Analyst Name: Ryan Ellingsen

CIF Stock Recommendation Report (Fall 2012)

Company Name and Ticker: Dr Pepper Snapple Group, Inc. (DPS)

Section (A) Summary

Recommendation Buy: Yes No		Target Price: $51.30	Stop-Loss Price: $37.29
Sector: Consumer Staples	Industry: Beverages-Soft Drinks	Market Cap (in Billions): $9.042.47	# of Shrs. O/S (in Millions): 208.11
Current Price: $43.87	52 WK Hi: $45.85	52 WK Low: $34.65	EBO Valuation: 49.85
Morningstar (MS) Fair Value Est.: $38.00	MS FV Uncertainty: Medium	MS Consider Buying: $26.60	MS Consider Selling: $51.30
EPS (TTM): 2.92	EPS (FY1): 2.95	EPS (FY2): 3.20	MS Star Rating: BBB+
Next Fiscal Yr. End "Year": "Month": 2013 December	Last Fiscal Qtr. End: Less Than 8 WK: Y N	If Less Than 8 WK, next Earnings Ann. Date: N/A	Analyst Consensus Recommendation: Hold
Forward P/E: 13.71	Mean LT Growth: 7.33%	PEG: 1.87	Beta: 0.72
% Inst. Ownership: 98.93%	Inst. Ownership- Net Buy: Y N	Short Interest Ratio: 8.00	Short as % of Float: 6.00
Ratio Analysis	**Company**	**Industry**	**Sector**
P/E (TTM)	14.86	31.62	31.26
P/S (TTM)	1.51	1.30	3.72
P/B (MRQ)	3.91	2.96	1.68
P/CF (TTM)	10.37	11.36	21.23
Dividend Yield	3.13	2.43	1.78
Total Debt/Equity (MRQ)	119.33	53.88	26.38
Net Profit Margin (TTM)	10.47	5.60	7.35
ROA (TTM)	6.88	5.03	3.58
ROE (TTM)	27.33	12.07	19.01

Investment Thesis

Overall, Dr Pepper Snapple Group is a very strong stock with some very attractive ratios. Their P/E, P/S, and P/S being low compared to their industry and sector shows that the stock could be undervalued and therefore an attractive stock. On top of that, their high dividend yields, net profit margin, ROA, and ROE in comparison to their industry and sector also show that the company is profitable and will produce good returns. On top of these ratios, they also are managed well, maintain a strong portfolio of brands that are number one or two in their categories, and Morningstar bulls have said that it has untapped growth potential that they have been investing heavily to increase their coverage. However, my recommendation for Dr Pepper Snapple Group is to not buy for many reasons. My first reason is that they had pretty disappointing third quarter performance numbers and a very high debt/equity ratio which concerns me if they can manage this debt financing. Another big reason is that they really lack geographic diversity especially in comparison with Coca-Cola and PepsiCo, which in turn is why Morningstar gave them a relatively high risk rating. I also was alarmed by the fact there was not a convincing consensus by analysts recommendations, and the majority said to hold rather than buy or outperform. Last but not least, many Morningstar analysts said that if you were an investor trying to gain entryway to the soft-drink industry, they recommended that Coca-Cola and PepsiCo would be better options, two that we have already analyzed and do not have holdings in.

Summary

Provide brief summary of your analysis in each section that follows

Company Profile:

Dr Pepper Snapple Group is a beverage manufacturer and distributor based in North America. Their primary competitors include PepsiCo & Coca-Cola, their cycle is in the mature stage and they are non-cyclical in nature.

Fundamental Valuation:

The EBO valuation yielded an implied price of $49.85 with an abnormal growth rate of 7 years.

Relative Valuation:

In terms of key metrics in comparison to their competitors, Dr Pepper Snapple Group had the lowest forward P/E, P/S, P/B, and P/CF, with also second lowest PEG ratio.

Revenue and Earnings Estimates:

There was not really any visible pattern in terms of historical surprises, however for consensus estimates on revenues and earnings, they have been trending down

Analyst Recommendations:

In almost all sources, there was a consensus hold recommendation, however, there was relatively large dispersion between the buy, outperform, and underperform option.

