

**Kraft** *Heinz*



**Q2 2023**  
**BUSINESS**  
**UPDATE**

**AUGUST 2, 2023**

# FORWARD-LOOKING STATEMENTS

**KraftHeinz**

August 2, 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,” “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).



**Q2 2023**  
**BUSINESS**  
**UPDATE**

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**Miguel Patricio**

Chief Executive Officer  
and Chair of the Board

## **Q2** **Key Takeaways**

**Accelerated profitable growth, with topline fueled by our 3 pillars.**

**Mitigated expected headwinds and built momentum into the second half of 2023.**

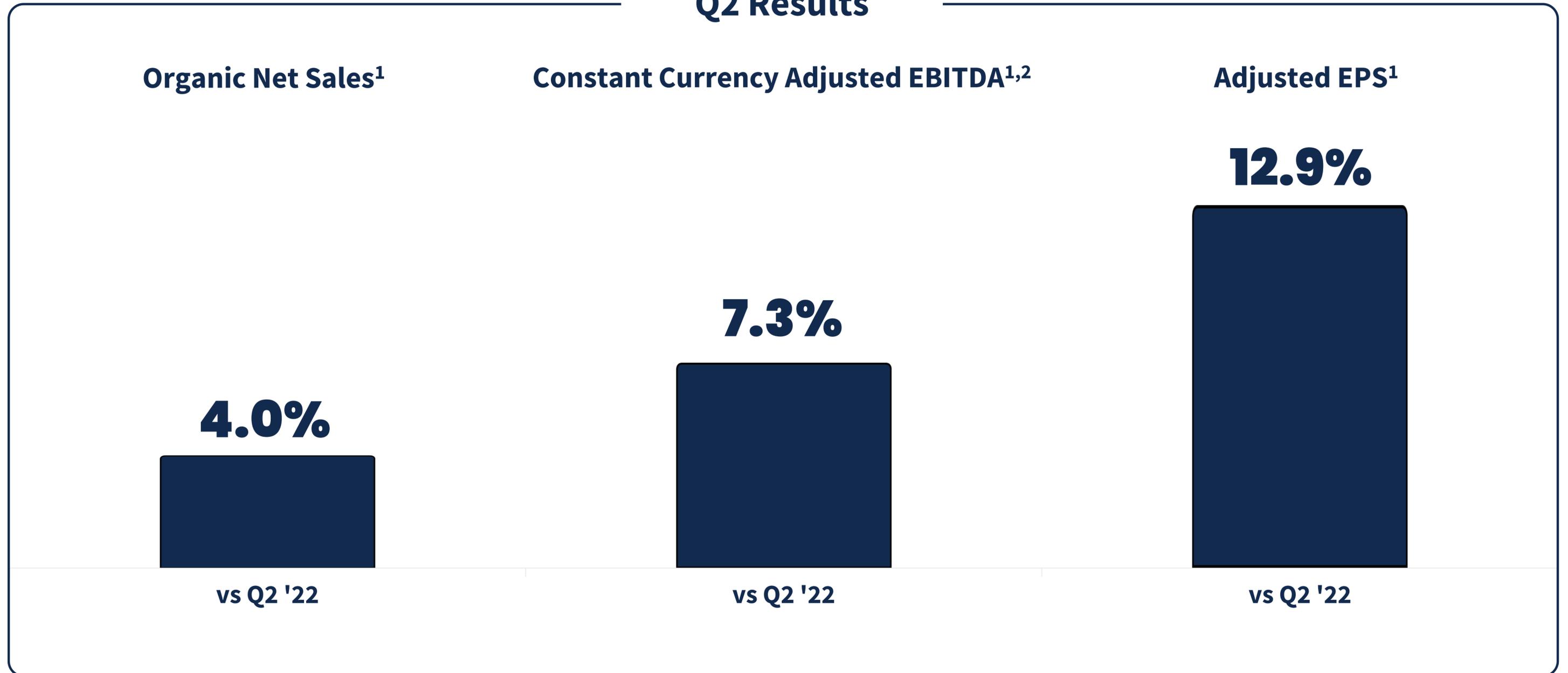
**Taking a disciplined approach to protect our profit dollars and drive variable cost efficiencies.**

