The Kraft Heinz Company

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QUESTION AND ANSWER SESSION

Operator: Good day and thank you for standing by. Welcome to the Kraft Heinz Company second quarter results conference call. At this time all participants are in a listen-only mode. Please be advised that today's conference is being recorded. After the speakers' presentation there will be a question-and-answer session. I would now like to hand the conference over to your speaker today, Anne-Marie Megela.

Anne-Marie Megela
Vice President, Global Head of Investor Relations, The Kraft Heinz Co.

Thank you, and hello, everyone. This is Anne-Marie Megela, Head of Global Investor Relations at the Kraft Heinz Company, and welcome to our Q&A session for our second quarter 2024 business update.

During today's call, we may make forward-looking statements regarding our expectations for the future, including items related to our business plans and expectation, strategy, efforts in investments, and related timing and expected impacts. These statements are based on how we think today, and actual results may differ materially due to risk and uncertainties. Please see the cautionary statements and risk factors contained in today's earnings release, which accompanies this call, as well as our most recent 10-K, 10-Q, and 8-K filings for more information regarding these risks and uncertainties.

Additionally, we may refer to non-GAAP financial measures, which exclude certain items from our financial results reported in accordance with GAAP. Please refer to today's earnings release and the non-GAAP information available on our website at ir.kraftheinzcompany.com under News and Events for a discussion of our non-GAAP financial measures and reconciliations to the comparable GAAP financial measures.

I will now hand it over to our Chief Executive Officer, Carlos Abrams-Rivera for opening comments. Carlos, over to you.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Well, thank you, Anne-Marie, and thank you, everyone, for joining us today. Recognizing that it remains a difficult consumer environment, I am proud that we at Kraft Heinz are providing high quality, convenient solutions that are a great value brand worth paying for. And we will continue to stay focused on renovating and innovating with new benefits, functionality, and accessibility.

At the same time, our teams have been relentless in unlocking efficiencies with a mindset of continuous improvement. And as a result of greater productivity and efficiencies, we have been able to hold prices below inflation this year while continuing to invest in innovation, marketing, and R&D.

And for our stockholders, through our dividends and share repurchases, we have returned over $1.5 billion in capital so far this year. I am very encouraged on how our focus on improving working capital is paying off. We increased free cash flow nearly $100 million, or approximately 9% compared to last year, and maintained our targeted leverage ratio.

And finally, it's hard to believe that it has only been four months since my leadership team came together. We're on this journey together, all committed to driving improvements and achieving our company dream. I see the ownership and grit with my direct reports and across the organization. We're all embracing this new operating model and ways of working, and we are only getting stronger and stronger.

With that, I have Andre joining me. So, let's open the call for Q&A.

Operator: Thank you. Our first question comes from Andrew Lazar with Barclays. You may proceed.

Andrew Lazar
Analyst, Barclays Capital, Inc.

Great. Thanks for taking the question. Good morning, everybody.

Andre Maciel
Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.

Morning.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Good morning, Andrew.

Andrew Lazar
Analyst, Barclays Capital, Inc.

Carlos, you mentioned the need for selective promotion and trade spend activity in the second half just to drive better volume results for a more value-seeking consumer. I'm curious if there's a way to dimensionalize the portion of the percentage of sales that are sort in need of some adjustments, and if there are any particular hotspots that require maybe more aggressive pricing actions or sort of a reset of sorts.

Basically, I'm just trying to get a sense for how broad the price point issue really is across the portfolio, with the understanding that, as you've talked about, promotional levels right now are still below those you saw in 2019.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Andre, why don't you start and I'll add to complement.

Andre Maciel
Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.

Sure. Morning again, Andrew. Thanks for the question. Look, as we said in our guidance, we're contemplating a step up in trade investment level. You saw that in Q2 we already had a little more trade than what we had in the last year, though we're still well below 2019 levels.

