



MONDAY 19th NOVEMBER 2007

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

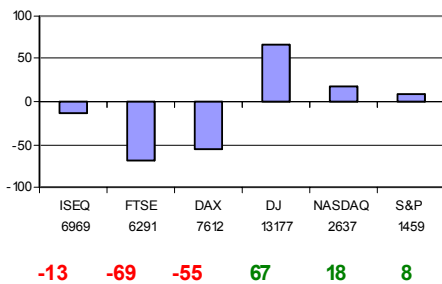
Daily Market Comment

Friday's Summary : Despite a quite day in the Irish Market on Friday the Iseq managed to close near a 2 year low. The banks were mixed with Bol and AIB closing the day up, however for once Paddy Power one of the few success stories on the Irish market this year closed the day down over 9% on comments from UK peer Ladbrokes.

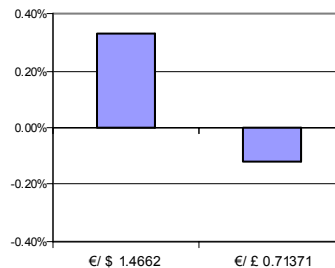
Overnight News : Standard Chartered advanced as investors weighed up a report that a group of Chinese banks may be gearing up to invest in the firm as reported by the Financial Times over the weekend that three of China's leading banks Industrial & Commercial Bank of China Ltd., Bank of China Ltd and China Construction Bank Corp had approached Singapore's Temasek Holdings to talk about buying its 17% stake in Standard Chartered.

Breaking News : Barratt Developments announced today that market conditions were tough but sales had improved from a slump triggered by the crisis at mortgage bank Northern Rock in September Barratt said in a trading statement for the 19 weeks from July 1 it secured a forward order book of £1.8bn, which represents 61% of its full-year requirement

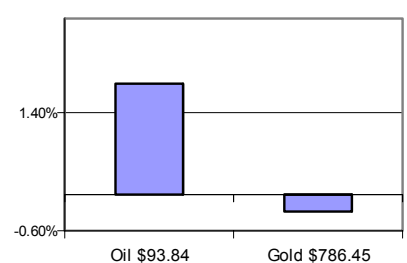
Equity Index's change on day



Currency daily % change



Oil/Gold daily % change



Paper Headlines

- "Huge oil find puts focus on Brazil " - **Petrobas** - (Irish Times)
- "Interest rate cut is vital to avoid a US recession " - (Irish Independent)
- "Vodafone sees China growth " - **Vodafone** - (Financial Times)
- "EADS aims for deal in US defence market " - **EADS** - (Financial Times)

Market Themes and Movers

Is the US economy heading for recession? : A survey by the National Association for Business Economics in the US has revealed that the number of economists forecasting that the US will slip into recession has almost doubled over the last two months. Nine of the 50 economists surveyed said that odds of a contraction in US economic growth in the US currently lies at 50% compared to just 5 economists predicting a contraction previously. The spill over from the largest housing slump in 16 years, turmoil in the financial markets and higher energy prices will cause growth to slow to an annual rate of 1.5% this quarter, which was less than the association had previously forecasted.

German banks to consolidate? : Commerzbank CEO, Klaus-Peter Mueller, said today that German banks need to merge in order to become large enough to compete on a European level. Mueller pointed out that at the top, Germany needs three or four German banks among the market leaders in Europe and help set the tone for consolidation. Muller also commented that the German government should allow mergers between private and public banks as Germany's lenders remain to small compared with the size of Germany's economy.

Oil price rebounds : Crude oil rose close to \$95 a barrel again today on speculation that the weakening US dollar will spur demand for the commodity from buyers holding other currencies. Oil prices declined last week after US stockpiles unexpectedly rose. Crude oil prices had reached a high of \$98.62 a barrel on November 7th.

Dolmen Squawk Box

- This day 15 years ago Greencore fell below £2.30, the first time the shares traded at a discount to the floatation price a year earlier.



