



Q2 2024

# BUSINESS UPDATE



# FORWARD-LOOKING STATEMENTS

JULY 31, 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 Operating Income Margin, 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-Q 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 2024**

# **Business & Strategy Update**



**Chief Executive Officer**  
**CARLOS ABRAMS-RIVERA**

# Key Takeaways

- **The consumer environment remains challenged**, resulting in a more gradual top-line improvement now expected in the back half of the year.
- **We continue to unlock efficiencies to drive margin expansion**, while at the same time generating increased profits and strong cash flow, as we protect the bottom line while actively responding to top-line challenges.
- **We continue to make accretive investments in our leading iconic brands** to drive top-line growth in 2025 and beyond.
- **We are confident in our strategy** and are committed to managing our business in a disciplined manner that preserves our ability to drive sustainable, long-term growth.

Total Kraft Heinz	Organic Net Sales <sup>1</sup>	Adjusted Gross Profit Margin <sup>1</sup>	Adjusted Operating Income <sup>1</sup>	Adjusted EPS <sup>1</sup>
Q2 2024	\$6.5B	35.5%	\$1.4B	\$0.78
Q2 vs PY	(2.4%)	+210bps	+2.0%	(1.3%)





ACCELERATE  
PROFITABLE GROWTH



UNLOCK  
EFFICIENCIES



REINVEST  
IN THE BUSINESS



POWER  
BRAND SUPERIORITY





Strategic Pillars

Organic Net Sales<sup>1</sup>

*Commentary*

Q2 '24 vs PY



N.A. Retail  
**ACCELERATE  
Platforms**

**(2.4%)**

- Impact from the current U.S. consumer environment was compounded by lower Lunchables sales and the exit of our bulk vinegar business.
- H2 improvement fueled by innovation ramp-up and selective investments in trade.



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

**(2.1%)**

- Decline primarily driven by softer traffic in U.S., a temporary plant closure, and two planned exits from margin dilutive businesses.
- H2 improvement primarily driven by increased distribution, led by new business wins and Go-To-Market expansion.

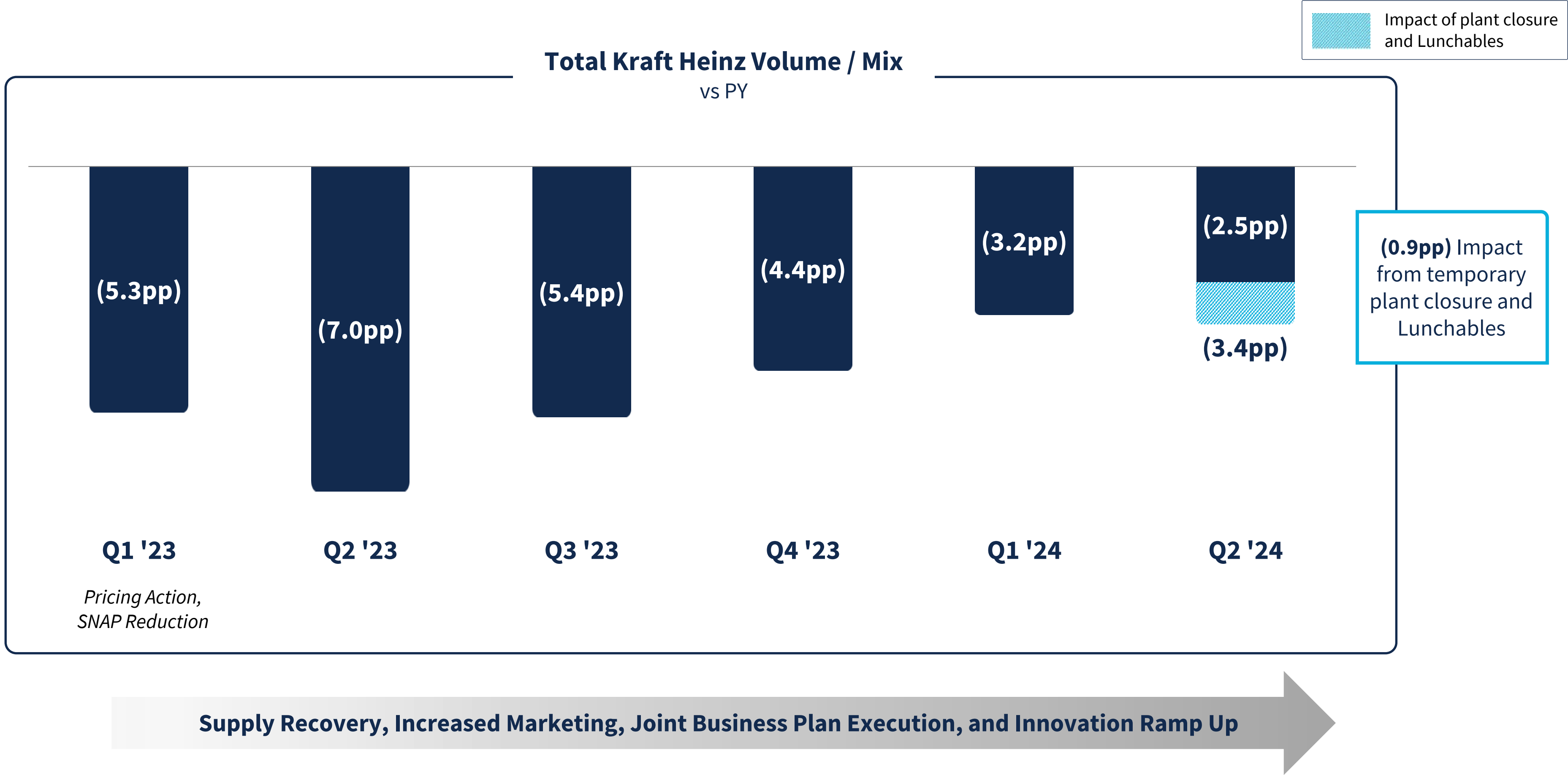


Emerging  
**Markets<sup>3,4</sup>**

**+3.4%**

- Headwinds driven primarily by market conditions in China and value seeking behavior in Brazil.
- Expecting improvement in H2 as consumption continues to come in at healthy levels.

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| 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.  
3| Includes Retail and Away from Home businesses within Emerging Markets.  
4| Emerging Markets represents the aggregation of our West and East Emerging Markets ("WEEM") and Asia Emerging Markets ("AEM") operating segments.



