



DAILY COMPANY NOTE — Coca-Cola See page 2 for full details

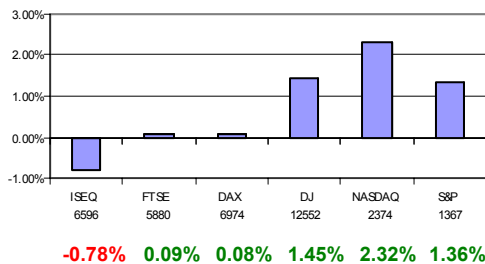
Daily Market Comment

Yesterday's Summary : The ISEQ ended another day in negative territory as it finished down 0.78% to 6596.03. Smurfit Kappa and Elan Corp, two of the top ten biggest stocks on the ISEQ reported fourth quarter results. Despite the fact Smurfit Kappa results were 5% ahead of market expectations, it became the ISEQ's biggest loser on the day, due to its market outlook which was less optimistic than the market had anticipated. Elan on the other hand, posted fourth quarter losses that were greater than market expectations and managed to end the day up 23 cent to €17.53. Among the Irish Banks, Irish Life & permanent suffered the most as it finished the day's trading down 2.1% to €10.32.

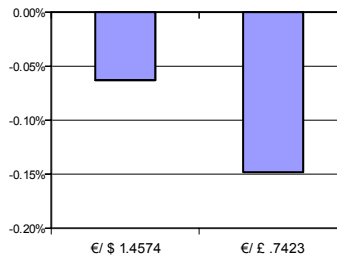
Overnight News : As a result of the better than expected US sales figures, the Dow Jones and Nasdaq were up 1.45% and 2.32% respectively. Asian markets had a very strong day trading, with the Nikkei experiencing its biggest daily jump in six years. Asian markets benefited from the US retail figures, but also from Japanese economic data which showed the economy expanded 3.7% in the last quarter, which was well ahead of expectations.

Breaking News: Greencore's Interim accounts will boast a very impressive profit of at least €15m as it reaps the benefits from the increase in value of the restructuring aid payable to the group; €127m increased from €112.1m. However if recent EUR/GBP exchange rate trends were to continue, the group's operating profit would reduce by EUR8m. Three of CRH's competitors reported results this morning, with Vulcan Materials reporting a 5% rise in revenues to 856.9m. However this was less than the \$910.4m expected. Wienerberger's fourth-quarter profit fell 4% as its EBIT slipped to €68.8m on slowing home construction in Germany and in the US. Lafarge's profits however beat analysts expectations, posting a fourth-quarter profit increase of 36%. Net income grew to €375m from €276m. Commerzbank and UBS also reported fourth-quarter profits this morning and Commerzbank said profit declined 44% for the period. UBS also suffered with a record net loss of \$11.3bn, after claiming \$13.7bn in subprime writedowns. UBS has slipped 36% in Zurich trading in the past six months.

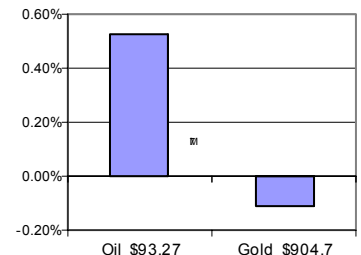
Equity Index's change on day



Currency daily % change



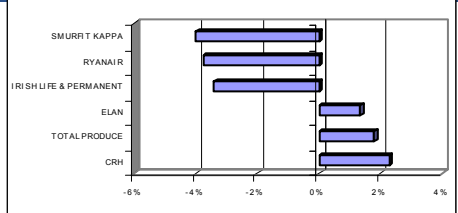
Oil/Gold daily % change



Paper Headlines

- "IBF mortgage figures highlight downturn in property market"-(I.T)
- "Elan expects Tysabri drug to achieve blockbuster status"-Elan -(I.T)
- "Smurfit shares slide by 4pc on groups modest earnings outlook-Smurfit-(I.I)
- "Coke profits rise on higher sales in Asia and Latin America"-Coca Cola-(I.E)
- "King says economic outlook is bleak"-(F.T)

ISEQ Performers/Losers 13/02/08



Market Themes and Movers

Bernanke set to discuss economy: Fed chairman Ben Bernanke and US Treasury Secretary Henry Paulson will testify to congress today and they are set to discuss the continuing extreme economic difficulties that could push the US into its first economic recession since 2001. Some economists are predicting that US economic growth is already contracting and that the economy is in line to meet the rough economic recession definition of two consecutive quarters when the economy shrinks. The Fed chairman is testifying one day after President Bush signed a \$168 billion economic rescue – package into law. The package includes tax rebates for the majority of US households and tax breaks for businesses.

