



**Q3 2024**

# **BUSINESS UPDATE**



# FORWARD-LOOKING STATEMENTS

OCTOBER 30, 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, Constant Currency 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 Quarterly 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).

**Q3 2024**

# **Business & Strategy Update**



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

# Key Takeaways

- **Two of our strategic pillars, Global Away From Home and Emerging Markets,** grew and are gaining momentum, while we expect an elongated recovery in specific U.S. retail categories experiencing continued pressure.
- **We drove profitability and strong cash flow,** while investing in marketing, R&D, and technology to support top-line improvement.
- **We continue to sustainably unlock efficiencies with significant runway ahead** through sourcing, digital, automation, and network optimization opportunities.
- **We are confident in our strategy** to grow our flagship brands, and we remain committed to managing our business in a disciplined manner.

# Efficiencies Drove Margin Expansion and Strong Cash Flow Generation

Q3 2024  
Business Update

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>	Year-to-Date Free Cash Flow <sup>1</sup>
Q3 '24	\$6.4B	34.3%	\$1.3B	\$0.75	\$2.0B
vs PY	(2.2%)	+30bps	+1.4%	+4.2%	+9.7%





## UNLOCK EFFICIENCIES



## REINVEST IN THE BUSINESS



## POWER BRAND SUPERIORITY



## ACCELERATE PROFITABLE GROWTH





## Strategic Pillars



**N.A. Retail  
ACCELERATE  
Platforms**



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



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

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

*Commentary*

Q3 '24 vs PY

**(4.5%)**

*Lunchables* decline weighs on top line, overshadowing strong performance seen across iconic brands such as *Philadelphia*, *Ore-Ida*, and *Taco Bell*.

**+1.8%**

Top-line growth generated across both North America and International businesses, driven by increased distribution in higher-margin channels and beyond ketchup.

**+4.9%**

Top-line growth driven by both price and volume/mix. Emerging Markets grew double digits outside of continued pressure in Brazil and China.

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| 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.

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

*Challenges*

N.A Retail ACCELERATE

(4.5%)

Total N.A. Retail

(3.9%)

Q3 '24 vs Q3 '23

>80% of the decline



(3.9%)

## Enablers for Growth



Brand Growth System **bgs**



Innovation



Sales Excellence

## Action Plan

- Build a strong connection with consumers to drive conversion
- Meet evolving consumer needs with the right sizes, flavors, and formats
- Drive brand superiority by delivering product attributes worth paying for
- Increase accessibility by expanding distribution in growing channels



## Action Plans in Place to Address Performance

## Initial Momentum Taking Hold

**LUNCHABLES**

Investing to expand category penetration in a changing competitive landscape.

- **Expanding flavors and formats** to attract wider consumer base
- **Remaining value competitive**
- **Leveraging new campaign** to engage both parents and kids
- **Launching product renovation** in H1 2025



**Kraft MAYO**

Strengthening value proposition to re-engage with lapsed users.

- **Expanding successful rollout** of limited time flavors
- **Providing value formats** for all families
- **Offering premium crafted products** through Primal Kitchen



**Kraft mac & cheese**

Connecting and engaging with families, and younger, more diverse consumers.

- **Launching feel-good flavors**
- **Better meeting the needs of consumers** with the right formats
- **Reinforcing superior attributes** with targeting messaging
- **Connecting with youth** in culturally relevant campaigns



**CAPRISUN**

Optimizing portfolio to better serve consumers across more occasions and channels.

- **Elevate “Kid Cool”** through communications and partnerships
- **Continue product renovation** across the broader portfolio
- **Expand into underdeveloped channels** with innovative formats





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

■ YTD 24 ■ Q3 24

**+4%**



**+4%**



Optimized media investments; increased distribution in club



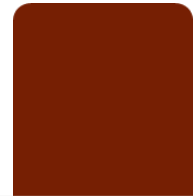
Dollar Sales<sup>1</sup> vs PY

■ YTD 24 ■ Q3 24

**+9%**



**+4%**



Increased marketing; improved supply with Simplot partnership



TACO BELL

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

■ YTD 24 ■ Q3 24

**+23%**



**+28%**



Expanded distribution on both existing products and innovation



**+1.8%** Q3 Organic Net Sales<sup>1,2</sup>  
*Growth*

## Higher-Margin Channels

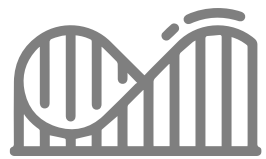
*Gaining share in non-commercial channels*



Restaurants



Healthcare



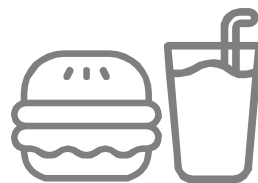
Entertainment



Education



Travel & Leisure



Workplace Food Services

## Beyond Ketchup

*Increasing penetration across brands & categories*



## Go to Market Excellence

*Expanding distribution in Emerging Markets*



## Emerging Markets

Total Distribution Points<sup>3</sup>

**+14%**

Q3 '24 vs Q3 '23

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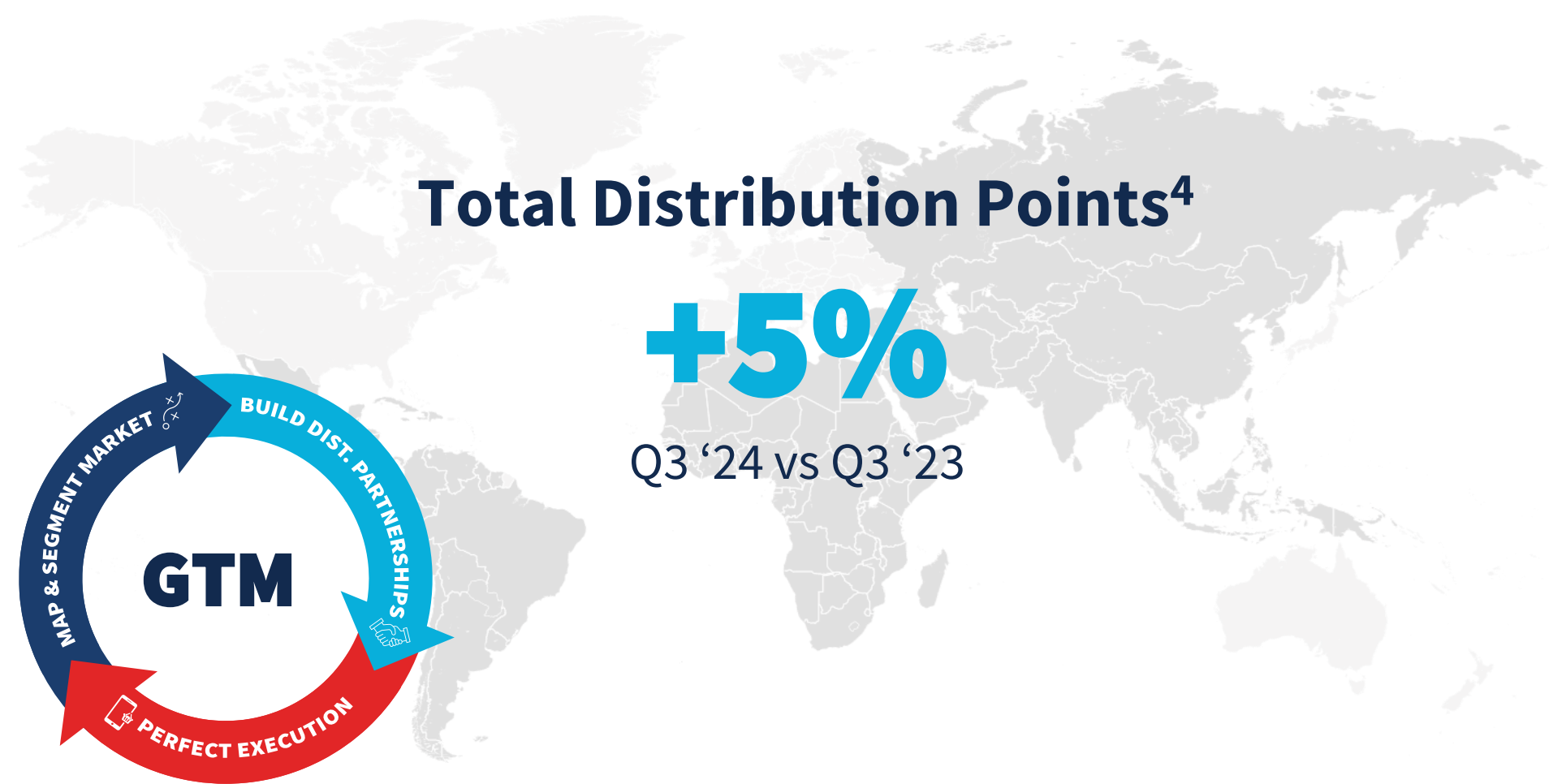
3| Total Distribution points for Emerging Markets in Away From Home Channels for the markets that have implemented Go To Market Model and have Automated Data Sell Out Exchange.

