Financial Analysis Final

Coca-Cola

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Purpose of Analysis

In describing this firms industry and specific lines of business one must realize that firms, themselves, have value and this value needs to be understood by the managers of said firm. The purpose of this paper is to prepare a Financial Statement Analysis that demonstrates a business's model and strategy in its environment; to analyze the sustainability of the profits generated by that strategy. The content of the firm's annual report and other business operations reports will provide data through which application of financial analysis techniques will be performed. This data is available in Appendix 1 and will as linked in the references (Coke, 2017). Specific analysis techniques include vertical, horizontal, and trend analysis will be used. These will evaluate business performance through ratio analysis aside industry comparison. One of the final goals of this paper will be to provide an analysis sufficiently detailed for one to decide investment is wise. Understanding the risk and profitability a company represents may be shown through any of the reported financial information in their respective areas. With this is mind, annual reports play a vital role in the identification of overall performance. Lastly, this paper may be seen as an extension of a previous paper written by Jennifer M. Harding (2014) who used the same company, however, the time frame of her paper was 2011-2013 and different topics were addressed. This paper will analyze Coca-Cola, from years 2013 thru 2016 alongside of PepsiCo. Coca-Cola, one of the most recognizable brands in the world and a firm with much history, was selected due to the overabundance of available data online. This is a popular company; it's popularity was not so much spurned by the product but by the brilliant marketing of the firm. From the "I'd like to buy the world a coke" theme song, to mean Joe Green becoming a softy for a coke, marketing strategies have made Coca-Cola the largest beverage company in the world (CNBC, 2009). "So have a Coke and a smile."

Business Strategy

Company Background and History

An American multinational beverage corporation Coca-Cola is a manufacturer, marketer, and retailer of soft drinks and concentrated syrups. Further, Coca Cola's distribution centers partner with several other companies in need of product dissemination. Coca-Cola's inventor was John Stith Pemberton, known as "Doc" Pemberton, a pharmacist presiding in Columbus Georgia. The plan was to add caffeine and cocaine into a soft drink. It is said that Doc had incurred a sword injury while in battle which required medication. This lead to the soft drink we know today which then was dispersed from a fountain (Allen, 2005). Little was it understood that they would fulfill an edict set forth by--George I Louis--Duke of Saxony in 1705-1727 who ordered the alchemist Bötgen to change lead to gold (Grabbe, 1942). In 1889 the Coca-Cola brand was bought by Asa Griggs Candler from the "Doc" as a result of his impending death. Mr. Griggs incorporated Coca-Cola Company in 1892 and by the turn of the century was claimed to be the richest man in Atlanta (Pendergrast, 2013). The company model was a franchised bottling system dating from 1889 when Mr. Griggs thought there no money to be had in the bottling of the product. However, soon when the bottled version outsold the fountain it was thought that a poor business decision was made (CNBC, 2009). As a result, when economic hardship began to fall upon franchised bottling companies Coke began purchasing up franchises and today owns over 35% of its own bottling companies. Muhtar A. Kent is currently the Chairman and Chief Executive Officer (CEO) of The Coca-Cola Company. Kent feels that Coke has a historical heritage in the US and is working to reclaim its position. Using marketing research he is returning to the “former things that worked well” like the iconic bottle shape. It is estimated that the return to the shape alone produced a one million bottle increase in sales (CNBC, 2009).

Major Operations

Because of the remaining 17 main bottling franchises in U.S Coca-Cola does not own or control all of their bottling franchises. From a legal or managerial perspective, the company is not a single entity. Though the brand "Coca-Cola," makes a singular appearance in actuality bottling is done through multiple local channels to keep it as close to the consumer as possible. Coca-Cola itself began only selling concentrates for its core products—70% of which is in the sparkling water category. Coca-Cola’s partners used to manufacture, bottle, merchandise and distribute Coca-Cola branded beverages to customers. At the same time, these distributors delivered all the non-carbonated pre-bottled items such as vitamin water and smart water which the company recently purchased for 4.2 billion dollars (CNBC, 2009).

Distribution

Coca-Cola’s portfolio includes an amazing assortment of brands. These brands include Vitamin Water, Smart Water, Fanta, Sprite, Powerade, Minute Maid, Simply, Monster brands, as well as all the Coca-Cola, labeled diet drinks, and flavored versions. Over 500 brands in total--70 in the U.S. alone (CNBC, 2009). On July 23, 2016, Pepsi announced that it was teaming up with Starbucks in a distribution venture to seize the growing cold coffee movement (Starbucks.com, 2016). As a result in 2017, Coca-Cola announced that it had teamed up with Duncan Donuts in their 2.3 billion dollar profitable ready-to-drink coffees venture (Coke, 2017). The world’s largest beverage distribution system, consumers in 206 countries will enjoy ready-to-drink coffees with the same availability they enjoy Coca-Cola—which is at a rate of 1.9 billion servings or 100 million gallons every day (CNBC, 2009; Profile, 2014).

Beverages bearing the trademarks "Coca-Cola" or "Coke" account for approximately 73% of total sales (Appendix 3). According to the 2016 Coca-Cola at a glance page, Coca-Cola had the following sales:

- 20% in North America
- 28% in Latin America
- 29% Europe, Middle East, and Africa
- 23% in Asia Pacific

In 2010, it was publicized that Coca-Cola had become the first brand to top £1 billion in annual UK sales (Harding, 2014). As a result of Cokes resilience and progress orientated vision, Coke is the best-selling soft drink in countries like Africa where being a vendor could be the difference between life or death. As a result of such efforts, Coca-Cola was recognized in 2010 as the number one global brand (Harding, 2014). In the Middle-East Pepsi-Cola is holding 75% of the market share, but Coke is still a contender with 25% and also enjoyed double-digit growth in 2003 (Profile,2014). Cokes downfall started with the "Pepsi Challenge" which heralded Coca-Cola's greatest blunder--namely changing the formula in 1985 (CNBC, 2009). In way of competitors, in Scotland, the locally produced Irn-Bru was more popular than Coke 2005. However, figures show that both Coca-Cola and Diet Coke are now outselling all competitors there. Peru has a similar story. Inca Kola in times past had been the popular choice. This prompted Coca-Cola to enter in negotiations with Inca resulting in a purchase of approximately 20% of its stakes in 1999 (Times, 1999). Currently, that figure has risen to about 50% (Harding, 2014). Japan likes its tea and coffee more than soft drinks, however, their best selling brand, Georgia, is included as one of the 500 brands owned by Coca-Cola.

Coca-Cola has been a publicly traded since 1919 according to annual reports in

Appendix 1. At that time the price was $40 per share. If all dividends were reinvested that share would be worth an amount above $9.8 million dollars. One of the 30 stocks which makes up the Dow Jones list, which is commonly referenced as the performance stock of the stock market, Coca-Cola claimed this fame in 1987, 1932 and 1935 (Harding, 2014). Coca-Cola has paid increasing dividends each year congruently for 49 years (Appendix 1; Company Records, 2). Stock can be purchased through Computershare Trust Company.

In the way of description it is thought the best definition is offered by Coke in it's 2016 10k which states, “We make our branded beverage products available to consumers throughout the world through our network of Company-owned or -controlled bottling and distribution operations as well as independent bottling partners, distributors, wholesalers, and retailers — the world's largest beverage distribution system. Beverages bearing trademarks owned by or licensed too Coke account for more than 1.9 billion of the approximately 59 billion servings of all beverages consumed worldwide every day”(Coke, 2017).

