



**Kraft***Heinz*

**Q4 2023**

# BUSINESS UPDATE

FEBRUARY 14, 2024





# FORWARD-LOOKING STATEMENTS



February 14, 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 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 Gross Profit, Adjusted Gross Profit Margin, Adjusted Operating Income, Adjusted EBITDA, Constant Currency Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EPS, 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).

**Q4 2023  
BUSINESS  
UPDATE**

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**Carlos Abrams-  
Rivera**

Chief Executive Officer



# 2023 Key Takeaways



1

**Delivered results above our Long-Term Algorithm**

2

**Unlocked nearly \$700M in gross efficiencies**, driving gross margin expansion and enabling reinvestment

3

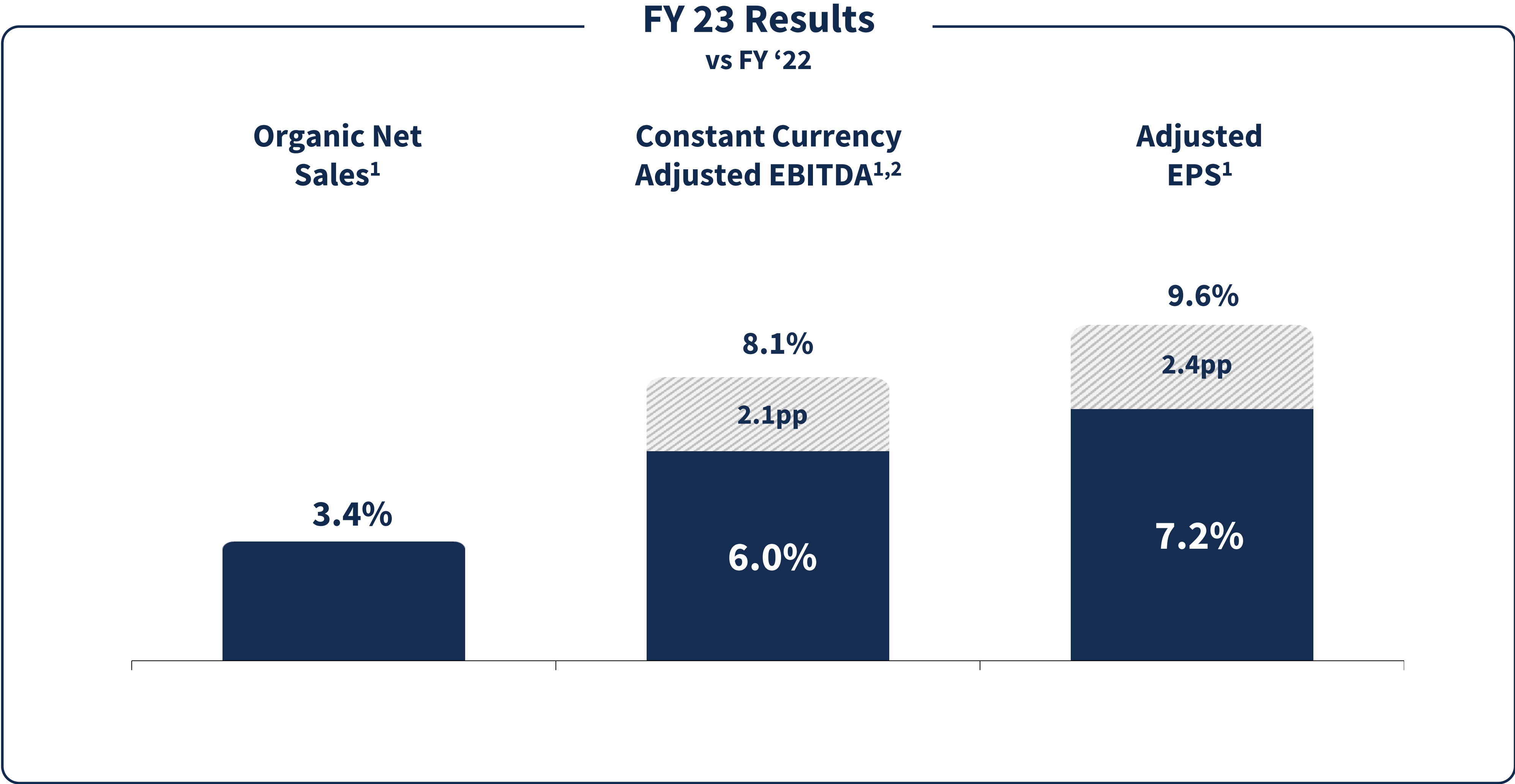
**Strengthened balance sheet**, ending 2023 at target Net Leverage<sup>1</sup> of ~3.0x

4

**Well positioned for 2024**, expecting continued growth with volumes inflecting positive and efficiencies driving further gross margin expansion



# Generated Accelerated Profitable Growth in 2023...



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| Includes a negative (0.3pp) net impact of divestitures and acquisitions.

## While Rightsizing Investments in the Business for Future Growth ...

Increased FY investments in **SG&A** and **CapEx** by **+\$424 million** vs PY

### SG&A

Driven by Marketing, Technology,  
and Research & Development

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**+\$327M<sup>1</sup>**      **FY Spend  
vs 2022**

### Capital Expenditures

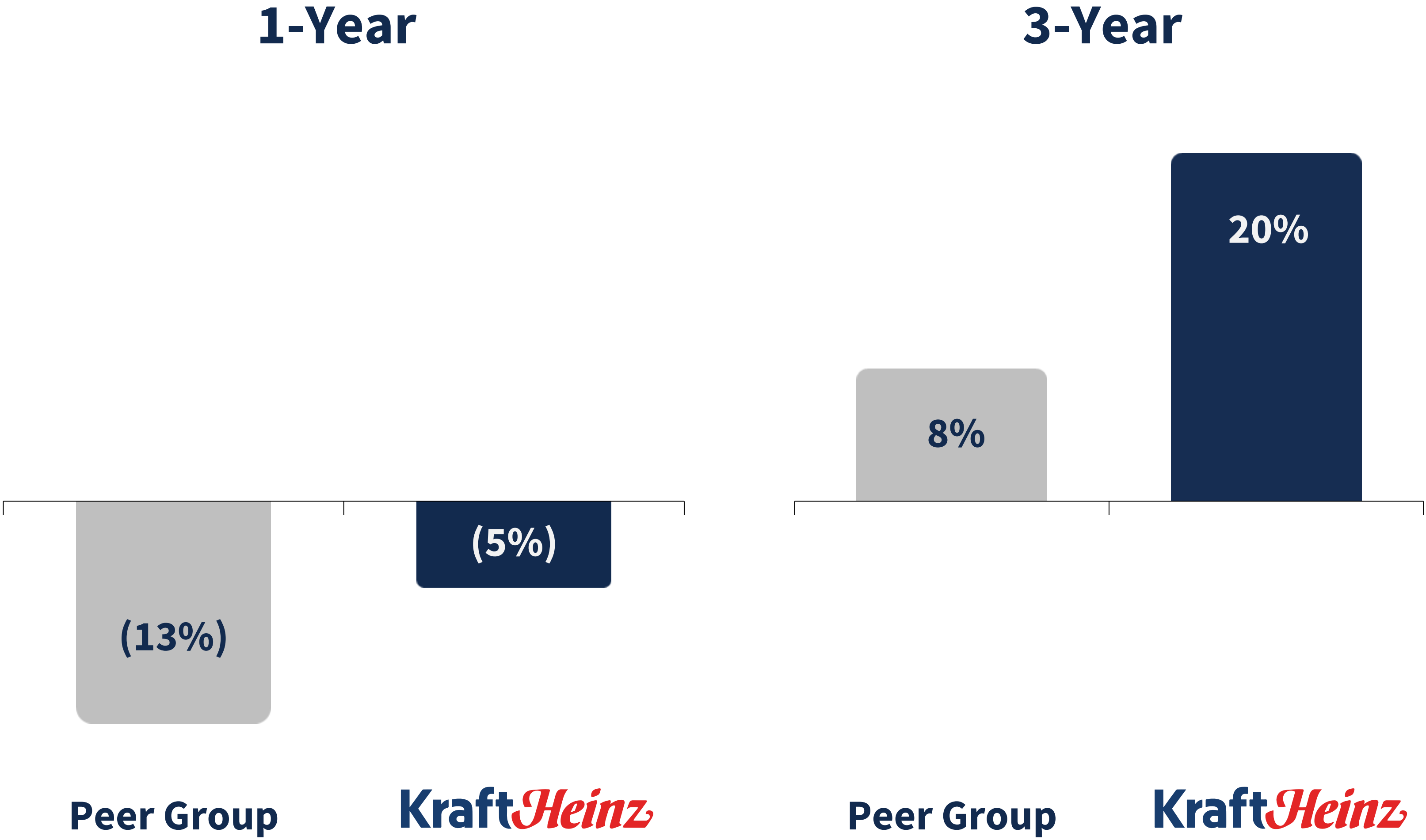
Driven by Technology and  
Maintenance

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**+\$97M**      **FY Spend  
vs 2022**

And Providing Shareholders with Higher Returns.

