
PEPSICO, INC. (PEP)

GROUP MEMBER:

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WHO WE ARE



PEPSICO



Tropicana



WHO WE ARE

PEPSICO

PepsiCo at a Glance:

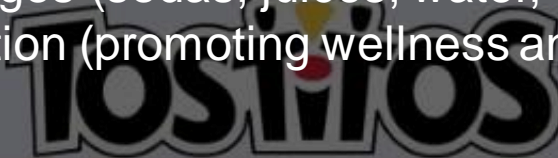
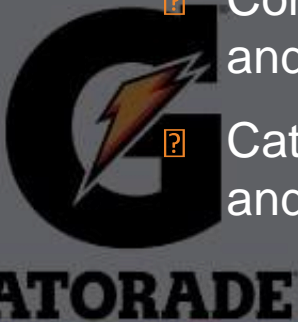
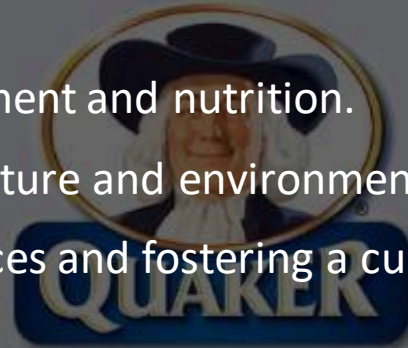
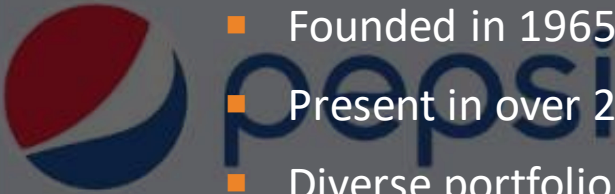
- Founded in 1965 through the merger of Pepsi-Cola and Frito-Lay.
- Present in over 200 countries and territories.
- Diverse portfolio spanning beverages, snacks, and nutrition.
- Iconic brands include Pepsi, Lay's, Gatorade, Tropicana, Quaker, and more.

Core Values:

- Innovation: Constantly redefining refreshment and nutrition.
- Sustainability: Committed to a healthier future and environmental stewardship.
- Diversity & Inclusion: Celebrating differences and fostering a culture of belonging.

Competitive Landscape

- ❓ Competitors: Engaged in healthy competition with companies like The Coca-Cola Company, Nestlé, and Mondelez International.
- ❓ Categories We Compete In: Beverages (sodas, juices, water, energy drinks), Snacks (chips, snacks, and healthy alternatives), and Nutrition (promoting wellness and healthier choices).



WHO WE ARE

Iconic Brands

■ Beverages:

- **Pepsi:** The flagship cola brand, known for its iconic taste and varied offerings like Pepsi Zero Sugar, Pepsi Wild Cherry, and more.
- **Mountain Dew:** A line of citrus-flavored sodas with variations such as Mountain Dew Code Red and Mountain Dew Voltage.
- **Gatorade:** A leading sports drink brand catering to athletes and active individuals with a range of flavors and specialized formulas.
- **Tropicana:** Offers a wide selection of fruit juices, including pure premium orange juice and various juice blends.

■ Snacks:

- **Lay's:** One of the world's largest potato chip brands with a vast assortment of flavors and styles.
- **Doritos:** Known for its bold and crunchy tortilla chips available in a variety of flavors.

■ Nutrition:

- **Naked Juice:** Provides a line of natural fruit and vegetable juices, smoothies, and protein shakes.
- **Sabra:** Known for its hummus, dips, and spreads made from quality ingredients.



PepsiCo's winning strategies



**DIVERSIFIED
PRODUCT**



**INNOVATION
AND R&D**



**MARKET
EXPANSION
AND GLOBAL
PRESENCE**



**SUSTAINABILITY
INITIATIVES**



**BRAND AND
MARKETING
STRATEGIES**



**OPERATIONAL
EFFICIENCY**



**CONSUMER-
CENTRIC
APPROACH**

PepsiCo's success in its categories stems from a combination of these strategic priorities. They effectively balance innovation, diversification, sustainability, and consumer-centric approaches, enabling them to remain competitive and often leading in their respective categories. Their ability to evolve with changing trends while staying true to their core values has contributed to their success as category winners.

