

# DEVELOPING A BROAD PORTFOLIO

**John Murphy**  
President, Asia Pacific



**ASIA PACIFIC GROUP**  
beverages for life



# FORWARD-LOOKING STATEMENTS

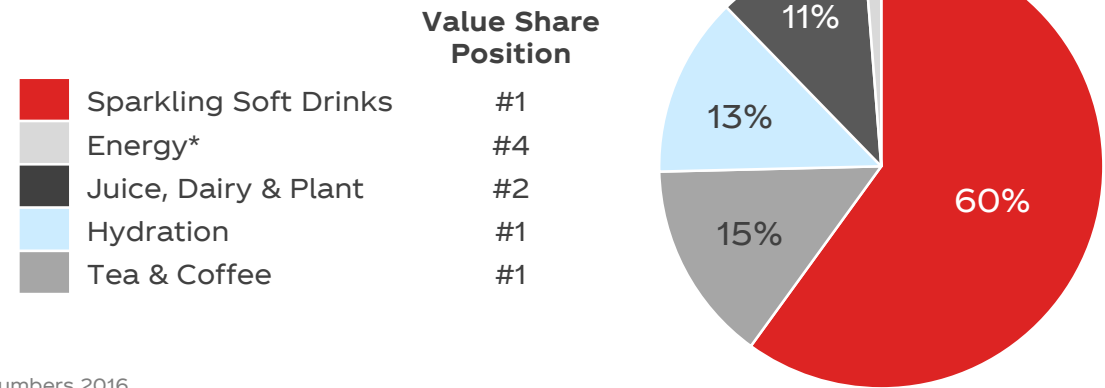
This presentation may contain statements, estimates or projections that constitute “forward-looking statements” as defined under U.S. federal securities laws. Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from The Coca-Cola Company’s historical experience and our present expectations or projections. These risks include, but are not limited to, obesity and other health-related concerns; water scarcity and poor quality; evolving consumer preferences; increased competition and capabilities in the marketplace; product safety and quality concerns; perceived negative health consequences of certain ingredients, such as non-nutritive sweeteners and biotechnology-derived substances, and of other substances present in our beverage products or packaging materials; an inability to be successful in our innovation activities; increased demand for food products and decreased agricultural productivity; changes in the retail landscape or the loss of key retail or foodservice customers; an inability to expand operations in emerging and developing markets; fluctuations in foreign currency exchange rates; interest rate increases; an inability to maintain good relationships with our bottling partners; a deterioration in our bottling partners' financial condition; increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters; increased or new indirect taxes in the United States and throughout the world; increased cost, disruption of supply or shortage of energy or fuels; increased cost, disruption of supply or shortage of ingredients, other raw materials or packaging materials; changes in laws and regulations relating to beverage containers and packaging; significant additional labeling or warning requirements or limitations on the marketing or sale of our products; an inability to protect our information systems against service interruption, misappropriation of data or breaches of security; unfavorable general economic conditions in the United States; unfavorable economic and political conditions in international markets; litigation or legal proceedings; failure to adequately protect, or disputes relating to, trademarks, formulae and other intellectual property rights; adverse weather conditions; climate change; damage to our brand image and corporate reputation from negative publicity, even if unwarranted, related to product safety or quality, human and workplace rights, obesity or other issues; changes in, or failure to comply with, the laws and regulations applicable to our products or our business operations; changes in accounting standards; an inability to achieve our overall long-term growth objectives; deterioration of global credit market conditions; default by or failure of one or more of our counterparty financial institutions; an inability to renew collective bargaining agreements on satisfactory terms, or we or our bottling partners experience strikes, work stoppages or labor unrest; future impairment charges; multi-employer pension plan withdrawal liabilities in the future; an inability to successfully integrate and manage our Company-owned or -controlled bottling operations; an inability to successfully manage our refranchising activities; failure to realize the economic benefits from or an inability to successfully manage the possible negative consequences of our productivity initiatives; failure to realize a significant portion of the anticipated benefits of our strategic relationship with Monster; inability to attract or retain a highly skilled workforce; global or regional catastrophic events, including terrorist acts, cyber-strikes and radiological attacks; and other risks discussed in our Company’s filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2016, and our subsequently filed Quarterly Reports on Form 10-Q, which filings are available from the SEC. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. The Coca-Cola Company undertakes no obligation to publicly update or revise any forward-looking statements.

