



Q2 2024 Quarterly Results

JULY 25, 2024

Forward-looking statements

Certain statements contained herein are “forward-looking statements” within the meaning of applicable securities laws and regulations. These forward-looking statements can generally be identified by the use of words such as “outlook,” “guidance,” “anticipate,” “enable,” “expect,” “believe,” “could,” “estimate,” “feel,” “forecast,” “intend,” “may,” “on track,” “plan,” “potential,” “project,” “should,” “target,” “will,” “would,” and similar words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. These statements are based on the current expectations of our management, are not predictions of actual performance, and actual results may differ materially.

Forward-looking statements are subject to a number of risks and uncertainties and actual results may differ materially. These risks and uncertainties include, but are not limited to, disruption of our manufacturing and distribution operations or supply chain; our operating in intensely competitive categories; our ability to effectively respond to changing consumer preferences and shopping behavior; concerns about the safety, quality or health effects of our products; damage to our reputation or brand image; our ability to successfully manage our acquisitions and investments in new businesses or brands; our ability to realize benefits or successfully manage the potential negative consequences of our productivity initiatives; requirements for substantial investment and upgrading of our facilities and operations; increases in our cost of employee benefits; our dependence on key information systems, and our exposure to business disruptions due to our use of information technology; substantial disruption at our manufacturing and distribution facilities; infringement of intellectual property rights, and adverse events regarding licensed intellectual property; our ability to attract, retain, develop and motivate a highly skilled and diverse workforce, and our ability to effectively manage changes in our workforce; our ability to renew collective bargaining agreements on satisfactory terms, or union activity; reductions in our payment terms with our suppliers; the consummation of our share repurchase program or the effectiveness of such program to enhance long-term stockholder value; significant impairments of the value of our goodwill and other indefinite-lived intangible assets; our dependence on third-party bottling and distribution companies for a significant portion of our business; changes in the retail landscape or in sales to any key customer; our ability to maintain strategic relationships with brand owners and private label brands; management of our equity method investments by parties who may have different interests than we do; exposure to business disruptions or other negative impacts from the use of information technology by our third-party commercial partners and service providers; our reliance on the performance of a limited number of suppliers and manufacturers for our brewers, and a limited number of order fulfillment companies for our brewers, beverage concentrates and syrups; recession, financial and credit market disruptions and other political, social or economic conditions; impacts of U.S. and international laws and regulations; exposure to significant liabilities and damage to our reputation resulting from litigation or legal proceedings; increased concerns related to the use or disposal of plastics or other packaging materials; significant additional labeling or warning requirements or limitations on the marketing or sale of our products; our exposure to cybersecurity breaches and other business disruptions due to our use of information technology and third party service providers; our ability to comply with personal data protection and privacy laws; climate change or related legislation; water scarcity and quality; and fluctuations in our effective tax rate. These risks and uncertainties, as well as others, are more fully discussed in the Company’s filings with the SEC, including our Annual Report on Form 10-K filed with the SEC on February 22, 2024. While the lists of risk factors presented here and in our public filings are considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Any forward-looking statement made herein speaks only as of the date of this document. We are under no obligation to, and expressly disclaim any obligation to, update, revise or withdraw any forward-looking statements, whether as a result of new information, subsequent events or otherwise, except as required by applicable laws or regulations.

NON-GAAP FINANCIAL MEASURES

This presentation includes certain non-GAAP financial measures, including Adjusted operating income, Adjusted operating margin, Adjusted diluted EPS and financial metrics presented on a constant currency basis, which differ from results using U.S. Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures should be considered as supplements to the GAAP reported measures, should not be considered replacements for, or superior to, the GAAP measures and may not be comparable to similarly named measures used by other companies. Non-GAAP financial measures typically exclude certain charges, including one-time costs that are not expected to occur routinely in future periods. The Company uses non-GAAP financial measures internally to focus management on performance excluding these special charges to gauge our business operating performance. Management believes this information is helpful to investors because it increases transparency and assists investors in understanding the underlying performance of the Company and in the analysis of ongoing operating trends. Additionally, management believes that non-GAAP financial measures are frequently used by analysts and investors in their evaluation of companies, and its continued inclusion provides consistency in financial reporting and enables analysts and investors to perform meaningful comparisons of past, present and future operating results. The most directly comparable GAAP financial measures and reconciliations to non-GAAP financial measures are set forth in the Appendix to this presentation and included in the Company’s filings with the SEC which are available at www.keurigdrpepper.com.