The risks facing this company are many. It is beyond the purview of this paper to address them all. Some of the risks addressed are Obesity and other health concerns, the fluctuation of foreign currency, increase in the cost, disruption of the supply of fuels, inability to achieve overall long-term growth objectives, global credit market conditions, default by or failure of one or more of counterparty financial institutions. Mostly these topics will be addressed during separate parts of this analysis—for now, the following is offered.

Obesity and other health concerns remain at the top of the list for Coke. Governmental regulations regarding the packaging, marketing, and labeling of sugar-sweetened beverages affect the overall profitability of sugar based products. In addition, obesity in the US has spurned negative publicity for the products of Coca-Cola.

In 2014 thru 2016 hyperinflation has been occurring in Venezuela (Coke, 2017; Insider, 2017). This and other fluctuations in foreign currency has brought financial hardship toward Coca-Cola. This resulted in a capital source change that may result in the end of the firm. In turn, this will also have an effect on global credit and may even result in default or failure of one or more of Cokes counterparties.

The increase in the cost of fuel is a major player for coke as it is the biggest distribution platform worldwide. Higher fuel prices mean higher costs and lower profits for a company that is already struggling to pay its bills.

Failure to meet its growth projections may result in the selling off of capital and assets in order to stay afloat. In an economic current, a firm must have forward momentum in order to just remain—the alternative is being swept away by the current. As a result, Coca- Cola purchased major shares in Monster and Keurig. The purchase of two major brand names increases the debt-equity ratio severely. These and the other topic will be addressed as this analysis goes forward. The question of why the firms return on equity will or will not revert to its cost of capital will also be addressed.

Nonalcoholic Drink Industry Defined

Nonalcoholic drinks or beverages are basically any drink that has no alcohol. Bottling facilities are those companies that bottle, package, and distribute beverages; "bottling facilities differ in the types of bottling lines they operate and the types of products they can run" (Sharma, 2014). Other bits of required information include the knowledge if said beverage is canned or bottled, hot-fill or cold-fill, and natural or conventional. Innovations in the beverage industry, non-alcoholic beverages are mostly catalyzed by requests. This is done on location at the plant. Also included in this category are processing, packing, and beverage plants (Sharma, 2014).

Accounting

Competition: Many of Cokes competitors were mentioned above. In further definition, Coca-Cola competes with others in the nonalcoholic segment of the commercial beverages industry. This segment is highly competitive. These include firms like Pepsi-Cola who competes in multiple geographic areas. Pepsi products include non-alcoholic sparkling beverages; water products, flavored and enhanced water products; fruit drinks and diluties and several other products (Profile, 2014). A short list of other competitors is Kraft Foods Inc, Nestlé, Snapple Group, Inc. Groupe Danone. and Dr. Pepper to name a few (Profile, 2014).

Competitive factors for these areas include programs pricing, advertising, product innovation, production techniques, new packaging, and vending (Coke, 2017, Appendix 1,3). The competitive strengths for Coke are historical value, 20 billion dollar brands, a worldwide network for distribution and bottling. Coca-Cola's competitive challenges include a strong competition in all the world, but the growing change in food preference and health iconify the hurdle that appears to be its largest. With the growing trend of health, and soft drinks being vilified as a culprit of poor health Coke is forced to grow into other markets such as Vita Coco—a 100% pure coconut water drink (CNBC, 2009; Company records, 2). Out of Cokes competitor PepsiCo is thought to be its main rival, as such, this analysis compares the two.

Accounting: In an analysis of this firm's accounting a reflection of the underlying business reality is exposed. The reality is this firm is under attack by several culprits. With the changing tastes of the world from sugar based beverages to health—a trend that is only going to increase, the added fluctuations of world currency heralding the end of Coke, there is the addition of the financial times reported restructuring of Coca-Cola (structure, 2017). The plan now is for Coke to produce its own product –not just the syrup—and distribute it through six main bottling companies (Times, 2014). This has produce further financial hardship and resulted in the loss of jobs for many employed by Coke. In addition to all this, Coke has a reported $587 million dollars in off-balance debt (Coke, 2017). VIE's are the reported source. Compiling the debt, is the acquisition of Monster and Keurig along with the team up with Duncan brings in off-balance debt yet to be seen. Also, the former enduring business model still is active in places throughout the world. Lawsuits resulting from vendor inefficiencies have price tags for Coke that have yet to be announced. This may be one of many reasons this firm is in restructuring mode.

Financial Analysis

Profitability

Coca Cola EBIT	2013	2014	2015	2016	2013	2014	2015	2016
Earnings before taxes (EBT)	**$11,477**	**$9,325**	**$9,605**	**$8,136**	**0.0%**	**-18.8%**	**-16.3%**	**-29.1%**

Earnings Before Interest and Tax PepsiCo								
2013	2014	2015	2016		2013	2014	2015	2016
$9,802,000	$9,666,000	$8,412,000	$9,895,000		0.0%	-1.4%	-14.2%	0.9%

Overview: Looking at the earnings before taxes it is noted that the two competitors Coke and Pepsi are in the same neighborhood. However, while Pepsi has enjoyed a 0.9% increase for 2016 Coke dropped an amazing 29.1% in comparing the Coke listing (Appendix 3) and the Pepsi listing (Nasdaq, 2017). As this analysis continues this will not be the only red flag waved.

Analyzing Ratios: Working capital seems a good place to start. Please note that all tables for Coke are sourced from Appendix 3 and all tables for Pepsi are sourced from MorningStar Financials (Financials, 2017).

Ratios:

- **Working capital**

Working Capital is a measure of both short-term financial health and efficiency. Working capital is abbreviated WC and represents operating liquidity.

Working capital = current assets – current liabilities

Working capital is reported to be improving from 2011-2013 in Ms. Hardings Paper, however, in this analysis, those numbers seem incorrect. WC for Coke suffered a major slump in 2014 but has been on the rise since.

	2016	2015	2014	2013
Working Capital	7478.00	6466.00	612.00	3493.00

- **Current ratio**

The Current ratio indicates whether a company has sufficient current assets to cover current liabilities. The formula for the current ratio is:

Current ratio=Current Assets/Current Liabilities

Coca-Cola’s current ratio from 2011-13 was increasing.

Current ratio 2011=1.05, 2012=1.09, 2013=1.13 (Harding, 2014).

This paper finds this continuing to increase.

	2016	2015	2014	2013
Current Ratio Coke	1.28	1.24	1.02	1.13

Liquidity/Financial Health PepsiCo	2016	2015	2014	2013
Current Ratio	1.28	1.31	1.14	1.24

Since the industry average is 1 the firm seems to be over-performing in its industry and is currently in a dead heat with its competitor.

- **Quick ratio**

The quick ratio indicates whether a firm has sufficient quick assets to cover current liabilities. A quick ratio of 1.5 means that a company has $1.50 of liquid assets for each $1 of current liabilities. The higher the quick ratio, the better the company's position.

Quick ratio = (current assets – inventories) / current liabilities, or

= (cash and equivalents + marketable securities + AR) / current liabilities

Ms. Harding found Quick ratio 2011=0.92 2012= 0.97 2013=1

This analysis found

	2016	2015	2014	2013
Quick Ratio Coke	0.84	0.74	0.67	0.73

Liquidity/Financial Health Pepsi	2016	2015	2014	2013
Quick Ratio	1.08	1.03	0.85	0.93

Coca-Cola's quick ratio is still improving after the 2014 drop. The firm's overall performance is high compared to the industrial average of 0.59. Since a higher ratio is better it seems Pepsi is outperforming Coke in the quick ratio test.

