Please view these remarks in conjunction with our Q2 2021 earnings release, Q2 2021 Form 8-K and GAAP/non-GAAP reconciliations that can be found on our website at https://ir.kraftheinzcompany.com/ under SEC Filings, or via the following link: https://ir.kraftheinzcompany.com/sec-filings

We also invite you to listen to our live question-and-answer webcast with Miguel Patricio (Chief Executive Officer), Paulo Basilio (Global Chief Financial Officer), Carlos Abrams-Rivera (U.S. Zone President), and Rafael Oliveira (International Zone President), which will begin today at 9:00 a.m. Eastern Daylight Time and will also be available on https://ir.kraftheinzcompany.com/.
Hello. This is Chris Jakubik, Head of Global Investor Relations at The Kraft Heinz Company – and welcome to our second-quarter 2021 business update.

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

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

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

Today, our Chief Executive Officer, Miguel Patricio, will provide an update on our overall business performance. Carlos Abrams-Rivera will review business performance in the U.S. segment. Rafa Oliveira will discuss business performance in our International segment. And then Paulo Basilio, our Global Chief Financial Officer, will provide an overall financial review and our near-term outlook.

We have also scheduled a separate, live question-and-answer session with analysts.
You can access our earnings release, supplemental materials, and audio of our question-and-answer session at ir.kraftheinzcompany.com. A replay of the question-and-answer session will be available following the event through the same website.

With that, I will turn it over to Miguel.

Slide 4

MIGUEL PATRICIO, CHIEF EXECUTIVE OFFICER, THE KRAFT HEINZ COMPANY

Thank you, Chris.

With the first half of 2021 now behind us, not only are we are gaining more visibility into our post-pandemic world, we are in a better position to assess our fundamental progress as a company since the pandemic took hold.

So I would like to start our review with some higher-level observations on where I believe we are as a company and how we are preparing ourselves for the future.

First and foremost, I am very happy and very proud that our Kraft Heinz team is displaying and building the power of scale with agility.

The starts and pauses to the reopening of economies around the world and challenges such as inflation and supply chain disruptions that are coming with it are a difficult aspect of our current reality.

Despite this, we believe our Q2 results serve as a good indication that we are, in fact, driving sustainable gains with our consumers and in our P&L versus pre-pandemic levels.
We are driving our transformation agenda forward fueled by investments in our people, brands, and capabilities, all while driving efficiencies and maintaining industry-leading profitability.

And we continue to strengthen our portfolio, improve our financial flexibility, and position ourselves to take accretive actions to accelerate our transformation.

Slide 5

From a financial perspective, we have talked about 2019 being an important measuring stick for our progress. Progress against our strategy and transformation, but also from a pre- versus post-pandemic world.

In that context, we see resilient growth on both our top and bottom lines.

In the second quarter, we maintained the lion’s share of extraordinary gains we had in 2020. As a result, Organic Net Sales grew 5% versus the same period in 2019. Our bottom line also remained strong, with Constant Currency Adjusted EBITDA up 5.5% versus Q2 2019, despite a number of headwinds.

And based on our performance to date, we expect to deliver a stronger 2021 than we projected when we provided our initial outlook in February.

Slide 6

Even more encouraging, our growth is coming from areas where we have made investments, consistent with the new strategy we launched last year.

We are realizing a strong mix improvement in our higher margin Grow platforms, especially in our global Taste Elevation platform.
We are capturing new business in emerging markets where we have significant whitespace opportunities. Our progress in these markets is accelerating and their contribution to the total company continues to grow.

By channel, I would also note that ...
- our retail business has remained well above pre-pandemic levels;
- and our foodservice business is showing a relatively quick rebound, as we outperform the broader channel in the United States and many other markets where we operate.

And while our strategic investments are beginning to drive our results, it’s still early in our transformation, which makes us optimistic about how our priorities and initiatives can fuel our momentum going forward.

**Slide 7**

In the past, we have talked about our need and my passion for modernizing our connections with consumers through stronger and more creative marketing.

This is happening and we have more on the way.

Through the first half of the year, we have strongly increased our marketing spend versus the first half of 2019 and we remain on track with our planned increases for the rest of the year.

Within this spend, we will put more dollars behind working media, digital channels, and high-performing priority brands and platforms.

