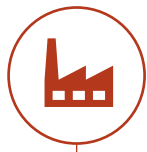


# The economic impact of the Coca-Cola System's European operations in the Czech Republic

Final report

# Key findings on the System's impact in 2022

TCCS' operations within Europe add value to the economy of the Czech Republic, and support quality employment opportunities



**14 sites\***

enable the production and sale of Coca-Cola beverages in the Czech Republic



**340 million litres**

produced in the country, equal to 60 m UCs



**CZK 5.3 billion**

worth of goods and services purchased from Czechian suppliers



**CZK 9.5 billion**

Value-added supported in the economy across the value chain



**0.1%**

contribution to the Czech Republic gross domestic product



**CZK 2.5 billion**

supported in tax payments across the value chain



**751**

people employed directly by the System in the Czech Republic



**6,300**

employment opportunities supported in the value chain



**1:8**

For each direct job at the System, there are 8 others supported elsewhere along the value chain

\*Includes bottler's and TCCC's sites (production plants, warehouses, regional and central offices)



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## **1. Introduction**

## **2. Economic impact**

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# **This study reports on the 2022 impact supported in the Czech Republic by the Coca- Cola System's European operations**

## **Introduction**

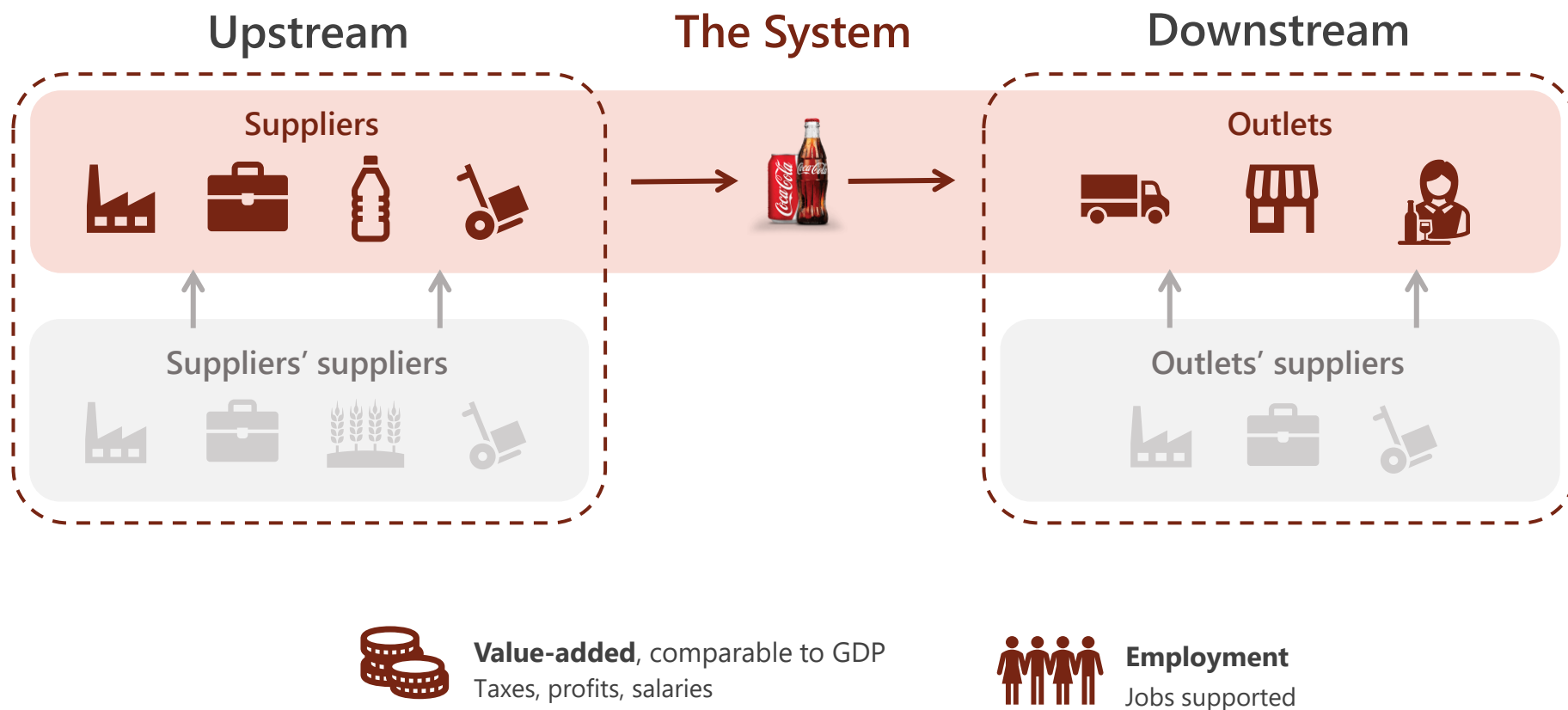
The Coca-Cola System (TCCS) commissioned this assessment to gain insights into the magnitude of its direct and indirect impact on incomes and employment in the Czech Republic

