



Third Quarter 2025
Prepared Management Remarks
October 9, 2025

Please view these remarks in conjunction with our Q3 2025 earnings release, Q3 2025 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://www.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 Jamie Caulfield (Executive Vice President 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 2025 guidance. Forward-looking statements inherently involve risks and uncertainties and only reflect our view as of today, October 9, 2025, 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 2025 earnings release and Q3 2025 Form 10-Q, available on [pepsico.com](https://www.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 entire months of June, July and August are reflected in our results for the 12 weeks ended September 6, 2025.

Reportable Segment Realignment

As previously disclosed, beginning with our first quarter of 2025, we realigned certain of our reportable segments to conform with changes to our organizational structure and how the Chief Executive Officer regularly reviews the performance of, and allocates resources to, these segments.

In North America, our convenient food businesses, Frito-Lay and Quaker Foods, are now reported together as PepsiCo Foods North America. These changes do not impact our PepsiCo Beverages North America segment.

For our International business, our International Beverages Franchise business is a separate reportable segment and our international convenient food businesses are three reportable segments: Latin America Foods; Europe, Middle East and Africa (EMEA); and Asia Pacific Foods.

Asia Pacific Foods includes our convenient food businesses in Asia Pacific, including China, Australia and New Zealand, as well as India. Company-owned international bottling businesses are included within our EMEA segment.

The recast historical segment reporting for 2024 can be found in our first-quarter 2025 earnings release and for 2023 can be found in our Form 8-K filed July 17, 2025 – which are also available on [pepsico.com](https://www.pepsico.com).

Chairman and CEO and Executive Vice President and CFO Commentary

PepsiCo delivered nearly 3 percent reported net revenue growth, an acceleration versus the previous quarter. Our net revenue growth performance featured:

- An acceleration in organic revenue growth within our North America beverage business with Trademark Pepsi continuing to deliver volume and net revenue growth;
- A resilient International business which delivered its eighteenth consecutive quarter of at least mid-single-digit organic revenue growth – despite poor weather impacting some of our beverage markets;
- An improvement in global convenient foods organic volume trends; and
- The net benefits of ongoing portfolio reshaping initiatives – which include the recent acquisitions of poppi, Siete and Sabra, a new agreement with Celsius including the transfer of ownership of the Rockstar Energy brand in the U.S. and Canada, and the transition away from case pack water in North America.

We were also encouraged to see PepsiCo Foods North America improve its core operating margin performance trend. The business continued to aggressively optimize its cost structure for what has been a subdued environment for packaged food categories as consumer budgets remain constrained with a focus on deriving good value. Affordability, permissibility, and functionality all continue to play a role in how consumers are defining value.

As we look ahead, we expect our International business to remain resilient and perform well for the balance of this year. We also expect our North America business to deliver improved growth and profitability trends as we aggressively reduce costs, accelerate innovation and further sharpen our price pack architecture initiatives.

In addition, we expect to mitigate the impact of higher supply chain costs (primarily related to the sourcing of certain global inputs and ingredients and related tariff impacts) moving forward. These higher costs represented a three-percentage point headwind to our core EPS during the third quarter.

As a result, for fiscal 2025, we remain confident in our ability to deliver low-single-digit organic revenue growth and continue to expect our core constant currency EPS to be approximately even with the prior year.

As we look beyond this year, we are aggressively prioritizing faster organic revenue growth and improving our core operating profit margin – focusing on a strong pipeline of innovation to accelerate portfolio transformation, sharpening our price pack architecture to provide good value to consumers, and right sizing our entire cost base to help fund these and other activities aimed at accelerating growth.

To accelerate organic revenue growth, we will:

- Elevate our innovation agenda and accelerate permissible and functional product offerings across our beverage and convenient foods portfolio, with a focus on fueling our core, removing artificial colors and flavors, providing simpler ingredients, and the addition of more protein, fiber and whole grains;
- Further sharpen our price pack architecture to provide good everyday value across our most popular brands and pack sizes;
- Expand our presence and reach in the away-from-home and digital channels; and
- Continue to build our scale and presence in international markets.

