KraftHeinz

THE KRAFT HEINZ COMPANY

Q1 2018 UPDATE

May 2, 2018

SAFE HARBOR STATEMENT

This webcast presentation contains a number of forward-looking statements. Words such as “build,” “gain,” “drive,” “invest,” “grow,” “progress,” “expand,” “become,” “execute,” “enable,” “continue,” “expect,” “opportunity,” “deliver,” “build,” “reinvent,“ “leverage,” “will,” and variations of such words and similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding Kraft Heinz’s plans, integration, savings, investments, execution, growth, leverage, innovation, credit rating, brands and efficiencies. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties, many of which are difficult to predict and beyond Kraft Heinz’s control. Important factors that affect Kraft Heinz’s business and operations and that may cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, increased competition; Kraft Heinz’s ability to maintain, extend and expand its reputation and brand image; Kraft Heinz’s ability to differentiate its products from other brands; the consolidation of retail customers; Kraft Heinz’s ability to predict, identify and interpret changes in consumer preferences and demand; Kraft Heinz’s ability to drive revenue growth in its key product categories, increase its market share, or add products; an impairment of the carrying value of goodwill or other indefinite-lived intangible assets; volatility in commodity, energy and other input costs; changes in Kraft Heinz’s management team or other key personnel; Kraft Heinz’s inability to realize the anticipated benefits from its cost savings initiatives; changes in relationships with significant customers and suppliers; execution of Kraft Heinz’s international expansion strategy; changes in laws and regulations; legal claims or other regulatory enforcement actions; product recalls or product liability claims; unanticipated business disruptions; failure to successfully integrate the business and operations of Kraft Heinz in the expected time frame; Kraft Heinz’s ability to complete or realize the benefits from potential and completed acquisitions, alliances, divestitures or joint ventures; economic and political conditions in the nations in which Kraft Heinz operates; the volatility of capital markets; increased pension, labor and people-related expenses; volatility in the market value of all or a portion of the derivatives Kraft Heinz uses; exchange rate fluctuations; risks associated with information technology and systems, including service interruptions, misappropriation of data or breaches of security; Kraft Heinz’s inability to protect intellectual property rights; impacts of natural events in the locations in which Kraft Heinz or its customers, suppliers or regulators operate; Kraft Heinz’s indebtedness and ability to pay such indebtedness; tax law changes or interpretations; and other factors. For additional information on these and other factors that could affect Kraft Heinz’s forward-looking statements, see Kraft Heinz’s risk factors, as they may be amended from time to time, set forth in its filings with the Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K. Kraft Heinz disclaims and does not undertake any obligation to update or revise any forward-looking statement in this presentation, except as required by applicable law or regulation.

Non-GAAP Measures

This webcast presentation also includes non-GAAP financial measures, including Organic Net Sales, Adjusted EBITDA and Adjusted EPS. These non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix to this presentation.

FIRST QUARTER 2018 OVERVIEW

RESULTS CONSISTENT WITH 2018 PLAN

- Q1 financials in-line to slightly-better-than expectations
  - Net Sales held back by anticipated transitory headwinds in the U.S., Canada, Brazil
  - EBITDA reflected expected near-term pressures in U.S. and ROW from combination of cost inflation and aggressive investment agenda
- Improving consumption trends in most countries and most key categories
- Significant progress in building capabilities for category and brand advantage

MAKING PROGRESS AGAINST BECOMING THE BEST

KraftHeinz

1 DATA-DRIVEN MARKETING FOR COMPETITIVE ADVANTAGE

Become the #1 data-driven marketer in our industry

- Cost per Impression
- Quality Impressions
- Return on Ad Spend
- Media Mix

2 BRAND BUILDING THROUGH INNOVATION, RENOVATION & INVESTMENT

Build brands that position the portfolio to grow and win with consumers today and tomorrow