This report captures the 2022 impacts supported in the Czech Republic by the System's European operations

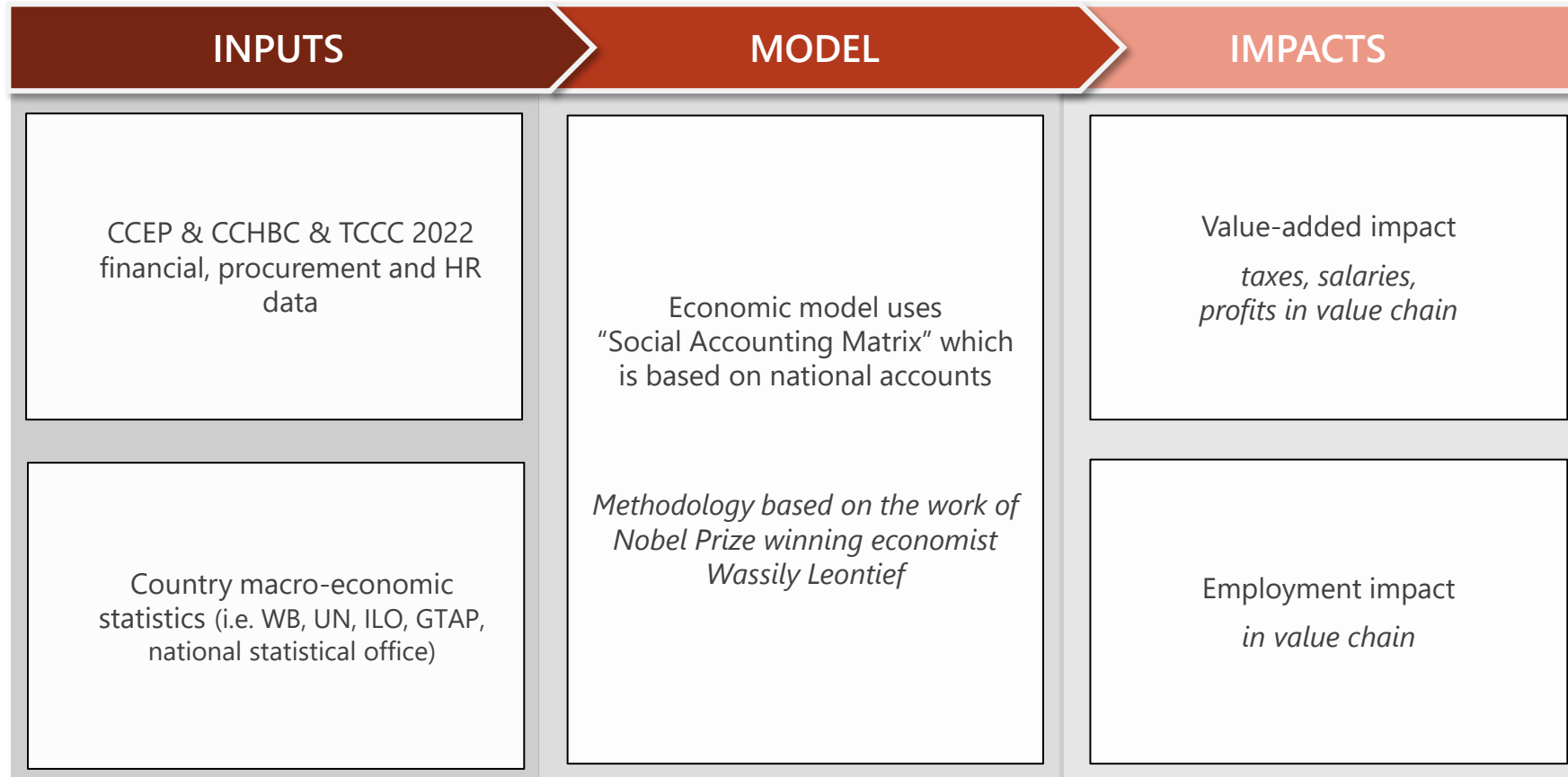
- The impact results presented in this study are part of a broader study on the impacts of the System in Europe
- While this is the second study for TCCS in the Czech Republic (previous studies conducted in 2018, 2019 and 2023), results of this study are not directly comparable to previous ones due to differences in methodology and scope
- Results are driven by economic activity of Coca-Cola Europacific Partners (CCEP), Coca-Cola Hellenic Bottling Company (CCHBC), and The Coca-Cola Company (TCCC) throughout Europe
- The study's scope is not exhaustive; we do not quantify areas of the Systems indirect environmental and social impacts

