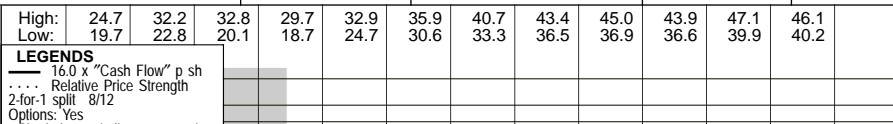


# COCA-COLA NYSE-KO

RECENT PRICE **44.33** P/E RATIO **24.0** (Trailing: 23.5) (Median: 19.0) RELATIVE P/E RATIO **1.22** DIV'D YLD **3.4%** VALUE LINE

TIMELINESS **5** Lowered 5/26/17  
SAFETY **1** New 7/27/10  
TECHNICAL **1** Raised 7/21/17  
BETA .75 (1.00 = Market)



Target Price	Range
2020	128
2021	96
2022	80
	64
	48
	40
	32
	24
	16
	12

**2020-22 PROJECTIONS**

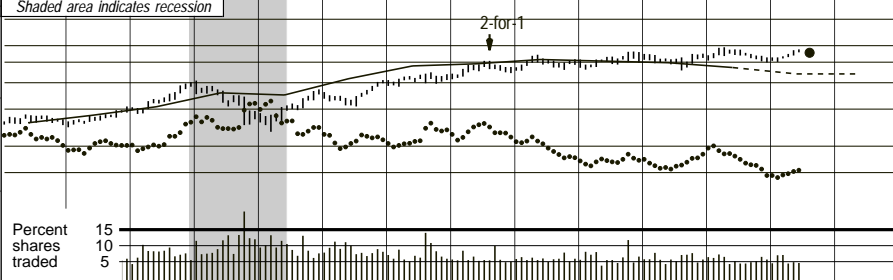
	Price	Gain	Ann'l Total Return
High	55	(+25%)	9%
Low	45	(Nil)	4%

**Insider Decisions**

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	2	0	0	16	1	0	3
to Sell	0	0	2	0	2	1	0	0	3

**Institutional Decisions**

	3Q2016	4Q2016	1Q2017
to Buy	698	737	693
to Sell	796	819	876
Hlds(000)	271457027710703004884		



**% TOT. RETURN 6/17**

	THIS STOCK	VLARITH. INDEX
1 yr.	2.3	18.8
3 yr.	16.5	20.3
5 yr.	33.7	91.4

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	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	<b>8.20</b>	<b>7.20</b>	Sales per sh	<b>8.70</b>
.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	<b>2.20</b>	<b>2.20</b>	"Cash Flow" per sh	<b>2.95</b>
.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	<b>1.85</b>	<b>1.90</b>	Earnings per sh <sup>A</sup>	<b>2.55</b>
.36	.40	.44	.50	.56	.62	.68	.76	.82	.88	.94	1.02	1.12	1.22	1.32	1.40	<b>1.48</b>	<b>1.56</b>	Div'ds Decl'd per sh <sup>B</sup>	<b>1.85</b>
.15	.17	.17	.16	.19	.30	.36	.43	.43	.48	.65	.62	.58	.55	.59	.53	<b>.55</b>	<b>.45</b>	Cap'l Spending per sh	<b>.50</b>
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	<b>5.25</b>	<b>4.95</b>	Book Value per sh <sup>C</sup>	<b>4.90</b>
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	<b>4235.0</b>	<b>4175.0</b>	Common Shs Outst'g <sup>D</sup>	<b>4025.0</b>
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	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	<b>19.0</b>
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			Relative P/E Ratio	<b>1.20</b>
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%			Avg Ann'l Div'd Yield	<b>3.7%</b>

**CAPITAL STRUCTURE as of 3/31/17**

Total Debt \$47.449 bill. Due in 5 Yrs. \$29.2 bill.  
LT Debt \$31.538 bill. Total Int. \$775.0 mill.  
(Total interest coverage: 14.6x)

(58% of Cap'l)

