Coca-Cola

The Coca-Cola Company · KO · NYSE

Q3 comparable EPS up 11% and a raised outlook confirmed earnings growth, but a 27.7x forward P/E and 5.6% EPS growth expected next year limit the upside

Overall Verdict
HOLD
Bull 4 · Bear 3 · Deferred 0

Price at Issue	External Average Target Price	52-Week Low · High	Next Earnings
$96.91	**$98.43**	**$67.27 ~ $97.39**	**TBD**
Nov 10, 2026 close · +0.9%	+1.6% · 23 analysts	vs. high −0.5%	Q4 2026 earnings

01 4 Key Data Points

Full-year comparable EPS growth outlook raised to 11% or more
Announced Oct 27 · prior 9–10% · organic revenue growth of at least 5% · free cash flow of at least $13.0B (prior about $12.4B)

Five price target raises, no cuts
Oct 28: UBS $106, TD Cowen $104, Citi $103, JPMorgan $98, Freedom $89

Q3 volume +5%, Zero Sugar +16%
Led by India, China, Mexico and Brazil · price/mix added only 1%, so volume drove the growth

Forward P/E 27.7x, PEG 4.9
Peer median 20.0x · FY27 EPS growth expected at 5.6%, down from about 10% this year

02 Research Team Debate — 6 Issues

Raised outlook ×2	Bull	Judged for the Bull side. Even after removing about 3pp of currency from the at-least-11% outlook, growth is about 8% or more, and next year's 5.6% already absorbs about 2pp from the sale, so the Bull view that earnings growth continues carries more weight. Currency turning into a slight headwind next year remains, as the Bear notes.
Valuation	Bear	Judged for the Bear side. On a growth-adjusted basis a PEG of 4.9 is high for a stretch where earnings growth halves, and the Bear's 1.4 times the peer median is the more direct measure. The Bull's margin advantage is real but already priced in.
Africa bottler sale	Bull	Judged for the Bull side. The earnings effect is about a quarter of the revenue effect (about 2% of EPS vs 8% of revenue), so the Bull's point that the damage is limited holds. A delay in regulatory approval could still disturb the outlook.
IRS tax case	Bear	Judged for the Bear side. The Bear's point that up to $14B, excluded from guidance, matches a full year of free cash flow with the ruling date open is the stronger one. The Bull's sizing at 3.4% of market cap eases the burden but does not remove it. Case figures come from external reports (Bloomberg Law); the company filings were not read.
Five price target raises	Bear	Judged for the Bear side. The direction of targets is up, but the 1.6% gap between the $98.43 average and the close is the Bear's more direct measure that further upside has little support. The raises are already in the price.
Volume growth	Bull	Judged for the Bull side. Total volume of +5% together with confirmed value-share gains supports the Bull view that emerging markets are filling the North American gap. The risk that the shipment-timing benefit reverses in Q4 remains, as the Bear points out.

The call is HOLD. The raised outlook and 5% volume growth confirmed earnings growth, but a 27.7x forward P/E, a PEG of 4.9 and just 1.6% average target upside kept the gap to one vote. The call reopens if the 2027 outlook at Q4 results is at or above the 5.6% FY27 EPS growth consensus.

03 Conditions That Change the Verdict

▲ Upgrade Conditions

Q4 2026 results and 2027 outlook
Date TBD · 2027 EPS growth guidance at or above the 5.6% FY27 consensus

Holding the 20-day average
The close stays above the 20-day average of $93.93

▼ Downgrade Conditions

Q4 2026 results and 2027 outlook
Date TBD · 2027 EPS growth guidance falls short of 5.6%

Support break
The close falls below the Supertrend level of $91.04

04 Quarterly Results Unit: $B

	Q3 2025	Q4	Q1 2026	Q2	Q3
Revenue	12.5	11.8	12.5	13.4	**13.4**
Operating Income	4	2.9	4.4	4.7	**4.5**
Net Income	3.7	2.3	3.9	4.4	**4**
Operating Margin	32.2%	24.2%	35.1%	35.1%	**33.4%**

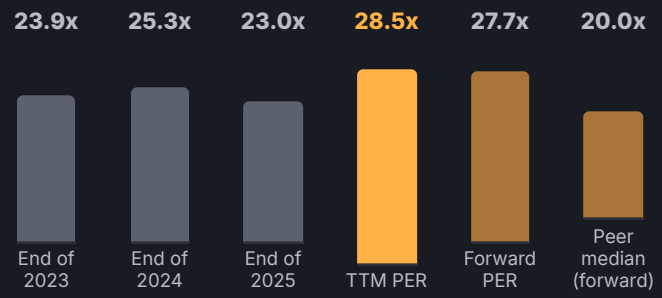
Operating margin
33.4%
Year ago 32.2%

Net margin
30.0%
Year ago 29.7%

Gross margin (Yahoo basis)
63.2%
Year ago 61.5%

Free cash flow margin
34.0%
Year ago 36.6%

05 P/E trend



06 Street Opinions

Buy 20 Hold 3 Sell 1 Avg $98.43 · High $106.00 · Low $80.00

Freedom Broker	89	Target raised
UBS	106	Target raised
Citigroup	103	Target raised
JPMorgan	98	Target raised

07 Financial Strength

Cash and short-term investments (9/30)
$16.60B
$15.78B → +5.2%

Total debt (9/30)
$41.62B
$47.42B → −12.2%

Equity (9/30)
$37.37B
$31.25B → +19.6%

Shares outstanding (9/30)
4.30B shares
4.30B shares → 0.0%

08 Recent News

11/6 Parent of India bottler HCCB files draft IPO papers (Nov 6–7 per reports)
Filed with India's SEBI · an offer for sale cutting the Coca-Cola side's stake from about 60% to 45%, no fresh capital · filing date is Nov 6 or 7 depending on the report · based on reports (Just Drinks, Indian media), filing not read · figures below are the Nov 6 close

11/5 Officer Nancy Quan sells $1.97M
Form 4 summary (Yahoo) · sold 20,585 shares at $95.62 alongside an option exercise · figures below are the Nov 5 close

11/2 Officer Beatriz Perez sells $6.41M
Form 4 summary (Yahoo) · sold 67,548 shares at $94.84–$95.02 alongside an option exercise · figures below are the Nov 2 close

09 Upcoming Events

Nov 13 (Fri) · Weekly options expiry
Max pain $95 · open interest put/call 0.57

Nov 20 (Fri) · Monthly options expiry
Max pain $90 · open interest put/call 0.55

During Q4 · Africa bottling sale expected to close
Company assumption · subject to regulatory approval

10 Key Risks

High multiple against growth (forward P/E 27.7x vs FY27 EPS +5.6%)
Impact Medium · Likelihood High · Watch Q4 results

Up to about $14B in extra payments if the IRS appeal is lost
Impact Medium · Likelihood High · Watch Ruling date unknown

Africa bottler sale effect (2027 revenue about −8%, EPS about −2%)
Impact High · Likelihood Medium · Watch Q4 results

11 Checkpoints

★★★ **Q4 2026 results and 2027 outlook**
The date is not set. Watch whether 2027 EPS growth guidance is at or above the 5.6% FY27 consensus and how much currency and divestiture headwinds it includes.

★★★ **IRS appeal ruling**
Timing is not set. Watch how up to about $14B in extra payments would weigh on cash and short-term investments of $16.60B.

★★☆ **Target trend**
Five raises came after Oct 28. Watch whether the $98.43 average rises further and widens the upside above the price.