INDUSTRY ANALYSIS

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Industry Classification: Evaluation Definitions Against NAICS & S&P

NAICS Classification: The non-alcoholic beverages industry encompasses various product categories, including carbonated soft drinks, bottled water, flavored water, sports drinks, teas, and coffee. According to NAICS, these companies are broadly classified under **"Beverage Manufacturing" (NAICS 312100**), but this categorization doesn't fully capture the diversity within the industry. In particular, the specified industry can be categorized under **"Soft Drink Manufacturer" (NAICS 312111).**

(NAICS 312111 Soft Drink Manufacturer: This U.S. industry comprises establishments primarily engaged in manufacturing soft drinks and artificially carbonated waters. Includes: Business ExamplesPop, soda manufacturing, Soda carbonated manufacturing, Iced coffee manufacturing Carbonated soda manufacturing Flavored water manufacturing Coffee, iced, manufacturing Beverages, soft drink (including artificially carbonated waters), manufacturing Fruit drinks (except juice), manufacturing Soda pop manufacturing Artificially carbonated waters manufacturing Water, artificially carbonated, manufacturing Soft drinks manufacturing Water, flavored, manufacturing Drinks, fruit (except juice), manufacturing Tea, iced, manufacturing Iced tea manufacturing Beverages, fruit and vegetable drinks, cocktails, and ades, manufacturing Carbonated soft drinks manufacturing)

PepsiCo (10K Company Overview): We are a leading global beverage and convenient food company with a complementary portfolio of brands, including Lay's, Doritos, Cheetos, Gatorade, Pepsi-Cola, Mountain Dew, Quaker, and SodaStream. Through our operations, authorized bottlers, contract manufacturers, and other third parties, we make, market, distribute, and sell a wide variety of beverages and convenient foods, serving customers and consumers in more than 200 countries and territories.

Coca-Cola (10K Company Overview): The Coca-Cola Company is a total beverage company, and beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories. We own or license and market numerous beverage brands, which we group into the following categories: Trademark Coca-Cola; sparkling flavors; water, sports, coffee, and tea; juice, value-added dairy, and plant-based beverages; and emerging beverages. We own and market several of the world's largest nonalcoholic sparkling soft drink brands, including Coca-Cola, Sprite, Fanta, Coca-Cola Zero Suga,r and Diet Coke/Coca-Cola Light.

Keurig Dr. Pepper (10K Company Overview): Keurig Dr Pepper Inc. is a leading beverage company in North America that manufactures, markets, distributes, and sells hot and cold beverages and single-serve brewing systems. KDP has a broad portfolio of iconic beverage brands, including Dr Pepper, Canada Dry, Green Mountain Coffee Roasters, Snapple, Mott's, The Original Donut Shop, Clamato, and Core Hydration, as well as the Keurig brewing system.

Primo Water (10K Company Overview): Primo is a leading North America-focused pure-play water solutions provider that operates largely under a recurring revenue model in the large format water category (defined as 3 gallons or greater).
(Primo Water's industry classification would best fit within Water Utilities and Hydration Solutions rather than traditional Bottled Water Manufacturing. Its business model aligns more closely with companies that provide water as a service rather than as a consumer packaged goods product.)

[Please note that the financial comparison of the aforementioned firms are performed in respect to NAICS financial data.]

S&P Industry Classification: The S&P sectors, or Global Industry Classification Standard (GICS), organize companies based on their primary business activities. The order of the 11 sectors based on size is as follows: Information Technology, Health Care, Financials, Consumer Discretionary, Communication Services, Industrials, Consumer Staples, Energy, Utilities, Real Estate, and Materials.

Based on the S&P classification structure, here is a summary of how the previously mentioned companies—PepsiCo, Coca-Cola, Keurig Dr Pepper (KDP), and Primo Water—would be classified:

1. PepsiCo

- Sector: Consumer Staples
- Industry Group: Food, Beverage & Tobacco
- Industry: Beverages
- Sub-Industry: Soft Drinks
- Classification Summary: PepsiCo, as a producer of non-alcoholic beverages, falls under the "Soft Drinks" sub-industry within the "Beverages" industry. This classification reflects its product range, which includes a variety of soft drinks, bottled water, and other non-alcoholic beverages.

2. Coca-Cola

- Sector: Consumer Staples
- Industry Group: Food, Beverage & Tobacco
- Industry: Beverages
- Sub-Industry: Soft Drinks
- Classification Summary: Coca-Cola, a global leader in soft drinks and non-alcoholic beverages, also belongs to the "Soft Drinks" sub-industry within the "Beverages" industry. This classification aligns with its primary focus on soft drinks and related non-alcoholic beverage products.

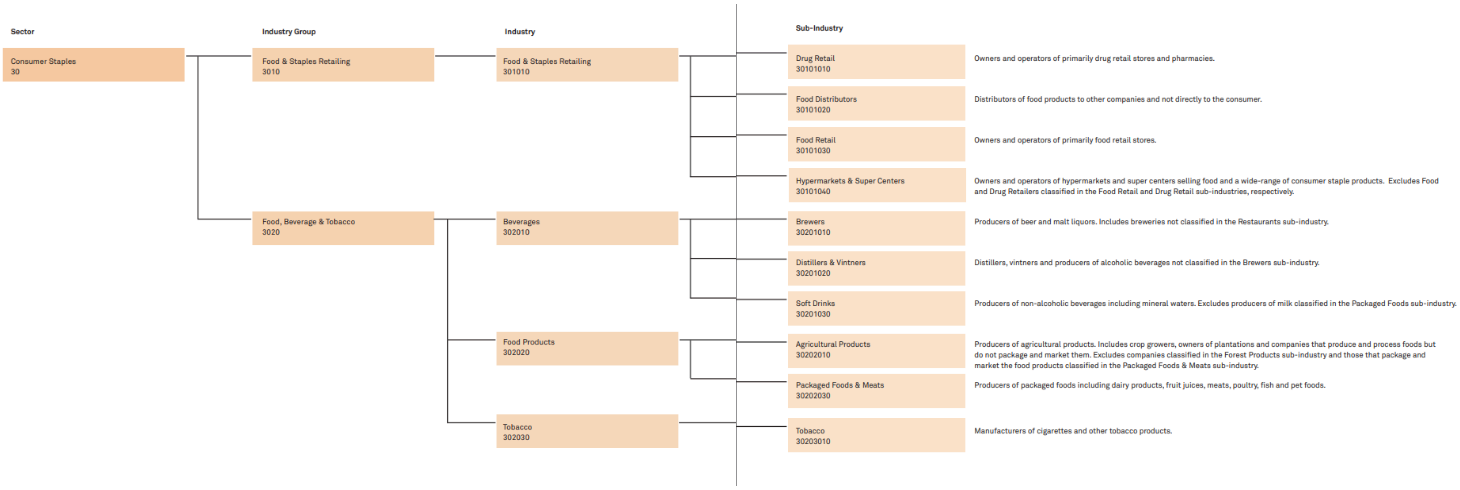
3. Keurig Dr Pepper (KDP)

- Sector: Consumer Staples
- Industry Group: Food, Beverage & Tobacco
- Industry: Beverages
- Sub-Industry: Soft Drinks
- Classification Summary: Keurig Dr Pepper (KDP) falls under the "Soft Drinks" sub-industry as well, given its portfolio of carbonated and non-carbonated drinks. KDP's classification aligns with its production of various non-alcoholic beverages, including sodas, flavored water, and coffee products.

4. Primo Water

- Sector: Consumer Staples
- Industry Group: Food, Beverage & Tobacco
- Industry: Beverages
- Sub-Industry: Soft Drinks
- Classification Summary: Although Primo Water specializes in hydration solutions, water dispensers, and refill stations, it would also be classified under the "Soft Drinks" sub-industry within "Beverages" due to its focus on providing purified water products and services.

All four companies fall under the **Consumer Staples** sector, within the **Food, Beverage & Tobacco** industry group. The specific **Industry** for all of them is **Beverages**, with the **Sub-Industry** classification as **Soft Drinks**. This classification captures their roles in producing and distributing non-alcoholic beverages, even though their product offerings and business models may vary (e.g., Primo Water's focus on hydration solutions and sustainable water refills). This S&P classification underscores their shared market focus on non-alcoholic beverage products.



<u>Industry's Recent Historic Trends: Beverages- Soft Drinks Sector</u>

<u>Overview</u>

The soft drinks sector, part of the broader Beverages industry within the Consumer Staples sector, encompasses companies that produce and market non-alcoholic beverages. This includes carbonated soft drinks, bottled water, flavored water, ready-to-drink coffee and tea, sports drinks, and hydration solutions. Major players in the United States like PepsiCo, Coca-Cola, Keurig Dr Pepper (KDP), and Primo Water dominate the industry, contributing to its global reach and extensive brand recognition.

