

PEPSICO, INC. NYSE-PEP										RECENT PRICE	P/E RATIO	Trailing: 20.4 Median: 19.0	RELATIVE P/E RATIO	DIV'D YLD	2.9%	VALUE LINE				
TIMELINESS	4	Lowered 9/5/14	High: 48.9	55.7	60.3	66.0	79.0	79.8	64.5	68.1	71.9	73.7	87.1	96.2			Target Price Range	2017	2018	2019
SAFETY	1	Raised 5/11/01	Low: 36.2	45.3	51.3	56.0	61.9	49.7	43.8	58.8	58.5	62.2	68.6	77.0						
TECHNICAL	2	Raised 10/17/14	LEGENDS — 15.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession																	
BETA	.65	(1.00 = Market)																		
2017-19 PROJECTIONS Price High 150, Low 120; Gain (+60%), (+30%); Ann'l Total Return 15%, 9%																				
Insider Decisions N D J F M A M J J to Buy 0 0 0 0 0 0 0 0 0 Options 0 0 0 2 1 0 0 0 4 to Sell 0 0 0 2 2 0 0 0 6																				
Institutional Decisions 4Q2013 1Q2014 2Q2014 to Buy 759 734 701 to Sell 721 770 768 Hid's(000) 106625710531201050844																				
Percent shares traded 9 6 3																				
% TOT. RETURN 9/14 THIS STOCK VL ARITH. INDEX 1 yr. 20.5 9.5 3 yr. 64.3 84.2 5 yr. 80.6 104.4																				
1998F	1999	2000F	2001	2002F	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC 17-19		
15.19	14.00	14.13	13.79	14.58	15.82	17.43	19.66	21.45	24.59	27.85	27.62	36.58	42.52	42.42	43.44	44.85	45.45	Sales per sh ^A	54.75	
2.04	1.98	2.27	2.32	2.68	2.81	3.14	3.65	3.95	4.38	4.30	4.84	5.47	5.83	5.74	6.20	6.45	6.80	"Cash Flow" per sh	8.80	
1.16	1.23	1.48	1.66	1.96	2.05	2.32	2.69	3.00	3.34	3.21	3.77	3.91	3.98	3.92	4.37	4.55	4.90	Earnings per sh ^{A B}	6.70	
.52	.54	.56	.58	.60	.63	.85	1.01	1.16	1.43	1.60	1.75	1.89	2.03	2.13	2.24	2.53	2.71	Div'ds Decl'd per sh ^C	2.95	
.96	.77	.74	.75	.83	.79	.83	1.05	1.26	1.51	1.58	1.36	2.06	2.14	1.76	1.83	2.10	2.15	Cap'l Spending per sh	2.50	
4.35	4.73	5.01	4.91	5.37	6.94	8.03	8.58	9.36	10.71	7.77	11.12	13.56	13.34	14.41	15.85	14.95	16.05	Book Value per sh ^D	22.20	
1471.0	1455.0	1446.0	1756.0	1722.0	1705.0	1679.0	1656.0	1638.0	1605.0	1553.0	1565.0	1581.0	1564.0	1544.0	1529.0	1500.0	1485.0	Common Shs Outst'g ^E	1425.0	
32.4	29.8	27.7	27.8	23.6	21.5	22.1	20.6	20.4	20.5	20.5	14.7	16.5	16.4	17.4	18.4	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0	
1.69	1.70	1.80	1.42	1.29	1.23	1.17	1.10	1.10	1.09	1.23	.98	1.05	1.03	1.11	1.03			Relative P/E Ratio	1.25	
1.4%	1.5%	1.4%	1.3%	1.3%	1.4%	1.7%	1.8%	1.9%	2.1%	2.4%	3.2%	2.9%	3.1%	3.1%	2.8%			Avg Ann'l Div'd Yield	2.1%	
CAPITAL STRUCTURE as of 9/6/14 Total Debt \$32742 mill. Due in 5 Yrs \$16005 mill. LT Debt \$23489 mill. LT Interest \$860 mill. (Total interest coverage: 11.1x) (50% of Cap'l) Leases, Uncapitalized \$2,014 mill.																				
Pension Assets-12/13 \$7.7 bill. Oblig. \$15.6 bill.																				
