

Miguel Patricio, Chief Executive Officer

Well good morning, everyone. It's a huge pleasure to be here today with you today. Thanks for joining us.

We have been really looking forward to sharing with you what we're doing at Kraft Heinz. And we are very happy to have the chance to finally share it.

For many months, we have been on the road to transformation. Along the way, we encountered a range of challenges – the COVID-19 pandemic among them.

But in many ways, we now have even greater momentum than we could have imagined just 6 months ago.

We have to say we are excited about the future ahead for Kraft Heinz.

I have been asked many times, why I took this job as CEO. Well, what attracted me was possibility. The possibility of transformation, and a turnaround.

And today I feel even more passionate than I did when I took the job last year that we will reach our full potential.

What you are going to see is a new and different plan. A plan to unleash the full power of Kraft Heinz.

It's a significant transformation for our business. We're going to share with you today a new approach, a new strategy, and a new business model.

We are positioning Kraft Heinz to deliver. To deliver amazing results through new experiences.

We have a new outlook based on a new formula for success. The new formula relies on two fundamental things. Our Scale, where we have leadership, size, high

penetration, reliability, and operating efficiency but we have not taken full advantage of this. And secondly, Agility, which we are building. This is about integrating the business. It's about speed, it's about innovation, relevance, efficiency in execution.

We believe that putting these two forces together - Scale and Agility - together will make Kraft Heinz much more relevant, and very efficient and will deliver better results unlocking higher gross profit that we can reinvest strategically in growing areas.

At the end of the day, what we are building is simple. It's about growth. We are rebuilding consistent, organic net sales growth of low single-digits. And we are doing it profitably to consistently grow Adjusted EBITDA.

By growing both – organic sales and Adjusted EBITDA – we are generating strong cash flow to support our dividend, to reduce debt, and, of course, fuel the strategy that we are going to share with you.

Well, that's easy to say, but how are we going to make this happen?

Well, that's why we're here today.

During this Investor Day, my colleagues and I are going to share with you first, an assessment, an assessment of where we are now, our overall strategy, and our outlook for the future. Second, we will show you what we are building, starting with our people, and our new ESG strategy. And we'll share our exciting new consumer platforms and productivity improvements. Third, we will share how we are going to bring all this to life. Specifically, with some great examples in the U.S., Canada, and our International Zones. And finally, we'll describe why we are so excited about our future. You'll hear what this all means in terms of numbers, our financial plan, and why we are confident about the returns we can generate for our shareholders.

And, of course, we'll be taking your questions after each one of these major sections.

Welcome to our Kraft Heinz 2020 Investor Day!

Presenting this with me today are our Senior Leadership Team members Rashida La Lande, who leads our ESG efforts, in addition to being our Global General Counsel and head of Government Affairs; Nina Barton, our Chief Growth Officer; Marcos Eloi, our Chief Procurement Officer; Mitch Arends, the head of U.S. Manufacturing; Carlos Abrams-Rivera, our U.S. Zone President; Rafa Oliveira, the head of our International Zone; and, of course, Paulo Basilio, our Chief Financial Officer.

So let's go and talk about where we are today.

We have invested the time that was necessary to really understand our business and our prospect.

We analyzed Kraft Heinz and the food industry across regions, categories, and brands. We went deeper in marketing to understand the consumer, and we analyzed our operations, sales, other functions, and talent across the whole company.

We reviewed our business from the bottom up, studied tens of thousands of consumer inputs from surveys, focus groups, in-home conversations, in-store observations, and talks with our customers.

We evaluated 70 trends across the broader market and across Kraft Heinz, performed deep-dive reviews of more than 40 of our brands, and conducted more than 200 retail store audits.

This exhaustive analysis was to answer five very important groups of questions. We wanted simple answers to these questions. And those answers are the basis of everything you're going to see today.

The first set relates to people and purpose. We asked the questions: do we have the right people and capabilities for this moment, and beyond? How do we live our purpose through ESG?

With our portfolio we asked where can we invest to grow faster and how do we grow our brands?

In productivity, we considered: can we be more innovative and more efficient? and can we better leverage data and technology?

Next, we asked: are we good partners? And can we sell more effectively?

All of this led to questions around our performance, that are: what is blocking consistent performance? And how good is our operating leverage?

All very good questions and ones we have heard from investors, as well.

In asking these questions, we discovered some very important insights that are guiding us in the transformation that is already happening at Kraft Heinz.

Let me go a little deeper on each one of these five areas. Starting with people and purpose. We have many fundamental strengths in this area. A deep culture of ownership and accountability, which is precious especially when you're building Agility. We have a culture of meritocracy. We found that our people around the world have a passionate commitment to ESG. But we needed a clearer ESG strategy and goals. And, as you'll hear shortly from Rashida, we now have that.

We also learned that we have big opportunities to fill gaps in critical skills and expertise. Which we have already done. We were working in silos, but now we are working as one team.

Our people, generally speaking, had similar backgrounds. But now we have a greater diversity of perspectives and backgrounds. And we saw we had a big opportunity to integrate ESG into every part of our business, which we are now doing!

The second set of questions we examined was related to our portfolio.

We have tremendous strengths when it comes to our portfolio. It is large and has tremendous breadth and depth. We have many billion-dollar brands. We have strong and valuable anchor brands to build around. And we have a strategic collection of international jewel brands in markets around the world.

But we learned there's much more we can do to unlock our brands' potential. And we have restructured our activities to do just that.

We have simplified the way we look at our portfolio and organize our business. And, of course, it begins and ends with the consumer.

Our mentality as a company has shifted from focusing on discrete products to anticipating and meeting consumer needs. We are using more consumer data, and leverage that through our knowledge to understand and to meet and to exceed consumer needs.

And we are accelerating to grow faster in faster-growing consumer spaces. A good example of this is our penetration. We have 97 percent penetration. That means that 97 percent of the households in America have Kraft Heinz products in them. That's higher than Amazon Prime, which is 82 percent and much higher than the food & beverage industry, which is about 65 percent.

Look at this scale. We have to take even better advantage of it. We must get more of our brands bought more often in more places across the population.

Another example of where we can do more with our brands is product and geographic markets where we play in. Look at where we play. We are in categories and in countries that are growing around the world. From Sauces, Meats & Cheeses, and Meals, to Coffee, Beverages and Nuts, and they are growing even faster in the Emerging Markets where we have only about 10 percent of our sales. There's a big opportunity to accelerate growth in Emerging Markets. And, we are already doing it as you'll see and hear from Rafa later.

The third area of questions related to our productivity, our strength here is our production scale. We have 80 factories around the world. Half of them are in North America.

In R&D, we have strong capabilities and technical knowledge. And we have an industry-leading track record in quality and in safety.

Our opportunity is to change our mindset from cost reduction to continuous improvement. Yes, we will reduce costs but by working better, and smarter, every day. Yes, we have very good R&D, but we need to focus on more meaningful innovation that makes a bigger difference. Innovation with a bigger payoff.

We also are better integrating our supply chain with the rest of our business such as manufacturing, logistics, procurement, and all the commercial areas.

And we are working to enhance our digital capabilities across the organization.

The opportunity is to integrate our powerful capabilities and build a real culture of continuous improvement, all to unlock efficiencies in the system.

The fourth area we looked at was our partners. We are strong in foodservice formats and channels, and we have been growing our eCommerce presence and capabilities. Our eCommerce business is already more than 1 billion dollars, and it's growing more than 100 percent. We are taking full advantage of this moment of unbelievable growth.

But we have to build stronger partnerships across all channels. We must improve customer satisfaction while we help our partners and ourselves to grow. We are getting better at long-range planning with our customers. We have a big opportunity to enhance and grow our relationships.

Well finally, performance. At times, we have led performance in select categories and geographies where we play. And, we have industry-leading operating margins. But we have to be more consistent and better at allocating our resources. We must be more strategic in how we make choices. We cannot be democratic. We cannot be democratic in our resource allocation.

We will invest more, and more efficiently, to drive growth. And that means devoting even more resources to our core brands to drive greater results. In the past, we put a lot of money into new brands that really did not move the needle. We will not do this any longer.

We also will improve variable cost management. Later, Paulo will show you how we are going to doing that.

We have the engine to drive profitable growth. But it needs the adjustments that we are now making.

We learned that we have very very valuable assets, and many powerful competitive strengths and we learned that we needed a revolutionary new approach to get more out of capabilities and assets.

We are unlocking the power of competitive advantages related to our Scale and we are revolutionizing the way we operate to bring Agility. It's a powerful combination – Scale with Agility.

A combination that is driving our evolution and leading to an entirely new way of thinking about our business. A new strategy, and a new operating model that is driving our choices and priorities, new consumer platforms, and improving our results and outlook

The new business model of Kraft Heinz is actually very simple, but very different from the way we operated in the past. It all starts with People. People with Purpose. A team that will have a positive impact on our communities and our world. We have built a deep bench of talent and continue to attract people with deep expertise. We are investing in our people, living out our ESG beliefs. You are going to hear more about this from Rashida and me in a few moments.

We have a consumer obsession, putting consumers at the heart of everything we do. We are simplifying and unifying our consumer platforms, moving 55 categories of products under 6 platforms to respond to consumer needs and create growth.

In parallel, we are improving our operational efficiency with our Ops Center. We are driving better integration, improved planning, streamlined processes generating two billion dollars in savings to reinvest in the company and in our consumer platforms.

Our partner program is powering our Go-to-Market expansion, through better processes. Improved capabilities. And greater reach across channels and geographies.

Together, this is how we will fuel our growth. We are strategically putting the funds we get from increased operating efficiency back into the system, into our brands, and into the consumer platforms.

We are investing in enhanced digital capabilities and new technologies and analytics.

All this will fuel and accelerate profitable growth for the long term.



You're going to hear a lot more about our consumer platforms today from Nina, from Carlos, and from Rafa, but I want to give you an overview of what this means.

It is all about understanding, meeting, and exceeding consumer needs and reorganizing our business to do that.

We have moved from viewing our business through the lens of more than 55 separate categories to managing a portfolio of 6 consumer-driven Platforms that are based on how consumers live their lives and how they eat today.

And let me be clear. This is not a future vision. We are doing this today. We have already restructured our company to begin operating this way, right now.

Two of these Platforms – Taste Elevation and Easy Meals Made Better – are Global. The others are focused on U.S. and Canada. You can see on the slide the size of the Platforms, in terms of their sales.

As I said earlier, we are investing differently across these platforms.

These Platforms are centered around three key Objectives: to Grow, to Energize, and to Stabilize. Nina will explain the actual Platforms themselves but let me comment on how we will prioritize them.

Grow represents about 50 percent of our sales and is where we will prioritize investment going forward. These are platforms where we are already growing in both emerging and developed markets. Their highest growth is coming from Russia, from Brazil and China and you'll hear more about these from Rafa.

Energize represents about 30 percent of our sales. These Platforms are primarily in the U.S. and the UK where we are rejuvenating brands that we see have potential for growth.

Stabilize represents about 20 percent of sales with Platforms that play out differently by country but largely in the U.S. and Canada.

I have explained how our commitment to continuous improvement is enhancing our efficiency and our competitive advantage. We are building this mindset into our culture so it becomes a natural part of our DNA.

We are unlocking this consistent improvement in Procurement, Manufacturing and Logistics to fund reinvestments and growth across our business while maintaining our industry-leading margins.

We expect this to lead to more than two billion dollars in savings between 2020 and 2024. These net savings will fuel our growth by reinvesting in our business. And some of these savings are already being delivered.

What does all this mean for our growth and shareholder returns?

The result of all this will be, profitable growth. A return to consistent Organic Net Sales growth of about 1 percent and 2 percent. With Adjusted EBITDA growth of between 2 and 3 percent which will generate 4-to-6 percent Adjusted EPS growth over the next five years and we will have at least 100 percent Free Cash Flow conversion. This will support our dividend, our ongoing debt reduction and investments in our Strategy.

Well, we have a clear plan to accelerate growth at Kraft Heinz.

We are well aware of the challenges that we needed to solve as part of our turnaround. And we are aware of the questions you have had about our performance in the past. For example, we know we relied too much on inorganic consolidation on external factors to drive growth. Today, we are committed to expanding organically by implementing the operational and market strategies I've just outlined. And through a smarter, more strategic returns-focused approach to

investing in our business, instead of just cutting costs. The whole mindset of this company is now focused on growth.

With People, we often had siloed functions with capability gaps. Now, we are taking better advantage of integrated and cross-functional expertise.

Our Portfolio had us managing more than 55 fragmented categories and now we are managing the business around six, six Consumer Platforms, build around consumers, what they live and eat today.

Before, we treated Marketing as a cost. Today, we are viewing it as a strategic and creative business investment it is.

When working with Partners we sometimes operated with a transactional mindset. Today, we are investing even more in strengthening and planning relationships.

In the past, we took advantage of our size and Scale often approaching it with a cost-cutting mentality. Today, we are using our impressive Scale to power Agility.

And instead of only dropping Savings to the bottom line, Today, we are reinvesting those savings in the business to fuel our growth.

You can see we are doing a lot. A lot of things that are setting a new direction for the company. I have defined a fundamentally different Business and Operating model, and I am so excited to lead this organization forward, along with my colleagues. And I have conviction that this is the right path forward.

We are already seeing the results of these fundamental shifts. Our full-year 2020 is coming even stronger than expected.

Without a doubt, COVID-19 tested us. How we responded gives me confidence. Confidence in our team and in our future. Our business is executing well through COVID because our transformation was already under way. And we are investing in our brands and in our future.

From attracting great teams, to collaborating more, to placing consumers at the center of our business to more strategically allocating our resources we are making changes that matter.

As you can see, we are building a strong foundation with much room to grow. We have a clear strategy, a five-year roadmap, with detailed plans setting our path forward. And we have aggressive, but achievable goals from growing Organic sales to improving Adjusted EBITDA, to generating significant cash flow and meaningful Adjusted EPS growth.

We are all extremely excited for the future!

Now let's look at the first building block of our new strategy, people and ESG.

Let's begin with what we are building. And a reminder, at the end of this chapter you will have the opportunity to ask questions.

I'll begin by talking about our people and then Rashida will update you on our ESG Goals.

So let's start with people.

When you think about People, it's impossible not to think about culture. And culture is a collection of different things.

You need to strengthen that culture with Vision, with a Purpose. Redefining your Values. Have a clear set of leadership principles on what we expect from our leaders and how we will win. These leads to people initiatives that make a real difference to our business.

I believe we have now the right people and the right structure in place to transform Kraft Heinz into an innovation and marketing-driven company.

This is why I want to walk you through this part of our story myself.

We started by facing the brutal facts. We did our research last year and our Global Employee Engagement Survey didn't show us a beautiful picture.

Our people told us that they didn't understand our strategy. That we needed to enhance career development opportunities, because those were not clear to them. We needed to increase collaboration among departments and teams. And we had to reduce the turnover.

The numbers speak by themselves. You see that 47 percent of employees said we did an excellent job anticipating new products and services. Obviously, that means 53 percent didn't. And only 56 percent thought we did an effective job of sharing information across functions. And that's very low.

So we had to take action. And we did. That has led to a new approach of empowering and reinvesting in our people. And as part of this action, we created a roadmap to lead the way. A strategic plan including the critical elements we needed to rebuild a high-performance organization.

When we talk about people, we talk about attracting and retaining great talent. How do we reward and better recognize them? Investing in their learning and development. Helping our people to grow great careers and setting them up for success.

And we started with well my own team. We restructured the Senior Leadership Team. In some cases, we redeployed top talent that we already had within in the company. People with critical skills we needed for our turnaround. For some, we went outside for talent bringing in people with external perspectives and refreshing ideas. And some we kept in existing roles giving us stability in key areas.

We also identified that we had 65 other essential roles. Critical roles that we needed to deliver our plan. All of these 65 roles have been filled with amazing people with 25% of them coming from outside the organization. And these external leaders come with an average of 22 years of experience and expertise. So we now have a very solid team.

I told you we needed to excite and inspire our team with a new vision. One that would inspire our leaders and all of our people to move with the passion, speed and agility we need.

So we defined our new vision: *To sustainably grow by delighting more consumers globally*. Sustainably means we want to grow and grow better, year after year. When we talk about growing, we mean on top line and bottom line. And we are going to do that by delighting more consumers; putting them first. And we will do that globally. A big opportunity to grow across the world. Our vision helps us direct our business forward.

And when we combine this with our new purpose, *Let's Make Life Delicious*. It's a way to say we take pleasure in the work we do every day. This has been very, very well-accepted by our people. Our purpose inspires our people. And it reflects the positive impact we, at Kraft Heinz, want to have on the world. Food plays a very important role in society and our people are helping to build that.

We also redefined our values. These are the beliefs that make clear our shared company culture. Our purpose comes alive when we live our values. And without going through the details of each one, you can see they all are driven by the "Power of We."

