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Unidentified Participant: Tyson Foods is the largest food company in the US, and they continue to grow as consumer demand for protein grows. For 5 consecutive years, Tyson has grown operating income, return on sales and earnings with a 5-year EPS CAGR of 22%, a claim few in the food space can make. Now in his second year as President and CEO, Tom Hayes has solidified Tyson's position as a modern food company, combining its size and scale with agility to make protein-rich foods more sustainably and more profitably. Let's thank Tyson for being here.

Tom Hayes: Very good. Thank you, Jane, and good afternoon, everybody. Thank you for your interest in Tyson Foods. We greatly appreciate being here today. Before we dive in, we're going to be sharing some exciting information today and some of it will be forward-looking, so I ask you to refer to our Safe Harbor statement. You can find it at ir.tyson.com.

So I am happy to be here, as Jane said, to update you on our progress on transformation, which has been significant. Tyson is a different company today than it was yesterday, and let's take a look at what that looks like right now.

(Video begins)

The humble dinosaur nugget. The humble dinosaur nugget. It's probably what comes to mind when you think of Tyson Foods. So you might be surprised to know that this sensory expert is Tyson, that this certified colonologist--

Yeah, that's a thing.

Is Tyson, that this renowned chef is Tyson, and that this lead pepperoni maker, who is living the dream, is also Tyson. The juicy rib eye at this five-star restaurant--Tyson. And the farm-fresh meat at your local butcher--wait for it--Tyson. Hey, what are you guys doing? Leading Tyson's water conservation efforts? Carry on.

Look at this packaging innovator, origami for Tyson. Look at these people helping communities for Tyson. Look at this Tyson, still working for Tyson. And this Tyson Discover Center Ideator--

Let me get back to you.

Ideating. These dietitians are Tyson, and these fellows, and these doggie treats.

Here, boy!

And that, that, that, that, and that, that, that--also that. Can I get one of those? Which led to this. Just a sec. That's better. Yes, the protein they make helps power people and the world. Guess what: they're smart about it, too. Biogas, very eco-friendly of you guys. And by the look of things, they're just getting started.

So I guess what I'm trying to say is when you think of Tyson, know this is just a nugget of the larger picture. This is Tyson Foods.

(Video ends)

Tom Hayes:

We are very proud of our heritage. Our heritage is in chicken. We are going from a company that has that strong heritage to becoming what is a modern food company. Our strategy is clear, our results are real, and we are here to tell you about it today. We are the US's large food company by far, and we are resetting the table for what good looks like in the food industry.

So let's talk about the agenda today. I have three team members who are going to be presenting me with today. Stewart Glendinning is going to talk about our foundation for growth, Sally Grimes is going to talk about our strategy for growth, and then Justin Whitmore is going to talk about delivering consistent, continuous improvement and cost execution while delivering sustainability. So those are the three takeaways: strong foundation, great growth model, and continuing to deliver cost savings while growing the top line and delivering sustainability.

We also have Noel White, who's the Group President of our Fresh Meats International business with us today, and Doug Ramsey, who's the Group President of our Poultry business, and they'll be available to answer questions after we finish the general presentation.

So I'm going to set some context upfront. We are an advantaged leader in a pure growth market. If you think about protein, everybody here is eating protein. I said this to this audience last year; it's still true. In fact, it's accelerating. So over the last 60 years, protein has been growing globally at 3% or more, and it is in the US more. And for the next 60 years it will be the same thing. At least for the next 25 years, we know that protein is going to continue to be a pure growth market and a tailwind for Tyson Foods.

We play across beef, pork, chicken, of course. We are also playing across plant-based protein. You've seen a lot of that, and I'm sure there are going to be some questions about

it. But we are openly disrupting ourselves to continue to drive to the next level of improvement and the next level of advantage for us and our shareholders.

We have billion-dollar brands; we have rapid-growth brands. We serve customers in both retail and food service, and not in a small way--with scale. As one of the world's largest food companies and the largest in the US, we have insights that others can't garner, and we use those insights with our customers to help them drive growth.

Everything we do at Tyson starts with our purpose--to raise the world's expectations for how much good food can do. We don't just try to meet expectations; we try to exceed them, day in and day out, and then consistently raise them.

