



**Kraft***Heinz*

**Q3 2023**

# BUSINESS UPDATE

NOVEMBER 1, 2023





# FORWARD-LOOKING STATEMENTS



November 1, 2023

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 EBITDA, Constant Currency Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EPS, Adjusted Gross Profit Margin, 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](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).





**Q3 2023**  
**BUSINESS**  
**UPDATE**

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**Miguel Patricio**

Chief Executive Officer  
and Chair of the Board



## Q3 Key Takeaways



1

**We are generating accelerated profitable growth** fueled by our 3 pillars and improved productivity.

2

**Our share and volume trends continue to improve** as we re-invest across marketing, R&D, and technology.

3

**We continue to strengthen our balance sheet**, hitting our targeted Net Leverage<sup>1</sup> of approximately 3.0x.



**Q3 2023**  
**BUSINESS**  
**UPDATE**

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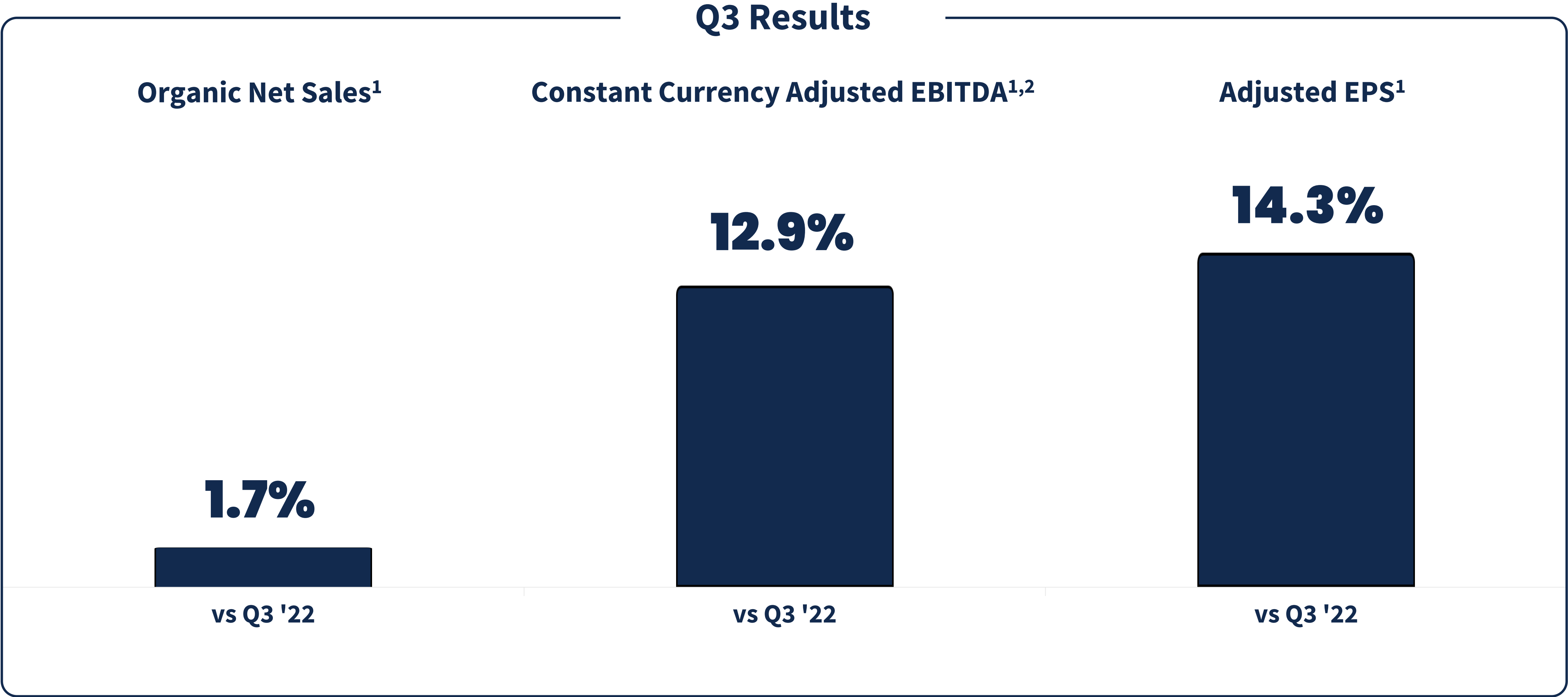
**Carlos Abrams-**  
**Rivera**

President of Kraft Heinz





# Grew Topline, Profits, and Profitability



<sup>1</sup> Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at [ir.kraftheinzcompany.com/events-and-webcasts](https://ir.kraftheinzcompany.com/events-and-webcasts).  
<sup>2</sup> Includes a negative (0.4pp) net impact of divestitures and acquisitions.



# Reinvesting Unlocked Efficiencies Back into the Business to Grow Organically

Increasing YTD investments in **SG&A** and **CapEx** by **+\$385 million** vs PY

## SG&A<sup>1</sup>

Driven by Marketing,  
Technology, and Research  
& Development

**+\$238M**

YTD Spend  
vs 2022

## Capital Expenditures

Driven by Technology,  
Maintenance, and Capacity  
Expansion

**+\$147M**

YTD Spend  
vs 2022



# All Three Pillars of Growth Fueling Organic Net Sales<sup>1</sup>

## Foodservice

### Global



~+9%

Organic Net Sales<sup>1</sup>  
vs Q3 2022

## Emerging Markets

### International Zone



+10%

Organic Net Sales<sup>1,2</sup>  
vs Q3 2022

## GROW Platforms in U.S. Retail

### North America Zone



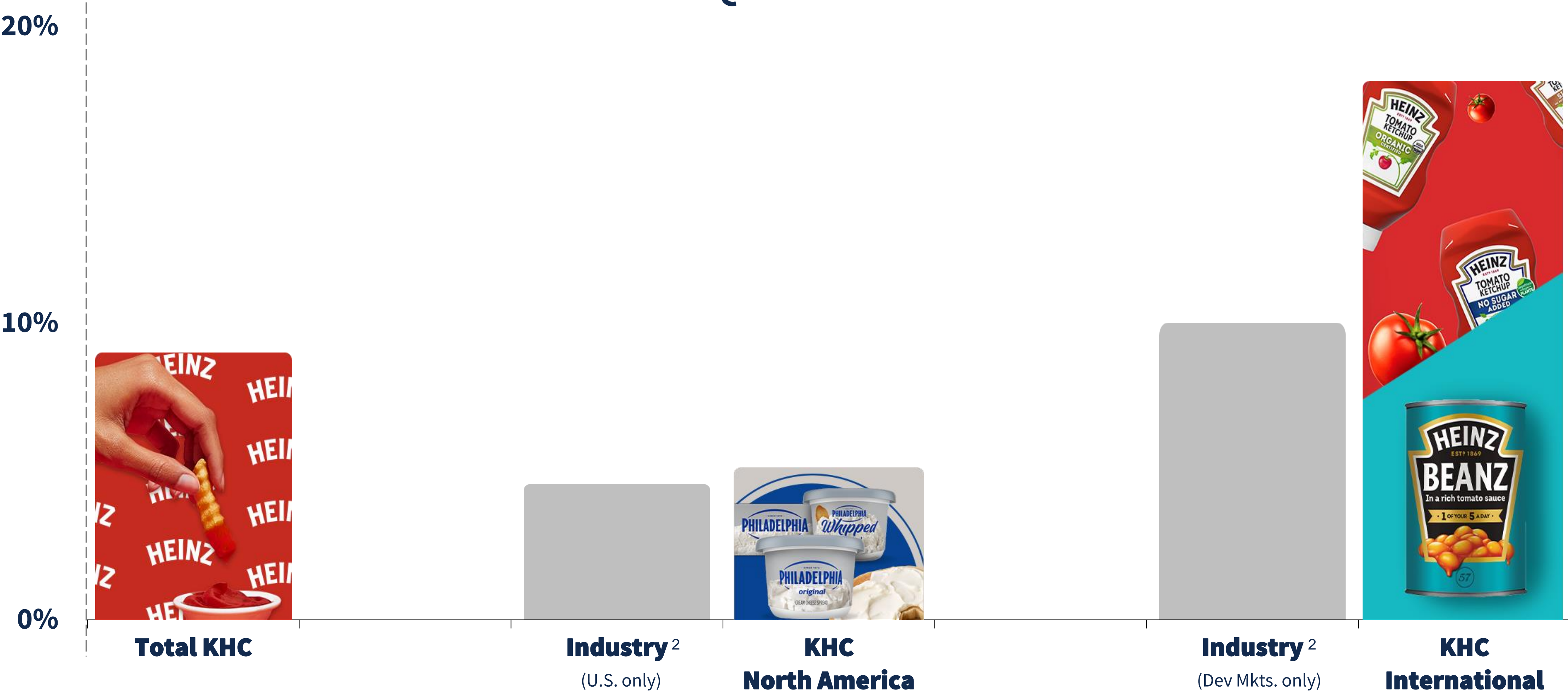
+3%

Organic Net Sales<sup>1</sup>  
vs Q3 2022

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



## Foodservice Q3 2023 Growth<sup>1</sup> 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 September 2023). For International, Industry represents Developed Markets only. International industry growth based on NPD Crest data through August 2023.  
Brands shown are illustrative and do not reflect all brands within Foodservice.



