Third Quarter 2023 Earnings Pre-Recorded Management Discussion

Nov. 1, 2023

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

We also invite you to listen to our live question-and-answer webcast with Kraft Heinz management, which will begin today at 9:00 a.m. Eastern Time and will be available on our website at ir.kraftheinzcompany.com under News & Events > Events & Webcasts, or directly at ir.kraftheinzcompany.com/events-and-webcasts.

Forward-Looking Statements

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

Non-GAAP Financial Measures

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

These non-GAAP financial measures assist management in comparing the Company's performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the Company's underlying operations.

Q3 2023 Earnings Pre-Recorded Management Discussion

ANNE-MARIE MEGELA, HEAD OF GLOBAL INVESTOR RELATIONS

Slide 1

Hello. This is Anne-Marie Megela, Head of Global Investor Relations at The Kraft Heinz Company. I'd like to welcome you to our third quarter 2023 business update.

Slide 2

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

Additionally, we will refer to non-GAAP financial measures, which exclude certain items from our financial results reported in accordance with GAAP. Please refer to today's earnings release and the non-GAAP information available on our website at ir.kraftheinzcompany.com, under News & Events, for a discussion of our non-GAAP financial measures and reconciliations to the comparable GAAP financial measures.

Slide 3

Today, our Chief Executive Officer and Board Chair Miguel Patricio, and President of Kraft Heinz Carlos Abrams-Rivera, will provide an update on our overall business performance. And Andre Maciel, our Global Chief Financial Officer, will provide a financial review of the third quarter and will discuss our 2023 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.

MIGUEL PATRICIO, CHIEF EXECUTIVE OFFICER AND BOARD CHAIR

Thank you, Anne-Marie.

And thank you all for joining us today.

Slide 4

I am so proud of what the teams have accomplished.

In the third quarter, we again generated accelerated profitable growth. All three of our growth pillars – Foodservice, Emerging Markets, and our U.S. Retail GROW Platforms – contributed to top-line growth. At the same time, we improved productivity across our value chain.

Our share and volume trends continue to improve versus the second quarter of 2023 as we execute our action plans and reinvest unlocked efficiencies back into the business across marketing, R&D, and technology. Importantly, our Taste Elevation and Easy Meals platforms in the U.S. are not just seeing an improvement in market share, we are now taking share.

And we continue to strengthen our balance sheet, hitting our targeted net leverage of approximately 3.0**x**, while at the same time, increasing investments to support the long-term growth of the business.

Of course, we still have much to do and some headwinds to face, but our strategy is working, our balance sheet is solid, and we believe we are positioned to return more value to our stakeholders.

Slide 5

I will now turn it over to Carlos, our newly appointed President of Kraft Heinz, to run through our quarterly results in more detail.

CARLOS ABRAMS-RIVERA, PRESIDENT OF KRAFT HEINZ

Slide 6

Thank you, Miguel.

In the third quarter, we grew top line and improved profitability.

Organic Net Sales increased 1.7%, with Constant Currency Adjusted EBITDA and Adjusted EPS growing at a much faster pace – 12.9% and 14.3%, respectively.

The increase in profitability was driven primarily by gross profit margin expansion, which was a result of unlocking efficiencies across our value chain and pricing to inflation.

Slide 7

And in line with our strategy, we are re-investing unlocked efficiencies back into the business to grow organically.

We are increasing year-to-date investments in SG&A, across marketing, R&D, and technology, and CapEx by approximately $385 million versus last year.

Slide 8

As Miguel mentioned, we are continuing to fuel Organic Net Sales through growth across all three pillars. In the third quarter:

- Foodservice sales grew approximately 9%,
- Emerging Markets Organic Net Sales grew 10%, and
- Our GROW platforms in U.S. Retail Organic Net Sales grew 3%.

Slide 9

Our Foodservice business gained market share as our consolidated 9% sales growth outpaced the industry both in North America and International.

For the full year, we expect Foodservice to grow low-to-mid double-digits versus the prior year.

Slide 10

As you may recall, our Foodservice growth strategy consists of three levers.

