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		
5. Earnings Growth	beginning and end	12.64%	Fail
Moderate PEmg Ratio	PEmg < 20	25.06	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	14.99	Fail

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

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	Pass
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Score

Suitability

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.36
MG Growth Estimate	0.75%
MG Value	\$43.60
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%

Opinion Overvalued MG Grade

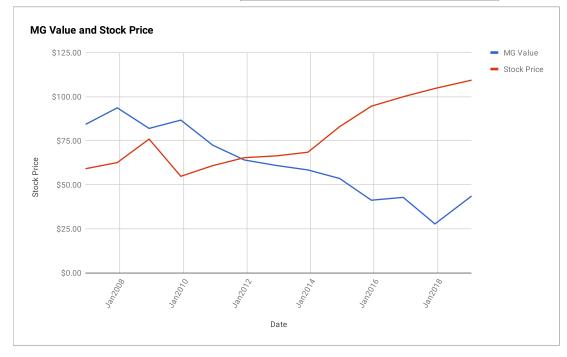
Stage 3: Information for Further Research

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: ModernGraham tagged articles

Morningstar Google Finance MSN Money Yahoo Finance Seeking Alpha **GuruFocus** SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate	******	Next Fiscal Year Estimate	\$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	Balance Sheet Information	9/1/2018
Dec2000	\$1.42	Total Current Assets	\$25,842,000,000
Dec1999	\$1.37	Total Current Liabilities	\$19,704,000,000
Dec1998	\$1.31	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

 $\underline{58\ Companies\ in\ the\ Spotlight\ This\ Week-1/31/15}$

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

<u>Lancaster Colony Corp Valuation – August 2018 \$LANC</u>

<u>SpartanNash Co Valuation – August 2018 \$SPTN</u>
<u>Core-Mark Holding Co Inc Valuation – August 2018 \$CORE</u>

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