



Prices as of 2026-09-25 close · Financials through Q2 2026 (quarter ended 2026-07-03; 10-Q filed 2026-07-29)

Coca-Cola [KO](#)

Coca-Cola is growing by selling more, not charging more. The big landmine: a \$14B tax fight

The business is solid and getting better. Q2 revenue was \$13.4B (+6.7%, 6% organic), unit case volume rose 5%, and comparable operating margin reached 35.6% (34.7% a year earlier). Management raised full-year guidance. The stock is up 36.6% over one year, the best in its peer group, and trades at 26.6x this fiscal year's earnings, about 34% above the peer median. The biggest finding of our filing check sits only in the filings themselves: if Coca-Cola loses its transfer-pricing tax case against the IRS, it forfeits the \$6.0B deposit it has already paid, may owe roughly \$14B more in tax and interest for 2010–2025, and faces an effective tax rate about 3.8 percentage points higher every year after. It has reserved just \$529M. The Eleventh Circuit heard the appeal on June 25; no ruling yet. Separately, yfinance's operating income adds back charges such as trademark impairments, and its free cash flow figure is badly understated.

Rating · 12 months · vs S&P 500 Buy Confirmed 2026-09-30 · Rating definitions	Price \$87.81 2026-09-25 close	Market cap \$377.8B Consumer Defensive	1-year change +36.6% YTD +28.0%	Current-year P/E 26.6x EPS 3.30 (consensus)
Next earnings 2026-10-20 yfinance calendar				

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The market

Indexes: As of 2026-09-25, the S&P 500 is +13.1% year to date and the Nasdaq +16.5%. Over the past month the Dow fell 3.1% and the Russell 2000 5.6%, with gains concentrated in big tech.

Sector: The consumer staples ETF (XLP) is +7.7% YTD and -4.3% over one month. This stock is +28.0% YTD, far ahead of both the sector and the S&P, and +36.6% over one year.

Rates and the dollar: The 10-year Treasury yield is 5.18%, up about 52bp in a month; the dollar index is up 1.8 over the month; the Fed hiked by 25bp on Sept 16.

What it means for this stock (our inference): ① The stock trades at a premium to peers, and a sustained rise in rates would squeeze that valuation. ② Most of Coca-Cola's profit is earned outside the US, so a stronger dollar erodes the roughly 1% revenue and roughly 3% EPS currency tailwind built into guidance. ③ The stock's 1-year correlation with the S&P 500 is -0.16. It is plainly defensive and tends to hold up when markets swing.

Indices and sector

	Last	1W	1M	3M	YTD	1Y
S&P 500	7,743.41	+1.2%	+0.9%	+5.3%	+13.1%	+17.2%
Nasdaq Composite	27,068.72	+2.1%	+3.6%	+7.0%	+16.5%	+20.9%
Dow Jones Industrial	51,828.62	+0.3%	-3.1%	-0.1%	+7.8%	+12.8%
Russell 2000	2,837.55	-0.8%	-5.6%	-5.7%	+14.3%	+17.7%
Consumer Defensive sector ETF	82.06	-0.2%	-4.3%	-2.5%	+7.7%	+8.4%
KO	87.81	-0.5%	-1.9%	+6.9%	+28.0%	+36.6%

Rates, volatility and relative performance

VIX 14.87 1M -0.34	10-year Treasury yield 5.18% 1M +52bp	US Dollar Index 100.97 1M +1.80	Beta vs S&P -0.24 1-year correlation -0.16	3M excess return +1.6% vs S&P 500
1Y excess return +19.4% vs S&P 500				

Macro and market events

Date	Event	What it means for this stock	Source
2026-09-16	Fed hikes 25bp to 3.75%–4.00%; the dot plot signals one more hike this year	Higher risk-free rate → pressure on the valuations of high-P/E defensive stocks. The 2.4% dividend yield is now well below the 10-year Treasury yield (our inference).	CNBC
2026-09 中旬	10-year Treasury yield climbs to its highest since 2007 as the dollar strengthens	Stronger dollar → overseas revenue shrinks when translated into dollars. The company's July guidance used exchange rates at the time and includes an EPS currency tailwind of about 3%. Further dollar strength would shrink it (our inference).	CNBC
2026-09-09	US-Iran conflict escalates; oil breaks above \$100 a barrel	Energy prices → higher costs for PET bottles, freight and bottling (our inference). The Q2 press release already said "higher input costs" partly offset margin gains (8-K, 2026-07-28).	AP / The Columbian

Events

2026-07-29

Positive

Analyst ratings

At least 8 firms lift price targets after earnings

Jefferies \$95 → \$104, TD Cowen \$90 → \$100, RBC \$87 → \$96, JPMorgan \$90 → \$96, Piper Sandler \$88 → \$95, Wells Fargo \$90 → \$95 and others; ratings unchanged (yfinance ratings data).