First, we drive sales through our Chef-Led model, leveraging our dedicated Chefs Network to create tailor-made menu solutions for our customers.

Second, we are prioritizing higher margin spaces by expanding across attractive channels, like non-commercial, with higher growth and higher margins.

And lastly, using Foodservice as a flywheel for innovation allows us to better customize solutions for our customers and launch insight-driven innovation.

Slide 11

Now let's turn to Emerging Markets.

Slide 12

We continue to deliver double-digit Organic Net Sales growth in Emerging Markets.

In the third quarter, Organic Net Sales grew 10%, outpacing total International.

We generated high double-digit Organic Net Sales growth in two out of three of our business units, LATAM and East. However, we experienced temporary softness in Asia.

We expect to return to normal levels of growth in Asia in the fourth quarter, and we expect to continue to deliver double-digit growth in Emerging Markets.

Slide 13

We plan to continue to drive growth in Emerging Markets through our differentiated strategy, consisting of three levers:

First is a data-driven, repeatable go-to-market model to drive distribution, designed to capture opportunities with the right product in the right market. By the end of 2023, we expect to have approximately 90% of our Emerging Markets' go-to-market model designed and ready for implementation.

Second, is through the power of our *Heinz* brand, which extends well beyond ketchup. Local jewels complement *Heinz* across several of our international markets.

And third, our Foodservice business, where we are underpenetrated with less than 5% share in a global market of approximately $1.4 billion.

Slide 14

And finally, let's look at U.S. Retail GROW platforms in our North America zone.

Slide 15

In the third quarter, our North America Organic Net Sales declined 0.1% versus prior year, while our GROW platforms in the U.S. grew 3.3%.

Total North America results were primarily impacted by declining volumes in our Meats business.

As a reminder, the meat category is a part of our Energize platform, and we are focused on rebuilding profitability, acting rationally, and protecting our Adjusted EBITDA dollars.

This approach continues to work, as we generated higher Adjusted EBITDA on lower Organic Net Sales in Meats in the third quarter.

In the third quarter, the meats category had a negative 1.2 percentage point impact on total North America Organic Net Sales growth.

Slide 16

Within our U.S. Retail GROW platforms, Taste Elevation Organic Net Sales grew an impressive 7% and Easy Meals Organic Net Sales grew 5% in Q3.

Ketchup, Mayonnaise and Mexican Sauces in Taste Elevation and Frozen Potatoes in Easy Meals led the year-over-year growth.

Slide 17

Turning to market share, as Miguel had previously mentioned, our action plans are working. They are driving sequential improvement in both share and volume trends.

As a reminder, these plans consist of:

- Executing joint business plans with key customers to drive shelf space and quality merchandising, with a 1.5 percentage point year-to-date improvement in U.S. Share of Shelf Index versus prior year.
- Increasing marketing investment 25% versus prior year, with a focus on GROW platforms.
- Ramping up innovation throughout the year, supported by an increase of 8% versus prior year in R&D spend.
- And solving remaining isolated supply constraints. This is behind us in most categories, with a case fill rate in the high 90s as of the end of Q3.

Slide 18

And you can see these investments paying off.

Looking at our U.S. dollar share, we have recovered from the low levels experienced earlier this year.

As you recall, we faced expected headwinds after pricing 75% of our portfolio and the reduction of SNAP benefits earlier this year.

We had planned for elasticities to return to more normal levels, and that’s what we have seen.

In July, at a point when volume losses in Cold Cuts were at their highest, we hit the lowest share levels of the year. Since then, we have improved volumes year-over-year as price gaps have narrowed.

In Taste Elevation and Easy Meals, which are represented by the light blue line, we have steadily improved and are now gaining market share from branded players.

Slide 19

If you recall from last quarter, our share loss was concentrated in three categories: Cream Cheese, Cold Cuts, and Kids Single Serve Beverages.

Across Cream Cheese and Cold Cuts, we have seen recovery in share, particularly in the month of September.