<u>Historic Trends</u>

Growth and Expansion (1980s - 2000s): The soft drinks industry saw rapid expansion through the 1980s and 1990s, driven primarily by the increasing popularity of carbonated soft drinks (CSDs). Coca-Cola and PepsiCo led the industry (oligopoly), engaging in aggressive marketing campaigns and expanding their global presence. During this time, product diversification began with the introduction of diet soft drinks and new flavors to cater to consumer preferences. The 1990s also marked significant international expansion, as companies sought growth in emerging markets where soft drink consumption was rising rapidly.

Shift Towards Health and Wellness (2000s - 2010s): By the early 2000s, growing concerns about health and obesity began to impact the soft drinks sector. Sugar content and artificial ingredients came under scrutiny, causing a shift in consumer preferences away from traditional sodas. In response, companies diversified into healthier alternatives, including bottled water, flavored water, and low- or zero-calorie drinks. This shift paved the way for the growth of brands like Aquafina (PepsiCo), Dasani (Coca-Cola), and the rapid rise of hydration-focused companies like Primo Water. Additionally, ready-to-drink (RTD) tea, coffee, and sports drinks gained popularity as consumers sought functional beverages with perceived health benefits. The acquisition of emerging health-focused brands became a trend, as large companies attempted to maintain relevance.

Environmental and Sustainability Concerns (2010s - Present): In recent years, sustainability has become a key focus for the soft drinks industry, particularly in packaging. Companies have faced pressure to reduce plastic waste, increase recycling efforts, and offer environmentally friendly options. This trend has driven initiatives like Coca-Cola's "World Without Waste" campaign and PepsiCo's "Beyond the Bottle" program. Primo Water, with its focus on water dispensers and refill stations, has benefited from these trends, as consumers increasingly seek alternatives to single-use plastic bottles. Hydration solutions and reusable water options are growing, positioning Primo Water as a sustainable leader within the soft drinks sub-industry.

Technological Advancements and Market Dynamics: Technology has played a significant role in transforming product offerings and marketing strategies. Digital advertising and data analytics have enabled companies to target specific consumer segments more effectively. The growth of direct-to-consumer models and subscription services (e.g., water delivery and coffee pods by Keurig Dr Pepper) has allowed companies to meet changing consumer demands more efficiently. Mergers and acquisitions have also shaped the industry landscape, allowing companies to expand their product portfolios and global reach. Keurig's merger with Dr Pepper in 2018 highlighted this trend, creating a diversified beverage giant with soft drinks, coffee, and water solutions.

Financial Performance and Resilience

The soft drinks industry has generally demonstrated resilience across economic cycles due to its status within the Consumer Staples sector. Despite challenges such as health concerns and shifting consumer preferences, demand for non-alcoholic beverages has remained stable, driven by continuous innovation and expansion into healthier and environmentally friendly options.

<u>**Industry's Expected Future Trends**</u>

The beverage industry is poised for significant transformation, driven by changing consumer preferences, sustainability demands, and advancements in technology. Key future trends shaping the sector include:

1. Health and Wellness Focus: Consumers are increasingly seeking functional beverages with health benefits, such as those containing probiotics, vitamins, or adaptogens. Low-sugar and plant-based drinks are gaining traction, as well as beverages that promote mental and physical well-being
2. Sustainability and Eco-Friendly Packaging: Sustainability continues to be a major driver. Companies are innovating with biodegradable packaging and embracing circular economy practices. Transparency in sourcing and eco-friendly production are becoming competitive differentiators
3. Premiumization and Experience-Driven Products: Consumers are willing to pay more for unique, craft, and luxury beverage experiences. Craft beers, premium spirits, and artisanal sodas are examples of this trend, alongside the rise of limited-edition offerings and experiential marketing campaigns
4. Alternative Beverages: The demand for non-alcoholic alternatives, such as alcohol-free spirits and mocktails, is increasing. Additionally, beverages infused with CBD and other wellness-oriented ingredients are capturing consumer interest.

Future Trends and Business Strategies in the Beverage Industry*(In the context of four firms: PepsiCo, Coca-Cola, KDP, Primo)*

The beverage industry is expected to experience significant shifts in consumer preferences toward healthier, sustainable, and personalized drinking options. There is an increasing demand for water solutions, functional beverages, and innovative packaging to reduce environmental impact. Digitalization and e-commerce will play a vital role in shaping the future of beverage distribution and customer engagement, with companies investing in data-driven insights and direct-to-consumer platforms to enhance customer experiences.

Primo focuses on a recurring revenue model in the large-format water category, leveraging innovative product offerings and strategic digital channels to meet customer needs. The company's "Water Your Way" initiative emphasizes convenience and sustainability, while its emphasis on operational excellence and ESG leadership drives efficiency and social impact. Primo aims to expand through accretive acquisitions, enhancing customer density and reducing service costs.

Keurig Dr Pepper (KDP) capitalizes on a scalable business model with a diverse portfolio of consumer-preferred brands. The company invests heavily in innovation, partnerships, and a flexible distribution network to meet evolving consumer demands. Its robust e-commerce presence and data-driven decision-making enhance customer engagement and operational efficiency, while bold ESG commitments ensure long-term sustainable growth.

Coca-Cola and PepsiCo focus on expanding their portfolios with healthier and functional beverages. Coca-Cola emphasizes “Beverages for Life,” introducing innovative, zero-sugar options and investing in digital marketing and sustainable packaging. PepsiCo drives growth through its “Winning with Purpose” strategy, integrating sustainability across its supply chain and launching products aligned with consumer wellness trends. Both companies continue to invest in cutting-edge technologies, brand partnerships, and localized distribution networks to maintain market leadership.

Together, these strategies illustrate how leading beverage firms are positioning themselves for future growth by prioritizing innovation, sustainability, and customer-centric solutions in a competitive global market.

[Business Strategies derived from respective company’s 10K]

Industry’s Sensitivity to the Business Cycle: Sales, DOL & DFL

1. Sales Sensitivity to the Business Cycle: The beverage industry, particularly the non-alcoholic segment, is relatively non-cyclical due to the stable demand for staple products like soft drinks, bottled water, and snacks. PepsiCo, Coca-Cola, and Keurig Dr Pepper generate significant revenue from their core products, which remain in demand regardless of economic downturns. Consumer staples, such as soft drinks and bottled water, are considered essential goods, making these companies less sensitive to economic fluctuations compared to discretionary industries.

However, premium and niche product lines within these companies—such as functional beverages, flavored waters, or premium bottled water from Primo Water—may see demand fluctuations based on consumer purchasing power. Economic expansions often boost sales of higher-margin products as consumers are more willing to spend on premium items.

2. Degree of Operating Leverage (DOL) Sensitivity: Operating leverage measures how a company's fixed costs impact its earnings before interest and taxes (EBIT). A high Degree of Operating Leverage (DOL) implies that a small change in sales can lead to a larger change in EBIT.

PepsiCo and Coca-Cola have diversified portfolios, including snacks, ready-to-drink (RTD) beverages, and water, which provide some flexibility. Their fixed costs include production facilities, marketing, and distribution networks. Their DOL is moderate, reflecting their ability to scale production and leverage economies of scale during periods of sales growth.

Keurig Dr Pepper (KDP), with its strong emphasis on home brewing systems and single-serve pods, tends to have a slightly higher DOL. Its significant fixed costs related to manufacturing equipment and licensing deals make it more sensitive to changes in sales volumes.

Primo Water, focused on water dispensers and bottled water delivery services, has a relatively high DOL. Its business model involves capital-intensive infrastructure, which means its profitability is highly dependent on achieving scale and maximizing asset utilization.

3. Degree of Financial Leverage (DFL) Sensitivity: Financial leverage assesses how a company's capital structure (debt vs. equity) impacts net income. A high Degree of Financial Leverage (DFL) indicates greater reliance on debt financing, which magnifies earnings volatility in response to changes in EBIT.

Coca-Cola has historically maintained a high level of financial leverage, using debt strategically to finance acquisitions and expand its global footprint. While this increases its financial risk, it also amplifies returns in periods of high profitability.

PepsiCo adopts a balanced approach, managing its debt levels prudently to support innovation and expansion without exposing itself to excessive financial risk.

KDP carries moderate financial leverage, reflecting its strategic investments in partnerships and new product innovations. Debt servicing is a critical consideration, especially given the competitive dynamics of the coffee and soft drink markets.

Primo Water operates with relatively higher financial leverage due to its capital-intensive nature and recurring revenue model from water subscriptions. This structure can be advantageous in stable market conditions but poses risks in periods of economic uncertainty.

