



**Kraft***Heinz*

1Q 2020 UPDATE

APRIL 30, 2020

# Safe Harbor Statement

This webcast presentation 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, turnaround rate, 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, the impact of the COVID-19 outbreak; 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, as well as the Company's ability to comply with covenants under its debt instruments; the Company's liquidity, capital resources and capital expenditures, as well as its ability to raise capital; additional impairments of the carrying amounts of goodwill or other indefinite-lived intangible assets; foreign exchange rate fluctuations; volatility in commodity, energy, and other input costs; volatility in the market value of all or a portion of the commodity 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 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 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; a downgrade in the Company's credit rating; 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, revise or withdraw any forward-looking statement in this press release, 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, Adjusted EPS, and Free Cash Flow. 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.

Agenda for Today

1

COVID-19  
**Response**

Our Rise to  
the Challenge...

Showing Our  
Strength

2

1Q'20  
**Results**

Better  
than Expected...

Underlying Business  
Improvements  
In-Line with  
Our Plan

3

2020  
**Outlook**

Our Progress  
is On Track...

Good Execution  
& Momentum  
Make Us Cautiously  
Optimistic

4

Investor Day  
**Preview**

Provide  
Access Into...

Key Findings, New  
Paradigm Shift &  
Operating Model

Insight into **Our Transformation**

1 COVID-19 Response

# COVID-19 Response

## *Our Rise to the Challenge...*

### Our People

- **Keeping Our People Safe**
  - Leveraging industry-leading health safety and hygiene practices
- **Leveraging Our Global Scale**
  - Sharing data, best practices and key insights across our global presence
- **Working Tirelessly to Meet Demand**
  - Manufacturing Plants, Distribution Centers, and In-Store Sales

### Our Business

- **Focused to Help Feed the World**
  - Transformation Plan is working and helping us manage effectively
- **Operating at Peak Capacity**
  - Performing at world-class levels
- **Optimizing Flexibility and Agility**
  - Managing rapidly changing demand forecasts, merchandising calendars and launch windows

### Our Opportunity

- **Accelerate our transformation**
  - Supply chain de-complexity and re-prioritize marketing, go-to-market
- **Display benefits of Agility with Scale**
  - Culture of accountability and scale advantages can differentiate us
- **Revitalize our Big Brands**
  - By better understanding future consumer behavior and preferences

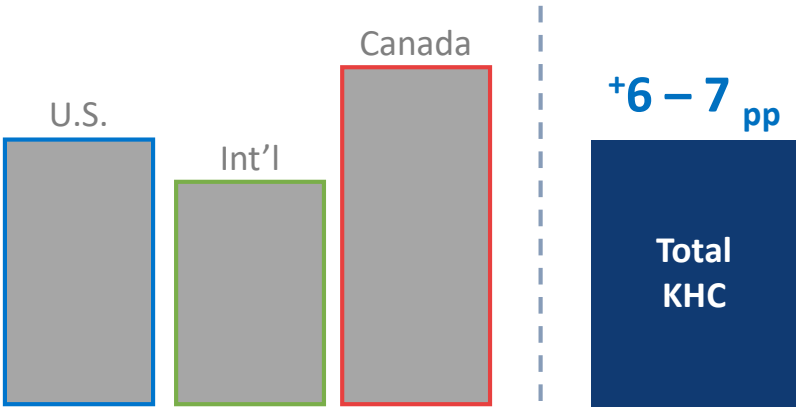
**Our Mission to Feed the World is Showing Our Strength**



# COVID-19 Response

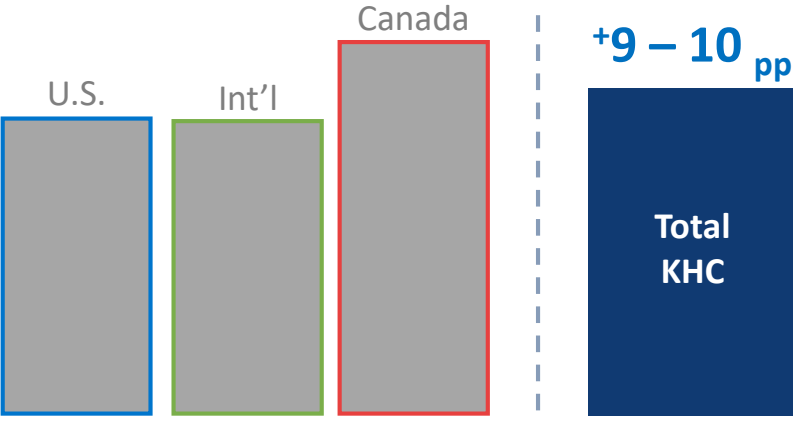
## Estimated Impact from COVID-19 Surge...

