



**Q1 2024**

# **BUSINESS UPDATE**

# FORWARD-LOOKING STATEMENTS

MAY 1, 2024

This presentation contains a number of forward-looking statements as defined under U.S. federal securities laws, including, but not limited to, statements, estimates, and projections relating to our business and long-term strategy; our ambitions, goals, targets, and commitments; our activities, efforts, initiatives, plans, and programs, and our investments in such activities, efforts, initiatives, plans, and programs; and projected or expected timing, results, achievement, and impacts. Words such as “aim,” “anticipate,” “aspire,” “believe,” “commit,” “could,” “estimate,” “expect,” “guidance,” “intend,” “may,” “might,” “outlook,” “plan,” “predict,” “project,” “seek,” “will,” “would,” and variations of such words and similar future or conditional expressions are intended to identify forward-looking statements. These statements are based on management’s beliefs, expectations, estimates, and projections at the time they are made and are not guarantees of future performance. Such statements are subject to a number of risks and uncertainties, many of which are difficult to predict and beyond our control, which could cause actual results to differ materially from those indicated in the forward-looking statements. For additional, important information regarding such risks and uncertainties, please see the risk factors set forth in Kraft Heinz’s filings with the U.S. Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. We disclaim and do not undertake any obligation to update, revise, or withdraw any forward-looking statement in this presentation, except as required by applicable law or regulation.

## NON-GAAP FINANCIAL MEASURES

This presentation contains certain non-GAAP financial measures, including Organic Net Sales, Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Operating Income, Adjusted EPS, Net Leverage, Free Cash Flow, and Free Cash Flow Conversion. These non-GAAP financial measures may differ from similarly titled non-GAAP financial measures presented by other companies. These measures are not substitutes for their comparable financial measures prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and should be viewed in addition to, and not as an alternative for, the GAAP results.

These non-GAAP financial measures assist management in comparing the Company’s performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the Company’s underlying operations.

Please view this presentation together with our Annual Report on Form 10-K and the accompanying non-GAAP information, which includes a discussion of non-GAAP financial measures and reconciliations of non-GAAP financial measures to the comparable GAAP financial measures, available on our website at [ir.kraftheinzcompany.com](https://ir.kraftheinzcompany.com) under News & Events > Events & Webcasts, or directly at [ir.kraftheinzcompany.com/events-and-webcasts](https://ir.kraftheinzcompany.com/events-and-webcasts).

**Q1 2024**

# **Business & Strategy Update**



**Chief Executive Officer**

**CARLOS ABRAMS-RIVERA**

# Key Takeaways

- With growth across our three strategic pillars and continued sequential volume recovery, **Q1 consolidated results were in line with expectations.**
- **We continue to execute our strategic agenda** as we successfully unlock gross efficiencies, driving gross margin expansion and fueling reinvestment.
- These reinvestments are **powering innovation, brand superiority, and further productivity** to drive growth.
- **We are reiterating 2024 guidance**, and we are on track to deliver our long-term algorithm in Q4.

| Total Kraft Heinz (\$ Millions)           | Q1 2024        | Q1 vs PY        |
|---|----------------|-----------------|
| Organic Net Sales <sup>1</sup>            | <b>\$6,410</b> | <b>(0.5%)</b>   |
| Adjusted Gross Profit Margin <sup>1</sup> | <b>34.5%</b>   | <b>+170 bps</b> |
| Adjusted Operating Income <sup>1</sup>    | <b>\$1,265</b> | <b>+1.7%</b>    |
| Adjusted EPS <sup>1</sup>                 | <b>\$0.69</b>  | <b>+1.5%</b>    |

## Q1 Expectations

- Organic Net Sales<sup>1</sup> performance in Q1 2024 to be a similar profile to Q4 2023
- Continuation of sequential volume improvement from Q4 to Q1
- Continued Adjusted Gross Profit Margin<sup>1</sup> expansion driven by efficiency generation

## Q1 Results

- ✓ Organic Net Sales<sup>1</sup> performance of (0.5%) in Q1 2024 was slightly better than (0.7%) in Q4 2023
- ✓ Sequential volume improvement of 120 bps from (4.4pp) in Q4 to (3.2pp) in Q1
- ✓ Adjusted Gross Profit Margin<sup>1</sup> expansion of 170 bps vs PY driven by efficiency generation

## DRIVE TOP LINE



*Through our Growth Pillars*

## UNLOCK EFFICIENCIES



*Expanding Gross Margins*

## REINVEST IN THE BUSINESS



*Fueling Reinvestment*

## POWER SUPERIOR BRANDS



*With Brand Superiority & Innovation*

**1** Three *Strategic Pillars* growing Organic Net Sales<sup>1</sup>

**2** *Volume* improving sequentially

**3** *Portfolio Roles* deploying strategy outlined at CAGNY

**4** Gaining or recovering *Share* across all segments

## Strategic Pillars

## Organic Net Sales<sup>1</sup> Q1 '24 vs PY

## Strategy



**N.A. Retail  
ACCELERATE  
Platforms**

**+0.5%**

- Includes priority spaces Taste Elevation, Easy Ready Meals and Substantial Snacking
- Driving outsized top-line growth and generating higher gross margins
- Expecting low single-digit growth for FY24



**Global Away  
From Home<sup>2</sup>**

**+0.1%**

- Growth driven by global brand activations, entering new channels, and innovation
- Q1 results impacted by industry softness in U.S. restaurants and planned business exits
- Expecting low to mid-single-digit growth for FY24



**Emerging  
Markets<sup>3,4</sup>**

**+5.5%**

- Capturing growth through Go-To-Market, brand equity of Heinz, and Away From Home
- In Q1, as anticipated we lapped shipment timing in the prior year in Brazil
- Expecting double-digit growth for FY24

<sup>1</sup> Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at [ir.kraftheinzcompany.com/events-and-webcasts](http://ir.kraftheinzcompany.com/events-and-webcasts).

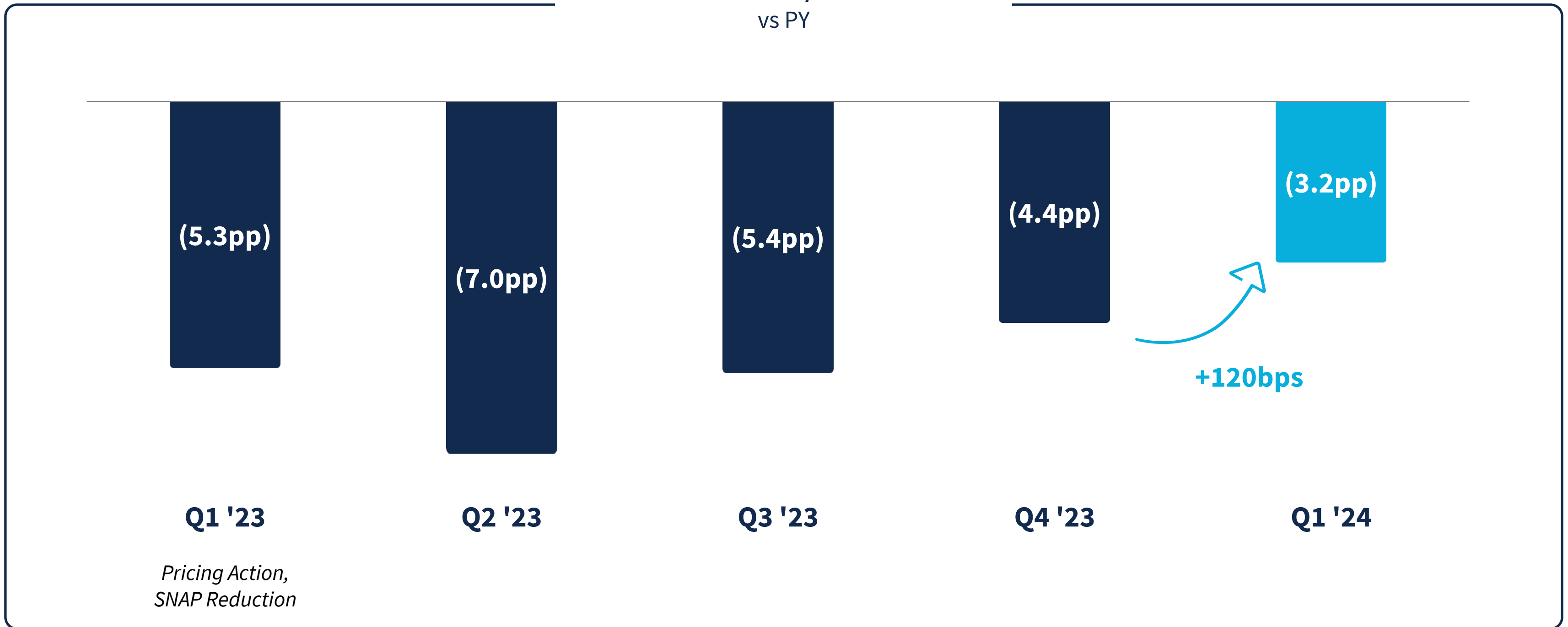
<sup>2</sup> Global Away from Home Organic Net Sales based on internal sales data, which holds the impact of currency constant and excludes the impact of divestitures and acquisitions.

