



THE KRAFT HEINZ COMPANY

Q4 AND FULL YEAR 2018 UPDATE

February 21, 2019

SAFE HARBOR STATEMENT



This webcast presentation contains a number of forward-looking statements. Words such as "enhance," "give," "encouraged," "believe," "confident," "feel," "position," "anticipate," "target," "build," "gain," "support," "save," "modernize," "reflect," "invest," "progress," "expand," "adapt," "prioritize," "potential," "focus," "enable," "continue," "execute," "reinvent," "leverage," "sustain," "manage," "strengthen," "see," "make," "expect," "deliver," "drive," "improve," "accelerate," "contemplate," "assess," "reassess," "evaluate," "grow," "remain," "continue," "could," "should," "will," "plan," and variations of such words and similar future or conditional expressions are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding Kraft Heinz's plans, impacts of accounting standards and guidance, growth, legal matters, costs and cost savings, impairments, taxes, dividends, expectations, investments, innovations, opportunities, capabilities, execution, initiatives, and pipeline. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties, many of which are difficult to predict and beyond Kraft Heinz's control. Important factors that may affect Kraft Heinz's business and operations and that may cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, operating in a highly competitive industry; Kraft Heinz's ability to correctly predict, identify and interpret changes in consumer preferences and demand, to offer new products to meet those changes, and to respond to competitive innovation; changes in the retail landscape or the loss of key retail customers; changes in relationships with significant customers or suppliers; Kraft Heinz's ability to maintain, extend, and expand our reputation and brand image; Kraft Heinz's ability to leverage our brand value to compete against private label products; Kraft Heinz's ability to drive revenue growth in its key product categories, increase its market share, or add products that are in faster-growing and more profitable categories; product recalls or product liability claims; unanticipated business disruptions; Kraft Heinz's ability to identify, complete, or realize the benefits from strategic acquisitions, alliances, divestitures joint ventures, or other investments; Kraft Heinz's ability to realize the anticipated benefits from prior or future streamlining actions to reduce fixed costs, simplify or improve processes, and improve our competitiveness; Kraft Heinz's ability to successfully execute its international strategic initiatives; the impacts of Kraft Heinz's international operations; economic and political conditions in the United States and in various other nations in which Kraft Heinz does business; changes in Kraft Heinz's management team or other key personnel and Kraft Heinz's ability to hire or retain key personnel or a highly skilled and diverse global workforce; risks associated with information technology and systems, including service interruptions, misappropriation of data, or breaches of security; impacts of natural events in the locations in which Kraft Heinz or its customers, suppliers, distributors, or regulators operate; Kraft Heinz's ownership structure; Kraft Heinz's indebtedness and ability to pay such indebtedness; an impairment of the carrying amount of goodwill or other indefinite-lived intangible assets; exchange rate fluctuations; volatility in commodity, energy, and other input costs; volatility in the market value of all or a portion of the derivatives Kraft Heinz uses; increased pension, labor and people-related expenses; compliance with laws, regulations, and related interpretations and related legal claims or other regulatory enforcement actions; Kraft Heinz's ability to protect intellectual property rights; tax law changes or interpretations; the impact of future sales of Kraft Heinz's common stock in the public markets; Kraft Heinz's ability to continue to pay a regular dividend and the amounts of any such dividends; volatility of capital markets and other macroeconomic factors; and other factors. For additional information on these and other factors that could affect Kraft Heinz's forward-looking statements, see Kraft Heinz's risk factors, as they may be amended from time to time, set forth in its filings with the Securities and Exchange Commission. Kraft Heinz disclaims and does not undertake any obligation to update or revise any forward-looking statement in this webcast presentation, except as required by applicable law or regulation.

Non-GAAP Measures

This webcast presentation also includes non-GAAP financial measures, including Organic Net Sales, Adjusted EBITDA, Constant Currency Adjusted EBITDA and Adjusted EPS. These non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix to this presentation.