Total  
Shareholder  
Return<sup>1</sup>



1| Peer set includes CPB, CAG, GIS, HRL, HSY, K, KDP, KO, MDLZ, MKC, PEP, SJM, and TSN; Average TSR for peer group is calculated using a simple average for time periods shown ending Dec 31, 2023.

# All Three Pillars contributed to 2023 Organic Net Sales Growth

## Foodservice

### Global



Organic Net Sales<sup>1</sup>

**~+7%**    **~+14%**  
vs Q4 2022    vs FY 2022

## Emerging Markets

### International Zone



Organic Net Sales<sup>1,2</sup>

**+12%**    **+14%**  
vs Q4 2022    vs FY 2022

## GROW Platforms in U.S. Retail

### North America Zone



Organic Net Sales<sup>1</sup>

**(2%)**    **+2%**  
vs Q4 2022    vs FY 2022

1| Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at [jr.kraftheinzcompany.com/events-and-webcasts](https://www.kraftheinzcompany.com/events-and-webcasts).  
2| Includes Foodservice business within Emerging Markets.



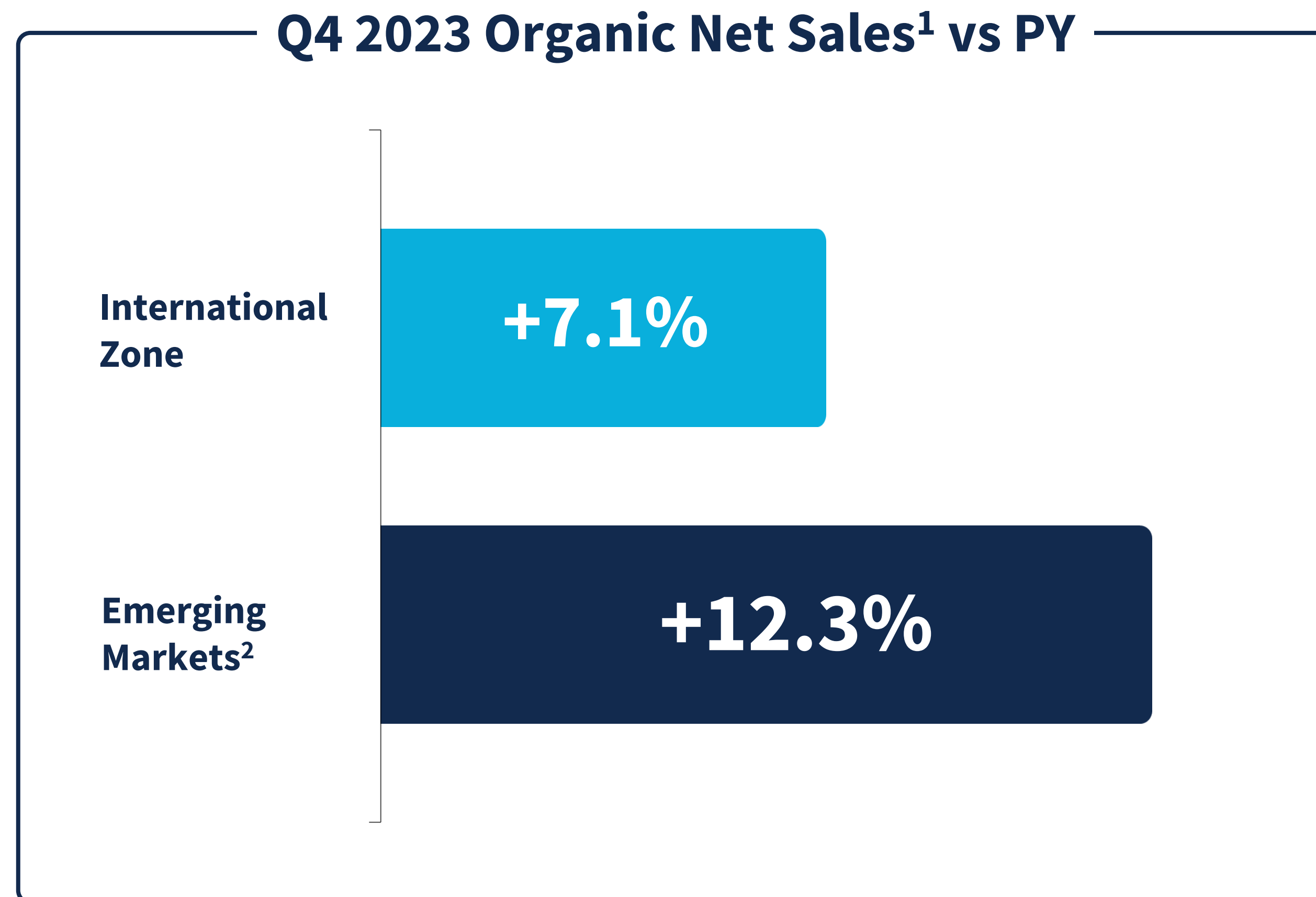
# Foodservice Growing Faster than the Industry, with 2024 Expected to be on Algorithm

## Foodservice Q4 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 December 2023). For International, Industry represents Developed Markets only. International industry growth based on NPD Crest data through November 2023.  
Brands shown are illustrative and do not reflect all brands within Foodservice.

# Emerging Markets Grew Double Digits, Driven by Volume/Mix



- Emerging Markets growth in Q4 was driven primarily by **+8.0% volume/mix**
- Exited 2023 with **~90%** of Emerging Markets leveraging the Go-To-Market Model<sup>3</sup>
- Expect continued **double-digit growth** for FY 2024, with lower growth in Q1 as we lap shipment timing in the prior year



## What Worked Well

- Action plans drove share recovery and sequential volume improvement
- Within U.S. GROW Platforms, Q4 Organic Net Sales<sup>1</sup> grew in Taste Elevation +LSD%, Cream Cheese +HSD% and Ore-Ida +HSD%
- Improved profitability of Meats, increasing full year Adjusted EBITDA<sup>1</sup> +MSD%

## Performance Headwinds

- A more challenging industry than anticipated, particularly driven by the reduction in SNAP benefits
- ~150 basis point gap between Organic Net Sales<sup>1</sup> and U.S. Retail consumption driven by trade timing and retail inventory de-load