<sup>3</sup> Includes Retail and Away from Home businesses within Emerging Markets.

<sup>4</sup> Emerging Markets represents the aggregation of our West and East Emerging Markets ("WEEM") and Asia Emerging Market ("AEM") operating segments.






## Volume / Mix vs PY



Supply Recovery, Increased Marketing, Joint Business Plan Execution and Innovation Ramp Up

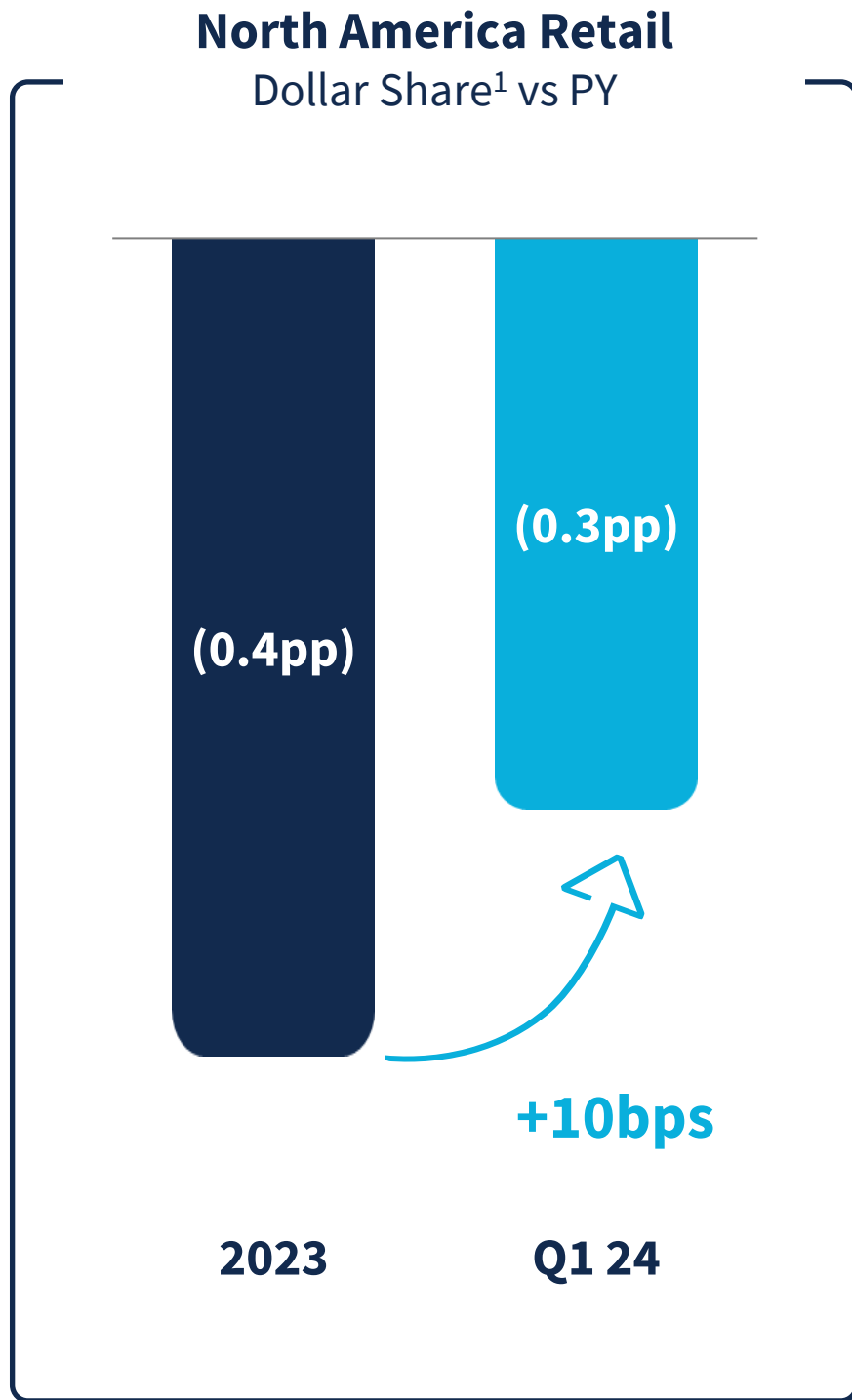
Total Kraft Heinz Organic Net Sales<sup>1</sup> growth driven by **ACCELERATE** platforms ...

| ROLES   | ACCELERATE   | PROTECT   | BALANCE <sup>2</sup>  |
|---|--|---|---|
| PLATFORMS   | Taste Elevation<br>Easy Ready Meals<br>Substantial Snacking                          | Desserts<br>Hydration   | Meats<br>Cheese<br>Coffee   |
| ORGANIC NET SALES <sup>1</sup><br><i>Q1 vs PY</i> | +2%  | (5%)  | (4%)  |
| STRATEGY  | ACCELERATE growth and<br>prioritize investments                                      | PROTECT profit margins and<br>invest at healthy levels                                | BALANCE performance and invest<br>to maintain brand footprint                         |
| BRANDS  |  |  |  |

1| Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at [ir.kraftheinzcompany.com/events-and-webcasts](http://ir.kraftheinzcompany.com/events-and-webcasts).

2| Balance also includes Net Sales that are not otherwise categorized into another platform role presented.

