

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

Final report



# Key findings on the System's impact in 2022

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



**5 sites\***

enable the sale of Coca-Cola beverages in Slovakia



**139 million litres**

sold in the country, equal to 24 m UCs



**€ 174 million**

worth of goods and services purchased from Slovakian suppliers



**€ 265 million**

Value-added supported in the economy across the value chain



**0.3%**

contribution to Slovakia's gross domestic product



**€ 90 million**

supported in tax payments across the value chain



**131**

people employed directly by the System in Slovakia



**7,100**

employment opportunities supported indirectly in the value chain



**0.3%**

contribution to employment in Slovakia

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





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# **This study reports on the 2022 impact supported in Slovakia 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 Slovakia

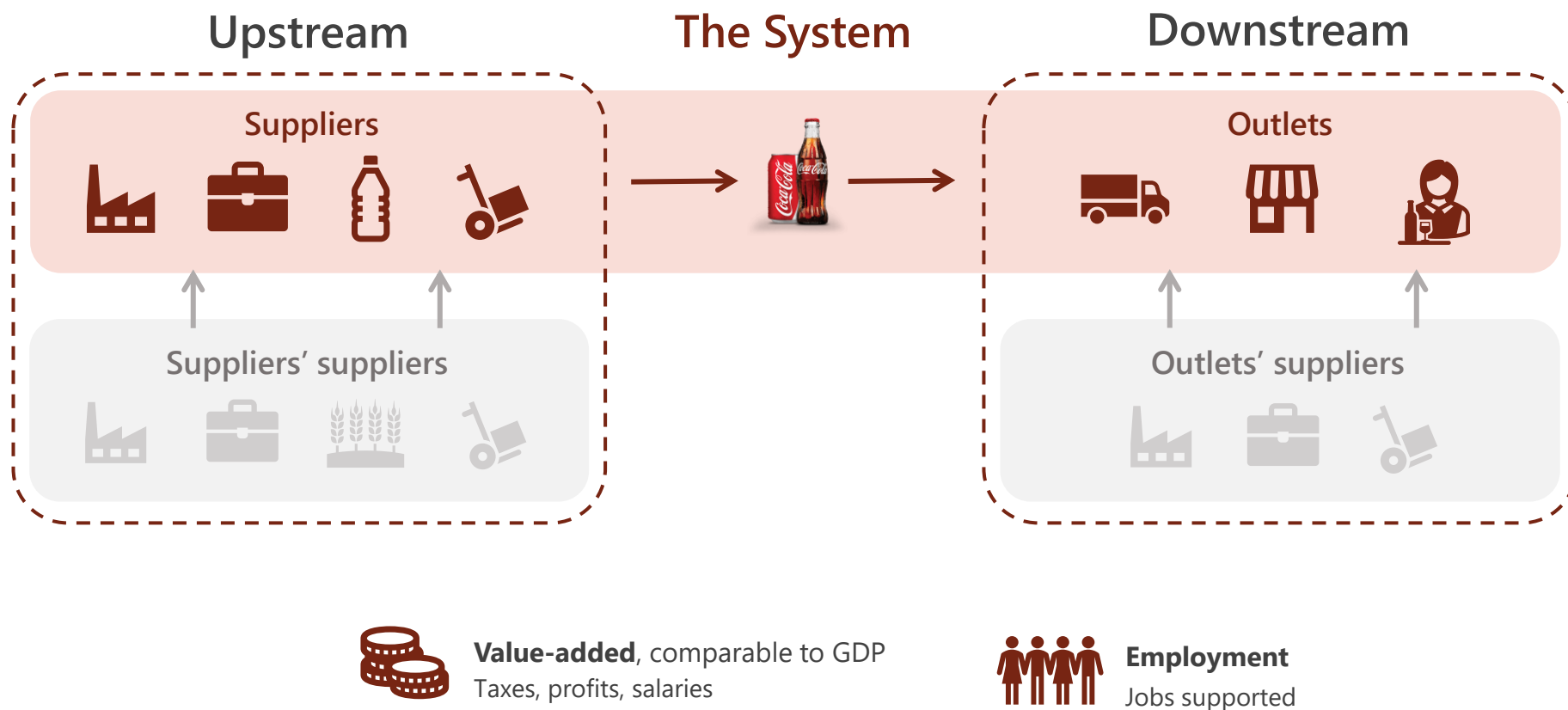
This report captures the 2022 impacts supported in Slovakia by the System's European\* operations

- The impact results presented in this study are part of a broader study on the impacts of the System in Europe
- This is the first study for TCCS in Slovakia
- 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

