



The Coca-Cola System's 2023 impact in Austria




- 1. Introduction**
- 2. Economic impact**
- 3. Annex: Methodology**



1. Introduction

2. Economic impact

3. Annex: Methodology



This study reports on the 2023 impact of the Coca-Cola System in Austria

Introduction

The Coca-Cola System's impact spans beyond its factories and offices, across its local value chain

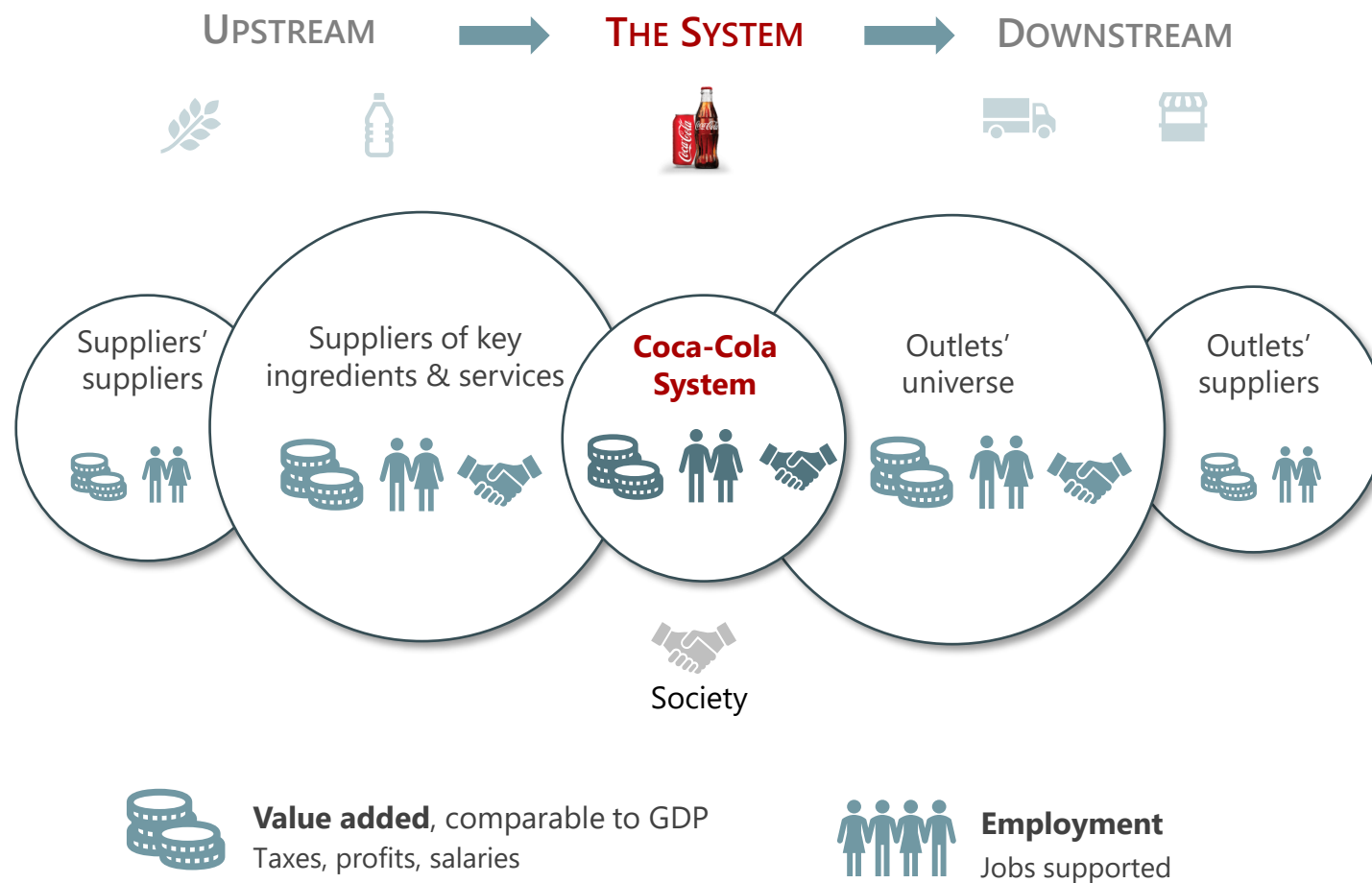
The Coca Cola System (TCCS) commissioned this assessment to gain insights into the magnitude of its direct, indirect & induced impact on incomes and employment in Austria

The scope of this study covers the 2023 economic and sustainability impact of TCCS in Austria