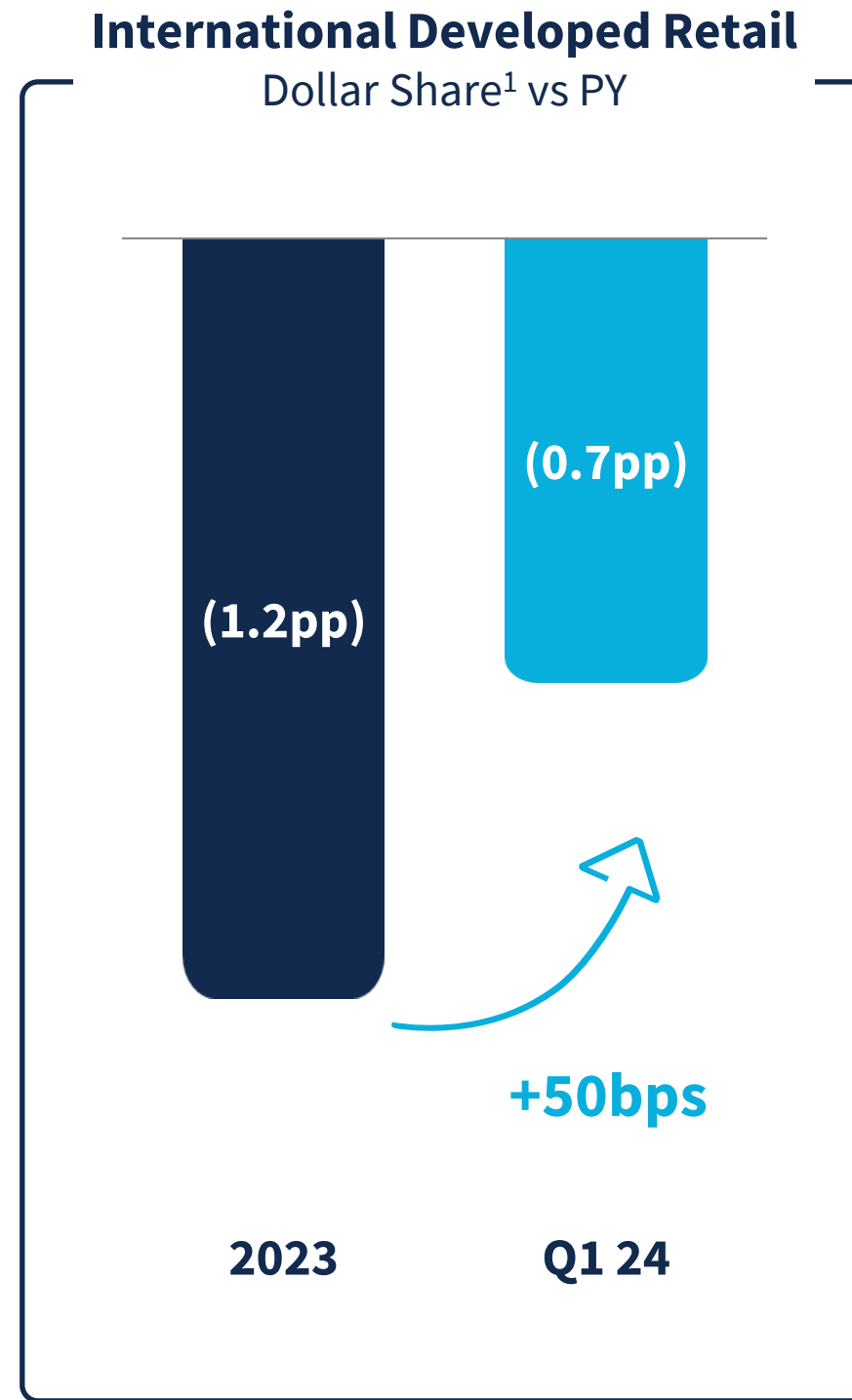
Brands shown are illustrative and do not reflect all brands within each platform.



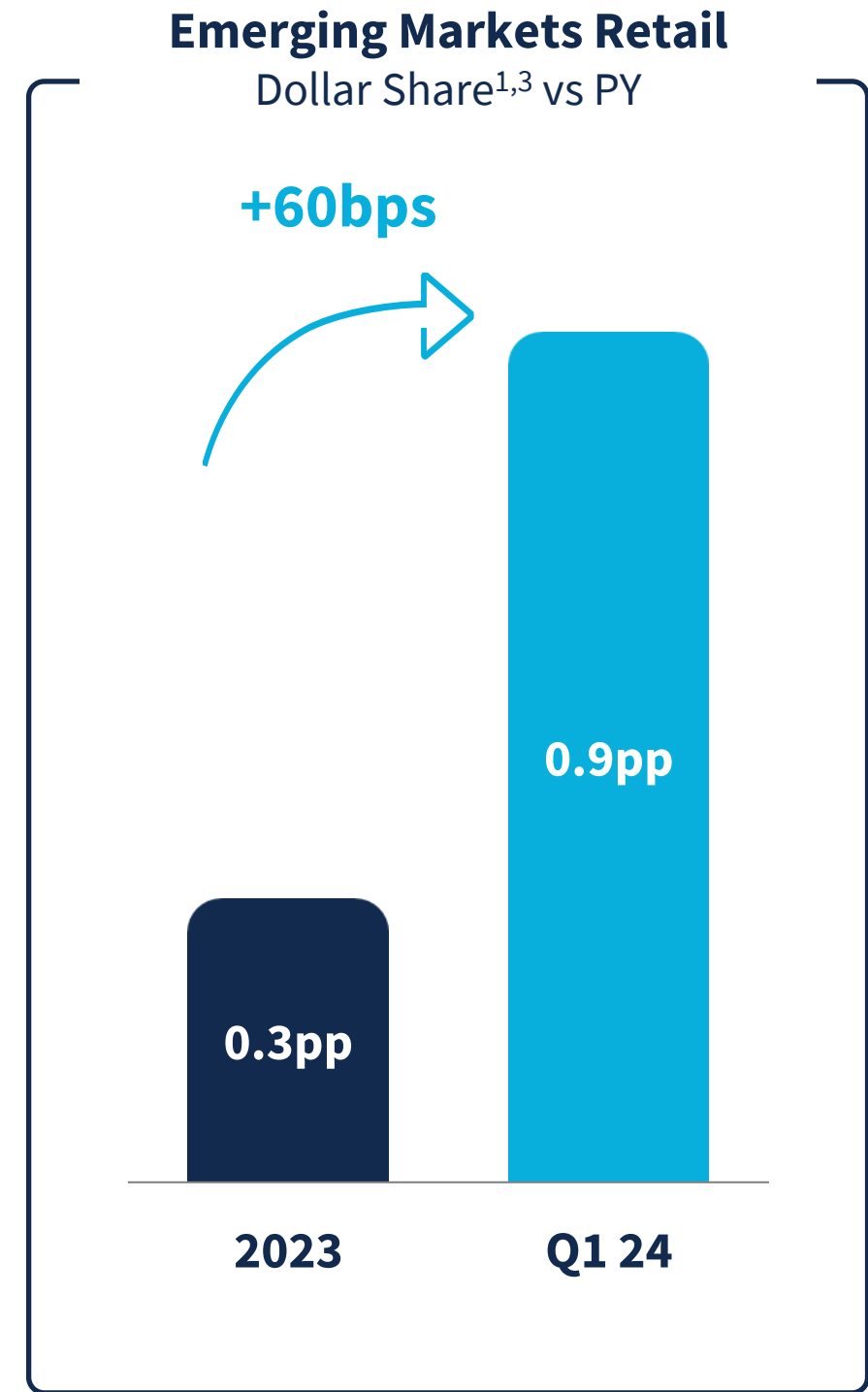
*ACCELERATE Platforms outperforming total North America*



*Continuing to capture share in U.S. Away from Home*



*Losing share in Developed Markets, but showing signs of recovery*



*Capturing white space in Emerging Markets through distribution gains*

1| Mix-adjusted market share based on IRI custom hierarchy MULO+ data ending March 31, 2024 for U.S., Nielsen data ending March 30, 2024 for Canada; and IRI data ending March 23, 2024 for International Developed and February 29, 2024 for Emerging Markets.

