

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items

Our discussion below of our results includes certain non-GAAP financial measures that we believe provide important perspective with respect to underlying business trends. Other than free cash flow, any non-GAAP financial measures will be denoted as adjusted measures and exclude the impact from restructuring and transformational project costs consisting of: (1) expenses associated with our various transformation initiatives; (2) severance and facility closure charges; and (3) restructuring charges.

The non-GAAP financial measures presented in this report also exclude the impact of the following acquisition-related items: (1) intangible amortization expense and (2) integration costs.

The second quarter fiscal 2019 and fiscal 2018 items described above and excluded from our non-GAAP measures are collectively referred to as "Certain Items." All acquisition-related costs in fiscal 2019 and 2018 that have been excluded relate to the fiscal 2017 acquisition of Cucina Lux Investments Limited (the Brakes Acquisition). In addition, with respect to the adjusted return on invested capital targets, our invested capital is adjusted for the accumulation of debt incurred for the Brakes Acquisition that would not have been borrowed absent this acquisition.

Management believes that adjusting its operating expenses, operating income, interest expense, net earnings and diluted earnings per share to remove these Certain Items, provides an important perspective with respect to our underlying business trends and results and provides meaningful supplemental information to both management and investors that (1) is indicative of the performance of the company's underlying operations, facilitating comparisons on a year-over-year basis and (2) removes those items that are difficult to predict and are often unanticipated and that, as a result, are difficult to include in analysts' financial models and our investors' expectations with any degree of specificity.

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 solely those acquisition costs specific to the Brakes acquisition. We believe this approach significantly enhances the comparability of Sysco's results for fiscal 2019 and fiscal 2018.

The company uses these non-GAAP measures when evaluating its financial results, as well as for internal planning and forecasting purposes. These financial measures should not be used as a substitute for GAAP measures in assessing the company's results of operations for periods presented. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. As a result, in the table below, each period presented is adjusted for the impact described above. In the table below, individual components of diluted earnings per share may not add to the total presented due to rounding. Adjusted diluted earnings per share is calculated using adjusted net earnings divided by diluted shares outstanding.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items
(In Thousands, Except for Share and Per Share Data)

| | 13-Week Period Ended DeC. 29, 2018 | 13-Week Period Ended DeC. 30, 2017 | Period Change in Dollars | Period % Change |
|--|---|---|-------------------------------------|----------------------------|
| Operating expenses (GAAP) | \$ 2,319,817 | \$ 2,170,834 | \$ 148,983 | 6.9% |
| Impact of restructuring and transformational project costs (1) | (134,436) | (21,377) | (113,059) | NM |
| Impact of acquisition-related costs (2) | (17,008) | (25,799) | 8,791 | -34.1% |
| Operating expenses adjusted for Certain Items (Non-GAAP) | <u>\$ 2,168,373</u> | <u>\$ 2,123,658</u> | <u>\$ 44,715</u> | <u>2.1%</u> |
| Operating income (GAAP) | \$ 451,895 | \$ 528,552 | \$ (76,657) | -14.5% |
| Impact of restructuring and transformational project costs (1) | 134,436 | 21,377 | 113,059 | NM |
| Impact of acquisition-related costs (2) | 17,008 | 25,799 | (8,791) | -34.1% |
| Operating income adjusted for Certain Items (Non-GAAP) | <u>\$ 603,339</u> | <u>\$ 575,728</u> | <u>\$ 27,611</u> | <u>4.8%</u> |
| Net earnings (GAAP) | \$ 267,380 | \$ 284,113 | \$ (16,733) | -5.9% |
| Impact of restructuring and transformational project costs (1) | 134,436 | 21,377 | 113,059 | NM |
| Impact of acquisition-related costs (2) | 17,008 | 25,799 | (8,791) | -34.1% |
| Tax impact of restructuring and transformational project costs (3) | (34,886) | (5,691) | (29,195) | NM |
| Tax impact of acquisition-related costs (3) | (5,611) | (6,110) | 499 | -8.2% |
| Impact of US transition tax | 15,154 | 115,000 | (99,846) | -86.8% |
| Impact of US balance sheet remeasurement from tax law change | - | (14,477) | 14,477 | NM |
| Impact of France, U.K. and Sweden tax law changes | - | (8,137) | 8,137 | NM |
| Net earnings adjusted for Certain Items (Non-GAAP) | <u>\$ 393,481</u> | <u>\$ 411,874</u> | <u>\$ (18,393)</u> | <u>-4.5%</u> |
| Diluted earnings per share (GAAP) | \$ 0.51 | \$ 0.54 | \$ (0.03) | -5.6% |
| Impact of restructuring and transformational project costs (1) | 0.26 | 0.04 | 0.22 | NM |
| Impact of acquisition-related costs (2) | 0.03 | 0.05 | (0.02) | -40.0% |
| Tax impact of restructuring and transformational project costs (3) | (0.07) | (0.01) | (0.06) | NM |
| Tax impact of acquisition-related costs (3) | (0.01) | (0.01) | - | 0.0% |
| Impact of US transition tax | 0.03 | 0.22 | (0.19) | -86.4% |
| Impact of US balance sheet remeasurement from tax law change | - | (0.03) | 0.03 | NM |
| Impact of France and U.K. tax law changes | - | (0.02) | 0.02 | NM |
| Diluted EPS adjusted for Certain Items (Non-GAAP) (5) | <u>\$ 0.75</u> | <u>\$ 0.78</u> | <u>\$ (0.03)</u> | <u>-4.0%</u> |
| Diluted shares outstanding | 524,600,510 | 527,249,587 | | |

