Coca-Cola FEMSA (KOF)

Updated December 31st, 2025 by Samuel Smith

Key Metrics

Current Price:	$95	**5 Year CAGR Estimate:**	8.0%	**Market Cap:**	$20.0 B
Fair Value Price:	$91	**5 Year Growth Estimate:**	5.4%	**Ex-Dividend Date:**	3/15/26[1]
% Fair Value:	105%	**5 Year Valuation Multiple Estimate:**	-0.9%	**Dividend Payment Date:**	6/28/26[2]
Dividend Yield:	4.1%	**5 Year Price Target**	$119	**Years Of Dividend Growth:**	6
Dividend Risk Score:	F	**Sector:**	Consumer Staples	**Rating:**	Hold

Overview & Current Events

Coca-Cola FEMSA, S.A.B. de C.V. operates as a leading multinational beverage bottler headquartered in Mexico City, Mexico. It is the largest franchise bottler of Coca-Cola products in the world, producing, marketing, distributing and selling a wide range of non-alcoholic beverages such as sparkling soft drinks, waters, juices, teas, energy drinks and other beverage categories throughout Latin America. The company also distributes select beer and consumer products in some markets. Coca-Cola FEMSA serves millions of consumers through an extensive network of manufacturing facilities, distribution centers and retail outlets across Mexico, Central America and South America, generating revenues predominantly in Mexican pesos and supported by its deep logistical footprint and strong brand portfolio.

On October 24, 2025, Coca-Cola FEMSA released its third quarter 2025 results. The company reported earnings per American Depositary Share of $1.51, slightly above the consensus estimate of $1.48, indicating a modest beat on profitability for the period. Revenue for the quarter of approximately $3.86 billion was reported and showed resilience in a challenging consumer environment, though it came in marginally below some market expectations. Consolidated volume showed a slight decline, but total revenues increased around 3.3 percent on a year-over-year basis in local currency terms, reflecting favorable pricing and mix in certain markets despite soft beverage volumes in others. Operating income expanded and operating margins improved modestly, supported by cost efficiencies, though gross margins saw compression in some regions. Segment performance diverged with Mexico/Central America facing volume headwinds while South America recorded strength, notably in Brazil, Colombia and Argentina. Management highlighted continued focus on cost discipline, portfolio execution and leveraging its broad distribution network to offset macroeconomic pressures. A modest improvement in operating results and the EPS beat helped support confidence in the underlying business momentum, yet the volume trends and currency fluctuations remain areas to monitor. The company also maintained its dividend policy and reinforced strategic priorities toward sustainable growth across its core markets.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.52	$2.26	$3.30	$2.72	$3.14	$2.89	$3.82	$4.92	$5.45	$5.54	***$6.06***	***$7.90***
DPS	$1.91	$1.69	$1.80	$1.85	$2.54	$2.37	$2.52	$3.20	$3.64	$2.99	***$3.90***	***$4.50***
Shares	207.3	207.3	210.1	210.1	210.1	210.1	210.1	210.1	210.1	210.1	***210.1***	***210.1***

Coca-Cola FEMSA is positioned for steady growth over the next five years, with earnings per share expected to increase from $6.06 to $7.90, driven by strong beverage demand, pricing power, and operational efficiencies. Dividends per share are projected to rise from $3.90 to $4.50, reflecting confidence in consistent cash flow generation. KOF's focus on expanding its product portfolio, digital transformation, and strategic market penetration should support revenue growth. While currency fluctuations and raw material costs pose risks, its dominant market position, cost management strategies, and synergies with The Coca-Cola Company provide a solid foundation for long-term shareholder value.

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[1] Estimate

[2] Estimate

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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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	34.0	38.6	27.1	33.1	29.4	30.6	24.9	19.8	18.3	18.4	***15.7***	***15.0***
Avg. Yld.	2.2%	1.9%	2.0%	2.1%	2.8%	2.7%	2.6%	3.3%	3.7%	2.9%	***4.1%***	***3.8%***

KOF is currently trading at a P/E ratio of 15.7, well below its 10-year historical average of around 27, reflecting a more conservative market valuation despite its stable business model. The dividend yield stands at 4.1%, higher than past levels, suggesting the stock is now viewed as an attractive income-generating investment. Over the next five years, if earnings continue growing steadily, the P/E ratio could normalize between 15-18, assuming stable economic conditions. If investor sentiment toward emerging markets improves and KOF maintains strong pricing power, the multiple could expand toward 18-20. However, if currency fluctuations or inflationary pressures persist, it may remain near 13-15, limiting valuation upside.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	76%	75%	55%	68%	81%	82%	66%	65%	67%	54%	***64%***	***57%***