Institutional Ownership:

Institutional ownership is currently at 98.93%, with 17.4% of shares outstanding belonging to four institutions each with a stake of over 5% in Dr Pepper Snapple Group

Short Interest:

Short interest is on the relatively high side at a short ratio of 8.00, and has continued to trend upwards in the recent months

Stock Price Chart:

In comparison with their main competitors, the S&P500, and consumer staples sector, they have been outperforming in the one and five year price charts, but in the three month have been underperforming.

Section (B) Company Profile (two pages maximum)

Company Summary

Dr Pepper Snapple Group, Inc. is non-alcoholic beverage manufacturer and distributor based out of Plano, Texas. They operate in the U.S., Canada, and Mexico and have a large range of beverages from flavored carbonated soft drinks as well as non-carbonated beverages like juices, mixers, and readymade teas. Their company is broken down into three segments, the Packaged Beverages, their Beverage Concentrates, and their Latin America Beverages. Some examples of their beverage concentrates that are used to for beverage retailers include their popular brands Dr Pepper, Sunkist, 7UP, A&W, Canada Dry, Crush, Squirt, and Schweppes. Examples of their packaged beverages and Latin American beverages include Hawaiian Punch, Snapple, Mott's Yoo-Hoo, Clamato, AriZona, FIJI as well as the brands in the beverage concentrate section.

As for the breakdown in revenues and earnings, roughly 93% of Dr Pepper Snapple Groups revenue came from developed markets in the U.S. and Canada while the remaining 7% came from Mexico and the Caribbean. Therefore in comparison to some of their big competitors like Coca-Cola and PepsiCo, they are lacking in being geographically diverse. They also don't operate in many other industries which also puts them at a disadvantage in comparison with Coca-Cola and PepsiCo which have focused on branching out to other industries in recent years.

Business Model, Competition, Environment and Strategy

Dr Pepper Snapple Group's two major competitors are Coca-Cola and PepsiCo, however they also compete with companies like Monster Energy, Nestle, and Kraft Foods Inc. One way they've managed to differentiate themselves from the competition is that they have been able to gain control of brands that are either number one or number two within their category and taken advantage of unique flavors not touched by many competitors. On top of that, they have been outperforming in the diet line extensions as well as they own six of the top ten brands in

the flavored sparkling drinks section, a part of the carbonated beverage industry that has grown significantly the past decade with rising health conscious consumers.

Dr Pepper Snapple Group is currently in the mature stage of its life cycle, like many consumer staples especially in the drinks industry. Many beverage companies like Dr Pepper Snapple have been around for hundreds of years and are already well established, therefore they may see rapid growth at their beginning stages, however it has now slowed down quite a bit and they rely on their strong well-established brand equity for future sales. The beverage industry is not cyclical, therefore they are a very defensive company and don't alter much by season. However, in times of drought or economic hardship, their commodity costs may raise which may take a toll on the company's finances, so therefore there are circumstances where they could be affected by economic and natural disasters. On top of that, the potential for greater government regulation of beverages could influence their company's strategy and how they operate.

Revenue and Earnings History

REVENUE

Periods	2010	2011	2012
March	1248.0	1331.0	1362.0
June	1519.0	1582.0	1621.0
September	1457.0	1529.0	1528.0
December	1412.0	1461.0	

Note: Units in Millions of U.S. Dollars

TOTALS:	5636	5903	4511

EARNINGS PER SHARE

Periods	2010	2011	2012

March	0.34888	0.50376	0.47686
June	0.74179	0.76649	0.83451
September	0.599	0.70577	0.84434
December	0.49015	0.76852	
TOTALS:	**2.1797**	**2.7445**	**2.1557**

For revenues, there seems to be a general pattern where the March revenues are the lowest of the year, followed by the June revenues which are the highest of the year, and then the September and December revenues are less in a decreasing order. Based off of that trend, we can likely expect the December revenues of this year to be a little less than the September revenues of this current year. As for total revenues, they have been increasing the past 2 years so we can expect that to not likely change. For earnings, for the most part it has been a similar trend in terms of seasonal changes. However the 2011, there was less dispersion between June September and December earnings values, and also in 2012, the September earnings per share was higher than in June which is different from the trend we had consistently with the revenues values. Therefore, the earnings per share this December is likely to be less predictable than the revenues this year.

Section (C) Fundamental Valuation (EBO)

Include the following here:

DPS				

PARAMETERS	FY1	FY2	Ltg
EPS Forecasts	2.96	3.20	7.33%
Book value/share (last fye)	10.62		
Discount Rate	7.53%		
Dividend Payout Ratio (POR)	45.18%		
Next Fsc Year end	2012		
Current Fsc Mth (1 to 12)	11		
Target ROE (industry avg.)	11.37%		

Model 1: 12-year forecasting horizon (T and a 7-year growth period.

