



Kraft *Heinz*

Q4 2023

BUSINESS UPDATE

FEBRUARY 14, 2024



FORWARD-LOOKING STATEMENTS

KraftHeinz

February 14, 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 our earnings release, which accompanies this presentation, and 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 EBITDA, Constant Currency Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EPS, Net Leverage, 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 associated earnings release, 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 under News & Events > Events & Webcasts, or directly at ir.kraftheinzcompany.com/events-and-webcasts.



**Q4 2023
BUSINESS
UPDATE**

**Carlos Abrams-
Rivera**

Chief Executive Officer

2023 Key Takeaways



1

Delivered results above our Long-Term Algorithm

2

Unlocked nearly \$700M in gross efficiencies, driving gross margin expansion and enabling reinvestment

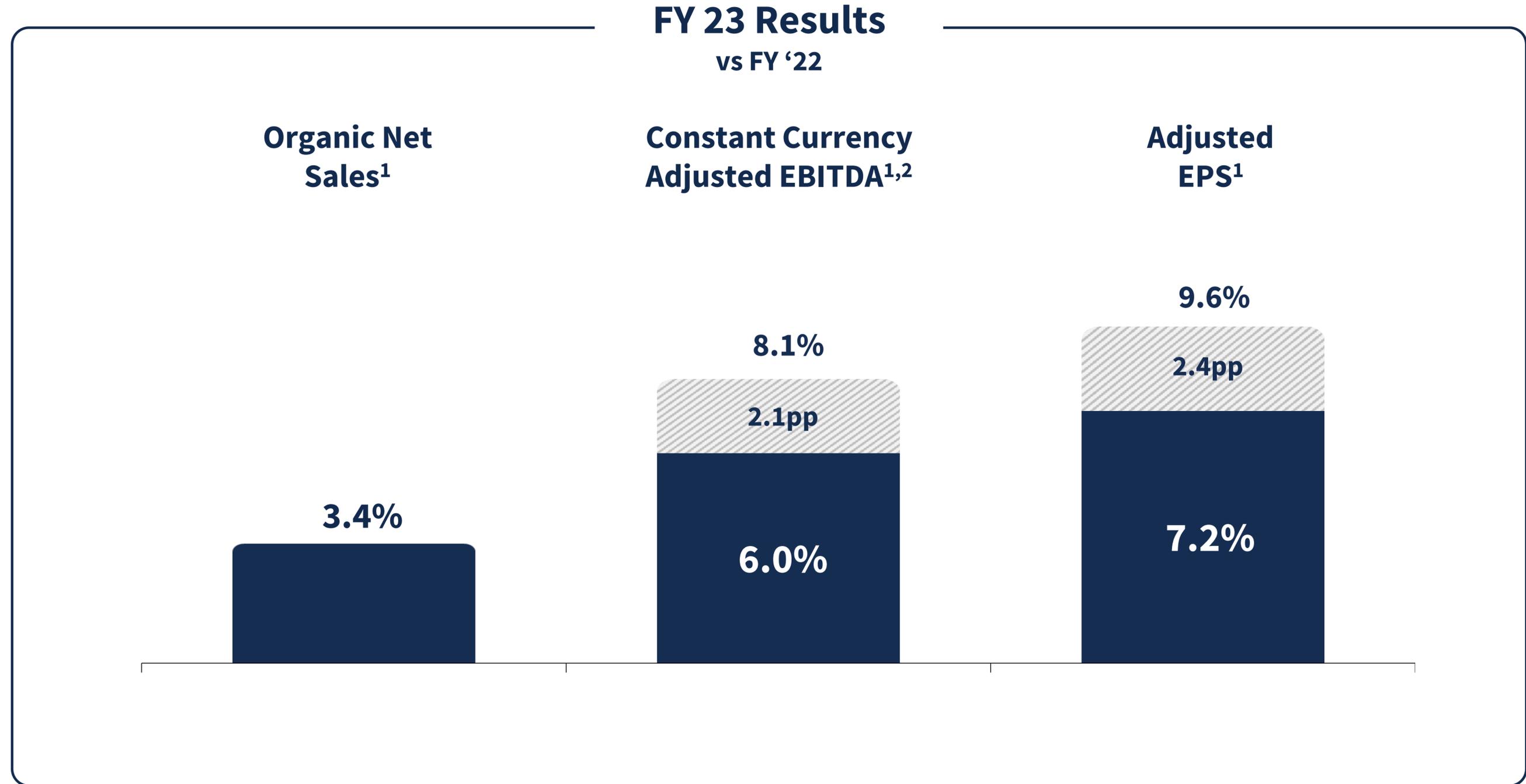
3

Strengthened balance sheet, ending 2023 at target Net Leverage¹ of ~3.0x

4

Well positioned for 2024, expecting continued growth with volumes inflecting positive and efficiencies driving further gross margin expansion

Generated Accelerated Profitable Growth in 2023...



■ Impact from 53rd week in 2022

¹ Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at ir.kraftheinzcompany.com/events-and-webcasts.
² Includes a negative (0.3pp) net impact of divestitures and acquisitions.

While Rightsizing Investments in the Business for Future Growth ...

