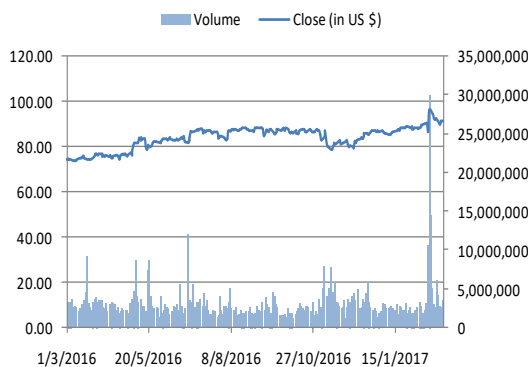


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Equity Research Team  
info@valueinvest.gr

Share Price (03/03/2017) NYSE, \$	91.50
# of Shares (mn)	1,217.14
Market Cap (in \$ mn)	111,368.31
A.D. Volume (p)	3,078,529
Beta Co-efficient	n/c
<b>Statistical Data</b>	
Max 52 week, \$	96.02
Min 52 week, \$	73.62
1-M Rtn	3.15%
6-M Rtn	3.31%
12-M Rtn	22.71%

Source: VRS Calculations, Reuters.  
Period as day/month/year.

### Stock Price Performance & Transaction Volume (1 year, in \$ and in number of shares)



Note: Share price performance based on share price closes on Stock Exchange.  
Period as day/month/year.

## THE KRAFT HEINZ COMPANY

Listed on NYSE, U.S.A., [Bloomberg Ticker: KHC:US] [Reuters Ticker: KHC.OQ]

**Business Sector / Industry: Consumer Staples / Food Beverage & Tobacco**

### Corporate & Investment Highlights

- The Kraft Heinz Company (Kraft Heinz), incorporated on February 8, 2013, is a food and beverage company. The Company is engaged in the manufacturing and marketing of food and beverage products, including condiments and sauces, cheese and dairy, meals, meats, refreshment beverages, coffee and other grocery products. The Company's segments include the United States, Canada and Europe.
- The Company's remaining businesses are combined as Rest of World. The Rest of World consists of three segments: Asia Pacific; Latin America, and Russia, India, the Middle East and Africa (RIMEA).
- The Company provides products for various occasions whether at home, in restaurants or on the go. The Company's brands include Heinz, Kraft, Oscar Mayer, Planters, Philadelphia, Velveeta, Lunchables, Maxwell House, Capri Sun and Ore-Ida.
- The Company's products are sold through its own sales organizations and through independent brokers, agents and distributors to chain, wholesale, cooperative and independent grocery accounts, convenience stores, drug stores, value stores, bakeries, pharmacies, mass merchants, club stores, foodservice distributors and institutions, including hotels, restaurants, hospitals, health care facilities and certain government agencies.
- The stock has been generally underperforming the S&P 500 Index over the past 52 weeks.

### Annual Financial Results (2016 versus 2015, \$ millions)

(in \$ mn)	2016	%	2015
Sales	26,487	44.44%	18,338
Gross Profit	9,586	65.82%	5,781
EBITDA	7,778	15.42%	6,739
EBT	5,023	395.85%	1,013
EATAM	3,632	472.87%	634

Source: Company. Note: Fiscal Year ends on December 31<sup>st</sup>.

#### Important Note:

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# Company Report

**FLASH NOTE**  
March 3, 2017

## THE KRAFT HEINZ COMPANY

Listed on NYSE, U.S.A., [Bloomberg Ticker: KHC:US] [Reuters Ticker: KHC.OQ]

**Business Sector / Industry: Consumer Staples / Food Beverage & Tobacco**

### BASIC FINANCIAL INDICATORS

in \$ million	Sales	Gross Profit	EBT	EATAM	P/E (x)	P/BV (x)	EV/EBITDA (x)	DEBT / EQUITY (x)	ROE %
2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2013	11,529	3,571	1,344	1,013	109.9	n/a	n/a	n/a	n/a
2014	10,922	3,277	803	657	169.5	15.6	18.8	1.88	9%
2015	18,338	5,781	1,013	634	175.7	1.9	19.6	0.44	1%
2016	26,487	9,586	5,023	3,632	30.7	1.9	17.9	0.56	6%
2017 E	26,700	9,879	5,626	4,177	26.7	1.9	17.5	0.56	7%
2018 E	27,200	10,336	6,188	4,678	23.8	1.8	16.8	0.58	8%

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price.  
Source: Official Consolidated Financial Statements, VRS Estimates & Calculations.  
n/c stands for non calculable.