Last year we talked about a clear strategy--sustainably feed the world with the fastest-growing protein brands. That's what we're doing. We're doing it by growing and growing with differentiated assets, delivering on the cost model and sustainability, and making sure that we continue to, at every turn, look for what could be the next big thing for Tyson Foods in terms of innovation.

So we have the strategy we talked about last year. What we didn't talk about that's new this year to you, but you've seen it if you follow us, our structure has been streamlined for growth. We've got three big businesses; we've got three Groups President. They run those businesses top to bottom, and we have taken out the matrix structure where it doesn't make sense or add value. We have also streamlined the corporate structure--a much leaner corporate center that their job is to focus on helping the Group Presidents. And to the extent that we don't need resources, we are getting rid of them. And we have got a lot of team members at home that are listening. They have been hard at work making sure that this company is streamlined for success.

We've got a fantastic team. I am blessed to have this team with me--some of them with us today. They are the best and brightest in the food business, and I hope you'll see that same thing that I see every day. We have people from Boeing, from Molson-Coors. We have folks from Hewlett-Packard, so industries that are big and evolving outside of food. But we also combine that with excellent team members from within the company that have been running a food business for a long time and also people from outside of our industry or the company that have also been in the food business. They're setting new standards, and I think you'll see they are challenging at every corner the status quo.

So a few points on the board. We talk about commitments. Just to highlight a couple of them, certainly greater than 3% value-added growth. We said we wanted to do at least that; we are doing that. We want to grow EPS double digits; we're doing more than that. We have our core nine retail brands. We said we'd grow them about 1.5 times the market. We're growing them 3 times the market. And we have best-in-class innovation that we've already launched, and you're going to see best-in-class innovation today from Sally. And we are going to continue to deliver cost savings while we make the company more sustainable.

So EPS, that's a measure that we have to keep track of, of course, and we are consistently looking to how can we drive this further. If you look at our consistent earnings growth, you will see that we have been driving very quickly up the curve. And with FY18, even

without the tax reform, we would be again driving double-digit EPS growth. With the tax reform, FY18 is about 23% to 26% within the range above F '17 adjusted EPS. Five-year CAGR, 24.5%--not a bad-looking chart.

An even better-looking chart is our total return to shareholders. Over the last 3 years we have tripled the dividend of this company. We have continued to raise the stock price over the last 12 months based on the good work the team's doing on earnings. And over the last 3 years, our TSR in the food space is unmatched, and we expect it will be unmatched on into the future.

We see a lot of opportunities to sustain that growth. As I talk about the tailwind with protein, we have the best team in the industry to attack it. We have a foundation that is extraordinarily strong that Stewart will talk about. We have a growth-focused business model that Sally will touch on. And we have a purpose-driven culture that will continue to drive results. We want to exceed expectations, but this is the algorithm: 3% value-added growth or more and high-single-digit EPS, which we're beating both at the moment.

So one of the things I'm most proud of--again, shout-out to the 122,000 team members around the company and around the world--we this year were voted again the Fortune's World's Most Admired Company in Food Production. And yes, I'm doing a little horn-tooting because the team has done a lot of good work to earn this.

Last year, some of those around the number-one in the photo there, we didn't have number-one status. This year we're number one on every single measure--financial soundness, quality of management, use of corporate assets, innovation, long-term investment value. So we're very proud of that and we want to continue to drive further and faster.

So we're going to get kicked off--that's the context--we're going to get kicked off with the general part of the presentation. We're going to talk about the foundation for growth, growth, and then sustainability and delivering cost. To start out with the foundation for growth, I want to introduce you to Stewart Glendinning. He's our new CFO, and he'll take us from here. Stewart?

Stewart Glendinning:

Thanks, Tom, cheers. All right. Well, good afternoon, everybody. It's a pleasure to be here with you in Boca Raton. I'd like to talk to you a little bit about some of the fundamentals that are positioning Tyson in a unique way to win in the food space. I feel fortunate to be part of this team. It's such a great company, Tyson Foods. And not only has there been a tremendous track record, but there's still lots of room for substantial growth and value creation going forward.

I'd like to cover those fundamentals across four areas that support long-term value creation. Our operating cash flows have been increasing, and that's been underpinned by strong business growth. We're prudent in our capital allocation strategy--double-digit returns on CapEx, increasing dividends, consistent share buybacks, and all of those working together to drive TSR. We have the ability to shape our portfolio through M&A, and we've been doing that in a very strategic way.