- Innovation
- Renovation
- Whitespace

3 REINVENT CATEGORY MANAGEMENT

Reinvent category management centered on three scalable capabilities

- Revenue Management
- Assortment Management
- Planograms

4 EXPAND GO-TO-MARKET CAPABILITIES

Get the right product, at the right place, at the right time for consumers

- Traditional Retail
- Foodservice
- E-commerce

5 CREATE BEST-IN-CLASS OPERATIONS

Become the best operator in the consumer staples industry across four verticals

- Safety
- Service
- Cost
- Quality

6 RECRUIT, DEVELOP & ALIGN OUR PEOPLE

Make people the true competitive advantage of The Kraft Heinz Company

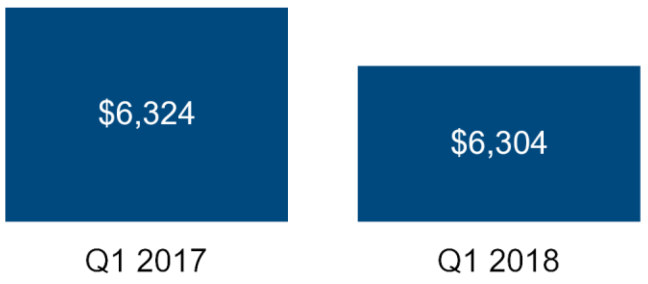
- MBOs
- Ownerversity
- Talent Acquisition

FIRST QUARTER FINANCIAL SUMMARY

NET SALES

(1.5)% Organic[1]

Price	*1.0%*
Vol/mix	*(2.5)%*



- Favorable pricing driven by gains in U.S. and ROW segments
- Lower volume/mix reflected anticipated headwinds in the U.S. and ROW
  - Overshadowed solid retail gains in Canada, EMEA and Foodservice growth in the U.S. and EMEA.

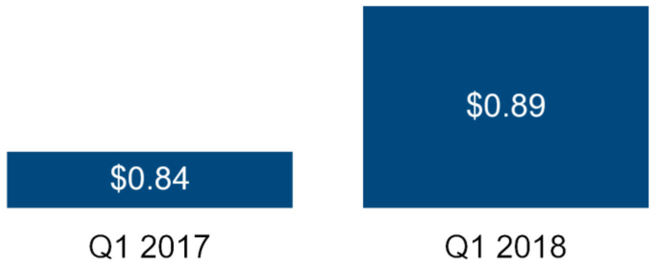
ADJUSTED EBITDA[1]

(3.5)% constant currency[1] growth

- Anticipated headwinds from a combination of higher input costs, particularly freight and resin, lower volume/mix and aggressive investments behind strategic initiatives
- More than offset solid gains from productivity and pricing

ADJUSTED EPS[1]

6.0% growth



- Gains primarily driven by lower effective tax rate versus prior year period
- Other below-the-line items, in aggregate, neutral versus prior year

(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to Non-GAAP reconciliations.

CONSISTENT WITH PREVIOUS EXPECTATIONS

- Still expecting atypical H1:H2 split of Net Sales and EBITDA
  - Compared to 50:50 Net Sales and EBITDA split in 2017
  - Q2 to face similar set of headwinds as Q1
- Several tangible drivers to deliver top- and bottom-line growth in H2
  - H1 transitory headwinds turn positive
  - U.S. innovation, category management, go-to-market investments gain traction
  - International growth accelerates from strong innovation, whitespace pipeline
  - Improved commercial growth leveraging greater net productivity
- Targeting positive organic EBITDA growth, strong Adjusted EPS growth
- Strong cash generation to reflect lower capex, lower cash taxes, working capital gains

THE KRAFT HEINZ COMPANY

APPENDIX

Non-GAAP Financial Measures

To supplement the financial information, the Company has presented Organic Net Sales, Adjusted EBITDA, Constant Currency Adjusted EBITDA, and Adjusted EPS, which are considered non-GAAP financial measures. The non-GAAP financial measures provided should be viewed in addition to, and not as an alternative for, results prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") that are presented in this press release. The non-GAAP financial measures presented may differ from similarly titled non-GAAP financial measures presented by other companies, and other companies may not define these non-GAAP financial measures in the same way. These measures are not substitutes for their comparable GAAP financial measures, such as net sales, net income/(loss), diluted earnings per share, or other measures prescribed by GAAP, and there are limitations to using non-GAAP financial measures.

