Fourth Quarter and Full Year 2021 Earnings Pre-Recorded Management Discussion
February 16, 2022

Please view these remarks in conjunction with our Q4 and Full Year 2021 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 also be available on ir.kraftheinzcompany.com.
Q4 2021 Earnings Pre-Recorded Management Discussion

Slide 1

CHRIS JAKUBIK, HEAD OF GLOBAL INVESTOR RELATIONS, THE KRAFT HEINZ COMPANY

Hello. This is Chris Jakubik, Head of Global Investor Relations at The Kraft Heinz Company and welcome to our fourth-quarter 2021 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. Carlos Abrams-Rivera and Rafa Oliveira will give some specific focus on the U.S. and International segments of our business. And Paulo Basilio, our Global Chief Financial Officer, will provide an overall financial review and 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](http://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 PATRICIO, CHIEF EXECUTIVE OFFICER, THE KRAFT HEINZ COMPANY**

Thank you, Chris.

It’s certainly a pleasure to begin the year reporting that the hard work and dedication of our people, globally, enabled strong results and further progress for our company.

We are now more than two years into our transformation, and despite significant headwinds, we have been able to react to the immediate impacts of the pandemic, as well as continue to advance our strategic plan.

We have stood up our operating model made significant and valuable improvements that make us stronger for the long term and should benefit us greatly going forward.

Our achievements are proof that our approach of combining Scale and Agility together has contributed to better, higher-quality results greater efficiency across the company and more relevance with customers and our consumers.

And assessing our performance through that lens gives me great confidence in our ability to build upon our success from 2021 and carry that momentum into the next phase of our transformation this year.

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In terms of better results as shown on slide 5 we continued to perform well in the three most important aspects of the game Growth, Profitability and Strategic Optionality.

For the full year:

- Organic Net Sales grew 1-point-8 percent versus an extraordinary 2020;
- Adjusted EBITDA was nearly 6-point-4 billion dollars;
- and we cut net leverage down to 2-point-9 times or 3-point-2 times when you consider the impact of our divestitures.

And versus 2019, we are much further along than our original strategic plan ever imagined.

But as I said on our previous earnings call how we have delivered is what makes us both confident and optimistic about our Company, our business, and where we are headed.

**Slide 6**

For instance, despite the inflationary pressures that the entire industry has been facing, our margins remain strong. In fact, our gross margin has grown point-7 percentage points since 2019.

And as we look at the drivers of our Adjusted EBITDA performance over the last two years, we have taken steps to mitigate the impact of inflation through gross efficiencies and pricing actions.

We have continued to make our scale work for us, including driving supply chain efficiencies and fueling investment back into our brands, which will propel our long-term potential.

Our commitment to becoming more efficient and investing in our brands has delivered more than 800 million dollars in gross efficiencies over the past two years.

This has allowed us to continue investing in people, marketing and other critical elements of our transformation, while still generating Adjusted EBITDA growth.
And that investment is critical, because it enables us to build more relevance.

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And nowhere has it been more critical to how we are delivering than the investments we have made in our people.

It is an area where we are still at the beginning of our journey. But in the first two years of this journey, we have:

- brought in experienced talent to reshape the culture and “fill in the gap” for critical skill sets
- and this now includes more than 100 new hires with digital expertise.

At the same time, 2021 was the first full year we activated People with Purpose in its entirety from the announcement of our Diversity, Inclusion and Belonging Aspirations, to our employee Days of Service that took place around the world.

Our results so far have been encouraging:

- we were named an employer of choice in six countries
- our voluntary turnover rate was lower in 2021 than ‘19 levels which is a rare accomplishment in today’s environment.
- and we made the 2022 Forbes list of “America’s Best Large Employers” in the United States and the “Best Employers” list in Canada.

And on the diversity front:

- we were just included for the first time on Bloomberg’s 2022 Gender Equality Index, which recognized companies around the world who are committed to making strides toward transparency and equality in the workplace
- and we were included for the fourth year on the Human Rights Campaign’s U.S. Corporate Equality Index an index that benchmarks corporate policies, practices and benefits pertinent to LGBTQ-plus employees.
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The investments we have made in our people are enabling them to deliver with purpose, and our teams are making great progress across our various ESG initiatives.