**Emerging Markets**  
**+4.9%** Q3 Organic Net Sales<sup>1,2</sup>  
*Growth*

## Power of *Heinz* in Emerging Markets



## Expanding Distribution through Go To Market Model




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3| Heinz Organic Net Sales based on internal sales data, which holds the impact of currency constant and excludes the impact of divestitures and acquisitions.

4| Total Distribution points for Emerging Markets in both Retail and Away From Home Channels for the markets that have implemented Go To Market Model and have Automated Data Sell Out Exchange.



 Impact of Lunchables

**Total Kraft Heinz Volume / Mix**  
vs PY



**Supply Recovery, Increased Marketing, Joint Business Plan Execution, and Innovation Ramp Up**

**GLOBAL HEINZ**  
Organic Net Sales<sup>1,2</sup>  
Approximately  
**+4%**  
Q3 '24 vs Q3 '23

## HEINZ x **DEADPOOL & WOLVERINE**



**560M**  
Earned media impressions globally

**+156%**  
Organic engagement vs. benchmark<sup>3</sup>

## HEINZ EVERY SAUCE

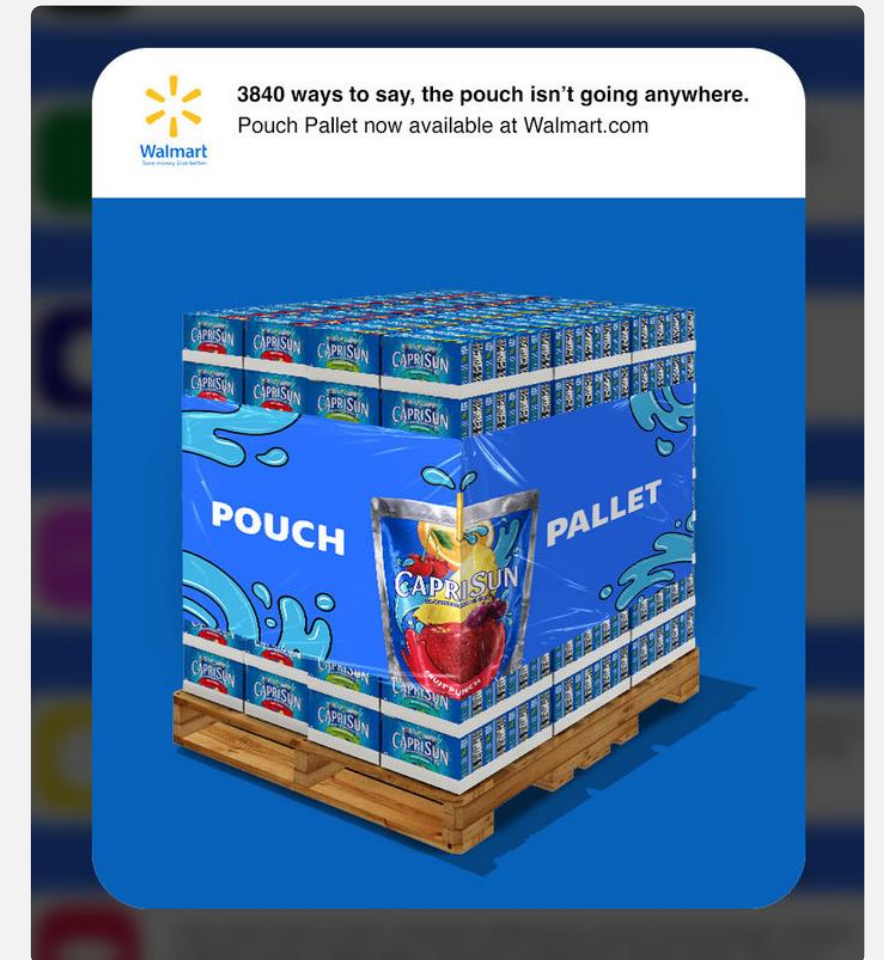


**220M+**  
Earned media impressions

**+153%**  
Impressions vs. benchmark

## CAPRISUN® "Pouch Panic"

ALL NATURAL INGREDIENTS



**1.6B+**  
Earned media impressions in 5 days!

**<2 Hours**  
Time it took the Pouch Pallets to sell out

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| Heinz Organic Net Sales based on internal sales data, which holds the impact of currency constant and excludes the impact of divestitures and acquisitions.  
3| Benchmark for North America market only.



## Providing High-Quality, Convenient Solutions ...



... by feeding the entire family with delicious meals in minutes.

