

06-Jun-2024

# The Coca-Cola Co. (KO)

Deutsche Bank dbAccess Global Consumer Conference

## CORPORATE PARTICIPANTS

**John Murphy**

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

---

## OTHER PARTICIPANTS

**Stephen Powers**

*Analyst, Deutsche Bank*

---

## MANAGEMENT DISCUSSION SECTION

**Stephen Powers**

*Analyst, Deutsche Bank*

All right. Good morning, everybody. I'm thrilled to welcome Coca-Cola back to our conference. With us today, our President and Chief Financial Officer, John Murphy. John, thanks for joining us.

---

**John Murphy**

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

Pleasure to be with you, Steve.

## QUESTION AND ANSWER SECTION

### Stephen Powers

*Analyst, Deutsche Bank*

Q

Okay, great. So we're going to use the entirety of our time for some Q&A. And, John, I just want to start, I guess, kind of big picture. We've been through a lot over the last several years. Your business has been remarkably resilient, stable, balanced growth, especially relative to a lot of other companies through that period. Essentially, there's a lot of drivers, I'm sure, involved, but how would you summarize what's allowed you to sustain that delivery?

### John Murphy

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

A

Well, Steve, good to be back. And it indeed has been a very interesting few years. I'd couch maybe my answer into a few buckets. Number one, I think one of the intangibles that we probably don't – we don't talk about a lot is just what's the ambition, the underlying ambition that we have as a company, we have as a system to create value. And I think that the last few years, we've developed a mindset internally that is pretty aggressive, pretty aggressive in terms of what we want to accomplish, both as a company and in partnership with our bottling partners around the world. And that makes a big difference.

I think connected very much to that then is a belief in the strategy that we are deploying and a willingness to stay kind of boring with the strategy and to keep consistency at its core. We've talked for many years about following the consumer and the opportunity that, that creates, and I believe that the last three to four years we've seen tremendous consistency with how we convert that opportunity into value in many different markets around the world.

And that conversion is very, very much related to our ability to execute and to execute on a daily basis. We have – it's a daily business, and that kind of leads me to maybe the last point, which is potentially the most important one, is the ability to manage in an environment where there's always different puts and takes coming at you. Some of them have been on our radar screen and yet more often than not you're thrown a spanner to deal with. And each and every quarter, gosh, if I go back the last 16 quarters or so, there's not been one where we haven't had the occasional spanner at us.

First quarter of this year, a good example, we had some softness in India, one of our most reliable markets for the last three or four years. We're seeing – in the United States at the moment, we're seeing in the away-from-home maybe some of the segments there weaker than perhaps we had anticipated. China has taken a little longer to recover. And yet with all of those individual components, the reason that James and I like to use the all-weather word not just because of where we come from, is that underneath that umbrella of delivery in a consistent way each quarter, you've got these puts and takes happening all the time.

And I think having a mindset [ph] doesn't have to feel (00:04:16), okay, that's the new order that we need to operate in and it's up to us to figure out a way to get the top number to be reliable and to be consistent.

### Stephen Powers

*Analyst, Deutsche Bank*

Q

In all those environments?

**John Murphy**

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

Yeah.

A

**Stephen Powers**

*Analyst, Deutsche Bank*

So, you touched upon it, there's been a big topic all week in terms of especially the state and direction of the US consumer...

Q

**John Murphy**

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

Yeah.

A

**Stephen Powers**

*Analyst, Deutsche Bank*

...but in general kind of consumer health globally. And for businesses that serve multiple channels like yourselves, there's been a lot of discussion, sort of acknowledgment of choppiness in away-from-home channels today but also kind of a question of where we go. So as you think about the next 12, 18 months, how are you kind of forecasting consumer demand maybe through a geographic lens...

Q

**John Murphy**

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

Yeah.

A

**Stephen Powers**

*Analyst, Deutsche Bank*

...but also by channel, kind of differentiation between kind of future consumption channels, immediate consumption and away-from-home foodservice?

Q

**John Murphy**

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

So, I think it's important, it's always been important but it's even more important today to be super-segmented in answering a question like that. Like the consumer is – it means a lot.

A

**Stephen Powers**

*Analyst, Deutsche Bank*

Yeah.

Q

**John Murphy**

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

So, underneath the consumer, there are different segments with different behaviors driven by different dynamics. I think you've heard other companies, you read it in the media there's a consumer segment in the United States that is under more pressure, and that's the result of, I believe, an accumulated impact on their overall ability to spend their basket, for want of a better word.

