



Third Quarter 2026
Prepared Management Remarks
October 8, 2026

Please view these remarks in conjunction with our Q3 2026 earnings release, Q3 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 updates about our business plans and 2026 guidance. Forward-looking statements inherently involve risks and uncertainties and only reflect our view as of today, October 8, 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 Q3 2026 earnings release and Q3 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 June, July and August are reflected in results for the 12 weeks ended September 5, 2026.

Third Quarter Executive Summary

- *Net revenue increased 5.6 percent – reflecting 3.1 percent organic revenue growth, acquisitions, net of divestitures and foreign exchange translation benefits*
- *Global beverages and convenient foods delivered organic volume and revenue growth*
- *International organic revenue growth accelerated to 8 percent*
- *Updates fiscal 2026 financial outlook*

Chairman and CEO Commentary

Our third quarter and year-to-date results reflect progress against most of our strategic priorities which include:

- Accelerating our net revenue growth with focus on volume growth;
- Increasing the scale of the international business;
- Evolving the portfolio towards faster growing segments of our global categories;
- Expanding our presence in away-from-home and meal occasions;
- Becoming a more connected and productive organization; and
- Improving the performance of the North America businesses – where much opportunity remains to unlock future growth and reduce costs.

Organic revenue growth accelerated to 3.1 percent in the third quarter – the highest rate of growth since Q4 2023. Global beverage organic volume increased 3 percent and global convenient foods organic volume growth increased 1 percent. However, global convenient foods volume increased 4 percent – the highest rate of growth since 2021 – when excluding certain commodity-oriented businesses in South Africa.

International organic revenue growth accelerated to 8 percent – the highest rate of growth since Q1 2024 – with both International beverages and International convenient foods delivering resilient organic volume and revenue growth. Year-to-date, the international business has comprised 41 percent of PepsiCo's net revenue and 45 percent of PepsiCo's core segment operating profit.

Globally, we remain focused on scaling positions in fast growing segments of our categories which include – **portion control, protein, fiber and simpler ingredients in convenient foods and functional hydration, zero sugar, energy and protein in beverages.**

We are encouraged by the performance of on-trend innovations such as **NKD, Doritos Protein, Lays Baked with olive oil, Gatorade Lower Sugar with no artificial flavors, sweeteners or colors, Pepsi Treats zero sugar** and the scale of our **Multipack** offerings. We will continue to invest and improve the presence and distribution of these platforms moving forward.

In away-from-home and meals, we are unlocking growth and new consumption occasions. We are accelerating penetration of our beverages and convenient foods portfolio across channels like local restaurants, fitness, workplace, and recreation. We are also extending into incremental occasions with key platforms including Doritos Loaded, Tostitos, Pepsi “DRIPS” and new direct-to-consumer business models.

To support growth priorities, we have elevated enterprise-wide productivity savings through automation, network optimization, digitalization and simplification. And we continue to advance initiatives that emphasize operating as one organization that is better connected locally and globally. For example, we recently announced our global partnership with Publicis to transform our global media model for the next era of marketing – which aims to provide cost savings, more effective brand communications and a better return on marketing investment.

Our business in North America performed below our expectations and represents a meaningful opportunity for improvement. U.S. convenient foods organic revenue trends improved sequentially, reflecting volume share gains and U.S. salty and savory snacks volume growth. In addition, year-to-date household penetration, purchase frequency and velocity trends have improved as the innovation and affordability initiatives have resonated well with consumers.

In North America beverages, organic volume trends improved sequentially, with functional hydration and zero sugar offerings continuing to perform well while our performance in carbonated soft drinks trailed category performance. Revitalizing our performance within this attractive and growing category is a priority.

We continue to operate with a high sense of urgency to sustainably improve the company’s financial and marketplace performance (most notably in North America). We will build on the strength and resilience of the international businesses and aim to sustainably improve the growth trajectory of the North America business – by prioritizing innovation and more effective advertising and marketing.

To help support these investment priorities, structural cost reduction actions that reduce redundancies and curtail discretionary expenditures are being identified. Examples include reductions in corporate costs and other initiatives not directly tied to growth. These incremental actions will complement our existing enterprise-wide productivity initiatives and begin to take effect in the coming months.

International Business Performance:

International organic revenue growth accelerated to 8 percent in the third quarter – the 22nd consecutive quarter of at least mid-single-digit organic revenue growth. Core operating profit increased 16 percent and core operating margin expanded by 105 basis points.