Management uses these non-GAAP financial measures to assist 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. Management believes that presenting the Company's non-GAAP financial measures is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items, (ii) permits investors to view performance using the same tools that management uses to budget, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provides supplemental information that may be useful to investors in evaluating the Company's results. The Company believes that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provides investors with additional understanding of the factors and trends affecting the Company's business than could be obtained absent these disclosures.

Organic Net Sales is defined as net sales excluding, when they occur, the impact of acquisitions, currency, divestitures and a 53rd week of shipments. The Company calculates the impact of currency on net sales by holding exchange rates constant at the previous year's exchange rate, with the exception of Venezuela following the Company's June 28, 2015 currency devaluation, for which the Company calculates the previous year's results using the current year's exchange rate. Organic Net Sales is a tool that can assist management and investors in comparing the Company's performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect the Company's underlying operations.

Adjusted EBITDA is defined as net income/(loss) from continuing operations before interest expense, other expense/(income), net, provision for/(benefit from) income taxes, and depreciation and amortization (excluding integration and restructuring expenses); in addition to these adjustments, the Company excludes, when they occur, the impacts of integration and restructuring expenses, merger costs, unrealized losses/(gains) on commodity hedges, impairment losses, losses/(gains) on the sale of a business, nonmonetary currency devaluation (e.g., remeasurement gains and losses), and equity award compensation expense (excluding integration and restructuring expenses). The Company also presents Adjusted EBITDA on a constant currency basis. The Company calculates the impact of currency on Adjusted EBITDA by holding exchange rates constant at the previous year's exchange rate, with the exception of Venezuela following the Company's June 28, 2015 devaluation of the Venezuelan bolivar and remeasurement of assets and liabilities of its Venezuelan subsidiary, for which it calculates the previous year's results using the current year's exchange rate. Adjusted EBITDA and Constant Currency Adjusted EBITDA are tools that can assist management and investors in comparing the Company's performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect the Company's underlying operations.

Adjusted EPS is defined as diluted earnings per share excluding, when they occur, the impacts of integration and restructuring expenses, merger costs, unrealized losses/(gains) on commodity hedges, impairment losses, losses/(gains) on the sale of a business, nonmonetary currency devaluation (e.g., remeasurement gains and losses), and U.S. Tax Reform, and including when they occur, adjustments to reflect preferred stock dividend payments on an accrual basis. The Company believes Adjusted EPS provides important comparability of underlying operating results, allowing investors and management to assess operating performance on a consistent basis.

See the attached schedules for supplemental financial data, which includes the financial information, the non-GAAP financial measures and corresponding reconciliations to the comparable GAAP financial measures for the relevant periods.

The Kraft Heinz Company
Condensed Consolidated Statements of Income
(in millions, except per share data)
(Unaudited)

Schedule 1

	For the Quarter Ended	
	March 31, 2018	April 1, 2017
Net sales	$ 6,304	$ 6,324
Cost of products sold[(a)]	4,059	4,125
Gross profit	2,245	2,199
Selling, general and administrative expenses[(b)]	764	766
Operating income	1,481	1,433
Interest expense	317	313
Other expense/(income), net[(c)]	(90)	(130)
Income/(loss) before income taxes	1,254	1,250
Provision for/(benefit from) income taxes	261	359
Net income/(loss)	993	891
Net income/(loss) attributable to noncontrolling interest	—	(2)
Net income/(loss) attributable to common shareholders	$ 993	$ 893
Basic shares outstanding	1,219	1,217
Diluted shares outstanding	1,228	1,229
Per share data applicable to common shareholders:		
Basic earnings/(loss) per share	$ 0.81	$ 0.73
Diluted earnings/(loss) per share	0.81	0.73

