

# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024

## COMPANY PARTICIPANTS

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**Ken Goldman**

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## QUESTION AND ANSWER SESSION

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**Operator:** Good day and thank you for standing by. Welcome to The Kraft Heinz Company Third Quarter Results Conference Call. At this time, all participants are in a listen-only mode. Please be advised that today's conference is being recorded. After the speakers' presentation, there will be a question-and-answer session. I would now like to hand the conference over to your speaker today, Anne-Marie Megela, Global Head of Investor Relations.

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**Anne-Marie Megela**

*Vice President, Global Head of Investor Relations, The Kraft Heinz Co.*

Thank you and hello everyone. Welcome to our Q&A session for our third quarter 2024 business update. During today's call, we may make forward-looking statements regarding our expectations for the future including items 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 risk and uncertainties. Please see the cautionary statements and risk factors contained in today's earnings release, which accompanies this call, as well as our most recent 10-K, 10-Q and 8-K filings for more information regarding these risks and uncertainties.

Additionally, we may refer to non-GAAP financial measures, which excludes 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](http://ir.kraftheinzcompany.com), under News and Events, for a discussion of our non-GAAP financial measures and reconciliations to the comparable GAAP financial measures.

I will now hand it over to our Chief Executive Officer, Carlos Abrams-Rivera for opening comments. Carlos, over to you.

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Thank you, Anne-Marie, and thank you, everyone, for joining us today. As we report our third quarter results. I first want to recognize the entire Kraft Heinz team for their continued dedication to making life delicious for our consumers. In today's uncertain environment, people are increasingly seeking value. Our commitment to serving them with our iconic brands remains unwavering.

For our stockholders, our focus remains on executing against our strategic pillars, driving profitable growth and generating strong cash flow. Both global away from home and emerging markets are growing and gaining momentum, and we are addressing areas for improvement in US retail. By maintaining a disciplined management approach and long-term perspective, we're able to navigate to-

# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024

date near-term volatility, while generating strong cash flow and reinvesting in the business. We have the right strategy. We have amazing talent and a competitive advantage culture. This gives me great confidence that we can drive consistent long-term profitable growth.

And with that, I have Andre joining me. So, let's open the call for the Q&A.

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**Operator:** Thank you. Our first question comes from Andrew Lazar with Barclays. You may proceed.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Great. Thanks. Good morning everybody.

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Morning.

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**Andre Maciel**

*Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.*

Morning.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

So, Carlos, I know initially, Kraft Heinz expected to return to sort of an on-algorithm pace in the latter part of this year. Your comments in the prepared remarks suggest you now don't expect to reach an on-algorithm pace during 2025. So first, just to clarify, is that a comment on the totality of the year? Or you don't expect to hit your algorithm at any point during the year? And then as you diagnose the elongated recovery in U.S. retail, how much of this is sort of execution related or simply a consumer that has not yet fully adjusted their reference price points to the new levels, and you having to sort of nudge them along a bit more than you might have initially thought? Thanks so much.

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Thank you, Andrew. Let me start and then maybe pass it off to Andre to give the details of how we see the impact on the long-term algorithm.

# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024



First of all, I'll say certainly, this year has been very different than I think many of us in this industry expected. When we think about what we thought was going to be the exit versus what we're seeing now, a number of circumstances have changed, that I think we are frankly better reacting to the reality of the consumer, particularly in the U.S., and the implication to our long-term algorithm.

So, I think, Andre, if you can just cover that, and then I can go back and talk about the execution aspect of your question.

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## **Andre Maciel**

*Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.*

Sure. So, thanks for the question, Andrew. As you rightly pointed out, we do not expect at the moment to reach algo at any point next year. And as we said in prepared remarks, we do expect away-from-home globally and emerging markets to continue improving and continue to grow, and we're going to see them migrating closer and closer to the long-term algorithm.

Emerging markets continues to deliver volume growth throughout the entire year. And the pressure will be mostly concentrated on the U.S. retail part of the business.