We are also starting to see the culture of creativity we want to build showing through with more consumer-led, more culturally relevant campaigns, and this includes external industry recognition with our teams winning 6 Cannes Lions awards this year, while being shortlisted for 17 other awards.
And our most recent initiatives are showing great agility to tap into today’s culture and conversation. From the Kraft Mac & Cheese-flavored ice cream you may have seen, to our Olympics partnership in Canada, our teams around the world are showing their consumer obsession and delivering breakthrough creativity to modernize our iconic brands.

Slide 8

On the other side of the ledger, we continue to be well positioned to fund our strategic investments through efficiency gains.

We will talk more in the coming months about the new ways we are building agility to unlock both further efficiencies and incremental growth.

We have strong, end-to-end visibility to supply chain opportunities. We remain on track to deliver the $400 million of gross efficiencies we have planned for this year and capture our 5-year target of $2 billion in savings that we have talked about before.

And to address the three topics we are most often asked about these days: inflation, inflation and inflation. We do not see recent inflationary pressures getting in the way of our strategic progress.

Slide 9

Similar to industry peers, our cost pressures are somewhat greater than they were three months ago. For us, the latest uptick has mainly been driven by additional costs in resins.

That said, we continue to see our 2021 gross cost inflation remaining in the mid-single-digit range across our full cost basket.
We have already offset the cost inflation we’ve seen to date. And we continue to believe the level of inflation we are seeing is manageable going forward.

Why is that?

First, we have been actively managing our promotional depth and frequency versus our initial plans since we began to see inflation tick up earlier this year.

Second, we are protecting our dollar profitability from incremental inflation through additional revenue management initiatives especially in the United States, as Carlos will discuss.

And third, in all markets we serve around the world, we will continue to monitor things, and take further action, if necessary.

Taking in what I have highlighted so far from a P&L perspective …

• our results show our transformation is progressing;
• our brand-building investments and efficiency plans will sustain our momentum;
• and we remain confident in our ability to maintain industry-leading profitability as we move forward.

The final observation I would like to make relates to the capital side of the equation.

Slide 10

From an organic perspective, despite the delays and disruptions related to the pandemic, we are aggressively deploying capital to fuel our future growth.
We are leveraging our strong cash generation and improved financial flexibility to expand capacity behind our Grow platforms and in priority emerging markets.

We are targeting a 30% step up in capex this year versus 2019, driven by growth-oriented capex as well as investments to drive further efficiency gains as we move forward.

Slide 11

We also continue to move strongly forward on an inorganic basis.

Paulo will provide more details on the Nuts and Natural Cheese divestitures – how they will strengthen our portfolio and improve our financial flexibility.

But I would like to highlight the other way Agile Portfolio Management can accelerate our transformation – by adding great businesses that can be quickly accretive.

In June, we announced the acquisition of Assan Foods in Turkey, a business focused on Taste Elevation in emerging markets. While this is a relatively small acquisition, it serves as a steppingstone to accelerate our retail and foodservice growth across Europe, Middle East and Africa.

The point here is that we remain excited about the potential to take Agile Portfolio Management actions. Not just improve our financial flexibility, but to accelerate our long-term growth potential.

Slide 12

With that, I’ll now ask Carlos and Rafa to provide the highlights of our U.S. and International segment performance.
CARLOS ABRAMS-RIVERA, U.S. ZONE PRESIDENT, THE KRAFT HEINZ COMPANY

Thank you, Miguel.

Through the first half of the year, our team has delivered strong gains versus 2019 and we’re off to a relatively strong start against an extraordinary 2020, despite the ups and downs of the pandemic recovery.

We are making great progress unlocking areas of profitable growth, getting closer to our consumers, strengthening our brands, reigniting relevancy, and winning in the marketplace through sharper, more proactive execution.

That relentless focus is what gives us confidence that we can continue transforming our business while managing the headwinds that arise.

But better that we show what we have at work, than just talk about it.

Earlier this year, I highlighted our plans to restore our retail activity levels versus 2020 behind key holiday windows and consumer occasions.

As we do this, we are focusing our efforts and our dollars on need states where we can leverage our scale and insights for differentiated consumer solutions and realize the power of our platform approach.

A great example of this is our Art of the Burger program, where we are partnering with customers to create more valuable joint executions for grilling season.

