

# Keurig DrPepper

A MODERN BEVERAGE COMPANY

October 1, 2021



# Forward-looking Statements

Certain statements contained herein are “forward-looking statements” within the meaning of applicable securities laws and regulations. These forward-looking statements include, but are not limited to, words such as “outlook,” “guidance,” “anticipate,” “expect,” “believe,” “could,” “estimate,” “forecast,” “intend,” “may,” “plan,” “potential,” “project,” “should,” “target,” “will,” “would,” and similar words or phrases. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements regarding the estimated or anticipated future results of Keurig Dr Pepper Inc. (the “Company”) and other statements that are not historical facts. These statements are based on the current expectations of our management and are not predictions of actual performance.

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, developments resulting from the COVID-19 pandemic; our operating in intensely competitive categories; substantial changes in costs and/or shortages in supply for commodities; product safety and quality concerns; our ability to effectively respond to changing consumer preferences and shopping behavior; our ability to successfully manage our investments in new business strategies or integrate and manage our acquired businesses or brands; substantial disruption at our manufacturing and distribution facilities; requirements for substantial investments and upgrades to our facilities and operations; infringement of intellectual property rights, and adverse events regarding licensed intellectual property; our ability to renew collective bargaining agreements on satisfactory terms, or union activity; significant impairments of the value of our goodwill and other indefinite-lived intangible assets; the impact of the significant indebtedness we have incurred; covenants in agreements governing our indebtedness that impose restrictions on us and may affect our ability to operate our business; risks relating to optimizing our operations and realizing anticipated benefits and cost savings following the merger of Keurig Green Mountain, Inc. and Dr Pepper Snapple Group; increases in our cost of employee benefits; our dependence on a small number of large retailers for a significant portion of our sales; our dependence on third-party bottling and distribution companies for a significant portion of our business; our ability to maintain strategic relationships with brand owners and private label brands; our reliance on the performance of a limited number of suppliers, manufacturers and order fulfillment companies for our brewers; recession, financial and credit market disruptions and other economic conditions; deterioration of general macro-economic conditions; fluctuations in foreign currency exchange rates; weather, natural disasters, water availability, and climate change or related legislation; the impact of U.S. and international laws and regulations; our dependence on key information systems and third-party service providers; our exposure to cybersecurity breaches and other business disruptions due to our use of information technology and third party service providers; our ability to retain key personnel and recruit qualified personnel; exposure to significant liabilities and damage to our reputation resulting from litigation or legal proceedings; fluctuations in our effective tax rate; and failure to comply with applicable transfer pricing and similar regulations. 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 25, 2021. 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 net income, Adjusted diluted EPS and free cash flow, 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](http://www.keurigdrpepper.com).

## COVID-19 Precautions

During the production and live broadcast of our 2021 Investor Day, Keurig Dr Pepper took all necessary COVID-19 precautions while filming, adhering to both CDC and local safety guidelines dictated at the time of production. Some images and footage used for this presentation were taken before the COVID-19 outbreak and do not reflect all current safety measures.

# Keurig DrPepper

Bob Gamgort  
Chairman & CEO



# Three years after its formation, KDP represents a compelling investment opportunity

The integration of Keurig Dr Pepper is complete, **setting the stage for the company's next leg of transformation and growth**

**KDP delivered EPS within the three-year merger target range, while accelerating revenue growth**, as KDP has withstood the test of macro disruptions

The KDP business model has **capabilities that are valuable, differentiated and scalable**

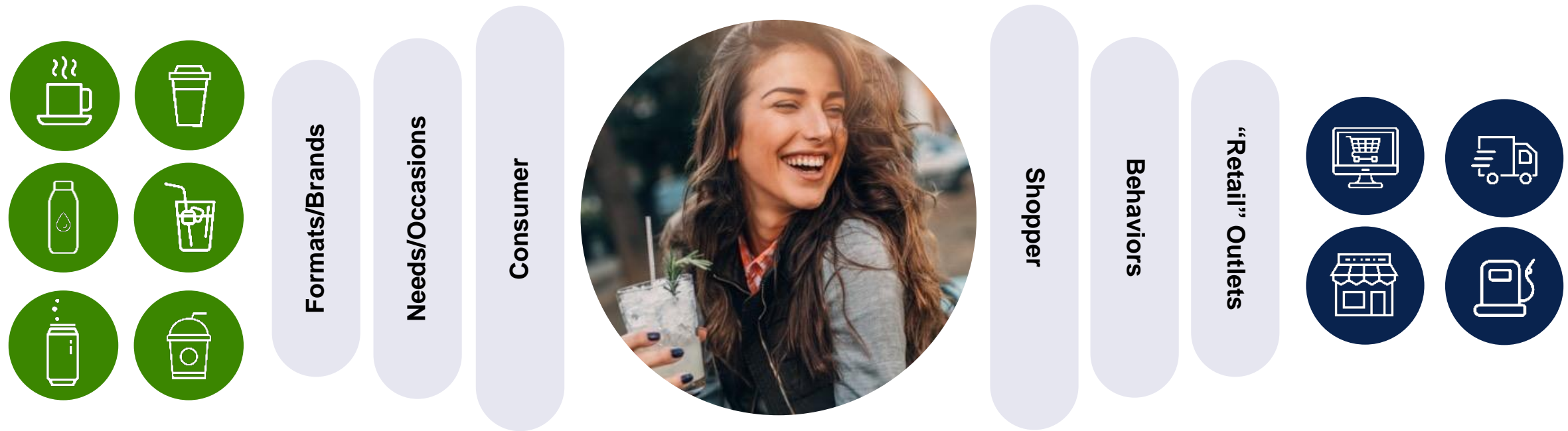
Shareholder return algorithm projects **attractive and competitive returns**

KDP has the **opportunity to deliver above-plan value creation** through the deployment of **significant discretionary free cash flow**

**KDP management has the ambition, bandwidth and financial capacity** to invest to transform the company and the skillset and experience to execute with excellence



# The vision behind the merger continues to serve as True North



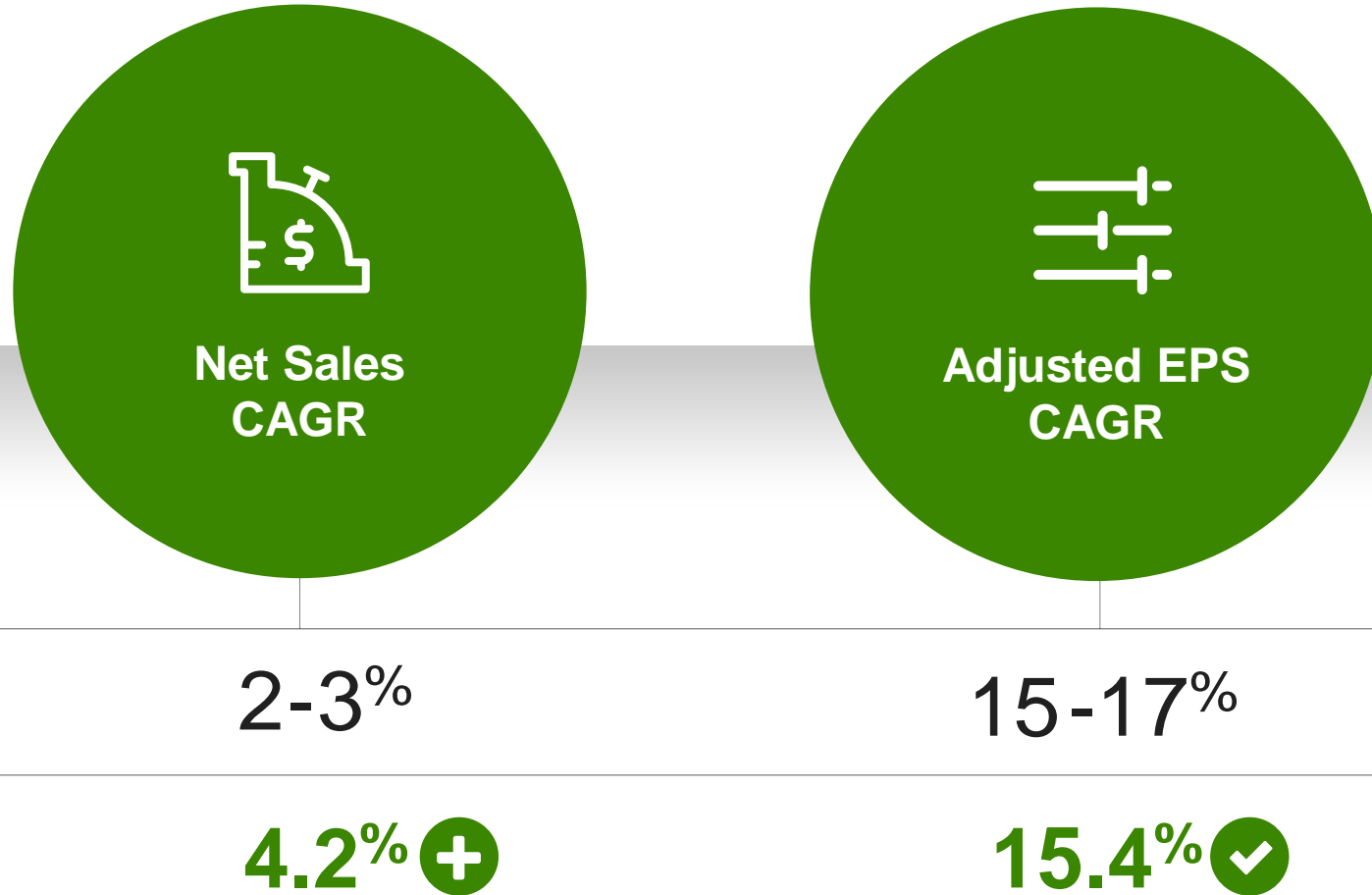
**A beverage for every need, available everywhere  
people shop and consume**

# KDP's journey since merger sets the stage for the next leg of growth



# KDP has delivered EPS within the merger target range, while accelerating revenue growth...

2019-2021



ACTUAL/FORECAST RESULTS<sup>1</sup>

<sup>1</sup> Reflects the mid-point of 2021 guidance range; Net sales CAGR is constant currency

# ...and won in the marketplace

2017-2021 YTD

## COLD BEVERAGE

**+0.4**<sup>pts</sup> LRB \$  
share change

**+1.9**<sup>pts</sup> CSD \$  
share change

## HOT BEVERAGE

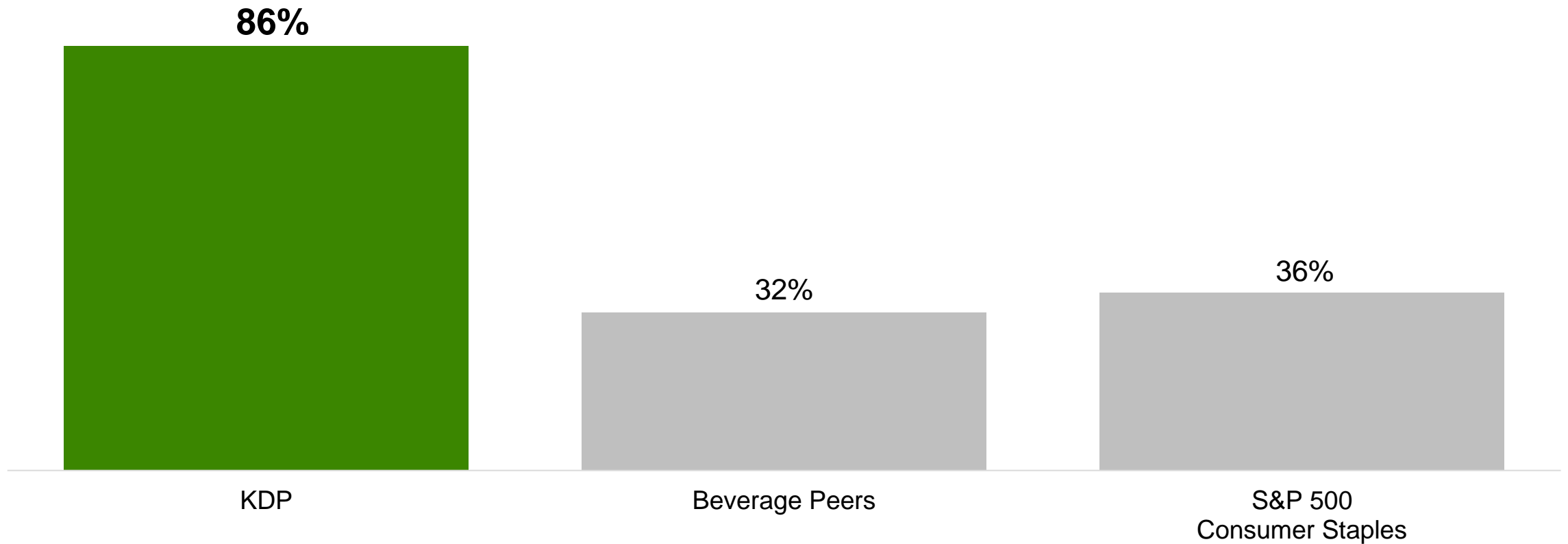
**8M** Keurig US Households  
added since 2017

**83%** KDP MFR pod \$ share  
**+1.5 pts** since 2017



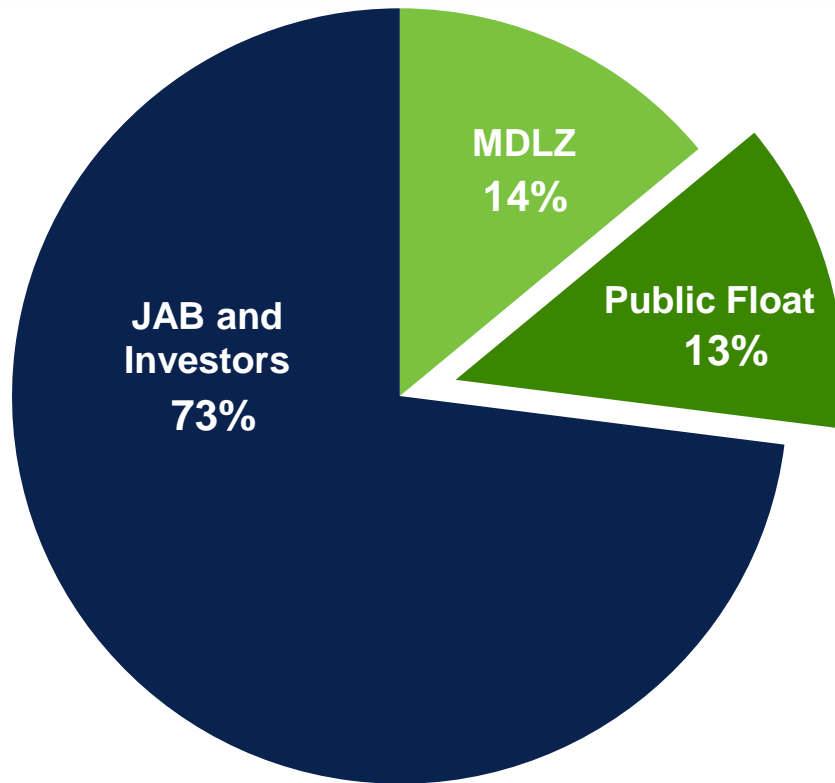
# KDP has generated superior shareholder return...

## TOTAL SHAREHOLDER RETURN SINCE KDP MERGER

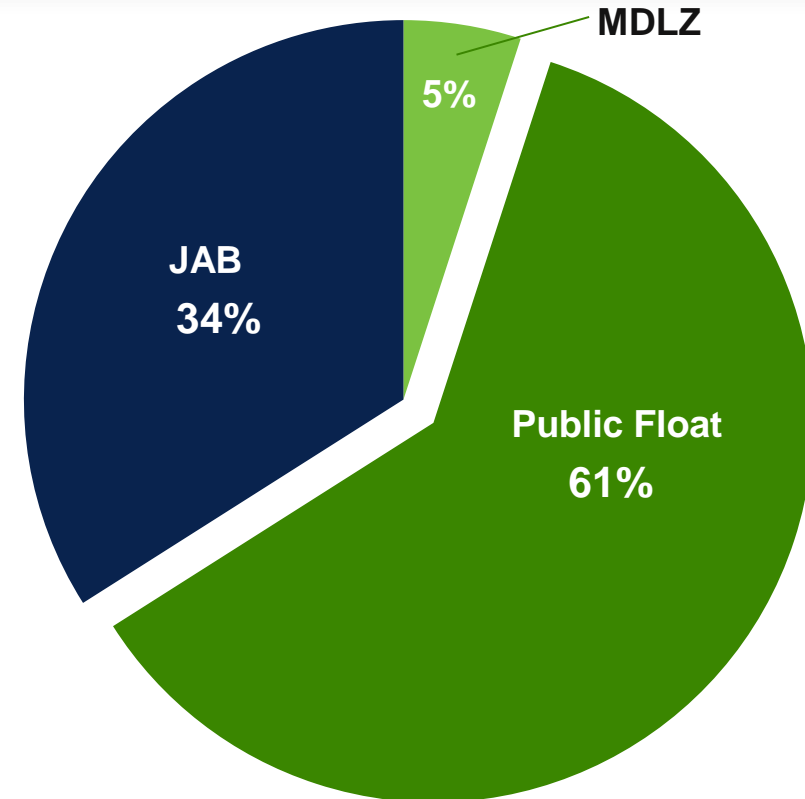


# ...while transitioning to a widely held company...

AT MERGER



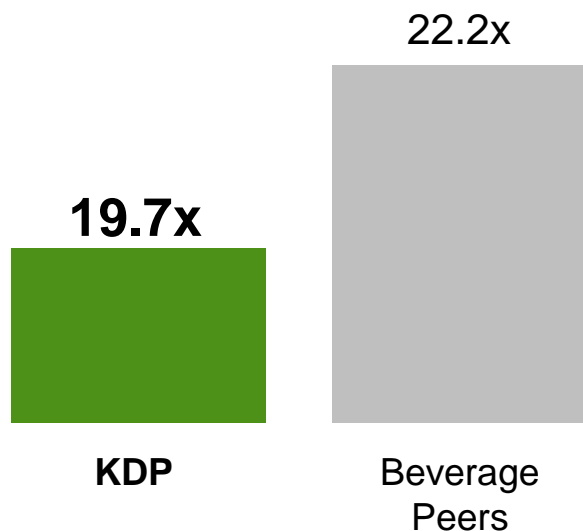
CURRENT



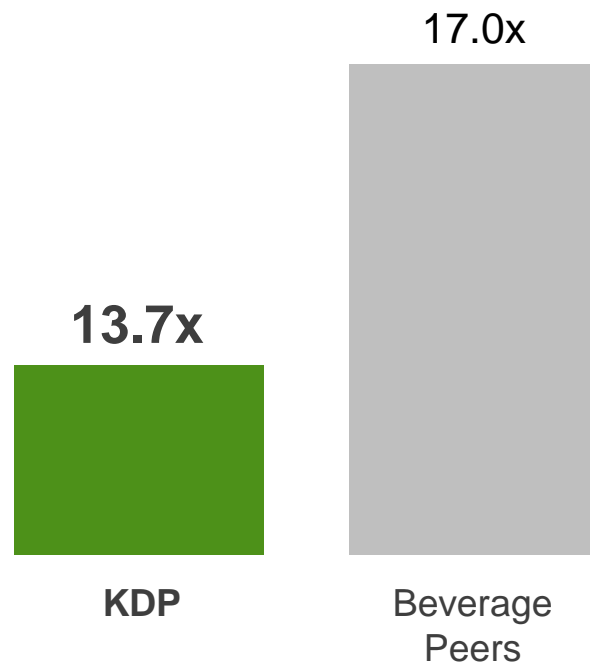
- ~700 million shares of additional public float since merger
- Remaining JAB stake represents long-term investment
- Mondelez stake represents threshold to maintain KDP board seat

