

# COCA-COLA NYSE-KO

RECENT PRICE **40.51** P/E RATIO **20.3** (Trailing: 19.9; Median: 19.0) RELATIVE P/E RATIO **1.05** DIV'D YLD **3.3%** VALUE LINE

|                                    |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
|------------------------------------|--|------|------|------|------|------|------|------|------|------|------|------|--------------------------------------|-----|
| TIMELINESS <b>4</b> Raised 3/20/15 | High: 26.8   | 22.6 | 24.7 | 32.2 | 32.8 | 29.7 | 32.9 | 35.9 | 40.7 | 43.4 | 45.0 | 43.8 | Target Price Range<br>2018 2019 2020 |     |
| SAFETY <b>1</b> New 7/27/90        | Low: 19.2  | 20.2 | 19.7 | 22.8 | 20.1 | 18.7 | 24.7 | 30.6 | 33.3 | 36.5 | 36.9 | 39.6 |                                      | 128 |
| TECHNICAL <b>3</b> Lowered 3/27/15 | LEGENDS<br>— 16.0 x "Cash Flow" p sh<br>... Relative Price Strength<br>2-for-1 split 8/12<br>Options: Yes<br>Shaded area indicates recession |      |      |      |      |      |      |      |      |      |      | 96   |                                      |     |
| BETA .70 (1.00 = Market)           | 2018-20 PROJECTIONS  |      |      |      |      |      |      |      |      |      |      | 80   |                                      |     |
| Price Gain Ann'l Total             |  |      |      |      |      |      |      |      |      |      |      |      | 64                                   |     |
| High 55                            | (+35%)   | 10%  |      |      |      |      |      |      |      |      |      |      | 48                                   |     |
| Low 45                             | (+10%)   | 6%   |      |      |      |      |      |      |      |      |      |      | 40                                   |     |
| Insider Decisions                  |  |      |      |      |      |      |      |      |      |      |      |      | 32                                   |     |
| M J J A S O N D J                  |  |      |      |      |      |      |      |      |      |      |      |      | 24                                   |     |
| to Buy 0 0 0 0 0 0 0 0 0 0 0 0 0   |  |      |      |      |      |      |      |      |      |      |      |      | 16                                   |     |
| Options 4 1 0 1 2 2 2 2 2 2 0      |  |      |      |      |      |      |      |      |      |      |      |      | 12                                   |     |
| to Sell 4 1 0 1 2 2 2 3 2 0        |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| Institutional Decisions            |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| 202014 3Q2014 4Q2014               |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| to Buy 610 652 656                 |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| to Sell 784 734 820                |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| Hlds(000)265087126904062701414     |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| Percent shares traded              |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| 15                                 |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| 10                                 |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| 5                                  |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| % TOT. RETURN 3/15                 |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| THIS STOCK VLARITH: INDEX          |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| 1 yr. 8.1 7.7                      |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| 3 yr. 19.5 57.2                    |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |
| 5 yr. 70.4 94.5                    |  |      |      |      |      |      |      |      |      |      |      |      |                                      |     |

