First Quarter 2022 Earnings Pre-Recorded Management Discussion

April 27, 2022

Please view these remarks in conjunction with our Q1 2022 earnings release, which is filed on Form 8-K, and additional information regarding our non-GAAP financial measures, including GAAP to non-GAAP reconciliations, available on our website at ir.kraftheinzcompany.com under SEC Filings, or via the following link: ir.kraftheinzcompany.com/sec-filings.

We also invite you to listen to our live question-and-answer webcast with Kraft Heinz management which will begin today at 9:00 a.m. Eastern Time and will be available on ir.kraftheinzcompany.com.

Q1 2022 Earnings Pre-Recorded Management Discussion

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CHRIS JAKUBIK, HEAD OF GLOBAL INVESTOR RELATIONS

Hello. This is Chris Jakubik, Head of Global Investor Relations at The Kraft Heinz Company. I'd like to welcome you to our first-quarter 2022 business update.

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During our review, we will make some forward-looking statements that are based on how we see things today.

Actual results may differ due to risks and uncertainties, and these are discussed in our earnings release and our filings with the SEC.

We will also discuss some non-GAAP financial measures during these remarks. These non-GAAP financial measures should not be considered a replacement for, and should be read together with, GAAP results. And you can find the GAAP to non-GAAP reconciliations within our earnings release and the supplemental materials posted at ir.kraftheinzcompany.com.

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Today, our Chief Executive Officer, Miguel Patricio, will provide an update on our overall business performance. And Andre Maciel, our Global Chief Financial Officer, will provide a financial review of the first quarter and will discuss our 2022 outlook.

We have also scheduled a separate, live question-and-answer session with analysts.

You can access our earnings release, supplemental materials, and audio of our question-and-answer session at ir.kraftheinzcompany.com. A replay of the question-and-answer session will be available following the event through the same website.

With that, I will turn it over to Miguel.

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MIGUEL PATRICO, CHIEF EXECUTIVE OFFICER

Thank you, Chris.

I am very pleased to report that we are off to an excellent start for the year! Our team has done a great job navigating today's challenges while keeping our foot on the gas for the long term. We are building momentum across our business and advancing our strategy to drive stockholder value.

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Looking at the first quarter, we delivered Organic Net Sales of 6.8 percent versus 2021. That's a 5.3 percent compound annual growth rate when compared with pre-pandemic levels in the first quarter of 2019.

This year-over-year growth was driven by a stronger contribution from price realization, relatively resilient demand, and strong Foodservice across geographies. Additionally, we relieved some of the supply constraints that held us back last quarter, enabling us to better capture the strong demand for our brands.

We also generated further efficiencies in the quarter that, when combined with higher pricing, worked to offset the cost inflation we have seen over the past 9 months, and resulted in more than $1.3 billion of Adjusted EBITDA. That's a 2.4 percent compound annual growth rate versus the first quarter of 2019 for our ongoing business. This performance was better than our initial expectations and is remarkable considering the most recent wave of challenges.

Finally, our Free Cash Flow performance was also encouraging. Even with the impact from our inventory rebuilds, Free Cash Flow conversion was above typically seasonally-low first quarter levels.

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Going a bit deeper into our results, our top line momentum is being fueled by our three pillars of growth: our Consumer Platforms, our Foodservice opportunities, and further expansion in Emerging Markets.

Let's take a deeper look into each one of these.

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Beginning with our Consumer Platforms - As I have said before, we have become a consumer-obsessed company, and our portfolio reflects this. As you can see on slide 7, we have set roles for each of our Consumer Platforms:

- to Grow,
- to Energize
- and, to Stabilize

and we have generated growth across each of these platforms for our ongoing business.

Our Grow platforms generate relatively higher margins and our jewel, Taste Elevation, has tremendous, further growth opportunities, on a global basis from where we stand today.

Our Energize platforms are businesses that have established brands and solid growth potential but require new life to meet their potential. Our growth is very encouraging based on the investments we have made over the past two years.