- **Receivable Turnover**

Receivable turnover indicates how many times receivables are collected in a given period.

Accounts receivable turnover = Net Credit Sales / Average Accounts Receivable

Harding reported an increase for 2011-2013

Accounts receivable turnover 2011=9.46 2012=10.09 2013=9.62

	2016	2015	2014	2013

Receivables Turn Over Ratio	10.74	10.54	9.85	9.62

Pepsico	2016	2015	2014	2013
Receivables Turn Over	11.21	11.15	11.12	10.86

For 2013-2016 things are slowing. The ratio is increasing even through the slump of 2014 and is about the industry average of 9.32. Further, Pepsico is outperforming Coke here, since a higher number indicates better efficiency. One might think Coca Cola should be higher than Pepsico as they have much more debt, since is not the case it could indicate this is an area of concern.

- **Average collection period**

ACP indicates how many days it takes on average to collect on credit sales. ACP is calculated: Average Collection Period = (Days x AR) / Credit Sales

Average collection period 2011=38.58 2012=36.18 2013=37.96 Improving

	2016	2015	2014	2013
Average Collection Period	34.0	34.6	37.1	37.9

	2016	2015	2014	2013
Average Collection Period Pepsico	39	37	36	38

The average collection period was improving from 2011-2013 according to Harding. This analysis also shows continued improvement showing a 4.5 point drop from 2011. Albeit, the industry average of 31.2 is still not met. This could be due to its emphasis on syrup distribution instead of bottling the product. On the flip side, Coke is outperforming PepsiCo here.

- **Inventory Turnover**

IT indicates how many times inventory is sold and restocked in a given period.

Inventory Turnover = Sales / Inventory OR

Inventory Turnover = COGS / Average Inventory

The 2014 analysis shows

Inventory turnover 2011=15.05 2012=14.71 2013=14.3

This analysis shows much lower numbers

	2016	2015	2014	2013
Inventory Turnover Ratio	5.90	5.83	5.61	5.63
Inventory Turnover Ratio Pepsico	10.37	9.68	9.43	8.94

The trend is still going down and is lower than the industry average of 9.14. PepsiCo is much closer to the average. Coca-Cola is not moving product as they should be.

- **Average Sales Period**

ASP indicates how many days it takes on average to sell the firm's inventory

This is calculated using: 365 / inventory turnover ratio.

There was no data for this in the 2014 analysis. This analysis shows.

	2016	2015	2014	2013
Average Sales Period	61.8	62.7	65.1	64.8
Average Sales Period Pepsi	35.2	37.8	38.8	40.8

Here is a problem for Coke. Pepsi is selling almost 2 times faster. Although it seems the sales period is getting minutely better for Coke with a 5% increase. Pepsi in the same time period improved by 14%. So not only is Pepsi selling twice as fast but they have improved their sales by 300% compared to Coke.

- **Debts to Assets Ratio**

  DAR indicates the percentage of assets funded by creditors. Nothing was reported in the Harding analysis for 2011-2013. DAR= liabilities / total assets.

  This analysis shows

	2016	2015	2014	2013
Debt Ratio (debt to assets)	73.39%	71.37%	66.79%	62.87%
Debt Ratio Pepsi	84.83%	82.89%	75.27%	68.66%

  Coke is borrowing more and more this ratio is very high. However, Pepsi is in a higher Debt ratio than Coke. This trend is worrisome and foretells possible bankruptcy.

- **Debt to Equity**

  DE indicates the amount of debt incurred for each dollar that owners provide. This may indicate what the company is using to finance its assets.

  The 2014 analysis shows using this formula

  Debt/Equity Ratio = Total Liabilities / Stockholder's Equity

  Ratio of Liabilities to S.E. 2011=136% 2012=145% 2013=151%

  This analysis shows

	2016	2015	2014	2013
Debt to Equity	275.84%	249.31%	201.11%	169.30%
Debt-Equity Pepsi	278.41%	252.56%	203.51%	171.47%

  This is a bit higher than what the 2014 analysis shows. In any case, this is not good. Since the debt/equity ratio of Coca-Cola = 277%, for every dollar that shareholders own Coca-Cola owes $2.77 to creditors. This percentage is a black hole as the company increasingly underperforms and barrows. Bankruptcy is becoming more of a reality. The industry average is 133.61%. Both companies are over double that. Pepsi is also gaining risk as they are climbing higher than Coke.

- **Ratio of fixed assets to long-term liabilities**

  The fixed assets to long-term liabilities ratio is a solvency measurement. When long-term debts are secured with fixed assets creditors show interest in this proportion. It is found by dividing fixed assets by long-term debt.

  Ratio = Fixed assets / long-term liabilities.

  The Harding analysis shows.

  Fixed assets to L.T. liabilities 2011=2.86 2012=2.76 2013=2.6

  This analysis shows

	2016	2015	2014	2013
fixed assets to long term debt	35.83%	44.25%	76.76%	78.14%
Same for Pepsi	55.20%	55.86%	72.39%	76.34%

  The discrepancy must be from a different method or formula. This ratio has been improving for Coca-Cola. The firm seems to be already selling off fixed assets. While the numbers are improving, in the long run they will run out of fixed assets to cover their large debts. In comparison with Pepsi Coke is outperforming.

- **Profit Margin Ratio**

  PMR indicates the profit generated for each dollar in net sales.

  Net profit margin = Net income / net sales

  By dividing net profit by total revenue then showing a percentage of revenue the bottom line is much easier to see. Here the 2014 analysis compared to the 2017 analysis a continued decreasing trend.

Profit Margin Ratio 2011=25.30% 2012= 26.90% 2013=28.40%

This analysis is

	2016	2015	2014	2013
Profit Margin	20.61%	19.70%	21.11%	21.83%
Operating Margin Pepsi	15.6%	13.2%	14.4%	14.6%

Once again a discrepancy is shown in the Harding data. However, this analysis data was checked with Morningstar financials and are correct. Some very interesting outcomes include the fact that though Coke has a much higher profit margin than Pepsi their margin has been falling. In opposition, Pepsi's margin is lower but is on the rise. According to Harding, the industry average is 18%. Pepsi is not making the average. Coke, however, is still comfortably about the average.

- **Gross profit margin**

GPM is a financial measure that indicates the gross margin generated for each dollar in net sales. GPM has this formula.

Gross Profit Margin = Gross Margin / Net Sales Or (Revenues-COGS)/Revenue

The 2014 analysis gives

Gross profit margin 2011=61.20% 2012=60.90% 2013=61.20%

This analysis gives

	2016	2015	2014	2013
Gross Profit Margin	60.67%	60.53%	61.11%	60.68%
Gross Margin Pepsi	53.0%	53.2%	54.4%	55.1%

Another discrepancy in the Harding Data, data according to Morningstar is: 60.9, 60.3, and 2013 is 60.7. This data confirms this analysis and shows errors in Hardings data.

Coca-Cola has seen no significant change in the last 5 years. Both firms are definitely over performing in their industry the average being about 43%. Coke is outperforming Pepsi who is running about 7% less.

- **Times interest earned**

Times interest earned indicates the firm's ability to cover its interest expense related to long-term debt with current period earnings. Bankruptcy could result from failing to meet these obligations. Also referred to as "fixed charged coverage" and "interest coverage ratio."

Times Interest Earned (TIE) =

Earnings before interest and taxes (EBIT) / Total interest payable contractual debt

Or Net Income + Income Tax Expense + Interest Expense / Interest Expense.