### Organic Net Sales<sup>1</sup> Estimated % Impact



- Greater retail demand, mainly in developed markets
- Improved retail market share, household penetration in most categories
- Foodservice channel sales slowed, did not halt

### Adjusted EBITDA<sup>1</sup> Estimated % Impact



- Adjusted EBITDA contribution from additional demand enabled by strong supply chain performance across procurement, logistics, manufacturing and sales
- Estimated impact includes premium pay and benefits provided to front-line, supply chain operations and field sales teams

**Strong Consumer Demand for Our Trusted Brands**

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

2 1Q'20 Results

# 1Q'20 Results

## U.S. First Impressions ...



### Observations

- **People, brands, and scale** set Kraft Heinz apart
- Company is in a **unique position** to serve families with trusted brands
- Team has a **strong sense of ownership** and **clarity of purpose** to feed the world
- Organization demonstrates **unique agility** to rise to challenges of the moment
- **Turnaround** work well under way

### Takeaways

- **Significant opportunity** ahead of us
  - simplify manufacturing to maximize throughput
  - re-evaluate merchandising strategies
  - shift marketing spending and adjust messaging
  - strengthen collaboration with customers and suppliers
- **Privilege** to work with thousands of colleagues doing what's needed to make our trusted brands available
- **More confident** about what team can accomplish in both near term and long term

Privileged to work **with an Amazing Team**

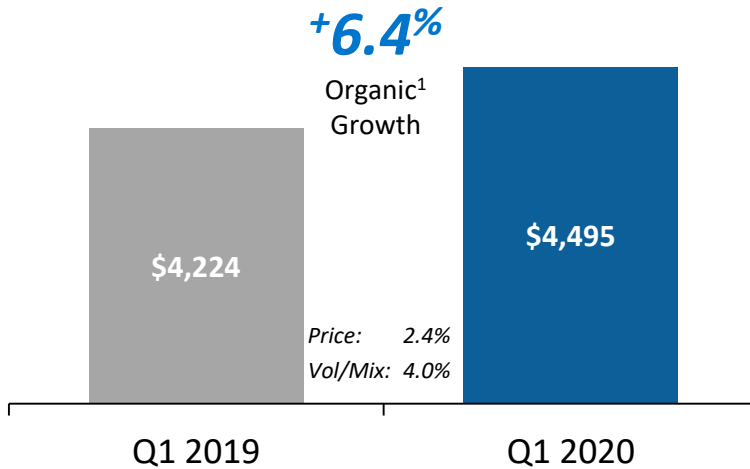


# 1Q'20 Results

In the United States...

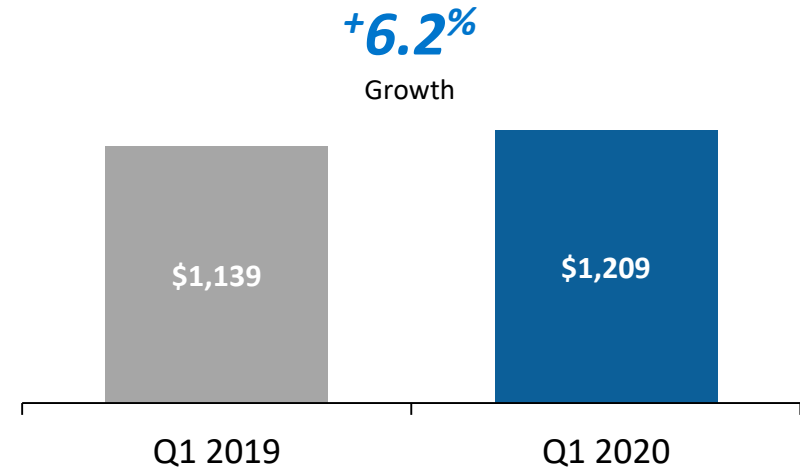


## Net Sales



- Growth fueled by accelerated retail takeaway across all categories in March
- Strongest gains in mac & cheese, condiments and sauces, ready to drink beverages and nuts
- Pricing reflected higher list, key commodity<sup>(2)</sup> inflationary pricing and reduced promotional activity versus prior year