(a) Integration and restructuring expenses recorded in cost of products sold were $76 million for the quarter ended March 31, 2018 ($61 million after-tax) and $96 million for the quarter ended April 1, 2017 ($66 million after-tax).
(b) Integration and restructuring expenses recorded in selling, general and administrative expenses ("SG&A") were $14 million for the quarter ended March 31, 2018 ($10 million after-tax) and $39 million for the quarter ended April 1, 2017 ($26 million after-tax).
(c) Integration and restructuring expenses recorded in other expense/(income), net were $13 million for the quarter ended April 1, 2017 ($9 million after-tax). There were no such expenses for the quarter ended March 31, 2018.

APPENDIX

The Kraft Heinz Company
Reconciliation of Net Sales to Organic Net Sales
For the Quarter Ended
(dollars in millions)
(Unaudited)

Schedule 2

	Net Sales	Impact of Currency	Organic Net Sales	Price	Volume/Mix
March 31, 2018					
United States	$ 4,368	$ —	$ 4,368		
Canada	484	22	462		
EMEA	685	74	611		
Rest of World	767	17	750		
	$ 6,304	$ 113	$ 6,191		
April 1, 2017					
United States	$ 4,518	$ —	$ 4,518		
Canada	440	—	440		
EMEA	597	—	597		
Rest of World	769	40	729		
	$ 6,324	$ 40	$ 6,284		
Year-over-year growth rates					
United States	(3.3)%	0.0 pp	(3.3)%	0.8 pp	(4.1) pp
Canada	9.8%	4.8 pp	5.0%	0.0 pp	5.0 pp
EMEA	14.7%	12.4 pp	2.3%	(0.5) pp	2.8 pp
Rest of World	(0.2)%	(3.2) pp	3.0%	4.3 pp	(1.3) pp
Kraft Heinz	(0.3)%	1.2 pp	(1.5)%	1.0 pp	(2.5) pp

The Kraft Heinz Company
Reconciliation of Net Income/(Loss) to Adjusted EBITDA
(dollars in millions)
(Unaudited)

Schedule 3

	For the Quarter Ended	
	March 31, 2018	April 1, 2017
Net income/(loss)	$ 993	$ 891
Interest expense	317	313
Other expense/(income), net	(90)	(130)
Provision for/(benefit from) income taxes	261	359
Operating income	1,481	1,433
Depreciation and amortization (excluding integration and restructuring expenses)	206	222
Integration and restructuring expenses	90	135
Merger costs	9	—
Unrealized losses/(gains) on commodity hedges	2	42
Equity award compensation expense (excluding integration and restructuring expenses)	7	12
Adjusted EBITDA	$ 1,795	$ 1,844
Segment Adjusted EBITDA:		
United States	$ 1,382	$ 1,464
Canada	134	125
EMEA	182	140
Rest of World	143	144
General corporate expenses	(46)	(29)
Adjusted EBITDA	$ 1,795	$ 1,844

Kraft Heinz

The Kraft Heinz Company
Reconciliation of Adjusted EBITDA to Constant Currency Adjusted EBITDA
For the Quarter Ended
(dollars in millions)
(Unaudited)

Schedule 4

	Adjusted EBITDA	Impact of Currency	Constant Currency Adjusted EBITDA
March 31, 2018			
United States	$ 1,382	$ —	$ 1,382
Canada	134	6	128
EMEA	182	20	162
Rest of World	143	3	140
General corporate expenses	(46)	(2)	(44)
	$ 1,795	$ 27	$ 1,768
April 1, 2017			
United States	$ 1,464	$ —	$ 1,464
Canada	125	—	125
EMEA	140	—	140
Rest of World	144	11	133
General corporate expenses	(29)	—	(29)
	$ 1,844	$ 11	$ 1,833
Year-over-year growth rates			
United States	(5.6)%	0.0 pp	(5.6)%
Canada	7.1%	4.4 pp	2.7%
EMEA	30.4%	14.7 pp	15.7%
Rest of World	(0.7)%	(5.6) pp	4.9%
General corporate expenses	55.1%	5.0 pp	50.1%
Kraft Heinz	(2.6)%	0.9 pp	(3.5)%

