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Executive Summary

Coca-Cola Company over the last five years made the right investments in line with its business strategies. The sales have been on the rise for 7% while the operating income has been boosted by 30% in the year 2023. Technological advancements in infrastructure and product development have increased operational capacity and consumer appeal. The case of the Bottling Investments Group strategy has been a success in some markets while it has experienced some setbacks in others. Despite some problems in the management of the debt and adaptation to the market, the overall policy of investments has been successfully preserving the dominant position of Coca-Cola. The study uses ratio analysis in order to identify financial performance of the company focusing on liquidity and leverage aspects. With the help of financial ratios, it has been found that Coca Cola has higher liquidity because of which it is repaying investors with dues within the given time. However, leverage performance of the company is a matter of concern because of the presence of a high amount of debt capital within the capital structure. After comparing the performance of the company with PepsiCo, it has been found that Coca Cola has a better position.

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Part a) Coco-Cola

History

Coca-Cola was first produced in 1886 when Dr. John Pemberton devised the syrup in Atlanta, Georgia. The historical data of Coco Cola, the adjusted close was 48.09, 49.28, 54.88, 60.70, 58.01, and 68.05 in the years 2019, 2020, 2021, 2022, 2023, and 2024 respectively (finance.yahoo, 2024). Over the years, Coca-Cola has been associated with advertisements, especially the classic ‘Hilltop’ commercial. The company has also supported environmental issues since 1917, which include water, women, and the environment. Coca-Cola is a company that has manufactured and sold beverages for more than 125 years and with its experience, it has changed from just a beverage company to a global company with ever-changing consumers’ tastes and needs. (Coca-colacompany, 2024).

Business Model

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer segments
● Bottling ● Partners ● Investor ● Retail ● Food Service Partners	● Beverage Production ● Bottling ● Marketing ● Licensing ● Investing	● Refreshing Beverages ● Brand Recognition ● Exclusive	● Customer Support ● Social Media ● Promotions ● Community Engagement	● Consumers, ● Retail and ● Food Service Partners

		Partnerships		
	Key Resources • Manufacturing Facilities • Brand • Distribution Networks • Intellectual Property (business model analyst.		Channels • Supermarkets • Vending Machines • Online • Retailers • Restaurants • Sponsorships	

	com, 2024)		
Cost Structure ● Raw Materials ● Manufacturing ● Marketing ● Staff, Taxes ● Franchises		Revenue Streams ● Beverage Sales ● Licensing Fees ● Investment Income	

Table 1: “Business Model”
(Source: Created)

Market Place and Competitor

The marketplace strategy of Coca-Cola is based on customer-driven growth, Coke has a beverage portfolio spanning eight categories. Coca-Cola Company seeks to increase consumption of beverages in general through segmented selling and perfect market consumption (coca-colahellenic, 2024). Its growth capabilities mean key account management, technology

distribution, value-revenue growth, innovation, and data analysis. These efforts are supported by Coca-Cola's digitalization, which fosters quick and profitable revenue regeneration and effective responses to market threats.



Figure 1: Market Structure of Coca Cola

(Source: coca-colahellenic, 2024)

PepsiCo has a broader market niche as compared to Coca-Cola since it deals not only in drinks but also in snacks and foods (Pepsico, 2024). Both companies are market giants that operate in the same industry with high levels of profitability. Its impact is relatively high and has large variations depending on the market condition and certain business tactics. In the absence of real-time financial data, it is difficult to categorically determine which company is the better performer at any one point.

Events over the Past Five Years

The past five years have seen the Coca-Cola Company undergo several events of great importance. The company posted good cash profits and was net debt-free for the first time in its history, with year-on-year sales up by 7% to over \$6.6 billion in 2023. The company's operating income increased to \$834 m, a 30% increase compared to the previous year (cokeconsolidated, 2023). Coca-Cola remained active in refreshing its beverage lineup, which includes Bang Energy and the Coca-Cola zero-sugar segment. Infrastructure was also developed by the company Construction of a new distribution facility in Ohio and the remanufacturing center established in North Carolina with an additional space was enlarged.

Leadership wise, E. Beauregarde Fisher III joined the company in 2017 as the Executive Vice President and General Counsel with much experience in law. Coca-Cola has also been dealing with climate change issues and potential litigation. Sustainability practices have been adopted by the company and it still faces other risks such as the impact of climate change and ever-shifting regulations (cokeconsolidated, 2023). Coca-Cola continues to be part of the National Product Supply Group to participate in key decisions in the Coca-Cola system's national product supply chain.

