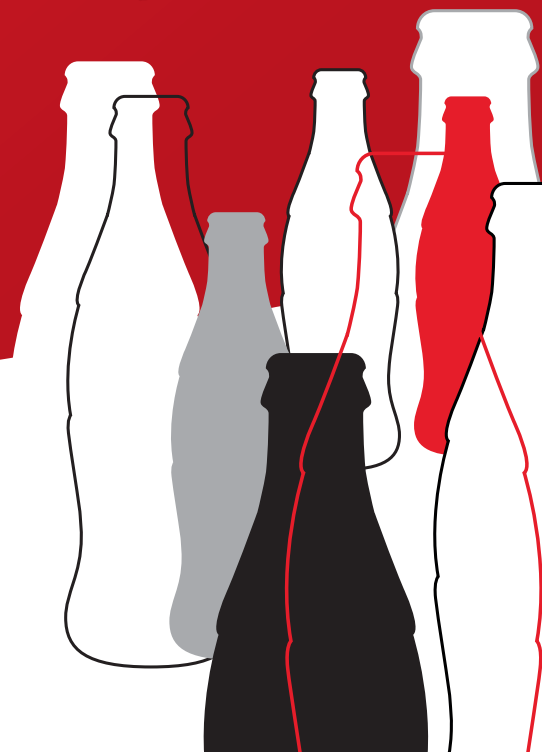


A stylized map of Belarus is shown in the background, rendered in a dark red color with white outlines of its administrative regions.

ASSESSMENT OF THE COCA-COLA SYSTEM IMPACT ON THE BELARUSIAN ECONOMY IN 2019

Belarus

Coca-Cola[®]



The Coca-Cola system in Belarus

is represented by the Coca-Cola Hellenic Bottling Company, a manufacturer and distributor of high-quality sparkling, still, isotonic and energy drinks, drinking water, tea, nectar, juice and juice drinks under the trademarks of the Coca-Cola Company, as well as a representative office of the Coca-Cola Company, which studies commodity market and investment opportunities. An important part of the Coca-Cola System is the Coca-Cola Foundation, whose grants are used to support social projects in Belarus.

The image shows the iconic Coca-Cola logo in its signature red script font. The word "Coca-Cola" is written in a fluid, cursive style with a registered trademark symbol (®) at the end. The logo is positioned at the bottom of the page.



Food industry is one of the key sectors in the Belarusian economy

23.6%

In 2019, the food manufacturing industry contributed 23.6% to industrial production. It reached its maximum value of 25.3% in 2016 due to the lower sensitivity of the food industry to recession compared to other industries.

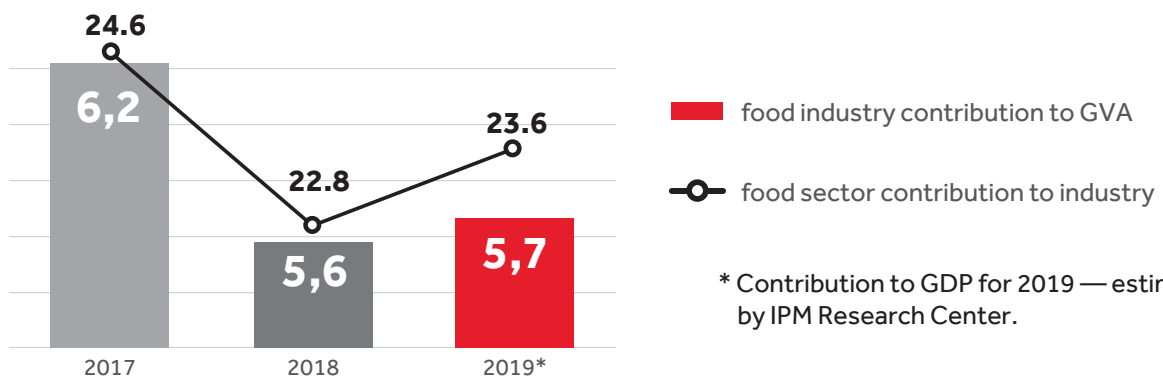
TOP-5

According to 2018 data, the food industry was among top 5 economic activities in terms of GVA (data from input-output tables).

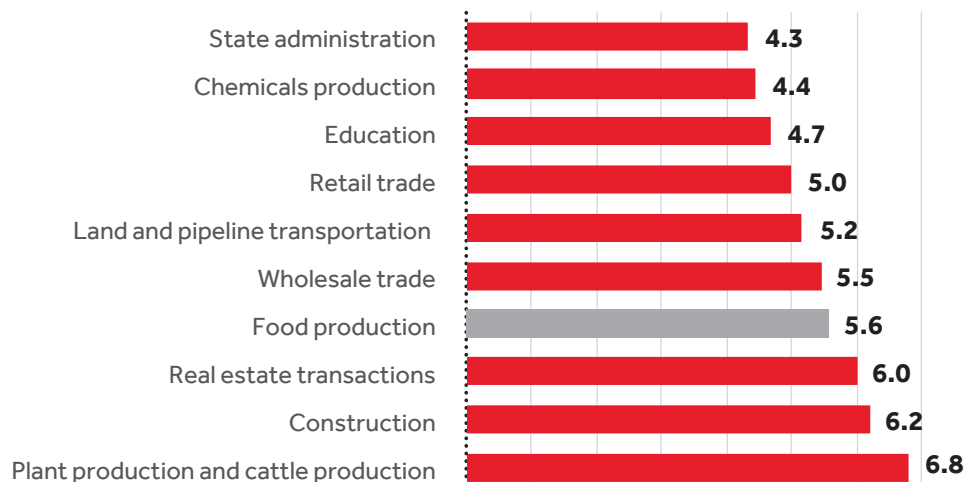
The IPM Research Center estimates that the industry's contribution to GVA in 2019 was

5.7% which is higher compared to the previous year.