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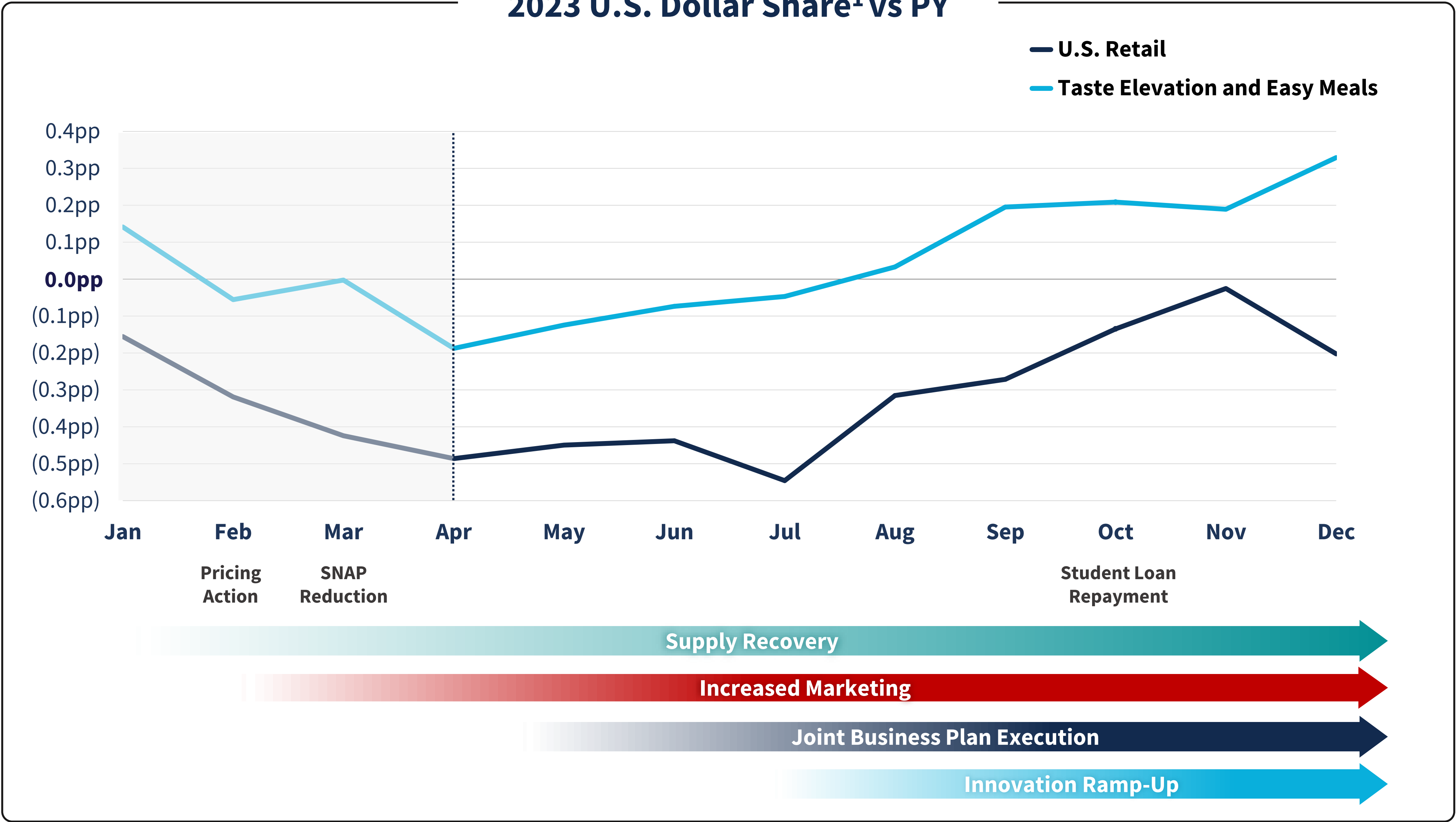
## Q4 2023 Organic Net Sales<sup>1</sup> vs PY

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**North America  
Zone**  
**(3.0%)**

**GROW Platforms  
in U.S. Retail**  
**(2.3%)**

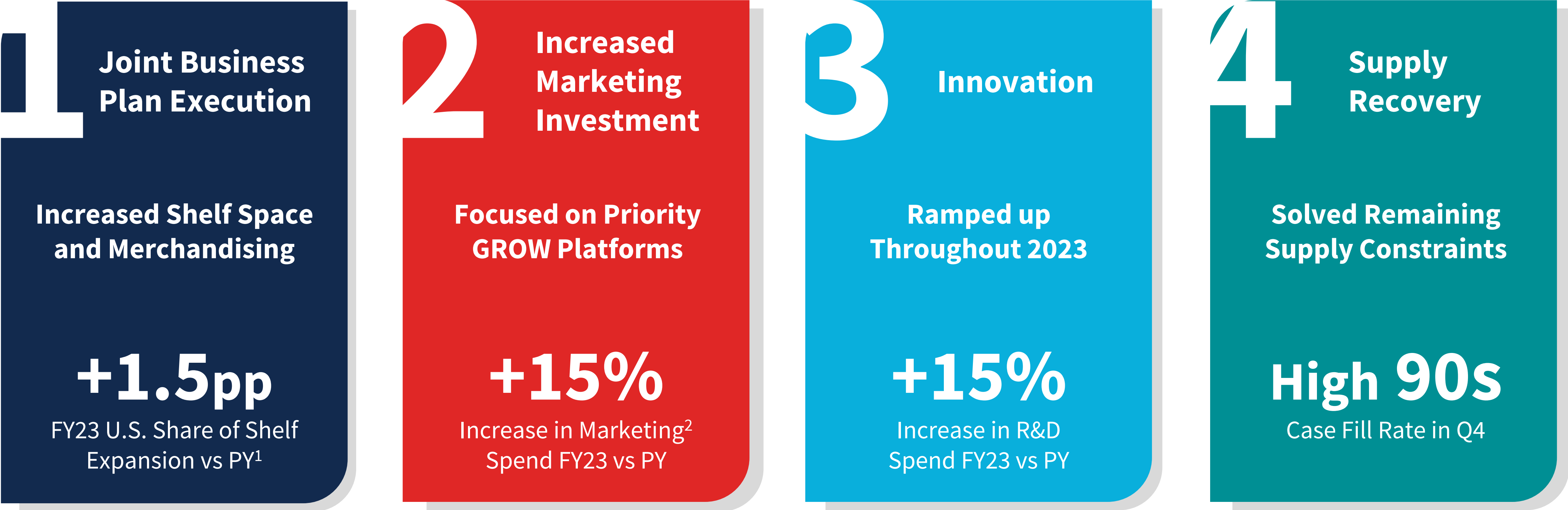
# Share Trend Improvement Throughout 2023



1| Mix-adjusted market share based on IRI data ending December 31, 2023. Total North America Zone not provided due to unavailability of IRI data for Canada.



# Share and Volume Trends Improved as Action Plans Implemented



1| Share of Shelf is calculated as linear inch share and takes into consideration 14 categories that represent over 70% of total KHC U.S. unit sales.  
2| Marketing includes advertising expense and market research costs.



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

## Marketing



Launched First Ever Global *Heinz* Campaign

## R&D



Expanded Plant-Based offering with NotCo

**GOLD**  
**3X**  
**5X**  
**SILVER**



**BRONZE**  
**13X**  
**83X**  
**SHORTLISTS**

Most Awarded Food Company at Cannes Lions



Launched 360CRISP™ Platform



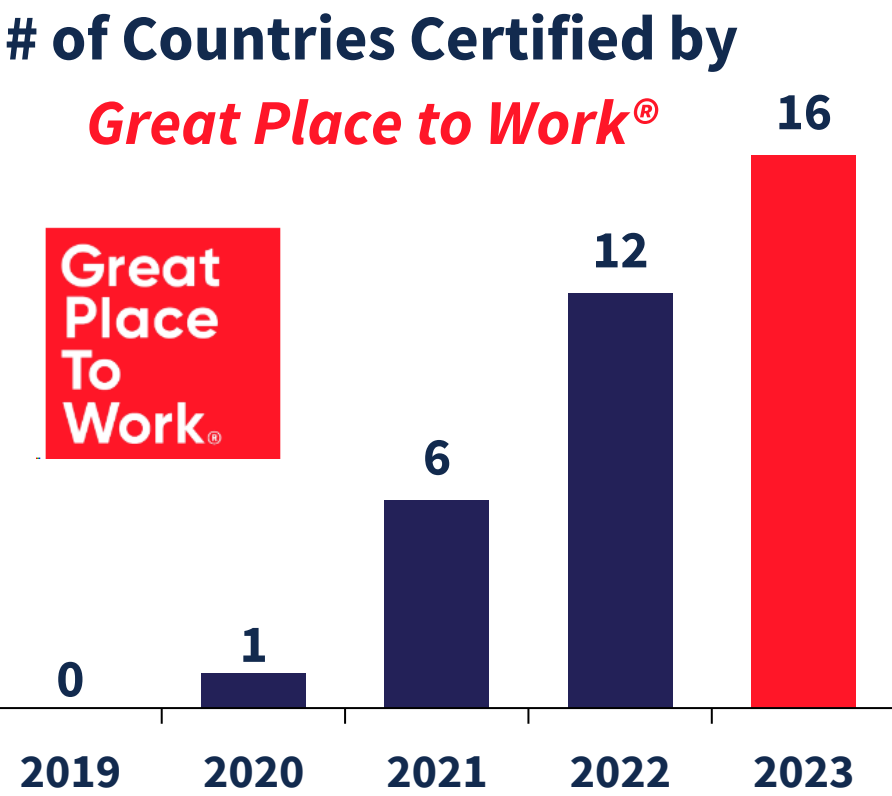
# Culture has Become a Competitive Advantage Driven by Investments in our People

## Highest Employee Engagement<sup>1</sup>

- **Highest score** since 2017, when we began measuring for Kraft Heinz
- **Above external benchmark<sup>2</sup>** for overall engagement
- **Top quartile** compared to market on key cultural attributes

Growth | Inclusion | Empowerment

## Receiving External Recognition



<sup>1</sup> Engagement survey conducted by Glint  
<sup>2</sup> Benchmark reflects Glint's Global Median Benchmark

