

Sysco Announces Robust Strategy, a Recipe for Growth, at 2021 Investor Day and Introduces Purpose Driven Framework

May 20, 2021

Targets FY24 adjusted EPS to be more than 30% above adjusted FY19 EPS

Commits to strong balance sheet by further reducing indebtedness by \$1.5 billion in FY21 and FY22

Declares 52nd consecutive dividend increase, of \$0.02 per share

Announces acquisition of Italian Specialty business, Greco and Sons, in support of Recipe for Growth

HOUSTON, May 20, 2021 (GLOBE NEWSWIRE) -- At its 2021 Investor Day today, President and CEO Kevin Hourican and other senior executives of Sysco Corporation (NYSE: SYY) presented a strategy update and highlighted initiatives to transform Sysco into a more growth-oriented, purpose-led, agile, innovative and customer-focused company.

Sysco's executive leaders discussed the company's Recipe for Growth, which is designed to help the company grow 1.5 times faster than the market by the end of FY24 through five strategic pillars:

Digital - Enriching the customer experience through personalized digital tools.

Products and Solutions – Offering customer focused marketing and merchandising solutions to increase sales. Introducing cuisine focused go-to-market approach.

Supply Chain - Serving customers efficiently and consistently with the products they need, when and how they need them. Improved delivery performance and omni-channel inventory management.

Customer Teams – Team based selling that leverages Sysco's expertise in specialty categories with a focus on important cuisine segments.

Future Horizon - Cultivating new channels, segments and capabilities, while being responsible stewards of the company and the planet, and funding the investments through cost-out efforts.

"Today represents a pivotal moment, as we introduce our Recipe For Growth and our new purpose platform. We are creating new capabilities for Sysco that will enable us to better serve our customers, win share and increase customer loyalty. Our strategy will deliver compelling financial results and will establish a growth trajectory for the company that is fueled by our purpose," said Kevin Hourican, Sysco's president and chief executive officer. "Only Sysco has the leadership and financial strength to deliver upon all five elements of our Recipe For Growth, further differentiating Sysco and creating a sustainable competitive advantage."

Sysco unveiled its new [Purpose statement](#) dedicated to Connecting the World to Share Food and Care for One Another. Underpinning the company's strategy, Sysco's Purpose unifies its associates around the globe around a common goal that guides the company's actions and the impact Sysco makes in the world every day. Demonstrating its commitment to this Purpose, Sysco announced its Global Good goal to donate \$500 million worth of good in our global communities by 2025, through product donations, cash contributions and volunteer service.

Sysco also provided a comprehensive financial outlook for coming years including:

- Targeting \$750 million in cost reduction for the period of FY21 through FY24, a \$400 million increase;
- Guiding adjusted earnings per share in FY22 of \$3.23 to \$3.43;
- Targeting FY24 adjusted EPS to be more than 30% above adjusted FY19 EPS; and
- Establishing a net leverage target of 2.5x to 2.75x adjusted EBITDA, supported by plans to reduce indebtedness by at least another \$1.5 billion

in FY21 and FY22.

- Announcing a share repurchase authorization of \$5 billion, to be available until fully utilized.

In addition, the company announced that its Board of Directors acted to increase its quarterly dividend through a \$0.02 per share increase, to \$0.47 per share, representing Sysco's 52nd consecutive annual dividend increase. The increase will be paid as part of Sysco's regular quarterly cash dividend, payable on July 23, to common stockholders of record at the close of business on July 2.

"Sysco's strategy is built upon its commitment to a balanced capital allocation strategy – investing for growth, while preserving our strong balance sheet and investment grade rating and returning value to our shareholders," said Aaron Alt, Sysco's chief financial officer. "The combined actions we are announcing today position Sysco for long-term growth and success."

