



Gameplan



Name	Section
Logan Arciba	Intro, Management, Growth Factors
Jaiden Conrad	Capital Allocation & IOFS
Justin Perry	History, Intraportfolio
Ryker Purdy	Revenue Breakdown, Competitor Analysis, Valuation
Jenna Lindemann	Moat, Value bands, Risk Factors, Valuation



Why PepsiCo?



- Easy to understand the supply and demand of products

1. Eat Them
2. Drink Them
3. Smoke Them
4. Go to the Doctor
5. Look Good When You Get There





Overview

Logan Arciba



Company Overview



- Ticker: PEP (NASDAQ)
- Founded: 1898
- IPO: 1978
- Headquarters: Purchase, NY
- Stock Price: \$133.65
- Market Cap: \$197.04B
- Revenue: \$91.85B (2024)



Fun Facts



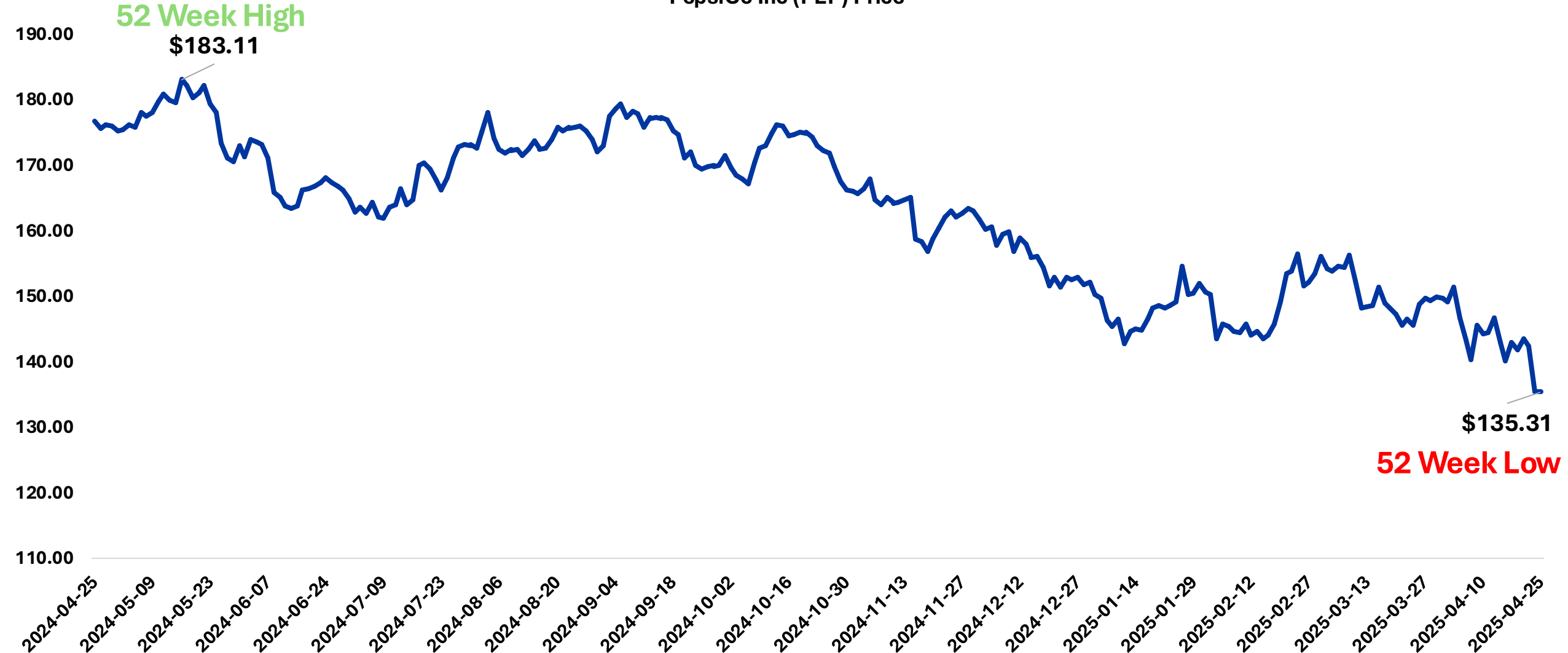
- Initially sold as a Pharmacy Drink, “Brad’s Drink”
- 23 brands that generate over \$1B in sales each
- Over 315,000 Employees
- Once received military assets, became 6th largest navy in the world!
- Had a video game, “Pepsiman”



52 Week Performance



PepsiCo Inc (PEP) Price





Justin T. Perry

History



Early Years (1893-1941)



- **1893:** North Carolinian pharmacist Caleb Bradham invented “Brad’s Drink.”
- **1898:** Bradham renamed the drink “Pepsi-Cola,” registering the trademark.
- **1919:** Wall Street broker Roy Mergargel purchased Pepsi-Cola for \$35,000 and eventually founded the Pepsi-Cola Corporation.
- **1931:** American businessman Charles Guth acquired the trademark and syrup recipe of Pepsi-Cola as President of Loft Candy Company.
- **1941:** Pepsi-Cola Company was merged into Loft, Inc.



Period of Expansion (1950-1986)



- **1950:** Alfred Steele served as the chief executive officer and emphasized huge advertising campaigns/sales promotions, helping Pepsi-Cola raise its net earnings so much that it became the main competitor of Coca-Cola.
- **1961:** Frito Company and H.W. Lay & Company merged to form Frito-Lay, Inc.
- **1965:** Frito-Lay Company and Pepsi-Cola Company merged to form PepsiCo.
- **1978:** PepsiCo purchased both Pizza Hut and Taco Bell.
- **1986:** PepsiCo was reincorporated in North Carolina.



Portfolio Diversification (1994-2011)



- **1994:** PepsiCo launched the Aquafina brand of bottled water.
- **1998:** PepsiCo acquired the Tropicana and Dole juice brands from the Seagram Company.
- **2001:** PepsiCo merged with Quaker Oats, adding Gatorade to its portfolio.
- **2008:** PepsiCo purchased a controlling interest in JSC Lebedyansky, Russia's largest juice manufacturer.
- **2011:** PepsiCo introduced the “Pepsi Zero Sugar” beverage option.



Portfolio Diversification (2012-2025)



- **2012:** PepsiCo invested in expanding its nutrition portfolio (e.g., Quaker, Tropicana, and Gatorade).
- **2019–2020:** Focus on Digital, Direct-to-Consumer, and Sustainability
- **March 2020:** PepsiCo acquired Rockstar Energy Drinks for approximately \$3.85 billion.
- **May 2020:** PepsiCo launched Snack.com and PantryShop.com—PepsiCo's first major direct-to-consumer platforms.
- **2021:** Net-Zero Emissions and "pep+ (PepsiCo Positive)" Initiative Unveiled pep+, a major sustainability and business transformation strategy.
- **2022–2023:** PepsiCo sold Tropicana and Naked juice brands to refocus on core, high-growth categories. Acquired smaller, emerging brands (e.g., SodaStream and Health Warrior) to support the shift to healthier offerings.
- **January 2025:** PepsiCo acquired Siete Foods, a family-owned, Mexican-American food brand based in Austin, Texas, for \$1.2 billion.
- **March 2025:** PepsiCo completed the acquisition of Poppi, an Austin-based prebiotic soda brand, for approximately \$1.95 billion.





Ryker Purdy

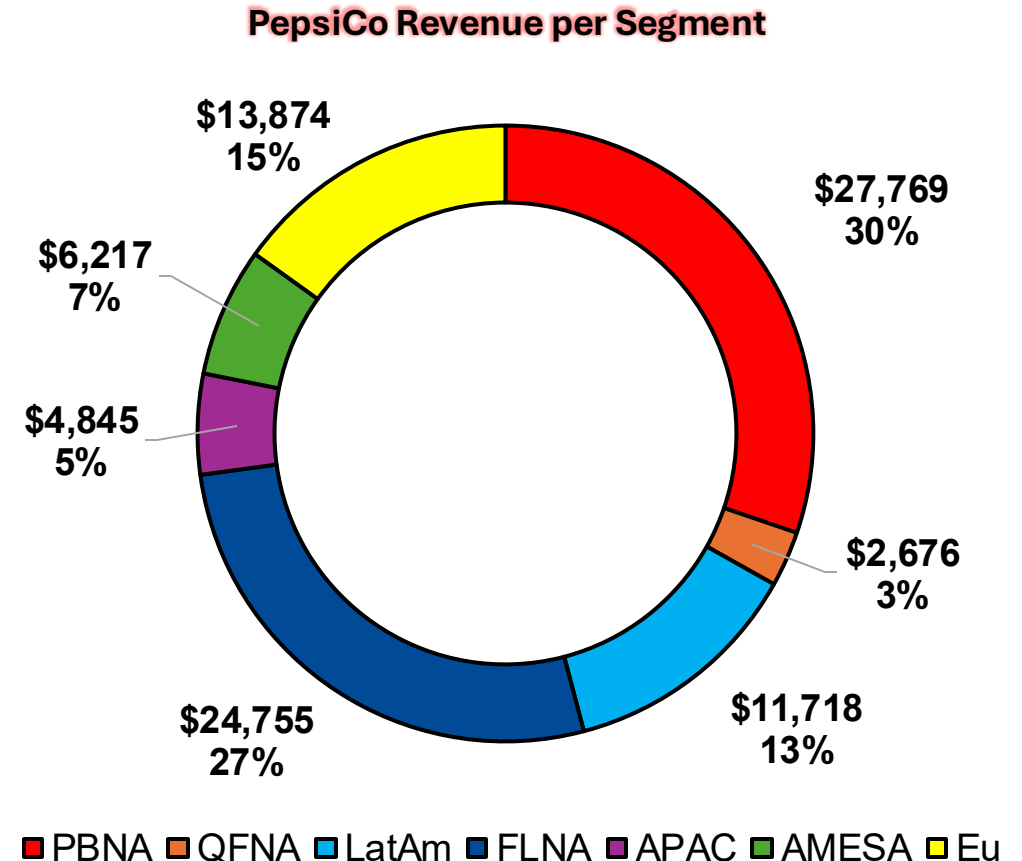
Revenue Breakdown



Reportable Segments



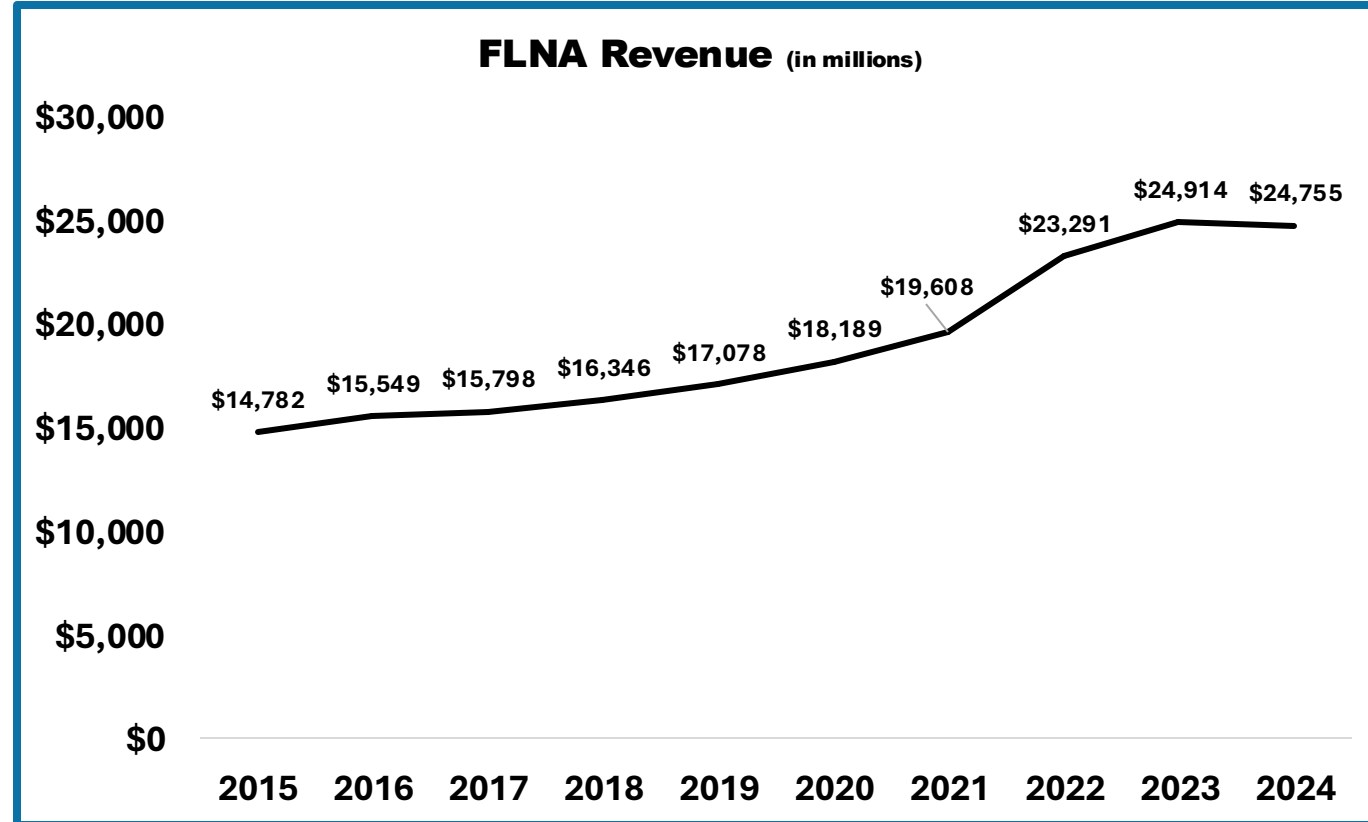
- a. Frito-Lay North America (FNLA)
- b. Quaker Foods North America (QFNA)
- c. PepsiCo Beverages North America (PBNA)
- d. Latin America (LatAm)
- e. Europe (Eu)
- f. Africa, Middle East and South Asia (AMESA)
- g. Asia Pacific, Australia and New Zealand and China region (APAC)



Frito-Lay North America (FLNA)



- ❖ Operates in the U.S. and Canada
- ❖ Business Focus: Branded, convenient* snack foods
- ❖ Distribution: Sold through independent distributors and retailers (Walmart, gas stations, etc.)
- ❖ Key Portfolio Addition: Acquired full ownership of Sabra Dipping Company (Dec 2024)
- ❖ FY2024 Performance:
 - ❖ Net Revenue: ▼1%
 - ❖ Organic Volume: ▼2.5%
 - ❖ Effective Net Pricing: ▲2%



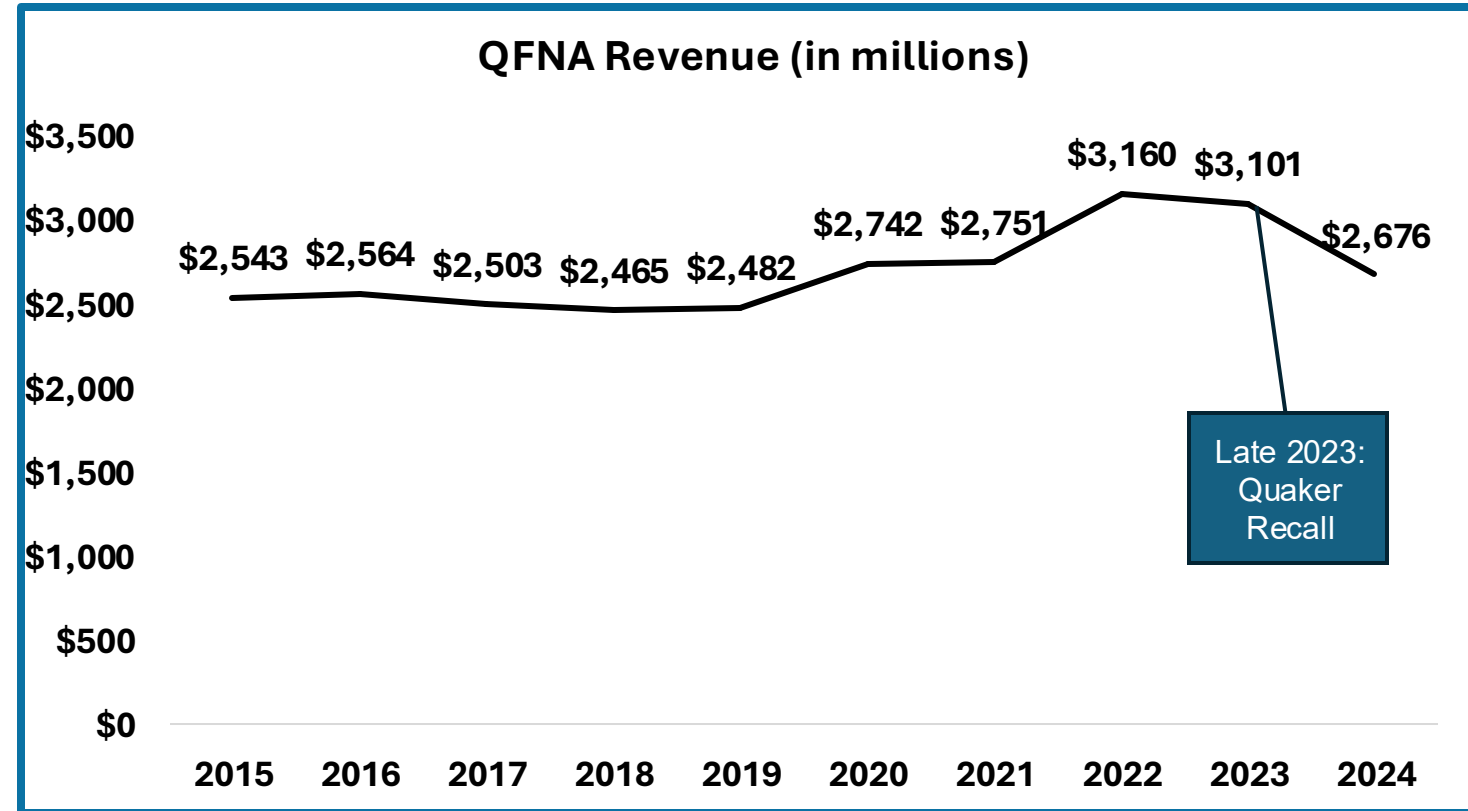
FNLA Brands



Quaker Foods North America (QFNA)



- ❖ Operates in the U.S. and Canada
- ❖ Business Focus: Branded pantry staples – cereals, oatmeal, rice, pasta, baking mixes, and syrups
- ❖ Distribution: Sold through independent distributors and retailers
- ❖ FY2024 Performance:
 - ❖ Net Revenue: ▼14%
 - ❖ Organic Volume: ▼13.5%
 - ❖ Effective Net Pricing: ▼ 0.5%

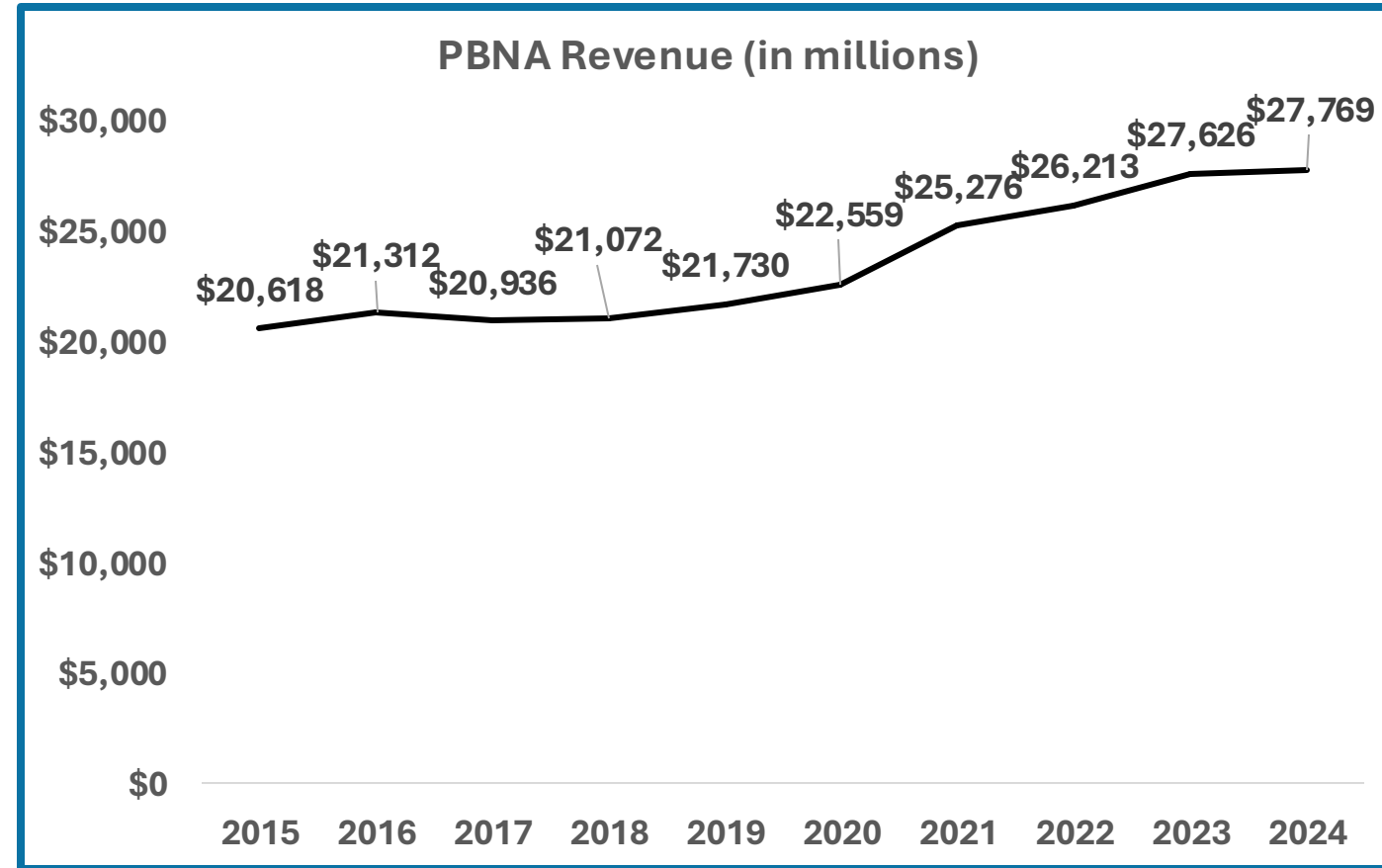


QFNA Brands



PepsiCo Beverages North America (PBNA)

- ❖ Operates in the U.S. and Canada
- ❖ Business Focus: Sells and markets beverages
 - ❖ Expanding into zero-sugar, energy, and functional hydration
- ❖ Distribution Model:
 - ❖ Vertically integrated: Owns bottling + DSD network
 - ❖ Also sells to independent bottlers and retailers
- ❖ Strategic Partnerships
 - ❖ Lipton & Starbucks (ready-to-drink tea/coffee)
 - ❖ Tropicana JV: 39% stake, U.S. distributor for small stores and restaurants/foodservice
- ❖ FY2024 Performance:
 - ❖ Net Revenue: ▲ 0.5%
 - ❖ Organic Volume: ▼ 3.5%
 - ❖ Effective Net Pricing: ▲ 4%



PBNA Brands



Joint Venture Brands



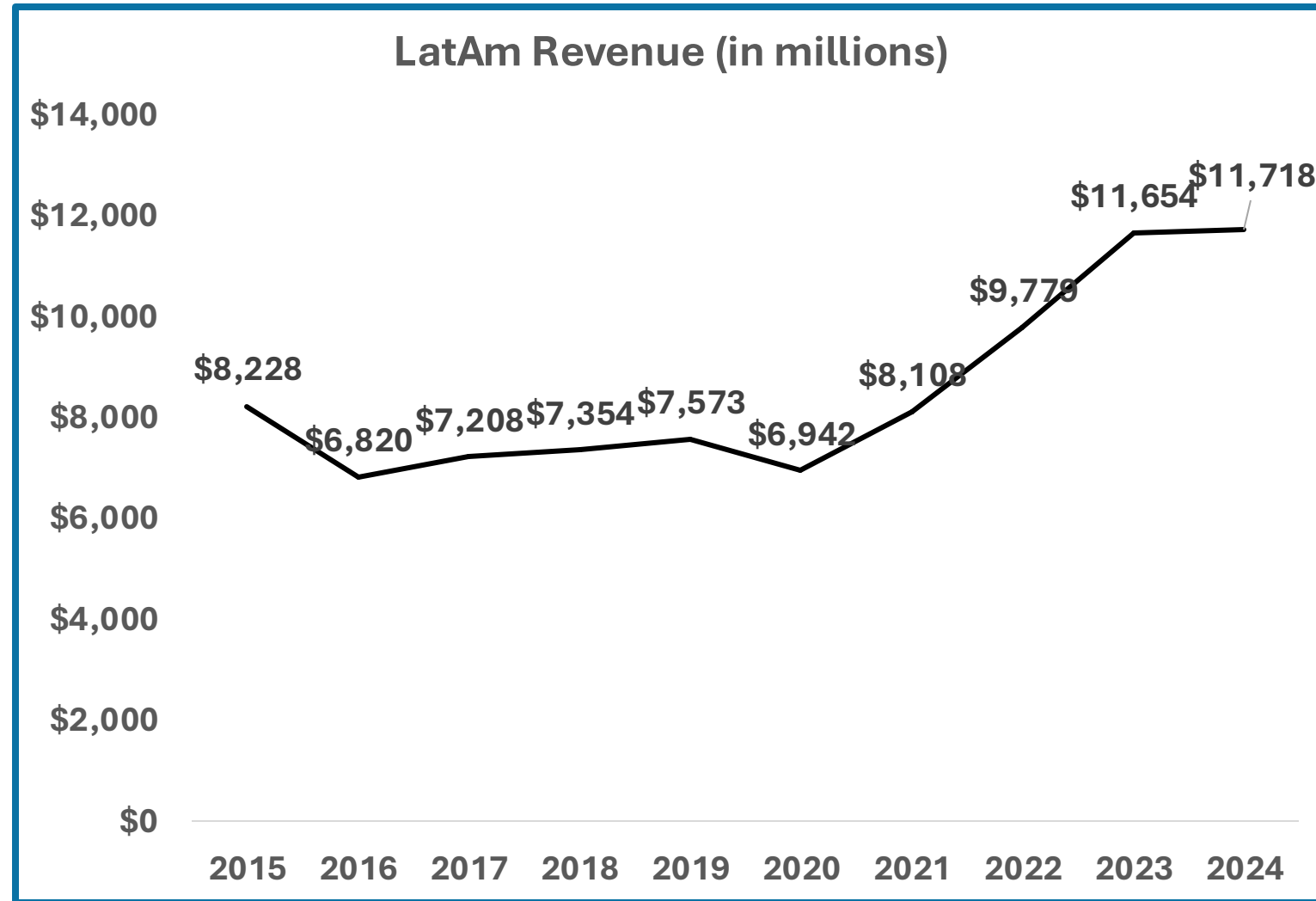
Licensed Brands



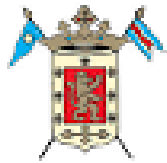
Latin America (LatAm)



- ❖ Operates in Mexico, Brazil, Argentina, Colombia, etc.
- ❖ Business Focus: Sells snacks and beverages
- ❖ Distribution Model:
 - ❖ Mix of owned operations and third parties
 - ❖ Sells to independent bottlers, distributors, and retailers
- ❖ FY2024 Performance:
 - ❖ Net Revenue: ▼ 0%
 - ❖ Organic Volume: ▼ 2%
 - ❖ Effective Net Pricing: ▲ 5%
 - ❖ FX Translation: ▼ 3%



LatAm Brands not sold in NA



EMPERADOR INC.

Marias
Gamesa.

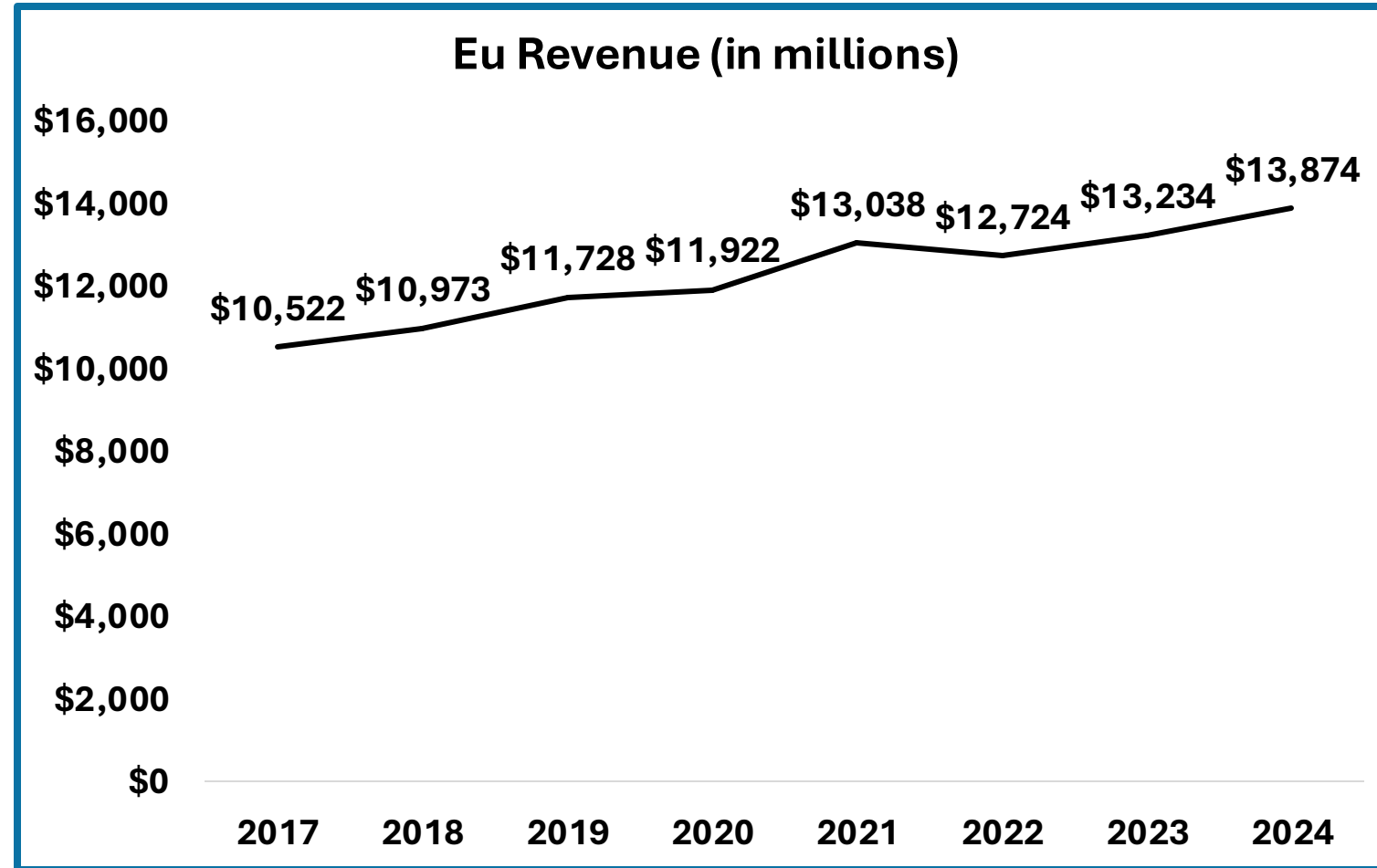
SALADITAS
Gamesa.



Europe (Eu)



- ❖ Operates in Continental Eu., UK, Russia, Turkey, and parts of Central Asia
- ❖ Business Focus: Sells snacks, beverages, and dairy
- ❖ Distribution Model:
 - ❖ Mix of owned operations and third parties
 - ❖ Sells to independent bottlers, distributors, and retailers
 - ❖ JV – Lipton; 39% stake in Tropicana
- ❖ FY2024 Performance:
 - ❖ Net Revenue: ▲6%
 - ❖ Organic Volume: ▲2%
 - ❖ Effective Net Pricing: ▲6%
 - ❖ FX Translation: ▼2%



Eu Brands not sold in NA



Snack &
Beverage



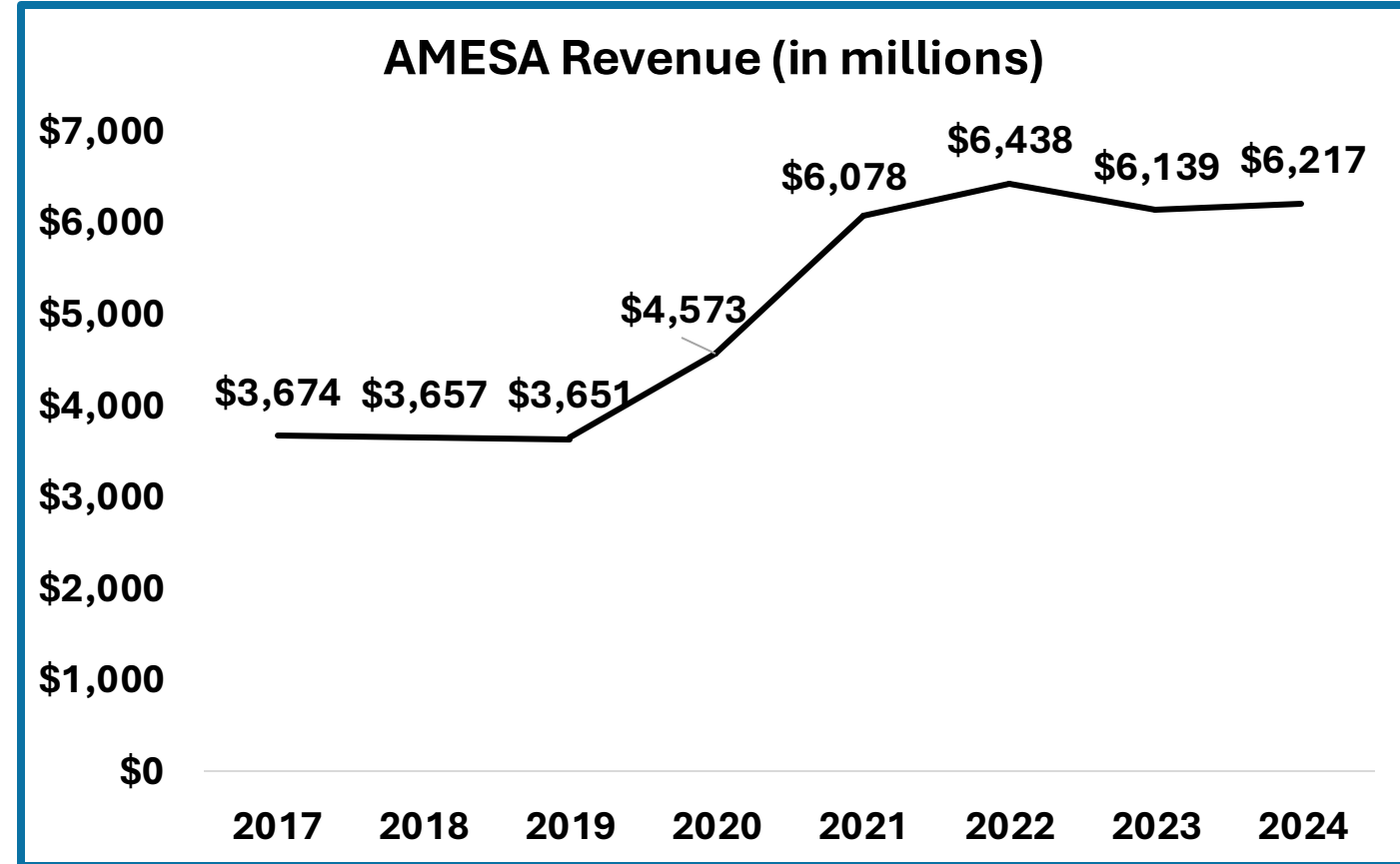
Dairy



Africa-Middle East-South Africa (AMESA)



- ❖ Operates in India, South Africa, Middle East, Pakistan, Nigeria
- ❖ Business Focus: Sells snacks and beverages
- ❖ Distribution Model:
 - ❖ Mix of owned operations and third parties
 - ❖ Sells to independent bottlers, distributors, and retailers
 - ❖ Relies heavily on traditional trade channels
 - ❖ Expanding modern trade and e-commerce in urban centers, especially in India
- ❖ FY2024 Performance:
 - ❖ Net Revenue: ▲1%
 - ❖ Organic Volume: ▲1%
 - ❖ Effective Net Pricing: ▲9%
 - ❖ FX Translation: ▼9%

