



# The Coca-Cola Company (KO)

Updated May 11<sup>th</sup>, 2026, by Josh Arnold

## Key Metrics

<b>Current Price:</b>	\$78	<b>5 Year CAGR Estimate:</b>	8.0%	<b>Market Cap:</b>	\$337 B
<b>Fair Value Price:</b>	\$76	<b>5 Year Growth Estimate:</b>	6.0%	<b>Ex-Dividend Date:</b>	06/15/26 <sup>1</sup>
<b>% Fair Value:</b>	102%	<b>5 Year Valuation Multiple Estimate:</b>	-0.4%	<b>Dividend Payment Date:</b>	07/02/26
<b>Dividend Yield:</b>	2.7%	<b>5 Year Price Target</b>	\$102	<b>Years Of Dividend Growth:</b>	64
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Consumer Staples	<b>Rating:</b>	Hold

## 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 \$337 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 64-year dividend increase streak, making it a Dividend King.

Coca-Cola posted first quarter earnings on April 28<sup>th</sup>, 2026, and results were much better than expected on both the top and bottom lines. Earnings came to 86 cents per share, which was a nickel ahead of estimates. Revenue was up 12.6% year-over-year to \$12.5 billion, which beat estimates by \$270 million.

Organic revenue was up 10%, driven by an increase of 8% in concentrate sales, as well as 2% price/mix growth. Concentrate sales were 5% ahead of unit case volume, primarily due to six additional days in the quarter, which was partially offset by the timing of concentrate shipments.

The company reiterated organic revenue growth of 4% to 5% for the year, the same as prior. The company also expects a 1% to 2% tailwind to revenue this year from currency translation. Earnings are expected to see a 3% tailwind from forex translation.

We see \$3.25 in adjusted earnings-per-share for this year after a strong start.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$1.49	\$1.91	\$2.08	\$2.11	\$1.95	\$2.32	\$2.48	\$2.69	\$2.88	\$3.00	<b>\$3.25</b>	<b>\$4.35</b>
<b>DPS</b>	\$1.40	\$1.48	\$1.56	\$1.60	\$1.64	\$1.68	\$1.76	\$1.84	\$1.94	\$2.04	<b>\$2.12</b>	<b>\$2.71</b>
<b>Shares<sup>2</sup></b>	4288	4259	4250	4314	4323	4325	4328	4313	4301	4302	<b>4300</b>	<b>4300</b>

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 6% annual earnings-per-share growth. Unit volume and pricing remain strong, as they were again in 2025 and to start 2026. Margins continue to rise as the company manages expenses well. All this combined could produce 6% annual earnings-per-share growth moving forward. Earnings have grown every year since 2020 and we see that streak continuing indefinitely.

We also forecast the dividend rising slightly slower than earnings, producing a payout of \$2.71 per share by 2031, which should be enough to keep the stock yielding more than twice that of the S&P 500.

<sup>1</sup> Estimated date

<sup>2</sup> 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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## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	25.7	23.0	21.8	24.1	25.6	23.3	25.6	21.9	21.6	23.3	<b>24.0</b>	<b>23.5</b>
Avg. Yld.	3.1%	3.2%	3.4%	3.1%	3.3%	3.1%	2.8%	3.1%	3.1%	2.9%	<b>2.7%</b>	<b>2.6%</b>

Coca-Cola's price-to-earnings ratio has been rather volatile in the past decade and today it stands at 24. We see fair value at 23.5 times earnings, implying a fractional valuation headwind moving forward over a 5-year holding period. Meanwhile, Coca-Cola's dividend yield is currently 2.7% and the payout rises each year, offering a meaningful boost to total returns.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	94%	77%	75%	76%	84%	72%	71%	68%	67%	68%	<b>65%</b>	<b>62%</b>

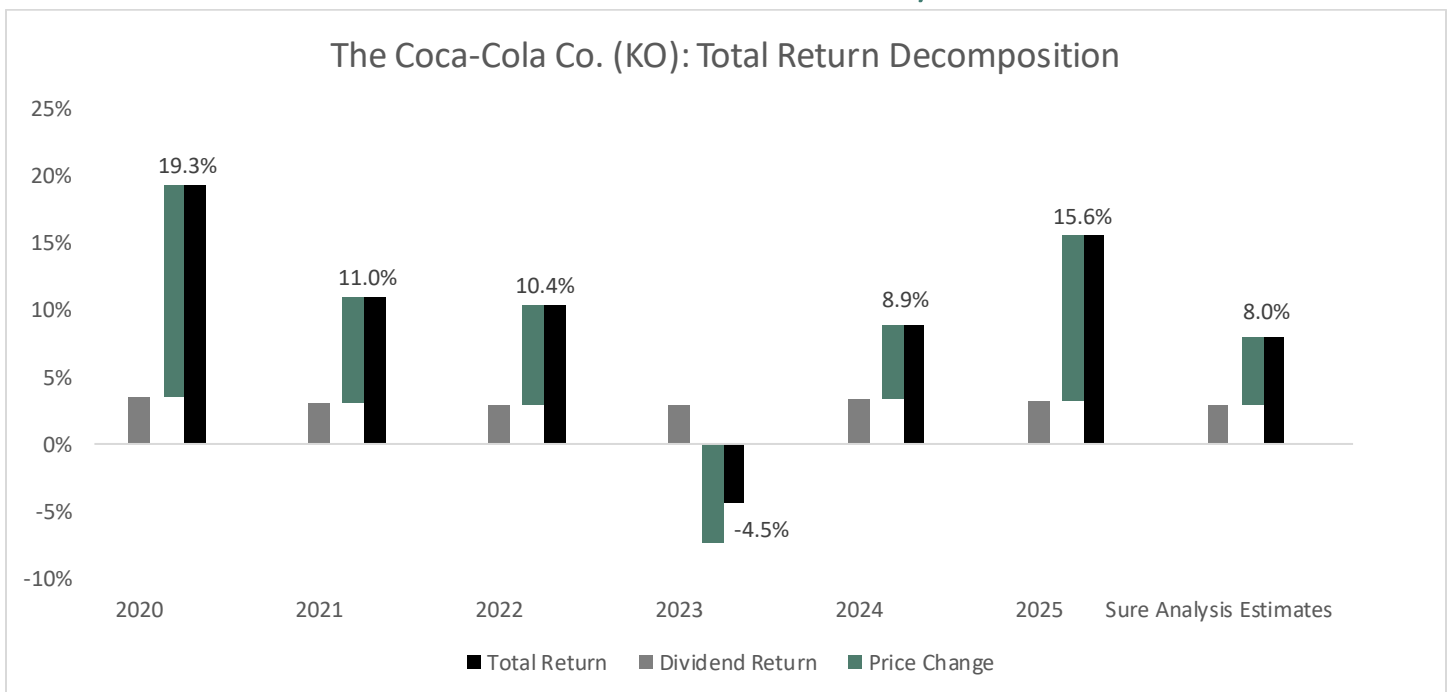
The payout ratio has been in the mid-60% range for the past few years but is below that now with rising earnings. Dividend growth will remain a priority for management, and we see the payout as safe, with room to grow, particularly with generally improving free cash flow generation.

