SYSCO EARNINGS RESULTS 4Q19 & FY19

Sysco

Forward Looking Statements

Statements made in this presentation or in our earnings call for the fourth quarter of fiscal 2019 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: our expectations that our four strategic priorities, which include the customer experience, delivering operational excellence, optimizing the business and activating the power of our people, will accelerate our current growth and guide us into the future; our expectations regarding our adjusted operating income growth target and our ability to meet our target; our expectations regarding debt amortization; our expectations regarding inflation and the drivers of inflation; expectations regarding future expenses associated with our multi-employer pension plans; our expectations that our investments in technology and our business will allow for future growth and exceptional customer service; our expectations regarding our recruiting, onboarding and retention initiatives; our expectations regarding initiatives that will drive cost improvement and enhance customer service, including (i) the Finance Transformation Roadmap and our expectation that we will receive financial benefits from this initiative during fiscal 2020 and beyond, (ii) Smart Spending and our expectation that we will receive financial benefits from this initiative during fiscal 2020 and beyond, (iii) Canadian Regionalization and our expectation that this initiative will contribute to increased cost savings and that we will receive financial benefits from this initiative during fiscal 2020 and beyond, and (iv) Administrative Expenses and our expectation that this initiative, which includes our new streamlined organizational and business unit structure, will drive costs out of the business and that we will receive financial benefits from this initiative during fiscal 2020 and beyond; 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 and our expectations regarding the ability of our overall integration and supply chain transformation to deliver the anticipated long-term benefits under our three-year plan; 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 our ability to create a more focused and agile organization to better meet the changing needs of our customers; our expectations regarding our overall effective tax rate in 2020; our plans to increase the amount of our share repurchases in fiscal 2020; our expectations regarding the amount of our capital expenditures in fiscal 2020; and our expectations with respect to achieving our three-year financial targets through fiscal 2020.

The success of our plans and expectations regarding our operating performance, including expectations regarding our three-year financial objectives, 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 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 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 30, 2018, as filed with the SEC, and our subsequent filings with the SEC, including our Quarterly Report on Form 10-Q for the third quarter of fiscal 2019. We do not undertake to update our forward-looking statements, except as required by applicable law.

Tom Bené
Chairman, President & CEO

Our **VISION**

To be our customers' most valued and trusted business partner

At the heart of food and service™

SYSCO REPORTED IMPROVED YEAR-OVER-YEAR RESULTS FOR FISCAL 2019, SALES EXCEED $60 BILLION

Total Sysco	FISCAL 2019[1]	
Sales	$60.1B	2.4%
Gross Profit	$11.4B	2.9%
Adj. Operating Income[1]	$2.7B	7.9%
Adj. EPS[1]	$3.55	13.1%

[1] See Non-GAAP reconciliations at the end of the presentation.

U.S. FOODSERVICE OPERATIONS FISCAL YEAR 2019 RESULTS INCLUDE 4.4% ADJUSTED OPERATING INCOME GROWTH

U.S. Foodservice Operations	FY19[1]	
Sales	$41.3B	4.2%
Gross Profit	$8.2B	4.4%
Adj. OPEX[1]	$5.1B	4.4%
Adj. Operating Income[1]	$3.2B	4.4%

[1] See Non-GAAP reconciliations at the end of the presentation.

WE SAW MIXED RESULTS IN OUR INTERNATIONAL BUSINESS DURING FISCAL 2019; WITH ADJUSTED OPERATING INCOME GROWING 10.7%

International Foodservice Operations	FY19[1]	
Sales	$11.5B	0.2%
Gross Profit	$2.4B	1.8%
Adj. OPEX[1]	$2.0B	3.7%
Adj. Operating Income[1]	$354.8M	10.7%

[1] See Non-GAAP reconciliations at the end of the presentation.

