

BEVERAGES DIVISION

Coca-Cola beverages
bring a refreshing taste
to consumers.

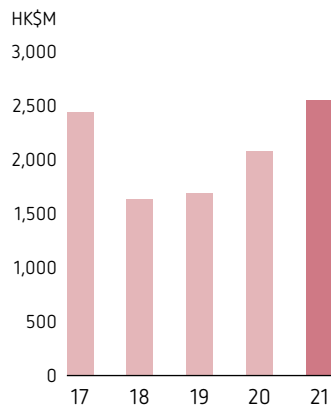




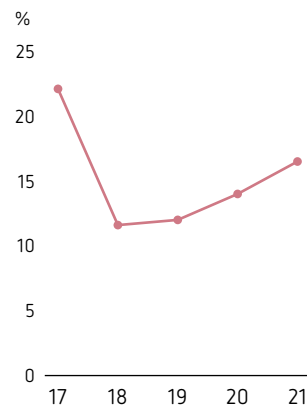
BEVERAGES DIVISION

Swire Coca-Cola has the exclusive right to manufacture, market and distribute products of The Coca-Cola Company (TCCC) in 11 provinces and the Shanghai Municipality in the Chinese Mainland and in Hong Kong, Taiwan and an extensive area of the western USA.

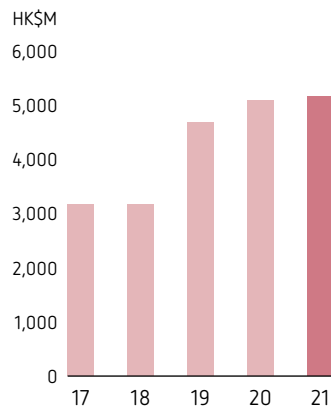
Profit Attributable to the Company's Shareholders



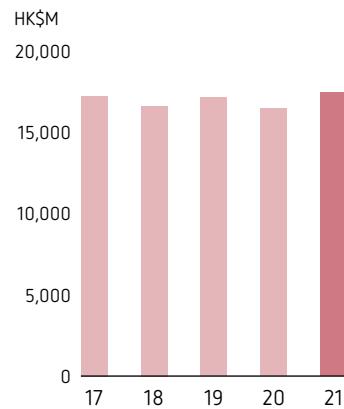
Return on Capital Employed



Net Cash Generated from Operating Activities



Capital Employed



Swire Coca-Cola has ten wholly-owned franchise businesses (in Hong Kong, Taiwan and the USA, and in Fujian, Anhui, Guangxi, Jiangxi, Jiangsu and Hainan provinces and the cities of Zhanjiang and Maoming in Guangdong province in the Chinese Mainland) and five majority-owned franchise businesses (in Zhejiang, Guangdong (excluding the cities of Zhanjiang, Maoming and Zhuhai), Henan, Yunnan and Hubei provinces in the Chinese Mainland). It has a joint venture interest in

a franchise in the Shanghai Municipality in the Chinese Mainland and an associate interest in Coca-Cola Bottlers Manufacturing Holdings Limited (CCBMH), which supplies still beverages to all Coca-Cola franchises in the Chinese Mainland.

At the end of 2021, Swire Coca-Cola manufactured 62 beverage brands and distributed them to a franchise population of 762 million people.

STRATEGY

The strategic objective of Swire Coca-Cola is to build a world-class bottling system which is recognised as a first-class employer, a first-class entity with which to do business and a first-class corporate citizen in all territories where it does business. To achieve this objective, Swire Coca-Cola has five strategic priorities:

- **Portfolio expansion**

We are fully aligned with The Coca-Cola Company's commitment to providing drinks that meet the needs of consumers and will capture growth in a fast-changing marketplace. We must not just increase sales of sparkling drinks. We must also develop winning propositions in other major categories of drinks, so as to increase our share of the value of the total non-alcoholic beverage market.

- **Commercial leadership**

Continuous improvements in execution, customer service, delivery and route-to-market metrics, with a view to being our customers' preferred supplier.

- **Digital leadership**

Becoming a digital leader, first in the beverage industry, then in the entire fast-moving consumer goods industry, in each of our markets.

