UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 5, 2019

The Kraft Heinz Company

(Exact name of registrant as specified in its charter)

Delaware	**001-37482**	**46-2078182**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One PPG Place, Pittsburgh, Pennsylvania 15222
(Address of principal executive offices, including zip code)

(412) 456-5700
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common stock, $0.01 par value	KHC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act (§230.405 of this chapter) or Rule 12b-2 of the Exchange Act (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On August 8, 2019, The Kraft Heinz Company ("we," "our," and the "Company") issued a press release announcing results for the first half of 2019. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 2.06. Material Impairments.

On August 5, 2019, the Company, along with the Audit Committee of our Board of Directors concluded that non-cash impairment losses are required for the quarters ended March 30, 2019 and June 29, 2019. As a result, we are disclosing the following information relating to the preliminary unaudited estimate of impairment losses resulting from our first quarter 2019 interim testing and our second quarter 2019 annual impairment testing.

In connection with the preparation of the first quarter 2019 unaudited interim financial statements, which occurred concurrently with the preparation of the second quarter 2019 unaudited interim financial statements due to the delay in the filing of our Annual Report on Form 10-K for the fiscal year ended December 29, 2018 (the "2018 Form 10-K") until June 7, 2019, we concluded that it was more likely than not that the fair values of three of our 19 reporting units (EMEA East, Brazil and Latin America Exports) were below their carrying amounts. The factors that led to this first quarter triggering event conclusion included: (i) changes in management structure which triggered the reorganization of the EMEA East and Latin America Exports reporting units in the first quarter; (ii) new management in certain reporting units coupled with the development of our five-year operating plan assumptions for these reporting units in the first quarter, which established revised expectations and priorities for the coming years in response to current market factors, such as lower revenue growth and margin expectations; (iii) increases in discount rates used to value reporting units in these regions due to expectations of increased risk in these emerging markets; and (iv) fluctuations in forecasted foreign exchange rates in certain countries.

Our preliminary unaudited estimate of non-cash impairment losses in the first quarter of 2019 is $620 million in SG&A related to the three reporting units noted above that are contained within our EMEA and Rest of World segments. We determined the factors contributing to the impairment loss were the result of circumstances that arose during the first quarter of 2019, as summarized above and as discussed in more detail below under the "Goodwill Impairment" heading.

Additionally, we performed our 2019 annual impairment test as of March 31, 2019, which is the first day of our second quarter in 2019 (this was performed concurrently with the preparation of the first and second quarter 2019 unaudited interim financial statements due to the delay in the filing of the 2018 Form 10-K as noted above). We utilized the discounted cash flow method under the income approach to estimate the fair value of our reporting units. As a result of our annual impairment test and as discussed further below, our preliminary unaudited results for the second quarter of 2019 included preliminary non-cash impairment losses of approximately $124 million in SG&A related to goodwill and preliminary non-cash impairment losses of approximately $474 million in SG&A related to indefinite-lived intangible assets.

Following these impairments, the preliminary carrying amounts of goodwill and indefinite-lived intangible assets are $36.0 billion and $43.5 billion respectively at June 29, 2019 and $36.1 billion and $44.1 billion respectively at March 30, 2019, compared to $36.5 billion and $44.0 billion at December 29, 2018.

These amounts reflect our best estimate of the losses at this time; however, we continue to evaluate the amount of the impairments and execute and test certain internal controls associated with the assessment. Until we file our Quarterly Reports on Form 10-Q for the first and second quarters, we can make no assurances these estimates will not change. No portion of these impairment losses relates to future cash expenditures. Our first and second quarter expected impairment losses are described in more detail below.

Goodwill Impairment

We expect to recognize a $286 million impairment loss in the first quarter of 2019 in our EMEA East reporting unit within our EMEA segment. In the first quarter of 2019, we reorganized our reporting units to combine Russia, Poland, Middle East, and Distributors operations into the EMEA East reporting unit as a result of changing our management structure. Following this reorganization, we established a new management team in the region at the beginning of 2019 that developed a new five-year operating plan for the region, which established a revised downward outlook for net sales, margin, and cash flows in response to lower expectations for margin and revenue growth opportunities in the region. As a result of this planning process, management revised its expectations downward in relation to the anticipated long-term impact of white space growth opportunities in MEA and the impact of discounter store growth in Russia. Additionally, there were declines in forecasted foreign exchange rates in the region. After the impairment, the goodwill carrying amount of the EMEA East reporting unit is approximately $144 million.

We expect to recognize a $205 million impairment loss in the first quarter in our Brazil reporting unit within our Rest of World segment. During the first quarter, we observed lower than expected performance in launches of new products coupled with the de-listing of certain existing products as well as higher costs due to changes in our sourcing approach to support revenue growth plans. We developed a new five-year operating plan for the region in the first quarter of 2019, which produced a revised outlook for net sales and margins in contemplation of these events and after considering their potential long-term impacts. Additionally, there were declines in forecasted foreign exchange rates in the region. The impairment of the Brazil reporting unit is expected to be the entire balance of goodwill for that reporting unit.

We expect to recognize a $129 million impairment loss in the first quarter in our Latin America Exports reporting unit within our Rest of World segment. In the first quarter of 2019, we reorganized our reporting units to combine Puerto Rico and our Other Latin America Exports business with Costa Rica, Panama, Colombia, Argentina, and Andinos operations (which were part of the previously fully impaired Other Latin America reporting unit and thus had previously been identified as having a fair value less than carrying amount) into the Latin America Exports reporting unit as a result of changing our management structure. We developed a new five-year operating plan for the region in the first quarter of 2019, which produced a revised outlook for net sales and margins and adjusted cash flow forecasts downward to reflect lower expectations in the market, higher costs associated with changes in our sourcing approach, and increased investments in the business to support growth in these emerging markets. After the impairment, the goodwill carrying amount of the Latin America Exports reporting unit is approximately $297 million.

