



Financial Outlook

Fareed Khan, Chief Financial Officer

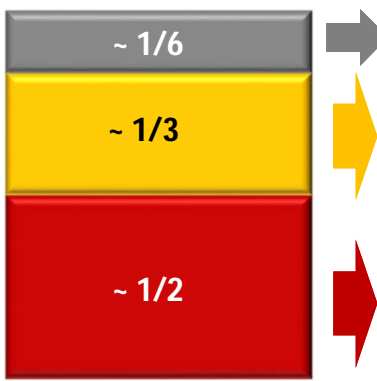



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Recapping Q4 Earnings Call-Down – Key Drivers

Q4 2018 Operating Profit, Change Versus Previous Guidance *

~ \$(100) Million



Other


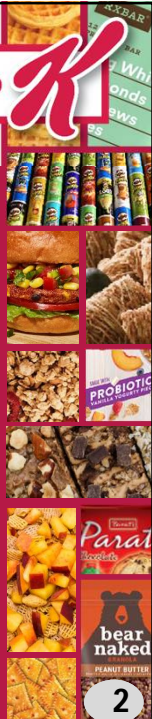
- Cost-inflation higher than anticipated
- Potential trade-inventory reduction in U.S. Snacks

Investing in Deploy For Growth

- Brand Building added to Q4
- Investments in capabilities and infrastructure

Mix & costs related to OTG expansion

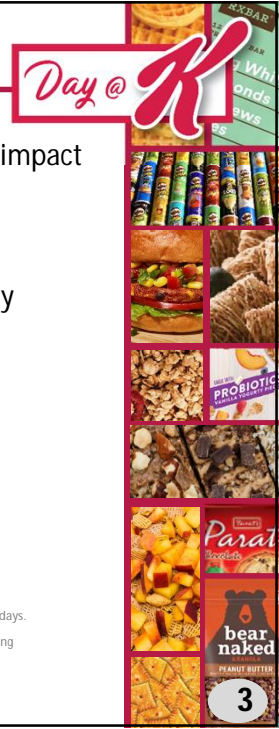
- Surge creating extra costs across supply chain
- Little to no margin on ~\$90-100 MM sales
- Decision not to slow the expansion
- Also, mix toward emerging markets, channels

* 2018 guidance for adjusted Operating Profit excludes the impact of mark-to-market adjustments, costs related to Project K, and other gains/costs impacting comparability. Currency neutral also excludes the impact of foreign currency translation.

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2018 – Good Progress on Heavy Investment



% Growth vs. Prior Year, Except Cash Flow *

<p>Net Sales^(a) <i>Currency Neutral</i></p> <p>Adjusted Operating Profit^(b) <i>Currency Neutral</i></p> <p>Adjusted EPS^(b) <i>Currency Neutral</i></p> <p>Cash Flow^(c)</p>	<p>~5%</p> <p>~ Flat</p> <p>+7-8%</p> <p>~ \$1 billion</p>	<ul style="list-style-type: none"> • Improved organic performance, despite DSD impact • Improved in-market performance • Reshaped portfolio toward growth • Covering rising cost-inflation with productivity • Significant ramp-up in brand investment • Invested in on-the-go pack formats • Used tax benefits to de-risk pension • Solid EPS growth • Durable cash flow
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* Please refer to the appendices for reconciliation of non-GAAP measures.

(a) 2018 guidance for Currency Neutral Net Sales growth excludes the impact of foreign currency translation. Organic growth also excludes acquisitions, divestitures, and changes in shipping days.

(b) 2018 guidance for adjusted Operating Profit and adjusted Earnings Per Share excludes the impact of mark-to-market adjustments, costs related to Project K, and other gains/costs impacting comparability. Currency neutral also excludes the impact of foreign currency translation.

(c) Cash flow defined as net cash provided by operating activities less capital expenditures.

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On Our Way



Long-Term Target

Net Sales	1-3%
Adjusted Operating Profit	4-6%
Adjusted EPS	6-8%
Dividend Yield	2-3%*
Total Shareowner Return	8-11%*