Increased FY investments in **SG&A** and **CapEx** by **+\$424 million** vs PY

SG&A

Driven by Marketing, Technology,
and Research & Development

+\$327M¹ **FY Spend
vs 2022**

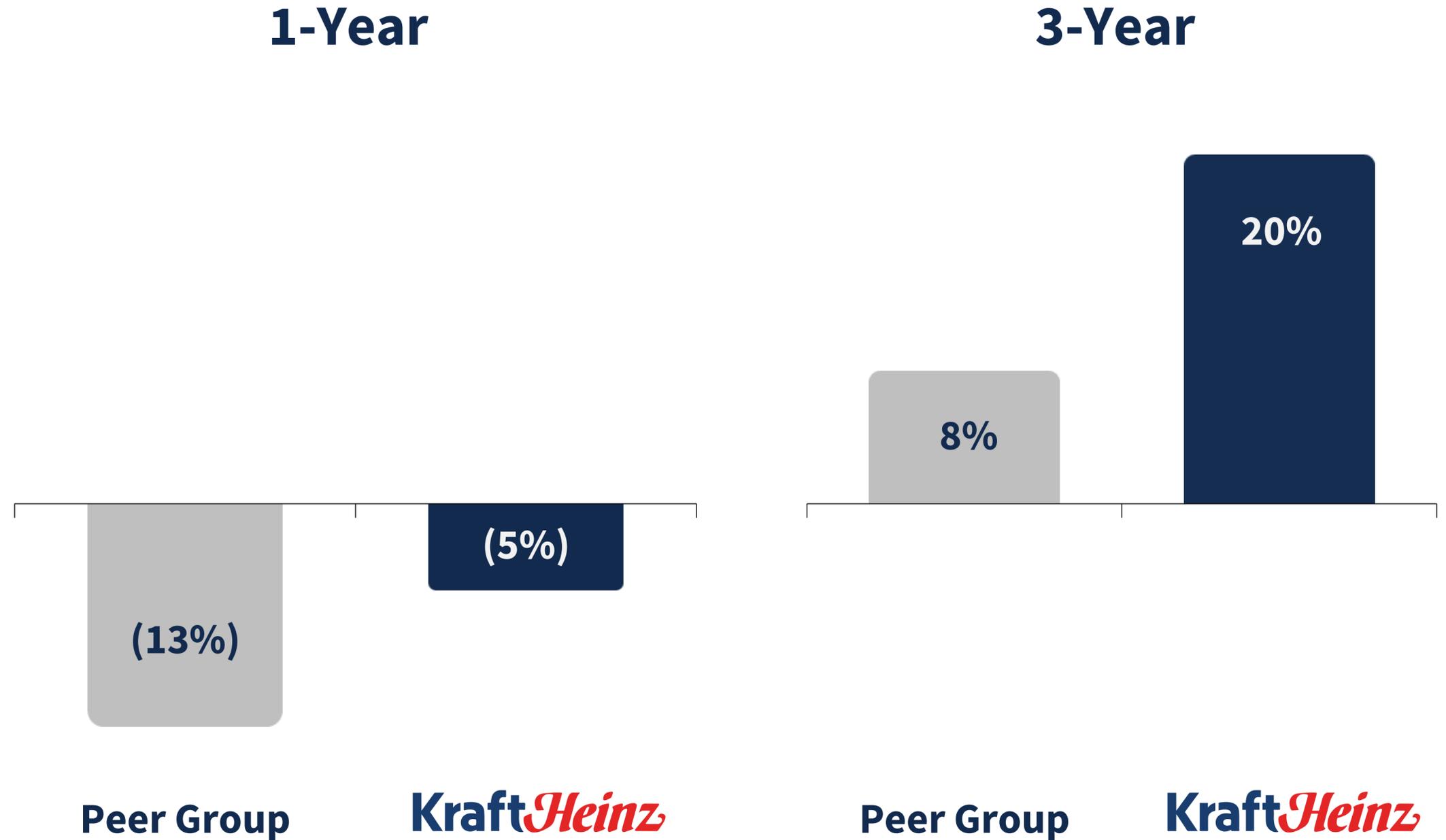
Capital Expenditures

Driven by Technology and
Maintenance

+\$97M **FY Spend
vs 2022**

And Providing Shareholders with Higher Returns.

Total Shareholder Return¹



¹ Peer set includes CPB, CAG, GIS, HRL, HSY, K, KDP, KO, MDLZ, MKC, PEP, SJM, and TSN; Average TSR for peer group is calculated using a simple average for time periods shown ending Dec 31, 2023.

All Three Pillars contributed to 2023 Organic Net Sales Growth

Foodservice

Global



Organic Net Sales¹

~+7% **~+14%**
vs Q4 2022 vs FY 2022

Emerging Markets

International Zone



Organic Net Sales^{1,2}

+12% **+14%**
vs Q4 2022 vs FY 2022

GROW Platforms in U.S. Retail

North America Zone



Organic Net Sales¹

(2%) **+2%**
vs Q4 2022 vs FY 2022

1| Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at ir.kraftheinzcompany.com/events-and-webcasts.
2| Includes Foodservice business within Emerging Markets.

Foodservice Growing Faster than the Industry, with 2024 Expected to be on Algorithm