## Adjusted EBITDA<sup>1</sup>



- Pricing growth, volume leverage drove growth
- Gains partially offset by key commodity<sup>(2)</sup> cost inflation, unfavorable mix and higher supply chain costs, in part, to support increased demand

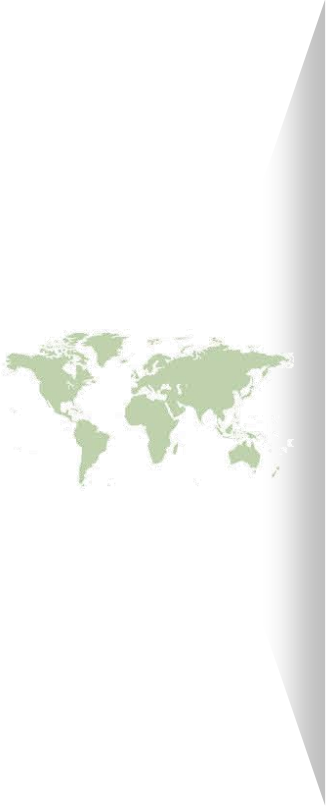
**Stronger Growth with Stable Operating Efficiency**

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

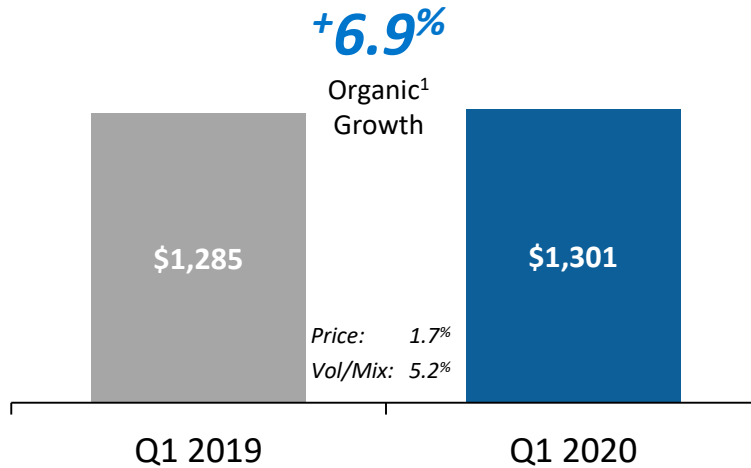
2| The Company's key commodities in the United States and Canada are dairy, meat, coffee and nuts.

# 1Q'20 Results

In International...

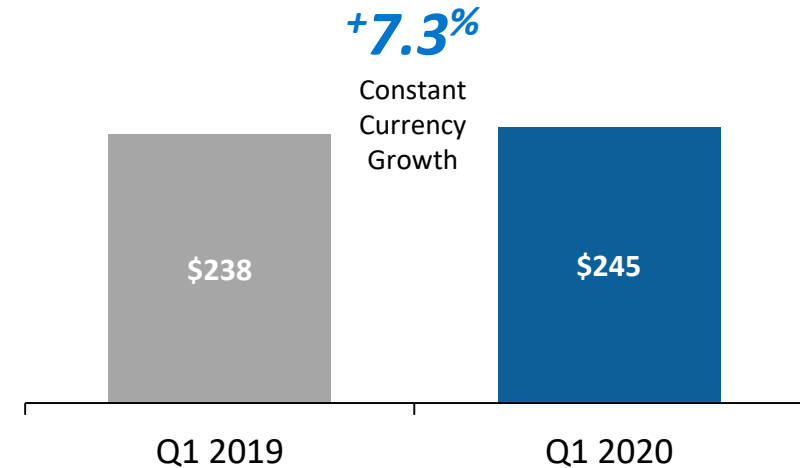


## Net Sales



- Growth driven by increased retail takeaway mainly in developed markets, partially offset more than 6% decline in foodservice sales versus prior year
- Pricing mainly in Latin America to reflect local inflation