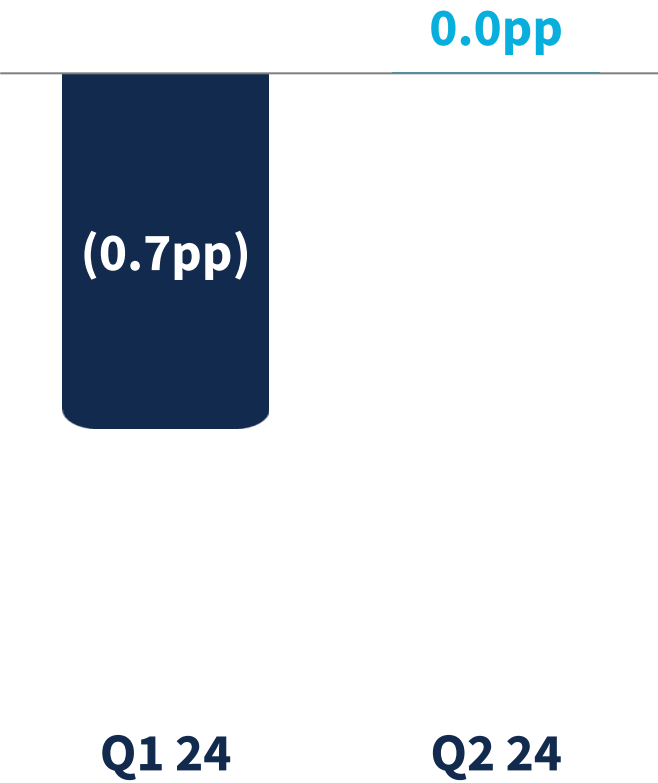


Gaining or Recovering Share

Isolated Impacts Driving Pressure

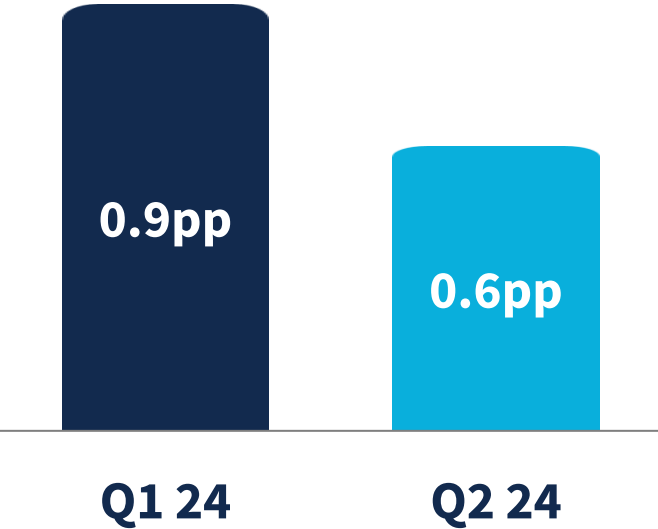
International Developed Retail

Dollar Share<sup>1</sup> vs PY



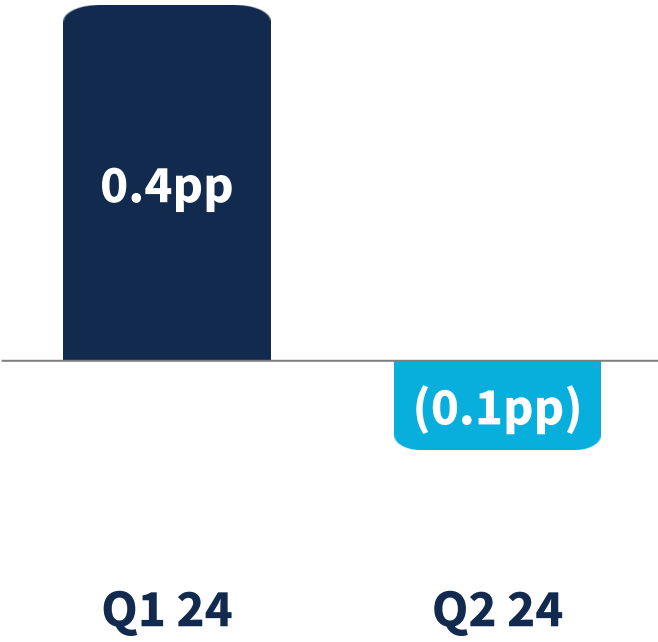
Emerging Markets Retail

Dollar Share<sup>1,3</sup> vs PY



U.S. Away from Home

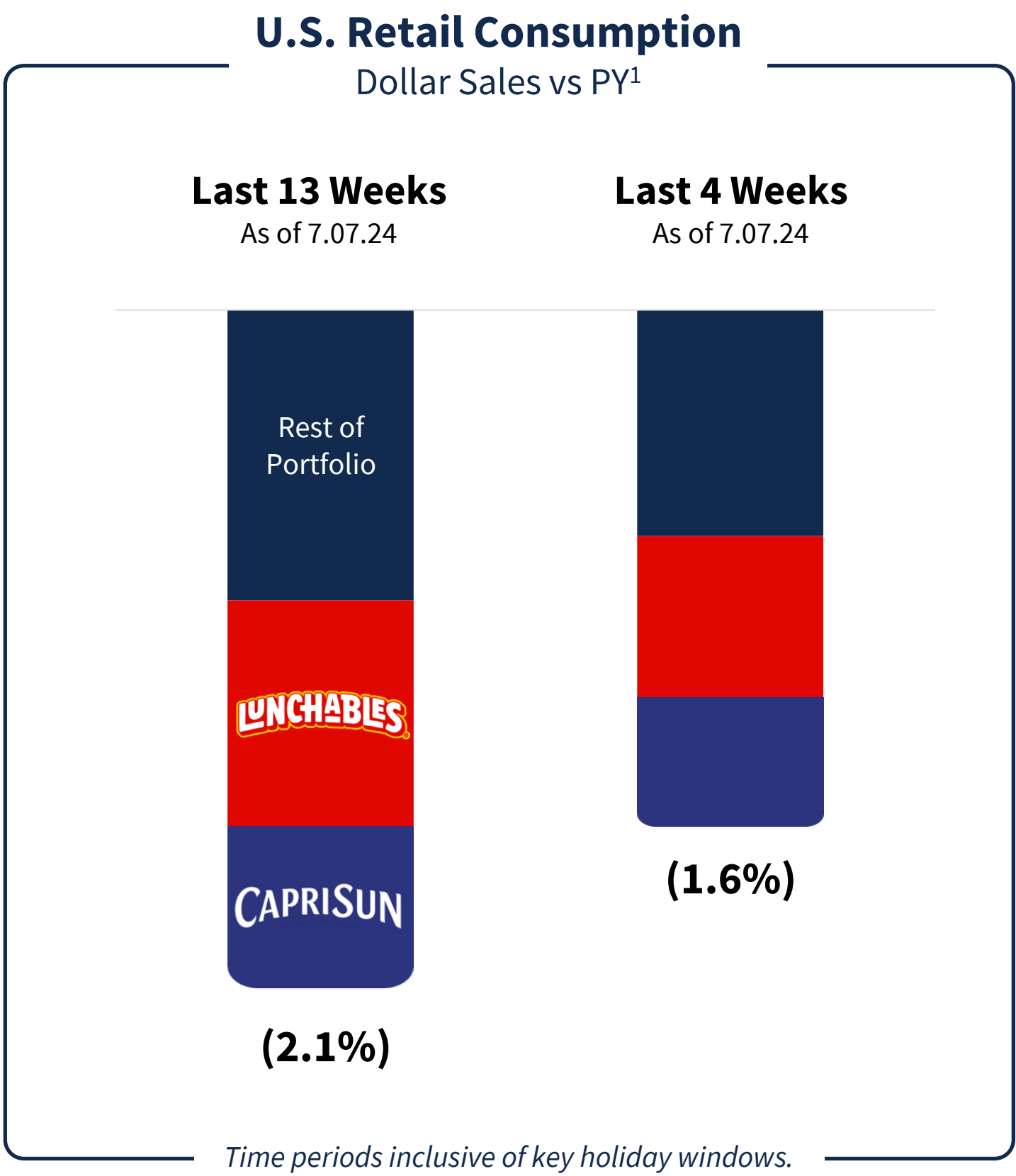
Dollar Share<sup>2</sup> vs PY



North America Retail

Dollar Share<sup>1</sup> vs PY





# Action Plan

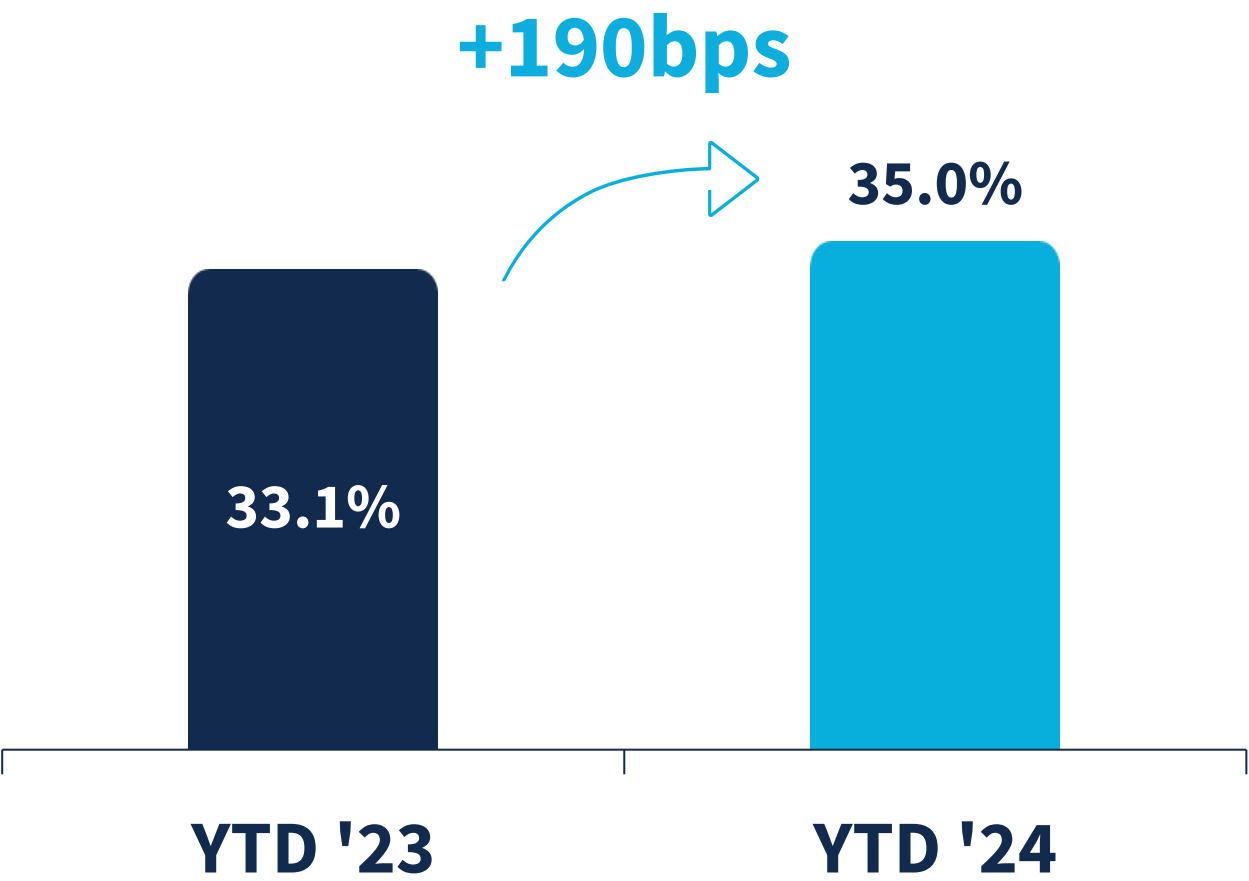