## 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 ...

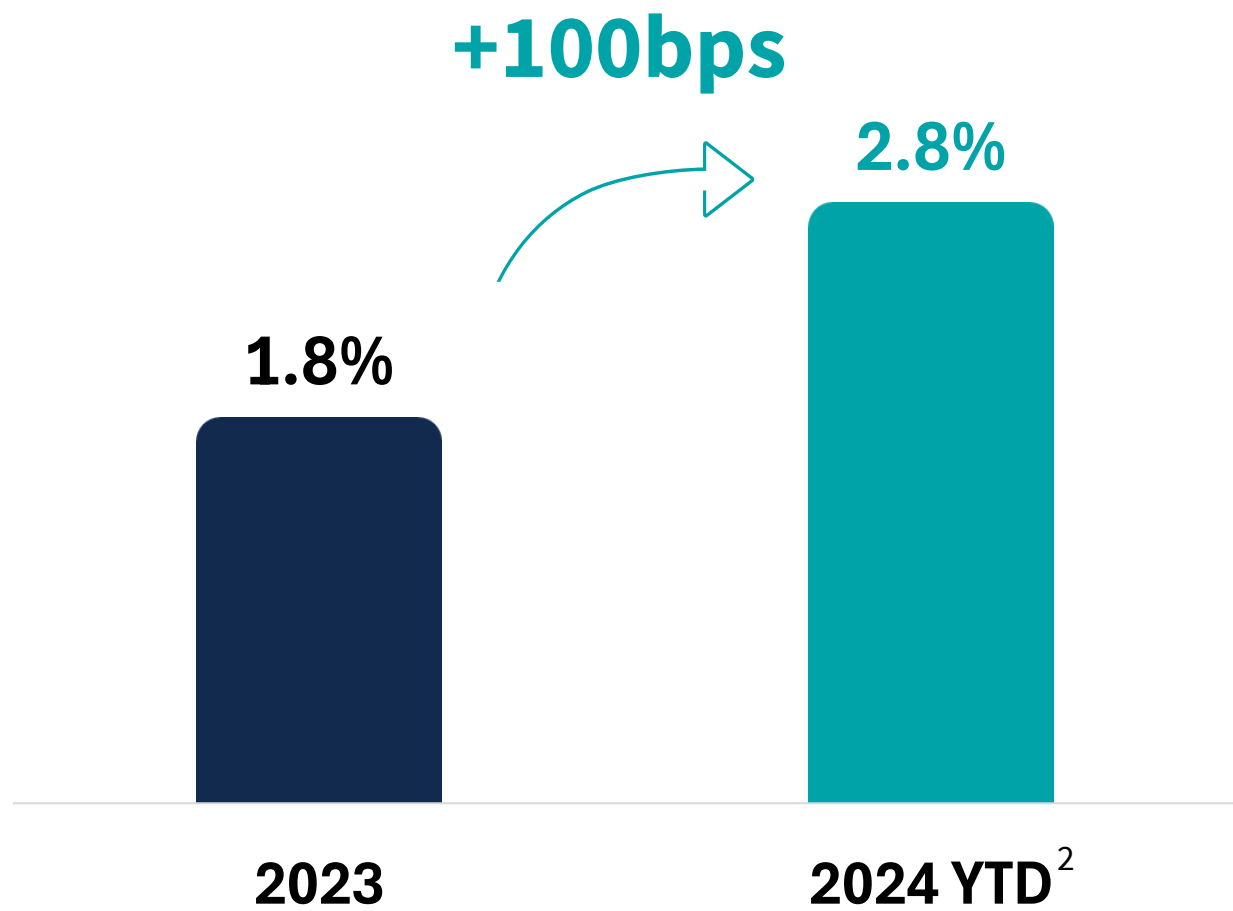


... by unlocking new aisles, channels, and occasions.



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

(Does not include renovation)



Continuing to increase our innovation as a percentage of total company sales.

## Highlights

### MEXICAN



**+1.1pp**

Dollar Share<sup>3</sup>  
Q3 vs PY

### MAC & CHEESE



**+26%**

Dollar Sales<sup>3,4</sup>  
L4W vs PY

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| 2024 YTD figures through August 31, 2024.

3| U.S. market share data based on IRI custom hierarchy MULO+ data ending September 29, 2024.

4| Year-over-year dollar sales data for entire Mac & Cheese Shapes portfolio.



## Unlocked Gross Efficiencies

**\$1.1B** Unlocked  
to Date  
between 2023 and 2024 YTD



## Much More to Capture

**\$1.4B+** To Go  
from 2024 YTD to 2027E

## Further Efficiencies through **Agile@Scale** and by:

Implementing **transformational advancements** in the supply chain such as **digital, automation, and network optimization**

Executing **sourcing and operational excellence** across the value chain

Maintaining **disciplined execution and a continuous improvement** mindset

## *Responding to* 2024 Challenges

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

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

**Continuing to invest in marketing, R&D, and technology to fuel growth**

## *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

**Continuing to sustainably unlock efficiencies with meaningful runway ahead**

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

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



**Q3 2024**

# **Business & Strategy Update**



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

Q3 24 vs Q3 23	Organic Net Sales <sup>1</sup>	Price	Volume / Mix	
<b>Total Kraft Heinz</b>	<b>(2.2%)</b>	<b>1.2pp</b>	<b>(3.4pp)</b>	<b>Top-line decline gradually improved versus Q2, with nearly half of the year-over-year decline coming from <i>Lunchables</i>.</b>
North America	(3.2%)	1.2pp	(4.4pp)	Growth in Away From Home more than offset by lower Retail sales.
International Developed Markets	(1.8%)	(1.0pp)	(0.8pp)	Successfully closed customer negotiation, contributing to a meaningful improvement in year-over-year volume/mix from Q2.
Emerging Markets	4.9%	3.8pp	1.1pp	Both price and volume/mix are driving top-line growth, with majority of Emerging Markets growing double-digits. Results impacted by consumer and customer pressure in Brazil and continued softness in China.



Q3 24 vs Q3 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>1.4%</b>	<b>(0.2pp)</b>	<b>1.6%</b>	<b>20.8%</b> <i>+0.8pp vs PY</i>	<b>Margin expansion a result of unlocked efficiencies combined with lower variable compensation.</b>
North America	(0.6%)	(0.2pp)	(0.4%)	25.6% <i>+0.7pp vs PY</i>	Primarily driven by sales declines, partially offset by productivity gains.
International Developed Markets	4.2%	+2.2pp	2.0%	15.3% <i>+0.7pp vs PY</i>	Growth driven by continued discipline and operations efficiencies.
Emerging Markets	(4.5%)	(3.5pp)	(1.0%)	12.4% <i>(0.3pp) vs PY</i>	Maintaining Go To Market investments to support top-line growth, primarily in LATAM. Performance improving as we lap these investments.