PepsiCo's future strategy to remain competent in the market.

PepsiCo's "pep+" initiative is a comprehensive sustainability-driven transformation aimed at creating value and growth within planetary boundaries.

The program focuses on three key pillars:

- **Positive Agriculture:** Sustainable sourcing, regenerative practices, and improving livelihoods in the agricultural supply chain.
- **Positive Value Chain:** Net-Zero emissions by 2040, Net Water Positivity by 2030, and reducing virgin plastic by 50% by 2030.
- **Positive Choices:** Evolving products with plant-based options, reducing sugars & sodium, and expanding SodaStream to avoid 200 billion plastic bottles by 2030

Three Pillars of pep+:

Positive Agriculture:

- Regenerative practices on 7 million acres.
- Sustainable sourcing of ingredients.
- Improved livelihoods for 250,000 people in the agricultural supply chain.

Positive Value Chain:

- Net-Zero emissions by 2040.
- Net Water Positivity by 2030.
- 50% reduction in virgin plastic per serving by 2030.
- Conversion to 100% recycled PET bottles.
- Introduction of compostable packaging.
- Increased recycling awareness and initiatives.

Positive Choices:

- More plant-based options.
- Increased use of nuts, seeds, and whole grains.
- Reduced sugar and sodium content.
- Expanded SodaStream to reduce plastic bottle use.
- Empowering consumers to make sustainable choices.

Benefits of pep+:

- Aligns with consumer priorities for sustainability and social impact.
- Drives growth and value within planetary boundaries.
- Creates a future with sustainable food and beverage production.
- Builds brand loyalty and trust.
- Makes a positive contribution to the environment and society.

Call to Action:

- Encourage consumers to choose PepsiCo products for their sustainability credentials.
- Partner with stakeholders to achieve pep+ goals.
- Inspire others to adopt sustainable practices.

HOW WE RUN THE COMPANY

DOMESTIC AND
INTERNATIONAL SPLIT,
AND INCENTIVE PLANS





HOW WE RUN THE COMPANY

Supply Chain Optimization:

- **Efficient Logistics:** Streamlining distribution for timely product availability.
- **Sustainability Focus:** Reducing environmental impact across the supply chain.
- **Technology Integration:** Embracing tech advancements for improved efficiency.

Market Entry Approaches:

- **Adaptation to Local Markets:** Tailoring products to cultural preferences.
- **Strategic Alliances:** Forging partnerships to penetrate new markets.
- **Investment in Emerging Markets:** Identifying growth opportunities in developing

HOW WE RUN THE COMPANY

Domestic and International Split:

- **Global Presence:** Operating in over 200 countries and territories.
- **Sales Distribution:** Split between domestic (U.S.) and international markets.
- **Market Penetration:** Extensive reach in diverse regions, adapting products to local tastes.

Employee Incentive Plans:

- **Performance-Linked Rewards:** Tied to individual and team achievements.
- **Financial and Non-Financial Incentives:** Encouraging innovation, teamwork, and goal attainment.
- **Fostering Engagement:** Aligning incentives with company goals for enhanced motivation.



