



# Barclays Global Consumer Staples Conference 2020

September 10

# Forward Looking Statements

Statements made in this presentation 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: the effect, impact, potential duration or other implications of the recent outbreak of a novel strain of coronavirus ("COVID-19") and any expectations we may have with respect thereto; our expectations regarding our ability to manage the current downturn and capitalize on our position as the industry leader as the global economy recovers; our expectations regarding future market share gains; our expectations regarding the effects of our business transformation initiatives, including on our ability to increase our share of customer spending and to increase sales in premium products, and on our ability to benefit from our efforts to centralize key customer support functions for large and/or national accounts; our belief that our transformation initiatives will drive future growth; our expectations regarding our operations and the benefits to our company from regionalization; our expectations regarding our investment capability to build inventory and set up new customers; our plans to leverage technology improvements to enable reductions in our workforce without compromising service or quality; our expectations regarding our company, and our ability to attract and serve new customers, following the COVID-19 crisis; our plans to remove structural expense from our company's operations; our expectations regarding savings starting in fiscal 2022 from additional cost improvement opportunities; the effects of our planned investments in digital technology; our expectations regarding the timing of improvements in the economy following the COVID-19 crisis; our expectations that our work to accelerate growth will return to pre-COVID levels as demand surges; our expectations that our investments in technology and our business will allow for future growth and exceptional customer service; our belief that the steps undertaken as part of our management of the COVID-19 crisis to date will help us retain and win additional business from our independent restaurant customers beyond the pandemic; our expectations regarding the impact of our strategy on our future operations, including on the service we provide our customers and on our ability to differentiate Sysco from other companies in our industry; our expectations regarding our ability to increase profitability for SYGMA; our expectations regarding our ability to leverage operating expense growth to gross profit growth; our expectations regarding our investments across Europe, including, but not limited to, the integration of Brakes France and Davigel to Sysco France, including our ability to continue to succeed in the French marketplace; expectations regarding growth opportunities in Europe; expectations regarding growth opportunities in Latin America; our ability to deliver against our strategic priorities, which we believe will provide excellent customer service and improve our overall performance; statements regarding economic trends in the United States and abroad; our expectations regarding the amount of our capital expenditures in fiscal 2021; our expectations regarding the deployment of capital proceeds that Sysco currently holds; our expectations regarding the effects of our divestiture of our CAKE business; our plans regarding the suspension of our share buyback position throughout fiscal 2021; our expectations regarding gross margins during fiscal 2021; and our expectations regarding our overall effective tax rate in fiscal 2021.