We performed our 2019 annual impairment test as of March 31, 2019, which is the first day of our second quarter in 2019 (this was performed concurrently with the preparation of the first and second quarter 2019 financial statements due to the delay in the filing of the 2018 Form 10-K as noted above). Through the performance of the 2019 annual impairment test, we identified an impairment related to the U.S. Refrigerated reporting unit. This impairment was primarily due to an increase in the discount rate assumption used for the fair value estimation. The increase in the discount rate was applied to reflect a market participants' perceived risk in the valuation implied by the sustained reduction in our stock price and, hence, market capitalization (which decreased approximately 25% from December 29, 2018 to the March 31, 2019 annual impairment testing date and sustained this decline through June 29, 2019). Since this valuation assumption change was made in connection with the annual impairment test in the second quarter of 2019 and was not indicative of events or conditions that would have constituted a triggering event during the first quarter of 2019, we expect to record a non-cash impairment loss of $118 million in SG&A in the second quarter of 2019 within our United States segment. The goodwill carrying amount of this reporting unit is approximately $7.0 billion after the impairment.

The goodwill carrying amounts associated with an additional six reporting units, which each had excess fair value over its carrying amount of 10% or less based on the results of our 2019 annual impairment assessment, were $18.6 billion for U.S. Grocery, $3.9 billion for U.S. Foodservice, $2.1 billion for Canada Retail, $370 million for Australia and New Zealand, $368 million for Canada Foodservice, and $83 million for Northeast Asia as of the impairment test date. The goodwill carrying amount associated with one additional reporting unit, which had excess fair value over its carrying amount between 10-20%, was $593 million for Continental Europe as of the impairment test date. The aggregate goodwill carrying amount of reporting units with fair value over carrying amount between 20-50% was $2.4 billion as of the impairment test date, and there were no reporting units with fair value over carrying amount in excess of 50%.

Indefinite-Lived Intangible Asset Impairment

We performed our 2019 annual impairment test as of March 31, 2019, which is the first day of our second quarter in 2019. As a result of our 2019 annual impairment test, we expect to recognize a non-cash impairment loss of $474 million in SG&A in the second quarter of 2019 primarily related to six brands (*Miracle Whip*, *Velveeta*, *Lunchables*, *Maxwell House*, *Philadelphia*, and *Cool Whip*). This impairment loss is expected to be recorded in our United States segment, consistent with the ownership of the trademarks. The impairment for these brands was largely due to an increase in the discount rate assumptions used for the fair value estimations. The increase in the discount rate was applied to reflect a market participants' perceived risk in the valuation implied by the sustained reduction in our stock price and, hence, market capitalization (which decreased approximately 25% from December 29, 2018 to the March 31, 2019 annual impairment testing date and sustained this decline through June 29, 2019), as further described above.

For *Miracle Whip* and *Maxwell House*, the reduction in fair value was also driven by lower expectations of near and long-term net sales growth that were adjusted in the second quarter of 2019 due to anticipated trends in consumer preferences. For *Lunchables*, the reduction in fair value was also due to lower forecasted net sales and royalty rate assumptions associated with lower profit margin expectations driven by pricing actions at certain customers. For *Velveeta*, *Philadelphia*, and *Cool Whip*, no assumption changes other than the discount rate had a meaningful impact on the estimated fair value of brands. Since these valuation assumption changes were made in connection with the annual test in the second quarter of 2019 and were not indicative of events or conditions that would have constituted a triggering event during the first quarter of 2019, we expect to record a non-cash impairment loss in the second quarter of 2019. These brands had an aggregate carrying amount of $13.5 billion prior to this impairment and are expected to have a carrying amount of approximately $13.0 billion after impairment.

The aggregate carrying amount associated with an additional three brands (*Kraft*, *Planters*, and *ABC*), which each had excess fair value over its carrying amount of 10% or less, was $13.4 billion as of the impairment test date. The aggregate carrying amount of an additional three brands (*Oscar Mayer*, *Jet Puffed*, and *Quero*), which each had fair value over its carrying amount of between 10-20%, was $3.6 billion as of the impairment test date. The aggregate carrying amount of brands with fair value over carrying amount between 20-50% was $4.2 billion, and the aggregate carrying amount of brands with fair value over carrying amount in excess of 50% was $9.3 billion as of the impairment test date.

Impairment Testing

We maintain 19 reporting units, 13 of which comprise our goodwill balance. Our indefinite-lived intangible asset balance primarily consists of a number of individual brands. We test our reporting units and brands for impairment annually as of the first day of our second quarter, or more frequently if events or circumstances indicate it is more likely than not that the fair value of a reporting unit or brand is less than its carrying amount. Such events and circumstances could include a sustained decrease in our market capitalization, increased competition or unexpected loss of market share, increased input costs beyond projections (for example due to regulatory or industry changes), disposals of significant brands or components of our business, unexpected business disruptions (for example due to a natural disaster or loss of a customer, supplier, or other significant business relationship), unexpected significant declines in operating results, or significant adverse changes in the markets in which we operate. We test reporting units for impairment by comparing the estimated fair value of each reporting unit with its carrying amount. We test brands for impairment by comparing the estimated fair value of each brand with its carrying amount. If the carrying amount of a reporting unit or brand exceeds its estimated fair value, we record an impairment loss based on the difference between fair value and carrying amount, in the case of reporting units, not to exceed to the associated carrying amount of goodwill.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates, and market factors. Estimating the fair value of individual reporting units and brands requires us to make assumptions and estimates regarding our future plans, as well as industry, economic, and regulatory conditions. These assumptions and estimates include estimated future annual net cash flows, income tax considerations, discount rates, growth rates, royalty rates, contributory asset charges, and other market factors. If current expectations of future growth rates and margins are not met, if market factors outside of our control, such as discount rates, change, or if management's expectations or plans otherwise change, including as a result of updates to our global five-year operating plan, then one or more of our reporting units or brands might become impaired in the future. As carrying amounts of goodwill and indefinite-lived intangible assets impaired in 2018 and 2019 were written down to fair value resulting in zero excess fair value over carrying amount at the time of impairment, those reporting units and brands are more susceptible to an impairment risk if there are unfavorable changes in assumptions and estimates. Additionally, as goodwill and indefinite-lived intangible assets associated with recently acquired businesses are recorded on the balance sheet at their estimated acquisition date fair values, those amounts are more susceptible to an impairment risk if business operating results or macroeconomic conditions deteriorate.

