

BUY PEP
Current Price: \$167

Target Price:
\$193

Upside:
15%

PepsiCo, Inc. (NYSE: PEP)

Consumer Staples Food & Beverage Sector

Sector Head: Sarah McKay

Senior Analyst: Jack Margolius

Junior Analysts: Roman Charan, Daniel Coppola & Misha Chen

Company Overview



Business Overview

Largest food and beverage company in North America and **second largest worldwide**

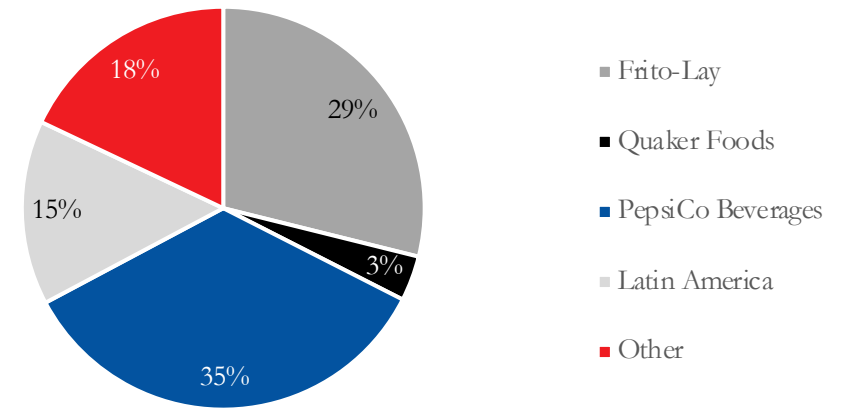
Segmented as 7 divisions, the largest being PepsiCo Beverages North America and Frito-Lay North America

Operates in **over 200** countries, adapting product offerings to suit local tastes while maintaining a consistent global image

PEP vs XLP % Change



Revenue Breakdown



Key Information

Current Share Price	\$167.74
52 Week Range	\$155.83 - \$196.88
Market cap. (in millions)	\$248,769
Enterprise Value	\$285,032,000
CEO	Ramon Laguarta
Dividend Yield	3.03%

BIF: Consumer Staples Food & Beverage

Industry Overview



Brief Overview

Beverage Industry

- Beverage stocks have fallen 4%, despite a 6.69% increase in earnings YTD
- Beverage sales have grown 10% YoY

Snack Industry

- 2022 US snack industry grew 16% in market cap; projected to grow 10B in 5 years
- 92% of people will replace at least one meal with a snack a week

Consumer Staples Sector

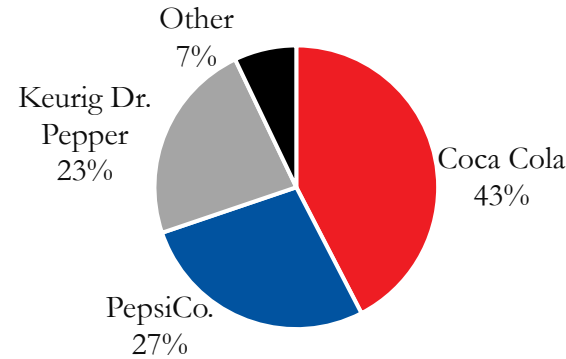
- Consumer Staples stocks have a 2.5% dividend yield over the SPY 2% average
- XLP has fallen 4.91% in price

Key Players

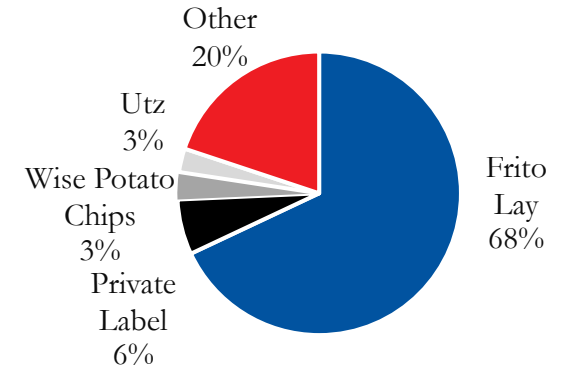


PepsiCo: Not Just A Soda Company

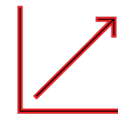
Market Share of the \$42.8B Soda Industry



Market Share of \$28B Snack Industry



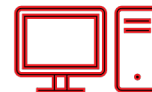
Recent Industry Trends



M&A activities have been **down** for beverage & packaged food industries as interest rates rise

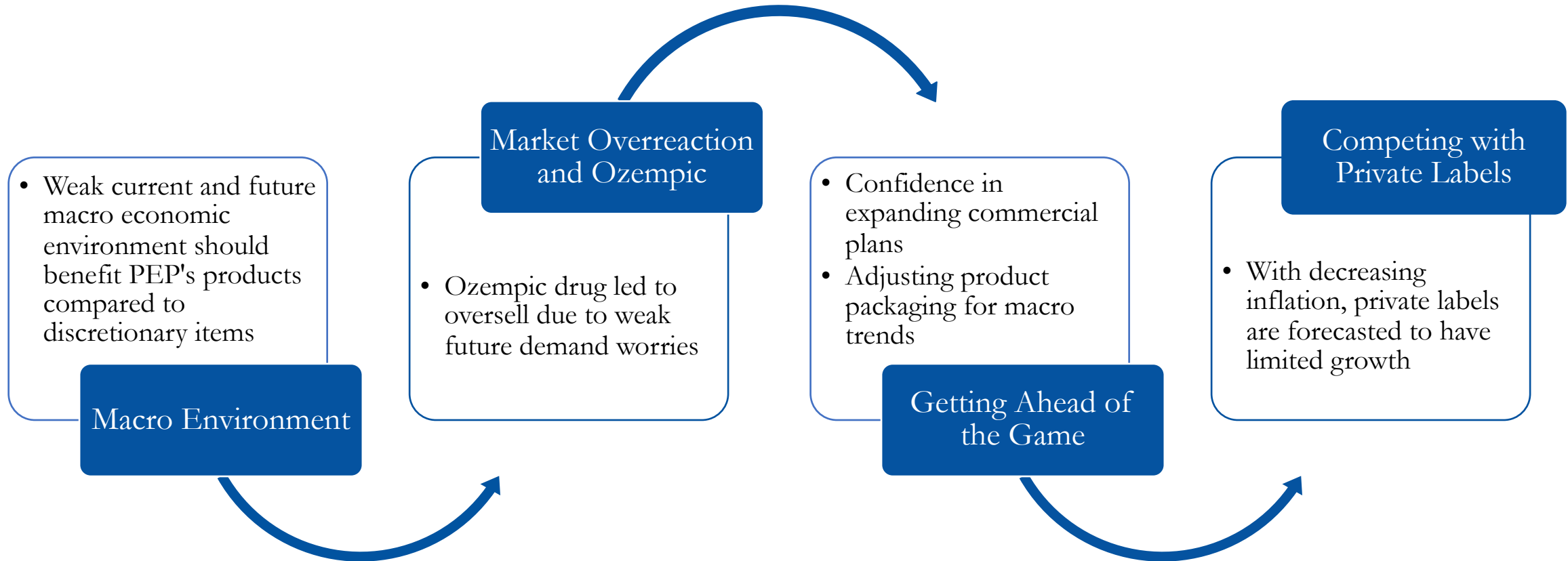


Emphasis on **portioning and weight loss drugs** leading to a rise in low/no calorie products



CapEx spending **grows** with industry leaders expanding **IT and e-commerce operations**

Investment Thesis

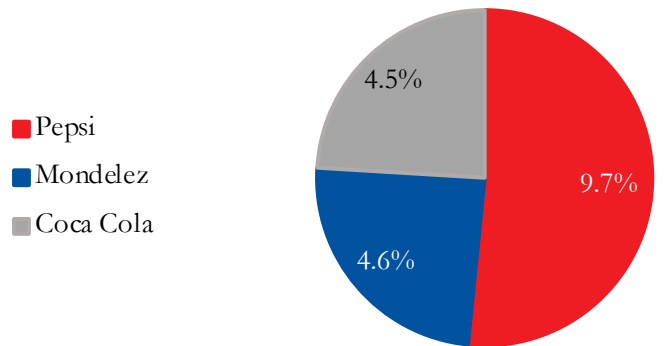


Allocation & Exposure Strategy



XLP Exposure

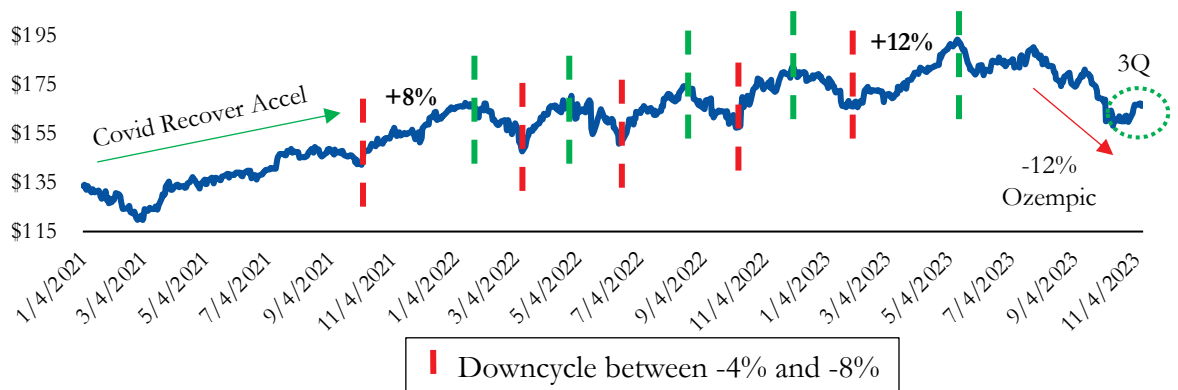
BIF Strategy: Invest in larger companies driving overall market growth → PEP



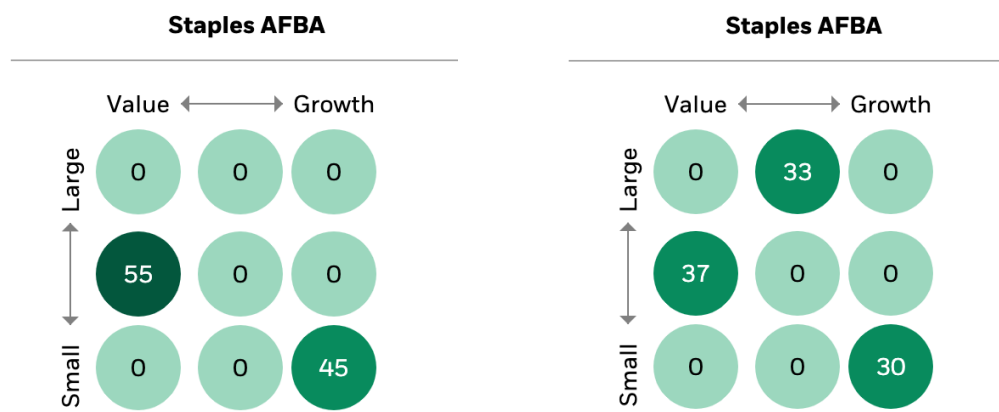
XLP Largest AFBA Holdings by Weight
Analyst PT:
KO: +14%
PEP: +25%
MDLZ: +14%

