



First Quarter 2024 Earnings Pre-Recorded Management Discussion

May 1, 2024

Please view the following prepared management remarks together with our Quarterly Report on Form 10-Q, presentation slides, earnings release, and non-GAAP information that accompany these remarks, which includes a discussion of non-GAAP financial measures and reconciliations of non-GAAP financial measures to the comparable GAAP financial measures. The accompanying presentation slides, earnings release, and non-GAAP information are available on our website at ir.kraftheinzcompany.com under News & Events > Events & Webcasts, or directly at ir.kraftheinzcompany.com/events-and-webcasts.

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 our website at ir.kraftheinzcompany.com under News & Events > Events & Webcasts, or directly at ir.kraftheinzcompany.com/events-and-webcasts.

Forward-Looking Statements

The following remarks include a number of forward-looking statements as defined under U.S. federal securities laws, including, but not limited to, statements, estimates, and projections relating to our business and long-term strategy; our ambitions, goals, targets, and commitments; our activities, efforts, initiatives, plans, and programs, and our investments in such activities, efforts, initiatives, plans, and programs; and projected or expected timing, results, achievement, and impacts. Words such as “aim,” “anticipate,” “aspire,” “believe,” “commit,” “could,” “estimate,” “expect,” “guidance,” “intend,” “may,” “might,” “outlook,” “plan,” “predict,” “project,” “seek,” “will,” “would,” and variations of such words and similar future or conditional expressions are intended to identify forward-looking statements. These statements are based on management’s beliefs, expectations, estimates, and projections at the time they are made and are not guarantees of future performance. Such statements are subject to a number of risks and uncertainties, many of which are difficult to predict and beyond our control, which could cause actual results to differ materially from those indicated in the forward-looking statements. For additional, important information regarding such risks and uncertainties, please see our related earnings release, which accompanies this presentation, and the risk factors set forth in Kraft Heinz’s filings with the U.S. Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. We disclaim and do not undertake any obligation to update, revise, or withdraw any forward-looking statement in this presentation, except as required by applicable law or regulation.

Non-GAAP Financial Measures

These remarks contain non-GAAP financial measures, including Organic Net Sales, Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Operating Income, Constant Currency Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EPS, Free Cash Flow Conversion, and Net Leverage. These non-GAAP financial measures may differ from similarly titled non-GAAP financial measures presented by other companies. These measures are not substitutes for their comparable financial measures prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and should be viewed in addition to, and not as an alternative for, the GAAP results in these remarks.

These non-GAAP financial measures assist management 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.

Q1 2024 Earnings Pre-Recorded Management Discussion

ANNE-MARIE MEGELA, HEAD OF GLOBAL INVESTOR RELATIONS

Slide 1

Hello. This is Anne-Marie Megela, Head of Global Investor Relations at The Kraft Heinz Company. I'd like to welcome you to our first quarter 2024 business update.

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

Additionally, we will 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 that accompany these remarks, which are available on our website at ir.kraftheinzcompany.com, under News & Events, for a discussion of our non-GAAP financial measures and reconciliations to the comparable GAAP financial measures.

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Today, our Chief Executive Officer, Carlos Abrams-Rivera, 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 2024 outlook.

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

You can access our question-and-answer session at ir.kraftheinzcompany.com. A replay will also be available following the event through the same website.

With that, I will turn it over to Carlos.

CARLOS ABRAMS-RIVERA, CHIEF EXECUTIVE OFFICER

Thank you, Anne-Marie.

And thank you all for joining us today.

Slide 4

At Kraft Heinz, our strategy is working!

We delivered first quarter results in line with our expectations, with growth across our strategic pillars and continued sequential volume recovery, despite a softening Away From Home market in the U.S.

We continue to successfully unlock gross efficiencies leading to Adjusted Gross Profit Margin expansion of 170 basis points in the quarter. We are solidly on our way to our target of \$2.5 billion in efficiencies by 2027.

We continue to reinvest these efficiencies with a meaningful step up in marketing, R&D, and technology investments, while at the same time growing Adjusted Operating Income and expanding margins. These investments are powering innovation, brand superiority, and further productivity to drive growth.

As a result, we are reiterating guidance for 2024 and remain on track to deliver our long-term algorithm in the fourth quarter of this year.

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Looking at first quarter 2024 results, we expected our Q1 Organic Net Sales performance to have a similar profile to Q4 2023, with sequential volume improvement and continued Adjusted Gross Profit Margin expansion.