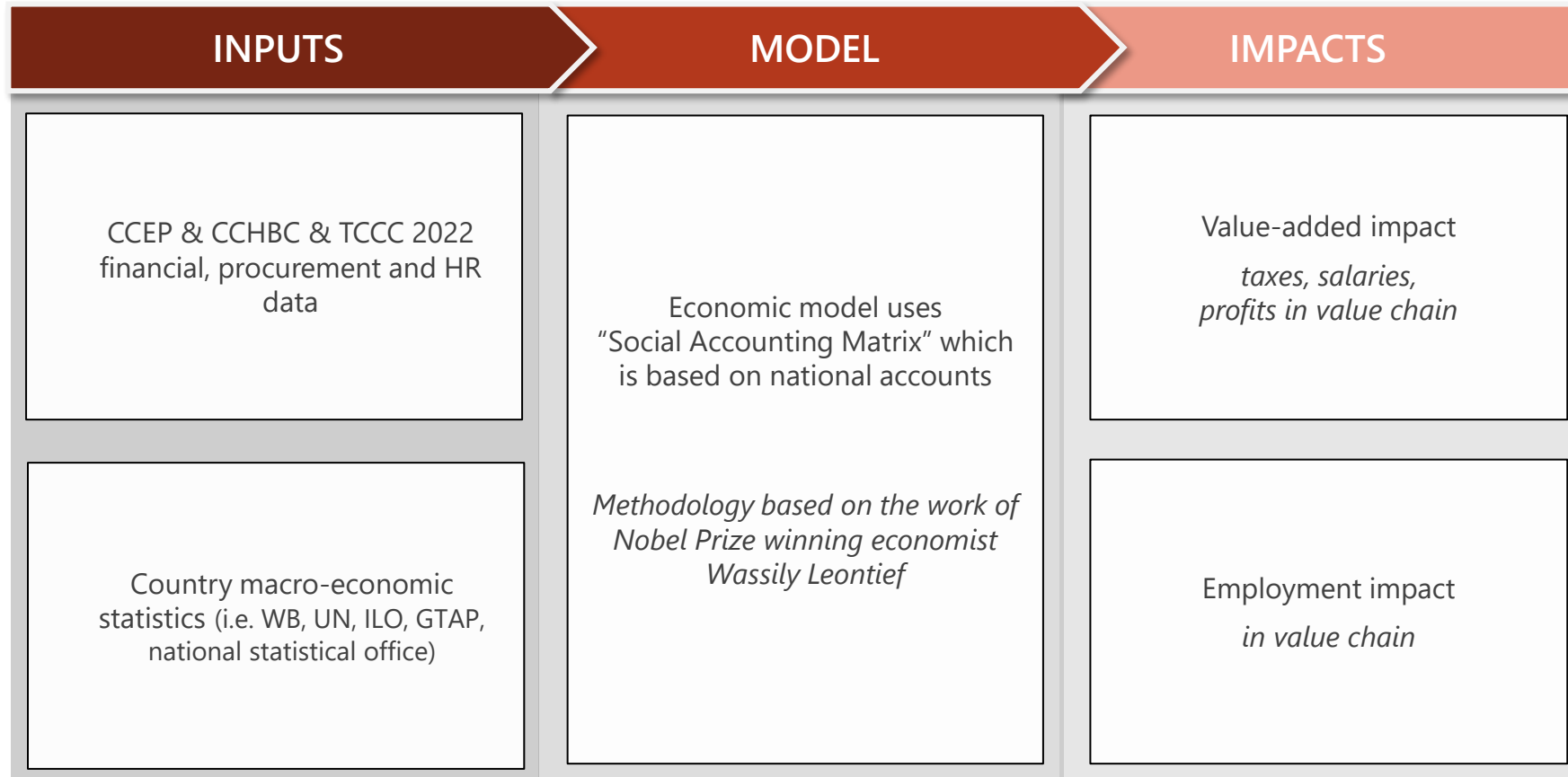


# The study quantifies the Coca-Cola System's impact along its value chain





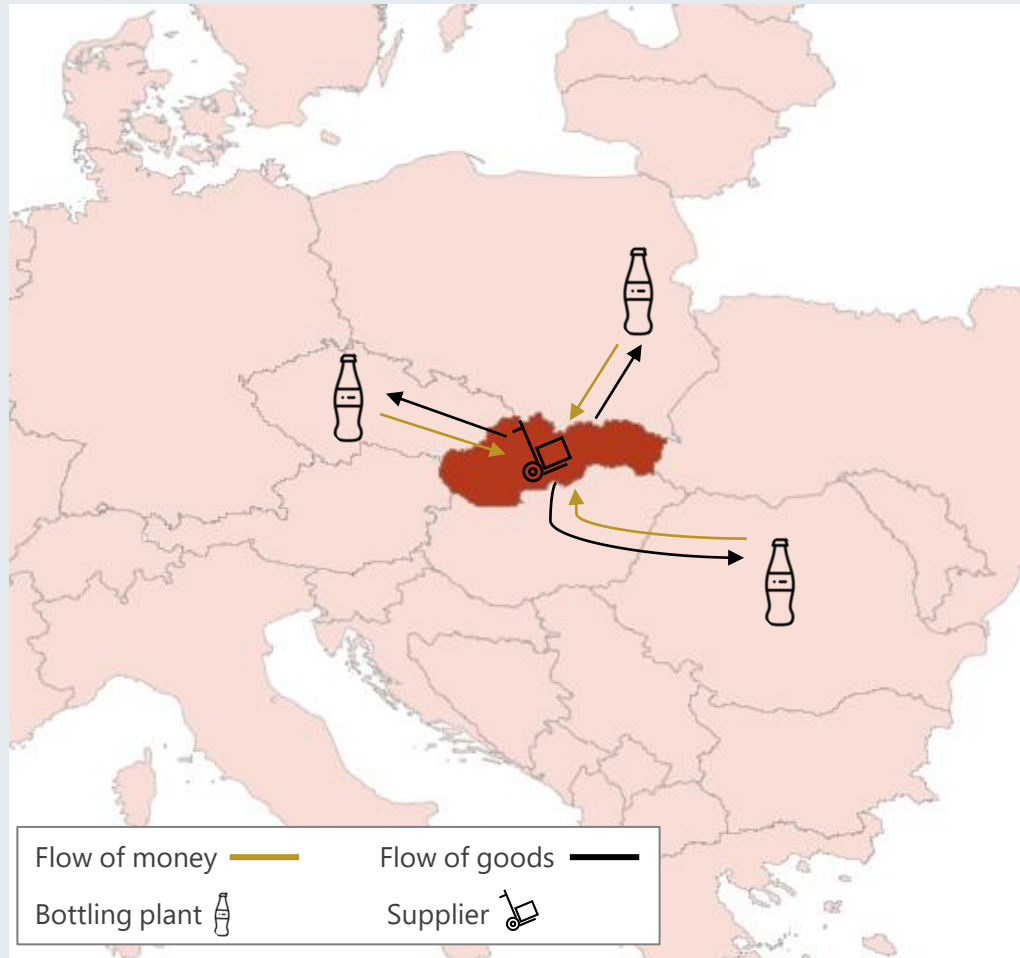
# The model combines Coca-Cola System financials and official statistical data to quantify impacts





# 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 