

ModernGraham Valuation

Company Name:

The Coca-Cola Co

Company Ticker

KO

Date of Analysis

2/23/2018



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	\$187,639,750,395	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.34	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-35.33%	Fail
5. Earnings Growth	PEmg < 20	32.11	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	11.13	Fail
7. Moderate Price to Assets			

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	1.34	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.33	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.37
MG Growth Estimate	-3.88%
MG Value	\$1.02
MG Value based on 3% Growth	\$19.88
MG Value based on 0% Growth	\$11.66
Market Implied Growth Rate	11.81%

MG Opinion

Current Price	\$44.04
% of Intrinsic Value	4305.76%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.94
Graham Number	\$13.43
PEmg	32.11
Current Ratio	1.34
PB Ratio	11.13
Current Dividend	\$1.48
Dividend Yield	3.36%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$2.00	Dec2017	\$1.37
Dec2016	\$0.29	Dec2016	\$1.17
Dec2015	\$1.49	Dec2015	\$1.65
Dec2014	\$1.67	Dec2014	\$1.75
Dec2013	\$1.60	Dec2013	\$1.85
Dec2012	\$1.90	Dec2012	\$1.96
Dec2011	\$1.97	Dec2011	\$1.93
Dec2010	\$1.85	Dec2010	\$1.84
Dec2009	\$2.53	Dec2009	\$1.73
Dec2008	\$1.47	Dec2008	\$1.29
Dec2007	\$1.25	Dec2007	\$1.18
Dec2006	\$1.29	Dec2006	\$1.11
Dec2005	\$1.08	Dec2005	\$0.99
Dec2004	\$1.02	Dec2004	\$0.92
Dec2003	\$1.00	Dec2003	\$0.83
Dec2002	\$0.89	Dec2002	\$0.71
Dec2001	\$0.62	Dec2001	\$0.62
Dec2000	\$0.80	Balance Sheet Information 12/1/2017	
Dec1999	\$0.44	Total Current Assets	\$36,545,000,000
Dec1998	\$0.49	Total Current Liabilities	\$27,194,000,000
	\$0.71	Long-Term Debt	\$31,182,000,000
		Total Assets	\$87,896,000,000
		Intangible Assets	\$16,636,000,000
		Total Liabilities	\$70,824,000,000
		Shares Outstanding (Diluted Average)	4,315,000,000





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

- [Campbell Soup Company Valuation – September 2017 \\$CPB](#)
- [Post Holdings Inc Valuation – Initial Coverage \\$POST](#)
- [Dean Foods Co Valuation – Initial Coverage \\$DF](#)
- [George Weston Limited Valuation – Initial Coverage \\$TSE:WN](#)
- [Tyson Foods Inc Valuation – July 2017 \\$TSN](#)
- [Darling Ingredients Inc Valuation – Initial Coverage \\$DAR](#)
- [Mondelēz International Inc Valuation – March 2017 \\$MDLZ](#)
- [Calavo Growers Inc Valuation – Initial Coverage \\$CVGW](#)
- [Hormel Foods Corp Valuation – March 2017 \\$HRL](#)
- [Lancaster Colony Corp Valuation – Initial Coverage \\$LANC](#)