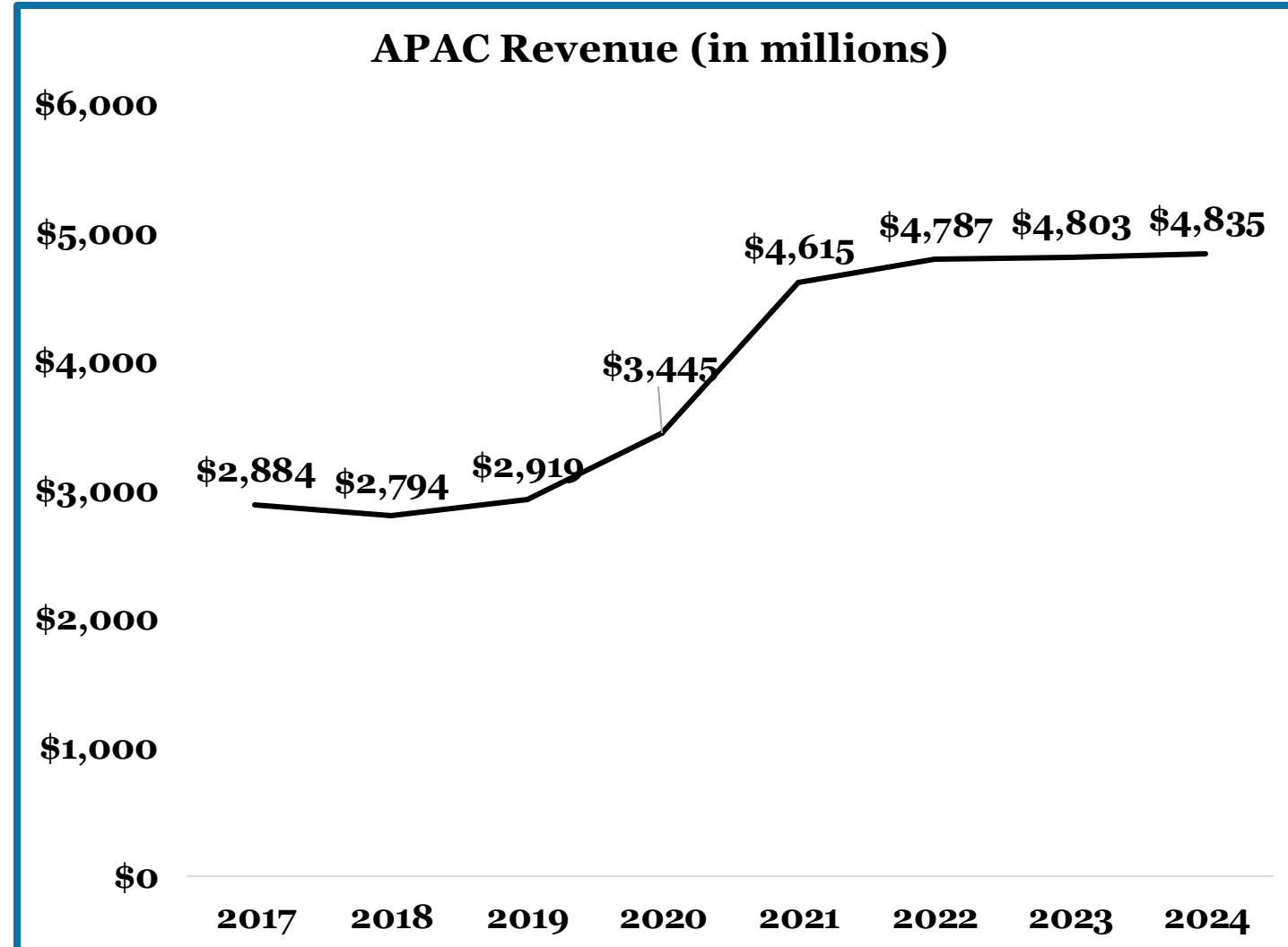


AMESA Brands not sold in NA



Asia-Pacific, Australia/NZ & China (APAC)

- ❖ Operates in China, Thailand, Vietnam, Philippines, Australia, etc.
- ❖ Business Focus: Sells snacks and beverages
- ❖ Distribution Model:
 - ❖ Mix of owned operations and third parties
 - ❖ Sells to independent bottlers, distributors, and retailers
 - ❖ Growing focus on modern trade & e-commerce, especially in China and Southeast Asia
- ❖ FY2024 Performance:
 - ❖ Net Revenue: ▲1%
 - ❖ Organic Volume: ▲4%
 - ❖ Effective Net Pricing: ▼-1%
 - ❖ FX Translation: ▼2%



APAC Brands not sold in NA



BAICAOWEI





Capital Allocation

Jaiden Conrad



Capital Allocation



Investments

- **PepsiCo is constructing a new Lay's potato chip manufacturing plant with an investment of \$95 million in Assam, India. Scheduled to begin operations in 2025**
- **The company is investing an additional \$400 million to build two new plants in Vietnam.**

6/11/2025

Dividends

- **announced a 16% increase in its quarterly dividend, raising it to \$1.64 per share, up from \$1.35 per share**
- **PepsiCo returned approximately \$7.2 billion to shareholders through dividend payments since 2018**



Share Repurchases

- **In February 2022, PepsiCo announced a share repurchase program authorizing the buyback to \$10 billion of its stock**
- **The company plans to repurchase approximately \$1 billion worth of its shares in 2025**

Debt Payment

- **In fiscal year 2023, PepsiCo repaid approximately \$3.0 billion in long-term debt**
- **In the first three quarters of 2024, PepsiCo continued its debt management efforts by repaying \$2.9 billion in long-term debt and \$4.2 billion in short-term borrowings**

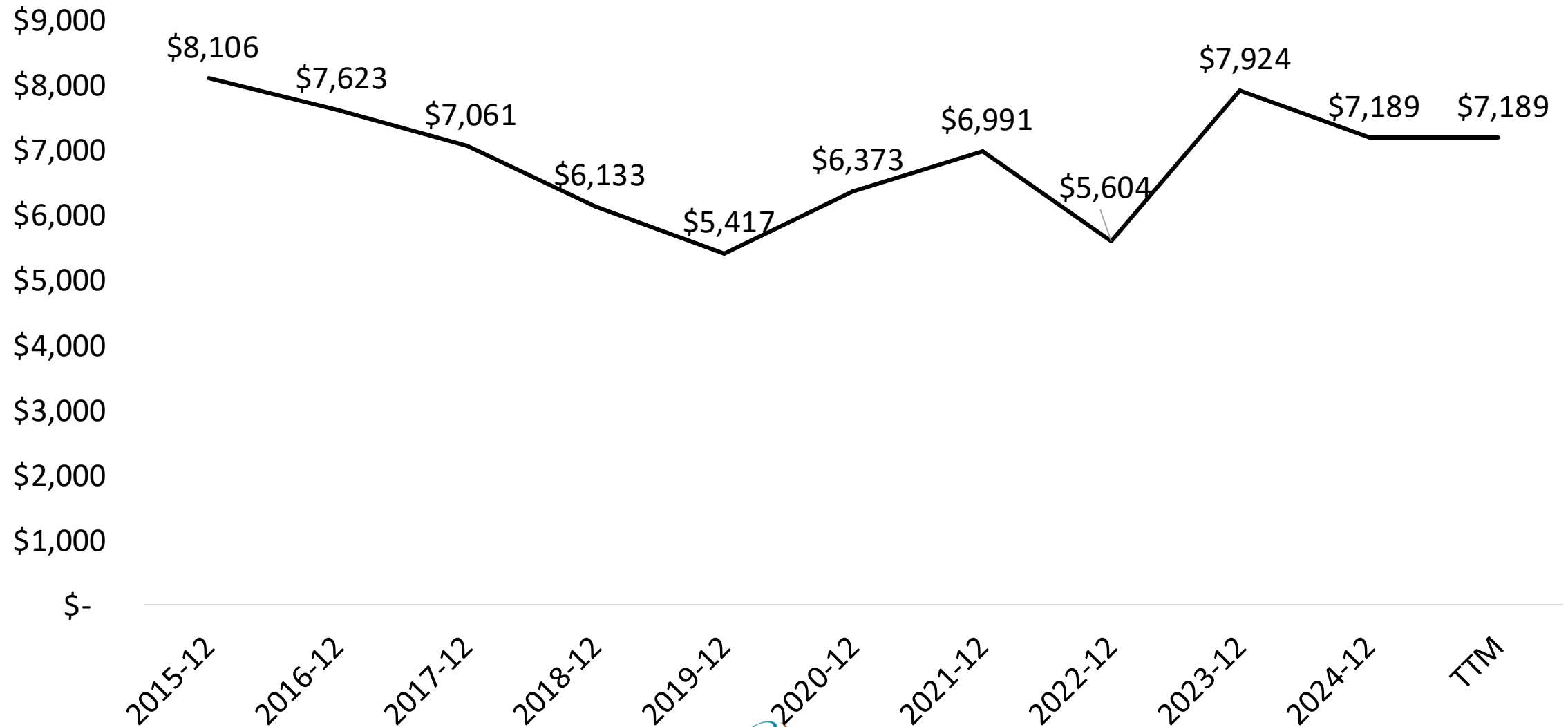
Acquisitions



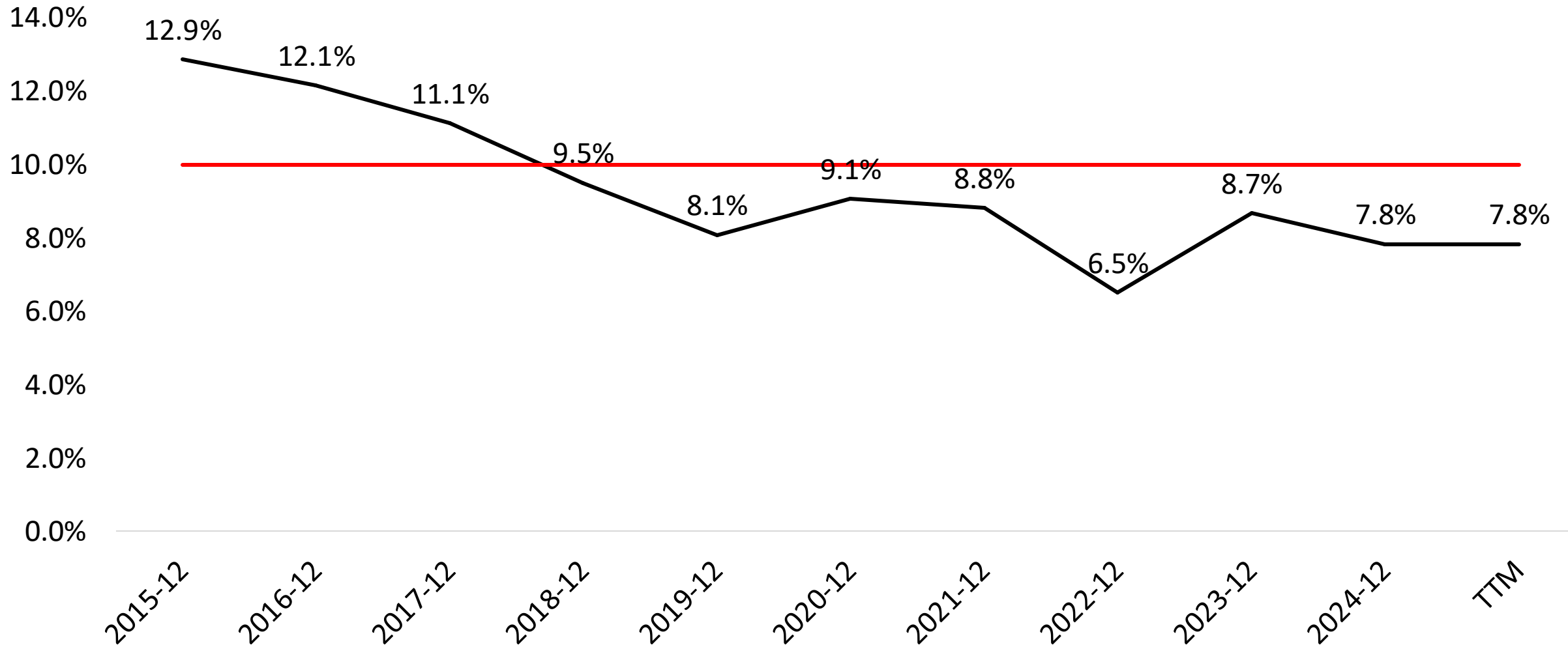
- In early 2025, PepsiCo acquired Poppi, a Texas-based prebiotic soda brand, for \$1.95 billion. Poppi offers low-calorie sodas, and this acquisition aims to strengthen PepsiCo's presence in the functional beverage market
- PepsiCo completed the acquisition of Siete Foods, a Mexican-American food brand, for \$1.2 billion in January 2025. This move expands PepsiCo's offerings in the better-for-you and multicultural food segments.



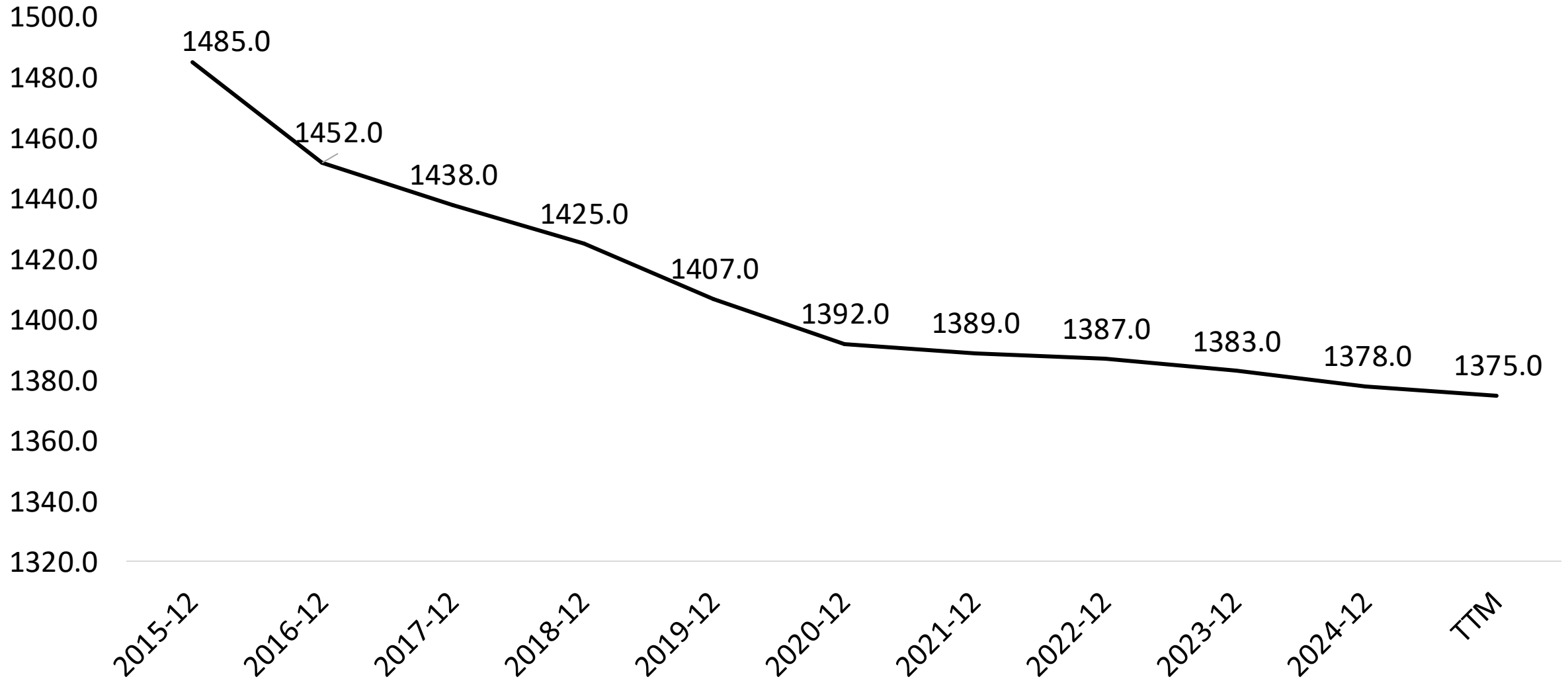
Free Cash Flow_(in millions)



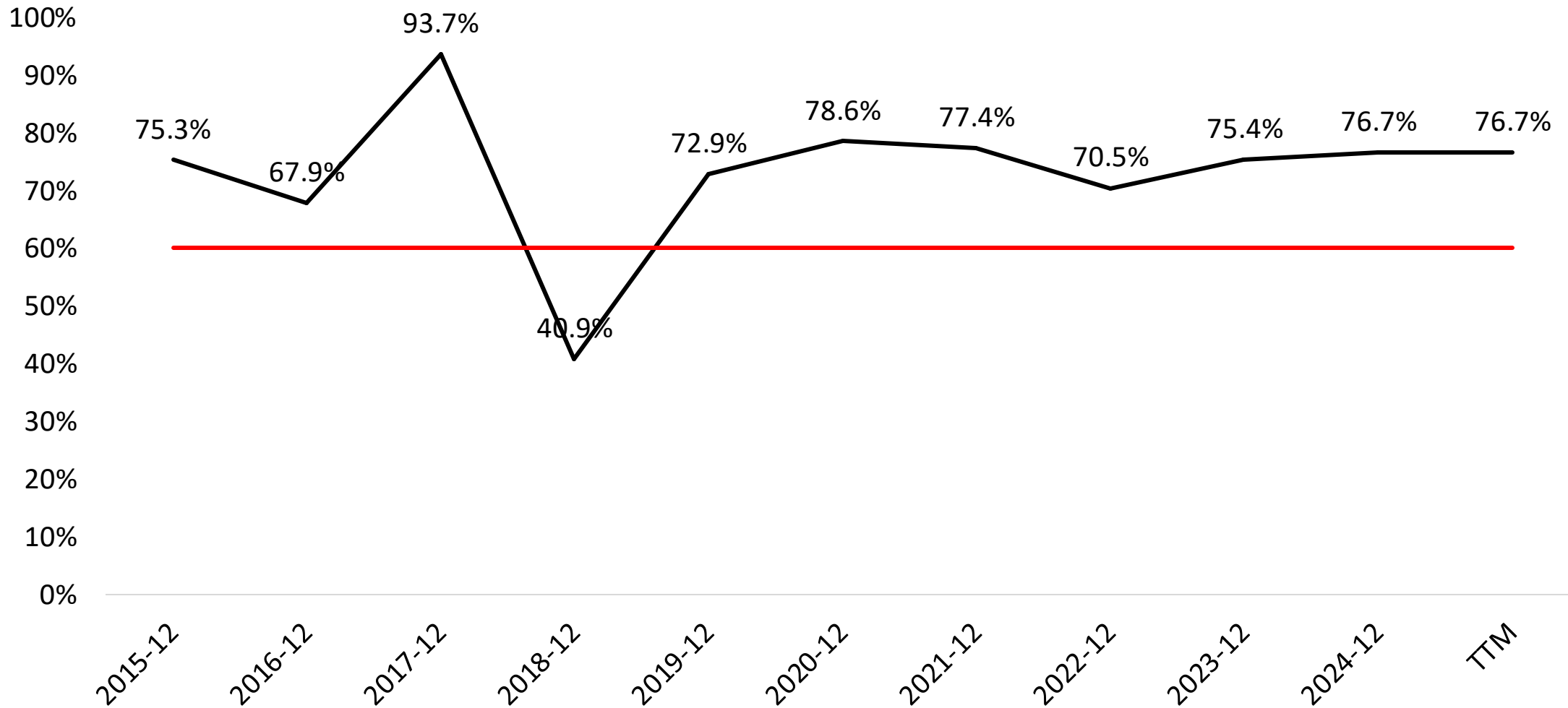
Free Cash Flow Margin



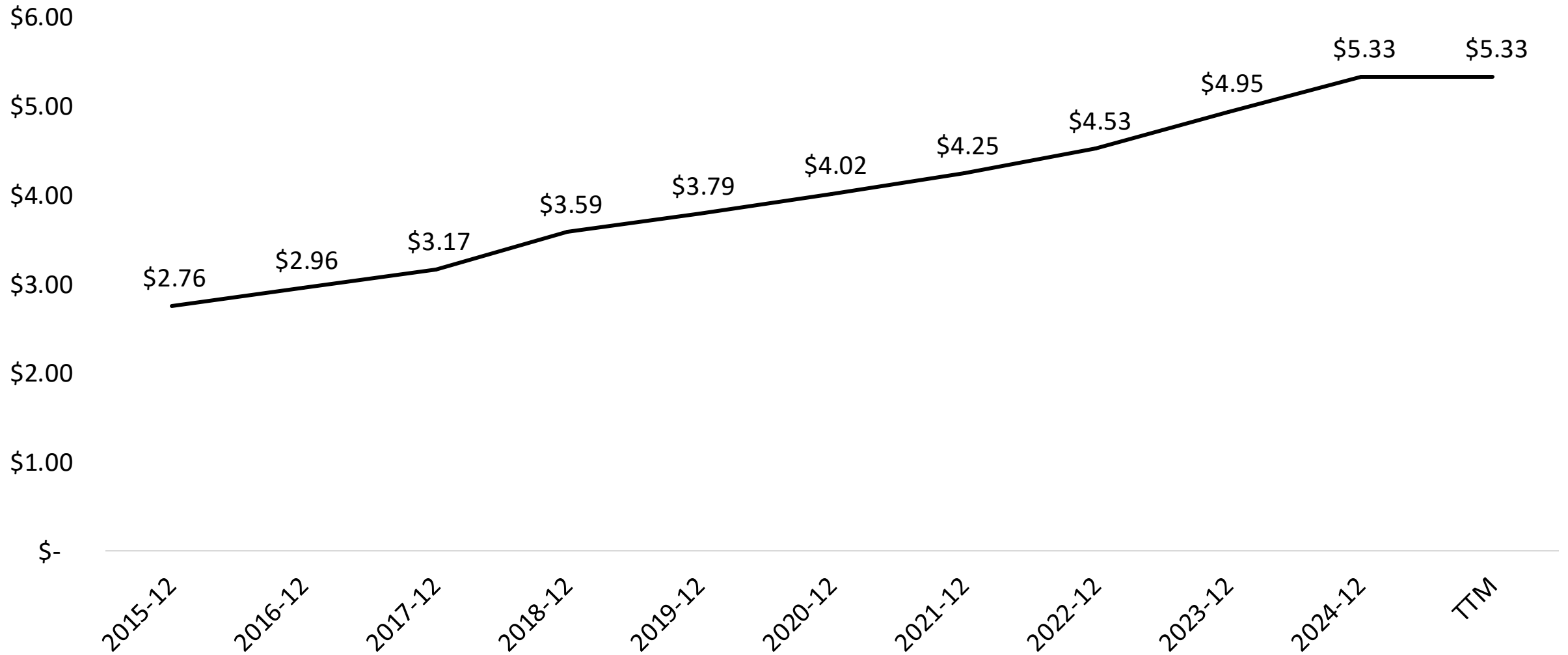
Shares Outstanding



Capital Expenditures



Dividend Per Share





Management

Logan Arciba



Executive Officers



Robert Laguarda

- **Chief Executive Officer**
- CEO since 2018
- Joined in 1996
- Decades of international experience



James Caulfield

- **Chief Financial Officer**
- CFO since 2023
- Joined in 1993
- Was CFO for PFNA



Steven Williams

- **Chief Executive Officer, North America**
- Joined in 2001
- Has broad P&L/Sales Experience
- Frito-Lay became #1 growth driver



Becky Schmitt

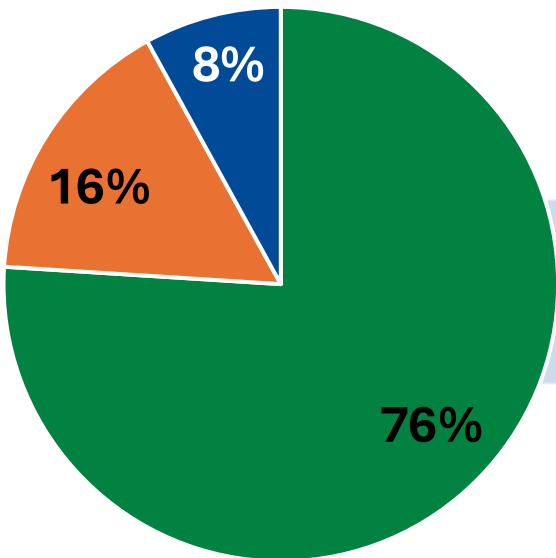
- **Chief People Officer**
- CPO since 2023
- Joined in same year
- Leads global HR organization
- 25+ Years of HR



Compensation Structure



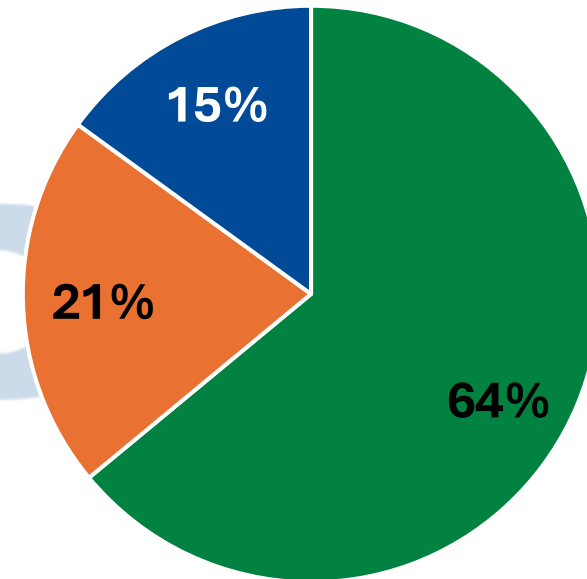
Chairman & CEO



- Long-Term Incentive
- Annual Incentive
- Base Salary

Types of Compensation	Description
Base Salary	Guaranteed Compensation
Annual Incentive	Annual Cash Performance Payout
Long-Term Incentive	Performance Stock Units & Long-Term Cash

NEO



- Long-Term Incentive
- Annual Incentive
- Base Salary



Exec. Stock Compensation



- CEO - **92%** performance-based compensation
- NEOs – **85%** performance-based compensation
- Annual Incentives are **paid 1st quarter of every year, cash**
- Long-Term Incentives are 3-year performance period
 - Granted around March 1st



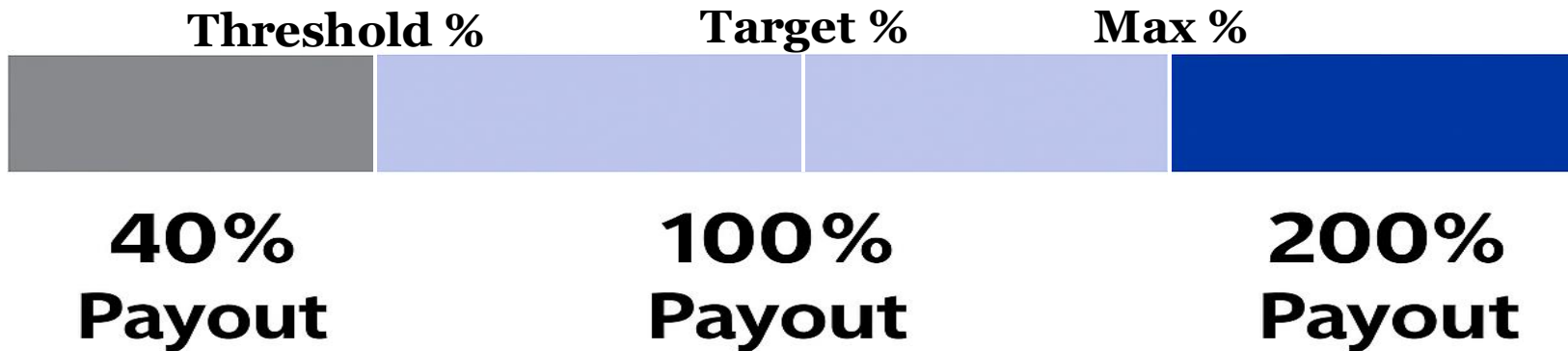
Annual Incentives



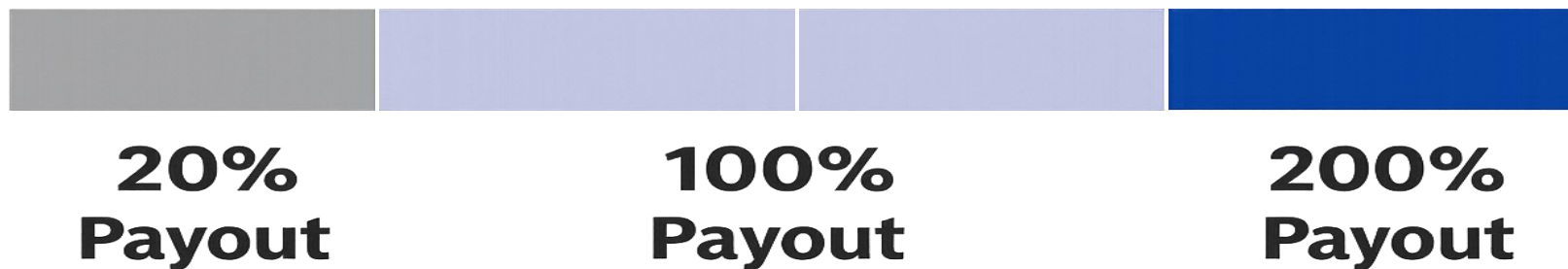
Long-Term Incentives – PSU's



3 Year Average of Earnings Per Share Growth



3 Year Average Organic Revenue Performance



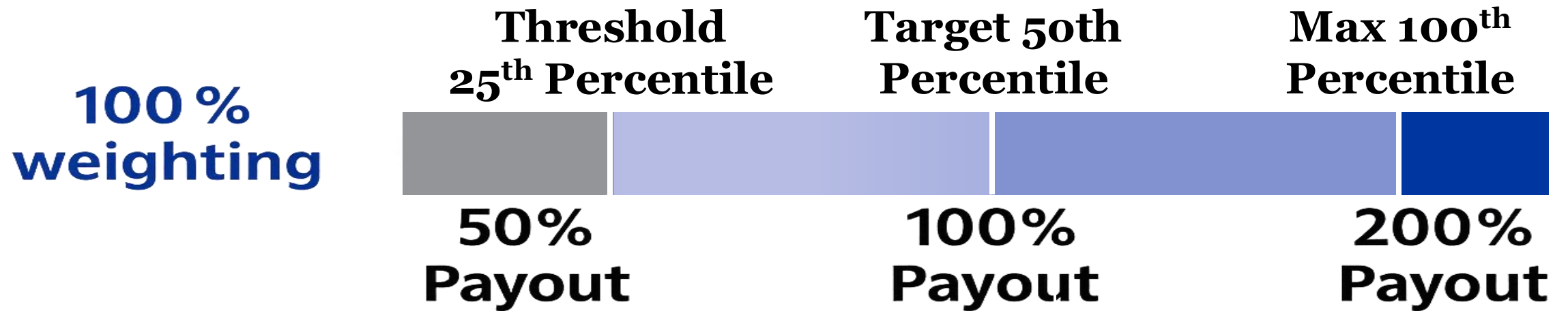
Payout (% of Target) = 200%



Long-Term Incentives – LT Cash



3 Year Relative Total Shareholder Return (TSR) vs. Proxy Peer Group



Payout (% of Target) = 70%



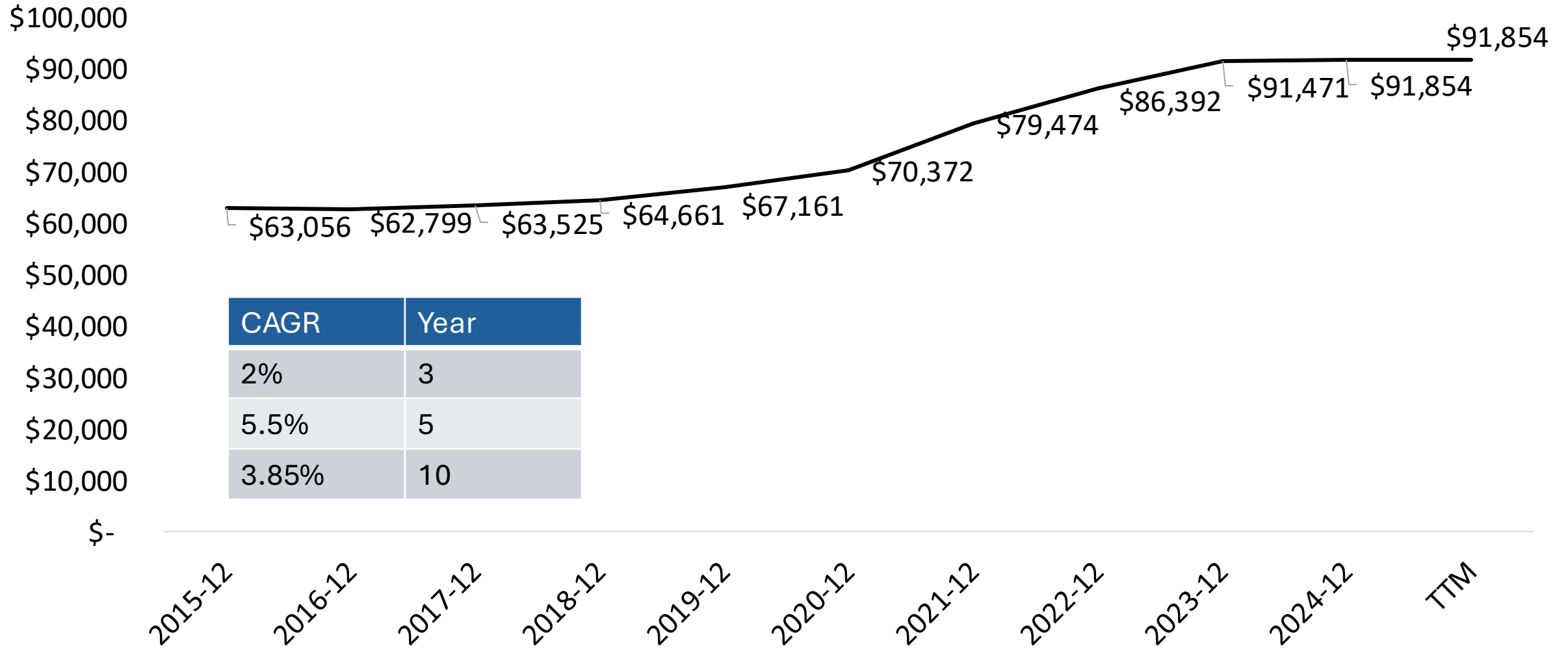


Interpretation Of Financial Statements

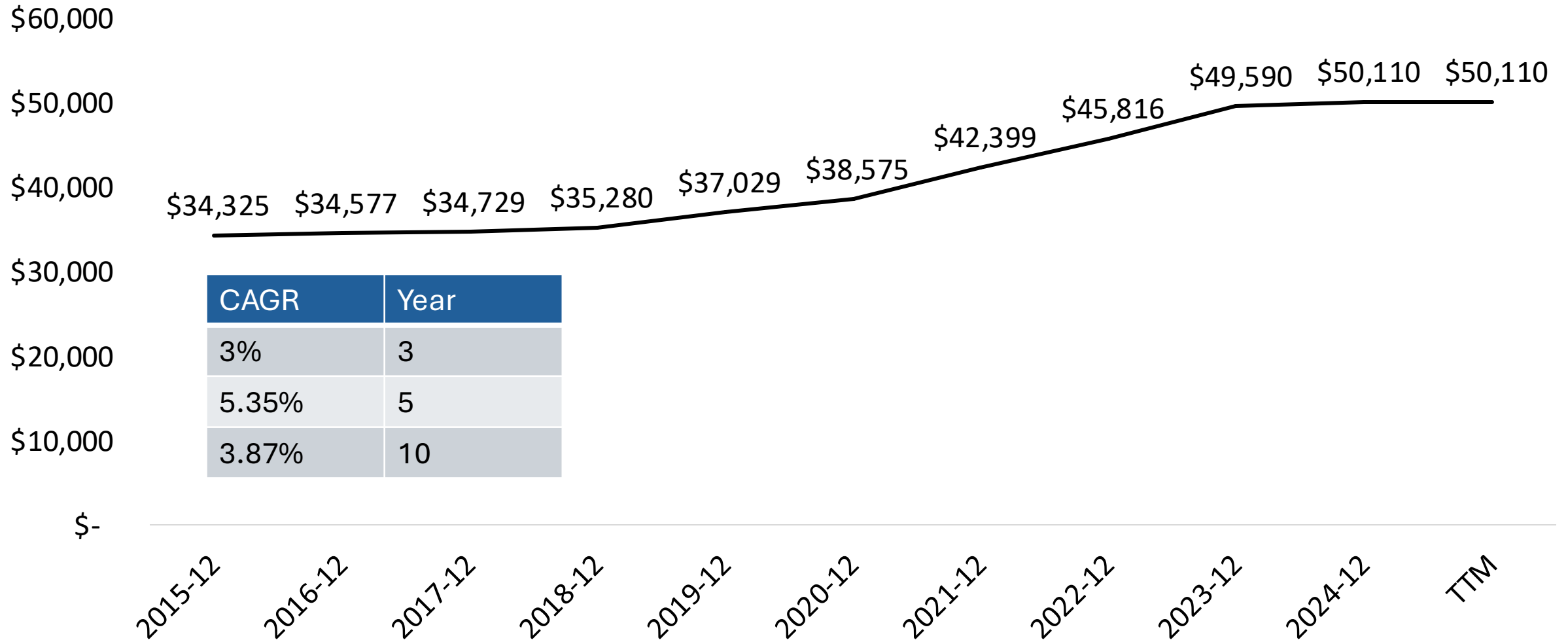
Jaiden Conrad



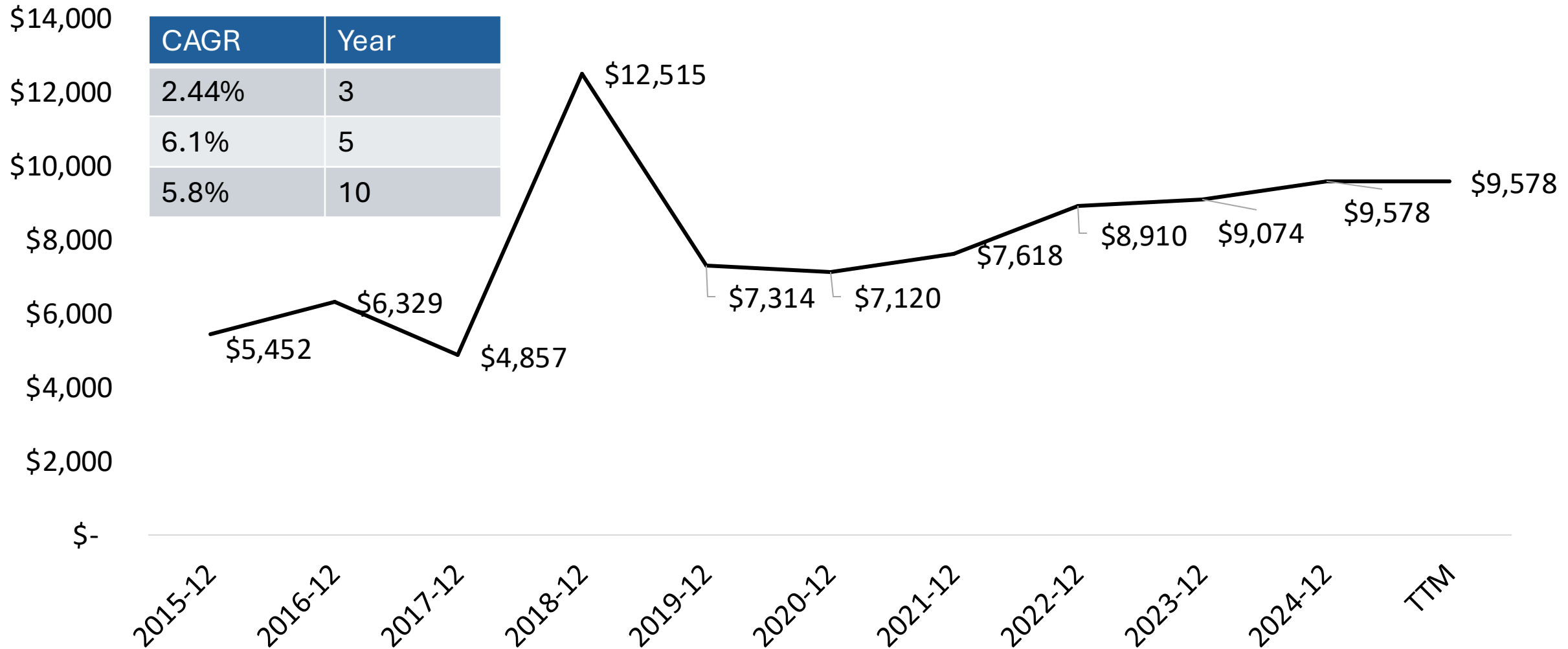
Revenue (in millions)