Foodservice Q4 2023 Growth¹ vs PY

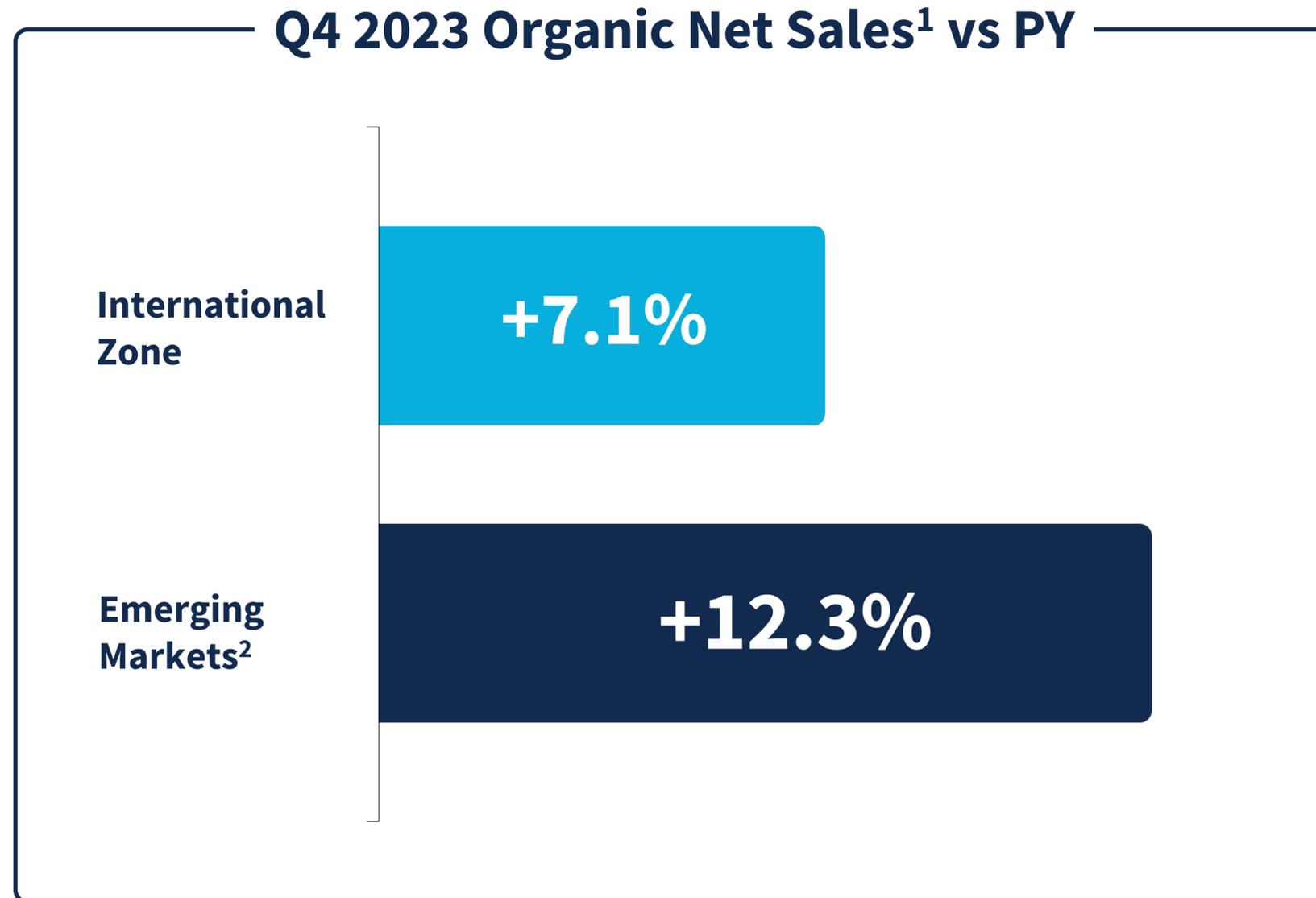


1] Based on internal sales data, which holds the impact of currency constant and excludes the impact of divestitures and acquisitions.

2] For North America, Industry represents U.S. only. U.S. industry growth based on NPD SupplyTrack (Broadline Foodservice Industry Data through December 2023). For International, Industry represents Developed Markets only. International industry growth based on NPD Crest data through November 2023.

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

Emerging Markets Grew Double Digits, Driven by Volume/Mix



- Emerging Markets growth in Q4 was driven primarily by **+8.0% volume/mix**
- Exited 2023 with **~90%** of Emerging Markets leveraging the Go-To-Market Model³
- Expect continued **double-digit growth** for FY 2024, with lower growth in Q1 as we lap shipment timing in the prior year

What Worked Well

- Action plans drove share recovery and sequential volume improvement
- Within U.S. GROW Platforms, Q4 Organic Net Sales¹ grew in Taste Elevation +LSD%, Cream Cheese +HSD% and Ore-Ida +HSD%
- Improved profitability of Meats, increasing full year Adjusted EBITDA¹ +MSD%

Performance Headwinds

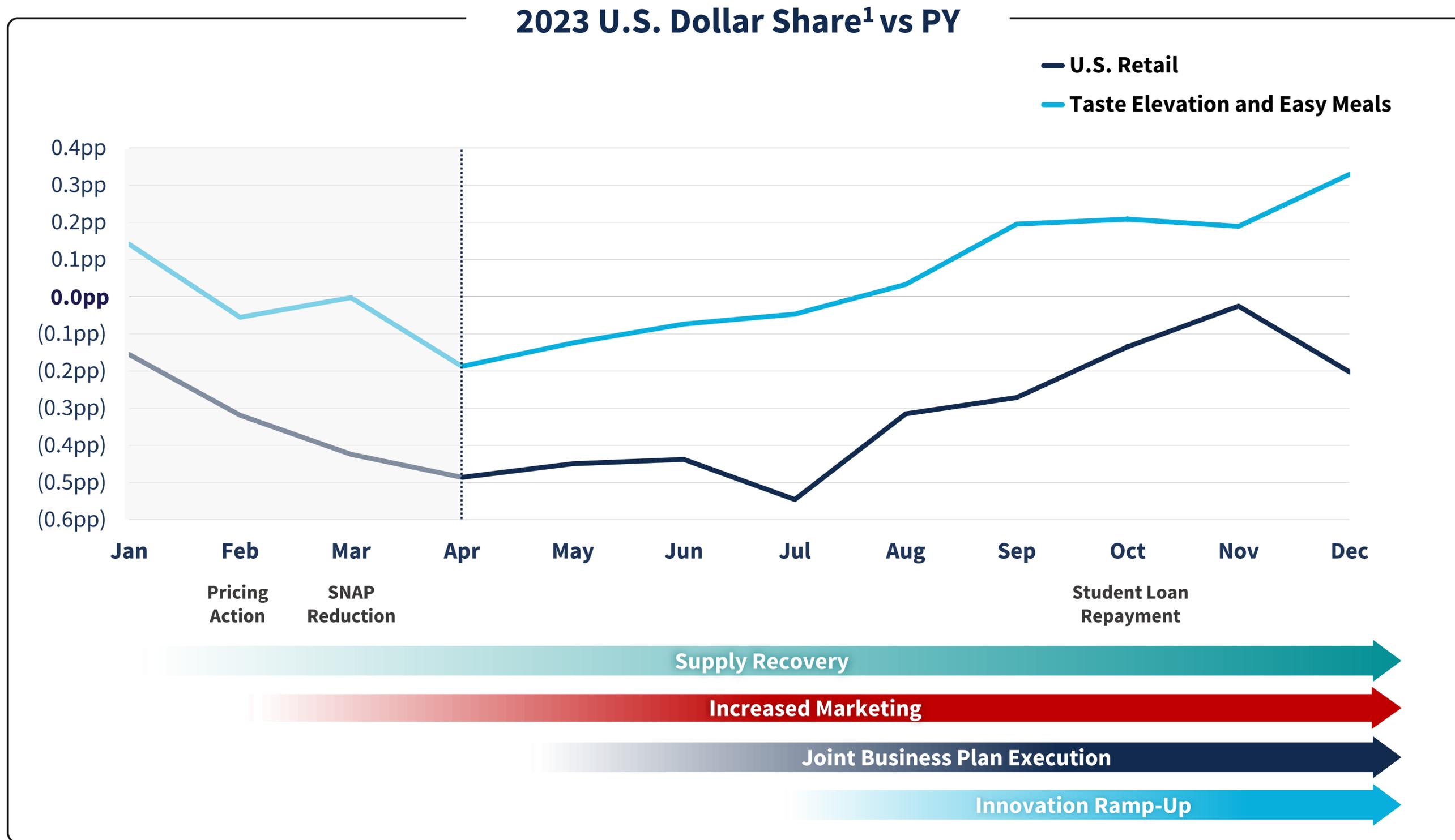
- A more challenging industry than anticipated, particularly driven by the reduction in SNAP benefits
- ~150 basis point gap between Organic Net Sales¹ and U.S. Retail consumption driven by trade timing and retail inventory de-load

Q4 2023 Organic Net Sales¹ vs PY

**North America
Zone**
(3.0%)

**GROW Platforms
in U.S. Retail**
(2.3%)

Share Trend Improvement Throughout 2023



¹ Mix-adjusted market share based on IRI data ending December 31, 2023. Total North America Zone not provided due to unavailability of IRI data for Canada.

