VIREO CAPITAL RESEARCH | Equity Research | Company Update | 28 July 2026

The Coca-Cola Company

NYSE: KO · Consumer Staples · Non-Alcoholic Beverages

RATING	PRICE TARGET	CURRENT PRICE	UPSIDE / DOWNSIDE
BUY	USD 93.53	USD 87.00	+7.50% price | +9.90% total return

MARKET CAP	52-WEEK HIGH	52-WEEK LOW	NEXT EARNINGS
~USD 375B	USD 89.08	USD 65.35	Q3 FY2026 — not yet confirmed (~20–27 Oct)

P/E (TTM)	EV/EBITDA (TTM)	REVENUE (TTM)	EBITDA MARGIN
26.4x	25.3x	USD 50.1B	31.7%

Report Date: 28 July 2026 · Analyst: **Debjit Mukherjee**, Student Equity Research Analyst | Vireo Capital Research

Price, market data and multiples as of 28 July 2026 (StockAnalysis / S&P Global Market Intelligence). Current price of USD 87.00 is the reference price used in the model; KO traded intraday to USD 89.08 on 28 July 2026 following the Q2 print, a new all-time high. Market capitalisation shown at the USD 87.00 reference price on 4,310m shares. 52-week low of USD 65.35 per TradingView/StockAnalysis. Total return = price return plus the 2.4% dividend yield.

1. INVESTMENT THESIS

This report moves Coca-Cola to BUY from HOLD, with a fair value of ~$94 against $87 today: +7.5% on price, +9.9% with the dividend. The upgrade comes from a change in method, not a change in the business, and that should be said upfront. The same four numbers as before, weighted differently — that is what moved the rating.

Thesis 1. Coca-Cola's dividend stream is the better anchor for valuation, because 64 consecutive years of increases say more about future worth than a five-year earnings model does.

Thesis 2. The volume recovery looks durable because it is being driven by mix, with Q2 volume up 5% while price/mix still held at +2%.

Thesis 3. Coca-Cola's reported numbers understate the underlying business, and the gap should close in FY2026 as the accounting distortions unwind.

The quarter behind this call is Q2 FY2026: revenue of $13.4bn, up 7%, against the ~$13.17bn expected, and comparable EPS of $0.97 against $0.93. Volume was up 5%, led by India, China, the US and Brazil, with Zero Sugar alone up 16%. Reported operating margin rose to 34.9% from 34.1%, and the comparable margin was 35.6%. Guidance was raised to ~5% organic revenue growth, 9–10% comparable EPS growth and ~$12.4bn of free cash flow; the stock rose 3.5% to a record that day.

What decides this call is not the quarter, it is the dividend: 64 straight years of increases, a 2.4% yield, and a cost of ~$9.1bn a year paid out of operating cash flow rather than debt. That streak is why 60% of the value here comes from a dividend model rather than a growth forecast, a steadier thing to build a case on than a number that can change every quarter.

The biggest problem with this call is the multiple. Coca-Cola trades at 25.0x next-twelve-months earnings against 17.4x for peers, and at 25.3x EV/EBITDA against 16.0x — a ~44% premium on earnings and ~58% on EBITDA — while consensus has revenue growing only 2.7% and EPS 7.5%. A premium that size needs earnings that grow faster, or last longer, than everyone else's. The honest answer is that they last longer; they do not grow much faster. The peer-comparison methods carry only 40% of the weight here and are not being asked to create the upside. The high multiple remains the biggest risk to owning the stock; it just no longer decides the rating.

BULL CASE vs. BEAR CASE

KEY BULL CASE	KEY BEAR CASE
Volume is accelerating, not decaying. Q2 FY2026 global unit case volume grew 5%, led by India, China, the US and Brazil — the strongest print in several years and evidence the volume-stagnation thesis is premature.	**The multiple, not the business, is the risk.** 25.0x NTM EPS and 25.3x EV/EBITDA against peer medians of 17.4x and 16.0x — a ~44% and ~58% premium that requires flawless execution simply to be held.
Zero-sugar is the GLP-1 hedge, and it is working. Coca-Cola Zero Sugar volume grew 16% in Q2 across every operating segment; Diet Coke/Coca-Cola Light grew 7%. The portfolio is migrating with the consumer, not against them.	**The valuation rests on a generous growth input. The 60%-weighted DDM assumes 5% perpetual dividend growth vs a 2.7% consensus revenue CAGR. At 4.5% growth the blended target falls to $82.50 and the rating inverts; breakeven growth is ~4.729% and the market is already paying for ~4.699%.**
Margin structure keeps improving. Comparable operating margin of 35.6% in Q2 vs 34.7% a year earlier; gross margin has expanded from 59.5% in FY2023 to 61.6% in FY2025 and consensus models 62.1% in FY2026E.	**A $14bn unquantified tax overhang.** KO has deposited $6.0bn with the IRS for 2007–2009 and estimates a further ~$14bn could be owed for 2010–2025 on the same methodology — ~$3.25/share, excluded from guidance.
Cash generation is normalising sharply. FY2026 free-cash-flow guidance raised to ~$12.4bn from ~$12.2bn; FY2025 reported FCF of $5.3bn was depressed by a one-off $6.1bn fairlife payment (ex-item: $11.4bn).	**Price/mix is turning negative where volume is strongest.** Asia Pacific delivered 8% volume growth in Q2 but price/mix of −9% on affordability initiatives — growth is being bought, and the segment's comparable operating income was flat.

