THE COCA-COLA COMPANY

News Release

Coca-Cola Reports Third Quarter 2022 Results and Raises Full-Year Guidance

Global Unit Case Volume Grew 4%

Net Revenues Grew 10%;
Organic Revenues (Non-GAAP) Grew 16%

Operating Income Grew 7%;
Comparable Currency Neutral Operating Income (Non-GAAP) Grew 18%

Operating Margin Was 27.9% Versus 28.9% in the Prior Year;
Comparable Operating Margin (Non-GAAP) Was 29.5% Versus 30.0% in the Prior Year

EPS Grew 14% to $0.65; Comparable EPS (Non-GAAP) Grew 7% to $0.69

ATLANTA, Oct. 25, 2022 – The Coca-Cola Company today reported strong third quarter 2022 results as the company continued to build on the momentum from the first half of the year. “Our strong capabilities and consumer insights continue to help us win in the marketplace,” said James Quincey, Chairman and CEO of The Coca-Cola Company. “Our business is resilient amidst a dynamic operating and macroeconomic environment. We are investing in our strong portfolio of brands, which is a cornerstone of our ability to deliver long-term value for our stakeholders.”

Highlights

Quarterly Performance

- **Revenues:** Net revenues grew 10% to $11.1 billion, and organic revenues (non-GAAP) grew 16%. Organic revenue (non-GAAP) performance was strong across operating segments and included 12% growth in price/mix and 4% growth in concentrate sales.
- **Margin:** Operating margin, which included items impacting comparability, was 27.9% versus 28.9% in the prior year, while comparable operating margin (non-GAAP) was 29.5% versus 30.0% in the prior year. Comparable operating margin (non-GAAP) compressed as strong topline growth was more than offset by the impact of the BODYARMOR acquisition, higher operating costs, an increase in marketing investments versus the prior year, and currency headwinds.
- **Earnings per share:** EPS grew 14% to $0.65, and comparable EPS (non-GAAP) grew 7% to $0.69. Comparable EPS (non-GAAP) performance included the impact of an 11-point currency headwind.
- **Market share:** The company gained value share in total nonalcoholic ready-to-drink (NARTD) beverages.

- **Cash flow:** Cash flow from operations was $8.1 billion year-to-date, a decline of $1.2 billion versus the prior year, as strong business performance was more than offset by the impact of cycling the timing of working capital benefits in the prior year and higher 2021 annual incentives in the current year. Free cash flow (non-GAAP) was $7.3 billion, a decline of $1.2 billion versus the prior year.

Company Updates

- **Leveraging strong revenue growth management capabilities to meet consumer needs:** In an environment where consumer preferences are rapidly evolving, the company is focused on expanding its offerings to fit all consumers' budgets. The Coca-Cola Value Bundle, which was launched in North America during the third quarter, is an example of how the company is offering more choices to cost-conscious consumers. The bundle features an assortment of core sparkling brands at relevant and competitive price points. By utilizing end-to-end messaging across platforms, these offerings are retaining and recruiting more consumers while creating value for our customers. Additionally, the company is balancing the mix between affordability and premiumization, while driving pricing actions in the marketplace in response to ongoing cost inflation. For example, in Australia the company achieved low double-digit retail value growth in the sparkling category and gained approximately 1.5 points of sparkling value share through intelligent segmented pricing, increased premium mix through multi-packs of mini cans, and optimized promotional initiatives for at-home occasions.
- **Turning insights into global brand experiences:** The company continues to engage and attract consumers through globally scaled marketing campaigns driven by consumer insights. The "What the Fanta" marketing and innovation platform is an example of how the company is executing with its global networked marketing partner to identify and scale what resonates with consumers, from taste to brand experiences. Now launched in over 30 markets globally, the experience-driven platform is designed to spark adventure and intrigue through bold innovative flavors complemented by social media campaigns and multi-channel activations. With a uniform marketing platform and a streamlined offering of flavors that resonate with local tastes, "What the Fanta" is driving increased profitability in sparkling flavors and is recruiting more consumers, as approximately 40% of consumers in Europe who purchased "What the Fanta" beverages in 2022 were new to the Fanta® brand.
- **Strategically expanding in emerging categories:** Since entering into the ready-to-drink (RTD) alcohol beverages category in 2018 with Lemon-Dou in Japan, the company has continued its test-and-learn approach with disciplined experiments around alcohol occasions globally. The company is leveraging brands with strong credentials, such as Topo Chico®, while adding to the existing portfolio of Schweppes® premium adult cocktail mixers and tonics. This year, Simply Spiked Lemonade™ and Fresca™ Mixed were introduced in the United States through brand authorization agreements with Molson Coors Beverage Company and Constellation Brands, Inc., respectively, and both offerings are seeing encouraging early results. These initiatives support the company's disciplined approach on its journey to become a total beverage company with beverage options for all occasions and need states.
- **Increasing water security through collaboration and collective action:** The company continues to focus on collaborating with businesses and nongovernmental organizations to create a more sustainable and better shared future. During the quarter, at World Water Week 2022, the company focused on how corporate water stewardship can drive collective action to help address water challenges. Over the past two years, the company has stepped up investments in nature-based water solutions as an important part of its 2030 Water Security Strategy. These solutions, which include meadow and forest restorations, invasive species removal and floodplain management, can provide a wide range of benefits, including better water quality, carbon sequestration and enhanced biodiversity.

