



The Coca-Cola Company (KO)

Updated July 24th, 2025, by Josh Arnold

Key Metrics

| | | | | | |
|-----------------------------|------|--|------------------|----------------------------------|----------|
| Current Price: | \$69 | 5 Year CAGR Estimate: | 9.5% | Market Cap: | \$298 B |
| Fair Value Price: | \$69 | 5 Year Growth Estimate: | 7.0% | Ex-Dividend Date: | 09/15/25 |
| % Fair Value: | 100% | 5 Year Valuation Multiple Estimate: | 0.0% | Dividend Payment Date: | 10/01/25 |
| Dividend Yield: | 3.0% | 5 Year Price Target | \$97 | Years Of Dividend Growth: | 63 |
| Dividend Risk Score: | A | Sector: | Consumer Staples | Rating: | Buy |

Overview & Current Events

Coca-Cola is the world's largest beverage company, as it owns or licenses more than 500 unique non-alcoholic brands. Since the company's founding in 1886, it has spread to more than 200 countries worldwide. It has a market capitalization of \$298 billion, and its brands account for about 2 billion servings of beverages worldwide every day, producing about \$48 billion in annual revenue. The company also has an exceptional 63-year dividend increase streak, making it a Dividend King.

Coca-Cola posted second quarter earnings on July 22nd, 2025, and results were somewhat mixed. Adjusted earnings-per-share came to 87 cents, which was three cents ahead of estimates. Revenue was up 0.8% year-over-year to \$12.5 billion, missing estimates by \$80 million. Organic revenue was up 5%, including 6% growth in pricing and mix, partially offset by a 1% decline in volumes. The company still expects to deliver 5% to 6% growth in organic revenue this year, unchanged from prior. Net revenue is expected to face a 1% to 2% headwind from currency impacts based on current positioning. Sparkling soft drinks volume was off 1%, as Coca-Cola fell 1%. Coca-Cola Zero Sugar soared 14% as it grew in all geographic segments.

Comparable operating margin expansion during the quarter was up to 37.1% of revenue, driven by organic growth, the timing of marketing investments, and effective cost management. Currency headwinds partially offset some of that.

Cash flow was -\$1.4 billion on an operating basis, which reflected \$6.1 billion in contingent consideration payments made in conjunction with the 2020 Fairlife acquisition. Free cash flow fell \$5.5 billion year-over-year, resulting in negative free cash flow of \$2.1 billion.

We now see \$3.00 in adjusted earnings-per-share for this year, slightly higher than prior.

Growth on a Per-Share Basis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|
| EPS | \$1.67 | \$1.49 | \$1.91 | \$2.08 | \$2.11 | \$1.95 | \$2.32 | \$2.48 | \$2.69 | \$2.88 | \$3.00 | \$4.21 |
| DPS | \$1.32 | \$1.40 | \$1.48 | \$1.56 | \$1.60 | \$1.64 | \$1.68 | \$1.76 | \$1.84 | \$1.94 | \$2.04 | \$2.60 |
| Shares¹ | 4,324 | 4,288 | 4,259 | 4,250 | 4,314 | 4,323 | 4,325 | 4,328 | 4,313 | 4,302 | 4,285 | 4,225 |

Coca-Cola has experienced some years of stagnation in earnings-per-share, which declined from \$1.97 in 2012 and only reclaimed that high in 2018. However, now that the bulk of revenue declines have been absorbed from the bottling refranchising initiative, Coca-Cola's earnings growth has been quite strong.

Moving forward, we are forecasting 7% annual earnings-per-share growth. Volume had been improving and pricing was strong prior to the COVID-19 pandemic, which could mean low single-digit revenue growth as conditions normalize. In addition, job cuts and other productivity measures produced very strong margin growth in 2017 and 2018, and we see this as a long-term tailwind. All this combined could produce 7% annual earnings-per-share growth moving forward. Of course, 2020 earnings were down due to lower away-from-home sales, but earnings rebounded sharply higher in 2021 and 2022, with strong growth in 2023 and 2024.

¹ Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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We also forecast the dividend rising somewhat slower than earnings, producing a payout of \$2.60 per share by 2030, which should be enough to keep the stock yielding about twice that of the S&P 500.