Part b)

1. Corporation's liquidity and leverage ratios for the past five years:

Liquidity ratios:

"Current ratio = current asset / current liabilities"					
Items	2023 (m)	2022 (m)	2021 (m)	2020 (m)	2019 (m)
Current assets	\$ 1705128	\$ 1245801	\$ 1076662	\$ 851237	\$ 830276
(/): Current Liabilities	\$ 622195	\$ 601737	\$ 834856	\$ 647060	\$ 622195
Current ratio	2.74	2.07	1.29	1.32	1.33

"Acid test ratio = current asset - stocks / current liabilities"					
Items	2023 (m)	2022 (m)	2021 (m)	2020 (m)	2019 (m)
Current assets	\$ 1705128	\$ 1245801	\$ 1076662	\$ 851237	\$ 830276
(-): Inventories	\$ 321932	\$ 347545	\$ 302851	\$ 225757	\$ 225926
Difference	\$ 1383196	\$ 898256	\$ 773811	\$ 625480	\$ 604350

(/): Current Liabilities	\$ 622195	\$ 601737	\$ 834856	\$ 647060	\$ 622195
Acid test ratio	2.22	1.49	0.93	0.97	0.97

"Cash ratio = cash / current liabilities"					
Items	2023 (m)	2022 (m)	2021 (m)	2020 (m)	2019 (m)
Cash	\$ 635269	\$ 197648	\$ 142314	\$ 54793	\$ 9614
(/): Current Liabilities	\$ 622195	\$ 601737	\$ 834856	\$ 647060	\$ 622195
Cash ratio	1.02	0.33	0.17	0.08	0.02

Table 1: Liquidity Ratios of Coca Cola

(Source: Self-Created)

Leverage ratios:

"Debt ratio = Debt / Assets"					
Items	2023 (m)	2022 (m)	2021 (m)	2020 (m)	2019 (m)
Total liabilities	\$ 2853344	\$ 2594157	\$ 2733784	\$ 2709460	\$ 2675810
(/): Total asset	\$ 4288942	\$ 3709545	\$ 3445570	\$ 3222450	\$ 3126926
Debt to asset ratio	0.67	0.70	0.79	0.84	0.86

"Debt to equity ratio = Debt / Equity"					
Items	2023 (m)	2022 (m)	2021 (m)	2020 (m)	2019 (m)
Total Debt	\$ 2853344	\$ 2594157	\$ 2733784	\$ 2709460	\$ 2675810
(/): Total Equity	\$ 1435598	\$ 1115388	\$ 711786	\$ 512990	\$ 3126926
Debt to equity ratio	1.99	2.33	3.84	5.28	0.86

"Equity ratio = Equity / Asset"					
Items	2023 (m)	2022 (m)	2021 (m)	2020 (m)	2019 (m)
Total Equity	\$ 1435598	\$ 1115388	\$ 711786	\$ 512990	\$ 3126926
(/): Total Asset	\$ 4288942	\$ 3709545	\$ 3445570	\$ 3222450	\$ 3126926
Equity ratio	0.33	0.30	0.21	0.16	1

"Interest Coverage Ratio = EBIT / Interest Payable"					
Items	2023 (m)	2022 (m)	2021 (m)	2020 (m)	2019 (m)
EBIT	\$ 834451	\$ 641047	\$ 439171	\$ 313378	\$ 180754

(/): Interest Payable	\$ 918	\$ 24792	\$ 33449	\$ 36735	\$ 45990
Interest Coverage Ratio	908.99	25.86	13.13	8.53	3.93

Table 2: Leverage Ratios of Coca Cola

(Source: Self-Created)

2. Critical analysis of the corporation's financial performance:

Current ratio:

Current ratio of Coca Cola was 2.74 in 2023, 2.07 in 2022, 1.29 in 2021, 1.32 in 2020 & 1.33 in 2019. The ratio is increasing because of rising current assets with decreasing current liabilities. Current assets are greater than current liabilities more than twice which would lead to a higher working capital within the business (Coca Cola, 2023). This shows that the company can repay all its dues but it keeps a huge amount of funds idle within the business instead of strategically investing them to earn returns.

Quick ratio:

Quick ratio of Coca Cola was 2.22 in 2023, 1.49 in 2022, 0.93 in 2021, 0.97 in 2020 & 0.97 in 2019. The ratio is increasing because of rising current assets excluding inventories with decreasing current liabilities. Even if inventories are removed from current assets, the company will be left with higher liquid assets that can be used in repaying dues of the business (Coca Cola, 2022). This keeps the investors satisfied because they are getting their dues on time.

