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Coca-Cola Co. | North America

Pouring It On: Reiterate OW as Top Pick Post a Strong Q2

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WHAT'S CHANGED

Coca-Cola Co. (KO.N)	From	To
Price Target	$89.00	**$100.00**

Coke remains our Top Pick, with outsized OSG vs peers confirmed by strong 5% unit case vol growth/7% underlying OSG in Q2, and sustained competitive advantage vs peers, alongside more robust and sustained pricing power vs CPG peers in general.

Reiterate OW as Top Pick: KO's stock jumped 5.0% today (vs the S&P up +0.2%) on stronger than expected 2Q results driven by robust OSG. Even with a high bar, KO's Q2 results were impressive, with strong 5% unit case growth far above the 2.2% consensus, as well as Coke's 1.1% last nine quarter avg., and 7% OSG (using unit cases and 2% price/mix with 3% underlying price offset partially by -1% mix) above the 5.0% consensus. FY OSG of 5% moved to the high end of the prior 4-5% FY range but looks conservative, and comparable FY EPS moved up by ~100 bps. Q2 was boosted by an easy -1% unit case comparison, the World Cup, hot weather in Europe, and the America 250 celebration, but even after these factors, the level of Q2 unit case growth was still impressive, and Q2 tailwinds also drive strong visibility for Q3 given they continued in July. We also note Coke posted solid 3% unit case growth in Q1, which at the time was the strongest growth since the 3% result in Q1 of 2023. Bottom line, Coke's OSG remains in a different stratosphere than its mega-cap staples peers, and KO appears to be managing well the planned YTD shift in OSG balance more to volume from outsized price/mix in recent years. Net, the quarter instills further confidence in our view that Coke offers outsized OSG vs peers.

We also see continued catalysts over the next few quarters, including: 1) underappreciated growth contribution from the Fairlife business (we calculate 100+ bps to corporate OSG LT-*see below*), with acceleration ST as capacity ramps up. We see Fairlife as well positioned LT in high growth segments and poised for continued share gains, driven by its proprietary ultra-filtration process and Coke's distribution capabilities. Coke's 18% yoy Fairlife growth in Q2 highlights the brand's potential as capacity ramps up, even as constraints remained in place during the quarter. 2) We expect CSD pricing to remain strong with key peers PEP and KDP likely to continue to take price as they look to drive profit amid weakness in their respective ancillary business (snacks/coffee). 3) KO continues to outperform peers in US scanner data, which is key to sentiment in the highly visible region, and should continue behind KO share gains and as Fairlife and Topo Chico capacity ramps back up (on top of favorable CSD pricing mentioned in point 2). Post 2Q results, we raise our EPS by 1% to the high-end of KO's FY range, and our PT to $100 from $89, based on 26 times

Coca-Cola Co. (KO.N, KO UN)
Top Pick

Beverages | United States of America

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	**$100.00**
Shr price, close (Jul 28, 2026)	$88.27
Mkt cap, curr (mm)	$380,788
52-Week Range	$90.22-65.36

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS ($)**	3.00	3.30	3.54	3.80
Prior EPS ($)**	-	3.26	3.51	3.75
EPS ($)§	2.99	3.27	3.48	3.71
P/E	23.3	26.8	25.0	23.2
Div yld (%)	2.9	2.4	2.5	2.6

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

CY28 EPS.

Exhibit 1: Fairlife Should Add 100+ Bps Per Year to KO's Corporate Sales Growth

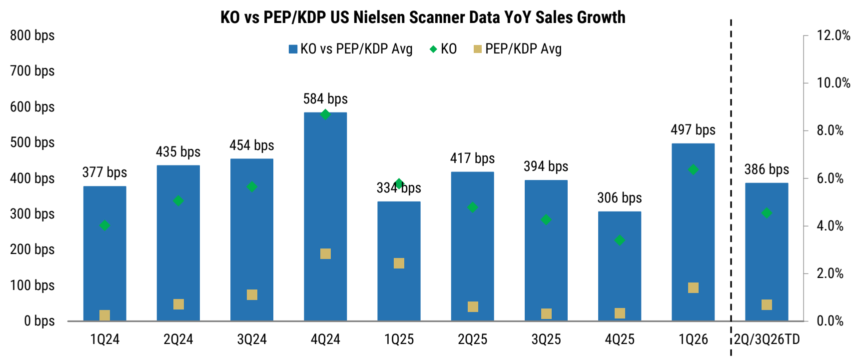
Fairlife Contribution to Coke Corporate Sales Growth (Bps)

		Fairlife Sales CAGR					
		10%	15%	20%	25%	30%	35%
% of KO Sales	3%	30	45	60	75	90	105
	4%	40	60	80	100	120	140
	5%	50	75	100	125	150	175

Source: Morgan Stanley Research estimates

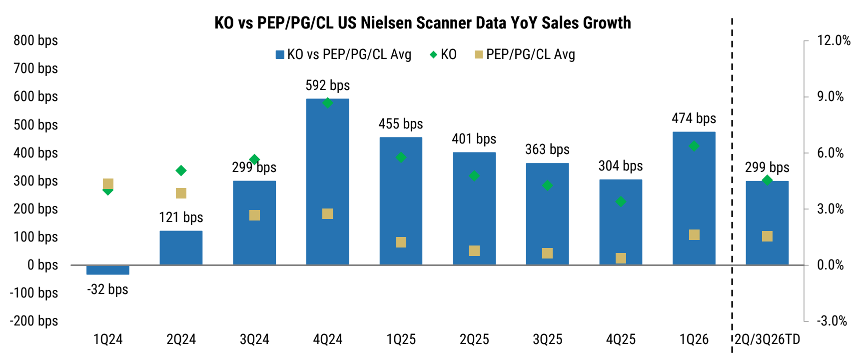
Continued KO US Scanner Data Outperformance: KO continues to outperform peers in US scanner data with 400 bps of outperformance in Q2/Q3TD (we use data through early July given Prime Day timing impacts yoy) vs beverage peers and nearly 300 bps vs mega-cap peers.