The Kraft Heinz Company
Reconciliation of Diluted EPS to Adjusted EPS
(Unaudited)

Schedule 5

	For the Quarter Ended	
	March 31, 2018	April 1, 2017
Diluted EPS	$ 0.81	$ 0.73
Integration and restructuring expenses[a][c]	0.05	0.08
Merger costs[a][b]	0.01	—
Unrealized losses/(gains) on commodity hedges[a][b]	—	0.02
Nonmonetary currency devaluation[a][d]	0.04	0.01
U.S. Tax Reform[e]	$ (0.02)	$ —
Adjusted EPS	$ 0.89	$ 0.84

(a) Income tax expense associated with these items is based on applicable jurisdictional tax rates and deductibility assessments of individual items.

(b) Refer to the reconciliation of net income/(loss) to Adjusted EBITDA for the related gross expenses.

(c) Integration and restructuring included the following gross expenses:

- Expenses recorded in cost of products sold were $76 million for the three months ended March 31, 2018 and $96 million for the three months ended April 1, 2017.
- Expenses recorded in SG&A were $14 million for the three months ended March 31, 2018 and $39 million for the three months ended April 1, 2017; and
- Expenses recorded in other expense/(income), net, were $13 million for the three months ended April 1, 2017 (there were no such expenses for the three months ended March 31, 2018).

(d) Nonmonetary currency devaluation included the following gross expenses:

- Expenses recorded in other expense/(income), net, were $47 million for the three months ended March 31, 2018 and $8 million for the three months ended April 1, 2017.

(e) U.S. Tax Reform included a benefit from income taxes of $20 million for the three months ended March 31, 2018 (there were no such expenses for the three months ended April 1, 2017).

The Kraft Heinz Company
Condensed Consolidated Balance Sheets
(in millions, except per share data)
(Unaudited)

Schedule 6

	March 31, 2018	December 30, 2017
ASSETS		
Cash and cash equivalents	$ 1,794	$ 1,629
Trade receivables, net	1,044	921
Sold receivables	530	353
Income taxes receivable	150	582
Inventories	3,144	2,815
Other current assets	775	966
Total current assets	7,437	7,266
Property, plant and equipment, net	7,267	7,120
Goodwill	44,843	44,824
Intangible assets, net	59,600	59,449
Other assets	1,640	1,573
TOTAL ASSETS	$ 120,787	$ 120,232
LIABILITIES AND EQUITY		
Commercial paper and other short-term debt	$ 1,001	$ 460
Current portion of long-term debt	2,742	2,743
Trade payables	4,241	4,449
Accrued marketing	567	680
Income taxes payable	291	152
Interest payable	345	419
Other current liabilities	1,142	1,229
Total current liabilities	10,329	10,132
Long-term debt	28,561	28,333
Deferred income taxes	14,085	14,076
Accrued postemployment costs	400	427
Other liabilities	949	1,017
TOTAL LIABILITIES	54,324	53,985
Redeemable noncontrolling interest	8	6
Equity:		
Common stock, $0.01 par value	12	12
Additional paid-in capital	58,733	58,711
Retained earnings/(deficit)	8,718	8,589
Accumulated other comprehensive income/(losses)	(975)	(1,054)
Treasury stock, at cost	(240)	(224)
Total shareholders' equity	66,248	66,034
Noncontrolling interest	207	207
TOTAL EQUITY	66,455	66,241
TOTAL LIABILITIES AND EQUITY	$ 120,787	$ 120,232