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MANAGEMENT DISCUSSION SECTION

James Quincey

Chairman & Chief Executive Officer, The Coca-Cola Co.

Hello, everyone. John and I are glad to be back at CAGNY this year even though it's virtual again. We have limited time, so I'll get right to it.

This presentation may contain forward-looking statements, so please take some time to refer to our disclosures displayed here. We intend to spend our time discussing the significant gains we've made to emerge stronger from the pandemic and the ongoing opportunity for continued growth ahead. I'll highlight the progress made on our journey, as well as how our transformation agenda has gained traction and can unlock potential across our streamlined portfolio. Finally, I'll talk about how our improved capabilities are fueling strong top line momentum, creating value for stakeholders. Then I'll turn it over to John to discuss how changes have resulted in greater flexibility from a financial perspective, allowing us to better invest to drive results today and tomorrow.

To summarize 2021, we stayed true to our purpose, executed on our strategies and delivered on our objectives. As the pandemic recovery continued to unfold with, of course, twists and turns at every corner, we saw clear signs across many metrics that we have indeed emerged stronger than ever. And while COVID may not be fully behind us, it's clear that we have delivered strong financial performance ahead of pre-pandemic levels across comparable revenues, comparable earnings and cash generation, despite the ongoing waves and variants today.

We saw momentum across the business, and it's evident that our new way of working is driving results, delivering growth by leveraging our balanced portfolio of global, regional and local brands. Our two flywheels that we showed you here at CAGNY a couple of years ago are spinning faster today and with more agility than before. Through it all, our strategy has remained intact and our organizational structure has created more focus and flexibility to deliver our objectives.

The statistics listed here are just a few examples of how our new operating structure allows us to execute more effectively than before. We're also confident the beverage industry will remain vibrant in a post-pandemic world. Even as category lines become less defined, we expect to win, and we see continued growth ahead. We've shown you the two-bottle framework that illustrates the opportunities across both the developed and developing and emerging markets. Not only will consumers continue to drink more commercial beverages as markets develop, but we have a good runway to continue to gain share within the commercial beverage industry over time.

As another way to think about it, the world has billions of people living in it and that population continues to grow, but only a small percentage of those people are consuming our beverages today. Even if we double the number

of drinkers of our beverages over the next decade, there would still be plenty of headroom to grow for many years to come.

So, how does that translate into opportunity at a category level? By 2025, the industry is expected to add roughly \$160 billion of growth at the rate of about 4% to 5% a year, with most categories growing in line with that overall growth rate and a couple growing faster. Keep in mind, some of these categories are a small part of our business today, but as consumers around the world want more choice, our total beverage approach is the right one to capture value share.

We see opportunities to build quality leadership positions across categories. We often talk about top line-led growth at the high end of our range and it starts with a powerful brand portfolio of existing and future leaders. We have a robust and expanding stable of billion-dollar brands, many of which are non-sparkling. While we continue growing within sparkling beverages, we'll also seek to convert more brands to leaders across our total beverage portfolio, but it all starts with a strong core.

When I stood on the CAGNY stage for the first time, the sparkling category was under pressure. Despite what some thought was an unlikely scenario at the time, we've been able to reinvigorate growth in core sparkling by leveraging our advanced capabilities in marketing, innovation, revenue growth management and in execution. In doing so, we've also delivered against consumers' desires and preferences. For instance, we focused on the sugar content in our sparkling portfolio. Zero Sugar options for Coca-Cola as well as our sparkling flavors like Fanta and Sprite continue to gain traction around the world today. This has driven outsized growth and attracted new and previous drinkers back to our brands.

Importantly, we continue to ensure that superior taste remains the focus of these initiatives. Our global Best Coke Ever, re-launch of Coca-Cola Zero Sugar continues to drive velocity, trial and new drinkers to the trademark. When it comes to brands with such deep histories, it's crucial to keep the next generation of consumers engaged. Our brands have stayed relevant by striking the balance between being both timeless and timely with our drinker base.

We've also tailored our marketing messages in more personalized ways to communicate more directly and authentically than ever before. In addition to the superior taste and quality brand messaging, we've used our revenue growth management capabilities leveraging our franchise bottling system to provide sparkling beverages to consumers around the world at price points and in packages that are right for their wallets and for the occasions and channels in which they drink our beverages.

Since 2017, we've introduced more than 100 new and innovative packaging solutions that range from more affordable to more premium, all while supporting our World Without Waste agenda and delivering products that are convenient and refreshing to drink. Finally, this all comes to life in a marketplace through a strong focus on execution. We've worked closely with our bottling partners in stepping up our execution game and driving value for the system.