CONTRIBUTION OF THE FOOD INDUSTRY TO GDP AND INDUSTRIAL PRODUCTION, %



CONTRIBUTION OF ACTIVITIES TO GDP, TOP 10 ACCORDING TO 2018 DATA, %





Contribution of the Coca-Cola System to the Belarusian Food Industry in 2019

The Coca-Cola System manufactures:



1.1%

of food products, beverage and tobacco in the Republic of Belarus

6.5%

in Minsk Region

The Coca-Cola System offers:



0.6%

of job positions in the food industry in the Republic of Belarus

2.8%

in Minsk Region

The Coca-Cola System accounts for:



18.2%

of foreign direct investment accumulated by the food industry in the Republic of Belarus

44.9%

in Minsk Region

Food Production, Volume



The contribution of the Coca-Cola System to food production in general, including beverages and tobacco products, remains at a consistently high level.

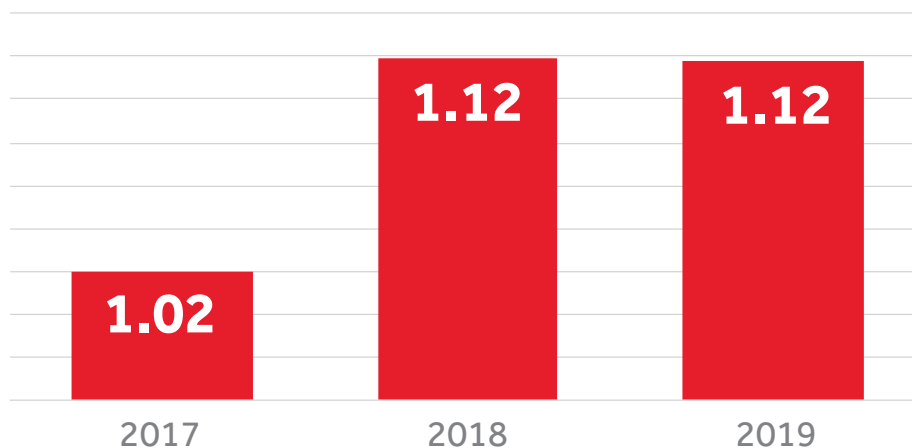
As in the previous year, in 2019 the Coca-Cola System manufactured more than

1.1%

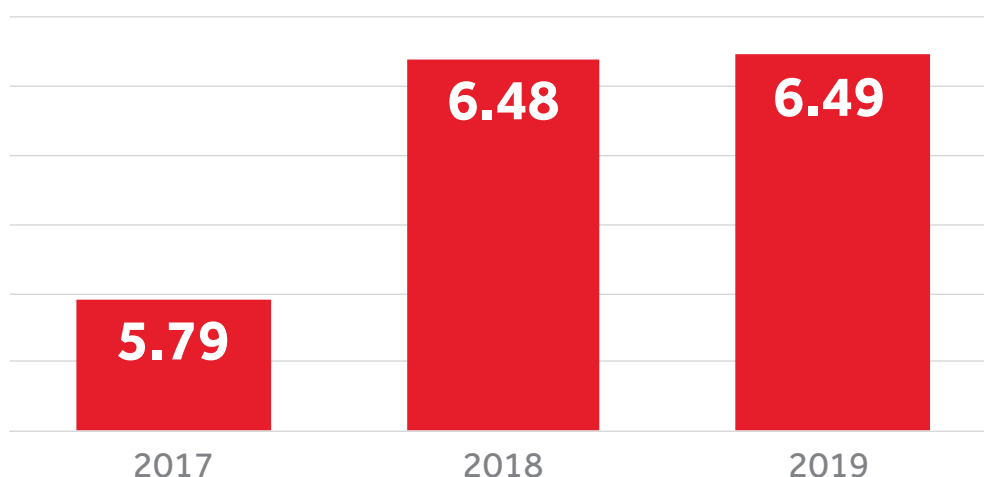
of food products in Belarus

The contribution of the Coca-Cola System is particularly significant in Minsk Region.

COCA-COLA CONTRIBUTION TO THE FOOD INDUSTRY, %



COCA-COLA CONTRIBUTION TO THE FOOD INDUSTRY IN MINSK REGION, %



Foreign Direct Investments



The Coca-Cola System attracted a significant amount of foreign direct investment to Belarus. As of the end of 2019, such investment amounted to

\$110.0 million

The Coca-Cola System's contribution to FDI in food, beverages and tobacco production was