The assessment is based on a multi-regional input-output (MRIO) methodology which was developed by the Nobel Prize winning economist Wassily Leontief and is commonly used by economists for this type of analysis

# The study quantifies the Coca-Cola System's impact along its value chain

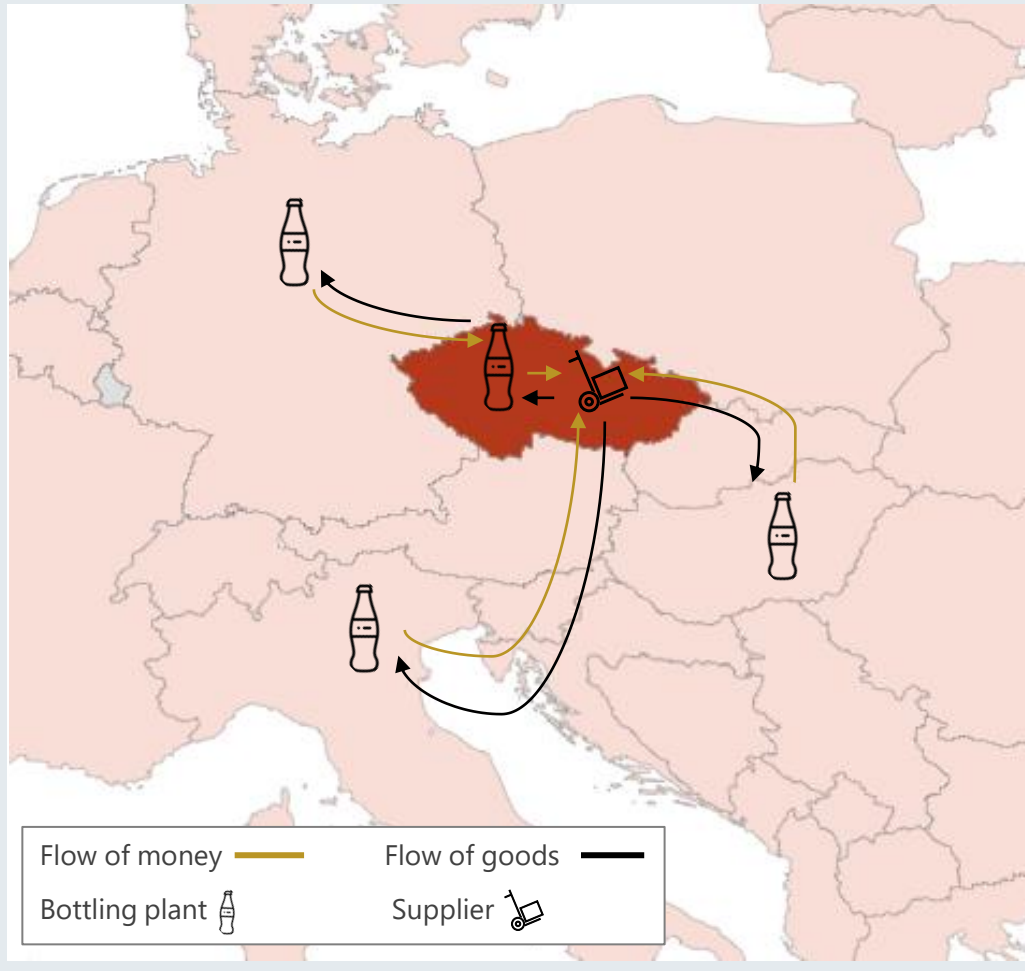


# The model combines Coca-Cola System financials and official statistical data to quantify impacts



# The new methodology recognizes the interconnected nature of economies, resulting in more comprehensive and robust impact estimations