## Increasing Investments in *Trade*

1

Being mindful of the consumer situation

2

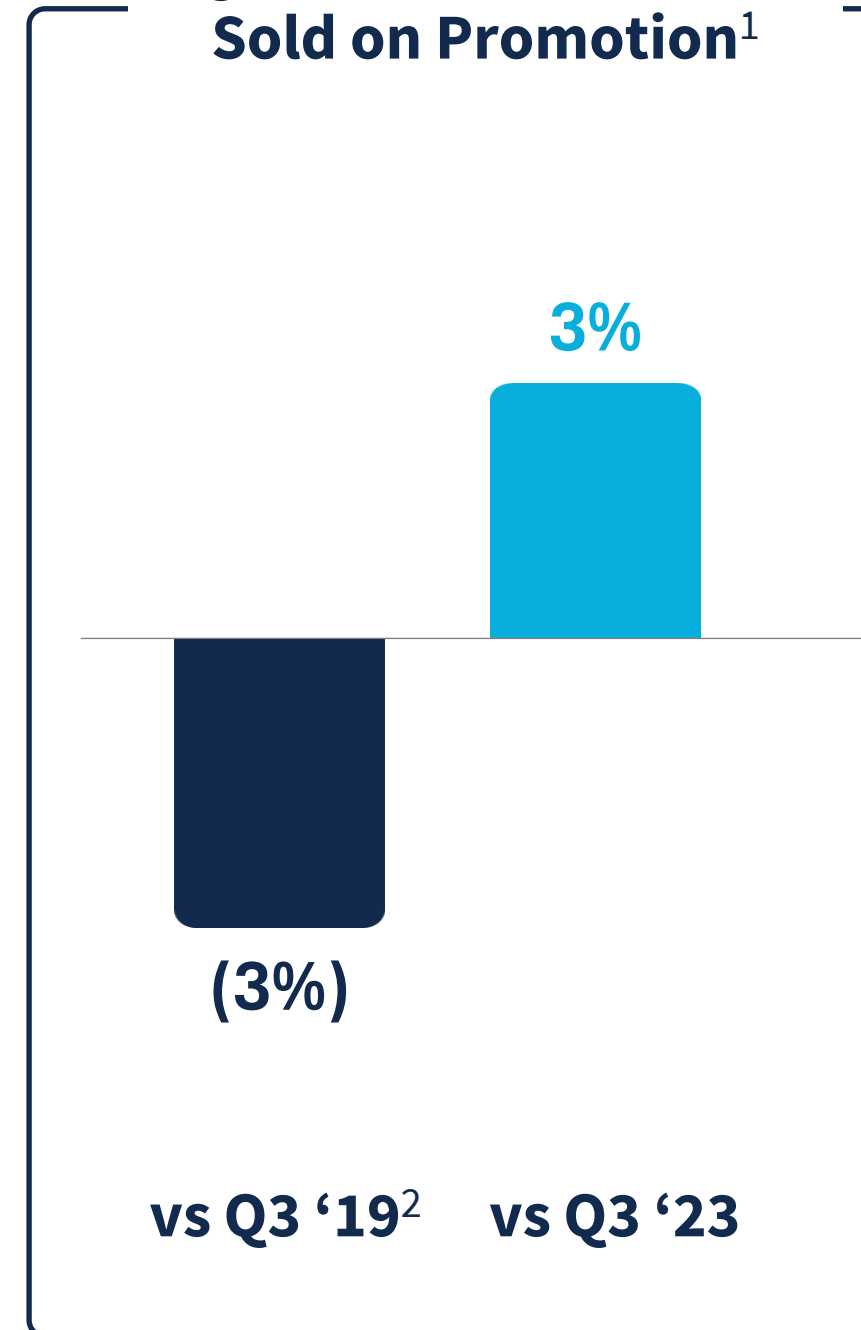
Funding increased investments in trade with a portion of supply chain efficiencies

3

While being selective in our investments

## Remaining Disciplined on *Promotions*

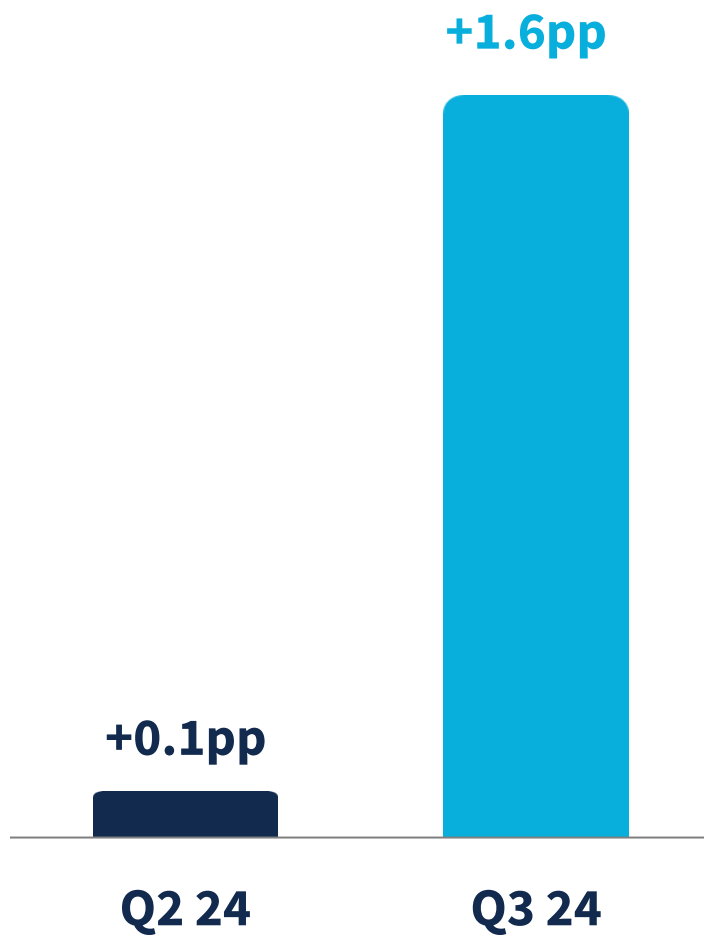
Q3 '24 % U.S. Volume Sold on Promotion<sup>1</sup>



- Generating positive ROIs in the quarter
- Increased frequency, while held depth relatively flat
- Leveraging a combination of strategies beyond promotions to improve competitiveness



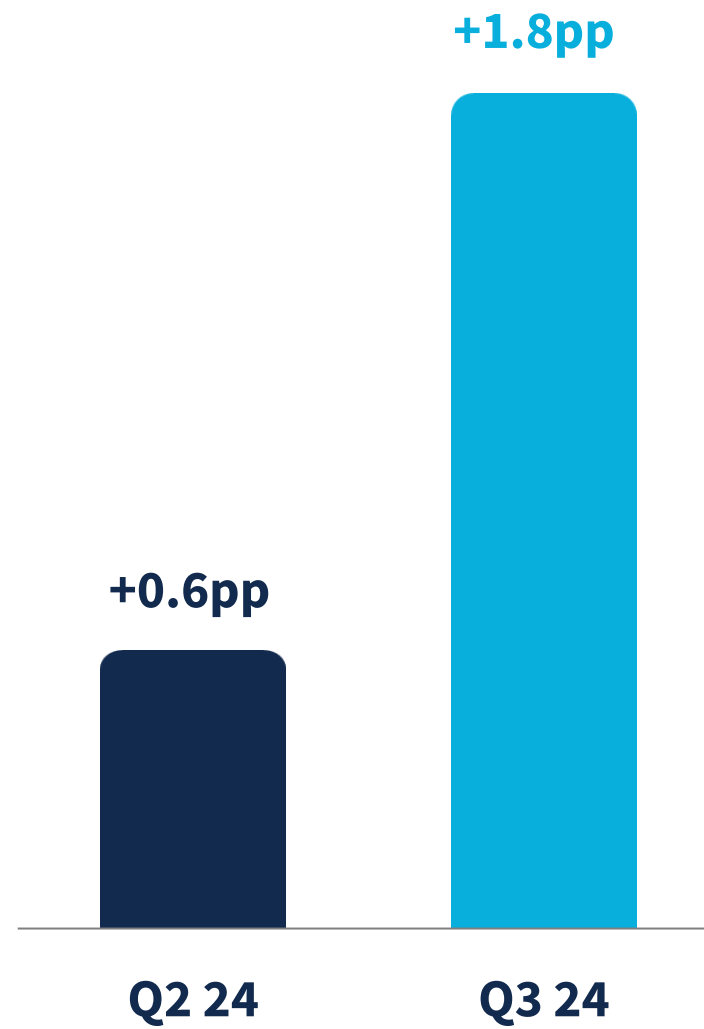
## Whipped Toppings Dollar Share<sup>1</sup> vs PY



