

## Investment Memo: The Coca-Cola Company (Ticker: KO)

### 1) Recommendation & Upside

The recommendation is to SELL the stock. The current market price is \$70.44, while the intrinsic value per share, based on the provided valuation, is \$14.52. This implies a downside (negative upside) of approximately -79.4%, which is well below the sell threshold of -12%. Therefore, based on the valuation metrics and thresholds, the stock is significantly overvalued relative to its estimated intrinsic value.

### 2) Valuation Summary

The intrinsic value per share of \$14.52 has been derived using a two-stage Discounted Cash Flow (DCF) model. The key assumptions include a Weighted Average Cost of Capital (WACC) of approximately 6.88% and a terminal growth rate of 2.64%. The DCF method indicates a much lower intrinsic share value than the market price, suggesting that the current price may not be justified by the company's projected future cash flows under these assumptions.

### 3) Latest Financial Snapshot

The latest financial data such as revenues, earnings, cash flow, or balance sheet metrics are missing from the provided JSON. Therefore, a comprehensive financial snapshot cannot be included in this memo.

### 4) Interpretation

The significant deviation between the market price and intrinsic value is unusual and suggests either the market is pricing in factors not captured by the current DCF model or there could be an error or discrepancy in the inputs or assumptions used for the intrinsic valuation. Given the sell recommendation and large negative upside, caution is warranted. Without additional financial data or context, it is difficult to reconcile the large difference in valuation and market price.

### 5) Risks & Next Steps

Risks include the potential for missing or incorrect valuation assumptions, changes in capital costs, terminal growth, or the possibility the market is accounting for other strategic or qualitative factors not reflected in the model. Next steps should include gathering updated and comprehensive financial data, understanding the inputs used in the DCF model in greater detail, and performing sensitivity analysis on key assumptions. Additionally, one should monitor market developments or management updates that could help explain the valuation discrepancy.

In summary, based solely on the provided data, the recommendation is to sell KO due to its highly overvalued status compared to intrinsic value as calculated by the DCF model. However, additional data and analysis are required to confirm this conclusion.