

ModernGraham Valuation

Company Name:

The Coca-Cola Co

Company Ticker KO

Date of Analysis

7/28/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$182,611,259,722	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.18	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	28.91%	Fail
6. Moderate PEmg Ratio	PEmg < 20	24.57	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.68	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.18	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.89	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.78
MG Growth Estimate	-1.22%
MG Value	\$10.76
MG Value based on 3% Growth	\$25.76
MG Value based on 0% Growth	\$15.10
Market Implied Growth Rate	8.03%

MG Opinion

Current Price	\$43.65
% of Intrinsic Value	405.77%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$6.81
Graham Number	\$15.60
PEmg	24.57
Current Ratio	1.18
PB Ratio	7.68
Current Dividend	\$1.34
Dividend Yield	3.07%
Number of Consecutive Years of Dividend Growth	20

Useful Links: [ModernGraham tagged articles](#) [Morningstar](#)
[Google Finance](#) [MSN Money](#)
[Yahoo Finance](#) [Seeking Alpha](#)
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.88	Next Fiscal Year Estimate	\$1.78
Dec2015	\$1.67	Dec2015	\$1.75
Dec2014	\$1.60	Dec2014	\$1.85
Dec2013	\$1.90	Dec2013	\$1.96
Dec2012	\$1.97	Dec2012	\$1.93
Dec2011	\$1.85	Dec2011	\$1.84
Dec2010	\$2.53	Dec2010	\$1.73
Dec2009	\$1.47	Dec2009	\$1.29
Dec2008	\$1.25	Dec2008	\$1.18
Dec2007	\$1.29	Dec2007	\$1.11
Dec2006	\$1.08	Dec2006	\$0.99
Dec2005	\$1.02	Dec2005	\$0.92
Dec2004	\$1.00	Dec2004	\$0.83
Dec2003	\$0.89	Dec2003	\$0.71
Dec2002	\$0.62	Dec2002	\$0.62
Dec2001	\$0.80	Dec2001	\$0.63
Dec2000	\$0.44	Dec2000	\$0.57
Dec1999	\$0.49	Balance Sheet Information 3/1/2016	
Dec1998	\$0.71	Total Current Assets	\$36,510,000,000
Dec1997	\$0.82	Total Current Liabilities	\$30,987,000,000
Dec1996	\$0.69	Long-Term Debt	\$26,990,000,000
		Total Assets	\$91,263,000,000
		Intangible Assets	\$24,030,000,000
		Total Liabilities	\$66,349,000,000
		Shares Outstanding (Diluted Average)	4,382,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [5 Most Overvalued Dow Components – May 2015](#)
- [5 Speculative and Overvalued Companies to Avoid – March 2015](#)
- [5 Most Overvalued Dow Components – February 2015](#)
- [23 Companies in the Spotlight This Week – 3/9/15](#)
- [The Coca-Cola Company Annual Valuation – 2015 \\$KO](#)

Other ModernGraham posts about related companies

- [Monster Beverage Corp Valuation – July 2016 \\$MNST](#)
- [Campbell Soup Company Valuation – July 2016 \\$CPB](#)
- [Kellogg Company Valuation – July 2016 \\$K](#)
- [Hershey Co Valuation – July 2016 \\$HSY](#)
- [PepsiCo Inc Valuation – July 2016 \\$PEP](#)
- [Mead Johnson Nutrition Valuation – June 2016 \\$MJN](#)
- [B&G Foods Inc Valuation – March 2016 \\$BGS](#)
- [Hormel Foods Corp Stock Valuation – February 2016 \\$HRL](#)
- [J.M. Smucker Co Valuation – February 2016 \\$SJM](#)
- [Archer-Daniels Midland Co Valuation – February 2016 \\$ADM](#)