Joel Grade
EVP & CFO

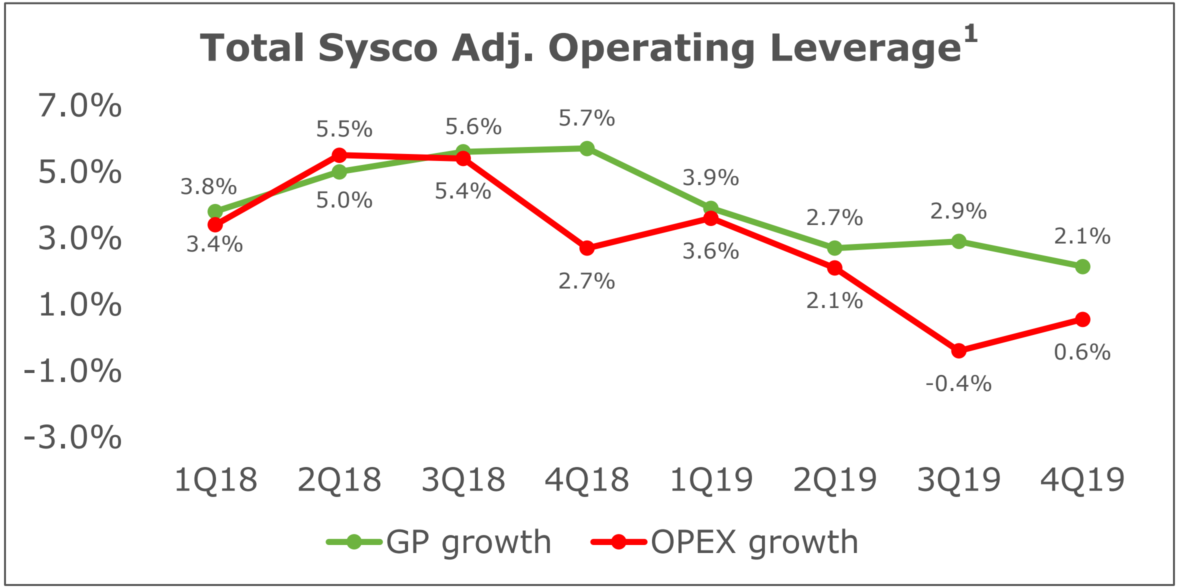
Sysco

4Q19 & FY19 FINANCIAL HIGHLIGHTS

	Adjusted[1]		Adjusted[1]	
$MM, except per share data	4Q19	YoY % Change	FY19	YoY % Change
Sales	$15,475	1.0%	$60,114	2.4%
Gross Profit	$2,979	2.1%	$11,409	2.9%
Adj. Operating Expense[1]	$2,161	0.6%	$8,676	1.4%
Adj. Operating Income[1]	$818	6.6%	$2,733	7.9%
Adj. Net Earnings[1]	$573	15.1%	$1,857	11.9%
Adj. Diluted EPS[1]	$1.10	16.9%	$3.55	13.1%

[1] See Non-GAAP reconciliations at the end of the presentation.

OPERATING PERFORMANCE



4Q19[1]	8 Quarter Average[1,2]
2.1%	4.0%
0.6%	2.9%

… for Q4 2019 and Fiscal Year 2019 we achieved a solid 150 bps gap

[1] See Non-GAAP reconciliations at the end of the presentation. [2] Average of FY18 and FY19 (Most recent 8 quarters, coinciding with three-year plan)

