

The Economic Impact of the Coca-Cola System in Bulgaria

Report



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Key findings for 2024

Operations



76 million UCs

sold in Bulgaria, equal to 431 million litres



€121 million

worth of goods and services purchased from Bulgarian suppliers



€770 million

spent by consumers on the Coca-Cola System's beverages

Value added



€590 million

value added supported in the economy across the value chain



€184 million

in salaries supported across the value chain



€257 million

supported in tax payments across the value chain, including value added tax payments

Employment



3,336

people employed directly by the System in the country



14,000

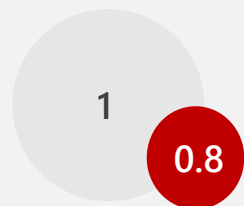
additional employment opportunities supported indirectly across the value chain, excluding direct employees



8,400

jobs for people selling Coca-Cola beverages

Consumption multiplier



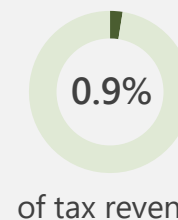
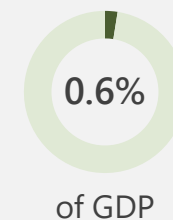
For every €1 spent on Coca-Cola beverages across Bulgaria, €0.8 stay in the country as value added

Employment multiplier



For every 1 job at the System, additional 4 jobs are supported across the country

Macro-economic contribution



Impact of TCCS in Bulgaria in 2024 in a nutshell

Coca-Cola is a **local business**

- Coca-Cola is a local business, operating one production plant and one water facility in Bulgaria
- Coca-Cola sells **431 million liters** of beverages annually within the country
- The Coca-Cola System in Bulgaria consists of **5 different units**
- The System buys goods and services worth **€121 m** from domestic suppliers

€590 million total income contribution

- The System generates **€153 m** incomes directly
- Indirectly, it supports **€84 m** in incomes upstream and is associated with **€352 m** downstream
- The total contribution equals **0.6%** of Bulgaria's GDP
- For every **€1** spent on Coca-Cola beverages leads to **€0.77** of incomes in Bulgaria

Of the total incomes, **€257 m** is taxes

- The System pays **€43 m** in taxes and supports **€214 m** indirectly (of which **€127 m** in VAT)
- The amount equals nearly **1%** of Bulgaria's tax income; this is equal to around **1/2*** of the government's spending on cultural services*, or to the amount needed to fund the annual educational expenses of nearly **150,000** primary and pre-primary students**

17,300 jobs across the value chain

- The System employs **3,336** people in its production plants and offices
- The System supports **2,310** jobs upstream and is associated with **11,630** downstream
- Every job in the System supports **4** jobs elsewhere, of which **1** due to local production, and **3** from local sales



* Government spending on cultural services in 2023 (latest reported) : €460 million (Eurostat);

** Based on government spending on pre-primary and primary education and pupils enrolled at those levels in 2023 (€768 million spent and 449,223 pupils respectively, Eurostat)



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The Coca-Cola System is present in Bulgaria for 60 years

The Coca-Cola System has been present in Bulgaria since 1965, establishing itself as one of the most significant players in the country's non-alcoholic beverage market. It operates through the partnership between The Coca-Cola Company, which owns the brands and manages marketing and concentrate production, and Coca-Cola Hellenic Bottling Company (CCHBC), which handles local bottling, production, and distribution. In addition to its production and distribution operations, Bulgaria plays a strategic regional role within the Coca-Cola system. It is home to key shared service centers, including Coca-Cola HBC's Business Services Organization (BSO) and IT Hub, both located in Sofia. These hubs provide critical support services—such as finance, HR, data analytics, and technology solutions—to Coca-Cola HBC operations across multiple countries. Bulgaria is also home to Coca-Cola Europacific Partners (CCEP) Integrated Shared Services Centre with offices in Sofia and Varna, supporting Finance, Commercial, People and Culture, and Business Process

and Technology activities. Its presence highlights Bulgaria's growing importance as a hub for operational excellence and innovation within the System.

The System's operations in Bulgaria are embedded in the local economy, with production taking place in a modern bottling plant near Kostinbrod, which has a production capacity of over 400 million liters per year, and a mineral water bottling facility in Bankya. The System directly employs over 3,300 people in Bulgaria and supports thousands more through its local suppliers, logistics partners, and retail networks.

Coca-Cola products are distributed through tens of thousands of retail outlets across the country, from major supermarkets to small neighborhood shops, restaurants, hotels and similar establishments. In 2024, the System sold over 430 million liters, offering a portfolio of more than 20 brands, including sparkling soft drinks, juices, bottled water, and energy drinks. The retail value generated by these sales is nearly €765 million.