Organic Net Sales performance in Q1 was slightly better than Q4 of 2023, improving 20 basis points sequentially. Our volumes also improved by approximately 120 basis points, from down 4.4 percentage points in the fourth quarter of 2023 to down 3.2 percentage points in the first quarter of 2024.

And finally, we continued to unlock efficiencies at a greater pace than inflation, contributing to Adjusted Gross Profit Margin expansion of approximately 170 basis points versus the first quarter of 2023.

Slide 6

As you recall, our path to deliver consistent profitable growth is centered around driving the top line by unlocking efficiencies and reinvesting in the business to power our superior brands. We continue to execute across each of these building blocks.

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Let's start with the top line.

- Organic Net Sales for our three strategic pillars grew year over year.
- Volume continues to improve sequentially since Q2 of 2023.
- Our portfolio roles are deploying the strategies we outlined a couple of months ago at CAGNY.
- And finally, we are either gaining share or recovering share across all segments versus 2023.

Let's go through each of these accomplishments in more detail.

Slide 8

Starting with our three strategic pillars.

Organic Net Sales for our North America Retail ACCELERATE Platforms, which include our priority spaces Taste Elevation, Easy Ready Meals, and Substantial Snacking, grew 0.5% versus the prior year. As a reminder, in these platforms, we look to drive outsized top-line growth and generate higher gross margins compared to our other platforms. We expect to deliver low-single-digit Organic Net Sales growth for full year 2024.

Moving to our Away From Home business. Our strategy here is to drive growth through global brand activations, entering new channels, and innovation. Global Away From Home Organic Net Sales growth was relatively flat in the first quarter, up 0.1% versus prior year. These results were impacted by softening markets in the U.S., especially for restaurants, as well as two planned business exits that will result in a positive mix impact. The declines in the U.S. were offset by continued growth in the rest of the world, which grew high single digits. In Global Away from Home, we expect to deliver low- to mid-single-digit Organic Net Sales growth for full year 2024. Andre will provide more detail into Q1 results and expectations for the year-to-go.

And finally, we grew Organic Net Sales 5.5% in Emerging Markets versus the prior year. In Emerging Markets, we continue to capture growth through our Go-To-Market Model, the

brand equity of *Heinz*, and our Away From Home business. As anticipated in the first quarter, we lapped shipment timing in the prior year in Brazil. We expect to deliver double-digit Organic Net Sales growth for full year 2024.

Slide 9

Moving to volume. In the beginning of 2023, we laid out a series of action plans to address market share and volume declines. They worked. And are continuing to drive further improvement. Total Kraft Heinz volume/mix declined 3.2 percentage points in the first quarter, an improvement of 120 basis points from the fourth quarter. This marks the third consecutive quarter of improvement.

Turning now to our portfolio roles.

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At CAGNY, we discussed how we defined our priorities based on market attractiveness and our right to win across the portfolio, refining roles that guide our investment decisions and market strategies.

Total Kraft Heinz Organic Net Sales growth was driven by our ACCELERATE platforms, which grew 2% in the quarter, as we continue to prioritize investments across our Taste Elevation, Easy Ready Meals, and Substantial Snacking platforms. For example, we invested in cream cheese across retail in the back half of last year. We increased marketing and executed joint business plans to rebuild display. As a result, we grew both Organic Net Sales and expanded Adjusted Gross Profit Margin by mid-single digits in the first quarter.

Our strategy across our PROTECT platforms is to protect profit margins and invest at a healthy level, which we are doing across our desserts and hydration businesses. *Jell-O* is a great example of this. Last year, we revealed our first renovation in a decade of the 126-year-old iconic brand, and have seen brand lifts of the Zero Sugar line by 4.5 percentage points as a result. This year, we are launching *Jell-O*'s first innovation in over five years, with two new pudding flavors, Churro Delicioso and Mango Sabroso.

And finally, our BALANCE platforms, where our strategy is to balance performance and profitability, and to invest to maintain our brand footprint. In the first quarter, while Organic Net Sales declined, we grew Adjusted Gross Profit dollars and improved profitability, generating cash to fund investments.

Now, let's move on to share performance.

Slide 11

Looking to our share performance, compared to 2023, we are gaining or improving share across all three of our business segments and in U.S. Away From Home.