# ...yet KDP trades at a discount to peers on both an earnings and cash flow basis

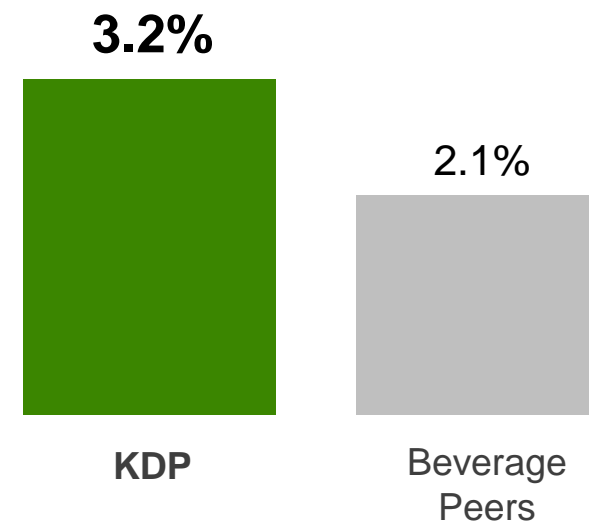
P/E RATIO<sup>1</sup>



EV/EBITDA RATIO<sup>1</sup>



FREE CASH FLOW YIELD AFTER DIVIDENDS<sup>2</sup>



<sup>1</sup> FactSet, next 12 months data as of 9/29/2021

<sup>2</sup> FCF per share less dividend per share divided by share price, most recent fiscal year  
Beverage peers: BUD, SAM, KO, STZ, TAP, MNST, FIZZ, PEP, SBUX

# The Future of KDP

2026  
2025  
2024  
2023

2022

# Outlook projects continued attractive shareholder value creation



**Long-Term  
Organic Growth  
Algorithm**

Net Sales

**Mid-single digit**

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Adjusted Earnings per Share

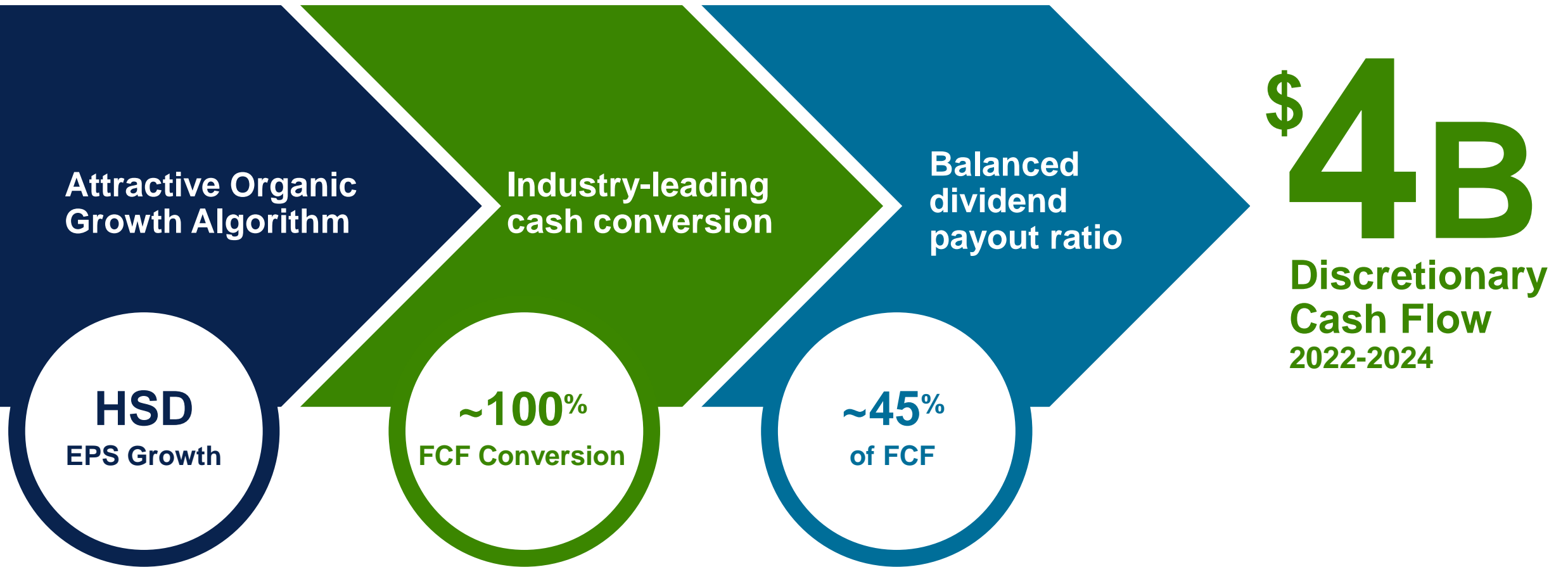
**High-single digit**

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Total Shareholder Return

**High-single / Low-double digit**

# KDP expects to generate \$4 billion of discretionary cash flow over the next three years...



# ...which enables significant M&A capacity

Firepower to disproportionality invest...

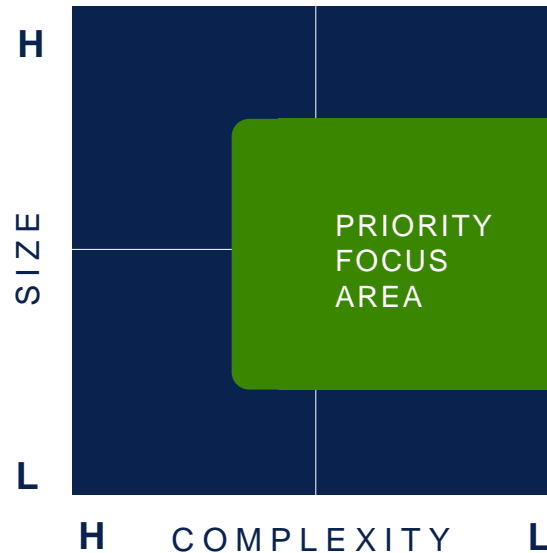
**\$4B**

Discretionary  
Cash

**\$20B**

M&A  
Capacity

...in balanced size/complexity deals...



...enabling:

- ✓ Portfolio Expansion  
*and/or*
- ✓ Distribution Scale  
*and/or*
- ✓ Geographic Expansion  
*and/or*
- ✓ New Capabilities

Proven capability to **integrate successfully** and **create value**

# Absent M&A, KDP has additional options to deploy the \$4 billion to create shareholder value



**Share Buybacks**



**Special Dividends**

SECONDARY OPTIONS TO DRIVE INORGANIC TSR

**ANNOUNCING  
10/1/21**

**\$4B opportunistic share  
buyback program  
approved by KDP Board**



# KDP's scalable business model provides a platform for future growth

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**Pure play  
beverage company,  
vertically integrated**



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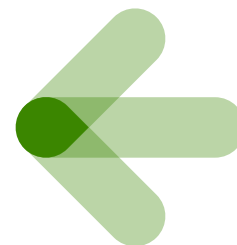
**Strong, balanced portfolio  
with proven ability to expand  
via innovation, renovation  
and partnerships**

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**High-performing team driving  
better, faster decisions,  
enabled by technology**



**KDP**



---

**Flexible and scalable  
RTM network, with unique  
e-commerce expertise**

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**Bold ESG commitments  
and collaborations making  
positive impacts**



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**Highly efficient model  
driving significant cash  
flow and investments**

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# Strong, balanced portfolio with leadership positions in key categories...

## UNITED STATES



**#1** Single-serve coffee brewing system



**#1** Flavored carbonated soft drinks



**#2** Premium water



**#2** Shelf-stable premium RTD tea



**#2** Fruit juices/drinks



**#1** Mixers

## CANADA



**#1** Single-serve coffee brewing system



**#1** Flavored carbonated soft drinks



**#1** Tomato seafood juice



**#4** RTD Alcohol

## MEXICO



**#1** Mineral Water



**#2** Flavored carbonated soft drinks



**#1** Tomato seafood juice

# ...with significant potential to fill in portfolio white space

## OPPORTUNITY IDENTIFICATION

### GROWTH CONCEPTS

Consumption Occasions

Consumer Needs

Beverage Formats



## BROAD AND FLEXIBLE "TOOLKIT"

Renovation



Innovation



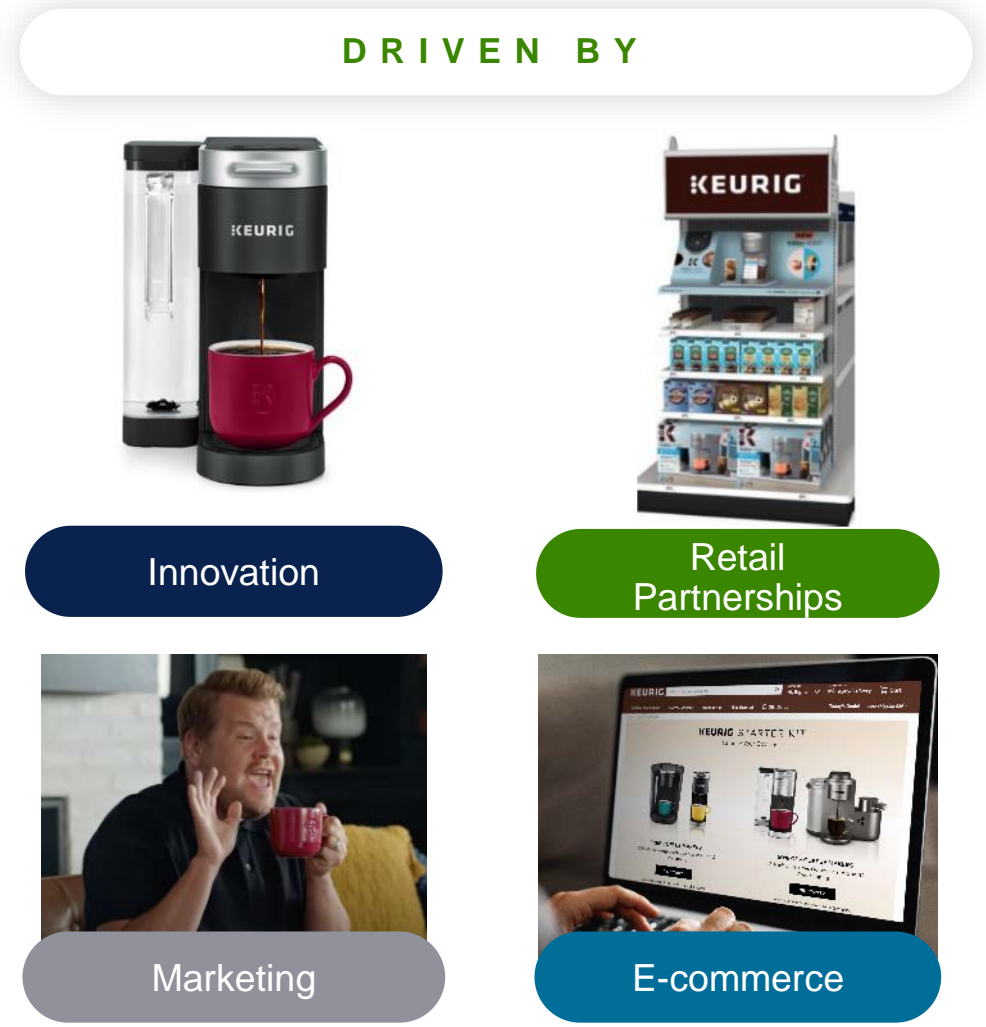
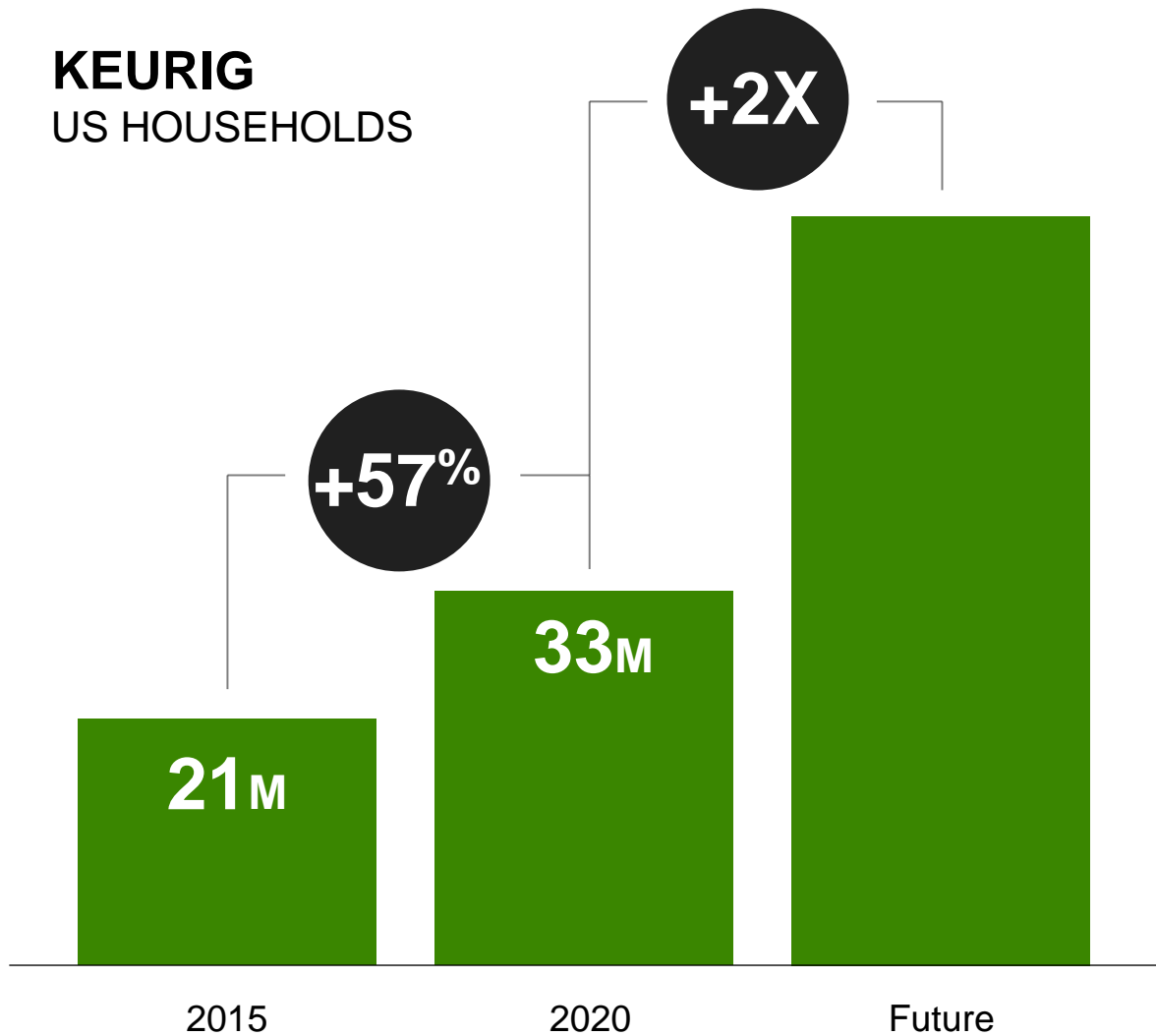
Partnerships



M&A



# Household penetration remains the core engine of growth for coffee



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Highly efficient model  
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# KDP's go-to-market capability combines full portfolio selling teams with a unique, flexible route-to-market system enabling unprecedented reach

## ROUTES TO MARKET



- 1 Company-owned DSD
- 2 Independent DSD Partners
- 3 Cola System
- 4 Warehouse Direct
- 5 On-premise, Office, Hospitality
- 6 E-commerce

# Full portfolio headquarter selling capability enhances KDP's strategic relevance to customers



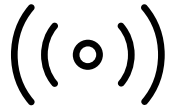
**Fully integrated** HQ sales structure with beverage expertise spanning cold and hot categories

**Direct reach** to 250+ National and Regional retail headquarters across all channels of trade

Responsible for **more than \$5B of annual retailer profit**, enabling access to senior retail decision makers



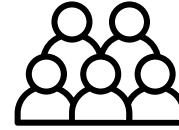
# Go-to-market system is powered by sophisticated data and technology



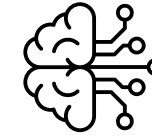
**10K connected brewers**  
provide the only direct point of  
consumption data in CPG



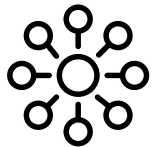
**Data leveraged to geo-target consumers** and shoppers for  
key outreach programs



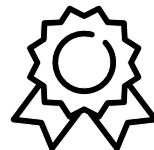
**19M registered Keurig.com**  
consumers



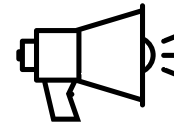
**AI-driven** predictive ordering  
implementation in DSD system



Individual store-level data  
from **over 200K retail outlets**  
directly served



**Best-in-class** integrated RGM  
capability to maximize revenue



Demand generation leveraging  
**consumer micro targeting**,  
including 1:1 marketing



New retail-level, in-outlet  
executorial standards and  
evaluation system **fueled by**  
**handheld technology**

# KDP's scalable business model provides a platform for future growth

---

Pure play  
beverage company,  
vertically integrated

---

Strong, balanced portfolio  
with proven ability to expand  
via innovation, renovation  
and partnerships

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High-performing team driving  
better, faster decisions,  
enabled by technology



---

Flexible and scalable  
RTM network, with unique  
e-commerce expertise

---

Bold ESG commitments  
and collaborations making  
positive impacts

---

Highly efficient model  
driving significant cash  
flow and investments

# Highly efficient model leads peers in converting sales to profit to cash

## INTEGRATION

2019–2021F

## ACTIVATION

2022+

**Net sales growth**

**Low-mid single digit**

**Mid-single digit**

**Adjusted Operating margin**

**Outsized margin growth**

**Continued margin growth**

**Adjusted EPS growth**

**Mid-double digit**

**High-single digit**

**Free cash flow**

**Cash conversion 117%**

**Cash conversion ratio ~100%**

**Capital allocation**

**\$4B debt repayment**

**\$4B discretionary cash (2022-2024) provides inorganic value creation**

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# Since the merger, KDP has become a leader in ESG



Environment



Supply Chain



Health & Well-being



People & Communities



#1 Beverage Company

#1 Environmental Score  
for all Consumer  
Goods Companies

Top 15% of 400  
Companies



2020 Leadership Level  
A- for both Climate  
and Water

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# KDP's high-performance team culture makes speed, flexibility and resilience a competitive advantage...



**KEEP** employees safe & healthy

**DELIVER** for our customers & consumers

**PROVIDE** for our communities



## KDP VALUES



Win together. Be the kind of person you want on your team.



Challenge the usual. Dare to try something new.



Achieve our commitments. Then push beyond the expected.



Tell the truth with courage. Listen and act with respect.