- **Benchmarking**

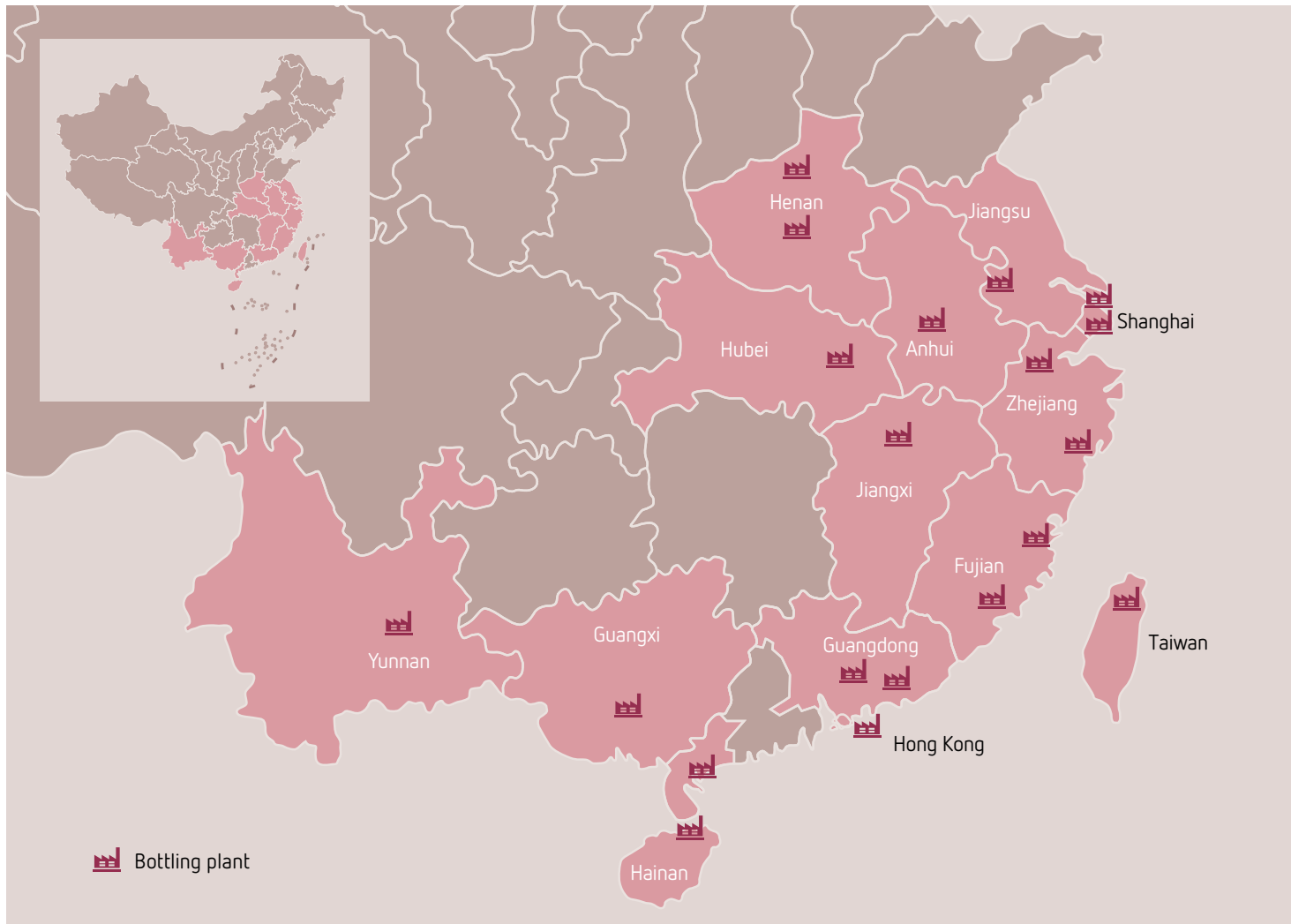
Benchmarking our operational and financial performance against peers in the Coca-Cola system and learning from such peers in order to adopt global best practices quickly.