Chef-Led Model



Creating Tailor-Made Solutions  
for our Customers

Attractive Channels

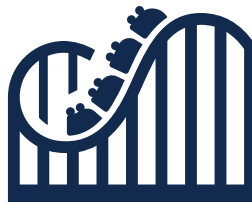
Non-Commercial Channels



Education



Healthcare



Entertainment



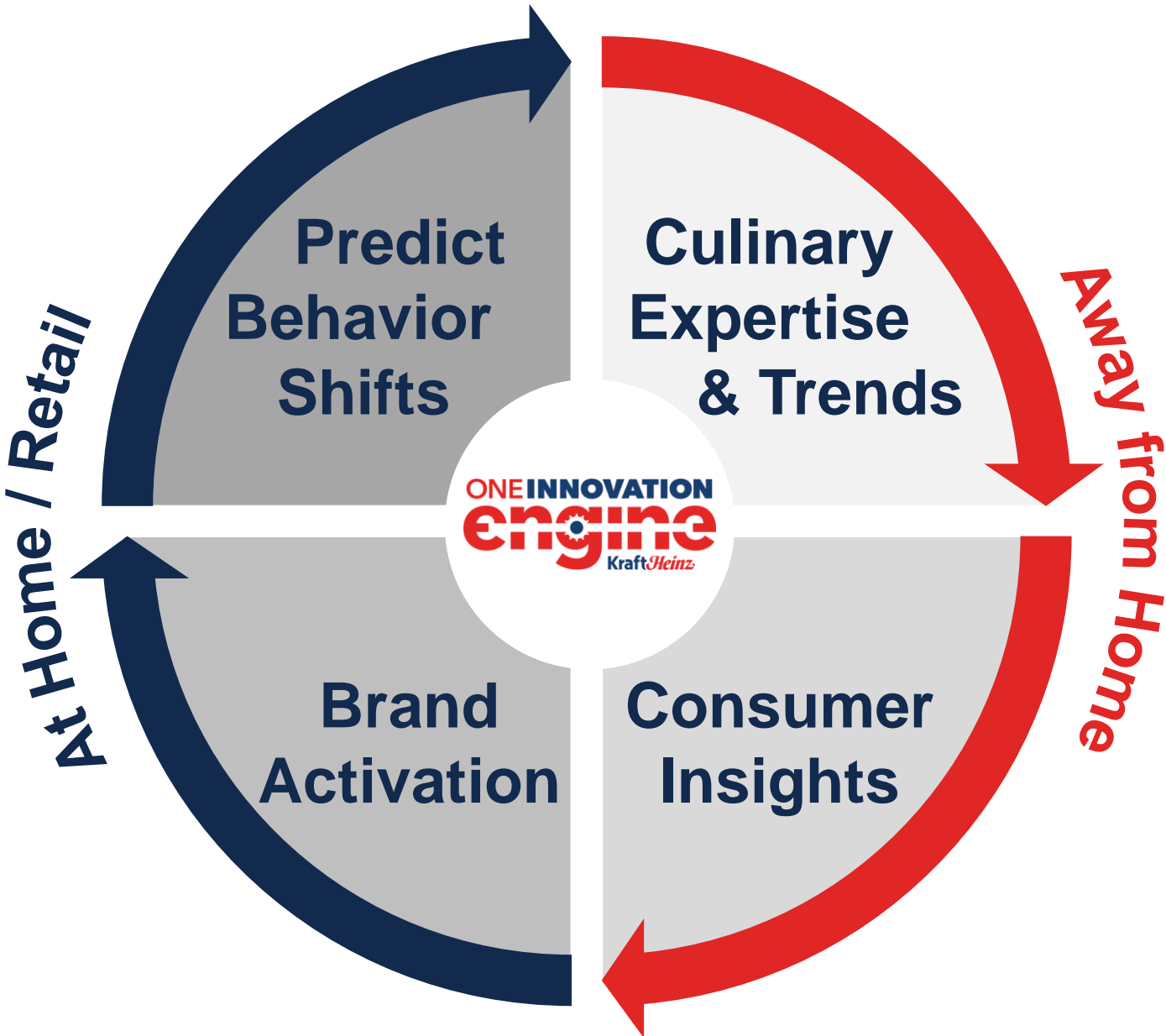
Travel &  
Leisure



Workplace  
Food Services

Competing in More Attractive,  
Higher Margin Spaces

Innovation



Using as a Flywheel, Launching  
Insight-Driven Innovation



# All Three Pillars of Growth Fueling Organic Net Sales<sup>1</sup>

## Foodservice

### Global



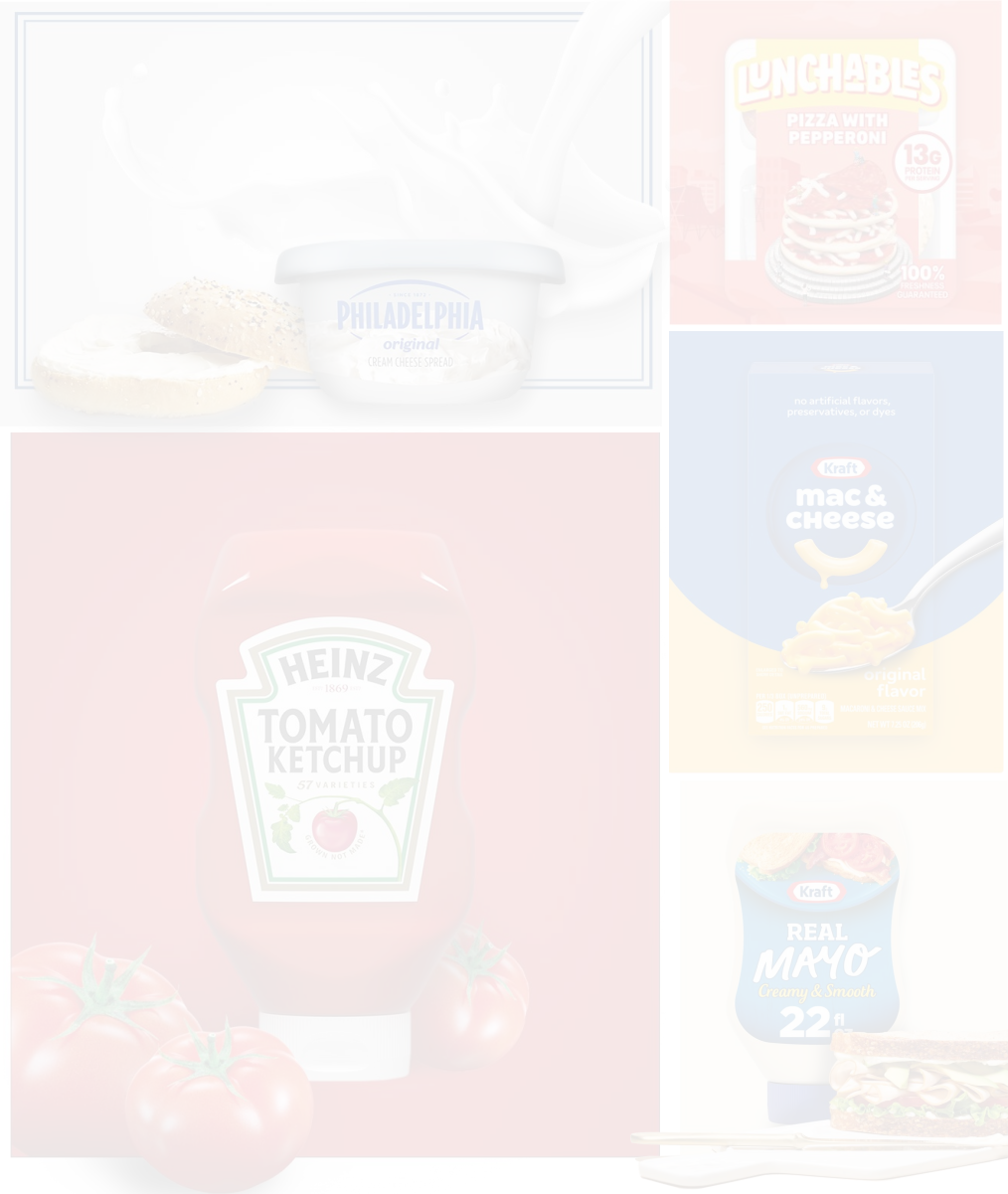
## Emerging Markets

### International Zone



## GROW Platforms in U.S. Retail

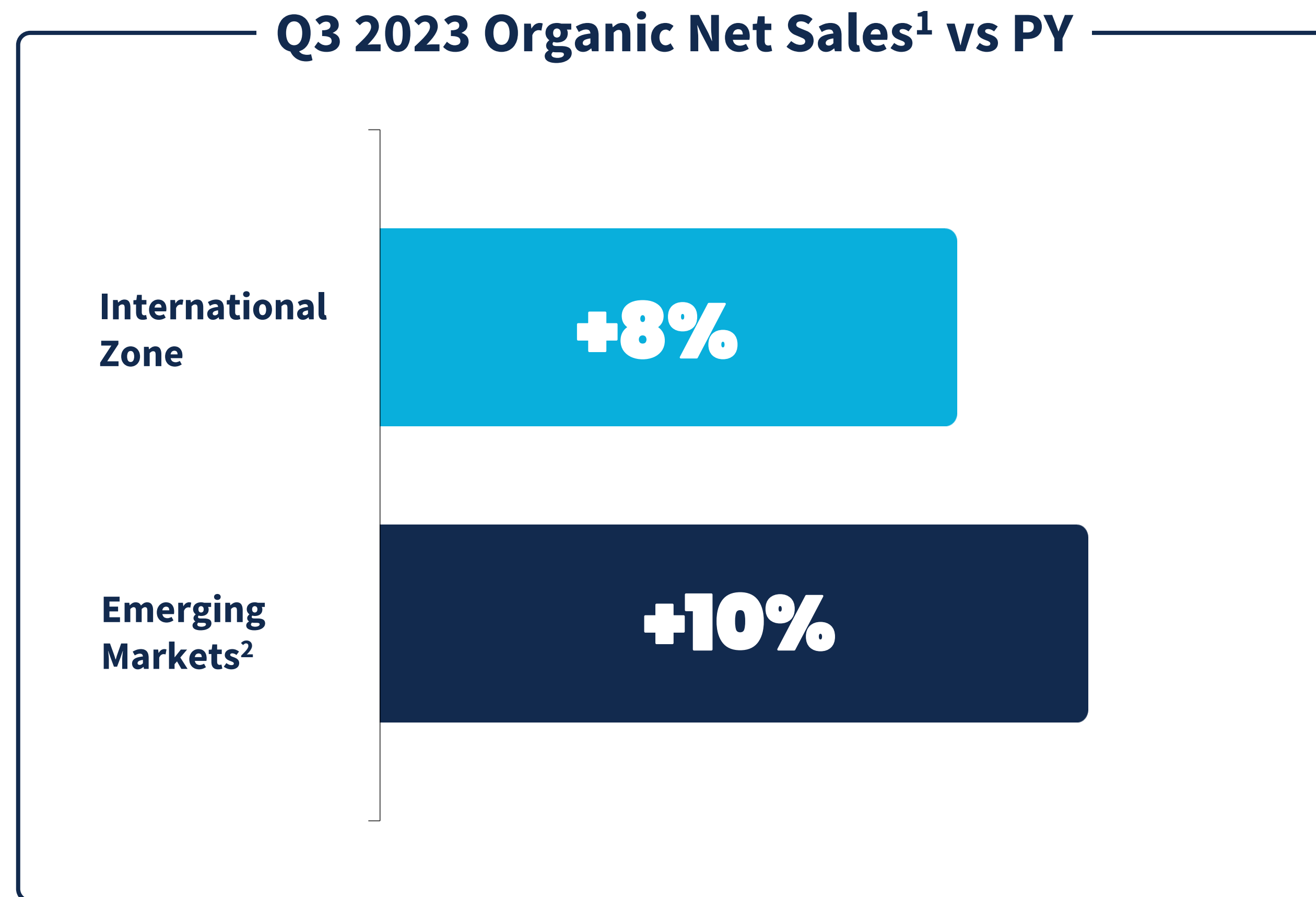
### North America Zone



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



# Emerging Markets Growing Double Digits



- Continued double-digit growth in Emerging Markets
- Solid growth in LATAM and East regions, with softness in Asia



# Three Consistent Levers Supporting our Emerging Markets Growth

## Go To Market

Data-Driven, Repeatable Model



## Brand Equity



Led by the Power of **Heinz**, well beyond Ketchup; Supported by Local Jewels



## Foodservice<sup>1</sup>

Attacking Underpenetrated Foodservice Channel

**Emerging Market Foodservice Industry Reached ~\$1.4B in 2022**



1| Industry foodservice figures sourced from Deloitte’s Foodservice Market Monitor report, 2023 edition; Kraft Heinz foodservice share in Emerging Markets based on internal sales figure.



