



Kraft*Heinz*

4Q 2019 UPDATE

FEBRUARY 13, 2020

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; 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; compliance with laws, regulations, and related interpretations and related legal claims or other regulatory enforcement actions, including additional risks and uncertainties related to Kraft Heinz’s restatement and any potential actions resulting from the SEC’s ongoing investigation, as well as potential additional subpoenas, litigation, and regulatory proceedings; an inability to remediate the material weaknesses in Kraft Heinz’s internal control over financial reporting or additional material weaknesses or other deficiencies in the future or the failure to maintain an effective system of internal controls; Kraft Heinz’s failure to prepare and timely file its periodic reports; the restatement of certain of Kraft Heinz’s previously issued consolidated financial statements, which resulted in unanticipated costs and may affect investor confidence and raise reputational issues; 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, Constant Currency 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.



2019 Progress Report

- Difficult year, but journey to a stronger Kraft Heinz has begun!
- Beginnings of stabilization evident in H2 EBITDA trend-bend
- Essential ingredients for turnaround now in place
- Dividend declaration represents Board's confidence in turnaround plan as Company repositions for sustainable growth
- Clear 2020 plans and priorities will strengthen foundation, rebuild business momentum

Kraft Heinz Strategy Presentation

Early May | New York City

KRAFT HEINZ TURNAROUND PROGRAM

1

2019 Stabilization

- Execute 2019 plans and programs in place
- Deliver improving results
- Evolve leadership team and organization structure

2

Near-Term Transformation

- Diagnose key focus areas
- Make critical fixes
- Capture efficiencies
- Build into 2020 plan

3

Enterprise Strategy

- Establish long-term vision and ambition, financial goals
- Develop better understanding of future consumers, Food & Beverage value chain, and cross-category disruptions
- Define where to play and how to play
- Connect to 2020 plan

PEOPLE & CULTURE

FINANCIAL PLAN & CAPITAL STRUCTURE

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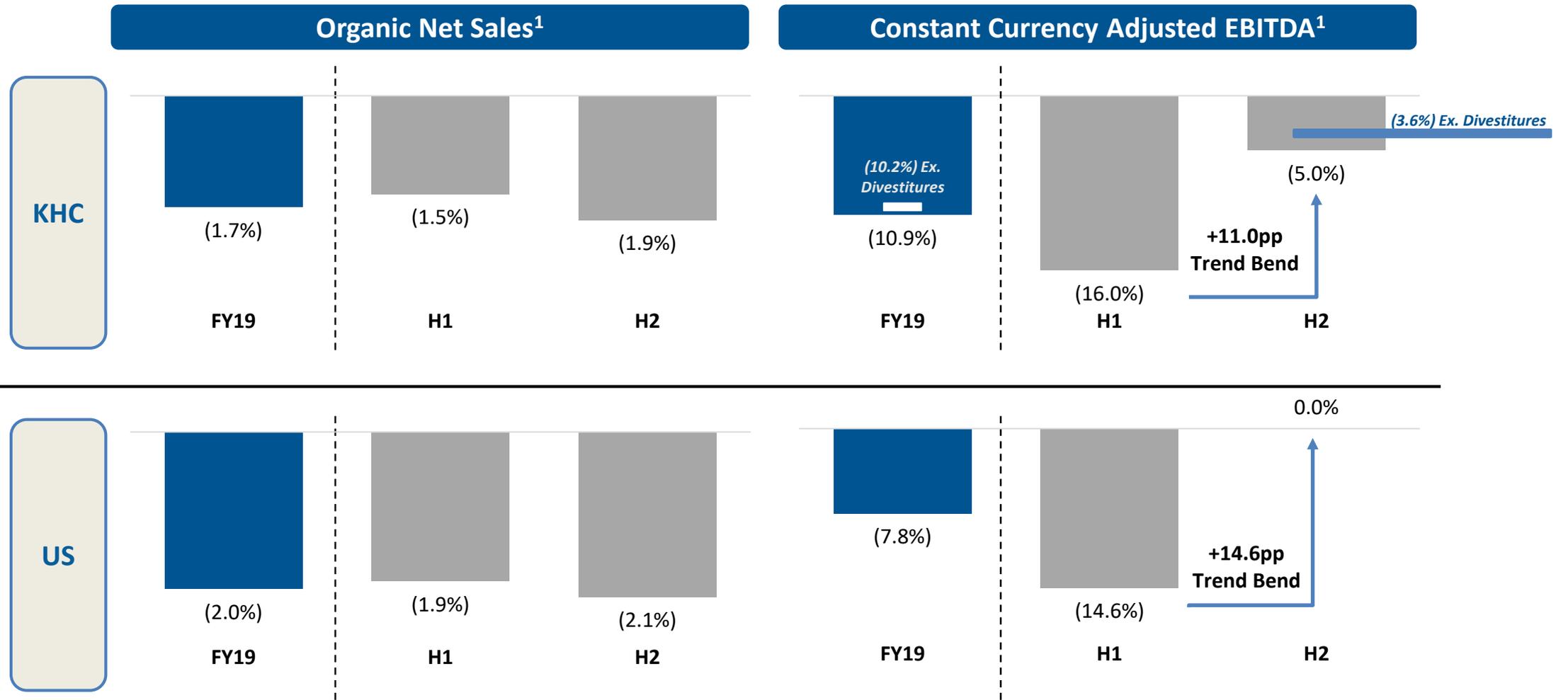
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1| Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to Non-GAAP reconciliations.