For reconciliations of reported to adjusted basis and constant currency adjusted basis in the presentation, refer to pages A6–A13 of the earnings release.

Agenda

1. Business Update

2. Results & Outlook

3. Q&A



Conference call participants



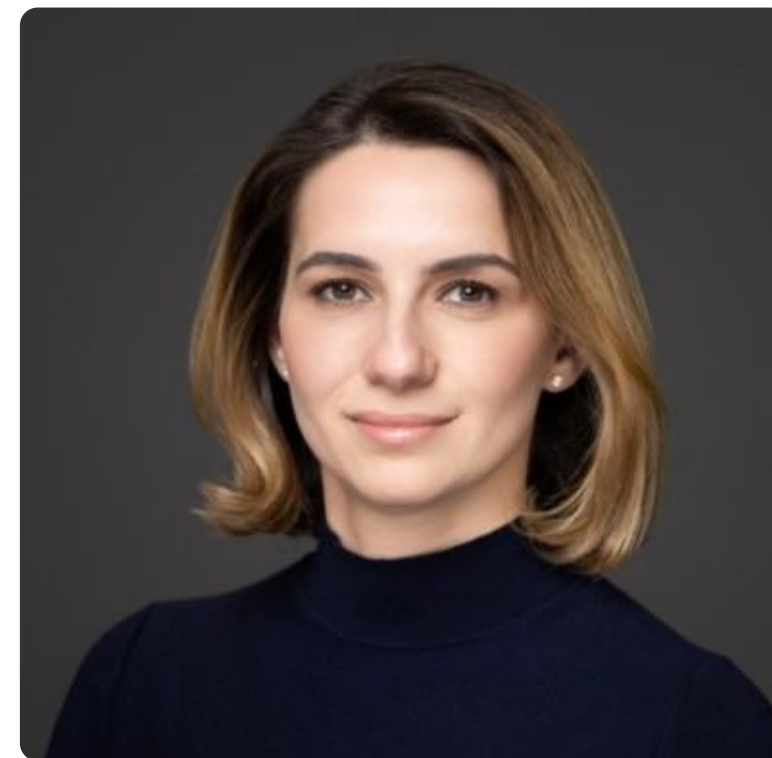
Tim Cofer

Chief Executive Officer



Sudhanshu Priyadarshi

Chief Financial Officer &
President, International



Jane Gelfand

VP, Investor Relations &
Strategic Initiatives

Business Update

Tim Cofer

Chief Executive Officer

On track to deliver our full year plan



Healthy Q2 results, with accelerating volume/mix



Strong execution in mixed consumer backdrop



Continued progress in advancing evolved strategy



Reaffirmed 2024 outlook, consistent with long-term algorithm

Q2 2024 highlights

- **Adj. net sales growth** accelerated sequentially to **3.4%** year-over-year
- **Volume/mix growth**, with gains in each segment
- **Strong gross and operating margin expansion**, enabled by net productivity and increased cost discipline
- **Solid adj. EPS growth** of **7.1%**, in line with long-term algorithm
- **Reaffirmed full year outlook:** mid-single-digit net sales growth and high-single-digit adj. EPS growth



Recent innovation is resonating with consumers



Dr Pepper Creamy Coconut
#1 limited time offering launch in KDP history



Canada Dry Fruit Splash
Incremental innovation driving share gains



The Original Donut Shop Iced Refreshers
Largest Keurig platform launch of the last several years



Peñafiel Adas and Twist
Strong growth from brand extensions

U.S. Refreshment Beverages

U.S. Coffee

International

Accelerating partner growth as DSD transitions continue



+1.1 pts
Market Share
KDP-Served Regions¹



Beginning to unlock growth potential
as distribution transitions



>25%
Volume Growth
in second quarter¹



Strengthening marketplace trends
with significant opportunity ahead

Continued progress strengthening our DSD network

Transaction with **Kalil Bottling Co.** in Arizona extends nationwide DSD network

