SECTOR

Soft Drinks

Analysis and Synthesis - World

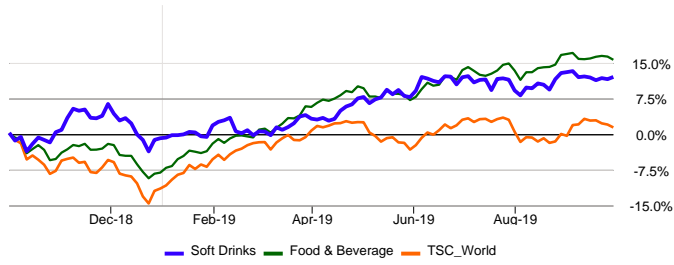October 1, **2019**

Soft Drinks (WO)
Closing Price of October 1, 2019

Comparison October 2, 2018 - October 1, 2019

— Soft Drinks — Food & Beverage — TSC_World

The sector Soft Drinks represents approximately 20% of the market capitalization of the group Food & Beverage and less than 1% of the World market with 25 companies being followed regularly by the analysts.

The sector Soft Drinks is currently trading close to its 52 week high and 16% above its 52 week low (bi-weekly closing).

Performance since October 2, 2018: 11.8% vs. 15.5% for the group Food & Beverage and 1.3% for the TSC_World.

The current % of stocks over their Medium Term technical trend (MTT) is 24.0%.

|	Market Value	Perf YtD	Nb of Stocks	Mkt Cap in $bn	Stars	Sensitivity	G/PE Ratio	LT P/E	LT Growth	4wk Perf	% of Stocks in Uptrend
Soft Drinks (WO)	114.49	13.0%	25	641.52	★★☆☆		0.86	20.5	15.1%	-2.7%	24.0%
Food & Beverage (WO)	209.20	25.9%	280	3,511.28	★★★☆		0.96	18.5	15.5%	-2.8%	30.0%
TSC_World (WO)	304.93	14.5%	6,295	71,661.87	★★★☆		1.66	13.1	18.9%	1.8%	31.7%

Price evaluation rating
In order to assess whether an index is correctly valued, we focus on Peter Lynch's broadly accepted methodology of comparing the projected earnings growth and dividend with the estimated PE ratio.
Based on this approach, we feel this sector is currently fairly valued.
A "Forecasted Growth + Estimated Dividend Yield/ Estimated Price Earnings" ratio below 0.9 indicates that investors must pay a premium for the estimated growth potential: 4.4% premium.

Earnings revision trend

— 7wk EPS Rev
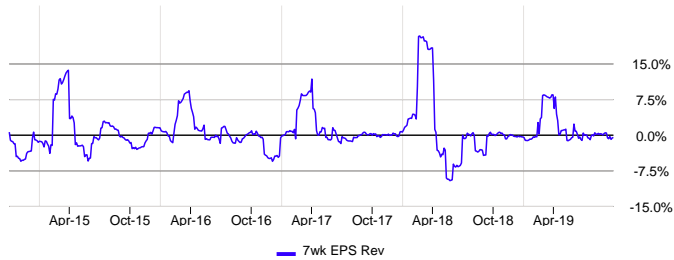
Compared to seven weeks ago, the analysts have not significantly revised their earnings estimates (changes between +1% and -1% are considered neutral). But the underlying trend has been negative since June 25, 2019 at a price of 114.6.

"Price to Estimated Earnings" (PE) - Evolution over five years
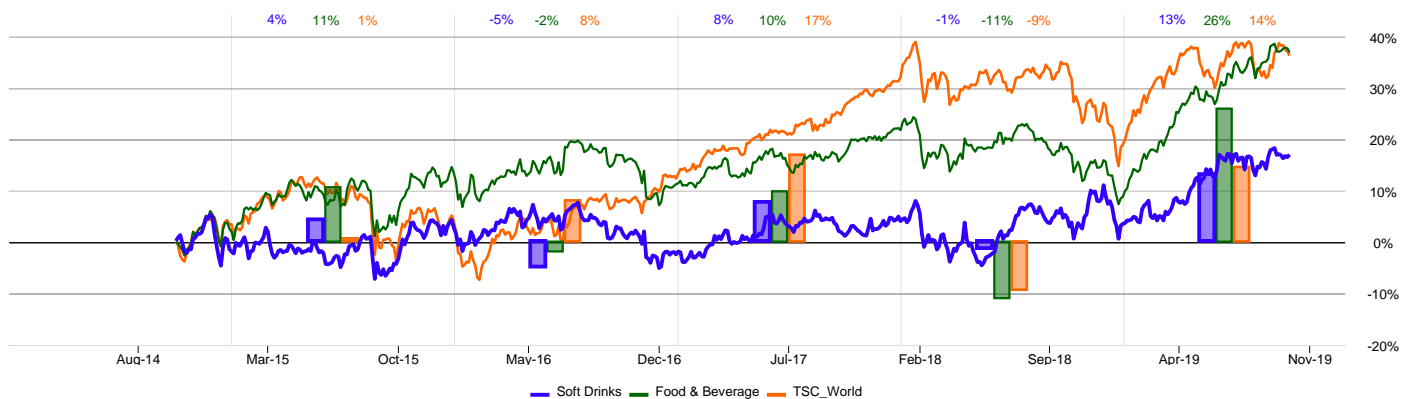

