INVESTMENT ANALYSIS

Coca-Cola VS PepsiCo

Sanjana Patel Halasur Matt
FIN 5063 401 OL : Corporate Finance
Professor Duane Kilty

AGENDA

Company Overview

Financial Analysis

Strategic Initiatives

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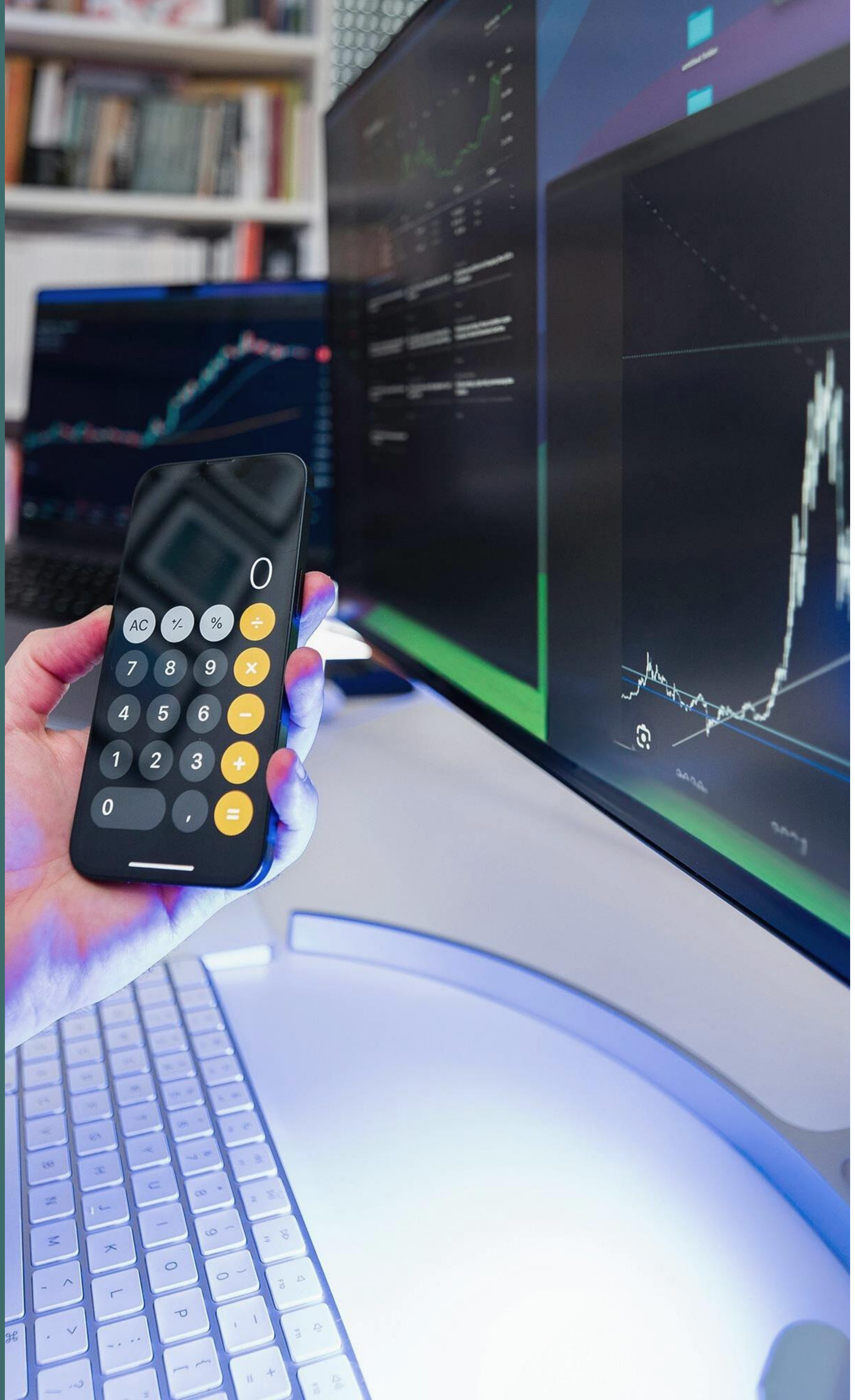
Company Overview