| 1999   | 2000   | 2001 <sup>E</sup> | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | © VALUE LINE PUB. LLC             | 18-20  |
|--------|--------|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------------|--------|
| 4.01   | 4.12   | 3.53              | 3.96   | 4.31   | 4.56   | 4.88   | 5.20   | 6.22   | 6.91   | 6.73   | 7.66   | 10.29  | 10.74  | 10.64  | 10.54  | 10.60  | 11.00  | Sales per sh                      | 13.25  |
| .81    | .89    | .96               | .99    | 1.16   | 1.23   | 1.29   | 1.40   | 1.54   | 1.79   | 1.75   | 2.09   | 2.41   | 2.46   | 2.58   | 2.53   | 2.50   | 2.65   | "Cash Flow" per sh                | 3.35   |
| .65    | .74    | .80               | .83    | .98    | 1.03   | 1.09   | 1.19   | 1.29   | 1.51   | 1.47   | 1.75   | 1.92   | 1.97   | 2.08   | 2.04   | 2.00   | 2.15   | Earnings per sh <sup>A</sup>      | 2.80   |
| .32    | .34    | .36               | .40    | .44    | .50    | .56    | .62    | .68    | .76    | .82    | .88    | .94    | 1.02   | 1.12   | 1.22   | 1.32   | 1.40   | Div'ds Decl'd per sh <sup>B</sup> | 1.70   |
| .22    | .15    | .15               | .17    | .17    | .16    | .19    | .30    | .36    | .43    | .43    | .48    | .65    | .62    | .58    | .55    | .65    | .65    | Cap'l Spending per sh             | .65    |
| 1.92   | 1.87   | 2.29              | 2.39   | 2.89   | 3.31   | 3.45   | 3.65   | 4.69   | 4.43   | 5.38   | 6.76   | 6.99   | 7.34   | 7.54   | 6.94   | 7.30   | 7.55   | Book Value per sh <sup>C</sup>    | 8.50   |
| 4943.2 | 4969.5 | 4972.5            | 4942.0 | 4883.1 | 4818.7 | 4738.0 | 4636.0 | 4636.0 | 4624.0 | 4606.0 | 4584.0 | 4526.0 | 4469.0 | 4402.0 | 4366.0 | 4340.0 | 4300.0 | Common Shs Outst'g <sup>D</sup>   | 4150.0 |
| 47.5   | 37.5   | 30.5              | 30.2   | 22.6   | 22.6   | 19.7   | 18.5   | 21.0   | 17.8   | 16.6   | 16.2   | 17.4   | 18.8   | 19.1   | 20.0   |        |        | Avg Ann'l P/E Ratio               | 18.0   |
| 2.71   | 2.44   | 1.56              | 1.65   | 1.29   | 1.19   | 1.05   | 1.00   | 1.11   | 1.07   | 1.11   | 1.03   | 1.09   | 1.20   | 1.07   | 1.06   |        |        | Relative P/E Ratio                | 1.15   |
| 1.0%   | 1.2%   | 1.5%              | 1.6%   | 2.0%   | 2.2%   | 2.6%   | 2.8%   | 2.5%   | 2.8%   | 3.4%   | 3.1%   | 2.8%   | 2.8%   | 2.8%   | 3.0%   |        |        | Avg Ann'l Div'd Yield             | 3.4%   |

|   |       |       |       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|---|-------|-------|-------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| <b>CAPITAL STRUCTURE as of 12/31/14</b>                     |       |       |       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Debt \$41.745 bill. Due in 5 Yrs. \$31.0 bill.        |       |       |       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| LT Debt \$19.063 bill. Total Int. \$415.0 mill.             |       |       |       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (Total interest coverage: greater than 25x)                 |       |       |       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (39% of Cap'l)  |       |       |       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>Pension Assets-12/14 \$8.9 bill. Oblig. \$10.3 bill.</b> |       |       |       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>Pfd Stock None</b>                                       |       |       |       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>Common Stock 4,366,000,000 shs.</b>                      |       |       |       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>MARKET CAP: \$177 billion (Large Cap)</b>                |       |       |       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>CURRENT POSITION (SMILL.)</b>                            |       |       |       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash Assets   | 13459 | 17121 | 18010 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Receivables   | 4759  | 4873  | 4466  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Inventory (Avg Cst)   | 3264  | 3277  | 3100  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other   | 8846  | 6033  | 7410  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Current Assets  | 30328 | 31304 | 32986 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Accts Payable   | 1969  | 1933  | 2089  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Debt Due  | 17874 | 17925 | 22682 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other   | 7978  | 7953  | 7603  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Current Liab.   | 27821 | 27811 | 32374 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**BUSINESS:** The Coca-Cola Company is the world's largest beverage company. Markets over 500 nonalcoholic beverage brands through a network of company-owned and independent bottlers/distributors, wholesalers, and retailers. Leading company/licensed brands include Coca-Cola, Diet Coke, Sprite, Fanta, Fresca, Dasani, glaceau vitaminwater, Powerade, and Minute Maid. Int'l markets accounted for 57% of 2014 net sales; Advertising expenses, 7.6% of 2014 revenues. Has about 129,250 employees. Directors and Officers own 1.5% of stock; Berkshire Hathaway, 9.2%; Vanguard, 5.6%; BlackRock, 5.4% (3/15 Proxy). Chairman and CEO: Muhtar Kent. Inc.: DE. Address: One Coca-Cola Plaza, Atlanta, GA 30313. Tel.: 404-676-2121. Web: www.coca-cola.com.

