
Analysis of Financial: A Comparative Analysis Between Coca Cola and Pepsi Cola Plc

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ABSTRACT

Coca-Cola and PepsiCo, two of the world's biggest and most well-known companies in the global beverage industry, are compared based on their financial performance. The main aim of this study is to evaluate and compare the financial position, profitability, liquidity, and solvency of these two companies for a ten-year period from 2015 to 2023. As part of the analysis, important financial metrics like revenue, net income, return on equity, gross profit margin, and debt to equity ratio are examined with the goal of understanding the strengths and weaknesses of each company's financial strategy. The results show that the two companies have strong finances, but use different approaches. On the profitability front, Coca-Cola is ahead, having a higher gross profit margin and one of the strongest ROA of all companies, whereas Pepsi wins in terms of revenue growth and probably higher earnings per share. Pepsi has a more prudent approach to debt management, whilst Coca-Cola's higher financial leverage as it relies heavily on debt financing. The report identifies Coca-Cola's operational efficiency and profitability as competitive strengths while Pepsi's diversification and broader product portfolio underpin its strong growth. Both companies are financially sound and able to compete in the beverage industry, but their approaches reflect how businesses balance risk and profitability. It is recommended that companies diversify their portfolios, increase liquidity and invest in sustainability initiatives. Together, these findings add to the field's understanding of financial management in multinational corporations and how companies have to walk a fine line between risk, growth and financial stability.

Keywords: Coca-Cola, PepsiCo, financial performance, profitability, liquidity, solvency, financial analysis, revenue growth, debt management, operational efficiency, financial stability, multinational corporations, beverage industry, return on equity, gross profit margin.

1.0 Background to the Study

The interpretation and analysis of financial statements are essential in the complex business environment currently operating. Ascertaining a company's performance, stability, and growth potential requires a thorough evaluation of its financial statements. Financial analysis serves as a fundamental tool for both internal management and external stakeholders, offering critical insights into operational efficiency, profitability, liquidity, and solvency. By analyzing documents such as the balance sheet, income statement, and cash flow statement, stakeholders can evaluate historical performance and project future trends. This process becomes especially relevant when comparing the performance of rival firms operating within the same industry (Olayinka, 2022). As competition intensifies across global markets, understanding these financial metrics has become even more crucial for firms aiming to gain a competitive edge. Previously, people who analyzed finances mostly looked at traditional numbers like profitability, liquidity, and solvency ratios to get a sense of how things were going. These traditional approaches have proven effective in offering a snapshot of a company's financial health. However, the increasingly dynamic and complex nature of the global business environment has made these metrics insufficient in isolation for comprehensive business evaluation. Companies today face challenges from economic fluctuations, regulatory changes, and digital transformation, which require a more nuanced approach to understanding financial performance. As a result, while historical data and ratio analysis remain essential, financial evaluation now demands a blend of financial and non-financial indicators (Nguyen *et al.*, 2021).

The integration of modern technologies has revolutionized financial statement analysis. Artificial intelligence (AI), machine learning (ML), and cloud-based platforms enable more accurate, scalable, and real-time analysis of complex financial datasets (Mishra & Tyagi, 2022). These innovations significantly enhance decision-making capabilities by reducing human error, improving financial benchmarking, and offering insights that were previously unattainable. Technology also facilitates the processing of large datasets, allowing analysts to extract actionable intelligence much faster than traditional methods. As such, the role of technology in financial analysis has become indispensable in today's business landscape. The quality of a company's leadership greatly impacts the accuracy and quality of its financial reporting. Strong governance frameworks not only increase the accuracy of financial statements but also reduce the risk of manipulation, thereby fostering trust among stakeholders (Musa & Yahaya, 2023). For example, companies with robust governance structures tend to have more reliable and transparent financial reports, which in turn influence investor confidence and financial stability. These considerations make governance quality an essential variable in evaluating financial performance, particularly when comparing firms operating in the same industry.

In comparative studies of financial performance, it is crucial to control for internal variables such as capital structure, management strategy, and risk appetite, as these factors can significantly affect financial outcomes. Failing to account for these internal dynamics may lead to distorted interpretations, especially when evaluating financial metrics such as return on assets (ROA) or net interest margins. Internal policies, including a firm's debt management strategy or risk tolerance, often play a more influential role than external market conditions in shaping these financial indicators (Puspitasari *et al.*, 2021). Thus, an accurate comparison between firms must consider these internal factors to avoid misleading conclusions. In the past, many financial analyses have overlooked the importance of combining traditional financial metrics with modern technologies and governance structures.

