



# Supplemental Information

1st Quarter Fiscal 2018

February 8, 2018



**Dennis Leatherby**



**Tom Hayes**



**Stewart Glendinning**



# Forward-Looking Statements

Certain information contained in this presentation 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 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) 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; (ii) 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; (iii) 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; (iv) the integration of AdvancePierre Foods Holdings, Inc.; (v) the effectiveness of our financial fitness program; (vi) the implementation of an enterprise resource planning system; (vii) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (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) effectiveness of advertising and marketing programs; (xii) our ability to leverage brand value propositions; (xiii) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (xiv) impairment in the carrying value of our goodwill or indefinite life intangible assets; (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) adverse results from litigation; (xvii) cyber incidents, security breaches or other disruptions of our information technology systems; (xviii) our ability to make effective acquisitions or joint ventures and successfully integrate newly acquired businesses into existing operations; (xix) risks associated with our commodity purchasing activities; (xx) the effect of, or changes in, general economic conditions; (xxi) significant marketing plan changes by large customers or loss of one or more large customers; (xxii) impacts on our operations caused by factors and forces beyond our control, such as natural disasters, fire, bioterrorism, pandemics or extreme weather; (xxiii) failure to maximize or assert our intellectual property rights; (xxiv) our participation in a multiemployer pension plan; (xxv) the Tyson Limited Partnership’s ability to exercise significant control over the Company; (xxvi) effects related to changes in tax rates, valuation of deferred tax assets and liabilities, or tax laws and their interpretation; (xxvii) volatility in capital markets or interest rates; and (xxviii) those factors listed under Item 1A. “Risk Factors” included in our Annual Report filed on Form 10-K for the period ended September 30, 2017.



# Q1'18 Highlights

## Highlights

- Record Adjusted EPS<sup>1,2</sup> of \$1.81, up 14% from last year
- Total volume growth of 5% with value-added volume growth of 9%
- Record Prepared Foods Adjusted Operating Margin<sup>1</sup> at 11.9%
- Operating Cash Flow of \$1.1 billion
- Adjusted EPS guidance<sup>3,4</sup> of \$6.55-\$6.70 an approximate 23-26% increase from last year

<sup>1</sup>Represents a non-GAAP financial measure. Adjusted EPS, adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix.

<sup>2</sup>Includes incremental \$0.21 earnings per share due to tax reform

<sup>3</sup>Projected Adjusted EPS as of 2/8/18. Represents a non-GAAP financial measure. A further explanation of providing non-GAAP guidance is included in the appendix.

<sup>4</sup>Includes incremental \$0.85 earnings per share due to tax reform

| (\$ in millions, except per share data) | Q1'18    |
|---|----------|
| Sales                                   | \$10,229 |
| Adjusted Operating Income <sup>1</sup>  | \$950    |
| Adjusted Operating Margin <sup>1</sup>  | 9.3%     |
| Adjusted EPS*                           | \$1.81   |

| (\$ in millions)                       | Q1'18   |       |
|--|---------|-------|
|  | Dollars | ROS%  |
| Adjusted Operating Income <sup>1</sup> |         |       |
| Beef                                   | \$257   | 6.6%  |
| Pork                                   | 152     | 11.8% |
| Chicken                                | 281     | 9.4%  |
| Prepared Foods                         | 273     | 11.9% |
| Other                                  | (13)    | n/a   |
| Total                                  | \$950   | 9.3%  |



# Segment Results – Beef

Q1'18 Adjusted  
Operating Income<sup>1</sup>  
(\$ in millions)

Dollars

\$257

ROS%

6.6%

Q1'18 Sales Volume up  
4.5% and Revenue  
increased by 10%

FY18 Outlook:  
Adjusted Operating  
Margin<sup>1</sup> ~6%

<sup>1</sup>Represents a non-GAAP financial measure. Q1'18 Adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix. A further explanation of providing non-GAAP guidance is included in the Appendix.



# Segment Results – Pork

Q1'18 Adjusted  
Operating Income<sup>1</sup>  
(\$ in millions)

Dollars

**\$152**

ROS%

**11.8%**

Q1'18 Sales Volume  
down 2.6% and Revenue  
increased by 2.5%

FY 18 Outlook:  
Adjusted Operating  
Margin<sup>1</sup> ~9%

<sup>1</sup>Represents a non-GAAP financial measure. Q1'18 Adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix. A further explanation of providing non-GAAP guidance is included in the Appendix.