Our first value is *We Are Consumer Obsessed*. This is intentional. It all starts with the consumer because they are at the heart of the Kraft Heinz story.

And finally, we defined our new leadership principles. Before, there was the thinking that great leaders are the ones achieve great results. But great leaders also are responsible to building great team. Breaking silos.

They have to inspire their teams. And they have to understand the future and navigate without hesitation toward the future. These are very different leadership skills that we require and they will be part of how we measure and compensate our leaders. Because how we win matters.

We also improved our learning offerings for all employees. We deliver innovative training and learning experiences through our online corporate university. We created several academies that help our people build the functional capabilities they need and that drive our business forward.

As part of our cultural transformation, we are creating a mindset of continuous learning. And providing the resources to support that.

And finally, we invest in our leadership. Leadership programs to accelerate the growth of women in our organization. Leadership programs to accelerate our next generation of leaders. And leadership programs to better prepare and train newly promoted people managers which was a big gap.

We are very pleased to see these people initiatives are bearing fruit. We did some mid-year research and found a very, very different picture than before.

Our people told us that now, they see clearly a new strategy. And it is being openly communicated to the organization.

We have been breaking down the silos, and they are proud of that. They are working teams in cross-functional teams. They are proud that we are recruiting great talent with the required expertise and greater diversity. That we have much richer planning and training. And they see transparency around performance, which they hadn't seen before.

Well, just look at the numbers. Well, now 92% agree that it is much easier now to collaborate. 89% feel they are supported by their managers. 87% believe our new values will guide the company in the right direction.

Well the results, we have had 33% improvement in retention. And we had a 10 percentage-point improvement in employee satisfaction.

This is especially impressive at a time when a lot of companies are suffering from working apart from each other because of the pandemic. But people here tell me all the time, “Even though we are all working remotely, we feel closer than ever.”

Again, this is a journey. But we are very, very happy with the speed in which we are transforming our company.

As you can tell, I am passionate about people. I also am passionate about the positive impact we at Kraft Heinz can have on our planet and in the communities where we do business.

Now, I’m thrilled to have Rashida La Lande walk you through our commitments to our ESG goals.

Rashida La Landa, Global General Counsel, Head of Environmental, Social Governance and Government Affairs

Thank you, Miguel and hello, everyone. My name is Rashida La Lande and I am the Global General Counsel, Head of Environmental, Social Governance and Government Affairs for Kraft Heinz.

Companies like Kraft Heinz have the power to help shape the world for good. We are a global business, but we are also global citizens who believe in helping to create a healthier, more sustainable environment.

We’re taking a fundamentally new approach to Environmental Social Governance. At the heart of this approach is using our scale and agility to maximize our positive impact on the world.



We're fully integrating ESG into our business as we work to deliver our goals by 2025. And our goals are all centered around that continuous improvement mindset Miguel mentioned earlier.

Our ESG efforts line up under three broad pillars: Environmental Stewardship. Responsible Sourcing. And Healthy Living & Community Support. Our strategy reflects one of our company values, *We do the right thing*. We're striving to do what's right in all aspects of our business creating high-quality products made responsibly.

And at the same time, we're honest and transparent about where we have fallen short. That's why we have taken the time and been thoughtful and deliberate about where we can make the most difference in the future.

Going forward, we will increase transparency around our ESG efforts. We'll be sharing clear metrics with stakeholders about the progress we're making against our goals. As senior leaders, we're creating internal scorecards that link achieving our ESG targets to KPIs that measure our leadership team's performance. Our Board of Directors is holding us accountable.

The work we're doing and the level of attention we're directing at ESG reflect our commitment to improve. To do better and to be better.

When it comes to Environmental Stewardship, operational efficiency is an area of focus. We are keenly aware of the impact of climate change and how we can do our part.

Today, we're announcing a goal to purchase the majority of our electricity for our operations from renewable sources by 2025.

And we are seeking to decrease our water usage by 20% in high risk areas, our waste by 15% and our energy usage by 20% .

We are already off to a good start in 2020 with the expansion of our solar footprint globally, reaching 2.6 million kilowatt hours of clean energy per year across three sites in China and using 86 million gallons less water per year through our efficient water system installed in our plant in Newberry, South Carolina.

We're also using innovation to reduce the impact we have on the environment. We continue to make great strides, recommitting to our goal of producing 100 percent recyclable, reusable or compostable packaging by 2025. Partnering with packaging experts, organizations and coalitions, exploring ways to decrease our use of virgin plastic and increasing our role in the circular economy.

Today, more than 70% of our packaging is recyclable, reusable or compostable.

We see real opportunities in Responsible Sourcing holding our suppliers and ourselves accountable for continuous improvement.

Kraft Heinz is the number one purchaser of commercial tomatoes in the world. We also have the largest share of the global commercial tomato seed market. Our seeds have been bred the same way for almost 100 years. High quality, high yield, less water and pesticides needed, and no GMOs.

The tomatoes in our iconic HEINZ Tomato Ketchup are grown from *HeinzSeed*, seeds that are unique and proprietary to us. So we're taking what we call a "*seed-to-bottle*" approach when it comes to producing it. We're committed to making our Ketchup even more sustainable through our Sustainable Agriculture Practices. From how we purchase and grow seeds in the fields, work with farmers across the globe to grow world-class tomatoes, to the bottles that make it onto consumer tables.

In terms of Animal Welfare, although we neither own nor manage farms, our approach with our suppliers is guided by the Five Freedoms encouraging the adoption and adherence to policies focused on the mental and physical well-being of animals in our supply chain.

I am also happy to report that we have made great strides in our approach to palm oil. 99 percent of our palm oil is traceable to the mill and 100 percent of it is certified sustainable. Commitments we will continue to emphasize given their importance to human rights and preventing deforestation.

Feeding the world is at the heart of our Healthy Living & Community Support pillar. We've set Global Nutrition Guidelines that are based on globally recognized dietary recommendations from the World Health Organization, U.S. National Academy of Medicine, and the European Food Safety Authority. We're working to meet these guidelines by focusing on healthy product innovation and renovation.

But we've already achieved a lot of success. We're proud of surpassing our 2023 goal of 70 percent compliance exceeding it and reaching 76 percent compliance four years early! Now, we're working to achieve 85 percent compliance to Global Nutrition Target across our portfolio of products by 2025.

We will get there by eliminating more than 60 million pounds of sugar from our products and reducing sodium by 5% in certain products where we believe these changes can be most impactful. We'll do it by simplifying our ingredients. And increasing our plant-based protein offerings.

And when it comes to giving back, we take what we know best and do well producing high-quality, great-tasting food to change lives around the world.

The fight against global hunger is near and dear to our employees' hearts. Our Kraft Heinz Micronutrient Campaign produces and donates powders with essential vitamins and minerals. Working with Rise Against Hunger and several other non-profit partners, we have provided close to 600 million meals to people in need all over the world since 2016.

And we're recommitting to eradicating food insecurity by setting a goal of providing 1.5 billion meals by 2025.

During the early days of the COVID-19 pandemic, we committed to giving 12 million dollars in cash and product donations globally. All to make sure people have the food they need during this unprecedented time. Since then, we've continued making additional financial and in-kind donations to local communities and food banks around the world.

We, at Kraft Heinz, take our responsibility to feed people very seriously and it is the cornerstone of everything that we do.

ESG is all part of our long-term journey and we're committed to doing the work needed to make our goals come to life.

Now I would like to turn it over to Nina Barton, Our Chief Growth Officer, who will walk you through our new Consumer Platforms.

Nina Barton, Global Chief Growth Officer

Thank you, Rashida.

Good morning, I'm Nina Barton, Global Chief Growth Officer for Kraft Heinz. I have been with Kraft Heinz for over 9 years and have been in the consumer industry for over 22.

I am so excited to introduce you to our Consumer Platforms! They are a central part of our transformation a fundamental mindset shift for Kraft Heinz and a powerful way to fully harness the scale we have across categories.

I'll start by explaining our shift from category to a consumer mindset. Then give you an overview of our 6 new platforms that are the basis for creating new experiences for consumers, based on how they live their lives and how they eat today. And then I will show you how we are deploying these platforms across the company.

First, let's discuss the consumer-obsessed shift we're making, based on a deeper understanding of consumer needs and how we're reorganizing our business to meet and exceed them.

From the earliest days of Kraft Heinz, we have viewed our business largely through the lens of categories, based on the outdated hierarchy of product types. For example, Ketchup, Gravy, or Pasta Sauce.

We tried ineffectively to manage more than 55 categories focusing on discrete consumer needs, with siloed goals of winning in certain sub-categories. We were trying to innovate, produce, market, and sell a huge range of products, individually tackling more than 55 categories.

We were fighting too many small battles diluting our efforts and slowing us down.

This narrow focus caused us to miss the larger, more holistic consumer needs that would truly shift the business, and our size was working against us instead of our scale working for us.

By 2019, our innovation was taking longer, and yielding much smaller results than that of our competition - 50% smaller in fact.

So, we posed some fundamental questions about all our products and how they fit into consumers' changing lives.

And we learned that consumers didn't view our products through rigid category definitions. They look at products more broadly, focusing on how they used them and integrated them into their lives.

They were asking themselves, *"How can I save time cooking dinner tonight?"*  
*"How do I make my salad taste better?"* *What should I snack on before dinner?"*

To answer these questions, we needed to fundamentally rethink how we approached our business.

And the shift was a simple but meaningful one. We reoriented our business viewing it through the eyes and perspective of the consumer to create better food experiences for them, taking into consideration the meal occasions they were creating and their broader needs.

We looked at their needs today and anticipated what they might be in the future.

Let me give you a powerful example.

Let's take Peanut Butter. In our Canadian business today we are the leading brand with 66% share of the \$270MM peanut butter category.

Over the past few years, in an effort to drive growth, we have focused on product innovation, creating new types of peanut butter. Our last few launches were flavor varieties including Chocolate, Honey, and Extra Roasted. These innovations only gained about 1% gross market share on average and did not grow the total brand.

Why? Because we were looking only at the market of peanut butter.

Now, if we shift our lens to the consumer's needs, we focus on answering a different consumer question: "What will make my morning tastier"

The answer opens a world of possibilities for us. The consumer has many choices in morning spreads for toast, ranging from butter & margarine, peanut butter, cream cheese, and jams & jellies.

By using this lens the size of the market is much larger, over \$700 Million.

Our research-based insights uncovered that growth in the breakfast toast occasion was linked to sweeter offerings and that led us to accelerate the launch

this year of Hazelnut spread. To date this has grown rapidly to a 13% share of the sweet spreads market, far surpassing any other innovation we have done in Peanut Butter. And this has been close to 100% incremental to our core business which means we are driving real growth.

As you can see from the example, this approach unlocks a major competitive advantage for us – it increases our consumer relevance by focusing on a core consumer need.

It also creates three additional advantages, it drives focus, creates discipline, and leverages our scale.

This will all drive consistent organic sales growth for Kraft Heinz. Consumer obsession is at the heart of this approach.

We know that in order to drive this growth we need to get closer to the consumer to put her in the center of everything we do and deliver amazing food across all of our brands. Our new focus on consumer obsession is a critical enabler to deliver this.

We concluded that platforms are the best way accelerate the response to those consumer needs at scale.

Let's take a closer look at what we mean by platforms and what our new platforms are.

A platform is a lens we created for our portfolio based on a grouping of real consumer needs. For example, Ketchup and peanut butter both add flavor to food, but are used on a different host foods. Ketchup is used on the burger, and peanut butter on toast, and they both have opportunities and commonality as they are joined by taste.

We are now organizing ourselves around 6 platforms, spring-boarding off the common consumer needs across products.

These platforms are modular and can be shaped and customized by zone, truly allowing us to optimize our iconic and growth brands across the globe. Our 6 new platforms are Taste Elevation, Easy Meals Made Better, Real Food Snacking, Fast Fresh Meals, Easy Indulgent Desserts, and Flavorful Hydration.

They vary in size, with Taste Elevation being our largest.

And they have different regional footprints. Taste Elevation and Easy Meals Made Better are global and Real Food Snacking, Fast Fresh Meals, Easy Indulgent Desserts and Flavorful Hydration are US and Canada focused.

Let's look at what consumer needs, each platform meets, what kinds of categories and brands are in each platform, and how big the sales are.

Taste Elevation helps the consumer who wants to add more flavor and texture to their favorite foods. Products in this platform address the essential consumer need to add flavor in many forms to favorite host foods, such as a burger or salad.

With a value of nearly 7 billion dollars, it is our biggest platform. It has one mission: to create products that enhance the taste of food.

Heinz, our powerhouse global brand, lives here. As do categories like ketchup and peanut butter, since they add taste.

Easy Meals Made Better helps families find the balance between easy and fresh – with nutritious foods they can feel great about.

It tackles the age- old question of “what can I make for my kids dinner tonight that they will eat and that's good for them” and it gives the consumer more convenience without the guilt.



Easy Meals Made Better represents \$4.3 billion dollars in sales for KHC globally, and houses our powerful brands of Kraft Mac & Cheese, Classico, and Ore-Ida.

Next is Real Food Snacking which taps into the trend of between meal eating, or snacking as replacements for meals. We know that consumers continue to snack more and more. And we know that by offering solutions that are tastier, more substantial, with increased protein and better nutrients, we'll meet the next wave of consumer growth.

Fast Fresh Meals was created to help the home cook put meals on the table faster without compromising freshness.

It addresses the reality of modern life that everyone is crunched for time whether they're at home with a family or kids – or live alone and are managing busy lives.

Some of our most iconic and popular brands, like PHILADELPHIA and Oscar Mayer, are in this \$6 billion dollar platform. They appeal to consumers who like to cook but can't spend all day prepping or preparing meals in the kitchen. Fresh and easy are their mantra – and they're not willing to sacrifice one for the other.

Easy Indulgent Desserts bring sweetness and joy to our consumers lives.

It is one of our most delicious new platforms. And in these challenging times, who doesn't need a sweet treat in their lives?

Brands in this Platform like Jell-O and Jet-Puffed offer indulgence, pure and simple, and bring a taste of joy to everyday tables.

And finally, Flavorful Hydration arms our consumers with products to quench their thirst and feel great about their choices

From kids' favorites like Capri Sun and Kool-Aid to the plant-powered fruit appeal of our new Creative Roots brand, to water enhancers like MiO, these products offer a range of beverage options with appeal across generations.

So there you have it -- 6 amazing new platforms that serve both to simplify and harness the scale of our great portfolio.

As you will see across the rest of the day, each platform has specific and exciting plans for growth.

But we know that to deliver consistent, organic sales growth, we can't stop at just meeting consumers' needs today, we need to anticipate where they are going next.

So we are investing into many pillars to create the next wave of growth. New business models like supper up, direct ship to home meals that are perfectly prepared to put into your instant pot, and Heinz to home Direct to Consumer, help us to connect effortlessly to our consumer in their house.

We're also investing in developing solutions in rapidly accelerating consumer areas like plant-based products and proteins, and food that do more to help our consumers health and wellbeing.

So finally, let me take you through how we will we bring this transformation to life. How will this all work?

As Miguel mentioned, our platform strategies are centered around three key Priorities – grow, energize, and stabilize.

These Priorities are driving and guiding where and how we're investing in our business.

Our grow priority represents about 50 percent of our sales globally... and includes our Taste Elevation, Easy Meals Made Better, and Real Food Snacking platforms. These are all large and growing markets that are in sync with consumer trends. Our portfolio of iconic global and local brands in markets around the world give us an advantage to win big in these platforms. The addressable market is large and growth will be enabled by the strong capabilities we already have in brands, and manufacturing, as well as our strong share position.

Our energize priority represents about 30% of Kraft Heinz sales. The Fast Fresh Meals platform and Easy Meals Made Better Internationally fall under this umbrella.

It's a sizable market but has a lower growth potential. Kraft Heinz has a strong position with brands including PHILADELPHIA and Oscar Mayer in the US and Canada, but we need to better differentiate our products through renovation and revitalization. We are investing judiciously to improve performance, and plans are already underway in these brands.

Our third priority, stabilize, represents about 20 percent of sales. Flavorful Hydration and Indulgent Desserts live here. These two platforms have lower growth potential, but higher consumer loyalty. We are investing selectively in these brands to stabilize sales.

We will grow, energize and stabilize these platforms by using 5 levers: innovation, renovation, marketing investment, revenue management, and distribution approach.

Over the next five years, our overall marketing investment will increase by 30%. But, as Miguel said earlier, and I've just explained, this investment will not be spread evenly among the grow, energize and stabilize brands.

Instead, to maximize return and ensure we deliver the highest, most sustainable topline growth, we will prioritize investment in the higher-growth platforms

where we have a market advantage. And we will use the full suite of tools differently to maximize growth.