Enhanced scale and brand building in fast-growing market with multi-cultural consumer base

Production, distribution, and sales capability

Closing expected in Q3

> **7M**
consumers¹

> **30%**
Hispanic population¹

~ **4.5K**
retail outlets

Top ten
fastest growing state in the U.S.²

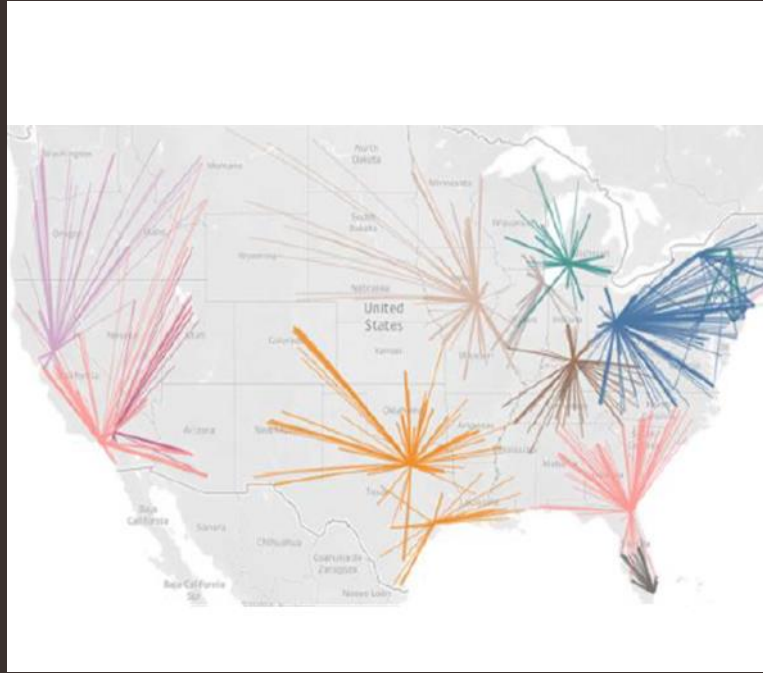


10 ¹2020 U.S. census
² Pew (2008-2023 population growth)

