Fourth Quarter/Full Year 2021

Prepared Management Remarks

February 10, 2022

Please view these remarks in conjunction with our Q4 2021 earnings release, 2021 Form 10-K 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://investor.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, 2022 guidance, and the potential impact of the COVID-19 pandemic on our business. Forward-looking statements inherently involve risks and uncertainties and only reflect our view as of today, February 10, 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 Q4 2021 earnings release and 2021 Form 10-K, 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 fiscal year ends on the last Saturday of each December, resulting in a 53rd reporting week every five or six years, including in our 2022 financial results. Our fourth quarter 2021 financial results in the United States and Canada (North America) are reported on a 16-week basis. Prior to the fourth quarter of 2021, substantially all of our international operations reported on a monthly calendar basis. However, beginning in the fourth quarter of 2021, all of our international operations reported on a monthly calendar basis for which the months of September, October, November, and December are reflected in our results for the 16 weeks ended December 25, 2021. This change did not have a material impact on our consolidated financial statements.

Chairman and CEO, and Vice Chairman and CFO Commentary

We are very pleased with our results for the full year as our business delivered 9.5 percent organic revenue growth and 12 percent core constant currency earnings per share growth.

Our strong results give us confidence that our unwavering commitment to becoming a 'Faster, Stronger, and Better' organization is working as our investments have fortified our businesses.

Our organic revenue growth meaningfully accelerated in 2021, reflecting the geographical and category diversity of our portfolio with both our global beverage and convenient foods businesses performing well.

We continued to win in the marketplace as we held or gained share across many of our key markets, including the U.S., Mexico, Brazil, China, Saudi Arabia and Poland. And for the sixth consecutive year, PepsiCo received the #1 manufacturer ranking in the latest Kantar PoweRanking survey which reflects our customers' view of PepsiCo as a valued partner and demonstrates the benefits of investing alongside our customers to help them drive growth.

We were also able to navigate through a complex and dynamic cost environment while continuously investing in our business. Our core gross profit increased 10 percent, while our core operating profit increased 8 percent and reflected a double-digit increase in our advertising and marketing spend in 2021.

We also took decisive actions and made numerous investments to fortify our businesses, portfolio, organization, and value chain. For example:

- We advanced our digitalization efforts to better leverage technology and data analytics to capture data at a more granular level, and ensure we have the right products in the right location at the right price – or what we refer to as precision at scale.

- We delayered our organization in certain international divisions by shifting resources from the center to local markets to enhance our agility, expertise, and local execution capabilities.
- We recently completed the previously announced divestiture of Tropicana, Naked and other select juice brands to PAI Partners for approximately $3.5 billion in cash (pre-tax) and a 39 percent noncontrolling interest in a newly formed joint venture that will operate across North America and Europe.
- We entered into new business ventures with Beyond Meat to develop, produce and market plant-based protein products, and The Boston Beer Company to target the low-alcohol occasion with our Mountain Dew brand.
- We expanded our global business services initiative and advanced on our journey to gradually upgrade and harmonize our IT systems with our target to deliver at least $1 billion in annual productivity savings through 2026.
- We introduced and implemented PepsiCo Positive (pep+),

an end-to-end strategic transformation with sustainability and human capital at the center of how we will strive to create growth and value for the planet and people.

- And we advanced our culture and talent with numerous initiatives and investments to achieve an even more collaborative, inclusive, and equitable workplace at which we focus to get things done fast and act like owners with high levels of integrity.

As we look ahead to 2022, we believe our businesses can build on the momentum and strength delivered in 2021.

With consumer preferences gravitating towards convenience, variety, and portion control, we believe our categories can continue to perform well and that our product and package varieties are well positioned to capitalize on these trends.

We also expect commodity, transportation, and labor cost inflation to persist. We plan to mitigate the impact of these pressures with our revenue management capabilities and productivity initiatives, and remain committed to investing in our people, brands, supply chain and go-to-market systems.

As a result, we expect to deliver 6 percent organic revenue growth and 8 percent core constant currency earnings per share growth in 2022.

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 who continue to focus on driving superior marketplace execution to serve our customers and communities. Our performance would not have been possible without your dedication.

Fourth Quarter PepsiCo Financial Review

We delivered 11.9 percent organic revenue growth, which was comprised of 5 percentage points of volume growth and a 7-percentage-point contribution from price and mix in the fourth quarter.

Our strong topline performance was underpinned by an acceleration across both our global beverage and convenient foods businesses which respectively delivered 11 percent and 13 percent organic revenue growth.

Geographically, organic revenue growth in North America accelerated to 12 percent as our investments fueled strong performance across beverages and convenient foods, while our International business delivered 11 percent organic revenue growth.