Coca-Cola

- Founded in 1886, Public since 1919
- Leading beverage company, only serving beverages.
- 44.9% market share(2023) in U.S carbonated soft drinks
- 2025 Market cap of $298.6B
- Owns Brands: Coke, Fanta, MinuteMaid, Costa Coffee

PepsiCo

- Founded & public 1965, merged with Frito-Lay
- Diversified product categories: beverages & snacks
- 24.5 market share(2023) in U.S
- 2025 Market cap of $298.6B
- Owns Brands: Lay’s, Tositos, Starbucks Frappuccino, Sabra Hummus, Quaker Oats



Liquidity Analysis

Liquidity Ratio of PepsiCo

Year	Current Ratio	Quick Ratio	Cash Ratio
2024	0.82	0.75	0.27
2023	0.84	0.74	0.31
2022	0.80	0.58	0.18
2021	0.83	0.63	0.21
2020	0.98	0.77	0.35

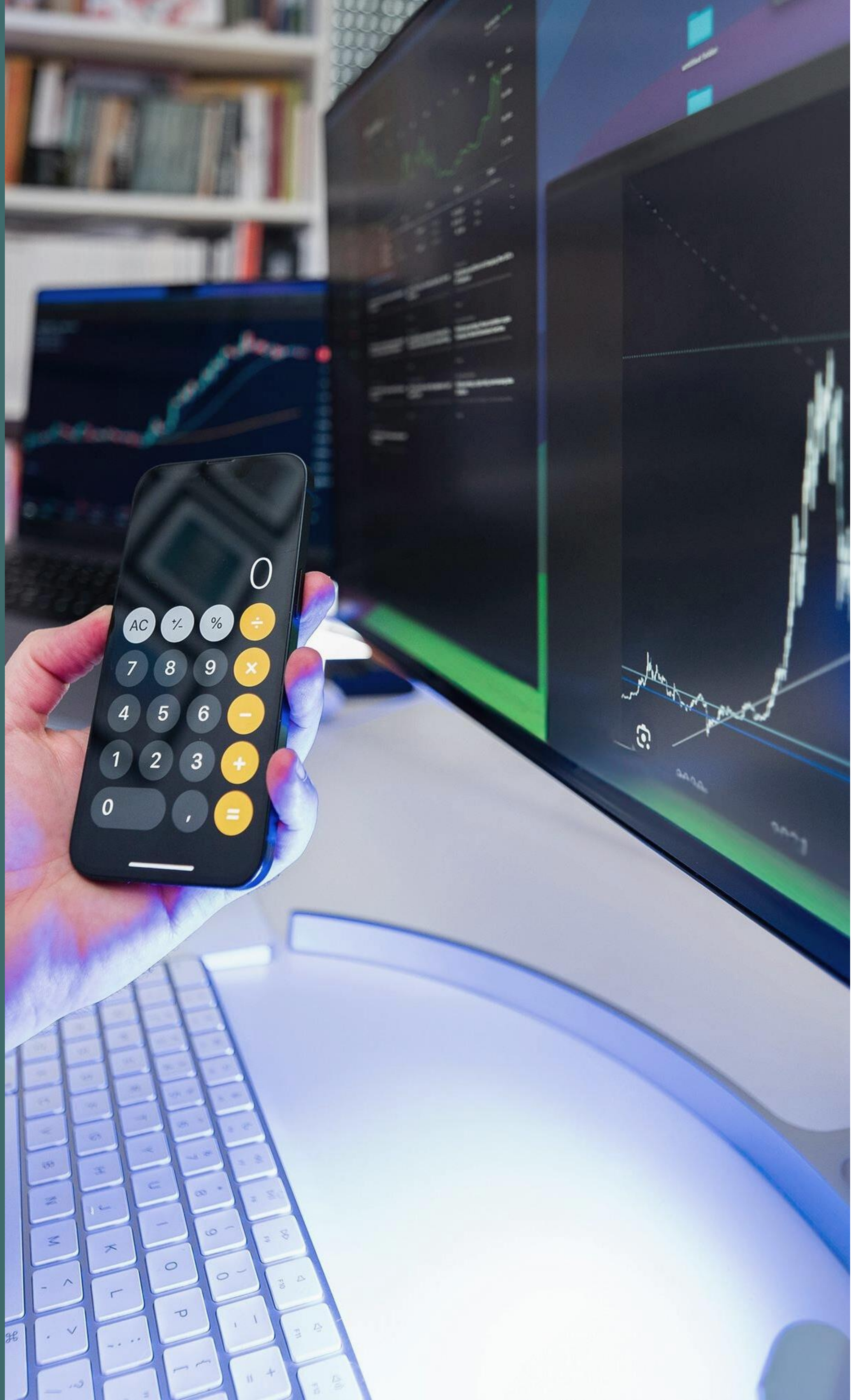
Liquidity Ratio of Coca-Cola

Year	Current Ratio	Quick Ratio	Cash Ratio
2024	1.94	1.62	1.09
2023	1.56	1.19	0.58
2022	1.38	0.89	0.22
2021	1.29	0.83	0.17
2020	1.32	0.84	0.08

Coca-Cola : Improved Liquidity & stronger reserves
PepsiCo: Relies on Operational cash: less buffer for shocks

Liquidity Trends & peer comparison

- Coke's ratios have grown because the company has maintained a cash-rich position after COVID-19.
- PepsiCo implemented effective working capital management strategies because of its steady cash inflows.
- The liquidity metrics of Coca-Cola exceeds most beverage companies yet PepsiCo matches food industry peers
- Higher liquidity levels at Coca-Cola result in better credit ratings than PepsiCo.
- Investor appeal: Higher liquidity attracts risk-averse and income-seeking shareholders



Asset Management

Asset Management Ratio of PepsiCo

Year	Inventory Turnover	Receivable Turnover	Total Assets Turnover
2024	7.87	8.94	0.92
2023	7.83	8.60	0.92
2022	8.48	8.89	0.90
2021	8.70	9.30	0.86
2020	8.47	8.67	0.82