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

**Pfd Stock** None

**Common Stock** 4,273,000,000 shs.

**MARKET CAP: \$189 billion (Large Cap)**

28857	31944	30990	35123	46554	48017	46854	45998	44294	41863	<b>34750</b>	<b>30000</b>	Sales (\$mill)	<b>35000</b>
30.0%	30.3%	30.5%	31.4%	27.9%	26.6%	28.3%	28.1%	27.9%	28.1%	<b>31.5%</b>	<b>37.0%</b>	Operating Margin	<b>38.0%</b>
1163.0	1228.0	1236.0	1443.0	1954.0	1982.0	1977.0	1976.0	1970.0	1787.0	<b>1400</b>	<b>1175</b>	Depreciation (\$mill)	<b>1325</b>
5981.0	7050.0	6824.0	8144.0	8932.0	9019.0	9374.0	9091.0	8797.0	8354.0	<b>7970</b>	<b>8025</b>	Net Profit (\$mill)	<b>10485</b>
24.0%	22.2%	22.8%	22.7%	23.9%	23.1%	23.0%	22.5%	22.5%	24.0%	<b>22.5%</b>	<b>24.0%</b>	Income Tax Rate	<b>24.0%</b>
20.7%	22.1%	22.0%	23.2%	19.2%	18.8%	20.0%	19.8%	19.9%	20.0%	<b>22.9%</b>	<b>26.8%</b>	Net Profit Margin	<b>30.0%</b>
d1120	d812.0	3830.0	3071.0	1214.0	2507.0	3493.0	612.0	6465.0	7478.0	<b>7750</b>	<b>7250</b>	Working Cap'l (\$mill)	<b>3000</b>
3277.0	2781.0	5059.0	14041	13656	14736	19154	19063	28407	29684	<b>29500</b>	<b>29500</b>	Long-Term Debt (\$mill)	<b>29500</b>
21744	20472	24799	31003	31635	32790	33173	30320	25554	23062	<b>22235</b>	<b>20585</b>	Shr. Equity (\$mill)	<b>19635</b>
24.2%	30.6%	23.4%	18.5%	20.2%	19.4%	18.3%	18.7%	16.5%	16.3%	<b>16.0%</b>	<b>17.0%</b>	Return on Total Cap'l	<b>22.0%</b>
27.5%	34.4%	27.5%	26.3%	28.2%	27.5%	28.3%	30.0%	34.4%	36.2%	<b>36.0%</b>	<b>39.0%</b>	Return on Shr. Equity	<b>53.5%</b>
13.0%	17.2%	12.2%	13.1%	14.6%	13.5%	13.3%	12.3%	12.0%	10.0%	<b>7.0%</b>	<b>6.5%</b>	Retained to Com Eq	<b>14.5%</b>
53%	50%	56%	50%	48%	51%	53%	59%	65%	72%	<b>80%</b>	<b>83%</b>	All Div'ds to Net Prof	<b>73%</b>

**CURRENT POSITION**

	2015	2016	3/31/17
Cash Assets	19900	22201	25205
Receivables	3941	3856	3702
Inventory (Avg Cst)	2902	2675	2885
Other	6652	5278	8459
Current Assets	33395	34010	40251
Accts Payable	2795	2682	2750
Debt Due	15806	16025	15911
Other	8329	7825	9995
Current Liab.	26930	26532	28656

**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). CEO: James Quincey, Inc.: DE. Address: One Coca-Cola Plaza, Atlanta, GA 30313. Tel.: 404-676-2121. Web: www.coca-cola.com.

**ANNUAL RATES**

Past 10 Yrs. of change (per sh)	Past 5 Yrs.	Est'd '14-'16 to '20-'22
Sales	7.5%	4.5%
"Cash Flow"	6.5%	3.5%
Earnings	6.0%	3.0%
Dividends	9.0%	8.5%
Book Value	6.0%	-1.0%

**The Coca-Cola Company is making progress in its refranchising efforts.** Management's objective, announced in early 2016, is to have all of its North American bottling operations refranchised by the end of this year. With the recent signing of letters of intent involving operations in California and the New York tri-state area, Coke now has deals in place covering about 80% of its domestic bottler-delivered distribution volume. These changes are taking a bite out of revenues and profits (more below), but should position the company as a higher-margin, less capital-intensive business.

justed pretax profits ought to rise at a modestly faster clip (7%-9%). **A profit recovery should get under way in 2018.** Generating growth will be a top priority for new CEO James Quincey, who was promoted to the corner office in May, but any progress will likely continue to be obscured on the top line by the absence of bottling-related revenues. That said, the refranchise-related earnings drag should moderate, perhaps trimming 1%-2% from pretax profits. Meanwhile, Coke has expanded its productivity program, with an eye toward generating another \$800 million in savings by 2019. At least half of this will likely be reinvested in the business, though some should reach the bottom line next year.

**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	9118	<b>9500</b>	<b>8500</b>	<b>7632</b>	<b>34750</b>
2018	<b>7100</b>	<b>8100</b>	<b>7700</b>	<b>7100</b>	<b>30000</b>

**Earnings continue to edge lower.** Share net has declined in each of the past three years, and this trend is likely to continue in 2017. This year's weakness largely reflects the drag from structural changes, especially refranchising, and currency translation effects. Absent these headwinds, the beverage giant looks to be making decent strides. While increasing volumes has been a struggle, favorable pricing and mix changes are helping to support organic revenues, which are likely to climb at a low single-digit clip. Too, ad-

**This stock is ranked to lag the market in the year ahead.** Too, a modestly elevated P/E ratio leaves it with unexciting price appreciation potential to 2020-2022. Still, this equity offers a number of attributes, including a top score for Price Stability (100) and above-average dividend yield (3.4%), that are likely to resonate with conservative investors.

**EARNINGS PER SHARE <sup>A</sup>**

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	.43	<b>.58</b>	<b>.47</b>	<b>.37</b>	<b>1.85</b>
2018	<b>.44</b>	<b>.60</b>	<b>.48</b>	<b>.38</b>	<b>1.90</b>

**QUARTERLY DIVIDENDS PAID <sup>B</sup>**

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	.37		

(A) Based on diluted shares. Next earnings report due July 26th. 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.

Company's Financial Strength		A++
Stock's Price Stability		100
Price Growth Persistence		40
Earnings Predictability		100

July 21, 2017

Robert M. Greene