All of these tactics work together to create a profitable, sustainable growth model for Tyson. And I'd like to just walk you through each of those in a little bit more detail.

So first, here are some great trends. Who wouldn't like to look at these charts? On the cash side, 17% 5-year growth CAGR. And in fiscal 2018, cash will benefit not only from our growth, but also from favorable tax reform. In 2018 we expect to drive an extra \$300 million from tax reform, and in 2019, a further \$400 million.

Our beef and pork businesses generate substantial amounts of cash, and we've been using that cash to accelerate the growth in our value-added chicken and prepared food businesses. And as we've invested in the higher-margin businesses and improved our product mix through branding and consumer-focused innovation, so our operating income has risen consistently. And of course, as you know, consistent earnings are the most powerful lever for cash flows and for capital allocation optionality.

So what does that optionality look like for us? Well, first we'll delever our debt to sub-2 times by the third quarter in our financial year. We will increase our dividend. Our Board has committed to at least a \$0.10 increase in our dividend each year. And in fact, if you look back over the last 3 years, you will see that our dividend has tripled to \$1.20 a year annually.

We will fund our CapEx plan, our organic growth, with an aggressive \$1.4 billion to \$1.5 billion this year, as we have a long pipeline of high-ROIC projects in the queue. And if you look at our CapEx portfolio in total, we're driving double-digit returns. That's more than twice our rate of our average--weighted average cost of capital.

And of course, we've also continued to buy back shares at the same time, both on a programmatic basis to offset the impacts of our incentive share schemes, but also shares over and above that. And in fact, if you look at the chart, you'll see that we've had a very strong record of returning cash to shareholders.

And of course, on top of all that, we still have the flexibility for M&A, given the powerful balance sheet that we have. We'll continue to look for strategic acquisitions, mostly small bolt-ons, but we have the kind of firepower that if something more material were to be available, we would be ready for that.

So talking of M&A, when we look at M&A, these are the lenses that we look through to decide whether the target makes sense or not. It tells us what we're looking for and, more importantly, what we're not looking for. And so if you think about an acquisition, typically those acquisitions will bring new brands, new capabilities, give us scale and synergies, or open up new markets or geographies. And in many cases, a deal might touch several of those qualifiers.

So let's see how that works in actuality. So looking at this model against the Hillshire Brands acquisition, of course you know that that acquisition brought some real iconic growth brands, like Hillshire Farm, Jimmy Dean, and Ballpark. These are brands with huge growth potential, and we immediately assumed ownership of a proven list of category leaders. It also gave us capability in areas where we previously had none--specifically, frozen breakfast sandwiches. That's a category that's growing in double-digit

increases. And finally, of course--very important--it gave us scale and synergies, and we've been able to drive out \$675 million of synergies over the past 3 years. That allowed us to accelerate the growth of the brands, and it allowed us to pay down our debt.

At the time of the acquisition, there was talk that Tyson had paid way too much for the acquisition. But I think if you look in retrospect on a post-synergy basis, this was a real bargain for us. It would have cost a fortune and decades in order to build organically the kinds of brands and capabilities that we were able to acquire.

So our most recent acquisition, AdvancePierre, what did that look like? Well, of course you can see from the chart above, it isn't a consumer-branded business. It has strong food service brands. It enhanced our capability in the sandwich business. It gave us scale in prepared foods in areas like schools and institutional feeding. It allowed us to show up much more powerfully and to extend our reach and our depth. And think about the market impact. We were able to take a business that was primarily East Coast-focused, run it through the Tyson distribution platform, and expand the market share of the business--overall, a great acquisition for us.

And looking at something a little bit smaller, Original Philly. We took a relatively small business but a big player in the Philly cheese steak business. Utilizing our resources, we were able to accelerate this business quickly, making us a leader in the Philly steak category. Our distribution platform provided a springboard to be able to rapidly accelerate the business growth and to drive it into new geographies and new customers.

So how does what I said add up to real results in fiscal 2018? Well, first of all, we're expecting top line sales growth of 6% to 7%. That will take us to around \$41 billion, of which about \$1.1 billion comes from the AdvancePierre acquisition, and the remaining from our base business. We're planning for CapEx, as I've said, in the \$1.4 billion to \$1.5 billion, which is up \$100 million from our November guidance. That's driven primarily from the flexibility that the tax reform has given us and is allowing us to accelerate spending on capital projects to further unlock operational improvements with a focus on sustainability and innovation. And on the earnings side, we're expecting earnings in the range of \$6.55 to \$6.70 per share, which is benefiting about \$0.85 this year from tax reform.

