Third Quarter 2022

Prepared Management Remarks

October 12, 2022

Please view these remarks in conjunction with our Q3 2022 earnings release, Q3 2022 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://investors.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 2022 guidance. Forward-looking statements inherently involve risks and uncertainties and only reflect our view as of today, October 12, 2022, 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 2022 earnings release and Q3 2022 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 our international operations report on a monthly calendar basis for which the months of June, July and August are reflected in our results for the 12 weeks ended September 3, 2022.

Chairman and CEO and Vice Chairman and CFO Commentary

We are very pleased with our results for the third quarter as our business delivered 16 percent organic revenue growth and 14 percent core constant currency earnings per share growth.

Given the strength of our business momentum and results, we now expect our full-year 2022 organic revenue to increase 12 percent (previously 10 percent) and our core constant currency earnings per share to increase 10 percent (previously 8 percent).

Our results support our belief that we have the right people, advantaged capabilities, and effective strategies to win in the marketplace and make PepsiCo an even Faster, even Stronger, and even Better organization.

As a result, we remain committed to our investments in our people, brands, supply chain, and go-to-market systems which have enabled us to deliver:

- Strong marketplace performance during the third quarter with share improvements in key categories such as salty snacks, savory snacks, and sports drinks in North America, and sustained business momentum in key international markets;
- Packaging and flavor innovation across our product portfolio to address evolving consumer and societal preferences, while also expanding our positive product choices with more nutritious convenient foods and zero-sugar beverages;
- A strong holistic cost management program throughout our organization in which we treat all costs like an investment and emphasize that all employees act like owners. We are very encouraged about the progress we have made and expect our initiatives to drive greater efficiencies and stronger returns for our businesses in the future by:
    - Leveraging analytics and data-driven capabilities to enable faster decision making, optimize routes, and improve execution with more precise assortments and offerings in-store;

  - Automating and digitizing our supply chain to support our innovation pipeline with greater agility and speed-to-market;
  - Identifying key areas of waste throughout our value chain through targeted net revenue management tools and productivity; and
  - Expanding the scope of our global business services model to maximize labor efficiencies and make us a more future-fit and effective organization by providing us with new learnings and ways of working;
- And, strong progress on our initiatives related to pep+, our end-to-end strategic transformation with sustainability and human capital at the center of how we will create growth and value across our organization. Some recent examples include:
  - Issuing our second Green Bond over the last three years, with this most recent one being a $1.25 billion senior notes offering with a ten-year maturity that will focus on investments to deliver key environmental sustainability initiatives under two pillars of our pep+

agenda: Positive Agriculture and Positive Value Chain;

- Partnering with Archer Daniels Midland, a global leader in sustainable agriculture and nutrition to significantly expand regenerative agriculture practices across our shared North American supply chains on up to two million acres of farmland;
- Announcing a new PepsiCo Beverages North America manufacturing facility in Denver which will aim to achieve 100 percent renewable electricity, best-in-class water efficiency, and reduced virgin plastics use in the new facility;
- Launching lower sodium and lower saturated fat offerings for our Walkers and Doritos brands in the U.K. to provide smarter snacking choices without compromising on taste that our consumers know and love; and
- PepsiCo Europe’s technology innovation arm investing in breakthrough start-up companies and digital solutions aimed at enhancing sustainability for our supply chain.

To conclude, we believe we have the right portfolio and strategy in place with strong market positions in growing global categories to create value for our shareholders.

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 as our performance would not have been possible without their dedication.

Third Quarter PepsiCo Financial Review

Organic revenue increased 16 percent and represents the fourth consecutive quarter of double-digit organic revenue growth.

Our top-line performance was broad based across geographies as our North America and International businesses each delivered 16 percent organic revenue growth.

Our performance also highlights our diversified portfolio and the resilience of our categories and consumer demand trends as our global beverages and convenient foods businesses sequentially accelerated and delivered 12 percent organic revenue growth and 20 percent organic revenue growth, respectively.

Core gross profit increased 8 percent and core gross margin declined 20 basis points due to the ongoing impact of inflationary pressures.

Core operating profit increased 11 percent and core operating margin expanded 30 basis points aided by our strong net revenue growth and holistic cost management initiatives.

Core constant currency EPS increased 14 percent, while reported EPS increased 22 percent.

Third Quarter North America Divisions Review

Our North America business delivered double-digit net revenue growth and double-digit core operating profit growth. Core operating margin expanded as efficiencies generated within our selling, general, and administrative expenses more than offset a decline in core gross margin.

And each of our North America divisions delivered strong, double-digit organic revenue growth in the third quarter.