**Q4 2023**

# **FINANCIAL PERFORMANCE AND OUTLOOK**

**Andre Maciel**

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**Global Chief Financial Officer**





# Organic Net Sales declined 0.7% in the Fourth Quarter

	Kraft Heinz Q4 vs '22	North America Q4 vs '22	International Q4 vs '22
Organic Net Sales <sup>1</sup>	(0.7%)	(3.0%)	+7.1%
Price	3.7pp	2.5pp	7.7pp
Vol/Mix	(4.4pp)	(5.5pp)	(0.6pp)

## Kraft Heinz

- Sequential improvement in volumes from Q3 to Q4

## North America

- Trade timing, retail inventory de-load, and SNAP impacted implied elasticity<sup>2</sup>
- Underlying elasticities are back to historical levels

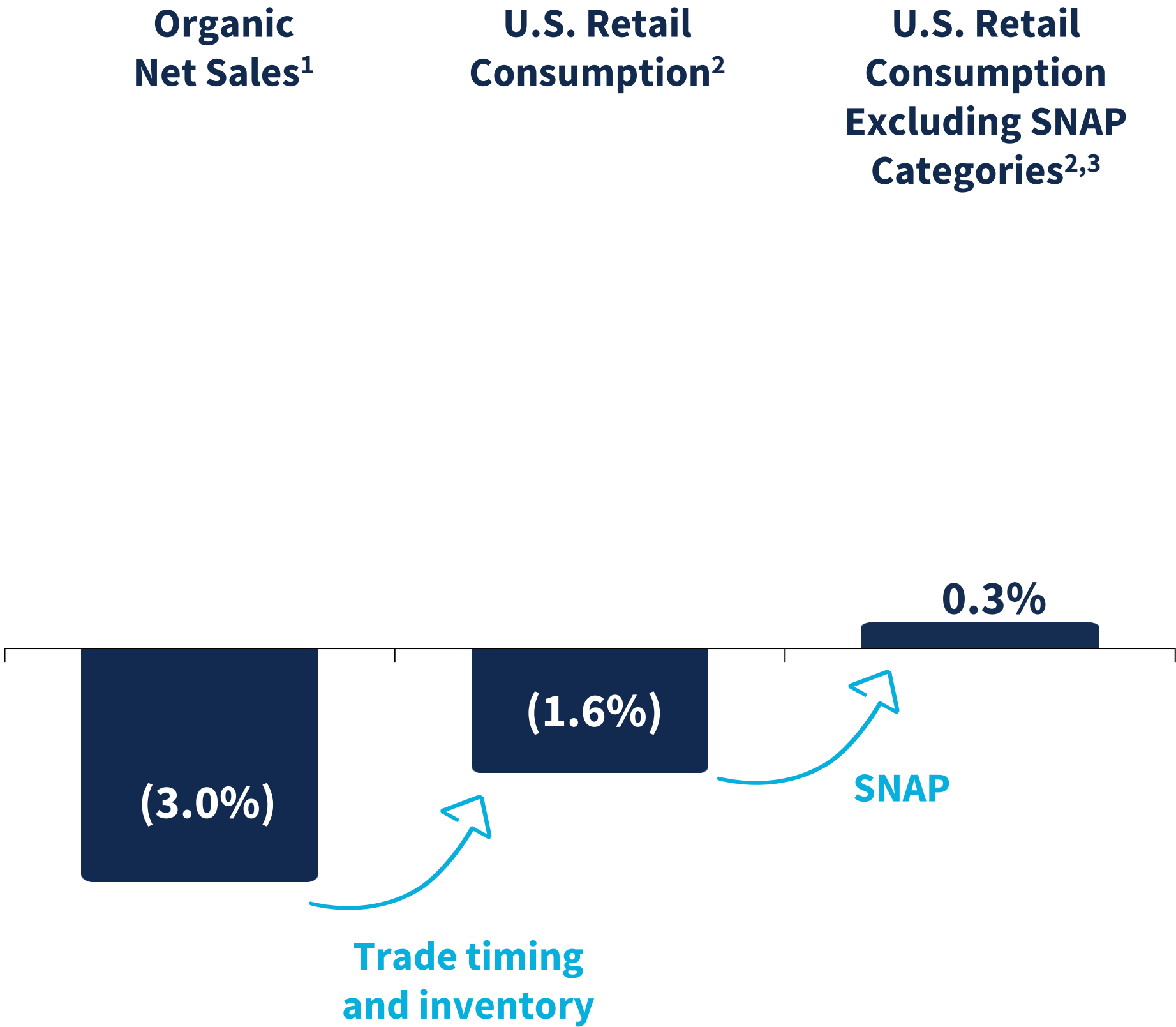
## International

- Strong Organic Net Sales<sup>1</sup> growth

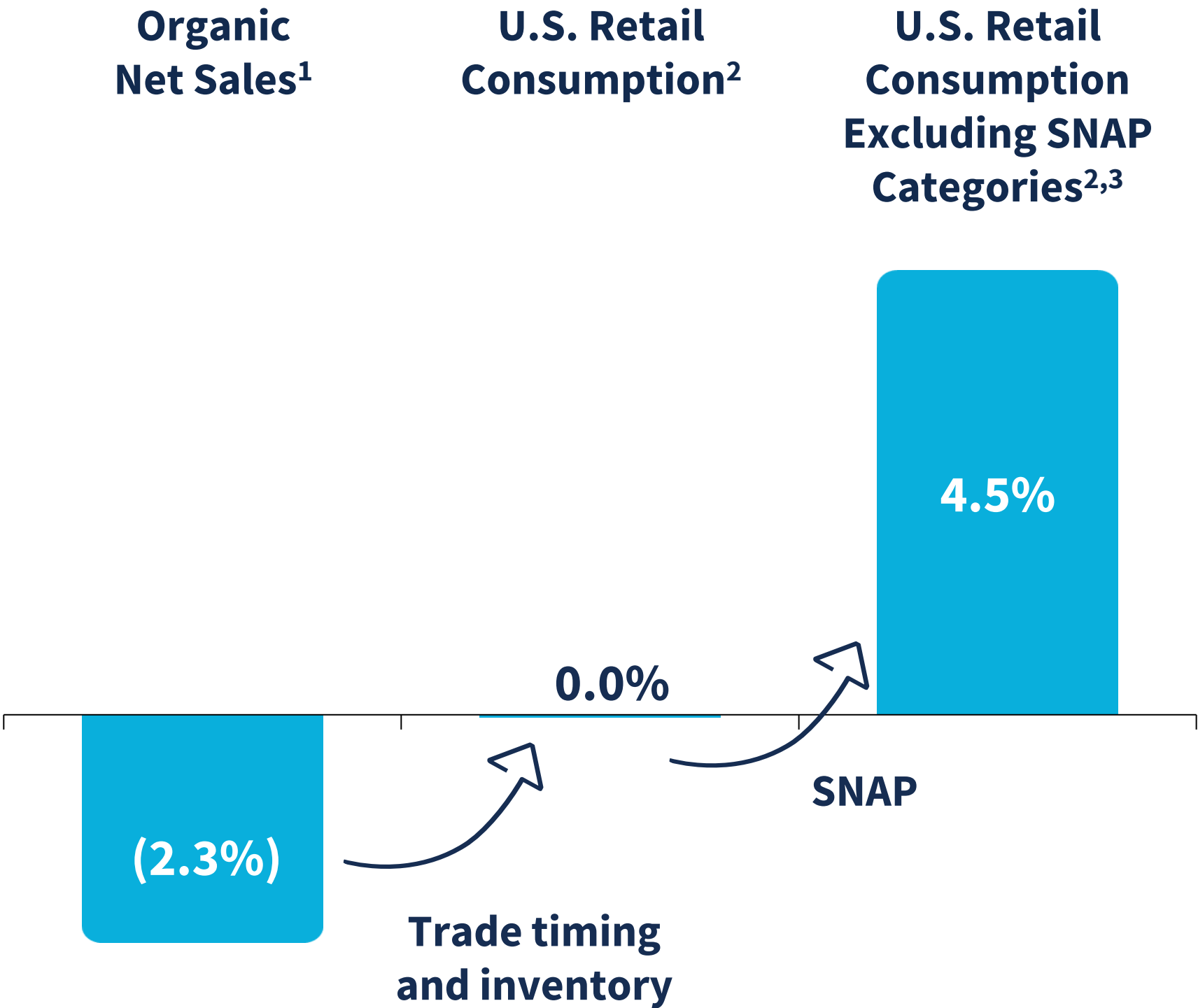
1| Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at [ir.kraftheinzcompany.com/events-and-webcasts](https://ir.kraftheinzcompany.com/events-and-webcasts).  
2| Implied elasticity is calculated as volume/mix divided by price.