Capacity, Marketing,  
and Promotions



## Mac & Cheese Cups Dollar Share<sup>1</sup> vs PY



Price Pack Architecture,  
Marketing, and Promotions



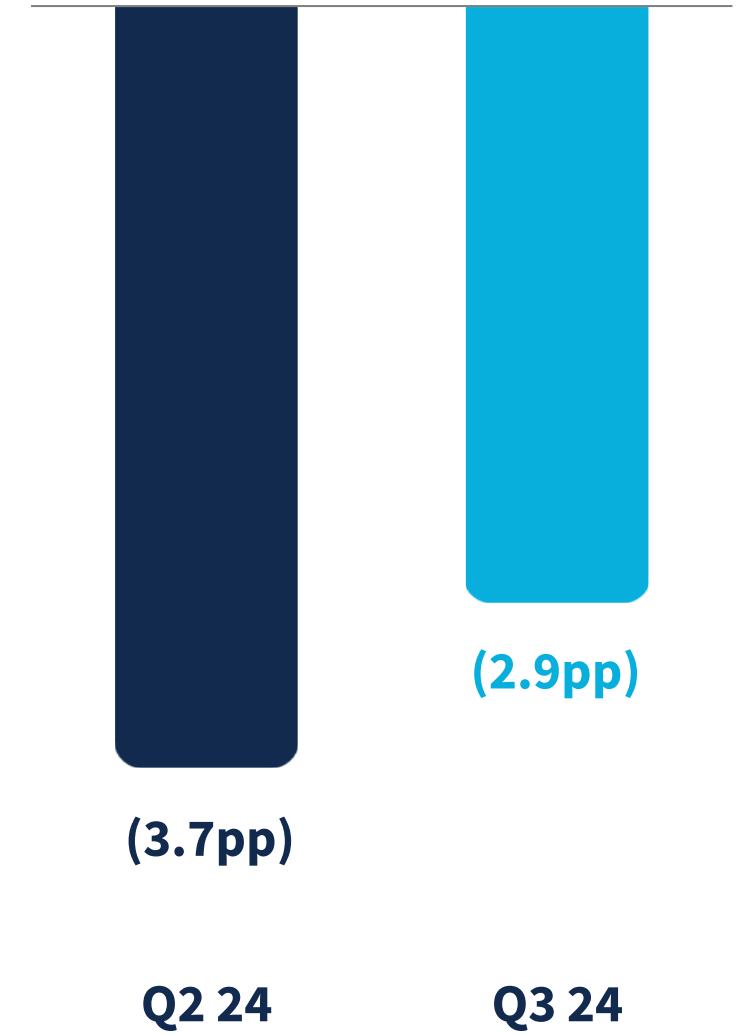
## Frozen Potatoes Dollar Share<sup>1</sup> vs PY



Capacity, Marketing,  
and Pricing Strategies



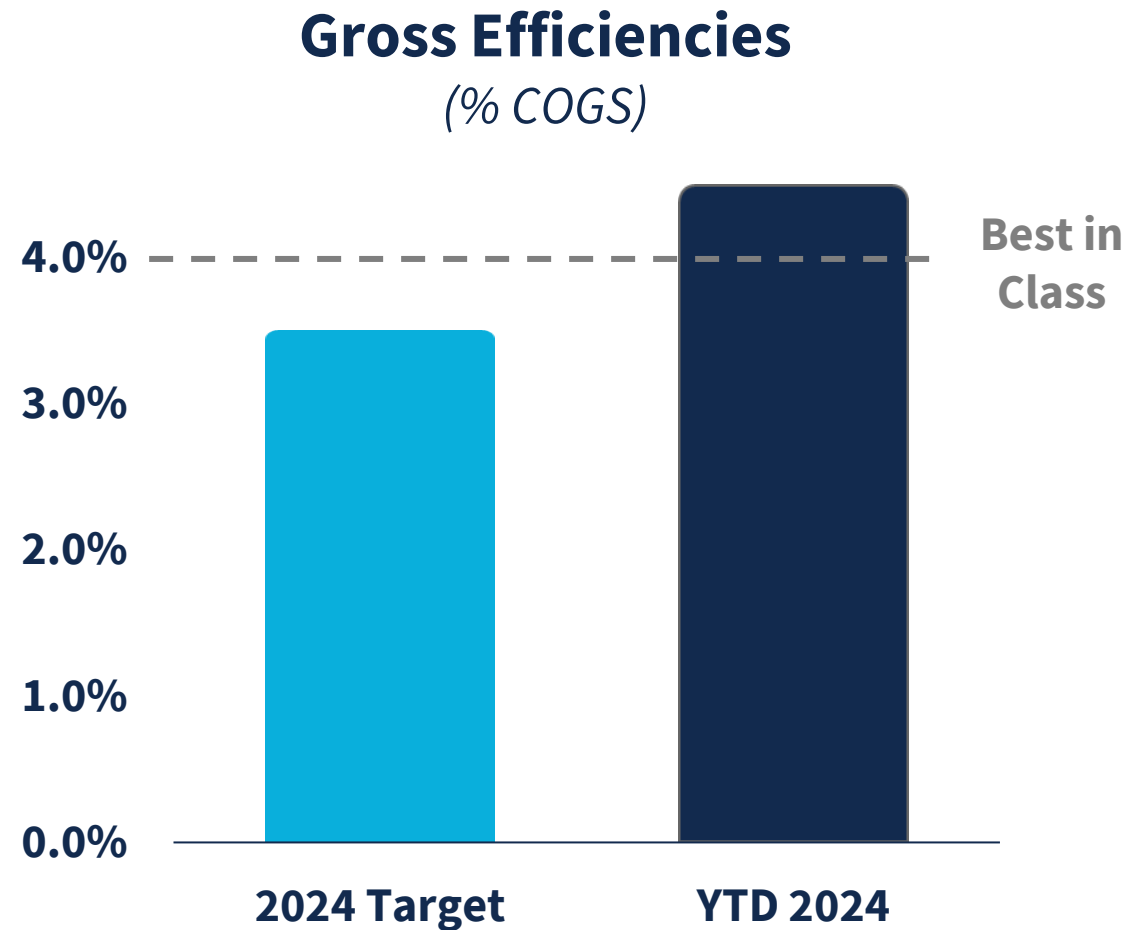
## Kids Single Serve Beverages Dollar Share<sup>1</sup> vs PY



