

PepsiCo Fourth Quarter 2014 Earnings Call

February 11, 2015



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Note: This presentation should be viewed in conjunction with PepsiCo's Q4 2014 earnings call

Safe Harbor Statement

- Statements in this communication that are “forward-looking statements,” including our 2015 guidance, are based on currently available information, operating plans and projections about future events and trends. Terminology such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “expressed confidence,” “forecast,” “future,” “goals,” “guidance,” “intend,” “may,” “objectives,” “outlook,” “plan,” “position,” “potential,” “project,” “seek,” “should,” “strategy,” “target,” “will” or similar statements or variations of such terms are intended to identify forward-looking statements, although not all forward-looking statements contain such terms. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such forward-looking statements. Such risks and uncertainties include, but are not limited to: changes in demand for PepsiCo's products, as a result of changes in consumer preferences or otherwise; changes in the legal and regulatory environment; imposition of new taxes, disagreements with tax authorities or additional tax liabilities; PepsiCo's ability to compete effectively; PepsiCo's ability to grow its business in developing and emerging markets or unstable political conditions, civil unrest or other developments and risks in the markets where PepsiCo's products are made, manufactured, distributed or sold; unfavorable economic conditions in the countries in which PepsiCo operates; increased costs, disruption of supply or shortages of raw materials and other supplies; failure to realize anticipated benefits from PepsiCo's productivity initiatives or global operating model; disruption of PepsiCo's supply chain; product contamination or tampering or issues or concerns with respect to product quality, safety and integrity; damage to PepsiCo's reputation or brand image; failure to successfully complete or integrate acquisitions and joint ventures into PepsiCo's existing operations or to complete or manage divestitures or franchisings; PepsiCo's ability to hire or retain key employees or a highly skilled and diverse workforce; loss of any key customer or changes to the retail landscape; any downgrade or potential downgrade of PepsiCo's credit ratings; the ability to protect information systems against or effectively respond to a cybersecurity incident or other disruption; PepsiCo's ability to implement shared services or utilize information technology systems and networks effectively; fluctuations or other changes in exchange rates, including the potential introduction of new exchange mechanisms in Venezuela; climate change, or legal, regulatory or market measures to address climate change; failure to successfully negotiate collective bargaining agreements or strikes or work stoppages; any infringement of or challenge to PepsiCo's intellectual property rights; potential liabilities and costs from litigation or legal proceedings; and other factors that may adversely affect the price of PepsiCo's common stock and financial performance.
- For additional information on these and other factors that could cause PepsiCo's actual results to materially differ from those set forth herein, please see PepsiCo's filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Information

- Please refer to the “Investors” section of PepsiCo's web site at www.pepsico.com under the heading “Events & Presentations” to find disclosure and a reconciliation of any non-GAAP financial measures contained herein.

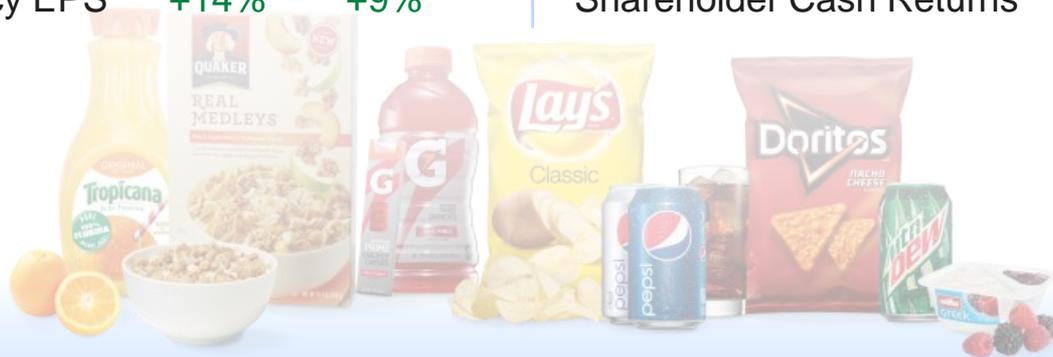
Glossary

- Please refer to the Glossary and attachments to our February 11, 2015 earnings release for the definitions of core, constant currency, organic, free cash flow and certain other terms used herein.

Q4'14 and 2014 Results



	<u>Q4'14</u>	<u>2014</u>		<u>2014</u>
Organic Revenue Growth	+5%	+4%	Productivity Savings	\$1 billion
Core Gross Margin Growth	+70 bps	+55 bps	Net Capex as % of Revenue	4.1%
Core Operating Margin Growth	+15 bps	+30 bps	FCF ¹ as % of Core Net Income	117%
Core Effective Tax Rate	25.5%	25.0%	Core Net ROIC	17.5% (+110 bps)
Core Constant Currency EPS Growth	+14%	+9%	Shareholder Cash Returns	\$8.7 billion



1. Free cash flow excluding certain items

Note: The above items, other than productivity savings, net capex as a % of revenue, and shareholder cash returns, represent non-GAAP financial measures that adjust for certain items. Please refer to the "Reconciliation of GAAP and non-GAAP information" attachment posted on February 11, 2015 under the "Investors-Events and Presentations" section at www.pepsico.com to find disclosure and reconciliation of the above non-GAAP financial measures.

Organic Revenue Growth	<ul style="list-style-type: none">• Mid-single digits
Below-the-Line Leverage	<ul style="list-style-type: none">• Corporate cost efficiency; ~25% core effective tax rate; Reduced share count
Core Constant Currency EPS Growth ¹	<ul style="list-style-type: none">• 7%
Core EPS ²	<ul style="list-style-type: none">• ~\$4.63
Fx Translation Impact ²	<ul style="list-style-type: none">• (7)% Revenue, (7)% Core EPS
Free Cash Flow (excluding certain items)	<ul style="list-style-type: none">• ~\$7 billion
Capital Allocation Discipline and Cash Returns	<ul style="list-style-type: none">• Net capex \leq 5% of net revenue• ~\$4 billion dividends (up +7%)³• ~\$4.5 to \$5 billion share repurchases

1. From PepsiCo's fiscal 2014 core EPS of \$4.63 2. Based on current market consensus rates. Any devaluation of the Venezuelan bolivar could result in a higher than expected unfavorable impact. 3. Increased dividends per share by 7%, beginning with our expected June 2015 payment to \$2.81 on an annualized basis

Note: Certain of the above items represent non-GAAP financial measures that adjust for certain items. Please refer to the "Reconciliation of GAAP and non-GAAP information" attachment posted on February 11, 2015 under the "Investors-Events and Presentations" section at www.pepsico.com to find disclosure and reconciliation of the above non-GAAP financial measures.



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