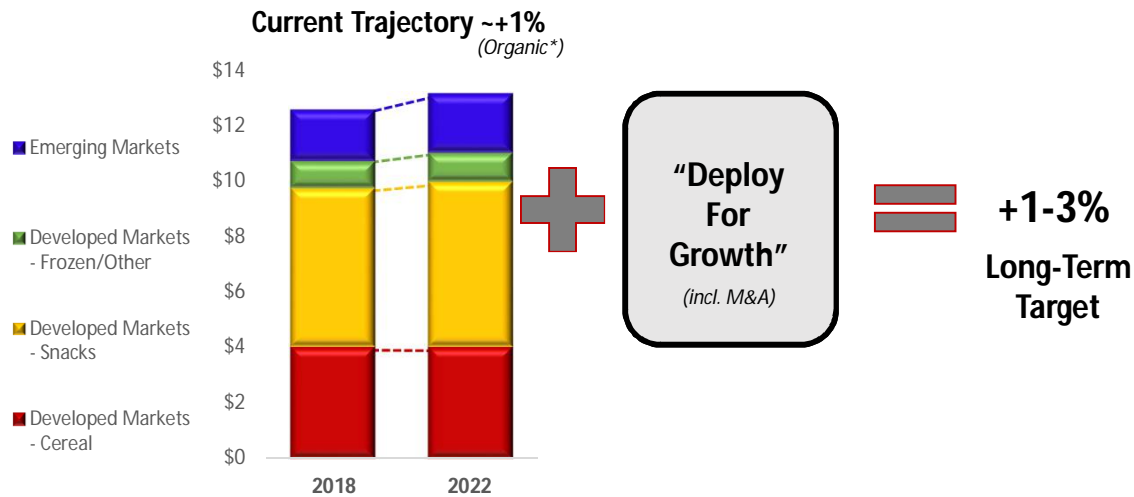
Dependable growth, augmented by M&A, complemented by dividend yield.

* May be affected by market fluctuations

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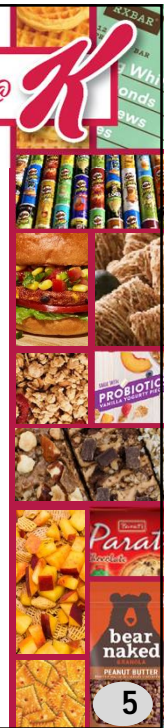
On Our Way – Sooner on Net Sales Than on Profit

Net Sales, in Billions

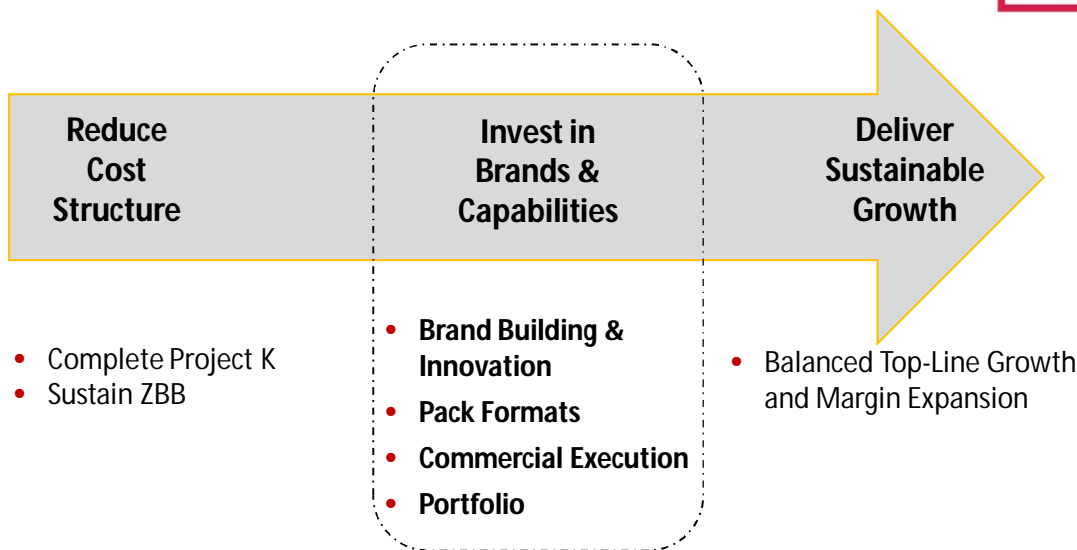


* Organic growth excludes the impact of foreign currency translation, acquisitions, divestitures, and changes in shipping days.

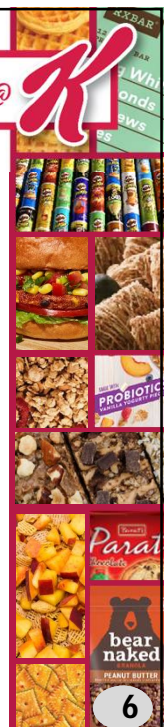
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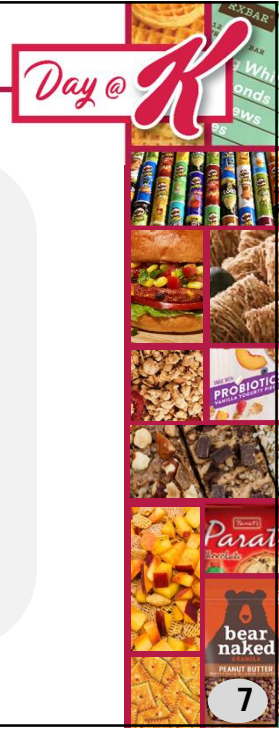
Moving Toward Sustainable Growth