Valuation Analysis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Now | 2030 |
|-----------|------|------|------|------|------|------|------|------|------|------|------|------|
| Avg. P/E | 23.1 | 25.7 | 23.0 | 21.8 | 24.1 | 25.6 | 23.3 | 25.6 | 21.9 | 21.6 | 23.0 | 23.0 |
| Avg. Yld. | 3.2% | 3.1% | 3.2% | 3.4% | 3.1% | 3.3% | 3.1% | 2.8% | 3.1% | 3.1% | 3.0% | 2.7% |

Coca-Cola's price-to-earnings ratio has been rather volatile in the past decade and today it stands at 23.0. We see fair value at 23 times earnings, implying no change to total returns moving forward over a 5-year holding period.

Meanwhile, Coca-Cola's dividend yield is currently 3.0% and the payout rises each year, offering a meaningful boost to total returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|
| Payout | 79% | 94% | 77% | 75% | 76% | 84% | 72% | 71% | 68% | 67% | 68% | 62% |

The payout ratio has been in the mid-70% range for the past few years but is below that now with rising earnings.

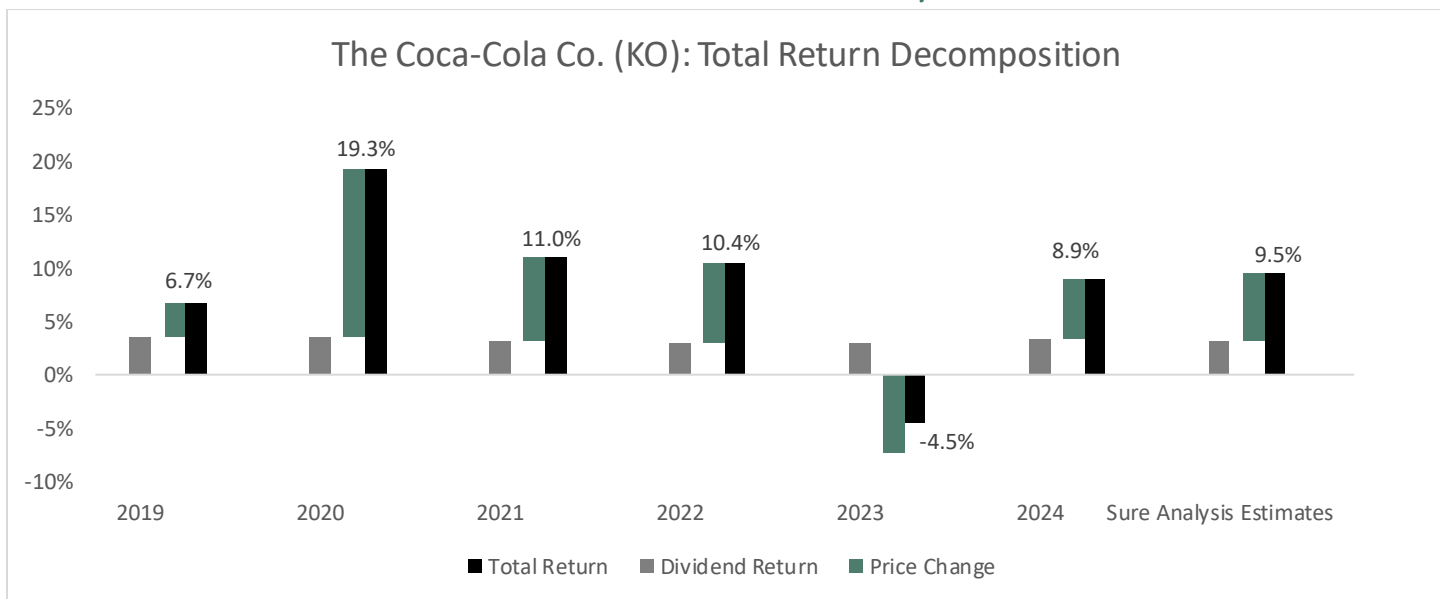
Dividend growth will remain a priority for management, and we see the payout as safe, with room to grow, particularly with generally improving free cash flow generation.

Coca-Cola's competitive advantages include its unparalleled suite of beverage brands, as well as its efficient global distribution network. Coca-Cola is also extremely resistant to recessionary environments, having increased its earnings-per-share during and after the financial crisis. The difference with the 2020 recession is that public venues have been closed, which disproportionately impacted Coca-Cola's results, even into 2021.

Final Thoughts & Recommendation

Our estimates of 7% earnings growth, no impact from the valuation, and the company's 3% dividend yield, give expected total returns of 9.5% per year over the next five years. Coca-Cola could work for investors that are seeking a recession-resistant, higher-yielding consumer staple, and shares are trading at fair value. We're boosting the stock to a buy rating with total returns now nearly 10%, and the company's exemplary dividend stock status.