Pfd Stock \$41.0 mill. Pfd Div'd \$1.8 mill. 2067,65 shs., each conv. into 4.96 common shs. Common Stock 1,496,606,020 shs. as of 10/2/14 MARKET CAP: \$139 billion (Large Cap)																				
CURRENT POSITION 2012 2013 9/6/14 (SMILL.) Cash Assets 6297 9375 7282 Receivables 7041 6954 8376 Inventory (FIFO) 3581 3409 3784 Other 1801 2465 7148 Current Assets 18720 22203 26590 Accts Payable 11903 12533 13591 Debt Due 4815 5306 9253 Other 371 -- -- Current Liab. 17089 17839 22844																				
BUSINESS: PepsiCo, Inc. operates four major businesses: Frito-Lay North America, 21% of sales and 40% of operating profits in '13; PepsiCo Beverages NA, 32% and 30%; Quaker Foods NA, 4% and 6%; and PepsiCo Int'l. (snacks and beverages), 43% and 24%. Quaker Oats acq., 8/01; Pepsi Bottling Group and PepsiAmericas acq. 2/10. Major beverage products: <i>Pepsi-Cola</i> , <i>Gatorade</i> , and <i>Tropicana</i> . Specialty snack foods: <i>Frito-Lay</i> (brand names include <i>Doritos</i> , <i>Ruffles</i> , and <i>Lay's</i>), <i>Walker's</i> , <i>Smith's</i> , <i>Sabritas</i> . Has about 274,000 employees. Insiders own less than 1% of stock. The Vanguard Group; 5.7% (3/14 Proxy). Chairman & CEO: Indra Nooyi. Inc.: NC. Add.: 700 Anderson Hill Road, Purchase, NY 10577. Tel.: 914-253-2000. Internet: www.pepsico.com.																				
ANNUAL RATES Past Past Est'd '11-'13 of change (per sh) 10 Yrs. 5 Yrs. to '17-'19 Sales 11.5% 11.5% 4.0% "Cash Flow" 8.5% 7.0% 7.0% Earnings 8.0% 5.0% 8.5% Dividends 13.5% 9.0% 5.5% Book Value 9.5% 9.5% 7.5%																				
QUARTERLY SALES (\$ mill.)^A Cal-endar Mar.Per Jun.Per Sep.Per Dec.Per Full Year 2011 11937 16827 17582 20158 66504 2012 12428 16458 16652 19954 65492 2013 12581 16807 16909 20118 66415 2014 12623 16894 17218 20515 67250 2015 12800 17300 17550 21350 69000																				
EARNINGS PER SHARE^{A B} Cal-endar Mar.Per Jun.Per Sep.Per Dec.Per Full Year 2011 .71 1.17 1.25 .85 3.98 2012 .71 .94 1.21 1.06 3.92 2013 .77 1.31 1.24 1.05 4.37 2014 .79 1.29 1.32 1.15 4.55 2015 .85 1.42 1.43 1.20 4.90																				
QUARTERLY DIVIDENDS PAID^C Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2010 .90 .48 .48 -- 1.86 2011 .995 .515 .515 -- 2.03 2012 1.03 .537 .537 -- 2.12 2013 1.07 .567 .567 -- 2.21 2014 1.13 .655 .655 --																				
PepsiCo will likely continue operating in a difficult near-term environment. The beverage giant recently reported 2014 third-quarter results, whereby sales progressed at a low single-digit rate on a year-over-year basis. A decline in demand for carbonated beverages, particularly soda, continues to be a major headwind. This is notable primarily in North America (the company's main market), as consumers are becoming more aware of the ill effects of drinks that are high in sugar content and/or have artificial sweeteners. Although growth in emerging economies is better, political instability overseas and lower consumer spending tend to limit the pace.																				
The snack business is facing its share of challenges. A somewhat high inflationary environment will likely continue to cause a spike in manufacturing costs. Also, consumers are displaying caution regarding unhealthy snacks, reflecting obesity and other health concerns. In light of these hurdles, we project single-digit sales expansion over the next two years.																				
Share net should advance at a more commendable rate. We are estimating that the company will earn around \$4.55 and \$4.90 a share for 2014 and 2015, respectively, representing mid- single-digit progress on a year-over-year basis. Notably, the company's three-year, \$3 billion cost-savings program ought to be a contributor to profitability, and Pepsi is on target to realize \$1 billion in annualized savings in 2014. In addition, significant share repurchases ought to buoy earnings.																				
Product innovation is a clear catalyst. Pepsi is well aligned with the shift in consumer preferences. And its diverse array of drink and beverage selections highlights this fact. Indeed, the company continues to debut offerings that cater to many palates. Pepsi's gilt-edged financial position will readily support expansion. Also, contributions from emerging markets, such as Turkey and Latin America, should prove beneficial to top- and bottom-line growth.																				
The equity ought to suit multiple investors. The above-average dividend yield should attract income-oriented types. And the solid trademark of well-known brands suggests decent 3- to 5-year total return potential to conservative investors.																				
Nira Maharaj October 24, 2014																				

(A) Qtrs. are 12, 12, 12 and 16 wks. (B) Dil. egs. Excl. nonrecr. gains (losses): '98, '15e; '99, '14e; '01, ('14e); '02, ('11e); '04, ('12e); '05, ('27e); '06, '34e; '07, '7e; '11, '4e; '13, ('5e). '10 egs. ref. costs due to the acquisitions of its two largest bottlers. May not sum due to rounding. Next egs. rpt. due early Feb. (C) Divs. hind. paid Jan., Mar., Sept. ■ Reinvest. plan. avail. (D) Incl. intang. In '13: \$32.6 bill., \$21.35/sh. (E) In mill. (F) Reflects sale of maj. of Pepsi Bott. Gr. ('99) and reclass. of selling exp. ('01).
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