⁽¹⁾ Fiscal 2019 includes \$53 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy, of which \$17 million relates to accelerated depreciation related to software that is being replaced, and \$81 million related to severance, restructuring and facility closure charges in Europe and Canada, of which \$55 million relates to our France restructuring as part of our integration of Brake France and Davigel into Sysco France. Fiscal 2018 includes \$16 million related to business technology costs and professional fees on three-year financial objectives and \$6 million related to restructuring charges.

⁽²⁾ Fiscal 2019 and fiscal 2018 include \$18 million and \$19 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes. Fiscal 2018 includes \$5 million in integration costs.

⁽³⁾ The tax impact of adjustments for Certain Items are calculated by multiplying the pretax impact of each Certain Item by the statutory rates in effect for each jurisdiction where the Certain Item was incurred.

⁽⁴⁾ Individual components of diluted earnings per share may not add to the total presented due to rounding. Total diluted earnings per share is calculated using adjusted net earnings divided by diluted shares outstanding.

NM represents that the percentage change is not meaningful.

Sysco Corporation and its Consolidated Subsidiaries
Segment Results
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items on Applicable Segments
(In Thousands, Except for Share and Per Share Data)

| | 13-Week Period Ended Dec. 29, 2018 | 13-Week Period Ended Dec. 30, 2017 | Period Change in Dollars | Period %/bps Change |
|---|---|---|-------------------------------------|--------------------------------|
| International Foodservice Operations | | | | |
| Sales (GAAP) | \$ 2,890,598 | \$ 2,869,043 | \$ 21,555 | 0.8% |
| Gross Profit (GAAP) | 589,922 | 599,647 | (9,725) | -1.6% |
| Gross Margin (GAAP) | 20.41% | 20.90% | | -49 bps |
| Operating expenses (GAAP) | 604,839 | \$ 547,053 | \$ 57,786 | 10.6% |
| Impact of restructuring and transformational project costs (1) | (81,020) | (5,602) | (75,418) | NM |
| Impact of acquisition-related costs (2) | (16,947) | (20,809) | 3,862 | -18.6% |
| Operating expenses adjusted for Certain Items (Non-GAAP) | <u>\$ 506,872</u> | <u>\$ 520,642</u> | <u>\$ (13,770)</u> | <u>-2.6%</u> |
| Operating income (GAAP) | \$ (14,917) | \$ 52,594 | \$ (67,511) | -128.4% |
| Impact of restructuring and transformational project costs (1) | 81,020 | 5,602 | 75,418 | NM |
| Impact of acquisition-related costs (2) | 16,947 | 20,809 | (3,862) | -18.6% |
| Operating income adjusted for Certain Items (Non-GAAP) | <u>\$ 83,050</u> | <u>\$ 79,005</u> | <u>\$ 4,045</u> | <u>5.1%</u> |

⁽¹⁾ Includes \$55 million of restructuring charges in France and other restructuring, severance and facility closure costs in Europe and Canada.

⁽²⁾ Fiscal 2019 and fiscal 2018 include \$18 million and \$19 million, respectively, related to intangible amortization expense from the Brakes Acquisition.

NM represents that the percentage change is not meaningful.