- 1 Renovated Capri Sun shipping now, with 2x marketing to support trial.**
- 2 Deploying a comprehensive strategy across marketing, renovation, and innovation for Lunchables.**
- 3 Increasing investments in marketing and innovation to compete against private label.**
- 4 Investing in promotions to preserve our price gaps versus branded competitors.**



UNLOCK  
EFFICIENCIES

Unlocking efficiencies to drive margin expansion while increasing investments in trade ...

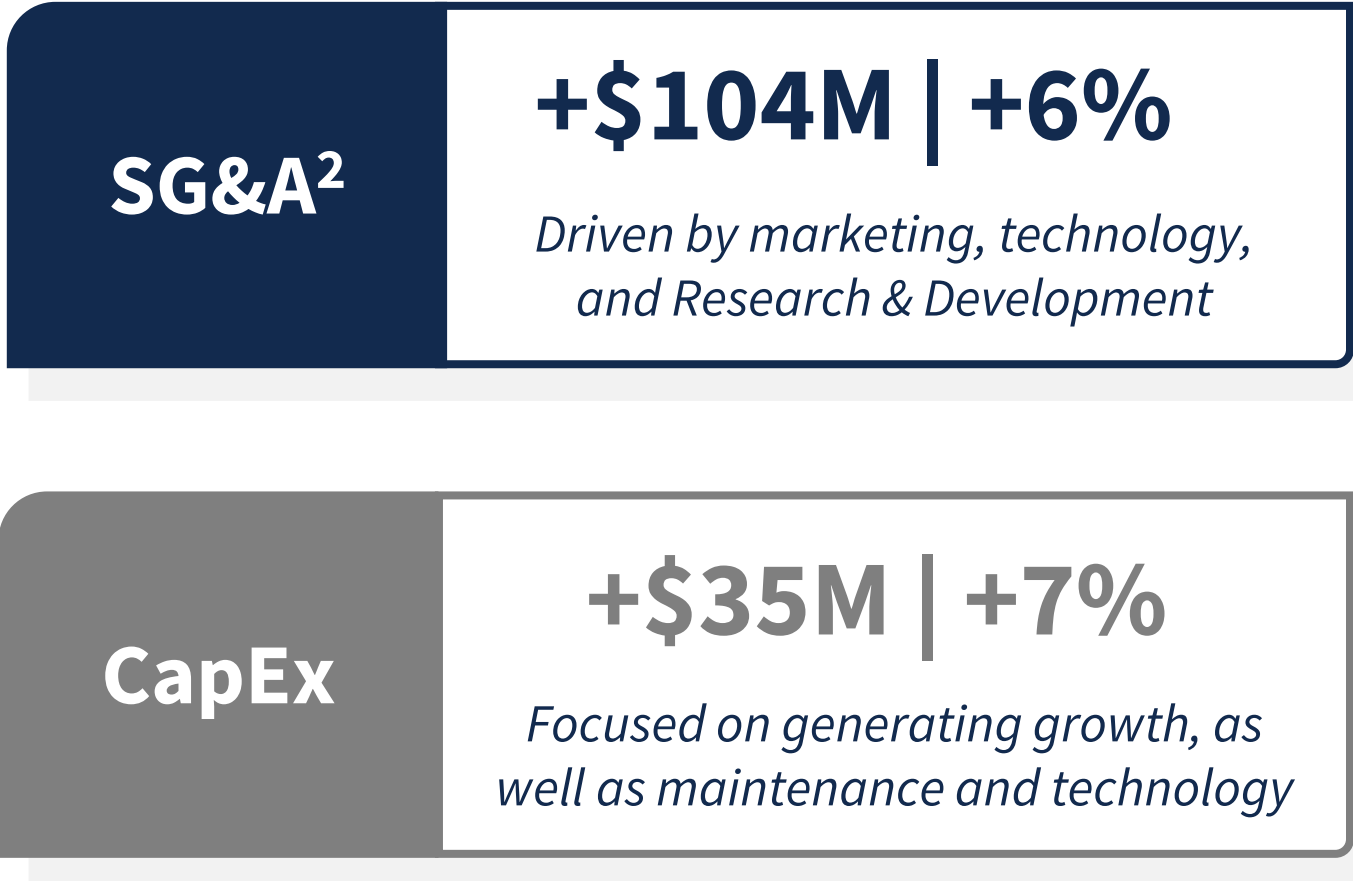
Adjusted Gross Profit Margin<sup>1</sup>