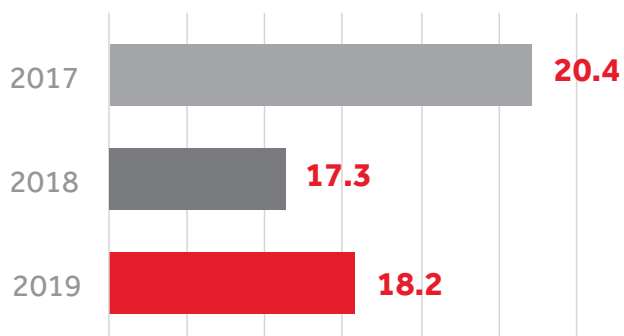
18.2%

At the country level, the Coca-Cola System accounted for

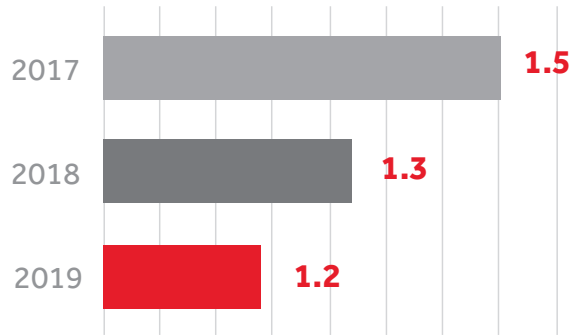
1.2%

of all FDI accumulated in Belarus

THE COCA-COLA SYSTEM'S CONTRIBUTION TO ACCUMULATED FDI IN FOOD, BEVERAGES AND TOBACCO PRODUCTION SECTOR, %



THE COCA-COLA SYSTEM'S CONTRIBUTION TO FDI ACCUMULATED IN THE REPUBLIC OF BELARUS, %





Fixed Capital Investments

In 2019 the Coca-Cola System invested in fixed assets

10.3 million BYN (**4.9 million USD**)

In 2019 the Coca-Cola System's contribution to total investments in food, beverages and tobacco production was

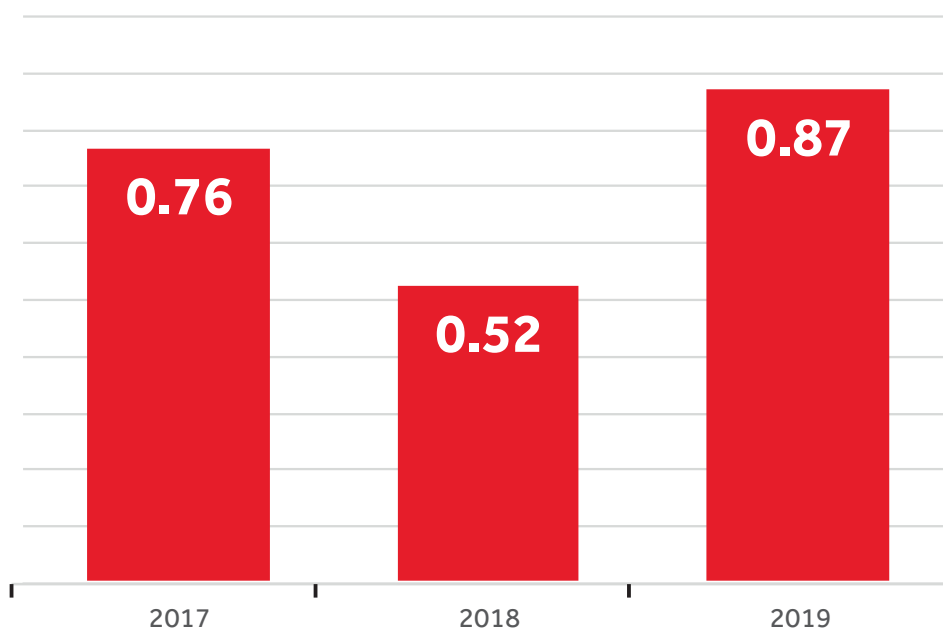
0.87%

which exceeds the company's contribution to employment.

Compared to 2018, the share of the Coca-Cola System in the sector's investment has increased (from 0.52% to 0.87%).



THE COCA-COLA SYSTEM'S CONTRIBUTION TO INVESTMENT IN FOOD, BEVERAGES AND TOBACCO, %





Tax Payment |

The taxes paid by the Coca-Cola System to the consolidated budget amounted to

46.0 million BYN

Its social insurance contributions amounted to

6.6 million BYN

The Coca-Cola System contributed

0.14%

to the tax revenues of consolidated budget

1 ruble

of added value established by the Coca-Cola System amounts in taxes to

38 kopecks

while on average this indicator amounts to 25 kopecks.

The contribution of Coca-Cola to NSSF (National Social Security Fund) amounts to

0.05%

while the employment share of the enterprise accounts for

0.02%

The Coca-Cola System pays monthly to NSSF

630 rubles

per employee

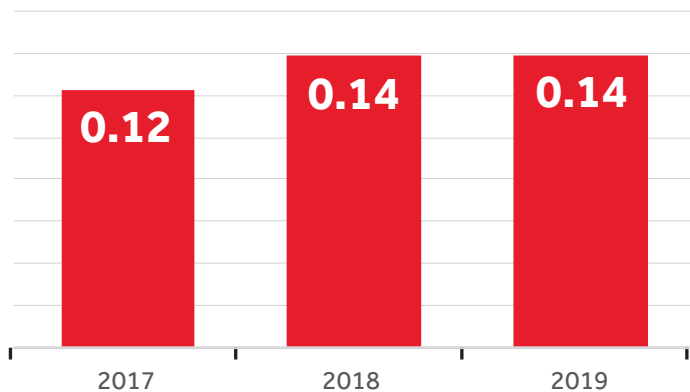
On average, in 2019 the amount of such monthly payments to the NSSF was