Cash ratio:

Cash ratio of Coca Cola was 1.02 in 2023, 0.33 in 2022, 0.17 in 2021, 0.08 in 2020 & 0.02 in 2019. The ratio is increasing because of rising cash with decreasing current liabilities. Liquidity performance of the company shows a significant improvement in 2023. The company can repay all its dues using cash and cash equivalent which makes the business highly liquid (Coca Cola, 2021). However, strategic investment of the company is very less which can be identified from the high cash ratio. Such a huge idle cash within the business is not good as it reduces the possibility of generating returns.

Debt ratio:

Debt ratio of Coca Cola was 0.67 in 2023, 0.7 in 2022, 0.79 in 2021, 0.84 in 2020 & 0.86 in 2019. The ratio is decreasing because of rising debt capital being lower than increasing equity capital. The ratio indicates that the company acquires a larger share of its assets through creditors or debt capital which is not good. Such a huge debt within the business increases risk because interest rates can increase in the future.

Equity ratio:

Equity ratio is used in determining the extent to which assets have been acquired through equity capital (lecture materials). Equity ratio of Coca Cola was 0.33 in 2023, 0.30 in 2022, 0.21 in 2021, 0.16 in 2020 & 1 in 2019. The ratio indicates that the company acquires a smaller share of its assets through equity capital or shareholders which is not good (Coca Cola, 2020). Lower debt within the capital structure reduces cost of capital which is good for Coca Cola.

D/E ratio:

D/E ratio of Coca Cola was 1.99 in 2023, 2.33 in 2022, 3.84 in 2021, 5.28 in 2020 & 0.86 in 2019. The ratio is decreasing because of rising debt and equity capital. The ratio is decreasing which shows that the company is collecting more equity capital to replace debt capital. In this way, gearing of the business is high which increases risk of rising interest rate (Coca Cola, 2019). However, the company enjoys tax benefits because interest expenses are tax deductible. Not only this, the cost of capital of the company is low. The current capital structure of the business is not desirable or optimal because of the presence of higher debt capital.

Interest coverage:

Interest coverage ratio of Coca Cola was 908.99 in 2023, 25.86 in 2022, 13.13 in 2021, 8.53 in 2020 & 3.93 in 2019. The ratio is increasing because of rising EBIT and interest payable. Because of rising operating income, the company is able to pay interest expenses more times. This shows that the company is able to fulfill its obligations on time which ensures long-term sustainability of the business. Therefore, the leverage performance of the company is mediocre with high risk.

3. Comparison of financial ratios with major competitor and comment:

Liquidity ratios:

"Current ratio"		
Items	Coca Cola	PepsiCo
Current assets	\$ 1705128	\$ 26950
(/): Current Liabilities	\$ 622195	\$ 31647
Current ratio	2.74	0.85

"Acid test ratio"		
Items	Coca Cola	PepsiCo
Current assets	\$ 1705128	\$ 26950
(-): Inventories	\$ 321932	\$ 5334
Difference	\$ 1383196	\$ 21616
(/): Current Liabilities	\$ 622195	\$ 31647
Acid test ratio	2.22	0.68

"Cash ratio"		
Items	Coca Cola	PepsiCo
Cash	\$ 635269	\$ 9711
(/): Current Liabilities	\$ 622195	\$ 31647
Cash ratio	1.02	0.31

Table 3: Liquidity Ratios of Coca Cola vs. Pepsico

(Source: Self-Created)

Liquidity performance of Coca Cola is better compared to its competitor Pepsico because of higher ratios. In the case of the competitor, current assets are lower than current liabilities because of which it is operating with negative working capital. In this situation, it becomes difficult for the business to repay its due and obligations to the investors. If inventories are removed from current assets, then liquidity performance of the company worsens further. In other words, Coca Cola is better in terms of maintaining liquidity throughout the year. The difference between liquidity performance of both companies involved balance of current assets and working capital. In the case of Coca Cola, current assets are greater than current liabilities leading to a positive working capital.

On the other hand, in the case of PepsiCo, current assets are less than current liabilities because of which negative working capital has been generated.

