

# COCA-COLA NYSE-KO

RECENT PRICE **42.66** P/E RATIO **22.9** (Trailing: 22.3 Median: 19.0) RELATIVE P/E RATIO **1.16** DIV'D YLD **3.5%** VALUE LINE

**TIMELINESS 3** Lowered 4/14/17  
**SAFETY 1** New 7/27/90  
**TECHNICAL 5** Lowered 3/31/17  
 BETA .75 (1.00 = Market)

High: 24.7 32.2 32.8 29.7 32.9 35.9 40.7 43.4 45.0 43.9 47.1 42.8  
 Low: 19.7 22.8 20.1 18.7 24.7 30.6 33.3 36.5 36.9 36.6 39.9 40.2

LEGENDS  
 --- 16.0 x "Cash Flow" p sh  
 ..... Relative Price Strength  
 2-for-1 split 8/12  
 Options: Yes  
 Shaded area indicates recession

**2020-22 PROJECTIONS**

Price	Gain	Ann'l Total Return
High 55	(+30%)	10%
Low 45	(+5%)	5%

Insider Decisions

to Buy	J	J	A	S	O	N	D	J	F
0	0	0	0	0	0	0	0	0	0
Options	1	0	1	0	0	2	0	0	16
to Sell	1	0	0	0	2	0	0	2	2

Institutional Decisions

to Buy	2Q2016	3Q2016	4Q2016
729	698	737	
to Sell	783	796	819

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Percent shares traded: 15, 10, 5

% TOT. RETURN 3/17 THIS STOCK VL ARITH. INDEX  
 1 yr. -5.4 20.2  
 3 yr. 20.7 22.0  
 5 yr. 33.5 78.0

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	20-22
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	10.24	9.76	8.15	7.20	8.70
.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	2.49	2.37	2.20	2.25	2.95
.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	1.91	1.85	1.90	2.55
.36	.40	.44	.50	.56	.62	.68	.76	.82	.88	.94	1.02	1.12	1.22	1.32	1.40	1.48	1.56	1.85
.15	.17	.17	.16	.19	.30	.36	.43	.43	.48	.65	.62	.58	.55	.59	.53	.55	.45	.50
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	5.91	5.38	5.25	5.00	4.95
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	4324.0	4288.0	4235.0	4175.0	4025.0
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	20.6	22.8	22.0	22.8	19.0
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	1.05	1.04	1.20	1.20	1.20	1.20
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%	3.2%	3.2%	3.2%	3.2%	3.7%

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**CAPITAL STRUCTURE as of 12/31/16**

Total Debt \$45.709 bill. Due in 5 Yrs. \$29.2 bill.  
 LT Debt \$29.684 bill. Total Int. \$725.0 mill.  
 (Total interest coverage: 15.7x)

(56% of Cap'l)

Pension Assets-12/16 \$8.4 bill. Oblig. \$9.4 bill.

Pfd Stock None

Common Stock 4,288,000,000 shs.

MARKET CAP: \$183 billion (Large Cap)

2014	2015	12/31/16
18010	19900	22201
4466	3941	3856
3100	2902	2675
7410	6652	5278
32986	33395	34010
2089	2795	2682
22682	15806	16025
7603	8329	7825
32374	26930	26532

**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 52% of 2016 net sales; Advertising expenses, 9.5% of 2016 revenues. Has about 100,000 employees. Directors and Officers own 1.5% of stock; Berkshire Hathaway, 9.3%; Vanguard, 6.7%; BlackRock, 5.7% (3/17 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.

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '14-'16 to '20-'22

Sales	7.5%	4.5%	-2.5%
"Cash Flow"	6.5%	3.5%	3.0%
Earnings	6.0%	3.0%	4.5%
Dividends	9.0%	8.5%	6.0%
Book Value	6.0%	-1.0%	-3.5%

Quarterly Sales (\$ mill.)

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2014	10576	12574	11976	10872	45998
2015	10711	12156	11427	10000	44294
2016	10282	11539	10633	9409	41863
2017	8750	9500	8600	7650	34500
2018	7100	8100	7700	7100	30000

**EARNINGS PER SHARE** Full Year

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2014	.44	.64	.53	.43	2.04
2015	.48	.63	.51	.38	2.00
2016	.45	.60	.49	.37	1.91
2017	.44	.58	.47	.36	1.85
2013	.44	.60	.48	.38	1.90

**QUARTERLY DIVIDENDS PAID** Full Year

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	--	.28	.28	.56	1.12
2014	--	.305	.305	.61	1.22
2015	--	.33	.33	.66	1.32
2016	--	.35	.35	.70	1.40
2017	--	.37			

(A) Based on diluted shares. Next earnings report due April 25th. Excludes nonrecurring gain/(losses): '01, (1c); '02, (22c); '03, (9c); '04, (3c); '05, (7c); '06, (11c); '08, (27c); '10, 79c; '11, (8c); '13, (18c); '14, (44c); '15, (\$0.33); '16, (42c). (B) Div'ds historically paid about the first April, July, Oct., Dec. Div'd reinvestment plan available. (C) Includes intangibles. In '16: \$21.1 bill., \$4.93/sh. (D) In millions, adjusted for stock split.

**The Coca-Cola Company has another eventful year ahead of it.** For instance, before 2017 is through, the beverage giant aims to complete the refranchising of its North American bottling operations and finalize the sale of its bottling assets in China. Coke should emerge from this transition as a more-focused, higher-margin business. In the near term, however, these transactions will take a big bite out of revenues (nearly 20%) and pre-tax profits (6%-8%) in 2017.

**The performance of the core business has been a mixed bag.** Overall, earnings declined 5% last year, to \$1.91 a share, and a fourth-consecutive annual decline, to \$1.85, seems likely for 2017. Absent the bottling transactions and the probable hit from foreign currency translation (3%-4% of pretax profits), results should look more encouraging. Helped along by improvements in pricing and mix, the company has been making solid progress in mature markets, such as North America. Emerging markets, though, have been more of a challenge due partly to challenging macroeconomic conditions, especially in some Latin American nations. Looking ahead,

modest earnings growth ought to resume in 2018, by which time the drag on profits from refranchising should be fairly minimal (1%-2%, pretax).

**The dividend has been increased for the 55th consecutive year.** The 6% hike in the April payout is a bit modest by past standards, and a high payout ratio (likely about 80% of 2017's profits), means an acceleration in the growth rate will probably have to wait until next decade. On the positive side, capital spending should decline in 2018 in response to refranchising efforts, which ought to free up additional cash to return to shareholders (including ongoing stock buybacks). Meanwhile, management remains on the lookout for small, bolt-on acquisitions that will bolster Coke's portfolio of still beverage brands (e.g., water, tea, and milk products).

**These shares will likely have some appeal with conservative investors.** The stock is just an Average selection (3) for year-ahead price performance, but carries our Highest rank (1) for Safety, while also offering a solid current income component (yield: 3.5%).

Robert M. Greene April 21, 2017