Pepsi Returns

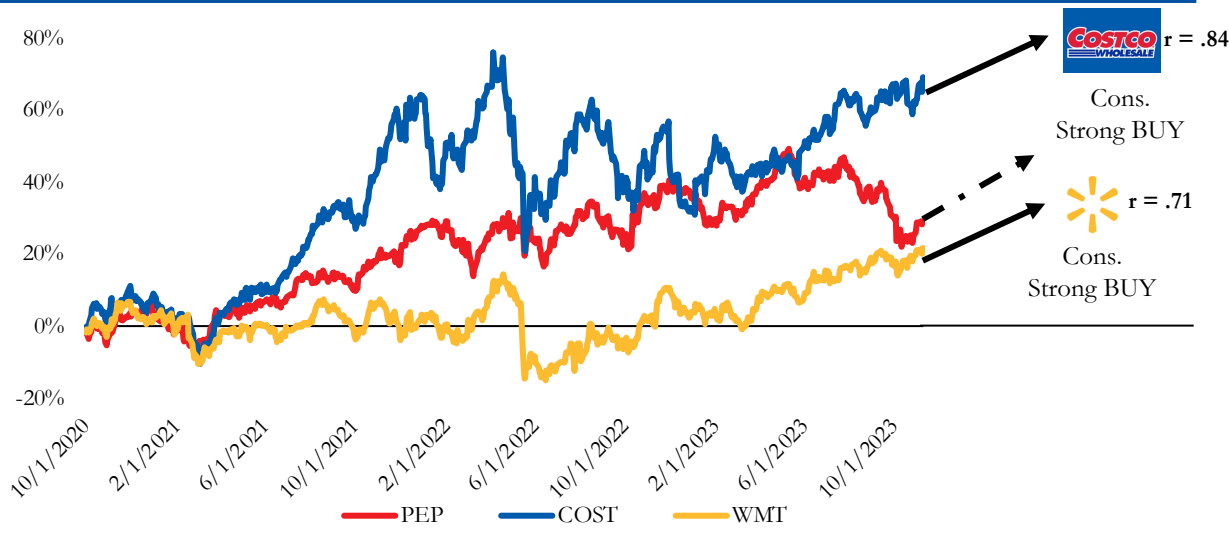
PEP Positive Momentum Moves +10% to +14% Through Inflationary Environment, resulting in net + growth in LT. As a Long-only Fund, it is crucial to recognize these types of returns from a AFBA giant. **PEP +25% > SPY +18%** - solid alpha for AFBA stock (XLP +9%, +18% pre-Ozempic Risk)



AFBA Portfolio Assistance



Correlation to Main Distributors

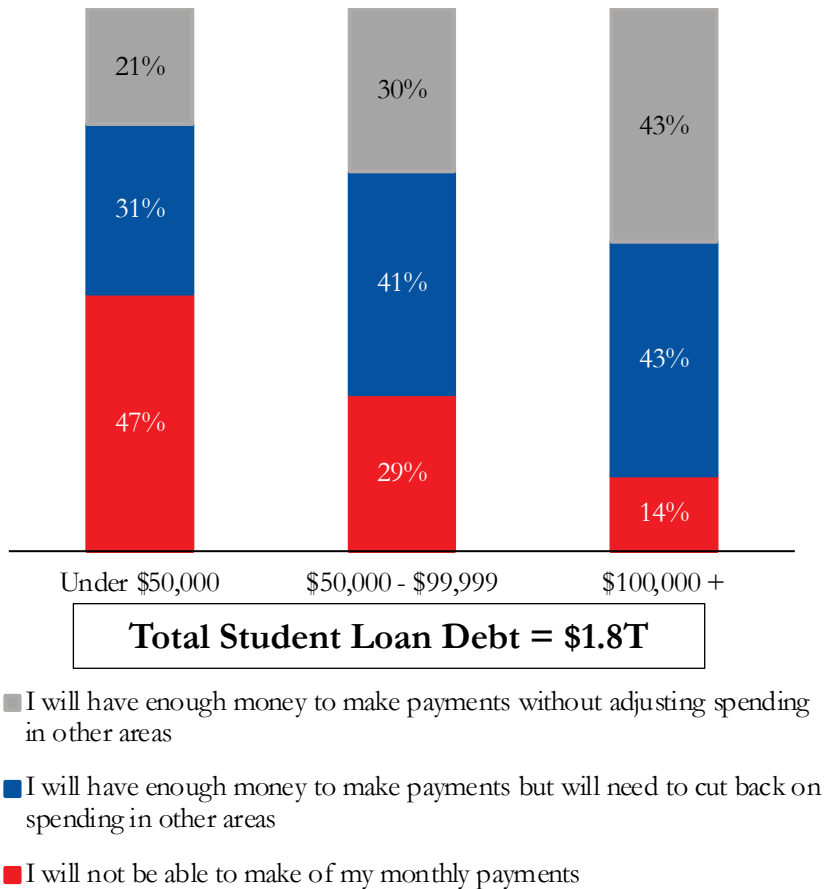


BIF: Consumer Staples Food & Beverage

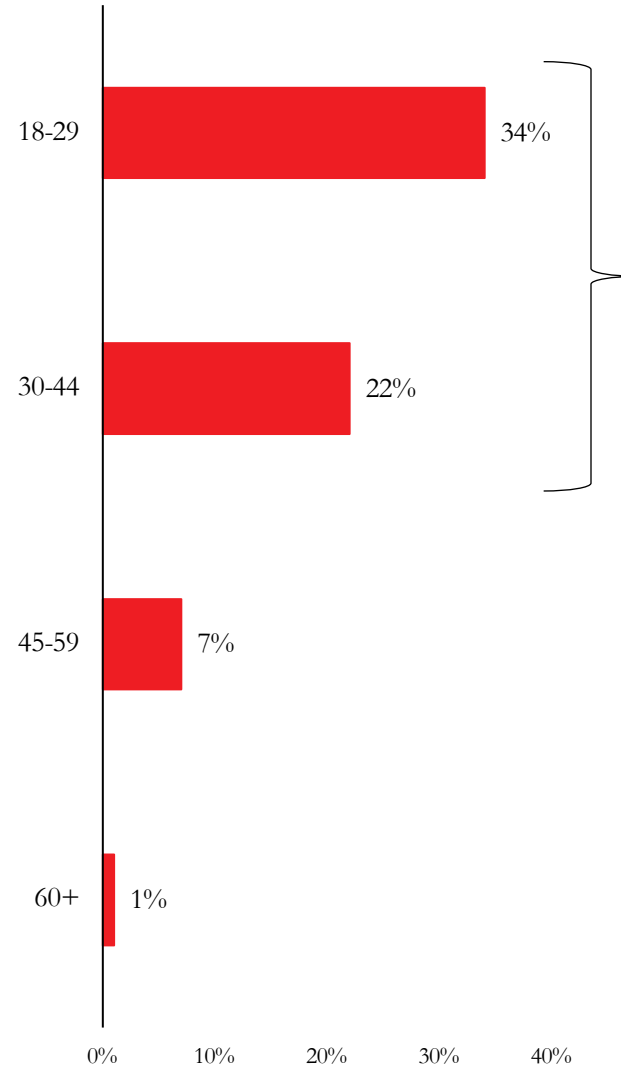
Macro Environment *(from Alts)*



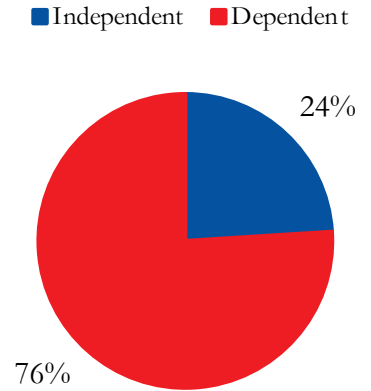
With the effects of inflation and the resume of Student Loan Payments, PEP's products are set to increase unit volume with price increases already passed to consumers.



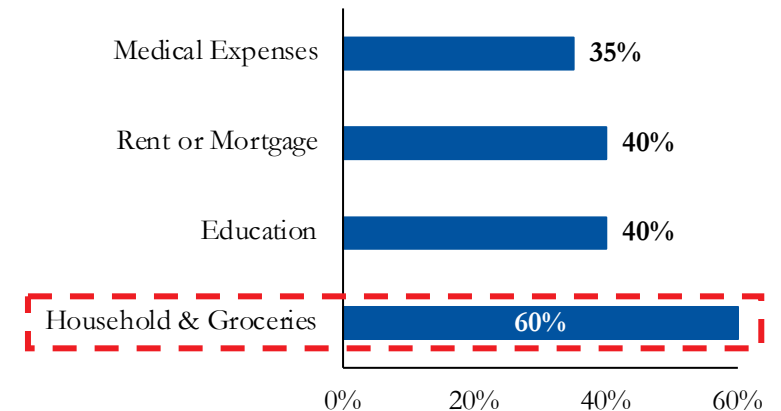
Student Loan % by Age



Just 24% of Young Adults are Financially Independent from their Parents by Age 22



The Good in the Bad: Pepsi Products are Already Staples in what Parents are Covering



Market Overreaction and Ozempic



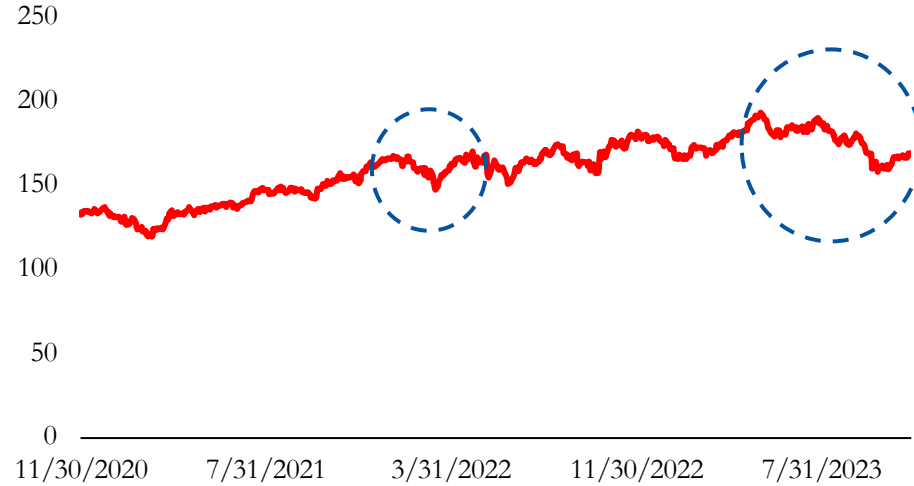
The Introduction of Ozempic

Ozempic is a medication used to treat type 2 Diabetes by mimicking the actions of GLP-1

Slows down the process of food being released from the stomach meaning it can also help with weight management

Ozempic aligns with consumer preference shift towards healthier foods and drink: food rich in fibers, lower intake of carbohydrates, and smaller portions

Impact on Share Price



Future Impact and Longevity of Ozempic



Only 52% of users report positive experience with drug



Due to weight loss component creates appearance of rapid aging



Can be deemed ineffective depending on consumer diet

Pep+ Initiative

Pep+ emphasizes **sustainability** and **health benefits** for the consumer

Whole grain



Plant based



45% less salt



Payments



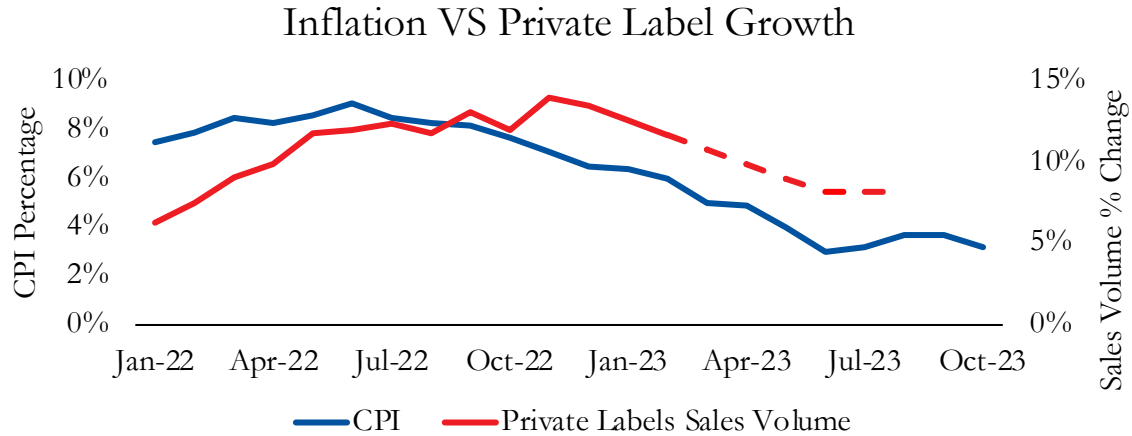
Developing products with diverse and nutritious ingredients as well as biodegradable product wrappers



