

# GETTING THE MOST FROM THE VALUE LINE PAGE

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<b>COCA-COLA</b> NYSE-KO	<b>RECENT PRICE</b> 78	<b>P/E RATIO</b> 30.5 (Trailing: 32.9; Median: 20.0)	<b>RELATIVE P/E RATIO</b> 2.03	<b>DIV'D YLD</b> 1.2%	<b>VALUE LINE</b>																																																																												
<b>TIMELINESS</b> (Relative Price Performance Next 12 Mos.) 2 Above Average	High: 5.5	Low: 4.1	High: 5.5	Low: 4.1	<b>Target Price Range</b> 1998 1999 2000																																																																												
<b>SAFETY</b> (Scale: 1 Highest to 5 Lowest) 1 Highest	1998-00 PROJECTIONS																																																																																
<b>BETA</b> 1.00 (1.00 = Market)	Price Gain: +35% (High 105, Low 85)	Ann'l Total Return: 9% (High 105, Low 85)																																																																															
<b>Insider Decisions</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th>M</th><th>A</th><th>M</th><th>J</th><th>J</th><th>A</th><th>S</th><th>O</th><th>N</th> </tr> <tr> <td>to Buy</td><td>3</td><td>0</td><td>1</td><td>0</td><td>0</td><td>2</td><td>0</td><td>0</td> </tr> <tr> <td>to Sell</td><td>2</td><td>0</td><td>2</td><td>0</td><td>0</td><td>1</td><td>0</td><td>0</td> </tr> <tr> <td>Options</td><td>2</td><td>0</td><td>0</td><td>0</td><td>0</td><td>1</td><td>0</td><td>0</td> </tr> <tr> <td>to Sell</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td> </tr> </table>					M	A	M	J	J	A	S	O	N	to Buy	3	0	1	0	0	2	0	0	to Sell	2	0	2	0	0	1	0	0	Options	2	0	0	0	0	1	0	0	to Sell	0	0	0	0	0	0	0	0																															
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<b>As expected, Coca-Cola had another excellent year in 1995, with sales up 11%, net income up 17%, and earnings per share up 20%. While business was strong in many markets, the U.S., with a gain of 8% in unit case volume in the fourth quarter, was particularly noteworthy. Higher non-operating income, a lower tax rate, and a smaller number of shares outstanding all contributed to the rise in share net to \$2.37.</b>	<p><b>This year and 1997 should again be good ones.</b> Global unit case volume was up 8% in 1995, and we think gains of at least that amount are likely going forward. The percentage gains in China, India, and Eastern Europe have continued to be large, although from a relatively small base, and it is reasonable to think strong growth will continue for a number of years. The current year should get some benefit from Coke's sponsorship of the Olympics to be held in its home town of Atlanta. (The company has also signed up to be a sponsor of the games in 1998 and 2000.) And new packaging will continue to drive the business around the world: new contour Coca-Cola bottles in 16-oz. glass and 20-oz. plastic have proven to be extremely popular. New products such as Powerade and Minute Maid Juices To Go should contribute higher sales, and we expect the company to put some of its marketing muscle behind Barq's root beer, which it acquired last year. Our current estimate is that Coke will earn \$2.75 a share this year. (Directors have approved a 2-for-1 stock split; shareholders will vote on it at the annual meeting in April.)</p> <p><b>Prospects out to 1998-2000 also look bright.</b> International opportunities seem almost limitless as Coke continues to spend large amounts to expand its infrastructure around the world. Annual earnings gains in the 15% to 20% range seem to be very achievable.</p> <p><b>Coke shares continue to carry an above-average Timeliness rank.</b> While we do have some concern that the price/earnings ratio is high, there is no question that Coke's earnings prospects are about as well defined as is possible. A continuing stock repurchase plan will also provide support for the stock price and help boost share earnings.</p> <p><i>Stephen Sanborn, CFA February 16, 1996</i></p>																																																																																
<b>Company's Financial Strength</b> A++	<p><b>Stock's Price Stability</b> 90</p> <p><b>Price Growth Persistence</b> 95</p> <p><b>Earnings Predictability</b> 90</p> <p>To subscribe call 1-800-833-0046.</p>																																																																																