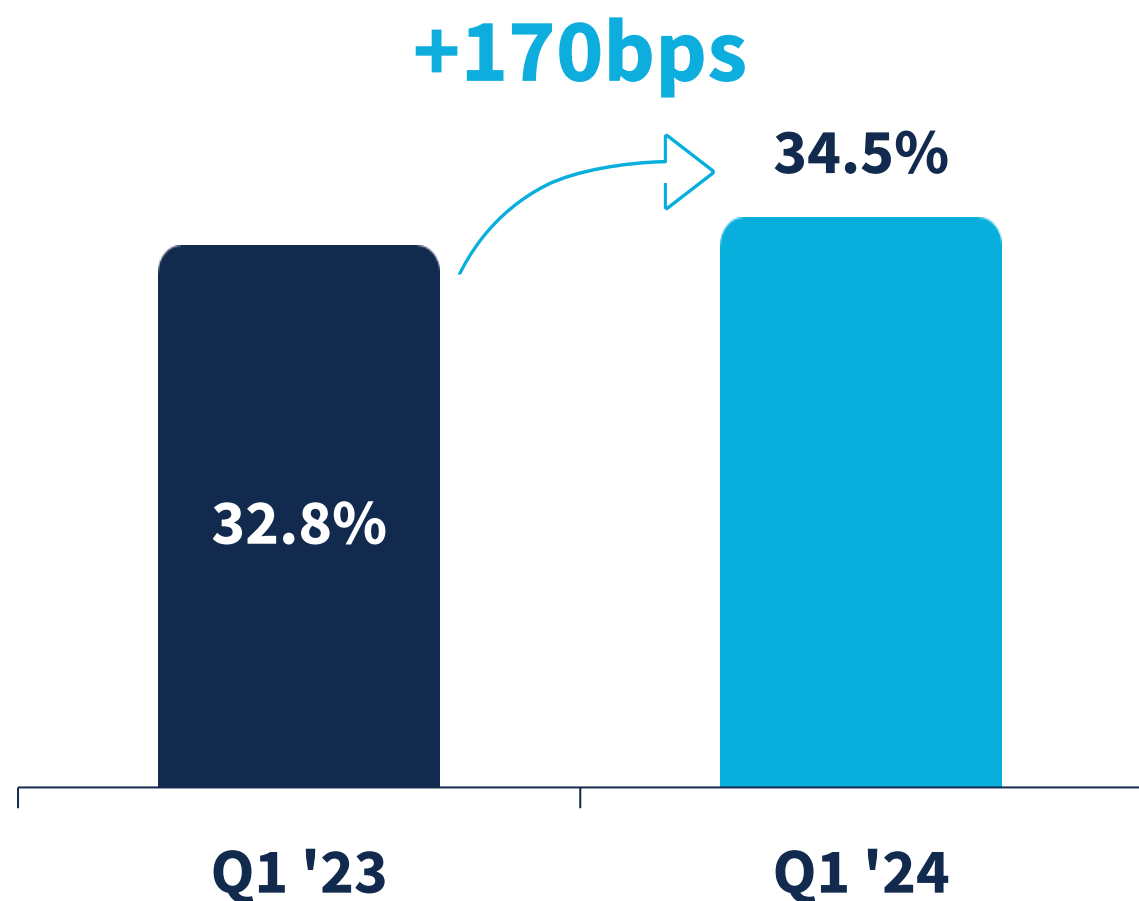
2| U.S. Away from Home share based on NPD SupplyTrack (Broadline Industry Data through March 2023).

3| Share performance based on available scanner data for measured channels in key markets where the company competes. Market data excludes some channels not measured by IRI. Due to limited data availability, market share coverage in Emerging markets represents approximately 50%.

UNLOCK EFFICIENCIES

Unlocking gross efficiencies to continue to drive gross margin expansion ...

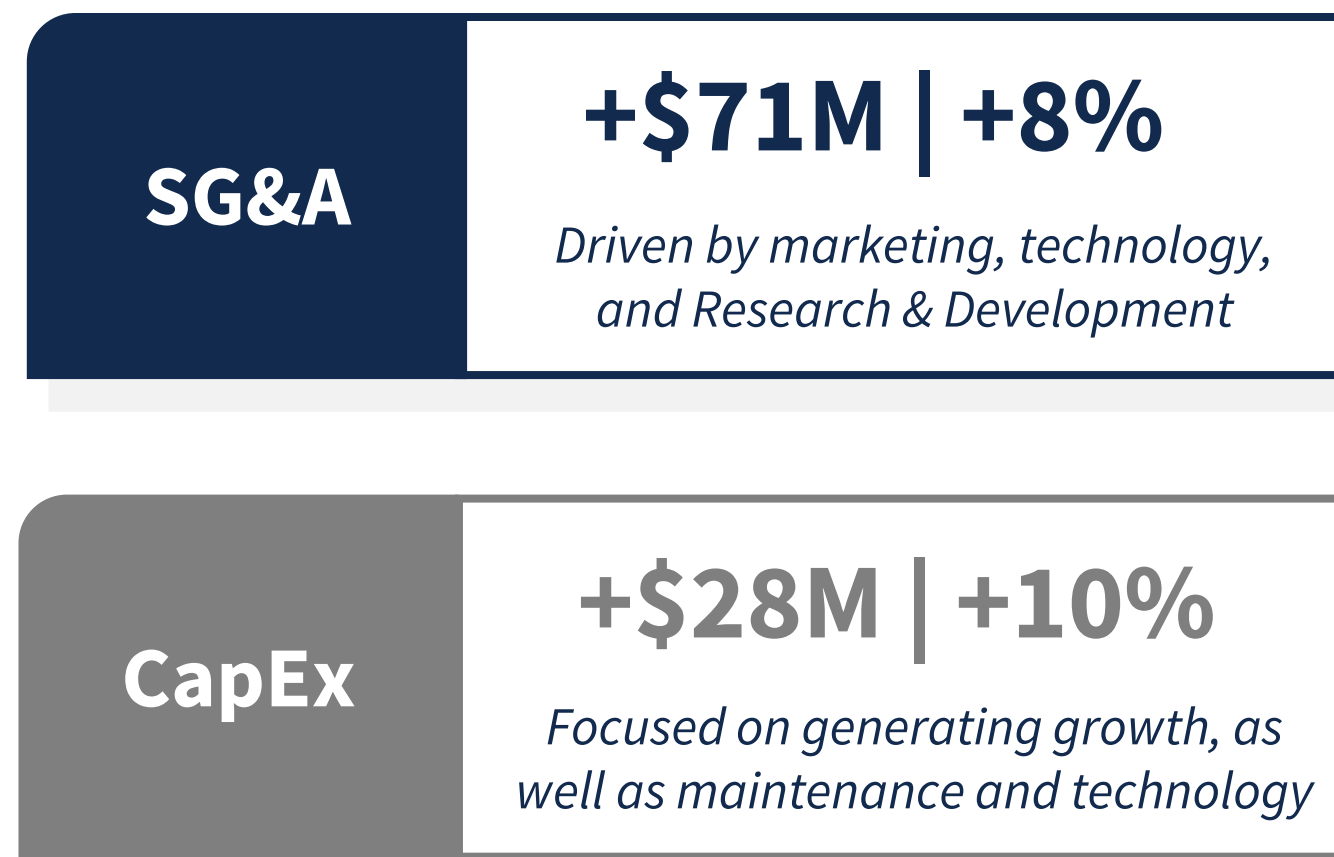
## Adjusted Gross Profit Margin<sup>1</sup>



REINVEST IN THE BUSINESS

... to fuel investments in SG&A and Capital Expenditures.

## Increase in Spend Q1 vs PY



## Developing Technology-Driven Platforms ...



BURGERFI

... with exclusive intellectual property like 360CRISP™ and HEINZ REMIX.

## Evolving our Core Offerings ...



... to meet changing consumers' needs and grow Heinz beyond Ketchup.

## Expanding Strategic Partnerships ...



... like NotCo and Taco Bell, to accelerate against global trends.

## Moving at the Speed of Culture ...



... by leveraging our iconic brands with culturally relevant activations.