This new platform approach is a bold transformation for Kraft Heinz. A revolution in how we manage and grow our business.

We're moving from merely using data and insights to inform our actions on product categories to reorganizing our business based on a richer understanding of consumer's needs.

We're moving from making innovation and marketing investments across more than 55 different product categories to focusing on 6 specific, consumer-driven platforms.

We're going from an investment model that sometimes operated without rigorous prioritization to a model that's far more robust and disciplined.

We're moving from the days when we didn't fully take advantage of our impressive size to a business model that fully leverages the scale of Kraft Heinz one of our strongest competitive advantages.

I am very confident in this transformation from category to consumer platform will position Kraft Heinz for consistent, organic sales growth well into the future.

Thank you

I will now turn it over to Paulo Basilio to take you through Productivity and Ops Center.

Paulo Basilio, Chief Financial Officer

Hello everyone. I'm Paulo Basilio, CFO of Kraft Heinz.

With Nina having just outlined our Platform strategy it is my pleasure to introduce to you our productivity opportunities.

We call it Ops Center the key source of fuel, that will ignite the growth engine that Nina described.

We are using, powerful tools to improve our performance and transform our business model. Things like robotic process automation and becoming more digitally enabled in everything we do.

But what we want to focus on today, is the big opportunity we have, from simply getting back to the basics to established, tried-and-true principles and processes.

Things we already have underway - to drive better integration and streamline processes across our company. Initiatives that will unlock: value creation in Procurement; and execution efficiencies in Manufacturing & Logistics.

So, let me describe our focus.

Since last year, we have been discussing how important it is, to turn around our gross profit performance, given its relevance to our EBITDA decline.

The primary cause of this decline has been our supply chain performance. We were not able to implement productivity initiatives, to offset cost inflation. So, we lost efficiency in procurement, manufacturing, and logistics.

We were late to transition from integration-driven consolidation, to ongoing productivity plans. We are now switching our focus, from fixed to variable operating costs. We have long-term efficiency initiatives. And, we see a clear path to improve our Gross Profit gap, and to strengthen our competitive advantage.

Our starting point is a large and robust supply chain, with many scale advantages - in procurement, manufacturing, and in logistics. It is a massive operation. But it was fragmented.

We were operating in independent silos, with limited connection to the business, and limited connectivity across supply chain teams.

We needed a framework, to integrate our operations with the rest of the organization.

So we created Ops Center, as a critical piece of our new operating model.

The purpose of our Ops Center is to align plans and practices across the organization; streamline day-to-day management and the processes behind our operations; and deploy technology to ensure continuous improvement.

The Ops Center will bring together our value chain on an end-to-end basis. From Marketing and R&D, to procurement, production and distribution, to sales.

The backbone of the Ops Center is Integrated Business Planning. Integrated Business Planning is not new to the world. But it is new to Kraft Heinz.

We are now implementing those processes and practices, to connect and align all of our teams.

I truly cannot say enough, about how Ops Center is transforming our operations, and our mindset.

We are forming strategic, long-term collaboration with suppliers.

We are creating a fast, adaptable, and integrated supply chain, with greater end-to-end visibility, to drive continuous improvement.

We are going after variable cost productivity. In short we are leveraging our Scale through Agility. So, how big is the opportunity?

We have identified 2 billion dollars of gross productivity efficiencies, to be captured in the next five years.

Roughly \$1.2 billion dollars will come from procurement and another \$800 million dollars from manufacturing and logistics efficiencies.

So, without further delay, let me turn it over to Marcos Eloi, our Chief Procurement Officer, to detail exactly how we are unlocking value creation in Procurement.

Marcos Eloi, Chief Procurement Officer

Thanks Paulo.

Hello everyone, I am Marcos Eloi But to everyone that I know I'm just Eloi.

After 20 years working in Procurement I've joined Kraft Heinz a year ago and I can tell you how excited I am about the opportunity we have here to build true partnerships with our suppliers and also turn our procurement organization into a competitive advantage for our company.

We are deploying a comprehensive approach to unlock significant value.

Building a strategic procurement organization integrated with our stakeholders, both internally and externally, driving value for our company.

We're implementing a collaborative approach with our key suppliers focused on developing efficiency initiatives, innovations that support our brands, as well as ESG-related opportunities that Rashida showed you earlier.

Our transformation journey is well underway, and it's focused on the most critical aspects of our strategy.

Starting with our people.

As Miguel presented earlier today, this is very important for us... we need to make sure we have the right talent in place to deliver this strategy.

I'm very happy to say that since I joined a year ago, we have transformed our Procurement leadership team, complementing existing expertise with new talents to create a diverse and top-tier leadership team, with an average of 23 years of expertise in their fields.

And we're not only attracting great talent but also developing our teams to enhance our capabilities and engage our people to deliver this plan

Next, is our operational excellence, integrating with the business as well as standardizing and enhancing the way we operate across the whole company, optimizing our global scale with the agility of our zones.

As a consequence, we're unlocking value on both the top and bottom line, a crucial step in developing a sustainable and long-term pipeline of initiatives.

To deliver our objectives, we've mapped four key initiatives enabled by our supplier collaboration model. They are focused on boosting our Sourcing Excellence, revamping our approach to external manufacturing, building a Procurement Center, and implementing design to value as a distinct opportunity.



I'll give you some background on each of them.

I will start with Sourcing Excellence.

We identified an urgent need to elevate our procurement capabilities to address unexplored-opportunities, enhancing our sourcing results while strengthening our relationships with key suppliers.

We're building solid strategies for key categories that take advantage of both our global scale as well as the agility at our zones to identify and capture efficiencies locally.

We are also building our digital transformation roadmap also investing to enhance our current systems as well as increasing the adoption of some of our current tools like e-auction, to address effectively our broader spend and drive efficiency.

At the same time we are working to secure our growth agenda by addressing the key risks on supplier dependencies.

Moving on to the next initiative, I want to discuss the change in our approach to external manufacturing.

We have around 350 suppliers across the company and spend approximately 2 billion dollars annually.

Our external manufacturers should be an extension of our company, but we have been dealing with them in a very transactional way. This is changing. Relationships with our external manufacturers will now be driven by a streamlined process. On the first step we are developing a straight forward make or buy methodology, strategically evaluating whether we choose to outsource our product or not.

If we decide to outsource, we will define the best approach, selecting the right partner for what we need.

Then, we will evolve on the way we manage our relationship. It shouldn't be that different than the way we are managing our own operations with the same processes and methodology that you will hear from Mitch in our next chapter.

Lastly, we will collaborate with our external manufacturers to enhance their performance and also to co-develop innovation.

Our next initiative is the procurement center where we will have the benefit of creating efficiency through centralizing our indirect spend. With more than 20,000 suppliers, this is a heavily fragmented spend. By centralizing it we will ensure proper visibility and control to drive consolidation of spend with contracts and with automation, we will streamline our procurement operations to drive price savings.

For example, we identified several cases where the same materials have been bought across the company with up to a 20 to 30 percent price difference. That's exactly what we're expecting to optimize and capture those opportunities as a result of this project.

We are implementing the procurement center in our North American operations as we speak, and we will roll out this project across our International zone within the next 2 years.

Finally, we're implementing a comprehensive design to value methodology to drive both value engineering opportunities as well as to feed our innovation pipeline.

With a cross-functional approach, we're using our consumer insights and competitive benchmarking, addressing both our cost structure as well as our product designs.

And this is not just to take cost out but also to add value to our products and brands.

Last year, we ran our first pilot in the US, covering only 25 percent of our spend.

As a result of this pilot, we were able to identify a pipeline of initiatives that doubled the size of value engineering savings that we normally implement every year.

Now, we're rolling out this methodology to other categories in the US as well as in our other zones.

As we look to focus on revitalizing relationships that will benefit both Kraft Heinz and our key partners.

These projects will be enabled by a strong supplier collaboration program, evolving our relationships with key strategic suppliers, to co-develop initiatives that drive efficiencies, innovation and sustainability, supporting our future growth.

To implement this program we've already engaged with a selected group of strategic suppliers, which together represents around 40% of our total spend

And the response from our partners on this approach has been really positive.

In summary we have four clearly mapped and designed initiatives.

As I've said before, our journey is well underway. And we are confident that we will be able to capture \$1.2 billion dollars in procurement efficiencies over five years, beginning already this year

Enabling top-line value creation, strengthening the collaboration with our partners, and living the values of our Company every single day.

Now I will pass along to Mitch to describe how we are Unlocking Execution Efficiencies in manufacturing and logistics.

Thank you!

Mitch Arends, Head of U.S. Manufacturing

Thank you, Eloi. Hello everyone. I am Mitch Arends, Head of US Manufacturing.

I have been with Kraft Heinz for 10 years, and almost 25 years in the CPG industry predominately on the operations side of the business. And I'm delighted to have an opportunity to talk to you today about the major transformation underway in our manufacturing and logistics operations.

As Paulo outlined earlier, based on our performance over the past 3 years, we knew we had to make a major transformation, and change our mindset within operations. We identified three key opportunities and programs to bring our performance back in line with both industry leading benchmarks and our own expectations.

And this is already being proven out by the way our people have responded and ultimately the way we have been able to serve our consumers, during the COVID crisis.

Our transformation began in late 2019 and has carried strongly into 2020. This allowed us to navigate in a far more nimble and connected way, largely thanks to the implementation of our key programs, that I would like to share with you today.

Our key efficiency metric for our factory's performance is Overall Equipment Effectiveness or OEE. In 2019 we lagged industry. However, in 2020 alone, we've already reduced this gap, with an ambition to close the majority of this gap by 2024.

When we look at yield, it's important to consider the gap vs perfection of the controllable opportunity. In 2019 we finished with a sizeable opportunity. Through the initiation of our Champions program, we've already realized a portion of this opportunity. With the ambition of realizing over half the total opportunity by 2024. We can accomplish this by furthering the partnership between operations, procurement and R&D.

When you look at operations as a whole, Supply Chain Losses, is our key metric for overall supply chain effectiveness. In 2019 we identified a significant global opportunity. We put an immediate full court press on this opportunity, and through key activities & routines, we have already realized a significant reduction in these losses.

Overall, the Ops Center Program will allow us to build an Operational Excellence Machine so we can turn these types of results into sustainable year-over-year improvements.

We will leverage our scale and experienced leadership in our Operations Center, allowing us to integrate our opportunities across the supply chain to deliver results.

First, we have deployed our first wave of the Kraft Heinz Management System, our home-grown Integrated Work System, focusing on Owner Operators and leveraging simple, but effective, six sigma tools that drive efficiencies in our factories.

Second, we are creating a strong continuous improvement mindset, focused on opening the gap to perfection, through our Champions Program. We will leverage both benchmarking and technologies to enable our future. All areas will be

benchmarked inside and outside to ensure we are challenging ourselves to drive our continuous improvement machine.

Third, we have developed our Integrated Business Planning System to keep our focus on driving long-term success for all of operations, while also connecting operations to the entire enterprise.

And supporting all of these initiatives (pause) is our newly optimized Organization Structure, designed to ensure our strategies across the globe are fully aligned through our global leadership team and allowing the regional experts to execute the strategic vision.

Now I'd like to deep dive on each of these initiatives.

First, in manufacturing, our KHMS system will fuel the foundation of our improvement, from the plant floor to the strategies and initiatives we deploy. Our ambition is to create a world class Integrated work system, enabling continuous year over year improvement, driven by owner operators, to safely deliver quality products to our consumers.

Through the creation of a best in class work system, founded on the principals of the best of Heinz and the best of Kraft's heritage, KHMS builds on the foundation of Six sigma and performance management systems, while also benchmarking with the external market to ensure the right way of working for our company.

And with new, experienced professionals like Flavio Torres, our Global Head of Operations, we have experienced leadership to guide us, as Flavio has led large Operations, in a successful and sustainable manner.

And let me add, KHMS has been instrumental, to ensure our preparedness, when demand accelerated, due to this COVID pandemic.

Additionally, the creation of standardization and rigorously disciplined processes, from the plant floor, up through the operations leadership teams, we will enable a data driven framework that will carry us from our old fragmented ways of working to our new Operational Excellence program by improving: Production execution at the line level; Servant leadership on the plant floor; Robust maintenance systems founded on reliability; Lean Manufacturing principals to guide the inbound supply, efficient plant schedules, and lean transportation & warehousing networks; A safety and environmental pillar to drive a culture of safety and environmental responsibility and ; A food safety and quality framework to ensure the desired consumer experience.

We have already started to see the value of this journey, as evidenced by our efficiency gains, but we know that in order to reach the ultimate goal we will need to harness the power of our nineteen thousand employees. This foundation built on owner operators with the right tools and processes will be the fuel for our system and driving consistent improvements.

Now, let me explain a bit more about our Champions process.

Our champions are made up of our subject matter & technical experts across the company, each of these experts have a deep understanding of the products, technologies and assets. By pulling them together we can unlock the opportunity to build on performance. This process is creating clear price and performance visibility in each cost category.

This gap illustrates the full end to end opportunity in Kraft Heinz. For example, in yield we will drive this action through a culture shift of data, by focusing on the loss to perfection. Similarly, we will follow this same methodology for labor efficiencies, utility practices and deploying technologies.

Two weeks ago we had the Champions virtual workshop, to prepare the 2021 plan. Over 200 of our experts, from all different function, identified projects to support our 2021 productivity commitments, as well as laid a strong foundation for our future.

Now, shifting to how a standardized and disciplined manufacturing network, will unlock our next major transformation priority, our Integrated Business Planning system. As Paulo introduced and you will hear more about from Carlos, IBP is a process that builds a single plan to operate the company.

Specific to our Supply Chain, our processes were not well integrated across the different functions, which created inefficiencies.

Through IBP we'll be changing the narrative. The process will drive us to a single plan, spanning over a 24-month horizon, that is fully aligned with the enterprise. We started on this journey earlier this year and will be fully implemented by year-end.

By driving out the inefficiencies in our process and breaking down the operational pillars of the supply chain, we are able to drive lean principals throughout operations to significantly reduce our supply chain losses, again impacting our waste footprint.

Supporting these initiatives is our Organizational re-investment.

We have organized ourselves to optimize and leverage best practices both inside and outside Kraft Heinz. Our Global Center of Excellence will define the strategy, develop analytics and KPI's to drive improvements, and lead both our benchmarking efforts and our Digital Transformation.

This is further supported by the creation of Zone Technical Centers. Which serve as the experts in all manufacturing processes, technologies and standards. These teams will also continuously evaluate the opportunities to drive to a zero-loss mentality and form the framework for training and deployment of all our employees.



I should add, this groups has already trained 200 plus yellow belts, 50 green belts and 20 black belts, not to mention commodity and packaging experts in our factories, that will fuel the problem-solving activities in the plants and our move to a fully defined KPI tracking and data driven culture.

In our Logistics organization we have imbedded lean experts, focused on driving efficiencies. From travel patterns and distribution strategies, to the investment in automation and self-guided vehicle. These programs will deliver significant efficiencies.

From the foundation of how we will work with KHMS, to our integrated business planning tools, our commitment is to a culture of continuous improvement, in which we will harness the power of our people, the best idea's inside and outside of our company, to drive a zero loss mentality and deliver \$800MM in new Gross Savings.

Combining Leadership, Knowledge and Methodology, as enablers of excellence. Through this rigorous and disciplined structure, best in class processes, and leading-edge tools we will truly activate our organization to deliver year-over-year sustainable results as we turn our enterprise into a *strategically integrated*, global powerhouse and deliver \$2 Billion in Gross savings.

Thank You.

Now let me turn it back to Chris for Q&A.

Chris Jakubik, Head of Global Investor Relations

Thank you, Mitch. This is Chris Jakubik, Head of Global Investor Relations at Kraft Heinz. We're now going to have all of our speakers that have presented so far available for the first of our three Q&A sessions. I will apologize in advance for any choppiness we may encounter because we're spread across four different locations. Also, we may come back to some of your questions later in light of what

Carlos, Rafa, and Paulo will present later today. And I may combine some questions, so we can cover more ground. So, let's get started.

The first question we're going to take is for Miguel. The question is this. A lot of investors think the problems at KHC were caused by too much cutting. Miguel, in your initial assessment, how much underinvestment do you think there was and how much needs to be brought back especially in areas like head count?

Miguel Patricio, Chief Executive Officer

Look, I'm asked very frequently this question in different forms, and maybe the most common one is, are we going to rebase or not the company. So, let me be direct with you. We are not rebasing the company. But with that in mind, let me tell you or give you a little bit more information. First, what you asked about head count, we are not reducing or increasing head count. We believe that although we have a lean structure, we like it that way, not to be cheap but actually, because we believe we are much more efficient that way. That helps a lot, in our culture of ownership, our accountability of our people, the simplicity and reducing bureaucracy. So, we like it, and that is the way to operate. Eventually, in areas where we are going to grow like in China or in Brazil, you have to grow head count with expansion but that's it.