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1. **Here is the core of Value Line's advice—the rank for Timeliness; the rank for Safety; Beta—the stock's sensitivity to fluctuations of the market as a whole.**
  2. **The projected average annual return**— based on estimated 3- to 5-year price appreciation plus dividend income.
  3. **The record of insider decisions**—decisions by officers and directors to buy or sell as reported to the SEC one month or more after execution.
  4. A record of **the decisions taken by the biggest institutions** (over \$28 billion in equity holdings)—including banks, insurance companies, mutual funds—to buy or sell during the past three quarters and the total number of shares bought or sold.
  5. **The capital structure** as of recent date showing the percentage of capital in long-term debt (14%) and in common stock (86%); the number of times that total interest charges were earned (20 as of June 1995).
  6. **Current position**—current assets and current liabilities, the components of working capital.
  7. **Annual rates of change** (on a per-share basis). Actual past, estimated future.
  8. **Quarterly earnings** are shown on a per-share basis (estimates in bold type), quarterly sales on a gross basis.
  9. **Quarterly dividends paid** are actual payments. The total of dividends paid in four quarters may not equal the figure shown in the annual series on dividends declared. (Sometimes a dividend declared at the end of the year will be paid in the first quarter of the following year).
  10. **Footnotes** explain a number of things, such as the way earnings are reported, whether "fully diluted", on a "primary" basis, or on an "average shares outstanding" basis.
  11. The stock's **highest and lowest** price of the year.
  12. **The Value Line**—reported earnings plus depreciation ("cash flow") multiplied by a number selected to correlate the stock's 3- to 5-year projected target price with "cash flow" projected out to 1995-96.
  13. **Monthly price ranges** of the stock—plotted on a ratio (logarithmic) grid to show percentage changes in true proportion. For example, a ratio chart equalizes the move of a \$10 stock that rises to \$11 with that of a \$100 stock that rises to \$110. Both have advanced 10% and over the same space on a ratio grid.
  14. **Recent price**—nine days prior to delivery date.
  15. **P/E ratio**—the most recent price divided by the latest six months' earnings per share plus earnings estimated for the next six months.
  16. **P/E median**—a rounded average of four middle values of the range of average annual price/earnings ratios over the past 10 years.
  17. **Relative P/E ratio**—the stock's current P/E divided by the median P/E for all stocks under Value Line review.
  18. **Dividend yield**—cash dividends estimated to be declared in the next 12 months divided by the recent price.
  19. **Options patch**—indicates listed options are available on the stock and on what exchange they are most actively traded.
  20. **The 3- to 5-year target price range**, estimated. The range is placed in proper position on the price chart and is shown numerically in the "1998-00 Projections" box on the left side of the price chart.
  21. **Relative price strength** describes the stock's past price performance relative to the Value Line Composite Average of 1,700 stocks. The Timeliness rank usually predicts the future direction of this line.
  22. **The number of shares traded monthly** as a percentage of the total outstanding.
  23. **Statistical milestones** that reveal significant long-term trends. The statistics are presented in two ways: 1) the upper series records results on a per-share basis; 2) the lower records results on a gross basis. Note that the statistics for the current year are estimated, as are the figures for the average of the years 1998-2000. The estimate would be revised, if necessary, should future evidence require. The weekly *Summary & Index* would promptly call attention to such revisions.
  24. A condensed summary of the **business**, significant shareholders, and the company's address and telephone number.
  25. A 400-word **report on recent developments and prospects**—issued once every three months on a preset schedule.
  26. **The date of delivery** to the subscribers. The survey is mailed on a schedule that aims for delivery to every subscriber on Friday afternoon.
  27. Value Line's Indexes of **Financial Strength, Price Stability, Price Growth Persistence, and Earnings Predictability**.
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