Highlights



North America Retail Category Growth



H2 U.S. Pricing Initiatives



U.S. E-Commerce Growth



International Foodservice



LATAM, UK, Asia Sauces



H2 U.S. Supply Chain Stabilization



Overall Quality/Safety/ORDD



New Leadership in Place

Areas to Improve



U.S. Share Losses: Cold Cuts, Natural Cheese, Coffee



Retailer Inventory, Distribution Losses



Customer Satisfaction



Service Issues: U.S. Nuts, Foodservice



Gross Profit



EBITDA: ROW markets, Canada



Canada, ROW Supply Chain Costs



Turnover

-  *New to Company*
-  *Redeployed*
-  *Incumbent*



Miguel Patricio

Canada Zone President



 **Bruno Keller**

International Zone President



 **Rafael Oliveira**

United States Zone President



 **Carlos Abrams-Rivera**

Chief Growth Officer



 **Nina Barton**

Global Head of Operations



 **Flavio Torres**

Chief Procurement Officer



 **Marcos Eloi**

Chief Financial Officer



 **Paulo Basilio**

Global Head of Corporate Affairs



 **Michael Mullen**

Chief People Officer



 **Melissa Werneck**

Gen. Counsel & Head of CSR/Gov't Affairs



 **Rashida La Lande**

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FINANCIAL PLAN & CAPITAL STRUCTURE

Project Scope

Organization Effectiveness Projects	People	Assess and improve processes, ways of working, training and engagement
	Financial Reporting & Forecasting	Improve processes, cadence, driver analysis, common inputs/outputs for near-term and long-range planning
Topline Projects	Marketing Investments	Define optimal marketing spend, including brand & working/non-working allocation
	Innovation	Shift innovation support to most incremental launches; develop roadmap consistent with Enterprise Strategy
	Distribution Channels	Develop outlook for whitespace distribution growth opportunities
	Sales Execution	Build capabilities, implement planning process changes and improve connectivity between Sales and business units
	Revenue Management	Develop roadmap for price, mix, promotion and trade improvements
Operational Efficiencies Projects	Zero Based Budgeting	Identify new efficiency opportunities to support investments
	Operations	Identify productivity opportunities to offset inflation & generate savings



Root cause assessment

Employee feedback

Review of Org / KPI / key processes



Reset KHC Vision, Purpose & Values

Employee Engagement & Turnover in Leadership MBOs

Elevate organizational capabilities with talent acquisition, people development & career paths

Operate as one team through common incentives

Company KPIs more weighted to **profitability**

Balanced KPIs between short and **long term** initiatives

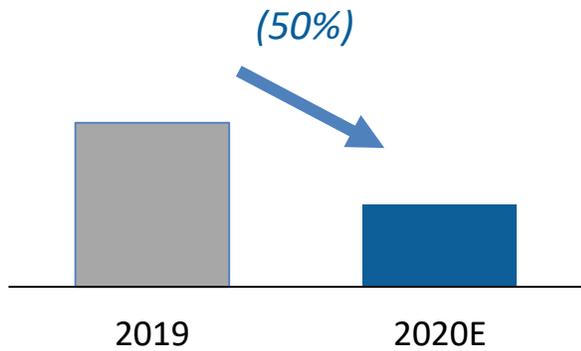
Critical processes review & documentation

Enhance **Rituals & Routines**

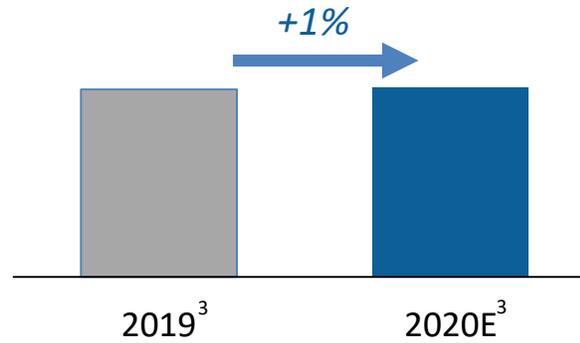
Further streamline **roles & accountabilities**

