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ASSET MANAGEMENT

EQUITY RESEARCH

ANALYSIS OF COCA-COLA

DATE :
11 July 2024

keyvalueam.com

THE COCA-COLA COMPANY (KO)

HOLD: 57,75$ (-7,88%)

Summary

Informations		
Country		Atlanta, Georgia
Tax Rate		25%
Sector		Food & Beverage
Date		10/07/2024
Last Price	$	62,69
Target Price	$	57,75
+/- Potential		-7,88%
Ticker		KO

Market Data	
52-Week High	64,36
52-Week Low	51,55
Avg. 3 Month Volume	3,48 MM
5 Yr Beta	0,79

Market Data	
Revenue Growth (Cagr 3 yr)	11,49%
Revenue Growth (Cagr 5 yr)	5,93%
Price Return (ytd)	6,60%
Price return (1 yr)	5,70%
Price Return (5 yr)	18,00%

Capital structure	
Market Cap	271.651
Enterprise Value	303.040
Shares O/S	4333
Interest cover Ratio	8,72
Debt/Equity	17,17%

($mnl) I	FY22	FY23	LMT
Revenues	43.004	45.754	46.074
Gross Profit	25.004	27.234	27.636
EBITDA	13.600	14.441	14.655
EBIT	12.340	13.313	13.551
Net Income	9.542	10.714	10.784

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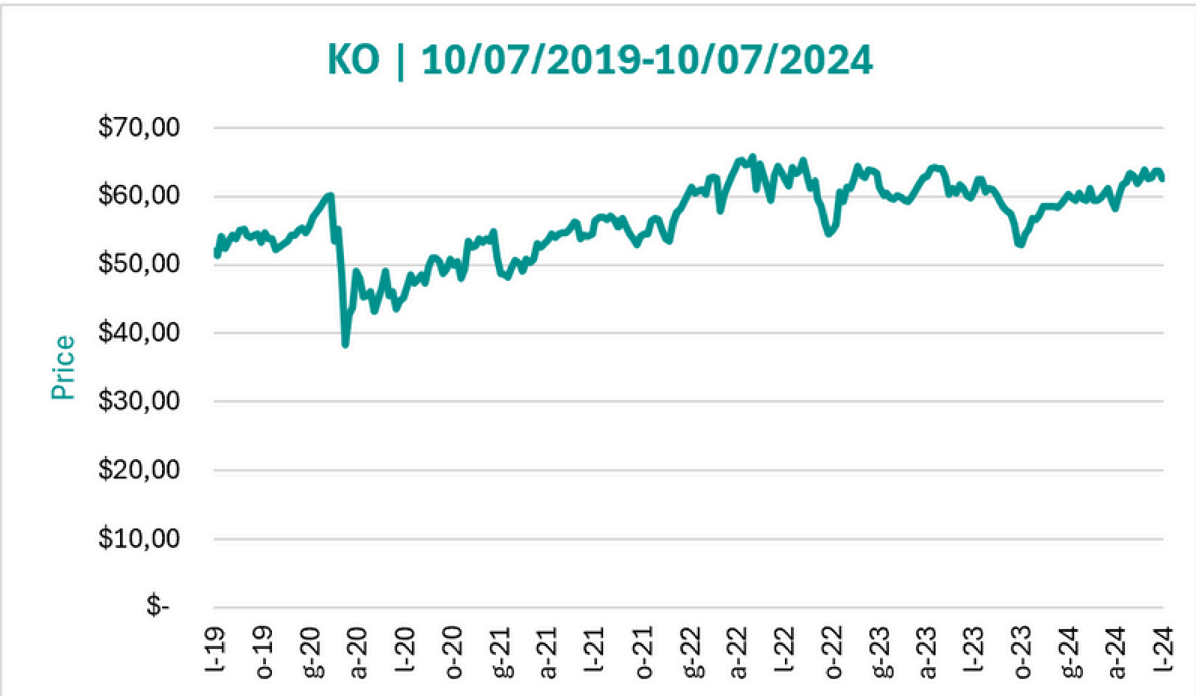

I. OVERVIEW

II. EXTERNAL ANALYSIS

III. FINANCIAL STATEMENT

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OVERVIEW

Introduction

Coca-Cola's history dates back to 1886, when Dr John Smith Pemberton first created the famous drink and sold it out of a local pharmacy in Georgia, US. In 1892, Asa Candler purchased the rights to the company, incorporated the business and authorised an advertising budget of $11,000 – Within just 3 years, Coca-Cola was being sold and drunk in every state in the US and by 1940s it operated in almost every continent. The success of the company is generally attributed to its brilliant branding, strong network, and strategic expansion, all of which are key factors in the maintained growth of the company.

With one of the most recognisable logos in the world, Coca-Cola is a staple of the soft-drinks market and one of the company's undeniable strengths is its strong branding and marketing which have had a global impact over the course of a century, producing timeless classics including the "I'd like to buy the world a Coke" commercial in 1971 as well as running Christmas marketing campaigns that permanently changed western depictions of the iconic Santa Clause. To this day, marketing is still one of Coca-Cola Co.'s largest areas of focus and is evolving rapidly to make use of the improvements in technology and data analytics.

Furthermore, since its first purchase of Fanta in 1946, Coca-Cola Co. has continuously expanded and diversified its portfolio with the acquisitions of multibillion-dollar brands, a tactic which has remained of high efficacy to this day and forms a key component of the company's growth strategy.

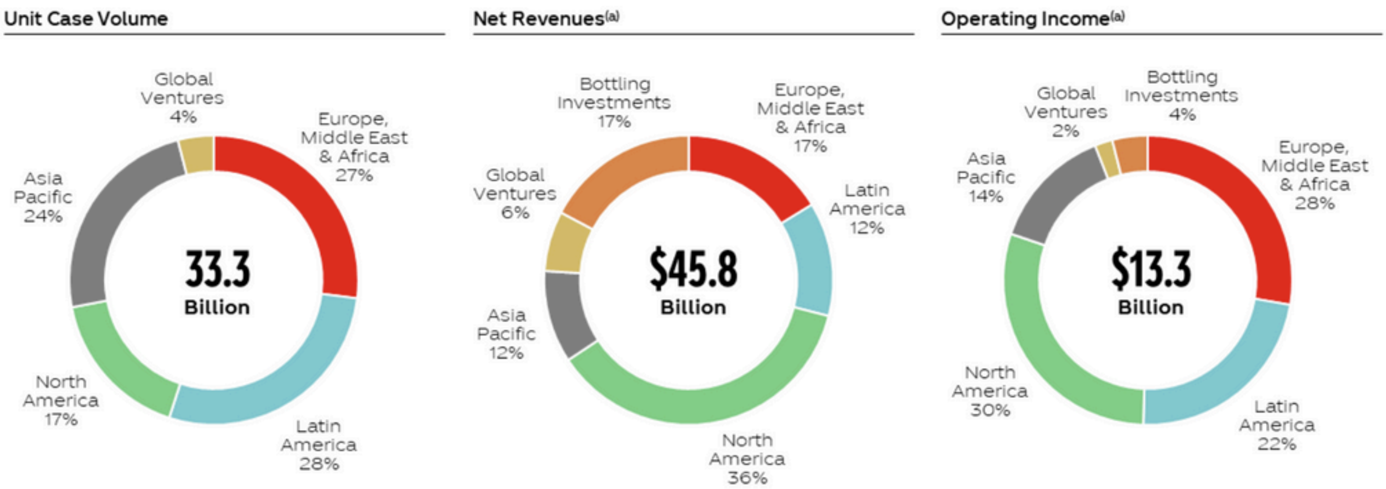
Additionally, with over a century of global operations and networking, the company has leveraged the expertise and infrastructure of bottling and distribution companies to decrease operation costs.

Business Model

The Coca-Cola Company primarily generates revenue through product sales, offering a diverse range of brands across several beverage categories. These categories include Sparkling Soft Drinks, Waters and Hydration, Juices, Dairy and Plant-based beverages, Coffee-Tea, and Alcohol Ready-to-drink. The company's operations are divided into four geographic segments: North America, Latin America, EMEA (Europe, Middle East & Africa), and Asia Pacific, with North America contributing the largest operating income.

Coca-Cola operations include the manufacturing, marketing, and selling of beverage concentrates and syrups which are provided to partnered bottlers for distribution. The company benefits from a robust global network of licensed bottling and distribution companies. in 2006, a proportion of those under Coca-Cola's own management were consolidated to form the Bottling Investment Group, leveraging company resources for long-term growth. Aside from concentrates and syrups, the company also produces a minority of its finished products, emphasising the vertical integration within its network. Additionally, marketing and advertising play a crucial role in Coca-Cola's brand recognition and customer loyalty. The company's strategic brand-building efforts and comprehensive market research ensure it remains a market leader.

Growth Strategy: Coca-Cola's growth strategy focuses on becoming a total beverage company capable of sustained performance. The 'All-Weather Strategy' has enabled the company to navigate challenges such as the pandemic, inflation, and supply chain disruptions, ensuring consistent growth in earnings per share.



Source: investors.coca-colacompany.com

Business Model

Transitioning to a digital-first marketing approach, Coca-Cola enhances consumer relationships through targeted, data-driven campaigns. StudioX and physical hubs have improved creative, media, social, and production capabilities, leading to rapid and relevant digital content production.