Innovation, Marketing,  
and Promotions

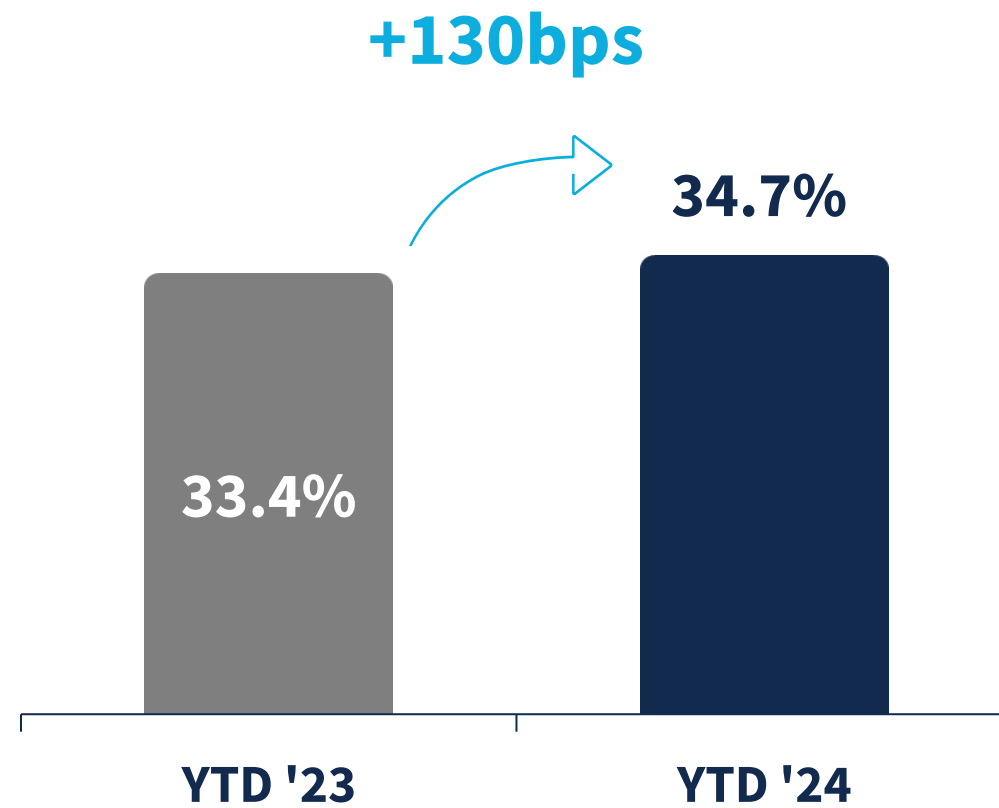


## Supply Chain Efficiencies



YTD gross efficiencies ~\$570M vs PY

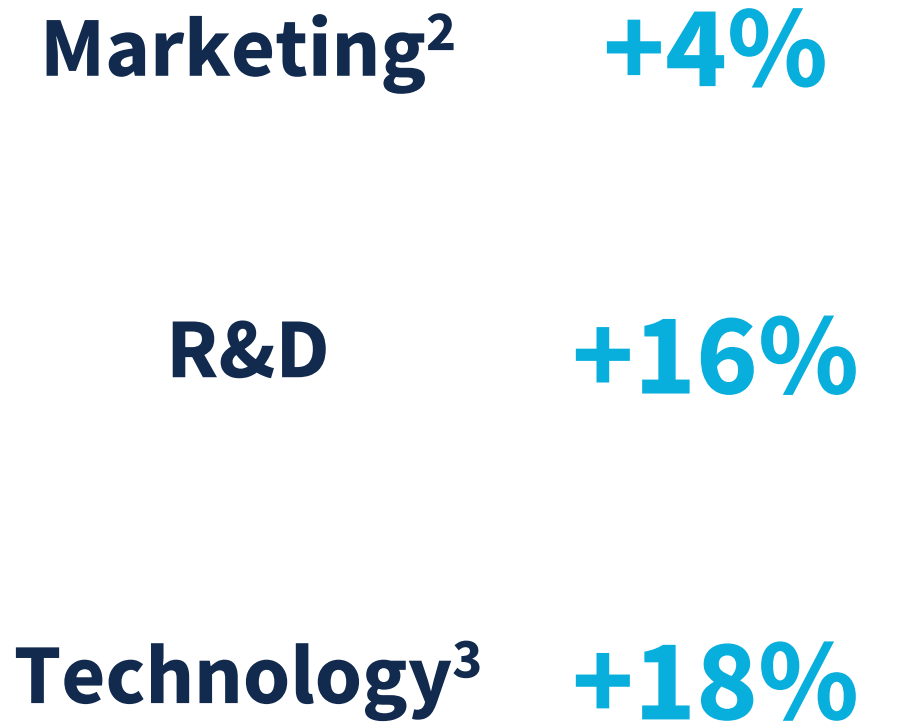
## Adjusted Gross Profit Margin<sup>1</sup>



