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## PepsiAmericas, Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Lauren Torres - HSBC.

#### Lauren Torres – HSBC

I was hoping you could be a bit more specific with regard to your pricing plans for this year. You mentioned taking that price increase post Labor Day. Any more specific you could get as far as what those plans are and maybe how much of an increase you expect?

#### Kenneth Keiser

As Bob mentioned in his comments, first of all, we'll start taking pricing post Labor Day, and I'll elaborate on that in just a moment. But as we have previously guided, we see pricing full year in the 4% to 5% range. We'll probably be closer to the 4% range full year as we have some channel shift affecting our pricing, i.e., volume moving to large format relative to on premise.

So as I think as we look at pricing more broadly, I think a couple things. One is as we have suggested in the past, our philosophy, we'll use pricing to cover cost; and we're not going to sacrifice volume or margin for volume. Second, we'll start initiating those price increases post Labor Day so that we get as much pricing as possible in the marketplace by the first of the year. Third, our pricing will be based on our anticipated '09 costs; and fourth, we'll make sure that we're competitive. So typically our post Labor Day pricing kind of staggers in over Q4 as we need to align with retailer lead times, promotional cycles, and so forth. But the real kind of final tuning to our pricing kind of takes post Super Bowl where we absolutely know what our '09, our following year cost exposure is and we can assess where we are in the marketplace kind of from a competitive standpoint. So hopefully that explains how we'll think about pricing both balance of this year but more importantly as we set ourselves up for '09.

#### Lauren Torres – HSBC

If I could ask one more question with respect to your channel and I guess category performance in the quarter. Were there any surprises for better or for worse with respect to how you did multi-serve, single-serve, or also carbs versus non-carbs, how that played out in the quarter?

#### Kenneth Keiser

So first all, look at our total volume growth, we anticipated that we would probably be down 3% to 3.5% as we cycle through some holiday shifts. Now we anticipated that our take home business

would be most affected by the holiday shift, obviously because that's all promoted volume. So I would say probably we would've been a little bit surprised by the softness in our CSDs particularly as it relates to tea.

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