# ASIA PACIFIC GROUP

## Overview

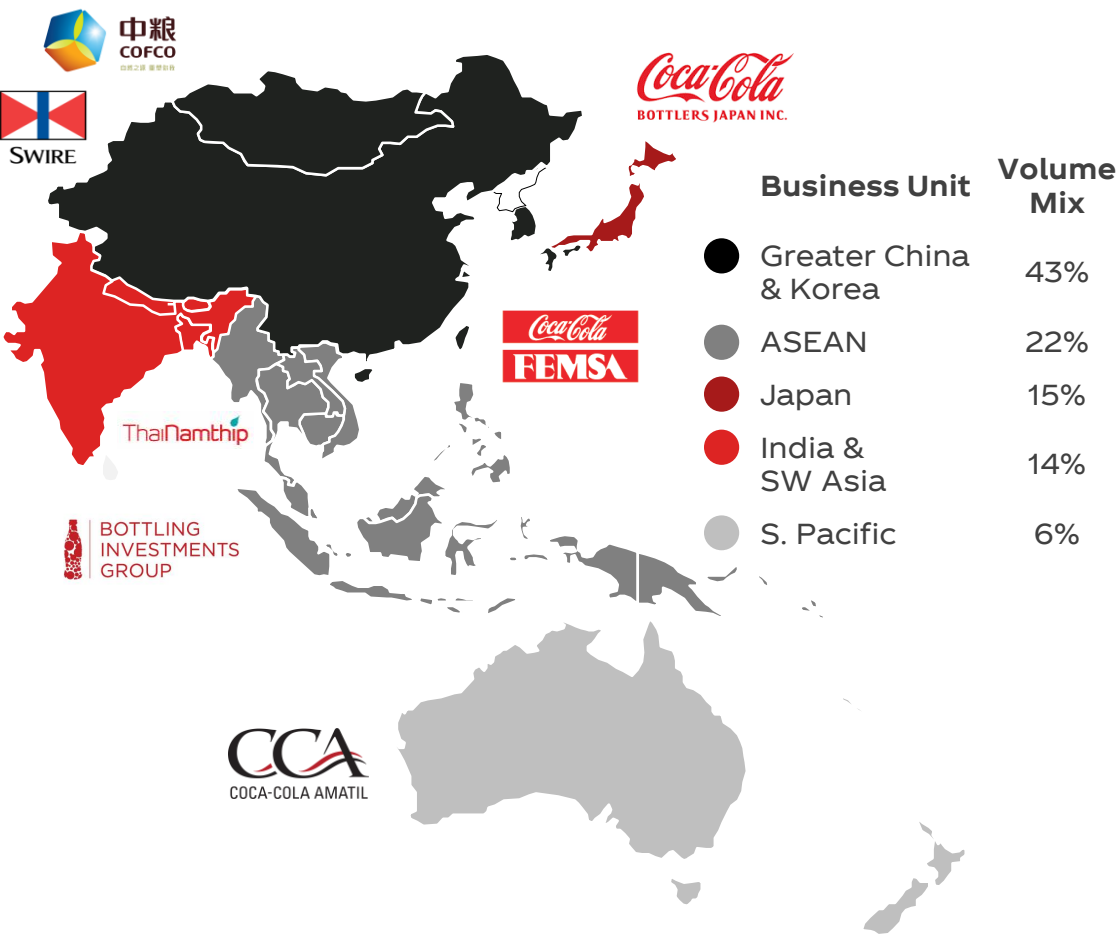
- 32 markets – developed, developing, emerging
- 4.5+ billion consumers
- 15 million customers
- \$275B in industry retail value
- KO value share ~15%
- KO revenue \$5B

## Portfolio (retail value mix)



All numbers 2016  
Percentages may not add to 100% due to rounding  
\*Energy brands are owned by Monster Beverage Corporation, in which TCCC has a minority investment.

## Business Units & Key Bottlers



# THERE IS STILL SIGNIFICANT OPPORTUNITY AHEAD

## Asia Pacific

### Industry Retail Value Growth (2017-2020)

\$ Billions

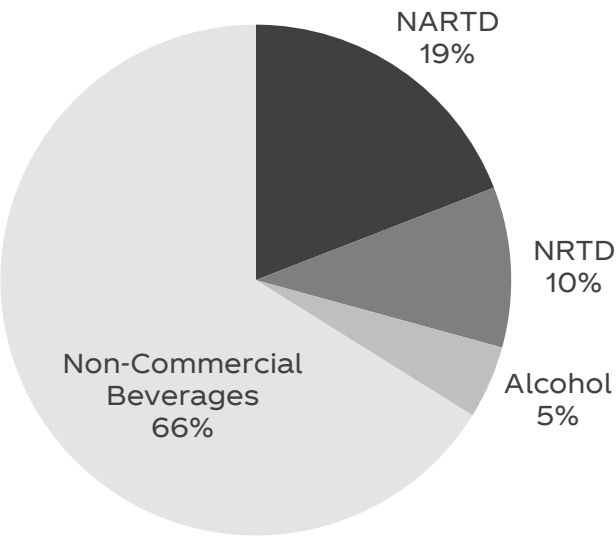
		CAGR	KO Value Share 2016
Juice, Dairy & Plant	\$20	3-4%	<5%
Hydration	\$14	6-7%	~10%
Energy	\$7	8-9%	<5%*
Sparkling Soft Drinks	\$6	~3%	>50%
Tea & Coffee	\$4	2-3%	~15%

\*Energy brands are owned by Monster Beverage Corporation, in which TCCC has a minority investment.

