

BUY: KHC

Current Price:  
\$40

Target Price:  
\$52

Upside: 28%

## BUY: Kraft Heinz (NASDAQ: KHC)

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Consumer Staples | Alcohol, Food & Beverages, and Agriculture

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The logo for Kraft Heinz, featuring the word "Kraft" in a bold, blue, sans-serif font and "Heinz" in a red, cursive script font.

Industry Overview

Company Analysis

Investment Thesis

Valuation

Investment Analysis

# Company Overview

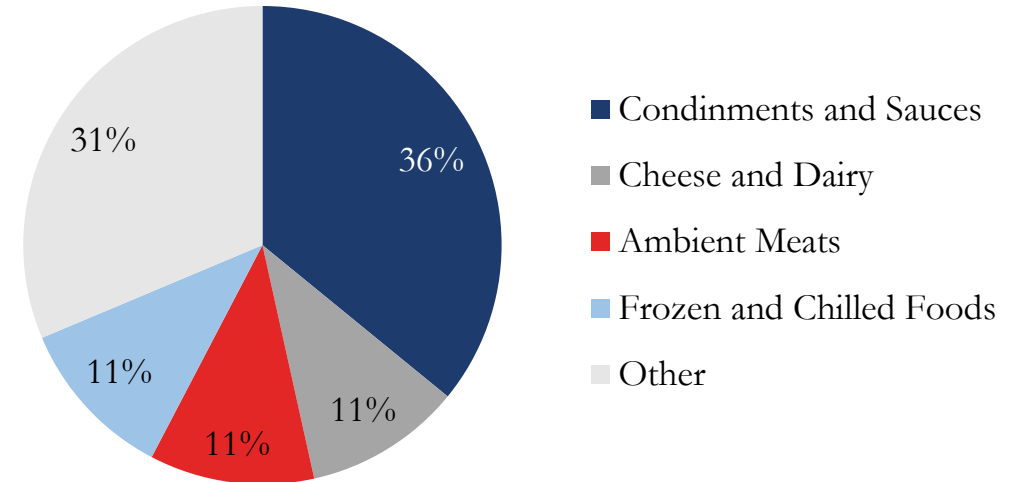
## Business Description

<p>Family Oriented</p>	<p>Leading player in the food and beverage industry</p>	<p>Global presence in over 40 countries.</p>

## Main Products



## Revenue Segments



## Key Data

1	<p>Market Cap: \$48.79B 52 Wk: \$32.73 – \$44.87</p>
2	<p>2022 Revenue: \$26,485M 2022 EPS: \$1.91</p>
3	<p>Dividend Yield: 4.02% 2-Yr Return: -8.5%</p>

# Industry Overview

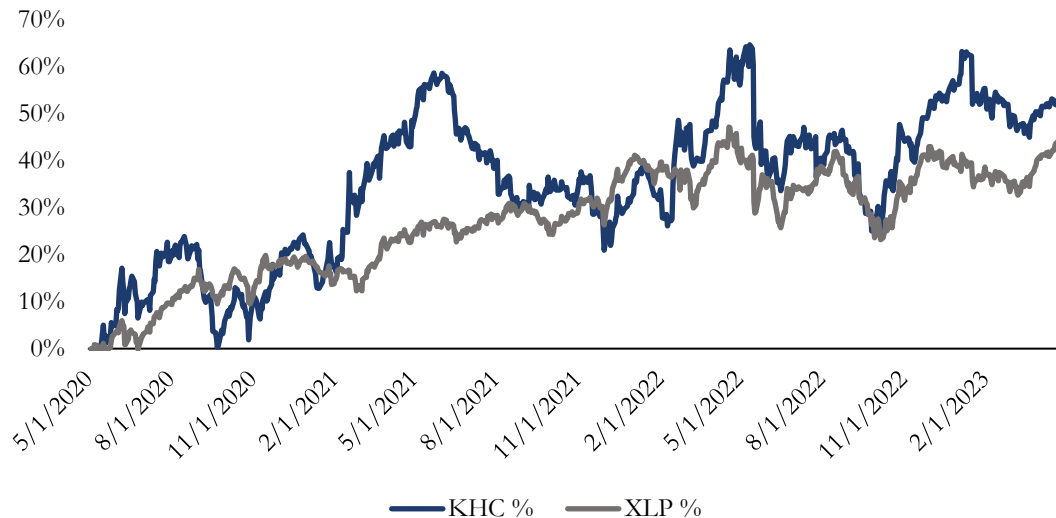
## Food Processing

Composed of companies that use **specialized equipment** and techniques to turn **raw ingredients** into **finished products**

Due to a **shift in consumer preferences**, demand for **plant-based & clean label** products have increased

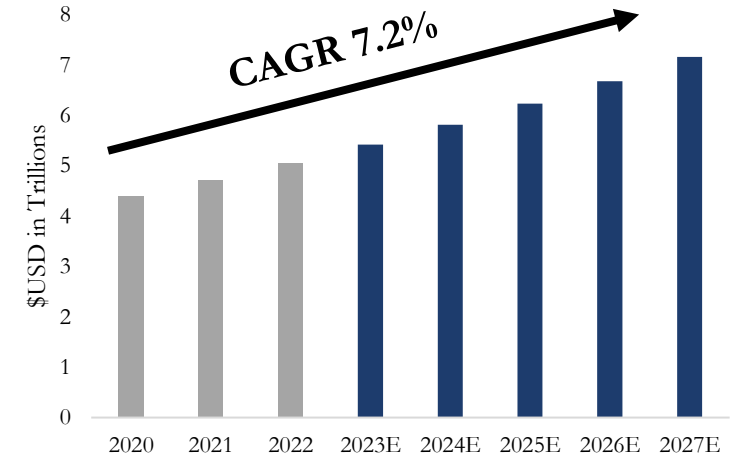
The **market** was valued at **\$4.4 trillion** in **2020**, and it is expected to reach **\$7.4 trillion** by **2027**, (**7.2% CAGR**)

## Historical Stock Price



## Demographic Market

Target market includes a **range** of consumers who seek **convenience**, **affordability**, and **high-quality** food products



## Competitors

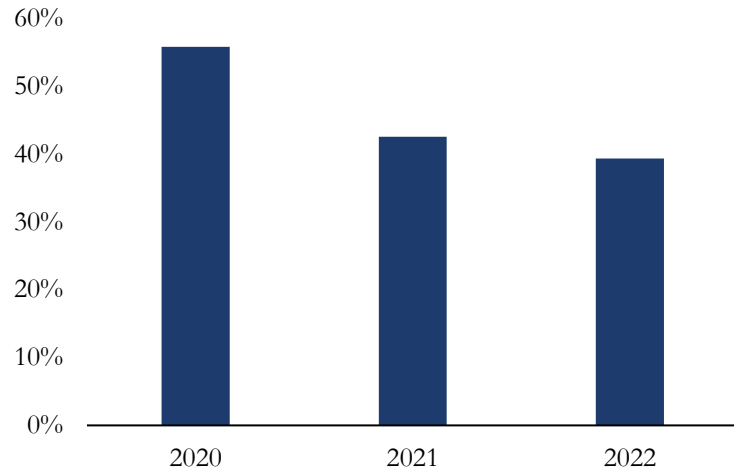




# Strong Dividend History & Deleveraging

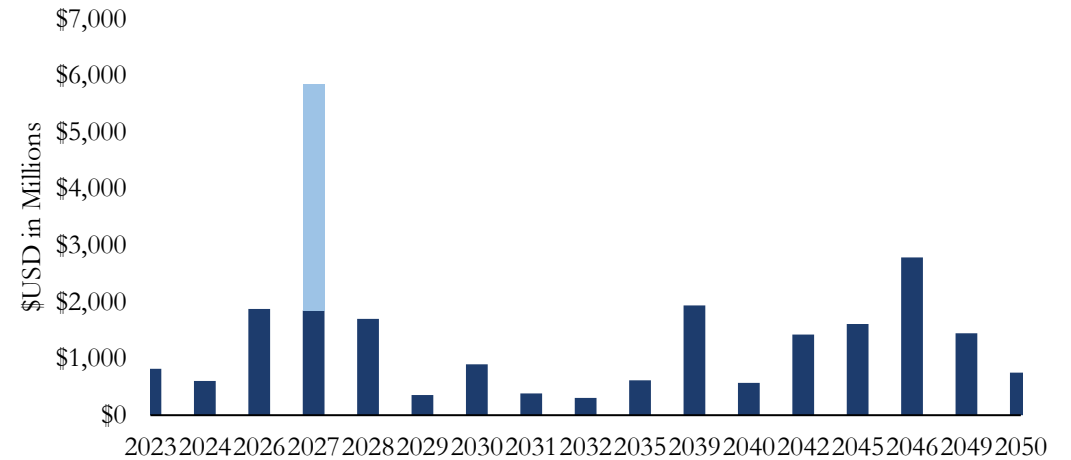


## Deleveraging Activities

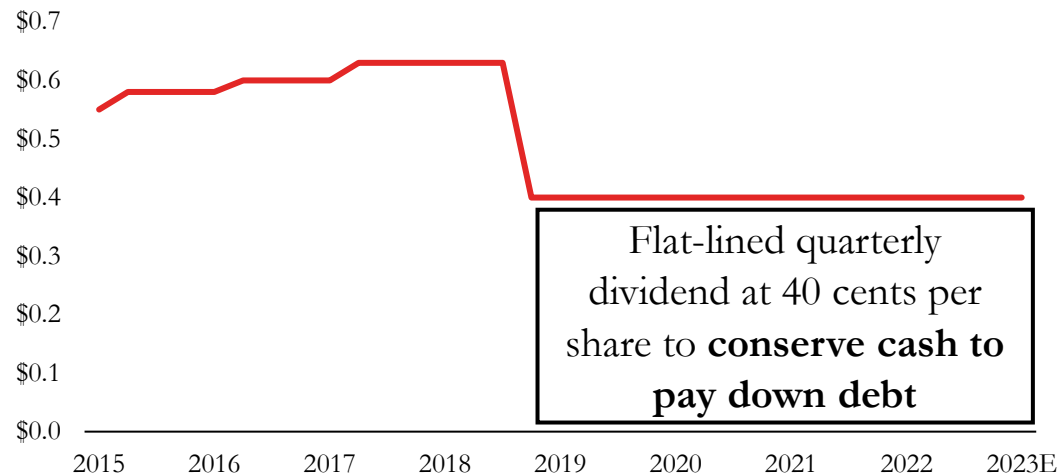


KHC lowered its debt-equity ratio by selling assets, refinancing debt, cutting costs, lowering dividends, and engaging in share buybacks

