Peet's in the U.S, will zoom in on the unique position Peet's has built in the U.S. and the growth opportunities this largest coffee market in the world offers to us. After these two presentations, there will be a Q&A session to answer questions you might have on these two first presentations. Following the Q&A session, there will be a 15 to 20-minute break. And after the break, Dan Martz and Laurent Sagarra, who share a number of responsibilities when it comes to our corporate responsibility efforts, will provide more detail on the work we are doing in this area, as well as the ambitions we have laid out for the years to come. Finally, Scott Gray, our CFO, will conclude today's presentations with an update on our capital structure and capital allocation policy. After Scott's presentation, we will conclude today's event with a panel Q&A including all presenters of today.

As you probably know, the most important information during these types of events is always shared at the start of the event, and also today I have the honour to share the most important information of this event with you. And that's about the Q&A. You see on screen some instructions on how the Q&A will work. If you want to raise a question during a Q&A session, please use the raise-your-hand-button that you will see in the middle of the bottom of your screen. You can already do this during the presentations, i.e: You don't have to wait for the Q&A session to start to do that. After you've raised your virtual hand, using the button that you can find at the middle part of the bottom of the screen, you will be invited at some stage to go to a separate virtual room where our technical team will do some technical checks to make sure that everything works well at both ends. And, to make this event as personal as is practically possible, we would really appreciate it if you would turn on your camera when you ask a question. Please note that if your camera is on, this also means that you have no objections that you will be visible in this live event as well as in the replay that we will make available on our website as soon as is practically possible after the event. And in order to offer as many people as possible the opportunity to ask a question, we kindly ask you to ask only one question at a time and please note that you cannot ask questions via a chat function. With that, I wish you an insightful and engaging event and would now like to invite Fabien to come to the stage to kick off with the first presentation of today.

Thank you, Robin. And welcome to all of you to our virtual strategic update.

For about 6 months now in the role, I would like to talk to you about our attractive category, but as well about the structural advantages that JDE Peet's has. I will share why we believe there are more opportunities that surfaced recently, which increase our confidence to be well positioned to accelerate growth.

These incremental opportunities that we have the ability to capture, will require us to invest ahead of the curve, while delivering an attractive return and earnings year over year.

That approach is consistent with our refreshed corporate strategy, centred around a quality and sustainable long-term growth, which is what creates greater shareholders' value over time.

With the team today, we will have specific sections to share a concrete example of a higher growth opportunity in the US with Peet's, but as well sharing the pace at which we progress on our refreshed agenda, with the example of our ESG journey.

The potential of JDE Peet's starts, as we can see in this slide, with the amazing category we participate in. Coffee & Tea is a 380-billion euro category with about 80 per cent of the cups consumed At Home, at a price around 100 times lower than a cup consumed Away From Home.

Which explains why in value, Away From Home captures about two thirds of the coffee and tea industry. Both channels are growing 4 to 6 per cent in normal times.

And if we look at 2020, At Home proved to be much more resilient with about 7 per cent value growth for an estimated 23 per cent decline in the Away From Home channel.

If we zoom in on the At Home channel, which is the centre of gravity of our business, we would notice that coffee & tea is one of the fastest growing categories in Food and Beverage and grew at 4.4 per cent over the last 5 years, with coffee at about 4.2 and tea at about 4.7. But beyond its growth rate, the category At Home displays very attractive dynamics.

First, from a consumer standpoint, it is spot on trend: it addresses the increasing health trend, and it is premiumising year over year, as consumers want to replicate at home their enriched experience that they have had away from home.

Secondly, from an economic standpoint, you can see that at 7 euro cents on average for a cup of coffee at home, it is a very affordable indulgent proposition...and well below what consumers have been proving over time ready to pay, in an Away-from-Home environment. It has as well been proven over the history that the consumption of At Home is inelastic to price, which makes it an attractive inflation resilient category.

And finally, for the companies that do have the assets necessary to compete, it generates high margin and a high cash flow, which enables attractive and predictable financial returns. Coffee alone captures the majority of the value consumed at home in hot beverage, and the heart of what JDE Peet's is. It is more dynamic, with four major subcategories: Roast & Ground, Beans, Instant and Single Serve.

All of these are growing globally, on the back of increased penetration in emerging markets, with a more aspirational category that is coffee, and as well growing from premiumisation, and there, there are two levels of premiumisation.

A premiumisation within each subcategory – for example upgrading on instant from spray-dry solution into a freeze-dried proposition or specialty mixes offerings...and as well premiumising from conversion from one category to another at a higher price point such as a conversion from Roast & Ground and Instant over time into Premium Beans or into Single Serve, which are both growing at a much faster pace than the rest of the category.

Why? Because consumers want a higher quality of coffee in a more convenient way, replicating again their Away from Home experience.

We often get the question, is there still room for premiumisation, or is there still space for Single Serve to grow? I mean, there is no doubt that the answer is yes.

When you look today at what are the cups drunk today across the geography, still a very large majority, even in the developed markets, are Roast & Ground and Instant Coffee.

And only 8 per cent of the cups globally are served single serve, with 10 per cent in developed markets and 1 per cent in emerging markets. In consumer goods, trends are very often long-term trends and the premiumisation of coffee is one of them. But as the consumers became more demanding for their In-Home cup of coffee, the category turned to be more complex, with increasing barriers to entry.

Twenty years ago at home, most consumers had one SKU of coffee, either a pack of roast & ground or a jar of instant...and it was the same coffee consumed by everyone in the house and it was the same coffee which was consumed across the various occasions in the day.

But now, asking and getting to get a more individualised, better quality and more convenient cup of coffee relies much more on technology, on coffee, on packaging, but as well as on appliances... and it has implications across the value chains on procurement, on R&D, on manufacturing, but as well on distribution.

Historically, it was relatively easy to participate in basic instant or roast & ground coffee categories. Today, the complexity means higher investments, higher accumulated experience needed, or even partnerships and therefore it requires, more than ever, global scale on top of the standard or typical local scale needed broadly in the packaged food industry.

And as the diversity of consumer needs increases from taste, pricing, format or channel, there is a need as well to get an increasing portfolio of brands with minimum scale...otherwise a small core portfolio of brands would be stretched too much across various dimensions, with a risk of losing its identity.

That is why over the recent years, the two largest global players, that do master all the technologies at scale, with strong route-to-market and that own an increasing number of very well-known coffee brands, have been increasing their market share. Now, the number one and number two combined do capture 36 per cent of the In-Home coffee market, from about 29 per cent just 6 years ago.

I strongly believe that because the requirements are so much greater than before, these two will just get stronger and capture a disproportionate share of the growth and profit going forward. JDE Peet's, as the world's largest pure player on coffee and tea, is one of these two. The company, that now serves around 140 billion cups every single year across 100 countries, has a deep heritage of coffee and tea that has been built over the last 260 years. We are truly global, well diversified across geographies, subcategories of coffee and we do master all the coffee technologies which are produced in our factories around the world with a footprint of 45 factories globally. I mean, we are of course as well deeply connected in the supply chain and we do support more than 380,000 farmers through our Common Grounds programme that Dan and Laurent will talk more about during the ESG presentation.

One of the benefits of being a scaled pure player is to be very strong operationally, to be more agile, but as well being leaner than larger multi-categories company. This is well reflected in our earnings profile, with an adjusted EBIT of 19.2 per cent of our revenue.

And JDE Peet's has important structural advantages.

First, we do have the scale globally and which became important, we shared that already. And we have the scale locally, too, being number one or number two in countries that make 78 per cent of our revenue across In-Home and Away From Home.

Second, we are the largest owner of coffee and tea brands globally. Which enables us to reach consumers with coffee and tea across price points to meet their diversity of needs, occasions and budget. So even in the case of consumers trading down, they would most likely navigate within our portfolio of brands.

Thirdly, we evolved our portfolio to be over-indexed on the fastest growing subcategories of coffee, being Single Serve and Beans, that do represent for us, at the end of 2020, 40 per cent of our revenue and where we do gain market share. These structural advantages of being focussed on coffee and tea led to multiple leadership points of differentiation.

On Single Serve we are the global leader on aluminium capsules with modern retailers, online and offline. The largest single serve appliance park in Europe is Senseo, which is the most affordable and the most sustainable offering with fully compostable pads. We do have with Tassimo the second appliance park of base-beverage coffee propositions. On Instant, maybe a bit less-known, we are leader on premium freeze-dried on the markets where we participate in.

We do have a unique liquid technology, for the Out of Home channel, which was developed, over time, for Europe. And that just enabled us to enter into a partnership with Smuckers for the US market.

And we own, as well, the leading brand in White Coffee. Which is a unique Asian instant mix proposition, widely used in South East Asia.

On Premium Beans and Roast & Ground we do have the world's largest and most premium craft roaster with Peet's, that you will hear more about today from Shawn.

And we do have, as well, a few market leaderships in Tea and Roast & Ground with strongly anchored local brands, such as Douwe Egberts or Pickwick in the Dutch market where we are today.

These multiple leadership positions highlight the strong platform and innovation capabilities of JDE Peet's. And we are not talking about innovations today, but I'm sure we will in future forums.

Combining the inherent capabilities of JDE Peet's, as well as with the great growth of the coffee and tea category, gives us the opportunity to grow ahead of the categories in the most relevant areas of coffee and tea and therefore to create value for our shareholders.

As we refreshed our strategy over the last six months, we wanted to pivot from being a bit too internally focussed with sometimes the perception of being driven solely by the desire to sell more cups of more premium coffee and make more money out of it.