The success of our plans and expectations regarding our operating performance are subject to the general risks associated with our business, including the risks of interruption of supplies due to lack of long-term contracts, severe weather, crop conditions, work stoppages, intense competition, technology disruptions, dependence on large, long-term regional and national customers, inflation risks, the impact of fuel prices, adverse publicity, labor issues, political or financial instability, trade restrictions, tariffs, currency exchange rates, transport capacity and costs and other factors relating to foreign trade, any or all of which could delay our receipt of product or increase our input costs. Risks and uncertainties also include the impact and effects of public health crises, pandemics and epidemics, such as the recent outbreak of COVID-19, and the adverse impact thereof on our business, financial condition and results of operations, including, but not limited to, our growth, product costs, supply chain, labor availability, logistical capabilities, customer demand for our products and industry demand generally, consumer spending, our liquidity, the price of our securities and trading markets with respect thereto, our credit ratings, our ability to maintain compliance with the covenants in our credit agreement, our ability to access capital markets, and the global economy and financial markets generally. Risks and uncertainties also include risks impacting the economy generally, including the risks that the current general economic conditions will deteriorate, or consumer confidence in the economy or consumer spending, particularly on food-away-from-home, may decline. Market conditions may not improve. Competition and the impact of GPOs may reduce our margins and make it difficult for us to maintain our market share, growth rate and profitability. We may not be able to fully compensate for increases in fuel costs, and fuel hedging arrangements intended to contain fuel costs could result in above market fuel costs. Our ability to meet our long-term strategic objectives depends on our ability to grow gross profit, leverage our supply chain costs and reduce administrative costs. This will depend largely on the success of our various business initiatives, including efforts related to revenue management, expense management, our digital e-commerce strategy and any efforts related to restructuring or the reduction of administrative costs. There are various risks related to these efforts, including the risk that if sales from our locally managed customers do not grow at the same rate as sales from regional and national customers, or if we are unable to continue to accelerate local case growth, our gross margins may decline; the risk that we are unlikely to be able to predict inflation over the long term, and lower inflation is likely to produce lower gross profit; the risk that our efforts to modify truck routing, including our small truck initiative, in order to reduce outbound transportation costs may not be effective; the risk that our efforts to mitigate increases in warehouse costs may be unsuccessful; the risk that we may not be able to accelerate and/or identify additional administrative cost savings in order to compensate for any gross profit or supply chain cost leverage challenges; the risk that these efforts may not provide the expected benefits in our anticipated time frame, if at all, and may prove costlier than expected; the risk that the actual costs of any initiatives may be greater or less than currently expected; and the risk of adverse effects to our business, results of operations and liquidity if past and future undertakings, and the associated changes to our business, do not prove to be cost effective or do not result in the cost savings and other benefits at the levels that we anticipate. Our plans related to and the timing of any initiatives are subject to change at any time based on management's subjective evaluation of our overall business needs. If we are unable to realize the anticipated benefits from our efforts, we could become cost disadvantaged in the marketplace, and our competitiveness and our profitability could decrease. Adverse publicity about us or lack of confidence in our products could negatively impact our reputation and reduce earnings. Capital expenditures may vary based on changes in business plans and other factors, including risks related to the implementation of various initiatives, the timing and successful completion of acquisitions, construction schedules and the possibility that other cash requirements could result in delays or cancellations of capital spending. Periods of significant or prolonged inflation or deflation, either overall or in certain product categories, can have a negative impact on us and our customers, as high food costs can reduce consumer spending in the food-away-from-home market, and may negatively impact our sales, gross profit, operating income and earnings, and periods of deflation can be difficult to manage effectively. Fluctuations in inflation and deflation, as well as fluctuations in the value of foreign currencies, are beyond our control and subject to broader market forces. Expanding into international markets presents unique challenges and risks, including compliance with local laws, regulations and customs and the impact of local political and economic conditions, including the impact of Brexit and the "yellow vest" protests in France against a fuel tax increase, pension reform and the French government, and such expansion efforts may not be successful. Any business that we acquire may not perform as expected, and we may not realize the anticipated benefits of our acquisitions. Expectations regarding the financial statement impact of any acquisitions may change based on management's subjective evaluation. A divestiture of one or more of our businesses may not provide the anticipated effects on our operations. Meeting our dividend target objectives depends on our level of earnings, available cash and the success of our various strategic initiatives. Changes in applicable tax laws or regulations and the resolution of tax disputes could negatively affect our financial results. We rely on technology in our business and any cybersecurity incident, other technology disruption or delay in implementing new technology could negatively affect our business and our relationships with customers. For a discussion of additional factors impacting Sysco's business, see our Annual Report on Form 10-K for the year ended June 29, 2019 and our Quarterly Report on Form 10-Q for the period ended March 28, 2020, each as filed with the SEC, and our subsequent filings with the SEC. We do not undertake to update our forward-looking statements, except as required by applicable law.