Overall, the non-alcoholic beverage industry, particularly companies like PepsiCo, Coca-Cola, KDP, and Primo Water, exhibits low sensitivity to the business cycle due to the essential nature of their core products. However, their financial performance can still be influenced by shifts in consumer preferences, input cost fluctuations, and interest rate changes.

The operating and financial leverage profiles of these companies suggest that while they are well-positioned to weather economic downturns, strategic cost management and prudent financial practices remain essential to sustaining profitability. PepsiCo and Coca-Cola benefit from diversified portfolios, which mitigate risks, whereas KDP and Primo Water's narrower focus increases their sensitivity to economic changes. Ultimately, strong brand equity and global distribution networks help these firms maintain resilience in varying economic climate

Industry's Life Cycle Analysis

Industry Overview and Life Cycle Stages

The non-alcoholic beverage industry, encompassing companies like PepsiCo, Coca-Cola, Keurig Dr Pepper (KDP), and Primo Water, is generally considered mature but contains distinct sub-segments at various life cycle stages. These include traditional carbonated soft drinks (CSDs), bottled water, ready-to-drink (RTD) beverages, and emerging health-focused drinks, each evolving differently in response to consumer trends and innovation.

1. Startup and Growth Stages: Although the broader industry is mature, certain emerging categories are still in the startup and growth phases:

Functional and health-oriented beverages, including energy drinks, plant-based waters, and functional waters, represent growth areas. Coca-Cola and PepsiCo, recognizing this shift, have launched products like Coca-Cola's VitaminWater and PepsiCo's Gatorade Zero. Keurig Dr Pepper is similarly expanding its portfolio in healthier alternatives, such as Bai antioxidant drinks. These innovations are in a growth phase, driven by rising consumer demand for health-conscious products.

Primo Water, with its focus on water dispensers and subscription-based bottled water delivery, is positioned in a growth stage. The increasing consumer focus on sustainability and water purity supports Primo's expansion, though it remains a niche compared to mainstream beverage giants.

2. Consolidation Stage: The consolidation phase in the beverage industry is characterized by increased mergers, acquisitions, and brand extensions. Coca-Cola and PepsiCo dominate this phase, continuously acquiring and integrating smaller companies to capture emerging trends. For example, Coca-Cola's acquisition of Costa Coffee and PepsiCo's purchase of SodaStream reflect strategic moves to diversify into non-traditional categories.

KDP has also undergone consolidation, notably after the merger between Keurig Green Mountain and Dr Pepper Snapple Group in 2018, resulting in a diversified portfolio that spans both coffee and soft drinks. These consolidation efforts allow major players to leverage economies of scale and diversify risk.

3. Maturity Stage: The core product lines of Coca-Cola, PepsiCo, and KDP, such as carbonated soft drinks, fall firmly within the maturity stage. These products have established strong brand recognition and market penetration, leading to stable but slow growth. In mature markets, revenue growth often stems from pricing strategies, cost management, and product innovations (e.g., new flavors or packaging) rather than expanding market share.

Coca-Cola relies heavily on brand loyalty and its iconic products, including Coca-Cola Classic and Diet Coke, to sustain profitability. However, it faces challenges in maintaining growth in saturated markets, prompting diversification into categories like coffee and sparkling water.

PepsiCo's mature products, including Pepsi, Mountain Dew, and its Frito-Lay snack segment, also show signs of market saturation. PepsiCo is focusing on expanding its footprint in emerging markets and leveraging its snack business to drive cross-category sales.

KDP's core soft drinks, such as Dr Pepper and 7UP, face similar maturity challenges, though the company's coffee segment, especially Keurig single-serve pods, continues to perform well in certain growth markets.

4. Decline Stage and Challenges: Some categories within the beverage sector, particularly traditional carbonated soft drinks, are approaching the decline stage in developed markets. Health-conscious consumers are reducing sugar consumption, leading to declining sales of sugary sodas. Companies are responding by innovating with low-sugar and zero-calorie versions, as well as investing in adjacent categories. For instance, Coca-Cola's Coke Zero and PepsiCo's Pepsi Zero Sugar are attempts to revitalize their core offerings.

5. Sustainability and Future Growth Opportunities: As companies navigate the mature phase of the industry, sustainability and digital transformation represent significant growth opportunities. All four companies are investing in eco-friendly packaging, water conservation, and carbon footprint reduction. For example, Primo Water's focus on refillable water dispensers aligns well with environmental trends. Additionally, e-commerce and direct-to-consumer models are emerging as important growth channels, particularly for niche products like specialty coffee and water delivery services.

Industry's Structure & Performance in terms of Competitive Environment

The non-alcoholic beverage industry is highly competitive, characterized by the dominance of global giants such as PepsiCo, Coca-Cola, and Keurig Dr Pepper (KDP), alongside niche players like Primo Water. The industry's performance is shaped by five critical forces based on Porter's Five Forces framework, which help assess the level of competition and profitability in the market.

1. Threat of New Entrants: *Moderate*
Barriers to entry in the non-alcoholic beverage industry are moderately high due to significant factors like brand equity, distribution networks, and economies of scale.

Coca-Cola and PepsiCo maintain dominance through vast distribution networks and powerful marketing capabilities, which are difficult for new players to replicate. However, niche categories like functional beverages and premium bottled water, where Primo Water operates, present opportunities for smaller entrants. Direct-to-consumer (DTC) models and health-focused trends have lowered some barriers. The high capital investment required for bottling plants, marketing, and supply chain management still limits widespread entry by small players.

2. Bargaining Power of Suppliers: *Low to Moderate*
Suppliers have limited bargaining power due to the scale and purchasing power of large companies.
PepsiCo and Coca-Cola maintain control over their supply chains by owning bottling operations or forming long-term contracts with suppliers, thereby mitigating risks and keeping costs low. However, companies reliant on specialty ingredients for functional or premium beverages, such as Primo Water and certain KDP products, may face moderate supplier influence.

3. Bargaining Power of Buyers: *High*
Buyers, especially retailers and consumers, wield high bargaining power due to the availability of substitutes and brand-switching opportunities. Retail giants such as Walmart and Costco exert significant pressure on beverage companies to provide competitive pricing and promotions. Consumers are increasingly health-conscious and seek sugar-free, organic, and environmentally friendly options, compelling companies like KDP and Primo Water to innovate and differentiate products.

4. Threat of Substitutes: *High*
The industry faces a high threat of substitutes, driven by the availability of various beverage options and consumer preferences for alternatives such as water, coffee, tea, and plant-based drinks. Coca-Cola and PepsiCo's carbonated soft drinks (CSDs) are especially vulnerable to substitution as consumers shift toward healthier choices. Both companies have responded by diversifying into water, energy drinks, and ready-to-drink coffee.
Primo Water's focus on bottled and purified water leverages the rising demand for healthier and sustainable drinking options, somewhat insulating it from traditional beverage substitutes.

5. Industry Rivalry: *Intense*
Competition in the non-alcoholic beverage industry is fierce, with major players continually vying for market share through innovation, marketing, and acquisitions.
PepsiCo and Coca-Cola engage in direct competition across multiple product categories, including soft drinks, bottled water, and sports drinks. Their rivalry extends to advertising, sponsorships, and brand loyalty initiatives.
KDP, while smaller, competes in niche markets such as ready-to-drink coffee and flavored waters, focusing on brand differentiation through partnerships and product innovation.
Primo Water operates in a slightly different space, emphasizing water purification and delivery services, which offers a competitive advantage in a growing market focused on sustainability and convenience.

Key Strategic Responses: To maintain competitiveness, companies are focusing on several strategic responses:

1. Product Innovation: Companies like PepsiCo and Coca-Cola have invested heavily in launching sugar-free and functional beverages to meet changing consumer demands. KDP has also expanded its product line through acquisitions like Bai and enhanced its coffee offerings through Keurig.
2. Sustainability Initiatives: Primo Water's refillable water dispensers and delivery models align with growing environmental concerns. Meanwhile, PepsiCo and Coca-Cola are investing in recyclable packaging and water conservation efforts.
3. Market Expansion: All players are targeting emerging markets for growth, leveraging brand equity and distribution capabilities to penetrate new regions.

The non-alcoholic beverage industry is characterized by intense competition, with high buyer power and significant substitution threats. However, large players like PepsiCo, Coca-Cola, and KDP maintain a competitive edge through scale, brand loyalty, and innovation. Primo Water, with its unique focus on water solutions, occupies a niche that capitalizes on sustainability trends. Moving forward, success will hinge on adapting to consumer preferences and leveraging technology.