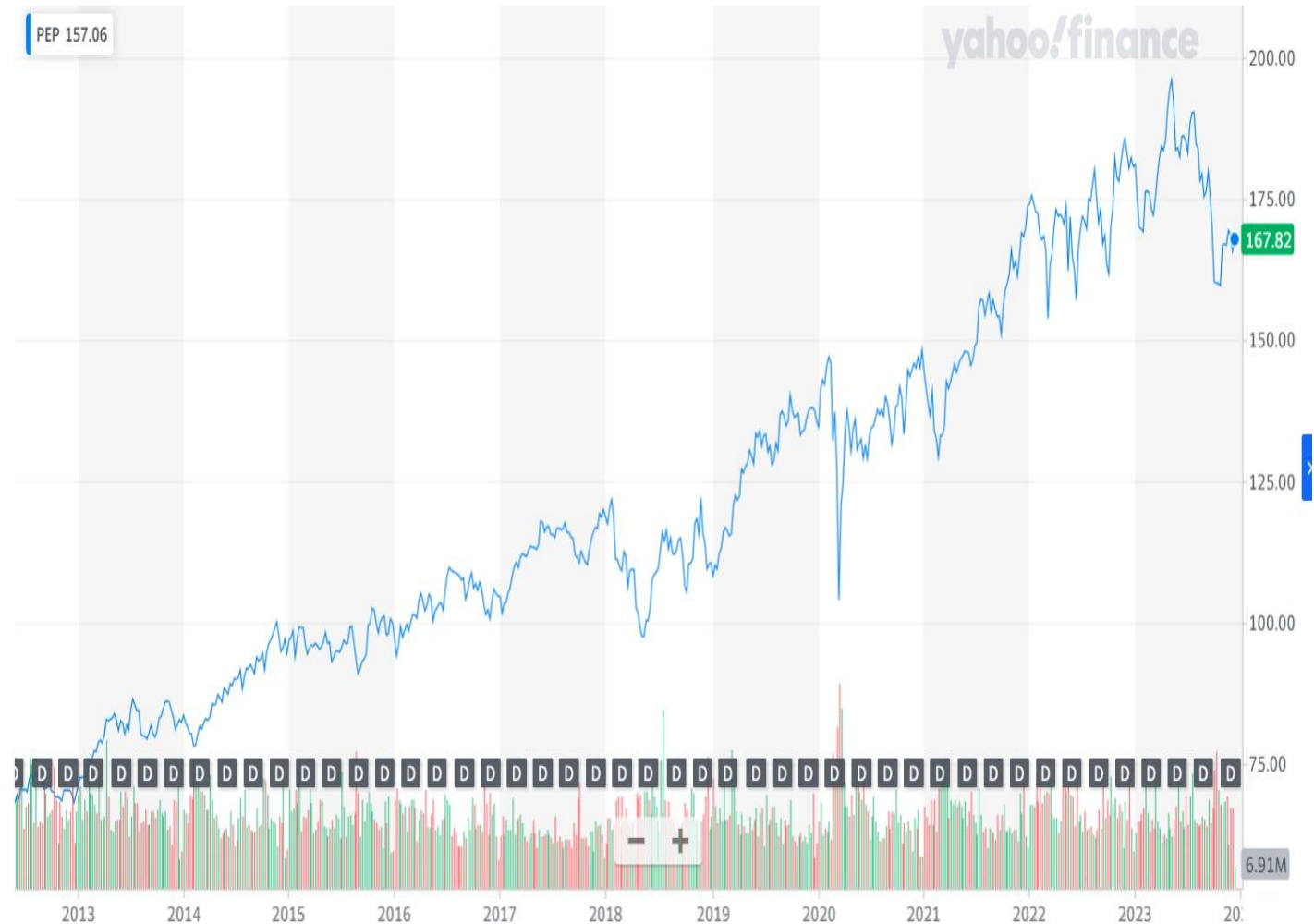
FINANCE PERFORMANCE

SHARE PRICE PERFORMANCE, REVENUE GROWTH, GROSS MARGIN % OF SALES, OPERATING MARGIN % OF SALES, ROE, ROA, LIQUIDITY/SOLVENCY METRICS,



SHARE PRICE PERFORMANCE

- PepsiCo's share price has had its ups and downs over the years but is considered a **stable and safe stock to invest** in for investors. It's share price has consistently been on the up (except during COVID-19) and hit a peak of **\$196.22** in early 2023.
- Its EPS value was at **\$6.42** over 2022, which was much higher than its competitors.