## Debt Maturity Profile



## Dividend History

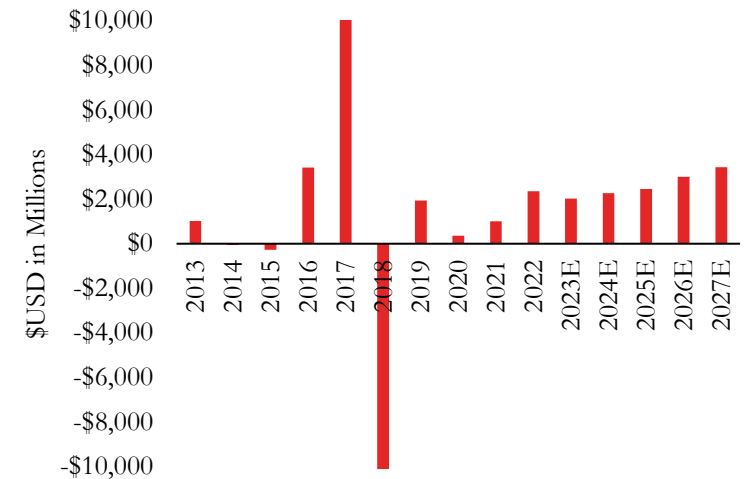


Flat-lined quarterly dividend at 40 cents per share to **conserve cash to pay down debt**

## Cost Cutting

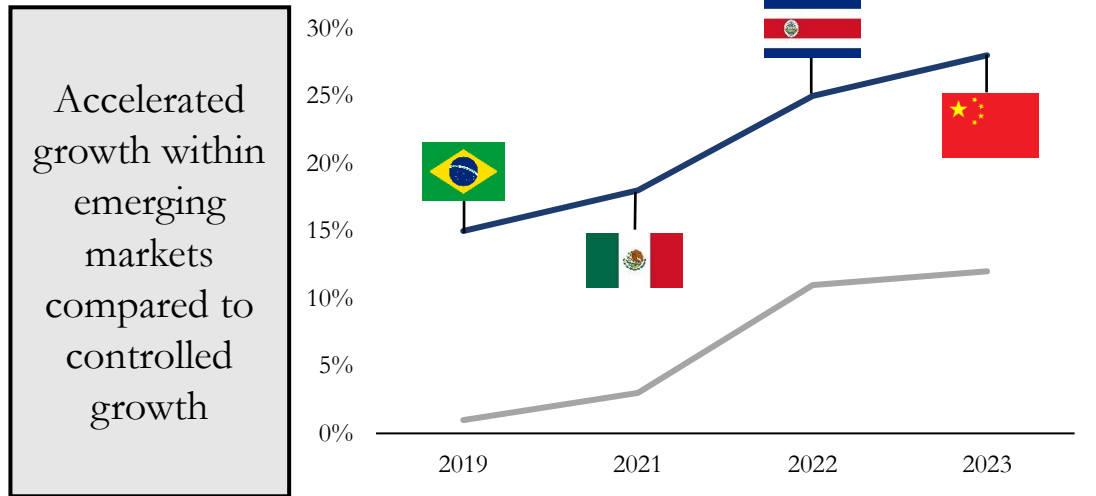
Revenue has remained **relatively unchanged**

Fluctuating net income was due to poor cost structure



# Forward Looking Strategy

## Emerging Markets Growth



## Organic Growth



Organic growth is a key catalyst given **higher interest rates make M&A activity less appealing**

Giving KHC a **competitive advantage** over competitors

## Portfolio Consolidation

Kraft-Heinz implemented a series of initiatives to **eliminate & consolidate** some of their brands to **simplify their product portfolio & focus on core brands**

Discontinued	Consolidation	Divested Assets

## Management Changes

Miguel Patricio	Andre Maciel	Carlos Rivera
35+ years	20+ years	25+ years

Buffet appointed Miguel Patricio as CEO in 2019

Patricio was previously with Anheuser-Busch and the stock **grew by 75%**

**Emphasizing emerging market & portfolio efficiency**

# Changing Consumer Habits

## Recessionary Industry Trends



Inflation has negatively impacted the budgets of all classes



Wealthier consumers are shopping at discount stores & brands



Dining out reached its peak in 2022, but it is down 16% this year

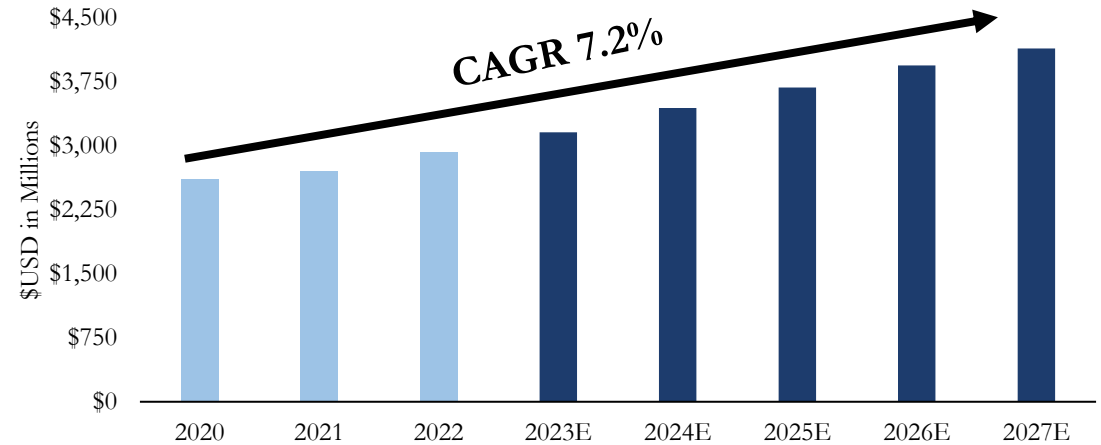
## Taste Toward Snack Food

During the Covid-19 Pandemic and first season of WFH, **snacking increased by ~60%**

During the 2008 Financial Crisis, **consumers bought more high-calorie snacks** as budgets were hit

Consumers have reported **skipping out on meals** and choosing more snacks

## Frozen & Chilled Foods Growth



## Eat From Home

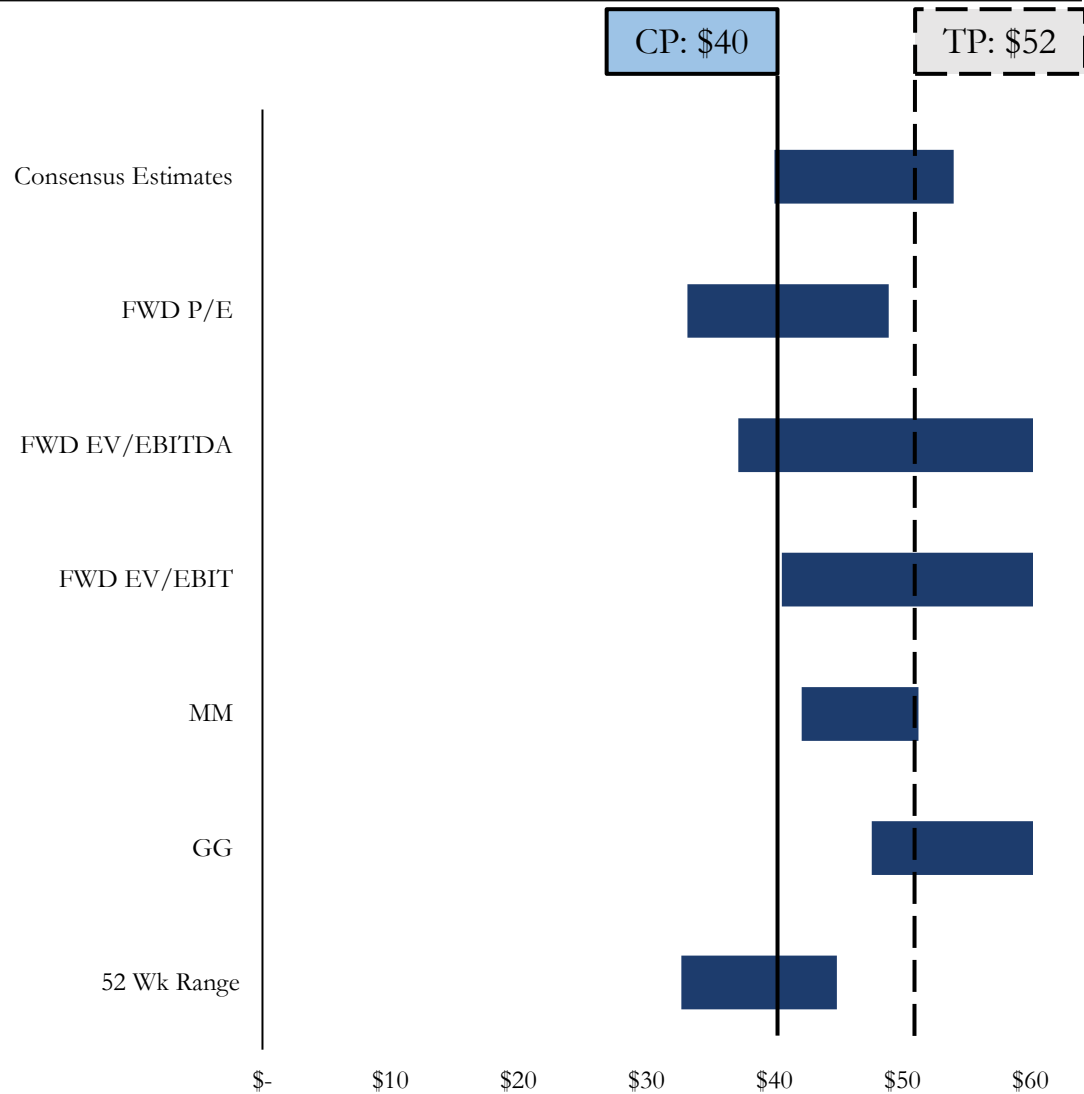
**24%** Pre-Pandemic → **66%** Current

Increase in **work from home** due to the Covid-19 pandemic and technology  
Workers will be forced to **eat from home** and **purchase easy-to-make meals & taste elevation products**

