

# EMERGING STRONGER

---

HUGH JOHNSTON  
VICE CHAIRMAN &  
CHIEF FINANCIAL OFFICER



# SAFE HARBOR STATEMENT & NON-GAAP INFORMATION



## Safe Harbor Statement

Statements in this communication that are “forward-looking statements,” including our 2021 guidance and long term targets, are based on currently available information, operating plans and projections about future events and trends. Terminology such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “expressed confidence,” “forecast,” “future,” “goal,” “guidance,” “intend,” “may,” “objective,” “outlook,” “plan,” “position,” “potential,” “project,” “seek,” “should,” “strategy,” “target,” “will” or similar statements or variations of such words and other similar expressions are intended to identify forward looking statements, although not all forward-looking statements contain such terms. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in any such forward looking statements. Such risks and uncertainties include, but are not limited to: the impact of COVID-19; future demand for PepsiCo’s products; damage to PepsiCo’s reputation or brand image; issues or concerns with respect to product quality and safety; PepsiCo’s ability to compete effectively; PepsiCo’s ability to attract, develop and maintain a highly skilled and diverse workforce; water scarcity; changes in the retail landscape or in sales to any key customer; disruption of PepsiCo’s supply chain; political or social conditions in the markets where PepsiCo’s products are made, manufactured, distributed or sold; PepsiCo’s ability to grow its business in developing and emerging markets; changes in economic conditions in the countries in which PepsiCo operates; future cyber incidents and other disruptions; failure to successfully complete or manage strategic transactions; PepsiCo’s reliance on third-party service providers; climate change or measures to address climate change; strikes or work stoppages; failure to realize benefits from PepsiCo’s productivity initiatives; deterioration in estimates and underlying assumptions regarding future performance that can result in an impairment charge; fluctuations or other changes in exchange rates; any downgrade or potential downgrade of PepsiCo’s credit ratings; imposition or proposed imposition of new or increased taxes aimed at PepsiCo’s products; imposition of limitations on the marketing or sale of PepsiCo’s products; changes in laws and regulations related to the use or disposal of plastics or other packaging of PepsiCo’s products; failure to comply with personal data protection and privacy laws; increase in income tax rates, changes in income tax laws or disagreements with tax authorities; failure to adequately protect PepsiCo’s intellectual property rights or infringement on intellectual property rights of others; failure to comply with applicable laws and regulations; and potential liabilities and costs from litigation, claims, legal or regulatory proceedings, inquiries or investigations.

For additional information on these and other factors that could cause PepsiCo’s actual results to materially differ from those set forth herein, please see PepsiCo’s filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

## Non-GAAP Information

Please refer to PepsiCo’s web site at [www.pepsico.com](http://www.pepsico.com) in the “Investors” section under “Financial Information – Events and Presentations,” and PepsiCo’s filings with the Securities and Exchange Commission, to find disclosure and a reconciliation of any non-GAAP financial measures contained herein.

# TODAY'S DISCUSSION

01 —• Who We Are

02 —• Our Value Creation Proposition

03 —• Our Financial Outlook



# WHO WE ARE



PepsiCo has a portfolio that includes

**23 BILLION-DOLLAR BRANDS**

that generated more than \$1 billion each in estimated annual retail sales in 2020.

Products sold in

**200+**

countries and territories around the world

More than

**290,000**

employees

More than

**\$70 BILLION**

in net revenue in 2020

More than

**\$10 BILLION**

in operating profit in 2020



Tropicana

MIRINDA



RUFFLES



sodastream

Tostitos



Brisk

Naked

Cheetos



READY-TO-DRINK BEVERAGES

AQUAFINA



# OUR MISSION



MISSION

Create more smiles with every sip and every bite

VISION

Be the global leader in convenient foods and beverages by winning with purpose

THE  
PEPSICO  
WAY

FASTER

Winning in the marketplace, being more consumer-centric and accelerating investment for topline growth

STRONGER

Transforming our capabilities, cost, and culture by operating as one PepsiCo, leveraging technology, winning locally and globally enabled

BETTER

Integrating purpose into our business strategy and doing even more for the planet and for our people



BE  
CONSUMER  
CENTRIC



ACT AS  
OWNERS



FOCUS &  
GET THINGS  
DONE FAST



VOICE  
OPINIONS  
FEARLESSLY



RAISE THE BAR  
ON TALENT  
& DIVERSITY



CELEBRATE  
SUCCESS



ACT  
WITH  
INTEGRITY

# GEOGRAPHIC MIX AND CATEGORY POSITIONS



## Balanced Geographic Mix

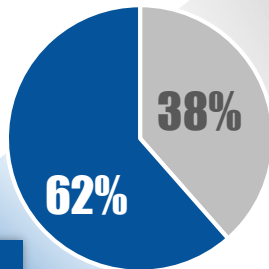
Top 5 Markets  
comprise  
**~75%**  
of Net Revenue

### International

| Market       | % of Net Revenue |
|--------------|------------------|
| Mexico       | 6                |
| Russia       | 4                |
| UK           | 3                |
| China        | 2.5              |
| South Africa | 2                |
| <b>Total</b> | <b>17</b>        |

### North America

| Market       | % of Net Revenue |
|--------------|------------------|
| US           | 58               |
| Canada       | 4                |
| <b>Total</b> | <b>62</b>        |



% of Total Net Revenue:

Developed: **72%**

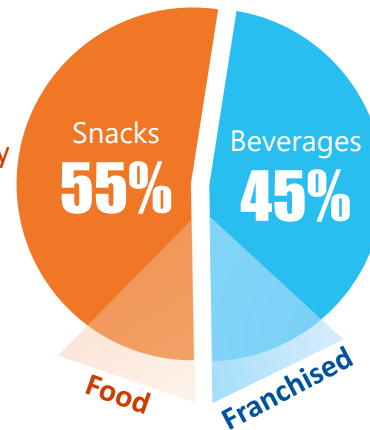
D&E: **28%**

## Balanced Mix in Attractive Categories

### Snacks

### Beverages

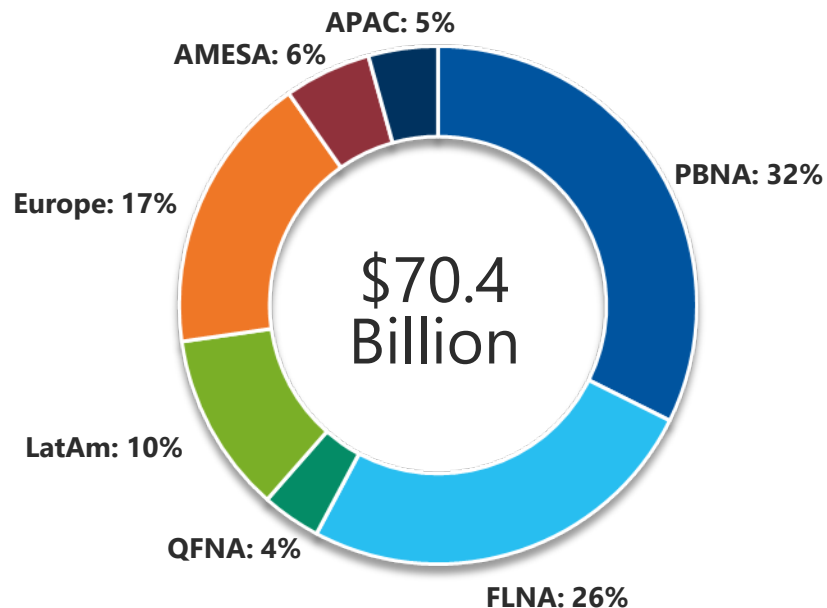
- **#1 position**
- Leadership in salty snacks and opportunity to target other Macrosnack occasions