Becoming more externally focussed starts with defining our purpose, our why, our reason to be in business. Ultimately, it helps us to increase our business performance and enhance our positive impact.

At JDE Peet's, we unleash the possibilities of coffee and tea. By doing this, we benefit our partners. We benefit the farmers, our suppliers, our retailers, our consumers and our employees. By doing this, we will play our part to create a better future. And for us, a better future means protecting coffee for generations to come. It means empowering our partners to do what they do best, every day. It means ensuring everyone has the coffee and tea they love.

Our purpose is much more than a sustainability promise. Rather, it guides our strategic choices. And our strategic house, that serves the purpose to create a better future by unleashing the possibilities of coffee and tea, is articulated around three pillars:

Serve more cups. With the relentless focus to attract new consumers, by increasing penetration in the fast growing market and sub-categories; by premiumising across the categories and geographies, and by being even more global, either organically, or with partnerships or with bolt-on M&A.

The second pillar is to master execution. That will fuel the growth, from quality, efficiency and discipline in-store and in our supply chain.

The third pillar is to grow together, by championing an inclusive ecosystem, internally and externally. On the talent side with diversity, equity and inclusion, with the planet and shareholders on sustainability and governance, and finally with our partners.

We do believe that growth, in a quality and inclusive way, is driving a higher and repeatable value creation. Our refreshed strategy reflects that.

Looking back now at 2020, it was, in many ways, an eventful and unprecedented year.

Here I would like to share some of the dynamics we have been noticing, some of the actions we took in our Away From Home channels and finally, how 2020 stressed attractive new opportunities.

Beyond a higher focus on hygiene and health, cups transferred from home retreat and lockdown measures, COVID-19 mainly accelerated trends that were already there before.

This explained why we saw incremental upside on Single Serve, where we grew by 18 per cent, on Beans, where we grew by 33 per cent, as well as online accelerations, where we grew by 71 per cent.

We believe that these accelerations will stick. And we just gained about three years on digital penetration and two years on premiumisation gain. When you taste a better coffee, delivered in a more convenient way, it is very unlikely that you would come back to previous purchasing or consumption behaviours.

Actually, we are very fortunate to be in such a resilient category with leading positions on the In-Home channel. It enabled to offset the severe decline in Away From Home that the entire industry has been confronted with in 2020. We have shared in our earnings call the quarterly evolution in 2020, and have not seen a turnaround in H2 of last year.

Then we quickly came to the realisation that a recovery might take more time than anticipated, with likely different phases across geographies or sub channels. It is very likely, for instance, that the US coffee stores will bounce back faster than in Europe. Similarly, returning to school, to university, is likely going to be ahead of a full return back to office five days a week, which could well take a few years. This is why we took multiple measures to adjust our business model. Pretty quickly we decided to close stores that were already underperforming pre-COVID. But as well, to engage into more structural cost and headcount reductions, starting in Q4 of last year, to makes us recover, over time, a similar level of absolute profitability in Away From Home even with a possible lower business size in two to three years from now.

Besides costs, we, as well, evolved some consumer propositions, with mobile order & delivery in Asia, but as well in the US, that Shawn will be covering later, or reshaping some contracts at offices with some of our clients, and anticipating, as well, some differentiated needs in offices going forward.

All these measures are meant to get a more agile Away From Home business and to prevent us from subsidising a possible extended recovery by reinforcing investments from the In-Home channel.

This leads me to the next slide covering incremental growth opportunities in our In-Home business. There is a saying about not missing a good crisis. Actually, 2020 has brought to our attention some growth accelerations. First, in the US market. I mean, we all know that the US is the largest coffee market globally, both on Away From Home and on In-Home consumptions. What surprised us, is the acceleration of the premiumisation that we noticed at Peet's, with consumers sticking to it even after the uptick demands that all consumer goods companies have been experiencing in March, April and May of last year.

We realised that the US market is now capturing about 25 per cent of the global coffee premiumisation from an absolute standpoint, on the back of Premium Beans, Premium Roast & Ground and an acceleration of Single Serve, that is actually less penetrated than in some European markets. The great news here is, we do have the perfect asset to play there. It's Peet's, and that is the reason why we want to cover Peet's with you at a later stage.

Second is China. And it is where we do have a pretty good read of what has been happening pre-COVID, during COVID, and post-COVID.

The growth rate of coffee had roughly doubled and sticks post-pandemic. I think, historically, we were mostly seeing China as a penetration and an education game on coffee with around 11 cups consumed per year per capita, compared with, I would say, 300 in the US or 500 in Western Europe. Yet, in 2020, the growth acceleration has been coming from premiumisation across all categories: Beans, Roast & Ground, Instants and Single Serve.

When we combined that with rapid emerging hotspot consumptions such as Shanghai, with already 100 cups consumed per capita, we truly believe that China can become very sizeable faster than planned originally.

Thirdly, and probably not much of a surprise, is Digital Commerce. We likely gained a couple of years of adoption in markets such as the US or China but estimating almost a decade-jump in some European or emerging markets that started from a lower base. And... I mean, if I look at my home, for instance, now, although physical stores reopened, we keep shopping groceries online. In China, a recent study estimated that around 15 per cent of consumers are not returning to stores, to physical stores for grocery shopping.

Finally, as Single Serve accelerates, we saw almost a doubling of the growth rate of the appliance sales, mainly in the second part of last year. And given, still, the limited cups consumed on Single Serve, at around 8 per cent, as we showed at the introduction, we anticipate that to be a long-term accelerated trend as well.

All of this is not that easy to quantify precisely, from implications on volume and mix for JDE Peet's, but for sure they are all there, greater and faster than anticipated before. If anything, it increases our comfort level to be even better positioned within our growth ambitions, when we are seizing them. But we all know as well that growth requires investment.

And during our 2020 results call, we talked about our earnings outlook for 2020 and beyond. This guidance does include, actually, two types of investments. On the one hand is ~~2020~~ [2021], which is about driving back our A&P to the historical sufficiency level of 2019 because we dialled it down greatly in 2020, given the unprecedented events. Except for in-store activation, this does not have much impact on a very short term, but we all know it does on medium-term on brand awareness. So, it is important to get back to our brands to get well supported again.

Here, we are talking about a 100-million-euro investment allocated mainly in working media and appliances investment which, for us, falls into the A&P line. We started already to dial up that investment in the back end of 2020, and we noticed already good returns with accelerated growth and share gain in H2 versus H1 of 2020. This incremental investment will be made, almost equally, between H1 and H2 of 2021.

But of course in 2021, we still ambition to deliver positive adjusted EBIT growth, as we are dialling up our efficiency projects, like in Away From Home, we talked about earlier, as well as benefiting from operational leverage with volume and mix growth on our In-Home channel. And both efficiency and leverage do largely finance the return to the 2019 level of marketing spend.

The other part of the investment is what we deem necessary to invest ahead of the curve, to capture the incremental growth opportunities we referred to on the previous slides. Although we do not disclose the exact amount here, for competitive reasons as well, we wanted to share a good indication on where and what these investments are. You can see some representation with the pie chart here on this slide. China and US will take a disproportionate share of these investments. In China, for instance, we ambition to achieve in three years what we previously planned to do in five to six years on both the retail stores expansion of Peet's and on the In-Home side.

On Digital Commerce, although we did pretty well with nice growth in 2020, we did not invest at the same speed as this channel evolves. For us, to capture this fastest growing channel, we need to catch up and invest ahead. We judge that we need to double, for instance, our human capital there over the next few years. And again we don't disclose the exact number, but it would make Digital Commerce the equivalent size of our second or third largest market in five years from now.

Lastly, and to a lower extent on investments, we ambition to speed up our innovation rhythm on appliances, as well as anticipating further capabilities in emerging markets where we are relatively under-exposed today, as well as on sustainability.

The ambition of our strategic refresh is to support attractive value creation year over year. We see 2021 as a normalising year.

With organic sales in the range of 3 to 5 per cent, with moderate recovery in the Away From Home channel. We anticipate organic Adjusted EBIT growth on a low single-digit level and we will continue our financial discipline with a net debt-to-EBITDA ratio below three times over the course of the year.

Given our confidence in sustained strong free cash flow, the Board is proposing 70 euro cents of dividend at the June 2021 General Assembly.

And then for 2022 and beyond, we are back to a competitive pure-play algorithm. Not only with growth still in the range of 3 to 5 per cent but as well with an organic Adjusted EBIT growth at mid-single digit growing ahead of revenue growth over time. Our free cash flow to EBITDA conversion is expected to remain consistent at around 70 per cent as well as our dividends that are intended to be stable to growing over time, in line with our capital allocation priorities that Scott will cover today.

Overall, the key take-away from my presentation is that JDE Peet's is about sustainable growth to be delivered in a quality and inclusive way. The two reasons to believe are: One: we are operating in one of the strongest growing categories in Food and Beverage, with emerging new growth opportunities. Second is that JDE Peet's has structural advantages and all the assets necessary to capture a disproportionate share of the growth pool and the profit pool that the category offers, being:

The world's largest coffee and tea pure player, with leadership position, portfolio of brands and technology. a refreshed strategy, and 19,000 employees passionate and driven by a powerful purpose and strong cash flow generation to fuel our growth ambition. With my team, we are committed for the long term. And our agenda is to deliver, in a quality way, attractive returns and earnings, year over year, including in 2021, with some positive developments that Scott will share later today. On that note, I am handing over to Robin to introduce the next section.