The System in Bulgaria

Locations of the production plants and the offices of the various entities



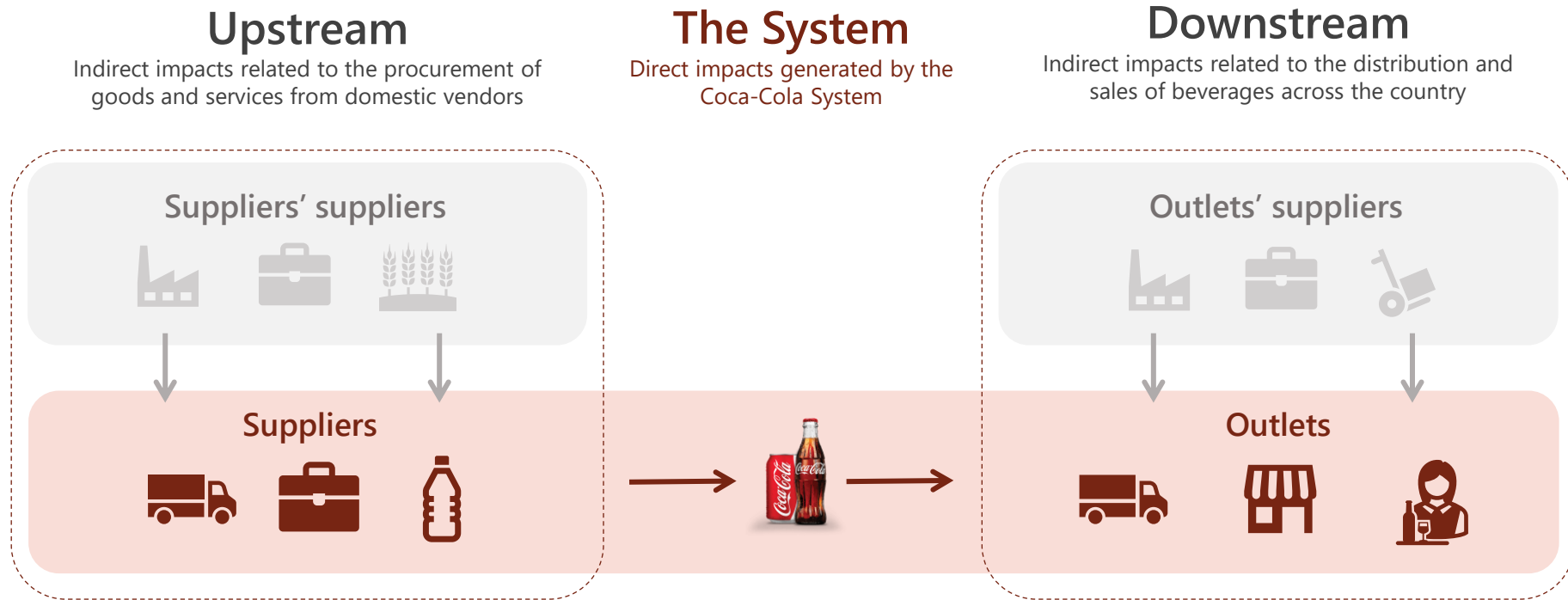
Offices of all entities in Sofia

CCHBC Bottling plant Bankya

CCHBC Bottling plant Kostinbrod

CCEP office in Varna

The study captures the System's impact on incomes and jobs across its value chain



Value added

Aggregation of incomes for households (salaries), governments (taxes), and companies (profits), comparable to GDP

Impacts



Employment

Job opportunities supported



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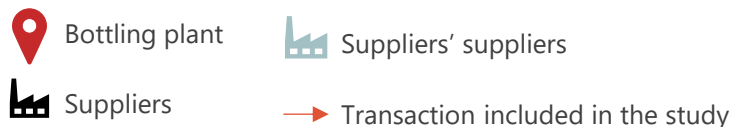
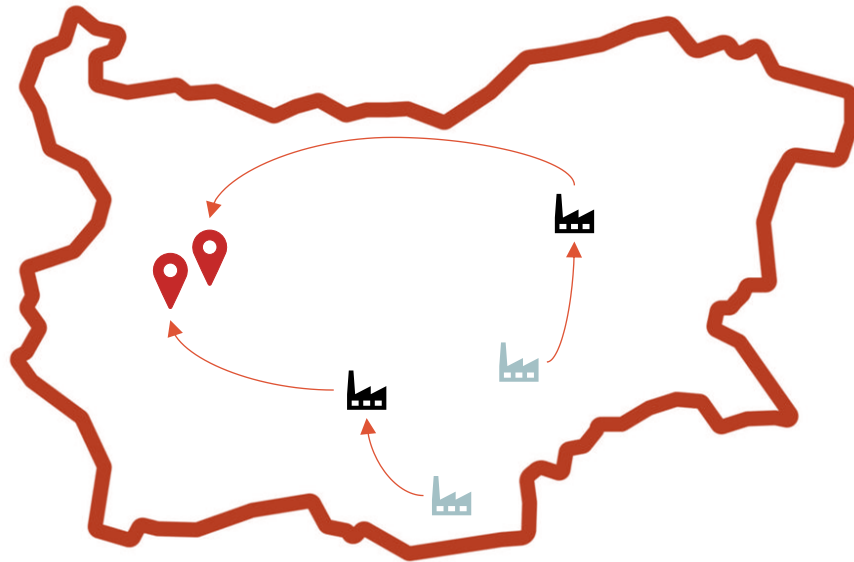
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The impact estimations in this report are done using input-output modelling

Example of flows captured by the model



Methodology

An input-output (IO) modelling is an economic tool used to analyze the interdependencies between industries across geographic regions.

It maps out how the output of one industry serves as an input for another—for example, how beverage production relies on agriculture, packaging, transportation, and retail services. By tracking these inter-industry relationships, the model helps quantify how spending or investment in one sector influences economic activity in others.

In practical terms, this means that when a company like Coca-Cola operates in a country, its impact goes far beyond just direct employment and production. The IO model captures the broader ripple effects: how suppliers and retail partners benefit, and support

wages, taxes, profits and jobs indirectly.