### Working Capital Ratios

in \$ million		2014	2015	2016	2017 E	2018 E
Revenues		10,922	18,338	26,487	26,700	27,200
Cost (net of depreciation)		7,645	12,557	16,901	16,821	16,864
Gross Profit Margin	%	30.00%	31.52%	36.19%	37.00%	38.00%
Net Income / Profit		657	634	3,632	4,177	4,678
Net Profit Margin	%	6.0%	3.5%	13.7%	15.6%	17.2%
Cash & Cash Equivalents		2,298	4,837	4,204	4,200	4,000
<b>Stock Days</b>	Days	<b>57</b>	<b>76</b>	<b>58</b>	<b>58</b>	<b>58</b>
Stock Inventory		1,185	2,618	2,684	2,671	2,678
<b>Debtors Days</b>	Days	<b>19</b>	<b>17</b>	<b>11</b>	<b>11</b>	<b>11</b>
Debtors - Receivables		581	871	769	775	790
<b>Creditors Days</b>	Days	<b>79</b>	<b>83</b>	<b>86</b>	<b>86</b>	<b>86</b>
Creditors - Suppliers		1,651	2,844	3,996	3,977	3,987
<b>Operating Cycle (Days)</b>	Days	<b>76</b>	<b>93</b>	<b>69</b>	<b>69</b>	<b>69</b>
<b>Cash Cycle (Days)</b>	Days	<b>-3</b>	<b>11</b>	<b>-18</b>	<b>-18</b>	<b>-18</b>

Source: Official Consolidated Financial Statements, VRS Estimates & Calculations.  
Gross profit is calculated by deducting cost of sales (net of depreciation, wherever applicable) from revenues.

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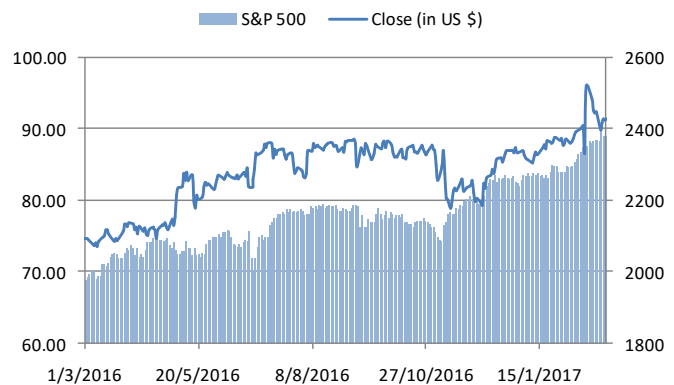
## THE KRAFT HEINZ COMPANY

Listed on NYSE, U.S.A., [Bloomberg Ticker: KHC:US] [Reuters Ticker: KHC.OQ]

**Business Sector / Industry:** Consumer Staples / Food Beverage & Tobacco

### Stock Versus S&P 500 Index

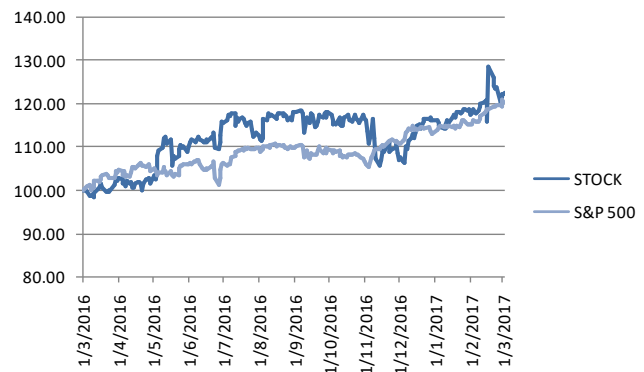
(Last 52 Weeks or since listing, Stock Price in \$, Index in points)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange. Period as day/month/year.

### Stock Versus S&P 500 Index

(Last 52 Weeks or since listing, Base = 100)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange. Period as day/month/year.