So in wrapping up, I was very excited to join Tyson Foods because I see a model that is built to drive sustained profitability and growth, and our record shows it. We're a modern food company with unmatched scale--as Tom said, the largest in the country. And yet we're consumer-centric, we're flexible, and we're agile. We have a momentum, as evidenced by our earnings and our share growth. And we've built an industry position of increasingly branded products and strong customer relationships. And I'd argue that both of those are very powerful platforms for ongoing, stable earnings growth.

We've taken a purposeful approach to M&A, focusing on brands, capabilities, scale, synergy, new geographies or markets. And we've demonstrated that we know how to fold businesses into our organization, both big and small, while delivering the kind of returns that shareholders should expect. The bottom line is we have created a flywheel of cash generation and reinvestment in future growth, and this is a sustainable model of value creation for shareholders.

So with that, I'll turn it over to Sally Grimes, who will tell us a little bit more about how she's going to drive that flywheel. Sally?

Sally Grimes:

Thank you, Stewart. Well, it is great to be here again this year to continue the conversation on growth at Tyson. Now, today I'm going to tell you why Tyson Prepared Foods is a growth business that is now primed to realize its top and bottom line potential. And I want to tell you about the pipeline across total Tyson to grow demand across three areas. We're modernizing our billion-dollar brands, we're creating tomorrow's iconic brands and businesses, and I want to tell you how we're changing the game with some new growth models.

So to start, Prepared Foods has some fundamental advantages. First, it's a protein-centric business. Protein is growing. Sixty percent of us are actively trying to get more protein in our diets. Next, our business is balanced across food service and retail. And in this world of blurring channels, that is a strong advantage for us. And we continue to see incredible changes to how people eat and what they expect from their food. So here our broad and diverse portfolio strongly positions us. And finally, we drive total category growth with a portfolio of both our own leading brands and we develop our customer brands. So when you combine all of this with the way that we innovate and create demand and leverage our scale, we are uniquely advantaged.

And here's how it comes to life. There is a much different growth story for Tyson Prepared Foods than for food in general. Last year we grew retail volume 220 basis points, faster than total food and beverage, more than any other top-10 food company. And in fact, it's this chart within dollar sales, our growth rate would be over 3 times total food and beverage. So this is pretty remarkable given the size of our business. If it was a standalone company, Tyson Prepared Foods would be in the top 15 largest food companies.

So over the past several months, we've really sharpened our focus. We've integrated the leadership, the strategy, the performance management across Prepared Foods retail, food service, and operations. It's a hand-picked senior team, and we have two very straightforward actions: growing demand and expanding our margins. We are delivering top line growth and margin expansion. And that is unleashing the impact of Prepared Foods for the total Tyson enterprise.

Now, in the past, the potential of this business has been clouded by shorter-term operational issues. We've identified them, we've fixed them, we're moving beyond them. Our strong start to this fiscal year is evidence. Adjusted operating margin was 11.9% for Q1, well ahead of last year and the highest on record for the segment. Prepared Foods is over an \$8 billion value-added food business, growing volume double digits and expanding operating income percentage.

Just 4 years ago, this was a \$3.3 billion business with 3% margins that generated about 7% of Tyson's EBIT. Today's it's over 25% of total Tyson EBIT. So Prepared Foods is helping transform total Tyson through the stability and higher-margin profile of this brand-centered, value-added business.

So now that we have reset the foundation for Prepared Foods, I want to share more about our company's growth focus moving forward. I'm going to move on to these three areas we're focused on to grow demand for Prepared Foods and across the enterprise: modernizing our billion-dollar brands, creating tomorrow's iconic brands and businesses, and we're changing the game with some new growth models.

Now to start. We are in a very fortunate position of having multiple billion-dollar brands in our portfolio. It's an advantage, but it's also a responsibility. We have to keep them contemporary and relevant through continuous innovation and modern brand-building.

So I'm going to start with our Jimmy Dean brand. We like to say we have one boot in our roots and one boot in our future with this billion-dollar iconic brand. Now, consumer-centered innovation has been and will continue to be the growth engine for Jimmy Dean. This brand has led the industry by growing 31% over the last 5 years. And here's a few recent success stories.

