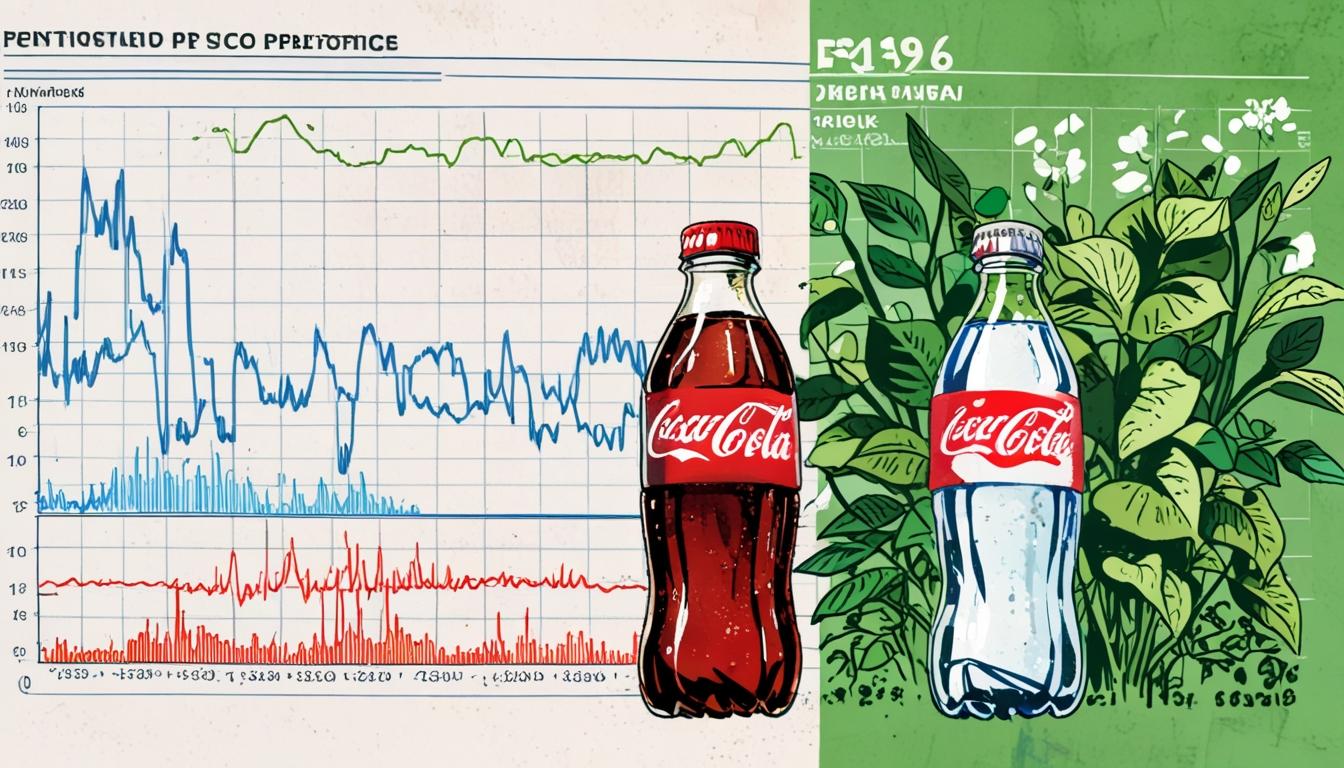
# Coca-Cola profits surge while PepsiCo faces flat growth amid strong sustainability strides



In the first quarter of 2025, both Coca-Cola and PepsiCo reported contrasting financial performances accompanied by updates on their sustainability initiatives, highlighting their efforts to balance business growth with environmental responsibility.

Coca-Cola experienced a strong quarter in terms of profits despite a slight dip in overall revenue. The company sold 2% more beverages globally, driven by robust demand in India, China, and Brazil. However, the total revenue declined by 2% to $11.1 billion, attributed mainly to currency fluctuations and the reassignment of some bottling operations. Core to Coca-Cola’s business strength, organic revenue, which excludes the effects of currency changes and one-time events, increased by 6%, buoyed by higher pricing and a modest rise in concentrate sales.

Profit surged significantly by 71%, aided by effective sales, cost control measures, and well-timed marketing efforts. Profit margins elevated to 32.9% from 18.9% the previous year, with adjusted margins reaching 33.8%. Earnings per share improved by 5% to $0.77, with adjusted earnings per share increasing by 1% to $0.73, even after accounting for currency losses. Key contributors to sales growth included Coke Zero Sugar, which saw a 14% increase in sales, and sparkling beverages like Coca-Cola and Fanta, which grew by 2%. Other beverage categories such as water, tea, and juice also registered slight gains, helping Coca-Cola expand its market share in the ready-to-drink market globally.