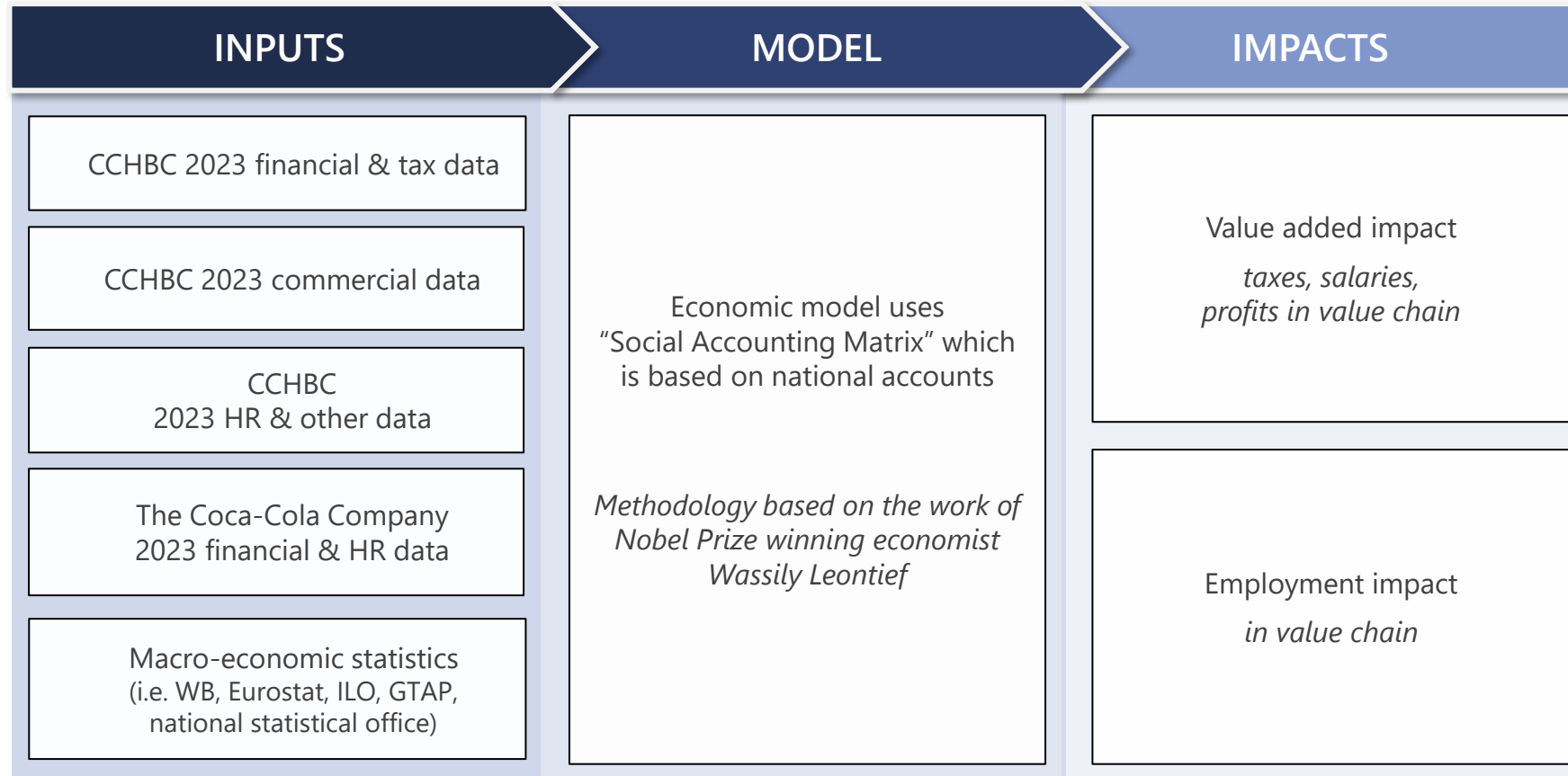
- This is the third study we execute for TCCS in Austria
- The study covers the activities of both the Coca-Cola Hellenic Bottling Company and The Coca-Cola Company
- This study's scope is not exhaustive; it does not quantify on social indicators

The assessment is based on the 'input-output' methodology which was developed by the Nobel Prize winning economist Wassily Leontief and is commonly used by economists worldwide 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



Key findings on TCCS' impact in 2023

TCCS adds value to the economy of Austria, and supports quality employment opportunities



2 plants

enable the production and sale of Coca-Cola beverages in Austria



471 million litres

sold in Austria, equal to 83m UCs, and an additional 0.2m UCs that were exported. In total, 69m UCs were locally produced.