Last year we launched the best-performing, new single-serve breakfast item at retail with Jimmy Dean Simple Scrambles. These are refrigerated cups of scrambled eggs. They're a great, fresh, on-the-go breakfast with over 20 grams of protein. The velocity on these items were over 50% higher than our projections.

Now, not only did we create a new refrigerated category with scramble cups, we also grew the frozen breakfast category with Jimmy Dean Frittatas. Now, 15% of Year 1 sales came from new buyers to the frozen breakfast category, and yet another innovation success was Jimmy Dean Stuffed Hash Browns. The repeat rate on this line was among the best we've ever seen. Once consumers try it, they keep coming back, like our friend Harold here.

(Video begins)

Harold hated everything.

Would you like to buy some candy?

Uuh, ehh, nah.

But I recently bought Jimmy Dean Stuffed Hash Browns. They're crispy right out of the microwave and stuffed with delicious meat and cheeses.

Mmmm.

All that crispy goodness has him seeing the day in a whole new light.

Jimmy Dean Stuffed Hash Browns. Shine on.

(Video ends)

Sally Grimes: Launch a new line of frozen breakfast sandwiches without the carbs. We're calling this breadless breakfast platform Jimmy Dean Egg'Wiches. We're also launching the first

Jimmy Dean morning snack with these new Protein Packs. They're hard-boiled eggs, natural cheese and Jimmy Dean meats. They require no prep, and they deliver over 15 grams of protein. And then, given the huge success of our Simple Scramble cups, we're expanding the line to launch Egg White Scrambles this year so you can get even more Sunday-morning taste with a Tuesday effort.

Now, Hillshire Farm is another one of our billion-dollar brands, and we are keeping it fresh. We have evolved the Hillshire Farm from a place to a symbol of the values embodied by the brand. The idea is when you enjoy food that's crafted with care, you're closer to the farm than you think. So we started with elevating the quality of everyday lunchmeat. Now, over 65% of consumers are looking for food with cleaner labels, so we've upgraded our entire core line to nothing artificial.

We also know that nearly 40% of us use lunchmeat for a snack, so we're launching a line of premium carved all-natural meats that are perfect for snacking, for salads, for wraps. They're also perfect for expanding category consumption. Now, this whole new vision for Hillshire Farm is going to be brought to life with a new master brand campaign this year. Here's just a quick sample of the work.

(Video begins)

Your pasture may be a stovetop. Your dinner bell might be a text message. But when your smoked sausage is crafted with care, you're closer to the farm than you think.

Your tools may be virtual. Your harvest may yield rows and rows of data. But when your oven-roasted turkey breast is crafted with nothing but heart and hard work, you're closer to the farm than you think.

(Video ends)

Sally Grimes:

In 2016 we launched a hard-working new master brand campaign, "Keep It Real, Keep It Tyson." It grew the category and the brand. Then last year we announced that the entire Tyson consumer brand would be chicken raised with no antibiotics ever. We also partnered with an Oscar-winning documentary filmmaker to produce a Web content series where our team members address misconceptions about Tyson chicken.

And today it's time to evolve the identity of our flagship brand to reflect the progress that we've made and the promise of what's to come. We're launching a new Tyson consumer brand identity. It's simple and modern, but it stays true to our heritage. Our pre-market testing has been exceptional. Consumers and customers have told us it's more appetizing, it's easier to shop, and importantly, makes them want to buy more.

Okay, so moving on, the second bold action that we're taking to grow demand is creating tomorrow's iconic brands. Now, to give emerging brands the freedom they need to flourish, we have created a separate group within Prepared Foods called Rapid-Growth Brands. And this team really epitomizes our broader transformation. They have a startup mindset and they move fast. Aidells, Hillshire Snacking, Golden Island, and our pet brands operate within this very flat and focused model. Now, this tailored approach has

led to results, as the brands in this segment grew dollars over 30% last year. And they are a key contributor to the Prepared Foods growth profile.

Now, Hillshire Snacking's a great case study for our rapid-growth model. We developed it just a few years ago; today it's \$100 million at retail. And this year we'll launch innovation that brings an upscale fondue experience to the brand, like fontina cheese that accompanies this Rosemary Chicken.