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Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Operating Income Growth
(In Thousands)

| | Year Ended | | | 26-Week Period Ended | | | |
|---|---------------|---------------|-----------------------------|----------------------|-------------------|-----------------------------|-----------------------------|
| | June 30, 2018 | July 1, 2017 | Cumulative 4-Quarter Growth | December 29, 2018 | December 30, 2017 | Cumulative 2-Quarter Growth | Cumulative 6-Quarter Growth |
| Sales | \$ 58,727,324 | \$ 55,371,139 | \$ 3,356,185 | \$ 29,980,986 | \$ 29,061,914 | \$ 919,072 | |
| Gross profit | \$ 11,085,391 | \$ 10,557,507 | \$ 527,884 | \$ 5,675,497 | \$ 5,493,054 | \$ 182,443 | |
| Gross margin | 18.88% | 19.07% | -0.19% | 18.93% | 18.90% | 0.03% | |
| Operating expenses (GAAP) | \$ 8,771,335 | \$ 8,502,891 | \$ 268,444 | \$ 4,595,462 | \$ 4,345,137 | \$ 250,325 | |
| MEPP Charge | (1,700) | (35,600) | 33,900 | - | - | - | |
| Impact of restructuring and transformational project costs (1) | (109,524) | (161,011) | 51,487 | (175,339) | (40,430) | (134,909) | |
| Impact of acquisition-related costs (2) | (108,136) | (102,049) | (6,087) | (39,645) | (45,545) | 5,900 | |
| Operating expenses adjusted for Certain Items (Non-GAAP) | \$ 8,551,975 | \$ 8,204,231 | \$ 347,744 | \$ 4,380,478 | \$ 4,259,162 | \$ 121,316 | |
| Operating income (GAAP) | \$ 2,314,056 | \$ 2,054,616 | \$ 259,440 | \$ 1,080,035 | \$ 1,147,917 | \$ (67,882) | \$ 191,558 |
| MEPP Charge | 1,700 | 35,600 | (33,900) | - | - | - | (33,900) |
| Impact of restructuring and transformational project costs (1) | 109,524 | 161,011 | (51,487) | 175,339 | 40,430 | 134,909 | 83,422 |
| Impact of acquisition-related costs (2) | 108,136 | 102,049 | 6,087 | 39,645 | 45,545 | (5,900) | 187 |
| Operating income adjusted for Certain Items (Non-GAAP) | \$ 2,533,416 | \$ 2,353,276 | \$ 180,140 | \$ 1,295,019 | \$ 1,233,892 | \$ 61,127 | \$ 241,267 |

⁽¹⁾ Fiscal 2019 includes \$79 million related to various transformation initiative costs primarily consisting of changes to our business technology strategy, of which \$17 million relates to accelerated depreciation related to software that is being replaced, and \$96 million related to severance, restructuring and facility closure charges in Europe and Canada, of which \$56 million relates to our France restructuring as part of our integration of Brake France and Davigel into Sysco France. Fiscal 2018 includes \$29 million related to business technology costs and professional fees on three-year financial objectives and \$11 million related to restructuring charges.

⁽²⁾ Fiscal 2019 and fiscal 2018 include \$39 million and \$31 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes, and \$1 million and \$10 million, respectively, related to integration costs.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Free Cash Flow
(In Thousands)

Free cash flow represents net cash provided from operating activities less purchases of plant and equipment and includes proceeds from sales of plant and equipment. Sysco considers free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after the purchases and sales of buildings, fleet, equipment and technology, which may potentially be used to pay for, among other things, strategic uses of cash including dividend payments, share repurchases and acquisitions. However, free cash flow may not be available for discretionary expenditures, as it may be necessary that we use it to make mandatory debt service or other payments. Free cash flow should not be used as a substitute for the most comparable GAAP measure in assessing the company's liquidity for the periods presented. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. In the table that follows, free cash flow for each period presented is reconciled to net cash provided by operating activities.

| | 26-Week Period Ended Dec. 29, 2018 | 26-Week Period Ended Dec. 30, 2017 | 26-Week Period Change in Dollars |
|---|---|---|---|
| Net cash provided by operating activities (GAAP) | \$ 917,790 | \$ 933,204 | \$ (15,414) |
| Additions to plant and equipment | (223,825) | (258,577) | 34,752 |
| Proceeds from sales of plant and equipment | 6,901 | 3,878 | 3,023 |
| Free Cash Flow (Non-GAAP) | \$ 700,866 | \$ 678,505 | \$ 22,361 |