€142 million

worth of goods and services purchased from domestic suppliers



€1,296 million

value added supported in the economy across the value chain



0.3%

contribution to Austrian gross domestic product



€689 million

supported in tax payments across the value chain



909

people employed directly by TCCS in Austria



14,300

employment opportunities supported in the value chain



1:16

For each direct job at TCCS, there are 16 others supported elsewhere in Austria



1. Introduction

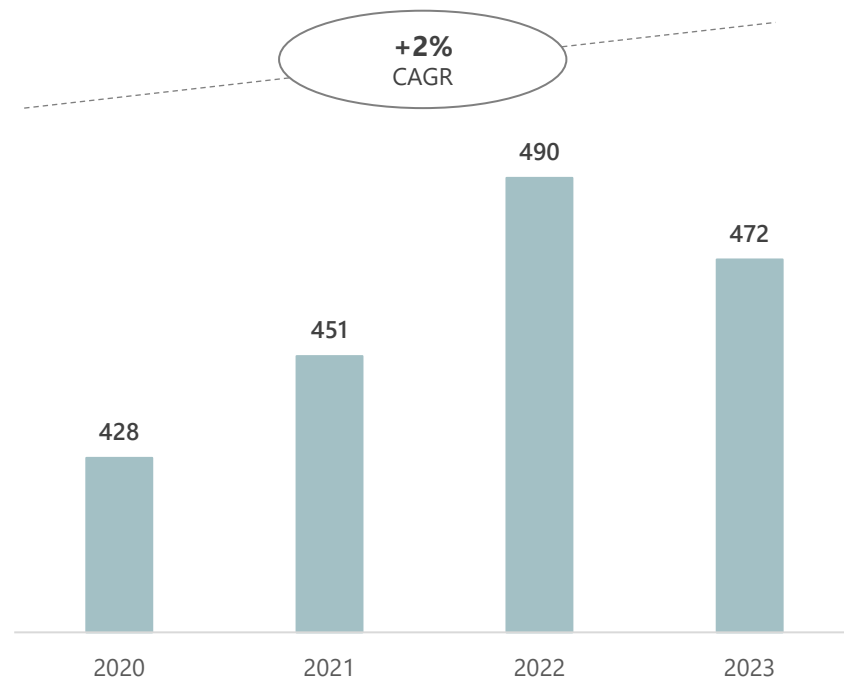
2. Economic impact

3. Annex: Methodology

Since 2020, CCHBC has grown in terms of volumes and revenues

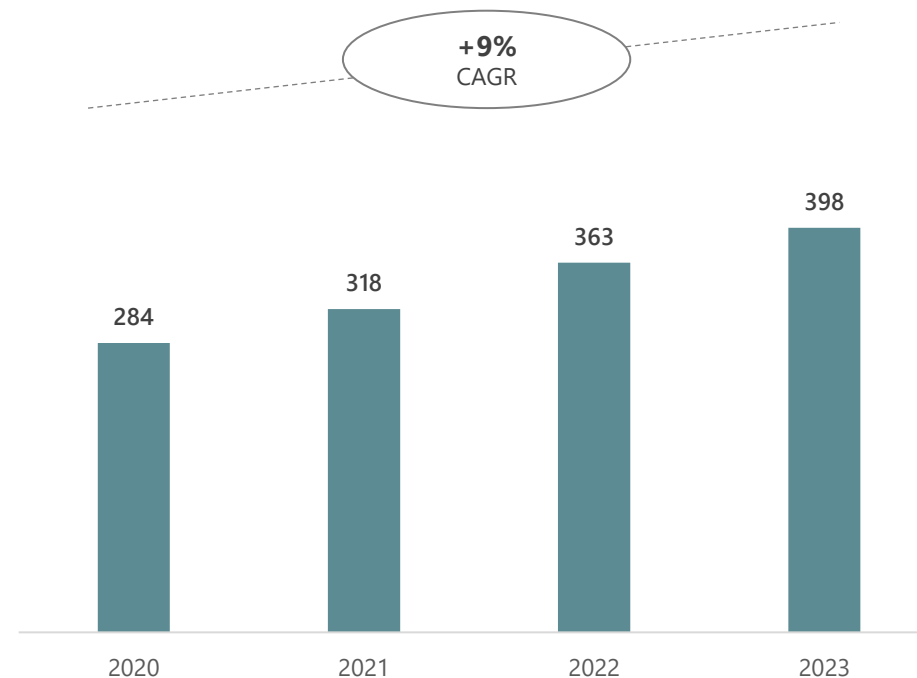
Volumes

Million litres



Net sales revenues

EUR million



After a strong post-Covid rebound in 2022, 2023 was marked by a 3.7% reduction in volumes. Nevertheless, revenues saw a 9% growth

In 2023, consumers in Austria spent EUR 1,631 million on TCCS's products

In 2023, consumers spent
EUR 1,631 million
on
471 million litres*
of TCCS' beverages



EUR 272 m

Value added tax on final product price



EUR 962 m

Markups for outlets and distributors



EUR 397 m

CCHBC local net sales revenues

+ Export sales and expenses by TCCC

DRIVERS OF DOWNSTREAM IMPACT

- VAT on the final consumer price is collected by the government
- The money trade partners make allow them to hire people, pay taxes and salaries, and accumulate savings, and further purchase the goods and services required for their own operations

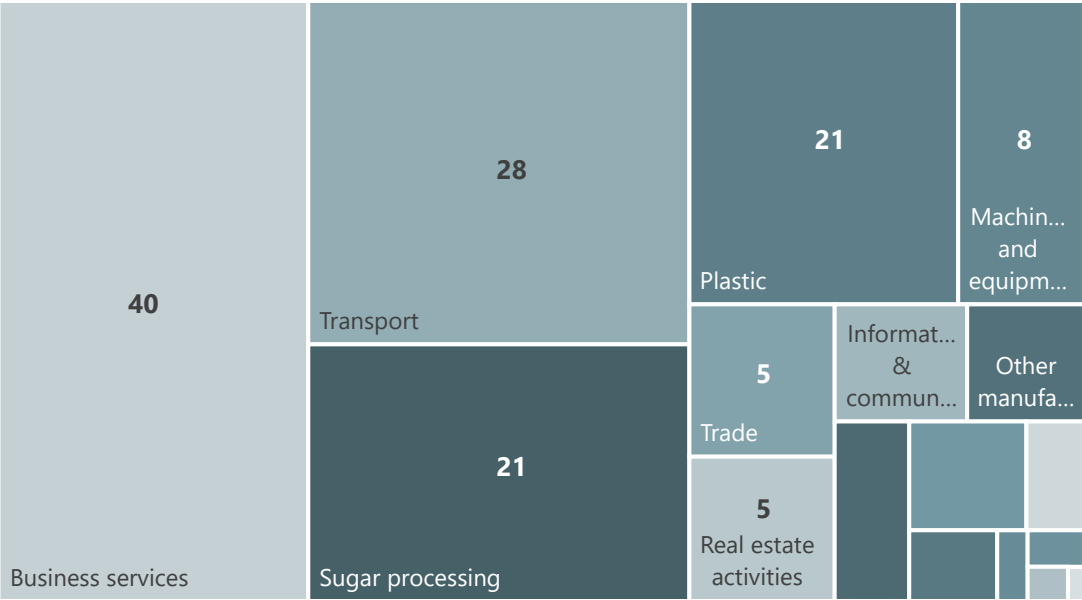
DRIVERS OF UPSTREAM IMPACT

- TCCS pays taxes and salaries, and hires people in Austria
- The money it spends on domestic vendors allow them to hire people, pay taxes and salaries, accumulate savings, and further purchase the goods and services required for their own production

*Refers to volumes sold in Austria, excluding exports to other markets. While the production of volumes for exports (1.1 m liters) is included in the upstream impacts, their sale is out of scope as it takes place outside of Austria

In 2023, TCCS spent €142 million to purchase goods and services from domestic suppliers and sold 471 million litres of beverages in the country

Breakdown of local procurement
EUR million

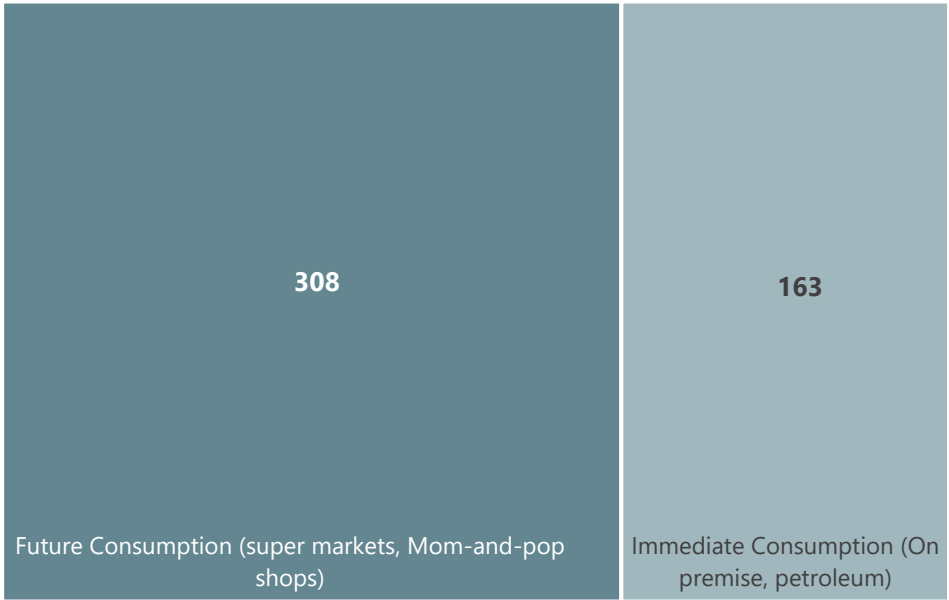


Size of square indicates the magnitude of procurement per sector

By sourcing goods and services locally, TCCS supports impact upstream in its value chain

