



## PepsiAmericas Reports Third Quarter 2009 Results

MINNEAPOLIS, October 28, 2009 -- PepsiAmericas, Inc. (NYSE: PAS) today reported third quarter 2009 net income of \$63.5 million, or diluted earnings per share (EPS) of \$0.51. Net income in the third quarter of 2009 included various non-comparable items which in total decreased net income by \$8.7 million, or EPS by \$0.08, resulting in adjusted EPS of \$0.59. Results were also negatively impacted by foreign currency movements, which reduced net income by \$38 million, or EPS by \$0.31. These results compare to third quarter 2008 reported net income of \$73.1 million, or \$0.58 per share, which included non-comparable items and discontinued operations that in total reduced EPS by \$0.13.

The 2009 non-comparable items included a \$0.06 EPS impact from a non-cash impairment charge on the company's Sandora and Sadochok brands, resulting from the determination that the carrying value of these intangible assets exceeded their fair value.

Chairman and Chief Executive Officer Robert C. Pohlad said, "Given the challenges in our European business and volume pressures in the U.S., we are satisfied with our performance this quarter. We continue to execute our global pricing plans, expand our brand portfolio and drive productivity improvements, helping to offset topline pressures and currency headwinds. In the U.S., our take home business was particularly soft while pricing, productivity and cost management drove operating profits up 7 percent in the quarter. In Europe, the weaker economic trends in Romania negatively impacted revenues and operating profits in the quarter, while volumes sequentially improved in all other markets.

"We expect these topline pressures to continue for the remainder of the year. As a result, we are revising our full year 2009 adjusted EPS outlook to \$1.83 to \$1.87," Pohlad continued. "The organization continues its focus on cash flow, and we expect to generate adjusted operating cash flow at the high end of our \$180 million to \$200 million range."

### Third Quarter 2009 Worldwide Financial Highlights

While operating income decreased 21 percent to \$115.4 million, including non-comparable items of \$18.7 million and \$45.2 million of foreign currency headwinds, strong global pricing and controlled costs drove operating income up \$26 million or 17 percent on a comparable currency neutral basis. Foreign currency continues to have a significant impact on results and in the third quarter, decreased revenue 7 percentage points and decreased cost of goods sold and selling, delivery and administrative expenses (SD&A) by 4 percentage points each.

Additionally, the deconsolidation of the company's Caribbean business related to its strategic joint venture with The Central America Beverage Corporation, reduced worldwide volume, revenue and SD&A by approximately 4 percentage points each, decreased operating income by 0.5 percentage points, and is excluded from the comparable figures presented below. The company's share in the earnings of the joint venture is recorded in "Equity in net (earnings) loss of nonconsolidated companies" on the Condensed Consolidated Statements of Income.

- Reported revenue of \$1.1 billion decreased 15 percent. Comparable currency neutral revenue was lower by 3 percent as a result of volume declines in both the U.S. and Central and Eastern Europe (CEE), offset partly by strong net pricing across all geographies.
- Comparable volume declined 9 percent. CEE volume declined 9.3 percent, representing a sequential improvement over prior quarter. U.S. volume declined 8.9 percent including over 3 percentage points from the quarterly shift in the Fourth of July holiday.
- Cost of goods sold per unit was favorable to the prior year quarter by 2.7 percent, driven by the impact of foreign currency. On a comparable currency neutral basis, cost of goods sold per unit increased 3.3 percent, reflecting raw material cost increases offset partly by system efficiencies.
- SD&A was favorable to the prior year quarter by 14 percent. Comparable currency neutral SD&A decreased 7 percent reflecting lower volume and the company's productivity and cost initiatives.

### Third Quarter U.S. Operations Highlights

Net sales in the U.S. decreased 3 percent to \$854.6 million in the third quarter reflecting an 8.9 percent volume decrease partly offset by strong pricing. Carbonated soft drink volume decreased 8 percent compared to the prior year quarter as a result of the holiday calendar shift, as well as unusually soft post holiday take home volume. Non-carbonated soft drinks decreased 11 percent, which reflected the continued decline in the low margin Aquafina take home package and Trademark Lipton. Single serve volume continued to grow in the retail channel while softness in the foodservice channels, particularly third party operators and vending, drove overall single serve declines in the quarter. Net pricing grew 5.5 percent, primarily reflecting rate increases to cover higher raw material costs which drove cost of goods sold per unit up by 4.4 percent. Favorable mix related

mainly to the calendar holiday shift added approximately 1.7 percentage points to this pricing. Gross profit decreased 1 percent in the quarter to \$358.1 million.