Finally, our Stabilize platforms have a more modest growth outlook and we are investing selectively in them to leverage the power of our brand loyalty to stabilize our sales.

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Our second pillar of growth, Foodservice, is not just growing sales as the channel rebounds, it is gaining market share as we expand our customer base.

In the first quarter, our U.S. Foodservice business grew approximately 17 percent while our International zone generated approximately 30 percent growth. In each zone, we outpaced industry growth by 2 percentage points.

We are doing this by deploying a singular, repeatable model that focuses on front-of-the-house offerings. And we are utilizing an insight-based innovation engine to develop new products, flavors, and formulations consumers want most – extracting learnings and taking them to retail.

In the U.S., *HEINZ* Dip & Crunch is the latest example of this. It was first offered in select West Coast Jack-in-the-Box restaurants earlier this year. Following a successful soft launch, the product is now available nationwide at Walmart, Meijer, Target and Giant.

Internationally, we are strengthening our QSR partnerships by executing our first global, limited time offers with *Heinz*, through partners such as Papa Johns and Burger King.

Today, Foodservice is approximately 12 percent of our overall sales. And we are continuing to invest aggressively in both sales and capacity to capture the tremendous growth opportunities ahead.

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Turning to our third pillar of growth, Emerging Markets, we have continued to expand our presence through a sustainable and repeatable Go-To-Market model.

In the first quarter, Organic Net Sales for emerging markets grew 10 percent. And it is no coincidence that this growth was driven by countries where we have implemented our Go-To-Market model. Those countries represent approximately 30 percent of our Emerging Market business today and grew Organic Net Sales 31 percent versus last year or 18 percent on a compound annual growth rate basis from pre-pandemic 2019 levels.

Our Go-To-Market model has proven to be sustainable. We first implemented the model in 2018, in Brazil. Since then, we have expanded distribution more than 200 percent. And four years later, Brazil is still growing strongly, with Organic Net Sales up 37 percent in the first quarter versus 2021.

Based on our experience in Brazil and other emerging markets, we also see our Go-To-Market model as highly repeatable, and are investing aggressively to expand the rollout. We expect to reach approximately 75 percent of our Emerging Markets business by the end of this year.

We are further building upon this organic growth and accelerating global expansion with recent acquisitions – such as Hemmer and Assan Foods.

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Beyond our results to date, our people have also been doing amazing work to navigate through the short-term turbulence affecting our industry.

For instance, in the U.S., we grew Organic Net Sales 7.2 percent versus the prior year with a volume/mix decline of only 2 percent in light of our 9 percent pricing to address inflation. These results were possible, in large part, due to the improved production capacity and service recovery in key categories.

As a result, we grew consumption sequentially - and the net sales increased more than consumption as retailers rebuilt inventory.

We also made advances against some of the supply chain challenges holding back our consumption and market share performance.

Last quarter, Carlos shared our strategies to improve share performance. As you can see, these efforts are gaining traction, with our share performance improving approximately 20 basis points versus the fourth quarter of 2021.

The one-time supply and other challenges that we planned to solve for in the first quarter of this year are driving this improvement.

The production constraints, including facilities that were operating at reduced capacity or temporarily shut down, are on target to be resolved by the end of the first half of 2022.

And we continue to make progress against the remaining 30 percent of share loss from categories where we would expect to solve for beyond the first half of the year. For example, in frozen potatoes, we entered into a new exclusive manufacturing and supply agreement with Simplot – that I will talk more about a little bit later.

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I am so proud of our teams across the world, navigating in the face of new, episodic challenges. Global events are adding another wave of broader supply chain challenges, including ingredient and material availability and further inflationary pressures.

As such, we continue to utilize the many levers we have talked about before, leveraging our scale, renovating our products, unlocking efficiencies and protecting our margin dollars through pricing. Additionally, with an eye on the road ahead, we are launching new, Value Beyond Price initiatives to tailor solutions that address consumer needs as they evolve.