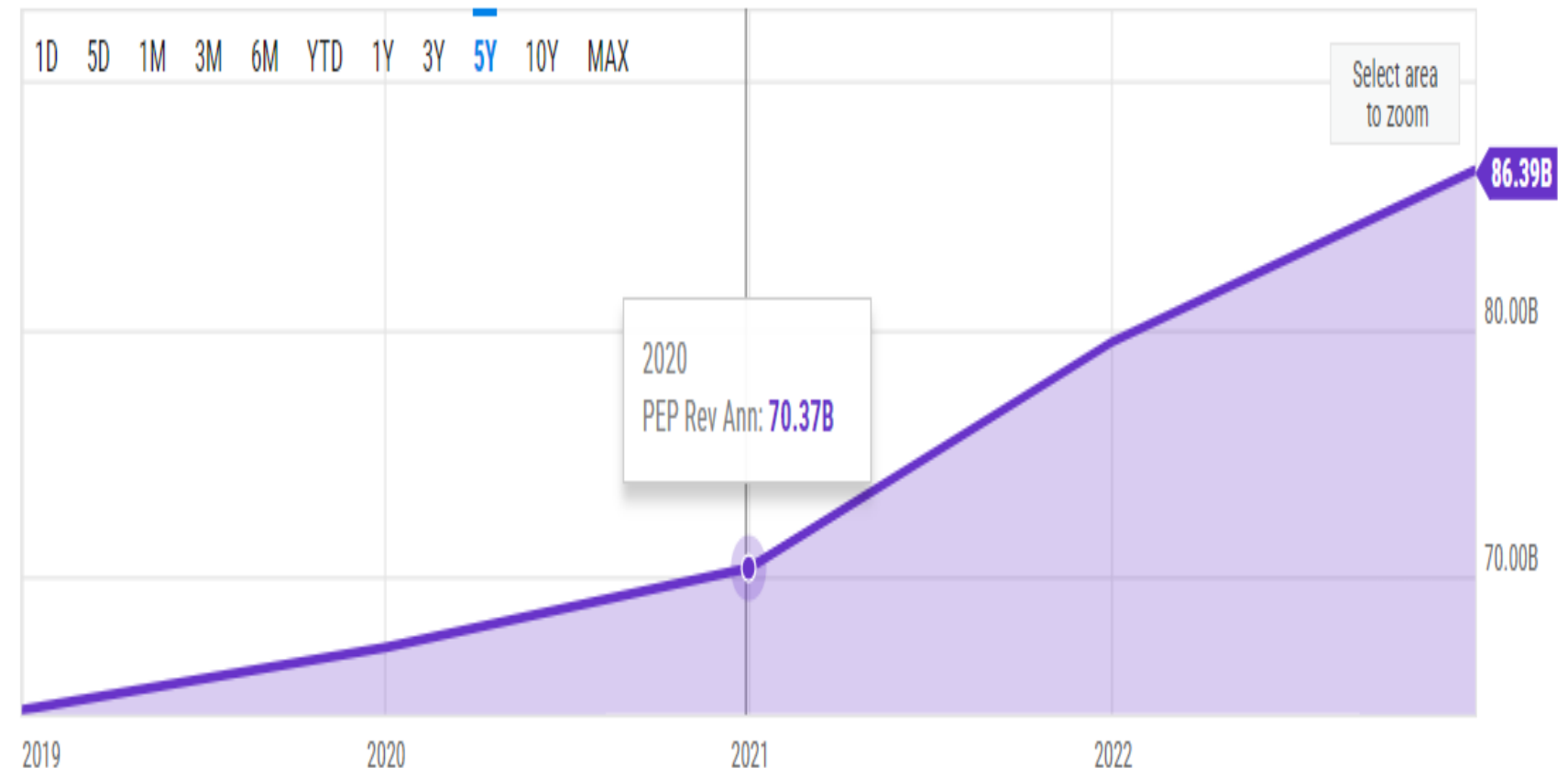


REVENUE GROWTH

- PepsiCo's revenues have seen a significant increase in the past 5 years, rising by over \$20 Billion per annum to **\$83.39 Billion in 2022**.
- Along with revenue, PepsiCo's annual net income for 2022 was \$8.91B, a **16.96% increase** from 2021.