In terms of Environmental Stewardship, we committed in 2021 to carbon neutrality by 2050, with a 50 percent reduction in greenhouse gas emissions by 2030.

Within our Responsible Sourcing pillar, we have made strides in improving the impact from our supply chain through the launch of updated supplier guiding principles and our industry-leading sustainable agriculture practices for our beans and tomatoes.

And in terms of Healthy Living and Community Support, we are more than 45 percent of the way toward our goal of providing 1-point-5 billion meals by 2025.

I am very proud of the work the team has done in this very important area, which is critical to advancing our strategic plan.

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From the time I arrived here, my ambition has been to transform Kraft Heinz into an innovation and consumer-driven company.

Our shift to a consumer mindset has been powerful, with 2021 seeing an explosion of creativity across our entire Company and we are now seeing this come to life in some of our biggest brands in our biggest markets.

With the global rollout of our internal agency, The Kitchen, we are now moving at the speed of culture and building a community of creatives.
Highlights include bold ideas like *Heinz on Marz*, our recent ‘80s-inspired content partnership for the U.S. with Jimmy Kimmel’s live TV special and the recent success of our *Oscar Mayer* Face Mask.

We also reached new audiences on new channels – like TikTok – where for example in Egypt we challenged cultural food norms, proving *Heinz* sauces work just as well as local ones, earning more than 1 billion earned media impressions and significantly driving sales.

And we have also stepped up our innovation and renovation efforts, building a powerful portfolio for the future. Our 2021 new product launches in the U.S. have resulted in 1-point-5 as many dollars per SKU while enjoying 2-point-4 times the velocities as the average 2019 launches.

And the impact we are having is now being recognized externally as well. This past year alone, we won 123 marketing, product, and innovation awards – our most awarded year ever. Just a few weeks ago, *Ad Age* named us the number 4 Marketer of the Year, with the magazine crowning our *Heinz* Draw Ketchup as the number 1 ad of the year in North America!

We certainly have more work ahead of us, but our culture of creativity is beginning to take shape!

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The final area I would like to highlight is how we are sharpening our focus on the areas where we are most advantaged that present the greatest opportunity and help us accelerate our long-term growth potential.

We had a busy year of divestitures and acquisitions.

We completed the divestitures of nuts and natural cheese two businesses that have significant exposure both to private label and commodities. Going forward, as a result of the divestitures, we have reduced our U.S. private label exposure from 17 percent to 11 percent.
We also announced 4 investments to build our global Taste Elevation platform.

Two are geared towards geographic expansion Assan Foods in the Middle East and Hemmer, one of Brazil’s largest sauce makers with both bringing Foodservice expansion opportunities.

The other two will bring insights and capability-building that will help us grow faster and into new territories. Those include Brazil-based startup BR Spices and German-based Just Spices – a deal that will help us strengthen and enhance our own direct-to-consumer capabilities, as well as leverage Just Spices’ strong Artificial Intelligence.

Almost two-thirds of our business is now in ‘Grow’ portfolio roles, where we see the tremendous potential. As the name implies, our Grow platforms, which include Taste Elevation, have a huge runway for growth and we expect to carry higher-than-average profit margins into the future.

And as we sharpen our focus we are already seeing robust net sales performance across the channels we serve. This strong performance, as well as the infrastructure we have put in place to drive sustainable growth, reinforces our optimism about our potential going forward.

With that, let me pass it along to Carlos and Rafa to discuss how we are better capturing and competing for consumers in the United States and our International markets.

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CARLOS ABRAMS-RIVERA, PRESIDENT, NORTH AMERICA, THE KRAFT HEINZ COMPANY

Thank you, Miguel.

To echo your earlier comments, I am so proud of the progress our team in the U.S. has made over the past two years. We have driven strong results and built sustainable advantage for our business that will benefit us as we tackle the challenges of the dynamic global environment.

In terms of full-year results, the U.S. Zone delivered:
• Organic Net Sales growth of 1-point-6 percent versus an extraordinary 2020, and 9-point-3 percent growth versus 2019
• And Adjusted EBITDA was nearly 5-point-2 billion dollars ... that’s up more than 300 million dollars versus 2019 despite the impact from divestitures.