- **Sustainability**

Identifying and implementing sustainable practices in order to meet our commitments to decarbonisation, to reductions in the consumption of water and packaging materials and in the production of waste, to recycling packaging materials and maximising the use of recycled packaging materials, to wider product choice, to sustainable sourcing, to supporting the communities in which we operate and to creating a safe, diverse and inclusive working environment.

Franchise Territories

GREATER CHINA

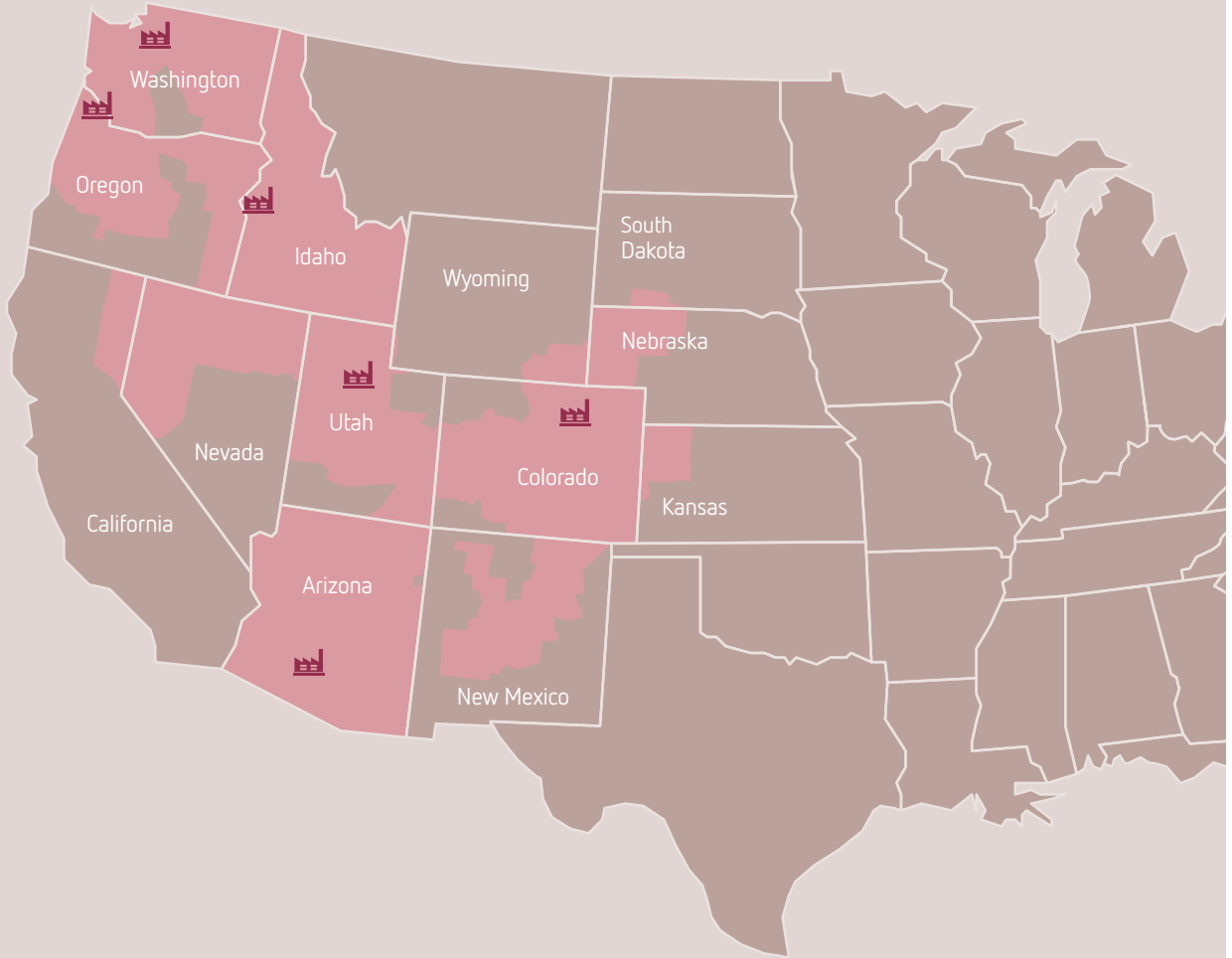


Per Capita Consumption in Franchise Territories

	Franchise population (millions) (end of 2021)	GDP per capita (US\$)	Sales volume (million unit cases)		Per capita consumption of Coca-Cola beverages (8-oz servings)	
			2021	2011	2021	2011
Chinese Mainland	700.2	14,258	1,429	788		
Hong Kong	7.4	48,888	62	65		
Taiwan	23.4	32,787	61	61		
USA	30.6	54,848	338	81		
	761.6		1,890	995		