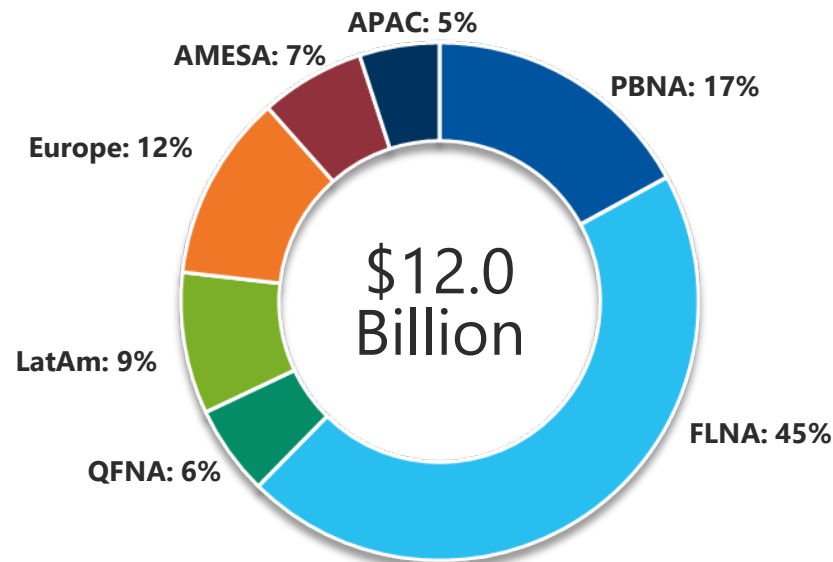
- **Strong #2 position** with leadership in many markets
- Compete broadly in all LRB categories

# OUR DIVISIONS

## Net Revenue By Division



## Core Division Operating Profit



Note: Full-Year 2020 reported operating profit was \$10.1 billion. Core division operating profit is a non-GAAP financial measure that excludes certain items and corporate unallocated costs. Please refer to the "Investors" section of PepsiCo's website at [www.pepsico.com](http://www.pepsico.com) under the heading "Financial Information—Events and Presentations" to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures. Numbers may not add due to rounding.

# OUR NORTH AMERICA DIVISIONS



## PepsiCo Beverages North America

Top 5 Brands:  
**> 65%**  
of net revenue



**Geographic Mix:** 🇺🇸: 94% / 🇨🇦: 6%

**LRB Mix:** CSD: 43% / NCB: 57%

**Bev. COBO / FOBO Mix:** 95% / 5%

## Frito-Lay North America

Top 5 Brands:  
**~ 60%**  
of net revenue



**Geographic Mix:**

🇺🇸: 93% / 🇨🇦: 7%

## Quaker Foods North America

Top 5 Categories:  
**> 80%**  
of net revenue



**Geographic Mix:**

🇺🇸: 91% / 🇨🇦: 9%

Note: PepsiCo data based on 2020 net revenue. COBO is defined as company owned bottling operations and FOBO is defined as franchised owned bottling operations. Pepsi includes Trademark Pepsi, Diet Pepsi, and Pepsi Max. Mountain Dew includes, Trademark Mountain Dew, Diet Mountain Dew, and Mountain Dew Kickstart. Quaker Foods North America categories are defined by PepsiCo and include total oats, total bars, total ready-to-eat cereal, mixes and syrup, and Golden Grain (Rice-a-Roni and Pasta Roni).



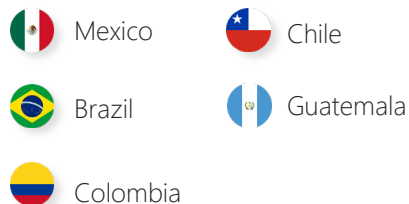
# OUR INTERNATIONAL DIVISIONS



## Latin America

### Top 5 Countries:

**~85%**  
of net revenue



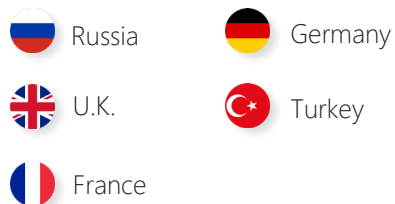
**Snack / Beverage Mix:**  
90% / 10%

**Bev. COBO / FOBO Mix:**  
8% / 92%

## Europe

### Top 5 Countries:

**>60%**  
of net revenue



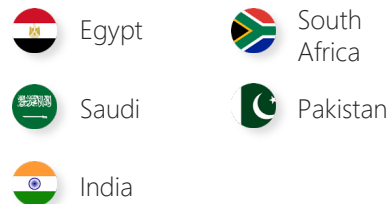
**Snack / Beverage Mix:**  
45% / 55%

**Bev. COBO / FOBO Mix:**  
93% / 7%

## AMESA

### Top 5 Countries:

**>85%**  
of net revenue



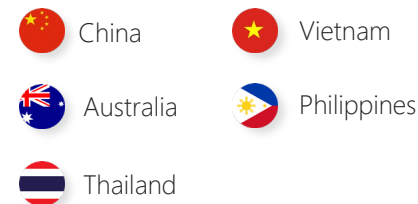
**Snack / Beverage Mix:**  
70% / 30%

**Bev. COBO / FOBO Mix:**  
48% / 52%

## APAC

### Top 5 Countries:

**>85%**  
of net revenue



**Snack / Beverage Mix:**  
75% / 25%

**Bev. COBO / FOBO Mix:**  
0% / 100%

Note: Top 5 country percentage of net revenue, snack and beverage mix, and bottler mix based on 2020 net revenue data. COBO is defined as company owned bottling operations and FOBO is defined as franchised owned bottling operations.