## Adjusted EBITDA<sup>1</sup>



- Growth reflected Organic Net Sales<sup>1</sup> gains
- Higher supply chain costs versus year-ago period included incremental costs to service increased demand

**Growth and Efficiencies Offset Some Higher Costs**

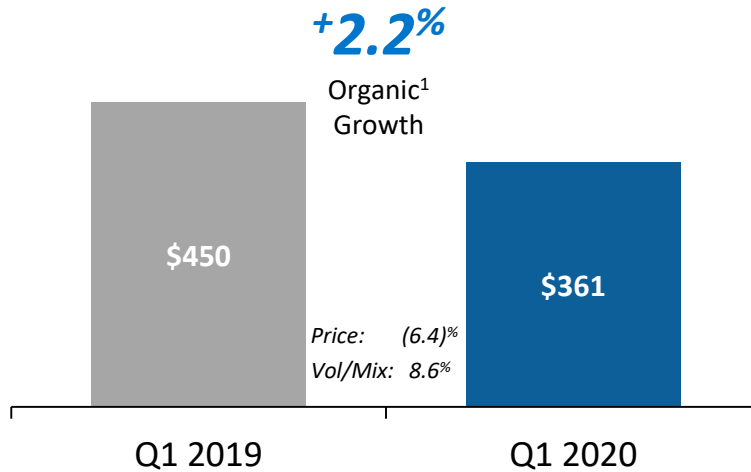
1| Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to Non-GAAP reconciliations.

# 1Q'20 Results

In Canada...

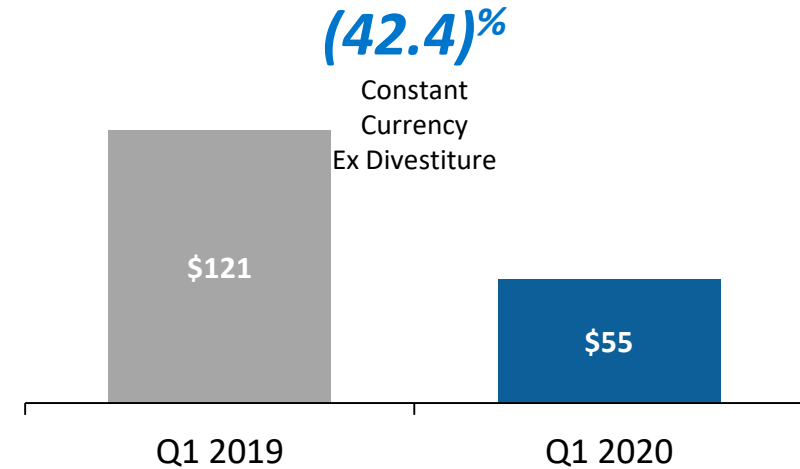


## Net Sales



- Organic Net Sales growth driven by March consumption and market share gains across most categories
- Strong gains in mac & cheese, pasta sauce and peanut butter, partly offset by exit of *McCafé* licensing agreement
- Pricing reflected unfavorable trade expenses versus prior year and lower prices in foodservice

## Adjusted EBITDA<sup>1</sup>



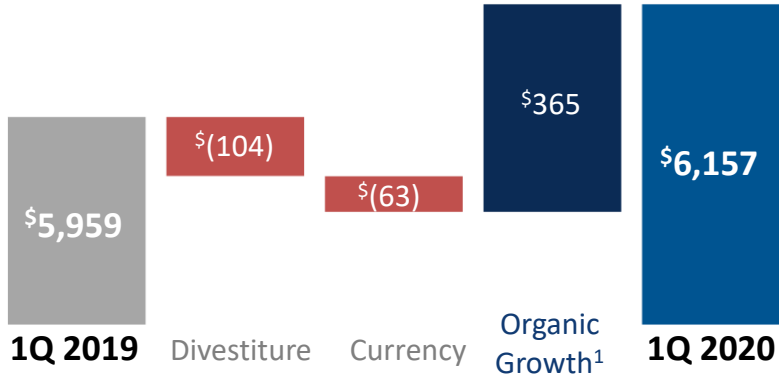
- Decline excluding impacts of divestiture and currency reflected combination of lower pricing, higher supply chain costs and exit of *McCafé* licensing agreement