Further growth in **frozen food & home meal products** (5-year growth: **~13%**)



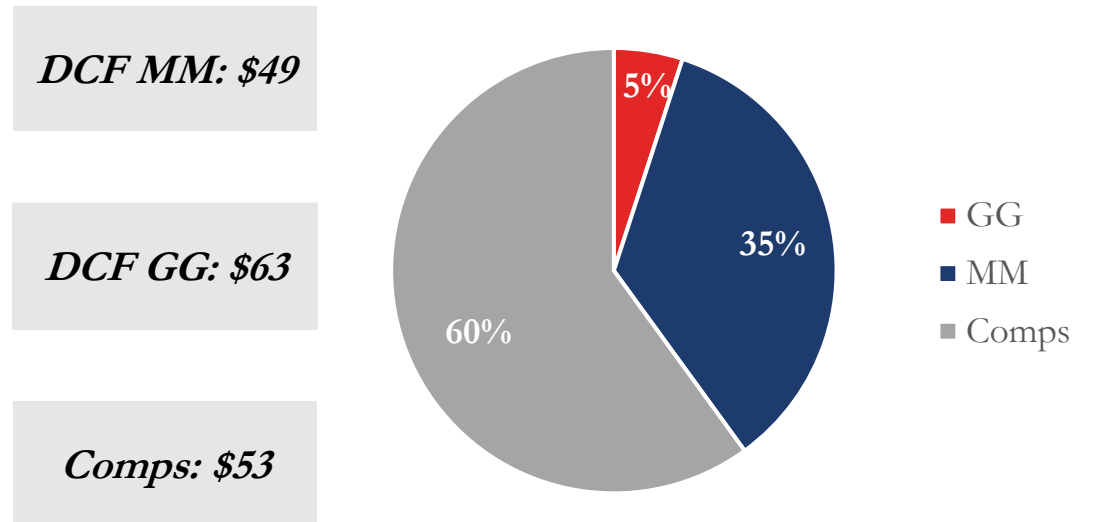
## Football Field



## Sensitivity Analysis

		WACC				
		5.52%	6.02%	6.52%	7.02%	7.52%
Terminal G.R.	2.50%	90.93	75.67	64.21	55.30	48.16
	2.25%	83.81	70.49	60.30	52.25	45.74
	2.00%	77.70	65.96	56.82	49.52	43.54
	1.75%	72.39	61.95	53.71	47.04	41.53
	1.50%	67.75	58.39	50.91	44.78	39.68
		WACC				
		5.52%	6.02%	6.52%	7.02%	7.52%
EV/EBITDA	15.19	57.49	55.66	53.88	52.17	50.51
	14.19	53.73	52.00	50.33	48.71	47.15
	13.19	49.97	48.35	46.78	45.26	43.79
	12.19	46.21	44.70	43.23	41.81	40.43
	11.19	42.45	41.04	39.68	38.36	37.07

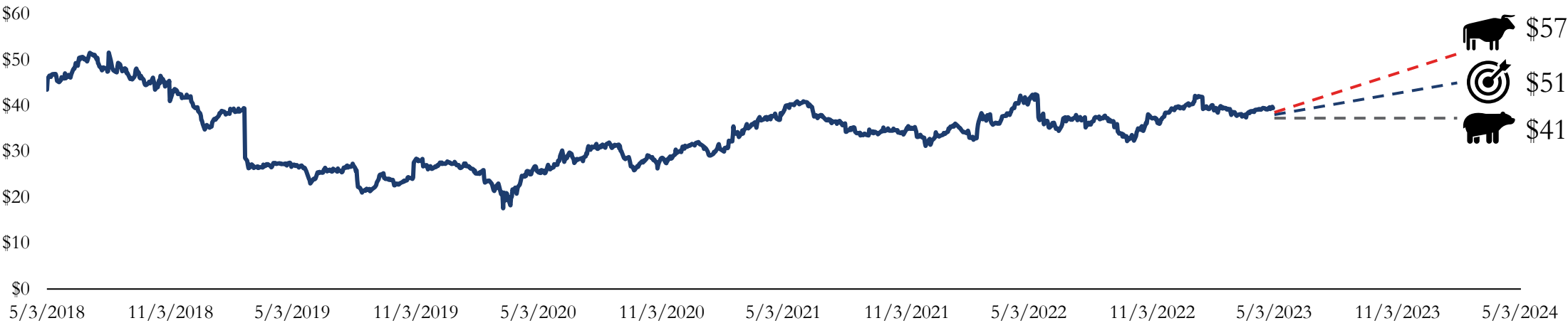
## Weighted Valuation



# Investment Analysis



## Bear vs Bull Case




## Upside/Downside Analysis

**Bear Case** 

Cost-cutting attempts are unable sacrifice long-term growth potential and competitiveness.

Kraft experiences resistance within emerging markets due to nationalism


The preferences of consumers return to a pre-covid circumstances

**Base Case** 

Investors recognize that Kraft’s deleveraging efforts signify more efficient management

Kraft successfully breaks into new markets which provide further opportunities for growth

Consumer preferences continue to adjust to post-covid conditions

**Bull Case** 

Management streamlines operations while minimizing debt

Kraft sees large return in new markets while building a relationship with new consumers

Post-Covid tastes take on a long-term effect among consumers

Questions?

Thank you!

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# Appendix A: Balance Sheet



Kraft Heinz Co (NYSE: KHC)					
Income Statement (in \$millions except per share amount)					
Year End	FY 19	FY 20	FY 21	FY 22	
<b>Current assets:</b>					
Cash and cash equivalents	\$ 2,279		\$ 3,417	\$ 3,445	\$ 1,040
Trade receivables	1,973		2,063	1,957	2,120
Income tax receivable	173		-	-	-
Inventories	2,721		2,773	2,729	3,651
Prepaid expenses			132	136	240
Other current assets	445		574	716	842
Assets held for sale	122		1,863	11	4
<b>Total current assets</b>	<b>7,713</b>	<b>10,822</b>	<b>8,994</b>	<b>7,897</b>	
Property, plant and equipment, net	7,055		6,876	6,806	6,740
Goodwill	35,546		33,089	31,296	30,833
Intangible assets, net	48,652		46,667	43,542	42,649
Other non-current assets	2,100		2,376	2,756	2,394
<b>Total assets</b>	<b>101,066</b>	<b>99,830</b>	<b>93,394</b>	<b>90,513</b>	
<b>Current liabilities and equity</b>					
Commercial paper and other short-term debt	6		6	14	6
Current portion of long-term debt	1,022		230	740	831
Trade payables	4,003		4,304	4,753	4,848
Accrued marketing	647		946	804	749
Interest payable	384		358	268	264
Income taxes payable	-		114	541	136
Other current liabilities	1,804		2,086	1,944	2,194
Liabilities held for sale	9		17	-	-
<b>Total current liabilities</b>	<b>7,875</b>	<b>8,061</b>	<b>9,064</b>	<b>9,028</b>	
Long-term debt	28,216		28,070	21,061	19,233
Deferred income taxes	11,878		11,462	10,536	10,152
Accrued postemployment costs	273		243	205	144
Long-term deferred income	-		6	1,534	1,477
Other non-current liabilities	1,459		1,745	1,542	1,609
<b>Total liabilities</b>	<b>49,701</b>	<b>49,587</b>	<b>43,942</b>	<b>41,643</b>	
Commitments and Contingencies					
Redeemable noncontrolling interest	-		-	4	40
<b>Equity:</b>					
Common stock	12		12	12	12
Additional paid-in capital	56,828		55,096	53,379	51,834
Retained earnings	(3,060)		(2,694)	(1,682)	489
Accumulated other comprehensive income	(1,886)		(1,967)	(1,824)	(2,810)
Treasury stock	(271)		(344)	(587)	(847)
Total shareholders' equity		51,623	50,103	49,298	48,678
Noncontrolling interest	126		140	150	152
<b>Total stockholder's equity</b>	<b>51,749</b>	<b>50,243</b>	<b>49,448</b>	<b>48,830</b>	
<b>Total liabilities and stockholder's equity</b>	<b>101,450</b>	<b>99,830</b>	<b>93,390</b>	<b>90,473</b>	

BIF: Consumer Staples AFBA Subsector

# Appendix B: Income Statement



Kraft Heinz Co (NYSE: KHC)

Income Statement (in \$millions except per share amount)