REINVEST  
IN THE BUSINESS

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

YTD Increase vs PY





Providing High-Quality, Convenient Solutions ...



... through 360CRISP™, Delimex, and Taco Bell Cravings Kits.

Satisfying Changing Consumer Desires ...



... by evolving our core offerings to stay relevant to consumer trends.

Expanding Options and Functionality ...



... by adding offerings that provide unique benefits to consumers.

Offering Accessible Solutions for Every Budget...



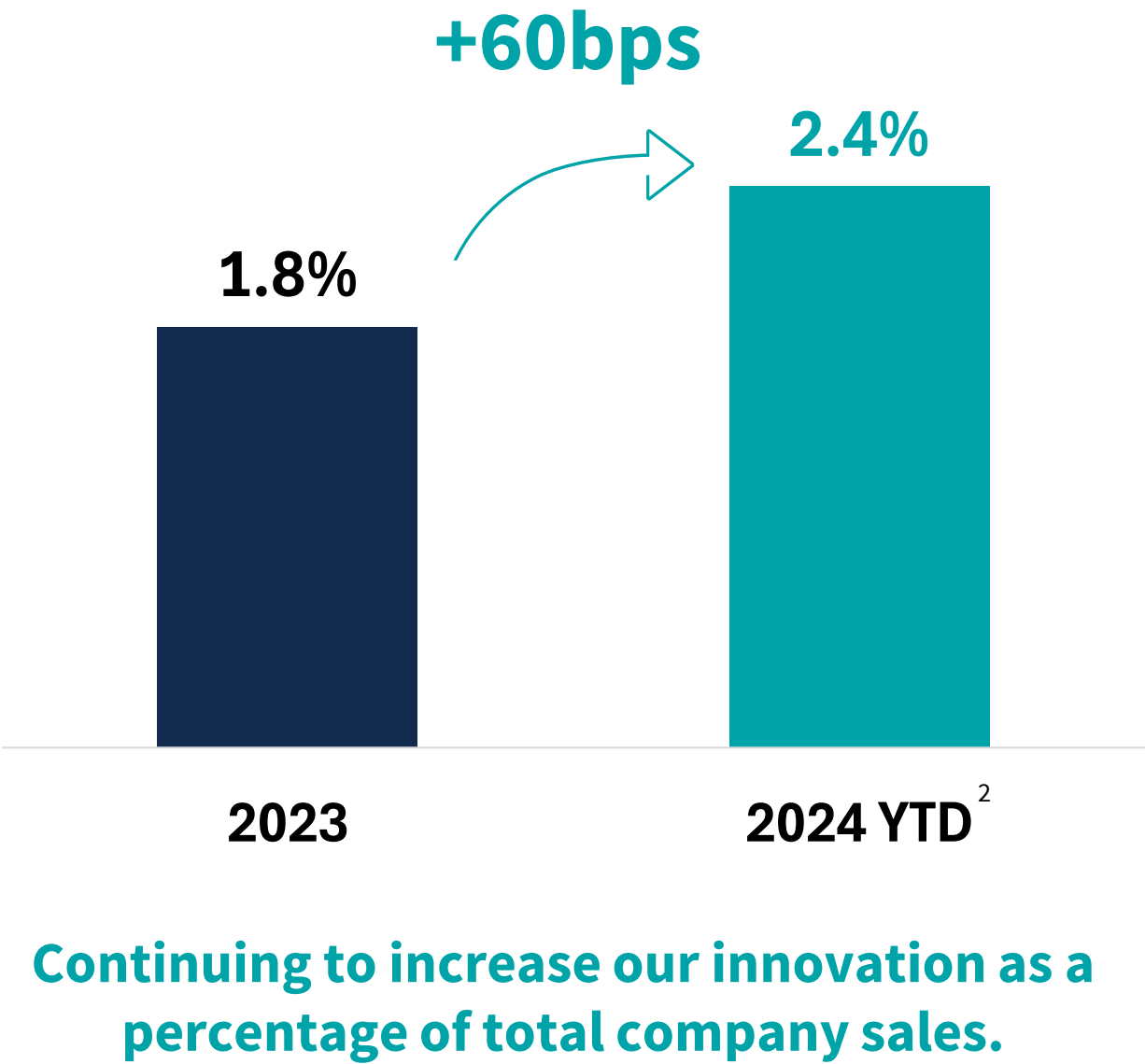
... by unlocking new aisles, channels, and occasions.



Highlights

Innovation as a % of Organic Net Sales<sup>1</sup>

(Does not include renovation)



MEXICAN



Exceeding expected distribution on Taco Bell Cravings Kits and Dips **+34%**

DOLLAR CHANNEL



**+47%**  
Kraft Heinz YTD Dollar Sales vs PY<sup>3</sup>

OSCAR MAYER



**Highest distribution** for any Oscar Mayer innovation in the last 5 years<sup>4</sup>

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| 2024 YTD figures as of June 1, 2024.  
3| 2024 YTD Dollar sales for Kraft Heinz across Cold Cuts, Hot Dogs, and Kids Meal Combos. Source: Nielsen scanner YTD data ending July 13, 2024.  
4| Source: Circana scanner data YTD ended July 14, 2024.





Capri Sun Renovation Shipping  
Now with 2X Media Support!



**2X** MEDIA SPEND  
'24 VS '23

First Innovation Outside the Pouch  
Launching Now in Club Channels!



New Super Mario™ Shapes Launching  
Now in Major Retailers Nationwide



New Flavors Launching in August,  
and New Variety Packs This Fall!

**New Flavors  
Coming Soon!**



Transformers Partnership Timed  
with September Movie Premiere!



Tapping into New Consumers and  
Occasions with Exciting Innovations!