#### Important Note:

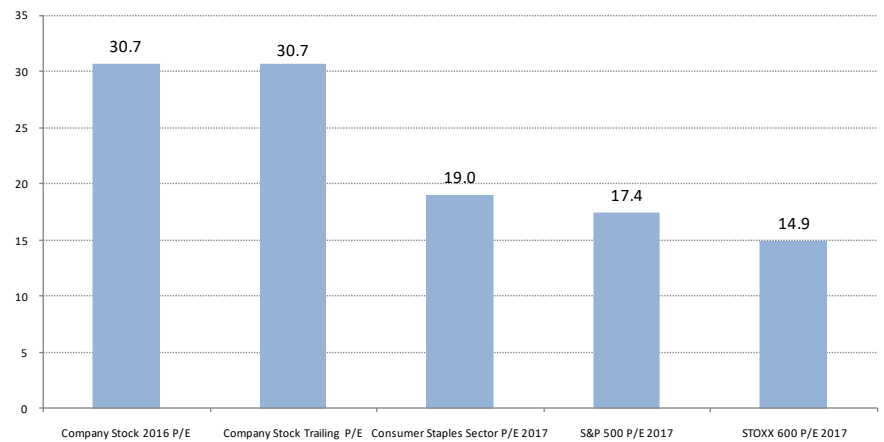
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### Company Historic P/E Multiple versus Market P/E Multiples (x)



Source: VRS calculations based on consolidated accounts, FACTSET.

#### Important Note:

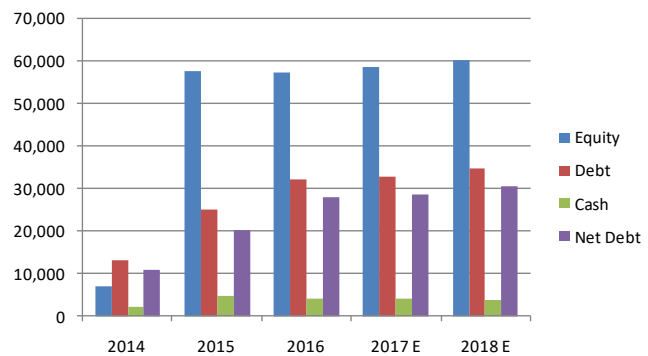
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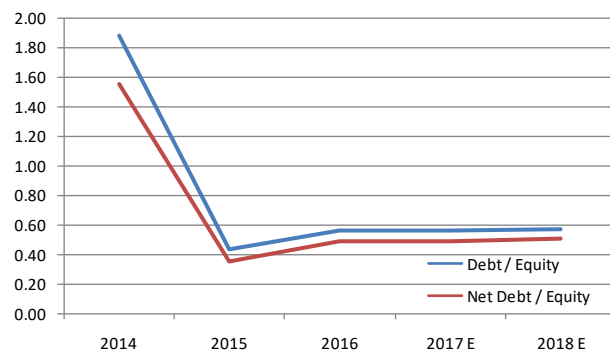
**Business Sector / Industry:** Consumer Staples / Food Beverage & Tobacco

**Equity, Debt, Cash & Net Debt**  
(in \$ millions)



Source: Company, VRS estimates

**"Debt/Equity" & "Net Debt/Equity" Ratios**  
(times)



Source: Company, VRS estimates

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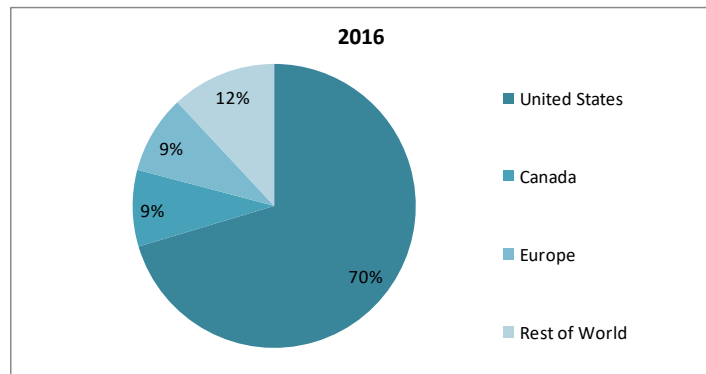
**Business Sector / Industry:** Consumer Staples / Food Beverage & Tobacco