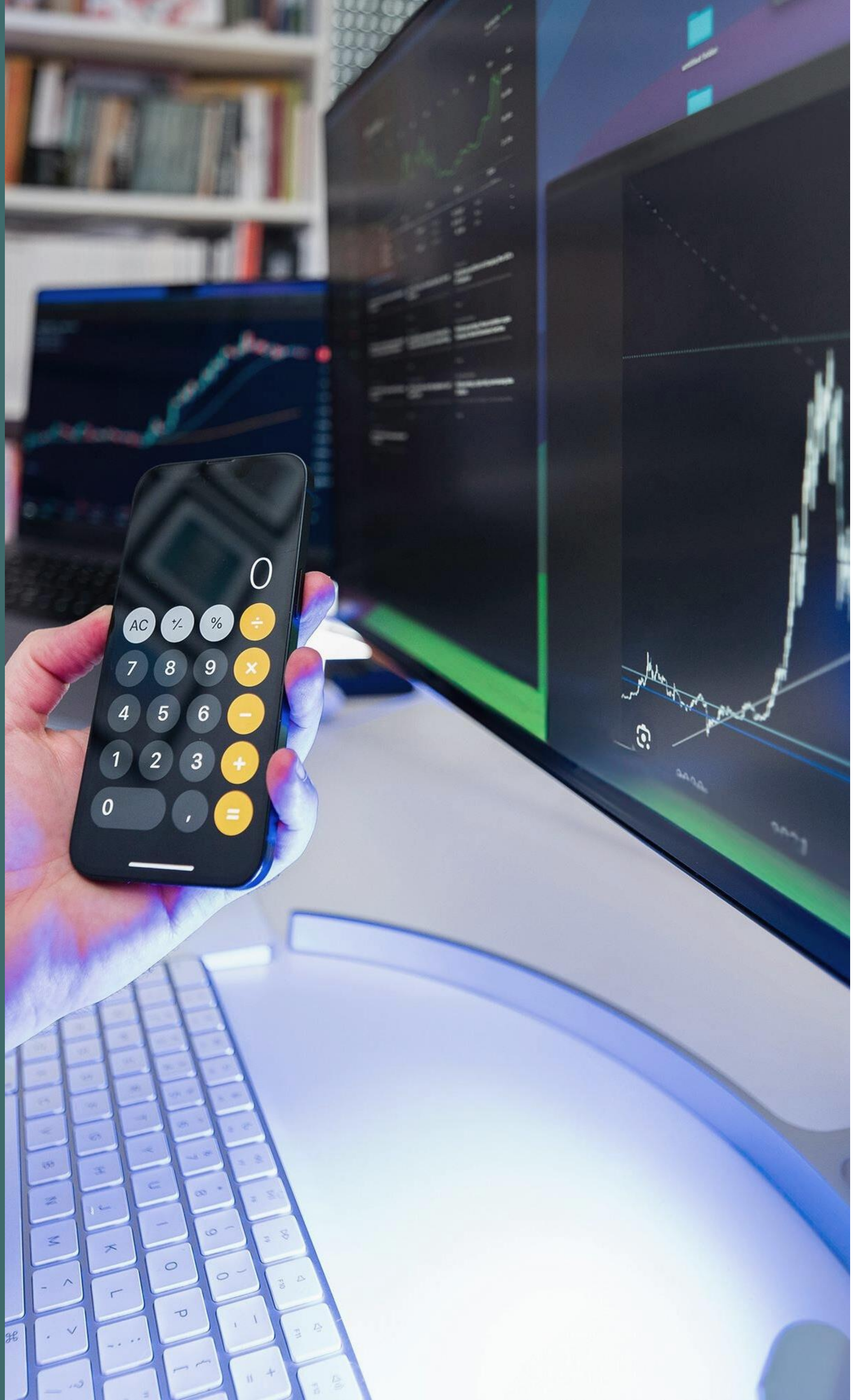
Asset Management of Coca-Cola

Year	Inventory Turnover	Receivable Turnover	Total Assets Turnover
2024	12.71	10.09	1.30
2023	12.12	10.09	1.55
2022	12.06	10.23	1.67
2021	13.66	10.18	1.61
2020	14.34	10.20	1.55

Coca-Cola: Very high inventory & receivable efficiency; focused beverage supply chain
PepsiCo: Balanced by snacks/beverage; less aggressive on collections

Asset Management Trends & peer comparison

- Coca-Cola's investments in plants and logistics infrastructure resulted in higher operational efficiency and turnover.
- PepsiCo maintains a wide range of products which gives it stability but this results in slower business cycles.
- Asset turnover ratio of Coca-Cola matches the level of its beverage-focused peers Monster Beverage and Keurig Dr Pepper while PepsiCo has an asset turnover ratio similar to Nestlé and Mondelez.
- Aggressive receivable management approach at Coca-Cola focuses on big B2B customers and just-in-time delivery systems.
- Higher inventory management enables Coca-Cola to operate its bottling and distribution network with lean operations.
- Pepsi's asset management model of food and beverages functions as a shock-absorber for product-specific disruptions.