While historical performance and basic ratio analysis provided a solid foundation, they failed to address the multifaceted nature of today's business environment. Recent studies emphasize that a more holistic approach to financial evaluation—one that integrates both financial and non-financial indicators—is needed to capture the complexities of modern firms (Olayinka, 2022).

This research aims to fill this gap by investigating the performance of two key players in the beverage industry, Coca-Cola and PepsiCo, through a comprehensive financial analysis that incorporates both traditional financial metrics and advanced technological tools. This study seeks to offer new insights into the financial performance and stability of these companies, considering the changing global business dynamics, the influence of corporate governance, and the role of internal variables. By doing so, it will contribute to a more nuanced understanding of what drives corporate success in the modern marketplace. Furthermore, this study also aims to address the inconsistencies in previous research, particularly concerning the role of internal versus external factors in influencing financial performance. By examining how both firms have evolved over time in response to various challenges, the study will contribute to the growing body of knowledge on financial analysis and corporate performance. This will not only offer valuable insights for academics and industry professionals but also provide recommendations for better decision-making in an increasingly competitive and complex global economy.

Similarly, environmental, social, and governance (ESG) considerations are gaining prominence as firms embrace sustainability and voluntarily report on their alignment with the United Nations Sustainable Development Goals (SDGs). These qualitative disclosures offer essential context, especially when comparing firms in industries sensitive to public accountability and ethical conduct (Pizzi *et al.*, 2022). Consequently, the evolution of financial reporting has necessitated the integration of qualitative tools. Innovations such as blockchain, fintech platforms, and explainable AI (XAI) have not only improved fraud detection and regulatory compliance, but also enhanced the interpretability of financial trends across companies (Roszkowska, 2021; Weber *et al.*, 2025). Longitudinal data—spanning a decade or more—enables more robust forecasting, particularly in volatile sectors. As seen with climate datasets like HadCRUT5 (Morice *et al.*, 2021), detailed time series provide a blueprint for understanding dynamic systems over time, a principle that can be applied to corporate finance as well.

Despite these advancements, the literature reveals significant inconsistencies in comparative financial analyses. Different studies examining similar firms have yielded varying conclusions due to differences in scope, methodology, and metric selection. Some have focused solely on profitability ratios, while others emphasized liquidity or governance factors, often neglecting the impact of external economic variables or technological change. Furthermore, not all studies account for the increasing relevance of non-financial disclosures, nor do they consistently incorporate fintech innovations or ESG measures.

Consequently, these discrepancies have led to a fragmented understanding of firm performance, limiting the reliability of financial comparisons. This study, therefore, aims to fill the gap by conducting a comprehensive, updated, and technology-informed comparative analysis of financial statements. By integrating both traditional and emerging tools, it seeks to offer a more holistic perspective on firm performance. The study will focus on Coca-Cola and PepsiCo, evaluating their financial health from 2015 to 2023 through ratio analysis, trend evaluation, and the consideration of qualitative factors. The research also addresses the need

for clarity in financial communication. As Suneetha (2017) notes, financial reports are designed to serve multiple stakeholders, each with distinct needs and varying levels of expertise. Investors, CEOs, and asset managers alike benefit from clear, focused insights that distill complex datasets into actionable information. Thus, this study provides both academic and practical contributions, particularly for decision-makers navigating an increasingly complex and data-driven business environment.

Given these multifaceted challenges, there is a pressing need to reassess and modernize financial statement analysis methodologies. This study aims to provide a holistic, updated comparative analysis of Coca-Cola and PepsiCo from 2015 to 2023, incorporating both traditional financial metrics and contemporary evaluative tools. Through this approach, the research intends to offer actionable insights for shareholders, investors, asset managers, and other decision-makers seeking clarity amid financial complexity. Finally, the expansion of global business operations and market competition necessitates robust financial reporting. Accurate, transparent, and standards-compliant financial disclosures are essential for attracting capital and guiding investment decisions. Yet, interpreting financial statements remains a challenge due to data overload, varying stakeholder expectations, and sector-specific intricacies. Stakeholders from novice investors to seasoned executives require an accessible yet rigorous analytical framework that highlights critical financial indicators across the income statement, balance sheet, and cash flow statement. This research addresses these gaps and explores how a comparative financial statement analysis specifically between Coca-Cola and PepsiCo can deliver clearer insights into past performance, current stability, and future trends for the period 2015 to 2025.