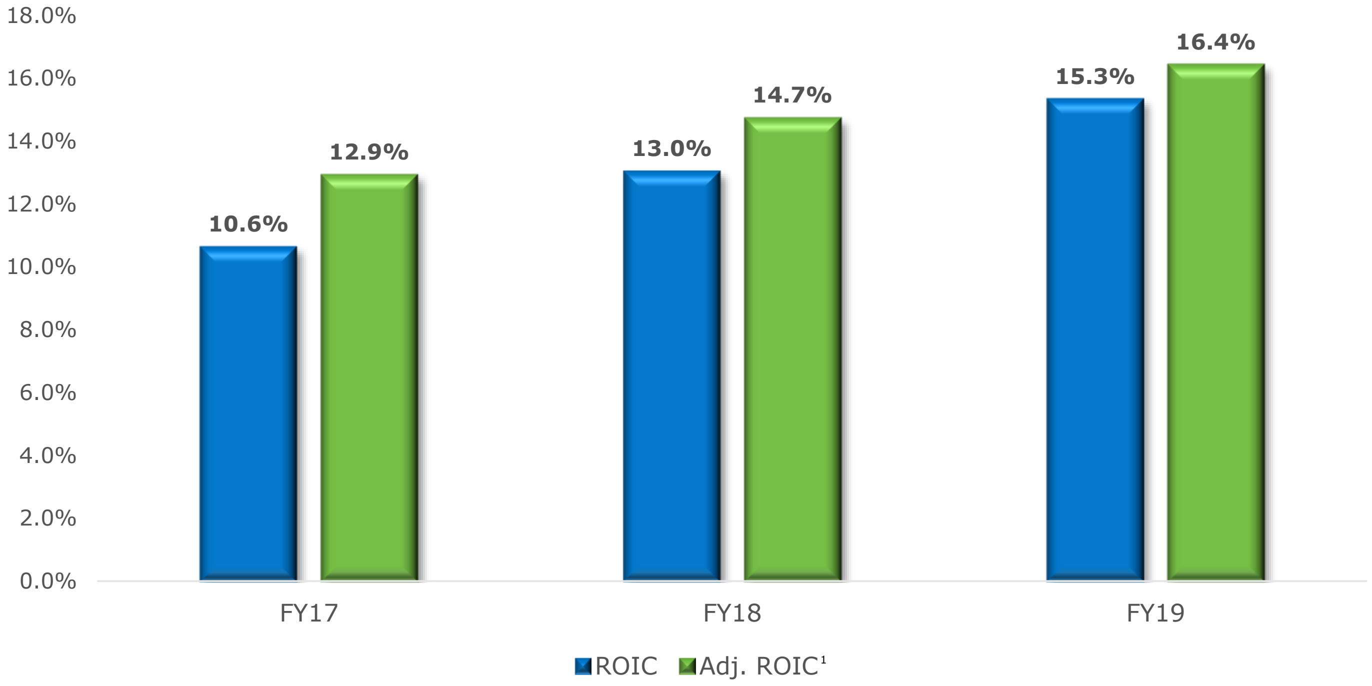
Sysco

WE CONTINUE TO GENERATE MEANINGFUL FREE CASH FLOW, ACHIEVING $1.74B FOR FISCAL YEAR 2019

	52 WEEKS OF FY18[1]	52 WEEKS OF FY19[1]	
Cash from Ops	$2.16B	**$2.41B**	**$255.8M**
Free Cash Flow	$1.49B	**$1.74B**	**$249.9M**

[1] See Non-GAAP reconciliations at the end of the presentation.

OUR ROIC HAS STEADILY IMPROVED OVER THE LAST FEW YEARS



[1] See Non-GAAP reconciliations at the end of the presentation.
Rolling 12-month returns as of June

WE MAINTAIN A DISCIPLINED APPROACH TO CAPITAL ALLOCATION

1. Investing in the business for long-term growth
2. Consistently growing the dividend
3. Participating in strategic M&A
4. Balanced approach to debt paydown and opportunistic share repurchases

FY19 AND RECENT ACQUISITIONS

Tom Bené
Chairman, President & CEO

UPDATED FY18- FY20 THREE-YEAR PLAN GUIDANCE

	Guidance As Disclosed on May 31, 2019	Updated Three-Year Plan[1] Guidance
Cases	Total: 2.5%-3.0% Local: 3.0%-3.3%	Total: 2.5%-3.0% Local: 3.0%-3.3%
Sales	3.5%-4.0%	3.5%-4.0%
Gross Profit	3.5%-4.0%	3.5%-4.0%
Adjusted Operating Income	~8.5% Low end of $650-$700M range	~8% ~$600M[1]
Adjusted EPS	~15%	~15%

[1] See Non-GAAP reconciliations at the end of the presentation.

WE DELIVERED A STRONG FY2019 AND FEEL CONFIDENT IN OUR ABILITY TO ACHIEVE SUCCESS OVER THE LONG-TERM

- We saw improved year-over-year results for fiscal 2019, including:
  - Solid adjusted operating income growth of 7.9%
  - Double digit adjusted EPS growth
  - Strong cash flow and balance sheet
- While investing in the business and returning value to shareholders with:
  - Our 50th consecutive dividend increase
  - More than $1B in share repurchases
- Focus remains on improving the overall customer experience and achieving the updated three-year plan financial targets

Non-GAAP Reconciliations

IMPACT OF CERTAIN ITEMS

Our discussion below and elsewhere herein 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.

Our results of operations for fiscal 2019 and 2018 were also impacted by the following acquisition-related items: (1) intangible amortization expense and (2) integration costs.

Fiscal 2019 results of operations were impacted by a gain on the sale of Iowa Premium. In addition, fiscal 2018 results of operations were impacted by multiemployer pension plan (MEPP) withdrawal charges and debt extinguishment charges. Sysco’s results of operations for fiscal 2019 and 2018 were also impacted by reform measures from the Tax Act enacted on December 22, 2017. The impact for fiscal 2019 and 2018 includes a transition tax on certain unrepatriated earnings of foreign subsidiaries, and the impact for fiscal 2019 also includes the recognition of a foreign tax credit. The impact for fiscal 2018 includes: (1) a net benefit from remeasuring Sysco’s accrued income taxes, deferred tax liabilities and deferred tax assets due to the changes in tax rates; and (2) a benefit from contributions made to fund the U.S. Retirement Plan (Pension Plan).

The fiscal 2019 and 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 designated as Certain Items 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, other income, 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, facilitates 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.