# All Three Pillars of Growth Fueling Organic Net Sales<sup>1</sup>

## Foodservice

### Global



## Emerging Markets

### International Zone



## GROW Platforms in U.S. Retail

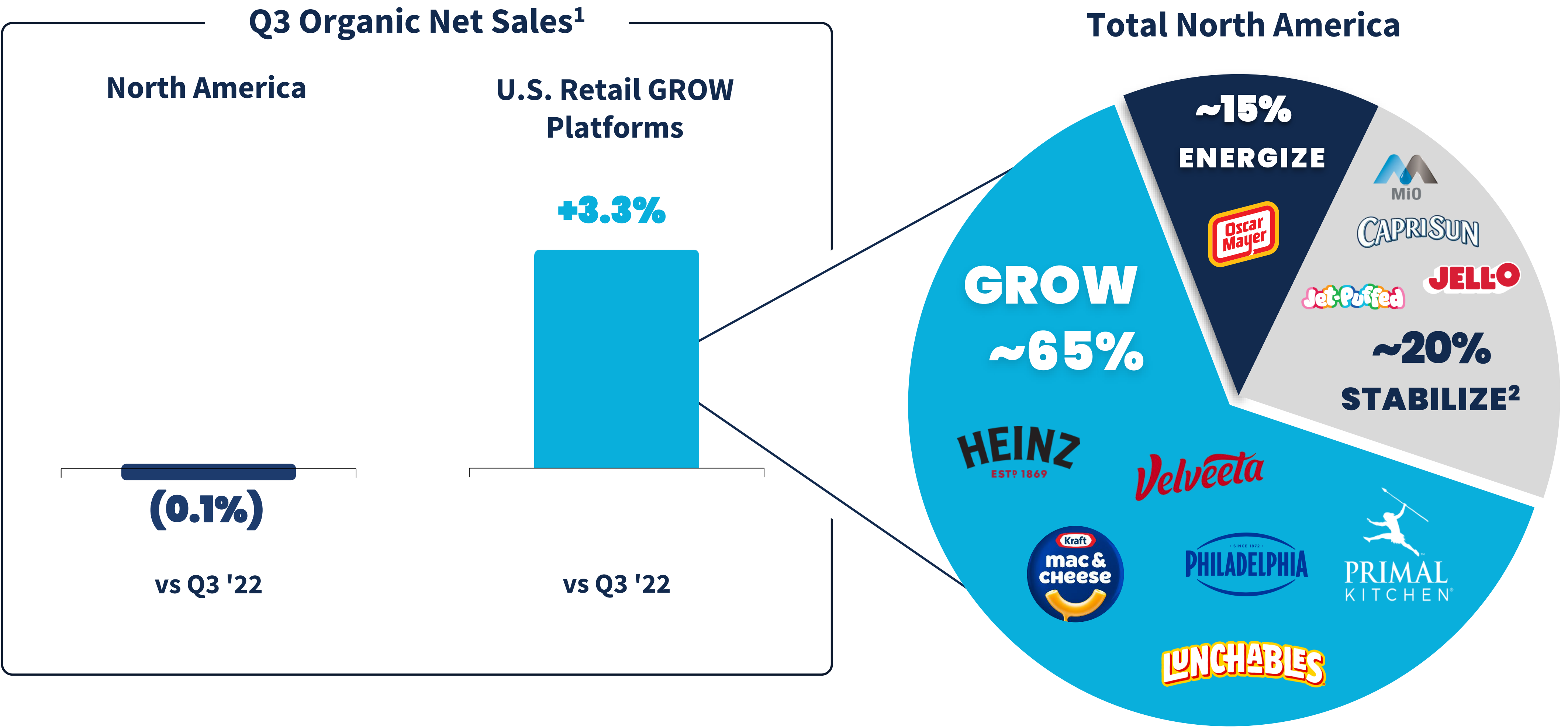
### North America Zone



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



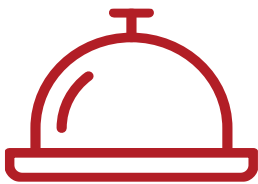
# Focused on U.S. Retail GROW Platforms



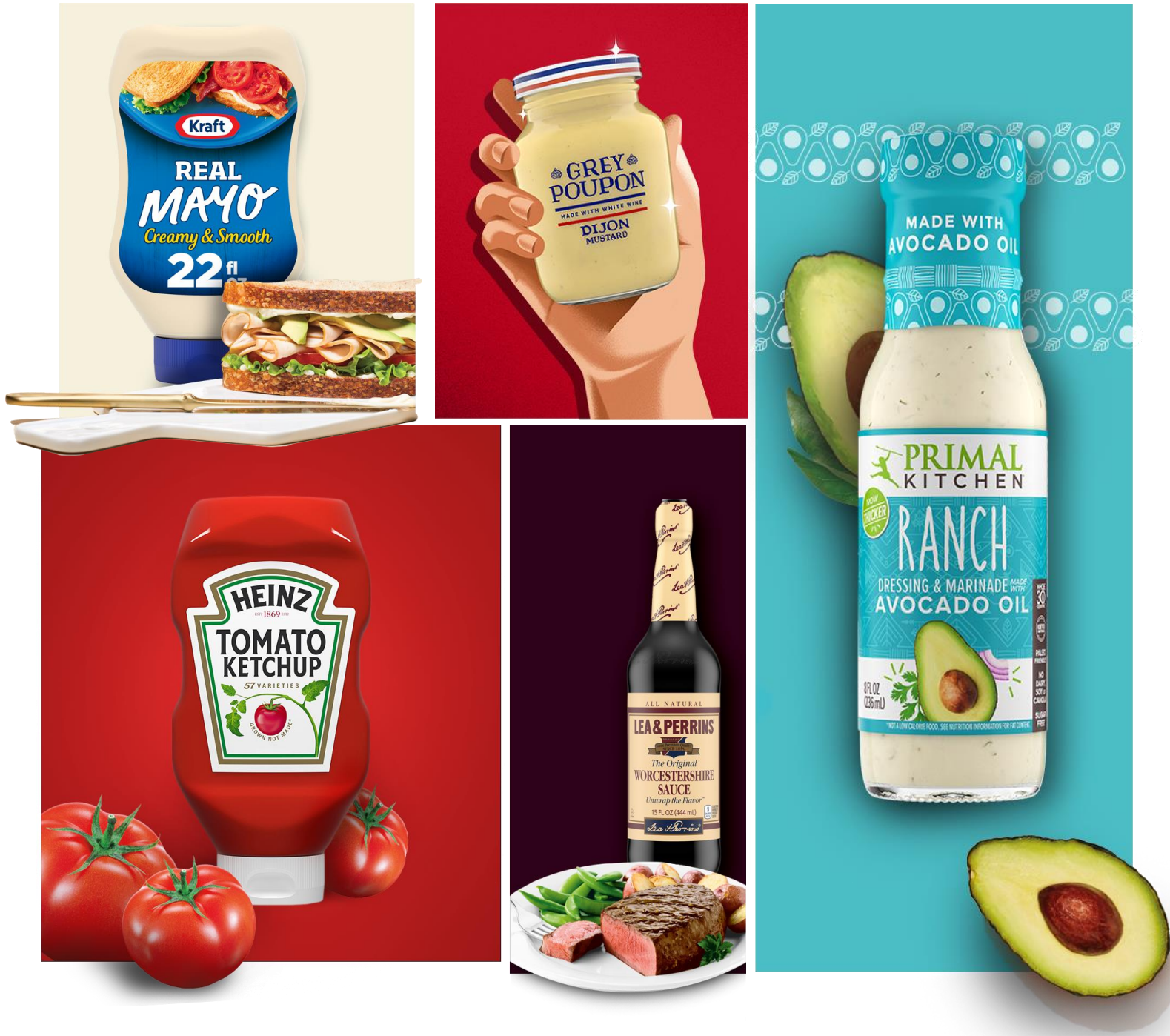
1| Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at [ir.kraftheinzcompany.com/events-and-webcasts](https://ir.kraftheinzcompany.com/events-and-webcasts).  
2| Stabilize calculations also include Organic Net Sales that are not otherwise categorized into another platform role presented. Brands shown by platform role are illustrative and do not reflect all brands within each platform role.



# Within U.S. Retail GROW Platforms, Taste Elevation and Easy Meals Led Growth



## Taste Elevation



U.S. Retail  
Organic  
Net Sales<sup>1</sup>  
vs Q3 2022

**+7%**

Q3 Organic Net Sales growth driven by  
Ketchup, Mayonnaise, and Mexican Sauces.



## Easy Meals



U.S. Retail  
Organic  
Net Sales<sup>1</sup>  
vs Q3 2022

**+5%**

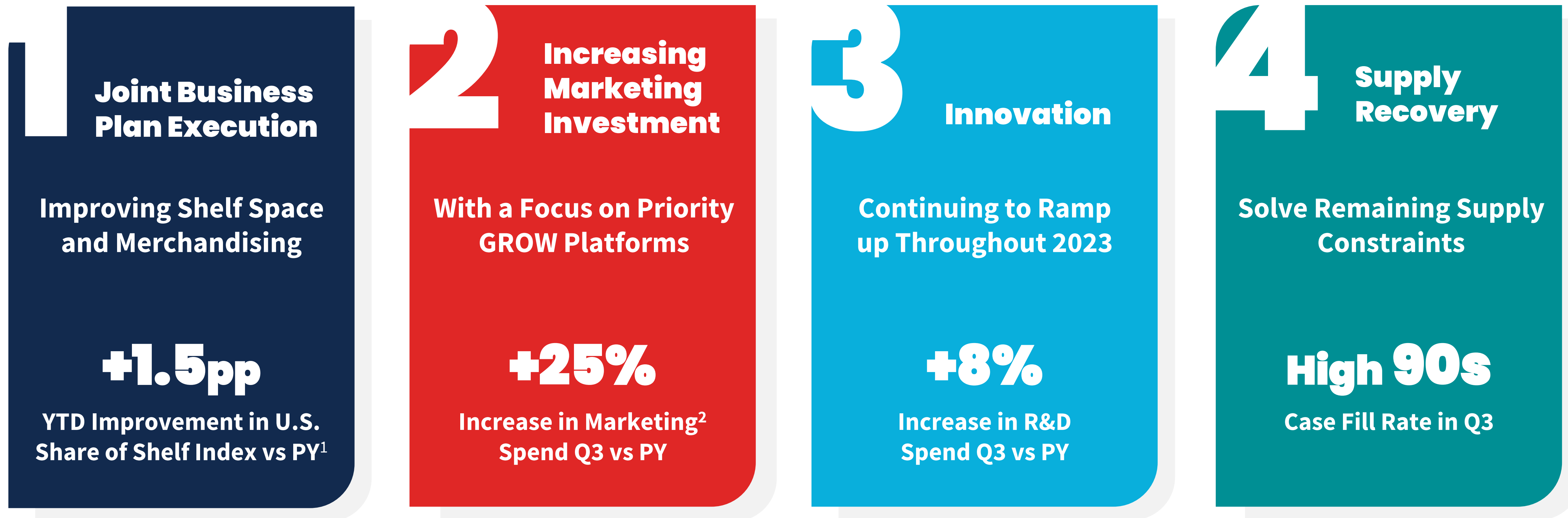
Q3 Organic Net Sales growth driven  
primarily by Frozen Potatoes.

1| Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at [ir.kraftheinzcompany.com/events-and-webcasts](https://ir.kraftheinzcompany.com/events-and-webcasts). Brands shown by platform role are illustrative and do not reflect all brands within each platform.

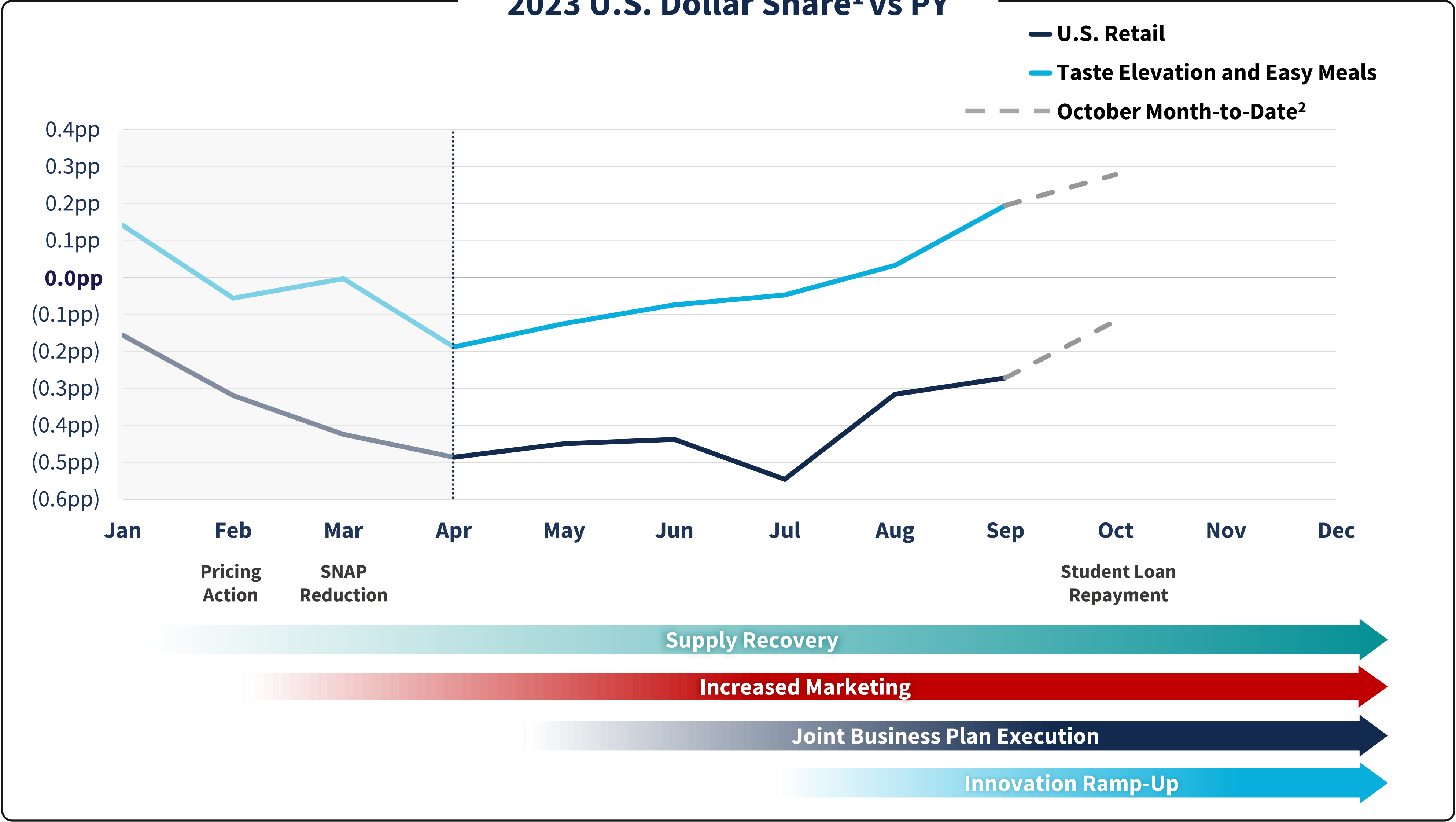


# Share and Volume Trends Improving as Action Plans Implemented

## Our Action Plans are Driving Improvements in Share and Volume



# Share Trend Improving as Action Plans Implemented

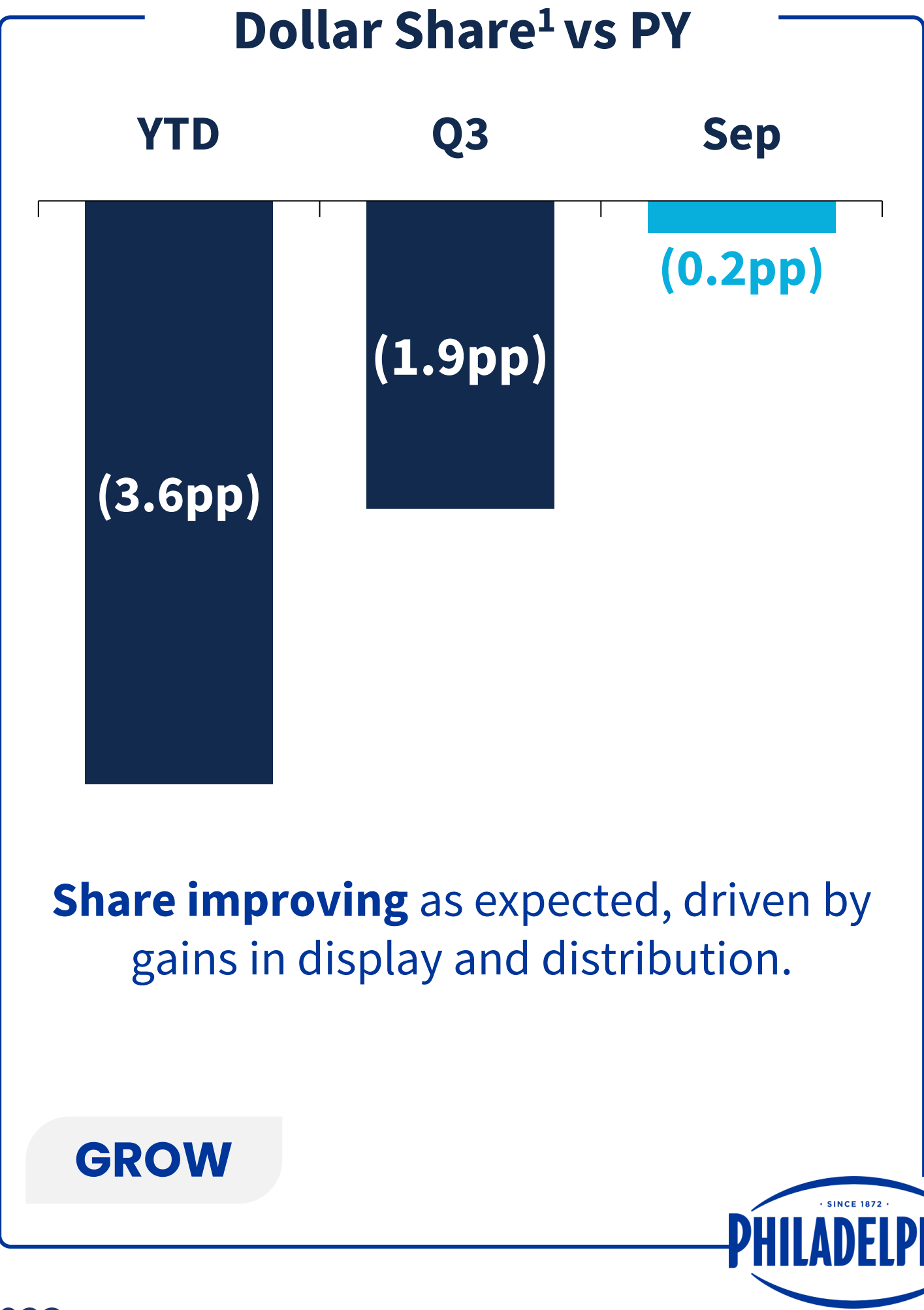


1| Mix-adjusted market share based on IRI data ending October 1, 2023. Total North America Zone not provided due to unavailability of IRI data for Canada.  
2| Mix-adjusted market share based on IRI data 3 weeks ending October 22, 2023.