Exhibit 2: KO YoY US Scanner Sales Growth Consistently Much Stronger Than PEP/KDP



Source: NielsenIQ Discover, Morgan Stanley Research

Exhibit 3: KO YoY US Scanner Sales Growth Ahead of Mega-Cap Peers



Source: NielsenIQ Discover, Morgan Stanley Research

Regional Unit Case Results: KO beat consensus unit case growth in every region for a 5% result far above the 2.2% consensus, although total price/mix of 2% was below the 2.7% consensus, dragged down by Asia -9%. At the product category level, unit cases for sparkling soft drinks grew 4%, with trademark Coca-Cola +5%, driven by Coca-Cola Zero Sugar +16%, and Diet Coke/Coca-Cola Light +7%. Juice, value-added dairy and plant-based beverages grew 2%, water grew 6%, sports drinks grew 5%, and tea grew 6%.

Exhibit 4: KO Beat Consensus Unit Case Volume Growth In Every Region

Unit Case Volume			
	Actual	Consensus	Variance
KO	5%	2.2%	276 bps
EMEA	4%	1.5%	248 bps
LatAm	3%	2.5%	48 bps
NA	3%	1.9%	111 bps
APAC	8%	4.9%	313 bps

Source: Visible Alpha, Company data, Morgan Stanley Research

Exhibit 5: Price/Mix Missed Consensus With Large APAC Miss

Price/Mix			
	Actual	Consensus	Variance
KO	2%	2.7%	-74 bps
EMEA	1%	3.8%	-279 bps
LatAm	3%	4.0%	-100 bps
NA	4%	2.9%	109 bps
APAC	-9%	-1.1%	-789 bps

Source: Visible Alpha, Company data, Morgan Stanley Research

Softer Price/Mix Driven By APAC Weakness: KO reported +2% price/mix growth in 2Q, with +3% pricing partially offset by -1% unfavorable mix, which was primarily driven by investment timing particularly in APAC. KO attributed the soft -9% APAC price/mix result to three key reasons each similar in magnitude: 1) investment timing, 2) affordability initiatives to bring in new consumers which will continue, and 3) geographic mix dilution from faster growing countries like China that drags overall APAC price/mix down. We view the APAC pricing weakness as manageable: some of the softness reflects transitory factors, unit case growth remained strong at +8% in Q2, FY25 pricing was solid at +4%, and the region will cycle much easier pricing comparisons in Q4.

World Cup Benefit: KO did not quantify the magnitude of the World Cup benefit to Q2 performance, but highlighted that the World Cup was a successful activation, with average stadium attendance incidence of over 80% at World Cup venues, which roughly represents nearly one drink per attendee and is a World Cup record. Additionally, KO collected more than 25 million first party data points and generated more than 9 billion views through digital and social media activations, which KO expects will give it a stronger foundation to better understand consumers.

Solid Q2 Upside with Robust 5% Unit Case Growth: KO's Q2 adjusted EPS of $0.97 was ahead of the $0.93 VA/SA consensus, with a +2% topline beat, +3.5% gross profit beat (+110 bps GM beat), and +3% operating profit beat. Underlying organic sales growth (unit case volumes + price/mix) was +7%, ahead of the +5.0% consensus, with strong unit case volumes of +5%, above the +2.2% consensus, as well as upside vs consensus in each region, and price/mix of +2%, below the +2.7% consensus but in line with +2.0% in Q1. Reported OSG (using concentrate shipments) increased +6%, above the +3.5/3.4% VA/SA consensus, with concentrate volumes +4%, ahead of the +0.7% consensus and 100 bps below unit cases due to shipment timing.

Looking at margins, on an FX neutral ex structural basis, GM was up 40 bps yoy and OM up 20 bps yoy. KO GM came in 105 bps ahead of consensus, but SG&A as a % of sales was 60 bps greater than consensus, which we think was driven by marketing expense growth up high-teens yoy (outsized growth partially exaggerated by base period comps). As a result, OM came in at a more modest 45 bps above consensus, driving operating profit +3% ahead of consensus. Below the OP line, lower net interest expense and higher equity and other income combined added roughly 1 cent to EPS.

FY26 Guidance: Raised OSG to High-End of Prior Range and FY26 Comparable EPS Growth by 100 bps: In terms of FY changes, Coke raised FY OSG to 5%, or the high-end of its prior 4-5% range, which still looks conservative, and comparable FX neutral EPS by 100 bps on higher OSG, with the high-end of the new range ($3.27-3.30) 1% above the $3.27 consensus. The FX revenue tailwind moved to the low-end of its prior 1-2% range (structural revenue impact also moved to -2-3% from -4%), but the EPS impact of FX/structural was unchanged. Other line-items were basically unchanged as shown below.

Exhibit 6: KO FY26 Guidance, as of 2Q26

	Guidance, as of		
KO FY26 Guidance	**2Q26**	**1Q26 04/28/26**	**Consensus**
Organic Sales Growth *(%, Using Concentrate Sales)*	~5%	4 - 5%	4.9%
Comparable EPS Growth (%)	+9 - 10%	+8 - 9%	8.9%
Comparable EPS ($)	$3.27 - $3.30	$3.24 - $3.27	$3.27
Constant Currency EPS Growth (Excl. acq./div.) (%)	+7 - 8%	+6 - 7%	NA
Underlying Effective Tax Rate (%)	19.9%	19.9%	20.0%
Cash Flow from Operations ($B)	~14.6	~14.4	$13.8
Capital Expenditures ($B)	~$2.2	~$2.2	$2.2
Additional FY26 Guidance	**2Q26**	**1Q26 04/28/26**	**Consensus**
Comparable Revenue FX Impact (%)	+1%	+1 - 2%	1.3%
Comparable Revenue Acq. / Div. Impact (%)	-2 - 3%	-4%	(3.9%)
Comparable EPS FX Impact (%)	+3%	+3%	NA
Comparable EPS Acq. / Div. / Struc. Impact (%)	-1%	-1%	NA
3Q26 Considerations	**2Q26**		**Consensus**
Comparable Revenue FX Impact (%)	+1%		0.7%
Comparable Revenue Acq. / Div. Impact (%)	-1%		(5.7%)
Comparable EPS FX Impact (%)	+3%		NA
Comparable EPS Acq. / Div. Impact (%)	'Minimal headwind'		NA

Source: Company data, Morgan Stanley Research

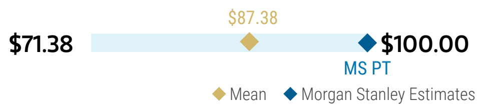
Risk Reward – Coca-Cola Co. (KO.N) Top Pick

OW: OSG Structurally Higher Than Peers

PRICE TARGET $100.00

Our PT is derived from a 26x CY28 P/E multiple, a MSD% premium to the average of where CL/PG/CHD are currently trading, despite KO's higher LT OSG.