The 2014 Harding analysis showed

Times interest earned 2011=19 2012=19.2 2013=19.5

This analysis showed this using the second equations formula

	2016	2015	2014	2013
Times Interest Earned	12.10	12.22	20.31	25.79
TIE Pepsi	7.3	8.6	10.6	10.7

Though times interest earned was improving for the company in the 2011-2013 period it seemed to have plateaued in 2013 and is now severely in decline. The industry standard is 15.4 according to the Harding analysis and Coca-Cola is well below that now. Coca-Cola is underperforming in this area. The discrepancy in numbers for 2013 between Harding and this analysis is due to the different formula used. Pepsi is showing much lower numbers in this category.

- **Return on assets (ROA)**

  ROA indicates how much net income was generated from each dollar in average assets invested. Both current and fixed assets are considered. The lower the total asset turnover ratio the slower firm's sales are. The formula is:

  Total asset turnover = Net Sales/Total Assets = # Times.

  The 2014 analysis shows

  Total asset turnover 2011=1.58 2012=1.56 2013=1.52

  This analysis shows

	2016	2015	2014	2013
Total Asset Turnover (return on assets)	0.48	0.49	0.50	0.52
Asset Turnover Pepsi	0.87	0.90	0.90	0.87

  Once again a discrepancy. As a result, conformation of the 2016 figures was made with “Stock-analysis-on-net” (stock, 2017) and they match. It seems a “1” was unintentionally put in front of the ratio in the 2014 analysis. The industry average is about 0.76 which is well above the Coca-Cola ratios. Coke has been in decline for 5 years now. Numbers in 2011 were .58 and in 2016 they were .48.

  There seems to be a problem with one or more of the items or categories comprising total assets - inventory, receivables, or fixed assets. Coke is underperforming. Pepsi is above the industry average and is neither in decline or increase.

- **Return on total shareholder’s equity (return on equity)**

  ROE is a ratio of shareholders equity to net income. This is a measure of a corporation's profitability. It reveals the profit a company generates through money the shareholders have invested. The formula is:

Return on Equity = Net Income/Shareholder's Equity

2014 analysis shows

Rate earned on total S.E. 2011=27% 2012=27% 2013=26%

This analysis shows

	2016	2015	2014	2013
Return on Total SH Equity	28.40%	28.83%	23.50%	26.00%
Return on Equity Pepsi	58.68%	37.24%	31.24%	28.96%

Coca-Cola was in decline until 2014 the shot up drastically. Unfortunately, since the industry standard reported by Harding is 36% Coke is still underperforming in its industry. However, PepsiCo has been above average for 2015 and 2016. In 2016 there seems to be a 22% increase. This is almost double what Coke is showing.

- **Return on common shareholder's equity**

This indicates how much net income was generated from each dollar of common shareholders' equity. Rate earned on common stockholder's equity =

(Net income - preferred dividends) / average common stockholders' equity.

It should be noted that Coca-Cola is reporting no preferred outstanding stock. Therefore the equation is reduced to Net income / average common stockholders' equity.

The 2014 analysis shows

Rate earned on common S.E. 2011=42% 2012=42% 2013=42%

This analysis shows

	2016	2015	2014	2013
Return on Common SH Equity	26.95%	26.37%	22.44%	26.15%

The discrepancy is no doubt due to the lack of preferred stock.

There seems to be a slight increase but when compared to the industry average of 63% Coke is severely underperforming here. Since this is dealing with how much investors make this is bad news. Since there is no preferred stock there is no comparison needed.

- **Earnings per share on common stock**

EPS indicates how much net income was earned for each share of common stock. Earnings per share is an indicator of profitability and are calculated as:

(Net income – Dividends on preferred stock) / weighted average common shares outstanding

OR

(Net income – Dividends on preferred stock) / Average outstanding shares

The 2014 analysis shows

Earnings per share on common stock 2011=1.9 2012=2.01 2013=1.95

This analysis shows

	2016	2015	2014	2013
Earnings Per Share	1.66	1.70	1.63	1.95
Earnings Per Share PepsiCo	4.36	3.67	4.27	4.32

I am happy to see congruency. Earnings per share were increasing for Coca-Cola to 2013 then a drastic downward turn. In 2016 it has dropped by almost 30 cents. The good news is that Coke is still outperforming the industry average of 1.52. However, PepsiCo is outperforming Coke and is consistently showing prices over double.

Other Ratios showing trends

	2016	2015	2014	2013
Year-end common stock price (Mark Cap)	$41.46	$42.96	$42.96	$40.66
Market Capitalization	$177,780.48	$185,759.04	$187,563.36	$179,554.56
Price-to Earnings Ratio	27.14	25.22	26.33	20.82
Price-to-Cash Flow Ratio	0.42%	0.37%	0.38%	0.30%
Market-to-Book Ratio	0.05%	0.05%	0.05%	0.05%

All these are increasing there may show hope of recovery from the astoundingly high debt /asset ratio and other signs of impending bankruptcy.

Coca-Cola Financials 2013-2016

Please refer to Appendix (3) for the incomes statement, the balance sheet, the common income statement, the common balance sheet, the percent change income statement, and the

Calculated Data: Ratios	2016	2015	2014	2013
Liquidity ratios				
Current Ratio	1.28	1.24	1.02	1.13
Quick Ratio	0.84	0.74	0.67	0.73
Working Capital	7478.00	6466.00	612.00	3493.00
Asset Management ratios				
Recievables turn Over Ratio	10.74	10.54	9.85	9.62
Inventory Turnover Ratio	5.90	5.83	5.61	5.63
Average Collection Period	34.0	34.6	37.1	37.9
Average Sales Period	61.8	62.7	65.1	64.8
Fixed Asset Turnover	3.94	3.52	3.14	3.13
Total Asset Turnover (return on asset	0.48	0.49	0.50	0.52
Debt Management ratios				
Debt Ratio (debt to assets)	73.39%	71.37%	66.79%	62.87%
Debt to Equity	277.73%	251.36%	202.71%	170.67%
Times Interest Earned	12.10	12.22	20.31	25.79
Times Interest Earned(alt)	11.10	11.22	19.31	24.79
EBITDA Coverage Ratio	18.42	17.51	20.08	19.55
Profitability ratios				
Profit Margin	20.61%	19.70%	21.11%	21.83%
Gross Profit Margin	60.67%	60.53%	61.11%	60.68%
Basic Earning Power	9.32%	10.67%	10.13%	12.74%
Return on Assets	7.51%	8.18%	7.74%	9.58%
Return on Common SH Equity	26.95%	26.37%	22.44%	26.15%
Return on Total SH Equity	28.40%	28.83%	23.50%	26.00%
Earnings Per Share	1.66	1.70	1.63	1.95
Market Value ratios				
Market Capitalization	$177,780.48	$185,759.04	$187,563.36	$179,554.56
Price-to Earnings Ratio	27.14	25.22	26.33	20.82
Price-to-Cash Flow Ratio	0.42%	0.37%	0.38%	0.30%
Market-to-Book Ratio	0.05%	0.05%	0.05%	0.05%

percent change balance sheet. Further, a link is provided for the annual statements for Coca Cola (Coke, 2017).

The liquidity, operating efficiency and financial strengths of the Coca-Cola firm are measured using key financial ratios. This helps to find the overall strength, efficiency and liquidity conditions of the firm. These ratios also provide invaluable interpretation for each ratio by finding weak areas, danger signals or just by increasing efficiency (Sharma, 2014). Ratios are post-mortem analysis. They acquire no clue about the future; they foretell no prophetic foreshadow of a firm's future. For this reason ratio analysis should be viewed only as an island for analysis rather than as an encompassing fortune tactic (Sharma, 2014).