280 rubles

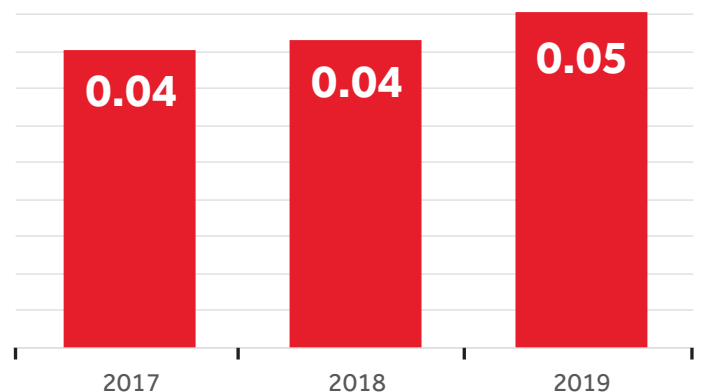
per person

THE ABOVE MENTIONED DATA PROVES A GREATER TAX BURDEN ON THE COCA-COLA SYSTEM COMPARED TO NATIONAL AVERAGE.

THE COCA-COLA SYSTEM CONTRIBUTION TO THE TAX REVENUES OF CONSOLIDATED BUDGET, %



COCA-COLA CONTRIBUTION TO NSSF, %



Tax Payment II

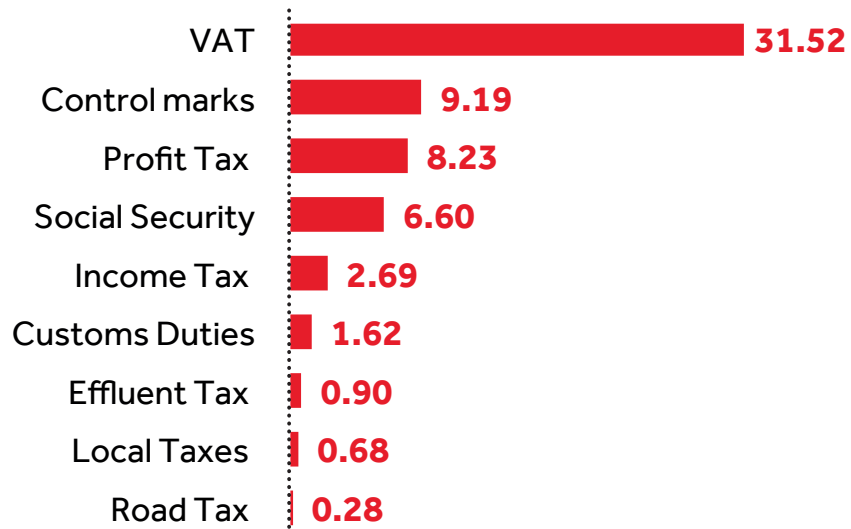
VAT and profit tax occupy the major part among the taxes paid.

The Coca-Cola System's share in budget revenues from VAT and profit tax is 0.28% and 0.22% respectively.

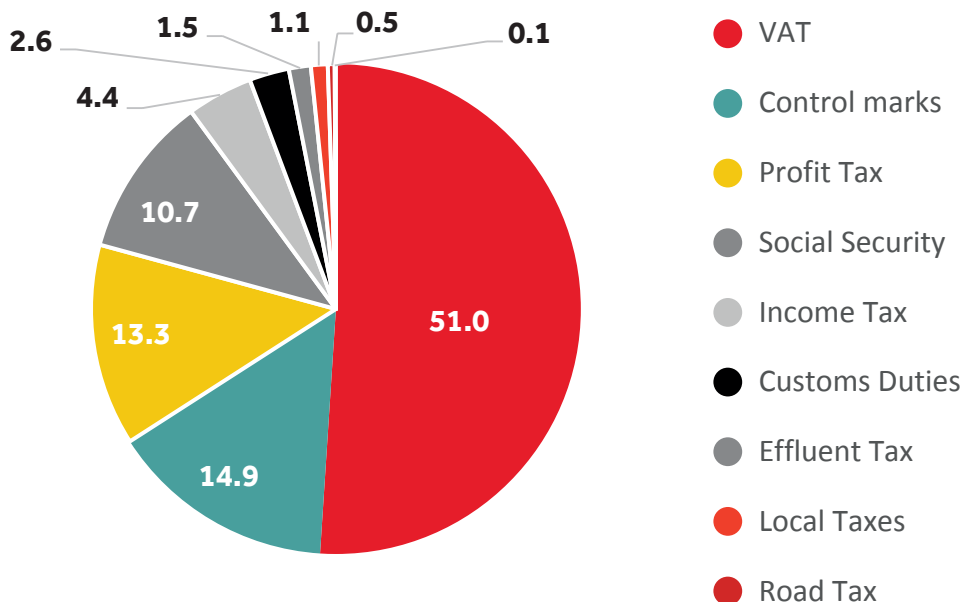
In addition to direct taxes and deductions, the Coca-Cola System also purchases control marks for amount comparable to the profit tax.



