



# **FOURTH QUARTER 2020 EARNINGS CALL**

February 10, 2021

# FORWARD-LOOKING STATEMENTS

This presentation may contain statements, estimates or projections that constitute “forward-looking statements” as defined under U.S. federal securities laws. Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements are subject to certain risks and uncertainties that could cause The Coca-Cola Company’s actual results to differ materially from its historical experience and our present expectations or projections. These risks include, but are not limited to, the negative impacts of the COVID-19 pandemic on our business; obesity and other health-related concerns; evolving consumer product and shopping preferences; increased competition; water scarcity and poor quality; increased demand for food products and decreased agricultural productivity; product safety and quality concerns; perceived negative health consequences of certain ingredients, such as non-nutritive sweeteners and biotechnology-derived substances, and of other substances present in our beverage products or packaging materials; an inability to be successful in our innovation activities; an inability to realize the economic benefits for our reorganization and related reduction in workforce; an inability to protect our information systems against service interruption, misappropriation of data or breaches of security; failure to comply with personal data protection and privacy laws; failure to digitize the Coca-Cola system; changes in the retail landscape or the loss of key retail or foodservice customers; an inability to expand operations in emerging and developing markets; fluctuations in foreign currency exchange rates; interest rate increases; an inability to maintain good relationships with our bottling partners; a deterioration in our bottling partners’ financial condition; increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters, including the outcome of our ongoing tax dispute or any related disputes with the U.S. Internal Revenue Service; increased or new indirect taxes in the United States and throughout the world; an inability to successfully manage the possible negative consequences of our productivity initiatives; an inability to attract or retain a highly skilled and diverse workforce; increased cost, disruption of supply or shortage of energy or fuel; increased cost, disruption of supply or shortage of ingredients, other raw materials, packaging materials, aluminum cans and other containers; increasing concerns about the environmental impact of plastic bottles and other plastic packaging materials; changes in laws and regulations relating to beverage containers and packaging; significant additional labeling or warning requirements or limitations on the marketing or sale of our products; unfavorable general economic conditions in the United States; unfavorable economic and political conditions in international markets; unfavorable outcome of litigation or legal proceedings; conducting business in markets with high-risk legal compliance environments; failure by our third-party service providers and business partners to satisfactorily fulfill their commitments and responsibilities; failure to adequately protect, or disputes relating to, trademarks, formulae and other intellectual property rights; adverse weather conditions; climate change and legal or regulatory responses thereto; damage to our brand image, corporate reputation and social license to operate from negative publicity, whether or not warranted, concerning product safety or quality, workplace and human rights, obesity or other issues; changes in, or failure to comply with, the laws and regulations applicable to our products or our business operations; changes in accounting standards; an inability to achieve our overall long-term growth objectives; deterioration of global credit market conditions; default by or failure of one or more of our counterparty financial institutions; an inability to renew collective bargaining agreements on satisfactory terms, or we or our bottling partners experience strikes, work stoppages or labor unrest; future impairment charges; multi-employer pension plan withdrawal liabilities in the future; an inability to successfully integrate and manage our company-owned or -controlled bottling operations or other acquired businesses or brands; an inability to successfully manage our refranchising activities; failure to realize a significant portion of the anticipated benefits of our strategic relationship with Monster Beverage Corporation; global or regional catastrophic events; and other risks discussed in our filings with the Securities and Exchange Commission (the “SEC”), including our Annual Report on Form 10-K for the year ended December 31, 2019 and our subsequently filed Quarterly Reports on Form 10-Q and other reports, which filings are available from the SEC. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update or revise any forward-looking statements.

# 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.

The 2021 outlook information provided in this presentation includes forward-looking non-GAAP financial measures, which management uses in measuring performance. The company is not able to reconcile full year 2021 projected organic revenues (non-GAAP) to full year 2021 projected reported net revenues, full year 2021 projected comparable net revenues (non-GAAP) to full year 2021 projected reported net revenues, full year 2021 projected underlying effective tax rate (non-GAAP) to full year 2021 projected reported effective tax rate or full year 2021 projected comparable EPS (non-GAAP) to full year 2021 projected reported EPS without unreasonable efforts because it is not possible to predict with a reasonable degree of certainty the actual impact of changes in foreign currency exchange rates; the exact timing and amount of acquisitions, divestitures and/or structural changes; and the exact timing and amount of comparability items throughout 2021. The unavailable information could have a significant impact on our full year 2021 GAAP financial results.

