Please view these remarks in conjunction with our Q2 2021 earnings release, Q2 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 updated 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, July 13, 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 Q2 2021 earnings release and Q2 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 March, April and May are reflected in our results for the 12 weeks ended June 12, 2021.
Chairman and CEO and Vice Chairman and CFO Commentary

We are very pleased with our results for the second quarter as our business delivered 12.8 percent organic revenue growth and 27 percent core constant currency earnings per share growth.

Given the strength of our results, we now expect our full year 2021 organic revenue to increase 6 percent, our core constant currency earnings per share to increase 11 percent and our core USD earnings per share to increase 12 percent.

We believe that our commitment to becoming a ‘Faster, Stronger, and Better’ organization is reflected in our strong results as we continued to invest in our people, brands, go-to-market systems, supply chain, manufacturing capacity and digital capabilities to build competitive advantages.

For example:

- Our reported net revenue for the second quarter increased 20.5 percent and included strong organic volume growth,
disciplined net revenue management initiatives and the benefits from acquisition activity and foreign exchange translation;

- We held or gained share across many of our key global snacks and beverage markets, with strong performance and marketplace execution in our largest market, the U.S.; and

- Our core operating margin expanded 70 basis points during the second quarter, led by PepsiCo Beverages North America, which delivered more than 400 basis points of core operating margin expansion.

We also made further advancements in becoming a ‘Better’ organization by outlining a new set of goals that reflect our commitment of integrating purpose into our business strategy and becoming more planet positive. These include:

- Rolling out a new ‘Positive Agriculture’ ambition that will aim to spread regenerative farming practices across 7 million acres by 2030, estimated to eliminate approximately 3 million tons of GHGs;
• Transitioning to 100 percent renewable electricity across all company-owned and controlled operations globally by 2030, after achieving 100 percent renewable electricity for our U.S. direct operations in 2020;

• Exploring strategies that go Beyond the Bottle with expectations to reduce an estimated 78 billion single-use plastic bottles through 2025 via reusable platforms like SodaStream while also striving to eliminate all virgin plastic from our key Pepsi brand beverage bottles sold in nine European Union markets by 2022;

• Implementing water recycling as part of our global goal of replenishing 100% of our operational water use in high water-risk areas by 2025;

• Continuing to build on our progress of reducing added sugars, sodium, and saturated fats across our portfolio. For example, PepsiCo Europe recently pledged to reduce the average level of added sugars across its entire soft drinks portfolio by 25% by 2025 and 50% by 2030 (versus 2019); and
• Advancing our Racial Equality Journey by promoting diversity and inclusion within our company, our supply chain partners, and our communities.

These goals and our progress are detailed within our recently published 2020 Sustainability Report, which is available at www.pepsico.com.

Our business strategy also demonstrates an ability to balance near-term priorities with strategic decision making that will build advantaged capabilities and position us to deliver long-term shareholder value.

To conclude, 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 business results have improved despite ongoing restrictions and closures related to the pandemic.

Before we discuss our financial results and outlook in more detail, we would like to thank our highly experienced local teams and front-line employees who continue to focus on driving superior marketplace execution to serve our customers and communities. Our performance would not have been possible without your dedication.

**Second Quarter PepsiCo Financial Review**

We delivered 12.8 percent organic revenue growth which was comprised of 7 percentage points of volume growth and a 5-percentage-point contribution from price and mix.

Our global snacks business remained resilient as organic revenue grew 6 percent, while our global beverage business delivered 21 percent organic revenue growth as we lapped substantial
impacts related to restrictions and closures associated with the pandemic during the second quarter of 2020.

Our performance highlights the continued strength in both developed and developing and emerging markets, which delivered 12 percent and 16 percent organic revenue growth, respectively.

Our core gross profit increased 17 percent while our core gross profit margin declined (180) basis points. The margin decline was primarily due to the ongoing mix impact from our international acquisitions which also reflects an additional month of Pioneer Foods and Be and Cheery results to conform to PepsiCo’s international reporting calendar.

Our core operating profit increased 26 percent and reflects a strong double-digit increase in advertising and marketing spend. And finally, our core constant currency EPS increased 27 percent.
Second Quarter North America Division Review

Frito-Lay North America and PepsiCo Beverages North America performed well in the quarter and gained market share while our Quaker Foods North America business declined as it lapped a significant COVID-related surge in demand from the prior year.

Frito-Lay North America delivered 6 percent organic revenue growth, with increases in both volume and price/mix.

These results were powered by market share gains in the salty snack category and solid net revenue growth across our key trademark brands, such as Lays, Doritos, Cheetos, and Ruffles and very strong revenue growth from smaller brands such as PopCorners, Sun Chips and Miss Vickie’s.

In addition, Frito-Lay continues to focus on offering more choices to meet the changing needs and preferences of consumers, including:
• An expanded set of variety pack offerings which continue to deliver strong net revenue growth;
• Continuous flavor and brand innovation such as Doritos 3D Crunch, Cheetos Crunch Pop Mix, a strong lineup of Flamin’ Hot varieties; and
• Healthier snacking alternatives such as our Baked and lightly salted offerings.