# OUR CULTURE AND VALUES



**be consumer  
centric**



**act as  
owners**



**focus and get  
things done fast**



**voice opinions  
fearlessly**



**raise the bar  
on talent and  
diversity**



**celebrate  
success**



**act with  
integrity**

# WINNING WITH PURPOSE

**E**nvironmental

PACKAGING



AGRICULTURE



WATER



CLIMATE



**S**ocial

GENDER  
PARITY



FEMALE  
EMPOWERMENT



RACIAL  
EQUALITY



PORTFOLIO  
DIVERSIFICATION



**G**overnance

BOARD  
DIVERSITY



INDEPENDENT  
BOARD



# TODAY'S DISCUSSION

01 —• Who We Are

02 —• Our Value Creation Proposition

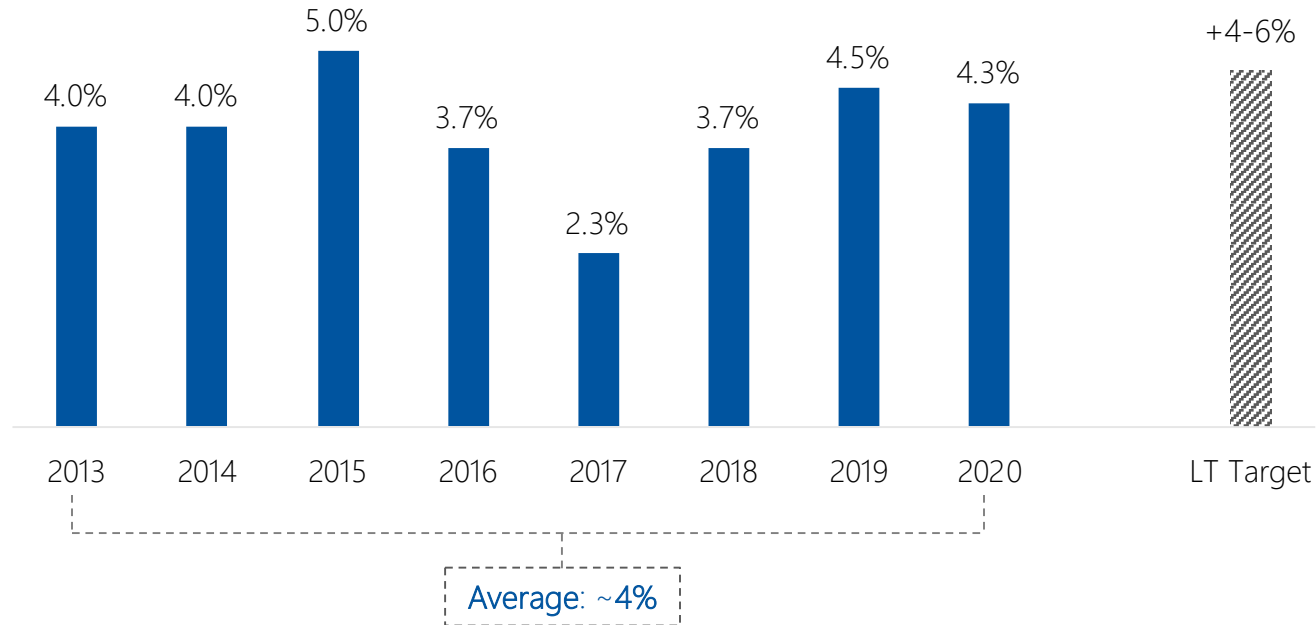
03 —• Our Financial Outlook



# WE HAVE DELIVERED CONSISTENT ORGANIC REVENUE GROWTH OVER THE LONG TERM



## Our Long Term Organic Revenue Growth Target Remains Intact



Note: PepsiCo provides guidance on a non-GAAP basis as the Company cannot predict certain elements which are included in reported GAAP results, including the impact of foreign exchange and acquisitions, divestitures and other structural changes. Organic revenue is a non-GAAP financial measure. Please refer to the "Investors" section of PepsiCo's website at [www.pepsico.com](http://www.pepsico.com) under the heading "Financial Information—Events and Presentations" to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures.

# BY EVOLVING OUR PORTFOLIO TO MEET THE CHANGING NEEDS OF OUR CONSUMERS

## Grow The Core



## Consumer-Centric Innovation



## Address Strategic Gaps



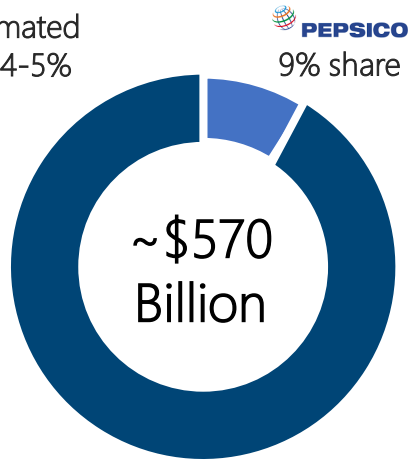
# AND BELIEVE THERE IS STILL A SIGNIFICANT RUNWAY FOR GROWTH IN OUR KEY CATEGORIES



## Global Beverages Opportunity



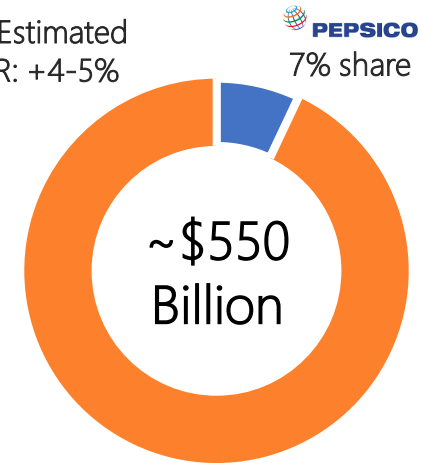
5-YR Estimated  
CAGR: +4-5%



## Global Snacks Opportunity



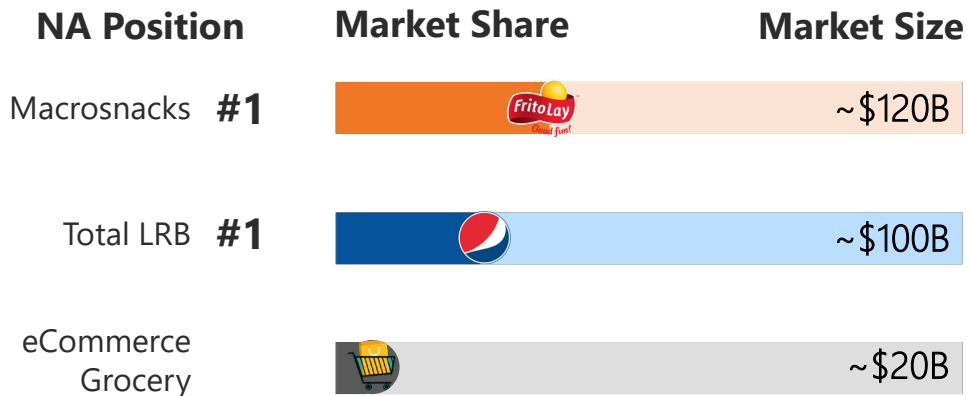
5-YR Estimated  
CAGR: +4-5%



# WITH CLEAR PRIORITIES IN NORTH AMERICA



## NA Market Leadership



*>100% channel growth in 2020*

## Key Priorities

FLNA + QFNA

- Accelerate growth by capturing new needs and occasions, innovation, advanced digital capabilities, and precision execution

PBNA

- Outpace category growth, address consumer trends and modernize our go-to-market system