As a result of these actions, our loved brands have driven relevance back to the sparkling category and we've continued to gain value share as the categories return to growth in line with the broader NARTD industry. And when Coke is growing, it's a great thing for the system.

Now, while sparkling has returned to growth in line with NARTD and remains an important driver for our business, we continue to have the desire and ability to be part of every one of the approximately eight drinks a day that people consume on average. We have many loved brands, including \$26 billion brands today and three quarters

of those are non-sparkling. We continue to nurture and invest in our streamlined portfolio across categories to deliver on our total beverage company ambition.

As we've become ever more consumer focused, you've seen us expand into new categories like hot coffee, partner with others in energy and experiment outside of traditional NARTD where we see adjacencies for our portfolio in flavored alcohol beverages. Each brand plays a long-term role, not only in terms of staying consumer centric, but also in staying attuned to the needs of our customers.

Having a broad portfolio is important. There is power in building platforms across categories to meet our customers' needs to help them drive growth and value. We've been hard at work to right-size our portfolio and have made progress in streamlining a number of master brands. We're a good deal of the way through our planned brand eliminations and are on track to transition all the brands in our portfolio to arrive at this destination. Our streamlined portfolio consists of a broad selection of organic brands, acquired brands and partnerships, and presents a strong platform for innovation that will drive interest and consumption for both new and existing consumers.

So, we've laid out what we see as the significant opportunity to continue to deliver against our total beverage company ambition. We recognize the past couple of years have thrown a few curveballs with the pandemic. We also recognize that there are, and always will be, many new factors and challenges that come our way. The recent acceleration of our strategy has left us better positioned to capture growth in the years ahead. The strength of our streamlined portfolio is significant, and our new operating structure allows us to move with speed to deliver expected topline growth ahead of the long-term targets for the second year in a row.

I am proud of our organization and how it's come together through the transformation. And with approximately 5,000 employees in new roles, it certainly was no small task. We rewired the organization, are now better able to share learnings across the enterprise. Our people are more empowered to make decisions and take action than they were before the pandemic. And over 80% of our leaders feel we have a bold ambition with clear targets. With strong system alignment, we're well-equipped to manage through all kinds of external factors, and we're more confident about our future than ever. We've emerged stronger and our strategy remains the same.

Now, I'll spend some time talking about how we plan to execute for sustainable top line growth through strength and capabilities, namely innovation, marketing, RGM and execution. And before we get into the innovation agenda, it's important to reiterate, the consumer remains at the heart of everything we do. Every decision around the brands, innovation and need states begins with the requirement to continuously have our finger on the pulse of what's happening with the consumer.

Increasingly, this is supported by the digital backbone from platform services, and we've tapped into data to sharpen our capabilities and stay close to our existing and potential consumers. Macro forces continue to shape consumer trends that are accelerating and decelerating, or those that are entirely new, and it's crucial to anticipate how these forces will affect our industry and to meet these consumer needs by executing and responding through our products and our engagement. We're connecting with our consumers in many exciting ways through our innovation and marketing agenda. Here's a brief sampling of this work.

[Video Presentation] (00:11:36-00:12:50)

As you've seen, consumer centricity allows us to drive incremental growth through innovation. And don't let the term more disciplined innovation fool you. We do not mean less innovation, we mean better innovation and bolder decisions, evidenced by our gross profit per launch being up 25% in 2021.

Our more standardized process takes a balanced approach and starts with the consumer using advanced analytics to screen insights and identify where we want to learn, iterate and amplify our ideas through many lenses. Intelligent experimentation goes beyond new flavors and new brands. It also includes product, package and process. It encourages local markets to test the best ideas in a way that allows us to nurture and scale them. And then, in turn, we can expand across geographies faster than before.

Our experimentation with more sustainable packaging is a great example. Take the label-less bottles that were launched to a strong reception in South Korea, iterated with an end-to-end approach in Japan and they're now currently expanding on Sprite's green to clear packaging, which enhances recyclability and will be added in 75 markets to get to 120 in 2022.

At the same time, bigger is better. And this approach is driving increased contribution from regional and global launches. The best example of this is last year's introduction of our improved Coca-Cola Zero Sugar formula and packaging, which has driven broad-based market share gains as well as accelerated growth in 80% of the markets where it was launched. And as we move to 2022, the innovation pipeline is formidable and includes approximately 500 projects that represent 80% of the contribution to gross profit from innovation.