Structural cost agenda to provide flexibility and fuel for growth



Continuous Productivity



Network Optimization



Overhead Discipline

Flexibility to address

Reinvestment

Mixed consumer

Emerging inflation

Currency volatility

Progressing our ambitious Corporate Responsibility agenda



Environment

- >80% renewable electricity
- Plastic-free coffee pod vision



Supply Chain

- Responsibly sourced coffee & cocoa
- >40k acres of regenerative agriculture



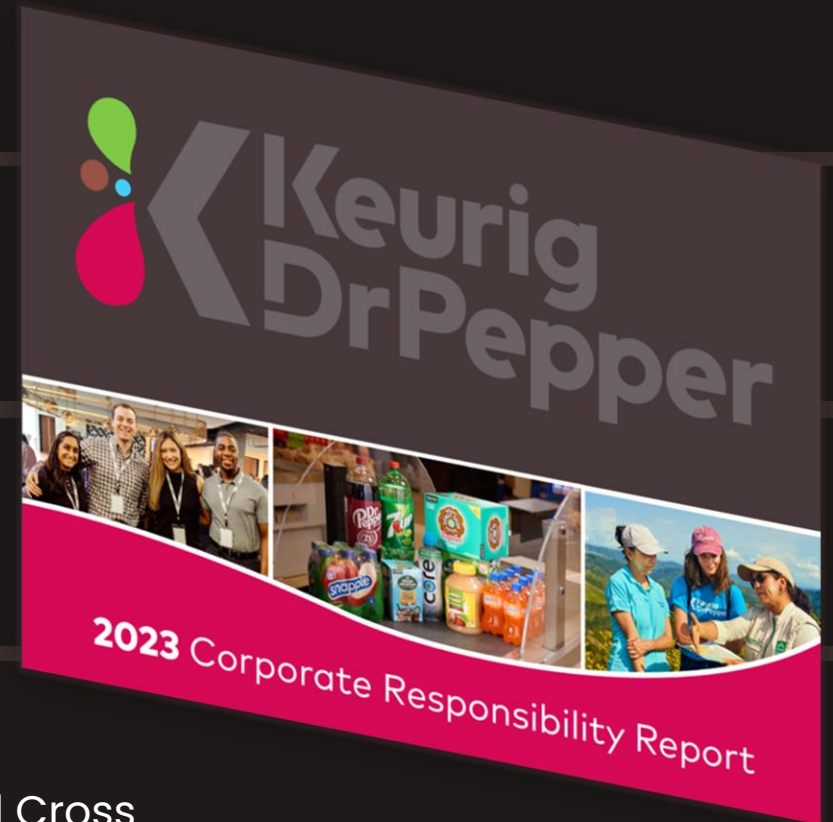
Health & Well-Being

- ~60% Positive Hydration products
- Better-for-you beverage access



People & Communities

- Greater diversity among leaders
- Community impact partnership with Red Cross





U.S. Refreshment Beverages

SEGMENT HIGHLIGHTS



Low-single-digit net sales growth
with positive price and volume/mix



Performance led by CSD portfolio
with share improving as Q2 progressed



Strong partnership contribution
from C4 share gains and
Electrolit ramp



Addressing still beverage softness
via brand activity and price pack variety



U.S. Coffee

SEGMENT HIGHLIGHTS



Focus areas gaining traction

Affordability: price packs & value marketing

Premiumization: super-premium brand tier

Cold: largest cold coffee push



Sizable Keurig brewer share gains

led by entry-priced brewers and targeted value investments



Pod shipments stabilized

driven by owned & licensed share gains



Muted at-home coffee category

remains 2024 planning stance



International

SEGMENT HIGHLIGHTS



Strong net sales growth

increasing double-digits in constant currency



Low/no-alcohol development

through continued expansion of Atypique brand



Latin America LRB momentum

driven by innovation and in-market execution



Canada coffee share gains

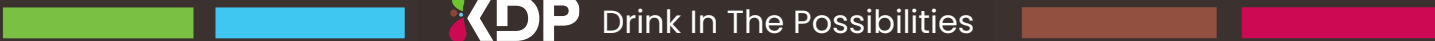
across owned & licensed pods and Keurig brewers

