

News monitored for: Pepsi - Corporate



# PepsiCo posts robust volume growth in India

**AGENCIES**

New Delhi/New York

PEPSICO on Thursday said its snacks and beverage businesses in India have grown by double digits in volume terms for the three months ended March 31, 2012.

"Snacks delivered its 9th consecutive quarter of double-digit volume growth in Asia, Middle East & Africa (AMEA), with first quarter snacks volume growing double digits in India, Australia, Thailand and the Middle East," PepsiCo said in a statement.

The company's beverage volume growth in the region was driven by double-digit gains in India, Saudi Arabia and the Philippines, it said.

In the AMEA, the company registered net revenue growth of 12 per cent driven by effective net pricing and volume growth. Its snacks volume increased 16 per cent and beverage volume grew by 2 per cent, it added.

During the first quarter, the company posted a net revenue of \$12.43 billion compared to 11.94 billion in the corresponding period of previous year.

Net income of the company stood at \$1.13 billion for the first quarter against \$1.14 billion in the same period last year.

"Our first quarter results reflect the strength of our brands which allowed us to implement significant pricing actions," PepsiCo Chairman and CEO Indra Nooyi said.

For PepsiCo, 2012 is a transition year as it ramps up marketing, cuts thou-



**Summer sizzle**

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sands of jobs and streamlines its portfolio to improve its performance, especially in its North American drink business.

"As the year progresses, quarter by quarter, you'll start seeing the business strengthen," Nooyi said.

Though its results beat expectations, PepsiCo shares fell slightly in morning trading on the New York Stock Exchange, dropping 0.2 per cent to \$66.50.

"Expectations were low and sentiment is still fairly negative," said JP Morgan analyst John Faucher. "We don't think that most skeptics will be convinced yet."

PepsiCo, maker of Frito-Lay snacks, Quaker oatmeal and Tropicana orange juice, said results were in line with its own expectations in the quarter, during which commodity cost inflation was at the highest rate expected for the year.

The company said it made progress on a range of initiatives in the first quarter, including innovation and advertising.

It launched Pepsi Next, a mid-calorie cola that it said is performing better than expected. It also

boosted spending on media advertising by 25 per cent. Overall, marketing spending as a percentage of sales is expected to rise by half a percentage point to 5.7 per cent this year.

Like most food and beverage companies, PepsiCo and Coke Enterprises raised prices to offset higher commodity costs. But those price increases can often hurt sales volume.

PepsiCo said net income was \$1.13 billion, or 71 cents per share, in the first quarter, down slightly from \$1.14 billion, or 71 cents a share, a year earlier.

Excluding items, earnings were 69 cents per share, in line with management's expectations, but 2 cents more than analysts' estimates, according to Thomson Reuters I/B/E/S.

Net revenue grew 4 per cent to \$12.43 billion, driven by price increases. Currency exchange rates reduced revenue growth by 1 percentage point.

Volume rose 2 per cent in the company's Americas Foods unit as strength in Latin America offset declines at the North American units.