



PEPSICO

NASDAQ: PEP
PepsiCo, Inc.

Fundamental Analysis





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Introduction

GICS Sector: Consumer Defensive

Sub-Industry: Beverages — Non-Alcoholic



CEO: Ramon Laguarta

Tenure: 5.0 years

PepsiCo, Inc's management team has an average tenure of **4.6 years**. It is considered experienced.

Source of revenue:

- PepsiCo, Inc. manufactures, markets, distributes, and sells various beverages and convenient foods worldwide.
- The company operates through seven segments: Frito-Lay North America; Quaker Foods North America; PepsiCo Beverages North America; Latin America; Europe; Africa, Middle East and South Asia; and Asia Pacific, Australia and New Zealand and China Region.
- PepsiCo, Inc. serves wholesale and other distributors, foodservice customers, convenience stores, discount/ dollar stores, mass merchandisers, membership stores, hard discounters, e-commerce retailers and authorized independent bottlers, and others through a network of direct-store-delivery, customer warehouse, and distributor networks, as well as directly to consumers through e-commerce platforms and retailers.
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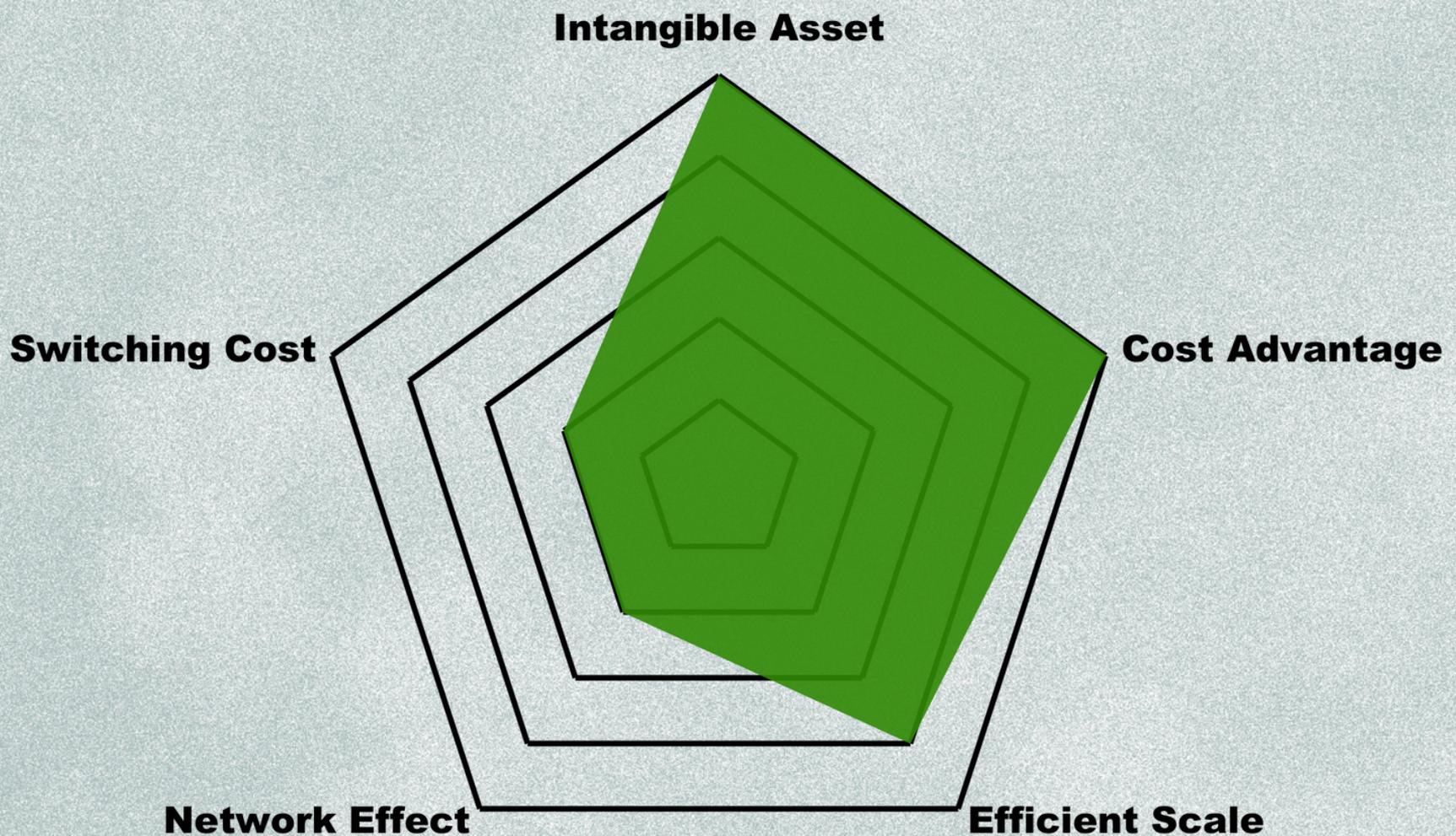
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Economic Moat



Economic moat: **Narrow**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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Performance

Yes

Inconsistent

No

Revenue growing YoY for the past 5 years consistently?