Platinum reaches new high: The white metal reached a new high in yesterday's trading as it surged past the \$2000 an ounce mark to \$2001.40. This was in response to Eskom Holdings indication that it could only guarantee 90% power to mining companies in South Africa until 2012, where 78% of the world's platinum is produced. This means that April platinum futures have reached record highs for the past 11 trading days and has risen 33% from its lows in January. Meanwhile crude oil futures closed just higher than \$93 as after data released yesterday suggested that weekly US oil inventories were growing less than anticipated.



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Coca-Cola

Stephen Taylor
BUY
Target
\$68.00
Current
\$59.42
Dow Jones
Beverages
Company Profile

Coca-Cola is the world's largest brand and manufacturer of soft-drinks and syrups. It enjoys a 50% share in the world's carbonated soft drinks market and continues to expand its portfolio of non-CSD brands. Key brands include Coca-Cola trademark, Sprite Fanta, Minute Maid, Powerade, Dasani and Nestea.

Fundamental view : Yesterday, Coca-Cola issued a strong set of fourth quarter results that came in well ahead of analyst expectations boosted by strong overseas growth. Net income rose by 79% to \$1.21bn on revenue that increased by 24% to \$7.33bn. Ex-items EPS came in at \$0.58 beating analyst expectations of \$ 0.55. The group's gross margin also remained stable at 65%. On a worldwide basis, sparkling beverage volumes increased by 4% with still beverages rising by 12%. International volume growth was strong at 7% with double digit percentage growth in key emerging markets, including, China, India, Brazil, Turkey, Southern Eurasia, and the Middle East. With regards to its ongoing share buyback program, Coca-Cola confirmed that it repurchased \$1.75bn of its own shares in 2007 and for 2008 it expects to purchase \$1.2bn-\$2.0bn of its own stock. Coca-Cola's increased focus on the still beverage market was a key driver in earnings growth with its trademark Dasani bottled water and Powerade continuing their strong performance, with volume growth increases of 9% and 10%, respectively. Coca-Cola has been expanding its product range over the last number of years, increasing its focus on providing a healthier product offering which was emphasised by its \$4.1bn purchase of vitamin drinks group Glaceau in 2007, while last week Coca-Cola agreed to pay \$43m for a 40% stake in Honest Tea, the maker of low calorie organic bottled tea. The group now controls 10% of the world's bottled tea market.

Next catalyst : Coca-Cola's solid fourth quarter earnings highlight the group's defensive qualities in light of this current economic slowdown. The company generates close to 80% of its operating profits outside of the US with an increased focus on emerging economies. In light of Coca-Cola's growth prospects we believe that the company deserves to trade at a 10% premium to its peer group at 22x 2008 EPS of \$3.10 which generates our 12-month price target of \$68. With c. 14% upside to the group's current share price and the fact that Coca-Cola pays a current year dividend yield of c. 2.5% we retain our buy rating on the company. In addition, a major catalyst for the group this year is that it is one of the main sponsors of the Beijing Olympics which should further help the rollout of its products in China.

Statistics
Price Performance

Chart view:

Support Primary: \$58.00
 Support Secondary: \$56.95
 Resistance Primary: \$60.50
 Resistance Secondary: \$62.00

Chart comment:

Chart outlook is positive. Stock has recovered well from weakness in late January and is well supported. More upside expected.

Operating Profit


- Africa 5%
- Eurasia 4%
- EU 30%
- Latin America 20%
- North America 21%
- Pacific 20%

Major Shareholders	%	Peer Group Multiples			
		Company name	P/E 07	P/E 08	EPS Growth 07-08
Bershire Hathaway	8.65%	Coca-Cola	19.2	17.8	14.81%
Capital Research & Mgt	5.02%	Pepsi	19.2	17.4	10.84%
Williams James	4.46%	Danone	19.1	16.5	15.72%
Trusco Capital Mgt	3.74%				
Barclays Global Inv.	2.85%				
Shares Outstanding		2,318m			

Share Data	Financial Data	2007	2008e	2009e
Current Price (\$)	Revenue (\$m)	28857	31091	33051
Mkt Cap (\$m)	PBT (\$m)	8064	8906	9730
Reuters	EPS (\$)	2.70	3.10	3.33
Bloomberg	P/E (x)	22.01	19.17	17.84
Sector	DPS	1.35	1.47	1.63
CEO	Dividend Yield %	2.27%	2.47%	2.74%
CFO				
Website				





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