## Example of flows captured by the MRIO\*



## Methodology

The multi-regional input-output (MRIO) methodology expands upon a traditional input-output model:

- A traditional model captures the impact of the System in one country without considering interlinkages and effects in another country
- A MRIO incorporates economic inter-linkages between markets, capturing effects of cross-country purchasing not only by the System, but by its suppliers as well

The methodology considers the System's operations across Europe and examines how these contribute to impact domestically and in other European countries

The impacts captured by the MRIO in the Czech Republic and outlined in this report are driven by

- The System's domestic economic activity in the Czech Republic, as captured by other studies
- The System's activity in other European countries which supports economic activity in the Czech Republic (ie. sourcing of goods and services produced in the Czech Republic by bottlers operating in other countries )

*\*This visualization is an exemplification of the methodology and does not capture all intra-country linkages included in the model*



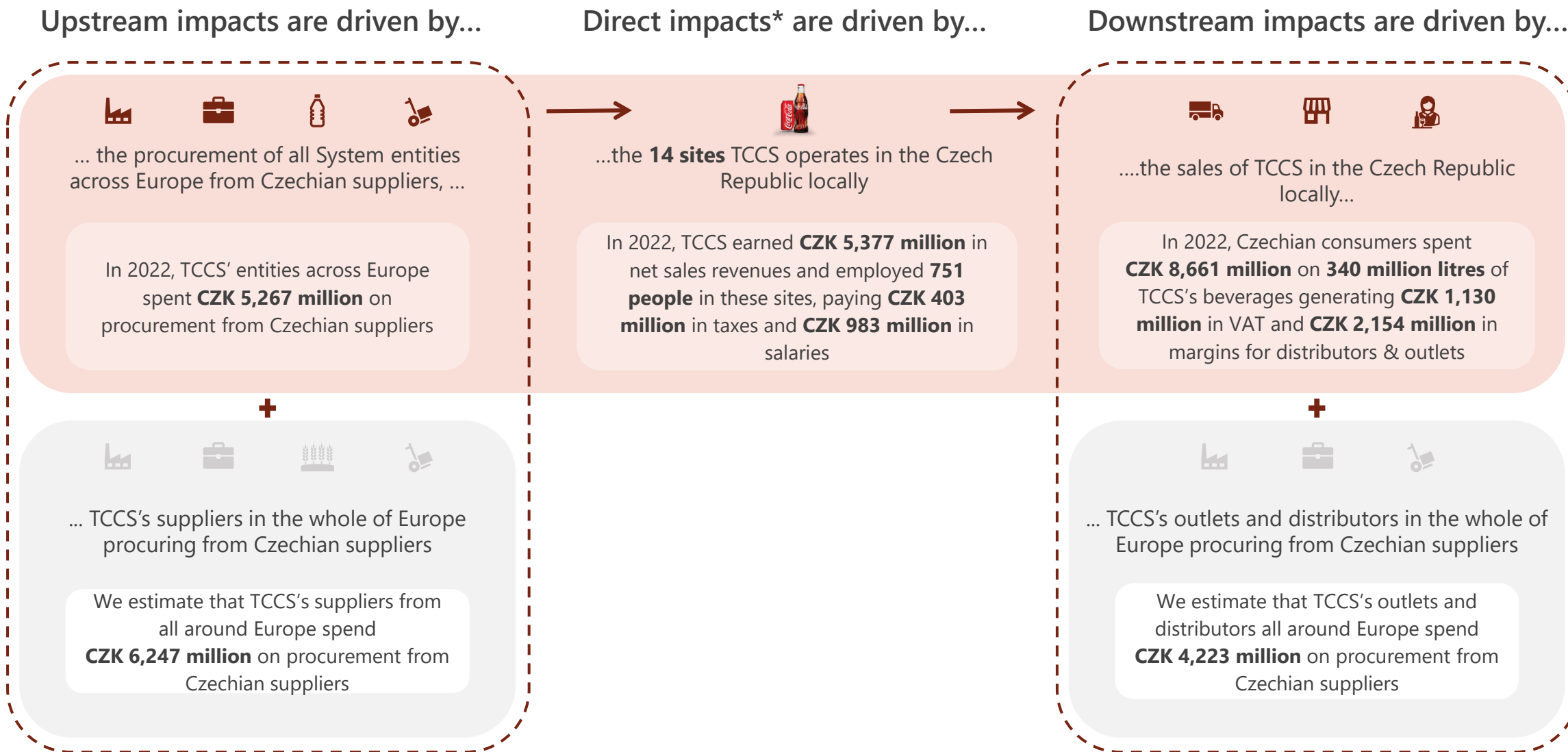


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# Upstream impacts are driven by local and European entities, while direct and downstream impacts are driven by local entities

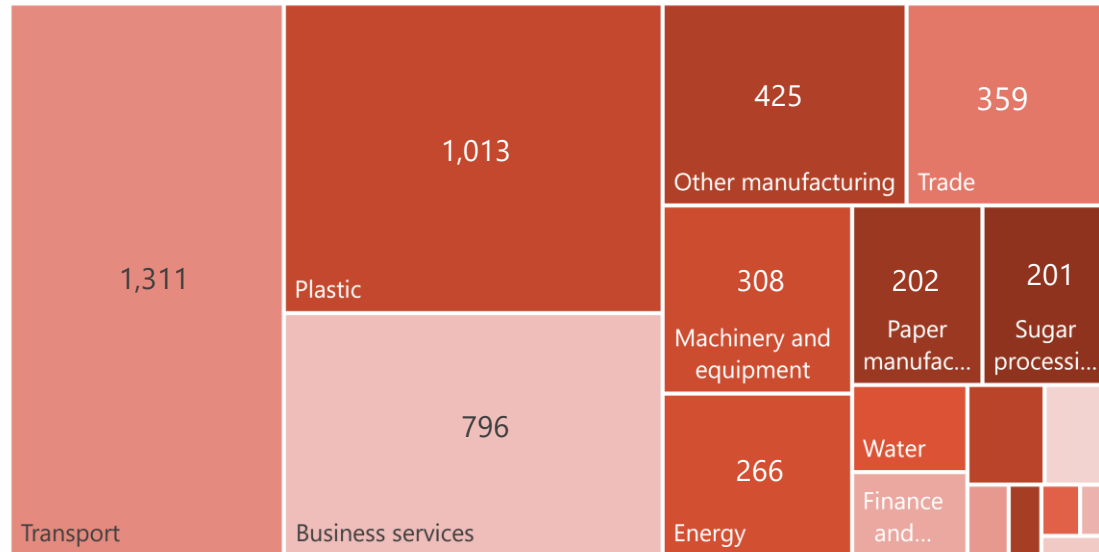


\*Direct impacts only include salaries and taxes, excluding direct profits.