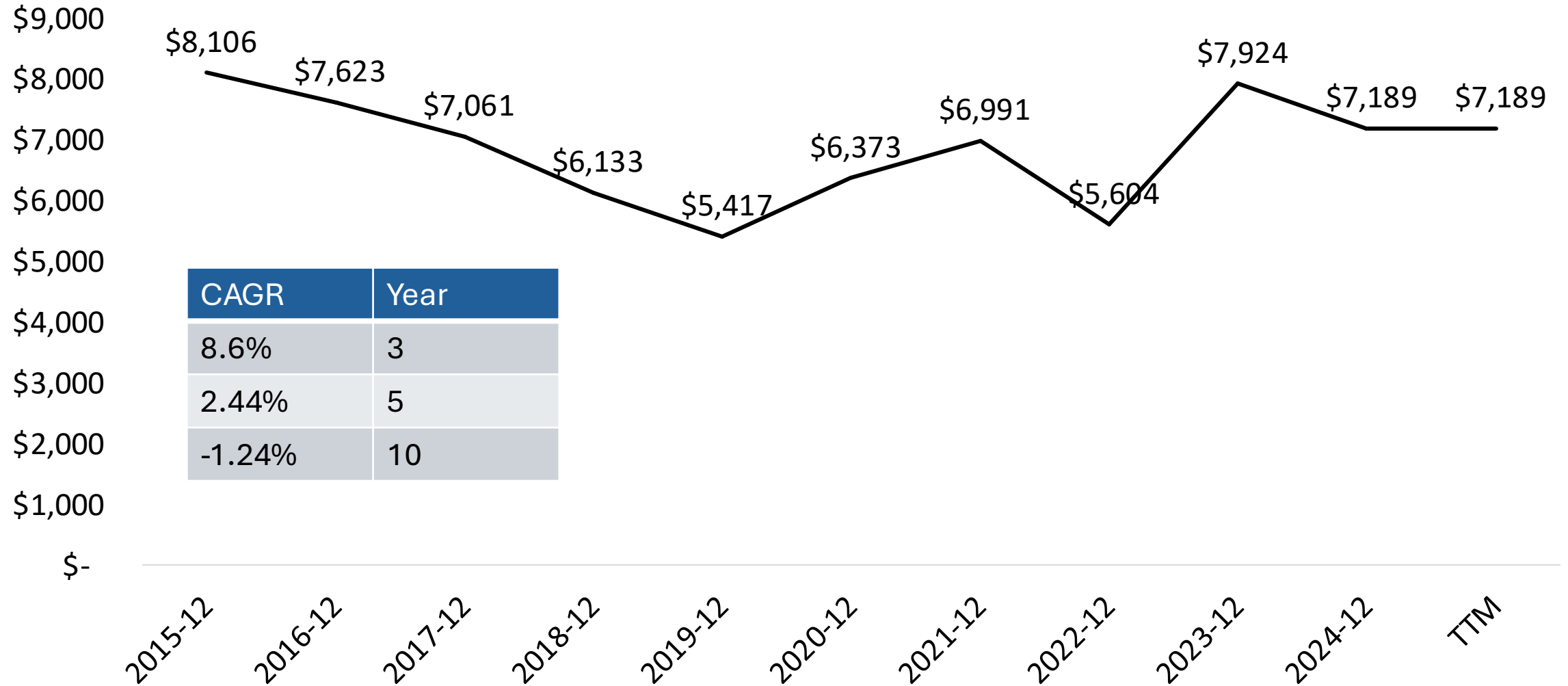
Operating Income (in millions)



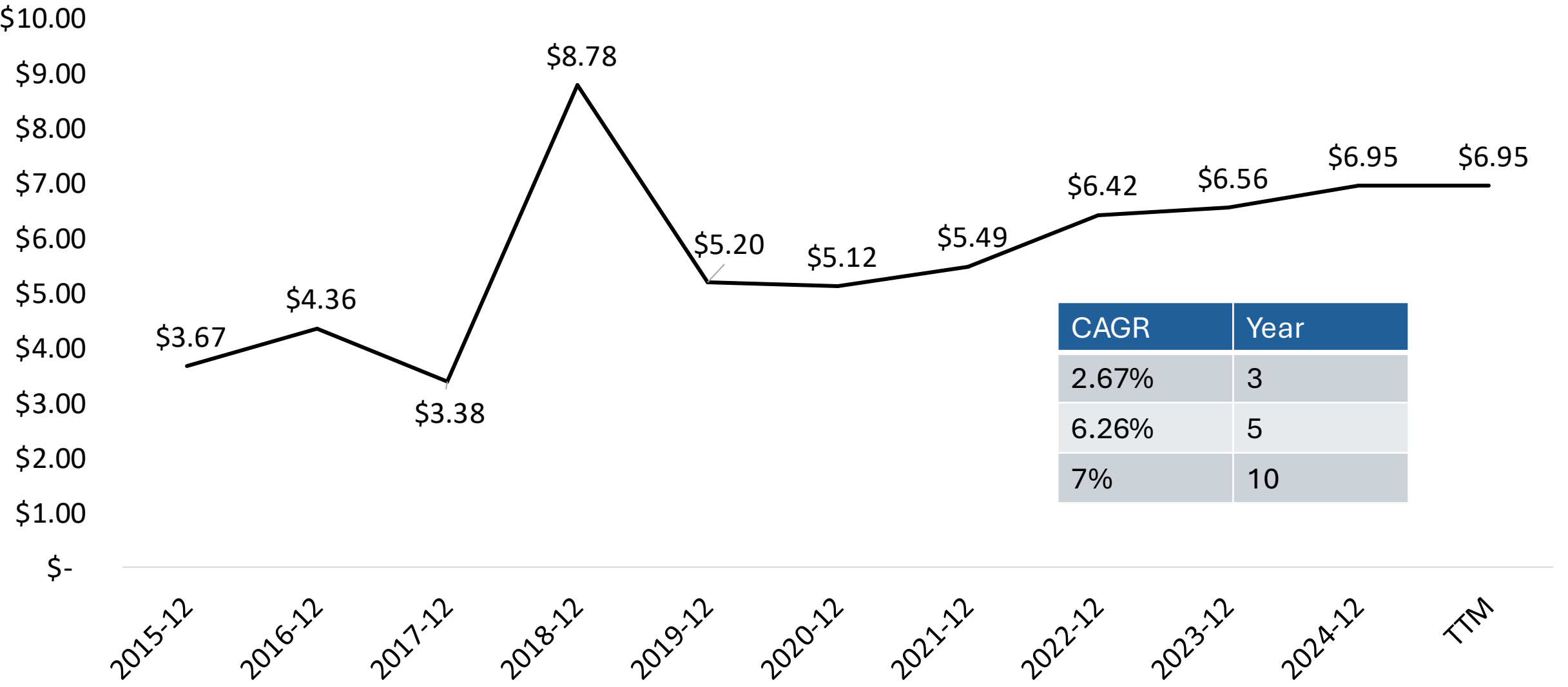
Net Income (in millions)



Free Cash Flow (in millions)



Earnings Per Share



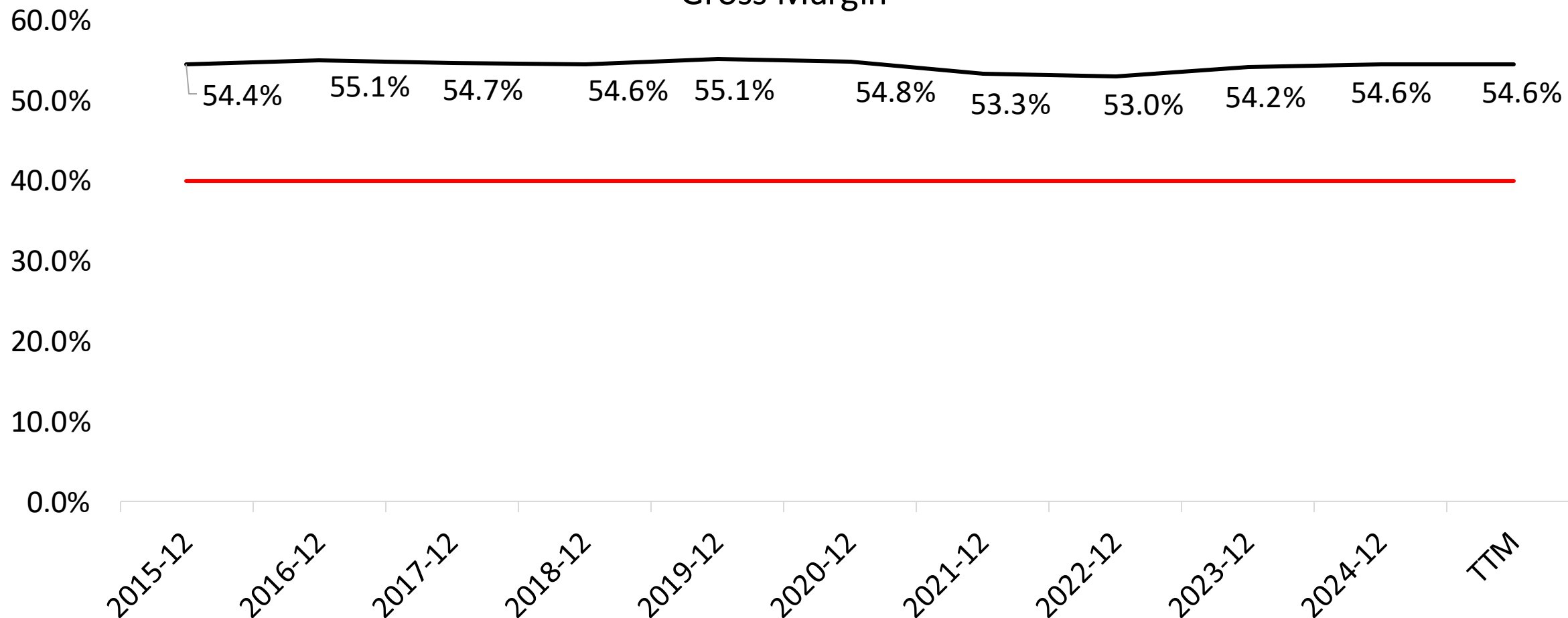
CAGR	Year
2.67%	3
6.26%	5
7%	10



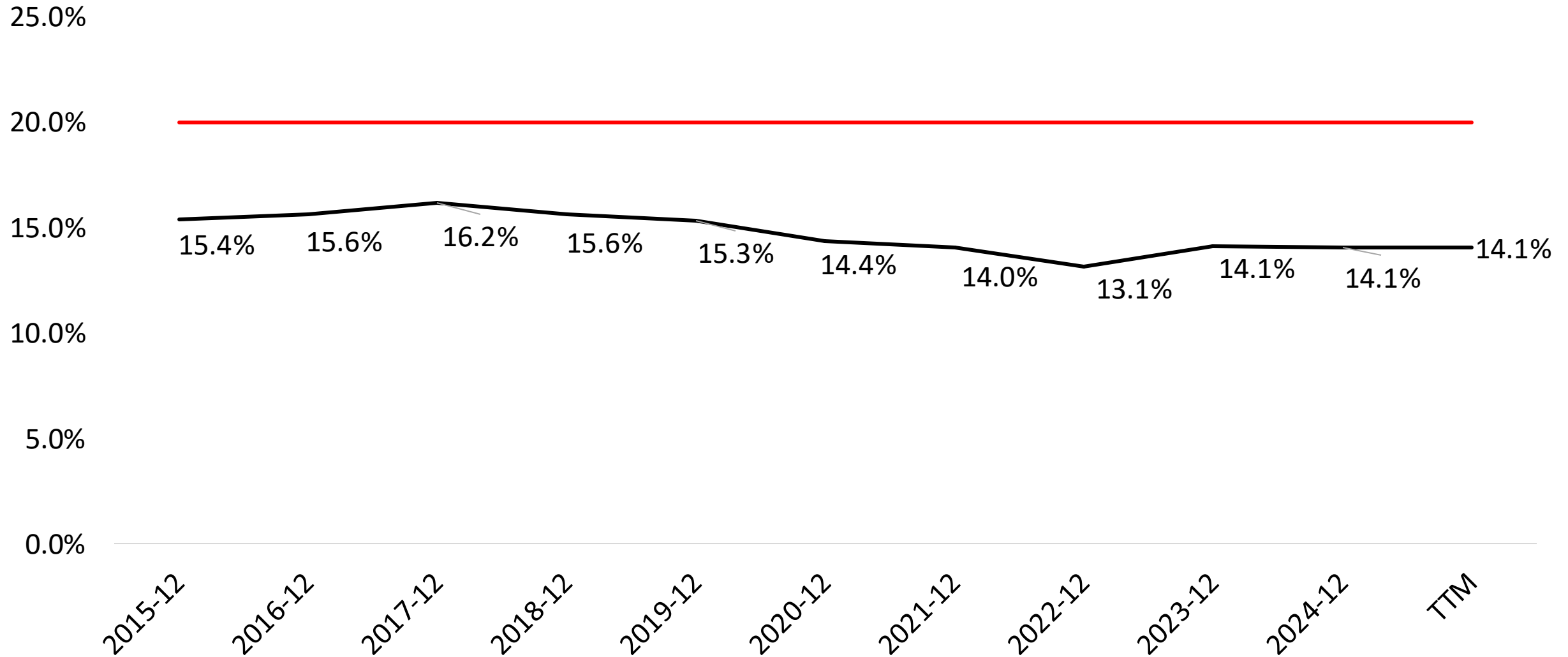
Gross Margin



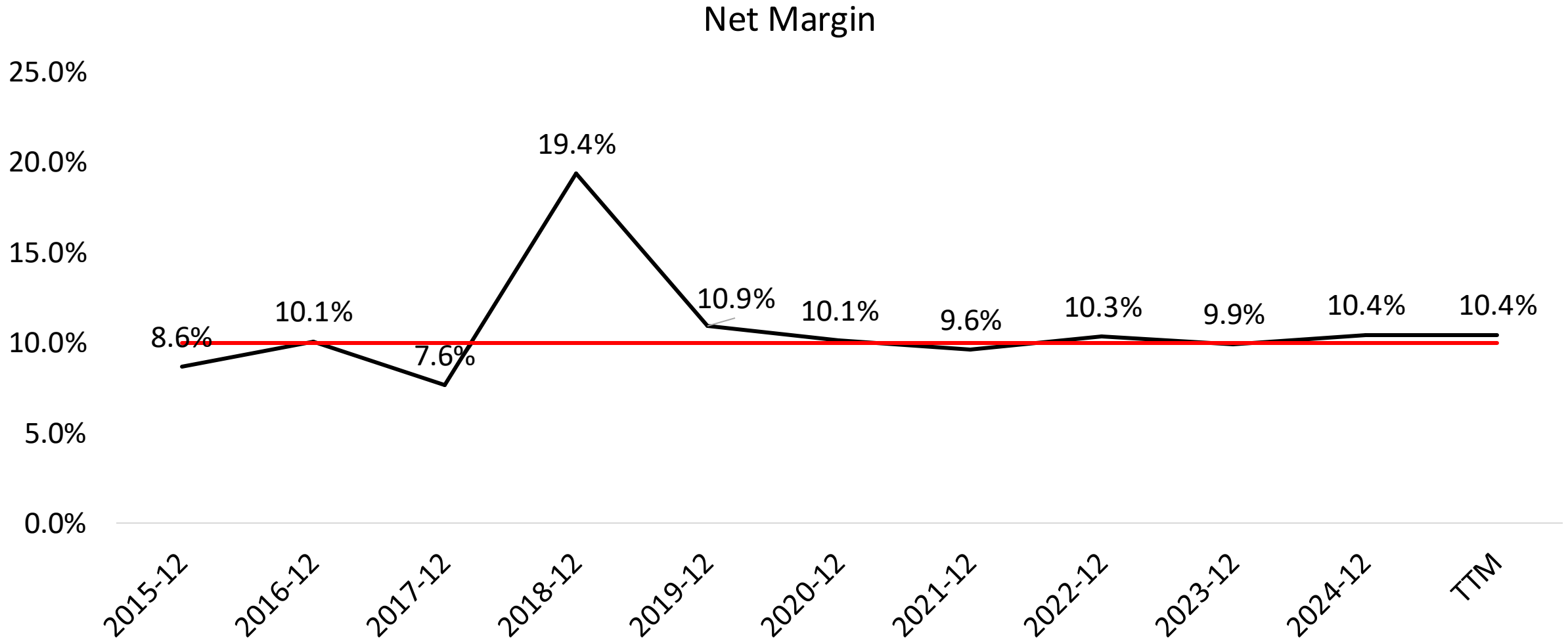
Gross Margin



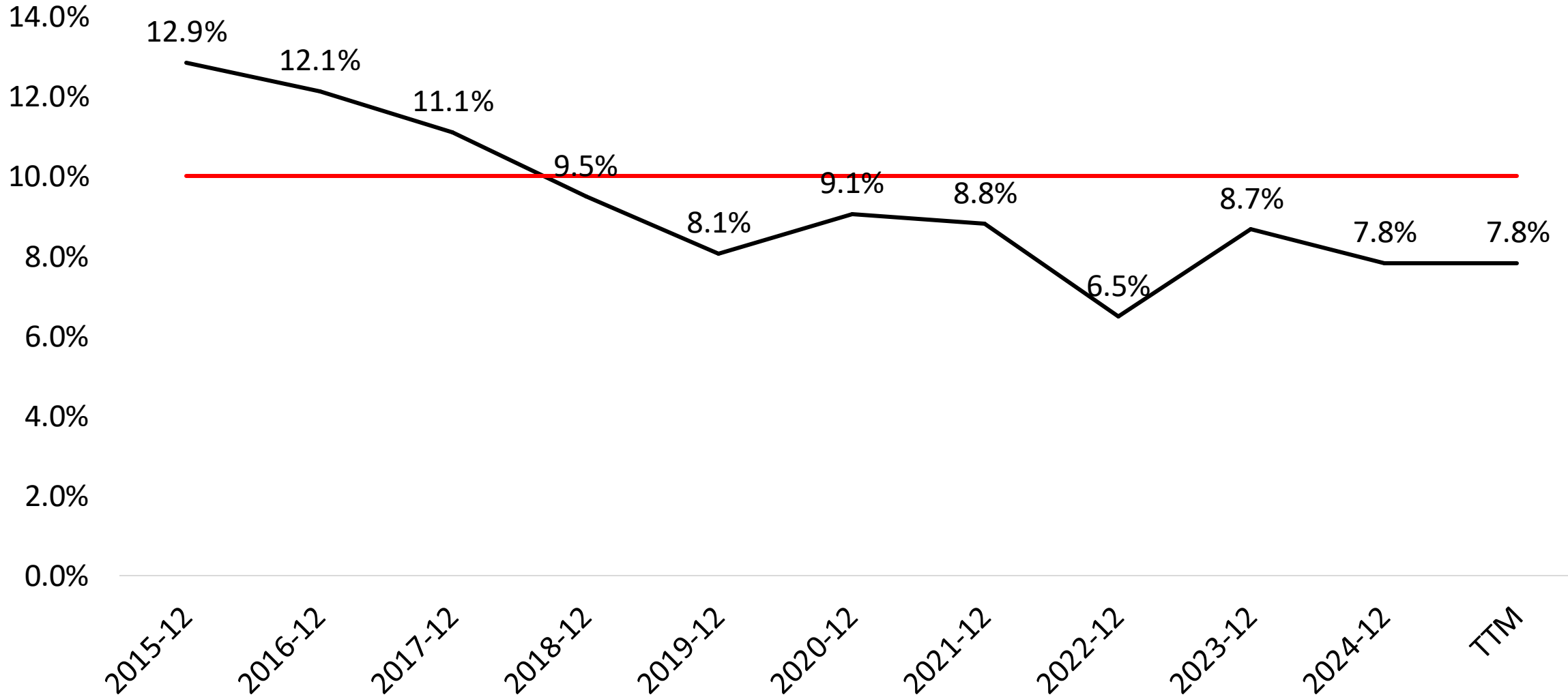
Operating Margin



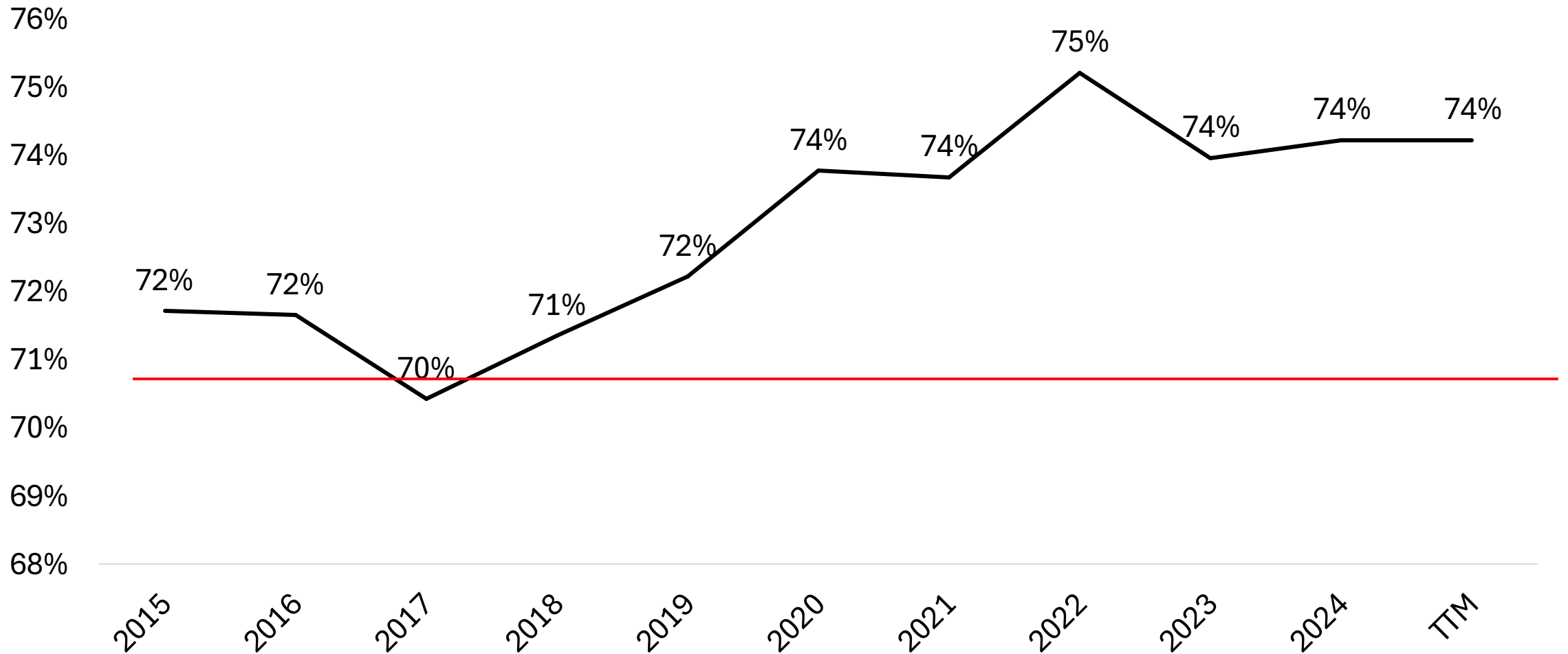
Net Margin



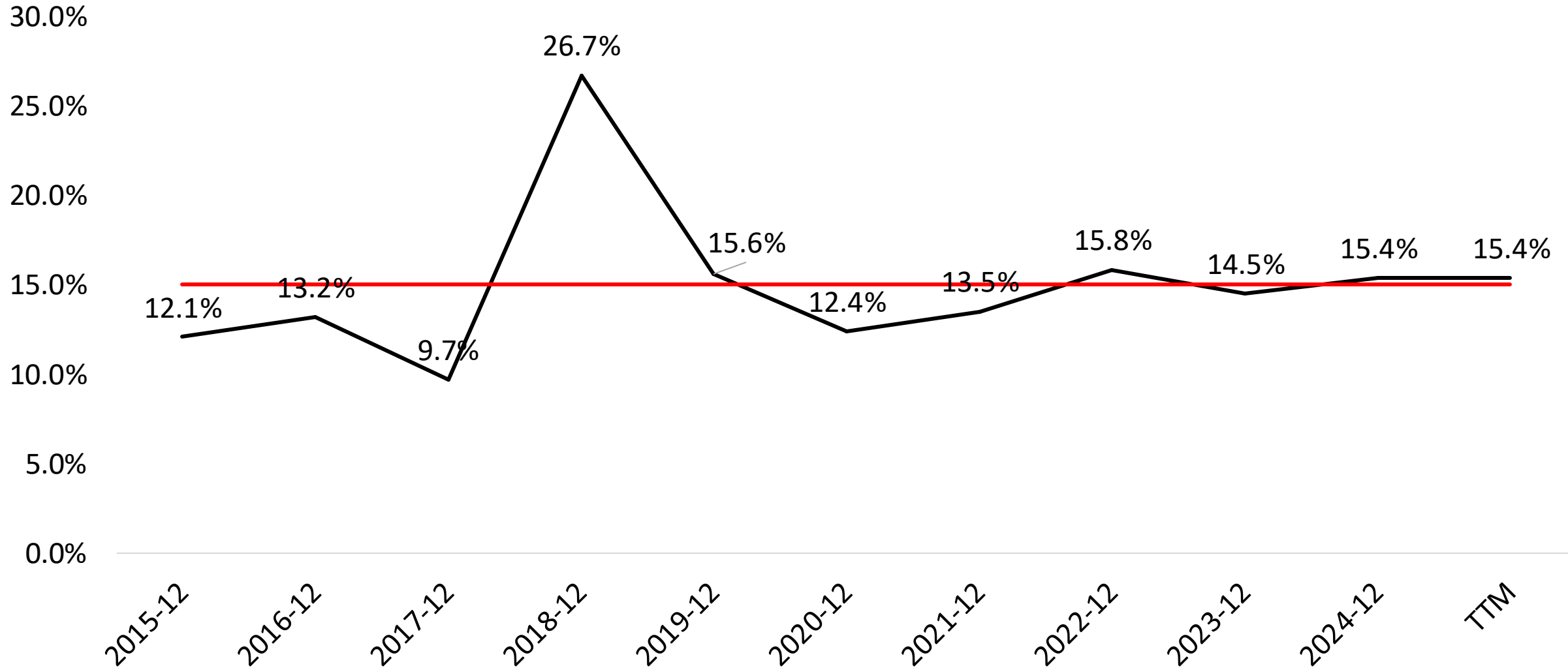
Free Cash Flow Margin



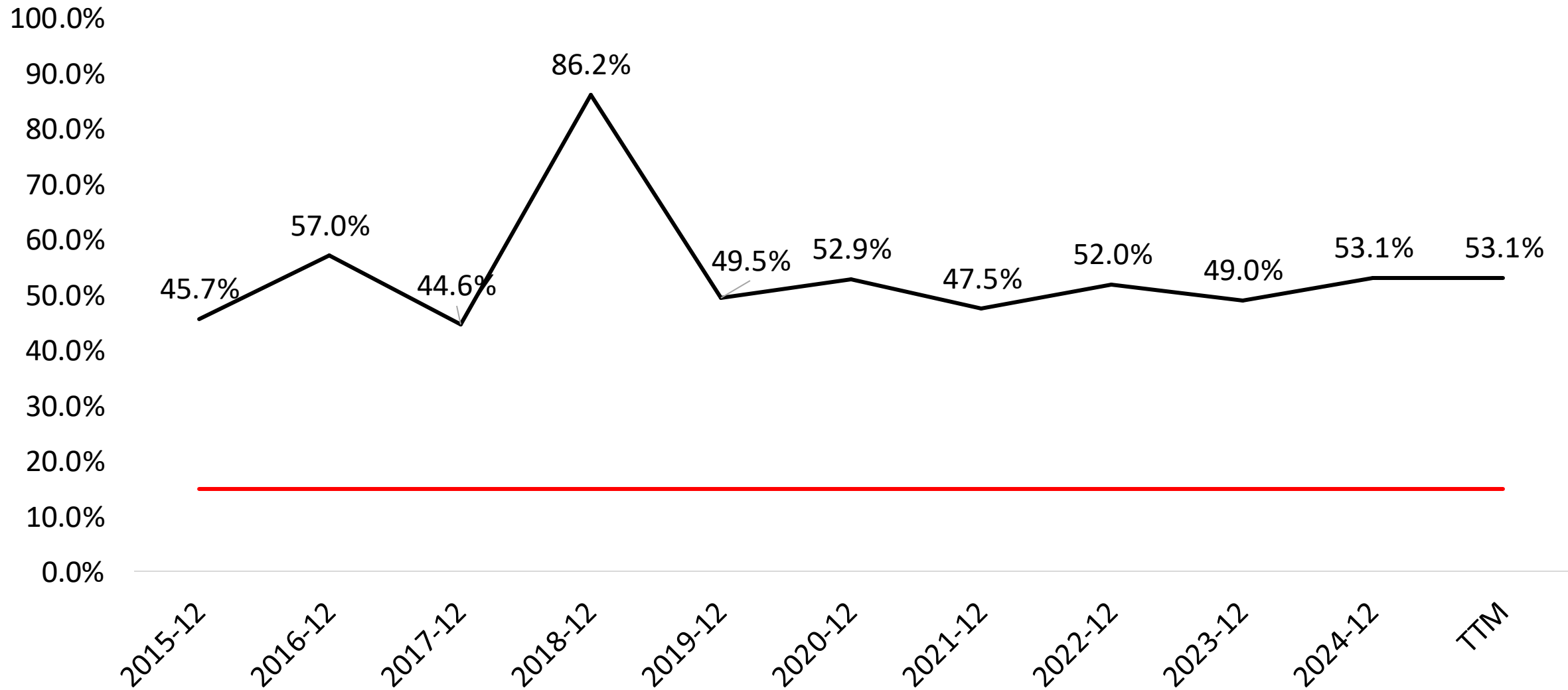
Selling General Admin (SGA) / Gross Profit



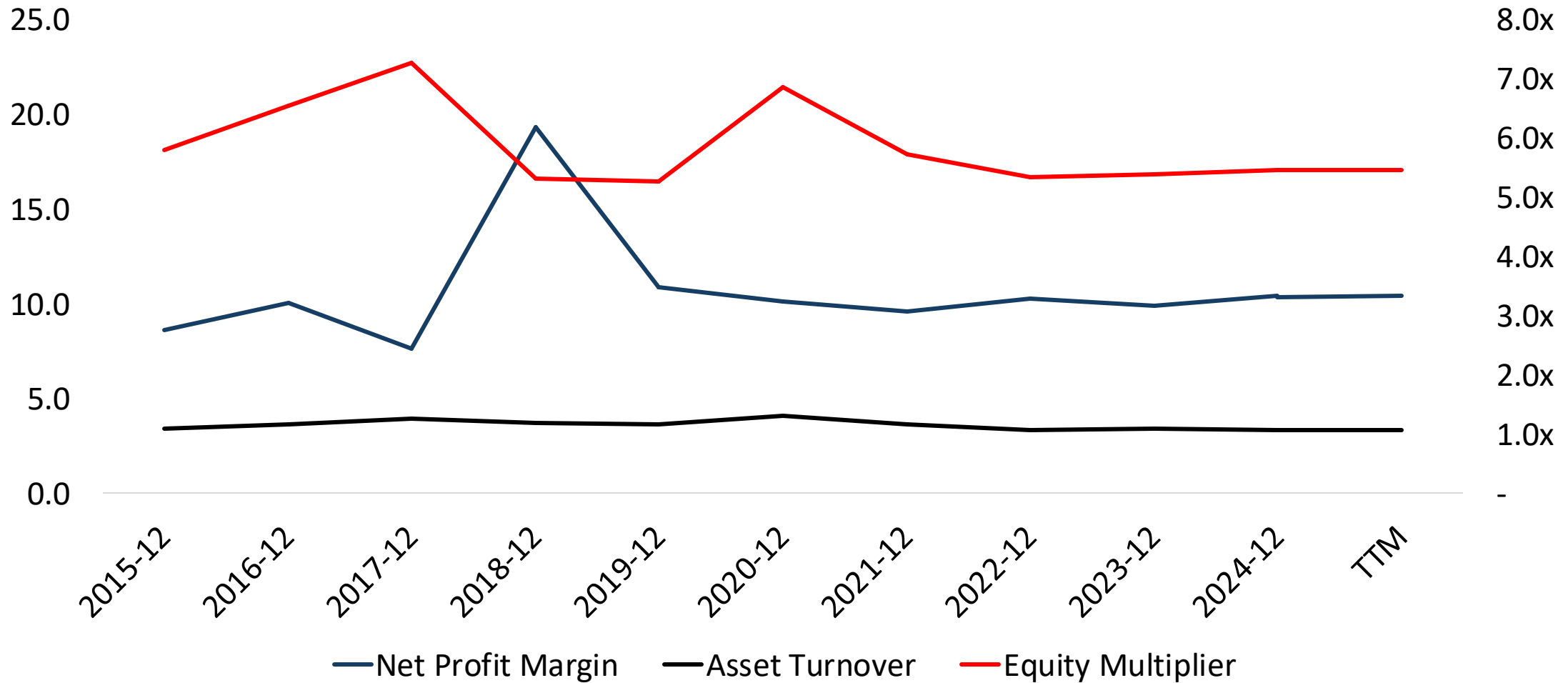
Return on Capital



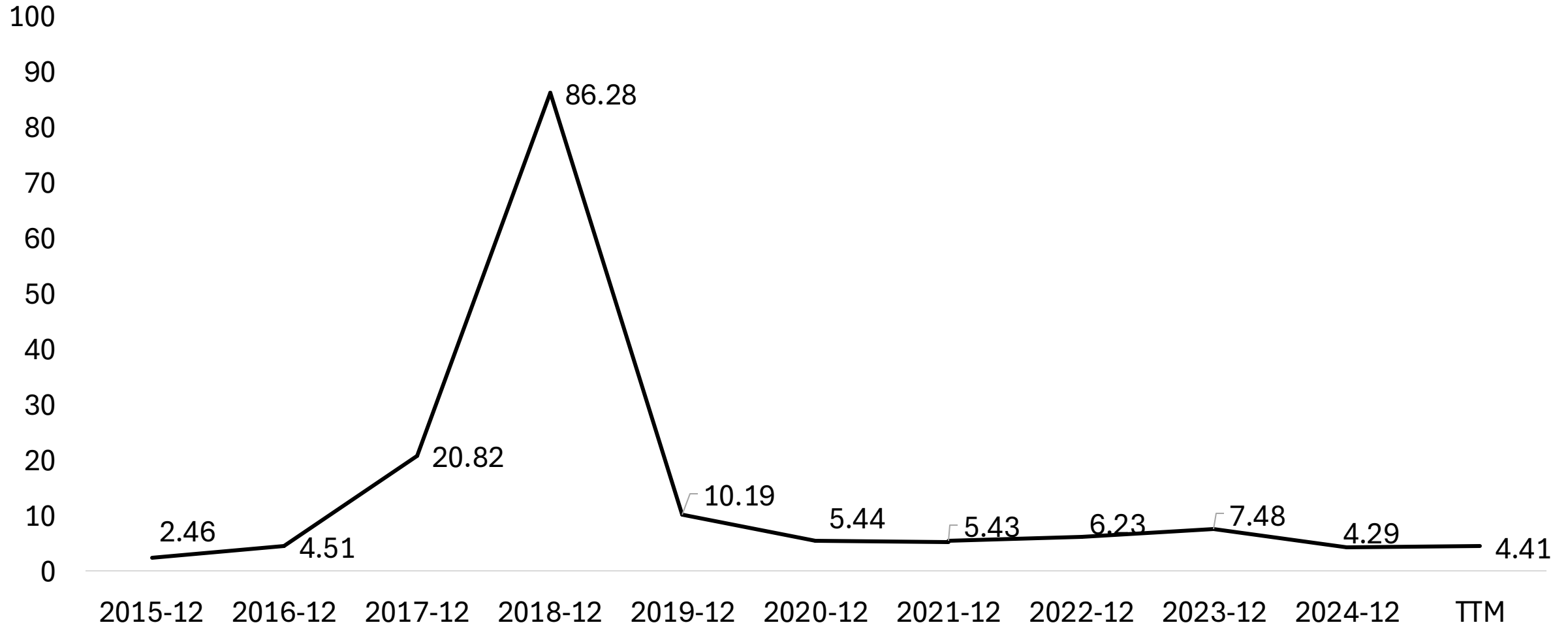
Return on Equity



DuPont Analysis



PEG Ratio



Obligation Ratio



Item	Amount
(+) Long-Term Debt	\$37,224 (Million)
(+) Short Term Debt	\$7,082 (Million)
(+) Preferred Stock	0
(+) Pension Funding Shortfall	0
(+) Annualized Leases *	\$4,494 (Million)
(-) Cash	\$8,505 (Million)
(/) TTM Net Income	\$9,578 (Million)