Mixed Results as **Business Remains in Transition**

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

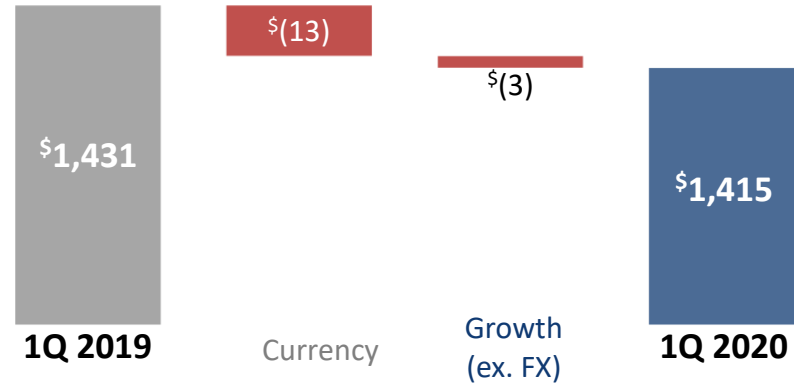
# 1Q'20 Consolidated Summary

## Net Sales



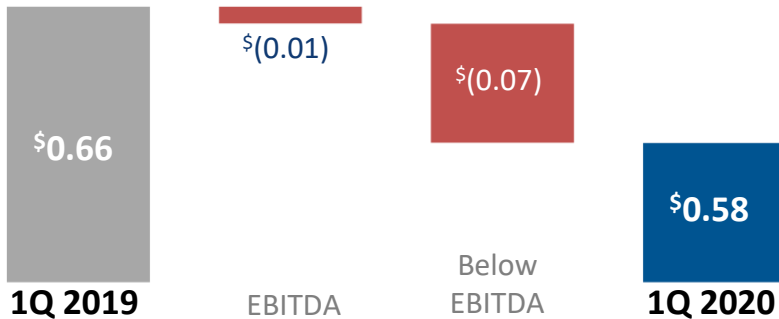
Organic Net Sales growth driven by strong retail momentum and growth in at-home consumption

## Adjusted EBITDA<sup>1</sup>



U.S. & International growth more than offset EBITDA declines in Canada and higher general corporate expenses

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



Unfavorable impacts below EBITDA consistent with previous expectations

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



Strong Free Cash Flow generation during seasonally low quarter despite quarter-end spike in receivables

**Underlying Business Improvements Were In Line with Our Plan**

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

**3** 2020 Outlook

# 2020 Outlook

*Our Progress is On Track...*

## Operations

- **Brand Investments on Track**
  - No pause in initiatives:
    - Focus investments
    - Strengthen brand
    - Capture efficiencies
- **Refining Commercial Plans**
  - Revisiting merchandising calendars in select categories against capacity to execute

## Growth

- **Expect H1 to Benefit Full Year**
  - Cautiously optimistic on business momentum
- **Early to be optimistic for H2**
  - *McCafé* exit already under way in Canada, but U.S begins in July
  - Risks include pace of foodservice recovery, consumer pantry de-load, commodity volatility

## Profitability

- **Headwinds Hold**
  - Divestitures, business exits, normalization of costs, business trends
  - Below Adjusted EBITDA<sup>(1)</sup>
- **Potential upside for full year**
  - Stronger Q1 and Q2
  - Known, discrete factors likely to hold back H2 Adjusted EBITDA<sup>(1)</sup> by ~700bps versus prior year
  - Other risks remain

## Capital

- **Strengthening Balance Sheet**
  - Maintain conservative liquidity posture
  - Expecting stronger Free Cash Flow<sup>(1)</sup> than originally anticipated
- **Prioritizing Capital Allocation**
  - Reducing debt while maintaining current dividend

**Good Execution & Momentum Make Us Cautiously Optimistic**

**4** Investor Day Preview



# Investor Day Preview

Provide Access Into...

## Management Insights

Hear from new leadership, interact directly on key topics, and engage in expansive Q&A dialogue

1

## New Operating Model

Walk through the new Company model and structure we are implementing and deep dive into some exciting new initiatives

4



2

## Unique Assets & Advantages

Discuss the strengths, weaknesses and strategic advantages of the Company and the core building blocks we are using to build from for the future

3

## Key Findings & Paradigm Shift

Discuss important new findings & opportunities that we discovered during our Transformation work and our new plans to maximize these

# Unique Assets & Advantages

Walk Through Our Analysis...