Now, another question that you always ask me is about CapEx. We have to increase CapEx. And the answer is yes. We are going to increase CapEx. Paulo will tackle that point later on.

And the third one that you ask me very frequently is about marketing. Are we going to increase investments in marketing? On that one, let me give you a little bit more color. I would prefer to – actually to be asked, if we are going to increase our ROI in marketing, which goes beyond growing the investment. And for that, I think we have to do a couple of things that we are already doing.

First, improve the copy, right, the quality for communication. And for that, we reduced dramatically the number of agencies we work today, and we are hiring great talent to our company. In the last three months, we defined three new heads of what we call the Chief Growth Officers for international, for Canada, and for US, and we are building amazing teams in marketing. That's the first. The second one, actually, is media. Can we buy better media to have a better ROI? And I'm pleased to say that after almost a year of negotiations, we finished our first featured media, and from next year on, we are going to have 30% more media for the same budget, which is great.

The fourth thing is allocation in marketing. In the past, we had just around 30% of media as percentage of total marketing and that has to increase. And finally, the fourth is, okay, but with all of that, do you still have to increase our marketing investments. And the answer is, yes, we do. And our intention is that in the next five years, we will grow about 30% marketing investments. Paulo is going to talk about it later, but we'll pay debt from within the company. So, we don't have to rebase the company. Thank you, Chris.

Chris Jakubik, Head of Global Investor Relations

Thanks, Miguel. Second question that we're going to take is on brands. The question is can you explain the role of the brands within the platforms? Is the plan to grow or renovate or stabilize all the brands within a platform based on the role of the platform? Nina, maybe you can start off on that one?

Nina Barton, Global Chief Growth Officer

Yeah. It's actually – it's a great question. The way we thought about our brands in this new construct was really within each of the platforms. So, let me give you an example. If I look at the platform of Easy Meals Made Better, we have a whole array of brands and some of those brands, we expect to grow, and some we will have different roles within it. So, for example, our Mac & Cheese business and our Stove Top business, we will manage those very differently.

What we expect in totality is that platform to grow. But as we look at the brands, they will have played different roles as we push investments to different areas. So, what we really understand is that the net result of the platform is to grow, but the role of the brand based on the consumer trends and where we want to make investments will go into different areas. Thanks, Chris.

Chris Jakubik, Head of Global Investor Relations

Okay. So, let's take the next question on – more on costs. Question is how much of the \$2 billion of savings is expected to come from big four commodities and what level of inflation are you assuming in your plans? Maybe, Eloi, you can start that one.

Marcos Eloi, Chief Procurement Officer

Thanks, Chris. Actually, none of our savings are focused on commodities, big four or non-big four. Let me put that way, if we look at the commodity side, so we have our own mechanism in place, our hedging mechanism in place in order to protect ourselves. Also, to give visibility to our commercial teams, right. On the efficiency side, on the initiatives, we look for the whole supply chain and look for efficiency on that, right. None of the four initiatives that I mentioned before are focused on commodities. So, in the second part of your question, when we put together this plan, we expect to more than offset the inflation going forward. So, basically, considering what we have planned, offsetting and more than offsetting the inflation going forward.

Chris Jakubik, Head of Global Investor Relations

Okay. Great. Let's follow up with another one on supply chain. The question is since the pandemic, Kraft Heinz has had a variety of supply constraints. Please explain the size of these issues and the fixes that will allow the constraints to be eased. For example, did Kraft's Labor Day promotions go on as planned? Are promotional levels being restored to pre-COVID levels? Mitch, maybe you can start with that one.

Mitch Arends, Head of U.S. Manufacturing

Sure, Chris. I guess, I'll start with speaking more to the production side. And the commercial, Carlos or somebody could speak more to the Labor Day holiday promotional activity. But as it relates to our ability to produce, since this – let me start with really, since this pandemic started, I can tell you that we started very early with very robust, strict protocols, following with really a response from our employees that now they follow the protocols to ensure a safe working environment but also, to ensure that we were ready to produce at the need that not only our company needed but our country needed.

So as we have moved through time here, we have largely produced almost in lot of our factory 20% more than we were a year ago and that trend has continued. So, overarchingly, I would say that, the organization has responded. We're on our recovery path in production and, I think, we'll get back to a full service very soon here as we enter through the fall season.

Chris Jakubik, Head of Global Investor Relations

Great. Great. I want to make sure we fit in a question here from an investor on ESG. In the presentation, you outlined the new set of ESG goals. How do you expect to track your performance to meet those goals and how is this being built into management compensation? Rashida, do you want to start on that one?

Rashida La Landa, Global General Counsel, Head of Environmental, Social Governance and Government Affairs

Thank you, Chris. I like that question actually. It goes to the heart of why I'm excited about our ESG goals going forward. When we designed these goals, we did it with the enterprise strategy in mind. They were designed to integrate the goals into our strategy. And as a result, that means that, as we set the goals for the team, our employees around the world, the ESG as well as our strategy are in their KPIs and in the goals that each individual has. In addition to that, we're reporting monthly to each other and also to the board. And people like Eloi, myself and Miguel have KPIs that are designed to figure out whether or not our ESG goals have been attained.

Miguel Patricio, Chief Executive Officer

Let me just complement that question, Chris. I think ESG is very important and plays a very important role in the company moving forward. And I think that it's not only Rashida that is excited about it, but all of us, starting with myself that to make it clear to the entire company, how important this is, how ESG is important, I have one of my personal targets linked to ESG performance. And, well, that's just the beginning.

Chris Jakubik, Head of Global Investor Relations

So, Miguel, let's follow up with one more along those lines on culture. The question that came in is the presentation talked about creating a strong culture, but this usually takes a lot of time and usually leads to a lot of turnover. What is the culture you're trying to build, and how similar or different is it to the past? How long do you think it will take to get where you want to be?

Miguel Patricio, Chief Executive Officer

Well, I have to agree with the person that asked this question that changes in culture take time. But what we did was to first understand the reasons for the turnover, why we were having a high turnover, and if this was linked to culture or not. And what you saw in that research was that people were concerned because they could not see a north, a strategy, and they could not see their progression in the company in the future. And we act on it. The truth is that with – by releasing and sharing with our employees what the values are about, the vision, by sharing the strategy, by sharing leadership principles, we are talking about our culture. And I have to say that our people are very excited about it. And when we showed the results that engagement is increasing substantially and turnaround is decreasing substantially, so we are – we decreased year-to-date 33% the turnaround in the company. Well, I think that's the best proof of that.

Chris Jakubik, Head of Global Investor Relations

Great. And I think I want to change gears a little bit here and go back to the platform piece that Nina presented. And the question that came in is how did management determine which platforms went into each role and how will marketing and investment levels be determined going forward?

Nina Barton, Global Chief Growth Officer

Thanks for the question, Chris. This is something that actually was a large discussion for us. And I restarted this process. We looked at two sets of criteria. We looked at sort of one bucket, which was the attractiveness of that area. So, thinking about things like the profit or the growth, the consumer trends in that area to understand how attractive the area was. The second thing that we looked at was our right to win. So, looking at our capabilities from like a manufacturing standpoint or from an R&D standpoint and our current market share helped us to understand which are the areas that we should invest behind. And so, as we look to place platforms in Grow, Energize, and Stabilize, we used these two areas to help us determine which to place where. Thanks.

Chris Jakubik, Head of Global Investor Relations

Great. Let's come back to supply chain a little bit and the question is on the programs that Mitch had laid out in his section. Question is, how is the KHMS program Mitch talked about the same or different from Kraft's Six Sigma program before the merger? Are the efficiency targets set out today going beyond what Kraft achieved in the past? Mitch?

Mitch Arends, Head of U.S. Manufacturing

Yeah. Okay. Yeah, Chris. So the first part of the question, let me start with what KHMS is and what we built. Part of the question is we did build on our past as we – if you look at legacy Kraft, legacy Heinz, we had a strong Six Sigma culture in both companies and rolled out programs. And then also in legacy Kraft, the whole performance management. But what we built with KHMS drew upon that and is really a path forward. By drawing on the past, benchmarking to the outside, and creating the best for us or best for Kraft Heinz system to drive us forward as we kind of roll out what we believe is, in my mind, the best work system available for us. And, Chris, could you – what was the second part of the question again?

Chris Jakubik, Head of Global Investor Relations

It was, are the efficiency targets set out today going beyond what Kraft achieved in the past?

Mitch Arends, Head of U.S. Manufacturing

Oh, yeah. So, in our recent history, I would say that we were more focused on fixed efficiencies. And then if you look at the variable side is – and the way I'd like to think about it and the way we are looking at it is really the path forward. And what we see on the variable side is this huge opportunity for us. And I hope I laid that out well when I spoke to you guys earlier around the opportunity, and that opportunity is transcending on that – or on that variable side in our efficiencies as we see this large opportunity. And it's evidenced even in this first year as we were in the first year of this rollout as we've seen a nice 5% OEE gain as an example across the different programs.

Chris Jakubik, Head of Global Investor Relations

Great. I want to try to squeeze one more in here that's related to supply chain. So, the question that I get pretty often, it's on third-party manufacturing and the question is Kraft Heinz has had a significant reliance on third-party manufacturers in the past. Will the new strategy lead to relying more or less on external manufacturing going forward? Well, I think you've touched on that in your presentation.

Miguel Patricio, Chief Executive Officer

Actually, the number of external manufacturers is not a target or objective, right? So, it should be actually a consequence of our strategy. The whole revamp on the way we are going to manage our external manufacturers is related to the way that we are collaborating with them, the way we are selecting our external manufacturers, and also the way that we define whether or not we need to go into our external manufacturers. So, when we put these together, we should be able to manage our third-party manufacturers in a much better way than what we have today which is very generalist, very transactional.

Chris Jakubik, Head of Global Investor Relations

Okay. So, in the interest of time and keeping us on track, we'll end it there for now. So, let's take a five-minute comfort break. When we come back, we'll have a short video before Carlos and Rafa outline how we are going to get there through our plans for the US, Canada, and international zones.

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Carlos Abrams-Rivera, U.S. Zone President

I'm just so glad to be here today. I'm Carlos Abrams-Rivera, President of the U.S. Zone and for today's presentation, I'm also representing our Canadian business.

When I joined Kraft Heinz in February, I knew the potential of the Company I joined and the quality of the people I'd be working with.



What I didn't know was that over the last 7 months we would remake the company, come closer together and renew our promise to be the soundtrack in American kitchens.

Today, you'll hear about the comprehensive plans already in motion in the U.S. and Canada and get a sense for our future. It all supports our ambition to drive sustainable, profitable growth.

After giving an overview of our U.S. and Canadian businesses and then outline the steps we're taking to: Become a stronger, more agile organization; Strengthen our capabilities and re-deploy our talent; Create focus -- and clarity -- around how we run the business; Grow, energize, and stabilize our entire portfolio; And deliver exceptional value to our consumers, customers, employees, and shareholders.

Between the U.S. and Canada, we generate nearly \$20 billion in Organic Net Sales and more than \$5 billion in Adjusted EBITDA. So, we have the scale and the resources to make impactful choices that will drive growth.

Open almost any refrigerator, pantry, or freezer in America and you'll find our brands.

From Kraft Mac & Cheese to the goodness of Philadelphia Cream Cheese and Kraft Peanut Butter our brands help make life delicious. These are relevant, recognizable brands, with millions of loyal fans across generations.

We also have a solid portfolio of emerging and challenger brands. These brands have incredible growth potential and play a specific role within the context of our portfolio. Take Primal Kitchen for example. This mission-driven brand provides lifestyle solutions. These are products that provide a wide range of delicious, innovative keto and paleo options in a growing market.

The combination of well-known powerful brands, emerging brands, and challenger brands means we capture more consumers, more often. We're providing people with a wide range of solutions to fit every single need.

Today, as Miguel shared we lead the industry in Household Penetration in the U.S. at 97%.

It would be easy to assume there's little room left to get more of our products into houses, but it's the opposite. We've seen strong growth in the last six months across established and emerging brands. In fact, since March, 70% of our brands have increased Household Penetration. An it's not just loyal customers buying our products, we're also gaining traction with new buyers earning repeat rates that are higher than our peers over this same period.

Our new buyers are younger, they have more income, they're diverse, and they're from smaller households without kids. Areas where we've typically under-indexed.

While the uptick in buying is partly driven by the pandemic, we are intentionally fueling this trend with sizable communication investments and media choices and we'll continue to leverage our momentum.

I am proud of how our teams have come together since the start of the crisis. Working around the clock to increase production, protect our colleagues, and feed families.

And our work continues. We're taking care of the most vulnerable populations, donating millions of meals and pledging financial assistance to organizations that are alleviating hunger and food insecurity.

We've significantly stepped up our commitment to fostering diversity including partnering with organizations working to create positive change particularly in African American communities impacted by social injustices and disproportionately

affected by COVID. These initiatives are critical to our commitment to put people first.

So while we have a lot to be proud of, there's still work to do. We must reverse downward sales trends and position the company for a bright future. Going forward, we will be focused on: Creating consumer solutions, not just products; Helping increase our share of specific consumer needs from individual snacking to family gatherings at home or away from home; Prioritizing what we do and how we go to market so we can be there when consumers need us. Further, we are rewiring our business to be more collaborative and efficient, putting a greater focus on solution-driven innovation while at the same time, making a healthy investment to renovate our core businesses.

As a team, we are creating a cycle of growth as we: feed the brands, increase our return on investment, improve end to end efficiencies, drive greater value for our partners, and improve profitability overall.

To bring our plan to life, we made changes to reflect the company we want to become. So, let me share a little more about how we've evolving our structure, approach, and culture within the Kraft Heinz model.

Guided by our new purpose, values, and leadership principles, we started by creating a dynamic organization that is forward looking. At the beginning of the third quarter, we implemented our new operating model designed around our platform-based strategy which empowers our business units to increase focus on creating consumer solutions.

First, we defined the roles needed to deliver value for our enterprise strategy outlining clear responsibilities and decision rights plus reviewing existing talent to ensure we were set up for success. We also searched externally for complementary skills sets and expertise that would accelerate our transformation.

Our new operating model also required invigorating and centralizing key support functions in areas like consumer insights, sales and revenue management. And, we did this without incurring incremental cost by leveraging pockets of inefficiency. In the last two months we also introduced new processes and ways of working to deliver clarity and consistency.

To transform, we needed to be clear on what areas throughout the company had to be enhanced. So we are turning our attention to strengthening and building new capabilities, at the organizational and individual level.

Our capabilities roadmap clearly lays out what we need to do to win in several critical areas with significant investment planned around each effort. Our new organization is now our reality.

We also bolstered our leadership teams by bringing in seasoned functional experts in Sales, Procurement, Marketing, and Communications in the U.S. and experts in Operations and Marketing in Canada. Combined, these leaders bring more than a 100 years of industry experience to Kraft Heinz.

Creating an entirely new business model took substantial effort from across the organization, but in doing so, we are reimagining our future.

Centering ourselves around consumer platforms will unleash the power of our scale. We have completely shifted our thinking from 'how do we grow share of brand' to 'how do we create food and beverage solutions' which unlocks enormous white space across our entire business.

Accounting for half of our net sales today are three platforms: Taste Elevation, Easy Meals Made Better and Real Food Snacking. These are highly advantaged, high-growth, high-profitability opportunities that we can disproportionately invest in.

There's also opportunity to energize our Fast Fresh Meals portfolio, where today, our performance trails category growth. We have the right brands and the right to win but we need to put a lot of attention against renovating our core. This will help us spur profitable growth.

And finally, stabilizing our Easy, Indulgent Desserts and Flavorful Hydration businesses will improve flat or declining sales.

The changes we are making to our business and our brands is transformational, not incremental.

In a minute, I will provide color around what we're doing in each platform, but first, a view into how we have evolved our approach.

Within each platform, we'll use five levers to capture the greatest opportunity and drive growth. This allows us to distort our resources to maximize the respective platform penetration. It also provides the broadest view of where and how consumers interact with our brands.

Each area will be grounded in rich data-based insights that can be leveraged across the business allowing us to quickly scale and positively impact multiple brands or categories at once.

In the past, we focused almost entirely on new product development and gaining share in pre-defined categories. The outcome of which was limited consumer appeal and low incrementality and prevented us from putting energy against the greatest opportunities.

Now, we'll be closer to sixty percent innovation and forty percent renovation. This is a significant change to our previous approach. For innovation, we are focused on fewer, more impactful and better designed solutions to solve consumer pain points. For renovation, it's about making meaningful changes on our big brands.

We've also transformed how we'll show up in market moving to an omni-channel approach that surrounds consumers. You can expect our marketing to be bolder and breakthrough with more vibrant, relevant campaigns that reinsert our brands into culture. And to do this, we're making sizable, strategic investments, with the priority being our growth and energize platforms.

