

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

Net Operating Revenues:

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Reported (GAAP)	\$ 31,856	\$ 35,410	\$ 41,863
Items Impacting Comparability:			
Other Items	(9)	6	(9)
Comparable (Non-GAAP)	\$ 31,847	\$ 35,416	\$ 41,854

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Reported (GAAP)	\$ 35,410	\$ 41,863	\$ 44,294
Items Impacting Comparability:			
Other Items	6	(9)	(37)
Comparable (Non-GAAP)	\$ 35,416	\$ 41,854	\$ 44,257

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
% Change — Reported (GAAP)	(10)	(15)	(5)
% Currency Impact	(1)	(1)	(3)
% Change — Currency Neutral (Non-GAAP)	(9)	(15)	(3)
% Acquisitions, Divestitures and Structural Items	(16)	(17)	(6)
% Impact of Accounting Changes ¹	2	—	—
% Change — Organic Revenues (Non-GAAP)	5	3	3

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

¹ Impact of adoption of new revenue recognition accounting standard

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Operating Margin:

	Year Ended December 31, 2018	Year Ended December 31, 2017	Basis Point Growth
Reported Operating Margin (GAAP)	27.31%	21.46%	585
Items Impacting Comparability (Non-GAAP)	(3.48%)	(5.48%)	
Comparable Operating Margin (Non-GAAP)	30.79%	26.94%	385
Comparable Currency Impact (Non-GAAP)	(0.90%)	0.00%	
Comparable Currency Neutral Operating Margin (Non-GAAP)	31.69%	26.94%	475
Structural Impact on Comparable Currency Neutral Operating Margin (Non-GAAP)	0.08%	(3.68%)	
Comparable Currency Neutral Operating Margin After Structural Impact (Non-GAAP)	31.61%	30.62%	99
Impact of Accounting Changes ¹ on Comparable Currency Neutral Operating Margin After Structural Impact (Non-GAAP)	(0.70%)	0.00%	
Underlying Operating Margin (Non-GAAP)	32.31%	30.62%	169

¹ Impact of adoption of new revenue recognition accounting standard

	Year Ended December 31, 2016
Reported Operating Margin (GAAP)	20.68%
Items Impacting Comparability (Non-GAAP)	(2.85%)
Comparable Operating Margin (Non-GAAP)	23.53%

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Net Operating Profit After Taxes (NOPAT):

	Year Ended December 31, 2018
Operating income	\$8,700
Equity income (loss) — net	1,008
Total	9,708
Effective tax rate	19.4%
Net operating profit after taxes (NOPAT) (Non-GAAP)	\$7,825

Comparable NOPAT:

Comparable operating income (Non-GAAP)	\$9,806
Comparable equity income (loss) — net (Non-GAAP)	1,119
Total	10,925
Comparable effective tax rate (Non-GAAP)	18.7%
Comparable net operating profit after taxes (NOPAT) (Non-GAAP)	\$8,882

Invested Capital:

	2018 Two-Year Average	As of December 31, 2017	As of December 31, 2018
Total debt (Non-GAAP) ¹	\$45,620	\$47,685	\$43,555
Total equity	19,018	18,977	19,058
<u>Less:</u>			
Total Cash, Cash Equivalents and Short-Term Investments	13,155	15,358	10,951
Marketable securities	5,165	5,317	5,013
Invested capital (Non-GAAP)	\$46,318	\$45,987	\$46,649
<u>Less:</u>			
Assets held for sale — discontinued operations	6,938	7,329	6,546
Liabilities held for sale — discontinued operations	1,609	1,496	1,722
Net assets held for sale — discontinued operations (Non-GAAP)	5,329	5,833	4,824
Invested capital less net assets held for sale — discontinued operations (Non-GAAP)	\$40,990	\$40,154	\$41,825

2018 Return on Invested Capital (ROIC):

Return on invested capital (ROIC) (Non-GAAP) ²	21.7%
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¹ Total debt is the sum of loans and notes payable, current maturities of long-term debt, and long-term debt.

² Return on invested capital is calculated by dividing comparable net operating profit after taxes by invested capital less net assets held for sale — discontinued operations.

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Net Operating Profit After Taxes (NOPAT):

	Year Ended December 31, 2017
Operating income	\$7,599
Equity income (loss) — net	1,071
Total	8,670
Effective tax rate	82.5%
Net operating profit after taxes (NOPAT) (Non-GAAP)	\$1,520

Comparable NOPAT:

Comparable operating income (Non-GAAP)	\$9,540
Comparable equity income (loss) — net (Non-GAAP)	1,163
Total	10,703
Comparable effective tax rate (Non-GAAP)	24.0%
Comparable net operating profit after taxes (NOPAT) (Non-GAAP)	\$8,134

Invested Capital:

	2017 Two-Year Average	As of December 31, 2016	As of December 31, 2017
Total debt (Non-GAAP) ¹	\$46,697	\$45,709	\$47,685
Total equity	21,099	23,220	18,977
<u>Less:</u>			
Total Cash, Cash Equivalents and Short-Term Investments	16,754	18,150	15,358
Marketable securities	4,684	4,051	5,317
Invested capital (Non-GAAP)	\$46,357	\$46,728	\$45,987
<u>Less:</u>			
Assets held for sale — discontinued operations	3,665	-	7,329
Liabilities held for sale — discontinued operations	748	-	1,496
Net assets held for sale — discontinued operations (Non-GAAP)	2,917	-	5,833
Invested capital less net assets held for sale — discontinued operations (Non-GAAP)	\$43,440	\$46,728	\$40,154

2017 Return on Invested Capital (ROIC):

Return on invested capital (ROIC) (Non-GAAP) ²	18.7%
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Net Operating Profit After Taxes (NOPAT):

	Year Ended December 31, 2016
Operating income	\$8,657
Equity income (loss) — net	835
Total	9,492
Effective tax rate	19.5%
Net operating profit after taxes (NOPAT) (Non-GAAP)	\$7,641

Comparable NOPAT:

Comparable operating income (Non-GAAP)	\$9,850
Comparable equity income (loss) — net (Non-GAAP)	896
Total	10,746
Comparable effective tax rate (Non-GAAP)	22.5%
Comparable net operating profit after taxes (NOPAT) (Non-GAAP)	\$8,328

Invested Capital:

	2016 Two-Year Average	As of December 31, 2015	As of December 31, 2016
Total debt (Non-GAAP) ¹	\$44,913	\$44,116	\$45,709
Total equity	24,492	25,764	23,220
<u>Less:</u>			
Total Cash, Cash Equivalents and Short-Term Investments	16,891	15,631	18,150
Marketable securities	4,160	4,269	4,051
Invested capital (Non-GAAP)	\$48,354	\$49,980	\$46,728

2016 Return on Invested Capital (ROIC):

Return on invested capital (ROIC) (Non-GAAP) ²	17.2%
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Net Operating Profit After Taxes (NOPAT):

	Year Ended December 31, 2015
Operating income	\$8,787
Equity income (loss) — net	489
Total	9,276
Effective tax rate	23.3%
Net operating profit after taxes (NOPAT) (Non-GAAP)	\$7,114

Comparable NOPAT:

Comparable operating income (Non-GAAP)	\$10,256
Comparable equity income (loss) — net (Non-GAAP)	576
Total	10,832
Comparable effective tax rate (Non-GAAP)	22.5%
Comparable net operating profit after taxes (NOPAT) (Non-GAAP)	\$8,395

Invested Capital:

	2015 Two-Year Average	As of December 31, 2014	As of December 31, 2015
Total debt (Non-GAAP) ¹	\$42,903	\$41,690	\$44,116
Total equity	28,163	30,561	25,764
<u>Less:</u>			
Total Cash, Cash Equivalents and Short-Term Investments	16,821	18,010	15,631
Marketable securities	3,967	3,665	4,269
Invested capital (Non-GAAP)	\$50,278	\$50,576	\$49,980

2015 Return on Invested Capital (ROIC):

Return on invested capital (ROIC) (Non-GAAP) ²	16.7%
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¹ Total debt is the sum of loans and notes payable, current maturities of long-term debt, and long-term debt.

² Return on invested capital is calculated by dividing comparable net operating profit after taxes by invested capital.

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Diluted Net Income Per Share from Continuing Operations:

Reported (GAAP)

Items Impacting Comparability:

Asset Impairments

Productivity and Reinvestment

Equity Investees

Transaction Gains/Losses

Other Items

Certain Tax Matters

Comparable (Non-GAAP)

Year Ended December 31, 2018	
	\$1.57
	0.22
	0.09
	0.03
	0.12
	0.08
	(0.02)
	\$2.08

Note: Column does not add due to rounding.

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(In millions)

Net Operating Revenues:

Reported (GAAP)

Items Impacting Comparability:

Other Items

Comparable (Non-GAAP)

Three Months Ended March 30, 2018
\$ 7,626
(2)
\$ 7,624

Three Months Ended June 29, 2018
\$ 8,927
(24)
\$ 8,903

Three Months Ended September 28, 2018
\$ 8,245
18
\$ 8,263

Three Months Ended December 31, 2018
\$ 7,058
(1)
\$ 7,057

Reported (GAAP)

Items Impacting Comparability:

Other Items

Comparable (Non-GAAP)

Three Months Ended March 31, 2017
\$ 9,118
14
\$ 9,132

Three Months Ended June 30, 2017
\$ 9,702
7
\$ 9,709

Three Months Ended September 29, 2017
\$ 9,078
(15)
\$ 9,063

Three Months Ended December 31, 2017
\$ 7,512
—
\$ 7,512

% Change — Reported (GAAP)

% Currency Impact

% Change — Currency Neutral (Non-GAAP)

% Acquisitions, Divestitures and Structural Items

% Impact of Accounting Changes¹

% Change — Organic Revenues (Non-GAAP)

