



foods  
group

## *Building a World-Class Integrated Supply Chain*

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Executive Vice President  
Supply Chain

# Safe Harbor Statement

This slide presentation contains a number of forward-looking statements. The words “will,” “expect,” “well-positioned,” “poised” and similar expressions are intended to identify our forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements about: top-tier revenue; profit growth; industry leading growth; our capabilities; our virtuous cycle; implications for ISC; procurement performance; supply chain performance; procurement savings; and sustainable capability. These forward-looking statements involve risks and uncertainties, many of which are beyond our control, and important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, increased competition; risks from operating globally and tax law changes. For additional information on these and other factors that could affect our forward-looking statements, see our risk factors, as they may be amended from time to time, set forth in our filings with the SEC, 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 or revise any forward-looking statement in this slide presentation, except as required by applicable law or regulation.

**IMAGINE**

**if in**

**6 short  
years**

Reorganized  
for **growth**

**2** of the  
largest  
acquisitions in  
**CPG history**

**Achieved**  
significant  
consolidation &  
integration

Created  
**2 new**  
**POWERHOUSE**  
companies

While driving  
top-tier revenue & profit growth

It's NOT  
“imagine if”...  
**it's our reality**

# The Kraft Foods JOURNEY

Fix the base

Reposition  
the portfolio

Improve  
financial  
performance



## 2006

- Limited exposure to outside ideas
- Centralized structure
- Inferior product quality, limited advertising support
- Overhead cost disadvantage

## 2010

- 80% of top leaders new to company or position
- Accountable business units
- ~2/3 of base KFT revenue rated preferred / superior
- Base KFT A&C spend = \$600MM+ vs 2006
- Base KFT overheads held essentially flat as percent of net revenue since 2006

