



**Second-Quarter 2026
Prepared Management Remarks**
July 9, 2026

Please view these remarks in conjunction with our Q2 2026 earnings release, Q2 2026 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://www.pepsico.com/investors/earnings>

We also invite you to listen to our live question and answer webcast with Ramon Laguarta (Chairman and Chief Executive Officer) and Steve Schmitt (Executive Vice President 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 2026 guidance. Forward-looking statements inherently involve risks and uncertainties and only reflect our view as of today, July 9, 2026, 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 2026 earnings release and Q2 2026 Form 10-Q, available on [pepsico.com](https://www.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, while our financial results in the United States and Canada (North America) are reported on a 12-week basis, all international operations report on a monthly calendar basis, for which the months of March, April and May are reflected in results for the 12 weeks ended June 13, 2026.

Second-Quarter Executive Summary

- *Net revenue increased 6.4 percent – reflecting organic revenue growth, foreign exchange translation benefits and acquisitions, net of divestitures*
- *Global convenient foods organic volume increased 3 percent*
- *Global beverages organic volume increased 2 percent*
- *Strong international performance with 7 percent organic revenue growth*
- *Company affirms fiscal 2026 financial guidance*

Chairman and CEO Commentary

PepsiCo reported second quarter results, with both global convenient foods and global beverages delivering strong organic volume and net revenue growth.

Year-to-date, global organic volume has increased at the highest rate since 2022 - aided by the strength of the international business (which derives approximately 80 percent of its net revenue from developing and emerging markets) and the continued evolution of the portfolio to offer more choices through portion control varieties, diverse ingredients, functional benefits such as hydration, protein and fiber, energy and zero sugar beverage varieties.

Second quarter International Beverage Franchise organic volume – which is more than 60 percent of global beverage volume - increased 5 percent, while international convenient foods organic volume – which is approximately 70 percent of global convenient foods volume - increased 4 percent.

In North America, the convenient foods business continued to gain volume share and improved household penetration following key commercial actions in place. The U.S. convenient foods business has established the leading permissible portfolio in salty snacks and now holds five of the ten largest permissible snack brands. In beverages, functional hydration and zero sugar offerings continued to perform well. However, results were tempered in the quarter as U.S. food and beverage category performance moderated with consumer budgets tightening due to rising inflationary pressures.

Looking ahead, we will continue to execute on our strategic priorities with a focus on accelerating top line growth – including the restaging of certain global brands, innovating with emerging, functional and permissible offerings and investing in certain affordability initiatives.

We are also elevating productivity across the organization (most notably in developed markets) by advancing our enterprise-wide agenda through automation, digitalization and simplification initiatives across the business that aim to improve operating leverage. Savings will be used to help sustain investments that support the evolution of the portfolio and deliver good value to consumers.

International Highlights:

International organic revenue growth accelerated to 7 percent in the second quarter – the 21st consecutive quarter of at least mid-single-digit organic revenue growth. International core operating margin also expanded as the business continues to scale in key geographies.

Convenient Foods organic revenue growth was broad based as Mexico, Colombia, Argentina, India, Germany, Poland, Egypt, Türkiye, Saudi Arabia, China, Australia and Pakistan performed well. Beverages organic revenue growth was aided by the U.K., Brazil, Colombia, Argentina, Egypt, Türkiye, Germany, Poland, Saudi Arabia, India, Pakistan and Australia.

Year to date, we held or gained savory snack share in China, Brazil, India, Egypt, Saudi Arabia, Australia, the Netherlands, Thailand, France and Pakistan. For beverages, we held or gained share in the U.K., Philippines, Germany, Argentina, Australia, Spain, India, Thailand, Guatemala, Pakistan, Egypt and Vietnam.

We continue to advance our international growth agenda by scaling global platforms, expanding in growth markets, and entering new consumption occasions. Examples include:

- Accelerating the activation of the Formula 1 partnership across more markets, deepening our presence in global football through UEFA Champions League, engaging consumers through large-scale, multi-city brand experiences, and through Pepsi Football Nation – a global platform that celebrates fan culture, partnerships and brand activations with always-on digital and social content.
- Launching 2026 FIFA World Cup food activations across markets that includes introducing numerous Lay's global flavor innovations, delivering strong in-store execution through frontline engagement, maximizing reach through unique fan experiences and engaging consumers around the world on digital platforms.
- Restaging **Lay's** in many countries with new visuals, marketing, and messaging focused on simple, quality ingredients and no artificial flavors or colors while also tailoring execution locally through relevant brands such as with **Kurkure** in India with new visuals and no artificial flavors or colors.
- Introducing immersive, away-from-home concepts – such as a Lay's potato-themed restaurant in China, Doritos Loaded across many markets and Tosticentros in Mexico – that connect our brands to local food experiences.
- Expanding Sting Energy into new markets such as Mexico and China.
- Launching Pepsi "House of Treats", a new crafted beverages platform designed to deliver experience-first drinks across key away-from-home channels.

