



PepsiCo, Inc (PEP)

Updated February 3rd, 2026, by Nathan Parsh

Key Metrics

Current Price:	\$163	5 Year Annual Expected Total Return:	13.7%	Market Cap:	\$223 B
Fair Value Price:	\$205	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	03/06/26 ¹
% Fair Value:	79%	5 Year Valuation Multiple Estimate:	4.7%	Dividend Payment Date:	03/31/26 ²
Dividend Yield:	3.6%	5 Year Price Target	\$275	Years Of Dividend Growth:	54
Dividend Risk Score:	A	Sector:	Consumer Staples	Rating:	Buy

Overview & Current Events

PepsiCo is a global food and beverage company that generates almost \$94 billion in annual sales. The company's products include Pepsi, Mountain Dew, Frito-Lay chips, Gatorade, Tropicana orange juice and Quaker foods. The company has more than 20 \$1 billion brands in its portfolio. PepsiCo was founded in 1898 and currently employs 319,000 people around the world.

On February 3rd, 2026, PepsiCo announced that it would increase its annualized dividend by 4.0% to \$5.92 starting with the payment that was made in June 2026, extending the company's dividend growth streak to 54 consecutive years.

That same day, PepsiCo released fourth quarter and full year results for the period ending December 31st, 2025. For the quarter, revenue grew 5.6% to \$29.3 billion, which beat estimates by \$370 million. Adjusted earnings-per-share of \$2.26 compared favorably to \$1.96 the prior year, which was \$0.02 more than expected. For the year, revenue grew 2.3% to \$93.9 billion while adjusted earnings-per-share of \$8.14 was down from \$8.16 in 2024.

Organic sales grew 2.1% for the quarter and 1.7% for the year. For the quarter, food volume fell 2% while beverages grew 1%. PepsiCo Beverages North America's organic revenue improved 2% for the period even as volume decreased by 4%. Revenue for PepsiCo Foods North America as lower by 1%, largely due to divestitures. Food volume declined 1%. The International Beverages segment grew 2% due to 3% volume growth. Revenues in Europe/Middle East/Africa were up 5%. Food volume declined 5%, but this was offset by a 1% gain in beverages. Currency was a 7% headwind for this region. Latin America Foods increased 5% and Asia Pacific Foods grew 4%.

PepsiCo provided guidance for 2026 as well, with the company expecting organic sales in a range of 2% to 4%. The company expects earnings-per-share growth in a range of 4% to 6%.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$4.85	\$5.23	\$5.65	\$5.53	\$5.52	\$6.26	\$6.42	\$7.62	\$8.16	\$8.14	\$8.55	\$11.44
DPS	\$2.96	\$3.12	\$3.47	\$3.82	\$4.02	\$4.25	\$4.53	\$4.83	\$5.24	\$5.56	\$5.92	\$7.92
Shares³	1428	1420	1410	1400	1388	1390	1385	1381	1377	1371	1371	1360

PepsiCo grew earnings at a rate of 5.9% per year from 2016 to 2025, but this growth rate expands somewhat to 6.4% when looking at just the last five years. We reaffirm our expected earnings growth rate of 6% as this better reflects the long-term growth trends for the company as well its portfolio of billion-dollar brands. PepsiCo's growth over this time period will accrue from organic sales growth and share repurchases.

PepsiCo has raised its dividend for more than 50 consecutive years, making the company a member of the Dividend Kings.

¹ Estimated ex-dividend date

² Estimated dividend payment date

³ Share count in millions

Disclosure: This analyst has a long position in the security discussed in this research report.



