Second Quarter 2022
Prepared Management Remarks

July 12, 2022

Please view these remarks in conjunction with our Q2 2022 earnings release, Q2 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, updated 2022 organic revenue guidance, and the potential impacts of both the COVID-19 pandemic and the deadly conflict in Ukraine on our business. Forward-looking statements inherently involve risks and uncertainties and only reflect our view as of today, July 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 Q2 2022 earnings release and Q2 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 March, April and May are reflected in our results for the 12 weeks ended June 11, 2022.

Chairman and CEO, and Vice Chairman and CFO Commentary

We are pleased to report that our business momentum continued in the second quarter as we delivered 13.0 percent organic revenue growth. This compares to 12.8 percent organic revenue growth delivered during the second quarter of 2021.

Our results are indicative of the health and resilience of our categories, a diversified portfolio that continuously evolves to satisfy consumer tastes, broad geographic footprint with strong positions in our largest markets, and of course, our highly motivated and dedicated employees who focus on winning in the marketplace.

Our performance also gives us confidence that our unwavering commitment to become an even Faster, even Stronger, and even Better organization by winning with pep+ is working. As we continue to navigate through this dynamic operating environment, we remain steadfast in our investments to fortify our businesses, portfolio, organization, and value chain by:

- Expanding our positive product choices with the reduction of saturated fats, added sugars and sodium by incorporating healthier oils into our convenient foods portfolio, extending our zero-sugar offerings, and utilizing our variety packs to satisfy consumer demand for portion control, convenience and value;
- Innovating across our brands by introducing bolder flavor and texture profiles and extending into adjacent areas to expand our presence and reach;
- Broadening our holistic cost management initiatives through interconnected automated solutions that can address labor inefficiencies and unlock capacity constraints, improving the asset utilization of our direct store delivery network, and advancing our global business services model to reduce general and administrative expenses;
- Accelerating our digital transformation journey by advancing our AI-enabled analytics to fortify our business and build competitive advantages for the long-term; and

- Implementing 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 examples include:
    - Announcing a new electric fleet for Frito-Lay North America which will help us advance our goal to achieve net-zero emissions across our value chain by 2040;
    - Setting goals to eliminate virgin fossil-based plastic in all European crisp and chip bags by 2030. This ambition will apply to brands including Walkers, Doritos, and Lay’s and is expected to be delivered by using 100 percent recycled or renewable plastic in its packets;
    - Scaling new business models that require little or no single-use packaging, such as SodaStream, which is taking on an effort to help consumers avoid more than 200 billion plastic bottles by 2030; and
    - Partnering with the Water Replenishment District of Southern California to enable long-term, sustainable water security for our local communities to help us become net water positive by 2030.

As we look ahead, we believe that we are well-positioned to adapt and execute in a challenging operating environment as we hold strong positions in growing, global categories with large, trusted brands that deliver variety, convenience, and value to consumers.

Given our results to date, we now expect to deliver 10 percent organic revenue growth (previously 8 percent) and we continue to expect to deliver 8 percent core constant currency EPS growth in 2022.

Our updated full-year guidance reflects the strength and resilience of our categories and consumer demand trends, as well as the impact of higher than expected input and operating cost inflation for the balance of 2022.

To help mitigate some of these inflationary challenges, we are:

- Tightly managing our expenses while judiciously investing for the long-term health and success of our business;

- Fortifying our revenue management capabilities across brands and packages with consumer-centricity as a key guiding principle; and
- Leveraging our scale and optimizing our infrastructure in an effort to further reduce costs.

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.

Second Quarter PepsiCo Financial Review

We delivered 13.0 percent organic revenue growth, which featured both volume growth and price mix realization.

Our organic revenue growth was broad based across geographies as our North America and International businesses delivered 11 percent and 15 percent organic revenue growth, respectively.

Our global business momentum remains strong and was driven by the strength of our diversified portfolio as our global convenient foods business delivered 17 percent organic revenue growth, while our global beverage business delivered 8 percent organic revenue growth.

Our core gross profit increased 4 percent and our core gross margin declined 45 basis points due to the ongoing impact of inflationary pressures.

Our core operating profit increased 8 percent and reflects inflationary pressures on our operating expenses, partially offset by our ongoing holistic cost management initiatives.

Core constant currency EPS increased 10 percent, while reported EPS declined and reflects the unfavorable impact of $1.4 billion in non-cash impairment charges related to the Russia-Ukraine conflict, our decision to sell or discontinue certain non-strategic brands in our Latin America division, and our decision to terminate our agreement with Vital Pharmaceuticals to distribute Bang Energy drinks.

Second Quarter North America Divisions Review

Each of our North America divisions delivered strong organic revenue growth in the second quarter.

Frito-Lay North America delivered 14 percent organic revenue growth as consumers continue to navigate towards simple pleasures that offer value, convenience, and variety. Volume was even with the prior year when excluding our joint venture with Sabra.

Importantly, Frito-Lay gained market share in both the macro-snack and savory snack categories for the second quarter and year-to-date.

Investments we have made in innovation, marketing and consumer insights, manufacturing and go-to-market capacity are providing benefits across the portfolio with Doritos, Cheetos, and Ruffles each delivering double-digit net revenue growth and Tostitos and Lay's delivering high-single-digit net revenue growth.