Obligation Ratio=4.2 Years <5years



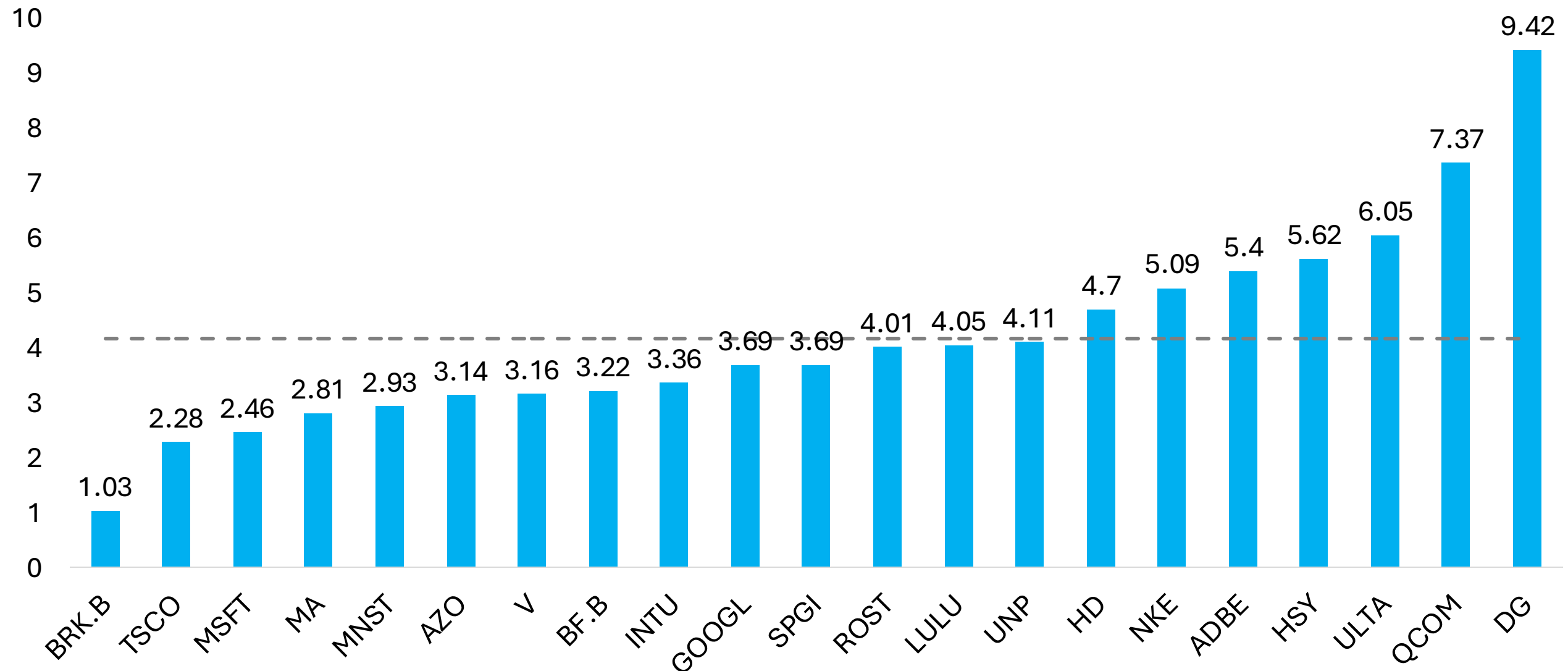


Intraportfolio Analysis

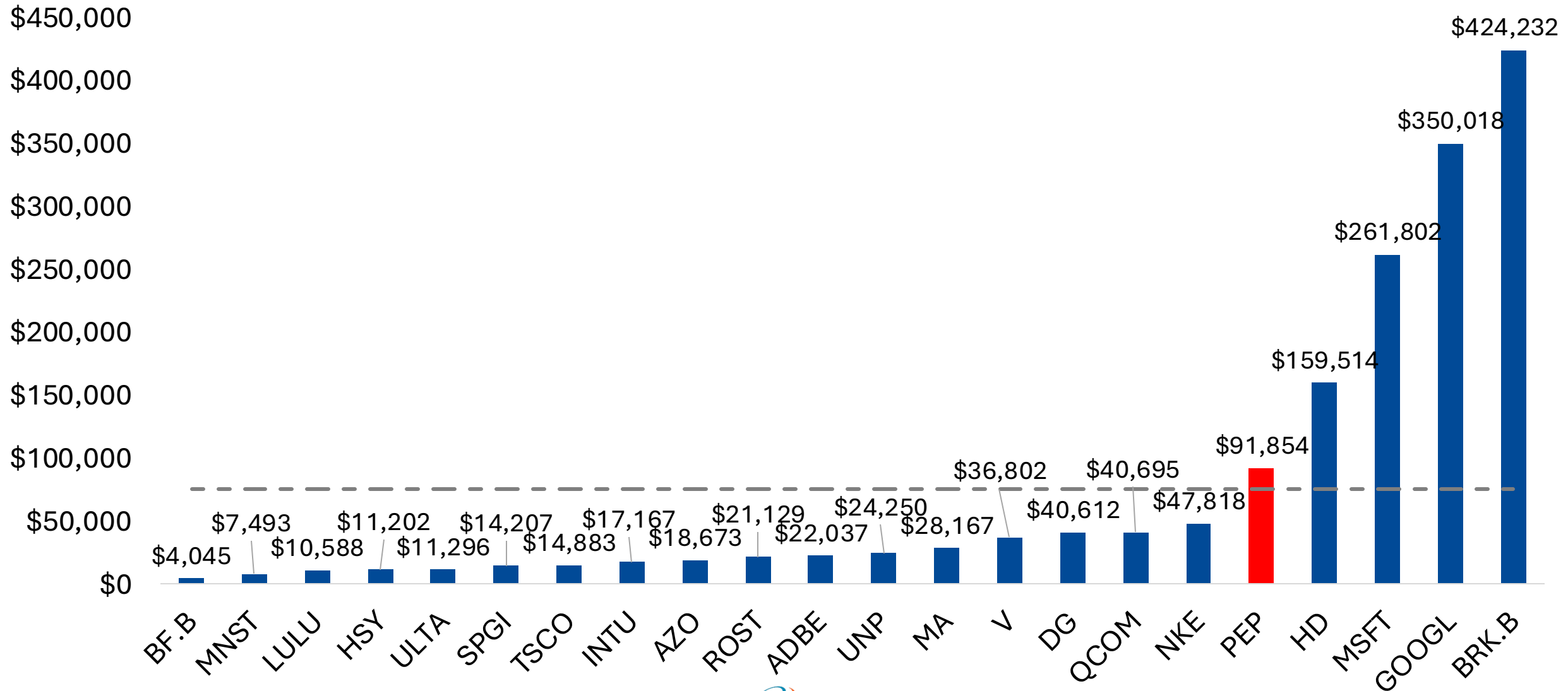
Justin T. Perry



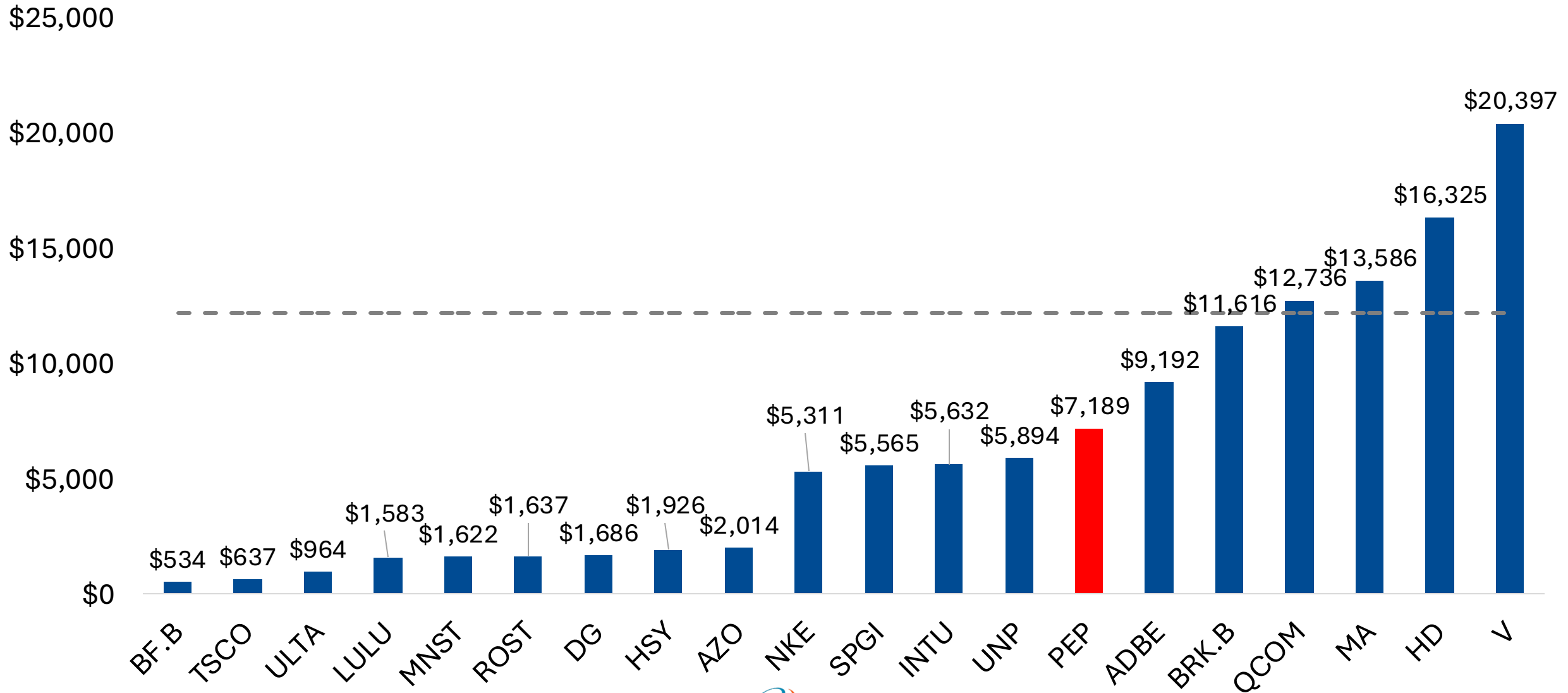
Intraportfolio Analysis (Example)



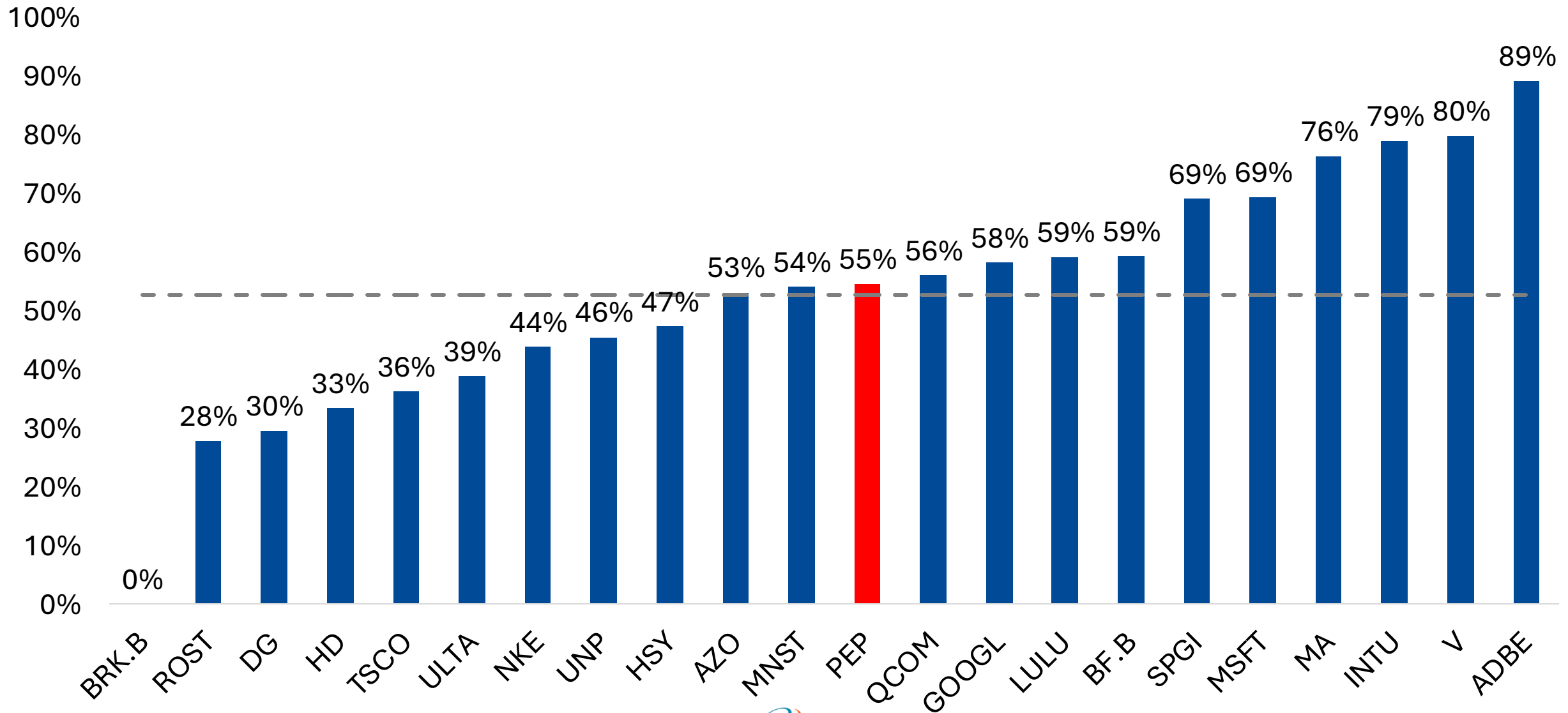
Revenue (In Millions)



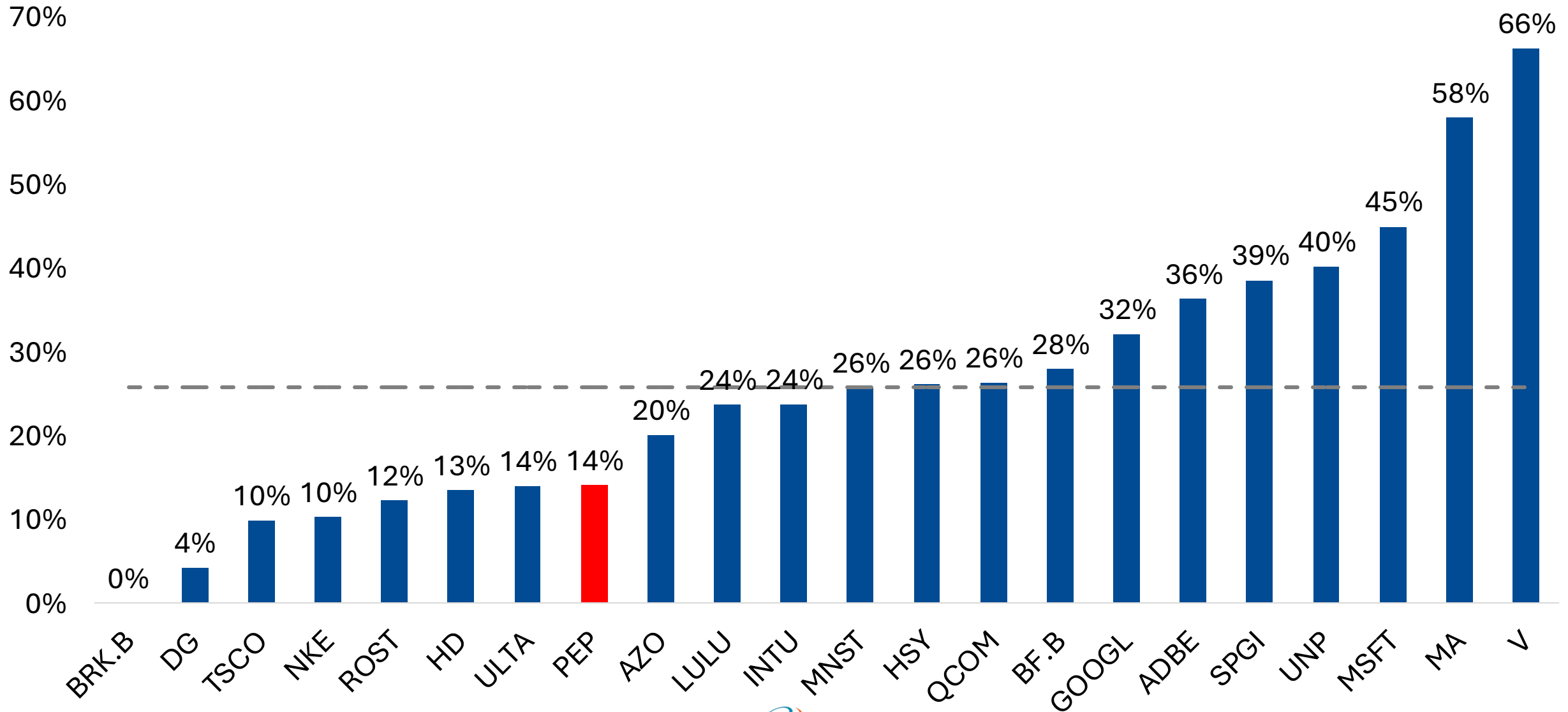
Free Cash Flow (In Millions)