# Procurement and sales activities of the System reach various sectors of the economy

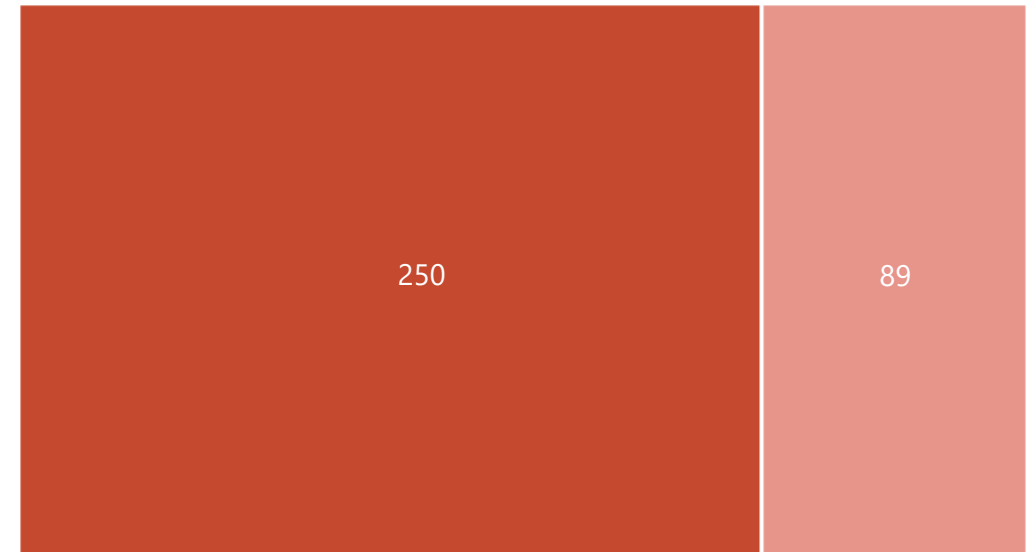
## Breakdown of Czechian procurement

CZK million



## Breakdown of volume

Million litres



Future Consumption  
(Supermarkets, Mom-and-pop shops)

Immediate Consumption  
(On premise, petroleum)

By sourcing goods and services from suppliers in the Czech Republic, TCCS supports impact upstream in its value chain

In 2022, TCCS spent CZK 5,267 million to purchase goods and services from suppliers in the Czech Republic

This is equal to 2% of total procurement expenses carried out by the System in Europe

Sales of beverages support impacts downstream in the value chain

In 2022, TCCS sold **340 million litres** of beverages in the Czech Republic, of which 74% via FC channels and 26% via the IC channels

This is equal to 2% of total litres of beverages sold by the System throughout Europe



# TCCS supports CZK 9.5 billion in value-added across its value chain

## Value added by value chain link

CZK billion



## Highlights

TCCS directly generated CZK 1.4 billion in incomes

- These include the salaries paid and the taxes born by TCCS
- This equals 0.9 % of the food, beverage and tobacco manufacturing industry value-added in the Czech Republic\*

Indirectly, TCCS supported CZK 8.1 billion

- The impact upstream is CZK 4.4 billion, of which CZK 2.0 billion can be attributed to suppliers & CZK 2.4 billion to suppliers of suppliers
- The downstream value-added supported is CZK 3.7 billion, of which CZK 1.1 billion is VAT attributable to the System's sales; distributors and outlets benefited CZK 1.0 billion and distributors' and outlets' suppliers CZK 1.6 billion
- These figures only capture the incomes attributable to the Coca-Cola System (and not all the incomes at the System's suppliers and partnering distributors and outlets)

The total value-added is equivalent to 0.1% of the country's GDP in 2022\*\*

\*The manufacture of food, beverages and tobacco products sector in 2022 consisted of CZK 120 billion value-added in the Czech Republic (Eurostat with the average 2022 ECB exchange rate from EUR to CZK of 24.566)

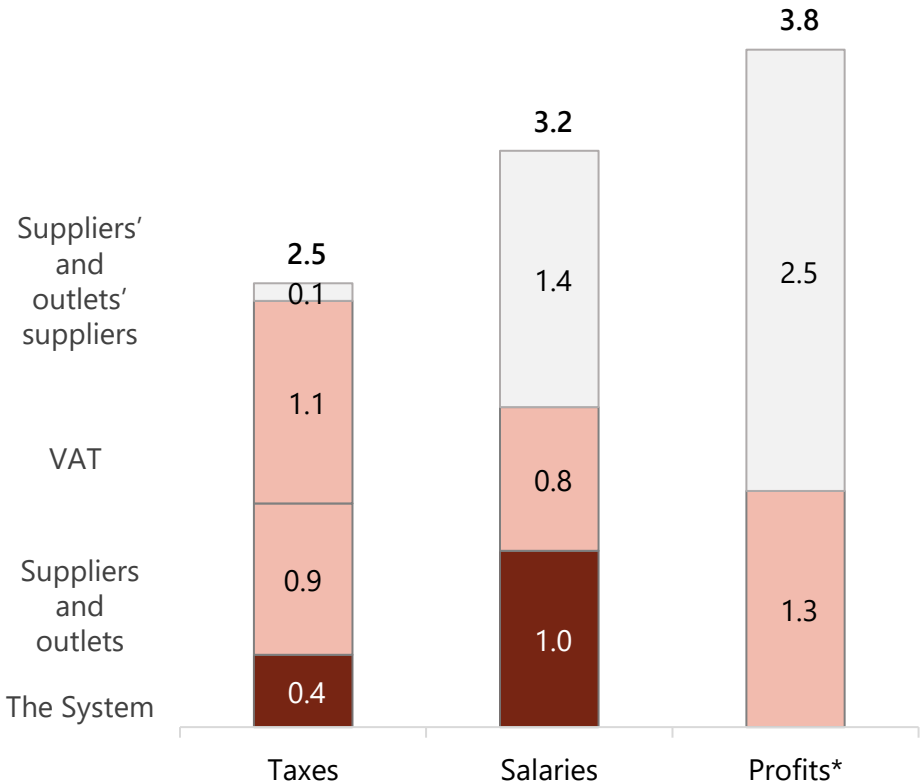
\*\*The total GDP for 2022 is CZK 6,788 billion with the average 2022 exchange rate from USD to CZK of 23.36 (World Bank)