Share and Volume Trends Improved as Action Plans Implemented

1 **Joint Business Plan Execution**

Increased Shelf Space and Merchandising

+1.5pp
FY23 U.S. Share of Shelf Expansion vs PY¹

2 **Increased Marketing Investment**

Focused on Priority GROW Platforms

+15%
Increase in Marketing² Spend FY23 vs PY

3 **Innovation**

Ramped up Throughout 2023

+15%
Increase in R&D Spend FY23 vs PY

4 **Supply Recovery**

Solved Remaining Supply Constraints

High 90s
Case Fill Rate in Q4

1| Share of Shelf is calculated as linear inch share and takes into consideration 14 categories that represent over 70% of total KHC U.S. unit sales.

2| Marketing includes advertising expense and market research costs.

Investing in Marketing and R&D to Drive Future Growth

Marketing



Launched First Ever Global *Heinz* Campaign

R&D



Expanded Plant-Based offering with NotCo

GOLD
3X

5X
SILVER



BRONZE
13X

83X
SHORTLISTS

Most Awarded Food Company at Cannes Lions



Launched 360CRISP™ Platform

Culture has Become a Competitive Advantage Driven by Investments in our People

Highest Employee Engagement¹

- **Highest score** since 2017, when we began measuring for Kraft Heinz
- **Above external benchmark²** for overall engagement
- **Top quartile** compared to market on key cultural attributes

Growth | Inclusion | Empowerment

Receiving External Recognition



Q4 2023

**FINANCIAL
PERFORMANCE
AND OUTLOOK**

Andre Maciel

Global Chief Financial Officer



Organic Net Sales declined 0.7% in the Fourth Quarter

	Kraft Heinz Q4 vs '22	North America Q4 vs '22	International Q4 vs '22
Organic Net Sales¹	(0.7%)	(3.0%)	+7.1%
Price	3.7pp	2.5pp	7.7pp
Vol/Mix	(4.4pp)	(5.5pp)	(0.6pp)

Kraft Heinz

- Sequential improvement in volumes from Q3 to Q4

North America

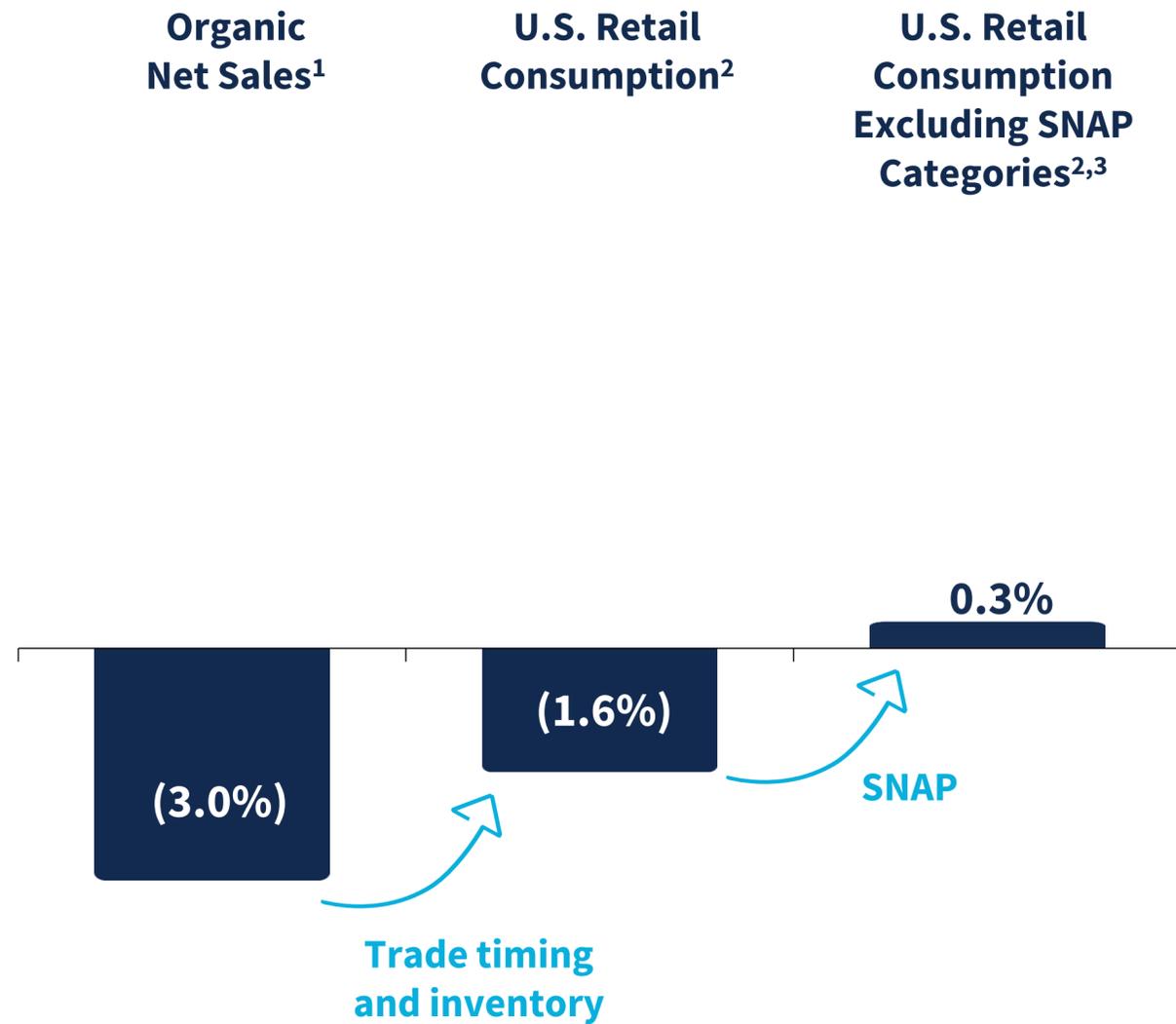
- Trade timing, retail inventory de-load, and SNAP impacted implied elasticity²
- Underlying elasticities are back to historical levels

