# PepsiCo reports rare earnings miss and revises 2025 outlook amid challenging market conditions



PepsiCo has reported its first quarterly earnings miss in at least five years, posting results that fell short of Wall Street expectations in a mixed financial update released on Thursday. For the first quarter of 2025, the global soft drinks and snacks giant recorded adjusted earnings per share (EPS) of $1.48, narrowly missing the consensus estimate of $1.49. This slight shortfall triggered a decline of nearly 2.5% in PepsiCo’s share price during early trading on the same day.

Lauren Lieberman, an analyst at Barclays, commented on the rarity of such a result, saying, “It is exceedingly rare to see PepsiCo results fall short of consensus expectations and while the miss was just one cent, we think it exemplifies just how challenging things are at the company today.” The shares of PepsiCo have experienced a significant decline in value, dropping over 20% in the past year. This downtrend has been attributed to the ongoing impact of financially constrained consumers, who have cut back on snack and soda purchases or opted for cheaper own-label alternatives.

The company’s net revenues diminished by 1.8%, reaching $17.92 billion during the quarter. When excluding acquisitions, disposals, and the effects of foreign exchange fluctuations, organic revenues showed a modest increase of 1.2%. However, organic volumes, which measure sales excluding external factors, declined by 2%. Aarin Chiekrie, an equity analyst at Hargreaves Lansdown, observed, “Price hikes are doing the heavy lifting, with volume growth across its beloved brands like Pepsi, Gatorade, Lay’s and Doritos struggling to gain momentum.”

In response to these results, PepsiCo’s Chief Executive Officer Ramon Laguarta stated in prepared remarks to investors that the company was “taking actions” to enhance performance and restore earnings growth. He elaborated on two key areas where the company intends to focus cost-saving efforts within North America: “optimising and right-sizing our supply chain and go-to-market footprint” and “increasing transportation and logistics efficiencies.” These initiatives are designed to address the often-criticised return on investment from recent spending at PepsiCo’s Frito-Lay snacking division, which Lieberman described as “critical” in light of current financial challenges.

Alongside the earnings report, PepsiCo revised its guidance for the full year. The company now expects earnings per share to remain flat on a constant currency basis, diverging from its earlier forecast of a low-single-digit increase. Despite this, PepsiCo maintained its outlook for a low-single-digit rise in organic revenues, signalling cautious optimism about revenue growth amid prevailing economic uncertainties. The company cited ongoing risks including potential tariffs, unstable economic conditions, and a more cautious consumer base as contributing factors influencing this more conservative outlook.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://investors.pepsico.com/docs/default-source/investors/q1-2025/q1-2025-earnings-release_qrwd2bctzikuphl4.pdf> - This PDF is PepsiCo's official first-quarter 2025 earnings release, confirming the reported adjusted EPS of $1.48, net revenues decline of 1.8% to $17.92 billion, and organic revenue growth of 1.2%, as well as remarks by CEO Ramon Laguarta on supply chain costs and company outlook.
2. <https://www.just-food.com/news/pepsico-lowers-2025-earnings-forecast/> - This article verifies the earnings miss and details that PepsiCo revised its 2025 earnings guidance down to flat EPS growth, while maintaining a low-single-digit increase in organic revenues, and includes the analyst Lauren Lieberman’s commentary on the rarity of the earnings miss and current financial challenges.
3. <https://investors.pepsico.com/docs/default-source/investors/q1-2025/q1-2025-prepared-management-remarks_x8cy9p63wke1lia5.pdf> - PepsiCo's management remarks for Q1 2025 discuss organic revenue growth performance, volume declines, and CEO Ramon Laguarta’s focus on cost-saving actions in supply chain and logistics, supporting the article’s points on company strategy after the earnings miss.
4. <https://www.nasdaq.com/articles/pepsico-pep-lags-q1-earnings-estimates> - This Nasdaq article reports on PepsiCo’s Q1 2025 earnings and revenue misses relative to Wall Street estimates, corroborating the EPS shortfall and market reaction leading to the share price decline mentioned.
5. <https://www.pepsico.com/our-stories/press-release/pepsico-announces-timing-and-availability-of-first-quarter-2025-financial-result03132025> - PepsiCo’s official press release provides the timing and availability of the Q1 2025 financial results, supporting the authenticity and timing of the earnings report discussed.
6. <https://www.just-food.com/news/pepsico-lowers-2025-earnings-forecast/> - This source additionally includes detailed commentary on volume declines in key product lines like snacks and beverages, highlighting consumer behavior trends and financial pressures impacting PepsiCo’s revenues and profitability.
7. <https://www.thegrocer.co.uk/news/rare-quarterly-earnings-miss-sees-pepsico-shares-fall-flat/703746.article> - Please view link - unable to able to access data