

PepsiCo first quarter net profits drop

NEW YORK - Non-alcoholic beverage giant PepsiCo Inc reported on Monday a first quarter drop in profits and the sixth consecutive drop in sales blamed on a strong dollar.



PepsiCo's quarterly net income dropped to \$931 million in the first three months of the year (AFPPhoto/Justin Sullivan).

Quarterly net income dropped to \$931 million, while revenue dropped by 2.9 percent to \$11.86 billion against \$11.88 billion expected by the markets. Core earnings per share was 89 cents against 81 cents as expected by analysts.

The company's performance in the first three months of the year was affected by a \$373 million impairment charge related to its interests in the Tingyi-Asahi Beverages Holding group.

"Foreign exchange translation had a 4.5 percentage point unfavourable impact," and separating its Venezuela operations due to difficulties converting local currency to dollars "had a 2 percentage point unfavorable impact on reported net revenue," PepsiCo said.

The company said it was also affected by a depreciation of its assets in Russia.

The group reaffirmed its 2016 forecast of earnings per share of around \$4.66, an increase of 2.0 percent compared with 2015.

"We are off to a strong start to the year and that gives us added confidence in achieving our financial objectives for 2016," said Chairman and CEO Indra Nooyi.

Source: AFP

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