

COCA-COLA NYSE-KO

RECENT PRICE **43.99** P/E RATIO **21.7** (Trailing: 23.0 Median: 19.0) RELATIVE P/E RATIO **1.17** DIV'D YLD **3.5%**

VALUE LINE

TIMELINESS 4 Raised 11/3/17	High: 32.2	32.8	29.7	32.9	35.9	40.7	43.4	45.0	43.9	47.1	47.5	48.6							Target Price Range																																			
SAFETY 1 New 7/27/90	Low: 22.8	20.1	18.7	24.7	30.6	33.3	36.5	36.9	36.6	39.9	40.2	42.2							2021	2022	2023																																	
TECHNICAL 3 Lowered 4/13/18	<p>LEGENDS — 16.0 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 8/12 Options: Yes Shaded area indicates recession</p>																																																					
BETA .70 (1.00 = Market)	<p>2021-23 PROJECTIONS</p> <table border="1"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total Return</th> </tr> <tr> <td>High 60</td> <td>(+35%)</td> <td>11%</td> </tr> <tr> <td>Low 50</td> <td>(+15%)</td> <td>7%</td> </tr> </table>																			Price	Gain	Ann'l Total Return	High 60	(+35%)	11%	Low 50	(+15%)	7%																										
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2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC		21-23
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	8.31	7.35	7.70	Sales per sh		9.05
.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	2.23	2.40	2.60	"Cash Flow" per sh		3.20
.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	1.91	2.10	2.25	Earnings per sh ^A		2.80
.40	.44	.50	.56	.62	.68	.76	.82	.88	.94	1.02	1.12	1.22	1.32	1.40	1.48	1.56	1.66	Div'ds Decl'd per sh ^B		1.95
.17	.17	.16	.19	.30	.36	.43	.43	.48	.65	.62	.58	.55	.59	.53	.39	.45	.40	Cap'l Spending per sh		.45
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	4.01	4.20	4.25	Book Value per sh		4.45
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	4259.0	4225.0	4175.0	Common Shs Outst'g ^D		4025.0
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	23.2	Bold figures are Value Line estimates	Avg Ann'l P/E Ratio		20.0	
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	1.16	Relative P/E Ratio		1.10		
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%	3.3%	Avg Ann'l Div'd Yield		3.5%		

CAPITAL STRUCTURE as of 12/31/17				2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC		21-23
Total Debt \$47.685 bill. Due in 5 Yrs. \$31.4 bill.				31944	30990	35123	46554	48017	46854	45998	44294	41863	35410	31000	32250	Sales (\$mill)		36500						
LT Debt \$31.182 bill. Total Int. \$800.0 mill.				30.3%	30.5%	31.4%	27.9%	26.6%	28.3%	28.1%	27.9%	28.1%	30.9%	37.5%	38.0%	Operating Margin		38.5%						
(Total interest coverage: 14.5x)				1228.0	1236.0	1443.0	1954.0	1982.0	1977.0	1976.0	1970.0	1787.0	1260.0	1175	1225	Depreciation (\$mill)		1350						
(65% of Cap'l)				7050.0	6824.0	8144.0	8932.0	9019.0	9374.0	9091.0	8797.0	8354.0	8240.0	9065	9600	Net Profit (\$mill)		11445						
Pension Assets-12/17 \$8.8 bill. Oblig. \$9.5 bill.				22.2%	22.8%	22.7%	23.9%	23.1%	23.0%	22.5%	22.5%	22.5%	21.0%	21.0%	21.0%	Income Tax Rate		21.0%						
Pfd Stock None				22.1%	22.0%	23.2%	19.2%	18.8%	20.0%	19.8%	19.9%	20.0%	23.3%	29.2%	29.8%	Net Profit Margin		31.4%						
Common Stock 4,259,000,000 shs.				d812.0	3830.0	3071.0	1214.0	2507.0	3493.0	612.0	6465.0	7478.0	9351.0	9750	9250	Working Cap'l (\$mill)		8750						
MARKET CAP: \$187 billion (Large Cap)				2781.0	5059.0	14041	13656	14736	19154	19063	28407	29684	31182	30500	30500	Long-Term Debt (\$mill)		31500						
CURRENT POSITION				20472	24799	31003	31635	32790	33173	30320	25554	23062	17072	17700	17640	Shr. Equity (\$mill)		17990						
2015				30.6%	23.4%	18.5%	20.2%	19.4%	18.3%	18.7%	16.5%	16.3%	17.6%	19.5%	21.0%	Return on Total Cap'l		24.0%						
2016				34.4%	27.5%	26.3%	28.2%	27.5%	28.3%	30.0%	34.4%	36.2%	48.3%	51.0%	54.5%	Return on Shr. Equity		63.5%						
2017				17.2%	12.2%	13.1%	14.6%	13.5%	13.3%	12.3%	12.0%	10.0%	11.2%	13.5%	14.5%	Retained to Com Eq		19.0%						
2018				50%	56%	50%	48%	51%	53%	59%	65%	72%	77%	74%	74%	All Div'ds to Net Prof		70%						