Operating Review – Three Months Ended September 30, 2022

Revenues and Volume

Percent Change	Concentrate Sales[1]	Price/Mix	Currency Impact	Acquisitions, Divestitures and Structural Changes, Net	Reported Net Revenues	Organic Revenues[2]	Unit Case Volume[3]
Consolidated	**4**	**12**	**(8)**	**2**	**10**	**16**	**4**
Europe, Middle East & Africa	1	19	(16)	0	4	20	(1)
Latin America	6	12	(6)	0	12	18	5
North America	(1)	15	0	6	21	14	1
Asia Pacific	9	4	(10)	0	4	14	9
Global Ventures[4]	17	(12)	(15)	0	(10)	5	8
Bottling Investments	16	3	(12)	0	7	19	16

Operating Income and EPS

Percent Change	Reported Operating Income	Items Impacting Comparability	Currency Impact	Comparable Currency Neutral[2]
Consolidated	**7**	**(2)**	**(10)**	**18**
Europe, Middle East & Africa	2	1	(18)	19
Latin America	0	0	(7)	7
North America	25	5	0	20
Asia Pacific	(1)	(8)	(12)	19
Global Ventures	(41)	1	(5)	(37)
Bottling Investments	(43)	(20)	(7)	(16)

Percent Change	Reported EPS	Items Impacting Comparability	Currency Impact	Comparable Currency Neutral[2]
Consolidated EPS	**14**	**8**	**(11)**	**18**

Note: Certain rows may not add due to rounding.

[1] For Bottling Investments, this represents the percent change in net revenues attributable to the increase (decrease) in unit case volume computed based on total sales (rather than average daily sales) in each of the corresponding periods after considering the impact of structural changes, if any.

[2] Organic revenues, comparable currency neutral operating income and comparable currency neutral EPS are non-GAAP financial measures. Refer to the Reconciliation of GAAP and Non-GAAP Financial Measures section.

[3] Unit case volume is computed based on average daily sales.

[4] Due to the combination of multiple business models in the Global Ventures operating segment, the composition of concentrate sales and price/mix may fluctuate materially from period to period. Therefore, the company places greater focus on revenue growth as the best indicator of underlying performance of the Global Ventures operating segment.

In addition to the data in the preceding tables, operating results included the following:

Consolidated

- Unit case volume grew 4%, with broad-based growth across most operating segments. Volume performance was driven by strength in away-from-home channels and ongoing investments in the marketplace. Developed markets grew mid single digits, while developing and emerging markets grew low single digits. Growth in developed markets was led by Western Europe, Mexico and the United States, while growth in developing and emerging markets was led by India, China and Brazil.

Category performance was as follows:

- ◦ Sparkling soft drinks grew 3%, driven by growth across all geographic operating segments, primarily led by India, Mexico and China. Trademark Coca-Cola grew 3%, driven by growth across all geographic operating segments. Coca-Cola® Zero Sugar grew 11%, driven by low double-digit growth across developed markets and high single-digit growth across developing and emerging markets. Sparkling flavors grew 3%, led by Asia Pacific and Latin America.
- ◦ Nutrition, juice, dairy and plant-based beverages were even, as growth led by Minute Maid Pulpy in China, Maaza® in India and fairlife® in the United States was offset by declines primarily in local brands in Eastern Europe.
- ◦ Hydration, sports, coffee and tea grew 5%. Hydration grew 6%, led by strong growth in Asia Pacific and Latin America. Sports drinks grew 6%, primarily driven by growth of Aquarius®, BODYARMOR® and Powerade®. Coffee grew 5%, primarily driven by cycling the impact of pandemic-related Costa® retail store closures in the United Kingdom in the prior year and continued expansion of Costa® coffee across markets. Tea was even, as strong growth in Brazil and Mexico was offset by a decline due to the suspension of business in Russia.

