First Quarter 2021 Earnings Prepared Management Remarks

April 29, 2021

Please view these remarks in conjunction with our Q1 2021 earnings release, Q1 2021 Form 10-Q and GAAP/non-GAAP reconciliations that can be found on our website at https://ir.kraftheinzcompany.com/ under SEC Filings, or via the following link: https://ir.kraftheinzcompany.com/sec-filings

We also invite you to listen to our live question and answer webcast with Miguel Patricio (Chief Executive Officer), Paulo Basilio (Global Chief Financial Officer), Carlos Abrams-Rivera (U.S. Zone President), and Rafa Oliveira (International Zone President), which will begin today at 9:00 a.m. Eastern Daylight Time and will also be available on https://ir.kraftheinzcompany.com/.

CHRIS JAKUBIK, HEAD OF GLOBAL INVESTOR RELATIONS, THE KRAFT HEINZ COMPANY

Hello. This is Chris Jakubik, Head of Global Investor Relations at The Kraft Heinz Company, and welcome to our first quarter 2021 business update.

During our review, we will make some forward-looking statements that are based on how we see things today.

Actual results may differ due to risks and uncertainties and these are discussed in our earnings release and our filings with the SEC.

We will also discuss some non-GAAP financial measures during these remarks. These non-GAAP financial measures should not be considered a replacement for, and should be read together with, GAAP results. And you can find the GAAP to non-GAAP reconciliations within our earnings release and the supplemental materials at ir.kraftheinzcompany.com.

Today, our Chief Executive Officer, Miguel Patricio, will update our overall business performance. Carlos Abrams-Rivera will review business performance in the U.S. segment. Rafa Oliveira will discuss business performance in our International segment. And then Paulo Basilio, our Global Chief Financial Officer, will provide an overall financial review and our near-term outlook.

We have also scheduled a separate, live question-and-answer session with analysts, as well.

You can access our earnings release and supplemental materials at ir.kraftheinzcompany.com. A replay of the question-and-answer session will be available following the event through the same website.

With that, I will turn it over to Miguel.

MIGUEL PATRICIO, CHIEF EXECTIVE OFFICER, THE KRAFT HEINZ COMPANY

Well, thank you, Chris.

As recently as February, I said we would begin 2021 with momentum across our brands and business. As it turns out, we are showing even stronger momentum than anticipated.

Our team delivered solid first-quarter growth at both top and bottom line, on top of extraordinary growth that we had in the first quarter last year.

Even though we expect to be operating in a very unpredictable environment for some time, we have had a number of early wins in our Consumer Platforms, in operations, in bolstering our talent, and with our partners. And this should enable us to accelerate our advantage in the future quarters.

We also continue to strengthen our portfolio, while building additional financial flexibility. And this will position us to come out of this period much stronger, operationally and financially.

From a financial perspective, our first-quarter results were strong and better than expected.

Q1 Organic Net Sales grew 2.5% versus 2020. And that is on top of the 6.2% Organic Net Sales growth we posted in the first quarter of 2020.

We also delivered strong Adjusted EBITDA growth versus last year. If you recall, last year we estimated that our additional COVID-related demand resulted in approximately 9 to 10 percentage points of Adjusted EBITDA growth versus Q1 2019. So, building on that is very encouraging.

In a nutshell, our first-quarter results were characterized by retail consumption in developed markets remaining elevated, emerging market growth accelerating, while the broader benefits of our strategy continue to take hold.

Slide 6 is a view of our platform-based, consumer-led model.

As you can see, our Grow platforms and emerging markets continued to be the major growth engines for the company.

Our Grow platforms, excluding foodservice, continue to be our strongest contributor to top-line growth, up 8% versus Q1 2020. The growth is led by Taste Elevation, which, excluding foodservice, was up 15% versus Q1 2020 and 23% versus Q1 2019.

In fact, across all our business segments, we continue to leverage our competitive advantages and scale in Taste Elevation.

In emerging markets, specifically, we are now seeing the results of our localized, go-to-market models as we begin to capture the tremendous whitespace opportunities in front of us.

In both Grow platforms and emerging markets, our strategy is clear, our people are motivated, and we are excited about the growth ahead.