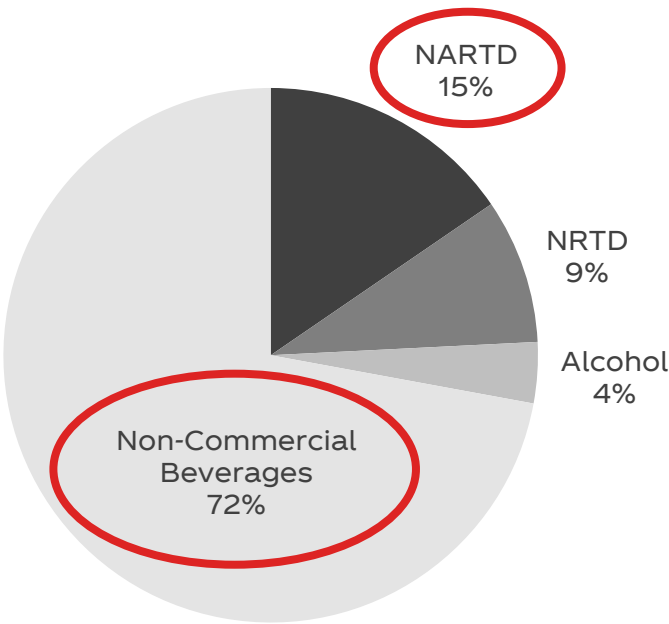
We expect the industry to grow ~\$50B by 2020 at a ~4% CAGR

# THE BEVERAGE LANDSCAPE

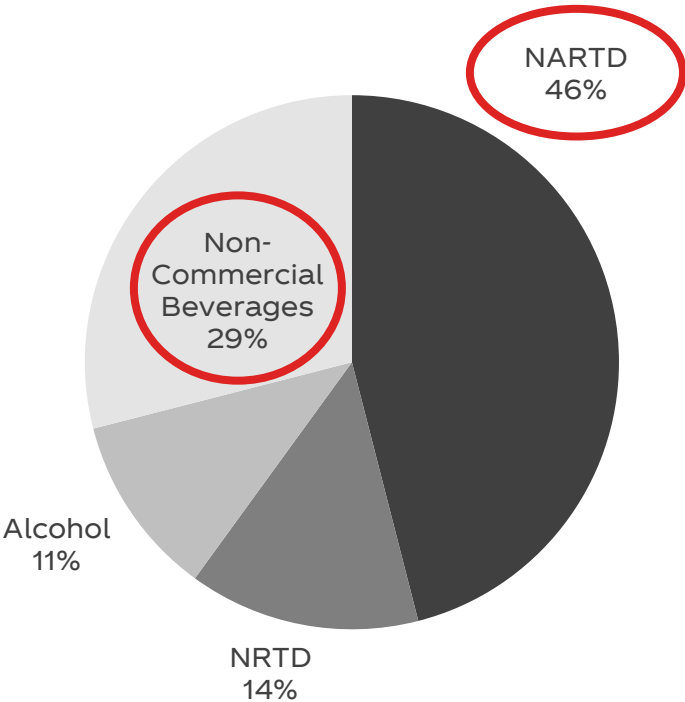
Global



Asia Pacific



Developed Markets



Percentages are volume mix  
Source: Industry Estimates

Bringing APAC NARTD → Global Average = \$117B retail value



# OUR DIVERSE CONSUMERS: BLENDING TRADITION WITH PROGRESS



Home-brewed  
beverages rituals



Broad palate:  
hot - cold, sweetened -  
unsweetened



Growing repertoire  
driven by emerging trends

Personalization Customization Ultra Convenience Co-Creation Experiences Rituals Permissibility Treats Healthier Natural Simple & Clean More Options More Sensorial Science Local Gourmet Stronger Benefits

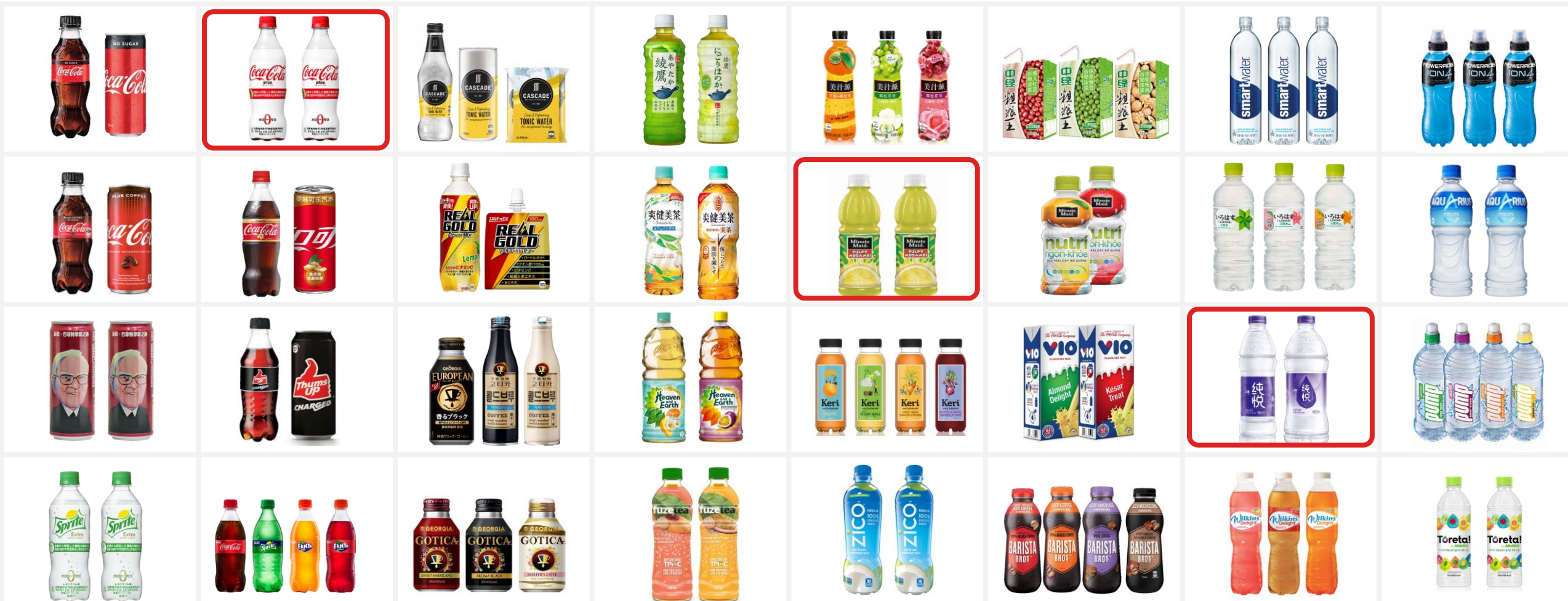
Eager to try new products  
and experiences



