

The Coca-Cola Company

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Investment decision: *Invested \$10000 in the Milner Fund*

Introduction:

Our group chose to analyze The Coca-Cola Company because it represents one of the tenants of value investing in the consumer staples sector. As highlighted in our analysis, Coca-Cola's five-year beta of 0.44 reflects its low volatility and strong resilience to broader market swings. This defensive characteristic makes it a cornerstone holding for long-term investors seeking stability and reliable income through economic cycles. The company's consistent operating margins, high dividend growth, and dominant position in the consumer staples sector define its reputation as a "steady compounder." An investment in Coca-Cola helps us lower the Davidson Fund beta of 1.32 and opens the door for riskier investments.

Company and Valuation Details:

Coca-Cola is a well-established, stable company with a history of high dividend growth and strong operating margins. We calculated a target price of **\$72.32**, while the current price is **\$68.44** as of October 17, 2025. Our growth assumptions reflect the company's ongoing efforts to diversify its portfolio of beverage offerings, particularly to align with health-conscious consumer trends, as well as opportunities for expansion in developing markets. Coca-Cola's high operating margins are supported by its capital-light business model, where independent bottling partners handle production and distribution, allowing the company to focus on brand management, marketing, and product innovation. The company operates in the non-alcoholic beverage industry, which is competitive but characterized by strong brand loyalty and scale advantages. Our analysis assumes continued revenue and margin growth consistent with Coca-Cola's historical performance, while recognizing risks such as regulatory pressures, currency fluctuations, and changing consumer preferences. Overall, we believe Coca-Cola is a strong long-term addition to the portfolio, as consumer staples typically act as a safeguard during economic downturns.

Historical Performance:

The Coca-Cola Company was incorporated in 1892 after a businessman purchased the formula and rights. He scaled the company to a national brand through efficient marketing and distribution. It later changed hands and by 1928, Coca-Cola had begun its global expansion, sponsoring the Olympics and supplying U.S. troops during World War II, which helped solidify its international presence. In 1960, the company diversified beyond carbonated beverages through its acquisition of Minute Maid, marking its entry into the fruit juice market. Between 2013 and 2017, Coca-Cola sold many of its bottling plants to partners, shifting its focus toward marketing, product innovation, and brand development.

As of October 17, 2025, Coca-Cola's stock trades around \$68.44 with a market capitalization of approximately \$295 billion. The company has gained about 8.43% year to date and dropped 4.02% over the last year. Coca-Cola continues to reward shareholders through consistent dividend growth, with its annual payout rising from \$1.94 in 2024 to \$2.04 in 2025, a 5% year-over-year increase. They have consistently increased or maintained their dividend payouts for the past 62 years, demonstrating their commitment to delivering value to shareholders. The company maintains its reputation as a stable, income-generating stock with steady long-term performance.