Re-established commercial growth

- ✓ Consumption trend-bends, commercial gains
- ✗ Self-inflicted losses

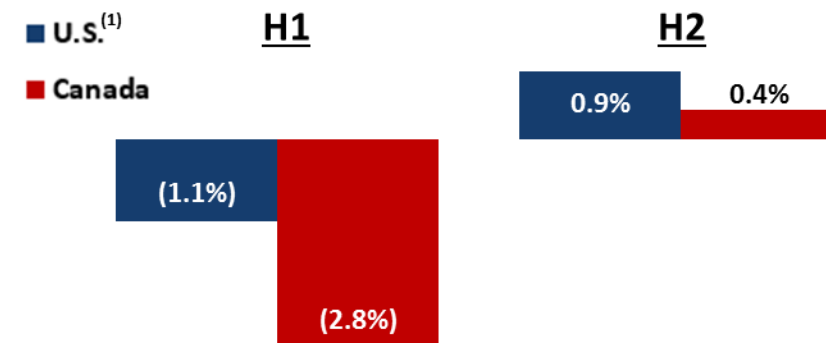
Deployed strategically advantaged capabilities

- ✓ Strong ROIs in data-driven marketing, category management, in-store sales initiatives
- ✓ Established Springboard and evolv ventures

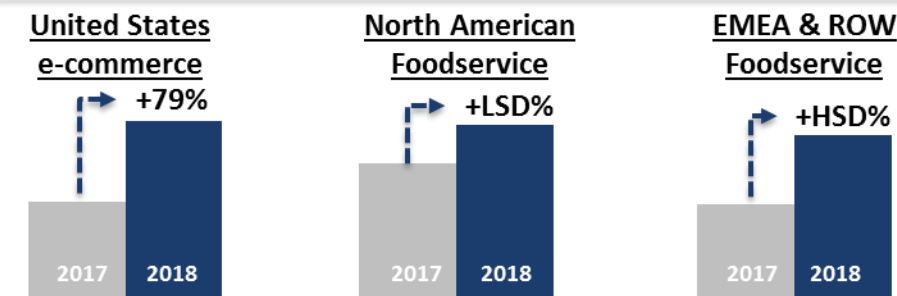
Under-delivered anticipated net savings

- ✓ Industry-leading Quality, Safety, Customer Service
- ✗ Over-optimistic savings expectations

North American Consumption Trends



Non-tracked Channel Growth



2018 Global Cost⁽²⁾ Performance

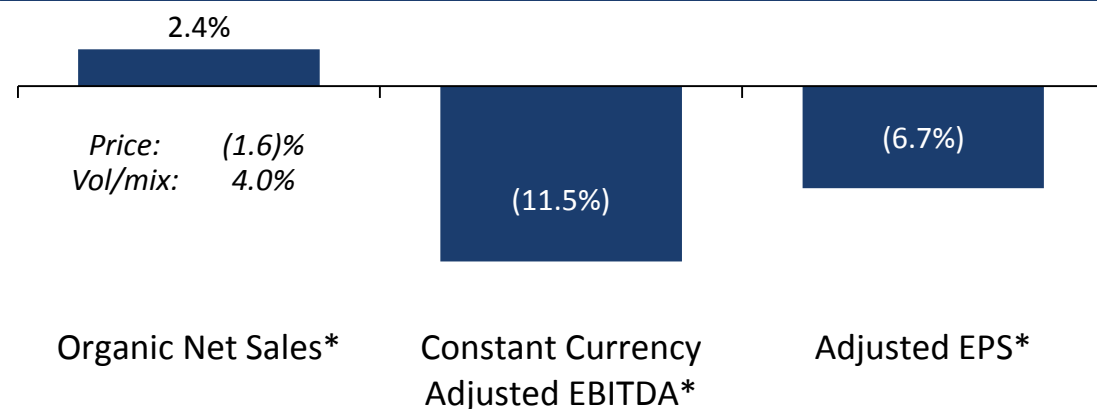
Initial Outlook		Results	
Gross Inflation	Net Inflation	Gross Inflation	Net Inflation
~3.0%	-	~4.5%	~3.0%

1) Excludes impact from Planters' exit at club, 2) Excludes key commodity costs which include dairy, meat, coffee and nuts in the United States and Canada