Year End	FY 19	FY 20	FY 21	FY 22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E
<b>Net sales</b>	\$ 24,977	\$ 26,185	\$ 26,042	\$ 26,485	\$ 27,214	\$ 28,270	\$ 29,060	\$ 29,944	\$ 30,735
Cost of products sold	16,830	17,008	17,360	18,363	18,505	19,223	19,180	19,464	19,363
<i>as a % of Sales</i>	67.4%	65.0%	66.7%	69.3%	68.0%	68.0%	66.0%	65.0%	63.0%
<b>Gross profit</b>	<b>8,147</b>	<b>9,177</b>	<b>8,682</b>	<b>8,122</b>	<b>8,708</b>	<b>9,046</b>	<b>9,880</b>	<b>10,480</b>	<b>11,372</b>
<i>as a % of Sales</i>	32.6%	35.0%	33.3%	30.7%	32.0%	32.0%	34.0%	35.0%	37.0%
Operating expenses	5,077	7,049	5,222	4,488	4,626	4,806	5,231	5,390	5,532
<i>as a % of Sales</i>	20.3%	26.9%	20.1%	16.9%	17.0%	17.0%	18.0%	18.0%	18.0%
<b>Operating income</b>	<b>3,070</b>	<b>2,128</b>	<b>3,460</b>	<b>3,634</b>	<b>4,082</b>	<b>4,240</b>	<b>4,650</b>	<b>5,090</b>	<b>5,840</b>
<i>as a % of Sales</i>	12.3%	8.1%	13.3%	13.7%	15.0%	15.0%	16.0%	17.0%	19.0%
Interest expense	1,361	1,394	2,047	921	1,431	1,448	1,462	1,315	1,414
Other income (expenses), net	952	296	295	253	295	295	295	295	295
<i>as a % of Sales</i>	3.8%	1.1%	1.1%	1.0%	1.1%	1.0%	1.0%	1.0%	1.0%
<b>Income before income taxes</b>	<b>2,661</b>	<b>1,030</b>	<b>1,708</b>	<b>2,966</b>	<b>2,356</b>	<b>2,497</b>	<b>2,893</b>	<b>3,480</b>	<b>4,131</b>
Provision income taxes	728	669	684	598	476	504	584	703	834
<b>Net income</b>	<b>1,933</b>	<b>361</b>	<b>1,024</b>	<b>2,368</b>	<b>\$ 1,880</b>	<b>\$ 1,993</b>	<b>\$ 2,309</b>	<b>\$ 2,777</b>	<b>\$ 3,296</b>
Net income/(loss) attributable to noncontrolling interest	(2)	5	12	5	7	8	8	8	8
<b>Net income to common shareholders</b>	<b>\$ 1,935</b>	<b>\$ 356</b>	<b>\$ 1,012</b>	<b>\$ 2,363</b>	<b>\$ 1,873</b>	<b>\$ 1,985</b>	<b>\$ 2,301</b>	<b>\$ 2,769</b>	<b>\$ 3,288</b>
<b>Per share data applicable to common shareholders:</b>									
Basic weighted average outstanding	1,221	1,223	1,224	1,224	1,224	1,224	1,224	1,224	1,224
Diluted weighted average outstanding	1,224	1,228	1,236	1,236	1,236	1,236	1,236	1,236	1,236
Basic earnings per share	\$ 1.58	\$ 0.29	\$ 0.83	\$ 1.93	\$ 1.53	\$ 1.62	\$ 1.88	\$ 2.26	\$ 2.69
Diluted earnings per share	\$ 1.58	\$ 0.29	\$ 0.82	\$ 1.91	\$ 1.52	\$ 1.61	\$ 1.86	\$ 2.24	\$ 2.66
<i>Growth</i>		-82%	182%	133%	-21%	6%	16%	20%	19%

# Appendix C: Cashflow Statement



Kraft Heinz Co (NYSE: KHC)					
Income Statement (in \$millions except per share amount)					
Year End	FY 19	FY 20	FY 21	FY 22	
<b>Cash flows from operating activities:</b>					
Net income		\$ 1,933	\$ 361	\$ 1,024	\$ 2,368
<b>Adjustments to reconcile net income to operating cash flows</b>					
Depreciation and amortization		994	969	910	933
Amortization of postemployment benefit plans prior service costs		(306)	(122)	(7)	(14)
Divestiture-related license income		-	-	(4)	(56)
Equity award compensation expense		46	156	197	148
Deferred income tax provision		(293)	(343)	(1,042)	(278)
Postemployment benefit plan contributions		(32)	(27)	(27)	(23)
Goodwill and intangible asset impairment losses		1,899	3,399	1,634	913
Nonmonetary currency devaluation		10	6	-	17
Loss on sale of business		(420)	2	(44)	(25)
Proceeds from sale of license		-	-	1,587	-
Loss on extinguishment of debt		98	124	917	(38)
Other items, net		(142)	(54)	(187)	7
<b>Changes in current assets and liabilities:</b>					
Trade receivables		140	(26)	87	(228)
Inventories		(307)	(249)	(144)	(1,121)
Accounts payable		(58)	207	408	152
Other current assets		80	40	(32)	(314)
Other current liabilities		(90)	486	87	28
<b>Net cash provided by operating activities</b>		<b>3,552</b>	<b>4,929</b>	<b>5,364</b>	<b>2,469</b>
<b>Net cash used in investing activities</b>					
Capital expenditures		(768)	(596)	(905)	(916)
Payments to acquire business, net of cash acquired		(199)	-	(74)	(481)
Settlement of net investment hedges		590	25	(28)	208
Proceeds from sale of business, net of cash disposed		1,875	-	5,014	88
Other investing activities, net		13	49	31	10
<b>Net cash provided by investing activities</b>		<b>1,511</b>	<b>(522)</b>	<b>4,038</b>	<b>(1,091)</b>
<b>Cash flows from financing activities:</b>					
Repayments of long-term debt		(4,795)	(4,697)	(6,202)	(1,465)
Proceeds from issuance of long-term debt		2,967	3,500	-	-
Debt prepayment and extinguishment costs		(99)	(116)	(924)	10
Proceeds from revolving credit facility		-	4,000	-	-
Repayments of revolving credit facility		-	(4,000)	-	-
Proceeds from issuance of commercial paper		557	-	-	228
Repayments of commercial paper		(557)	-	-	(228)
Dividends paid		(1,953)	(1,958)	(1,959)	(1,960)
Other financing activities, net		(33)	(60)	(259)	(299)
<b>Net cash provided by financing activities</b>		<b>(3,913)</b>	<b>(3,331)</b>	<b>(9,344)</b>	<b>(3,714)</b>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash		(6)	62	(30)	(69)
<b>Net increase</b>		<b>1,144</b>	<b>1,138</b>	<b>28</b>	<b>(2,405)</b>
Balance at beginning of period		1,136	2,280	3,418	3,446
Balance at end of period		2,280	3,418	3,446	1,041
<b>Cash paid during the period for</b>					
Interest paid during the period		1,306	1,286	1,196	937
Income taxes paid, net during the period		974	1,027	1,295	1,260

# Appendix D: Revenue Build



Kraft Heinz Co (NYSE: KHC)

Revenue Build (in \$millions except per share amount)

Year End	FY 19	FY 20	FY 21	FY 22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E
<b>Total Revenue</b>	\$ 24,977	\$ 26,185	\$ 26,042	\$ 26,485	27,214	28,270	29,060	29,944	30,735
<i>% Growth</i>		5%	-1%	2%	3%	5%	7%	3%	5%
<b>Condiments and Sauces</b>	6,406	6,813	7,302	8,241	9,065	9,881	10,474	10,998	11,437
<i>% Growth</i>		6%	7%	13%	10%	9%	6%	5%	4%
<b>Cheese and Dairy</b>	4,890	5,131	4,922	3,976	3,380	3,109	2,860	2,717	2,636
<i>% Growth</i>		5%	-4%	-19%	-15%	-8%	-8%	-5%	-3%
<b>Ambient Meats</b>	2,475	2,954	2,896	3,047	3,108	3,139	3,170	3,266	3,363
<i>% Growth</i>		19%	-2%	5%	2%	1%	1%	3%	3%
<b>Frozen and Chilled Foods</b>	2,371	2,599	2,698	2,922	3,156	3,440	3,681	3,938	4,135
<i>% Growth</i>		10%	4%	8%	8%	9%	7%	7%	5%
<b>Meats and Seafood</b>	2,406	2,515	2,613	2,733	2,788	2,843	2,872	2,901	2,930
<i>% Growth</i>		5%	4%	5%	2%	2%	1%	1%	1%
<b>Refreshment Beverages</b>	1,504	1,655	1,786	1,999	2,099	2,183	2,270	2,338	2,385
<i>% Growth</i>		10%	8%	12%	5%	4%	4%	3%	2%
<b>Desserts, Toppings, and Baking</b>	1,032	1,121	1,157	1,195	1,207	1,219	1,243	1,268	1,294
<i>% Growth</i>		9%	3%	3%	1%	1%	2%	2%	2%
<b>Coffee</b>	1,271	1,062	847	903	921	939	958	968	978
<i>% Growth</i>		-16%	-20%	7%	2%	2%	2%	1%	1%
<b>Nuts and Salted Snacks</b>	966	1,047	464	-	-	-	-	-	-
<i>% Growth</i>		8%	-56%	-100%	0%	0%	0%	0%	0%
<b>Infants and Nutrition</b>	512	433	441	411	390	383	375	371	375
<i>% Growth</i>		-15%	2%	-7%	-5%	-2%	-2%	-1%	1%
<b>Other</b>	1,144	855	916	1,058	1,100	1,133	1,156	1,179	1,203
<i>% Growth</i>		-25%	7%	16%	4%	3%	2%	2%	2%