29% of the €142 million TCCS spent on local procurement was invested in business services, another 20% of total procurement was spent transport and 15% on sugar processing

Breakdown of volume
Million litres



Size of square indicates the magnitude of volume sold per channel

Sales of beverages support impacts downstream in the value chain

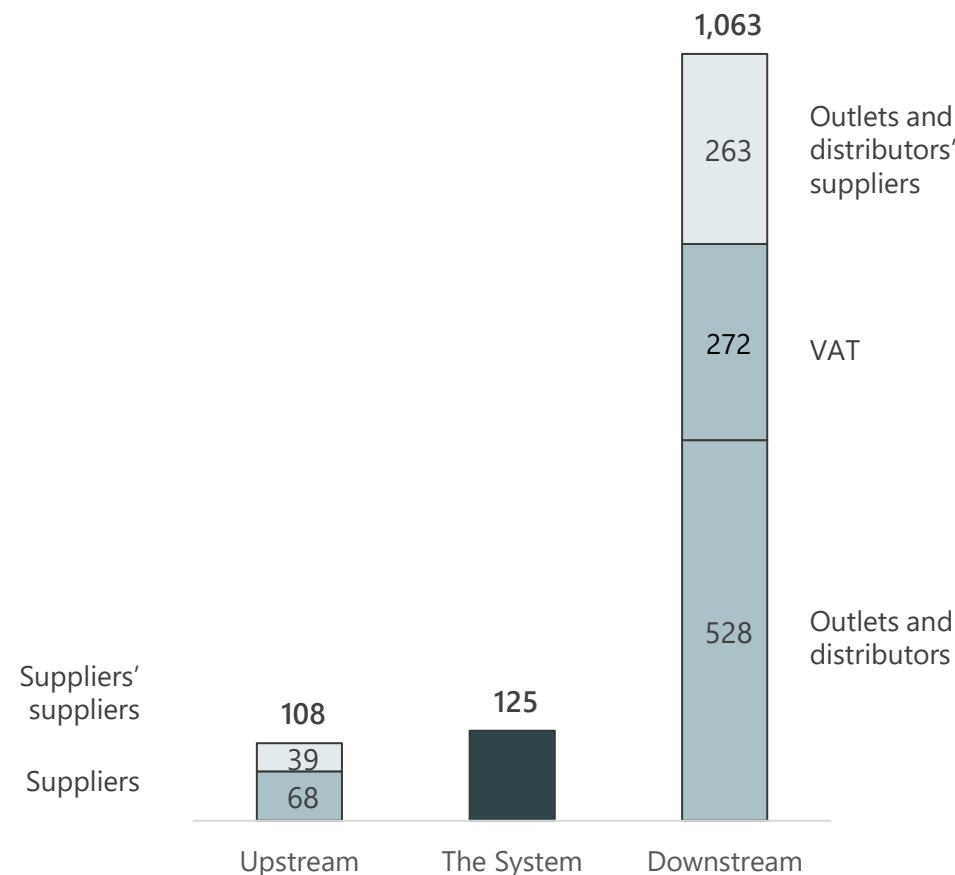
In 2023, TCCS sold 471 million litres of beverages in Austria, of which 65% via FC channels and 35% via the IC channels



TCCS supports €1,296 million in value added across its value chain

Value added supported

EUR million



Highlights

TCCS directly generated €125 million in incomes

- These include the salaries paid and the taxes born and collected* by TCCS
- Profits are not included

Indirectly, TCCS supported €1,171 million

- The predominant impact is downstream (€1,063 million), where TCCS's products distribution and sales enable VAT of €272 million, outlet and distribution partners benefit €528 million, and their suppliers benefit another €263 million
- Another €108 million in value is supported upstream, at the level of its first-tier suppliers and at the level of their suppliers
- These figures only capture the incomes attributable to TCCS (and not all the incomes at their suppliers and partnering outlets)

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

For each €1 spent by consumers on TCCC's beverages, 79 cents remain in Austria in the form of income. Out of these, 42 cents go towards the government in the form of taxes, 20 cents to households as salaries and 17 cents to companies as profit.

* This excludes the net VAT collected by CCHBC. That amount is included in the 272 million cumulative VAT across the value chain and is excluded from the System's taxes to avoid double-counting.

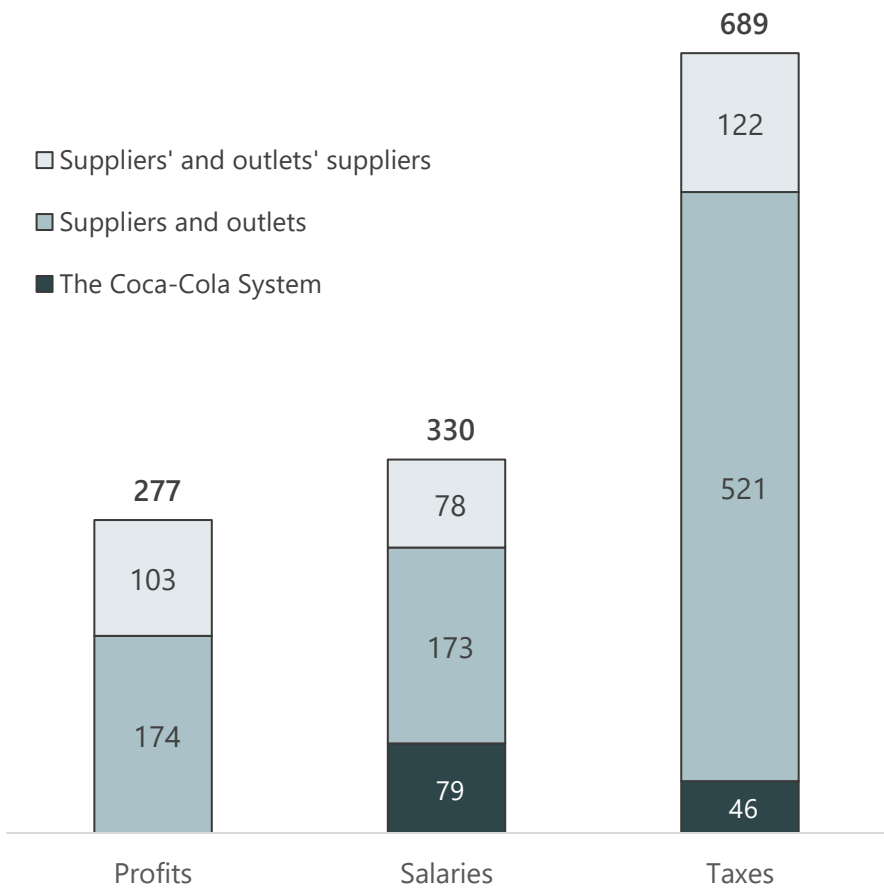
**2023 GDP of €477 billion (Eutostat)