From this analysis it seems that there is gross profit is high, to add to this, the operating ratio is close to prime levels when compared to industry averages. In the big picture, the liquidity position of the firm looks good. However, the firm is hemorrhaging money. Coke must try to improve its profit margin. The difference between the gross margin and the net margin is too great and the net margin is below industry averages. Finally, the debt ratio is growing out of control, as a result, the debt-equity ratio tells for every one dollar of equity the firm owes three to the bank. In fixing these issues investment and overall efficiency may improve. The business environment of the company is not good--whatever happened in 2014 might end up being Cokes death sentence. The growing Debt to Assets, and Debt to Equity alongside the falling Debt to fixed assets seems to make Coke appear to be scrambling and selling off assets in an attempt to stop a trend that may end in bankruptcy. To add to this they are being out sold and out maneuvered by their competitors.

Growing health concerns (increasing obesity and diabetes), as well as a desire for better American nutrition, has negatively affected the soft drink industry. Soft drinks have plummeted from 60% down to 35% of the total US beverage volume as a result of the population's desire for health (Seghetti, 1). Carbonated soft drink companies such as Coca-Cola have been under fire by schools and governments alike. Recent trends have led to regulation from the government. New York City limited volume size in 2013. To add to this school have dropped soda from the menu all but entirely or at least transferred to diet beverages, sports drinks, juices or just plain water.

Coca-Cola faces increasing prices for the commodities that are required in production (Seghetti, 2). As a result, Coca-Cola has been increasing shelf prices in an attempt to remain profitable. Add to these problems the fluctuating price of fuel and the increasing cost of delivery and Coke is poised to face a very big battle (Seghetti, 2014). Coke has no choice it must move from the carbonated beverage centered operation to something that is in step with the times if they plan on remaining viable.

In the fiscal year 2014, Coca-Cola reported very strong financial operating revenues of $46 billion, and a market cap of 42.96. Throughout the year, Coca-Cola began to fall as losses accumulated due partly to hyperinflation in Venezuela. Added losses of approximately 1.2 billion in 2014 and 2016 were further nails for the coffin. This was the highest volume reduction for the company in the last five years. As a result, Coca-Cola has reduced its investments from 3+ billion in both 2014 and 2015 to approximately 1 billion in 2016. Increases of long-term debt has become its main financial operating resource. Though they had reduced debt by over $450 million in the 10 years previous to 2013 as shown in the historical Coke chart. Annual cash flows are currently being sucked up by long-term debt interest. Capitalization is on the low end and in

2016 is at a low for the past four years.

HISTORICAL COKE	2004	2005	2006	2007	2008	2009	2010
Revenue	1,267.23	1,380.17	1,431.01	1,436.00	1,463.62	1,442.99	1,514.60
Revenue Growth	4.66%	8.91%	3.68%	0.35%	1.92%	-1.41%	4.96%
Net Income	21.85	22.95	23.24	19.86	9.09	38.14	36.06
Profit Margin	1.72%	1.66%	1.62%	1.38%	0.62%	2.64%	2.61%

	2016	2015	2014	2013
Year-end common stock price (Mark Cap)	$41.46	$42.96	$42.96	$40.66
Market Capitalization	$177,780.48	$185,759.04	$187,563.36	$179,554.56

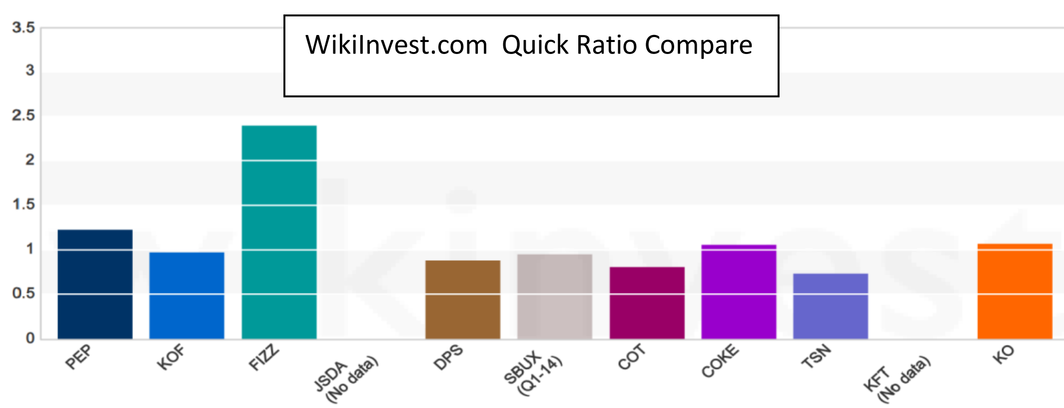
If only net margins, positive operating and gross margins are the only data used it looks as if Coca-Cola is operating profitably. While the truth is that the firm converts revenues to gross profits at a rate greater than the median percentage, it fails to do so for net profits (Seghetti, 2014). The firm's 60.67% operating margin and 20.21% net profit margin is at about 25% which is far lower than the average. To add to this Coca-Cola continues to see earnings drop even when positive growth in revenue occurs. In the years 2004-2010 Coca-Cola was heavily lagging behind. This trend is a deal breaker for investors. If a firm is still losing money in the face of increased gross profits the firm may be too far gone to save.

	2013	**2014**	**2015**	**2016**	**2013**	**2014**	**2015**	**2016**
Net Operating Revenues	**$46,854**	**$45,998**	**$44,294**	**$41,863**	**0.0%**	**-1.8%**	**-5.5%**	**-10.7%**

Net Op Income	**$10,228**	**$9,708**	**$8,728**	**$8,626**	**0.0%**	**-5.1%**	**-14.7%**	**-15.7%**
Interest expense	**$463**	**$483**	**$856**	**$733**	**0.0%**	**4.3%**	**84.9%**	**58.3%**
Consolidated Net Income	**$8,626**	**$7,124**	**$7,366**	**$6,550**	**0.0%**	**-17.4%**	**-14.6%**	**-24.1%**

In previous years 2004-2010, the company had a growth rate of about 5% (Hardin, 2014). However, in the last 4 year, there has been a decline of 10% in revenue, 15.7% in net operating income with a congruent increase of 58.3% in interest expense. The Company has a debt to total capital ratio of 73% this is high when compared to industry averages. Though Coca-Cola was moving in the right direction by decreasing its debt ratio in former years in the past 4 years it has increased from 63% to 73% (Seghetti, 2014). When compared with competitors that are similar in market capitalization, the company's quick ratio seem high. With a quick ratio of 1.07 currently shown. However, in this analysis using the formula given about we found all ratios to be less than 1.

	2016	**2015**	**2014**	**2013**
Liquidity ratios				
Current Ratio	**1.28**	**1.24**	**1.02**	**1.13**
Quick Ratio	**0.84**	**0.74**	**0.67**	**0.73**



Further, the interest coverage ratio is 11.10 the company should be able to repay debt. However, as these debts rise this lowers. Looking at Coca-Cola's cash conversion cycle it seems the firm is revisiting numbers from the past after big increases in 2014 and 2013. Although this is revealing a sign that the firm takes a longer time than its competitors it is still a 100% improvement from 2013.

	2016	2015	2014	2013
Times Interest Earned(coverage ratio)	**11.10**	**11.22**	**19.31**	**24.79**

From 2004 - 2010 Coca-Cola showed steps in reducing its dependence on debt while increasing liquidity (Harding, 2014). It's LT Debt/Equity ratio is back to it was in 2010 basically. Pondering the liquidity ratios, notice ROA and ROC are coming down while ROE is going up. This seems to be a strange occurrence but is due to the heaving sales of stock for financing.