Leverage ratios:

"Debt ratio"		
Items	Coca Cola	PepsiCo
Total liabilities	\$ 2853344	\$ 81858
(/): Total asset	\$ 4288942	\$ 100495
Debt to asset ratio	0.67	0.81

"Debt to equity ratio "		
Items	Coca Cola	PepsiCo
Total Debt	\$ 2853344	\$ 81858
(/): Total Equity	\$ 1435598	\$ 18637
Debt to equity ratio	1.99	4.39

"Equity ratio"		
Items	Coca Cola	PepsiCo
Total Equity	\$ 1435598	\$ 18637
(/): Total Asset	\$ 4288942	\$ 100495
Equity ratio	0.33	0.19

"Interest Coverage Ratio"		
Items	Coca Cola	PepsiCo
EBIT	\$ 834451	\$ 11986
(/): Interest Payable	\$ 918	\$ 819
Interest Coverage Ratio	908.99	14.63

Table 4: Leverage Ratios of Coca Cola vs. PepsiCo

(Source: Self-Created)

Leverage ratios of Coca Cola is better compared to that of PepsiCo because of lower ratios. PepsiCo relies more on debt capital when it comes to collection of finances for the business because of which the capital structure of the business is not optimum and also very risky (PepsiCo, 2023). The similarity between each organisation involves a higher amount of debt capital. However, the biggest difference between these companies lies in the proportion of debt and equity within the capital structure. When it comes to managing capital structure optimally, Coca Cola gets an upper hand over PepsiCo because it is paying interest expenses more times.

4. Capital structure theory:

Pecking order theory is one of the most commonly used capital structure theory which states that organisations must consider internally generated funds over externally generated funds. Inspired by the views of Oktaviani *et al.* (2020), internally generated funds represent money that organisations can collect internally such as retained earnings whereas externally generated funds represent money that companies collect from external sources like equity and debt. This theory arises from the idea of asymmetric information which involves information failure. Internal stakeholders of an organisation like managers have more information regarding the company and its performance compared to the external stakeholders like investors or shareholders. Thus, before turning to external fundings like debt and equity, companies must choose retained earnings for financing purpose. The sequence of sourcing finance must be retained earnings then debt and finally equity.

5. Capital structure theory on the company:

Capital structure of the company shows that the company applies pecking order theory in order to collect finances. The company uses retained earnings first then debt and at last equity for financing purposes. The Balance Sheet of the company shows that Coca Cola used retained earnings worth 1352111 million dollars in 2023 and 1112462 million dollars in 2022 (Coca Cola, 2023). This retained earnings is a part of profit earned by the business in the previous year and the company will not have to pay any cost for using these financing sources. Then the company collected debt capital worth \$ 2853344 million in 2023, \$ 2594157 million in 2022, \$ 2733784 million in 2021, \$ 2709460 million in 2020 and \$ 2675810 million in 2019. The company has collected further debt because of which it is enjoying tax benefits. After debt capital, the company collected equity

capital worth \$ 1435598 million in 2023, \$ 1115388 million in 2022, \$ 711786 million in 2021, \$ 512990 million 2020 and \$ 3126926 million in 2019 (Coca Cola, 2023). As the company is buying back shares, cost of capital comes down. In this way, managers are able to manage finances better because they have proper information regarding the firm and its operations. External stakeholders like investors do not participate in the decision-making process which is beneficial for the managers. Capital structure of the company is not optimum but it helps Coca Cola in having greater control over its business operations.

6. Average annual share returns for the past five years:

Share Price:

The image presented below shows the share price of the company for the last 5 years. Share price of the company Coca Cola is fluctuating significantly which shows ups and downs in its performance. Currently, the share price is increasing but a few years ago it was suffering from a downfall especially, in the year 2021 (Finance.yahoo.com, 2024). Share price of Coca Cola was significantly low during the period 2020 to 2021 because of several controversies that the company was subject to. Coca Cola is in controversy because of high sugar content in the beverages, not maintaining human rights of employees, not maintaining transparency regarding contents of beverages and many more. These issues created a negative impact on the Goodwill of the business within the beverage industry because of which share price was negatively affected.