Quickly adopting  
technology-driven convenience



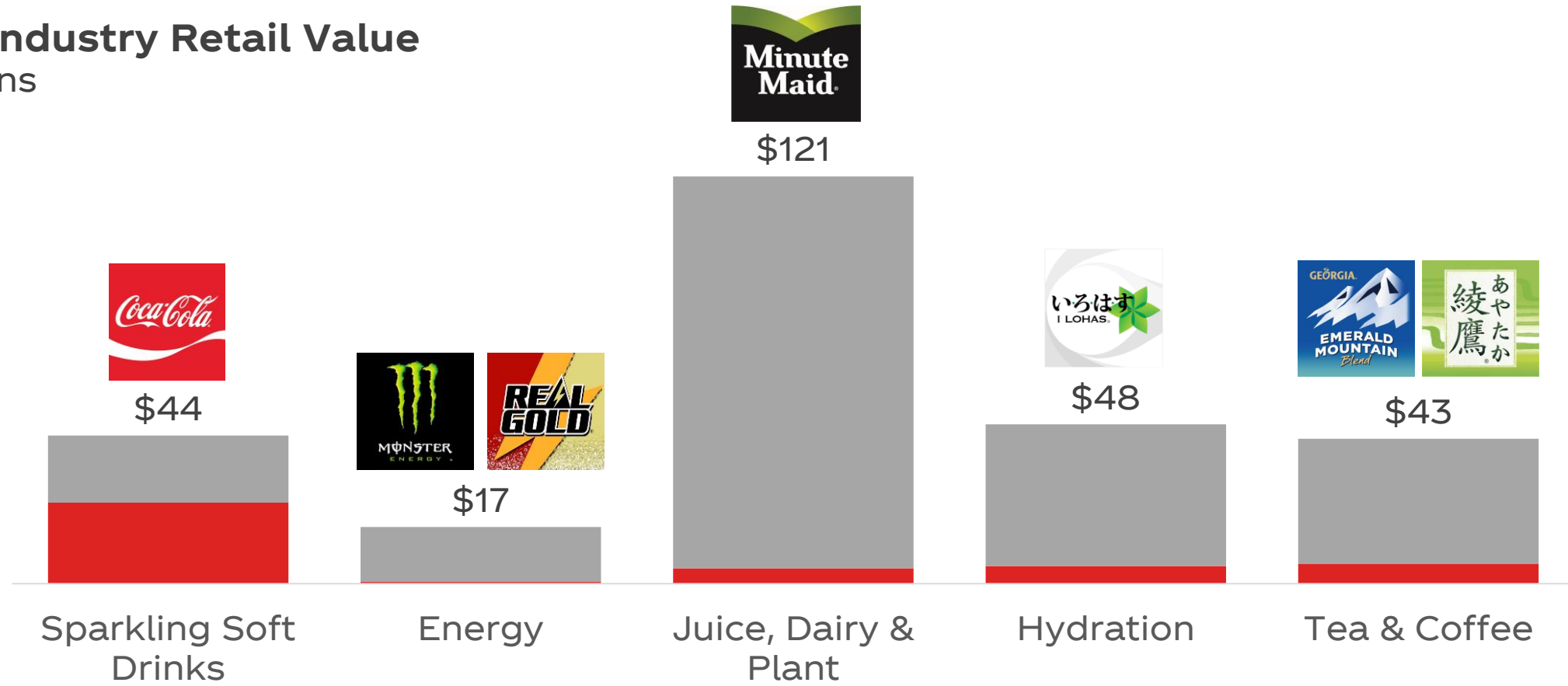
# WE ARE DEVELOPING A PORTFOLIO TO MEET THIS DEMAND...



