

Presentation to CAGNY
February 20, 2019



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.

Safe Harbor Statement

Statements in this communication that are "forward-looking statements," including our 2019 guidance and long-term goals, 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 such forward looking statements. Such risks and uncertainties include, but are not limited to: changes in demand for PepsiCo's products, as a result of changes in consumer preferences or otherwise; changes in laws related to the use or disposal of plastics or other packaging of PepsiCo's products; changes in, or failure to comply with, applicable laws and regulations; imposition or proposed imposition of new or increased taxes aimed at PepsiCo's products; imposition of labeling or warning requirements on PepsiCo's products; PepsiCo's ability to compete effectively; failure to realize anticipated benefits from PepsiCo's productivity initiatives or operating model; political conditions, civil unrest or other developments and risks 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; uncertain or unfavorable economic conditions in the countries in which PepsiCo operates; the ability to protect information systems against, or effectively respond to, a cybersecurity incident or other disruption; increased costs, disruption of supply or shortages of raw materials and other supplies; business disruptions; product contamination or tampering or issues or concerns with respect to product quality, safety and integrity; damage to PepsiCo's reputation or brand image; failure to successfully complete, integrate or manage acquisitions and joint ventures into PepsiCo's existing operations or to complete or manage divestitures or refranchisings; changes in estimates and underlying assumptions regarding future performance that could result in an impairment charge; increase in income tax rates, changes in income tax laws or disagreements with tax authorities; PepsiCo's ability to recruit, hire or retain key employees or a highly skilled and diverse workforce; loss of, or a significant reduction in sales to, any key customer; disruption to the retail landscape, including rapid growth in hard discounters and the e-commerce channel; any downgrade or potential downgrade of PepsiCo's credit ratings; PepsiCo's ability to implement shared services or utilize information technology systems and networks effectively; fluctuations or other changes in exchange rates; climate change or water scarcity, or legal, regulatory or market measures to address climate change or water scarcity; failure to successfully negotiate collective bargaining agreements, or strikes or work stoppages; infringement of intellectual property rights; potential liabilities and costs from litigation, claims, legal or regulatory proceedings, inquiries or investigations; and other factors that may adversely affect the price of PepsiCo's publicly traded securities and financial performance.

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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



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

Strong Foundation



Compete in
attractive
categories

Strong, relevant
capabilities

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

Large **scale**
that enables efficient
operations

Well-developed
geographic
footprint

Highly engaged
associates
and a winning
culture

Strong Financial Performance



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

Priorities



Faster

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

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

Clear Value Creation Model



Deliver Four Key Benefits

Variety

“What I want”

Ubiquity

“Where I want it”

**Consumer-
Centricity**

Desirability

“From a brand I trust”

Value

“With benefits or affordability
that appeal to me”

Expand Our Core Savory Snacks Portfolio



INDULGENT

MORE NUTRITIOUS



Expand Our Core LRB Portfolio



INDULGENT

MORE NUTRITIOUS



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

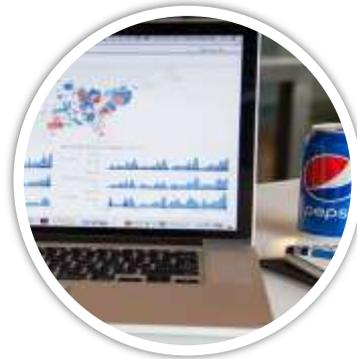
Invest in Stronghold and Battleground markets

Compete 'smartly' in Challenger markets

Manufacturing Capacity



Digitalization



Supply Chain Agility



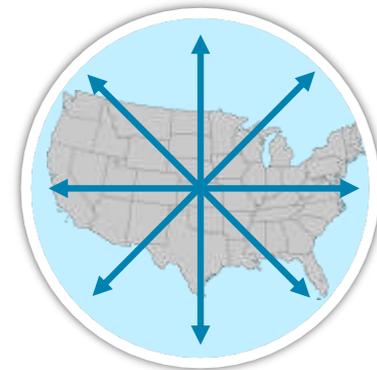
Sustainability



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

LEANER, MORE-EFFICIENT

**Win in the
Marketplace**

Talent-, Data-, and
Technology-Enabled

**STRONGER
IN KEY
CAPABILITIES**

**MORE-AGILE,
FASTER TO
ADAPT**

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

Consumer Intimacy creates requirements based on personal snacking & shopping needs



