

1st Quarter Fiscal 2017 Earnings Supplemental Information

February 6, 2017



Forward-Looking Statements

Certain information contained in the press release may constitute forward-looking statements, such as statements relating to expected performance, and including, but not limited to, statements appearing in the “Outlook” section and statements relating to GAAP EPS guidance and adjusted EPS guidance. These forward-looking statements are subject to a number of factors and uncertainties which could cause our actual results and experiences to differ materially from the anticipated results and expectations expressed in such forward-looking statements. We wish to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Among the factors that may cause actual results and experiences to differ from anticipated results and expectations expressed in such forward-looking statements are the following: (i) the effect of, or changes in, general economic conditions; (ii) fluctuations in the cost and availability of inputs and raw materials, such as live cattle, live swine, feed grains (including corn and soybean meal) and energy; (iii) market conditions for finished products, including competition from other global and domestic food processors, supply and pricing of competing products and alternative proteins and demand for alternative proteins; (iv) successful rationalization of existing facilities and operating efficiencies of the facilities; (v) risks associated with our commodity purchasing activities; (vi) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (vii) outbreak of a livestock disease (such as avian influenza (AI) or bovine spongiform encephalopathy (BSE)), which could have an adverse effect on livestock we own, the availability of livestock we purchase, consumer perception of certain protein products or our ability to access certain domestic and foreign markets; (viii) changes in availability and relative costs of labor and contract growers and our ability to maintain good relationships with employees, labor unions, contract growers and independent producers providing us livestock; (ix) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (x) changes in consumer preference and diets and our ability to identify and react to consumer trends; (xi) significant marketing plan changes by large customers or loss of one or more large customers; (xii) adverse results from litigation; (xiii) impacts on our operations caused by factors and forces beyond our control, such as natural disasters, fire, bioterrorism, pandemics or extreme weather; (xiv) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (xv) compliance with and changes to regulations and laws (both domestic and foreign), including changes in accounting standards, tax laws, environmental laws, agricultural laws and occupational, health and safety laws; (xvi) our ability to make effective acquisitions or joint ventures and successfully integrate newly acquired businesses into existing operations; (xvii) failures, cyber incidents, security breaches or other disruptions of our information technology systems; (xviii) effectiveness of advertising and marketing programs; and (xix) those factors listed under Item 1A. “Risk Factors” included in our Annual Report filed on Form 10-K for the period ended October 1, 2016.

Q1 FY17 – Record Quarter!

- Record Operating Income
- Record Total Company Operating Margin
- Record EPS
- Record Operating Cash Flow
- Record Pork Segment Operating Margin
- Record Beef Segment Operating Margin
- Total Company sales volume increased 2.4% from Q1'16; all segments sales volume up from prior year

(\$ in Millions,
except per share data)

	<u>Q1 FY17</u>	<u>Q1 FY16</u>	<u>YOY Growth</u>
Net Sales	9,182	9,152	0%
Operating Income	982	776	27%
Operating Margin	10.7%	8.5%	
EPS	\$1.59	\$1.15	38%
Operating Cash Flow	1,134	1,095	4%