# North America Results Impacted by Trade Timing, Inventory De-load and SNAP Headwind

## North America Q4 2023 vs PY



## U.S. Retail GROW Platforms Q4 2023 vs PY



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| Based on IRI data through December 31, 2023. Total North America Zone not provided due to unavailability of IRI data for Canada.  
3| SNAP categories include Lunchables, Kids Single Serve Beverages and Mac & Cheese; Lunchables and Mac & Cheese are within GROW platform role; These categories over-index to SNAP consumers.



# Strong Adjusted EBITDA Margin Generation

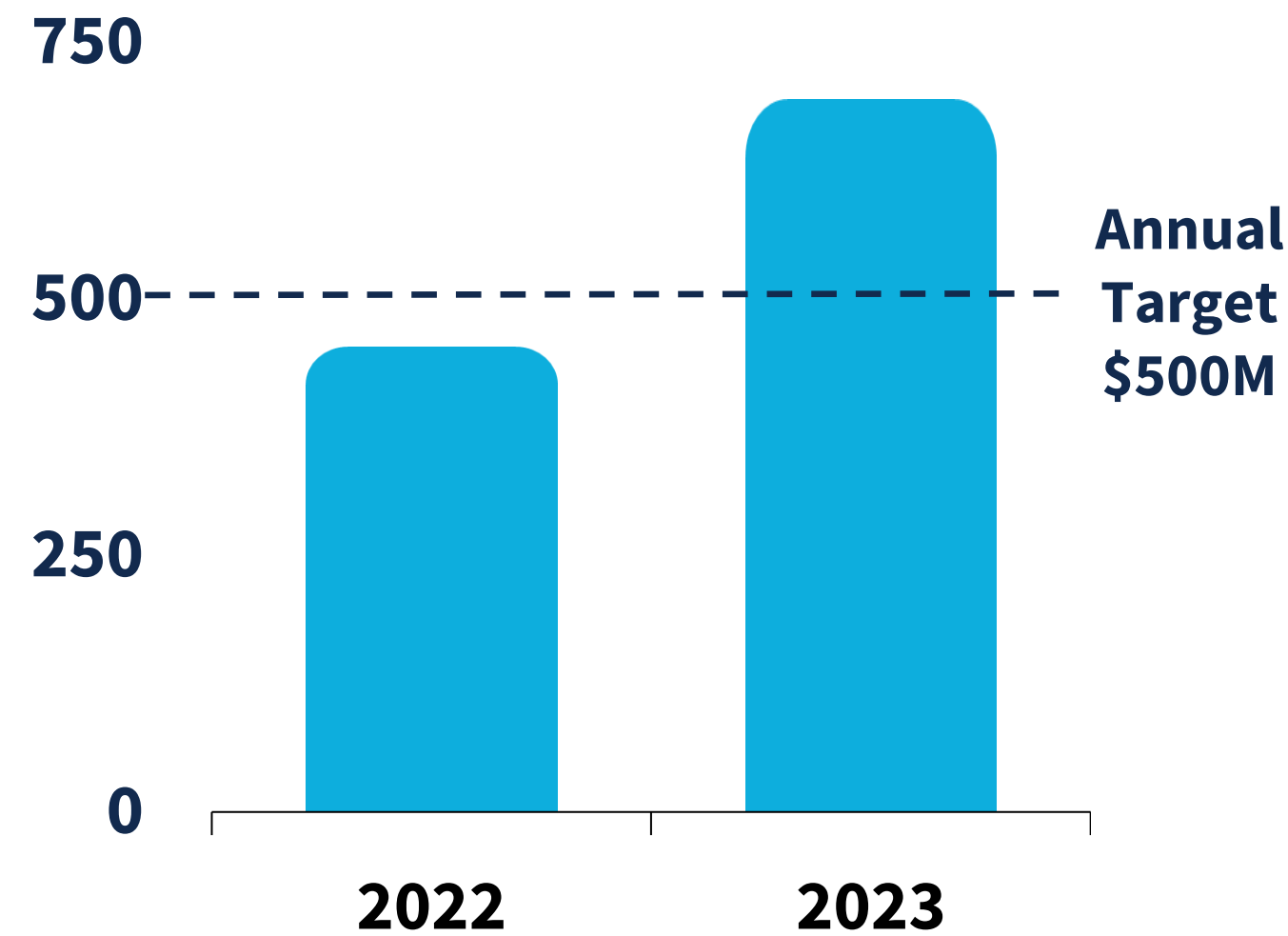
- Adjusted EBITDA<sup>1</sup> impacted by a 53<sup>rd</sup> week in the prior year (7.0pp)
- Experienced non-recurring items that negatively impacted Adjusted EBITDA<sup>1</sup> performance by ~\$25M (1.4pp)
- Adjusted EBITDA Margin<sup>1</sup> expanded +0.4pp vs PY

	<b>Kraft Heinz</b>	<b>North America</b>	<b>International</b>
	Q4 vs '22	Q4 vs '22	Q4 vs '22
<b>Adjusted EBITDA<sup>1</sup></b>	<b>(5.3%)</b>	<b>(3.5%)</b>	<b>+2.0%</b>
Currency	(0.3pp)	0.0pp	(1.4pp)
<b>Constant Currency Adjusted EBITDA<sup>1</sup></b>	<b>(5.0%)</b>	<b>(3.5%)</b>	<b>+3.4%</b>
53 <sup>rd</sup> Week	(7.0pp)	(7.1pp)	(6.9pp)
<b>Constant Currency Adjusted EBITDA Excluding 53<sup>rd</sup> week</b>	<b>+2.0%</b>	<b>+3.6%</b>	<b>+10.3%</b>
<b>Adjusted EBITDA Margin<sup>1</sup></b>	<b>24.1%</b>	<b>28.9%</b>	<b>17.1%</b>
vs PY	+0.4pp	+1.7pp	+0.4pp