Sources: Coca-Cola Q2 FY2026 earnings release (28 July 2026); StockAnalysis / S&P Global Market Intelligence (28 July 2026); Coca-Cola FY2025 Q4 results release; Bloomberg Tax / Yahoo Finance on the IRS transfer-pricing litigation.

2. COMPANY OVERVIEW

Coca-Cola does not produce most of its drinks. It makes the syrup and sells it to other companies, who bear the costs of production and sell the drinks; what Coca-Cola does is take money for the syrup and run the advertising behind the brand. The bottlers own the plants, the trucks and the coolers, and Coca-Cola owns almost none of it. It does not pay for capital expenditure on fixed assets, nor for the plants' operating costs, maintenance, freight charges — or even the electricity bill for producing and storing the drinks.

Because the bottlers own the physical assets, Coca-Cola spends only ~$2.1bn a year on capital expenditure — $2,112m in FY2025A and ~$2,200m guided for FY2026E — against $50.13bn of revenue. A capital base that small is why return on invested capital reaches 20.4% against a cost of capital of ~5.8%, and why the EBITDA margin of 31.7% compares with 19.3% at PepsiCo and 12.9% at Mondelez.

Coca-Cola's lack of contracted buyers might look like a weakness on paper, but it masks how reliable the revenue is. The products are consumed daily by hundreds of millions of people, many of whom have built them into a routine: a median purchase gap of 9 days and a repeat-purchase rate of 75.6% against a category average of 70.9%, per one UK household study. A contract expires; a habit doesn't. Not having contracts also gives Coca-Cola greater flexibility in choosing customers and adjusting sales volumes.

Revenue is spread unevenly across the regions: North America $19.6bn, EMEA $11.5bn, Latin America $6.3bn, Asia Pacific $5.6bn and Bottling Investments $5.7bn in FY2025. North America accounts for less than 40% of the total, so the majority of profit is earned outside the United States while the company reports in dollars, which leaves a large part of the reported figures exposed to currency movements. That exposure is running in Coca-Cola's favour at the moment. Currency added 2 points to reported revenue growth and 4 points to reported EPS in Q2, and the FY2026 guidance of 9-10% comparable EPS growth includes a ~3% currency tailwind, so roughly a third of this year's guided earnings growth is the dollar moving rather than the business improving. It cuts both ways.

Coca-Cola is deliberately shrinking its Bottling Investments, selling owned bottlers back to independent partners, with the Africa disposal expected to close at the end of Q3 or during Q4 FY2026 subject to regulatory approval. The trade-off is a good one. Refranchising is guided as a 2-3% drag on FY2026 comparable net revenue, dilutive to the top line but accretive to margin and returns, because the revenue leaving the group is the lowest-margin revenue in it. Henrique Braun became CEO on 31 March 2026 after 30 years inside Coca-Cola, the ninth CEO in the company's 140-year history, with James Quincey moving to Executive Chairman after nine years in the role. A 30-year insider knows the business well enough to run it harder rather than rebuild it, so continuity is what to expect: no restructuring and no strategic reset to re-rate against. For a company whose problem is its multiple rather than its management, that is the right appointment, even if it means the market has no management catalyst to price.

3. INDUSTRY AND COMPETITIVE LANDSCAPE

The global non-alcoholic beverage market is worth ~$1.39–1.44trn and is forecast to reach ~$1.49trn in 2026; sources disagree on growth, with CAGR estimates ranging from 3.8% to 8.6%. Coca-Cola's revenue of $50.13bn makes up ~3–4% of that market by value. It does not hold a major share of non-alcoholic beverages as a whole, but of one sub-portion of it: sparkling soft-drink concentrate.

Growth is driven primarily by India and China, which led Q2 volume up 5%. Zero-sugar reformulation has taken Coca-Cola Zero Sugar to +16% in Q2, and premiumisation and packaging mix add to it. Growth is constrained by sugar taxes in 50-plus jurisdictions, by extended producer responsibility rules that raise packaging cost, and by GLP-1 weight-loss drugs. The revenue mix has shifted with those consumption trends, health consciousness and awareness of obesity, as more consumers switch to Diet Coke or zero-sugar Coca-Cola: Zero Sugar +16% and Diet Coke +7% in Q2.

Coca-Cola and PepsiCo are the two incumbents at the top, but most of the new growth no longer comes from them: it is going to smaller brands such as Monster in energy drinks, Celsius in functional energy, and Keurig Dr Pepper in coffee and flavoured soda. In Q2 Coca-Cola raised price by 2% and volume still went up 5%, which only happens if a company has pricing power. It also picked up value share in Germany, Morocco, Brazil, Mexico and the US, which shows it is setting the price rather than reacting to it. The one place this breaks down is Asia Pacific. Volume grew 8% there, but only because price was cut 9%: volume went up because things got cheaper, not because people wanted more. The region also lost value share overall, because gains in Japan and China were cancelled out by losses in India.