SD&A of \$258.6 million was below prior year by 4 percent and included \$2.4 million of non-comparable items. SD&A expenses were favorable to prior year due to lower fuel costs, the timing of productivity initiatives and costs, as well as lower volumes. Operating income was \$99.5 million, compared to \$92.6 million in the prior year quarter, which included non-comparable items of \$1.2 million and \$0.7 million, respectively.

### **Third Quarter International Operations Highlights**

CEE net sales of \$279 million in the third quarter were down 27 percent from the prior year quarter, primarily due to a 24 percentage point negative impact from foreign currency. Volume declined 9.3 percent in the quarter, reflecting continued difficult economic conditions in the company's emerging markets, particularly Romania. Net pricing on a currency neutral basis grew 6.5 percent to cover raw material costs and, in part, transactional currency headwinds.

Cost of goods sold per unit decreased 13.6 percent, due primarily to a 14 percentage point favorable impact from foreign currency offset partially by higher raw material costs. Gross profit declined 34 percent to \$109.4 million for the quarter. SD&A of \$76 million was below prior year by 28 percent due to a 15 percentage point impact related to foreign currency and lower underlying costs. CEE's operating income was \$15.9 million, which included \$17.5 million of non-comparable items and \$45.2 million in foreign currency headwinds. Operating income was \$58.9 million in the prior year quarter, which included \$0.6 million of non-comparable items.

### **2009 Outlook**

The company now expects full year 2009 adjusted EPS of \$1.83 to \$1.87. This reduced outlook reflects the impact of softer U.S. volumes and more difficult emerging economies, particularly Romania. Including the impact of foreign currency based on recent exchange rates, as well as the Caribbean deconsolidation, the company now expects an adjusted operating profit decline in the 7 percent range. The 2009 outlook is based on a 52 week comparable basis.

The company expects to generate adjusted operating cash flow at the high end of its guided range of \$180 million to \$200 million.

The net income included in this release refers to the "Net income attributable to PepsiAmericas, Inc." line item on the Condensed Consolidated Statements of Income.

### **Conference Call**

PepsiAmericas will hold its third quarter 2009 earnings conference call at 10:00 AM CDT today, Wednesday, October 28, 2009, through a live webcast over the Internet. The live webcast will be available at [www.pepsiamericas.com](http://www.pepsiamericas.com). A replay of the webcast will be archived and available online through the Investor Relations section of our website.

### **About PepsiAmericas**

PepsiAmericas is the world's second-largest manufacturer, seller and distributor of PepsiCo beverages. With annual sales of \$4.9 billion in 2008, PepsiAmericas serves territories with a population of more than 200 million in a significant portion of a 19-state region in the U.S.; Central and Eastern Europe, including Ukraine, Poland, Romania, Hungary, the Czech Republic and Slovakia; and through our joint venture, the Caribbean and Central America. For more information, please visit [www.pepsiamericas.com](http://www.pepsiamericas.com).

### **Cautionary Statement**

This release contains certain forward-looking statements of expected future developments, as defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements in this release refer to our expectations regarding continuing operating improvement and other matters. These forward-looking statements reflect our expectations and are based on currently available data; however, actual results are subject to future risks and uncertainties, which could materially affect actual performance. Risks and uncertainties that could affect such performance include, but are not limited to, the following: the outcome of, or developments concerning, our pending merger with PepsiCo; competition, including product and pricing pressures; changing trends in consumer tastes; changes in our relationship and/or support programs with PepsiCo and other brand owners; market acceptance of new product and package offerings; weather conditions; cost and availability of raw materials; changing legislation, including tax laws; cost and outcome of environmental claims; availability and cost of capital, including changes in our debt ratings; labor and employee benefit costs; unfavorable foreign currency rate fluctuations; cost and outcome of legal proceedings; integration of acquisitions; failure of information technology systems; and general economic, business, regulatory and political conditions in the countries and territories where we operate. For additional information on these and other risks and uncertainties that could cause our actual results to materially differ from those set forth herein, please see our SEC reports, including "Risk Factors" in our 2008 Annual Report on Form 10-K. We undertake no obligation to update any of the forward-looking statements set forth herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as to the date hereof.

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