Revenue (Annual) Chart

[VIEW FULL C](#)



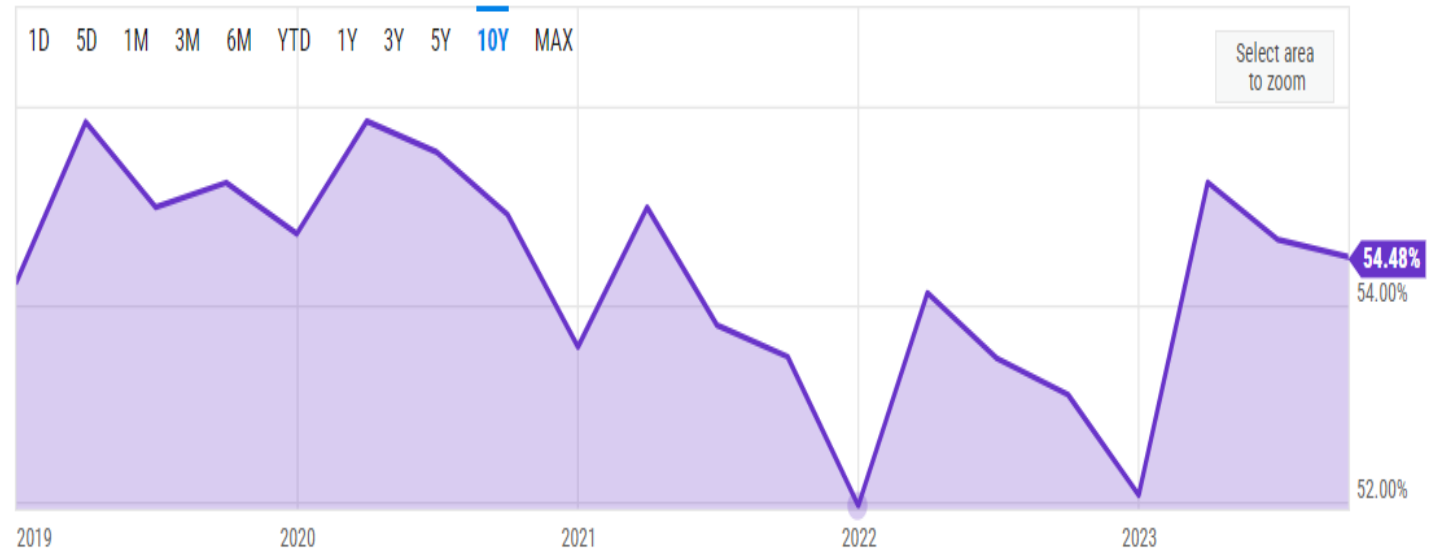
GROSS MARGIN % OF SALES

Gross margin for the company is calculated by
$$\frac{\text{net revenue} - \text{COGS}}{\text{net revenue}}$$

So, looking at the latest data available the Gross margin for PepsiCo for Sept.'23 is 54.48% and we have seen a slight downfall in the graph from the month of **March'23** to **September'23** from **55.24%** to **54.48%**.

Gross Profit Margin (Quarterly) Chart

[VIEW FULL C](#)



Gross margin represents the percentage of revenue that exceeds the cost of goods sold (COGS). A decrease from 55.24% to 54.48% suggests that the **company's profit relative to its revenue has slightly decreased**.

