

Week 3

Ratio Analysis for Coca-Cola Company

This week we will complete the Ratio Analysis exercise started in Week 2.

- 1) Download the annual reports for the years 2017 and 2016 available on the company website. Identify the company's Balance Sheet and Income Statement.
- 2) Analyse the financial performance of the company using ratio analysis (we have started last week with liquidity and profitability ratios; we continue the analysis of the ratios this week with leverage ratios and working capital ratios).
- 3) Identify the closest competitor. Evaluate the financial performance of the company over time and with respect to the main competitor.

Use the handout provided to summarise the results from the financial ratio analysis. Critically discuss the evolution of the company's financial performance over time. Critically discuss the company's financial performance compared to competitors.

Recommendations for the assignment:

- Identify a comprehensive set of financial ratios that allow to analyse the financial performance of the company across different perspectives (i.e. liquidity, profitability, leverage, capital structure, working capital, valuation ratios, etc.).
- Clearly show all the calculations.
- Discuss the financial performance of the company over time. Use tables and graphs to present your analysis.
- Use an objective criteria to identify the two closest competitors of the selected company.
- Discuss the financial performance of the company with respect to competitors. Use tables and graphs to present your analysis.

Summary of the key financial ratios:

	COCA - COLA			PEPSI		
Summary of financial ratio analysis:	2017	2016	2015	2017	2016	2015
LIQUIDITY RATIOS:						
Current Ratio						
Quick Ratio (or Acid Test Ratio)						
Cash Ratio						
...						
PROFITABILITY RATIOS:						
Gross Margin						
Operating Margin						
EBIT Margin						
Net Profit Margin						
Return on Equity (ROE)						
Return on Assets (ROA)						
...						
LEVERAGE RATIOS:						
Debt/Equity Ratio						
Debt/Capital Ratio						
Equity Multiplier						
Interest Coverage Ratio						
....						
WORKING CAPITAL RATIOS:						
Inventory Days						
Account Receivable Days						
Account Payable Days						
Duration Working Capital Cycle						
....						
VALUATION RATIOS:						
Earnings per share						
Price/Earnings Ratio						
Book Value per Share						
Dividend Yield						
....						

REPEAT THE RATIO ANALYSIS FOR THE COMPETITOR IDENTIFIED.