We believe that looking forward we are more focused on those price gaps versus branded competitors and in places where it makes sense for the long term. I think we have been saying all along, and we've continued to stick to this, that we believe that the way that we want to grow the business is not through over reliance on promotions and rather continue to invest behind our innovation, our renovation, and our marketing investments. And that's what we have been doing, and we're sticking to that. We are confident about that into the future. But in the short-term, we are seeing selected spots where it does make sense to add promotions to close those gaps. Yeah. I'm not going to give you an overly precise number to your question, but I estimate in the 30% to 40% of the portfolio where those price gaps require some incremental level of investments in the US.

Andrew Lazar
Analyst, Barclays Capital, Inc.

Yeah. And then just a really quick one. Do you anticipate volume inflecting to positive in the back half? Because I think by our math, it's still implied that that's the case, even by the new guidance range. And I guess, how do you see volume progress playing out specifically in North America in the second half? Thanks again.

Andre Maciel
Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.

We do expect revenue and volume to gradually improve throughout the quarters. In our midpoint of the new guidance, we don't need volume to grow for us to achieve our guidance. So our price is expected to be around 1% for the total portfolio. So, if you think about the second half, what's implied in the guidance is sales declining 0.5%, and so that you can see. The good thing is volumes in Emerging

Markets, despite some headwinds in Brazil and China, continue to be positive. They were positive in the second quarter. They will continue to be so year to go. And in the US, we expect to have volume continue to improve. But again, in our midpoint, we don't need the volumes to turn positive for us to achieve it.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

And what I would say to add is what also gives me confidence as we think about that trajectory improving in the second half is that we are very much focused on driving that value, very much in a sustainable way. So, it cannot just be value for the sake of value, but just delivering value in a sustainable way through innovation, renovation and marketing, for frankly, families that we know are spending more time cooking at home. So, when you see some of our innovation around things like Mac & Cheese, where we're bringing new shapes, new flavors, new pack size to consumers at different price points.

When you see us bringing new Mexican solutions with Taco Bell and Delimex, that allows us to, again, bring families some solutions for their home when they're spending more time together. That is part of us kind of bringing new ideas and ways in which we can bring value to families at this particular time.

And we're seeing that also in Away from Home business, where we continue to see the improvements on the momentum of the business. We are seeing the improvements that we are now servicing better going into Q3. We also getting new customers in Away from Home business that, again, help us make sure that we're building on the success we've had in the past.

And as Andre said, we have been selective in our investments in trade, but we're also committed to a disciplined approach to the RGM tools that we have used in the past, and we know that it can help us make sure that we continue to make a balance on the profitability and how we spend in a smart way. And thank you, Andrew.

Andre Maciel
Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.

Just a final comment is I think our updated guidance also reflects this philosophy and this approach, because you see we have adjusted our net sales guidance down, but we largely kept our EBIT growth and we fully kept our EPS growth. So that's what we are sticking for. We have been very disciplined in being very thoughtful about the type of investments we make and what are the long-term implications of that. And we're going to continue to do so.

Andrew Lazar
Analyst, Barclays Capital, Inc.

Thank you.

Operator: Thank you. Our next question comes from Ken Goldman with JPMorgan. You may proceed.

Ken Goldman
Analyst, JPMorgan Securities LLC

Hi. Just sticking on the subject of the back half, you provided a number of reasons for optimism. I think you've cited more innovation, renovation, and marketing. You've talked about expanded distribution in certain parts of the business. And then, of course, those targeted promotions.

Just as we think about these drivers, plus the absence of the plant maintenance headwind, which are you counting on as being the most important and meaningful to hitting your updated outlook? Do the promos have to work? Is it really about innovation striking a note with consumer? I just want to get a better idea of your visibility and reliance on the factors you're talking about. Thank you.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Yeah. Thank you for your question, Ken. I think, frankly, it depends a little bit on the region of the world. I think if you think about our Emerging Markets, as Andre pointed out, we have been growing volume. We continue to see improvements as we go into the second half of the year, and already we exited June in a much better way than we had for the whole quarter. So, we are seeing in that case, the distribution gains that we have invested in our go-to-market strategy in Emerging Markets is working. And we continue to build on the success we've had in the past.