OPERATING INCOME TARGET

We expect to achieve our gross profit, operating income and earnings per share targets under our 3-year strategic plan by fiscal 2020. We cannot predict with certainty when we will achieve these results or whether the calculation of our gross profit, operating income and/or earnings per share 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.

IMPACT OF CERTAIN ITEMS, FY19

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

	52-Week Period Ended Jun. 29, 2019	52-Week Period Ended Jun. 30, 2018	Period Change in Dollars	Period % Change
Operating expenses (GAAP)	$ 9,078,837	$ 8,771,335	$ 307,502	3.5%
Impact of restructuring and transformational project costs (1)	(325,300)	(109,524)	(215,776)	NM
Impact of acquisition-related costs (2)	(77,832)	(108,136)	30,304	-28.0%
Impact of MEPP charge	-	(1,700)	1,700	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 8,675,705	$ 8,551,975	$ 123,730	1.4%
Operating income (GAAP)	$ 2,330,150	$ 2,314,056	$ 16,094	0.7%
Impact of restructuring and transformational project costs (1)	325,300	109,524	215,776	NM
Impact of acquisition-related costs (2)	77,832	108,136	(30,304)	-28.0%
Impact of MEPP charge	-	1,700	(1,700)	NM
Operating income adjusted for Certain Items (Non-GAAP)	$ 2,733,282	$ 2,533,416	$ 199,865	7.9%
Interest expense (GAAP)	$ 360,423	$ 395,483	$ (35,060)	-8.9%
Impact of loss on extinguishment of debt	-	(53,104)	53,104	NM
Interest expense adjusted for certain items (Non-GAAP)	$ 360,423	$ 342,379	$ 18,044	5.3%
Other (income) expense (GAAP)	$ (36,109)	$ (37,651)	$ 1,542	-4.1%
Impact of gain on sale of Iowa Premium	66,309	-	66,309	NM
Other (income) expense (Non-GAAP)	$ 30,200	$ (37,651)	$ 67,851	NM
Net earnings (GAAP)	$ 1,674,271	$ 1,430,766	$ 243,505	17.0%
Impact of restructuring and transformational project costs (1)	325,300	109,524	215,776	NM
Impact of acquisition-related costs (2)	77,832	108,136	(30,304)	-28.0%
Impact of gain on sale of Iowa Premium	(66,309)	-	(66,309)	NM
Impact of MEPP charge	-	1,700	(1,700)	NM
Impact of loss on extinguishment of debt	-	53,104	(53,104)	NM
Tax impact of restructuring and transformational project costs (3)	(81,722)	(34,024)	(47,698)	NM
Tax impact of acquisition-related costs (3)	(19,553)	(26,172)	6,619	-25.3%
Tax impact of gain on sale of Iowa Premium	18,119	-	18,119	NM
Tax Impact of MEPP charge (3)	-	(573)	573	NM
Tax impact of loss on extinguishment of debt (3)	-	(18,225)	18,225	NM
Tax impact of Pension Plan contribution (3)	-	(44,424)	44,424	NM
Impact of foreign tax credit benefit	(95,067)	-	(95,067)	NM
Impact of US transition tax	17,516	80,000	(62,484)	-78.1%
Impact of France, U.K. and Sweden tax law changes	6,464	(9,706)	16,170	NM
Impact of US balance sheet remeasurement from tax law change	-	(14,477)	14,477	NM
Impact of repatriation of certain international earnings (4)	-	24,208	(24,208)	NM
Net earnings adjusted for Certain Items (Non-GAAP)	$ 1,856,851	$ 1,659,837	$ 197,014	11.9%

IMPACT OF CERTAIN ITEMS, FY19 (CONTINUED)

Diluted earnings per share (GAAP)	$ 3.20	$ 2.70	$ 0.50	18.5%
Impact of restructuring and transformational project costs (1)	0.62	0.21	0.41	NM
Impact of acquisition-related costs (2)	0.15	0.20	(0.05)	-25.0%
Impact of gain on sale of Iowa Premium	(0.13)	-	(0.13)	NM
Impact of loss on extinguishment of debt	-	0.10	(0.10)	NM
Tax impact of restructuring and transformational project costs (3)	(0.16)	(0.06)	(0.10)	NM
Tax impact of acquisition-related costs (3)	(0.04)	(0.05)	0.01	-20.0%
Tax impact of gain on sale of Iowa Premium	0.03	-	0.03	NM
Tax impact of loss on extinguishment of debt (3)	-	(0.03)	0.03	NM
Tax impact of Pension Plan contribution (3)	-	(0.08)	0.08	NM
Impact of foreign tax credit benefit	(0.18)	-	(0.18)	NM
Impact of US transition tax	0.03	0.15	(0.12)	-80.0%
Impact of France, U.K. and Sweden tax law changes	0.01	(0.02)	0.03	NM
Impact of US balance sheet remeasurement from tax law change	-	(0.03)	0.03	NM
Impact of repatriation of certain international earnings (4)	-	0.05	(0.05)	NM
Diluted EPS adjusted for Certain Items (Non-GAAP) (5)	$ 3.55	$ 3.14	$ 0.41	13.1%
Diluted shares outstanding	523,381,124	529,089,854		