**With margin gains, we are investing in marketing, R&D, and technology to drive future growth.**

**Reaffirming full year guidance.**

# Grew Topline, Profits, and Profitability

## Q2 Results



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

## Foodservice

### Global



**~+15%**

Organic Net Sales<sup>1</sup>  
vs Q2 2022

## Emerging Markets

### International Zone



**+11%**

Organic Net Sales<sup>1,2</sup>  
vs Q2 2022

## GROW Platforms in U.S. Retail

### North America Zone



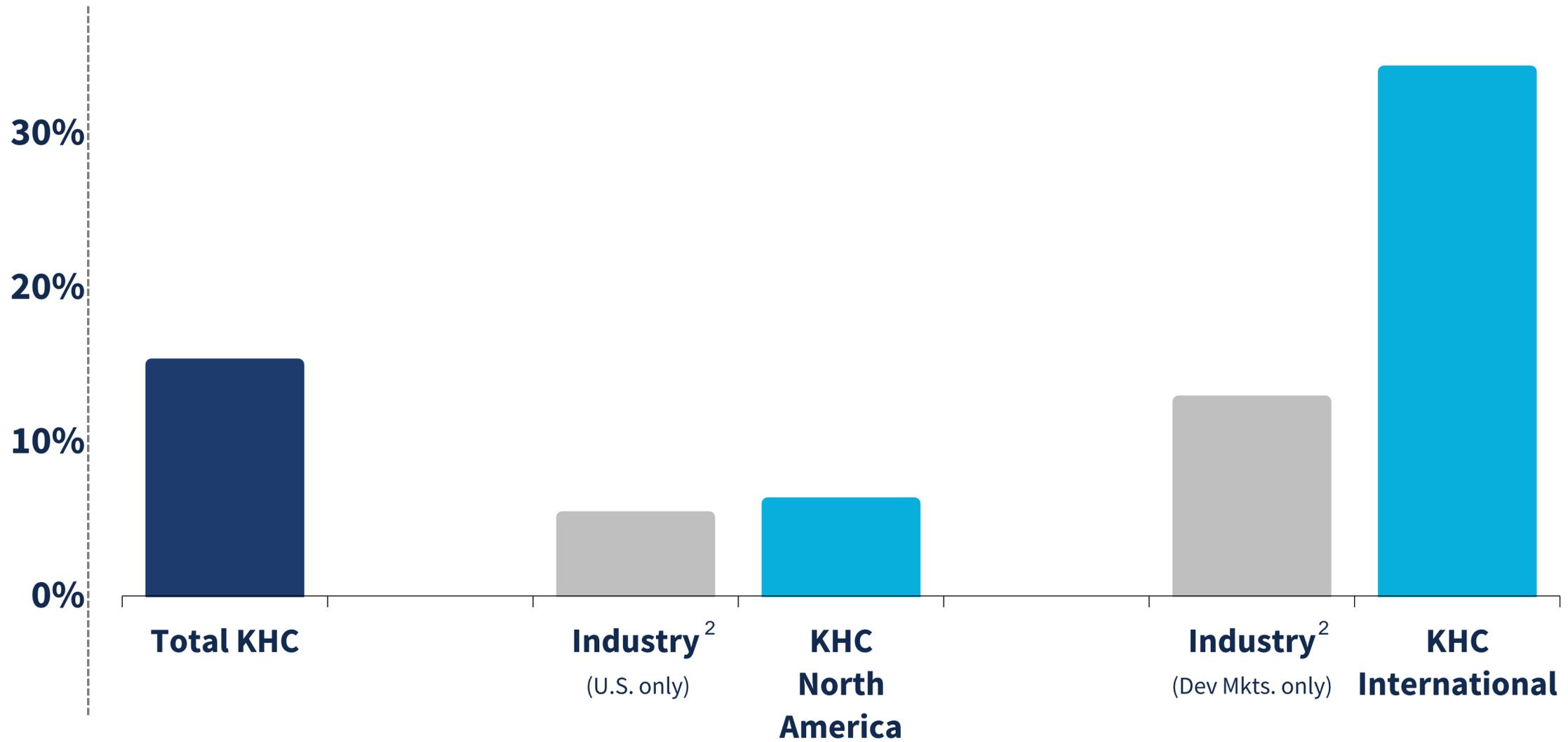
**+1%**

Organic Net Sales<sup>1</sup>  
vs Q2 2022

<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> Includes Foodservice business within Emerging Markets.

# Foodservice Growing and Gaining Market Share

## Foodservice Q2 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 June 2023). For International, Industry represents Developed Markets only. International industry growth based on NPD Crest data through May 2023.