Source: yfinance 评级变动

2026-07-28

Positive

Earnings

Q2 beats, full-year guidance goes up

Revenue +7%, organic growth 6%, unit case volume +5% (led by India, China, the US and Brazil). GAAP EPS \$1.03 (+16%); comparable EPS \$0.97 (+11%), 4.1% above consensus (yfinance). Full-year guidance raised: organic revenue growth from 4–5% to about 5%, comparable EPS growth from 8–9% to 9–10%, free cash flow about \$12.4B (8-K, 2026-07-28). The soft spots: Asia Pacific price/mix was -9%, and market share in India slipped.

Source: 8-K item 2.02 (2026-07-28)

2026-07-16

Neutral

8-K

Ransomware hits fairlife, briefly halting US plants

The 8-K disclosed that attackers got into some systems and took some data. US production lines were paused; Canada was unaffected. The 10-Q (July 29) update: most lines are running again, and the company believes the incident has not had, and is not reasonably likely to have, a material impact on its financial condition.

Source: 8-K item 8.01 (2026-07-16) ; 10-Q (2026-07-29)

2026-06-25

Unclear

8-K

North America president Jennifer Mann leaves; the CFO fills in

Mann stepped down on July 31 and stays on as a senior adviser until April 2027. President and CFO John Murphy has run North America on an interim basis since Aug 1 (8-K). North America grew comparable operating income faster than any other region in Q2 (+12%). No successor has been named.

Source: 8-K item 5.02 (2026-06-25)

IRS tax case goes before the Eleventh Circuit; ruling pending

This is the stock's biggest single risk; details are in the filing check. Coverage of the hearing was split: Bloomberg Tax read the judges as "leaning toward Coca-Cola", while Law360 reported that they questioned parts of Coca-Cola's argument. Timing of the ruling is unknown and the outcome is binary. A win returns the \$6.0B deposit plus interest. A loss means about \$14B of additional liability and a higher effective tax rate (see the filing check for our inferred path of the impact).

Source: 10-Q (2026-07-29) ; Bloomberg Tax; Law360

Red is positive, green is negative (Chinese market colours), grey is neutral, blue is still unclear.

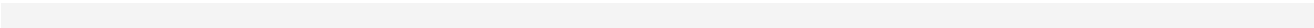
Africa bottling sale to CCHBC on track to close by year-end

Signed in October 2025; once it closes, the business will be deconsolidated. CCHBC also holds an option to buy the remaining 25% within six years. Coca-Cola booked a \$1,274M

Analyst rating changes last 90 days (12; latest 12 shown)

Date	Firm	Action	Rating	Target
2026-07-30	Argus Research	main	Buy → Buy	91 → 97
2026-07-30	Barclays	main	Overweight → Overweight	91 → 93
2026-07-29	JP Morgan	main	Overweight → Overweight	90 → 96
2026-07-29	TD Cowen	main	Buy → Buy	90 → 100
2026-07-29	Piper Sandler	main	Overweight → Overweight	88 → 95
2026-07-29	Wells Fargo	main	Overweight → Overweight	90 → 95
2026-07-29	RBC Capital	main	Outperform → Outperform	87 → 96
2026-07-29	Jefferies	main	Buy → Buy	95 → 104
2026-07-21	Barclays	main	Overweight → Overweight	89 → 91
2026-07-16	UBS	main	Buy → Buy	92 → 98
2026-07-14	Citigroup	main	Buy → Buy	91 → 97
2026-07-10	B of A Securities	main	Buy → Buy	90 → 95

yfinance aggregate, not individually verified. up = upgrade, down = downgrade, main = maintain, init = initiate, reit = reiterate.



Publisher's call: Buy, one notch above the rule's Neutral (weighted scorecard 3.05).