From a channel perspective, the convenience and gas channel delivered double-digit net revenue growth, while our food service business delivered very strong net revenue growth as it lapped significant restrictions and closures associated with the pandemic in the previous year.

Lastly, Frito-Lay North America’s core constant currency operating profit increased 7 percent, while core operating margin increased 45 basis points.

**Quaker Foods North America** gained market share in the at-home breakfast, snacks, and meals categories but organic
revenue declined this quarter as the business lapped a significant surge in consumer demand from the previous year.

However, on a 2-year basis, Quaker’s organic revenue increased 9 percent and reflects the ongoing investments in our brands, capacity, and supply chain.

Quaker’s core constant currency operating profit declined in the quarter but increased 20 percent on a two-year basis.

**PepsiCo Beverages North America** had a very strong quarter as organic revenue growth accelerated to 21 percent and core constant currency operating profit increased over 80 percent. We also gained market share in the liquid refreshment beverage category including gains in the Carbonated Soft Drink, Ready-to-Drink Tea, and Juice categories.

Many key brands in our portfolio performed exceptionally well this quarter with double-digit net revenue growth in Pepsi, Mountain Dew, Gatorade, bubly, and Starbucks.
In addition, we continue to invest in our Zero Sugar products and other functional beverages within the carbonated and non-carbonated categories to offer more choices to the consumer, while also tailoring price and package architectures as demand occasions evolve.

From a channel perspective, the large format and convenience and gas channels delivered double-digit net revenue growth, while net revenue for our foodservice business doubled in the quarter as we lapped a significant decline from the previous year due to pandemic-related restrictions and closures.

We also remain optimistic about our ability to increase our presence and improve our performance in the highly profitable and growing energy category with our recent introduction of Mtn Dew Rise Energy, our continuous innovation and activity around Starbucks ready-to-drink coffee products and our investments behind the repositioning and relaunch of the Rockstar portfolio.
Second Quarter International Business Review

Each of our international divisions delivered good organic revenue growth in the second quarter despite uneven recoveries across many of our international markets.

As mobility trends improved, our International beverage business accelerated and delivered 22 percent organic revenue growth, while our International snack business delivered 11 percent organic revenue growth.

Many of our international markets delivered strong results including double-digit organic revenue growth in Mexico, Russia, Brazil, Turkey, Egypt, India, Germany, France, Spain, and South Africa, high-single-digit growth in Poland and mid-single-digit growth in the U.K.

Year to date, we have also gained savory market share in many of our largest international markets, including Mexico, Brazil, China, and Russia and we gained beverage market share in Egypt,
Mexico, China, India, and Russia.

Lastly, we delivered strong double-digit net revenue growth in our SodaStream business during the quarter. We continue to remain optimistic about this platform that provides our consumers a customizable product that is both ‘better for you’ and better for the planet.

**Restructuring Initiative Update**

As mentioned in our Q2 2021 earnings release and 10-Q, we are expanding the duration and scope of our 2019 productivity plan and extending our target to deliver at least $1 billion in annual productivity savings through 2026.

The expansion of the 2019 plan reflects further initiatives to leverage new technology and business models to simplify, harmonize and automate processes; re-engineer our go-to-market and information systems; and simplify our organization and optimize our manufacturing and supply chain footprint.
In connection with these efforts, the company now expects to incur pre-tax charges of approximately $3.15 billion through 2026 (previously $2.5 billion), including cash expenditures of approximately $2.4 billion (previously $1.6 billion).

**2021 Outlook and Guidance Update**

Looking ahead, we continue to expect gradual improvements in population mobility as vaccination efforts expand across the globe.

With respect to our businesses, we expect:

- Our North America snacks business to remain resilient, while Quaker Foods may continue to be impacted by a moderation in certain stay-at-home trends as population mobility continues to improve.
- Our North America beverage business to remain rational with a focus on strong marketplace execution and profitable growth.
• Our international markets to perform well despite an uneven recovery across geographies as vaccination efforts and mobility trends vary.

In addition, we will continue to invest in our brands, innovation, manufacturing capacity, supply chain, and go-to-market systems to enhance our marketplace execution and become a more consumer-centric company.

We also expect to ramp up our net revenue management efforts by utilizing rate, mix and assortment solutions to mitigate the impact of higher input, freight, and supply chain costs.

With respect to our full-year guidance, we now expect our fiscal year 2021 organic revenue to increase 6 percent (versus our previous guidance of mid-single-digit growth), and our core constant currency earnings per share to increase 11 percent (versus our previous guidance of high-single-digit growth). We continue to expect:
• A core annual effective tax rate of approximately 21 percent; and

• Total cash returns to shareholders of approximately $5.9 billion, comprised of dividends of approximately $5.8 billion and share repurchases of $106 million. We completed our share repurchase activity and do not expect to repurchase any additional shares for the balance of 2021.

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

This assumption and the guidance above imply 2021 core earnings per share of approximately $6.20, a 12 percent increase compared to 2020 core earnings per share of $5.52.

As it relates to our 2021 capital allocation priorities, we remain focused on increasing our capital spending to meet the critical growth and investment needs of our business and returning cash
to our shareholders by paying and growing our dividend.

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