Structural initiatives to modernize our company and reduce costs include:

- Optimizing SKUs and reducing complexity;
- Expanding automation at our plants, warehouses, and distribution centers;
- Right sizing our manufacturing, warehousing, and distribution assets and labor;
- Reducing waste throughout our value chain;
- Standardizing and simplifying our ways of working across processes, capabilities and services by leveraging the scale of our Global Capability Centers – which support multiple functions within our organization and enable us to reduce duplicative work and better operate as One PepsiCo; and
- Accelerating our technology and AI deployment, such as unlocking the full potential of Agentic AI and other technology investments we have made, enabling efficiencies across our entire value chain.

Third Quarter North America Segment Review

PepsiCo Beverages North America (PBNA) delivered 2 percent organic revenue growth in the third quarter as our business momentum accelerated. Organic volume included an approximately (3) percentage point headwind related to our case pack water business which includes the impact of a transition to a third-party partner.

When excluding the impact of higher supply chain costs (primarily related to the sourcing of certain global inputs and ingredients and related tariff impacts), core operating margin would have increased in the third quarter and meaningfully improved year to date.

Commercial highlights and business updates:

- Trademark Pepsi delivered both volume and net revenue growth in the third quarter and year to date, driven by continued double-digit net revenue growth for Pepsi Zero Sugar and our successful “Food Deserves Pepsi” and “Pepsi Zero Sugar Taste Challenge” campaigns. In addition, Pepsi Wild Cherry & Cream varieties continued to gain market share in the quarter and year to date within the carbonated soft drink and flavored cola categories.
- Platforms beyond cola also performed well. Trademark Mountain Dew saw an

improvement in market share trends versus the previous quarter as flavor extensions (Summer Freeze, HoneyDEW, Dragon Fruit, Baja Cabo Citrus) helped reignite engagement with consumers. Mountain Dew Baja Blast continues to perform well and is on track to exceed \$1 billion in estimated retail sales this year, following a very successful national rollout in 2024. Mug Root Beer also continued to see good growth momentum.

- poppi, a modern soda with prebiotics, has continued to deliver strong results with year-to-date estimated retail sales of \$525 million – an increase of more than 50% versus prior year. The modern soda category – led by poppi – continues to resonate well with consumers and is gaining market share within the liquid refreshment beverage and carbonated soft drink categories. poppi seamlessly entered our distribution system in early September and we remain excited about its growth potential.
- We also gained market share in enhanced water during the quarter, with functional hydration offerings such as Propel continuing to deliver strong volume and net revenue growth in the third quarter and year to date. Propel retail sales have more than doubled since 2019 and are on pace to exceed \$1 billion in estimated annual retail sales in 2025.
- We announced a transfer of ownership of the Rockstar Energy brand in the U.S. and Canada to Celsius Holdings. PepsiCo will now lead distribution for all three Celsius-owned energy brands in the U.S. – Celsius®, Rockstar, and Alani Nu – allowing us to further scale and expand distribution and streamline our commercial strategy. Together with Celsius, we can bring our respective expertise to better compete in the energy category.
- Our away-from-home business delivered mid-single-digit net revenue growth during the quarter as we continued to execute our away-from-home strategy, focusing on expanding into new occasions in meals, winning in local restaurants and expanding our partnerships on a national scale. For example, during the quarter we continued to build on the momentum of our “DRIPS by Pepsi” craft beverage offering, which is creating a premium, customizable experience with our brands and introduced Mountain Dew Baja Midnight as a permanent menu item exclusively at Taco Bell.

Moving forward, PBNA aims to accelerate growth and expand core operating margin. To accelerate growth, we are focusing our efforts on:

- **Elevating our innovation agenda with core brands and accelerating permissible offerings by:**
 - Continuing to advance our zero sugar platforms across brands and expanding the distribution and reach of poppi;
 - Accelerating our efforts beyond the bottle in sports nutrition with tablets and enhancers under the Gatorade and Propel brands;
 - Introducing **Pepsi Prebiotic** which delivers the classic Pepsi taste with added prebiotics to meet consumer preferences for more functional ingredients, and **Gatorade Lower Sugar with no artificial flavors, sweeteners, or colors from artificial sources** – a great tasting, new option that hydrates better than water; and
 - Announcing the release of **Dirty Mountain Dew Cream Soda**, a new flavor innovation tapping into the growing dirty soda space. Mountain Dew will continue to

be an important flavor platform for us as our permanent flavors and flavor extensions continue to do well with consumers.