The model combines data from the Coca-Cola System on revenues, sales, and procurement with macro-economic data on inter-industry transactions for Bulgaria. Combining these sources allows us to simulate how consumer spending on Coca-Cola beverages impacts production and trade among supplying industries, leading to employment and value addition. This makes the model particularly valuable for assessing the full economic footprint of complex operations like the Coca-Cola System, where operations involve a nexus of suppliers, distributors, and service providers.

Refer to the Annex for a more detailed description of the model and the data utilized in the study.

**This visualization is a simplified example of the methodology and does not capture all intra-country linkages included in the model*

Consumer spending on the System's beverages is the starting point of our analysis

This is the conceptual idea behind our model....



In 2024, consumers spent €764 million on 431 million liters of beverages produced and distributed by the System

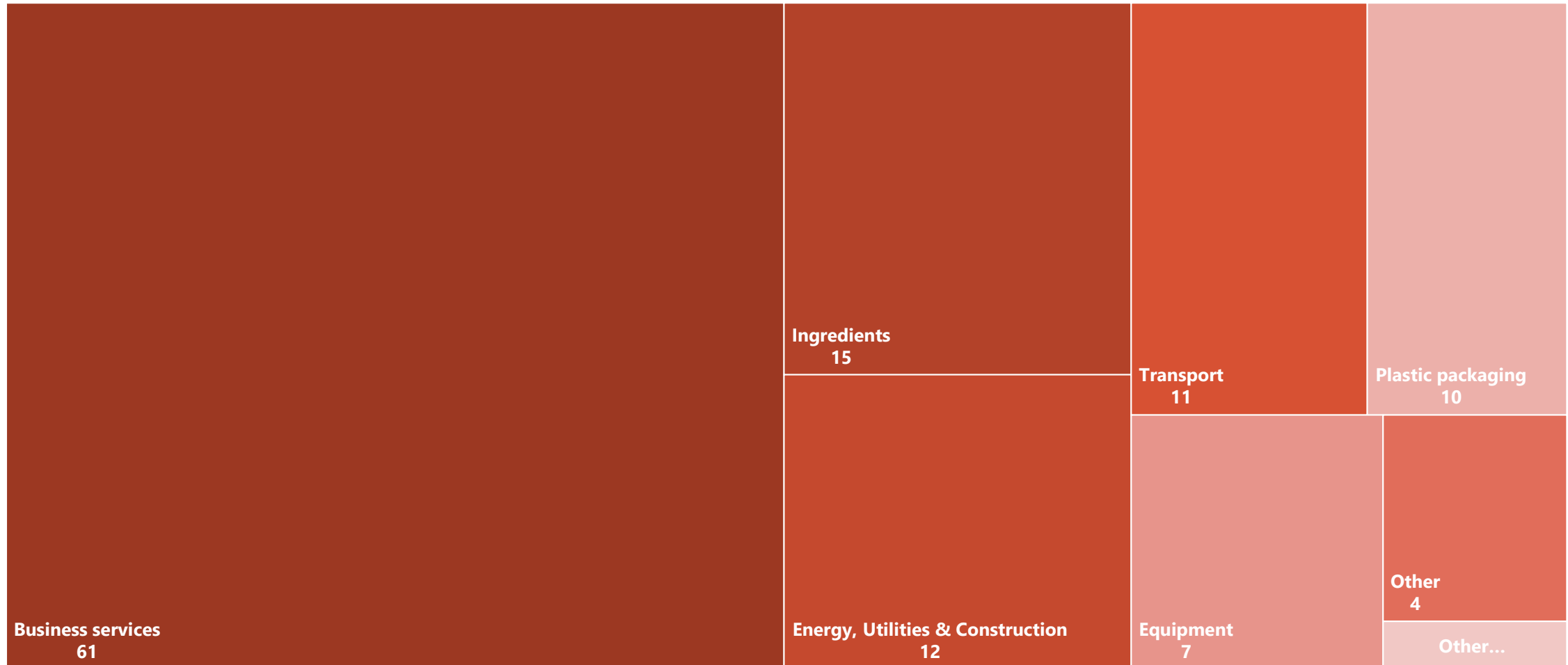
... and these are the figures behind it



TCCS spends €121 million on suppliers in Bulgaria, nearly half of the total procurement is domestic

Most of TCCS domestic spending is directed towards the business services sector (including IT, marketing, auditing, sales, and office rent), which makes a strong contribution to GDP, while spending in the trade and transport sectors supports high levels of employment due to their labor-intensive nature

Breakdown of procurement towards domestic suppliers
€ million





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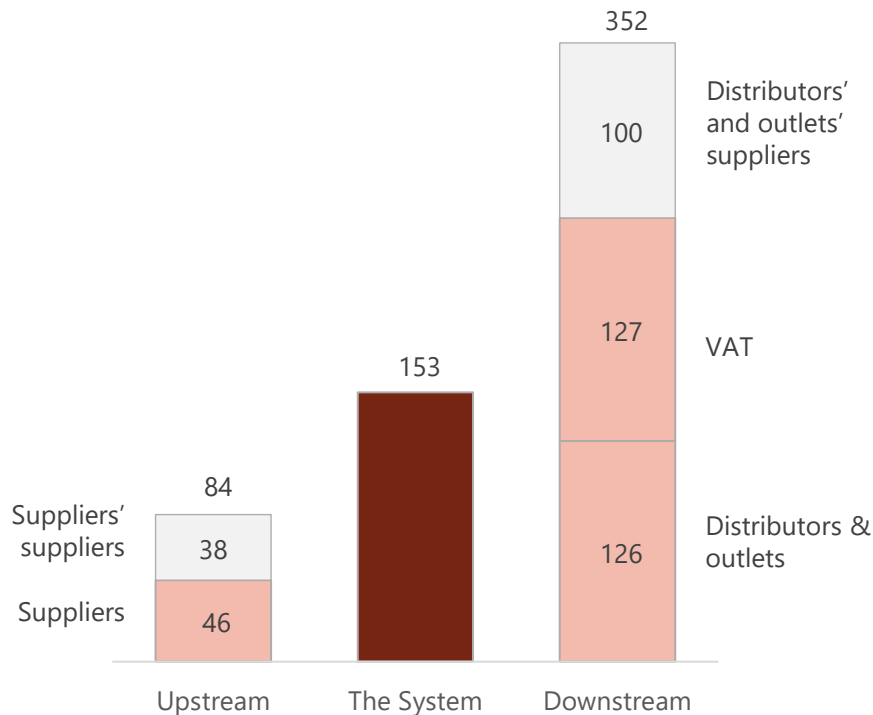
The System supported €590 m in value added across its value chain in 2024