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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.4	21.6	19.1	26.3	28.8	31.6	32.9	26.9	18.6	17.6	19.1	24.0
Avg. Yld.	2.9%	2.8%	3.1%	2.9%	2.9%	2.4%	2.5%	2.8%	3.4%	3.9%	3.6%	2.9%

Shares of PepsiCo have gained \$15, or 10.1%, since our October 13th, 2025 report. Based off earnings guidance for 2026, the stock has a P/E of 19.1. The stock has an average P/E ratio of 24.5 over the last decade and 25.5 over the last five years. We are reaffirming our 2031 target P/E of 24 to better match the stock's average valuation over the medium-term. Reaching our target by then would add 4.7% to annual returns over this period. Shares offer a 3.6% yield currently, which is ahead of the stock's long-term average yield of 3.0%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

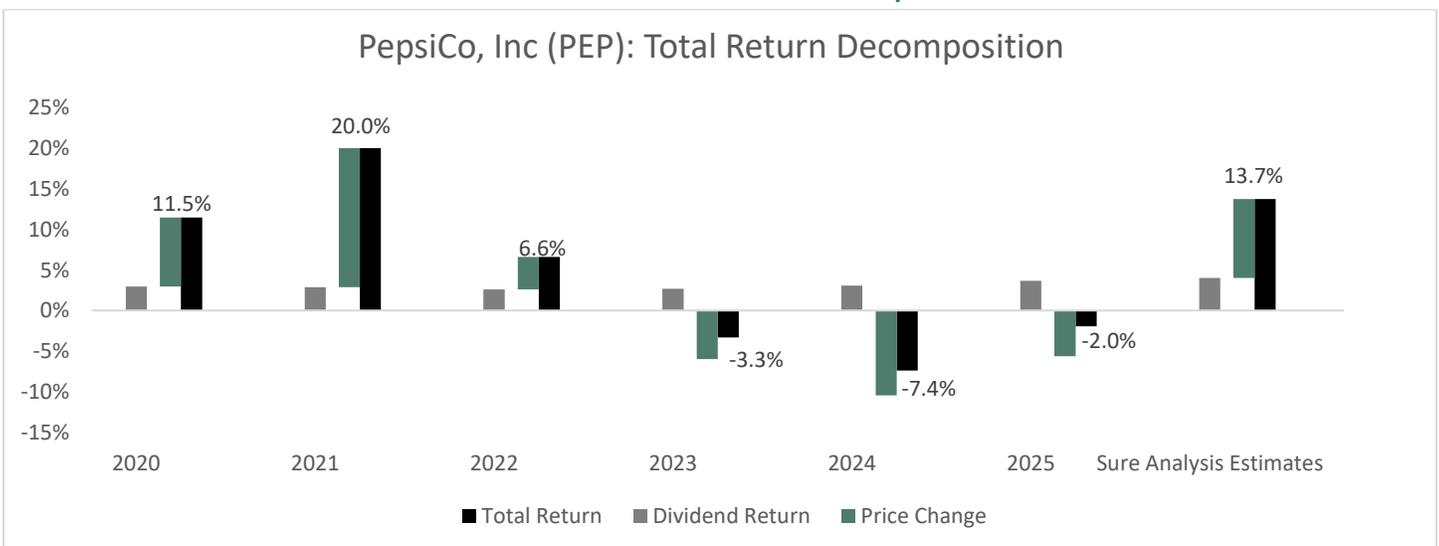
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	61%	60%	61%	69%	73%	68%	71%	63%	64%	68%	69%	69%

PepsiCo is a relatively recession-proof company. Earnings grew during the last recession and it offers a generous dividend yield. The company is expecting to return \$8.9 billion in cash to shareholders in the form of dividends and share repurchases in 2026. PepsiCo has several key competitive advantages that set it apart from the competition. The company is one of the largest in its sector, which gives it pricing power with vendors. While known for their carbonated beverages, Pepsi's food and snacks make up slightly more than half of sales. PepsiCo has also adjusted to changing consumer habits. The company's line of "Better for You" offerings are designed to meet consumers' desire for healthier food and drink options. Products with less than 70 calories from added sugar make up about half of sales.