In Cream Cheese, upstream packaging constraints in the first half of last year impacted our ability to promote in key windows, and as a result we lost display and considerable share to private label. We started recovering share in July as we worked with key retailers to rebuild display. Now, October month-to-date, we are growing approximately 50 basis points of share versus prior year in Cream Cheese.

In Cold Cuts, we are investing to hit the right price points, which is helping to drive an improvement in our share performance. Additionally, we plan to continue to focus on improving service in our value portfolio, where case fill rates are still in the low 80s. We are expecting improvements by the end of the year.

In Kids Single Serve Beverages, our share continues to be pressured primarily driven by the reduction in SNAP benefits as well as lapping competitive out of stocks in the prior year. We have improvement plans in place, which include an increase in advertising support, as well as new consumer promotions and display activations.

Slide 20

As previously mentioned, to support our action plans and to continue building for the future, we are investing in SG&A, across marketing, R&D, and technology.

In the third quarter, we increased our spend in marketing by 25%, R&D by 8% and technology by approximately 24% versus the third quarter of 2022.

Slide 21

In the third quarter, we increased marketing spend by 25% year-over-year.

By leveraging the power of iconic brands like *Heinz*, we continue to generate best-in-class marketing activations.

We are embracing a holistic and sustainable approach to marketing, inserting ourselves into culture.

For example, our global *Heinz* creative approach is multi-dimensional. It's currently live in more than 16 countries including the UK, Egypt, and China with a multi-category approach, across more than just Ketchup and also in categories such as Beans, Soup and Mayonnaise.

Slide 22

And it's working. At the 2023 Cannes Lions International Festival of Creativity, *Heinz* was the most awarded food brand – and the fourth most awarded brand, overall.

Slide 23

At the same time, we are moving at the speed of culture.

After the "Ketchup and 'Seemingly Ranch'" sauce combination went viral, in under 24 hours, our teams jumped on the trend.

"Ketchup and Seemingly Ranch" became an overnight sensation, sweeping the news online, even spreading internationally, with consumers clamoring to get their hands on the product.

We were even able to get from idea to shelf, as a limited release with a national customer, in less than 3 weeks.

This launch demonstrates our powerful agility, and how our teams are using Agile@Scale to move at the speed of culture.

Slide 24

Turning to R&D, we continue to build our innovation pipeline, enabled by our Agile Innovation Engine.

First, we are utilizing intellectual, patent-protected technology to create disruptive platforms with our new Grilled Cheesies, the first product of many expected to come out of our exclusive 360CRISP platform.

Second, we are expanding into new aisles, across multiple occasions and host foods, through innovation launches such as frozen *Kraft* Mac & Cheese and our *Heinz* Culinary Tomatoes line in the UK.

Third, we are leveraging our iconic brands to meet evolving consumer trends, such as wellness, snacking and plant-based, to compete in priority growth spaces.

And lastly, we are adapting to local tastes and creating unique flavor combinations across the world, particularly in international, where our goal is to become #1 in Taste Elevation.

Slide 25

And in fact, this year, we are honored to announce that both HEINZ REMIX and 360CRISP were named to *TIME* Magazine's *Best Inventions of 2023 List*.

For over two decades, *TIME* has developed an annual list dedicated to that year's top inventions which are evaluated based on criteria including originality, ambition, and impact.

Kraft Heinz is the only large food company to make the 2023 list and we are the only company to have more than one invention featured in the Food & Drink category.

Slide 26

Finally, through Agile@Scale and strategic partnerships, we are delivering solutions across our value chain to accelerate growth and help drive efficiencies.

As part of Agile@Scale, our teams are building digital-first solutions to power Kraft Heinz to get to better insights faster.

These digital solutions are helping to contribute to our annual gross efficiencies target, which has accelerated to $500 million for 2023.

Slide 27

Our investments in capabilities and technology are helping drive transformation across several areas of the business.

Importantly, we are not the only ones benefiting from these improvements – our customers and suppliers are, as well. Our U.S. Kantar scores are improving each year. And we have been recognized with our first ever World Procurement Award for supplier collaboration and innovation.