- Price/mix grew 12%, driven by pricing actions in the marketplace across operating segments along with favorable channel and package mix primarily due to cycling the impact of the pandemic in the prior year. Price/mix also benefited from positive segment mix.
- Operating income grew 7%, which included items impacting comparability and a 10-point currency headwind. Comparable currency neutral operating income (non-GAAP) grew 18%, driven by strong organic revenue (non-GAAP) growth across all operating segments, partially offset by higher operating costs and an increase in marketing investments versus the prior year.

Europe, Middle East & Africa

- Unit case volume declined 1%, as strong growth in Spain, Germany and France was more than offset by a decline due to the suspension of business in Russia.
- Price/mix grew 19%, driven by pricing actions across operating units along with favorable channel and package mix due to cycling the impact of the pandemic in the prior year, in addition to inflationary pricing in Turkey. Concentrate sales were 2 points ahead of unit case volume, largely due to the timing of concentrate shipments.
- Operating income grew 2%, which included items impacting comparability and an 18-point currency headwind. Comparable currency neutral operating income (non-GAAP) grew 19%, primarily driven by strong organic revenue (non-GAAP) growth across all operating units, partially offset by higher operating costs and an increase in marketing investments versus the prior year.
- The company gained value share in total NARTD beverages with share gains across all categories.

Latin America

- Unit case volume grew 5%, with strong growth across nearly all categories. Growth was led by Mexico, Brazil and Argentina.
- Price/mix grew 12%, driven by pricing actions in the marketplace and favorable channel and package mix, in addition to inflationary pricing in Argentina. Concentrate sales were 1 point ahead of unit case volume due to the timing of concentrate shipments. Year-to-date concentrate sales were 1 point behind unit case volume, primarily driven by the impact of one less day in the first quarter of this year.

- Operating income was even, which included a 7-point currency headwind. Comparable currency neutral operating income (non-GAAP) grew 7%, primarily driven by strong organic revenue (non-GAAP) growth, partially offset by higher operating costs and an increase in marketing investments versus the prior year.
- The company lost value share in total NARTD beverages, as share gains in juice and juice drinks as well as tea were more than offset by pressure in sparkling soft drinks and other categories.

North America

- Unit case volume grew 1%, driven by continued recovery in away-from-home channels. Sparkling soft drinks and dairy beverages led growth during the quarter.
- Price/mix grew 15%, primarily driven by pricing actions in the marketplace and continued recovery in the fountain business. Concentrate sales were 2 points behind unit case volume, primarily due to the timing of concentrate shipments.
- Operating income grew 25%, which included items impacting comparability. Comparable currency neutral operating income (non-GAAP) grew 20%, driven by strong organic revenue (non-GAAP) growth, partially offset by higher operating costs and an increase in marketing investments versus the prior year.
- The company gained value share in total NARTD beverages, driven by strong performance in away-from-home channels.

Asia Pacific

- Unit case volume grew 9%, driven by strong growth in India and China. Growth was led by sparkling soft drinks and hydration.
- Price/mix grew 4%, primarily driven by pricing actions in the marketplace and favorable channel and package mix, partially offset by negative geographic mix within the segment.
- Operating income declined 1%, which included items impacting comparability and a 9-point currency headwind. Comparable currency neutral operating income (non-GAAP) grew 19%, primarily driven by organic revenue (non-GAAP) growth across all operating units, partially offset by higher operating costs and an increase in marketing investments versus the prior year.
- The company gained value share in total NARTD beverages led by share gains in Australia, Japan and South Korea.

Global Ventures

- Net revenues declined 10%, and organic revenues (non-GAAP) grew 5%. Net revenues included a 15-point currency headwind. Revenue performance benefited from cycling the impact of pandemic-related Costa retail store closures in the United Kingdom in the prior year.
- Operating income and comparable currency neutral operating income (non-GAAP) both declined, as solid organic revenue (non-GAAP) growth was more than offset by higher operating costs.

Bottling Investments

- Unit case volume grew 16%, driven by strength in India and Vietnam.
- Price/mix grew 3%, driven by pricing actions across most markets.

- Operating income declined 43%, which included items impacting comparability and a 5-point headwind from currency. Comparable currency neutral operating income (non-GAAP) declined 16%, as strong organic revenue (non-GAAP) growth was more than offset by higher operating costs.