Continue to execute against strategic agenda

STRATEGY



ALGORITHM



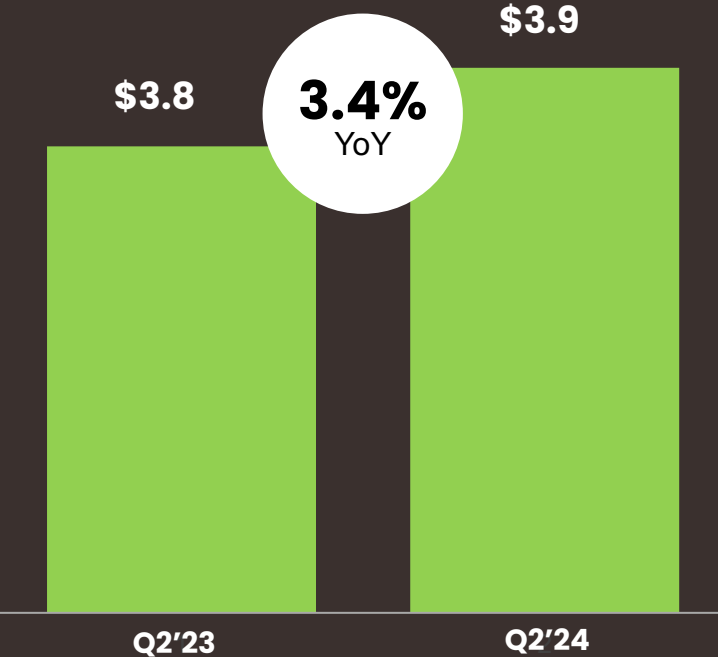
Results & Outlook

Sudhanshu Priyadarshi

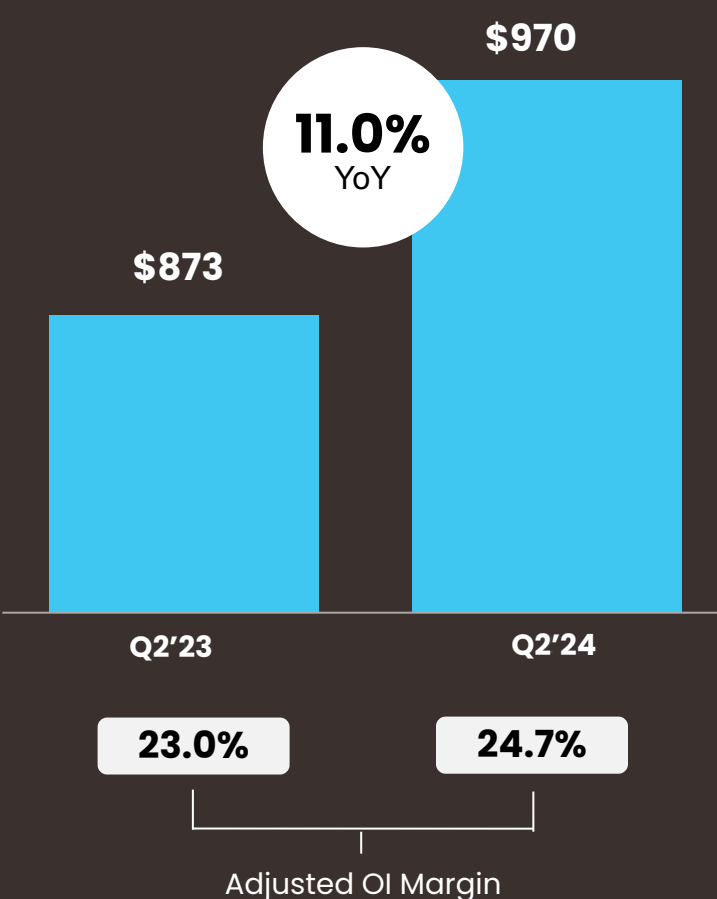
Chief Financial Officer & President, International

Q2 2024 consolidated results

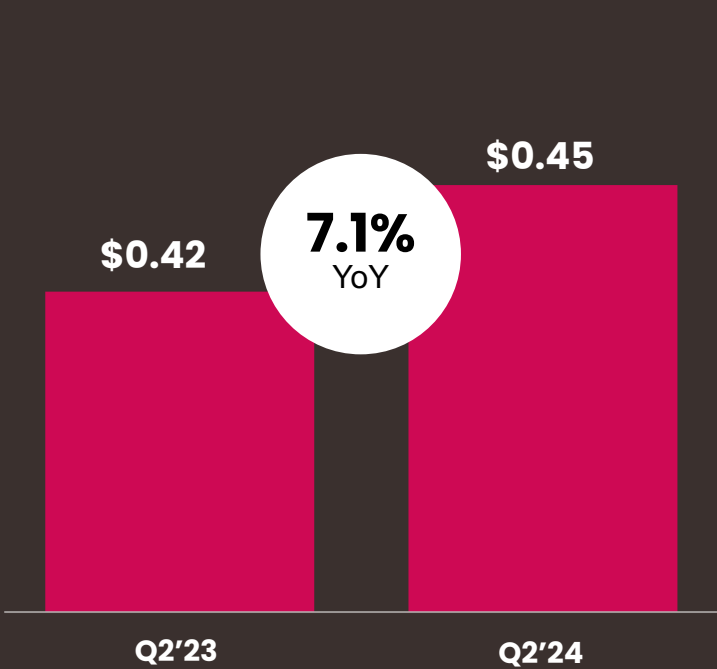
Net Sales (\$ Billions)



Adj. Operating Income (\$ Millions)



Adjusted EPS (\$ per share)



18 Financial metrics presented on an adjusted basis, with growth rates in constant currency. Including the impact of currency, net sales grew 3.5%, adjusted operating income grew 11.1%, and adjusted EPS grew 7.1%.