The biggest share of the value added is taxes for the state

Value added supported

EUR million



Highlights

The total value added of €1,296 million can also be broken down by beneficiary

Tax payments supported by TCCS throughout the value chains equal €689 million, making the Austrian state the biggest beneficiary from TCCS' activities in the country

- The €46 million taxes paid by TCCS directly include payroll tax, corporate income tax, excise tax, planet taxes, people taxes borne and collected, import duties and motor vehicle taxes
- From the €521 million first round taxes, €272 million is cumulative VAT related to the sales of TCCS' beverages; the other €249 million is taxes paid by TCCS' vendors and partner outlets
- The total value chain tax amount equals 0.3% of Austria's tax revenue*

Households across the value chain benefited €330 million, of which €79 million was earned by the TCCS's own employees

TCCS and the companies across its value chain made an estimated €277 million in profits

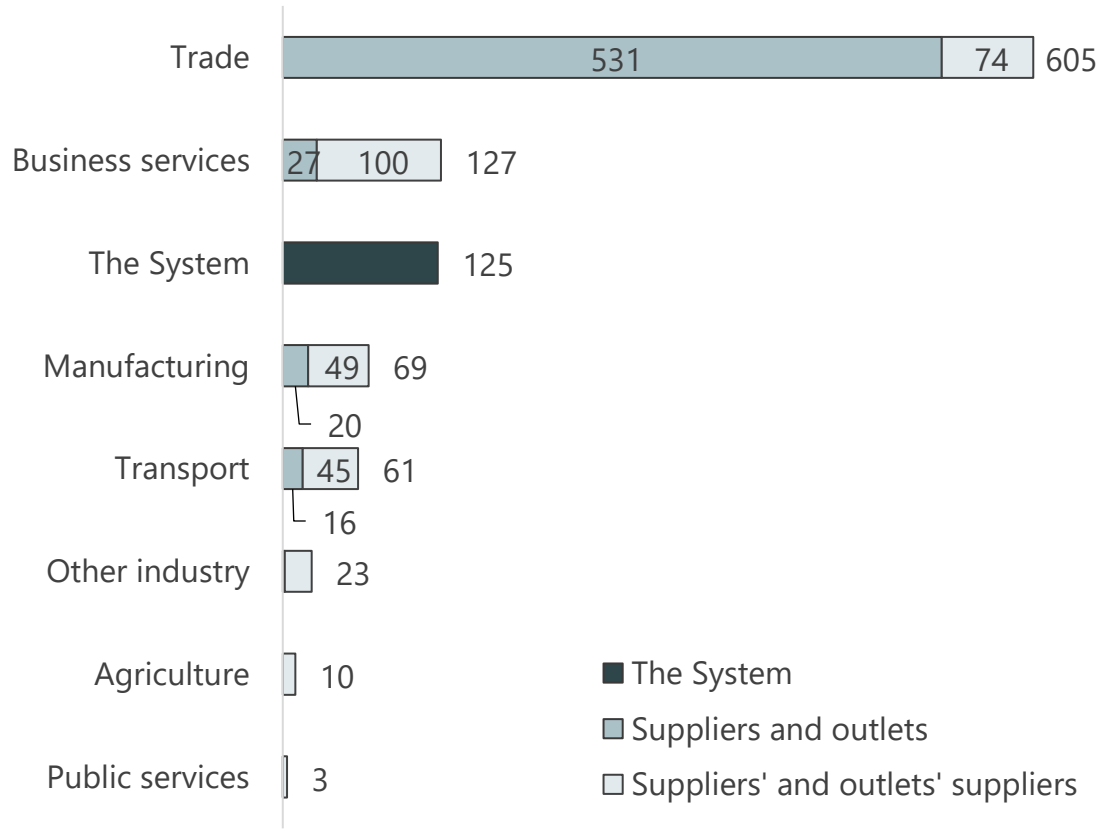
*Total tax revenue for 2023 in Austria amounts to €206 billion (National Statistics Office)



The impact of the TCCS is spread throughout many sectors

Value added supported*

EUR million



Highlights

The trade sector is one of the biggest beneficiaries of TCCS's activities, with €605 million in value added, due to the distribution and sales activities of the System in Austria

The business services sector benefited €127 million; of this €27 million was at the level of the TCCS's domestic vendors in the areas of marketing, advertising, and other professional services

The manufacturing sector benefited €69 million, of which €20 million for TCCS's first round suppliers of goods such as sugar, packaging materials, machinery parts

The transport sector benefited €61 million; these can be split up in € 16 million value-added through TCCS's suppliers such as trucking or logistic companies, and €45 million through their respective suppliers

The agriculture sector benefited €10 million, indirectly, due to the sourcing of agriculture products from TCCS's supply chain partners; these are, for example, farmers supported by the procurement of agri-goods by outlets or other value chain partners

