

# ModernGraham Valuation

Company Name:

PepsiCo, Inc.

Company Ticker PEP

Date of Analysis

1/27/2019



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

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

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$154,354,958,646	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.31	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	12.64%	Fail
5. Earnings Growth	PEmg < 20	25.06	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	14.99	Fail
7. Moderate Price to Assets			

*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	1.31	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.99	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 Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.36
MG Growth Estimate	0.75%
<b>MG Value</b>	<b>\$43.60</b>
MG Value based on 3% Growth	\$63.28
MG Value based on 0% Growth	\$37.09
Market Implied Growth Rate	8.28%

### MG Opinion

Current Price	\$109.35
% of Intrinsic Value	250.79%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.26
Graham Number	\$30.61
PEmg	25.06
Current Ratio	1.31
PB Ratio	14.99
Current Dividend	\$3.17
Dividend Yield	2.90%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$5.45		\$4.36
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	<b>Balance Sheet Information</b>	
Dec2000	\$1.42	<b>9/1/2018</b>	
Dec1999	\$1.37	Total Current Assets	\$25,842,000,000
Dec1998	\$1.31	Total Current Liabilities	\$19,704,000,000
		Long-Term Debt	\$30,643,000,000
		Total Assets	\$73,632,000,000
		Intangible Assets	\$27,798,000,000
		Total Liabilities	\$63,243,000,000
		Shares Outstanding (Diluted Average)	1,424,000,000





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

[PepsiCo Inc Valuation – March 2018 \\$PEP](#)  
[5 Speculative and Overvalued Companies to Avoid – July 2016](#)  
[PepsiCo Inc Valuation – July 2016 \\$PEP](#)  
[58 Companies in the Spotlight This Week – 1/31/15](#)  
[5 Speculative and Overvalued Companies to Avoid – January 2015](#)

Other  
ModernGraham  
posts about related  
companies

[The Hershey Co Valuation – January 2019 \\$HSY](#)  
[Coca-Cola Co Valuation – November 2018 \\$KO](#)  
[Calavo Growers Inc Valuation – October 2018 \\$CVGW](#)  
[Lancaster Colony Corp Valuation – August 2018 \\$LANC](#)  
[SpartanNash Co Valuation – August 2018 \\$SPTN](#)  
[Core-Mark Holding Co Inc Valuation – August 2018 \\$CORE](#)  
[J&J Snack Foods Corp Valuation – August 2018 \\$JJSF](#)  
[Coca-Cola European Partners PLC Valuation – July 2018 \\$CCE](#)  
[Seneca Foods Corp Valuation – July 2018 \\$SENEA](#)  
[Saputo Inc Valuation – July 2018 \\$TSE-SAP](#)