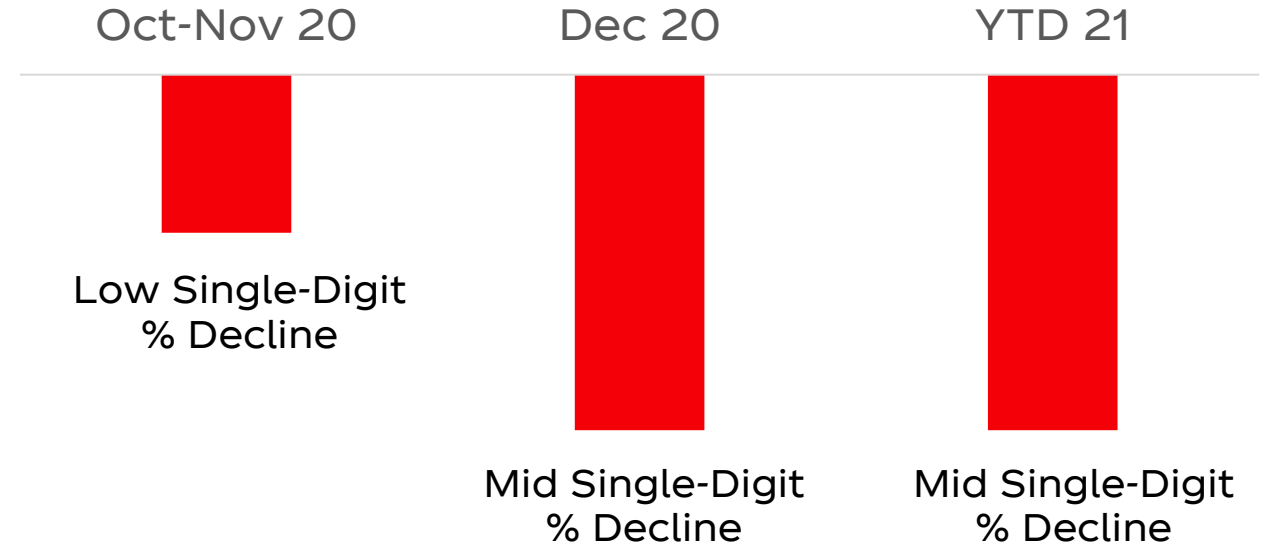


RESURGENCE IN THE VIRUS DROVE RENEWED LOCKDOWNS IN Q4

Two Key Factors

- 1 Level of Lockdown in any Given Market
- 2 Size of Away-From-Home Business in that Market

Volume Performance



Business has become more durable compared to Spring 2020 based on the actions we have taken



## GLOBAL PROGRESS REMAINED MIXED IN Q4

### EMEA (4%)\*

Shown resilience despite varying levels of lockdown

Dispersion between developed and developing markets

Western Europe most affected; Turkey & West Africa showed positive momentum

### Asia Pacific (4%)\*

China gained share in off-premise & on-premise for the full year

Japan drove incremental transactions but pressure on vending continues

In India challenges remain but signs of recovery in away-from-home

### North America (7%)\*

Away-from-home impacted by restrictions in multiple states

Sparkling water trends remain robust led by AHA and Topo Chico  
Simply and fairlife also performed well

### Global Ventures (9%)\*

Renewed U.K. lockdown impacted Costa retail stores; Costa Express performed well

Continued Costa expansion into China, Japan and Europe

Testing Costa Express and Proud to Serve in the U.S.

### Latin America +2%\*

Trends were strong early in the quarter but slowed in December

Single-serve mix in our business is recovering; Multi-serve refillables grew double digits

Brazil remained strong; Mexico improved sequentially

### Bottling Investments Group (7%)\*

Improved operating margin performance

Made progress on cooler productivity and SKU rationalization

Most markets gained or maintained share; Vietnam achieved its highest-ever sparkling share