The rule gives valuation a 1: at 26.6x this year's earnings, the stock costs about 34% more than the peer median. We think the premium holds:

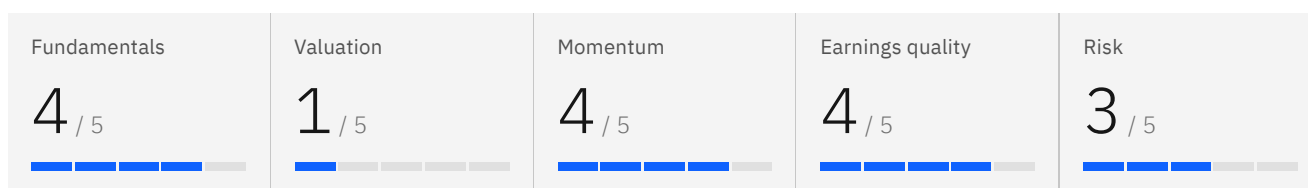
Growth from volume, not price. Unit case volume rose 5%, organic growth was 6%, comparable operating margin climbed to 35.6% (34.7% a year earlier), and management raised full-year guidance.

The steadiest cash machine in the group. Its 34.9% operating margin is the highest among peers and debt is falling. The one-year maximum drawdown was only -7.9%, and its one-year correlation with the S&P 500 is -0.16: it tends to hold up when markets swing.

The biggest risk is out in the open. Losing the IRS transfer-pricing case would cost roughly \$14B in extra tax and interest and lift the effective tax rate by about 3.8 points a year. No ruling yet; a win would return about \$6.5B in deposits and interest and remove the largest downside risk.

What would change our call: losing the IRS case, a clear slowdown in volume growth, or a valuation premium that keeps widening without faster growth would all mean a downgrade.

Ratings are research opinions based on public information, written for all readers and not tailored to anyone's finances. Rules and distribution: Rating definitions



A higher risk score means lower risk. The five dimensions are weighted into a suggested rating, which the publisher confirms.

Why these scores

Fundamentals 4 / 5

Revenue growth of 6.7% (6% organic) sits in the 3-point band. Comparable operating margin rose 0.9 percentage points year on year (35.6% vs 34.7%), which adds 1 point under the rules. Growth came from volume (+5%), not just price, and the company raised full-year guidance. Not a 5: growth is below 10%, and Asia Pacific price/mix was negative.

Q2 revenue +6.7%, organic +6%, volume +5%; comparable operating margin 35.6% (34.7% a year earlier)

Valuation 1 / 5

At 26.6x this fiscal year's earnings, the stock trades about 34% above the peer median of 19.8x, which lands in the 2-point band. PEG is about 3.9 (26.6 ÷ 6.8% expected 2027 EPS growth). That is above 2.5, so the rules take it down one notch. Even on 2026 EPS growth of about 10%, PEG is still about 2.7. Coca-Cola has always commanded a premium (its 34.9% operating margin is the highest among peers), but today's premium comes mainly from the past year's rally, not faster growth.

P/E 26.6x this fiscal year vs peer median 19.8x; PEG about 3.9

Momentum
4 / 5

Ahead over most periods: +19.4 percentage points over 1 year, +14.9 YTD and +1.6 over 3 months. Only the 6-month period lags, by 4.2 points. The price is 10.4% above its 200-day moving average, level with its 50-day, -4.0% from its 1-year high, and its 1-year max drawdown is only -7.9%.

Excess return 1Y +19.4%, YTD +14.9%, 6M -4.2%

Earnings quality
4 / 5

The core metrics are healthy: TTM free cash flow / net income about 1.0 (est.); days sales outstanding about 25 days (est.). The comparable basis has not changed, and it strips out one-off gains (Q2 \$320M securities gains) as well as charges, so it cuts both ways. One point off for repeated impairments on acquired assets: the BodyArmor trademark was written down \$760M in 2024 and another \$960M in 2025, and the fairlife contingent consideration was remeasured by \$3.1B in 2024 (10-K). The comparable basis excludes all of these, but they show past acquisitions steadily destroying value. Also, receivables factoring and supply chain financing (\$1.43B confirmed) make receivable and payable turnover look better. No deduction for that, but keep it in mind.

BodyArmor impairments \$760M + \$960M; TTM FCF about \$14.3B vs net income \$14.3B (est.)