Launched over 500 new products in the past three years

# ...BUT WE ARE JUST GETTING STARTED

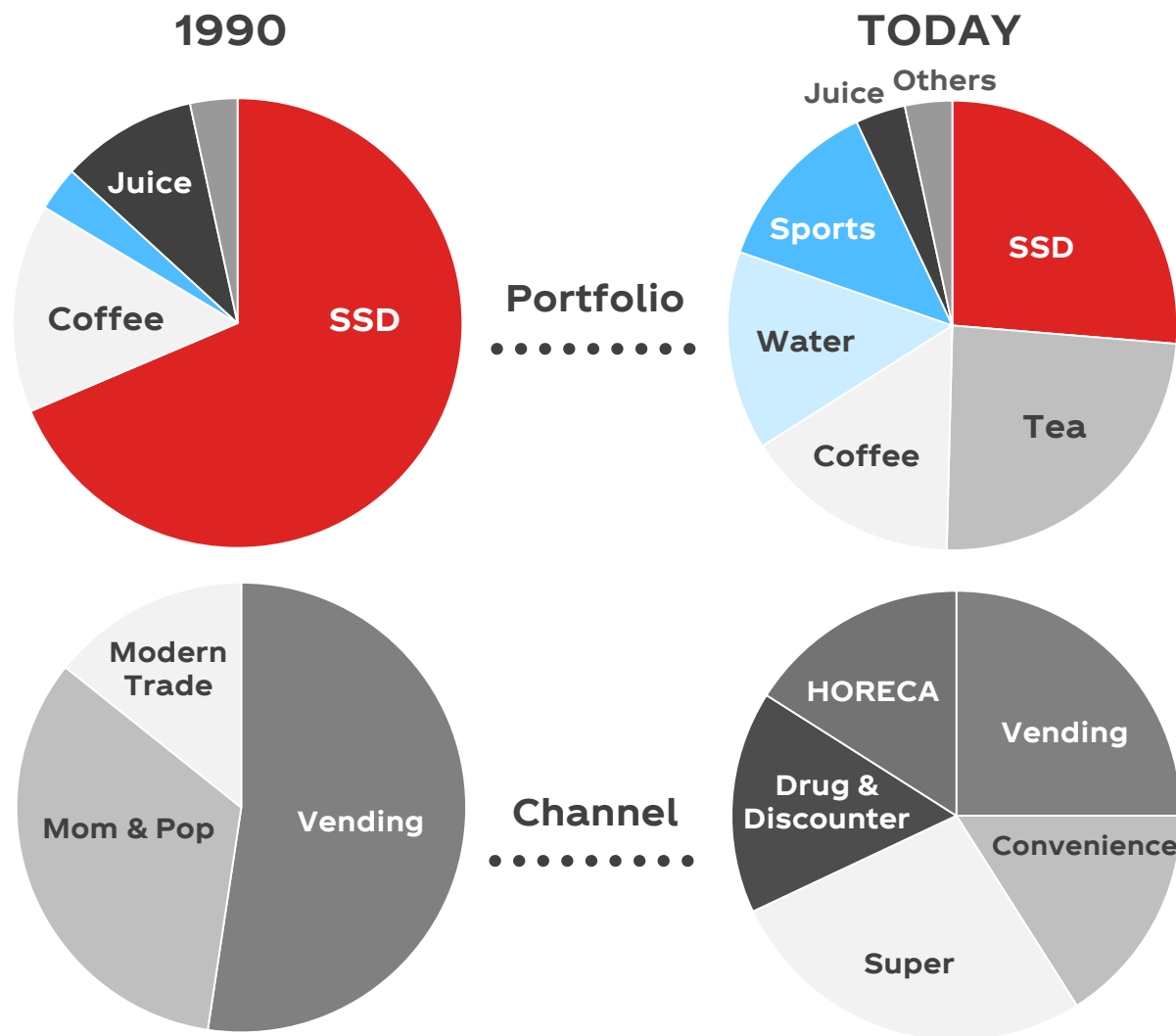
## 2016 Industry Retail Value \$ Billions



■ KO



# JAPAN: FROM EXCEPTION TO EXAMPLE



#1 in COFFEE  
 #1 in SSD  
 #1 in SPORTS  
 #2 in TEA  
 #2 in WATER

Overall share  
**1.5x**  
 next largest  
 competitor

# FIVE LESSONS FROM JAPAN

























**ASIA PACIFIC GROUP**  
beverages for life



# 1

# ANCHOR THE PORTFOLIO AROUND A FEW LEADER BRANDS

	LEADER BRANDS	CHALLENGER & EXPLORER BRANDS
SSD	 	    
TEA	 	    
COFFEE		
WATER		 
SPORTS		
OTHERS		    
KO Revenue Contribution	3.4X	X
KO Gross Profit Contribution	4.4Y	Y

## Why this is important

Scale is critical for success

Innovations work better on scaled brands

## What it requires

Strategic commitment to select categories

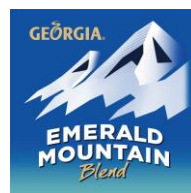
Consistent multi-year investments  
Systematic category development

# 2

## KEEPING BRANDS RELEVANT DEMANDS SUSTAINED AGILITY

GEORGIA

Sub-brands for consumer segments...



...each with flavor and pack variants...