Creativity

Global **Heinz** Brand Strategy Delivering Sustained Impact

Creative transformation helped drive **double-digit** Organic Net Sales<sup>1</sup> growth in 2023

Achieved Kantar’s coveted **“iconic status,”** reserved for top 4% of brands.

Recognized at Cannes as Grand Prix winner for **Creative Effectiveness**

Technology

Leading Digital Platform Transformation, Fueled by Agile@Scale

New digital experience driving...  
**Satisfaction**<sup>2</sup> **+28%**  
**Engagement**<sup>2</sup> **+30%**  
**Conversion**<sup>2</sup> **+78%**

Digital campaign creation **5x**<sup>3</sup> **FASTER** and at a lower cost

Recognized by MACH Alliance as Grand Prix winner for **Best Digital Experience**



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| Source: Google Analytics for 2023 full year.  
3| Calculation based on average time requirement for one campaign prior to digital platform transformation compared to average time requirement for one campaign using new digital platform.

*Responding to*  
**2024 Challenges**

**Creating solutions for increased value-seeking behavior**

**Selectively investing in trade and promotions to drive volume recovery**

**Minimizing impacts from temporary plant closure**

*Committed to*  
**Strategic Advancements**

**Preserving profitability, generating strong cash flow, and providing attractive capital returns to stockholders**

**Leveraging the power of our Ownership-Centric Culture, Agile@Scale, and strategic partnerships**

*Fueling*  
**Drivers of Growth**

**Accelerating innovation as a driver of top-line growth**

**Reinvesting in our iconic brands through impactful renovation**

**Deploying our Brand Growth System to drive brand superiority and marketing excellence**



**Q2 2024**

# **Business & Strategy Update**



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

Q2 24 vs Q2 23	Organic Net Sales <sup>1</sup>	Price	Volume / Mix	
<b>Total Kraft Heinz</b>	<b>(2.4%)</b>	<b>1.0pp</b>	<b>(3.4pp)</b>	<ul style="list-style-type: none"> <li>Continuing to manage our business in a disciplined manner that preserves our ability to drive sustainable, long-term growth</li> </ul>
North America	(2.9%)	1.3pp	(4.2pp)	<ul style="list-style-type: none"> <li>Consumer pressure in U.S. Retail and Away From Home channels, with increased value-seeking behavior</li> <li>Headwinds driven by temporary plant closure and lower Lunchables sales</li> </ul>
International Developed Markets	(3.9%)	(1.5pp)	(2.4pp)	<ul style="list-style-type: none"> <li>Lower price primarily driven by increased investments in trade within the U.K.</li> <li>Volumes declined in part as we work a customer negotiation</li> </ul>
Emerging Markets	3.4%	1.9pp	1.5pp	<ul style="list-style-type: none"> <li>Growth driven by both price and volume/mix</li> <li>Negative top-line impact from China, due to worsening consumer sentiment</li> <li>Brazil top-line performance challenged by consumer and customer environment</li> </ul>



Q2 24 vs Q2 23	Adjusted Operating Income <sup>1</sup>	Currency	Constant Currency Adj. Operating Income <sup>1</sup>	Adjusted Operating Income Margin <sup>1</sup>	
<b>Total Kraft Heinz</b>	<b>2.0%</b>	<b>(0.7pp)</b>	<b>2.7%</b>	<b>21.3%</b> <i>+1.2pp vs PY</i>	<ul style="list-style-type: none"> <li>Expansion a result of unlocked efficiencies more than offsetting incremental investments</li> </ul>
North America	7.5%	(0.2pp)	7.7%	27.3% <i>+2.7pp vs PY</i>	<ul style="list-style-type: none"> <li>Expansion driven by productivity gains</li> </ul>
International Developed Markets	(10.0%)	(0.2pp)	(9.8%)	14.2% <i>(0.8pp) vs PY</i>	<ul style="list-style-type: none"> <li>As expected, Q2 headwind from lapping Cyclone Gabrielle in New Zealand</li> <li><b>YTD Adj. Operating Income +6.4% vs PY</b></li> </ul>
Emerging Markets	(32.7%)	(6.6pp)	(26.1%)	9.9% <i>(3.8pp) vs PY</i>	<ul style="list-style-type: none"> <li>Margin decline primarily driven by maintaining Go-To-Market investments despite softer top line</li> <li>Expect performance to gradually improve as we fully lap these elevated investments</li> </ul>

## Increasing Investments in *Trade*

1

**Being mindful of the consumer situation**

2

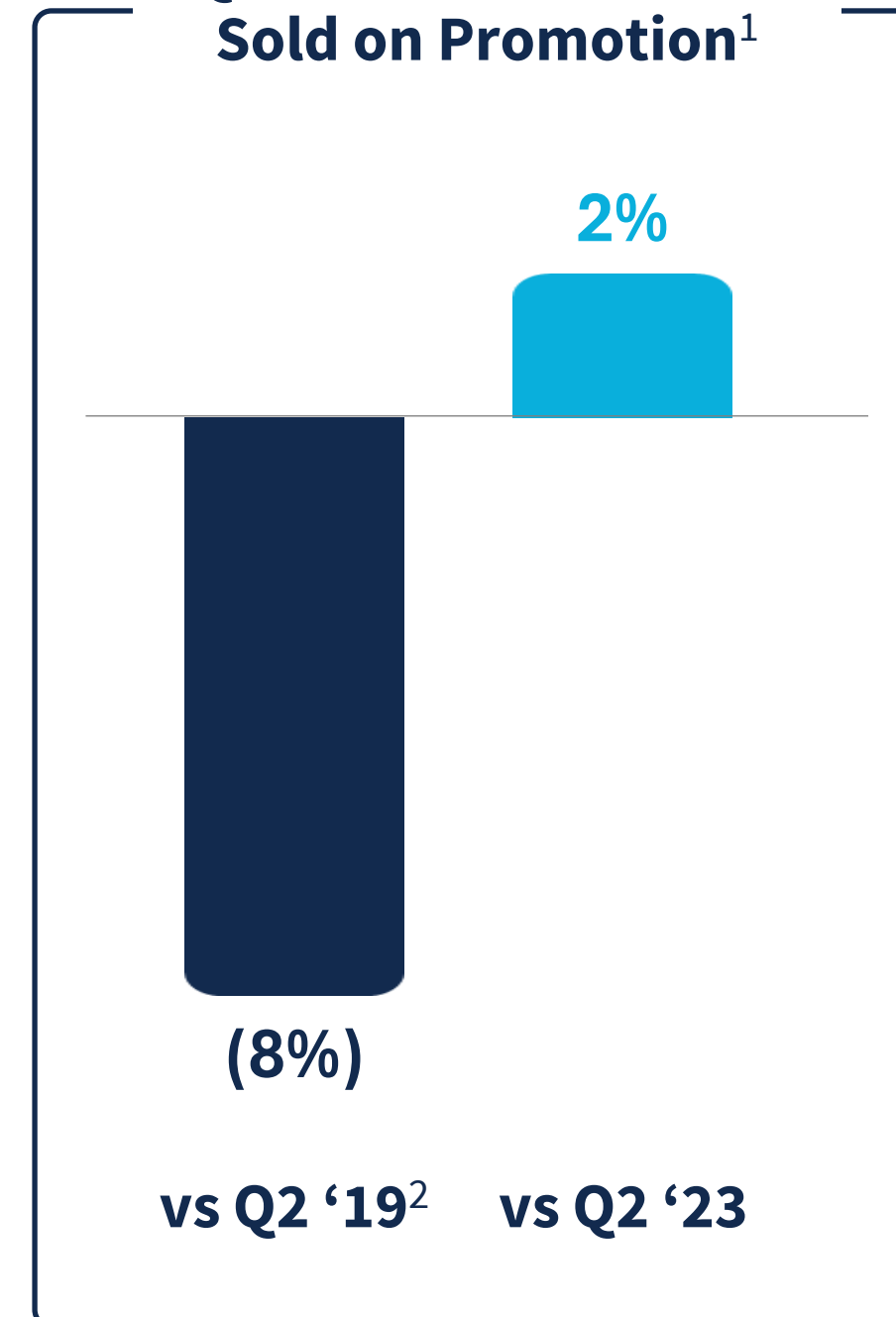
**Funding increased investments in trade with gross margin dollars**