Figure 1: Share price of Coca Cola for last 5 years

(Source: Finance.yahoo.com, 2024)

Average annual returns:

Average annual returns of Coca Cola for 5 years	
Year	Returns
2019	3.25 per cent
2020	5.71 per cent
2021	13.86 per cent
2022	11.33 per cent
2023	-3.56 per cent

Table 5: Average annual returns of Coca Cola

(Source: Self-Created)

Average annual returns show the percentage of profit that the company has earned over its share price. In the table above, average annual returns of Coca Cola have been calculated for the last 5 years. Return rates have been calculated by deducting previous year rate from current year rate and dividing the difference by previous year rate. The table shows that annual returns of the company were increasing during the period 2019 to 2021. However, the return rate started decreasing after 2021 resulting in 11.33 per cent (Finance.yahoo.com, 2024). A significant decrease in share price was identified in the year 2023 resulting in the value of -3.56 per cent. This negative return is an indication that performance of the company is deteriorating with time which is not good for the company. The decreasing return is an outcome of the controversies that the company is subject to within the beverage sector. Also, there are other companies within the industry that are providing better quality products to the customers which is again negatively affecting share price of the company leading to negative returns. This negative return is not good for the long-term sustainability of Coca Cola because it creates dissatisfaction among the investors

and shareholders. The negative return is also an indication that investors are not willing to invest in the company because of which share price is decreasing.



Figure 2: Average annual return of Coca Cola for last 5 years

(Source: Self-Created)

A graph has been presented above showing the annual average return rate of Coca Cola for the last 5 years. A graphical presentation of the return rates makes it easier to identify the changes. 2021 was the best performing year during which the share price of the company was significantly high leading to higher return rates. However, the downfall of business started in 2022 and has become worse in 2023 because of negative returns. This provides the company with a competitive disadvantage within the industry. Despite having a strong liquidity and leverage performance, Coca Cola is not able to earn higher returns within the industry. The company needs to improve its performance to be able to regain its lost position within the industry by clearing all the controversies.

Part c) Company's Largest Recent Investment Activities

“Purpose(S), Aim, and Expected Outcomes of this Investment”

“Investment activities” are a censorious component of a company's “cash flow statement”, often reflecting the importance of “capital movements”. The investing activities brighten the company’s strategy towards “long-term assets and growth initiatives”.

Purpose:

The “Bottling Investments Group (BIG)” is the strategic business unit within the Coca-Cola Company that is responsible for managing the bottling operations in certain markets. Its main function is to deliver superior performance in these areas as well as to look for opportunities to re-franchise operations with suitable players. BIG intends to increase the effectiveness of the Coca-Cola Company's bottling investments and revenues while minimising direct control over bottling where possible by-passing operations to experienced local players.

Aim:

BIG aims to achieve gain market share, increase revenues, and widen operating margins in its targeted territories. Its programs, focus on building the needed critical infrastructure, enhancing the operating efficiency of the markets, and creating the appropriate environment for efficient refranchising. BIG also aims at refranchising and searching for reliable bottlers through which it may continue growing and expanding after franchising.

Expected Outcomes of this Investment:

Over the past five years, Coca-Cola has expected several key outcomes from its Bottling Investments Group strategy. Market Share Growth, BIG has sought to deliver sustained value share increases in the non-alcoholic ready-to-drink (NARTD) and sparkling beverage categories in markets like the Philippines and India (coca-colacompany, 2024). This growth is anticipated to expand the company’s market standing in these areas. Sustained Revenue Growth has been targeted at being in the double digits from BIG operations, and the statement in the 2023 highlight of achieving this growth for the third successive year supports this conclusion.

Margin Expansion even though Coca-Cola refranchised some operations to BIG, the company has anticipated BIG to increase its operating margins through operation simplification and the velocity

of top-line growth. Infrastructure Development is in emerging markets such as India, the company has made long-term Greenfield investments in core infrastructural projects for future returns which are expected to start putting in returns from the fiscal 2024 onward. Successful Refranchising is one of the anticipated effects is the readoption of the bottling divisions to the more capable and reliable local franchisees (coca-colacompany, 2024). This has been done in Vietnam, Cambodia, and recently in the Philippines, Bangladesh, and parts of India. The company has been announcing its initial public offering (IPO) of Coca-Cola Beverage Africa (CCBA), which was expected to be accomplished after the market conditions permit.

Enhanced Returns on Investment is proper balancing or investment in bottling and refranchising its business the Coca-Cola Company is aiming to improve its returns on its investment in these markets. Improved Local Market Dynamics may help the company operate more efficiently since the local bottlers will better understand the local market environment (coca-colacompany, 2024). Streamlined Corporate Structure is the essence, Coca-Cola seems to be planning on cutting back on its direct bottling presence to create a leaner image which may later benefit the firm in terms of efficiency. Knowledge Transfer is managing the bottling operations and then refranchising the whole process, the Coca-Cola Company aims to share best practices across the world. These expected outcomes correlate with Coca-Cola's overall plan for fine-tuning its global bottler network while also sustaining high market and profitable growth in strategic geographic markets.