Frito-Lay North America delivered 20 percent organic revenue growth and gained share in the macro, savory, and salty categories for the third quarter.

Frito-Lay's strong top-line momentum is indicative of its diversified portfolio, marketplace execution, and strong net revenue management capabilities. Volume was even with the prior year when excluding our joint venture with Sabra.

The business continues to benefit from strong category trends as consumers navigate towards popular, trusted brands that offer value, convenience, and variety. Many of these brands delivered double-digit net revenue growth for the third quarter including Doritos, Cheetos, Lay's, Ruffles, Tostitos, and Fritos.

Smaller, emerging brands geared towards more nutritious snacking such as PopCorners, Smartfood, Bare, and SunChips also each delivered double-digit net revenue growth for the third quarter.

The breadth of Frito-Lay's growth also manifested across the product portfolio driven by our investments in consumer-centric innovation. For example, we:

- Expanded the flavor profile of our Doritos brand with the launch of Doritos Tangy Tamarind, Doritos Ketchup, and Doritos Spicy Mustard;
- Introduced Cheetos Bolitas, a powerful bite-sized ball with a uniquely soft, crunchy texture to the United States after an initial launch in Mexico;
- Extended flavors to offer more positive product choices to the consumer with SunChips Black Bean Spicy Jalapeno and Southwestern Queso and PopCorners Cinnamon Crunch; and
- Launched Lay's Kettle Cooked Fritos Chili Cheese, Lay's

Cheetos, Lay's Doritos Cool Ranch, and Lay's Wavy Funyuns Onion as part of the Lay's Flavor Swap lineup.

From a channel perspective, our business delivered strong net revenue growth across all channels, including double-digit net revenue growth in the large format, foodservice, and convenience and gas channels.

Frito-Lay's core operating profit increased 17 percent for the third quarter and reflects the ongoing impact of inflationary pressures and a double-digit increase in advertising and marketing spend.

Quaker Foods North America delivered 16 percent organic revenue growth in the third quarter and gained share in the rice and pasta, lite snacks, ready-to-eat cereal and hot cereal categories.

Quaker's third quarter performance highlighted the breadth of the product portfolio as the lite snacks, cookies, oatmeal and ready-to-eat cereal categories each delivered double-digit net revenue growth, snack bars delivered high-single-digit net revenue growth, and rice and pasta delivered mid-single-digit net revenue growth.

Our third quarter results also highlighted brand building investments with a high-single-digit increase in advertising and marketing spend, and strong consumer-centric innovation focused on positive choices with the launch of Quaker On-The-Go Snack Multipack, Quaker Puffed Granola, and Quaker Oat Flour.

Quaker's net revenue growth and cost management initiatives contributed to its core operating profit growth of 15 percent.

PepsiCo Beverages North America's organic revenue growth sequentially accelerated in the third quarter to 13 percent as category growth and consumer demand remained resilient.

Business performance benefited from effective net revenue management and investments across our portfolio as many key brands performed well during the quarter with Gatorade, Pepsi, and Rockstar delivering double-digit net revenue growth, while Mountain Dew and Aquafina each delivered high-single-digit net revenue growth.

We also directed investments towards faster growing, highly profitable categories as we look to improve this division's core operating margin, which expanded in both the third quarter and year-to-date. Some examples include:

- Extending our presence in the energy category by:
    - Announcing our long-term strategic distribution arrangement with Celsius Holdings, Inc., including making a $550 million cash investment in exchange for convertible preferred stock with a 5% annual dividend;
    - Launching two new Rockstar Recovery variants which include coconut water, collagen and Vitamin C to help our consumers reset and hydrate for any activity; and
    - Introducing MTN DEW ENERGY CODE RED, made with

180 milligrams of caffeine, zinc, Vitamins A and C, antioxidants, and zero added sugar;

- Expanding our distribution presence in the low-alcohol category in the U.S. by:
  - Entering a new agreement to distribute Lipton-branded hard iced tea in 2023, a product of FIFCO USA; and
  - Extending our distribution of Hard Mtn Dew, a product of the Boston Beer Company, to 9 states, with plans to add additional states in the future;
- Investing in our zero sugar offerings including Pepsi, Mountain Dew, Gatorade, Rockstar, and bubly to offer more positive product choices to the consumer; and
- Further elevating our position in the sports nutrition category with Gatorade Fast Twitch, a multifaceted energy and sports drink formulated specifically for athletes. Fast Twitch is non-carbonated, contains zero sugar, has no artificial colors, or flavors, and contains 200 milligrams of caffeine.