New innovations are designed with scalability in mind to have staying power across both time and markets to further support our growth portfolio. When it comes to marketing capabilities, our new operating structure is wiring us to partner across functions and geographies to create global solutions, enabling us to get even better at what we do best.

At CAGNY last year, we shared a framework that leveraged human insights to connect with consumer passion points and tell our brand stories in a relatable way. The goal is to better connect and engage to expand our consumer base. Throughout the year, our new global category teams worked closely with operating units at the local level to focus their agendas, allowing for more co-creation, more experimenting, more impactful messaging with an ability to scale across geographies faster than ever before.

Our Real Magic platform for trademark Coca-Cola is one example of this newfound agility and end-to-end engagement with consumers, from gaming to social media to traditional channels. We're seeing this marketing agenda begin to bear fruit in the form of much more effective marketing. We're increasing our level of consumer-facing spend and generating more gross profit with each consumer-facing marketing dollar. But it's only the beginning.

A majority of last year was dedicated to a comprehensive agency review process to determine the best model for both creative work and media. And we've emerged with a much more streamlined approach and a much smaller roster to support our network marketing team, which will bring cutting-edge capabilities and digital execution to our enterprise at scale.

As this transition continues in 2022, we expect the new model will result in more personalized relationships with consumers, add new drinkers for our brands, continue to accelerate our innovation agenda and become a growth driver in the coming years. It goes without saying that strong innovation and marketing would not take flight without excellence in execution.

Our ability to navigate through the pandemic and its ensuing challenges was possible because of our collective efforts of our system partners and our people working tirelessly on the frontlines. [ph] Without (17:22) the system alignment we've built and fostered in recent years, it would be impossible to step change our execution and ability

to deliver value for our customers and consumers in this challenging operating environment. This continues to be a competitive advantage as we look to the future. Additionally, we continue to enhance our collective ability to expand distribution and increase transactions and incidents using our revenue growth management tools and marketplace expertise.

In 2021, we delivered low to mid-single-digit growth in outlets, shelf space and cooler placement, leading to revenue growing faster than transactions, with both growing at a faster rate than our volume growth. Working with our bottlers, we are constantly seeking to provide optimized customer solutions by segmenting markets based on occasion, brand, price, package and channel. And we drove sales ahead of the industry and competition, creating value for our customers last year.

And let me share how we're bringing this integrated execution to life, using two examples of how reusable packaging provided a solution to different consumer segments in two very different markets, both to drive value. In South Africa, we leveraged learnings from the strong reusable performance in Latin America to invest in capabilities and activation to drive availability and generate demand for affordable, refillable PET packages using a universal bottle. The results have been positive from a revenue, transaction and value share standpoint, and we're looking to expand with discipline, and to expand premium packages in an at-home occasion in Germany where package collection rates are very high. We worked closely with our bottling partner to expand locations for a high quality, highly sustainable, returnable glass bottle, driving revenue, customer margin, value share and adding notably 1 million households along the way. I'm particularly proud of these examples as we drove revenue growth while also delivering on our World Without Waste agenda.

Speaking of our ESG agenda, as you can tell from our discussion today, ESG initiatives are integrated into every part of our flywheel. I've talked before about our purpose as a company, to refresh the world and make a difference. And at the highest level, making a difference means focusing on issues where we can have a measurable, positive impact on communities, and in turn, create opportunities for our business to grow.

It all starts with water, which is essential, of course, to every person and every ecosystem in the world, and as an ingredient in the products we make and the agricultural ingredients we use. Water, in turn, is, of course, closely linked to the climate. And for us, climate is connected to packaging, which is a core pillar of reducing our carbon footprint.

These core elements of our ESG approach, water, climate and packaging, they're interlinked and can help create a better shared future, building resilience in our business and the communities in which we operate. You can learn much more through this QR code, which takes you to a transcript of our ESG investor event from November, and to our business and ESG and World Without Waste reports from last year.

Before I turn it over to John, I'd like to summarize by saying we're pleased with our ability to navigate through the pandemic and to emerge stronger. We believe we have momentum in our business and the work we've done to enhance our powerful portfolio and our already strong capabilities, supported by the transformation of our organization, gives us confidence that we can continue to generate strong top line growth and create value for stakeholders for the long term.

Now, John will dig into the financial progress and the opportunities ahead.

John Murphy

Chief Financial Officer & Executive Vice President, The Coca-Cola Co.