Note 1: A unit case comprises 24 8-ounce servings.

USA



Established in
1965



Annual Revenue
HK\$53.9 billion



Annual Sales Volume
1,890 million unit cases



Present in
4 markets



Bottling Plants
26



Beverage Brands
62



Consumers
762 million



Employees
32,560

2021 PERFORMANCE

Financial Highlights

	2021 HK\$M	2020 HK\$M
Revenue	53,927	45,082
EBITDA	5,791	4,918
Operating profit	3,512	2,854
Share of post-tax profits from joint venture and associated companies	155	153
Attributable profit	2,549	2,076

Segment Financial Highlights

	Revenue		EBITDA		Attributable Profit	
	2021 HK\$M	2020 HK\$M	2021 HK\$M	2020 HK\$M	2021 HK\$M	2020 HK\$M
Chinese Mainland	28,774	22,942	3,405	2,755	1,418	1,041
Hong Kong	2,397	2,199	353	340	213	216
Taiwan	2,071	1,933	253	227	136	118
USA	20,685	18,008	1,990	1,692	989	797
Central and other costs	–	–	(210)	(96)	(207)	(96)
Swire Coca-Cola	53,927	45,082	5,791	4,918	2,549	2,076

Accounting for Swire Coca-Cola

The ten wholly-owned franchise businesses (in Hong Kong, Taiwan and the USA, and in Fujian, Anhui, Guangxi, Jiangxi, Jiangsu and Hainan provinces and the cities of Zhanjiang and Maoming in Guangdong province in the Chinese Mainland) and five majority-owned franchise businesses (in Zhejiang, Guangdong (excluding the cities of Zhanjiang, Maoming and Zhuhai), Henan, Yunnan and Hubei provinces in the Chinese Mainland) were accounted for as subsidiaries in the financial statements of Swire Pacific. Revenue, EBITDA and operating profit from these franchise businesses are included in the revenue, EBITDA and operating profit shown above. The division's joint venture interest in the Coca-Cola bottling unit of Shanghai Shen-Mei Beverage and Food Co., Ltd. and its associate interest in CCBMH were accounted for using the equity method of accounting. Swire Pacific recognised its share of net profit or loss from each of these interests as a single line-item in the consolidated statement of profit or loss.

Segment Performance

	Note	Percentage Change in 2021				Swire Coca-Cola
		Chinese Mainland	Hong Kong	Taiwan	USA	
Active Outlets		9%	-2%	-29%	-2%	7%
Revenue	1	15%	9%	2%	15%	20%
Sales Volume	2	9%	11%	-3%	7%	8%
Gross Profit per unit case		4%	4%	-1%	6%	9%
Water Use Ratio [^]		0%	-4%	-5%	-2%	-1%
Energy Use Ratio [^]		-1%	8%	4%	0%	0%
LTIR		15%	-24%	-17%	2%	-1%

	Note	Percentage Change in 2021				Swire Coca-Cola
		Chinese Mainland	Hong Kong	Taiwan	USA	
EBITDA Margin	3					
2021		11.4%	15.2%	12.7%	10.2%	11.2%
2020		11.4%	16.1%	11.8%	10.0%	11.1%
EBIT Margin	3					
2021		7.4%	10.4%	8.9%	6.4%	7.2%
2020		7.7%	11.5%	8.0%	5.9%	7.2%

[^] Refer to the Glossary on pages 226 and 227.

Note 1: Revenue for Swire Coca-Cola, including that of a joint venture company and excluding sales to other bottlers, was HK\$54,769 million (2020: HK\$45,657 million).