COMPARABLE COMPANY ANALYSIS

Company	Ticker	Mkt Cap ($B)	EV ($B)	Rev ($B)	EV/Rev	EV/EBITDA	P/E (Fwd)	Rev Growth
The Coca-Cola Co.	**KO**	**375.0**	**402.1**	**50.1**	**8.02x**	**25.3x**	**25.0x**	**2.7%**
PepsiCo, Inc.	PEP	196.3	240.4	96.9	2.48x	12.8x	16.0x	3.9%
Nestlé S.A.*	NESN	197.1	248.9	89.9	2.77x	13.5x	17.4x	1.7%
Monster Beverage	MNST	96.4	90.3	8.8	10.27x	33.5x	40.5x	11.0%
Mondelez Int'l	MDLZ	77.9	98.0	39.3	2.49x	19.4x	19.0x	3.3%
Keurig Dr Pepper	KDP	41.0	69.0	16.9	4.07x	16.0x	12.6x	22.8%
Constellation Brands	STZ	22.2	32.6	9.1	3.60x	10.0x	11.0x	1.3%
Celsius Holdings	CELH	7.2	7.1	3.0	2.38x	26.7x	18.4x	15.6%
Peer median (ex-KO)	**—**	**77.9**	**90.3**	**16.9**	**2.77x**	**16.0x**	**17.4x**	**3.9%**

*All market data as of 28 July 2026 unless noted. Source: StockAnalysis / S&P Global Market Intelligence; company filings; Vireo Capital Research. Revenue and EV/EBITDA are trailing twelve months. P/E (Fwd) is next-twelve-months consensus; on a like-for-like NTM basis KO's 25.0x is a ~44% premium to the 17.4x peer median, and on trailing EV/EBITDA its 25.3x is a ~58% premium to the 16.0x peer median. On a calendar FY2026E basis KO trades at 26.6x consensus comparable EPS of $3.27 at the $87.00 reference price (27.2x at the $89.08 intraday price), the basis used in Section 5; that figure is not comparable to the NTM peer median and the two bases are not mixed in the premium calculation above. Rev Growth is the consensus three-year forward revenue CAGR; the Financial Summary's own FY2025A–FY2028E path compounds at 1.97%, and the divergence is flagged there. *Nestlé figures are in CHF and as of 9 June 2026, the latest available on a consistent basis; not converted to USD.*

Coca-Cola only makes the concentrate — the smallest part of the whole chain, and the most profitable. PepsiCo, Mondelez, Nestlé and Constellation all do a great deal more themselves, manufacturing and shipping included, which brings in revenue at a much lower margin. Putting Coca-Cola next to these companies on the same multiple is not a fair comparison. The returns prove it: ROIC of 20.4% at Coca-Cola against 19.4% at PepsiCo, 6.3% at Mondelez and 5.4% at Keurig Dr Pepper. Coca-Cola makes $50.13bn of revenue but spends only ~$2.1bn on capex — $2,112m in FY2025A, ~$2,200m guided for FY2026E — because it does not own the factories and the trucks the others do, and less to build and run means more of the money it makes stays as profit. The peer screen is large-cap global consumer staples with broad distribution and comparable brand scale. Coca-Cola FEMSA and Coca-Cola Europacific are excluded because they are bottlers, so they sit on the other side of the refranchising model rather than beside it.

One peer beats Coca-Cola on margin: Constellation, at a 36.0% EBITDA margin. The market pays only 10.0x EV/EBITDA for it, because its whole category, wine and spirits, is shrinking. A high margin alone does not earn a high price if the business behind it is in decline. Coca-Cola looks expensive only next to companies that are cheap for structural reasons of their own; it is not expensive next to businesses genuinely like it. That is why comparing multiples across this group cannot generate upside. On forward P/E, Coca-Cola's 25.0x sits above the peer 75th percentile of 18.70x, with only Monster higher at 40.5x. That premium is only partly deserved by the returns and margin profile, so the relative case supports quality without generating upside on its own.

4. FINANCIAL ANALYSIS

Revenue grew 6.4% in FY2023 to $45.75bn, slowed to 2.9% in FY2024 ($47.06bn), slowed again to 1.9% in FY2025 ($47.94bn), then jumped back to 6.5% in the twelve months to 3 July 2026, reaching $50.13bn. The slowdown in FY2024 and FY2025 was not people buying fewer drinks. It was currency moving against the company and bottling businesses being sold off, both of which lower reported revenue without changing demand. Growth came back once currency turned in its favour again and volume held up: up 5% in Q2, with 2 points from currency on top. Gross margin rose every single year: 59.5% in FY2023, 61.1% in FY2024, 61.6% in FY2025 and 61.9% now, 240 basis points higher over the period, because price rose faster than costs. Selling off the low-margin bottling business helps the margin too, since what is left behind earns more per dollar of sales.

Reported operating income went from $11.31bn in FY2023 down to $9.99bn in FY2024, then up to $13.76bn in FY2025 — a 38% swing in one year. That swing is not the business getting worse and then better; it is mostly one-time charges that hit FY2024 and did not repeat. That leaves FY2024 looking worse than it should and FY2025 better than it should, on the strength of one year in between. The cleaner number is the comparable operating margin: 35.6% in Q2 FY2026, up from 34.7% a year earlier, with the reported margin moving the same way, from 34.1% to 34.9%. Both readings move together once the one-off charges are stripped out, which is a better sign than trusting either alone. On margin the gap to peers is wide, 31.7% EBITDA margin at Coca-Cola against 19.3% at PepsiCo and 12.9% at Mondelez, while revenue is not growing much faster than at either. The higher price the market pays for Coca-Cola is paying for that margin gap, not for faster growth.

Reported free cash flow dropped from $9.75bn in FY2023 to $4.74bn in FY2024, then came back only a little, to $5.30bn in FY2025. On paper that looks like cash generation nearly cut in half and never recovered. Neither drop came from the business doing worse. FY2024 included a $6.0bn payment to the IRS for tax years 2007–2009, and FY2025 a separate $6.1bn payment for the fairlife deal; strip out the fairlife payment and FY2025 free cash flow was $11.4bn, more than double what was reported. The real number over the last twelve months is $14.30bn. Guidance for FY2026 is ~$12.4bn (~$14.6bn of cash from operations less ~$2.2bn of capex), against net income of $14.32bn over the same period, so free cash flow is matching earnings at ~1.0x. That $12.4bn sits well above the ~$9.1bn the dividend costs each year. Anyone screening on reported free cash flow alone would conclude Coca-Cola is far more expensive than it is.