HISTORICAL COKE	2004	2005	2006	2007	2008	2009	2010
ROA	1.64%	1.73%	1.72%	1.50%	0.70%	2.93%	3.05%
ROE	37.38%	32.89%	27.49%	18.52%	9.24%	39.60%	29.53%
ROC	5.87%	6.51%	7.22%	5.95%	4.18%	8.57%	8.10%
Revenue Per Employee	$ 198,486.07	$ 226,290.54	$ 242,135.44	$ 251,053.51	$ 247,586.04	$ 276,153.77	$ 291,269.00

	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
Selected Financial Data (USD $ in millions)				
Net operating profit after taxes (NOPAT)	5,782	7,572	7,253	9,244
Invested capital	79,169	77,538	76,173	75,127
Ratio				
ROIC	7.30%	9.77%	9.52%	12.30%

Return on Assets	7.51%	8.18%	7.74%	9.58%
Return on Common SH Equity	26.95%	26.37%	22.44%	26.15%

Return on Total SH Equity 28.40% 28.83% 23.50% 26.00%

Sales per Employee $ 269,708 277,422 281,339 286,600 290,689

Y / Y Revenue Change-11.32 % -5.91 % -6.95 % -5.08 % -4.01 %

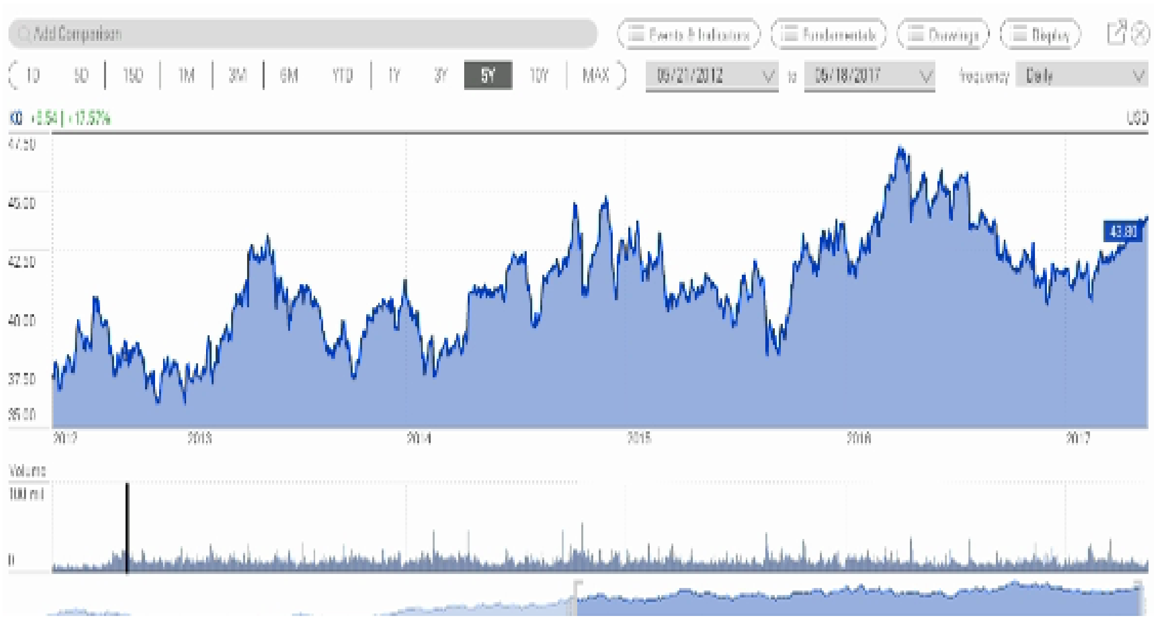
Revenue per employee has been on a constant fall as well. Especially in 2017, the newest stats show an 11% decrease. This is possibly showing a trend headed for failure.

	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Turnover Ratios					
Inventory turnover	6.16	6.02	5.77	5.62	5.84
Receivables turnover	10.86	11.24	10.30	9.62	10.09
Payables turnover	6.14	6.25	8.56	9.53	9.68
Working capital turnover	5.60	6.85	75.16	13.41	19.15
Average No. of Days					
Average inventory processing period	59	61	63	65	63
Add: Average receivable collection period	34	32	35	38	36
Operating cycle	**93**	**93**	**98**	**103**	**99**
Less: Average payables payment period	59	58	43	38	38
Cash conversion cycle	**34**	**35**	**55**	**65**	**61**

HISTORICAL COKE	2004	2005	2006	2007	2008	2009	2010
LT Debt/ Equity	765.15	659.09	549.43	402.98	528.04	355.44	315.76
LT Debt/ Total Capital	87.34	85.91	73.33	78.94	61.52	77.54	75.44
Cash Ratio	0.06	0.27	0.25	0.06	0.13	0.11	0.26
Quick Ratio	0.66	0.91	0.62	0.64	0.42	0.68	1.13
Current Ratio	1.19	1.44	0.99	1.25	0.72	1.42	1.50
Cash Conversion Cycle	28.70	31.16	32.12	31.07	31.54	34.86	32.32

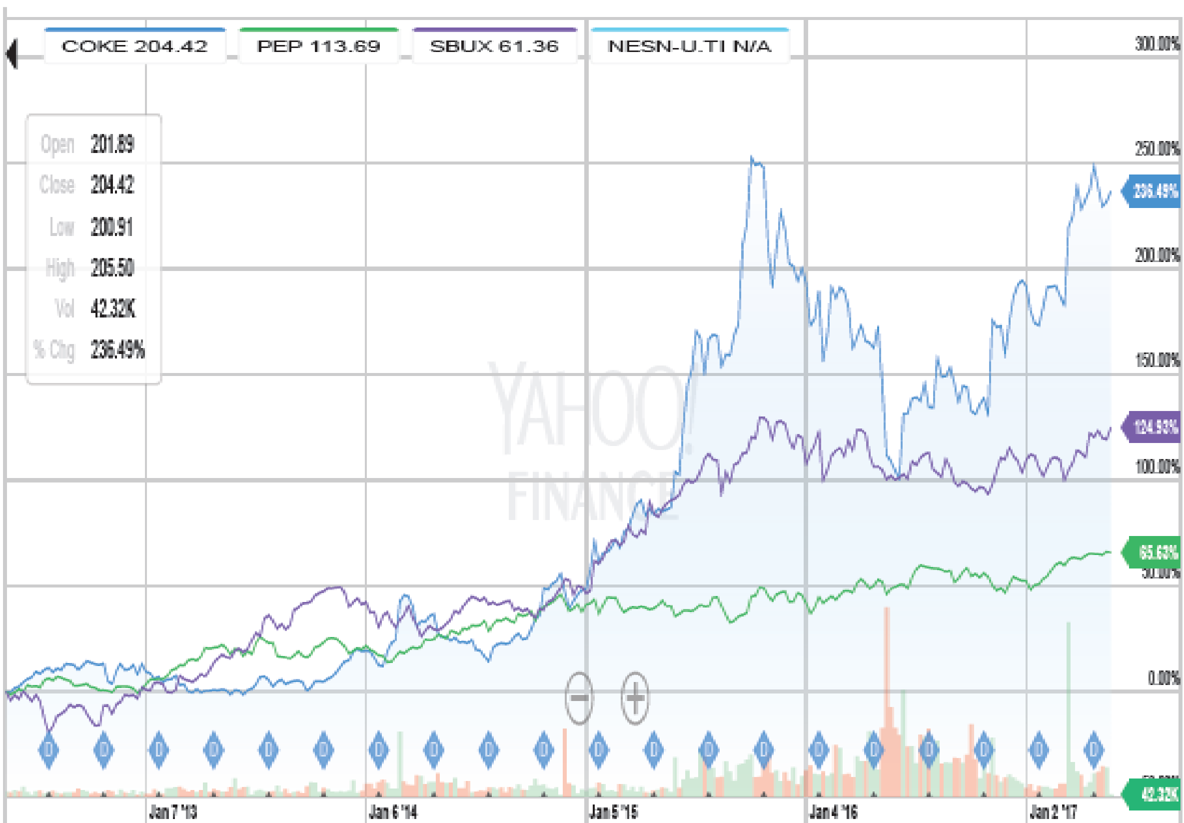
Dividend payments, share issuance and repurchase, and borrowing is among Coca Cola's chief financing activities. In 2014 the current yield on Coca-Cola bonds was about 3.03%, however, is bouncing back from a low in August of 2015 of about 1.25% to a current amount of 2.40%.