Our core gross profit increased 10 percent while our core operating profit declined and reflected supply chain bottlenecks, escalating inflationary pressures related to commodity, transportation, and labor costs, as well as a strong double-digit increase in advertising and marketing spend and other planned business investments.

North America Divisions Review

Each of our North America divisions delivered strong organic revenue results in 2021. During the fourth quarter, both Frito-Lay North America and Quaker Foods North America delivered their strongest quarterly rate of organic revenue growth in 2021, while PBNA's organic revenue growth accelerated versus the previous quarter.

Frito-Lay North America delivered 13 percent organic revenue growth for the fourth quarter, reflecting strong volume growth and positive net revenue realization.

For the full year, organic revenue increased 7 percent and our business gained market share in both the salty and savory categories in the U.S.

Frito-Lay's results were aided by consumer-centric innovation with products such as Doritos 3D, Cheetos Crunch Pop Mix, Lay's Kettle Cooked Extra and Ruffles Double Crunch. We also recently introduced Lay's Layers to build on the unique texture and flavor varieties we can bring to the market by revitalizing our products and delighting consumers.

In fact, our Frito-Lay North America business was ranked the #1 innovation driver across salty and savory categories in 2021, as defined by IRI.

Frito-Lay's full year results were also aided by capability and capacity investments across the value chain to support growth with our variety pack offerings delivering strong double-digit net revenue growth in both the fourth quarter and full year.

In addition, many of Frito-Lay's large, beloved brands delivered strong net revenue growth for the full year with Ruffles delivering double-digit net revenue growth, Doritos delivering high-single digit net revenue growth, and Lay's, Tostitos, and Cheetos delivering solid net revenue growth.

Emerging brands geared towards more nutritious snacking, such as Bare and Smartfood delivered double-digit net revenue growth in the fourth quarter, while PopCorners delivered double-digit net revenue growth for both the fourth quarter and full year.

The breadth of Frito-Lay's growth manifested across every key retail channel. For both the fourth quarter and full year, we saw strong net revenue growth across the large format, convenience and gas, foodservice, and e-commerce channels.

Frito-Lay's core operating profit increased 5 percent in the fourth quarter and 4 percent for the full year and reflected the impacts of supply chain bottlenecks, as well as escalating inflationary pressures related to commodity, transportation, and labor costs. Advertising and marketing spend also increased at a strong double-digit rate in the fourth quarter.

Quaker Foods North America organic revenue growth accelerated in the fourth quarter to 9 percent, or 17 percent on a two-year basis, as we continued to capitalize on the at-home consumption trend and certain supply disruptions eased.

For the full year, we were encouraged to see the business deliver 10 percent organic revenue growth on a two-year basis.

Throughout 2021, we tailored and extended our Quaker brands to focus on consumer-centric innovation within convenient foods, while also targeting new occasions. Some examples include Cheetos Mac ‘n Cheese, Pasta Roni Heat & Eat and lite snacks offerings such as rice crisps and rice cakes.

As a result, our business held or gained market share in the convenient meals, lite snacks, and hot and ready-to-eat cereal categories in the U.S. in 2021.

In addition, during the fourth quarter, our business delivered strong double-digit net revenue growth in lite snacks, snack bars, convenient meals and cookies and high-single digit net revenue growth in hot cereal.

Quaker's core operating profit increased in the fourth quarter and included a double-digit increase in advertising and marketing spend but declined for the full year driven by supply chain bottlenecks, as well as escalating inflationary pressures related to commodity, transportation, and labor costs.

PepsiCo Beverages North America delivered 12 percent organic revenue growth in the fourth quarter and 10 percent organic revenue growth for the full year.

Business performance benefited from our locally-focused division structure, effective revenue management execution, and brand building investments.

As a result, many key brands performed exceptionally well for the full year, including double-digit net revenue growth in Pepsi, Mountain Dew, Gatorade, Starbucks, LIFEWTR, bubly, and Aquafina.

Mountain Dew gained market share within the carbonated soft drink category while we also gained share within the ready-to-drink tea, water, and sparkling water categories for the full year.

Our consumer-centric innovation platforms also played a key role in PepsiCo Beverage North America's performance. For example:

- In the zero-sugar space, our Pepsi Zero Sugar, Mountain Dew Zero Sugar, Gatorade Zero and bubly products delivered in aggregate more than $2.0 billion in estimated retail sales in 2021.
- Our variety of choices within the energy portfolio including Rockstar, Mtn Dew Energy, and Starbucks TripleShot delivered in aggregate more than $1.0 billion in estimated retail sales in 2021.

From a channel perspective, our business delivered solid net revenue growth across all channels, including strong double-digit net revenue growth for the full year in the foodservice, large format, and convenience and gas channels.