3

**While being selective in our investments**

## Remaining Disciplined on *Promotions*

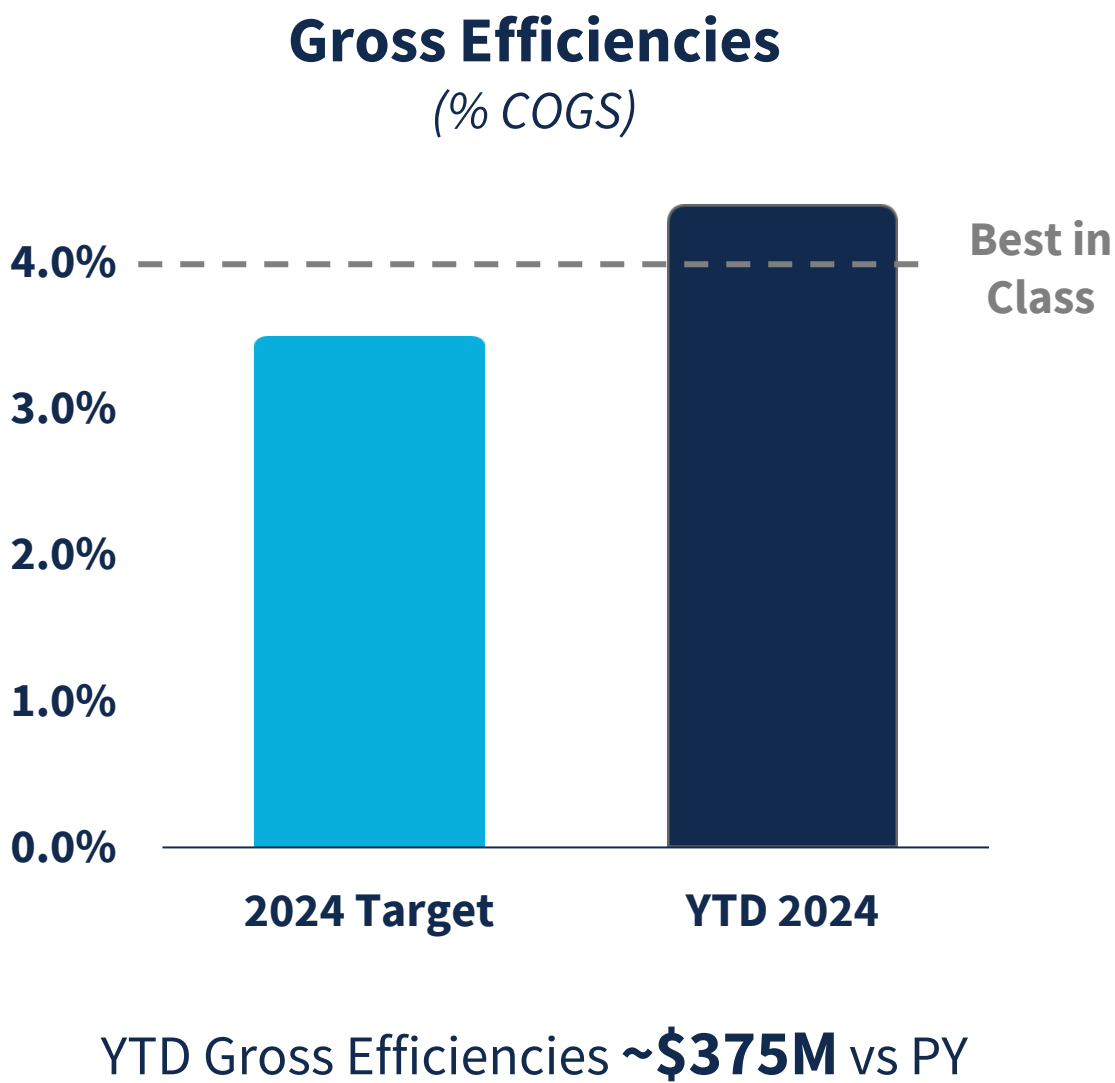
**Q2 '24 % U.S. Volume Sold on Promotion<sup>1</sup>**



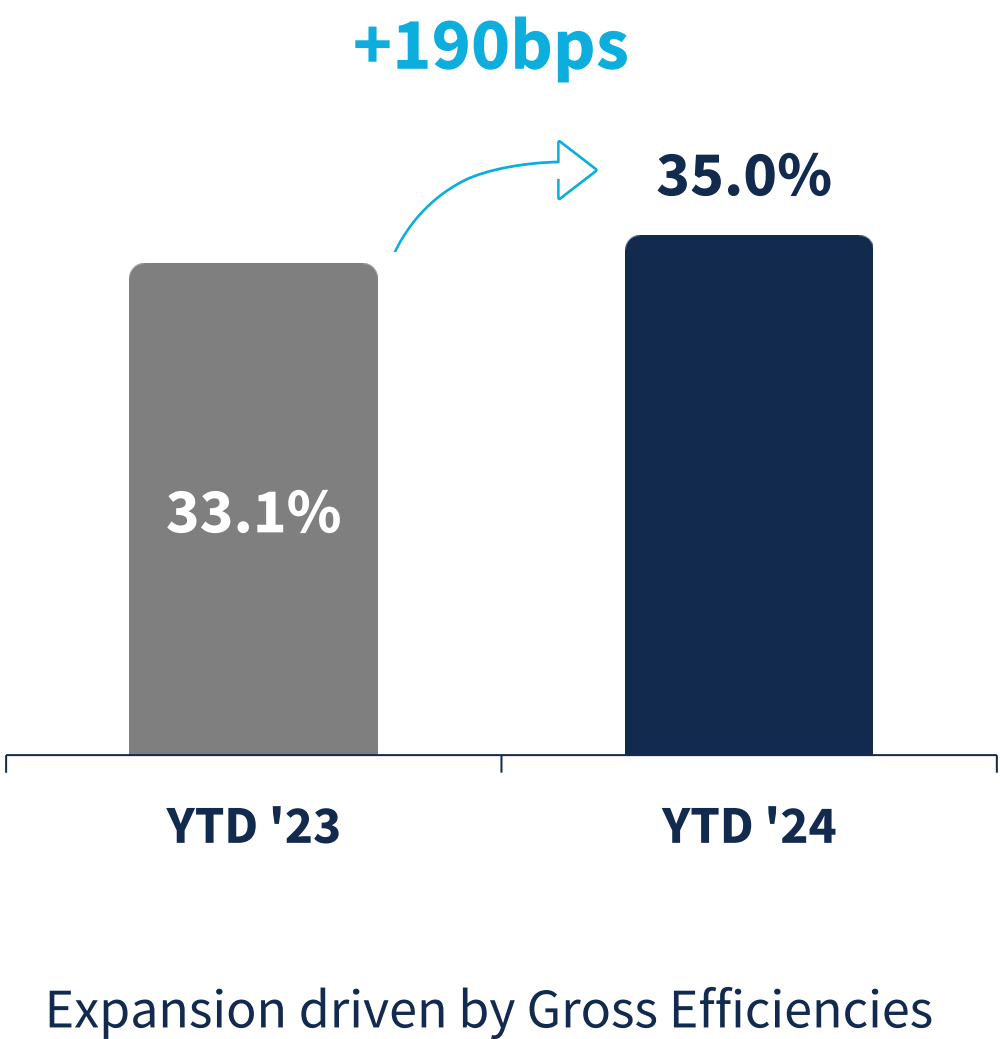
- Volume sold on promotion higher than prior year, but remains below 2019 levels
- Using a combination of promotions, innovation, renovation, and marketing