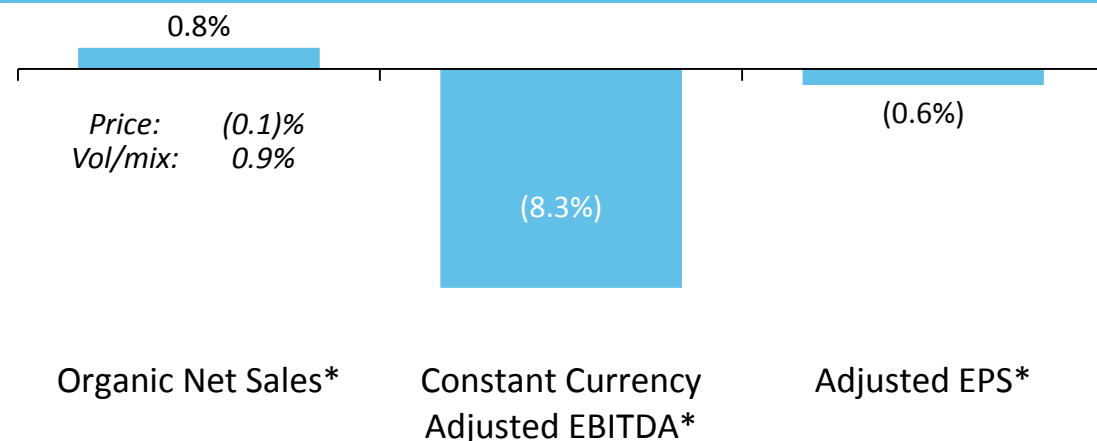
Q4 AND 2018 FINANCIAL SUMMARY



Q4 2018 vs. Q4 2017



2018 vs. 2017



- Consumption-driven growth momentum
 - Q4 volume/mix growth in every segment, led by consumption growth in majority of U.S. categories
 - Q4 pricing included ~(80)bps impact from key commodity⁽¹⁾ pass-through in U.S.
- Constant Currency Adjusted EBITDA decline driven by U.S. operations performance
 - U.S. primarily impacted by higher costs, net of savings, in procurement, manufacturing and logistics
- Adjusted EPS reflects lower taxes on adjusted earnings, more than offset by lower Adjusted EBITDA, higher depreciation and interest expenses

(1) The Company's key commodities in the United States and Canada are dairy, meat, coffee, and nuts.

* Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to Non-GAAP reconciliations.

Industry Backdrop

Consumer Fragmentation

- Tastes, lifestyles, dietary needs
- Retail channels, online versus in-store
- Media channels

Brand (re)Investment

- Need to modernize offerings, capabilities
- Lack of savings, high leverage

Retail Competition

- Assortment to remain key differentiator

Ongoing Cost Inflation

- Logistics, packaging, manufacturing

2019 Plan

- 1 Sustain Commercial Momentum
- 2 More Actively Manage Portfolio
- 3 Strengthen Balance Sheet

Deploy strongest global pipeline to date

- **U.S.:** record innovation pipeline targeting incremental consumption gains
- **Canada:** reignite spreads, condiments and sauces consumption
- **EMEA, ROW:** drive condiments and sauces whitespace and innovation
- **Foodservice:** distribution and whitespace gains in all regions

Step up brand support through incremental marketing initiatives

- Increase effectiveness with next-generation marketing, CRM and digital capabilities

Leverage category management, go-to-market capabilities

- Win assortment, improve distribution across all channels

Drive positive Organic Net Sales growth from incremental consumption gains

- Volume/mix growth from innovation, distribution, whitespace initiatives
- Pricing actions balance cost inflation and market share objectives
- Positive 2019 organic growth offset by ~3-4pp divestiture and currency headwind
 - 1Q19 Organic Net Sales to be held back by holiday timing, comparisons with prior year

Maintain industry-leading margins

- Expect 2019 Adjusted EBITDA in range of \$6.3B - \$6.5B
 - Commercial gains offset by stepped-up support of marketing, innovation, e-commerce, people
 - Low-to-mid-single-digit non-key commodity inflation, net of savings
 - High-teens decline in 1Q19 Adjusted EBITDA versus prior year

Well-positioned to deliver consistent Adjusted EBITDA and EPS growth from 2020 onwards

- Expect 2019 Adjusted EPS to be held back by ~\$0.25 non-operating headwinds versus 2018

Exit areas with no clear path to competitive advantage

- Further improve portfolio's growth and margin trajectory

Sell assets at strong valuations with limited earnings dilution

- Recent transactions provide template, precedent for additional actions

Dedicate leadership resources to portfolio management, transformational activity

- Experienced, focused leadership for strategic initiatives and M&A

Deleverage with proceeds from asset sales

Accelerate capital structure improvement for strategic advantage

- Priority remains improving Investment Grade status towards 3x leverage target
- Greater flexibility to capitalize on opportunities to improve portfolio

Dedicating proceeds from divestitures to debt reduction

- Additional divestitures to further deleveraging

Reducing quarterly dividend to \$0.40 per share

- Accelerating deleveraging process to provide greater balance sheet flexibility
- Rightsizing payout to reflect announced divestitures, as well as those under consideration
- Establishing base dividend that can grow consistent with EBITDA growth over time