## Disruptive

*Innovation*



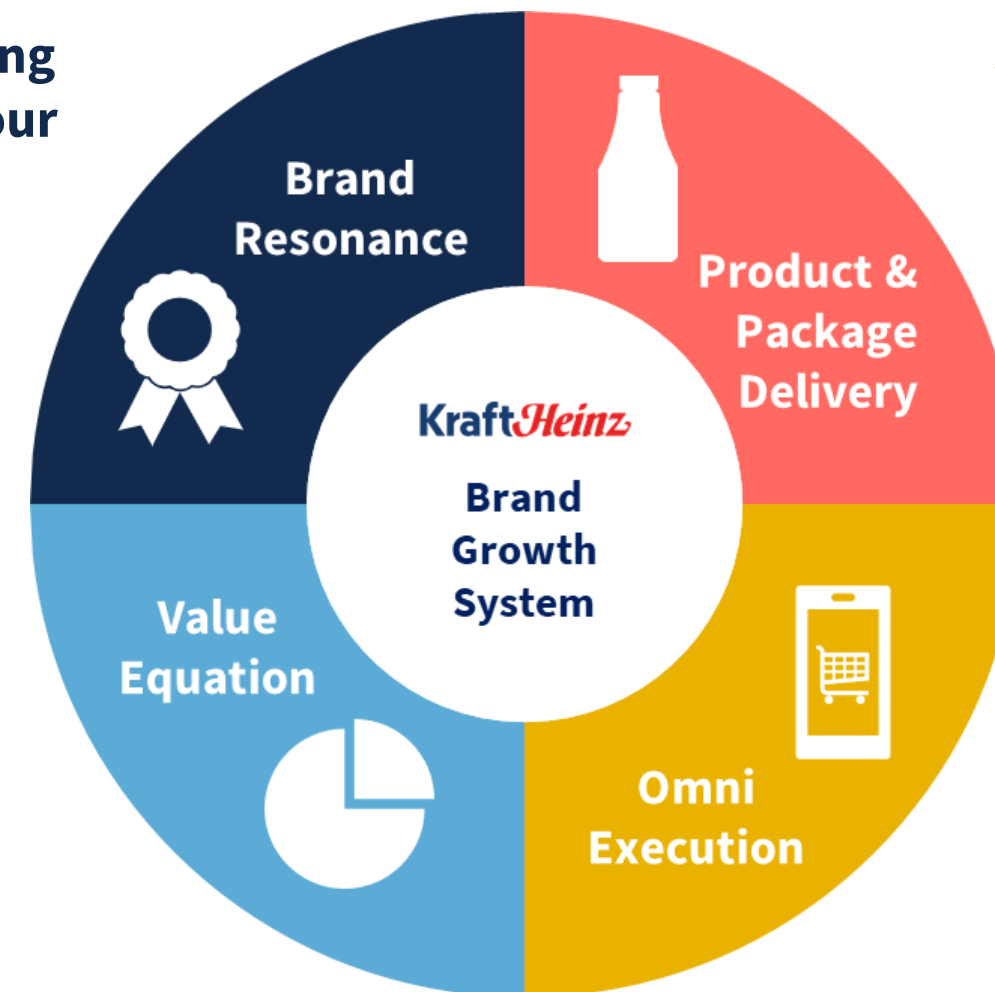
Fast Company's 2024 Top 50 Most Innovative Companies

## Brand

*Superiority*

Build an everlasting connection with our consumers

Offer value that uniquely meets consumer and customer needs



Set the standard for performance, taste, sustainability, and nutrition

Drive consistent availability alongside meaningful execution

Actively Deploying **NEW** Brand Growth System

## Short-Term *Themes*

Global consumer remains pressured

Moderating but persistent inflation

Volume headwinds from SNAP reduction

Industry softness in Away From Home

Increased pressure on supply chains

## Kraft Heinz Well Positioned With ...

- **Leading iconic brands** providing value across multiple price points and channels
- **Agile@Scale organization** unlocking end-to-end efficiencies, helping to mitigate volatility
- **A disruptive innovation engine** gaining momentum and driving incrementality
- **Superior marketing** engaging consumers at the speed of culture
- **Enhanced organizational structure** enabling us to move globally with agility

## Structure

Updated structure supports our strategy

Global Growth and Omnichannel teams provide centralized expertise and resources

Fewer layers reduces complexity, bringing leaders even closer to the business

### Global Growth Office



**DIANA FROST**  
Global Chief Growth Officer



### Global Omnichannel



**CORY ONELL**  
EVP & Chief Omnichannel Sales & AEM Officer

### North America



**PEDRO NAVIO**  
EVP & President, North America

### Europe and Pacific Developed Markets

(EPDM)



**WILLEM BRANDT**  
Zone President, EPDM

### Emerging Markets

West and East Emerging Markets

(WEEM)

Asia Emerging Markets

(AEM)



**BRUNO KELLER**  
Zone President, WEEM



**CORY ONELL**  
EVP & Chief Omnichannel Sales & AEM Officer



**Q1 2024**

# **Business & Strategy Update**



**Global Chief Financial Officer**  
**ANDRE MACIEL**

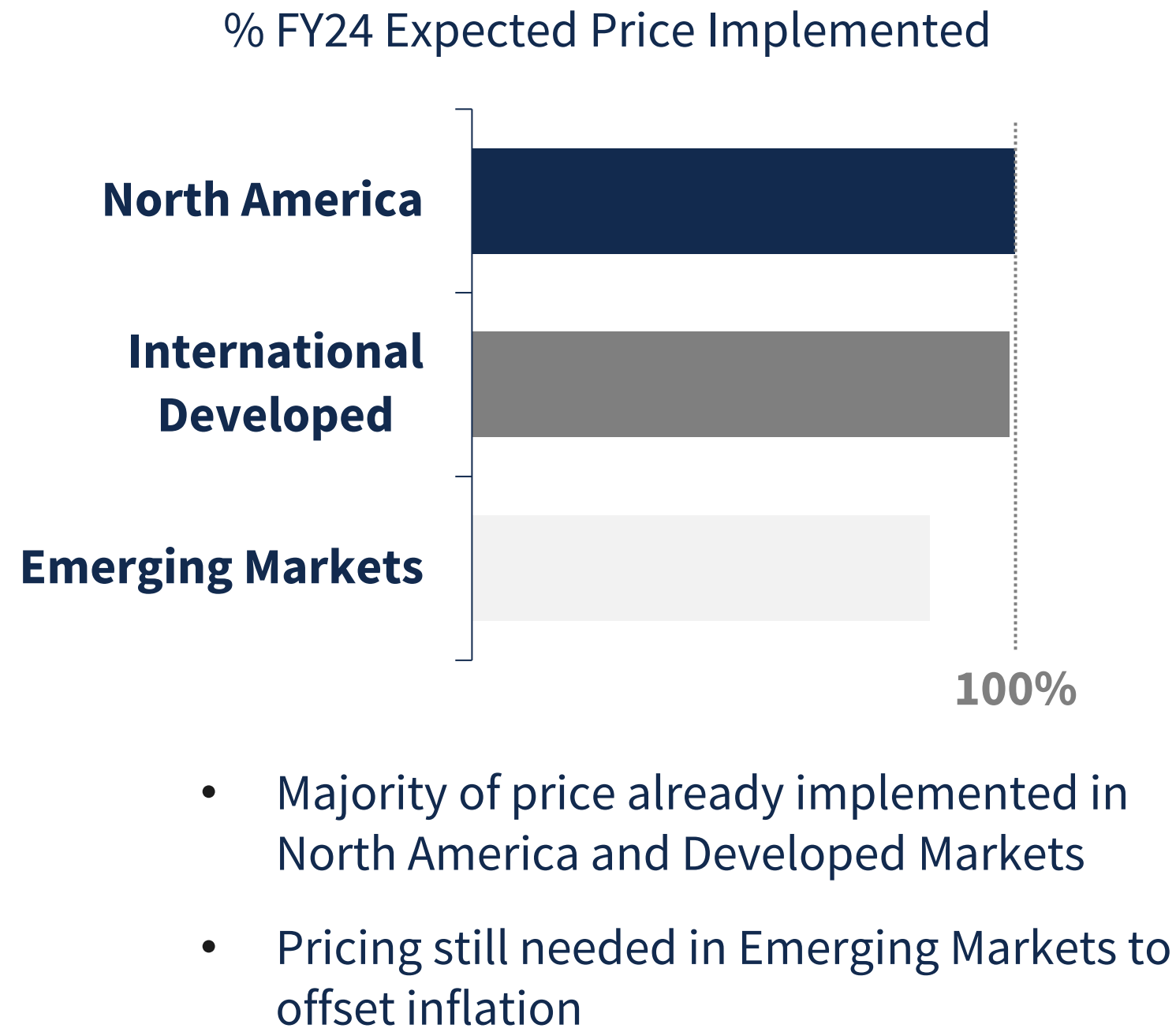
| Q1 24 vs Q1 23                  | Organic Net Sales <sup>1</sup> | Price        | Volume / Mix   |  |
|---------------------------------|--------------------------------|--------------|----------------|--|
| <b>Total Kraft Heinz</b>        | <b>(0.5%)</b>                  | <b>2.7pp</b> | <b>(3.2pp)</b> | <ul style="list-style-type: none"> <li>• <b>Sequential volume improvement of ~120bps, from (4.4pp) in Q4 23 to (3.2pp) in Q1 24</b></li> <li>• <b>Remained disciplined on price</b></li> </ul>   |
| North America                   | (1.2%)                         | 2.5pp        | (3.7pp)        | <ul style="list-style-type: none"> <li>• Stronger retail consumption despite anticipated SNAP headwinds, partially offset by U.S. Away from Home</li> <li>• U.S. Away From Home mainly driven by softer industry trends and two planned business exits</li> </ul>                |
| International Developed Markets | (1.3%)                         | 2.5pp        | (3.8pp)        | <ul style="list-style-type: none"> <li>• Losing market share, but improving as price gaps narrow</li> <li>• Retailer inventory reduction in Australia</li> </ul>   |
| Emerging Markets                | 5.5%                           | 4.1pp        | 1.4pp          | <ul style="list-style-type: none"> <li>• As expected, lapped prior year shipment timing in Brazil</li> <li>• Continue to gain market share in retail, and solid top line growth in Away From Home</li> <li>• Pricing to offset inflation in hyperinflationary markets</li> </ul> |