Innovation¹

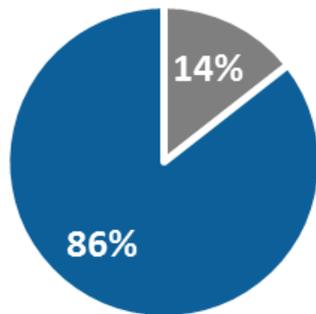
Projects



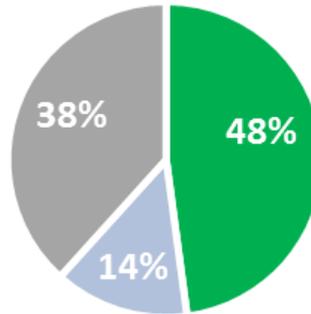
Innovation Net Sales²



2020E Innovation Net Sales² by Brand

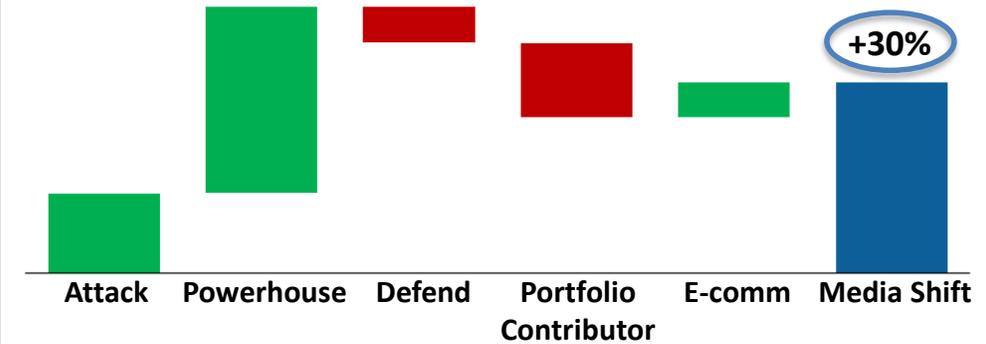


2020E Innovation Net Sales² by Type

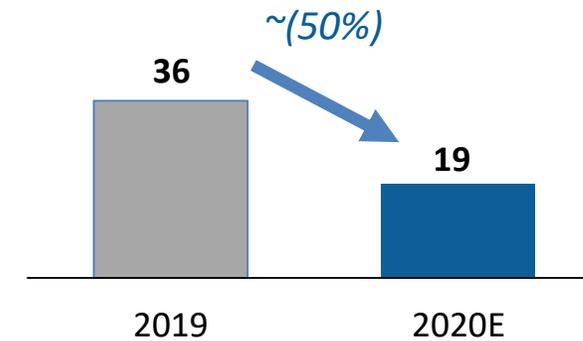


Marketing

2020E Media Spend by Portfolio Role



Shift Investment from Non-Working to Working



Consolidating Creative / Design Agencies

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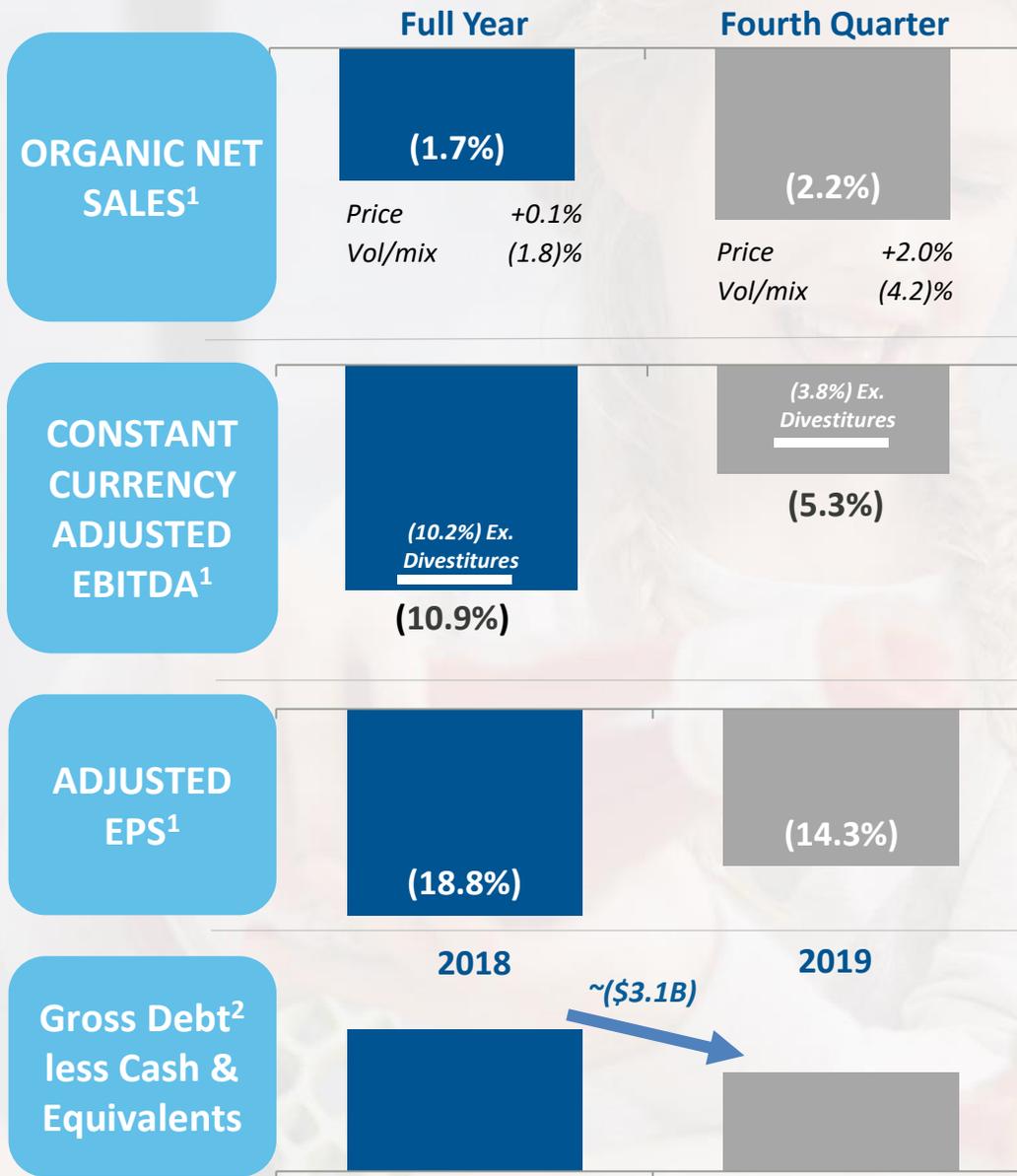
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PEOPLE & CULTURE