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You only need to input values to cells highlighted
The rest of the spreadsheet is calculated automati
Please read "Guidelines_for_FundamentalValuat
carefully

Year	2012	2013	2014	2015	2016	2017	2018	2019
Long-term EPS Growth Rate (Ltg)			0.0733	0.0733	0.0733	0.0733	0.0733	

Forecasted EPS			2.96	3.20	3.44	3.69	3.96	4.25	4.56	
Beg. of year BV/Shr			10.618	12.239	13.994	15.877	17.899	20.068	22.397	
Implied ROE				0.262	0.246	0.232	0.221	0.212	0.204	
ROE	(Beg. ROE, from EPS forecasts)		0.278	0.262	0.246	0.232	0.221	0.212	0.204	0.186
Abnormal ROE growth rate for B	(ROE-k)		0.203	0.186	0.170	0.157	0.146	0.136	0.128	0.110
	(1-POR)*(ROEt-1)		0.000	0.153	0.143	0.135	0.127	0.121	0.116	0.112
Compounded growth			1.000	1.153	1.318	1.495	1.686	1.890	2.109	2.345
growth*AROE			**0.203**	**0.215**	**0.224**	**0.235**	**0.246**	**0.258**	**0.271**	**0.259**
required rate (k)		0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075
Compound discount rate			1.075	1.156	1.243	1.337	1.438	1.546	1.662	1.788
div. payout rate (k)		0.452								
Add to P/B	PV(growth*AROE)		0.19	0.19	0.18	0.18	0.17	0.17	0.16	0.14
Cum P/B			1.19	1.37	1.55	1.73	1.90	2.07	2.23	2.38
Add: Perpetuity beyond current yr	(Assume this yr's AROE forever)		2.51	2.46	2.40	2.33	2.27	2.21	2.16	1.92
Total P/B	(P/B if we stop est. this period)		3.70	3.84	3.95	4.06	4.17	4.28	4.39	4.30
Implied price			**41.97**	**43.58**	**44.84**	**46.09**	**47.35**	**48.60**	**49.85**	**48.76**
Check:										
Beg. BV/Shr			10.62	12.24	13.99	15.88	17.90	20.07	22.40	24.90
Implied EPS			2.96	3.20	3.44	3.69	3.96	4.25	4.56	4.62
Implied EPS growth				0.083	0.073	0.073	0.073	0.073	0.073	0.013

Inputs (provide below input values used in your analysis)

EPS forecasts (FY1 & FY2):   2.96 & 3.20

Long-term growth rate: 7.33%

Book value /share (along with book value and number of shares outstanding):

    Book value: 2263

    # of shares outstanding: 213.13

    Book value / share: 10.62

Dividend payout ratio: 45.18

Next fiscal year end: 2012

Current fiscal month: 11

Target ROE: _____11.37%_____

Output

Above normal growth period chosen: _____7 years_____

EBO valuation (Implied price from the spreadsheet): _____49.85_____

Sensitivity Analysis

EBO valuation would be (you can include more than one scenario in each of the following):

_____48.76_____ if changing above normal growth period to _____8 years_____

_____51.25_____ if changing growth rate from mean (consensus) to the highest estimate

_____8.00%_____

_____48.76_____ if changing growth rate from mean (consensus) to the lowest estimate

_____6.80%_____

_____46.45_____ if changing discount rate to _____8%_____

_____49.85_____if changing target ROE to _____12%_____

Section (D) Relative Valuation

DPS

	Ticker	Name	Mkt Cap	Current Price	Mean FY2 Earnings Estimate (next fiscal year)	Forward P/E	Mean LT Growth Rate	PEG	P/B (MRQ)	ROE 5 yr ave	Value Ratio	P/S TTM	P/CF TTM
1	KO	Coca-Cola	$ 167,027.41	$ 37.25	$ 2.19	17.01	8.16%	2.08	5.03	31.88%	0.16	3.51	54
2	PEP	PepsiCo	$ 106,392.60	$ 68.91	$ 4.41	15.63	6.18%	2.53	4.95	34.38%	0.14	1.62	12.31
3	MNST	Monster	$ 7,751.06	$ 44.91	$ 2.33	19.27	19.00%	1.01	8.71	33.56%	0.26	3.88	21.73
	DPS	Dr Pepper Snapple	$ 9,042.47	$43.87	$ 3.20	13.71	7.33%	1.87	3.91	11.69%	0.33	1.51	10.37