Forward-Looking Statements

This filing contains a number of forward-looking statements. Words such as "continue," "estimate," "expect," "forecast," "plan," "will," and variations of such words and similar future or conditional expressions are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding our beliefs and expectations relating to non-cash impairment losses and future related events. 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 our control. Important factors that may affect our business and operations or that may cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, changes in current expectations of future growth rates and margins, changes in management's expectations or plans, including those as a result of our new five-year operating plan, acquisitions and foreign currency translation adjustments, various market factors and the possibility that the ongoing reviews and testing of the our internal controls may identify additional errors, control deficiencies, misstatements, or material weaknesses in the Company's accounting practices. We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this filing, except as required by applicable law or regulation.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibit is furnished with this Current Report on Form 8-K.

Exhibit No.	Description
99.1	The Kraft Heinz Company Press Release, dated August 8, 2019.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

The Kraft Heinz Company

Date: August 8, 2019

By: /s/ David H. Knopf

David H. Knopf

Executive Vice President and Chief Financial Officer

Exhibit 99.1

Contacts: Michael Mullen (media) Michael.Mullen@kraftheinz.com
Christopher Jakubik, CFA (investors) ir@kraftheinz.com

KRAFT HEINZ REPORTS PRELIMINARY FINANCIAL RESULTS FOR THE FIRST HALF OF 2019

PITTSBURGH & CHICAGO - August 8, 2019 - The Kraft Heinz Company (Nasdaq: KHC) ("Kraft Heinz" or the "Company") today reported preliminary financial results for the first half of 2019 that reflected lower net sales despite improving consumer takeaway trends in key markets, as well as the adverse impacts of ongoing cost inflation, greater investments, and higher depreciation and amortization expenses. Results also included preliminary non-cash impairment charges related to goodwill and intangible assets that more than offset a one-time gain on the sale of the Company's India nutritional beverages business.

"The level of decline we experienced in the first half of this year is nothing we should find acceptable moving forward," said Kraft Heinz CEO Miguel Patricio. "We have significant work ahead of us to set our strategic priorities and change the trajectory of our business. But in my short time with the company, I have developed a strong appreciation for the affinity consumers around the world continue to have for our brands, the talent and determination of our employees, as well as the commitment of our customers. We have a lot to work with and build upon, and our team is motivated by the opportunity to drive the next phase of growth and profitability for Kraft Heinz and our shareholders."

H1 2019 Financial Summary

	For the Six Months Ended		Year-over-year Change			
	June 29, 2019	June 30, 2018	Actual	Currency	Acquisitions and Divestitures	Organic
	(in millions, except per share data)					
Net sales	$ 12,365	$ 12,994	(4.8)%	(2.6) pp	(0.7) pp	(1.5)%
Operating income/(loss)	1,296	2,857	(54.6)%			
Net income/(loss) attributable to common shareholders	854	1,757	(51.4)%			
Diluted EPS	$ 0.70	$ 1.43	(51.0)%			
Adjusted EBITDA[(1)]	3,031	3,756	(19.3)%	(3.3) pp		
Adjusted EPS[(1)]	$ 1.44	$ 1.89	(23.8)%			

For the six months ended June 29, 2019, net sales were $12.4 billion, down 4.8 percent versus the year-ago period, including an unfavorable 2.6 percentage point impact from currency and a net 0.7 percentage point negative impact from acquisitions and divestitures. Organic Net Sales[(1)] decreased 1.5 percent versus the year-ago period. Pricing was down 1.3 percentage points versus the prior year period, primarily reflecting unfavorable promotional timing in North America, as well as price reductions to reflect lower key commodity[(2)] costs in the United States. This more than offset higher pricing in certain Rest of

World markets. Volume/mix decreased 0.2 percentage points as unfavorable changes in retail inventory levels in North America and lower shipments in EMEA and Rest of World markets more than offset solid consumption growth in the United States and Canada.

In connection with the preparation of the first and second quarter financial statements, which occurred concurrently due to the delayed filing of the 2018 Form 10-K, the Company concluded that the fair values of certain goodwill and intangible assets were below their carrying amounts. As a result, the Company recorded non-cash impairment charges[(3)] to lower the carrying amount of goodwill in certain reporting units (EMEA East, Brazil, United States Refrigerated, and Latin America Exports) by approximately $744 million, primarily based on new five-year operating forecasts for several international businesses that establish revised expectations and priorities for the coming years in response to current market factors. In addition, the Company recorded non-cash impairment charges[(3)] of approximately $474 million to lower the carrying amount of certain intangible assets, primarily driven by the application of a higher discount rate to reflect the markets' perceived risk in the Company's valuation.

Net income attributable to common shareholders decreased to $854 million and diluted EPS decreased to $0.70, primarily reflecting a $0.89 negative impact from non-cash impairment charges, as well as lower Adjusted EBITDA. Adjusted EBITDA decreased 19.3 percent versus the year-ago period to $3.0 billion, including a negative 3.3 percentage point impact from currency. Excluding the impact of currency, the reduction in Adjusted EBITDA reflected lower organic net sales, higher supply chain costs, and spending behind strategic initiatives. Adjusted EPS decreased 23.8 percent to $1.44, as a combination of lower Adjusted EBITDA and higher depreciation and amortization expenses more than offset lower taxes on adjusted earnings versus the prior year period and higher other income.