Merger – 2017

Integrate, Renovate, Reinvent

Developed integrated culture of ownership and meritocracy

- Rituals-and-Routines, Zero-Based-Budgeting, Management-by-Objectives

Revitalized brands through necessary product renovation, testing-and-learning new tools to adapt to rapidly changing environment

Removed costs with no benefit to consumers, completed transformational North American supply chain integration

Significantly de-leveraged and de-risked balance sheet

2018 – 2019

Rebuild Commercial Momentum

Establish key growth pillars

- Breakthrough Innovation, Channel Development, Geographic Whitespace, Springboard, evolv ventures

Accelerate deployment of strategically advantaged capabilities

- Data-Driven Marketing, Category Management, In-Store Sales, Customer Service, E-commerce

Actively manage portfolio to accelerate de-leveraging, create maximum balance sheet flexibility

2020 – Forward

Consistently Grow Top and Bottom Line

Sustain top-line momentum from innovation, whitespace initiatives leveraging marketing, go-to-market capabilities, channel development

Drive profit growth through combination of sales growth, established commercial support levels, cost control

Actively manage portfolio to improve growth and returns

Kraft *Heinz*

THE KRAFT HEINZ COMPANY

Non-GAAP Financial Measures

The non-GAAP financial measures provided should be viewed in addition to, and not as an alternative for, results prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) that are presented in this press release.

To supplement the financial information, the Company has presented Organic Net Sales, Adjusted EBITDA, Constant Currency Adjusted EBITDA, and Adjusted EPS, which are considered non-GAAP financial measures. The non-GAAP financial measures presented may differ from similarly titled non-GAAP financial measures presented by other companies, and other companies may not define these non-GAAP financial measures in the same way. These measures are not substitutes for their comparable GAAP financial measures, such as net sales, net income/(loss), diluted earnings per share, or other measures prescribed by GAAP, and there are limitations to using non-GAAP financial measures.

Management uses these non-GAAP financial measures to assist in comparing the Company's performance on a consistent basis for purposes of business decision making by removing the impact of certain items that management believes do not directly reflect the Company's underlying operations. Management believes that presenting the Company's non-GAAP financial measures (i.e., Organic Net Sales, Adjusted EBITDA, Constant Currency Adjusted EBITDA, and Adjusted EPS) is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items, (ii) permits investors to view performance using the same tools that management uses to budget, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provides supplemental information that may be useful to investors in evaluating the Company's results. The Company believes that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provides investors with additional understanding of the factors and trends affecting the Company's business than could be obtained absent these disclosures.

Organic Net Sales is defined as net sales excluding, when they occur, the impact of currency, acquisitions and divestitures, and a 53rd week of shipments. The Company calculates the impact of currency on net sales by holding exchange rates constant at the previous year's exchange rate, with the exception of Venezuela, for which the Company calculates the previous year's results using the current year's exchange rate. Organic Net Sales is a tool that can assist management and investors in comparing the Company's performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect the Company's underlying operations.

Adjusted EBITDA is defined as net income/(loss) from continuing operations before interest expense, other expense/(income), net, provision for/(benefit from) income taxes, and depreciation and amortization (excluding integration and restructuring expenses); in addition to these adjustments, the Company excludes, when they occur, the impacts of integration and restructuring expenses, deal costs, unrealized losses/(gains) on commodity hedges, impairment losses, losses/(gains) on the sale of a business, other losses/(gains) related to acquisitions and divestitures (e.g., tax and hedging impacts), nonmonetary currency devaluation (e.g., remeasurement gains and losses), and equity award compensation expense (excluding integration and restructuring expenses). The Company also presents Adjusted EBITDA on a constant currency basis. The Company calculates the impact of currency on Adjusted EBITDA by holding exchange rates constant at the previous year's exchange rate, with the exception of Venezuela, for which it calculates the previous year's results using the current year's exchange rate. Adjusted EBITDA and Constant Currency Adjusted EBITDA are tools that can assist management and investors in comparing the Company's performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect the Company's underlying operations.

Adjusted EPS is defined as diluted earnings per share excluding, when they occur, the impacts of integration and restructuring expenses, deal costs, unrealized losses/(gains) on commodity hedges, impairment losses, losses/(gains) on the sale of a business, other losses/(gains) related to acquisitions and divestitures (e.g., tax and hedging impacts), nonmonetary currency devaluation (e.g., remeasurement gains and losses), and U.S. Tax Reform discrete income tax expense/(benefit), and including when they occur, adjustments to reflect preferred stock dividend payments on an accrual basis. The Company believes Adjusted EPS provides important comparability of underlying operating results, allowing investors and management to assess operating performance on a consistent basis.