We brought together everything a consumer needs to make a mouth-watering, artisanal burger. Customized, out-of-aisle sets brought Heinz sauces, burger buns
and patties, cheese, and even fresh produce into one, easy-to-shop destination. And online, we added *Ore-Ida* potatoes and other grilling favorites to help drive even greater lift for our partners and sold more than 5 million incremental bottles of *Heinz* ketchup. The Art of the Burger program illustrates how we’re thinking less about our categories and more about our platforms that address how consumers eat.

We’re also working across platforms to create an omni-channel breakfast experience that combines the power of six brands from *Oscar Mayer* bacon to *Kraft* Singles to give consumers everything they need for a delicious fast, fresh, at-home breakfast that rivals any drive-thru. We activated this with 30 retailers and across e-commerce. And in one month the program generated $8 million of incremental net sales and several learnings for future programs.

In the months ahead, our calendar will become even more active with additional, platform-based, omnichannel programs.

I should also note that as we restore our activity in the back half of this year, it will limit the contribution from pricing we report versus 2020.

*Slide 15*

At the same time, we are confident in our ability to manage through and mitigate the incremental inflation we are experiencing, just like we stated in the past.

In the first half of this year, we delivered positive pricing on top of meaningful 2020 gains by optimizing frequency and depth of promotion while we simultaneously restore the key retail activations I just mentioned.

We recently announced to our trade partners a combination of list price increases and promotional adjustments across a broad base of our portfolio.
We have been and will continue to execute inflation-justified key commodity pricing.

And we are activating many other revenue management levers such as price pack architecture when and where appropriate.

**Slide 16**

In addition to this, we continue to ramp up our equity-driven investment agenda across all three phases.

First, the renovation of many of our iconic brands through product, packaging, and brand repositioning is well under way. A great example is *Lunchables*’ new campaign, which leverages the inherent “buildability” of the brand and speaks directly to the empowerment today’s kids and parents are seeking. The repositioning work is the first step in a multi-year brand renovation and is expected to help continue *Lunchables*’ current momentum, which today is seeing double-digit net sales growth for the first time in five years.

Second is how we’re innovating to better meet consumer needs and behaviors. *Primal Kitchen* is a stand-out example, where consumption has tripled in the last year thanks to several better-for-you product launches, like cashew butter Buffalo Sauce. These efforts are being noticed as we earned a coveted Whole Foods’ Supplier Award as global winner for Outstanding Innovation.

Third is the increased quantity and quality of marketing we’re deploying. Total Q2 marketing was up double digits versus 2019, and we’re ramping up our digital effort, which is now roughly 70% of total spend.

In truth, we are still at the early stages of our journey to fully leverage occasion-based insights and create new, culturally relevant ways to drive stronger engagement with consumers.
But our momentum is moving in a positive direction, as you can see on Slide 17.

Slide 17

We are seeing signs that several pandemic-inspired cooking and eating behaviors are sticking, even as mobility increases and restrictions lift.

Today, many of our brands continue to grow household penetration as consumers gravitate toward pantry staples and ingredients and make more at-home meals, while ongoing interest in convenient options like **Kraft Mac & Cheese** continues to attract new buyers and drive repeat rates.

Compared to 2019, nearly 2 million more households bought Kraft Heinz brands in the second quarter, boosting an already high household penetration rate, while repeat rates were up 8 percentage points. Additionally, spending per buyer, and per trip, both increased by roughly 10% and 3%, respectively.

And this is resulting in better performance against the competition, with 58% of our U.S. retail business gaining share in Q2 versus 41% in Q1.

Now not on the slide is the fact that we’re also gaining share outside measured channels as our foodservice sales growth in Q2 outpaced the industry, thanks to our renewed focus on insights, culinary trends, and distribution.

So, through the first half of the year, our U.S. team is doing three things ...  
- first, delivering strong performance versus 2019 on the top and bottom lines;
- second, driving the key strategic initiatives that we believe will transform our business;
- and third, effectively managing through the challenges the current environment brings.
Altogether, I am confident that we will continue to build on our scale advantage going forward.

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

**Slide 18**

Thank you, Carlos.

In short, our International team continues to perform well and advance our growth strategy.

We are driving top-line growth on top of an extraordinary 2020.

And our very strong Constant Currency Adjusted EBITDA performance compared to the 2019 period is giving us a great head start in front of a second half that will see our investment levels ramping up.

