



# THE COCA-COLA COMPANY



## Q2 2019 MARGIN ANALYSIS

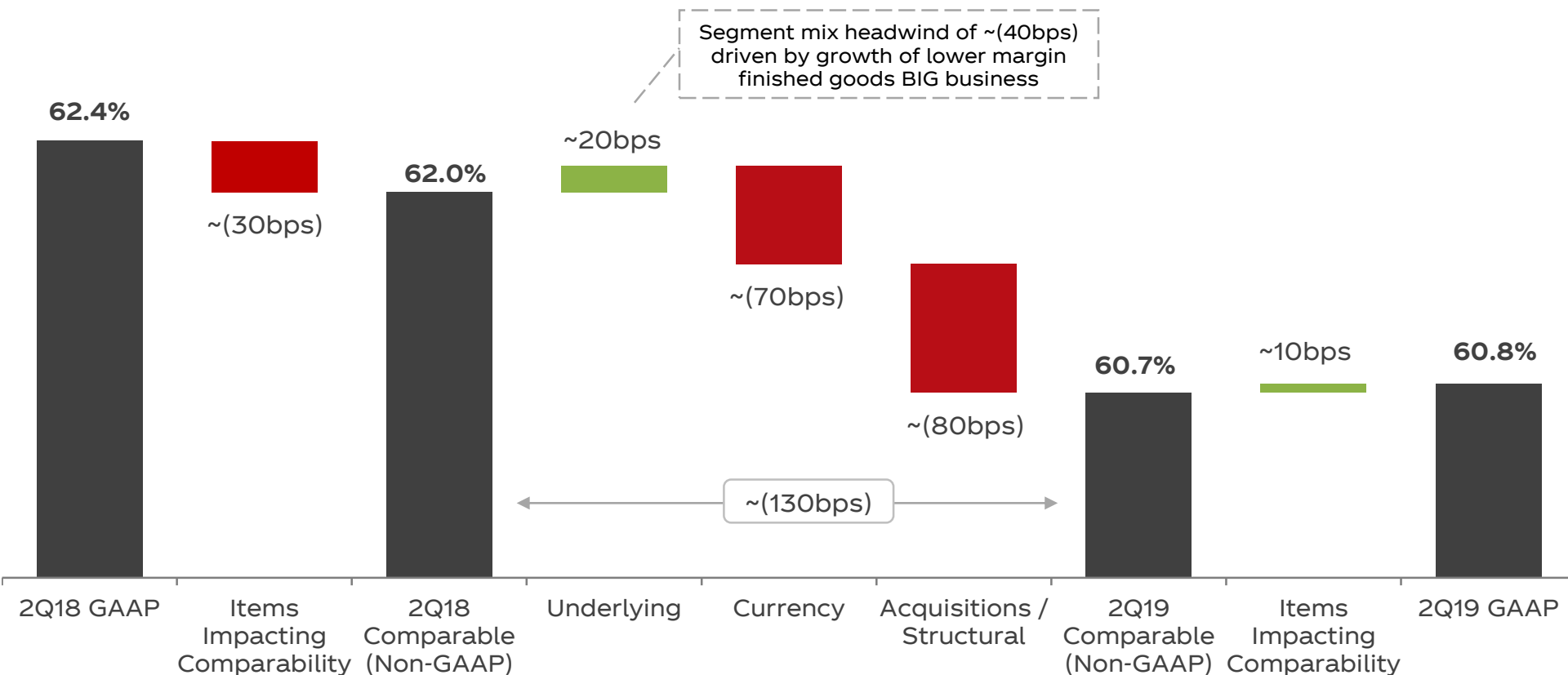
### RECONCILIATION TO U.S. GAAP FINANCIAL INFORMATION

The following presentation includes certain "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934. A schedule which reconciles our results as reported under Generally Accepted Accounting Principles and the non-GAAP financial measures included in the following presentation is attached as an appendix hereto and can be found [here](#) or on the company's website at [www.coca-colacompany.com](http://www.coca-colacompany.com) (in the "Investors" section).