## VALUE SHARE PERFORMANCE CONTINUES TO BE IMPACTED BY CHANNEL MIX

- Underlying Share in Away-From-Home



- Underlying Share in At-Home



- Poised to emerge stronger in both channels

- Supporting customers

- Ensuring seamless execution from a supply chain perspective





**LIKELY TO SEE SOME LEVEL OF ASYNCHRONOUS RECOVERY IN 2021**

**External Factors**

Vaccine  
Distribution

Macroeconomic  
Factors

**Coca-Cola System**

Adjust to near-term  
uncertainties

Push forward on  
strategic initiatives to  
emerge stronger

**RECOVERY**



## PROGRESS AGAINST STRATEGIC INITIATIVES

### Networked Organization



- ✓ Clear decision rights and accountability
- ✓ Operating Units and Global Category Teams in place
- ✓ Platform Services established - 9 hubs currently being stood up
- ✓ Ensuring we have diverse and equitable representation across our workforce

### Portfolio Optimization

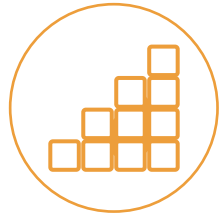


- ✓ Streamlined portfolio drives allocation of investments to greatest opportunities
- ✓ Targeted investments convert challengers and explorers into leaders more quickly & consistently
- ✓ Allows us to focus on what we do best - brand building and innovation
- ✓ Powering return to long-term profitable growth



FOCUSING ATTENTION & RESOURCES ON WHAT WE DO BEST

Brand Building



Great brand building begins with deep consumer insights that converts into superior quality products



Building targeted, experiential campaigns - data driven and always on



Sprite Global Campaign



Fanta Global Initiative



Driving effectiveness and efficiency of marketing spend

Innovation



2021 Innovation Pipeline

Coca-Cola Zero Sugar 2.0



Authentic Tea House expansion in Asia

100% recycled PET bottles in U.S.



DAJANI

13.2-oz TM Coke

Topo Chico Hard Seltzer - Continue to expand; already in several cities in LATAM & Europe







# GLOBAL PANDEMIC HAS EXPEDITED SHIFT TO A DIGITAL WORLD

**Digitizing the enterprise** for several years

Stepped up our organization to skillfully **execute both online and offline**

Leveraging existing **pockets of excellence** across the globe



## 1 myCoke B2B Platform

Continues to add outlets and is expanding to new markets

## 2 O2O Partnerships

Partnerships with multiple food aggregators to ensure beverage visibility & availability

## 3 WABI

Multi-platform venture; available in 23 cities across 5 continents; attracted bottler interest & collaboration



ESG WORK IS EMBEDDED IN OUR BUSINESS AND THE VALUE WE CREATE

Racial Equity

Global Social Justice Framework

LISTENING



LEADING



INVESTING



ADVOCATING



World Without Waste



- Set a new target to reduce virgin PET use – cumulative 3 million metric tons by 2025
- 2030 science-based carbon target – critical milestone to achieving ambition to be net zero carbon by 2050

Women

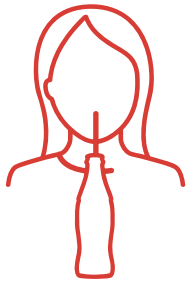


- Accomplished goal to empower 5 million women by 2020
- Creating shared value for these women, their families and communities, and our business



**CONFIDENT ABOUT SUCCESSFULLY NAVIGATING DYNAMIC ENVIRONMENT IN 2021**

**Five Clear Objectives**



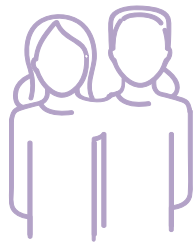
Win More Consumers



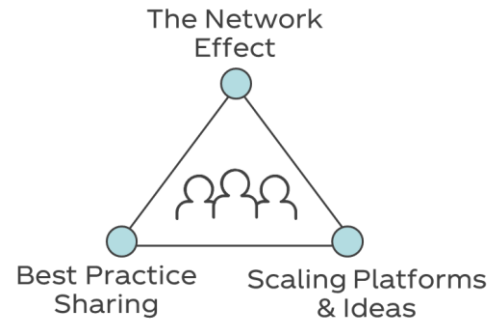
Gain Market Share



Strong System Economics



Strengthen Stakeholder Impact



Equip the Organization to Win

Staying true to our commitment to consumer centricity and our Beverages For Life ambition