See the attached schedules for supplemental financial data, which includes the financial information, the non-GAAP financial measures and corresponding reconciliations to the comparable GAAP financial measures for the relevant periods.

Schedule 1

The Kraft Heinz Company
Consolidated Statements of Income
(in millions, except per share data)
(Unaudited)

	For the Three Months Ended		For the Year Ended	
	December 29, 2018	December 30, 2017	December 29, 2018	December 30, 2017
Net sales	\$ 6,891	\$ 6,844	\$ 26,259	\$ 26,085
Cost of products sold	4,658	4,542	17,309	16,948
Gross profit	2,233	2,302	8,950	9,137
Selling, general and administrative expenses, excluding impairment losses	866	780	3,204	2,951
Goodwill impairment losses	7,108	—	7,272	—
Intangible asset impairment losses	8,332	—	8,667	49
Selling, general and administrative expenses	16,306	780	19,143	3,000
Operating income/(loss)	(14,073)	1,522	(10,193)	6,137
Interest expense	326	308	1,288	1,234
Other expense/(income), net	13	(117)	(183)	(627)
Income/(loss) before income taxes	(14,412)	1,331	(11,298)	5,530
Provision for/(benefit from) income taxes	(1,744)	(6,665)	(1,006)	(5,460)
Net income/(loss)	(12,668)	7,996	(10,292)	10,990
Net income/(loss) attributable to noncontrolling interest	(60)	(7)	(63)	(9)
Net income/(loss) attributable to common shareholders	\$ (12,608)	\$ 8,003	\$ (10,229)	\$ 10,999
Basic shares outstanding	1,220	1,219	1,219	1,218
Diluted shares outstanding	1,220	1,228	1,219	1,228
Per share data applicable to common shareholders:				
Basic earnings/(loss) per share	\$ (10.34)	\$ 6.57	\$ (8.39)	\$ 9.03
Diluted earnings/(loss) per share	(10.34)	6.52	(8.39)	8.95

Schedule 2

The Kraft Heinz Company
Reconciliation of Net Sales to Organic Net Sales
For the Three Months Ended
(dollars in millions)
(Unaudited)

	<u>Net Sales</u>	<u>Currency</u>	<u>Acquisitions and Divestitures</u>	<u>Organic Net Sales</u>	<u>Price</u>	<u>Volume/Mix</u>
December 29, 2018						
United States	\$ 4,810	\$ —	\$ —	\$ 4,810		
Canada	600	(24)	—	624		
EMEA	692	(31)	—	723		
Rest of World	789	(42)	48	783		
	<u>\$ 6,891</u>	<u>\$ (97)</u>	<u>\$ 48</u>	<u>\$ 6,940</u>		
December 30, 2017						
United States	\$ 4,760	\$ —	\$ —	\$ 4,760		
Canada	589	—	—	589		
EMEA	699	—	13	686		
Rest of World	796	53	—	743		
	<u>\$ 6,844</u>	<u>\$ 53</u>	<u>\$ 13</u>	<u>\$ 6,778</u>		
Year-over-year growth rates						
United States	1.1%	0.0 pp	0.0 pp	1.1%	(2.8) pp	3.9 pp
Canada	1.8%	(4.2) pp	0.0 pp	6.0%	(1.7) pp	7.7 pp
EMEA	(1.1)%	(4.3) pp	(1.9) pp	5.1%	2.6 pp	2.5 pp
Rest of World	(0.8)%	(12.6) pp	6.5 pp	5.3%	1.8 pp	3.5 pp
Kraft Heinz	0.7%	(2.2) pp	0.5 pp	2.4%	(1.6) pp	4.0 pp

Schedule 3

The Kraft Heinz Company
 Reconciliation of Net Sales to Organic Net Sales
 For the Year Ended
 (dollars in millions)
 (Unaudited)