H1 2019 Business Segment Highlights

United States

	For the Six Months Ended		Year-over-year Change			
	June 29, 2019	June 30, 2018	Actual	Currency	Acquisitions and Divestitures	Organic
	(in millions)					
Net sales	$ 8,713	$ 8,881	(1.9)%	0.0 pp	0.0 pp	(1.9)%
Segment Adjusted EBITDA	2,384	2,793	(14.6)%	0.0 pp		

United States net sales were $8.7 billion, down 1.9 percent versus the year-ago period. Pricing decreased 1.8 percentage points, driven by a 0.9 percentage point unfavorable impact from promotional timing versus the prior year period, increased in-store activity behind *Lunchables* and certain frozen food categories, as well as price reductions to reflect lower key commodity[(2)] costs in nuts, dairy and coffee. These factors more than offset price increases implemented in select categories, as well as higher commodity-driven prices in bacon. Volume/mix decreased 0.1 percentage points due to unfavorable changes in retail inventory levels and lower foodservice shipments that more than offset innovation-driven gains in frozen meals and dairy snacking, as well as underlying consumption growth across several areas including nuts, refrigerated meal combinations, and cream cheese.

United States Segment Adjusted EBITDA decreased 14.6 percent versus the year-ago period to $2.4 billion, due to lower net sales, cost inflation in procurement, manufacturing and logistics, as well as strategic investments in e-commerce, marketing and people.

Canada

	For the Six Months Ended				Year-over-year Change			
	June 29, 2019		June 30, 2018		Actual	Currency	Acquisitions and Divestitures	Organic
	(in millions)							
Net sales	$	1,010	$	1,048	(3.6)%	(4.0) pp	0.0 pp	0.4%
Segment Adjusted EBITDA		264		307	(14.1)%	(3.5) pp		

Canada net sales were $1.0 billion, 3.6 percent lower than the year-ago period, including a negative 4.0 percentage point impact from currency. Organic Net Sales increased 0.4 percent versus the year-ago period. Pricing declined 2.3 percentage points, reflecting the timing of promotional costs versus the year-ago period and increased in-store activity to support summer programming. Volume/mix increased 2.7 percentage points as retail consumption growth of nearly 4.0 percent, driven by cheese, condiments and sauces, more than offset retailer inventory de-stocking.

Canada Segment Adjusted EBITDA decreased 14.1 percent versus the year-ago period to $264 million, including a negative 3.5 percentage point impact from currency, driven by the combination of lower pricing and higher input costs, including tariff-related cost increases.

EMEA

	For the Six Months Ended				Year-over-year Change			
	June 29, 2019		June 30, 2018		Actual	Currency	Acquisitions and Divestitures	Organic
	(in millions)							
Net sales	$	1,250	$	1,392	(10.2)%	(6.1) pp	(1.5) pp	(2.6)%
Segment Adjusted EBITDA		314		388	(19.1)%	(5.3) pp		

EMEA net sales were $1.3 billion, down 10.2 percent versus the year-ago period, including a negative 6.1 percentage point impact from currency and a negative 1.5 percentage point impact from the divestiture of a joint venture in South Africa. Organic Net Sales were 2.6 percent lower than the year-ago period. Pricing was down 0.1 percentage points as lower pricing in Italy infant nutrition as well as Russia offset higher pricing in the UK. Volume/mix declined 2.5 percentage points, driven by the adverse impact of extended retailer negotiations in Germany and France and, to a lesser extent, lower soup sales in the UK due to an exceptionally strong prior year comparison. These factors more than offset continued foodservice growth and consumption gains in condiments and sauces, particularly in the UK and the Netherlands.

In the first six months, EMEA Segment Adjusted EBITDA decreased 19.1 percent versus the year-ago period to $314 million, including a negative 5.3 percentage point impact from currency. Excluding the impact of currency, the reduction in Segment Adjusted EBITDA reflected a combination of higher supply chain costs that included adverse transactional currency impacts, lower Organic Net Sales, unfavorable pension and postretirement costs versus the prior year period, and investments in marketing and people.

Rest of World[4]

	For the Six Months Ended		Year-over-year Change			
	June 29, 2019	June 30, 2018	Actual	Currency	Acquisitions and Divestitures	Organic
	(in millions)					
Net sales	$ 1,392	$ 1,673	(16.8)%	(12.7) pp	(4.7) pp	0.6%
Segment Adjusted EBITDA	203	357	(43.0)%	(26.3) pp		

Rest of World net sales of $1.4 billion decreased 16.8 percent versus the year-ago period, including a negative 12.7 percentage point impact from currency and a 4.7 percentage point negative impact from the India nutritional beverages divestiture, net of gains from the Cerebos acquisition. Organic Net Sales increased 0.6 percent versus the year-ago period. Pricing increased 1.6 percentage points, primarily driven by higher pricing in Brazil. Volume/mix decreased 1.0 percentage points, as strong growth across several categories in Brazil was more than offset by lower shipments of infant nutrition products in China and declines in New Zealand.

Rest of World Segment Adjusted EBITDA decreased 43.0 percent versus the year-ago period to $203 million, which included a negative 26.3 percentage point impact from currency and an 11.1 percentage point impact from the divestiture of the Company's India nutritional beverages business. Excluding these factors, the decline in Segment Adjusted EBITDA reflected higher supply chain costs and lower sales in Asia Pacific.

End Notes

(1) Organic Net Sales, Adjusted EBITDA, Constant Currency Adjusted EBITDA and Adjusted EPS are non-GAAP financial measures. Please see discussion of non-GAAP financial measures and the reconciliations at the end of this press release for more information.

(2) The Company's key commodities in the United States and Canada are dairy, meat, coffee and nuts.

(3) Impairment charges for the first half of 2019 are preliminary and subject to finalization of control procedures.

(4) Rest of World comprises two operating segments: Latin America and Asia Pacific.

Webcast, Conference Call, and Filing Information

A webcast of The Kraft Heinz Company's first half 2019 earnings conference call will be available at ir.kraftheinzcompany.com. The call begins today at 8:30 a.m. Eastern Daylight Time.