# ...and KDP has built a Board reflective of its ambition

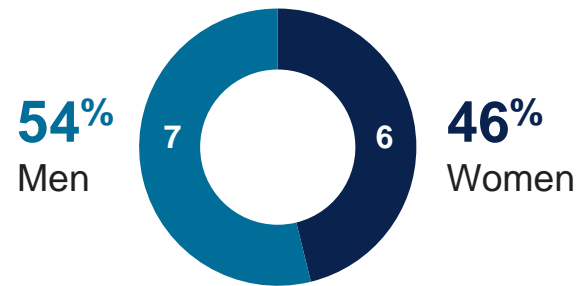
## Current Board Composition



Added Lead Independent Director in 2021



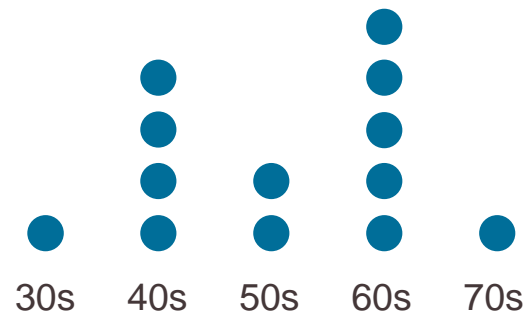
### Gender



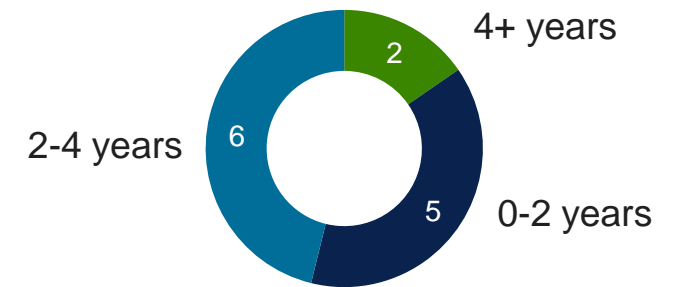
### Racial/Ethnic Diversity

23%

### Age



### Tenure





# Experienced and capable management team poised to lead KDP into the future



**Mary Beth DeNooyer**

Chief Human  
Resources Officer  
Joined Company in 2019



**Ozan Dokmecioglu**

CFO & President,  
International  
Joined Company in 2016



**Bob Gamgort**

Chairman & CEO  
Joined Company in 2016



**Derek Hopkins**

President, Cold Beverages  
Joined Company in 2015



**Mauricio Leyva**

President, Coffee  
Joined Company in 2020



**Tony Milikin**

Chief Supply Chain Officer  
Joined Company in 2021



**Maria Sceppaguercio**

Chief Corporate  
Affairs Officer  
Joined Company in 2018



**Anthony Shoemaker**

Chief Legal Officer &  
General Counsel  
Joined Company in 2020



**David Thomas**

Chief Research &  
Development Officer  
Joined Company in 2006



**Justin Whitmore**

Chief Strategy Officer  
Joined Company in 2021

# Agenda

<b>1</b>	<b>OPEN</b>	Bob Gamgort, Chairman & CEO
<b>2</b>	<b>COLD BEVERAGES</b>	Derek Hopkins, President, Cold Beverages
<b>3</b>	<b>COFFEE SYSTEMS</b>	Mauricio Leyva, President, Coffee
<b>4</b>	<b>CORPORATE RESPONSIBILITY</b>	Maria Sceppaguercio, Chief Corporate Affairs Officer
<b>5</b>	<b>INTERNATIONAL</b>	Ozan Dokmecioglu, CFO & President, International
<b>6</b>	<b>FINANCIAL MODEL</b>	Ozan Dokmecioglu
<b>7</b>	<b>CLOSING</b>	Bob Gamgort
<b>8</b>	<b>Q&amp;A</b>	



A MODERN BEVERAGE COMPANY

# Cold Beverages

Derek Hopkins  
President, Cold Beverages



# Total Retail NA Beverages is an attractive and growing sector

**1T**

Annual  
Consumption  
Occasions  
in the US

**150**

Brands  
over  
\$100M

**+4.7%**

\$ Sales CAGR  
2017 - 2021

**\$145B**

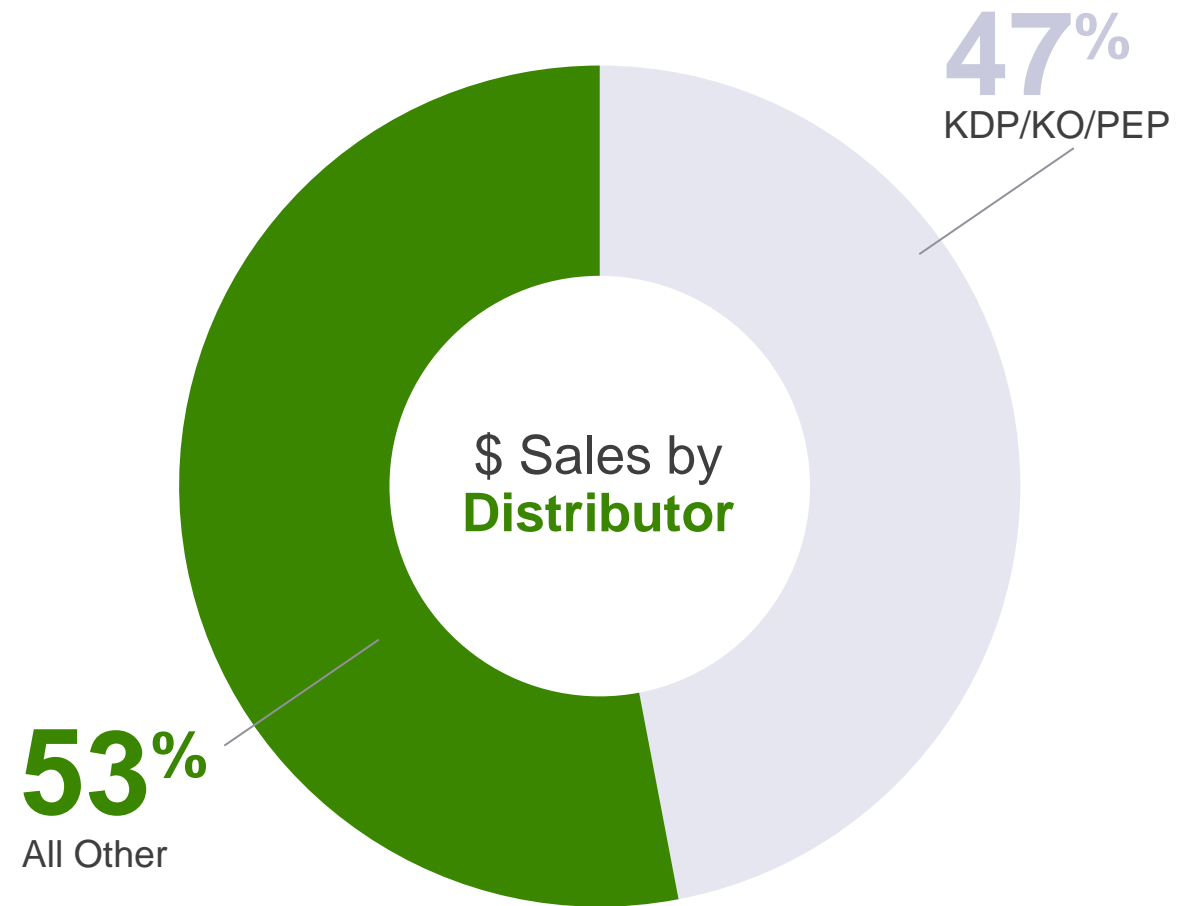
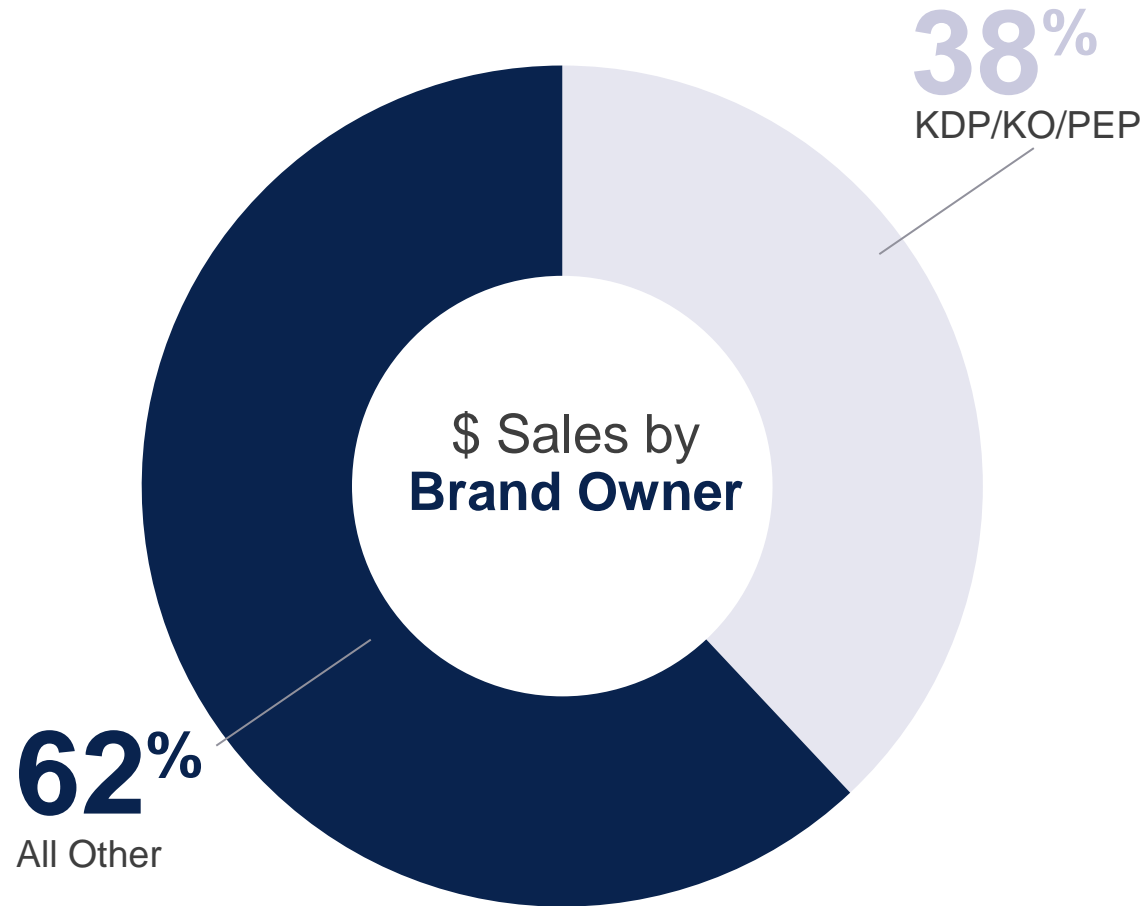
2021  
US Retail  
\$ Sales

**\$50B+**

Retailer  
Profit \$

# Industry fragmentation still exists, leaving the door open for continued consolidation

Total US Retail Beverages 2021

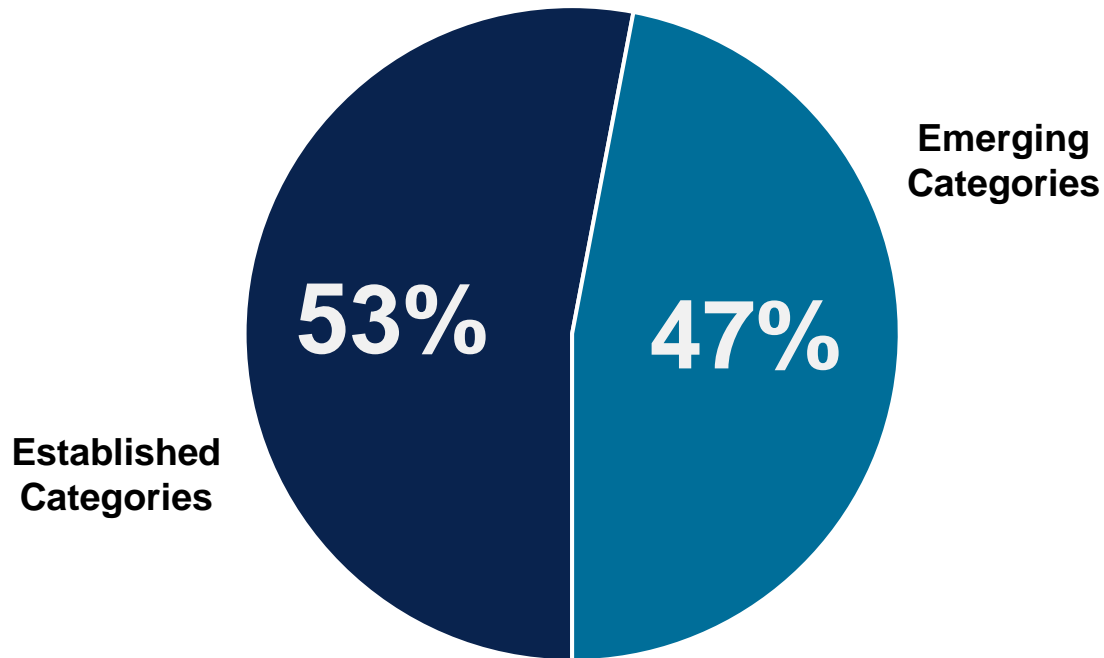


# The expansion of emerging categories and new brand entrants provides one path for KDP to expand its footprint and accelerate growth

Both established and emerging categories have driven growth in beverages...

...with continued opportunity for whitespace in the market

Share of Beverage Growth (since 2017)



> 250 new brands since 2017

\$2.6B in retail growth generated from new brands

# KDP has proven its ability to grow through its go-to-market approach and portfolio strategy



Go to Market



Portfolio



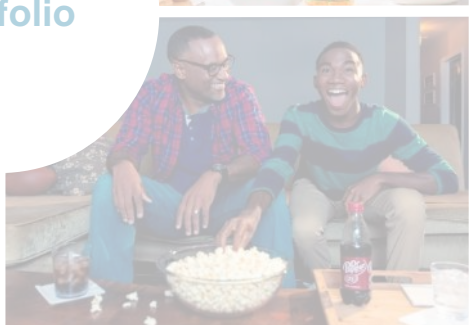
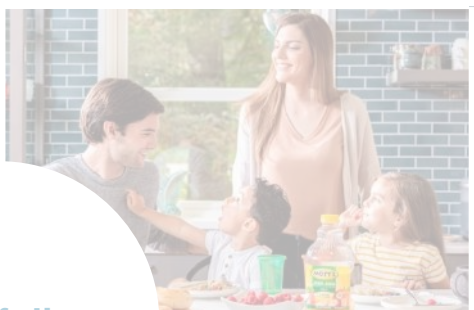
# KDP has proven its ability to grow through its go-to-market approach and portfolio strategy



Go to Market



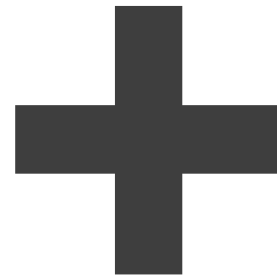
Portfolio





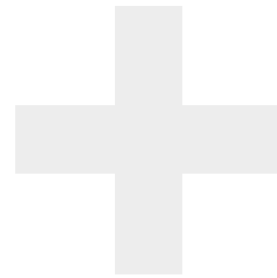
# KDP has built a unique and powerful go-to-market approach with national reach and scale

## ROUTES TO MARKET



- 1 Company-owned DSD
- 2 Independent DSD Partners
- 3 Cola System
- 4 Warehouse Direct
- 5 On-premise, Office, Hospitality
- 6 E-commerce

# KDP has built a unique and powerful go-to-market approach with national reach and scale



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# KDP has an integrated Commercial Selling organization that leverages the strength of its full portfolio



**Seamless experience** to retailer regardless of RTM

Scale provides **access to senior customer leadership**

**Portfolio solutions** for in-outlet activations

**Price/promotional discipline**

# KDP has invested to build a DSD system with national reach

## ROUTES TO MARKET



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# Acquisitions have played a key role in improving the quality of KDP's company-owned DSD breadth and depth

## ~100%

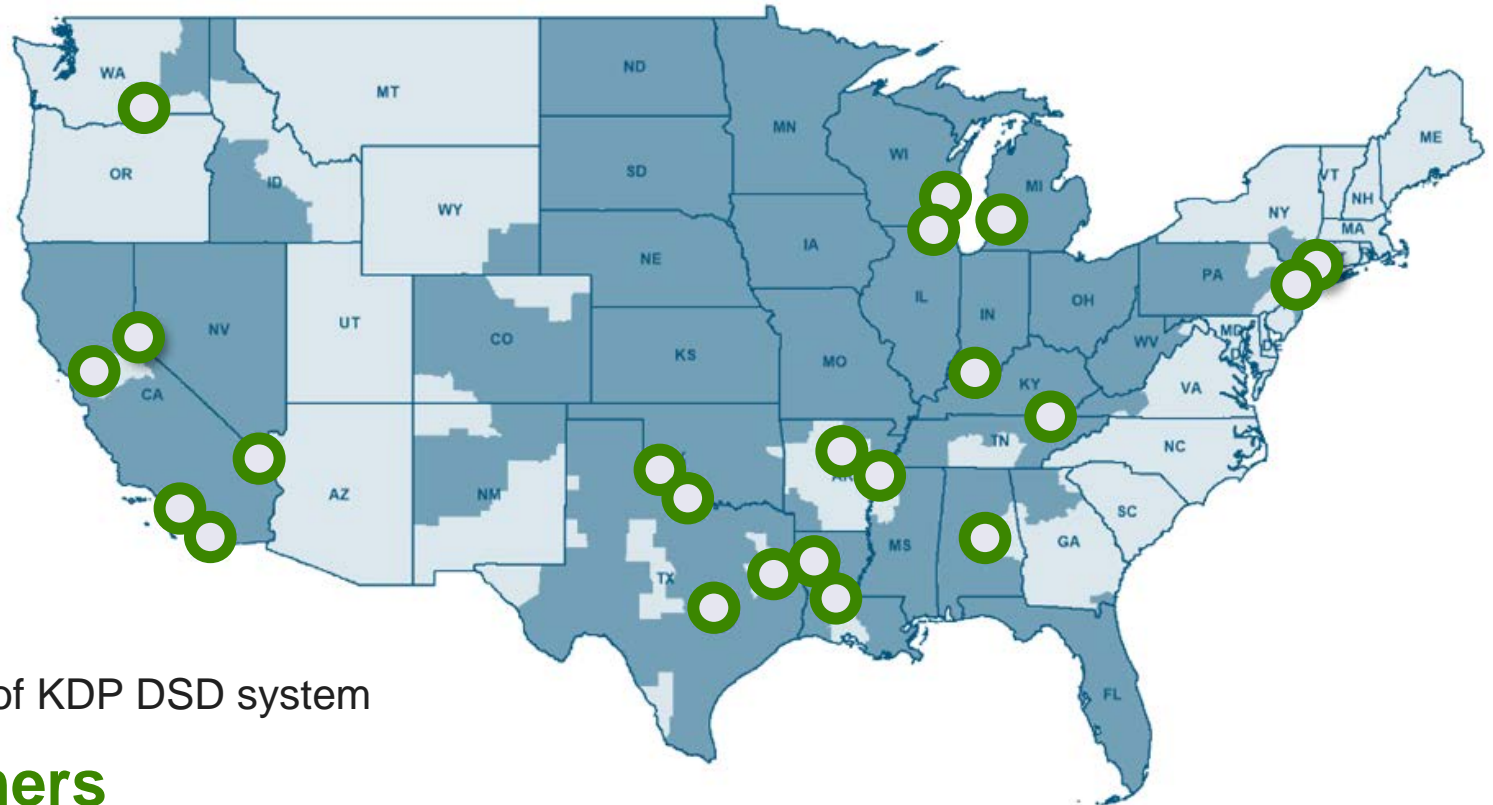
US population coverage with DSD

- 77% company-owned
- 23% strategic partnerships

## Investment

since merger has enhanced company-owned DSD effectiveness

- 22 acquisitions enhanced breadth and depth of KDP DSD system
- **Breadth:** new coverage of **+7M consumers**
- **Depth:** more effective coverage for **+30M consumers**



○ Acquisition 2019-2021

■ KDP company-owned DSD coverage

# KDP has materially improved its capability to activate its company-owned DSD system



## Investing in the final mile

- Retail-level in-outlet executional standards
- Front-line sales training
- DSD transformation program
- Small fleet expansion



## Embedding data and analytics

- AI-driven predictive ordering
- Proprietary technology for DSD operations
- Dynamic routing software leveraging machine learning
- Image recognition capabilities to assess shelf and displays



