

Dr Pepper Snapple Group, Inc. (DPS) 9/1/09

DPS engages in bottling and distributing beverages in the US, Canada, and Mexico. The company produces brands such as; Dr. Pepper, 7UP, Sunkist, A&W, Canada Dry, Schweppes, Welch's, and Snapple among others. DPS sells its products to distributors, retailers, and large foodservice customers. The company was founded in 2007 and headquartered in Plano, Texas.

Current Price	\$25.92
52 Week High	\$27.91
52 Week Low	\$11.83
One Yr Target	\$27.50
Market Cap (in billions)	\$6.58
P/E (Trailing)	n/a
P/E(1 Yr Forward)	12.17
P/E/G	1.81
ROA	-2.43%
ROE	-7.30%
EPS	-\$0.89
Beta	0.60
Annualized Dividend	\$0.00
Dividend Yield	0.00%
Analyst Consensus	2.10



Annual EPS

2005	\$1.92	
2006	\$2.01	4.69%
2007	\$1.96	-2.49%
2008	-\$1.23	-162.76%
2009E	-\$0.89	-27.64%

Annual Revenue (in millions)

2005	\$3,205.00	
2006	\$4,700.00	46.65%
2007	\$5,695.00	21.17%
2008	\$5,710.00	0.26%

Annual Net Income (in millions)

2005	\$477.00	
2006	\$510.00	6.92%
2007	\$497.00	-2.55%
2008	-\$312.00	-162.78%

Required Rate of Return

7.83%

Dividend Growth Model

Present Value of 2013 Price	n/a
Holding Period Return (5 years)	n/a

Expected Annualized Return Model

Present Value of 2013 Price	-\$5.21
Holding Period Return (5 years)	n/a

Residual Income Model

Intrinsic Stock Price	\$18.90
-----------------------	---------

Analysis

Positives

Projected 1 year target price is higher than the current price, and is liked by analysts

Negatives

Overvalued according to EAR and RI valuation models

Doesn't pay any dividends, thus the DG valuation model is unapplicable

Several years of negative percentages in EPS and Net Income

Financial Statements

Balance Sheet is good but has a recent loss in Equity

Income Statement Revenue is good, but has a reduction in Net Income which is a concern

Cash Flows are good, they are stable and positive

Industry Analysis

Company is one of the larger in the industry

Company's financial ratios are worse than competitors

Company has better profit margins than competitors

Summary

DPS is an interesting company and stock. Its financial ratios aren't great at all. The two applicable valuation ratios have the stock price as overvalued. It has increased Revenue over several years but has lost Net Income at an increasing rate for the same years. Still though they have better profit margins than competitors, so that leads to believe that something industry wide is causing costs to increase. DPS seems to be positioning themselves for increased growth but this is still speculative, and DPS earns a **hold** rating.