Innovation is key to Coca-Cola's growth, with advancements in products, packaging, and new equipment contributing to about 30% of gross profit growth in 2023. The company emphasizes consumer-centric innovation and intelligent experimentation.

Revenue Growth Management (RGM): Coca-Cola Co. uses digital tools to identify and capture revenue opportunities, translating data from its current and potential consumers into actionable insights. This approach ensures a diverse yet targeted selection of drinks, driving disciplined portfolio growth.

Recent expansions have included the acquisition of water, juices and hydration beverages to compensate for the shift in market sentiment which has seen an increased number of consumers drifting towards healthier options. By focusing on RGM and strategic investments, Coca-Cola maintains sustained profitability and market leadership, continually adapting to consumer needs and market dynamics.

Sustainability: Coca-Cola is dedicated to creating a sustainable future through various initiatives. Key focuses include water stewardship, aiming to return more water than it uses, and sustainable packaging, with the goal of making all packaging 100% recyclable and collecting a bottle or can for everyone sold. The company also targets a 25% reduction in carbon emissions by 2030, supports sustainable agriculture to ensure a secure supply of ingredients, and upholds high standards in product quality and safety. These efforts are part of Coca-Cola's broader commitment to refresh the world and make a positive impact on communities and the planet.

Diverse Brand Portfolio Globally

Source: investors.coca-colacompany.com

Management

Board of Directors: Coca-Cola's management, led by CEO James Quincey, is pivotal to its strategy of becoming a total beverage company. Quincey, with Coca-Cola since 1996 and CEO since 2017, has driven the company's growth through strategic vision and operational expertise. His leadership has been crucial in navigating challenges like the pandemic, inflation, and supply chain disruptions, ensuring consistent growth via the 'All-Weather Strategy.

Supporting this strategy is a diverse and experienced Board of Directors, including:

- **Herb Allen**, President of Allen & Co. LLC, providing financial and investment expertise.
- **Marc Bolland**, Chairman of Blackstone Europe, with extensive global investment and retail experience.
- **Ana Botín**, Executive Chair of Banco Santander, offering insights into international finance.
- **Helene Gayle**, with a background in global health and philanthropy, enhancing Coca-Cola's health and social impact initiatives.

These directors enforce financial controls, ethical business conduct, and sustainable operations, guiding Coca-Cola's sustainability efforts like the World Without Waste program and water stewardship initiatives. Their expertise ensures that Coca-Cola's digital innovation, consumer-centric marketing, and revenue growth management strategies are effectively implemented, helping the company adapt to market dynamics and reinforcing its position as a strong investment opportunity.

Remuneration: In 2023, CEO James Quincey received a total compensation of $25 million, with a salary component of $1.6 million. This is higher than the industry median of $14 million for CEOs in the American Beverage industry. Notably, 94% of Quincey's compensation is performance-related, compared to the industry average of 87%. This structure emphasizes Coca-Cola's focus on aligning executive pay with company performance, driving growth, innovation, and shareholder value. Quincey's $30 million in company shares further ties his interests to Coca-Cola's success.

Capital Allocation: According to the company's 2023 annual report, Coca-Cola's capital allocation priorities were strategically aligned to support its growth and shareholder value.

These priorities include:

- Investing wisely to support business operations.
- Growing dividend payments.
- Enhancing the beverage portfolio through consumer-centric acquisitions.
- Repurchasing shares to offset dilution from employee stock-based compensation plans.

For 2024, Coca-Cola expects capital expenditures to be approximately $2.2 billion and plans to repurchase shares to offset dilution. This disciplined approach to capital allocation demonstrates the company's commitment to sustainable growth, reinforcing its strong investment potential.

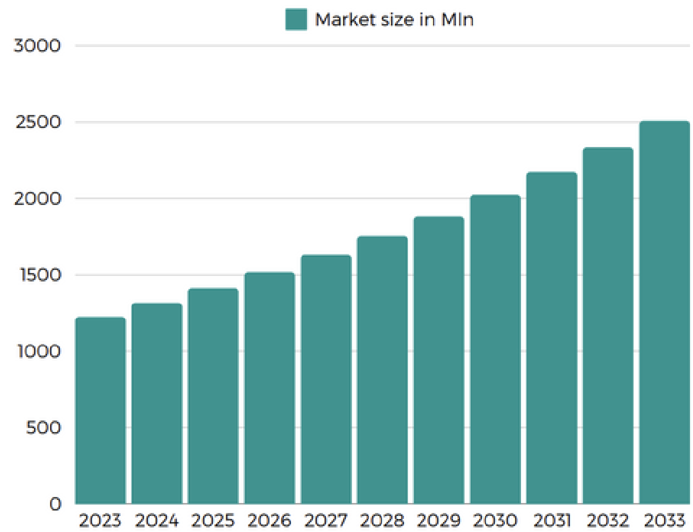
Sector

The global food and beverage industry is experiencing steady growth and innovation. In 2024, this trend is expected to continue, with a focus on alternative proteins, food automation, food safety, personalized nutrition, regenerative agriculture, and advanced food processing technologies. Within this broad industry, the soft drinks sector is projected to grow significantly, with the market size expected to increase from USD 1,224 billion in 2023 to USD 2,508.66 billion by 2033, reflecting a compound annual growth rate (CAGR) of 7.44%.

Within this dynamic landscape, Coca-Cola focuses exclusively on the beverage sector, setting it apart from competitors like PepsiCo, which has diversified into snacks. This dedicated focus enables Coca-Cola to leverage its expertise and resources to innovate within its core market. The company has adapted to changing consumer preferences by expanding its portfolio to include healthier options such as sparkling water, reduced-sugar drinks, and plant-based beverages. This aligns with the growing consumer demand for health-conscious and sustainable products.

Coca-Cola's sustainability initiatives, such as the 'World Without Waste' program and efforts in water stewardship, underscore its commitment to environmental responsibility. These initiatives enhance Coca-Cola's brand reputation and align with increasing market emphasis on sustainability. The company's focus on innovation, adaptability, and sustainability positions it to take advantage of emerging trends and consumer demands, making it a viable investment opportunity.

Coca-Cola's strategic initiatives and market presence are supported by a global distribution network, effective marketing strategies, and a dedicated focus on beverages. The anticipated market growth in regions like Asia-Pacific and Latin America presents substantial opportunities for expansion, reinforcing Coca-Cola's potential as a leading player in the soft drinks sector. These factors, combined with a positive market outlook, highlight Coca-Cola's stability and adaptability, making it an attractive choice for investors.



Report Coverage	Details
Growth Rate from 2024 to 2033	CAGR of 7.44%
Global Market Size in 2023	USD 1,224 Billion
Global Market Size by 2033	USD 2,508.66 Billion
Forecast Period	2024 to 2033
Segments Covered	By Product, By Distribution, and By End-user
Regions Covered	North America, Europe, Asia-Pacific, Latin America, and Middle East & Africa

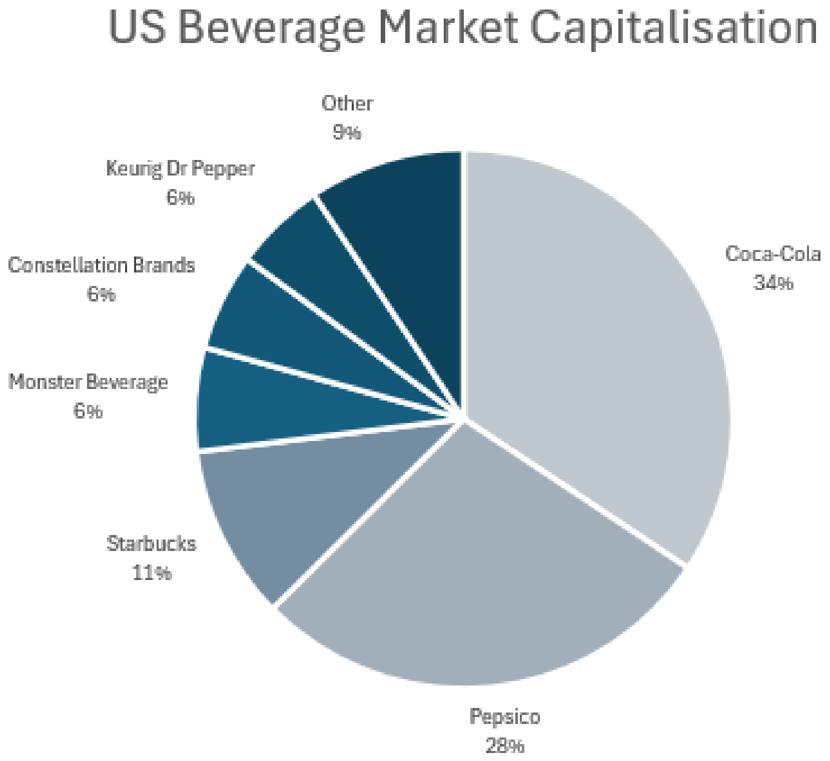
Market Shares

The beverage industry is highly competitive, with a few dominant companies. The Coca-Cola Company stands out as a market leader with a 34% share, reflecting its broad product range and strong global brand. PepsiCo follows closely with a 28% share which benefits from other sources of revenue including its diversified beverage and snack offerings. Monster Beverage Corp., while influential in the Beverage segment with a 6% share, has a smaller overall market presence compared to Coca-Cola and PepsiCo.