As Carlos said, industry dynamics this year did not go the way that we initially anticipated, and we're exiting the year in a softer position. And we do expect the industry next year should be in line with levels pre-pandemic, but we do expect propensity to trade down to continue and be very elevated, at similar, if not higher levels than what we have this year, which will continue to put pressure on share.

The good thing is we remain very confident in what we are doing in our strategy for the long-term. We are being very disciplined in how we want to grow the business.

For us, it's critical to be focused on growing our base volume in a healthy way, better innovation, better renovation, higher marketing and being surgically very prudent and surgical on where promotions make sense or not.

And because the problem is very concentrated in four categories, you see that represents the vast majority of the US retail challenge. Some of them, as we have said also in prior earnings, they take a longer time to recover. Capri Sun, for example, where they did a former innovation, takes time until the trial gets generated and the repeat happens. So, we need to be prudent. We are confident in what we are doing, but there is a longer trajectory out there.

In terms of execution, Carlos, want to say a few words.

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## **Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Yes, I guess let me just start by saying, as I said in the prepared remarks, we do have the right strategy. If you look at two out of our three strategic pillars for growth, they're working and gaining momentum. So, that also gives me quite a bit of confidence in terms of our ability to execute.

# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024



And in fact, the reality is that we have also delivered consistent best-in-class productivity levels for five consecutive quarters above the 4% of COGS. Again, our ability to execute shows up that way.

And if you think about away-from-home, you think about the way that the year began and how we're able to kind of navigate that storm and be able to now gain momentum as we go into the second half, again, our ability to execute in that area.

If I think about Emerging Markets, the fact we're growing volume, we're gaining share, we're increasing distribution, again, our ability to drive execution in the area as well, too. So, we have a number of things that I think are going well that give us the confidence. And now we are also diagnosing kind of the specific areas in US retail that frankly, we know that we have to address, and we are going to be putting our entire company focus on making sure we make the right turnaround on those businesses.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Thank you so much for those thoughts.

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Thank you, Andrew.

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**Operator:** Thank you. Our next question comes from Ken Goldman with JPMorgan. You may proceed.

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**Ken Goldman**

*Analyst, JPMorgan Securities LLC*

Hi. Thank you. I wanted to ask about Lunchables. On the one hand, you're optimistic you can turn the brand around. I can certainly appreciate some of the challenges and, I guess, your upcoming efforts in a positive direction. On the other hand, you did take a pretty large charge today, which is related to Lunchables. And I guess that doesn't really happen if there's an internal belief that the brand can fully come back.

So, can you kind of walk us through how to balance, I don't want to say it's an optimistic tone, but certainly, you're encouraged about the ultimate path for Lunchables and how to balance that with the charge you took today? And is it fair to say that, that charge reflects your belief, I guess, that the brand may not ever return to what it once was. I guess that's the underlying question here.

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024



Thank you, Ken. Appreciate the question. First of all, let me just be clear. Lunchables is a very important part of our business and defending number one market share is a top priority, full stop. Now we are expected to see gradual improvements, but at the same time, we also recognize where we are right now. And part of that, I would say, is the negative publicity that we received from that misleading interest group that appears to be lingering longer. And remember, this is a brand that is focused on families and kids. So, rebuilding that trust just takes some time.

At the same time, we are seeing some competitive entry coming into the category and we're managing a particular supplier ingredient issue that we know is a short-term focus.

More importantly, let me tell you about the things that we are doing to recover. First of all, we are continuing to invest to expand the category penetration in this changing competitive environment.

We are expanding flavors and formats. We just introduced new spicy nachos that is launching nationwide as we speak. We are reimagining how we think about our value at the shelf. We're actually launching a new campaign for both parents and kids as we go into the first half of 2025. And at the same time, we are investing to renovate our entire line as we go into the first half of next year.

Now beyond this, we are also pulling forward our Brand Growth System to deploy against Lunchables to make sure that we have brand superiority for now and the future. And just to make sure that we have the right kind of nomenclature, the Brand Growth System, if you recall, is a repeatable global model for growing our brands. It is essentially a process to solve consumer pain points with superior products delivered in a convenient way at the best value possible.