The Company is also filing a Form 12b-25 with the SEC today, disclosing that while the Company is unable to file its Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2019 (the “Q2 Form 10-Q”) by the prescribed due date, the Company expects to file the Q2 Form 10-Q on or before the fifth calendar day following the prescribed due date.

ABOUT THE KRAFT HEINZ COMPANY

For 150 years, we have produced some of the world's most beloved products at The Kraft Heinz Company (Nasdaq: KHC). Our Vision is *To Be the Best Food Company, Growing a Better World*. We are one of the largest global food and beverage companies, with 2018 net sales of approximately $26 billion. Our portfolio is a diverse mix of iconic and emerging brands. As the guardians of these brands and the creators of innovative new products, we are dedicated to the sustainable health of our people and our planet. To learn more, visit www.kraftheinzcompany.com or follow us on LinkedIn and Twitter.

Forward-Looking Statements

This press release contains a number of forward-looking statements. Words such as “commit,” “plan,” "believe," "anticipate," "reflect," "invest," "make," "expect," "deliver," “develop,” "drive," "assess," "evaluate," “establish,” “focus,” “build,” “turn,” “expand,” “leverage,” "grow," "remain," "will," and variations of such words and similar future or conditional expressions are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding the Company's plans, costs and cost savings, legal matters, taxes, expectations, investments, innovations, opportunities, capabilities, execution, initiatives, pipeline, and growth. 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 the Company's control.

Important factors that may affect the Company'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, operating in a highly competitive industry; the Company’s ability to correctly predict, identify, and interpret changes in consumer preferences and demand, to offer new products to meet those changes, and to respond to competitive innovation; changes in the retail landscape or the loss of key retail customers; changes in the Company's relationships with significant customers, suppliers and other business relationships; the Company’s ability to maintain, extend, and expand its reputation and brand image; the Company’s ability to leverage its brand value to compete against private label products; the Company’s ability to drive revenue growth in its key product categories, increase its market share, or add products that are in faster-growing and more profitable categories; product recalls or product liability claims; unanticipated business disruptions; the Company’s ability to identify, complete or realize the benefits from strategic acquisitions, alliances, divestitures, joint ventures or other investments; the Company’s ability to realize the anticipated benefits from prior or future streamlining actions to reduce fixed costs, simplify or improve processes, and improve its competitiveness; the Company’s ability to successfully execute its strategic initiatives; the impacts of the Company’s international operations; economic and political conditions in the United States and in various other nations where the Company does business; changes in the Company’s management team or other key personnel and the Company’s ability to hire or retain key personnel or a highly skilled and diverse global workforce; risks associated with information technology and systems, including service interruptions, misappropriation of data or breaches of security; impacts of natural events in the locations in which we or the Company’s customers, suppliers, distributors, or regulators operate; the Company’s ownership structure; the Company’s indebtedness and ability to pay such indebtedness; additional impairments of the carrying amounts of goodwill or other indefinite-lived intangible assets; exchange rate fluctuations; volatility in commodity, energy, and other input costs; volatility in the market value of all or a portion of the derivatives we use; increased pension, labor and people-related expenses; compliance with laws, regulations, and related interpretations and related legal claims or other regulatory enforcement actions, , including additional risks and uncertainties related to the Company’s restatement and any potential actions resulting from the Securities and Exchange Commission’s (“SEC”) ongoing investigation, as well as potential additional subpoenas, litigation, and regulatory proceedings; an inability to remediate the material weaknesses in the Company’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; the Company’s failure to prepare and timely file its periodic reports; the restatement of certain of the Company’s previously issued consolidated financial statements, which resulted in unanticipated costs and may affect investor confidence and raise reputational issues; the Company’s ability to protect intellectual property rights; tax law changes or interpretations; the impact of future sales of the Company's common stock in the public markets; the Company’s ability to continue to pay a regular dividend and the amounts of any such dividends; volatility of capital markets and other macroeconomic factors; and other factors. For additional information on these and other factors that could affect the Company's forward-looking statements, see the Company's risk factors, as they may be amended from time to time, set forth in its filings with the SEC. The Company disclaims and does not undertake any obligation to update or revise any forward-looking statement in this press release, except as required by applicable law or regulation.

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 Venezuela, 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, 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), 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, 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), 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.

Schedule 1

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

	For the Three Months Ended	
	March 30, 2019	March 31, 2018
Net sales	$ 5,959	$ 6,304
Cost of products sold	3,948	4,040
Gross profit	2,011	2,264
Selling, general and administrative expenses, excluding impairment losses	829	764
Goodwill impairment losses	620	—
Intangible asset impairment losses	—	—
Selling, general and administrative expenses	1,449	764
Operating income/(loss)	562	1,500
Interest expense	321	317
Other expense/(income)	(380)	(90)
Income/(loss) before income taxes	621	1,273
Provision for/(benefit from) income taxes	217	270
Net income/(loss)	404	1,003
Net income/(loss) attributable to noncontrolling interest	(1)	—
Net income/(loss) attributable to common shareholders	$ 405	$ 1,003
Basic shares outstanding	1,220	1,219
Diluted shares outstanding	1,224	1,228
Per share data applicable to common shareholders:		
Basic earnings/(loss) per share	$ 0.33	$ 0.82
Diluted earnings/(loss) per share	0.33	0.82