Competing With Private Labels



Calming Inflation



How Pepsi Stays On Top



Increased Advertising: private labels struggle to advertise successfully

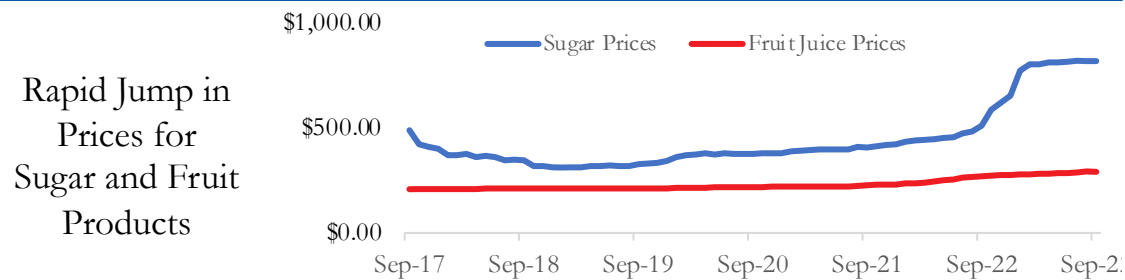


Focus On Emerging Markets: capitalizing off both unfulfilled regions and new product lines



Focusing On Other Revenue Streams: Expanding at stadiums, colleges, amusement parks, and online

Juice and Sugar Prices



Rapid Jump in Prices for Sugar and Fruit Products

Effect on Pepsi

- **Economics Of Scale:** Pepsi purchases more bulk, per unit prices are cheaper
- **Supply Chain Trimming:** Pepsi has areas where they can reduce the costs of their supply chain

Effect on Private Labels

- **Increased Prices:** Private labels lack the relationships and higher demands of their suppliers
- **Limited Options:** Limited available cutbacks on the supply chain before productivity dips

Advantage Of Name Brands

National Brands Hold Value For Retailers

Consumers who do not find the brand they are looking for will stop shopping there

Consumers Hold High Expectations

Private-label brands are bought with the expectation that the quality will be the same as a national brand

E-Commerce Advantage

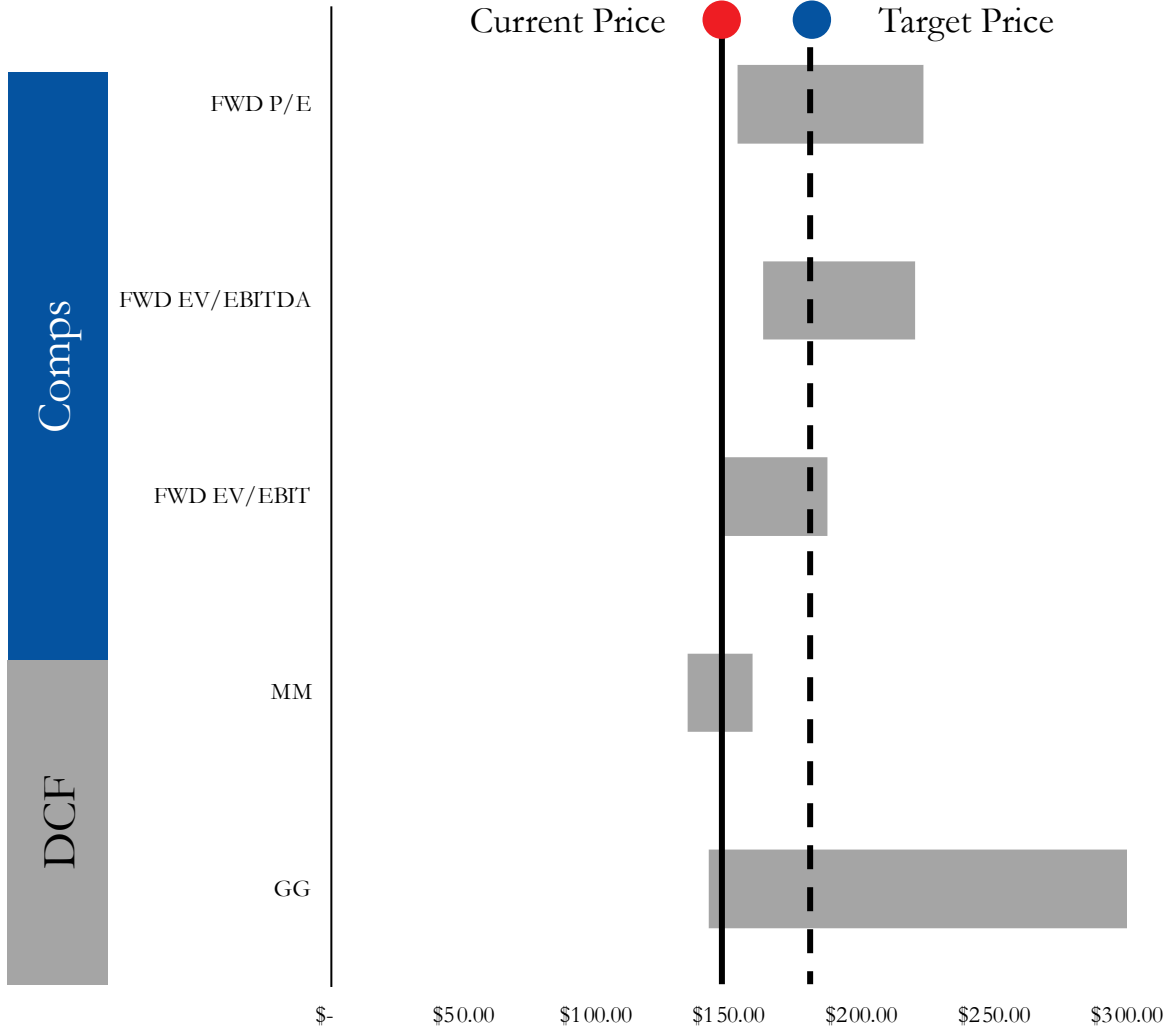
Those who shop online are more likely to remember national brands over private-label brands

Valuation



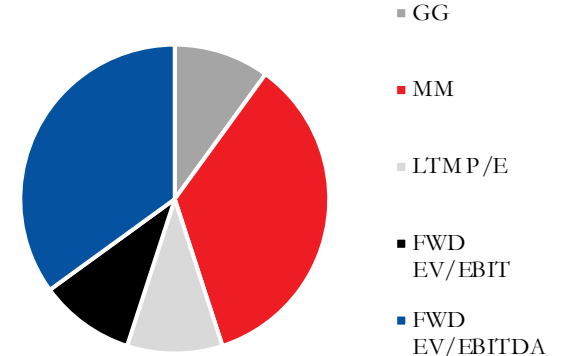
Football Field

BIF: Consumer Staples Food & Beverage



Weighted Share Price

Weighted Share Price		
Method	Share Price	Weight
GG	\$180.74	10%
MM	\$199.78	35%
LTM P/E	\$181.63	10%
FWD EV/EBIT	\$180.79	10%
FWD EV/EBITDA	\$195.58	35%
Share Price		\$192.69
Upside		15.38%



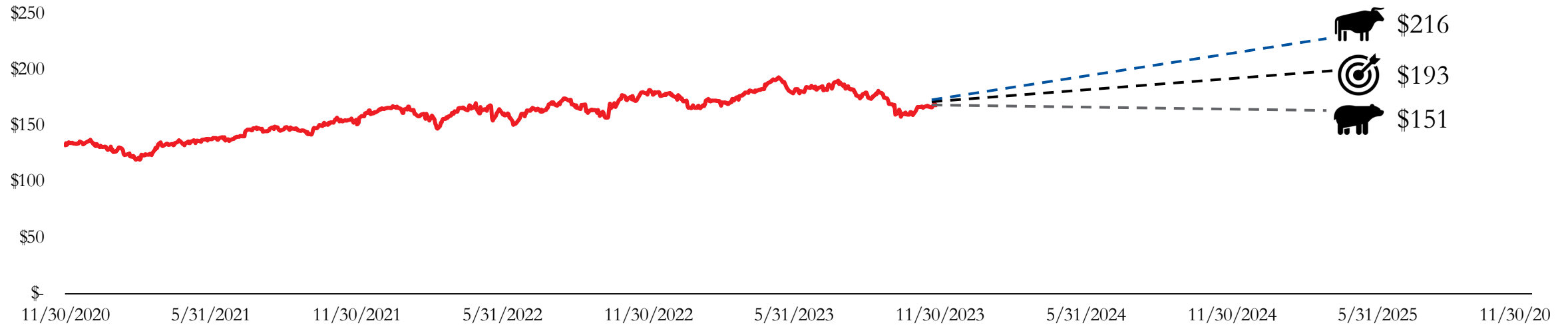
Analysts Consensus

	Rating	Price
Jefferies	Buy	203
MS	Buy	190
Citi	Buy	180
Barclays	Buy	181
JP Morgan	Buy	185
Goldman	Buy	200

Bear, Base, Bull, Cases



Bear vs. Bull Case



Upside/Downside Analysis

Bear Case

Inflation continues to increase, cost of debt continues to be expensive, and the possibility for a recession becomes more tangible

Disturbers see a disruption in their supply chain and struggle to supply consumers

14.50x 2025 FWD EV/EBITDA: \$151
Downside: 10%

Base Case

General improvement of the macroeconomic environment and smoothing of operations for disturbers

Market recognizes implication of Ozempic is negligible towards PepsiCo's demand

PepsiCo continues to persevere against private label brands

Bull Case

Massive improvement to the macroeconomic environment

Improvement in pricing and volume leads consumers to move away from private-label brands and back to the big-name brands

30x 2025 FWD P/E: \$216
Upside: 28%

BUY PEP
Current Price: \$167

Target Price:
\$193

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15%

Thank you!