Regional performance varied: Europe, the Middle East, and Africa saw sales grow by 3%; Latin America’s sales were flat but benefited from pricing strategies to improve profits; North America experienced a 3% sales decline but profit growth due to higher prices; and Asia Pacific recorded a 6% sales increase across all drink types. The volume in bottling operations fell by 17% owing to shifts in production partners, which negatively impacted profits. Coca-Cola’s free cash flow declined by $5.5 billion, largely due to a one-time $6.1 billion payment related to its Fairlife acquisition, but remained positive at $558 million excluding this payment.

From an environmental perspective, Coca-Cola reported its greenhouse gas (GHG) emissions for 2023, documenting 5.62 million metric tons using the location-based method and 4.95 million metric tons using the market-based method. Direct factory emissions remained static at 1.61 million metric tons, while indirect emissions from electricity usage increased slightly. Notably, the carbon emissions per litre of product rose to 28.31 grams. The company also emphasised water stewardship, maintaining its goal of replenishing more water than it uses since 2015. In 2023, Coca-Cola used 1.78 litres of water per litre of product, a slight improvement from the previous year. Total water withdrawal and consumption increased, particularly in high water-stress regions, which accounted for 28% of its water use. Wastewater discharge decreased, demonstrating improved wastewater management. Moreover, Coca-Cola has expanded its water replenishment commitments from 175 to over 200 high-risk sites by 2035 to support local water ecosystems and communities.

In contrast, PepsiCo’s Q1 2025 report, released on 24 April, revealed mixed financial results amid challenging market conditions characterised by slow demand and increased global costs. Net revenue declined by 1.8% to $17.92 billion but exceeded analyst expectations. Organic revenue grew by 1.2%, boosted by stronger international sales despite weaker performance in North America. Core earnings per share fell slightly to $1.48, below forecast, while net income decreased to $1.83 billion from $2.05 billion year-on-year. Increased supply chain costs and new tariffs negatively affected profitability.

PepsiCo’s beverage sales in North America grew by 1%, driven by Pepsi Zero Sugar and Gatorade, although food sales, particularly from Frito-Lay, declined. The international segment showed strong sales growth in countries like India, Brazil, and Egypt. Looking ahead, the company revised its earnings growth forecast for 2025 to flat, citing inflationary pressures and global uncertainty. PepsiCo plans to focus on affordable products, global expansion, new product investment, and cost-cutting measures to manage inflation.

On the environmental front, PepsiCo reported significant progress in 2023 towards its sustainability targets related to farming, emissions, water, and packaging. The company doubled its regenerative farming acreage from 900,000 to 1.8 million acres and surpassed its water efficiency target by achieving a 22% improvement, above the 15% goal. Sustainable sourcing accounted for 58% of key ingredients, with ongoing support for over 57,000 farmers and workers, including initiatives to empower women and support local economies.

PepsiCo aims to achieve net-zero emissions by 2040, with interim targets to reduce Scope 1 and 2 emissions by 75% and Scope 3 emissions by 40% by 2030 from 2015 levels. Total greenhouse gas emissions stood at approximately 58 million metric tons in 2023, marking a 5% reduction from 2022 and a 4% reduction from 2015. Direct emissions from operations decreased by 33%, though Scope 3 emissions from the supply chain and others fell only marginally. To aid decarbonisation, PepsiCo expanded its electric vehicle fleet, accumulating over 3 million zero-emission miles, and increased use of renewable biogas derived from food waste.

Water use remained a priority, with a 25% improvement in efficiency at high-risk sites, meeting targets two years ahead of schedule. PepsiCo replenished approximately 69% of water used in water-stressed areas, amounting to over 12 billion litres. The number of manufacturing plants meeting advanced water standards rose from eight to twenty-seven within a year. A notable local initiative included the restoration of 70 million litres of water in Spain by replacing invasive plants around its Alvalle facility with native trees.

PepsiCo also advanced its efforts to reduce plastic waste. In 2023, 10% of its beverages were sold in reusable packaging, and it became the first brand in North America to eliminate plastic rings on multi-pack products, replacing them with paper-based alternatives. The company used 10% recycled plastic in packaging with a target of 50% by 2030. Over 30 countries now offer PepsiCo drinks in bottles made entirely from recycled PET plastic, excluding caps and labels. While virgin plastic use per serving was reduced by 1% in 2020, overall virgin plastic usage increased by 6% compared to 2020 but represented an improvement over the 11% rise seen in 2022. By the end of 2023, 89% of PepsiCo’s packaging was designed to be recyclable, compostable, biodegradable, or reusable, with expectations to reach 98% by 2025 and a predicted 92% actual recycling rate.

In summary, the two beverage companies display differing trajectories in both financial and environmental metrics. PepsiCo’s broader emissions reporting reveals a total footprint substantially larger than Coca-Cola’s manufacturing-only figures. However, PepsiCo achieved a reduction in emissions year-over-year in 2023, whereas Coca-Cola’s manufacturing emissions showed a slight increase. Both companies continue to advance their sustainability agendas amid shifting market dynamics, each with specific regional and product category challenges and successes. The developments underscore ongoing corporate efforts to integrate environmental objectives within their global business strategies.

The CarbonCredits.com is reporting on these detailed quarterly and sustainability disclosures from Coca-Cola and PepsiCo.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

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