# Efficiencies, Rational Promotions and Moderating Inflation Contributing to Expanded Margins

## Supply Chain Efficiencies

On track to reach goal  
of \$2.5B by 2027



## Inflation

Inflation continues  
to moderate

Q4 2023 Inflation  
vs Q4 2022

~+3%

## Promotions

Environment  
remains rational

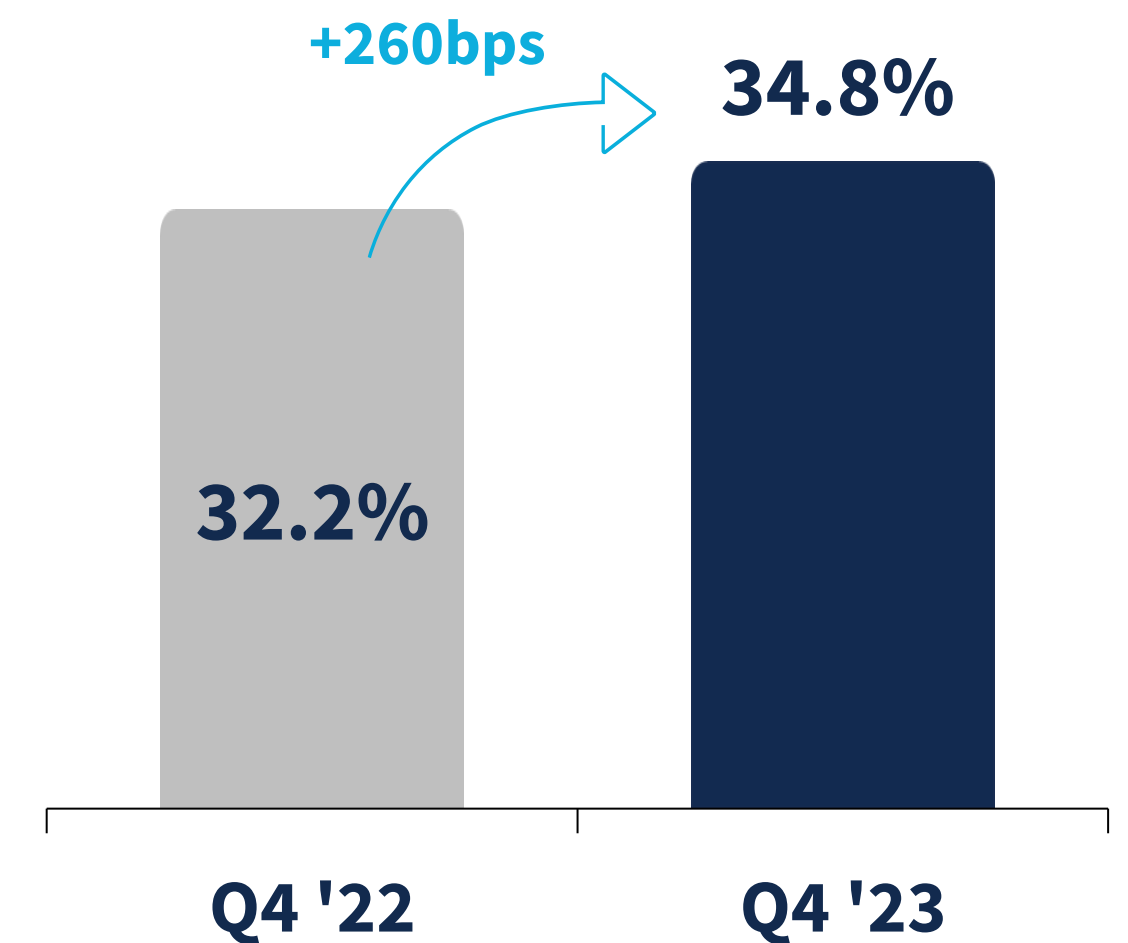
U.S. ROI Improvement  
FY 23 vs FY 22

~5pp



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

Year-over-Year  
expansion

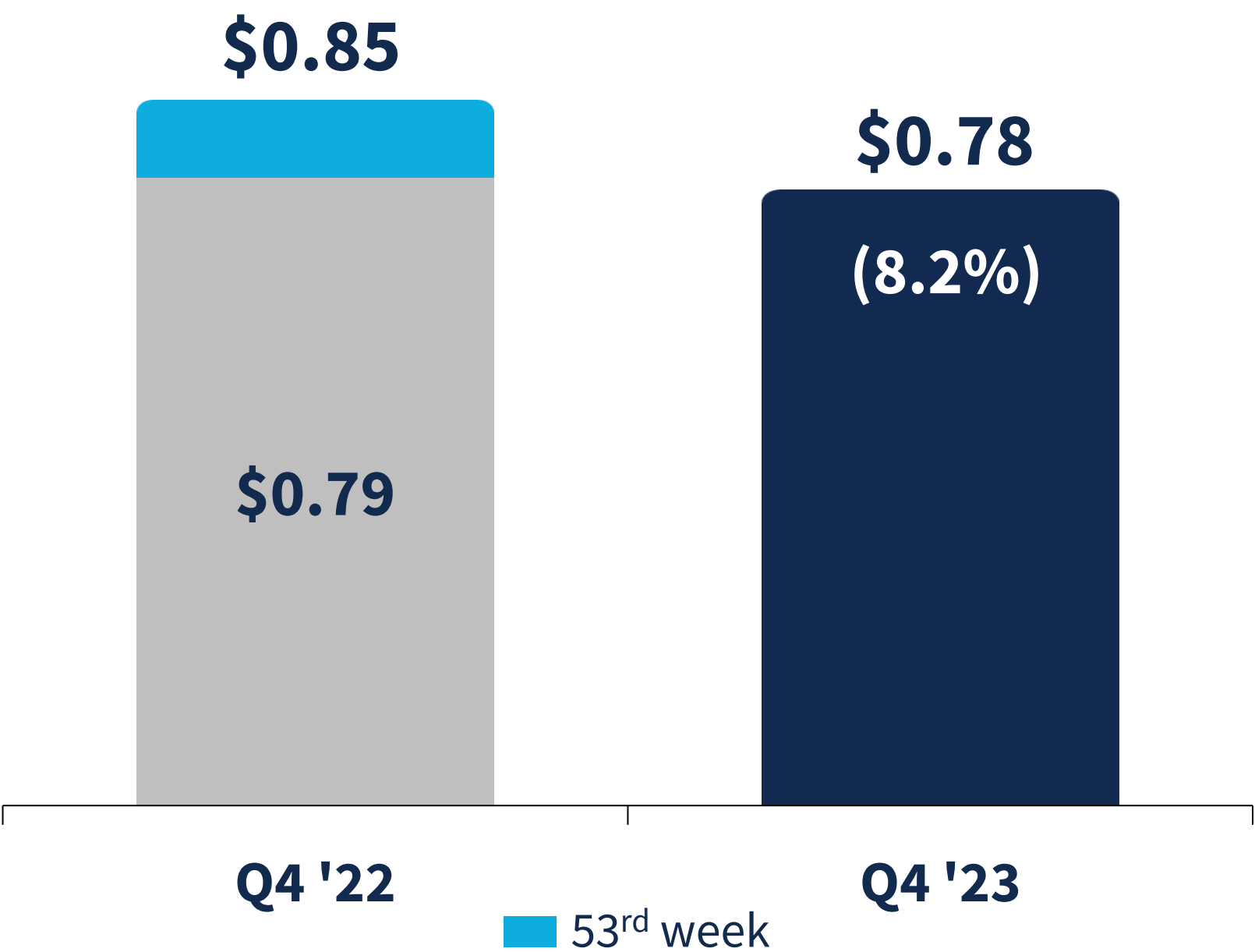




# Full Year Adjusted EPS Driven by Strong Adjusted EBITDA<sup>1</sup> Growth

## Q4 Adjusted EPS<sup>1</sup>

Decline driven primarily by 53<sup>rd</sup> week in 2022 and higher effective tax rate in 2023

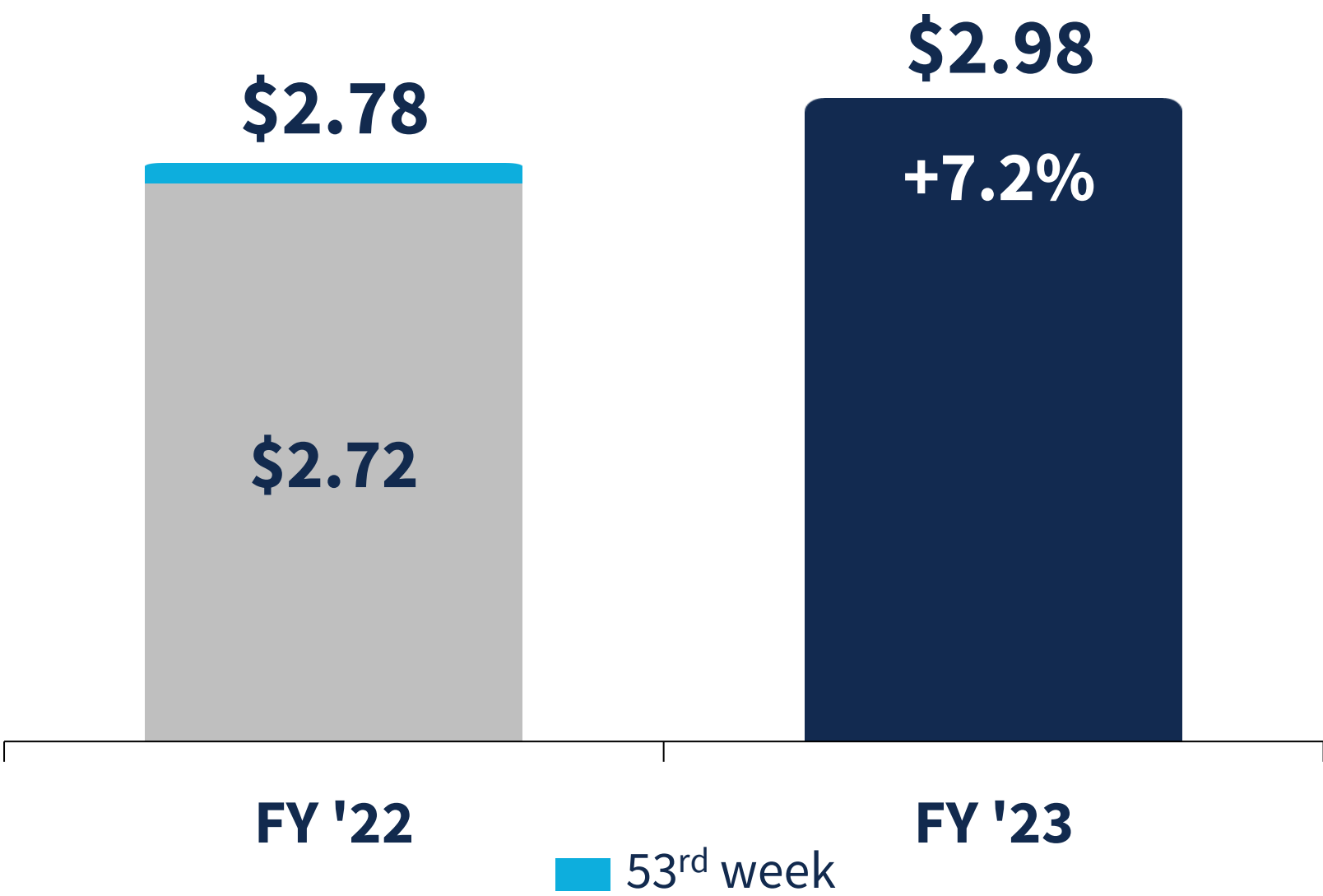


### vs Q4 2022

Results of Operations:	\$0.01
53 <sup>rd</sup> Week:	(\$0.06)
Effective Tax Rate:	(\$0.03)
Interest Expense:	\$0.01