Questions

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Appendix A: Balance Sheet



PepsiCo Inc (NASDAQ: PEP)

Balance Sheet (in \$mn)

Quarter End

Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20 FY20 Q1 FY21 Q2 FY21 Q3 FY21 Q4 FY21 FY 21 Q1 FY22 Q2 FY22 Q3 FY22 Q4 FY22 FY 22 Q1 FY23 Q2 FY23 Q3 FY23

Current Assets

Cash and cash equivalents	11,089	8,927	9,094	8,185	37,295	5,661	5,449	6,506	5,596	23,212	6,561	5,405	6,415	4,954	23,335	4,770	6,116	10,017
Short-term investments	158	196	611	1,366	2,331	964	328	344	392	2,028	343	287	327	394	1,351	434	338	266
Accounts and notes receivable	8,477	8,780	9,295	8,404	34,956	8,885	9,722	9,545	8,680	36,832	9,424	10,498	10,739	10,163	40,824	10,469	11,456	11,782

Inventories

Raw materials and packaging	1,502	1,869	1,798	1,720	6,889	1,827	2,081	1,926	1,898	7,732	2,017	2,403	2,303	2,366	9,089	2,435	2,638	2,456
Work-in-process	277	344	275	205	1,101	308	381	178	151	1,018	154	158	150	114	576	115	110	119
Finished goods	1,821	2,101	2,062	2,247	8,231	2,421	2,544	2,260	2,298	9,523	2,591	2,726	2,566	2,742	10,625	3,147	3,221	2,983

Inventory, Net, Total

Prepaid expenses and other current assets	3,600	4,314	4,135	4,172	16,221	4,556	5,006	4,364	4,347	18,273	4,762	5,287	5,019	5,222	20,290	5,697	5,969	5,558
	944	972	925	874	3,715	1,130	1,092	1,058	980	4,260	1,252	1,156	1,043	806	4,257	1,057	1,075	1,026

Assets held for sale

	-	-	-	-	-	-	-	1,893	1,788	3,681	-	-	-	-	-	-	-	-
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Total Current Assets

	24,268	23,189	24,060	23,001	94,518	21,196	21,597	23,710	21,783	88,286	22,342	22,633	23,543	21,539	90,057	22,427	24,954	28,649
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Property, Plant and Equipment

	42,696	43,018	44,116	46,340	176,170	46,544	47,404	45,688	46,828	186,464	46,533	47,902	48,100	49,784	192,319	50,022	50,804	51,585
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Accumulated Depreciation

	(23,716)	(23,831)	(24,390)	(24,971)	(96,908)	(25,295)	(25,785)	(24,431)	(24,421)	(99,932)	(24,516)	(25,208)	(25,300)	(25,493)	(100,517)	(25,794)	(26,304)	(26,732)
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Property, Plant and Equipment, Net, Total

	18,980	19,187	19,726	21,369	79,262	21,249	21,619	21,257	22,407	86,532	22,017	22,694	22,800	24,291	91,802	24,228	24,500	24,853
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Amortizable Intangible Assets, net

	1,443	1,465	1,515	1,703	6,126	1,690	1,686	1,584	1,538	6,498	1,497	1,348	1,314	1,277	5,436	1,250	1,232	1,208
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Goodwill

	15,465	17,845	18,603	18,757	70,670	18,779	18,893	18,531	18,381	74,584	18,112	18,547	18,388	18,202	73,249	18,089	17,997	17,892
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Other Indefinite-Lived Intangible Assets

	14,536	17,530	17,671	17,612	67,349	17,641	17,738	17,291	17,127	69,797	16,603	15,743	15,838	14,309	62,493	14,273	14,330	14,293
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Nonamortizable Intangible Assets

	30,001	35,375	36,274	36,369	138,019	36,420	36,631	35,822	35,508	144,381	34,715	34,290	34,226	32,511	135,742	32,362	32,327	32,185
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Investments in Noncontrolled Affiliates

	2,719	2,715	2,752	2,792	10,978	2,777	2,774	2,791	2,627	10,969	3,595	3,519	3,224	3,073	13,411	3,123	3,038	2,955
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Deferred Income Tax Assets, Net

	4,357	4,351	4,357	4,372	17,437	4,370	4,370	4,357	4,310	17,407	4,301	4,345	4,324	4,204	17,174	4,211	4,186	4,165
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Other Assets

	3,294	3,243	3,357	3,312	13,206	3,522	3,708	3,733	4,204	15,167	4,495	4,274	5,030	5,292	19,091	5,441	5,669	5,938
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Total Assets

	85,062	89,525	92,041	92,918	359,546	91,224	92,385	93,254	92,377	369,240	92,962	93,103	94,461	92,187	372,713	93,042	95,906	99,953
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BIF: Consumer Staples Food & Beverage

Appendix A: Balance Sheet



BIF: Consumer Staples Food & Beverage

Current Liabilities																			
Short-term debt obligations	5,882	6,607	6,692	3,780	22,961	4,674	4,264	4,234	4,308	17,480	5,459	6,032	3,109	3,414	18,014	4,281	7,613	8,937	
Accounts payable and other current liabilities	16,196	17,220	19,317	19,592	72,325	18,019	19,359	20,060	21,159	78,597	20,365	21,191	22,544	23,371	87,471	21,556	22,005	23,723	
Liabilities held for sale	-	-	-	-	-	-	-	783	753	1,536	-	-	-	-	-	-	-	-	
Total Current Liabilities	22,078	23,827	26,009	23,372	95,286	22,693	23,623	25,077	26,220	97,613	25,824	27,223	25,653	26,785	105,485	25,837	29,618	32,660	
Long-term Debt Obligations	35,361	38,371	37,879	40,370	151,981	38,991	38,034	37,023	36,026	150,074	34,590	33,247	36,136	35,657	139,630	37,486	36,008	35,837	
Deferred Income Tax Liabilities, Net	4,060	4,203	4,217	4,284	16,764	4,491	4,625	4,529	4,826	18,471	5,072	4,838	4,724	4,133	18,767	4,039	4,113	4,047	
Other Liabilities	10,004	10,537	10,341	11,340	42,222	10,996	10,705	10,635	9,154	41,490	9,156	9,121	8,813	8,339	35,429	8,505	8,342	8,439	
Total Liabilities	71,503	76,938	78,446	79,366	306,253	77,171	76,987	77,264	76,226	307,648	74,642	74,429	75,326	74,914	299,311	75,867	78,081	80,983	
PepsiCo Common Shareholders' Equity																			
Common stock	23	23	23	23	92	23	23	23	23	92	23	23	23	23	92	23	23	23	
Capital in excess of par value	3,741	3,772	3,848	3,910	15,271	3,800	3,863	3,924	4,001	15,588	3,893	3,970	4,036	4,134	16,033	3,996	4,082	4,154	
Retained earnings	61,920	62,145	63,013	63,443	250,521	63,740	64,605	65,336	65,165	258,846	67,934	67,763	68,872	67,800	272,369	68,142	69,135	70,479	
Accumulated other comprehensive loss	(15,057)	(15,778)	(15,357)	(15,476)	(61,668)	(15,246)	(14,859)	(15,125)	(14,898)	(60,128)	(15,343)	(14,416)	(14,743)	(15,302)	(59,804)	(15,601)	(15,780)	(15,794)	
Repurchased common stock, in excess of par value	(37,162)	(37,671)	(38,044)	(38,446)	(151,323)	(38,370)	(38,333)	(38,286)	(38,248)	(153,237)	(38,305)	(38,787)	(39,211)	(39,506)	(155,809)	(39,518)	(39,775)	(40,056)	
Total PepsiCo Common Shareholders' Equity	13,465	12,491	13,483	13,454	52,893	13,947	15,299	15,872	16,043	61,161	18,202	18,553	18,977	17,149	72,881	17,042	17,685	18,806	
Noncontrolling interests	94	96	112	98	400	106	99	118	108	431	118	121	158	124	521	133	140	164	
Total Equity	13,559	12,587	13,595	13,552	53,293	14,053	15,398	15,990	16,151	61,592	18,320	18,674	19,135	17,273	73,402	17,175	17,825	18,970	
Total Liabilities and Equity	85,062	89,525	92,041	92,918	359,546	91,224	92,385	93,254	92,377	369,240	92,962	93,103	94,461	92,187	372,713	93,042	95,906	99,953	

Appendix B: Income Statement



Quarter End	Q1 FY20	Q2	Q3	Q4	FY20	FY 21					FY 22					FY 23			
	FY20	FY20	FY20	FY20		Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY 21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY 22	Q1 FY23	Q2 FY23	Q3 FY23	
Net Revenue	13,881	15,945	18,091	22,455	70,372	14,820	19,217	20,189	25,248	79,474	16,200	20,225	21,971	27,996	86,392	17,846	22,322	23,453	
Cost of sales	6,127	7,088	8,156	10,426	31,797	6,671	8,880	9,394	12,130	37,075	7,433	9,415	10,308	13,420	40,576	7,988	10,121	10,675	
<i>As a % of Sales</i>	44%	44%	45%	46%	45%	45%	46%	47%	48%	47%	46%	47%	47%	48%	47%	45%	45%	46%	
Gross profit	7,754	8,857	9,935	12,029	38,575	8,149	10,337	10,795	13,118	42,399	8,767	10,810	11,663	14,576	45,816	9,858	12,201	12,778	
Selling, general and administrative expenses	5,830	6,538	6,924	9,161	28,453	5,837	7,208	7,636	10,556	31,237	6,580	7,387	8,295	12,197	34,459	7,229	8,542	8,757	
<i>As a % of Sales</i>	42%	41%	38%	41%	40%	39%	38%	38%	42%	39%	41%	37%	38%	44%	40%	41%	38%	37%	
Gain associated with the Juice Transaction	0	0	0	0	0	0	0	0	0	0	(3,322)	(13)	14	0	(3,321)	0	0	0	
Impairment of Intangible Assets (Excluding Goodwill)	0	0	0	42	42	0	0	0	0	0	242	1,359	1	1,564	3,166	0	0	6	
Operating Profit	1,924	2,319	3,011	2,826	10,080	2,312	3,129	3,159	2,562	11,162	5,267	2,077	3,353	815	11,512	2,629	3,659	4,015	
Other pension and retiree medical benefits income	77	84	86	(130)	117	120	126	118	158	522	134	(2)	36	(36)	132	61	60	62	
Net interest expense and other	(290)	(235)	(264)	(339)	(1,128)	(258)	(241)	(232)	(1,132)	(1,863)	(240)	(236)	(190)	(273)	(939)	(200)	(201)	(201)	
Income before income taxes	1,711	2,168	2,833	2,357	9,069	2,174	3,014	3,045	1,588	9,821	5,161	1,839	3,199	506	10,705	2,490	3,518	3,876	
Provision for income taxes	360	510	526	498	1,894	451	642	802	247	2,142	888	393	475	(29)	1,727	546	747	760	
Net income	1,351	1,658	2,307	1,859	7,175	1,723	2,372	2,243	1,341	7,679	4,273	1,446	2,724	535	8,978	1,944	2,771	3,116	
Net Income (Loss) Attributable to Noncontrolling Interest	13	12	16	14	55	9	14	19	19	61	12	17	22	17	68	12	23	24	
Net Income Attributable to PepsiCo	1,338	1,646	2,291	1,845	7,120	1,714	2,358	2,224	1,322	7,618	4,261	1,429	2,702	518	8,910	1,932	2,748	3,092	
Earnings Per Share [Abstract]																			
Earnings Per Share, Basic (in USD per share)	\$0.96	\$1.19	\$1.66	\$1.33	\$5.14	\$1.24	\$1.71	\$1.61	\$0.96	\$5.51	\$3.08	\$1.03	\$1.96	\$0.38	\$6.46	\$1.40	\$1.99	\$2.25	
Earnings Per Share, Diluted (in USD per share)	\$0.96	\$1.19	\$1.65	\$1.33	\$5.11	\$1.24	\$1.70	\$1.60	\$0.95	\$5.48	\$3.06	\$1.03	\$1.95	\$0.37	\$6.42	\$1.40	\$1.99	\$2.24	
Weighted-average common shares outstanding																			
Weighted Average Number of Shares Outstanding, Basic (in shares)	1,390	1,387	1,384	1,385	1,385	1,380	1,382	1,382	1,382	1,382	1,383	1,382	1,380	1,380	1,378	1,378	1,378	1,376	
Weighted Average Number of Shares Outstanding, Diluted (in shares)	1,396	1,387	1,390	1,392	1,392	1,387	1,388	1,389	1,389	1,389	1,391	1,389	1,387	1,387	1,387	1,384	1,384	1,383	

BIF: Consumer Staples Food & Beverage

Appendix C: IS Assumptions



Assumptions

Effective Tax Rate (as stated by PEP)	20%
Interest Coverage Ratio	19.98
TTM Revenue	91,617
TTM EBIT	11,118
TTM EBITDA	10,922
TTM NI	5,532
TTM D&A	(196)
FWD EBITDA	16,381