Business Modelings: Pepsi operates under a diversified business model. They combine both beverage sales with a strong array of snack foods such as Lays, Doritos, and Quaker. Revenue for Pepsi is earned through direct sales to retailers, franchise bottling, and especially through marketing premium brands. Coca-Cola is a beverage company and doesn't own much of the bottling and distribution infrastructure. The revenue channels for the company include brand licensing, partnerships, global marketing, diversification, and concentrate business. Keurig Dr. Pepper is also a beverage company that combines carbonated and coffee beverages. The main sources of revenue are direct sales, licensing, distribution network, brand ownership, acquisition, and ready-to-drink coffee. Primo Water is different among the three as it specializes in water solutions that focus both on sustainability and recurring revenue streams via a subscription-based model. Their other revenue outlets include water dispensers, exchange programs, retail, and direct-to-customer sales.

All four companies compete in the non-alcoholic beverage sector. It is important to note that Coke and Pepsi are two superpowers that dominate traditional soda sales. KDP and Primo are able to stay in this competition by appealing to different niches like water and coffee. Coke and Pepsi benefit from a global reach when it comes to distribution networking while KDP and Primo have a more regional market target approach. In terms of brand power, again Coke and Pepsi have very strong global brand recognition.

Adjustments to Financial Statements

Adjustments for Operating Leases: Valued based on the present value of anticipated lease payments over their expected terms, a notable portion of property and equipment among many comparable companies is financed through operating leases. With smaller firms like Keurig Dr. Pepper (KDP) and Primo Water (Primo), they rely more extensively on operating leases as part of their non-equity capital structure. This likely implies liquidity constraints compared to the more financially robust companies like Pepsi and Coca-Cola (Coke). For 2023 KDP commitments for lease totaled around $1.63 billion which of the $13.19 billion in total debt accounts for 11.02%. This affected the debt-to-equity (D/E) ratio by increasing it from 0.51 to 0.58. For Primo, there was a reported $149.6 million for operating lease obligations which comprised both short and long term. These obligations covered assets such as machinery, facilities, and distribution centers. The overall non-equity capital was recorded as $1.43 billion, making leases 10.4% of their non-equity capital. This affected the D/E ratio by increasing from .89 to 1.0. For Pepsi the total reported of $2.96 billion was only 6.3% of thief non-equity capital. The D/E ratio had a small slight adjustment of 2.35 t0 2.37 after leases were included. As for Coca-Cola, their lease obligations barely affect their financial structure as the reported $1.3 billion in debt only accounts for 6.3% of their non-equity financing. Again, this inclusion of leases only slightly affects their D/E ratio from 1.48 to 1.53.

Adjustment for Inventory: All industries, with the exception of Pepsi sometimes, for this analysis utilize the First In, First Out (FIFO) method which ensures the oldest stock of beverages if sold first. This minimizes the risk of any expired products and manages perishables effectively by maintaining the quality of drinks served to customers. Pepsi may use the Last In, First Out (LIFO) method frugally.

Other Adjustments: When considering accounting changes and reporting practices for the industries in 2023, there were no significant changes that would have affected the reported results this past recent year. For comprehensive income, Primo reported $212.2 million which consisted of pension expenses at $2 million and currency adjustments at $20.9 million. For Pepsi, there was a reported comprehensive income of $8.923 billion resulting from currency adjustments, cash hedges, pensions, and debt securities. Coke reported a comprehensive income of $11.176 billion which consisted of currency adjustments, derivatives, debt securities, and pensions. KDP reported $2.367 billion in comprehensive income. Currency adjustments, pensions, and hedges all contributed to KDP's comprehensive income.

Discussion of choosing Weighted Average over Unweighted Industry Average

The Importance of Size in Financial Performance: The size of a company plays a significant role in its impact on industry performance. When using an unweighted average for financial ratios, every company is given equal importance, regardless of its size. This approach can misrepresent the true dynamics of an industry, especially when smaller firms with extreme financial ratios are included. Their influence could distort the industry's overall performance, leading to potentially misleading conclusions. In contrast, a weighted average assigns importance based on a company's size—such as net sales, assets, or market capitalization—providing a more accurate picture of the financial landscape. This method better reflects the contribution of larger companies to the industry, ensuring that their greater economic impact is appropriately considered.

Consider the case where a large company, like PepsiCo, has negative turnover while a smaller company experiences unusually high turnover. If an unweighted average is used, the industry's working capital efficiency could be overstated, as the extreme ratios of the smaller company would have the same weight as those of PepsiCo. However, the larger company, with its more significant assets and sales, should have a greater influence on the overall calculation. The weighted average method would adjust for this disparity, ensuring a more accurate representation of the industry's performance.

Mitigation of Outliers: In industries with a high degree of variability in financial ratios, outliers—companies with extreme ratios—can significantly skew the results of an analysis. By using a weighted average, the impact of small firms with atypical ratios, whether positive or negative, is minimized. This adjustment helps prevent the overemphasis on small companies and allows the financial data to more accurately reflect the performance of larger players in the industry. This ensures that the final analysis is more representative of the industry.

Reflecting Real-World Impact: Larger companies typically have a more substantial influence on the industry, affecting suppliers, consumers, and market trends. In the context of financial performance, a weighted average accounts for this reality by giving more weight to companies with higher market capitalization or financial backing. This approach is more relevant for stakeholders such as investors, policymakers, and analysts, as it provides a clearer picture of the financial dynamics that are most likely to influence the overall market.

Using ROE to Calculate the Weighted Industry Average: We have chosen ROE (Return on Equity) as the metric for calculating the weighted industry average due to its significance in evaluating a company's financial performance. ROE is a key measure for investors, as it indicates the return generated on their equity investment. Additionally, ROE provides a comprehensive view of a company's profitability, efficiency, and leverage, offering insights into its overall financial health. By using shareholders' equity as the weight, we ensure that larger companies, which generally contribute more to industry profitability, have a proportionate influence on the weighted average. This approach helps ensure that the final industry average reflects the true financial performance of the sector.

Company	Shareholder's Equity	ROE	Weighted Value
Coca-Cola	27,480	40.20%	11046.44
PepsiCo	18637	50.54%	9418.67
Keurig Dr Pepper	25676	8.59%	2204.66
Primo Water	1441.3	17.48%	251.94
	73,234		**22921.70**
Weighted Industry Average	31%		

Dealing with Outliers

Identifying Outliers (Negative Values and Large Deviations from Industry Average): From the data, several financial metrics show negative values or large deviations from the industry average:

1. Working Capital Turnover: PepsiCo (-18.40) and Keurig Dr Pepper (-3.01) have negative values, which significantly deviate from the industry average of 43.29. Negative working capital turnover indicates inefficiencies in managing working capital or irregularities in inventory and receivables practices.

2. Cash Conversion Cycle (CCC): PepsiCo's CCC of -143.76 is an extreme outlier compared to the industry average of 21.61. A negative CCC reflects exceptional efficiency in managing payables, inventory, and receivables. This may result from favorable supplier terms or fast inventory turnover, indicating effective operational management.

3. Debt-to-Equity Ratio: PepsiCo's debt-to-equity ratio of 2.37 significantly deviates from the industry average of 0.63. This high ratio suggests that PepsiCo is relying heavily on debt for expansion, acquisitions, or operational financing, reflecting a more aggressive financial strategy.

4. Days of Inventory on Hand: PepsiCo (46.00) and Keurig Dr Pepper (66.56) are well below the industry average of 92.81. These lower values could indicate more efficient inventory turnover or a focus on products with shorter shelf lives, suggesting effective inventory management practices.

5. ROE (Return on Equity): The industry average ROE of -4.30% is negative, indicating weak profitability across the sector. In contrast, PepsiCo (50.54%) and Coca-Cola (40.20%) are significant positive outliers, reflecting their superior profitability despite the overall challenges within the beverage industry.

6. Operating Profit Margin: The negative average could signify aggressive pricing strategies due to competitive pressure. Moreover, intense competition among large players may lead to price wars, further pushing their profitability. It may also be due to high operational costs that the industry might be dealing with.

Why Are Outliers Less Concerning in the Beverage Industry?

1. Diverse Operating Models: The beverage industry consists of a wide range of companies, from global giants like Coca-Cola and PepsiCo to smaller, niche players like Primo Water. These variations in company size, product portfolios, and market reach naturally lead to differences in financial metrics.