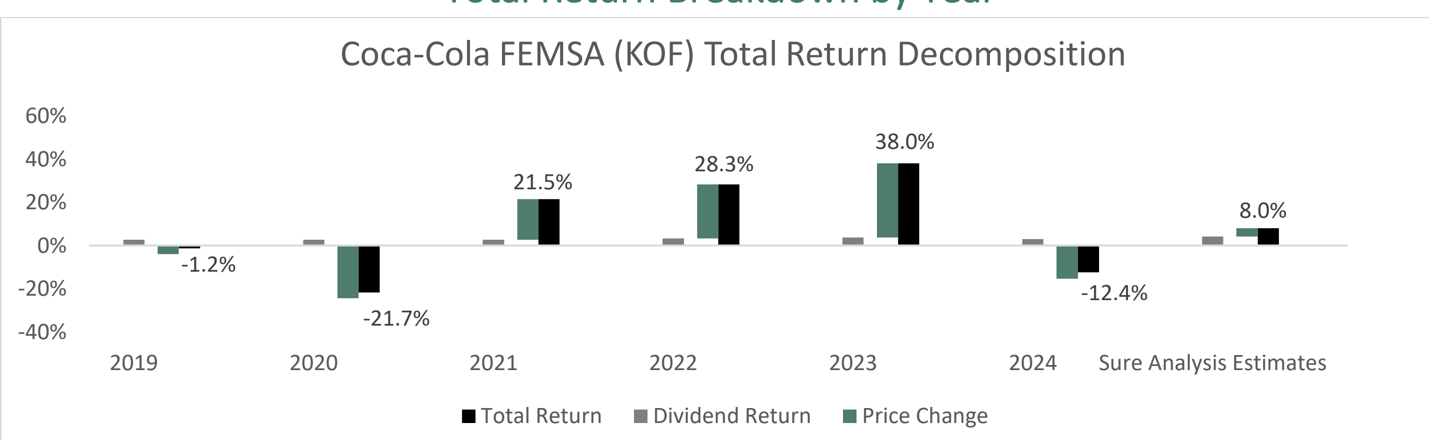
KOF's competitive advantage lies in its dominant position as the largest Coca-Cola bottler in Latin America, giving it significant pricing power and distribution efficiency. Its ability to leverage The Coca-Cola Company's brand strength while optimizing local production and logistics provides a durable moat. During the Great Recession, demand remained resilient as soft drinks are a staple consumer good, though emerging market volatility caused short-term currency headwinds. In more recent downturns, including the COVID-19 pandemic, KOF navigated disruptions effectively, benefiting from a rebound in consumption and strategic cost management, showcasing its defensive business model.

KOF maintains a solid balance sheet with strong interest coverage and manageable debt levels, allowing it to navigate economic fluctuations without excessive financial risk. The payout ratio has trended downward, declining from 81% in 2019 to 54% in 2024, reflecting improved earnings stability and greater flexibility for reinvestment. If earnings growth continues, the payout ratio could stabilize around 50-55%, supporting steady dividend increases while maintaining reinvestment capacity. With a strong cash flow profile and a commitment to shareholder returns, KOF remains well-positioned for long-term sustainable growth.

Final Thoughts & Recommendation

Between its 4.1% dividend yield, 5.4% expected five-year EPS CAGR, and -0.9% expected five-year valuation multiple CAGR, we project a 8% annualized total return for KOF over the next half-decade, making it a Hold at the moment.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	9,622	9,528	9,694	9,494	10,100	8,611	9,608	11,270	13,834	15,361
Gross Profit	4,549	4,271	4,418	4,370	4,545	3,884	4,370	4,986	6,257	7,068
Gross Margin	47.3%	44.8%	45.6%	46.0%	45.0%	45.1%	45.5%	44.2%	45.2%	46.0%
SG&A Exp.	3,049	2,973	3,070	3,016	3,144	2,647	2,995	3,429	4,295	
D&A Exp.	451	465	510	490	520	470	485	518	594	
Operating Profit	1,476	1,283	1,347	1,312	1,333	1,182	1,356	1,523	1,939	2,193
Operating Margin	15.3%	13.5%	13.9%	13.8%	13.2%	13.7%	14.1%	13.5%	14.0%	14.3%
Net Profit	646	540	(677)	724	628	483	775	946	1,103	1,303
Net Margin	6.7%	5.7%	-7.0%	7.6%	6.2%	5.6%	8.1%	8.4%	8.0%	8.5%
Free Cash Flow	739	1,059	1,064	885	1,053	1,182	1,121	883	1,222	
Income Tax	287	211	221	274	293	255	326	325	496	646

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	12,094	13,470	14,512	13,422	13,614	13,222	13,269	14,259	16,107	14,906
Cash & Equivalents	920	505	953	1,207	1,082	2,186	2,309	2,066	1,829	
Accounts Receivable	396	546	643	597	595	488	531	689	885	901
Inventories	464	518	577	511	556	489	584	610	700	680
Goodwill & Int. Ass.	5,220	5,979	6,312	5,943	5,916	5,226	4,992	5,289	5,957	4,931
Total Liabilities	5,839	7,236	7,364	6,718	6,767	7,067	7,036	7,495	8,234	7,620
Accounts Payable	1,163	1,343	1,593	1,005	1,047	864	1,111	1,376	1,611	1,635
Long-Term Debt	3,838	4,288	4,235	4,162	3,695	4,397	4,191	4,035	3,840	3,567
Shareholder's Equity	6,025	5,891	6,227	6,357	6,491	5,874	5,939	6,431	7,480	6,942
LTD/E Ratio	0.64	0.73	0.68	0.65	0.57	0.75	0.71	0.63	0.51	0.51

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.9%	4.2%	-4.8%	5.2%	4.6%	3.6%	5.8%	6.9%	7.3%	8.4%
Return on Equity	9.4%	8.6%	-10.1%	10.5%	9.3%	7.4%	12.5%	14.6%	15.1%	17.2%
ROIC	5.9%	5.2%	-6.2%	6.5%	5.9%	4.6%	7.4%	8.9%	9.8%	11.5%
Shares Out.	207.3	207.3	210.1	210.1	210.1	210.1	210.1	210.1	210.1	210.1
Revenue/Share	46.42	45.92	46.35	45.19	48.07	40.99	45.74	53.65	65.85	73.12
FCF/Share	3.56	5.10	5.09	4.21	5.01	5.63	5.34	4.20	5.82	

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