COCA COLA · Q3 FISCAL 2026

Coca-Cola sold more drinks, but shipments and currency made the quarter look stronger than consumption alone

Demand strengthened across most international markets, and profitability improved even as advertising rose. The weak spot was North America, while shipment timing and exchange rates provided extra lift.

Analysis based on the Q3 2026 earnings release, Form 10-Q (MD&A) and SEC Companyfacts XBRL data · Notes at the end

Coca-Cola had a genuinely strong third quarter. Consumers bought 5% more cases, revenue reached $13.38 billion and reported operating profit advanced 12%.[1,3] Yet the headline ran slightly ahead of the business underneath it. Shipments of concentrate to bottlers moved earlier than consumer purchases, while exchange rates boosted the dollars Coca-Cola reported. The best reading is not that the quarter was artificial. It is that broad international demand and better profitability received two additional assists that will not recur in exactly the same way.

THE BASICS

Coca-Cola owns beverage brands, develops products and sells concentrates and syrups to a global bottling network. Bottlers manufacture, package and distribute most finished drinks. The company also owns some bottling operations. Its economics therefore depend on consumer demand, brand strength and pricing, but also on when concentrate moves through the system and which activities Coca-Cola owns directly.

MORE DRINKS DID THE WORK, NOT HIGHER PRICES

The most encouraging part of the quarter was that growth came mainly from people buying more beverages. Worldwide case volume increased 5%, while the combined effect of pricing and the kinds of drinks and packages sold added only 1%.[1] That is a notable shift in emphasis for a consumer company: Coca-Cola did not need large price increases to produce growth.

The central franchise also remained healthy. Volume for beverages carrying the Coca-Cola name grew 5%, and Coca-Cola Zero Sugar advanced 16% across all geographic operating segments.[1] The faster growth of the zero-sugar version matters because it shows the flagship brand adapting to changing preferences rather than relying only on its traditional product.

WHY SALES RAN AHEAD OF CONSUMER DEMAND

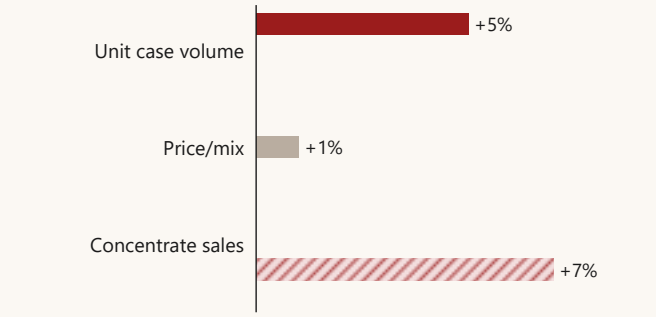
Coca-Cola's sales to bottlers moved faster than drinks moved to consumers. Concentrate sales grew 7%, two percentage points ahead of case volume, because of shipment timing.[1] This does not undermine the demand growth, but it does mean part of the quarter's strength reflects when concentrate crossed Coca-Cola's books. Management expects concentrate growth to finish the full year slightly behind case volume, which points to some reversal of that timing gap.

Exchange rates supplied another boost. Currency added about one percentage point to revenue growth and three points to operating-profit growth.[2] Foreign exchange did not create the higher beverage volume. It increased the dollar value of sales and profits earned abroad. Reported revenue still grew 7%, but the dollar result was a little more favorable than the operating picture alone.[1,3]

> *"Our results this quarter demonstrate our system's sustained momentum, giving us confidence in our updated full year guidance."*
>
> Henrique Braun, CEO · Q3 2026 earnings release

Did growth come from higher prices or more drinks?

Year-over-year change in Q3 fiscal 2026, percent



Consumer demand · Pricing and sales mix · Shipments to bottlers

The measures are related but not additive. Concentrate sales ran two points ahead of case volume because of shipment timing. Source: Q3 2026 earnings release

COCA-COLA KEPT MORE FROM EACH SALE—AND KEPT SPENDING

The company earned more from every dollar of revenue. Its reported gross margin rose to 63.2% from 61.5%.[2] Management attributes the improvement to pricing, helpful exchange rates, more stable commodity costs and the sale of finished-product operations in Nigeria. That last factor matters: part of the gain came from changing the mix of businesses Coca-Cola owns, not simply from running the same operations more efficiently.

The improvement survived the rest of the income statement. Reported operating profit rose 12% to $4.47 billion, faster than revenue.[3] After excluding pension, modernization and other items the company treats as unusual, its comparable operating margin was 32.9%, against 31.9% a year earlier.[1] The precise adjusted figure is less important than the direction: the core beverage system converted growth into profit more effectively.

Coca-Cola did not simply bank the benefit. Advertising spending increased to $1.78 billion from $1.52 billion.[2] Management says higher marketing and operating expenses absorbed part of the margin improvement. That spending reduces current profit, but it also shows the company is supporting the brands and volume growth on which future sales depend.

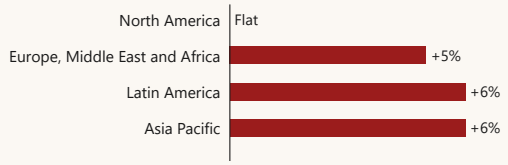
THE INTERNATIONAL BUSINESS CARRIED THE QUARTER

Growth was broad outside the home market, but not uniform. Case volume rose 6% in both Asia Pacific and Latin America. North American volume was flat.[1,2] That contrast is the quarter's clearest uncomfortable signal: Coca-Cola's global system is expanding, but its largest developed market did not contribute more physical demand.