Where people can find us will also expand. We will broaden our retail footprint to include all formats while growing our presence in away from home and eCommerce. To make this possible, we're strengthening our customer and supplier relationships to create joint value will be a critical priority.

And last, we'll use revenue management as a growth driver. Leveraging price size architecture to capture incremental sales and better respond to consumers definition of great value.

This thinking also required an aggressive review of the number of products we make, market and sell. We have already started this work and have so far eliminated more than eleven-hundred existing SKUs, roughly 20 percent of our business in a few months.

Which helps reduce cannibalization and increases efficiency in procurement and our operations. So you see, it's this new approach to growth drivers that will collectively drive stronger results.

Now, let me explain how we're executing against this model for each of the platforms. I'll start with Taste Elevation. When it comes to this platform, it's all about how do we add more flavor and texture to favorite foods.

Today, we are the leader thanks to our strong mix of iconic and challenger brands. We have a diverse mix of manufacturing capabilities and the innovation know-how that helps us win and really positions us great for the future.

Taste Elevation is unique in that our consumers enjoy our brands when dining out and at their own kitchen table. We see foodservice as a complementary, untapped opportunity to reach loyal and new consumers in exciting new ways. In fact, what we learn in food service will only strengthen our in-home performance. Until now, we really haven't fully leveraged this scale.

Our understanding of how consumers shop and the trade-offs they make reframes our innovation approach and how we go to market for this platform. Instead of working within a narrow set of existing category parameters, we're focused on delivering on taste by introducing bold flavors and craveable textures.

We're thinking about how to give consumers an immersive sensory experience, regardless of the dish or time of day. Our research shows that seventy-five percent of flavor-enhancer use is for a protein-based, center-of-plate food like chicken or burgers. But, the participation of Kraft Heinz products in these types of foods is considerably lower. So we have enormous runway to grow.

We are already experts and now have new places to play in. Burgers are the perfect example. We command seventy percent of the ketchup market, so you might think there is limited upside to ketchup given our strong share. But, we're included in less than half of all burgers being made by consumers.

I know sounds a little surprising not putting ketchup on a burger. So by looking at it this way, we move from a ketchup leader to a burger fighter as we compete with an unlimited number of options that can make a burger taste delicious. Our new approach aims to own the most of the space between the bun.

From condiments, to pickles to Kraft American Slices, no one else in the market has the scale or the culinary know-how to elevate the burger. Let me give you a sense of how this new thinking translates into actions.

We know that today, consumers are having to search across different aisles of the store for what to put in their burger. So we're innovating to create a simple

burger pack with classic and new flavors giving consumers convenience and enabling them to experiment with their burger build.

We're also renovating products to include fewer and healthier ingredients to complement on-trend proteins. Whether you prefer your burgers with all beef or plant-based, we're creating a solution for you including sauces to meet the specific needs like no sugar added, or lower sodium ketchup. Working with our retail partners, we can improve the consumer experience by creating in-store destinations. We actually have seen this work in Brazil and are excited for how we can bring these learnings to US and Canada.

And finally, we're using away from home as a source of innovation and insight.

In Canada, we created two ghost kitchens working with chefs to integrate our Kraft Heinz products into new food offerings. This format gives us direct and immediate consumer feedback. A much more agile way to source new ideas. So by synergizing product development and go to market, we are poised to grow burger share and overall portfolio growth.

When it comes to mealtime, people want fast, easy meals that still taste good and are nutritious. Our Easy Meals Made Better platform is all about delivering on this ask.

Today, we hold the highest share in multiple categories and have a portfolio of iconic, familiar brands as well as up-and-coming brands in growing markets. This brand loyalty and trust is a huge advantage for us.

Our research uncovers two things. First, the definition of convenience has evolved, it's more than just saving time. It now includes fewer steps and less mental energy. Second, we learned what was the more convenient the food, the higher the guilt as people felt they were having to compromise. No matter what, people want to feel good about what they're eating. They are really looking for this.



In my own home, dinner time brings great joy and sometimes stress as we balance food choices, time pressure, wellness, I'm sure it's the same for you. This platform solution aims to marry delicious meals, added convenience, and remove worry.

From our existing portfolio of brands like Classico, Ore-Ida, and Mac & Cheese to our ambition to unlock new technologies in this space, we're looking to dial up the feeling of a home cooked meal and make it "worth it" to consumers.

Here's the thing we all want it all: foods that are customizable; come in a variety of serving sizes; taste great and that we're proud to eat and serve our families. We can deliver on exactly just this. Let me use Mac and Cheese to show what I mean, even though there's plenty of examples.

Insights and consumer feedback led us to reimagine what a mealtime solutions could look like and tackle several different needs. Using the lens of wellness, we turned what's in the blue box into a better for you product -- without compromising taste. Real cheese and whole grains makes Mac & Cheese a winner for both parents and kids while our new, gluten-free option doesn't sacrifice flavor for a lifestyle need and is truly breakthrough for the category.

We also took our Mac & Cheese cups, an entirely quick and easy meal, and made it even more convenient particularly for young adults. Microwaveable Mac & Cheese has been growing ahead of the category but many consumers told us they wanted bigger portion sizes. So we quickly developed Big Bowls one of our most successful Mac & Cheese innovations that's on-track to be the biggest category launch in three years.

These are just two examples of how we're leveraging scale and agility to quickly deliver new products that solve consumer pain points, bring joy and add value to our retail partners. Getting these products to market this year also shows the strength of our R&D and operations teams.

And our final growth platform, Real Food Snacking is all about food that's healthier, crave-worthy, convenient and loved.

There's plenty of salty and sweet snacks today, but very few options at scale that are wholesome and offer familiarity from both a food and brand standpoint. We can own this space. We have a portfolio of recognizable and dependable snack brands with high household penetration rates.

We also have strong emerging brands that address growing wellness trends. So we can grow by expanding our distribution network, introducing packaging innovations, and enacting a pricing strategy to capture greater share of snacking.

To bring this vision to life, we started by unifying snacking under one platform. This creates cross-utilization of insights and scalable innovation in underserved, existing categories. The result is nutritionally dense, tasty and convenient in-between meal options.

Partners and sharpened expertise will also be vital. So rather than chase oversaturated areas, we are focusing our priorities around unmet needs.

Consumers want healthier snacks but are disappointed in the limited number of delicious options. And, what kids love and parents want is almost never the same. However, it is clear that less processed and more real is worth paying for. To win, we have to refresh our core brands and reintroduce satisfying, better-for-you options while accelerating innovation and spend on our premium brands to win over adults and kids.

Real food snacking presents a huge opportunity for us. The area we're focused on is growing twice as fast as the rest of the category. The combination of health, taste, and familiarity is why we're so uniquely positioned to own this space and create a new paradigm for impulse snacking.

Today, it's challenging to find better-for-you snacks in easy-to-use formats in a centralized location. Consumers are repurposing existing products to fit their

snacking needs underscoring the opportunity case in point, Lunchables. Insights show that forty percent of consumers use Lunchables as a snack, but don't eat the whole pack at once. Creating singular compartment openings makes snacking flexible.

Innovation is only part of the equation. We also thought about new entry price points to go after impulse snacking. Smaller portioned, one-dollar packs with meat, cheese and crackers make for a quick bite in a grab-and-go format and solve two challenges. These single-serve packs drive incremental growth and expand our retail options, like entry to c-stores, where we lack a meaningful footprint today.

And finally, I'd be remiss if I didn't mention the positive impact of packaging changes to our business. Our vision of reducing a significant amount of plastic tonnage from our snack packaging provides a better consumer experience, reduces cost and gets us closer to our ESG commitments.

Switching gears to how we will energize our core.

We know that people like to cook but have limited time to prep and don't want to compromise freshness. Enter, Fast Fresh Meals.

Today, our portfolio has a strong presence across the entire refrigerated case led by powerful brands like Oscar Mayer and Philadelphia. But, we have a sizable opportunity to grow share of meal occasions across the entire portfolio. Renovating our cornerstone brands to meet consumer demand for fast meals with minimally processed ingredients is necessary for our long-term outlook.

We have successfully done this before with Philadelphia and see it as model of what's possible. Consumers don't think in categories, so why should we. Fast Fresh Meals represent almost thirty percent of all in-home eating occasions and demand for home cooked meals continues to rise.

But, people have less time and want more cooking suggestions than ever before. Our opportunity is to alleviate this pain point, making meals fresher, healthier, and easier. A focus on key meals like breakfast and dishes -- like sandwiches -- is where we can win. In fact, eight dishes, including lunchmeat Sandwiches and Grilled Cheese, account for sixty percent of all meals within the platform places where our brands can shine.

When it comes to Fast Fresh Meals, we're guided by two simple principles: it must be as fresh as possible, and it must save shoppers time and effort. This changes the role we play and how we anticipate disruptors like technology and cooking methods. We are creating semi-prepared meals with minimally processed ingredients that require fewer than three steps and only fifteen to forty-five minutes to make.

Critical to energizing this platform is the full renovation of a brand close to my heart, Oscar Mayer. I actually started my corporate career at Oscar Mayer and know its potential. This is a \$2 billion dollar brand so energizing it can really make an impact on our results.

We're already busy renovating and innovating Oscar Mayer, with a focus on product superiority. And, we're creating a Masterbrand, omni-channel campaign with a clear visual identity supported by double-digit media investments set to start in the next few months.

There's also tremendous synergy across platforms. Leveraging all of our food brands to own the breakfast and lunch space. For example, pairing Oscar Mayer deli meat and Claussen pickles along with different spreads and condiments from our Taste Elevation platform results in a great tasting sandwich. And finally, from a marketing standpoint, new partnerships and bold creative will reinsert the Oscar Mayer brand into culture like, our recent Front Yard Cookout campaign, a hugely successful, socially-distanced consumer activation.

And rounding out our focus, we are stabilizing platforms where we see an opportunity to selectively improve brand performance with a consumer solution lens. Easy Indulgent Desserts being a prime example. Consumers tell us that

desserts bring them joy, particularly when they can be shared. Brands like Jet-Puffed, Jell-O and Cool Whip embody that feeling of fun and are a sweet treat that satisfies cravings and makes recipes easy and special.

Our definition of stabilizing means being more intentional with what we do in these categories and importantly, where we invest our time and money.

A great illustration is how we've evolved the Jet-Puffed brand to become a snacking brand allowing us to capitalize on existing consumer habits. Today, nearly 60% of consumers use marshmallows as a dessert snack as opposed to an ingredient. On-trend flavors plus new, resealable packaging lends itself to this behavior. It also gives consumers more reasons to indulge in the brand, and the ability to share with someone they love. A complete branding overhaul and creative campaign better showcases the playfulness of the brand and makes us stand out at retail.

And just like at my house, Moms and dads everywhere want to keep their family hydrated and feel good about what they serve. With our Flavorful Hydration platform we intend to be the leader in Kids' Single Serve Beverage and the adult Beverage Mixes categories to address growing demand for simple drink solutions.

Here's a look at what we're doing with this platform.

With Mio, we start with water. By using flavor to drive water consumption, we are providing adults with a zero sugar, zero calorie solutions. And, an alternative to carbonated soft drinks and expensive flavored-water cans. We also continue to innovate around consumer needs, like including vitamins or caffeine for energy.

For kids, a Capri Sun pouch is the ultimate beverage, with all-natural ingredients that delight both parents and kids. And, from an innovation standpoint, we recently launched Creative Roots, which uses on-trend coconut water and will be a disruptor in the kids beverage category.

In addition to providing simple, balanced hydration solutions, this platform reflects our ESG commitment to reduce sugar in our products.

To summarize, our platform strategy for the U.S. and Canada, we are prioritizing and accelerating growth in tailwind platforms Taste Elevation, Easy Meals Made Better, and Real Food Snacking. Energizing the Fast Fresh Meals businesses where we have not kept up with consumers evolving needs and stabilizing our Flavorful Hydration and Easy Indulgent Desserts platforms with select and precise investment.

To help propel us forward, we have substantially increased our media investments year to date while distorting over half of that increase to grow our platforms. To fully drive our growth cycle we need fuel. Fuel comes from the relentless pursuit of efficiencies. Productivity will be key.

Next month, we kick off our new Integrated Business Planning process. IBP creates a singular process that allows us to be more efficient in our data collection and analysis. Extend our horizon of planning and eliminate much of the duplicative and unnecessary work that happens today.

The process also enables us to assess and adjust for capacity constraints. With demand, supply and finance all in sync, we'll be able to make better, faster decisions that advance the business.

But all of this would be for naught if we don't translate our platform-centric approach to an omni-channel leadership. What our customers will see is stronger thought leadership, sustainable category growth, and improved collaboration.

We'll bring unique, ownable platform-led insights that translate to new category opportunities creating a connected digital and in-store shopping experience, accelerated category leadership and collaboration. Which will result in faster, stronger innovation cycles – as mentioned, fewer, bigger, better and meaningful core product renovations that infuse excitement and growth. And finally,

improved end-to-end efficiencies, reliability and joint value creation across supply chains.

Our revamped go to market strategy also required an internal reset and transformation of our sales organization. The goal being, to be leaders in customer planning while delivering best-in-class execution. Said a different way, to be indispensable for our customers.

We identified, along with feedback from our customers, key areas of opportunity in how we organize our business as well as gaps in our sales processes and capabilities. We also saw a need for stronger discipline in our timelines and improved operating speed.

As we organized to win, one of our big moves was to invest in the creation of centralized Customer Development and Revenue Management teams. By creating these centers of excellence and scaling critical capabilities, we will step change the way we show up for our customers.

We are positioned to partner and plan in different and meaningful ways, with elevated insights and omni-channel solutions and with a faster clock speed than ever before. We have also been intentional in our actions to rewire and transform our customer planning cycle. In the past, we didn't always account for our customer's strategies and timelines as we built our marketing and brand activations resulting in sub-optimal execution and growth.

We have now brought to life the customer and their shopper to the beginning of this process helping identify mutual growth opportunities earlier on. All of this translates to stronger insights, collaboration and solutions leading to enhanced execution and sustainable growth. We are now organized to win, have the right planning processes in place, and have the discipline needed to consistently deliver.

Part of our omni-channel approach, eCommerce plays a central role in our partnership initiatives and growth plan. In just the last three years, we've seen

substantial increase in our online business with eCommerce share exceeding brick and mortar. Overall, our U.S. eCommerce business is delivering triple digit growth. To put the enormity of the opportunity in perspective we've sold nearly 19 million pounds of Mac and Cheese alone this year which is equal to the weight of 41 "Statues of Liberty.

As we've already done, we'll continue to invest in and accelerate our eCommerce capabilities to anticipate and deliver on consumer needs. Our strategy in the U.S. is centered around building out our core competencies across the value chain while investing in expertise and building capabilities.

Ultimately, we'll drive outsized growth through innovation, experimentation and disruption. We truly left no stone unturned in evaluating how to best build the company of the future. To achieve low single-digit organic net sales growth, we'll adhere to five guiding principles that aim to create focus, balance and discipline.

These principles are: Simplify our portfolio to create greater focus and efficiencies across the value chain - from SKU reduction to platform prioritization; Leverage our flagship brands to win big using critical insights to generate solutions that demonstrate category leadership and deliver value for consumers and customers; Balance innovation and renovation to unlock potential to maximize topline growth and profitability; Follow clear brand roles and investment guidelines so we put the right dollars against fueling the right priorities and achieve impactful ROIs; And stay disciplined in trade spend and price to generate long-term value for our partners with a mutually beneficial outcome.

Adhering to these principles creates a very different financial model that's fueled by topline growth in historically flat categories for the U.S. and Canada. Our biggest upside will come from accelerating efforts across our three growth platforms which when combined make up half of our net sales in the U.S. and Canada. Putting a focus on these high-growth, high profitability platforms where we have solid brand equity will help us quickly achieve positive, sustained growth in these businesses.



Energizing our Fast Fresh Meals platform with a particular focus on our hallmark brand Oscar Mayer and desire to own breakfast and lunch occasions, positions us to capture more share within a growing category. This will help turn sluggish net sales and show improved results.

And in platforms like Flavorful Hydration and Easy Indulgent Desserts, where we have low or declining share, we plan to stabilize net sales so they are no longer a drag on the business.

Now, in doing all of this, as well as reinvesting in the business by making targeted investments in marketing, research and development, capacity and innovation, and driving down operational costs results in low single-digit organic net sales growth.

Listen, we've put people – our consumers at the center. We have a powerhouse portfolio filled with iconic and challenger brands. Our leadership team is aligned and working in concert to bring our vision to life. We're investing in the future with talented, driven employees leading the charge all working as one team. And at every turn, we're using our scale and agility to our advantage.

This is who we are and how we'll operate going forward, with clarity and conviction, driving profitable, sustainable growth in the U.S. and Canada. This is the new Kraft Heinz.