Now, a key reason that Hillshire Snacking has been so successful is that it offers an experience beyond which you'd expect from a snack. So Golden Island is well positioned to capitalize on this model for modern eating. Now, this brand started with a Taiwanese jerky shop in 1952, and it's been using the same recipes and techniques for three generations. So we're launching new products like these Kimchi Pork Snacks that bring a twist to Asian tradition and takes the brand into new formats.

Now, the final brand I'll cover is one you might know. Long popular in the Hispanic market, now it's trending in some of the hottest food spots in the US. You've probably seen this iconic bottle and tasted this very unique blend of lime and chilis and sea salts. And today we're announcing an exclusive partnership with Tajin, one of Mexico's most authentic and recognized spice brands.

Now, Hispanic buying power in the US is going to reach \$1.7 trillion by 2020, and this partnership immediately increases our relevance with this very influential group of consumers. So we're going to leverage our protein know-how, our culinary capability, and brand-building expertise with Tajin with a portfolio of new products, like Tajin Spiced Meatballs, Sausage with Mango, and Boneless Chicken Bites.

Now I'm going to close by sharing the new growth models that are moving Tyson beyond traditional categories and really challenging conventional CPG ways of thinking and working.

Now, first, prepared deli, or as we like to call it, the grocerant. It generates 60% of total deli sales. It's growing at 6%, and it really highlights channel blurring. Tyson already plays in large deli categories like rotisserie chicken and deli meats. And combining this with new positions from recent acquisitions really allows us to lead in deli prepared foods with a new dedicated team.

For example, we're taking the fresh bread-baking capabilities from AdvancePierre with the recipes of Original Philly to deliver authentic cheese steak experience without the labor for deli operators. We're also launching a new brand. It's built specifically for the grocerant. It's called Green Street. And our first lineup will be these protein-rich grab-and-go bowls that are 100% plant-based protein.

Now, another game-changer is taking the \$47 billion retail fresh meat category and applying our value creation model. Now, in fresh poultry, we're just beginning to realize the impact. Fiscal year to date, our Tyson-branded fresh chicken dollars are up 10%, volume's up 4%. This is 3 times category growth rates.

Now, we introduced this concept we called CFG, or Consumer Fresh Goods, a couple of years ago with the e-commerce launch of Tyson Tastemakers Fresh Meal Kits. We've since tested Tastemakers in retail. And based on the learnings from that test, we're going to expand the platform to 14 markets across the US this April. So this model is working. We start small, we learn, we adjust, and then we scale.

Now, we've also recently expanded Tyson's Ventures. We back talented entrepreneurs who are pioneering breakthroughs in food and food-focused technologies. The success of Beyond Meat, our first investment, is a great example of a growing strategic partnership. And we've recently invested in Memphis Meat, a food pack, and Tovala, an end-to-end system that includes smart countertop steam ovens and fresh, ready-to-cook meals. So we're proud to be the first big food company on their platform in this very data-rich, direct-to-consumer space.

Now I want to close by introducing you to the Tyson Innovation Lab. Now, although we have an experienced innovation team across Tyson and they're producing results, we wanted to implement a new approach to really accelerate the pace of innovation. So we brought together a lean team of designers, chefs, scientists and supply chain experts in a dedicated space at our Chicago office. They only get 6 months to go from idea to in-market solution.

And so for our first cycle, we are finding opportunity and a huge challenge for our industry--wasted food. Now, through design thinking and agile methods, we'll soon be launching a new innovation platform that we have branded Yappah. Now, this is a term that originated in the Andes. It means that little something that a merchant may give away at the farmer's market to use up the day's inventory so nothing goes to waste. And so our first launch, we're using what goes unused in the food supply chain, and with those as ingredients, developing a line of protein snacks. We are moving very fast and we'll be sharing more about Yappah in the coming months.

So before I turn it over to Justin, I want to leave you with the answer to a question that I often get: "Where is big CPG going to find growth?" And the answer is happening at Tyson right now. We are activating a suite of growth models. This allows us the flexibility to match the solution to the opportunity and expand our overall growth capacity. We build, we buy, we invest and we partner. So we thrive in core categories through well-developed brand-building and innovation and apply them in new ways, like the Tyson Innovation Lab.