Expansion driven by gross efficiencies, partially offset by commodity inflation

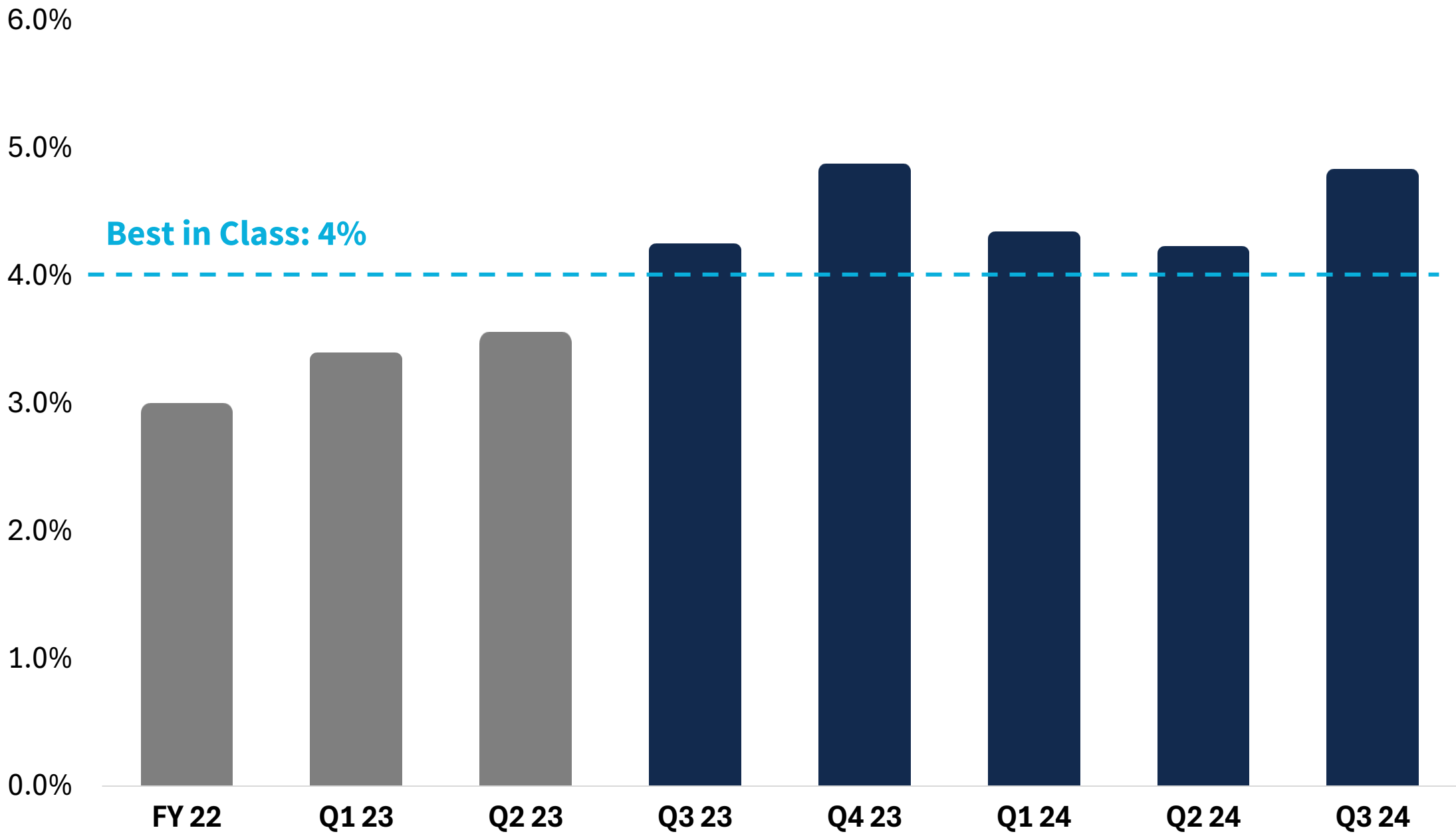
## Investments in the Business

Increase in Spend  
YTD vs PY





## Gross Efficiencies (% COGS)



### Best in Class Productivity

- ✓ Integrated supply chain
- ✓ Enhanced digital capabilities
- ✓ Unwind of pandemic related inefficiencies

### Incremental Runway

*Ahead*

**\$1.4B+** Efficiencies from 2024 YTD to 2027E

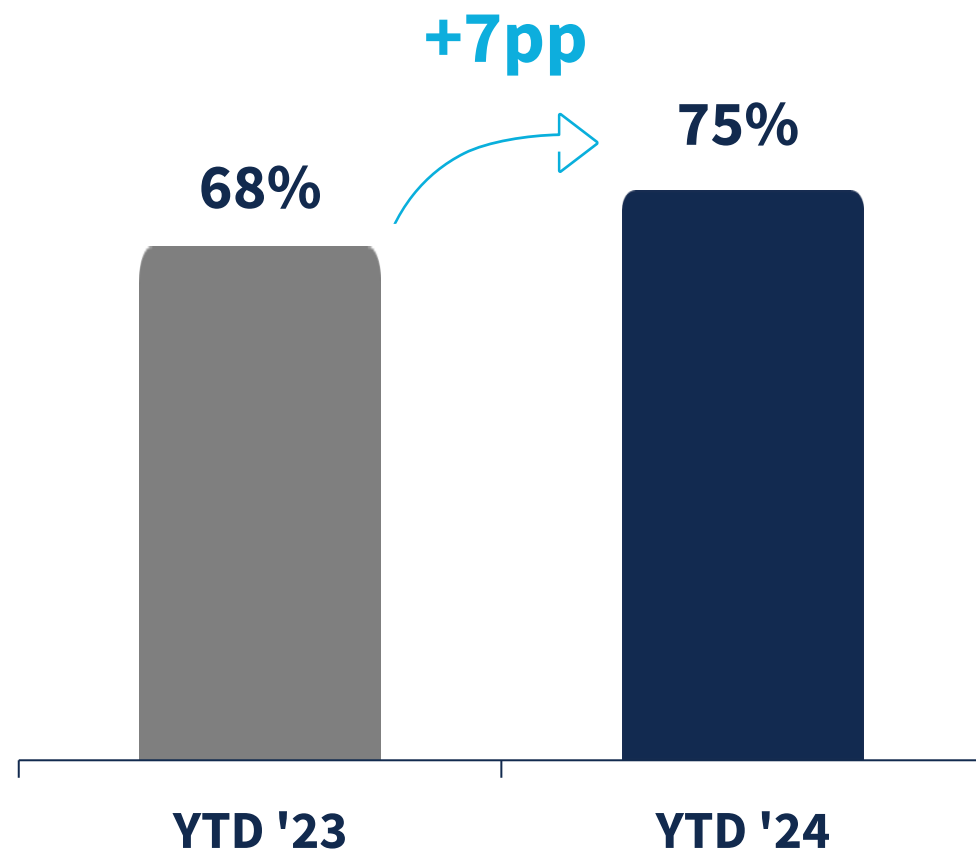
**60%**

Procurement

**40%**

Supply Chain

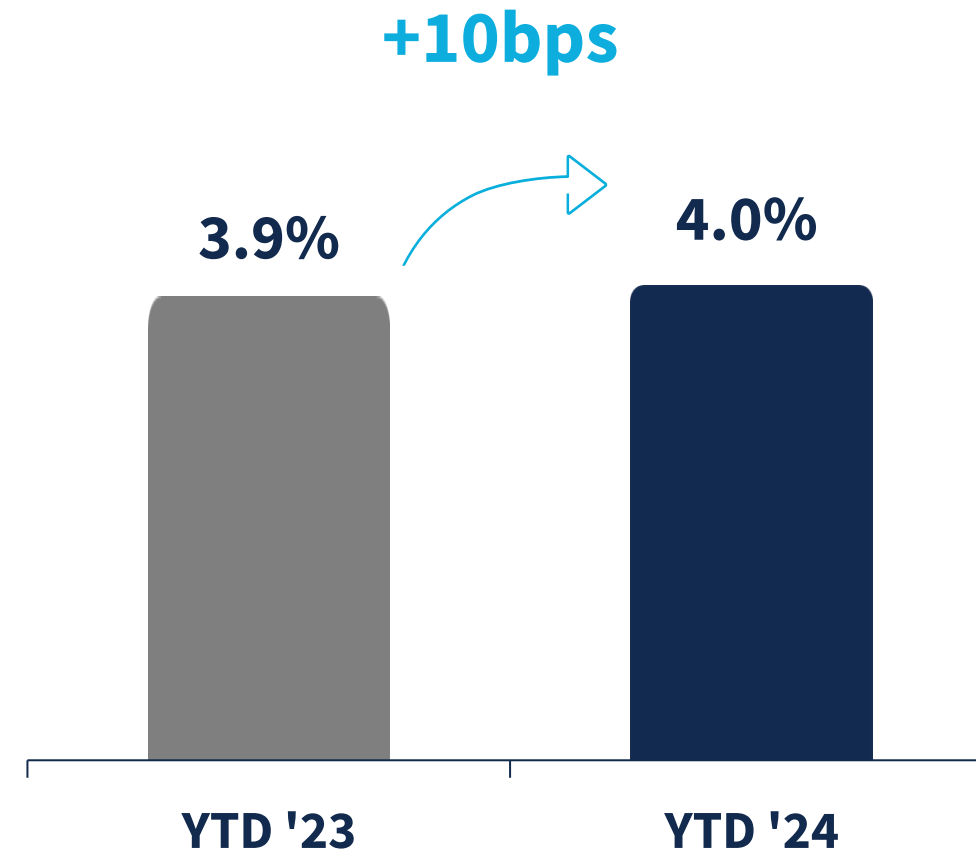
## Free Cash Flow Conversion<sup>1</sup>



