

Ticker: COKE

Coca-Cola Consolidated, Inc

Research Summary

Company Overview

Coca-Cola Consolidated, Inc. (COKE) is the largest bottler and distributor for 'The Coca-Cola Company' (KO) in the United States, focusing on the manufacturing and logistics of finished beverage products. The company operates a logistics-driven business, purchasing concentrate from KO and delivering over 300 brands and flavors to approximately 60 million consumers across 14 states and Washington D.C. Its profitability depends heavily on operational efficiency and supply chain management within its vast distribution network, making it an investment into execution rather than brand ownership.

Valuation

The target price for Coca-Cola Consolidated, Inc. (COKE) is determined to be \$158 using the average implied share price of DCF and P/E Model. Given the current market price of \$164.94, the stock is trading at only a 3.8% premium to its intrinsic value. This small deviation shows that the market is efficiently and accurately reflecting COKE's fundamentals based on its FCF generation.

Therefore, this research recommends 'Hold'.



Researched by: Joonha Kwon

Hold / Buy / Sell

Target Share Price: \$158

Current Share Price: \$164.94

Data Date: 11/26/2025

52 Week Range: \$10.21 ~ \$166.21

Current Stock Price: \$161.1

P/E Ratio (LTM): 20.4

Beta Estimate: 0.2

Dividend Yield: 0.62%

2024 DPS: \$1

2024 P/S: \$2.21

EV/Sales: \$1.96

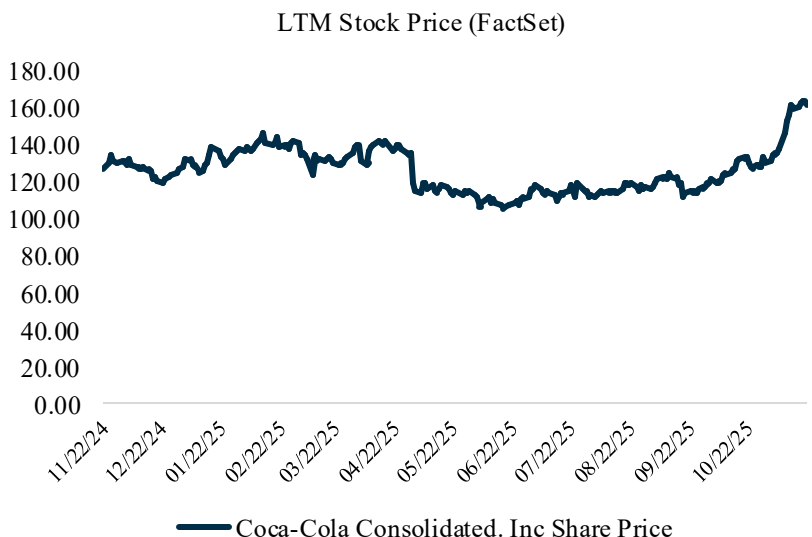
WACC: \$6.11

P/BV: \$6.23

Equity Value: \$13,800.94

Enterprise Value: \$13,82.39

Industry: Beverage Production



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Company Analysis

- Financial Statement Analysis
- Projection Analysis

Company Analysis

Revenue Projections

Estimation of the COKE future revenue is a key factor for discounted cash flow modeling. The revenue growth rate has been decreasing lately from 11.48% in 2022 to 2.37% in LTM 2025.

According to COKE's 10-K, the management asserts that the reason why the growth rate has been decreasing is due to softness in key brands and a product mix shift. Due to these reasons, the volume of shipping decreased, which also leads to pressure on gross and operating margins due to the less efficient utilization of its fixed distribution assets and capacity. I believe that COKE will eventually overcome and adapt to the product mix shift issue, and recover from growth rate to 6.24, which is the average growth rate from 2022 to 2025 since the recent low growth rate is significantly impacted by transient, non-core issues cited in the 10-K, such as fewer selling days, the holiday shift, and specific temporary softness in key brands (Figure 1).