Schedule 2

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

	For the Three Months Ended		For the Six Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Net sales	$ 6,406	$ 6,690	$ 12,365	$ 12,994
Cost of products sold	4,324	4,343	8,272	8,383
Gross profit	2,082	2,347	4,093	4,611
Selling, general and administrative expenses, excluding impairment losses	750	756	1,579	1,520
Goodwill impairment losses	124	133	744	133
Intangible asset impairment losses	474	101	474	101
Selling, general and administrative expenses	1,348	990	2,797	1,754
Operating income/(loss)	734	1,357	1,296	2,857
Interest expense	316	316	637	633
Other expense/(income)	(133)	(20)	(513)	(110)
Income/(loss) before income taxes	551	1,061	1,172	2,334
Provision for/(benefit from) income taxes	103	308	320	578
Net income/(loss)	448	753	852	1,756
Net income/(loss) attributable to noncontrolling interest	(1)	(1)	(2)	(1)
Net income/(loss) attributable to common shareholders	$ 449	$ 754	$ 854	$ 1,757
Basic shares outstanding	1,220	1,219	1,220	1,219
Diluted shares outstanding	1,222	1,226	1,223	1,227
Per share data applicable to common shareholders:				
Basic earnings/(loss) per share	$ 0.37	$ 0.62	$ 0.70	$ 1.44
Diluted earnings/(loss) per share	0.37	0.62	0.70	1.43

Schedule 3

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

	Net Sales	Currency	Acquisitions and Divestitures	Organic Net Sales	Price	Volume/Mix
March 30, 2019						
United States	$ 4,202	$ —	$ —	$ 4,202		
Canada	450	(21)	—	471		
EMEA	607	(49)	—	656		
Rest of World	700	(44)	51	693		
	$ 5,959	$ (114)	$ 51	$ 6,022		
March 31, 2018						
United States	$ 4,368	$ —	$ —	$ 4,368		
Canada	484	—	—	484		
EMEA	685	—	10	675		
Rest of World	767	39	58	670		
	$ 6,304	$ 39	$ 68	$ 6,197		
Year-over-year growth rates						
United States	(3.8)%	0.0 pp	0.0 pp	(3.8)%	(3.3) pp	(0.5) pp
Canada	(7.0)%	(4.5) pp	0.0 pp	(2.5)%	(2.2) pp	(0.3) pp
EMEA	(11.5)%	(7.2) pp	(1.4) pp	(2.9)%	0.0 pp	(2.9) pp
Rest of World	(8.7)%	(10.8) pp	(1.3) pp	3.4 %	1.1 pp	2.3 pp
Kraft Heinz	(5.5)%	(2.4) pp	(0.3) pp	(2.8)%	(2.4) pp	(0.4) pp

Schedule 4

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

	Net Sales	Currency	Acquisitions and Divestitures	Organic Net Sales	Price	Volume/Mix
June 29, 2019						
United States	$ 4,511	$ —	$ —	$ 4,511		
Canada	560	(21)	—	581		
EMEA	643	(36)	—	679		
Rest of World	692	(34)	—	726		
	$ 6,406	$ (91)	$ —	$ 6,497		
June 30, 2018						
United States	$ 4,513	$ —	$ —	$ 4,513		
Canada	564	—	—	564		
EMEA	707	—	11	696		
Rest of World	906	101	63	742		
	$ 6,690	$ 101	$ 74	$ 6,515		
Year-over-year growth rates						
United States	(0.1)%	0.0 pp	0.0 pp	(0.1)%	(0.4) pp	0.3 pp
Canada	(0.7)%	(3.6) pp	0.0 pp	2.9 %	(2.4) pp	5.3 pp
EMEA	(8.9)%	(5.0) pp	(1.6) pp	(2.3)%	(0.2) pp	(2.1) pp
Rest of World	(23.6)%	(13.9) pp	(7.7) pp	(2.0)%	2.0 pp	(4.0) pp
Kraft Heinz	(4.2)%	(2.8) pp	(1.1) pp	(0.3)%	(0.3) pp	0.0 pp

Schedule 5

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

	Net Sales	Currency	Acquisitions and Divestitures	Organic Net Sales	Price	Volume/Mix
June 29, 2019						
United States	$ 8,713	$ —	$ —	$ 8,713		
Canada	1,010	(42)	—	1,052		
EMEA	1,250	(85)	—	1,335		
Rest of World	1,392	(78)	51	1,419		
	$ 12,365	$ (205)	$ 51	$ 12,519		
June 30, 2018						
United States	$ 8,881	$ —	$ —	$ 8,881		
Canada	1,048	—	—	1,048		
EMEA	1,392	—	21	1,371		
Rest of World	1,673	140	121	1,412		
	$ 12,994	$ 140	$ 142	$ 12,712		
Year-over-year growth rates						
United States	(1.9)%	0.0 pp	0.0 pp	(1.9)%	(1.8) pp	(0.1) pp
Canada	(3.6)%	(4.0) pp	0.0 pp	0.4 %	(2.3) pp	2.7 pp
EMEA	(10.2)%	(6.1) pp	(1.5) pp	(2.6)%	(0.1) pp	(2.5) pp
Rest of World	(16.8)%	(12.7) pp	(4.7) pp	0.6 %	1.6 pp	(1.0) pp
Kraft Heinz	(4.8)%	(2.6) pp	(0.7) pp	(1.5)%	(1.3) pp	(0.2) pp

Schedule 6

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

	For the Three Months Ended	
	March 30, 2019	March 31, 2018
Net income/(loss)	$ 404	$ 1,003
Interest expense	321	317
Other expense/(income)	(380)	(90)
Provision for/(benefit from) income taxes	217	270
Operating income/(loss)	562	1,500
Depreciation and amortization (excluding integration and restructuring expenses)	234	199
Integration and restructuring expenses	27	90
Deal costs	8	9
Unrealized losses/(gains) on commodity hedges	(29)	2
Impairment losses	620	—
Equity award compensation expense (excluding integration and restructuring expenses)	9	7
Adjusted EBITDA	$ 1,431	$ 1,807
Segment Adjusted EBITDA:		
United States	$ 1,133	$ 1,392
Canada	121	134
EMEA	143	182
Rest of World	101	144
General corporate expenses	(67)	(45)
Adjusted EBITDA	$ 1,431	$ 1,807