## FY23 Adjusted EPS<sup>1</sup>

Increase driven primarily by results of operations



### vs FY 2022

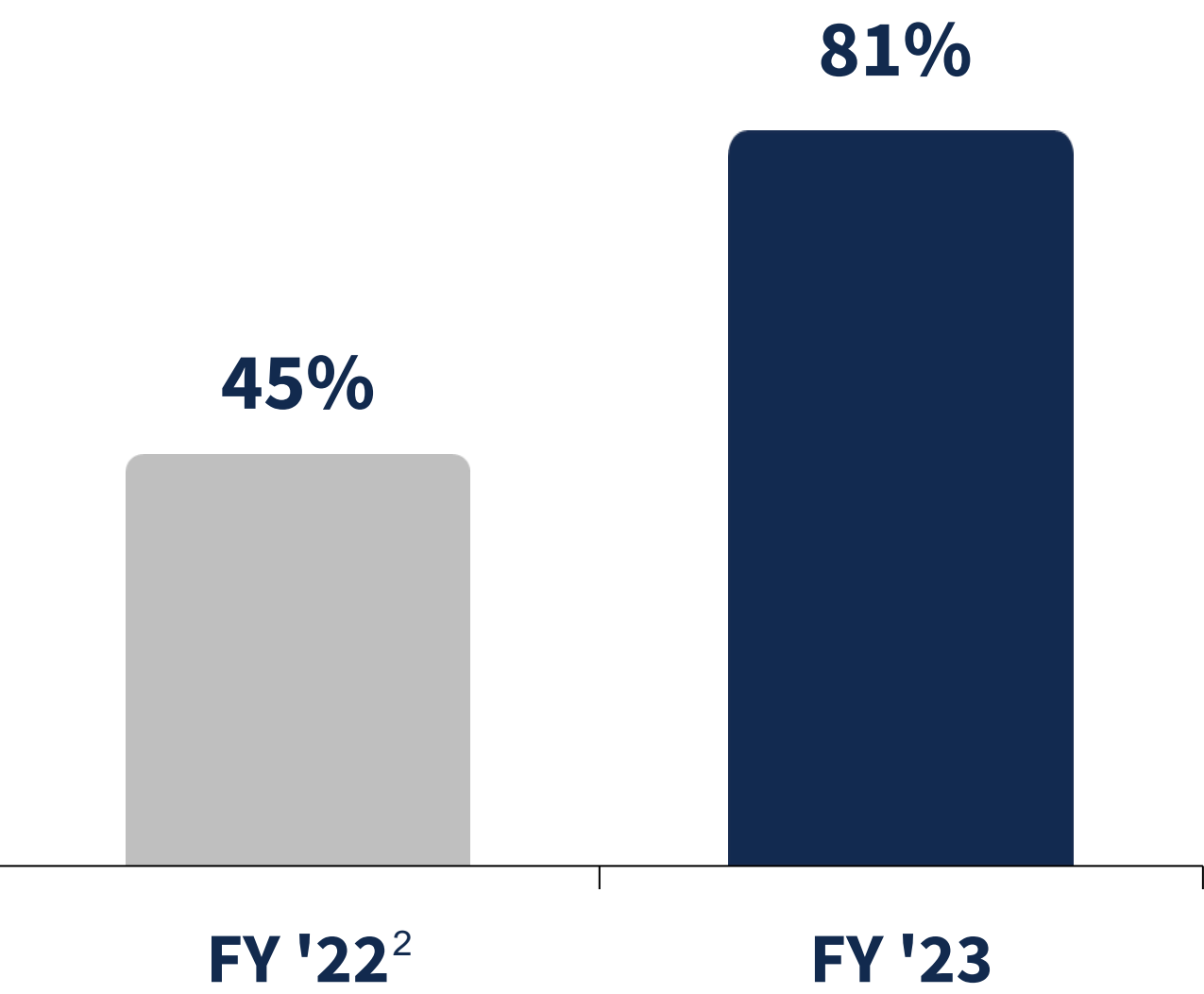
Results of Operations:	\$0.27
53 <sup>rd</sup> Week:	(\$0.06)
Effective Tax Rate:	(\$0.01)
Interest Expense:	\$0.03
Other Expense/(income):	(\$0.03)

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).

# Strengthened Balance Sheet while Continuing to Invest in the Business

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

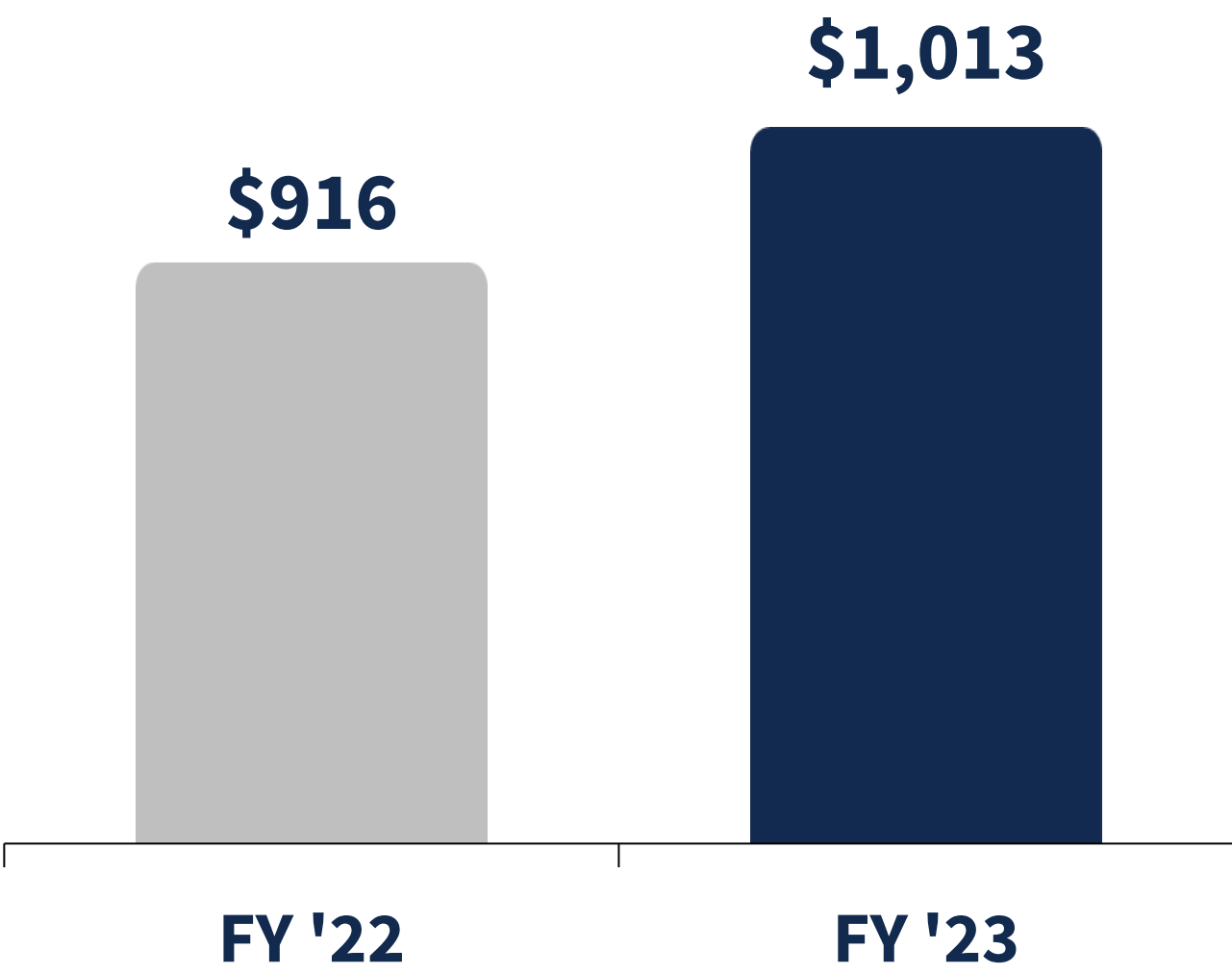
Improvement driven by Inventory, with working capital back to 2019 levels