Slovakia and outlined in this report are driven by

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





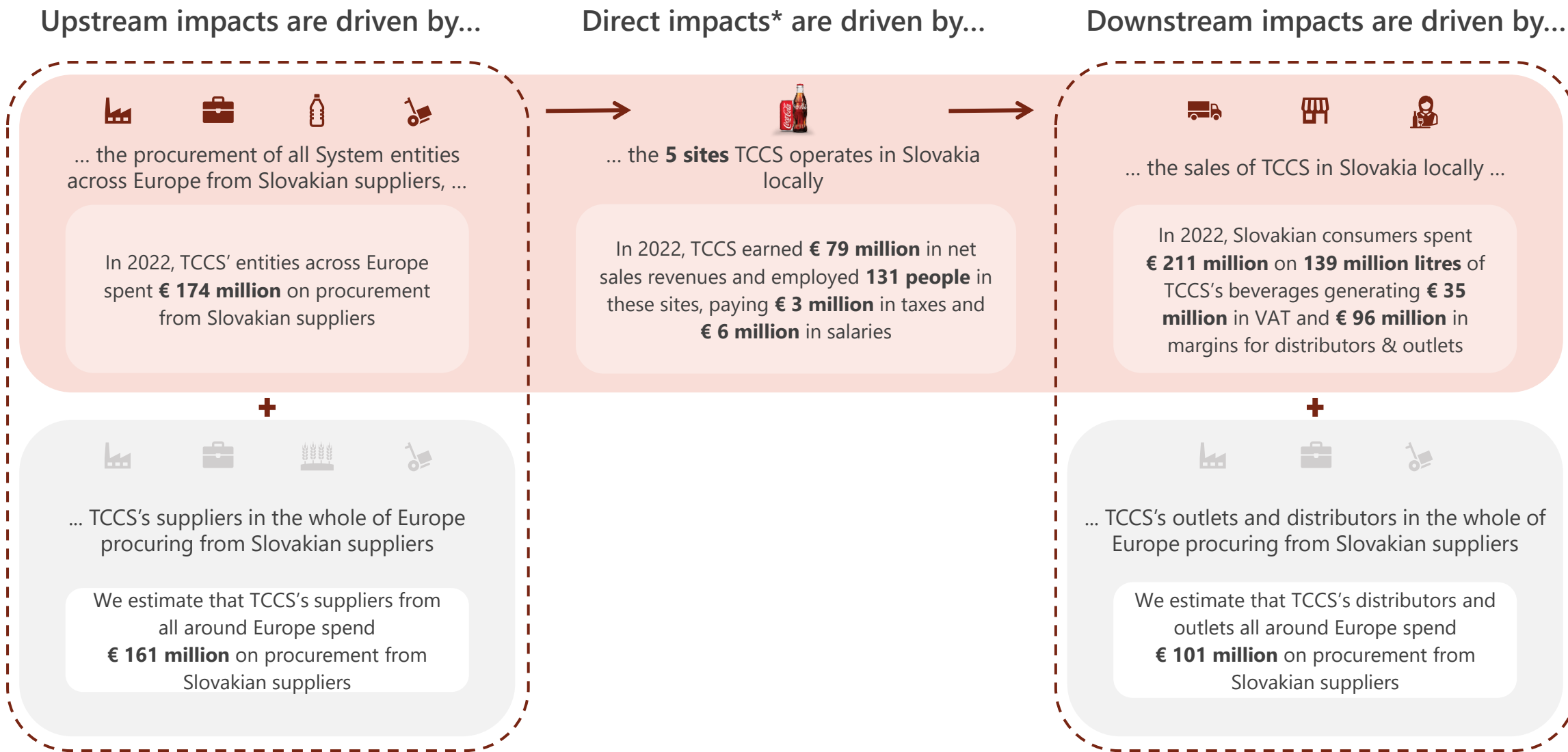
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# Upstream impacts are driven by local and European entities, while direct and downstream impacts are driven by local entities