Coca-Cola's market leadership is bolstered by its focused strategy on beverages, enabling it to dominate this sector. The company's extensive product range, including sparkling soft drinks, waters, juices, teas, and coffees, caters to diverse consumer preferences. Coca-Cola's robust global distribution network and innovative marketing strategies have reinforced its brand presence and consumer loyalty.

The soft drinks market is driven by transforming consumer lifestyles, increased wellness trends, and growing awareness of alcohol-related health risks. The rising demand for healthier, alcohol-free options for casual and special occasions, along with the growth of online platforms and direct-to-consumer channels, further supports market expansion. Coca-Cola's efforts to address social issues and enhance sustainability goals, such as reducing sugar content and improving packaging recyclability, also contribute to its strong market position.

Coca-Cola's ability to innovate and adapt to these market trends positions it advantageously compared to its competitors. The company's strategic focus on health-conscious beverages and digital marketing ensures it meets evolving consumer needs. These factors, combined with Coca-Cola's strong financial performance and market leadership, make it a compelling investment opportunity in the beverage sector.

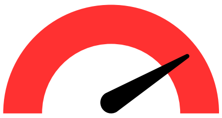


Source: CompaniesMarketCap.com

EXTERNAL ANALYSIS

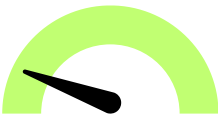
Porter's Five Forces

1. Rivalry between Existing Competitors



Coca-Cola's main competitor is PepsiCo but Nestlé Waters, Danone, Red Bull and Dr Pepper should also be mentioned. Competition is based on the strength of the brand, which allows it to maintain a loyal customer base and on distribution expansion. Coca-Cola, thanks to the establishment of the BIG (Bottling Investments Group), manages to reach notable distribution levels. Furthermore, it has a very solid brand identity, which allows it to dominate the sector with 34% market share.

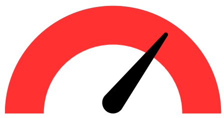
2. Threat of new entrants



The threat of new entrants is not high and this has a positive impact on the stability of profitability levels over time. Exploiting economies of scale is essential to ensure margins. It is therefore difficult to attack the sector if you do not have efficient infrastructure. Coca-Cola can count on over 900 production sites around the world and around 200 partner bottlers which allow it to operate with great efficiency. Furthermore, the products are not characterized by great differentiation and for this reason, the brand plays a fundamental role. This makes it difficult for new competitors to enter who do not have a solid brand with a story to tell.

Finally, distribution is one of the main drivers of competition in this sector, which is based on access to two main channels, On-Trade and Off-Trade. Access to the Off-Trade channel for new competitors can be difficult due to the contractual conditions imposed by the large-scale retail trade. By playing on their bargaining power, very low purchase prices emerge. Access to the On-trade channel is also not easy for new entrants without a strong brand identity that allows them to access points of sale at advantageous conditions.
Thanks to its partner bottlers, who produce, package, market and distribute the products, Coca-Cola is able to have a distribution rate of approximately 2.2 billion servings per day, defending itself from the potential threat of new entrants.

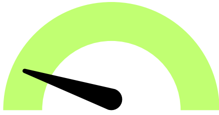
3. Threat of substitute products



The range of replacement products is wide and includes fruit juices, water, tea, coffee, energy drinks. Switching costs for the consumer are non-existent and it is essential to have a strong brand identity that builds consumer loyalty. Coca Cola can leverage its very strong brand and therefore count on a very loyal consumer base which reduces the pressure of substitute products.

Porter's Five Forces

4. Bargaining power of suppliers

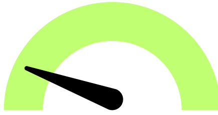


Availability of substitutes for raw materials: the raw materials used to make the products are the same. They mainly include sugar, sweeteners and flavorings and therefore there are no relevant alternatives. Consequently, since there are no relevant switching costs, suppliers do not enjoy great contractual power.

Number of raw material suppliers: it is high and this negatively impacts the bargaining power of suppliers. Coca-Cola can count on a large portfolio of commercial relationships, made up of around 54 suppliers, which allow it to reduce the risk of exposure to supply interruptions and at the same time sign advantageous contracts.

Bottlers: Coca-Cola's bottlers are not all owned by the group. Despite this, their bargaining power is very low as they only depend on Coca-Cola's activities. Their business model consists of purchasing flavor concentrates, sugars and other mixtures from Coca-Cola and then bottling, marketing and distributing the products to customers (retailers and end consumers). For this reason, in the (unlikely) event of interruption of the commercial relationship between Coca-Cola and the bottler, the latter could be subject to difficulties.

5. Bargaining power of customers



Individual Consumers: Individual consumers have limited bargaining power, given the mass-produced nature of the product.

Large retailers: Supermarket chains and large-scale retailers like Walmart can wield greater bargaining power, negotiating better prices and terms thanks to large purchasing volumes.
Customer Loyalty: The strength of the Coca-Cola brand creates loyalty, reducing the bargaining power of customers as many are willing to pay a premium for the brand.

Competition

PepsiCo
A multinational food and beverage company known for the Pepsi cola brand, Frito-Lay snacks, and various other beverages and snacks. PepsiCo competes directly with Coca-Cola in the carbonated soft drinks (CSD) and snacks markets. PepsiCo competes directly with Coca-Cola in the carbonated soft drink (CSD) market. Use brand-based pricing strategies.

Dr. Pepper Snapple Group
A beverage company known for Dr Pepper, Snapple, and other soft drink brands. Dr Pepper Snapple Group competes with Coca-Cola in the CSD and soft drinks markets. Focuses on regional pricing strategies.

Nestlé Waters
A division of Nestlé, Nestlé Waters offers bottled water brands such as Nestlé Pure Life and Perrier. Nestlé Waters competes with Coca-Cola in the bottled water and soft drinks markets. Emphasize premium pricing strategy.

Red Bull
Red Bull is an energy drink company known for its signature Red Bull energy drink. Despite a relatively limited product portfolio, Red Bull has a significant following in North America, Europe, Australia and parts of Asia. This following is the result of marketing campaigns targeted at young men, where the drink is associated with extreme sports such as mountain biking, parkour, Formula 1, NASCAR, freestyle motocross and air racing.

Danone
Danone is a multinational food company known for its dairy and beverage brands, including Evian bottled water. Danone competes with Coca-Cola in the bottled water and soft drinks markets.

Overlaps between Competitors
Although these competitors operate in the beverage industry, they use different pricing strategies and target various market segments.

However, there may be cases of overlap:

PepsiCo and Dr. Pepper Snapple Group: Both compete in the carbonated soft drinks (CSD) market, which may lead to direct competition in this segment.

PepsiCo and Nestlé Waters: Both offer bottled water products, resulting in competition within the bottled water segment.

SWOT

Strengths

Coca-Cola is one of the most recognized brands in the world, thanks to effective marketing campaigns that have created a strong emotional connection with consumers. This has allowed the company to gain a significant market share in the beverage industry. Additionally, Coca-Cola boasts a global presence in over 200 countries, with strong penetration also in emerging markets, where consumer income and spending is expected to increase. The extensive distribution network, which includes more than 225 independent bottling partners and its own bottling network, allows Coca-Cola to offer more than 500 different brands to consumers around the world. The company continually invests in product innovation, improving its offerings to respond to customer needs and requests, such as reducing sugar content and introducing new flavors.

Weaknesses

Coca-Cola faces health-related issues due to the high sugar content of its drinks, which can contribute to complications such as diabetes and obesity. Additionally, Coca-Cola is considered a major polluter, using non-biodegradable plastic to package its products. These unsustainable practices, coupled with allegations of employee exploitation in developing countries, are damaging the company's reputation. As environmental awareness increases among consumers, there is a risk that they will look for less harmful alternatives.

Opportunities

Opportunities for Coca-Cola include introducing non-beverage products, leveraging its extensive distribution network and strong brand image. With growing global awareness about health and nutrition, products such as foods and drugs could help the company further expand its portfolio. Emerging markets in developing countries represent a significant opportunity for growth. The number of middle-class consumers in these countries is expected to increase significantly, giving Coca-Cola a large, untapped consumer base to expand its presence.