Debt Management

Leverage Ratio of PepsiCo

Year	Debt to Equity Ratio
2024	2.12
2023	2.09
2022	2.27
2021	2.51
2020	3.28

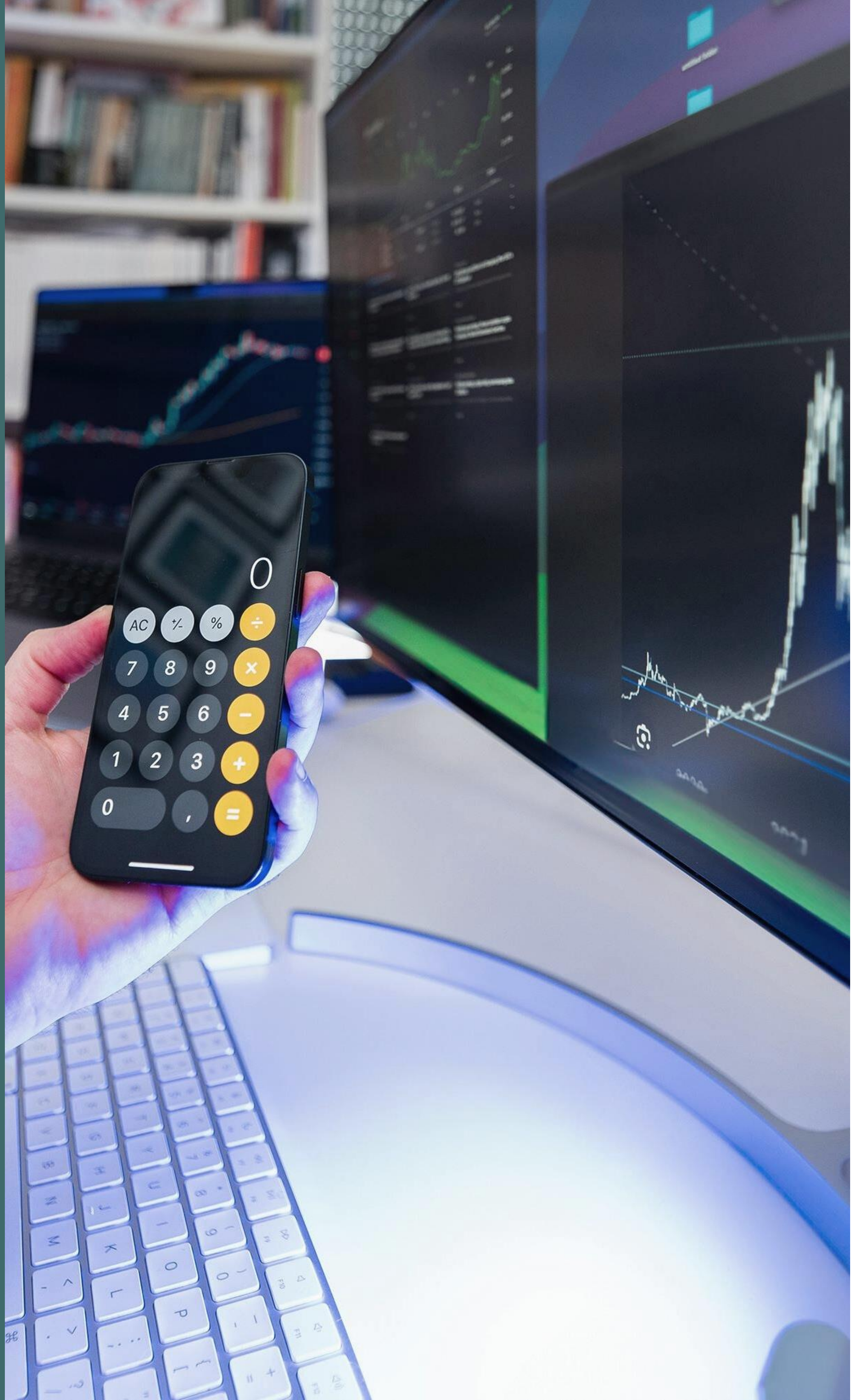
Leverage Ratio of Coca-Cola

Year	Debt to Equity Ratio
2024	1.02
2023	0.42
2022	0.54
2021	1.45
2020	1.97

Coca-Cola: Steep reduction in leverage for flexibility and less risk
PepsiCo: Deleveraging since 2020, but still much higher than Coca-Cola
Comparison: Both more conservative than peers; Coke especially