## Building talent pipeline and improving structure

- Increased specialization between DSD sales and operations
- External hiring of key capabilities and top talent rotational programs
- Robust diversity and inclusion agenda



# We have also built stronger alliances with critical partners



## Optimizing footprint with a key partner

- Improved scale by **combining two systems** into one
- **Added 1.7M consumers** to Honickman's footprint in VA



## Implemented a new portfolio approach

- Full KDP and PepsiCo portfolio **on the same trucks** in key Southeast market



## Built multi-faceted relationships

- Polar brand **national expansion**
- **Additional KDP portfolio rights** in Polar territories
- **Mutually beneficial co-manufacturing**

+ additional key independent distributor relationships

# KDP has built a unique and powerful go-to-market approach with national reach and scale



## ROUTES TO MARKET

- 1 Company-owned DSD
- 2 Independent DSD Partners
- 3 Cola System
- 4 Warehouse Direct
- 5 On-premise, Office, Hospitality
- 6 E-commerce



# KDP has a leading e-commerce platform that positions it to drive accelerated growth

Long-term consumer migration to e-commerce has **accelerated due to COVID**

Beverages have benefited from the adoption of **expanded e-commerce fulfillment options**



**Curbside Pickup**



**In-Store Pickup**



**National Ship**



**Local Delivery**

**KDP has leveraged Keurig's e-commerce expertise across its full beverage portfolio**

- **Dedicated resources** in data science, digital shelf management, and digital marketing
- **Full omnichannel integration** into KDP's Selling organization – over 600+ associates trained in KDP's robust certification program
- **Packaging solutions investment approach** ready to unlock e-commerce specific requirements
- **Key advisor** to retail partners on capabilities

**KDP has doubled e-commerce penetration of Cold Beverage in Grocery and Mass over the last year**

# As consumer choice expands in the foodservice / on-premise landscape, KDP is well positioned to capture new areas of growth



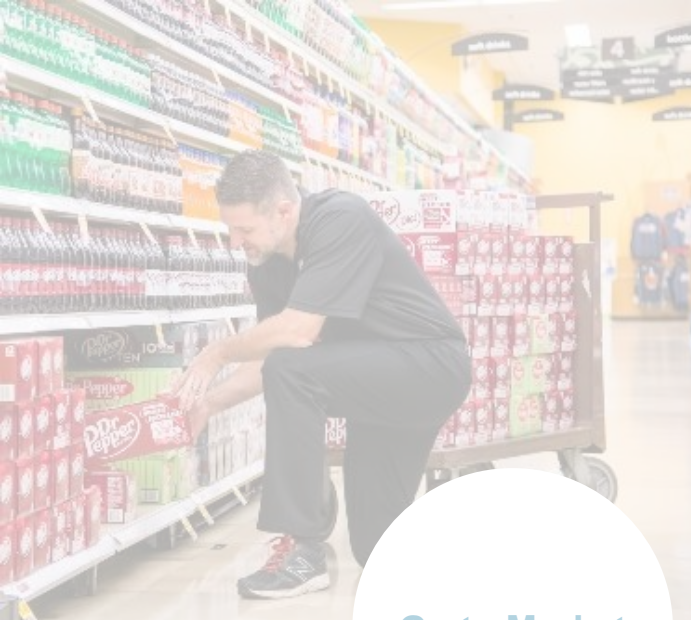
Dr Pepper is the **most available CSD on fountain<sup>1</sup>**

+10% growth in foodservice CSD sales over the last three years and further opportunity to grow KDP's overall portfolio



- Over 1/3 of restaurants now own their fountain equipment, building new opportunities for KDP CSD expansion
- KDP has built capability to **gain deeper penetration of RTD beverage portfolio** to meet expanding consumer needs

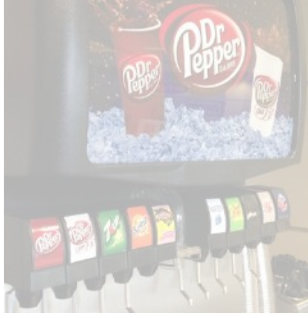
# KDP has proven its ability to grow through its go-to-market approach and portfolio strategy



Go to Market



Portfolio



# KDP's portfolio is well positioned, with leadership positions in key categories

## CARBONATED SOFT DRINKS

#1 Flavored CSD  
Growth Leader in CSD



## WATERS

#2 Premium Water portfolio



## JUICE AND TEA

#2 Juice / Drink portfolio  
#2 Premium Tea



## MIXERS AND INGREDIENTS

#1 Mixer portfolio



## ENERGY, COFFEE, OTHER



# KDP leverages a consumer-led approach to guiding portfolio expansion

## OPPORTUNITY IDENTIFICATION

### GROWTH CONCEPTS

Consumer Needs

Consumption Occasions

Beverage Formats



## BROAD AND FLEXIBLE “TOOLKIT”

Portfolio enhancements from 2018 - 2021

Renovation



Innovation



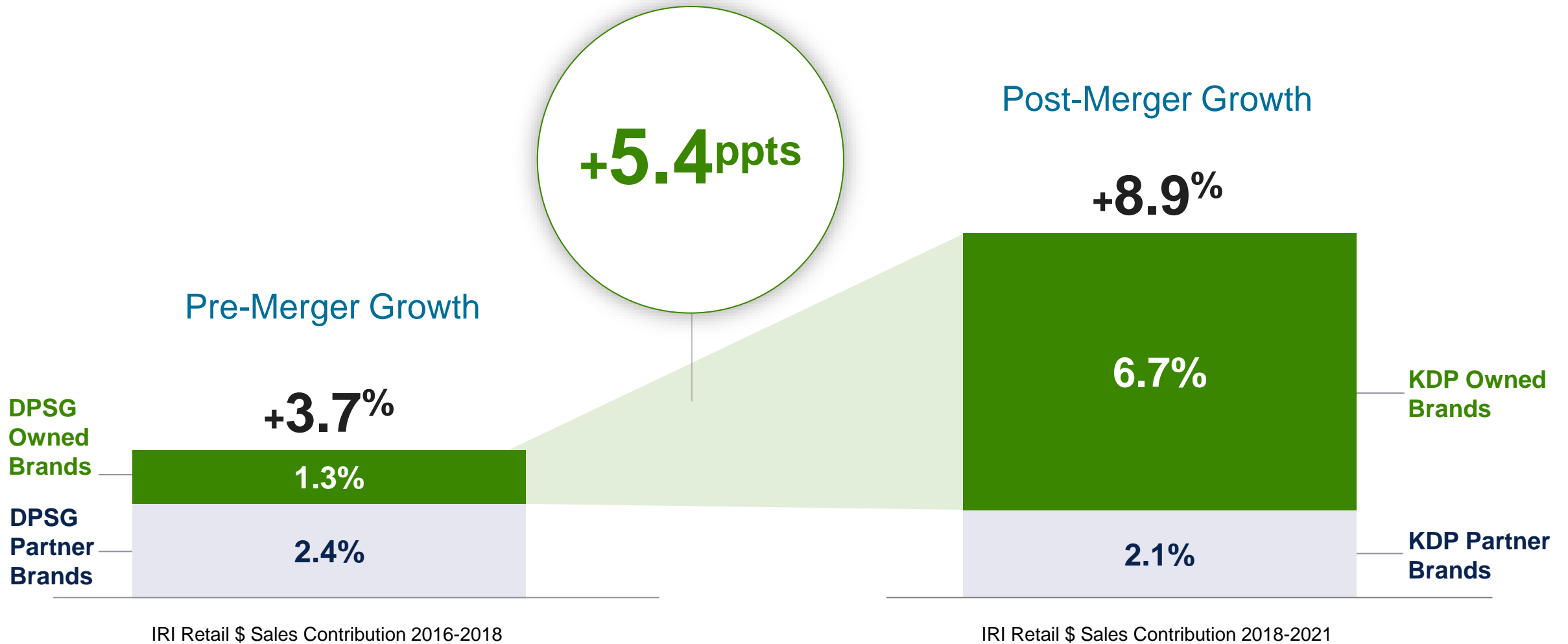
Partnerships



M&A



# KDP growth has accelerated from owned brand revitalization, while the contribution from partner brands has continued



# Owned brand growth has accelerated through innovation, renovation and package evolution...

Launched market-leading innovation on Dr Pepper



Zero Sugar

Dr Pepper & Cream Soda

Modernized CSD portfolio



Zero Sugar

Invested into new functional needs and occasions



Bai Boost

Mott's Mighty

Invested in the right package solutions for shopper occasions



Mott's Pouches



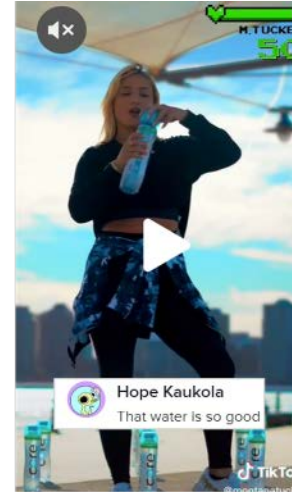
CSD Mini Cans

Refreshed brands while doing good for the environment



100% Recycled Plastic Bottles

...combined with world-class marketing and consumer programs





# KDP's owned brand portfolio has achieved new industry milestones over the past three years



#1 share growth in all of LRB

IRI 52WE 6-27-2021 vs PY



#1 HH penetration brand in Premium Tea

IRI 52WE 6-27-2021



+3 pts of \$ share on the leading national brand in Apple Juice

From 2017 to 2021



Zero Sugar launches drove +1.0 pts of \$ share growth

IRI 13WE 6-27-2021



Now the #1 Fruit CSD

IRI 52WE 6-27-2021



Doubled HH penetration

From 2017 to 2021





14 years of consecutive retail growth



Now the #2 CSD player in 63% of Grocery accounts

IRI 52WE 6-27-2021

# Case Study: KDP's unique approach to partnerships has allowed it to build the #2 Premium Water business...

STILL				SPARKLING		
FLAVORED	UNFLAVORED		PLANT	UNSWEETENED		
<b>Enhanced Flavored</b> 	<b>Premium Unflavored</b> 	<b>Sourced Unflavored</b> 	<b>Plant</b> 	<b>Unsweetened Seltzer</b> 	<b>Unsweetened Seltzer (Regional)</b> 	<b>Enhanced Unsweetened Sparkling</b> 
STRUCTURE						
Partner/ Acquired	Partner/ Acquired	Partner	Partner	Partner	Owned	Acquired
DATE						
2013/2016	2016/2018	2018	2010	2019	N/A	2019

...and we have driven success across our partnerships



Delivered **first year of share growth** since 2016



**+3 pts share growth** over last three years



**Doubled availability in new markets** in first nine months of partnership

# KDP has built a repeatable model that is ready for MORE



## Unique, flexible and scalable **go-to-market powerhouse**

- Full portfolio HQ selling capability
- Upgraded distribution systems with capacity for expansion
- Access **beyond traditional retail channels**



## Ability to leverage a broad and flexible approach to **expand the portfolio**

- Innovation
- Renovation
- Partnership
- M&A



# Coffee Systems

Mauricio Leyva  
President, Coffee



The US Coffee Market is large and growing,  
with billions of at home occasions added every year

75B

L A R G E

coffee occasions  
per year

+ 2.3%

G R O W I N G

coffee occasions  
CAGR '10-'20

88%

A T H O M E

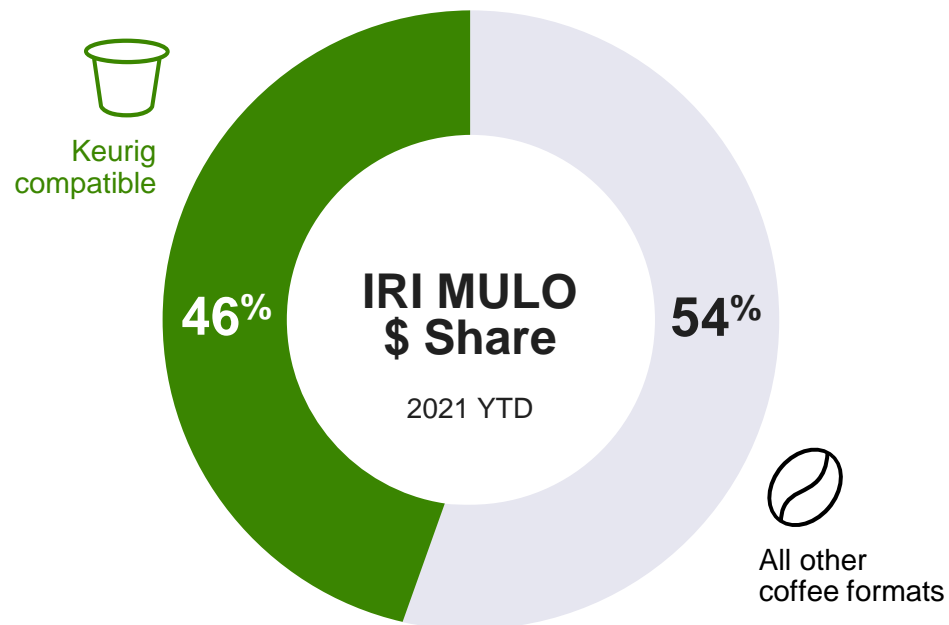
of coffee occasions  
happen at home

# The Keurig ecosystem continues to transform the US Coffee Market...

Keurig has driven

**70%**

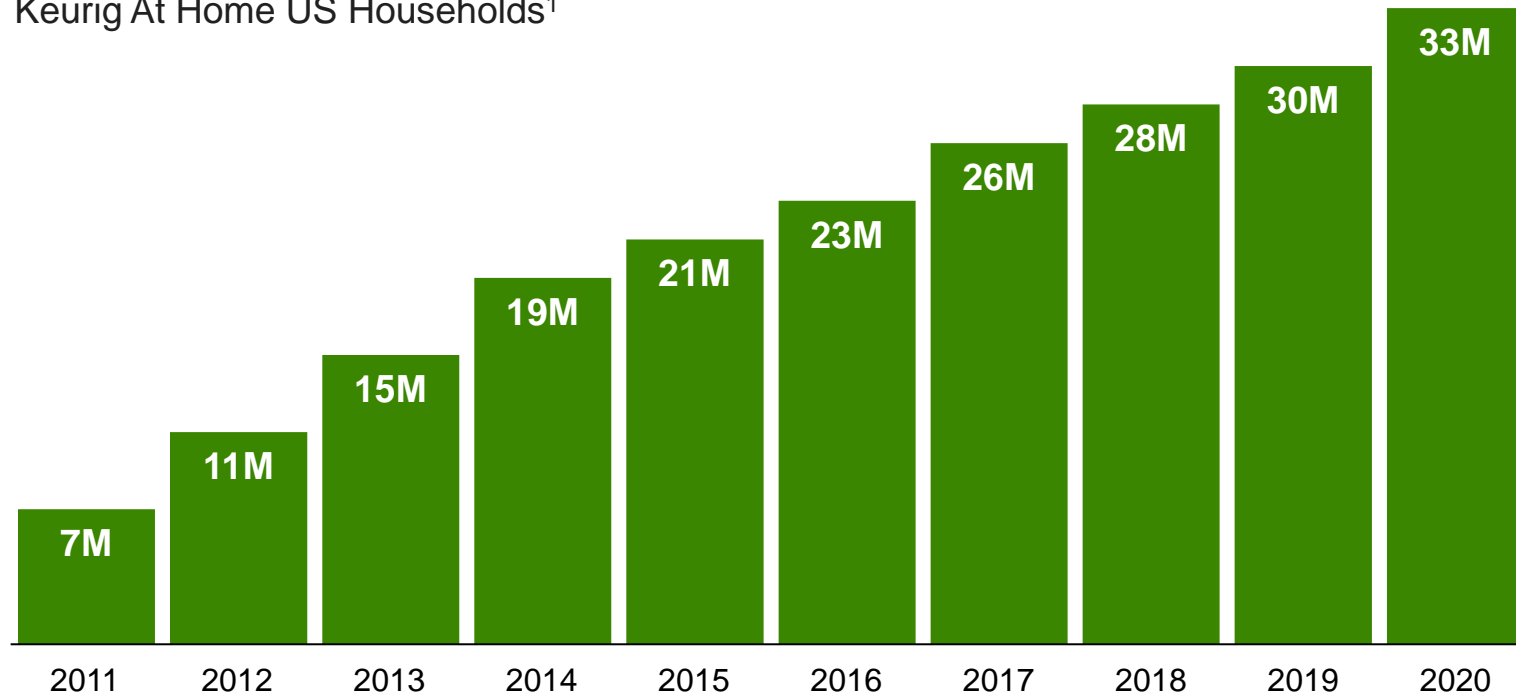
of all coffee retail dollar growth since 2016<sup>1</sup>...



...and is now approaching **half of all coffee retail dollars**<sup>2</sup>

# ...increasing both household penetration and share of total coffee maker category

Keurig At Home US Households<sup>1</sup>



6%

US HOUSEHOLD PENETRATION

25%

US HOUSEHOLD PENETRATION

64 <sup>1</sup> Third-party survey data and Company estimates  
<sup>2</sup> NPD Coffeemaker Category Share 2020

Single serve brewers outsold traditional brewers for the first time ever in Q4 2020<sup>2</sup>





# Supported by the widest choice of brands and varieties in any coffee ecosystem, maximizing value to consumers, partners and KDP