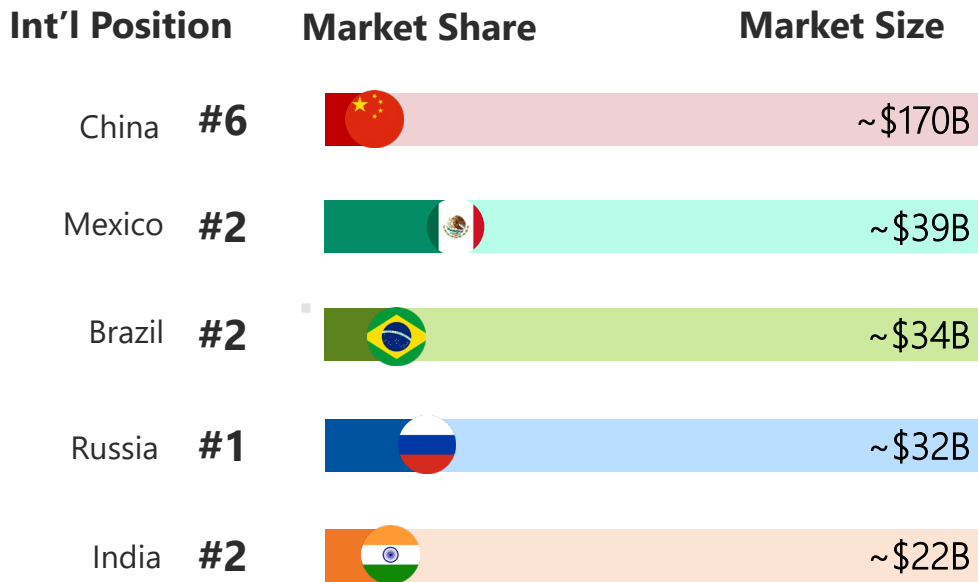
eComm

- Leverage COVID-driven channel growth to continue sales and share momentum while building capabilities to support competitive advantage



# AND INTERNATIONAL MARKETS

## International Leadership In Food & Beverages in Key Growth Markets



## Key Priorities

Snacks

- Broaden foods portfolio, expanding to new categories, needs and occasions
- Build scale by driving affinity, availability, frequency and affordability, especially in developing markets to trade up from unpackaged

Beverages

- Invest strategically in beverage markets, balancing growth and returns to be strong, profitable #1 or #2 player
- Drive scale in select high growth LRB categories

Note: Market size and share is 2019 Retail Sales Value (RSV) and excludes Foodservice channel. Market size is from PepsiCo Portfolio Growth model and share is Euromonitor. China share is pre-acquisition of Be & Cheery which would increase share position to #4.