And now I'll turn it over to Rafa Oliveira, President of International.

Rafa Oliveira, International Zone President

Thank you, Carlos.

Hello, everyone, I am Rafa Oliveira, President of Kraft Heinz International.

I am super excited to be here and to describe how our International Zone is a key engine of growth for Kraft Heinz. We are proud to share how we are taking advantage of the enormous expansion opportunities we have across the globe by deploying leverageable, proven best practices through a successful repeatable model.

International is geared to grow.

As you'll see in the next 20 minutes, we have the presence, the platform and a plan to lift our performance. You will see how we are deploying the Kraft Heinz model to accelerate growth in countries around the Zone.

I'll share concrete examples from developed markets like the UK, and Emerging Markets like Brazil, Russia, and China.

I'll conclude with some financials on the growth expected from the region. And you'll see why we are so excited about the potential we have in our International Zone.

We define International as the world of opportunity outside of North America.

It's a diverse, vibrant, and exciting region, with lots of macro and micro differences, but with some commonalities too. And it holds lots and lots of opportunities.

Kraft Heinz does over \$5 billion dollars of business in this Zone with an EBITDA close to 20%

We have physical presence in more than 35 countries, and our products are sold in more than 100. The opportunity is enormous. We have huge potential yet to be realized.

We divide our International business into Developed and Emerging markets.

60% of our sales come from Developed markets, and 40% from Emerging Markets.

We have a very strong presence in some of the larger Developed markets, including the UK, Australia, New Zealand, and the Netherlands. In other Developed markets, such as France, Italy, and Spain, we have strong local brands that complement local flavors and cuisines.

Across these markets, our Heinz brand enjoys strong awareness. And we will continue to grow in all these Developed markets.

But the really big opportunity is in Emerging Markets. We have a strong foundation in most of the largest Emerging markets with local presence and, in many cases, a local jewel brand. In these markets, we will leverage our scale to grow far more aggressively.

You heard from Carlos that in North America we operate across 6 platforms.

In International, we play mainly across two: Taste Elevation and Easy Meals Made Better.

In the last four years, we've delivered solid net sales CAGR of 4% in Taste Elevation, which represents more than half our sales. In Easy Meals Made Better, our performance has been negative.

We also have a tail of smaller categories that have been a drag on our performance in International. We've isolated these smaller, other categories, and are working to optimize returns from them.

Overall, International performance has been slightly positive. But, with relentless focus on areas where we can really win, we can and we will do much better.

So, how will we grow?

We will focus on one platform, taste elevation where we want to become the undisputed global leader.

And we will prioritize investment in a few select Emerging Markets that offer the most attractive return on investment.

In this platform and in these markets, we can truly leverage our scale as a global company, and our agility as a local player. To take advantage of this huge opportunity, we are implementing the Kraft Heinz model around the world.

You've seen this model in previous presentations: our people and organizational structure, Consumer Platforms, Operations Center, and Go to Market.

Before we created the International Zone, we had 24 regional teams – all operating independently. This generated a lot of duplication and inefficiency and made it very hard to benefit from our scale.

Today, we are one integrated team with six Business units – three in Developed markets, and three in Emerging Markets.

As one International Zone, we share best practices, copy and paste what is working, and quickly stop what isn't working.

Through the Business Units, and the local country teams, we are taking advantage of the agility we get, by being close to our consumers and our customers. We are moving fast, operating as one International team drives our scale and experience ensure our agility.

We have brought in a new Chief Growth Officer. Cristina Kenz has more than 20 years of successful experience at leading global food companies. Cristina's external knowledge and energy complement the deep internal expertise of Jacques Pradels, our head of International Sales, who has been with us 20 years.

All our leaders have at least 15 years of consumer goods experience. Some have more than 25 years of success at Heinz.

The second part of the Kraft Heinz model is the consumer platforms.

As I mentioned, International plays in two of the Company's Global Consumer Platforms – Taste Elevation and Easy Meals Made Better.

Taste Elevation is our Core Platform, with 55% of our sales. It is a truly global platform with presence in more than 50 countries. But, it has enormous headroom for growth.

Why? Because Taste Elevation is an \$80 billion market internationally -- and we have less than 4% of it. There is huge potential for us here. And we are aggressively going after it.

Right now, within Taste Elevation, we are growing in more than 90%, and gaining share in more than 70% of the markets where we are present.

But we are present in only 35% of the existing International Taste Elevation markets. That leaves A lot of untapped market potential.

Today, we are the #2 in the International market but we are growing twice as fast as the largest player.

We will become #1 through our focus in Taste Elevation.

We are going to deliver on this ambition by building on our strong position in the Foodservice channel and on our iconic brands.

Foodservice represents 40% of the International Taste Elevation market and contributes nearly \$1 billion to our sales.

The channel is important for two reasons: it provides Scale, and it helps build brands. This is where people try out new tastes.

By expanding our presence in the Foodservice channel, we will increase exposure to our brands and accelerate our position in Taste Elevation.

We are immensely fortunate to have the iconic, much loved and trusted Heinz brand in our portfolio. Heinz has a rich heritage, with over 150 years of history. But it is also modern. It brings joy everywhere, and it continues to grow.

We also have many local jewel brands that enjoy the number 1 or number 2 positions in their markets.

Our local jewels provide scale and connectivity to local cuisines. They all enjoy very high brand awareness.

In our larger markets, all our local jewels have an awareness close to 100 percent. Heinz is consistently above 90. This brand recognition gives us huge confidence that we can grow in Taste Elevation.

Our strategy for each of our International Consumer Platforms is different.

In Taste Elevation, the core of our business, we will accelerate growth investments -- focusing on Emerging Markets, targeting the Foodservice Channel, and advancing our premium brands.

In Easy Meals Made Better, a sizeable and profitable platform, with close to \$1 billion in sales, we will selectively invest in key categories like Beans and Soups in the UK and Australia.

These are grocery essentials that we will update and energize with tactical innovation, while maintaining the great ROI we have on our revenue management and sales execution initiatives.

With the other categories, we are assessing options to address declining performance. These may include streamlining non-core initiatives that were absorbing resources and dragging down performance.

The third pillar of the Kraft Heinz strategy is the productivity gains that our new operational model can deliver. Here, scale and agility are again the drivers of opportunity.

We have created an International Center of Excellence in the Netherlands staffed with some of our most experienced supply chain professionals. This dedicated team supports and shares best practices with local teams and provides efficiency benchmarking.

We are confident that over the next five years we can drive north of \$500 million dollars of gross savings that will help fund growth across International.

And finally, we come to the Go-to-Market pillar in our Kraft Heinz model. Critical for the International Zone.

The Developed and Emerging markets require different, yet linked, action plans. Developed markets are about partnerships, optimization, strong brands, and category leadership.

Our recent investments in category management capabilities in the UK have had positive results. Adjusted EBITDA has grown single-digits every year for the last 4 years in the UK, and retailers now look to us for category guidance.

We believe we can export this model to additional Developed markets across International and achieve similar positive results. This is a big opportunity for our future.

Emerging markets are much more about expansion. We will increase our presence in more points of sale across the markets. At the same time, we will continue to advance our premium brands.

Let me now share a few examples of how our model is working in both Developed and Emerging Markets.

First the UK, a Developed market in which Kraft Heinz is a food leader. We have more than \$1 billion in sales across Taste Elevation and Easy Meals Made Better.

We are the leader on these platforms mostly due to the strong brand equity Heinz has in the country.

Developed markets are all about optimization and partnerships.

In the UK, we have been working closely with our retail partners, delivering best-in-class revenue management, partnering with popular artists such as Heinz Ketchup superfan Ed Sheeran, and testing and enhancing e-commerce models.

We are a top 2 or 3 brand in every brand survey in the country. And I'm not talking just food brands, but all Brands. In food, we are the undisputed number 1. This hugely strong brand has delivered strong top and bottom-line results plus market share gains in every one of the past 4 years.



We are copy-pasting this model of brand development and customer partnerships from the UK across all Developed markets.

The UK will be our Innovation hub. It's where we launched our new Heinz Seriously Good Mayonnaise, which has disrupted the market, reignited growth in the category, and grown to 20% market share in just 4 years. Now we're excited about conquering the other 80%.

The UK model will lead our expansion into adjacent categories, again to be exported elsewhere.

In the UK we launched a Direct to Consumer (DTC) venture. We have a good eCommerce business there, in partnership with local retailers, that has been growing ahead of the industry. But five months ago, as the COVID pandemic started to hit harder, we launched a DTC model to serve Heinz lovers across the country. The beauty of this model goes way beyond sales opportunity. It is a chance for us to stay close to consumers, to build communities, test innovations quickly, and collect insights. The model is performing very well - way beyond our expectations – and last month we replicated the model in Australia.

This is the type of initiative, that our solid UK base can deliver fast. Fast is an understatement. From concept to launch was a mere 3 weeks. The International Zone enables us to quickly replicate this across different countries.

The UK will also be our model for the Sustainability partnerships such as our collaboration with Tesco and Loop on sustainable packaging.

This type of collaboration is our model for the future. Initiatives that help consumers, communities, and the environment. I'm super proud of what our team has achieved in the UK.

And not just for the results themselves, but as a model of what we can do, with the right discipline on profitable growth.

Now, let me move on to talk about Emerging markets. Our real high-growth opportunity.

I'll share three exciting examples from our highest-potential markets: Brazil, Russia, and China.

Brazil is an exciting country. It has a large and growing market for Taste Elevation. We are the leader in Ketchup and Pasta Sauce. And we have room to accelerate growth a lot.

In Foodservice, we are still small and have huge headroom to take advantage of.

Two pillars explain our success in Brazil.

First is our Go-to-Market model, which we call Cruzadas. We have developed detailed mapping of consumption and execution to expand across the country.

This model required huge amounts of work with technology and data mining, and can now be applied in many other Emerging markets across the world.

We hired and trained a Salesforce and developed store-by-store KPIs. The Salesforce expands region by region as KPIs are met and exceeded.

Given the size of Brazil, there is still a lot of room for us to grow. Our numerical distribution in the country is only 8%. Now that we have the model that works, just look at the space for acceleration.

The second pillar is the premiumization of the market with our brands.

We introduced Heinz as a premium brand growing penetration based on the strength of our local jewel brand Quero. We have been disciplined about selling Heinz only in places where we know consumers are willing to pay for it.

As you can see in the line chart, we have consistently gained share, and now have 35% of the Brazilian market. This is good, but there is still a lot more to go.

We will achieve double-digit growth in Brazil. We will do this by expanding our Cruzadas distribution model, advancing our premium brands through our burger platform, and doubling our Foodservice presence based on the work of our new dedicated Foodservice team with locally focused R&D.

Cruzadas is self-fueling. As we grow, the increased scale enables us to continue to invest in distribution and eventually to expand into new categories. This growth is also fueling our P&L enabling us to invest more into the brand.

The 2<sup>nd</sup> example I want to share with you is Russia. Another large and exciting market where we have leadership in Ketchup and Condiment Sauces but we are still only 7% of the total Taste Elevation market.

What is most interesting about Russia is our successful foodservice model, which we developed in the country. This model is centered around the Chef. With a special Salesforce that is made of Chefs, we get much closer to our customers.

Supported by dedicated R&D and a flexible supply chain that enables fast innovation we have been growing at double digits in the Quick Serve Restaurants channel in Russia.

Our Chef Salesforce is a critical competitive advantage. In a few cases, we would have lost tenders based on price but Customer Chefs overruled their Procurement teams because of our own Chef Salesforce and our capacity to deliver innovation.

Quite simply if we own the Chef, we own the kitchen. And if we own the kitchen, we own the Customer. Our foodservice model in Russia is solid, but we still have a lot of room to expand and accelerate our growth.

Our model not only supports our ambitious Distribution and innovation plans for the country. Importantly, it can be exported to other countries. And we are already making this happen in countries like China.

I've left the best and most exciting for last. It's China.

It's a great opportunity for Kraft Heinz. The market in Taste Elevation is big. No, it's actually huge.

It's a \$17 billion market that is growing fast. We have the brand and the local presence, but we are still massively underpenetrated. The local market is mainly soy sauce. It has strong margins, but it is not yet consolidated.

Chinese culture evolves around food and most foods are based on a lot of sauces. We have the Masters brand. A strong local jewel brand that is the market leader but is present in only 2 provinces in the south of the country.

They are large and wealthier provinces, the type that the rest of China aspires to. We see an enormous potential to grow, taking Masters to more provinces.

We will do so by leveraging some of the other pillars that are driving growth elsewhere our distribution model, foodservice, premiumization, and Innovation. We strongly believe we have the right tools to accelerate growth in China. I am really super excited about our prospects there.

Our growth plan is to be the number 2 Eastern sauces brand in the country with our local jewel. And we want to be the number 1 brand for Western sauces in China, as we are in other International sauces markets. We believe our strong Heinz brand will enable us to unlock vast potential for Western sauces in China.

China is the number 1 opportunity for growth for International, and we are confident we will deliver.

Let's look at what all this means for our financials.

Our confidence in our future growth is based on two key factors: the integration of our International Zone and the relentless focus on our highest-return platform.

The integration of our International Zone enables us to achieve efficiencies and to share best practices.

As you saw in the few examples I shared, we have a successful foodservice model in Russia that we can quickly replicate in Brazil. We have a strong go-to-market model in Brazil that we can quickly replicate in China and Russia. We have a winning category management model in the UK that we are copying in Australia the examples go on and on.

This rapid replication will unlock a lot of growth. And we can do this efficiently because we are copying best practices instead of having to build from scratch.

The second factor underpinning our growth is the focus on our highest-potential platform. We are prioritizing investment in high-return areas where we know we can win. And, just as importantly, we are ending projects that were dragging down our performance in other categories.

We will accelerate investment in Taste Elevation, copying best practices to capture untapped markets. We are confident that we can achieve high single-digit top line growth in our successful Taste Elevation platform.

In Easy Meals Made Better, as we re-energize our portfolio and optimize our revenue management strategies to re-invest in our brands, we expect top-line performance to remain flat. This platform will continue to drive profitability in Developed Markets.

For the Other categories, which are under-performing, we will minimize our end investment in low-return projects. Simply ending some unsuccessful projects across the globe will automatically improve our performance in those tail categories.

We are confident that this disciplined focus on high-potential Platforms will result in mid-single-digit growth within the International Zone over the next 5 years.

By now you can see why we are so excited with the potential for growth in the International Zone.

We have doubled down to accelerate growth. We are focusing on taste elevation where we have a proven strategy, but still have significant room for expansion. We are quickly leveraging our learnings across the Zone, taking advantage of our Scale with local Agility.

We are expanding better, further, and faster in higher-growth consumer spaces and higher-growth markets.

This is how we are unleashing the full power of Kraft Heinz International.

Thank you for your attention. Carlos and I will now be happy to take questions.

Chris Jakubik, Head of Global Investor Relations

Let's start our second Q&A with a question for Carlos. Carlos, the question is, market share losses have been and continues to be a problem for KHC. How will your platform approach allow you to regain market share versus private label or competitors with more category focus?

Carlos Abrams-Rivera, U.S. Zone President

Well, thanks Chris and thanks for the question. I mean, I think when I think about private label, I guess for me, it's less about how we fight private label and realities about how we co-exist with private label. Ultimately, what we're trying to do was make sure that consumers understand the value that we bring to them and the value that our brands come with is basically making sure we have superior quality, that we have brand that have high relevance, and that we continue to drive consistent great communication and a big part of how we're doing with our platform is doing just that. It's that making sure that we looked at our business perspective of how consumers – how we're going to bring new value and benefits to consumer because we are anticipating what they're looking for in terms of food solutions, beverage solutions, so we can do it better than anyone else. But it's also important for us to stay focused on how we communicate consistently great to consumers. And let me go back to something that Miguel spoke at the beginning on his section, which is regarding ROI of our communication.

So for us, to also make sure that we drive the difference that we have with our brands, is making sure we drive higher efficiency of the marketing spend than we are, by making sure that when we share the communications of our brands, consumers feel like they're getting clarity of how we bring great value, whether that is if they're looking at our brand through the Super Bowls or they're looking at our brands in YouTube, they're still going to see a great high efficiency coming from our business that separate us from everybody else.

And to the point I think to mention, Chris, around some of our, I think, branded competitors and how we differentiate, I think that was part of the question. What I'll say is this, I will say is this is where actually our scale plays to our advantage, is because now that we have a full clarity of our platforms, we can actually be able to take all of our scale and bring it to consumers in a much different way than anyone else around any of our peers. So to be honest, that actually is going to be our strength that we go forward.

Chris Jakubik, Head of Global Investor Relations

Let me follow up on that, because there's another question here that is related to market share, and the question is this, pricing and price gaps have led to market share losses in the past. Does your platform approach make you think about price gaps differently or do you expect it to change your pricing strategy?