Financial Statements

S in millions	Actuals				Projections			
	FY 2022	FY 2023	FY 2024	LTM 2025	FY 2026	FY 2027	FY 2028	FY 2029
Income Statement								
Revenues	6,201	6,654	6,900	7,070	7,511	7,812	8,046	8,247
COGS (excluding D&A)	3,748	3,879	4,058	4,128	4,430	4,608	4,746	4,864
Depreciation & Amortization	172	177	194	214	201	209	210	216
Gross Income	2,281	2,598	2,648	2,729	2,880	2,995	3,090	3,167
SG&A	1,637	1,762	1,727	1,801	1,914	1,990	2,050	2,101
EBIT (Operating Income)	644	836	922	928	967	1,005	1,040	1,066
Non operating Income	(9)	(118)	(3)	(2)	0	0	0	0
Interest Expense	25	0	2	22	20	20	20	20
Unusual Expense	35	160	60	73	82	82	82	82
Pretax Income	575	558	857	831	864	903	938	964
Income Taxes	145	149	224	218	225	235	245	251
Consolidated Net Income	430.20	408.40	633.20	612.30	638.82	667.40	693.15	712.37
Net Income	430.20	408.40	633.20	612.30	638.82	667.40	693.15	712.37
Margins/Growth Rates								
-								
Revenue Growth Rate	11.48%	7.30%	3.69%	2.47%	6.24%	4.00%	3.00%	2.50%
COGS (excluding D&A)	60.44%	58.30%	58.81%	58.38%	58.98%	58.98%	58.98%	58.98%
SG&A cost as a % of Revenue	26.40%	26.48%	25.03%	25.48%	25.48%	25.48%	25.48%	25.48%
Effective Tax Rate	25.20%	26.74%	26.09%	26.29%	26.08%	26.08%	26.08%	26.08%

(Figure 1 – FactSet)

Company Analysis

Net Working Capital Projections

The provided table analyzes COKE's Net Working Capital structure, revealing significant volatility in historical Change in NWC (e.g., a massive cash inflow of \$ 165.80 in FY 2023 followed by a commensurate outflow of \$165.60 in FY 2024, suggesting material, non-recurring adjustments to current liabilities. For the projection period, the model assumes stabilization, calculating NWC as a very low level of sales, which implies highly efficient working capital management for this capital-intensive distributor. This stabilization results in a Change in NWC beginning with a large negative adjustment in FY 2025 followed by a sustained, but small, positive increase (requiring cash outflow) that gradually declines to \$2.91 by 2029, enhancing Free Cash Flow generation over the long term.

Financial Statements

S in millions	Actuals			Projections				
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Accounts receivable	606.30	659.30	683.50					
Inventories	347.50	321.90	330.40					
Other Current Assets	94.30	88.60	96.30					
Prepaid Expenses	0.00	0.00	0.00					
Non Cash Current Asset	1,048.10	1,069.80	1,110.20					
Accounts payable	514.50	523.10	522.10					
Other current liabilities	360.70	539.60	415.40					
Income Tax Payable	-	-	-					
Unearned Revenue	-	-	-					
Non interest bearing Current Liabilities	875.20	1,062.70	937.50					
NWC	172.90	7.10	172.70	102.34	108.72	113.07	116.47	119.38
% of Sale	0.03	0.00	0.03	0.01	0.01	0.01	0.01	0.01
Change in NWC	45.40	(165.80)	165.60	(70.36)	6.38	4.35	3.39	2.91

(Figure 2 – FactSet)

Valuation

- P/E Model
- Dividend Discount Model
- Discounted Cash Flow Model

Valuation

P/E Model

To value COKE unique asset-intensive business structure, which is distinct from the brand-owning model, the comparable set includes major international bottlers: Coca-Cola FEMSA, Coca-Cola Europacific Partners, and Arca Continental. Although we utilize the P/E ratio because it remains the most widely recognized equity valuation metric for providing a simple benchmark of net income, this multiple is often distorted by the high Depreciation and Amortization inherent to the capital-intensive bottling industry. Therefore, the comparison must be viewed primarily through Enterprise Value metrics like EV/EBITDA to accurately normalize for capital structure differences and non-cash charges. Furthermore, readers must also factor in the specific geographic and economic risks (such as currency volatility and sovereign risk) inherent in each international market when assessing the final valuation multiples.

The P/E Model shows that the trailing implied share price of COKE is from \$88.47 ~ \$172.53, and leading implied share price is from \$92.35 to 147.51. Since the number of the comparisons are small, using median value can be more accurate. I used the Median Trailing P/E of 15.81 times from the comparable set. Applying this to COKE's Trailing EPS results in an Implied Share Price of \$99.44 Compared to the current market price of \$163.91(as of [11/26/25]), the stock is currently overvalued by approximately 39% (Figure 3).