Thank you Fabien, for sharing your insights. And to build on one of the growth opportunities that Fabien earmarked in his presentation we will now switch to the very early morning in San Francisco, from where Shawn Conway, President of Peet's, will take us through the unique position and business model we've built in the US and the long-term growth opportunities the largest coffee market in the world offers to us. Over to you, Shawn.

Hello, everyone. And early good morning from San Francisco, California. My name is Shawn Conway and I'm president of Peet's Coffee. In this next presentation, I'll tell you a little bit about the Peet's US coffee business, our progress during the pandemic and how we are accelerating our multi-year transformation to become an In-Home coffee power house in the United States.

Peet's is a portfolio of growing premium coffee brands with a unique model in the US coffee market. And for those of you that might not know the Peet story: Alfred Peet started the business as a single coffee shop on the corner of Vine and Walnut Streets in Berkeley, California in 1966. The Atlantic Monthly called him the big bang of specialty coffee that inspired a generation of entrepreneurs and changed the way Americans thought about and consumed coffee forever. We're still deeply passionate about coffee and more specifically delivering the freshest, most flavourful cup of coffee to customers in every channel. We do that by following the same three key principles from Mr. Peet:

Sourcing the best quality high-grown Arabica coffee beans from all over the world. Roasting that coffee to order in small batches by highly skilled artisan roasters and delivering that coffee fresh to customers in every channel.

Fresh coffee is better coffee. The same way we've done it since 1966. And today, Peet's is the largest craft coffee roaster in the world.

As you may know, the US is the world's largest coffee market and premium coffee market too. However, interestingly with an average consumption of only 329 cups per person per year versus, say, 556 cups per person in Western Europe, there is still massive headroom and ample headroom for continued growth. Peet's itself has sustained an impressive and consistent growth over the years especially since we took the company private with JAB in 2012.

We've delivered a strong 7 per cent sales CAGR since 2015.

For most of our history, our brand portfolio has consisted primarily of the Peet's brand and then in 2015 we acquired the super-premium third wave coffee brands: the Stumptown Coffee Roasters in Portland and Intelligentsia Coffee in Chicago.

All these premium brands are part of our unique, multi-channel business model with sales split evenly between our In-Home segments behind the strength of our unique direct-store sales and delivery system and our Away From Home business, building off our retail coffee store heritage.

So first let's talk about our Away From Home business, which is largely split into two segments.

The first and largest is the birthplace of our brand and our business: our company-owned retail shops. Our fleet now totals 215 stores with a heavy concentration in western US and in operating several other key premium coffee markets like Washington DC, Boston, Chicago, and Denver. And of course the COVID-19 crisis had a real impact on all Out-of-Home coffee consumption and our retail stores were no exception.

Luckily, our experience in the early stage of the crisis in China helped us with the US retail platform. We had experience with safety and operating protocols, protecting our Peetniks and our customers and saw that business could continue. When the lockdowns started here, we made the tough decision to stay open when it made sense and when many of our competitors chose to close. We moved to front-door-service model only and will remain for much of 2020. We're so operating very, very flexibly, evolving as conditions warrant as customers return and as local agencies allow. We stayed open, but we also acted early and aggressively to deal with a drop in the business. We closed 15 per cent of our fleet based on their long-term profit potential and the expected speed of recovery. We adjusted our in-store management and labour models to match the new service in product offerings, we restructured our support and leadership organisations to leverage resources across our entire Away From Home team. We also drove incremental investments into consumer-facing technologies and we'll talk about that more in just a few minutes.

Our other Away From Home segment is comprised of the other Out-of-Home venues which are focused on highly impacted sectors like business and industry, colleges and universities, hospitals, cafés, restaurants et cetera where there is significantly less traffic today due to work from home, virtual classes, fewer flights and travel plans and restricted access. While business is down today, we continue to see the future pipeline in strategic segments where our brands have demonstrated past success, such as C&U, airports and healthcare they'll pay off when customers and consumers are able to reopen and operate with greater capacity.

But to be clear: There's a lot we don't control here, so the recovery is going to be more uneven. So we've protected and reshaped our Away From Home business, adjusting our organisation, our service offerings and our footprint to meet the reality of the pandemic shifts while prioritising and protecting our people and protecting our customers in a challenged environment. Business is recovering modestly and we're prepared for a profitable but extended and uneven recovery in the Away From Home segment. And while our Away From Home business was down, importantly, we accelerated and leveraged investments in our digital capabilities to reach and engage customers in new ways, helping to speed our recovery and positioning us well for the future. As an example, important earlier investments in our Peet's App provided the platform for us to quickly build new functionality to meet the pandemic challenge including things like our mobile order ahead.

We built out and expended our app to allow customers full access to our in-store menu including customisation of beverages, payment in advance and to pick up their orders in a completely touchless environment. This capability was rolled out across our fleet in record time and quickly accounted for over 50 per cent of all orders, from zero before. Today, with customers returning to in-store service, mobile Order Ahead orders still account for over 40 per cent of transactions and we continue to optimise the order-to-pick-up process in ways that reduce friction for and increase engagement with our customers.

Another quick adaptation of our previous app investments was our loyalty programme giving us additional ways to communicate with our customers and to promote targeted new offerings and to delight them with rewards along the way. Over 54 per cent of our transactions now include a check-in with customers on our Loyalty App, which also gives us rich data for additional future benefit.

And lastly, adding delivery from our stores both dedicated through the DoorDash Delivery Service and later through functionality built directly into the Peet's App which is another example of capabilities we invested in to meaningfully benefit in 2020. And these investments are driving profound service model changes in our retail environment. We have higher engagement and higher recovery as we adapt to how customers are now interacting with our stores.

We've made great in-roads already, and we'll continue our investments going forward as we see a steady trend of month over month sales and traffic increases in line like for like with our largest competitor. We're well positioned for future recovery and return to growth.

And where our Away From Home business was challenged in the pandemic, our In-Home business exploded. And Peet's is now the fastest-growing CPG coffee brand in the United States. And we consistently outgrow the market each year and have grown 1.3 points in the last four years, averaging just over a quarter of a point of growth per year previously. We significantly accelerated into 2020, gaining half a share point to 6.3 per cent share of the premium segment today. And while rapidly growing share, we manage a deliberate and disciplined premium pricing strategy that keeps the Peet's brand selling at a price 26 per cent above the premium segment. And that's for Peet's only. Our third-wave brands, Stumptown and Intelligentsia, index at double the premium segment as well.

And since fresh coffee is better coffee and freshness is key, that's why our primary route to market or CPG business is direct-store delivery. It's built to maximise freshness of our product on the shelf. At Peet's, our maximum shelf life for roast & ground coffee is ninety days, versus Starbucks at nine months or the industry norm at twelve to eighteen months. And while our maximum is ninety days, we typically sell through it in under half that time.

Our DSD Network is national in scope and covers all important premium coffee markets. We continue to build on the strength and added over 150 new routes over the last four years. Today, that's over 650 routes servicing over 17,000 customers and making over 35,000 sales calls each week. DSD is more than delivery. Our route sales representatives are equally a merchandising marketing and selling force, rotating products to ensure freshness on the shelf, fighting for incremental shelf space, and building off-shelf displays in stores. Never, never was this more clear than one year ago when our DSD force were the only ones who could get into grocery stores in the US to keep our products on the shelf in the first weeks of the pandemic rush.

Our DSD network confers significant unique strategic value to the brands and products in our system. And it remains a major lever in our continued growth. On the strength of this differentiated route to market a strong high-end brand portfolio and disciplined execution of our premium pricing strategy. We've consistently driven strong growth over the years, and we'll do so for many more.

In addition to our DSD system, leveraging our investment in e-commerce also benefitted our CPG business as we doubled down on technology, on marketing, on supply chain and Amazon support to keep up with the rapidly shifting consumer-shopping patterns of 2020. Peet's is now the number four selling coffee brand on Amazon and our business on Amazon grew at two times the weight of the category last year, primarily behind the strength of our K-cups and aluminium capsules. Importantly, we also grew the routine subscribe and save portion of that business by two thirds last year. Other retailers such as costco.com, e-grocery operations of existing brick-and-mortar chains and delivery businesses such as Instacart also experienced step function growth with Peet's portfolio during the year.

Our direct-to-consumer business, peets.com, is where customers get the freshest coffee possible. We roast all of our coffees directly to order and ship to customers within 24 hours of roast. It's where we offer the maximum variety of Peet's coffees of our specialty coffees and even custom grinds are available for order. In 2020, we doubled our sales as In-Home brewing became the new norm and many customers chose to upgrade their coffee experiences with our brands at home. And proving that coffee is truly a deeply habitual experience which we all know. The subscription component of peets.com, where customers choose to get routine shipments of the freshest coffee sent automatically to their home also grew significantly. Now counting for well over 40 per cent of our direct-to-consumer sales, these are some of our most important and valuable customers.

So we leveraged our investments in our new e-commerce platform and our customer acquisition marketing and supply chain fulfilment improvements, but to say we are ready for the massive shift in demand would be an overstatement.

Investments in reaching new consumers in data and analytics and supply chain expansion and service in these unique channels will remain a priority for some time to come as we work to capture the opportunities resulting from the shift in consumer patterns.

And even better: we have major headroom ahead. The best way to think about this is to look at household penetration. Since 2016, Peet's US household penetration has grown steadily from 3.9 per cent to 6.1 per cent. In 2020, that rate of growth accelerated as we added .7 points alone in one year introducing our coffee to over one million new households during the pandemic. When you consider Dunkin at 14.7 per cent or Starbucks at 32-per cent household penetration, a full 26 percentage point gap, we clearly have plenty of room to grow.