Key takeaways

- The near €590 million in total value equals 0.6% of Bulgaria’s GDP in 2024
- The System directly generated €153.5 million in value added, while it supported an additional €436 million through its value chain partners
- Each dollar spent by consumers on Coca-Cola beverages in Bulgaria contributes €77 cents in value added to the economy

Value added by value chain link

EUR million



Explanation

The System directly generated €153 million in income. These include the salaries and the taxes paid by The System to its employees and the Bulgarian government. It does not include profits, as these do not accrue to domestic shareholders.

Indirectly, The System supported €436 million across the value chain.

The upstream impact is €84 million. This impact is driven by the €121 million spending of the System on vendors operating across the country.

Of the €84 million upstream impact, €46 million is value added supported at the level of the System’s own suppliers – the companies producing ingredients, packaging materials, machinery and parts, and offering a wide range

of services – from transport, to insurance, marketing and catering. The rest of the value added, €38 million, occurs at the suppliers of these suppliers. One example would be the incomes that a sugar beet producer generates because a sugar manufacturer procures sugar that the System needs.

The downstream value added supported by the System’s distribution and sales activities is €352 million. Of this amount, €127 million is value added tax (VAT) from the sales of beverages. €126 million is supported at the level of distributors and outlets, while their suppliers benefited €100 million.

These figures only capture the incomes attributable to the Coca-Cola System (and not all the incomes at The System’s suppliers and partnering outlets and distributors).

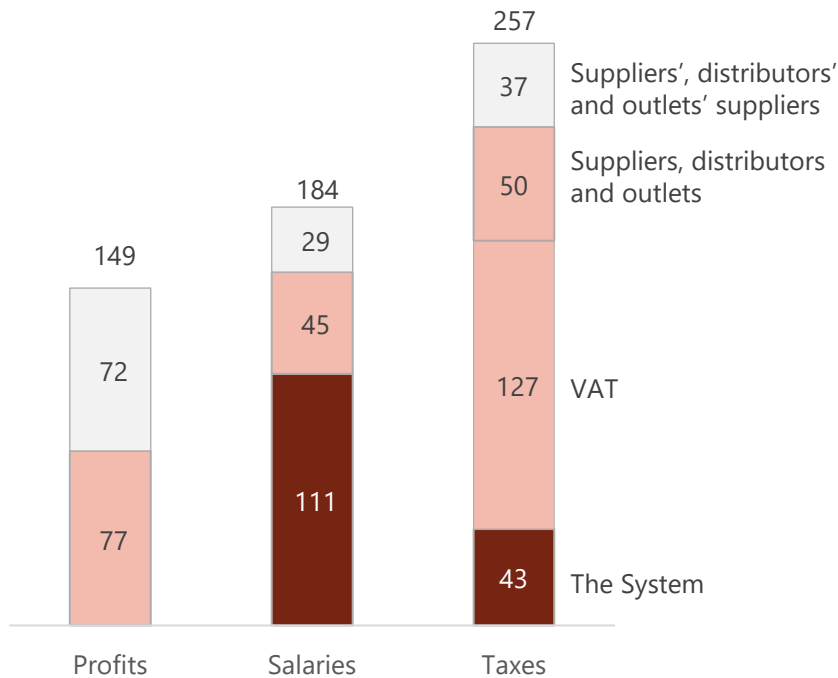
The government is the main beneficiary of the System

Key takeaways

- The government is the primary beneficiary of the System, receiving €257 million in tax payments, accounting for 0.9% of total tax revenues
- Of the total tax contributions supported by the System, €42.5 million is directly paid by the System, while an additional €127 million comes from VAT
- Employees within the System's value chain are the second largest beneficiaries, collectively earning €184 million in salaries

Value added by beneficiary

EUR million



Explanation

The total value added of €590 million can also be broken down by beneficiary.

Tax payments supported by the Coca-Cola System throughout the value chain equal €257 million. €42.5 million are paid by The System. The major categories making up this amount include corporate, payroll and sugar taxes.

€127 million is VAT related to the sales of The System's beverages. The System further enables €50 million in tax payments from its suppliers, distributors and outlets selling its beverages.

The estimated tax impacts of The System represented 0.9% of the total tax revenues collected by the government.

Households across the value chain benefited

€184 million, of which €111 million was earned by The System's own employees. Salaries include wages, bonuses and other allowances paid directly to employees. They are net of any taxes to avoid double counting.