BIF: Consumer Staples AFBA Subsector



# Appendix E: NWC



NWC Projections	FY 19	FY 20	FY 21	FY 22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E
<b>Current Assets</b>									
Sales	24,977	26,185	26,042	26,485	27,214	28,270	29,060	29,944	30,735
Accounts receivable	1,973	2,063	1,957	2,120	2,178	2,263	2,326	2,397	2,460
<i>AR Days</i>	28.83	28.76	27.43	29.22	29.22	29.22	29.22	29.22	29.22
COGS	16,830	17,008	17,360	18,363	18,505	19,223	19,180	19,464	19,363
Inventories	2,721	2,773	2,729	3,651	3,679	3,822	3,813	3,870	3,850
<i>Inventory Days</i>	59.01	59.51	57.38	72.57	72.57	72.57	72.57	72.57	72.57
SG&A	5,077	7,049	5,222	4,488	4,626	4,806	5,231	5,390	5,532
Prepaid expenses and other current assets	445	706	852	1,082	1,115	658	717	711	730
<i>As a % of SG&amp;A</i>	8.8%	10.0%	16.3%	24.1%	24.1%	13.7%	13.7%	13.2%	13.2%
<b>Total Current Assets</b>	5,139	5,542	5,538	6,853	6,973	6,743	6,856	6,978	7,040
<b>Current Liabilities</b>									
COGS	16,830	17,008	17,360	18,363	18,505	19,223	19,180	19,464	19,363
Accounts Payable	4,003	4,304	4,753	4,848	4,360	4,266	4,256	4,213	4,191
<i>AP Days</i>	86.81	92.37	99.93	96.36	86.00	81.00	81.00	79.00	79.00
SG&A	5,077	7,049	5,222	4,488	4,626	4,806	5,231	5,390	5,532
Other accrued liabilities	647	946	804	749	701.75	756.99	830.11	840.64	870.75
<i>As a % of SG&amp;A</i>	12.74%	13.42%	15.40%	16.69%	15.17%	15.75%	15.87%	15.60%	15.74%
<b>Total Current Liabilities</b>	4,650	5,250	5,557	5,597	5,062	5,023	5,086	5,053	5,062
<b>NWC</b>	489	292	(19)	1,256	1,911	1,720	1,770	1,925	1,979
<b>Change in NWC</b>		(197)	(311)	1,275	655	(191)	49	155	54

BIF: Consumer Staples AFBA Subsector

# Appendix F: CapEx and D&A



Cash Flow Projections	FY 19	FY 20	FY 21	FY 22E	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E
Sales	\$ 24,977	\$ 26,185	\$ 26,042	\$ 26,485	\$ 27,214	\$ 28,270	\$ 29,060	\$ 29,944	\$ 30,735
CapEx <i>as a % of Sales</i>	(768) -3.1%	(596) -2.3%	(905) -3.5%	(916) -3.5%	(489.85) -1.8%	(537.13) -1.9%	(552.14) -1.9%	(568.94) -1.9%	(583.97) -1.9%
D&A <i>as a % of CapEx</i>	994 -129.4%	969 -162.6%	910 -100.6%	933 -101.9%	489.85 -100.0%	537.13 -100.0%	541.10 -98.0%	557.56 -98.0%	572.29 -98.0%

Covariance	0.000126207
Variance	0.000177962
<b>Beta</b>	<b>0.709181308</b>

# Appendix H: WACC



Kraft Heinz Co (NYSE: KHC)	
WACC	
Risk Free Rate	3.384%
Beta	0.71
Equity Risk Premium	5.62%
Expected Market Return	9.00%
Weight of Equity	72.44%
Cost of Equity	7.37%
Credit Spread	2.00%
Implied Tax Rate	20%
Weight of Debt	27.6%
Cost of Debt	4.30%
<b>WACC</b>	<b>6.52%</b>
MV Equity	\$ 50,552.40
<i>Share Price</i>	\$ 40.90
<i>Shares Outstanding</i>	1,236
MV Debt	\$ 19,233

# Appendix I: DCF



Kraft Heinz Co (NYSE: KHC)

Discounted Cash Flow

Figures in Millions USD

	FY 19	FY 20	FY 21	FY 22E	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E
Revenue	24,977	26,185	26,042	26,485	27,214	28,270	29,060	29,944	30,735
% Growth		4.84%	-0.55%	1.70%	2.75%	3.88%	2.80%	3.04%	2.64%
EBITDA	4,064	3,097	4,370	4,567	4,572	4,778	5,191	5,648	6,412
EBITDA Margin	16.3%	11.8%	16.8%	17.2%	16.8%	16.9%	17.9%	18.9%	20.9%
NOPAT	2,950	1,084	2,618	3,197	3,200	3,344	3,633	4,067	4,617
Tax Rate (as stated in 10-K)	27%	65%	40%	30%	30%	30%	30%	28%	28%
Plus: D&A	994	969	910	933.00	489.85	537.13	541.10	557.56	572.29
Less: CapEx	(768)	(596)	(905)	(916.00)	(489.85)	(537.13)	(552.14)	(568.94)	(583.97)
Less: Change in NWC	0	-197	-311	1275	655	-191	49	155	54
<b>FCFF</b>	<b>3,176</b>	<b>1,654</b>	<b>2,934</b>	<b>1,939</b>	<b>2,545</b>	<b>3,535</b>	<b>3,573</b>	<b>3,900</b>	<b>4,551</b>
Discount Factor				1	2	3	4	5	6
Terminal Value (growth)									102,690
Terminal Value (multiple)									84,998
Cash Flows (growth)				1,939	2,545	3,535	3,573	3,900	107,242
Cash Flows (multiple)				1,939	2,545	3,535	3,573	3,900	89,549
PV of CF (growth)				1,820	2,243	2,925	2,775	2,844	73,411
PV of CF (multiple)				1,820	2,243	2,925	2,775	2,844	61,300

BIF: Consumer Staples AFBA Subsector

# Appendix J: DCF GG and MM



Gordon Growth	
Enterprise Value	86,019
Less: Debt	19,233
Plus: Cash	3,445
Less: Minority Interest	10
Equity Value	70,221
Diluted Shares Outstanding	1,236
<b>Price Per Share</b>	<b>\$56.81</b>

Terminal Multiple	
Enterprise Value	73,907
Less: Debt	19,233
Plus Cash:	3,445
Less: Minority Interest	10
Equity Value	58,109
Diluted Shares Outstanding	1,236
<b>Price Per Share</b>	<b>\$47.01</b>

Terminal Growth Rate	2.00%
Terminal Multiple (EV/EBITDA)	13.26
WACC	6.52%

# Appendix K: Comps 1



Kraft Heinz Co (NYSE:  
KHC)  
Comparable Companies  
Figures in Millions USD

Company	Ticker	Price	Shares Outstanding	Market Cap	Cash	Debt	Minority Interest	EV	EPS	FWD EPS	EV/Revenue	EV/EBIT	EV/EBITDA	P/E	FWD EV/Revenue	FWD EV/EBIT	FWD EV/EBITDA	FWD P/E
Kraft Heinz Co.	KHC	\$ 40.90	1,236.00	50,552.40	1,040.00	19,233.00	10.00	68,755.40	1.93	1.88	2.60	18.92	15.13	21.19	2.37	14.79	13.26	21.76
JM Smucker Co.	SJM	\$ 159.47	106.80	17,031.40	151.60	4,811.20	-	21,691.00	5.44		2.71	18.83	13.15	29.31	2.53	14.70	12.64	17.66
Tyson Foods Inc.	TSN	\$ 61.07	362.00	22,107.34	1,056.00	9,180.00	15.00	30,246.34	11.13		0.58	6.47	5.15	5.49	0.55	7.75	5.82	7.62
General Mills	GIS	\$ 89.54	606.00	54,261.24	594.40	11,561.90	19.80	65,248.54	4.75		3.40	19.92	17.02	18.85	3.27	18.98	16.14	20.44
Campbell Soup	CPB	\$ 54.80	302.00	16,549.60	109.00	5,049.00	-	21,489.60	2.50		2.51	17.12	12.86	21.92	2.36	15.53	12.37	17.97
The Hershey Company	HSY	\$ 275.54	206.40	56,871.46	339.70	5,343.40	4.20	61,879.36	7.86		6.36	27.22	23.20	35.06	5.57	24.30	21.14	29.16
Mondelez International Inc.	MDLZ	\$ 77.44	1,390.00	107,641.60	1,924.00	19,701.00	13.00	125,431.60	2.75		4.20	26.15	43.36	28.16	3.83	22.82	18.84	22.91
Minimum											0.58	6.47	5.15	5.49	0.55	7.75	5.82	7.62
Quartile 1											2.51	17.12	12.86	18.85	2.36	14.70	12.37	17.66
Median											2.71	18.92	15.13	21.92	2.53	15.53	13.26	20.44
Quartile 3											5.28	26.69	33.28	31.61	4.70	23.56	19.99	26.03
Maximum											6.36	27.22	43.36	35.06	5.57	24.30	21.14	29.16
Average											3.19	19.23	18.55	22.85	2.93	16.98	14.32	19.65

BIF: Consumer Staples AFBA Subsector

# Appendix L: Comps 2



Comps Output	EV	Debt	Cash	Minority	Equity	Shares	Per Share
<b>FWD EBIT</b>	4,649.60						
Min	7.75	36,051	19,233	1,040	10	17,848	1,236 14
Q1	14.70	68,353	19,233	1,040	10	50,150	1,236 41
Med	15.53	72,190	19,233	1,040	10	53,987	1,236 44
Q3	23.56	109,553	19,233	1,040	10	91,350	1,236 74
Max	24.30	113,002	19,233	1,040	10	94,799	1,236 77
<b>FWD EBITDA</b>	5,186.73						
Min	5.82	30,206	19,233	1,040	10	12,003	1,236 10
Q1	12.37	64,146	19,233	1,040	10	45,943	1,236 37
Med	13.26	68,755	19,233	1,040	10	50,552	1,236 41
Q3	19.99	103,677	19,233	1,040	10	85,474	1,236 69
Max	21.14	109,633	19,233	1,040	10	91,430	1,236 74
Comps Output	EPS	Per Share					
<b>P/E</b>							
Min							
Q1	7.62	1.88	14.33				
Med	17.66	1.88	33.19				
Q3	20.44	1.88	38.42				
Max	26.03	1.88	48.93				
	29.16	1.88	54.80				
<b>Comps Share Price</b>							
	<b>\$52.50</b>						

BIF: Consumer Staples AFBA Subsector



# Appendix M: Price Target



BIF: Consumer Staples AFBA Subsector

Base		
Weighted Share Price		
Method	Share Price	Weight
GG	\$62.97	5%
MM	\$49.02	35%
Comps	\$52.50	60%
<b>Share Price</b>		<b>\$51.80</b>
<i>Upside</i>		<i>27%</i>