In our Away from Home business, it really is us continuing to drive the improvements on our service, given our plant closure that we had in Q2, and those continue to start winning - and winning some customers that we, in fact, already have qualifies for us in the second half of the year. And that is both globally, in the US and outside the US. So, we are not expecting initially a big improvement in the overall situation in Away from Home in the US. But what we do expect is that we, in fact, continue to see the progress in our distribution gains as we go forward.

And in the US in North America overall, it's really driven by this balance between us driving this innovation, renovation of our brands, truly being more thoughtful about the value that we're creating with consumers in terms of the better products, the better ideas that we're bringing to market, as well as being thoughtful on how we are going to spend on our revenue management tools in order for us to make sure that we're having the right price gaps in the intended fashion across the branded competitors. So that should give you a little bit of sense of how we're thinking about the overall portfolio. I don't know, Andre, anything you wanted to add?

Andre Maciel
Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.

No, I think you covered it.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Okay. Thank you, Ken.

Operator: Thank you. Our next question comes from Steve Powers with Deutsche Bank. You may proceed.

Stephen Powers
Analyst, Deutsche Bank Securities, Inc.

Great. Thank you. Thank you. Good morning.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Morning.

Stephen Powers
Analyst, Deutsche Bank Securities, Inc.

You called out a couple of overseas markets, specifically the UK, China, and Brazil, different dynamics in each of those markets. But obviously a lot of work going on as you try to correct trade gaps, or sorry, price gaps in the UK and fight through consumer demand softness in China and Brazil. I guess could you just expand on what you're seeing in those markets? And maybe a bit more color on what your expectations are for the back half in terms of any kinds of sequential improvement?

Andre Maciel
Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.

Yeah, sure. So particularly maybe starting with the UK. As we said last year in earnings, this is a place that suffered a significant amount of inflation, probably even more than other developed markets. And private label in that particular market has started to get a lot of traction. And we decided in Q3 last year to start to step up investments to protect the volume. We do have some factories in the UK that's also – we need be mindful about the utilization of those factories, and protect volume for some of strong brands we have over there.

We have put that in place since now almost a year ago, and we have seen the returns happening on the volume share side. So, I think we're moving in the right direction. And we are able to mostly protect even gross margin because of the amount of efficiencies that we have generated there. So, UK, I think, is moving in the right direction.

When it comes to China, similar to what we have heard from others. The industry continues to be soft. I mean versus the expectations that we do have about a country like China. So, we continue to gain market share in modern trade. So that's a good thing. But the industry is just not working. And I think we need to reset our expectation moving forward, at least for the short term about China industry growth.

In Brazil, the good thing is we continue to gain market share. So that's been very consistent. And we feel good about that. The consumer has been demonstrating similar to other parts of the worldm fatigue and has been showing also vulnerability. So, we saw some price gaps to branded players, private label there is negligible, also coming down. So, we had to invest.

But we face a situation where the customers adjusted their inventories down. You have to understand that in Emerging Markets, the retailers tend to carry more inventory than in Developed Markets. So, in a country like Brazil, you see inventories at the 45, 50 days level compared to the US, where you see 20 days, 25 days. So, it's very different.

And what we have seen in a situation like we are right now, high interest rates, consumer tightness, is that retailers start to adjust their inventories down. And honestly, we're not expecting that. And that created a challenge for us in Brazil in the first half of the year. We believe that inventories, we believe right now that they should be at the appropriate level, which should allow us to improve the situation. But yeah, that's a little bit of snapshot.

Operator: Thank you. Our next question comes from John Baumgartner with Mizuho Securities. You may proceed.

John Baumgartner
Analyst, Mizuho Securities USA LLC

Good morning. Thanks for the question.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Morning. Thanks.

John Baumgartner
Analyst, Mizuho Securities USA LLC

Carlos, I wanted to come back to North America. Your portfolio, in a lot of your categories, you're not the highest priced product. And you'd think there should be some benefit from trade down into your brands. But with the focus on managing price gaps to other brands, it also seems like the equation is still very much price based.

