**Income Statement Analysis**

**Coke**

Coke’s major expenses are cost of goods sold (COGS) and selling, general and administrative (SG&A) expenses. COGS accounts for 39.7% of revenues in 2021, 40.7% of revenues in 2020 and 39.2% of revenues in 2019. Meanwhile, SG&A expenses account for 31.4% of revenues in 2021, 29.5% of revenues in 2020 and 32.5% of revenues in 2019. Less significant expenses include income taxes and interest expense. Income taxes accounted for 6.8%, 6.0% and 4.8% of revenues in 2021, 2020 and 2019, respectively. Meanwhile, interest expense is 4.1% of revenues in 2021, 4.4% of revenues in 2020 and 2.5% of revenues in 2019.

Coke does not report any unusual or discontinued items.

Coke was more profitable in 2021 than in the prior two years. They had $9.8 billion of net income and $38.7 billion revenues in 2021, as compared to $7.8 billion net income and $33.0 billion revenues in 2020, and $9.0 billion net income from $37.3 billion revenues in 2019. Coke’s net profit margin was higher in 2021 than the other two years. In 2021, its net profit margin was 25.4% compared to 23.5% in 2020 and 24.1% in 2019.

**Pepsi**

Pepsi’s major expenses are COGS and SG&A expenses. In 2021, Pepsi’s COGS was 46.6% of revenue, while COGS was 45.2% of revenue in 2020, and 44.9% of revenue in 2019. Pepsi’s SG&A expenses in 2021 comprised 39.3% of revenue, while it was 40.5% of revenue in 2020 and 39.8% of revenue in 2019. Pepsi’s other expenses are very small, including income taxes which account for under 3% of revenues in each of the three years.

Pepsi does not report and unusual or discontinued items.

Although Pepsi increased its net income in 2021, it was less profitable in 2021 than in the prior two years from a net profit margin standpoint. In 2021, Pepsi had $7.7 billion of net income from $79.5 billion revenues, while in 2020, Pepsi had $7.2 billion of net income from $70.4 billion revenues and in 2019, Pepsi had $7.3 billion of net income from $67.2 billion in revenues. However, Pepsi’s net profit margin, its net income/revenues, have decreased since 2019. In 2021, Pepsi’s net profit margin was 9.7%, while it was 10.2% in 2020 and 11.0% in 2019. Thus, despite increasing overall profits during this three-year period, Pepsi’s ability to extract $’s of profits from revenues shrank from 2019 to 2021.