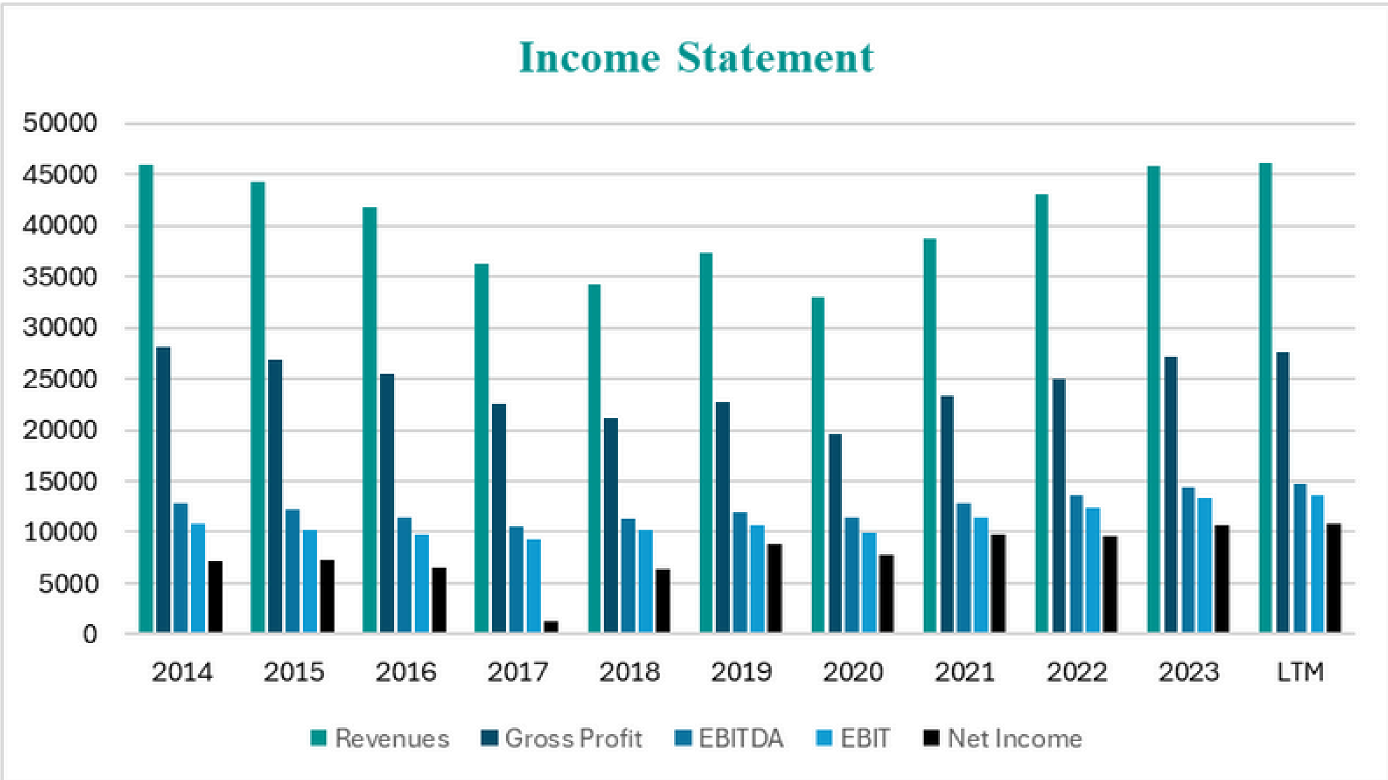
Threats

Coca-Cola faces strong direct and indirect competition. In the beverage industry, competition with companies like PepsiCo and Dr. Pepper Snapple Group Inc. is intense. Furthermore, indirect competitors also include producers of alcoholic beverages, mainly beer. The legal battles pose another significant threat to Coca-Cola. The company has a history of legal disputes, including allegations of deceptive marketing regarding sugary drinks. These legal issues, amid growing concerns about health issues associated with sugary drinks, are damaging the company's image and future growth prospects.
Finally, the recent events which see Coca-Cola indirectly involved in the conflict between Israel and Palestine highlight its strong link with the image of the Western world, and in particular of the United States.

FINANCIAL STATEMENTS

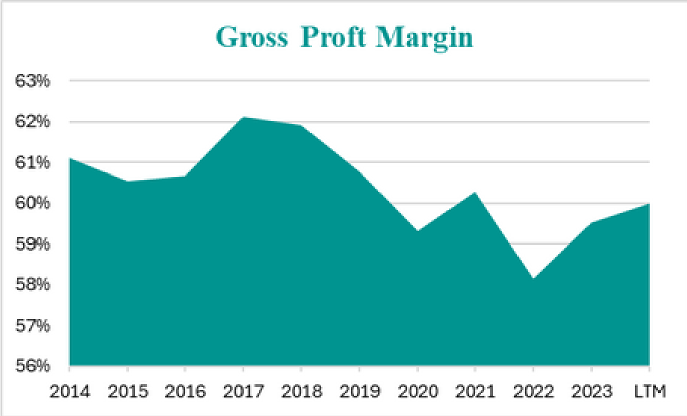
Income Statement

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Income Statement											
Revenues	**45,998**	**44,294**	**41,863**	**36,212**	**34,300**	**37,266**	**33,014**	**38,655**	**43,004**	**45,754**	**46,074**
% YoY Growth		-3.70%	-5.49%	-13.50%	-5.28%	8.65%	-11.41%	17.09%	11.25%	6.39%	0.70%
COGS	(17,889)	(17,482)	(16,465)	(13,721)	(13,067)	(14,619)	(13,433)	(15,357)	(18,000)	(18,520)	(18,438)
Gross Profit	**28,109**	**26,812**	**25,398**	**22,491**	**21,233**	**22,647**	**19,581**	**23,298**	**25,004**	**27,234**	**27,636**
% YoY Growth		-5%	-5%	-11%	-6%	7%	-14%	19%	7%	9%	1%
Operating expenses	(17,242)	(16,572)	(15,675)	(13,151)	(11,030)	(12,016)	(9,589)	(11,865)	(12,664)	(13,921)	(14,085)
EBITDA	**12,843**	**12,210**	**11,510**	**10,600**	**11,289**	**11,996**	**11,528**	**12,885**	**13,600**	**14,441**	**14,655**
% YoY Growth		-5%	-6%	-8%	7%	6%	-4%	12%	6%	6%	1%
Depreciation & Amortization	1976	1970	1787	1260	1086	1365	1536	1452	1260	1128	1104
EBIT	**10,867**	**10,240**	**9,723**	**9,340**	**10,203**	**10,631**	**9,992**	**11,433**	**12,340**	**13,313**	**13,551**
% YoY Growth		-6%	-5%	-4%	9%	4%	-6%	14%	8%	8%	2%
Other Expenses/Income	(1,085)	206	(877)	(1,632)	(1,070)	1,036	1,173	2,556	199	1,177	766
Interest Expenses/Income	(483)	(856)	(733)	(853)	(950)	(946)	(1,437)	(1,597)	(882)	(1,527)	(1,537)
Income Tax Expense	(2,201)	(2,239)	(1,586)	(5,607)	(1,749)	(1,801)	(1,981)	(2,621)	(2,115)	(2,249)	(1,996)
Net Income	**7,098**	**7,351**	**6,527**	**1,248**	**6,434**	**8,920**	**7,747**	**9,771**	**9,542**	**10,714**	**10,784**
% YoY Growth		4%	(11%)	(81%)	416%	39%	(13%)	26%	(2%)	12%	1%
Supplementary Data											
Effective Tax Rate	(24%)	(23%)	(19%)	(81%)	(21%)	(17%)	(20%)	(21%)	(18%)	(17%)	(16%)
Diluted Shares Outstanding	4,450	4,405	4,367	4,324	4,299	4,314	4,323	4,340	4,350	4,339	4,333
EPS	1.60	1.67	1.49	0.29	1.50	2.07	1.79	2.25	2.19	2.47	2.49
% YoY Growth		5%	(10%)	(81%)	419%	38%	(13%)	26%	(3%)	13%	1%
Dividends per Share	1.22	1.32	1.40	1.48	1.56	1.60	1.64	1.68	1.76	1.84	1.87
Payout Ratio	76%	79%	94%	513%	104%	77%	92%	75%	80%	75%	75%
R&D Expense	0	0	0	0	0	0	0	0	0	0	0
Selling and Marketing Expense	3,499	3,976	4,004	3,958	4,000	4,000	3,000	4,000	4,319	5,010	5,106
EBT Incl. Unusual Items	9,325	9,605	8,136	6,890	8,225	10,786	9,749	12,425	11,686	12,952	12,771

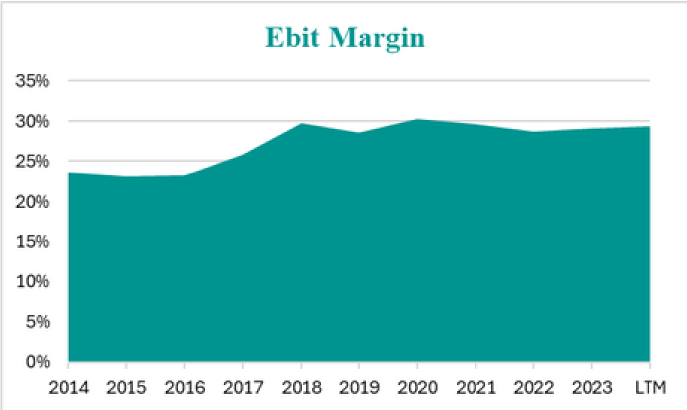


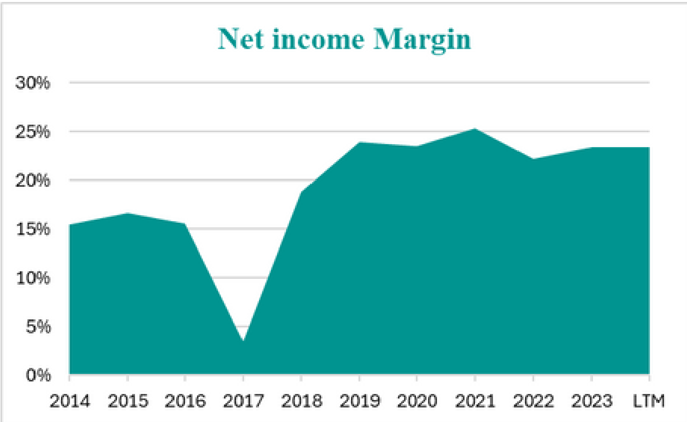
Income Statement

The analysis of Coca-Cola's Income Statement highlights an extremely stable company, which however has had a decade without growth in terms of turnover. Revenues in 2023 remained at the levels of 2014, equal to approximately 46 billion, and remained at the same levels also for the first half of 2024. in this decade revenues have not always remained constant, but have fallen, particularly in the four-year period between 2017 and 2020, then recovering from 2021. However, we observe a constant profit in the mentioned four-year period, and even grew by 50% over the decade.