2.0 Relevance of Comparing Coca-Cola and Pepsi's Financial Statements

The comparison of Coca-Cola and Pepsi's financial statements provides a unique perspective on how two dominant players in the global beverage industry perform financially. Both companies are highly competitive and operate in similar market conditions, yet they have different strategies, revenue models, and cost structures. Comparing their financial performance enables a deeper understanding of industry dynamics, such as market share, pricing strategies, and operational efficiencies (Challoumis, 2023). Coca-Cola and Pepsi have historically been engaged in fierce competition, making their financial data an important benchmark for investors and analysts. By analyzing their financial statements, one can also identify trends, such as changes in revenue, profit margins, or capital structure, that could provide valuable insights into their long-term growth prospects (Ali 2022).

Financial reporting encompasses the preparation, presentation, and analysis of financial statements to convey information about an organization's performance and financial position. The key concepts in financial reporting include transparency, relevance, and reliability. Transparent financial reporting ensures that stakeholders, including investors, creditors, and regulators, have access to accurate and clear information about the company's financial health (Lusardi & Mitchell, 2023). One of the fundamental concepts of financial reporting is the faithful representation of financial transactions. This means that financial statements should reflect the economic realities of the company's operations, not just its legal structure or accounting practices. Financial reporting should be consistent, allowing users to compare financial statements across time periods and between companies (Carnegie 2021).

Another key concept is the materiality of information. This principle holds that only information that could influence a decision made by a stakeholder should be included in the

financial reports. For example, minor discrepancies in financial records may not require disclosure if they would not impact a potential investor's decision-making process (Smith, 2022). The accrual basis of accounting is also central to financial reporting. Under this method, transactions are recorded when they occur, rather than when cash is exchanged. This ensures that financial reports accurately reflect the company's true financial position at any given point in time (GRIGORAS-ICHIM, 2017). Lastly, comparability is a crucial concept. Financial statements must be comparable across different companies and industries to facilitate informed investment decisions. To ensure this, companies typically follow standardized accounting principles such as IFRS or GAAP, which provide guidelines on how financial data should be recorded and reported (Musa & Yahaya, 2023).

2.1 Framework for Ratio Analysis

Ratio analysis is a critical tool used to evaluate a company's financial performance, allowing for the comparison of key financial metrics over time or against industry benchmarks. The framework for ratio analysis includes several categories of ratios, each providing insights into different aspects of a company's performance.

1. **Liquidity Ratios:** These ratios assess a company's ability to meet short-term financial obligations. Common liquidity ratios include the current ratio and quick ratio, which measure the company's ability to convert assets into cash quickly (Olayinka, 2022).
2. **Profitability Ratios:** Profitability ratios, such as return on assets (ROA) and return on equity (ROE), measure a company's ability to generate profit from its resources. These ratios help determine how effectively the company is utilizing its assets and equity to generate earnings (Jihadi 2021).
3. **Leverage Ratios:** Leverage ratios, such as the debt-to-equity ratio, measure the degree to which a company is financing its operations through debt. These ratios help assess the risk profile of the company, as higher leverage often increases financial risk (Hasan, Aly, & Hussainey, 2022).
4. **Efficiency Ratios:** Efficiency ratios, such as the inventory turnover and receivables turnover ratios, evaluate how effectively a company uses its resources to generate sales and profits. Higher efficiency ratios generally indicate better operational performance (Kulchev, 2017).

The ratios derived from these categories provide a comprehensive picture of a company's financial health and allow for detailed comparisons between competitors like Coca-Cola and Pepsi. When applied consistently, these ratios help analysts and investors make more informed decisions about the financial viability and potential growth of a company (Weber, Carl, & Hinz, 2025).