The character of growth also differed by region. Latin America combined 6% higher volume with a 7% improvement from pricing and sales mix. Asia Pacific delivered the same volume growth, but price and mix fell 2% as lower-revenue markets and products gained weight.[1] In Europe, the Middle East and Africa, volume rose, yet Coca-Cola lost beverage value share because gains in Nigeria and Morocco did not offset weakness in France and the United Kingdom.

Where did consumers buy more?

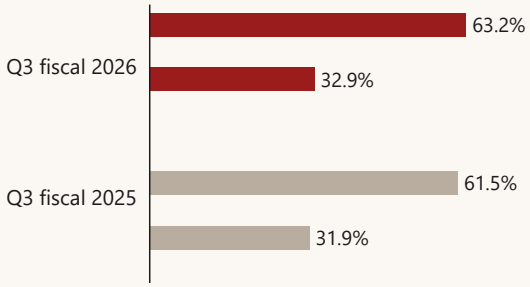
Year-over-year change in unit case volume, percent



North American volume was reported as even with the prior year and is shown as zero. Source: Q3 2026 earnings release and Form 10-Q (MD&A)

Did Coca-Cola keep more of each sales dollar?

Margins as a percentage of revenue



Reported gross margin, 2026 · Reported gross margin, 2025 · Comparable operating margin, 2026 · Comparable operating margin, 2025

Comparable operating margin excludes pension, modernization and other items Coca-Cola identifies as affecting comparability. Source: Q3 2026 earnings release and Form 10-Q (MD&A)

THE CASH SURGE IS REAL, BUT THE COMPARISON IS UNUSUALLY EASY

Coca-Cola is producing much more cash than a year ago, although the scale of the jump exaggerates the underlying change. Cash generated from operations reached $12.5 billion for the first nine months, compared with $3.7 billion in the prior-year period.[3] The earlier period included a $6.1 billion final payment related to fairlife. Removing that unusually large outflow makes the improvement look far less dramatic.

The company still has a strong cash result after investment: $11.4 billion for the first nine months.[1] Management raised its full-year expectation to at least $13 billion, from about $12.4 billion previously. The company also credits working-capital timing, lower tax and interest payments, currency and its program for selling receivables. Some of those benefits can shift between periods, so the year-end composition will matter as much as the final total.

ONE KEY IDEA

The business generated more cash, but the many-fold year-over-year increase is not a sensible measure of its normal growth. Last year's fairlife payment makes the comparison exceptionally favorable.

THE NEXT REPORTED QUARTER MAY LOOK WEAKER THAN THE BUSINESS

Management's updated outlook confirms that it sees more than a temporary good quarter. Coca-Cola now expects organic revenue to grow at least 5% for the year and comparable earnings per share to rise at least 11%, improving its previous expectations.[4] Those forecasts exclude several accounting and portfolio effects, but the upgrades show greater confidence in the operating trend.

Fourth-quarter comparisons will be harder to read. The period will contain six fewer days than a year earlier. Management also expects acquisitions and divestitures to reduce comparable revenue growth by about four points, partly offset by a one-point currency benefit.[4] A softer reported growth rate would therefore need to be separated into calendar, portfolio and demand effects before drawing conclusions about momentum.

WHAT IT ALL MEANS · EARNINGS EXPLAINED INTERPRETATION

The quarter was stronger than pricing alone could produce, but slightly stronger on paper than the underlying consumer demand.

DEMAND

People bought more Coca-Cola beverages, with international markets and zero-sugar products providing the clearest momentum.

NUANCE

Shipment timing and favorable currencies amplified the result, and North American volume did not grow.

QUALITY OF GROWTH

Higher physical volume mattered much more than pricing, while better costs allowed profit to outpace sales.

WHAT COMES NEXT

The next reported comparison will be obscured by fewer selling days and divestitures, making consumer volume the cleaner test of momentum.

Three questions for next quarter

1 Can Coca-Cola return North America to volume growth?

International markets carried demand this quarter; improvement at home would make the growth more balanced.

2 Does consumer volume remain firm as concentrate-shipment timing reverses?

Sales to bottlers ran ahead of drinks purchased by consumers, and management expects that relationship to change over the full year.

3 Can margins hold while advertising and operating expenses remain elevated?

Better costs and currency helped profitability, but continued brand investment will test how much of the improvement endures.

1 Q3 2026 Earnings Release (Form 8-K, Exhibit 99.1). Organic revenue, comparable margin and comparable earnings are non-GAAP measures. Organic revenue removes currency and acquisition or divestiture effects to show the change attributed to the continuing business.

2 Form 10-Q, Management's Discussion and Analysis. Regional and category volume is based on average daily sales. Currency effects include the company's hedging activities where stated.

3 SEC Companyfacts XBRL data. Revenue, operating profit and operating cash flow are reported under US GAAP. Growth rates calculated from current- and prior-year reported values are shown in the calculations below.

4 Q3 2026 Earnings Release, full-year guidance and fourth-quarter considerations. Guidance reflects management's assumptions about currency, portfolio changes and the timing of the pending sale of African bottling operations.