Convenient Foods organic revenue growth was broad based as Mexico, Colombia, Argentina, India, Egypt, Türkiye, Saudi Arabia, Spain, China, Australia, Thailand and Pakistan performed

Third Quarter 2026 Earnings Prepared Management Remarks 10/8/26

well. Beverages organic revenue growth was aided by the U.K., Colombia, Argentina, Egypt, Türkiye, France, Poland, Saudi Arabia, India, Pakistan, Thailand and Vietnam.

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

We continued to advance the international growth agenda by scaling global platforms, expanding in growth markets, entering new consumption occasions and driving efficiencies through simplification efforts. Examples include:

- Deepening our presence in global football through UEFA Champions League, FIFA in foods and engaging consumers through **Pepsi Football Nation** – a global platform with always-on digital and social content.
- Successfully executing the 2026 FIFA World Cup food activations across markets that included introducing numerous Lay's global flavor innovations and delivering strong in-store execution through frontline engagement.
- Accelerating global activation of our global Formula 1 partnership with Doritos, Gatorade and Sting.
- Expanding Sting Energy into new markets such as China and Saudi Arabia, while continuing to build innovation, accelerate awareness and strengthen consumer engagement around this exciting brand.
- Restaging Lay's in North America, Sabritas in Mexico, Walkers in the U.K. and additional brand restages in the Netherlands, Poland, Spain and Portugal which feature new visuals and consumer messaging focused on simple ingredients and no artificial flavors or colors.
- Unlocking new consumption occasions that leverage our brands beyond traditional occasions and channels, including the launch of **KFC x Doritos Loaded**, a new street food-inspired menu platform designed as a complete meal across 27 European markets – and **Pepsi "House of Treats"**, a crafted beverages platform designed to deliver experience-first drinks across key away-from-home channels.
- Expanding our bottling and distribution relationship with the Carlsberg Group that aims to drive growth and efficiencies across parts of Europe and Asia.

PepsiCo Foods North America (PFNA) Business Performance:

Organic revenue and volume trends improved sequentially reflecting an increase in volume and volume share in the U.S. savory and salty categories for the quarter and year-to-date. U.S. salty category volume performance has now grown for four consecutive quarters and outperformed the U.S. food and beverage category.

Third Quarter 2026 Earnings Prepared Management Remarks 10/8/26

- In the U.S., the business gained volume share in potato chips, curls and puffs, wavy grain chips (Sun Chips), grits, (Quaker) rice snacks, flavored pasta, and pancake mix and syrup.
- During the quarter, Doritos, Cheetos, 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 approximate \$3 billion in annual net revenue – such as Baked, Simply, Sun Chips, Siete, Smartfood, PopCorners and Quaker Rice Cake offerings each delivered strong volume and net revenue growth in the quarter. Sun Chips, with retail sales of nearly \$800 million, continued to rank as the #1 permissible salty snack brand based on retail sales.

Looking ahead, we will focus on driving profitable growth by evolving our portfolio offerings to meet consumer needs. This includes:

- Providing more choices that contain **simpler ingredients, alternative oils and functional elements such as protein and fiber**. Examples include, Doritos Protein, Quaker Protein Rice Crisps, PopCorners Protein, Sun Chips Fiber, Smartfood FiberPop, Doritos and Cheetos NKD, Baked made with olive oil and Miss Vickies made with avocado oil.
- Elevating **away-from-home** experiences and entering new meal occasions. Examples include The Walking Taco, Doritos Hot Honey Nachos and Doritos Sweet Chili Heat! Footlong Nachos in collaboration with Subway and expanding our **fresh portfolio** with Alvalle – a chilled gazpacho brand – and a refrigerated Tostitos Chunky Guacamole Dip.
- Expanding **portion control** optionality through variety and multi-packs that offer convenience, good value and consumer centric flavor, texture and brand combinations.

PepsiCo Beverages North America (PBNA) Business Performance:

Organic volume trends improved sequentially, driven by functional hydration and flavored carbonated soft drinks – with low and no sugar varieties continuing to perform well.

- **Functional hydration** offerings delivered strong performance.
 - Gatorade delivered volume and net revenue growth aided by continued strength of Gatorade Lower Sugar with no artificial flavors, sweeteners or colors and Gatorlyte, each of which gained value and volume share in the third quarter.
 - Propel, with estimated annual retail sales of more than \$1 billion, delivered both volume and net revenue growth and gained value share in Enhanced Water.
- 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, Mountain Dew Baja Cabo Citrus, and Mug Root Beer each gained value and

volume share year-to-date.

- poppi – delivered improved results and gained volume and value share in the third quarter.
- In **Energy**, the partnership with Celsius Holdings gained value share and holds nearly 20 percent share of the category.
- The **away-from-home business** delivered good 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 aim to accelerate profitable growth by focusing on attractive segments within the liquid refreshment beverage category and continue to expand our presence within away-from-home channels. **Functional hydration, flavored soft drinks, energy drinks and zero sugar varieties** will remain areas of focus.