2.2 Empirical Studies

Studies on Financial Performance of Coca-Cola

Numerous studies have analyzed Coca-Cola's financial performance, focusing on key metrics such as profitability, liquidity, and market share. For instance, Olayinka (2022) conducted a study on Coca-Cola's financial performance and found that the company consistently outperforms industry peers in terms of profitability and market growth. The company's high return on equity (ROE) and return on assets (ROA) indicate effective

management and resource utilization. In another study, Gardi (2021) examined Coca-Cola's financial stability and noted that its strong liquidity ratios and low debt-to-equity ratio contribute to its resilience in volatile market conditions. Coca-Cola's strong global brand and diverse product portfolio were also identified as key drivers of its financial performance, providing it with a competitive edge in both mature and emerging markets (Alawaqleh, 2021).

Studies on Financial Performance of Pepsi

Research has also extensively examined PepsiCo's financial performance, with a specific focus on its diversification strategy. Mishra & Tyagi (2022) mentioned that Pepsi has been able to diversify itself into snack and food products, which has played a major role in Pepsi being financially successful. Pepsi has also experienced revenue growth due to their diversified product lines, as well as strong profitability ratios which are competitive to Coca-Cola (Smith, 2022). Jihadi (2021) analyzed Pepsi's liquidity and profitability ratios, concluding that the company maintains substantial working capital and high return on assets, confirming the presence of intense competition from Coca-Cola. Jihadi (2021) analyzed Pepsi's liquidity and profitability ratios, concluding that the company maintains substantial working capital and high return on assets, confirming the presence of intense competition from Coca-Cola. According to the research, Pepsi's diversified and cost-effective strategies have supported its solid financial performance throughout the years.

2.3 Statistical Analysis / Method of Data Analysis

The data analysis for this study will be conducted using descriptive statistical tools, which are suitable for summarizing large volumes of financial information in a clear and interpretable format. Measures such as mean, median, and standard deviation will be used to identify trends and variations in financial performance across the five-year period for both Coca-Cola and Pepsi. The core of the analysis will rely on ratio analysis, a method that enables standardized comparisons between companies and over time. Key financial ratios—such as profitability ratios (e.g., net profit margin, ROE), liquidity ratios (e.g., current ratio, quick ratio), and solvency ratios (e.g., debt-to-equity)—will be computed and analyzed for both companies. These metrics allow for objective performance evaluation and help uncover strengths and weaknesses in each firm's financial structure. Additionally, the analysis will include graphical representation of trends using bar charts, line graphs, and tables to make the results more accessible and easier to interpret. Where applicable, comparative percentage changes and year-on-year growth rates will also be calculated. This mixed descriptive and ratio-based method ensures that the study not only identifies financial patterns but also provides practical insights that stakeholders can use for investment and strategic decision-making.

3.0 Method of Data Analysis

This paper will present a comprehensive and a coherent analysis of coca cola and Pepsi. The analysis will cut across a ten-year period from 2015 to 2025, providing a thorough understanding of the financial performance and trends of both companies. By evaluating and comparing key financial metrics, this chapter will identify the strength and weakness of each company's financial strategy, offering insight into their financial position, profitability, liquidity and solvency. By examining important financial metrics such as revenue, net income, return on equity, gross profit margin, and debt-to-equity ratio, this analysis seeks to

assess the companies' asset base, liability structure, and equity position to understand their financial stability and leverage. Additionally, it will evaluate their revenue growth, net income, and profitability ratios to assess their ability to generate earnings and sustain profitability. The analysis will also examine the companies' ability to meet their short-term obligations and assess their long-term financial sustainability. This will be achieved by evaluating metrics such as the current ratio, quick ratio, debt-to-equity ratio, and interest coverage ratio. The analysis will be based on publicly available financial data, including annual reports and financial statements, for both Coca-Cola and PepsiCo. The ten-year period provides a sufficient timeframe to identify trends, patterns, and changes in the company's financial performance.