# Q2 2019 MARGIN ANALYSIS

## CONSOLIDATED GROSS MARGIN



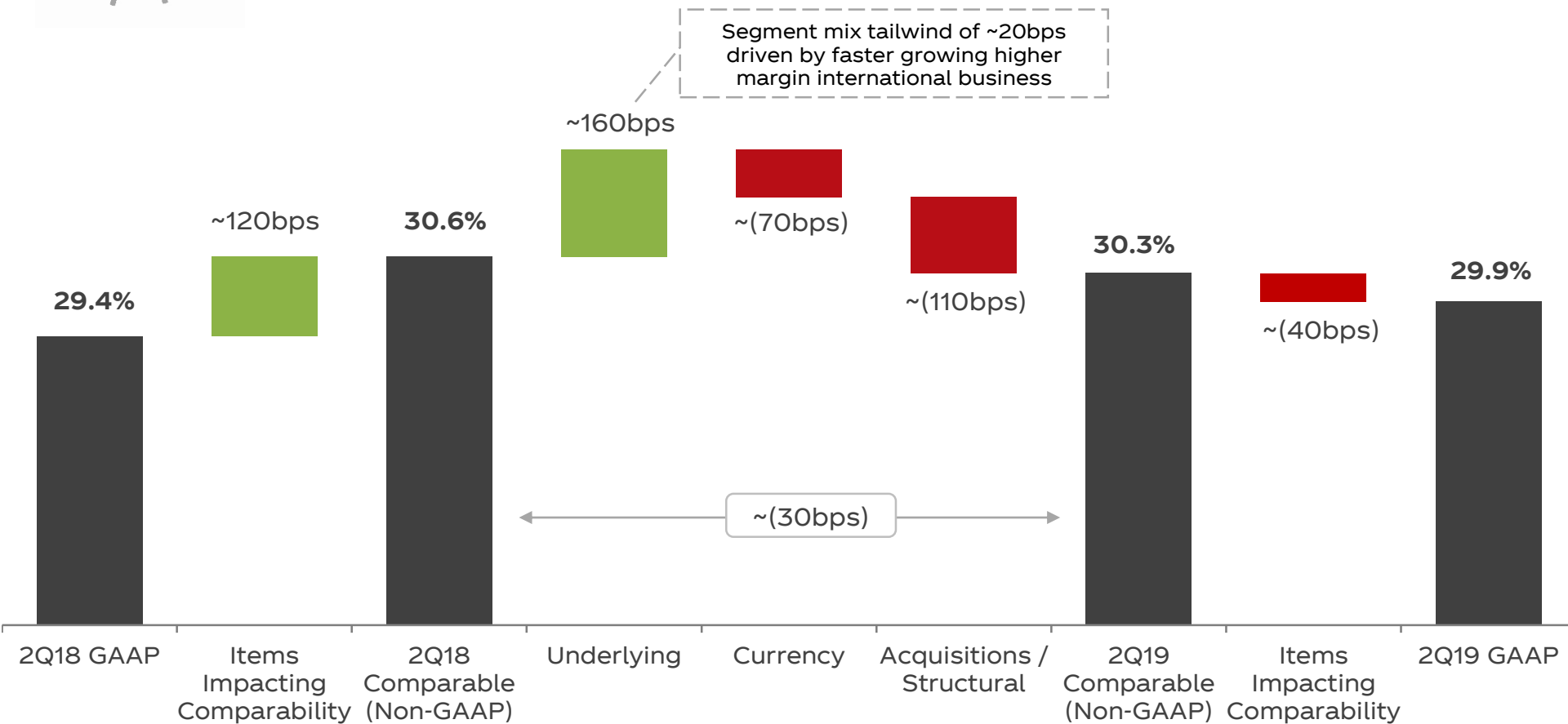
## KEY TAKEAWAYS

- Items impacting comparability primarily relate to economic hedging activities and previously unrecognized depreciation and amortization for CCBA.
- Underlying gross margin expanded slightly as margin expansion across almost all segments was partially offset by segment mix due to strong growth of finished goods BIG business.
- The structural impact to margin was due to the purchase of Philippines bottling operations and the refranchising of Canada, Uruguay and Guatemala bottling operations. Acquisitions were a minimal impact to margin.



# Q2 2019 MARGIN ANALYSIS

## CONSOLIDATED OPERATING MARGIN



## KEY TAKEAWAYS

- Items impacting comparability primarily relate to productivity & reinvestment initiatives, transaction gains & losses, asset impairments, and previously unrecognized depreciation and amortization for CCBA.
- Broad-based underlying margin improvement across operating groups primarily driven by RGM initiatives in EMEA and strong productivity across BUs in Latin America.
- The acquisition of lower margin finished goods businesses of Costa & CHI impacted operating margin. The structural impact to margin was due to refranchising of Canada, Uruguay and Guatemala bottling operations.

Note: Numbers may not add due to rounding.  
 Note: All numbers reflect the reclassification of Coca-Cola Beverages Africa (CCBA) from discontinued operations to continued operations.



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## APPENDIX RECONCILIATIONS OF GAAP AND NON-GAAP FINANCIAL MEASURES

# THE COCA-COLA COMPANY AND SUBSIDIARIES

## Reconciliation of GAAP and Non-GAAP Financial Measures

(UNAUDITED)

### Consolidated Gross Margin:

	Three Months Ended June 28, 2019	Three Months Ended June 29, 2018	Basis Point Growth (Decline)
<b>Reported Gross Margin (GAAP)</b>	<b>60.78%</b>	<b>62.38%</b>	<b>(160)</b>
Items Impacting Comparability (Non-GAAP)	0.06%	0.34%	
Comparable Gross Margin (Non-GAAP)	60.72%	62.04%	(132)
Comparable Currency Impact (Non-GAAP)	(0.66%)	0.00%	
Comparable Currency Neutral Gross Margin (Non-GAAP)	61.38%	62.04%	(66)
Impact of Acquisitions and Structural Items on Comparable Currency Neutral Gross Margin (Non-GAAP)	(1.59%)	(0.76%)	
Underlying Gross Margin (Non-GAAP)	62.97%	62.80%	17

### Consolidated Operating Margin:

	Three Months Ended June 28, 2019	Three Months Ended June 29, 2018	Basis Point Growth (Decline)
<b>Reported Operating Margin (GAAP)</b>	<b>29.89%</b>	<b>29.36%</b>	<b>53</b>
Items Impacting Comparability (Non-GAAP)	(0.43%)	(1.21%)	
Comparable Operating Margin (Non-GAAP)	30.32%	30.57%	(25)
Comparable Currency Impact (Non-GAAP)	(0.72%)	0.00%	
Comparable Currency Neutral Operating Margin (Non-GAAP)	31.04%	30.57%	47
Impact of Acquisitions and Structural Items on Comparable Currency Neutral Operating Margin (Non-GAAP)	(2.21%)	(1.09%)	
Underlying Operating Margin (Non-GAAP)	33.25%	31.66%	159