We continue to see a long runway for profitable growth in **international** as we aim to significantly increase its size and scale, tailored to the differentiated needs across countries and geographies. To accomplish this, we are:

- Expanding the variety of emerging, functional and permissible offerings;

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- Continuing to scale and lift large, existing brands to capture consumption across different dayparts and penetration opportunities – such as meal/culinary occasions and away-from-home channels;
- Sharpening our price pack architecture to enhance affordability; and
- Emphasizing local relevance with respect to product and flavor innovation and consumer engagement activities.

PepsiCo Beverages North America (PBNA) Highlights:

- **Functional hydration** offerings delivered strong performance as they continue to resonate well with consumers.
 - **Gatorade** delivered volume and net revenue growth and gained both value and volume share aided by the successful launch of **Gatorade Lower Sugar with no artificial flavors, sweeteners or colors** and continued strength in **Gatorlyte**.
 - **Propel**, with estimated annual retail sales of more than \$1 billion, delivered volume and net revenue growth and gained value and volume share within Enhanced Water. We also recently launched **Propel Clear Protein**, a new science-backed, ready-to-mix powder that supports muscle, digestive and hydration needs.
- Within **carbonated soft drinks**, zero sugar and flavored varieties continued to perform well. For example:
 - **Pepsi Zero Sugar, Pepsi Wild Cherry & Cream, Mountain Dew Zero Sugar and Mug Root Beer** products each gained value and volume share.
- In **Energy**, we continued to build momentum on our partnership with Celsius Holdings – which gained both volume and value share within the Energy category and holds a nearly 20 percent share of the category.
- The **away-from-home business** delivered net revenue growth by winning in local restaurants, activating experiences such as “**DRIPS by Pepsi**” and extending our presence and reach with zero sugar offerings, **poppi, Celsius and Alani Nu**.

Looking ahead, we will continue to broaden the reach and availability of recently introduced on-trend innovations – including **Pepsi Prebiotic, Gatorade Lower Sugar, the newly reformulated Muscle Milk, Starbucks Coffee & Protein, Pure Leaf Mental Focus, Dirty Mountain Dew Cream Soda and Mountain Dew Baja Cabo Citrus**.

In addition, we are restaging **Gatorade** products with improved/simplified visuals on packages, sharper communication of its hydration benefits and product superiority attributes while gradually removing artificial colors within the portfolio.

Strategically, the business will continue to emphasize focused, profitable growth within attractive segments of the liquid refreshment beverage category, work to expand its presence within away-from-home channels and utilize structural productivity savings to fund necessary investments for the business.

PepsiCo Foods North America (PFNA) Highlights:

The investments we are making to improve volume performance are resonating with consumers as we remain focused on evolving our portfolio and see some positive results:

- PFNA delivered volume share improvements in both the U.S. savory and salty categories in the quarter and year-to-date with improvements in household penetration trends. U.S. salty category volume performance has returned to growth for three consecutive quarters, with the category outperforming the U.S. food and beverage category.
- PFNA **gained volume share** in potato chips, flavored and unflavored tortilla chips, pita/bagel chips, curls and puffs, pretzels, wavy grain chips (SunChips), grits, hot cereal, (Quaker) rice snacks and pancake syrup.
- During the quarter, Doritos, Ruffles and Miss Vickies performed well and delivered both volume and net revenue growth.
- **Portion control multipacks**, which exceed \$3.5 billion in annual net revenue, delivered both volume and net revenue growth in the quarter.
- **Permissible options** – which approximates \$3 billion in annual net revenue - such as Baked, Simply, SunChips, Siete and Quaker Rice Cake offerings each delivered strong volume and net revenue growth in the quarter.

Looking ahead, we will continue to innovate and evolve the portfolio to meet shifting consumer preferences. This includes:

- Advancing recent launches that offer more choices, including protein, fiber or diverse ingredient options such as **Doritos Protein, Quaker Protein Rice Crisps, PopCorners Protein, SunChips Fiber, Smartfood FiberPop** and **Good Warrior** beef sticks, favorites without artificial colors or flavors such as **Doritos and Cheetos NKD** and offerings made with alternative oils such as **Baked made with olive oil** and **Miss Vickies made with avocado oil**.
- A recent U.S. rollout of **Alvalle** – a chilled gazpacho brand in Europe – with select retailers and plans to extend into additional occasions with a refrigerated **Tostitos Chunky Guacamole Dip** in the Fall.
- Continuing to elevate away-from-home channel experiences to enter new occasions. For example, we continue to see strong results from the **Walking Taco** concept which delivered double-digit net revenue growth in the quarter and year to date. In addition, we recently announced a new global collaboration with **Chef Gordon Ramsay** around exclusive **Doritos Loaded** meal concepts across North America and international markets, including extending the partnership into Doritos' relationship with Formula 1.
- Continuing to reinforce and amplify communication around the restaging of **Lay's and Tostitos** - which now feature new visuals and simple ingredients – with plans to restage the **Quaker** brand in the future.
- Ongoing activations around the 2026 FIFA World Cup with the Lay's, Tostitos, and Quaker brands through distinct fan experiences, consumer engagement, media, and in-stadium culinary offerings.