Appendix C: IS Assumptions



Quarter End	Q4 23E	FY 23E	Q1 24E	Q2 24E	Q3 24E	Q4 24E	FY 24E	Q1 25E	Q2 25E	Q3 25E	Q4 25E	FY 25E	Q1 26E	Q2 2E	Q3 26E	Q4 26E	FY26E	FY27E	FY28E
Net Revenue	21,799	85,420	22,588	23,712	25,397	27,557	99,254	28,825	30,148	31,316	32,352	122,640	33,200	34,071	34,966	35,885	138,122	141,586	145,144
Cost of sales	10,245	39,029	10,842	11,382	11,937	12,952	47,112	13,836	14,471	15,032	15,529	58,867	15,936	16,354	16,784	17,225	66,298	67,961	69,669
<i>As a % of Sales</i>	47%	46%	48%	48%	47%	47%	47%	48%	48%	48%	48%	48%	48%	48%	48%	48%	48%	48%	48%
Gross profit	11,553	46,390	11,746	12,330	13,460	14,605	52,142	14,989	15,677	16,284	16,823	63,773	17,264	17,717	18,182	18,660	71,823	73,625	75,475
Selling, general and administrative expenses	8,720	33,248	9,487	9,959	10,667	11,574	41,687	11,818	12,361	12,839	13,264	50,283	13,612	13,969	14,336	14,713	58,011	59,466	60,960
<i>As a % of Sales</i>	40%	39%	42%	42%	42%	42%	42%	41%	41%	41%	41%	41%	41%	41%	41%	41%	42%	42%	42%
Gain associated with the Juice Transaction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment of Intangible Assets (Excluding Goodwill)	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Profit	2,834	13,137	2,259	2,371	2,794	3,031	10,455	3,171	3,316	3,445	3,559	13,490	3,652	3,748	3,846	3,947	13,812	14,159	14,514
Other pension and retiree medical benefits income	(3)	180	105	61	72	40	278	100	40	57	0	197	89	54	64	12	218	231	215
Net interest expense and other	(581)	(1,183)	(233)	(226)	(208)	(662)	(1,328)	(224)	(221)	(200)	(505)	(1,150)	(219)	(216)	(203)	(583)	(1,221)	(1,233)	(1,201)
Income before income taxes	1,484	11,368	3,275	2,790	3,373	1,193	10,631	3,642	2,716	3,483	1,061	10,901	3,136	3,008	3,577	1,246	10,967	10,833	10,900
Provision for income taxes	239	2,292	628	594	679	152	2,054	687	578	638	121	2,024	621	640	692	171	2,123	2,067	2,071
Net income	1,245	9,076	2,647	2,196	2,694	1,040	8,578	2,955	2,138	2,845	940	8,877	2,515	2,368	2,885	1,075	8,844	8,766	8,829
Net Income (Loss) Attributable to Noncontrolling Interest	20	20	11	18	22	19	17	12	19	23	18	18	18	18	18	18	18	18	18
Net Income Attributable to PepsiCo	1,225	9,056	2,636	2,178	2,673	1,022	8,560	2,943	2,118	2,822	922	8,859	2,497	2,350	2,867	1,057	8,826	8,748	8,811
Earnings Per Share [Abstract]																			
Earnings Per Share, Basic (in USD per share)	\$0.89	\$6.58	\$1.92	\$1.58	\$1.94	\$0.74	\$6.22	\$2.14	\$1.54	\$2.05	\$0.67	\$6.44	\$1.81	\$1.71	\$2.08	\$0.77	\$6.41	\$6.36	\$6.40
Earnings Per Share, Diluted (in USD per share)	\$0.89	\$6.55	\$1.91	\$1.58	\$1.93	\$0.74	\$6.19	\$2.13	\$1.53	\$2.04	\$0.67	\$6.41	\$1.81	\$1.70	\$2.07	\$0.76	\$6.38	\$6.33	\$6.37
Weighted-average common shares outstanding																			
Weighted Average Number of Shares Outstanding, Basic (in shares)	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376
Weighted Average Number of Shares Outstanding, Diluted (in shares)	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383

BIF: Consumer Staples Food & Beverage

Appendix D: Statement Of Cash Flows



Quarter End	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY 21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY 22	Q1 FY23	Q2 FY23	Q3 FY23	
Operating Activities																			
Net income	\$1,351	\$1,658	\$2,307	\$1,859	\$7,175	\$1,723	\$2,372	\$2,243	\$1,341	\$7,679	\$4,273	\$1,446	\$2,724	\$535	\$8,978	\$1,944	\$2,771	\$3,116	
Depreciation and amortization	533	1122	1731	(838)	2548	560	1213	1863	(926)	2710	555	1195	1854	(841)	2763	590	1268	1973	
Gain associated with the Juice Transaction	0	0	0	0	0	0	0	0	0	0	(3322)	(3335)	(3321)	6657	(3321)	0	0	0	
Impairment and other (credits)/charges	0	0	0	0	0	0	0	0	0	0	482	1871	1877	(612)	3618	(13)	97	102	
Operating lease right-of-use asset amortization	0	0	0	478	478	0	0	0	505	505	103	223	346	(155)	517	116	248	384	
Share-based compensation expense	61	101	186	(84)	264	79	144	215	(137)	301	81	156	233	(127)	343	93	179	267	
Restructuring and impairment charges	38	63	124	64	289	43	77	129	(2)	247	27	75	126	183	411	112	204	287	
Cash payments for restructuring charges	(60)	(109)	(166)	80	(255)	(49)	(104)	(165)	62	(256)	(32)	(82)	(134)	24	(224)	(64)	(187)	(283)	
Inventory fair value adjustments and merger integration charges	25	243	286	(554)	0	(10)	15	12	(17)	0	0	0	0	0	0	0	0	0	
Acquisition and divestiture-related charges	0	0	(97)	352	255	0	0	(25)	21	(4)	56	64	69	(109)	80	2	9	20	
Cash payments for acquisition and divestiture-related charges	(38)	(89)	121	(125)	(131)	(7)	(14)	81	(236)	(176)	(17)	(34)	(41)	46	(46)	(4)	(10)	(15)	
Pension and retiree medical plan expenses	40	80	(501)	789	408	21	48	(715)	769	123	(1)	139	235	46	419	30	62	93	
Pension and retiree medical plan contributions	(234)	(293)	96	(131)	(562)	(413)	(461)	261	(172)	(785)	(178)	(214)	(335)	343	(384)	(175)	(209)	(374)	
Deferred income taxes and other tax charges and credits	25	109	0	227	361	108	220	190	(220)	298	257	49	(322)	(857)	(873)	78	270	343	
Tax expense related to the Tax Cuts and Jobs Act (TCJ Act)	0	0	0	0	0	0	0	0	190	190	0	(309)	86	309	86	0	(309)	0	
Tax payments related to the TCJ Act	0	0	(78)	0	(78)	0	(309)	(309)	309	(309)	0	0	(309)	0	(309)	0	0	(309)	
Change in assets and liabilities:																			
Accounts and notes receivable	(784)	(1101)	(1430)	2895	(420)	(455)	(1214)	(1416)	2434	(651)	(837)	(1753)	(2258)	3085	(1763)	(348)	(1330)	(1699)	
Inventories	(312)	(827)	(549)	1172	(516)	(397)	(810)	(579)	1204	(582)	(549)	(990)	(837)	1234	(1142)	(542)	(851)	(473)	
Prepaid expenses and other current assets	(263)	(251)	(202)	742	26	(210)	(40)	(46)	455	159	(190)	(186)	(124)	618	118	(288)	(271)	(242)	
Accounts payable and other current liabilities	(1419)	(1336)	289	3232	766	(1906)	(1114)	99	4683	1762	(1238)	(990)	426	3644	1842	(2259)	(1960)	(859)	
Income taxes payable	204	448	583	(1394)	(159)	227	516	645	(1358)	30	489	608	718	(1758)	57	290	100	512	
Other, net	84	293	414	(627)	164	(33)	78	56	274	375	(133)	(325)	(426)	525	(359)	46	(6)	72	
Net Cash Provided by Operating Activities	(2100)	111	3114	9488	10613	(719)	617	2539	9179	11616	(174)	(2392)	587	12790	10811	(392)	75	2915	

BIF: Consumer Staples Food & Beverage

Appendix D: Statement Of Cash Flows



Quarter End	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY 21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY 22	Q1 FY23	Q2 FY23	Q3 FY23	
Investing Activities																			
Capital spending	(484)	(1188)	(2074)	(494)	(4240)	(471)	(1305)	(2276)	(573)	(4625)	(522)	(1499)	(2556)	(630)	(5207)	(581)	(1513)	(2537)	
Sales of property, plant and equipment	5	18	26	6	55	5	22	40	99	166	3	222	228	(202)	251	19	122	131	
Acquisitions, net of cash acquired, investments in noncontrolled affiliates and purchases of intangible and other assets	(454)	(5649)	(6373)	6104	(6372)	(13)	(22)	(28)	2	(61)	(13)	(29)	(804)	(27)	(873)	(16)	(83)	(132)	
Proceeds associated with the Juice Transaction	0	0	0	0	0	0	0	0	0	0	3456	3456	3456	(6912)	3456	0	0	0	
Other divestitures, sales of investments in noncontrolled affiliates and other assets	0	4	4	(2)	6	35	120	158	(144)	169	5	15	15	14	49	85	75	75	
Short-term investments, by original maturity:																			
More than three months - purchases	0	0	(400)	(735)	(1135)	535	0	0	(535)	0	0	0	(46)	(245)	(291)	(158)	(435)	(555)	
More than three months - maturities	0	0	0	0	0	0	1135	1135	(1135)	1135	0	0	0	150	150	100	363	554	
Proceeds from Sale of Debt Securities, Available-for-Sale	0	0	0	0	0	0	0	0	(58)	(58)	0	0	0	24	24	0	16	12	
Three months or less, net	7	18	23	(21)	27	3	(67)	(65)	134	5	22	8	9	(28)	11	19	32	24	
Other investing, net	1	35	33	(29)	40	0	1	6	0	0	4	(1)	7	(10)	0	0	(1423)	49	
Net Cash (Used for)/Provided by Investing Activities	(925)	(6762)	(8761)	4829	(11619)	94	(116)	(1030)	(2210)	(3269)	2955	2172	309	(7866)	(2430)	(532)	(2846)	(2379)	
Financing Activities																			
Proceeds from issuances of long-term debt	6429	10564	10564	(13748)	13809	0	0	0	4122	4122	0	0	3377	0	3377	2986	(2252)	2986	
Payments of long-term debt	(1)	(752)	(814)	(263)	(1830)	(1)	(1696)	(2454)	696	(3455)	(1251)	(1652)	(1653)	2098	(2458)	(1251)	0	(2253)	
Debt redemptions	0	0	0	(1100)	(1100)	0	0	0	(4844)	(4844)	0	(1550)	(1550)	1384	(1716)	0	0	0	
Short-term borrowings, by original maturity:																			
More than three months - proceeds	164	3663	4069	(3819)	4077	0	0	0	8	8	559	1935	1947	(2472)	1969	393	1660	4688	
More than three months - payments	(2)	(1176)	(1801)	(575)	(3554)	(396)	(397)	(397)	793	(397)	0	0	(1932)	(19)	(1951)	(1)	(26)	(1037)	
Three months or less, net	2794	461	(11)	(3353)	(109)	53	89	19	273	434	647	844	(45)	(1477)	(31)	491	2023	1395	
Payments of acquisition-related contingent consideration	0	0	0	0	0	0	0	0	(773)	(773)	0	0	0	0	0	0	0	(773)	
Cash dividends paid	(1349)	(2677)	(4094)	2611	(5509)	(1429)	(2842)	(4328)	2784	(5815)	(1505)	(2997)	(4586)	2916	(6172)	(1608)	(3199)	(4941)	
Share repurchases - common	(573)	(1137)	(1543)	1253	(2000)	(106)	(106)	(106)	212	(106)	(193)	(699)	(1156)	548	(1500)	(160)	(453)	(751)	
Proceeds from exercises of stock options	78	120	145	(164)	179	62	100	146	(123)	185	49	89	113	(113)	138	46	86	100	
Withholding tax payments on restricted stock units (RSUs) and performance stock units (PSUs) converted	(76)	(79)	(86)	145	(96)	(71)	(73)	(82)	134	(92)	(85)	(87)	(97)	162	(107)	(116)	(119)	(135)	
Other financing	(2)	(16)	(18)	(12)	(48)	0	(19)	(19)	(9)	(47)	(1)	(15)	(25)	(31)	(72)	(3)	(16)	(18)	
Net Cash Provided by/(Used for) Financing Activities	7462	8971	6411	(19025)	3819	(1888)	(4944)	(7221)	3273	(10780)	(1780)	(4132)	(5607)	2996	(8523)	777	(2296)	(739)	
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(66)	(252)	(184)	373	(129)	(10)	12	(30)	(86)	(114)	(17)	(83)	(197)	(168)	(465)	(116)	(144)	(254)	
Net Change in Cash and Cash Equivalents and Restricted Cash	4371	2068	580	(4335)	2684	(2523)	(4431)	(5742)	10156	(2547)	984	(4435)	(4908)	7752	(607)	(263)	(5211)	(457)	
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	5570	5570	5570	(11140)	5570	8254	8254	8254	(19055)	5707	5707	5707	5707	(12021)	5100	5100	5100	5100	
Cash and Cash Equivalents and Restricted Cash, End of Period	9941	7638	6150	(15475)	8254	5731	3823	2512	(8899)	3160	6691	1272	799	(4269)	5707	4837	(111)	4643	
Supplemental Non-Cash Activity																			
Right-of-use assets obtained in exchange for lease obligations	148	302	431	(881)	0	167	319	494	(980)	0	100	428	560	(1088)	0	213	439	705	
Debt discharged via legal defeasance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	94	94	