Risk
3 / 5

Two points off a 5, both from the IRS tax case (10-Q, 2026-07-29): ① The contingent liability is large: \$6.0B deposit paid + \$514M accrued interest + about \$14B of potential additional tax for 2010–2025, roughly \$20.5B in total. That is about 5.4% of market cap (\$377.8B), above the 5% threshold, and the company has reserved only \$529M. ② The ruling is pending. A loss would lift the effective tax rate by about 3.8 percentage points every year (and about \$0.9B of potential liability was added in the first half of 2026), hitting profit in every future year. Nothing else costs points: 1-year volatility is 18.8% and max drawdown -7.9%; guarantees of \$874M are small; the balance sheet is sound, with long-term debt down from \$42.1B to \$37.0B and no commercial paper outstanding.

What Wall Street thinks

① Potential tax liability about \$20.5B = 5.4% of market cap; reserve \$529M; effective tax rate +3.8pp if the case is lost



yfinance aggregate of 23 analysts; update time unknown. We show the spread and do not endorse any target.

Inside the filings

Quarterly results

Quarter end	Revenue	QoQ	YoY	Gross margin	Op. margin	Net income	Diluted EPS	Op. cash flow	Free cash flow
2025-06-27	\$12.5B	+12.6%	+1.4%	62.4%	34.1%	\$3.8B	0.88	\$3.8B	\$3.4B
2025-09-26	\$12.5B	-0.6%	+5.1%	61.5%	32.0%	\$3.7B	0.86	\$5.0B	\$4.6B
2025-12-31	\$11.8B	-5.1%	+2.4%	60.0%	15.6%	\$2.3B	–	\$3.8B	\$2.9B
2026-04-03	\$12.5B	+5.5%	+12.1%	63.0%	35.0%	\$3.9B	0.91	\$2.0B	\$1.8B
2026-07-03	\$13.4B	+7.3%	+6.7%	62.9%	34.9%	\$4.4B	1.03	\$5.5B	\$5.1B

Source: SEC XBRL (2026-07-03 季度数据取自 10-Q/8-K 原文 (2026-07-28/29) , companyfacts API 截至 2026-09-27 尚未收录该 10-Q). Free cash flow = operating cash flow – capex. Q4 EPS is often missing from XBRL; company figures prevail.

Valuation

Basis	EPS	P/E
GAAP, trailing 12 months	3.33	26.4x
Adjusted, trailing 12 months (street basis)	3.23	27.2x
Current fiscal year estimate (0y)	3.30	26.6x
Next fiscal year estimate (+1y)	3.53	24.9x

2026 EPS estimates run \$3.25–\$3.34 and 2027 estimates \$3.40–\$3.60, a narrow spread. Company guidance calls for 9–10% comparable EPS growth for the year, about 3 percentage points of it from currency. The dividend is \$0.53 a quarter, a yield of about 2.4%. Note: this fiscal year's estimates are for adjusted EPS. If the IRS case is lost, the higher effective tax rate would cut both GAAP and adjusted EPS directly (the 19.9% effective tax rate in guidance excludes that effect, as an 8-K footnote states).

At the current price. Forward EPS is the yfinance consensus mean, on an adjusted basis.

What the filings say

Revenue, net income, GAAP EPS, operating cash flow, receivables and inventory all match XBRL quarter by quarter. The differences and the points to watch:

Q2 figures come from the filing text, not XBRL: As of 2026-09-27, the SEC companyfacts API had not yet picked up the Q2 10-Q filed on July 29, so the 2026-07-03 column in the quarterly table was taken by hand from the 10-Q and the press release: revenue = 1H \$25,852M – Q1 \$12,472M; operating cash flow = 1H \$7,543M – Q1 \$2,021M.

yfinance's operating income adds back "other operating charges": 2025 GAAP operating income was \$13.76B; yfinance shows \$14.91B. For Q4 2025, GAAP was \$1.84B (15.6% operating margin); yfinance shows \$2.86B (24.2%). The gap is mainly the \$960M BodyArmor trademark impairment. The 2024 gap is bigger (GAAP \$9.99B vs yfinance \$14.02B), driven mainly by the \$3.1B fairlife contingent consideration remeasurement (10-K, 2026-02-20).