## Review

- 7-Month Bottom-Up Review
- Future Consumer Trend Projections
  - Analyzed KHC & market trends across 70+ categories
  - Reviewed brands across 10+ dimensions & detailed analyses

**40+** KHC Brands Analyzed

**2,600+** Unique Consumer Inputs across surveys, ethnography, focus groups

**200+** Store Audits

## Assessment

- Evaluated Our Core Strengths & Weaknesses
- Focus on Unique Assets & Advantages



**PREVIEW**  
 KraftHeinz  
**Investor Day**  
 2020

Anticipate Consumer Needs **with Agility at Scale**

# Key Findings & Paradigm Shift

Present and Discuss...



## Our Findings

- **New Synergies Identified**
  - Operating Efficiencies
  - Reallocation of Resources
- **New Approaches Needed**
  - Focused Innovation
  - Agile Marketing
  - Customer Collaboration
  - Emerging Market Prioritization

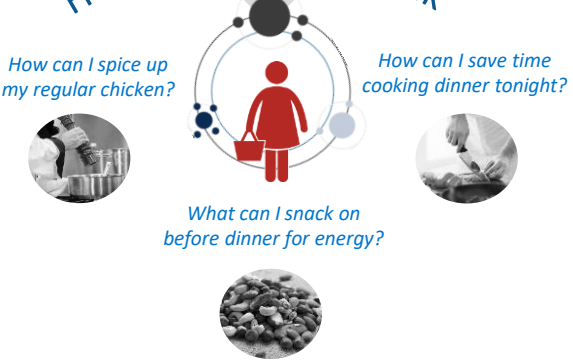
## Our Reorientation

How We Used to Think

☐	☑	☑	☑
☐	☑	☑	☑
☐	☑	☑	☑

55 Product Categories  
3 Temperature States

How Consumers Think



## Our New Paradigm

- **A New Approach**
- **Leveraging Our Strengths to:**
  - ✓ Derive Proprietary Consumer Insights
  - ✓ Organize More Like Consumers Think
  - ✓ Evaluate the Consumer Journey & Occasions
  - ✓ Strategize Around Future Consumer Experiences

**Compelling Findings & Opportunities**

# New Operating Model

*A Blueprint for the Future...*

**PREVIEW**  
KraftHeinz  
**Investor Day**  
2020



- New Vision, Purpose & Values ?**
- New Model & Strategy Details ?**
- New Operating Structure ?**
- New Key Platforms ?**
- New Marketing Plan?**
- New Savings Opportunities ?**

**See You at the KHC Investor Day 2020!**



**Kraft***Heinz*

THANK YOU

APRIL 30, 2020



# Appendix

## 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, Adjusted EPS, and Free Cash Flow 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.

Free Cash Flow is defined as net cash provided by/(used for) operating activities less capital expenditures. The Company believes Free Cash Flow provides a measure of the Company's core operating performance, the cash-generating capabilities of the Company's business operations, and is one factor used in determining the amount of cash available for debt repayments, dividends, acquisitions, share repurchases, and other corporate purposes. The use of this non-GAAP measure does not imply or represent the residual cash flow for discretionary expenditures since the Company has certain nondiscretionary obligations such as debt service that are not deducted from the measure.

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.

## Appendix

## Schedule 1

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

	For the Three Months Ended	
	March 28, 2020	March 30, 2019
Net sales	\$ 6,157	\$ 5,959
Cost of products sold	4,299	3,948
Gross profit	1,858	2,011
Selling, general and administrative expenses, excluding impairment losses	862	829
Goodwill impairment losses	226	620
Selling, general and administrative expenses	1,088	1,449
Operating income/(loss)	770	562
Interest expense	310	321
Other expense/(income)	(81)	(380)
Income/(loss) before income taxes	541	621
Provision for/(benefit from) income taxes	160	217
Net income/(loss)	381	404
Net income/(loss) attributable to noncontrolling interest	3	(1)
Net income/(loss) attributable to common shareholders	\$ 378	\$ 405
Basic shares outstanding	1,222	1,220
Diluted shares outstanding	1,224	1,224
Per share data applicable to common shareholders:		
Basic earnings/(loss) per share	\$ 0.31	\$ 0.33
Diluted earnings/(loss) per share	0.31	0.33