Carlos Abrams-Rivera, U.S. Zone President

So, let me start, I guess, with maybe what is not going to change. What is not going to change will be the way we think about making decisions with pricing. They're data-driven, they are making sure we are advancing the priorities that we have in terms of distribution, in terms of the key period for our brands, as well as making sure that we are thinking about the balancing of our profitability of our business as well. So that is not going to change.

I think what will you see maybe changing is, and I spoke to this in the presentation which was a much more disciplined approach to revenue management. And I think that actually is going to pay off for us because now we have centralized revenue management. We're going to think about pricing in this broader definition, so that we make sure we have – they're using price as architecture, kind of different price point for different part of our brands. And in a way that again allows us to basically act as more consumer through the discipline of that revenue management. And I think that's actually when you combine that discipline with our platforms, that actually allows also for us to win in the marketplace.

Chris Jakubik, Head of Global Investor Relations

Great, great. So let's shift gears a little bit to Rafa. Rafa, a question here is how is the company performing in emerging markets given recessionary conditions, and how does this impact your growth expectations if there is a significant reliance on the foodservice channel going forward?

Rafael de Oliveira, International Zone President

Hi, Chris. It's a very good question. How to respond to that? I mean, I'm actually quite happy with our response. We were very weak after – when the pandemic started to establish across functional team, to respond to a potential recession scenario. So this team involved multiple functions but also multiple geographies, analyzing data in very detail to see how the consumer – and putting the consumer in the center of everything and see how the consumer is going to behave. And here it became clear for us that agility and scale can play in our favor a lot. So we really analyze a lot of the consumer trends that have been happening and will likely continue. Some of the consumer trends that accelerate, right, if you



think about health and wellness, personalization, some of the – looking for value, those trends performance definitely accelerated and the same applies to emerging market.

So I'm quite confident that you put a scenario in place or scenarios in place that will allow us to respond very fast to this, again taking advantage of our local presence, our agility and the integrated team. So our performance so far in the crisis has been quite good. I mean, we've been responding very well within emerging markets as well. And I'm confident like, if recession hits, if it hits anywhere, we should be ready. We'll be prepared.

Chris Jakubik, Head of Global Investor Relations

Let's stay on the subject of emerging markets. I've got another question here about emerging markets. It's at one point Kraft Heinz had a plan to take its US brands like Planters and Kraft more global. Is that still the plan over the long term or is the thinking different now?

Rafael de Oliveira, International Zone President

Well, Chris, I mean we did test and learn a lot of those brands and different approaches in the past. But based on these learnings and how it has gone – and how we are modeling everything now on a more centralized way. We realized, as I said in the presentation, acceleration is our strength. It's where we really have the capabilities, the insights, the know-how, the brands. So this is really where we're going to focus, put our efforts on and we are very confident we can win on that, I mean, on acceleration. Again, it's really good that we're going to be leveraging proven best practices from one country – one region to the other. And then consequently like I'm very confident that with this focus and acceleration repeatable model, we have a very, very much harder chance, a much stronger chance to win.

Chris Jakubik, Head of Global Investor Relations

Right. Thanks. Thanks. So I'm going to come back to Carlos here with a question on recent performance. The question is while COVID clearly accelerated KHC's transition efforts, actually I think it should say transformation efforts, I think. I should say how can investors be confident that the pandemic is the only reason

things look better right now, but that underneath, not so much has changed on the core business?

Carlos Abrams-Rivera, U.S. Zone President

I'm sorry, Chris. Could you repeat that one more time?

Chris Jakubik, Head of Global Investor Relations

Yeah. Yeah, sorry. So while COVID clearly accelerated KHC's transition efforts, I think it's transformation efforts. How can investors be confident that the pandemic is not the only reason, things are looking better right now. But that underneath, not much has changed on the core business?

Carlos Abrams-Rivera, U.S. Zone President

Got it. Thanks. Listen, I think that what we're seeing right now, it is a tremendous amount of change in terms of how actually consumers are behaving in terms of eating at home. So let me start there. I think, that obviously has been something that we have been seeing in the past and has been a dramatic change on our industry. I think what we are doing about it is making sure that those consumers who may not have experienced our brands or haven't experienced for a while, continue to stay with us. So it's not just making sure that as they are – because of the pandemic, they come to our brands, but it's because in fact, as they are looking for new choices and new opportunities to find solution for their homes and their families, that we are there with the kind of brands that they love. So we are doing certain things to make sure that continues, whether that is increasing our investment in our communications, to make sure we retain them; continue with the drive renovation of our brands and be smart about the kind of innovations they're looking for. So we are very much paying close attention and actually a lot of the research we have learned through this process of our platforms actually helped us better understand what it is that they're looking for. So as we think about renovation of our brands, we're very much paying attention to what they need at this particular moment.

The reality is that that it's hard to say it here and say, okay, what percentage are we going to retain if we go forward? Whether that is 20%, 50% or whatever it might be. The reality is though, that we are taking specific steps to make sure we

retain them, that we are talking to them differently, that we are making sure we actually highlight the value that our brands bring to them that is unique to us and that we continue to stay on top of renovating our businesses so they continue to come back to us.

Chris Jakubik, Head of Global Investor Relations

Okay. Great. Thanks, Carlos. Back to Rafa and it seems like we're getting a lot of questions on emerging markets here. The question is if a big part of the emerging market expansion plan is using the foodservice channel to accelerate penetration, won't this also limit or dilute profitability or cap margins in the international business?

Rafael de Oliveira, International Zone President

It's good that we're getting questions on the emerging markets. We're really excited about that. So not at all, to answer your question about foodservice, not at all. I mean, foodservice, it can be a profitable model and the reality, you have two parts of foodservice, you have the back of the house and the front of the house where you most likely show your brands. And although sometimes the back of the house might be lower margin but you're also going to need to support marketing on the back of it. So consequently, the EBITDA tends to be very similar and we have proven that in Russia, we are very confident on our model centered around the shaft in Russia, that has been very successful in partnership with the restaurants there. But even more important is the capacity to export this model around the world in places like Brazil, in places like China, in Middle East. So we really see foodservice as an enormous chance to a profitable channel for us and we shouldn't forget that foodservice also brings like I said in my presentation is where people try taste first, they try new products and it's a chance for us to expose our brands with very strong impression, so very confident on the potential of foodservice here including profitability.

Chris Jakubik, Head of Global Investor Relations

So let's take one more question around that and it relates to China that you highlighted. The question is similar to most CPG companies. China is a big focus of your emerging market growth plan. The company has tried this before. So what is

different now? Why do you think distribution gains are more – will be more possible or successful now versus past efforts?

Rafael de Oliveira, International Zone President

Chris, I have to admit, these enormous opportunities in China, I'm super excited about it. And the reason I think it's – it will be more possible now is because we are taking more of those steps, we know it works in different places and applying, of course, adapting to the local level. So, for example, I gave the example in my presentation of the distribution model in Brazil. I mean we are taking this model, and, of course, adapting by applying to China. That gives a lot more confidence apart from the fact that we have the strong global brand, we know more about the market. We are putting the consumer in the center of all the decisions. So, again, I really think we have a very strong chance here to succeed big timing in China. And I'm very confident about that.

Chris Jakubik, Head of Global Investor Relations

Okay. Great.

Miguel Patricio, Chief Executive Officer

Chris, can I add something on China?

Chris Jakubik, Head of Global Investor Relations

Yeah, yeah.

Miguel Patricio, Chief Executive Officer

China is a country that plays an important place in my heart. I lived there for five years. I would add to what Rafael said that now we have a long-term plan. We made our plans, thinking in 5 years, even in 10 years where this could be and should be and that makes all the difference. When you have a strategy for long term, when you know exactly what you want, when you are focused, right, it's going to be related to sauces, gigantic market growing double digit, profitable. And actually, we have a brand that is already doing very well, it's just regional.

And we haven't even really played on ketchup, right. So, I'm – with Rafa, we are both very excited with the possibilities we have in China.

Chris Jakubik, Head of Global Investor Relations

Great. Let's finish with one more question. And it seems more for Carlos. The question is pretty simple. How would you describe your current relationship with retailers?

Carlos Abrams-Rivera, U.S. Zone President

Well, let me say the same, I'm excited about the China plan too. So I think that having being able to understanding the business and I think Rafa's plan is pretty cool. And I got so excited about China, forgot about the questions. So tell me again what the questions was?

Chris Jakubik, Head of Global Investor Relations

How would you describe your current relationship with retailers?

Carlos Abrams-Rivera, U.S. Zone President

Yeah. So, listen, a lot has happened over the last six months, retailers and us. I think that the good news is that we have gone through this journey together. I could tell you that our lines of communications have never been better that we are making sure that we have in the constant focus on how do we serve our consumer the best? And I think for that, we are listening and we're also moving in with agility to respond to their needs.

Frankly, I think in the past, maybe we haven't been as diligent in responding with urgency to our customer needs but that is changing. We are actually, as you heard today, we have changed our structure to make sure we can better respond to their needs and I think that is setting up basically a reset of our relationship with our customers as we go forward.

Miguel Patricio, Chief Executive Officer

Carlos, maybe you want to say about the anticipating of planning as well because I think...

Carlos Abrams-Rivera, U.S. Zone President

Right. I think that, thank you Miguel, I think that's a – as you heard during the presentation, I mean, there is a part – the part of it, I think, for us to be able to service and be more urgent to that respond is how do we actually plan differently? So that is not only thinking about the now but really giving a sense for much earlier view of how we're going to continue to grow our business, be able to have a trust in our relationship that is for a long term. And I think those are things that are now part of us rebuilding that relationship but again, using the play – at the moment that we are right now to now spur to a new way of working as we go forward.

Chris Jakubik, Head of Global Investor Relations

Okay. Great. Let's wrap it there and we'll take another 5 minute break, before we start our final section with Paulo walking us through what to expect in our new financial formula for growth.

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Paulo Basilio, Chief Financial Officer

So here we are. The conclusion and the results of our strategy.

We are extremely excited about our future, and the returns we will generate for our shareholders.

Our turnaround has begun. Our operating model is driving a new financial approach to fuel our growth.

The foundational work is mostly behind us, and we've already seeing results. But we are not complacent. We know we have to stay focused and we are working hard to build on our early momentum and accelerate our growth.

Our excitement for the future is based on the opportunity we have to leverage our Scale with Agility, through our new business model, and to execute a new financial formula.

Our investment approach is now organic and focused. We are using our efficiency gains to reinvest in the business. We're simplifying our portfolio, so we can leverage unique consumer insights, and our scale, more quickly and broadly across categories.

This new financial approach is based on three factors: the new platform structure, which will drive organic growth, new productivity programs, which will deliver efficiency, and disciplined capital priorities, which will support reinvestment and help accelerate our strategic plan. Together, they will enable us to achieve our new, long-term financial profile.

Let's look at each driver, and why we're so confident we can deliver against them.

First, is how our new platform structure will unlock growth. Our growth plan is based on prioritizing and investing according to the opportunities and objectives for each platform. This is a key element of fusing our Scale with Agility.

As you have been hearing, we are more consumer focused than ever. Investing now in our people, brands and R&D, building new Consumer-Led Platforms, and expanding into high-growth markets

We have migrated away from trying to manage more than 55 different categories which resulted in a 1 percent historical decline in net sales. Now we are managing and prioritizing investments across six consumer platforms, with three distinct roles in the portfolio.

As we have shown today, our problem has not been the categories we are in. It's how we have been playing in these categories. We have now made the difficult

strategic choices. We have set growth, return, and investment priorities for each platform by geography. And we believe this prioritization will return us to 1-to-2 percent organic growth on a sustainable basis.

This will be driven by the 50 percent of our business in the Grow platform, roughly 30 percent in Energize roles, and the remaining 20 percent in Stabilize roles.

For the Grow portfolio role, we will invest in higher-margin, faster-growing platforms. For instance, Taste Elevation, a truly global platform, is currently about 30 percent of our net sales. As outlined earlier, we have specific plans to grow our Taste Elevation brands by expanding in Emerging markets, winning share of host food consumption occasions, and expanding in food service channels.

We expect organic growth in these platforms to accelerate to 3-to-5 percent from their 1 percent historical rate. And we expect our brands to gain greater market share within their respective platforms.

Our Energize role includes both the Fresh Meals platform and Easy Meals Made Better internationally representing roughly 30 %of current net sales. These are strong platform brands that are well positioned to benefit from renovation and expansion initiatives. We expect to flatten sales trends from their 2 percent historical decline and improve market share going forward.

The businesses we are Stabilizing include our Flavorful Hydration and Indulgent Desserts platforms, as well as our more local, Foundational Brands. These brands have higher-than-average profit margins and generate significant cash flow. Here, we expect a combination of select innovation, more renovation, and better revenue management to result in gradual improvement in our performance. We are targeting a more limited decline of 1-to-3 percent versus a historical decline of 4 percent.



On a combined basis, you can see how we expect to go from a 1 percent historical decline to consistent 1-to-2 percent growth as we invest and allocate resources more strategically.

Additionally, at a time when circumstances have led to a step change in the number of households that buy our products, the question is not whether we will hold on to these new consumers. The real question is how many more households and occasions we will retain in the “new normal.” We clearly see the opportunity to drive consistent growth in the near term, from an expanded base, as the “new normal” takes hold.

Our second driver is new productivity programs that will deliver significant efficiencies, and fund reinvestment in the business. The 2 billion of gross operating efficiency gains, that we shared today will come from programs that we have already identified. 60 percent of the savings will come from the procurement initiatives Eloi presented. And 40 percent will come from the manufacturing and logistics programs that Mitch described.

In 2020, we expect to deliver between \$350 and 400 million of the total \$2 billion dollars of gross productivity gains.

And keep in mind, that the productivity we are talking about, is a reduction in our annual cost base versus 2019. So, what we achieve in 2020 will benefit 2021, and so on. By 2024 we expect our cost base to be 2 billion dollars lower than it was in 2019 before inflation. This amounts to average annual gross productivity of more than 3 percent, on our cash variable cost, excluding our Big 4 key commodities. We cannot predict the level of cost inflation that we will have in the next few years. But we do believe, we are in a strong position, given the significant efficiency gains, we are already achieving.

Another important source of efficiency will be working capital savings. We have identified meaningful opportunities specifically in inventory as we better integrate our supply chain activities with the rest of the business. These opportunities include new and better planning and optimizing our manufacturing and logistics network. Additionally, three portfolio-focused efforts will contribute

to working capital savings: SKU rationalization, improved supply chain analytics to increase productivity and speed, and optimizing efficiency through our network design initiatives.

We expect that, together, these efforts will reduce Working Capital from 2-point-8 percent of Net Sales, to approximately 1-point-8 percent by 2024 or sooner.

Which brings me to the third driver of our Financial Formula. How our capital priorities will drive investments that will enable us to achieve our new long-term financial profile.

While the long-term, financial profile that I will outline is new, it is based on the same capital priorities we have been talking about for some time. Our top priority remains investing for growth and continuous improvement. We will not sacrifice necessary investments in the business, because we are even more confident in our long-term prospects behind our strategy, portfolio prioritization, and our growth initiatives.

Maintaining a strong return of capital remains a priority. We have shown investors our ongoing commitment to the current dividend.

Our leverage goal also remains the same. We will reduce net leverage below 4 times, on a consistent basis, focus on meeting the natural cadence of our maturities, and accelerating debt paydown, when appropriate. And, we will increase our optionality and flexibility as we do this.

Finally, Agile Portfolio Management will also play a role in accelerating our strategy. We will enhance our geographic profile and sharpen our focus on areas where we have advantage.

Let's go a bit deeper on each priority.

First, is investment for growth, and, specifically, funding our investment in marketing and advertising. Our plan calls for at least a 30 percent increase in total marketing dollars. And just as important, we see efficiency gains to make those dollars work even harder. We will also shift a significant amount of spending, from non-working marketing, to working media. As a result, our marketing effectiveness will be greater than the dollars we are investing.

I would also note that, if we assume that we are able to deliver only 20 percent net of inflation productivity on the 2 billion dollars of efficiencies, we would more than fund the step-up in marketing and advertising we have planned.

In the end, we are not just aiming to grow EBITDA. We are improving both the quality and sustainability, of our P&L in this process.

In addition to the marketing investments, we also need to increase our capital expenditures in the near-term to support our future growth.

We plan to increase capex over the next three years by approximately 20 percent from 2019 levels. This incremental capex will support capacity expansion for our emerging markets, as well as our growth platforms in developed markets; innovation and renovation initiatives, including new production lines and packaging renovations; and the Ops center efficiencies we discussed.

Following this investment phase, from 2024 and going forward we expect to return to a run rate of approximately 3-point-5 percent of the Net Sales.

Savings from working capital reductions, and lower interest expense, will help fund this step-up in capex.