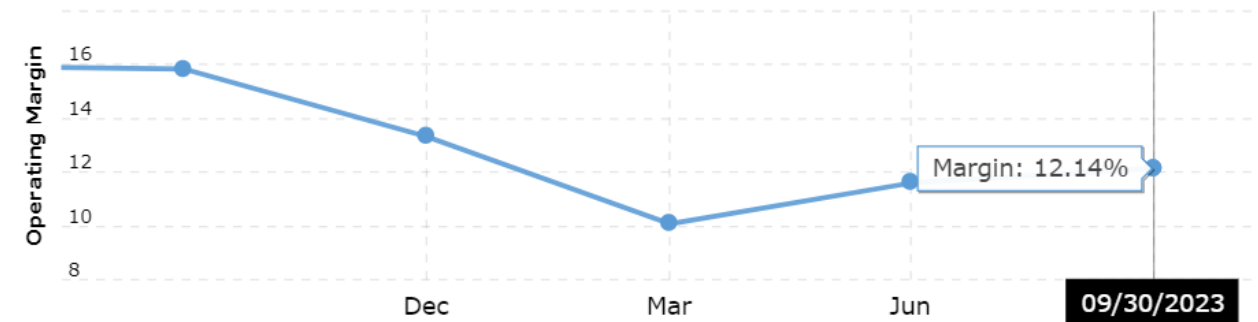
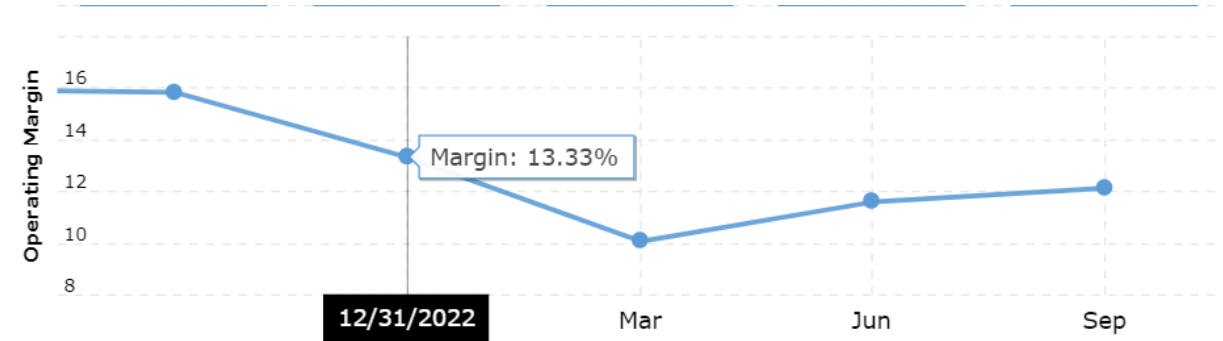
OPERATING MARGIN % OF SALES

Operating margin% for sales is calculated by

$$= \frac{\text{EBIT}}{\text{Revenue}}$$

So, now looking at the latest data available, we see in the graph that the operating margin was 13.33% for the year 2022 for the year 2023 it decreased to 12.14%.

In this case, going from a higher operating margin of 13.33% to a lower margin of 12.14% suggests a **decrease in the efficiency of the company's operations.**