**FIX THE BASE**

# Divestitures



# Acquisitions



*(European rights)*

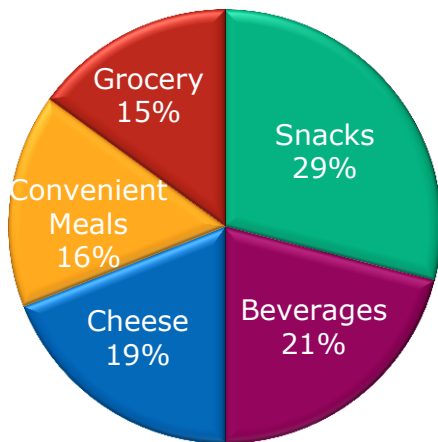


# REPOSITION THE PORTFOLIO

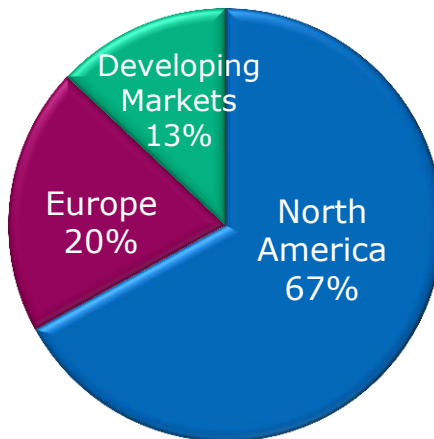


# 2006 Portfolio

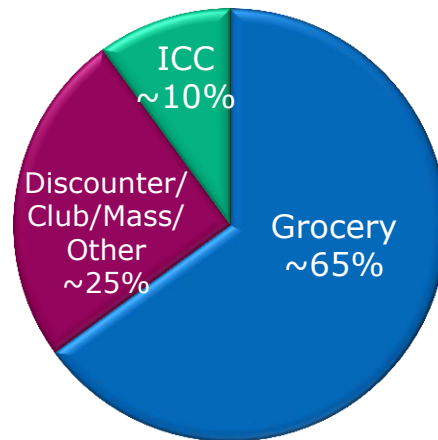
## Sector Mix<sup>(1)</sup>



## Geographic Mix<sup>(1)</sup>



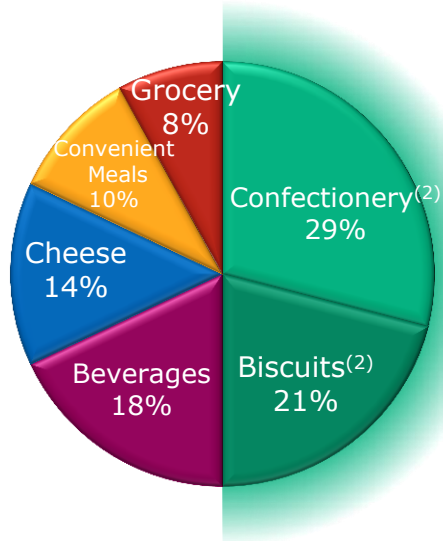
## Channel Mix<sup>(1)</sup>



(1) As reported originally in Kraft Foods 2006 Form 10-K filed with the SEC on March 1, 2007. Amounts have not been revised to reflect the current Kraft Foods structure and accordingly are not in line with current presentation.

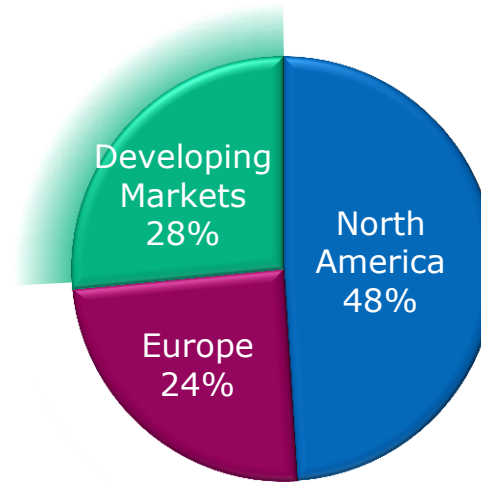
# 2010 Portfolio Repositioned

## Sector Mix<sup>(1)</sup>



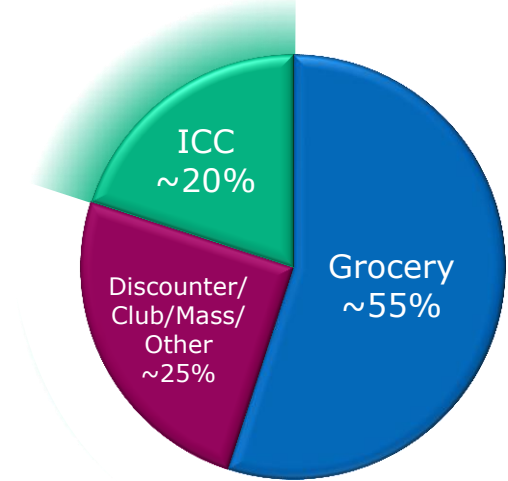
**Snacks 29% to 50%**

## Geographic Mix<sup>(1)</sup>



**Developing Markets  
13% to 28%**

## Channel Mix<sup>(1)</sup>



(1) 2010 Pro Forma amounts reflect the acquisition of Cadbury on a full-year basis.

(2) Biscuits and Confectionery were previously reported combined and known as Snacks. With the Cadbury acquisition, the Biscuits and Confectionery sectors have been separately broken out. The Biscuits sector primarily includes cookies, crackers and nuts. The Confectionery sector includes chocolate, gum and candy.

