Good to Great

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Safe Harbor Statement & Non-GAAP Information

This presentation should be viewed in conjunction with PepsiCo’s webcast presentation at the Consumer Analyst Group of New York Conference on February 20, 2019.

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Non-GAAP Information

Please refer to the “Investors” section of PepsiCo’s web site at www.pepsico.com under the heading “Events and Presentations” to find a reconciliation of any non-GAAP financial measures and definitions of non-GAAP financial measures.
Today’s Discussion: Good to Great

Accelerated topline growth and unleashed potential of the organization

Long-Term Goals

+4-6%
Organic revenue growth

+20-30 bps
Core operating margin expansion

HSD
Core constant currency EPS growth

Increasing
Core net ROIC

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Compete in attractive categories

Leading **brands** and broad **product portfolio**

Well-developed **geographic footprint**

Strong, relevant **capabilities**

Large **scale** that enables efficient operations

Highly engaged **associates** and a winning **culture**
Since 2012…

- **3.8% avg.**
  - Organic revenue growth

- **+160 bps**
  - Core operating margin expansion

- **9% avg.**
  - Core constant currency EPS growth

- **+9.5 pps. to 24.8%**
  - Core net ROIC

- **9% CAGR**
  - Dividends per share

- **$45B**
  - Cumulative cash returned to shareholders

Six-year average reported net revenue growth was flat. Six-year reported operating margin increased 130 bps. Six-year average reported EPS growth was 25%. Organic revenue, core operating margin, core constant currency EPS and core net ROIC 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 “Events and Presentations” to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures.
Priorities
Faster

by being more consumer-centric and accelerating investment for topline growth and winning in the marketplace

Priorities

Broaden our portfolios to win locally in convenient foods and beverages

Fortify our North American businesses

Accelerate international expansion, with disciplined focus on ‘right-to-win’ markets
Deliver Four Key Benefits

Variety
“What I want”

Ubiquity
“Where I want it”

Desirability
“From a brand I trust”

Value
“With benefits or affordability that appeal to me”

Clear Value Creation Model
Expand Our Core Savory Snacks Portfolio

INDULGENT

MORE NUTRITIOUS
Expand Our Core LRB Portfolio

INDULGENT

MORE NUTRITIOUS

[Image of various products]
# Accelerate Growth in Our Markets

## Fortify North America
- Invest to sustain FLNA growth and leadership
- Strengthen NAB to grow with the market

## Accelerate International
- Deploy FLNA playbook in developed markets
- Scale key D&E markets
- Invest in Stronghold and Battleground markets
- Compete ‘smartly’ in Challenger markets
Accelerating Investments

Manufacturing Capacity

Digitalization

Supply Chain Agility

Sustainability

Advertising & Marketing

GTM/Routes
Stronger
by transforming our costs, capabilities and culture

Drive savings through holistic cost management to reinvest to win in the marketplace

Develop and scale core capabilities globally through technology

Build differentiated talent and culture
Win in the Marketplace

LEANER, MORE-EFFICIENT

Talent-, Data-, and Technology-Enabled

STRONGER IN KEY CAPABILITIES

MORE-AGILE, FASTER TO ADAPT
Holistic Cost Approach, Consistent Framework and Philosophies

### Cost Framework
- Redesign work
- Reduce non-labor costs
- Increase ROI of commercial investments
- Increase utilization of assets

### Cost Philosophies
- Local affordability first
- Simplify and standardize
- Multi-functional collaboration
- Not all capabilities / costs are equal
- Relentlessly automate
- Merge best of old and new PEP
Pursue Savings Across the Entire Business

Operating Model

Global Business Services

Marketplace Execution

Technology Utilization

Optimized Network

Real Estate
New Capabilities, Enabled by Technology

- Consumer Intimacy
- Indispensable Brand-Building
- Impactful Science- and Design-Led Innovation
- Omni-Channel Point-of-Choice Excellence
- End-to-End Supply Chain Agility
Example: Building Consumer Intimacy Capabilities in the U.S.

1. Integrated Consumer Data Platform
   + More-targeted, effective consumer-facing execution

2. Individual-Based Media/Marketing Approach
   + More personalized communication

3. Iterative ROI Engine
   + Real-time optimization decisions

4. Omni-channel Insights
   + Unified understanding of consumers and shoppers

5. Category Management 2.0
   + Demand Accelerator capabilities expansion

6. Personalized Pricing
   + Trade spend efficiency and effectiveness
Example: Utilizing End-to-End Value Chain Approach in FLNA

**Agile Network** supplies that marketplace efficiently & flexibly across products and channels.

**Marketplace Advantage** services those needs precisely and profitably across points of choice.

**Consumer Intimacy** creates requirements based on personal snacking & shopping needs.

**Integrated Planning**
Become a Stronger, More-Agile and More-Capable Company

- Change the Organization
- Build Differentiated Talent and Capabilities
- Change the Culture
Better

by continuing to integrate purpose into our business strategy and doing even more for the planet and our people

Priorities

Agriculture  Water  Packaging  Product
2019 Guidance

- **4%**
  - Organic Revenue Growth

- **-1%**
  - Core Constant Currency EPS Performance

- **$4.5B**
  - Net Capital Spending

**Considerations**

- Higher Core Effective Tax Rate
- Lapping 2018 Strategic Asset Sale and Refranchising Gains
- Incremental/Accelerated Investment

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