— Soft Drinks — Food & Beverage — Median
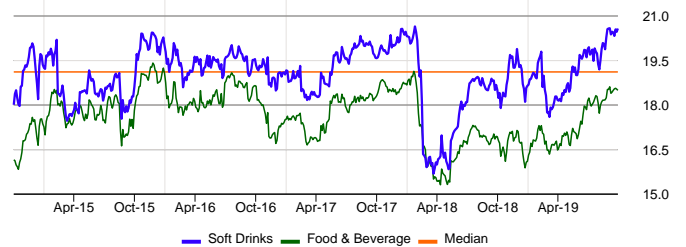
The estimated PE is calculated on the basis of the underlying stocks.
While the PE of the sector Soft Drinks is 20.5, the PE of the group to which it belongs (Food & Beverage is markedly lower (18.5); this indicates that the sector is trading higher than its group.
Historically speaking, this sector is currently trading above its median of 19.1.

Technical trend
The index is currently at a level close to its 40-day moving average. Prior to this (since August 30, 2019), the index traded above its 40-day moving average. The confirmed Technical Reverse point (Tech Reverse - 1.75%) is currently 2% lower. Close to its average, the sector indicates a phase of indecision regarding its trend. On the other hand, with 24.0% of stocks trending positive, it would appear there is a certain weakness in the market that isn't being confirmed by the sector.

Comparison October 3, 2014 - October 1, 2019

— Soft Drinks — Food & Beverage — TSC_World

Performance over 5 years
On a 5 year moving average, the performance of the sector Soft Drinks is 16.8%, vs. 36.8% for the group Food & Beverage and 36.2% for the TSC_World. During this period, the high of 115.8 was reached on September 2019 and the low of 90.8 in the month of August 2015.
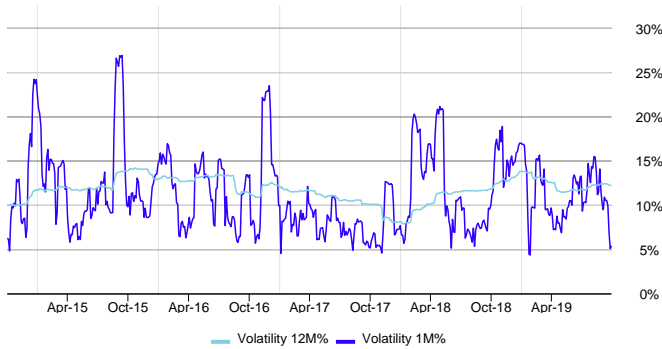
Soft Drinks (WO)
Closing Price of October 1, 2019

	Market Value	Perf YtD	Nb of Stocks	Mkt Cap in $bn	Stars	Sensitivity	G/PE Ratio	LT P/E	LT Growth	4wk Perf	% of Stocks in Uptrend
Soft Drinks (WO)	114.49	13.0%	25	641.52	★★★★	🌤	0.86	20.5	15.1%	-2.7%	24.0%

Volatility

Volatility 12M% — Volatility 1M%

The volatility is also used as a sensitivity factor. It measures the magnitude of the upward and downward movements of a stock or index. The higher the volatility, the more sensitive a sector is considered to be.

As of the last update, the monthly volatility of (5.3%) is lower than the last few years' average of (11.2%). The low magnitude of short term price fluctuations indicates a lull in the market.

On the other hand, long term volatility 12.2% of the sector is similar to that of the group Food & Beverage (9.8%), reflecting almost identical price variations between the sector and the group to which it belongs.

Sensitivity factor in declining markets
The "Bear Market Factor" measures the behavior of a sector in declining markets. In this context, the sector Soft Drinks has a tendency to minimize the drops of the index TSC_World.
This would indicate a low sensitive behaviour during market corrections. The sector Soft Drinks has a tendency to minimize drops in the index by -0.89%.

Sensitivity factor in rising markets
The "Bad News Factor" measures a sector's corrections in a rising market phase. In this configuration, the market slightly sanctions the sector Soft Drinks when there is specific pressure in this particular economic activity.
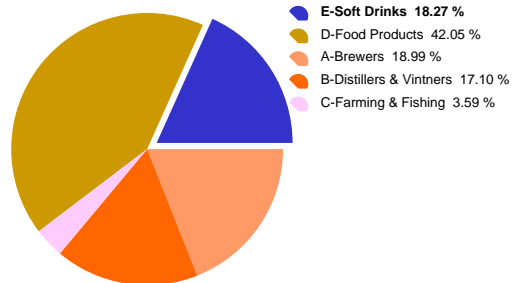When the sector declines in a rising market its average deviation is -1.36%.