A webcast of today's presentations will be available for replay at <http://investors.sysco.com/Investors/default.aspx>

About Sysco

Sysco is the global leader in selling, marketing and distributing food products to restaurants, healthcare and educational facilities, lodging establishments and other customers who prepare meals away from home. Its family of products also includes equipment and supplies for the foodservice and hospitality industries. With more than 57,000 associates, the company operates 326 distribution facilities worldwide and serves more than 625,000 customer locations. For fiscal 2020 that ended June 27, 2020, the company generated sales of more than \$52 billion. Information about our CSR program, including Sysco's 2020 Corporate Social Responsibility Report, can be found at www.sysco.com/csr2020report.

For more information, visit www.sysco.com or connect with Sysco on Facebook at www.facebook.com/SyscoFoods or Twitter at <https://twitter.com/Sysco>. For important news and information regarding Sysco, visit the Investor Relations section of the company's Internet home page at www.investors.sysco.com which Sysco plans to use as a primary channel for publishing key information to its investors, some of which may contain material and previously non-public information. In addition, investors should continue to review our news releases and filings with the SEC. It is possible that the information we disclose through any of these channels of distribution could be deemed to be material information.

Cautionary Statement Regarding Forward-Looking Statements

Statements made in this press release that look forward in time or that express management's beliefs, expectations or hopes are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements reflect the views of management at the time such statements are made and are subject to a number of risks, uncertainties, estimates, and assumptions that may cause actual results to differ materially from current expectations. These statements include, but are not limited to: statements regarding Sysco's growth strategy and statements regarding Sysco's comprehensive financial outlook for periods through FY24, including planned cost reductions from FY21 through FY24, expected adjusted earnings per share in FY22, our targeted FY24 adjusted EPS, our establishment of a net leverage target, and our plans to reduce indebtedness in FY21 and FY22. These statements are subject to risks and uncertainties, such as general economic conditions, the effect, impact, potential duration or other implications of the COVID-19 pandemic and any expectations we may have with respect thereto, and other risks and uncertainties. For a discussion of additional factors impacting the Company's business, see Sysco's Annual Report on Form 10-K for the fiscal year ended June 27, 2020, as filed with the SEC, Sysco's Quarterly Report on Form 10-Q for the period ended March 27, 2021, as filed with the SEC, and Sysco's subsequent filings with the SEC. Sysco does not undertake to update its forward-looking statements, except as required by applicable law.

Sysco Corporation and its Consolidated Subsidiaries

Non-GAAP Reconciliation (Unaudited)

Impact of Certain Items

Sysco's results of operations have historically been impacted by restructuring and transformational project costs consisting of: (1) restructuring charges; (2) expenses associated with our various transformation initiatives; and (3) facility closure and severance charges. Sysco's results have also been impacted by intangible amortization expense related to the fiscal 2017 acquisition of Cucina Lux Investments Limited (the Brakes Acquisition). Additionally, the impacts of loss on the sale of businesses, fixed asset impairment charges, goodwill impairment charges and adjustments to bad debt expense related to the unexpected impact of the COVID-19 pandemic have impacted Sysco's results of operations in fiscal 2021 and fiscal 2020.

Many of Sysco's customers, including those in the restaurant, hospitality and education segments, are operating at a substantially reduced volume due to governmental requirements for closures or other social-distancing measures and a portion of Sysco's customers have been closed. Some of these customers ceased paying their outstanding receivables, creating uncertainty as to their collectability. We experienced an increase in past due receivables and recognized additional bad debt charges in the third and fourth quarters of fiscal 2020; however, collections have improved in fiscal 2021, partially from restaurant reopenings, volumes improvements and Sysco's improved credit processes. We have estimated uncollectible amounts based on the current collection experience and by applying write-off percentages based on historical loss experience, including loss experience during times of local and regional disasters, current conditions and collection rates, and expectations regarding future losses. The COVID-19 pandemic is more widespread and longer in duration than historical disasters impacting our business, and it is possible that actual uncollectible amounts will differ and additional charges may be required; however, if collections continue to improve, it is also possible that additional reductions in our bad debt reserve could occur. While Sysco traditionally incurs bad debt expense, the magnitude of such expenses and benefits, that we have experienced is not indicative of our normal operations. Our adjusted results have not been normalized in a manner that would exclude the full impact of the COVID-19 pandemic on our business. As such, Sysco has not adjusted its results for lost sales, inventory write-offs or other costs associated with the COVID-19 pandemic not previously stated.