A

And I think over the next couple of years in the developed world, as much as we have had as a major area of focus in the developing world will be the opportunity to have solutions that tailor to each of the segments. And in the case of the US, we've talked a little bit in the last year and a half or so about more affordability solutions in our portfolio, and I think the name of the game will be to even enhance what we currently have so that we don't lose that particular piece of the consumer portfolio.

---

**Stephen Powers**

*Analyst, Deutsche Bank*

Q

Okay. So one of the major drivers of the all-weather strategy or one of the major underpinnings is just marketing.

---

**John Murphy**

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

A

Yeah.

---

**Stephen Powers**

*Analyst, Deutsche Bank*

Q

That's not new for The Coca-Cola Company and system but it seems to have taken on an increased focus, if that's possible, over these last four or five years. Investments have been outsized, they've been highly intentional. As you would summarize, I – or how would you summarize the advances that you've made in there and – to drive the returns that we've seen?

---

**John Murphy**

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

A

Yeah. So maybe if I could just take us back a few years, in 2019, before we had COVID even on a horizon, we knew that there was an opportunity to step up in our ability to deliver to our bottling partners, to our customers and, ultimately, to our consumers what was needed. COVID came along and gave us an opportunity to reset the investment base.

I remember Manolo and James and I talking about the opportunity to, okay, we think we can do for \$3 billion what we're currently doing today for \$4 billion. Like that was the opening kind of salvo for us to take a step back and really get underneath the hood of marketing. That work led to some broader realizations, first one being that we have spent – had spent many, many years rotated more towards having people who already consume our portfolio to consume more instead of recruiting more non-users or sporadic users into the portfolio.

The second realization is that the world outside was moving faster than we were inside when it comes to the impact that technology, that digital is having on engagement models, on ability to connect. And I think the third, not so much a realization, let's say, but it was just a reinforcement of what we already knew, is that we had become very fragmented in our approach around the world. Fragmentation can be good, but at a certain point in time, it can lead to both inefficiency and ineffectiveness.

So coming out of that initial objective were a number of bigger realizations, and I think Manolo and his team have done a pretty good job in then converting that into a very focused agenda. Again parallel to the marketing work, we also knew we had far too many underperforming brands in the portfolio. So the marketing agenda of today, I'd say, is focused on shaping that right portfolio that can optimize value for our system. Number two is to rotate more resources to bring more people into our consumer franchise.

Number three is to continue to understand what are the levers to drive both efficiency and effectiveness together. Doing one on its own, you're not going to get to the kind of high-level performance that we're looking for. And I think the fourth and a very fundamental one was the need to completely change our sort of operating model.

**Stephen Powers***Analyst, Deutsche Bank*

Okay.

Q

**John Murphy***President & Chief Financial Officer, The Coca-Cola Co.*

And so the work that Manolo has been driving with our partnership with WPP, the creation of a network model that's made up of nine different studios around the world so that we can be both global and local, be scaled and intimate at the same time is starting to bring some tremendous value to the equation. And the digitization of the way you engage in the world today, I think we have gone from being slower on the inside and on the outside to, in some cases, perhaps being a little bit faster.

A

The advent of AI, I think we were still trying to figure out a year ago, what does it mean? And the way that, that's inserted itself into how we are creating content, how we are engaging differently is palpable at the moment...

**Stephen Powers***Analyst, Deutsche Bank*

Yeah.

Q

**John Murphy***President & Chief Financial Officer, The Coca-Cola Co.*

...and I think a very good first set of steps towards getting to where we need to be, and that is being the best marketing company in the world.

A

**Stephen Powers***Analyst, Deutsche Bank*

Yeah. And then that result also is that you're not getting the same out of that – you're not getting – is that \$4 billion for \$3 billion, you're getting more out of the \$4 billion?

Q

**John Murphy***President & Chief Financial Officer, The Coca-Cola Co.*

Correct.

A

**Stephen Powers***Analyst, Deutsche Bank*

Yeah.

Q

**John Murphy***President & Chief Financial Officer, The Coca-Cola Co.*

Correct, you're getting \$4 billion – and you're also, as part of that third lever, that efficiency and effectiveness, you've got an ongoing mindset to do the same with less and being able to then decide whether I want to take the

A

benefits of that and reinvest, which we've been doing with great deliberation and much greater precision around the world, or whether you want to take it to the bottom line.

**Stephen Powers**

*Analyst, Deutsche Bank*

Yeah.