Debt Management Trends & peer comparison

- Coke reduced its debt to minimize its exposure to an unstable interest rate environment
- PepsiCo supports debt financing through continuous acquisition activities and international business development
- Companies use equity and debt in their strategies based on the current macroeconomic conditions
- The reduced leverage at Coke demonstrates— company values operational flexibility above risk exposure
- PepsiCo supports higher debt levels by pointing to the consistent cash flow stability of its food business operations
- Interest rate monitoring serves as a critical factor for both companies to determine their future financial policy decisions



Profitability Analysis

Profitability Ratio of PepsiCo

Year	Net Profit Margin	ROE	Gross Margin
2024	10.43%	53.10%	54.5%
2023	9.92%	50.65%	54.2%
2022	10.31%	51.96%	53.03%
2021	9.59%	47.48%	53.35%
2020	10.12%	52.92%	54.82%

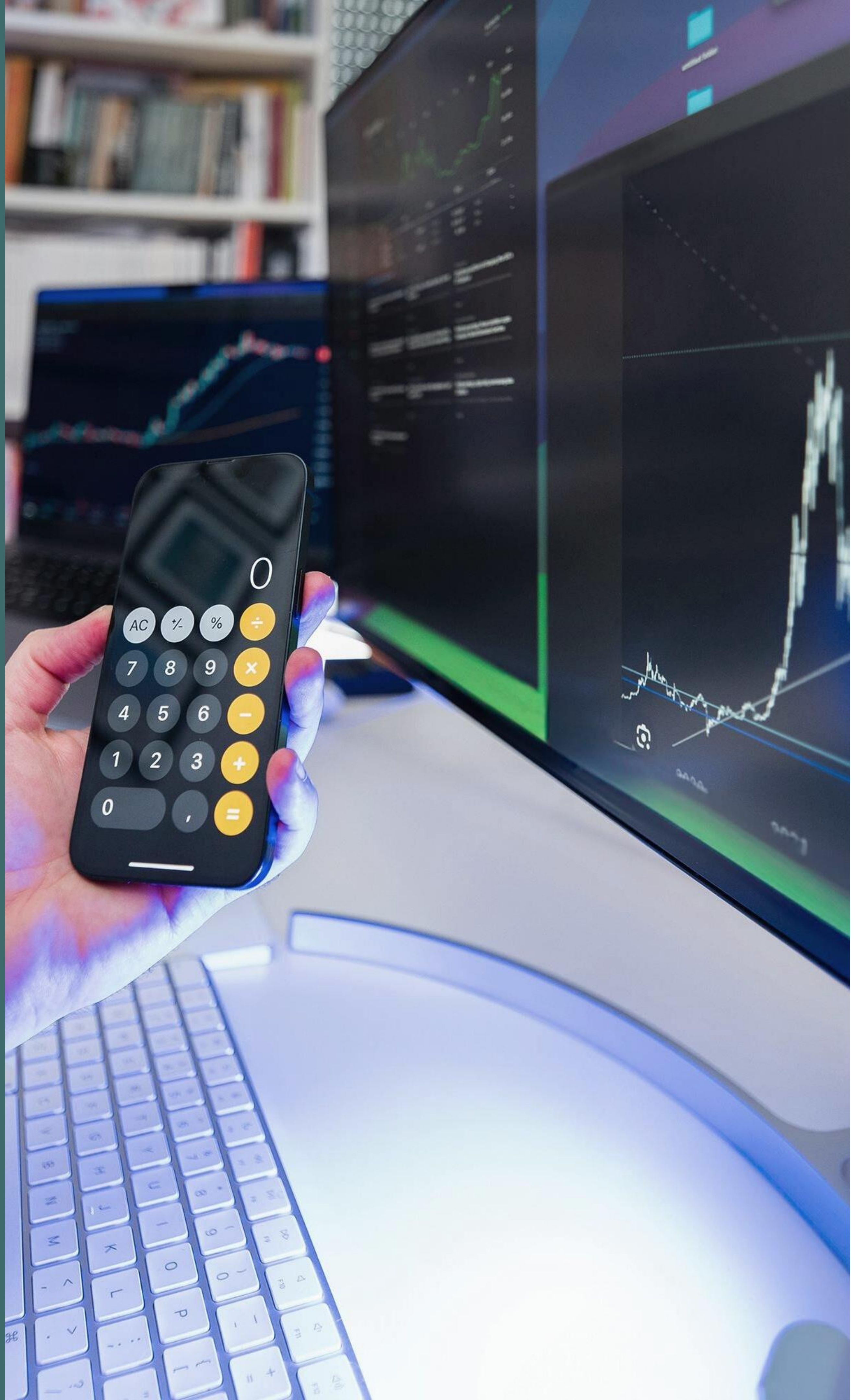
Profitability Ratio of Coca-Cola

Year	Net Profit Margin	ROE	Gross Margin
2024	9.2%	44.6%	39.9%
2023	6.1%	28.4%	39.1%
2022	6.9%	38.6%	36.7%
2021	3.4%	26.7%	35.1%
2020	3.4%	33.5%	35.3%

Coca-Cola's profit margins and returns have increased sharply since 2020
PepsiCo maintains strong ROE; steady net margin via snacks[1]

Profitability Trends & peer comparison

- Coca-Cola achieved higher operating margin growth compared to industry competitors
- High margins at PepsiCo result of their premium snack offerings and their ability to control costs
- Coca-cola outperforms Keurig and Monster in margins, while PepsiCo maintains a position near Nestlé and Mondelez
- The ROE of Coca-Cola increased because of buyback program and optimized capital allocation strategy
- The companies use product mix adjustments and pricing strategies to protect their profit margins during inflation



Market Value Analysis

Market Value Ratio of PepsiCo

Year	P/E Ratio	Dividend Yield	Market Cap (EOY)
2024	27.4	2.56%	~$260B
2023	28.4	2.46%	~$255B
2022	28.0	2.48%	~$252B
2021	31.5	2.48%	~$272B
2020	28.8	2.74%	~$180B

Market Value Ratio of Coca-Cola

Year	P/E Ratio	Dividend Yield	Market Cap (EOY)
2024	25.8	3.16%	~$269B
2023	23.7	3.26%	~$255B