Through M&A, like AdvancePierre, we buy new capabilities, new brands, and we create new economies of scale. Now, Tyson Ventures enables us to invest in early-stage growth opportunities. And we partner with brands and businesses like Tajin that share our values and bring complementary capabilities to the table. So we have stopped using old tools to try to solve new problems. This is all about new ways to solve new problems and innovate faster than the consumer and the market changes.

So now I'll turn it over to Justin.

Justin Whitmore:

Thanks, Sally. Wow, Sally, I just continue to be inspired by the breadth and the depth of innovation that we see coming from the Tyson team. It's just extraordinary.

So hi, everyone. I'm Justin. I joined the Tyson team this past May as our first Chief Sustainability Officer, and that means I oversee our environmental, corporate social responsibility, animal well-being, and our continuous improvement teams. And this past August, my role expanded to include corporate strategy enterprise-wide and our venture capital investment, which Sally just spoke about. And I couldn't be more excited to be on the stage today to talk to you about the deliver and sustain elements of our model.

And when we're done with this time together, there's three things I want you to take away: one, Tyson's growing our top and bottom line; two, we're growing our top and bottom line with a model that will create sustained competitive advantage; and three, we're doing this all with the focus on the purpose Tom spoke about earlier, which is raising the world's expectations for how much good food can do.

So let's get into the deliver element of our strategy. Now, the interesting thing about Tyson and what we're designing together as a team is we have unmatched scale to deliver safe, affordable, high-quality and delicious food in a size and scale that's very rarely seen in the world. But we have to also link our design with opportunistic flexibility and responsiveness throughout our supply chain that will allow us to capture new growth and new opportunities. And when we talk about that internally, that model we're designing, we call it financial fitness.

Financial fitness brings proactivity, it creates a growth mindset in our approach to investment, so cost containment and reduction remains critical. But enabling growth rises to the top of how we think about capital investment. We're providing our team members the tools and techniques to allow them to solve problems at the source of the issue so that it doesn't become material in our business. And all of this is enabled through an aggressive technology agenda that's been quite amazing to see.

So let's talk about an element of financial fitness in reality; let's get tactical a bit. And that's something we call the Tyson Productivity System. The Tyson Productivity System brings relentless standardization to our operations, bringing the best practices from across our businesses together. Two, we use technology that enables us to have daily management systems giving us the data and the analytics to make changes on the floor right away. And three, we are establishing process controls that will allow us to reduce variation in our operations.

And this 3D picture you see behind us, 3D CAD technology we use to design two of our recent facilities--an expansion at a Green Force plant and a new plant we're building in Humboldt, Tennessee--we designed that plant floor with our engineers, our continuous improvement team, our operations folks, including folks that are going to work in those plants. And we made our mistakes and improved them before we spent a capital dollar, using 3D CAD.

And this impact is real. In FY18, we're going to drive \$200 million to the bottom line through our financial fitness program, expanding to \$400 million in FY19, \$600 million in FY20. And I want to stop for a second on this one because many of you in events like this have seen productivity and cost improvement programs, but rarely--at least in recent years--have you seen it while top line is growing. And that's something that we're excited

about at Tyson as we think about our differentiated model for performance improvement through financial fitness.

So the next part of our strategy I want to dive into is sustainability. So let's explain what that means to us. If you think about making a difference in the environment and the ecology, making a difference for our workforce and in the communities that we serve and operate in, and making a difference economically--when you mesh those things together, you create something that we call a virtuous cycle for growth, sustainability fueling the growth of the business, providing access to new customers and consumers, and enabling us to be more efficient in our operations. There's a dynamism in that that creates a momentum, and our team internally at Tyson is galvanized around the idea of sustainability fueling profitable, stable, long-term growth.

And if we're being honest with ourselves, this is moving from the realm of nice-to-have to a requirement. In fact, one thing that was interesting to me: over the last 4 years, there's been a 20% increase in consumers saying that the treatment of animals is important, very important, in their buying decision. And that was not off of a small baseline. And when you look at the trends across our sustainability agenda, you're seeing a similar story play out. The fact of the matter is in the future, sustainability leaders will be profit leaders, and that's why we're excited about what we're doing right now at Tyson.

So let's talk a bit about how that comes to life today in reality. We're announcing today that Tyson is setting a bold aspiration publicly to reduce our greenhouse gas footprint by 30% by 2030. And if I'd go back to the earlier part of the conversation, this is fueling efficiency in operations, projects that return, and also enabling us to engage and capture new customers and new consumers in a big way. Very proud to be making that announcement in front of you today.