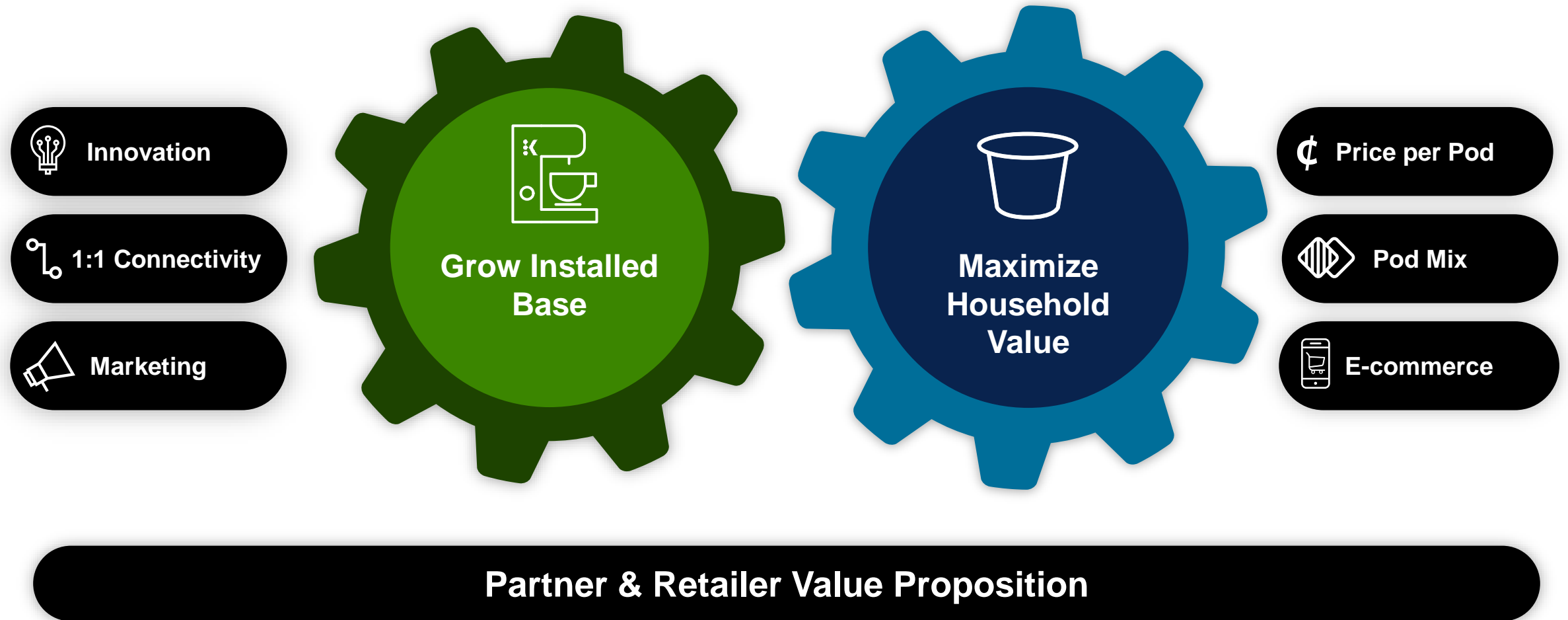


Owned

Licensed

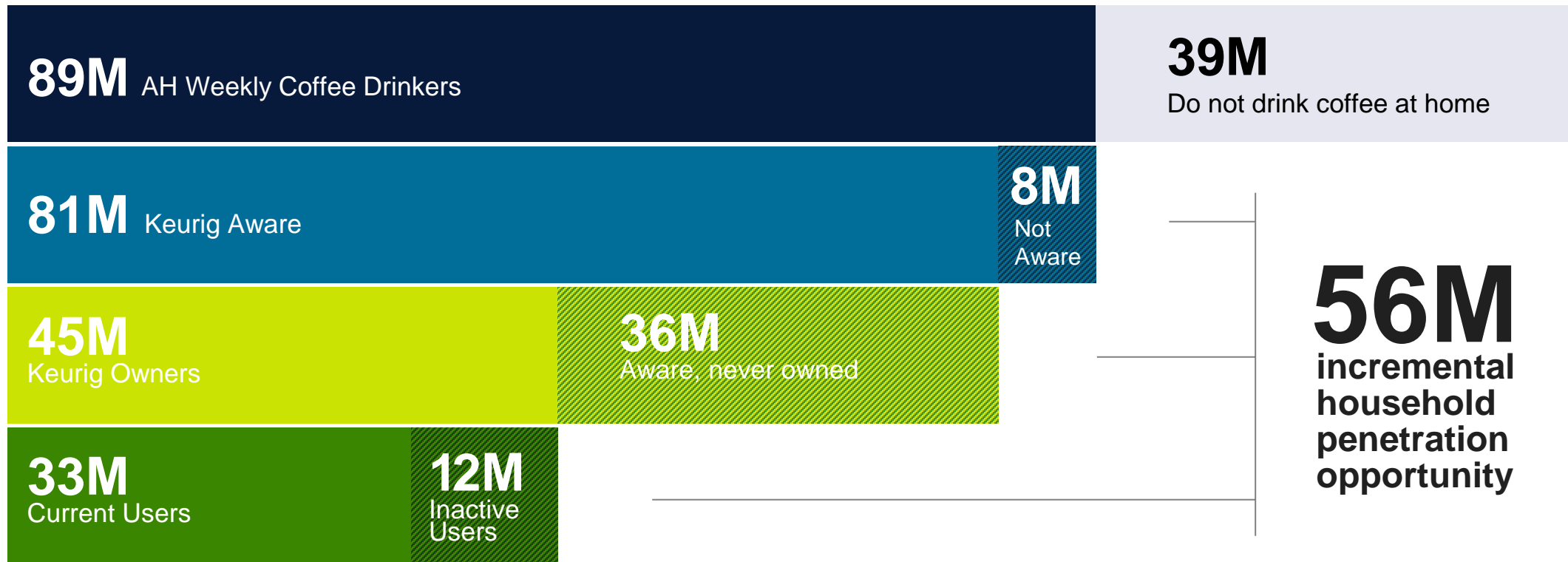
Partner

# The Keurig core growth equation remains sound and is now catalyzed by new digital capabilities

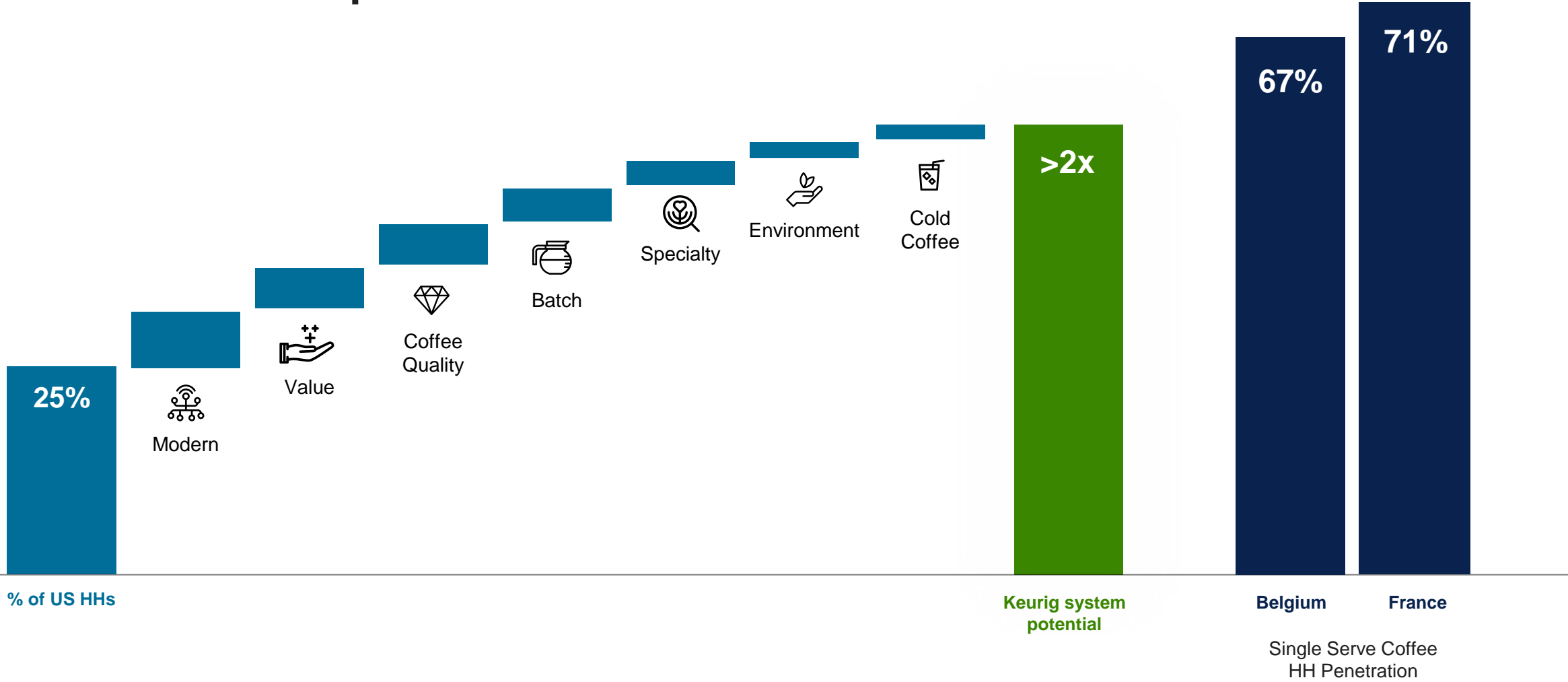


# The Keurig system has significant headroom to double its household penetration...

**128M** Total US HHs



# ...with clear line of sight to consumer segments that will drive adoption



# Brewer innovation is organized under families that target specific needs

**Coffee Quality**



K-Select  
K-Supreme  
K-Slim MultiStream  
*(pictured)*

**Batch**



K-Duo  
K-Duo Essentials  
K-Duo Special Edition  
*(pictured)*

**Value**



K-Compact  
K-Mini  
K-Express  
*(pictured)*

**Specialty**



K-Latte  
K-Café  
K-Café Special Edition  
*(pictured)*

**Cold**



K-Slim Iced

**Modern**



K-Supreme Plus Smart

**New features and improvements are cascading across multiple brewer families**

- Four innovation families launched since Fall '17
- Each family has several brewers hitting different price points

- Fall '21 brings two new families

# New features like MultiStream Technology are established in a flagship brewer before being extended across multiple brewer families

**MultiStream Technology** – Saturates the grounds more evenly to extract full flavor and aroma



K-Supreme



K-Supreme Plus



K-Slim



K-Supreme Plus SMART

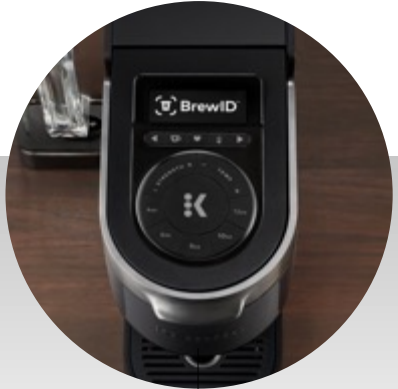
TO BE ANNOUNCED AT FUTURE DATE

MultiStream Rollout 2020-2022

**68%** of owners reported a richer cup of coffee<sup>1</sup>

70 <sup>1</sup> Keurig 6-week post purchase follow up study of owners aware of MultiStream at time of purchase

# New BrewID technology platform creates full system value through 1:1 consumer connectivity



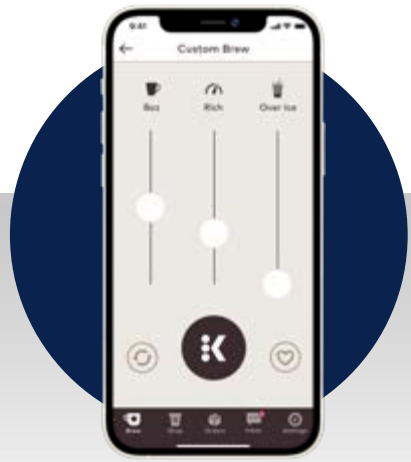
## BrewID

Recognizes the specific brand and roast and automatically customizes brew settings



## SMART Technology

Recommends future purchases and trials based on consumer preferences



## Keurig App

### Wider Choice

Voice and graphic enhanced control over Temperature, Strength, Size, Recipes and Favorites



## SMART Auto-Delivery

Tracks pod usage and automatically reorders when you run low

# BrewID is the gateway to innovate and interact at a personalized level



Consumer understanding at household level opens door to new streams of revenue



Relevant, timely marketing messaging



Custom product offerings



Seamless replenishment through SMART Auto-Delivery





# Keurig Supreme Plus Smart receives very positive consumer sentiment and high-profile press reviews



## 4.6 Stars on Keurig.com

“I used to think that making a Keurig coffee meant sacrificing good coffee for easy coffee, Keurig's newest brewer has altered that thought.”



“To put it simply, if you love good coffee but don't have it in you first thing in the morning to do anything other than push a button (if that!), this machine is for you.”



# BrewID enables commercial innovation in the Away From Home business

## KEURIG COMMERCIAL PORTFOLIO 2021



<b>KEURIG COMMERCIAL</b> <b>K-Suite</b> COFFEE MAKER	<b>KEURIG COMMERCIAL</b> <b>K-1500</b> COFFEE MAKER	<b>KEURIG COMMERCIAL</b> <b>K-2500</b> COFFEE MAKER	<b>KEURIG COMMERCIAL</b> <b>K-3500</b> COFFEE MAKER	<b>KEURIG COMMERCIAL</b> <b>K-4500</b> COFFEE MAKER	<b>KEURIG COMMERCIAL</b> <b>ECCELLENZA TOUCH</b> COFFEE MAKER	<b>KEURIG COMMERCIAL</b> <b>ECCELLENZA MOMENTUM</b> COFFEE MAKER	<b>BUNN</b> <b>nitro<sub>2</sub></b>
1-2	2-15	15-25	25-50	25-50	75-150	150-300	75-150

# Creative marketing campaigns drive awareness in new segments and build Keurig brand equity



Advertising campaigns

THE MORNING SHOW

Apple TV+ | KEURIG

Partnerships & collaborations

KEURIG  
Hecho con amor.

Multi-cultural marketing

BEYOND Van Gogh

PRESENTED BY

KEURIG

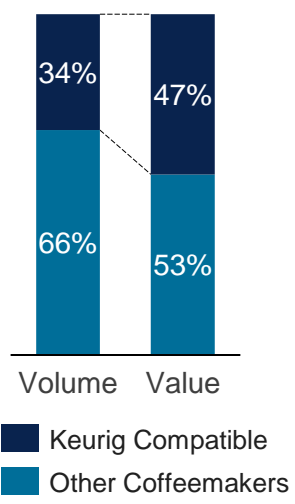
Experiential & trial

# The ecosystem value proposition for retailers and partners creates a compelling set of aligned incentives

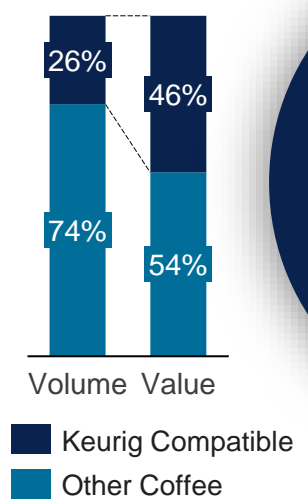
## Keurig drives revenue and margin for retailers

## Keurig partners benefit from growth and mix improvement

**Coffeemaker Category<sup>1</sup>**



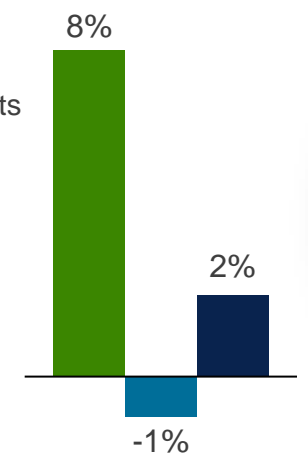
**Coffee Category<sup>2</sup>**



**Retailer value drivers:**  
 Brewer exclusives  
 Private label  
 E-commerce support

**Coffee Retail Sales Growth<sup>3</sup>**

- K-Cup Pods
- Other Coffee Formats
- Total Coffee



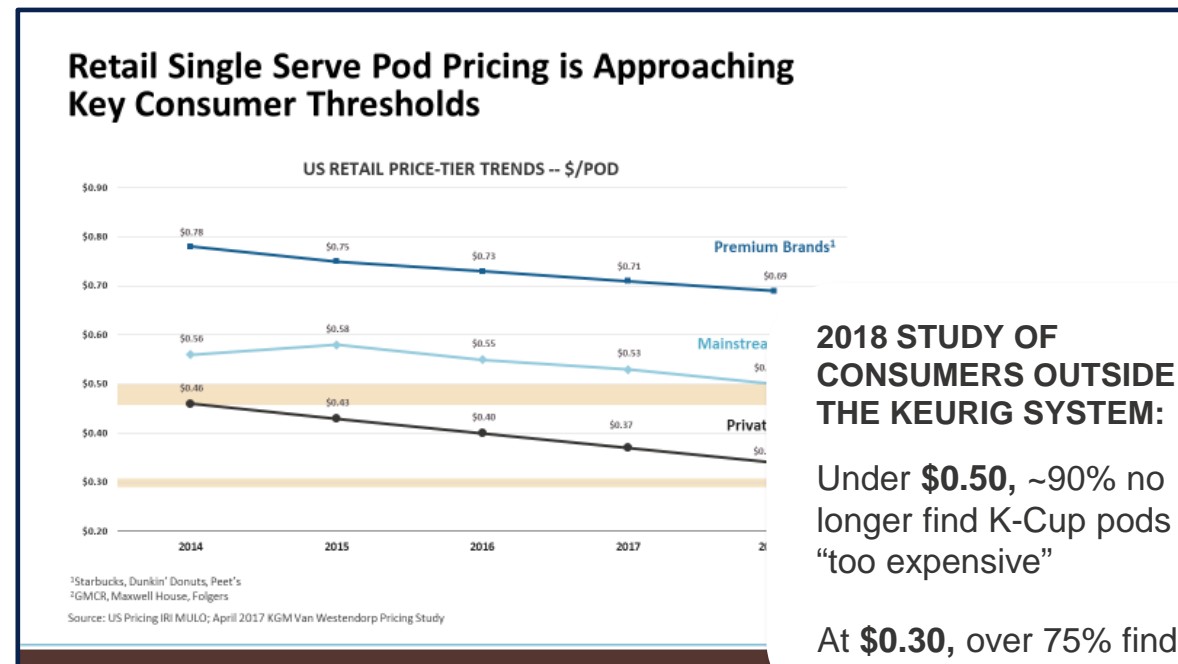
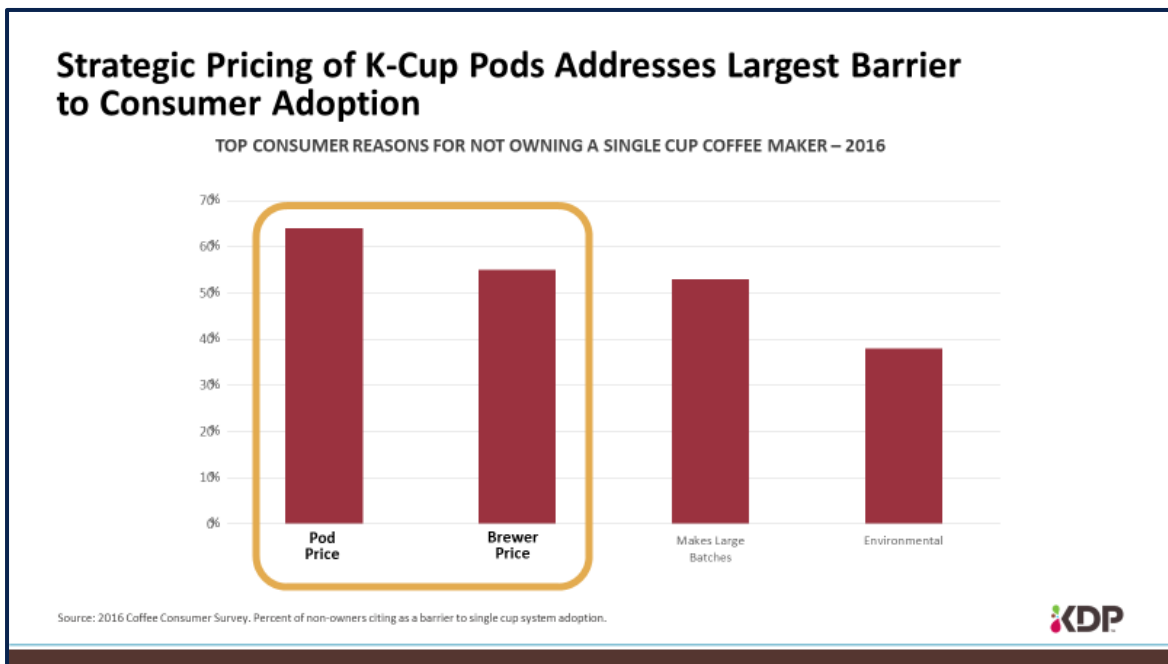
**Top 10 Keurig Partners**  
Hot beverage growth by format

**Partner value drivers:**  
 Pod innovation  
 BrewID insights & recommendations  
 Keurig.com

76 <sup>1</sup> NPD 12 months Q2 2021  
<sup>2</sup> IRi MULO YTD 8/29/21  
<sup>3</sup> IRi MULO 52 weeks 8/01/21