Note 2: The sales volume for the Chinese Mainland shown in the table above represents sales in 13 franchise territories, in each case including products supplied by CCBMH.

Note 3: (i) EBITDA and EBIT for Swire Coca-Cola (including that of a joint venture company and excluding non-recurring gains and central and other costs) were HK\$6,127 million (2020: HK\$5,064 million) and HK\$3,949 million (2020: HK\$3,286 million) respectively.

(ii) EBITDA margin and EBIT margin represent EBITDA and EBIT expressed as percentages of revenue (which includes that of a joint venture company and excludes sales to other bottlers).

2021 RESULTS SUMMARY

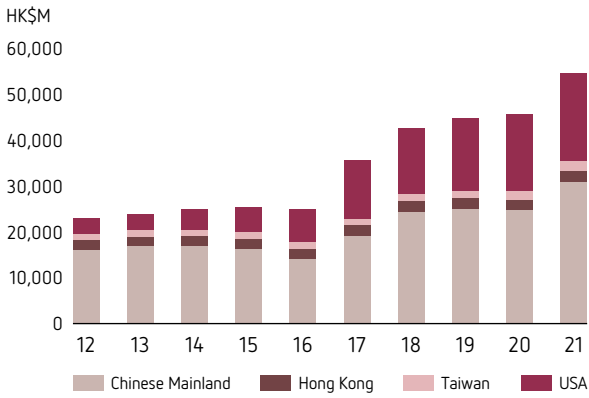
Swire Coca-Cola made an attributable profit of HK\$2,549 million in 2021, a 23% increase from 2020 (when business was severely affected by COVID-19).

Total revenue (including that of a joint venture company and excluding sales to other bottlers) increased by 20% to HK\$54,769 million. Sales volume increased by 8% to 1,890 million unit cases. Revenue and volume grew in the Chinese Mainland, the USA and Hong Kong. In Taiwan, revenue grew but volume declined.

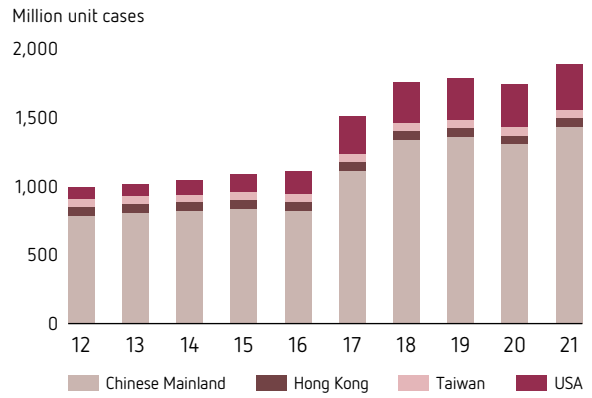
EBITDA (including that of a joint venture company and excluding central and other costs) increased by 21% to HK\$6,127 million. The EBITDA margin of 11.2% was similar to that in 2020.

In 2021, Swire Coca-Cola continued to make significant investments in production assets, logistics infrastructure, merchandising equipment and digital capabilities. Capital commitments at 31st December 2021 were HK\$1,994 million.

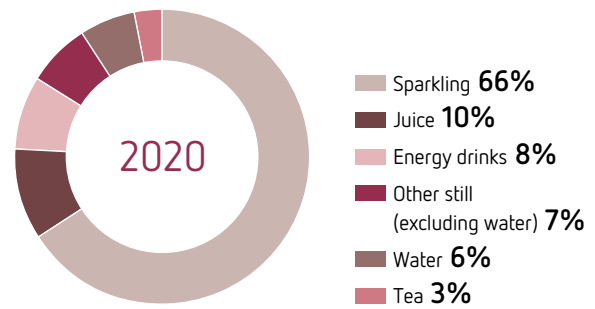
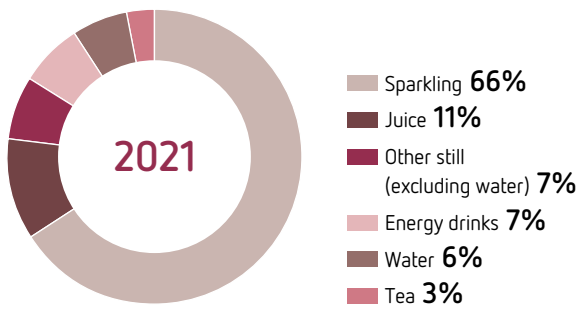
Revenue#