The second is we're investing in our team members. If we are going to reach our unique potential as Tyson Foods, each team member needs to be able to reach their unique potential, and we're giving them the skills internally, from financial literacy, from language skills, that will allow our employees to take leadership roles and drive increased value as you think about our investment in technology and the capabilities that that will require.

And finally, we're doubling down on traceability and transparency. We have a pilot going right now with IBM with blockchain technology that's showing some emerging, very exciting results. And we're piloting internally new ways to bring consumers closer to the farm with increased transparency into our operations and the experiences of the animals in our supply chain. All of this together is part of our growth algorithm and our growth model as a company.

So I want to, before we bring Tom back up to close, go back to the three things that we talked about. The first is Tyson's growing top and bottom line. The second, we're doing it in a differentiated way with a cost model focused on financial fitness that's driving real value today and a sustainability model that's actually giving us more access to growth pathways. And then finally, we're doing this by raising the expectations for how much good food can do.

It's exciting times at Tyson, and thank you guys for the time. I'm going to bring up Tom to close.

Tom Hayes: All right. Thank you, Justin. So hopefully, after hearing from Stewart, Sally and Justin, you understand why I'm so excited to be leading Tyson Foods. And the future is bright. Our strategy is clear, and that's to sustainably feed the world with the fastest-growing protein brands. We do that by growing with differentiated capabilities, delivering on our cost commitments through continuous improvement, and sustaining our company and our world for future generations.

When you take a company with the scale of Tyson Foods and you add that agility, you get best-in-class results, best-in-class growth, and best-in-class TSR. So thank you very much for your attention today, and I think now we have time for a couple of questions. John Connelly (ph), you want to come up and moderate? Mr. John Connelly, everybody.

John Connelly: We've got time for a couple of questions. We'll start with Dave Palmer here with RBC.

Dave Palmer: Okay, thank you. One of the areas of your business that is quite big, and perhaps you didn't discuss as much here, is the food service business and, obviously, one we have a little less visibility into. Could you talk about revenue and margin trends for that business, near and medium term? And very separately, on your last earnings call you talked about a choppy--potentially choppy--outlook for the fiscal second quarter. Any update on that would be helpful. Thank you.

Tom Hayes: Yes, thanks, David. So I'd say as it relates to food service, one of the things to understand is that Tyson sort of--we're big already, but we punch above our weight because we grow faster. In our categories, if you think about breakfast sausage and value-added chicken, we're actually growing at rates that are 3, 4, 5 times the market in terms of the overall growth rates.

So as Sally said and as I said in my opening remarks, having that scale across retail and food service--sorry, the folks over there--that puts us in a position where we can take advantage of when consumers move between channels. But the food service business is profitable at the same time. So we love the business; we're happy to be in it. It's sort of the heritage, frankly, of the legacy Tyson side. And so when there's a hiccup in the food service business, yes, it will affect us for sure. But I would say because we continue to grow faster than the market, we feel a bit insulated there.

As it relates to the second quarter, you probably have heard from many companies here today that a driver shortage is hurting; it's hurting the whole industry. Transportation costs are going up. So in our second quarter, it's usually choppy anyway. You throw transportation costs on top of it, it's hard to fight that. So we are getting pricing in the market. I talked about it on our earnings call. Our sales team is doing a great job, but it's going to take some time to get that pricing back to overcome the costs. And there's been some weather in the Midwest, which is not helpful for the beef and pork business. But that's okay. One of the things that you know about Tyson is that we are resilient. We will overcome any challenges that are thrown at us. And by the way, all this is in our guidance that we reaffirmed during the call, but yes, it's been certainly a choppy Q2, David. Stewart, anything from you on that?

Stewart Glendinning: No, the only other thing I would say is what came up in the call. We talked a little bit about the pork business and the increased capacity, and we're certainly seeing a little bit of margin squeeze from that. I'd summarize with what Tom was pointing out. I would say that now we're 8 weeks through the quarter, we've seen that impact from transportation, we've seen the impact of weather, and we've seen the impact of pork. So those three things are going to push us a little in the second quarter.

Unidentified Participant: I think we're going to cut it off there and thank Tyson Foods once again as they move to the breakout.