And we're focused on closing that gap with three areas of initiative investment activity.

The first one by growing our core with supply chain expansion and new production facilities and increasing our logistics footprint. In line extending our roast & ground and K-cup businesses, in investing behind continued progress in our top ESG priorities, and you'll hear some more about those a little bit later and in investing additional funds in the building of our organisation and our systems to improve and drive insights, execution excellence and efficiency for the long term.

The second area we're focused on, is adding new products and technologies. Through expanded offerings in our new aluminium capsule portfolio, our recently launched aluminium capsule portfolio. By investing in new technologies and partnerships with JDE and in our RTD coffee beverage business through our partnership with Keurig Dr Pepper.

The third area we're focusing on is accelerating e-commerce. We're doing that through investments in digital and performance marketing. That includes a greater organisational strength in those areas as well. We're continuing to build end-to-end expertise in the ever-changing world of Amazon, and adding to and evolving our supply chain capabilities to meet the unique needs of our e-commerce customers.

So, to recap: We're investing behind a strong and successful portfolio of brands and a unique business model managed with clear discipline and a strong record of consistent year-over-year growth in sales and share. Before the pandemic and during the pandemic. Plus, we're winning in the world's largest coffee market with significant headroom, and where we're accelerating our transformation to an In-Home coffee power house.

The future is very bright for Peet's. Thank you for your time and attention today, and with that I'll turn it back to Robin.

Thank you, Shawn, for sharing this with the audience. And after these two presentations from Fabien and Shawn, we would now like to move to our first Q&A session of today, where you can ask your questions related to the presentations of Fabien and Sean. As a reminder, if you would like to ask a question, please press the raise the hand button at the bottom of the screen to get into the queue.

I can see we already have a first question in the queue, so I'd like to start with the first question, which comes from John Cox from Kepler Cheuvreux. John, please go ahead.

Good afternoon, guys. Thanks very much for this event. Much appreciated. A question for Fabien really on everything you said there about the adjusted EBIT growth should be ahead in the future of organic sales growth. Maybe could you talk us a little bit through the decision to cut that long-term guidance from 5 to 8 per cent in the mid-single digits. I'm going to have to sneaky add-on as well: In the slides, you don't seem to have that 70 per cent adjusted free cash flow conversion in 2021. I'm guessing you will get there the 70 per cent adjusted EBITDA conversion, or are you saying no you won't because of all the investments? Thank you.

Thank you John, for the questions. I guess I will probably answer them. Maybe I will answer the second one, which is the easiest. Yes, we will be already in 2021 at around 70 per cent free cash flow, free cash flow conversion. So be totally reassured there. It has been one of our strengths over the years and we will continue to do so.

Then your question about what I would call the tweak of the algorithm that we've been talking about during our earnings call. What I would say is, if I would be committed for just one or two years or three years to this company, I can guarantee you that I would not have changed anything. I would even be able to increase further the EBIT growth. But I believe what drives value creation in a year-over-year again, is growth, and is growth of a quality way. And when I realise that there are more growth opportunities for us, and we can capture them, we've just seen that for Peet's, I just want to ensure that we have the ability, the freedom, the space to capture the growth opportunities. It doesn't come for free, growth requires investment. But you can see it doesn't mean that we are moving away from operational leverage. Actually, we are extremely disciplined. I keep talking about quality and the way we run the business, even financially. And we want actually our gross profit margin to increase year over year, I would say, ahead of our top line. But during the first few years you have to invest a bit ahead. It means you're only growing slightly ahead of your top line growth on mid-single digit. I would really call that a tweak. Because mid- single digit, people would call that 4 to 6, a large majority of that would fall into the 5 to 8. But I wanted to ensure that we have the space, the freedom to capture amazing opportunities.

Thank you, Fabien and thank you John for your question. We will now move to the next question that comes from Celine Pannuti from JP Morgan. Please go ahead, Celine.

You expect the EBIT to recover to the same level of 2019, so when are you planning for this to happen? You also said you think that absolute sales will be impaired from the 2019 level. What kind of expectation do you have? Maybe if you could tell us by 2023 how we should look at those two metrics.

And then finally on this as well. What kind of exact cost savings have you done on this operation? Was it more in the US or Europe, but was there as well in the US. Thank you.

We did not get the beginning of your questions. You were probably on mute, but I guess your question was around A&P, how we will catch up, how we will phase that. Second part around absolute sales in 2023 and cost savings, right?

Yes, it was all about Away From Home.

Away From Home, okay. So I did not hear then the first part of your questions.

So sorry. On Away From Home, you said that you plan to get the same EBIT as you had in 2019. So I want to know by when and what kind of top line expectations or recovery are you baking in for this business by 2023?

Of course at this stage it is really an assumption and it has to come with a point of view. The one we have . It may take more time for some part of Away From Home to recover. And indeed we are expecting to get by 2023, you took the right year, the similar level of absolute profit that we were making in 2019. Despite the fact that it is possible that we will get a slightly lower top line. So what is slightly lower? I mean probably in the magnitude of 5 to 10 per cent. Those are the assumptions we are working on that at this stage. And as far as cost savings are concerned, we did some in the US, but as well in Malaysia, as we closed some stores. But I would say the vast majority of the cost restructuring has been mostly in Europe. If you would look at our Away From Home across geographies, US and Asia Pacific cover about one- third of it. And Europe and the rest of the world two-thirds of it. It's where we have even more historically higher fixed-cost based organisations, and actually we've been engaging in turnaround without any exceptions in all of our countries where we have Away From Home in the European organisations. Of course that takes time. In Europe you have some countries where you have to go through Works Councils, where you have some consultations, but a lot have already been activated, and we believe that in the next twelve months we're going to have that completed. That will enable us to have a phasing with some top line recovery of the absolute profit by 2023.

Thank you, Celine, for your questions. Our next question comes from David Hayes from Société Générale. Go ahead, David.

Thanks, Robin. Hello, everyone. I'm going to aim this one at Shawn. So just in terms of... It's two parts, I guess. The household penetration you gave at 6.1 per cent. I wonder if you can talk about whether you got a regional maximum household penetration you achieved.

I think you mentioned you were more oriented towards the West Coast. If you look at it on a regional basis, is that number much more substantial in some areas? And just to pick up on the 15 per cent of store closures, again I'm assuming some of those stores may be effectively overlapping. Do you think the sales impact of those store closures over time will be much less than 15 per cent or do you just use those sales because you're effectively certain areas? Thanks so much.

Thank you David for the question. A few questions. Let me talk about the retail store closures first. While we did close 15 per cent of our fleet, we did that by accelerating decisions that we were already headed towards. So those stores were not exiting areas, David, they were specifically individual stores in trading areas that had unfavourable conditions of some kind. So profit potential long-term that didn't meet our hurdle. So we accelerated those decisions in the pandemic for obvious reasons and opportunities. So the sales impact of those will be less than 15 per cent, to answer your question.

As far as to household penetration, we don't do household penetration per se. It is measured market by market. And while it is true that our business is heavily skewed towards the West Coast, that's primarily on our retail store footprint. If you look at our consumer goods business, it's a completely [audio drop] business. That's true for the national reach of our DSD system, it's in all major markets. And the reach of our e-commerce capabilities both through Peets.com and through Amazon and Cosco.com and the e-retailers and grocers. So I would say that while there is a share strength in the West Coast, it is very much a national business. And in many markets we're still, we're not the number one. If we're not, we're the number two or three in the CPG channels as well so I don't really think of it as a regional business that way.

Great, thank you.

Thank you, David, for your question. And to the rest of the audience, if you would like to raise a question, please use the button. It actually looks like the first two presentations were crystal clear, because for now we do not have any additional questions. I see someone else coming into the queue now. So I'll just take a moment here to get...I think that Celine has a follow-up question, so we're waiting for her to get into the Q&A room. So bear with us a minute. Ah Celine, go ahead.

I'm sorry, I didn't want to ask too many questions, but since there was no, I decided to join the queue. So I want to understand in terms of CPG and the investment, you seem to say it's going to be focused on the US and China, which I think is all in Peet's. So if I think about the equation on the EBIT growth in CPG, do we still have a positive mix and premiumisation benefit in Europe? And is it that Peet's CPG will be weaker going forward because of the investment? And the same I want to understand in terms of CPG US structurally: is there any difference on your reason why there should be any margin difference between CPG US and CPG Europe? Thank you.

Thank you again, Celine. I think maybe I will come back, you have questions about the investment, US, China, and the difference of CPG profitability. You know there are two types of investments. We talked about the 2020 catch-up and the additional one to capture additional opportunities.

Do not underestimate the first part, because I think it's quite sizeable. And that is spread across our portfolio. Of course it's linked to where we see the greater opportunity underlying, but it's not only focusing on the US or China.

The second part, a greater part of it is in the US and China, not everything. But I would say in both of them you have Peet's but you don't have only Peet's.

If I take China, yes, you have Peet's, but today we have even higher business on the CPG In-Home business already, which has been growing at 20 per cent in 2020.

As we have been seeing an acceleration of the premiumisation, we want to do two things. First, accelerate the equity of the best global super premium brands like Peet's, with accelerating our store expansions. But we want as well... As we see a greater propensity for consumers to accept premium brands, that we do have in our portfolio, we are launching now already in the Chinese market, on the In-Home side, brands like Moccona, brands like L'OR, and because they are new brands, premium brands, they require as well some investment over time. Additionally, what we are doing in China, we are changing a bit our innovations. The way we do innovations, I think China more and more has to be…I mean, it's not only aspired by having global brands or global technology, but there is as well a need to get more and more local innovations designed by China, I would say decided by China and delivered at the speed of China. It's part of an area where we're as well going to invest to support some new innovations coming in our Chinese market, already likely selling the second part of this year or the beginning of next year.