	Net Sales	Currency	Acquisitions and Divestitures	Organic Net Sales	Price	Volume/Mix
December 29, 2018						
United States	\$ 18,122	\$ —	\$ —	\$ 18,122		
Canada	2,173	(5)	—	2,178		
EMEA	2,709	66	19	2,624		
Rest of World	3,255	(75)	158	3,172		
	<u>\$ 26,259</u>	<u>\$ (14)</u>	<u>\$ 177</u>	<u>\$ 26,096</u>		
December 30, 2017						
United States	\$ 18,230	\$ —	\$ —	\$ 18,230		
Canada	2,177	—	—	2,177		
EMEA	2,594	—	56	2,538		
Rest of World	3,084	144	—	2,940		
	<u>\$ 26,085</u>	<u>\$ 144</u>	<u>\$ 56</u>	<u>\$ 25,885</u>		
Year-over-year growth rates						
United States	(0.6)%	0.0 pp	0.0 pp	(0.6)%	(0.9) pp	0.3 pp
Canada	(0.2)%	(0.3) pp	0.0 pp	0.1%	(0.6) pp	0.7 pp
EMEA	4.4%	2.5 pp	(1.5) pp	3.4%	0.2 pp	3.2 pp
Rest of World	5.6%	(7.6) pp	5.3 pp	7.9%	5.4 pp	2.5 pp
Kraft Heinz	0.7%	(0.6) pp	0.5 pp	0.8%	(0.1) pp	0.9 pp

Schedule 4

The Kraft Heinz Company
 Reconciliation of Net Income/(Loss) to Adjusted EBITDA
 (dollars in millions)
 (Unaudited)

	For the Three Months Ended		For the Year Ended	
	December 29, 2018	December 30, 2017	December 29, 2018	December 30, 2017
Net income/(loss)	\$ (12,668)	\$ 7,996	\$ (10,292)	\$ 10,990
Interest expense	326	308	1,288	1,234
Other expense/(income), net	13	(117)	(183)	(627)
Provision for/(benefit from) income taxes	(1,744)	(6,665)	(1,006)	(5,460)
Operating income/(loss)	(14,073)	1,522	(10,193)	6,137
Depreciation and amortization (excluding integration and restructuring expenses)	248	227	950	910
Integration and restructuring expenses	81	218	296	606
Deal costs	4	—	23	—
Unrealized losses/(gains) on commodity hedges	10	(5)	21	19
Impairment losses	15,440	—	15,939	49
Losses/(gains) on sale of business	—	—	15	—
Equity award compensation expense (excluding integration and restructuring expenses)	(11)	11	33	49
Adjusted EBITDA	\$ 1,699	\$ 1,973	\$ 7,084	\$ 7,770
Segment Adjusted EBITDA:				
United States	\$ 1,264	\$ 1,510	\$ 5,279	\$ 5,964
Canada	163	161	613	636
EMEA	171	175	715	681
Rest of World	134	142	638	597
General corporate expenses	(33)	(15)	(161)	(108)
Adjusted EBITDA	\$ 1,699	\$ 1,973	\$ 7,084	\$ 7,770

Schedule 5

The Kraft Heinz Company
Reconciliation of Adjusted EBITDA to Constant Currency Adjusted EBITDA
For the Three Months Ended
(dollars in millions)
(Unaudited)

	Adjusted EBITDA	Currency	Constant Currency Adjusted EBITDA
December 29, 2018			
United States	\$ 1,264	\$ —	\$ 1,264
Canada	163	(7)	170
EMEA	171	(8)	179
Rest of World	134	(6)	140
General corporate expenses	(33)	—	(33)
	<u>\$ 1,699</u>	<u>\$ (21)</u>	<u>\$ 1,720</u>
December 30, 2017			
United States	\$ 1,510	\$ —	\$ 1,510
Canada	161	—	161
EMEA	175	—	175
Rest of World	142	31	111
General corporate expenses	(15)	—	(15)
	<u>\$ 1,973</u>	<u>\$ 31</u>	<u>\$ 1,942</u>
<u>Year-over-year growth rates</u>			
United States	(16.3)%	0.0 pp	(16.3)%
Canada	1.1%	(4.4) pp	5.5%
EMEA	(2.6)%	(4.3) pp	1.7%
Rest of World	(6.0)%	(31.8) pp	25.8%
General corporate expenses	116.4%	(1.5) pp	117.9%
Kraft Heinz	(13.9)%	(2.4) pp	(11.5)%

Schedule 6

The Kraft Heinz Company
Reconciliation of Adjusted EBITDA to Constant Currency Adjusted EBITDA
For the Year Ended
(dollars in millions)
(Unaudited)