Q

**John Murphy**

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

And having the wherewithal to decide, going back to my – to the first question, to decide on an ongoing basis what do you want to do with it is I think a tremendous foundation on which to be able to manage through these puts and takes...

A

**Stephen Powers**

*Analyst, Deutsche Bank*

Yeah.

Q

**John Murphy**

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

...that are always popping up.

A

**Stephen Powers**

*Analyst, Deutsche Bank*

Okay. Not always next quarter is going to be smooth. The other place you've leveraged technology and AI even is in product delivery innovation, right? So, I want to drill in a bit on innovation, but not just on product innovation because you've also looked to drive bigger and smarter innovation across packaging, across marketing – sorry, across equipment we find in the market. So how do you think about innovation across all those different domains and how would you describe the organization's advances?

Q

**John Murphy**

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

Yeah, I think there are different ways to talk about it to describe it. For a company to be around 138 years later, you've got to have it in your DNA a little bit. To continue to stay relevant, to continue to be able to create value in new environments demands you have innovation in your DNA. And I think in some respects over the last number of years we have done a disservice to the power of innovation by sometimes limiting the conversation to what are you launching next week? What's the next new thing in the marketplace?

A

It's not to say that that's not important, I'll come back to that in a moment, but I think the power of a mindset that is constantly searching for something new that will create value is not just words. I go back to what we're doing at the moment in the world of marketing, I would argue that there's a tremendous amount of innovation at the heart of the change program that's underway there using – if you look at the one of the recent Coke ad that we've had, the Coke campaign with Marvel and if you just go in and look at the way in which that has been created, produced and delivered, it wasn't possible to do that 24 months ago and so I think there's tremendous amount of innovation in there.

When I look at our revenue growth management capabilities around the world, there's a tremendous opportunity to move from the basics to become what I'd say advanced to ultimately become Olympian. We like to use the word Olympian in our – not just because we're in Paris. But there's a very close relationship between your ability to get from basic to Olympian with the degree of innovation you're bringing into the solutions you're developing.

And then finally, when it comes to I think the sort of the – maybe the core piece, the product, the package piece, there's a capability set that we need to continue to build on. The last couple of years, for example, we've invested an outsized amount in the whole world of flavors, like it's – might seem like a fairly ordinary topic for some, but the degree to which there's the opportunity to use AI to understand how to mix and combine different flavors to produce something better than we've had in the past is happening as we speak.

The work on Sprite and Fanta at the moment is derived from that new flavor technologies that we have. So, it's everywhere and I think the onus on organizations is to kind of stay agitated, that – as I say, that the world outside might be moving faster than you are and to not allow that to happen.

---

**Stephen Powers**

*Analyst, Deutsche Bank*

Q

Okay, great. I want to talk about the portfolio and the role the different aspects of the portfolio play in different markets. So, obviously, trademark Coke is at the center, traditional sparkling flavors not too far to the side. But then there's been, in the total beverages construct, lots of advances not only in juices but dairy and coffee and, obviously, the partnership with the Monster Energy.

---

**John Murphy**

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

A

Yeah.

---

**Stephen Powers**

*Analyst, Deutsche Bank*

Q

Can you talk a little bit about the different roles those brands play or those categories play in different markets? So the developed market strategy versus developing market strategy and, obviously, lots of different variations within there, but just the construct about how you leverage the portfolio in different markets.

---

**John Murphy**

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

A

So, it's a great topic. If I were to kind of describe over the last number of years one of the major evolutions that we've had as a company and we've had as a system, it would be a move from being primarily focused on persuading people to drink Coke, Fanta and Sprite to us becoming more agnostic and becoming much, much better at understanding what people really are looking for and why.

And so that move then has framed what I would call our total beverage strategy. And that work is rooted in a fundamental understanding of who our consumer is, where are they, what do they want, why, et cetera. And we have – you may have heard it at the CAGNY meeting, we've converted that into a group of really important need states and then linked the role that a brand, each of the brands can play relative to those need states. But that's only part one, like that in and of itself is going to get to a nice document that will look exciting.

I think the second part then is to be able to connect that to how you create value. And creating value through outsized marketing and innovation of the brands that are linked to those need states and creating value to our



customer network is – becomes the second piece of the equation. And the third part then that for me is the holy grail of consumer goods is creating scale, scaled solutions because that's where the real value gets created.

