PepsiCo, Inc (PEP)

Updated July 16th, 2026, by Nathan Parsh

Key Metrics

Current Price:	$139	**5 Year Annual Expected Total Return:**	15.6%	**Market Cap:**	$190 B
Fair Value Price:	$188	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	06/05/26
% Fair Value:	74%	**5 Year Valuation Multiple Estimate:**	6.2%	**Dividend Payment Date:**	06/30/26
Dividend Yield:	4.3%	**5 Year Price Target**	$252	**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 brands, Gatorade, and Aquafina. The company has more than 20 $1 billion brands in its portfolio. PepsiCo was founded in 1898 and currently employs 306,000 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.

On July 9th, 2026, PepsiCo reported second quarter results for the period ending March 31st, 2026. For the quarter, revenue grew 6.4% to $24.2 billion, which was $230 million more than expected. Adjusted earnings-per-share of $2.20 compared favorably to $2.12 the prior year, but missed estimates by $0.01.

Organic sales were higher by 1.3% for the quarter and 1.5% year-to-date. For the quarter, food and beverage volume were both down 1%. PepsiCo Beverages North America's organic revenue grew 2% as pricing helped to offset a 3% drop in volume. Revenue for PepsiCo Foods North America was lower by 3% due to a decline in volume. The International Beverages segment fell 1%. Revenues in Europe/Middle East/Africa, Latin America Foods, and Asia Pacific Foods were higher by 5.5%, 4%, and 1%, respectively.

PepsiCo reaffirmed guidance for 2026 as well, with the company still 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***
Shares[1]	1428	1420	1410	1400	1388	1390	1385	1381	1377	1371	***1372***	***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.

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	***16.3***	***22.0***
Avg. Yld.	2.9%	2.8%	3.1%	2.9%	2.9%	2.4%	2.5%	2.8%	3.4%	3.9%	***4.3%***	***3.1%***

[1] Share count in millions

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

PepsiCo, Inc (PEP)

Updated July 16th, 2026, by Nathan Parsh

Shares of PepsiCo have declined $19, or 12%, since our April 18th, 2026 report. Based off earnings guidance for 2026, the stock has a P/E of 16.3. The stock has an average P/E ratio of 24.5 over the last decade. We have lowered our 2031 target P/E to 22 from 24 as near-term valuation has been lower than the long-term trend. Reaching our target by then would add 6.2% to annual returns over this period. Shares offer a 4.3% yield currently, which is ahead of the stock's long-term average yield of 3.0%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

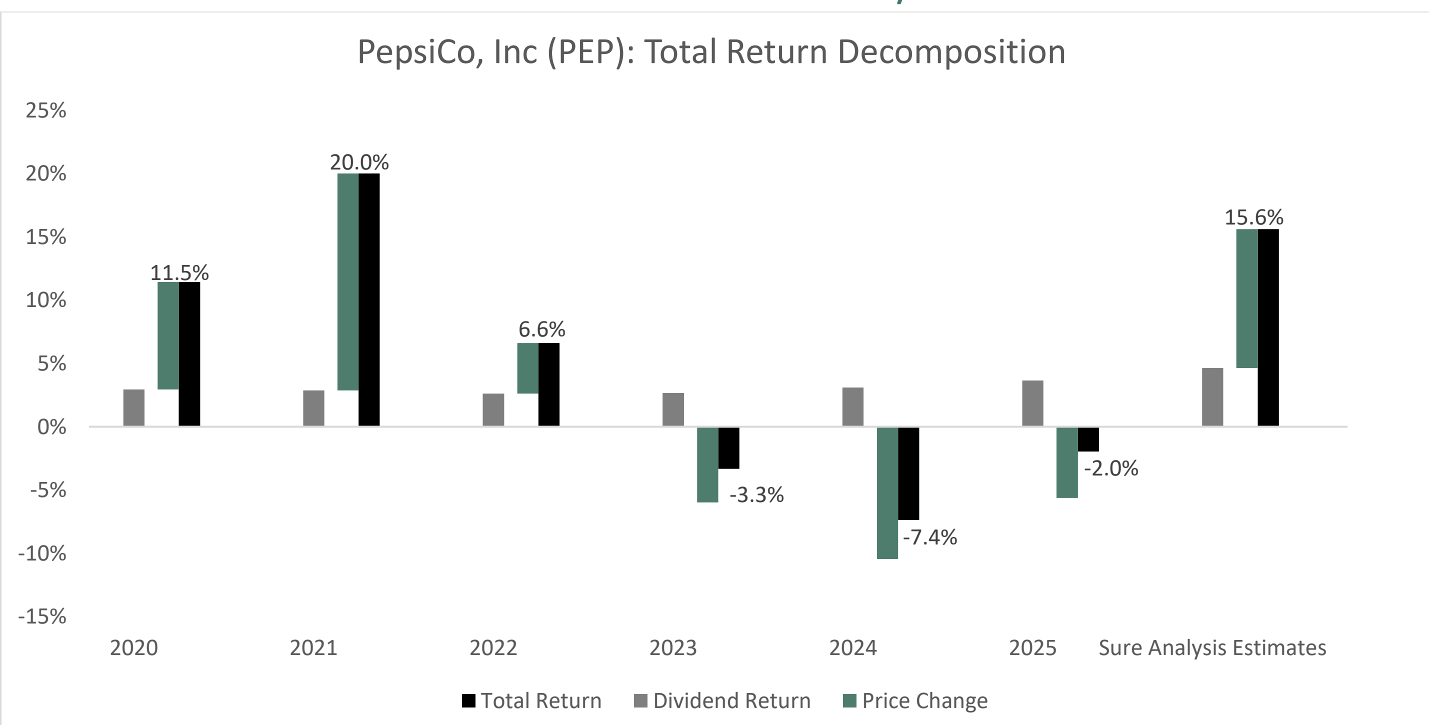
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	61%	60%	61%	69%	73%	68%	71%	63%	64%	68%	***69%***	***69%***

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. This includes water, low-calorie, and zero-sugar product offerings.

Final Thoughts & Recommendation

Following second quarter earnings results, PepsiCo is projected to produce an annual return of 15.6% through 2031, up from our prior estimate of 14.4%. Our projected return stems from a 6.0% earnings growth rate, a starting yield of 4.3%, and a mid-single-digit contribution from multiple expansion. PepsiCo has demonstrated pricing power in most areas of its business even as volume was fallen slightly. We have lowered our 2031 price target $23 to $252 due to a lower target multiple. Even so, PepsiCo continues to receive a buy recommendation due to projected returns and a strong dividend risk score. We again note the higher than usual yield for the stock as well as its noteworthy dividend growth steak.

Total Return Breakdown by Year



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

PepsiCo, Inc (PEP)

Updated July 16th, 2026, by Nathan Parsh

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.