ModernGraham Valuation

Company Name:

Company Ticker

Date of Analysis

PepsiCo, Inc.



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

3/28/2018

Defensive Investor; must pass 6 out of the following 7 tests.

PEP

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$154,975,046,257	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.51	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at		
5. Earnings Growth	beginning and end	14.43%	Fail
Moderate PEmg Ratio	PEmg < 20	24.62	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	14.16	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.51 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.21 Fail
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass
	Score	

Suitability

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg		\$4.43
MG Growth Estimate		1.00%
MG Value		\$46.54
MG Value based on 3% Gro	owth	\$64.29
MG Value based on 0% Gro	owth	\$37.69
Market Implied Growth Rate	e	8.06%

MG Opinion

Current Price \$109.18 % of Intrinsic Value 234.59%

Opinion Overvalued MG Grade

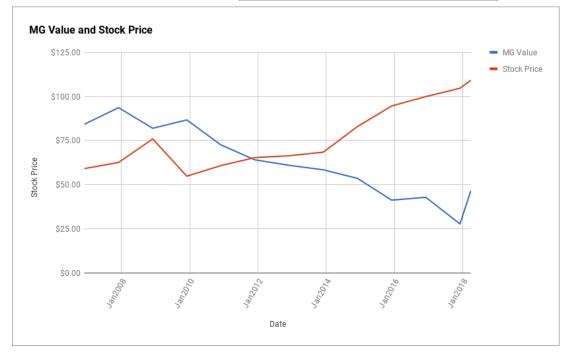
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.35
Graham Number	\$31.47
PEmg	24.62
Current Ratio	1.51
PB Ratio	14.16
Current Dividend	\$3.17
Dividend Yield	2.90%
Number of Consecutive Years of Dividend	
Growth	20

Useful Links: ModernGraham tagged articles

Morningstar Google Finance MSN Money Yahoo Finance Seeking Alpha <u>GuruFocus</u> SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate	*****	Next Fiscal Year Estimate	\$4.43
Dec2017	\$3.38	Dec2017	\$3.88
Dec2016	\$4.36	Dec2016	\$4.12
Dec2015	\$3.67	Dec2015	\$4.02
Dec2014	\$4.27	Dec2014	\$4.16
Dec2013	\$4.32	Dec2013	\$4.06
Dec2012	\$3.92	Dec2012	\$3.88
Dec2011	\$4.03	Dec2011	\$3.80
Dec2010	\$3.91	Dec2010	\$3.63
Dec2009	\$3.77	Dec2009	\$3.40
Dec2008	\$3.21	Dec2008	\$3.13
Dec2007	\$3.41	Dec2007	\$2.97
Dec2006	\$3.34	Dec2006	\$2.62
Dec2005	\$2.39	Dec2005	\$2.17
Dec2004	\$2.44	Dec2004	\$1.97
Dec2003	\$2.05	Dec2003	\$1.68
Dec2002	\$1.68	Dec2002	\$1.47
Dec2001	\$1.33	Balance Sheet Information	12/1/2017
Dec2000	\$1.42	Total Current Assets	\$31,027,000,000
Dec1999	\$1.37	Total Current Liabilities	\$20,502,000,000
Dec1998	\$1.31	Long-Term Debt	\$33,796,000,000
		Total Assets	\$79,804,000,000
		Intangible Assets	\$28,582,000,000
		Total Liabilities	\$68,759,000,000
		Shares Outstanding (Diluted Average)	1,432,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company $\underline{58\ Companies\ in\ the\ Spotlight\ This\ Week-1/31/15}$

<u>5 Speculative and Overvalued Companies to Avoid – January 2015</u>

Pepsico Inc. Annual Valuation – 2015 \$PEP 14 Companies in the Spotlight This Week – 1/25/14

Pepsico Inc. (PEP) Annual Valuation

Other ModernGraham posts about related companies The Coca-Cola Co Valuation – February 2018 \$KO

Campbell Soup Company Valuation - September 2017 \$CPB

Post Holdings Inc Valuation – Initial Coverage \$POST

<u>Dean Foods Co Valuation – Initial Coverage \$DF</u>

George Weston Limited Valuation - Initial Coverage \$TSE:WN

Tyson Foods Inc Valuation – July 2017 \$TSN

<u>Darling Ingredients Inc Valuation – Initial Coverage \$DAR</u>

Mondelez International Inc Valuation - March 2017 \$MDLZ

Calavo Growers Inc Valuation – Initial Coverage \$CVGW

Hormel Foods Corp Valuation - March 2017 \$HRL