# Adjusted Operating Margins Expanding 50bps, Driven by Efficiencies

Q1 2024  
Business Update

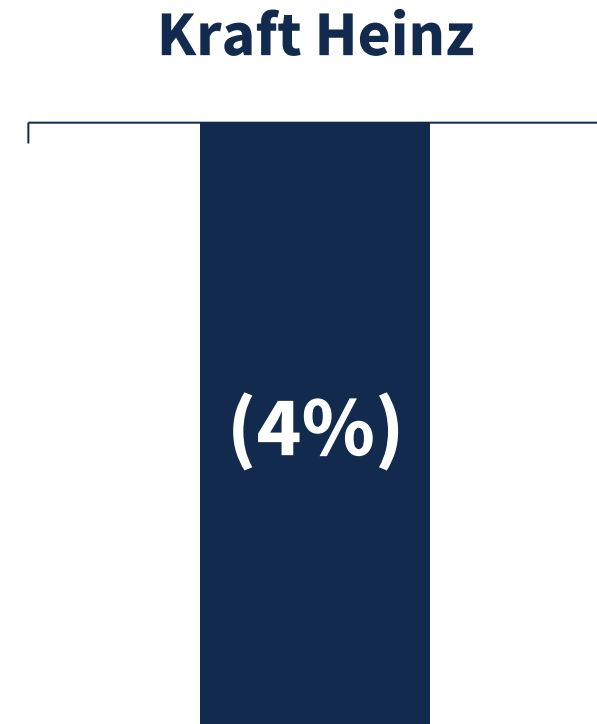
| Q1 24 vs Q1 23                  | Adjusted Operating Income <sup>1</sup> | Currency       | Constant Currency Adj. Operating Income <sup>1</sup> | Adjusted Operating Margin <sup>1</sup> |  |
|---------------------------------|--|----------------|--|--|--|
| <b>Total Kraft Heinz</b>        | <b>1.7%</b>                            | <b>(0.5pp)</b> | <b>2.2%</b>  | <b>19.7%</b><br><i>+0.5pp vs PY</i>    | • <b>Expansion a result of unlocked efficiencies</b>   |
| North America                   | 0.4%                                   | 0.0pp          | 0.4%   | 25.2%<br><i>+0.4pp vs PY</i>           | • Underlying expansion driven by productivity gains  |
| International Developed Markets | 27.7%                                  | 3.8pp          | 23.9%  | 15.9%<br><i>+3.5pp vs PY</i>           | • Margin expansion primarily driven by lapping Cyclone Gabrielle in New Zealand, which will create a headwind in Q2 24                                       |
| Emerging Markets                | (18.4%)                                | (9.0pp)        | (9.4%)   | 11.3%<br><i>(2.3pp) vs PY</i>          | • Ramping up investments supporting Go To Market strategy in H1 24<br>• Growth and higher profitability expected in H2 24 as elevated investments are lapped |