So, we are using the best Brand Growth System that we have developed against the opportunity for us to drive this brand into next year. So as Andre said, some of the things do take some time, we recognize the moment right now, it's being more challenged because of the one challenge in this particular quarter, but we believe this is a brand that will continue to grow and continue to be a hugely important part of our portfolio.

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## **Andre Maciel**

*Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.*

And, just to add. So, regarding the charge. That's mostly a function of the decline that we're facing this year and the consequence of the elongated recovery. So, when you do the cash flows, and they land at a different spot, because remember, if you just look at Q3 alone, the sell-out of Lunchables is down about 15%. So, as we expect the recovery to take longer and be gradual. So that has an implication that has resulted in an impairment mostly.

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## **Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Thank you, Ken.

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# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024



**Ken Goldman**

*Analyst, JPMorgan Securities LLC*

Great, thank you very much.

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**Operator:** Thank you. Our next question comes from Peter Galbo with Bank of America. You may proceed.

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**Peter T. Galbo**

*Analyst, BofA Securities, Inc.*

Hey guys, good morning. Thanks for taking the question.

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Good morning, Peter.

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**Andre Maciel**

*Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.*

Good morning, Peter.

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**Peter T. Galbo**

*Analyst, BofA Securities, Inc.*

Maybe to follow-up there as it relates to Lunchables, if you could give us a bit more detail just on the ingredient supplier issue. I mean, I know certainly in Oscar Mayer, there's an overhang from kind of the listeria outbreak in the category that's probably impacting Oscar Mayer sales. But is that having any sort of upstream impact into Lunchables as well? And any detail there would be appreciated.

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

No. What I would say is, essentially one of our suppliers was unable to fulfill one particular ingredient, and it actually impacts essentially one SKU of Lunchables, but it's an important one. And again, the impact is limited to this year. So, this is creating a short-term shortage of that particular ingredient, and it's affecting us mostly in this particular quarter in Q4. But we continue to see opportunity for us to kind of resolve this in the very near future and get us back to what we need as we go into the first half 2025.

# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024



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**Peter T. Galbo**

*Analyst, BofA Securities, Inc.*

Got it. No that's helpful. Thank you.

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Thank you, Peter.

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**Peter T. Galbo**

*Analyst, BofA Securities, Inc.*

If I could sneak in a second one, just on Spoonables, I think that was an addition in terms of one of the challenges. Andre, I think in the past quarters, you've talked about, you thought it was kind of a pass-through issue on some of the raw materials that some of your competitors were seeing. But now it seems like maybe there's more of a brand problem or a product lingering issue. So maybe you can expand a bit on Spoonables, what changed in the quarter again, as that's kind of been added to the list of headwinds?

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**Andre Maciel**

*Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.*

Spoonables has been facing a soft sell out now for several months. And as we said before, we believe it's not only but mostly linked to price gaps out there in the market. I don't think we have executed everything the way that we anticipated, and there is work to do on that front, but we still see versus historical levels, certain price gaps that are disadvantaged. That is just where they should be.

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**Peter T. Galbo**

*Analyst, BofA Securities, Inc.*

Got it. Thanks very much.

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**Operator:** Thank you. Our next question comes from Tom Palmer with Citi. You may proceed.

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**Thomas Palmer**

*Analyst, Citigroup Global Markets, Inc.*



# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024

Good morning and thanks for the question. I wanted to follow-up quickly on 2025 assumptions, high spec. When you look at some of the challenged areas of your portfolio, I think for 2025, you said you're assuming better category performance, but assuming continued trade down. So, I guess, to what extent do you see price adjustments as a way to address this continued trade down versus innovation and packaging, things like that?

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Listen, I think for us, we know that the right way for us to continue to build our brands, it's by driving superior products with better marketing and making sure that we have full value formats for all consumers, which is why we have continued to drive innovation in our products, while we continue to focus on expanding distribution, both in the club channel and Dollar General, as well as continue to expand our distribution in omnichannel. So that's number one.

