Same industry, different business

Name: Class: Date:

Coca-Cola and PepsiCo both sell soda. Both are big US companies that sell drinks around the world. But in FY2025, Coca-Cola kept $25.3 of every $100 that came in. PepsiCo kept $8.8. Your job is to explain why.

What to do

1. Ground rule: In this lesson, we explain differences. We don't rank the companies or judge them as investments.
2. Step 1: Look at the two receipts
3. Step 2: Read what each company says about itself
4. Step 3: Sort the differences
5. Step 4: Talk it through
6. Step 5: Exit ticket

Ground rule

In this lesson, we explain differences. We don't rank the companies or judge them as investments.

Part A: Your first guess

In FY2025, Coca-Cola kept $25.3 of every $100 that came in. PepsiCo kept $8.8. Both sell soda.

1. Why do you think they kept such different amounts? Write one guess.

Part B: The two receipts

Lines are rounded to the nearest 10 cents, so a total may differ from $100 by a few cents. Data: each company's FY2025 Form 10-K, as shown on cityfort.co (Nov 7, 2026).

Making the products: Coca-Cola: $35.5; PepsiCo: $45.9; Difference (PepsiCo minus Coca-Cola): $

Selling, general and administrative: Coca-Cola: $28.0; PepsiCo: $39.8; Difference (PepsiCo minus Coca-Cola): $

Other charges (mostly brand write-downs): Coca-Cola: $2.4; PepsiCo: $2.1; Difference (PepsiCo minus Coca-Cola): —

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Interest: Coca-Cola: $3.2; PepsiCo: $1.3; Difference (PepsiCo minus Coca-Cola): —

Income tax: Coca-Cola: $5.5; PepsiCo: $2.1; Difference (PepsiCo minus Coca-Cola): —

Partners' share: Coca-Cola: $0.1; PepsiCo: $0.1; Difference (PepsiCo minus Coca-Cola): —

Kept as net income: Coca-Cola: $25.3; PepsiCo: $8.8; Difference (PepsiCo minus Coca-Cola): —

1. B1. Which two lines have the biggest differences? _____ and

Part C: What each company says about itself

Key words are in **bold**. In the 10-K quotes, Cityfort added the bold.

Coca-Cola (Form 10-K for FY2025)

Passage (Item 1, page 4): "Generally, **finished** product operations generate higher net operating revenues but lower gross profit margins than **concentrate** operations." (bold added)

Fact card 1 (Item 1, pages 3–4): Coca-Cola mostly sells **concentrate** and syrups to **bottling** partners. The bottlers add water and sweeteners, package the drinks and sell them to stores.

Fact card 2 (Item 7, page 37; Item 1, page 4): **concentrate** sales were 59% of FY2025 revenue. **Finished** drinks, mostly from bottlers Coca-Cola owns, were 41%.

Fact card 3 (Item 1, page 10): about 65,900 employees at the end of 2025.

PepsiCo (Form 10-K for FY2025)

Passage (Item 1, page 3): "PBNA operates its own **bottling** plants and distribution facilities and sells branded **finished** goods directly to independent distributors and retailers." (bold added; PBNA = PepsiCo Beverages North America.)

Fact card 1 (Item 1, pages 2–4): PepsiCo makes **snacks** and **finished** drinks. It also sells **concentrate** to bottlers in some markets. It, its bottlers and its distributors **deliver** many products straight to stores.

Fact card 2 (Note 1, page 67): **snacks** and other foods were 58% of FY2025 net revenue, and drinks 42%. Drinks from bottlers PepsiCo owns were 36%.

Fact card 3 (Item 1, page 10): about 306,000 employees at the end of FY2025.

1. C1. In your own words, what does Coca-Cola mostly sell, and to whom?

2. C2. Name one kind of product PepsiCo makes that Coca-Cola does not sell. What share of PepsiCo's FY2025 net revenue did it bring in?

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3. C3. Coca-Cola's passage compares finished drinks with concentrate. Which one does it say brings lower gross profit margins? Cite the Item and page.

Part D: Sort the differences (Venn diagram)

Write each item in the right space. Use at least three receipt lines and three business choices.

1. Only Coca-Cola | Both | Only PepsiCo

Ideas to sort: sells concentrate to bottlers · owns some bottlers · most revenue comes from concentrate · makes snacks · has a "making the products" line · wrote down a drinks brand in FY2025 · sells drinks in many countries · kept $25.3 of each $100 · kept $8.8 of each $100

Part E: Talk it through

Use one frame. Say it to your group, then write it.

"___ spends more of each $100 on ___ because its business ___."

