

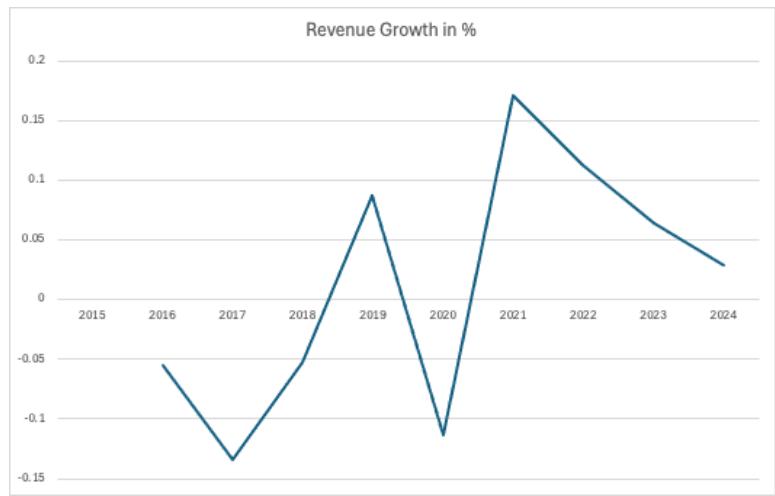
Coca-Cola: Revenue and Margin Driver Analysis (2015–2024)

Financial Analysis | Excel

From 2015 to 2024, Coca-Cola's revenue and margin trends were driven more by structural transformation than by volume growth. Refranchising of bottling operations reduced reported revenue but structurally improved margins and operating leverage. Post-COVID performance highlights strong pricing power, with margin pressure in 2022–2024 driven by commodity inflation and deliberate marketing reinvestment rather than weakening fundamentals. By 2024, gross margin rebounded to 61.1%, the highest level since 2017.

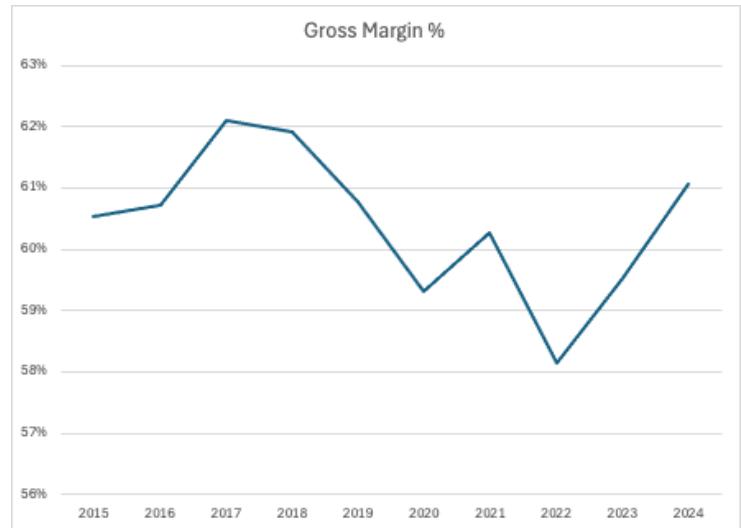
Revenue Growth

- Revenue decline 2015–2018 driven by bottling refranchising (-17% impact in 2017), not demand weakness; volume remained flat to positive
- Post-2020 growth primarily price/mix-led (6–11% annually), with modest volume (0–5%), reflecting strong pricing power amid inflation
- FX and portfolio actions (Costa, BodyArmor) explain short-term volatility; organic demand trends remained resilient