Appendix E: Cash Flow Projections



Cash Flow Projections	FY 20	FY 21	FY 22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E	FY 28E
Sales	7,175	7,679	8,978	9056	8560	8859	8826	8748	8811
CapEx	-4,240	-4,625	-5,207	-5353	-5060	-5204	-5206	-5157	-5189
<i>as a % of Sales</i>	-59.09%	-60.23%	-58.00%	-59.11%	-59.11%	-58.74%	-58.99%	-58.95%	-58.89%
D&A	2,548	2,710	2,763	3065	2849	2890	2934	2891	2905
<i>as a % of CapEx</i>	-60%	-59%	-53%	-57%	-56%	-56%	-56%	-56%	-56%

BIF: Consumer Staples Food & Beverage

Appendix F: Net Working Capital



NWC Projections	FY 20	FY 21	FY 22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E	FY 28E
Current Assets									
Sales	70,372	79,474	86,392	85,420	99,254	122,640	138,122	141,586	145,144
Accounts and notes receivable	8,404	8,680	10,163	10,094	11,687	14,789	16,656	17,074	17,503
<i>AR Days</i>	<i>43.59</i>	<i>39.86</i>	<i>42.94</i>	<i>43.13</i>	<i>42.98</i>	<i>44.02</i>	<i>44.02</i>	<i>44.02</i>	<i>44.02</i>
COGS	31,797	37,075	40,576	39,029	47,112	58,867	66,298	67,961	69,669
Inventories	4,172	4,347	5,222	5,014	6,009	7,710	8,683	8,901	9,125
<i>Inventory Days</i>	<i>47.89</i>	<i>42.80</i>	<i>46.97</i>	<i>46.89</i>	<i>46.55</i>	<i>47.80</i>	<i>47.80</i>	<i>47.80</i>	<i>47.80</i>
SG&A	28,453	31,237	34,459	33,248	41,687	50,283	58,011	59,466	60,960
Prepaid expenses and other current assets	874	980	806	947	1,365	1,670	1,927	1,975	2,025
<i>As a % of SG&A</i>	<i>3.07%</i>	<i>3.14%</i>	<i>2.34%</i>	<i>2.85%</i>	<i>3.28%</i>	<i>3.32%</i>	<i>3.32%</i>	<i>3.32%</i>	<i>3.32%</i>
Total Current Assets	13,450	14,007	16,191	16,055	19,061	24,169	27,266	27,950	28,652
Current Liabilities									
COGS	31,797	37,075	40,576	39,029	47,112	58,867	66,298	67,961	69,669
Accounts payable and other current liabilities	19,592	21,159	23,371	23,041	27,408	34,463	38,814	39,787	40,787
<i>AP Days</i>	<i>224.90</i>	<i>208.31</i>	<i>210.23</i>	<i>215.48</i>	<i>212.34</i>	<i>213.68</i>	<i>213.68</i>	<i>213.68</i>	<i>213.68</i>
Total Current Liabilities	19,592	21,159	23,371	23,041	27,408	34,463	38,814	39,787	40,787
NWC	(6,142)	(7,152)	(7,180)	(6,987)	(8,347)	(10,294)	(11,548)	(11,837)	(12,135)
Change in NWC		(1,010)	(28)	193	(1,360)	(1,947)	(1,254)	(290)	(297)

Appendix G: Revenue Build



Quarter End	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY 21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY 22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 23E	FY 23E	Q1 24E	Q2 24E	Q3 24E	Q4 24E	FY 24E	Q1 25E	Q2 25E
Total Revenue	13,881	15,945	18,091	22,455	70,372	14,820	19,217	20,189	25,248	79,474	16,200	20,225	21,971	27,996	86,392	17,846	22,322	23,453	21,799	85,420	22,588	23,712	25,397	27,557	99,254	28,825	30,148
<i>% Growth</i>	7.70%	-3.10%	5.30%	8.80%	4.80%	6.80%	20.50%	11.60%	12.40%	12.90%	9.30%	5.20%	8.63%	27.42%	8.70%	36.26%	25.08%	5.07%	-7%	-1.13%	4%	5%	7%	9%	16.20%	5%	5%
Frito-Lay North America	4,074	4,273	4,399	5,443	18,189	4,236	4,552	4,653	6,167	19,608	4,839	5,181	5,563	7,708	23,291	5,838	5,904	5,954	6,192	23,888	6,378	6,697	7,099	7,525	27,698	7,750	7,983
<i>% Growth</i>	6.80%	6.60%	7.20%	5.70%	6.50%	4.00%	6.50%	5.80%	13.30%	7.80%	14%	14%	7%	39%	18.78%	-24%	1%	1%	4%	2.56%	3%	5%	6%	6%	15.95%	3%	3%
Quaker Foods North America	634	664	608	836	2,742	646	575	618	912	2,751	713	675	713	777	2,878	777	684	747	740	2,948	725	732	769	822	3,048	855	889
<i>% Growth</i>	6.70%	23.00%	5.60%	8.30%	10.50%	1.90%	13.40%	1.60%	9.10%	0.30%	10%	17%	6%	9%	4.62%	0%	-12%	6%	-1%	2.42%	-2%	1%	5%	7%	3.40%	4%	4%
PepsiCo Beverages North America	4,838	4,970	5,958	6,793	22,559	5,074	6,156	6,402	7,644	25,276	5,353	6,120	6,635	8,105	26,213	5,798	6,755	7,161	7,591	27,305	8,122	8,772	9,824	11,200	37,918	11,984	12,583
<i>% Growth</i>	7.30%	-6.60%	5.60%	8.60%	3.80%	4.90%	23.90%	7.50%	12.50%	12.00%	5%	-1%	8%	22%	3.71%	-28%	17%	5%	6%	4.16%	7%	8%	12%	14%	38.87%	7%	5%
Latin America	1,310	1,567	1,654	2,411	6,942	1,242	1,967	2,100	2,799	8,108	1,474	2,415	2,517	3,373	9,779	1,777	2,856	3,055	3,758	11,446	4,021	4,302	4,560	4,834	17,717	5,027	5,228
<i>% Growth</i>	5.60%	16.90%	13.10%	-5.20%	-8.30%	-5.20%	25.50%	27.00%	16.10%	16.80%	19%	23%	4%	34%	20.61%	-47%	61%	22%	23%	17.04%	7%	7%	6%	6%	54.79%	4%	4%
Other	3,025	4,471	5,472	6,972	19,940	3,622	5,967	6,416	7,726	23,731	3,821	5,834	3,646	4,258	17,559	1,886	3,428	3,704	3,519	12,537	3,343	3,209	3,145	3,176	12,873	3,208	3,465
<i>% Growth</i>	11.00%	-4.70%	10.30%	17.70%	9.00%	19.70%	33.50%	17.30%	10.80%	19.00%	5%	-2%	-38%	17%	26.01%	-56%	82%	8%	-5%	28.60%	-5%	-4%	-2%	1%	2.68%	1%	8%

BIF: Consumer Staples Food & Beverage

Appendix H: Beta & WACC



PepsiCo Inc. (NASDAQ: PEP)

WACC

Risk Free Rate	4.38%
Beta	0.69
Equity Risk Premium	5.62%
Market Return	10.00%
Weight of Equity	87%
Cost of Equity	8.2%
Credit Spread	1.23%
Implied Tax Rate	21%
Weight of Debt	13%
Cost of Debt	4.41%
WACC	7.73%

MV Equity	230,126
<i>Share Price</i>	\$167.00
<i>Shares Outstanding</i>	1,378
MV Debt	35,837

Covariance	0.000125661
Variance	0.000182487
Beta	0.69

BIF: Consumer Staples Food & Beverage

Appendix I: DCF



PepsiCo Inc. (NASDAQ: PEP)										
Discounted Cash Flow										
<i>Figures in Millions USD</i>										
	FY 20	FY 21	FY22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E	FY 28E	
Revenue	70,372	79,474	86,392	85,420	99,254	122,640	138,122	141,586	145,144	
<i>% Growth</i>		12.93%	8.70%	-1.13%	16.20%	23.56%	12.62%	2.51%	2.51%	
EBIT	10,080	11,162	11,512	13,137	10,455	13,490	13,812	14,159	14,514	
<i>EBIT Margin</i>	14.32%	14.04%	13.33%	15.38%	10.53%	11.00%	10.00%	10.00%	10.00%	
NOPAT	8,064	8,930	9,210	10,509	8,364	10,792	11,050	11,327	11,612	
Plus: D&A	2,548	2,710	2,763	3065	2849	2890	2934	2891	2905	
Less: CapEx	-4,240	-4,625	-5,207	-5,353	-5,060	-5,204	-5,206	-5,157	-5,189	
Less: Change in NWC	0	-1,010	-28	0	0	0	0	0	0	
FCFF	6,372.00	8,024.60	6,793.60	8,221.14	6,152.81	8,478.70	8,778.12	9,061.50	9,327.95	
Discount Factor				1	2	3	4	5	6	
Terminal Value (growth)				146264.67	109466.41	150846.92	156173.99	161215.72	165956.24	
Terminal Value (multiple)				193054.49	158528.15	195189.04	199548.31	203164.05	207570.19	
Cash Flows (growth)				8221.14	6152.81	8478.70	8778.12	9061.50	9327.95	
Cash Flows (multiple)				8221.14	6152.81	8478.70	8778.12	9061.50	9327.95	
PV of CF (growth)				8856.89	7141.22	10601.74	11824.94	13150.64	14584.19	
PV of CF (multiple)				8856.89	7141.22	10601.74	11824.94	13150.64	14584.19	

BIF: Consumer Staples Food & Beverage

Appendix I: DCF



BIF: Consumer Staples Food & Beverage

Gordon Growth	
Final Year FCFF	9,327.95
WACC	7.73%
Terminal Growth	2.00%
Terminal Value	165975.62
PV of Terminal Value	106160.87
Enterprise Value	172,318.90
Less: Debt	10,017
Plus: Cash	86,392
Less: Minority Interest	
Equity Value	248,693.90
Diluted Shares Outstanding	1,376
Price Per Share	\$ 180.74
Upside	8.23%

Terminal Multiple	
EV/EBITDA	11.92
Terminal EBITDA	17,420
WACC	7.73%
Terminal Value	207570.19
PV of Terminal Value	132765.47
Enterprise Value	198923.50
Less: Debt	10,017
Plus: Cash	86,392
Less: Minority Interest	
Equity Value	275298.50
Diluted Shares Outstanding	1,378
Price Per Share	\$ 199.78
Upside	19.63%