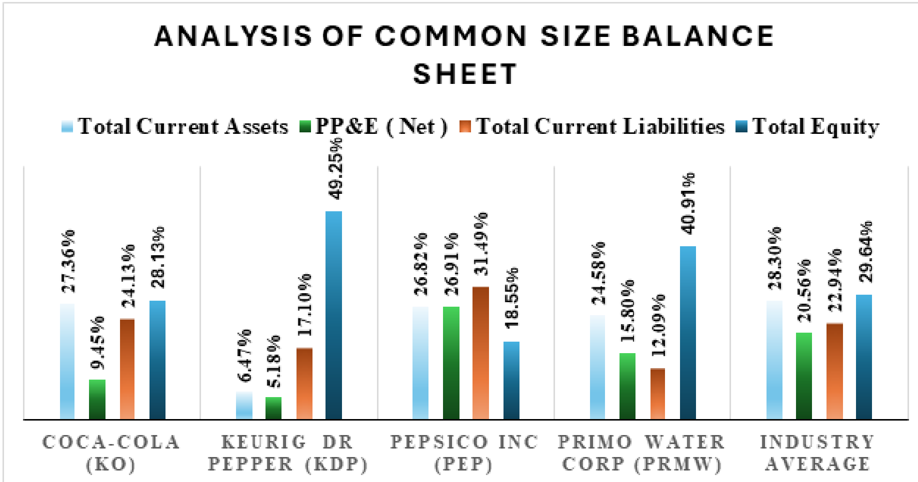
2. Strategic Differences: Outliers, such as PepsiCo's negative CCC or high debt-to-equity ratio, are often the result of strategic decisions. These may include favorable supplier terms, large-scale acquisitions, or aggressive market expansion, all of which are deliberate business strategies rather than indications of financial issues.

3. Industry-Specific Practices: The beverage industry, with its strong brand equity and global supply chains (as seen with Coca-Cola and PepsiCo), often produces financial metrics that may appear as outliers in other sectors but are common and acceptable in this industry. These practices help maintain competitive advantage and operational efficiency.

4. Insights from Outliers: Rather than viewing outliers as anomalies, they should be seen as valuable insights into a company's operations. Likewise, the high ROE for Coca-Cola and PepsiCo demonstrates strong profitability despite the broader challenges faced by the beverage industry.

5. Investor Perspective: Investors often view these outliers as indicators of competitive differentiation, not risks. For instance, PepsiCo's high debt levels are considered acceptable due to its robust cash flow generation and solid market position. This suggests that such outliers may offer potential advantages rather than posing a threat.

Common Size Statement Analysis



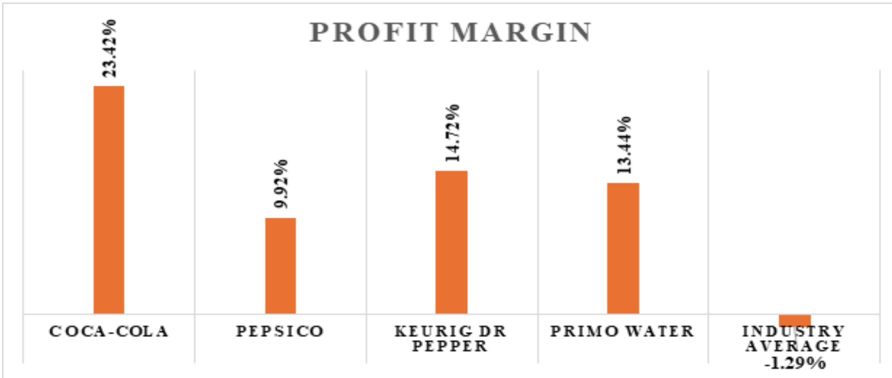
The common-size analysis of assets reveals that Coca-Cola (KO) and PepsiCo (PEP) maintain current asset allocations (27.36% and 26.82%, respectively) close to the industry average of 28.30%, suggesting efficient liquidity management. In contrast, Keurig Dr Pepper (KDP) lags significantly behind at 6.47%, indicating a capital allocation strategy heavily focused on long-term assets. Primo Water Corp (PRMW), with 24.58%, is closer to the industry average but still slightly underperforms. Regarding fixed assets, PepsiCo stands out with a significantly higher allocation to PP&E (26.91%) compared to the industry average of 20.50%, indicating substantial investments in infrastructure, while Coca-Cola (9.45%) and Keurig Dr Pepper (5.18%) adopt asset-light models.

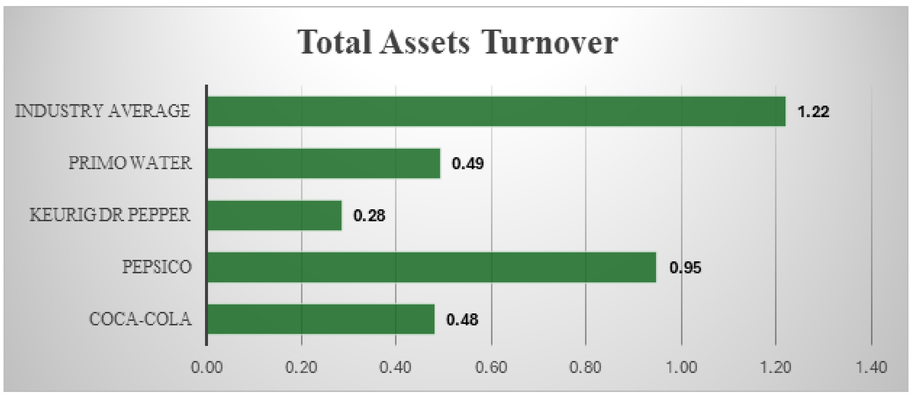
Goodwill and other intangibles form a notable portion of the asset composition for all companies, with Keurig Dr Pepper (44.67%) and Primo Water Corp (20.27%) exceeding the industry average of 24.53%. These figures reflect their brand-centric strategies, often supported by acquisitions. Total assets across the companies align with the industry benchmark of 100%, though differences within asset components highlight varied strategic priorities.

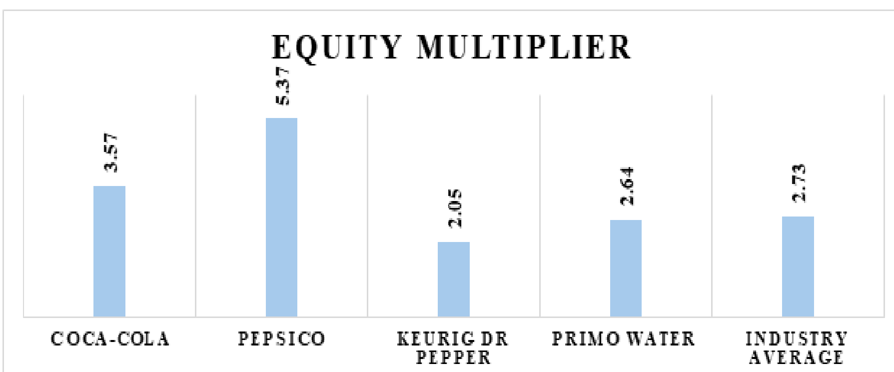
On the liabilities side, PepsiCo (31.49%) relies heavily on current liabilities, significantly surpassing the industry average of 22.94%, which may signal a preference for short-term financing. Coca-Cola (24.13%) aligns closely with the average, reflecting balanced financial management. In contrast, Primo Water Corp (12.09%) exhibits a conservative approach with minimal short-term obligations. Long-term debt levels for Primo Water Corp (36.07%), Coca-Cola (36.38%), and PepsiCo (37.41%) align closely with the industry average of 47.42%, indicating moderate leverage strategies.

Total liabilities as a percentage of total assets vary, with PepsiCo (81.45%) exhibiting high leverage, Primo Water Corp (59.09%) reflecting a conservative financial stance, and Coca-Cola (28.12%) maintaining a balanced capital structure close to the industry average.
Overall, Coca-Cola and PepsiCo display a balanced approach across most categories but differ in their emphasis on fixed assets and leverage. Keurig Dr Pepper stands out with its focus on goodwill and intangibles, indicative of a brand-driven strategy, while Primo Water Corp adopts a conservative, equity-driven financial approach. These variations underscore the diverse strategies employed by the companies to align with their market positioning and operational priorities.

DuPont Analysis







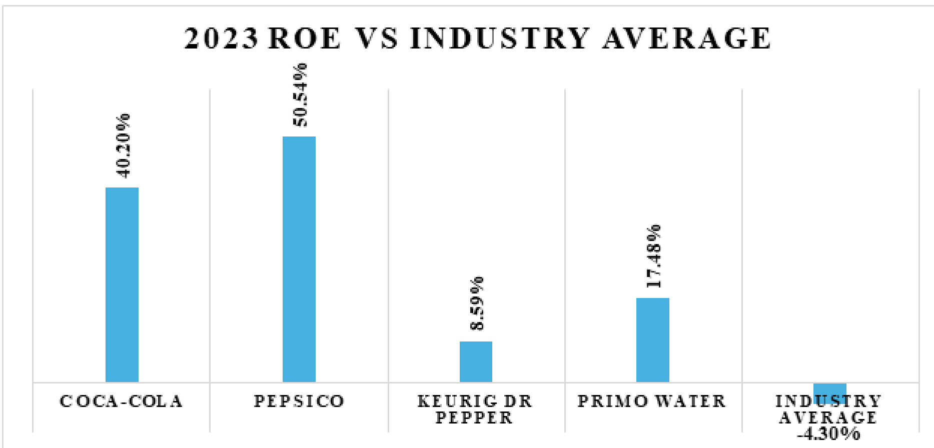
The DuPont analysis breaks down Return on Equity (ROE) into three components: Profit Margin, Total Assets Turnover, and Equity Multiplier. It helps in understanding how a company generates its ROE by examining profitability, asset efficiency, and leverage. Let's analyze the table for Coca-Cola, PepsiCo, Keurig Dr Pepper, Primo Water, and the industry average.