Two one-off payments depressed annual operating cash flow: the \$6.0B IRS tax deposit in 2024 (2024-09) and the \$6.17B fairlife contingent consideration payment in March 2025 (10-K, 10-Q). yfinance's annual free cash flow (\$4.7B in 2024, \$5.3B in 2025) therefore

does not reflect the normal run rate. Over the last 4 quarters, operating cash flow was ~~\$26.8B~~ **\$14.3B** (realized gains on securities, plus a \$66M reversal of the Africa bottling impairment. Comparable EPS excludes these (comparable \$0.97 < GAAP \$1.03) (10-Q).

Large items in 2025 profit: a \$331M gain on the partial sale of CCEP shares, a \$1,274M impairment on the Africa bottling business and a \$393M loss on the sale of the Nigerian finished-goods business, all in other income (10-K).

Debt is falling: long-term debt fell from \$42.1B (end of 2025) to \$37.0B, and commercial paper from \$1.5B to zero (10-Q). No item 8.01 or 2.03 debt-issuance filings.

Buried in the filings

IRS transfer-pricing tax case (10-Q, 2026-07-29):

Paid \$6.0B of tax and interest for 2007–2009 (2024-09-10), booked as other non-current assets, plus \$514M of accrued interest; refundable if Coca-Cola wins.

If it loses, potential additional tax and interest for 2010–2025 comes to about **\$14B** (as of end-2025), and roughly another \$0.9B was added in the first half of 2026.

If the same method keeps applying, the effective tax rate rises by about **3.8 percentage points** from 2026.

The reserve is only **\$529M**; the company judges it "more likely than not" to prevail.

The appeal was heard on 2026-06-25 and no ruling has been issued. The company cites the Eighth Circuit's favorable October 2025 ruling in the 3M case in support of its position.

Africa bottling sale: expected to close by the end of 2026, after which the business will be deconsolidated; CCHBC has an option to buy the remaining 25% within six years (10-Q).

Guarantees: \$874M of third-party debt guarantees, of which \$61M relate to VIEs (10-Q).

Supply chain financing and receivables factoring: \$1.43B of confirmed payables under supply chain financing; receivables factoring cost \$14M in Q2 (10-Q). Both make receivable and payable turnover look better.

fairlife ransomware incident: most production lines are running again; the company judges the impact is not material (10-Q).

Non-GAAP basis: unchanged.