So, at this point, how do you feel about the ability to redefine your portfolio through innovation, marketing, where you can better compete on non-price factors? Because it feels like there's already been a lot of work done with ingredient reformulations and so on. How do you think about the non-price competition?

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Yeah. Well, first of all, thank you for question. And as you pointed out, we have a series of iconic brands across our portfolio in North America that we feel great about. And you've seen that already. I mean, you've seen brands from Philadelphia to Ore-Ida, where you are seeing the growth as we have continued to renovate those businesses, or the success that we've had in a brand like JELL-O where we have continued to renovate. So, we have a playbook on how we continue to renovate our business, our brands to make sure they, in fact, continue to be resonating with consumers today and for the future.

I think in places where we are seeing that consumers are making choices as they are trying to manage the cash flow of the family, we also have to be aware that we have to provide consumers options at different price points so they can be part of their whole basket size of the cash flow that they have available to them.

That's why in a business like Mac & Cheese, while it's certainly something that can feed the entire family, we want to make sure we have different price points in which we can come to consumers and allow them to make sure they continue to enjoy our products. And it's also about us being able to be accessible in new places.

One of the things we find right now is that consumers are actually increasing the number of trips and locations in which they shop. So for us, it's important that we continue to expand where consumers are going to try in our brands and why we have been so focused on driving our improvements in terms of distribution in the dollar channel, whether that is with our Oscar Mayer businesses and making sure that we have the product they're looking for at that particular venue.

But it's also us expanding our distribution in places like club, where we know consumers are also looking for different ways in which we can find value for the family. So, for us, it's applying the playbook that we have from renovating and innovating, and at the same time, making sure we are providing the access to families as they're shopping in new spaces, whether they're going from a dollar store to grocery to club. And our brands continue to be there. Those are all things that you'll see us continue to add as we go forward into the second half of the year.

John Baumgartner
Analyst, Mizuho Securities USA LLC

Thank you, Carlos.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Thank you for your question.

Operator: Thank you. Our next question comes from Michael Lavery with Piper Sandler. You may proceed.

Michael Lavery
Analyst, Piper Sandler & Co.

Thank you. Good morning.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Morning. Good morning.

Michael Lavery
Analyst, Piper Sandler & Co.

Just was wondering in Away from Home, maybe two things. You called out that it had the 2.1% decline globally. Obviously, you had the plant closure and some discontinuations.

Can you unpack maybe the components there, and give a sense of how much the slower foot traffic was a headwind? Or what the growth rate was excluding those kind of onetime things, and maybe how much was from slower foot traffic? And then also, you've given an update in the past on the REMIX launch in BurgerFi to test. And just curious how that's progressing there.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Andre, you want to start then I'll go?

Andre Maciel

Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.

Yeah. Sure. So, our global Away from Home business declined 2.1% in the quarter. And the impact from the plant closure is about 200 bps. So, meaning that we would be flat without that effect. That will put us in a situation of similar performance to Q1, if you remove the plant closure effect. The planned exits that we had at the end of last year, they had an impact in the quarter of roughly 150 bps. So, we'll be then growing 1.5%. So, we're still gapped versus our long-term algo.

We have been gaining, sustaining share. Again, if you remove the effect from the plant closure, what we saw in Q2 in the industry is in that in the categories in which we play is that industry was worse in Q2 than in Q1, which I think we were not really expecting that. So, in the US, about 100 bps softer in Q2 versus Q1. So, I think the performance on our side helped to offset part of that headwind that happened in Q2.

Carlos Abrams-Rivera

Chief Executive Office & Director, The Kraft Heinz Co.

Yeah. And then to your question about our equipment strategy is pretty comprehensive in terms of how we think about bringing innovation, but also solving pain points for the operators in Away from Home. So, the Heinz REMIX, today, we have that already in market. And the way I think about it is, it is really a moment for us to do the trial, making sure we get the learning from that so that we can scale that in a meaningful way in 2025. And so far, we're hearing great feedback from operators. We're collecting a number of data from consumers, and we're seeing how that actually allows us to even improve as we think about how we're going to deploy this further in 2025.