**Slide 19**

On slide 19, you can see our results continuing to prove out the strategy through our intense focus on being the undisputed global leader in Taste Elevation and aggressively pursuing emerging markets whitespace.

Net sales in our International Taste Elevation platform were up 16% in Q2 versus 2019, driven by distribution expansion, stepped-up marketing investments, and a promising start to our 2021 innovations.

We gained two share points on top of very strong share gains in the previous three quarters, with 88% of countries in our International segment holding or gaining share in Taste Elevation.
Our emerging markets also continued strong growth. Q2 Organic Net Sales were up 16% above the same period in 2019, driven primarily by distribution gains in both retail and foodservice, as we are stepping up investments to capture whitespace.

Slide 20

We have talked before about the go-to-market capabilities we developed in Brazil to drive distribution gains across both retail and foodservice channels.

Now, we are investing aggressively to systematically capture the opportunity in Russia through a combination of:

- optimizing our merchandiser network;
- working directly with chefs and tastemakers for front-of-the-house menu placements;
- and introducing new innovations and capacity additions to support our future growth.

These efforts have helped increase retail distribution by 25% and foodservice distribution by almost 50%. And this has led to strong performance in our business, growing net sales nearly 20% and increasing share 2.6 points versus 2019.

We are excited and encouraged by our early wins. But we know as we ramp investments, we can capture more of the enormous growth opportunities we have in our International business.

With that, let me pass it off to Paulo to talk more about our global financial performance and our outlook.
PAULO BASILIO, GLOBAL CHIEF FINANCIAL OFFICER, THE KRAFT HEINZ COMPANY

Thank you, Rafa.

I will start by saying that our performance to date reinforces our confidence that our gains relative to pre-pandemic levels are, in fact, durable – and despite recent inflationary pressures our profitability can remain at industry-leading levels.

Slide 22

Slide 22 provides a more detailed look at our U.S. financial performance, where it is evident that we are retaining sustainable gains versus 2019.

Q2 Organic Net Sales versus 2019 were up 5.4% and Constant Currency Adjusted EBITDA increased 9.3% versus Q2 2019.

As expected, volume/mix versus 2020 was negatively impacted by difficult comparisons and the McCafé exit. That said, our foodservice business recovery is well under way, and retail consumption remains solidly ahead of 2019 levels.

Pricing in Q2 was positive for the 8th consecutive quarter, driven by several factors including favorable timing, inflation-justified pricing, and increased in-store activity versus a light, pandemic-induced merchandising calendar in the prior year period.

And while pricing and cost efficiencies were enough to offset non-key commodity inflation lower shipments, unfavorable mix, and higher year-on-year bacon costs led to a decline in Constant Currency Adjusted EBITDA versus an extraordinary 2020.
In Canada, Q2 top-line performance came in largely as expected, with many of the same year-on-year drivers as the United States. On the top line we saw …

- higher pricing across foodservice and retail to help offset inflation;
- lower retail demand versus panic buying in the prior year period;
- as well as a partial rebound in foodservice demand.

And despite leading on price, through the second quarter our Canada business held or gained share in a majority of its categories versus 2019 levels.

At the bottom line, lower Constant Currency Adjusted EBITDA was due to lower volumes and unfavorable mix as positive pricing and gross cost efficiencies more than offset inflationary headwinds in the quarter.

Turning to our International segment on slide 24.

Organic Net Sales built on extraordinary 2020 growth due to pricing gains and strong emerging markets growth. And relative to 2019, consumer demand remains elevated and especially strong in emerging markets.

In terms of profitability, while Constant Currency Adjusted EBITDA remains strongly ahead of 2019 levels, we saw a decline of 3.4% versus lofty 2020 levels. Here, pricing and favorable overheads were sufficient to offset inflation, but lower volume and unfavorable mix drove the decline.
As for the total company, in Q2, Organic Net Sales and Constant Currency Adjusted EBITDA were consistent with the outlook we provided in April and reflect the drivers we’ve discussed.

And as Miguel, Carlos, and Rafa highlighted, our results are keeping us optimistic about our ability to hold onto gains versus pre-pandemic levels driven by a combination of

- retail consumption remaining stronger, longer;
- a long runway for our emerging markets business to grow;
- and the broader benefits of our strategy taking hold.

Slide 26

Wrapping up our financials on slide 26, our earnings and cash flow performance continues to be strong.