		Implied Price based on:	P/E	PEG	P/B	Value	P/S	P/CF
1	KO	Coca-Cola	$54.43	$48.89	$56.44	$20.69	$101.98	$228.45
2	PEP	PepsiCo	$50.00	$59.31	$55.54	$18.88	$47.07	$52.08
3	MNST	Monster	$61.68	$23.80	$97.73	$34.04	$112.73	$91.93
		High	$61.68	$59.31	$97.73	$34.04	$112.73	$228.45
		Low	$50.00	$23.80	$55.54	$18.88	$47.07	$52.08
		Median	$54.43	$48.89	$56.44	$20.69	$101.98	$91.93

From the top panel

        Dr Pepper Snapple Group's multiples in comparison to their competitors varied across the board, however they tended to be lowest in many key metrics. Their forward P/E ratio was the lowest in comparison with their competitors implying that earnings are expected to grow. For PEG, this value was lower than that of both PepsiCo and Coca-Cola showing that it's a less expensive stock with higher earnings and growth which is good; however it was higher than Monster. As for P/B (MRQ), Dr Pepper Snapple was also the lowest, signaling that its book value is larger in comparison to its price showing that it may be undervalued. For P/S (TTM), they were also the lowest, which is also good because it shows that they have large sales growth in comparison with price. Finally, their P/CF (TTM) was also lowest, which says they have great cash flows in comparison to their price. Based off of these low key metrics in the relative valuation, it appears that Dr Pepper Snapple could be quite undervalued, therefore being of great value for its price. I chose to only compare them to three companies in this analysis because I thought there were no other competitors that were quite comparable to Dr Pepper Snapple's product line and corporate structure. Their current price compared to Morningstar's fair value is high, however it is closer to its 52 week high than its low.

From the bottom panel

        The implied prices vary pretty widely here from one another, which I attributed to growth rates of the companies. Monster definitely was the outlier from the rest in many metrics, particularly implied prices based on PEG and P/B which was significantly lower based on PEG and significantly higher based on P/B. Another outlier was their implied price based on P/CF of Coca-Cola, it was nearly double to triple what it was based on Monster & PepsiCo's P/CF. As a whole the implied prices based on Coca-Cola and PepsiCo's various metrics were very similar which I think is due to Coca-Cola and PepsiCo being the most similar to each other in terms of market cap and overall structure. Of all the valuation tools used for my stock, I think that the P/E is most useful because its valuation of the company's current share price compared to its per-share earnings, meaning that if it's lower then it's a more attractive security. Dividend payout is also huge with companies in the consumer staples sector because if you have a higher ratio, then that means that the company pays more in dividends and therefore less of its earnings into the company which is good for investors.

Section (E) Revenue and Earnings Estimates

HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Sep-12	1,562.78	1,528.00	34.78	-2.23
Quarter Ending Jun-12	1,627.37	1,621.00	6.37	-0.39
Quarter Ending Mar-12	1,358.25	1,362.00	3.75	+0.28
Quarter Ending Dec-11	1,447.06	1,461.00	13.94	+0.96
Quarter Ending Sep-11	1,530.82	1,529.00	1.82	-0.12
Earnings (per share)				
Quarter Ending Sep-12	0.77	0.79	0.02	+2.49
Quarter Ending Jun-12	0.82	0.85	0.03	+3.85
Quarter Ending Mar-12	0.48	0.46	0.02	-3.54
Quarter Ending Dec-11	0.74	0.82	0.08	+10.13
Quarter Ending Sep-11	0.70	0.71	0.01	+0.85

In terms of their historical surprises for sales and earnings, I did not really see any visible patterns; there were both positive and negative surprises for both earnings and sales. In general, the earnings per share had less dispersion of positive and negative surprises, with only one negative surprise and the rest positive surprises. Of the ten comparisons, the actual total was that there were 6 positive surprises and 4 negative surprises, although none of these appeared to be too drastic besides the quarter ending Dec-11 earnings per share being a positive 10% surprise. This is not too shocking though considering that fact that surprises as a whole were more notable in the earnings per share. In terms of stock price, the price did appear to jump with the positive surprises, especially the positive 10% surprise which would make sense because the earnings per share was much higher than expected.

CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Dec-12	10	1,500.01	1,517.00	1,476.20	1,512.24
Quarter Ending Mar-13	5	1,391.02	1,403.00	1,370.51	1,420.11
Year Ending Dec-12	13	6,012.15	6,079.00	5,979.79	6,081.53
Year Ending Dec-13	13	6,183.34	6,317.00	6,098.88	6,297.60
Earnings (per share)					
Quarter Ending Dec-12	13	0.85	0.88	0.84	0.80
Quarter Ending Mar-13	7	0.51	0.54	0.48	0.58
Year Ending Dec-12	14	2.95	2.98	2.94	2.93
Year Ending Dec-13	14	3.20	3.30	3.10	3.21
LT Growth Rate (%)	3	7.33	8.00	6.80	8.95

1. % Difference of High from Mean

    Sales Quarter Ending: Dec 12- 1.1%, Mar 13- 0.86%

    Sales Year Ending: Dec 12- 1.11% , Dec 13-2.16%

    Earnings Quarter Ending: Dec 12- 3.53%, Mar 13- 5.88%

Earnings Year Ending: Dec 12-1.02% , Dec 13-9.14%

2. % Difference of Low from Mean

Sales Quarter Ending: Dec 12-   -1.59% , Mar 13- -1.47%

Sales Year Ending: Dec 12-   -0.54% , Dec 13- -1.37%

Earnings Quarter Ending: Dec 12-   -1.18%, Mar 13-   -5.88%

Earnings Year Ending: Dec 12-   -0.34% , Dec 13- -3.13%

3. For sales, the divergence is more notable current quarter, and for FY2. For the earnings per share, the divergence is more notable for the out of quarter and FY2.

4. The number of analysts providing LT growth rates is much lower than the number of analysts providing revenue and earnings estimates.

CONSENSUS ESTIMATES TREND

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
SALES (in millions)					
Quarter Ending Dec-12	1,500.01	1,500.01	1,507.86	1,510.10	1,512.24
Quarter Ending Mar-13	1,391.02	1,391.02	1,398.67	1,398.36	1,420.11
Year Ending Dec-12	6,012.15	6,012.15	6,063.82	6,066.91	6,081.53
Year Ending Dec-13	6,183.34	6,183.34	6,250.19	6,251.95	6,297.60
Earnings (per share)					
Quarter Ending Dec-12	0.85	0.85	0.88	0.88	0.80
Quarter Ending Mar-13	0.51	0.51	0.51	0.51	0.58

Quarter Ending Dec-12	2.95	2.95	2.96	2.96	2.93
Quarter Ending Dec-13	3.20	3.20	3.22	3.22	3.21

Overall, consensus estimates on revenue and earnings have been trending down, with a few scattered slight increases. This trend is more notable for the out of quarter and for FY2 for both revenues and earnings.

ESTIMATES REVISIONS SUMMARY

	Last Week		Last 4 Weeks	
Number Of Revisions:	Up	Down	Up	Down
Revenue				
Quarter Ending Dec-12	0	0	2	7
Quarter Ending Mar-13	0	0	1	3
Year Ending Dec-12	0	0	1	11
Year Ending Dec-13	0	0	1	11
Earnings				
Quarter Ending Dec-12	0	0	1	11
Quarter Ending Mar-13	0	0	1	1
Year Ending Dec-12	0	0	1	4
Year Ending Dec-13	0	0	3	6

As for total analyst revisions, a large majority of the revisions for both revenue and earnings were down revisions, with minimal up revisions. In relation to these revisions, all them were made 4 weeks ago, last week there were zero revisions on both the revenues and earnings. Based off of what I've read in Morningstar and what I'm seeing with these revisions, I

don't believe that they will beat analyst consensus estimate based off of their poor third quarter results as well as their medium default risk. They also are not very geographically diversified which is something that I know PepsiCo and Coca-Cola are both taking advantage of right now.