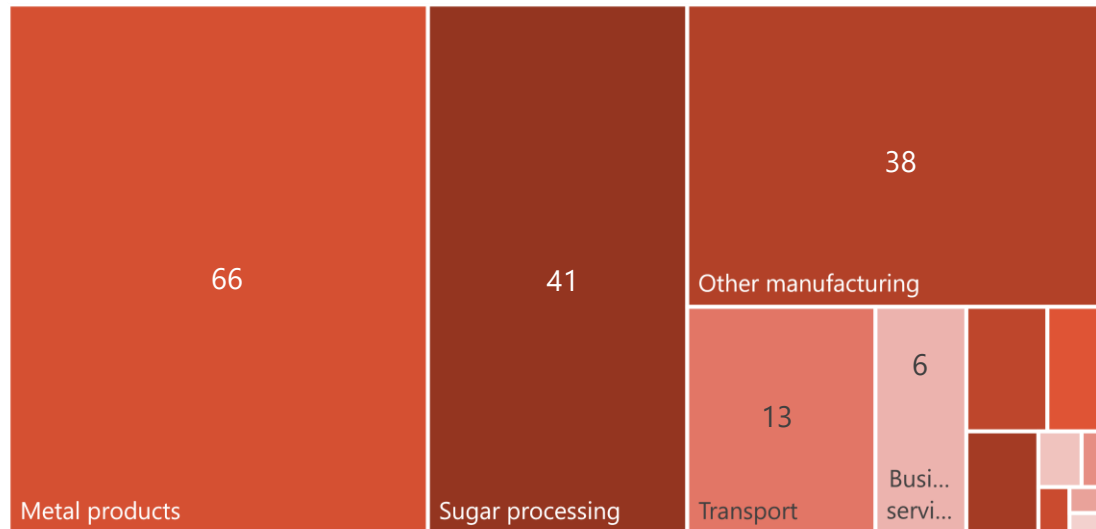


\*Direct impacts only include salaries and taxes, excluding direct profits.