# THAT TRANSLATES INTO A PROFITABLE GROWTH EQUATION

## Components Of Our Operating Leverage

### Tailwinds

Long-Term

Organic Revenue Growth

+4-6%

Annual Productivity

~\$1 billion

### Headwinds

Operating Expense Inflation

Geographic & Channel mix

Capability Investments



Long-Term

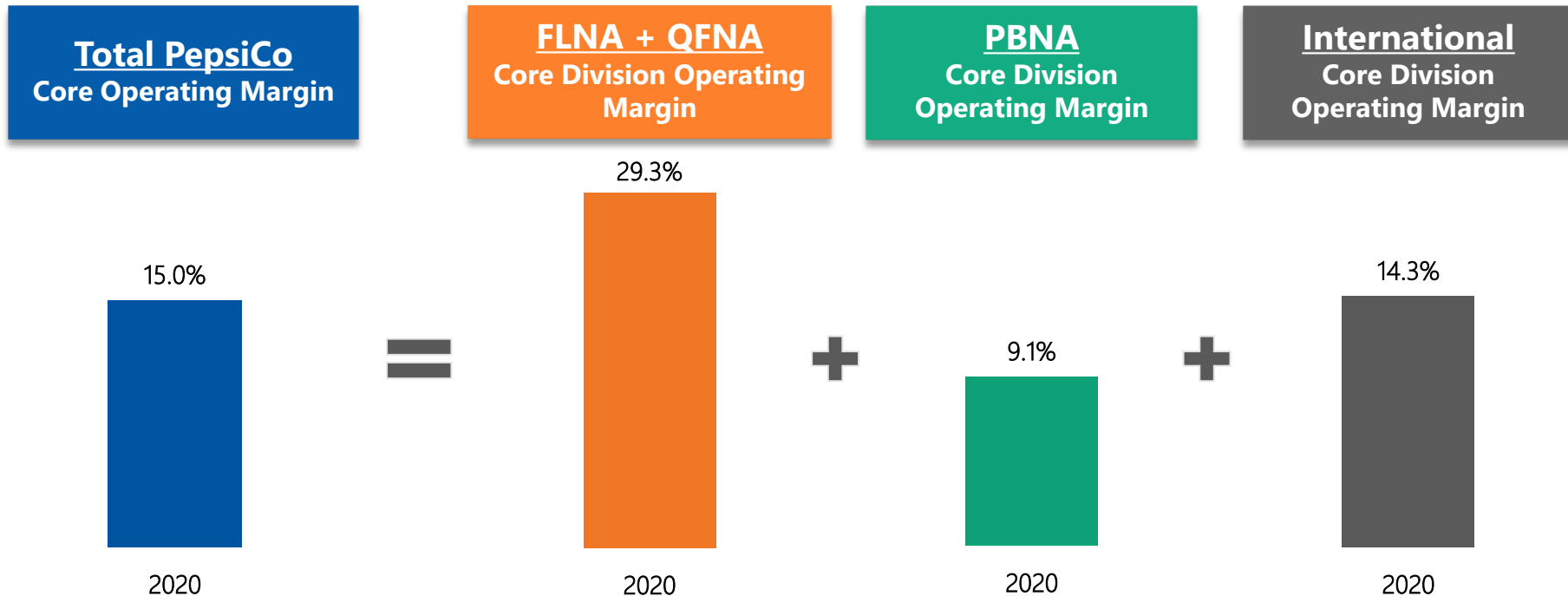
Core Operating Margin Expansion

+20-30 bps per annum

# BUT WILL VARY BY BUSINESS MIX AND PRIORITIES

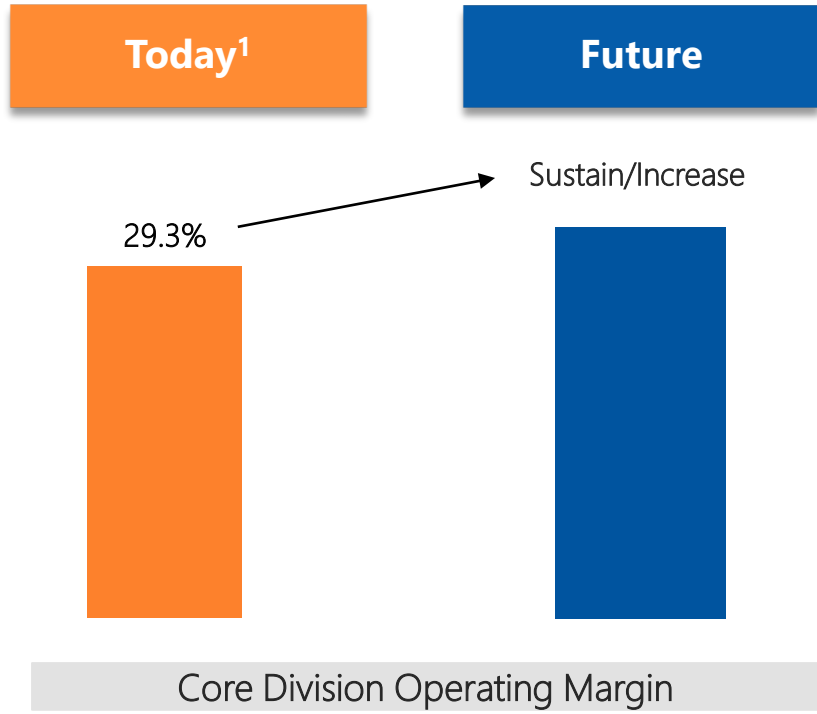


*Significant variation across Sectors*

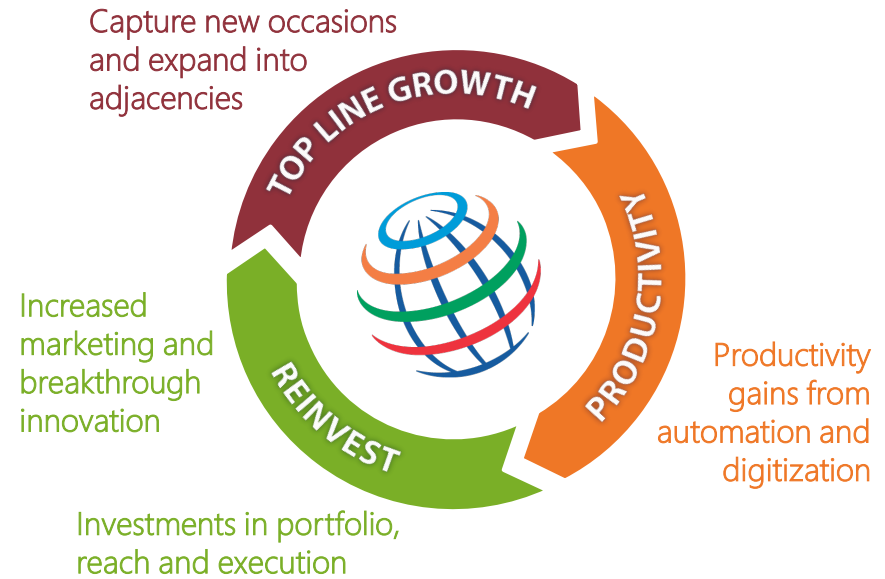


Note: Full-year 2020 PepsiCo reported operating margin was 14.3%. Full-Year 2020 FLNA reported operating margin was 29.4%. Full-Year 2020 QFNA reported operating margin was 24.4%. Full-Year 2020 PBNA reported operating margin was 8.6%. Full-year 2020 International reported operating margin was 13.3%. Core operating margin represents total core operating margin for PepsiCo including corporate unallocated expenses. Core division operating margin excludes certain items and corporate unallocated expenses. Core operating margin and core division operating margin are non-GAAP financial measures. Please refer to the "Investors" section of PepsiCo's website at [www.pepsico.com](http://www.pepsico.com) under the heading "Financial Information—Events and Presentations" to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures.

# FLNA+QFNA: INVEST TO SUSTAIN / ACCELERATE GROWTH AND ENHANCE COMPETITIVE ADVANTAGES

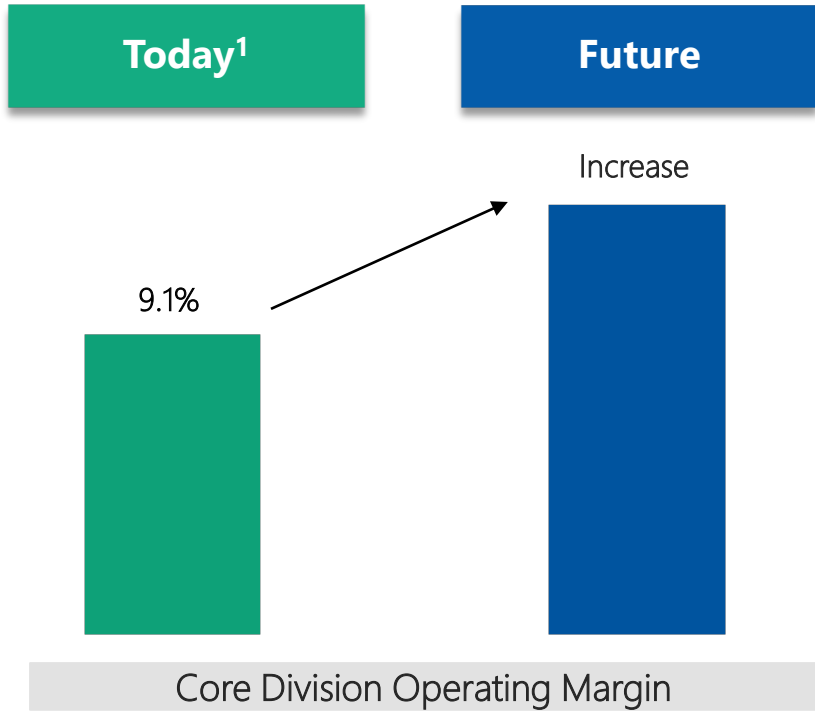


## Key Drivers



Note: <sup>1</sup> Full-Year 2020 FLNA reported operating margin was 29.4%. Full-Year 2020 QFNA reported operating margin was 24.4%. Core division operating margin is a non-GAAP financial measure that excludes certain items and corporate unallocated expenses. Please refer to the "Investors" section of PepsiCo's website at [www.pepsico.com](http://www.pepsico.com) under the heading "Financial Information—Events and Presentations" to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures.

# PBNA: EVOLVE PORTFOLIO AND IMPROVE PROFIT AND RETURNS



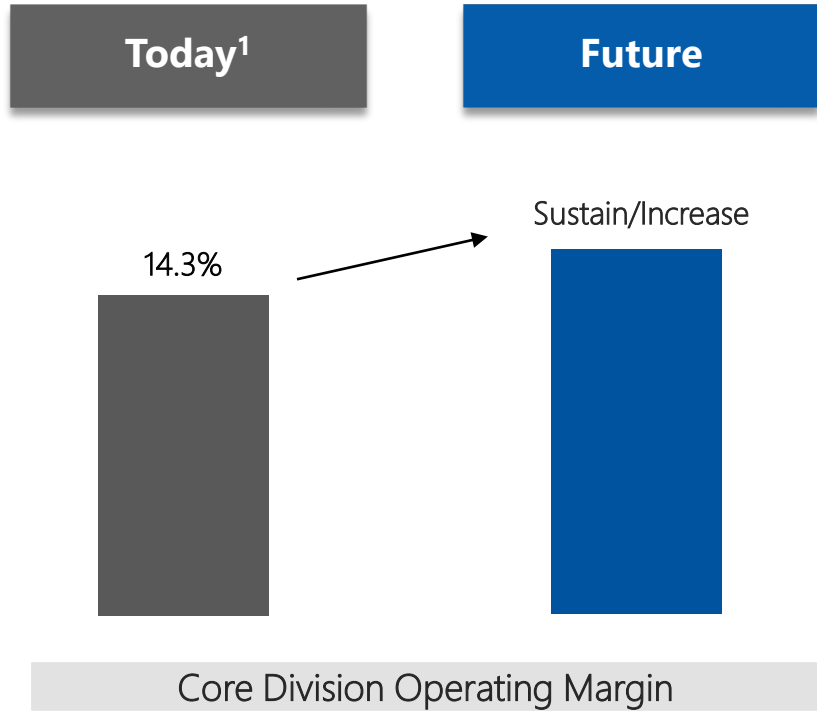
## Key Drivers

- ✓ Improved portfolio mix to drive growth and margin gains
- ✓ Invest in advanced revenue management capability
- ✓ Enhance marketing ROI
- ✓ Modernize supply chain and digital foundation to accelerate productivity
- ✓ Technology-enabled precision at scale
- ✓ Expand Global Business Services capability



Note: <sup>1</sup> Full-Year 2020 PBNA reported operating margin was 8.6%. Core division operating margin is a non-GAAP financial measure that excludes certain items and corporate unallocated expenses. Please refer to the "Investors" section of PepsiCo's website at [www.pepsico.com](http://www.pepsico.com) under the heading "Financial Information—Events and Presentations" to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures.