Operating Review – Nine Months Ended September 30, 2022

Revenues and Volume

Percent Change	Concentrate Sales[1]	Price/Mix	Currency Impact	Acquisitions, Divestitures and Structural Changes, Net	Reported Net Revenues	Organic Revenues[2]	Unit Case Volume[3]
Consolidated	**6**	**10**	**(6)**	**2**	**13**	**16**	**6**
Europe, Middle East & Africa	5	16	(13)	0	8	21	5
Latin America	7	14	(4)	0	16	21	8
North America	2	12	0	7	21	14	2
Asia Pacific	8	3	(8)	0	3	11	8
Global Ventures[4]	16	(2)	(11)	0	4	15	15
Bottling Investments	16	4	(8)	0	12	20	16

Operating Income and EPS

Percent Change	Reported Operating Income	Items Impacting Comparability	Currency Impact	Comparable Currency Neutral[2]
Consolidated	**2**	**(9)**	**(8)**	**19**
Europe, Middle East & Africa	12	3	(15)	24
Latin America	10	1	(5)	15
North America	14	(5)	0	19
Asia Pacific	(2)	(2)	(8)	8
Global Ventures	(25)	4	(3)	(26)
Bottling Investments	12	(19)	(10)	41

Percent Change	Reported EPS	Items Impacting Comparability	Currency Impact	Comparable Currency Neutral[2]
Consolidated EPS	**2**	**(7)**	**(9)**	**18**

Note: Certain rows may not add due to rounding.

[1] For Bottling Investments, this represents the percent change in net revenues attributable to the increase (decrease) in unit case volume computed based on total sales (rather than average daily sales) in each of the corresponding periods after considering the impact of structural changes, if any.

[2] Organic revenues, comparable currency neutral operating income and comparable currency neutral EPS are non-GAAP financial measures. Refer to the Reconciliation of GAAP and Non-GAAP Financial Measures section.

[3] Unit case volume is computed based on average daily sales.

[4] Due to the combination of multiple business models in the Global Ventures operating segment, the composition of concentrate sales and price/mix may fluctuate materially from period to period. Therefore, the company places greater focus on revenue growth as the best indicator of underlying performance of the Global Ventures operating segment.

Outlook

The 2022 and 2023 outlook information provided below includes forward-looking non-GAAP financial measures, which management uses in measuring performance. The company is not able to reconcile full-year 2022 projected organic revenues (non-GAAP) to full-year 2022 projected reported net revenues, full-year 2022 projected comparable net revenues (non-GAAP) to full-year 2022 projected reported net revenues, full-year 2022 projected comparable cost of goods sold (non-GAAP) to full-year 2022 projected reported cost of goods sold, full-year 2022 projected underlying effective tax rate (non-GAAP) to full-year 2022 projected reported effective tax rate, full-year 2022 projected comparable EPS (non-GAAP) to full-year 2022 projected reported EPS, full-year 2022 projected comparable currency neutral EPS (non-GAAP) to full-year 2022 projected reported EPS, full-year 2023 projected comparable net revenues (non-GAAP) to full-year 2023 projected reported net revenues, full-year 2023 projected underlying effective tax rate (non-GAAP) to full-year 2023 projected reported effective tax rate, or full-year 2023 projected comparable EPS (non-GAAP) to full-year 2023 projected reported EPS without unreasonable efforts because it is not possible to predict with a reasonable degree of certainty the exact timing and amount of acquisitions, divestitures and/or structural changes throughout 2022; the actual impact of changes in commodity costs throughout 2022; the exact timing and amount of items impacting comparability throughout 2022 and 2023; and the actual impact of fluctuations in foreign currency exchange rates throughout 2022 and 2023. The unavailable information could have a significant impact on the company's full-year 2022 and full-year 2023 reported financial results.

Full Year 2022

On March 8, 2022, the company announced the suspension of its business in Russia as a result of the conflict in Ukraine. The approximate direct impacts of this are estimated to be as follows:

- 1% impact to unit case volume – *No Change*
- 1% impact to net revenues and operating income – *Updated*
- $0.03 impact to comparable EPS (non-GAAP) – *No Change*

These estimated impacts are reflected in the outlook commentary below.