FINANCIAL PLAN & CAPITAL STRUCTURE

- Assessed changing food landscape, developed view of future consumers
 - Built top-down plan
 - Now detailing bottoms-up initiatives
- Confident Kraft Heinz can achieve best-in-class performance, based on:
 - Clear company vision, purpose and portfolio roles
 - Disciplined approach to brand, marketing, sales execution and full customer service
 - Clearly defined productivity programs with processes in place to track progress
- 2020 plan designed to be first step in a three-stage turnaround
 - 1) Lay Foundation for Future Growth
 - 2) Fuel Flagship Brands, Accelerate Growth Platforms
 - 3) Hit Stride on Top-Line and Bottom-Line
- Kraft Heinz team to present vision, strategy, key initiatives in early May



- 4Q Organic Net Sales were down due to volume/mix declines in response to higher pricing in the U.S. and, to a lesser extent, lower pricing in Canada
 - More than offsetting solid international Foodservice growth and sustained Organic Net Sales growth in EMEA

- 4Q EBITDA reflected growth in U.S. and EMEA that was more than offset by ROW factors not expected to repeat, higher general corporate expenses, and lower pricing in Canada
 - U.S. and EMEA growth was supported by improved cost visibility and management in each zone

- 4Q Adjusted EPS reflected lower Adjusted EBITDA, higher effective tax rate, and higher stock-based compensation versus the prior year period

- 2019 Gross Debt² less Cash & equivalents was reduced by more than \$3 billion from a combination of cash generation and divestiture proceeds

LAY FOUNDATION FOR FUTURE GROWTH

Drivers	Net Sales vs. 2019	Adj. EBITDA ¹ vs. 2019	Below EBITDA vs. 2019	
	(300) basis point impact	(\$460M) impact	~\$0.38 headwind to Adj. EPS ¹	
Divestitures, Business Exits	(175) basis points	(\$110M)	Stock Based Compensation	(\$110M)
Incentive Compensation		(\$140M)	Other Income	(\$270M)
Commodities, Distribution, Supply Chain	(65) basis points	(\$150M)	Effective Tax Rate	~22.0%
Foreign Exchange	(60) basis points	(\$60M)		

Stabilize underlying profitability, maintaining industry-leading margins

REBUILD BUSINESS MOMENTUM

Improve product mix through focused investments, rationalizing underperforming SKUs

Strengthen brand support behind 30% boost in working media

Begin driving supply-chain efficiencies, improve net productivity

Capture fixed-cost inefficiencies to fund investments in long-term strategy

CONTINUE TO REDUCE DEBT WHILE MAINTAINING CURRENT DIVIDEND

Maintain current dividend of \$0.40 per share

Target leverage below 4x as soon as practical

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

Obsessed about the Consumer

- Understanding and predicting the **future**
- Passionate for **brands**
- Building a culture of **creativity**
- More **externally focused**
- Digitally **transformed**

Obsessed about the Customer

- **Satisfaction**
- **Service** level

Obsessed with Execution

- **Sales** execution
- **Continuous improvement** in factories
- Disciplined against **strategy**

Obsessed with Efficiencies

- Cost, commodity **management**
- Continuous improvement **mindset**
- **Proud** low-cost producer
- **Best-in-class** manufacturing
- High **net productivity**

Obsessed with Ownership

- **Accountable**
- **Agile**
- **Loyal**
- Focused on **collective good**

Obsessed with People

- **Pride**
- High **engagement**
- Low **turnover**
- **School** for top **talent** and **leadership**

Obsessed with Winning



KraftHeinz

THANK YOU

FEBRUARY 13, 2020

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.