Q2 Adjusted EPS has remained relatively stable versus a very strong Q2 2020, reflecting favorable interest expenses and a lower effective tax rate.

More specifically, items below Adjusted EBITDA have been favorable by roughly 6 cents year-to-date.

For the full year, we now expect these factors to be approximately 12 cents favorable. This reflects our successful debt paydowns and our updated view for a full-year adjusted effective tax rate between 19% and 21%.

Finally, our year-to-date Free Cash Flow generation remains strong, up versus 2019 levels and only somewhat below an extraordinary 2020.

As for our outlook and path ahead ...
With the closure of the Nuts divestiture, we expect to begin to see the impact of sharpening our focus and improving our mix through Agile Portfolio Management show up in our numbers.

We expect the annualized net sales impact from Nuts to be approximately $1.1 billion, and an all-in Adjusted EBITDA impact, including stranded overhead costs, of approximately $240 million.

We expect 51% of this will fall in 2021 and 49% in the first half of 2022. And annualized Adjusted EPS dilution is expected to be roughly 6 cents.

Regarding our Natural Cheese divestiture, we continue to expect the transaction to close in the second half of 2021, and the impacts we expect from that divestiture remain consistent with what we have previously outlined.

Taken together, these divestitures serve to accelerate our strategy of sustainable and profitable growth by enhancing the growth and margin profile of the resulting portfolio, reducing our exposure to commodity volatility, further distancing our brands from private label competition, and, importantly, improving our financial flexibility and firepower, including the ability to invest aggressively, with confidence in our highest returning growth businesses.

As we have said many times before, our intent has always been to reduce our leverage without sacrificing the speed of our turnaround or potential long-term value creation.

As reported, in Q2 we reduced our net leverage to a post-merger low of 3.1 times; well below our 4 times net debt to Adjusted EBITDA target. I would note,
however, that cycling past the extraordinary Adjusted EBITDA benefits in 2020 as well as the upcoming impacts of the divestitures will create some upward pressure on leverage.

That said, we will continue to retire debt opportunistically depending on market conditions and expect to manage our leverage consistent with an investment grade profile going forward, which yields us significant financial and strategic flexibility.

Slide 29

Turning to our expectations for the P&L for Q3. We expect another strong quarter on the top and bottom lines, considering the various headwinds we are up against.

Specifically, we expect to see another quarter of mid-single-digit Organic Net Sales growth versus 2019 driven by continued, elevated retail consumption, strong emerging markets growth, and ongoing improvements in foodservice. And this includes more than a one-point unfavorable impact from the McCafé exit.

At Constant Currency Adjusted EBITDA, we expect a low-single-digit percent decline versus 2019, although this includes more than 8 points of combined headwind from the Nuts divestiture, McCafé exit, as well as more normalized incentive compensation.

Versus 2020, the outlook includes a roughly 3-point unfavorable impact from the Nuts divestiture and reflects a combination of:

- mix headwinds as consumption between at-home and away-from-home channel finds a new equilibrium;
- greater inflationary pressures against more difficult pricing comparisons, considering the restoration of retail activations that Carlos highlighted;
- and stepped-up spending levels to support our transformation.
Slide 30

For full year 2021, while we continue to expect results to be ahead of our original strategic plan, we now expect the Adjusted EBITDA we report for 2021 to be ahead of the $6.1 billion we reported in 2019.

And we expect this despite the negative impacts from the Nuts and Canada Cheese divestitures, business exits, and normalization of incentive compensation that have happened between then and now.

That’s better than we expected at the start of the year. And it reflects the fact that our underlying, ongoing business is bigger, stronger, and more profitable than it was in 2019.

Let me now hand it back to Miguel for some closing comments.

Slide 31

MIGUEL PATRICIO, CHIEF EXECUTIVE OFFICER, THE KRAFT HEINZ COMPANY

Thank you, Paulo.

As we wrap up today’s prepared remarks, I hope you come away with the same beliefs I have.

- I am encouraged by our results and the underlying momentum in the business;
- I am energized by the progress we are making against our transformation;
- And I am emboldened by the strength of the portfolio and our financial flexibility.
There is still much work to be done and more challenges lie ahead, but I’m confident that we will continue to become a stronger, and more agile, consumer-focused leader in our industry.

Thank you for your time and interest in Kraft Heinz.

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