# Segment Results – Chicken

Q1'18 Adjusted  
Operating Income<sup>1</sup>  
(\$ in millions)

Dollars

\$281

ROS%

9.4%

Q1'18 Sales Volume up  
7.3% and Revenue  
increased by nearly 11%

FY 18 Outlook:  
Adjusted Operating  
Margin<sup>1</sup> ~11%

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# Segment Results – Prepared Foods

Q1'18 Record Adjusted  
Operating Income<sup>1</sup>  
(\$ in millions)

Dollars

\$273

ROS%

11.9%

Q1'18 Sales volume up  
11.6% and Revenue  
increased by 21%

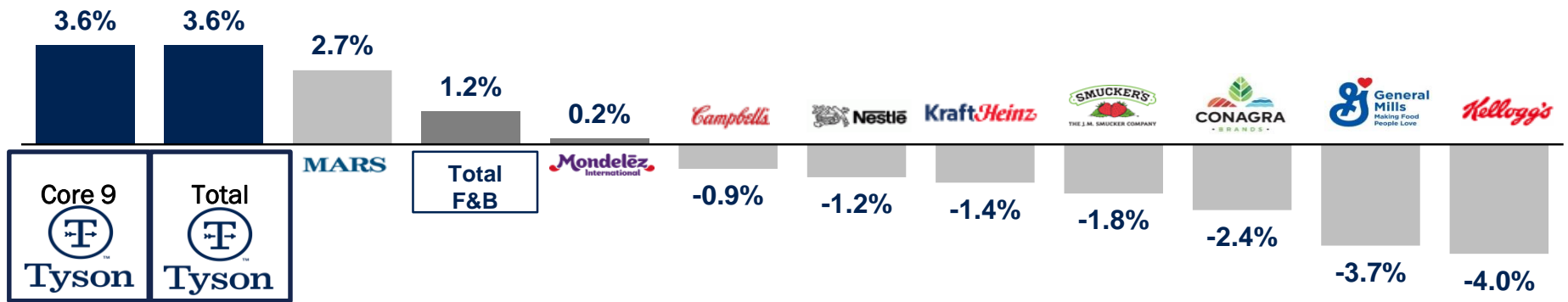
FY 18 Outlook:  
Adjusted Operating  
Margin<sup>1</sup> ~11%

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# Core 9 and Total Tyson Leading in Dollar Performance

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

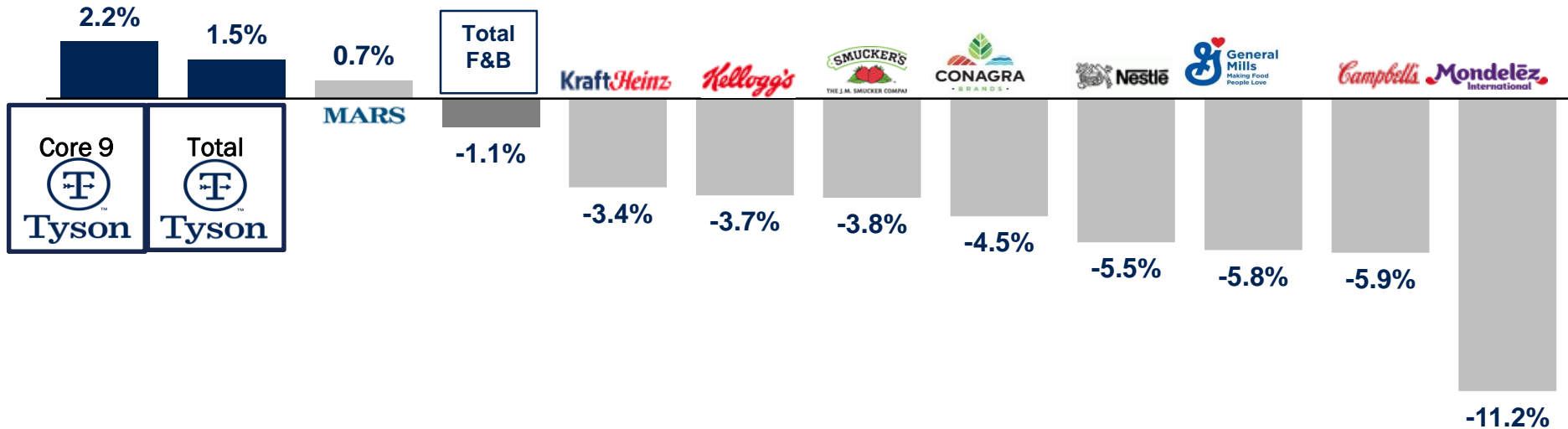


Source: IRI Total U.S. Multi-Outlet (x Costco), Dollar Sales, 52 weeks ending 12/31/2017  
Includes Total Edible + Pet Food, Tyson = Tyson + Nature Raised Farms + Advance Pierre