- **Capturing new occasions with soon-to-be-introduced functional offerings such as:**
 - A great tasting protein-packed formulation of **Muscle Milk with no artificial flavors, sweeteners or added colors**;
 - Starbucks coffee & protein – featuring 22 grams of complete protein, 5 grams of prebiotic fiber, 5 essential vitamins and minerals, and just 2 grams of sugar;
 - Pure Leaf Mental Focus, a functional sparkling tea that provides the perfect solution to elevate your every day; and
 - **Propel Protein Water**, a nutrient-dense refreshment offering which will contain a proprietary blend of electrolytes, protein and fiber.
- **Continuing to expand our presence in away-from-home channels with:**
 - Crafted and customized offerings such as “DRIPS by Pepsi” which feature experiential products inspired by mixology with a variety of ingredients to create unique beverages; and
 - A diverse range of flavor offerings for existing brands to pair with meal combinations at restaurant partners.

To reduce costs and improve core operating margin we are:

- Mitigating the impact of higher supply chain costs through incremental productivity initiatives, sourcing flexibility and sharper revenue management;
- Rearchitecting our go-to-market system to drive greater focus on in-store selling and merchandising activities;
- Increasing transportation and logistical efficiencies;
- Optimizing our advertising and marketing spend to drive greater ROI; and
- Effectively reducing SKUs to reduce supply chain complexity and drive improved, focused in-market execution. Since 2022, we have reduced more than 35% of our SKU count.

As a result of these actions and initiatives, we expect PBNA’s business momentum to continue with good progress towards achieving its ambition of a mid-teens core operating margin.

PepsiCo Foods North America (PFNA) continues to work towards improving its performance trajectory with a high sense of urgency. The business made good progress on advancing its permissible snack offerings, deploying more efficient trade promotional programs and aggressively reducing costs in the third quarter.

Volume performance reflected challenging prior year comparisons - due to elevated promotional activity at Frito-Lay and strong performance within Quaker Foods, where certain products were returning to the market following recalls from late 2023. Core operating margin performance trends improved versus the previous quarter.

Commercial highlights and business updates for the third quarter:

- We gained market share in subcategories including unflavored tortilla chips, pretzels, snack mixes, wavy grain chips (Sun Chips), pork rinds, snack bars, grits and ready-to-eat cereal. We also saw improvements in our market share trends versus the previous quarter in pita chips (Stacy's) and hot cereal;
- We continued to advance the presence of our permissible snack offerings with our Simply lineup of products, Sun Chips, Stacy's and Quaker rice cakes. For example, Sun Chips, Quaker rice cakes and our Simply platform each delivered double-digit net revenue growth while Stacy's delivered mid-single digit net revenue growth in the quarter. Year to date, Sun Chips ranks as the #1 permissible salty snack brand based on retail sales;
- We continued to leverage our revenue management and price pack architecture capabilities to offer consumers more value, convenience, and portion control by optimizing our trade promotional activity, offering more-accessible price points on single serve packages and multipacks, and continuing to expand the presence and reach of our minis canisters;
- We increased distribution points of our value brands such as Chester's and Santitas which delivered double-digit and mid-single digit net revenue growth in the quarter, respectively; and
- Our away-from-home business continued to perform well with new occasions in meals and aided by the continued growth of our successful Walking Taco platform – an innovation inspired by street food and festivals that allows consumers to add protein and other toppings to their favorite PepsiCo chips and eat their creation on the go – and product inclusions on meal deals offered by restaurant partners.

Improving PFNA's performance is a top priority for the business. As we look ahead, we are laser focused on improving our marketplace competitiveness, accelerating business momentum, and improving profitability in the coming months and quarters. To achieve this, we are sharpening our growth strategy and focusing our efforts on portfolio transformation, price pack architecture, expanding our away-from-home presence, and cost-reduction and operational excellence.