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Throughout the pandemic, consumers re-discovered our brands because of an unprecedented change in their lives. As we look to another moment of uncertainty with heightened inflation, we believe the insights and connections we developed with consumers will deliver on needs for them as they face rising prices everywhere in their lives.

Consider the inherent value of a comforting, nourishing meal featuring an *Oscar Mayer* Hot Dog, *Heinz* Ketchup and *Kraft* Mac and Cheese that can be enjoyed for less than $1 a serving – compared to paying up to 10X for other options at restaurants or other prepared meals – without trading on convenience and quality.

We also know that as consumers face the pinch at the pump and in other parts of their lives, the functional benefits of a real snack like *Lunchables* or a family favorite Grilled Cheese with *Kraft* Singles will continue to be a powerful value option without families having to trade on kids' taste appeal.

Going forward, we will draw on our extensive marketing capabilities to elevate our value proposition to the public through product innovation, assortments and promotions, channel mix optimization and omni-channel communications.

We see Value Beyond Price as both highly adaptable for all market cycles and conditions as well as a differentiated way to compete effectively against private label.

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Finally, as I said at the outset, we also made great strides advancing our long-term strategy in the first quarter.

In February, we outlined the next phase of our transformation. A phase in which we are internally re-engineering our company with agile disciplines and digital solutions. A phase where we are augmenting our expertise and capabilities through partnerships with technology giants and cutting-edge innovators to redefine best-in-class.

We also said that we would attack the entire value chain, end-to-end, not just parts of the business. And we are doing just that.

To date, we have extended partnerships that will help us reimagine food production and our approach to marketing. Building new capabilities that can translate into new solutions, efficiencies and competitive advantages.

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Just last week, we announced that we are working with Microsoft to leverage machine learning and advanced analytics to accelerate innovation and efficiencies across manufacturing, logistics, revenue management and R&D.

Earlier this year, we also announced an exciting joint venture with TheNotCompany to develop superior, plant-based versions of co-branded products that will set a new bar for speed, taste, quality, and scale within our industry.

As I mentioned earlier, we formed a partnership with Simplot that will help our *Ore-Ida* brand reach its potential. This partnership will not only give us additional production capacity, it will also provide us with access to Simplot's world-class innovation and technology capabilities.

Our partnership strategy is both practical and forward-thinking. It gives our company a competitive advantage and allows us to leap ahead of our peers in the development of our capabilities.

The alliances we have forged are building Kraft Heinz into a stronger and faster company that can deliver continuous business improvement, and effectively leverage our scale to maximize value. They further enable us to build the future of food.

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We are also striking partnerships to reinvent our approach to marketing, enabling us to move at the speed of culture and more deeply engage our consumers.

Here, we are working with Google, Lytics, and LiveRamp to create a privacy-centric data platform that consolidates our first party data, which covers more than 400 attributes across 32 million unique consumer records – and it's growing! Powered by machine learning and our marketing tech ecosystem, including our in-house Kraft-O-Matic insights generator, we are able to identify potential consumer needs. These insights help Kraft Heinz deliver personalization at scale and better serve millions of American consumers.

Kraft-O-Matic analyzes consumer behavior across all brands, integrated POS, Panel and Marketing data. But the real advantage is to build the bridge between identifying the consumer needs and letting our consumers know that we can meet these needs with our brands.

That is where our content creation studio, we call it The Kitchen, plugs in, to offer individualized content - at scale. This artificial intelligence-powered asset creation enables us to create more than 500 customizations of a single marketing asset.

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Here are just two examples that reflect what we are doing across our portfolio of iconic brands as we shift our focus to earned media.

Just hours after a high-profile art sculpture in the form of a solid gold cube was removed from New York's Central Park, we parked an 8-foot Velveeta box in the vacant space. This precisely timed and culturally-relevant move captured consumer media attention and won consumer approval, generating over 200 million media impressions.

We also teamed up with Netflix to promote the new film "The Adam Project" and to create a series of humorous and nostalgic ads, featuring Ryan Reynolds, for Mac and Cheese.