TAXES, PAYMENTS TO NSSF, CONTROL MARKS PURCHASED BY COCA-COLA, MLN. BYN



STRUCTURE OF COCA-COLA PAYMENTS TO BUDGET, %





Added value |

In 2019 value added of the Coca-Cola System, calculated with due regard to the company's profit, salaries, social security contributions, depreciation and indirect taxes (VAT), amounted to

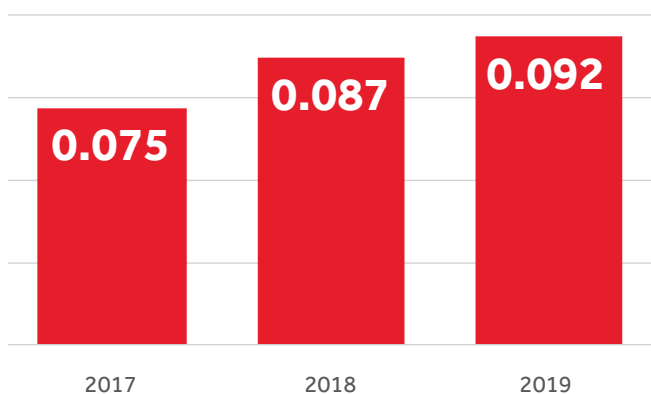
121.3 million BYN in nominal terms.

Compared to 2018, value added in real terms (estimated by adjusting for the GDP deflator) was

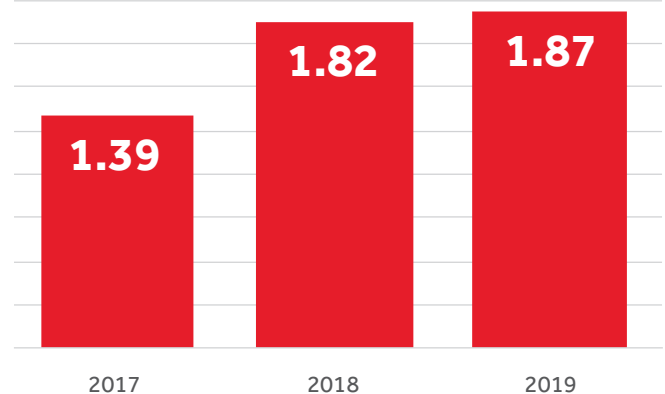
6.9% which is significantly higher than average rate of economic growth.

It follows that the contribution of the Coca-Cola System to the gross value added of the industry, as well as in the country's GDP has increased.

CONTRIBUTION TO GDP, %



CONTRIBUTION TO GVA OF THE INDUSTRY, %



Added value II

The indirect contribution of the Coca-Cola System to the GDP of the Republic of Belarus due to the activities of its suppliers and distributors, and extra consumer demand, ensured by increase in their income, is

219.9 million
BYN

including **0.9** million
BYN generated by the Coca-Cola
System's charity events.

The activity of the Coca-Cola System, due to the direct and indirect impacts, results in

0.26%

in the GDP of the Republic of Belarus in 2019.

While in 2018, this indicator was 0.25%.



Indirect Impact of Coca-Cola System on the Economy of Belarus

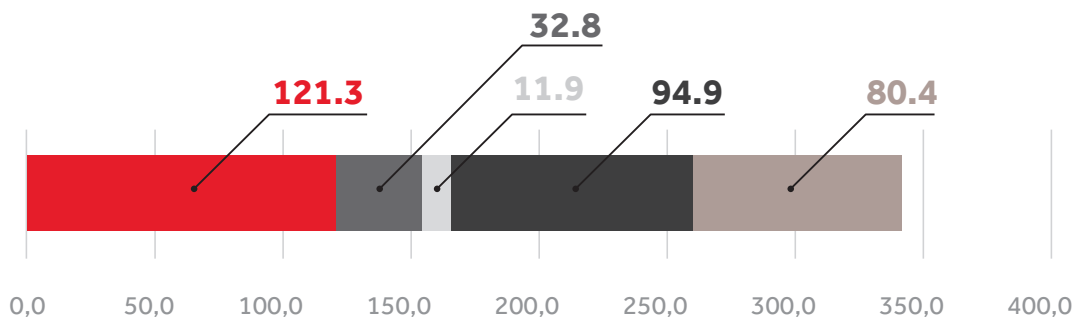


1 ⇒ 1.81

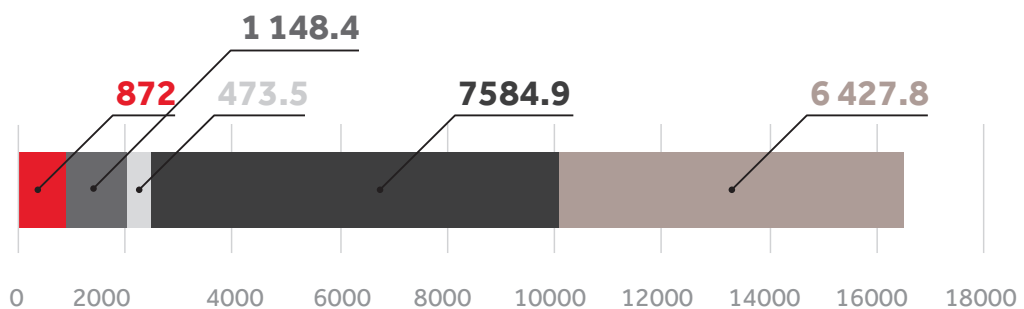
1 ruble of value added of the Coca-Cola System results in 1.81 rubles in the Belarusian economy. In 2018, this multiplier was 1.81 as well.