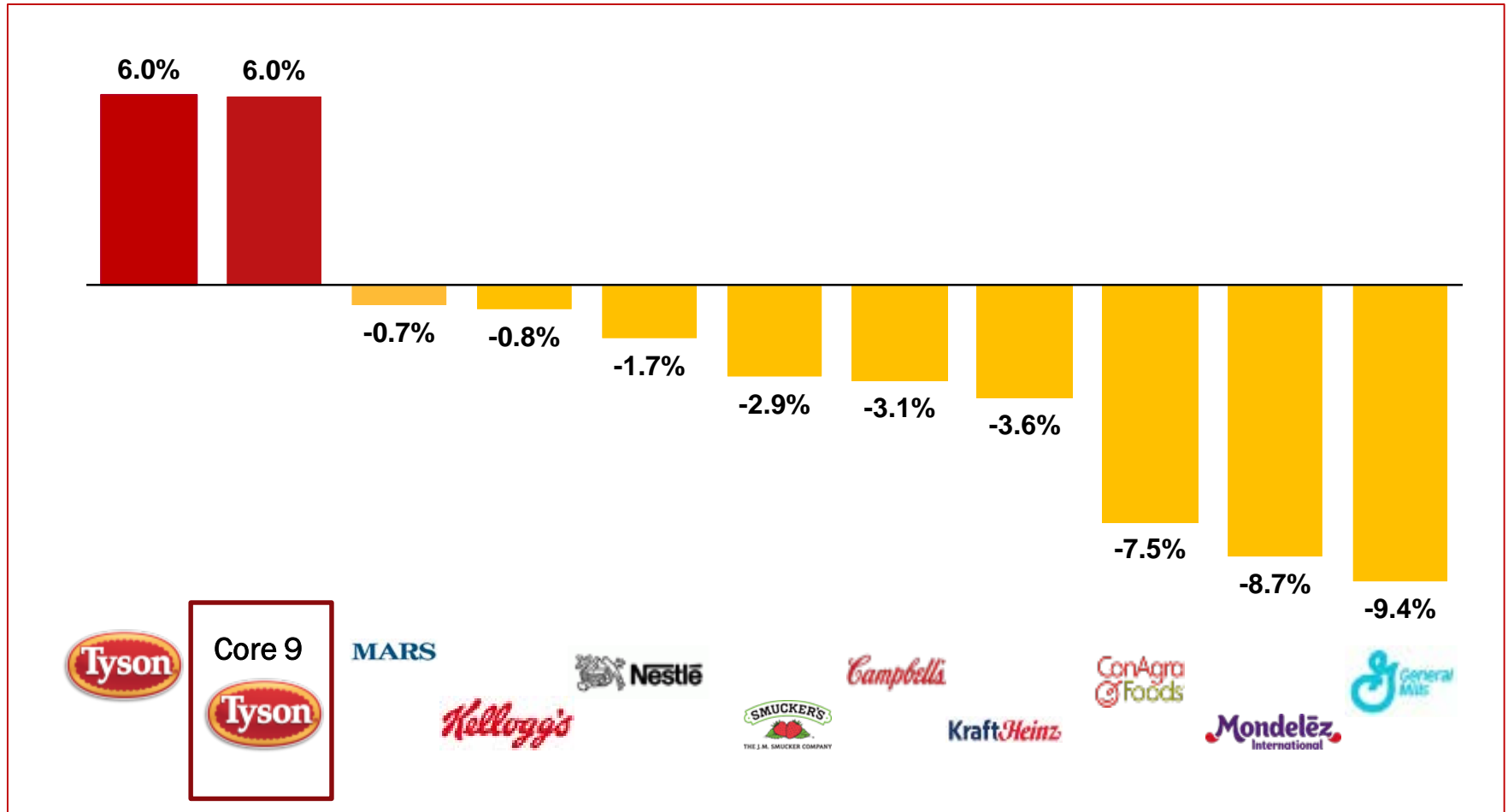
(\$ in Millions)

	<u>Q1 FY17</u>		<u>YOY Growth</u>
	<u>Dollars</u>	<u>ROS%</u>	
<u>Operating Income</u>			
Chicken	263	9.7%	-27%
Beef	299	8.5%	321%
Pork	247	19.7%	56%
Prepared Foods	190	10.0%	-8%
Other	(17)	n/a	-6%
<u>Total</u>	<u>982</u>	<u>10.7%</u>	<u>27%</u>