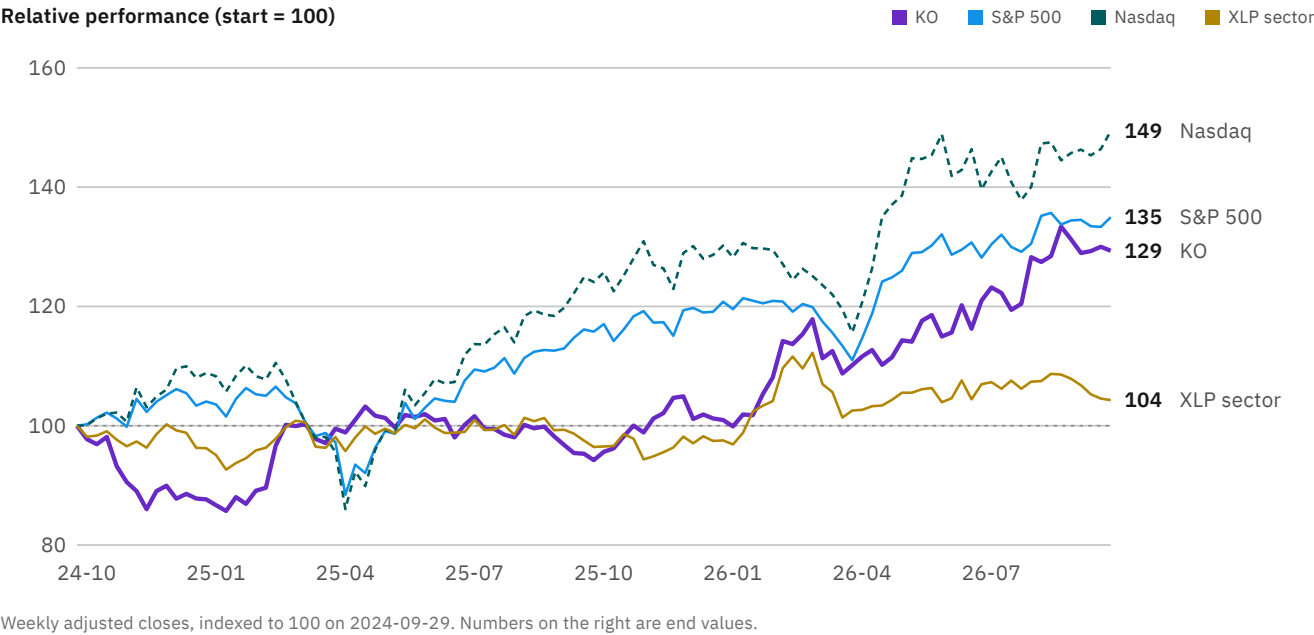
Where the data vendor got it wrong

Item	yfinance	Filing (with the math)
freeCashflow	\$5.2B	About \$14.3B over the last 4 quarters = operating cash flow \$16.3B – capex \$2.1B (Q2 derived as the 10-Q's first-half figure minus Q1; est.). yfinance's number is close to the full-year 2025 figure of \$5.3B, a year that included the one-off \$6.17B fairlife payment
forwardPE	24.9x	Based on 2027 EPS of \$3.53; on this fiscal year's (2026) EPS of \$3.30 it is 26.6x

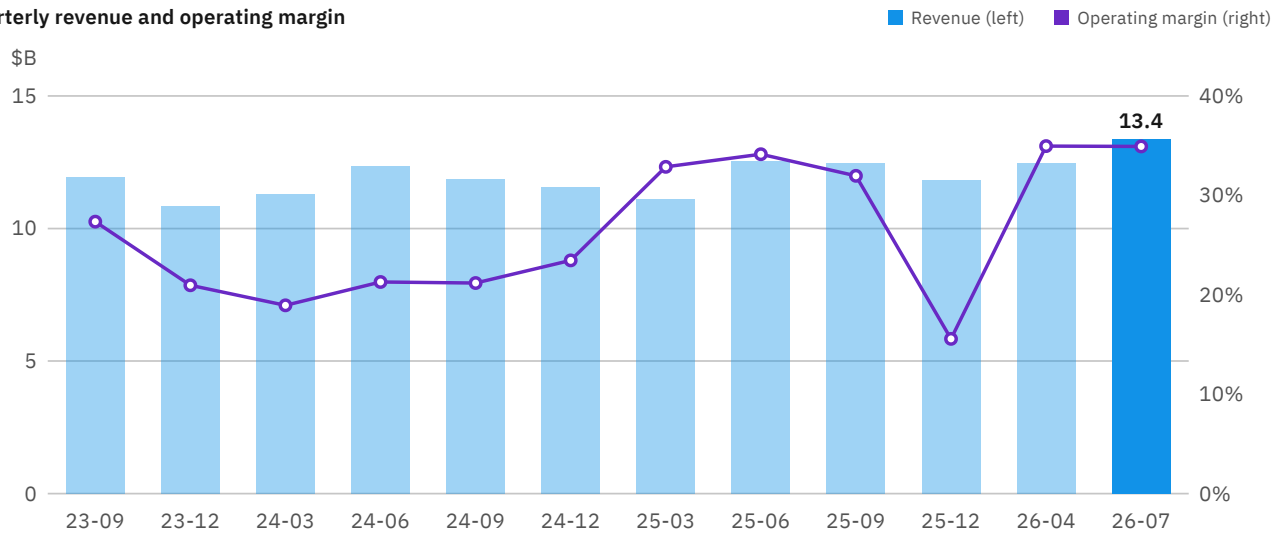
Item	yfinance	Filing (with the math)
Operating Income (annual)	\$14.91B for 2025, \$14.02B for 2024	GAAP: \$13.76B and \$9.99B . yfinance adds back other operating charges (BodyArmor impairment, fairlife remeasurement, etc.) (10-K, 2026-02-20)
Operating Income (Q4 2025)	\$2.86B (24.2% margin)	GAAP: \$1.84B (15.6% margin) = full-year \$13.76B – first three quarters \$11.92B
Annual free cash flow	\$4.7B for 2024, \$5.3B for 2025	The numbers are right, but they include two one-off payments, the \$6.0B IRS deposit and the \$6.17B fairlife contingent consideration respectively, so they do not reflect the normal run rate
dividendYield	2.41	This is a percentage: 2.41% (\$0.53 a quarter)

05

Price action



Quarterly revenue and operating margin



Last 12 quarters. Source: SEC XBRL.