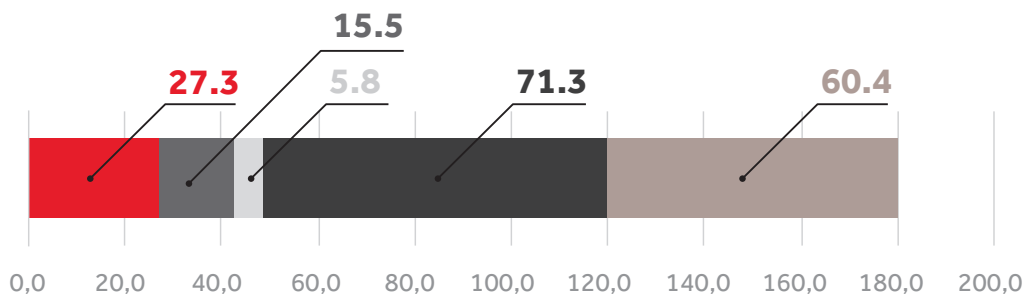
GDP,
MLN. BYN



EMPLOYMENT,
PEOPLE



SALARY,
MLN. BYN



- Direct Impact
- Indirect Impact as a result of the suppliers' activities
- Impact of population income growth due to the suppliers' activities
- Indirect Impact as a result of the distributors' activities
- Impact of population income growth due to the distributors' activities

Impact on Local Suppliers

The Coca-Cola System has the most significant impact on food manufacturing companies.

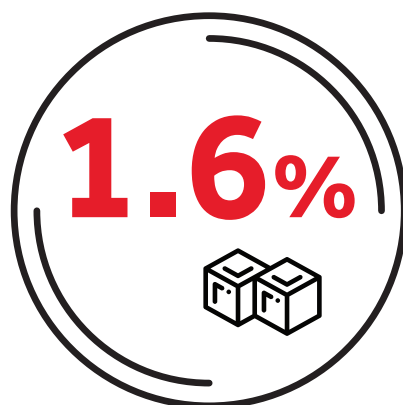
The impact of the Coca-Cola System on the economy through its suppliers accounts for

71.1%

of the total indirect impact.

The main expenditure item is the purchase of sugar.

According to 2019 data, the Coca-Cola System purchased

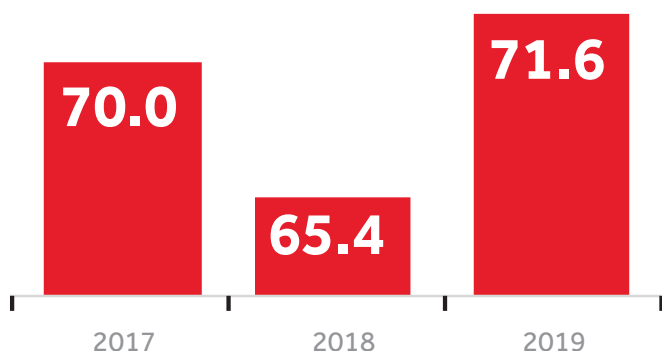


of all sugar produced in Belarus.

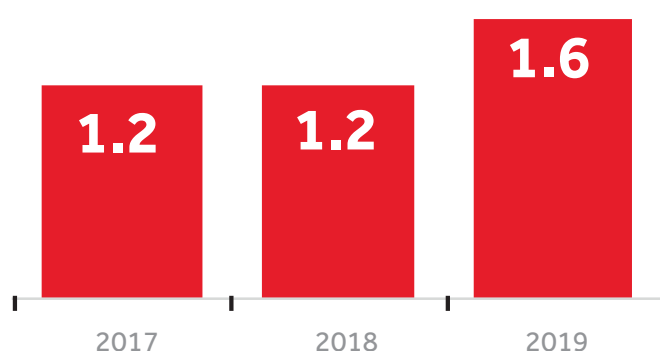
The impact of the Coca-Cola System on the economy is determined by the share of its local counterparties in the company's cost structure. Compared to 2018, in 2019 such share increased by 6.3 points and reached

71.6%

SHARE OF LOCAL SUPPLIERS IN COCA-COLA SYSTEM COST STRUCTURE, %



SUGAR CONSUMPTION BY THE COCA-COLA SYSTEM, % OF DOMESTIC PRODUCTION





Employment



In 2019 the average number of employees of the Coca-Cola System was

872

The Coca-Cola System's contribution to employment in the food industry has increased.

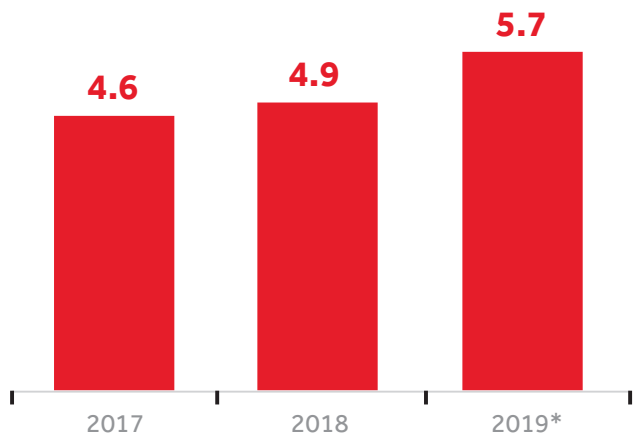
In 2019, it contributed **0.6%** to the industry as a whole

and **5.7%** (according to the IPM Research Center) in beverage production in particular.