Section (F)   Analysts' Recommendations

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	3	3	3	3
(2) OUTPERFORM	2	2	2	2
(3) HOLD	8	8	8	8
(4) UNDERPERFORM	2	2	2	2
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.60	2.60	2.60	2.60

Over the last three months, there hasn't been a single change of analysts of opinions. Their current mean rating is 2.60, which signals a very slightly bullish opinion. Hold has the current majority at 8 total recommendations, however buy, outperform, and underperform all have 2 to 3 recommendations which gives me kind of a bearish perspective on the stock with very close numbers all across the spectrum of options. Based off of Morningstar's analyst reports, Reuters results are pretty consistent with, there are both many bullish and bearish opinions which gives me doubts on whether the stock could potentially be too risky.

Section (G) Institutional Ownership

Ownership Activity	# of Holders	% Beg. Holders	Shares	% Shares
Shares Outstanding			208,110,989	100.00%
# of Holders/Tot Shares Held	561	100.90%	205,884,201	98.93%
# New Positions	48	8.63%		
# Closed Positions	43	7.73%		
# Increased Positions	225	40.47%		
# Decreased Positions	231	41.55%		
Beg. Total Inst. Positions	556	100.00%	207,341,883	99.63%
# Net Buyers/3 Mo. Net Chg	-6	49.34%	-1,457,682	-0.70%

Ownership Information	% Outstanding
Top 10 Institutions % Ownership	47.50%
Mutual Fund % Ownership	1.74%
Float %	99.93%

> 5% Ownership Holder Name	% Outstanding	Report Date
Fidelity Management & Research Company	8.7	9/30/2012
Morgan Stanley Investment Management Ltd. (UK)	6.4	9/30/2012
Cedar Rock Capital Ltd.	6.4	9/30/2012
Vanguard Group, Inc.	5.9	9/30/2012

On a net basis, there has been a decrease in net buyers of about 6 buyers, accounting for a 0.70% change in shares since March. This could indicate a move towards a bearish attitude; however analysts have continued to take a hold standpoint on Dr Pepper Snapple Group. There are four institutions that make up the owners with more than a 5% stake in the company, them being Fidelity Management & Research Company, Morgan Stanley Investment Management Ltd., Cedar Rock Capital Ltd., and Vanguard Group, Inc. Together, they make up about 17.4% of shares outstanding. Overall, institutional ownership above 5% does not appear to have a large impact on Dr Pepper Snapple Group, even though there are relatively a large amount of holders.

Section (H)   Short Interest (two pages)

**From http://www.nasdaq.com/ (NASDAQ's website)**

DPS Short Interest   Share | Like   12

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
10/31/2012	12,730,534	1,610,913	7.902683
10/15/2012	12,274,698	1,562,440	7.856108
9/28/2012	11,035,276	1,773,197	6.223378
9/14/2012	10,249,142	1,378,117	7.437062
8/31/2012	10,571,044	957,081	11.045088
8/15/2012	10,492,496	935,168	11.219905
7/31/2012	10,518,666	1,604,914	6.554037
7/13/2012	11,297,662	1,098,024	10.289085
6/29/2012	11,192,276	1,608,279	6.959163
6/15/2012	12,916,564	2,529,805	5.105755
5/31/2012	11,013,807	2,193,345	5.021466
5/15/2012	10,170,617	2,468,289	4.120513
4/30/2012	9,994,934	2,474,735	4.038790
4/13/2012	10,475,540	2,164,153	4.840480
3/30/2012	8,958,574	1,932,201	4.636461
3/15/2012	8,314,873	2,656,524	3.129982
2/29/2012	7,606,377	1,866,980	4.074161
2/15/2012	7,508,885	2,015,662	3.725270
1/31/2012	7,264,895	1,687,477	4.305182
1/13/2012	6,826,953	1,726,359	3.954538
12/30/2011	6,418,244	1,468,810	4.369690
12/15/2011	4,668,954	1,478,234	3.158467
11/30/2011	4,607,343	1,825,243	2.524235
11/15/2011	4,140,595	1,733,386	2.388732

Days to cover

Volume

11/15/2011   3/30/2012   8/15/2012
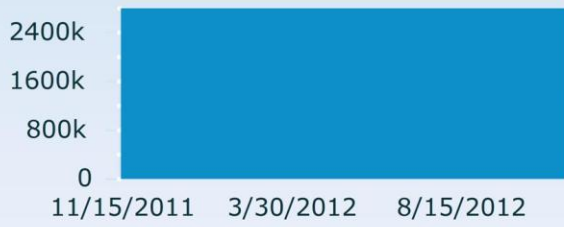
From http://finance.yahoo.com/

Complete the following table with information from the *"share statistics" table*.

Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
1,475,140	2,081,280	208.11M	207.35M
Shares Short (Most recent date)	**Short Ratio (Most recent date)**	**Short % of Float (Most recent date)**	**Shares Short (2 weeks prior)**
12.73M	8.00	6.00	12.27M

Over the past year, Dr Pepper Snapple has had both increases and decreases in their number of days to cover, suggesting moves toward a more bearish response because of the lack of predictability. It definitely appears that the sentiment has turned more of a bearish response. And the 6% short of float indicates a decent level of negative sentiment.

Some bullish sentiment has come about the recent rise in flavored sparkling drinks which are outperforming the other carbonated beverages. Because Dr Pepper Snapple has six of the top ten brands in this category, they are a dominant leader and should continue to build off of that success. Some bearish sentiment still has been stemming from the rising commodity costs, however this is affecting all companies in the consumer staples sector so it is not something that should be worried about too much.

Section (I)   Stock Charts

Dark Blue- Dr Pepper Snapple Group
Light Green- PepsiCo
Dark Brown- Coca Cola
Red- Consumer Staples
Purple- S&P 500
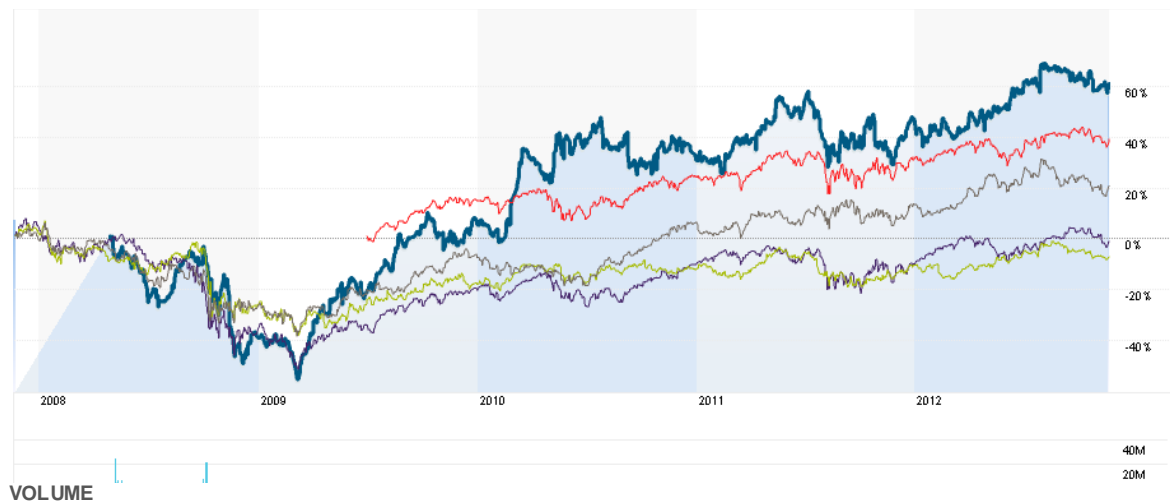**Additional Chart: Light Blue- Monster Beverage**

A three months price chart

A one year price chart

A five year price chart

VOLUME

Additional chart: one year price chart with Monster beverage included

      Based off of the three month price chart, Dr Pepper Snapple Group has been underperforming the S&P500 as well as the consumer staples sector, however they have been going back and forth in terms of outperforming with both Coca-Cola and PepsiCo, most recently they have been doing better.

      Based off of the one year price chart, Dr Pepper Snapple Group has mostly been outperforming the S&P500, the consumer staples sector, and both Coca-Cola and PepsiCo. However there were minor fluctuations, especially at the beginning of the year, in which Coca-Cola was outperforming them.

Based off of the five year chart, its apparent that Dr Pepper Snapple Group has noticeably been outperforming the S&P500, the consumer staples sector and it's competitors, which I believe is highly attributed to their high growth rates over this period.

Another additional chart I chose to use was the one year price chart with another competitor Monster included. I found that when I initially included them in all three charts, the graphs were much skewed and misleading which I believe is apparent in this chart. This is largely due to their overly large growth over the past year, so much that I believe it is at an unsustainable rate which is why in the past few months (as apparent in the graph) they have been outperformed by their competitors, the S&P500, and the consumer staples sector. Also they have received some recent negative publicity regarding their caffeine toxicity in their energy drinks.