U.S. Refreshment Beverages

	Q2 2024	Change
Net Sales	\$2.4B	3.3%
Adjusted Operating Income	\$723M	11.9%
Adjusted Operating Margin	30.0%	2.3pts

- Net sales grew 3.3%, comprised of 2.9% net price realization and 0.4% volume/mix growth
- Volume/mix inflection reflected new partners scaling and innovation timing
- Operating income growth and margin expansion driven by benefits from net pricing and net productivity



U.S. Coffee

	Q2 2024	Change
Net Sales	\$950M	(2.1%)
Adjusted Operating Income	\$293M	0.3%
Adjusted Operating Margin	30.8%	0.7pts

- Net sales declined (2.1%), with volume/mix growth of 0.8% offset by lower net pricing of (2.9%)
- Share gains drove flat pod volumes and brewer shipment growth
- Operating income growth and margin expansion driven by net productivity and expense discipline
- Competitive pod pricing environment persists despite higher green coffee spot prices



International

	Q2 2024	Change
Net Sales	\$565M	14.7%
Adjusted Operating Income	\$152M	30.2%
Adjusted Operating Margin	26.9%	3.2pts

- Net sales grew 14.7%, driven by strong volume/mix growth of 10.4% and net price realization of 4.3%
- Healthy momentum across markets and categories, led by Latin American LRBs and Canada coffee
- Operating income growth and margin expansion driven by strong net sales growth and net productivity, with a meaningful increase in marketing



Improving FCF supports our unchanged capital allocation agenda



Reiterating on-algorithm 2024 guidance

Net sales growth




Mid-single-digit
Projected 2H acceleration

Adjusted EPS growth



High-single-digit
1H-weighted

Other Items



\$625-\$645M
Interest Expense

22-23%
Tax Rate

~1.37B
Share Count

Increase year-over-year
Free Cash Flow



Drink in the possibilities



QUESTIONS & ANSWERS

KDP

APPENDIX

Reconciliation of certain Non-GAAP information

	Gross profit	Gross margin	Income from operations	Operating margin
For the Second Quarter of 2024				
Reported	\$ 2,172	55.4 %	\$ 861	22.0 %
Items Affecting Comparability:				
Mark to market	6		(5)	
Amortization of intangibles	—		34	
Stock compensation	—		3	
Restructuring - 2023 CEO Succession and Associated Realignment	—		11	
Productivity	20		45	
Non-routine legal matters	—		1	
Transaction costs	—		1	
Restructuring - 2024 Network Optimization	2		19	
Adjusted	<u>\$ 2,200</u>	56.1 %	<u>\$ 970</u>	24.7 %
Impact of foreign currency		— %		— %
Constant currency adjusted		56.1 %		24.7 %
For the Second Quarter of 2023				
Reported	\$ 2,041	53.9 %	\$ 769	20.3 %
Items Affecting Comparability:				
Mark to market	9		4	
Amortization of intangibles	—		35	
Stock compensation	—		4	
Productivity	26		58	
Non-routine legal matters	—		3	
Adjusted	<u>\$ 2,076</u>	54.8 %	<u>\$ 873</u>	23.0 %