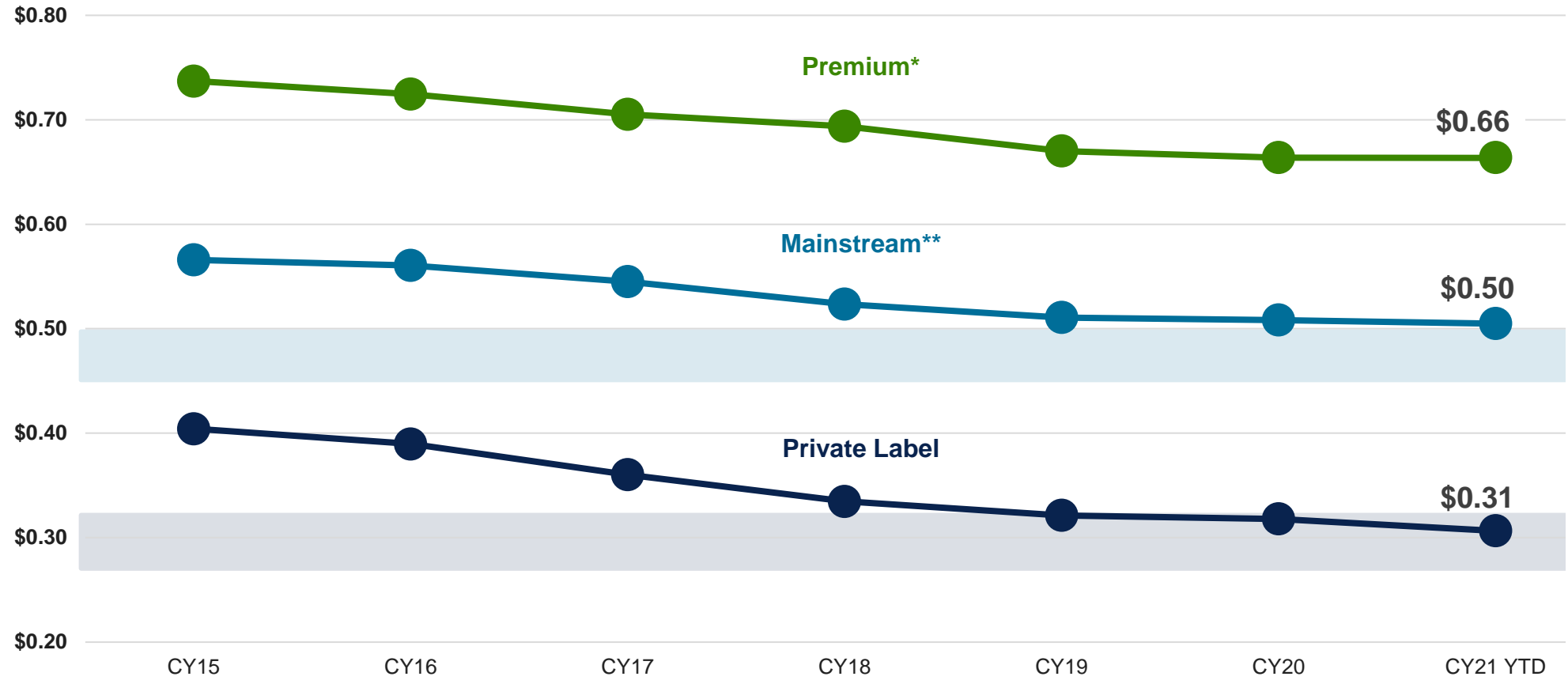
# Strategic pod pricing has been a powerful lever to drive household penetration by aligning price with consumer expectations, thus addressing the top barrier to system adoption

Slides from KDP Investor Day – March 2018



# Pod pricing has moderated at levels that are consistent with consumer price thresholds

Single Serve Coffee Category Price / Cup<sup>1</sup>



2018 STUDY OF CONSUMERS OUTSIDE THE KEURIG SYSTEM:

Under **\$0.50**, ~90% no longer find K-Cup pods “too expensive”

At **\$0.30**, over 75% find K-Cup pods “a bargain”

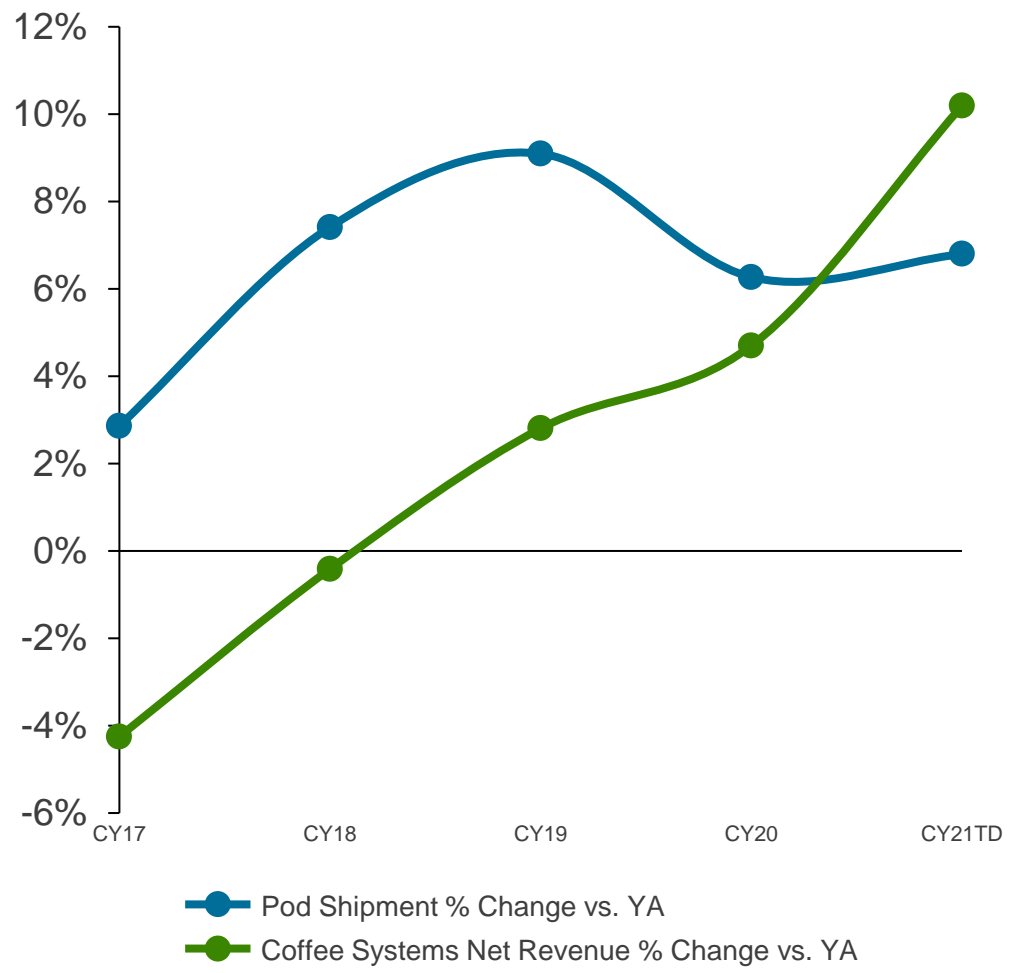
78 <sup>1</sup> IRI MULO 2015-YTD 2021 8/29/21  
 \* Starbucks, Dunkin', Peets  
 \*\* KDP brands, Folgers, Maxwell House

# Continued pod volume growth, combined with moderating strategic pod pricing, has driven Coffee System revenue growth above levels forecasted in 2018

*“Household penetration gains drive **MSD volume growth**, combined with moderation in strategic pricing, **enables 2-3% revenue growth 2019 and beyond**”*

KDP 2018-2021 Outlook  
Feb 2018

Coffee Systems: CY 2017- Q2 2021



# Coffee innovation and new partnerships provide opportunity to drive Owned/Licensed brand growth and enhance pricing through mix

## Coffee House



**+40%**

Premium \$/Pod

## New KDP Licensed brand since 2020



**+4.3%**

Pod Market Share

## Cold Occasions



**21%**

Incremental to KDP



# In addition to driving HH penetration, sustainability-focused innovation provides opportunity for further mix enhancement

Certified Responsibly Sourced Coffee

Recyclable K-Cup Pod

Post-Consumer Recycled Materials

Easy-Peel Lid

Home Compostable K-Cup Pod



**100%**  
Goal achievement

**100%**  
Goal achievement

Brewer transition underway  
Pods TBD

**Keurig.com**  
Fall 2021

**Ambition**

# Easy-peel lids are the next step in our pod sustainability journey



+17 PTS  
Purchase Intent

+18 PTS  
Recycling Intent

Launching this Fall on Keurig.com and Keurig.ca, new Easy-Peel lids will make K-Cup pods easier to recycle

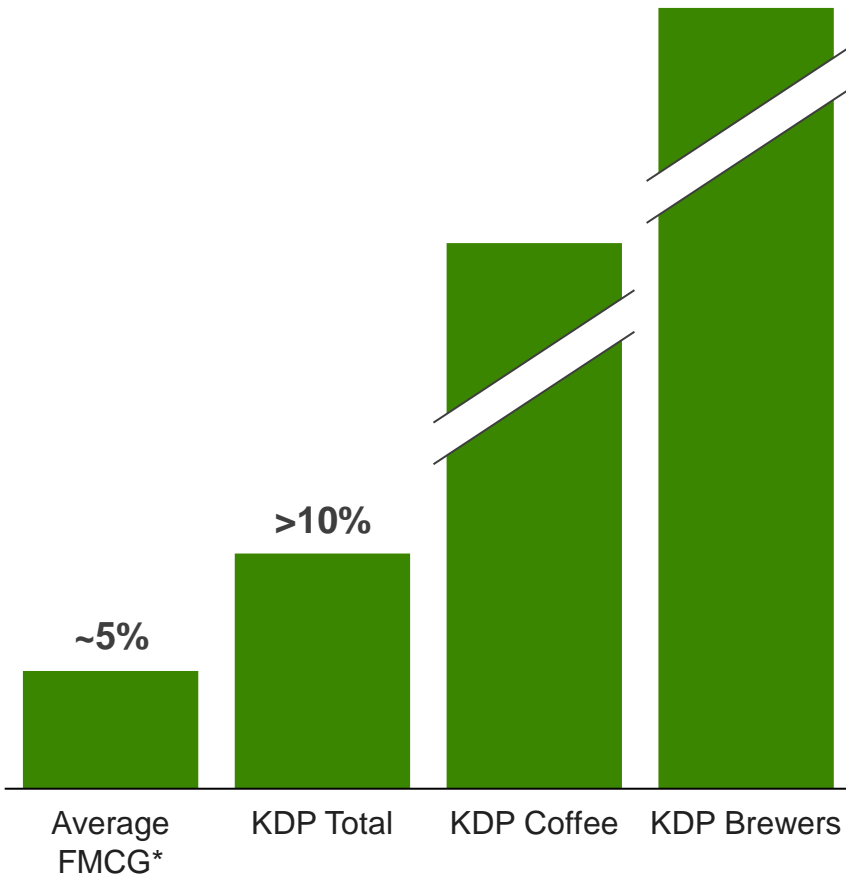
Additional brands and pack sizes rolling out in 2022

Simply peel off the lid using the tab, compost or dispose the coffee grounds, and recycle your K-Cup pod

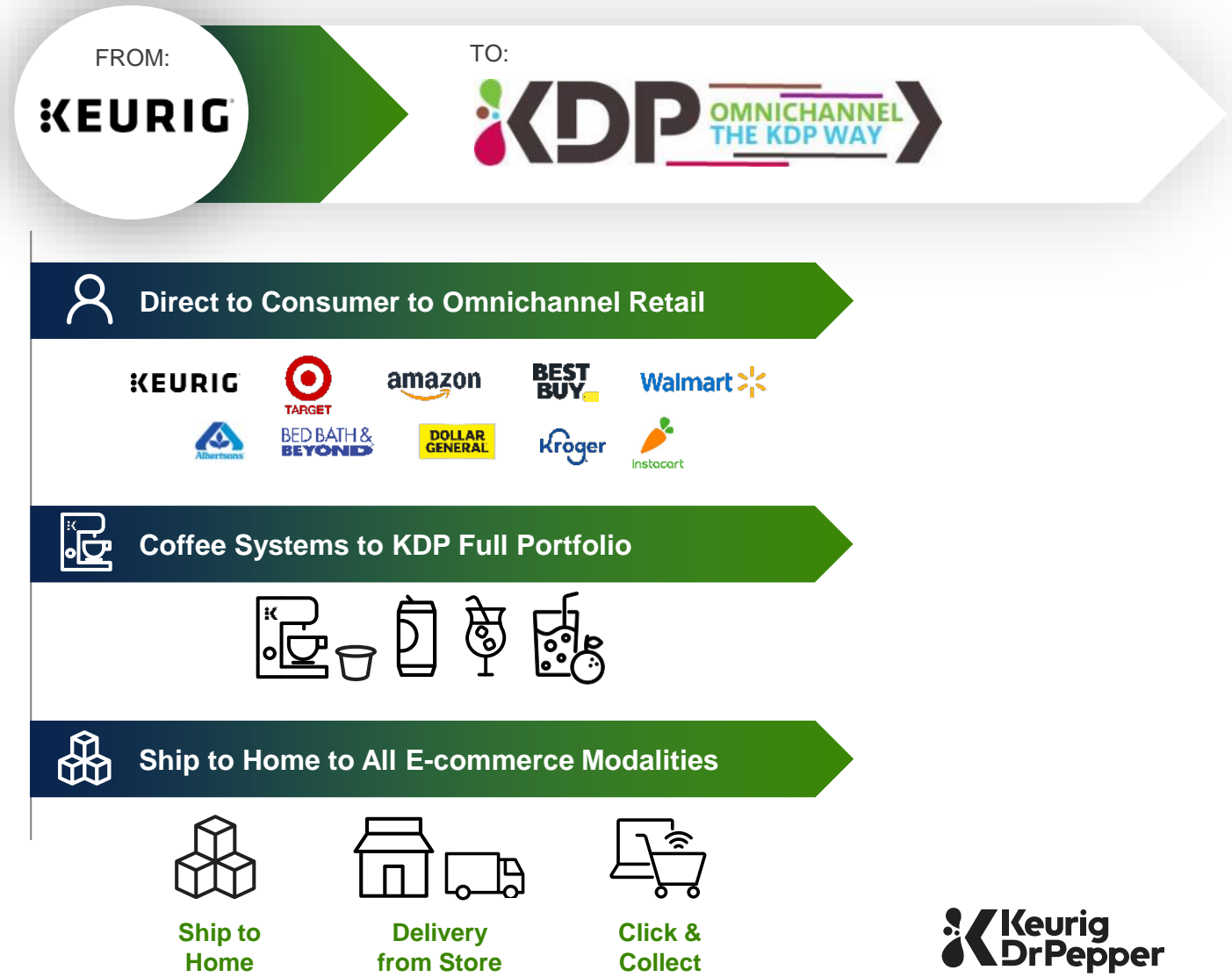
# KDP's world-class e-commerce rooted in early online coffee adoption

A KEY COMPETITIVE ADVANTAGE THAT OPERATES ACROSS THE FULL KDP PORTFOLIO AND THROUGH ALL MODALITIES

% of sales made online



83 KDP sales data 52 weeks 6/30/21  
\* Kantar/GfK/INTAG/IRI



Keurig.com is an “at scale” direct to consumer site that elevates the subscription experience...

↑ Top 5 Keurig retailer by revenue

👤 19M consumers on file

📄 >70% coffee business is done through subscription

📈 >2x subscriber profit compared to an average system user

⊕ Subscription membership has doubled since 2017

...which will be strengthened through the expansion of the BrewID platform



BrewID recognizes the K-Cup pod being consumed and triggers an order when pantry stock is running low

Eliminates over- and under-stock friction from the subscription experience



# Keurig's leadership in single serve coffee will continue to drive Coffee Systems growth, benefiting all participants



**Grow Installed  
Base**

**A Healthy  
Ecosystem**

**Maximize  
Household  
Value**

- Single serve to overtake traditional
- Innovation addressing new segments
- Expanding e-commerce advantage

- Sustainability roadmap
- Partner value proposition
- Strong retailer alignment

- Pod pricing at consumer thresholds
- Coffee innovation to improve mix
- 1:1 consumer connectivity



# Corporate Responsibility

Maria Sceppaguercio  
Chief Corporate Affairs Officer



# ESG is at the heart of how KDP creates value and is critical to KDP's next chapter of transformation and growth

Since the merger, KDP has launched its **Drink Well. Do Good.** platform, an **ambitious corporate responsibility agenda**

KDP has **achieved commitments** and **enhanced transparency & governance**, leading to external **recognition**

Leveraging success to date, KDP is expanding its impact into new areas, including **regenerative agriculture** and **positive hydration**

KDP has invested significantly to **reduce virgin plastic use, drive sustainable supply chains** and **strengthen environmental stewardship**

Unique **KDP partnership philosophy** has been leveraged to accelerate impact, **co-founding two coalitions to drive circular economy solutions**

KDP is building the strength of its team through a **robust diversity and inclusion program**



# KDP has built a strong corporate responsibility platform focused on four key strategic pillars



**ENVIRONMENT**  
Refreshingly Responsible

**SUPPLY CHAIN**  
Good From the Start

**HEALTH & WELL-BEING**  
Better Choices, Better Lives

**PEOPLE & COMMUNITIES**  
Meaningful Engagement

Integrated programs | Clear commitments | Strong governance | Transparency



# In 2020, KDP delivered on its long-standing goals...



A C H I E V E D



All K-Cup pods  
now **recyclable**



**100%** responsibly  
sourced coffee



**1M** people engaged  
across our supply  
chain to improve  
their lives



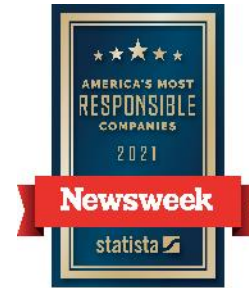
Play opportunities  
provided to **more  
than 14.6 million  
kids**

# ...and has fully embraced ESG transparency

## ESG FRAMEWORKS



## EXTERNAL RECOGNITION



2020 Leadership Scores  
for Climate and Water



Supplier  
Sustainability  
Awards 2019



Supplier  
Sustainability  
Awards 2020

# KDP leverages its unique partnership philosophy to accelerate progress in critical ESG focus areas...

## Improving Plastic Recycling



## Engaging For Climate Resilience & Water Security



## Building A Strong & Inclusive Value Chain



# ...and expanded its ambitions for 2025



## PRIORITY AREAS FOR 2025



Reducing  
plastic waste



Driving  
climate & water  
resilience



Expanding  
sustainable  
supply-chain  
solutions

EXPANDED  
GOALS



Increasing  
positive  
hydration

NEW  
GOAL



Advancing  
diversity &  
inclusion

NEW  
GOALS

# Reducing plastic waste and advancing circular economy solutions are KDP priorities



## 2025 GOALS

**100%**

packaging recyclable / compostable

**20%**

virgin plastic reduction

**30%**

PCR content

## AMBITION

compostable packaging and reuse models

# KDP is also driving climate and water resilience, with climate goals approved by Science Based Targets initiative



## Climate

2025 GOAL

**100%**

of electricity used in operations from renewable sources

2030 GOALS

**30%**

reduction in direct emissions

**15%**

reduction in indirect emissions in select categories



## Water

2025 GOALS

Replenish

**100%**

of water used for our beverages in high-risk communities

**20%**

improvement in water use efficiency

LONGER-TERM GOALS UNDER DEVELOPMENT

# Net Zero

emissions

# Net Positive

water

**KDP is building on leadership in coffee with new goals to further advance sustainable supply chains**

# Responsibly source

our brewers, top priority crops  
and other priority inputs

Support

# Regenerative agriculture

on 250K acres of land by 2030



# KDP is the first major beverage company to set a goal for Positive Hydration...



A Positive Hydration product provides a **serving of fruits/vegetables**

OR



is **below 40 calories** per serving with a **functional attribute** or at least 10% Daily Value of a **nutrient to encourage.**



NEW GOAL

Provide Positive Hydration in

# 60%

## OF KDP PRODUCTS



# KDP is building the strength of its team through Diversity & Inclusion...



## REPRESENTATION GOALS

**+25%**

Women in Director+ Leadership Roles by 2025

**+25%**

People of Color in Director+ Leadership Roles by 2025

## ...with a robust and integrated program supported by a strong governance framework



---

Established program with **Executive Sponsorship** and a **D&I Leadership Team**



---

Listened to employees via **Roundtables & Digital Conversations** to inform our strategy