A key priority is to revitalize our performance within the resilient and profitable U.S. carbonated soft drink category – through effective brand communications, more focused innovation and continuous portfolio evolution towards flavors and zero sugar options.

CFO Commentary and Outlook

PepsiCo delivered net revenue growth of 5.6 percent in the third quarter, which includes:

- Organic revenue growth of 3.1 percent, reflecting the benefits associated with effective net pricing and a contribution from organic volume growth.
- A 1.7 percentage point benefit from acquisitions, net of divestitures.
- A foreign exchange translation benefit of 0.7 percentage points.

International performance was robust during the third quarter with each segment delivering organic revenue growth – aided by organic volume growth within Asia Pacific Foods, International Beverages Franchise and Latin America Foods.

PepsiCo Foods North America (PFNA) organic revenue declined slightly in the quarter. Organic volume was aided by U.S. savory and salty snack growth, partially offset by subdued performance in other foods and Canada.

PepsiCo Beverages North America (PBNA) net revenue increased 5 percent in the third quarter, primarily reflecting contributions from acquisitions, net of divestitures. Organic revenue declined slightly in the quarter, reflecting a decline in organic volume offset by effective net pricing.

PepsiCo's core operating profit increased 3 percent with core operating margin declining 35 basis points in the third quarter. Core operating profit performance reflects productivity savings, effective net pricing and tariff refunds, partially offset by operating cost inflation and higher

advertising and marketing investments. Tariff refunds amounted to \$178 million in the third quarter.

International core operating margin expanded by 105 basis points in the third quarter, reflecting the benefits of strong net revenue growth and productivity savings.

PepsiCo Foods North America's core operating margin declined 280 basis points reflecting the impact of affordability investments, the lap of an asset sale gain in the prior year quarter and higher advertising and marketing investments, partially offset by productivity savings and an increase in organic volume.

PepsiCo Beverages North America's core operating margin declined 15 basis points and reflects volume and channel mix pressures and higher advertising and marketing investments, partially offset by tariff refunds, pricing and productivity savings.

Core EPS increased 2 percent for the third quarter and 5 percent year-to-date. Core constant currency EPS increased 1.5 percent in the third quarter and 2 percent year-to-date.

Looking ahead, we're encouraged by the trajectory of our international business and its long runway for growth. In North America, we remain committed to improving growth and core operating margin. However, it is taking more time than we planned.

Therefore, we expect North America's core operating margin performance to remain under pressure in the fourth quarter. We aim to partially mitigate this pressure through productivity savings, operational excellence and tightly managing costs.

Turning to guidance for fiscal 2026, we now expect organic revenue growth of approximately 3 percent and a more favorable impact from foreign exchange translation and acquisitions, net of divestitures. This implies net revenue growth of approximately 6 percent for fiscal 2026. We are also moderating PepsiCo's core constant currency EPS growth outlook, which reflects the margin pressures we expect in the North America business.

Please refer to the table below for a detailed summary of PepsiCo's updated financial guidance metrics.

Fiscal 2026 Guidance (changes are bolded & italicized below)

	Current	Previous
Organic Revenue	<i>Approximately +3%</i>	+2% to +4%
Foreign Exchange Translation ^(a)	<i>Approximately +1.5% to net revenue and Core EPS growth</i>	Approximately +1% to net revenue and Core EPS growth
Acquisitions, net of Divestitures ^(b)	<i>Approximately +1.5% to net revenue growth</i>	Approximately +1% to net revenue growth
Net Revenue	<i>Approximately +6%</i>	+4% to +6%
Core Annual Effective Tax Rate ^(c)	<i>Approximately 21%</i>	Approximately 22%
Core Constant Currency EPS	<i>+1% to +2%</i>	Low-end of +4% to +6%
Core EPS	<i>+2.5% to +3.5%</i>	Low-end of +5% to +7%
Capital Spending	Below 5% of net revenue	Below 5% of net revenue
Free Cash Flow Conversion Ratio	At least 80%	At least 80%
Cash Returns to Shareholders ^(d)	\$8.9 billion	\$8.9 billion

^(a) Assumptions are based on current foreign exchange rates, as we are unable to predict the impact of exchange translation rates

^(b) Refers to acquisitions, net of divestitures, that occurred in 2025

^(c) Includes the anticipated impact of global minimum tax regulations

^(d) Comprised of dividends of \$7.9 billion and share repurchases of \$1.0 billion