Sensitivity analysis summary
Generally speaking, the sector Soft Drinks is considered little sensitive in view of the Bear Market and Bad News factor which are both at a low level.

Checklist (Soft Drinks)

Stars		★★★★	**Weak interest since September 13, 2019.**
Earnings Rev Trend	🔴	★	Analysts neutral but previously negative (since June 25, 2019)
Valuation Rating	🔵	★	Fairly priced
MT Tech Trend	🟢	★	Market neutral but previously positive (since August 30, 2019)
4wk Rel Perf	-2.7%	★	Under pressure (vs. TSC_World)
Sensitivity		🌤	**The industry has been on the low-sensitivity level since February 5, 2019.**
Bear Mkt Factor	🌤		Below average sensitivity to market corrections
Bad News Factor	🌤		Slight market sanction in case of specific pressure

Allocation by sector, of the group Food & Beverage

- E-Soft Drinks 18.27 %
- D-Food Products 42.05 %
- A-Brewers 18.99 %
- B-Distillers & Vintners 17.10 %
- C-Farming & Fishing 3.59 %

The largest sector in terms of market capitalization Food Products represents 42.1% of the group Food & Beverage.These sectors follow, in size order, Brewers with 19.0% Soft Drinks with 18.3%.

2019 sector evolution

- 25.9% (FOB)
- 14.5% (TSC_World)
- 33.9% (A)
- 54.6% (B)
- 3.3% (C)
- 19.2% (D)
- 13.0% (E)
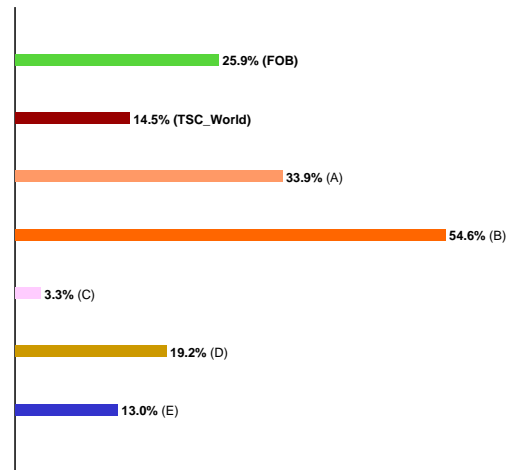
From the beginning of the year, the sector Soft Drinks recorded a variation of 13.0%, while the group Food & Beverage evolved by 25.9%. This industry group is made up of 5 sectors, in which the extreme variations were from 3.3% to 54.6%.
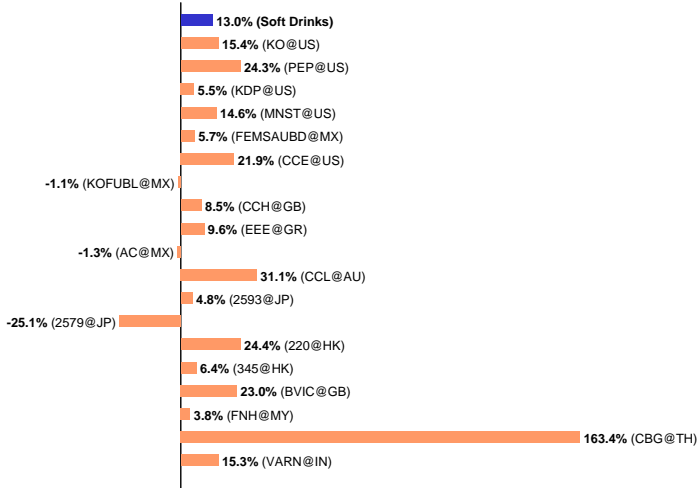
Soft Drinks (WO)
Closing Price of October 1, 2019