## KEY MESSAGES ON TAX DISPUTE

- We disagree with the U.S. Tax Court Opinion and will vigorously defend our position
- We have consulted with external advisors and undergone detailed analysis in arriving at our current position and determining next steps
- Thorough analysis has led us to believe we will ultimately be successful, although there is no assurance that the courts will ultimately rule in the Company's favor
- We have not made any changes to our underlying effective tax rate\*; however, in 2020, we recorded a \$438 million charge for prior tax periods by assessing the likelihood that the courts could apply different methodologies and tax treatment in these periods
- If the tax court opinion is ultimately upheld, along with an adverse ruling on pending issues:
  - We estimate ~\$12 billion of aggregate incremental tax liability for all years up to and including 2020, including interest accrued through December 31, 2020
  - Applying the IRS' proposed transfer pricing methodology would increase our underlying effective tax rate\* by ~3.5%

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Refer to Exhibit 99.2 to Company's Form 8-K filed with the SEC on Feb. 10, 2021

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## REMAIN STEADFAST IN CAPITAL ALLOCATION PRIORITIES

**1 REINVEST IN THE BUSINESS**  
Capital and Other Investments to Support the Growth Agenda

**2 CONTINUE TO GROW THE DIVIDEND**  
Continue to Grow Dividend as a Function of Free Cash Flow\*, With 75% Payout Ratio Over Time

**3 CONSUMER-CENTRIC M&A**  
Striking the Right Balance Between Strategic Rationale, Financial Returns and Risk Profile

**4 NET SHARE REPURCHASE**  
Return Excess Cash Over Time

- **Ample flexibility** between our cash generation and balance sheet
- **Manage through the range of tax litigation outcomes** outlined in this morning's disclosure
- Intention is to be as **transparent** as possible throughout the process



**FOURTH QUARTER PERFORMANCE**

**Quarterly Results**

Unit Case Volume **(3%)**

Organic Revenues\* **(3%)**  
(-3% Price/Mix, 0% CSEs)

Comparable EPS\* **\$0.47**  
**+6% vs. Prior Year**

Free Cash Flow\*  
for FY 2020 **\$8.7 Billion**  
**+3% vs. Prior Year**

**Key Headlines**

- **Sequential improvement in volume** versus the prior quarter
- **October and November volumes** were **down low single digits**; saw a **slowdown in December** due to a resurgence in the virus
- **Comparable gross margin\* pressure** driven by continued weakness in higher revenue-per-case away-from-home channels
- **Comparable operating margin\* expanded** through ongoing disciplined cost management
- **Decline in SG&A spend** this quarter was impacted by timing due to the **phasing effect** of marketing reductions over the year

\* Non-GAAP  
Note: Free Cash Flow = Cash from operations minus capital expenditures



## OUTLOOK

### 2021 FULL YEAR GUIDANCE

**Organic Revenue\***

**High Single-Digit  
% Growth**

**Comparable EPS\***

**High Single-Digit  
to Low Double-Digit  
% Growth**

**Free Cash Flow\***

**At least  
\$8.5 Billion**

### CONSIDERATIONS

- **Expect currency to be a tailwind;** +2%-3% on comparable net revenues\* and +3%-4% on comparable EPS\*
- **Calendar shift will impact the quarterly cadence;** five additional days in the first quarter of 2021, and six fewer days in the fourth quarter
- At this stage, **expectation is for commodities to be benign in 2021**
- To the degree that the topline is driven by away-from-home recovery, **abating channel and package mix headwinds to drive price/mix and gross margin improvement**
- **Continue to step up levels of investment behind our brands** to drive the topline – flex our spend relative to market conditions
- The Free Cash Flow guidance **does not include** any potential payments related to the ongoing tax litigation with the IRS

Confident that we can deliver 2021 earnings that are at or above 2019 levels



## IN SUMMARY

- We are well on our way to emerging stronger
- Objectives and priorities we set during the peak of the crisis are driving our ability to execute through the near-term volatility
- Focus and flexibility of the networked model to drive the entire Coca-Cola system
- Returning to the path of delivering at the high end of our long-term growth model
- Remain guided by our purpose – to **Refresh the World and Make a Difference**







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# THE COCA-COLA COMPANY AND SUBSIDIARIES

## Reconciliation of GAAP and Non-GAAP Financial Measures

(UNAUDITED)

(In millions)

**Net Operating Revenues:**

**Reported (GAAP)**

Items Impacting Comparability:

Other Items

Comparable (Non-GAAP)