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2015	10711	12156	11427	10000	44294
2016	10282	11539	10633	9409	41863
2017	9118	9702	9078	7512	35410
2018	7300	8400	7950	7350	31000
2019	7300	8900	8400	7650	32250

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2015	.48	.63	.51	.38	2.00
2016	.45	.60	.49	.37	1.91
2017	.43	.59	.50	.39	1.91
2018	.45	.63	.56	.46	2.10
2019	.49	.68	.59	.49	2.25

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	--	.305	.305	.61	1.22
2015	--	.33	.33	.66	1.32
2016	--	.35	.35	.70	1.40
2017	--	.37	.37	.74	1.48
2018	--	.39	.39	.78	1.56

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.

Coca-Cola's refranchising efforts are drawing to a close. The company completed the refranchising of its U.S. bottling operations last fall, and recently signed a letter of intent to sell its bottling business in Canada. (The latter transaction ought to be finalized in the second half of 2018.) This transition, which has also included initiatives in a number of key foreign markets, has contributed to a stagnant profit performance in recent years, but should result in a higher-margin, capital-light business model moving forward.

Earnings growth should resume in 2018. The bottom line has been stuck in neutral since 2013, but ought to advance about 10% this year. Refranchising and other structural changes will again take a big bite out of revenues (likely 17%), but figure to be a relatively modest drag on operating income (2%). Meanwhile, price and mix improvements helped to drive last year's 3% advance in organic revenues (excludes refranchising, currency fluctuations, and other factors) and, backed by relatively benign economic prospects in the U.S. and overseas, the pace of growth stands a good chance of accelerating

slightly in 2018. Too, incremental benefits from productivity initiatives and a modest reduction in the effective tax rate should also aid profits, though the bottom-line advance is likely to be skewed toward the second half.

The company has hiked its quarterly dividend 5%. This marks the 56th consecutive annual increase in the payout, which should total \$1.56 a share for 2018. With this hike, KO shares now offer a yield of 3.5%, about 150 basis points above typical dividend-paying equity in the Value Line universe.

This stock is best suited for conservative accounts. Indeed, it carries our Highest rank (1) for Safety and gets a top score (100) for Price Stability. These attributes may well have some added appeal for investors concerned of late about the uptick in volatility exhibited by the broader equity markets. Otherwise, most investors can probably find more compelling selections elsewhere. The stock is an untimely selection for the year ahead, and its risk-adjusted, total return potential to 2021-2023 is unexceptional, in our view.

Robert M. Greene
April 20, 2018

(A) Based on diluted shares. Next earnings report due April 24th. Excludes nonrecurring gain/(losses): '02, (22¢); '03, (9¢); '04, (3¢); '05, (7¢); '06, (11¢); '08, (27¢); '10, 79¢; '11, (8¢); '13, (18¢); '14, (44¢); '15, (33¢); '16, (42¢); '17, (\$1.64). (B) Div'ds historically paid about the first April, July, Oct., Dec. ■ Div'd reinvestment plan available.	(C) Includes intangibles. In '17: \$16.6 bill., \$3.91/sh.	(D) In millions, adjusted for stock split.	Company's Financial Strength	A++
			Stock's Price Stability	100
			Price Growth Persistence	35
			Earnings Predictability	100