	Adjusted EBITDA	Currency	Constant Currency Adjusted EBITDA
December 29, 2018			
United States	\$ 5,279	\$ —	\$ 5,279
Canada	613	(2)	615
EMEA	715	22	693
Rest of World	638	(7)	645
General corporate expenses	(161)	(2)	(159)
	\$ 7,084	\$ 11	\$ 7,073
December 30, 2017			
United States	\$ 5,964	\$ —	\$ 5,964
Canada	636	—	636
EMEA	681	—	681
Rest of World	597	56	541
General corporate expenses	(108)	—	(108)
	\$ 7,770	\$ 56	\$ 7,714
<u>Year-over-year growth rates</u>			
United States	(11.5)%	0.0 pp	(11.5)%
Canada	(3.6)%	(0.3) pp	(3.3)%
EMEA	4.9%	3.2 pp	1.7%
Rest of World	6.8%	(12.4) pp	19.2%
General corporate expenses	48.6%	1.9 pp	46.7%
Kraft Heinz	(8.8)%	(0.5) pp	(8.3)%

Schedule 7

The Kraft Heinz Company
Reconciliation of Diluted EPS to Adjusted EPS
(Unaudited)

	For the Three Months Ended	
	December 29, 2018	December 30, 2017
Diluted EPS	\$ (10.34)	\$ 6.52
Integration and restructuring expenses ^(a)	0.14	0.11
Unrealized losses/(gains) on commodity hedges ^(b)	0.01	—
Impairment losses ^(c)	11.00	—
Other losses/(gains) related to acquisitions and divestitures ^(d)	0.02	—
Nonmonetary currency devaluation ^(e)	0.01	—
U.S. Tax Reform discrete income tax expense/(benefit) ^(f)	—	(5.73)
Adjusted EPS	<u>\$ 0.84</u>	<u>\$ 0.90</u>

(a) Gross expenses included in integration and restructuring expenses were \$181 million for the three months ended December 29, 2018 (\$173 million after-tax) and \$220 million for the three months ended December 30, 2017 (\$160 million after-tax) and were recorded in the following income statement line items:

- Cost of products sold included \$19 million for the three months ended December 29, 2018 and \$199 million for the three months ended December 30, 2017;
- SG&A included \$62 million for the three months ended December 29, 2018 and \$19 million for the three months ended December 30, 2017; and
- Other expense/(income), net, included \$100 million for the three months ended December 29, 2018 and \$2 million for the three months ended December 30, 2017.

(b) Gross expenses/(income) included in unrealized losses/(gains) on commodity hedges were expenses of \$10 million for the three months ended December 29, 2018 (\$6 million after-tax) and income of \$5 million for the three months ended December 30, 2017 (\$4 million after-tax) and were recorded in cost of products sold.

(c) Gross expenses included in impairment losses were \$15.4 billion for the three months ended December 29, 2018 (\$13.5 billion after-tax) and were recorded in SG&A.

(d) Gross expenses included in other losses/(gains) related to acquisitions and divestitures were \$27 million for the three months ended December 29, 2018 (\$15 million after-tax) and were recorded in the following income statement line items:

- Interest expense included \$3 million for the three months ended December 29, 2018;
- Other expense/(income), net, included \$17 million for the three months ended December 29, 2018; and
- Provision for/(benefit from) income taxes included \$7 million for the three months ended December 29, 2018.

(e) Gross expenses included in nonmonetary currency devaluation were \$15 million for the three months ended December 29, 2018 (\$15 million after-tax) and were recorded in other expense/(income), net.

(f) U.S. Tax Reform discrete income tax expense/(benefit) included expense of \$2 million for the three months ended December 29, 2018 and benefit of \$7.0 billion for the three months ended December 30, 2017. Expenses in 2018 primarily related to changes in estimates of certain 2017 U.S. income tax deductions and changes in U.S. tax reserves. These expenses were partially offset by U.S. Tax Reform measurement period adjustments and the release of valuation allowances related to foreign tax credits. The benefit for the three months ended December 30, 2017 was related to the enactment of U.S. Tax Reform.

Schedule 8

The Kraft Heinz Company Reconciliation of Diluted EPS to Adjusted EPS (Unaudited)

	For the Year Ended	
	December 29, 2018	December 30, 2017
Diluted EPS	\$ (8.39)	\$ 8.95
Integration and restructuring expenses ^(a)	0.33	0.26
Deal costs ^(b)	0.02	—
Unrealized losses/(gains) on commodity hedges ^(c)	0.01	0.01
Impairment losses ^(d)	11.34	0.03
Losses/(gains) on sale of business ^(e)	0.01	—
Other losses/(gains) related to acquisitions and divestitures ^(f)	0.02	—
Nonmonetary currency devaluation ^(g)	0.12	0.03
U.S. Tax Reform discrete income tax expense/(benefit) ^(h)	0.07	(5.73)
Adjusted EPS	\$ 3.53	\$ 3.55

(a) Gross expenses/(income) included in integration and restructuring expenses were \$459 million in 2018 (\$408 million after-tax) and \$457 million in 2017 (\$330 million after-tax) and were recorded in the following income statement line items:

- Cost of products sold included \$194 million in 2018 and \$463 million in 2017;
- SG&A included \$102 million in 2018 and \$143 million in 2017; and
- Other expense/(income), net, included expenses of \$163 million in 2018 and income of \$149 million in 2017.

