

Chief Executive Officer's letter

A refreshing purpose



In 2023, we achieved a third consecutive year of double-digit growth and record profit while building on our Hellenic culture. I am deeply proud of all that our dedicated team achieved together and, more importantly, how we delivered it with our incredible team spirit. We look forward to all that we can achieve in 2024 as we build on our strong relationships with our partners and customers, creating value for all we serve."



In 2023, we delivered strong results as we built on the momentum of the last few years, focusing on partnerships, our 24/7 portfolio and excellent execution. We invested in our people and capabilities and made steady progress towards a more sustainable future. All of this was underpinned by the definition of our purpose: **Open up moments that refresh us all.** This purpose is our North Star and draws on over 70 years of history. It is based on our innate values and our hopes for our next chapter of growth as we open up many new opportunities with our customers, partners and communities.

Fundamentally, we aim to drive impact, operating always with a growth mindset and a belief in creating a better shared future. Our colleagues across all our markets have truly embraced our refreshed purpose, energised to be collaborative, more resilient, and more agile in how we do things.

After three challenging years, managing carefully through the COVID-19 pandemic, the war in Ukraine and the economic headwinds of high inflation and sometimes weaker consumer spending, 2023 came with new challenges which we were ready to adapt to. Our dedicated and talented team came together to deliver another year of strong growth, improving margins and record revenues and profit.

Strong partnerships, a 24/7 portfolio and unrivalled market execution

We believe that strong partnerships are fundamental to growth. With our vision to be the leading 24/7 beverage partner, we strive with determination to be the first choice and preferred partner for collaboration. Hand in hand with The Coca-Cola Company (TCCC), Monster, all our brand partners and suppliers, and alongside our customers, we are winning with agility, innovation and a future-focused approach.

Our priority categories of Sparkling, Energy and Coffee represent close to 80% of the revenue of the business, with significant headroom for growth, driven by increased consumer consumption and share gains, supported by innovation, strong customer relationships and unrivalled market execution.

Our partnership with TCCC is at the heart of our 24/7 portfolio success, starting with our core focus behind our wide range of excellent sparkling brands, which are loved across all our markets.

Likewise, with Monster we are able to offer high-quality energy brands across the price point spectrum – from Predator and Monster to Burn.

In 2023, our coffee strategy with Costa Coffee and Caffè Vergnano worked very well across the mass-premium and premium segments, with volume growth over 30%.

Chief Executive Officer's letter continued



With our business developers in Greece



Meeting colleagues at the opening of our new returnable glass bottling line in Austria

Building on our strong relationships with both TCCC and Brown-Forman, we were pleased to launch ready-to-drink Jack Daniels and Coca-Cola in several markets with more planned for 2024.

In Premium Spirits, our portfolio was enhanced with the acquisition of Finlandia. This highly regarded vodka brand paves the way for incremental growth for our core portfolio, through enhanced mixability and relevance in strategically important channels, such as HoReCa.

Investing for growth

Throughout 2023, we invested in technology, innovation, partnerships, and in building our bespoke capabilities, undertaking more digital transformations and integrations than ever before. This will ensure we remain competitive, agile and ready for future growth.

We have one of the strongest sales teams in the industry thanks to consistent investment behind our comprehensive development programme, Sales Academy. We recognise that the capabilities of our sales teams are critical to our success and the success of our customers.

Similarly, in 2023, our Data and Analytics Academy was rolled out across all business units and functions to accelerate a culture of data-driven and insight-led decision making.

Throughout the year, we invested in programmes to simplify our business and make our colleagues' lives easier. For example, Project Oxygen is reducing complexity to enable focus on value-adding activities, always having the customer experience in mind.

Meanwhile, we continued to strengthen the diversity of our workforce through workplace inclusion activities and with steady progress towards gender balance. With employee engagement scores rising further in 2023, it is an encouraging sign that our approach to people and culture is on the right track.

Opening up a more sustainable future

In 2023, our global industry leadership in sustainability was confirmed when, for the seventh time, we were rated the world's most sustainable beverage company by the Dow Jones Sustainability Indices (DJSI). We now have the highest scores and rankings in ten of the most-recognised ESG ratings, including CDP Climate and Water, ISS ESG, MSCI ESG, Sustainalytics, FTSE4Good and Vigeo Eiris.