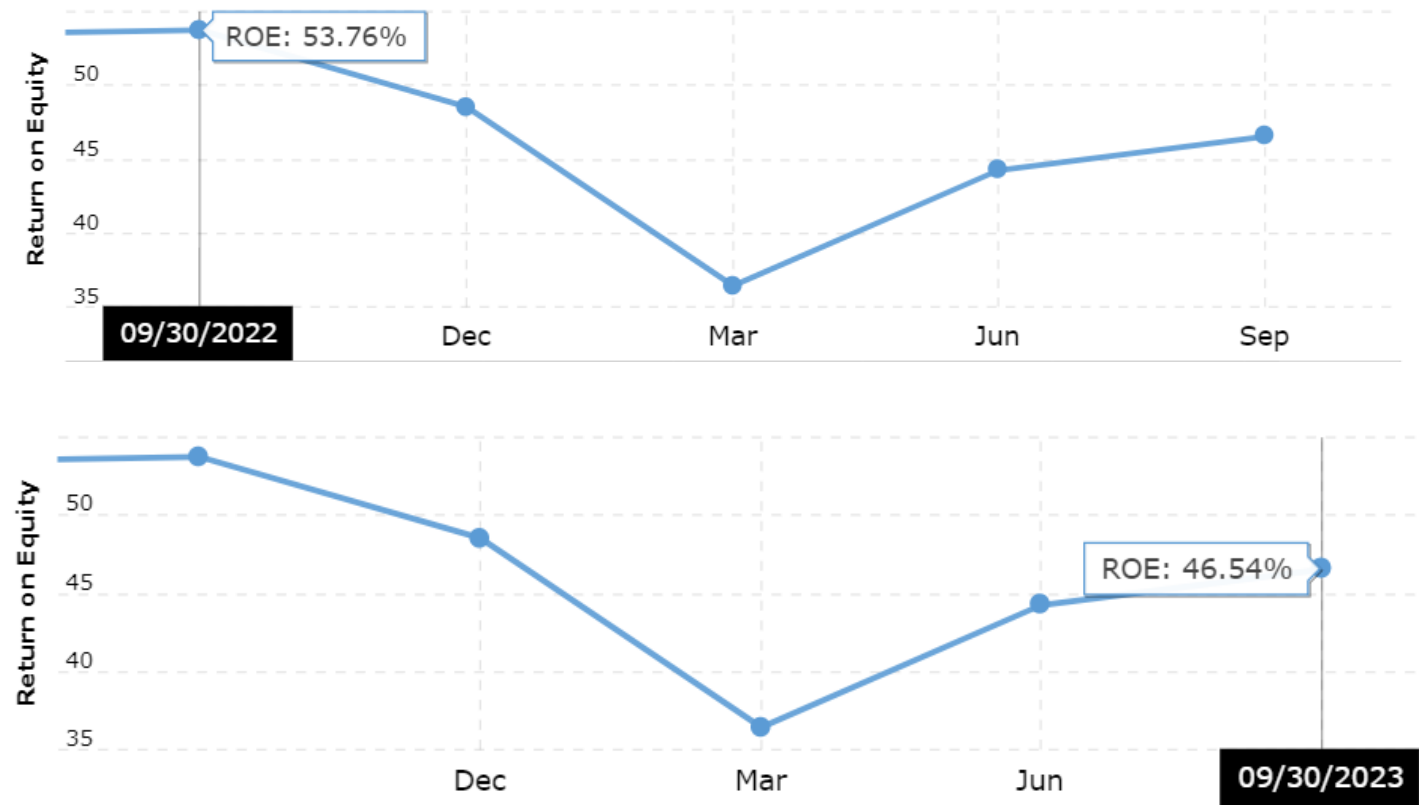


RETURN ON EQUITY

ROE measures how effectively a company is using its equity to generate profits.

$$\text{ROE} = (\text{net income} / \text{total equity}) * 100$$

A decrease in Return on Equity (ROE) from 53.76% to 46.54% typically indicates a reduction in the company's ability to generate profits from the shareholders' equity.



