Agenda

PepsiCo Category Research

PepsiCo WANTS
PepsiCo is a global food and beverage powerhouse. Our broad range of more than 3,000 delicious products offers consumers convenient, nutritious and affordable options in nearly every country around the world.
We have a strong portfolio of iconic brands……..

<table>
<thead>
<tr>
<th>22 $1B Brands</th>
<th>Over 40 $250MM - $1B Brands</th>
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<tbody>
<tr>
<td>Pepsi</td>
<td>Toddle</td>
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<td>pepsi MAX zero calories</td>
<td>SoBe</td>
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<td>diet pepsi</td>
<td>Mug Root Beer</td>
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<td>Lay's</td>
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<td>Walkers</td>
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<td>Gatorade</td>
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<td>7Up</td>
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<td>Tropicana</td>
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<td>Doritos</td>
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<td>Lipton</td>
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<td>Brisk</td>
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<td>Cheetos</td>
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<td>Cola</td>
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<td>Quaker</td>
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<td>Tostitos</td>
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<td>Mission Foods</td>
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<td>Ruffles</td>
<td>Mug Root Beer</td>
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<td>Aquafina</td>
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<td>Fritos</td>
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<td>Rold Gold</td>
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</table>

Source: Barclays' presentation
Our Brands have leading global positions in attractive categories.
Linking Consumer Drivers leads to Demand Driven Growth

Demand Divides into 4 Distinct Clusters Which Frame the Landscape
Global R&D

ONE GLOBAL R&D ORGANIZATION

Sector Model

Category Model

PAF

PAB

Europe

AMEA

Beverages

Nutrition

Snacks

Strategy & Portfolio Mgmt

Global Functions

Dairy & Chocolate TCOE
R&D Operating Model

- **Discovery R&D Teams**
  - New propositions (unique-to-market platforms)

- **Transformational Science**
  - New propositions (unique-to-market platforms)

- **Reframe**
  - New propositions (PEP-familiar platforms)

- **Refresh**
  - Line extensions

**Business Impact (Return)**

**Business Complexity**
R&D impacts productivity across Supply Chain

Source → Develop → Make → Move → Sell

Ingredients → Process → Package
Agenda

PepsiCo Category Research

PepsiCo WANTS
Focus on BIG Ideas

- High Challenge, Low Reward
- High Challenge, High Reward
- Low Challenge, Low Reward
- Low Challenge, High Reward
Group Ideas into Opportunity Spaces

Better Built:
- Built for Appearance
- Built for Texture
- Built for Taste & Flavor
- Built for Permissibility

Transform Distribution:
- Point of Sale
- At Home Applications
- Flexible Equipment
- Localization

Holistic Sourcing:
- Managing Inputs (Ingredients)
- Repurpose and Reuse
- Robust Process

Digital Efficiencies:
- Mass Customization
- Information Value Chain
- Operational Execution
Some Food WANTS

• Differentiated packaging (new format, digital print, functionality, recyclability, etc.)

• Advantaged plant protein (sourcing, solubility, taste/texture, bioavailability, quality – PDCAAS, etc.)

• New natural preservatives, colors, and functional ingredients

• Bio-fermentation, Chemical, enzymatic modification, etc.

• New/unique dehydration technologies (other than baking, frying, etc.)

• New Food Industry Manufacturing Processes (e.g. Injection Molding of Food)

• Noninvasive potato defect and content characterization

• Non-Oil Frying (alternative food grade fluid that has a flash point ≥ 450 to 500°F)

• Edible adhesives and coatings that are activated with a low energy source or temperature
Some Beverage WANTS

- Next generation of plastic packaging – what is the next PET, cheaper, more sustainable and with better barrier properties? Better Renewable plastics.
- Recyclable / Biodegradable Pods
- Economical packaging barrier
- Alternative sweeteners (new ingredients, improved stevia extracts, aftertaste mitigation, mouthfeel modification, etc.)
- Unlocking use of “source” water (improved RO, ZLD, inexpensive filtration)
- Uniform ingredient dispersion and repeatable, accurate micro scale ingredient handling
- Advantaged and novel sterilization technologies
- Economical vending solutions including cooler / chilling technology
Next Steps – Defining Unarticulated Needs

• Unarticulated Needs (WANTS)

“If I’d asked people what they wanted, they’d would have asked for a better horse.” Henry Ford

“It’s really hard to design products by focus groups. A lot of times, people don’t know what they want until you show it to them.” Steve Jobs
Internal PepsiCo Capabilities

- Food Science
- Culinary
- Sensory
- Clinical Science
- Packaging
- Metabolomics
- Engineering
- Food Safety, Quality
- Chemistry/Physics
- Regulatory
- Statistics
- Agro
- Biology
- Nutrition
- Flavors