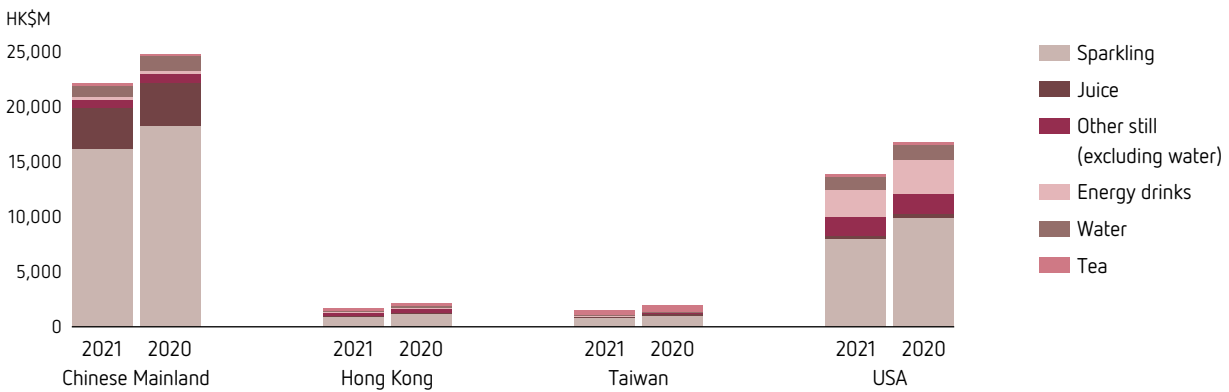
Sales Volume#



Breakdown of Total Revenue by Category#



Breakdown of Revenue by Region and Category#



Revenue and volume include those of a joint venture company and exclude sales to other bottlers.

Growth in Revenue and Volume in 2021 by Category[#]

	Chinese Mainland		Hong Kong		Taiwan		USA	
	Revenue	Volume	Revenue	Volume	Revenue	Volume	Revenue	Volume
Sparkling	14%	11%	7%	8%	-3%	-5%	13%	4%
Juice	23%	21%	2%	2%	-13%	-12%	22%	13%
Tea	16%	2%	15%	13%	-1%	-2%	13%	5%
Energy drinks	-4%	-6%	76%	73%	35%	38%	13%	12%
Other still (excluding water)	24%	19%	4%	4%	165%	43%	25%	9%
Water	2%	-5%	18%	16%	-7%	-10%	23%	14%

The revenue growth is measured in local currency terms.

[#] Revenue and volume include those of a joint venture company and exclude sales to other bottlers.

Chinese Mainland

Attributable profit from the Chinese Mainland was HK\$1,418 million in 2021, a 36% increase from 2020 (when business in the first quarter was severely affected by COVID-19).

Revenue (including that of a joint venture company and excluding sales to other bottlers) grew by 15% in local currency terms.

Sparkling revenue grew by 14%. Juice and water revenue grew by 23% and 2% respectively. Revenue from premium categories of coffee and tea drinks increased by 65% and 16% respectively.

Total sales volume increased by 9%.

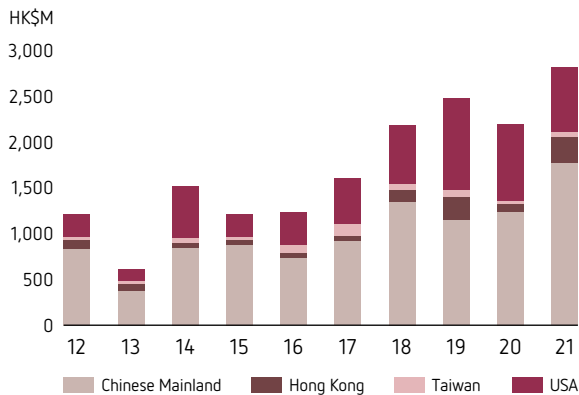
The increase in revenue was partly offset by higher raw material costs, operating expenses and depreciation charges.