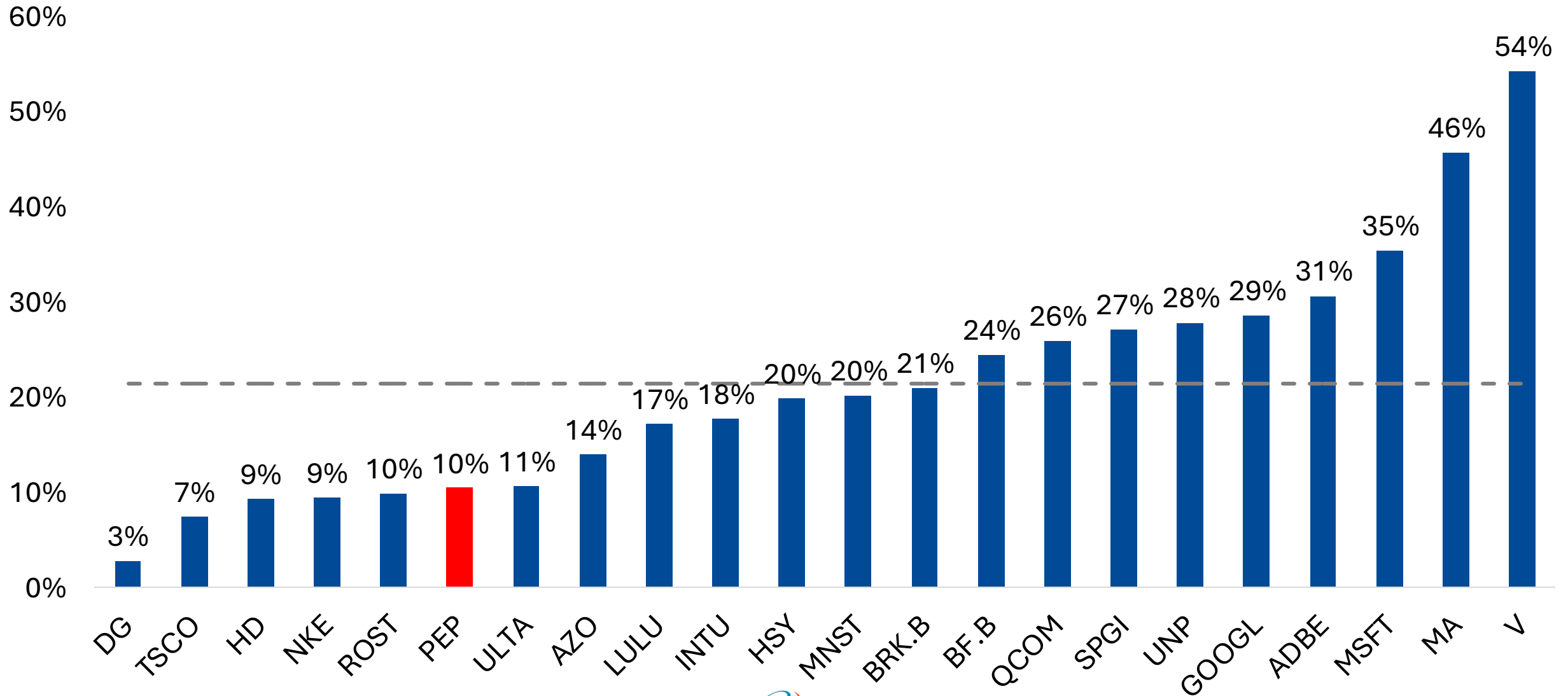
Gross Margin %



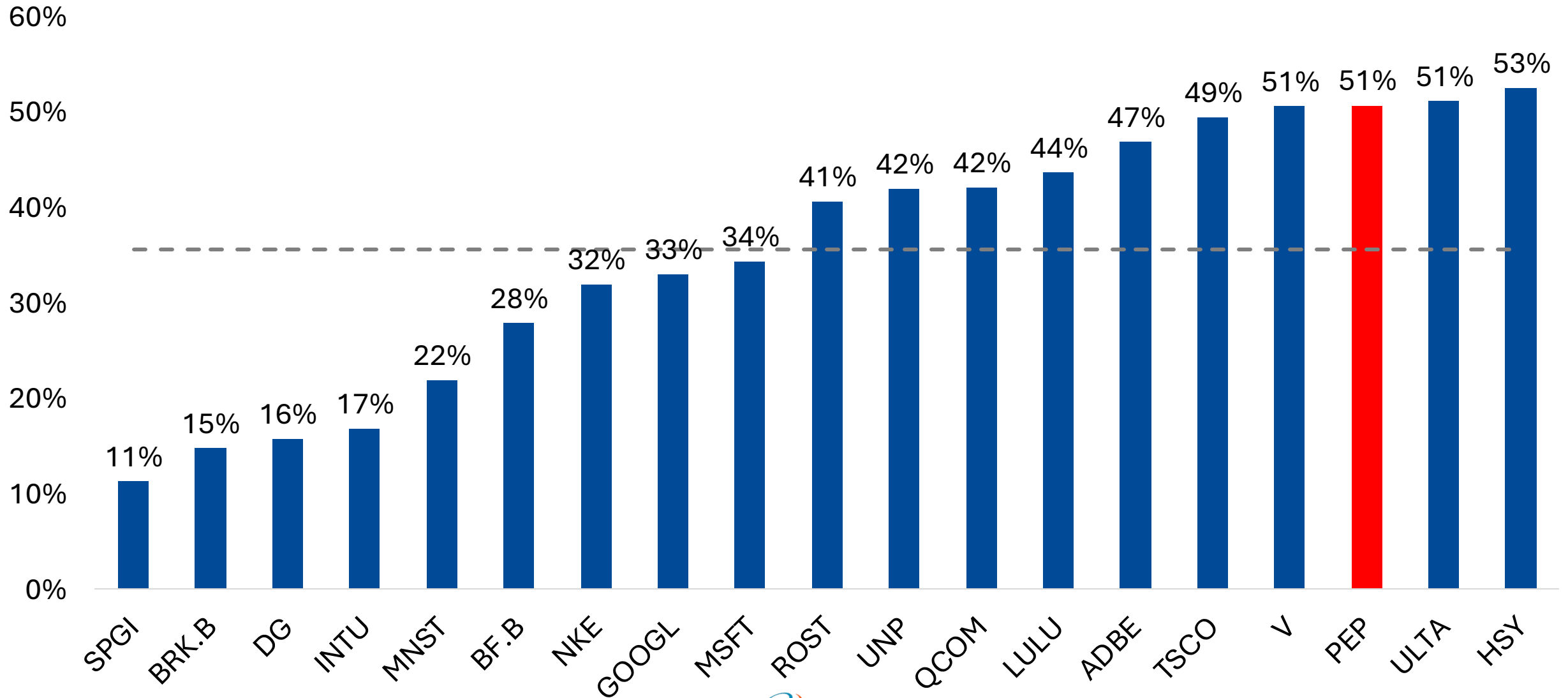
Operating Margin %



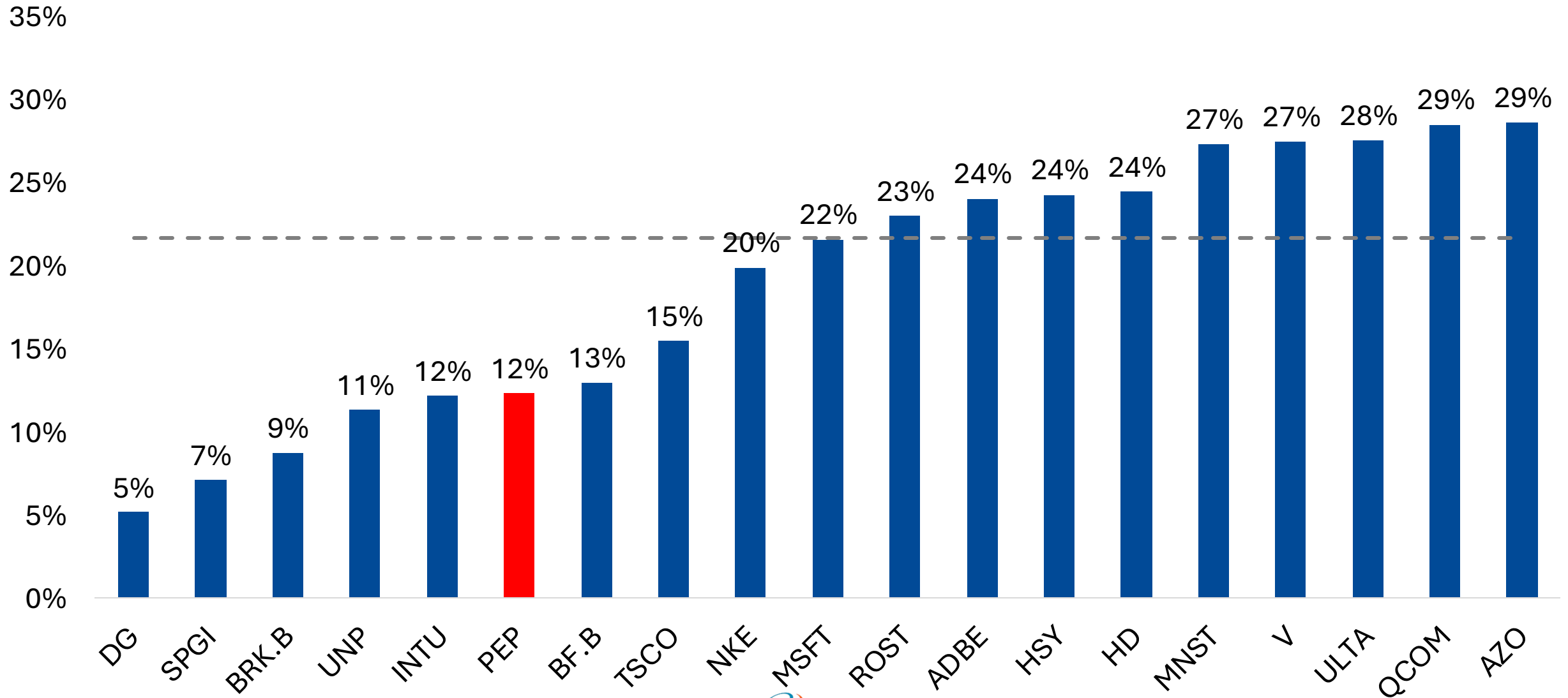
Net Margin %



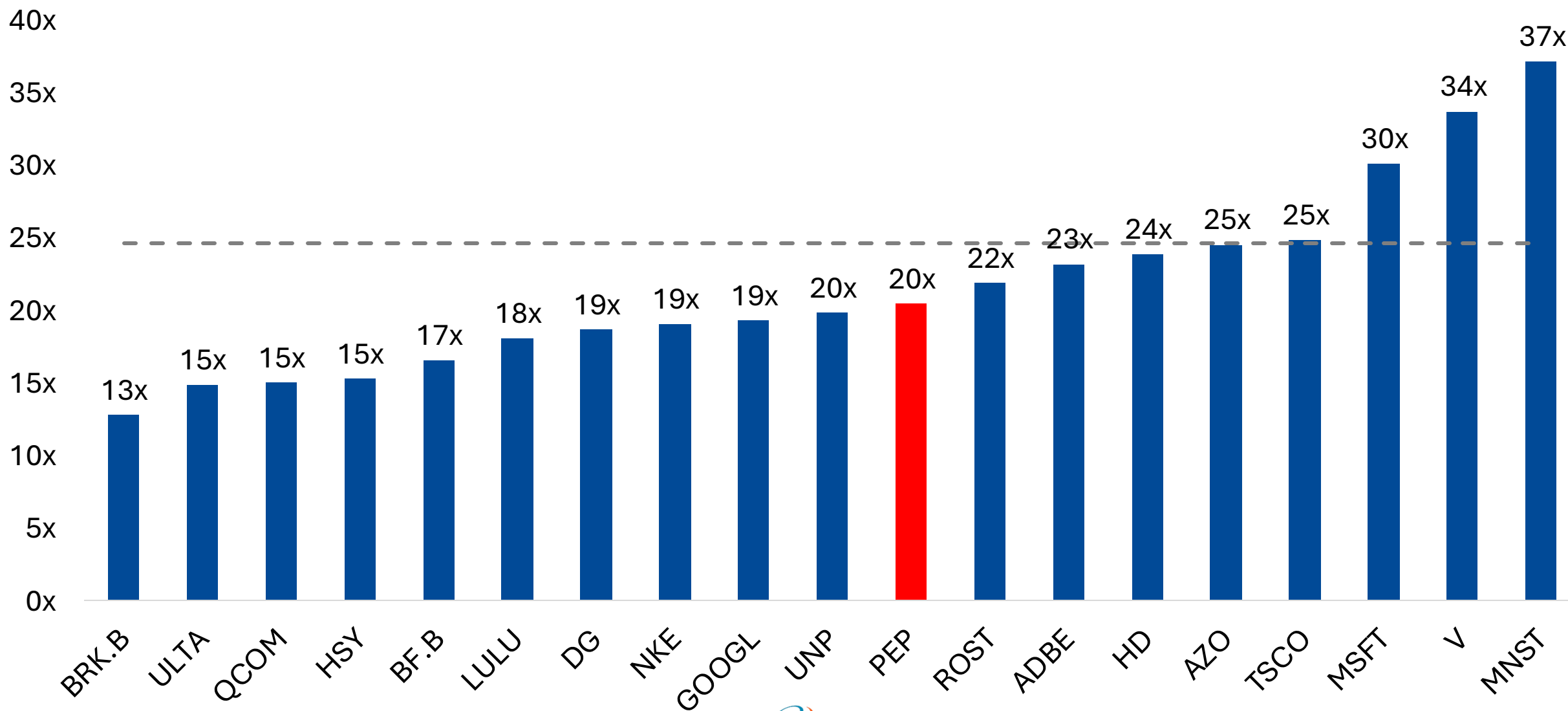
Return on Equity %



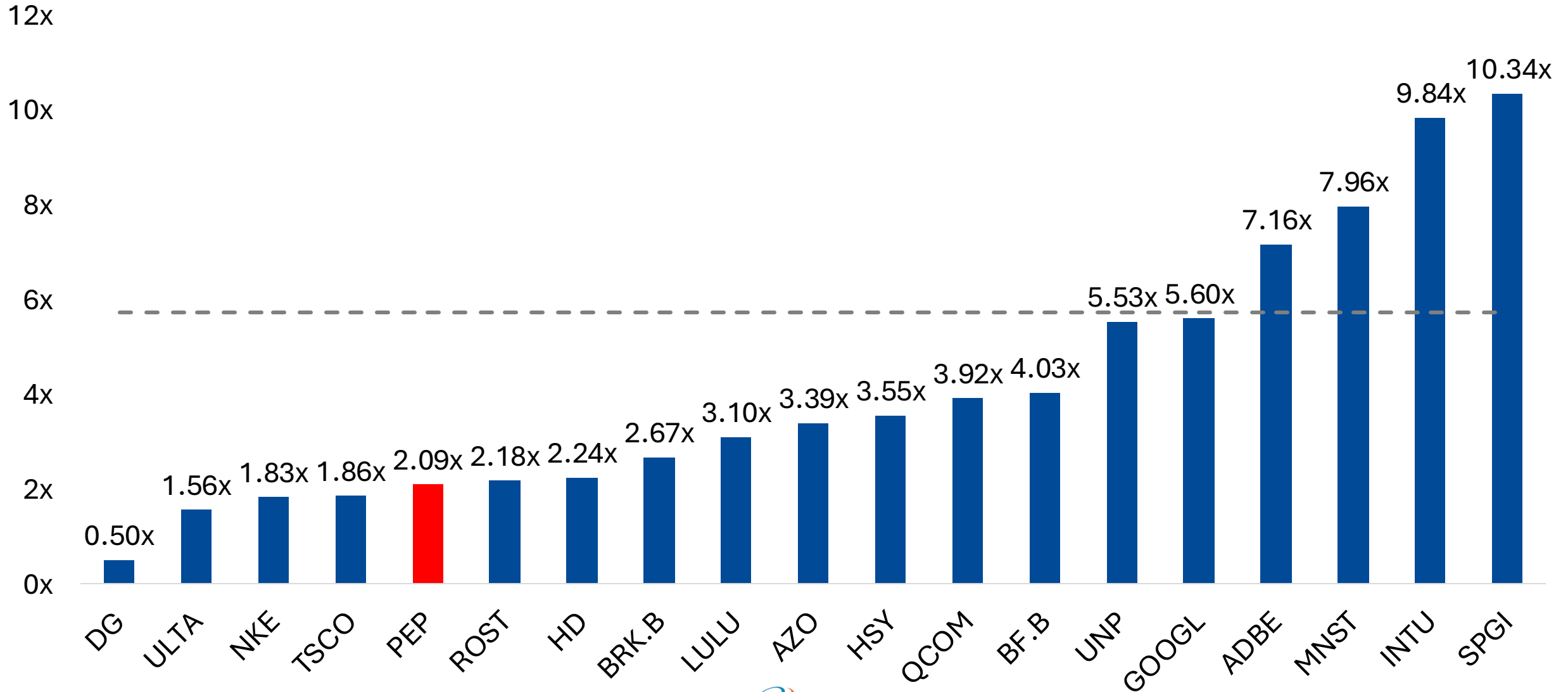
Return on Invested Capital %



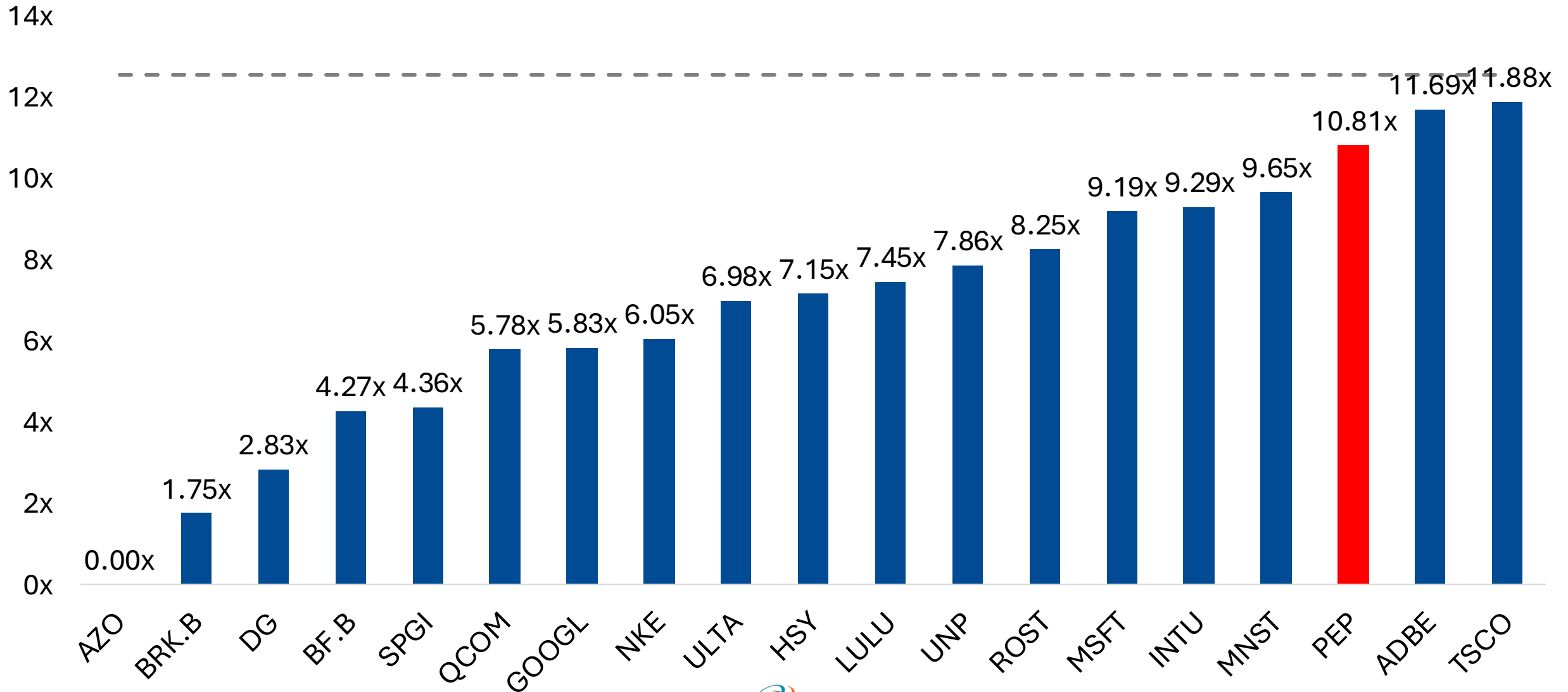
Price to Earnings



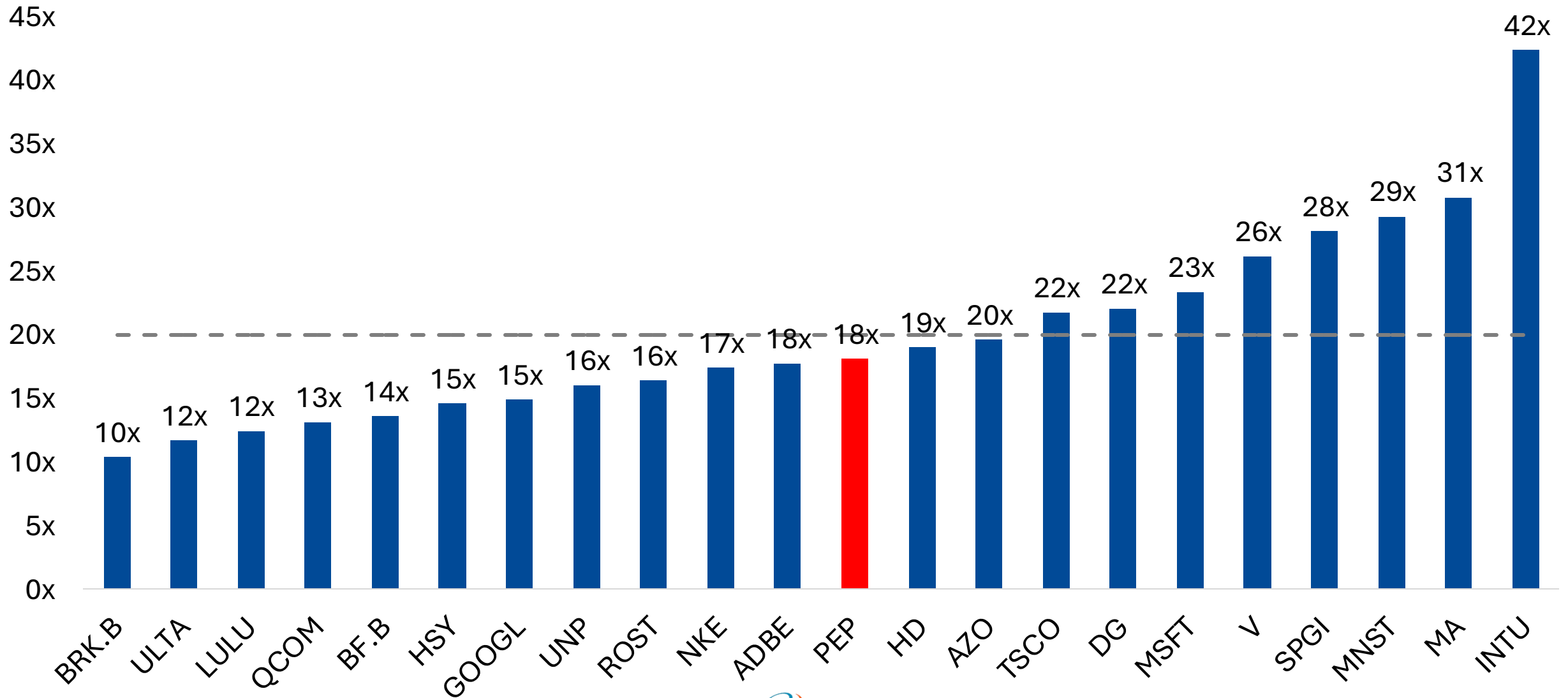
Price to Sales



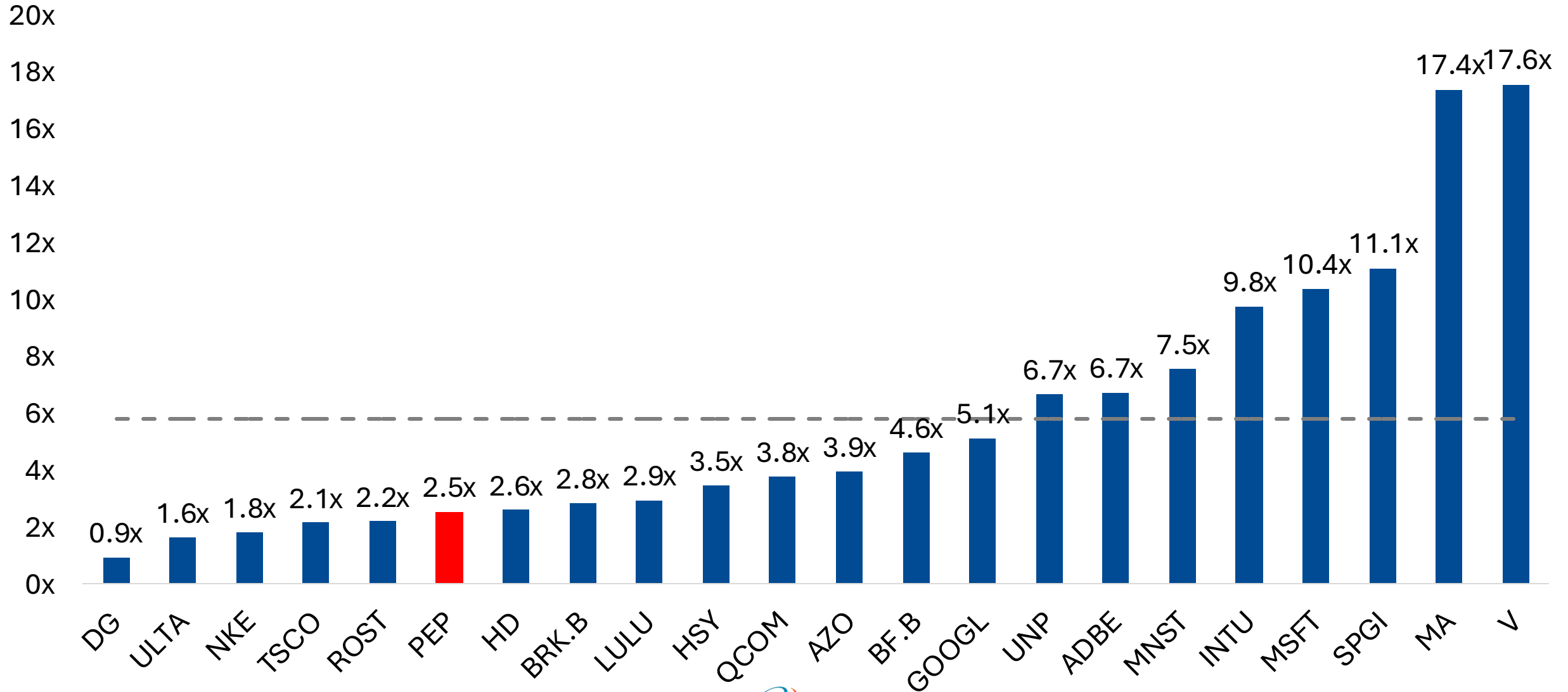
Price to Book Value



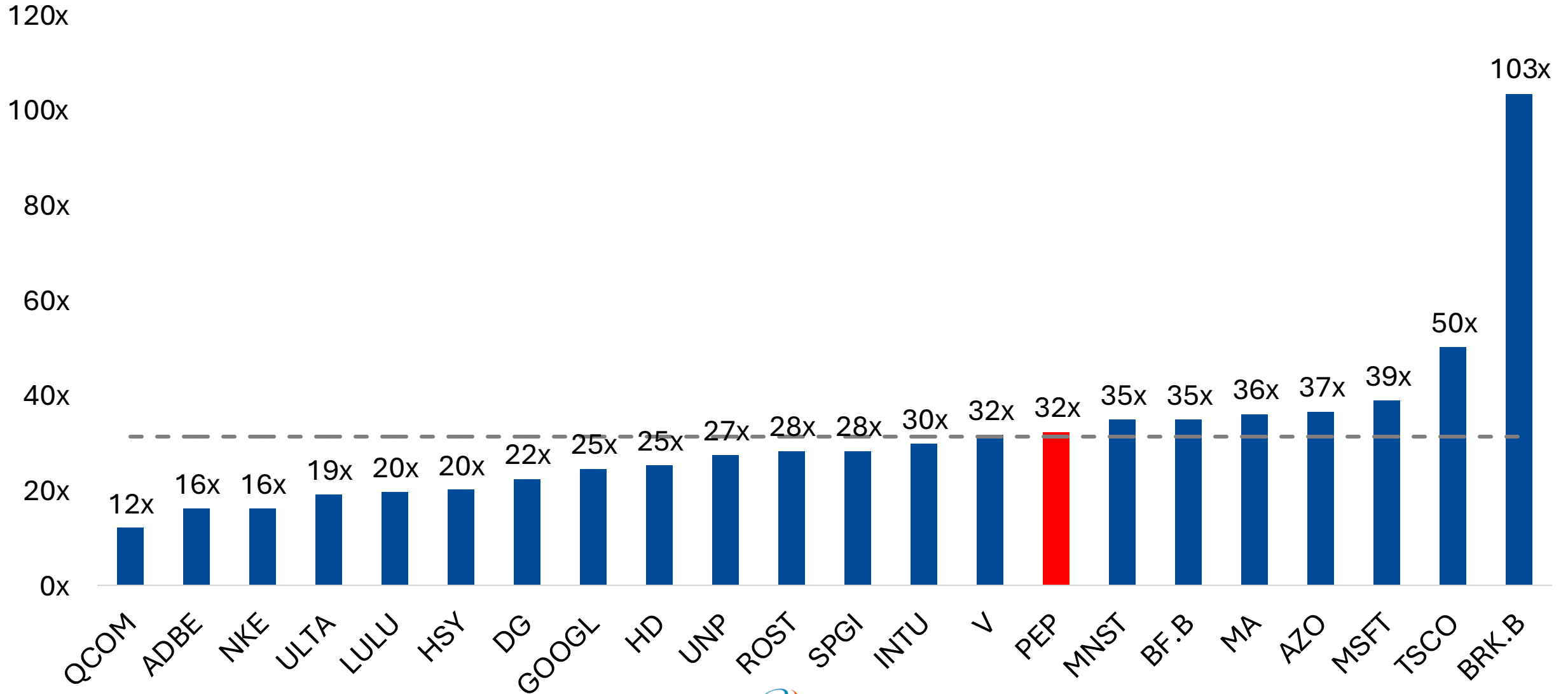
EV to EBIT



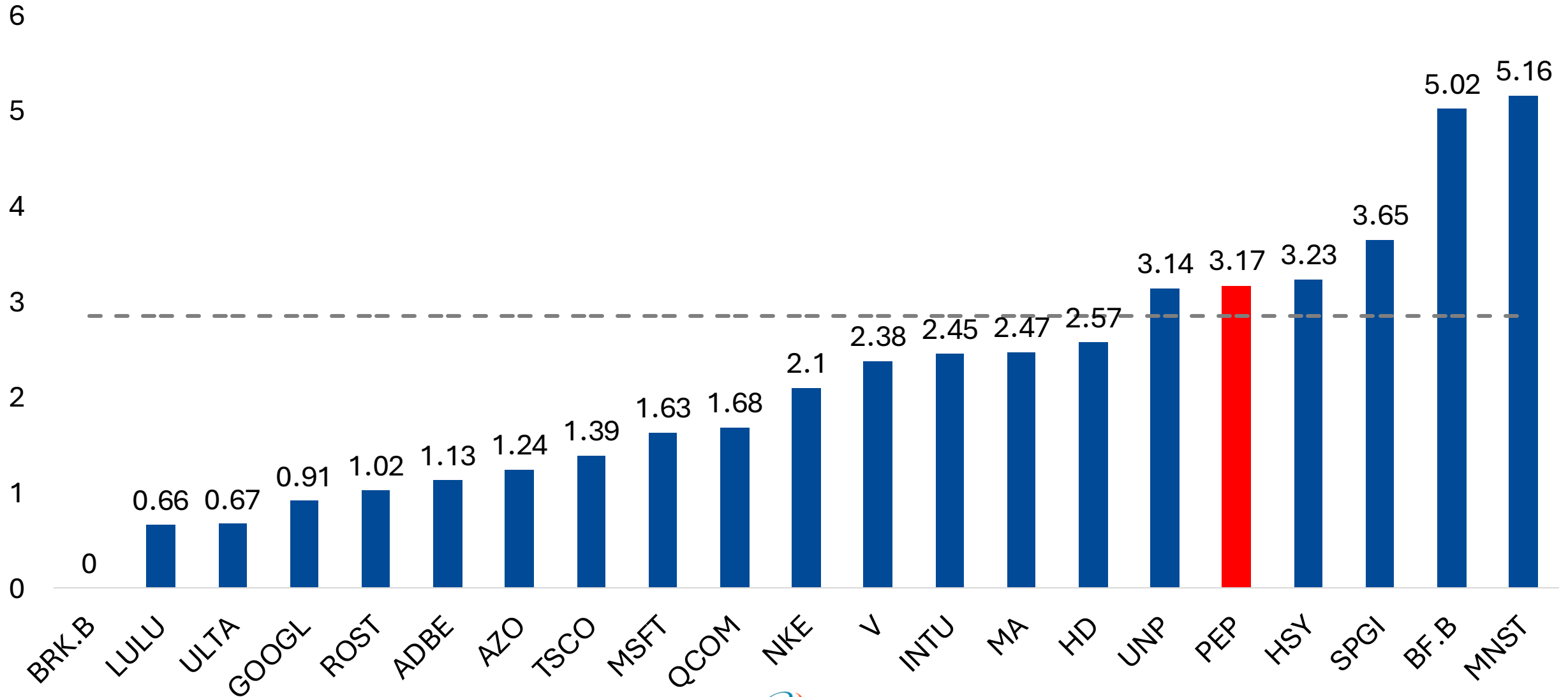
EV to Revenue



EV to Free Cash Flow



PEG Ratio





MOAT

Jenna Lindemann

Economic Moats



Economies
of Scale

Intangible
Assets

Switching
Costs



Economies of Scale



Pricing & bargaining power

- This accelerates their own product commercialization leading to maximizing profitable share gains in new and existing categories

International manufacturing and distribution

- This enables them to attract desirable partners to license their brands to the firm's distribution platform, adding to its scale and distribution
- End to end supply



Shipping Cost Advantages



- **Direct Store delivery network**

- Reduce cost of shipping by eliminating middleman
- PepsiCo owns delivery trucks and employs drivers to stock shelves at venues
- Control over product placement and inventory
- Main distribution route

- **Customer Warehouse Delivery**

- Products delivered to a retailer's distribution center
- Lower cost and efficient for bulk items
- Most beverages



Shipping Cost Advantages



- **Third-Party Distribution**

- For rural/smaller areas, extends outreach
- Independent distributors buy product and handle the delivery
- Foodservice and vending businesses distributes beverages and convenient foods to restaurants, businesses, schools and stadiums through third-parties.

- **E-commerce & Direct- to –consumer**

- Specialty items, bundles, exclusive products
- Using company owned websites, 3rd party websites, and mobile app, Pepsi ships products to customers



Intangible Assets



- Customer have a taste preference and emotional connection to food and drinks offered by Pepsi Co
- Household name brand loyalty



Patents and Trademarks



- PepsiCo has a total of 13897 patents globally, out of which 9024 have been granted. The United States of America is where PepsiCo has filed the maximum number of patents, followed by Europe (EPO) and Canada. In addition, PepsiCo has **2,785** trademark applications. Globally 5,161 patents and in the US 1,177 patents.
- Patent Ex- AI that detects water leaks in factories



Market Share



- #1 in snacks with \$242 Billion and 23% market share
- #2 in non-alcoholic beverages
- Gatorade 30% volume share in sports category per Euromonitor
- 10% volume share in energy drinks with Rockstar & Mountain Dew
- Sugar is addictive

Data from Morningstar report



Switching Costs



- **Strong Portfolio**

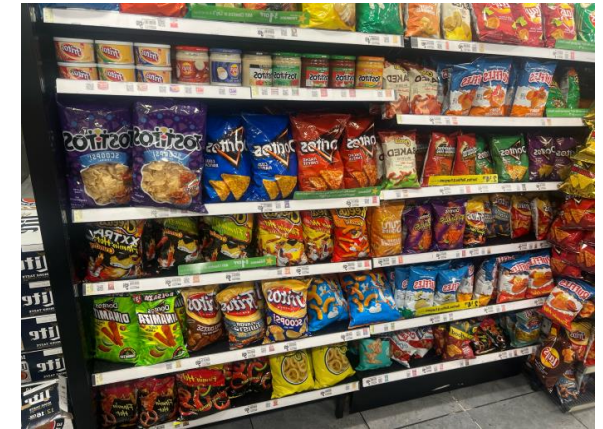
- Top-selling brands that drives traffic & purchase in both the snack and beverage aisles
- Makes PepsiCo an indispensable partner to most retailers from grocers to gas station stores.

- **Placement**

- Massive distributor & manufacturer internationally
- Favorable shelf space because of distribution

- **Partnerships**

- Attract partnerships through strong international presence
- Distribution Partnerships: Dr Pepper, Starbucks, Unilever, Celsius



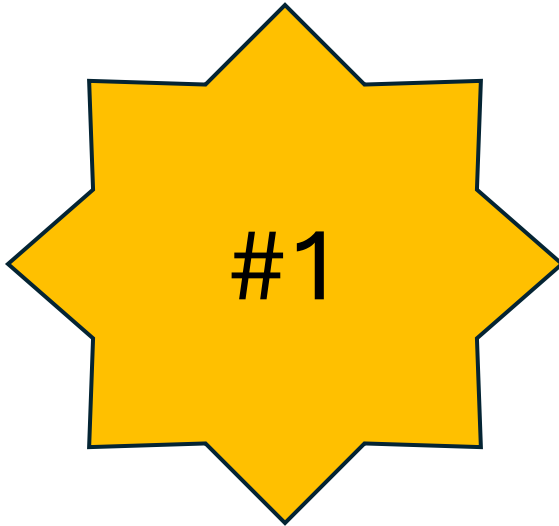


Competitor Analysis

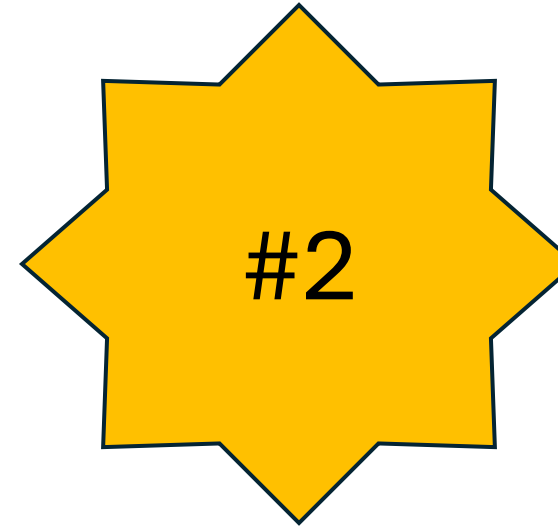
Ryker Purdy



Pepsi's Ranked Among Peers



Global Savory Snacks Market



Beverage Provider



Pepsi & Coke (Duopoly in CSD)

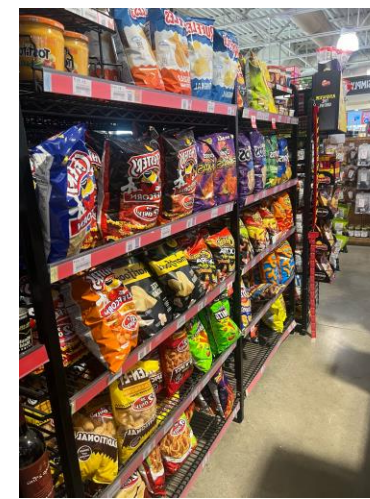


- Mutual brand amplification
- Non-price rivalry
- Creates barriers to entry

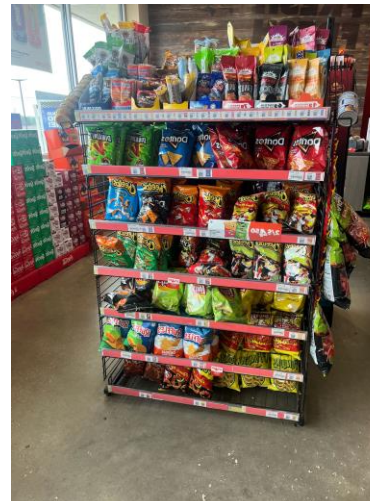
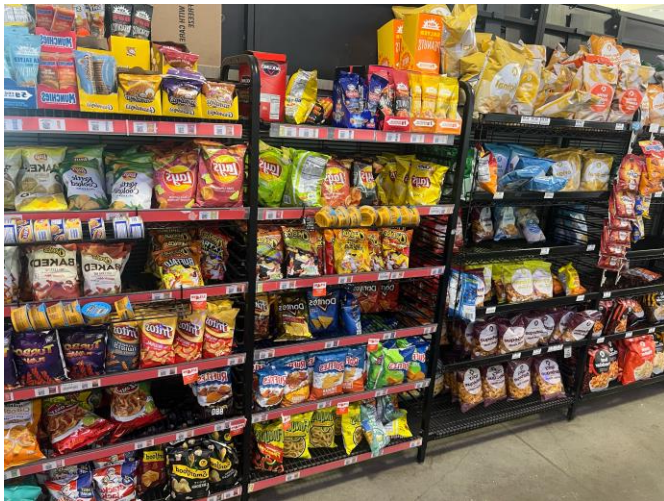
THINGS MADE* BY  PEPSICO	THINGS MADE BY THE <i>Coca-Cola</i> COMPANY
	
	
	
	
	
	
	



Salty Snack Section % by Brand



**Share of Visible Front-Row Facings:
70% PepsiCo/Frito-Lay**



PepsiCo Inc in Snacks

Global Company Profile • Feb 2025

PepsiCo is the clear leader in the global snacks market, holding a particularly strong position in savoury snacks. The company continues to innovate and make strategic acquisitions, as seen with the recent announcement of its...

[PepsiCo Inc](#)

[Sweet Biscuits, Snack Bars and Fruit Snacks](#)

Add to cart

USD 650



Percentages by Category of Different Beverage Brands



Water / Juice Coolers

Pepsi: ~20%

(e.g., Aquafina, Naked, Tropicana, Propel)

Carbonated Soft Drinks/Sports Drinks

PepsiCo: ~30%

(Pepsi, Mountain Dew, Gatorade)



Energy Drinks

PepsiCo: ~10%

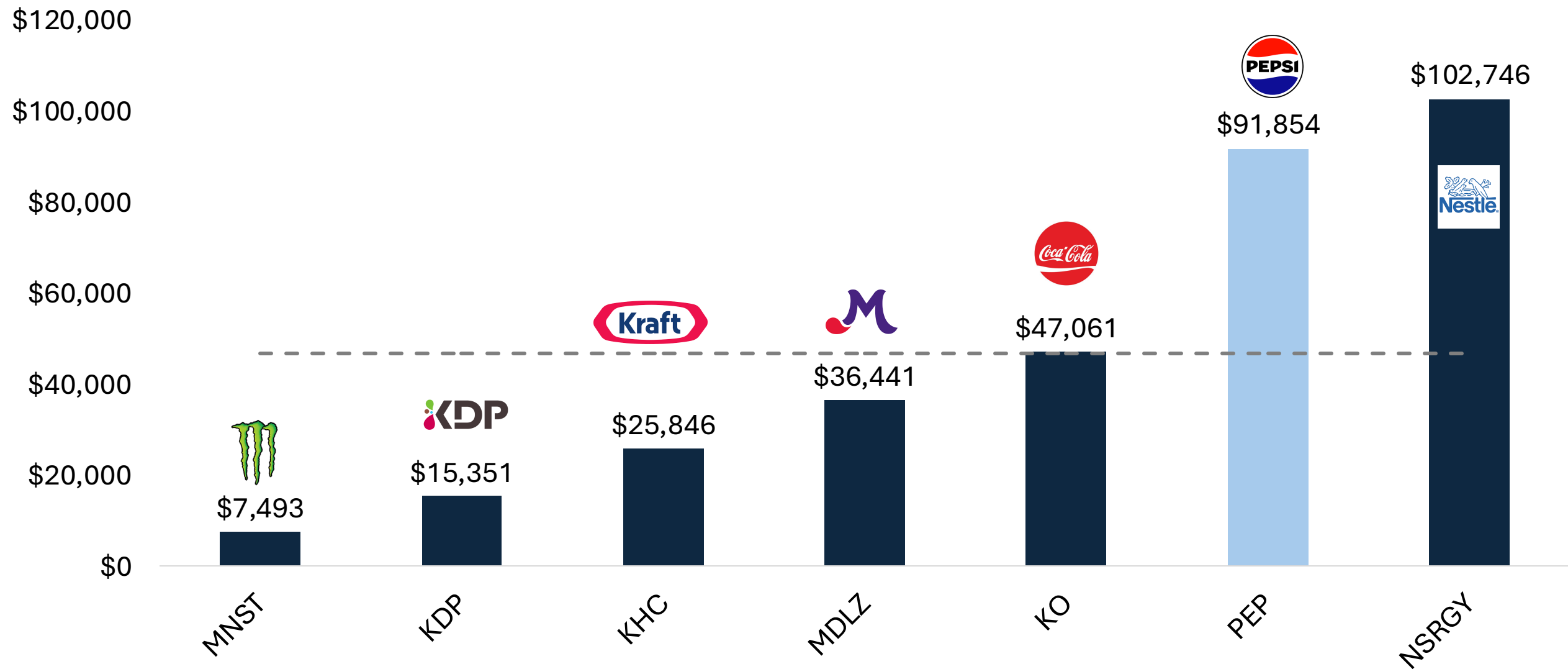
(Rockstar, Celsius)



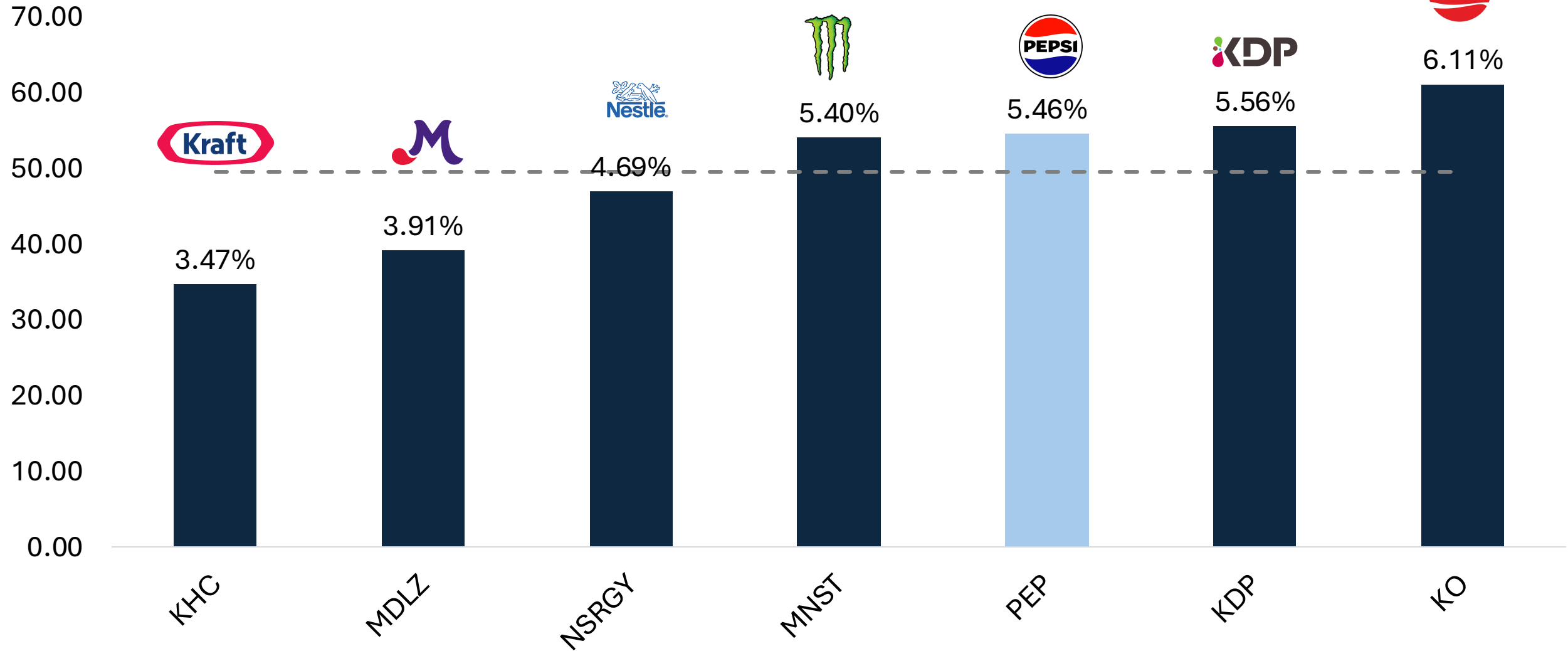
Competitors



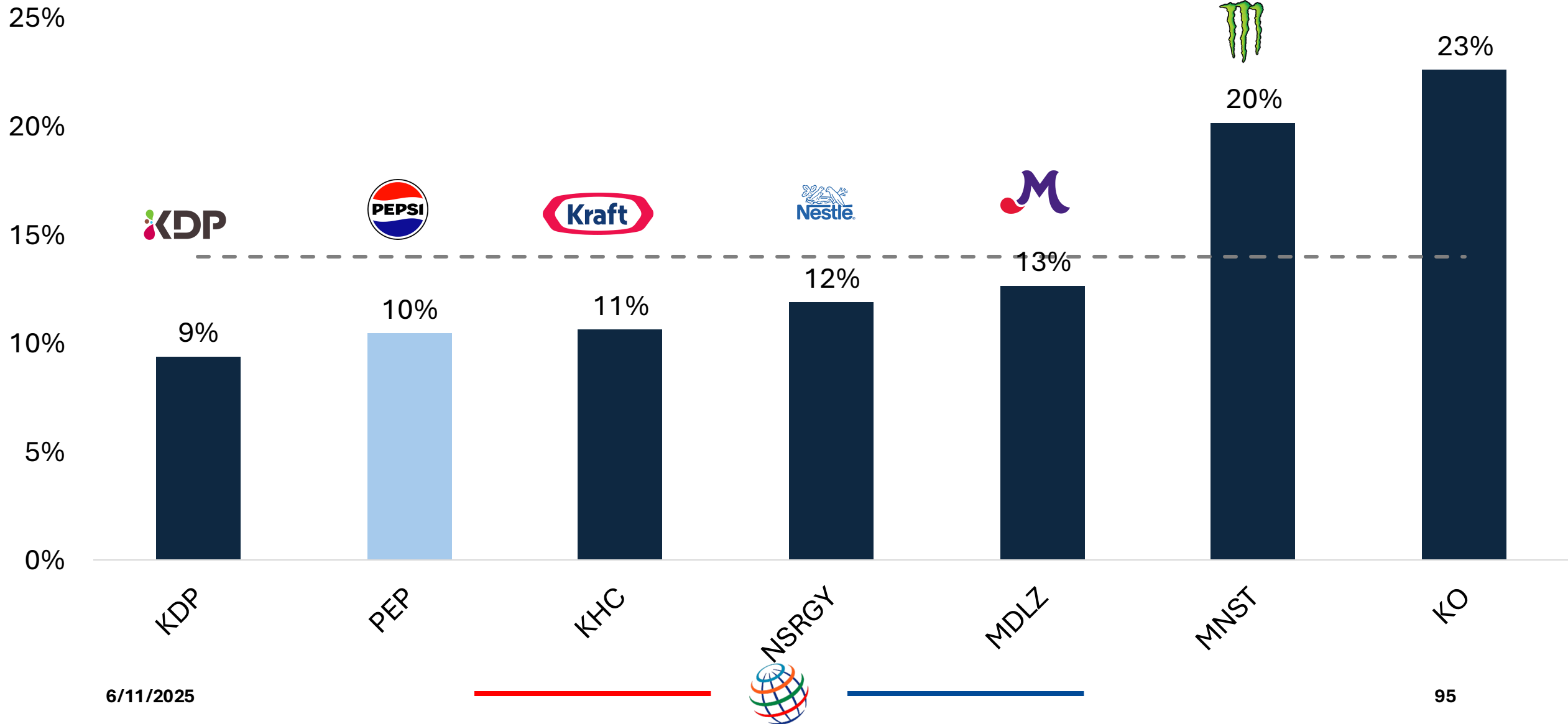
Revenue (in millions)