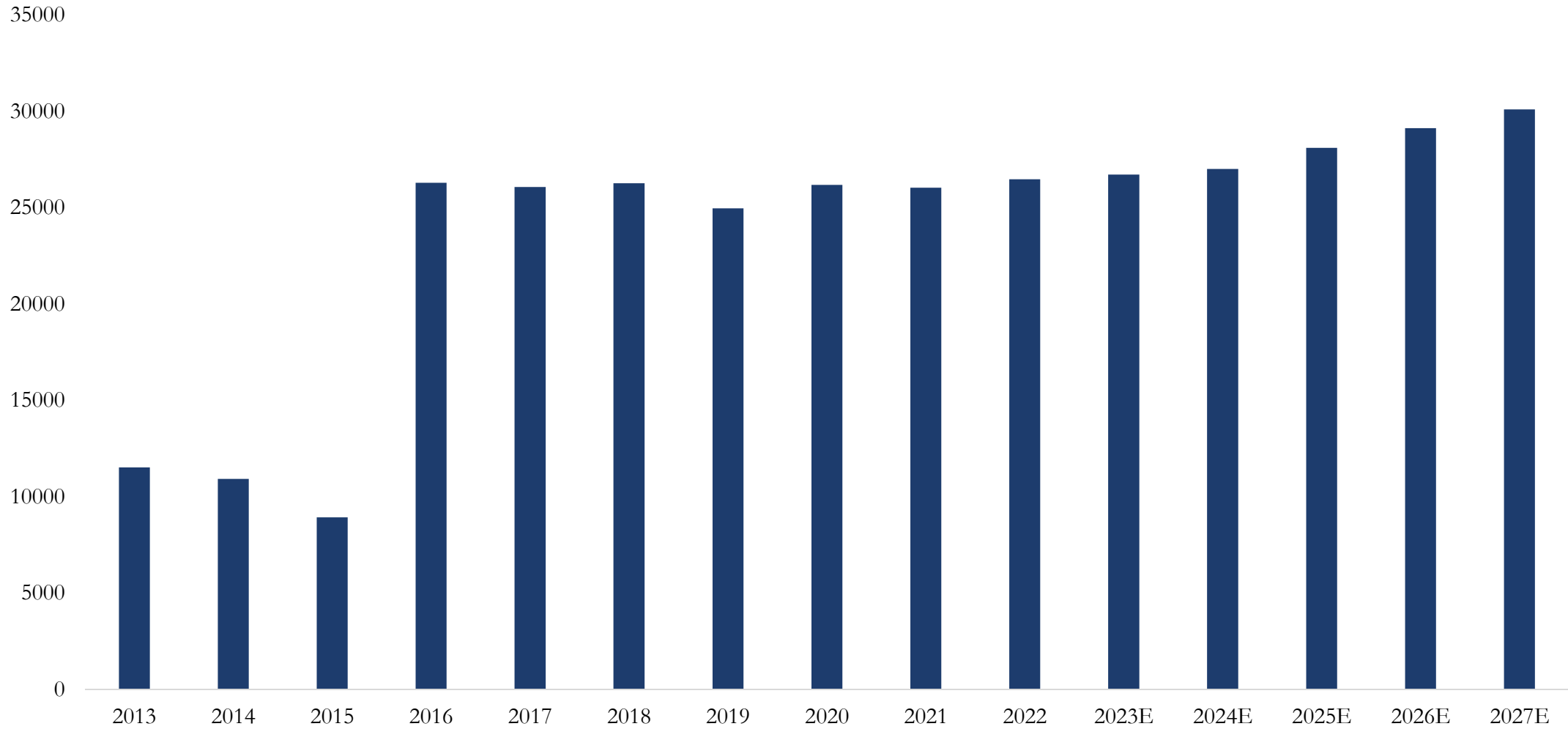
Bear		
Weighted Share Price		
Method	Share Price	Weight
GG	\$52.21	5%
MM	\$44.46	35%
Comps	\$38.99	60%
<b>Share Price</b>		<b>\$41.56</b>
<i>Upside</i>		<i>2%</i>

Bull		
Weighted Share Price		
Method	Share Price	Weight
GG	\$80.03	5%
MM	\$54.37	35%
Comps	\$51.87	60%
<b>Share Price</b>		<b>\$54.15</b>
<i>Upside</i>		<i>32%</i>

# Appendix N: Revenue



BIF: Consumer Staples AFBA Subsector



## U.S. RETAIL GROW PLATFORMS | Innovation

CAGNY 2023

We have transformed our approach with our ONE innovation engine.



**\$2B**  
Incremental Net Sales  
2023 – 2027E

# Appendix P: Ready to Scale Eat at Home

## U.S. RETAIL GROW PLATFORMS | Innovation

CAGNY 2023

We have A robust innovation pipeline, and our new model is driving initial success.

### READY TO SCALE



**92%**  
Repeat Rate



**2X**  
Net Sales since  
Acquisition<sup>1</sup>

### SEEDS FOR TEST & LEARN



**80%**  
Exceeded  
Consumer  
Expectations



**#1**  
Plant-Based in  
test market

# Appendix Q: Combining Trends

## U.S. RETAIL GROW PLATFORMS | Innovation

CAGNY 2023

Our priority growth spaces are aligned with Taste Elevation and Easy Meals.

 **Taste Elevation**

 <b>Personalized Sauces</b>	 <b>Primal Kitchen</b>
 <b>Just Spices</b>	 <b>NotCo Joint Venture</b>

 **Easy Meals**

 <b>Crisp from Microwave</b>
 <b>Homebake</b>
 <b>Mexican Strategy</b>

# Appendix R: Emerging Markets Growth

## EMERGING MARKETS

CAGNY 2023

KHC Emerging Markets already growing Double Digits and will continue to Outpace Industry Growth.

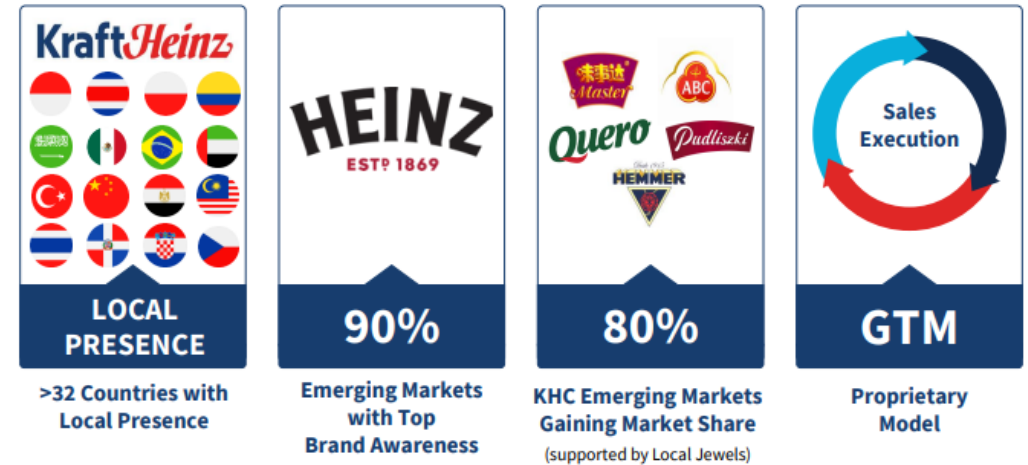


Kraft Heinz 1) Source: Euromonitor International 2023.

## EMERGING MARKETS

CAGNY 2023

We have the Brands, Portfolio and Capability to continue Winning.



Kraft Heinz

## SOURCES OF FUNDING | Revenue Management

CAGNY 2023

Leveraging Digital Tools to maximize return on trade investment.

### Trade Management System

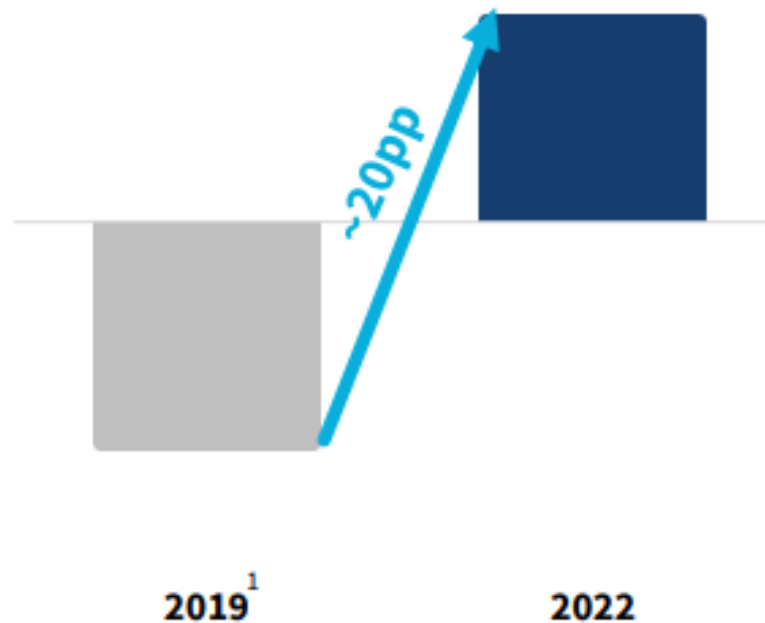
Real-time access to data on 100K+ events

