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## PepsiAmericas Inc. Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions)

We'll go first to Mr. Lauren Torres with HSBC.

#### Lauren Torres - HSBC

Good morning.

#### Bob Pohlada

Morning, Lauren.

#### Lauren Torres - HSBC

Hi. With respect to your 2008 guidance, you did touch upon this in your prepared remarks, but I was just hoping you could talk a little bit more about your expectation for US volumes to be flat to down one. Now coming off of a weak year this year and with non-carbs still doing well and becoming a greater percentage of mix, I was just wondering if this is conservative here and kind of what are your thoughts behind that?

#### Ken Keiser

Lauren, this is Ken. Let me make some comments on that. As we mentioned, we are guiding to flat to down 1%, which has been the range that we have been in traditionally over the past four to five years. We're basically anticipating that CSDs will decline at the same rates in 2007 in the rate we've seen historically.

Given how we ended up Q4 with our CSD trends actually improving that could be on the conservative side. But we think, at this point, that's the prudent way to think about our business. And in total, the big difference would be we're looking at a much more modest outlook for water growth, particularly against the take-home water, case pack water business.

So, with that being said, I think as we look at 2008, we are optimistic about the quality of our marketing and innovation. As Bob mentioned, the Pepsi Stuff has the potential to be one of the best consumer programs we've seen in some time. There is a lot of excitement about hydration, our tea platform and energy.

So you could argue that it is a conservative approach. But I think given the history of where we have been in the past four or five years we think it is at an appropriate level. And when you consider the pricing that we anticipate in the marketplace, it does give us the 4% to 5% revenue growth where we think we need to be.

**Lauren Torres - HSBC**

Okay. And also too, just thinking about the pricing environment here in the US, I guess you did mention you expect it to be favorable, particularly heading into the summer selling season. So I was just curious, and I think once again you did touch upon this, but your thoughts. It's primarily rate this year, rate versus mix, and then also as far as your pricing opportunities outside of the US, any color there would be helpful?

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