Supply Chain Efficiencies



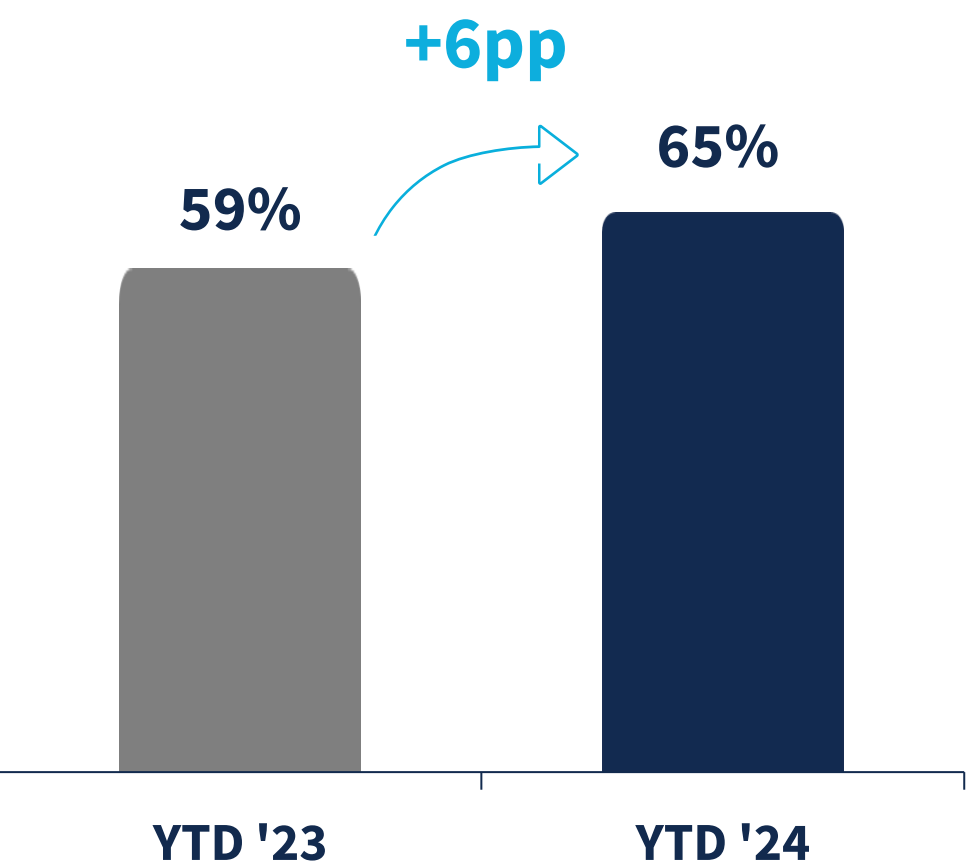
Adjusted Gross Profit Margin<sup>1</sup>