The only year in which we notice a significant decrease in the bottom line (net profit) the cause can be found in the "income tax expense" item. This event is extraordinary in nature, as it was caused by a dispute with the IRS (Internal Revenue Service), which deemed that Coca-Cola had reported too low taxable income in the United States due to the way in which it had determined prices of transfer for the licensing of intellectual property to related foreign companies. The IRS requested an increase in taxable income that would have resulted in an additional federal tax bill of about $3.3 billion, plus interest.





However, Coca-Cola remains the undisputed leader of the carbonated soft drinks market and continues, albeit slowly, to strengthen this position, going from a market share of 43.4% in 2014 to 46.3% in 2022 (average annual growth rate equal to 0.8%)

Finally, it is noted in the period under consideration that the incidence of COGS remained almost constant, despite the fact that Coca-Cola's margins continued to grow. The margins are in fact all improving, outside of the Gross Profit Margin.

Balance Sheet

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Balance Sheet											
Cash and equivalents	8,958	7,309	8,555	6,006	9,077	6,480	6,795	9,684	9,519	9,366	10,443
Short Term Investments	12,717	12,591	13,646	14,669	7,038	4,695	4,119	2,941	2,112	4,297	6,476
Cash and short Term Investments	**21,675**	**19,900**	**22,201**	**20,675**	**16,115**	**11,175**	**10,914**	**12,625**	**11,631**	**13,663**	**16,919**
Total Receivables	4,466	3,941	3,856	3,667	3,685	3,971	3,144	3,512	3,487	3,410	4,244
Inventory	3,100	2,902	2,675	2,655	3,071	3,379	3,266	3,414	4,233	4,424	4,961
Prepaid Expenses	1,902	1,884	1,686	1,902	1,946	1,819	1,764	1,634	2,126	2,606	3,096
Other current Assets	1,669	4,597	3,512	7,646	113	57	152	1,018	808	2,303	242
Total Current Assets	**32,986**	**33,395**	**34,010**	**36,545**	**24,930**	**20,411**	**19,240**	**22,545**	**22,591**	**26,732**	**29,462**
Net PP&E	14,633	12,571	10,635	8,203	9,598	12,210	12,325	11,338	11,247	10,564	9,306
Long term Investments	14,839	16,868	18,569	23,281	21,538	21,730	22,311	20,540	20,290	21,644	21,496
Goodwill	12,100	11,289	10,629	9,401	14,109	16,764	17,506	19,363	18,782	18,358	18,210
Other intangibles	14,272	12,843	10,499	7,235	7,478	10,002	11,044	15,250	14,849	14,865	14,024
Other long-Term Assets	2,874	2,670	2,602	2,901	2,889	2,852	2,410	3,189	3,258	3,979	5,437
Total non-current Assets	**59,037**	**56,601**	**53,260**	**51,351**	**58,286**	**65,970**	**68,056**	**71,809**	**70,172**	**70,971**	**69,930**
Total Assets	**92,023**	**89,996**	**87,270**	**87,896**	**83,216**	**86,381**	**87,296**	**94,354**	**92,763**	**97,703**	**99,392**
Accounts Payable	2,089	2,795	2,682	2,288	2,719	3,804	3,517	4,602	5,307	5,590	19,234
Accrued Liabilities	6,793	5,943	6,008	6,380	6,627	6,005	6,079	8,534	8,937	8,524	0
Long-Term Debt due within one year	3,552	2,729	3,527	3,298	5,003	4,253	490	1,338	399	1,965	1,392
Current Portion of Capital Lease Obligations	0	0	0	0	0	281	322	310	341	361	0
Other Current Liabilities	410	1,259	818	1,613	187	1,222	1,222	1,173	1,164	1,005	191
Total Current Liabilities	**32,374**	**26,929**	**26,532**	**27,194**	**28,782**	**26,973**	**14,601**	**19,950**	**19,724**	**23,571**	**28,356**
Long Term Debt	19,100	28,543	29,732	31,221	25,416	27,537	40,125	38,130	38,053	36,660	36,321
Other non-current Liabilities	4,352	4,069	4,033	7,982	5,868	5,378	5,989	6,023	4,278	5,475	4,248
Total non-current Liabilities	**29,088**	**37,303**	**37,518**	**41,725**	**35,376**	**38,310**	**51,411**	**49,544**	**47,213**	**46,652**	**43,090**
Total Liabilities	**61,462**	**64,232**	**64,050**	**68,919**	**64,158**	**65,283**	**66,012**	**69,494**	**66,937**	**70,223**	**71,446**
Common Stocks	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760
Additional Paid in Capital	13,154	14,016	14,993	15,864	16,520	17,154	17,601	18,116	18,822	19,209	19,321
Retained Earnings	63,408	65,018	65,502	60,430	63,234	65,855	66,555	69,094	71,019	73,782	74,868
Treasury Stocks	(42,225)	(45,066)	(47,988)	(50,677)	(51,719)	(52,244)	(52,016)	(51,641)	(52,601)	(54,535)	(55,016)
Comprehensive Income and Other	(5,777)	(10,174)	(11,205)	(10,305)	(12,814)	(13,544)	(14,601)	(14,330)	(14,895)	(14,275)	(14,504)
Total Equity	**30,561**	**25,764**	**23,220**	**18,977**	**19,058**	**21,098**	**21,284**	**24,860**	**25,826**	**27,480**	**27,946**

The first element that catches the eye is the significant value of Goodwill and intangibles in Coca-Cola's balance sheet, the overall value of which has grown significantly in the last decade. This is perfectly consistent with what is expected from Coca-Cola, the company that symbolizes the value of the brand par excellence. Clearly the increase recorded in the financial statements is largely attributable to acquisitions, among which that of BodyArmor (2021) stands out.

In recent years there has been a considerable increase in long-term debt (CAGR 5yr 5.89%), due partly to the refinancing of existing debts and partly to its use for strategic acquisitions, such as those of Bodyarmor and Fairlife.

However, debt has other relevant functions, which show the foresight of Coca-Cola's management. It has allowed us to maintain solid liquidity positions (see liquidity between 2020 and 2021), ensuring the ability to face the challenges and seize the opportunities arising from global economic uncertainty.

In these same years it was possible, also thanks to the solid financial position, to implement a franchising strategy for bottling operations. In fact, note the streamlining of PP&E linked to this franchising strategy.

Finally, it should be remembered that Coca-Cola managed to obtain these resources, which have benefited it so much in the last 5 years, at costs significantly lower than those of the last two years (effective average cost of 10yr debt: 2.31%) .

Cash Flow Statement

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Cash Flow Statement											
D&A	1,976	1,970	1,787	1,260	1,086	1,365	1,536	1,452	1,260	1,128	1,104
Asset Writedown & Restructuring Costs	0	473	153	771	450	0	0	78	57	0	0
Stock-Based Compensation	209	236	258	219	225	201	126	337	356	254	264
Change In Accounts Receivable	(253)	(212)	(28)	(108)	27	(158)	882	(225)	(69)	(2)	(2)
Change In Inventories	35	(250)	(142)	(276)	(203)	(183)	99	(135)	(960)	(597)	(597)
Change In Accounts Payable	(250)	1,004	(540)	(573)	(251)	1,318	(860)	2,843	759	841	841
Cash from Operations	**10,615**	**10,528**	**8,792**	**7,041**	**7,627**	**10,471**	**9,844**	**12,625**	**11,018**	**11,599**	**11,967**
Change in Net Working Capital	**439**	**157**	**225**	**(3,442)**	**1,240**	**(366)**	**(690)**	**(1,325)**	**605**	**846**	**814**
CAPEX	(2,406)	(2,553)	(2,262)	(1,750)	(1,548)	(2,054)	(1,177)	(1,367)	(1,484)	(1,852)	(1,946)
Cash Acquisition	0	(2,491)	(838)	(3,809)	(1,263)	(5,542)	(1,052)	(4,766)	(73)	(62)	(50)
Divestitures	148	565	1,035	3,821	1,362	429	189	2,180	458	430	3,004
Cash From Investing	**(7,506)**	**(6,186)**	**(1,004)**	**(2,312)**	**5,927**	**(3,976)**	**(1,477)**	**(2,765)**	**(763)**	**(3,349)**	**(3,136)**
Total Debt Issued	41,674	40,434	27,281	29,926	27,605	23,009	26,934	13,094	3,972	6,891	5,102
Total Debt Repaid	(36,962)	(37,738)	(25,615)	(28,871)	(30,600)	(24,850)	(28,796)	(12,866)	(4,930)	(5,034)	(5,226)
Issuance of Common Stock	1,532	1,245	1,434	1,595	1,476	1,012	647	702	837	539	600
Repurchase of Common Stock	(4,162)	(3,564)	(3,681)	(3,682)	(1,912)	(1,103)	(118)	(111)	(1,418)	(2,289)	(2,143)
Common & Preferred Stock Dividends Paid	(5,350)	(5,741)	(6,043)	(6,320)	(6,644)	(6,845)	(7,047)	(7,252)	(7,616)	(7,952)	(7,950)
Cash from Financing	**(3,631)**	**(5,113)**	**(6,545)**	**(7,447)**	**(10,347)**	**(9,004)**	**(8,070)**	**(6,786)**	**(10,250)**	**(8,310)**	**(9,969)**
Net Change in Cash	**(1,456)**	**(1,649)**	**1,238**	**(2,477)**	**2,945**	**(2,581)**	**373**	**2,915**	**(200)**	**(133)**	**(1,462)**
% YoY		13%	-175%	-300%	-219%	-188%	-114%	682%	-107%	-34%	9.992481
Free Cash Flow to the firm	**8,311**	**7,427**	**7,578**	**(2,193)**	**8,811**	**7,801**	**7,631**	**7,781**	**10,488**	**11,123**	**11,405**
FCFE	**7,942**	**6,771**	**6,988**	**(2,352)**	**8,063**	**7,013**	**6,486**	**6,521**	**9,765**	**9,861**	**10,108**

Coca-Cola maintains an excellent Cash Flow from operations throughout the analysis period, indicating the stability and solidity of its business model.