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 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 (i.e., Organic Net Sales, Adjusted EBITDA, Constant Currency Adjusted EBITDA, and Adjusted EPS) 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 currency, acquisitions and 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 highly inflationary subsidiaries, 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), 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, deal costs, unrealized losses/(gains) on commodity hedges, impairment 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 highly inflationary subsidiaries, 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, deal costs, unrealized losses/(gains) on commodity hedges, impairment losses, losses/(gains) on the sale of a business, other losses/(gains) related to acquisitions and divestitures (e.g., tax and hedging impacts), nonmonetary currency devaluation (e.g., remeasurement gains and losses), debt prepayment and extinguishment costs, and U.S. Tax Reform discrete income tax expense/(benefit), 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 Three Months Ended		For the Year Ended	
	December 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
Net sales	\$ 6,536	\$ 6,891	\$ 24,977	\$ 26,268
Cost of products sold	4,429	4,675	16,830	17,347
Gross profit	2,107	2,216	8,147	8,921
Selling, general and administrative expenses, excluding impairment losses	837	867	3,178	3,190
Goodwill impairment losses	453	6,875	1,197	7,008
Intangible asset impairment losses	223	8,610	702	8,928
Selling, general and administrative expenses	1,513	16,352	5,077	19,126
Operating income/(loss)	594	(14,136)	3,070	(10,205)
Interest expense	326	325	1,361	1,284
Other expense/(income)	(59)	13	(952)	(168)
Income/(loss) before income taxes	327	(14,474)	2,661	(11,321)
Provision for/(benefit from) income taxes	144	(1,846)	728	(1,067)
Net income/(loss)	183	(12,628)	1,933	(10,254)
Net income/(loss) attributable to noncontrolling interest	1	(60)	(2)	(62)
Net income/(loss) attributable to common shareholders	\$ 182	\$ (12,568)	\$ 1,935	\$ (10,192)
Basic shares outstanding	1,221	1,220	1,221	1,219
Diluted shares outstanding	1,225	1,220	1,224	1,219
Per share data applicable to common shareholders:				
Basic earnings/(loss) per share	\$ 0.15	\$ (10.30)	\$ 1.59	\$ (8.36)
Diluted earnings/(loss) per share	0.15	(10.30)	1.58	(8.36)

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

Schedule 2

	Net Sales	Currency	Acquisitions and Divestitures	Organic Net Sales	Price	Volume/Mix
December 28, 2019						
United States	\$ 4,682	\$ —	\$ —	\$ 4,682		
Canada	457	1	—	456		
EMEA	689	(6)	—	695		
Rest of World	708	(11)	—	719		
	<u>\$ 6,536</u>	<u>\$ (16)</u>	<u>\$ —</u>	<u>\$ 6,552</u>		
December 29, 2018						
United States	\$ 4,810	\$ —	\$ —	\$ 4,810		
Canada	600	—	133	467		
EMEA	692	—	—	692		
Rest of World	789	32	26	731		
	<u>\$ 6,891</u>	<u>\$ 32</u>	<u>\$ 159</u>	<u>\$ 6,700</u>		
Year-over-year growth rates						
United States	(2.7)%	0.0 pp	0.0 pp	(2.7)%	3.1 pp	(5.8) pp
Canada	(23.8)%	0.1 pp	(21.4) pp	(2.5)%	(5.0) pp	2.5 pp
EMEA	(0.5)%	(0.8) pp	0.0 pp	0.3%	0.1 pp	0.2 pp
Rest of World	(10.1)%	(5.2) pp	(3.3) pp	(1.6)%	0.7 pp	(2.3) pp
Kraft Heinz	(5.1)%	(0.6) pp	(2.3) pp	(2.2)%	2.0 pp	(4.2) pp

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

Schedule 3

	Net Sales	Currency	Acquisitions and Divestitures	Organic Net Sales	Price	Volume/Mix
December 28, 2019						
United States	\$ 17,756	\$ —	\$ —	\$ 17,756		
Canada	1,882	(45)	227	1,700		
EMEA	2,551	(115)	—	2,666		
Rest of World	2,788	(102)	51	2,839		
	<u>\$ 24,977</u>	<u>\$ (262)</u>	<u>\$ 278</u>	<u>\$ 24,961</u>		
December 29, 2018						
United States	\$ 18,122	\$ —	\$ —	\$ 18,122		
Canada	2,173	—	441	1,732		
EMEA	2,718	—	21	2,697		
Rest of World	3,255	243	170	2,842		
	<u>\$ 26,268</u>	<u>\$ 243</u>	<u>\$ 632</u>	<u>\$ 25,393</u>		
Year-over-year growth rates						
United States	(2.0)%	0.0 pp	0.0 pp	(2.0)%	0.4 pp	(2.4) pp
Canada	(13.4)%	(2.1) pp	(9.4) pp	(1.9)%	(3.4) pp	1.5 pp
EMEA	(6.2)%	(4.3) pp	(0.7) pp	(1.2)%	0.0 pp	(1.2) pp
Rest of World	(14.3)%	(10.3) pp	(3.9) pp	(0.1)%	1.2 pp	(1.3) pp
Kraft Heinz	(4.9)%	(1.9) pp	(1.3) pp	(1.7)%	0.1 pp	(1.8) pp