The interesting thing, too, is that initially, we thought this would be something that people would be using mostly in their burgers. We actually are seeing them use it in other foods as well when they see that in their different QSRs.

Now beyond the Heinz REMIX, we also have been focusing on bringing new dispensers, taps, and vending into the pipeline. And again, it's part of us thinking about more comprehensive, about how do we solve the pain point for operators. So, our dispensers, for example, are much easier for operators to clean. And it allows us to actually make sure that they reduce the amount of labor involved in the collecting and changing of the dispensers, they began shipping to customers now in Q2. And we believe that actually it's going to continue to improve distribution as we go into the second half of the year. And already beginning to get much more distribution that we had originally expected.

So, you'll see us continue to now drive some of the learnings that we began in the US globally as well as we continue to then bring more of those taps and vending ideas into the marketplace. And thanks for the question.

Michael Lavery

Analyst, Piper Sandler & Co.

Thanks so much.

Operator: Thank you. Our next question comes from David Palmer with Evercore. You may proceed.

David Palmer
Analyst, Evercore ISI

Looking ahead in US retail, and you're looking to stabilize things there, and thanks for the commentary earlier on volume and pricing. But how are you thinking about improvement across the portfolio and what we're going to be seeing in the scanner data?

You've called out Capri Sun and Lunchables as two areas that might improve, that are turnaround situations. Those are down certainly the most. But that doesn't necessarily mean those are the biggest areas of improvement that you're anticipating. And how are you thinking about which brands and which categories will improve the most in the second half?

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Let me start. What I will say is we called those out because they were a meaningful headwind for us and in our second quarter. And I think it's something that the teams have done an amazing job of making sure that we have the right plans as we go forward.

I mean, it was meaningful to the point that in the case of Lunchables, we saw from a low point of, I would say down 17%, the worst week in second quarter. Well, we have actually seen a steady recovery since that particular point, and we're building with that improvement.

And the teams are getting ready, both in terms of renovating, innovating, doubling the marketing spend, improving the media mix, improving the targeting strategies, and increasing the value equation for the consumers as we go forward. And that includes innovation. Some of it we included already in some of the slides that you saw. But also, we have other innovations that, for competitive reasons, we're not including yet, but they will be coming in the second half of the year as well.

For us, we continue to expand in the Lunchables with fruit in partnership with Del Monte in the second half of the year. So, there is a meaningful amount of program that is supporting our Lunchables. And you begin to see that really coming to fruition in our back-to-school program when we're teaming up with the Transformers movie, as something that, frankly, we have been successful in the past with doing movie tie-ins that we have done with the Heinz brand.

And we did point out as well Capri Sun because, again, it was a meaningful headwind for us in the second quarter that again, the teams have been very much focused on driving a change in trajectory as we go into the second half of the year.

They have renovated the original Capri Sun to better align with the consumer taste preference, invested twice the marketing as we go into – versus 2023. We have secured strong back-to-school displays with customers. We have invested in the right promotional events, and we have expanded into new channels with club.

So again, in most places where we have seen some meaningful headwinds in Q2, we now have also just as meaningful of a reaction in terms of improving our trajectory as we go forward. And that will continue with the other things that are working for us.

We do have some positive momentum in parts of our ACCELERATE platform. I mentioned, Ore-Ida, which is gaining almost a share point. Our Mexican business we're also gaining 80 bps. Cream cheese business has sustained growth through the entire first half of the year. So those are business that will continue to see gaining momentum as we go into the second half of the year.

Andre Maciel
Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.

I'll only add... I think we should expect Mac & Cheese as well. There's a lot going on in the Mac & Cheese the second half. That might be worth mentioning.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

I think that if I think about how do I round up the items in ACCELERATE platforms, there's probably two areas in which we feel like we also have to be focused on, and we are.

One is on our spoonables business in which we are, in fact, making sure that we are having the right price gaps against our branded competitors. So, we are investing in new flavors and making sure we have renovated the package design on our spoonables business.