Consensus Price Target Distribution

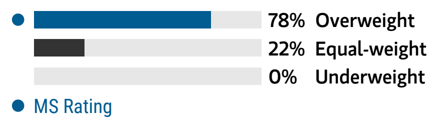


Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

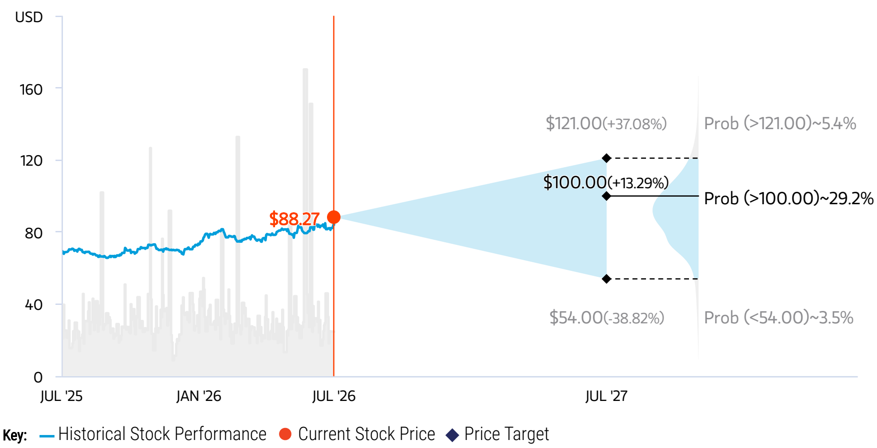
We are OW Coke as its OSG pace is structurally higher than peers, supported by strong pricing power, sustained volume growth, Fairlife growth contribution, and favorable emerging market exposure. KO also offers solid margin expansion through productivity and a continued rational pricing environment.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 28 Jul 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

BULL CASE $121.00

30x Bull Case 2028e EPS

Topline Upside: Assumes 6%+ OSG LT, with 250 bps of operating margin upside vs our base case. We assume zero impact from the tax dispute with the IRS with KO winning the appeal. KO multiple expands to 30x bull case CY28 P/E.

BASE CASE $100.00

26x Base Case 2028e EPS

Sustained MSD% OSG: We forecast MSD% LT topline growth driven by durable pricing power, sustained market share gains, higher growth EM market exposure, and growth for Fairlife in the US. KO's operating margins expand to ~32-33% in FY26. We apply a 26x CY28 P/E multiple.

BEAR CASE $54.00

15x Bear Case 2028e EPS

Topline/Margin Downside: Weaker topline from global consumer slowdown and volume deleveraging drives 200 bps of operating margin downside vs our base case. We assume 100% payment of the ~$16B tax liability to the IRS and a 350 bps increase in KO's ETR. KO valuation contracts to 15x bear case CY28 P/E.

Risk Reward – Coca-Cola Co. (KO.N)

KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Unit Case Volume (%)	0.0	3.4	2.1	2.2
Price/Mix (%)	4.0	2.5	3.2	3.0
Organic Sales Growth (unit case + price/mix) (%)	4.0	5.9	5.3	5.2
Gross Margin Bps Change	37.3	75.0	100.0	40.0
EPS % Growth (%)	4.1	9.8	7.2	7.5

INVESTMENT DRIVERS

- EPS growth inflection
- Post-COVID topline growth acceleration
- Working capital improvements
- FCF conversion continued improvement to 90-95%

GLOBAL REVENUE EXPOSURE

0-10%	APAC, ex Japan, Mainland China and India
0-10%	India
0-10%	Japan
0-10%	MEA
0-10%	Mainland China
0-10%	UK
10-20%	Europe ex UK
20-30%	Latin America
30-40%	North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

2/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

Stronger than expected price/mix, stronger volume growth, greater Fairlife growth contribution, higher productivity/cost savings, and marketing efficiency.

RISKS TO DOWNSIDE

Higher than expected volume elasticities in the US and Europe, EM macro volatility, slower than expected Fairlife growth, GLP-1 and wellness pressures, negative FX movements, and unfavorable resolution of the tax dispute with the IRS.

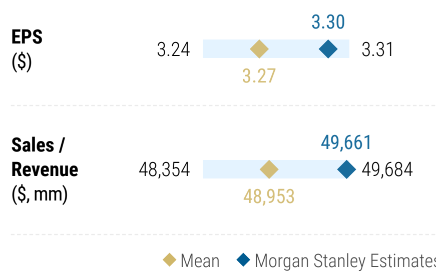
OWNERSHIP POSITIONING

Inst. Owners, % Active	51.5%	
HF Sector Long/Short Ratio	0.9x	
HF Sector Net Exposure	-0.5%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Financials