Coca-Cola, PepsiCo, Keurig Dr Pepper, and Primo Water all outperform the industry average Profit Margin of -1.29%. Coca-Cola leads with a high Profit Margin of 23.42%, reflecting exceptional profitability. Primo Water (13.44%) and Keurig Dr Pepper (14.72%) also demonstrate strong profit generation. PepsiCo's Profit Margin is lower at 9.92% but still significantly better than the negative industry average. The negative industry average indicates that many companies in the sector are struggling with profitability, but the listed companies are exceptions, maintaining positive margins.

The industry average Total Assets Turnover is 1.22, which is higher than all the listed companies, indicating that the industry, on average, generates more revenue per dollar of assets. PepsiCo is the closest to the industry average, with a Total Assets Turnover of 0.95, showcasing better asset efficiency than its peers. Coca-Cola (0.48), Primo Water (0.49), and Keurig Dr Pepper (0.28) lag significantly behind, reflecting inefficiencies in utilizing assets to generate revenue. Keurig Dr Pepper, in particular, has the weakest asset turnover among the group.

PepsiCo has the highest Equity Multiplier at 5.37, well above the industry average of 2.73, indicating significant use of leverage to enhance its ROE. Coca-Cola also exceeds the industry average with an Equity Multiplier of 3.57, showing moderate leverage. Primo Water (2.64) is slightly below the industry average, reflecting conservative leverage use. Keurig Dr Pepper's Equity Multiplier of 2.05 is the lowest, suggesting minimal reliance on debt to finance its assets, which constrains its ability to boost ROE via financial leverage.

Return on Equity (ROE)



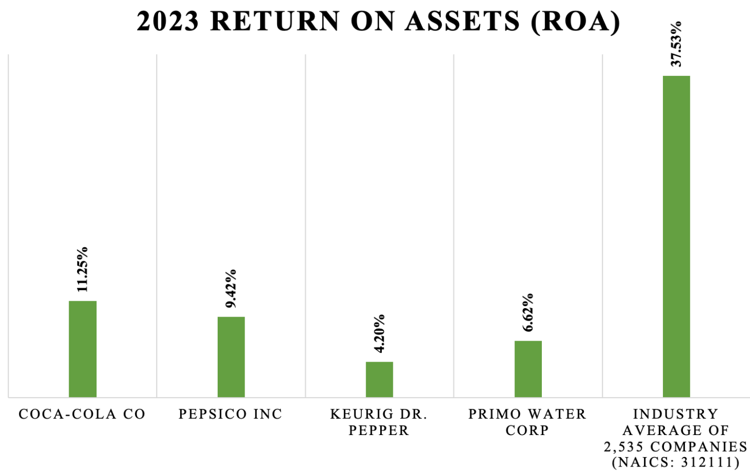
The ROE analysis evaluates the profitability of four major companies in the beverage industry—Coca-Cola, PepsiCo, Keurig Dr Pepper, and Primo Water—while also considering the industry's average ROE. This metric highlights how effectively each company uses shareholder equity to generate returns, providing valuable insights into their financial health and operational efficiency.

Coca-Cola's ROE of 40.20% reflects robust profitability and efficient use of equity. The company's global operations and strong brand portfolio enable it to generate significant profits, positioning it as a leader in the industry. Similarly, PepsiCo demonstrates exceptional performance with an ROE of 50.54%, surpassing Coca-Cola. This high figure underscores the success of its diversified brand portfolio.

In contrast, Keurig Dr Pepper reports a lower ROE of 8.59%, indicating weaker profitability relative to its peers. Factors such as high debt levels and intense competition within the beverage industry may be contributing to this underperformance. Primo Water fares better with a moderate ROE of 17.48%, higher than Keurig Dr Pepper but below Coca-Cola and PepsiCo. Its focus on niche markets, such as water and coffee, supports its profitability, albeit to a lesser extent compared to the industry giants.

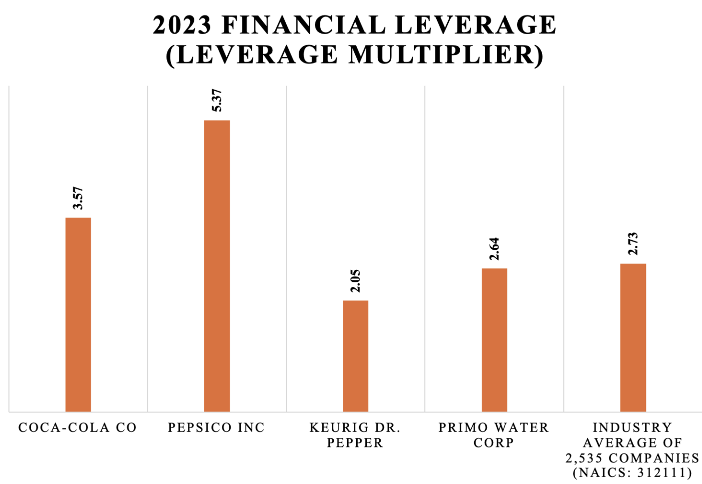
The industry shows a negative average ROE of -4.30%, pointing to widespread challenges within the sector. This negative figure indicates that, on average, beverage companies are failing to generate enough profits to cover the cost of their equity. Contributing factors could include shifting consumer preferences, rising costs, and intense market competition. In conclusion, the analysis reveals notable disparities in profitability across the companies. Coca-Cola and PepsiCo stand out with strong ROE figures, while Keurig Dr. Pepper and Primo Water fall behind. The negative industry average underscores the challenging landscape for beverage companies. These findings serve as crucial indicators for investors and analysts assessing the financial health and growth potential of the firms within this sector.

Return on Asset (ROA)



Return on Assets (ROA) measures a company's ability to generate profit relative to its total assets. Coca-Cola leads the group with an ROA of 11.25%, suggesting it is relatively efficient at generating profit from its asset base. However, this figure still falls significantly short of the industry average of 37.53%, indicating that while Coca-Cola performs well, its asset utilization is not as strong as the broader industry. PepsiCo follows with a ROA of 9.42%, which, like Coca-Cola, is above the performance of other firms in the analysis but still below the industry benchmark. In contrast, Keurig Dr. Pepper and Primo Water show lower ROAs of 4.20% and 6.62%, respectively, highlighting that these companies are less efficient in generating returns from their assets. This lower efficiency could be due to various factors, including less effective use of capital or lower profit margins. Thus, while Coca-Cola and PepsiCo exhibit relatively strong ROA, both are still far below the industry leader, and Keurig Dr. Pepper and Primo Water show even greater inefficiencies.

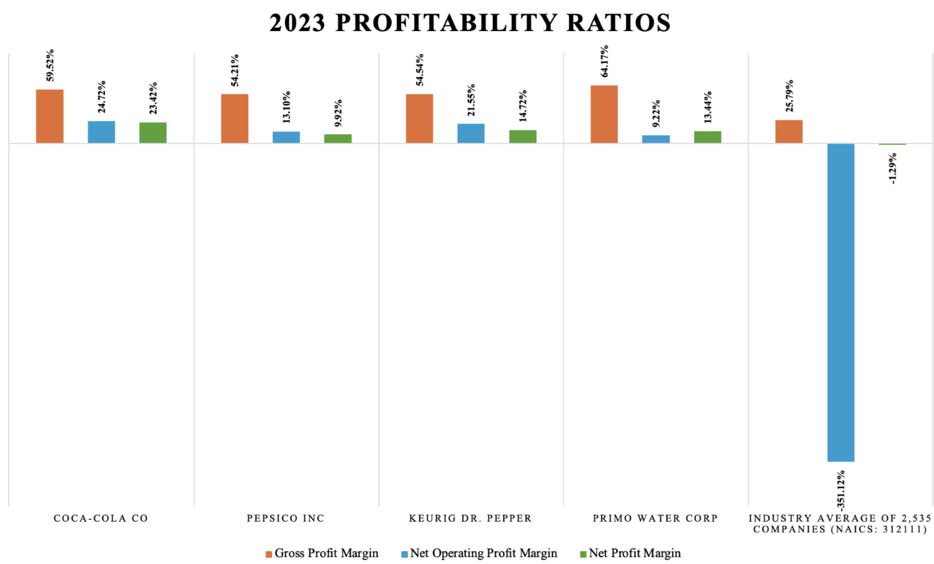
Financial Leverage / Leverage Multiplier (LM)