# INTERNATIONAL: GROW SCALE FOR OUR SNACKS BUSINESS AND INVEST STRATEGICALLY IN BEVERAGES



### Key Drivers

| Snacks  | Beverage  |
|---|---|
| <ul style="list-style-type: none"><li>• Focus on building scale via per capita consumption to drive efficiencies</li><li>• Unlock key price points and profitability with lower cost operating models in developing markets</li></ul> | <ul style="list-style-type: none"><li>• Strategically invest to balance growth and returns, focusing on core brands with selective NCB plays</li><li>• Strengthen bottling network, investing in scaled local and global partners</li></ul> |
| <ul style="list-style-type: none"><li>• Streamline and digitize operations through Global Business Services</li></ul>   |   |

Note: <sup>1</sup> Full-year 2020 International reported operating margin was 13.3%. Core division operating margin is a non-GAAP financial measure that excludes certain items and corporate unallocated expenses. Please refer to the "Investors" section of PepsiCo's website at [www.pepsico.com](http://www.pepsico.com) under the heading "Financial Information—Events and Presentations" to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures.

# OUR DIVISIONAL PRIORITIES KEEP OUR LONG-TERM CAPITAL ALLOCATION PRIORITIES UNCHANGED



1

## Invest in the Business



Capital spending to drive growth and productivity agenda

2

## Pay / Grow Dividends



Increased dividend for 49 consecutive years

3

## Strengthen Portfolio Through M&A



Bolt-On M&A

4

## Share Repurchases



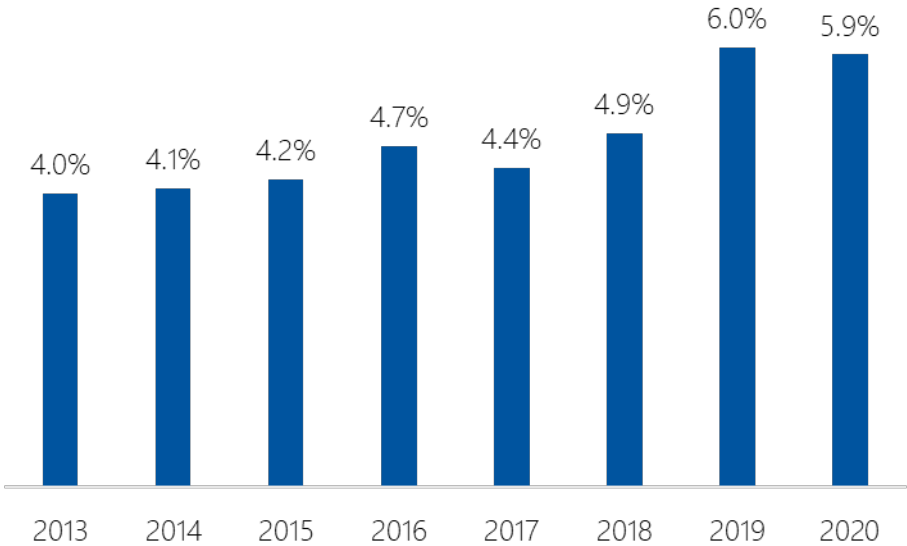
While maintaining access to debt capital markets at attractive rates

Note: 2021 dividend increase effective with the dividend expected to be paid in June 2021. For 2021, PepsiCo will be prioritizing capital spending and dividends over mergers and acquisitions as well as share repurchases. As of February 11, 2021, PepsiCo has repurchased \$100 million worth of shares and does not anticipate additional share repurchases for 2021.

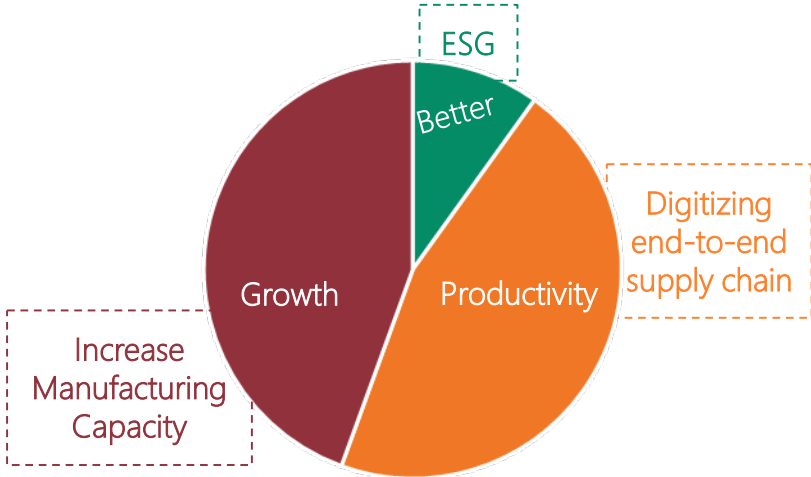
# WE ARE PRIORITIZING HIGHER CAPITAL INVESTMENTS FOR GROWTH AND PRODUCTIVITY INITIATIVES