Three Months Ended December 31, 2020	
\$	8,611
	(8)
\$	8,603

**Reported (GAAP)**

Items Impacting Comparability:

Other Items

Comparable (Non-GAAP)

Three Months Ended December 31, 2019	
\$	9,068
	17
\$	9,085

**% Change — Reported (GAAP)**

% Currency Impact

% Change — Currency Neutral (Non-GAAP)

% Acquisitions, Divestitures and Structural Changes

% Change — Organic Revenues (Non-GAAP)

Three Months Ended December 31, 2020	
	(5)
	(2)
	(3)
	0
	(3)

Note: Certain columns may not add due to rounding. Certain percentages may not recalculate using the rounded dollar amounts provided.

**THE COCA-COLA COMPANY AND SUBSIDIARIES**  
**Reconciliation of GAAP and Non-GAAP Financial Measures**  
(UNAUDITED)

**Diluted net income per share:**

**Reported (GAAP)**

Items Impacting Comparability:

Asset Impairments

Strategic Realignment

Productivity and Reinvestment

Equity Investees

Transaction Gains/Losses

Other Items

Certain Tax Matters

Comparable (Non-GAAP)

Three Months Ended December 31, 2020	
<b>\$</b>	<b>0.34</b>
	0.06
	0.02
	0.01
	0.02
	-
	(0.05)
	0.08
<b>\$</b>	<b>0.47</b>

**Reported (GAAP)**

Items Impacting Comparability:

Asset Impairments

Strategic Realignment

Productivity and Reinvestment

Equity Investees

Transaction Gains/Losses

Other Items

Certain Tax Matters

Comparable (Non-GAAP)

Three Months Ended December 31, 2019	
<b>\$</b>	<b>0.47</b>
	-
	-
	0.01
	-
	(0.01)
	(0.01)
	(0.02)
<b>\$</b>	<b>0.44</b>

**% Change — Reported (GAAP)**

% Change — Comparable (Non-GAAP)

Three Months Ended December 31, 2020	
	<b>(29)</b>
	6

Note: Certain columns may not add due to rounding. Certain percentages may not recalculate using the rounded dollar amounts provided.

**THE COCA-COLA COMPANY AND SUBSIDIARIES**  
**Reconciliation of GAAP and Non-GAAP Financial Measures**  
(UNAUDITED)  
(In millions)

**Free Cash Flow:**

	Year Ended December 31, 2020	Year Ended December 31, 2019	% Change
<b>Net Cash Provided by Operating Activities (GAAP)</b>	\$ 9,844	\$ 10,471	(6)
<b>Purchases of Property, Plant and Equipment (GAAP)</b>	<u>(1,177)</u>	<u>(2,054)</u>	(43)
Free Cash Flow (Non-GAAP)	\$ 8,667	\$ 8,417	3

Note: Certain growth rates may not recalculate using the rounded dollar amounts provided.

**THE COCA-COLA COMPANY AND SUBSIDIARIES**  
**Reconciliation of GAAP and Non-GAAP Financial Measures**

(UNAUDITED)

**Gross Margin:**

**Reported Gross Margin (GAAP)**

Items Impacting Comparability (Non-GAAP)

Comparable Gross Margin (Non-GAAP)

Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Basis Point Growth (Decline)
58.45%	60.67%	(222)
1.01%	0.35%	
57.44%	60.32%	(288)

**THE COCA-COLA COMPANY AND SUBSIDIARIES**  
**Reconciliation of GAAP and Non-GAAP Financial Measures**

(UNAUDITED)

**Operating Margin:**

**Reported Operating Margin (GAAP)**  
 Items Impacting Comparability (Non-GAAP)  
 Comparable Operating Margin (Non-GAAP)

Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Basis Point Growth
27.15%	23.87%	328
(0.20%)	(0.96%)	
27.35%	24.83%	252

**THE COCA-COLA COMPANY AND SUBSIDIARIES**  
**Reconciliation of GAAP and Non-GAAP Financial Measures**  
(UNAUDITED)

**Projected 2021 Free Cash Flow (Non-GAAP) (In Billions):**

**Net Cash Provided by Operating Activities (GAAP)**  
**Purchases of Property, Plant and Equipment (GAAP)**  
Free Cash Flow (Non-GAAP)

Year Ending December 31, 2021	
\$	10.0
	(1.5)
\$	8.5