Portfolio Transformation:

- We are fueling our core portfolio with a strong pipeline of innovation to accelerate portfolio transformation and build the scale of our \$2 billion-plus permissible portfolio by:
 - Restaging large brand platforms such as Lay's and Tostitos with no artificial colors or flavors by the end of this year – with plans to also refresh brand visuals on the packages. Today, we announced a global brand refresh for Lay's. We are removing artificial flavors and colors from artificial sources, introducing options with new oils, and refreshing the brand, including with new packaging that celebrates our farm-to-bag story;
 - Introducing **Doritos and Cheetos "NKD"** - that will contain no artificial colors or

- flavors;
 - Expanding the use of avocado oil and olive oil across certain brand platforms such as Miss Vickie's, Baked Lay's and Lay's Kettle; and
 - Growing the presence of our permissible snack brands, such as Simply, Siete and Sabra, while continuing to build on the success of legacy brands such as Sun Chips. Siete has delivered strong double-digit growth in retail sales year to date while Sun Chips is expected to deliver more than \$700 million in annual net revenue in 2025.
- We are capturing new occasions and expanding our functional offerings by integrating more functional benefits, like protein, including with soon-to-be-introduced products such as:
 - **Doritos Protein** and new protein-packed offerings within the meat snacks category; and
 - New offerings with fiber, whole grains and protein from brands such as Quaker, Sun Chips, PopCorners and Smartfood.

Sharpening our Price Pack Architecture:

- We are continuing to prioritize price pack architecture capabilities to offer consumers more value, convenience, and portion control.

Expanding Away-From-Home:

- We are continuing to expand our presence with our growing away-from-home business as a key channel for accelerating growth, including by:
 - Expanding into new occasions in meals, including the presence and availability of our successful Walking Taco platform – which has delivered strong double-digit growth year to date - driven largely by recreation concessions across stadiums, arenas, and parks;
 - Partnering on meal innovations within the restaurant channel, growing our meals footprint with our largest national restaurant partners with successful innovations such as **Subway** Doritos Footlong Nacho and **Taco Bell** Doritos Locos Cool Ranch;
 - Responding quickly to changing consumer needs, like in K-12 schools, where we innovated to meet new guidelines and secure continued availability of our products across the U.S.; and
 - Engaging with consumers through our Lay's sponsorship with FIFA on the upcoming 2026 FIFA World Cup.

Cost Reduction and Operational Excellence:

- To provide appropriate reinvestment for these commercial initiatives and improve profitability, we have accelerated our cost reduction efforts and focus on operational excellence. We made good progress in the third quarter with improved service levels, order rates and lower costs per unit. Key initiatives include:

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- Actions to right size operating costs across our value chain, reduce waste and drive more asset-based productivity. For example, our Frito-Lay U.S. business has already reduced its full-time headcount by approximately 7 percent year to date with more reductions expected before year end. This has resulted in an improvement in pounds sold, cases shipped and selling expenses on a per employee basis;
- The closure of two plants, shutting several manufacturing lines and improving route efficiencies with additional actions planned for the near future;
- A plan to reduce nearly 15% of our SKUs during the fourth quarter;
- Continuing to consolidate our distribution network;
- Implementing more efficient trade promotional spending; and
- Tightly managing general and administrative costs and streamlining work.

Third Quarter International Business Review

Our International business delivered 4 percent organic revenue growth, the 18th consecutive quarter in which we delivered at least mid-single-digit organic revenue growth. Our International business organic revenue has increased 5 percent year to date.

Our total International beverage business performed well and delivered 6 percent organic revenue growth in the third quarter and 8 percent year to date - despite impacts from disruptive weather patterns in certain markets during the third quarter.

In the third quarter, our beverage organic revenue growth was driven by markets including Brazil, Argentina, U.K., Germany, Spain, France, Egypt, Türkiye, Saudi Arabia, China and Australia. Year to date, we held or gained share in Mexico, Brazil, Guatemala, U.K., Germany, Spain, France, Poland, Australia, China, South Korea, Thailand, Saudi Arabia and Pakistan.

We have been able to successfully increase the presence and reach of our beverage business over time by closely working with our franchise partners, many of which possess scale and local expertise in various markets. For example, we have gained carbonated soft drink market share in two-thirds of our top markets year-to-date and our non-sugar Pepsi products have captured volume share leadership in the U.K. Separately, we were also encouraged to see our SodaStream business perform well and deliver high-single digit net revenue growth year to date.