Total Return Breakdown by Year



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Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| Revenue | 44294 | 41863 | 35410 | 31856 | 37,266 | 33,014 | 38,655 | 43,004 | 45,754 | 47,061 |
| Gross Profit | 26812 | 25398 | 22154 | 20086 | 22,647 | 19,581 | 23,298 | 25,004 | 27,234 | 28,737 |
| Gross Margin | 60.5% | 60.7% | 62.6% | 63.1% | 60.8% | 59.3% | 60.3% | 58.1% | 59.5% | 61.1% |
| SG&A Exp. | 16427 | 15262 | 12496 | 10307 | 12,103 | 9,731 | 12,144 | 12,880 | 7,930 | 14,582 |
| D&A Exp. | 1970 | 1787 | 1260 | 1086 | 1,365 | 1,536 | 1452 | 1,260 | 1,128 | 1,075 |
| Operating Profit | 10240 | 9750 | 9427 | 8700 | 10,086 | 9,850 | 11,039 | 10,909 | 13,016 | 9,992 |
| Op. Margin | 23.1% | 23.3% | 26.6% | 27.3% | 27.1% | 29.8% | 28.6% | 25.4% | 28.4% | 21.2% |
| Net Profit | 7351 | 6527 | 1248 | 6434 | 8,920 | 7,747 | 9,771 | 9,542 | 10,714 | 10,631 |
| Net Margin | 16.6% | 15.6% | 3.5% | 20.2% | 23.9% | 23.5% | 25.3% | 22.2% | 23.4% | 22.6% |
| Free Cash Flow | 7975 | 6534 | 5431 | 6280 | 8,417 | 8,667 | 11,258 | 9,534 | 9,747 | 4,741 |
| Income Tax | 2239 | 1586 | 5560 | 1623 | 1,801 | 1,981 | 2621 | 2,115 | 2,249 | 2,437 |

Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|---------|
| Total Assets | 89996 | 87270 | 87896 | 83216 | 86,381 | 87,296 | 94,354 | 92,763 | 97,703 | 100,549 |
| Cash & Equivalents | 7309 | 8555 | 6006 | 8926 | 6,480 | 6,795 | 9,684 | 9,519 | 9,366 | 10,828 |
| Acc. Receivable | 3941 | 3856 | 3667 | 3396 | 3,971 | 3,144 | 3,512 | 3,487 | 3,410 | 3,569 |
| Inventories | 2902 | 2675 | 2655 | 2766 | 3,379 | 3,266 | 3,414 | 4,233 | 4,424 | 4,728 |
| Goodwill & Int. | 24132 | 21128 | 16636 | 17270 | 26,766 | 28,550 | 34,613 | 33,631 | 33,223 | 31,440 |
| Total Liabilities | 64232 | 64050 | 68919 | 64158 | 65,283 | 66,012 | 69,494 | 66,937 | 70,223 | 74,177 |
| Accounts Payable | 2795 | 2682 | 2288 | 8932 | 11,312 | 11,145 | 4,602 | 15,749 | 5,590 | 21,715 |
| Long-Term Debt | 44116 | 45709 | 47685 | 43555 | 42,763 | 42,793 | 42,761 | 39,149 | 42,064 | 44,522 |
| Total Equity | 25554 | 23062 | 17072 | 16981 | 18,981 | 19,299 | 22,999 | 24,105 | 25,941 | 24,856 |
| LTD/E Ratio | 1.73 | 1.98 | 2.79 | 2.56 | 2.25 | 2.22 | 1.86 | 1.62 | 1.62 | 1.79 |

Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Return on Assets | 8.1% | 7.4% | 1.4% | 7.5% | 10.5% | 8.9% | 10.8% | 10.2% | 11.3% | 10.7% |
| Return on Equity | 26.3% | 26.9% | 6.2% | 37.8% | 49.6% | 40.5% | 46.2% | 40.5% | 40.2% | 39.5% |
| ROIC | 10.3% | 9.4% | 1.8% | 10.0% | 14.1% | 12.1% | 14.8% | 14.4% | 15.9% | 15.1% |
| Shares Out. | 4,324 | 4,288 | 4,259 | 4,250 | 4,314 | 4,323 | 4,340 | 4,350 | 4,339 | 4,320 |
| Revenue/Share | 10.06 | 9.59 | 8.19 | 7.41 | 8.64 | 7.64 | 8.91 | 9.89 | 10.54 | 10.89 |
| FCF/Share | 1.81 | 1.50 | 1.26 | 1.46 | 1.95 | 2.00 | 2.59 | 2.19 | 2.25 | 1.10 |

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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