# Unrivalled Portfolio of Loved Brands



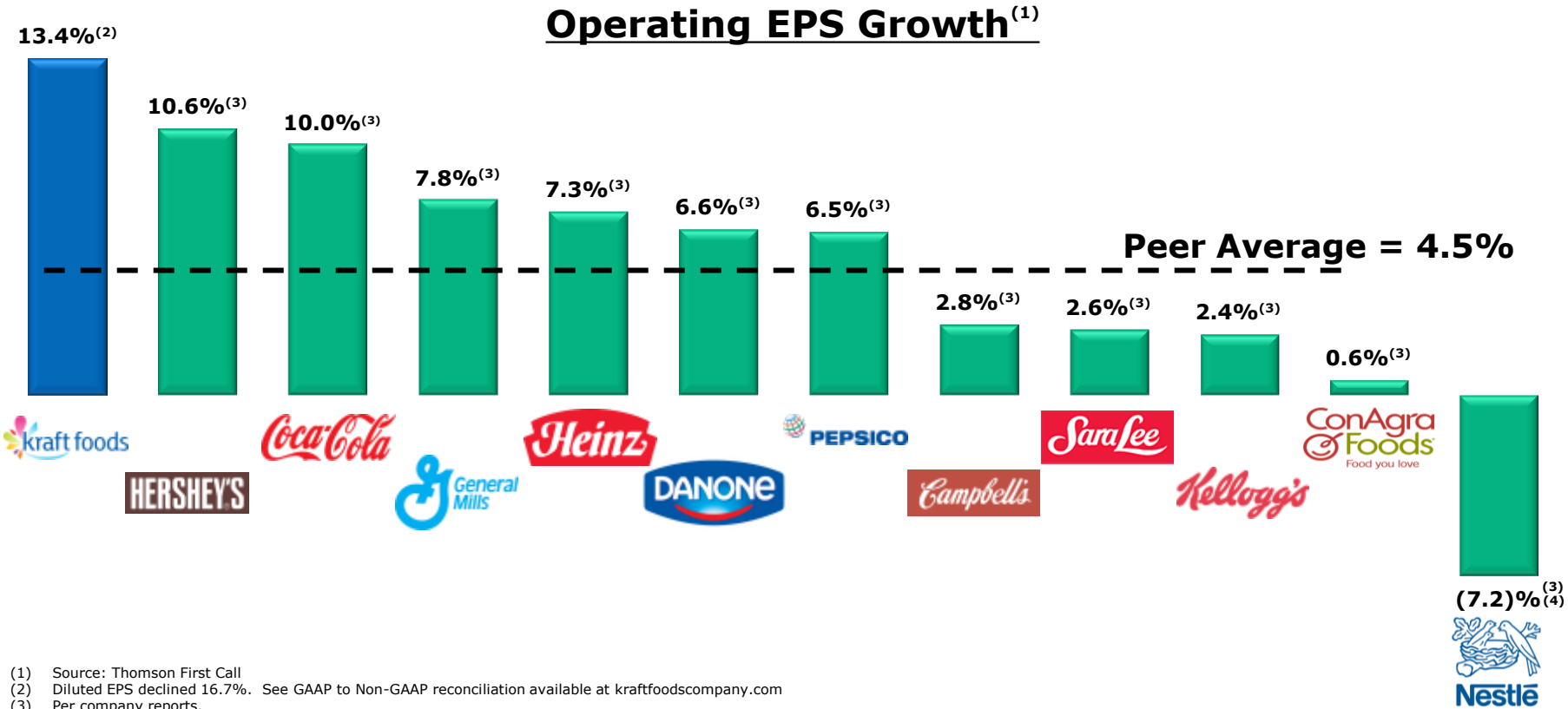
40 brands over  
100 years old

80+ brands with more than \$100MM in revenue each

12 brands with more than \$1B in revenue each

80% revenue from  
#1 share positions

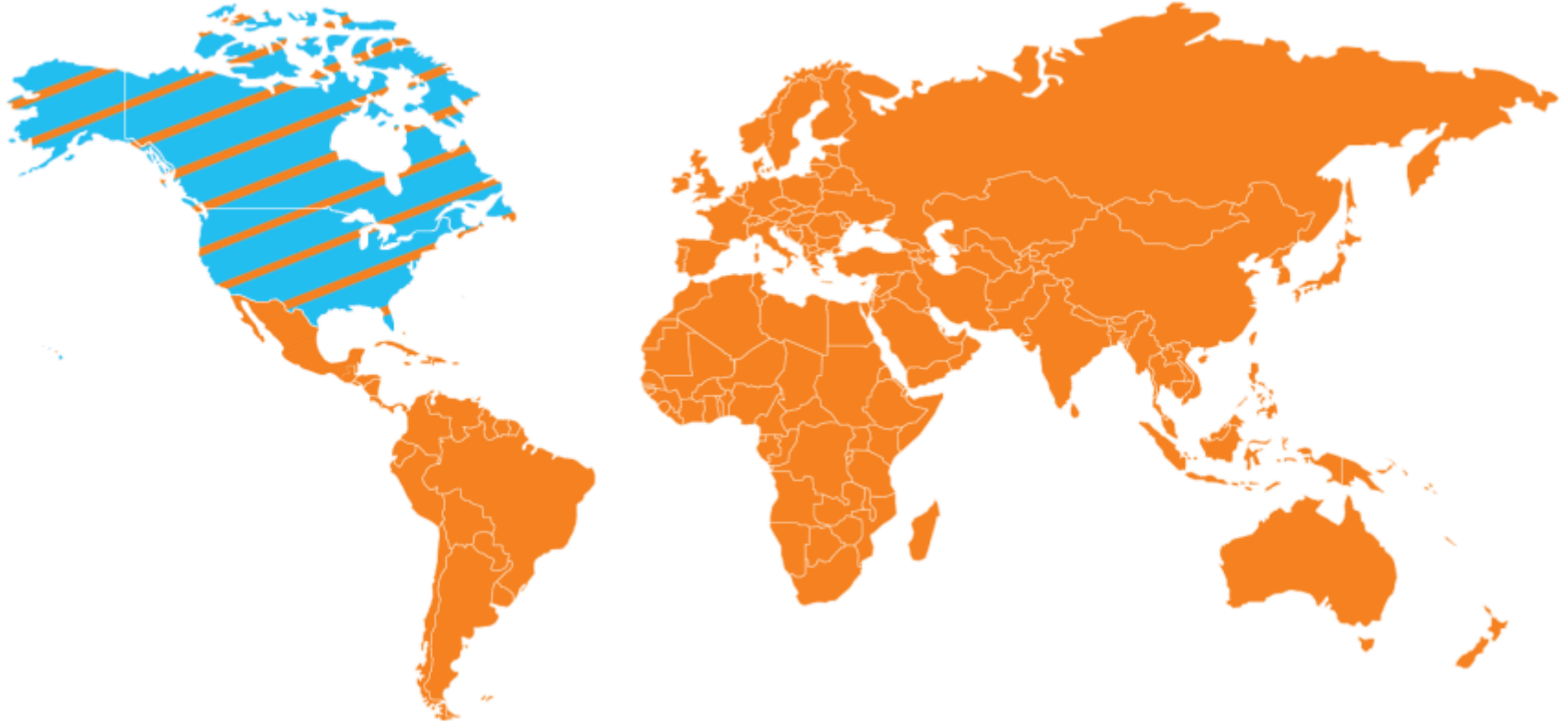
# Achieved Best-in-Class 2011 EPS Growth... With Tough Economic Times & Huge Change Agenda



# Success of Turnaround has Enabled the Creation of **Two Great Companies**

**Kraft Foods Group**

**Mondelēz International**



# Kraft Foods Group



\$19 Billion in Revenues\*

High  
margin  
categories

Grow the  
categories

Reduce costs,  
enhance margins

Focus on  
capital efficiency,  
dividend payout

\* As reported in Kraft Foods Group, Inc. Amended Form 10, filed with the SEC on May 14, 2012



# Mondelēz International



\$36 Billion in Revenues\*

High growth  
categories

Achieve  
industry-  
leading growth

Leverage cost  
structure

Invest to build  
capabilities

\* Based on 2011 reported net revenues adjusted for accounting calendar changes, the 53<sup>rd</sup> week of shipments and divestitures. Excludes *Planters*. All figures are unaudited.

**2006**

*Turnaround*

**2010**

***Growth***

- Fix the base
- Reposition the portfolio
- Achieve peer-average growth

- World-class capabilities
- Drive power brands
- Top-tier growth



# Well-positioned to Benefit from a virtuous cycle



# Implications for ISC

## Growth

- Drive winning innovation and speed to market
- Deliver competitively advantaged network design
- Step change organization capability

## Profitability

- Deliver breakthrough margin improvement for existing portfolio
- Initiate end-to-end optimization to drive simplification, scale and speed
- Drive cash management with inventory and capital solutions

## Innovation

- Drive breakthrough, competitively advantaged, low-cost global platforms
- Partner with R&D to deliver winning innovations

# Implications for ISC

A world map is shown in the background, with North America and parts of Europe highlighted in blue and orange diagonal stripes. The rest of the world is in orange. A large green rounded rectangle is centered over the map, containing white text.