# Foodservice Growth Strategy Driving Strong Results

## Chef-Led Model

Co-creating menu concepts with customers to meet specific needs



## Attractive Channels

Competing in more attractive, higher margin spaces

### Mom & Pop



### Hospitality & Schools



## Innovation

Leveraging connected equipment and testing/scaling to drive innovation



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

## Foodservice

### Global



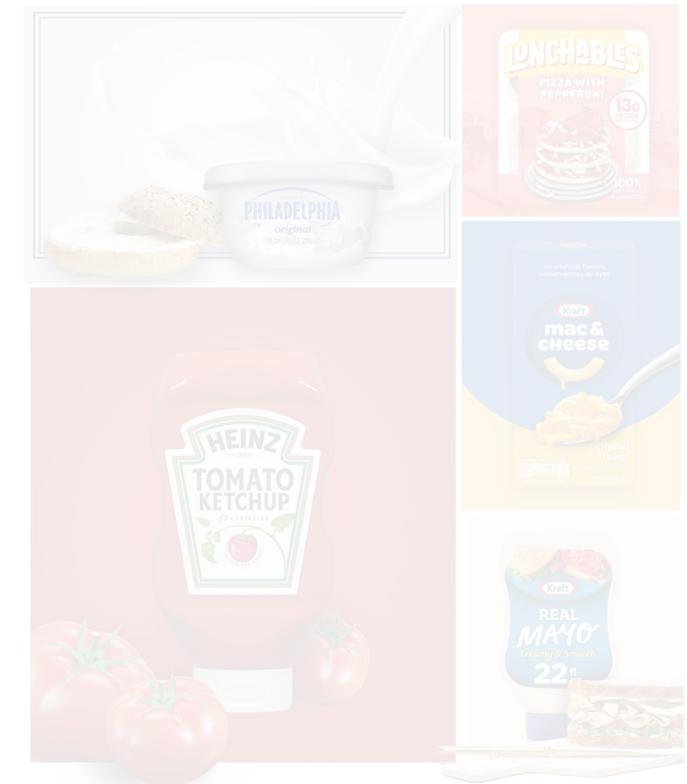
## Emerging Markets

### International Zone

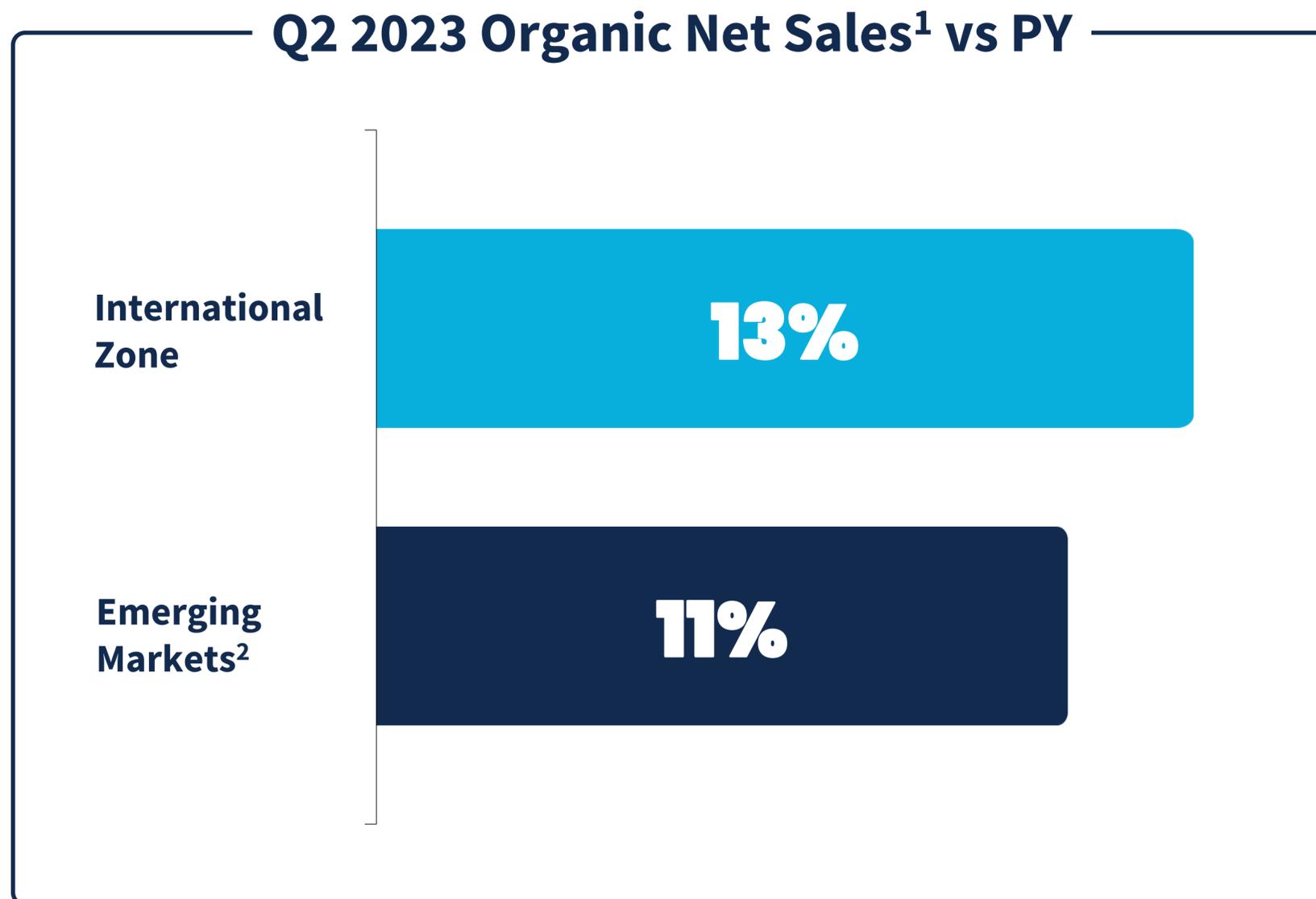


## GROW Platforms in U.S. Retail

### North America Zone



# Emerging Markets Growing Double Digits

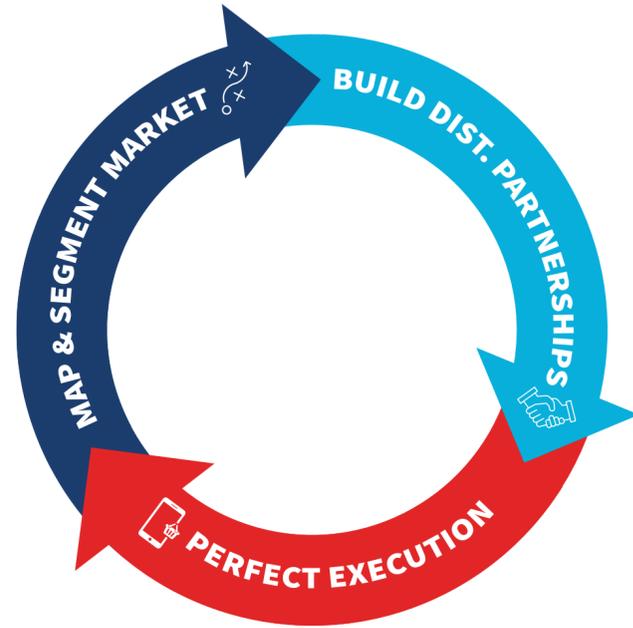


- Expect H2 growth in line with Q1
- Q2 was impacted by one-time items totaling approximately 7pp, driven primarily by delivery timing in Brazil