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We have built momentum where it matters most with consumers. The two metrics we’ve come to track closely for the past two years are Household Penetration and Repeat Rates.

As you can see on slide 12 for the full year 2021, we grew both metrics versus 2019 by 2 percent and 5 percent, respectively.

And our priority Grow platforms performed even better:
• with Taste Elevation gaining 4 percentage points in household penetration and 9 percentage points in repeat;
• and Easy Meals Made Better gaining 5 percentage points in household penetration and 10 percentage points in repeat.

Certainly the rise in at-home consumption during the pandemic has helped. But we haven’t been watching from the sidelines. We have been investing to energize our brands give them greater relevance, greater awareness and greater resiliency. And it is paying off.

At the same time, we have more work to do.

Specifically, we need to do a better job anticipating demand and forecasting more accurately and, as a result, holding onto market share in parts of our portfolio.

Frankly, our 2021 share performance was not where it needs to be. While we saw strong share performances in iconic brands such as Heinz Ketchup, Kraft Singles, Velveeta, Mio, and Capri Sun, we lost share in other parts of the portfolio. That’s the bad news.
The good news is that we know what needs to be fixed, and how to go about fixing it. From a root-cause perspective:

- 40 percent of our share loss in Q4 was due to one-time supply and other challenges that we plan to recover in Q1;
- 30 percent was due to production constraints that we expect will be resolved by the end of the first half;
- and the remaining 30 percent are in categories where we are looking to implement new game plans supply chain oriented and otherwise during the course of the year.

Improving our share performance will be our focus going forward.

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Based on the investments we have already been making to build greater relevance and resiliency with consumers and customers along with the supply chain improvements I just mentioned I am confident we’ll begin to see improved share performance beginning in Q2 of this year.

Specifically, we have delivered a 40 percent increase in renovation projects in 2021 versus 2019.

We have boosted our working media dollars since 2019 and we’re making each of those dollars work harder for our brands.

This work is yielding results. Last quarter, we discussed the Oscar Mayer re-launch and the share gains we saw as a result.

*Kraft* Mac & Cheese has changed the conversation around comfort and its role in delivering daily comfort to those of all ages.

*Lunchables* has shifted from product-focused marketing to building an experiential brand that kids ask for and parents approve.
And Velveeta is celebrating the joy of eating for pure pleasure.

Each of these brands exited the year gaining market share as a result.

Beyond driving more relevance for our consumers, we have also made huge strides in partnering with our customers.

We are seeing our Foodservice business gain share, and both our retail consumption and net sales surpass pre-pandemic levels.

We have made great strides in bringing forward insights and shopper-based research to create plans that drive results for us and our customers.

And in the U.S., we have successfully ramped up efforts to provide solutions that are mutually beneficial with customers like in-store destinations that we call “perfect store” merchandising.

The creation of centralized Customer Development and Revenue Management teams has been a big part of this.

And the feedback from our retail partners is encouraging. This past year, Kantar ranked Kraft Heinz’s sales force within the top 5 in the United States. We also rose 2 spots in overall rank in the annual Advantage Report, which takes into account robust feedback from some of our largest customers across a variety of metrics. In Canada, we rose six spots in the Advantage Report, and were named Most Improved Supplier.

Overall, by winning with our consumers and customers as we demonstrated last year, I am confident that we will continue to deliver great results in 2022 and beyond.

With that, I’ll hand it over to Rafa to discuss our International segment.

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RAFA OLIVEIRA, PRESIDENT, INTERNATIONAL MARKETS, THE KRAFT HEINZ COMPANY

Thank you, Carlos.

To start with our International Zone results:

- For full-year 2021, we grew Organic Net Sales a healthy 3-point-1 percent versus a very strong 2020, and 7-point-7 percent versus 2019
- And Adjusted EBITDA was nearly 1-point-1 billion dollars.

Overall, a great year for our team, and the future looks even brighter.

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Last year, we discussed our strategy for the International Zone, and driving growth in Taste Elevation is at the center of that strategy. I am very happy to tell you that in 2021, we have done just that.