Exhibit 7: KO Income Statement

Income Statement	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Mar-25	Jun-25	Sep-25	Dec-25	FY2025	Mar-26	Jun-26	Sep-26 E	Dec-26 E	FY2026E	FY2027E	FY2028E
Net Operating Revenues	**37,280.0**	**32,999.0**	**38,659.0**	**43,046.0**	**45,784.0**	**46,897.0**	**11,216.0**	**12,617.0**	**12,412.0**	**11,817.0**	**48,062.0**	**12,471.0**	**13,373.0**	**12,877.2**	**10,939.5**	**49,660.7**	**49,176.9**	**51,737.7**
% Growth	8.7%	-11.5%	17.2%	11.3%	6.4%	2.4%	-0.1%	2.5%	3.9%	3.6%	2.5%	11.2%	6.0%	3.7%	-7.4%	3.3%	-1.0%	5.2%
% Est. Organic Growth	6.0%	-9.0%	14.7%	16.0%	12.0%	13.0%	6.0%	5.0%	6.0%	5.0%	5.0%	10.0%	6.0%	3.7%	0.8%	5.1%	5.2%	5.2%
Cost of Goods Sold	-14,659.0	-13,498.0	-15,410.0	-17,817.0	-18,465.0	-18,254.0	-4,195.0	-4,766.0	-4,837.0	-4,730.0	-18,528.0	-4,699.0	-4,895.0	-4,915.3	-4,262.6	-18,771.9	-18,097.2	-18,832.6
% of Sales	39.3%	40.9%	39.9%	41.4%	40.3%	38.9%	37.4%	37.8%	39.0%	40.0%	38.6%	37.7%	36.6%	38.2%	39.0%	37.8%	36.8%	36.4%
% of Sales Bps Change	105	158	-104	153	-106	-141	-32	-79	12	-54	-37	28	-117.0827	-80	-106	-75	-100	-40
Gross Profit	**22,621.0**	**19,501.0**	**23,249.0**	**25,229.0**	**27,319.0**	**28,643.0**	**7,021.0**	**7,851.0**	**7,575.0**	**7,087.0**	**29,534.0**	**7,772.0**	**8,478.0**	**7,961.9**	**6,677.0**	**30,888.9**	**31,079.7**	**32,905.1**
Gross Margin %	60.7%	59.1%	60.1%	58.6%	59.7%	61.1%	62.6%	62.2%	61.0%	60.0%	61.4%	62.3%	63.4%	61.8%	61.0%	62.2%	63.2%	63.6%
Gross Margin Bps Change	-105	-158	104	-153	106	141	32	79	-12	54	37	-28	117	80	106	75	100	40
SG&A	**-12,212.0**	**-9,731.0**	**-12,139.0**	**-12,884.0**	**-13,983.0**	**-14,558.0**	**-3,234.0**	**-3,470.0**	**-3,618.0**	**-4,199.0**	**-14,521.0**	**-3,472.0**	**-3,720.0**	**-3,762.1**	**-3,833.8**	**-14,787.9**	**-13,857.9**	**-14,579.0**
% of Sales	32.8%	29.5%	31.4%	29.9%	30.5%	31.0%	28.8%	27.5%	29.1%	35.5%	30.2%	27.8%	27.8%	29.2%	35.0%	29.8%	28.2%	28.2%
% Growth	8.3%	-20.3%	24.7%	6.1%	8.5%	4.1%	-3.5%	-1.6%	-0.5%	3.8%	-0.3%	7.4%	7.2%	4.0%	-8.7%	1.8%	-6.3%	5.2%
% of Sales Bps Change	-14	-327	191	-147	61	50	-100	-114	-128	7	-83	-99	31	7	-49	-44	-160	0
Operating Income	**10,409.0**	**9,770.0**	**11,110.0**	**12,345.0**	**13,336.0**	**14,085.0**	**3,787.0**	**4,381.0**	**3,957.0**	**2,888.0**	**15,013.0**	**4,300.0**	**4,758.0**	**4,199.8**	**2,843.2**	**16,100.9**	**17,221.8**	**18,326.1**
Operating Margin	27.9%	29.6%	28.7%	28.7%	29.1%	30.0%	33.8%	34.7%	31.9%	24.4%	31.2%	34.5%	35.6%	32.6%	26.0%	32.4%	35.0%	35.4%
Reported % Growth	5.3%	-6.1%	13.7%	11.1%	8.0%	5.6%	4.0%	8.5%	7.8%	5.6%	6.6%	13.5%	8.6%	6.1%	-1.6%	7.2%	7.0%	6.4%
Operating Margin Bps Change	-91	169	-87	-6	45	91	133	194	116	47	120	72	86	73	155	119	260	40
Interest Income	563.0	370.0	276.0	449.0	907.0	988.0	180.0	188.0	185.0	233.0	786.0	222.0	198.0	226.3	223.1	869.4	975.7	1,253.9
Interest Expense	-946.0	-953.0	-776.0	-906.0	-1,552.0	-1,681.0	-393.0	-451.0	-397.0	-438.0	-1,679.0	-381.0	-376.0	-364.7	-370.1	-1,491.8	-1,480.5	-1,480.5
Equity Income (Loss), Net	1,149.0	1,194.0	1,451.0	1,506.0	1,850.0	1,862.0	359.0	581.0	637.0	475.0	2,052.0	417.0	593.0	624.3	479.8	2,114.0	2,283.1	2,454.4
Other Income (Loss), Net	135.0	117.0	367.0	-17.0	-138.0	79.0	28.0	47.0	69.0	50.0	194.0	117.0	57.0	71.1	51.5	296.6	311.4	327.0
Pretax Income	**11,310.0**	**10,498.0**	**12,428.0**	**13,377.0**	**14,403.0**	**15,333.0**	**3,961.0**	**4,746.0**	**4,451.0**	**3,208.0**	**16,366.0**	**4,675.0**	**5,230.0**	**4,756.7**	**3,227.4**	**17,889.1**	**19,311.6**	**20,880.9**
Taxes	-2,195.0	-2,042.0	-2,308.0	-2,545.0	-2,737.0	-2,852.0	-824.0	-987.0	-913.0	-647.0	-3,371.0	-930.0	-1041.0	-946.6	-642.4	-3,559.9	-3,958.9	-4,385.0
Tax Rate	19.4%	19.5%	18.6%	19.0%	19.0%	18.6%	20.8%	20.8%	20.5%	20.2%	20.6%	19.9%	19.9%	19.9%	19.9%	19.9%	20.5%	21.0%
Consolidated Net Income	**9,115.0**	**8,456.0**	**10,120.0**	**10,832.0**	**11,666.0**	**12,481.0**	**3,137.0**	**3,759.0**	**3,538.0**	**2,561.0**	**12,995.0**	**3,745.0**	**4,189.0**	**3,810.1**	**2,585.1**	**14,329.2**	**15,352.7**	**16,495.9**
Less: Net Income to Noncontrolling Interests	-11.0	-21.0	-33.0	-29.0	-06.0	-18.0	-5.0	7.0	6.0	-45.0	-37.0	-42.0	-13.0	06.3	-47.3	-96.0	-100.7	-105.8
Net Income Attributable to Shareholders	**9,104.0**	**8,435.0**	**10,087.0**	**10,803.0**	**11,660.0**	**12,463.0**	**3,132.0**	**3,766.0**	**3,544.0**	**2,516.0**	**12,958.0**	**3,703.0**	**4,176.0**	**3,816.4**	**2,537.8**	**14,233.2**	**15,252.0**	**16,390.1**
EPS Diluted	**$2.11**	**$1.95**	**$2.32**	**$2.48**	**$2.69**	**$2.88**	**$0.73**	**$0.87**	**$0.82**	**$0.58**	**$3.00**	**$0.86**	**$0.97**	**$0.88**	**$0.59**	**$3.30**	**$3.54**	**$3.80**
EPS % Growth	1.3%	-7.5%	19.1%	6.8%	8.2%	7.3%	0.6%	4.2%	6.1%	5.8%	4.1%	18.2%	10.9%	7.7%	0.9%	9.8%	7.2%	7.5%
Basic Shares	4,275.5	4,295.0	4,314.8	4,328.5	4,323.0	4,309.0	4,302.0	4,304.0	4,303.0	4,302.0	4,303.0	4,302.0	4,303.0	4,302.0	4,301.8	4,302.2	4,301.4	4,299.4
Diluted Shares	4,313.5	4,322.8	4,339.8	4,350.8	4,338.8	4,320.3	4,313.0	4,315.0	4,313.0	4,313.0	4,313.0	4,314.0	4,313.0	4,313.0	4,312.8	4,313.2	4,312.4	4,310.4