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 6% earnings growth, a 0.4% valuation headwind, and the company's 2.7% dividend yield, give expected total returns of 8% 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 near fair value. We're reiterating the stock at a hold rating as we enter 2026.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	41863	35410	31856	37,266	33,014	38,655	43,004	45,754	47,061	47,941
<b>Gross Profit</b>	25398	22154	20086	22,647	19,581	23,298	25,004	27,234	28,737	29,544
<b>Gross Margin</b>	60.7%	62.6%	63.1%	60.8%	59.3%	60.3%	58.1%	59.5%	61.1%	61.6%
<b>SG&amp;A Exp.</b>	15262	12496	10307	12,103	9,731	12,144	12,880	7,930	14,582	14,521
<b>D&amp;A Exp.</b>	1787	1260	1086	1,365	1,536	1452	1,260	1,128	1,075	1,050
<b>Operating Profit</b>	9750	9427	8700	10,086	9,850	11,039	10,909	13,016	9,992	13,762
<b>Op. Margin</b>	23.3%	26.6%	27.3%	27.1%	29.8%	28.6%	25.4%	28.4%	21.2%	28.7%
<b>Net Profit</b>	6527	1248	6434	8,920	7,747	9,771	9,542	10,714	10,631	13,137
<b>Net Margin</b>	15.6%	3.5%	20.2%	23.9%	23.5%	25.3%	22.2%	23.4%	22.6%	27.4%
<b>Free Cash Flow</b>	6534	5431	6280	8,417	8,667	11,258	9,534	9,747	4,741	5,296
<b>Income Tax</b>	1586	5560	1623	1,801	1,981	2621	2,115	2,249	2,437	2,861

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	87270	87896	83216	86,381	87,296	94,354	92,763	97,703	100,549	104,816
<b>Cash &amp; Equivalents</b>	8555	6006	8926	6,480	6,795	9,684	9,519	9,366	10,828	15,806
<b>Acc. Receivable</b>	3856	3667	3396	3,971	3,144	3,512	3,487	3,410	3,569	3,038
<b>Inventories</b>	2675	2655	2766	3,379	3,266	3,414	4,233	4,424	4,728	4,425
<b>Goodwill &amp; Int.</b>	21128	16636	17270	26,766	28,550	34,613	33,631	33,223	31,440	28,022
<b>Total Liabilities</b>	64050	68919	64158	65,283	66,012	69,494	66,937	70,223	74,177	70,541
<b>Accounts Payable</b>	2682	2288	8932	11,312	11,145	4,602	15,749	5,590	21,715	14,813
<b>Long-Term Debt</b>	45709	47685	43555	42,763	42,793	42,761	39,149	42,064	44,522	43,941
<b>Total Equity</b>	23062	17072	16981	18,981	19,299	22,999	24,105	25,941	24,856	32,169
<b>LTD/E Ratio</b>	1.98	2.79	2.56	2.25	2.22	1.86	1.62	1.62	1.79	1.41

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	7.4%	1.4%	7.5%	10.5%	8.9%	10.8%	10.2%	11.3%	10.7%	12.8%
<b>Return on Equity</b>	26.9%	6.2%	37.8%	49.6%	40.5%	46.2%	40.5%	40.2%	39.5%	43.3%
<b>ROIC</b>	9.4%	1.8%	10.0%	14.1%	12.1%	14.8%	14.4%	15.9%	15.1%	17.3%
<b>Shares Out.</b>	4,288	4,259	4,250	4,314	4,323	4,340	4,350	4,339	4,320	4,313
<b>Revenue/Share</b>	9.59	8.19	7.41	8.64	7.64	8.91	9.89	10.54	10.89	11.12
<b>FCF/Share</b>	1.50	1.26	1.46	1.95	2.00	2.59	2.19	2.25	1.10	1.23

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

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