(1) Fiscal 2019 includes $151 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy, of which $18 million relates to accelerated depreciation related to software that is being replaced, and $174 million related to severance, restructuring and facility closure charges in Europe, Canada and at Corporate, of which $61 million relates to our France restructuring as part of our integration of Brake France and Davigel into Sysco France. Fiscal 2018 includes $70 million related to business technology costs and professional fees on three-year financial objectives and $33 million related to restructuring charges.

(2) Fiscal 2019 and fiscal 2018 include $77 million and $81 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes, and $1 million and $18 million, respectively, related to 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) Represents the expense from foreign withholding tax incurred obtained through the repatriation of certain international earnings, partially offset by tax credits.

(5) 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.

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IMPACT OF CERTAIN ITEMS, FY19 (SEGMENT)

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)

	52-Week Period Ended Jun. 29, 2019	52-Week Period Ended Jun. 30, 2018	Period Change in Dollars	Period %/bps Change
U.S. Foodservice Operations				
Operating expenses (GAAP)	$ 5,056,211	$ 4,843,459	$ 212,752	4.4%
Impact of MEPP charge	-	(1,700)	1,700	NM
Operating expenses adjusted for certain items (Non-GAAP)	$ 5,056,211	$ 4,841,759	$ 214,452	4.4%
Operating income (GAAP)	$ 3,192,816	$ 3,056,817	$ 135,999	4.4%
Impact of MEPP charge	-	1,700	(1,700)	NM
Operating income adjusted for certain items (Non-GAAP)	$ 3,192,816	$ 3,058,517	$ 134,299	4.4%
International Foodservice Operations				
Operating expenses (GAAP)	$ 2,266,736	$ 2,243,104	$ 23,632	1.1%
Impact of restructuring and transformational project costs (1)	(152,852)	(36,667)	(116,185)	NM
Impact of acquisition-related costs (2)	(76,530)	(90,004)	13,474	-15.0%
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 2,037,354	$ 2,116,433	$ (79,079)	-3.7%
Operating income (GAAP)	$ 125,443	$ 193,864	$ (68,421)	-35.3%
Impact of restructuring and transformational project costs (1)	152,852	36,667	116,185	NM
Impact of acquisition-related costs (2)	76,530	90,004	(13,474)	-15.0%
Operating income adjusted for Certain Items (Non-GAAP)	$ 354,825	$ 320,535	$ 34,290	10.7%

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IMPACT OF CERTAIN ITEMS, FY19 (SEGMENT CONTINUED)

SYGMA

Operating expenses (GAAP)	$ 477,858	$ 486,960	$ (9,102)	-1.9%
Impact of restructuring and transformational project costs (3)	(2,609)	-	(2,609)	NM
Operating expenses adjusted for certain items (Non-GAAP)	$ 475,249	$ 486,960	$ (11,711)	-2.4%
				NM
Operating income (GAAP)	27,780	24,318	3,462	14.2%
Impact of restructuring and transformational project costs (3)	2,609	-	2,609	NM
Operating income adjusted for certain items (Non-GAAP)	$ 30,389	$ 24,318	$ 6,071	25.0%

Other *

* Segment has no applicable Certain items

(1) Includes $61 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 $77 million and $81 million, respectively, related to intangible amortization expense from the Brakes Acquisition.

(3) Includes charges related to facility closures and other restructuring charges.

NM represents that the percentage change is not meaningful.