Source: Company data, Morgan Stanley Research

Exhibit 8: KO Balance Sheet

Balance Sheet	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Mar-25	Jun-25	Sep-25	Dec-25	FY2025	Mar-26	Jun-26	Sep-26 E	Dec-26 E	FY2026E	FY2027E	FY2028E
Assets																		
Surplus Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-
Cash & Cash Equivalents	6,480.0	6,795.0	9,684.0	9,519.0	9,366.0	10,828.0	8,417.0	9,590.0	12,732.0	10,270.0	10,270.0	10,574.0	12,907.0	15,655.2	12,414.9	12,414.9	16,933.2	22,634.6
Short-Term Investments	1,467.0	1,771.0	1,242.0	1,043.0	2,997.0	2,020.0	3,579.0	2,658.0	1,142.0	3,602.0	3,602.0	509.0	622.0	622.0	622.0	622.0	622.0	622.0
Marketable Securities	3,228.0	2,348.0	1,699.0	1,069.0	1,300.0	1,723.0	1,791.0	2,049.0	1,907.0	1,934.0	1,934.0	2,737.0	2,842.0	2,842.0	2,842.0	2,842.0	2,842.0	2,842.0
Receivables, Net	3,971.0	3,144.0	3,512.0	3,487.0	3,410.0	3,569.0	4,091.0	4,168.0	3,946.0	3,038.0	3,038.0	3,675.0	3,732.0	3,605.6	2,844.3	2,844.3	4,540.1	4,781.1
Inventories	3,379.0	3,266.0	3,414.0	4,233.0	4,424.0	4,728.0	5,102.0	5,082.0	4,802.0	4,425.0	4,425.0	4,730.0	4,647.0	4,718.7	3,751.1	3,751.1	4,775.6	5,574.0
Prepaid Expenses and Other Current Assets	1,886.0	1,916.0	2,994.0	3,240.0	5,235.0	3,129.0	3,198.0	3,062.0	2,718.0	2,433.0	2,433.0	2,953.0	2,688.0	2,626.9	2,231.7	2,231.7	2,516.8	2,650.4
Assets Held for Sale										5,342.0	5,342.0	5,212.0	5,438.0	2,938.0	2,938.0	2,938.0	2,938.0	2,938.0
Total Current Assets	**20,411.0**	**19,240.0**	**22,545.0**	**22,591.0**	**26,732.0**	**25,997.0**	**26,178.0**	**26,609.0**	**27,247.0**	**31,044.0**	**31,044.0**	**30,390.0**	**32,876.0**	**33,008.4**	**27,643.9**	**27,643.9**	**35,167.7**	**42,042.1**
Equity Method Investments	19,025.0	19,273.0	17,598.0	18,264.0	19,671.0	18,087.0	18,369.0	19,379.0	20,323.0	20,235.0	20,235.0	20,403.0	20,782.0	20,782.0	20,782.0	20,782.0	20,782.0	20,782.0
Other Investments, Principally Bottling Companies	854.0	812.0	818.0	501.0	118.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	8,487.0	8,644.0	8,860.0	7,935.0	8,723.0	14,722.0	14,980.0	15,283.0	15,396.0	15,902.0	15,902.0	16,028.0	16,672.0	16,028.0	16,672.0	16,672.0	16,672.0	16,672.0
PP&E, Net	10,838.0	10,777.0	9,920.0	9,841.0	9,236.0	10,303.0	10,431.0	10,784.0	10,902.0	9,613.0	9,613.0	9,522.0	9,636.0	9,960.7	10,606.8	10,606.8	11,584.9	12,461.2
Trademarks with Indefinite Lives	9,375.0	10,395.0	14,465.0	14,214.0	14,349.0	13,301.0	13,425.0	13,615.0	13,515.0	12,531.0	12,531.0	12,463.0	12,500.0	12,500.0	12,500.0	12,500.0	12,500.0	12,500.0
Goodwill	16,764.0	17,506.0	19,363.0	18,782.0	18,358.0	18,139.0	18,333.0	18,663.0	18,662.0	15,491.0	15,491.0	15,411.0	15,456.0	15,456.0	15,456.0	15,456.0	15,456.0	15,456.0
Other Intangibile Assets	627.0	649.0	785.0	635.0	516.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	**86,381.0**	**87,296.0**	**94,354.0**	**92,763.0**	**97,703.0**	**100,549.0**	**101,716.0**	**104,333.0**	**106,045.0**	**104,816.0**	**104,816.0**	**104,217.0**	**107,922.0**	**107,735.1**	**103,660.7**	**103,660.7**	**112,162.6**	**119,913.3**
Liabilities																		
Short-Term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable and Accrued Expenses	11,312.0	11,145.0	14,619.0	15,749.0	15,485.0	21,715.0	16,499.0	17,030.0	17,692.0	14,813.0	14,813.0	14,409.0	15,434.0	15,728.8	14,322.3	14,322.3	16,046.0	16,722.0