Investments in the Business

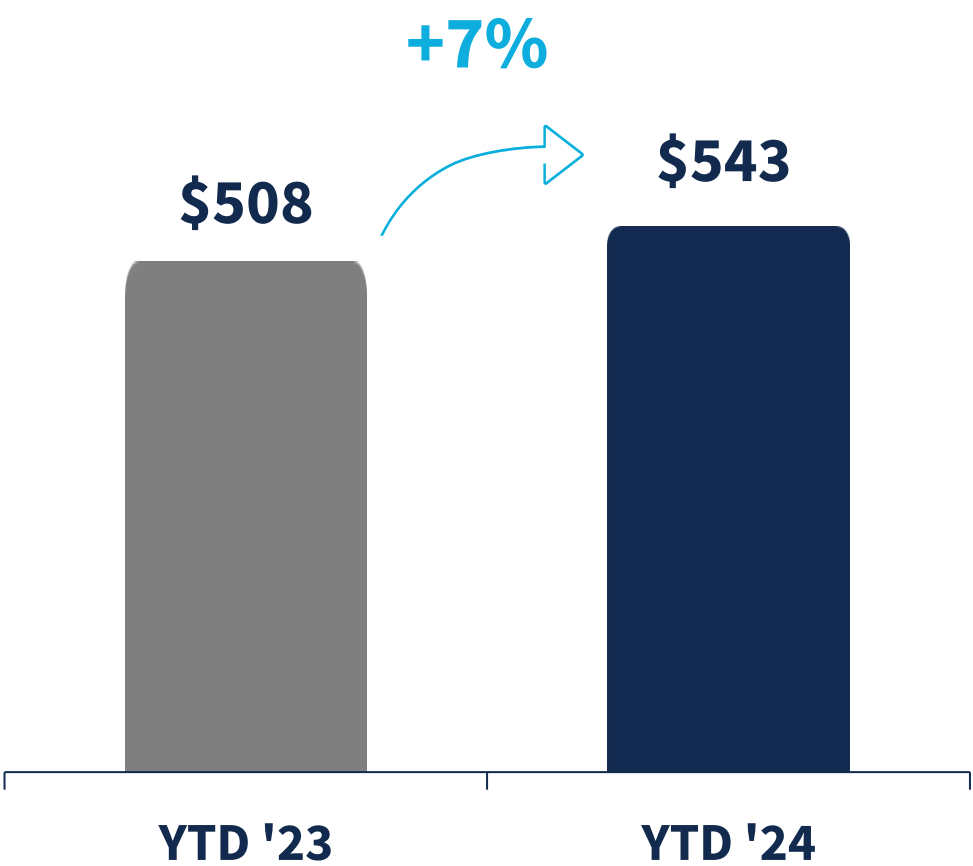


Free Cash Flow Conversion<sup>1</sup>



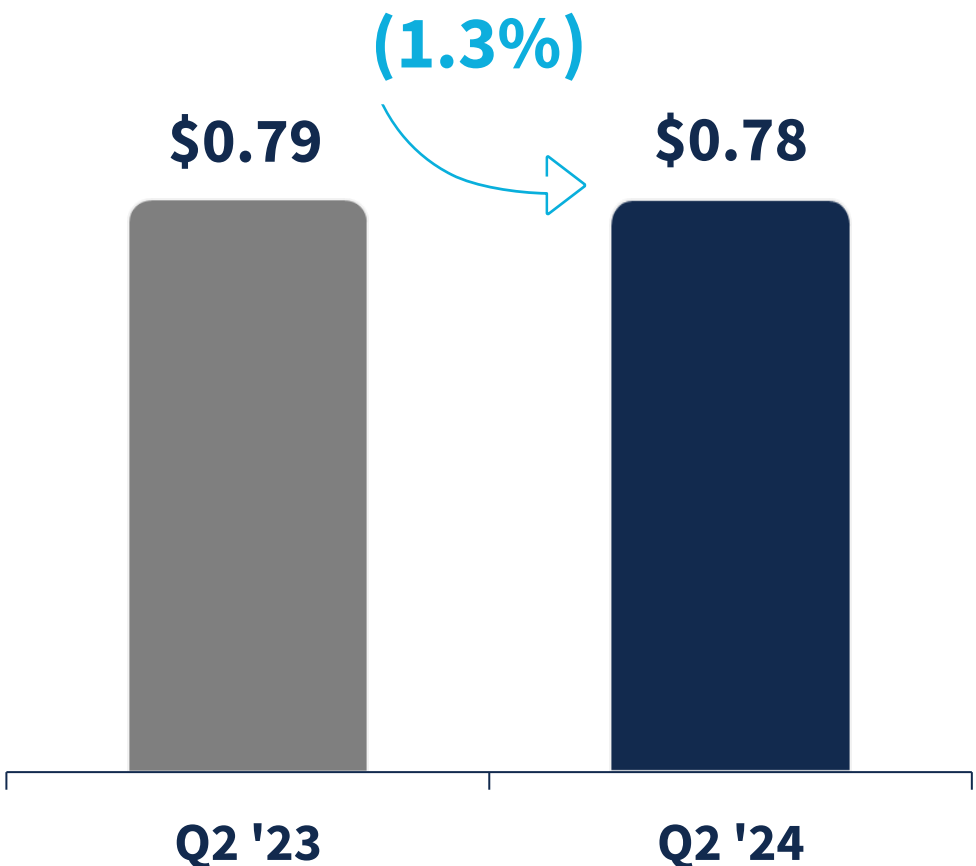
Primarily driven by an improvement in working capital

Capital Expenditures (\$M)



Increased investments in CapEx by +\$35M versus prior year

Adjusted EPS<sup>1</sup>



vs Q2 2023

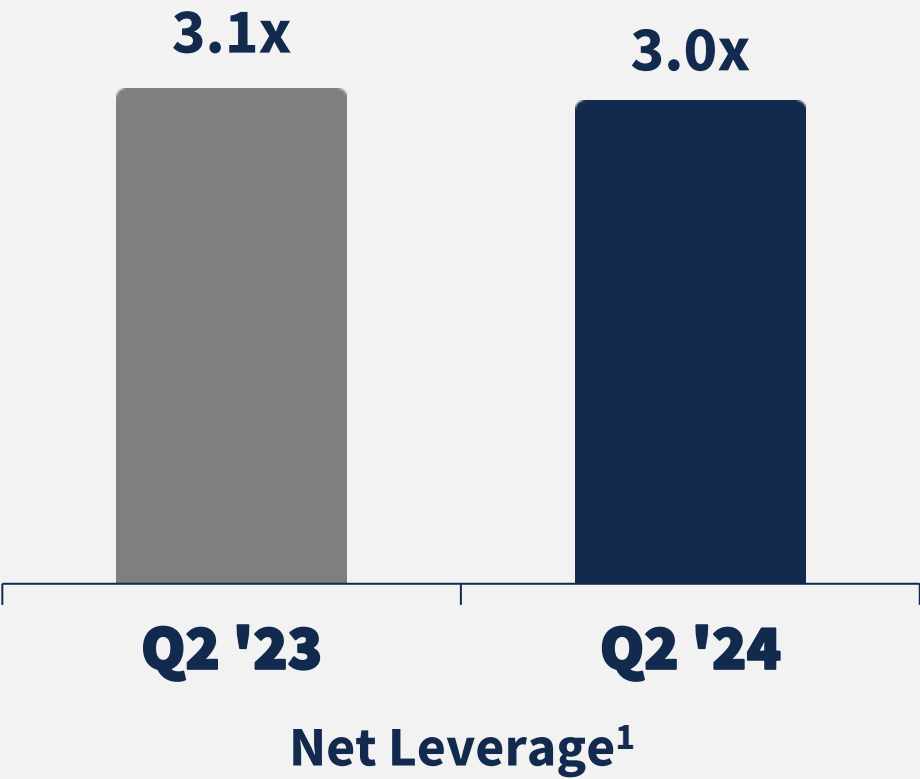
Results of Operations:	\$0.02
Share Repurchases:	\$0.01
Other Expense / Income:	\$0.01
Effective Tax Rate:	(\$0.05)



Capital Allocation *Strategy* in Place



Maintained Net Leverage  
Target of ~3.0x



Returning Incremental Capital  
to Stockholders

Dividends

**\$969M**

Share Repurchases

**\$350M<sup>2</sup>**

- Non-programmatic
- Function of excess cash

## 2024 FYE Outlook

## 2024 Considerations

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

**(2%) to 0%**

- Flat to slightly positive contribution from price throughout the year
- FY24 impact from currency at current FX rates: ~(60bps)
- Consumer environment delaying top-line recovery

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

**1% to 3%**

- Raising Adjusted Gross Profit Margin<sup>1</sup> to +75 to 125 bps YoY
- SG&A re-established to healthy levels in 2023. As a result, we expect only a slight increase YoY.

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

**1% to 3%**

- Effective tax rate on Adjusted EPS<sup>1</sup>: 20-22% (~200bps or ~\$0.07 YoY headwind)
- Interest and Other Expense/(Income): ~\$30M unfavorable impact YoY, driven by FX headwinds and debt refinancing (~70bps or ~\$0.02 YoY headwind)
- Does not include the possibility of additional share buyback for the remainder of 2024



Drivers of Q2 to H2E Trajectory	North America Retail	Global Away From Home	Emerging Markets
Completed temporary plant maintenance		✓	
Ramping up innovation, renovation, and marketing	✓	✓	✓
Expanding distribution through go-to-market and global activations		✓	✓
Selectively investing to drive volume recovery across our portfolio	✓		✓

*We are not contemplating any U.S. industry improvement for the second half of the year.*

**Q2 2024**

# **Business & Strategy Update**



**Chief Executive Officer**  
**CARLOS ABRAMS-RIVERA**



- **Leading iconic brands** providing value across multiple price points and channels
- **Attractive categories** that play in consumer spaces where we have the right to win
- **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