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

**Breakdown of procurement in Slovakia**  
EUR million

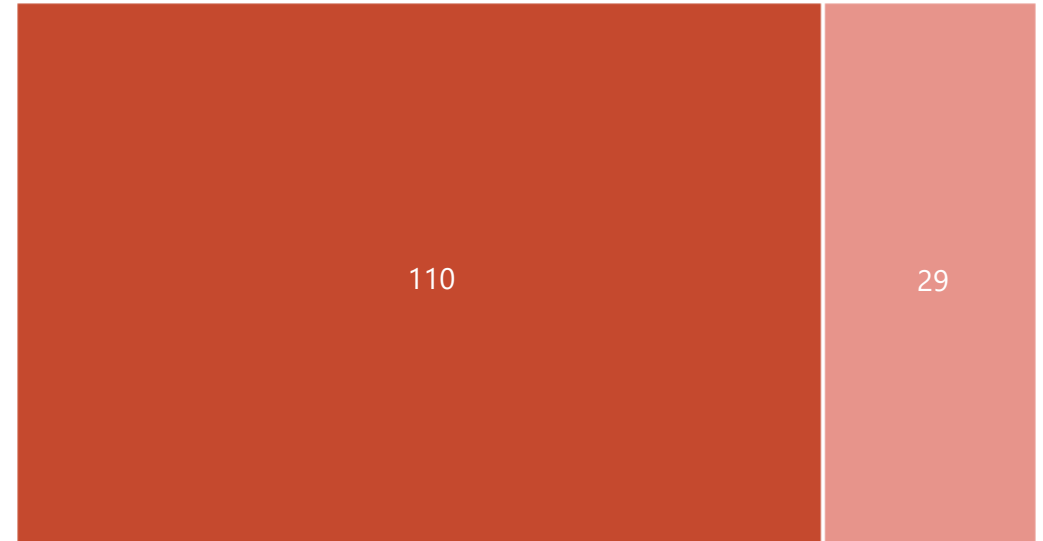


By sourcing goods and services from Slovakian suppliers, TCCS supports impact upstream in its value chain

In 2022, TCCS spent € 174 million to purchase goods and services from Slovakian suppliers

This is equal to 1% of total procurement expenses carried out by the System in Europe

**Breakdown of volume**  
Million litres



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

Immediate Consumption  
(On premise, petroleum)

Sales of beverages support impacts downstream in the value chain

In 2022, TCCS sold 139 million litres of beverages in Slovakia, of which 79% via FC channels and 21% via the IC channels

This is equal to 1% of total litres of beverages sold by the System throughout Europe

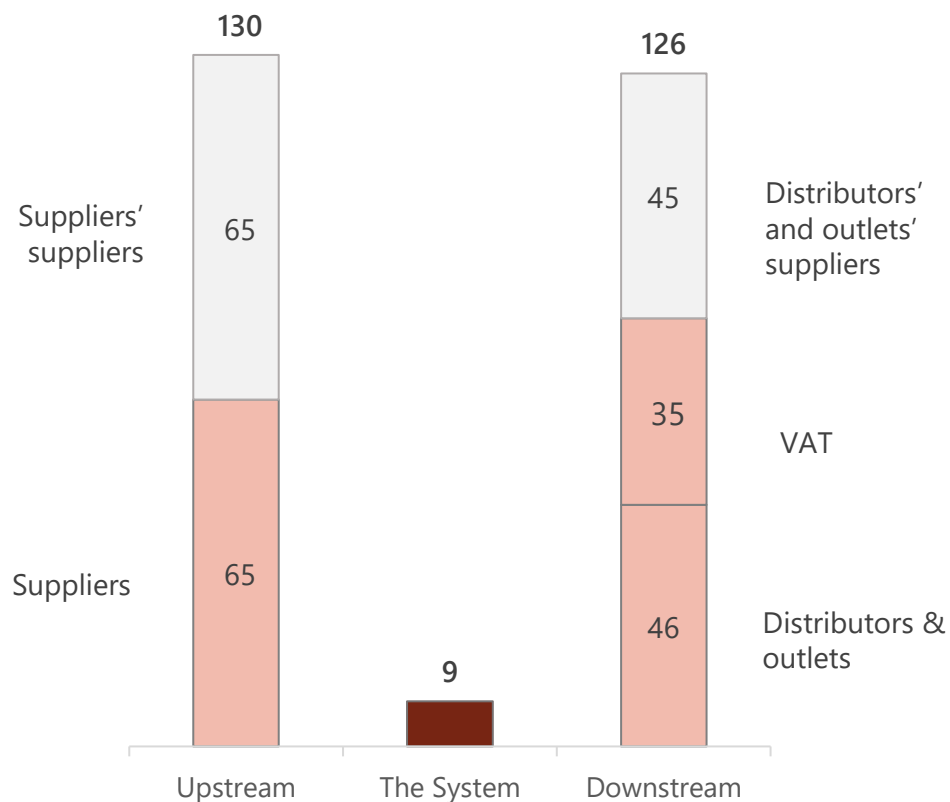




# TCCS supports € 265 million in value-added across its value chain

## Value-added by value chain link

EUR million



## Highlights

TCCS directly generated € 9 million in incomes

- These include the salaries paid and the taxes born by TCCS
- This equals 1% of the food, beverage and tobacco manufacturing industry value-added in Slovakia\*

Indirectly, TCCS supported € 256 million of value across its value chain

- The impact upstream is € 130 million, of which € 65 million can be attributed to suppliers & € 65 million to their suppliers of suppliers
- The downstream value-added supported is € 126 million, of which € 35 million in VAT attributable to TCCS's sales; distributors and outlets benefited € 46 million & suppliers of distributors and outlets € 45 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 distributors and outlets)