The Leverage Multiplier (LM) reflects the degree to which a company uses debt financing. PepsiCo has the highest leverage multiplier at 5.37, indicating that it relies heavily on debt relative to equity. This higher level of leverage suggests that PepsiCo is pursuing a more aggressive financial strategy, which can amplify returns but also increase financial risk. Coca-Cola's leverage multiplier of 3.57 is still above the industry average of 2.73, showing that it too is leveraging its assets to some degree more than the typical company in the industry. In contrast, Keurig Dr. Pepper and

Primo Water have lower leverage multipliers of 2.05 and 2.64, respectively, suggesting that these companies are more conservative in their use of debt. The lower reliance on debt financing reduces their financial risk but may also limit their ability to generate higher returns through leveraged investments. Therefore, while PepsiCo is taking on more risk with higher leverage, Coca-Cola also operates with above-average leverage, whereas Keurig Dr. Pepper and Primo Water adopt more conservative approaches to debt.

Net Profit Margin (NPM), Gross Profit Margin (GPM), and Operating Profit Margin (NOPM) Comparison to Industry

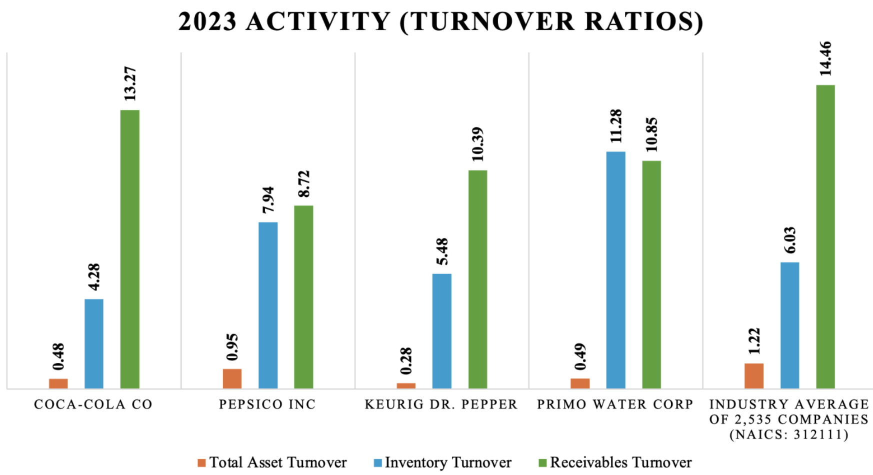


Net Profit Margin (NPM): Net Profit Margin (NPM) is a critical profitability ratio that measures how much of a company's revenue remains as profit after all expenses are paid. Coca-Cola's net profit margin of 23.42% stands well above the industry average of -1.29%. This shows that Coca-Cola is highly efficient in converting its sales into profit. PepsiCo, with a margin of 9.92%, is also profitable but falls far short of Coca-Cola's strong performance. Keurig Dr. Pepper and Primo Water, with margins of 14.72% and 13.44%, respectively, perform better than PepsiCo but still trail Coca-Cola's excellent profitability. Coca-Cola, therefore, stands out in terms of profitability, but Keurig Dr. Pepper and Primo Water also display solid performance, even though they are still behind Coca-Cola.

Gross Profit Margin (GPM): Gross Profit Margin (GPM) focuses on the profitability of a company's core operations by showing how much revenue exceeds the direct costs of producing goods and services. Coca-Cola leads with a gross margin of 59.52%, indicating its strong ability to generate profit from its sales after accounting for production costs. Primo Water follows closely with an even higher gross margin of 64.17%, suggesting exceptional efficiency in managing its direct production costs. PepsiCo and Keurig Dr. Pepper both have gross profit margins of around 54%, which are respectable but lower than Coca-Cola's and Primo Water's figures. Compared to the industry average of 25.79%, all four companies significantly outperform, demonstrating superior cost management and efficiency in their core operations. These margins indicate that while these companies manage their direct costs well, there is still room for improvement compared to the industry leaders. Coca-Cola and Primo Water display the strongest abilities to control direct production costs, while PepsiCo and Keurig Dr. Pepper are solid performers but still face room for improvement.

Operating Profit Margin (NOPM): Operating Profit Margin (NOPM) is an indicator of a company's ability to generate profit from its operations, excluding other income and expenses. Coca-Cola again stands out with an operating margin of 24.72%, significantly higher than its peers. PepsiCo's margin of 13.10% is lower, suggesting that it faces more challenges in converting revenue into operating profit compared to Coca-Cola. Keurig Dr. Pepper, with a margin of 21.55%, performs closer to Coca-Cola, indicating efficient operations, while Primo Water's operating margin of 9.22% is the weakest, pointing to less efficient control of operational costs. The industry average of -351.12% reflects the inclusion of smaller or less profitable companies, which may struggle to achieve operational efficiency. Unlike industry leaders such as Coca-Cola and PepsiCo, many companies in the sector may face challenges like limited economies of scale, higher relative costs, or inconsistent revenue streams, skewing the average negatively. In contrast, the positive margins of these companies underscore their ability to manage costs effectively and maintain profitability. Coca-Cola is clearly the leader here in terms of operational efficiency, with PepsiCo and Keurig Dr. Pepper performing well, but Primo Water lags in terms of its operational profitability.

Total Asset Turnover (TAT), Accounts Receivable Turnover, and Inventory Turnover Comparison to Industry

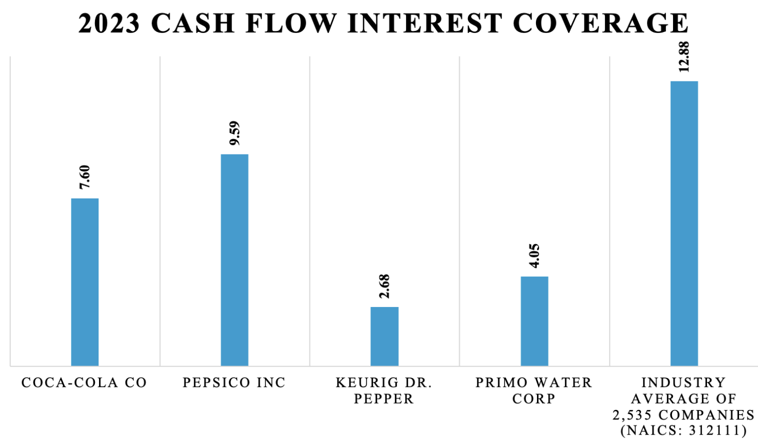


Total Asset Turnover (TAT): Total Asset Turnover (TAT) measures how efficiently a company uses its assets to generate revenue. PepsiCo has the highest total asset turnover in this group at 0.95, although this is still below the industry average of 1.22. This indicates that while PepsiCo is relatively efficient in utilizing its assets, it is not as effective as the broader industry. Coca-Cola and Primo Water both have low asset turnover ratios of 0.48 and 0.49, respectively, indicating that these companies are not generating as much revenue from their asset base as the industry on average. Keurig Dr. Pepper's TAT of 0.28 is the lowest, suggesting significant inefficiency in asset utilization, which could be a concern for its long-term growth and profitability. Coca-Cola and Primo Water could benefit from improving asset utilization to better align with industry norms, while Keurig Dr. Pepper faces the greatest challenge in this area.

Accounts Receivable Turnover: Accounts Receivable Turnover measures how orderly a company collects its receivables. Coca-Cola leads with a turnover of 13.27, suggesting strong efficiency in converting receivables into cash. This is slightly below the industry average of 14.46, but it still indicates that Coca-Cola is managing its receivables relatively well compared to its peers. Primo Water and Keurig Dr. Pepper show turnovers of 10.85 and 10.39, respectively, which are solid but suggest that they are taking longer to collect outstanding receivables compared to Coca-Cola. PepsiCo has the lowest receivables turnover at 8.72, which indicates that it may face challenges in collecting payments from customers in a timely manner, potentially leading to higher working capital requirements. Coca-Cola's strong receivables management contrasts with PepsiCo's slower collection cycle, and Primo Water and Keurig Dr. Pepper sit in between, showing room for improvement in accounts receivable efficiency.