2022	27.7	2.98%	~$275B
2021	29.0	3.15%	~$256B
2020	28.3	3.42%	~$236B

Both Coca-cola and PepsiCo have strong valuations, but Coca-Cola has a superior dividend yield and market perception as a safer income stock

Strategic Expansion & Product Changes

PepsiCo

- 2025: Acquired siete Foods($1.2B) for health/snack growth
- 2025: Acquired poppy for functional beverage leadership($1.95B)
- Expansion worldwide: Asia-pacific, Latin America, Volume up ~3-5%
- Major reformulation: Removing artificial ingredients from Tositos and Lay’s
- Pep+ program accelerates packaging/ waste reduction
- Pepsi prebiotic Cola — market-first innovation

Coca-Cola

- ~$170M+ expansion at Texas, Oklahoma, Ohio facilities (2025)
- 2025: New cane sugar-sweetened Coke to address health trends ,first in market
- Automated retail and foodservice expansion in U.S. and Europe
- $500M capital raise for Latin America growth and capex
- New distribution center in Columbus, OH—serves 31M

Industry Trends & External Factors

- Health and wellness drive demand for low/no-sugar beverages
- Sugar taxes and ingredient bans increase compliance and reformulation costs
- Raw material cost pressures: Aluminum, sugar, and logistics inflation
- Shift to e-commerce threatens legacy traditional distribution but opens new DTC channels
- Demographic changes: younger consumers demand sustainability, wellness products
- Regulatory environment increasingly complex globally—shapes product innovation

Investment Recommendation

- Coca-Cola recommended for investment: superior overall financial and risk profile
- The company maintains stronger liquidity which acts as protection against shocks and provides stability during recessions.
- The company's lower leverage position reduces its exposure to high-rate and uncertain market conditions.
- The company maintains steady margin and net income growth through its operational enhancement initiatives.
- The dividend payments from this company exceed 3% which makes it suitable for investors who seek income and long-term growth.
- The market perception along with premium valuation multiple strengthens investor confidence.

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