And so when I think about portfolio, I think about it through those lenses. And the developing world and the developed world, maybe one construct to look at, but each market has got their own dynamics and I think it's super important that there is a grounding then as to where are we in a given market. India is a good example. Today we talk about the opportunity in India, brand Coca-Cola is still a challenger brand in India. And it's – one of the hardest tasks we have is to take on – I was talking about it earlier, take on different persona to be able to manage brands the right way at the right time.

So you take on a leader persona, then you behave differently than if you're a challenger. But when you're the same person trying to do both in a country, it's a different skill set, and so we're on a journey I think to getting there. And in a place like India, we've actually taken on that challenger mindset to unleash the potential that it has and we're very pleased with the early stages of that. And in other markets, it might have a different role to play and, therefore, the tactics that you deploy may be different, may be adapted accordingly.

---

**Stephen Powers***Analyst, Deutsche Bank*

Q

Okay. And you mentioned revenue growth management earlier and I'm curious as to how that overlays and allows success to what you just described, because we used talk about the OBPPC...

[indiscernible] (00:21:35)

---

**John Murphy***President & Chief Financial Officer, The Coca-Cola Co.*

A

Yes.

---

**Stephen Powers***Analyst, Deutsche Bank*

Q

...occasion, brand, price, package, channel. The price part of that is important, right?

---

**John Murphy***President & Chief Financial Officer, The Coca-Cola Co.*

A

Yes.

---

**Stephen Powers***Analyst, Deutsche Bank*

Q

And so how have advances in revenue growth management allowed you to be more precise and what does best-in-class RGM look like for the Coke system?

---

**John Murphy***President & Chief Financial Officer, The Coca-Cola Co.*

A

So, where do I start? I go back to what I was saying, you've got I think a series of phases that one goes through to get to best-in-class. Best-in-class is a relative term so I'm not even sure that's enough over time. I think part of what we're agitated to do is to be just the best in an absolute sense. But going back to the sort of the fundamental

basics of RGM is having an architecture of a price, pack, channel architecture in place that allows you to ultimately optimize your revenue per point of sale.

And technology is our friend in this regard. By doing that, just to be dramatic for a moment, doing that with pen and – with a pencil and a piece of paper versus doing it with algorithmic models that are fueled by AI allows you to get to much greater precision, allows you to bring segmentation to life in a real way. And many of our bottling partners, some in the room are on the journey to doing that.

I think that the opportunity ahead, particularly as I think about the role that technology can play, is to have much greater cohesion between how we want to connect and engage with shoppers and how we want to partner with customers and have that all be part of an end-to-end game, and I think there's a lot of good work underway to get there. Like RGM, I've said it before, is an iteration, is an iterative game as opposed to an end game, and we see continued opportunity.

Today we have a, for example – one just good example, we have a model that we are rolling out around the world that allows you to, in real time, understand your relative position in a store, both in terms of price and your overall availability. And it can give you kind of automatic suggestions as to how to dial up or dial down, working directly with the customer. And you can do that in a very personalized way with customers. It takes your ability to realize value to the next level.

And so we – I know we talk about it a lot, but it's for a reason, and I would hope that we'll be talking about it for a long time to come, because it's the ultimate medium between identifying the opportunity and realizing the value associated with that opportunity.

---

**Stephen Powers**

*Analyst, Deutsche Bank*

Q

Yeah. Yeah. One other topic that we talk a lot about generally at conferences like this, and we have, is around productivity and cost savings. We don't talk about that as much when it comes to the Coca-Cola Company but I think it's happening kind of behind the scenes as part of the everyday aggressive mindset, you talked...

---

**John Murphy**

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

A

Yeah.

---

**Stephen Powers**

*Analyst, Deutsche Bank*

Q

...about aggressive on cost. So, maybe could just bring that to life a little bit? How does the company – how do you think about productivity and efficiency, and how does that fuel some of the underlying margin progress that we've seen?

---

**John Murphy**

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

A

So, I think there's a few points. So, first of all, it's important – if anybody here is in the company who knows me, they know I think it's important and we think it's important, I think it's – I think a company that has got a lot of resources struggles to have a frugal mindset. And so a big part of the productivity equation is trying to sustain the appropriate frugality while at the same time knowing where and when to invest.

I think to create the opportunity to invest in the most aggressive and optimal way, there's many different sources. Inside of RGM, there's a productivity opportunity in how we build those fundamentals. I mentioned the marketing programs that we have. Just we've already realized a lot but I see continued opportunity to either do more (sic) [do the same] with less resources or do more with the same. And having that as an ongoing mindset, and it's measurable today, it's measurable.