# Three Consistent Levers Backing our Emerging Markets Growth

## Go To Market

Scalable, Repeatable Model



## Brand Equity

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



## Foodservice

Attacking Underpenetrated Foodservice Channel



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

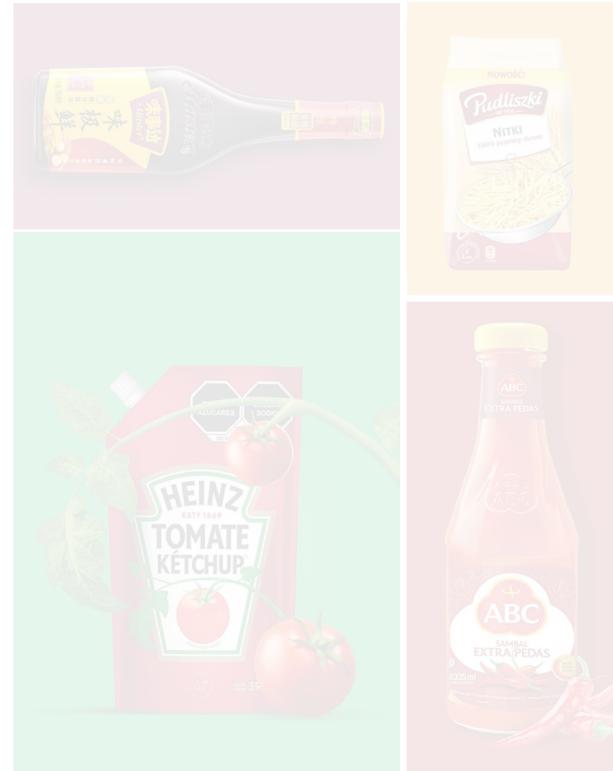
## Foodservice

### Global



## Emerging Markets

### International Zone



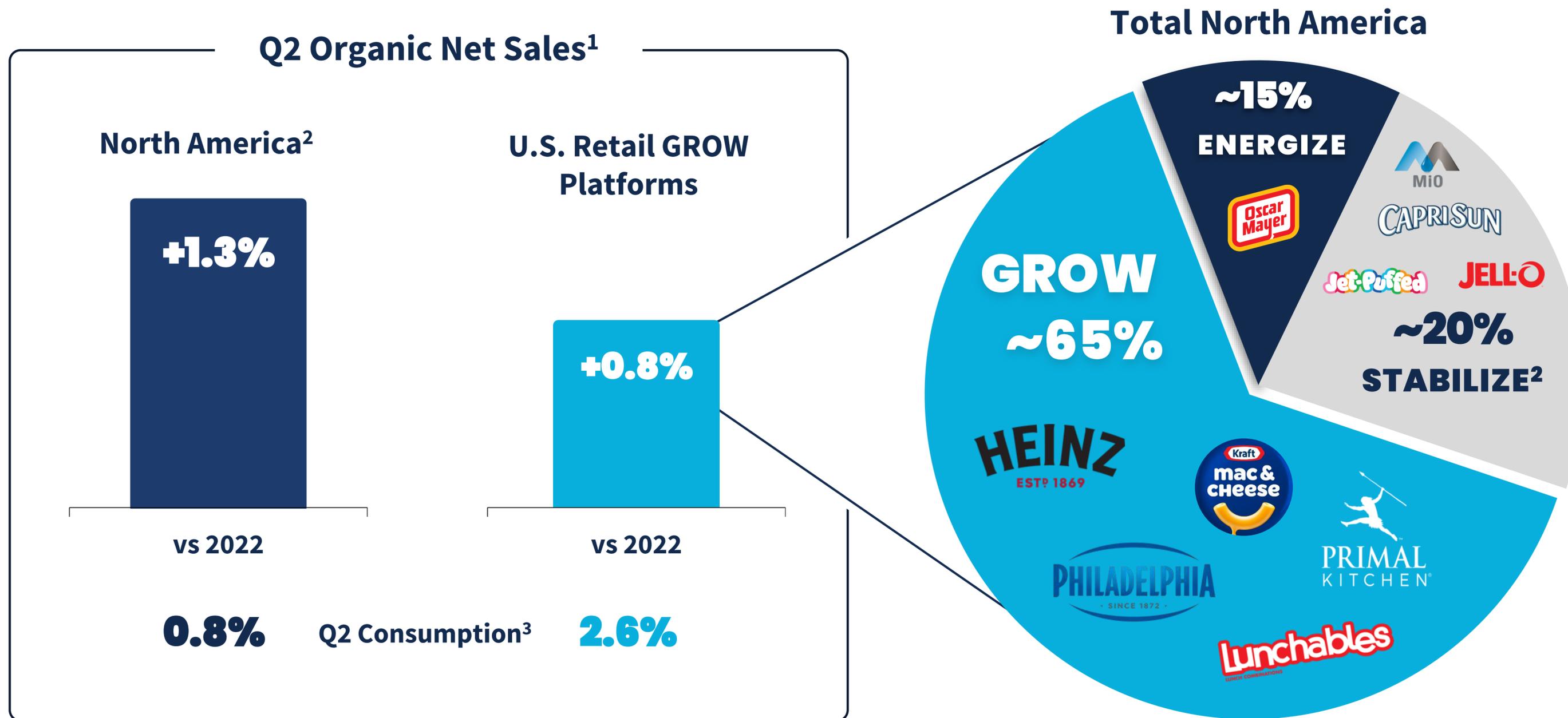
## GROW Platforms in U.S. Retail

### 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..](http://ir.kraftheinzcompany.com/events-and-webcasts..)

# Consumption Growth in GROW Platforms



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| Stabilize calculations also include Organic Net Sales that are not otherwise categorized into another platform role presented.