Inventory Turnover: Inventory Turnover is a measure of how efficiently a company manages its inventory. Primo Water excels in this area, with an inventory turnover ratio of 11.28, well above the industry average of 6.03. This suggests that Primo Water is managing its inventory very efficiently, turning over stock quickly and likely minimizing holding costs. PepsiCo's inventory turnover of 7.94 is also above the industry average, indicating robust inventory management. Coca-Cola, with a turnover of 4.28, and Keurig Dr. Pepper, at 5.48, have lower inventory turnover, suggesting that they may hold inventory for longer periods before selling. This could result in higher inventory costs or a greater risk of obsolescence. Primo Water's efficient inventory management positions it as the leader in this area, while PepsiCo's performance is strong but not as impressive. Coca-Cola and Keurig Dr. Pepper both show weaknesses in this regard, which could impact their operational efficiency.

<u>Cash Flow Interest Coverage Comparison to Industry</u>



The Cash Flow Interest Coverage ratio evaluates a company's ability to cover its interest expenses using operating cash flow. PepsiCo has the highest cash flow interest coverage ratio at 9.59, indicating that the company generates enough operating cash flow to comfortably cover its interest expenses. Coca-Cola follows with a ratio of 7.60, also suggesting strong cash flow coverage. Keurig Dr. Pepper, with a ratio of 2.68, and Primo Water, with a ratio of 4.05, both have lower coverage ratios, which indicates that they may face more difficulty in meeting their interest obligations if cash flows were to decline. The industry average of 12.88 highlights that the typical company in this sector has an even stronger ability to cover interest expenses with operating cash flow, indicating that both Keurig Dr. Pepper and Primo Water may be exposed to more financial risk in this area compared to industry peers. PepsiCo and Coca-Cola both show strong cash flow coverage, but Keurig Dr. Pepper and Primo Water are at greater risk of financial stress if their cash flows decrease.

Appendix

Common-Size Analysis:

Company Name	Coca-Cola (KO)		Keurig Dr Pepper (KDP)		Pepsico Inc (PEP)		Primo Water Corp (PRMW)		**Industry Average**	
Particulars	2023	% of Total	2023	% of Total	2023	% of Total	2023	% of Total	2023	% of Total
ASSETS										
Current Assets										
Cash & Marketable Securities	$ 13,663.00	13.98%	$ 267.00	0.51%	$ 10,003.00	9.95%	$ 507.90	14.42%	2,679	19.30%
Accounts Receivable	$ 3,410.00	3.49%	$ 1,368.00	2.62%	$ 10,815.00	10.76%	$ 156.00	4.43%	966	6.96%
Inventory	$ 4,424.00	4.53%	$ 1,142.00	2.19%	$ 5,334.00	5.31%	$ 47.30	1.34%	805	5.80%
Other Current Assets	$ 5,235.00	5.36%	$ 598.00	1.15%	$ 798.00	0.79%	$ 154.70	4.39%	448	3.23%
Total Current Assets	$ 26,732.00	27.36%	$ 3,375.00	6.47%	$ 26,950.00	26.82%	$ 865.90	24.58%	3,928	28.30%
PP&E (Net)	$ 9,236.00	9.45%	$ 2,699.00	5.18%	$ 27,039.00	26.91%	$ 556.50	15.80%	2,854	20.56%
Goodwill	$ 18,358.00	18.79%	$ 20,202.00	38.75%	$ 17,728.00	17.64%	$ 1,004.60	28.52%	4,215	30.37%
Other Intangibles (Net)	$ 14,865.00	15.21%	$ 23,287.00	44.67%	$ 14,929.00	14.86%	$ 714.20	20.27%	3,405	24.53%
Other Non- Current Assets	$ 28,512.00	29.18%	$ 2,567.00	4.92%	$ 13,849.00	13.78%	$ 381.80	10.84%	(522)	-3.76%
Total Assets	**$ 97,703.00**	**100.00%**	**$ 52,130.00**	**100.00%**	**$ 100,495.00**	**100.00%**	**$ 3,523.00**	**100.00%**	**13,880**	**100.00%**
LIABILITIES & EQUITY										
Current Liabilities										
Accounts Payable	$ 5,590.00	5.72%	$ 3,714.00	7.12%	$ 11,635.00	11.58%	$ 94.30	2.68%	1,236	8.90%
Accruals	$ 9,895.00	10.13%	$ 1,242.00	2.38%	$ 6,210.00	6.18%	$ 182.10	5.17%	548	3.95%
Short term Debt (Notes Payable)	$ 4,557.00	4.66%	$ 2,096.00	4.02%	$ 2,586.00	2.57%	$ 14.20	0.40%	840	6.05%
Current Portion of Long term Debt	$ 1,960.00	2.01%	$ 1,150.00	2.21%	$ 3,924.00	3.90%	$ -	0%	360	2.59%
Other Current Liabilities	$ 1,569.00	1.61%	$ 714.00	1.37%	$ 7,292.00	7.26%	$ 135.50	3.85%	200	1.44%
Total Current Liabilities	$ 23,571.00	24.13%	$ 8,916.00	17.10%	$ 31,647.00	31.49%	$ 426.10	12.09%	3,184	22.94%
L-T Debt	$ 35,547.00	36.38%	$ 9,945.00	19.08%	$ 37,595.00	37.41%	$ 1,270.80	36.07%	6,582	47.42%
Other Non- Current Liabilities	$ 11,105.00	11.37%	$ 7,593.00	14.57%	$ 12,616.00	12.55%	$ 384.80	10.92%		
Total Liabilities	$ 70,223.00	71.87%	$ 26,454.00	50.75%	$ 81,858.00	81.45%	$ 2,081.70	59.09%	9,766	70.36%
Total Equity	$ 27,480.00	28.13%	$ 25,676.00	49.25%	$ 18,637.00	18.55%	$ 1,441.30	40.91%	4,114	29.64%
Total Liabilities & Equity	**$ 97,703.00**	**100.00%**	**$ 52,130.00**	**100.00%**	**$ 100,495.00**	**100.00%**	**$ 3,523.00**	**100.00%**	**13,880**	**100.00%**

Financial Ratios:

Ratio Analysis for 2023 Fiscal Year End					
	Coca-Cola Co	PepsiCo Inc	Keurig Dr. Pepper	Primo Water Corp	Industry Average of 2535 Companies (312111)
ACTIVITY RATIOS					
Working Capital Turnover	15.18	-18.40	-3.01	12.34	43.29
Fixed Asset Turnover	4.80	3.56	5.71	3.2	23.49
Total Asset Turnover	0.48	0.95	0.28	0.49	1.22
Inventory Turnover	4.28	7.94	5.48	11.28	6.03
Days of Inventory on Hand	85.31	46.00	66.56	32.37	92.81
Receivables Turnover	13.27	8.72	10.39	10.85	14.46
Days of Sales Outstanding	27.51	41.85	35.14	33.65	35.55
Payables Turnover	3.40	3.74	1.49	6.28	3.42
Number of Days of Payables	107.38	97.47	245.46	58.16	106.78
Cash Conversion Cycle	5.44	-9.61	-143.76	7.86	21.61
LIQUIDITY RATIOS					
Current Ratio	1.13	0.85	0.38	2.03	2.12
Quick Ratio	0.72	0.66	0.18	1.56	1.51
Cash Ratio	0.58	0.32	0.03	1.19	0.72
SOLVENCY RATIOS					
Debt Ratios					
Debt-to-Assets Ratio	0.43	0.44	0.25	0.36	0.56
Debt-to-Capital Ratio	0.60	0.70	0.34	0.47	0.65
Debt-to-Equity Ratio	1.53	2.37	0.51	0.89	0.63
Financial Leverage (Leverage Multiplier)	3.57	5.37	2.05	2.64	2.73
Coverage Ratios					
Interest Coverage	7.41	8.56	6.44	2.29	8.17
Tax Burden	0.83	0.79	0.79	0.90	0.83
Interest Burden	1.15	0.95	0.86	1.62	0.91
PROFITABILITY RATIOS					
ROE	40.20%	50.54%	8.59%	17.48%	-4.30%
ROA	11.25%	9.42%	4.20%	6.62%	37.53%
Gross Profit Margin	59.52%	54.21%	54.54%	64.17%	25.79%
Operating Profit Margin	24.72%	13.10%	21.55%	9.22%	-351.12%
Net Profit Margin	23.42%	9.92%	14.72%	13.44%	-1.29%
VALUATION RATIOS					
Price-to-Earnings (P/E)	23.76	25.77	21.36	10.10	25.89
Price-to-Cash Flow (P/CF)	21.99	17.38	35.08	8.30	17.90
Price-to-Sales (P/S)	5.57	2.55	3.15	1.35	3.55
Price-to-Book Value (P/B)	9.27	12.54	1.82	1.66	6.84
Cash Flow Interest Coverage	7.60	9.59	2.68	4.05	12.88