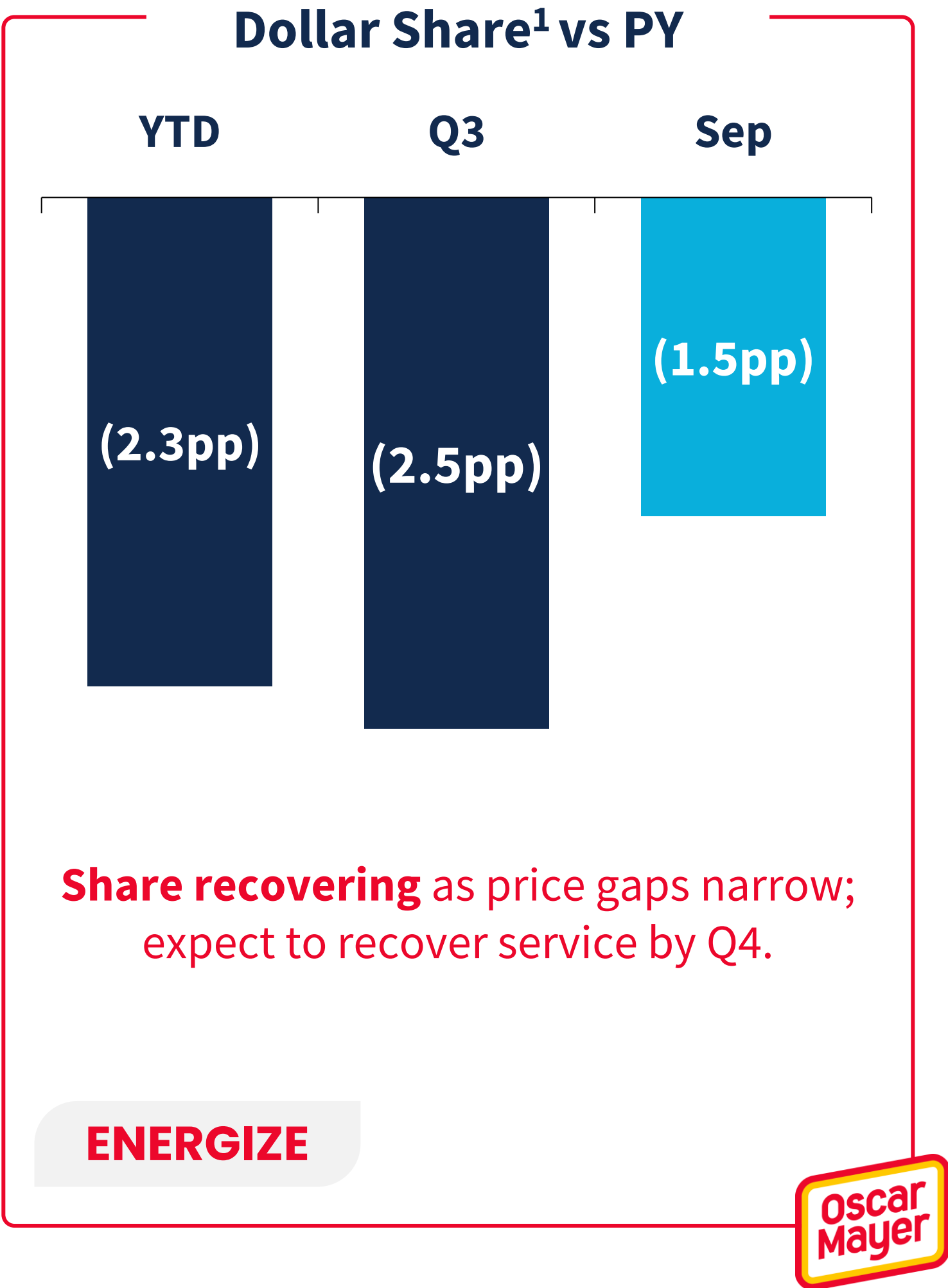


# Targeted Categories for Share Recovery

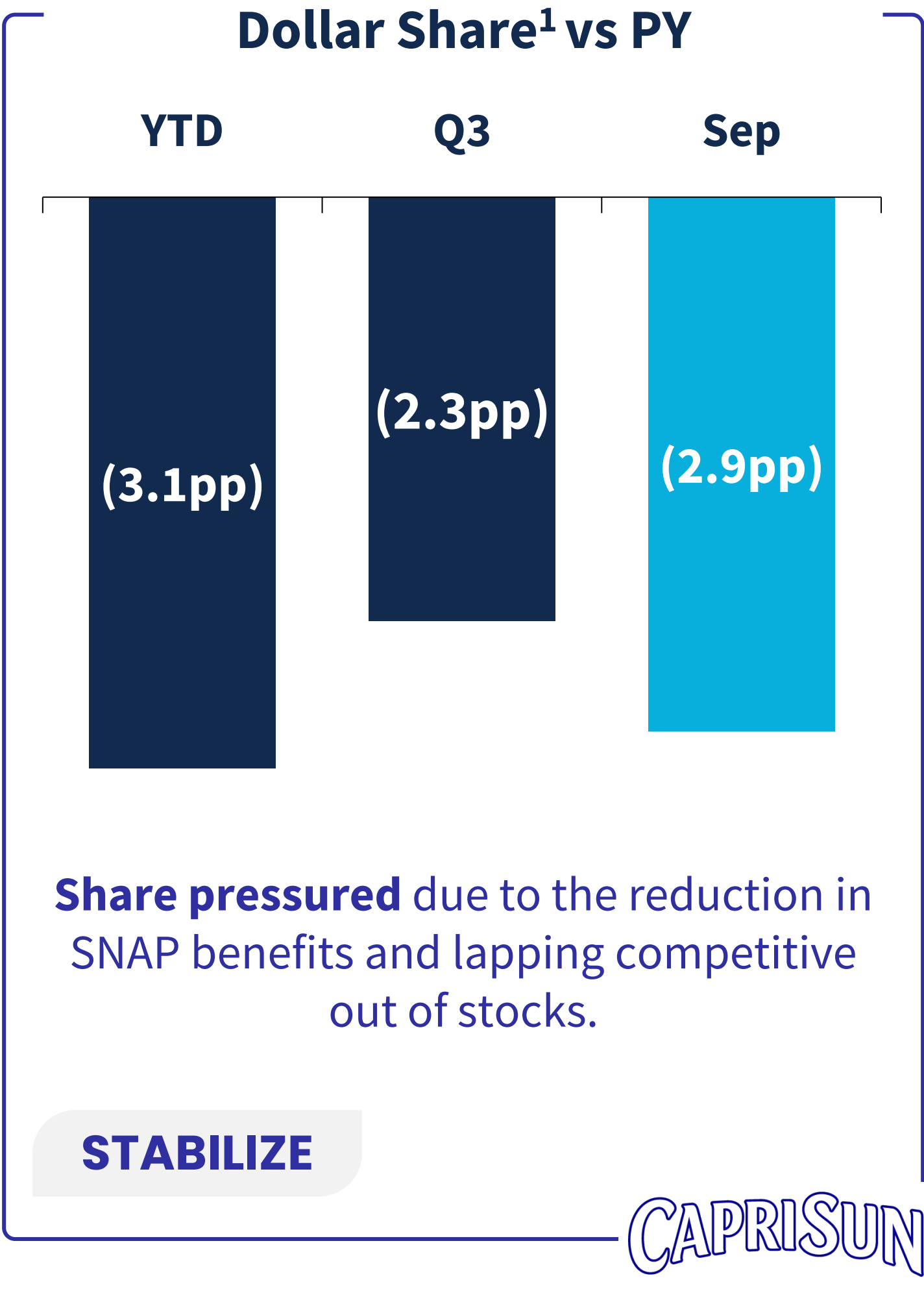
## Cream Cheese



## Cold Cuts



## Kids Single Serve Beverages<sup>2</sup>



1| U.S. market share based on IRI data ending October 1, 2023. Total North America Zone not provided due to unavailability of IRI data for Canada.  
2| Kids Single Serve Beverages includes Capri Sun, Kool Aid, Country Time and Creative Roots brands.

# Investing in Marketing, R&D, and Technology to Drive Future Growth

## Marketing<sup>1</sup>



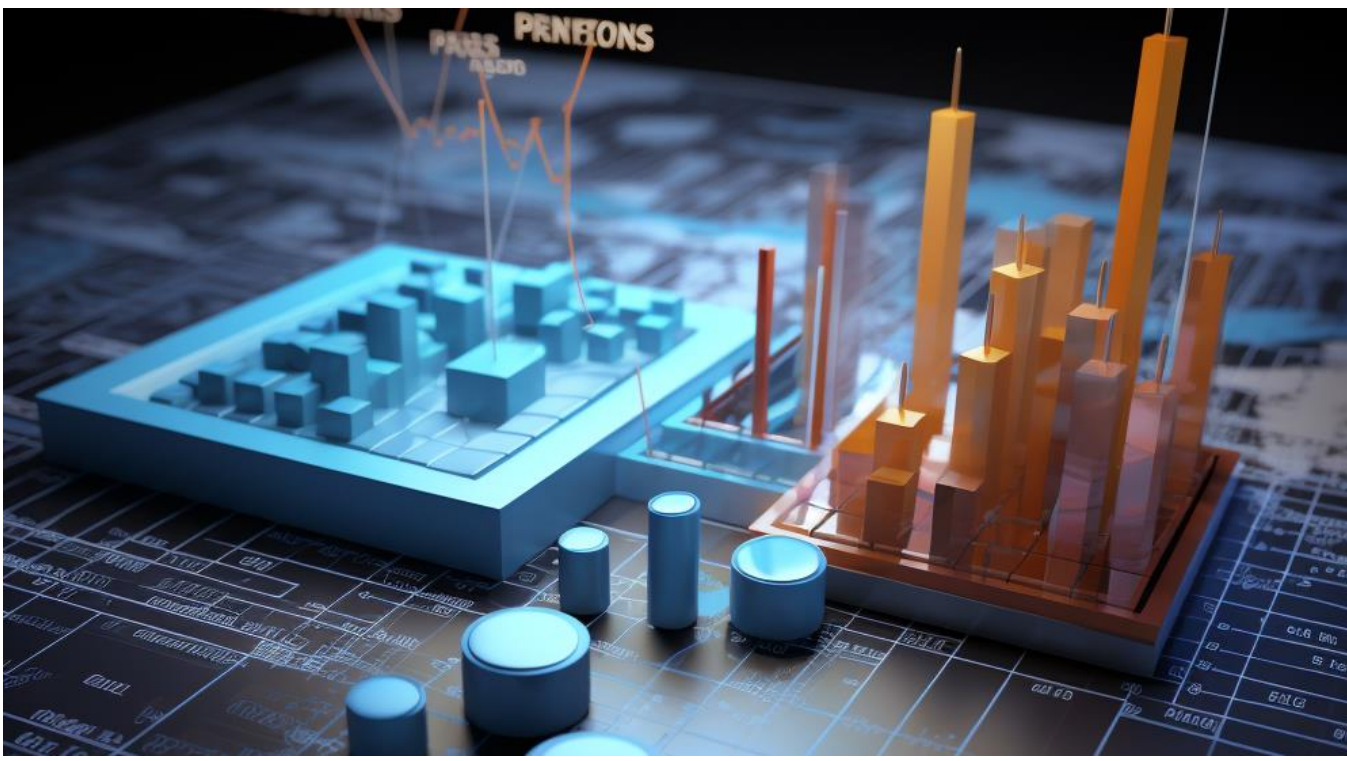
**+25%**  
vs Q3 2022

## R&D



**+8%**  
vs Q3 2022

## Technology<sup>2</sup>



**~+24%**  
vs Q3 2022

<sup>1</sup> Marketing includes advertising expense and market research costs.  
<sup>2</sup> Technology spend reflects the costs included in SG&A, it does not include Capital Expenditures.



# Investing in **Marketing**, R&D, and Technology to Drive Future Growth

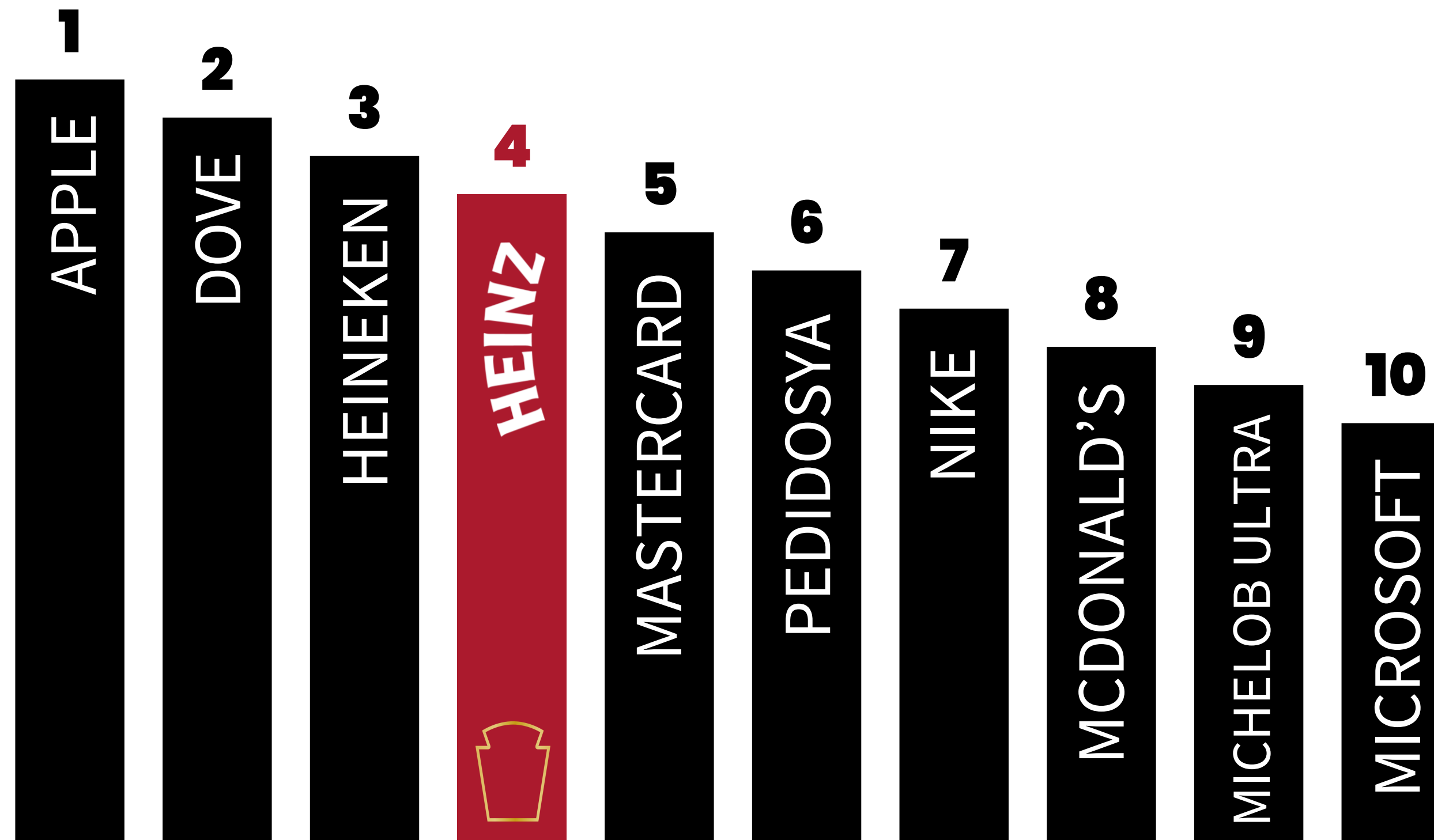
- **25%** increase in Q3 Marketing<sup>1</sup> spend vs PY
- Leveraging the power of iconic brands, like **Heinz**
- Embracing a holistic and sustainable approach to marketing, inserting ourselves into culture