“Size of the Investment, and How, it is Financed”

From the year 2019 to 2023, Coca-Cola has had a substantial amount of investment in its operations and assets. Total assets have increased from \$86,381 m in 2019 to \$97,703 m in 2023, with a growth rate of approximately 13 percent. This has been a significant proportion of its investment in property, plant, and equipment (PP&E) (WSJ, 2023). Nonetheless, the gross value of PP&E has not fluctuated so much as it was \$20,293 m in 2019 and \$19,797 m in 2023. This implies continuous investment in maintaining and updating the production plants and machinery to counter depreciation.

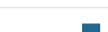
There has been steady growth in intangible assets, which have risen from \$26,766 m in the year 2019 to \$33,223 m in 2023. Thus, this 24% increase can be attributed to the creation of brand equity, patents, and other intangible assets that are strategic to Coca-Cola. The company has also

continued to make significant investments in affiliated companies; Long-term investments in affiliates stood at \$19,025 m for the year ended 2019 while it increased to \$19,671 m for the year ended 2023. This means that Coca-Cola has maintained a policy of investing in or acquiring bottling operations and other related businesses.

Assets

Fiscal year is January-December. All values USD Millions.

	2023	2022	2021	2020	2019	5-year trend
Cash & Short Term Investments	13,663	11,631	12,625	10,914	11,175	
Cash Only	9,366	9,519	9,684	6,795	6,480	
Cash & Short Term Investments Growth	17.47%	-7.87%	15.68%	-2.34%	-	
Cash & ST Investments / Total Assets	13.98%	12.54%	13.38%	12.50%	12.94%	
Total Accounts Receivable	3,410	3,487	3,512	3,144	3,971	
Accounts Receivables, Net	3,410	3,487	3,512	3,144	3,971	
Accounts Receivables, Gross	3,912	4,003	4,028	3,670	4,495	
Bad Debt/Doubtful Accounts	(502)	(516)	(516)	(526)	(524)	
Accounts Receivable Growth	-2.21%	-0.71%	11.70%	-20.83%	-	
Accounts Receivable Turnover	13.44	12.29	11.03	10.51	9.39	
Inventories	4,424	4,233	3,414	3,266	3,379	
Finished Goods	1,449	1,247	982	791	851	
Raw Materials	2,618	2,627	2,133	2,106	2,180	
Progress Payments & Other	357	359	299	369	348	
Other Current Assets	5,235	3,240	2,994	1,916	1,886	
Miscellaneous Current Assets	5,235	3,240	2,994	1,916	1,886	
Total Current Assets	26,732	22,591	22,545	19,240	20,411	
Net Property, Plant & Equipment	10,564	11,247	11,338	12,325	12,210	
Property, Plant & Equipment - Gross	19,797	20,481	20,280	21,248	20,293	
Buildings	4,647	4,434	4,349	4,782	4,576	
Land & Improvements	229	611	652	676	659	
Machinery & Equipment	13,593	14,030	13,861	14,242	13,686	
Accumulated Depreciation	9,233	9,234	-	8,923	8,083	

Total Investments and Advances	20,181	21,787	22,034	22,539	22,229	
LT Investment - Affiliate Companies	19,671	18,264	17,598	19,273	19,025	
Other Long-Term Investments	510	3,523	4,436	3,266	3,204	
Intangible Assets	33,223	33,631	34,613	28,550	26,766	
Net Goodwill	18,358	18,782	19,363	17,506	16,764	
Net Other Intangibles	14,865	14,849	15,250	11,044	10,002	
Other Assets	5,442	1,761	1,695	2,182	2,353	
Deferred Charges	1,543	1,558	1,545	1,151	-	
Tangible Other Assets	3,899	203	150	1,031	1,355	
Total Assets	97,703	92,763	94,354	87,296	86,381	
Assets - Total - Growth	5.33%	-1.69%	8.09%	1.06%	-	
Asset Turnover	0.48	-	-	-	-	
Return On Average Assets	11.25%	-	-	-	-	