Company	Stock Price	Earning Per Share (Trailing)	Earning Per Share (Leading)	P/E (Trailing)	P/E (Leading)
Coca-Cola Consolidated, Inc	164.34	6.29	6.46	26.13	25.44
Coca-Cola FEMSA	8.72	0.62	0.61	14.06	14.30
Coca-Cola Europacific Partners	91.34	3.33	4.00	27.43	22.84
Arca Continental	9.96	0.63	0.65	15.81	15.32
Maximum	91.34	3.33	4.00	27.43	22.84
Mean	36.67	1.53	1.75	19.10	17.48
Median	9.96	0.63	0.65	15.81	15.32
Minimum	8.72	0.62	0.61	14.06	14.30

	Implied Price (Trailing)	Implied Price (Leading)
Maximum	172.53	147.51
Mean	120.15	112.95
Median	99.44	98.99
Minimum	88.47	92.35

(Figure 3)

Valuation

DPS Projection

Projected Dividends Per Share Methodology

To derive the projected stream of Dividends Per Share for the valuation model, I established the company's profitability and applied a core capital allocation assumption:

1. EPS was established by taking the projected from the net income from the projected Income Statement (Figure 1) and dividing it by the Total Shares Outstanding. This EPS profile demonstrates robust growth, increasing from \$8.12 in FY 2025 \$ to 9.45 in \$FY 2029, reflecting the expected enhancement of COKE's core earning power.
2. The calculation relies on a critical dividend policy assumption consistent with COKE's historical practice and business nature. I utilized a conservative 5% Payout Ratio across the entire explicit forecast period by averaging payout ration from 2022 to 2024. This low payout ratio aligns with the capital-intensive nature of the bottling business, indicating that management prioritizes reinvestment (retained earnings) and growth-related Capital Expenditures (CapEx) over distributing the majority of current earnings to routine shareholder payouts.
3. The projected DPS was subsequently calculated by applying this constant 5% payout ratio to the corresponding projected EPS for each forecast year (Figure 4).

DDM Model

	Actuals				Projections			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
EPS	-	-	-	8.12	8.47	8.85	9.19	9.45
Payout Ratio	2%	5%	6%	5%	5%	5%	5%	5%
DPS		0.1	0.2	0.4	0.37	0.39	0.42	0.43

(Figure 4)

Valuation

DDM Calculation

Using projected DPS in Figure 4, I could calculate the present value of each year's DPS (Figure 5).

The cost of equity is calculated by using CAPM, which came out to be 6.31%. I used Yahoo

Finance's 5-year average beta of COKE of 0.40 and Professor Damodaran's MRP and risk-free

rate of 4.33% and 4.58% (Figure 6). I used a terminal growth rate of 2% because COKE is a

mature company, and the revenue growth rate is decreasing every year. By using a terminal growth

rate of 2%, the present value of the terminal value came out to be 7.52. Adding the terminal value

of 7.52 and the sum of the present value of FY 2025 to 2029, the implied share price comes out to

be \$8.88 (Figure 7). The resulting Implied Share Price of \$8.88 is significantly below the current

market price, suggesting that the DDM is not an appropriate valuation tool for COKE. Due to

COKE's low payout ratio and high CapEx, DDM fails to capture the true value derived from

retained earnings and Free Cash Flow (FCF).

DDM Model

\$ in millions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
DPS	0.37	0.39	0.40	0.42	0.43
Return on Equity	1.063	1.130	1.202	1.277	1.358
PV	0.35	0.34	0.34	0.33	0.32

(Figure 5)

Return on Equity	
Beta	0.40
Risk Free Rate	4.58%
Market Risk Premium	4.33%
Return on Equity	6.31%

(Figure 6)

Terminal Value: Perpetuity Growth	
Terminal Growth Rate	2.00%
2029 Dividend * (1+g)	0.44
Terminal Value in 2030	10.22
PV of Terminal Value	7.52
Implied Share Price	8.88

(Figure 7)

Valuation

DDM Sensitivity Analysis

Dividend Discount Model’s sensitivity analysis shows how much the implied share price changes when cost of equity and terminal growth rate changes.

DDM Model

		Cost of Equity				
		5.50%	6.00%	6.50%	7.00%	7.50%
Terminal Growth	1.5%	\$9.94	\$8.83	\$7.95	\$7.22	\$6.61
	2.0%	\$11.22	\$9.77	\$8.68	\$7.81	\$7.09
	2.5%	\$12.91	\$11.06	\$9.68	\$8.60	\$7.74
	3.0%	\$18.61	\$15.72	\$13.65	\$12.10	\$10.89
	3.5%	\$18.85	\$15.08	\$12.56	\$10.77	\$9.42

(Figure 8)

Valuation

Free Cash Flow Calculations

Using projected EBIT and NWC in Figures 1 and 2, I calculated the projected operating cash flow of COKE. The operating cash flow of COKE shows that it will increase from \$1,012.35 in FY 2026 to \$1,027.03 in FY 2029. To calculate the free cash flow, I estimated CapEx by averaging the 5-year CapEx of Coke. By deducting the projected CapEx, the Free Cash Flow of the firm in FY 2026 was \$696.35 (Figure 9). This FCF stream is the most critical metric for valuation, as COKE's low dividend payout policy renders the Dividend Discount Model ineffective. Consequently, these FCF projections will serve as the core input for the DCF analysis to determine the firm's intrinsic value.