**KEVIN HOURICAN**

**President & CEO**

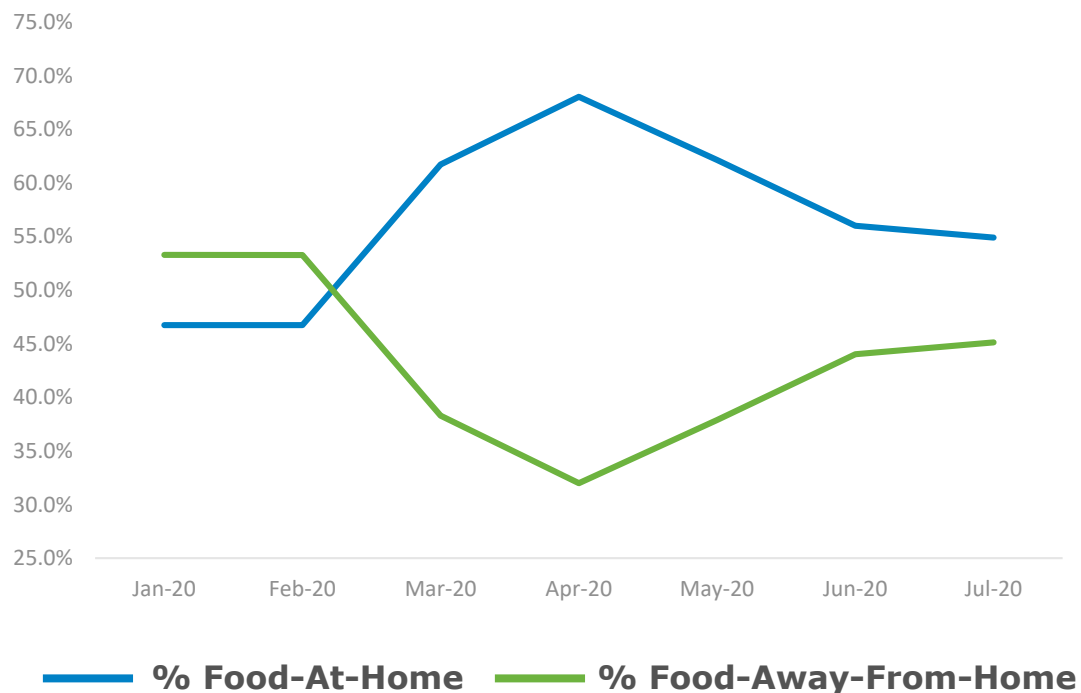
**JOEL GRADE**

**EVP & CFO**

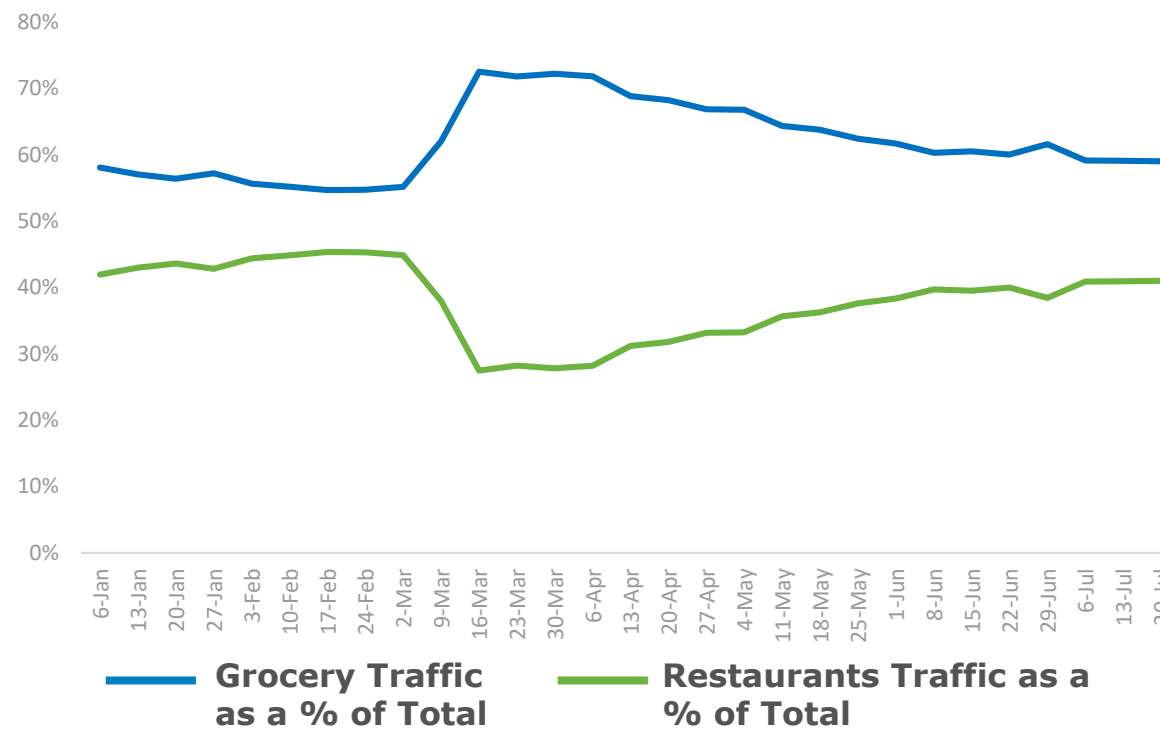


# Customer Sentiment Reflected in Food-Away-From-Home Has Been Improving

### Food-Away-From-Home Spend % vs. Food-At-Home Spend %



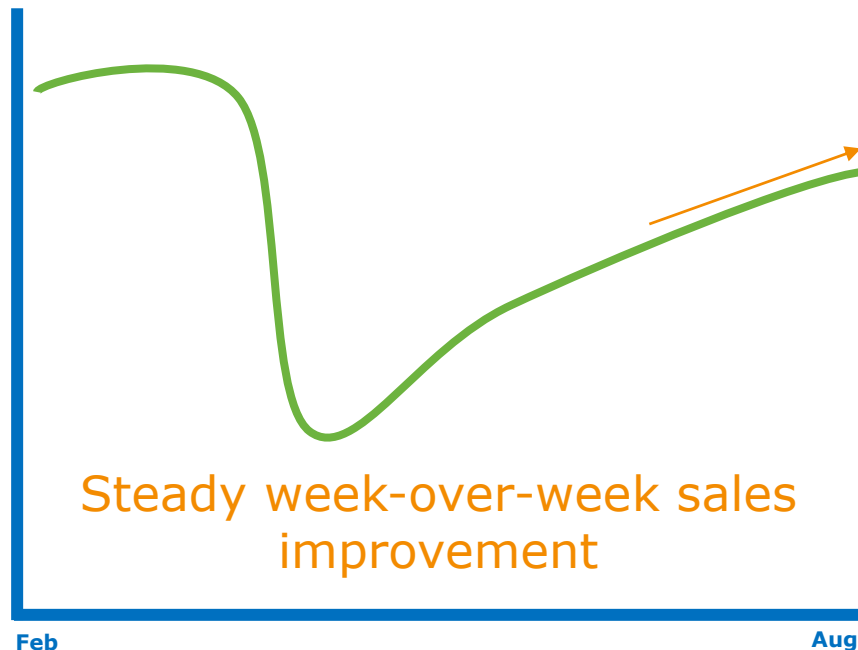
### Foot Traffic at Grocery vs. Restaurants



Source: Monthly data on Consumer spend at Grocery stores and Food places from Census.gov and weekly Foot traffic by location / segment from Safegraph

# Sysco's Business Recovery Continues to Improve

**Total Sysco Weekly Sales**



Steady week-over-week sales improvement

Demand recovery will differ by business segment as restrictions ease

Food-at-home-fatigue and expanding restaurant capacity represent catalysts for sustained business recovery

Remain confident, over the longer-term, demand will fully recover

# Business Performance Will Be Impacted by Several Factors

## Macro- Environment

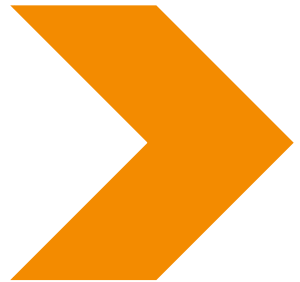
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In-Restaurant Dining  
Economic Landscape  
COVID Therapeutics and Vaccine  
Election Related Volatility  
Stimulus

## Sysco

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Supporting Our Customers  
Business Transformation  