Critically, we made great progress towards our Mission 2025 goals as well as our aim to achieve net zero emissions by 2040 and have a net positive impact on biodiversity in critical areas of our value chain. All this progress is the result of our clear vision and targets in sustainability, our bold and entrepreneurial mindset, and our strong belief that sustainability is a true creator of growth and value for our business, our partners and our customers.

Reflecting on some highlights from 2023, Romania became our first market to have all three elements of plastic packaging circularity. With the introduction of a Deposit Return Scheme which we championed, collection rates will be significantly increased in the market. In 2023, we also invested in in-house recycling capability in Romania, building on similar investments in Italy and Poland. With the investment in Romania, we are able to produce 100% of our plastic bottles from recycled material. In this way, we close the circle so that the bottles we put into the market will be returned, recycled and given new life as a new bottle. This is just one example as, by the end of 2023, we had deposit return schemes in six of our markets and 42% of the plastic we used in our bottles across our EU and Swiss markets was rPET.

Chief Executive Officer's letter continued

We continue to drive innovations in sustainable packaging. For example, in Austria we commissioned a new returnable glass bottle line for both our universal 1 litre and new 400ml refillable bottles, and introduced an industry-leading, innovative paper solution to replace shrink plastic film on multi-packs of 1.5 litre PET bottles. Innovation is critical to developing new technologies and, for this reason, we became a partner in the \$137.7 million Greycroft Coca-Cola System Sustainability Fund, with seven other bottlers and TCCC, focusing on developing innovative packaging and other carbon reduction solutions.

As I reflect on the scale of the challenge, I am encouraged that our continued investment in technology, innovation and partnerships alongside our culture of learning and trying new things will help us carve the path to a more sustainable future.

In true Hellenic spirit, we continued to focus on making a positive impact on the communities in which we operate. Through our flagship community programme, #YouthEmpowered, we have supported young people with training and development, reaching almost 1 million individuals since 2017.

We also played our part to help communities in need with product donations, volunteering initiatives and disaster relief activities. Building on our long-standing tradition of community action, in 2023 we announced the establishment of a charitable foundation – The Coca-Cola HBC Foundation – with an initial donation of €10 million, dedicated to supporting local communities. This will empower us to take action quickly where it is needed most.

In 2023, we continued to support our colleagues and communities in Ukraine. Since the start of the war, more than \$35 million has been committed together with the Coca-Cola System and The Coca-Cola Foundation to support those in need.

I would like to close by thanking all my colleagues for their tireless efforts, for their commitment to our company vision, our customers and partners.

I would also like to thank our customers, The Coca-Cola Company and all our partners for their ongoing trust and support throughout the year, which motivates us to keep raising the bar. Together, we have achieved great things; we have made a difference and created value for all we serve. I look forward to all that we will achieve together in 2024 as we open up moments that refresh us all.



Zoran Bogdanovic
Chief Executive Officer (CEO)



Participating in a panel discussion at the opening of our rPET facility opening in Romania

Strong financial performance

Our clear purpose and vision, trusting partnerships, unbeatable portfolio, consistent investment, excellent market execution by a customer-focussed, talented and compassionate team have resulted in a third year of double-digit growth and record profits. This year, I am deeply proud of the team as together, we crossed a historic milestone exceeding for the first time €10 billion of revenue and €1 billion of comparable EBIT. In this year of strong financial performance, we launched a share buyback programme, further increasing our returns to shareholders.

Outlook for 2024 and beyond

Throughout 2023 and in recent years, we have built strong momentum and great resilience to overcome the challenges we face while growing the business the right way. Although we expect the macroeconomic and geopolitical environment to remain challenging in 2024, I am confident we have all the ingredients for continued growth and success. We will remain focused on premiumisation and affordability, leveraging our 24/7 portfolio and our partnerships. We will continue to listen to our customers and consumers, understanding market trends while investing in and deploying our bespoke capabilities.

Watch this interview with our CEO, Zoran Bogdanovic, on how we opened up moments for all our stakeholders in 2023.

Watch the video interview online