In North America Retail, our ACCELERATE platforms are driving the improvement, with approximately 55% of revenue growing or holding share in the first quarter.

Despite the challenges we're seeing in the restaurant industry, we continue to outpace the industry and capture share in U.S. Away From Home. In the quarter, we gained 40 basis points of share, primarily driven by our performance in non-commercial channels.

We are recovering in Developed Markets, with a 50-basis point improvement from 2023, as our price gaps versus competition have narrowed.

In Emerging Markets, we are gaining 90 basis points of share, a 60-basis point improvement from 2023, as we continue to capture white space through distribution gains.

Slide 12

Turning to efficiencies, our new ways of working through Agile@Scale, and our approach to strategic partnerships, are key ingredients in our success to improve productivity.

In the first quarter, we unlocked approximately \$173 million in gross efficiencies, contributing to a 170 basis point increase in Adjusted Gross Profit Margin. We are expanding Agile@Scale globally, bringing solutions from North America to International, as well as strengthening our strategic partnerships and implementing technology-led solutions across the organization.

In the first quarter, with the Adjusted Gross Profit dollar gains, we continued reinvesting in the business. And we're making the right investments to grow organically, increasing SG&A by \$70 million, or 8%, and CapEx by \$28 million, or 10%, versus the prior year.

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These investments are powering our superior brands through innovation and marketing. We're on track to generate \$2 billion in incremental net sales from innovation – and we're doing this through big, bold, disruptive innovation, fueled by our agile ways of working.

As we continue to step up our investments in R&D, we're developing disruptive platforms with exclusive intellectual property like 360CRISP™ and *Heinz* REMIX™. Our next planned 360CRISP™ product launch for 2024 is our Delimex Chipotle Chicken Quesadilla, with four additional launches to come out of the platform this year. The *Heinz* REMIX™ is the world's first "smart" sauce-dispensing machine that lets consumers customize their flavor choices. I'm excited to announce that BurgerFi is taking part in the sauce revolution by being the first restaurant to debut the *Heinz* REMIX™. They are showcasing it at their Fort Lauderdale location and will add four more locations this year.

We're also evolving our core offerings to meet changing consumers' needs and tastes. For example, we're bringing the flavor of restaurant favorites to their tables with high-quality ingredients by launching Primal Kitchen's first-ever dipping sauces. And we continue to grow *Heinz* beyond ketchup. In the kitchen, we've launched a line of cooking and pasta sauces – all with the tomato at the center. Our *Heinz* Pasta Sauce gained ~5 percentage points of share in its first year, and we're expanding to five markets in 2024.

We're continuing to expand partnerships, like NotCo and Taco Bell, to accelerate against global trends. Our partnership with NotCo isn't just about stepping into the "plant-based" game – it's about using NotCo's revolutionary AI technology to deliver delicious taste and texture for those who have dietary restrictions or those looking for food that's "better-for-you." After our Kraft NotMac&Cheese, which was launched in November, quickly became the top selling plant-based Mac & Cheese, we decided to launch KD NotMacandCheese in Canada. Given the rising demand for plant-based offerings in Canada, we are now providing our fans with more ways to enjoy KD.

Mexican is currently the #1 International cuisine in the United States, and growing internationally. So, we've teamed up with Taco Bell to launch the first-ever Crunchwrap Supreme and Chipotle Chicken Quesadilla "Craving Kits," allowing consumers to recreate their favorite Taco Bell menu items at home. Velocities on the Craving Kits continue to accelerate and have already outpaced the full year target by over 30 percent.

And finally, we're leveraging our iconic brands to move at the speed of culture with limited-edition products, like we did with *Heinz* "Barbiecue" Sauce in a creative partnership with Mattel and *Heinz* "The Godfather Pasta Sauce" in a launch with Paramount Pictures. Our *Heinz* lovers asked, and we delivered – by creating a phone case perfectly sculpted to hold a single condiment packet – covering all their saucy needs on the go.

Slide 14

We have been on a journey to build a world-class culture of creativity, raising the bar to deliver for our customers and consumers. We're cultivating collaboration using Agile@Scale capabilities to accelerate the pace of innovation. That's why I'm thrilled that Kraft Heinz has been named to *Fast Company's* "Annual List of the World's Most Innovative Companies" of 2024. Last year, we hadn't yet cracked the top 50 and now we're number 26! Momentum breeds momentum – and the external world is taking notice.