Companies across the value chain made an estimated €149 million in profits from their cooperation with The System.

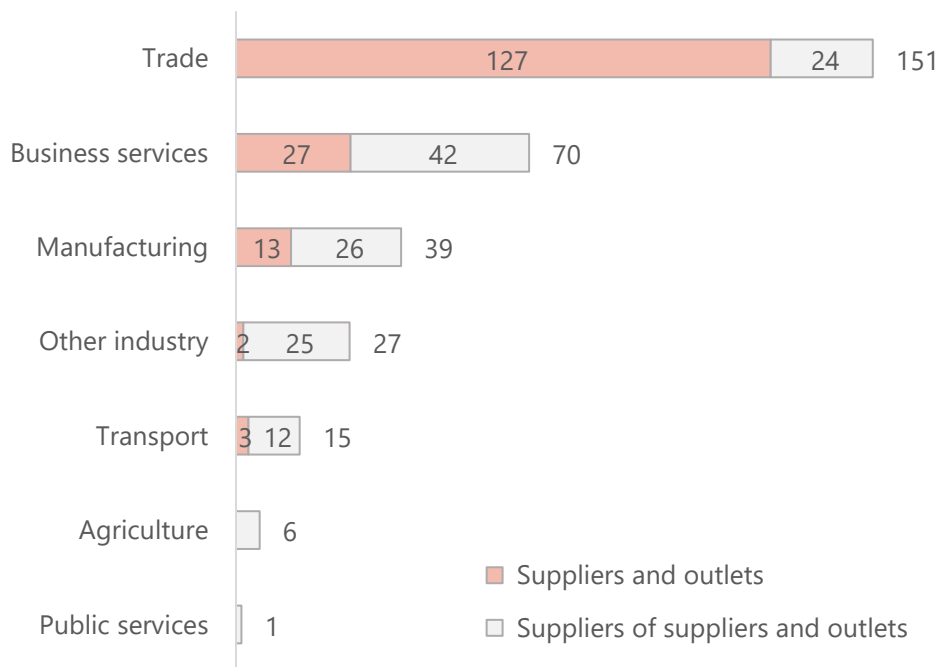
TCCS mostly supports value added in the trade sector through the sale of beverages across the country

Key takeaways

- The System supports a total of €151 million of value added in the trade sector, mostly through the distribution and sale of Coca-Cola beverages
- The manufacturing and business services sectors are the second-largest recipients of value added, benefiting €39 million and €70 million respectively
- The System supports €6 million of value added in the agriculture sector

Indirect value added by sector

EUR million



Explanation

The indirect value added* can be broken down by economic sectors.

The trade sector was the primary beneficiary with €151 million in value added. Of the €127 million value added at the level of suppliers and selling partners, €32 million were estimated for outlets operating in the off-trade channels (traditional and modern stores), €71 million for the on-trade channels (hotels, restaurants, cafes and other immediate consumption outlets), €22 million for distributors.

The business services sector benefited €70 million; with €27 million of that resulting from The System's own procurement of services such as marketing, advertising, insurance, etc.

The manufacturing sector accumulated €39

million, with €13 million within direct suppliers of goods like packaging materials.

The transport sector benefited €15 million; this consists of €3 million value added supported through The System's procurement of services from suppliers like logistic companies.

The agriculture sector benefited €6 million indirectly. That is supported indirectly through the sourcing of agriculture products from the Coca-Cola System's supply chain partners; these are, for example, farmers supported by the procurement of agri goods by restaurants and cafes.

* Indirect value added excluding VAT and value added directly generated by the System

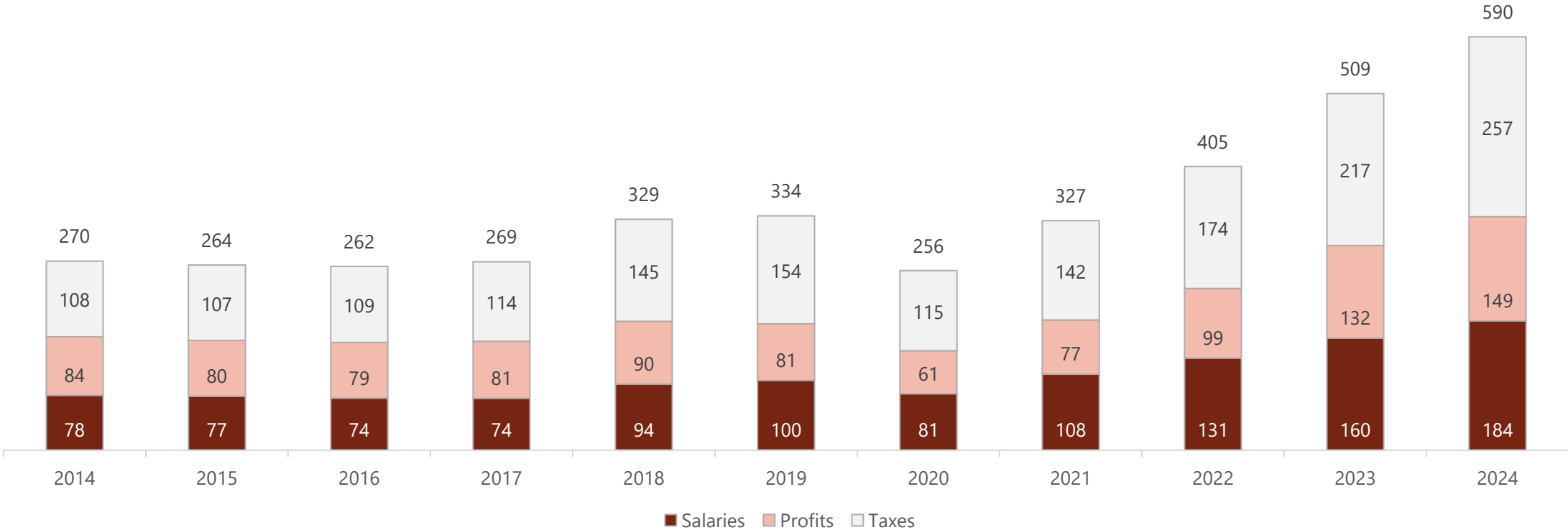
As the System in Bulgaria grows, so does its economic footprint