The results of our foreign operations can be impacted due to changes in exchange rates applicable in converting local currencies to U.S. dollars. We measure our operating results on a constant currency basis, which is calculated by translating current-period local currency operating results with the

currency exchange rates used to translate the financial statements in the comparable prior-year period to determine what the current-period U.S. dollar operating results would have been if the currency exchange rate had not changed from the comparable prior-year period.

Although Sysco has a history of growth through acquisitions, the Brakes Group was significantly larger than the companies historically acquired by Sysco, with a proportionately greater impact on Sysco's consolidated financial statements. Accordingly, Sysco is excluding from its non-GAAP financial measures for the relevant period the impact of acquisition-related intangible amortization specific to the Brakes Acquisition. We believe this approach significantly enhances the comparability of Sysco's results.

Sysco refers to the collective items above as Certain Items and although these items were experienced in fiscal 2021 and fiscal 2020, the company may identify additional items and/or remove items from this definition in the future. Sysco has and may continue to present operating results adjusted to exclude Certain Items to provide important perspective with respect to underlying business trends.

Sales and EPS Targets

We expect to achieve our sales and earnings per share targets by fiscal 2022 and fiscal 2024. We cannot predict with certainty when we will achieve these results or whether the calculation of our sales and/or EPS will be on an adjusted basis in future periods to exclude the effect of Certain Items. Additionally, the results of our foreign operations can be impacted due to changes in exchange rates applicable in converting local currencies to U.S. dollars, and we may adjust our operating results for the impact of constant currency as compared to the comparable prior year period. Due to these uncertainties, we cannot provide a quantitative reconciliation of these potentially non-GAAP measures to the most directly comparable GAAP measure without unreasonable effort. However, we expect to calculate these adjusted results, if applicable, in the same manner as the reconciliations provided for the historical periods that are presented herein.

Form of calculation:

Sales (GAAP)

Impact of Certain Items

Sales adjusted for Certain Items (Non-GAAP)

Impact of currency fluctuations

Comparable sales using a constant currency basis (Non-GAAP)

Net earnings (GAAP)

Impact of Certain Items

Tax impact Certain Items

Net earnings adjusted for Certain Items (Non-GAAP)

Diluted earnings per share (GAAP)

Impact of Certain Items

Tax impact Certain Items

Diluted EPS adjusted for Certain Items (Non-GAAP)

Diluted shares outstanding

Net Debt to Adjusted EBITDA Leverage Ratio Targets

We expect to achieve our net debt to adjusted EBITDA leverage ratio forecast in the fourth quarter of fiscal 2022. We cannot predict with certainty when we will achieve these results or whether the calculation of our EBITDA will be on an adjusted basis in future periods to exclude the effect of certain items. Due to these uncertainties, we cannot provide a quantitative reconciliation of these potentially non-GAAP measures to the most directly comparable GAAP measure without unreasonable effort. However, we expect to calculate these adjusted results, if applicable, in the same manner as the reconciliations provided for the historical periods that are presented herein.

Form of calculation:

Notes payable

Current maturities of long-term debt

Long term debt

Total Debt (GAAP)

Less finance leases and other debt

Less book value in excess of face value of senior debt

Total Debt adjusted for finance leases, other debt and excess book value (Non-GAAP)

Less cash and cash equivalents

Net debt

Net earnings (GAAP)

Interest (GAAP)

Income taxes (GAAP)

Depreciation and amortization (GAAP)

EBITDA (Non-GAAP)

Certain Item adjustments:

Impact of restructuring and transformational project costs

Impact of acquisition-related intangible amortization

Impact of bad debt reserve adjustments

Impact of goodwill impairment

Impact of loss sale of businesses

Impact of loss on assets held for sale

EBITDA adjusted for Certain Items (Non-GAAP)

Net Debt to Adjusted EBITDA Ratio

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