"The 10-K says ___ (Item ___, page ___)."

"These two lines are close: ___. So they don't explain the gap."

1.

Extension: McDonald's vs. Chipotle (FY2025)

Lines are rounded to the nearest 10 cents, so a total may differ from $100 by a few cents.

Company-run restaurants (food, paper, pay, occupancy): McDonald's: $30.7; Chipotle: —

Food, beverage and packaging: McDonald's: —; Chipotle: $29.4

Restaurant labor: McDonald's: —; Chipotle: $24.9

Rent and other restaurant costs: McDonald's: —; Chipotle: $19.8

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Franchised restaurants' occupancy: McDonald's: $9.7; Chipotle: —

Selling, general and admin (McDonald's) / Admin, new-restaurant and closure costs (Chipotle): McDonald's: $11.3; Chipotle: $6.1

Other restaurant and operating costs: McDonald's: $2.1; Chipotle: —

Depreciation and amortization: McDonald's: —; Chipotle: $3.0

Interest: McDonald's: $5.9; Chipotle: —

Income tax: McDonald's: $8.7; Chipotle: $3.9

Kept as net income: McDonald's: $31.7; Chipotle: $12.8

McDonald's 10-K (Item 1, page 4): franchisees pay "rent and royalties based upon a percent of sales." About 95% of its 45,356 restaurants were franchised at the end of 2025 (Item 1, page 3).

Chipotle 10-K (Item 1, page 4): Chipotle "owns and operates Chipotle Mexican Grill restaurants." It had 4,267 company-owned restaurants at Sep 30, 2026 (Form 10-Q, filed Oct 29, 2026).

1. X1. Why does Chipotle's receipt show food, labor and rent, while McDonald's shows "franchised restaurants' occupancy"?

Advanced: Costco vs. Walmart (FY2026)

Costco's FY2026 ended Aug 30, 2026. Walmart's FY2026 ended Jan 31, 2026. Membership fees were 1.95% of Costco's FY2026 revenue.

Merchandise costs (Costco) / Goods and other cost of sales (Walmart): Costco: $87.0; Walmart: $74.9

Running costs (Costco) / Operating, selling and admin costs (Walmart): Costco: $8.9; Walmart: $20.7

Interest and tax (Costco) / Interest, and tax and minority holders' share (Walmart): Costco: $1.0; Walmart: $0.3 + $1.1

Kept as net income: Costco: $3.0; Walmart: $3.1

From each company's cityfort.co page (Cityfort's sentences, Nov 7, 2026):

Costco: "Costco earns thin margins on a high volume of sales, and members pay a fee on top."

Walmart: "Walmart says it prices items at everyday low prices and controls costs to pay for them."

1. A1. Both kept about $3 of each $100. Where do their receipts look most different? Give one reason from each sentence above.

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Version B (matching, for IEP and 504 support)

Draw a line from each fact to the company it describes. Some facts match both. Companies: Coca-Cola · PepsiCo · Both.

Gets most of its revenue from selling concentrate to bottlers

Makes snacks such as Lay's and Doritos

Its 10-K passage in this lesson names its own bottling plants in the US and Canada

Kept $25.3 of each $100 in FY2025

Kept $8.8 of each $100 in FY2025

Wrote down the value of a drinks brand in FY2025

Spent $45.9 of each $100 on making the products

Sells drinks in many countries

1. Finish the sentence: "Coca-Cola keeps more of each $100 because most of its revenue comes from _____."

Exit ticket (Version B): circle the answer.

Which company gets most of its revenue from concentrate? Coca-Cola / PepsiCo

Which line is close for both companies? Making the products / Brand write-downs

Where in the 10-K is the business described? Item 1 / Item 7

Exit ticket

1. Name one business choice that helps explain why Coca-Cola kept more of each $100 than PepsiCo in FY2025.

2. Name one receipt line where the two companies are close. Why doesn't that line explain the gap?

Citation: which 10-K, Item and page supports your answer to question 1? Company: _____ Item: _____ Page:

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Word bank

Revenue	the money a company takes in from selling things.
Net income	what is left after all costs and taxes. Also called profit.
Concentrate	the flavor base a bottler mixes with water and sweetener to make a drink.
Bottler	a company that makes, packages and delivers finished drinks.
Write-down	a charge that lowers the value of something on the books, such as a brand. No cash is paid out for it in that year.
Form 10-K	the yearly report a US public company files with the SEC.

Sentence starters

- "___ spends more of each $100 on ___ because its business ___."
- "The 10-K says ___ (Item ___, page ___)."
- "These two lines are close: ___. So they don't explain the gap."

student page

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