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

Schedule 4

	For the Three Months Ended		For the Year Ended	
	December 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
Net income/(loss)	\$ 183	\$ (12,628)	\$ 1,933	\$ (10,254)
Interest expense	326	325	1,361	1,284
Other expense/(income)	(59)	13	(952)	(168)
Provision for/(benefit from) income taxes	144	(1,846)	728	(1,067)
Operating income/(loss)	594	(14,136)	3,070	(10,205)
Depreciation and amortization (excluding integration and restructuring expenses)	255	240	985	919
Integration and restructuring expenses	46	82	102	297
Deal costs	—	4	19	23
Unrealized losses/(gains) on commodity hedges	(27)	10	(57)	21
Impairment losses	676	15,485	1,899	15,936
Equity award compensation expense (excluding integration and restructuring expenses)	20	(11)	46	33
Adjusted EBITDA	\$ 1,564	\$ 1,674	\$ 6,064	\$ 7,024
Segment Adjusted EBITDA:				
United States	\$ 1,270	\$ 1,249	\$ 4,809	\$ 5,218
Canada	116	157	487	608
EMEA	182	171	661	724
Rest of World	60	130	363	635
General corporate expenses	(64)	(33)	(256)	(161)
Adjusted EBITDA	\$ 1,564	\$ 1,674	\$ 6,064	\$ 7,024

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

Schedule 5

	Adjusted EBITDA	Currency	Constant Currency Adjusted EBITDA
December 28, 2019			
United States	\$ 1,270	\$ —	\$ 1,270
Canada	116	—	116
EMEA	182	(2)	184
Rest of World	60	3	57
General corporate expenses	(64)	—	(64)
	<u>\$ 1,564</u>	<u>\$ 1</u>	<u>\$ 1,563</u>
December 29, 2018			
United States	\$ 1,249	\$ —	\$ 1,249
Canada	157	—	157
EMEA	171	—	171
Rest of World	130	23	107
General corporate expenses	(33)	—	(33)
	<u>\$ 1,674</u>	<u>\$ 23</u>	<u>\$ 1,651</u>
<u>Year-over-year growth rates</u>			
United States	1.6%	0.0 pp	1.6%
Canada	(26.1)%	0.2 pp	(26.3)%
EMEA	6.3%	(1.4) pp	7.7%
Rest of World	(53.9)%	(8.0) pp	(45.9)%
General corporate expenses	92.2%	(2.2) pp	94.4%
Kraft Heinz	(6.6)%	(1.3) pp	(5.3)%

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

Schedule 6

	Adjusted EBITDA	Currency	Constant Currency Adjusted EBITDA
December 28, 2019			
United States	\$ 4,809	\$ —	\$ 4,809
Canada	487	(12)	499
EMEA	661	(30)	691
Rest of World	363	(8)	371
General corporate expenses	(256)	4	(260)
	<u>\$ 6,064</u>	<u>\$ (46)</u>	<u>\$ 6,110</u>
December 29, 2018			
United States	\$ 5,218	\$ —	\$ 5,218
Canada	608	—	608
EMEA	724	—	724
Rest of World	635	170	465
General corporate expenses	(161)	—	(161)
	<u>\$ 7,024</u>	<u>\$ 170</u>	<u>\$ 6,854</u>
<u>Year-over-year growth rates</u>			
United States	(7.8)%	0.0 pp	(7.8)%
Canada	(19.9)%	(1.9) pp	(18.0)%
EMEA	(8.7)%	(4.2) pp	(4.5)%
Rest of World	(42.8)%	(22.6) pp	(20.2)%
General corporate expenses	58.6%	(2.5) pp	61.1%
Kraft Heinz	(13.7)%	(2.8) pp	(10.9)%

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

Schedule 7

	For the Three Months Ended	
	December 28, 2019	December 29, 2018
Diluted EPS	\$ 0.15	\$ (10.30)
Integration and restructuring expenses ^(a)	0.03	0.13
Unrealized losses/(gains) on commodity hedges ^(b)	(0.02)	0.01
Impairment losses ^(c)	0.49	10.97
Losses/(gains) on sale of business ^(d)	0.06	—
Other losses/(gains) related to acquisitions and divestitures ^(e)	—	0.02
Nonmonetary currency devaluation ^(f)	—	0.01
Debt prepayment and extinguishment costs ^(g)	0.01	—
Adjusted EPS	<u>\$ 0.72</u>	<u>\$ 0.84</u>