Total debt was $43.54bn against $16.37bn of cash and short-term investments, leaving net debt of $27.17bn, down from $29.69bn at the end of FY2025. Debt is coming down while the dividend keeps going up, not the other way around. Net debt of $27.17bn against EBITDA of $15.89bn is 1.7x, a low level; interest is covered 9.5 times over, and the dividend, at ~$9.1bn a year, is paid comfortably out of cash flow. The balance sheet gives Coca-Cola room to do more, raise the dividend further or make acquisitions, rather than posing a risk. What to worry about on the balance sheet is not debt but the tax case, covered in Section 7.

Coca-Cola sells concentrate, not finished bottles, so it barely holds inventory: $4.4bn against $19.10bn of cost of goods, turning over 4.34 times a year. It also pays suppliers more slowly than it collects from customers, so payables are larger than receivables and inventory combined. The day-to-day cash cycle generates cash instead of consuming it, which a company making its own bottled drinks would not get. Asset turnover is only 0.47x, which sounds slow, but set it against the 28.6% net margin: Coca-Cola earns so much on each sale that it does not need to turn assets over quickly to earn high returns. ROIC is 20.4% against a cost of capital of ~5.8%, a gap of ~1,460 basis points, and ROE is 42.1%, in line with the 36–40% range it ran every year from FY2020 to FY2024. Both say the same thing: returns have stayed far above the cost of capital for years, not just this one. One inconsistency to flag — the DCF later in this report uses a higher 7.0% cost of capital rather than the ~5.8% used here, which is more cautious and part of why the DCF comes out lower. A business earning about three and a half times its cost of capital deserves to trade at a premium; the only question is how large.

FINANCIAL SUMMARY

Metric	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E
Revenue (USD B)	45.75	47.06	47.94	50.34	51.60	52.89
YoY Growth %	6.4%	2.9%	1.9%	5.0%	2.5%	2.5%
Gross Profit (USD B)	27.23	28.74	29.54	31.26	32.10	32.98
Gross Margin %	59.5%	61.1%	61.6%	62.1%	62.2%	62.4%
EBITDA (USD B)	12.44	11.07	14.81	15.96	16.51	17.14
EBITDA Margin %	27.2%	23.5%	30.9%	31.7%	32.0%	32.4%
EBIT (USD B)	11.31	9.99	13.76	14.93	15.42	16.01
Net Income (USD B)	10.71	10.63	13.11	14.07	14.93	15.88
EPS (Diluted, USD)	2.47	2.46	3.04	3.27	3.48	3.72
Dividend / Share (USD)	1.84	1.94	2.04	2.12	2.21	2.30
FCF (USD B)	9.75	4.74	5.30	12.40	12.90	13.42
Net Debt (USD B)	28.40	29.95	29.69	27.17	25.50	23.80
Net Debt / EBITDA (x)	2.28x	2.71x	2.00x	1.70x	1.61x	1.44x

FY2023A–FY2025A: Coca-Cola 10-K filings (SEC EDGAR) and the KO Business Model Stage 1 workbook; EBIT is reported GAAP operating income and FY2024 includes large non-recurring other operating charges. EBITDA = reported operating income plus D&A. Net debt = total debt less cash and short-term investments. FY2026E net income and EPS, and FY2027E revenue and EPS, are S&P Global Market Intelligence consensus (17 analysts, 28 July 2026); FY2026E EPS of $3.27 is also the low end of the company's own FY2026 guidance range of $3.27–$3.30, i.e. 9–10% comparable EPS growth on FY2025 comparable EPS of $3.00. FY2026E FCF is company guidance of ~$12.4bn. FY2026E revenue of $50.34bn and EBITDA of $15.96bn are stated on a guidance-consistent basis: FY2025A revenue of $47,941m × 1.05 organic growth = $50,338m, at a 31.7% EBITDA margin = $15,957m, with gross profit taken at the 62.1% consensus gross margin. The consensus figures shown previously ($48.96bn of revenue and $15.30bn of EBITDA) sat below trailing revenue of $50.13bn and trailing EBITDA of $15.89bn and could not be full-year figures.87bn sits marginally below FY2026E. The 2.7% consensus three-year forward revenue CAGR cited elsewhere in this report is a consensus figure; this table's own FY2025A–FY2028E revenue path compounds at 1.97% and is this report's own projection. Both are stated; the divergence is flagged, not reconciled. FY2026E net debt is the actual position at 3 July 2026. All remaining FY2027E and FY2028E figures are Vireo Capital Research projections built off the consensus base (revenue +2.5% in FY2028E; EPS +7.0%, in line with the 7.5% consensus three-year EPS growth forecast; dividend +4%). FY2023A–FY2025A EPS is reported diluted GAAP EPS; FY2026E–FY2027E is consensus comparable (non-GAAP) EPS. FY2027E and FY2028E are Vireo Capital Research projections built off the FY2026E guidance base at 2.5% revenue growth a year, replacing a stale consensus line that implied a revenue decline. The Financial Summary dividend path grows at ~4% a year while the valuation assumes 5% in perpetuity; Section 5 explains why the two are consistent.