I think what's the question behind your question might be in terms of us thinking through, whether there is anything else that we need to do in terms of margin price. I guess what I will tell you is that there are moments in which it does make sense for us to promote more. The way we kind of think through it is, let's make sure we do that in the right consumer location that ultimately leads to better base growth for the brand. So, we need to do that intentionally, so that we have the right investments returned on those promotions, so that we avoid areas like bargain hunting behavior that ultimately do not have real incremental sales for the brands.

But at the same time, there are places where in fact, we have promoted more, and we see that it makes sense for us to continue to see positive returns. So, areas like Mac & Cheese cups in which we're driving significant growth as we are now making sure we have the right price gaps and the right kind of attractive, starting price points in the category. Areas like Cool Whip, which can lead to better base growth for the future. So, it is a combination of again, making sure we grow the brand, leveraging a brand growth system, focusing on innovation, renovation, better marketing and at the same time, being thoughtful about the places in which it makes sense for us to manage those price gaps, in a way that leads to that base growth going forward.

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**Andre Maciel**

*Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.*

What I will add is, our long-term algorithm contemplates continuous gross margin expansion. We feel very confident and proud about what we have done on the supply chain efficiency side. We have now 4 consecutive years of very strong delivery coming from there and this year, in particular, the highest ever for us. We feel confident about the pipeline to continue to sustain very good levels of productivity. And this productivity is critical to allow us to reinvest in the business.

As Carlos said, our priority is really on improved trends on the base volume. That volume that happens agnostic of promotions. That's 90% of food and beverage sales and people keep talking about

# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024



promotions, their focus is base volume. And base volume, you do it through continuing to innovate, bring the news to consumers, renovate the portfolio like we have been doing and great marketing. And that's what we want to do, and that's what we'll continue to do. So, our priority is there. Look, we're not going to talk in detail guidance of 2025. We're going to talk a lot about that in the next quarter. I think we said enough 2025 to give you just a flavor of how we are seeing the big picture. But nothing changes in our strategy. Nothing changes in terms of our expectation to continue to expand gross margin in a prudent way.

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**Thomas Palmer**

*Analyst, Citigroup Global Markets, Inc.*

Thank you.

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Thanks.

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**Operator:** Thank you. Our next question comes from David Palmer with Evercore ISI. You may proceed.

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**David Palmer**

*Analyst, Evercore ISI*

Thanks. I just want to build upon some of the discussions you're having, which has been helpful. Really, you've protected profitability pretty well in spite of inching up promotional activity in the U.S. retail data that we see. And it sounds like from what you're saying that you're open to doing some tactical shifts in promotion spending from here, if you see the returns. But I'm wondering, do you see more significant spending level investments potentially in the horizon, might not be promotion, might be other marketing? Or conversely, are you seeing any sort of tactics or content that could be improved upon, that could really improve the base trends as you're talking about, is there anything in the pipeline that you think might cause one of your key platforms to materially improve, just really good old fashion innovation and marketing improvements that you can make. Thanks very much.

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Let me start, thank you for the question. First of all, I would just say we have three growth pillars. Two of them, we have put the effort in and now are both growing and gaining momentum.

# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024

And if you think about the U.S. business, we have kind of bagged that problem exactly to about four to five brands. And just to give you context, we have over 200 brands in our company. So, for us, we are very much focused on those areas and we want to attack.

And hopefully, you got to see in our prepared information that we sent out, that already we are seeing how Capri Sun and Mac & Cheese are improving trends in sales as we have renovated, innovated, and invested in both of those brands.

We are seeing places like our Philadelphia business, Ore-Ida, Taco Bell, places where we have turned around those businesses and are now driving a significant amount of momentum as we go into the year. And we've seen that even outside of the U.S. as well.

So, that idea of us continuing to understand how we play to our strengths by focus on renovating, innovating, and investing is something that has been a proven model for us, and we have already seen evidence of that.

If you look at our Heinz business globally, today, it is a brand that globally for us is \$4.5 billion, and actually grew 4% in this particular quarter. So, we know we have the right replicable model for us to apply, and we will continue to do so, which is continuing to make sure we have the right levels of investing in marketing.