DCF Model

S in millions	Projections			
	FY 2026	FY 2027	FY 2028	FY 2029
EBIT	966.53	1,005.19	1,040.03	1,066.03
Tax expense	225.38	235.47	244.55	251.33
EBIT (1-T)	741.15	769.73	795.48	814.70
Depreciation	200.84	208.87	210.46	215.72
Change in NWC	(70.36)	6.38	4.35	3.39
Operating Cash Flow	1,012.35	972.22	1,001.59	1,027.03
CapEx	316.00	316.00	316.00	316.00
Free Cash Flow	696.35	656.22	685.59	711.03
PV of Free Cash Flows	656.37	583.04	574.17	561.29

(Figure 9)

Valuation

WACC

Using COKE's equity value, total debt, CAPM (from DDM model), and cost of debt (using A+ credit spread), the WACC comes out to be 6.09% (Figure 10).

WACC	
Market Cap	12,436.48
Common Shares Outstanding	75.40
Price (as of Nov 26, 2025)	\$ 164.94
Total Debt	1,438.40
D+E	13,874.88
D/E	0.116
D/(D+E)	10.37%
Corporate Tax Rate	21.00%
Cost of Debt	5.28%
Credit Rating	A+
Credit Spread	0.70%
Risk Free Rate	4.58%
Market Risk Premium	4.33%
Beta	0.40
E/(D+E)	89.63%
Cost of Equity	6.31%
WACC	6.09%

(Figure 10)

DCF Model

Terminal Value

Using same terminal growth rate of 2% as Dividend Discount Model, the enterprise value of COKE comes out to be \$16,372.58 (Figure 11).

Terminal Value: Perpetuity Growth	
Terminal Growth Rate	2.00%
2029 FCF * (1+g)	725.25
Terminal Value in 2028	17,731.92
PV of Terminal Value	13,997.71
Enterprise Value	16,372.58

(Figure 11)

Valuation

Implied Share Price

Using the enterprise value that I calculated from Figure 11, I deducted the net debt to get the equity value of 16,371.2. Using that value and dividing that by the number of shares outstanding of 75.4, the DCF implies that the share price of COKE should be \$217.12 (Figure 12). This shows that COKE has an upside of 31.64%. This strong implied upside validates the operational thesis that COKE's efficient FCF generation and regional dominance are undervalued by the current market. To finalize the valuation, a sensitivity analysis should be performed to test the robustness of the implied share price \$ across a reasonable range of WACC and Terminal Growth Rate assumptions.

DCF Model

Enterprise Value	
Sum of PV FCFF	2,374.9
PV of TV	13,997.7
Enterprise Value	16,372.6
Net Debt	1.4
Equity Value	16,371.2
Diluted Share #	75.4
Implied Pice	217.12

(Figure 12)

DCF Sensitivity Analysis

This table presents a WACC Sensitivity Analysis, showing how the implied share price changes based on variations in the two most DCF assumptions: the Terminal Growth (TGR) and the Weighted Average Cost of Capital (WACC). For the base case 6.00% and 2%, the share price is \$ 222.02. The analysis confirms a strong inverse relationship between WACC and valuation, highlighting that even small changes in the discount rate significantly impact the final price (Figure 13).

		WACC				
		5.50%	6.00%	6.50%	7.00%	7.50%
Terminal Growth Rate	1.50%	\$225.07	\$200.02	\$179.99	\$163.60	\$149.94
	1.75%	\$238.45	\$210.37	\$188.20	\$170.26	\$155.44
	2.00%	\$253.75	\$222.02	\$197.34	\$177.59	\$161.44
	2.25%	\$271.40	\$235.21	\$207.54	\$185.69	\$168.01
	2.50%	\$291.99	\$250.29	\$219.02	\$194.70	\$175.24

(Figure 13)



Conclusion & Recommendations

Conclusion & Recommendations

Conclusion on three valuation models: P/E, DDM, DCF

Using the projected financial statements of Coca-Cola Consolidated, Inc, the P/E valuation's implied share price came out to be \$99.44, DDM came out to be \$8.88, and DCF came out to be \$217.12. Even though the implied price range of the three models is so large, this shows important facts. The conservative investors, who highlight the importance of dividends, see the firm valued at \$8.88, which confirms the DDM is fundamentally inappropriate for COKE due to its low payout ratio. Growth-oriented investors rely on the DCF model, believing that the market doesn't yet realize the potential of huge Free Cash Flows that COKE will generate in the future through working capital management. Combining this information, the final estimated implied price range for COKE is concluded to be between the conservative P/E value of \$99.44 and the DCF value of \$217.12. Given that the current market price is among this range, the market appears to be fairly valuing COKE.

Valuation Conclusion