# Heinz, The Fourth Most Awarded Brand at Cannes Lions Festival of Creativity 2023

## Heinz was the Most Awarded Food Brand and the Fourth Most Awarded Brand at Cannes





## Introducing Limited-Edition **Ketchup** and **Seemingly Ranch**



**>4B** impressions

From idea to concept in less than 24 hours!





# Investing in Marketing, R&D, and Technology to Drive Future Growth

## Intellectual Technology



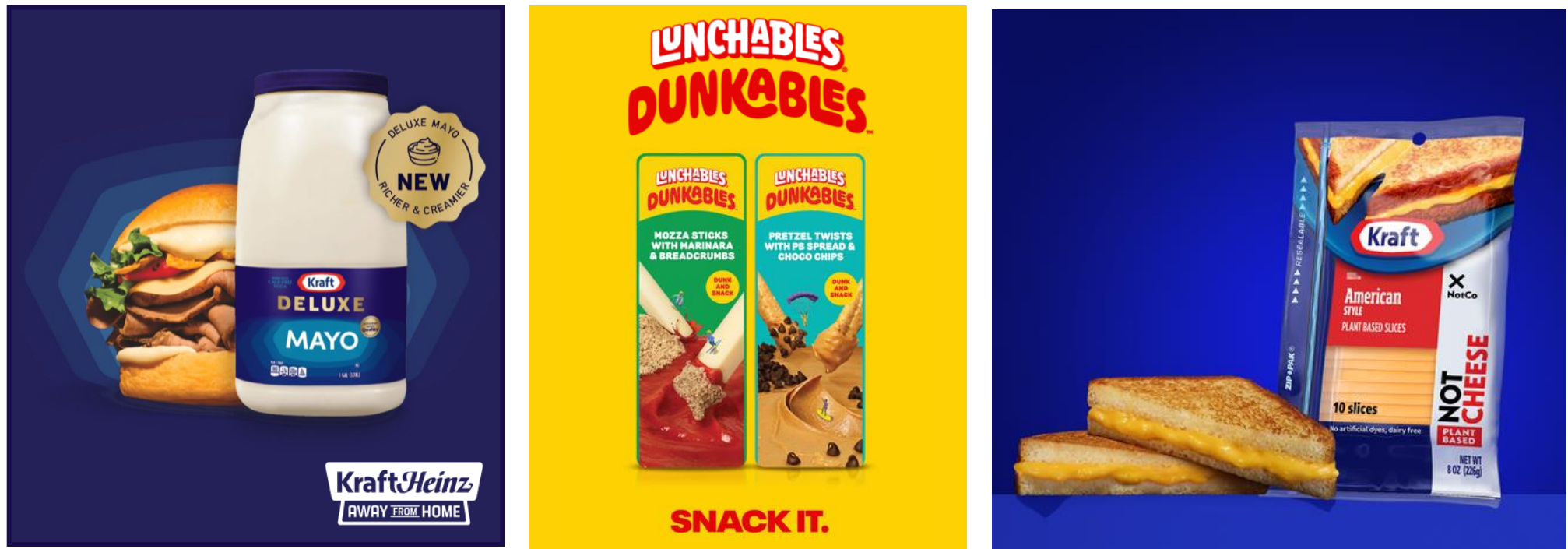
Utilizing *intellectual technology* to create disruptive platforms.

## New Aisles & Occasions



Expanding into *new aisles*, across various *occasions* and *host foods*.

## Priority Growth Spaces



Leveraging our iconic brands to *meet evolving consumer trends*.

## Unique Flavors



*Adapting to local tastes* and creating unique flavor combinations.



## HEINZ REMIX and 360CRISP Named to *TIME*'s Best Inventions of 2023 List

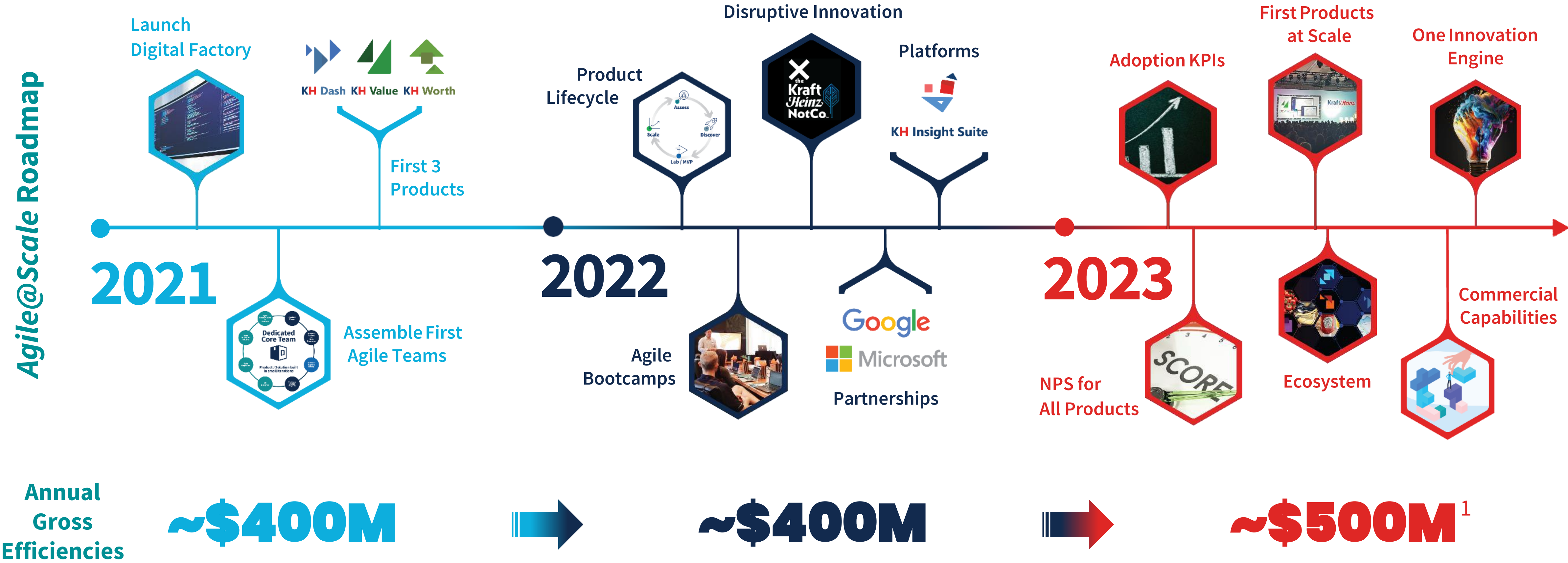
*Kraft Heinz is the only large food company to make *TIME*'s 2023 List ...*



*... and we are the only company to have more than one invention featured in the *Food & Drink* category.*

# Investing in Marketing, R&D, and Technology to Drive Future Growth

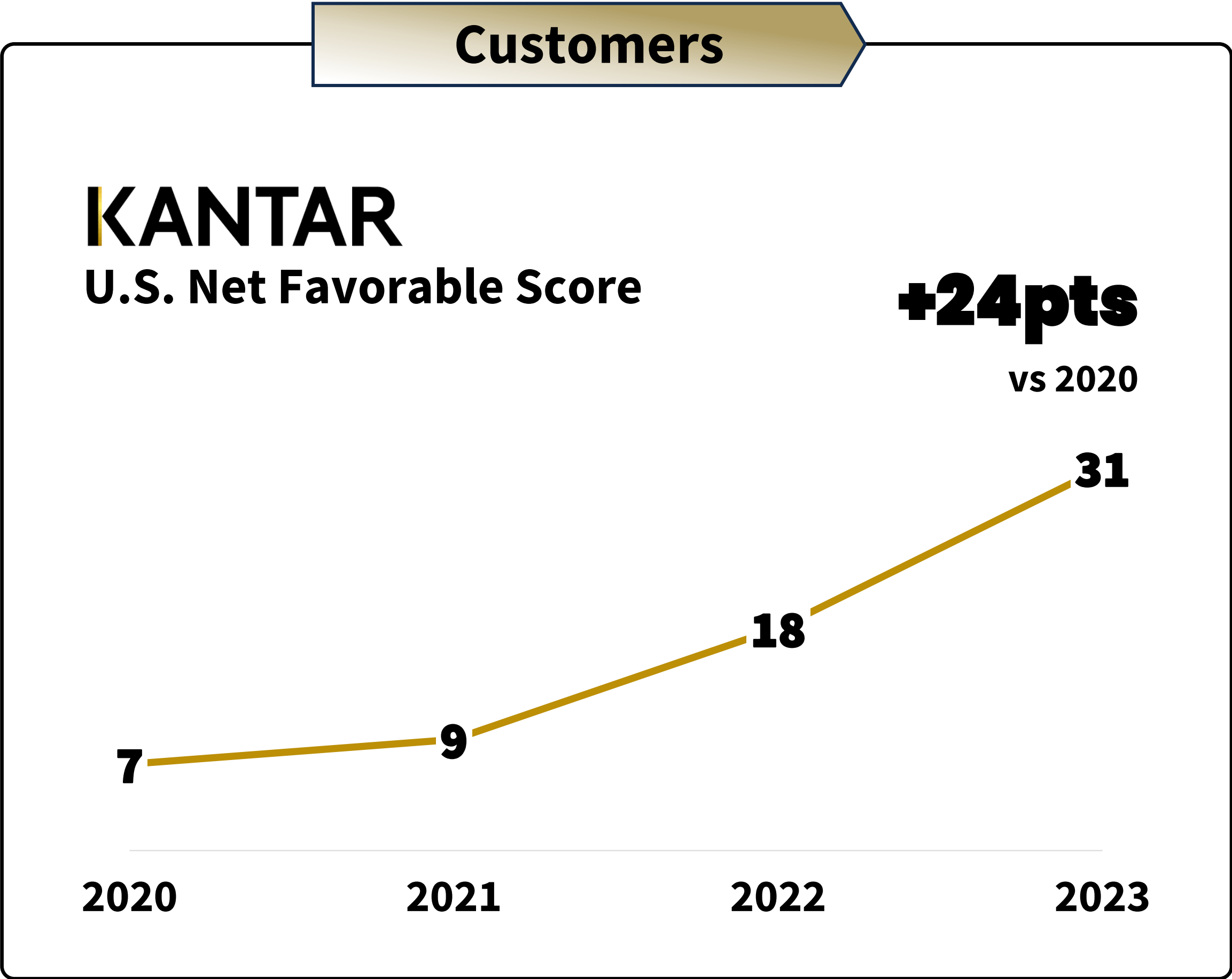
*Agile@Scale* and **strategic partnerships** help us generate efficiencies to fund investments.



1| 2023 annual gross efficiencies of \$500 million reflects the full-year target.




Investments in Technology are Enriching Customer and Supplier Relationships



# 2023 ESG Report Reflects Progress Towards our Three ESG Pillars<sup>1</sup>



### HEALTHY LIVING & COMMUNITY SUPPORT



Improve **product health & nutrition** by achieving **85%** compliance with Kraft Heinz Global Nutrition Targets by 2025.

PROGRESS


72%



Reduce total **sugar** in our products by more than **60 million pounds** across our global portfolio by 2025.

PROGRESS


95%




We aim to have women fill **50%** of our global management positions by 2025.

PROGRESS

41%




### ENVIRONMENTAL STEWARDSHIP



Reduce **water use intensity** by **20%** in **high-risk watershed areas** by 2025.

PROGRESS


-16%



Reduce **waste to landfill intensity** by **20%** across our manufacturing facilities by 2025.

PROGRESS


-18%




Aim to make **100% recyclable, reusable or compostable packaging** by 2025.

PROGRESS

87%




### RESPONSIBLE SOURCING



Source **100%** of eggs globally from **cage-free** or better<sup>2</sup> hens by 2025.

PROGRESS


67%



Purchase **100% sustainably-sourced Heinz ketchup tomatoes** by 2025.

PROGRESS

75%



Purchase **100% sustainable palm oil** by 2022.