(b) Gross expenses included in deal costs were \$23 million in 2018 (\$19 million after-tax) and were recorded in the following income statement line items:

- Cost of products sold included \$4 million in 2018; and
- SG&A included \$19 million in 2018.

(c) Gross expenses/(income) included in unrealized losses/(gains) on commodity hedges were expenses of \$21 million in 2018 (\$16 million after-tax) and expenses of \$19 million in 2017 (\$12 million after-tax) and were recorded in cost of products sold.

(d) Gross expenses included in impairment losses were \$15.9 billion in 2018 (\$13.9 billion after-tax) and \$49 million in 2017 (\$35 million after-tax) and were included in SG&A.

(e) Gross expenses included in losses/(gains) on sale of business were \$15 million in 2018 (\$14 million after-tax) and were recorded in SG&A.

(f) Gross expenses included in other losses/(gains) related to acquisitions and divestitures were \$27 million in 2018 (\$15 million after-tax) and were recorded in the following income statement line items:

- Interest expense included \$3 million in 2018;
- Other expense/(income), net, included \$17 million in 2018; and
- Provision for/(benefit from) income taxes included \$7 million in 2018.

(g) Gross expenses included in nonmonetary currency devaluation were \$146 million in 2018 (\$146 million after tax) and \$36 million in 2017 (\$36 million after-tax) and were recorded in other expense/(income), net.

(h) U.S. Tax Reform discrete income tax expense/(benefit) was an expense of \$81 million in 2018 and a benefit of \$7.0 billion in 2017. Expenses in 2018 primarily related to the revaluation of our deferred tax balances due to changes in state tax laws following U.S. Tax Reform. These expenses were partially offset by net benefits related to changes in U.S. tax reserves, U.S. Tax Reform measurement period adjustments, changes in estimates of certain 2017 U.S. income tax deductions, and the release of valuation allowances related to foreign tax credits. The benefit in 2017 was related to the enactment of U.S. Tax Reform.

Schedule 9

The Kraft Heinz Company
Consolidated Balance Sheets
(in millions, except per share data)
(Unaudited)

	December 29, 2018	December 30, 2017
ASSETS		
Cash and cash equivalents	\$ 1,130	\$ 1,629
Trade receivables, net	2,129	921
Sold receivables	—	353
Income taxes receivable	152	582
Inventories	2,683	2,815
Prepaid expenses	400	345
Other current assets	1,240	621
Assets held for sale	1,357	—
Total current assets	9,091	7,266
Property, plant and equipment, net	7,212	7,120
Goodwill	36,240	44,824
Intangible assets, net	49,746	59,449
Other non-current assets	1,338	1,573
TOTAL ASSETS	\$ 103,627	\$ 120,232
LIABILITIES AND EQUITY		
Commercial paper and other short-term debt	\$ 2	\$ 460
Current portion of long-term debt	410	2,743
Trade payables	4,153	4,449
Accrued marketing	722	680
Interest payable	408	419
Other current liabilities	1,682	1,381
Liabilities held for sale	55	—
Total current liabilities	7,432	10,132
Long-term debt	30,873	28,333
Deferred income taxes	12,298	14,076
Accrued postemployment costs	306	427
Other non-current liabilities	812	1,017
TOTAL LIABILITIES	51,721	53,985
Redeemable noncontrolling interest	3	6
Equity:		
Common stock, \$0.01 par value	12	12
Additional paid-in capital	58,800	58,711
Retained earnings/(deficit)	(4,796)	8,589
Accumulated other comprehensive income/(losses)	(1,949)	(1,054)
Treasury stock, at cost	(282)	(224)
Total shareholders' equity	51,785	66,034
Noncontrolling interest	118	207
TOTAL EQUITY	51,903	66,241
TOTAL LIABILITIES AND EQUITY	\$ 103,627	\$ 120,232