International

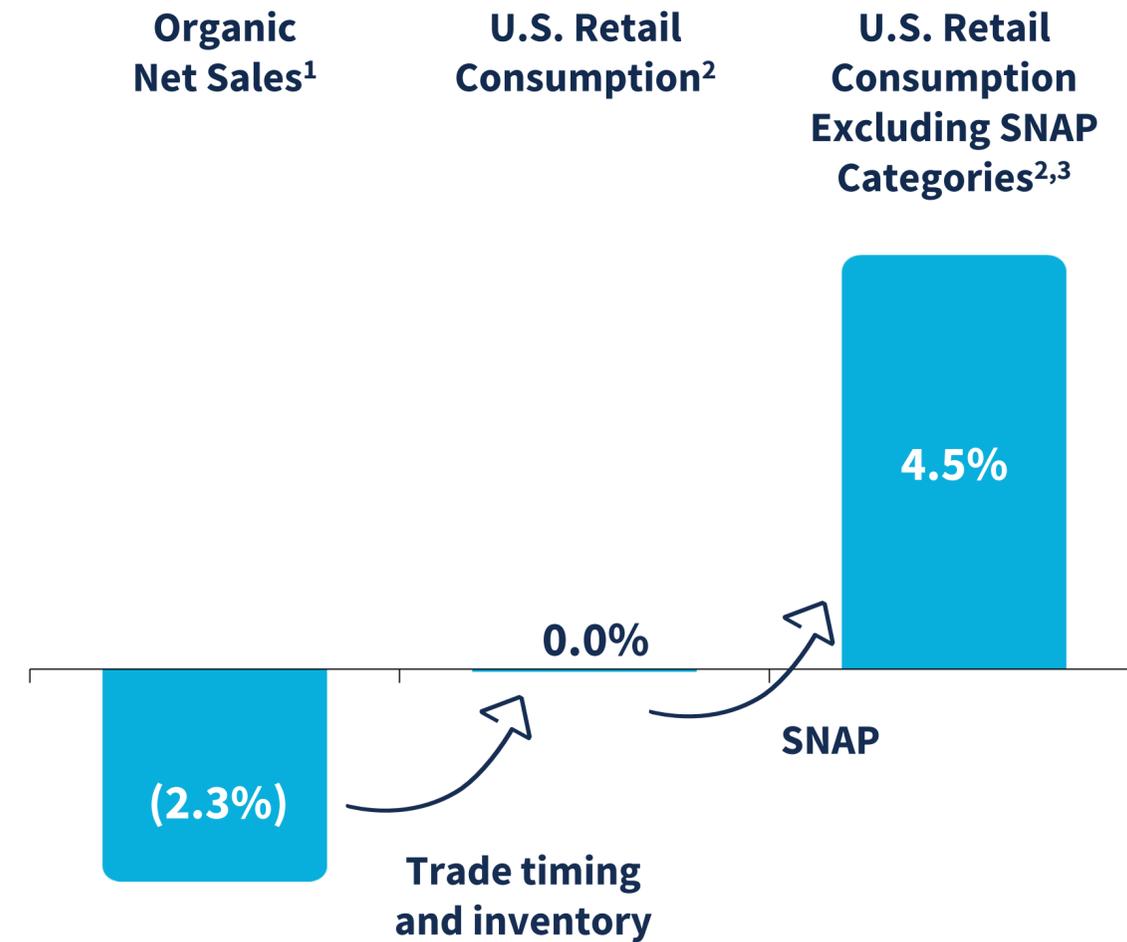
- Strong Organic Net Sales¹ growth

North America Results Impacted by Trade Timing, Inventory De-load and SNAP Headwind

North America Q4 2023 vs PY



U.S. Retail GROW Platforms Q4 2023 vs PY



¹ Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at ir.kraftheinzcompany.com/events-and-webcasts.

² Based on IRI data through December 31, 2023. Total North America Zone not provided due to unavailability of IRI data for Canada.

³ SNAP categories include Lunchables, Kids Single Serve Beverages and Mac & Cheese; Lunchables and Mac & Cheese are within GROW platform role; These categories over-index to SNAP consumers.

Strong Adjusted EBITDA Margin Generation

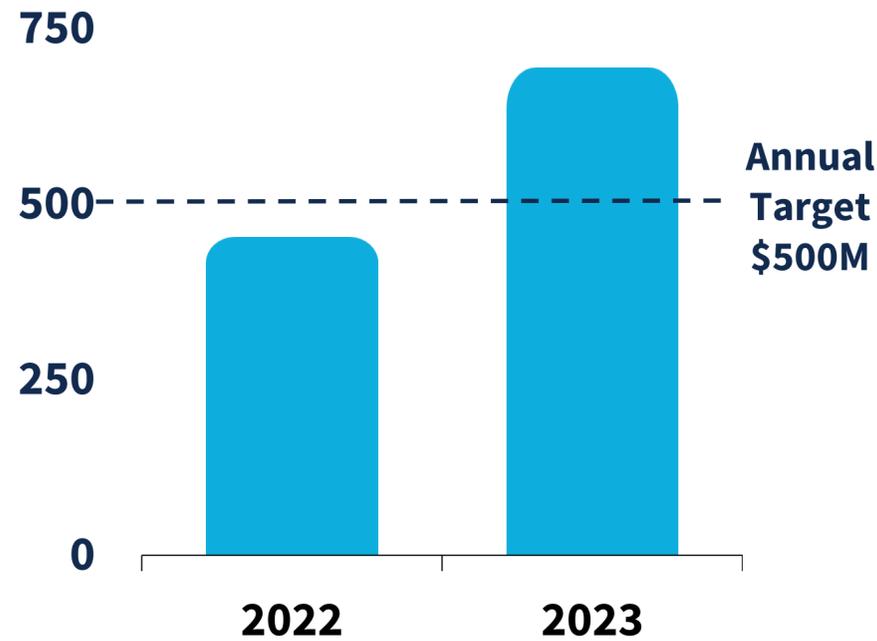
- Adjusted EBITDA¹ impacted by a 53rd week in the prior year (7.0pp)
- Experienced non-recurring items that negatively impacted Adjusted EBITDA¹ performance by ~\$25M (1.4pp)
- Adjusted EBITDA Margin¹ expanded +0.4pp vs PY