Net income growing YoY for the past 5 years consistently?



Cash flow from operating activities growing YoY for the past 5 years consistently?



Free cash flow is positive for the past 5 years?



Gross margin % is consistent/growing for the past 5 years?



EPS growing for the past 5 years?





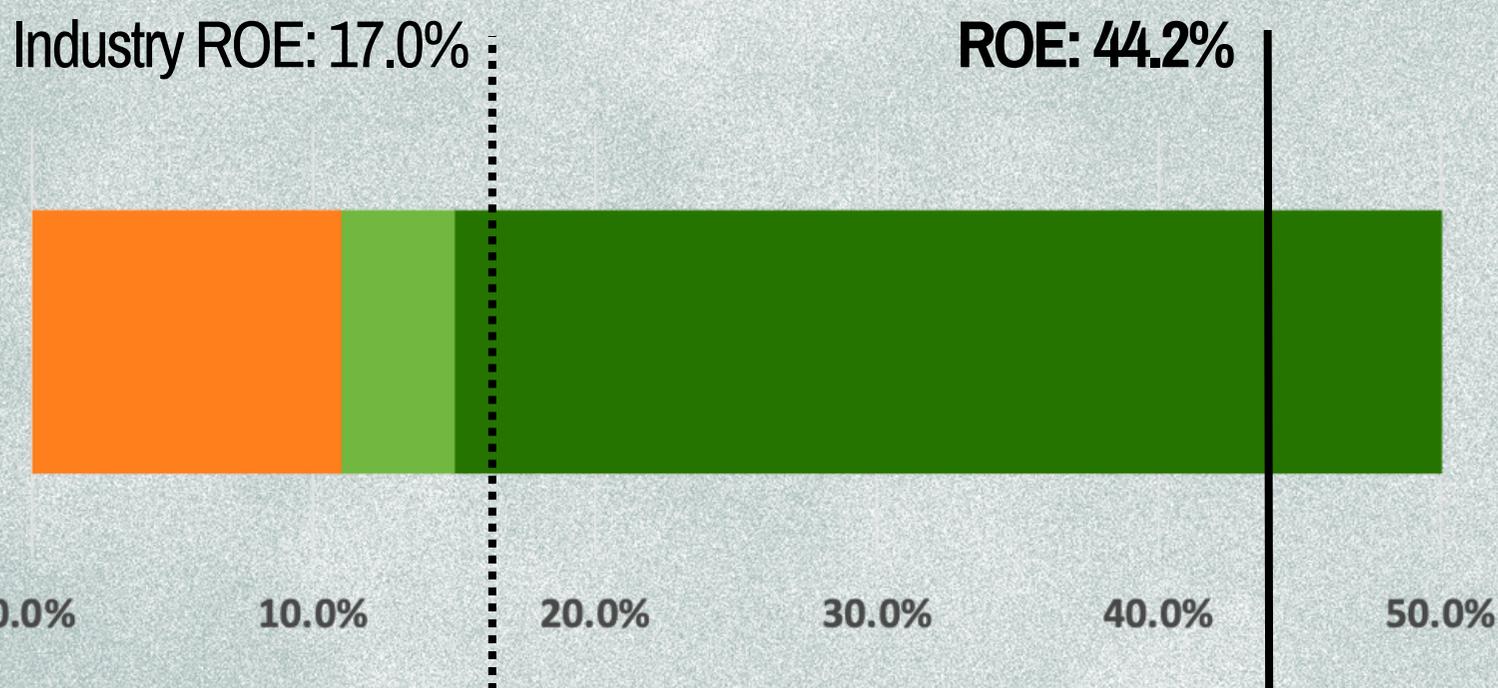
Management Effectiveness