160+ plants  
65,000+ employees

# How We're Doing It

Best today is  
not enough for  
tomorrow

Must not measure  
against past  
performance, but  
*against the best  
in the world*



# Quest to be the Best

***Unleash***

**Innovation Leadership**

***Unleash***

**The Power of  
Performance**

***Unleash***

**P1WER**  
the power of one  
integrated supply chain

## **Supply chain innovations inspired by consumers, customers, suppliers and our people**

- Implement best-in-class global platform management model, and seamless teamwork between Global Category Team and regions
- Implement Shelf Back Value Chain designed to leverage low-cost production platforms
- Create seamless technology community with Research & Development to accelerate “better, cheaper, faster”

# Imagine If Our New Platforms Delivered...

## Scale

- 50% reduction in capital cost
- \$10MM in operating cost savings per line
- +500bp gross margin



## Speed

- New capacity in 1/3 the time
- Modular design for 7 days going to going
- Global expansion in less than 6 months



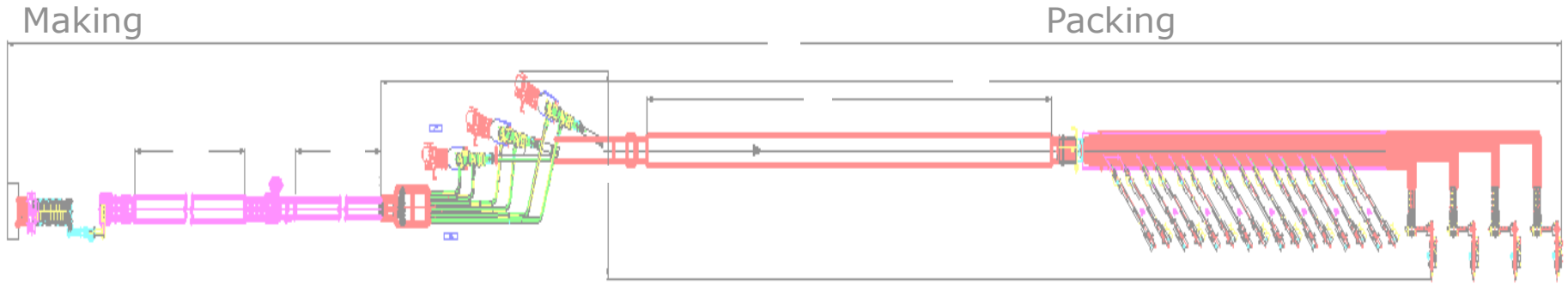
## Agility

- Standard "Lego box" one-time design
- Standard equipment & operations
- Supplier-enabled scale and speed



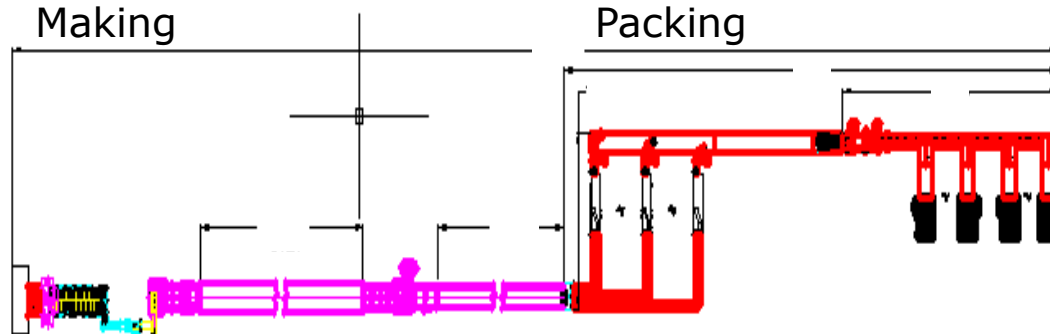
# Lines Past and Now

## Past



In 12 months our global platform teams are delivering the impossible

## Now





## **Breakthrough performance through end-to-end holistic implementation of Lean Six Sigma (L6S) while leveraging scale and simplification**

- Accelerate L6S implementation across the Supply Chain
  - Deliver superior customer service through customer-driven integrated supply chain, integrated business planning, and excellence in product supply processes
  - Implement supply chain loss analysis and breakthrough L6S loss elimination capability
  - Achieve 85% global efficiency through best-in-class manufacturing
- Drive SAVOR to leverage procurement scale and reduce complexity through dramatic simplifications of supply base, specifications and SKUs

# Imagine If We Could Double Cost Savings...

**202**

Black Belt Grads  
in 2012

**2,337**

Green Belts  
Trained in 2012

**636**

Black Belts  
Worldwide



# Celebrating the Performance

## Lean 6 Sigma Black Belt program

- **3,625** projects worldwide in last 24 months
- **\$452** million cost savings worldwide