Key takeaways

- Since 2014, the value added TCCS supports has more than doubled from €270 million to €590 million by 2024, reflecting an annual growth rate (CAGR) of 8%
- In total, over the past 11 years, the System has supported more than €3.8 billion in value added and €1.6 billion in taxes
- Following a stable period in 2014-2017 and a challenging environment during the Covid epidemic, the System grew by an average 23% since 2020 (CAGR)

Value added over time

EUR million



Note: All computations are based on nominal figures, i.e., not adjusted for inflation



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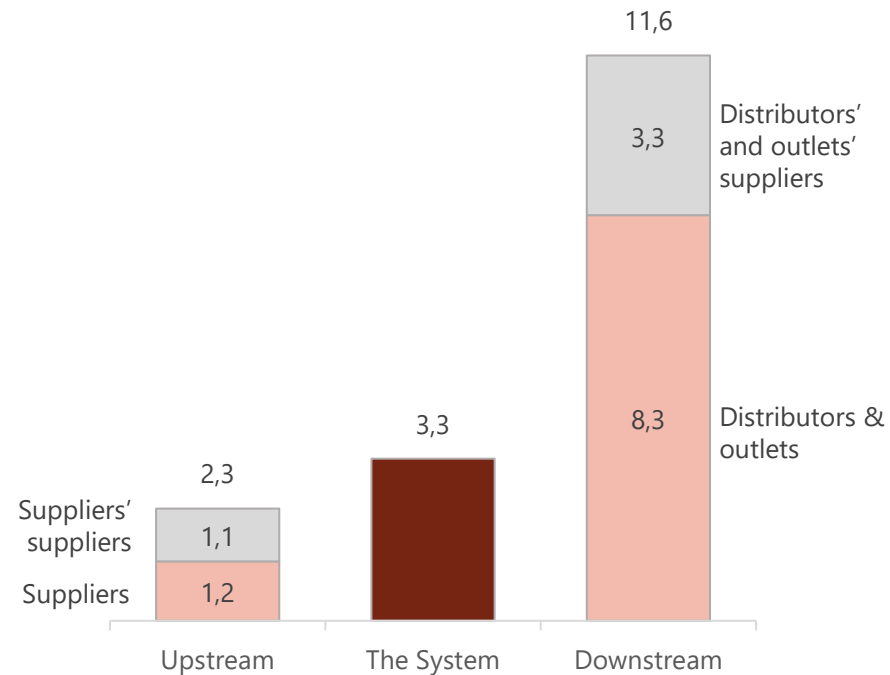
The System supported over 17,000 employment opportunities in 2024

Key takeaways

- The System supports some 17,300 jobs across its value chain, representing 0.5% of total employment in Bulgaria
- The System directly employed 3,336 people, while it supported nearly additional 14,000 jobs through its value chain partners
- For each direct job at the System, 4 additional jobs are supported elsewhere along the value chain

Jobs by value chain link

thousands



Explanation

The System supports nearly 17,300 employees across its value chain, representing 0.5% of total employment in Bulgaria.

Of these employees, 3,336 are directly hired by the System, while some 14,000 are supported indirectly through its upstream and downstream value chain partners.

2,300 jobs are supported upstream in its value chain. These refer to the jobs required to provide the System with the €121 million worth of domestic goods and services.

Of these jobs, 1,200 are supported at the level of the System's direct suppliers, while the remaining 1,100 are supported at the level of suppliers' suppliers.

11,600 jobs are supported downstream in the value chain. These refer to the jobs required to

distribute and sell the 430 million liters of Coca-Cola beverages sold throughout the country.

Of these jobs, 8,300 are supported at the level of the System's distributors and selling outlets, such as the supermarkets and the restaurants. The remaining jobs are supported at the level of distributors' and selling outlets' suppliers.

Of each direct job at the System, an additional 4 jobs were supported elsewhere along the value chain. Of these, 1 is supported upstream in the value chain through the procurement of goods and services from suppliers, and 3 are supported downstream in the value chain through the distribution and sale of beverages.

These figures only capture the jobs attributable to the Coca-Cola System (and not all the jobs at the System's suppliers, distributors and partnering outlets).