Coca Colas stock in 2014 of $40.88 was short felt as the price keeps an average climb through the years. Today Coca-Cola stock is about 43.88 but significant lows have been registered through the years. In 2013 a low was registered around 36 and in 2014 and 2015 about 37. (Quicktake, 2017). Coca-Cola continues to routinely prefer debt financing as a way to lower overall capital costs, although this may increase their return on shareowners' equity. This is beginning to prove a burdensome choice as Coca-Cola's interest expense is skyrocketing and in the end, may affect their credit rating. Coca-Cola's capital structure has dramatically changed. In 2014 it consisted of 54.2% debt and 45.8% equity. For 2016 the firm reported 73.57% debt and 26.43% equity, on the other hand, Morningstar reports debt at 67.5% and equity ar 32.5% with 31.5 in billion outstanding debt. That is almost a 50% increase in debt (Quicktake, 2017).



The global existence of Coca-Cola, along with their capital position, gives Coke right of entry into world financial markets, in turn, this enables Coke to raise funds at an operative cost. In like manner, active management, a mix of long-term/ short-term debt, as well as a mix of fixed-rate/ variable-rate debt, helps to lower overall borrowing costs. As a result, Coca-Cola's debt management policies can result in current liabilities almost exceeding current assets as foretold by the Harding analysis.

The graph illustrated compares Coca Cola's stock price trends with the major competitors in the beverage industry, Pepsi, Nestle, and Starbucks. This graph shows the trends between 2013 and 2017 (Finance, 2017).



Coca-Cola Strengths (WSJ, 3)

Conclusion

From an investor perspective the use of ratio analysis has been performed to evaluate the current and past performance of the Coca-Cola. An assessment of sustainability has been done. The prognosis is not good for reasons explained earlier in this analysis. The merger with Monster, and Duncan is not showing the results hoped for as listed in the Harding analysis. While gross profits did rise, net profits remain in decline while Coke sells off its assets to pay for long term debt interest expenses. Share prices are in decline and the firm is facing the fight of its life to remain. Currently I would not invest in Coke. The gamble of the re-organization combined with the purchase of Monster and Duncan put a financial strain on the company. While in the midst of that strain hyperinflation in Venezuela brought financial loss which resulted in a leverage if near 75% for the company. The next 5 years should tell the tail. If Coke is able to return to growth in the net profit area the company may again be a viable investment as the gross profit percentages are amazing.

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Apendix 1

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31,	2016	2015	2014
(In millions except per share data)			
NET OPERATING REVENUES	**$ 41,863**	$ 44,294	$ 45,998
Cost of goods sold	**16,465**	17,482	17,889
GROSS PROFIT	**25,398**	26,812	28,109
Selling, general and administrative expenses	**15,262**	16,427	17,218
Other operating charges	**1,510**	1,657	1,183
OPERATING INCOME	**8,626**	8,728	9,708
Interest income	**642**	613	594
Interest expense	**733**	856	483
Equity income (loss) — net	**835**	489	769
Other income (loss) — net	**(1,234)**	631	(1,263)
INCOME BEFORE INCOME TAXES	**8,136**	9,605	9,325
Income taxes	**1,586**	2,239	2,201
CONSOLIDATED NET INCOME	**6,550**	7,366	7,124
Less: Net income attributable to noncontrolling interests	**23**	15	26
NET INCOME ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$ 6,527**	$ 7,351	$ 7,098
BASIC NET INCOME PER SHARE[1]	**$ 1.51**	$ 1.69	$ 1.62
DILUTED NET INCOME PER SHARE[1]	**$ 1.49**	$ 1.67	$ 1.60
AVERAGE SHARES OUTSTANDING	**4,317**	4,352	4,387
Effect of dilutive securities	**50**	53	63
AVERAGE SHARES OUTSTANDING ASSUMING DILUTION	**4,367**	4,405	4,450

[1] Calculated based on net income attributable to shareowners of The Coca-Cola Company

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31,	2016	2015
(In millions except par value)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 8,555	$ 7,309
Short-term investments	9,595	8,322
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	18,150	15,631
Marketable securities	4,051	4,269
Trade accounts receivable, less allowances of $466 and $352, respectively	3,856	3,941
Inventories	2,675	2,902
Prepaid expenses and other assets	2,481	2,752
Assets held for sale	2,797	3,900
TOTAL CURRENT ASSETS	34,010	33,395
EQUITY METHOD INVESTMENTS	16,260	12,318
OTHER INVESTMENTS	989	3,470
OTHER ASSETS	4,248	4,110
PROPERTY, PLANT AND EQUIPMENT — net	10,635	12,571
TRADEMARKS WITH INDEFINITE LIVES	6,097	5,989
BOTTLERS' FRANCHISE RIGHTS WITH INDEFINITE LIVES	3,676	6,000
GOODWILL	10,629	11,289
OTHER INTANGIBLE ASSETS	726	854
TOTAL ASSETS	$ 87,270	$ 89,996
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 9,490	$ 9,660
Loans and notes payable	12,498	13,129
Current maturities of long-term debt	3,527	2,676
Accrued income taxes	307	331
Liabilities held for sale	710	1,133
TOTAL CURRENT LIABILITIES	26,532	26,929
LONG-TERM DEBT	29,684	28,311
OTHER LIABILITIES	4,081	4,301
DEFERRED INCOME TAXES	3,753	4,691
THE COCA-COLA COMPANY SHAREOWNERS' EQUITY		
Common stock, $0.25 par value; Authorized — 11,200 shares; Issued — 7,040 and 7,040 shares, respectively	1,760	1,760
Capital surplus	14,993	14,016
Reinvested earnings	65,502	65,018
Accumulated other comprehensive income (loss)	(11,205)	(10,174)
Treasury stock, at cost — 2,752 and 2,716 shares, respectively	(47,988)	(45,066)
EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	23,062	25,554
EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	158	210
TOTAL EQUITY	23,220	25,764
TOTAL LIABILITIES AND EQUITY	$ 87,270	$ 89,996

Refer to Notes to Consolidated Financial Statements.

