

ModernGraham Valuation

Company Name:

The Coca-Cola Co

Company Ticker KO

Date of Analysis

4/7/2019



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	\$198,666,736,888	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.05	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	-39.21%	Fail
5. Earnings Growth	PEmg < 20	31.87	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	10.50	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	1.05	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	17.98	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	\$1.46
MG Growth Estimate	-2.50%
MG Value	\$5.11
MG Value based on 3% Growth	\$21.14
MG Value based on 0% Growth	\$12.39
Market Implied Growth Rate	11.69%

MG Opinion

Current Price	\$46.47
% of Intrinsic Value	909.65%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.79
Graham Number	\$13.61
PEmg	31.87
Current Ratio	1.05
PB Ratio	10.50
Current Dividend	\$1.56
Dividend Yield	3.36%
Number of Consecutive Years of Dividend Growth	20

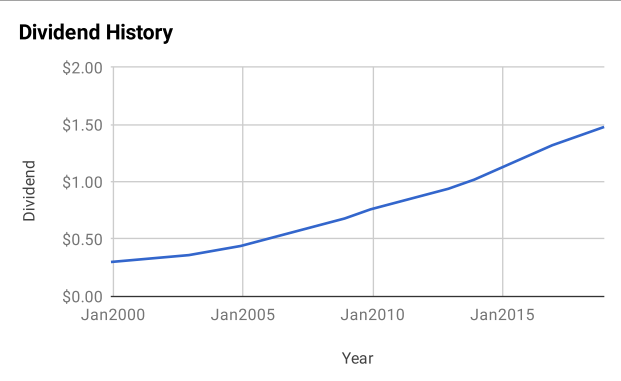
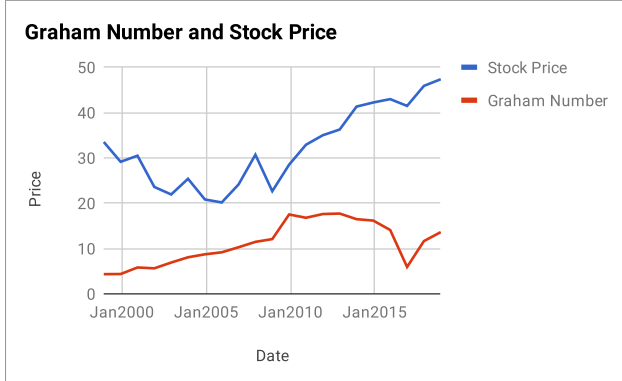
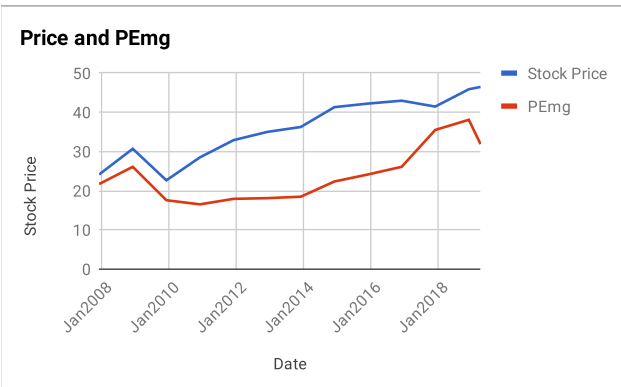
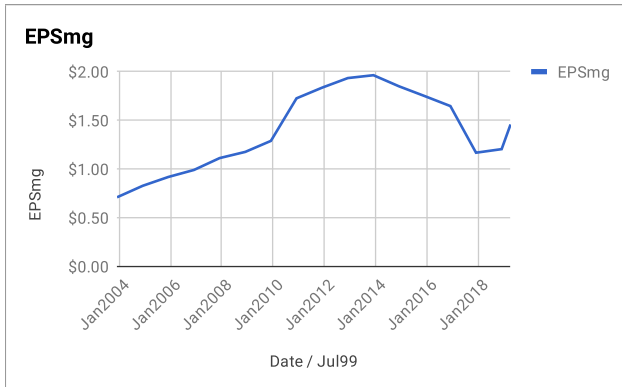
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.07	Next Fiscal Year Estimate	\$1.46
Dec2018	\$1.50	Dec2018	\$1.20
Dec2017	\$0.29	Dec2017	\$1.17
Dec2016	\$1.49	Dec2016	\$1.65
Dec2015	\$1.67	Dec2015	\$1.75
Dec2014	\$1.60	Dec2014	\$1.85
Dec2013	\$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	Balance Sheet Information 12/1/2018	
Dec2001	\$0.80	Total Current Assets	\$30,634,000,000
Dec2000	\$0.44	Total Current Liabilities	\$29,223,000,000
Dec1999	\$0.49	Long-Term Debt	\$25,364,000,000
		Total Assets	\$83,216,000,000
		Intangible Assets	\$17,270,000,000
		Total Liabilities	\$64,158,000,000
		Shares Outstanding (Diluted Average)	4,305,000,000





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 Overvalued Dow Components – January 2019](#)
 - [Coca-Cola Co Valuation – November 2018 \\$KO](#)
 - [10 Most Overvalued Stocks of the S&P 500 – July 2018](#)
 - [5 Overvalued Dow Components – June 2018](#)
 - [5 Overvalued Dow Components – February 2018](#)

- Other ModernGraham posts about related companies**
 - [Tyson Foods Inc Valuation – March 2019 #TSN](#)
 - [Mondelez International Inc Valuation – March 2019 #MDLZ](#)
 - [Hormel Foods Corp Valuation – March 2019 #HRL](#)
 - [JM Smucker Co Valuation – March 2019 #SJM](#)
 - [Lamb Weston Holdings Inc Valuation – March 2019 #LW](#)
 - [Kraft Heinz Co Valuation – March 2019 #KHC](#)
 - [Sysco Corp Valuation – March 2019 \\$SYY](#)
 - [General Mills Inc Valuation – February 2019 \\$GIS](#)
 - [McCormick & Co Valuation – February 2019 \\$MKC](#)
 - [Archer-Daniels Midland Co Valuation – February 2019 \\$ADM](#)