*Excluding VAT

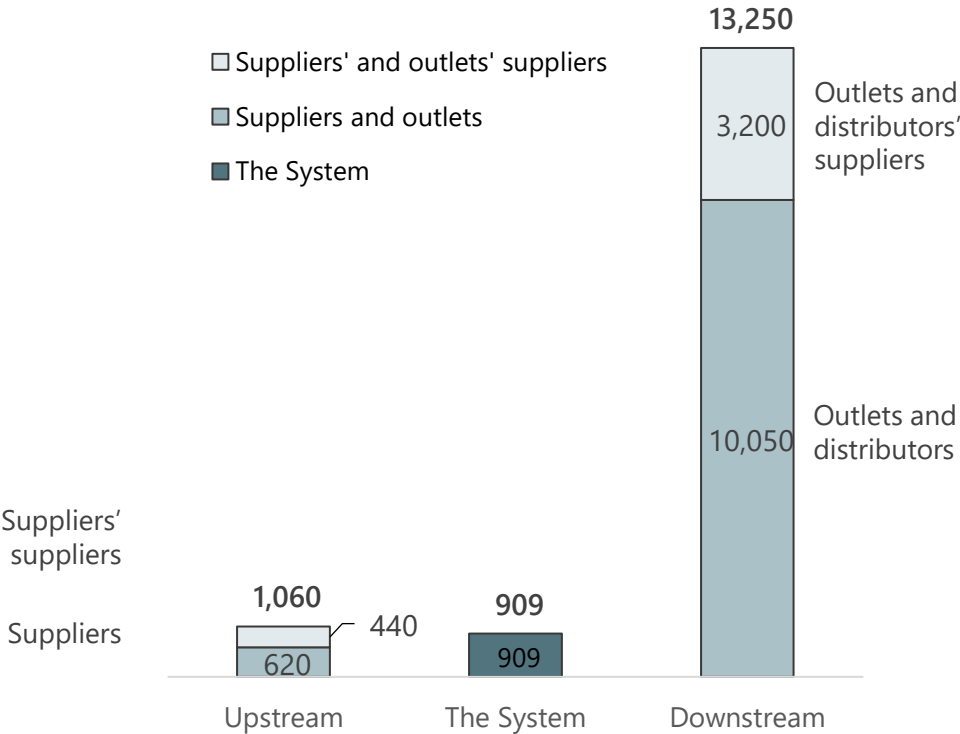


TCCS supported more than 15,200 employment opportunities throughout its value chain



Employment

of people



Highlights

The value chain employment of TCCS is estimated at close to 15,220, representing 0.3% of total employment in Austria*

TCCS generated 909 direct jobs

Indirectly, it supported an additional estimated 14,310 employment opportunities, of which

- 1,060 upstream (620 across its own domestic suppliers, and 440 at the level of the suppliers of its suppliers)
- 13,250 downstream (10,050 across the distributors and outlets selling its beverages, and 3,200 across their' suppliers)
- These figures only capture the value chain jobs attributable to TCCS (and not all the jobs at TCCS's suppliers and partnering outlets)

For each direct job at TCCS, there were 16 jobs supported elsewhere across the Austria economy, of which 1 upstream via local procurement, and around 15 downstream via sales

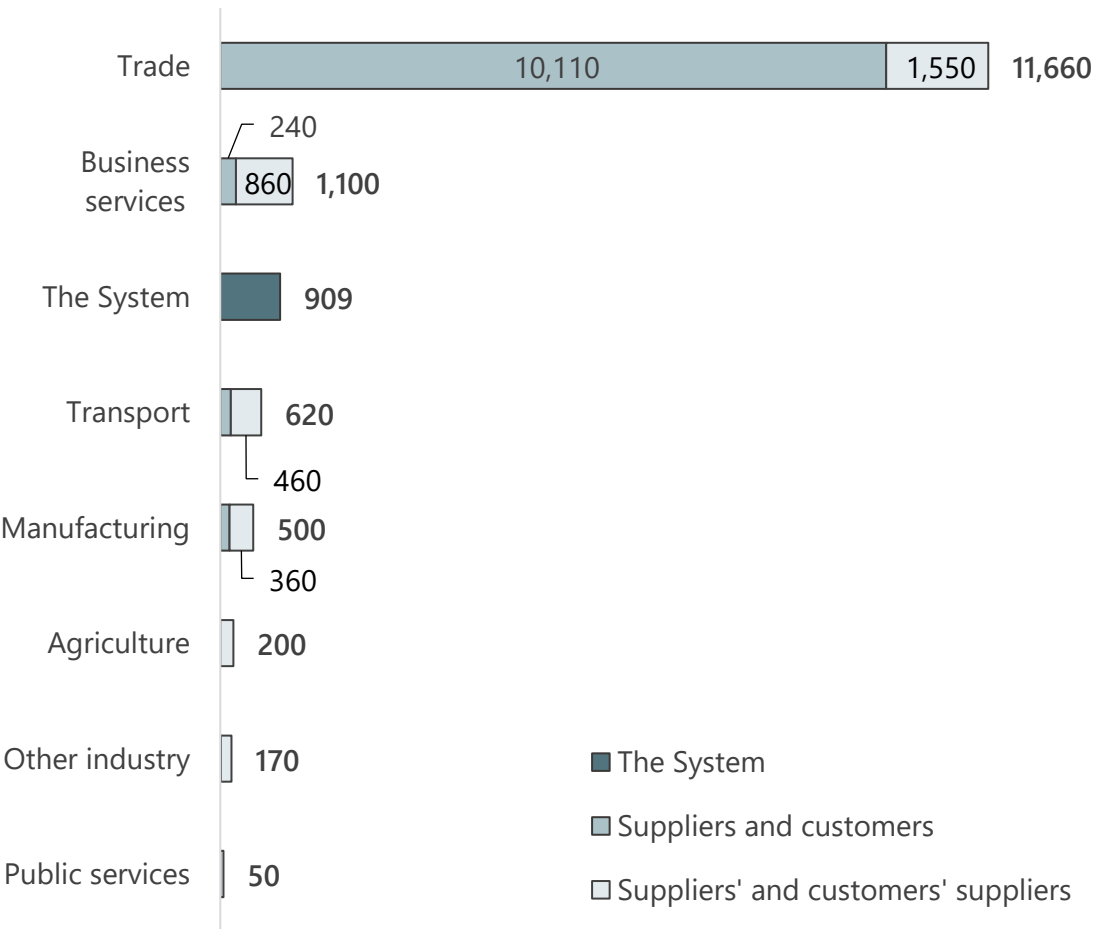
*Total employed population of Austria is estimated at 4,483,000 for 2023 according to the National Statistics Office



Most jobs are supported in the trade sector

Employment

of people



Highlights

Unsurprisingly, the largest impact in terms of employees is in the trade sector

- In total, some 11,660 jobs were supported in the sector, or 1.2% of the total people employed in the trade sector in the country*
- Some 10,000 jobs were spread mostly across the distributors and outlets selling Coca-Cola beverages; estimated 1,000 at distributors, 2,000 of these at off-trade channels (e.g. mom & pop stores, supermarkets), and 7,000 at on-trade channels (e.g. bars, hotels, restaurants)

At the business services sector some 1,100 employment opportunities were supported, with 240 of them at the level of suppliers. Among these are the people working on marketing and advertising materials for the company

In the transport and manufacturing sector 620 and 500 jobs were supported

TCCS supported 200 jobs in the agriculture sector, these are all at the level of the suppliers of the Coca-Cola System's direct domestic vendors and partnering outlets

