

May 16, 2013

## Why **The Coca-Cola Company (NYSE: KO)** and **FedEx Corporation (NYSE: FDX)** need **Mettler-Toledo International Inc. (NYSE: MTD)** to get the job done

### **Baton Rouge, Louisiana: 8:00 A.M on a weekday morning**

In the 781,000-square foot **Coca-Cola** bottling plant in Baton Rouge, Louisiana, a worker takes a package of **Coca-Cola** concentrate, the formula of which is probably the most valuable, closely guarded, vigilantly secreted formula in the world, and mixes this concentrate with carbon dioxide, high fructose corn syrup, and water to make the drink that almost a billion people consume every day of the year. (In most of the world outside of the United States, **The Coca-Cola Company** uses sucrose as its sweetener for **Coca-Cola**.)

Because **Coca-Cola** will not reveal the place where

it makes its secret concentrate, the workers in Baton Rouge and the workers at all two hundred and seventy-five **Coca-Cola** bottling plants across the globe are as much in the dark about the ingredients in the **Coca-Cola** formula as anyone else, except for a few scientists and executives at **Coca-Cola**'s global headquarters in Atlanta, Georgia. What the workers in Baton Rouge do know is this: the **Coca-Cola** concentrate is potent. Two tubs will make over one hundred and thirty-five thousand gallons of **Coca-Cola**.

The first challenge for **Coca-Cola** is water. Because ninety per cent of the contents of a **Coca-Cola** can or bottle, glass or plastic, is water, and because water varies in taste around the United

### **Mettler-Toledo International, Inc. (NYSE: MTD): Business Summary**

**Mettler-Toledo International, Inc.** was founded in 1991 and is headquartered in Columbus, Ohio. **Mettler-Toledo** manufactures and markets precision instruments for use in laboratory, industrial and food retailing applications. It also provides analytical instruments for use in life science, reaction engineering and real-time analytic systems used in drug and chemical compound development and process analytics instruments used for in-line measurement in production processes. In addition, **Mettler-Toledo** also supplies end-of-line inspection systems used in production and packaging for food, pharmaceutical and other industries, such as for **Coca-Cola** in the drinks business and for **FedEx** in the transportation business. **Mettler-Toledo** arose from a merger in 1989 between **Mettler**, a maker of laboratory scales based in Switzerland, and the **Toledo Scale Company** in Toledo, Ohio.

I remember when I was boy growing up in Manhattan I would, after school in late spring and early summer, go to a fruit market and buy watermelon. The clerk would weigh the watermelon on a **Toledo** scale. The handwritten sign posted above the watermelon read eight cents and I thought that meant that I could buy the entire watermelon for eight cents but, in my first brush with reality, the clerk told me that eight cents referred to the cost per pound.

Today, as you see below, **Toledo**'s experience with weights has been combined with the measuring and sizing ability of **Mettler** to make sure, among other functions, that each **Coke** bottle weighs exactly what it is supposed to weigh and that each package going through the **FedEx** hub in Memphis is measured and weighed accurately.

States and around the world, and because the products of a great brand like **Coca-Cola** must be consistent in all attributes, something has to be done to make sure that all the water in **Coca-Cola** tastes the same, or at least that the taste is neutralized, that is made so weak as not to be noticed or remembered.

The job of the **Coca-Cola** bottler, when it comes to the water in the finished product of **Coca-Cola**, is to neutralize or vanquish any taste that the water may have as it is piped into the bottling plant. (I use bottling plant to refer to a plant that puts in final consumer form a glass bottle, a can, or a plastic bottle. Some plants produce bottles, some produce cans, and some produce both.) It is as if the bottler is charged with the job of robbing the water of any taste unique to it, in effect making the water tasteless.

Tasteless of course does not refer to bad manners,

such as in the case of a careless or thoughtless or aggressive comment or remark. In the world of **Coca-Cola**, tasteless means literally not having any taste, or producing no reaction for the taste buds of the human tongue. Tasteless is not insipid, which implies that a drink or an intangible such as a conversation is disappointing. Insipid has a negative feel, meaning lacking qualities that excite or stimulate. Insipid is a term of letdown expectations, applied to an experience which was intended to have a taste, to be flavorful, to have some power, some zoom.

Tasteless, with no taste or at least a weak taste, is what **Coca-Cola** wants for its water in **Coca-Cola** and for its other drinks. The taste of the water is satisfactory, but it is always the same, with nothing unique. That is **Coca-Cola's** mission. The water may have a taste, but the taste is no different from one bottle to the next, from one can of **Coca-Cola** to the next. Tasteless would be ideal, but if there

### **Coca-Cola Reaches More Countries than the United Nations Does**

No brand reaches more of mankind than **The Coca-Cola Company** does. Every day, one point six billion times, consumers reach for **Coca-Cola** products. For the company's best known drink, **Coca-Cola**, the creation of drink success starts with a secret formula for the concentrate that makes **Coke** different from every other soft drink. The formula has not changed since 1886, the year of **Coca-Cola's** beginning. **Coca-Cola** ships the concentrate around the world to hundreds of plants operated by bottlers licensed by **Coca-Cola**. The bottlers, using the concentrate as well as other ingredients that constitute a **Coca-Cola** serving, operating in their ultra-modern plants, with the power of the world's most recognized brand behind them, and with unequalled distribution, deliver **Coca-Cola** and more than five hundred other drinks to consumers every day in every country in the world except Cuba and North Korea, two countries where **Coke** products cannot be bought or sold, at least not officially. The two countries are under United States trade embargoes, Cuba since 1962 and North Korea since 1950.

The irony, as far as **Coke** products not being available in Cuba, is that Roberto C. Goizueta, **Coca-Cola's** CEO from 1980 through 1997, and the executive whose management skills, along with Buffett's love of **Cherry Coke**, inspired Warren Buffett to take a position in **Coca-Cola**, was born and mostly educated in Havana, Cuba. He spent one year at Cheshire Academy in Cheshire, Connecticut, a school against which we would compete in swimming when I attended Deerfield Academy in Deerfield, Massachusetts. At Deerfield, I tried to compensate for my mediocre swimming skills by learning the rules of correct grammar and writing style. One of my closest friends has, with great compassion, told me that my frequent gratuitous mention of Deerfield is probably one of the reasons that my circle of friends gets smaller every year, meaning that the circumference and radius of this circle shrink every year.

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