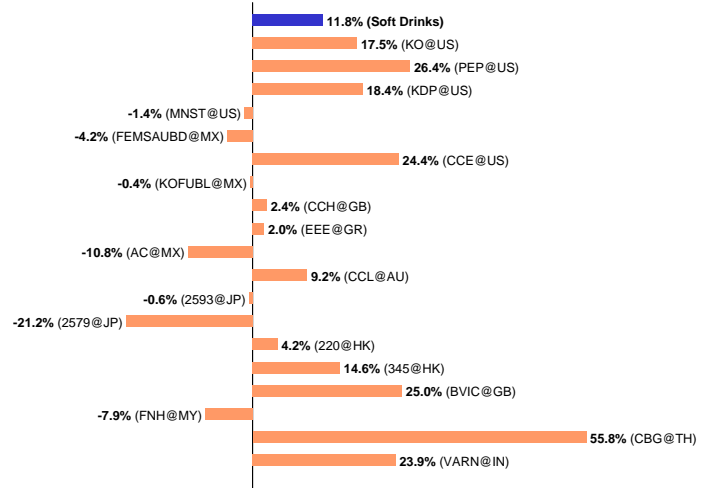|	Market Value	Perf YtD	Nb of Stocks	Mkt Cap in $bn	Stars	Sensitivity	G/PE Ratio	LT P/E	LT Growth	4wk Perf	% of Stocks in Uptrend
Soft Drinks (WO)	114.49	13.0%	25	641.52	★★★☆☆		0.86	20.5	15.1%	-2.7%	24.0%

The performance of the 20 largest stocks of the sector is presented below.

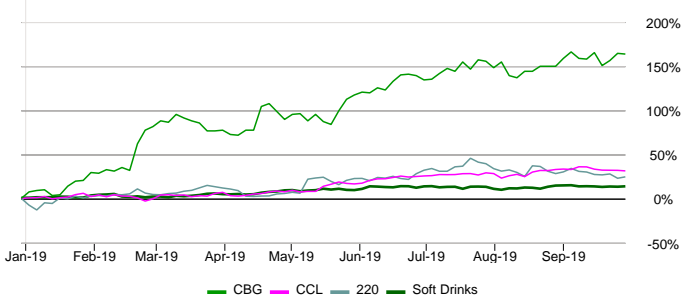## Year to date performance

The analysis and details of the above stock can be found on page 6
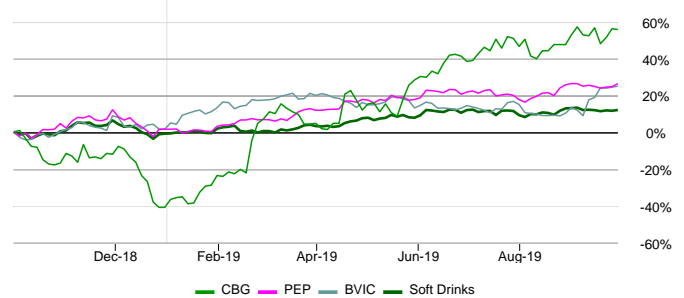
12 months performance

The analysis and details of the above stock can be found on page 6
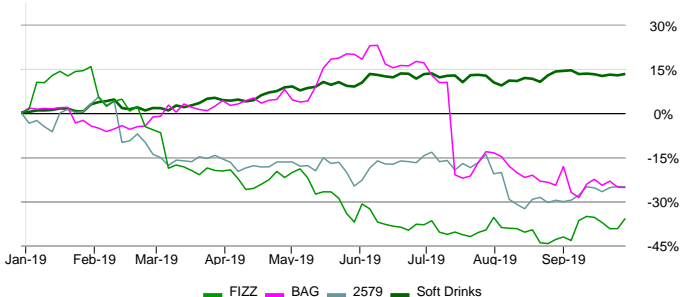
Top Stocks 2019

From the beginning of the year, the performance of the sector was 13.0%; as for the three best stocks, (CARABAO GROUP PCL. (CBG), COCA-COLA AMATIL LTD. (CCL) and UNI-PRSD.CHINA HDG.LTD. (220)), their performance was 163.4%, 31.1% and 24.4% respectively.

Flop Stocks 2019

NATIONAL BEVERAGE CORP. (FIZZ), BARR (AG) PLC. (BAG) and C-CLA.BOTTLERS JAP.HDG. (2579) with -35.8%, -25.4% and -25.1% recorded the three worst performances from the beginning of the year. For the sector Soft Drinks, the variation was 13.0%.

Only companies with a market capitalization exceeding $500 million are mentioned.

Top Stocks 12 months

Since 12 months ago, the performance of the sector has been 11.8%; the three best stocks, (CARABAO GROUP PCL. (CBG), PEPSICO INCO. (PEP) and BRITVIC PLC. (BVIC)) recorded a performances of 55.8%, 26.4% and 25.0% respectively.

Flop Stocks 12 months
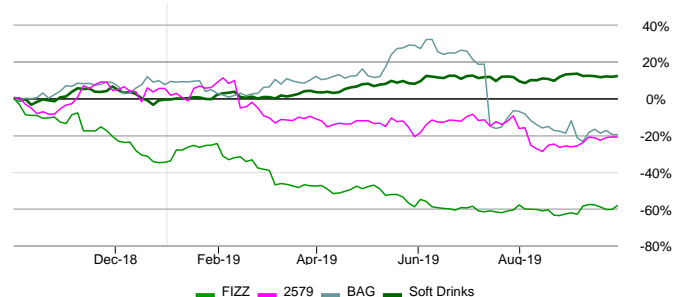

The three worst performances in 12 months were recorded by NATIONAL BEVERAGE CORP. (FIZZ), C-CLA.BOTTLERS JAP.HDG. (2579) and BARR (AG) PLC. (BAG) with -58.2%, -21.2% and -19.9%. As for the sector Soft Drinks, it recorded a variation of 11.8%.