IMPACT OF CERTAIN ITEMS, 4Q19

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 Jun. 29, 2019	13-Week Period Ended Jun. 30, 2018	Period Change in Dollars	Period % Change
Operating expenses (GAAP)	$ 2,258,662	$ 2,232,773	$ 25,889	1.2%
Impact of restructuring and transformational project costs (1)	(77,753)	(46,313)	(31,440)	67.9%
Impact of acquisition-related costs (2)	(19,789)	(37,230)	17,441	-46.8%
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 2,161,120	$ 2,149,230	$ 11,890	0.6%
Operating income (GAAP)	$ 720,530	$ 683,936	$ 36,594	5.4%
Impact of restructuring and transformational project costs (1)	77,753	46,313	31,440	67.9%
Impact of acquisition-related costs (2)	19,789	37,230	(17,441)	-46.8%
Operating income adjusted for Certain Items (Non-GAAP)	$ 818,072	$ 767,479	$ 50,593	6.6%
Other (income) expense (GAAP)	$ (51,558)	$ (1,688)	$ (49,870)	NM
Impact of gain on sale of Iowa Premium	66,309	-	66,309	NM
Other (income) expense (Non-GAAP)	$ 14,751	$ (1,688)	$ 16,439	NM
Net earnings (GAAP)	$ 535,766	$ 448,928	$ 86,838	19.3%
Impact of restructuring and transformational project costs (1)	77,753	46,313	31,440	67.9%
Impact of acquisition-related costs (2)	19,789	37,230	(17,441)	-46.8%
Impact of gain on sale of Iowa Premium	(66,309)	-	(66,309)	NM
Tax impact of restructuring and transformational project costs (3)	(16,891)	(13,299)	(3,592)	27.0%
Tax impact of acquisition-related costs (3)	(4,352)	(8,940)	4,588	-51.3%
Tax impact of gain on sale of Iowa Premium	18,119	-	18,119	NM
Impact of US transition tax	2,631	(35,000)	37,631	NM
Impact of France, U.K. and Sweden tax law changes	6,464	(1,569)	8,033	NM
Impact of repatriation of certain international earnings (4)	-	24,208	(24,208)	NM
Net earnings adjusted for Certain Items (Non-GAAP)	$ 572,970	$ 497,871	$ 75,099	15.1%
Diluted earnings per share (GAAP)	$ 1.03	$ 0.85	$ 0.18	21.3%
Impact of restructuring and transformational project costs (1)	0.15	0.09	0.06	66.7%
Impact of acquisition-related costs (2)	0.04	0.07	(0.03)	-42.9%
Impact of gain on sale of Iowa Premium	(0.13)	-	(0.13)	NM
Tax impact of restructuring and transformational project costs (3)	(0.03)	(0.03)	-	0.0%
Tax impact of acquisition-related costs (3)	(0.01)	(0.02)	0.01	-50.0%
Tax impact of gain on sale of Iowa Premium	0.03	-	0.03	NM
Impact of US transition tax	0.01	(0.07)	0.08	NM
Impact of France and U.K. tax law changes	0.01	-	0.01	NM
Impact of repatriation of certain international earnings (4)	-	0.05	(0.05)	NM
Diluted EPS adjusted for Certain Items (Non-GAAP) (5)	$ 1.10	$ 0.94	$ 0.16	16.9%
Diluted shares outstanding	520,060,241	528,053,652		

(1) Fiscal 2019 includes $37 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy and $41 million related to restructuring, facility closure and severance charges. Fiscal 2018 includes $22 million related to business technology costs and professional fees on three-year financial objectives and $18 million related to restructuring charges.

(2) Fiscal 2019 and fiscal 2018 include $19 million and $30 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes. Fiscal 2018 includes $4 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) Represents the expense from foreign withholding tax incurred obtained through the repatriation of certain international earnings, partially offset by tax credits.

(5) 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

IMPACT OF CERTAIN ITEMS, 4Q19 (SEGMENT)

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 Jun. 29, 2019	13-Week Period Ended Jun. 30, 2018	Period Change in Dollars	Period %/bps Change
U.S. Foodservice Operations				
Operating expenses (GAAP)	$ 1,273,696	$ 1,216,333	$ 57,363	4.7%
Impact of restructuring and transformational project costs (1)	2,755	-	2,755	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 1,276,451	$ 1,216,333	$ 60,118	4.9%
Operating income (GAAP)	$ 874,156	$ 870,490	$ 3,666	0.4%
Impact of restructuring and transformational project costs (1)	(2,755)	-	(2,755)	NM
Operating income adjusted for Certain Items (Non-GAAP)	$ 871,401	$ 870,490	$ 911	0.1%
International Foodservice Operations				
Operating expenses (GAAP)	558,193	$ 594,002	$ (35,809)	-6.0%
Impact of restructuring and transformational project costs (2)	(35,359)	(23,615)	(11,744)	49.7%
Impact of acquisition-related costs (3)	(19,305)	(33,003)	13,698	-41.5%
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 503,529	$ 537,384	$ (33,855)	-6.3%
Operating income (GAAP)	$ 63,443	$ 44,990	$ 18,453	41.0%
Impact of restructuring and transformational project costs (2)	35,359	23,615	11,744	49.7%
Impact of acquisition-related costs (3)	19,305	33,003	(13,698)	-41.5%
Operating income adjusted for Certain Items (Non-GAAP)	$ 118,107	$ 101,608	$ 16,499	16.2%
SYGMA				
Operating expenses (GAAP)	$ 118,293	$ 124,194	$ (5,901)	-4.8%
Impact of restructuring and transformational project costs (4)	(2,241)	-	(2,241)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 116,052	$ 124,194	$ (8,142)	-6.6%
Operating income (GAAP)	10,567	11,643	(1,076)	-9.2%
Impact of restructuring and transformational project costs (4)	2,241	-	2,241	NM
Operating income adjusted for Certain Items (Non-GAAP)	$ 12,808	$ 11,643	$ 1,165	10.0%
Other *				

