First Quarter 2021 Prepared Management Remarks

April 15, 2021

Please view these remarks in conjunction with our Q1 2021 earnings release, Q1 2021 Form 10-Q and GAAP/non-GAAP reconciliations that can be found on our website at www.pepsico.com under the Investors section, or via the following link: https://investor.pepsico.com/investors/financial-information/quarterly-earnings/

We also invite you to listen to our live question and answer webcast with Ramon Laguarta (Chairman and Chief Executive Officer) and Hugh Johnston (Vice Chairman and Chief Financial Officer), which will begin today at 8:15 a.m. Eastern Time and will also be available on www.pepsico.com.
Cautionary Statement

These prepared remarks contain forward-looking statements, including about our business plans and 2021 guidance and the potential impact of the COVID-19 pandemic on our business. Forward-looking statements inherently involve risks and uncertainties and only reflect our view as of today, April 15, 2021, and we are under no obligation to update. When discussing our results, we refer to non-GAAP measures, which exclude certain items from reported results.

Please refer to our Q1 2021 earnings release and Q1 2021 Form 10-Q, available on pepsico.com, for definitions and reconciliations of non-GAAP measures and additional information regarding our results, including a discussion of factors that could cause actual results to materially differ from forward-looking statements.

As a reminder, our financial results in the United States and Canada (North America) are reported on a 12-week basis while
substantially all of our international operations report on a monthly calendar basis for which the months of January and February are reflected in our results for the 12 weeks ended March 20, 2021.
Chairman and CEO and Vice Chairman and CFO Commentary

We are pleased with our results for the first quarter as we successfully overcame challenges related to difficult year-over-year comparisons, uneven recoveries across many of our international markets and weather-related business disruptions in the U.S.

Our results are indicative of the strength and resilience of our highly dedicated employees, diversified portfolio, agile supply chain and go-to-market systems and strong marketplace execution.

Our performance also gives us added confidence that our investments to become Faster, Stronger and Better are working. During the first quarter:

- Our reported net revenue increased 6.8 percent which reflects the benefits of our highly strategic acquisition activity to capitalize on additional global growth
opportunities and continued investments in our brands, manufacturing capacity, supply chain and go-to-market systems.

- We held or gained share across many of our key global snacks and beverage markets with notable improvements in our U.S. snacks and beverage businesses.
- Our PepsiCo Beverages North America business was ranked as the #1 contributor to growth in the LRB category and delivered a strong improvement in core operating margin.
- We expanded our presence in the energy drink category with the introduction of Mtn Dew Rise Energy, a new kind of energy drink specifically formulated with ingredients to kick off the morning with a mental boost, immune support, and zero grams of added sugars.
- Our core constant currency EPS increased 14 percent as we continued to sharpen our holistic cost management initiatives, while also investing to accelerate our digitization efforts to strengthen our omnichannel and revenue management capabilities.
• And we continued to enhance our “Better” agenda by setting a new climate goal to achieve net-zero emissions by 2040, a full decade earlier than called for in the Paris Agreement, while also accelerating our efforts to advance our Racial Equality Journey.

We believe our global business momentum remains strong. While consumer behaviors and preferences may shift as population mobility increases in certain markets, we are well-positioned across categories and channels to succeed and win in the marketplace.

Our North America business trends have remained resilient while our international businesses have held up well despite ongoing restrictions and closures related to the pandemic.

Both our global snacks and beverage businesses have performed well even as consumers gradually return to pre-pandemic activities and behaviors, while our Quaker Foods North America business continues to capture opportunities from the post-
pandemic rise in the at-home breakfast and lite snack occasions.

In North America, our large format and eCommerce channels have continued to perform well, while our convenience and gas channel has delivered strong net revenue growth in recent quarters.

As population mobility increases, we also expect our global foodservice business and smaller, traditional trade formats in international markets to gradually improve.

But, before we provide more details on our financial results and business outlook, we want to acknowledge the dedicated efforts of our highly experienced local teams and front-line associates who continue to drive superior marketplace execution and serve our customers and communities. We sincerely thank each one of you for your efforts.
First Quarter PepsiCo Financial Review

Our reported net revenue increased 6.8 percent and includes a nearly 5-percentage-point benefit from acquisitions and 0.5 percentage-point impact from unfavorable foreign exchange. Organic revenue growth was 2.4 percent and our two-year organic revenue growth was 10.3 percent.

Our global snacks and foods business delivered mid-single-digit organic revenue growth while our global beverages business delivered low-single-digit organic revenue growth compared to the prior year.

Our core gross profit increased 4 percent despite the ongoing mix impact from our international acquisitions and unanticipated costs due to weather-related business disruptions in the U.S. during February.

And finally, our core operating profit increased 7 percent and core constant currency EPS increased 14 percent, which reflects
the benefits of our ongoing efforts to tightly control costs through our holistic cost management program and a mark-to-market gain on an equity investment.

**First Quarter North America Divisions Review**

Our North America divisions performed well in the first quarter as we lapped the demand surge at the outset of the COVID-19 pandemic last March and overcame temporary weather-related business disruptions in the U.S. this year.

**Frito-Lay North America** delivered 3 percent organic revenue growth in the quarter and two-year organic revenue growth of 10 percent. Frito-Lay gained market share in both the macro-snack and salty snack categories.

Frito’s performance benefited from its continuous efforts to refresh its lineup of flavors and introduce consumer centric innovation such as Doritos 3D Crunch and Cheetos Crunch Pop Mix to the marketplace.
During the quarter, large well-known brands such as Ruffles delivered high-single-digit net revenue growth, Tostitos and Doritos delivered mid-single-digit growth, and Lay’s delivered low-single-digit growth, while smaller brands such as Funyuns and Off The Eaten Path delivered double-digit growth.

