

a

Geographic Segments

Ratio Computations, 1998 to 2000

(\$millions)

Years Ended December 31

| North America | 1998 | 1999 | 2000 |
|---------------------------------|-------------|-------------|-------------|
| Net operating revenues | 6,934 | 7,519 | 7,870 |
| Operating income | 1,383 | 1,436 | 1,406 |
| Identifiable operating assets | 3,467 | 3,591 | 4,271 |
| Capital expenditures | 274 | 269 | 259 |
| Depreciation and amortization | 231 | 263 | 244 |
| Operating profit margin | 19.95% | 0.191 | 0.179 |
| Return on ending assets | 39.89% | 0.4 | 0.329 |
| Asset turnover | 2.000 | 2.094 | 1.843 |
| Capex-to-depreciation | 1.186 | 1.023 | 1.061 |
| Africa & Middle East | | | |
| Net operating revenues | 780 | 792 | 729 |
| Operating income | 223 | 67 | 80 |
| Identifiable operating assets | 541 | 672 | 622 |
| Capital expenditures | 22 | 22 | 11 |
| Depreciation and amortization | 40 | 47 | 54 |
| Operating profit margin | 28.59% | 0.191 | 0.179 |
| Return on ending assets | 41.22% | 0.4 | 0.329 |
| Asset turnover | 1.442 | 1.179 | 1.172 |
| Capex-to-depreciation | 0.550 | 0.468 | 0.204 |
| Europe & Eurasia | | | |
| Net operating revenues | 4,827 | 4,540 | 4,377 |
| Operating income | 1,655 | 1,068 | 1,415 |
| Identifiable operating assets | 1,711 | 1,624 | 1,408 |
| Capital expenditures | 216 | 218 | 194 |
| Depreciation and amortization | 92 | 80 | 64 |
| Operating profit margin | 34.29% | 0.191 | 0.179 |
| Return on ending assets | 96.73% | 0.4 | 0.329 |
| Asset turnover | 2.821 | 2.796 | 3.109 |
| Capex-to-depreciation | 2.348 | 2.725 | 3.031 |
| Latin America | | | |
| Net operating revenues | 2,240 | 1,961 | 2,174 |
| Operating income | 1,056 | 840 | 916 |
| Identifiable operating assets | 1,364 | 1,653 | 1,545 |
| Capital expenditures | 72 | 67 | 16 |
| Depreciation and amortization | 93 | 96 | 96 |
| Operating profit margin | 47.14% | 0.191 | 0.179 |
| Return on ending assets | 77.42% | 0.4 | 0.329 |
| Asset turnover | 1.642 | 1.186 | 1.407 |
| Capex-to-depreciation | 0.774 | 0.698 | 0.167 |

| | | | |
|-------------------------------|--------|--------|--------|
| Asia Pacific | | | |
| Net operating revenues | 3,856 | 4,828 | 5,159 |
| Operating income | 1,343 | 1,194 | 956 |
| Identifiable operating assets | 1,595 | 2,439 | 1,953 |
| Capital expenditures | 104 | 317 | 132 |
| Depreciation and amortization | 101 | 184 | 211 |
| Operating profit margin | 34.83% | 0.191 | 0.179 |
| Return on ending assets | 84.20% | 0.4 | 0.329 |
| Asset turnover | 2.418 | 1.979 | 2.642 |
| Capex-to-depreciation | 1.030 | 1.723 | 0.626 |
| Consolidated | | | |
| Net operating revenues | 18,813 | 19,805 | 20,458 |
| Operating income | 4,967 | 3,982 | 3,691 |
| Identifiable operating assets | 12,459 | 14,831 | 15,069 |
| Capital expenditures | 863 | 1,069 | 733 |
| Depreciation and amortization | 645 | 792 | 773 |
| Operating profit margin | 26.40% | 0.191 | 0.179 |
| Return on ending assets | 39.87% | 0.4 | 0.329 |
| Asset turnover | 1.510 | 1.335 | 1.358 |
| Capex-to-depreciation | 1.338 | 1.350 | 0.948 |

- b Operating profit margin was stable overall but varied widely across segments. Different segments had quite different levels and trends. Latin America and Europe/Eurasia had the highest profit margins and ROAs. The Asia Pacific region has had declining margins and ROA in spite of its rapid revenue growth. Africa/Middle East has declined sharply since 1998 whereas the United States has been generally stable. Large increase in assets reduced the Africa ROA.

Asset turnover has declined over the 1998-2000 period as asset increases have outpaced sales growth. The only regions that show growth in asset turnover are Europe/Eurasia and Asia Pacific.

Capex is now about equivalent to depreciation. The ratio is highest and growing in Europe/Eurasia.

| c | United States | | Africa & Middle East | | Europe & Eurasia | |
|-------------------------|---------------|-------|----------------------|------|------------------|-------|
| | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 |
| Operating income | | | | | | |
| Reported | 1,436 | 1,406 | 67 | 80 | 1,068 | 1,415 |
| (a),(e) | 34 | 131 | | 64 | | 174 |
| Adjusted | 1,470 | 1,537 | 67 | 144 | 1,068 | 1,589 |
| Pretax income | | | | | | |
| Reported | 1,432 | 1,410 | 24 | (6) | 984 | 1,568 |
| (a),(e) | 34 | 131 | | 64 | | 174 |
| (c) | | | | 9 | | 26 |
| (d) | | | | | | (118) |

| | | | | | | |
|-------------------------------|--------|--------|-------|--------|--------|---------|
| Adjusted | 1,466 | 1,541 | 24 | 67 | 984 | 1,650 |
| d | | | | | | |
| Net revenues | 7,519 | 7,870 | 792 | 729 | 4,540 | 4,377 |
| (i) Adjusted operating margin | 19.55% | 19.53% | 8.46% | 19.75% | 23.52% | 36.30% |
| Identifiable operating assets | 3,591 | 4,271 | 672 | 622 | 1,624 | 1,408 |
| (ii) Adjusted ROA | 40.94% | 35.99% | 9.97% | 23.15% | 65.76% | 112.86% |

| | Latin America | | Asia Pacific | |
|-----------------------------------|---------------|--------|--------------|--------|
| | 1999 | 2000 | 1999 | 2000 |
| Continued Operating income | | | | |
| Reported | 840 | 916 | 1,194 | 956 |
| (a), (e) | | 63 | | 524 |
| Adjusted | 840 | 979 | 1,194 | 1,480 |
| Pretax income | | | | |
| Reported | 846 | 866 | 1,143 | 651 |
| (a), (e) | | 63 | | 524 |
| (c) | | 124 | | 306 |
| (d) | | | | |
| Adjusted | 846 | 1,053 | 1,143 | 1,481 |
| d | | | | |
| Net revenues | 1,961 | 2,174 | 4,828 | 5,159 |
| (i) Adjusted operating margin | 42.84% | 45.03% | 24.73% | 28.69% |
| Identifiable operating assets | 1653 | 1545 | 2439 | 1953 |
| (ii) Adjusted ROA | 50.82% | 63.37% | 48.95% | 75.78% |

e Geographic segment results with companies are affected by allocation of parent overhead. Trends are affected by acquisitions and divestitures, price changes, and especially exchange rate changes.

f Comparisons with other companies are affected by the same factors. In addition, geographic segments may be defined differently. Note, for example, that Coca Cola combines the Europe and Eurasia in one segment. It is unlikely that others firms would choose exactly the same combination of countries.

Improved segment analysis requires better understanding of the economic factors that affect the sales and profitability of operations in different geographic areas. The impact of acquisitions and divestitures, and price and exchange rate changes must also be considered.