Soft Drinks (WO)
Closing Price of October 1, 2019

Stocks with the best valuations

Symbol Market	Name Sector	Price Ccy	Mkt Cap in $bn	7wk EPS Rev	Stars	Sensitivity	Global Evaluation
AC MX	ARCA CONT.SDC. Soft Drinks	108.31 MXN	9.66	2.9%	★★★★		
BVIC GB	BRITVIC PLC. Soft Drinks	983.00 GBp	3.19	2.2%	★★★★		
2579 JP	C-CLA.BOTTLERS JAP.HDG. Soft Drinks	2,460.00 JPY	4.70	20.3%	★★★☆		
KO US	THE COCA COLA CO. Soft Drinks	54.65 USD	233.68	-0.1%	★★★☆		
PEP US	PEPSICO INCO. Soft Drinks	137.37 USD	192.07	-0.4%	★★☆☆		

Evolution over the last 3 months

Legend: AC, BVIC, 2579, KO, PEP
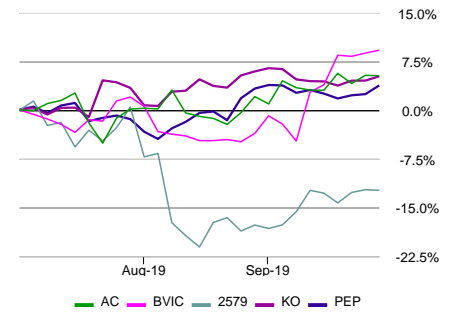
The global rating (Global Evaluation) is a multi-criteria approach that identifies the stocks with the best valuations. This assessment is the compilation of fundamental (PE, growth, earnings revisions, dividend, etc.), technical (moving average, relative performance), and sensitivity (behaviour in declining markets and sensitivity to bad news) factors. In order to present the best selection, only companies with a market capitalization greater than $1bn and showing good earnings growth valuations, are listed. Furthermore, the eligible stocks must have a minimum rating of two stars, a neutral to positive valuation, and a low to moderate sensitivity. When the global rankings are identical, the analysts' 7 week earnings per share revision (7 wk EPS rev) acts as the deciding classification element.

Evolution over the last 3 months

Legend: KO, PEP, KOFUBL, FEMSAUBD, AC

The best defensive stocks
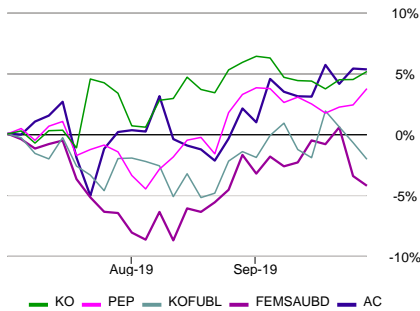
Symbol Market	Name Sector	Price Ccy	Mkt Cap in $bn	Bear Mkt Factor	Stars	Sensitivity	Global Evaluation
KO US	THE COCA COLA CO. Soft Drinks	54.65 USD	233.68	-101	★★★☆		
PEP US	PEPSICO INCO. Soft Drinks	137.37 USD	192.07	-91	★★☆☆		
KOFUBL MX	C-CLA.FEMSA SDC. Soft Drinks	117.80 MXN	12.51	-87	★★☆☆		
FEMSAUBD MX	FOM.ECO.MEXNO.SDC. Soft Drinks	178.30 MXN	29.50	-77	★★☆☆		
AC MX	ARCA CONT.SDC. Soft Drinks	108.31 MXN	9.66	-71	★★★★		

The sensitivity assessment is essentially based on two criteria: the stock's "behaviour in declining markets" (Bear Market Factor), and the stock's "sensitivity to bad news" (Bad News Factor). By positioning a stock according to the world averages, three sensitivity levels can be attributed (low, moderate, high). Combining these elements makes it possible to create a final ranking of stocks in the market. To present the most useful selection, only companies with a market capitalization greater than $1bn and showing good earnings growth valuations are listed. Furthermore, the eligible stocks must have a minimum rating of two stars, a neutral to positive valuation, and a low to moderate sensitivity. In case of a tie, the stock's "behaviour in declining markets" will act as the deciding classification element.