## Net Capital Spending (as % of Net Revenue)

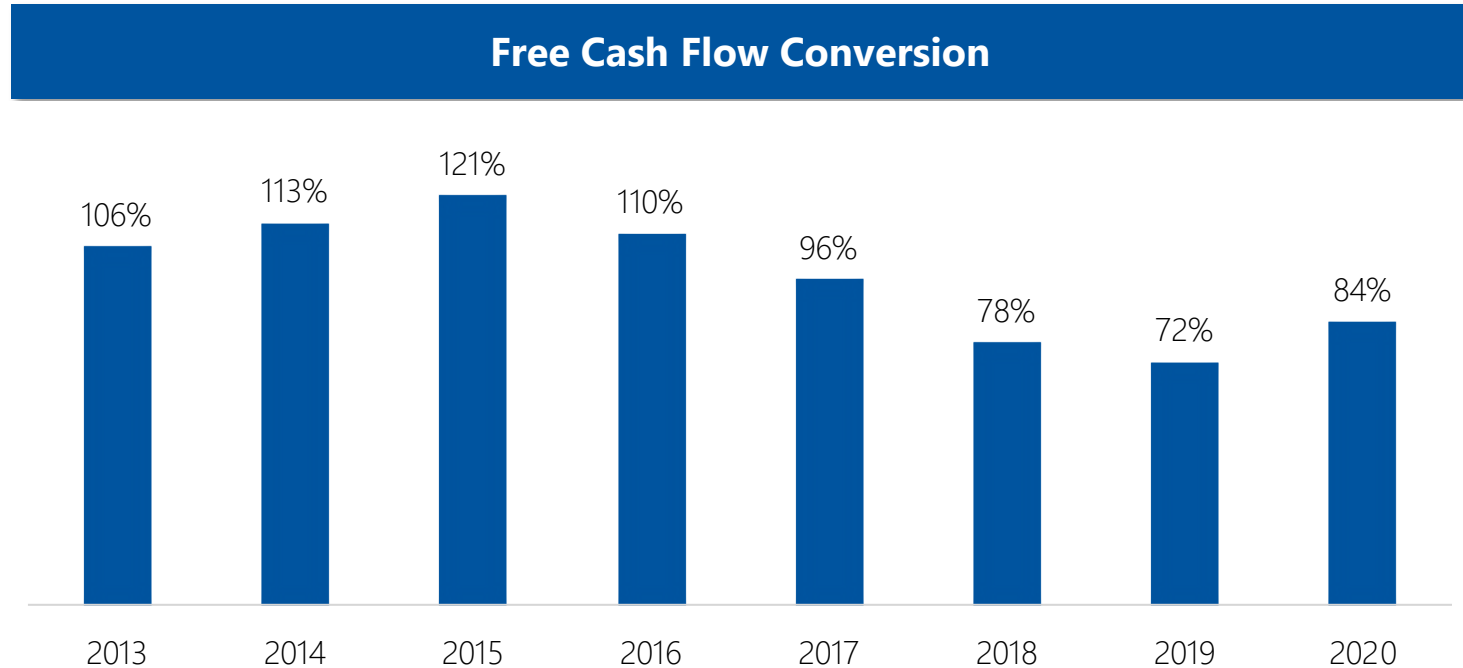


## Where Are We Investing?





# WHICH IS WHY OUR FREE CASH FLOW CONVERSION HAS MODERATED BUT REMAINS STRONG



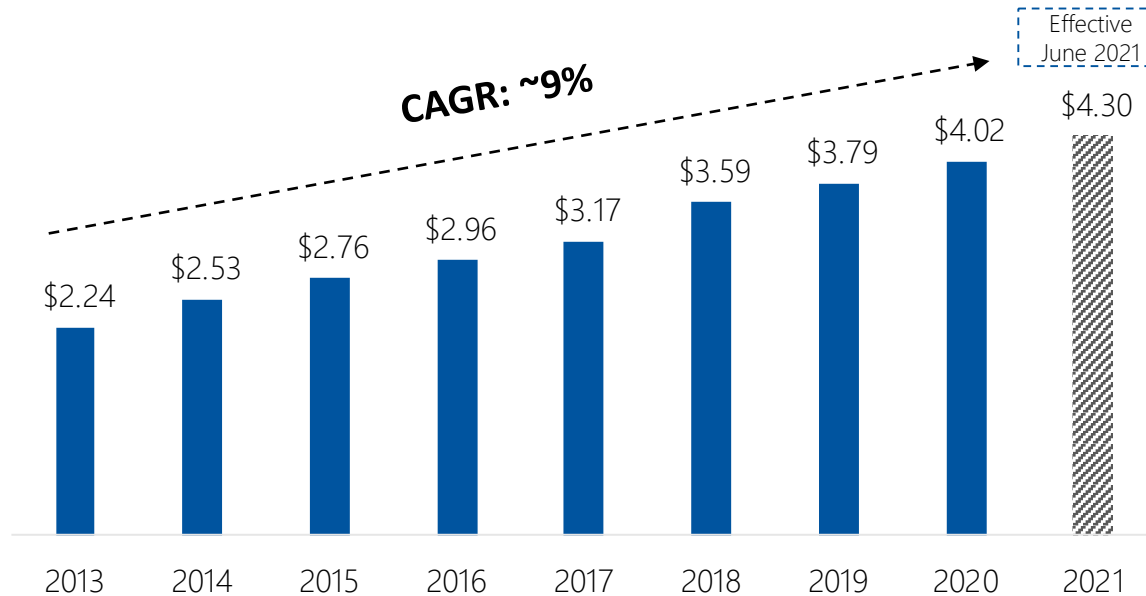
Note: Free Cash Flow conversion is calculated by dividing Free Cash Flow by total Core Net Income attributable to PepsiCo. Free Cash Flow is calculated by subtracting capital spending from the sum of net cash provided by operating activities and sales of property, plant and equipment. Free cash flow conversion ratio is a non-GAAP measure. Please refer to the "Investors" section of PepsiCo's website at [www.pepsico.com](http://www.pepsico.com) under the heading "Financial Information—Events and Presentations" to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures.

# WE ARE ALSO PRIORITIZING DIVIDEND GROWTH



## Dividends Per Share

Current Dividend Yield: ~3%



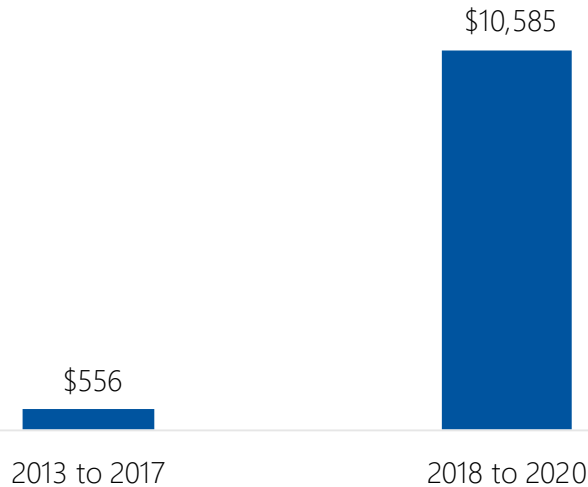
# 49

Consecutive years of dividend hikes

Note: 2021 dividend increase effective with the dividend expected to be paid in June 2021. Current dividend yield reflects our annualized dividend per share divided by our share price as of 2/2/2021.