...and tactical extensions

Pack Extensions  
At Home



Seasonal  
Winter • Summer



Customer/Channel



Regional

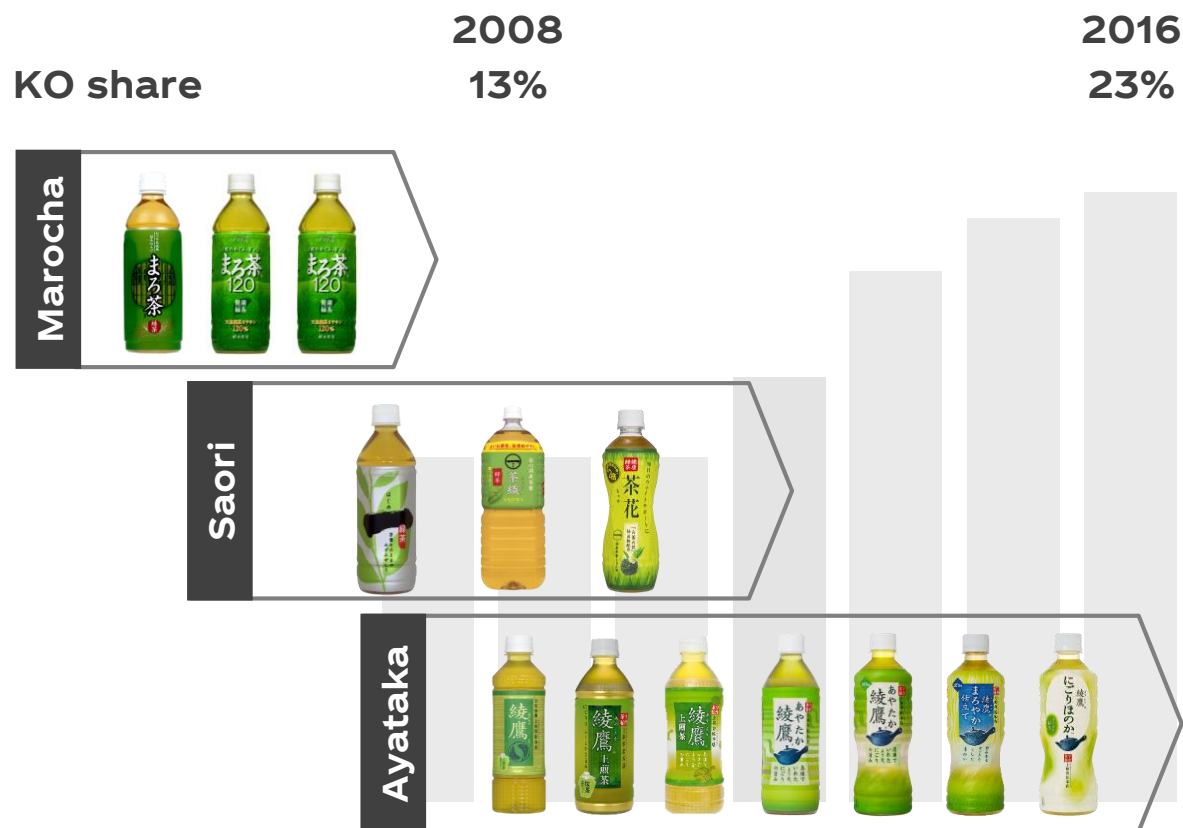




# 3

## EXPECT FAILURE... LEARN AND PERSIST

Succeeding in green tea took three waves  
of brand relaunches



### Why this is important

90%+ of all new products fail

Failures offer lessons  
for future success

### What it requires

Setting realistic expectations

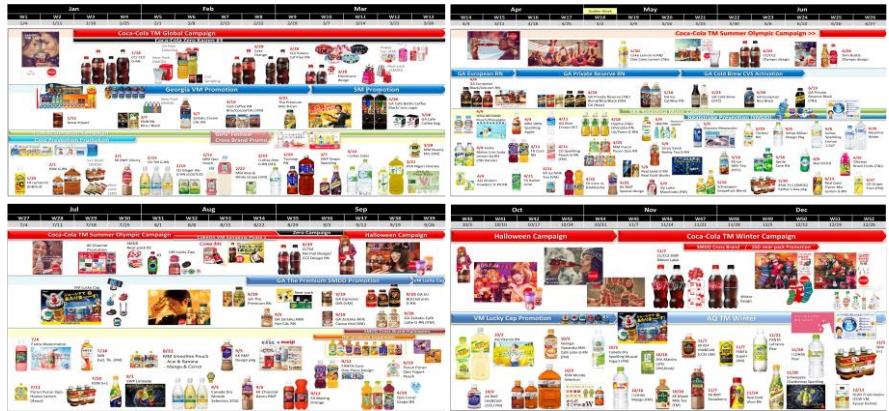
Keeping many “irons in the fire”