	Interest expense, net	Income before provision for income taxes	Provision for income taxes	Effective tax rate	Net income	Diluted earnings per share
For the Second Quarter of 2024						
Reported	\$ 204	\$ 672	\$ 157	23.4 %	\$ 515	\$ 0.38
Items Affecting Comparability:						
Mark to market	(32)	22	4		18	0.01
Amortization of intangibles	—	34	8		26	0.02
Amortization of deferred financing costs	(1)	1	—		1	—
Amortization of fair value debt adjustment	(3)	3	—		3	—
Stock compensation	—	3	1		2	—
Restructuring - 2023 CEO Succession and Associated Realignment	—	11	2		9	0.01
Productivity	—	45	10		35	0.03
Non-routine legal matters	—	1	1		—	—
Transaction costs	—	1	1		—	—
Restructuring - 2024 Network Optimization	—	19	4		15	0.01
Change in deferred tax liabilities related to goodwill and other intangible assets	—	—	6		(6)	—
Adjusted	<u>\$ 168</u>	<u>\$ 812</u>	<u>\$ 194</u>	23.9 %	<u>\$ 618</u>	<u>\$ 0.45</u>
Impact of foreign currency				0.2 %		
Constant currency adjusted				24.1 %		
For the Second Quarter of 2023						
Reported	\$ 172	\$ 613	\$ 110	17.9 %	\$ 503	\$ 0.36
Items Affecting Comparability:						
Mark to market	(53)	48	15		33	0.02
Amortization of intangibles	—	35	6		29	0.02
Amortization of deferred financing costs	(1)	1	—		1	—
Amortization of fair value of debt adjustment	(5)	5	1		4	—
Stock compensation	—	4	1		3	—
Productivity	—	58	12		46	0.03
Non-routine legal matters	—	3	1		2	—
Change in deferred tax liabilities related to goodwill and other intangible assets	—	—	25		(25)	(0.02)
Adjusted	<u>\$ 113</u>	<u>\$ 767</u>	<u>\$ 171</u>	22.3 %	<u>\$ 596</u>	<u>\$ 0.42</u>
Change - adjusted	48.7 %				3.7 %	7.1 %
Impact of foreign currency	— %				(0.5)%	— %
Change - constant currency adjusted	48.7 %				3.2 %	7.1 %

	U.S. Refreshment Beverages	U.S. Coffee	International	Unallocated corporate costs	Total
For the Second Quarter of 2024					
Reported - Income from Operations	\$ 717	\$ 228	\$ 150	\$ (234)	\$ 861
Items Affecting Comparability:					
Mark to market	—	—	(1)	(4)	(5)
Amortization of intangibles	5	26	3	—	34
Stock compensation	—	—	—	3	3
Restructuring - 2023 CEO Succession and Associated Realignment	—	—	—	11	11
Productivity	1	20	—	24	45
Non-routine legal matters	—	—	—	1	1
Transaction costs	—	—	—	1	1
Restructuring - 2024 Network Optimization	—	19	—	—	19
Adjusted - Income from Operations	<u>\$ 723</u>	<u>\$ 293</u>	<u>\$ 152</u>	<u>\$ (198)</u>	<u>\$ 970</u>
Change - adjusted	11.9 %	0.3 %	31.0 %	9.4 %	11.1 %
Impact of foreign currency	— %	— %	(0.8)%	— %	(0.1)%
Change - constant currency adjusted	<u>11.9 %</u>	<u>0.3 %</u>	<u>30.2 %</u>	<u>9.4 %</u>	<u>11.0 %</u>
For the Second Quarter of 2023					
Reported - Income from Operations	\$ 629	\$ 250	\$ 112	\$ (222)	\$ 769
Items Affecting Comparability:					
Mark to market	—	—	—	4	4
Amortization of intangibles	6	25	4	—	35
Stock compensation	—	—	—	4	4
Productivity	11	17	—	30	58
Non-routine legal matters	—	—	—	3	3
Adjusted - Income from Operations	<u>\$ 646</u>	<u>\$ 292</u>	<u>\$ 116</u>	<u>\$ (181)</u>	<u>\$ 873</u>

	Reported	Impact of Foreign Currency	Constant Currency
For the second quarter of 2024			
Net sales			
U.S. Refreshment Beverages	3.3 %	— %	3.3 %
U.S. Coffee	(2.1)	—	(2.1)
International	15.5	(0.8)	14.7
Total net sales	3.5	(0.1)	3.4

	Reported	Items Affecting Comparability	Adjusted	Impact of Foreign Currency	Constant Currency Adjusted
For the second quarter of 2024					
Operating margin					
U.S. Refreshment Beverages	29.8 %	0.2 %	30.0 %	— %	30.0 %
U.S. Coffee	24.0	6.8	30.8	—	30.8
International	26.5	0.4	26.9	—	26.9
Total operating margin	22.0	2.7	24.7	—	24.7

	Reported	Items Affecting Comparability	Adjusted
For the second quarter of 2023			
Operating margin			
U.S. Refreshment Beverages	27.0 %	0.7 %	27.7 %
U.S. Coffee	25.8	4.3	30.1
International	22.9	0.8	23.7
Total operating margin	20.3	2.7	23.0