Loans and Notes Payable	10,994.0	2,183.0	3,307.0	2,373.0	4,557.0	1,499.0	5,418.0	4,379.0	2,319.0	1,551.0	1,551.0	332.0	48.0	48.0	48.0	48.0	48.0	48.0
Current Maturities of Long-Term Debt	4,253.0	485.0	1,338.0	399.0	1,960.0	648.0	163.0	91.0	1,920.0	1,822.0	1,822.0	4,493.0	6,494.0	6,494.0	6,494.0	6,494.0	6,494.0	6,494.0
Accrued Income Taxes, Other	414.0	788.0	686.0	1,203.0	1,569.0	1,387.0	1,728.0	444.0	568.0	525.0	525.0	717.0	782.0	566.6	481.3	481.3	542.8	571.7
Liabilities Held for Sale										2,570.0	2,570.0	2,427.0	2,442.0	1,442.0	1,442.0	1,442.0	1,442.0	1,442.0
Total Current Liabilities	**26,973.0**	**14,601.0**	**19,950.0**	**19,724.0**	**23,571.0**	**25,249.0**	**23,808.0**	**21,944.0**	**22,499.0**	**21,281.0**	**21,281.0**	**22,378.0**	**25,200.0**	**24,279.4**	**22,787.6**	**22,787.6**	**24,572.9**	**25,277.6**
Long-Term Debt	27,516.0	40,125.0	38,116.0	36,377.0	35,547.0	42,375.0	43,530.0	44,976.0	43,177.0	42,119.0	42,119.0	39,065.0	37,001.0	37,001.0	37,001.0	37,001.0	37,001.0	37,001.0
Other Liabilities	8,510.0	9,453.0	8,607.0	7,922.0	8,466.0	4,084.0	4,313.0	4,856.0	4,667.0	4,735.0	4,735.0	4,425.0	4,627.0	4,120.7	3,631.9	3,631.9	4,096.0	4,313.4
Deferred Income Taxes	2,284.0	1,833.0	2,821.0	2,914.0	2,639.0	2,469.0	2,311.0	2,375.0	2,435.0	2,406.0	2,406.0	2,615.0	2,779.0	2,526.3	2,227.3	2,227.3	2,511.9	2,645.3
Total Liabilities	**65,283.0**	**66,012.0**	**69,494.0**	**66,937.0**	**70,223.0**	**74,177.0**	**73,962.0**	**74,151.0**	**72,778.0**	**70,541.0**	**70,541.0**	**68,483.0**	**69,607.0**	**67,927.4**	**65,647.9**	**65,647.9**	**68,181.8**	**69,237.3**
Shareholders' Equity																		
Common Stock	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0
Capital Surplus	17,154.0	17,601.0	18,116.0	18,822.0	19,209.0	19,801.0	19,873.0	19,970.0	20,489.0	20,581.0	20,581.0	20,634.0	20,741.0	20,817.6	20,895.2	20,895.2	21,175.9	21,466.5
Reinvested Earnings	65,810.0	66,555.0	69,094.0	71,019.0	73,782.0	76,054.0	77,189.0	78,803.0	80,305.0	80,382.0	80,382.0	82,026.0	84,169.0	85,699.0	83,724.2	83,724.2	89,512.3	96,000.9
Accumulated Other Comprehensive Income (Loss)	(13,499.0)	(14,601.0)	(14,330.0)	(14,895.0)	(14,275.0)	(16,843.0)	(16,482.0)	(15,758.0)	(14,952.0)	(14,131.0)	(14,131.0)	(14,040.0)	(13,626.0)	(13,626.0)	(13,626.0)	(13,626.0)	(13,626.0)	(13,626.0)
Treasury Stock	(52,244.0)	(52,016.0)	(51,641.0)	(52,601.0)	(54,535.0)	(55,916.0)	(56,138.0)	(56,190.0)	(56,355.0)	(56,423.0)	(56,423.0)	(56,747.0)	(56,894.0)	(57,040.4)	(56,971.0)	(56,971.0)	(57,208.6)	(57,437.9)
Equity Attributable to Non-Controlling Interests	2,117.0	1,985.0	1,861.0	1,721.0	1,539.0	1,516.0	1,552.0	1,597.0	2,020.0	2,106.0	2,106.0	2,101.0	2,165.0	2,197.5	2,230.4	2,230.4	2,367.3	2,512.6
Total Shareholders' Equity	**21,098.0**	**21,284.0**	**24,860.0**	**25,826.0**	**27,480.0**	**26,372.0**	**27,754.0**	**30,182.0**	**33,267.0**	**34,275.0**	**34,275.0**	**35,734.0**	**38,315.0**	**39,807.7**	**38,012.8**	**38,012.8**	**43,980.9**	**50,676.0**
Total Liabilities & Shareholders' Equity	**86,381.0**	**87,296.0**	**94,354.0**	**92,763.0**	**97,703.0**	**100,549.0**	**101,716.0**	**104,333.0**	**106,045.0**	**104,816.0**	**104,816.0**	**104,217.0**	**107,922.0**	**107,735.1**	**103,660.7**	**103,660.7**	**112,162.6**	**119,913.3**