The company expects to deliver organic revenue (non-GAAP) growth of 14% to 15%. – *Updated*

For comparable net revenues (non-GAAP), the company expects a 7% currency headwind based on the current rates and including the impact of hedged positions, in addition to a 2% tailwind from acquisitions and divestitures. – *Updated*

The company expects commodity price inflation to be a high single-digit percentage headwind on comparable cost of goods sold (non-GAAP) based on the current rates and including the impact of hedged positions. – *No Change*

The company's underlying effective tax rate (non-GAAP) is estimated to be 19.0%. This does not include the impact of ongoing tax litigation with the U.S. Internal Revenue Service, if the company were not to prevail. – *Updated*

Given the above considerations, the company expects to deliver comparable currency neutral EPS (non-GAAP) growth of 15% to 16% and comparable EPS (non-GAAP) growth of 6% to 7%, versus $2.32 in 2021. – *Updated*

Comparable EPS (non-GAAP) percentage growth is expected to include a 9% currency headwind based on the current rates and including the impact of hedged positions, in addition to a 1% headwind from acquisitions and divestitures. – *No Change*

The company expects to generate free cash flow (non-GAAP) of approximately $10.5 billion through cash flow from operations of approximately $12.0 billion, less capital expenditures of approximately $1.5 billion. This does not include any potential payments related to ongoing tax litigation with the U.S. Internal Revenue Service. – *No Change*

Fourth Quarter 2022 Considerations – *New*

Comparable net revenues (non-GAAP) are expected to include an 8% currency headwind based on the current rates and including the impact of hedged positions, in addition to a 1% tailwind from acquisitions.

Comparable EPS (non-GAAP) percentage growth is expected to include a 9% currency headwind based on the current rates and including the impact of hedged positions.

Full Year 2023 Considerations – *New*

The company is providing the following considerations for 2023:

- The company is encouraged by the underlying topline momentum, and will leverage its capabilities to sustain topline growth amidst the ongoing inflationary backdrop.
- The company expects global inflation to continue to impact its expenses across the board, and also expects commodity prices to remain volatile. The company has benefited from its hedges in 2022 and expects elevated inflation on a per case basis in 2023.
- The company's underlying effective tax rate (non-GAAP) is estimated to be 19.5%. This does not include the impact of ongoing tax litigation with the U.S. Internal Revenue Service, if the company were not to prevail.
- The company's initial currency outlook for full-year 2023 is as follows:
    - Comparable net revenues (non-GAAP) are expected to include an approximate 5% to 6% currency headwind based on the current rates and including the impact of hedged positions.
    - Comparable EPS (non-GAAP) is expected to include an approximate 7% to 8% currency headwind based on the current rates and including the impact of hedged positions.
- The company will provide full-year 2023 guidance when it reports fourth quarter earnings.

Notes

- All references to growth rate percentages and share compare the results of the period to those of the prior year comparable period, unless otherwise noted.

- All references to volume and volume percentage changes indicate unit case volume, unless otherwise noted. All volume percentage changes are computed based on average daily sales, unless otherwise noted. "Unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings), with the exception of unit case equivalents for Costa non-ready-to-drink beverage products which are primarily measured in number of transactions. "Unit case volume" means the number of unit cases (or unit case equivalents) of company beverages directly or indirectly sold by the company and its bottling partners to customers or consumers.

- "Concentrate sales" represents the amount of concentrates, syrups, beverage bases, source waters and powders/minerals (in all instances expressed in unit case equivalents) sold by, or used in finished beverages sold by, the company to its bottling partners or other customers. For Costa non-ready-to-drink beverage products, "concentrate sales" represents the amount of beverages, primarily measured in number of transactions (in all instances expressed in unit case equivalents) sold by the company to customers or consumers. In the reconciliation of reported net revenues, "concentrate sales" represents the percent change in net revenues attributable to the increase (decrease) in concentrate sales volume for the geographic operating segments and the Global Ventures operating segment after considering the impact of structural changes, if any. For the Bottling Investments operating segment, this represents the percent change in net revenues attributable to the increase (decrease) in unit case volume computed based on total sales (rather than average daily sales) in each of the corresponding periods after considering the impact of structural changes, if any. The Bottling Investments operating segment reflects unit case volume growth for consolidated bottlers only.

- "Price/mix" represents the change in net operating revenues caused by factors such as price changes, the mix of products and packages sold, and the mix of channels and geographic territories where the sales occurred.

- First quarter 2022 financial results were impacted by one less day as compared to first quarter 2021, and fourth quarter 2022 financial results will be impacted by one additional day as compared to fourth quarter 2021. Unit case volume results for the quarters are not impacted by the variances in days due to the average daily sales computation referenced above.

Conference Call

The company is hosting a conference call with investors and analysts to discuss third quarter 2022 operating results today, Oct. 25, 2022, at 8:30 a.m. ET. The company invites participants to listen to a live webcast of the conference call on the company's website, http://www.coca-colacompany.com, in the "Investors" section. An audio replay in downloadable digital format and a transcript of the call will be available on the website within 24 hours following the call. Further, the "Investors" section of the website includes certain supplemental information and a reconciliation of non-GAAP financial measures to the company's results as reported under GAAP, which may be used during the call when discussing financial results.

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