You had a question around the speed of CPG. Why the CPG business in the US is not as profitable as the CPG business in Europe. I think you probably have two big reasons. The first one is the scale. I mean, in the US market we have about 5.5 per cent market share with 6.5 household penetration, as Shawn presented, while in Europe you talk about... in most countries we have between twenty to forty per cent market share. So we have a much greater scale benefit multi category than you have not had in the US market. And the second thing is the specificity of the US market, which comes as being more a roaster that evolved from a retail store into CPG that has to build scale, to build knowledge but as well to ensure that as it evolves into more premium technologies like aluminium capsules, like K-Cups, that carries higher margin. That goes into a DSD system, which is higher fixed cost base that needs on itself a higher scale. That will make, over time, the profitability of Peet's evolve towards Europe. Will it be exactly in Europe? I don't know, probably not. But it will be close to the average of the CPG globally, because you will have better, more premium brands that will convey a higher margin. But maybe still a lower scale than with some downside, but overall for sure we are anticipating over time a positive mix effect moving from retail to In-Home powerhouse and as well premiumising in the US market.

Thank you, Celine, for your follow-up question. Our next question comes from Reg Watson from ING. Reg, go ahead, please.

Hi, this is a question for Fabien. You make a point about the machine subsidy and I think JDE Peet's is one of the few CPG businesses where part of A&P includes machine subsidy. If I think about businesses such as printers and ink, razorblades and razor holders, clearly there is a different dynamic at play here. How do you manage the ROI of that business versus other areas of A&P spend and typically what sort of payback are you looking at? How do you segment the machines? The list could go on forever, there is so much we don't know about your machine investment that we would love to know. So please start this for [inaudible].

Thank you, Reg. A lot of great questions. And it's maybe something we have not explained well in the past, is we have a model on appliance where we partner with Bosch for Tassimo and with Philips on Senseo and our Barista machines. And actually we don't have the go-to market but they manufacture and they deliver to customers the appliances and we provide a subsidy per appliance which are seeded. Yet the overall economics and what you have to look at is exactly the same that if you would do the investment yourself, which is around on the ROI. We look at, it depends on the price of the machine, the subsidies you give, it depends on your market share in the appliance. In particular when you operate in open appliances. And as well how many cups are consumers drinking per week per appliance. So we have a very clear model and our... we will not, of course, disclose the return per appliance, but we have a very clear model. And the returns are actually different if you talk about Senseo, if you talk Tassimo or if you talk about Barista. And it is where we are allocating, I would say with pretty great precision, the investment across the three appliances. And there may be something I want to take the opportunity to share, which is, you might have seen last week great news for us, which is the sale of the Philips Domestic Appliances to Hillhouse Capital. And why is it good news for us? Because on one hand, now it's going to be not a category within a much bigger enterprise which does not have Domestic Appliance as a priority. But at the same time it will go under the hand of a great owner, Hillhouse Capital, that we do know very well. And Hillhouse Capital is today our partner with a joint venture in the Chinese business and at Peet's level and at the In-Home Business, which will make us getting access to a greater accelerated capabilities and more joint value creation plans than ever before. And we've already started the conversation with the new CEO of Domestic Appliances and we already support an acceleration of our investment in 2021 with a very clear model and view on where the return is coming from and what are the different paybacks across the various appliances.

Okay, thank you, Reg, for your question. Our next and last question actually comes from Jon Cox from Kepler Cheuvreux. Jon, please go ahead.

Yes. [audio drop]. I think, Fabien, some of the pushback on the case is really, you know, what's happening with market share given you-know-who rolling out another you-know-who big brand in Europe. That process has been going on for a while now. So if we can just talk about Europe market share developments. You don't necessarily have to specify the competitor, but what you think happens next. And then also maybe what advantages your brand infrastructure has on the capsules side, maybe compared to some of these big peers or maybe they don't have the differentiation, particularly with the capsules. Anything you can give us on share and how it's going on the capsules market in Europe, which is obviously your most profitable market, that would be great, thank you.

Thank you, Jon. So first I would say I have great respect for the other company you are alluding to and I've been saying that consistently year after year. And I believe these two companies, them and us, are going win over time in the coffee industry. Why? Because we are playing the right rules of the game to create category, to create value, as opposed to enter into a price war. And actually we were very happy to see a more premium brand of quality in aluminium capsules coming in the European market.

First, you have seen we have been disclosing overall on Single Serve. In 2020, we have not lost market share, we have increased our market share. Of course it was a bit different by category. And today on the aluminium capsules we are enjoying about 43 per cent market share globally with modern retailers. So we are really the market leader in that territory.

What have we seen with the entry of such a great quality competitor? We have seen actually an acceleration of the premium growth in retail, which is fantastic news for us. It's what we want to happen is to have consumer trading from 4, 5, 6, 7 euro cent per cup trading to a 15, to a 40-45 euro cent per cup where we have market leadership. So this is great news and actually we have not seen any slowdown of our growth rate in 2020 versus 2019. And of course as we were growing, it's from a higher base. And that's why we have had to announce, like our competitor actually, an increase of capacity of standard aluminium capsules because we see much greater opportunities going forward. But it's fair to say that when you are the market leader, when you have a great player coming, sometimes you have area where you have to give a bit of share. And we have had some markets where the equity of the new brands that came was a bit stronger than in some other geographies; it is where we have had a bit of share erosion. But even on some of the largest markets for aluminium capsules, such as France or Spain, which are the largest consumers globally on aluminium capsules, we have not lost market share. We have even continued to gain market share. And the reason for that is to our brand portfolio we have a very big competitive advantage, which is when you have a brand portfolio, you can get consumers navigating as well across price points within a category. All consumers don't have 40-45 euro cent to spend on aluminium capsules, but still a lot of them want to have access to it. Some consumers don't want to have only pure premium specialty Arabica origin. Some want to rediscover the taste they have had like Aroma Rood in the Netherlands with a bit more Robusta. With our brand portfolio we have the ability to give to consumers that pallet of choice. That's why we have had our brands available. I think we have twenty brands now available in our aluminium capsules from about 15 to 20 euro cents with entry price point, up to 40-45 euro cents with Illy.

And we believe that is a very strong and differentiated point of differentiation we have, which makes us enjoy a high relative market share and attracts more consumers across price points, across taste profiles and across different needs.

Thank you, Fabien. Thank you, Jon, for your question. We have now reached the end of our first Q&A session and we will now take a break of about twenty minutes. You will see a countdown clock in your screen which indicates when we will start with our next presentation. We will see you back in about twenty minutes and hope you will have time to enjoy a good cup of coffee or tea during the break. Thank you.

Welcome back everybody. I hope you were able to enjoy a good cup of tea or coffee. We would now like to start our next presentation during which Daniel Martz and Laurent Sagarra will tell you more about our ESG Framework, the programmes we have put in place, and the ambitions we have for the years to come. Dan, over to you!

Thank you, Laurent, and Robin, I appreciate the opportunity to present to you our ESG Framework for JDE Peet's. Our ESG Framework is solid. It's an enabler for our growth agenda. Today we want to talk about the principles that underline that framework, the strategies that comprise it and our key performance against various criteria to which we judge ourselves.

The principles that underline our ESG Framework really start out by focusing on resilience. Resilience is an important concept, especially with respect to our supply chain, the coffee and tea that we source, the farmers who deliver those beans and leaves. It's also about consumer relevance of our brands, meeting society's evolving expectations and consumers' expectations of what sustainable coffee and tea brands provide. And finally, it's about balancing the short-term and long-term expectations of our financial stakeholders, our customer stakeholders and our consumer stakeholders.

Our ESG Strategy is built on three fundamental pillars. The first one, common grounds, focuses on our sourcing, our supply chain, the coffee and tea that we buy. In this area we have quite a few KPIs. The biggest public commitment is one which talks about 100 per cent responsible sourcing of green coffee, tea and palm oil by 2025. Our second pillar, minimised footprint, is about reducing our environmental impact step by step in our manufacturing, as well as our packaging. And today Laurent is going to talk about a new initiative with respect to climate change. And finally our third pillar. A comprehensive pillar we call 'connected people'. This pillar is really about engaging our own employees, focusing on improving diversity and inclusion in our entire operations. Supporting the communities where we do business, ensuring we operate our business in a compliant manner and in that category we have a very public KPI of targeting gender balance in our operations.

There are many other KPIs and we'll take you through some of those today, but I'd also encourage you to read our newly released annual report where you'll see extensive coverage on the many KPIs that we measure in our ESG Framework.

In 2020, we made significant progress against our sustainability or ESG agenda. We partnered with the leading competitor in France and the UK to improve the recyclability of our Single Serve products.

Peet's K-cups became fully recyclable in 2020 and as Laurent will talk about later, our packaging sustainability journey was enhanced with a very structured outlook for the next five years.

We joined with others, competitors, governments, NGOs such as IDH, to launch the Farmfit Fund. This is the world's largest single leveraged finance fund for smallholder farmers in the world.

And in France, with the Jacques Vabre brand we started supporting farmers directly. I'll talk a little bit more about that later.