Source: Company data, Morgan Stanley Research

Exhibit 9: KO Cash Flow Statement

Cash Flow	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Mar-25	Jun-25	Sep-25	Dec-25	FY2025	Mar-26	Jun-26	Sep-26 E	Dec-26 E	FY2026E	FY2027E	FY2028E
Operating Activites																		
Net Income	8,985.0	7,768.0	9,804.0	9,571.0	10,703.0	10,649.0	3,335.0	3,803.0	3,683.0	2,316.0	13,137.0	3,966.0	4,438.0	3,810.1	2,585.1	14,799.2	15,352.7	16,495.9
Depreciation and Amortization	1,365.0	1,536.0	1,452.0	1,260.0	1,128.0	1,075.0	267.0	279.0	268.0	236.0	1,050.0	264.0	266.0	241.9	218.1	990.0	1,100.6	1,207.8
Stock-Based Compensation Expense	201.0	126.0	337.0	356.0	254.0	286.0	63.0	67.0	74.0	75.0	279.0	56.0	61.0	76.6	77.6	271.2	280.7	290.5
Deferred Income Taxes	(280.0)	(18.0)	894.0	(122.0)	(2.0)	(11.0)	95.0	364.0	37.0	21.0	517.0	205.0	148.0	(252.7)	(298.9)	(198.7)	284.6	133.3
Equity Income or Loss, Net of Dividends	(421.0)	(511.0)	(615.0)	(838.0)	(1,019.0)	(802.0)	(264.0)	(123.0)	(472.0)	(179.0)	(1,038.0)	(375.0)	(145.0)	0.0	0.0	(520.0)	0.0	0.0
Foreign Currency Adjustments	91.0	(88.0)	86.0	203.0	175.0	(110.0)	50.0	61.0	16.0	64.0	191.0	33.0	74.0	0.0	0.0	107.0	0.0	0.0
Gains on Sales of Assets, Including Bottling Interests	(467.0)	(914.0)	(1,365.0)	(129.0)	(492.0)	(1,737.0)	(331.0)	(102.0)	37.0	(317.0)	(713.0)	10.0	(66.0)	0.0	0.0	(56.0)	0.0	0.0
Other Operating Charges and Tax Payments	127.0	556.0	506.0	1,086.0	1,741.0	4,000.0	0.0	38.0	0.0	1,014.0	1,052.0	10.0	(10.0)	0.0	0.0	0.0	0.0	0.0
Other Items	504.0	699.0	201.0	236.0	(43.0)	(311.0)	104.0	134.0	209.0	(306.0)	141.0	115.0	(240.0)	32.5	33.0	(59.6)	136.9	145.3
Net Change in Operating Assets and Liabilities	366.0	690.0	1,325.0	(605.0)	(846.0)	(6,234.0)	(8,521.0)	(710.0)	1,191.0	832.0	(7,208.0)	(2,263.0)	996.0	(311.1)	143.6	(1,434.5)	(756.2)	(250.8)
Net Cash Provided by Operating Activities	**10,471.0**	**9,844.0**	**12,625.0**	**11,018.0**	**11,599.0**	**6,805.0**	**(5,202.0)**	**3,811.0**	**5,043.0**	**3,756.0**	**7,408.0**	**2,021.0**	**5,522.0**	**3,597.2**	**2,758.5**	**13,898.7**	**16,399.2**	**18,022.0**
Investing Activities																		
Acquisitions of businesses, equity method investments a	(5,542.0)	(1,052.0)	(4,766.0)	(73.0)	(62.0)	(315.0)	(42.0)	(137.0)	(177.0)	(105.0)	(461.0)	(37.0)	(162.0)	0.0	0.0	(199.0)	0.0	0.0
Purchases of Investments (Net)	2,269.0	252.0	1,029.0	(3,751.0)	(2,344.0)	949.0	(1,502.0)	838.0	1,672.0	(2,503.0)	(1,495.0)	2,044.0	(269.0)	0.0	0.0	1,775.0	0.0	0.0
Proceeds from disposals of businesses, equity method in	429.0	189.0	2,180.0	4,771.0	430.0	3,485.0	748.0	225.0	47.0	2,547.0	3,567.0	2.0	(1.0)	1,500.0	0.0	1,501.0	0.0	0.0
Purchases of PP&E	(2,054.0)	(1,177.0)	(1,367.0)	(1,484.0)	(1,852.0)	(2,064.0)	(309.0)	(442.0)	(479.0)	(882.0)	(2,112.0)	(266.0)	(418.0)	(566.6)	(864.2)	(2,114.8)	(2,078.7)	(2,084.1)
Proceeds from Disposals of PP&E	978.0	189.0	108.0	75.0	74.0	40.0	8.0	5.0	8.0	(8.0)	13.0	0.0	7.0	0.0	0.0	7.0	0.0	0.0
Other Investing Activities	(56.0)	122.0	51.0	(301.0)	405.0	429.0	30.0	300.0	184.0	(93.0)	421.0	3.0	201.0	644.0	(644.0)	204.0	0.0	0.0
Net Cash Provided by (Used In) Investing Activities	**(3,976.0)**	**(1,477.0)**	**(2,765.0)**	**(763.0)**	**(3,349.0)**	**2,524.0**	**(1,067.0)**	**789.0**	**1,255.0**	**(1,044.0)**	**(67.0)**	**1,746.0**	**(642.0)**	**1,577.4**	**(1,508.2)**	**1,173.2**	**(2,078.7)**	**(2,084.1)**
Financing Activities																		
Issuances/Payments of Debt, Net	(2,068.0)	(1,552.0)	(125.0)	(2,053.0)	1,392.0	2,497.0	3,732.0	(1,148.0)	(880.0)	(632.0)	1,072.0	(1,265.0)	(296.0)	0.0	0.0	(1,561.0)	0.0	0.0
Issuances of Stock	1,012.0	647.0	702.0	837.0	539.0	747.0	159.0	64.0	20.0	70.0	313.0	155.0	96.0	70.9	290.7	612.6	773.4	853.7
Purchases of Stock for Treasury	(1,103.0)	(118.0)	(111.0)	(1,418.0)	(2,289.0)	(1,795.0)	(370.0)	(102.0)	(172.0)	(102.0)	(746.0)	(477.0)	(186.0)	(217.3)	(221.4)	(1,101.6)	(1,011.0)	(1,083.0)
Dividends	(6,845.0)	(7,047.0)	(7,252.0)	(7,616.0)	(7,952.0)	(8,359.0)	(89.0)	(2,194.0)	(2,108.0)	(4,388.0)	(8,779.0)	(2,281.0)	(2,281.0)	(2,280.1)	(4,559.9)	(11,402.0)	(9,564.6)	(10,007.3)
Net Cash Provided by (Used In) Financing Activities	**(9,004.0)**	**(8,070.0)**	**(6,786.0)**	**(10,250.0)**	**(8,310.0)**	**(6,910.0)**	**3,432.0**	**(3,380.0)**	**(3,140.0)**	**(5,052.0)**	**(8,140.0)**	**(3,868.0)**	**(2,667.0)**	**(2,426.4)**	**(4,490.6)**	**(13,452.0)**	**(9,802.2)**	**(10,236.6)**
Effect of Exchange Rate Changes on Cash	63.0	18.0	(185.0)	(170.0)	(93.0)	(957.0)	426.0	(47.0)	(16.0)	(122.0)	241.0	405.0	120.0	0.0	0.0	525.0	0.0	0.0
Net Increase (Decrease) in Cash and Cash Equivs	(2,446.0)	315.0	2,889.0	(165.0)	(153.0)	1,462.0	(2,411.0)	1,173.0	3,142.0	(2,462.0)	(558.0)	304.0	2,333.0	2,748.2	(3,240.3)	2,144.9	4,518.3	5,701.4
Cash and Cash Equivs, Beg	8,926.0	6,480.0	6,795.0	9,684.0	9,519.0	9,366.0	10,828.0	8,417.0	9,590.0	12,732.0	10,828.0	10,270.0	10,574.0	12,907.0	15,655.2	10,270.0	12,414.9	16,933.2
Cash and Cash Equivs, End	**6,480.0**	**6,795.0**	**9,684.0**	**9,519.0**	**9,366.0**	**10,828.0**	**8,417.0**	**9,590.0**	**12,732.0**	**10,270.0**	**10,270.0**	**10,574.0**	**12,907.0**	**15,655.2**	**12,414.9**	**12,414.9**	**16,933.2**	**22,634.6**