* Total employed population in wholesale and retail trade & accommodation and food services in Austria is estimated at 989,000 for 2022 according to Eurostat



1. Introduction

2. Economic impact

3. Annex: Methodology



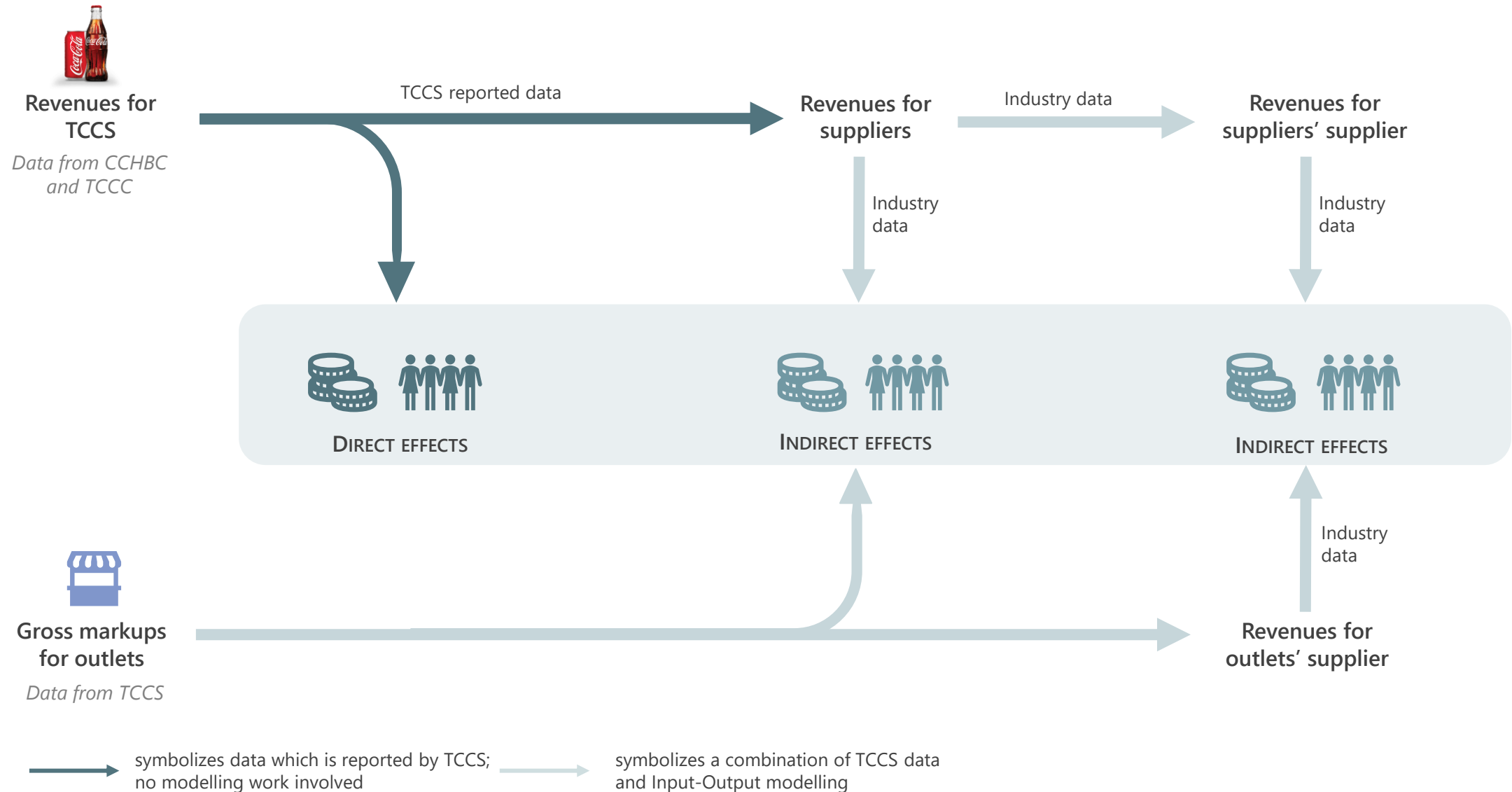
We estimate TCCS' impact in Austria by tracing money flows

Methodology

To measure the economic effects of the company, we trace how consumer spending on its beverages circulate in the economy

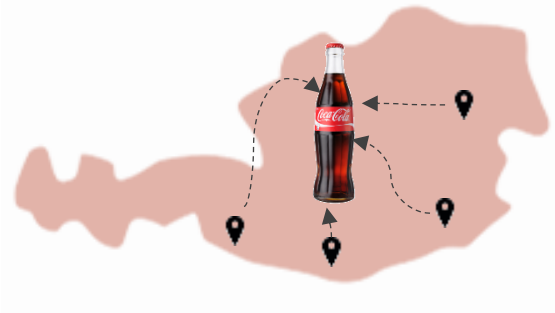
- When consumers buy a bottle of Coca-Cola in a café or in a supermarket, part of the money they spend is margins for the outlet, which likely generate taxes, salaries, profits and employment for this establishment
- Another part of the spending reaches CCHBC in the form of revenues
- CCHBC, in turn, spends part of this money to buy goods and services needed for its production activities; TCCC also spends money to promote the sales of beverages (and to run its offices and community programs in the country)
- The procurement related to domestic suppliers also supports taxes, salaries, profits and jobs
- By tracing how the money that consumers spend on beverages circulate in the economy, we can estimate the economic impact of The System
- We trace these financial flows by using the Input-Output methodology, an approach developed by Nobel Prize winning economist Wassily Leontief that is widely used by economists for impact assessments
- This method recognises that the output of one sector in a country serves as input for another; for instance, the outputs of the sugar sector are bought by beverages manufacturers to produce drinks
- A statistical representation – much like a blueprint - of the Austrian economy (called a Social Accounting Matrix) describes these inter-sectoral transactions and is the foundation of our methodology
- It should be noted that the method allows estimation of impacts in gross terms, which means that they do not account for the counterfactual of what effects would have taken place in the absence of the System's operations in the country
- Therefore throughout the report we refer to indirect impacts '*supported*', and not '*created*'
- Data from across various sources were collected to conduct this study
 - CCHBC and TCCC teams from different functions, including Finance, Tax, Procurement, Commercial, HR
 - Macro-economic statistical sources include Eurostat, national statistical office, Global Trade Analysis Project of Purdue University