5. VALUATION

This report blends three methods: the dividend model at 60%, EV/EBITDA at 20% and P/E at 20%, with the DCF kept to one side as a cross-check rather than an input to the blend. The dividend model carries that weight because of 64 straight years of dividend increases. A company with a payout record that long is better valued on what it actually pays out than on a forecast of cash it might keep instead.

The method left out on purpose is the DCF. A five-year DCF at 3.0% terminal growth is the wrong instrument for a company whose whole story is a dividend that has never been cut: it throws away 64 years of proof and replaces it with a five-year guess. It remains useful as a floor, putting ~$68 under the stock — below which the rest of this report would need to be wrong.

The dividend model, at a 7.25% cost of equity and 5% growth in perpetuity, gives ~$99. The P/E method, at 27x next year's EPS of $3.27, gives ~$88. EV/EBITDA at 24x gives ~$83, and the DCF sets the floor at ~$68. Blended: $98.93 x 0.60 plus $82.55 x 0.20 plus $88.29 x 0.20 comes to $93.53, call it ~$94. Against the $87 price that is +7.5% on the stock alone and +9.9% with the 2.4% dividend added in, which is what turns this into a BUY.

The previous note used a different blend, dividend model 40%, P/E 25%, EV/EBITDA 20% and DCF 15%, which gave ~$86 and a HOLD. None of the four numbers underneath changed: same model, same quarter. The only thing that changed is how much weight each method carries, and that should be said outright rather than hidden. The Street's average price target is ~$88; this report's ~$94 sits above it, and the difference is the weighting choice, not a rosier forecast.

PRICE TARGET DERIVATION

Methodology	Weight	Implied Price	Key Assumptions
Dividend Discount (Gordon)	**60%**	**USD 98.93**	Cost of equity 7.25%; perpetual dividend growth 5.0%; forward dividend D1 = $2.12 × 1.05 = $2.2260 (live formula, no longer hardcoded). Weighted highest under Vireo's income-name standard, given the 64-year dividend-increase record.
EV/EBITDA Comps	**20%**	**USD 82.55**	24.0x applied to FY2026E EBITDA of $15,957m; less net debt of $27,170m; 4,310m shares. FY2026E EBITDA restated to $15,957m = FY2025A revenue $47,941m × 1.05 organic growth ($50,338m) at a 31.7% EBITDA margin; the $15,300m base used previously sat below TTM EBITDA of $15,890m and could not be a full-year figure.
P/E Comps	**20%**	**USD 88.29**	27.0x applied to FY2026E EPS of $3.27; peer-informed premium multiple reflecting KO's superior margin structure vs PEP and the staples group. 27.0 × $3.27 = $88.29. EPS resolved to $3.27: company FY2026 guidance of $3.27–$3.30 (9–10% comparable EPS growth on FY2025 comparable EPS of $3.00) and Street consensus of $3.27 at 28 July 2026; the $3.22 previously used was the pre-Q2 consensus and reproduced the $87.00 reference price exactly. CONTEXT — the 27.0x is not anchored to KO's own history: KO's average P/E is 24.83x over three years and 25.80x over five, both trailing (FullRatio / Intrinio / Sharadar, 18 June 2026), ~23.0x and ~23.9x forward-equivalent, at which the P/E leg would be $75.21 / $78.15 and the blend $90.91 / $91.50. Shown for the author to choose; the applied 27.0x is unchanged.

Methodology	Weight	Implied Price	Key Assumptions
DCF (5-Year, conservative)	**Not weighted**	**USD 67.92**	FY2026E unlevered FCF rebased to $12,700m (×1.1353, whole path scaled proportionally); WACC 7.0%; terminal growth 3.0%. Retained as supporting analysis and a valuation floor; not an input to the price target under the income-name standard. The prior $58.96 was understated because the UFCF base was not reconciled to guidance — $10,660m of unlevered FCF sat below guided levered FCF of ~$12,400m, which is not possible.
BLENDED PRICE TARGET	**100%**	**USD 93.53**	**$98.93×0.60 + $82.55×0.20 + $88.29×0.20 = $93.53 (unrounded blend; rounds to $94). +7.50% vs the $87.00 current price; +9.90% total return including the 2.4% dividend yield. Returns are stated on the unrounded blend. Rating (mechanical): BUY.**

Weights follow Vireo's house standard for income names — 60% dividend discount / 20% EV-EBITDA / 20% P/E — applied here without exception. This supersedes the DDM 40% / P/E 25% / EV-EBITDA 20% / DCF 15% weighting used in the previous note, which produced a blended ~$86 and a HOLD; the four method outputs are unchanged, and the entire difference in the price target is the reweighting. The five-year DCF is retained as supporting analysis and as a floor but is not a formal input to the target, on the basis that a 64-year dividend-increase record makes the dividend stream, not residual free cash flow, the most reliable claim on value for this issuer. Source: KO Business Model Stage 1 workbook, Valuation Summary tab.

The dividend model says $99. The DCF says $68, a $31 gap on the same company in the same quarter. The dividend model is pricing 64 years of an unbroken dividend; the DCF is pricing leftover cash flow at a 7.0% cost of capital and 3.0% terminal growth, and on those inputs no slow-growth staple clears its own stock price. The low DCF number says more about the method than about Coca-Cola.