COMPLETE

✓

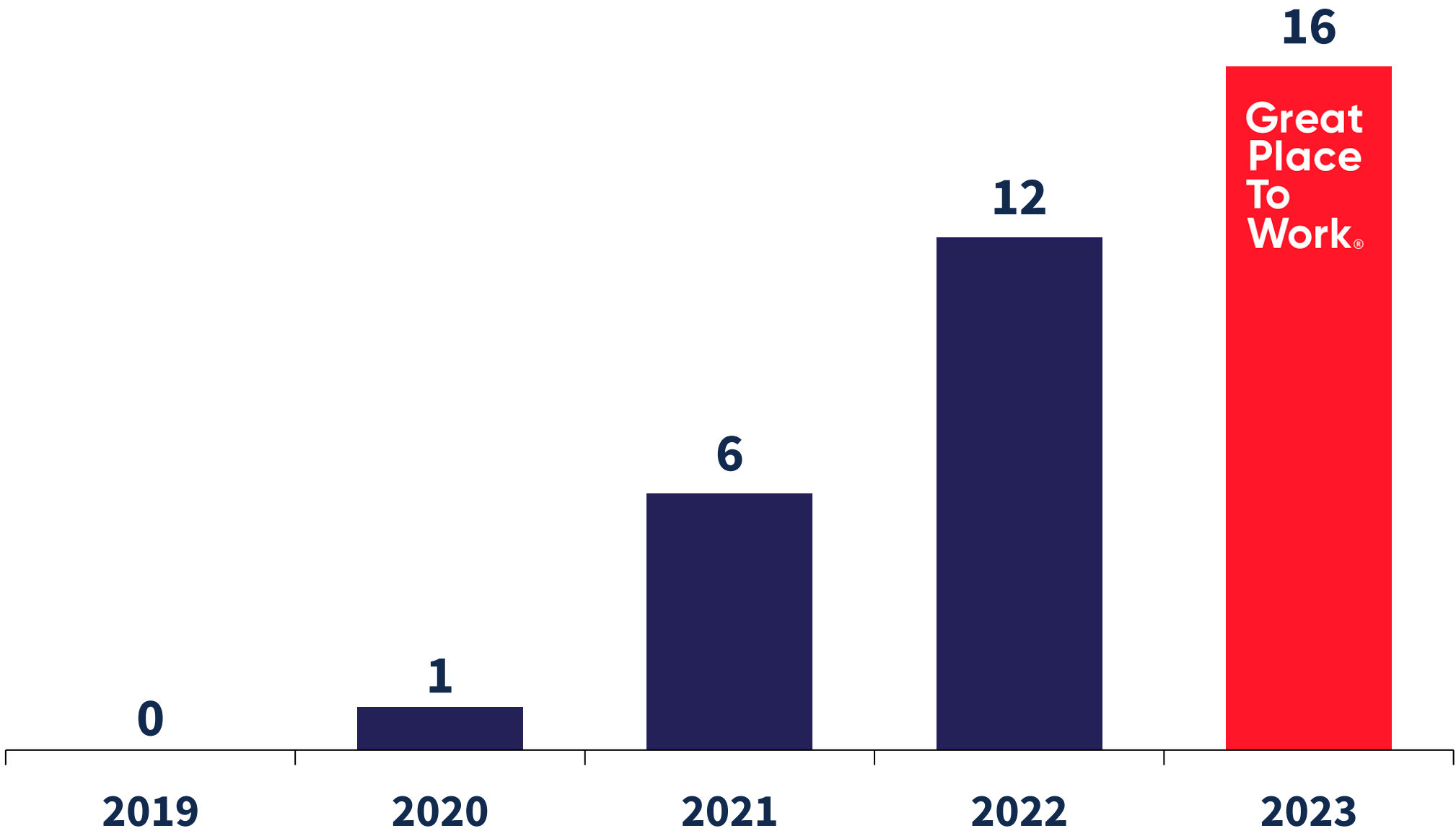
<sup>1</sup> Progress on ESG goals is provided for 2022 or as of December 2022, as provided in our 2023 ESG Report available at [www.kraftheinzcompany.com/esg/pdf/KraftHeinz-2023-ESG-Report.pdf](http://www.kraftheinzcompany.com/esg/pdf/KraftHeinz-2023-ESG-Report.pdf).  
<sup>2</sup> Kraft Heinz defines “cage-free or better” eggs as sourced from laying hens that come from cage-free, free-range, pasture-raised, or similar natural or open housing settings.





Great Place to Work® Certifications

# of Countries Certified by *Great Place to Work*®



From 0 in 2019 to 16 countries receiving *Great Place to Work*® Certifications in 2023.

100 Most Loved Workplaces in America®



Kraft Heinz named to *Newsweek's 100 Most Loved Workplaces in America*® 2023 List.



**Q3 2023**

# **FINANCIAL PERFORMANCE AND OUTLOOK**

**Andre Maciel**

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Global CFO





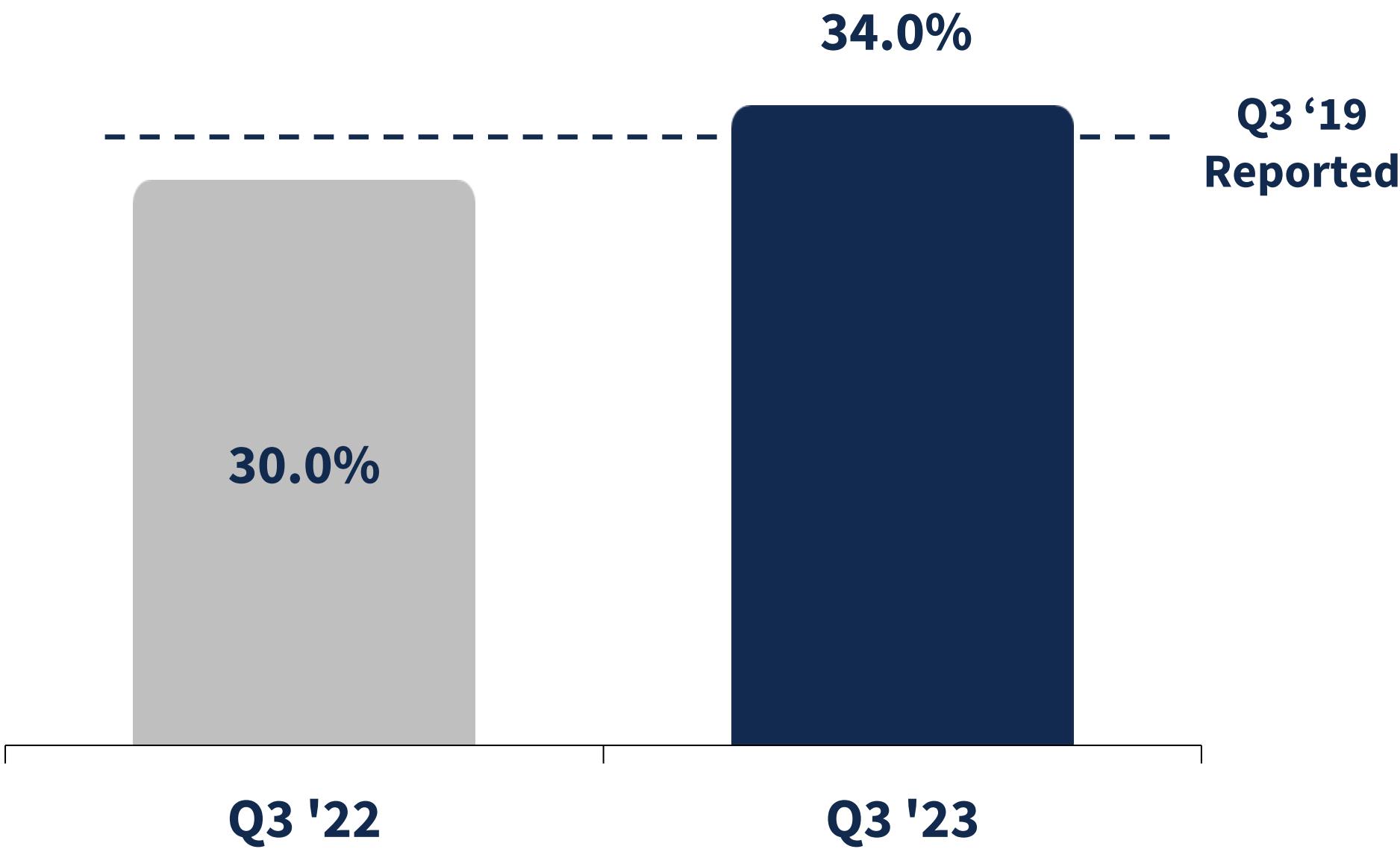
# Grew Topline, Profits, and Profitability

	Kraft Heinz Q3 vs '22	North America Q3 vs '22	International Q3 vs '22
<b>Organic Net Sales<sup>1</sup></b>	<b>+1.7%</b>	<b>(0.1%)</b>	<b>+8.0%</b>
Price	7.1pp	5.8pp	11.6pp
Vol/Mix	(5.4pp)	(5.9pp)	(3.6pp)
Adjusted EBITDA <sup>1</sup>	+11.9%	+14.6%	+6.8%
Currency	(1.0pp)	(0.3pp)	(3.4pp)
<b>Constant Currency Adjusted EBITDA<sup>1</sup></b>	<b>+12.9%</b>	<b>+14.9%</b>	<b>+10.2%</b>
<b>Adjusted EBITDA Margin<sup>1</sup></b>	<b>23.8%</b>	<b>27.8%</b>	<b>16.5%</b>
vs PY	+2.3pp	+3.6pp	+0.2pp



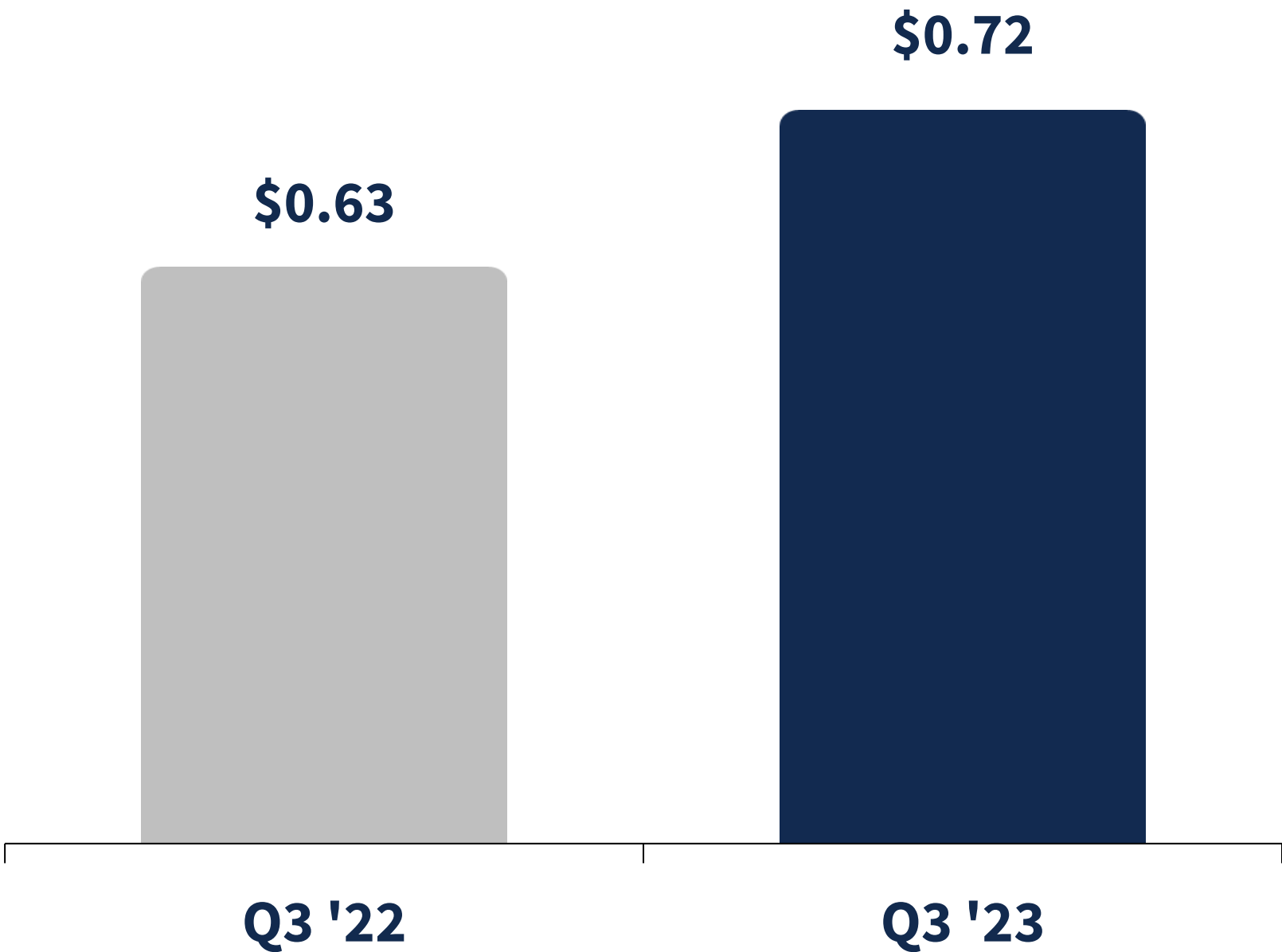
# Margins Returning to Pre-Pandemic Levels