Slide 28

Not only are we stepping up our investments in 2023 to unlock new growth and efficiency opportunities throughout our business, but we are also investing for the future through our ESG goals, and our responsibility to consumers, our employees, and the planet.

We released our 2023 ESG Report, *Together at the Table*, on October 16th.

It reflects key progress across each of our three ESG pillars: Healthy Living and Community Support, Environmental Stewardship, and Responsible Sourcing.

Slide 29

I would like to give credit to our employees, as they are the key to our success. I am incredibly inspired by their passion and commitment to making Kraft Heinz a place we all want to be, and a place others want to join.

Each year, we are being certified as a Great Place to Work® in more and more countries, including being named as one of the 100 Most Loved Workplaces in America® in 2023 by *Newsweek*.

These are a testament to how far we've come and a benchmark for all who dare to do better.

Slide 30

Before I hand it off to Andre, I would like to start by saying that I am so proud of what we have been able to achieve across the business as we've executed our strategy, delivering results in 2023 and building momentum for 2024.

I also would like to highlight that this morning, we announced three changes to our leadership and organizational structure to best support accelerated profitable growth and to lead the future of food.

First, we named our new EVP & President of North America, Pedro Navio. Pedro is a consumer goods veteran and currently our President of Taste, Meals and Away From Home for the North America Zone.

Second, we've elevated our Growth and Omnichannel functions to a global level, providing the structure and support to leverage centralized expertise and resources. The goal of this structure and these investments is to drive growth and disruptive innovation across the business while we provide optimal service to our customers and put our consumers first.

Third, we have divided our International Zone into three zones.

- They are Europe & Pacific Developed Markets, which includes Europe, Australia, New Zealand, Japan, and South Korea.
- West and East Emerging Markets, which includes LATAM, Eastern Europe, and the Middle East.
- And Asian Emerging Markets, which includes our Asian businesses outside of Japan and South Korea.

We recognize these markets require different sets of strategies and skills and this new structure provides the necessary focus and resources to optimize our growth potential.

And I am proud to say that every single one of these leadership appointments supporting these changes have been sourced internally. This speaks to the exceptional quality of the talent at Kraft Heinz and the focus and value we place on people development and growth.

Let me now hand it over to Andre to provide more details on our third quarter financial results and to discuss our outlook for the remainder of the year.

ANDRE MACIEL, EVP AND GLOBAL CHIEF FINANCIAL OFFICER

Slide 31

Thank you, Carlos.

For total Kraft Heinz, Organic Net Sales grew 1.7% in the quarter, fueled by our three pillars of growth. Price grew 7.1 percentage points over the same period, partially offset by a 5.4 percentage point decline in volume/mix.

Our volume trends have improved on a sequential basis as the impact of pricing wanes and our action plans have started to take shape. We expect volume trends to continue to improve.

In North America, Organic Net Sales declined 0.1%. This was driven primarily by our meats business, which had a negative 1.2 percentage point impact on total North America Organic Net Sales growth.

From an Adjusted EBITDA perspective, total Kraft Heinz grew 11.9% versus prior year, and our Adjusted EBITDA margin increased 2.3 percentage points, driven by Adjusted Gross Profit Margin expansion, partially offset by increased investments in SG&A.

Slide 32

Adjusted Gross Profit Margin increased approximately 400 basis points versus the third quarter of 2022. This expansion was driven by pricing previously executed to offset inflation, strong gross supply chain efficiencies, and positive mix in North America as GROW platforms outpaced our lower-margin Meats business.

When comparing to the third quarter of last year, it is important to note that Adjusted Gross Profit Margin was the lowest quarterly margin of the year as we experienced peak dilutive impact of pricing to offset inflation.

Compared to pre-pandemic levels in Q3 2019, our third quarter Adjusted Gross Profit Margin increased approximately 160 basis points. This increase was primarily driven by the divestiture of our lower-margin Nuts and Cheese businesses as well as improved productivity.

In terms of Adjusted EPS, we grew 14.3% or 9 cents versus the third quarter of 2022, primarily driven by strong Adjusted EBITDA performance, partially offset by a higher effective tax rate.