Stability is a fundamental theme in a company like Coca-Cola, which manages to be a very predictable business (not surprisingly one of the main holdings of Warren Buffett's portfolio) that maintains solid and constant cash flows and dividends.

This stability is not only noticeable in the cash flow statement but also in the income statement and balance sheet, as it is intrinsic to the business model and sector of the company. Consider, for example, the inelasticity of demand for carbonated drinks and the strong brand loyalty that characterize this market.

Cash flow from financing has shown substantial changes, growing significantly since 2018. This is consistent with the increase in long-term debt highlighted in the balance sheet commentary.

The effects of the refranchising process can also be seen in the constant decrease in capex and the improvement in operational efficiency.

“Free Cash Flow to the Firm” (FCFF) has increased significantly in recent years, from 7,781 million in 2021 to 11,123 million in 2023. This increase reflects Coca-Cola's ability to generate sufficient cash to fund both current operations and growth investments, further strengthening the company's financial stability.

Likewise, the FCFE increased from $6,521 million in 2021 to $9,861 million in 2023.

Note the constant and inexorable growth in dividends paid, which do not disappoint investors even in times of global pandemics.

Coca-Cola's cash flow statement highlights strong operating cash generation, active investment and debt management, and an ongoing commitment to returning value to shareholders. These factors combined suggest that Coca-Cola is in a strong financial position, with the resources needed to support long-term growth and address any future challenges.

Profitability, Efficency and Financial Solidity

Profitability

In recent years, Coca-Cola Company has shown an interesting evolution of its main profitability indicators.

ROA: The Return on Assets went from 8% in 2015 to 12% in 2023, remaining constantly above 10% for the last 5 years. This indicates solid efficiency in using assets to generate profits.

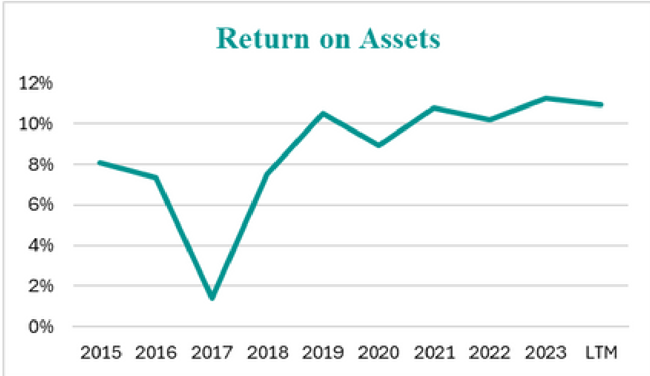
ROIC: The Return on Invested Capital, also very solid, shows Coca-Cola's ability to continuously obtain excellent returns on the capital it invests.

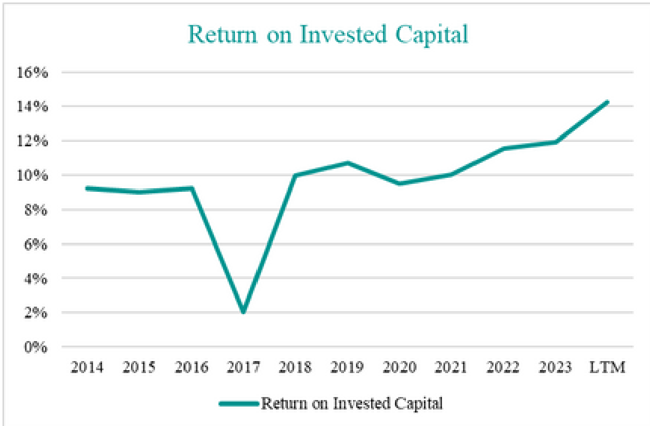
ROE: The Return on Equity has had significant fluctuations, from a value of 26% in 2015, falling to 6% in 2017 (see comment on IS), and then rising to 40% in 2023.

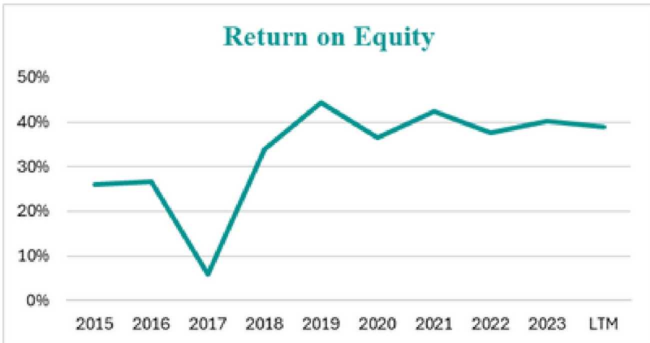
Profit Quality Ratio: The Profit Quality Ratio has undergone significant fluctuations, going from 112% in 2015 to a minimum of -188% in 2018, and then recovering and stabilizing between 67% and 92% in recent years. Overall, there is an excellent conversion of profits into cash flow that can be distributed to shareholders (96% avg over the reference period, excluding 2018).

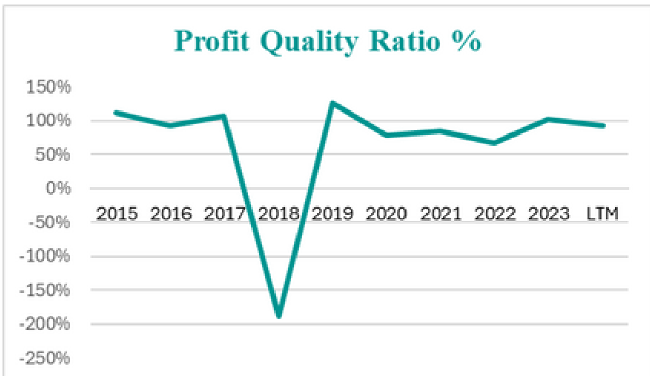
Despite the fluctuations, the Coca-Cola Company's profitability indicators indicate a positive trend with an improvement in the use of invested capital and a stability in the Return on Assets. The recent growth in ROIC and recovery in Profit Quality Ratio suggest that the company has adopted effective strategies to improve its overall profitability.

There was a general and sharp decline in Coca Cola's profitability indices in FY 2017, although it is important to mention it, it is clear that it was an extraordinary event (tax dispute, see the comment on IS), which did not impact profitability of the company in the long term.





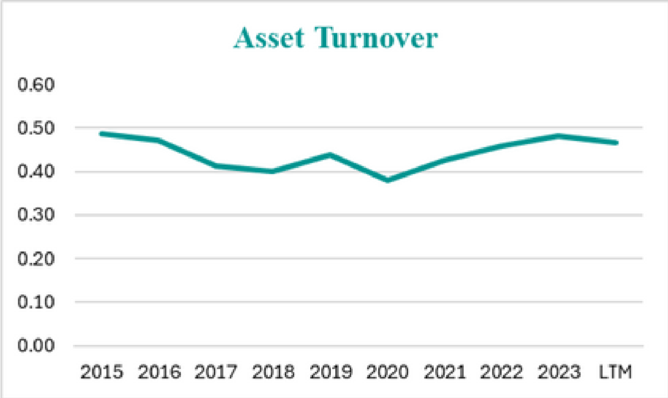


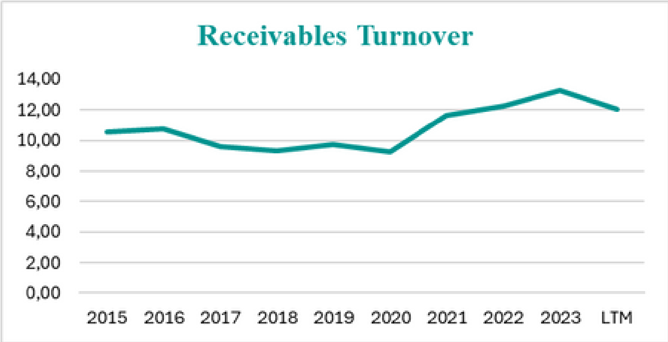


Efficiency

Coca-Cola's Asset Turnover graph shows a stable trend, which remains approximately between 0.40 and 0.50 throughout the analysis period. This indicator measures the efficiency with which the company uses its assets to generate revenues. This stability indicates that the company has achieved a good balance in the use of assets. Also in this case the strong stability and predictability of the business is evident.