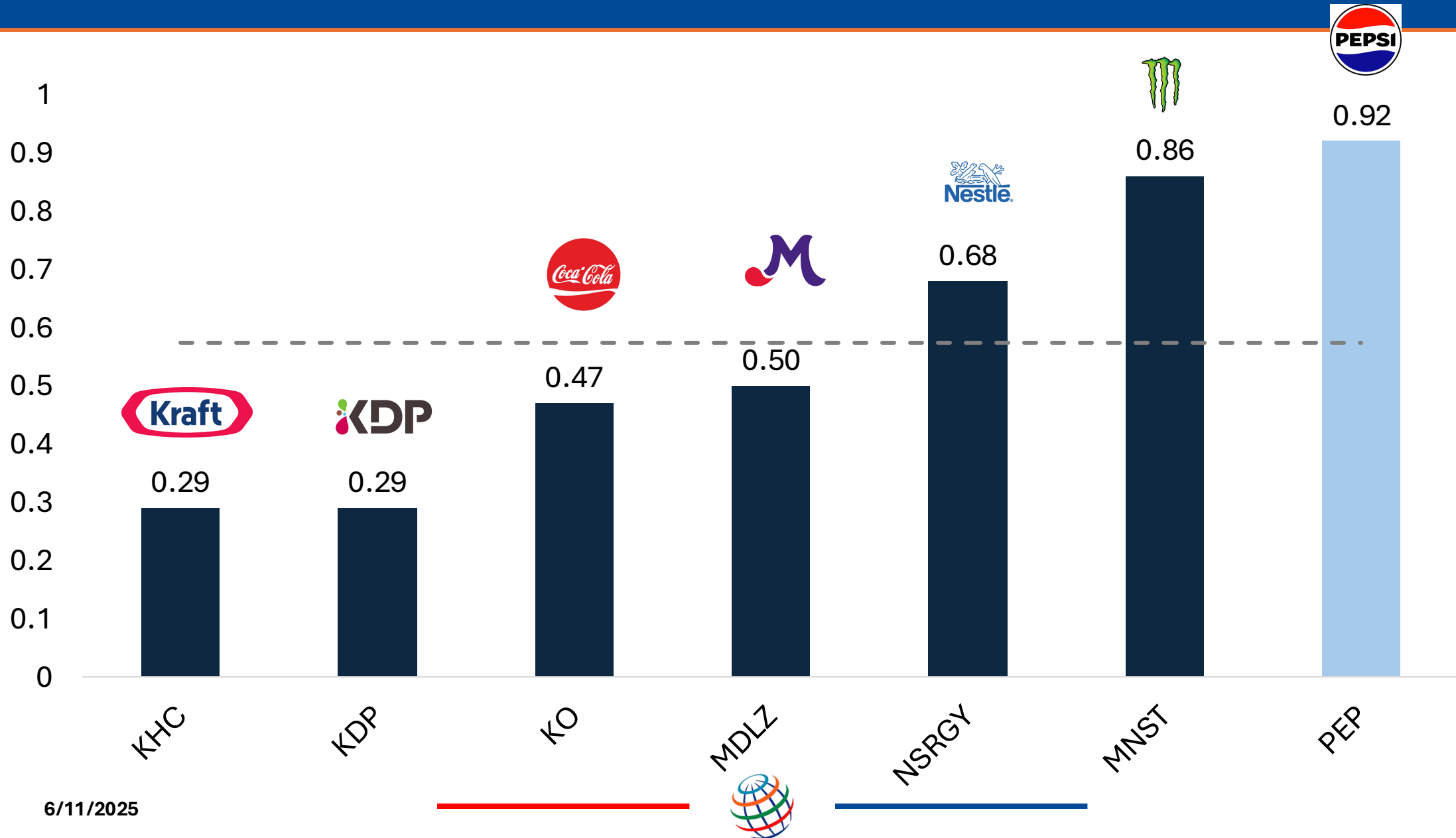
Gross Margin %



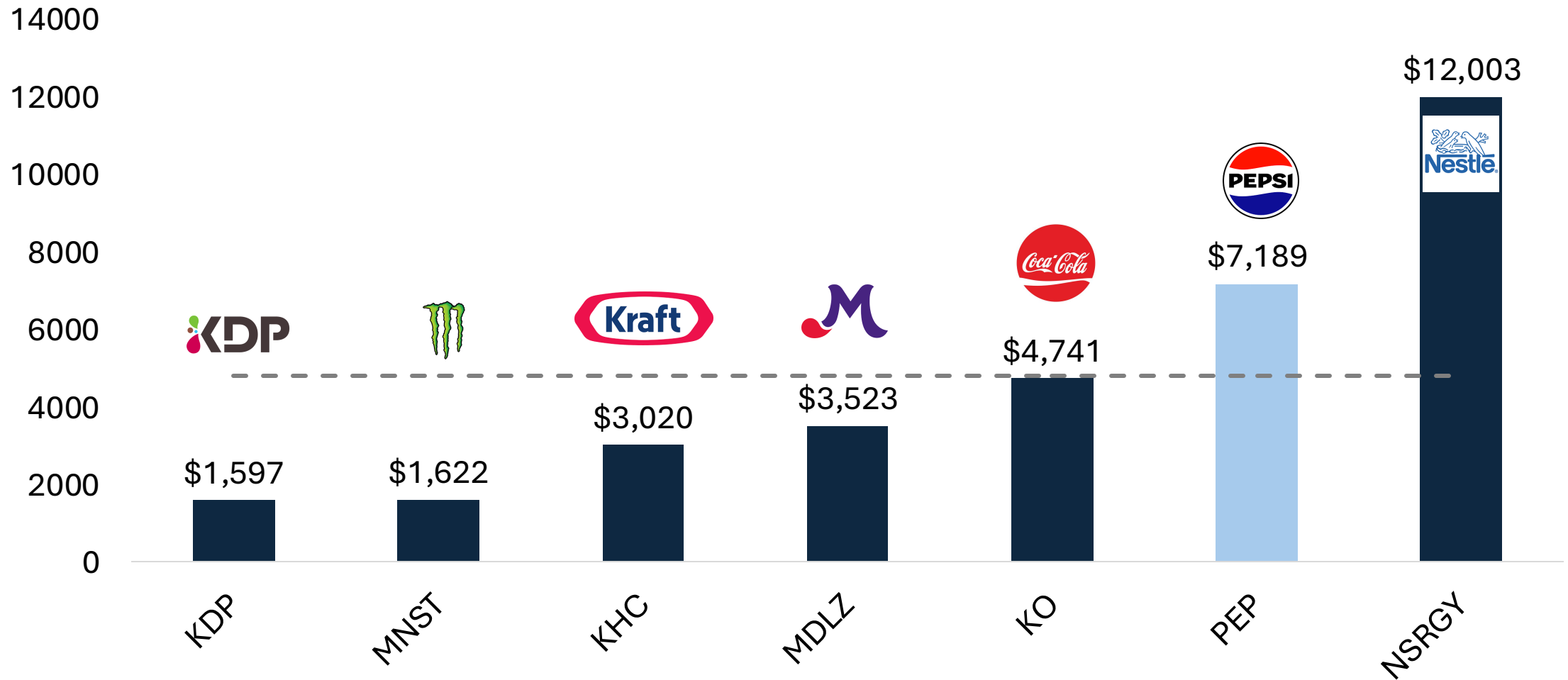
Net Margin %



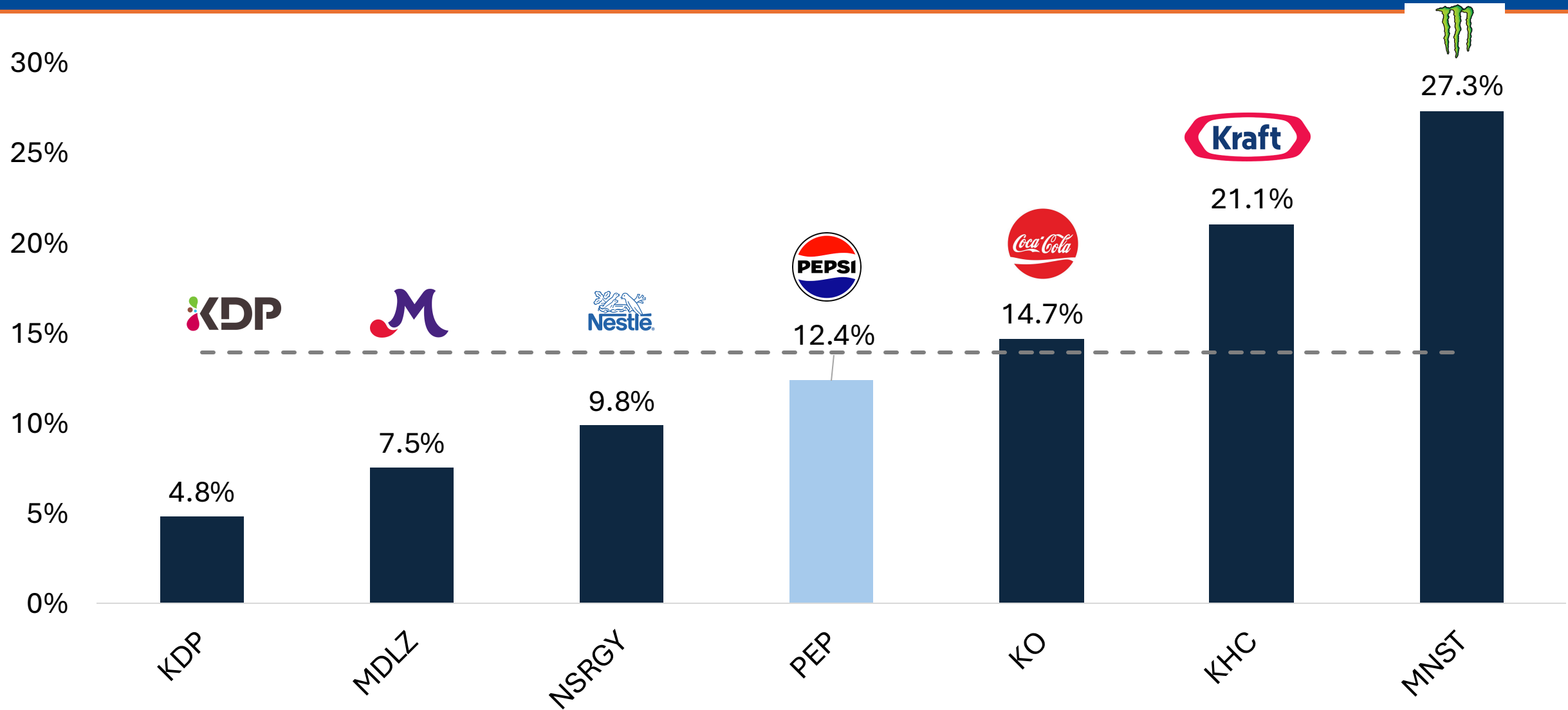
Asset Turnover Ratio



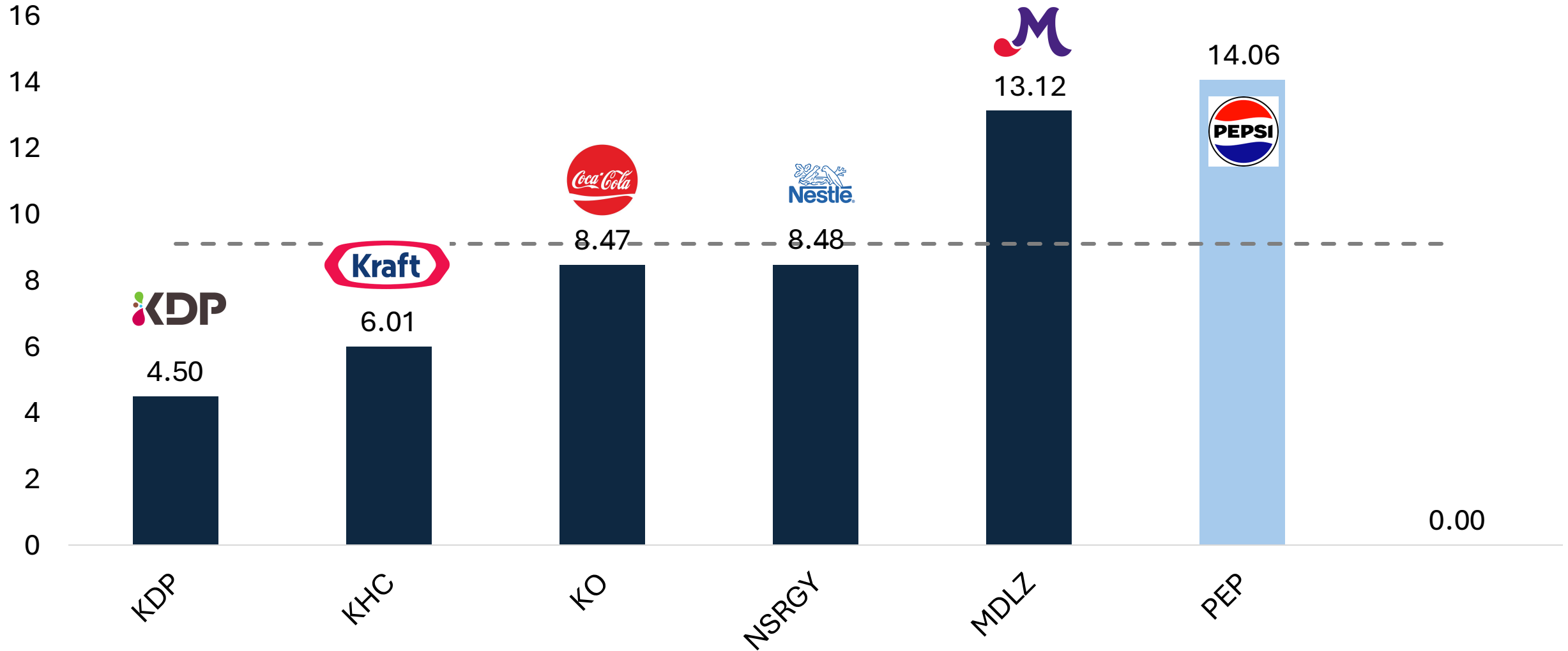
Free Cash Flow (in millions)



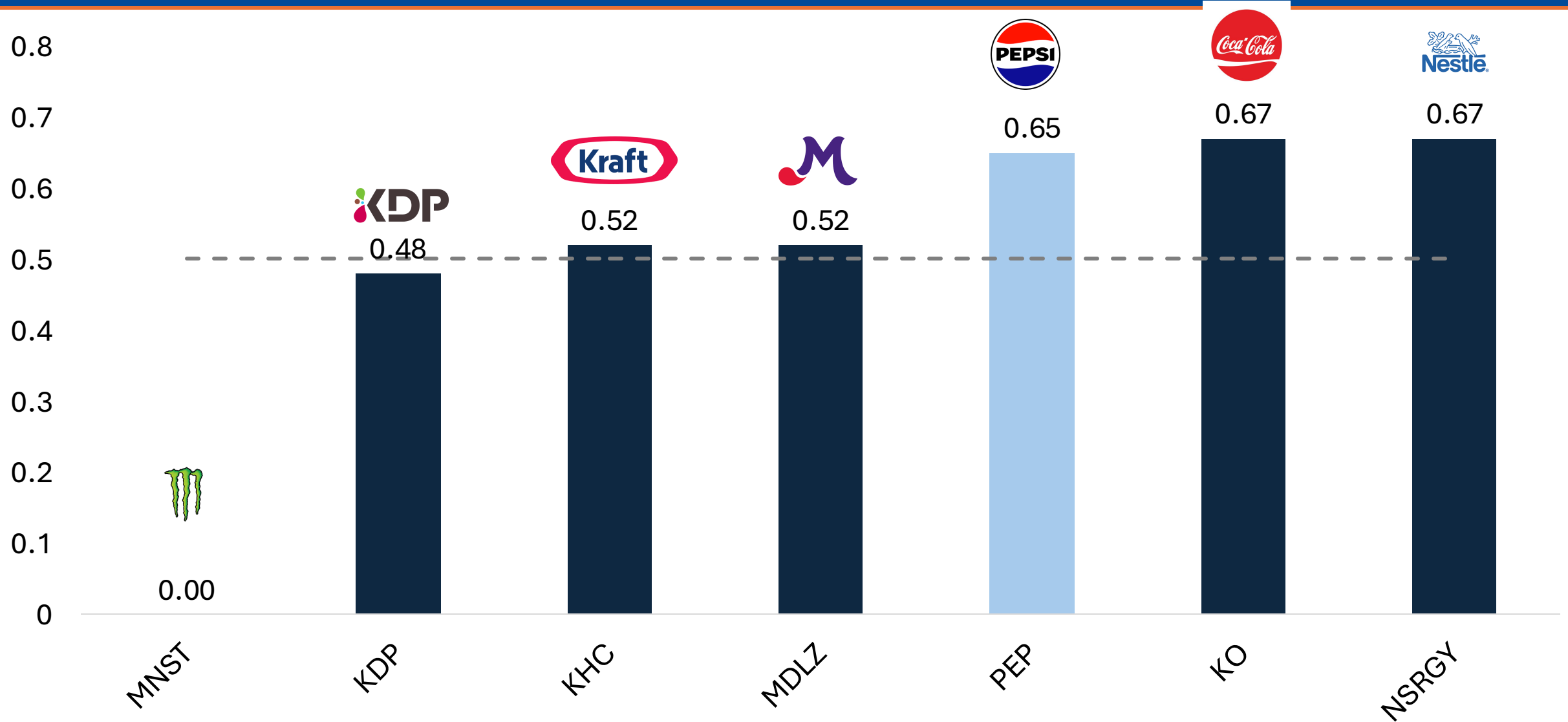
ROIC %



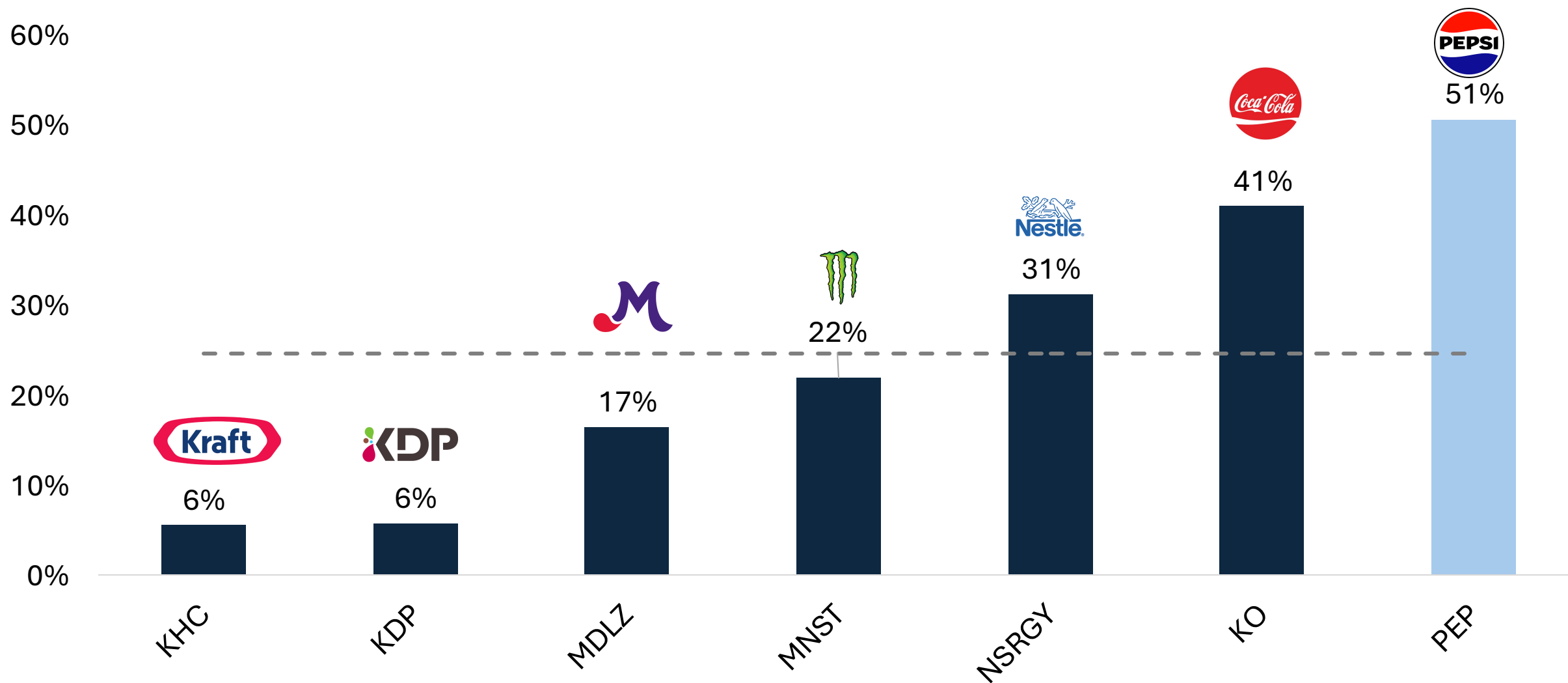
Interest Coverage Ratio



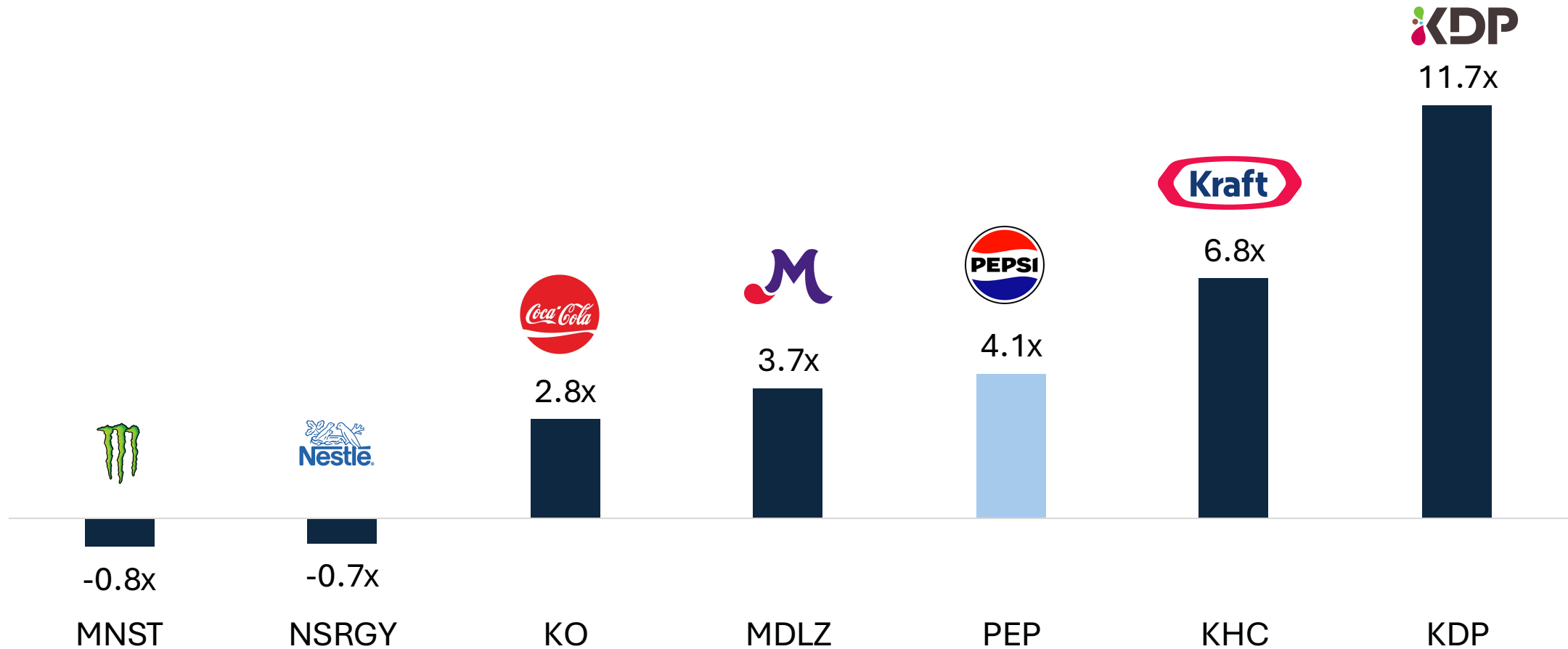
Dividend Payout Ratio



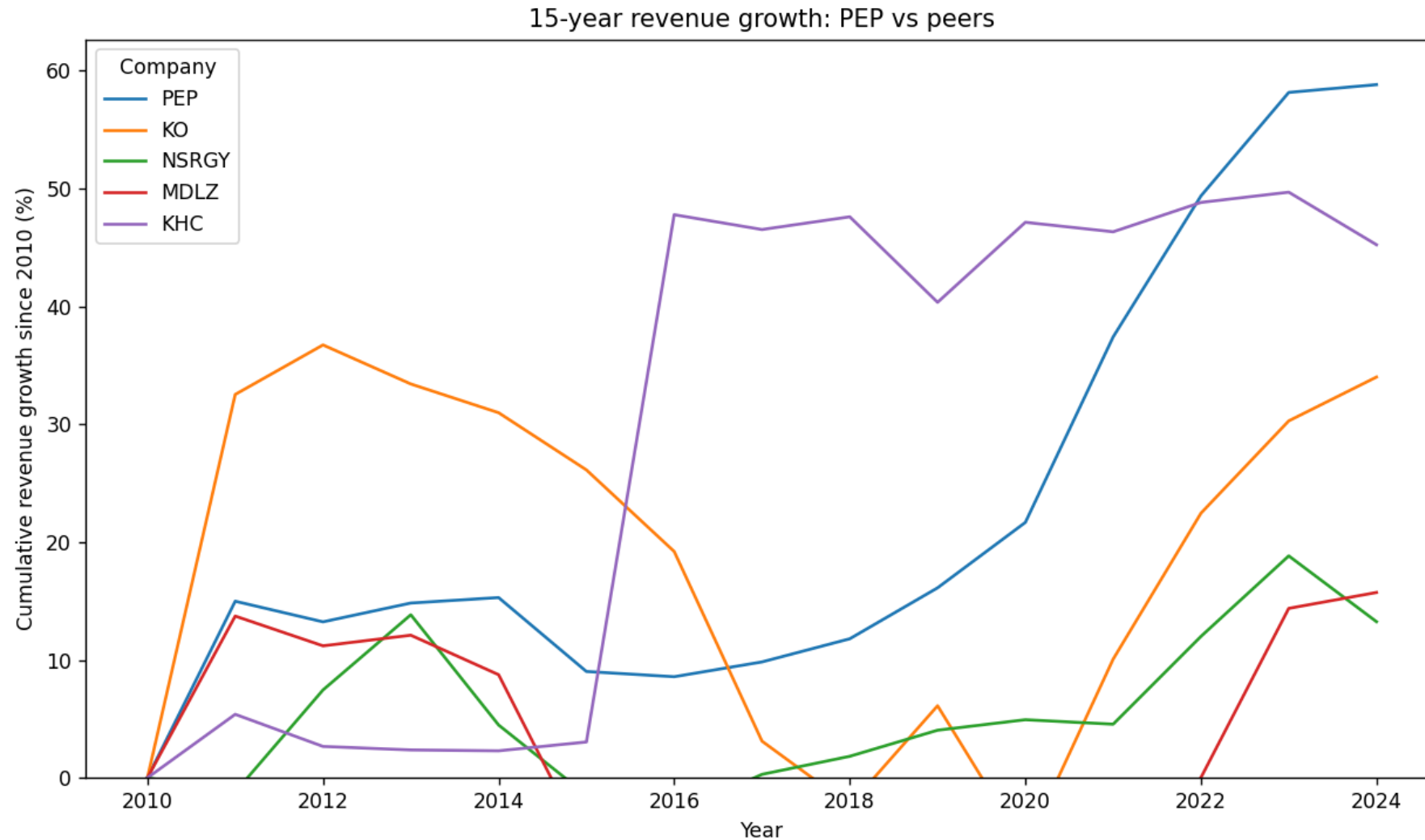
Pep vs. Peers ROE %



Pep vs. Peers Obligation Ratio



Pep vs. Peers Revenue (15-year)



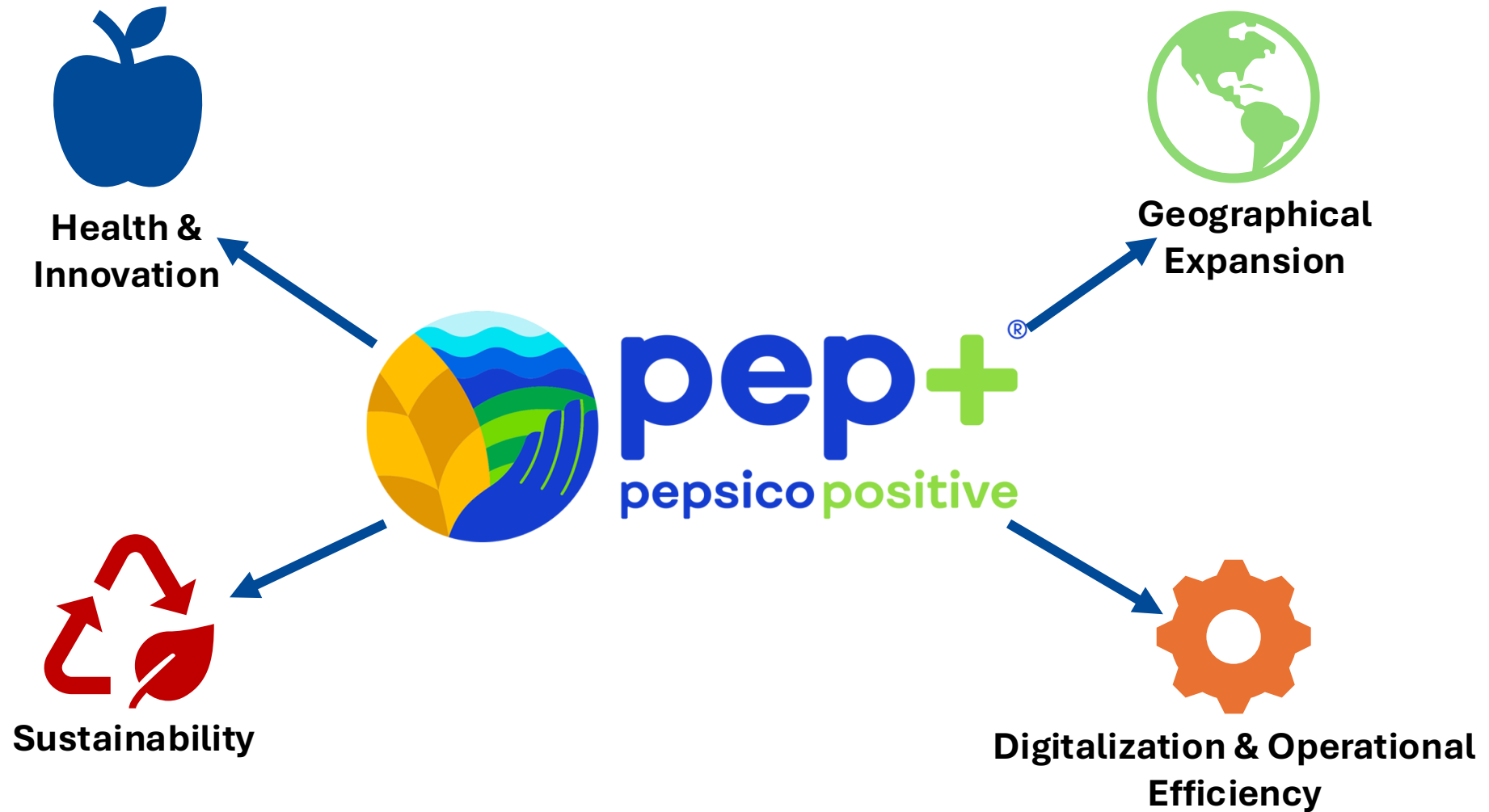


Growth Opportunities

Logan Arciba






Growth Opportunities



What is Pep+? (PepsiCo Positive)



- Pep+ is PepsiCo's growth engine for the future
- Consists of Three Pillars
 - Positive Agriculture 
 - Regenerative, resilient farming
 - Positive Value Chain 
 - Sustainability in packaging, water, climate, & people
 - Positive Choices 
 - Healthier, more responsible products.
 - 2030 Goal of 75% Food portfolio below 140mg sodium level per 28g.
- Embedded in each of four pillars
- Drives long-term cost savings, brand equity, ESG alignment, & growth.



Health and Innovation



- Pepsi Zero Sugar Reformulation: **2023 – 2024 double digit revenue growth**
- **Functional Hydration and Sports Nutrition**
 - Gatorade Zero, Gatorade Fast Twitch, Propel, Celsius Partnership
- **Snack Portfolio Diversification**
 - Frito Lay: Lightly Salted, “Simply” snacks, etc.
- **Plant Based and Specialty Snacks:**
 - Acquired Siete Foods in 2025 (\$1.2B)
 - Full ownership of Sabra in 2024 (joint-venture)
- **Initiatives are guided by Pep+’s Positive Choices pillar & Others.**



Geographic Expansion – North America



Priority = Reignite Volume Growth

Pricing and Volume Adjustments

- **Value-Oriented Pack Sizes**
 - 8 ct, 15 ct, 20 ct multipacks
 - Minis
 - Bonus Packs
 - Help with consumers and their budgets.
- **Premiumization**
 - Gatorade Zero Protein/Hydration Boosters, Propel
 - Pepsi Zero Sugar

Portfolio Innovation and Diversification

- **Focused on capturing new needs and trends**
- Gatorade Hydration Boosters (2024)
- PopCorners
- Siete Foods (2025)
 - Appeal in Southwest, Texas
 - In approx. 40k retail stores

Away-from-home

- **Partnerships**
 - Sphere in Las Vegas
 - Subway: 10-year agreement
 - Top Golf: 8-year agreement
- **Food Trucks in Mexico around Tostitos**
- **Mini Meal Solutions**
 - Europe – Traditional potato omelet with Lay's
 - Grab-and-Go
- The Vytal-Pepsi Cup



Geographic Expansion – North America



Geographic Expansion – International



- **India: Double digit growth in 2024.**
 - PepsiCo plans to double revenue in India by 2029, expanding local manufacturing and tailoring to regional tastes.
- **AMESA: +14% organic growth in Q4 2024,**
 - driven by snacks and beverages. Integration of Pioneer Foods improves footprint and local sourcing.
- **Latin America: Key markets like Mexico and Brazil delivered double-digit growth in 2023.**
 - Brazil doubled snack revenue over 4 years
 - The region now accounts for 15% of PepsiCo's operating profit.
- **China & SE Asia: Expansion efforts since 2023 focus on local flavors and secondary cities**



Geographic Expansion – International



- **India**

- Expanding capacity through new manufacturing plants
 - Assam, Uttar Pradesh, and South India
- Localized flavors through their 9 flavor clusters (Kurkure Masala)
- Sustainable Agriculture

- **AMESA**

- Supports smart farming through Khula in South Africa
- Pioneer Foods acquisition in South Africa (2020)
- Investments in smart logistics and route-to-market improvements

- **Latin America:**

- Launched multiple locally-inspired flavors
- \$4B investment program in Mexico for new snack plans and bottling infrastructure
- Expanding local e-commerce and delivery platforms

- **China & SE Asia:**

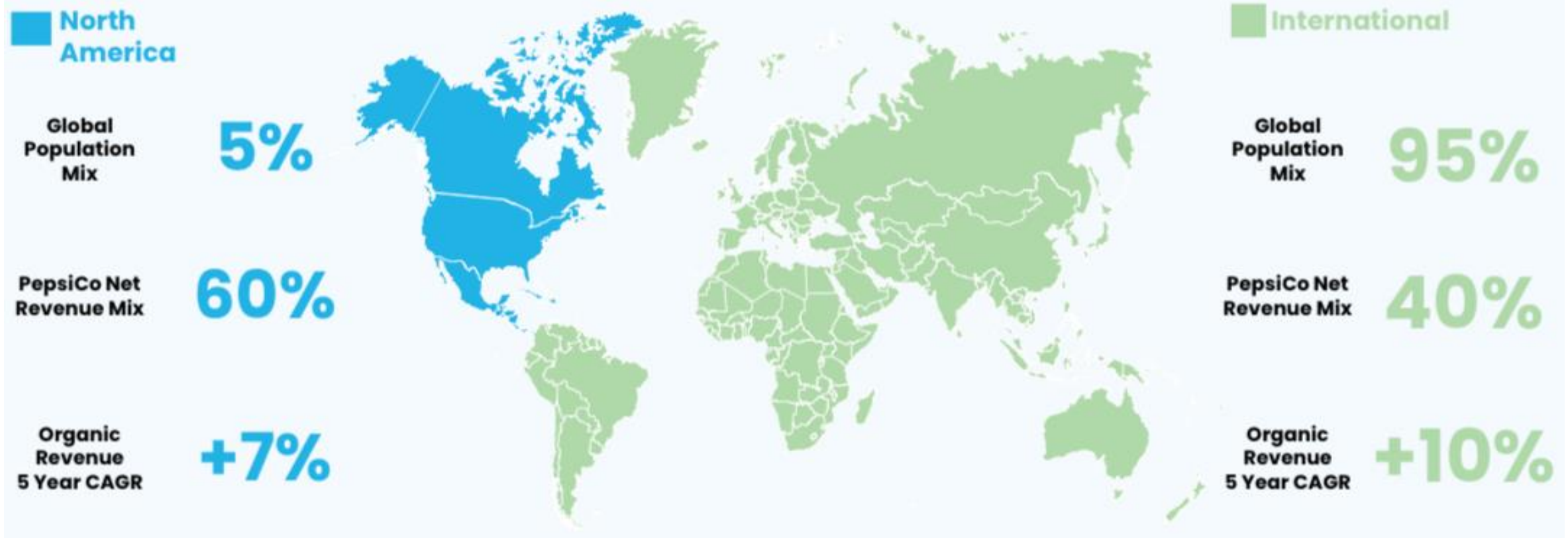
- Five new plants in the last 5 years and food production plant in Xi'an
- New Quaker oats production facility
- In line with China's "Healthy China 2030" initiative



Geographic Expansion – International



With An Expansive International Growth Runway



Sustainability



- Over 3M acres in regenerative farming (2023)
 - 7M by 2030
 - Partners with AgroScout and CropTrak
- 26% operational water-use efficiency improvement (2023)
 - Water reuse systems in over 100 sites
 - Directly reduces utility costs
- Recycled plastic (rPET)
 - In over 60 countries
 - Net-zero carbon by 2040
- Circular packaging
- Pep+ is this entire pillar



Digitalization and Operational Efficiency



- Extended productivity program through 2026
 - **\$1 Billion in annual savings**
- **AI Forecasting & Smart Warehousing**
 - +10% forecast accuracy
 - +30% warehouse efficiency
- **Pep+ powers sustainability in operational efficiency**
 - Regenerative farming
 - Sustainable packaging
 - Lowers cost
- **Productivity gains = Reinvested**
 - Fuel more growth





Risk Factors

Jenna Lindemann



Competition



- Intense competition
 - In beverages, Coca Cola is #1 while PepsiCo is #2
 - Other competitors: Nestle, Mondello, Coke, Monster, Kraft Heinz
 - Private label growth
 - Local and small businesses
 - Generic store brands offering similar and cheaper products
- Adapting to retail landscape
 - Healthier options & health trends
 - Customer relations



Intellectual Property/ Acquisitions



- They could not maintain rights to patents and trademarks
- Brand name being bashed through recalls and news
 - Have insurance on items to combat expense
 - Quaker recall- 2023/2024 recall of 100 products because of potential salmonella. This included granola bars, cereals, and snack items distributed across the United States, Puerto Rico, Guam, and Saipan.
 - PepsiCo officially closed the manufacturing plant located in Danvill, Illinois during June of 2024 following an investigation into the plant by the FDA.
 - Voluntary recall on Mug root beer related to mislabeling
- Potential investments in lower quality businesses, lowering revenue



Regulatory/Lawsuits



- Following regulations and adjusting product ingredients to maintain requirements
- Potential taxes relating to funding food stamps and school lunch on our customers
- January 2025, the U.S. Federal Trade Commission filed a lawsuit against PepsiCo, alleging that the company engaged in illegal price discrimination by providing preferential pricing and promotional deals to Walmart, disadvantaging smaller retailers.