Earlier this year, we outlined our renovation, innovation, and marketing agenda. And Carlos and Rafa will outline the very solid start we have had in our two biggest business segments.

A key ingredient to driving this agenda and a personal passion of mine since day one is building a culture of creativity at Kraft Heinz.

Last year, we launched the ACE Program, to Accelerate Creative Excellence. We are still early in this journey, but we are seeing very good results. In March, we took another step in that journey, gathering to celebrate best-in-class creative marketing from all around the world of Kraft Heinz with our first-ever ACE Awards.

Here, we recognized and shared the 2020 achievements of our incredibly talented Kraft Heinz marketers and agency partners. We brought in external advisors, world-class marketers, who have won or served as judges at Cannes. The event celebrated our best creative work in 2020, but also served as an inspiration for our future.

Our Canada team, in particular, had a very strong showing this year. They worked hard to enhance their portfolio with inventive campaigns like *Heinz* Pour Perfectly, the *Hazelnut Spread* U-bear campaign, and the Draw Ketchup campaign. They are also creatively backing innovations like our Lactose-free *Philadelphia* Cream Cheese. In fact, their creativity is a key reason that our Canada business is now gaining share in roughly 60% of its categories.

Our U.K. *Heinz* Beanz team recently had a lot of fun on Twitter with *Weetabix*, creating a national conversation. It quickly became the No. 1 trending story on Twitter in the U.K., with more than 2 billion media impressions, and driving our brand equity scores 6 points higher.

Our goal is to become global leaders in marketing and brand management. That begins by shifting our culture to being bolder and more creative. And this creativity should allow us to accelerate our advantage in future quarters.

In addition to the agility our brand and marketing teams are building, we are seeing our Ops Center act with agility, making progress in a very challenging environment.

Similar to industry peers, our cost pressures have accelerated since the start of the year.

For us, the greatest uptick has been in select ingredients like soybean and edible oils, as well as packaging and logistics. And this is likely to result in higher year-on-year supply chain costs for our business, versus what we originally anticipated.

That being said, we continue to think our cost-benefit equation as manageable.

All things considered:

- our 2021 gross cost inflation should be in the middle-single-digit range across our full cost basket;
- we continue to expect to deliver $400 million of gross efficiencies in 2021;
- and we have robust revenue management initiatives around our iconic brands that is supported by a strong agenda of equity-building investments.

With that, I will now ask Carlos and Rafa to provide the highlights of our U.S. and International segment performance.

CARLOS ABRAMS-RIVERA, U.S. ZONE PRESIDENT, THE KRAFT HEINZ COMPANY

Thank you, Miguel.

On slide 10, you can see that the strong momentum we ended with last year in the U.S. and we have continued that growth in Q1.

In fact, we still drove strong top-line and bottom-line results despite lapping the panic buying in Q1 last year, as well as facing rising inflation this year.

Our strategy is taking hold. We are getting much closer to our consumers. We are strengthening our brands. We are improving execution. And our people are motivated.

If you recall, our U.S. 2021 plan begins with "Modernizing our portfolio and our approach to marketing." And while we expect our activity to ramp up as the year progresses, we have already had some good, early signs of progress and impact.

Our innovation agenda is beginning to take hold, as we uncover and act on new consumer insights. In Taste Elevation, we leveraged our insights into trending restaurant flavors, launching *Heinz* Ket-Chili and Buffa-Ranch to help consumers further embrace the fun of cooking at home.

In our Easy Indulgent Desserts platform, we leveraged the strengths of our *Philadelphia* brand and consumers' love for cheesecake, launching Cheesecake Crumbles. This launch is helping us gain new space in the Refrigerated section, with a unique and differentiated innovation.

To launch such a unique product, we partnered with *Jimmy Kimmel Live!* to create TV skits that directly reflect a consumer insight – no one wants to share the last bite of food – especially when it's a cheesecake. As a result, we are driving incremental consumers to the category, with millennials and families engaging most strongly. And in March, we gained 3.5 points of market share.

Finally, is *Omelet Rounds*, part of our Fast Fresh Meals platform, that expands our leadership in breakfast. We believe that the breakfast-at-home trend will continue, even as markets reopen. And we believe we have a big opportunity to lead in this space.