Peet's worked with the United States government, USDA, NGOs and partners to launch the MOCCA Program in Guatemala, supporting coffee farmers there.

And finally, in 2020 we donated over thirty million cups of coffee and tea to frontline workers dealing with the COVID-19 pandemic.

With respect to our first pillar, common grounds, we made tremendous progress on our public commitment to reach 100 per cent responsible sourcing by 2025. We enhanced our purchase of certified coffee from 21 to 29 per cent, largely through the launch of Senseo Earth, something that you might have seen on the last slide. Senseo Earth, and Senseo product, has the largest machine park in Western Europe. Senseo, we added certified coffee to it, compostable pads and we also improved our machines to be more eco-friendly. This really enhanced our coffee-buying sustainability journey, as well as Peet's direct sourcing model, partnering with NGOs like InVeritas.

In palm oil we greatly increased our purchase of responsibly-sourced palm oil from 11 to 31 per cent on our target to reach 100 per cent. We strongly believe we'll meet that goal well in advance of 2025.

And finally, as Fabien talked about, our direct support for farmers, technical assistance in origins throughout the world, we added 80,000 farmers to our goal of reaching 500,000 by 2025. And I'm convinced we're well on our way to easily reaching that goal. With respect to targeting and reaching smallholder farmers, we now have forty projects in over 18 countries. 380,000 farmers.

To give you a little feeling for what that means, a smallholder farmer in Uganda with less than one hectare of land. They've been untouched by certification. What we're doing is we're reaching out to them with our suppliers, with governments, with NGOs in creating PPPs to enable them to become more profitable farmers, more sustainable farmers. And that's something we're absolutely committed to do now and in the future and we'll continue to do so. Right now I'd like to briefly turn over to Laurent to talk about our packaging journey.

Thank you very much, Dan. And good afternoon, good morning, everybody. So let me take you through our packaging. As you know packaging waste is one of the most stakeholder-visible environmental impact of JDE. In 2020, we evolved our 2025 initial commitment '100 per cent recyclable or compostable' to be even more relevant and answer stakeholders' expectations. Including new packaging waste regulation, producer responsibility tax increase, consumer and customer expectation. And also to indirectly support climate change challenges. So our commitment was enhanced to include reusability. This is particularly impactful and relevant for glass jars and you can also drive a new business model through refill. We also added a commitment to reduce by 15,000 tonnes the quantity of packaging material used by JDE. This includes redesign of light-weighting and also right-sizing of our packaging. This will directly reduce packaging waste in countries where infrastructures for recycling are not available yet.

It will also reduce our carbon footprint, our packaging costs and limit exposure to regulatory pricings like EPR. Finally, to improve circularity and limit JDE carbon emission, we are also committed to increase recycled content usage in our packaging material to 35 per cent by 2025.

But let me take you through some of the examples to illustrate our commitment this year. So first of all, on tea we are converting our teabags to industrially compostable material and removing the plastic of the wrap on the box. This will allow consumers to put the teabag directly into the organics waste bin and to reduce footprint. On roasted ground and roasted beans we are converting all flexible materials to specifications designed for recycling. And, finally, on Tassimo, our R&D packaging team is actively developing recyclable solutions for T-Disc. Of course, we are also involved on several of our markets with our competitors in order to initiate and to improve aluminium and plastic Single Serve post-consumer recycling.

In 2020, climate change has reached the top of the agenda in multiple geographies, including EU, which committed to carbon neutrality in 2050 as part of the Green Deal, along with several other countries like Japan, Korea and even China for 2060. JDE's current greenhouse gas emissions are spilt between Scope I and II, which corresponds to our operations emissions and purchased energy and which contributes for less than ten per cent. And to Scope III, which includes the rest of the value chain emissions from farmers to consumers, which makes over 90 per cent of our total impact.

Our strategy to align with the government direction on greenhouse gas emissions is based on the Science-Based Target approach used across the industry. And this month I am very proud also to announce that we committed to adopt the Science-Based Target. And by the end of the year we will release the detailed plan and target. So what does this mean for JDE Peet's? Well, first of all we will include an absolute reduction of Scope I and II emissions in our target and this will be mainly driven by the use of renewable energy, energy efficiencies, waste and water reduction and, finally, fleet sustainability. Of course, we will also target Scope III emissions, and this will be mainly driven by our coffee sustainability programme. This will be the main contributor through our direct or supplier-driven farmer initiatives, as mentioned by Dan. Finally, our packaging programme will also contribute to our Scope III along with low-carbon logistics and other initiatives including sustainable sourcing and nutrition.

Finally, to illustrate our commitment, I'm very proud to announce here also that our first coffee plant in Gavle, Sweden, has actually achieved the PAS2060 certification for carbon neutrality this month. Now, Dan will take you through the Connected People programme.

Thank you, Laurent. Our final pillar, Connected People, is about supporting our own associates, engaging them in many ways, one of which is promoting diversity and inclusion and gender balance throughout our organisation. In 2020, we made progress at every managerial level in the organisation on our goal to reaching gender balance. We also continued to engage our communities where we sell our products throughout the world. Earlier I talked about 30 million cups in 2020 of coffee and tea supporting frontline workers in COVID-19. We're now up to 45 million cups of coffee and tea and will continue to engage communities around the world where we sell our products.

Now I'd like to talk a little bit about what could be coming in 2021. Gevalia, our much-loved brand in the Nordics and Sweden, has a reset where we're going to be working on recyclable packaging, and launching it with that, low-carbon manufacturing, as Laurent just talked about, and more certified coffee in Gevalia. Jacques Vabre will continue the Farmers Initiative but now directly supporting the ability of consumers to reward the farmers who are growing their coffee in the Jacques Vabre brand. And Peet's is launching an exciting anniversary blend that is 100 per cent women smallholder farmer-produced coffee. At JDE Peet's, we really believe that sustainability should be embedded in our brands. We're very excited that in 2021 we're going to continue on that journey to deliver on our ESG Framework and commitments. Back over to you, Robin.

Thank you, Dan and Laurent, for sharing all the great things we are doing within our ESG Framework and how we're trying to create a better future. And this brings us now to our first...sorry, to our last presentation which will be hosted by Scott Gray, our CFO, who will update you on our capital allocation priorities as well as on our capital structure. After Scott's presentation, we will have a last Q&A session with all presenters of today. But first, I will now hand it over to Scott. Scott, the floor is yours.

Good morning, good afternoon. Thanks again for taking time to join our Strategic Update. I want to take this opportunity to walk you through two important topics: capital allocation and capital structure.

I'll start by first outlining our capital allocation priorities. We haven't had an opportunity to clearly communicate how we look at deploying capital and I want to cover that today.

Our first capital allocation priority is to re-invest in the business. Investing behind the organic growth opportunities within our existing business to support growth. These are the investments to support the growth opportunities we see in our business and in the category. These are investments in our portfolio of brands, capabilities, CAPEX for both our growth and cost efficiencies, our environmental and social ambitions, and our talent. And as Fabien discussed, we want to invest ahead of the curve to capture some of these growth opportunities. Recent, select examples of fuelling our organic growth opportunities are: quickly driving our A&P investments back to pre-COVID levels already in 2021, our 110 million in euro investment that we recently announced to expand our manufacturing capacity of aluminium capsules and our expansion of our freeze-dried instant coffee capacity at our St. Petersburg plant.

As I move on to our other priorities, it is important to note that we are fortunate to generate a lot of free cash flow after CAPEX. This allows us the financial flexibility to manage our priorities after investing behind our organic growth opportunities. The average free cash flow over the last few years has been around one billion euro and our cash conversion, free cash flow to adjusted EBITDA, has been around 70 per cent. We see this as a sustainable level going forward as laid out in our medium-term to long-term growth algorithm.

So, now moving to our next slide, our priority number two: deleveraging. We target an optimal leverage of around two-and-a-half times net-debt- to- EBITDA. We have a strong track record of deleveraging, which comes on the back of our strong free cash flow and our EBITDA growth. If we go back further, the leverage was even higher as it was during the formation of legacy JDE. However, you can see that our deleveraging speed allowed us to reach just over three times leverage at the end of 2019. With the combination with Peet's, our leverage reached 4.2 times pro-forma and we are now back down to 3.2 times at the end of 2020. While we are well positioned to reduce our leverage to below three times in the course of 2021, our optimal leverage is actually 2.5 times. As we deleverage towards 2.5 times, we continue to unlock value from the deleveraging.

Now, our priority number three is M&A. We will continue to pursue inorganic growth opportunities, but always in line with our highly selective business and financial criteria. While our leverage is above our optimal leverage, we will not prioritise transformational cash or debt funded acquisitions. JDE Peet's has been created on the back of bolt-on M&As. In the past, we've been acquiring a manufacturing footprint, access to technologies and a brand portfolio. We now have the platform needed for organic growth. However, M&A, including partnerships, will continue to be a tool in our toolbox for growth as we look to execute upon our growth agenda. Last year, we were focused on the IPO and we'd been prioritising deleveraging. As we see growth opportunities and we generate significant free cash flow we will continue to pursue M&A primarily in the form of bolt-ons and strategic partnerships, similar to our partnerships with Illy, Keurig Dr Pepper, and JM Smucker. Partnerships allows us to capture inorganic opportunities in an 'asset-light' way and create win-win situations.

Our capital allocation priorities number four and five are the return of cash to shareholders. Priority number four: we expect our excess cash to contribute to shareholder remuneration through stable dividend flows, sustainably growing over time. We naturally assess our priorities number one through three, organic growth, deleveraging, and M&A, when defining our dividend pay-out. However, as we generate significant free cash flow as discussed previously, we proposed a dividend of 70 euro cent per share for 2020. And our stable dividend flows includes paying dividends in equal instalments and we have already established our payment cadence, also for our future dividends, with our first dividend proposal since going public.