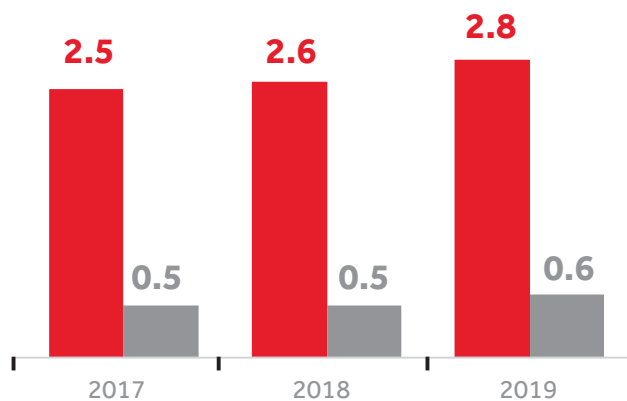
In Minsk Region, the Coca-Cola system's contribution to employment in the food industry was

2.8%

COCA-COLA'S CONTRIBUTION TO BEVERAGE SECTOR EMPLOYMENT, %



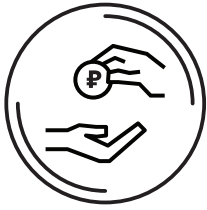
COCA-COLA'S CONTRIBUTION TO EMPLOYMENT IN FOOD PRODUCTS, BEVERAGES, TOBACCO PRODUCTS SECTOR, %



- Coca-Cola's contribution to employment in food, beverages, tobacco production in Minsk Region
- Coca-Cola's contribution to employment in food, beverages, tobacco production sector

Note: According to research done by IPM Research Center.

Labour Remuneration



The average salary for the Coca-Cola System employees in 2019 amounted to

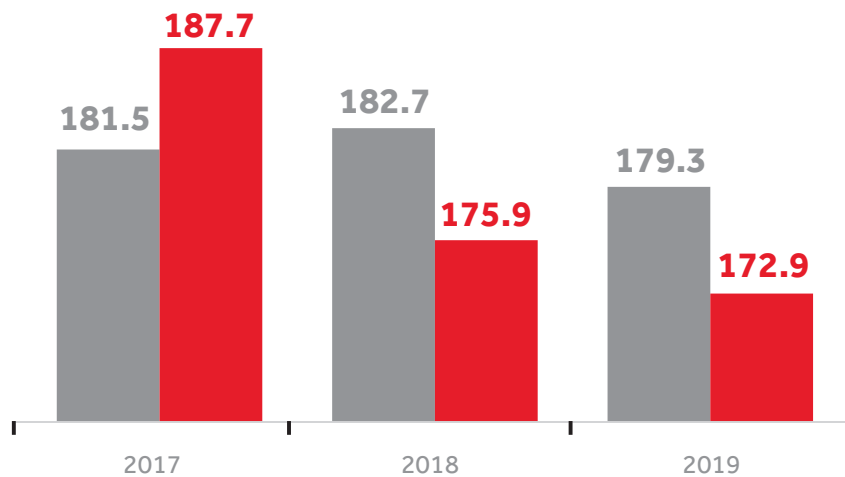
1 889.13 BYN per month

This level of remuneration is much higher than the average for the country (72.9% higher) and the industry (79.3% higher).

The difference between salaries paid at the enterprise and the national average salary has become less obvious over the past two years due to high growth rates of wages in the country.



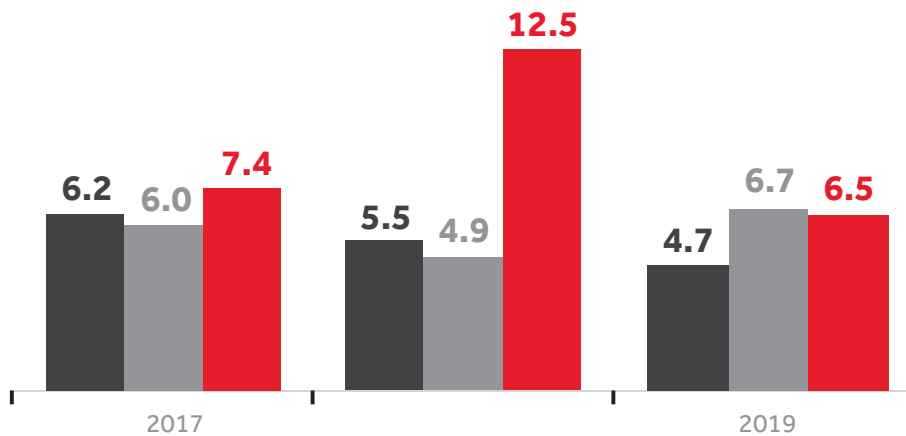
SALARIES PAID BY COCA-COLA VS NATIONAL AVERAGE SALARY, %



- Salaries paid by Coca-Cola vs salaries paid in the food manufacturing industry
- Salaries paid by Coca-Cola vs National Average Salary



COCA-COLA SYSTEM REAL WAGE GROWTH RATE VS NATIONAL REAL WAGE GROWTH RATE, %



- Coca-Cola System real wage growth rate
- Food production industry real wage growth rate
- National real wage growth rate