At the peer median EV/EBITDA of 16.0x, Coca-Cola would be worth ~$53; at the peer median forward P/E of 17.4x, ~$57. The two numbers this report uses, $83 and $88, already assume roughly a 50% premium to the group, and they still average below the current price. That is the limit of what comparing to peers alone can do here. On peer comparisons alone this stock has no upside, and anything above $87 comes down to the dividend. The premium is earned by the margin and returns gap set out in Section 4, but it cannot be counted twice — once there and once again here.

THE PERPETUAL GROWTH ASSUMPTION — RATIONALE AND SENSITIVITY

This assumption gets its own section because 60% of the whole target rests on it: if this one number is wrong, the target is wrong with it. Three things support the 5%. First, the realised record: dividends paid went from $7,047m in FY2020 to $8,779m in FY2025, a 4.5% CAGR over five years. Second, forward earnings: EPS guided to ~$3.27 against $3.04 this year, ~7.6% growth, against a guidance framework of 9–10% comparable EPS growth. Third, revealed behaviour: 64 consecutive increases, the latest declaration $0.53, and a dividend that kept rising through currency shocks, business disposals and a $6.0bn tax deposit. All three point the same way.

The catch is the payout ratio. The $2.12 indicated rate against $3.04 of FY2025 diluted EPS is already ~70% paid out, and dividend growth cannot keep outrunning earnings growth from that level: dividend growth above the rate of earnings growth would need the payout ratio to keep climbing, and it cannot climb indefinitely. So 5% holds up only if mid-single-digit EPS growth is sustained — and that is exactly the price/mix thesis argued in Sections 1 to 4, nothing more.

The payout ratio is falling, not climbing, which flips the payout worry raised two paragraphs back. The $2.12 dividend is 70.7% of FY2025 comparable EPS of $3.00, but only 64.8% of FY2026E comparable EPS of $3.27. If dividends keep growing 5% while earnings grow at the consensus 7.5%, the ratio keeps falling, so 5% growth does not need the payout ratio to climb, and the constraint named earlier does not bind at that level. The Financial Summary's ~4% near-term path is the board holding back while the ~$14bn tax contingency stays open, not a limit on what the business can actually afford. 5% is still above the realised five-year CAGR of 4.5%, so the base case assumes normalisation once the overhang clears. If it does not, 4.5% is the honest number, and the sensitivity table below shows the rating inverting.

At 4.00% growth the dividend model drops to $67.84 and the blend to $74.87, −13.9% from here: SELL. At 4.50% it is $80.56 and $82.50, −5.2%: still SELL. At 5.00%, the base case, $98.93 and $93.53, +7.5%: BUY. At 5.50% it jumps to $127.81 and $110.85, +27.4%, also BUY. Two numbers matter most: breakeven growth is ~4.729% and the market is already pricing ~4.699%, barely 3 basis points apart.

Perpetual dividend growth (g)	DDM value	Blended target (60/20/20)	vs $87 price	Rating
4.00%	USD 67.84	USD 74.87	−13.94%	SELL
4.50%	USD 80.56	USD 82.50	−5.17%	SELL
5.00% (base case)	**USD 98.93**	**USD 93.53**	**+7.50%**	**BUY**
5.50%	USD 127.81	USD 110.85	+27.42%	BUY

DDM values are Gordon growth outputs at a 7.25% cost of equity on the implied forward dividend of $2.2260 per share consistent with the ~$99 base case at 5.0% growth. The blended target applies the 60% DDM / 20% EV-EBITDA / 20% P/E weighting with the P/E and EV/EBITDA outputs held constant at $88.29 and $82.55 respectively; only the DDM input varies. Breakeven growth of ~4.729% is the rate at which the blended target equals the $87.00 reference price; market-implied growth of ~4.699% is the rate at which the DDM output alone equals $87.00. Ratings shown are the mechanical output of the framework, not separate recommendations. Source: KO Business Model Stage 1 workbook, Valuation Summary tab.

The market already assumes ~4.7% dividend growth in perpetuity. This BUY needs Coca-Cola to beat that by ~30 basis points. That is not a market mistake. It is just a disagreement over one number. The Gordon formula divides by the spread between the cost of equity and the growth rate, so the output rises non-linearly as growth approaches 7.25%: the 50bp from 5.0% to 5.5% adds $28.87 to the dividend model, while the 50bp below takes only $18.37 away. Upside is arithmetically more fragile than downside, which is why the target here is $94 rather than the full $99 the base case gives.

6. CATALYSTS

Q3 FY2026 results should come mid-to-late October 2026, though the exact date is not yet set the company has not yet confirmed it; Q3 FY2025 was reported on 21 October, and third-party calendars point to 20 or 27 October 2026. Management has already framed the quarter: a ~1% currency tailwind to revenue and ~3% to EPS, with minimal drag from M&A. What matters is whether 5% volume growth holds once the World Cup activation laps out. If volume stays at 4% or higher with price/mix still positive, the 9–10% EPS guidance becomes a floor rather than a target. If it reverts to 1–2%, the premium on the stock is the first thing to go.

The Africa bottling disposal is set to close at the end of Q3 or during Q4 FY2026, subject to regulatory approval. Management has already cut the FY2026 revenue headwind from these deals from ~4% to 2–3%, because the sale is closing later than planned. Once it closes, low-margin bottling revenue drops out of the group and lifts the group margin. That feeds EBITDA directly, and EBITDA is what the EV/EBITDA leg of the valuation is built on. Assuming a 3% revenue drag and a 6% bottling margin, the disposal lifts group EBITDA margin by ~79bp on completion.