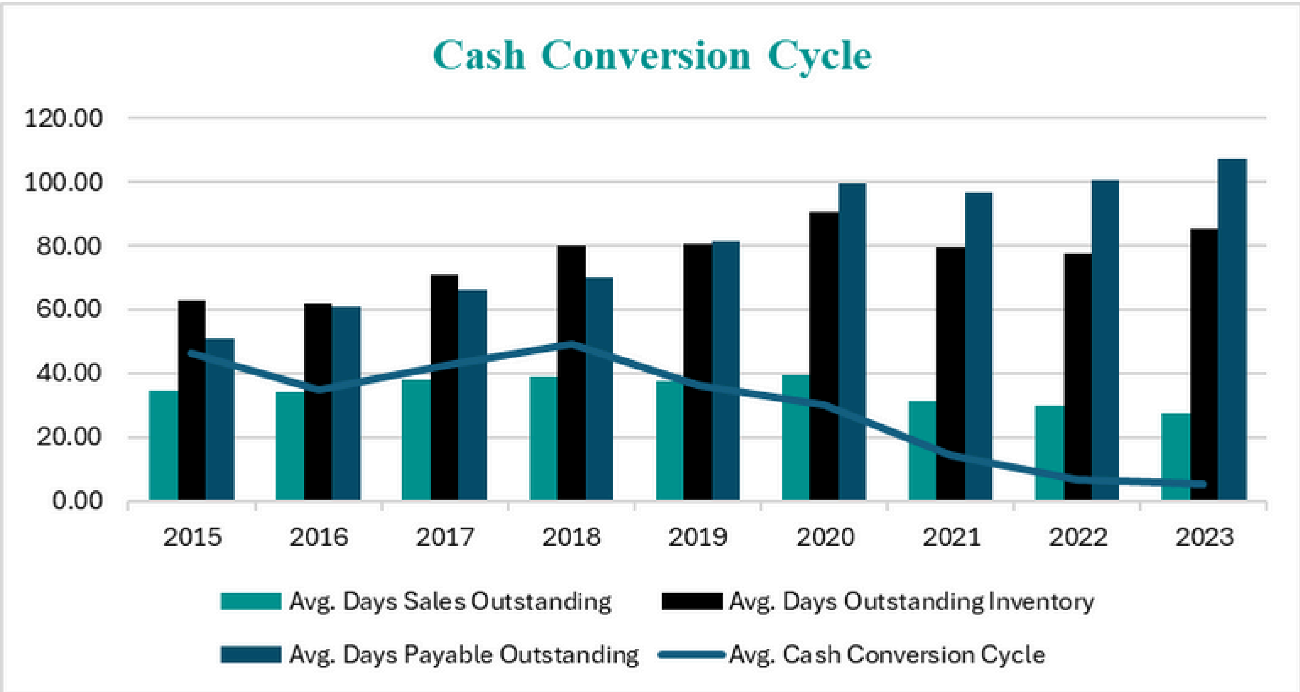
Similar considerations apply to the receivables turnover.





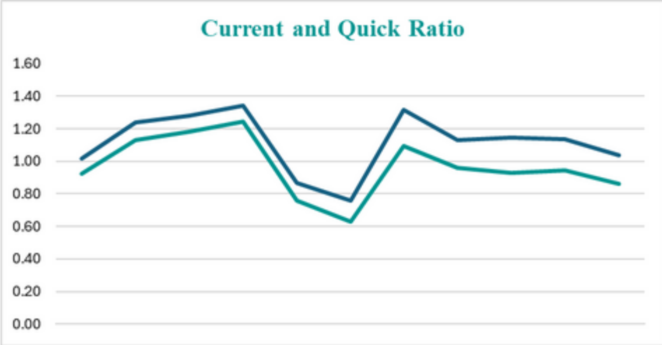
The cash conversion cycle demonstrates excellent management of working capital and once again highlights Coca-Cola's strong bargaining power with customers and suppliers. Coca-Cola's ability to transform turnover into cash is another of the many elements that show both the efficiency and solidity of this company.

Despite remaining at relatively low levels throughout the analysis period, the cash conversion cycle decreased over the decade, approaching zero in both 2022 and 2023.

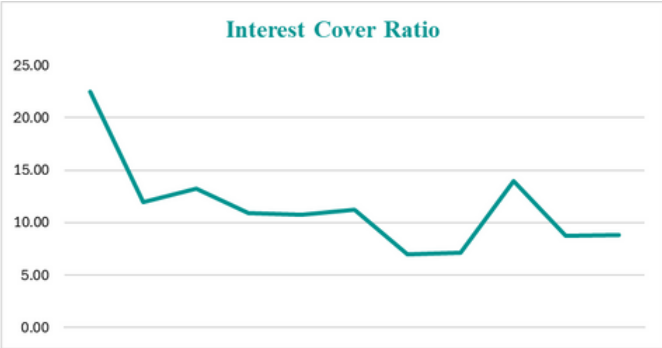


Financial Solidity

Coca-Cola's Quick Ratio also shows a stable trend. This ratio measures the company's ability to cover its short-term liabilities with liquid assets, excluding inventory. The distance between quick ratio and current ratio also remains stable, increasing slightly in recent years, indicating that the inventory has not undergone particular fluctuations either.

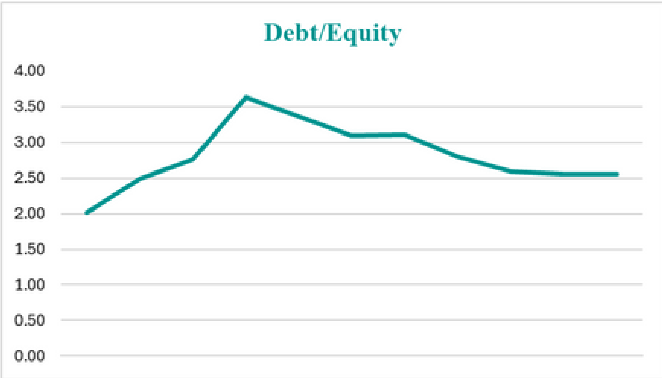


The Interest Coverage Ratio graph, excluding the first year of analysis, remained in a range between a minimum of 6.95 (2020) and a maximum of 13.99 (2022). This indicator measures the company's ability to cover debt interest costs with its EBIT. These levels are all very satisfactory, as they are synthetic indicators of a rating always between AAA and AA (only for 2020 and 2021).



The Debt to Equity Ratio, which measures the proportion of total debt to equity owned by shareholders, shows a slight upward trend from 2015 to 2017, followed by an opposite movement. This index has stabilized over the last 3 years at an average value of 2.65.

This level of Debt to Equity, although not particularly low, is more than sustainable for a company like Coca-Cola, especially taking into account its innate ability to generate cash flow and the stability of its business model.



Valuation

Multiples analysis

Comparable Companies

In relative valuation, selecting the appropriate peer group is crucial. The goal is to identify a set of representative companies within the non-alcoholic beverage industry that share similar operational structures, financial profiles, and market presence.

The non-alcoholic beverage industry, particularly the Carbonated Soft Drinks (CSD) sector where Coca-Cola predominantly operates, is dominated by a few major players with significant market shares. This explains the limited number of comparable firms.

AB InBev, Danone S.A., Heineken N.V., Suntory Beverage, Kirin Holding, and Diageo were excluded from the peer group valuation due to differing financial metrics or because their business activities deviated from the focus on non-alcoholic beverages.

Ultimately, only three companies - PepsiCo, Keurig Dr Pepper, and Monster Beverage Corporation - were deemed suitable for inclusion in the peer group. It's important to note that Monster, primarily focused on energy drinks, is considered less comparable among the three, leaving PepsiCo and Keurig Dr Pepper as the two direct competitors.

General			EV Multiples			Price Multiples			
Company name	EV	MC	Ev/Sales	Ev/Ebitda	Ev/Ebit	P/S	P/E	P/BV	MC/FCF
The Coca-Cola Company	303.040	274.675	6,6x	20,7x	22,4x	6,0x	25,5x	9,8x	27,8x
PepsiCo, Inc.	263.662	226.001	2,9x	16,1x	19,5x	2,5x	24,6x	11,8x	19,9x
Keurig Dr Pepper Inc.	60.706	44.273	4,1x	14,8x	17,8x	3,0x	20,4x	1,8x	13,4x
Monster Beverage Corporation	48.343	51.841	6,6x	22,6x	23,4x	7,1x	30,9x	6,0x	35,8x

	EV	Market Cap	Ev/Sales	Ev/Ebitda	Ev/Ebit	P/S	P/E	P/BV	MC/FCF
Simple Average	168.938	149.198	5,0x	18,5x	20,8x	4,6x	25,4x	7,4x	24,2x
Weighted average - EV	247.685	219.044	4,9x	18,5x	20,9x	4,4x	25,1x	9,6x	24,0x
Weighted average - MC	248.026	219.793	5,0x	18,7x	21,0x	4,5x	25,2x	9,6x	24,4x
Median	162.184	138.921	5,3x	18,4x	20,9x	4,5x	25,0x	7,9x	23,8x
Standard Deviation	133.183,43	118.505,71	1,86	3,69	2,56	2,25	4,32	4,41	9,71
(% Average)	*79%*	*79%*	*37%*	*20%*	*12%*	*49%*	*17%*	*60%*	*40%*
High	303.040	274.675	6,6x	22,6x	23,4x	7,1x	30,9x	11,8x	35,8x
Low	48.343	44.273	2,9x	14,8x	17,8x	2,5x	20,4x	1,8x	13,4x
Price based on multiples			**50,76**	**59,60**	**62,30**	**47,82**	**62,66**	**52,93**	**63,43**

Valuation

Multiples analysis

Equity Multiples

Based on our analysis, both Equity and Enterprise Value multiples suggest a share price ranging from $47.82 to $63.43.