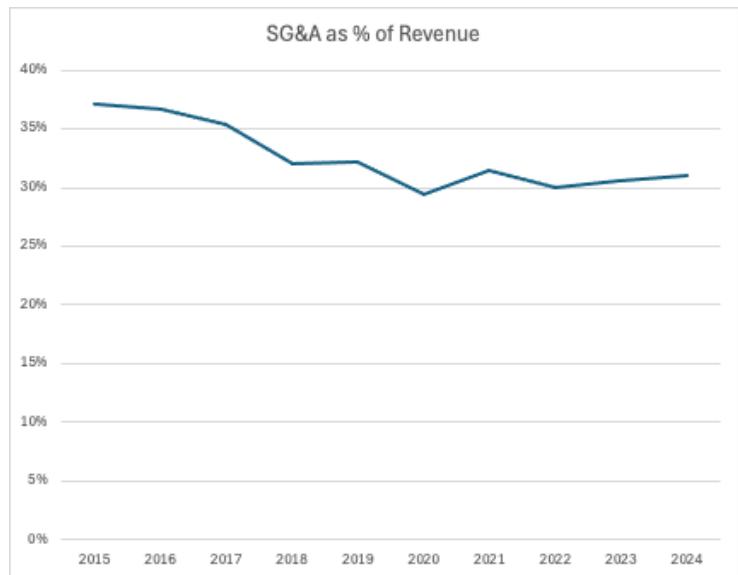
Gross Margin

- 2015–2017 expansion to 62.6% driven by refranchising-driven mix shift toward higher-margin concentrate operations
- 2018–2020 compression from M&A (CCBA, Costa) and COVID channel/mix effects; not driven by operational deterioration
- 2022–2024: fell to 58.1% (commodity/logistics inflation), then recovered to 61.1% by 2024 via pricing discipline and continued refranchising



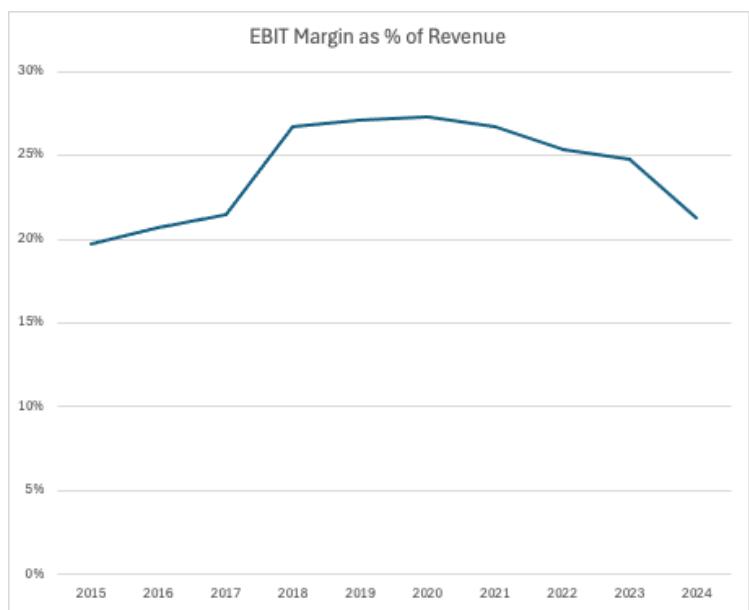
SG&A as % of Revenue

- Structural SG&A reduction 2015–2018 (from \$16.4B to \$10.3B) driven by refranchising, demonstrating operating leverage of asset-light model
- 2020 response: SG&A cut 20% amid COVID; 2021 reinvestment (+25%) reflects strategic choice, not loss of discipline
- 2022–2024: SG&A growth (+13%) below revenue growth (+20%), maintaining discipline despite wage/marketing inflation and refranchising offsets



EBIT Margin as % Revenue

- 2018 step-change to ~27% margin structurally driven by refranchising; 2020 resilience (27.3% despite -11% revenue) showed exceptional cost discipline
- 2022–2024 compression to 21.2% reflects commodity inflation pressure followed by gross margin recovery (58.1% → 61.1%), alongside strategic SG&A reinvestment and transitional refranchising-related costs
- Pricing power remained intact (price/mix 10–11% in 2022–2024); gross margin by 2024 exceeded pre-COVID, suggesting compression was cyclical/strategic, not structural



Key Insights

- Coca-Cola operates a structurally higher-margin, asset-light model post-refranchising, with concentrate operations driving profitability
- Pricing power consistently offset inflationary pressures (2022–2024 commodity surge); gross margin recovered to 61.1% by 2024
- Recent operating margin compression reflects deliberate strategic investments (marketing, talent) and transactional costs, not weakening business fundamentals