Apendix 2 Finacials 2011-2013 Harding

Coca-Cola Common Size Income Statement

	2013	2012	2011
Net Operating Revenues	100.00	100.00	100.00
Cost of Goods Sold	-39.32	39.68	-39.14
Gross Profit	**60.68%**	**60.32%**	**60.86%**
Selling, general and Admin. Expenses	-36.94	36.94	-37.47
Other operating charges	-1.91	-.93	-1.57
Operating Income	**21.83%**	**22.45%**	**21.82%**
Interest income	1.14	.98	1.04
Interest expense	-.99	-.83	-.90
Equity income, net	1.28	1.71	1.48
Other income (loss), net	1.23	.29	1.14
Income before income taxes	**24.50%**	**24.59%**	**24.58%**
Income taxes	-6.08	-5.67	-6.03
Consolidated net income	**18.41%**	**18.92%**	**18.55%**
Net income attributable to non controlling interests	-.09	-.14	-.13
Net income attributable to shareowners	18.32%	18.78%	18.42%

2011-2013 Ratios Harding Analysis

	2011	2012	2013	Status	Industry average
Working capital	25,497	30,328	31,304	Improving	23,500

Ratio of fixed assets to L.T. liabilities	2.86	2.76	2.60	Improving	2.2
Ratio of liabilities to S.E.	1.36	1.45	1.51	Decreasing	1.22
Total asset turnover	1.58	1.56	1.52	Decreasing	2.3
Current ratio	1.05	1.09	1.13	Increasing	1
Quick ratio	.92	.97	1.0	Increasing	.59
Rate earned on total assets	11%	11%	10%	Decreasing	11.8%
Earnings per share on common stock	1.90	2.01	1.95	Increasing	1.52
Accounts receivable turnover	9.46	10.09	9.62	Improving	9.32
Average collection period	38.58	36.18	37.96	Improving	31.2
Times interest earned	19	19.2	19.5	Improving	15.4
Inventory turnover	15.05	14.71	14.30	Decreasing	15.5
Net profit margin	25.3%	26.9%	28.4%	n/a	18%
Gross profit margin	61.2%	60.9%	61.2%	n/a	43%
Rate earned on common S.E.	.42	.42	.42	n/a	.63
Rate earned on total S.E.	.27	.27	.26	decreasing	.36

Cash flows from operations, investments and other financial activities:

	2013	2012	2011
Net Income	8626.00	9086.00	8634.00
Depreciation/Amortization and depletion	1977.00	1982.00	1954.00
Net Change from Assets/Liabilities	-932.00	1080.00	-1893.00
Net cash from Discontinued Operations	0.00	0.00	0.00

Other operation activities	871.00	657.00	779.00
Net case from operating activities	10542.00	10645.00	9474.00
Property and equipment	2439.00	2637.00	-2819.00
Acquisition/disposition of subsidiaries	519.00	654.00	-415.00
Investments	-1991.00	-9234.00	803.00
Other investing activities	-303.00	-187.00	-93.00
Net cash from investing activities	-4214.00	-11404.00	-2524.00

Uses of funds:

	2013	2012	2011
Issuance (repurchase) of capital stock	-3054.00	-3070.00	-2944.00
Issuance (repayment) of debt	4711.00	4218.00	4965.00
Increase (decrease) short-term debt	0.00	0.00	0.00
Payment of dividends and other distributions	-4969.00	-4595.00	-4300.00
Other financing activities	17.00	100.00	45.00
Net cash from financing activities	-3745.00	-3347.00	-2234.00
Effect of exchange rate changes	-611.00	-255.00	-430.00
Net change in cash and equivalents	1972.00	-4361.00	4286.00
Cash at beginning of period	8442.00	12803.00	8517.00
Cash at end of period	10414.00	8442.00	12803.00
Diluted net EPS	1.90	1.97	1.85

Appendix 3 Financials 2013-2016 from This analysis Spreadsheet.

Balance Sheets (in millions of dollars)				
Assets	*2013*	*2014*	2015	2016
Cash and equivalents	$10,414.00	$8,958.00	$7,309	$8,555
Short-term investments	$6,707.00	$9,052.00	$8,322	$9,595
Total Cash	$17,121.00	$18,010.00	$15,631	$18,150
Marketable Securtities	$3,147.00	$3,665.00	$4,269	$4,051
Accounts receivable	$4,873.00	$4,466.00	$3,941	$3,856
Inventories	$3,277.00	$3,100.00	$2,902	$2,675
Prepaid Expenses and Other	$2,886.00	$3,066.00	$2,752	$2,481
Assets held for sale	$0.00	$679.00	$3,900	$2,797
Total current assets	$31,304.00	$32,986.00	$33,395	$34,010
Equity Method Investments	$10,393.00	$9,947.00	$12,318	$16,260
Other Investments	$1,119.00	$3,678.00	$3,470	$989
Other Assets	$4,661.00	$4,407.00	$4,110	$4,248
Net plant and equipment	$14,967.00	$14,633.00	$12,571	$10,635
Trademarks indefinite	$6,744.00	$6,533.00	$5,989	$6,097
Bottlers Franchise rights Indef	$7,415.00	$6,689.00	$6,000	$3,676
Goodwill	$12,312.00	$12,100.00	$11,289	$10,629
Other Intangable	$1,140.00	$1,050.00	$854	$726
Total assets	$90,055.00	$92,023.00	$89,996	$87,270
Liabilities and equity				
Accounts payable	$9,577.00	$9,234.00	$9,660	$9,490
Notes payable	$16,901.00	$19,130.00	$13,129	$12,498
Long -term debt current mat	$1,024.00	$3,552.00	$2,676	$3,527
Accruaed Income tax	$309.00	$400.00	$331	$307
Laibilities held for sale	$0.00	$58.00	$1,133	$710
Total current liabilities	$27,811.00	$32,374.00	$26,929	$26,532
Long-term Debts	$19,154.00	$19,063.00	$28,311	$29,684
Other Liabilities	$3,498.00	$4,389.00	$4,301	$4,081
Deferred Income Tax	$6,152.00	$5,636.00	$4,691	$3,753
Total debt	$56,615.00	$61,462.00	$64,232	$64,050
0				

Income Statements (in millions of dollars)	2013	2014	2015	2016
Net Operating Revenues	$46,854.00	$45,998.00	$44,294.0	$41,863.0
Costs of Goods sold	$18,421.00	$17,889.00	$17,482.0	$16,465.0
Gross Profit. (EBITDA)	$28,433.00	$28,109.00	$26,812.0	$25,398.0
Gen Admin Expense	$17,310.00	$17,218.00	$16,427.0	$15,262.0
Other operating charges	$895.00	$1,183.00	$1,657.0	$1,510.0
Net Op Income	$10,228.00	$9,708.00	$8,728.0	$8,626.0
Interest income	$534.00	$594.00	$613.0	$642.0
Interest expense	$463.00	$483.00	$856.0	$733.0
Equity Income (loss)	$602.00	$769.00	$489.0	$835.0
Onther income (loss)	$576.00	($1,263.00)	$631.0	-$1,234.0
Earnings before taxes (EBT)	$11,477.00	$9,325.00	$9,605.0	$8,136.0
IncomeTaxes	$2,851.00	$2,201.00	$2,239.0	$1,586.0
Consolodated Net Income	$8,626.00	$7,124.00	$7,366.0	$6,550.0
Less Net imcome attributable	$42.00	$26.00	$15.0	$23.0
Net Income Attrib to Shareholders	$8,584.00	$7,098.00	$7,351.0	$6,527.0
Basic Net income Per Share	$1.94	$1.62	$1.7	$1.5
Diluted net income per share	$1.90	$1.60	$1.7	$1.5
average shares outstanding	$4,434.00	$4,387.00	$4,352.0	$4,317.0
Effect of dilutive securities	$75.00	$63.00	$53.0	$50.0
Average shares outstanding with dilution	$4,509.00	$4,450.00	$4,405.0	$4,367.0