The current dividend is $0.53 a quarter, payable 1 October 2026 to holders of record on 15 September 2026: $2.12 annualised, a 2.4% yield. The catalyst is the February 2027 declaration, when the streak either reaches 65 consecutive years or does not. A 4–5% raise would take the rate to ~$2.21 and, at an unchanged yield, is worth ~4% on the share price. Holding it flat at $2.12 would be a serious warning about the tax case.

Coca-Cola has already deposited $6.0bn with the IRS for 2007–2009 and could owe ~$14bn more for 2010–2025 on the same methodology. None of that is in the guided 19.9% tax rate, so the outcome is a surprise whichever way it lands. A win in court adds back ~$3.25 a share; a loss locks that money in as a cost. This is the single biggest binary event for the stock, and neither its direction nor its timing is knowable in advance.

Coca-Cola is rolling out innovation hubs across all nine operating units through FY2027. Live examples include Coca-Cola Zero Zero, moving from Europe into Asia Pacific and Latin America; Sprite+Tea, made for China; and BODYARMOR FIT. Management credits innovation with part of the 5% volume growth in Q2. If zero-sugar and functional drinks keep growing 16% into FY2027, the 2.7% consensus revenue CAGR anchoring the valuation is too low — which also pushes back on the GLP-1 worry, since it means people are switching drinks, not quitting them. At 3.5% revenue growth rather than 2.7%, FY2029 EBITDA is $407m higher, worth $2.27 a share at 24x; at 4.0% the uplift is $3.70 a share.

7. RISKS TO OUR THESIS

Coca-Cola trades at 25.3x EV/EBITDA against 16.0x for peers, and at 25.0x next-twelve-months earnings against 17.4x. That gap, not the business, is the main risk here. A de-rating to 22x forward, still a premium and about where the shares traded in FY2023–24, puts them near $72 on the same $3.27 of FY2026E earnings, roughly −17% from here. It would not take much to trigger: one quarter with volume under 2% and price/mix turning negative. That has not happened in a while, but it does not need to happen twice to hurt the price.

The IRS transfer-pricing case is the largest quantifiable risk on the balance sheet: $6.0bn already deposited and ~$14bn more possible. Split across 4,310m shares that is ~$3.25 a share, close to 3.7% of the price, and none of it is in the guided tax rate. There is a second-order problem. If the ruling goes against Coca-Cola, the go-forward tax rate rises as well, lowering earnings exactly where the 27.0x multiple is applied. Either way the outcome is binary and the timing is out of the company's hands. The IRS exposure is excluded deliberately from the target, because the outcome is binary and unknowable and any probability-weighted treatment would be false precision.

Currency added 2 points to revenue, 2 to operating income and 4 to EPS in Q2; a good part of this year's growth is currency rather than the business. The 9–10% FY2026 EPS guidance already assumes a ~3% currency tailwind. A reversal to a 3% headwind, within the FY2022–24 range, is a 6-point swing, cutting FY2026E EPS ~$0.20 to ~$3.07 and taking roughly $5 off the P/E-derived valuation at an unchanged 27x. Coca-Cola uses foreign currency economic hedges to offset earnings volatility, but the filing does not state a fixed forward horizon, so the translation risk should be treated as ongoing rather than deferred.

In Asia Pacific, volume grew 8% but only because price was cut 9%. Comparable currency-neutral operating income there ended flat, so the extra volume did not make more money. EMEA shows a similar problem: comparable currency-neutral operating income fell 5% on higher marketing, even with volume up 4%. If the trade spreads to Latin America or the rest of EMEA, group price/mix turns negative and the margin expansion behind the premium stalls. That is the pattern to watch: growth bought with lower prices instead of earned through volume and mix. Size it: group price/mix was +2% in Q2, and a 200bp move to zero is $1,007m of revenue, $0.187 of EPS and $5.05 a share at 27x. A 100bp move is $503m, $0.093 and $2.53. The falsifier is whether EMEA starts to look like Asia Pacific.

The dividend model carries 60% of the valuation, and it rests on one number: 5% growth in perpetuity against a 7.25% cost of equity, a 225bp spread. Consensus has revenue up only 2.7% and EPS up 7.5% over three years, and the payout ratio is 64.8% of FY2026E comparable EPS and falling. Cut growth to 4.5% and the dividend model falls from ~$99 to $81 and the blend to $82.50 — about 5% below the price, enough to invert the rating rather than trim it. Breakeven is ~4.729% growth against a market-implied ~4.699%, a narrow gap. Dividend growth settling below ~4.75% inverts the call, just above the 4.729% breakeven, so that is the exit rather than 4%.

GLP-1 drugs and sugar taxes are the two slow-moving risks here, and neither shows up in the numbers yet. On GLP-1 the evidence so far runs the other way: Zero Sugar up 16% and Diet Coke up 7% in Q2. People are switching drinks, not giving them up. But adoption is early, and how far full-sugar demand falls is still unknown. Sugar taxes and packaging levies are the same pressure through a different door. What to watch is price/mix compressing slowly as full-sugar occasions migrate to cheaper zero-sugar formats in emerging markets, the Asia Pacific dynamic above. A sustained 100 basis point reduction in group price/mix is ~$500m of revenue and ~$0.093 of annual EPS. The same 100bp packaging shock appears as $0.093 of EPS here and $2.79 a share in Section 8; both are correct, one on an earnings basis and one on an enterprise-value basis.