From a channel perspective, the large format channel delivered strong net revenue growth as it continued to benefit from at-home consumption trends while the foodservice channel continued to decline at a double-digit rate.

Frito-Lay North America’s core operating margin contracted in the quarter and reflects the impacts associated with the weather-related business disruptions in February.

**Quaker Foods North America** delivered 1 percent organic revenue growth in the quarter as it lapped very difficult prior-year comparisons due to a significant surge in consumer demand in March last year.
However, we were very encouraged to see the business deliver two-year organic revenue growth of 8 percent as it continues to capitalize on the elevated demand for at-home breakfast occasions and seeks to capture additional opportunities for growth in lite snacks and side dishes.

**PepsiCo Beverages North America** delivered 2 percent organic revenue growth and 23 percent core constant currency operating profit growth in the quarter.

The business delivered two-year organic revenue growth of 8 percent as we gained share in the Carbonated Soft Drinks, Teas, Juices and Sparkling Water categories, while also being the #1 contributor to growth in the LRB category during the quarter.

Many of our key brands continued to perform exceptionally well with double-digit net revenue growth in bubly and Starbucks, high-single-digit net revenue growth in Mountain Dew, and mid-single-digit net revenue growth in Gatorade and Pepsi.
As the leading beverage company in the LRB category, we continue to launch consumer-centric innovation to meet the rapidly evolving needs of our customers and consumers with on-trend flavors and an expanded set of low or no sugar offerings.

Additionally, with the recent launch of Mtn Dew Rise Energy and our ongoing efforts to revitalize our Rockstar products, we remain optimistic about our ability to increase our presence and improve our performance in the energy category.

From a channel perspective, the large format and convenience and gas channels delivered strong net revenue growth, while our foodservice business continued to decline at a double-digit rate.

**First Quarter International Business Review**

As a reminder, our first quarter only incorporates the months of January and February for most of our international markets. Therefore, our results reflect the impact of an especially difficult comparison as most of our international business had yet to
experience any notable impact from the pandemic during the first quarter of 2020.

In addition, there is one less month included in our SodaStream results in the first quarter of 2021 compared to 2020 as we aligned its reporting calendar to conform with PepsiCo’s International reporting calendar in 2020.

Despite these factors and uneven recoveries across our markets, our international business delivered 3 percent organic revenue growth in the first quarter and two-year organic revenue growth of 14 percent.

Our developing and emerging markets remained resilient and delivered mid-single-digit organic revenue growth in the quarter, including double-digit growth in Brazil, Russia and China, mid-single-digit growth in India and low-single-digit growth in Mexico.

With respect to our market share performance, we gained
savory share in many of our largest international markets, including Mexico, Brazil, China, and Russia while we gained beverage share in the U.K., Russia, Saudi Arabia, and Thailand.

Lastly, we delivered strong double-digit net revenue growth in our SodaStream business on a comparable calendar basis. We continue to remain very optimistic about the growth and penetration opportunities in this business.

**2021 Outlook and Guidance:**

As we look ahead, we expect our organic revenue growth to accelerate in the second quarter and have greater confidence in delivering our financial guidance for the full year.

We are assuming that vaccination efforts will accelerate and population mobility will improve. This should benefit the foodservice channel as and when travel, lodging, dining, education, and entertainment trends accelerate.
We are also assuming that certain pandemic-related behavioral shifts that have underpinned the performance of large format and eCommerce channels will sustain, such as greater online adoption and penetration, more remote work arrangements and continued strength in household penetration for large, trusted brands.

With respect to our businesses, we expect our PepsiCo Beverages North America business to perform well driven by strong marketplace execution, exciting brand communication and innovation plans and our expanded presence in the energy category.

We also continue to expect our North America snacks business to remain resilient, while Quaker Foods North America moderates as it looks to capitalize on at-home breakfast and lite snack occasions while other stay-at-home trends may ease as population mobility improves.

As it relates to our international markets, we expect our
businesses to perform well as the year progresses and population mobility increases. The performance will vary across different markets and channels around the world and we are closely monitoring the reemergence of pandemic related closures and restrictions in certain markets.

As we noted earlier, to enhance our marketplace execution and build advantaged capabilities for the changes we see ahead, we will continue to invest in our supply chain and go-to-market network, accelerate our digitization initiatives and expand our sustainability agenda.

At the same time, we will further sharpen our revenue management initiatives and holistic cost management efforts to help offset some of these investments as well as ongoing input and transportation cost pressures.

As a result, we have greater confidence in delivering our financial guidance for 2021 and continue to expect:
• Mid-single-digit organic revenue growth.
• High-single-digit core constant currency EPS growth.
• A core annual effective tax rate of approximately 21 percent.
• Total cash returns to shareholders of approximately $5.9 billion, which reflects a 5 percent increase in our quarterly dividend expected to begin with the June payment and share repurchases of $106 million.

Based on current market consensus rates, we continue to expect foreign exchange translation to benefit our net revenue and core earnings per share performance by approximately 1 percentage point.

With respect to capital allocation, we will continue to prioritize capital expenditures to meet the critical growth and investment needs of our business and prioritize returning cash to our shareholders by paying and growing our dividend.

We remain very pleased with the composition of our portfolio
and will primarily focus on maximizing the growth and return potential from recent acquisitions and do not plan on repurchasing any additional shares for the balance of this year.

We would like to conclude by thanking you for the confidence you’ve placed in us with your investment as we build a Faster, Stronger and Better company for the future.

Ramon Laguarta, Chairman and CEO
Hugh Johnston, Vice Chairman and CFO