Tyson Core 9 and Total Tyson Leading in CPG Volume Performance

Volume sales % change among top 10 branded food companies > \$5B

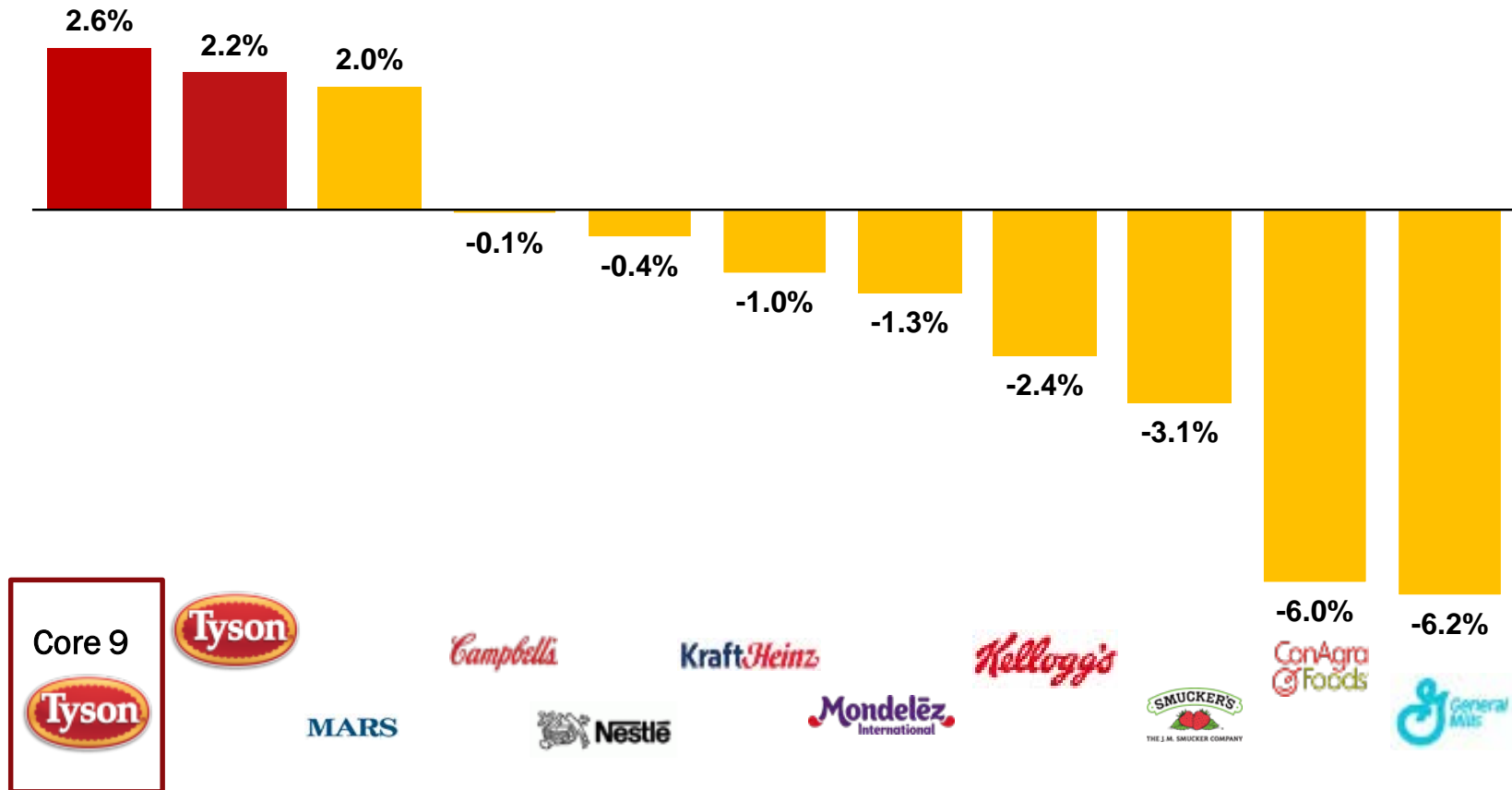


Source: IRI Total U.S. Multi-Outlet (x Costco) Volume Sales 13 weeks ending 1/1/2017



Tyson Core 9 and Total Tyson Leading in CPG Dollar Performance

Dollar sales % change among top 10 branded food companies > \$5B



Source: IRI Total U.S. All Outlet (x Costco Dollar Sales, 13 weeks ending 1/1/2017)



“Core 9” Product Categories

Frozen Prepared
Chicken



Hot Dogs



Branded Stack
Pack Bacon



Frozen Breakfast
Sandwiches



Breakfast
Sausage



Smoked Sausage



Branded
Lunchmeat



Corn Dogs



Super Premium
Sausage



Innovation



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FY17 Outlook

- EPS of \$4.90 –\$5.05*, representing 12-15% EPS growth over FY16 adjusted EPS**
- Similar revenue to FY16 as we grow volume across each segment, offset by lower beef prices
- Net interest expense of ~\$230 million
- Effective tax rate of ~35%
- CapEx of ~\$1 billion
- Average diluted shares of ~371 million***

**Projected EPS as of 02/06/2017*

***Represents a non-GAAP financial measure. Adjusted EPS is explained and reconciled to comparable GAAP measure in the Appendix*

****Prior to adjustments for additional share repurchases subsequent to 2/6/17 and based on average share price Q1'17*



Q & A



Tom Hayes

President & Chief Executive
Officer



Dennis Leatherby

Executive Vice President &
Chief Financial Officer

Appendix
1st Quarter Fiscal 2017
Non-GAAP Reconciliations

EPS Reconciliations

In millions, except per share data
(Unaudited)

	12 Months Ended	
	October 1, 2016	
	Operating Income	EPS
Reported from Continuing Operations	\$ 2,833	\$ 4.53
Less:		
Recognition of previously unrecognized tax benefit	-	(0.14)
Adjusting from Continuing Operations	\$ 2,833	\$ 4.39

Adjusted operating income and adjusted net income from continuing operations per share attributable to Tyson (adjusted EPS) are presented as supplementary measures of our financial performance that is not required by, or presented in accordance with, GAAP. We use adjusted operating income and adjusted EPS as internal performance measurements and as two criteria for evaluating our performance relative to that of our peers. We believe adjusted operating income and adjusted EPS are meaningful to our investors to enhance their understanding of our financial performance and is frequently used by securities analysts, investors and other interested parties to compare our performance with the performance of other companies that report adjusted operating income and adjusted EPS. Further, we believe that adjusted operating income and adjusted EPS are useful measures because they improve comparability of results of operations from period to period. Adjusted operating income and adjusted EPS should not be considered as a substitute for operating income or net income per share attributable to Tyson or any other measure of financial performance reported in accordance with GAAP. Investors should rely primarily on our GAAP results and use non-GAAP financial measures only supplementally in making investment decisions. Our calculation of adjusted operating income and adjusted EPS may not be comparable to similarly titled measures reported by other companies.