We are very encouraged with Gatorade's progress and recent share improvement as we have innovated and extended our presence in the sports nutrition category with Gatorade Zero, Propel, Gatorlyte and GFit – a brand portfolio that fuels performance and athletic wellness.

In addition to managing the evolution of our product portfolio, we remain committed to improving PepsiCo Beverages North America's core operating margin over time by:

- Advancing our revenue management capabilities;
- Accelerating our holistic cost management initiatives through our global business services model;
- Optimizing our advertising and marketing spend; and
- Modernizing and digitizing our supply chain.

Third Quarter International Business Review

Our International business delivered 16 percent organic revenue growth, its sixth consecutive quarter of double-digit organic revenue growth, despite an increasingly complex geopolitical and macroeconomic environment.

Our investment decisions over the past few years to increase the scale and presence of our convenient foods business to better replicate markets such as Latin America, while investing selectively in beverages have enabled us to deliver compelling organic revenue growth across our key categories and markets.

During the quarter, our International convenient foods business delivered 20 percent organic revenue growth, while our International beverages business sequentially accelerated and delivered 9 percent organic revenue growth.

Each of our international divisions reported strong organic revenue growth, led by Latin America, which delivered double-digit organic revenue growth in both beverages and convenient foods during the quarter, with Mexico, Brazil, Colombia, Chile, and Argentina each delivering double-digit organic revenue growth.

Outside of Latin America, many of our other developing and emerging markets also remained resilient, including China, South Africa, India, Egypt, Saudi Arabia, Pakistan, Vietnam and Poland, each of which delivered double-digit organic revenue growth.

Developed markets also performed well and delivered high-single-digit organic revenue growth in the quarter, including double-digit organic revenue growth in the U.K., France and Spain and mid-single-digit organic revenue growth in Australia.

In addition, we continue to focus on executing and winning in the marketplace. Year-to-date, we gained savory snack share in Brazil, China, the U.K., India, Pakistan, Saudi Arabia, Spain, Turkey, Netherlands, Thailand, Australia, and Chile, and gained beverage share in Mexico, Brazil, Australia, China, India, Egypt, Pakistan, Saudi Arabia, Vietnam, and Iraq.

As we move forward, we will continue to grow our core categories in our largest markets where we have strong leadership positions, and strategically expand our portfolio offerings and positive choices to capture growth in attractive categories, channels, and occasions.

In summary, we are very pleased with the progress and trajectory of our International business and remain encouraged by the long runway for growth in many markets.

2022 Outlook and Guidance

Our business momentum remains strong, and we are benefiting from the investments made and strategic actions taken towards becoming an even Faster, Stronger, and Better company.

While demand elasticity trends have remained favorable, we are diligently monitoring consumer spending patterns and behaviors in this dynamic and volatile macroeconomic environment and expect:

- Our global beverage and convenient foods businesses to remain resilient and perform well for the balance of this year;

- A greater emphasis on accelerating our holistic cost management initiatives and further sharpening our revenue management capabilities as consumers adjust and adapt to persistent inflationary pressures; and
- Investments in our people, supply chain, plants, go-to-market systems, digitization, and productivity initiatives to fortify our business and build competitive advantages for the long-term.

As a result, for fiscal 2022, we now expect:

- Our organic revenue to increase 12 percent (previously 10 percent); and
- Our core constant currency earnings per share to increase 10 percent (previously 8 percent).

And we continue to expect:

- A core annual effective tax rate of 20 percent; and
- Total cash returns to shareholders of approximately $7.7 billion comprised of both $6.2 billion in dividends and $1.5 billion in share repurchases.

Based on current market consensus rates, we now expect foreign exchange translation to negatively affect our reported net revenue and core earnings per share performance by approximately 2.5 percentage points (previously 2 percentage points).

This assumption and the guidance above imply 2022 core earnings per share of approximately $6.73, an approximately 7.5 percent increase compared to 2021 core earnings per share of $6.26.

As previously noted, we will also have a 53rd week in 2022 for our North American business that reports on a weekly calendar basis. Our organic revenue growth outlook excludes the impact of this extra week.

We continue to expect the profit associated with the 53rd week to mitigate the dilution associated with the divestiture of certain juice brands in North America and Europe.

With respect to capital allocation, we remain committed to investing appropriately in our business, paying, and growing our annual dividend, selectively considering acquisitions, partnerships and divestitures that meet very strict strategic and financial criteria, and repurchasing shares.

We would like to thank you for the confidence you've placed in us with your investment as we strive to become an even Faster, even Stronger, and even Better company.

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