

# **Pepsi Doubles 4Q Profit On Snacks, Overseas Soda**

Emily Fredrix, AP Food Industry Writer

NEW YORK (AP) — PepsiCo Inc.'s fourth-quarter profit almost doubled on strength in its snacks business and overseas beverage operations, while U.S. beverages continued to slump.

The drink maker said Thursday it will continue to launch new snack products as well as speed growth in developing markets, which it expects to boost revenue and profit. The company has been expanding its international units and food products division to buffer the decline in U.S. drink sales.

That's also what rival Coca-Cola Co. is doing. Domestic soft drink sales have been falling as people shift toward healthier juices and teas or cut back on purchases to save money.

But Coca-Cola has an advantage because more than three-quarters of its sales are outside the U.S. PepsiCo's international sales are about half its revenue.

The company, whose brands include Gatorade, Quaker and Pepsi-Cola, earned \$1.43 billion, or 90 cents per share, even with the estimates of analysts polled by Thomson Reuters. These estimates normally remove one-time items.

Sales for the period ended Dec. 26 climbed 4.5 percent to \$13.3 billion from \$12.74 billion. This edged out Wall Street's \$13.26 billion forecast.

Shares of PepsiCo, based in Purchase, N.Y., rose \$1.21, or 2 percent, to \$61.59 Thursday morning.

Deutsche Bank-North America analyst Marc Greenberg said the results were "solid quality" and expected shares to gain.

North American beverage revenue dipped slightly to \$2.75 billion, while volume dropped 5 percent. Frito-Lay North America snacks sales rose 6 percent to \$3.89 billion, although its volume was flat.

Snack sales have been holding up better as people buy more food at grocery stores and eat out less often in the recession. Internationally, snack sales volume dropped in Europe, which has been suffering in the recession. But volume in other parts of the world, including Asia and the Middle East, grew 13 percent in volume.

Beverages outside of Europe and North America grew 8 percent in the quarter.

On Tuesday, Coca-Cola reported strong international sales growth, with China's

## **Pepsi Doubles 4Q Profit On Snacks, Overseas Soda**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

case volume up 29 percent.

PepsiCo said it was encouraged by the performance of its SoBe Lifewater and Gatorade beverages, which gained market share during the quarter.

The company said it expects to close on its acquisitions of bottlers PepsiAmericas and the Pepsi Bottling Group by the end of the month. Those moves, which will cost \$7.8 billion, aim to help the company better compete in the U.S. because it will control its own distribution and be quicker to market with new products, which the company says will help it keep up with the changing tastes of shoppers.

PepsiCo anticipates 2010 earnings will rise 11 percent to 13 percent on a constant currency basis.

Analysts predict a profit of \$4.16 per share for the year.

The company's annual profit improved to \$5.95 billion, or \$3.77 per share, up from \$5.14 billion, or \$3.21 per share, in the prior year.

Full-year revenue was nearly flat at \$43.2 billion.

—  
*AP Retail Writer Michelle Chapman contributed to this report.*

**Source URL (retrieved on 04/19/2015 - 5:05pm):**

<http://www.impomag.com/news/2010/02/pepsi-doubles-4q-profit-snacks-overseas-soda>