Priority number five: share repurchase. We will not consider share repurchase while our leverage is above our optimal leverage of two-and-a-half times. While share repurchases are priority number five, we should always assess market dynamics while managing our prioritisation. Fabien and I, as CEO and CFO, jointly have authorisation, sub-delegated from the board, for a portion of the total authorisation. We have the authorisation to launch share buy-backs providing agility and financial flexibility as we manage our capital allocation and react to market dynamics.

So in summary: Priority number one: Reinvest in the business. Priority number two: Deleveraging. Priority number three: M&A. Priority number four: Dividends. And priority number five: Share repurchase. Lastly, we believe in adherence to our capital allocation framework and if you look at the decisions we have made, you will see consistency and that will continue going forward.

Now moving to the second topic on the agenda for this section of the presentation: capital structure. I'm happy to tell you that just yesterday we finalised our six-and-a-half billion euro refinancing that has created a single capital structure for JDE Peet's at attractive terms.

Our new credit agreements include the following:

A new one-and-a-half billion euro revolving credit facility that has a five-year term with two one-year extensions.

A new one billion euro four-year term loan.

A new 300 million two-year term loan that served as a back-stop for our amendment process of our existing term loan that matures in November 2023 which was formerly four billion, which is the one in the bottom left of the slide.

We launched an amendment process where we offered existing lenders the opportunity to consent to new investment grade terms. We had a 92 per cent consent rate with a broad group of relationship banks that was beyond our core group. That not only allowed us to move to investment grade documentation but it allowed us to release 700 million of our March 2023 facility which was previously one billion in size.

Our new credit agreements create a holistic capital structure without structural subordination.

We have no financial covenants. We have investment grade documentation throughout our facilities. We are fortunate to have a strengthened and refocused relationship bank group that we selected. And we have financial flexibility and access to the bond market that we did not have before. So we have moved from having facilities at different entities, separate RCFs, etc. to having one capital structure with the same documentation throughout and better margins. And we had an oversubscribed book of more than eleven billion euro for a six-and-a-half billion financing package, which is a testament to our strong business and credit profile.

And as you can see, the new financing improves the structure of our debt, the cost of our debt, and our liquidity profile.

We have combined our two smaller RCFs into one one-and-a-half billion RCF that improves our liquidity.

I should note that during the beginning of the pandemic when many companies drew down on their RCFs given our strong cash flow generation and resilience of the business, we did not consider it. However, we wanted to future-proof the size of our RCF given the growth of the company. We moved our non-relationship facilities to term loans with relationship banks and we do not have any material maturities until late 2023. We also improved our average cost of debt from 2.4 per cent as of year-end to 1.8 per cent.

And I'm very pleased that that we were able to incorporate our environmental and social ambitions into our new bank facilities. Two and a half billion of our new core facilities have an agreed-upon pricing mechanism that will link pricing to our 2025 ESG goals. These KPIs are responsible sourcing of coffee and palm oil, smallholder farmer outreach, our ambitions for recyclable compostable or reusable packaging and our climate change commitment. So, I'll stop there and I will now turn it back over to Robin, who will organise our Q&A. Robin.

Thanks, Scott. This was the last presentation of today's event. And we're now ready to go to our second and last Q&A session. Which will actually be a panel Q&A with all presenters of today.

Again as a reminder: Please push the raise-your-hand-button that you can find at the bottom of your screen if you would like to ask a question to one of the presenters of today.

I can see on my screen that there are already a couple of people lined up in the queue to ask a question. So we will now take the first question from Faham Baig from Credit Suisse. Faham, please go ahead.

Good afternoon, guys. Thanks for the presentations. Very insightful. I have one coming back on to aluminium capsules and single-serve machines. Given a significant part of your profits came from a product reliant on a competitor machine base and now you're signalling a tilt towards your own machine base and therefore higher subsidies. Does this inevitably result in some margin compression in the aluminium single-serve business? And also partly related to this: I appreciate Nestlé are currently pushing their new Vertuo system. When Nestlé suggest they have a unique identification code, does this preclude JDE's capsules from potentially entering this system and could its growth impact JDE Peet's addressable market going forward? Thank you.

Thank you, Faham. I will take these questions, which were all around aluminium capsules, profitability, appliance and open systems. So, I think on the aluminium capsule, it is true that it is a fair amount of our profitability, but it's only one of them. So because we have a very well distributed profit pool across geographies and across technologies. But it is for sure one of the fastest growing ones. And the benefits of when you are the leader on that technology with modern retailers and you are growing at a very high double-digit rate every single year, you are increasing, I would say, your cost efficiency but as well as your profitability, which enables you to out-invest but as well to outperform the market. And it is exactly the agenda behind which we are and we do not see over time any erosion as a consequence of our profitability. Then you had a question on appliances. I think this is a very good question. What you see globally is the most successful appliance are the open systems ones. I could take Keurig in the US, I could take Senseo in Western Europe. I could even take Nespresso globally. And we believe as well in open systems, just because consumers don't want to have three, four, five different appliances on the kitchen counter and want to have with one appliance as much diversity of offer as possible. And that's why we are believers that this system will be there for a very long time. But at the same time we want to evolve consumer propositions with our Samba [Barista] machine which has the ability to offer different types of coffee propositions. You can have two cups in one go, you can have a short espresso or a long espresso. While being at the same time an open system where every capsule will be compatible with our appliance, but at the same time with a larger capsule on the same appliance gives, I would say, a more versatile offer to consumers. But at the same time we want to ensure that we are offering to consumers on a very long time as well as still that proposition even so competitors will decide to, over time, it will take ages to reclose their system and that's why we still will have a value for consumers with our Barista machines we are deploying across market, the ability to still have that same offering.

Thank you, Faham, for your question. Our next question comes from Jon Cox from Kepler Cheuvreux. Go ahead, Jon.

Yes, thanks again. Maybe a couple of questions on the renegotiation of the debt. It's come out of a quarter reduction in your interest expense, because instead of around 300 million I think your expenses were last year we could just take a quarter off that. Is that the way we should think about it? I'm just wondering: were there any charges as a result? That's the first question. And then as an add-on to the buyback question. Potentially we could be below 2.5 sometime around the turn of the year or into next year. I'm just wondering: are buybacks really going to happen while you have the big shareholders still there and the fact that the free float is relatively limited? I'm just wondering what you think about that whole process. And this is just an add-on for Fabien. Transformational acquisitions. You know, everybody gets a bit worried when people start talking about that. I'm just wondering what you think about the potential for transformational acquisitions in the future. Particularly given that you and Nestlé dominate the market, I'd imagine there would be a lot of competition concerns on that. Thank you.

I believe you have multiple questions, Jon. I know the line was not great, but I understand the first few ones will probably be for Scott about the refinancing, potential costs associated to it, but as well as share buyback. And so, I'll let Scott answer those ones. I'll answer the other two you have, I think it was around free float and acquisition. Scott, do you want to take the first ones?

Great. Thank you, Jon, for the questions. I'll first take the question on the impact from the refinancing, the impact on interest expense and any reference around a number of about 300 million in terms of total net interest expense and to take a quarter of that. No, I mean, there are some line items, like, that are in the interest expense and the impact from the refinancing is particularly on the interest from the loans. There are other lines in the interest expense, such as gains and losses and FX, changes in the value of derivatives. And of course the financing doesn't impact those and those we don't control, that's driven by market dynamics, but the portion we do control, which is the cost of our loans including the overlaying impact from swaps is what we are addressing here and on that component, which is the same way that we disclose when we do it for results and saying that our average cost of debt is 2.4 per cent. Now, applying that same methodology to the debt that we had for 2020 to make a like-for-like comparison, it would now be 1.8 per cent. So, from 2.4 to 1.8 per cent. And again, that's driving the core of the interest expense line that we control.

In terms of your second question, which I believe was on share buyback. And, you know, share buyback having the lower float. As I said, share buyback is priority number five. We won't prioritise share buyback while we're above our optimal leverage, because we get better value, market dynamics aside, from deleveraging, for example. And we'll always take it in the context of other opportunities where we can create value, such as bolt-on M&A and things that come ahead of it in terms of the prioritisation.

And while I mention that we do have the authorisation to do share buyback, there's no intention at this point to do share buyback, but that just gives us absolute agility and flexibility to manage the allocation of our capital. So, at that point, that's what I can say on that.

Jon, I will answer the other two questions you had. One is around free float. We know we started by a low free float at around 16 or 17 per cent. I know there have been some positive evolutions already with, I would say, our distribution from indirect to direct ownership which have been happening two weeks ago which have been increasing our float to around 23.8 or 23.9 per cent now. And what I would say, of course I can't talk much on behalf of the shareholders and in particular the public one, but they have been expressing their view of increasing and helping to contribute to the float over time. What I would say is we have multiple shareholders. On one hand, we have JAB who know they have to help and contribute to create this float with exactly what's been happening two weeks ago. While being a very long-term believer and anchor shareholders and more overall a holder/buyer than a seller over time. But I would say, the great thing is both JAB and Mondelez have had a similar experience in an asset they've been joining in common with Keurig Dr Pepper. Over time they've been proving the ability to work together in a very disciplined and coordinating way to create an increasing level of float. So I see that as being the exact same agenda in front of us. We are very optimistic that it will increase over time.

