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# Coca-Cola Consolidated grows Q2 profit despite volume declines

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Coca-Cola Consolidated, the largest Coca-Cola bottler in the U.S., posted solid second-quarter 2025 results despite facing volume headwinds and a challenging retail environment. The company recorded a 3.3 per cent increase in net sales to $1.9 billion in Q2, and operating income rose 5 per cent year-over-year to $272.1 million, supported by effective commercial planning and disciplined cost control.

J. Frank Harrison III, Chairman and CEO, attributed the results to strong execution as the company kicked off the critical summer selling season. â??Our ongoing focus on top-line growth and margin management is producing steady profit growth and substantial cash flow,â?• Harrison said.

**Volume declines persist, sparkling resilience offsets still weakness**

While revenues rose, total volume was down 0.8 per cent in Q2 and 3.5 per cent in H1. The volume decline was partly due to two fewer selling days in the first half compared to the prior year, which accounted for roughly one percentage point of the drop.

Sparkling volume, which includes carbonated beverages, dipped slightly by 0.3 per cent in Q2 but saw support from growing demand for zero-sugar and flavoured options. Coca-Cola Original Taste, however, continued to lose ground amid shifting consumer preferences. In contrast, Still beverages, particularly Dasani, faced steeper declines, falling 2.4 per cent in Q2 and 6.3 per cent in H1. Excluding Dasani, the Still category volume grew 2.0 per cent in Q2, led by enhanced waters, energy drinks, and protein beverages such as Monster, smartwater, and Core Power.

**Pricing and channel strategy drive top-line strength**

Revenue growth was driven largely by pricing realisation, reflecting the companyâ??s annual price increase and its success in meeting value-conscious consumer demand. Sparkling and Still sales grew 3.0 per cent and 4.8 per cent respectively in Q2.

Coca-Cola Consolidatedâ??s focus on take-home packages for supermarkets, club stores, and value channels aligned well with current consumer behaviour, partially offsetting softness in small convenience stores and on-premise channels.

Gross profit for Q2 rose 3.6 per cent to $742.5 million, with gross margin improving slightly by 10 basis points to 40.0 per cent, aided by pricing actions. This demonstrates the companyâ??s ability to protect margins even in a flat-to-declining volume environment.

**Cost control and operational discipline support profitability**

Selling, delivery, and administrative (SD&A) expenses rose 2.8 per cent in Q2, primarily due to annual labour cost adjustments. However, as a percentage of sales, SD&A was well-managed, declining 10 basis points year-over-year to 25.4 per cent in Q2. The slight increase in costs was effectively offset by revenue gains, resulting in a 30 basis-point expansion in operating margin to 14.7 per cent.

Net income in Q2 grew 8.4 per cent to $187.4 million, though adjusted net income rose a modest 1.2 per cent to $195.2 million, suggesting a more tempered underlying profitability trend once non-recurring items are excluded. H1 net income declined 14.0 per cent to $291.0 million due to fair value adjustments on acquisition-related liabilities, though adjusted net income fell a more moderate 6.7 per cent.

**Outlook and strategic investments**

The company generated $406.2 million in operating cash flow in the first half of 2025, down from $437.1 million in the same period last year. However, Coca-Cola Consolidated remains committed to investing in its future, having deployed $157 million in capital expenditures so far in 2025 and planning a full-year total of approximately $300 million, largely aimed at optimising its supply chain.

President and COO Dave Katz emphasised the companyâ??s strategic flexibility: â??Our steady investments in supply chain capabilities over the past several years have enabled us to be highly responsive to this evolving marketplace.â?

Coca-Cola Consolidatedâ??s second-quarter performance underscores its resilience in a volume-challenged market. Through proactive pricing, thoughtful channel strategy, and ongoing investment in operational infrastructure, the company has managed to grow both top-line and operating profit in a tight consumer spending environment. While volume softness, particularly in traditional cola and Dasani water, remains a concern, strength in energy drinks, enhanced beverages, and zero-sugar offerings reflects the companyâ??s ability to evolve with changing consumer preferences.

As the second half unfolds, Coca-Cola Consolidatedâ??s focus on value-driven growth, disciplined cost management, and supply chain agility will be critical in sustaining momentum amid persistent economic uncertainty.