* Segment has no applicable Certain items

(1) Includes charges related to business transformation projects.
(2) Includes restructuring, facility closure and severance costs in Europe and Canada.
(3) Fiscal 2019 and fiscal 2018 include $19 million and $30 million, respectively, related to intangible amortization expense from the Brakes Acquisition.
(4) Includes charges related to facility closures and other restructuring charges.
NM represents that the percentage change is not meaningful.

ADJUSTED OPERATING LEVERAGE

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Total Sysco Operating Leverage (impact of Certain Items)
(In Thousands)

[(a)] **8 quarter average gross profit (GAAP)**	4.0%
[(b)] **8 quarter average operating expenses (GAAP)**	3.4%
[(c)] **8 quarter average operating expenses adjusted for Certain Items (Non-GAAP)**	2.9%

	13-Week Period Jun. 29, 2019	13-Week June. 30, 2018	13-Week Period Change	13-Week Period	13-Week Mar. 30, 2019	13-Week Mar. 31, 2018	13-Week Period Change	13-Week Period
Gross profit	$ 2,979,192	$ 2,916,709	$ 62,483	2.1% (a)	$ 2,754,298	$ 2,675,628	$ 78,670	2.9% (a)
Operating expenses (GAAP)	$ 2,258,662	$ 2,232,773	$ 25,889	1.2% (b)	$ 2,224,713	$ 2,193,425	$ 31,288	1.4% (b)
Impact of certain items (1)	(97,542)	(83,544)	(13,998)	16.8%	(90,604)	(49,842)	(40,762)	81.8%
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 2,161,119	$ 2,149,229	$ 11,891	0.6% (c)	$ 2,134,108	$ 2,143,583	$ (9,474)	-0.4% (c)

	13-Week Period Ended Dec. 29, 2018	13-Week Period Ended Dec. 30, 2017	13-Week Period Change in Dollars	13-Week Period % Change	13-Week Period Ended Sep. 29, 2018	13-Week Period Ended Sep. 30, 2017	13-Week Period Change in Dollars	13-Week Period % Change
Gross profit	$ 2,771,712	$ 2,699,386	$ 72,326	2.7% (a)	$ 2,903,785	$ 2,793,668	$ 110,117	3.9% (a)
Operating expenses (GAAP)	$ 2,319,817	$ 2,170,834	$ 148,983	6.9% (b)	$ 2,275,645	$ 2,174,303	$ 101,342	4.7% (b)
Impact of certain items (1)	(151,445)	(47,176)	(104,269)	NM	(63,539)	(38,798)	(24,742)	63.8%
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 2,168,372	$ 2,123,658	$ 44,714	2.1% (c)	$ 2,212,106	$ 2,135,506	$ 76,600	3.6% (c)

ADJUSTED OPERATING LEVERAGE (CONTINUED)

	13-Week Period Ended Jun. 30, 2018	13-Week Period Ended Jul. 1, 2017	13-Week Period Change in Dollars	13-Week Period % Change	13-Week Period Ended Mar. 31, 2018	13-Week Period Ended Apr. 1, 2017	13-Week Period Change in Dollars	13-Week Period % Change
Gross profit	$ 2,916,709	$ 2,759,590	$ 157,119	5.7% (a)	$ 2,675,628	$ 2,534,135	$ 141,493	5.6% (a)
Operating expenses (GAAP)	$ 2,232,773	$ 2,201,278	$ 31,495	1.4% (b)	$ 2,193,425	$ 2,097,809	$ 95,616	4.6% (b)
Impact of certain items (1)	(83,544)	(108,870)	25,326	-23.3%	(49,842)	(64,337)	14,495	-22.5%
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 2,149,229	$ 2,092,408	$ 56,821	2.7% (c)	$ 2,143,583	$ 2,033,472	$ 110,111	5.4% (c)