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Investing in Brands & Capabilities



2018

- Brand Building +HSD
- On-the-Go Pack Formats
- Retail-Ready Packs

2019

- Brand Building
- On-the-Go Pack Formats
- RTEC Aisle Shoppability
- E-Commerce Resources
- International Expansion

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Investment Phase – Continues into 2019



	2016-2017	2018	2019
Net Sales <i>Organic Basis^(a) *</i>	↓	↔ - Flat	↑
Investment	↓	↑	↑
Operating Profit <i>Adjusted Basis, Currency-Neutral^(b) *</i>	↑	↔ - Flat	

- Op. Profit lags Net Sales
- Pending possible divestitures
- Guidance as usual in February

Focused on reducing cost structure

Investing in brands and capabilities, bringing net sales back to growth

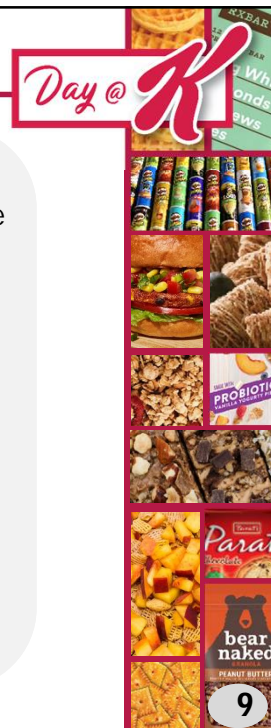
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Capital Deployment – Keeping Powder Dry



2018

- Cash Flow* ~ \$1 billion
- Voluntary pension contribution
- Increased CAPEX for food and pack-format capacity
- Dividend ~ 50% payout
- Acquisition of additional stakes in West Africa
- Share buybacks pulled back to fund recent acquisitions

2019

- Cash Flow* + potential divestiture proceeds
- Increased CAPEX for growth investments
- Dividend ~ 50% payout
- Share buybacks may be flexed for potential acquisitions

Committed to remaining investment-grade

* Cash flow defined as net cash provided by operating activities less capital expenditures.

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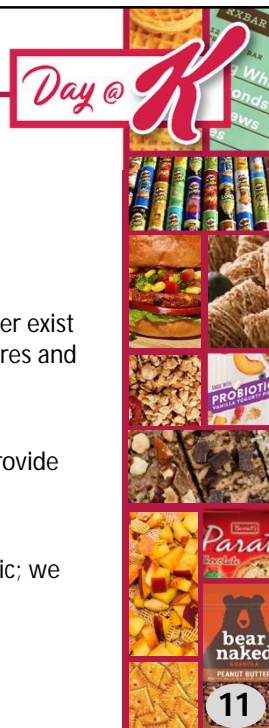
Financial Summary



- **Important investments** – *building foundation for sustainable top-line growth*
- **Managing rising cost inflation** – *productivity and RGM*
- **Pursuing margin improvement opportunities** – *in-house packing for OTG*
- **Creating more efficient structures** – *North America reorg, uniting Africa operations*
- **Durable cash flow** – *Augmented by divestiture proceeds*
- **Disciplined capital deployment** – *Committed to dividend, keeping powder dry*

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Reorganizations & Divestitures – External Disclosures



Total Company:

- Ongoing: No change to financial disclosures
- 2019: Charges/Savings for North America reorganization already in Project K guidance

North America:

- Continued disclosure of North America Net Sales and Operating Profit
- Assessing Business Unit-level Net Sales/Operating Profit disclosures, as most will no longer exist
- 2019: After close of potential divestitures, those businesses will be reported as divestitures and prospectively excluded from organic-basis net sales

Europe:

- 2019: Net Sales & Operating Profit reduced by MENAT, which moves to AMEA; we will provide 2018 figures as basis for comparison in 2019

AMEA:

- 2019: Net Sales & Operating Profit increased by MENAT, which adds to former Asia-Pacific; we will provide 2018 figures as basis for comparison in 2019

Latin America:

- No Change

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Reshaping our Portfolio – Financial Implications



Recent Acquisitions:

- RX anniversaries in Q4 2018
- Multipro anniversaries in Q2 2019

Possible Divestitures:

- Not yet in guidance
- Net Sales ~\$900 million (*estimated 2018*)
- Proceeds: Debt reduction for future acquisitions, and/or share buybacks

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