The methodology follows the revenues stream of TCCS and the outlets in the economy to trace direct and indirect effects



The magnitude of impact is driven by the System's structure, its domestic procurement, and the margins it activates for outlets

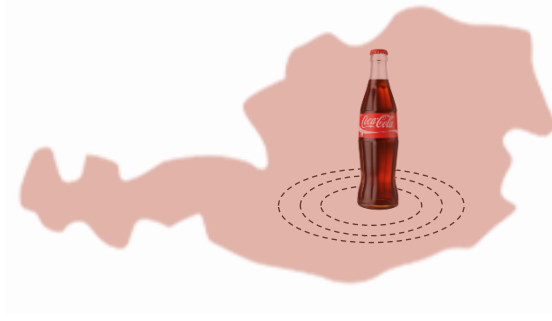
UPSTREAM



The indirect upstream impact is driven by domestic procurement

- Buying from domestic suppliers means money stays in the local economy
- Suppliers pay salaries, earn profits, generate taxes, and employ workers
- Suppliers also purchase materials and services in order to produce the products they supply to the System, in turn activating more salaries, taxes, profits and employment at the level of their own suppliers

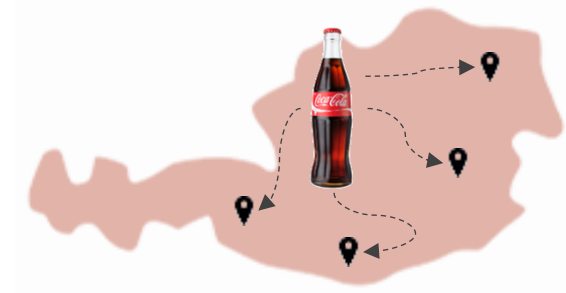
THE SYSTEM



The System's direct impact depends on its size and characteristics

- The System's size (production and office facilities) affects its direct impact
- Other defining factors include its decisions on workforce (payroll employees versus outsourced services); profitability; national taxation levels

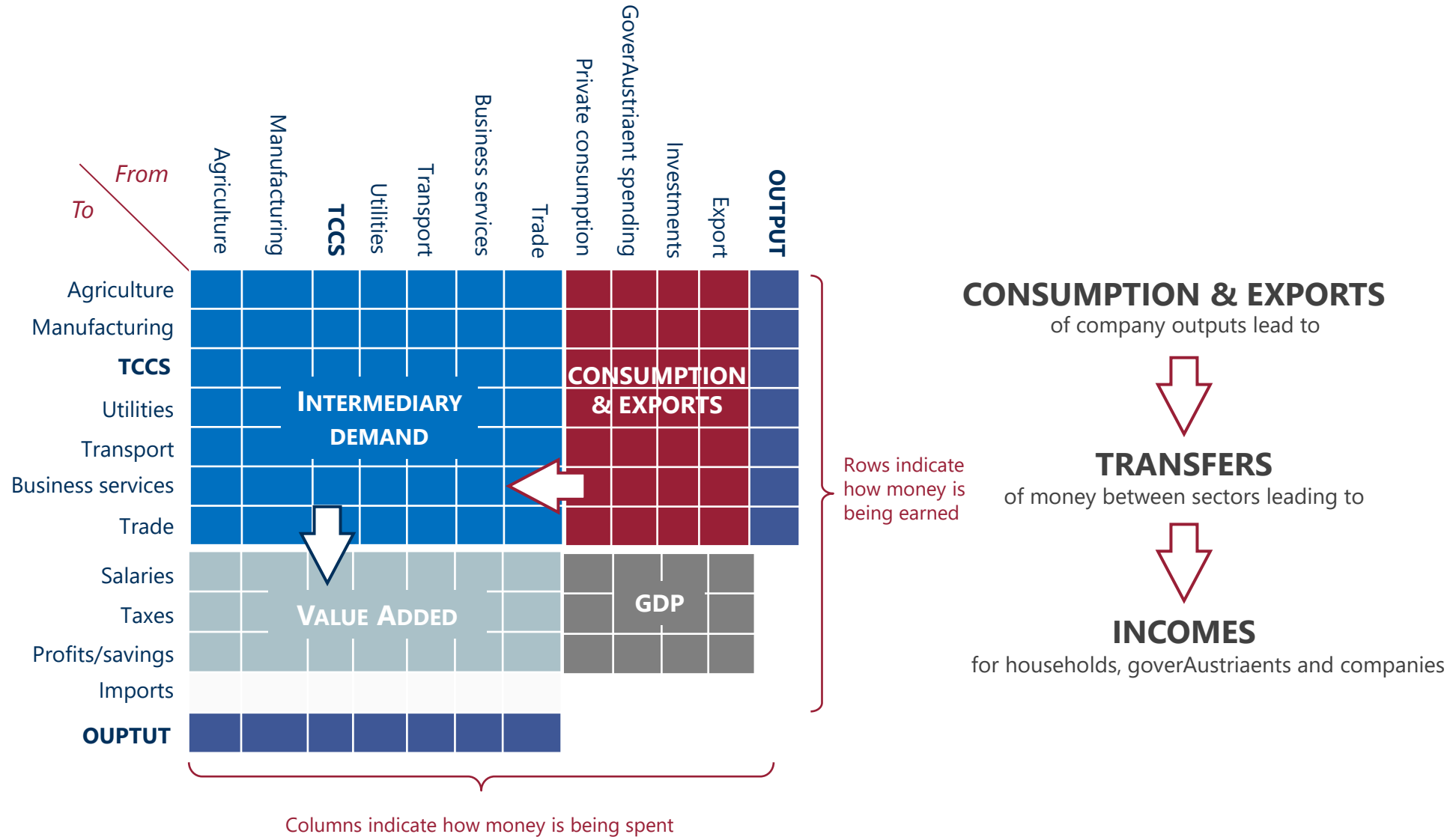
DOWNSTREAM



The indirect downstream impact is driven by sales volumes and margins for outlets

- Retailers and distributors earn margins for bringing beverages to the market
- Margins vary by type of retailer; on-trade has higher margins than off-trade outlets; on-trade is also more labour-intensive
- The more they sell, and the more margins they make, the larger retailers' incomes and employment results
- With the generated margins, retailers also purchase materials and services, in turn activating more salaries, taxes, profits and employment at the level of their own suppliers

The Social Accounting Matrix is the heart of the methodology



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