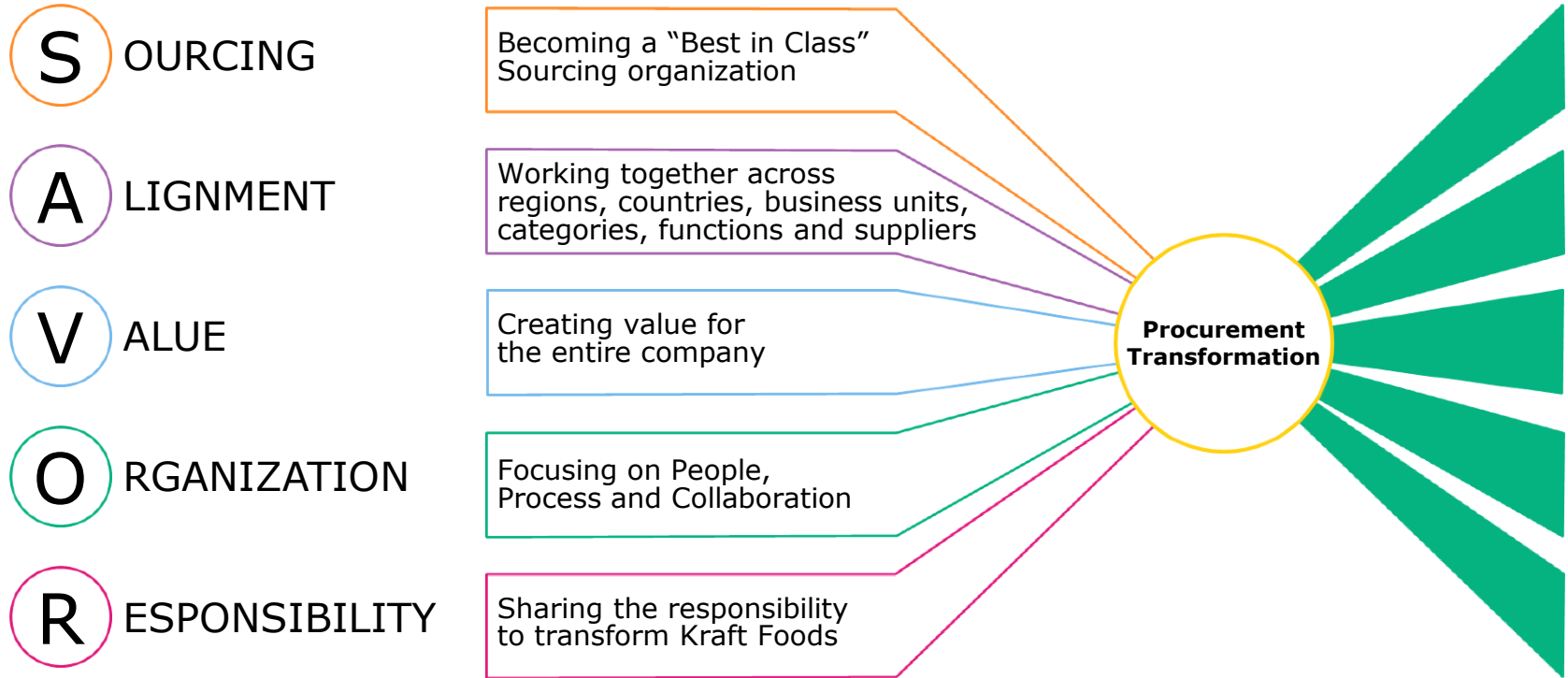
# Supply Chain Performs

**80%** step up in cost savings  
over the last 2 years has **fueled**  
company growth through the  
**virtuous cycle**



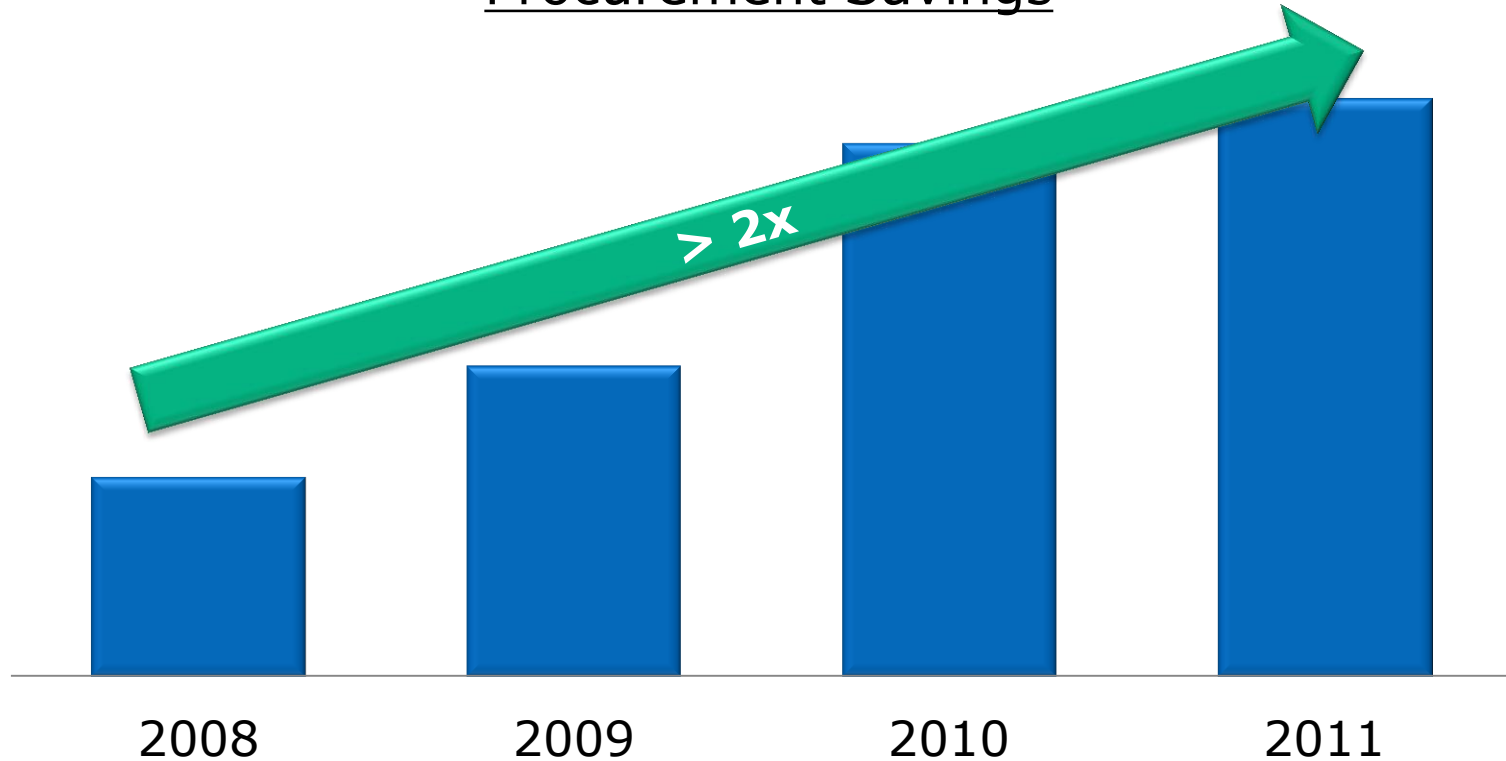


# Imagine If we could > 2x Procurement Direct and Indirect Savings



# SAVOR has Unleashed Performance

Procurement Savings



# Unleash Power of One

*Unleash*

## **Build high-performance, value-led integrated supply chain organization**

- Role model and bring to life ISC team that creates a proud company across disciplines
- Reward and recognize successes and great achievements
- Build mastery in six disciplines and end-to-end ISC leadership for future leaders
- Provide company-wide leadership to achieve excellence in integrated business planning
- Build sustainable capability in our markets
- Design global SC footprint for the future

# Imagine If We Could Combine and Separate at the Same Time...



Integration of acquisitions



Kraft Foods Group

Creation of 2 great companies

Mondelēz International



# Kraft Foods Europe has Delivered Fantastic Results the Past 2 Years and into 2012, significantly...

	<u>2011</u>	<u>2012 Q1</u>
Organic Revenue Growth <sup>(1)</sup>	4.6%	7.2%
Adjusted Segment OI Growth <sup>(2)(3)</sup>	19.2%	12.3%

## ...with Supply Chain a Key Contributor, also significantly...

- Stepped up in productivity
- Improved working capital
- Improved safety – reduced Loss Time Accidents by over 60%

