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Coca-Cola Consolidated Posts 10.6% Q2 Revenue Growth on Strong Beverage Demand

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Coca-Cola Consolidated reported a strong second-quarter performance for fiscal 2026, with net sales rising 10.6 per cent to $2.1 billion and volume increasing 7.6 per cent, driven by robust consumer demand across its beverage portfolio amid promotional campaigns around America250 and the FIFA World Cup. "We delivered a very strong second quarter, with volume growth of 7.6 per cent and revenue growth of 10.6 per cent, as enthusiasm around America250 and the FIFA World Cup helped drive robust demand across our portfolio," said J. Frank Harrison III, Chairman and Chief Executive Officer, adding that the company also strengthened its balance sheet by repaying $275 million in debt during the first half of the year.

For the first six months of fiscal 2026, total volume increased 10.3 per cent, or 7.1 per cent on an adjusted basis. The company's Sparkling beverage portfolio recorded volume growth of 7.0 per cent in the second quarter and 9.4 per cent during the first half, supported by continued momentum in zero-sugar and flavoured beverages. Meanwhile, the Still beverage category grew 9.4 per cent in the quarter and 12.9 per cent in the first half, led by brands including Core Power, Powerade, smartwater and Monster.

Net sales growth reflected higher sales volumes, annual pricing actions and the timing of the Fourth of July holiday. Sparkling beverage revenue increased 9.7 per cent, driven by strong sales of multipack aluminium cans across large retail, club and value channels, while Still beverage sales rose 11.5 per cent, supported by demand in convenience and value store formats.

Despite the strong top-line performance, profitability remained under pressure from higher input costs. Gross profit increased 4.8 per cent to $778.4 million, while gross margin declined 210 basis points to 37.9 per cent. The company attributed the margin contraction primarily to higher aluminium costs arising from geopolitical tensions, supply constraints and elevated tariffs, which added approximately $45 million in input costs during the quarter.

President and Chief Operating Officer Dave Katz said operational execution and sustained market share gains helped offset macroeconomic challenges. "Solid operational execution drove strong second quarter results, despite continued macroeconomic uncertainty and higher input costs that continued to pressure gross margins," he said. Katz noted that the company achieved its fifth consecutive quarter of market share growth, led by Sparkling beverages—particularly zero-sugar and flavoured products—and the Sports Drink category.

Selling, delivery and administrative expenses increased 7.8 per cent to reflect higher labour, employee benefit and fuel costs, as well as continued investment in frontline employees. However, these expenses declined as a percentage of net sales to 24.7 per cent, compared with 25.4 per cent in the same period last year.

Operating income remained broadly stable at $271.3 million, while adjusted operating income rose to $284.9 million. Operating margin narrowed to 13.2 per cent, reflecting continued cost inflation.

Net income for the quarter declined 15.2 per cent to $158.8 million, primarily due to non-cash fair value adjustments related to acquisition contingent consideration and commodity hedging instruments, along with higher net interest expense. On an adjusted basis, net income totalled $187.7 million, down 3.8 per cent year on year.

Looking ahead, the company said it remains focused on maintaining affordability for consumers, sustaining commercial momentum and moderating operating expense growth in the second half of the year while continuing to strengthen marketplace execution.