

THE HINDU BUSINESS LINE
Business Line

Pepsi eyes emerging markets, healthy fare



Ms Indra Nooyi

Reuters

New York, March 23
PepsiCo Inc laid out its priorities for growth on Monday, including plans to invest heavily in emerging markets and healthier products in addition to folding in its North American bottling operations.

The Chief Executive, Ms Indra Nooyi, detailed her vision at the start of a two-day investor meeting at New York's Yankee Stadium, where the maker of Pepsi-Cola, Frito-Lay snacks and Gatorade also affirmed its growth forecasts.

The company still expects earnings per share to rise by 11 to 13 per cent this year, excluding the impact from currency. It is still targeting low double-digit growth for 2011 and 2012.

KEY PRIORITY

Ms Nooyi said a key priority is to restore its North American beverage business to sustainable profitable growth starting in 2010, after "an incredibly difficult year for us" in 2009.

PepsiCo is integrating its two largest bottlers, which it acquired last month in a \$7.8 billion bid for more control of its North American distribution system.

Aside from \$400 million in cost savings, PepsiCo expects the move to speed up decision-making and distribution and give it more flexibility when introducing new drinks in an increasingly segmented market. Rival Coca-Cola Co has announced plans for a similar deal with its top bottler.

EMERGING MARKETS

Regarding higher-growth emerging markets, such as China, India, Russia and Brazil, Ms Nooyi said Pepsi plans to invest aggressively in markets where the company can achieve leadership or parity with rivals such as Coca-Cola, whose international business is broader than Pepsi's.

On a worldwide level, Ms Nooyi said PepsiCo is targeting mid-single-digit revenue growth and mid-to-high single-digit operating profit growth in its beverage business.

On the soft drink side, Pepsi is the world's No. 2 player behind Coca-Cola, but it is a leader in the snack business.

Ms Nooyi said Pepsi plans to build and expand its snack business, especially products that are healthier.

PepsiCo expects its "nutrition business," which includes Quaker Oats, Tropicana juice, nuts and seeds, to reach \$30 billion in sales by 2020, up from about \$10 billion now.