3| Based on IRI data 13 weeks ending July 2, 2023.

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

# Within GROW Platforms, Taste Elevation and Easy Meals Led Growth



## Taste Elevation



## Easy Meals



**6%**

**U.S. Retail Organic Net Sales<sup>1</sup>**

**8%**

**Consumption Growth<sup>2</sup>**  
vs Q2 2022

**1%**

**6%**

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] Based on IRI data 13 weeks ending July 2, 2023.

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

# Action Plans in Place to Capture Additional Share

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Teams are Implementing Action Plans Shared Last Quarter

## 1 Joint Business Plan Execution

Agreements in place to improve Shelf Space and Merchandising

## 2 Increasing Marketing Investment

Increasing Double-Digits YOY

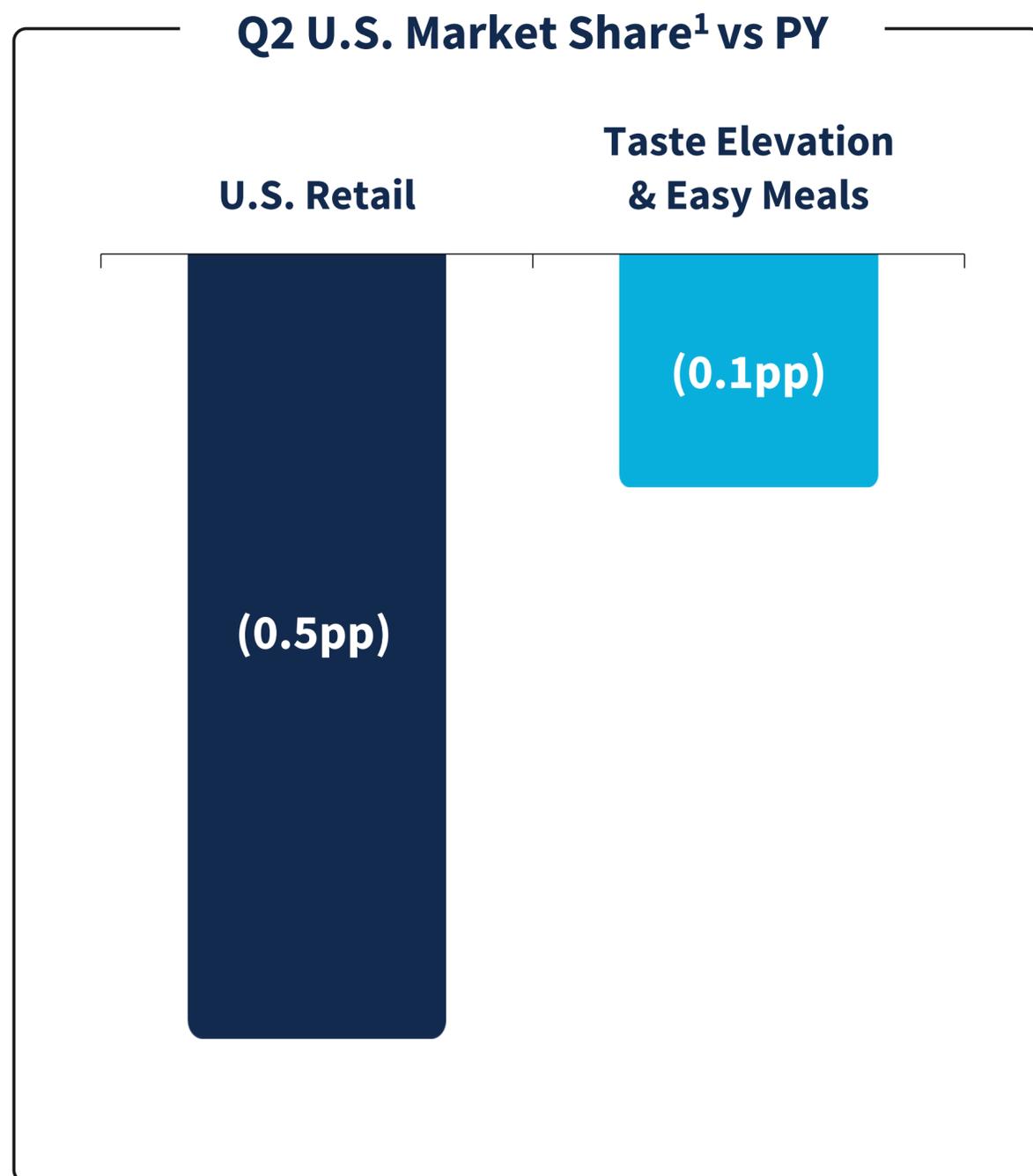
## 3 Innovation

Innovation continuing to ramp up throughout 2023

## 4 Supply Recovery

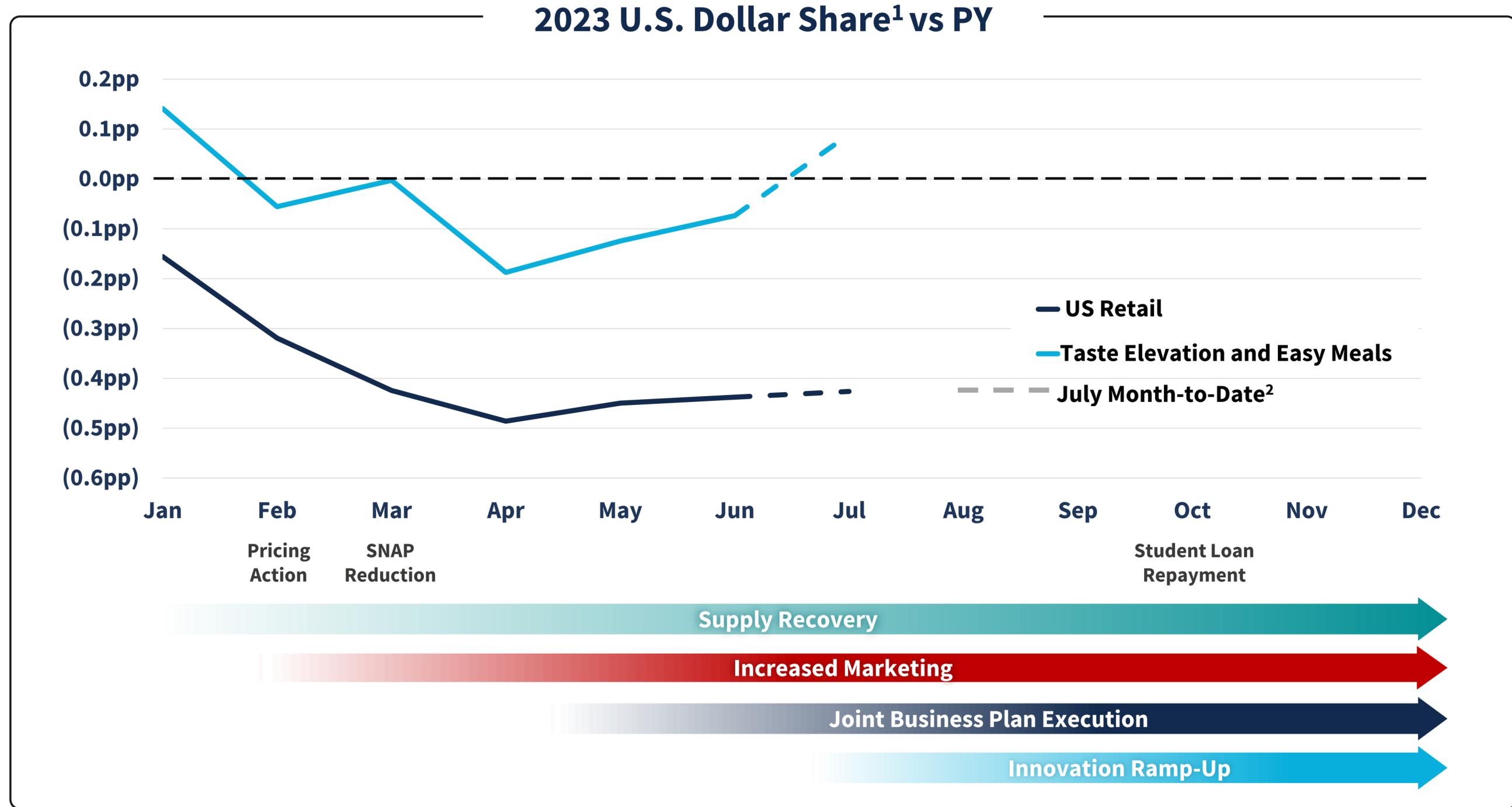
Solve remaining supply constraints

# Taste Elevation and Easy Meals Outperforming U.S. Retail



- Share loss remains concentrated in Cold Cuts, Cream Cheese, and Kids Single Serve Beverages
- Taste Elevation and Easy Meals outperforming U.S. Retail

# Share Trend Improving as Action Plans Implemented



<sup>1</sup> Mix-adjusted market share based on IRI data 13 weeks ending July 2, 2023. Total North America Zone not provided due to unavailability of IRI data for Canada.  
<sup>2</sup> Mix-adjusted market share based on IRI data 3 weeks ending July 23, 2023.

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

## Marketing



## R&D



## Technology



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

- 23% increase in Marketing spend in Q2 vs PY
- First ever global marketing campaign for *Heinz* – based on actual consumer stories
- KHC awarded most 2023 Cannes Lions of any food company in the world!



**KraftHeinz**  
WINS AT  
**CANNES LIONS**



**3X** **5X** **13X** **83X**  
GOLD SILVER BRONZE SHORTLISTS

## Investment in R&D<sup>1</sup>: **+10%**

### National Launches



### Expansion into New Aisles



### Disruptive Innovation in Foodservice



Agile Innovation Engine Driving Innovation Pipeline Across Retail and Foodservice

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

Unleashing Power of *Heinz* beyond Ketchup, launching Culinary Tomatoes Line



Tingly Ted's: Top 25th Percentile Velocities in UK<sup>1</sup>, Launching Around the Globe



1| Based on IRI data 4 weeks ending July 8, 2023.

## Investments in Technology



## Driving Transformation In:

- Innovation
- Revenue Management
- Sales
- Marketing
- **Supply Chain**

## State of the Art Distribution Center Expected 2025



- **Leverage Advanced Automation**
- **Drive 2X Volume**
- **Reduce Environmental Footprint**

**Q2 2023**

**FINANCIAL  
PERFORMANCE  
AND OUTLOOK**

**Andre Maciel**

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**Global CFO**

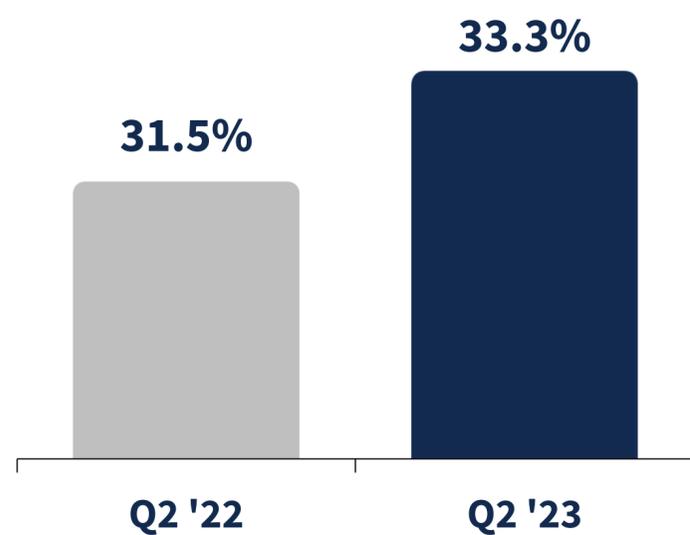


# Grew Topline, Profits and Profitability

	<b>Kraft Heinz</b> Q2 vs '22	<b>North America</b> Q2 vs '22	<b>International</b> Q2 vs '22
<b>Organic Net Sales<sup>1</sup></b>	<b>+4.0%</b>	<b>+1.3%</b>	<b>+13.2%</b>
Price	11.0pp	9.4pp	16.5pp
Vol/Mix	(7.0pp)	(8.1pp)	(3.3pp)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>+6.0%</b>	<b>+2.7%</b>	<b>+16.9%</b>
Currency	(1.3pp)	(0.4pp)	(5.6pp)
<b>Constant Currency Adjusted EBITDA<sup>1</sup></b>	<b>+7.3%</b>	<b>+3.1%</b>	<b>+22.5%</b>
<b>Adjusted EBITDA Margin<sup>1</sup></b>	<b>24.0%</b>	<b>27.3%</b>	<b>17.7%</b>
vs PY	+0.8pp	+0.5pp	+1.3pp