This is agile advertising. How we can make our brands more relevant   boost our marketing ROI. You will see more and more of these types of examples from us in the future.

Taken together, the agility we are building and the transformation we are undertaking will enable us to build further on the strong start we have had to the year.

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So now, I will turn it over to Andre to provide more detail on our first quarter financial results and discuss our outlook for the balance of the year.

ANDRE MACIEL, GLOBAL CHIEF FINANCIAL OFFICER

Thank you, Miguel.

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As Miguel mentioned, we grew Organic Net Sales 6.8 percent this quarter.

Importantly, we saw a significant, sequential acceleration in price contribution from Q4 to address the escalating inflation we have been experiencing. We also see 2 point 2 percent volume mix decline relative to the 9 percent pricing as a strong indicator for the ongoing demand for our brands.

The U.S. specifically had a strong showing with volume/mix down only 2 point 1 percent with more than 9 points of pricing and up against its most difficult volume/mix comparison for the year. This, combined with the production and inventory recoveries we are expecting, gives us confidence in our potential top line performance for the balance of the year.

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In terms of Adjusted EBITDA, the impact from divestitures was approximately $120 million. And although we are seeing higher inflation than we initially expected, pricing and gross efficiencies are already offsetting the vast majority of that inflationary pressure and are enabling us to continue investing in Marketing and SG&A to fuel future growth.

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Beyond Adjusted EBITDA, our first quarter performance across Gross Margin, Adjusted EPS and Free Cash Flow conversion was solid.

Our gross margin declined 2.5 percentage points this quarter. However, the dilutive impact of pricing to offset the dollar inflation was approximately 3 percentage points.

As you know, our strategy is to protect Adjusted EBITDA dollars, not margin percent. And as inflation plateaus, we expect to see our margin percent rebound and remain at industry-leading levels.

In terms of first quarter Adjusted EPS, we saw a roughly 8 cent negative impact versus last year from the divestiture of our Nuts and Natural Cheese businesses, the largest driver of the decline. At the same time, our successful refinancing, and the lower interest expense associated with it, was both a significant offset and enabled us to deliver Adjusted EPS greater than 2020 levels. And that comes despite the recent spike in inflation.

Finally, our Free Cash Flow generation in the first quarter reflected a rebuilding of inventories that will be key to helping us improve service levels going forward.

While cash conversion was lower than Q1 2021, I would point out that last year benefited from inventory depletions, while first quarter this year was more consistent with typical Q1 levels on a historical basis.

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Turning to our balance sheet, I could not be more excited about our recent return to investment grade. This has been a strategic priority for us and reflects our patience and financial discipline to pay down debt over the past two and a half years.

We accomplished this in record time, and also achieved an investment grade rating with a positive outlook from S&P.

Our strong balance sheet gives us strategic optionality, with more financial flexibility than we have had in recent years. Specifically, as we have deleveraged, we have been able to extend the maturity of our debt portfolio to fourteen and a half years, at an average interest rate of 4.4 percent with 99 percent fixed and only 1.5 billion dollars coming due in the next 24 months.

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Turning to the path forward, from a cost perspective, we are now anticipating that our Cost of Goods inflation will be in the mid-teens this year, up from our previous expectation of low teens.

While this is higher than initially anticipated, and the pressures certainly remain fluid, I feel good about how well we are positioned to mitigate it, both in terms of our cost profile, as well as the offsetting levers we have available.

To be more specific, our recent divestitures swiftly reduced the weighting of soft commodities and ingredients within our cost basket. And with a lower level of more volatile soft commodities, our cost profile becomes more predictable and manageable going forward.

At the same time, we have remained disciplined with our hedging strategy and have good visibility to the level of inflation we can expect to experience in the coming months. For example, relative to those costs most impacted by the recent conflict in Ukraine, such as grains, energy and oils, we are currently hedged into the fourth quarter.

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Beyond those actions to manage our cost profile, we are pricing to protect Adjusted EBITDA dollars, we are unlocking more efficiencies and we have strengthened our portfolio.