|  |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
|--|-------|-------|----------|-------|-------|-----------|--|--|--|--|--|--|--|--|--|--|--|--|
| <b>ANNUAL RATES</b>                          |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| of change (per sh)                           |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 Yrs. 9.5%                                 |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 5 Yrs. 10.0%                                 |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| to '18-'20 3.5%                              |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| Sales 8.5%                                   |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| "Cash Flow" 8.5%                             |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| Earnings 8.0%                                |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| Dividends 9.5%                               |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| Book Value 10.0%                             |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>QUARTERLY SALES (\$ mill.)</b>            |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| Cal-endar                                    | Mar.  | Jun.  | Per Sep. | Dec.  | Per   | Full Year |  |  |  |  |  |  |  |  |  |  |  |  |
| 2012   | 11137 | 13085 | 12340    | 11455 | 48017 |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2013   | 11035 | 12749 | 12030    | 11040 | 46854 |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2014   | 10576 | 12574 | 11976    | 10872 | 45998 |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2015   | 10500 | 12500 | 12000    | 11000 | 46000 |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2016   | 10750 | 13000 | 12250    | 11250 | 47250 |           |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>EARNINGS PER SHARE <sup>A</sup></b>       |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| Cal-endar                                    | Mar.  | Jun.  | Per Sep. | Dec.  | Per   | Full Year |  |  |  |  |  |  |  |  |  |  |  |  |
| 2012   | .45   | .61   | .50      | .41   | 1.97  |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2013   | .46   | .63   | .53      | .46   | 2.08  |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2014   | .44   | .64   | .53      | .43   | 2.04  |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2015   | .42   | .62   | .53      | .43   | 2.00  |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2016   | .46   | .66   | .57      | .46   | 2.15  |           |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>QUARTERLY DIVIDENDS PAID <sup>B</sup></b> |       |       |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |
| Cal-endar                                    | Mar.  | Jun.  | Per Sep. | Dec.  | Per   | Full Year |  |  |  |  |  |  |  |  |  |  |  |  |
| 2011   | --    | .235  | .235     | .47   | .94   |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2012   | --    | .255  | .255     | .51   | 1.02  |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2013   | --    | .28   | .28      | .56   | 1.12  |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2014   | --    | .305  | .305     | .61   | 1.22  |           |  |  |  |  |  |  |  |  |  |  |  |  |
| 2015   | --    | .33   |          |       |       |           |  |  |  |  |  |  |  |  |  |  |  |  |

**The Coca-Cola Company will likely be trading water for another year.** Most notably, the strong dollar figures to cause headwinds again this year, clipping pre-tax profits by 7% or 8% and pushing earnings about 2% below 2014's tally, to \$2.00 a share. Meanwhile, volume growth (up 2% last year) is likely to remain subdued, particularly in developed markets where increasing numbers of health-conscious consumers appear to be giving the cold shoulder to carbonated beverages, both sugary and artificially sweetened. The beverage maker has been stepping up marketing support for its brands, but these efforts will likely take some time to move the needle.

**The company sees better days ahead.** Management's objective is to return to a high single-digit growth rate for earnings (excluding currency effects) in 2016 and beyond. Revenues should benefit from two-years' worth of incremental marketing and revised incentive plans that put a greater emphasis on top-line growth. Too, productivity initiatives aimed at uncovering \$3 billion in annualized savings by 2019 ought to steadily gain traction and have a

more noticeable positive impact on operating profits next year.

**Coke has been using its financial clout to put down roots in some of the more dynamic beverage categories.** It now owns 16% of Keurig Green Mountain, and is working with the maker of pod-based, hot-beverage machines on a new "Keurig Kold" system that will hit the market this fall and feature Coke-branded drinks. And earlier this year, the company finalized its purchase of a 17% stake in Monster Beverage. The transaction, which aligns Coke with one of the leading brands in the fast-growing energy drink market, should be modestly accretive to earnings in 2015.

**These shares are an unexciting selection, at the moment.** The stock has been stuck in neutral for the past couple of years, and our ranking system pegs it to underperform the broader market again in the six to 12 months ahead. Still, this equity possesses a number of attributes that will appeal to conservative investors, including our Highest (1) rank for Safety and an above-average dividend yield.

*Robert M. Greene*  
April 24, 2015

(A) Based on diluted shares. Next earnings report due late July. Excludes nonrecurring gain/(losses): '99, (16c); '00, (30c); '01, (1c); '02, (22c); '03, (9c); '04, (3c); '05, (7c); '06, (11c); '08, (27c); '10, 79c; '11, (8c); '13, (18c). (B) Div'ds historically paid about the first April, July, Oct., Dec. ■ Div'd reinvestment plan avail. (C) Includes intangibles. In '14: \$26.4 bill., \$6.04/sh. (D) In millions. (E) Reflects reclassification of sales and expenses.

|                              |     |
|------------------------------|-----|
| Company's Financial Strength | A++ |
| Stock's Price Stability      | 100 |
| Price Growth Persistence     | 60  |
| Earnings Predictability      | 100 |

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