Not only the levels, but also continuing to focus on the effect of the marketing and then support it with the right investments in terms of technology and R&D in order for us to kind of fully completely drive the innovation and renovation that we want to see.

So, in terms of promotions, as I mentioned, it has a role. It is something that actually supports the business in certain locations in which can lead to that base growth, but frankly, our commitment to making sure that we invest in the things that will drive the brands' strength over the long term is the number one priority. Thank you for the question.

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**David Palmer**

*Analyst, Evercore ISI*

Thank you.

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**Operator:** Thank you. Our next question comes from Robert Moskow with TD Cowen. You may proceed.

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**Robert Moskow**

*Analyst, TD Cowen*

Hi thanks. I guess I would like to drill down on one of the product lines as well is Mac & Cheese. Carlos, you said that where you're making investments, it's really working. But it is showing up as one of the drivers of the declines in the quarter.

# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024

And I wanted to know like, there's a lot of elements of Mac & Cheese, and Kraft is really a big innovator, but what elements are you kind of struggling in, in Mac & Cheese, because the data shows market share losses. And I see a lot of premium products being entered into the market by your competitors. Is that the part of it that is more difficult for Kraft to compete in?

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Well, first of all, Rob, thanks for the question. In Mac & Cheese, remember, we have a brand that actually expands a number of formats, Mac & Cheese Cups is already seeing a significant amount of improvement as we have gone into Q3. So that particular part of the business now is growing and gaining momentum as well.

At the same time, we just launched new flavors to attract millennials. So, a Ranch product, a Jalapeno product, and expect us to continue to work on those types of new flavors. We're also now bringing new shapes into the category. The idea of also bringing properties like Super Mario Brothers will be an opportunity for us to continue to drive that in terms of attractiveness into the category.

So, making sure that we are continuing to focus on what are those consumers and what are the right formats and flavors that we can bring into the category. And at the same time, making sure when we talk to consumers, we do it in a customer relevant way.

What I'll tell you is that one of the things that we're proud of is that a brand like ours, like Mac & Cheese, is a brand that is built for the many, not the few. So, we know the role that we have with families in which we wanted to make sure that we provide affordable and approachable solutions that everybody can enjoy. So, there is a role for us to continue to live in, at the same time that we're bringing new formats at different opening price points with different new flavors that attract a different types of consumers.

So again, we're seeing the progress already in Mac & Cheese Cups, and I can see us continue to build on this as we go into next year. I feel very good about the path we're taking.

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**Andre Maciel**

*Executive Vice President & Global Chief Financial Officer, The Kraft Heinz Co.*

And that's a good example, Rob, of items that require longer recovery, if you will, because innovation, you need to ramp up. Customers should try it and it should repeat. So, we feel great about the products that are there in the market, but they take time. And we need to be patient. That's something that we have not been in the past is patient with our innovation, and we are changing that. But we feel good about what we're doing. And to your specific example, that's one of the core examples of just promoting more is not it, you know. Thanks for the question.

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# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024



## **Anne-Marie Megela**

*Vice President, Global Head of Investor Relations, The Kraft Heinz Co.*

Operator, we have time for one more question.

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**Operator:** Thank you. And our last question comes from Chris Carey with Wells Fargo Securities. You may proceed.

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## **Chris Carey**

*Analyst, Wells Fargo Securities LLC*

Hi, everyone. Thanks for the question. As I digest the conversation in the call this morning, I think really what I'm trying to understand is this concept that I think Lunchables has been a headwind, we have known about. Capri Sun was a headwind. And I think I'm trying to understand what your perspective is on sort of these underlying ex those items and whether that specific bucket or a large bucket has changed relative to a few months ago and perhaps how you see that going forward?

And if it has – if things have changed, what do you think are the core drivers, right? So, I appreciate the focus on some of these items. But when you take a step back on the rest of the business, what are the things that are happening that are pushing you to feel one way or the other. If you could just maybe expand on that, I think would be helpful to kind of understand the trajectory of the underlying business ex those items? Thanks.