In addition, we will continue to reduce costs and drive operational excellence – with a focus on ensuring that key metrics such as service levels, order fill rates and costs per unit show improvements. Savings will help fund commercial activities and brand communications that aim to accelerate growth.

CFO Commentary and Outlook

PepsiCo delivered net revenue growth of 6.4 percent in the second quarter, which includes:

- Organic revenue growth of 2.4 percent, reflecting the benefits associated with effective net pricing and a contribution from organic volume growth.
- A foreign exchange translation benefit of 2.2 percentage points.
- A 1.8 percentage point net benefit from acquisitions and divestitures.

A key strategic objective entering this year was to improve global organic volume performance and we have made progress towards that objective within international convenient foods and beverages and North America foods, while North America beverages organic volume performance remains subdued.

International performance was robust during the second quarter. Each segment delivered organic revenue growth – aided by organic volume growth within Asia Pacific Foods, International Beverages Franchise, Europe, Middle East and Africa and a sequential improvement in organic volume trends in Latin America Foods.

International organic revenue increased 7 percent in the second quarter and has increased 6 percent year to date. Convenient Foods organic revenue increased 6 percent in the second quarter and year to date, while Beverages increased 7 percent in the second quarter and 6 percent year to date.

North America organic revenue declined 0.5 percent and trailed our expectations as U.S. food and beverage category performance moderated in the second quarter.

PepsiCo Beverages North America (PBNA) net revenue increased 7 percent in the second quarter, reflecting a 6-percentage-point contribution from acquisitions net of divestitures and organic revenue growth of 1 percent. Organic volume declined 4 percent and includes a 0.5 percentage-point headwind related to our case pack water business which includes the impact of a transition to a third-party partner.

PepsiCo Foods North America net revenue declined 2 percent in the second quarter and primarily reflects lower effective net pricing. Net revenue increased slightly year-to-date reflecting organic volume growth, a contribution from the 2025 acquisition of Siete offset by lower effective net pricing.

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PepsiCo's core operating profit increased 4 percent with a core operating margin decline of 40 basis points in the second quarter. Core operating profit performance was primarily driven by productivity savings and effective net pricing, partially offset by certain operating cost increases.

North America's core operating margin contracted in the second quarter and reflects investments related to certain affordability investments in the convenient foods business and volume and channel mix pressures within the beverages business. International core operating margin expanded in the second quarter, reflecting the benefits of strong net revenue growth and productivity savings.

Core EPS increased 4 percent during the second quarter and 6 percent year to date primarily driven by core operating profit growth. Core constant currency EPS increased 1 percent in the second quarter and has increased 3 percent year to date.

We believe in our strategy and plan to invest in the evolution of the portfolio, offer good value to consumers and increase advertising and marketing investments for the balance of this year. We are encouraged by the trajectory of our international business and expect its resilient performance to continue. Our North America business was softer than we anticipated in the second quarter, and we now expect a more gradual improvement in performance trends for the balance of this year.

We're also expecting higher input cost inflation in the second half versus the first half of this year. Record productivity savings and refund claims for tariffs paid last year should help mitigate a good portion of the higher costs and investments in the business that aim to accelerate growth.

Considering these factors, we expect core and core constant currency EPS growth to be primarily weighted towards the fourth quarter. We will remain disciplined with our allocation of capital and aim to maintain a strong balance sheet.

Therefore, for fiscal 2026, we continue to expect:

- Organic revenue to increase between 2 and 4 percent;
- Core constant currency EPS to increase between 4 and 6 percent;
- A core annual effective tax rate of approximately 22 percent;
- Capital spending to be below 5 percent of net revenue; and
- A free cash flow conversion ratio of at least 80 percent (including the final tax payment of \$965 million made in April 2026 related to the Tax Cuts and Jobs Act of 2017).

Based on current foreign exchange rates, the Company continues to expect a foreign exchange translation tailwind of approximately 1 percentage point to benefit reported net revenue and core EPS. Acquisitions, net of divestitures, that occurred in 2025 are still expected to contribute approximately 1 percentage point to 2026 reported net revenue growth.

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These assumptions and the guidance above imply net revenue growth within a range of 4 to 6 percent and core EPS growth of approximately 5 to 7 percent in fiscal 2026. We continue to expect total cash returns to shareholders of approximately \$8.9 billion, which includes approximately \$7.9 billion in cash dividends and \$1 billion of share repurchases.

We thank you for your interest in PepsiCo.

Ramon Laguarta

Chairman and Chief Executive Officer

Steve Schmitt

Chief Financial Officer