Final Thoughts & Recommendation

Following fourth quarter earnings results, PepsiCo is projected to produce an annual return of 13.7% through 2031, down from our prior estimate of 14.9%. Our projected return stems from a 6.0% earnings growth rate, a starting yield of 3.6%, and a mid-single-digit contribution from multiple expansion. PepsiCo's results were mixed within its segments, but the company has an incredible portfolio of products. We have raised our 2031 price target \$13 to \$275 due to EPS estimates for the year. We again note the higher than usual yield for the stock as well as its noteworthy dividend growth streak. PepsiCo continues to receive a buy recommendation due to projected returns and a strong dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	62,801	63,525	64,660	67,162	70,372	79,468	86,403	91,468	91,853	93,924
Gross Profit	34,479	34,743	35,275	37,150	38,612	42,536	46,122	49,828	50,362	51,102
Gross Margin	54.9%	54.7%	54.6%	55.3%	54.9%	53.5%	53.4%	54.5%	54.8%	54.4%
SG&A Exp.	24,735	24,453	25,170	26,738	28,495	31,237	34,459	36,677	37,190	-
D&A Exp.	2,368	2,369	2,399	2,432	2,548	2,710	2,763	2,948	3,815	4,178
Operating Profit	10,148	10,298	10,400	10,648	10,415	11,447	11,866	14,087	14,295	14,815
Op. Margin	16.2%	16.2%	16.1%	15.9%	14.8%	14.4%	13.7%	15.4%	15.6%	15.8%
Net Profit	6,379	4,908	12,559	7,353	7,175	7,679	8,978	9,155	9,626	8,295
Net Margin	10.2%	7.7%	19.4%	10.9%	10.2%	9.7%	10.4%	10.0%	10.5%	8.8%
Free Cash Flow	7,364	7,061	6,133	5,417	6,373	6,991	5,604	7,924	7,189	7,672
Income Tax	2,174	4,694	-3,370	1,959	1,894	2,142	1,727	2,262	2,320	1,949

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	76,870	81,756	77,648	78,547	92,918	92,377	92,187	100,495	99,467	107,399
Cash & Equivalents	16,125	19,510	10,990	5,738	9,551	5,988	5,348	10,003	9,266	9,530
Acc. Receivable	5,575	5,827	5,978	6,342	6,691	7,025	8,042	8,500	8,131	9,035
Inventories	2,723	2,947	3,128	3,338	4,172	4,347	5,222	5,334	5,306	5,845
Goodwill & Int.	27,863	28,582	30,633	31,544	38,072	37,046	33,788	32,657	32,335	33,982
Total Liabilities	65,671	70,775	63,046	63,679	79,366	76,226	74,914	81,858	81,296	86,852
Accounts Payable	6,158	6,727	7,213	8,013	8,853	9,834	10,732	11,635	10,997	11,704
Long-Term Debt	34,454	37,816	32,248	33,114	44,961	41,496	40,686	43,919	44,031	49,478
Total Equity	11,246	11,045	14,518	14,786	13,454	16,043	17,149	18,503	18,041	20,406
LTD/E Ratio	3.33	3.61	2.23	2.27	3.41	2.64	2.42	2.54	2.65	2.60

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	8.5%	6.2%	15.8%	9.4%	8.4%	8.3%	9.7%	9.5%	9.6%	8.0%
Return on Equity	54.9%	44.3%	98.2%	49.9%	50.5%	51.7%	53.7%	51.0%	52.3%	42.8%
ROIC	13.7%	10.0%	25.8%	15.4%	13.3%	13.0%	15.3%	14.7%	14.6%	11.9%
Shares Out.	1428	1420	1410	1400	1388	1390	1385	1381	1377	1371
Revenue/Share	43.25	44.18	45.38	47.73	50.55	57.21	62.29	66.14	66.66	68.41
FCF/Share	5.07	4.91	4.30	3.85	4.58	5.03	4.04	5.73	5.22	5.59

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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