

2 Beverage Stocks to Hold for the Next 20 Years

The beverage industry is growing amid changing preferences and the growing spending power of consumers. Moreover, as consumers are becoming health conscious and are rapidly shifting to non-alcoholic beverages, fundamentally sound Coca-Cola (KO) and Primo Water (PRMW) might be ideal buys for the long term. These stocks pay reliable dividends. Keep reading.

Changing preferences of the new-age consumers and the increasing spending power of the millennials are among the most significant factors driving the beverage industry's growth. Moreover, the growing trend of drinking at social gatherings is boosting demand. The industry is expected to enjoy incremental gains in the coming years.

So, fundamentally strong beverage stocks, The Coca-Cola Company (KO) and Primo Water Corporation (PRMW), which pay regular dividends, could be worth adding to your long-term portfolios.

According to Statista, beverage revenue is expected to show an annual growth rate of 15.8%, resulting in a projected market volume of \$163.90 billion by 2027. Revenue this year is projected to reach \$91.03 billion.

Additionally, the rising population of health-conscious people and market players working to reduce the alcohol content in different beverages and the development and growth of food-based e-commerce platforms are contributing to the growth of the low-alcohol beverages market.

As per a report, 58% of customers worldwide are shifting towards non-alcoholic or low-alcoholic beverages and cocktails. Worldwide sales of beverages with low alcohol content are expected to grow at a CAGR of 4.5% through 2033.

Let's discuss the stocks mentioned above in detail:

The Coca-Cola Company (K0)

K0 manufactures, markets, and sells various non-alcoholic beverages worldwide. The company provides sparkling soft drinks, sparkling flavors; water, sports, coffee, and tea; juice, value-added dairy, and plant-based beverages; and other beverages.

Its trailing-12-month EBITDA margin of 31.42% is 169.9% higher than the 11.64% industry average. Its trailing-12-month gross profit margin of 58.14% is 82.3% higher than the 31.89% industry average. Its trailing-12-month net income margin of 22.19% is 540% higher than the 3.47% industry average.

On February 16, K0 declared a quarterly dividend of \$0.46 per share, payable on April 3, 2023.

Its annual dividend of \$1.84 yields 3.06% on the current market prices, while its four-year average dividend yield is 3.05%. The company has raised its dividend at a CAGR of 3.2% over the past three years. Also, the company has paid dividends for 60 consecutive years.

K0's non-GAAP net operating revenues increased 7.7% year-over-year to \$10.20 billion in the fourth quarter, ended December 31, 2022. Its non-GAAP gross profit increased 6% from the year-ago value to \$5.76 billion, while its non-GAAP EPS came in at \$0.45.

For the fiscal first quarter ending March 2023, analysts expect K0's EPS to increase 1% year-over-year to \$0.65. Its revenue is likely to increase 2.9% year-over-year to \$10.81 billion. The company has an impressive earnings surprise history, as it surpassed the consensus EPS and revenue estimates in each of the trailing four quarters.

The stock has gained marginally over the past year to close

the last trading session at \$59.46.

KO's POWR Ratings reflect this promising outlook. The stock has an overall rating of B, which translates to Buy in our proprietary rating system. The POWR Ratings assess stocks by 118 different factors, each with its own weighting.

It has a B grade for Quality, Stability, and Sentiment. Within the B-rated Beverages industry, it is ranked #17 out of 37 stocks.

[Click here](#) for additional POWR ratings for Value, Growth, and Momentum for KO.

Primo Water Corporation (PRMW)

PRMW provides pure-play water solutions for residential and commercial customers. It offers bottled water, water dispensers, purified bottled water, self-service refill drinking water, premium spring, mineral water, sparkling and flavored water, filtration equipment, and coffee.

On February 3, PRMW announced that it has acquired an additional spring water source adjacent to its current Mountain Valley spring in Garland County, Arkansas. Tom Harrington, CEO of PRMW, said, "This additional water source supports our continued growth and strengthens PRMW's commitment to offer sustainable water solutions to customers across our footprint."

Its trailing-12-month EBITDA margin of 17.35% is 49.1% higher than the 11.64% industry average. Its trailing-12-month gross profit margin of 58.39% is 83.1% higher than the 31.89% industry average.

On February 22, PRMW declared a quarterly dividend of \$0.08 per share, payable on March 27, 2023.

Its annual dividend of \$0.32 yields 2.13% on the current market prices, higher than its four-year average dividend

yield of 1.73%. The company has raised its dividend at a CAGR of 6.5% and 3.9% over the past three and five years, respectively.

For the fiscal fourth quarter ended December 31, 2022, PRMW's net revenue increased 2.9% year-over-year to \$533 million, while its adjusted EBITDA grew 9% year-over-year to \$107.30 million. The company's adjusted net income increased 42.9% year-over-year to \$25.30 million. Adjusted net income per share increased 45.5% year-over-year to \$0.16.

Analysts expect PRMW's revenue to increase 1.2% year-over-year to \$532.59 million in the fiscal first quarter that ending March 2023. Also, its EPS is expected to come in at \$0.21. The company has surpassed the consensus revenue estimates in three of the trailing four quarters.

PRMW's shares have gained 5.2% over the past nine months to close the last trading session at \$15.05.

It's no surprise that PRMW has an overall A rating, which equates to a Strong Buy in our POWR Ratings system.

PRMW has a B grade for Growth, Stability, and Quality. The stock is ranked #6 in the same industry.

To access additional grades for Momentum, Value, and Sentiment, [click here](#).

Consider This Before Placing Your Next Trade...

We are still in the midst of a bear market.

Yes, some special stocks may go up. But most will tumble as the bear market claws ever lower.

That is why you need to discover the brand new "*Stock Trading Plan for 2023*" created by 40-year investment veteran Steve Reitmeister. There he explains:

- Why it's still a bear market

- How low stocks will go
- 9 simple trades to profit on the way down
- Bonus: 2 trades with 100%+ upside when the bull market returns

You owe it to yourself to watch this timely presentation before placing your next trade.

Stock Trading Plan for 2023 >

KO shares fell \$0.06 (-0.10%) in premarket trading Friday. Year-to-date, KO has declined -6.52%, versus a 2.39% rise in the benchmark S&P 500 index during the same period.

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Her interest in risky instruments and passion for writing made Kritika an analyst and financial journalist. She earned her bachelor's degree in commerce and is currently pursuing the CFA program. With her fundamental approach, she aims to help investors identify untapped investment opportunities.

More...

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