With Manolo now, we have a very clear target each year to be able to create so we can choose what to do with it. And then we've got a supply chain like other companies have, and within our supply chain, and Nancy Quan and her team, who's our Head of Technical, have a continuous productivity program. So, we're not announcing big programs maybe that's why you haven't heard us...

---

**Stephen Powers**

*Analyst, Deutsche Bank*

Yes.

Q

---

**John Murphy**

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

...too much about it, but if you look at our gross (sic) [operating] margin line and you were to exclude the impact of bottling investments, additions that we took on for strategic reasons and the addition of some of the finished goods businesses, like our margin profile would be in the mid-30s at this stage, our operating margin profile. So, I think it's not just words, I think it's showing up through the ongoing delivery of our results.

A

---

**Stephen Powers**

*Analyst, Deutsche Bank*

You talked a little bit about how on all these aspects, revenue growth management, cost discipline or cost – kind of frugality through the system, how does The Coca-Cola Company and the bottling partners, as you said, many of them are in the room, have evolved their working relationship to drive that end-to-end as opposed to looking at it kind of separately at each phase in the value chain?

Q

---

**John Murphy**

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

I think a number of – there's a number of inputs to where I see our system today. It starts at the top, it starts with trust. You earn trust with your actions over time and I'm happy to stand in the stage with any one of our bottling partners around the world and talk about the progress we've made in that regard. That opens the doors up then to do so many other things, both in a connected and a collaborative way.

A

So, I think there's been a significant move towards trying to understand our respective sources of value creation to one that sees the bigger picture first. And, obviously, we have to – we then have to work out how to feel that we're getting our fair share. But I think there's been – there's just been remarkable progress in that regard over the last few years.

The second piece that's so important in this relationship is having a shared ambition. There's no point in us talking if I think we can grow at 10% and you think it's 2% or vice versa, and that immediately leads to the wrong avenues of dialogue. And so I think the trust piece allows you then to have the more constructive dialogue on how high is high, how high should we go, and get to a point where you then build off that as opposed to passive/aggressive behavior where you kind of pretend you do what you really don't and that leads to all sorts of I think unintended consequences.

**Stephen Powers**

*Analyst, Deutsche Bank*

Yeah.

Q

**John Murphy**

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

I think the third area that we're both really, really sharp on at the moment is this notion of not allowing the outside to run faster than the inside, and what that means for the capabilities that we respectively need to invest in. And being willing to invest ahead of the curve to bring those onstream before perhaps the real value gets created is another really important piece or variable in this equation that I think is moving the system to a new level of performance.

A

**Stephen Powers**

*Analyst, Deutsche Bank*

Okay. Great. There's been a lot of focus of late on The Coca-Cola Company's headline free cash flow.

Q

**John Murphy**

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

Yes.

A

**Stephen Powers**

*Analyst, Deutsche Bank*

It's been more volatile in ways that are likely to continue to 2025, so maybe you can kind of walk us through some of the puts and takes, just make sure everyone's grounded. But there's also been arguably more consistent underlying trends so I'd love your perspective on how you're viewing free cash flow and how that kind of translate, what we're seeing in the headline number to what you're seeing, and then kind of your conviction that we can get back to like a more normalized run rate as we look out to 2026 and beyond.

Q

**John Murphy**

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

So, I think it's been a huge area of focus for the last few years. If you look at the underlying trend, the underlying delivery, I think that they speak for themselves in terms of how we have really moved the needle since – if you go back to 2017, 2018, it's – we've I think double it since then. Yes, in last couple of years, we've had a couple of areas that then get the headlines versus the underlying momentum that we're driving.

A

The step-up in the Trump tax payments will finish in 2025 so we'll – 2026 onwards, we'll – you can add \$1 billion back to that underlying momentum. And we have had – as we have discussed in a number of calls, we've had the impact of the M&A divestitures. From an accounting perspective, the taxation on those comes through our free cash flow line. And similarly, the acquisition of fairlife and the mechanics associated with that acquisition mean it does likewise.

But I think if I take a step back and I think about the broader picture, the business is the ultimate driver over time. And if you were to just take out of the equation those couple of – three actually, those three elements that are distorting this year and will have an impact next year, if you take those out, I think the underlying equation driven by the strength, the ongoing strength of the business is strong and we think that these sort of couple of years that we have is very manageable.

**Stephen Powers**

*Analyst, Deutsche Bank*

Q

Okay. Through these years, has the volatilities, for the lack of a better word, that we've seen around those underlying trends, and I apologize, I wrote some of those headlines so – around...

