

Business Standard

PepsiCo India grows 50 per cent in Q3

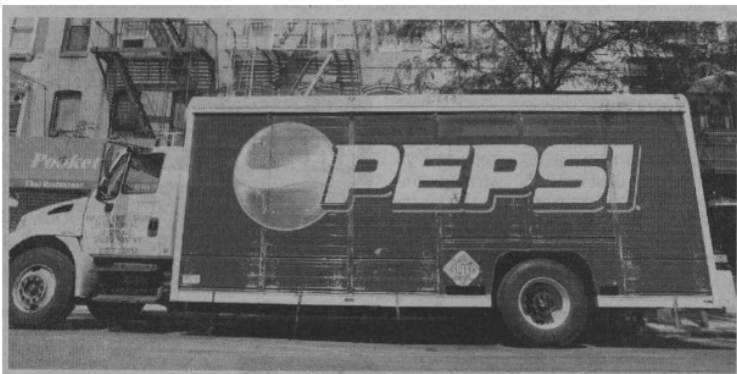
Improvements in market execution, prolonged summer up sales for beverage and foods maker

BS REPORTER
New Delhi, 14 October

Targeted investments in infrastructure, significant improvements in market execution and a prolonged summer contributed to beverage and foods maker PepsiCo posting an over 50 per cent growth in India in the third quarter (Q3) of calendar year 2009 as compared with the same period last year.

Last quarter, PepsiCo had posted 35 per cent growth. The company attributed its success — its highest growth rate so far — to “a very strong volume growth across carbonated soft drinks and non-carbonated beverages”.

PepsiCo, however, reported a weaker-than-expected quarterly revenue and also an-



The company has reported a weaker-than-expected quarterly revenue

nounced that it did not expect much consumer spending this year. Net income for the third quarter rose to \$1.72 billion.

The company's performance in the Asia/Middle East/Africa (AMEA) region has been good. Its net revenue

grew 13 per cent and operating profit improved 52 per cent. The AMEA region beverage volume grew 9 per cent.

The AMEA region's snacks volumes grew 8 per cent — more than double its growth in the previous quarter. Strong sequential improvement resulted from broad-based geographic growth in India, South Africa and other emerging markets. For instance, in India, PepsiCo launched Aliva, a savory cracker product; and in Australia, the company launched Grainwaves, a multi-grain salty snack, augmenting its health and wellness portfolio in the country.

In China, sequential volume improvement in the quarter was driven by share gains in the juice market, particularly Tropicana's GuoBin-Fen line of locally relevant juice drinks, as well as by Gatorade. PepsiCo continues

to drive expanded distribution of key beverage products in China, including Pepsi Max, Lipton ready-to-drink tea and Tropicana Juicy Pulp Sacs.

The net impact of acquisitions and divestitures contributed 1 percentage point to net revenue growth and 34 percentage points to operating profit growth, primarily due to a one-time gain associated with the contribution of the company's snacks business in Japan to form a joint venture with Calbee Foods Company, the snacks market leader in Japan. The operating profit performance, excluding this impact, was driven by strong flow-through from the growth in volume and cost discipline across the businesses, the company said in a statement.