The stocks with the lowest correlations

Symbol Market	Name Sector	Price Ccy	Mkt Cap in $bn	Correlation	Stars	Sensitivity	Global Evaluation
220 HK	UNI-PRSD.CHINA HDG.LTD. Soft Drinks	8.46 HKD	4.66	0.24	★★☆☆		
2579 JP	C-CLA.BOTTLERS JAP.HDG. Soft Drinks	2,460.00 JPY	4.70	0.24	★★★☆		
345 HK	VITASOY INTL.HDG.LTD. Soft Drinks	31.75 HKD	4.31	0.36	★★☆☆		
BVIC GB	BRITVIC PLC. Soft Drinks	983.00 GBp	3.19	0.42	★★★★		
2593 JP	ITO EN LIMITED Soft Drinks	5,160.00 JPY	4.98	0.42	★★☆☆		

**Evolution over the last 3 months**

Legend: 220, 2579, 345, BVIC, 2593
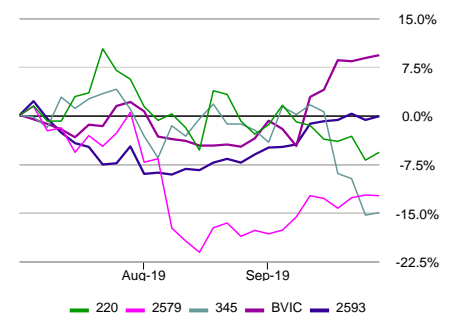
The correlation coefficient permits to identify the stocks whose dependence on the market is the weakest. If this value is very low, less than 0.5, it means that less than 50% of the movements of the stock are explained by market movements. On the contrary, a number close to 1 indicates that the value is very close to the evolutions of the market. In order to present the best selection, only companies with a market capitalization higher than $1bn and showing good earnings growth valuations are listed. Furthermore, the eligible stocks must have a minimum rating of two stars, a neutral to positive valuation, a low to moderate sensitivity, and a correlation of maximum 0.66. In the case of a tie in the ranking, the stock's correlation in ascending order acts as the deciding classification element.

Soft Drinks (WO)
Closing Price of October 1, 2019

Evolution over the last 3 months

Legend: AC, BVIC, KOFUBL, EEE, 220
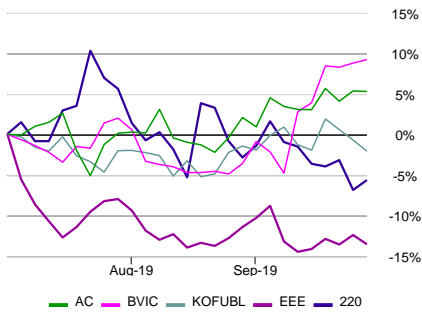
The stocks with the lowest PE

Symbol Market	Name Sector	Price Ccy	Mkt Cap in $bn	LT P/E	Stars	Sensitivity	Global Evaluation
AC MX	ARCA CONT.SDC. Soft Drinks	108.31 MXN	9.66	14.4	★★★★		
BVIC GB	BRITVIC PLC. Soft Drinks	983.00 GBp	3.19	14.9	★★★★		
KOFUBL MX	C-CLA.FEMSA SDC. Soft Drinks	117.80 MXN	12.51	16.5	★★☆☆		
EEE GR	COCA COLA HBC AG Soft Drinks	29.71 EUR	11.81	17.4	★★☆☆		
220 HK	UNI-PRSD.CHINA HDG.LTD. Soft Drinks	8.46 HKD	4.66	18.4	★★☆☆		

The price to earnings ratio (PE) helps to find undervalued stocks. It is commonly accepted that if the PE of a stock is lower than the PE of its reference market, the stock may have upside potential. In order to present the best selection, only companies with a market capitalization greater than $1bn and showing good earnings growth valuations are listed. Furthermore, the eligible stocks must have: a minimum rating of two stars, a neutral to positive valuation, and a low to moderate sensitivity. When the PE ratios are identical, the analysts' 7 week earnings per share revision (7 wk EPS rev) acts as the deciding classification element.