Terminal Growth Rate	2.00%
Terminal Multiple (EV/EBIT)	11.92
WACC	7.73%

Appendix J: Comparable Companies



PepsiCo Inc. (NASDAQ: PEP)

Comparable Companies

Figures in Millions USD

Company	Ticker	Price	Shares Outstanding	Market Cap	Cash	Debt	Minority Interest	EV
PepsiCo Inc	PEP	\$ 167.25	\$ 1,376.00	\$ 248,769.00	\$ 10,017.00	\$ 80,983.00	\$ 124.00	\$ 319,735.00
Coca-Cola Co	KO	\$ 57.09	\$ 4,226.00	\$ 246,586.00	\$ 11,631.00	\$ 28,972.00	\$ 1,721.00	\$ 263,927.00
Keurig Dr Pepper Inc	KDP	\$ 35.66	\$ 1,408.00	\$ 50,504.00	\$ 535.00	\$ 12,493.00	\$ -	\$ 62,462.00
Monster Beverage Corp	MNST	\$ 50.77	\$ 1,045.00	\$ 52,973.00	\$ 1,307.00	\$ (2,631.00)	\$ -	\$ 49,035.00
Kellanova	K	\$ 66.85	\$ 342.00	\$ 24,313.00	\$ 299.00	\$ 6,872.00	\$ -	\$ 30,886.00
General Mills Inc	GIS	\$ 84.18	\$ 587.00	\$ 49,444.00	\$ 586.00	\$ 11,479.00	\$ 253.00	\$ 60,337.00
Mondelez Inc	MDLZ	\$ 66.65	\$ 1,361.00	\$ 93,085.00	\$ 1,610.00	\$ 18,842.00	\$ 25.00	\$ 110,317.00

	Share Price	EV
Minimum	\$ 35.66	\$ 30,886.00
Quartile 1	\$ 53.93	\$ 54,686.00
Median	\$ 66.65	\$ 62,462.00
Quartile 3	\$ 75.52	\$ 187,122.00
Maximum	\$ 167.25	\$ 319,735.00
Average	\$ 75.49	\$ 128,099.86

	Q1	Spread	Q3
52 week	155.83		41.05
GG	171.04		21.48
MM	189.28		10.50
LTM P/E	155.53		26.10
FWD EV/EBIT	129.03		39.11
FWD EV/EBITDA	119.73		57.54
Consensus	172.00		16.87

	Rating	Price
Jefferies	Buy	203
MS	Buy	190
Citi	Buy	180
Barclays	Buy	181
JP Morgan	Buy	185
Goldman	Buy	200

BIF: Consumer Staples Food & Beverage

Appendix J: Comparable Companies



PepsiCo Inc. (NASDAQ: PEP)
 Comparable Companies
 Figures in Millions USD

LTM

Company	Revenue	EBIT	EBITDA	EPS	EV/Revenue	EV/EBIT	EV/EBITDA	P/E
PepsiCo Inc	\$ 91,617.00	\$ 13,601.90	\$ 16,483.90	\$ 7.51	3.49x	23.51x	19.40x	22.27x
Coca-Cola Co	\$ 45,031.00	\$ 12,600.00	\$ 14,032.00	\$ 2.66	5.86x	20.95x	18.81x	25.65x
Keurig Dr Pepper Inc	\$ 14,750.00	\$ 3,439.00	\$ 4,309.00	\$ 1.63	4.23x	18.16x	14.50x	22.72x
Monster Beverage Corp	\$ 6,922.80	\$ 1,912.60	\$ 1,998.60	\$ 1.48	7.08x	25.64x	24.53x	37.67x
Kellanova	\$ 15,866.00	\$ 2,127.00	\$ 2,592.00	\$ 4.35	1.95x	14.52x	11.92x	20.82x
General Mills Inc	\$ 20,281.30	\$ 3,278.00	\$ 4,024.60	\$ 4.33	2.98x	18.41x	14.99x	16.03x
Mondelez Inc	\$ 35,397.00	\$ 6,003.00	\$ 7,822.10	\$ 3.17	3.12x	18.38x	14.10x	20.60x

	Revenue	EBIT	EBITDA	EPS	EV/Revenue	EV/EBIT	EV/EBITDA	P/E
Minimum	\$ 6,922.80	\$ 1,912.60	\$ 1,998.60	\$ 1.48	1.95x	14.52x	11.92x	16.03x
Quartile 1	\$ 15,308.00	\$ 2,702.50	\$ 3,308.30	\$ 2.15	3.05x	18.27x	14.30x	20.71x
Median	\$ 20,281.30	\$ 3,439.00	\$ 4,309.00	\$ 3.17	3.49x	18.41x	14.99x	22.27x
Quartile 3	\$ 40,214.00	\$ 9,301.50	\$ 10,927.05	\$ 4.34	5.05x	22.23x	19.10x	24.19x
Maximum	\$ 91,617.00	\$ 13,601.90	\$ 16,483.90	\$ 7.51	7.08x	25.64x	24.53x	37.67x
Average	\$ 32,837.87	\$ 6,137.36	\$ 7,323.17	\$ 3.59	4.10x	19.94x	16.89x	23.68x

Minimum	\$ 78.04	\$ 91.97	\$ 91.17	\$ 120.39
Quartile 1	\$ 151.22	\$ 129.03	\$ 119.73	\$ 155.53
Median	\$ 180.79	\$ 130.38	\$ 128.02	\$ 167.25
Quartile 3	\$ 284.52	\$ 168.14	\$ 177.27	\$ 181.63
Maximum	\$ 420.03	\$ 201.86	\$ 242.34	\$ 282.90
Average	\$ 221.48	\$ 145.50	\$ 150.79	\$ 177.84

BIF: Consumer Staples Food & Beverage

Appendix J: Comparable Companies



Figures in Millions USD

2025E

Company	Revenue	EBIT	EBITA	EPS	FWD EV/Revenue	FWD EV/EBIT	FWD EV/EBITDA	FWD P/E
PepsiCo Inc	\$ 100,843.70	\$ 15,808.60	\$ 19,238.10	\$ 8.77	3.17x	20.23x	16.62x	19.07x
Coca-Cola Co	\$ 49,345.60	\$ 14,881.60	\$ 16,350.80	\$ 2.99	5.35x	17.74x	16.14x	19.09x
Keurig Dr Pepper Inc	\$ 16,171.30	\$ 4,121.90	\$ 4,309.00	\$ 2.06	3.86x	15.15x	14.50x	17.31x
Monster Beverage Corp	\$ 8,751.50	\$ 2,673.20	\$ 2,773.90	\$ 2.06	5.60x	18.34x	17.68x	24.65x
Kellanova	\$ 14,264.80	\$ 1,985.90	\$ 2,416.40	\$ 3.86	2.17x	15.55x	12.78x	17.32x
General Mills Inc	\$ 21,412.20	\$ 3,747.60	\$ 4,478.20	\$ 5.02	2.82x	16.10x	13.47x	16.77x
Mondelez Inc	\$ 38,899.60	\$ 6,538.70	\$ 7,822.10	\$ 3.81	2.84x	16.87x	14.10x	17.49x

	Revenue	EBIT	EBITA	EPS	FWD EV/Revenue	FWD EV/EBIT	FWD EV/EBITDA	FWD P/E
Minimum	\$ 8,751.50	\$ 1,985.90	\$ 2,416.40	\$ 2.06	2.17x	15.15x	12.78x	16.77x
Quartile 1	\$ 15,218.05	\$ 3,210.40	\$ 3,541.45	\$ 2.53	2.83x	15.83x	13.79x	17.31x
Median	\$ 21,412.20	\$ 4,121.90	\$ 4,478.20	\$ 3.81	3.17x	16.87x	14.50x	17.49x
Quartile 3	\$ 44,122.60	\$ 10,710.15	\$ 12,086.45	\$ 4.44	4.61x	18.04x	16.38x	19.08x
Maximum	\$ 100,843.70	\$ 15,808.60	\$ 19,238.10	\$ 8.77	5.60x	20.23x	17.68x	24.65x
Average	\$ 35,669.81	\$ 7,108.21	\$ 8,198.36	\$ 4.08	3.69x	17.14x	15.04x	18.81x

Minimum	\$ 107.11	\$ 122.52	\$ 127.13	\$ 147.06
Quartile 1	\$ 155.60	\$ 130.25	\$ 141.20	\$ 151.85
Median	\$ 180.79	\$ 142.26	\$ 151.09	\$ 153.42
Quartile 3	\$ 285.95	\$ 155.67	\$ 177.45	\$ 167.34
Maximum	\$ 359.06	\$ 180.79	\$ 195.58	\$ 216.14
Average	\$ 218.58	\$ 145.35	\$ 158.73	\$ 165.00

BIF: Consumer Staples Food & Beverage

Appendix K: Dividend Discount Model



PepsiCo Inc. (NASDAQ: PEP) Dividend Discount Model						
				FY 26E		
<i>Figures in Millions USD</i>	FY 23E	FY 24E	FY 25E	FY 27E	FY 28E	

Pepsi Dividend History				
Time	DPS	DPS Difference	Yield	Y/Y Div Growth

Stage 1 Dividends		0	1	2	3	4	5
Dividends Per Share (DPS)	\$ 4.53	\$ 4.89	\$ 5.28	\$ 5.70	\$ 6.16	\$ 6.65	
Cost of Equity	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	
PV of Dividend	\$ 4.53	\$ 4.56	\$ 4.59	\$ 4.62	\$ 4.65	\$ 4.69	

	\$			
FY 2012	2.13		4%	
	\$			
FY 2013	2.24	0.11	4%	5%
	\$			
FY 2014	2.53	0.29	4%	13%
	\$			
FY 2015	2.76	0.23	3%	9%
	\$			
FY 2016	2.96	0.20	4%	7%
	\$			
FY 2017	3.17	0.21	4%	7%
	\$			
FY 2018	3.59	0.42	8%	13%
	\$			
FY 2019	3.79	0.21	6%	6%
	\$			
FY 2020	4.02	0.23	7%	6%
	\$			
FY 2021	4.25	0.23	8%	6%
	\$			
FY 2022	4.53	0.28	6%	7%
Historical Average (10 yrs)	0.24		5.43%	7.88%