Accrued Payroll	1,465	1,087	1,051	609	1,021	
Miscellaneous Current Liabilities	8,069	9,014	8,656	6,697	6,206	
Total Current Liabilities	23,571	19,724	19,950	14,601	26,973	
Current Ratio	1.13	1.15	1.13	1.32	0.76	
Quick Ratio	0.95	0.93	0.96	1.09	0.63	
Cash Ratio	0.58	0.59	0.63	0.75	0.41	
Long-Term Debt	36,548	37,490	39,277	41,425	28,627	
Long-Term Debt excl. Capitalized Leases	35,547	36,377	38,116	40,125	27,516	
Non-Convertible Debt	35,547	36,377	38,116	40,125	27,516	
Provision for Risks & Charges	-	855	1,409	2,164	2,000	
Deferred Taxes	1,078	1,168	692	(627)	(128)	
Deferred Taxes - Credit	2,639	2,914	2,821	1,833	2,284	
Deferred Taxes - Debit	1,561	1,746	2,129	2,460	2,412	
Other Liabilities	7,465	5,954	6,037	5,989	5,399	
Other Liabilities (excl. Deferred Income)	7,465	5,954	6,037	5,989	5,399	
Total Liabilities	70,223	66,937	69,494	66,012	65,283	

Total Liabilities / Total Assets	71.87%	72.16%	73.65%	75.62%	75.58%	
Common Equity (Total)	25,941	24,105	22,999	19,299	18,981	
Common Stock Par/Carry Value	1,760	1,760	1,760	1,760	1,760	
Additional Paid-In Capital/Capital Surplus	19,209	18,822	18,116	17,601	17,154	
Retained Earnings	73,782	71,019	69,094	66,555	65,855	
Cumulative Translation Adjustment/Unrealized For. Exch. Gain	(12,726)	(13,609)	(12,595)	(12,028)	(11,270)	
Unrealized Gain/Loss Marketable Securities	(1)	(25)	(62)	28	75	
Other Appropriated Reserves	(1,548)	(1,261)	(1,673)	(2,601)	(2,349)	
Treasury Stock	(54,535)	(52,601)	(51,641)	(52,016)	(52,244)	
Common Equity / Total Assets	26.55%	25.99%	24.38%	22.11%	21.97%	
Total Shareholders' Equity	25,941	24,105	22,999	19,299	18,981	
Total Shareholders' Equity / Total Assets	26.55%	25.99%	24.38%	22.11%	21.97%	
Accumulated Minority Interest	1,539	1,721	1,861	1,985	2,117	
Total Equity	27,480	25,826	24,860	21,284	21,098	
Liabilities & Shareholders' Equity	97,703	92,763	94,354	87,296	86,381	

Figure 2: Balance Sheet of Coca-Cola

(Source: WSJ, 2023)

To finance these investments, Coca-Cola has utilised a combination of methods:

- “Retained Earnings”: This means that a good proportion of the profits have been re-invested into the business; especially the retained earnings have increased from \$ 65,855 m in 2019 to \$73,782 m in 2023.
- “Debt Financing”: Coca-Cola has had a fairly high constant long-term debt that was at \$ 36,548 m in 2013 (WSJ, 2023). This is slightly higher than the total of \$ 28,627 m in the year 2019 though it has reduced from the peak of \$ 41,425 in the year 2020 indicating recent efforts to cut down the debts.
- “Short-term Borrowings”: The Company has also used short-term liability which varies greatly for the period from 2019, 11,275 m to 2023, and 4,918 m.

- “Cash Management”: Coca-Cola has always experienced good health on cash and the cash and short-term investment has increased from \$11,175m in 2019 to \$13,663m in 2023. This makes it adaptable when it comes to investments and operations.
- “Equity”: The “total shareholders’ equity” stands at \$ 25,941 m in 2023 which was \$18,981 m in 2019 providing extra financial strength.

It must be noted that due to Coca-Cola’s financing strategy, there is a slight increase in its financial leverage. The total liabilities to total assets ratio has declined from 75.58% in 2019 to 71.87% in 2023 which shows a slight improvement in its balance sheet. It can be seen that over the past five years, Coca-Cola has mainly used investments to increase and stabilize its operational capacities, enhance and protect the brand’s equity and other intangible assets, and make valuable partnerships (WSJ, 2023). These investments have been funded through a combination of reinvested profits, management of the company’s borrowing capabilities, and effective utilisation of its healthy cash reserves.

“Feasibility of the Investment: Current Business”

The feasibility of Coca-Cola has adopted a suitable investment strategy concerning its current business model and market position. The company has made the following investments in the past five years as a leading company in the beverage industry of the world. Coca-Cola’s property plant and equipment investment have considerably increased portraying efficiency in production. This is especially important for a company that operates based on mass production and delivery to customers all over the world (Henry, 2022). The fact that the gross value of PP&E (Property, plant, and equipment) has not increased sharply over the year’s means that the company is making new investments and replacing worn-out assets, which is healthy for a company in a mature industry.