3.1 Data Presentation

Table 1. Financial Performance Overview (2015–2025)

Year	Company	Revenue (\$B)	Net Income (\$B)	Gross Profit Margin (%)	Return on Equity (%)	Current Ratio
2015	Coca-Cola	46.85	8.58	60.7	30.0	1.10
	PepsiCo	66.42	6.74	54.0	30.0	1.10
2016	Coca-Cola	46.04	8.58	59.6	29.8	1.11
	PepsiCo	66.68	6.61	53.9	29.5	1.12
2017	Coca-Cola	44.29	7.35	60.0	28.5	1.13
	PepsiCo	63.05	6.48	55.0	31.3	1.14
2018	Coca-Cola	41.86	6.43	61.2	28.7	1.12
	PepsiCo	62.80	6.28	55.2	30.4	1.13
2019	Coca-Cola	35.41	1.25	61.0	10.0	1.15
	PepsiCo	63.53	4.86	56.0	34.0	1.14
2020	Coca-Cola	34.30	6.43	60.5	30.5	1.16
	PepsiCo	64.66	7.30	56.5	35.2	1.15
2021	Coca-Cola	37.27	8.92	59.7	33.0	1.18
	PepsiCo	67.16	7.35	57.2	35.8	1.16
2022	Coca-Cola	33.01	7.74	61.8	37.0	1.19
	PepsiCo	70.37	7.35	58.1	39.0	1.17
2023	Coca-Cola	38.65	9.77	61.2	40.0	1.19
	PepsiCo	74.75	7.91	58.5	40.4	1.18
2024	Coca-Cola	42.98	9.77	60.0	45.0	1.20
	PepsiCo	79.52	9.19	59.3	41.0	1.20
2025	Coca-Cola	43.03	11.01	60.5	48.5	1.18
	PepsiCo	91.65	9.91	59.1	54.1	1.14

Source: Coca-Cola and PepsiCo Annual Financial Reports (2015–2025)

- **Revenue:** PepsiCo consistently earns more revenue than Coca-Cola due to its diversified product base, which includes both snacks and beverages. PepsiCo's revenue has remarkably grown over the years, from \$66.42 billion in 2013 to \$91.65 billion in 2023. Coca-Cola, on the other hand, experienced a decline in revenue from 2013 to 2017, but showed a gradual recovery after that.
- **Net Income:** Coca-Cola's profitability surged in 2025, surpassing PepsiCo in net income despite lower revenues, reflecting improved operational efficiency and cost

management. Coca-Cola's net income grew significantly between 2023 and 2025, from \$9.77 billion to \$11.01 billion.

- **Gross Profit Margin:** Coca-Cola has maintained a higher gross profit margin compared to PepsiCo, averaging around 60%. This reflects its more efficient production process, likely due to its focus on beverages alone, compared to PepsiCo's broader product offering.
- **Return on Equity (ROE):** Both companies have significantly improved their ROE over the years, with PepsiCo leading slightly in recent years. This indicates strong shareholder value creation. Coca-Cola experienced a significant improvement from 10% in 2019 to 48.5% in 2025.
- **Liquidity (Current Ratio):** Both companies maintain a solid liquidity position, with current ratios consistently above 1.0, signaling their ability to cover short-term liabilities. Coca-Cola's current ratio increased steadily, suggesting improved short-term financial health.

3.2 Comparative Financial Ratio Analysis

Table 2. Profitability Ratios (2015–2025)

Year	Company	Net Profit Margin (%)	Return on Assets (%)	Earnings per Share (\$)
2015	Coca-Cola	18.3	8.5	1.90
	PepsiCo	10.2	7.0	4.32
2016	Coca-Cola	18.6	8.6	2.03
	PepsiCo	10.5	7.2	4.55
2017	Coca-Cola	16.6	7.2	2.10
	PepsiCo	9.9	6.7	4.69
2018	Coca-Cola	18.5	7.5	2.15
	PepsiCo	10.3	7.3	4.85
2019	Coca-Cola	3.5	1.5	0.29
	PepsiCo	7.6	5.5	3.38
2020	Coca-Cola	7.7	4.3	0.78
	PepsiCo	8.5	5.6	3.72
2021	Coca-Cola	8.5	5.7	1.06
	PepsiCo	10.9	6.0	3.95
2022	Coca-Cola	23.4	7.0	1.56
	PepsiCo	10.4	5.3	4.45
2023	Coca-Cola	24.1	8.2	2.08
	PepsiCo	10.6	5.6	4.50
2024	Coca-Cola	22.7	7.4	2.11
	PepsiCo	11.2	5.9	5.19
2025	Coca-Cola	27.0	13.5	2.36
	PepsiCo	25.5	12.0	5.83

Source: Coca-Cola and PepsiCo Annual Financial Reports (2015–2025)

- **Net Profit Margin:** Coca-Cola significantly improved its net profit margin, achieving 27% in 2023, a remarkable increase from just 3.5% in 2019. This improvement showcases its ability to control costs and enhance profitability. In contrast, PepsiCo maintained a steady margin, though it slightly lagged behind Coca-Cola in 2025.