Yes

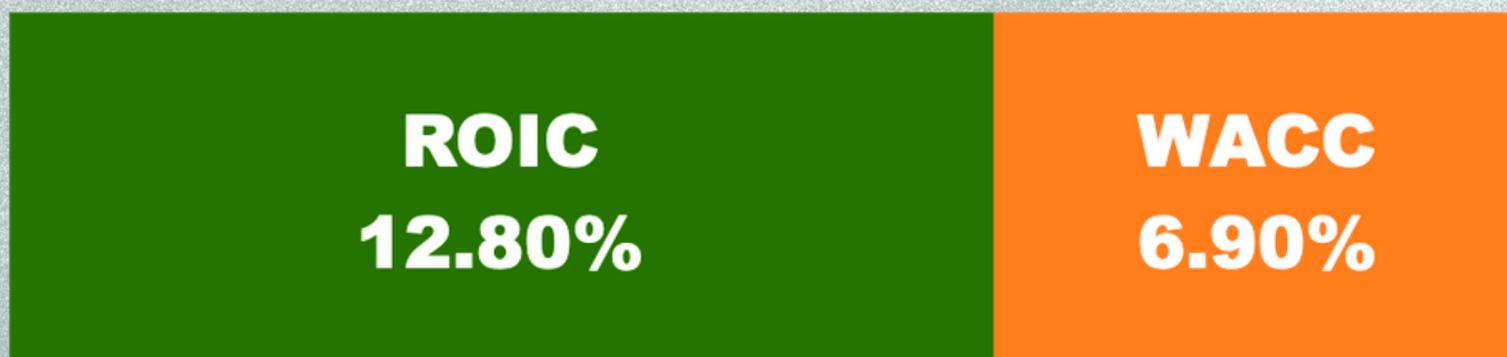
Inconsistent

No

ROE is consistently at 12%-15% YoY for the past 5 years?



ROIC is consistently at 12%-15% YoY for the past 5 years?



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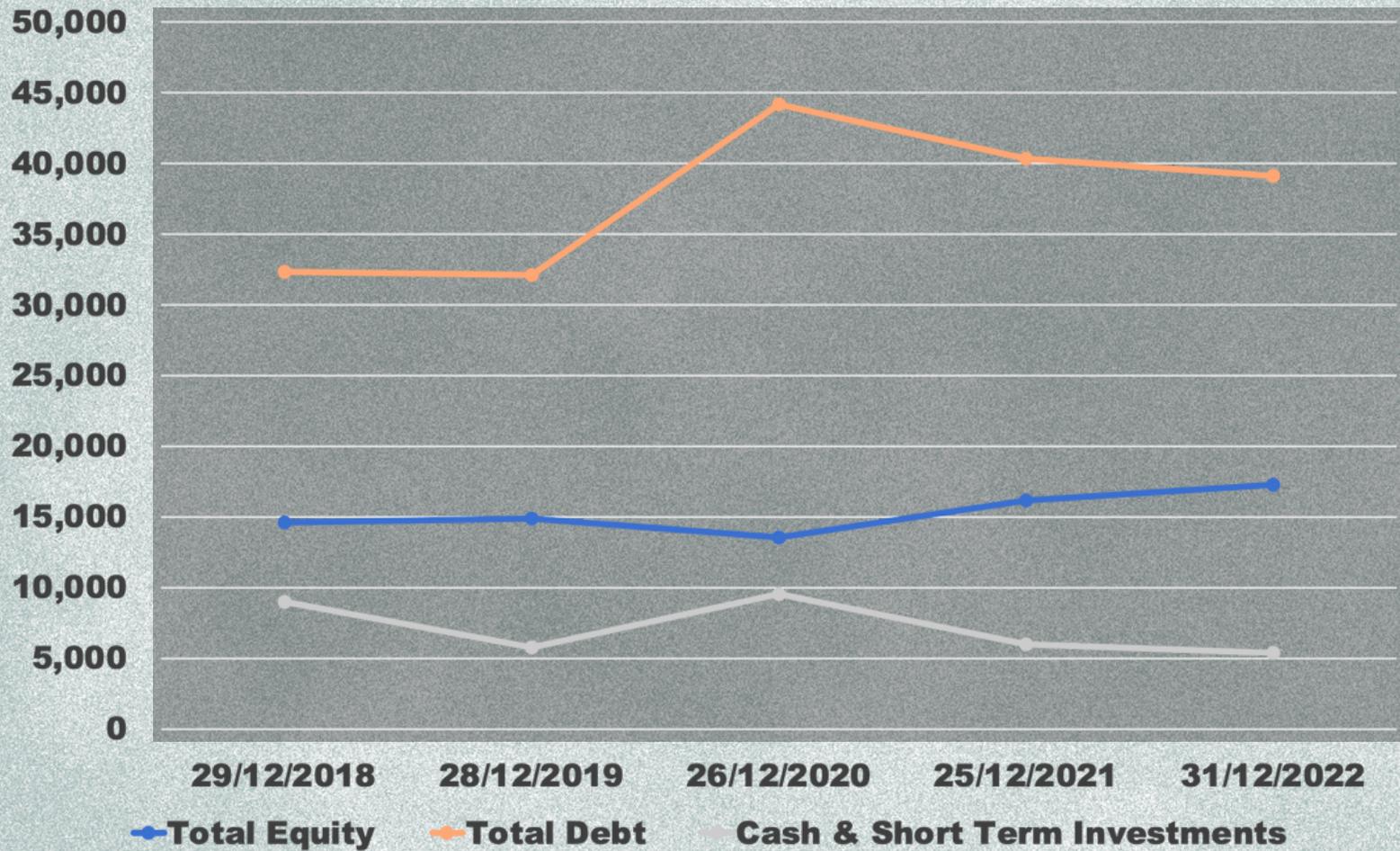
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Financial Health