# Expanding Margins Enabling Growth Investments

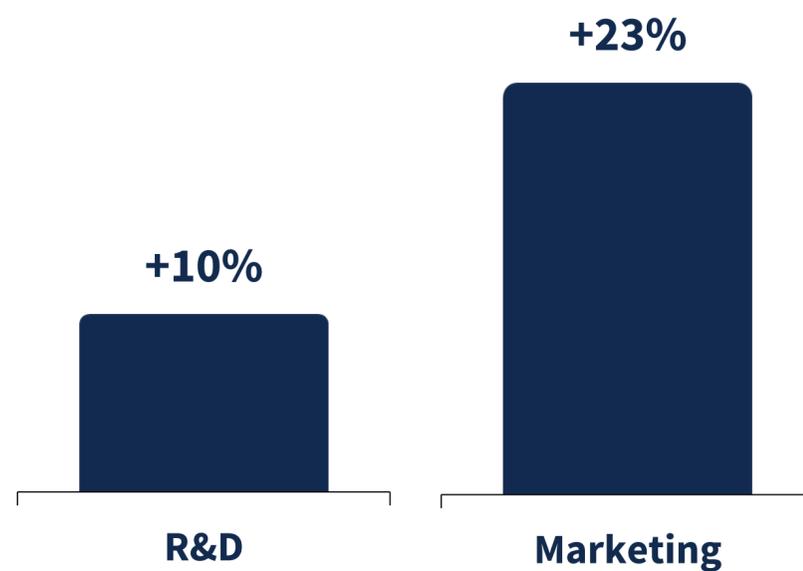
## Adjusted Gross Profit Margin<sup>1</sup>



Approaching FY2021 levels

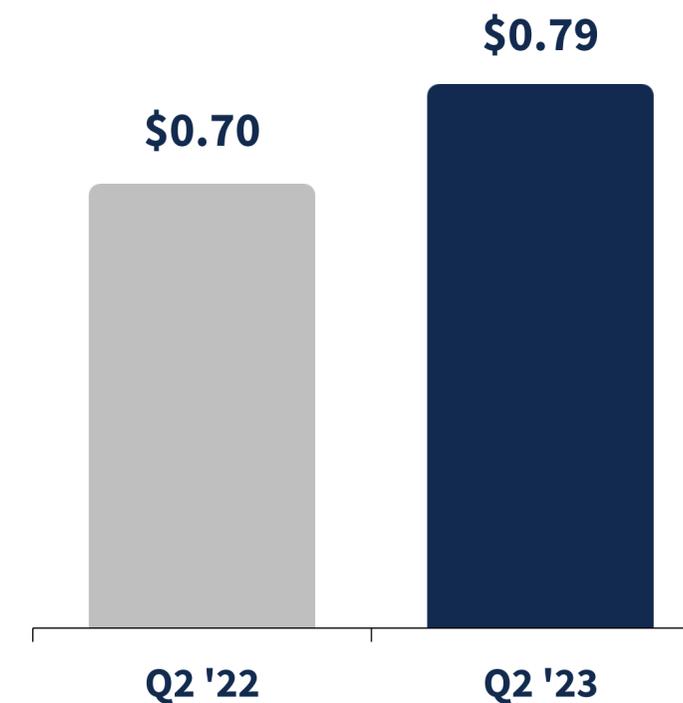
## R&D / Marketing Spend Increase

Q2 '23 vs Q2 '22



Investing to drive future growth

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

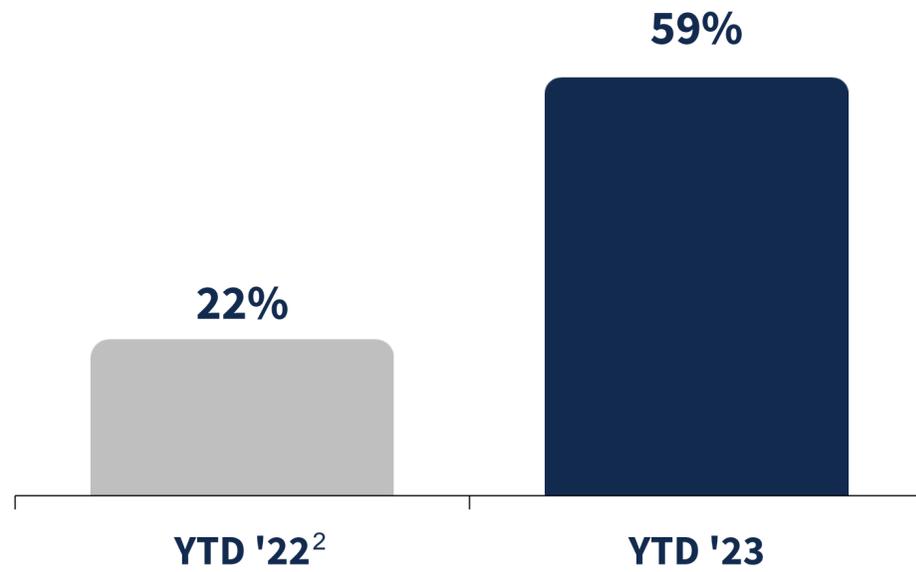


vs Q2 2022

Results of Operations:	\$0.06
Effective Tax Rate:	\$0.06
Interest Expense:	\$0.01
Pension & Post Retirement Medical:	(\$0.01)
Other Inc./ (Exp.):	(\$0.03)