Slide 33

We've continued our disciplined approach to promotions, maintaining structurally lower levels relative to 2019.

In the third quarter, we reduced our volume sold on promotion in the U.S. by 7 percentage points versus 2019, compared to a 4 percentage point reduction by branded competition.

And our returns on investment have improved 15 percentage points over the same period. This demonstrates that investments in our revenue management team and technology are paying off.

In the fourth quarter, we're expecting a higher level of promotions, which is consistent with our strategy to promote around key occasions and is contemplated in our guidance.

Slide 34

We continue to generate higher gross efficiencies as we drive continuous improvement throughout our supply chain.

And we remain on track for our gross efficiency target of $2.5 billion by 2027.

We closed the third quarter pacing well ahead of our $500 million annual target, surpassing our 4% of COGS benchmark, a material improvement from approximately 3% of COGS in 2022.

Turning to inflation, we see moderation, but are still experiencing pockets of persistent inflation, including in labor, tomatoes, and sugar.

We are now expecting mid-single digit inflation for the full year.

Slide 35

We continue to strengthen our balance sheet, generating year-to-date Free Cash Flow Conversion of 68%, while at the same time, increasing investments in CapEx by approximately $150 million over the same period versus 2022, supporting long-term growth of the business.

The majority of the improvement in Free Cash Flow Conversion versus the prior year is related to the lapping of the $620 million tax payment on divestiture proceeds in 2022.

We also reduced Net Leverage to 2.9x, reaching our long-term target of approximately 3.0x.

Slide 36

Turning to our outlook for the year, we now expect Organic Net Sales for fiscal year 2023 to be at the low end of our 4 to 6% range, at approximately 4%, versus 2022.

We are raising our Constant Currency Adjusted EBITDA guidance to 5 to 7% growth versus 2022 from the prior range of 4 to 6% growth. Our Constant Currency Adjusted EBITDA outlook includes a negative 2 percentage point impact from lapping the 53rd week in 2022.

Based on current exchange rates, we now expect a 1 percentage point Adjusted EBITDA headwind from currency on the full year.

For Adjusted Gross Profit Margin, we are increasing the expected year-over-year expansion to a range of 200 to 250 basis points from a prior range of 150 to 200 basis points.

Turning to Adjusted EPS, we are raising our guidance to a range of $2.91 to $2.99, reflecting 5 to 8% growth versus 2022, from our previous range of $2.83 to $2.91.

Our Adjusted EPS outlook includes a negative currency impact of approximately $0.04 at current exchange rates, approximately a negative $0.03 impact from non-cash pension and post-retirement benefits, and a negative $0.06 impact from lapping the 53rd week in 2022.

Our outlook also contemplates an effective tax rate on Adjusted EPS of 19% to 20%.

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

MIGUEL PATRICIO, CHIEF EXECUTIVE OFFICER AND BOARD CHAIR

Slide 37

Thank you, Andre.

Slide 38

I would like to reiterate that I am so proud of what we have achieved.

We are generating accelerated profitable growth, fueled by our three pillars.

Share and volume trends are improving as a result of the action plans we implemented.

And we continue to strengthen our balance sheet, hitting our targeted Net Leverage of approximately 3.0x.

Slide 39

On a more personal note, this is my last earnings call as CEO of Kraft Heinz. It's been an honor and privilege to lead this great, iconic company, and to play a role in this chapter of our transformation story.

I am absolutely thrilled – and so excited – about where Carlos will take this Company. I could not be prouder to continue partnering with him next year as I continue in my role as Board Chair.

I thank those of you in the investment community for always asking the hard questions. For challenging us. For provoking us to think even more strategically about this business we are so fortunate to lead.

But most of all, I want to say thank you to our people. The 37 thousand employees of Kraft Heinz who get up day in and day out, working so hard to bring our Company Purpose, *Let's Make Life Delicious*, to life.

I can honestly say that each of you has made my life more delicious. And I cannot wait to see how you and this Company will further succeed under Carlos' dynamic leadership.

Thank you for your time and interest in Kraft Heinz.

###