Our International convenient foods business delivered organic revenue growth of 2.5 percent in the third quarter and 3 percent year to date. In the third quarter, organic revenue growth was driven by markets including Mexico, Argentina, Colombia, India, Egypt, Germany, Türkiye, Australia, Pakistan and Vietnam. Year-to-date, we held or gained savory snack share in Brazil, Colombia, Guatemala, Puerto Rico, Poland, France, India, Australia and Thailand.

International core constant currency operating profit has increased 7 percent in the third quarter and year to date.

We continue to see a long runway for profitable growth in our nearly \$37 billion International business which represented 40% of PepsiCo's 2024 net revenue. We aim to continue to achieve strong annual growth and significantly increase the size and scale of this business – tailored by the differentiated needs and opportunities across developed and developing and emerging markets. To accomplish this, we will:

- Expand our permissible offerings with baked, air-fried and low or no sugar options while also integrating functional benefits into our products – such as protein, fiber, whole grains and diverse ingredients or cooking oils, in our more developed markets;
- Continue to scale and lift our large, existing brands across markets to capture consumption across different dayparts and penetration opportunities. For example, we aim to accelerate customized product solutions for meal/culinary occasions and away-from-home channels, in developed and select developing markets, through our large brands such as Lay's, Doritos, Tostitos and Pepsi, while also expanding our global energy category presence with Sting across developing markets;
- Sharpen our price pack architecture through better opening price points and pack sizes – most notably in certain developing and emerging markets where per capita consumption trends remain favorable;
- Emphasize local relevance with respect to product and flavor innovation and consumer engagement activities through bold, customized flavor profiles and focused communication during market-specific holidays, key sporting events and relevant celebratory occasions. For example, we will leverage our partnerships with FIFA, UEFA Champions League and F1 to capture incremental occasions and experiences; and
- Expand our product availability and presence through more points of distribution in developing and emerging markets and greater penetration into existing and emerging channels in developed markets.

2025 Guidance and Outlook

We expect our business to remain resilient for the balance of the year, led by our International business and improved performance for our North America business as we prioritize the urgent actions noted above for the balance of this year and into next year.

Right sizing our entire cost base is a priority, and significant productivity measures (as discussed earlier) are in place for the current environment and will provide the fuel needed to invest in disciplined commercial activities that aim to accelerate growth. We will mitigate incremental supply chain costs (primarily related to the sourcing of certain global inputs and ingredients and related tariff impacts) for the balance of this year through greater cost savings, sourcing adjustments, and surgical revenue management actions.

As a result, for the full year, we continue to expect low-single-digit organic revenue growth and core constant currency EPS to be approximately even with the prior year. We also continue to expect a core annual effective tax rate of 20 percent.

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Based on current market consensus rates, we now expect foreign exchange translation to negatively impact our reported net revenue and core earnings per share by approximately 0.5 percentage points (previously expected negative impact of approximately 1.5 percentage points).

These assumptions and the guidance above imply an approximately 0.5 percent decline for our 2025 core USD earnings per share (previously expected approximately 1.5 percent decline) versus 2024 core USD earnings per share of \$8.16.

We continue to expect total cash returns to shareholders of approximately \$8.6 billion through approximately \$7.6 billion in dividends and approximately \$1.0 billion in share repurchases.

As we look beyond this year, our top priorities will be to accelerate annual organic revenue growth and improve annual core operating margin. To accomplish this, we will aim to:

- Sustain the strong annualized performance and profitability of our International business;
- Build upon the momentum of PepsiCo Beverages North America with our expanded innovation agenda and recent portfolio reshaping actions which should enable the business to make good progress towards a mid-teens operating margin; and
- Improve the performance trajectory of PepsiCo Foods North America with our innovation agenda, price pack architecture capabilities and significant cost reduction initiatives.

Finally, we will also continue to challenge ourselves to identify and examine additional areas of opportunity that can improve our marketplace performance and profitability and appreciate all perspectives provided around shareholder value creation.

Ramon Laguarta

Chairman and Chief Executive Officer

Jamie Caulfield

Executive Vice President and Chief Financial Officer