



PepsiCo Reports Second-Quarter 2021 Results; Raises Full-Year Guidance

Reported (GAAP) Second-Quarter and Year-to-Date 2021 Results

	Second-Quarter	Year-to-Date
Net revenue growth	20.5%	14.1%
Foreign exchange impact on net revenue	3%	2%
Earnings per share (EPS)	\$1.70	\$2.94
EPS change	44%	37%
Foreign exchange impact on EPS	4%	2%

Organic/Core (non-GAAP)¹ Second-Quarter and Year-to-Date 2021 Results

	Second-Quarter	Year-to-Date
Organic revenue growth	12.8%	8.0%
Core EPS	\$1.72	\$2.94
Core constant currency EPS change	27%	21%

PURCHASE, N.Y. - July 13, 2021 - PepsiCo, Inc. (NASDAQ: PEP) today reported results for the second quarter 2021.

“We are pleased with our second quarter results as we delivered very strong double-digit net revenue and earnings per share growth. Given the strength of our results, we now expect our full year organic revenue to increase 6 percent and core constant currency earnings per share to increase 11 percent,” said Chairman and CEO Ramon Laguarta.

Laguarta continued, “Our results give us confidence that the investments behind our Faster, Stronger and Better framework are working - as we invest in our brands, supply chain and go-to-market systems, manufacturing capacity, capabilities and culture, and our society by integrating purpose into everything we do. Moving forward, we remain focused on winning in the marketplace and building competitive advantages that will position us well as consumer habits and preferences evolve over time.”

¹Please refer to the Glossary for the definitions of non-GAAP financial measures, including “Organic,” “Core” and “Constant Currency,” and to “Guidance and Outlook” for additional information regarding PepsiCo’s full-year 2021 financial guidance. PepsiCo provides guidance on a non-GAAP basis as we cannot predict certain elements which are included in reported GAAP results, including the impact of foreign exchange and commodity mark-to-market net impacts. Please refer to PepsiCo’s Quarterly Report on Form 10-Q for the 12 and 24 weeks ended June 12, 2021 (Q2 2021 Form 10-Q) filed with the SEC for additional information regarding PepsiCo’s financial results.

Summary Second-Quarter 2021 Performance

	Revenue				Volume ^(a)	
	GAAP Reported % Change	Percentage Point Impact		Organic % Change	% Change	
		Foreign Exchange Translation	Acquisitions, Divestitures, and Other Structural Changes		Food/Snack	Beverage
Frito-Lay North America	7	(1)	—	6	1	
Quaker Foods North America	(13)	(1)	—	(14)	(21)	
PepsiCo Beverages North America	24	(1)	(2)	21		15
Latin America	26	(9)	—	16	3	13
Europe	21	(5)	—	15	6	17
Africa, Middle East and South Asia	63	(9)	(38)	15	—	34
Asia Pacific, Australia and New Zealand and China Region	41	(9)	(26)	6	(3)	23
Total	21	(3)	(4)	13	—	20

Operating Profit and EPS

	GAAP Reported % Change	Percentage Point Impact		Core Constant Currency % Change
		Items Affecting Comparability	Foreign Exchange Translation	
Frito-Lay North America	8	—	(1)	7
Quaker Foods North America	(34)	—	—	(35)
PepsiCo Beverages North America	104	(20)	(2)	83
Latin America	63	(1)	(16)	47
Europe	15	1	(6)	11
Africa, Middle East and South Asia	325	(305)	(3)	17
Asia Pacific, Australia and New Zealand and China Region	2	—	(5)	(3)
Corporate unallocated expenses	7	(7)	—	—
Total	35	(9)	(3.5)	22
EPS	44	(13)	(4)	27

(a) Excludes the impact of acquisitions and divestitures, including the impact of an extra month of volume as we aligned Pioneer Foods' reporting calendar with that of our AMESA division. In certain instances, the impact of organic volume growth on net revenue growth differs from the unit volume growth due to product mix, nonconsolidated joint venture volume, and, for our beverage businesses, temporary timing differences between bottler case sales and concentrate shipments and equivalents (CSE). Our net revenue excludes nonconsolidated joint venture volume, and, for our franchise-owned beverage businesses, is based on CSE.

Note: Amounts may not sum due to rounding.

Organic revenue and core constant currency results are non-GAAP financial measures. Please refer to the reconciliation of GAAP and non-GAAP information in the attached exhibits and to the Glossary for definitions of "Organic," "Core" and "Constant Currency."