Sophisticated elasticity model

~20pp improvement in Net ROI since 2019

Significant opportunity to redeploy promotional dollars to drive growth

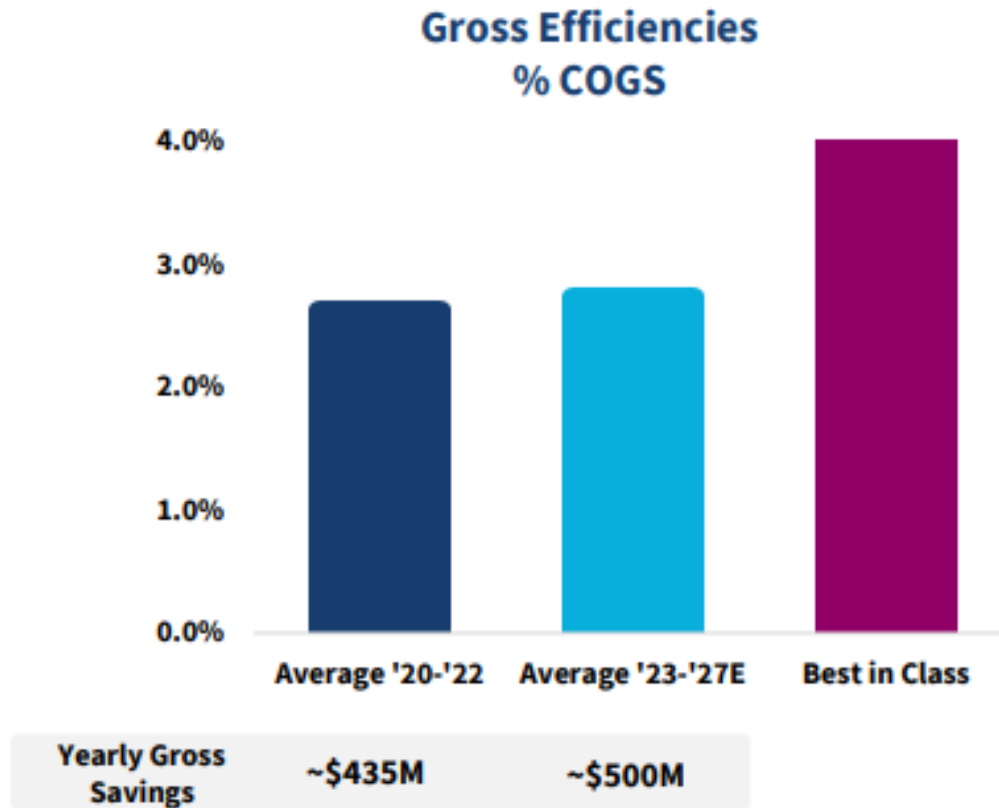
### Average ROI on Promotions (North America - Net)



## SOURCES OF FUNDING | Supply Chain Efficiencies

CAGNY 2023

Accelerating Rate of Supply Chain Efficiencies End-to-End.



### Top Savings Drivers

- Network Optimization
- Line Automation
- OEE Optimization
- Transport Utilization
- Global Sourcing
- Supplier-Led Productivity
- SKU Decomplexity

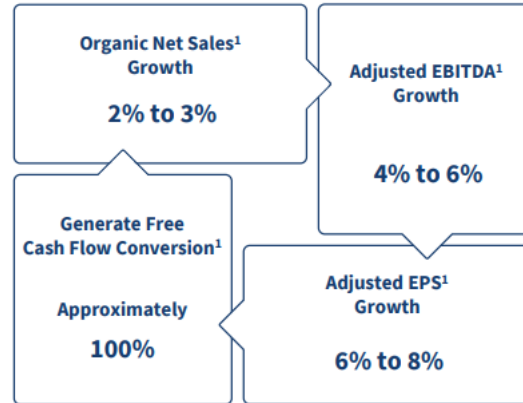


# Appendix U: Long Term Growth Outlook

## LONG-TERM ALGORITHM

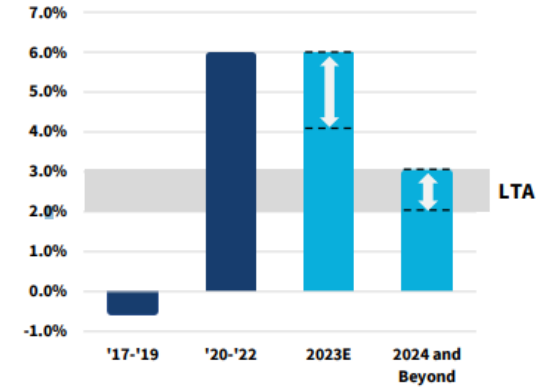
CAGNY 2023

Pillars of Growth and Enablers will drive On-Algorithm Results.



<sup>1</sup> Non-GAAP financial measure. See the accompanying Non-GAAP Information and Reconciliations at [ir.kraftheinzcompany.com/events-and-webcasts](http://ir.kraftheinzcompany.com/events-and-webcasts).

## Organic Net Sales<sup>1</sup> Growth vs PY

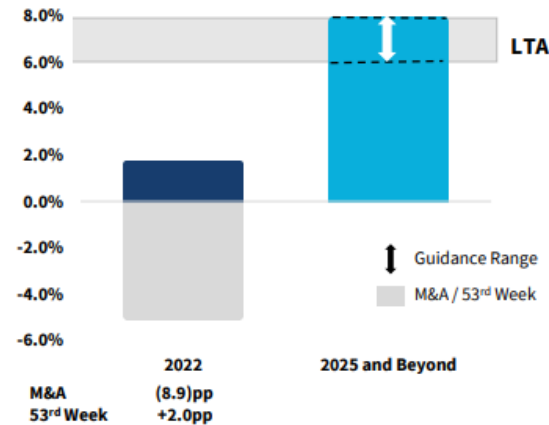


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and Reconciliations at [ir.kraftheinzcompany.com/events-and-webcasts](http://ir.kraftheinzcompany.com/events-and-webcasts).

83

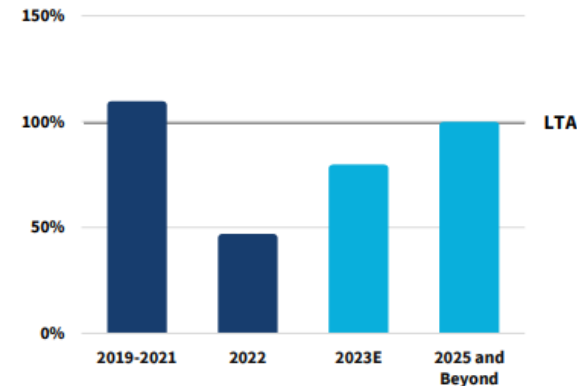
## Adjusted EPS<sup>1</sup> Growth vs PY



and Reconciliations at [ir.kraftheinzcompany.com/events-and-webcasts](http://ir.kraftheinzcompany.com/events-and-webcasts).

85

## Free Cash Flow Conversion<sup>1</sup>



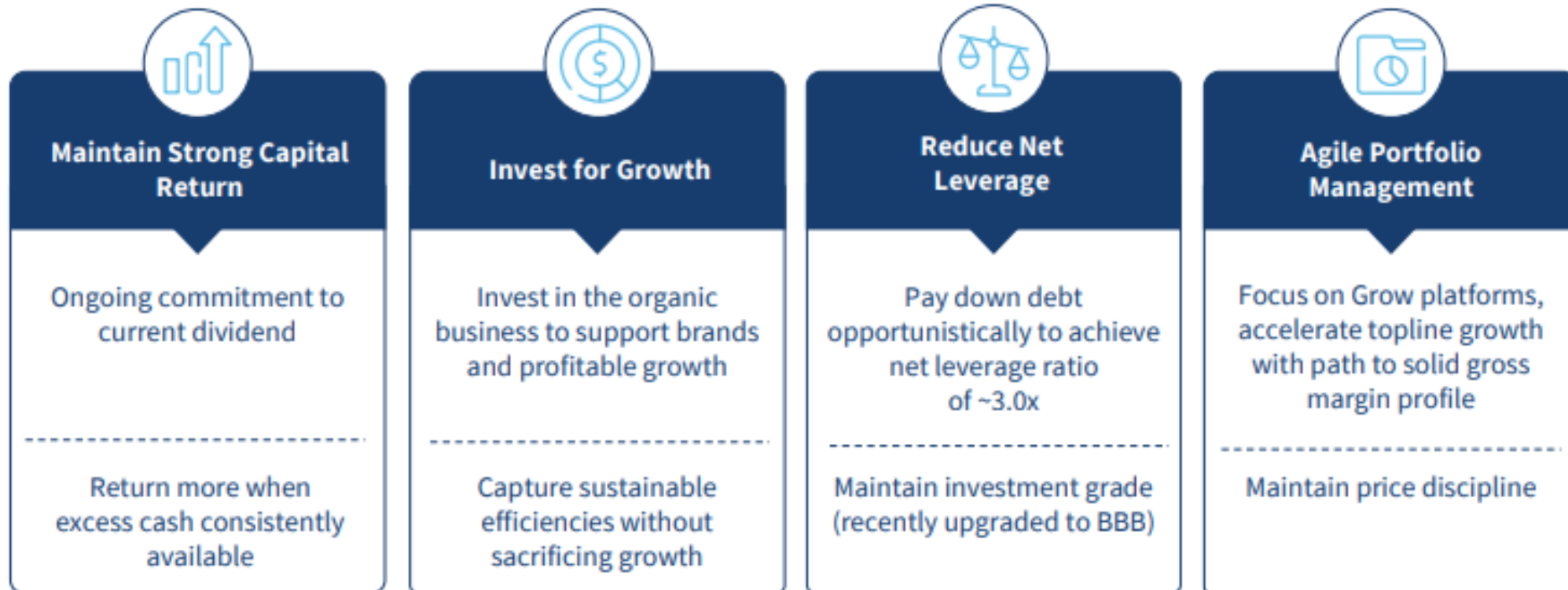
and Reconciliations at [ir.kraftheinzcompany.com/events-and-webcasts](http://ir.kraftheinzcompany.com/events-and-webcasts).