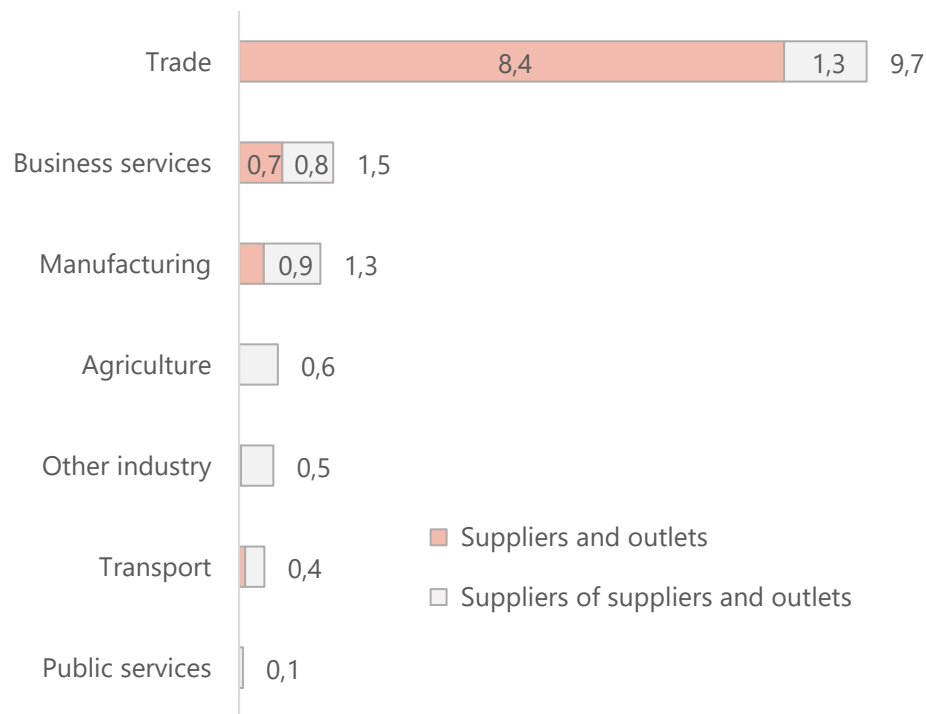
Most jobs are supported in the trade sector

Key takeaways

- The System supports a total of 9,700 jobs in the trade sector, mostly through the distribution and sale of Coca-Cola beverages
- The business services sector is the second largest sector in terms of jobs supported, where the System reaches 1,500 jobs
- The manufacturing sector is the third largest sector in terms of jobs supported, where the System reaches 1,300 jobs

Indirect jobs by sector

thousands



Explanation

The 14,000 indirect jobs* supported by the System can be broken down by economic sectors.

The trade sector is the one where the System supports the highest number of employees. Of the 9,700 jobs supported in the sector, 8,400 are at the level of the at the level of suppliers and selling partners. Of these, jobs 1,900 were estimated for off-trade channels (traditional and modern stores), and 5,800 for the on-trade channels (hotels, restaurants, cafes and other immediate consumption outlets), and 600 at distributors.

The System also supports 1,500 jobs in the business services sectors, of which 670 jobs at the level of direct vendors providing marketing and similar services.

In the manufacturing sector, 1,300 jobs are supported, of which 380 at the level of the System's direct manufacturing sector suppliers.

The System indirectly supports 600 jobs in the agriculture sector.

The System also supports 400 and 500 jobs in the transportation and other industry sectors respectively.

*Indirect jobs supported by the System, excluding people directly hired by the System

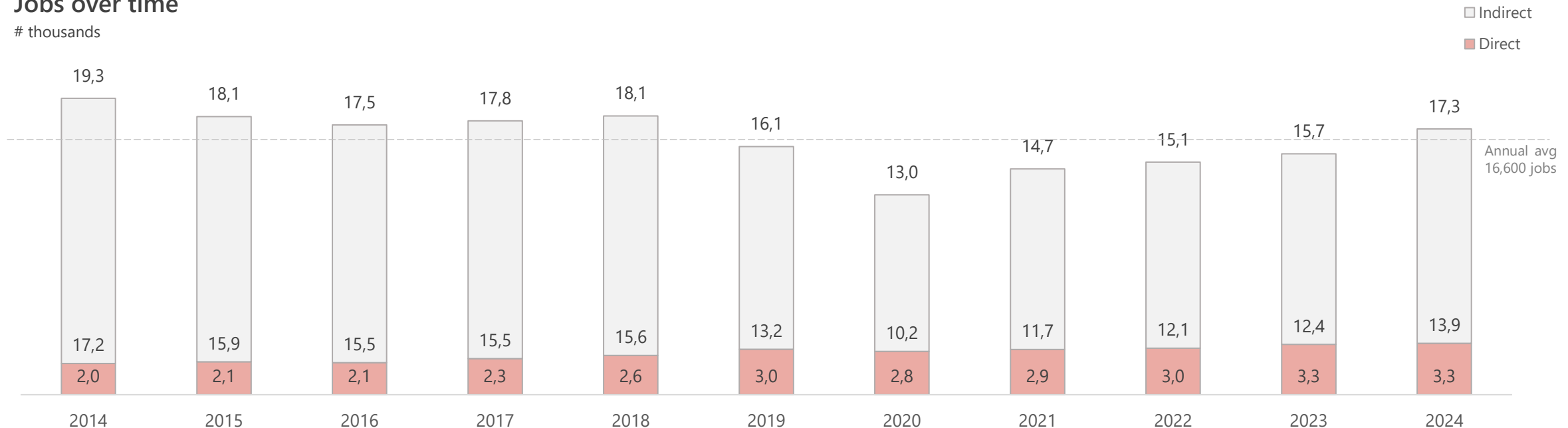
On average, the System has been supporting more than 16,600 jobs per year

Key takeaways

- The System supports tens of thousands of jobs throughout its value chain each year, for an average of 16,600
- With the System's operations growing, so does its direct employment, which went from some 2,000 people in 2014 to more than 3,300 in 2024
- On average, between 2014 and 2024, the System has indirectly supported 5.5 employment opportunities in Bulgaria for each person it directly employed

Jobs over time

thousands



Despite the System's growing production and domestic procurement, the indirect employment it supports has declined over time. The main driver is improvements in the productivity of the economy (and consecutively at the System's value chain partners). For example, in the plastic manufacturing sector, 13 employees were needed to make €1m in revenues in 2014. This number was 8 in 2024. An additional, yet smaller factor explaining the results is the slight shift from on-trade to off-trade sales. The on-trade channel is more labour intensive, so more sales in off-trade result in fewer downstream jobs.