EBITDA and EBIT (including that of a joint venture company and excluding central and other costs) increased by 16% and 11% in local currency terms respectively. The EBITDA margin was similar to that in 2020 at 11.4%. The EBIT margin decreased from 7.7% to 7.4%.



Swire Coca-Cola continues to invest in innovation and digitalisation to drive future growth.

Capital Expenditure



Hong Kong

Attributable profit from Hong Kong in 2021 was HK\$213 million, a 1% decrease from 2020. The decrease in attributable profit was due to the absence of the financial support provided by the HKSAR Government under the employment subsidy scheme in 2020. Disregarding the non-recurring government subsidy, operating profit increased.

Revenue (excluding sales to other bottlers) increased by 9%. Sales were less affected by COVID-19 than in 2020. Sparkling revenue increased by 7%. Still revenue increased by 12%. The latter increase reflected increases in revenue from tea, water and energy drinks of 15%, 18% and 76% respectively.

Total sales volume increased by 11%.

The increase in revenue was partly offset by higher raw material costs, operating expenses and depreciation charges, the last reflecting upgrades to digital capabilities and production equipment and facilities.

EBITDA increased by 3%. EBIT was similar to that in 2020. The EBITDA margin decreased from 16.1% in 2020 to 15.2% in 2021. The EBIT margin decreased from 11.5% to 10.4%. The decrease in EBIT margin was due to higher depreciation charges and the absence of a government subsidy.

Taiwan

Attributable profit from Taiwan in 2021 was HK\$136 million, a 15% increase from 2020. The increase was achieved despite sales and operations being adversely affected by COVID-19 from May to September 2021.

Revenue in local currency terms increased by 2%. This reflected effective revenue growth management and successful introductions of new products.

Sparkling revenue decreased by 3%. Still revenue increased by 7%. Energy drinks revenue increased by 35%. Georgia coffee drinks were introduced in 2021 and sales have grown.

Total sales volume decreased by 3%.

The increase in revenue and savings in operating costs were partly offset by higher raw material costs.

EBITDA and EBIT increased by 10% and 14% in local currency terms respectively. The EBITDA margin increased from 11.8% in 2020 to 12.7% in 2021. The EBIT margin increased from 8.0% to 8.9%.

USA

Attributable profit from the USA was HK\$989 million in 2021, a 24% increase from 2020.

Revenue in local currency terms (excluding sales to other bottlers) grew by 15%. The revenue increase reflected higher sales volume, price increases, reductions in sales discounts and promotional expenditure, and an improved product mix.

Sparkling revenue increased by 13%. Still revenue increased by 19%. The latter increase reflected increases in revenue from water, energy and sports drinks of 23%, 13% and 21% respectively.

Total sales volume increased by 7%.

The increase in revenue was partly offset by higher cost of goods sold and operating expenses.



The record profit reflected strengthened execution capabilities, improved distribution infrastructure, optimised package and product mix, as well as effective revenue growth management.

EBITDA and EBIT (excluding central and other costs) increased by 18% and 25% in local currency terms respectively. The EBITDA margin increased from 10.0% in 2020 to 10.2% in 2021. The EBIT margin increased from 5.9% to 6.4%.

OUTLOOK

Assuming that COVID-19 will continue to be contained and that economic growth will remain strong, revenue in the Chinese Mainland is expected to grow strongly in 2022. This reflects better product and package mixes and improved market execution. Product innovation and digitalisation will continue. Increased raw material costs and operating costs, particularly staff costs, will put pressure on margins. Significant capital expenditure on plant and equipment will continue as planned.

The beverage markets in Hong Kong and Taiwan are expected to be impacted by the resurgence of COVID-19 in 2022. Increased raw material costs, depreciation charges and operating costs will put pressure on profits.

In the USA, revenue is expected to continue to grow in 2022 with the increase of consumer demand. Raw material costs and operating expenses, particularly staff costs, are expected to increase.

Karen So