8. ESG NOTE

The one ESG issue worth discussing here is packaging, and the honest answer is that management has retreated from its own goals. The new 2035 framework aims for 35–40% recycled content in primary packaging, including 30–35% recycled plastic, and collection of 70–75% of the bottles and cans it introduces. That replaces targets of 50% recycled content and 100% collection, both by 2030: both numbers were cut and the deadline was pushed back five years, with management citing cost, quality and scaling constraints. There are two ways to read it. The cynical way is that the original targets were never credible. The more useful way is that these are the first packaging goals with a real cost attached, and that cost has already shown up in Q2 as an input-cost headwind — which turns a vague ESG goal into a number that can be modelled. This is a regulatory question rather than a reputational one. Laws that make companies pay for packaging waste price exactly this gap, between what Coca-Cola sells and what it collects back, and by guiding to 70–75% collection rather than 100% the company has disclosed how large that future cost will be. A sustained 100bp rise in packaging cost is ~$500m of gross profit, ~3% of EBITDA, and at the 24.0x EV/EBITDA this report applies, $2.79 a share.

9. MANAGEMENT AND OWNERSHIP

Henrique Braun took over as chief executive on 31 March 2026, the first change in the role in nine years, and about as smooth a handover as a company can manage, because the new CEO came from inside. Braun has spent all 30 years of his career at Coca-Cola: Greater China and South Korea from 2013, Brazil from 2016, Latin America from 2020, then International Development in 2022, covering seven of the company's nine operating units, EVP in January 2024 and COO in January 2025. He is the ninth CEO in 140 years and the first to build his whole executive career inside the company rather than joining partway through. That career is the reason he got the job; there is not much he has not already run. James Quincey did not leave — he moved to Executive Chairman, having presided over a ~100% rise in the share price and a portfolio that passed 40 billion-dollar brands. A succession designed to change nothing makes sense for a company whose problem is its stock price, not its management. But it also means no new-CEO catalyst, no restructuring and nothing for the market to re-rate against. It is a handover built for stability, not for a fresh direction.

Insider ownership is only 0.57% of shares outstanding on the S&P Global figure, low even for a company this size. Sources disagree here: WallStreetZen has 0.79% and S&P Global 0.57%, and this report uses the S&P number. Either way, the people running the company are tied to it through pay rather than through owning much of the stock, which is normal at this size but a weaker signal than management holding shares of its own. Institutions own 67.2%, and the largest single holder is Berkshire Hathaway at ~9.3%, held for more than 30 years. That matters here because it signals stability in the dividend, and the dividend carries 60% of the valuation in this report. Short interest is only 1.23% of the float, or 53.0m shares, at 2.4 days to cover, up from 51.1m shares the month before. There is no short base left to squeeze, so any move higher has to come from new buyers paying 26.6x rather than from shorts being forced out. Low short interest of that kind means the market already agrees the business is good; the only argument left is over the price.

MANAGEMENT TEAM

Name	Role	Background
Henrique Braun	Chief Executive Officer (since 31 Mar 2026)	Joined Coca-Cola in Atlanta in 1996; President, Greater China & South Korea (2013–16); President, Brazil (2016–20); President, Latin America (2020–22); President, International Development (2022–25), covering seven of nine operating units; EVP from Jan 2024; COO from Jan 2025. Ninth CEO in the company's 140-year history.
James Quincey	Executive Chairman (since 31 Mar 2026)	CEO from 2017 to March 2026. Led the shift from a cola-centric business to a total-beverage company with more than 40 billion-dollar brands; share price rose ~100% during his tenure (low $40s at his 1 May 2017 start, against the $87.00 reference price). Now chairs the Board and guides long-term strategy and governance.
John Murphy	President & Chief Financial Officer	Joined Coca-Cola in 1988 as an international internal auditor. President, Latin Center 2008–12; President, South Latin 2013–16; President, Asia Pacific 2016–18. CFO since 2019; President & CFO effective 1 October 2022. Assumes responsibility for the North America Operating Unit on an interim basis effective 1 August 2026, in addition to the CFO role. Owner of the FY2026 guidance framework, including the 19.9% underlying effective tax rate.

Insider Ownership: 0.57% | **Institutional Ownership: 67.2%** | **Short Interest: 1.23% of float** | **Dividend Yield: 2.38%**

Ownership, short interest and yield per StockAnalysis / S&P Global Market Intelligence as of 28 July 2026. Berkshire Hathaway holding of ~9.3% per WallStreetZen ownership data (2026); 400,000,000 shares, unchanged, per Berkshire's Q1 2026 13F filing as at 31 March 2026. Note that third-party sources disagree on insider ownership, with WallStreetZen reporting 0.79%; we use the S&P Global figure of 0.57%. Leadership data per Coca-Cola Company press releases of 10 December 2025 and the FY2026 proxy statement (DEF 14A).

10. CONCLUSION

Both things are true. Coca-Cola had a near-perfect quarter, and the stock is expensive: 26.6x earnings and 25.3x EV/EBITDA against consensus revenue growth of 2.7% and EPS growth of 7.5%. This report is built to weigh those two against each other.

The 60/20/20 blend gives $93.53 against $87 today. That number depends on 5% dividend growth holding, with breakeven at ~4.729% and the market already pricing ~4.699%. It also depends on the ~$14bn tax case, which sits outside guidance entirely. Rating: BUY. Price target: USD 94.

ANALYST CERTIFICATION

I, Debjit Mukherjee, Student Equity Research Analyst, Vireo Capital Research, certify that the views expressed in this report accurately reflect my personal views about The Coca-Cola Company and its securities. I have not received and will not receive direct or indirect compensation related to the specific recommendations expressed herein. This report represents my independent analysis based on publicly available information.

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