- (a) Gross expenses included in integration and restructuring expenses were \$52 million (\$39 million after-tax) for the three months ended December 28, 2019 and \$182 million (\$159 million after-tax) for the three months ended December 29, 2018 and were recorded in the following income statement line items: Cost of products sold included \$21 million for the three months ended December 28, 2019 and \$19 million for the three months ended December 29, 2018; SG&A included \$25 million for the three months ended December 28, 2019 and \$63 million for the three months ended December 29, 2018; and Other expense/(income) included expenses of \$6 million for the three months ended December 28, 2019 and expenses of \$100 million for the three months ended December 29, 2018.
- (b) Gross expenses/(income) included in unrealized losses/(gains) on commodity hedges were income of \$27 million (\$21 million after-tax) for the three months ended December 28, 2019 and expenses of \$10 million (\$6 million after-tax) for the three months ended December 29, 2018 and were recorded in cost of products sold.
- (c) Gross impairment losses, which were recorded in SG&A, included the following: Goodwill impairment losses of \$453 million (\$439 million after-tax) for the three months ended December 28, 2019 and \$6.9 billion (\$6.9 billion after-tax) for the three months ended December 29, 2018; and Intangible asset impairment losses of \$223 million (\$156 million after-tax) for the three months ended December 28, 2019 and \$8.6 billion (\$6.5 billion after-tax) for the three months ended December 29, 2018.
- (d) Gross expenses included in losses/(gains) on sale of business were expenses of \$70 million (\$73 million after-tax) for the three months ended December 28, 2019 and were included in other expense/(income).
- (e) Gross expenses included in other losses/(gains) related to acquisitions and divestitures were \$27 million (\$15 million after-tax) for the three months ended December 29, 2018 and were recorded in the following income statement line items: Interest expense included \$3 million for the three months ended December 29, 2018; Other expense/(income) included \$17 million for the three months ended December 29, 2018; and Provision for/(benefit from) income taxes included \$7 million for the three months ended December 29, 2018.
- (f) Gross expenses included in nonmonetary currency devaluation were \$15 million (\$15 million after-tax) for the three months ended December 29, 2018 and were recorded in other expense/(income).
- (g) Gross expenses included in debt prepayment and extinguishment costs were \$10 million (\$11 million after-tax) for the three months ended December 28, 2019 and were recorded in interest expense.

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

Schedule 8

	For the Year Ended	
	December 28, 2019	December 29, 2018
Diluted EPS	\$ 1.58	\$ (8.36)
Integration and restructuring expenses ^(a)	0.07	0.32
Deal costs ^(b)	0.02	0.02
Unrealized losses/(gains) on commodity hedges ^(c)	(0.04)	0.01
Impairment losses ^(d)	1.38	11.28
Losses/(gains) on sale of business ^(e)	(0.23)	0.01
Other losses/(gains) related to acquisitions and divestitures ^(f)	—	0.02
Nonmonetary currency devaluation ^(g)	0.01	0.12
Debt prepayment and extinguishment costs ^(h)	0.06	—
U.S. Tax Reform discrete income tax expense/(benefit) ⁽ⁱ⁾	—	0.09
Adjusted EPS	<u>\$ 2.85</u>	<u>\$ 3.51</u>

- (a) Gross expenses included in integration and restructuring expenses were \$108 million in 2019 (\$83 million after-tax) and \$460 million in 2018 (\$396 million after-tax) and were recorded in the following income statement line items: Cost of products sold included \$48 million in 2019 and \$194 million in 2018; SG&A included \$54 million in 2019 and \$103 million in 2018; and Other expense/(income) included expenses of \$6 million in 2019 and expenses of \$163 million in 2018.
- (b) Gross expenses included in deal costs were \$19 million in 2019 (\$18 million after-tax) and \$23 million in 2018 (\$19 million after-tax) and were recorded in the following income statement line items: Cost of products sold included \$4 million in 2018; and SG&A included \$19 million in 2019 and \$19 million in 2018.
- (c) Gross expenses/(income) included in unrealized losses/(gains) on commodity hedges were income of \$57 million in 2019 (\$43 million after-tax) and expenses of \$21 million in 2018 (\$16 million after-tax) and were recorded in cost of products sold.
- (d) Gross impairment losses, which were recorded in SG&A, included the following: Goodwill impairment losses of \$1.2 billion in 2019 (\$1.2 billion after-tax) and \$7.0 billion in 2018 (\$7.0 billion after-tax); and Intangible asset impairment losses of \$702 million in 2019 (\$537 million after-tax) and \$8.9 billion in 2018 (\$6.8 billion after-tax).
- (e) Gross expenses/(income) included in losses/(gains) on sale of business were income of \$420 million in 2019 (\$275 million after-tax) and expenses of \$15 million in 2018 (\$15 million after-tax) and were recorded in other expense/(income).
- (f) Gross expenses/(income) included in other losses/(gains) related to acquisitions and divestitures were income of \$5 million in 2019 (\$5 million after-tax) and expenses of \$27 million in 2018 (\$15 million after-tax) and were recorded in the following income statement line items: Interest expense included \$1 million in 2019 and \$3 million in 2018; Other expense/(income) included income of \$6 million in 2019 and expenses of \$17 million in 2018; and Provision for/(benefit from) income taxes included \$7 million in 2018.
- (g) Gross expenses included in nonmonetary currency devaluation were \$10 million in 2019 (\$10 million after-tax) and \$146 million in 2018 (\$146 million after-tax) and were recorded in other expense/(income).
- (h) Gross expenses included in debt prepayment and extinguishment costs were \$98 million in 2019 (\$73 million after-tax) and were recorded in interest expense.
- (i) U.S. Tax Reform discrete income tax expense/(benefit) included expenses of \$104 million in 2018.