# AS WE BELIEVE WE HAVE ADDRESSED KEY PORTFOLIO GAPS WITH RECENT ACQUISITIONS

## M&A Spend (in millions)

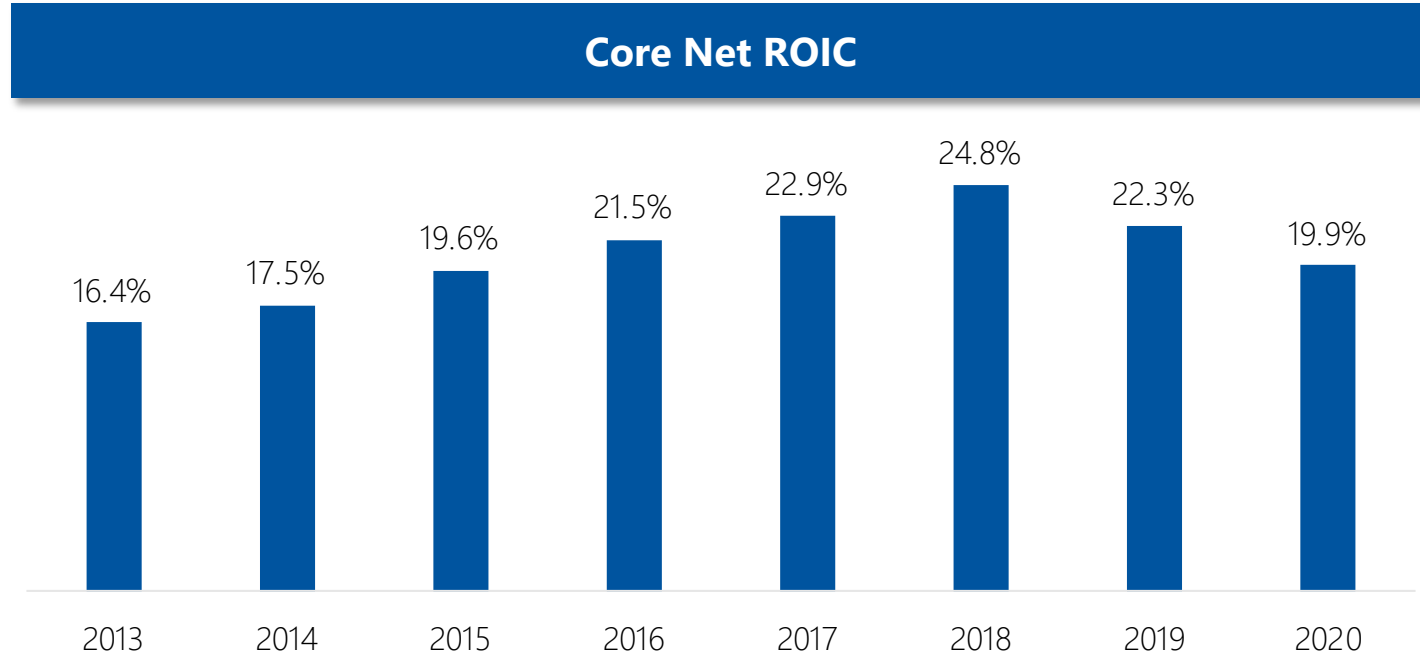


## Recent M&A



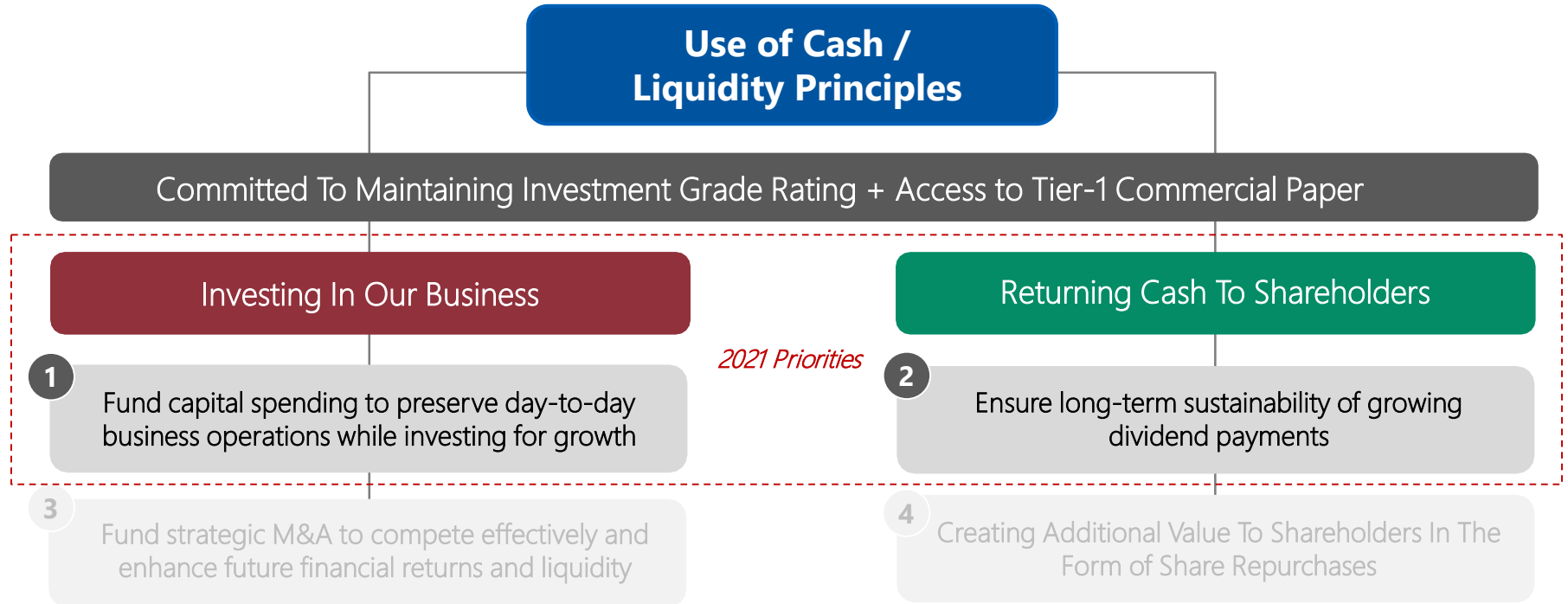
*Very Pleased With Our Current Portfolio*

# AND MUST NOW FOCUS ON IMPROVING THE RETURN ON OUR INVESTMENTS



Note: Full-year 2020 reported net income attributable to PepsiCo was \$7.1 billion. Core Net ROIC is a non-GAAP measure. Please refer to the "Investors" section of PepsiCo's website at [www.pepsico.com](http://www.pepsico.com) under the heading "Financial Information—Events and Presentations" to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures.

# WHILE PRESERVING OUR BALANCE SHEET STRENGTH AND LIQUIDITY



# AS WE ASPIRE TO DELIVER SUSTAINABLE GROWTH, INCOME AND VALUE CREATION



## Long-Term Targets

Organic  
Revenue  
Growth

+4-6%

Core  
Operating  
Margin  
Expansion

+20-30 bps  
annually

Core  
Constant  
Currency EPS  
Growth

+HSD%



## Income

Current  
Dividend  
Yield

~3%



## Value Creation

Note: PepsiCo provides guidance on a non-GAAP basis as the Company cannot predict certain elements which are included in reported GAAP results, including the impact of foreign exchange and mark-to-market adjustments. Organic revenue, core operating margin and core constant currency EPS are non-GAAP financial measures. Please refer to the "Investors" section of PepsiCo's website at [www.pepsico.com](http://www.pepsico.com) under the heading "Financial Information—Events and Presentations" to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures.

# TODAY'S DISCUSSION

01 —• Who We Are

02 —• Our Value Creation Proposition

03 —• Our Financial Outlook



# 2021 OUTLOOK



## +MSD<sup>1</sup>

Organic Revenue  
Growth

## +HSD<sup>2</sup>

Core Constant  
Currency EPS Growth

## \$5.9B<sup>3</sup>

Cash Return to  
Shareholders

Note: <sup>1</sup> +MSD is defined as mid-single digit. <sup>2</sup> +HSD is defined as high-single digit. <sup>3</sup> Comprised of \$5.8 billion in dividends and \$0.1 billion in share repurchases. As of February 11, 2021, PepsiCo has repurchased \$100 million worth of shares and does not anticipate additional share repurchases for 2021. PepsiCo provides guidance on a non-GAAP basis as the Company cannot predict certain elements which are included in reported GAAP results, including the impact of foreign exchange and mark-to-market adjustments. Organic revenue and core constant currency EPS are non-GAAP financial measures. Please refer to the "Investors" section of PepsiCo's website at [www.pepsico.com](http://www.pepsico.com) under the heading "Financial Information—Events and Presentations" to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures. Guidance as of February 11, 2021.