And in Mac & Cheese, as you saw from our slides, you saw us making sure that we're bringing, again, new innovation, new shapes, new flavors, tie-in now with Super Mario Bros. So that idea of us being able to bring innovation and bring excitement into the Mac & Cheese business is part of us continuing to see us improving the momentum of that business we go into the second half of the year, which we know is a product that families really care about in moments in which they're looking for value to feed their entire family.

David Palmer
Analyst, Evercore ISI

Great. And I was going to follow up and ask you about condiments and sauces, and in particular, the spoonables area like you discussed it, but you covered it. I'll pass it on. Thanks so much.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

Thank you.

Anne-Marie Megela
Vice President, Global Head of Investor Relations, The Kraft Heinz Co.

Operator, we have time for one more question.

Operator: Thank you. And our last question comes from Robert Moskow with TD Cowen. You may proceed.

Robert Moskow
Analyst, TD Cowen

Hi. Thanks for the question. Andre and Carlos, I think one of the concerns on Kraft Heinz stock is that all this great progress you've made on gross margin recovery might come under pressure over the next 12 months because you have to make some of these price investments and because volume has been weak. So maybe to address those, can you talk to what would gross margin have been in 2Q excluding some of these onetime issues like the plant closure and the other elements that maybe are more transitory? Could this have been an even higher number? And would that kind of give us confidence, therefore, that there's more room for gross margin expansion into 2025?

Andre Maciel
Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.

Hi, Rob. Thanks for the question. Look, in both Q1 and Q2 we did have a few situations that negatively impacted gross margin that were very one time in nature. I'd be reluctant to give you a precise percentage point, but we did have quite a few substantial events in Q1 and Q2. And despite that, we were able to expand the way that we did.

As you head into the second half, last year, we had a big step-up in gross margin in the second half. So, you're going to see a more muted year-over-year impact from gross margin. But that's part of the plan since the beginning, so we're not really worried about that. As we head in 2025, and I'm not going to give guidance, obviously, but if you remember our long-term algorithm, we do contemplate continuous gross margin expansion, not at the levels that we are seeing right now, but in the 25 to 75 bps-ish. But as a consequence of the very strong efficiencies that we have, I think we were able to fix the supply chain now a few years ago, and we have now for four consecutive years seen very strong delivery coming from the team. We feel very good about the pipeline that we have.

We have been able to see to not only – remember, we had a 3% inflation this year. We're only pricing 1%, and we were able to offset that with efficiencies and still expand gross margin to invest in the business. So, we do expect that this equation might continue to work into the future. So, we should expect a more gradual but continuous gross margin expansion.

Carlos Abrams-Rivera
Chief Executive Office & Director, The Kraft Heinz Co.

The only thing I would build, Rob, is this idea was really changing and rewiring of the company, where we are all focused on driving efficiency because it's the fuel for us to drive profitable growth has now been embedded across the company. You see that with procurement, you see it in operations, but you also see it in marketing, and us being able to have more efficiencies of how we go to market improving the return on investment. You see that in trade on how we apply AI to have better tools on how we actually have better investments and profitable ways in which we can embed our trade as we go into the marketplace.

So, it is not a one and done. It is something that we believe can be a sustainable strength for us as a company. And personally, I believe that having healthy gross margin is truly the key component of having a virtuous cycle of growth, and that is a big part of why we are such strong believers on our long-term algorithm for the company.

Andre Maciel
Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.

The changes in operating model that we have done a couple years ago to really reintegrate commercial and supply chain I think is really paying off big time. And the incentive alignments that we have done, we mentioned this before, like everyone in the company has two KPIs in common, which is market share and gross margin because we want people to grow profitably. So, I think that also contributes to that.

Robert Moskow
Analyst, TD Cowen

Okay. Thank you.

Anne-Marie Megela
Vice President, Global Head of Investor Relations, The Kraft Heinz Co.

Thank you, everyone. Thank you for your interest in Kraft Heinz.

Operator: Thank you. This concludes the conference. Thank you for your participation. You may now disconnect.