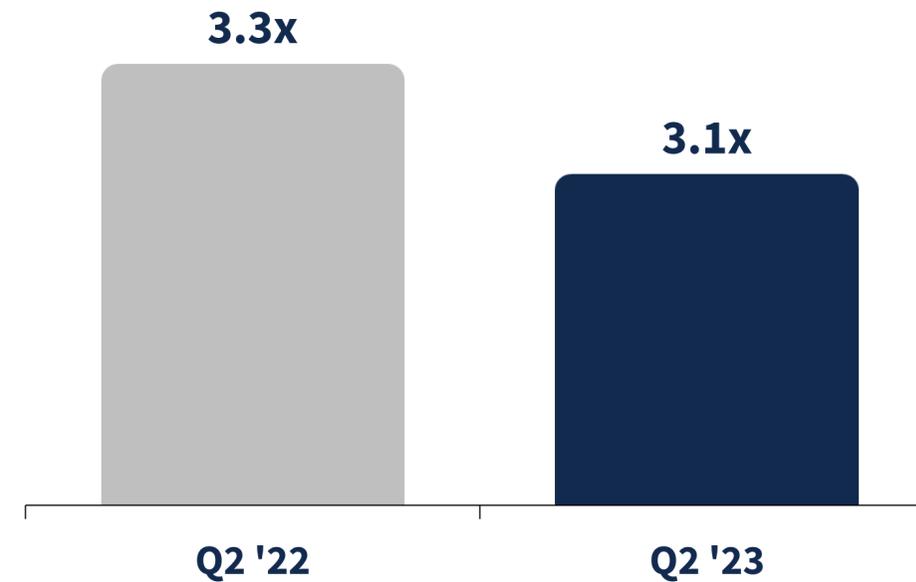
# Strengthening Balance Sheet

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



Inventory improving sequentially from Q1

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



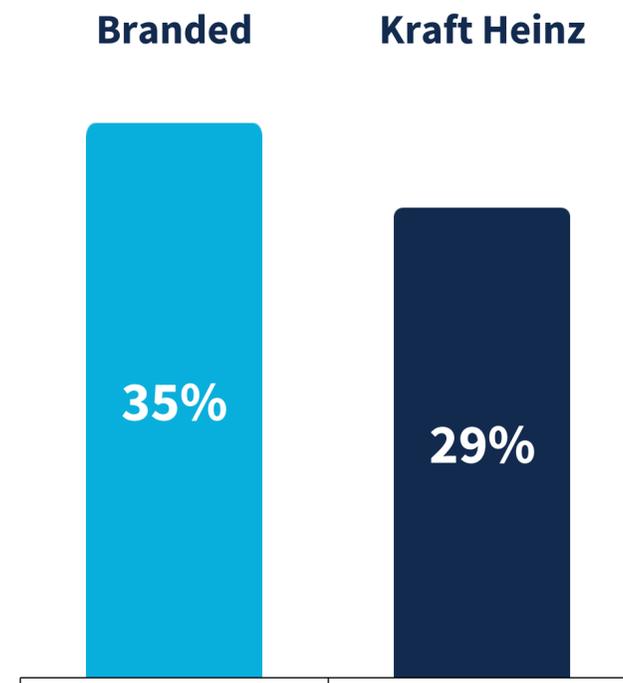
Approaching targeted leverage of ~3.0x

<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.

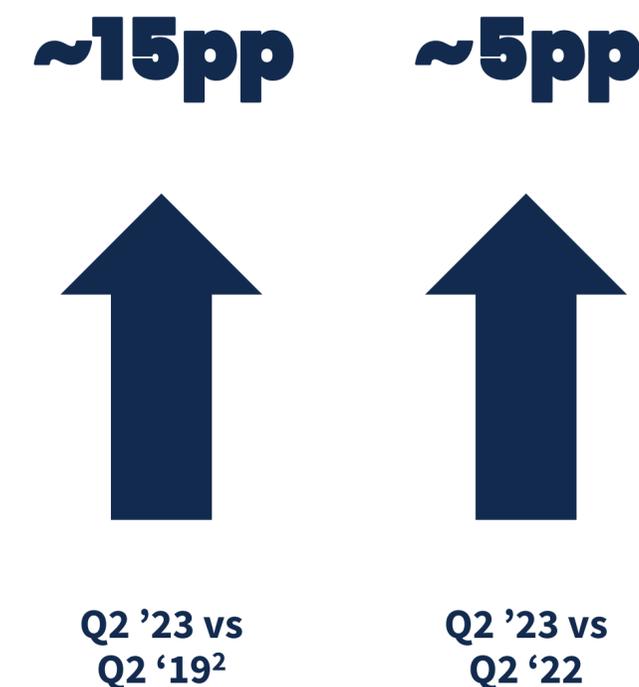
# Pricing in Place with Disciplined Approach to Promotions

- Pricing for the year has been announced
- Price gaps expanded relative to private label and branded
- Branded selling more on promotion
- Promotional ROI continuing to improve

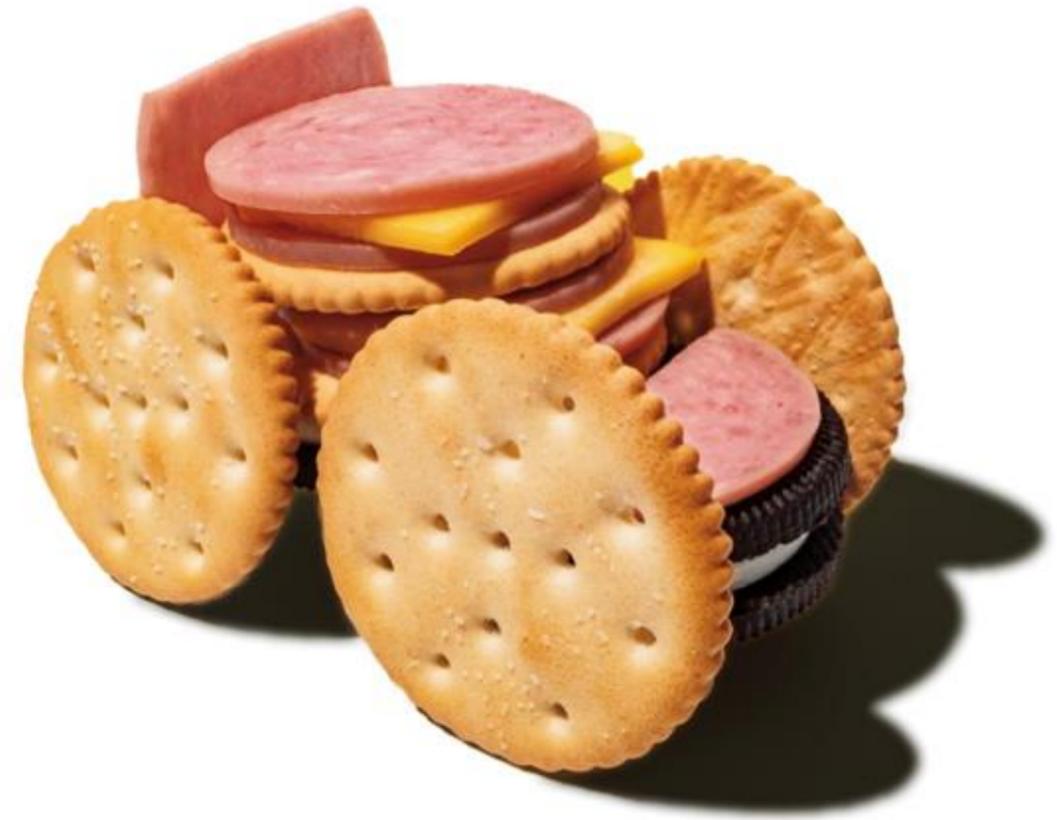
## % U.S. Q2 Consumption Volume Sold on Promotion<sup>1</sup>