# The value-added results can be broken down in different ways

## Value-added by beneficiary

CZK billion



## Highlights

The total value-added of CZK 9.5 billion can also be broken down by beneficiary

Tax payments supported by the Coca-Cola System throughout the value chain equal CZK 2.5 billion, of which CZK 0.4 billion was paid by the System.

- Taxes paid by the System include corporate direct and indirect taxes
- From the CZK 2.0 billion first round taxes, CZK 1.1 billion is VAT related to the sales of TCCS' beverages; the other CZK 0.9 billion is taxes paid by TCCS' suppliers, distributors and outlets
- The estimated tax for 2022 is 0.1% of the Czechian tax revenue\*\*

Households across the value chain benefited CZK 3.2 billion, of which CZK 1.0 billion was earned by the System's own employees

Czechian companies across TCCS' value chain made an estimated CZK 3.8 billion in profits from their cooperation with the System. This makes up the biggest part of TCCS' value-added activities in the country

\*Results disregard direct profits of the System

\*\*Tax revenue in the Czech Republic for 2022 was CZK 2,400 billion (Eurostat with the average 2022 ECB exchange rate from EUR to CZK of 24.566)



# The impact of the System is spread throughout many sectors of the economy



## Highlights

The manufacturing sector was the primary beneficiary with CZK 1.9 billion in value-added, with CZK 0.7 billion for suppliers of goods like sugar or packaging material

The trade sector benefited CZK 1.8 billion in value-added

- Of the CZK 1.2 billion value-added at the level of suppliers and outlets, CZK 717 million were estimated for off-trade channels (e.g. mom & pop stores, supermarkets), and CZK 261 million for on-trade channels (e.g. bars, hotels)

The business services sector benefited CZK 1.7 billion; with CZK 0.5 billion of that resulting from the System's own procurement

The transport sector benefited CZK 0.7 billion; CZK 0.4 billion value-added through the System's suppliers like logistic companies

The agriculture sector benefited CZK 0.1 billion indirectly, due to 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 outlets or other value chain partners

\*Value-added by sector excluding VAT

\*\*The Coca-Cola System itself does not procure agriculture products directly, therefore the results are in the 2<sup>nd</sup> level indirect effects, related to the procurement of the System's suppliers, distributors and outlets



# TCCS supported 7,100 employment opportunities throughout its value chain

## Employment

Thousands of people



## Highlights

The value chain employment of TCCS is estimated at 7,100 representing 0.1%\* of total employment in the Czech Republic

The Coca-Cola System generated 751 direct jobs. Indirectly, it supported additional estimated 6,300 employment opportunities, of which

- 3,600 upstream (1,800 across its own Czechian suppliers, and 1,800 at the level of the suppliers of its suppliers)
- 2,700 downstream (1,300 across the distributors and outlets selling its beverages, and 1,400 across distributors' and outlets' suppliers)
- These figures only capture the value chain jobs attributable to the Coca-Cola System (and not all the jobs at the Coca-Cola System's suppliers and partnering outlets)

For each direct job at the Coca-Cola System, there were 8 jobs supported elsewhere along the value chain, of which 5 upstream via local procurement, and 3 downstream via sales