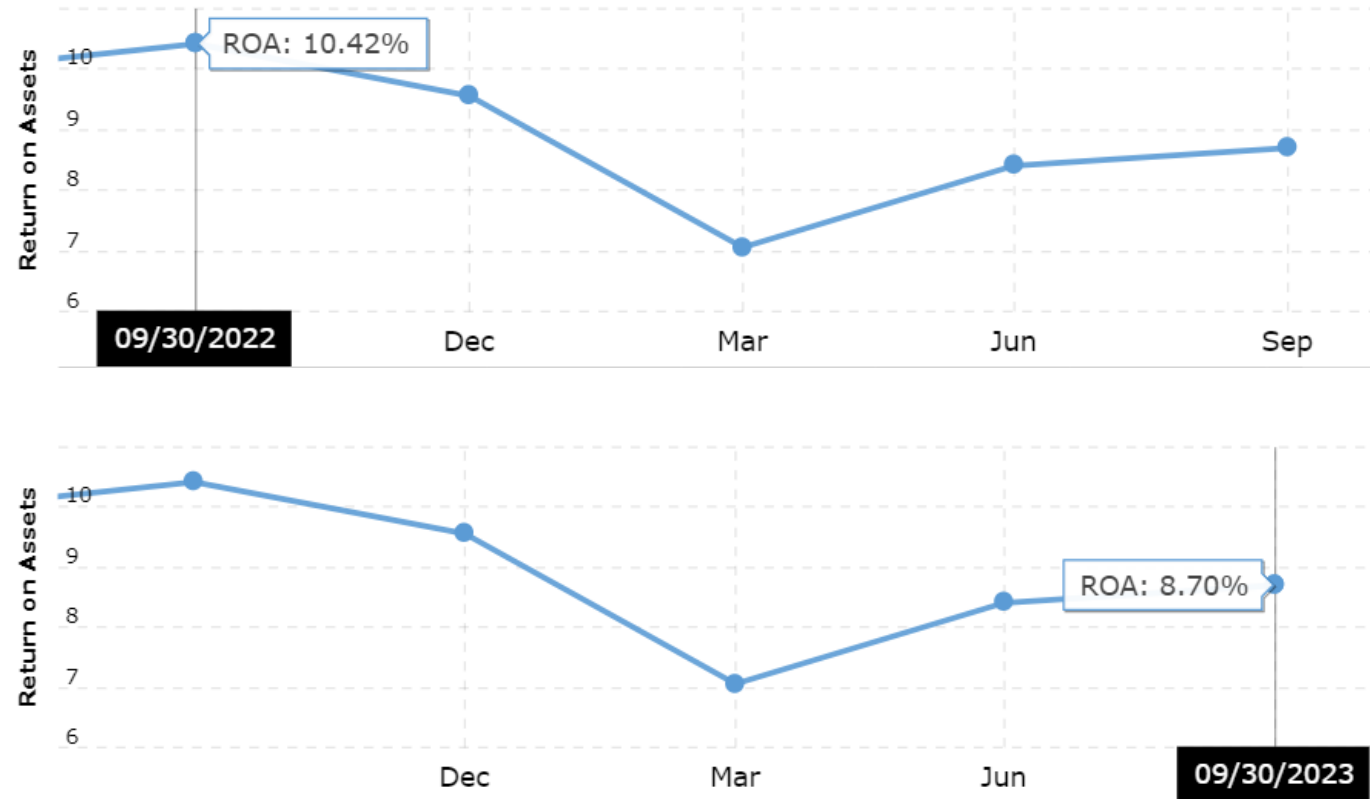
While a 46% ROE is still a reasonably high figure in general, the company should investigate the reasons behind this decrease to determine whether it's a short-term fluctuation or a sustained trend that might affect its financial health and growth prospects.

RETURN ON ASSETS

ROA measures how efficiently a company utilizes its assets to generate earnings.

$$\text{ROA} = (\text{net income} / \text{total asset}) * 100$$

A decrease in Return on Assets (ROA) from 10.42% to 8.70% typically indicates a decline in the company's ability to generate profits from its assets.



An 8% ROA is still considered decent in many industries, but a downward trend might suggest a potential inefficiency in utilizing assets.

SOLVENCY METRICS

Solvency ratio

Debt to equity ratio

Description

A solvency ratio calculated as total debt divided by total shareholders' equity.

The company

PepsiCo Inc. debt to equity ratio improved from 2020 to 2021 and from 2021 to 2022.

Debt to equity ratio (including operating lease liability)

A solvency ratio calculated as total debt (including operating lease liability) divided by total shareholders' equity.

PepsiCo Inc. debt to equity ratio (including operating lease liability) improved from 2020 to 2021 and from 2021 to 2022.

Debt to capital ratio

A solvency ratio calculated as total debt divided by total debt plus shareholders' equity.

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Financial leverage ratio

A solvency ratio calculated as total assets divided by total shareholders' equity.

PepsiCo Inc. financial leverage ratio decreased from 2020 to 2021 and from 2021 to 2022.



THANKS

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