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



Returning to 2019 levels for ongoing business

Adjusted EPS<sup>1</sup>



vs Q3 2022

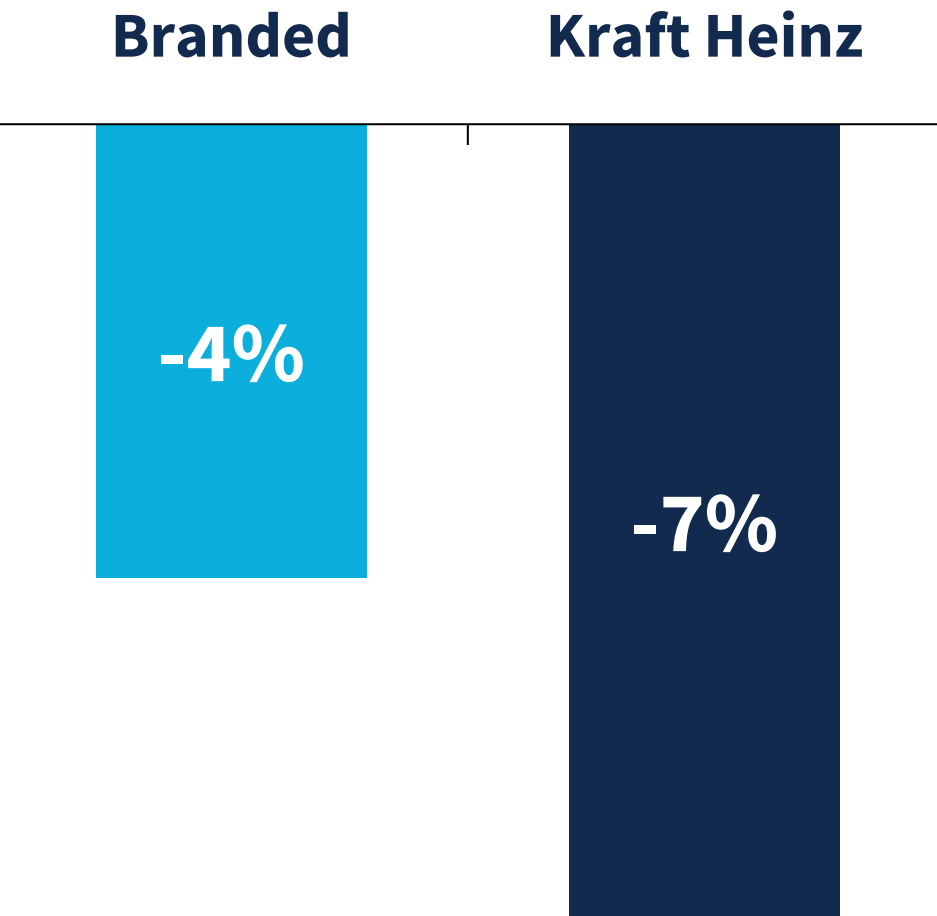
Results of Operations:	\$0.11
Effective Tax Rate:	(\$0.03)
Other Inc./ (Exp.):	\$0.01

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

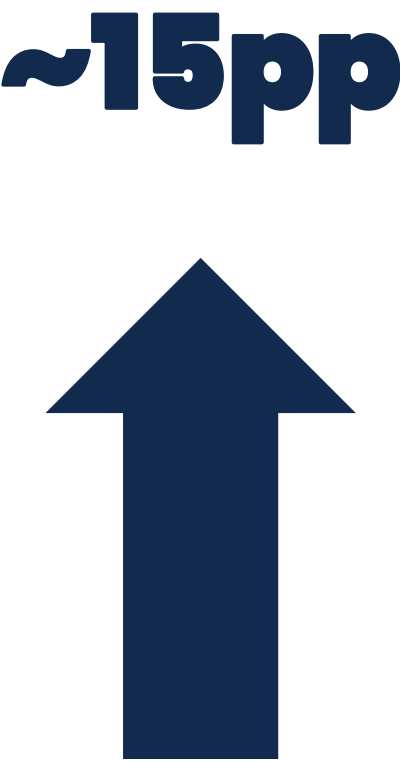


Fewer Promotions. Better ROIs.

% U.S. Q3 Volume Sold on Promotion<sup>1</sup>  
Q3 '23 vs Q3 '19<sup>2</sup>



U.S. ROI Improvement  
Q3 '23 vs Q3 '19<sup>2</sup>



- The promotional environment remains rational
- Branded selling more on promotion
- Promotional ROI continuing to improve

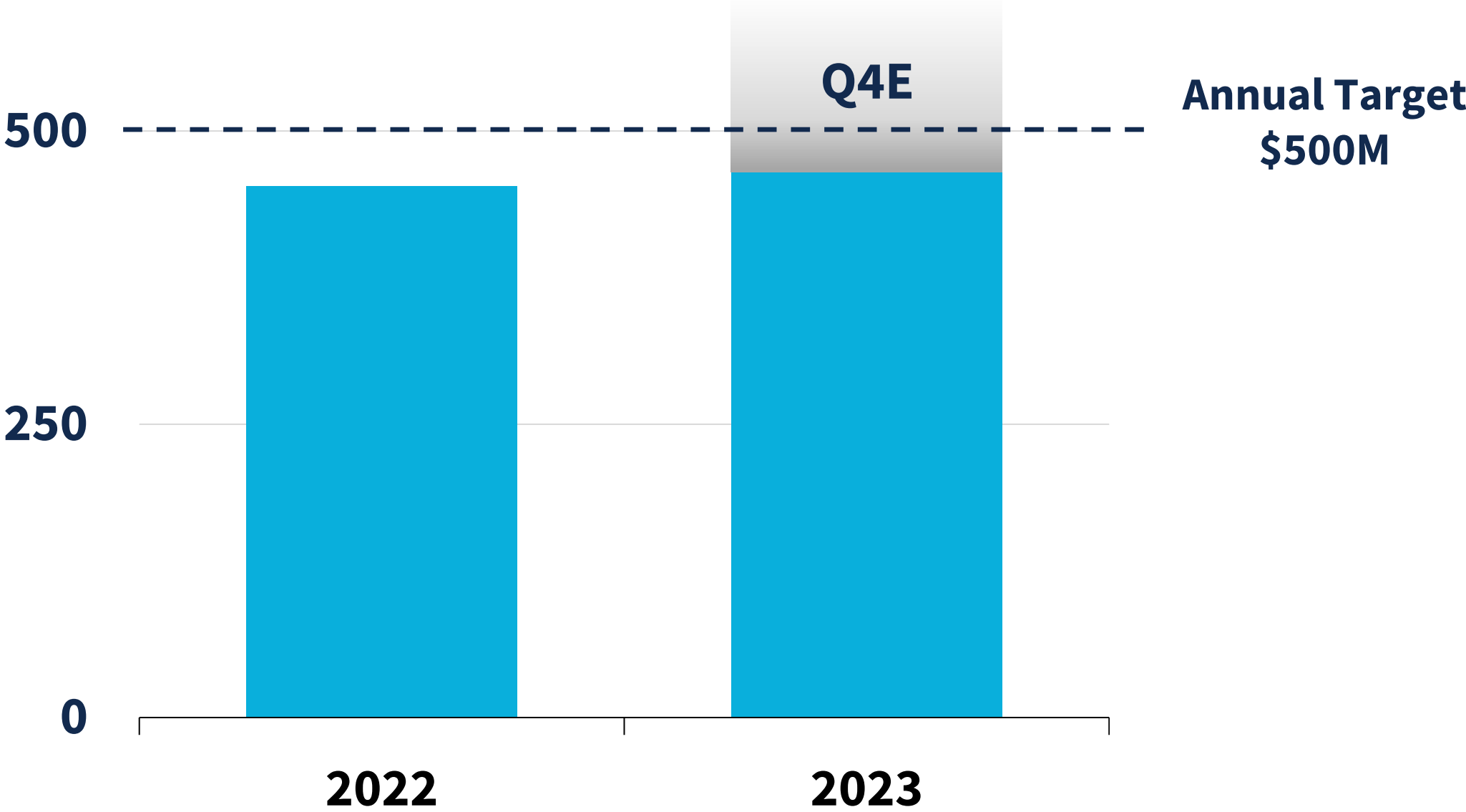
<sup>1</sup> Based on IRI custom hierarchy MULO data from 13 Weeks ending October 1, 2023.  
<sup>2</sup> The Company views comparison to 2019 to be meaningful as it was the base year for the Company's strategic plan announced at the Company's September 2020 Investor Day.



## Supply Chain Efficiencies

Gross Efficiency Plan on Track

Goal:  
\$2.5 Billion by 2027



## Inflation

Improvement in Cost

- Inflation moderating as a whole
- Persistent inflation in certain pockets

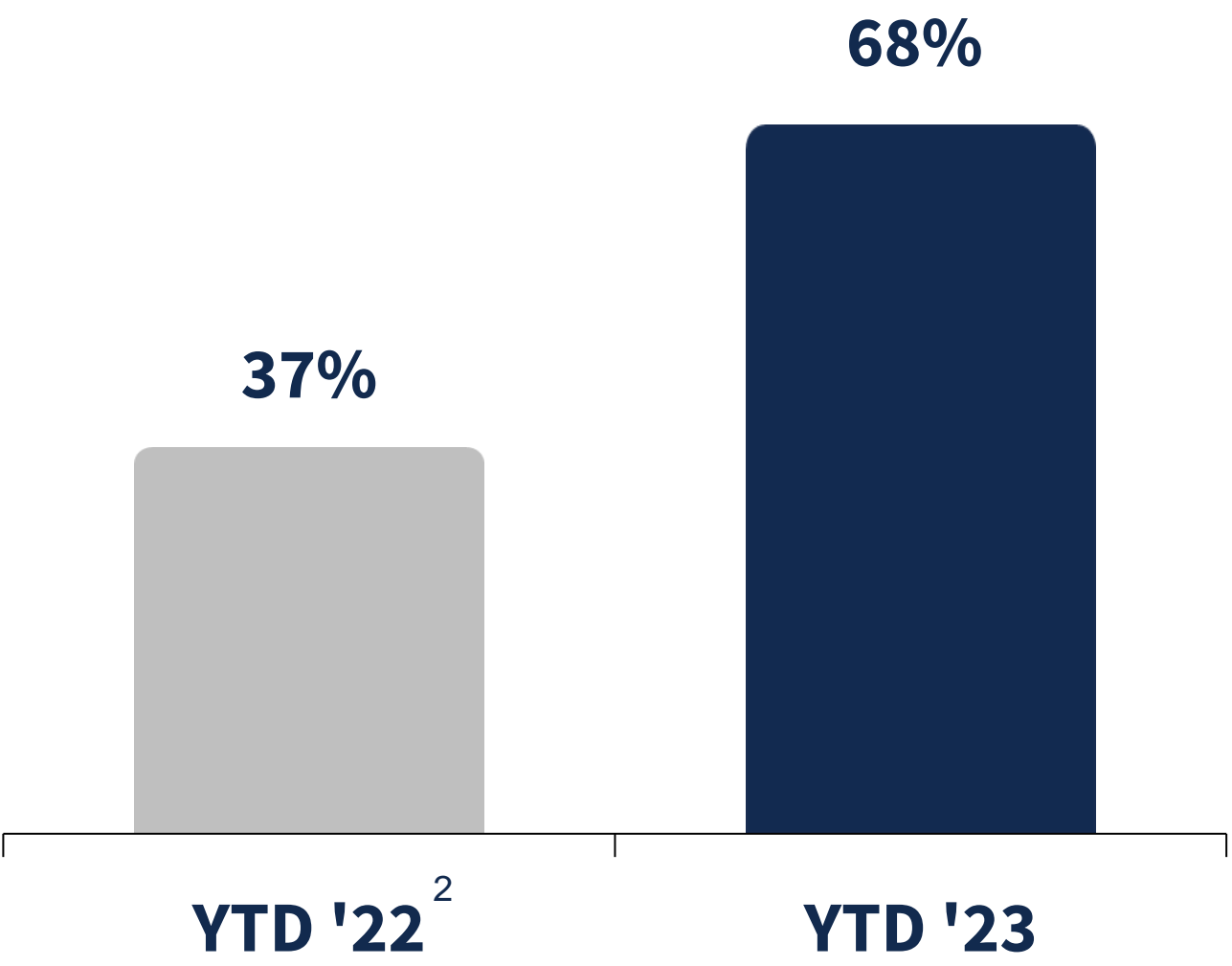
2023 FYE





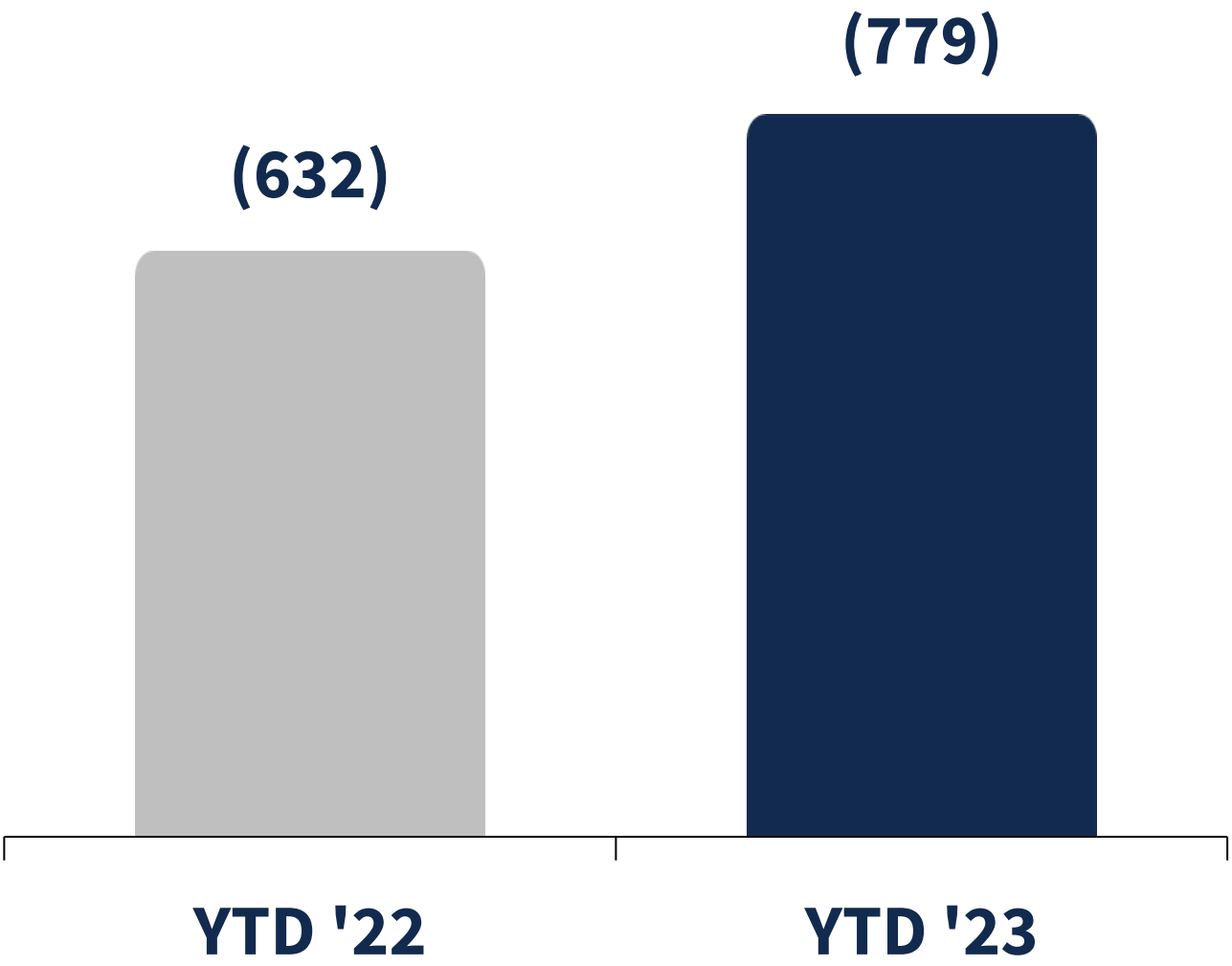
# Strengthening Balance Sheet while Investing in Longevity of the Business