Summary Year-to-Date 2021 Performance

	Revenue				Volume ^(a)	
	GAAP Reported % Change	Percentage Point Impact		Organic % Change	% Change	
		Foreign Exchange Translation	Acquisitions, Divestitures, and Other Structural Changes		Food/Snack	Beverage
Frito-Lay North America	5	(1)	—	4	—	
Quaker Foods North America	(6)	(1)	—	(7)	(12)	
PepsiCo Beverages North America	15	(1)	(3)	11		6
Latin America	12	(1)	—	10	1	6
Europe	11	(2)	—	9	5	13
Africa, Middle East and South Asia	54	(5.5)	(39)	9	1	21
Asia Pacific, Australia and New Zealand and China Region	53	(8)	(34)	11	5	19
Total	14	(2)	(5)	8	—	12

Operating Profit and EPS

	GAAP Reported % Change	Percentage Point Impact		Core Constant Currency % Change
		Items Affecting Comparability	Foreign Exchange Translation	
Frito-Lay North America	6	(0.5)	(0.5)	5
Quaker Foods North America	(20)	—	—	(20)
PepsiCo Beverages North America	69	(10)	(1)	58
Latin America	28	(1)	(4)	23
Europe	8	2	(3)	6
Africa, Middle East and South Asia	103	(91)	(2)	11
Asia Pacific, Australia and New Zealand and China Region	21	—	(6)	15
Corporate unallocated expenses	(28)	28	—	(0.5)
Total	28	(11)	(2)	15
EPS	37	(14)	(2)	21

(a) Excludes the impact of acquisitions and divestitures, including the impact of an extra month of volume as we aligned Pioneer Foods' reporting calendar with that of our AMESA division. In certain instances, the impact of organic volume growth on net revenue growth differs from the unit volume growth due to product mix, nonconsolidated joint venture volume, and, for our beverage businesses, temporary timing differences between bottler case sales and CSE. Our net revenue excludes nonconsolidated joint venture volume, and, for our franchise-owned beverage businesses, is based on CSE.

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PepsiCo Extends Restructuring Initiatives

To build on the successful implementation of the 2019 Productivity Plan to date, the Company announced an expansion and extension of this program through the end of 2026. The expansion of the program reflects further initiatives to leverage new technology and business models to further simplify, harmonize and automate processes; re-engineer our go-to-market and information systems, including deploying the right automation for each market; and simplify our organization and optimize our manufacturing and supply chain footprint. As a result, we are extending our target to deliver at least \$1 billion in annual productivity savings through 2026.

In connection with this effort, we now expect to incur pre-tax charges of approximately \$3.15 billion, including cash expenditures of approximately \$2.4 billion, as compared to our previous estimate of pre-tax charges of approximately \$2.5 billion, which included cash expenditures of approximately \$1.6 billion.

We have incurred pre-tax charges of \$874 million through June 12, 2021.

Guidance and Outlook

The Company provides guidance on a non-GAAP basis as we cannot predict certain elements which are included in reported GAAP results, including the impact of foreign exchange translation and commodity mark-to-market net impacts.

The Company now expects to deliver 6 percent organic revenue growth (versus our previous guidance of mid-single-digit growth) and 11 percent core constant currency EPS growth for fiscal year 2021 (versus our previous guidance of high-single-digit growth).

Consistent with its previous guidance for 2021, the Company continues to expect:

- A core annual effective tax rate of approximately 21 percent; and
- Total cash returns to shareholders of approximately \$5.9 billion, comprised of dividends of approximately \$5.8 billion and share repurchases of \$106 million. We completed our share repurchase activity and do not expect to repurchase any additional shares for the balance of 2021.

In addition, the Company continues to expect a 1-percentage-point foreign exchange translation tailwind to benefit reported net revenue and core EPS growth based on current market consensus rates.

This assumption and the guidance above imply 2021 core EPS of approximately \$6.20, a 12 percent increase compared to 2020 core EPS of \$5.52.

Prepared Management Remarks and Live Question and Answer Webcast

At approximately 6:30 a.m. (Eastern time) on July 13, 2021, the Company will post prepared management remarks (in pdf format) of its second quarter 2021 results and business update, including its outlook for 2021, at www.pepsico.com/investors. At 8:15 a.m. (Eastern time) on July 13, 2021, the Company will host a live question and answer session with investors and financial analysts. Further details will be accessible on the Company's website at www.pepsico.com/investors.

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