06

Peers

Ticker	Name	Mkt cap	1M	YTD	1Y	P/E TTM	P/E CY	Rev growth	Gross margin	Op. margin
KO	Coca-Cola Company (The)	\$377.8B	-1.9%	+28.0%	+36.6%	26.4x	26.6x	+6.7%	61.9%	34.9%
PEP	Pepsico, Inc.	\$175.7B	-8.6%	-7.6%	-4.3%	16.9x	15.0x	+6.4%	54.2%	16.8%
KDP	Keurig Dr Pepper Inc.	\$43.5B	-0.8%	+16.9%	+28.3%	32.3x	13.9x	+75.6%	51.0%	12.9%
MNST	Monster Beverage Corporation	\$84.5B	-9.8%	+12.5%	+33.5%	39.9x	37.5x	+20.2%	55.5%	29.2%
PG	Procter & Gamble Company (Th	\$339.6B	+0.8%	+4.3%	-1.1%	22.1x	21.0x	+1.5%	50.9%	22.1%
MDLZ	Mondelez International, Inc.	\$76.9B	-4.4%	+13.8%	-0.3%	22.1x	19.8x	+4.1%	31.1%	22.0%
Peer median		\$84.5B	-4.4%	+12.5%	-0.3%	22.1x	19.8x	+6.4%	51.0%	22.0%

yfinance aggregate, not checked against filings. Current-year P/E = price ÷ current fiscal-year (0y) EPS, avoiding forward PE's next-year basis. Peer source: --peers. Median excludes this stock.

Peers were hand-picked from beverage and consumer staples companies: PEP, KDP, MNST, PG, MDLZ. At 26.6x this fiscal year's earnings, the stock is cheaper only than MNST (37.5x) and about 34% above the peer median of 19.8x. Its 34.9% operating margin is the highest in the group, the payoff from an asset-light model of selling concentrate to franchised bottlers. Revenue growth of 6.7% is in line with the peer median of 6.4%. Its 1-year gain of 36.6% is the best among peers, while its closest rival, PEP, is -4.3% over one year and trades at just 15.0x, leaving the valuation gap between the two on the wide side. Note: KDP's +75.6% revenue growth comes from its acquisition of JDE Peet's, so its P/E

and growth are not comparable. Peer data is aggregated from yfinance and was not checked against each company's filings.

07

Smart money

Who holds it, who is trading it: 2 of the investors we track hold KO

Investor	Data	Period	Value / range	Portfolio weight	Change
Warren Buffett	13F holdings	2026-06-30	\$32.5B	10.9%	Held
Ray Dalio	13F holdings	2026-06-30	\$18M	0.1%	Added

From each person's latest published 13F, insider filing or disclosure. 13F data lags by about 45 days. Smart Money →

What to watch

2026-10-01

Quarterly dividend of \$0.53 paid

The Sept 15 ex-dividend date has passed (yfinance calendar).

2026 年 10 月下旬

Next FOMC meeting

Rates and the dollar. Check the Fed's calendar for the exact date.

2026-10-20

Q3 2026 earnings

Consensus EPS \$0.88, revenue \$12.89B (yfinance). Company guidance for Q3: on comparable revenue, about a 1% currency tailwind and about a 1% drag from acquisitions and divestitures; on comparable EPS, about a 3% currency tailwind. Watch whether volume can hold at +5%, Asia Pacific price/mix, who gets the North America job, and how the stronger dollar affects the currency tailwind.

2026 年底前

Africa bottling sale closes

After closing, the revenue base shrinks and 2027 revenue estimates are roughly flat. Watch how the gain or loss on the sale is booked.

待定

Eleventh Circuit ruling on the IRS tax case

The stock's biggest single variable. A win returns the \$6.0B deposit plus interest; a loss means about \$14B of additional liability and an effective tax rate about 3.8 percentage points higher every year.

Research notes only; not investment advice.

Sources

Market and analyst data: yfinance + SEC EDGAR, as of 2026-09-25 close, delayed. Financials: SEC EDGAR (XBRL and original filings). Macro and news items link to their sources. Red means up, green means down.

Web search: Bloomberg Tax: the appeal hearing, Law360: judges question Coca-Cola's view, Tax Notes, CNBC: Fed decision, CNBC: markets on Sept 17, AP/The Columbian: oil prices.

Financials come straight from SEC EDGAR filings. Market data is delayed; every report names its sources.

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