The outlook for returning cash to our shareholders remains positive. And our commitment to the dividend remains strong. Since the merger of Kraft and Heinz, we have returned fourteen billion dollars to shareholders through dividends. In

2019, we generated approximately 800 million dollars of cash in excess of our current dividend payout.

As we execute our plans, we expect to continue generating strong cash flow in excess of our current dividend. This will give us greater flexibility to accelerate leverage reduction and optimize our portfolio through strategic acquisitions.

Our commitment to reducing our leverage and liabilities has also remained consistent since the merger. Through a combination of reducing our pension, post-retirement liabilities, and debt, we have eliminated more than 10 billion dollars of liabilities since the 2015 merger. We have significantly improved our leverage and liquidity in the past 12 months.

At the end of the second quarter, we had 4.2 times net leverage, with a fourteen-year weighted average maturity at a weighted annual interest rate of approximately 4 percent. And, at the end of Q2, we had 2-point-8 billion of cash on hand, compared to only 3-point-3 billion of debt maturities over the next 4 years. Our strong liquidity position is supporting our agility, reinvestment, and execution of our strategic plan.

Which brings me to our fourth capital priority, Agile Portfolio Management. As we have said in the past, we will continue to look at inorganic activities that can accelerate our strategic plans, enhance our geographic profile, and sharpen our focus on areas where we have competitive advantage. And, we will continue to conduct activities with consistent price discipline.

To that end, we have just signed an agreement with Groupe Lactalis to sell our Natural, Grated, Cultured, and Specialty Cheese businesses for \$3.2 billion dollars in an all-cash transaction. The sale price is 12 times Adjusted EBITDA for the standalone businesses. The businesses being sold contributed approximately \$1.8 billion dollars of net sales for the twelve months ended June 2020.

We intend to use the proceeds to reduce debt outstanding. This should reduce our leverage ratio by approximately 0.2 turns. And we expect to see roughly 5

percent dilution on Adjusted EPS. We expect the transaction to close during the first half of next year, subject to the customary regulatory approvals.

This transaction fits all the criteria for Agile Portfolio Management that I just laid out. It accelerates our long-term strategic plan by improving our growth trajectory. Without these businesses, the Grow portion of our portfolio will increase from 50 to 54 percent of the total portfolio mix, and our historical Organic Net Sales Growth would be 40 basis points higher than it was.

The sale of these businesses enhances our geographic profile, since 90% of the businesses are in developed markets. The sale also sharpens our focus on growing areas where we have competitive advantage.

And we have been patient to find the right buyer while remaining price discipline. Lactalis is an exceptional owner that can create greater value for this business. They are a global, vertically integrated dairy company.

All these actions will combine to help us deliver our new long-term profile.

So, what should you expect from us?

As Miguel said earlier today, we are highly confident that we can return Kraft Heinz to consistent growth on the top and bottom lines in the near term.

We will return to consistent 1-to-2 percent organic growth, by leveraging our Platform structure and managing the portfolio in a more disciplined and agile manner.

We will deliver 2-to-3 percent Adjusted EBITDA growth, through consistent, profitable organic sales growth achieving the productivity gains we have already identified and funding our growth investments, particularly in marketing.

We expect to achieve 4-to-6 percent Adjusted EPS growth, with at least 100% Free Cash Flow conversion. We will do this by improving our capital structure, and further reducing debt and Working Capital.

Looking at our EBITDA progression, it's important to recognize two things. First, the impact of COVID-19 has been a significant near-term benefit to our business. And second, even including the benefits from increased at-home consumption in the near term, we do not see a need for any rebase in EBITDA, in any interim period, between now and 2024.

As we show here, our initial expectation was that 2020 would be a reset-and-turnaround year, with EBITDA in the \$5.7 billion dollar range. Going forward, it is difficult to forecast exactly where the balance of at-home versus away-from-home consumption will normalize. I will highlight, though, that, excluding any benefit from COVID, or a significant, more permanent shift to at-home consumption, we expect 2022 EBITDA to be at a level that reflects our targeted CAGR versus our pre-COVID EBITDA outlook. And we are expecting to deliver our long term, annual run-rate growth every year forward from there.

Finally, regarding our new financial profile, I want to repeat a point Miguel made at the outset of today's presentation. We are on track to deliver our turnaround. Our momentum is stronger than we ever could have imagined at the start of this year. And, we are confident we will achieve consistent growth. And, as we get consistently below 4 times net debt to Adjusted EBITDA, we will gain increased optionality to allocate capital to the highest return opportunities we see. This may include increasing our exposure to higher growth platforms and geographies through either accelerated organic investments, or strategic acquisitions. And we also may deploy excess cash to share repurchases.

As I said our momentum is strong. In fact, from where we stand today, we expect Q3 and full-year 2020 results to be stronger than our initial expectation.

Specifically, we now expect Q3 Organic Net Sales to grow at the mid-single-digit rate. We expect Q3 Adjusted EBITDA growth to be up high-single-digits versus last

year on a constant currency basis. And for the full year, we are expecting mid-single-digit constant-currency growth in Adjusted EBITDA versus 2019.

Finally, we expect that, at the end of the year, net leverage will be approximately 4 times, on a trailing 12 months basis, excluding any impact from the transaction I just described.

Looking into 2021, we expect a strong start to the year based on what we are currently seeing in the marketplace, although it is difficult, at this point, to forecast consumption levels based on what we have experienced in 2020.

So, our focus for 2021 is to retain as much of the 2020 gains we can, and continue to implement our strategy for sustainable Growth, Profitability, and Cash generation.

In summary, we have a simple financial formula with great visibility, driven by a new platform structure that is unlocking growth, new productivity programs that are delivering efficiencies, and capital priorities that support reinvestment and accelerate our strategic plan.

So now, let me hand it to Miguel for some closing comments.

Miguel Patricio, Chief Executive Officer

Well, thank you, Paulo.

And thanks to all of you for participating today. We hope you found today useful and informative.

Before we take your questions, I want to leave you with some thoughts. The first time I talked to you, I promised you I would be transparent and direct. Today, I

think we shared a plan that is transformational for Kraft Heinz, but more important to me it is realistic. And mark my words, this is the plan that we will deliver.

It is my job as a CEO to set the tone of our culture and we have started rebuilding a new culture with a mindset for growth. Kraft Heinz has played defense for far too long. To use an American football example, we played not to lose. But as you heard in the detailed plans, from all our leaders today, we are now moving to offense. We are leading instead of following. And we are making decisions to win big, not just to make small, safe plays. I'm excited about the plan we are going to deliver. And here is why.

Our new strategy is groundbreaking. We are changing the game. Our plan is comprehensive. There is a thoughtful level of detail behind it which you heard in the past few hours. This is why I'm confident we'll achieve it. We'll control our own destiny and this plan puts the future in our hands.

Our Consumer Platforms simplify our business and significantly expand our opportunities to win beyond business as usual. We are transforming how we work with the customers to drive growth. And Ops and Procurement is continuously improving efficiency and execution. And we are investing our savings to grow our brands and our business, creating a positive, virtuous cycle.

But, one of the most important messages that I want all of you to hear is that this is not a wish list. We have been putting this plan into place over the past year. And we are doing all of this right now. If COVID-19 and the other challenges of this year have taught me anything, is the power of scale and agility. I couldn't be prouder of how we responded as a company. We are now more creative, we are already more agile, and more efficient, and it all starts with our people. I want to thank all 38,000 employees around the world for all they do each day. I've never been more excited, more energized, more inspired, more convinced we have the right plans and teams to meet this moment.

At the end, it all comes back to our purpose: *Let's Make Life Delicious*. It's why we get up and work every day, to bring joy and pleasure to people's lives, to help



feed the world and do it deliciously, or consumers, for our people, and for our shareholders.

Thank you.

Now we are going to take a two minute break while we set up the studio for our final Q&A.

Chris Jakubik, Head of Global Investor Relations

Okay. Let's start our final Q&A with a question for Paulo. The question is on the divestiture we just announced, and it's, could Paulo cover again the leverage impact that is expected from the cheese sale, and will this impact the dividend going forward?

Paulo Basilio, Chief Financial Officer

Thanks, Chris. Yes. As we said, we intend to use the proceeds of the sale to pay down debt. The impact of the net leverage-to-EBITDA ratio we expect to be around 0.2 turns. And in terms of the dividends, no, we don't expect to change our current dividend because of this transaction. We're confident that we have enough cash flow and plans to support the current dividend even with this transaction.

Chris Jakubik, Head of Global Investor Relations

Okay. We've got one more question here on the divestiture. And the question is, the divestiture just announced as a business that looks like it was in the Energize portfolio role that management just defined. Most of us thought that divestitures would come from the Stabilize role. Does this mean that you will look more broadly across the portfolio divestitures? Miguel?

Miguel Patricio, Chief Executive Officer

Okay. Look, Chris, I think that we have to look at this great example of the agile portfolio management that Paulo was just talking about before. Even inside Energize, we're going to see areas or categories where we see our platforms – where we see parts or products or brands that have an amazing chance to be renovated and grow, and others where we see more difficulties.

So, think about cheese. We continue with Philadelphia cream cheese, which is an amazing brand with amazing potential for growth. We keep Kraft Singles American Cheese because we feel the same way. The natural cheese was an area that we thought that could add more value to the company that is actually buying the product than for us. So, we feel that this will help us tremendously on our growth ambitions.

Chris Jakubik, Head of Global Investor Relations

Another financial question. If gross margin decline has been the biggest driver of recent performance, and you are committing to grow marketing and SG&A, do you expect gross margins will return to 2017 levels again?

Paulo Basilio, Chief Financial Officer

Listen, Chris, we are committed to invest more in marketing as we shared. We don't have a target of gross margin, but we strongly believe that our gross profit that we've been mentioning is going to increase going forward as we execute our organic plan, and also execute our efficiencies in business investments as we presented. So, we don't think about a target of gross margin. But yes, we look, and expect our gross profit to improve over time.

Chris Jakubik, Head of Global Investor Relations

Okay, okay. Go back to platforms and a question is do you expect the platform approach will lead KHC in the categories that it doesn't compete in today or to fewer categories?

Miguel Patricio, Chief Executive Officer

Chris, Nina, when she presented, she talked briefly about potential platforms for the future. She mentioned nutrition. She mentioned plant-based. These are areas

that we are learning, and we still don't know if these are really going to become platforms, but eventually will. And my answer to you is, yes, the platforms cannot be static. If consumer needs evolve, we'll need to evolve the platforms as well, if necessary.

Chris Jakubik, Head of Global Investor Relations

Okay, okay. Back on the savings number, Paulo, the question is, it sounded like Paulo referred to 20% net savings as the expectation on the \$2 billion gross savings target. That seems to imply \$400 million to invest from 2020 to 2024. Is that correct?

Paulo Basilio, Chief Financial Officer

So, what we mentioned – so, we have a plan. We have mapped, as we shared, \$2 billion of gross savings over the five years – next five years. We see \$350 million to \$400 million that we execute in this in 2020, and the remaining will be from 2021 to 2024.

I mentioned that 20% net savings like if we consider that our level of inflation that at the end would give us 20% of this \$2 billion net of inflation for the company, it will more than – it would be more than sufficient to fund the business investments that we highlighted here today in this presentation.

Chris Jakubik, Head of Global Investor Relations

Okay. Let me add one more question here that's kind of in the same area, and is directed at Miguel. So, Miguel has repeatedly said that he expects savings to offset investments, but a lot of investors think it will take more investment to return Kraft Heinz to growth. Two questions, why do you – one, why do you think your plan has enough investment; and two, if savings don't materialize or costs are more inflationary, will you still invest.

Miguel Patricio, Chief Executive Officer

Well, related to the first question, I do believe the same things we have are enough, and I believe because I think that there're big opportunities to improve the return on investment without having to increase the total investment. So, we

are very confident that we'll increase substantially the investment behind our brands or what consumers will see without having to increase dramatically the total investment. And the second part, Chris, sorry?

Chris Jakubik, Head of Global Investor Relations

Yeah. It was if savings don't materialize or costs are more inflationary, will you still invest.

Miguel Patricio, Chief Executive Officer

Look, one thing that I'm sure is that the plan that we have is going to not to be a straight line, right? And we'll have to adapt our plan throughout the years. If – do we have inflationary pressure, actually, it can be good or bad. Maybe it will give us the possibility to increase prices or not. I think that what we are absolutely committed is to have the commitment for these investments in the next five years. It can have eventually variations because macroeconomics will have variations throughout the year. But yes, we want to increase our investments behind our brands.

Chris Jakubik, Head of Global Investor Relations

Okay. There's another question here directed to you, Miguel. The question is where does Miguel expect to devote most of his time during the next 6, 12, 18 months?

Miguel Patricio, Chief Executive Officer

I think to the same place, Chris, that I have been devoting in my first 12 months, maybe with a different ZIP code. I've been putting first people as my biggest priority and building a great team, building capabilities, inspire the teams, defining a new culture for the company. And then together, at the same time, defining our strategy for the future and I don't see that moving forward, these priorities will be different. These are big priorities.

I've mentioned the ZIP code because I'm desperate to get on a plane and to travel throughout the world and be with our teams around the world which I haven't

had the opportunity yet. Hopefully, the beginning of the next year, I can do that. That will be different.

Chris Jakubik, Head of Global Investor Relations

Okay. We'll come back to the savings plan. There's a lot of questions on this and maybe, Paulo, can take this one. Are there any onetime cash restructuring items in your plan?

Paulo Basilio, Chief Financial Officer

No. No, we're not considering any onetime expense for investment in this plan.

Chris Jakubik, Head of Global Investor Relations

Okay. So then another one related again to the savings. The question, the savings plan seems to rely heavily on generating variable cost savings. At the same time, the US plans talked a lot about renovation. Can you deliver net variable cost savings while at the same time investing in product quality?

Paulo Basilio, Chief Financial Officer

Chris, actually, that's the work that the team did. I think the team mapped the savings opportunities, the investment that the business needed including marketing and other investments in renovation that we expect to have in our portfolio and came up with the numbers that we just presented today. So, again, we have a plan for the next five years as we shared here today. And we have solid savings plans that we expect. Now, to deliver that, we'll support the investments that we need to do in the company.

Chris Jakubik, Head of Global Investor Relations

Okay. Okay. Thanks, Paulo. Question here, it seems more, sort of, a model and how the model works. Can you grow consistently if the US business does not, either Paulo or Miguel?

Miguel Patricio, Chief Executive Officer

I can answer that question. The answer is no. We need the US to grow but we need the international business to grow faster and that is really the answer. In the strategic plan that we made, we have more or less 50% of the growth coming from international business, especially in the developed countries. They are 50% from US so that's the ambition and that's the plan.

Chris Jakubik, Head of Global Investor Relations

Okay. Our next question is on cash and cash flow. The question is what are the company's plans to use excess cash if results continue to be stronger than expected? Paulo, do you want to take that?

Paulo Basilio, Chief Financial Officer

Sure, Chris. So if we keep doing well and keep improving our cash flow and – we're going to have like more flexibility and optionality to accelerate our strategy as we were mentioning and also evaluate opportunities, for example, to buy back shares if that's going to be the right use of capital, but we're going to evaluate that in this scenario.

Miguel Patricio, Chief Executive Officer

Or even to do small acquisitions.

Chris Jakubik, Head of Global Investor Relations

Okay. So just related to question from fixed income investors. What is the company's leverage target if 4 times is achieved by the end of 2020?

Miguel Patricio, Chief Executive Officer

Sorry, Chris. Can you repeat the question?

Chris Jakubik, Head of Global Investor Relations

Yeah. It says what is company's leverage target if 4 times is achieved by the end of 2020?

Miguel Patricio, Chief Executive Officer

Listen, our goal is still to get our leverage to 4 times. We know that we now currently have a benefit from the at-home consumption. So we are not changing this goal now. We still want to take the leverage of the company to a consistent base at 4 times and we are not changing this goal today.

Chris Jakubik, Head of Global Investor Relations

Okay. Perhaps one more question here. And the question is how involved has Berkshire Hathaway been in the development of the strategy?

Miguel Patricio, Chief Executive Officer

Look, Chris, Berkshire has been very active in the board. They have two representatives, Greg Abel and Tim Kenesey, and they've been very supportive through all time to me – to myself and to my team. They've been inspiring us and provoking us as board members do and so I'm very pleased with the relationships with them.

Chris Jakubik, Head of Global Investor Relations

Great. Let's end it there, we said we were aiming to complete our virtual investor day by midday Eastern Time and we're there now. For analysts and investors that have follow-up questions, Andy Larkin and I will be available to take your calls and for the members of media, please reach out to our Head of Corporate Affairs, Michael Mullen.

On behalf of our entire team, I would like to thank everyone for joining us today. We will leave you with one more video that captures the spirit of our excitement and the momentum behind our new strategy.

Have a great day.

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