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Step 1 a and b

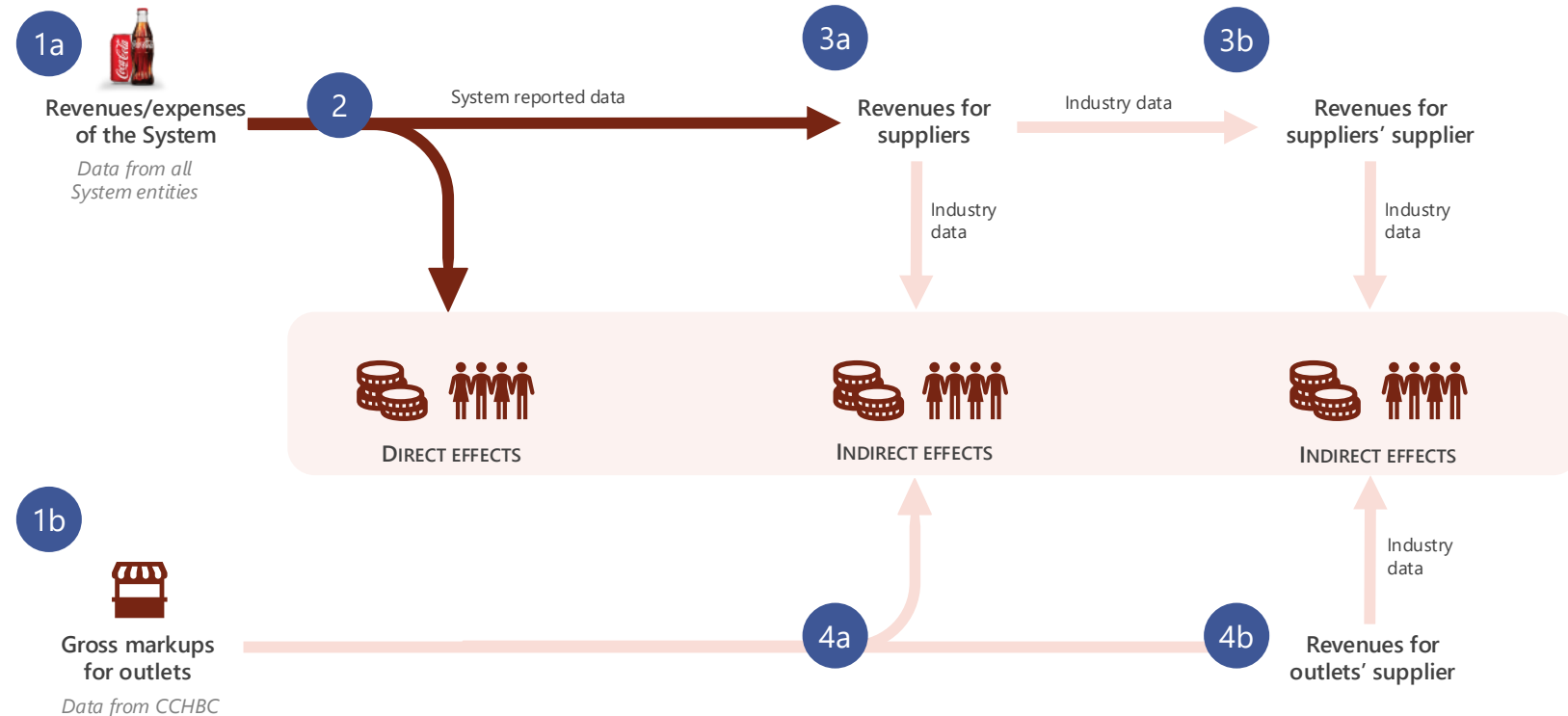
To calculate direct and upstream value chain result, we collected data from the System's entities. That includes figures on their revenues and expenses (procurement, salaries, taxes). For the downstream analysis, we obtained sales data from CCHBC, as well as their estimates for distributor and retail mark-ups.

Step 2

Data on salaries, taxes and domestic profits are aggregated for direct value added reporting. The data on procurement, is aggregated per sector to create an overview of the revenues suppliers make from their cooperation with the System

Step 3 a and b

The total estimated supplier revenues per sector are integrated in the input-output model. The model then estimates – based on national industry level data – which part of the revenues are direct value added (salaries, taxes, profits), and which are further spent by the supplier on purchasing products and services for their own production related to the System operations. That procurement is then also run through the model, and its direct value added shares are also estimated.



Step 4 a and b

The total estimated gross margins calculated in step 1b are also integrated in the model. Using information on the VAT rate, the gross amount is split into VAT and net margins. VAT is reported as indirect tax. The net margins are combined with data from the trade sectors (off-trade and on-trade channels) for each market/region to calculate, using industry level data, what share of the margins will be value added for the outlets, and what share would be procurement. Similar to the method in step 3, the procurement of the outlets is then also integrated in the model, and the value added related to it is estimated.

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