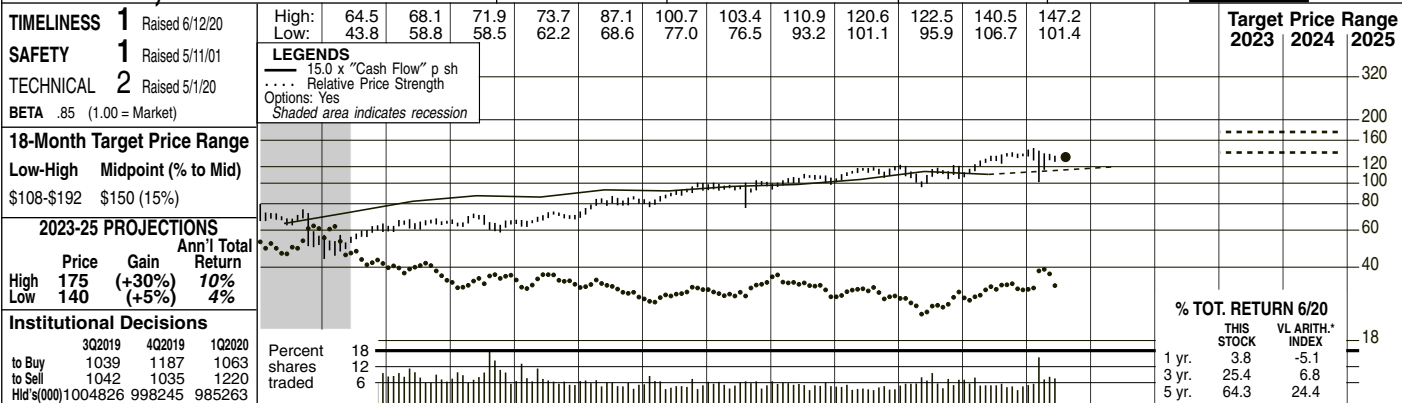


PEPSICO, INC. NDQ-PEP

RECENT PRICE **133.30** P/E RATIO **23.0** (Trailing: 23.7; Median: 20.0) RELATIVE P/E RATIO **1.10** DIV'D YLD **3.1%**

VALUE LINE



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
17.43	19.66	21.45	24.59	27.85	27.62	36.58	42.52	42.42	43.44	44.81	43.55	43.98	44.74	45.89	48.28	49.55	51.90	Sales per sh ^A	59.45
3.14	3.65	3.95	4.38	4.30	4.84	5.47	5.83	5.74	6.20	6.14	6.45	6.59	6.96	7.58	7.34	7.65	8.00	"Cash Flow" per sh	9.95
2.32	2.69	3.00	3.34	3.21	3.77	3.91	3.98	3.92	4.37	4.27	4.66	4.85	5.23	5.81	5.53	5.80	6.10	Earnings per sh ^{A B}	7.85
.85	1.01	1.16	1.43	1.60	1.75	1.89	2.03	2.13	2.24	2.53	2.79	2.96	3.17	3.46	3.76	3.82	4.09	Div'ds Decl'd per sh ^C	4.40
.83	1.05	1.26	1.51	1.58	1.36	2.06	2.14	1.76	1.83	1.92	1.90	2.13	2.09	2.33	3.04	2.35	2.45	Cap'l Spending per sh	2.75
8.03	8.58	9.36	10.71	7.77	11.12	13.56	13.34	14.41	15.85	11.69	8.28	7.81	7.64	10.30	10.63	10.85	11.80	Book Value per sh ^D	14.80
1679.0	1656.0	1638.0	1605.0	1553.0	1565.0	1581.0	1564.0	1544.0	1529.0	1488.0	1448.0	1428.0	1420.0	1409.0	1391.0	1385.0	1375.0	Common Shs Outst'g ^E	1350.0
22.1	20.6	20.4	20.5	20.5	14.7	16.5	16.4	17.4	18.4	20.8	20.7	21.4	21.6	19.1	23.1	20.0	25.0	Avg Ann'l P/E Ratio	20.0
1.17	1.10	1.10	1.09	1.23	.98	1.05	1.03	1.11	1.03	1.09	1.04	1.12	1.09	1.03	1.25	1.09	1.25	Relative P/E Ratio	1.10
1.7%	1.8%	1.9%	2.1%	2.4%	3.2%	2.9%	3.1%	3.1%	2.8%	2.8%	2.9%	2.9%	2.8%	3.1%	2.9%	2.8%	2.9%	Avg Ann'l Div'd Yield	2.8%