Improving Digital Capabilities  
Cost Savings/Investments for Growth  
New Business Wins



**We are taking this opportunity to transform our business and plan for future success**



# In the Initial Phase of Recovery, Sysco Is Focused On...



**Strengthening Overall Liquidity**



**Stabilizing our Business**



**Creating New Sources of Revenue**



**Transforming our Business**

# ...And We Are Now Leveraging the Crisis to Prioritize Our Transformation



**Accelerate Digital Platforms**



**Sales and Volume Growth**



**Sales Transformation**



**Sales and Volume Growth**



**Regionalization**



**Enabler of Growth**



**Structural Cost Out**



**Expense Reduction**

While simultaneously defining our long-term growth strategy



# Sysco's Important Accomplishments Over the Past 90 Days

- ✓ \$1 Billion In Annualized New Business
- ✓ \$350 Million in Annualized Structural Cost Savings
- ✓ Profitable FY20 Operating Income Exit Rate
- ✓ Positive Cash Flow
- ✓ 900 Basis Point Increase in Net Promoter Score (NPS)
- ✓ 16,000 Marketplace Stores
- ✓ Rate of Customer Closures Significantly Below Industry
- ✓ Completed Regionalization of Our U.S. Broadline Organization
- ✓ Implemented New Sales Compensation Program
- ✓ Activated Marketing Campaign #takeouttogiveback



# Q&A