## U.S. ROI Improvement



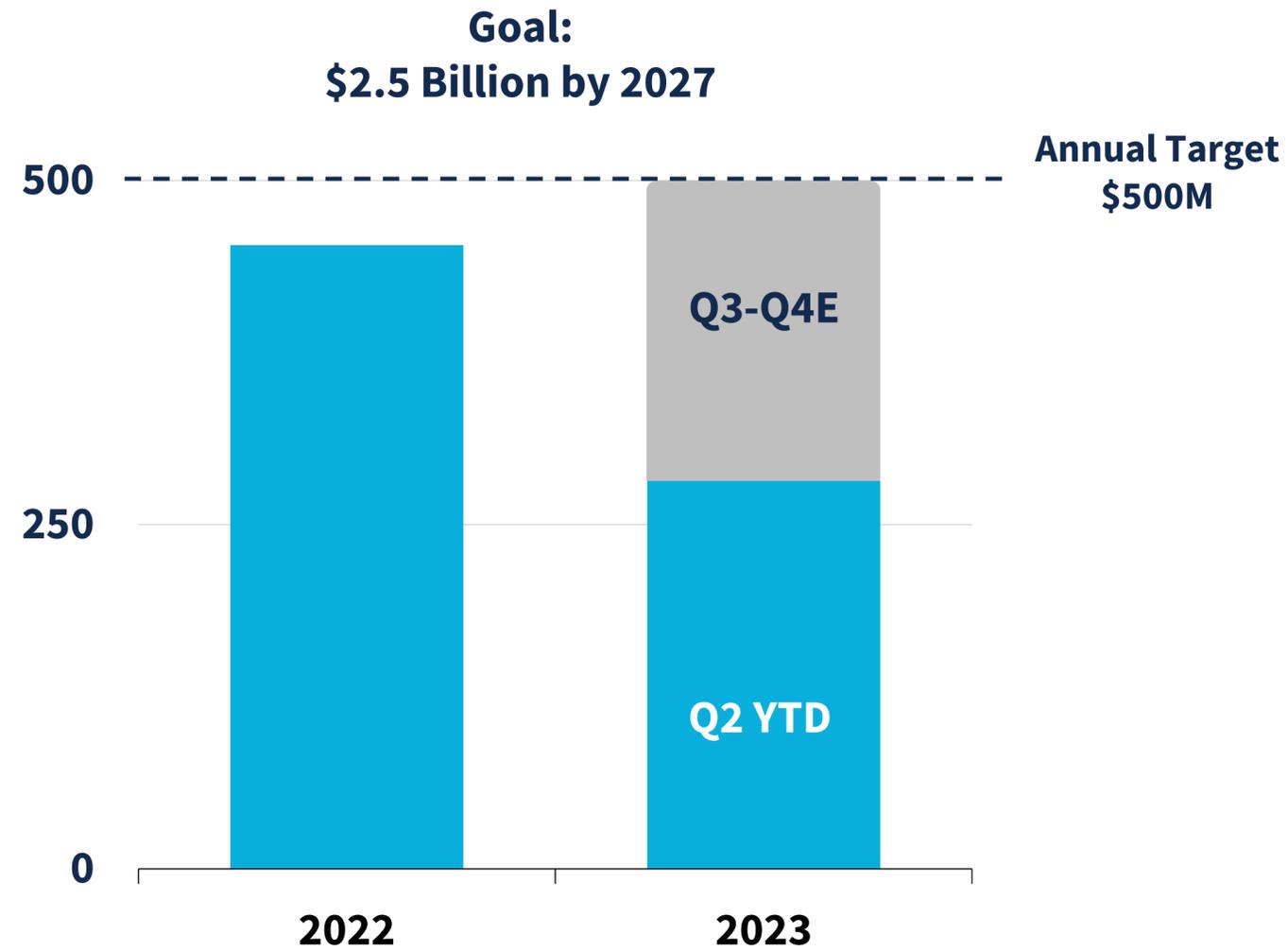
- **Volume declines expected to moderate as a result of:**
  - Lapping prior year pricing
  - Action plans in U.S. Retail
  - Continued share gains in Foodservice
  - Re-acceleration of Emerging Markets
- **Expect volume to turn positive in 2024**



# Generating Higher Efficiencies to Reinvest in the Business, as Inflation Moderates

## Supply Chain Efficiencies

Gross Efficiency Plan on Track



## Inflation

Improvement in Cost

- Inflation moderating
- Timing impacted by hedges / contracts

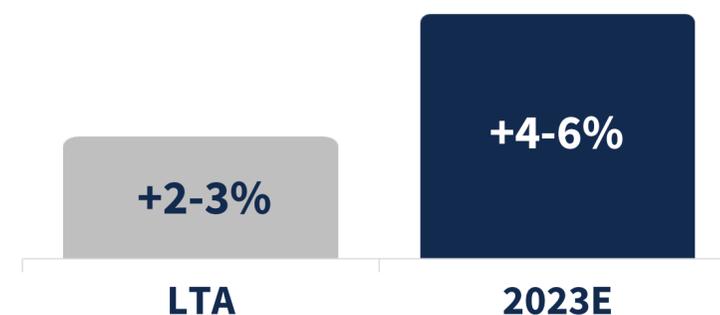


# Outlook Reflects Above Algorithm Organic Net Sales<sup>1</sup> & Constant Currency Adjusted EBITDA<sup>1</sup> Growth

## 2023 Outlook

## 2023 Considerations

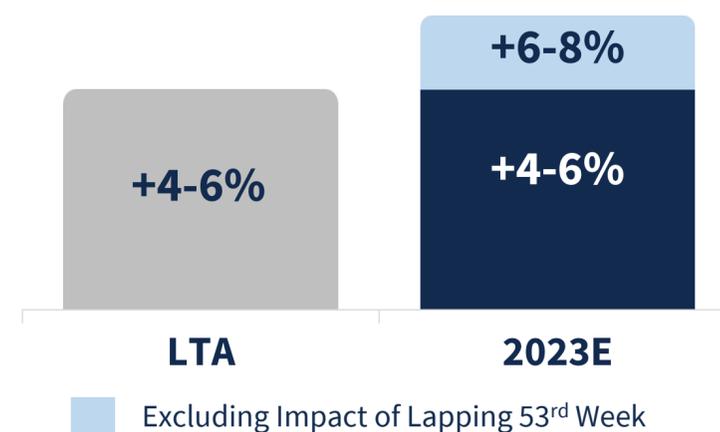
### Organic Net Sales<sup>1</sup>



### Above Long-term Algorithm Growth

- Returning to historical elasticity levels
- Driven by Foodservice, Emerging Markets, U.S. Retail GROW Platforms

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



### Constant Currency Adjusted EBITDA<sup>1</sup> +6-8% excluding the impact of 53rd week in 2022

- FY23 Inflation +MSD-HSD%, with H2 +LSD-MSD%
- Adjusted Gross Profit Margin<sup>1</sup> +150-200bps, funding double-digit growth in SG&A with emphasis on Marketing, R&D and Technology
- Impact from lapping 53rd week in 2022: ~(-2%)
- Impact from currency at current FX rates: ~(-0.5%)

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

**2023E**  
**\$2.83 to \$2.91**  
**+2-5%**

### Adjusted EPS<sup>1</sup> Headwinds from Pension and Tax Rate

- Adjusted EPS<sup>1</sup> guidance is impacted by the following items:
  - Impact from currency at current FX rates: ~(\$0.02), or ~(-0.5%)
  - Non-cash pension and post-retirement benefits: ~(\$0.04), or ~(-1%)
  - Impact from lapping 53rd week in 2022: ~(\$0.06), or ~(-2%)
- Effective tax rate on Adjusted EPS<sup>1</sup>: 19%-21%

# **CLOSING COMMENTARY**

**Miguel Patricio**

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



## **Q2**

# **Key Takeaways**

**Accelerated profitable growth, with topline fueled by our 3 pillars.**

**Mitigated expected headwinds and built momentum into the second half of 2023.**

**Taking a disciplined approach to protect our profit dollars and drive variable cost efficiencies.**

**With margin gains, we are investing in marketing, R&D, and technology to drive future growth.**

**Reaffirming full year guidance.**