The total value-added is equivalent to 0.3% of the country's GDP in 2022\*\*

\*The manufacture of food, beverages and tobacco products sector in 2022 consisted of € 1.6 billion value-added in Slovakia (Eurostat)

\*\*The total GDP for 2022 is € 110 billion (Eurostat)

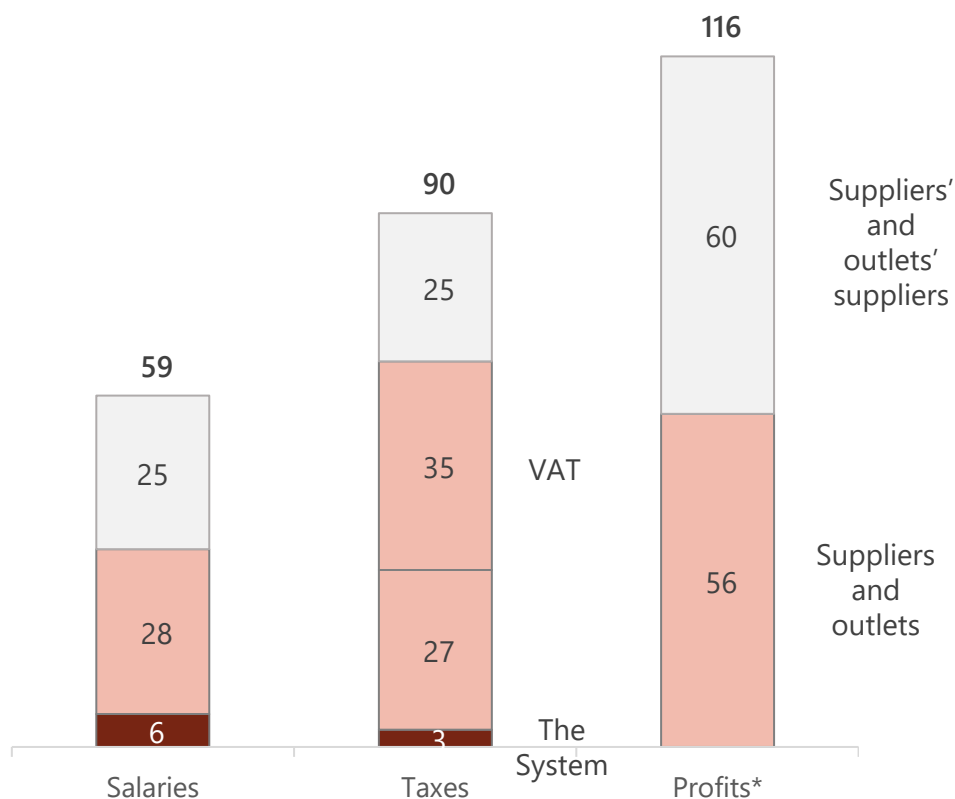




# The value-added results can be broken down in different ways

## Value-added by beneficiary

EUR million



## Highlights

The total value-added of € 265 million can also be broken down by beneficiary

Households across the value chain benefited € 59 million, of which € 6 million was earned by the System's own employees

Tax payments supported by the Coca-Cola System throughout the value chain equal € 90 million, of which € 3 million was paid by the System.

- Taxes paid by the System include direct and indirect taxes
- From the € 62 million first round taxes, € 35 million is VAT related to the sales of TCCS' beverages; the other € 27 million is taxes paid by TCCS' suppliers, distributors and outlets
- The estimated tax revenue for 2022 is 0.3% of Slovakia's tax revenue\*\*

Slovakian companies across TCCS' value chain made an estimated € 116 million 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 Slovakia for 2022 was € 38 billion (Eurostat)