In Taste Elevation, full year net sales were up 11 percent versus 2019, and we gained share in over 70 percent of our business. This was driven not only by strong execution from our sales teams, but also by innovating to meet our consumers’ needs in each of the countries we serve. And we have also increased our marketing support in Taste Elevation to connect with those consumers.

And while I am very pleased with our results in retail, our foodservice performance has been no less impressive.

Sales grew by 23 percent versus 2020, and I am very pleased to tell you that by the end of 2021, our foodservice business is back to pre-pandemic levels.

We achieved this by continuously expanding our partnerships, especially with QSR customers by setting a company record for the number of limited-time-offerings with key customers like Burger King and new distribution of our ketchup and mayo sachets to multinational players like Domino’s and KFC.
These achievements not only helped us outperform the industry significantly compared to 2019, but also contributed to more than 350 million incremental media impressions for the Heinz brand year over year.

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The other key tenets of our strategy in International are to drive growth in Emerging Markets and to energize Developed markets, and I am pleased to say that in 2021, we did both. Emerging Markets present a huge opportunity for Kraft Heinz, which we are seizing but at the same time, we have a large, healthy business in Developed Markets that we need to continue to nurture. And in 2021, we saw balanced growth across the two.

In Emerging Markets, we continue to leverage our repeatable, Go-To-Market Model. We began developing this a few years ago. We are now live in countries representing 30 percent of our Emerging Markets business ... and that part of the Emerging Markets business is growing strong double digits. We have plans to continue rolling out the model in 2022 to boost our coverage to more than three-quarters of the Emerging Markets business.

In Developed Markets, 2021 saw many exciting wins across our product portfolio and our markets.

We continue to expand our plant-based portfolio, starting with *Heinz* Vegan Sauces and *Heinz* Beanz Burgerz in the UK as well as *Kraft* Vegan Mac & Cheese in Australia. This year, we also launched our Beanz Liberation campaign in the UK to kick start the plant-based portfolio expansion by leveraging the strong equity of *Heinz* Beanz.

Also building on the strong equity of *Heinz*, we expanded into new categories. In the UK, we introduced a new range of Pasta Sauces. After only 3 months, we already reached 5% share and in Australia, we ventured into ready meals and frozen vegetarian snacks.

Beyond *Heinz*, we are continuing to expand our brand portfolio.
• We launched Whitlock & Sons in Australia;
• We launched all new Kumana sauces in the UK. This is an authentic Venezuelan hot sauce that delivers a creamy flavor experience perfect for literally ANY dish. It allows us to capitalize on consumer trends around “hot” and “avocado”;
• and we launched line extensions on our successful Bare Bones gravy brand in Australia.

So, to summarize, we are driving growth and improving our relevance with consumers consistent with our strategy to focus on Taste Elevation and Emerging Markets. And it gives us great confidence as we begin 2022.

With that, let me pass it to Paulo to talk more about our financial performance and our outlook.

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PAULO BASILIO, GLOBAL CHIEF FINANCIAL OFFICER, THE KRAFT HEINZ COMPANY

Thank you, Rafa.

I think it’s useful to start our financial review and outlook in much the same way as Miguel did by providing some important perspectives on our 2021 performance in the context of our multi-year strategy.

From a financial perspective, our strategy has been to bring Scale and Agility together to make Kraft Heinz more relevant, more efficient and deliver better results, by unlocking higher gross profit that we can reinvest strategically in growing areas.

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We saw this in the way we ended the year.
From a total company perspective our Q4 Organic Net Sales and Constant Currency Adjusted EBITDA closed very strong.

Our gains relative to pre-pandemic levels are proving durable and despite recent inflationary pressures our efficiency and therefore profitability remained at industry-leading levels.

And our Constant Currency Adjusted EBITDA remained strong although as expected, the timing of cost versus price realization kept our margins to lower-than-run-rate levels.

We have built momentum over the past two years in a way that has been highly consistent with our strategy.

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Our Organic Net Sales growth has been driven by our priority platforms of Taste Elevation and Easy Meals Made Better.

Our gross margin has been resilient versus 2019 levels, as price realization is coming through and our focus on variable cost efficiencies is paying off. This is very encouraging given that few companies in our industry have been able to sustain gross margins versus pre-pandemic levels given the recent spike in inflation.