As mentioned, we had sequentially stronger price realization in the first quarter, reflecting pricing actions taken last year, with sequentially greater contributions from price across every geographic zone. We also announced additional pricing actions in the first quarter that will start to take effect during the second quarter. And we will take future actions, as appropriate.

And we are well on our way to freeing up over two billion dollars of gross efficiencies with more than $400 million expected this year, despite a 15 percent reduction in our addressable cost base due to the divestitures. In other words, we are stepping up our rate of productivity in this next phase of our transformation.

In addition, our recent divestitures have significantly reduced our exposure to private label in the U.S., down from 17 percent to 11 percent, well below the industry average of 20 percent.

Now looking to our outlook for 2022.

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From a top-line perspective, we are raising our expectation for the year to mid-single-digit Organic Net Sales growth from low-single-digit previously.

This is based on our strong results to date, particularly in the US, as well as the momentum we see in Foodservice and Emerging Markets. Additionally, our outlook contemplates greater price elasticity impacting volume and mix during the balance of the year. We also expect continued impact of supply chain constraints in the first half of the year.

In terms of Adjusted EBITDA, we continue to expect to deliver between 5-point-8 to 6 billion dollars, including the 53rd week as we continue to leverage pricing and efficiencies to mitigate the higher inflation we are now expecting. And to anticipate the question, while our Q1 performance doesn't take us beyond our initial range for Adjusted EBITDA, it certainly gives us more confidence in our ability to deliver our plan for the year.

In light of that, we now expect closer to a 48/52, first-half versus second-half split for Adjusted EBITDA this year, including the benefit of the 53rd week in the fourth quarter and a 0.4 billion dollar divestiture impact versus 2021 with margins improving in the back half of the year relative to the first half of the year.

And below the line, we continue to expect our effective tax rate for Adjusted EPS to be between 20 to 22 percent.

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Finally, in terms of our overall capital allocation policy, there are no changes in our four main priorities. As I said, returning to investment grade was a strategic priority for us and we are committed to maintaining it. As a result, our emphasis can be in the other three areas, utilizing our capital to plant seeds that can improve our trajectory even further over time, while maintaining a strong payout to shareholders.

We have, and will continue to actively manage our portfolio in a patient, disciplined way, as you have seen with our acquisitions and investments that have boosted our Taste Elevation platform and added capabilities that will help us drive future growth.

Before turning it back to Miguel, let me tell you that I have never been more excited about our future. While the short-term environment is challenging and volatile, we are better equipped than ever to exit these turbulent times in a position of strength. We are truly transforming the Company, moving with agility not only to tackle the issues of today, but to build a portfolio and infrastructure that can drive profitable growth for years to come.

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With that, let me hand it back to Miguel for some closing comments.

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MIGUEL PATRICO, CHIEF EXECUTIVE OFFICER

Thank you, Andre.

Before wrapping up our prepared remarks, I would like to express my gratitude and best wishes to Chris Jakubik. Effective May first, Chris will retire from his current position as Head of Global Investor Relations and move into an advisory role with Kraft Heinz.

Over the past 16 years, Chris has expertly guided the Company through many crucial phases. We will miss his day-to-day presence, but we are delighted that he will remain a key member of our team as an advisor.

In conjunction with this, Anne-Marie Megela will move into the role of Vice President and Global Head of Investor Relations. Anne-Marie is a highly experienced Investor Relations executive who joined Kraft Heinz last October as part of a planned succession.

I'd like to congratulate Chris and Anne-Marie on their new roles and wish them both my very, very best.

So to conclude our prepared remarks today, Kraft Heinz is well positioned for the path forward on many fronts:

- we delivered a strong start to the year
- we are navigating the short-term turbulence in ways that we expect to build our advantage
- and we continue to make critical investments and form strong partnerships to advance our long term strategy

And like Andre, I have never been more excited about our future.

Thank you for your time and interest in Kraft Heinz.

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