Relentless search for unique  
consumer insights

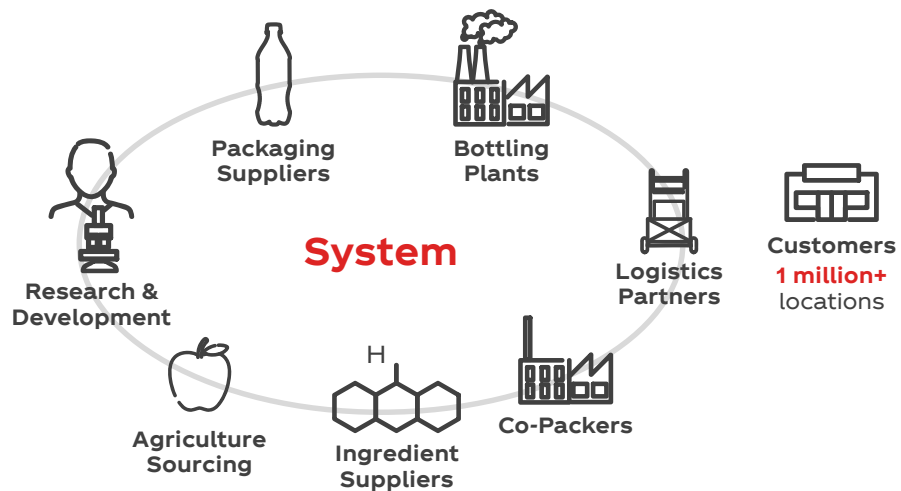
# 4

## ‘CONSUMER LED’ REQUIRES AN AGILE END-TO-END INNOVATION PROCESS

Japan  
Executes  
>350 SKU  
Launches  
Every Year



Using a  
Diverse  
Supply Chain



### Why this is important

Agile innovation is a different skill  
Complexity is the way of the future

### What it requires

A sophisticated end-to-end system  
Sustained investment ahead  
of demand and relentless pursuit  
of excellence  
Discipline, discipline, discipline...

# 5

## SYSTEM ALIGNMENT IS A NEVER-ENDING PURSUIT

A word cloud featuring various business and organizational terms. The words are arranged in a non-uniform, overlapping manner, with some words being significantly larger than others. The terms include: Trust, Emotional, Development, Corporation, Leadership, Community, Future, Knowledge, Tension, Talent, Challenges, Skills, Creativity, Work, Vision, Goal, People, Help, Social, Collaboration, Commitment, Information, Acceptance, Production, WorldClass, Transparency, Chain, Organization, Shared, Together, Learning, Persistence, System, Winning, Important, Passion, WorldCost, Practice, Achievement, Groups, Sources, Data.

# OUR PATH TO QUALITY LEADERSHIP



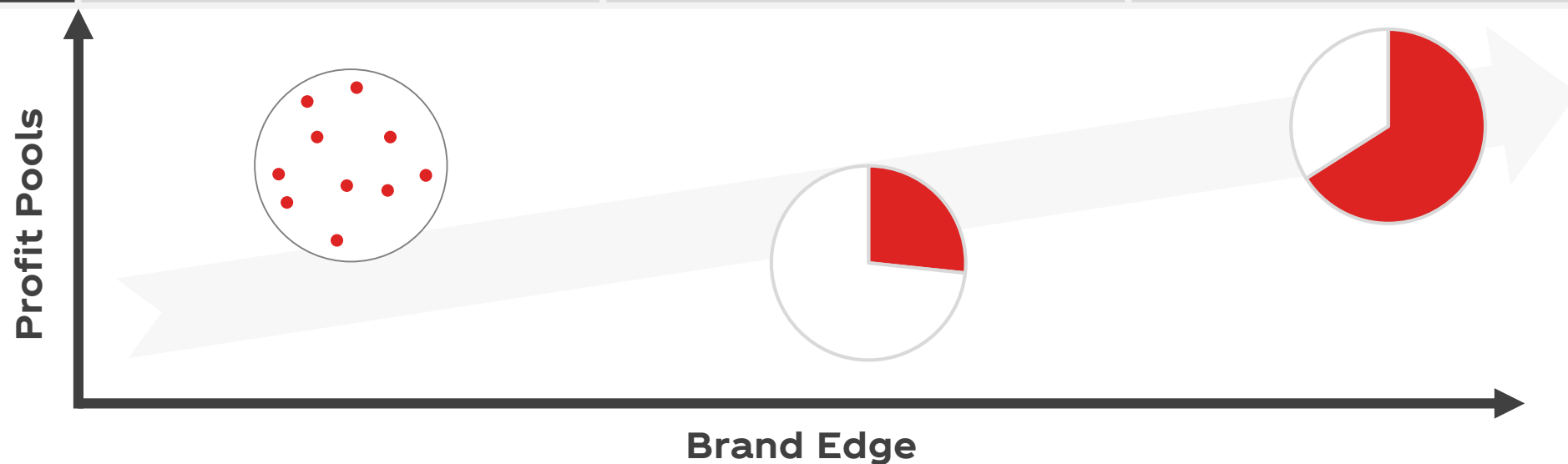
**ASIA PACIFIC GROUP**  
beverages for life




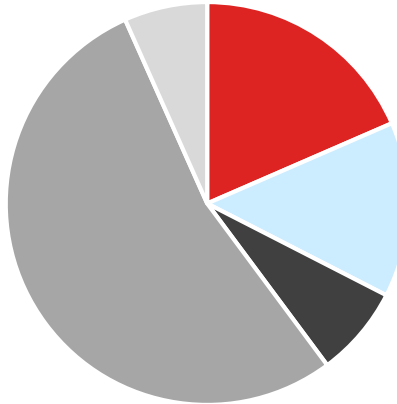
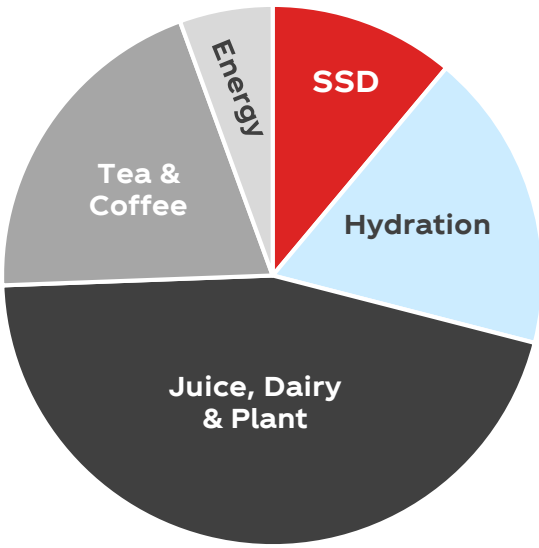