As Miguel described earlier, we are also driving greater creativity in marketing as we ramp up overall investment levels and the quality of those investments, especially in our Grow and Energize platforms.

Our "V by Velveeta" April Fool's skincare launch went viral, was a continuation of breakthrough brand work started in 2020, focused on capturing more share as demand for Mac and Cheese surges. By pulling forward media spend, updating creative, and increasing personalized communications, *Velveeta* mac-and-cheese sales increased 30% in Q1, largely taking share from store brands.

With *Heinz*, we're leaning into the brand's purpose, demonstrating *Heinz* can help unlock moments of magic for modern-day families in the midst of chaos. We think this insight is behind the tremendous new household growth the *Heinz* brand has seen in the past year.

We've also been able to achieve strong sales and share growth for *Lunchables* following declines from the pandemic-related school closures, really thanks to focused programs like our "Leave it to Lunchables" Rewards and a new $1 pack.

Finally, for our $3 billion, iconic *Oscar Mayer* brand, this week we launched a fresh, vibrant, digital-first campaign, aiming to cement our leadership in quality, fun, and taste. The campaign distances *Oscar Mayer* from competition. It came from listening to our most passionate consumers and imagining a new voice for *Oscar Mayer* that will be consistent, from packaging design to communications.

I am incredibly proud of our team's accomplishments to date. And it's just the beginning of what you can expect to see from Kraft Heinz as we discover new occasion-based insights and bring creative, culturally relevant ways to drive stronger engagement with our consumers and customers.

And because of our actions to date, our momentum with consumers has remained strong.

In Q1, we held our household penetration versus last year, when we saw unprecedented panic buying. And we are still 5% ahead of 2019 levels.

I would also note that we chose to shift our promotional calendar in the U.S. this year. We significantly reduced promotional activity in January and February versus last year as a critical part of us moving to higher return investment and driving a virtuous cycle of growth.

The good news is that, despite the Q1 promotion reductions, we continued to make steady progress transforming our business, with 50% of our U.S. business gaining share in March.

Our Partner Program is key to unlocking the step-up in net sales versus pre-pandemic levels that we believe is possible.

In Q1, we executed Joint Business Plans – or JBPs – with more than 90% of our top retail partners. As a result, we expect to increase distribution for mandatory SKUs and our innovation programs. And it's driving much stronger merchandising execution. The discipline of execution is something I learned from many years in the DSD environment, and we are now bringing that level of accountability to our business.

For instance, our Super Bowl activations were up about 20% versus 2019, leading to strong share gains. And our breakfast activations are driving strong increases for *Philadelphia* Cream Cheese and *Oscar Mayer* Bacon.

Perhaps the best compliment that we can get is direct feedback from our customers. We are working hard every day to show up differently, to partner in new ways, and to execute flawlessly across channels. A very positive change from a year ago.

I am particularly proud to see recent data showing that our e-commerce household penetration has increased more than our packaged food competitors, and that we now have the highest penetration amongst our peers.

We continue to see very strong net sales growth and sustainable, fundamental improvements in our e-commerce business. And we are not done.

By piloting more agile route-to-markets and operating seamlessly across channels, we are bringing full consumer solutions online and making progress against our goal to be accessible and available to all families, everywhere.

Finally, there is no question that our Q1 performance would not have been as strong if our entire supply chain team didn't step up yet again in what's turning out to be a more difficult environment than we originally anticipated.

We achieved our Q1 results despite weather disruptions, ongoing capacity constraints, and escalating inflation.

Our Ops and Procurement teams did a phenomenal job managing through the U.S. winter storms that hit Texas and other southern states. We focused our team on safety, setting up a war room to fix the situation, and quickly sourced alternative routes-to-market to keep shelves stocked.

Yes, volumes were impacted, and higher costs were taken on, but by prioritizing customer service we limited the overall disruption to our business. It is a sign of the strong collaboration from sales to procurement to operations that results in transparency with our partners and improved availability for our consumers.

At the same time, we have more work ahead. Our Ops team continues to expand capacity in critical categories. Since Q3 of last year, we have relieved capacity constraints in 20% of our sales base, with more projects under way. We are installing more capacity in critical Grow platforms, including Taste Elevation and Easy Meals Made Better, to unlock greater volumes for *Heinz* Ketchup, *Kraft* Mac & Cheese single-serve cups, *Kraft* Mayo, and others.