## Appendix

## Schedule 2

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
<b>March 28, 2020</b>						
United States	\$ 4,495	\$ -	\$ -	\$ 4,495		
International	1,301	(50)	-	1,351		
Canada	361	(6)	-	367		
	<u>\$ 6,157</u>	<u>\$ (56)</u>	<u>\$ -</u>	<u>\$ 6,213</u>		
<b>March 30, 2019</b>						
United States	\$ 4,224	\$ -	\$ -	\$ 4,224		
International	1,285	7	13	1,265		
Canada	450	-	91	359		
	<u>\$ 5,959</u>	<u>\$ 7</u>	<u>\$ 104</u>	<u>\$ 5,848</u>		
<b>Year-over-year growth rates</b>						
United States	6.4 %	0.0 pp	0.0 pp	6.4 %	2.4 pp	4.0 pp
International	1.3 %	(4.5) pp	(1.1) pp	6.9 %	1.7 pp	5.2 pp
Canada	(19.8)%	(1.3) pp	(20.7) pp	2.2 %	(6.4) pp	8.6 pp
Kraft Heinz	3.3 %	(1.1) pp	(1.8) pp	6.2 %	1.6 pp	4.6 pp

## Appendix

## Schedule 3

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

	For the Three Months Ended	
	March 28, 2020	March 30, 2019
Net income/(loss)	\$ 381	\$ 404
Interest expense	310	321
Other expense/(income)	(81)	(380)
Provision for/(benefit from) income taxes	160	217
Operating income/(loss)	770	562
Depreciation and amortization (excluding integration and restructuring expenses)	243	234
Integration and restructuring expenses	-	27
Deal costs	-	8
Unrealized losses/(gains) on commodity hedges	143	(29)
Impairment losses	226	620
Equity award compensation expense (excluding integration and restructuring expenses)	33	9
Adjusted EBITDA	\$ 1,415	\$ 1,431
Segment Adjusted EBITDA:		
United States	\$ 1,209	\$ 1,139
International	245	238
Canada	55	121
General corporate expenses	(94)	(67)
Adjusted EBITDA	\$ 1,415	\$ 1,431

## Appendix

## Schedule 4

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
<b>March 28, 2020</b>			
United States	\$ 1,209	\$ -	\$ 1,209
International	245	(8)	253
Canada	55	(2)	57
General corporate expenses	(94)	1	(95)
	<u>\$ 1,415</u>	<u>\$ (9)</u>	<u>\$ 1,424</u>
<b>March 30, 2019</b>			
United States	\$ 1,139	\$ -	\$ 1,139
International	238	4	234
Canada	121	-	121
General corporate expenses	(67)	-	(67)
	<u>\$ 1,431</u>	<u>\$ 4</u>	<u>\$ 1,427</u>
<b>Year-over-year growth rates</b>			
United States	6.2 %	0.0 pp	6.2 %
International	2.5 %	(4.8) pp	7.3 %
Canada	(54.0)%	(1.1) pp	(52.9)%
General corporate expenses	39.8 %	(0.8) pp	40.6 %
Kraft Heinz	(1.1)%	(0.8) pp	(0.3)%

## Appendix

## Schedule 5

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

	<u>For the Three Months Ended</u>	
	<u>March 28, 2020</u>	<u>March 30, 2019</u>
Diluted EPS	\$ 0.31	\$ 0.33
Integration and restructuring expenses <sup>(a)</sup>	-	0.02
Unrealized losses/(gains) on commodity hedges <sup>(b)</sup>	0.09	(0.02)
Impairment losses <sup>(c)</sup>	0.18	0.49
Losses/(gains) on sale of business <sup>(d)</sup>	-	(0.16)
Adjusted EPS	<u>\$ 0.58</u>	<u>\$ 0.66</u>

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

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

(b) Gross expenses/(income) included in unrealized losses/(gains) on commodity hedges were expenses of \$143 million (\$108 million after-tax) for the three months ended March 28, 2020 and income of \$29 million (\$21 million after-tax) for the three months ended March 30, 2019 and were recorded in cost of products sold.

(c) Gross impairment losses, all of which related to goodwill, were \$226 million (\$226 million after-tax) for the three months ended March 28, 2020 and \$620 million (\$594 million after-tax) for the three months ended March 30, 2019 and were recorded in SG&A.