## Disciplined on *Price*



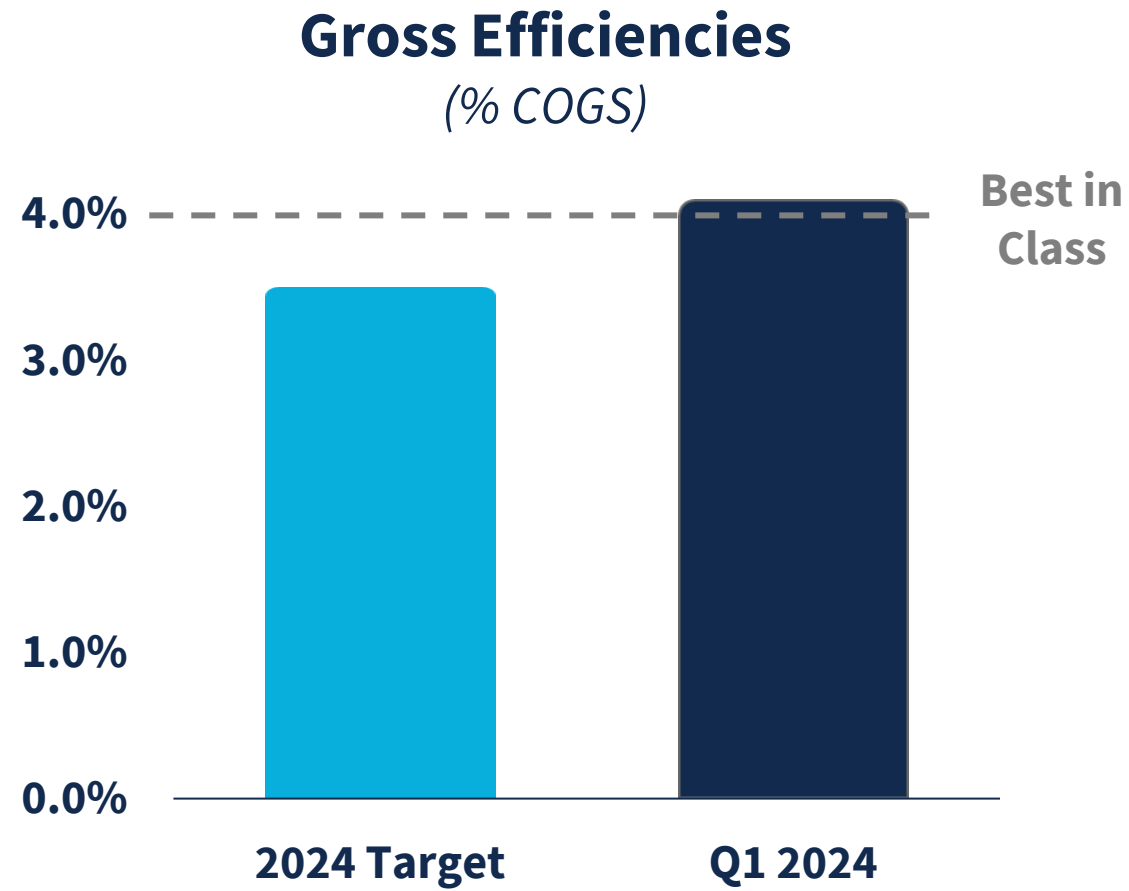
## Disciplined on *Promotions*

% U.S. Q1 Volume Sold on Promotion<sup>1</sup>  
Q1 '24 vs Q1 '19<sup>2</sup>



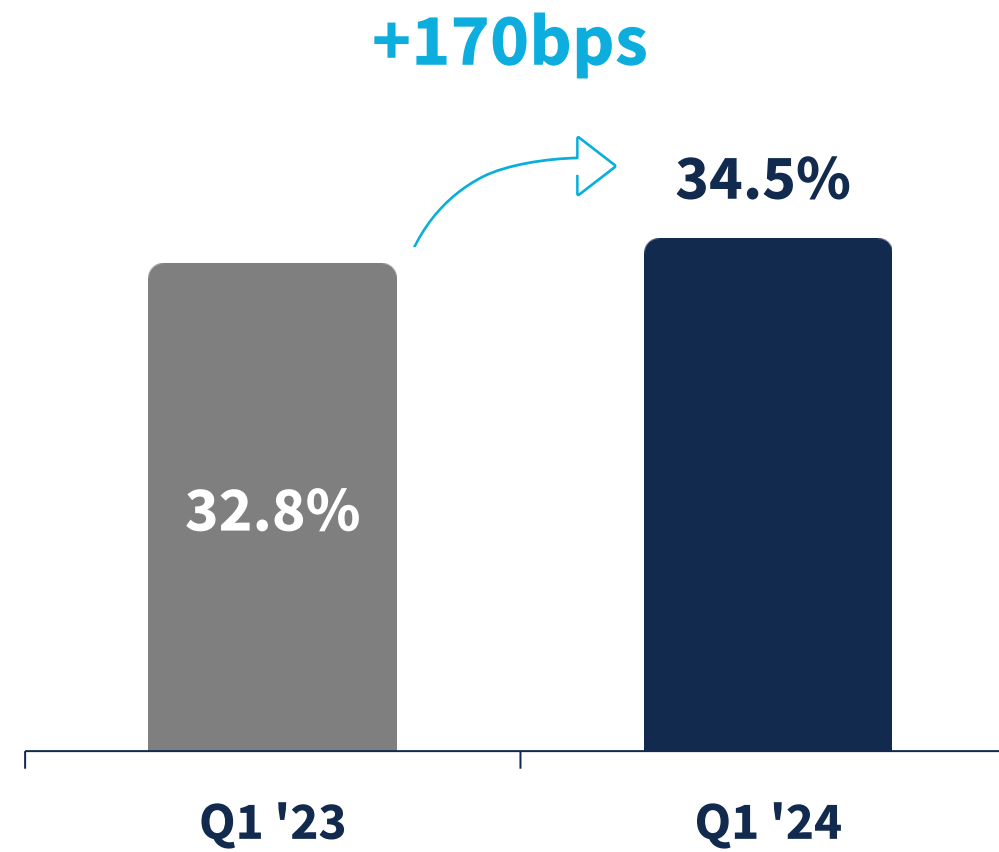
- Volume sold on promotion remains below 2019 levels
- Leveraging digital tools to generate higher ROIs
- Opportunities ahead to improve lift and profitability