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



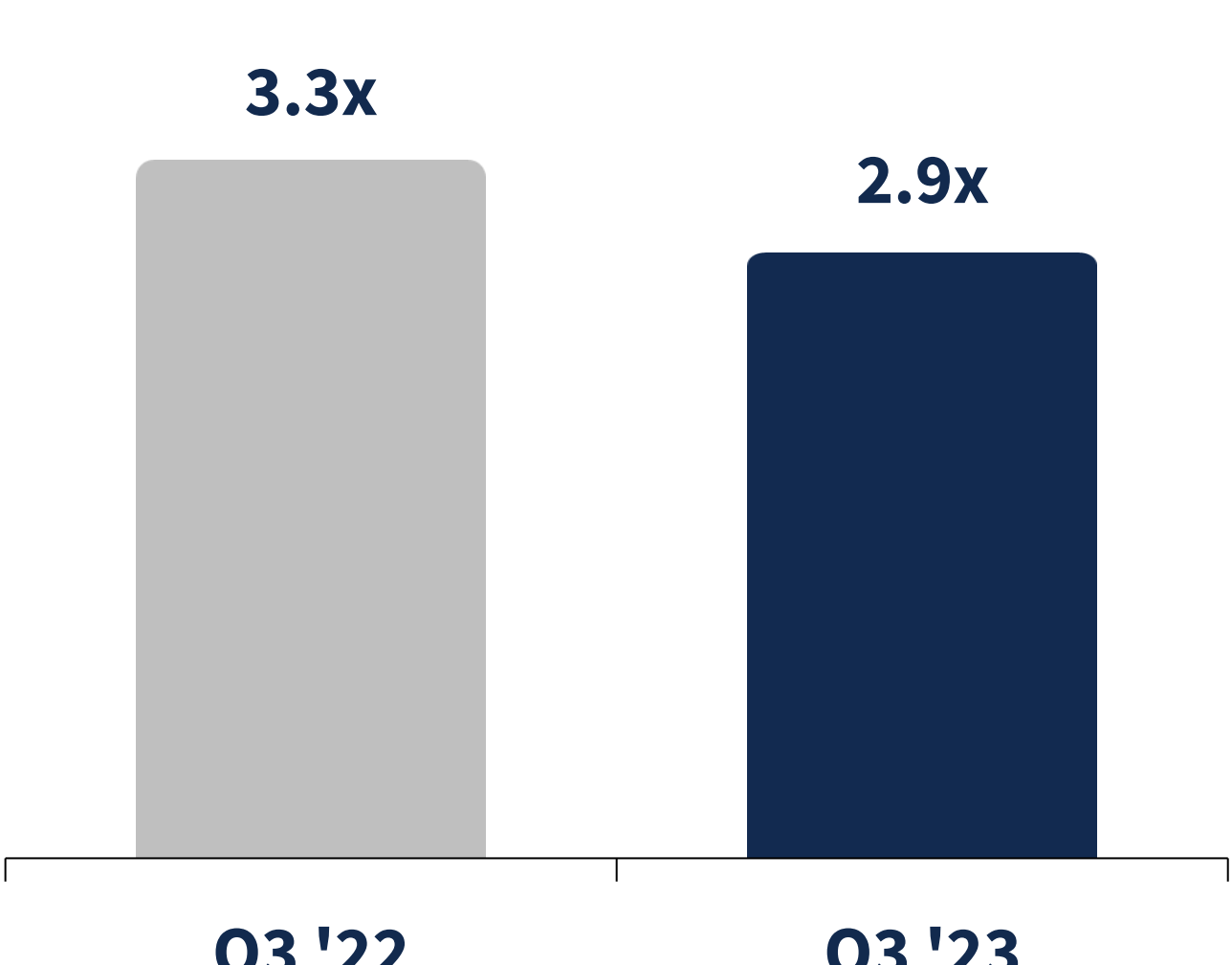
Improvement driven by lapping taxes on divestiture proceeds in 2022

## Capital Expenditures (\$M)



Increasing investments in CapEx by +\$147M to 3.9% of Net Sales

## Net Leverage<sup>1</sup>



Reached targeted leverage of ~3.0x

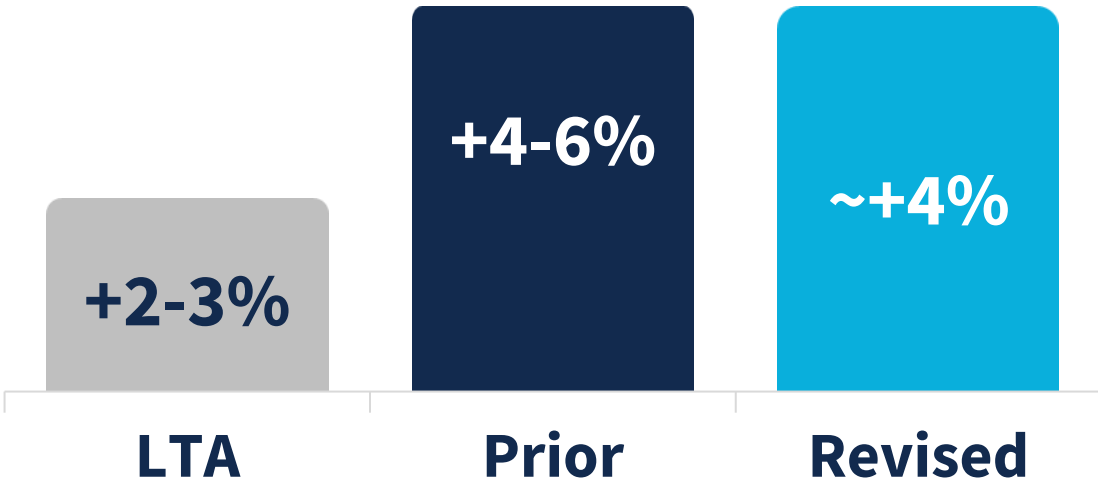
<sup>1</sup> Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at [ir.kraftheinzcompany.com/events-and-webcasts](https://ir.kraftheinzcompany.com/events-and-webcasts).  
<sup>2</sup> 2022 includes tax payment of approximately \$620M on divestiture proceeds.

# Outlook Reflects Above Algorithm Organic Net Sales<sup>1</sup> & Constant Currency Adjusted EBITDA<sup>1</sup> Growth

## 2023 FYE Outlook

## 2023 Considerations

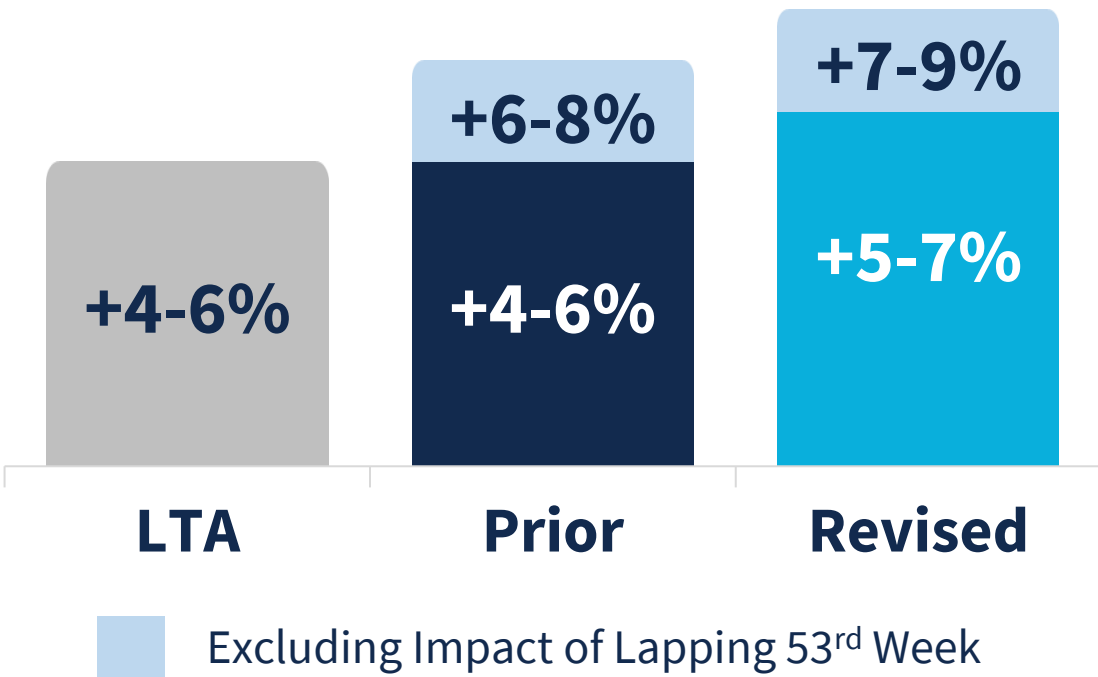
### Organic Net Sales<sup>1</sup>



### Above Long-Term Algorithm Growth

- Narrowing to low end of the 4-6% range, at approximately 4%

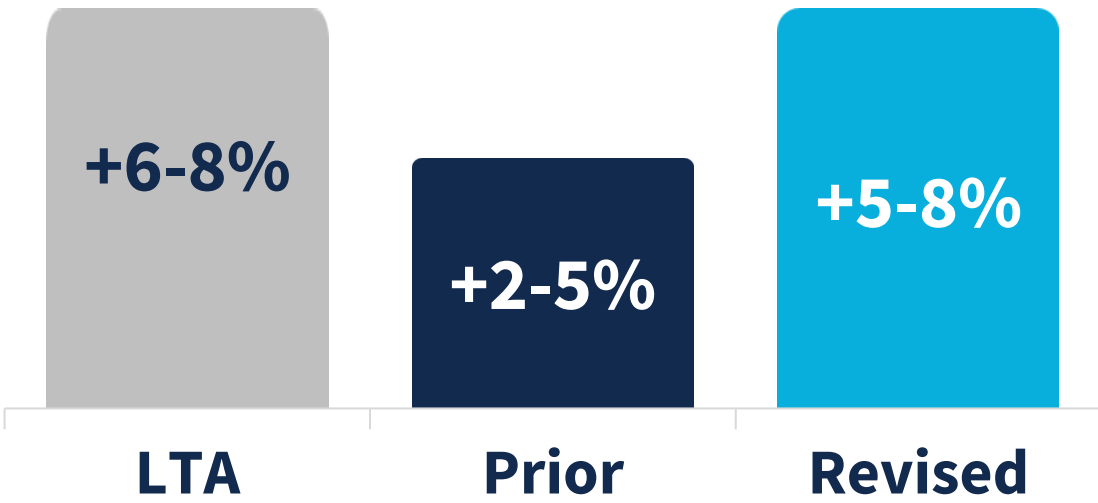
### Constant Currency Adjusted EBITDA<sup>1</sup>



### Constant Currency Adjusted EBITDA<sup>1</sup> +7-9% excluding the impact of 53rd week in 2022

- Raising Adjusted Gross Profit Margin<sup>1</sup> to +200 to 250 bps
- Impact from lapping 53rd week in 2022: ~(2%)
- Impact from currency at current FX rates: ~(1%)

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



### Adjusted EPS<sup>1</sup> range of \$2.91 to \$2.99

- Impact from currency at current FX rates: ~(\$0.04), or ~(1%)
- Non-cash pension and post-retirement benefits: ~(\$0.03), or ~(1%)
- Impact from lapping 53rd week in 2022: ~(\$0.06), or ~(2%)
- Effective tax rate on Adjusted EPS<sup>1</sup>: 19%-20%



# **CLOSING COMMENTARY**

## **Miguel Patricio**

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**Chief Executive Officer  
and Chair of the Board**





## Q3 Key Takeaways



1

**We are generating accelerated profitable growth** fueled by our 3 pillars and improved productivity.

2

**Our share and volume trends continue to improve** as we re-invest across marketing, R&D, and technology.

3

**We continue to strengthen our balance sheet**, hitting our targeted Net Leverage<sup>1</sup> of approximately 3.0x.