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Coca-Cola

Target
\$68.00
Current
\$62.16
Dow Jones
Beverages
Company Profile

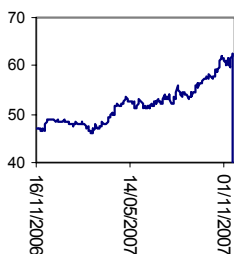
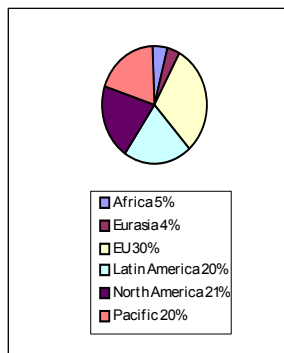
Coca-Cola is the world's largest brand and manufacturer of soft-drink concentrate and syrups. It enjoys a 50% share of the world's carbonated soft drink market and continues to expand its portfolio of non-CSD brands. Key brands include Coca-Cola trademark, Sprite, Fanta, Minute Maid, Powerade, Dasani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

Recent results : On 17/10/2007, Coca-Cola reported third quarter EPS that rose by 15% to \$0.71, beating analyst expectations of \$0.68. Revenue increased by 19% to \$7.7bn. Worldwide drinks shipments showed a 6% rise during the quarter, exceeding the company's long-term target of 3%-4% for the third straight quarter. Coca-Cola's strong performance was led by its international business with volumes growing by at least 10% in China, Russia, India, Brazil and the Philippines. The group's North American division posted a 1% rise in volume, its first increase in five quarters. The robust performance in North America was driven by strong sales of Dasani bottled water and sports drink Powerade, overcoming a decline in soda drinks.

Beijing Olympics : Coca-Cola has been increasing its focus on selling products overseas particularly to fast growing emerging markets. Coca-Cola generates close to 80% of its operating profits from outside the US with an increased focus on high growth economies in Asia and Latin America. While the significant international exposure should also benefit Coca-Cola due to the weak US dollar, it is the strong growth prospects from these emerging economies that will help drive earnings going forward. A key catalyst for the group going into 2008 is that Coca-Cola is one of the lead sponsors of the Olympic games in Beijing which should provide a significant boost for the roll out of its product offering in China.

Product expansion : To offset a decline in soda revenue, Coca-Cola has been expanding its product range to include more health related products a point which was emphasised by its recent \$4.1bn purchase of vitamin drinks group Glaceau. The acquisition provides the company with entry into the fast growing market for flavoured water and should help the group narrow the gap with its closest rival Pepsi which currently has 45% of the water drinks market in the US compared the Coca-Cola's 35% following the Glaceau acquisition. Another positive point to note regarding the acquisition is that Glaceau will now oversee strategy and marketing for Coca-Cola's Powerade brand which currently has 17% of the US sports drinks market compared to 82% for Pepsi.

Further upside : While shares in Coca-Cola have had a good run this year gaining c. 29% we still believe there is further upside potential due to its strong growth potential in international markets and new product offerings. In light of Coca-Cola's growth prospects we believe the group deserves to trade at a 10% premium to its peer group at 22x 2008 EPS of \$3.10 which generates our price 12-month price target of \$68. With c. 10% upside to our price target and the fact that Coca-Cola also pays a current year dividend yield of c. 2%, we initiate coverage of the stock with a buy rating.

Statistics
Price Performance

Operating Profit


Major Shareholders	%	Peer Group Multiples.			
Bershire Hathaway	8.65%	Company name	P/E 07	P/E 08	EPS Growth 07-08
Capital Research	5.02%	Coca-Cola	23.3	20.1	12.66%
Suntrust	3.80%	Pepsi	21.7	19.6	10.00%
Barclays	2.78%	Danone	22.5	20.0	12.50%

Shares Outstanding 2311m

Share Data	Financial Data	2006a	2007e	2008e	
Current Price (\$)	62.16	Revenue (\$m)	24,088	28,380	31,100
Mkt Cap (\$m)	144bn	PBT (\$m)	7,175	7,899	8,900
Reuters	KO.N	EPS (\$)	2.37	2.67	3.10
Bloomberg	KO US	P/E(x)	26.1	23.3	20.1
Sector	Non-Alcoholic Beverages	DPS(\$)	1.24	1.35	1.47
CEO	Edward Isdell	Yield	1.99%	2.17%	2.36%
CFO	Gary Fayard				
Website	www.coca-cola.com				





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