	13-Week Period Ended Dec. 30, 2017	13-Week Period Ended Dec. 31, 2016	13-Week Period Change in Dollars	13-Week Period % Change	13-Week Period Ended Sep. 30, 2017	13-Week Period Ended Oct. 1, 2016	13-Week Period Change in Dollars	13-Week Period % Change
Gross profit	$ 2,699,386	$ 2,571,863	$ 127,523	5.0% (a)	$ 2,793,668	$ 2,691,919	$ 101,749	3.8% (a)
Operating expenses (GAAP)	$ 2,170,834	$ 2,079,082	$ 91,752	4.4% (b)	$ 2,174,303	$ 2,124,722	$ 49,581	2.3% (b)
Impact of certain items (1)	(47,176)	(65,460)	18,284	-27.9%	(38,798)	(59,995)	21,197	-35.3%
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 2,123,658	$ 2,013,622	$ 110,036	5.5% (c)	$ 2,135,506	$ 2,064,727	$ 70,778	3.4% (c)

(1) Fiscal 2019 consists of restructuring and transformational project costs including business technology transformation initiative costs and related professional fees, restructuring expenses within our Sysco Europe and Canadian operations, severance charges related to restructuring and facility closure charges. Fiscal 2018 includes business technology transformation initiative costs, professional fees on three-year financial objectives, restructuring expenses within our Brakes operations, severance charges related to restructuring and the impact of MEPP withdrawal charges. The Certain Items also include the impact of acquisition-related items, including intangible amortization expense and integration costs.

FREE CASH FLOW

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.

	52-Week Period Ended Jun. 29, 2019	**52-Week Period Ended Jun. 30, 2018**	**52-Week Period Change in Dollars**
Net cash provided by operating activities (GAAP)	$ 2,411,207	$ 2,155,380	$ 255,827
Additions to plant and equipment	(692,391)	(687,815)	(4,576)
Proceeds from sales of plant and equipment	20,941	22,255	(1,314)
Free Cash Flow (Non-GAAP)	$ 1,739,757	$ 1,489,820	$ 249,937

ADJUSTED RETURN ON INVESTED CAPITAL

Adjusted Return on Invested Capital (ROIC)

We calculate ROIC as net earnings divided by (i) stockholder's equity, computed as the average of adjusted stockholders' equity at the beginning of the year and at the end of each fiscal quarter during the year excluding the impact of foreign currency translation adjustments; and (ii) long-term debt, computed as the average of the long-term debt at the beginning of the year and at the end of each fiscal quarter during the year. All components of our ROIC calculation are impacted by Certain Items. As a result, in the non-GAAP reconciliation below for each fiscal year, adjusted total invested capital is computed as the sum of (i) adjusted stockholder's equity, computed as the average of adjusted stockholders' equity at the beginning of the year and at the end of each fiscal quarter during the year; and (ii) adjusted long-term debt, computed as the average of the adjusted long-term debt at the beginning of the year and at the end of each fiscal quarter during the year. Sysco considers adjusted ROIC to be a measure that provides useful information to management and investors in evaluating the efficiency and effectiveness of the company's long-term capital investments, and we currently use ROIC as a performance criteria in our management incentive programs. It is possible that a different definition of ROIC may be used by other companies since it can be defined differently. 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, Adjusted ROIC for each period presented is to a GAAP based calculation of ROIC.

	52-Week Period Ended Jun. 29, 2019	52-Week Period Ended Jun. 30, 2018	52-Week Period Ended Jul. 1, 2017
Form of calculation:			
Net earnings (GAAP)	$ 1,674,271	$ 1,430,766	$ 1,142,503
Impact of Certain Items on net earnings	182,580	229,071	216,570
Adjusted net earnings (Non-GAAP)	$ 1,856,851	$ 1,659,837	$ 1,359,073
Invested Capital (GAAP)	$ 10,971,890	$ 11,042,773	$ 10,820,302
Adjustments to invested capital	347,290 (1)	275,125 (1)	(307,736) (1)
Adjusted invested capital (Non-GAAP)	$ 11,319,180	$ 11,317,899	$ 10,512,566
Return on investment capital (GAAP)	15.3%	13.0%	10.6%
Return on investment capital (Non-GAAP)	16.4%	14.7%	12.9%

(1) Shareholder's equity adjustments include the impact of Certain Items from earnings and removal of foreign currency translation adjustments that arose in the fiscal year.