---

Launched **Employee Resource Groups** to support connection & community



---

**Completed training** for all leaders; phased roll-out to all employees underway

# KDP's detailed progress and disclosures are provided in its 2020 CR Report



View more information about all of our reporting and progress at <https://www.keurigdrpepper.com/cr>



# International

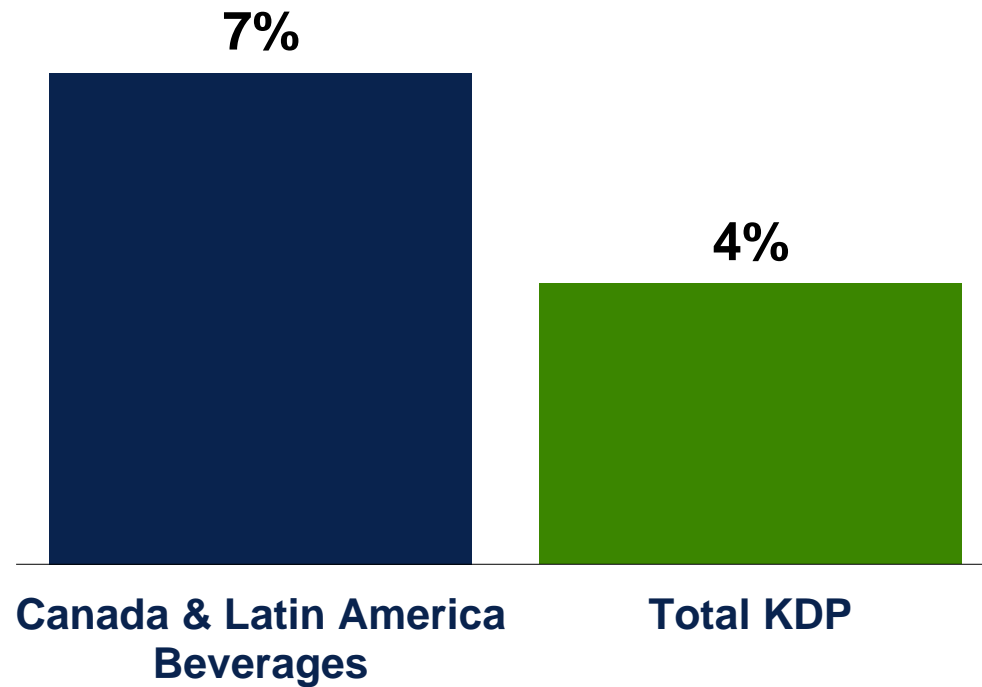
Ozan Dokmecioglu  
Chief Financial Officer & President, International



# International businesses have been accretive to total KDP growth, and industry momentum is projected to continue

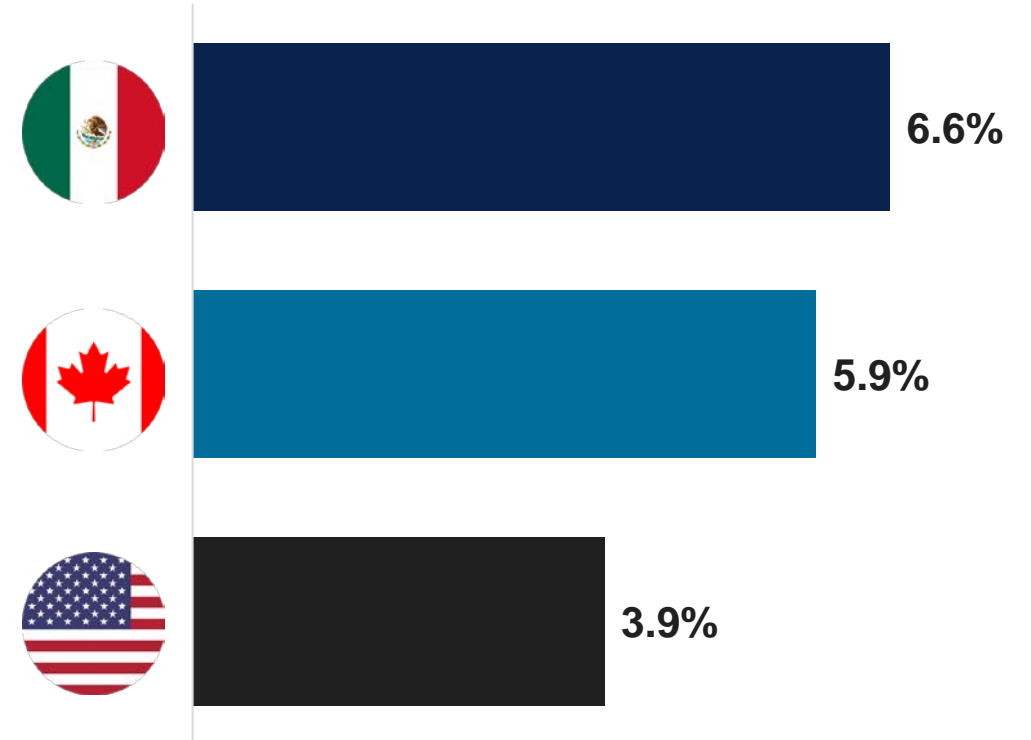
'19 – '21 KDP NET SALES CAGR

Constant Currency



'21 – '25 LRB PROJECTION

Retail Sales



# ~10% of KDP's footprint is outside the US, providing incremental access to large, growing markets

## CANADA (~\$800M NET SALES IN 2020)



**#1**

Single-serve coffee brewing system



**86% KDP Manufactured Pod Share**



**#1**

Flavored carbonated soft drinks



**#1**

Tomato seafood juice



**#4**

RTD Alcohol



## MEXICO (~\$500M NET SALES IN 2020)



**#1**

Mineral Water



**55% Market Share**



**#2**

Flavored carbonated soft drinks



**#1**

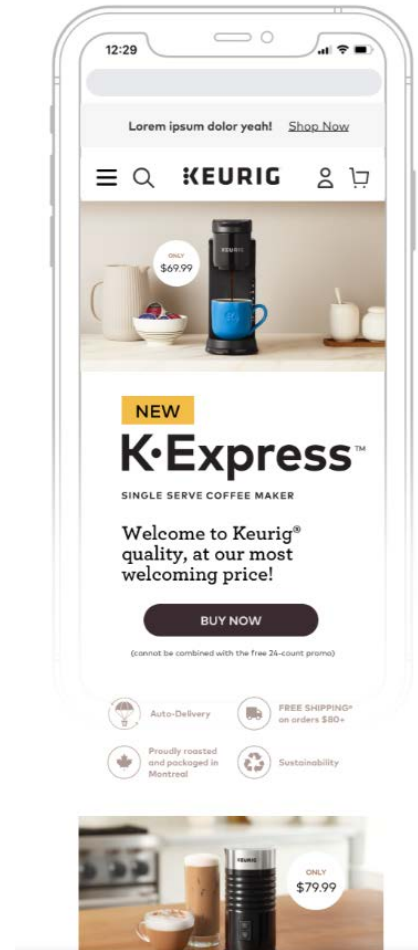
Tomato seafood juice



**80%**

POS coverage, including owned and partners

# Growth will be driven by expanding brands to new occasions and channels



## GROW THE CORE

- Extend leading single serve coffee position in Canada and grow powerful trademarks in Mexico
- Expand DSD and traditional trade footprint in Mexico
- Leverage partnerships to extend C-store reach in Canada
- Build e-commerce capabilities

# Grow the Core example: Continued opportunity in Mexico to extend Peñafiel brand



- The leader in mineral water in Mexico
- Strong growth of +8% CAGR from 2018-2021
- Opportunity to expand the trademark into new consumption occasions beyond simple hydration, including new “Ades” refreshing mineral water with juice



# KDP is positioned to capture new avenues for powerful expansion



## EXPAND INTO WHITESPACE

- “Lift and shift” brands from KDP’s distinctive portfolio, such as Bai expansion into Canada
- Accelerate growth in rapidly expanding RTD alcohol category in Canada
- Pursue M&A and partnerships in Canada and Mexico



# Expand into Whitespace example: Accelerate powerful KDP brands in fast-growing RTD Alcohol segment in Canada, while strengthening KDP distribution through partnerships

## EXTENDABLE BRANDS



RTD BUSINESS \$130M AT RETAIL\*

## FLEXIBLE ROUTES TO MARKET FOR RTD



MARK ANTHONY BRANDS  
*We Build Distinctive Brands*

LCBO

Liquor Control  
Board of Ontario

KDP WILL DISTRIBUTE



NON-ALCOHOLIC BEER



**BECK'S**  
non-alcoholic





# Financial Model

Ozan Dokmecioglu  
Chief Financial Officer & President, International



# KDP represents a compelling investment opportunity with attractive organic growth and significant optionality

Long-term organic algorithm delivers **accelerated revenue growth** fueled by increased investment across the business

Revenue growth, combined with ongoing productivity, fixed cost leverage and lower interest drives **attractive earnings growth**

Industry-leading cash flow conversion to generate **\$4 billion of discretionary cash over the next three years**

With KDP balance sheet de-levered and significant capital projects winding down, **capital allocation priorities expand to include inorganic shareholder return opportunities**



# Outlook projects continued attractive shareholder value creation



**Long-Term  
Organic Growth  
Algorithm**

Net Sales

**Mid-single digit**

---

Adjusted Earnings per Share

**High-single digit**

---

Total Shareholder Return

**High-single / Low-double digit**

# Strong and evolving financial model drives KDP value creation

INTEGRATION  
2019 – 2021 F

ACTIVATION  
2022 +

Net sales

**+4% CAGR, accelerating each year**

**Mid-single-digit growth**

Driven by core growth, RGM strategy, innovation and renovation

Adjusted  
Operating margin

**>350 bps margin growth**

Expansion fueled by merger synergies and productivity

**Continued margin growth**

Fueled by productivity, mix and overhead leverage, while reinvesting in our brands

Adjusted EPS

**+15% CAGR**

Driven by strong operating income growth, combined with lower interest, due to deleveraging, and tax efficiency

**High-single-digit growth**

Driven by operating income growth, lower interest and continued tax efficiency

Free cash flow

**~\$7B cumulative FCF**

Generated through EBITDA growth and working capital management. Used to reduce debt and pay dividends

**Cash conversion ratio ~100%**

Continued working capital management and moderating investments in integration, transformation and CAPEX

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# Margin levers have unique roles in driving KDP profit growth

LEVER

Role in KDP Financial Model

**Productivity**

Primary offset to inflation, also fuels incremental growth investment

**Pricing**

Offset to inflation, also reflects increasing brand strength

**Fixed Cost Leverage**

Accelerated growth leverages fixed cost base to drive margin expansion



# Robust productivity pipeline drives continued efficiency gains



## Productivity

- ✓ Offsets inflation
- ✓ Funds growth

## Key Drivers

- New state-of-the-art manufacturing
- Design-to-value / Source-to-value
- Network optimization
- Warehouse automation

# Revenue management capabilities support top-line growth and margin management



## Pricing

- ✓ Offsets inflation
- ✓ Enabled by brand strength

## Key Drivers

- RGM strategy
- Favorable mix via innovation
- Price-pack architecture
- Moderating strategic pod price investment

**Overhead efficiency maximizes operating leverage as top line grows**



## Fixed Cost Leverage

- ✓ Expands margin

## Key Drivers

- Integrated organization provides opportunity to scale
- Creation of center(s) of excellence
- Leverage existing DSD and manufacturing capacity
- Indirect procurement

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# KDP long-term organic algorithm builds upon performance since merger

	2019 – 2021	Long Term
Productivity	▲	▲
Synergies	▲	
Pricing	▲	▲
Fixed Cost Leverage	▲	▲
Inflation	▼	▼
Brand Investment	▲	▼

**Net Sales Growth**

**+4%**

**MSD**

**Adjusted EPS Growth**

**+15%**

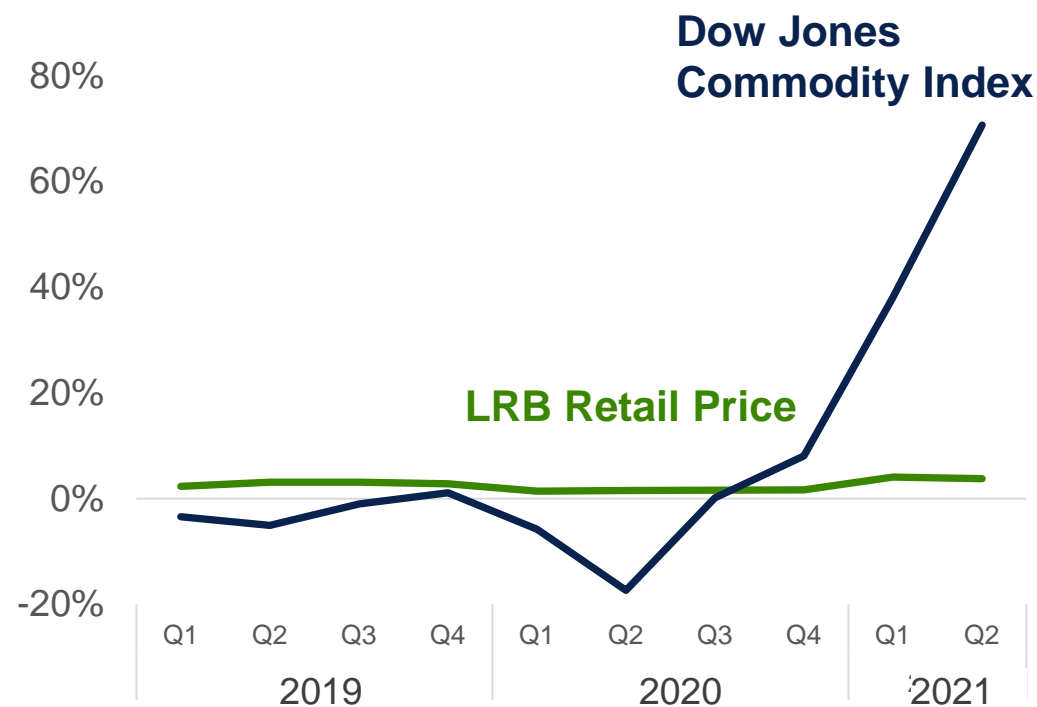
**HSD**

Recent acceleration and magnitude of inflation is expected to outpace industry LRB pricing in the near-term...

## PPI Inflation vs Pricing



## Commodity Inflation vs Pricing



# ...which is reflected in our initial 2022 outlook

	2019 – 2021	2022	Long Term
Productivity	▲	▲	▲
Synergies	▲		
Pricing	▲	▲ ▲	▲
Fixed Cost Leverage	▲	▲	▲
Inflation	▼	▼ ▼	▼
Brand Investment	▲	▼	▼
<b>Net Sales Growth</b>	+4%	MSD	MSD
<b>Adjusted EPS Growth</b>	+15%	MSD	HSD

**Update to be provided in Q1 2022**

119 Net sales and Adjusted EPS CAGRs presented at mid-point of 2021 guidance range; Net sales growth is constant currency

# Strong and evolving financial model drives KDP value creation

INTEGRATION  
2019 – 2021 F

ACTIVATION  
2022 +

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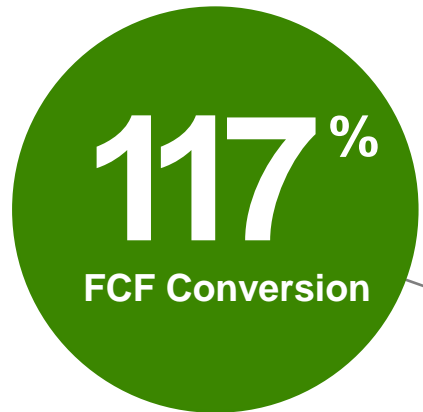
**Cash conversion ratio ~100%**

Continued working capital management and moderating investments in integration, transformation and CAPEX



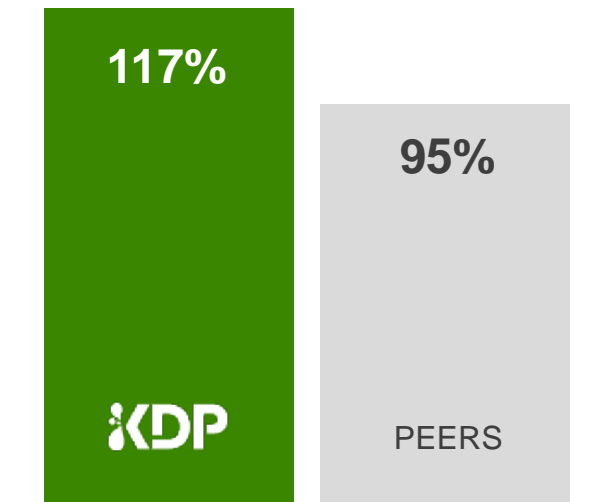
# Industry-leading conversion of profit into cash...