**John Murphy**

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

A

It's okay, I read your headlines.

**Stephen Powers**

*Analyst, Deutsche Bank*

Q

But has it changed your approach to capital allocation at all? And with respect to prioritizing debt paydown versus other things, how do you think about that?

**John Murphy**

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

A

So I won't trot out to you the capital allocation priorities because you know what they are. I think what is – if anything, what is changing or evolving is being willing to be a little more dynamic...

**Stephen Powers**

*Analyst, Deutsche Bank*

Q

Okay.

**John Murphy**

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

A

...in – from year to year depending on the needs of the business. And so this year, for example, we have more CapEx in our numbers than I think people expected. But if you get underneath that number, a significant chunk of it is for growth, to invest for growth because of some of the finished goods business we have or some of the bottling businesses that we still have.

So, I think overall, the approach I certainly look at is what is the business need to be able to capture the opportunities that the people running the business see? What is needed to continue to support the dividend, which is just so important for a big percentage of our shareowner base? And then we've spent a lot of time over the last couple of years in constructing a balance sheet that's got what we need to deal with what we know is coming and for potential opportunities that we don't have today in our radar screen but which maybe I wouldn't want to miss out on the opportunity because we can't do it, and I don't feel that we're in that position.

So, I think the balance sheet work we've done has been very solid and we are continuing to, I think, be very dynamic in making sure that the business gets what it needs to capture the opportunities out there. So, yeah, no real fundamental change other than being a little bit...

**Stephen Powers**

*Analyst, Deutsche Bank*

Q

More nimble?

**John Murphy**

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

...yeah.

A

**Stephen Powers**

*Analyst, Deutsche Bank*

Okay. We're closing in on the time, I want to circle back to, in some ways, where we started in terms of the mindset in the, for lack of a better word, cultural change that's taken place over the last three, four, five years. How deeply penetrated is that cultural change in the organization as you – is that still a struggle and an ambition to get more buy-in or do you feel like you've hit the tipping point on that and now it's more full speed ahead?

Q

**John Murphy**

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

I think we've made a lot of progress and we hear that bottoms up. But I think you got to stay a little nervous that you're not reaching the furthest possible point so that you don't become bored with your own messaging or with how important it is for a broader organization at large to have on their cheat sheet the same things that they should be doing.

A

So, it's a different, it's a very different cultural environment but one that requires constant nurturing. And it's got to be leader-led, it's got to be leader-led. We've all seen time and again the temptation to move on to something else or the temptation to conclude that my work is done so I can – we can do less or we can, say, get – or get distracted by other things.

So for me, as I go back to the outset, I think it's really important to sustain the ambition at the highest possible level through actions, not just words. We have a very clear strategy as a system and we think it can work for many years to come. We're in an industry that's, at the end of the day, not as complicated as some and sometimes our biggest challenge is to keep it simple.

And execution sometimes doesn't get the attention it deserves. Being able to bring to life those core elements of value creation that we know can deliver value, but to be able to bring to life those elements better than you did last week and better than anybody else has done is fundamental to this momentum continuing.

**Stephen Powers**

*Analyst, Deutsche Bank*

Got it. We're almost out of time. I think everyone in the room knows The Coca-Cola Company. We've followed you for a long time, you've been around for a long time, but for those who know but don't invest in The Coca-Cola Company, what would you say to them as to the primary reasons why they should?

Q

**John Murphy**

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

So I was going through mine – this is – you didn't – this was not in my – in our – this is an outlier question, but I was going through my notes saved from – as we were getting ready for this week, I was going through my 2019 notes by – I'd call them up by accident and I saw in those notes a comment that I was going to – I don't know whether I used at the time to say that we are today, this is in 2021, we are selling 1.9 billion servings per day globally, and today that number is 2.2 billion.

A

So, for people who don't know our company, I'd say the future is – has got unlimited potential. We have a sizable base that very few can I think hope to match, and we have the hunger and I think the tools in place for me to come back in the next three years' time, let's say, with another 300 million, 400 million new servings per day, and that's a pretty compelling opportunity.

---

## Stephen Powers

*Analyst, Deutsche Bank*

I agree. Okay.

---

## John Murphy

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

Thank you.

---

## Stephen Powers

*Analyst, Deutsche Bank*

Thank you, all. Thank you, John.

---

## John Murphy

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

Thank you. Thank you.

### Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2024 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.