As we looked to profitably expand into more occasions, we extended our Mountain Dew brand by introducing Mtn Dew Energy and entering a new business venture with the Boston Beer Company to distribute Hard Mtn Dew, a low alcohol beverage product. We also recently introduced Starbucks BAYA energy through our joint venture with Starbucks. BAYA is crafted with caffeine naturally found in coffee fruit as well as antioxidant vitamin C.

PepsiCo Beverage North America’s core operating profit increased 21 percent for the full year but declined 9 percent in the fourth quarter, reflecting a high-single digit increase in advertising and marketing spend and planned investments in our business, as well as supply chain bottlenecks and escalating inflationary pressures related to commodity, transportation, and labor costs.

We remain optimistic about the prospects of our PepsiCo Beverages North America business and expect its annual core operating margin to increase in 2022.

International Business Review

Our International business accelerated and delivered 11 percent organic revenue growth each in the fourth quarter and for the full year, with our developing and emerging markets delivering double-digit organic revenue growth in the fourth quarter.

Our fourth quarter international growth also featured double-digit organic revenue growth in countries such as Mexico, Brazil, Turkey, Spain, India, Egypt, China, and Thailand.

Our international convenient foods business improved as the year progressed and delivered 13 percent organic revenue growth in the fourth quarter.

Our international beverage business remained resilient throughout the year and finished the year with 8 percent organic revenue growth in the fourth quarter.

Our strong business momentum helped us gain savory snack market share in many of our international markets, including Brazil, China, Turkey, and Australia, and for beverages, we gained market share in China, Mexico, Poland, and Thailand for the full year.

To summarize, we are pleased with our marketplace execution and solid business performance for our International business. These results reflect the benefits of our capacity and capability investments, which are focused on building per-capita consumption in locally relevant ways with superior marketplace execution.

2022 Outlook and Guidance

For full year 2022, we assume that our categories will perform well, aided by large, trusted brands that can deliver convenience, variety, and a great value proposition to the consumer.

With respect to our businesses, we expect our North America beverage and convenient foods businesses to remain rational and resilient, and our international markets to perform well despite an uneven recovery across geographies.

Specifically, for fiscal 2022, we expect:

- 6 percent organic revenue growth;
- 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 expect foreign exchange translation to negatively affect our reported net revenue and core earnings per share performance by 1.5 percentage points.

This assumption and the guidance above imply 2022 core earnings per share of $6.67, a 6.5 percent increase compared to 2021 core earnings per share of $6.26.

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 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.

As it relates to our 2022 capital allocation priorities, we will prioritize the operating and growth needs of our business, including:

- Investments in our plants and manufacturing capacity, warehouses, and go-to-market systems across our entire business. This includes investments in our transportation fleet and additional capacity for our variety pack offerings;
- Investments in our omnichannel capabilities, including

expanding our presence and accelerating our efforts within the e-commerce channel;

- Investments that will harmonize and simplify our technology systems to drive productivity and help enhance our trade promotional management, forecast accuracy, and financial planning; and
- Investments in pep+, our roadmap for becoming the global leader in beverages and convenient foods and a leading actor in the transformation of the global food system. Pep+ requires rethinking and reengineering our approach across different aspects of our value chain to better serve our people and the planet. For example:

    - PepsiCo Europe announced that by 2030, it plans to eliminate virgin fossil-based plastic in all its crisp and chip bags. This ambition will apply to brands including Walkers, Doritos, and Lay's and will be delivered by using 100 percent recycled or renewable plastic in its packets.
    - In the U.S., we announced a $35 million investment

with Closed Loop Partners that will create the "Closed Loop Local Recycling Fund," an innovative circular economy initiative to advance new small-scale, modular recycling systems across communities.

- We will continue to scale new business models that require little or no single-use packaging, including the global SodaStream business – an icon of a Positive Choice and the largest sparkling water brand in the world by volume which delivered over $1 billion in net revenue in 2021.

Beyond making the necessary investments across our business, we also plan on returning significant cash to our shareholders by paying and growing our dividend.

We announced a 7 percent increase in our annualized dividend, effective with the dividend expected to be paid in June 2022. This will represent PepsiCo’s 50th consecutive annualized dividend per share increase.

Our Board of Directors also authorized the repurchase of up to $10 billion of PepsiCo common stock through February 28, 2026. For 2022, we expect our share repurchases to approximate $1.5 billion.

With respect to our portfolio, we remain very pleased with the composition of our businesses and will primarily focus on maximizing growth and returns from previous acquisitions.

To conclude, we believe we have the right people, strategies, and advantaged capabilities to win in the marketplace and make PepsiCo an even faster, even stronger, and even better organization in the future.

We would like to thank you for the confidence you've placed in us with your investment.

Ramon Laguarta, Chairman and CEO

Hugh Johnston, Vice Chairman and CFO