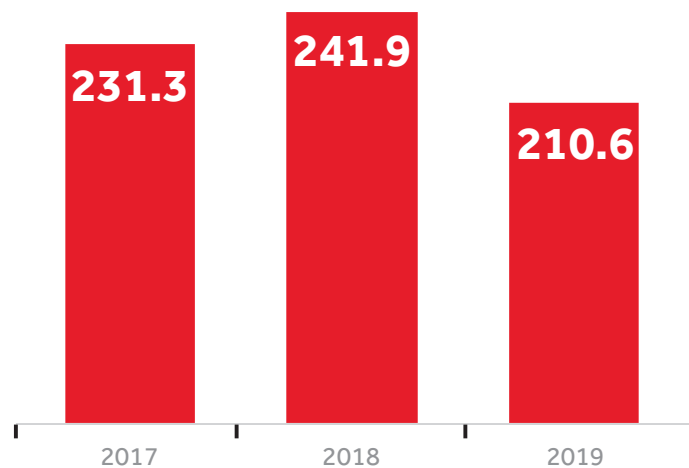
Labour Productivity

The high level of remuneration in the Coca-Cola System is predetermined by high labor productivity.

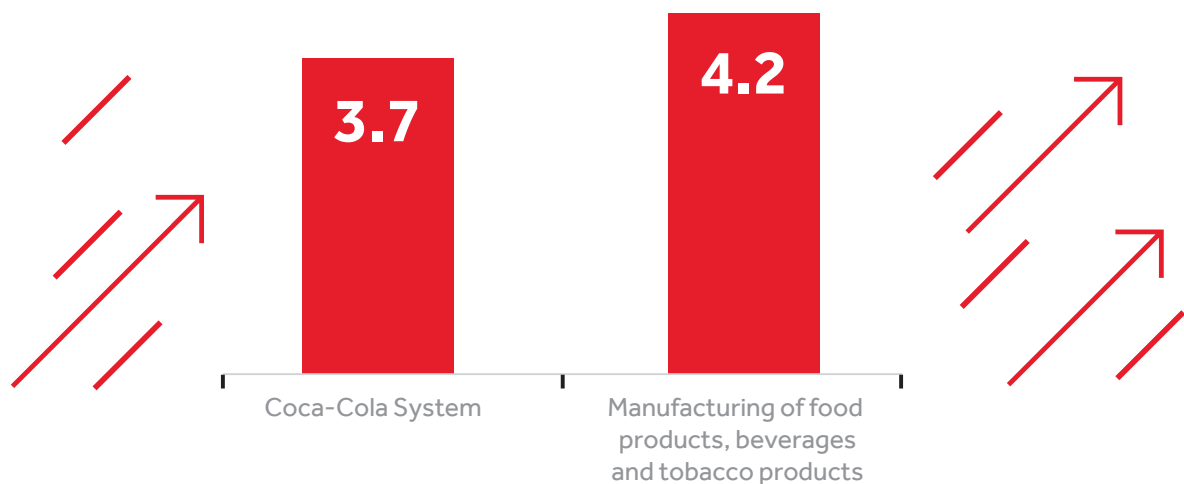
It is **2.1 times**  higher than the industry average.

At the same time, labor productivity in the Coca-Cola System grew in the medium term (2017-2019) at a rate close to the industry average.

LABOR PRODUCTIVITY IN THE COCA-COLA SYSTEM VS FOOD, DRINKS AND TOBACCO PRODUCTION, %



AVERAGE ANNUAL GROWTH RATE OF PRODUCTIVITY IN THE COCA-COLA SYSTEM VS FOOD, BEVERAGES AND TOBACCO PRODUCTION IN 2017-2019, %



Note. Labour productivity is estimated as revenue from sales per employee.



Indirect impact on the labor market

The activities of the Coca-Cola System also have a large indirect impact on the labor market. This is due to the higher labor intensity of its suppliers and distributors than the company itself.

2019 year outcomes:



1 = 17.9

1 person employed at the enterprise provides 17.9 jobs in the economy.

In 2018, this multiplier was 16.7.



1 = 5.6

1 ruble of wages paid at the enterprise generates 5.6 rubles of wages in the economy.

The System supports

15 635 jobs

(this corresponds to employment in Logoisk Region or to the population of Zaslavl)

incl.

8 733

jobs at direct suppliers and distributors

(population of Machulischi).

METHODOLOGY

The source microdata for assessing the indirect effect was the statistical data on the company's costs by the main type of economic activity, distributed by goods and services (Form 4-f costs, Section IV). The data was adjusted for the company's total costs and the share of imported products in costs.

The analysis is based on estimates of output multipliers for activities whose products are used by Coca-Cola in its production. The multipliers were estimated based on 2018 input-output tables.

The following multipliers were used in the analysis: value added and type 1 employment multiplier and type 2 earnings (salary) multiplier. The first type of multipliers shows how an additional dollar of value added (wage or salary) in an industry provokes an increase in value added (wage, employment) down the chain (suppliers, suppliers' suppliers, etc.). This effect is known as indirect. In addition to this effect, the second type of income multiplier evaluates another induced effect associated with an increase in households' consumption due to increase in their income, i.e. wages paid by suppliers.

For more details, see, for example, Miller R., Blair P. (2009). Input-Output Analysis. Foundations and Extensions, Cambridge University Press, New York.

Distributor indirect impact assessment is based on trade markup data for Coca-Cola products in retail.

The estimates of the Coca-Cola System's contribution to selected macroeconomic indicators in previous years specified herein may differ from those specified in the 2017 and 2018 reports. This is due to the revision of some statistical data by the National Statistical Committee of Belarus, and some indicators update by Coca-Cola System enterprises.

Coca-Cola®



www.by.coca-colahellenic.com