As we announced earlier this year, we're actively deploying our new Brand Growth System – a systematic methodology and discipline across the organization to measure, monitor, and build our brands. It works hand in hand with our disruptive marketing and innovation to drive brand superiority.

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Turning to the next slide, you can see that like many companies we continue to navigate through short-term volatility. A pressured consumer, persistent inflation, headwinds from SNAP, industry softness in Away From Home, and rising supply chain risks are some of the common themes the industry is currently facing.

Despite this evolving environment, Kraft Heinz is well positioned to address these challenges, and we remain confident in our ability to execute on our strategic agenda.

We're well positioned because we have a portfolio of leading iconic brands that provide value across multiple price points and channels.

Our investments in Agile@Scale help us to continue to unlock end-to-end efficiencies, mitigating volatility and unpredictable changes.

We also have a disruptive innovation engine that is gaining momentum and driving incrementality.

And our superior marketing is engaging customers at the speed of culture. We've had great success in marketing, but now we're institutionalizing our philosophy of building superior brands, on a global basis.

And finally, we now have an enhanced organizational structure that enables us to move globally with agility.

Slide 16

This enhanced organizational structure works because it supports our strategy, with our global teams providing centralized expertise and resources. We reduced complexity and now have fewer layers, bringing our leaders even closer to the business.

Our confidence is rooted in our conviction that we have the right strategy, the right structure, and the right people to drive growth across our superior brands. We continue to see momentum across the business, and we're excited for what the future holds.

With that, let me hand it over to Andre to provide more details on our first quarter financial results and to discuss our 2024 outlook.

ANDRE MACIEL, EVP AND GLOBAL CHIEF FINANCIAL OFFICER

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Thank you, Carlos. This quarter is the first quarter that reflects the change to our segment reporting. In addition to total Kraft Heinz, we will now disclose financials for North America, International Developed Markets, and Emerging Markets, which is a combination of our West and East Emerging Markets and Asia Emerging Markets operating segments. Not only does the change align to our improved structure, but it also provides greater visibility into our financials. I hope you find the increased transparency helpful.

Slide 18

In the first quarter, Organic Net Sales declined 0.5% for total Kraft Heinz. Price was up 2.7 percentage points and volume/mix declined 3.2 percentage points, in line with historical elasticity levels. As expected, we saw sequential volume improvement of approximately 120 basis points relative to the fourth quarter of 2023.

In North America, Organic Net Sales declined 1.2%. This was a result of stronger than expected retail consumption despite anticipated SNAP headwinds, partially offset by performance in U.S. Away from Home. We expect the headwinds related to the decline in SNAP benefits to begin to dissipate in the second quarter.

In Away From Home, even though we continue to gain share, sales were negatively impacted by industry softness and two planned business exits in the U.S. The topline impact of the business exits was approximately \$15 million in the first quarter, and we expect a similar quarterly impact through the rest of the year. We are expecting to see a

positive impact on profitability as we free up capacity to focus on higher margin businesses.

Additionally, our strategy to expand into higher-growth, higher-margin non-commercial channels like Travel & Leisure is serving us well, as we have seen solid growth in these areas.

In International Developed Markets, Organic Net Sales declined 1.3%. While we are losing share in Developed Markets, we are seeing improvement as price gaps narrow. Unfavorable volume/mix was driven in part by a retailer inventory reduction in Australia.

In Emerging Markets, Organic Net Sales grew 5.5%, which was in line with expectations, as we lapped shipment timing in the prior year in Brazil. We continue to see volume/mix growth as we gained share in retail and grew top line in Away From Home. As a reminder, we expect double-digit growth from Emerging Markets to come from both volume and price.

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Turning to Adjusted Operating Income, total Kraft Heinz grew 1.7% and our Adjusted Operating Income Margin increased 50 basis points, as the expansion in gross margins more than offset increased investments in SG&A.

In North America, Adjusted Operating Income grew 0.4% and Adjusted Operating Income Margin increased 40 basis points, with expansion driven by productivity gains.

In International Developed Markets, Adjusted Operating Income grew 27.7% and Adjusted Operating Income Margin increased 350 basis points, with expansion primarily driven by the lapping of Cyclone Gabrielle in New Zealand. As a result of the inventory rebuild following the cyclone, Q2 will include an approximate \$8 million dollar headwind linked to fixed COGS absorption benefits in the prior year.