You second question was around M&A. I think Scott had been talking about it. We see M&A as one of the tools in our toolbox and will continue to use that, but in a very, very disciplined way. And we mostly want to use M&A where we see there is a gap from an asset standpoint in the priorities we have, either at the geographical level, category or portfolio level. But it requires a lot of discipline. Discipline strategically. We are known, for instance, for having said more no than yes on M&A. And more looking for what is not available than what is for sale, because we really want to go after what we need to create incremental value creation. And what I would say here is at the moment we don't see that we have a need for transformational acquisitions given the accumulations of great trends we have in our portfolio. Yet, we know we more have very likely a need to go after a couple of bolt-ons to bridge some gaps that would be very complicated to do organically. It would be either very costly or will take too much time. And we more see that as a bridge, so you'll very likely hear us talking about bolt-on M&A going forward, but no transformational need at this stage.

Thank you, Jon, for your questions. Our next question comes from Mary-Anne Sixsmith from Berenberg. Mary-Anne, please go ahead.

Hi, there. Thank you for the presentation today and for taking my question as well. Just one for Fabien on the mid-term EBIT growth guidance adjustment, just going back. What are the main risks that you see maybe could hinder a delivery of the mid-single digit organic adjusted EBIT growth? I guess the key pushback, which has been alluded to earlier on, was the competitive intensity in Europe.

And I guess second to this, do you see any factors that contribute to maybe an upside risk to the range here as well? Thank you.

Thank you very much, Mary-Anne. Great questions. It makes me think actually. On the risk side, I have to say I sleep very well because I don't see that much, of course we have to stay very humble. I would say, I see usually when you're successful, the biggest risks are more internally. When you become a bit more complacent, a bit more arrogant and then you stop looking outside, you look much more at yourself. And it is something we've been trying to really open up much more to integrate what we call 'new forces', which I don't believe were so much either visible or so much at our attention before.

Being, yes, the competition is waking up. We've been talking about the same competitors again today. And there we believe we have great propositions and together we can enhance better value. It's around sustainability. We talked about it. That's why we've been accelerating our agenda. And we will talk about e-commerce and the danger for me would be to not invest behind this new platform, as well as new forces around emerging market opportunities. So, I would more see if we not deliver more because we are not having the ability to capture these growth opportunities or not realising the pace at which these capabilities evolve and for us to evolve our capabilities at the same pace.

Thank you, Mary-Anne, for your question. We take our next question from Warren Ackerman of Barclays. Warren, please go ahead.

Hi, Fabien. Can you hear me okay?

Yes, we can.

Okay. Can I ask a question just on the management incentives for JDE Peet's, because I'd be interested to know whether you think the incentives have been structured in the right way and how far down the executive roster is the share price a factor for the executive team? And for you specifically, Fabien, I noticed in the annual report you received a 15 million euro one-off payment for compensation forgone at your previous employer. I just wondered whether you could confirm whether that num... you know, that investment, that remuneration has been reinvested into the shares. And the basis of the question is really to understand the kind of the growth dynamic, because we've heard a lot today about kind of extra growth opportunities that you've outlined, extra money that you want to spend on A&P to deliver on that growth, but the 3 to 5 per cent organic growth remains the same number. It just looks like from the outside that you're, you know, you want to spend more for investment to get ahead of the curve, but there is no upside on the 3 to 5 per cent long-term growth. I just want to kind of understand, you know, the growth element within the compensation. What has that been set at and is that the right kind of number for the senior team? Thank you.

Thanks, Warren, for your directness of your questions. Much appreciated. So there are a couple of dimensions into it. One is how the overall compensation structure works from a variable standpoint. So there is, I would say, a small variable part, short term, which is linked to growth, profitability and working capital. So totally aligned actually with what drives value along the line of our algorithm. The second thing actually was a disproportionate amount, is a long-term incentive which is 100 per cent connected with the share price of the company, so there is no way to escape there. And that is why it is very important to ensure that we are doing things in the right way, in a quality way, because that is what will drive the value. Not tomorrow morning, but five year cliff-investing from now. So it's very, very aligned. And I think we have been starting to evolve some of it by, for instance, on the bonus side to your questions. This year we have been ensuring that the remuneration committee with the recommendation of the CEO has the freedom to use its right to adjust by about 25 per cent the short-term bonus structure taking into account the quality of delivery, which is for me quality of investment, quality of market share, quality of growth and as well with our ESG progress. And if we don't see that happening we have the freedom to reduce the bonus, although on paper it will look we deliver on topline, bottom line and working capital, but we want to ensure it is ingrained in our organisation of delivering it in a quality way.

Then the other question, a more personal question, so the amount you were referring to actually is a gross amount, not a net amount, but otherwise the number is totally correct. But I can guarantee you nothing went to my pocket, everything is reinvested in the company. I mean they were all linked to, I would say, historical compensations I'd been losing, accepting that offer with great honour. But nothing is something I'm enjoying every day, because I'm totally committed and I'm a big believer of the value creation ahead of us and everything has been reinvested in the company and all will be connected with the share price development over time.

Thank you, Warren, for your question. Our next question comes from Reg Watson from ING. Reg, go ahead.

Hello everyone, a lot of the discussion on aluminium capsules is centred around competition with Nestlé. When I go to my supermarket shelf I find a number of other brands. I don't know if you can see them. All touting aluminium capsules. I guess the question is in two parts. One: do they have a right to be there in terms of intellectual property? Are you able to challenge them? And then secondly, I think a lot of the talk about JDE Peet's has been that you have a portfolio of brands competing against Nestlé with just Starbucks. How does the dynamic change then when the supermarket shelf also has a range of other different brands for everyone to choose from and it's not just about Starbucks or a JDE Peet's brand?

Yes, thank you, Reg, and I can see from the pictures that you're very likely shopping in the Netherlands. I recognise the brands from the same supermarket where we do shopping. So I think you probably have two questions. So first, do they have the right to operate and what does it mean from a market-share standpoint. On the right to operate, where I don't want to go too much into details, but most of them do not. And most of them are infringing some patent. And of course there are some actions which are happening in the background, which may take more or less time to conclude. But I would say over the long period of time it's never really the IP that protects you, because everything can always find a workaround in IP over time. What protects you actually is, in particular on aluminium capsules, is the technology and the scale you achieve. You know, last year we have been celebrating our ten-billionth manufactured aluminium capsule. I can guarantee you: nobody of the players you've been showing on a pack now do have the ability to reach the same level cost-competitiveness that we do or the market leader does in other channels. Which means that it is very hard for them to compete on shelf. And which means that you can't have a differentiated proposition to consumers on pricing.

And to be honest, when you are a consumer you can have unbranded or less-known branded players of the same propositions, you will have a preference to go for a branded one. And if you look at what has been happening in 2020 as the growth of aluminium capsules has been accelerated. On the acceleration side, 100 per cent of it, of the incremental growth, has been captured by Nestlé and by us. It doesn't mean it's not attractive for the other players because the category is growing, so they are growing, but it means that their market share and their relevance in the market is getting lower and lower over time.

Thank you, Reg, for your question. We take our next question from Celine Panutti from JP Morgan. Celine, go ahead.

Yes, my question relates to growth. Number one, on the market growth you said that At Home accelerated from, I think, 4.5 to 7 per cent last year. What do you think is sustainable right now that we have a bigger pool of machines in consumers' homes? So that's on CPG. Also you mentioned that you saw that China and the US as faster growing markets. Can you give us numbers that we can relate to, what kind of growth opportunity are you seeing for those two markets? Thank you.

Thank you, Celine. I can see a lot of questions that could be very useful to build a model. Let me try to give directions, I mean, and again, a lot of that are points of view. We were referring to historically a growth rate of 4.4 In-Home for coffee and tea, with coffee at 4.2. And what you saw historically was about a two times higher growth rate in emerging markets than in developed markets. That shifted a little bit in 2020 with COVID where developed markets had been growing at a faster pace than emerging markets, indeed overall, to 7 per cent, but I don't think the 7 per cent will be the one that we are going to see for the long term. What is it going to be that growth, going forward? I think we will probably come back to the historical growth rate, but without having much of a decline in between, because it was an acceleration of premiumisation that will stick as consumers, as you were well saying, do still have an appliance at home with which they will consume. Where... how much do we see the US and China? I think it’s very, very different... And again, that's point of view. Don't quote me and ask me every semester if I am right on that one. I would probably say, it's realistic to believe that the Chinese growth can grow between 15 to 20 per cent over the next couple of years. And it's probably very realistic to believe that the premium side of the US market can grow, I would say, on the high side to double the size of the average of the category globally, to give some shape of directions. Not for the entire industry, but really for the most premium brands that have a very specific offer to give to consumers.

All right, thank you.

Thank you, Celine, for your question and looking at the queue I realise that this was actually our last question, so maybe, Fabien, last few words before we conclude?

Yes, so just a very quick one. So thank you everyone for joining today, for your interest in JDE Peet's for following the theme of the day which was all around sustainable growth in a quality and in an inclusive way. And I hope that we are going to have the opportunity very soon to have another round of conversations. I hope by that time even in person. On that note I'll go back to you, Robin.

Thank you, Fabien. This was our last question in our last Q&A panel of today. I hope you enjoyed it. I can imagine that there are still some questions outstanding and of course if you would like to raise them, we're in the office to answer any questions you might still have. So reach out to me with any outstanding questions you have and for now, thank you once again very much for your participation and I wish you all a nice rest of the day.

[END OF TRANSCRIPT]