Schedule 7

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

	For the Three Months Ended		For the Six Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Net income/(loss)	$ 448	$ 753	$ 852	$ 1,756
Interest expense	316	316	637	633
Other expense/(income)	(133)	(20)	(513)	(110)
Provision for/(benefit from) income taxes	103	308	320	578
Operating income/(loss)	734	1,357	1,296	2,857
Depreciation and amortization (excluding integration and restructuring expenses)	253	235	487	434
Integration and restructuring expenses	14	93	41	183
Deal costs	5	7	13	16
Unrealized losses/(gains) on commodity hedges	(10)	3	(39)	5
Impairment losses	598	234	1,218	234
Equity award compensation expense (excluding integration and restructuring expenses)	6	20	15	27
Adjusted EBITDA	$ 1,600	$ 1,949	$ 3,031	$ 3,756
Segment Adjusted EBITDA:				
United States	$ 1,251	$ 1,401	$ 2,384	$ 2,793
Canada	143	173	264	307
EMEA	171	206	314	388
Rest of World	102	213	203	357
General corporate expenses	(67)	(44)	(134)	(89)
Adjusted EBITDA	$ 1,600	$ 1,949	$ 3,031	$ 3,756

Schedule 8

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

	Adjusted EBITDA	Currency	Constant Currency Adjusted EBITDA
March 30, 2019			
United States	$ 1,133	$ —	$ 1,133
Canada	121	(6)	127
EMEA	143	(12)	155
Rest of World	101	(5)	106
General corporate expenses	(67)	2	(69)
	$ 1,431	$ (21)	$ 1,452
March 31, 2018			
United States	$ 1,392	$ —	$ 1,392
Canada	134	—	134
EMEA	182	—	182
Rest of World	144	25	119
General corporate expenses	(45)	—	(45)
	$ 1,807	$ 25	$ 1,782
Year-over-year growth rates			
United States	(18.6)%	0.0 pp	(18.6)%
Canada	(10.3)%	(4.3) pp	(6.0)%
EMEA	(21.4)%	(6.1) pp	(15.3)%
Rest of World	(29.4)%	(18.8) pp	(10.6)%
General corporate expenses	48.2 %	(2.5) pp	50.7 %
Kraft Heinz	(20.8)%	(2.3) pp	(18.5)%

Schedule 9

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

	Adjusted EBITDA	Currency	Constant Currency Adjusted EBITDA
June 29, 2019			
United States	$ 1,251	$ —	$ 1,251
Canada	143	(5)	148
EMEA	171	(9)	180
Rest of World	102	(5)	107
General corporate expenses	(67)	1	(68)
	$ 1,600	$ (18)	$ 1,618
June 30, 2018			
United States	$ 1,401	$ —	$ 1,401
Canada	173	—	173
EMEA	206	—	206
Rest of World	213	76	137
General corporate expenses	(44)	—	(44)
	$ 1,949	$ 76	$ 1,873
Year-over-year growth rates			
United States	(10.7)%	0.0 pp	(10.7)%
Canada	(17.0)%	(2.8) pp	(14.2)%
EMEA	(17.1)%	(4.6) pp	(12.5)%
Rest of World	(52.1)%	(30.2) pp	(21.9)%
General corporate expenses	51.9 %	(2.7) pp	54.6 %
Kraft Heinz	(17.9)%	(4.3) pp	(13.6)%

Kraft Heinz

Schedule 10

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

	Adjusted EBITDA	Currency	Constant Currency Adjusted EBITDA
June 29, 2019			
United States	$ 2,384	$ —	$ 2,384
Canada	264	(11)	275
EMEA	314	(21)	335
Rest of World	203	(10)	213
General corporate expenses	(134)	3	(137)
	$ 3,031	$ (39)	$ 3,070
June 30, 2018			
United States	$ 2,793	$ —	$ 2,793
Canada	307	—	307
EMEA	388	—	388
Rest of World	357	101	256
General corporate expenses	(89)	—	(89)
	$ 3,756	$ 101	$ 3,655
Year-over-year growth rates			
United States	(14.6)%	0.0 pp	(14.6)%
Canada	(14.1)%	(3.5) pp	(10.6)%
EMEA	(19.1)%	(5.3) pp	(13.8)%
Rest of World	(43.0)%	(26.3) pp	(16.7)%
General corporate expenses	50.0 %	(2.6) pp	52.6 %
Kraft Heinz	(19.3)%	(3.3) pp	(16.0)%

Schedule 11

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

	For the Three Months Ended	
	March 30, 2019	March 31, 2018
Diluted EPS	$ 0.33	$ 0.82
Integration and restructuring expenses (a)	0.02	0.05
Deal costs (b)	—	0.01
Unrealized losses/(gains) on commodity hedges (c)	(0.02)	—
Impairment losses (d)	0.49	—
Losses/(gains) on sale of business (e)	(0.16)	—
Nonmonetary currency devaluation (f)	—	0.04
U.S. Tax Reform discrete income tax expense/(benefit) (g)	—	(0.02)
Adjusted EPS	$ 0.66	$ 0.90

(a) Gross expenses included in integration and restructuring expenses were $27 million for the three months ended March 30, 2019 ($20 million after-tax) and $90 million for the three months ended March 31, 2018 ($72 million after-tax) and were recorded in the following income statement line items:

- Cost of products sold included $9 million for the three months ended March 30, 2019 and $78 million for the three months ended March 31, 2018; and
- SG&A included $18 million for the three months ended March 30, 2019 and $12 million for the three months ended March 31, 2018;

(b) Gross expenses included in deal costs were $8 million for the three months ended March 30, 2019 ($6 million after-tax) and $9 million for the three months ended March 31, 2018 ($7 million after-tax) and were recorded in SG&A.

(c) Gross expenses/(income) included in unrealized losses/(gains) on commodity hedges were income of $29 million for the three months ended March 30, 2019 ($21 million after-tax) and expenses of $2 million for the three months ended March 31, 2018 ($1 million after-tax) and were recorded in cost of products sold.