The 20 top stocks classified by market capitalization

Symbol Market	Name Sector	Price Ccy	Perf YtD	Mkt Cap in $bn	G/PE Ratio	LT P/E	LT Growth	4wk Rel Perf	Div	Volatility 1M	Stars	Sensitivity	Global Evaluation
KO US	THE COCA COLA CO. Soft Drinks	54.65 USD	15.4%	233.68	0.81	21.9	14.7%	-1.2%	3.1%	7.2%	★★★☆		
PEP US	PEPSICO INCO. Soft Drinks	137.37 USD	24.3%	192.07	0.79	21.5	14.1%	0.0%	2.9%	7.9%	★★☆☆		
KDP US	KEURIG DR PEPPER INCO. Soft Drinks	27.04 USD	5.5%	38.04	1.06	17.0	15.7%	-1.4%	2.3%	12.5%	★☆☆☆		
MNST US	MONSTER BEVERAGE CORP. Soft Drinks	56.42 USD	14.6%	30.74	0.72	23.5	16.9%	-4.3%	0.0%	15.8%	☆☆☆☆		
FEMSAUBD MX	FOM.ECO.MEXNO.SDC. Soft Drinks	178.30 MXN	5.7%	29.50	1.05	19.0	18.4%	-3.1%	1.5%	19.4%	★★☆☆		
CCE US	COCA COLA EUR.PTNS.PLC. Soft Drinks	55.87 USD	21.9%	25.85	0.89	17.1	12.6%	-1.3%	2.6%	12.3%	★☆☆☆		
KOFUBL MX	C-CLA.FEMSA SDC. Soft Drinks	117.80 MXN	-1.1%	12.51	0.99	16.5	13.1%	-0.3%	3.2%	21.0%	★★☆☆		
EEE GR	COCA COLA HBC AG Soft Drinks	29.71 EUR	9.6%	11.81	0.91	17.4	13.6%	-3.5%	2.3%	22.5%	★★☆☆		
CCH GB	COCA COLA HBC AG Soft Drinks	2,660.00 GBp	8.5%	11.81	0.93	17.3	13.8%	-5.4%	2.3%	25.4%	★☆☆☆		
AC MX	ARCA CONT.SDC. Soft Drinks	108.31 MXN	-1.3%	9.66	1.17	14.4	14.7%	1.3%	2.2%	17.6%	★★★★		
CCL AU	COCA-COLA AMATIL LTD. Soft Drinks	10.74 AUD	31.1%	5.20	0.85	18.5	11.3%	-4.0%	4.5%	11.9%	★★★☆		
2593 JP	ITO EN LIMITED Soft Drinks	5,160.00 JPY	4.8%	4.98	0.59	38.7	22.2%	1.6%	0.8%	12.4%	★★☆☆		
2579 JP	C-CLA.BOTTLERS JAP.HDG. Soft Drinks	2,460.00 JPY	-25.1%	4.70	0.67	21.2	12.3%	1.3%	1.9%	18.0%	★★★☆		
220 HK	UNI-PRSD.CHINA HDG.LTD. Soft Drinks	8.46 HKD	24.4%	4.66	1.01	18.4	14.3%	-6.2%	4.3%	23.0%	★★☆☆		
345 HK	VITASOY INTL.HDG.LTD. Soft Drinks	31.75 HKD	6.4%	4.31	0.84	30.5	24.0%	-14.7%	1.7%	48.6%	★★☆☆		
OSP TH	OSOTSPA PCL. Soft Drinks	36.75 THB		3.60	0.78	26.8	18.3%	-2.6%	2.5%	26.7%	★☆☆☆		
BVIC GB	BRITVIC PLC. Soft Drinks	983.00 GBp	23.0%	3.19	0.93	14.9	10.6%	9.7%	3.2%	33.5%	★★★★		
FNH MY	FRASER & NEAVE HDG.BHD. Soft Drinks	34.78 MYR	3.8%	3.04	0.69	25.8	15.7%	-0.1%	2.1%	9.8%	★★☆☆		
CBG TH	CARABAO GROUP PCL. Soft Drinks	81.00 THB	163.4%	2.64	1.29	22.4	26.7%	3.3%	2.3%	32.3%	★★★★		
VARN IN	VARUN BEVERAG Soft Drinks	603.15 INR	15.3%	2.45	1.17	23.9	27.5%	-9.3%	0.4%	30.2%	★☆☆☆		

Glossary - Equities

Number of Stocks
The number of stocks in the index that can be analyzed.

Mkt Cap in $bn
This number represents the Market Capitalization in USD bn. It is calculated by multiplying a firm's share price by the number of outstanding shares. For reasons of comparison, all results are in USD.

Valuation Rating
Our Valuation Rating indicates if a stock is "expensive" or "cheap" relative to its growth potential. This is used to determine whether or not the investor is paying a premium for anticipated growth.
To estimate a stock's value relative to its current price, our Valuation Rating combines:
- stock price
- projected earnings
- projected earnings growth
- dividends
We establish our rating by combining these elements.
There are five ratings, ranging from strongly undervalued ⬈⬈ to strongly overvalued ⬊⬊.

Stars
theScreener.com's star rating system is designed to enable you to identify high-quality stocks quickly and easily.
In this easy-to-use rating system, stars are earned for each element specified below:
- Earnings Rev Trend ⬈ = ★☆☆☆
- Valuation Rating ⊙, ⬈, ⬈⬈ = ★★☆☆
- MT Tech Trend ⬈ = ★★★☆
- 4 week Relative Performance > 1% = ★★★★
Therefore, a stock can earn a maximum of four stars.
The lowest rating a stock can have is no stars.
Once a stock has earned a star, it will keep it until:
- Earnings Rev Trend becomes negative ⬊
- Valuation Rating becomes negative ⬊, ⬊⬊
- MT Tech Trend becomes negative ⬊
- 4 week Relative Performance drops below -1% (<-1%)

Div
This is the dividend in % for the next 12 months.
Even if the same number is shown, the dividend value can appear in one of four colors, depending on the earnings coverage:
- 0%, no dividend
- 4%, the dividends are covered (between 0% and 40% of earnings)
- 4%, the dividends represent between 40% and 70% of earnings
- 4%, the dividends are higher than 70% of earnings, which implies that the dividend coverage is not guaranteed.