	Kraft Heinz Q4 vs '22	North America Q4 vs '22	International Q4 vs '22
Adjusted EBITDA¹	(5.3%)	(3.5%)	+2.0%
Currency	(0.3pp)	0.0pp	(1.4pp)
Constant Currency Adjusted EBITDA¹	(5.0%)	(3.5%)	+3.4%
53 rd Week	(7.0pp)	(7.1pp)	(6.9pp)
Constant Currency Adjusted EBITDA Excluding 53rd week	+2.0%	+3.6%	+10.3%
Adjusted EBITDA Margin¹	24.1%	28.9%	17.1%
vs PY	+0.4pp	+1.7pp	+0.4pp

Efficiencies, Rational Promotions and Moderating Inflation Contributing to Expanded Margins

Supply Chain Efficiencies

On track to reach goal of \$2.5B by 2027



Inflation

Inflation continues to moderate

Q4 2023 Inflation vs Q4 2022

~+3%

Promotions

Environment remains rational

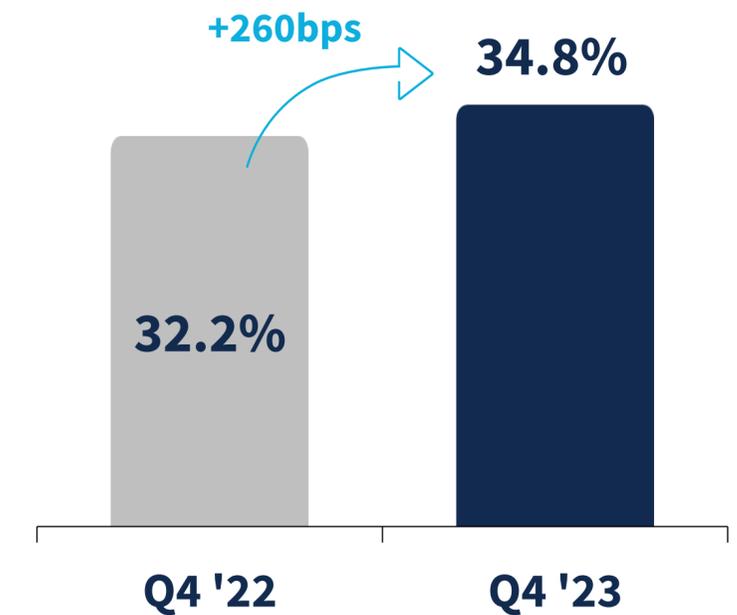
U.S. ROI Improvement FY 23 vs FY 22

~5pp



Adjusted Gross Profit Margin¹

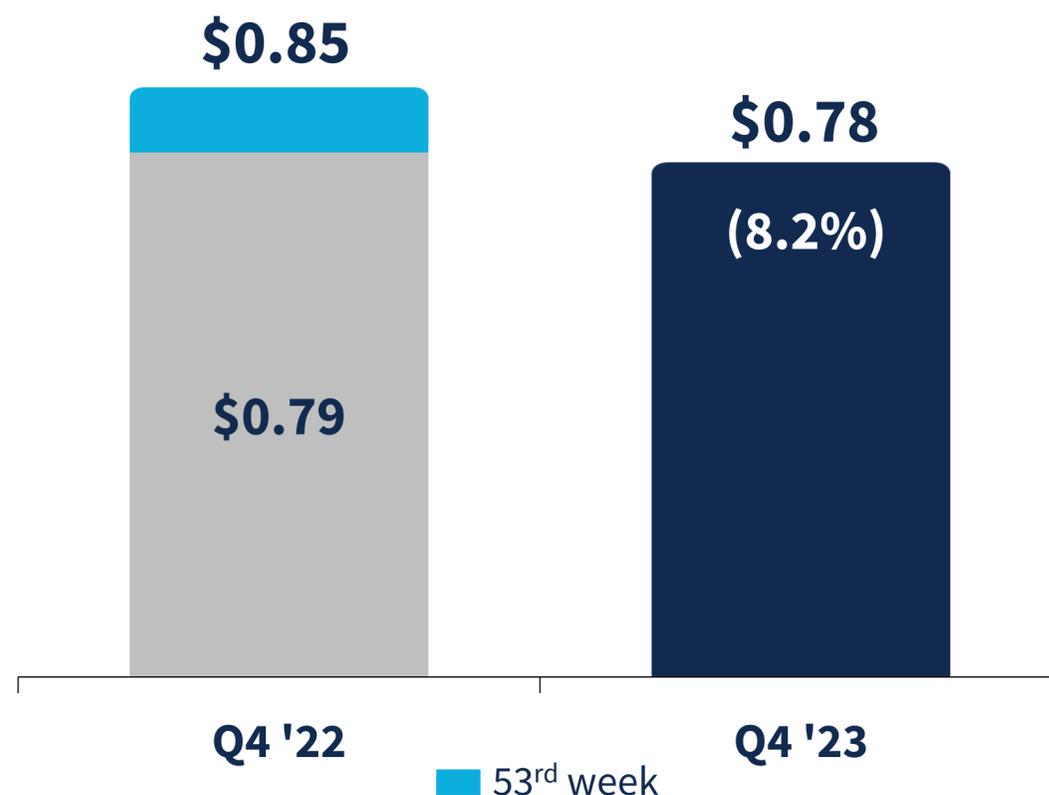
Year-over-Year expansion



Full Year Adjusted EPS Driven by Strong Adjusted EBITDA¹ Growth

Q4 Adjusted EPS¹

Decline driven primarily by 53rd week in 2022 and higher effective tax rate in 2023