In fact, we have grown Constant Currency Adjusted EBITDA more than 4 percent versus 2019 which included significant headwinds from divestitures and the McCafé business exit.

And in terms of our cash generation and balance sheet strength.

Our Free Cash Flow conversion has been consistent with our ongoing target of 100 percent and is significantly better than 2019, as we have worked hard to control working capital.

And in terms of leverage, we retired 6-point-2 billion dollars of debt throughout 2021, bringing our net leverage down to 2-point-9 times, or 3-point-2 times when you consider the impact of
our divestitures. This is well below our target of under 4 times and is now consistent with, if not better, than many of our investment grade peers.

And as we have deleveraged, we have been able to extend the maturity of our debt portfolio and significantly reduce our debt coming due over the next five years while maintaining our average interest rate at very attractive levels. So we are in a much better position than we were only two years ago.

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Which brings me to our outlook for 2022.

To state the obvious, it remains a very fluid environment. And we have all seen that input costs have kept going up since the end of October the last time we provided an update.

Fortunately, we are already well-positioned with the many levers we can pull to respond to inflationary pressures and protect our ability to invest in growth.

To put our expectations for 2022 in the context of our strategy relative to our 2019 base year and accounting for all the puts and takes:

- Organic Net Sales growth should exceed our long-term algorithm of 1 to 2 percent on a compounded basis
- and our Adjusted EBITDA CAGR for the ongoing business should be within our long-term algorithm of 2 to 3 percent in a range of 5-point-8 to 6 billion dollars.

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From a top-line perspective, we expect low single-digit Organic Net Sales growth, with stronger consumption versus pre-pandemic levels. This reflects:

- retaining consumers and trips that we gained during the pandemic;
- further share gains in Foodservice channels;
- ongoing Emerging Markets expansion;
• our pricing actions continuing to take hold as well as the negative impact from price
elasticity on vol/mix;
• and the continued impact of supply chain constraints in the first half.

In terms of Adjusted EBITDA, we expect to deliver between 5-point-8 to 6 billion dollars, as:
• we look to continue protecting our margin dollars from inflation;
• we keep implementing and building up our efficiency savings plan;
• and we keep executing the investments we have in our strategic plan.

As I mentioned earlier, input costs have kept going up. And while we ended 2021 having
announced or fully implemented all the pricing we had planned, we are now taking additional
pricing actions, as appropriate.

As a result, we continue to expect that percentage margins will remain pressured for the first
half of the year as pricing continues to catch up to inflation. We also, therefore, expect closer
to a 47/53, first-half versus second-half split of Adjusted EBITDA this year ... including the
benefit of the 53rd week in the second half of the year.

Below the line, I would note that for the full year:
• we expect our effective tax rate for Adjusted EPS to be consistent with our 20 to 22
  percent long-term run rate.

In addition, as noted on the slide, we will see the impacts of both a 53rd week as well as the
year-on-year impacts from the divestitures of the nuts and natural cheese businesses that we
completed last year.

Stepping back and reflecting on the past two-plus years since I took on the CFO role again.

It has truly been an honor to have worked with Miguel and the Kraft Heinz team through the
first phase of our transformation.

Let me now hand it back to Miguel for some closing comments.
MIGUEL PATRICIO, CHIEF EXECUTIVE OFFICER, THE KRAFT HEINZ COMPANY

Thank you, Paulo. As we wrap today’s prepared remarks, I wanted to leave you with three thoughts.

First, I want to thank Paulo for the tremendous partner he has been to me, personally, since I joined Kraft Heinz more than two years ago.

In this time, we have become a far stronger company even compared to what we were only 12 months ago.

We are learning from challenges acting like owners and transforming Kraft Heinz for long-term growth and advantage.

Second, we have made tremendous progress in the first two phases of our transformation resetting our foundation fully deploying our new operating model and delivering results ahead of our expectations.

Third, we still have much, much, more work and opportunity ahead of us as we transition to growth.

Going forward, what gives us confidence in our ability to capture sustainable growth and profitability is not just what we have delivered but how we are delivering and why we can be even better.

And that will be exactly the subject of our presentation at the CAGNY conference next week!

Thank you for your time and interest in Kraft Heinz.

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