## Supply Chain Efficiencies



Q1 Gross Efficiencies **+\$173M** vs PY

## Adjusted Gross Profit Margin<sup>1</sup>

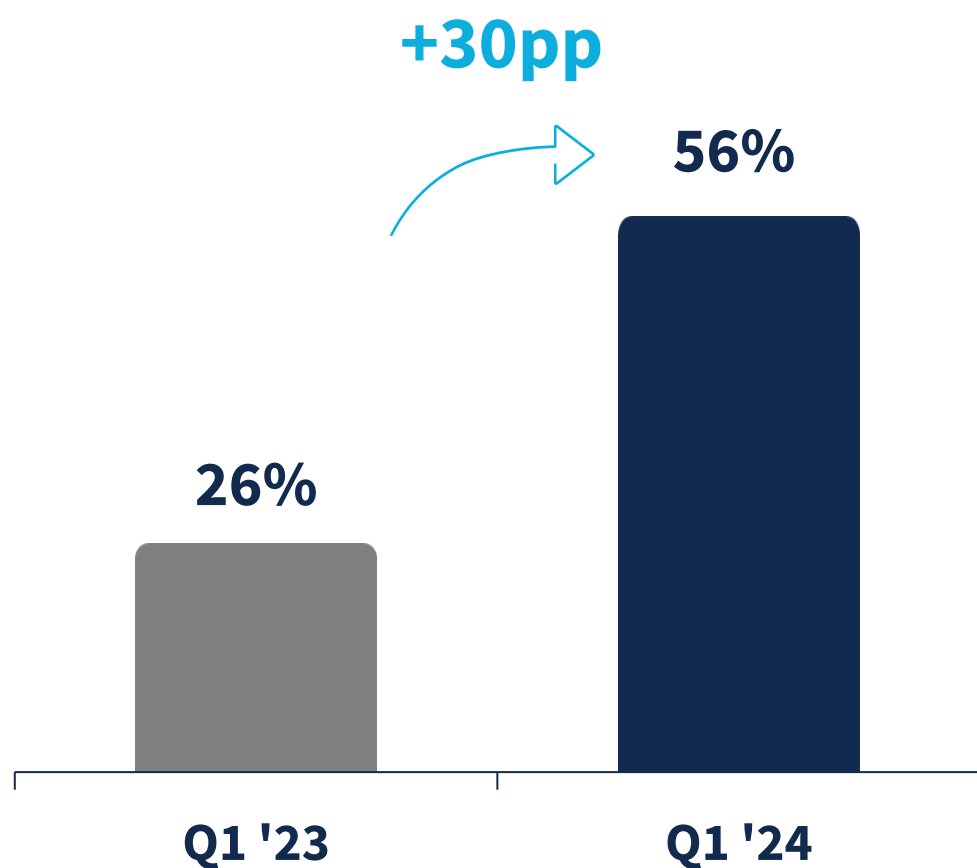


Expansion driven by Gross Efficiencies

## Investments in the Business

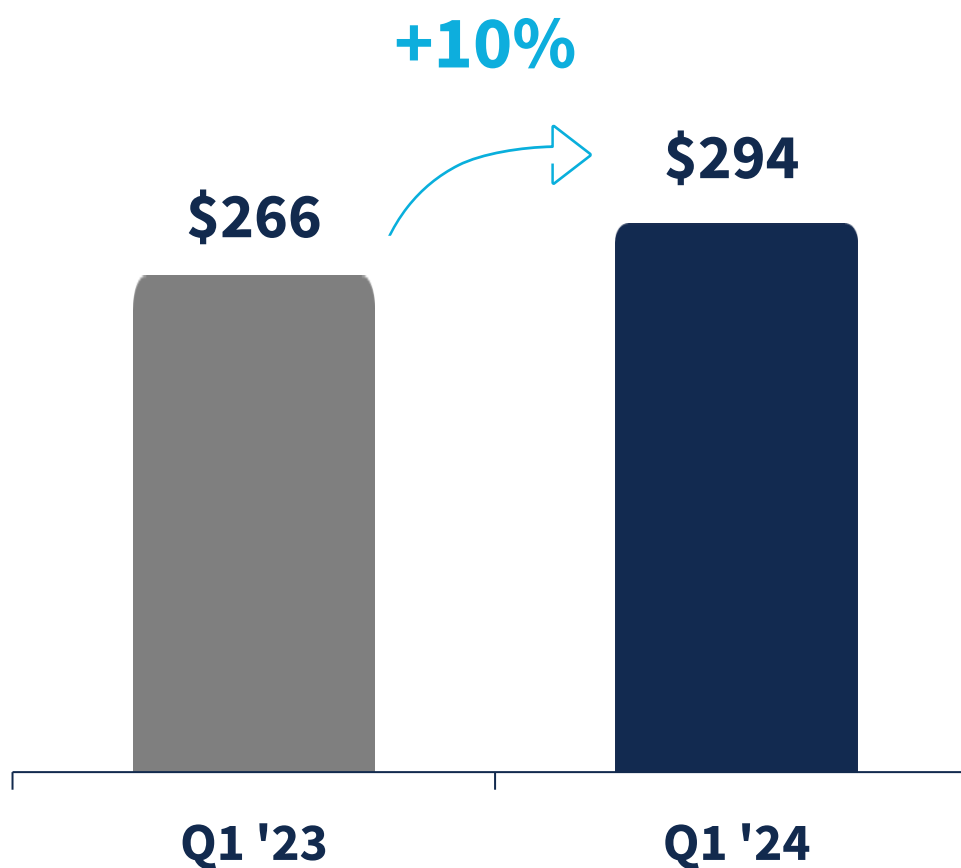


### Free Cash Flow Conversion<sup>1</sup>



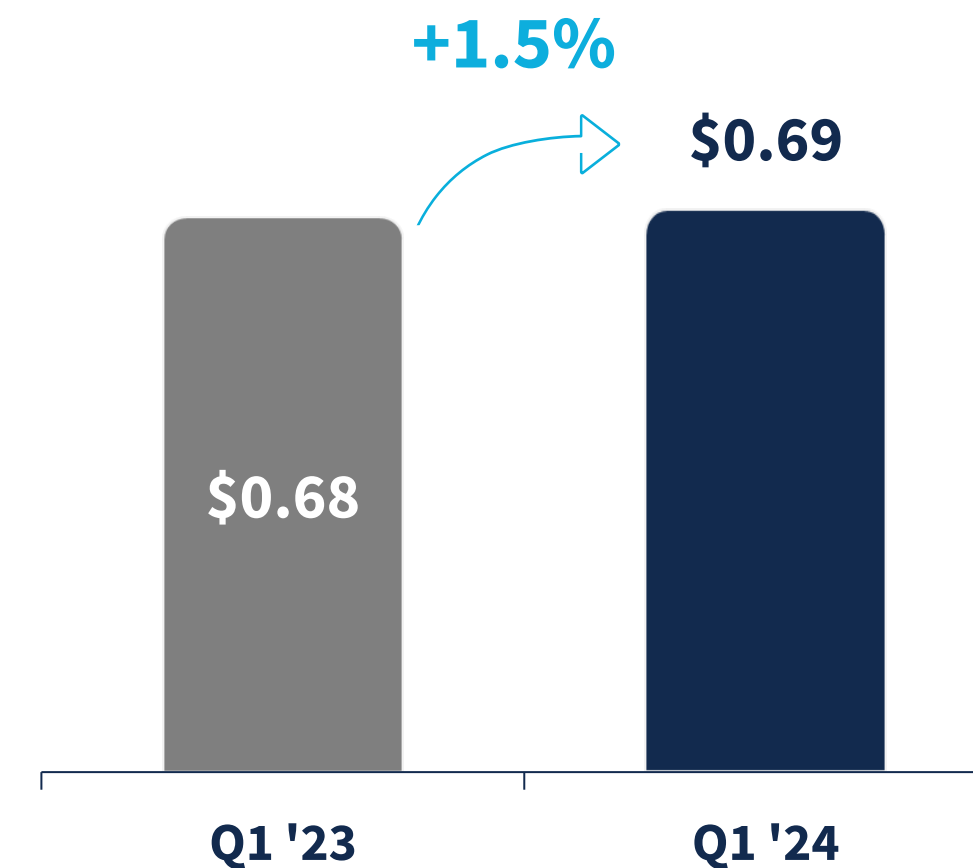
Improvement driven by a 57% reduction in working capital, primarily in inventory

### Capital Expenditures (\$M)



Increased investments in CapEx by +\$28M versus prior year

### Adjusted EPS<sup>1</sup>



**vs Q1 2023**

|                        |                 |
|------------------------|-----------------|
| Results of Operations: | <b>\$0.01</b>   |
| Share Repurchases:     | <b>\$0.01</b>   |
| Effective Tax Rate:    | <b>(\$0.01)</b> |

## Capital Allocation *Strategy* in Place

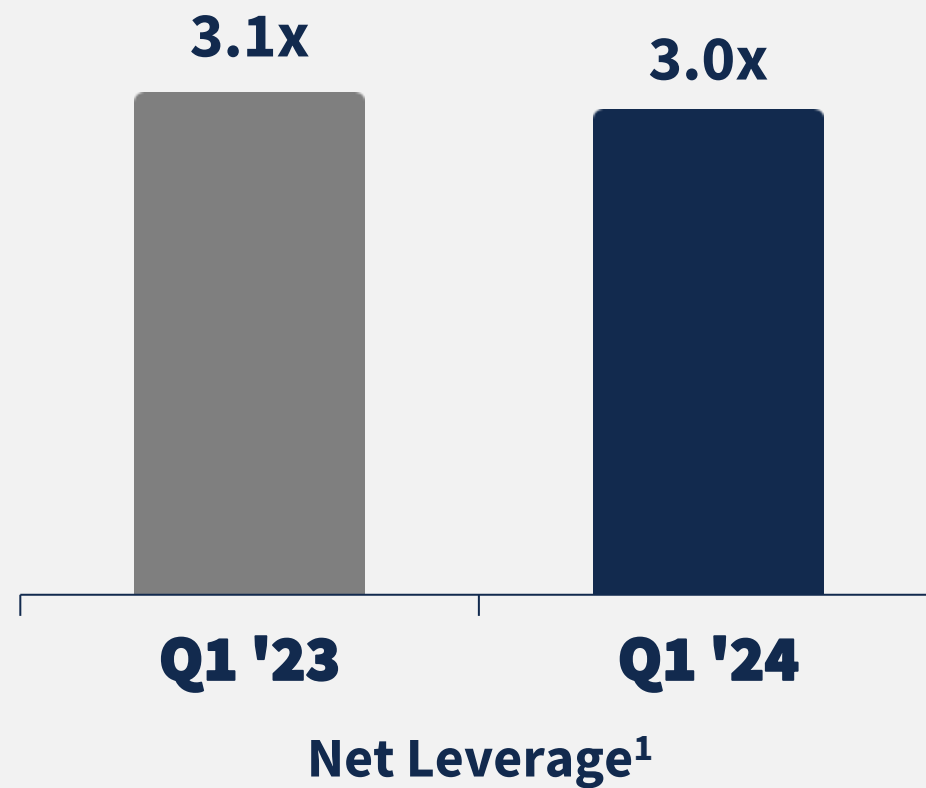
Competitive  
**Annual Dividend**

Target Leverage Ratio of  
**Approximately 3.0x**

Maintain  
**Investment Grade**



**Maintained Net Leverage  
Target of ~3.0x**



**Returning Incremental Capital  
to Stockholders**

**Dividends**

**\$486M**

**Share Repurchases**

**\$150M<sup>2</sup>**

## 2024 FYE Outlook

## 2024 Considerations

**Organic Net Sales<sup>1</sup>**

**+0-2%**

- Positive contribution from price throughout the year
- Volume inflection to positive growth expected in H2
- Expect to reach levels in line with our long-term algorithm by Q4
- FY24 impact from currency at current FX rates: ~(60bps)

**Adjusted Operating Income<sup>1</sup>**

**+2-4%**

- Raising Adjusted Gross Profit Margin<sup>1</sup> to +50 to 100 bps YoY
- SG&A re-established to healthy levels in 2023, as a result we expect only a slight increase YoY
- Expect to reach levels in line with our long-term algorithm in Q4

**Adjusted EPS<sup>1</sup>**

**+1-3%**

- Effective tax rate on Adjusted EPS<sup>1</sup>: 20-22% (~200bps or ~\$0.07 YoY headwind)
- Interest and Other Expense/(Income): ~\$45M unfavorable impact YoY, driven by FX headwinds and debt refinancing (~100bps or ~\$0.03 YoY headwind)
- Does not include the possibility of additional share buyback in the year



## Q2 2024

- North America Retail and Emerging Markets improve versus Q1
- Global Away From Home declines slightly due to:
  - Continued impact from softer industry trends and the two planned business exits
  - Temporary plant shut down in April. Financial impact limited to Q2 as production has resumed.
    - 50-100bps impact to total Kraft Heinz Organic Net Sales<sup>1</sup> growth

## H2 2024

- North America Retail to benefit from fully lapping SNAP reduction and ramp up of innovation and renovation
- Emerging Markets on algorithm
- Global Away From Home recovery a function of:
  - Confirmed new business wins
  - Continued growth in U.S. non-commercial channels (i.e., Travel & Leisure, Healthcare)
  - Expected full recovery from plant shutdown

**Q1 2024**

# **Business & Strategy Update**



**Chief Executive Officer**

**CARLOS ABRAMS-RIVERA**

# Key Takeaways

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- **We continue to execute our strategic agenda** as we successfully unlock gross efficiencies, driving gross margin expansion and fueling reinvestment.
- These reinvestments are **powering innovation, brand superiority, and further productivity** to drive growth.
- **We are reiterating 2024 guidance**, and we are on track to deliver our long-term algorithm in Q4.