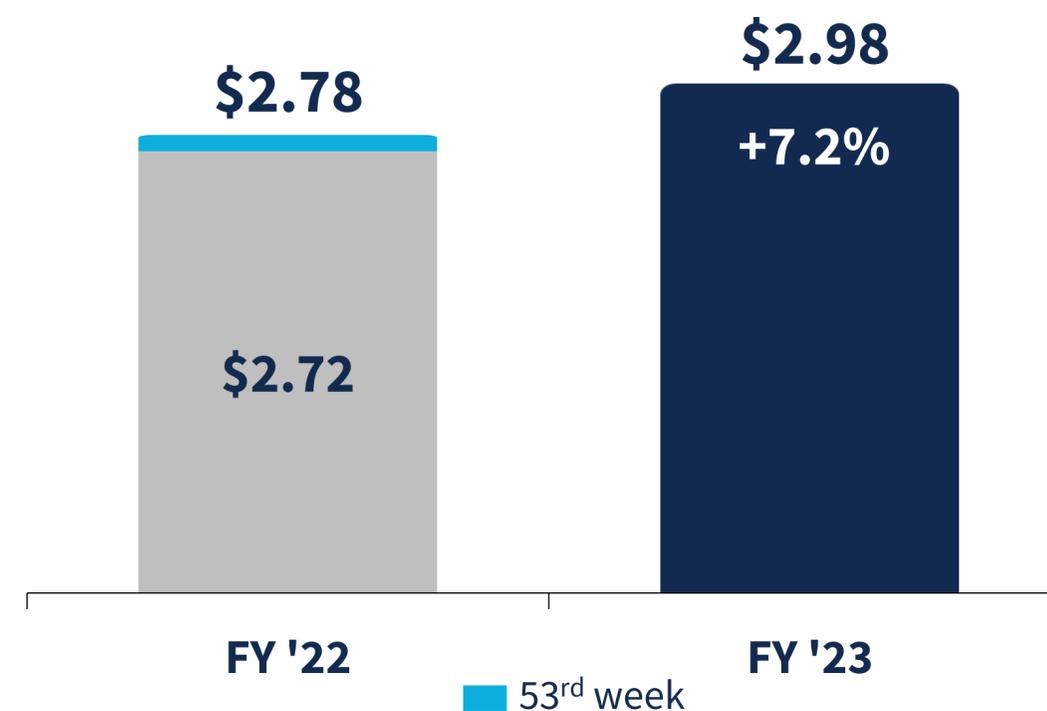


vs Q4 2022

Results of Operations:	\$0.01
53 rd Week:	(\$0.06)
Effective Tax Rate:	(\$0.03)
Interest Expense:	\$0.01

FY23 Adjusted EPS¹

Increase driven primarily by results of operations



vs FY 2022

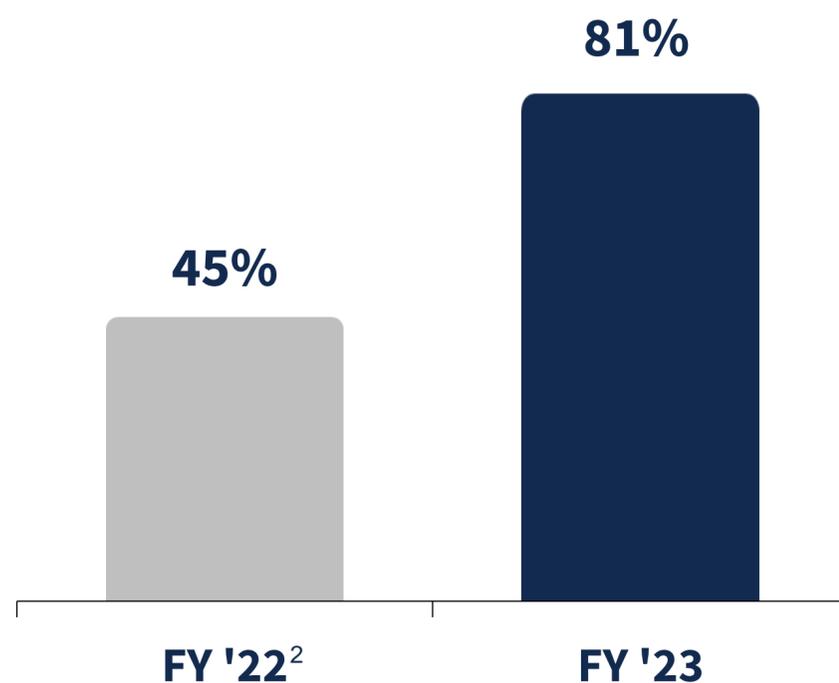
Results of Operations:	\$0.27
53 rd Week:	(\$0.06)
Effective Tax Rate:	(\$0.01)
Interest Expense:	\$0.03
Other Expense/(income):	(\$0.03)

¹ Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at ir.kraftheinzcompany.com/events-and-webcasts.

Strengthened Balance Sheet while Continuing to Invest in the Business

Free Cash Flow Conversion¹

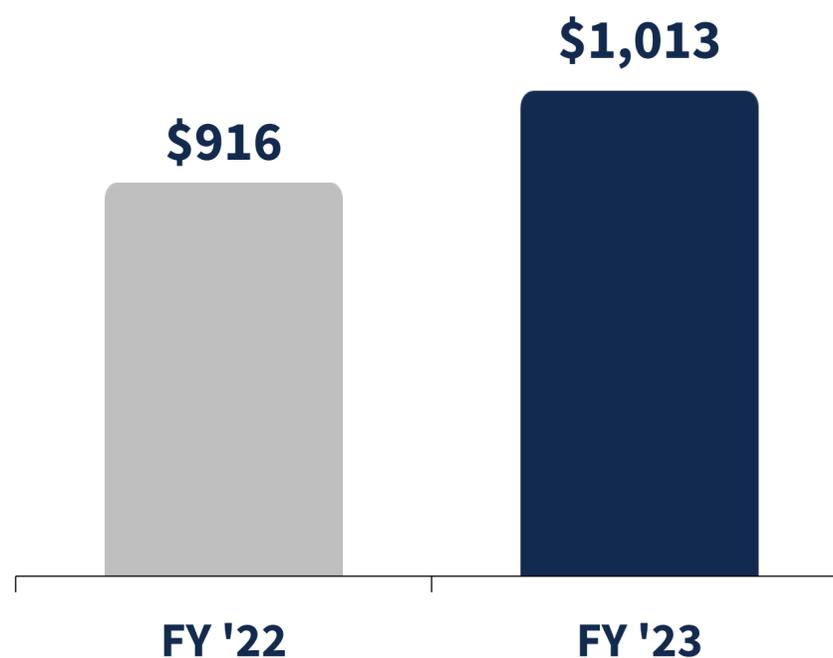
Improvement driven by Inventory, with working capital back to 2019 levels