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

Schedule 9

	December 28, 2019	December 29, 2018
ASSETS		
Cash and cash equivalents	\$ 2,279	\$ 1,130
Trade receivables, net	1,973	2,129
Income taxes receivable	173	152
Inventories	2,721	2,667
Prepaid expenses	384	400
Other current assets	445	1,221
Assets held for sale	122	1,376
Total current assets	8,097	9,075
Property, plant and equipment, net	7,055	7,078
Goodwill	35,546	36,503
Intangible assets, net	48,652	49,468
Other non-current assets	2,100	1,337
TOTAL ASSETS	\$ 101,450	\$ 103,461
LIABILITIES AND EQUITY		
Commercial paper and other short-term debt	\$ 6	\$ 21
Current portion of long-term debt	1,022	377
Trade payables	4,003	4,153
Accrued marketing	647	722
Interest payable	384	408
Other current liabilities	1,804	1,767
Liabilities held for sale	9	55
Total current liabilities	7,875	7,503
Long-term debt	28,216	30,770
Deferred income taxes	11,878	12,202
Accrued postemployment costs	273	306
Other non-current liabilities	1,459	902
TOTAL LIABILITIES	49,701	51,683
Redeemable noncontrolling interest	—	3
Equity:		
Common stock, \$0.01 par value	12	12
Additional paid-in capital	56,828	58,723
Retained earnings/(deficit)	(3,060)	(4,853)
Accumulated other comprehensive income/(losses)	(1,886)	(1,943)
Treasury stock, at cost	(271)	(282)
Total shareholders' equity	51,623	51,657
Noncontrolling interest	126	118
TOTAL EQUITY	51,749	51,775
TOTAL LIABILITIES AND EQUITY	\$ 101,450	\$ 103,461

The Kraft Heinz Company
Consolidated Statement of Cash Flows
(in millions)
(Unaudited)

Schedule 10

	For the Year Ended	
	December 28, 2019	December 29, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income/(loss)	\$ 1,933	\$ (10,254)
Adjustments to reconcile net income/(loss) to operating cash flows:		
Depreciation and amortization	994	983
Amortization of postretirement benefit plans prior service costs/(credits)	(306)	(339)
Equity award compensation expense	46	33
Deferred income tax provision/(benefit)	(293)	(1,967)
Postemployment benefit plan contributions	(32)	(76)
Goodwill and intangible asset impairment losses	1,899	15,936
Nonmonetary currency devaluation	10	146
Loss/(gain) on sale of business	(420)	15
Other items, net	(46)	160
Changes in current assets and liabilities:		
Trade receivables	140	(2,280)
Inventories	(277)	(251)
Accounts payable	(58)	(23)
Other current assets	52	(146)
Other current liabilities	(90)	637
Net cash provided by/(used for) operating activities	<u>3,552</u>	<u>2,574</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts on sold receivables	—	1,296
Capital expenditures	(768)	(826)
Payments to acquire business, net of cash acquired	(199)	(248)
Proceeds from net investment hedges	590	24
Proceeds from sale of business, net of cash disposed	1,875	18
Other investing activities, net	13	24
Net cash provided by/(used for) investing activities	<u>1,511</u>	<u>288</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(4,795)	(2,713)
Proceeds from issuance of long-term debt	2,967	2,990
Debt prepayment and extinguishment costs	(99)	—
Proceeds from issuance of commercial paper	557	2,784
Repayments of commercial paper	(557)	(3,213)
Dividends paid	(1,953)	(3,183)
Other financing activities, net	(33)	(28)
Net cash provided by/(used for) financing activities	<u>(3,913)</u>	<u>(3,363)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>(6)</u>	<u>(132)</u>
Cash, cash equivalents, and restricted cash		
Net increase/(decrease)	1,144	(633)
Balance at beginning of period	1,136	1,769
Balance at end of period	<u>\$ 2,280</u>	<u>\$ 1,136</u>