Earnings Rev. Trend
The symbol ⬈ shows that compared with their earnings revisions of seven weeks ago, the analysts have now raised their estimates (7wk EPS Rev; > 1%); the symbol ⬊ indicates that compared with their earnings revisions of seven weeks ago, the analysts have now lowered their estimates (7wk EPS Rev < -1%).
When the earnings revisions (7wk EPS Rev) fall between +1% and -1%, the trend is considered to be neutral ⊙.
The symbol ⊙ indicates that the last significant revisions have been trending positive.
The symbol ⊙ indicates that the last significant revisions have been negative.

7wk EPS Rev
This is an abbreviation for 7 week Earnings Per Share Revision. This column indicates the value of these revised earnings. A figure of 2.8 signifies that compared with seven weeks ago, the analysts have now revised and raised their estimates by 2.8%. On the contrary, a negative number means that the earnings would have been revised lower.

G/PE Ratio
In order to establish our Valuation Rating, we calculate the estimated growth of future earnings (LT Growth) plus dividend in %, divided by the estimated future PE ratio (Long Term P/E).

LT PE
This is the relationship between the price (P) and the estimated long-term future earnings.

LT Growth
This is the estimated annual growth rate of future earnings, normally projected over the next two to three years.

MT Tech Trend
The MT Tech Trend indicates the current trend, positive ⬈ or negative ⬊, and the Tech Reverse indicates up to which price this trend will remain valid.
When a price falls to 1.75% above or below the Tech Reverse, the MT Tech Trend is considered neutral ⊙.
Once the price breaks out of the +1.75% neutral zone, the MT Tech Trend will change to positive.
The symbol ⊙ indicates that the previous MT Tech Trend was positive.
The symbol ⊙ indicates that the previous MT Tech Trend was negative.

4wk (Rel) Perf.
This figure measures the performance of a stock relative to its national or regional index (compared to four weeks ago). As for an Index, it measures the net performance over 4 weeks.

Bad News Factor
To determine the "Bad News Factor" we analyze a stock's declines in rising markets. In this purely objective analysis, the actual reasons for a stock's behavior are not important. If a stock price falls while its relative index goes up, it can be assumed that the stock's performance has been affected by bad news - hence the name, "Bad News Factor".
Here a stock's movements are measured on a bi-weekly basis, during a sliding 52 week period. Every time a stock drops while its reference index rises, the difference is calculated in %, integrated into a yearly average and expressed in basis points.
The higher the "Bad News Factor," the more a stock has proven to be sensitive to bad news. The lower the "Bad News Factor," the less the stock has proven to be sensitive to bad news.

Bear Market Factor
To determine the "Bear Market Factor" we analyze a stock's price movements in declining markets.
This is the analysis of the movements, in a bi-weekly intervals, during a sliding 52 week period. The higher the "Bear Market Factor," the greater the probability a stock would drop when its relative index drops.
A "Bear Market Factor" that is strongly negative means the stock has been more resistant to losses in declining markets.

Sensitivity
Stock price developments are generally volatile and contain high risks that can result in a total loss. Based on a their historical behaviour, stocks are classified by sensitivity level. These sensitivity levels have to be considered solely in relative historical comparison to other stocks. Please note that even "Low Sensitivity" stocks are equities and therefore high risk investments that can lose up to all of their value, and that past performance is no indication of current or future performance.
"Sensitivity" is determined by measuring the "Bear Market Factor" and the "Bad News Factor" against its benchmark.
There are three grades of sensitivity levels:
- Low Sensitivity: The sensitivity indicators fall below the world reference average.
- Moderate Sensitivity: The sensitivity indicators are situated higher than the world reference average, but lower than standard deviation.
- High Sensitivity: The sensitivity indicators are at levels higher than standard deviation.

Volatility 12 M
Volatility measures the magnitude of upwards and downwards movements of a stock or index. The volatility 12 M shows the average volatility over the last 12 months.

% of Stocks in Uptrend
This is the percentage of stocks in a given list that have a positive Medium Term Technical Trend. If, for example, the aggregate of Technology / World, (which is made up of 458 stocks) has 8% "of stocks in Uptrend," it means that 38 of the stocks within that aggregate have a positive Medium Term Technical Trend.

Beta
Beta is often used as a measure of sensitivity. Where a Beta is greater than 100, the stock is more volatile than its reference index.

Correlation
Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index.