Source: Company data, Morgan Stanley Research

Disclosure Section

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(as of June 30, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1544	42%	453	49%	29%	757	44%
Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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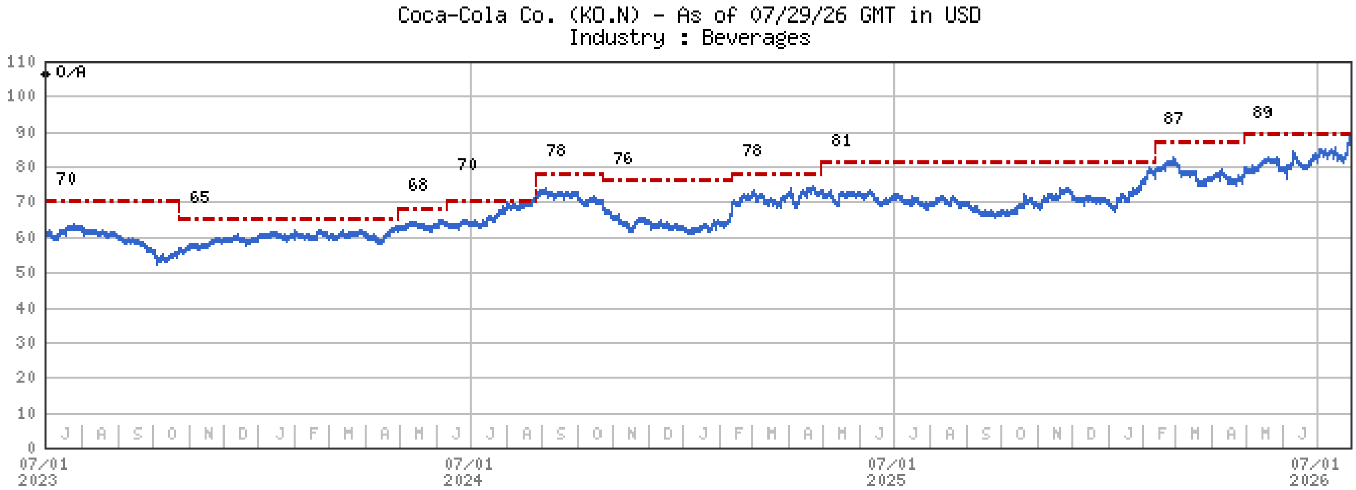
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 7/1/21 : O/A

Price Target History: 6/3/21 : 64; 7/21/21 : 65; 2/7/22 : 71; 2/11/22 : 76; 7/26/22 : 74; 10/3/22 : 68; 2/14/23 : 70; 10/24/23 : 65; 4/30/24 : 68; 6/10/24 : 70; 8/26/24 : 78; 10/23/24 : 76; 2/11/25 : 78; 4/29/25 : 81; 2/10/26 : 87; 4/28/26 : 89

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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INDUSTRY COVERAGE: Beverages

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/28/2026)
Dara Mohsenian, CFA		
Coca-Cola Co. (KO.N)	O (07/22/2020)	$88.27
Constellation Brands Inc (STZ.N)	E (02/27/2025)	$132.02
Keurig Dr Pepper Inc (KDP.O)		$31.08
Monster Beverage Corp (MNST.O)	O (11/02/2020)	$97.74
Oatly Group AB (OTLY.O)	E (02/20/2024)	$15.16
PepsiCo Inc. (PEP.O)	E (09/19/2024)	$142.86
Zevia PBC (ZVIA.N)	E (08/16/2021)	$1.61
Eric A Serotta, CFA		
Boston Beer Company Inc (SAM.N)	E (06/04/2024)	$185.69
Brown-Forman Corporation (BFb.N)	U (06/04/2026)	$28.90
Celsius Holdings Inc (CELH.O)	O (09/30/2025)	$29.45
Coca-Cola Europacific Partners (CCEPC.AS)	E (08/06/2025)	€98.10
Molson Coors Beverage Company (TAP.N)	E (01/09/2018)	$42.51
Primo Brands Corp (PRMB.N)	O (07/01/2025)	$23.54
Vita Coco Company Inc (COCO.O)	E (09/19/2023)	$69.58

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* Historical prices are not split adjusted.