So we are investing in people, brands, and capacity for long-term growth, and seeing early wins in:

- growing our Consumer Platforms with better marketing and innovation;
- strengthening the partnerships with customers;

- and accelerating e-commerce.

All together this gives me confidence in our path forward.

With that, I'll hand it over to Rafa to discuss our International segment.

RAFA OLIVEIRA, INTERNATIONAL ZONE PRESIDENT, THE KRAFT HEINZ COMPANY

Thank you, Carlos.

Similar to the U.S., our International segment is off to a strong start through Q1. We are taking advantage of our global scale with local agility to drive top-line growth while delivering very strong Adjusted EBITDA returns.

On slides 17 and 18 you can see the strong momentum we have out of the gate in 2021 in both our priority platforms and priority markets, respectively.

Retail net sales of Taste Elevation in our International segment were up 19% in Q1 versus 2020, driven by stepped-up marketing, distribution expansion, and a promising start of our 2021 innovation agenda.

We gained more than a point of share for the third consecutive quarter, with 92% of countries holding or gaining share in Taste Elevation.

Our results are beginning to prove out what to us was already clear: that a laser focus on being the global leader in Taste Elevation has the potential to be a powerful and sustainable growth driver for Kraft Heinz.

Nowhere is this truer than in emerging markets, the other pillar of our International growth strategy.

Q1 Organic Net Sales in emerging markets were up 16% versus last year, with outsized growth in Latin America, China, the Middle East, and Russia. We delivered this growth as we have begun to ramp up marketing investments while rolling out our go-to-market model.

Market share growth continued as we picked up a half point of share in Q1, with 75% of emerging market countries holding or gaining share in the period.

Outside of retail, we are also seeing a strong rebound in foodservice growth, with many emerging market countries now fully open.

This is especially encouraging to our overall growth strategy, as we believe there is a positive halo effect on future retail sales associated with foodservice channel growth today. As we see it, having more *Heinz* Ketchup or more *Master* Soy Sauce in restaurants will have positive spillover benefits to our brand equities and our retail channel growth.

We are excited and encouraged by our early wins and we are looking forward to capturing more of the enormous growth opportunities we have in our International business.

With that, let me pass it on to Paulo for more of our financial performance and our outlook.

PAULO BASILIO, GLOBAL CHIEF FINANCIAL OFFICER, THE KRAFT HEINZ COMPANY

Thank you, Rafa.

I will start on slide 20 with a more detailed look at our U.S. financial performance.

As Carlos said, we had a strong start to 2021 in the U.S. versus both 2020 and 2019, a perspective we think will be more relevant as we begin to lap the exceptionally strong COVID-19-related consumer demand in 2020.

We had balanced contributions from volume/mix and pricing that helped drive Organic Net Sales growth of 2.5% versus 2020, which included a negative 1.5 percentage point impact from the *McCafé* exit.

And at Adjusted EBITDA, pricing net of key commodity costs, favorable product mix, and volume growth more than offset the inflation as well as significant investments in marketing and people. This led to 5.8% Adjusted EBITDA growth in Q1 2021 versus 2020, and 12.4% Adjusted EBITDA growth versus 2019, including a negative 1.5 percentage point impact from the *McCafé* exit both years.

In Canada, we also had a strong quarter, with Organic Net Sales up 2.5% versus Q1 2020, driven by favorable trade expense timing versus the prior year and revenue management gains, as well as favorable changes in retail inventory levels. These gains more than offset foodservice declines and comparisons against pandemic-driven pantry loading last year.

Constant Currency Adjusted EBITDA growth was also strong as compared to 2020, driven by pricing gains and favorable operating costs compared to high, prior year levels.

I will also note that the fluctuation in Canada profitability that you see on the slide is largely due to the impact of the Canadian cheese divestiture, trade expense timing, and higher transitory costs that negatively impacted the Q1 2020 period. However, we do expect more normalized comparisons as we move through the year.

Similar to the U.S. and Canada, our International segment has also performed very well this quarter. First-quarter Organic Net Sales growth was 2.7% versus Q1 2020, driven by two factors.