Capital Expenditures (\$M)

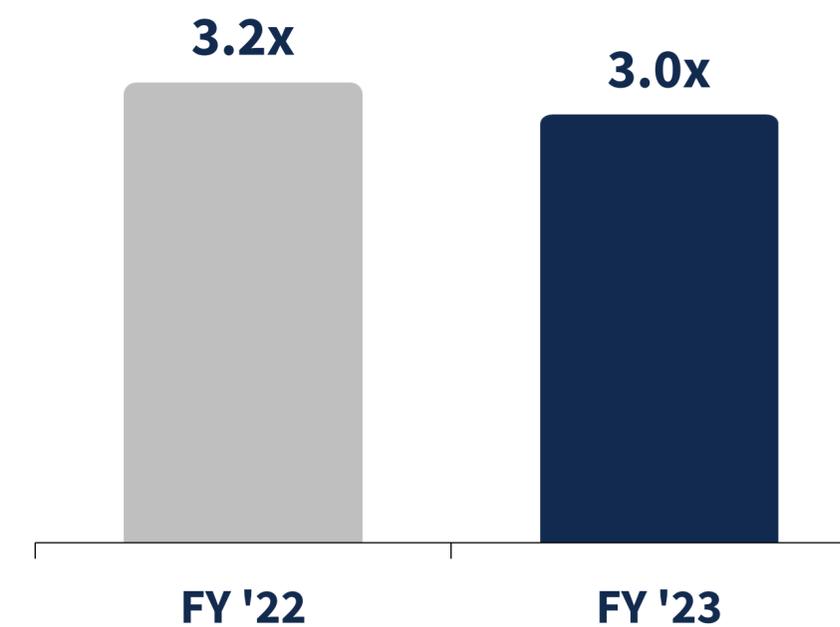
Increased investments in CapEx by +\$97M to 3.8% of net sales

~50% of the increase is linked to Digital CapEx



Net Leverage¹

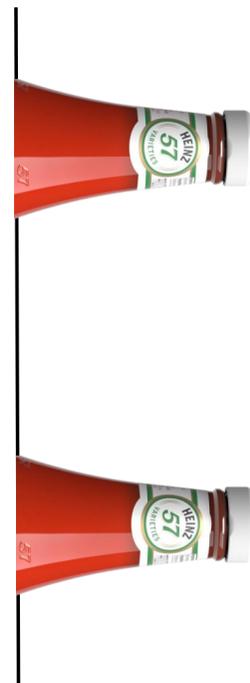
Ended 2023 at targeted leverage of ~3.0x, one year ahead of our initial plan



Prioritizing Shareholder Returns through Disciplined Capital Deployment

Capital Allocation Strategy

- 1** Invest in Organic Growth
- 2** Actively Manage Portfolio
- 3** Return Incremental Capital to Stockholders
- 4** Maintain Net Leverage¹ Target of ~3.0x



Dividends

\$1,965M

- Competitive Annual Dividend
- ~4% Dividend Yield³

Share Repurchases

\$450M²

- \$300M repurchased in Q4 2023
- \$150M repurchased through January
- ~\$2.6B remaining of the \$3.0B authorization

¹ Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at ir.kraftheinzcompany.com/events-and-webcasts.

² This represents the total dollar value of shares repurchased against our buyback program through January 2024. It does not include shares repurchased to offset the dilutive effect of equity-based compensation, which was an additional \$155M in 2023 and \$50M through January 2024.

³ Based upon share price of \$36.98 as of December 29, 2023

2024 Anticipated Industry Dynamics

- Moderating, but still inflationary, input costs
- Consumer remains pressured, with a retained focus on value
- Interest rate environment remains high

Change in Profitability Metric for Outlook

- We will now be providing guidance for Adjusted Operating Income¹ (vs prior Adjusted EBITDA¹)
- Re-wiring organization to create a closer connection to total shareholder return, driving an increased level of accountability
- Aligned to our incentive KPIs

Outlook Reflects Continued Growth in 2024 Across Key Metrics

2024 FYE Outlook

2024 Considerations

Organic Net Sales¹

+0-2%

- Positive contribution from price throughout the year
- Volume inflection to positive growth expected in H2
- Expect performance in Q1 2024 to be a similar profile to Q4 2023, and gradually move towards our long-term algorithm as we progress throughout 2024

Adjusted Operating Income¹

+2-4%

- Expect Adjusted Gross Profit Margin¹ to expand modestly, +25 to 75 bps YoY
- SG&A re-established to healthy levels in 2023, as a result we expect only a slight increase YoY

Adjusted EPS¹

+1-3%

- Effective tax rate on Adjusted EPS¹: 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

CLOSING COMMENTARY

**Carlos
Abrams-Rivera**

Chief Executive Officer



2023 Key Takeaways



1

Delivered results above our Long-Term Algorithm

2

Unlocked nearly \$700M in gross efficiencies, driving gross margin expansion and enabling reinvestment

3

Strengthened balance sheet, ending 2023 at target Net Leverage¹ of ~3.0x

4

Well positioned for 2024, expecting continued growth with volumes inflecting positive and efficiencies driving further gross margin expansion

Meet members of the **KHC** team



Carlos Abrams-Rivera
CEO



Andre Maciel
EVP & Global CFO



Diana Frost
Global Chief
Growth Officer



Cory Onell
EVP & Chief Omnichannel
Sales & Asia Emerging
Markets Officer



Pedro Navio
EVP & President,
North America



Anne-Marie Megela
VP, Global Head of
Investor Relations



Bruno Keller
President, West
and East Emerging
Markets



Willem Brandt
President, Europe
and Pacific Developed
Markets



Alan Kleinerman
VP of Disruptive
Innovation



Rashida La Lande
EVP & Chief Legal
& Corporate Affairs
Officer

... and create the **CAGNY 2024**
Sauce of the Year!



Explore 200 sauce combinations and experience
our Heinz REMIX™ machine in action.