# OUR PATH TO QUALITY LEADERSHIP

	EXPLORER Rapid Experimentation	CHALLENGER Patience & Persistence Long-Term Incubation	LEADER Consolidate & Expand Boundaries from Strength
Country-Category Combinations	54	19	17
Retail Value Mix	8%	22%	70%




















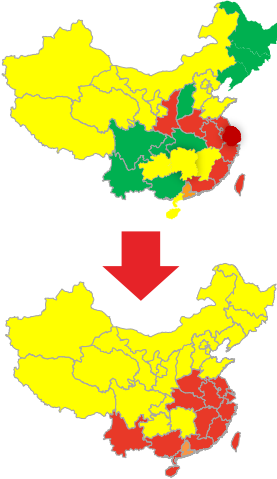


# WE HAVE DIFFERENT STARTING POINTS

	India	Japan	China
NARTD Retail Value	<div><div>\$9B</div><div></div></div>	<div><div>\$48B</div><div></div></div>	<div><div>\$122B</div><div></div></div>
KO Value Share	35%	29%	9%
KO System Revenue	\$2B	\$8B	\$5B

All numbers 2016

# CHINA: OUR PATH TO QUALITY LEADERSHIP

## DISCIPLINED FOCUS AS WE BUILD A BROAD PORTFOLIO

Anchored Portfolio Around Leader Brands	Keeping Our Brands Relevant	Expect Failure... Learn and Persist	Agile, End-to-End Innovation and Supply Chain	System Alignment
<div>   </div> <div>   </div> <div>and more to come...</div> <div>    </div>	<div>  Aspiring Mid Level </div> <div>  Affluent Risers </div> <div>  Young Urbanites </div> <div>  Lower Tier i-Generation </div> <div>  Lower Tier Cozy Family </div> <div>  Lower Tier Empty Nesters </div>	<div>  </div> <div>  </div>	<div>Shanghai R&amp;D Center</div> <div>  </div> <div>  <ul style="list-style-type: none"> <li>40 production plants</li> <li>2.8M+ customers</li> </ul> </div>	<div>  </div> <div>  中糧 COFCO </div> <div>  SWIRE </div>

Making the **Right Choices** and **Clear Execution Frameworks**

# INDIA: OUR PATH TO QUALITY LEADERSHIP

## BRAND RELEVANCE STARTS WITH THE CONSUMER

Anchored  
Portfolio Around  
Leader Brands



and more to come...



Keeping Our  
Brands **Relevant**



Metro Affluent



Modern  
Traditionalists



Connected  
Mainstream

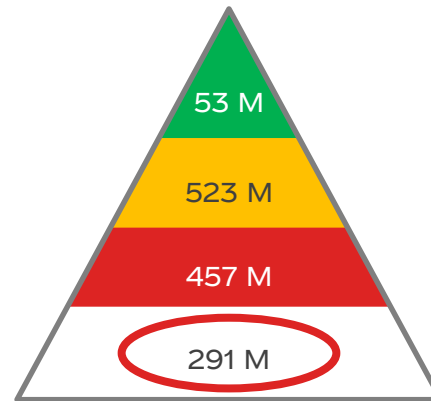


Societal Strivers



Rural Climbers

Expect Failure...  
**Learn and Persist**



Agile, End-to-End  
**Innovation** and  
**Supply Chain**

**Fruit Circular Economy:**  
Agri-ecosystem agreement  
with the Indian government



- 54 production plants



- 2.4M+ customers

System  
**Alignment**



**BOTTLING  
INVESTMENTS  
GROUP**

- BIG =  $\frac{2}{3}$  volume
- Operating as “One System”
  - Infrastructure planning
  - Procurement
  - Key account management

Portfolio Expansion through **Local Insights** and **World-Class Brand Building**

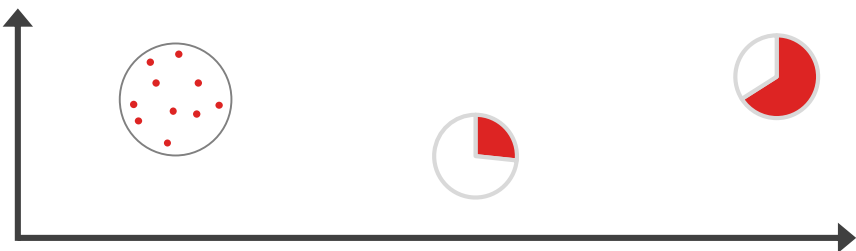


# WHAT'S DIFFERENT

## Opportunity Unleashed

**~\$50B**  
through 2020

## Discipline of Growth



## Aligned & Motivated Partners



**TIME T**  
ASIA  
PACIFIC  
**WIN**

## A Changing Culture