Thank you, James. It's good to be back with you all. Today, I'll be talking about how we plan to deliver on the strategy James laid out and execute for growth. In 2020, we used the pandemic as a catalyst to accelerate our transformation and that has enabled us to spin our flywheels faster. As an outcome, we have a year of great results behind us in 2021 and we plan to harness that momentum as we look towards the future.

We recently provided guidance for 2022, indicating another year of top line-driven growth with organic revenue above our long-term growth model for the second year in a row. And when we execute well, higher revenue translates to higher earnings growth. And thanks to the work we've done in transforming the organization and strengthening our core capabilities, as James laid out earlier, we're delivering US dollar earnings growth despite currency swinging back to a headwind.

By coming off two years of exceeding our cash flow targets, we're expecting to deliver above our targeted range of 90% to 95% free cash flow conversion again this year. We're confident in our agenda for the future and our ability to sustain this performance. As we think about strong top line growth as a starting point for sustainable value creation, we must continue to ensure we're maximizing returns.

James spoke earlier of the importance of a powerful portfolio that is poised for growth and how investing in our brands through compelling marketing, abundant innovation and digitally-enhanced execution will drive quality leadership across categories. And it's through the power of our brands that we are in the right for consistent pricing in the marketplace over time.

Ultimately, driving some level of margin expansion over time, as implied by our long-term growth model, comes down to a healthy mix of leveraging top line growth across our lines of business and prioritizing investments to maximize returns.

On resource allocation, we continue to consider the stage of development of the various geographies we operate in and the categories we play in, making sure we're nurturing the right brands in the right markets and supporting the appropriate activities in the proper channels to drive the most transactions. Dynamic resource allocation is a key capability and we're leveraging the power of the network organization to evolve our investment framework. From the operating units across the enterprise, all the way to our bottling partners, we're implementing a model with aligned priorities and standardized definitions to drive consistency and synergies across the system.

As we invest in an increasingly targeted way in our business and our brands, we become more effective but also more efficient. We've been able to do more with the same, driving revenues faster than costs. Double clicking for a moment on costs, after benefiting from our hedging strategy in 2021, we remain well hedged in 2022, but at higher levels. As you've seen, we've provided some guidance regarding how we expect prevailing commodity prices to impact our per case cost for 2022.

But it's worth noting that there are many other costs, from freight to marketing to people that have seen some level of inflation in the past few years. We continue to use the levers at our disposal, from revenue growth management to some of the productivity measures listed here to manage cost pressures to the best of our ability. We remain focused on margin expansion across our lines of business.

Moving to our balance sheet, we've made important progress. Our net debt leverage ratio has returned within our targeted range, including the impact of the BODYARMOR acquisition last year. We prudently managed our debt portfolio and we extended the weighted average maturity while largely maintaining our weighted average coupon and we're in a favorable position relative to our peers.

When it comes to being asset right, we've continued to move toward our aspiration of becoming the world's smallest bottler to allow us to focus on our core competencies. We made progress with several such actions in 2021 by divesting some of our equity investments and announcing the intention to IPO our African bottler later this year.

Those of you familiar with our company and our journey will know that cash flow has been a particular area of focus in recent years. Results like the ones shown on this slide are a great example of what's possible when the right people come together, work as a network to help drive results for the company and stakeholders. We've shown progress across all metrics in this regard and believe in our ability to continue to do so.

So with a stronger balance sheet and better cash generating capability, we're creating more options to determine the best use of capital. First and foremost, we will continue to invest in our business to support our growth ambitions. We know dividends are important to our investors and we've been growing ours for 59 consecutive years. We recently increased our dividend by 5%, a higher rate than in most recent years.

We'll also remain opportunistic and disciplined when it comes to acquisitions that can create value in the form of scalable growth or enhanced capabilities for our company and our system. And while we haven't been in the marketplace the past couple of years, we do have an existing authorization to repurchase shares with excess cash. And as we announced last week, we'll return to doing so this year. Overall, we remain committed to driving consistent and best-in-class total shareholder return relative to our consumer staples peers.

As we come to the end of our time together, I hope to impress upon you that we're encouraged. We're encouraged by our performance to one of the most challenging multi-year operating environments I've seen in my 30-plus years at the company. We're encouraged by signs of increased flexibility being unlocked by our new operating model, and we're encouraged, not only by the opportunities in the marketplace, but also how our portfolio, our strategy, our capabilities, and perhaps most importantly, our people, will enable us to execute for growth this year and into the future.

Thank you for joining us today.

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