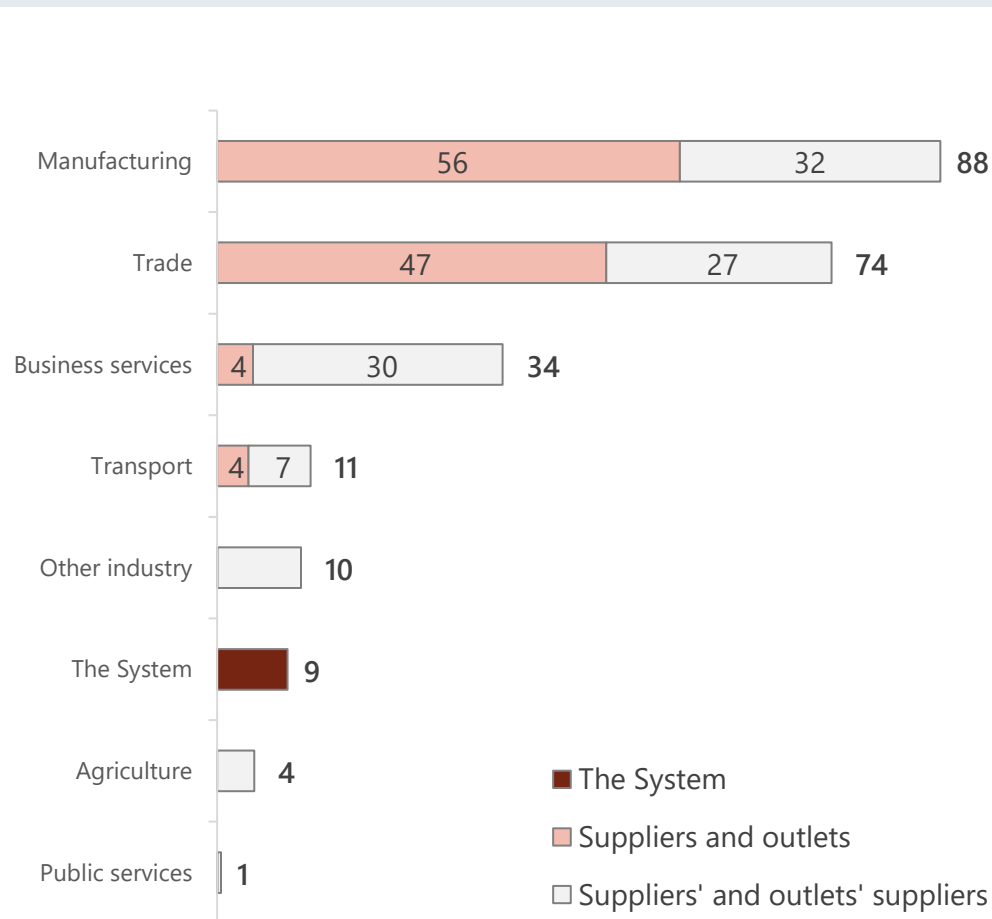




# The impact of the System is spread throughout many sectors of the economy

## Value-added by sector\*

EUR million



## Highlights

The manufacturing sector was the primary beneficiary with € 88 million, of which € 56 million for the Coca-Cola System's suppliers of goods such as sugar, packaging materials and machinery parts

The trade sector benefited € 74 million in value-added

- Of the € 47 million value-added at the level of suppliers and outlets, € 13 million were estimated for off-trade channels (e.g. mom & pop stores, supermarkets), and € 33 million for on-trade channels (e.g. bars, hotels)

The business services sector benefited € 34 million; with € 4 million of that resulting from the System's own procurement

The transport sector benefited € 11 million; these can be split up in € 4 million value-added through the System's suppliers such as trucking or logistic companies

The agriculture sector benefited € 4 million 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

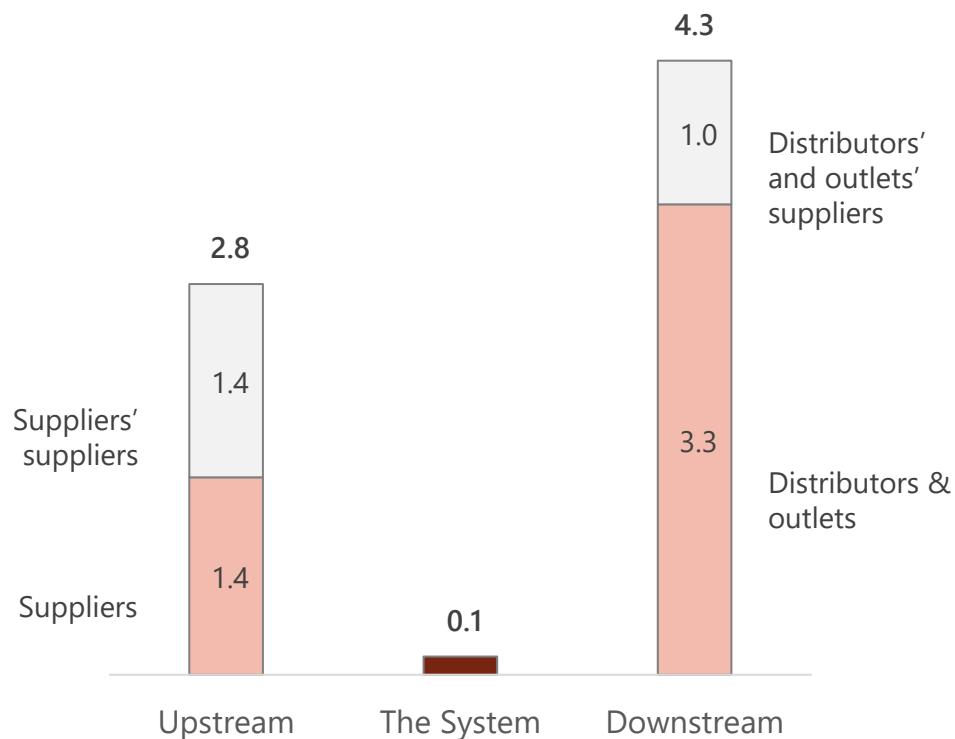




# TCCS supported 7,200 employment opportunities throughout its value chain

## Employment

Thousands of people



## Highlights

The value chain employment of TCCS is estimated at 7,200, representing 0.3%\* of total employment in Slovakia