One was a combination of inflation-driven pricing in emerging markets and revenue management gains in developed markets, which drove overall pricing gains in the quarter.

The second factor was strong emerging market growth and some favorable retail inventory changes primary in developed markets that more than offset lower foodservice sales.

In terms of profitability, pricing gains and favorable product mix drove Constant Currency Adjusted EBITDA growth of 10.2% versus Q1 2020, even as we step up our investment levels to support our strategic growth agenda.

As for our overall company, as Miguel mentioned, we had a solid start to the year, with retail consumption remaining elevated in developed markets, accelerating growth in emerging markets, and the broader benefits of our strategy taking hold.

Organic Net Sales grew 2.5% in Q1 2021, reflecting the drivers I just outlined and came despite a 1.1 percentage point drag from exiting the *McCafé* licensing agreement. Organic Net Sales were also up 8.7% versus 2019.

At Constant Currency Adjusted EBITDA, growth across all segments and lower year-on-year general corporate expenses contributed to growth of 10.4% versus 2020.

Adjusted EPS was up 24.1%, driven by Adjusted EBITDA growth and a lower effective tax rate due to favorable, non-cash discrete items in the current year period. Below Adjusted EBITDA factors in Q1 were, therefore, net favorable by roughly 3 cents.

And for the full year, excluding any potential changes in the U.S. tax code, we now expect that below Adjusted EBITDA items will be neutral on a net basis versus 2020. This view reflects a full-year effective tax rate between 20 and 22%, and lower interest expenses versus 2020 levels roughly offset by unfavorable impacts from non-cash other income and expense, and stock-based compensation costs.

Finally, our first-quarter Free Cash Flow generation was up more than $500 million versus Q1 2020, driven by favorable working capital and Adjusted EBITDA growth that more than offset higher capex investments.

To echo Miguel, Carlos, and Rafa, we are having a solid start to the year. And we are seeing some early wins across our Consumer Platforms, Ops Center, and Partner Programs that can accelerate our advantages as the year progresses.

As you can see on slide 24, we are continuing to fuel our growth by investing to strengthen our portfolio and building financial flexibility.

Q1 Capex increased to $227 million as we dedicated a majority of our spend to our priorities – namely capacity, replacement, and technology projects – designed to relieve current supply chain stress and support future growth.

From a leverage perspective, we reduced our debt load by tendering roughly $1 billion in obligations in the first quarter.

And finally, we are making good progress against our two previously announced divestitures.

We remain on track to close the Nuts divestiture during the second quarter.

And we currently expect the Cheese divestiture to close in the second half of 2021, providing a bit more time to complete all closing conditions and regulatory approvals.

Regarding the path forward….

For the second quarter, we expect solid gains versus pre-pandemic levels. However, relative to what we saw in Q1, we are anticipating more cost inflation relative to price and a change in channel mix as developed economies progress towards reopening.

As a result, we currently expect Q2 Organic Net Sales and Constant Currency Adjusted EBITDA to be up mid-single digits versus Q2 2019. And this includes the impact of the Canada cheese divestiture, the *McCafé* business exit, and normalizing incentive compensation versus the 2019 period.

Versus elevated 2020 levels, our outlook represents an Organic Net Sales decline in the low-single-digit range and a mid-single-digit decline in Constant Currency Adjusted EBITDA.

For full year 2021, given the environment that we are operating in, we think it is too early to change our full-year outlook.

That said, we are very pleased with the strong start we are having to the year and we continue to expect financial results ahead of our strategic plan.

With that, let me hand it back to Miguel for some closing comments.

MIGUEL PATRICIO, CHIEF EXECTIVE OFFICER, THE KRAFT HEINZ COMPANY

Paulo, thank you.

I would like to finish by reiterating our confidence in the foundation we have now built and our excitement for the future.

We are having a solid start to 2021, building on our very strong results in 2020. We are driving both top-line and bottom-line growth.

Our 2021 plans are already delivering some powerful, early wins, which we can build on as the year progresses.

And the strong liquidity we built last year, and the actions we are taking to improve our business through Agile Portfolio Management, should continue to fuel our growth going forward.

Thank you for your time and interest in Kraft Heinz.

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