Resource Scarcity



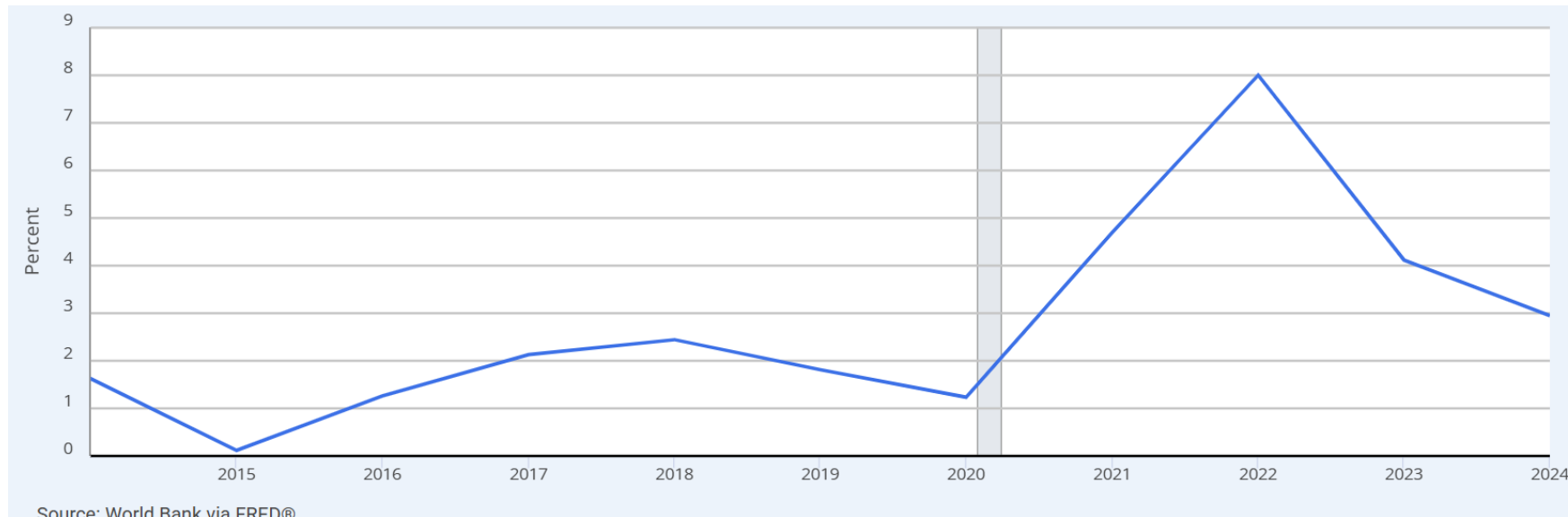
- Water scarcity
 - Access to water in undeveloped countries
 - Key ingredient especially for drink segment
- Other resources include Sugar, sweeteners, seasoning, , juice concentrates, nuts, oats, potatoes, raw milk, rice, wheat, and cooking oils
- Disruption in manufacturing operations and supply chain due to natural disaster, war, disease, and other



Inflation



- Can vary by country because of international presence
- This could lead to pricing increases and normalization
- People switching to store brand instead of name brand due to spending less during high inflation



Tariffs



- Tariffs could affect the trading of goods and taxes on ingredients and products
 - The tax on sugar- sweetened beverages in Mexico.
- International revenue will be impacted



Dividends



- They payout consistent dividends and increased the amount last quarter to \$1.64 per share.
- The dividend increased 16% from 4th quarter last year.
- This shows they are loyal to their shareholders but could bring questions on why they are not using this money to invest in their company, share buybacks, paying off more of their debts, and acquisitions



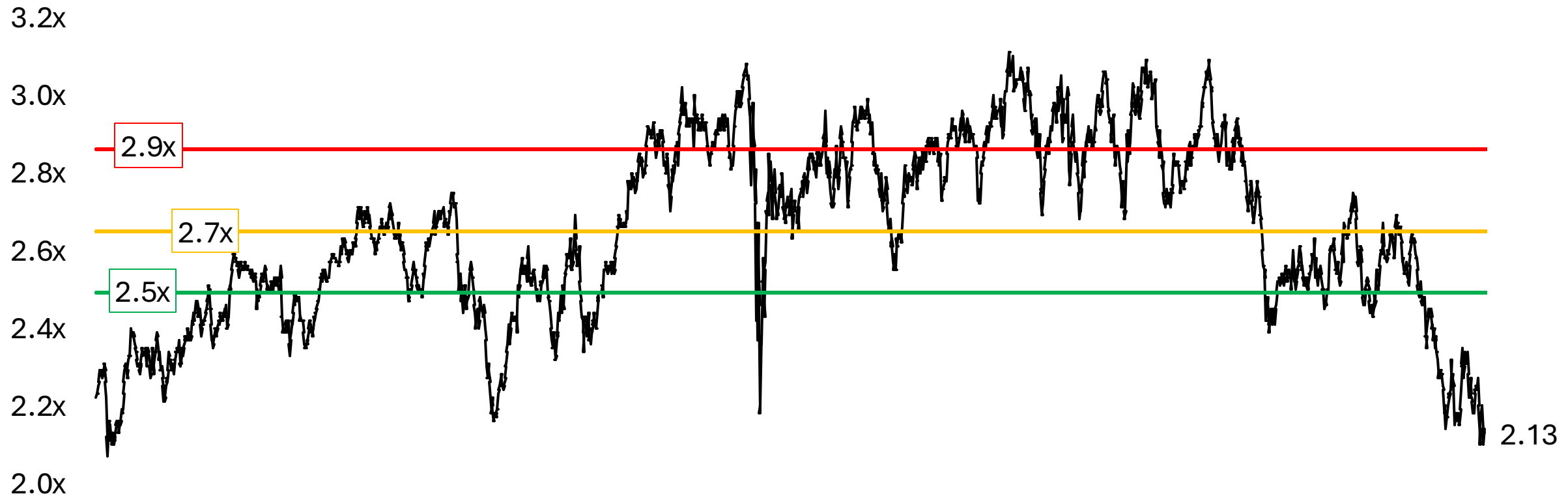


Value Bands

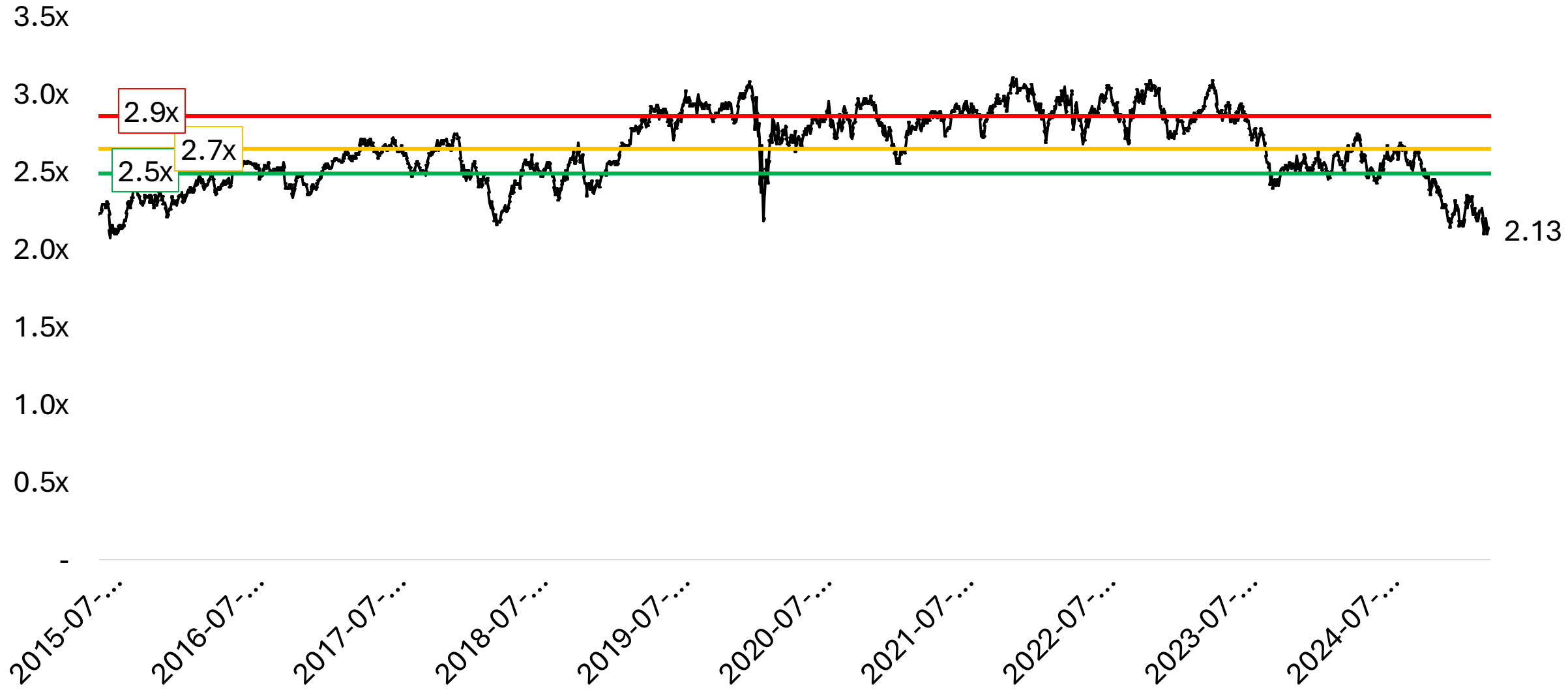
Jenna Lindemann



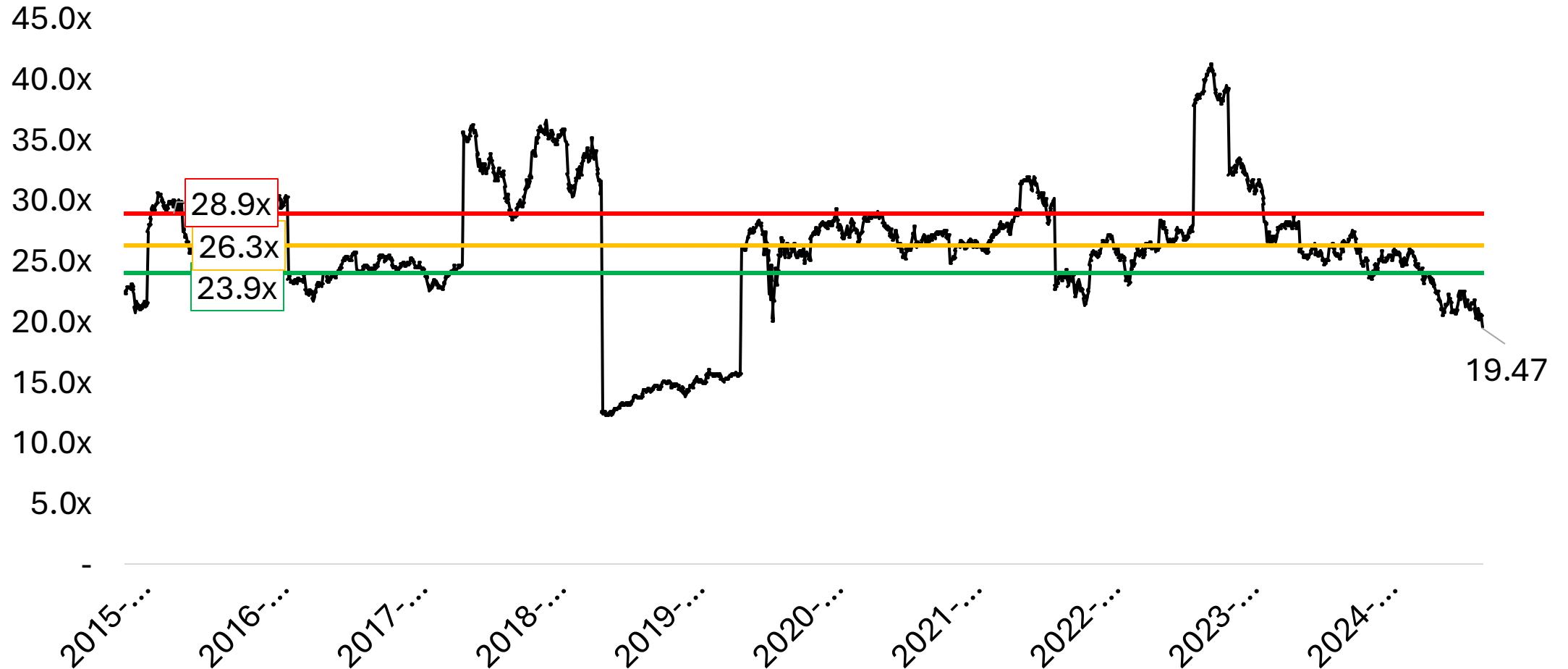
Example Value Band



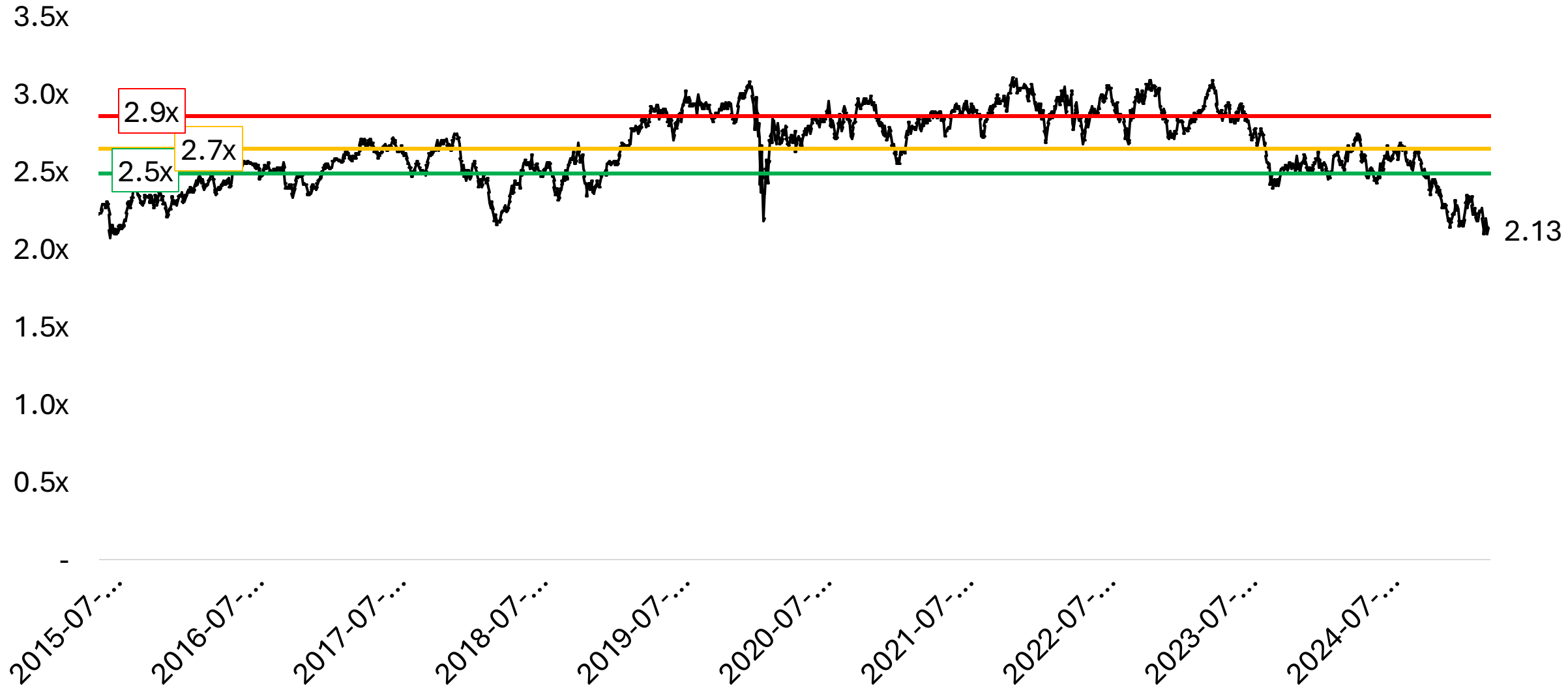
Price to Sales



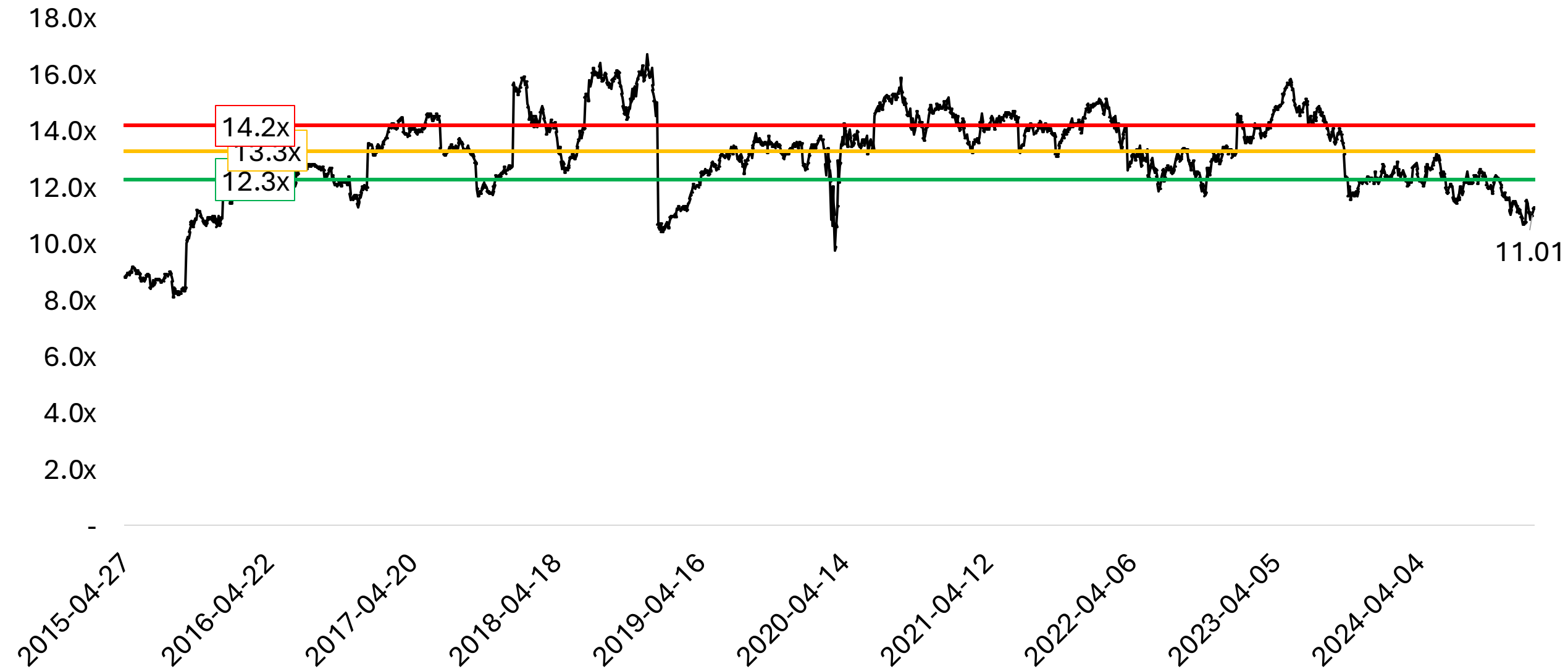
Price to Earnings Ratio



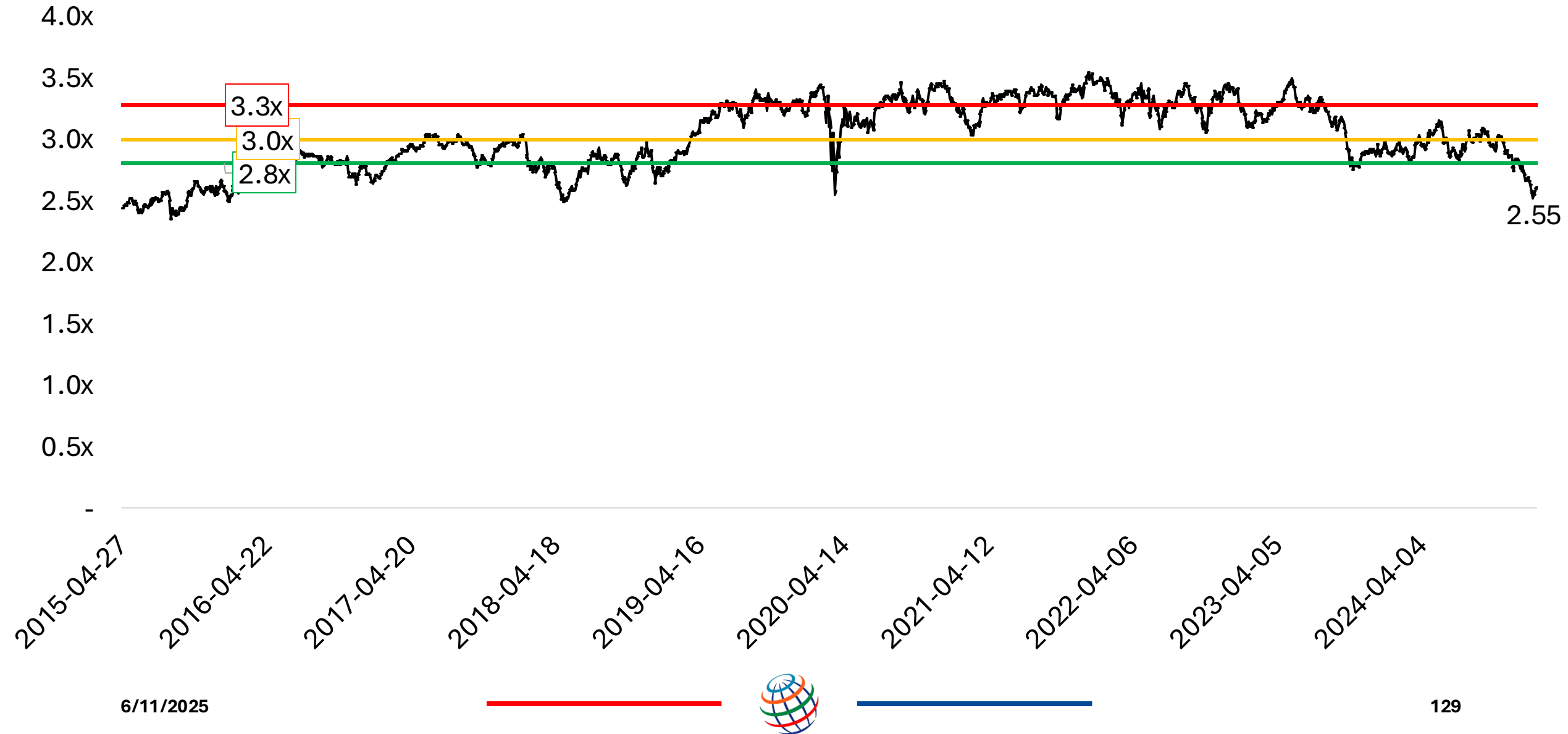
Price to Sales



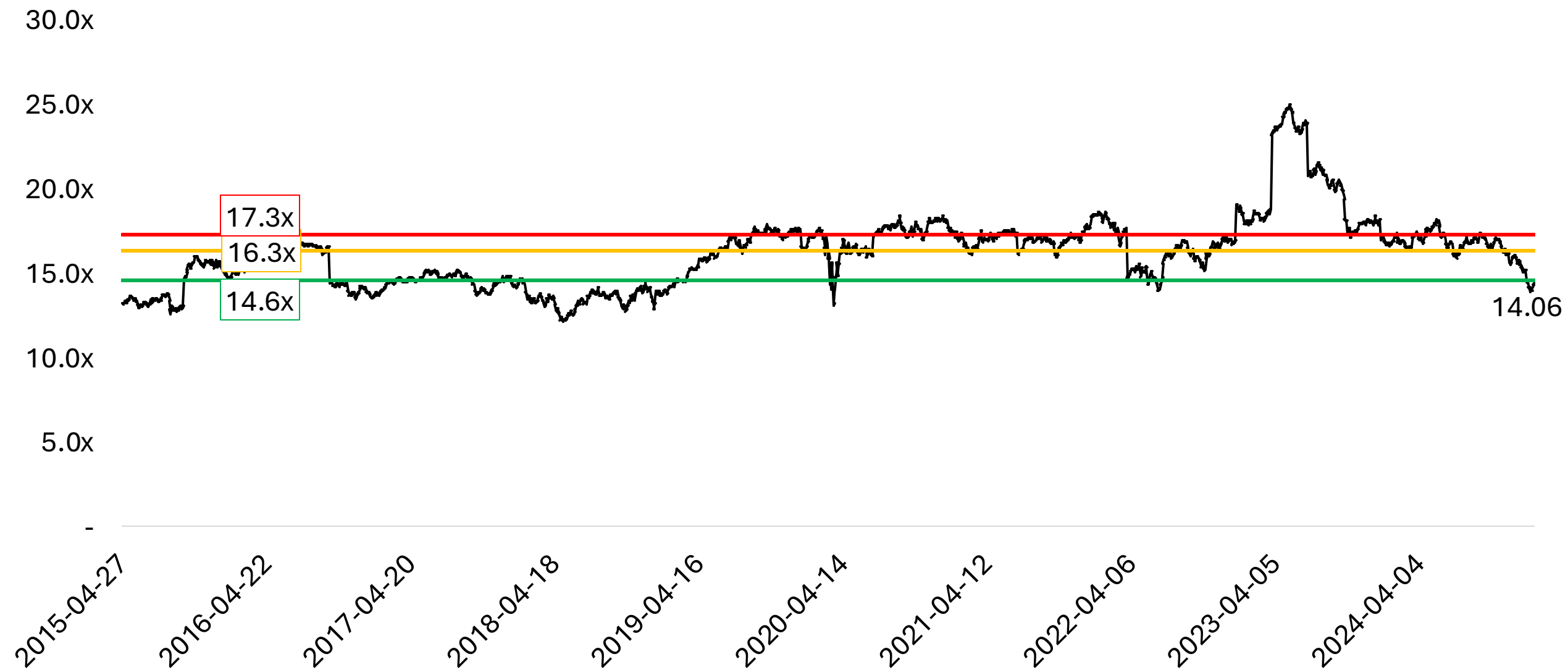
Price to Book Value



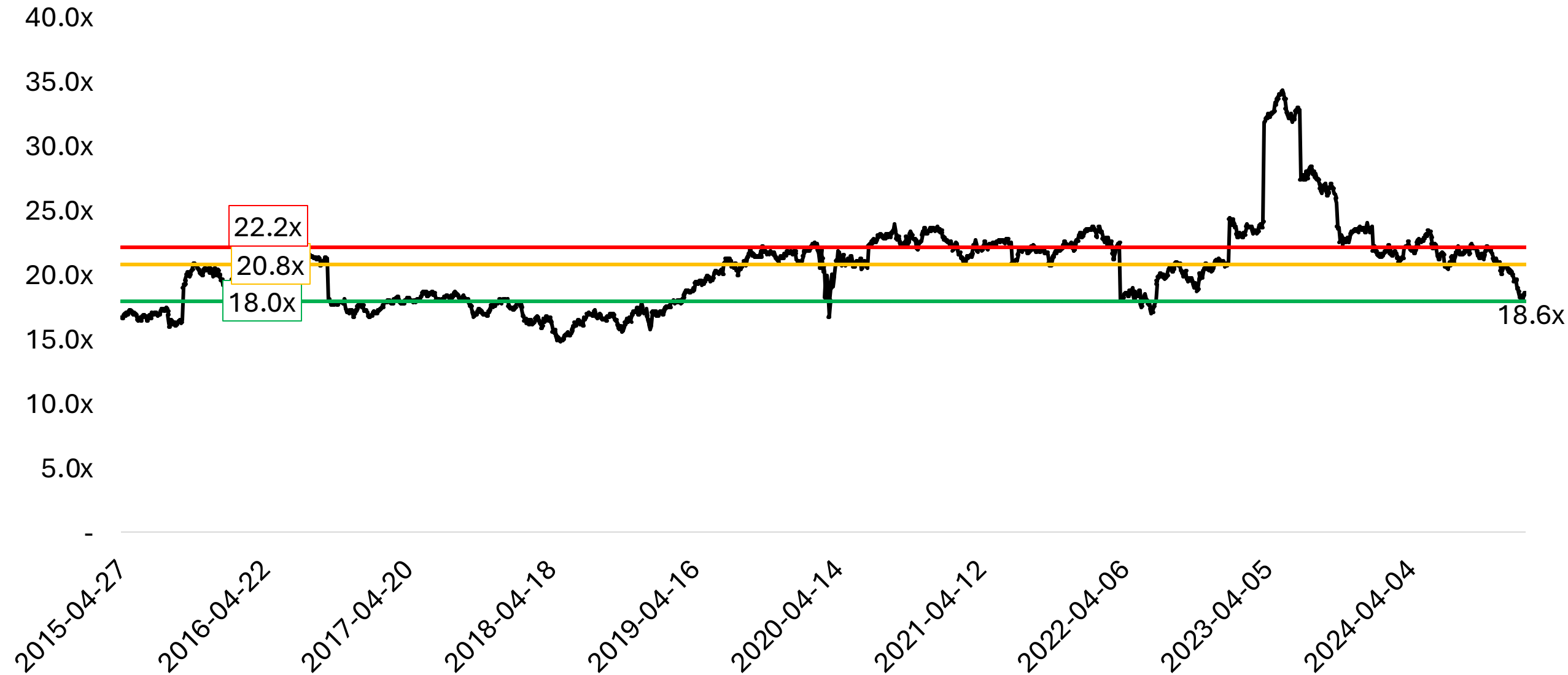
Enterprise Value to Revenue



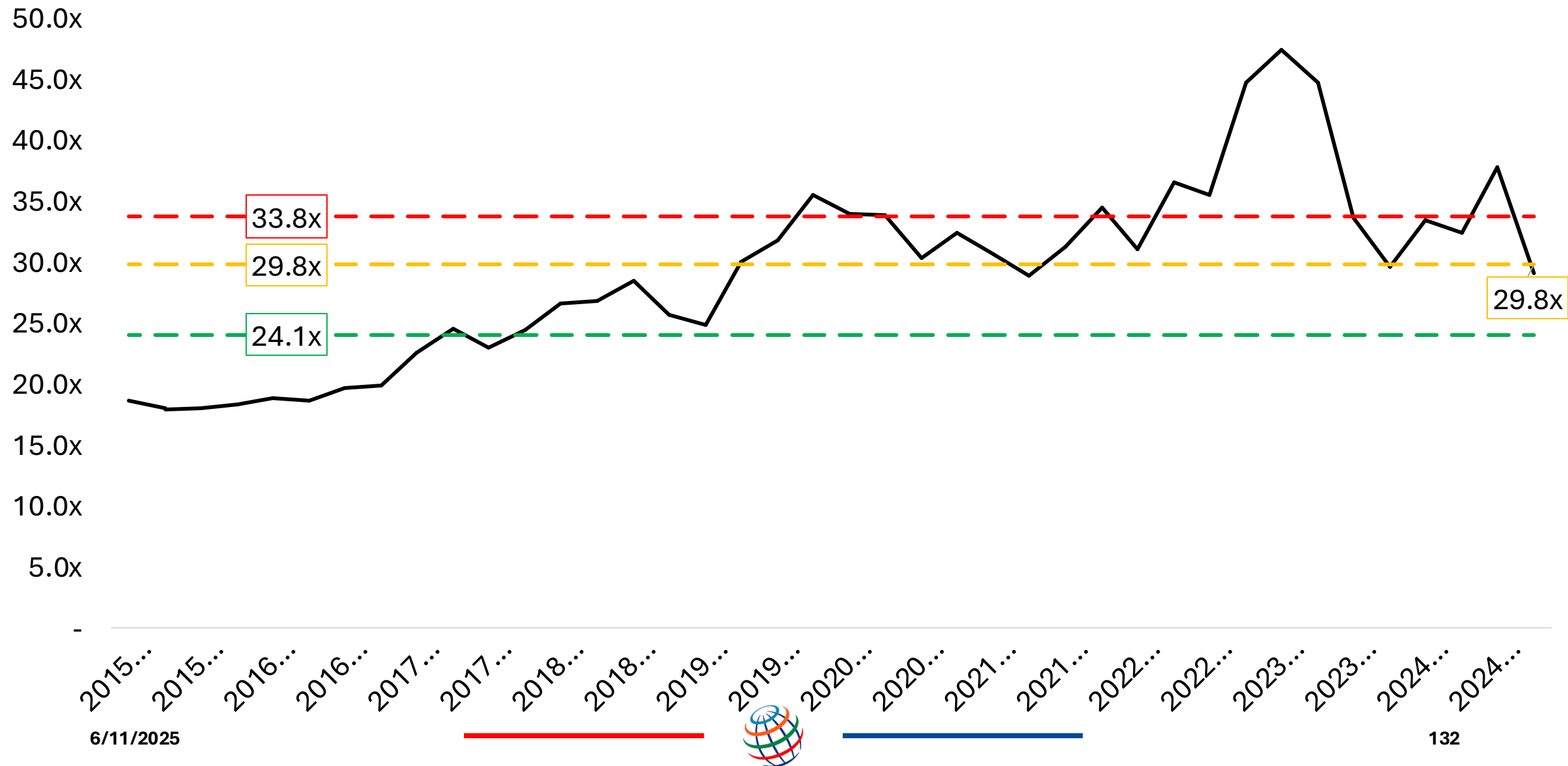
Enterprise Value to EBITDA



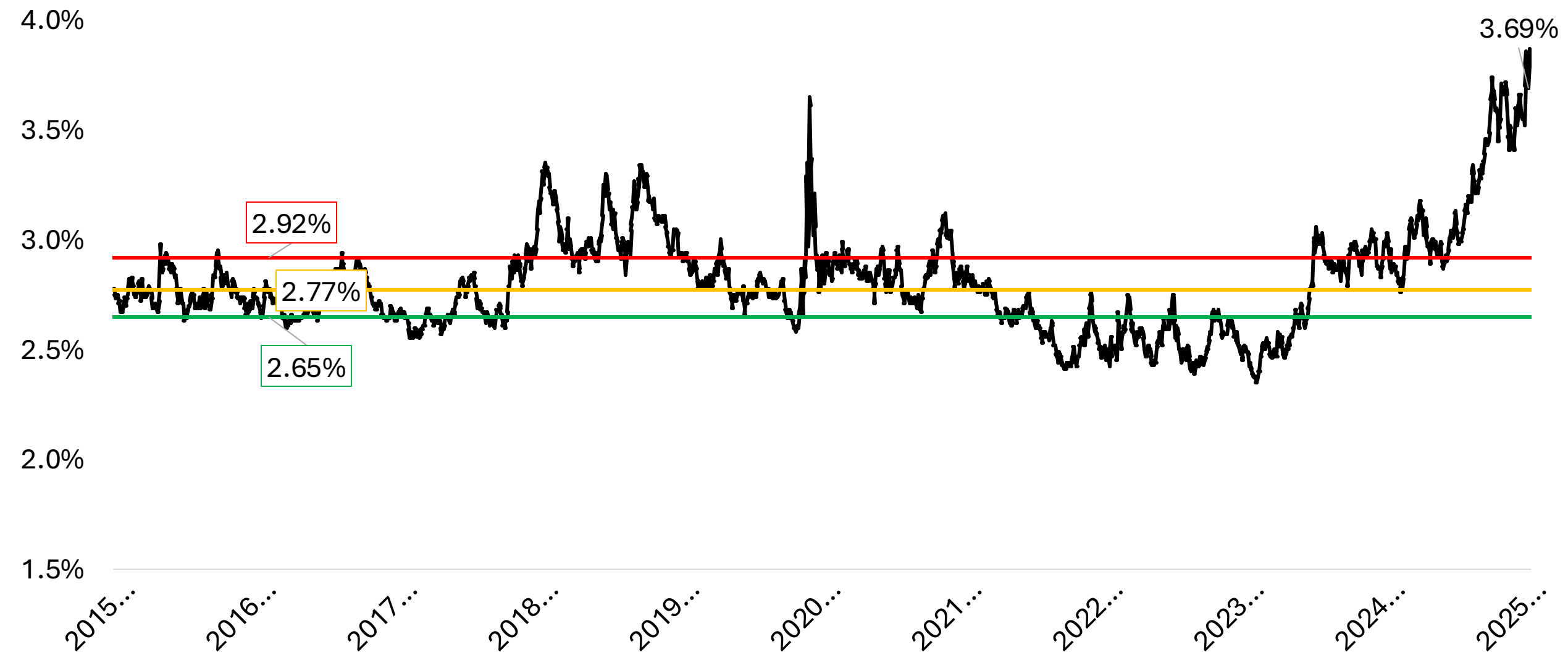
Enterprise Value to EBIT



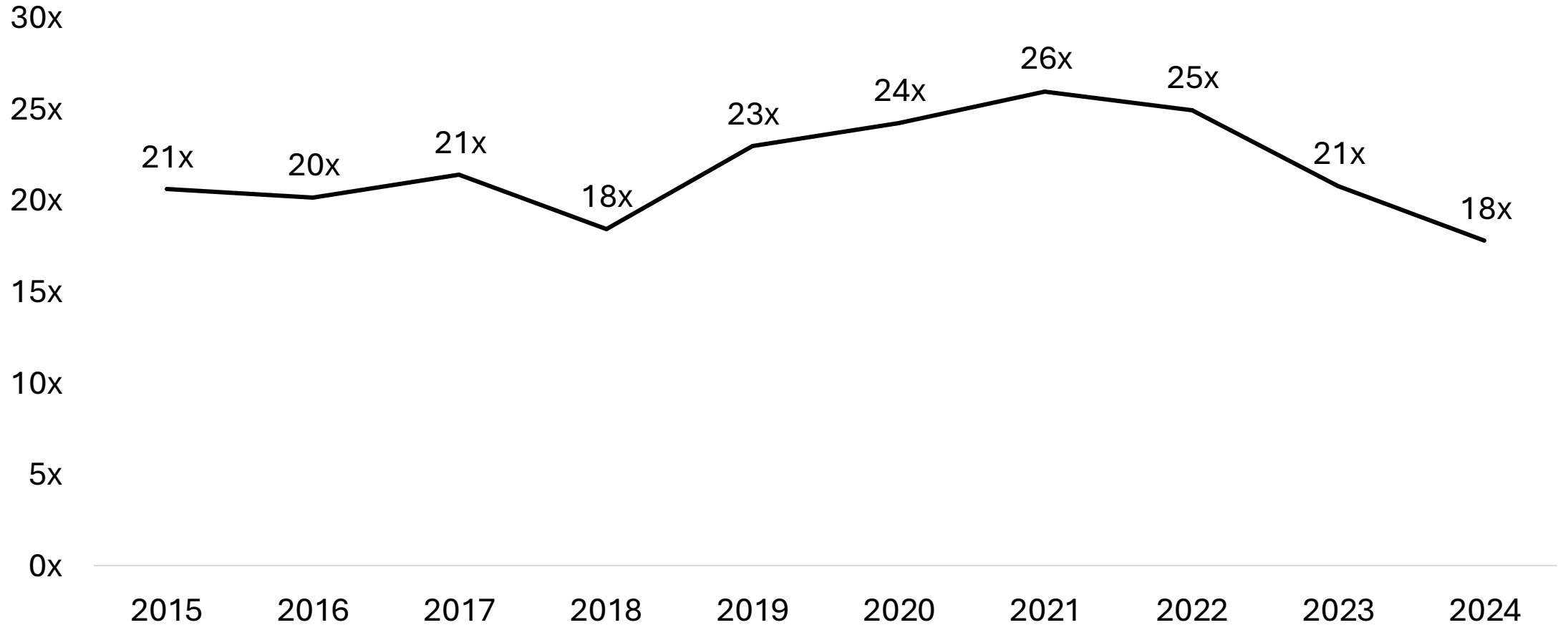
Price to Free Cash Flow



Dividend Yield (inverted)