CAPITAL STRUCTURE as of 3/21/20				2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	
Total Debt \$27960 mill. Due in 5 Yrs \$3473 mill.				57838	66504	65492	66415	66683	63056	62799	63525	64661	67161	68650	71400	Sales (\$mill)	80250						
LT Debt \$22078 mill. LT Interest \$650 mill.				18.4%	18.5%	18.0%	19.3%	18.4%	20.3%	21.0%	25.7%	28.2%	19.8%	22.5%	23.0%	Operating Margin	22.5%						
(Total interest coverage: 11.1x) (62% of Cap'l)				2327.0	2737.0	2689.0	2663.0	2625.0	2416.0	2368.0	2369.0	2399.0	2432.0	2500	2550	Depreciation (\$mill)	2700						
Leases, Uncapitalized \$459 mill.				6320.0	6379.1	6178.0	6823.0	6513.0	6922.0	7040.5	7517.0	8283.0	7778.3	8125	8450	Net Profit (\$mill)	10725						
Pension Assets-12/19 \$18.3 bill. Oblig. \$19.9 bill.				23.0%	26.9%	25.2%	25.7%	25.1%	26.1%	25.4%	42.1%	42.0%	21.0%	21.0%	21.0%	Income Tax Rate	25.0%						
Common Stock 1,387,500,433 shs. as of 4/1/20				10.9%	9.6%	9.4%	10.3%	9.8%	11.0%	11.2%	11.8%	12.8%	11.6%	11.8%	11.8%	Net Profit Margin	13.3%						
MARKET CAP: \$185 billion (Large Cap)				1677.0	d713.0	1631.0	4364.0	2571.0	5453.0	5954.0	10525	d245.0	d2816	7500	8200	Working Cap'l (\$mill)	9000						
CURRENT POSITION (SMILL.)				19999	20568	23544	24333	23821	29213	30053	33796	28295	29148	28000	27500	Long-Term Debt (\$mill)	20000						
Cash Assets				21476	20899	22294	24279	17438	12030	11199	10889	14518	14786	15000	16250	Shr. Equity (\$mill)	20000						
Receivables				16.3%	16.4%	14.5%	15.0%	16.9%	18.0%	18.7%	18.1%	21.1%	17.9%	20.0%	20.5%	Return on Total Cap'l	27.5%						
Inventory (FIFO)				29.4%	30.5%	27.7%	28.1%	37.3%	57.5%	62.9%	69.0%	57.1%	52.6%	54.0%	52.0%	Return on Shr. Equity	53.5%						
Other				15.6%	15.4%	12.9%	14.0%	16.0%	24.0%	25.2%	28.1%	23.1%	16.7%	19.0%	18.0%	Retained to Com Eq	24.0%						
Current Assets				47%	49%	53%	50%	57%	58%	60%	59%	60%	68%	65%	65%	All Div'ds to Net Prof	55%						

BUSINESS: PepsiCo, Inc. operates four major businesses: Frito-Lay North America, 25% of sales and 51% of operating profits in '19; PepsiCo Beverages NA, 32% and 21%; Quaker Foods NA, 4% and 5%; and PepsiCo Int'l. (snacks and beverages), 39% and 23%. Quaker Oats acq., 8/01; Pepsi Bottling Group and PepsiAmericas acq. 2/10. Beverages: *Pepsi-Cola*, *Gatorade*, and *Tropicana*. Snack foods: *Frito-Lay* (brand names include *Doritos*, *Ruffles*, and *Lay's*), *Walker's*, *Smith's*, *Sabritas*. Has about 267,000 employees, Insiders own less than 1% of stock, The Vanguard Group: 8.3%, BlackRock Inc.: 7.7% (3/20 Proxy). Chairman and CEO: Ramon Laguarta. Inc.: NC. Add.: 700 Anderson Hill Road, Purchase, NY 10577. Telephone: 914-253-2000. Internet: www.pepsico.com.

The COVID-19 pandemic has not impacted PepsiCo's operations too severely. In the first quarter, the company realized top- and bottom-line growth of 7.7% and 10.3%, respectively. Sales advances should be fueled throughout the year, and in 2021, by a well-diversified portfolio of drinks and snacks. Ongoing product innovation and complementary acquisitions are expected to drive single-digit sales growth over the next two years. The bottom line should also continue to benefit from the healthy revenue stream and cost-containment programs. Moreover, PepsiCo's ability to shift operations and cater to evolving consumer tastes in both the snack and beverage categories ought to be beneficial to earnings advances, and facilitate single-digit growth.

The company's focus continues to be on expansion. It intends to strengthen its position in the fast-growing, high-margined energy-drink category through the recent \$3.85 billion acquisition of *Rockstar* energy. It also signed a deal with *Vital Pharmaceuticals* to be the sole distributor of *Bang Energy* drinks. Additional acquisitions, such as the purchase of *Be & Cheery*, one of China's largest online snack companies, for \$705 million, was also completed at the beginning of 2020.

PepsiCo's business should continue to thrive despite COVID-19-related factors. Shelter-in-place mandates caused some stockpiling of snacks and drinks. This scenario worked in PepsiCo's favor since heightened demand boosted the top and bottom lines.

This stock continues to show resilience despite broader market volatility. The company's operations may continue to be challenged by a decline of foot traffic in retail locations. However, its well-established e-commerce channels is a bright spot. Further, a diversified portfolio should help to offset some of the uncertainty related to the pandemic.

This high-quality equity is favorably ranked for year-ahead relative price performance. It is best suited for income-oriented, conservative investors. PepsiCo recently initiated a 7% quarterly dividend increase that takes the yield above the *Value Line* median. Long-term investors should await a better entry point, though.

Nira Maharaj
July 17, 2020

Cal-endar	QUARTERLY SALES (\$ mill.) ^A	Full Year			
Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year	
2017	12049	15710	16240	19526	63525
2018	12562	16090	16485	19524	64661
2019	12884	16449	17188	20640	67161
2020	13881	16500	17600	20669	68650
2021	14000	17000	18400	22000	71400

Cal-endar	EARNINGS PER SHARE ^{A B}	Full Year			
Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year	
2017	.94	1.50	1.48	1.31	5.23
2018	.96	1.61	1.75	1.49	5.81
2019	.97	1.54	1.56	1.45	5.53
2020	1.07	1.55	1.68	1.50	5.80
2021	1.05	1.70	1.80	1.55	6.10

Cal-endar	QUARTERLY DIVIDENDS PAID ^C	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Full Year	
2016	1.41	.752	.752	--	2.91
2017	1.51	.805	.805	--	3.12
2018	1.61	.927	.927	--	3.46
2019	1.85	.955	.955	--	3.76
2020	1.91	1.022	--	--	--

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