Coca-Cola's Price-to-Sales (P/S) ratio of 6.0x exceeds the average of its competitors, which stands at 4.6x. This indicates that investors are paying a higher price for each unit of sales generated compared to its peers, potentially signaling either overvaluation or optimistic expectations regarding the company's financial performance. In comparison, PepsiCo shows a lower multiple, contributing to the lower implied price of $47.82.

Coca-Cola's Price-to-Earnings (P/E) ratio of 25.5x is slightly above the sector's average of 25.4x, excluding Monster's influence, which would lower it to 23.5x. This suggests that investors are willing to pay a premium for Coca-Cola's earnings relative to the sector, reflecting positive sentiment towards its growth prospects and stability due to its strong brand equity and extensive distribution network.

The Market Cap to Free Cash Flow (MC/FCF) ratio for Coca-Cola is 27.8x, slightly above the group average. A higher MC/FCF ratio typically indicates favorable market sentiment about the company's future prospects, cash flow stability, and perceived lower risk. However, it could also suggest potential overvaluation. Monster's MC/FCF ratio of 35.8x contributes to a higher implied share price, potentially misleading the overall group's average without Monster, which stands at 20.3x, highlighting a 7.4x premium for Coca-Cola.

Enterprise Value Multiples

The EV/Sales ratio for Coca-Cola is 6.6x, which is 26% higher than the group average. A higher EV/Sales ratio implies that the company is considered more expensive, as there is a larger enterprise value assigned for every dollar of revenue generated. In contrast, PepsiCo, Coca-Cola's direct competitor, has a multiple that is less than half of its peer, with a 5.0x EV/Sales multiple.

Regarding EV/EBITDA (20.7x), Coca-Cola's ratio is moderately above the competitor’s average. This could suggest potential overvaluation, indicating that investors are willing to pay a premium for the company's expected future earnings or growth prospects.

It's worth noting that Coca-Cola holds nearly 40% to 50% market share in Carbonated Soft Drinks, leaving it with no exact competitors except PepsiCo. Therefore, relying solely on relative valuation may not provide a comprehensive assessment

DCF

WACC

To calculate the average cost of capital, a weighted average between the 10-year American bond (US10Y; approx. 4.28%) and the 10-year German government bonds (DE10Y; approx. 2.533%) was selected as the risk-free rate. . The weights depend on the percentages of turnover within and outside the European area. The country risk and market risk premium were calculated as a weighted average based on the turnover of the individual country risk premium and market risk premium of the country/geographical areas. The beta was calculated as a weighted average between the Bottom Up method (50%) and the direct correlation with the S&P 500 (50%). Finally, the cost of debt was calculated using the average of the last 5 years of Coca-Cola's actual cost of debt.

Capital Structure	
Equity	85.55%
Debt	14.45%
Wacc Calculation	
Cost of Equity	**10.58%**
Risk-free Rate	3.76%
Country Risk Premiur	1.68%
Market Risk Premium	6.55%
Levered Beta	0.79
Net Cost of Debt	**2.35%**
Cost of Debt	2.90%
Tax Rate	18.85%
WACC	**9.40%**

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Term
Sales (% growth)		5.0%	4.6%	4.2%	3.8%	3.4%	3.0%	2.9%	2.8%	2.7%	2.6%	2.5%
Optimistic Scenario		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.00%	6.00%	5.00%	4.00%	3.00%
Base Scenario		5.00%	4.60%	4.20%	3.80%	3.40%	3.00%	2.90%	2.80%	2.70%	2.60%	2.50%
Pessimistic Scenario		2.00%	1.80%	1.60%	1.40%	1.20%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Gross Profit margin		60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Optimistic Scenario		60.00%	60.39%	60.79%	61.19%	61.59%	62.00%	62.00%	62.00%	62.00%	62.00%	62.00%
Base Scenario		60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
Pessimistic Scenario		60.00%	59.59%	59.19%	58.79%	58.39%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%
Ebit Margin		30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Optimistic Scenario		32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%
Base Scenario		30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Pessimistic Scenario		27.00%	27.00%	27.00%	27.00%	27.00%	27.00%	27.00%	27.00%	27.00%	27.00%	27.00%
Depreciation & Amortization (% s		2.5%	2.7%	2.9%	3.1%	3.3%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Optimistic Scenario		2.50%	2.67%	2.86%	3.06%	3.27%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Base Scenario		2.50%	2.67%	2.86%	3.06%	3.27%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Pessimistic Scenario		2.50%	2.67%	2.86%	3.06%	3.27%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Capital Expenditures (% of sales)		4.0%	4.1%	4.2%	4.3%	4.4%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Optimistic Scenario		4.00%	4.10%	4.19%	4.29%	4.40%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Base Scenario		4.00%	4.10%	4.19%	4.29%	4.40%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Pessimistic Scenario		4.00%	4.10%	4.19%	4.29%	4.40%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

Scenario Base

In the base case, we expect steady and moderate growth for Coca-Cola over the next few years. Sales will initially increase 5.0% (5yr CAGR is 5.93%) in 2024, with a slight decline in annual growth rates until stabilizing at 2.5% by 2033. This scenario reflects a stable market without significant changes in the economic landscape or consumer behavior. Gross profit margin is expected to remain stable around 60.0%, both in the short and long term, reflecting the stability and consistency of Coca-Cola's margins. The EBIT margin remains constant at 30.0%. Amortization and depreciation expenses remain stable at 2.5% of sales in the short term, following the trend of lowering the incidence of D&A over the last 3 years. Subsequently, they will increase up to 3.5% starting from the fifth year (in line with the long-term historical average). Capital expenditures remain stable between 4% and 4.5% of revenues, following the historical average.

Long-term historical averages retain a lot of value in creating assumptions for Coca-Cola due to the strong consistency and stability of the results and the structure of the company.

Optimistic Scenario

In the optimistic scenario, we expect robust growth for Coca-Cola, in line with that sustained over the last 3 years. Sales are expected to grow by 8% for the next 5 years, just above the growth rate expected for the entire sector in the next 10 years (CAGR 7.44% between 2024 and 2033). This scenario therefore implicitly contains the hypothesis of a further increase in market share. The long-term growth rate is assumed to stabilize at 3% (higher than the 2.5% base case).

The gross profit margin is assumed to be 62%, slightly higher than the base scenario as we do not consider a scenario plausible that allows us to drastically reduce COGS. The EBIT margin is expected to be 32%, also slightly higher than the base scenario. Expenses for amortization and depreciation and capital expenditure remain the same as the base case, indicating the balance that Coca-Cola has found in this area.

Pessimistic Scenario

The pessimistic scenario considers the challenges that Coca-Cola could face due to unforeseen events, such as legal disputes (not infrequent in the company's history) or stagnant growth in the sector, resulting from changes in consumer preferences, increasingly attentive to trends related to well-being. In this scenario, very limited growth in sales is expected, well below the expected growth rate of the sector. This rate is however higher than Coca-Cola's average revenue growth over the last 10 years, equal to -0.05%.

For the other margins, similar considerations (of the opposite sign) to those of the optimistic case apply.

DCF

Fair Value

The Coca-Cola Company is overvalued at current price levels with a value of 57.75 Dollars compared to the price of 62.69 Dollars on 10/07/2024. In the pessimistic scenario, an overvaluation of approx. 35%. In the optimistic case, however, which takes greater account of the strong positive trend in the results of the last three years, a possible underestimation is observed (approximately 35%).

	Worse	Base	Optimistic
Value	40,75993	57,74889	84,61163973
+/- %	-34,98%	-7,88%	34,97%

Final Outlook

Currently, Coca-Cola appears to be slightly overvalued by absolute models. The relative models, however, which are able to capture qualitative elements such as the strength of the brand, the bargaining power and the quality of the management, price it as correctly valued.

The thesis of the analysis is HOLD.

Sensitivity Analysis

Growth Rate \ Wacc	8,40%	8,90%	9,40%	9,90%	10,40%
$57,75					
1,5%	57,72	56,67	55,75	54,95	54,23
2,0%	58,93	57,72	56,67	55,75	54,95
2,5%	60,35	58,93	57,72	56,67	55,75
3,0%	62,03	60,35	58,93	57,72	56,67
3,5%	64,06	62,03	60,35	58,93	57,72

Ev/Ebitda \ Wacc	7,40%	8,40%	9,40%	10,40%	11,40%
$57,75					
19,7x	62,99	59,29	56,65	54,69	53,16
20,2x	63,53	59,82	57,19	55,22	53,70
20,7x	64,06	60,35	57,72	55,75	54,23
21,2x	64,59	60,89	58,25	56,29	54,76
21,7x	65,13	61,42	58,79	56,82	55,30

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