Forward PE Ratio





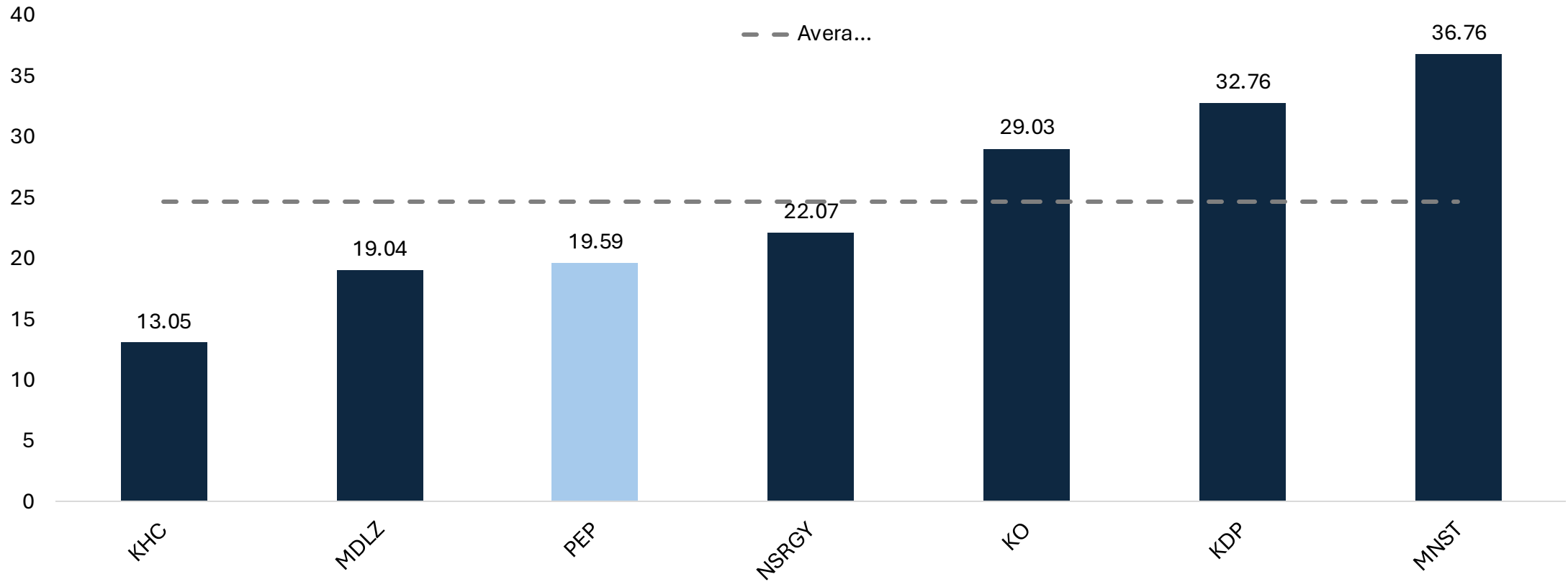
Valuation

Ryker Purdy

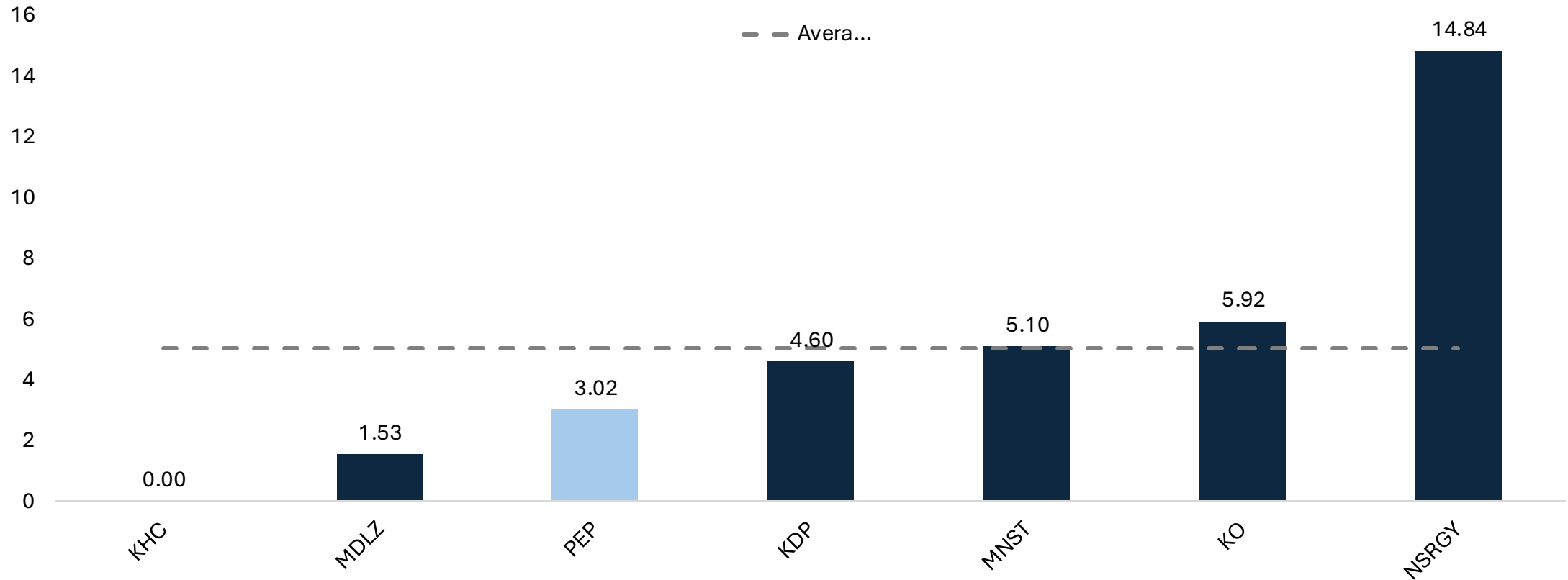




Pep. vs. Peers PE Ratio



Pep. vs. Peers PEG Ratio



Our Basis for Prediction



- Inflation's impact on pricing & disposable income
- Growth opportunities with acquisitions and market share
- Productivity Plan in restructuring



FLNA



FLNA	2025	2026	2027	2028	2029
Volume Growth %	0%	1%	2%	2%	2%
Price Mix Growth %	2%	2%	2%	2%	2%
Total Growth %	2%	3%	4%	4%	4%



QFNA



QFNA	2025	2026	2027	2028	2029
Volume Growth %	10%	1%	1%	0%	0%
Price Mix Growth %	1%	1%	1%	1%	1%
Total Growth %	11%	2%	2%	1%	1%



PBNA



PBNA	2025	2026	2027	2028	2029
Volume Growth %	1%	1%	2%	1%	1%
Price Mix Growth %	2%	3%	3%	2%	2%
Total Growth %	3%	4%	5%	3%	3%





LatAm	2025	2026	2027	2028	2029
Volume Growth %	1%	1%	2%	2%	3%
Price Mix Growth %	5%	6%	6%	7%	7%
FX Translation %	-6%	0%	0%	0%	0%
Total Growth %	0%	7%	8%	8%	10%





Eu	2025	2026	2027	2028	2029
Volume Growth %	1%	1%	1%	1%	1%
Price Mix Growth %	4%	4%	5%	5%	5%
FX Translation %	-6%	0%	0%	0%	0%
Total Growth %	-1%	5%	6%	6%	6%





AMESA	2025	2026	2027	2028	2029
Volume Growth %	1%	1%	0%	0%	0%
Price Mix Growth %	7%	5%	3%	3%	3%
FX Translation %	-6%	0%	0%	0%	0%
Total Growth %	2%	6%	3%	3%	3%



APAC



APAC	2025	2026	2027	2028	2029
Volume Growth %	5%	5%	5%	5%	5%
Price Mix Growth %	2%	2%	2%	2%	2%
FX Translation %	-6%	0%	0%	0%	0%
Total Growth %	-1%	7%	7%	7%	7%



Revenue by Segment with Est. Rates



	2025	2026	2027	2028	2029
FLNA	\$ 25,250.10	\$ 26,007.60	\$ 27,047.91	\$ 28,129.82	\$ 29,255.02
	2.00%	3.00%	4.00%	4.00%	4.00%
QFNA	\$ 2,970.36	\$ 3,029.77	\$ 3,090.36	\$ 3,121.27	\$ 3,152.48
	11.00%	2.00%	2.00%	1.00%	1.00%
PBNA	\$ 28,602.07	\$ 29,746.15	\$ 31,233.46	\$ 32,170.46	\$ 33,135.58
	3.00%	4.00%	5.00%	3.00%	3.00%
LatAm	\$ 11,718.00	\$ 12,538.26	\$ 13,541.32	\$ 14,624.63	\$ 16,087.09
	0.00%	7.00%	8.00%	8.00%	10.00%
Eu	\$ 13,735.26	\$ 14,422.02	\$ 15,287.34	\$ 16,204.59	\$ 17,176.86
	-1.00%	5.00%	6.00%	6.00%	6.00%
AMESA	\$ 6,341.34	\$ 6,721.82	\$ 6,923.48	\$ 7,131.18	\$ 7,345.11
	2.00%	6.00%	3.00%	3.00%	3.00%
APAC	\$ 4,786.65	\$ 5,121.72	\$ 5,480.24	\$ 5,863.85	\$ 6,274.32
	-1.00%	7.00%	7.00%	7.00%	7.00%
Total Revenue	\$ 93,403.78	\$ 97,587.34	\$ 102,604.11	\$ 107,245.80	\$ 112,426.46
	1.69%	4.48%	5.14%	4.52%	4.83%



Projected Revenue & Gross Margin



PEP	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	63056	62799	63525	64661	67161	70372	79474	86392	91471	91854	\$ 93,403.78	\$ 97,587.34	\$ 102,604.10	\$ 107,245.80	\$ 112,426.50
COGS	28731	28222	28796	29381	30132	31797	37075	40576	41881	41744	\$ 42,965.74	\$ 44,890.18	\$ 47,197.89	\$ 49,333.07	\$ 51,716.19
% of Rev.	46%	45%	45%	45%	45%	45%	47%	47%	46%	45%	46%	46%	46%	46%	46%
Gross Profit	34325	34577	34729	35280	37029	38575	42399	45816	49590	50110	\$ 50,438.04	\$ 52,697.16	\$ 55,406.21	\$ 57,912.73	\$ 60,710.31
GM %	54%	55%	55%	55%	55%	55%	53%	53%	54%	55%	54%	54%	54%	54%	54%



Projected SG&A & Operating Income



PEP	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
SG&A	24613	24773	24453	25170	26738	28453	31237	34459	36677	37190	\$37,361.51	\$39,034.94	\$41,041.64	\$42,898.32	\$44,970.60
% of Rev.	39%	39%	38%	39%	40%	40%	39%	40%	40%	40%	40%	40%	40%	40%	40%
Other Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Income	\$9,712	\$9,804	\$10,276	\$10,110	\$10,291	\$10,122	\$11,162	\$11,357	\$12,913	\$12,920	\$13,077	\$14,004	\$15,083	\$15,840	\$17,078
OM %	15.40%	15.61%	16.18%	15.64%	15.32%	14.38%	14.04%	13.15%	14.12%	14.07%	14.00%	14.35%	14.70%	14.77%	15.19%



Projected Pretax income



PEP	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Net Interest Income	-911	-1232	-907	-1219	-935	-1128	-1863	-939	-819	-919	-\$1,176.89	-\$1,260.34	-\$1,357.45	-\$1,425.62	-\$1,536.98
% of Operating Income	-9.38%	-12.57%	-8.83%	-12.06%	-9.09%	-11.14%	-16.69%	-8.27%	-6.34%	-7.11%	-9.00%	-9.00%	-9.00%	-9.00%	-9.00%
Other Income (Expense)	-1359	-19	233	298	-44	75	522	287	-677	-55	\$130.77	\$140.04	\$150.83	\$158.40	\$170.78
% of Operating Income	-14%	0%	2%	3%	0%	1%	5%	3%	-5%	0%	1%	1%	1%	1%	1%
Pretax Income	\$7,442	\$8,553	\$9,602	\$9,189	\$9,312	\$9,069	\$9,821	\$10,705	\$11,417	\$11,946	\$12,030	\$12,883	\$13,876	\$14,573	\$15,711



Projected Net Income



PEP	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Tax Provision	-1941	-2174	-4694	3370	-1959	-1894	-2142	-1727	-2262	-2320	-\$2,406.08	-\$2,576.70	-\$2,775.24	-\$2,914.60	-\$3,142.28
Tax Rate	26.08%	25.42%	48.89%	36.67%	21.04%	20.88%	21.81%	16.13%	19.81%	19.42%	20%	20%	20%	20%	20%
NI	\$5,501	\$6,379	\$4,908	\$12,559	\$7,353	\$7,175	\$7,679	\$8,978	\$9,155	\$9,626	\$9,624	\$10,307	\$11,101	\$11,658	\$12,569
Minority Interest	-49	-50	-51	-44	-39	-55	-61	-68	-81	-48	-50	-50	-50	-50	-50
Net Income	\$5,452	\$6,329	\$4,857	\$12,515	\$7,314	\$7,120	\$7,618	\$8,910	\$9,074	\$9,578	\$9,574	\$10,257	\$11,051	\$11,608	\$12,519
NM %	8.65%	10.08%	7.65%	19.35%	10.89%	10.12%	9.59%	10.31%	9.92%	10.43%	10.25%	10.51%	10.77%	10.82%	11.14%



Forecasted EPS



PEP	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
% change YoY		16.09%	-23.26%	157.67%	-41.56%	-2.65%	6.99%	16.96%	1.84%	5.55%	-0.04%	7.13%	7.74%	5.04%	7.85%
Shares Outstanding	1485	1452	1438	1425	1407	1392	1389	1387	1383	1378	1371.11	1360.826675	1347.218408	1333.746224	1320.408762
YoY % Change		-2.22%	-0.96%	-0.90%	-1.26%	-1.07%	-0.22%	-0.14%	-0.29%	-0.36%	-0.50%	-0.75%	-1.00%	-1.00%	-1.00%
Net Income (/) S/O	\$3.67	\$4.36	\$3.38	\$8.78	\$5.20	\$5.11	\$5.48	\$6.42	\$6.56	\$6.95	\$6.98	\$7.54	\$8.20	\$8.70	\$9.48
YoY % Change											0.46%	7.94%	8.83%	6.11%	8.93%
														Forecasted EPS Average:	6.45%



Model



Ticker:	PEP	5 Year Discounted Cash Flow												
Price:	\$142.84													
Discount Rate:	10.0%													
Method:	EPS													
Dividend Payout Ratio	75.0%								P/E	Price	Present Value	5 YR Return	Return	Return + Dividends
Bear	EPS	<u>2024-12</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	19.0x	\$166.62	\$103.46	16.6%	3.1%	6.6%	
		\$6.97	\$7.30	\$7.64	\$8.00	\$8.38	\$8.77	23.0x	\$201.69	\$125.24	41.2%	7.1%	10.2%	
			4.70%	4.70%	4.70%	4.70%	4.70%	27.0x	\$236.77	\$147.02	65.8%	10.6%	13.3%	
Base	EPS	<u>2024-12</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	19.0x	\$181.44	\$112.66	27.0%	4.9%	8.3%	
		\$6.97	\$7.42	\$7.91	\$8.42	\$8.97	\$9.55	23.0x	\$219.64	\$136.38	53.8%	9.0%	12.0%	
			6.5%	6.5%	6.5%	6.5%	6.5%	27.0x	\$257.84	\$160.10	80.5%	12.5%	15.2%	
Bull	EPS	<u>2024-12</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	19.0x	\$195.49	\$121.38	36.9%	6.5%	9.9%	
		\$6.97	\$7.53	\$8.14	\$8.80	\$9.52	\$10.29	23.0x	\$236.64	\$146.94	65.7%	10.6%	13.6%	
			8.10%	8.10%	8.10%	8.10%	8.10%	27.0x	\$277.80	\$172.49	94.5%	14.2%	16.8%	

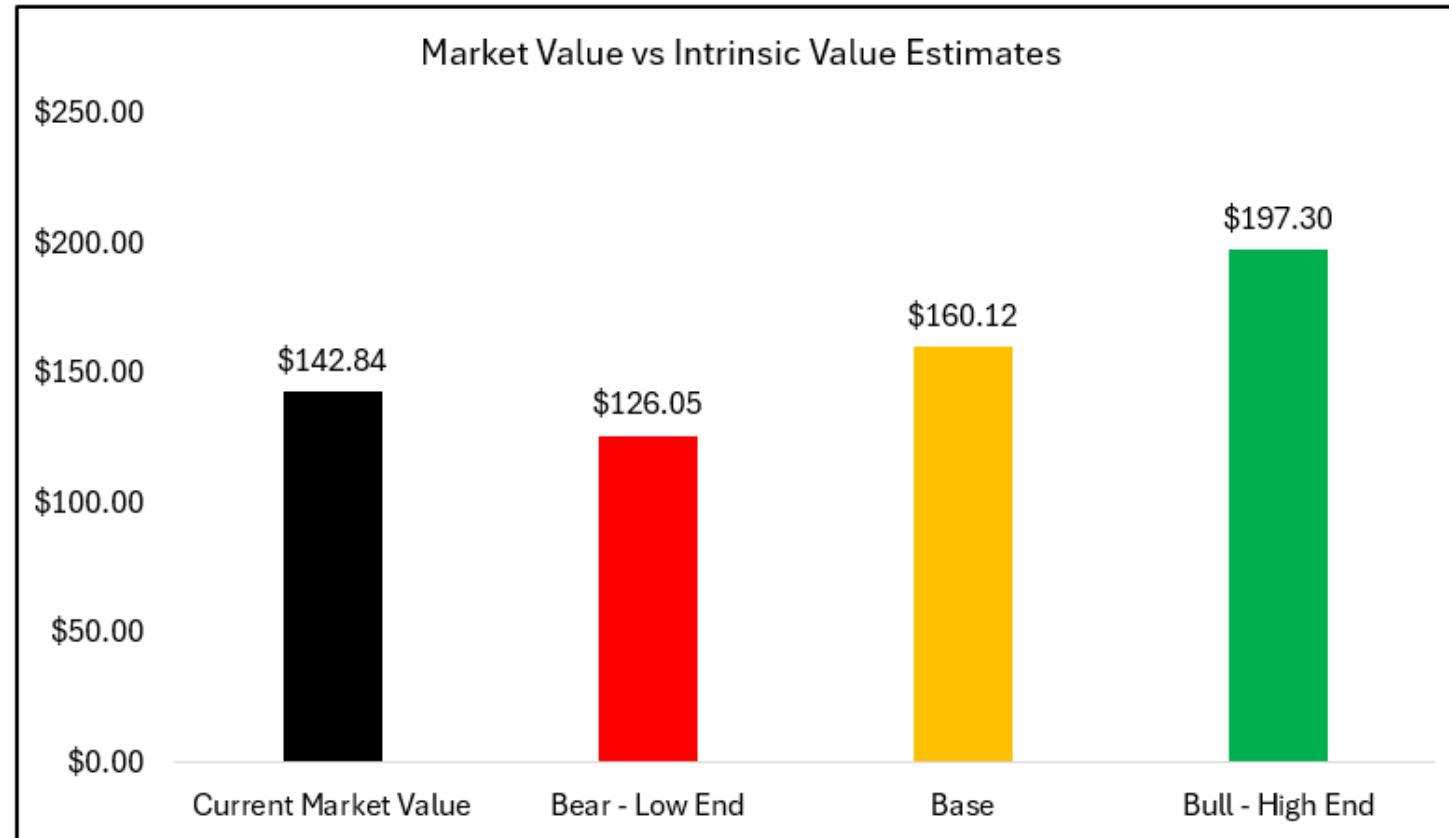


Model (2)



Total RoR Sensitivity

		Est. EPS growth rate		
		4.7%	6.5%	8.1%
P / E	19.0x	3.1%	4.9%	6.5%
	23.0x	7.1%	9.0%	10.6%
	27.0x	10.6%	12.5%	14.2%





Jenna Lindemann

Conclusion



- Eat them, drink them, smoke them
- This company has a wide moat with intangible assets, cost advantages, and switching costs.
- They are #1 in snack and #2 in beverages. They have room to improve and grow internationally.
- Through our valuation and value bands, you can see they are undervalued, and this would be a good time to buy.
- I believe we should buy **300 shares with a call option** that triggers between \$130-150.





THANK YOU!



Appendix

Economies of Scale



Economies of scale

- Massive distribution scale -> bargaining edge and lower operational costs (\$91B revenue base, global manufacturing & distribution capacity) – Ranging from raw materials to advertising services
 - * Purchases for key ingredients such as sugar, sweeteners, seasoning, and cooking oil each take only a single-digit-percent of a dispersed basket for PepsiCo, allowing the firm to tightly manage procurement costs even during high inflation (Price spikes in these items don't hurt it much – helping it control costs even during inflation)
- Tight retail relationships on the back of strong beverage and snack brands
- Large end-to-end supply chain gives Pepsi control over execution, acting to shield its operations from exogenous shocks.
- Scaled direct-store-delivery network – Proprietary North America DSD gives superior merchandising and fulfillment speed
- Pricing power
- Reach more retailers and consumers faster and at a lower cost
- Accelerates its own product commercialization to maximize profitable share gains in new and existing categories
- Enables them to attract desirable partners to license their brands to the firm's distribution platform, adding to its scale and distribution clout
 - * Example of scale and prowess: 30-year long successful distribution partnerships with wide-moats Unilever and Starbucks in the tea and coffee categories



Coke vs Pepsi



Volume (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
KO	1	-1	1	-7	9	5	2	2	2	2
PEP	0.78	1.58	-0.32	0.73	0.53	2.17	4.22	0.25	-3.12	-1.81
Price, Product & Geographic Mix (%)										
KO	2	13	3	2	6	11	10	11	10	11
PEP	5.37	2.11	2.13	2.53	4.15	2.18	5.11	14.34	12.53	3.86



Sabra – Hummus Market



vmr VERIFIED
MARKET
RESEARCH

North America Hummus Market

2024-2030



Pepsico and Strauss created Sabra as a joint venture in 2008, with each company owning 50% of the business. They replicated that model four years later with PepsiCo-Strauss Fresh Dips & Spreads International, which makes Obela. This joint venture operates in Australia, New Zealand and Mexico

Executives told Food Dive in 2022 that a major part of Sabra's growth plan hinged on taking the brand beyond its roots as an offering at a party or holiday gathering and turning it into something more people eat in their daily routine as a snack or during meals



Siete Foods



Siete Foods, founded in 2014, produces tortillas, salsas, seasonings, sauces, cookies and snacks. Its products can be found in grocery stores, club stores and organic food retailers largely across the U.S.

Siete started with a single almond flour tortilla sold in an Austin co-op. Today, the Siete Foods portfolio spans a variety of authentic, better-for-you products, including Grain Free Tortillas, Enchilada Sauces, Taco Seasonings, Botana Sauces, Mexican Cookies, Vegan Beans, Grain Free Puffs, Tortilla Chips, Potato Chips, and Salsas at more than 40,000 retailers.





Frito-Lay today issued a recall of a limited number of 13 oz. bags of Tostitos Cantina Traditional Yellow Corn Tortilla Chips that could include nacho cheese tortilla chips, and therefore may contain undeclared milk. Those with an allergy or severe sensitivity to milk run the risk of a serious or life-threatening allergic reaction if they consume the recalled product.

The product included in this recall was distributed to a mix of retailers including grocery, convenience and drug stores, as well as e-commerce distributors, in the following 13 states: Alabama, Florida, Georgia, Illinois, Indiana, Kentucky, Mississippi, North Carolina, Ohio, South Carolina, Tennessee, Virginia and West Virginia. Consumers would have been able to purchase these chips as early as March 7, 2025.

No allergic reactions related to this matter have been reported to date. No other Tostitos products, flavors, sizes or variety packs are recalled.

- Less than 1,300 bags are included in the recall. The recalled product is in a flexible bag, and the specific information is listed below:



Quaker Oats Recall



- In late 2023 and early 2024, Quaker Oats, a subsidiary of PepsiCo, issued a significant recall of over 100 products due to potential Salmonella contamination. This recall encompassed a wide range of granola bars, cereals, and snack items distributed across the United States, Puerto Rico, Guam, and Saipan. U.S. Food and Drug Administration
- PepsiCo officially closed the manufacturing plant located in Danville, Illinois during June of 2024 following an investigation into the plant by the FDA.
- The FDA has collected 13 different positive Salmonella samples since June of 2022 and concluded that PepsiCo's response to the contamination was not adequate.
- PepsiCo has shifted manufacturing to different sites and expected the supply chain to be recovered by 4Q24. It is still recovering. As a result, the Quaker Foods North America segment should benefit from restocking in 2025.



Celsius Partnership 2025



The long-term U.S. distribution agreement is effective on August 1, 2022 and, subject to certain exceptions, includes retail and food service channels. PepsiCo will also become the preferred distribution partner globally for Celsius.

As part of the transaction, PepsiCo will make a net cash investment of \$550 million to Celsius in exchange for convertible preferred stock. Shares underlying the transaction were priced at \$75 per share, or approximately 7.33 million shares, which equates to an estimated 8.5% ownership in Celsius on an as-converted basis. The preferred shares are entitled to a 5% annual dividend.





Crop diagnostic

Prognosis per plot of pests and disease

Emergence evaluation

Detection & dynamic scouting with plant stand count

Biomass evaluation

Real insights of canopy coverage across all vegetation cycle

Whole Field Status

Discover field stress and anomalies with orthomosaic

Satellite analysis

Measure changes in crop health with NDVI and RGB satellite imagery

Carbon footprint

Reduce carbon emissions across your

AI-Driven Diagnostics: Utilizes deep learning algorithms to detect and monitor crop diseases and pests, enabling early intervention and reducing crop loss.

Multispectral Imaging: Employs drones and satellite imagery to assess crop health, identify stress factors, and monitor growth patterns.

Cloud-Based Platform: Offers a user-friendly interface for farmers to access real-time data and actionable insights, facilitating informed decision-making





The AgroScout Advantage



Improve your supply operations

When agriculture becomes demand-led, standardization and traceability become vital to ensure the quality and recall ability of the end product. Ensure direct supply agreements with farmers.



Boost your revenue

Higher yields and reduced applications translate to better ROI. Knowing precisely where troubled areas are means targeted applications can be enough. Secure your product cycle from planting to harvest.



Reach sustainability goals

Reducing your carbon footprint and targeted chemical applications not only saves money, it brings growers closer to reaching sustainability goals.





- Innovating towards healthy consumer trends

- Pepsi Zero Sugar – double digit revenue growth 2024
- Acquired Siete Foods in 2025 (\$1.2B)
- \$550M investment in Celsius, acts as distribution partner
- Acquired Sabra – Leader in hummus
- These efforts paid off with Gatorade gaining market share in the U.S. in 2024 despite heavy competition in sports drinks [beveragedaily.com](https://www.beveragedaily.com).

. The company has public goals to reduce added sugars and sodium across its portfolio and increase the percentage of sales from nutritious products (for example, PepsiCo's goal is that by 2025, ~67% of its beverage portfolio will have 100 calories or fewer per 12 oz from added sugars [pepsico.com](https://www.pepsico.com))

In summary, the health and wellness trend is both a near-term sales opportunity and a long-term mandate – and PepsiCo is actively reformulating and innovating to ensure it can deliver growth by helping consumers make “positive choices” in their diets.





Summary First-Quarter 2025 Performance

	GAAP Reported % Change	Revenue		Organic % Change	Volume ^(a)	
		Percentage Point Impact			% Change	
		Foreign Exchange Translation	Acquisitions and Divestitures		Convenient Foods	Beverages
PepsiCo Foods North America (PFNA)	(1)	—	(1)	(2)	(1)	
PepsiCo Beverages North America (PBNA)	—	—	—	1		(3)
International Beverages Franchise (IB Franchise)	3	5	—	7		3
Europe, Middle East and Africa (EMEA)	(2)	9	—	8	(9)	(4)
Latin America Foods (LatAm Foods)	(12)	15	—	3	(0.5)	
Asia Pacific Foods	(2)	2	(1)	(1)	3	
Total	(2)	3	—	1	(3)	—



Q1 2025



PepsiCo delivered 1.2 percent organic revenue growth, led by 5 percent organic revenue growth in our International business

Our PepsiCo Beverages North America organic revenue trends improved versus the previous quarter, and the segment delivered strong core operating profit growth and core operating profit margin expansion year-over-year

Encouragingly, our Pepsi brand gained market share in the carbonated soft drinks category and delivered solid net revenue growth, led by the continued strength of Pepsi Zero Sugar.

In addition, Gatorade gained market share within the sports drink category, led by Gatorade Zero



Q1 2025



For 2025, the Company continues to expect:

- A low-single-digit increase in organic revenue;
- A core annual effective tax rate of approximately 20 percent; and
- Total cash returns to shareholders of approximately \$8.6 billion, comprised of dividends of \$7.6 billion and share repurchases of \$1.0 billion.

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 new, separate reportable segment. As a result, our international convenient food businesses have been reorganized into 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, primarily China, Australia and New Zealand, as well as India. Company-owned international bottling businesses are now included within our EMEA segment.



2024



Organic Revenue
Performance^[4]

2.0%

Core Constant
Currency EPS Growth^[4]

9%

Free Cash Flow
Excluding Certain Items^[4]

\$8.7 Billion

TSR

-7.6%

Cash Returned to Shareholders

\$8.2 Billion



2024 – Annual Incentive Award





In 2024, Mr. Laguarta provided resolute strategic leadership in a particularly challenging macro environment and took decisive actions to mitigate the adverse impact of certain QFNA product recalls, address market changes and subdued category trends, and steer PepsiCo towards achieving its long-term goals to create value for its shareholders. Financial, operational, and individual performance highlights under Mr. Laguarta's leadership in 2024 include:

Faster



- Delivered Organic Revenue Performance^[5] of 2.0% in 2024
- Generated Organic Revenue Performance^[5] of 6% for PepsiCo's International business as International convenient foods delivered 4% Organic Revenue Performance^[5] while International beverages delivered 10% Organic Revenue Performance^[5]
- Grew Core Constant Currency EPS^[5] by 9%, delivering a fourth consecutive year of at least high-single-digit Core Constant Currency EPS Growth^[5]. Two-year compounded Core Constant Currency EPS Growth^[5] was 12%
- Expanded PepsiCo's Core Gross Margin^[5] by 70 basis points and Core Operating Margin^[5] by 85 basis points
- Successfully executed on the rollout of Mountain Dew Baja Blast which generated more than \$1 billion in annual retail sales (including foodservice channel)
- Continued to elevate and prioritize our focus on attractive segments of the beverages category, such as zero sugar, functional hydration, and sports nutrition, while optimizing our resources to focus on fewer, larger initiatives
- Held or gained savory snack market share in many of our international markets, including China, Brazil, India, Australia, South Africa, Poland, Colombia, Guatemala, and Pakistan
- Held or gained beverages market share in the U.K., Germany, Brazil, Australia, South Korea, India, Thailand, Poland, Pakistan, Saudi Arabia, and Vietnam

[5]





Vision: Winning with pep+ (PepsiCo Positive)

Guiding PepsiCo is our vision to **Be the Global Leader in Beverages and Convenient Foods by Winning with pep+.**

pep+ is our strategic end-to-end transformation that puts sustainability and human capital at the center of how PepsiCo plans to create value and growth over the long-term. We are continuing to transform our business to drive positive change, working to implement a set of focused initiatives to help build a more sustainable food system.



*Regenerative
Agriculture; Sustainable
Sourcing; Improved
Livelihoods*

*Climate; Water;
Packaging; People*

*Expanded Portfolio
Offerings; Brands with
Positive Impact*

For more information regarding our pep+ initiatives (including how we define certain terms), please refer to “Our Sustainable Business Practices” beginning on page 42 and visit www.pepsico.com/PepsiCoPositive.^[1]



Pepsi Logo Colors:



BLUE

CMYK: 100 69 17 3

HEX: #004B93

RGB: 39 81 184

PANTONE: PMS 2945 C

RED

CMYK: 0 100 82 0

HEX: #C9002B

RGB: 201 0 44

PANTONE: PMS 185 C

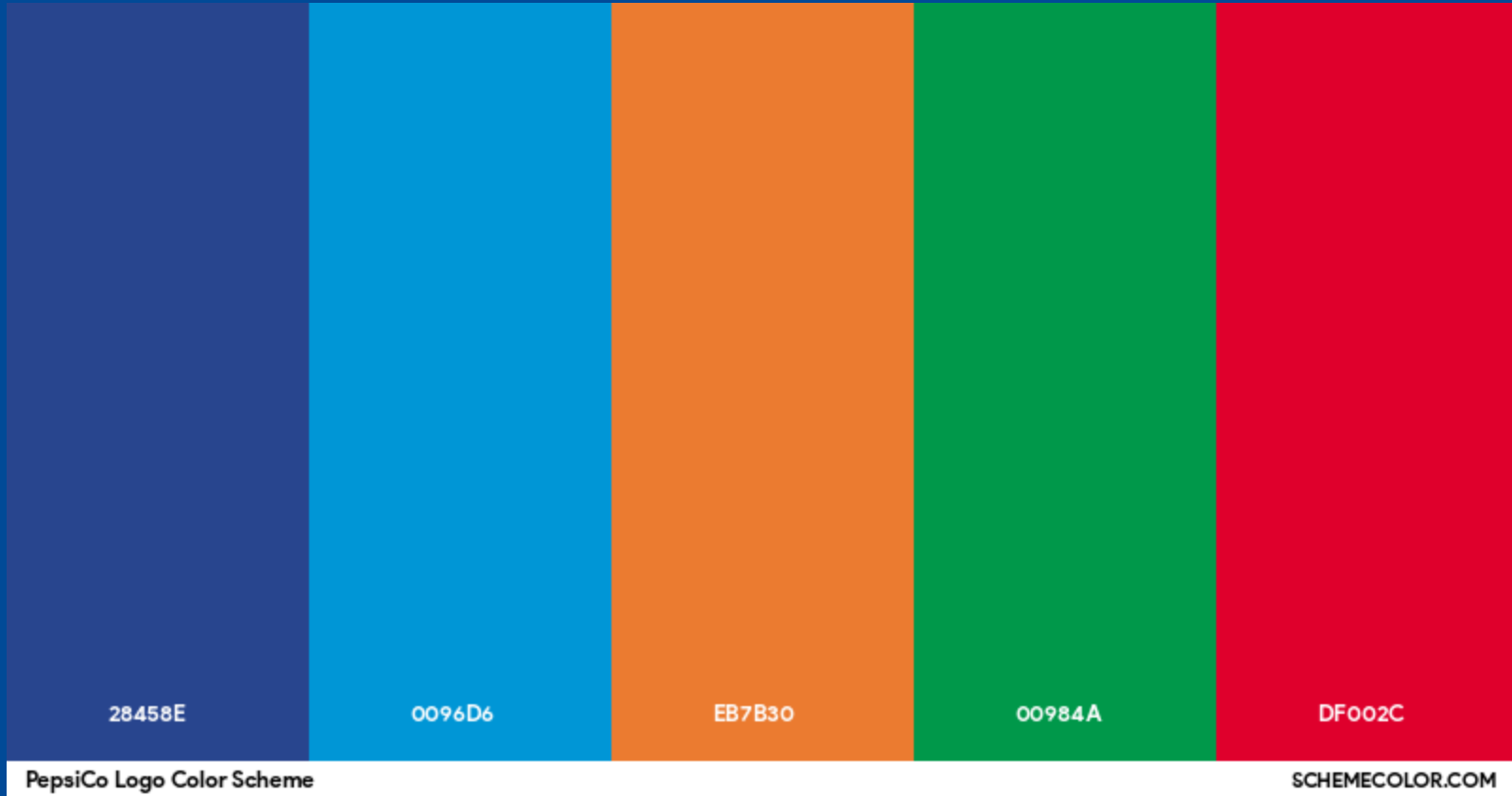
WHITE

CMYK: (0,0,0,0)

HEX: #ffffff

RGB: (255,255,255)





Pepsi Logo Colors:



BLUE

CMYK: 100 69 17 3

HEX: #004B93

RGB: 39 81 184

PANTONE: PMS 2945 C

RED

CMYK: 0 100 82 0

HEX: #C9002B

RGB: 201 0 44

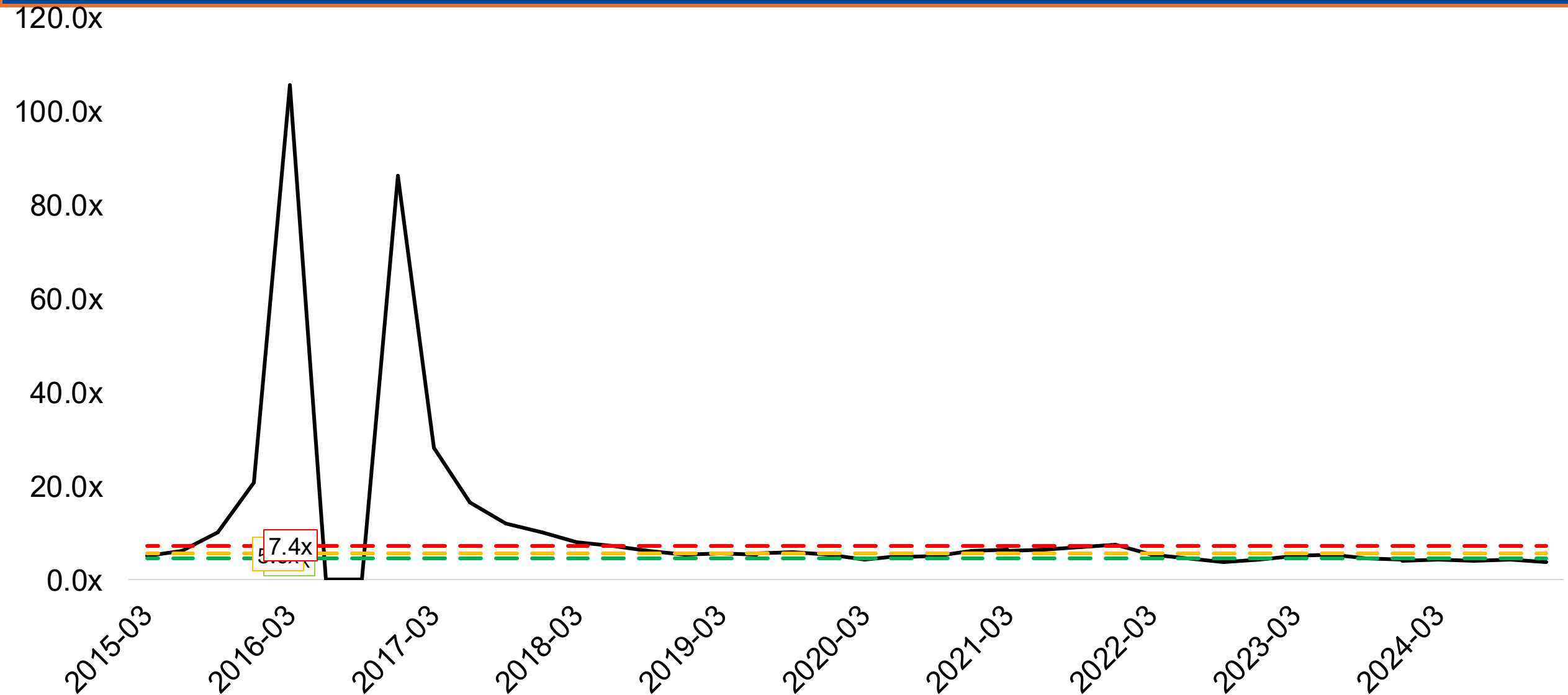
PANTONE: PMS 185 C

WHITE

CMYK: (0,0,0,0)

HEX: #ffffff

RGB: (255,255,255)





GLP-1s vs. Healthy Lifestyle: A Fad, Not a Structural Threat

- **GLP-1 drugs cost ~\$250/week**, compared to just **~\$70/week** for a healthy diet.
- **Discipline is rare:** Only **2.7% of U.S. adults** meet all four basic health criteria—balanced diet, regular activity, healthy body fat, and non-smoking (Oregon State University).
- **Human behavior is cyclical:** The public will chase lifestyle change, but most will ultimately revert to old eating habits.
- **GLP-1: Just another fad**—PepsiCo has successfully weathered similar trends before:
 - *1990s low-fat craze*
 - *2000s–2010s Atkins/Keto boom*
 - *2010s gluten-free obsession*
 - *Late 2010s plant-based/vegan surge*
- **Conclusion:** GLP-1s are not a lasting disruption. They're a temporary consumer distraction—**PepsiCo's portfolio and brand strength are built for the long game.**
- **You could even argue that GLP-1s will allow users to justify bad eating habits.**