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



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



Integrated Planning

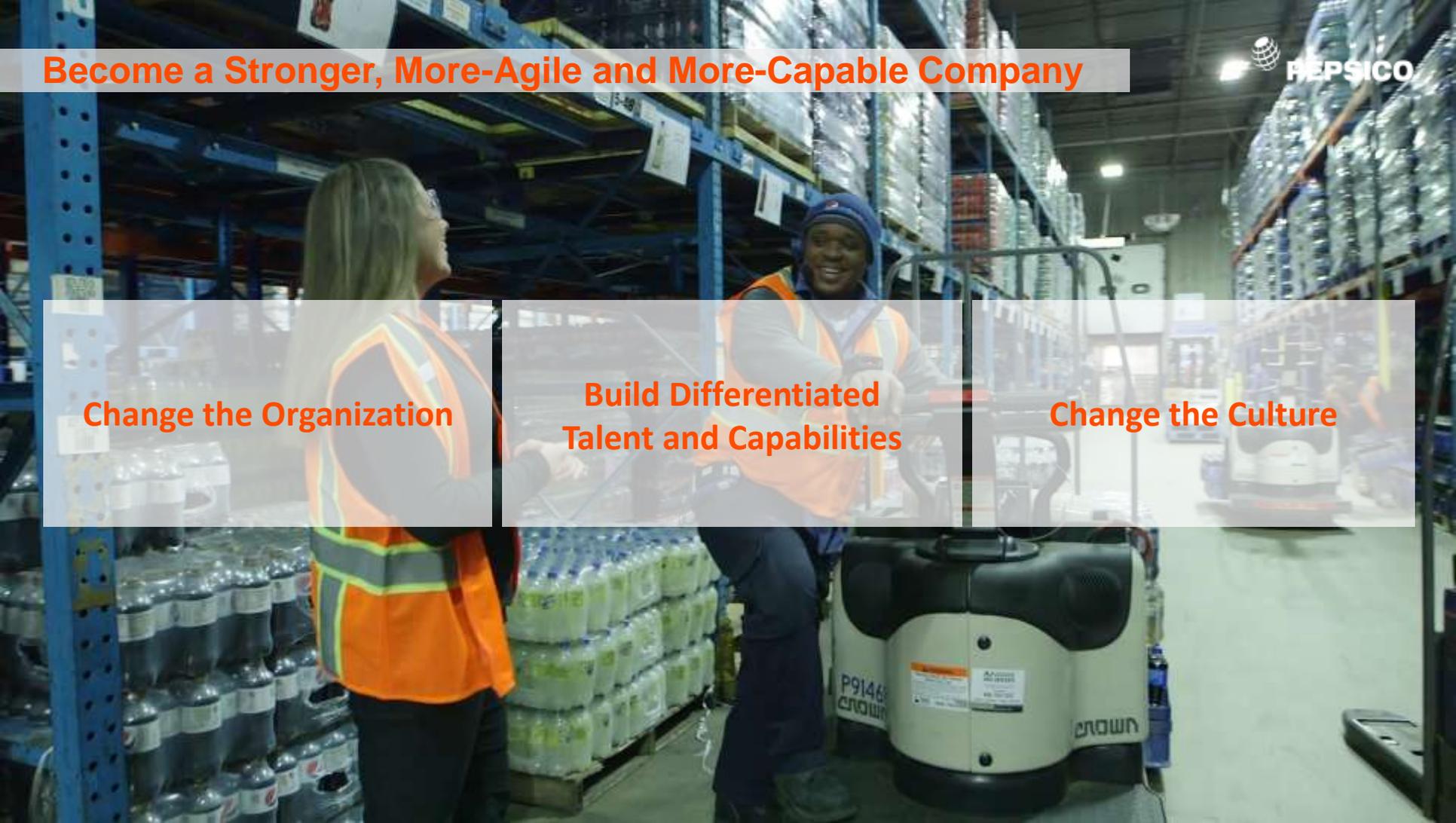
Become a Stronger, More-Agile and More-Capable Company



Change the Organization

**Build Differentiated
Talent and Capabilities**

Change the Culture

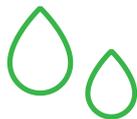


Better

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



Agriculture



Water



Packaging



Product

4%

Organic Revenue
Growth

-1%

Core Constant
Currency EPS
Performance

\$4.5B

Net Capital
Spending

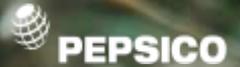
Considerations

Higher Core Effective Tax Rate

Lapping 2018 Strategic Asset Sale and Refranchising Gains

Incremental/Accelerated Investment

Summary: Good to Great



Faster

Stronger

Better

Long-Term Goals

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margin expansion

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Core net ROIC

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 commodity mark-to-market adjustments. 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 under the heading "Events and Presentations" to find the reconciliation of GAAP and non-GAAP information and definitions of non-GAAP financial measures.



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