(d) Gross expenses included in impairment losses, all of which related to goodwill, were $620 million for the three months ended March 30, 2019 ($594 million after-tax) and were recorded in SG&A.

(e) Gross income included in losses/(gains) on sale of business was $246 million for the three months ended March 30, 2019 ($191 million after-tax) and were recorded in other expense/(income).

(f) Gross expenses included in nonmonetary currency devaluation were $4 million for the three months ended March 30, 2019 ($4 million after tax) and $47 million for the three months ended March 31, 2018 ($47 million after-tax) and were recorded in other expense/(income).

(g) U.S. Tax Reform discrete income tax expense/(benefit) included a benefit of $20 million for the three months ended March 31, 2018.

Schedule 12

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

	For the Three Months Ended		For the Six Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Diluted EPS	$ 0.37	$ 0.62	$ 0.70	$ 1.43
Integration and restructuring expenses[a]	0.01	0.11	0.02	0.17
Deal costs[b]	—	0.01	0.01	0.01
Unrealized losses/(gains) on commodity hedges[c]	(0.01)	—	(0.02)	—
Impairment losses[d]	0.41	0.17	0.89	0.17
Losses/(gains) on sale of business[e]	—	0.01	(0.16)	0.01
Nonmonetary currency devaluation[f]	—	0.02	—	0.06
U.S. Tax Reform discrete income tax expense/(benefit)[g]	—	0.05	—	0.04
Adjusted EPS	$ 0.78	$ 0.99	$ 1.44	$ 1.89

(a) Gross expenses included in integration and restructuring expenses were $14 million ($8 million after-tax) for the three months and $41 million ($29 million after-tax) for the six months ended June 29, 2019 and $157 million ($135 million after-tax) for the three months and $247 million ($207 million after-tax) for the six months ended June 30, 2018 and were recorded in the following income statement line items:

- Cost of products sold included $6 million for the three months and $15 million for the six months ended June 29, 2019 and $79 million for the three months and $157 million for the six months ended June 30, 2018;
- SG&A included $8 million for the three months and $26 million for the six months ended June 29, 2019 and $14 million for the three months and $26 million for the six months ended June 30, 2018; and
- Other expense/(income) included expenses of $64 million for the three and six months ended June 30, 2018.

(b) Gross expenses included in deal costs were $5 million ($5 million after-tax) for the three months and $13 million ($11 million after-tax) for the six months ended June 29, 2019 and $7 million ($6 million after-tax) for the three months and $16 million ($13 million after-tax) for the six months ended June 30, 2018 and were recorded in the following income statement line items:

- Cost of products sold included $4 million for the three and six months ended June 30, 2018.
- SG&A included $5 million for the three months and $13 million for the six months ended June 29, 2019 and $3 million for the three months and $12 million for the six months ended June 30, 2018.

(c) Gross expenses/(income) included in unrealized losses/(gains) on commodity hedges were income of $10 million ($8 million after-tax) for the three months and $39 million ($29 million after-tax) for the six months ended June 29, 2019 and expenses of $3 million ($3 million after-tax) for the three months and $5 million ($4 million after-tax) for the six months ended June 30, 2018 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 $124 million ($123 million after-tax) for the three months and $744 million ($717 million after-tax) for the six months ended June 29, 2019 and $133 million ($133 million after-tax) for the three and six months ended June 30, 2018; and
- Intangible asset impairment losses of $474 million ($374 million after-tax) for the three and six months ended June 29, 2019 and $101 million ($80 million after-tax) for the three and six months ended June 30, 2018.

(e) Gross expenses/(income) included in losses/(gains) on sale of business were income of $246 million ($190 million after-tax) for the six months ended June 29, 2019 and expenses of $15 million ($15 million after-tax) for the three and six months ended June 30, 2018 and were recorded in other expense/(income).

(f) Gross expenses included in nonmonetary currency devaluation were $2 million ($2 million after-tax) for the three months and $6 million ($6 million after-tax) for the six months ended June 29, 2019 and $20 million ($20 million after-tax) for the three months and $67 million ($67 million after-tax) for the six months ended June 30, 2018 and were recorded in other expense/(income).

(g) U.S. Tax Reform discrete income tax expense/(benefit) included expenses of $64 million for the three months and $44 million for the six months ended June 30, 2018.

Schedule 13

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

	June 29, 2019	December 29, 2018
ASSETS		
Cash and cash equivalents	$ 1,452	$ 1,130
Trade receivables, net	2,049	2,129
Income taxes receivable	105	152
Inventories	3,074	2,667
Prepaid expenses	395	400
Other current assets	1,058	1,221
Assets held for sale	1,035	1,376
Total current assets	9,168	9,075
Property, plant and equipment, net	7,023	7,078
Goodwill	35,989	36,503
Intangible assets, net	48,943	49,468
Other non-current assets	2,078	1,337
TOTAL ASSETS	$ 103,201	$ 103,461
LIABILITIES AND EQUITY		
Commercial paper and other short-term debt	$ 1	$ 21
Current portion of long-term debt	1,298	377
Trade payables	4,153	4,153
Accrued marketing	508	722
Interest payable	384	408
Other current liabilities	1,446	1,767
Liabilities held for sale	7	55
Total current liabilities	7,797	7,503
Long-term debt	29,832	30,770
Deferred income taxes	12,128	12,202
Accrued postemployment costs	308	306
Other non-current liabilities	1,459	902
TOTAL LIABILITIES	51,524	51,683
Redeemable noncontrolling interest	2	3
Equity:		
Common stock, $0.01 par value	12	12
Additional paid-in capital	57,769	58,723
Retained earnings/(deficit)	(4,140)	(4,853)
Accumulated other comprehensive income/(losses)	(1,807)	(1,943)
Treasury stock, at cost	(291)	(282)
Total shareholders' equity	51,543	51,657
Noncontrolling interest	132	118
TOTAL EQUITY	51,675	51,775
TOTAL LIABILITIES AND EQUITY	$ 103,201	$ 103,461