2019 - 2021



## CASH GENERATION

- Primarily driven by superior working capital management
- Partially offset by **\$750M integration cost** to achieve



2022+

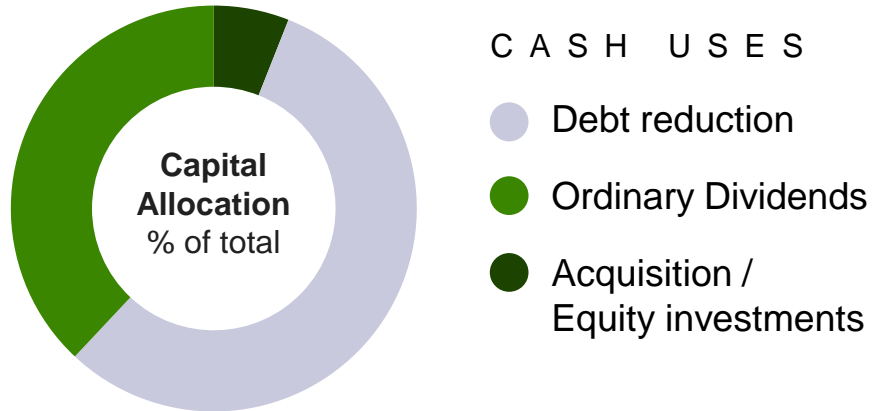


## CASH GENERATION

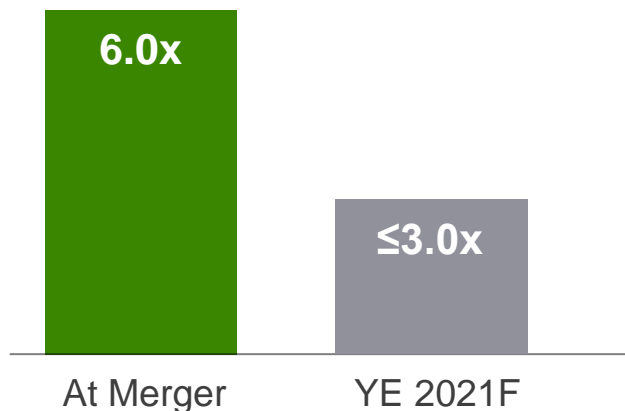
- Continued working capital management
- Reduced debt service costs
- Tax efficiencies
- **No further integration costs** to achieve

# ...enables new investment optionality

2019 - 2021



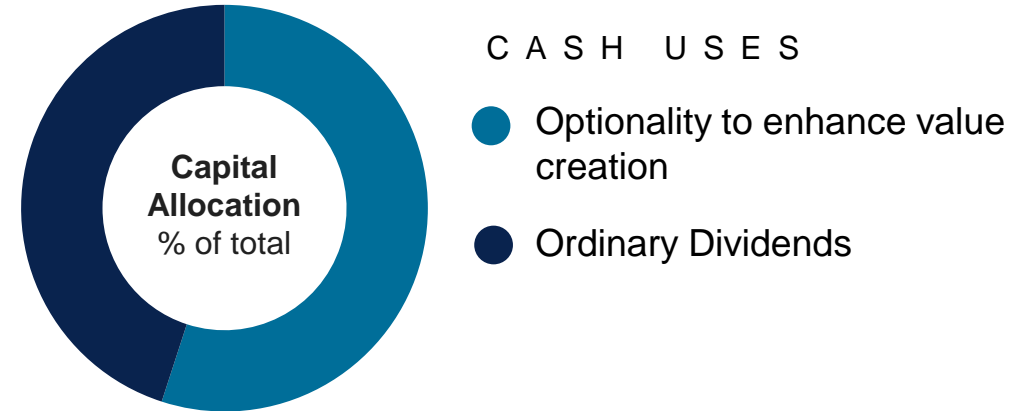
MANAGEMENT LEVERAGE RATIO



122

See Management Leverage Ratio reconciliation and calculation in Appendix

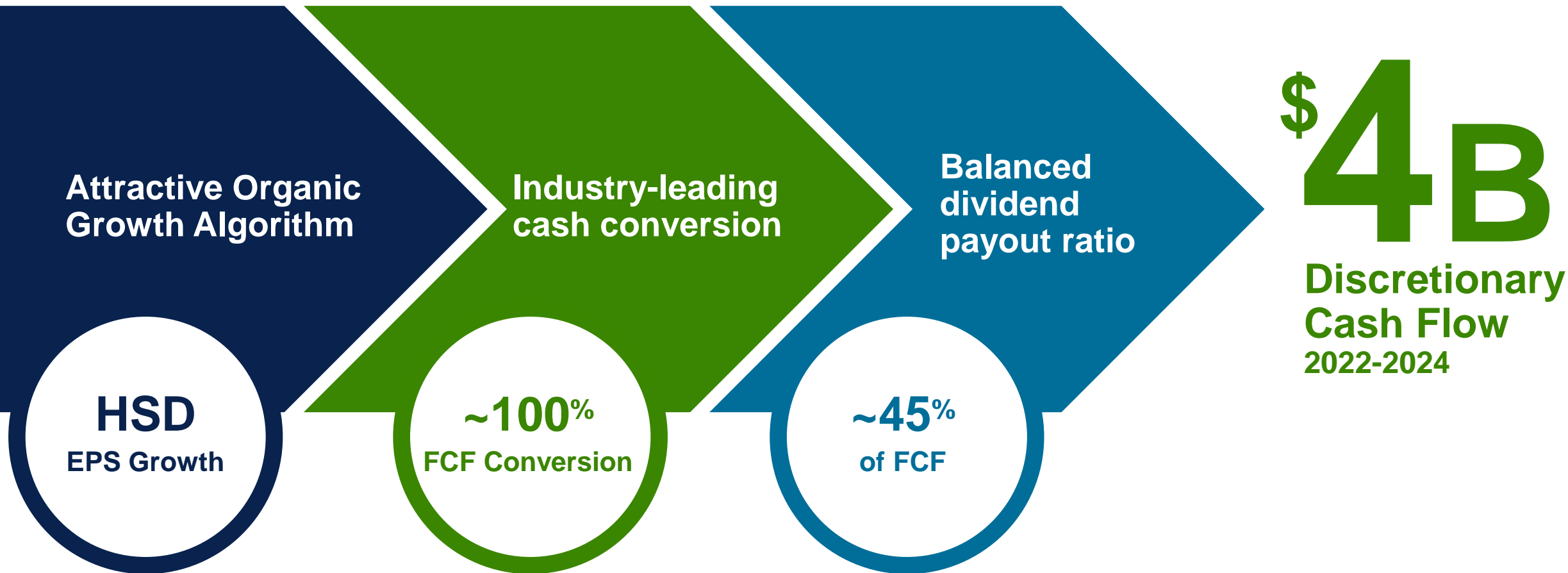
2022+



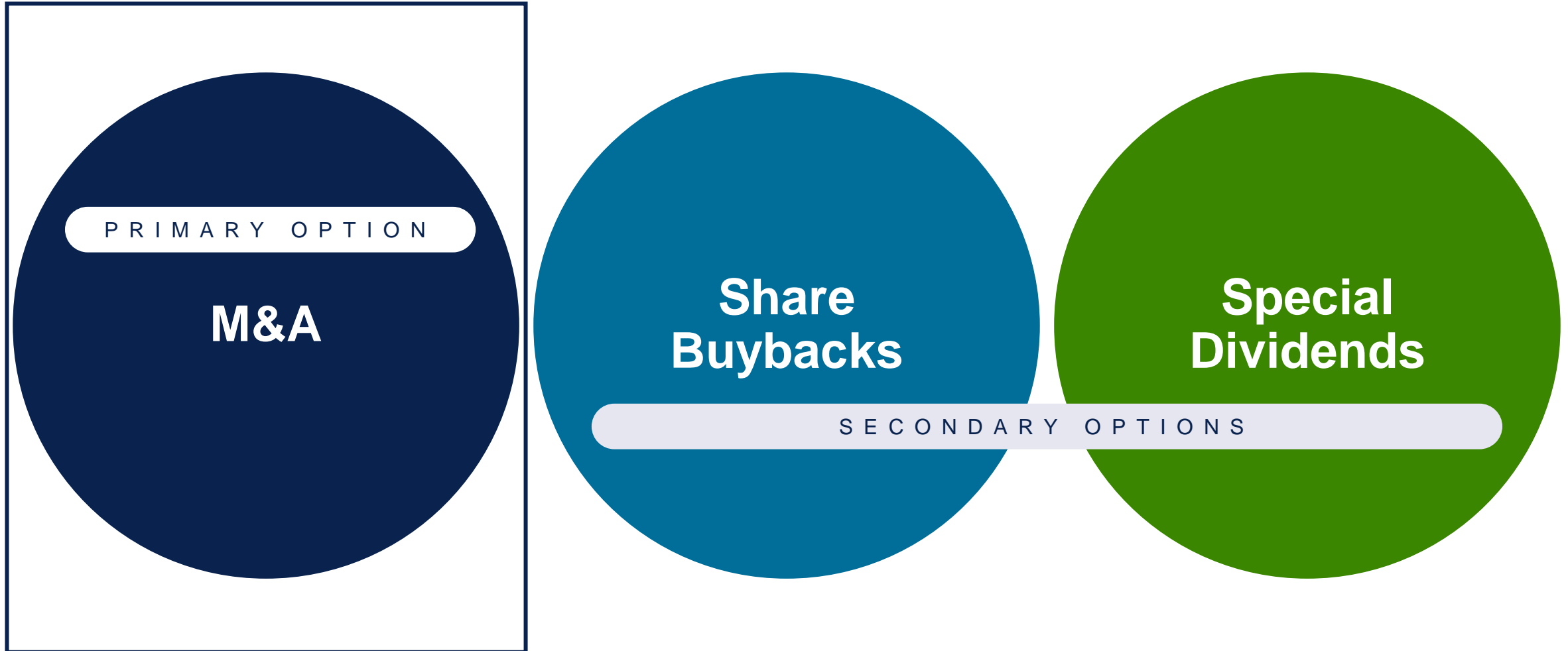
MANAGEMENT LEVERAGE RATIO

- Profit growth will continue to reduce leverage ratio over time
- Short-term tactical cash management may reduce leverage by putting excess cash to work while retaining dry powder for strategic opportunities

...with discretionary cash of \$4 billion over the next three years



# Capital allocation priorities shift from debt reduction to inorganic shareholder value creation



# ...which enables significant M&A capacity

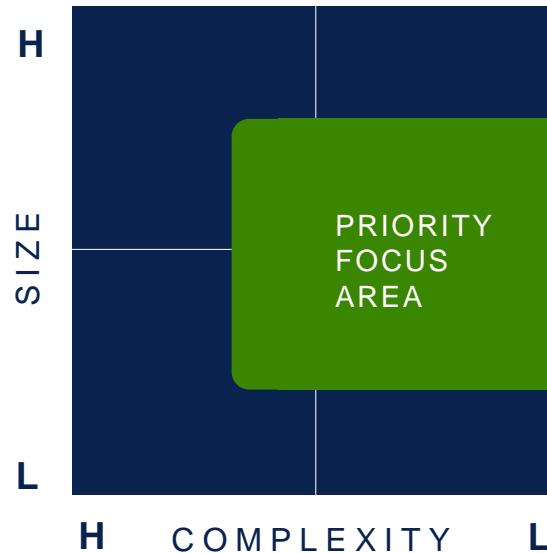
Firepower to disproportionately invest...

**\$4B**  
Discretionary  
Cash

**\$20B**  
M&A Capacity

- Market valuation multiple
- MSD revenue synergies
- Maintain credit ratings

...in balanced size/complexity deals...

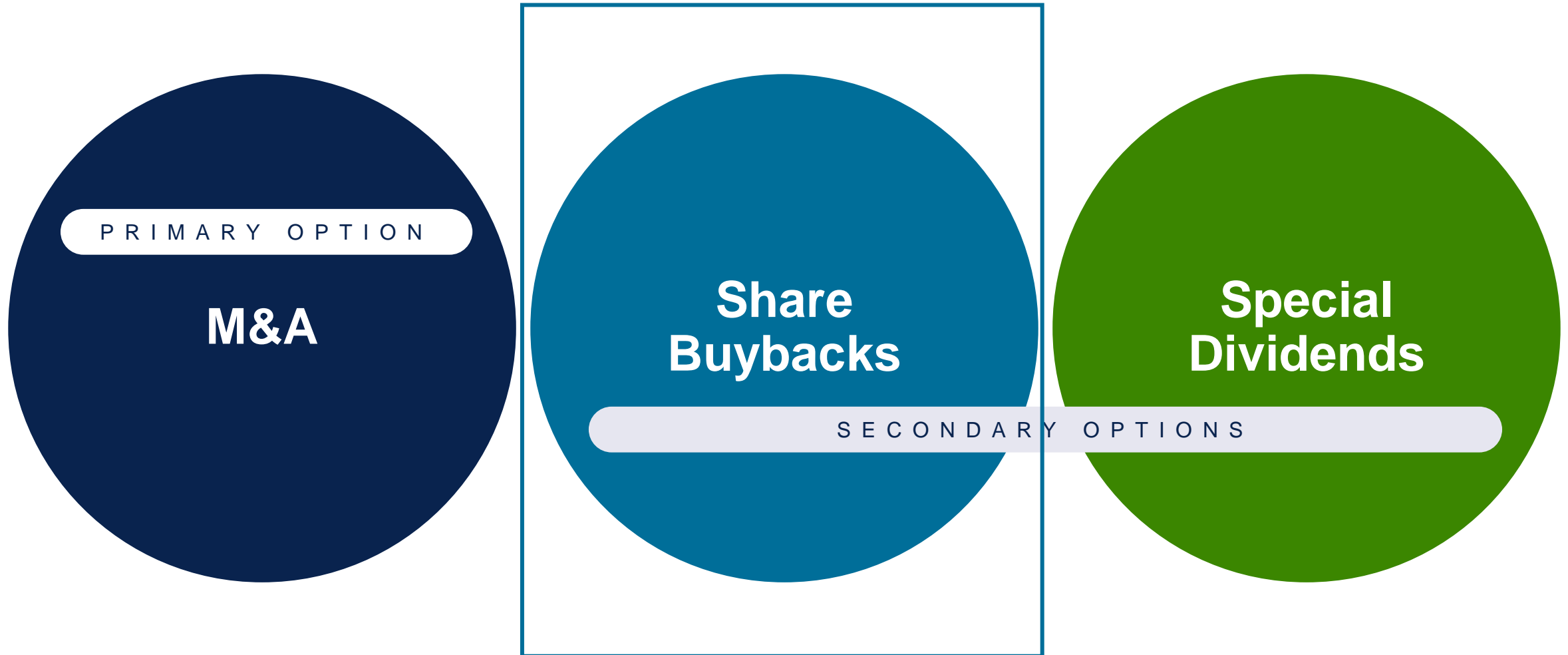


...enabling:

- ✓ Portfolio Expansion  
*and/or*
- ✓ Distribution Scale  
*and/or*
- ✓ Geographic Expansion  
*and/or*
- ✓ New Capabilities

Proven capability to **integrate successfully** and **create value**

# Capital allocation strategy now expands to include inorganic options to drive total shareholder return



# Opportunistic share buyback program provides a new tool to drive inorganic value creation

**\$4B**

share buyback  
authorization

**Four-year program, beginning 1/1/22**

**No required purchase of minimum # of shares**

**Opportunistically implemented  
at management discretion**

# Long-term outlook drives attractive organic growth and provides strategic optionality to create outsized TSR

## INTEGRATION

2019–2021F

## ACTIVATION

2022+

**Net sales growth**

**Low-mid single digit**

**Mid-single digit**

**Adjusted Operating margin**

**Outsized margin growth**

**Continued margin growth**

**Adjusted EPS growth**

**Mid-double digit**

**High-single digit**

**Free cash flow**

**Cash conversion 117%**

**Cash conversion ratio ~100%**

**Capital allocation**

**\$4B debt repayment**

**\$4B discretionary cash (2022-2024) provides inorganic value creation**





# Closing

Bob Gamgort  
Chairman & CEO

Burlington, MA



Frisco, TX



# A Modern Beverage Company...

## DEFINED

**Distinctive and disruptive**, based on an insight hiding in plain sight – a beverage for every need, available everywhere people shop and consume

**Tech enabled, culturally and consumer connected**, with a mix of enduring, new and reinvigorated brands that reach a wide range of needs and occasions

**Scalable business model**, featuring a one-of-a-kind go to market system that connects brands with shoppers

**Values-based, embracing corporate and stakeholder responsibly** as the path to delivering sustained value creation



# A Modern Beverage Company...

## VALUE PROPOSITION

**Access to healthy growth** via category strength, household penetration, mix, premiumization and expansion into new segments and geographies

**Attractive and reliable financial returns**, fueled by margin expansion, cash generation and investment that is prioritized to growth

**Optionality for enhanced value creation** via deployment of superior cash generation

**Shareholder and management alignment on ambitions and incentives**, based on meaningful, long-term ownership position of management and anchor shareholder



# Appendix

KEURIG DR PEPPER INC.

RECONCILIATION OF NET SALES, ADJUSTED NET INCOME AND ADJUSTED DILUTED EPS

{Unaudited, in millions, except per share data}

	Twelve Months Ended December 2019					Twelve Months Ended December 2020					Six Months Ended June 2021				
	Net Sales	Income from operations	Net income	Weighted Average Diluted shares	Diluted earnings per share	Net Sales	Income from operations	Net income	Weighted Average Diluted shares	Diluted earnings per share	Net Sales	Income from operations	Net income	Weighted Average Diluted shares	Diluted earnings per share
Reported	\$ 11,120	\$ 2,378	\$ 1,254	1,419.1	\$ 0.88	\$ 11,618	\$ 2,480	\$ 1,325	1,422.1	\$ 0.93	\$ 6,042	\$ 1,374	\$ 773	1,426.9	\$ 0.54
Items Affecting Comparability:															
Mark to market	-	(45)	3	-	-	-	(28)	-	-	-	-	(76)	(63)	-	(0.04)
Amortization of intangibles	-	126	92	-	0.06	-	133	98	-	0.07	-	67	50	-	0.04
Amortization of deferred financing costs	-	-	9	-	0.01	-	-	8	-	0.01	-	-	4	-	-
Amortization of fair value debt adjustment	-	-	20	-	0.01	-	-	18	-	0.01	-	-	8	-	-
Stock compensation	-	24	18	-	0.01	-	27	22	-	0.02	-	11	(3)	-	-
Restructuring and integration costs	-	242	186	-	0.13	-	199	150	-	0.11	-	92	70	-	0.05
Productivity	-	97	73	-	0.05	-	128	95	-	0.07	-	71	53	-	0.04
Impairment of intangible assets	-	-	-	-	-	-	67	52	-	0.04	-	-	-	-	-
Impairment on investment	-	-	-	-	-	-	-	77	-	0.05	-	-	-	-	-
Transaction costs	-	9	18	-	0.01	-	-	-	-	-	-	-	-	-	-
Step-up of acquired inventory	-	3	2	-	-	-	-	-	-	-	-	-	-	-	-
Loss on early extinguishment of debt	-	-	9	-	0.01	-	-	3	-	-	-	-	80	-	0.06
Nonroutine legal matters	-	48	37	-	0.02	-	57	43	-	0.03	-	16	13	-	0.01
COVID-19	-	-	-	-	-	-	128	97	-	0.07	-	27	20	-	0.01
Malware Incident	-	8	6	-	-	-	-	-	-	-	-	(2)	(2)	-	-
Tax reform	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in deferred tax liabilities related to goodwill and other intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	6	-	-
Adjusted	\$ 11,120	\$ 2,890	\$ 1,727	1,419.1	\$ 1.22	\$ 11,618	\$ 3,191	\$ 1,988	1,422.1	\$ 1.40	\$ 6,042	\$ 1,580	\$ 1,009	1,426.9	\$ 0.71

Diluted earnings per common share may not foot due to rounding.

**KEURIG DR PEPPER INC.**  
**RECONCILIATION OF FREE CASH FLOW**  
(Unaudited, in millions)

	<b>Twelve Months Ended Dec 2019</b>	<b>Twelve Months Ended Dec 2020</b>	<b>Six Months Ended Jun 2021</b>
<b>Net cash provided by operating activities</b>	<b>\$ 2,474</b>	<b>\$ 2,456</b>	<b>\$ 1,139</b>
Purchases of property, plant and equipment	(330)	(461)	(204)
Proceeds from sales of property, plant and equipment	247	203	15
<b>Free Cash Flow</b>	<b>\$ 2,391</b>	<b>\$ 2,198</b>	<b>\$ 950</b>

Free cash flow is defined as net cash provided by operating activities adjusted for purchases of property, plant and equipment, proceeds from sales of property, plant and equipment, and certain items excluded for comparison to prior year periods.

KEURIG DR PEPPER INC.

RECONCILIATION OF ADJUSTED EBITDA AND MANAGEMENT LEVERAGE RATIO

(Unaudited, in millions, except for ratio)

	Pro Forma				Pro Forma
	Three Months Ended				Twelve Months Ended
	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q2 2018
<b>Net income</b>	\$ 253	\$ 1,074	\$ 211	\$ 323	\$ 1,861
Interest expense	165	154	145	170	634
Provision for income taxes	120	(654)	93	95	(346)
Loss on early extinguishment of debt	15	5	2	-	22
Other (income) expense, net	15	4	33	(8)	44
Depreciation expense	88	86	78	80	332
Amortization of intangibles	26	31	28	31	116
<b>EBITDA</b>	\$ 682	\$ 700	\$ 590	\$ 691	\$ 2,663
<b>Items affecting comparability:</b>					
Restructuring and integration expenses	15	25	6	33	79
Transaction costs	1	-	-	-	1
Productivity	16	3	22	(5)	36
Nonroutine legal matters	1	(3)	2	2	2
Stock compensation	9	11	6	6	32
Mark to market	(25)	(12)	14	(7)	(30)
<b>Adjusted EBITDA</b>	\$ 699	\$ 724	\$ 640	\$ 720	\$ 2,783

The above table excludes the eight days from July 1, 2018 through July 9, 2018.

	July 8, 2018
Principal amounts of:	
Commercial paper	\$ 1,900
Term loan	2,700
Senior unsecured notes	12,225
<b>Total principal amounts</b>	<b>16,825</b>
Less: Cash and cash equivalents	-
<b>Total principal amounts less cash and cash equivalents</b>	<b>\$ 16,825</b>
<b>Management Leverage Ratio</b>	<b>6.0</b>