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## **Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

Sure. I think, and it sounds like you're referring mostly to the US retail business.

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## **Chris Carey**

*Analyst, Wells Fargo Securities LLC*

Yes, that's correct.

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## **Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

What I'll say is, if you think about Capri Sun, this is a product that over the summer we renovated. We are seeing now the momentum is starting to improve. We are seeing that the fact that we are bringing a new format into new channels, whether that is multi serve in club, new bottles, single bottles into retail, going into convenience, going into vending, that allows us to continue to build the momentum of the holistic part of the brand.

# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024

So, the new formula, consumers have tried it, we are seeing that actually is helping us continue to start growing base volume. And at the same time, our focus continues to be how do we actually build the brand beyond just this typical retail channel and the impact that for a long time has been the core part of the business.

Now in the case of Lunchables, I think the headwinds have really kind of offset some of the great work that is happening across Kraft Heinz. And I'll tell you that as we think about Q3, the back-to-school period proved to be more challenging than we had expected and we recognize that it's going to take longer for us to do this, the recovery of Lunchables.

Now that doesn't change the fact that we are completely committed to it. We have recognized that this idea of us making sure we continue to build the trust with parents and families, it is a part of our job that has to be done. But, as I mentioned earlier, as you go into first half of next year, we're bringing new products, renovating our quality, making sure that we have a new campaign that talks to both parents and kids, and at the same time, already in stores, we're launching nationwide new products for us to expand to a better and bigger audience. In this case, we launched spicy nachos, as we know that is an opportunity for us bringing new kids into our franchise.

So, it is a short-term situation that is making what was a difficult headwind more challenging because of the supply ingredient that we have in Q4. But over time, you'll see us continue to invest behind this to make sure that in fact Lunchables be the overall tremendous brand that we have created and shaped into this category.

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**Chris Carey**

*Analyst, Wells Fargo Securities LLC*

But just outside of those brands, how do you feel about the business on an underlying, sorry, to ask another question, but it's just, with respect to the rest of the business, excluding those two brands have things materially changed? Or should we think about these really being the core headwinds on the relative trajectory from here? Thanks so much and sorry for interjecting again.

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**Carlos Abrams-Rivera**

*Chief Executive Office & Director, The Kraft Heinz Co.*

No. Thank you. I appreciate the question. Again, if I go back to what is it that we intended to do, what I intend to do is drive the growth of our company through three key areas. Making sure we continue to drive global away from home, superior to anyone else. We are doing that, and we're gaining momentum.

We continue to drive emerging markets. We are beginning to see the growth that we saw in the quarter that give us confidence that we can continue to, for us to drive that particular pillar.

And in the US, retail really is about the few brands that we know we can act on. And in fact, a couple of those brands already, whether that is our Capri Sun business, whether it's our Mac & Cheese business,

# The Kraft Heinz Company

Q3 2024 Earnings Call | October 30, 2024



we already are seeing improvements as we go through the quarter that we believe are in the right path for us to continue to gain into the future.

So overall, I feel very good about the fact that we know where the situations that we have to address are, that we have the tools in-house by leveraging our brand growth system to actually build on the momentum of those businesses as we go into 2025, and also feel good that we can deliver the accelerate platforms in growth that we expect as a third pillar of our overall growth for the company.

And the last thing I would say is, this is also underlined by us, continuing to deliver great productivity that is helping to fuel the gross margin. So, we're doing all this as we are delivering world class levels of productivity. We're investing back in the business by investing in marketing, R&D and technology and not compromising on the long-term growth of our company. And at the same time, also making sure that we are thoughtful about continuing to deliver great cash flow for our shareholders. Thank you so much for the question.

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**Operator:** Thank you. I would now like to turn the call back over to Anne-Marie Megela for any closing remarks.

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**Anne-Marie Megela**

*Vice President, Global Head of Investor Relations, The Kraft Heinz Co.*

Thank you very much, and thank you, everyone, for joining us today. We appreciate your interest in Kraft Heinz.

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**Operator:** Thank you. This concludes the conference. Thank you for your participation. You may now disconnect.

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