A sharp rise in goodwill and other intangible assets is more commensurate with the company’s operations since Coca-Cola’s business model mainly revolves around brand equity and innovation. Public tastes are fickle in the beverage industry and therefore brand building is a never-ending process as is the introduction of new products and product lines. Coca-Cola’s ongoing investments in affiliate companies, particularly in the bottling operations are a strategic direction in supply chain management by the firm (Henry *et al.* 2021). This strategy enables the company to retain

major elements of production and distribution while sharing risks and investment costs with other players.

However, when it comes to financing the investment, it seems quite reasonable and effective for the company. The increase in retained earnings shows that Coca-Cola is earning enough profits to self-fund a large part of its investments. The company also has good cash reserves, which give more freedom in investments and act as protection against such risks. A marginal decline in financial leverage over the past five years indicates that the company is handling investments without tilting the balance sheet significantly (Siegel, 2021). This balanced way of financing also serves to protect the company's creditworthiness which is very important, especially for a multinational company that has to deal with fluctuations in different currencies. The investment approach suggested for Coca-Cola looks plausible and suitable for the company's existing organizational model, which concentrates on sustaining operational efficiency, developing brand equity, and leveraging partnerships worldwide.

“Current Outcome of the Investment”

Trends of Coca-Cola's Recent Investment Outcomes:

Over the five years, the investment approach adopted by the company has had some positive results while facing continuous difficulties. The company has mostly achieved its operational objectives for efficiency, brand equity, and strategic partnerships, though there are areas that the firm could improve on.

Financial Performance:

Perhaps one of the most impressive accomplishments has been the financial returns posted by the Coca-Cola Company. For the year ended 2023, the company registered good performance with sales increasing by 7% to more than \$6.6 billion (cokeconsolidated, 2023). Even more encouraging, the company recorded an operating income of \$834 million, which was 30% up from the prior year. Such financial growth shows that Coca-Cola's investments in its strategic operations and brand management have been effective in sustaining its presence and financial performance in a highly competitive industry.

Infrastructure and Operational Improvements:

On the infrastructure investments, results depict a touch of positivism throughout Coca-Cola's operations. The company has also managed to increase the capability of its operations; the construction of a new distribution plant in Ohio and the expansion of a remanufacturing plant in North Carolina. Some of these changes in the supply chain and distribution networks most probably have helped the company to meet the demand efficiently and effectively.

Brand and Product Innovation:

The commitment to creating brand equity and focus on product differentiation has ensured that the firm is competitive in a shifting environment. Coca-Cola has been able to revitalize its drinks portfolio, for instance, through the addition of new products such as Bang Energy and the growth of its Coca-Cola Zero Sugar segment. These product innovations illustrate the company's capacity to shift to meet current consumer preferences such as the growing demand for healthier beverages.

Strategy of Bottling Investments Group:

The "Bottling Investments Group" strategy has had varying success. On one hand, BIG has been able to deliver consistent value share gains in strategic markets such as the Philippines and India. The strategy has also been effective in refranchising operations in many locations such as Vietnam, Cambodia, and parts of India which have allowed Coca-Cola to leverage local market knowledge while also cutting direct operational costs. The proposed IPO of Coca-Cola Beverage Africa (CCBA) has been halted because of the market conditions for the proposed IPO (coca-colacompany, 2024). This slow pace indicates that not all elements of the BIG strategy have moved as smoothly as the firm might have desired.

Sustainability and Corporate Responsibility:

Coca-cola has embraced sustainability issues to increase its chances of tackling the emerging issues to do with climatic change and corporate responsibility. The particular consequences are described as the company's efforts on social, corporate citizenship, and environmental concerns (Senay *et al.* 2023). This has a positive impact on the brand image and reduces the risks that climate change and the changing legislation entails.

Difficulties and Ideas for Development:

Coca-Cola has been experiencing some success in all its operations, though the company has not fully left the woods. The company's total assets have increased approximately 13 percent during five years, this increase has come at the cost of higher long-term debt. The company has recently attempted to address this problem but maintaining the financial leverage ratio is still a challenge. Despite the innovations that Coca-Cola has made in product differentiation, the beverage industry is one of the most dynamic industries in the market (Augulyté, 2020). The company will require sustaining its level of R&D to respond to new trends in consumption and possible competitors in the market.

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