Three Months Ended March 30, 2018
(16)
2
(19)
(26)
3
5

Three Months Ended June 29, 2018
(8)
1
(8)
(15)
2
5

Three Months Ended September 28, 2018
(9)
(3)
(6)
(13)
2
6

Three Months Ended December 31, 2018
(6)
(5)
(1)
(8)
2
5

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¹ Impact of adoption of new revenue recognition accounting standard

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(In millions)

Net Operating Revenues:

Reported (GAAP)

Items Impacting Comparability:

Other Items

Comparable (Non-GAAP)

Three Months Ended March 31, 2017
\$ 9,118
14
\$ 9,132

Three Months Ended June 30, 2017
\$ 9,702
7
\$ 9,709

Three Months Ended September 29, 2017
\$ 9,078
(15)
\$ 9,063

Three Months Ended December 31, 2017
\$ 7,512
—
\$ 7,512

Reported (GAAP)

Items Impacting Comparability:

Other Items

Comparable (Non-GAAP)

Three Months Ended April 1, 2016
\$ 10,282
47
\$ 10,329

Three Months Ended July 1, 2016
\$ 11,539
(15)
\$ 11,524

Three Months Ended September 30, 2016
\$ 10,633
(7)
\$ 10,626

Three Months Ended December 31, 2016
\$ 9,409
(34)
\$ 9,375

% Change — Reported (GAAP)

% Currency Impact

% Change — Currency Neutral (Non-GAAP)

% Acquisitions, Divestitures and Structural Items

% Change — Organic Revenues (Non-GAAP)

Three Months Ended March 31, 2017
(11)
(1)
(10)
(10)
0

Three Months Ended June 30, 2017
(16)
(2)
(14)
(17)
3

Three Months Ended September 29, 2017
(15)
0
(14)
(18)
4

Three Months Ended December 31, 2017
(20)
0
(20)
(26)
6

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(In millions except debt leverage)

Gross Debt and Net Debt:

	As of December 31, 2018
Cash and cash equivalents	\$8,926
Short-term investments	2,025
Marketable securities	5,013
Total cash, cash equivalents, short-term investments and marketable securities (Non-GAAP)	\$15,964
Loans and notes payable	\$13,194
Current maturities of long-term debt	4,997
Long-term debt	25,364
Gross debt (Non-GAAP)	\$43,555
Net debt (Non-GAAP) ¹	\$27,591

¹ Net debt is calculated by subtracting total cash, cash equivalents, short-term investments and marketable securities from gross debt.

EBITDA:

	Year Ended December 31, 2018
Income from Continuing Operations Before Income Taxes	\$8,350
Less income items:	
Interest income	682
Other income (loss) — net	(1,121)
Add expense items:	
Interest expense	919
Depreciation and amortization	1,086
Earnings before interest, taxes, depreciation and amortization (EBITDA) (Non-GAAP)	\$10,794

Comparable EBITDA:

Comparable income from continuing operations before income taxes (Non-GAAP)	\$10,998
Less income items:	
Interest income	682
Comparable other income (loss) — net (Non-GAAP)	337
Add expense items:	
Comparable interest expense (Non-GAAP)	946
Depreciation and amortization	1,086
Comparable earnings before interest, taxes, depreciation and amortization (EBITDA) (Non-GAAP)	\$12,011

Gross and Net Debt Leverage:

	As of and Year Ended December 31, 2018
Gross debt (Non-GAAP)	\$43,555
Comparable earnings before interest, taxes, depreciation and amortization (EBITDA) (Non-GAAP)	\$12,011
Gross debt leverage (Non-GAAP)	3.6
Net debt (Non-GAAP)	\$27,591
Comparable earnings before interest, taxes, depreciation and amortization (EBITDA) (Non-GAAP)	\$12,011
Net debt leverage (Non-GAAP)	2.3

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Free Cash Flow and Adjusted Free Cash Flow Conversion Ratio:

Net Cash Provided by Operating Activities
Purchases of Property, Plant and Equipment

Free Cash Flow (Non-GAAP)
 Plus: Cash Payments for Pension Plan Contributions
 Adjusted Free Cash Flow (Non-GAAP)

Net Income from Continuing Operations

Noncash Items Impacting Comparability:

Asset Impairments
 Equity Investees
 Transaction Gains/Losses
 Other Items
 Certain Tax Matters

Adjusted Net Income from Continuing Operations (Non-GAAP)

Cash Flow Conversion Ratio ¹

Adjusted Free Cash Flow Conversion Ratio (Non-GAAP) ²

Year Ended December 31, 2018	
	\$7,320
	(1,347)
	5,973
	-
	\$5,973
	\$6,727
	925
	120
	479
	335
	(92)
	\$8,494
	109%
	70%

¹ Cash flow conversion ratio is calculated by dividing net cash provided by operating activities by net income from continuing operations.

² Adjusted free cash flow conversion ratio is calculated by dividing adjusted free cash flow by adjusted net income from continuing operations.