## Capital Expenditures (\$M)

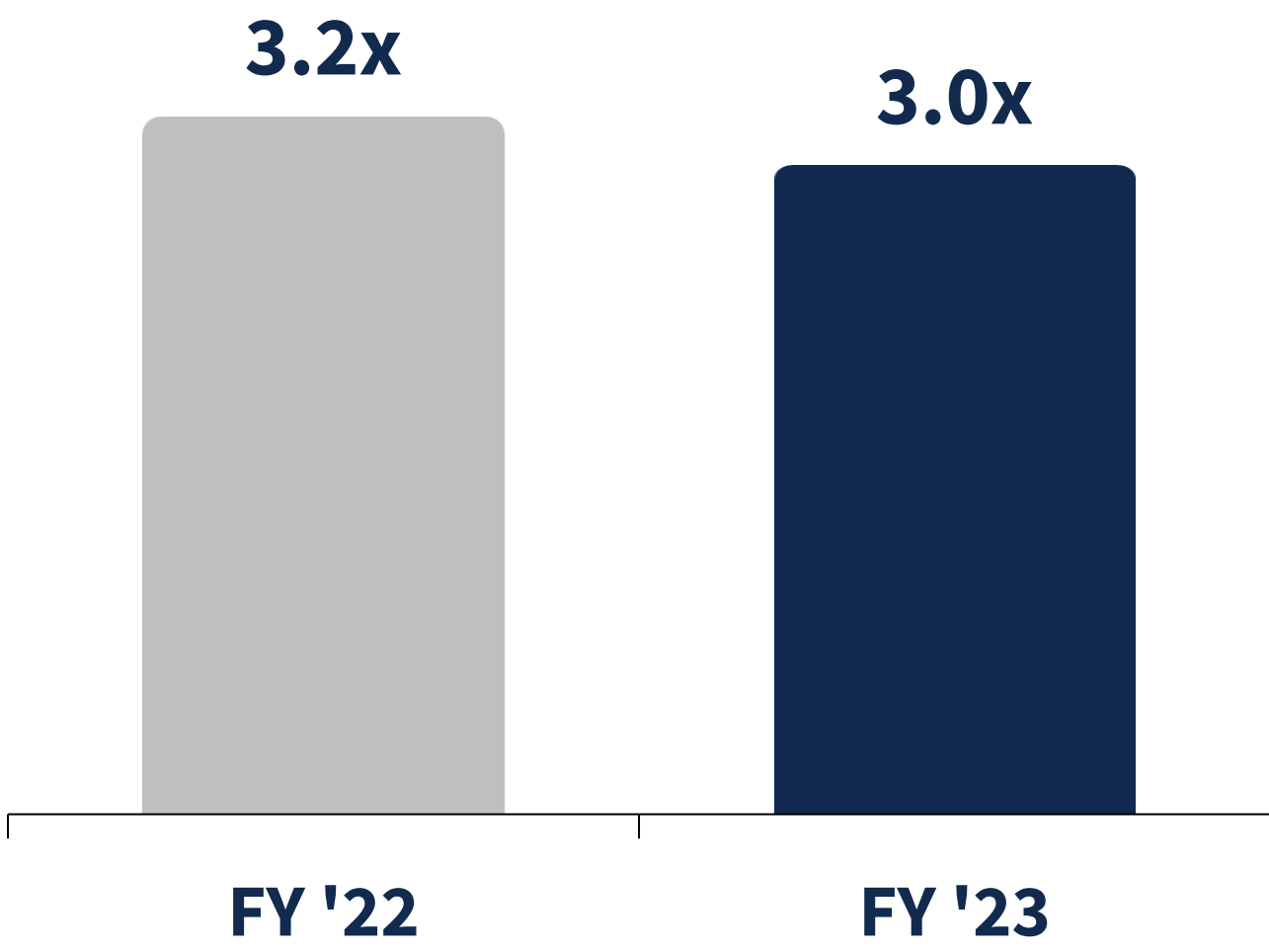
Increased investments in CapEx by +\$97M to 3.8% of net sales

~50% of the increase is linked to Digital CapEx



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

Ended 2023 at targeted leverage of ~3.0x, one year ahead of our initial plan



<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.



## Capital Allocation Strategy

- 1

Invest in Organic Growth
- 2

Actively Manage Portfolio
- 3

Return Incremental Capital to Stockholders
- 4

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



### Dividends

\$1,965M

- Competitive Annual Dividend
- ~4% Dividend Yield<sup>3</sup>



### Share Repurchases

\$450M<sup>2</sup>

- \$300M repurchased in Q4 2023
- \$150M repurchased through January
- ~\$2.6B remaining of the \$3.0B authorization

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2| This represents the total dollar value of shares repurchased against our buyback program through January 2024. It does not include shares repurchased to offset the dilutive effect of equity-based compensation, which was an additional \$155M in 2023 and \$50M through January 2024.  
3| Based upon share price of \$36.98 as of December 29, 2023

## 2024 Anticipated Industry Dynamics

- Moderating, but still inflationary, input costs
- Consumer remains pressured, with a retained focus on value
- Interest rate environment remains high

## Change in Profitability Metric for Outlook

- We will now be providing guidance for Adjusted Operating Income<sup>1</sup> (vs prior Adjusted EBITDA<sup>1</sup>)
- Re-wiring organization to create a closer connection to total shareholder return, driving an increased level of accountability
- Aligned to our incentive KPIs



# Outlook Reflects Continued Growth in 2024 Across Key Metrics

2024 FYE Outlook		2024 Considerations
Organic Net Sales <sup>1</sup>	+0-2%	<ul style="list-style-type: none"><li>• Positive contribution from price throughout the year</li><li>• Volume inflection to positive growth expected in H2</li><li>• Expect performance in Q1 2024 to be a similar profile to Q4 2023, and gradually move towards our long-term algorithm as we progress throughout 2024</li></ul>
Adjusted Operating Income <sup>1</sup>	+2-4%	<ul style="list-style-type: none"><li>• Expect Adjusted Gross Profit Margin<sup>1</sup> to expand modestly, +25 to 75 bps YoY</li><li>• SG&amp;A re-established to healthy levels in 2023, as a result we expect only a slight increase YoY</li></ul>
Adjusted EPS <sup>1</sup>	+1-3%	<ul style="list-style-type: none"><li>• Effective tax rate on Adjusted EPS<sup>1</sup>: 20-22% (~200bps or ~\$0.07 YoY headwind)</li><li>• Interest and Other Expense/(Income): ~\$45M unfavorable impact YoY, driven by FX headwinds and debt refinancing (~100bps or ~\$0.03 YoY headwind)</li><li>• Does not include the possibility of additional share buyback in the year</li></ul>

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).

# CLOSING COMMENTARY

**Carlos  
Abrams-Rivera**

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Chief Executive Officer





# 2023 Key Takeaways



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**Delivered results above our Long-Term Algorithm**

2

**Unlocked nearly \$700M in gross efficiencies**, driving gross margin expansion and enabling reinvestment

3

**Strengthened balance sheet**, ending 2023 at target Net Leverage<sup>1</sup> of ~3.0x

4

**Well positioned for 2024**, expecting continued growth with volumes inflecting positive and efficiencies driving further gross margin expansion

Meet members of the **KHC** team



**Carlos Abrams-Rivera**  
CEO



**Andre Maciel**  
EVP & Global CFO



**Diana Frost**  
Global Chief  
Growth Officer



**Cory Onell**  
EVP & Chief Omnichannel  
Sales & Asia Emerging  
Markets Officer



**Pedro Navio**  
EVP & President,  
North America



**Anne-Marie Megela**  
VP, Global Head of  
Investor Relations



**Bruno Keller**  
President, West  
and East Emerging  
Markets



**Willem Brandt**  
President, Europe  
and Pacific Developed  
Markets



**Alan Kleinerman**  
VP of Disruptive  
Innovation



**Rashida La Lande**  
EVP & Chief Legal  
& Corporate Affairs  
Officer

... and create the **CAGNY 2024**  
Sauce of the Year!



Explore 200 sauce combinations and experience  
our Heinz REMIX™ machine in action.