Dividend Growth Rate	
Stage 1	8.00%
Stage 2	5.00%

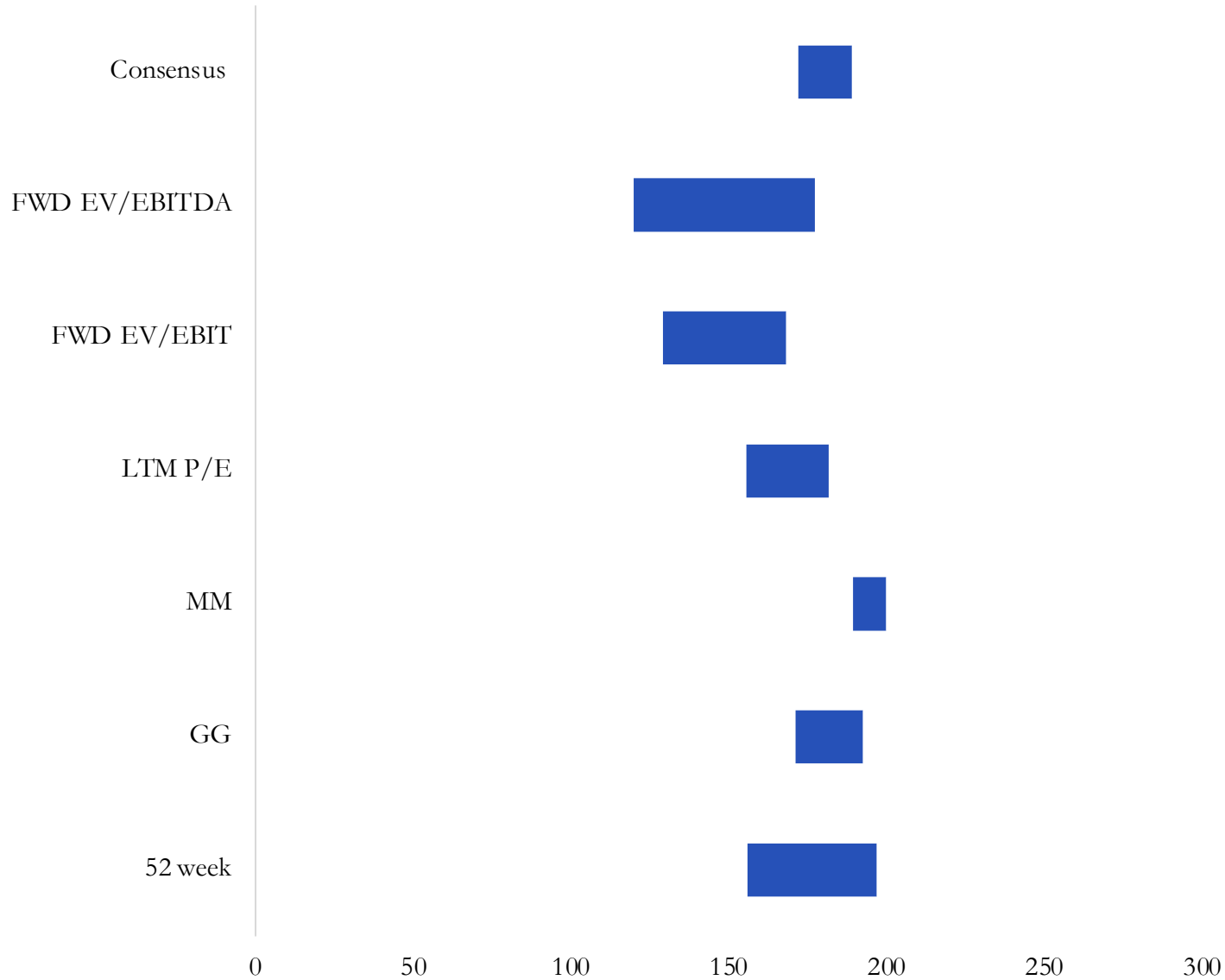
Cost of Equity 7.25%

Share Price Calculation	
PV of Sum of Stage 1 Div	\$ 27.63
Stage 2 TV	218.65
PV of Stage 2 TV	\$ 154.09

BIF: Consumer Staples Food & Beverage

Appendix L: Football Field, Sensitivity Table

BIF: Consumer Staples Food & Beverage



Weighted Share Price		
Method	Share Price	Weight
GG	\$ 180.73	0.1
MM	\$ 199.78	0.35
LTM P/E	\$ 181.63	0.1
FWD EV/EBIT	\$ 180.79	0.1
FWD EV/EBITDA	\$ 195.58	0.35
Share Price	\$ 192.69	
Upside		15.21%

Appendix L: Football Field, Sensitivity Table

BIF: Consumer Staples Food & Beverage

		WACC				
		6.73%	7.23%	7.73%	8.23%	8.73%
Growth Factor	1.00%	184.37	175.83	168.63	162.47	157.16
	1.50%	192.52	182.52	174.19	167.16	161.15
	2.00%	202.40	190.49	180.73	172.59	165.73
	2.50%	214.61	200.14	188.51	178.98	171.04
	3.00%	230.10	212.07	197.94	186.59	177.28

Minimum	\$	157.16
Quartile 1	\$	171.04
Median	\$	180.73
Quartile 3	\$	192.52
Maximum	\$	230.10
Average	\$	183.81

		WACC				
		6.73%	7.23%	7.73%	8.23%	8.73%
EV/EBITDA	9.92	188.22	185.88	183.61	181.41	179.28
	10.92	196.77	194.19	191.69	189.28	186.93
	11.92	205.32	202.51	199.78	197.14	194.58
	12.92	213.87	210.82	207.86	205.00	202.23
	13.92	222.42	219.13	215.95	212.87	209.88

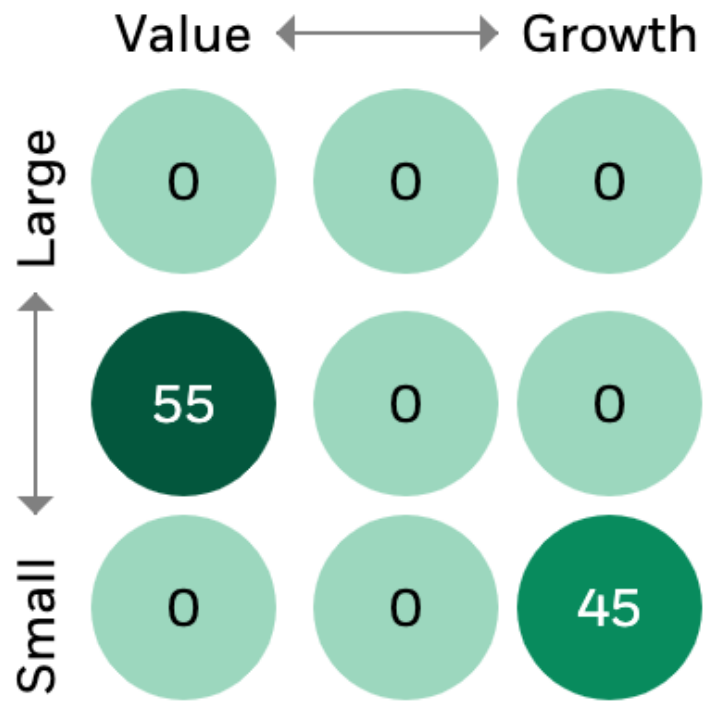
Minimum	\$	179.28
Quartile 1	\$	189.28
Median	\$	199.78
Quartile 3	\$	209.88
Maximum	\$	222.42
Average	\$	199.87

Appendix M: Portfolio Equity Styles



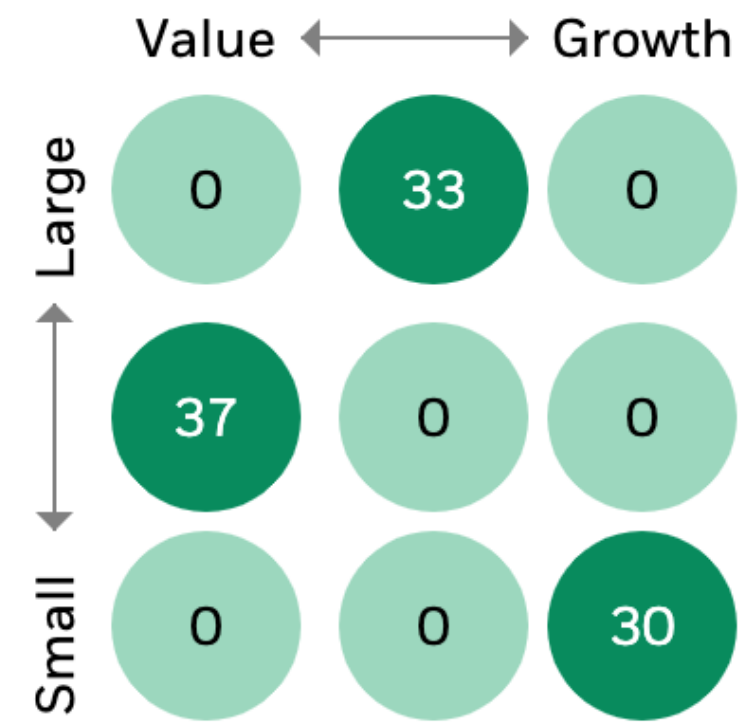
Without Pepsi

Staples AFBA



With Pepsi

Staples AFBA







Appendix N: Historical Risk & Return



Portfolio	Performance Type	3 Year Annualized Return i	Historical Risk i	3 Year Sharpe Ratio i	Upside Capture vs S&P 500 i	Downside Capture vs S&P 500 i
Staples AFBA	Gross of an advisory fee	12.85%	22.49%	0.56	97.66%	86.35%

Appendix O: Historical Scenarios



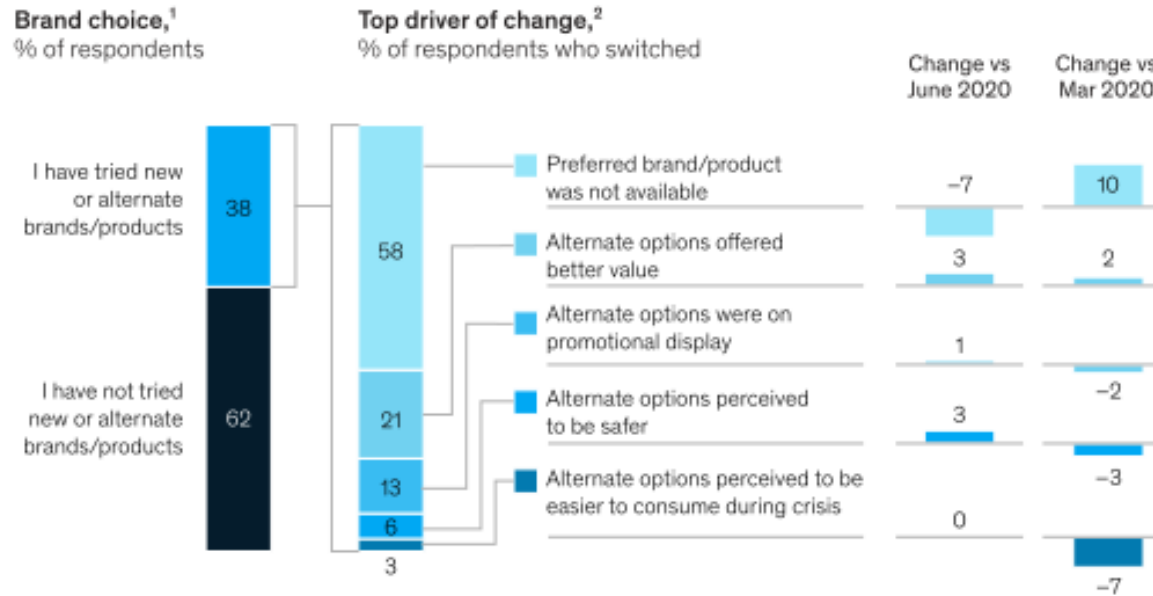
	Interest Rates / Inflation		
	10-Yr US Treasury Rate Rises 1% i	-0.08%	-\$75
	Inflation Expectations Rise 1% i	+9.65%	+\$9,647
	Bonds / Credit Quality		
	High Yield Spreads Widen 30% i	-10.34%	-\$10,344
	Equities		
	US Large Cap Stocks Fall 15% i	-14.90%	-\$14,898
	Stock Market Volatility Rises 15% i	-9.17%	-\$9,172
	Past Market Events		
	Crash of 2008 i	-36.10%	-\$36,097

Appendix P: Private-Label Consumer Statistics



Nearly 40 percent of consumers have tried new products or brands during the COVID-19 crisis.

Consumer brand choice during COVID-19 crisis, Sept 2020 results



40% of respondents who switched brands will likely continue purchasing the new brand after the COVID-19 crisis (up from 12% in Mar 2020)³

Note: Figures may not sum to 100%, because of rounding.
¹Question: Have you tried new or alternate brands/products during the current COVID-19 crisis that you do not usually purchase?
²Question: Why did you switch from the brands/products you usually purchase to new/alternate options?
³Question: After the COVID-19 crisis is over and the situation returns to normal, do you plan to switch back to the brands/products you usually purchased?
 Source: McKinsey COVID-19 US Grocery Consumer Survey, conducted Mar 19-22, 2020 (n = 1,502), June 15-20, 2020 (n = 1,961), and Sept 14-16, 2020 (n = 2,010)