### Consolidated Sales Breakdown for FY 2016 & 2015

(in \$ millions)

#### Pro Forma Consolidated Sales Breakdown (\$ millions)

	2016	2015
United States	18,641	18,932
Canada	2,309	2,386
Europe	2,366	2,657
Rest of World	3,171	3,472
<b>TOTAL</b>	<b>26,487</b>	<b>27,447</b>



Source: Company

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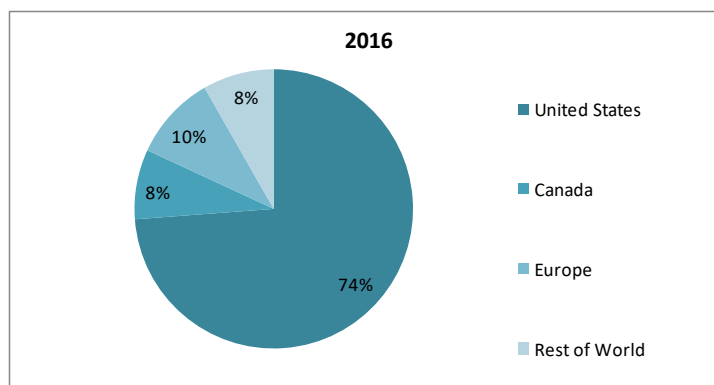
**Business Sector / Industry:** Consumer Staples / Food Beverage & Tobacco

### Consolidated Adjusted EBITDA Breakdown for FY 2016 & 2015

(in \$ millions)

#### Consolidated Adjusted EBITDA Breakdown (\$ millions)

	2016	2015
United States	5,862	4,690
Canada	642	541
Europe	781	938
Rest of World	657	742
<b>TOTAL</b>	<b>7,942</b>	<b>6,911</b>



Source: Company

#### Important Note:

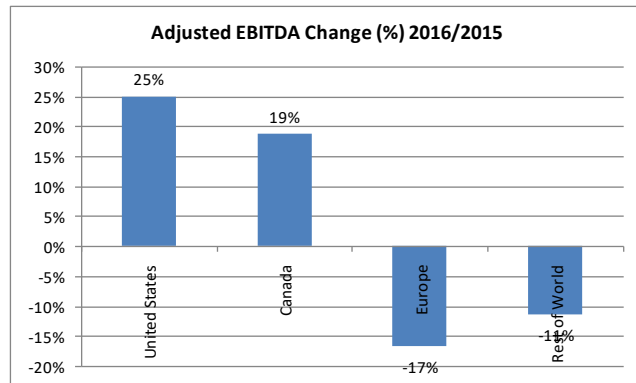
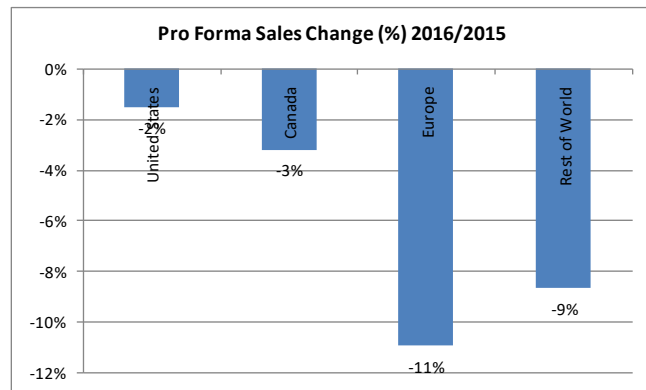
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### Growth Rates between FY 2016 & 2015 (in %)



Source: Company

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## DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
THE KRAFT HEINZ COMPANY	KHC:US	KHC.OQ	\$ 91.50	March 3, 2017	----

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
7. VRS has produced a research report for this company within the past 12 months.

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### VRS Equity Research Contributors

Nicholas Georgiadis, ngeorgiadis@valueinvest.gr  
Christophoros Makrias, cmakrias@valueinvest.gr  
Zoe Vassiliou, zvasiliou@valueinvest.gr  
Georgios A. Savvakis, gsavvakis@valueinvest.gr  
Maria Papadopoulou, mpapadopoulou@valueinvest.gr

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Dr. Efstratios Livanis  
Assistant Editor

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