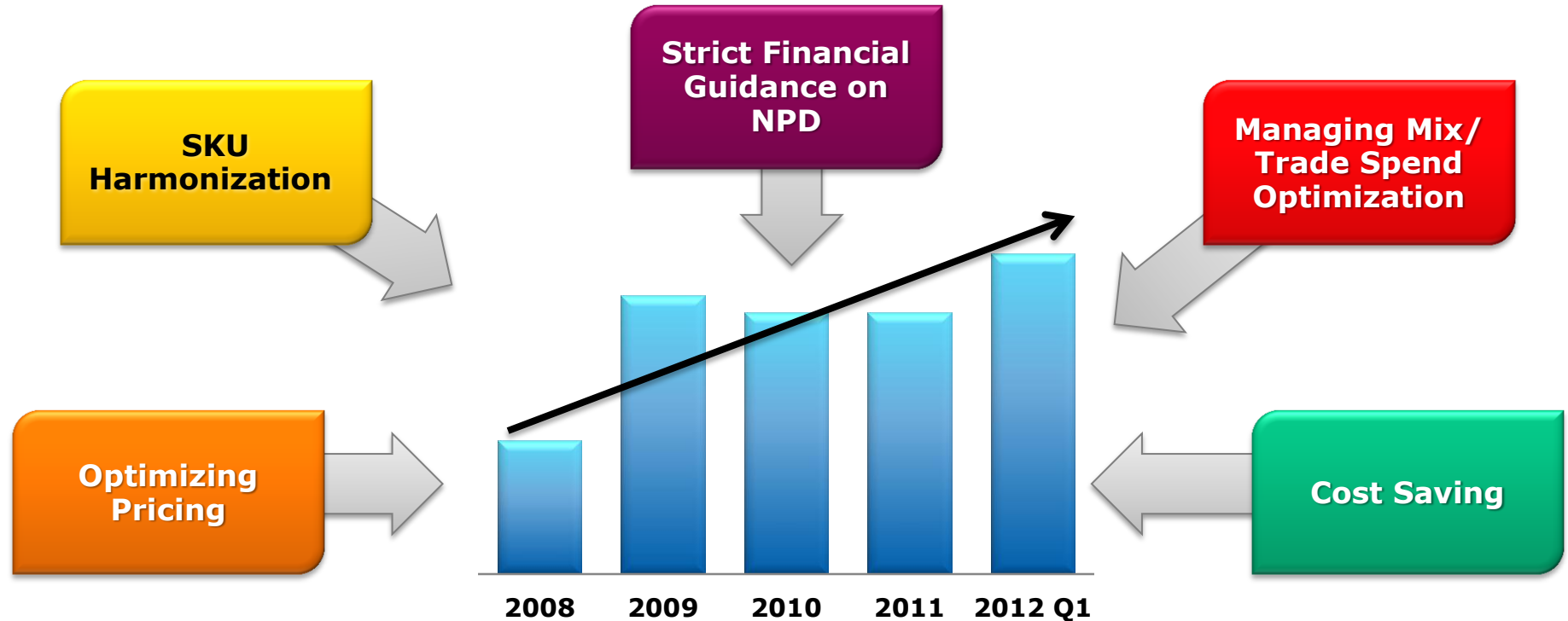
(1) Reported Net Revenue growth for FY 2011 and Q1 2012 was 14.9% and 4.5% respectively. See GAAP to Non-GAAP reconciliation available at [kraftfoodscompany.com](http://kraftfoodscompany.com)

(2) Reflects adjusted segment operating income, which is defined as segment operating income excluding costs related to: the Integration Program; and acquisition-related costs, including transaction advisory fees, U.K. stamp taxes and the impact of the Cadbury inventory revaluation. See GAAP to Non-GAAP reconciliation available at [kraftfoodscompany.com](http://kraftfoodscompany.com)

(3) Reported SOI growth for FY 2011 and Q1 2012 was 26.1% and 24.7% respectively.

# Integration of SC Key for China Growth

## Gross Margin Success Story



Unleash the Power of People

**Faith** - Trust

**Fun** - Celebration

**Fire** - Passion



**Power of  
focus,  
distortion**



**Virtuous  
cycle,  
reinvest**

**Accountable  
hard  
measures**

**Momentum  
Margin  
Material**

**Blank  
checks,  
family  
targets**



**Balance  
and  
Co-creation**

**Embracing  
change,  
followership**



**Entrepreneurial  
spirit,  
global giant**

**Dream  
Delight  
Deliver**