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

In addition, Frito-Lay continues to focus on offering more choices to meet the changing needs and preferences of consumers, including:

- Continuous flavor, brand, and texture innovation with products such as Lay's Layers, Ruffles Spicy Dill Pickle and Smartfood Doritos Nacho Cheese;
- Extending our variety pack combinations to unlock incremental occasions in smaller pack sizes; and
- Increased better for you snacking alternatives such as our Baked and lightly salted offerings.

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 5 percent and reflects the impacts of higher commodity and transportation costs and planned business investments.

Quaker Foods North America delivered 18 percent organic revenue growth in the second quarter and gained market share in the rice and pasta, lite snacks, ready-to-eat cereal, and snack bars categories.

Quaker's second quarter performance also included double-digit net revenue growth in the rice and pasta, lite snacks, cookies, snack bars, oatmeal and ready-to-eat cereal categories as consumers seek more nutritious and satisfying products that offer great taste, convenience, and value.

Quaker's core operating profit increased 5 percent and reflects the impacts of higher commodity costs, incremental transportation costs, and an increase in advertising and marketing spend.

PepsiCo Beverages North America sustained its strong business momentum and delivered 9 percent organic revenue growth in the second quarter as category growth and consumer demand remain robust.

Investments we have made in our brands, pricing, technology, consumer insights, manufacturing, and go-to-market execution are fueling growth across the portfolio with double-digit net revenue growth in Gatorade, Aquafina and LIFEWTR, high-single-digit growth in Pepsi and Mountain Dew and mid-single-digit growth in Rockstar.

Beyond these capabilities, we have also directed investments towards innovation to offer more choices and meet the rapidly evolving needs of our consumers. For example:

- We relaunched the BAJA BLAST franchise with the return of a consumer summertime favorite, MTN DEW BAJA BLAST and MTN DEW BAJA BLAST Zero Sugar, and expanded the flavor profile of MTN DEW ENERGY with the introduction of MTN DEW ENERGY BAJA BLAST;
- We continued to invest behind our Zero Sugar offerings, including Pepsi, Mountain Dew, Gatorade, and Rockstar to offer more positive product choices to the consumer;
- We expanded our distribution of Hard Mtn Dew, a low alcohol beverage product of the Boston Beer Company, to 7 states and plan to add additional states through the balance of year;
- We launched Pepsi Nitro, the first-ever nitrogen-infused cola with a unique widget technology placed at the bottom of the can that creates a smooth and creamy texture; and,
- We introduced bubly bellini bliss, a limited-edition zero-calorie mocktail that contains no artificial flavors or sweeteners and features a tropical flavor profile which

includes peach, pineapple, and mango.

We also continued to elevate our position in the sports nutrition category by extending fuel solutions and accelerating positive choices for athletes with Gatorlyte, GFit, Gatorade Zero, Propel, and our Beyond the Bottle initiatives.

As a result, Gatorade delivered a sequential improvement in market share trends during the second quarter and we remain optimistic about the runway for growth within the sports nutrition category.

PepsiCo Beverage North America’s core operating profit decreased 3 percent and primarily reflected a difficult comparison with the second quarter of 2021 in which we delivered 84 percent core operating profit growth.

The decline in core operating profit also reflects an increase in inflationary pressures across our commodity, labor, transportation and supply chain costs, the divestiture of certain juice brands, unfavorable insurance adjustments, and costs associated with remediating a service disruption from a third-party payroll service provider. These pressures were partly offset by strong topline performance and a gain on sale of an asset.

PepsiCo Beverage North America's core operating margin expanded year-to-date and we remain committed to improving its annual core operating margin by:

- Advancing our revenue management capabilities;
- Targeting profitable category and product mix;
- 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.

Second Quarter International Business Review

Our International business delivered 15 percent organic revenue growth with each of our international divisions reporting strong organic revenue growth.

Our developing and emerging markets remained resilient and delivered double-digit organic revenue growth in the quarter, including double-digit organic revenue growth in Mexico, Brazil, China, South Africa, India, Egypt, Saudi Arabia, Pakistan, Turkey, and Poland, and high-single-digit growth in Vietnam.

Our International convenient foods business accelerated and delivered 20 percent organic revenue growth, while our International beverages business remained resilient and delivered 7 percent organic revenue growth.

With respect to our year-to-date market share performance, we gained savory snack share in many of our international markets, including China, the U.K., India, Saudi Arabia, Turkey, and

Australia, and for beverages, we gained market share in Mexico, Brazil, China, Egypt, and Vietnam.

To summarize, we are pleased with our International results for the quarter, especially when considering the significant macroeconomic volatility being experienced in many markets.

2022 Outlook and Guidance

Looking ahead, we expect:

- Our North American beverages and convenient foods businesses to remain resilient and perform well;
- Most of our International markets to remain strong despite continued geopolitical uncertainty and macroeconomic volatility; and
- A greater focus on accelerating our holistic cost management initiatives and sharpening our revenue management capabilities by utilizing mix and assortment solutions to mitigate the continued impact of higher-than-

expected commodity, transportation, and supply chain costs.

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

- 10 percent organic revenue growth (previously 8 percent).

And we continue to expect:

- 8 percent core constant currency EPS growth;
- 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 continue to expect foreign exchange translation to negatively affect our reported net revenue and core earnings per share performance by 2 percentage points.

This assumption and the guidance above imply 2022 core earnings per share of $6.63, a 6 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