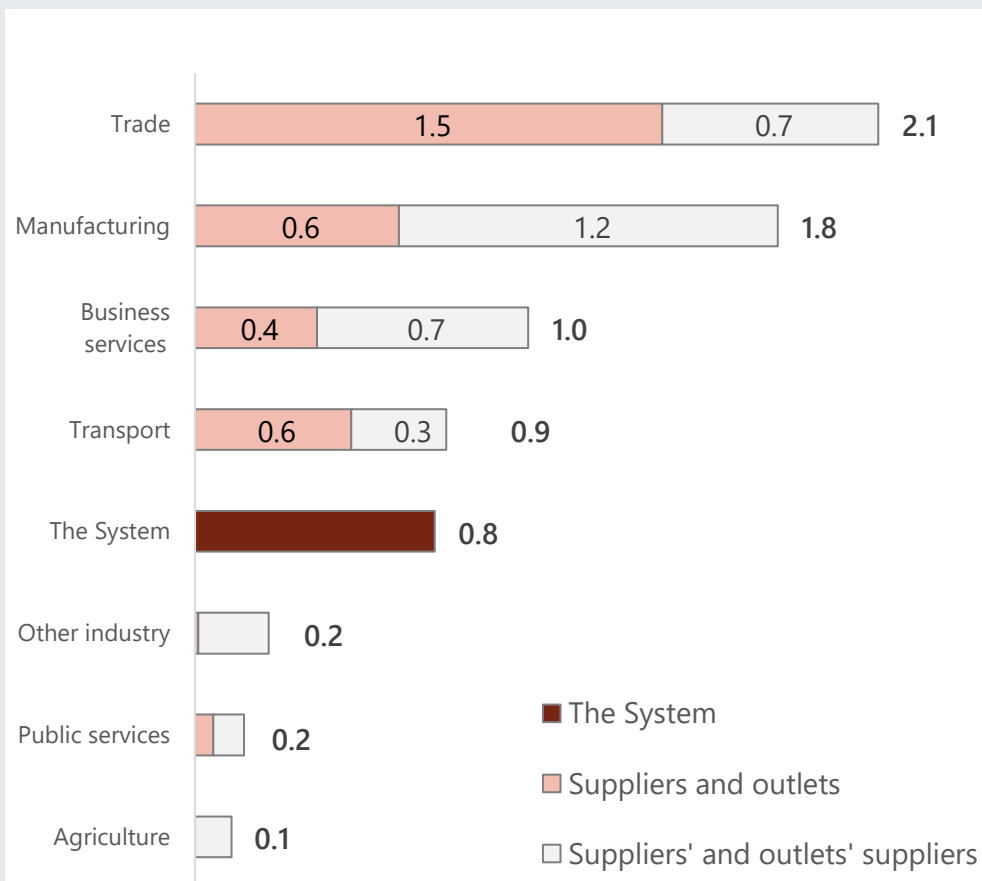
\*Total employment was estimated at 5.1 million people in 2022 (ILO)



# Most supported jobs are in the trade sector

## Employment

Thousands of people



## Highlights

TCCS contribution to direct jobs is 751 but due to their procurement and sales activities it's contribution to employment supported in the trade, manufacturing, business services and transport sectors exceeds the number of direct jobs

The largest impact in terms of employees is in the trade sector

- In total, some 2,100 jobs were supported in the sector, or 0.3% of the total people employed in the trade sector in the country\*
- 1,500 jobs were mostly spread across distributors, and employees of outlets selling Coca-Cola beverages; 700 of these were estimated at FC outlets (e.g. mom & pop stores, supermarkets), and 600 at IC outlets (e.g. on premise, such as bars, hotels, restaurants)

At the manufacturing and business services sectors some 1,800 and 1,000 employment opportunities respectively were related to the System

The Coca-Cola System supported 100 jobs in the agriculture sector. The value-added results of these are all at the level of the suppliers of TCCS's direct suppliers, distributors and outlets

\* Total number of people employed in Wholesale and retail trade sector in 2022 are 741,550 according to Eurostat (2022)



# steward redqueen

Teerketelsteeg 1  
1012 TB Amsterdam, the Netherlands  
Tel: +31.(0)23.553.0400

[www.stewardredqueen.com](http://www.stewardredqueen.com)  
[info@stewardredqueen.com](mailto:info@stewardredqueen.com)

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## Annex A: notes on the scope of the study

List of countries where production and/or sales activities of the System were taken into account

- Austria
- Belgium
- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Estonia
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Kosovo
- Latvia
- Lithuania
- Luxembourg
- Moldova
- Montenegro
- Netherlands
- North Macedonia
- Italy
- Norway
- Poland
- Portugal
- Romania
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Ukraine
- United Kingdom

# Annex B: The Social Accounting Matrix is the heart of the methodology