(d) Gross expenses/(income) included in losses/(gains) on sale of business were losses of \$2 million (\$2 million after-tax) for the three months ended March 28, 2020 and income of \$246 million (\$191 million after-tax) for the three months ended March 30, 2019 and were recorded in other expense/(income).

## Appendix

Schedule 6

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

	March 28, 2020	December 28, 2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,403	\$ 2,279
Trade receivables, net	2,321	1,973
Inventories	2,831	2,721
Prepaid expenses	485	384
Other current assets	535	618
Assets held for sale	133	122
Total current assets	11,708	8,097
Property, plant and equipment, net	6,813	7,055
Goodwill	35,062	35,546
Intangible assets, net	48,259	48,652
Other non-current assets	2,231	2,100
<b>TOTAL ASSETS</b>	<b>\$ 104,073</b>	<b>\$ 101,450</b>
<b>LIABILITIES AND EQUITY</b>		
Commercial paper and other short-term debt	\$ 6	\$ 6
Current portion of long-term debt	1,242	1,022
Trade payables	3,956	4,003
Accrued marketing	681	647
Interest payable	374	384
Other current liabilities	1,664	1,804
Liabilities held for sale	11	9
Total current liabilities	7,934	7,875
Long-term debt	31,531	28,216
Deferred income taxes	11,839	11,878
Accrued postemployment costs	250	273
Other non-current liabilities	1,395	1,459
<b>TOTAL LIABILITIES</b>	<b>52,949</b>	<b>49,701</b>
Redeemable noncontrolling interest	-	-
<b>Equity:</b>		
Common stock, \$0.01 par value	12	12
Additional paid-in capital	56,378	56,828
Retained earnings/(deficit)	(2,686)	(3,060)
Accumulated other comprehensive income/(losses)	(2,426)	(1,886)
Treasury stock, at cost	(269)	(271)
Total shareholders' equity	51,009	51,623
Noncontrolling interest	115	126
<b>TOTAL EQUITY</b>	<b>51,124</b>	<b>51,749</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 104,073</b>	<b>\$ 101,450</b>

## Appendix

Schedule 7

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

	For the Three Months Ended	
	March 28, 2020	March 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income/(loss)	\$ 381	\$ 404
Adjustments to reconcile net income/(loss) to operating cash flows:		
Depreciation and amortization	243	239
Amortization of postretirement benefit plans prior service costs	(31)	(77)
Equity award compensation expense	33	9
Deferred income tax provision/(benefit)	(46)	(67)
Postemployment benefit plan contributions	(9)	(13)
Goodwill and intangible asset impairment losses	226	620
Nonmonetary currency devaluation	1	4
Loss/(gain) on sale of business	2	(246)
Other items, net	170	(64)
Changes in current assets and liabilities:		
Trade receivables	(423)	116
Inventories	(226)	(488)
Accounts payable	(2)	64
Other current assets	(148)	14
Other current liabilities	41	(211)
Net cash provided by/(used for) operating activities	212	304
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(131)	(249)
Payments to acquire business, net of cash acquired	-	(200)
Proceeds from sale of business, net of cash disposed	-	640
Other investing activities, net	9	(14)
Net cash provided by/(used for) investing activities	(122)	177
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments of long-term debt	(407)	(1)
Proceeds from revolving credit facility	4,000	-
Proceeds from issuance of commercial paper	-	377
Repayments of commercial paper	-	(377)
Dividends paid	(488)	(488)
Other financing activities, net	-	(15)
Net cash provided by/(used for) financing activities	3,105	(504)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(71)	(11)
<b>Cash, cash equivalents, and restricted cash</b>		
Net increase/(decrease)	3,124	(34)
Balance at beginning of period	2,280	1,136
Balance at end of period	\$ 5,404	\$ 1,102

## Appendix

Schedule 8

The Kraft Heinz Company  
 Reconciliation of Net Cash Provided By/(Used for) Operating Activities to Free Cash Flow  
 (in millions)  
 (Unaudited)

	For the Three Months Ended	
	March 28, 2020	March 30, 2019
Net cash provided by/(used for) operating activities	\$ 212	\$ 304
Capital expenditures	(131)	(249)
Free Cash Flow	\$ 81	\$ 55