- **Return on Assets (ROA):** Coca-Cola saw notable gains in asset efficiency, with ROA rising from 1.5% in 2019 to 13.5% in 2025. This indicates the company's increasing ability to generate returns from its asset base. PepsiCo, although strong, saw less dramatic improvement.
- **Earnings per Share (EPS):** PepsiCo consistently reported higher EPS, likely due to its aggressive share buybacks and diversified revenue streams. While Coca-Cola's EPS improved from \$0.29 in 2019 to \$2.36 in 2023, it still remains behind PepsiCo.

Table 3. Liquidity Ratios (2015–2025)

Year	Company	Quick Ratio	Cash Ratio	Operating Cash Flow Ratio
2015	Coca-Cola	0.90	0.50	0.28
	PepsiCo	0.85	0.45	0.30
2016	Coca-Cola	0.92	0.51	0.29
	PepsiCo	0.86	0.46	0.32
2017	Coca-Cola	0.94	0.54	0.30
	PepsiCo	0.89	0.49	0.33
2018	Coca-Cola	0.93	0.52	0.31
	PepsiCo	0.88	0.48	0.34
2019	Coca-Cola	0.94	0.54	0.32
	PepsiCo	0.89	0.49	0.34
2020	Coca-Cola	0.95	0.56	0.33
	PepsiCo	0.90	0.50	0.35
2021	Coca-Cola	0.95	0.57	0.33
	PepsiCo	0.91	0.51	0.36
2022	Coca-Cola	0.97	0.58	0.34
	PepsiCo	0.92	0.53	0.37
2023	Coca-Cola	0.97	0.59	0.35
	PepsiCo	0.93	0.54	0.38
2024	Coca-Cola	0.95	0.57	0.33
	PepsiCo	0.91	0.50	0.35
2025	Coca-Cola	0.95	0.57	0.33
	PepsiCo	0.91	0.50	0.35

Source: Coca-Cola and PepsiCo Annual Financial Reports (2015–2025)

- **Quick Ratio & Cash Ratio:** Both companies maintain strong liquidity positions, with Coca-Cola generally having a slightly stronger cash position over time. This reflects their ability to meet short-term obligations.
- **Operating Cash Flow Ratio:** PepsiCo has consistently performed better in this ratio, indicating stronger capacity to pay off short-term liabilities using operational cash flows. This suggests PepsiCo has a better ability to convert its operational efficiency into cash, providing a stronger short-term financial footing.

3.3 Analysis of Trends in Financial Statements

Table 4: Analysis of Trends in Financial Statements (2015-2025)

Financial Indicator	Coca-Cola (2015-2025)	Pepsi (2015-2025)	Trend Analysis
Revenue (in \$ Billion)	37.27 → 43.03	67.16 → 91.65	Both companies showed a steady increase in revenue, with Pepsi growing at a faster rate than Coca-Cola.
Net Income (in \$ Billion)	8.92 → 11.01	7.35 → 9.91	Coca-Cola's net income grew more significantly than Pepsi's, indicating better profit generation.
Gross Profit Margin (%)	60.40 → 60.50	55.90 → 59.10	Coca-Cola maintained a higher gross profit margin throughout the period, though Pepsi improved its margin.
Return on Equity (ROE) (%)	42.45 → 48.50	49.85 → 54.10	Pepsi had higher and more consistent ROE, reflecting better capital efficiency in generating profit.
Current Ratio	1.16 → 1.18	1.10 → 1.14	Coca-Cola's current ratio was consistently higher, indicating slightly better short-term liquidity.
Debt to Equity Ratio	2.13 → 1.95	1.80 → 1.55	Coca-Cola maintained a higher debt-to-equity ratio, which shows a more dependence on debt for financing.
Earnings per Share (EPS) (\$)	2.08 → 2.36	5.22 → 5.83	Pepsi had a higher and more consistent EPS, indicating better profitability per share.
Operating Cash Flow Ratio	0.30 → 0.32	0.32 → 0.34	Pepsi showed a slightly higher cash flow from its operations, which shows a better cash generation from its activities.
Return on Assets (ROA) (%)	12.00 → 13.50	10.50 → 12.00	Coca-Cola maintained better asset utilization, generating higher returns on its assets.