Primarily driven by an improvement in working capital

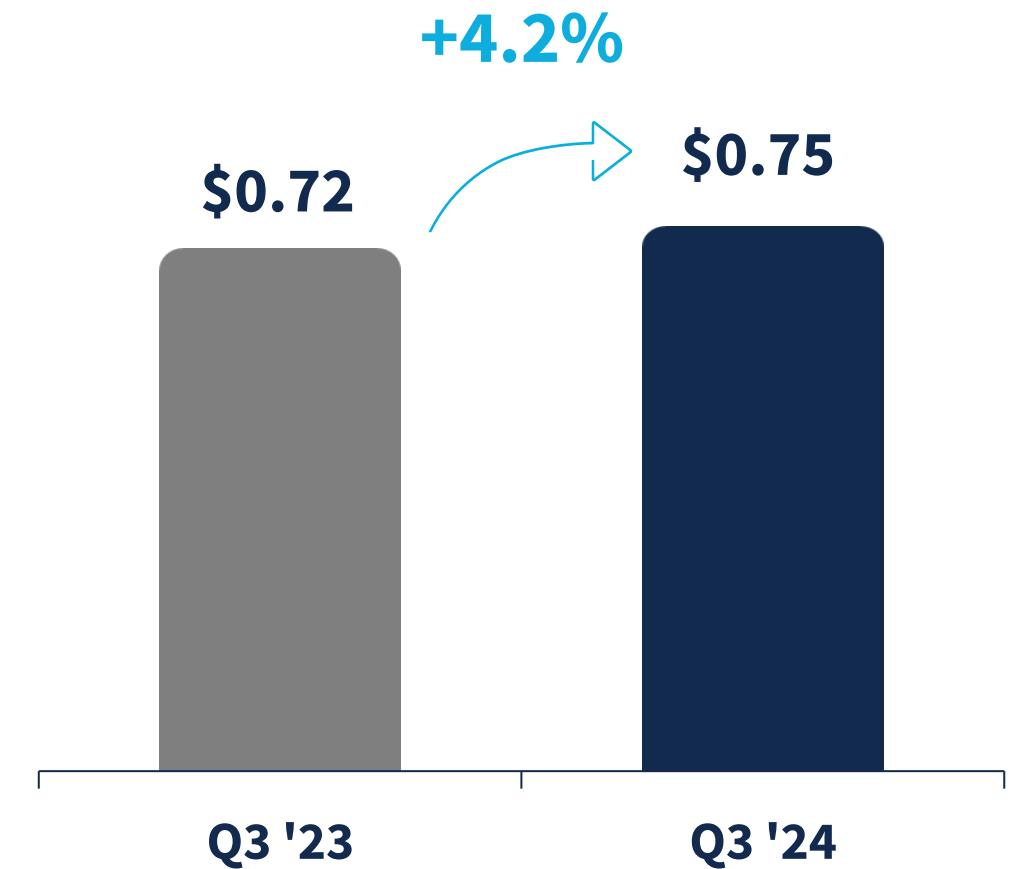
## Capital Expenditures

(% of Net Sales)



Increased investments in CapEx by +10bps as a % of net sales

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



### vs Q3 2023

Results of Operations:	\$0.01
Share Repurchases:	\$0.01
Effective Tax Rate:	\$0.01



## Capital Allocation *Strategy* in Place

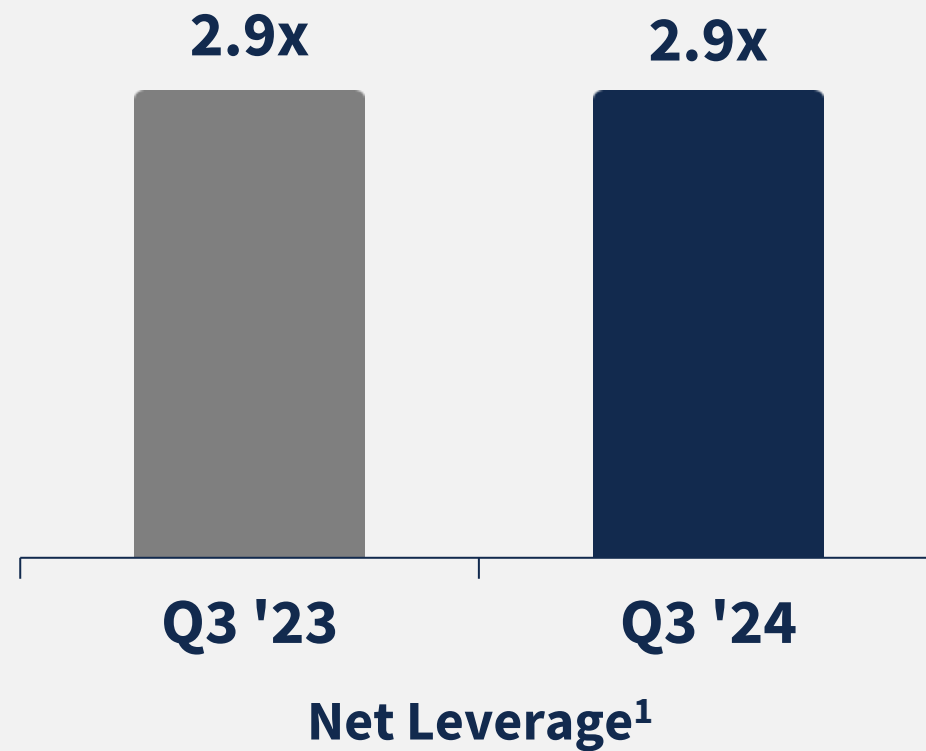
Competitive  
**Annual Dividend**

Target Leverage Ratio of  
**Approximately 3.0x**

Maintain  
**Investment Grade**



**Maintained Net Leverage<sup>1</sup>  
Target of ~3.0x**



**Returning Incremental Capital  
to Stockholders**

**Dividends**

**\$1,452M**

**Share Repurchases**

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

- Non-programmatic
- Function of excess cash
- Macro-economic considerations

## 2024 FYE Outlook

## 2024 FYE Considerations

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

**(2%) to 0%**

*Low End*

- Positive contribution from price for FY24
- FY24 impact from currency at current FX rates: ~(60bps)
- FY24 ingredient supplier issue impact: ~(20bps)

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

**1% to 3%**

*Low End*

- Adjusted Gross Profit Margin<sup>1</sup> to be at the lower end of the previous +75 to 125bps YoY range
- FY24 inflation now expected to increase to ~4% driven by incremental commodity costs
- FY24 benefit from lower variable compensation

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

**1% to 3%**

*Low End*

- Effective tax rate on Adjusted EPS<sup>1</sup> is expected to be 21% (~200bps or ~\$0.07 YoY headwind)
- Interest and Other Expense/(Income) is expected to be relatively flat vs. prior year driven by headwinds in FX and debt refinancing, offset by favorable pension income YoY
- Guidance does not reflect any impact from potential future share repurchases

**Q3 2024**

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**Chief Executive Officer**

**CARLOS ABRAMS-RIVERA**



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