In Emerging Markets, Adjusted Operating Income and Adjusted Operating Income Margin declined as we are ramping up investments across people, logistics, and product development in the first half of the year to support our Go-To-Market strategy. In the second half of the year as these elevated investments are lapped, we expect to see growth and higher profitability.

Slide 20

We continue our disciplined approach to both pricing and promotions.

We have already implemented the majority of price planned for 2024 in North America and International Developed Markets. Pricing will still be needed in Emerging Markets to offset inflation, particularly in hyperinflationary countries.

We remain surgical in our pricing approach, targeting specific parts of the portfolio where commodities have increased recently, such as dairy, sweeteners, and coffee.

On the promotional front, we continue to see a rational environment. In the first quarter, volume sold on promotion was higher than last year, as expected, and 4% lower than the first quarter of 2019. Our investments in technology allow us to leverage digital tools to generate higher ROIs, with opportunities ahead to improve lift and profitability.

Slide 21

We are expanding gross margins through supply chain efficiencies which allows us to invest more in the business and drive long term growth. This quarter, Adjusted Gross Profit Margin expanded 170 basis points primarily drive by supply chain efficiencies, allowing us to increase investments in marketing by 13%, R&D by 25% and technology by 20% versus the prior year.

Slide 22

Turning to cash flow and profitability. We generated year-to-date Free Cash Flow Conversion of 56%, a 30-percentage point improvement versus prior year. This improvement was primarily driven by a 57% reduction in working capital, as we were rebuilding our inventories and improving service levels in the first quarter of 2023. At the same time, we have been increasing investments for growth, with CapEx spend increasing by \$28 million, or 10% versus the prior year.

In terms of Adjusted EPS, we grew 1.5% versus the prior year. This was primarily driven by a positive impact from results of operations and share repurchases, partially offset by a higher tax rate.

Slide 23

We continue to strengthen our balance sheet while at the same time returning capital to stockholders. With our capital allocation strategy in place, we are prioritizing stockholder returns through disciplined capital deployment.

In the first quarter, we returned \$636 million to stockholders while maintaining our target Net Leverage ratio of approximately 3.0x. \$486 million of this was through our

competitive dividend and we repurchased \$150 million worth of shares, leaving about \$2.6 billion remaining of our \$3 billion authorization.

Slide 24

As we look ahead to the remainder of the year, we are reiterating our outlook for 2024. We continue to expect Organic Net Sales growth of 0 to 2 percent, Adjusted Operating Income growth of 2 to 4 percent, and Adjusted EPS growth of 1 to 3 percent versus the prior year.

For Adjusted Gross Profit Margin, we are increasing the expected year-over-year expansion to a range of 50 to 100 basis points from a prior range of 25 to 75 basis points.

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Now, let me take you through the shape of the year.

Looking specifically at the second quarter, we expect North America Retail and Emerging Markets to improve performance versus Q1, given the lapping of SNAP headwinds and the shipment timing in Brazil. We expect Global Away From Home to continue to be impacted by industry softness in the U.S. and the planned business exits mentioned earlier. We also had to temporarily shut down one of our plants for unplanned maintenance. This factory produces many of the products for our North America Away From Home business. We have resumed operations, and we expect the impact associated with the shutdown to be approximately 50 to 100 basis points to total Kraft Heinz Organic Net Sales growth and to be isolated to the second quarter. If this impact comes in towards the lower end of the range, we would expect total Kraft Heinz Q2 Organic Net Sales to be similar to Q1.

Moving to the second half of the year, we continue to expect to trend towards our long-term algorithm. We are anticipating North America Retail to improve from fully lapping the reduction of SNAP benefits, as well as an accelerated ramp-up in innovation and renovation. We expect Emerging Markets to be on algorithm. And finally, we expect a recovery of Global Away From Home, which is a function of gradual industry recovery, confirmed new business wins, and the expected full recovery from the temporary plant shutdown.

With that, let me pass it back to Carlos for some closing comments.

Slide 26

Thank you, Andre.

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Let me reiterate that:

- Our strategy is working,
- We delivered first quarter results in line with our expectations,
- We continue to unlock gross efficiencies and reinvest in the business,
- And we are powering innovation, brand superiority, and further productivity to drive growth.

This is why I'm confident in and excited about the future of Kraft Heinz!

Thank you for your time and interest in Kraft Heinz.