86

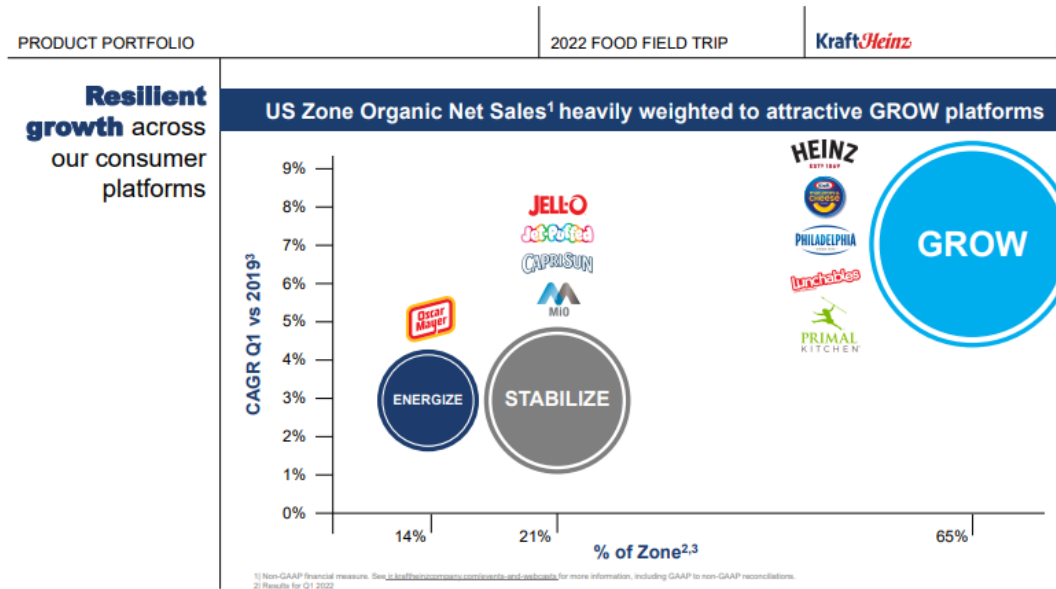
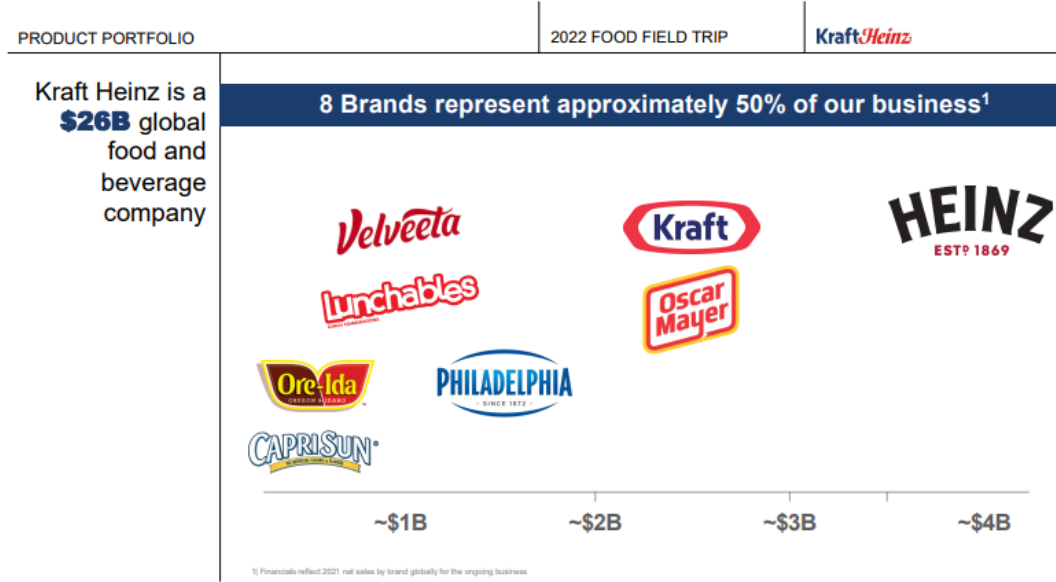
## CAPITAL ALLOCATION STRATEGY

CAGNY 2023

Committed to Maintaining our Dividend, while Investing in the Business, Maintaining Investment Grade and Managing the Portfolio.



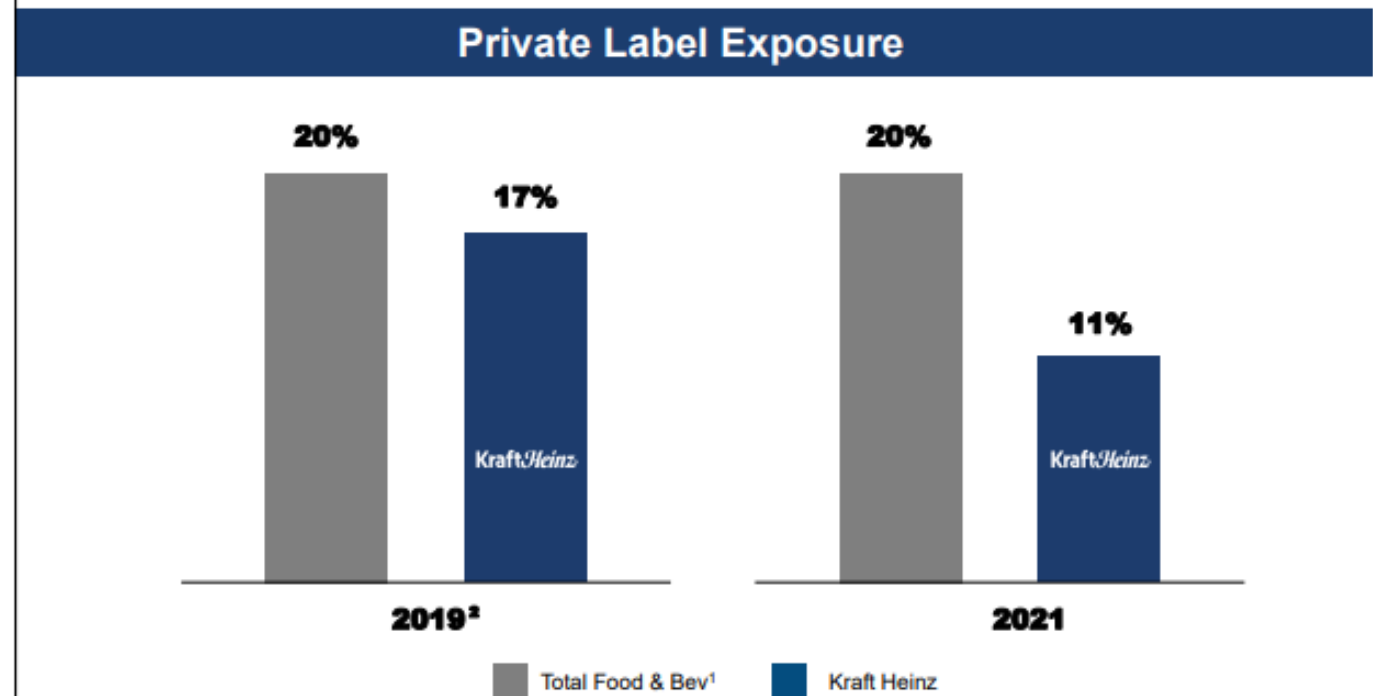
# Appendix W: Top Brands



# Appendix X: Private Label Exposure

KHC was able to decrease its exposure to private labels before the inflationary period

**Reduced Exposure to Private Label**



1) IRI, Multi Outlet (excluding Convenience); 2019 = 52 Weeks ending 12/29/2019, 2021 = 52 Weeks ending 12/26/2021. Total edible universe excludes categories with <\$1M in consumption; KHC figures presented on basis of categories where the Company competes.  
2) The Company views comparison to the 2019 period to be more meaningful than the comparable 2020 period given the exceptional, COVID-19-related consumer demand changes experienced in the 2020 period.

# Appendix Y: Agile@Scale Plan

AGILE@SCALE	2022 FOOD FIELD TRIP	Kraft Heinz 21
<p><b>Reengineering Kraft Heinz</b> to create the structure required to <b>implement agility</b> throughout the organization</p>		

AGILE@SCALE	2022 FOOD FIELD TRIP	Kraft Heinz 31				
<p>Prioritizing the most critical initiatives will <b>unlock end-to-end efficiencies</b> across the entire value chain</p>	<table border="1"> <tr> <td data-bbox="930 842 1337 1106"> <p><b>Cross-Functional Agile Pods</b></p> <ul style="list-style-type: none"> <li>Embed solutions back to business</li> <li>1,300+ team members trained by 2022</li> </ul> </td> <td data-bbox="1337 842 1770 1106"> <p><b>Organization Re-Structure</b></p> <ul style="list-style-type: none"> <li>Reduced organizational layers</li> <li>Increased managers' span of control</li> </ul> </td> </tr> <tr> <td data-bbox="930 1106 1337 1363"> <p><b>Company-Wide Capabilities</b></p> <ul style="list-style-type: none"> <li>Developed fit-to-compete and fit-to-win capabilities</li> <li>Integrate agile mindset and principles</li> </ul> </td> <td data-bbox="1337 1106 1770 1363"> <p><b>Digital Factory</b></p> <ul style="list-style-type: none"> <li>Hired 100 tech talents</li> <li>Tech ecosystem creating new to world, proprietary solutions</li> </ul> </td> </tr> </table>		<p><b>Cross-Functional Agile Pods</b></p> <ul style="list-style-type: none"> <li>Embed solutions back to business</li> <li>1,300+ team members trained by 2022</li> </ul>	<p><b>Organization Re-Structure</b></p> <ul style="list-style-type: none"> <li>Reduced organizational layers</li> <li>Increased managers' span of control</li> </ul>	<p><b>Company-Wide Capabilities</b></p> <ul style="list-style-type: none"> <li>Developed fit-to-compete and fit-to-win capabilities</li> <li>Integrate agile mindset and principles</li> </ul>	<p><b>Digital Factory</b></p> <ul style="list-style-type: none"> <li>Hired 100 tech talents</li> <li>Tech ecosystem creating new to world, proprietary solutions</li> </ul>
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