USD Millions



Current Ratio: 0.8



Debt-to-EBITDA: 3.2



Interest Coverage: 13.9



Debt Servicing Ratio: 7.9%



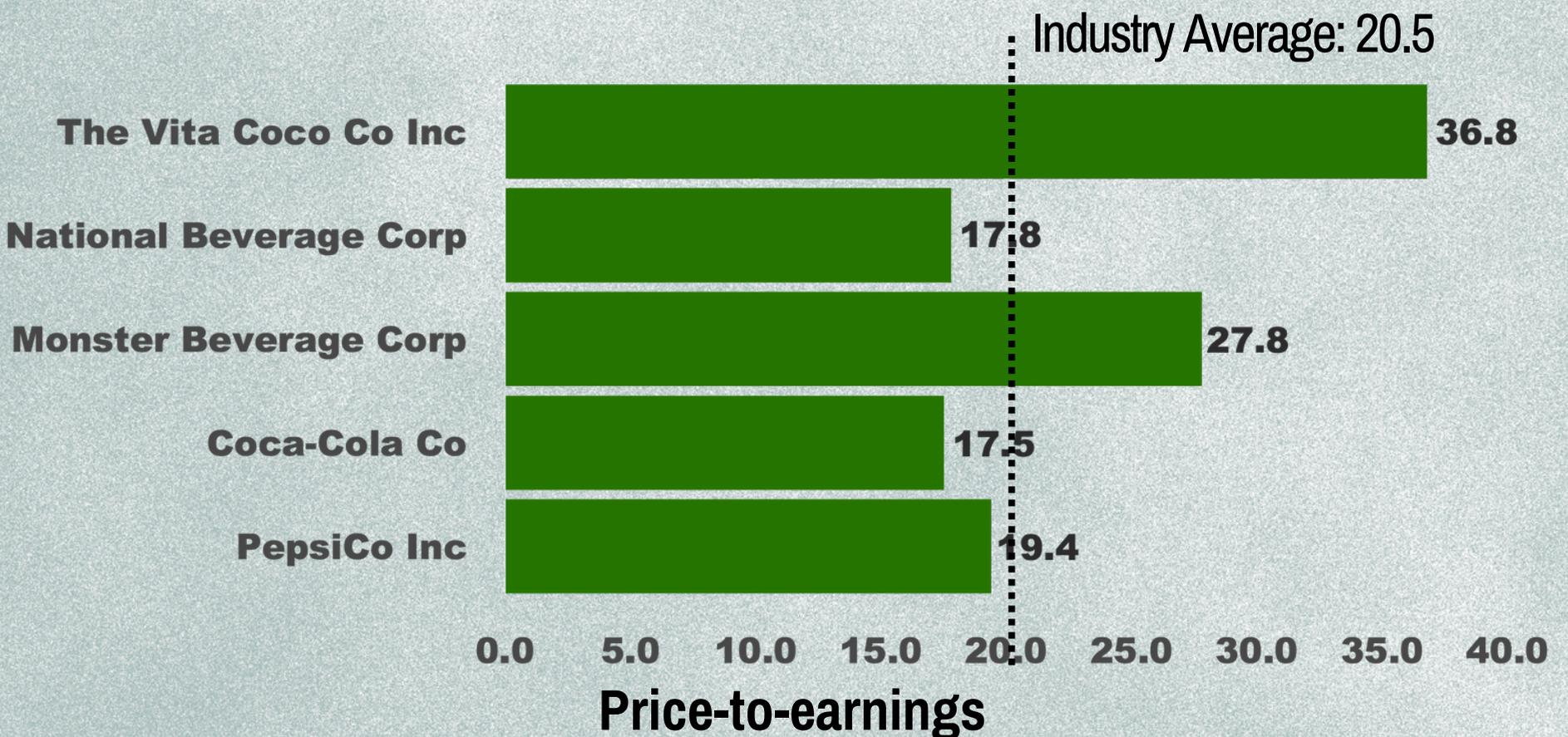
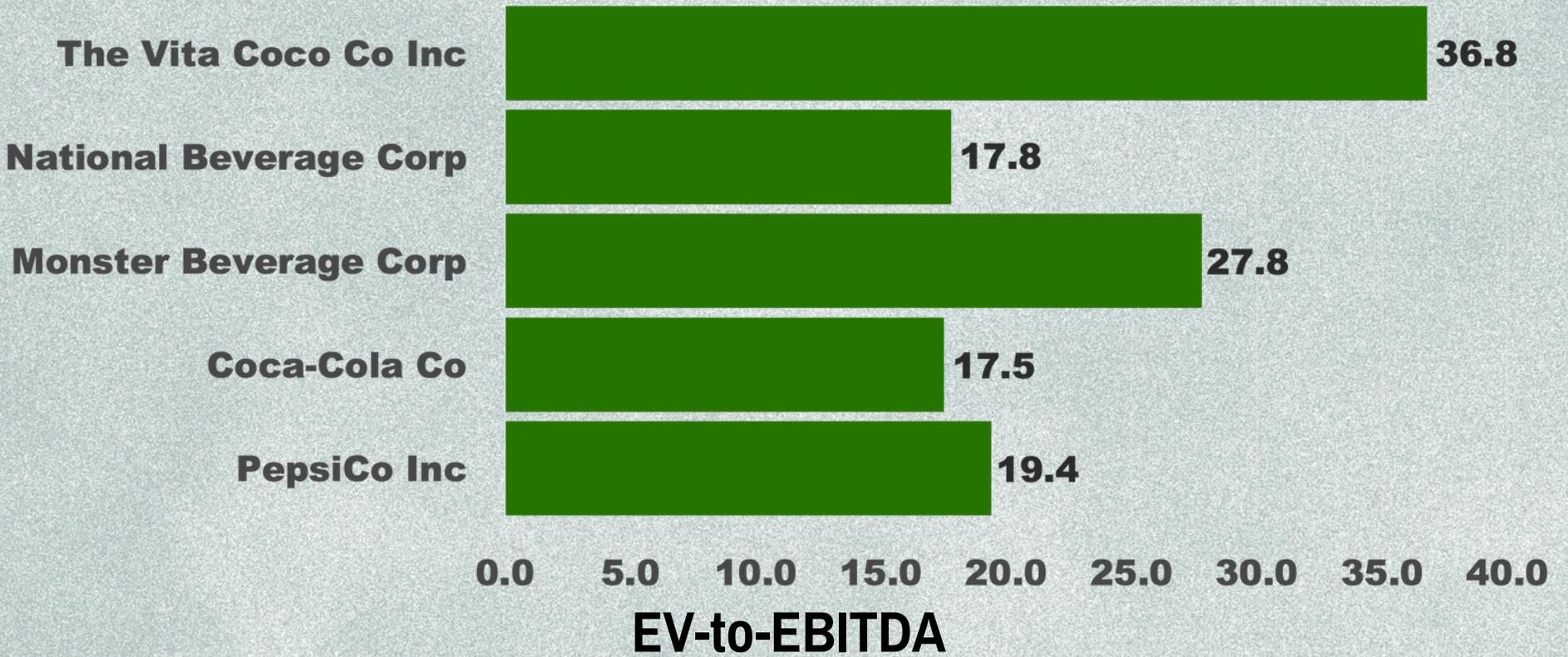
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Relative Valuation





Intrinsic Valuation

Estimated intrinsic value: **\$74.37**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$6,100M

Projected growth rate: 8%

Beta: 0.6

Discount rate: 6.0%

Date of calculation: 3 Oct 2023

Estimated intrinsic value of
PepsiCo, Inc.

\$74.37

\$160.98

\$196.88



Uncertainty: High

45% Margin of Safety

Price range after the
margin of safety

<\$41.00

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