The Coca-Cola System generated 131 direct jobs. Indirectly, it supported additional estimated 7,100 employment opportunities, of which

- 2,800 upstream (1,400 across its own Slovakian suppliers, and 1,400 at the level of the suppliers of its suppliers)
- 4,300 downstream (3,300 across the distributors and outlets selling its beverages, and 1,000 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 distributors and outlets)

\*Total employment was estimated at 2.4 million people in 2022 (ILO)

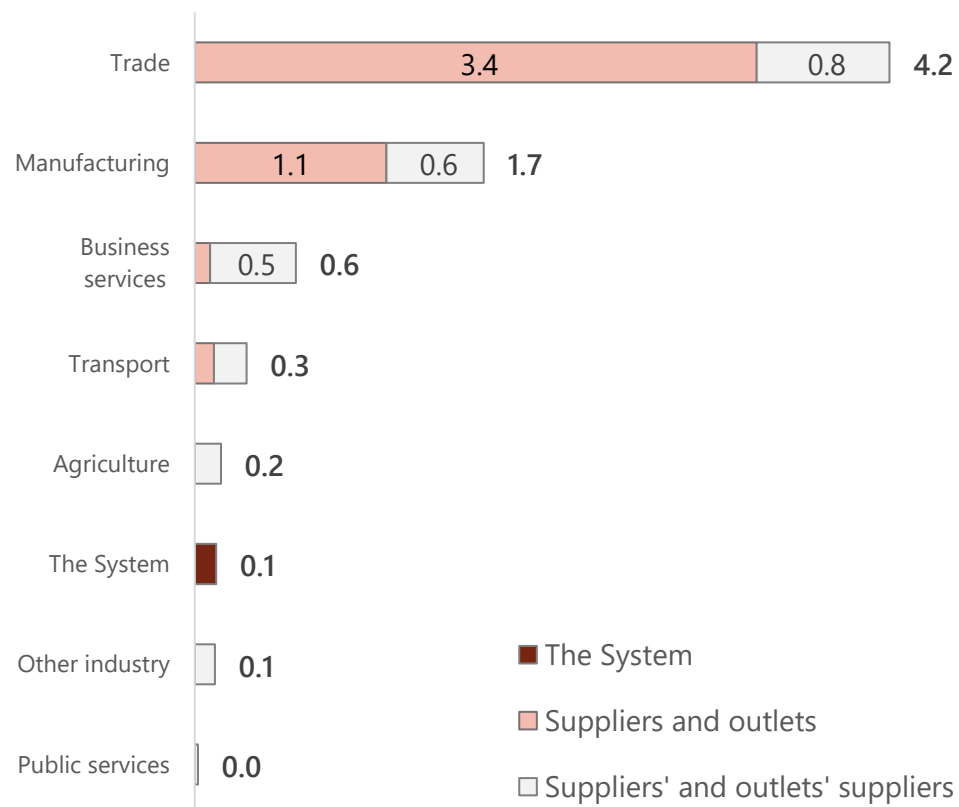




# Most supported jobs are in the trade sector

## Employment

Thousands of people



## Highlights

TCCS contribution to direct jobs is 131 but due to their procurement and sales activities it's contribution to employment supported in all sectors except public services and other industries exceeds number of direct jobs

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

- In total, some 4,200 jobs were supported in the sector, or 1.1% of the total people employed in the trade sector in the country\*
- 3,400 jobs were spread mostly across distributors, and employees of outlets selling Coca-Cola beverages; 300 of these were estimated at FC outlets (e.g. mom & pop stores, supermarkets), and 3,000 at IC outlets (e.g. on premise, such as bars, hotels, restaurants)

At the manufacturing and business services sectors some 1,700 and 600 employment opportunities respectively were related to the System. 300 jobs were supported in the transport sector

The Coca-Cola System supported 200 jobs in the agriculture sector. As for the value-added results, these are all at the level of the suppliers of TCCS's direct suppliers and partnering outlets

\* Total number of people employed in the wholesale and retail trade sector in 2022 are 379,010 according to Eurostat (2022)



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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
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Ukraine
- United Kingdom

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