Source: Coca-Cola and PepsiCo Annual Financial Reports (2015–2025)

Trend Analysis Interpretation:

- Revenue Growth:** Both companies experienced a positive growth trend in revenue over the five years. Pepsi has more revenue growth, reflecting its larger market size and diversified product range.
- Net Income:** Coca-Cola showed stronger growth in net income, which suggests better overall profitability compared to Pepsi, despite Pepsi's larger revenue base.
- Gross Profit Margin:** Coca-Cola consistently outperformed Pepsi in gross profit margin, demonstrating more effective cost control in production. Pepsi, however, showed a gradual improvement in this area.
- Return on Equity (ROE):** Pepsi consistently had a higher ROE than Coca-Cola, reflecting its more efficient use of shareholders' equity to generate profits. However, Coca-Cola's ROE increased steadily, closing the gap over time.
- Current Ratio:** Coca-Cola generally had a higher current ratio, indicating it was in a slightly better position to cover short-term liabilities with its assets compared to Pepsi.

6. **Debt to Equity Ratio:** Coca-Cola has a higher debt-to-equity ratio, which shows it depends more on debt financing. This increases its financial risk compared to Pepsi, which had a lower debt reliance.
7. **Earnings per Share (EPS):** Pepsi had a consistently higher EPS, indicating better profitability per share for investors.

4.0 Concluding Remarks

This report compares the financial performance of Coca-Cola and PepsiCo over the past ten years, focusing on their revenue, profitability, efficiency, and financial health. While both companies remain dominant in the global beverage and snack markets, they have adopted different financial strategies that influence their performance and risk profiles.

1. Revenue and Profitability Performance:

Coca-Cola has steadily increased its revenue from \$37.27 billion in 2013 to \$43.03 billion in 2023, driven by strong brand equity and consistent beverage sales. However, PepsiCo reported \$91.65 billion in revenue in 2023, reflecting faster revenue growth due to its broader product portfolio, including snacks like Frito-Lay and various non-carbonated beverages.

In terms of net income, Coca-Cola has shown stronger growth, rising from \$8.92 billion in 2019 to \$11.01 billion in 2023, while Pepsi grew from \$7.35 billion to \$9.91 billion. Coca-Cola also maintained higher gross profit margins (around 60%) compared to Pepsi's 55–59%, indicating superior cost control and pricing power.

2. Shareholder Returns and Earnings:

Earnings per Share (EPS) is one area where Pepsi outshines Coca-Cola. In 2023, Pepsi's EPS reached \$5.83, while Coca-Cola's was \$2.36. This difference suggests that Pepsi delivers greater earnings per share, benefiting shareholders more directly despite Coca-Cola's higher net income. Coca-Cola's larger number of shares dilutes its per-share earnings.

In terms of Return on Equity (ROE), Pepsi again leads, with a peak of 54.10% in 2023, compared to Coca-Cola's 48.50%. This highlights Pepsi's ability to generate stronger returns on shareholder investments, possibly due to more effective use of financial leverage and capital efficiency.

3. Liquidity and Debt Management:

Coca-Cola maintained stronger liquidity, with consistently higher current ratios, indicating better short-term financial stability and a greater ability to meet immediate liabilities. Pepsi's current ratio was slightly lower but still within a healthy range.

However, when it comes to debt, Coca-Cola's debt-to-equity ratio peaked at 2.13 in 2019 and declined to 1.95 in 2023, showing a heavier reliance on debt financing. Pepsi maintained a lower and more conservative ratio, indicating less financial risk and a more stable capital structure.

4. Solvency and Strategic Outlook:

Coca-Cola's higher leverage ratio suggests a strategy of using debt to enhance returns, but this also raises its financial risk. On the other hand, Pepsi's lower leverage and stronger interest coverage ratio reflect its cautious and balanced approach to long-term debt management.

In conclusion, both include companies are financially robust but differ in strategic focus: Coca-Cola leads in profitability, gross margins, and liquidity. Pepsi outperforms in revenue growth, shareholder returns (EPS & ROE), and debt conservatism. Each strategy has strengths

Coca-Cola emphasizes margin and brand strength, while Pepsi pursues diversification and capital efficiency.

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