# Core 9 and Total Tyson Leading in Volume Performance



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



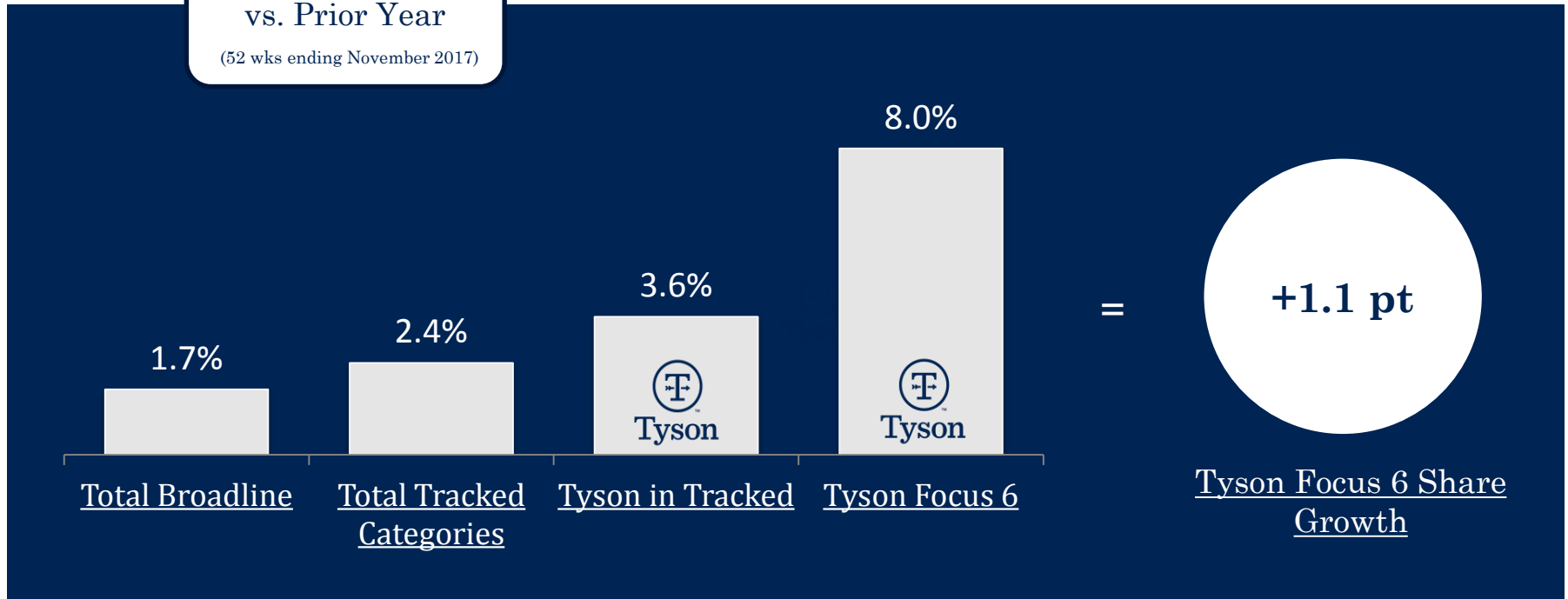
Source: IRI Total U.S. Multi-Outlet (x Costco), Volume Sales, 52 weeks ending 12/31/2017  
Includes Total Edible + Pet Food, Tyson = Tyson + Nature Raised Farms + AdvancePierre

# Foodservice Broadline Volume Performance



Volume % Change  
vs. Prior Year

(52 wks ending November 2017)



*NPD SupplyTrack © data, 52 weeks ending November 2017*

*Excludes Large Chain and Operator Label data*

*Total Tracked = Chicken (Chicken As-Is, Chicken Value Added, Chicken Stuffed, Chicken Deli), Bacon, Sausage, Breakfast Sausage, Dinner Sausage, Pizza Toppings (Pepperoni and Crumbles), Breaded Beef, Philly Steak, Fully Cooked Burger – Patties, Tortillas, Corn Dogs*

*Focus Six = Chicken Value Added, Breakfast Sausage, Dinner Sausage, Pepperoni Pizza Topping, Bacon, Philly Steak*

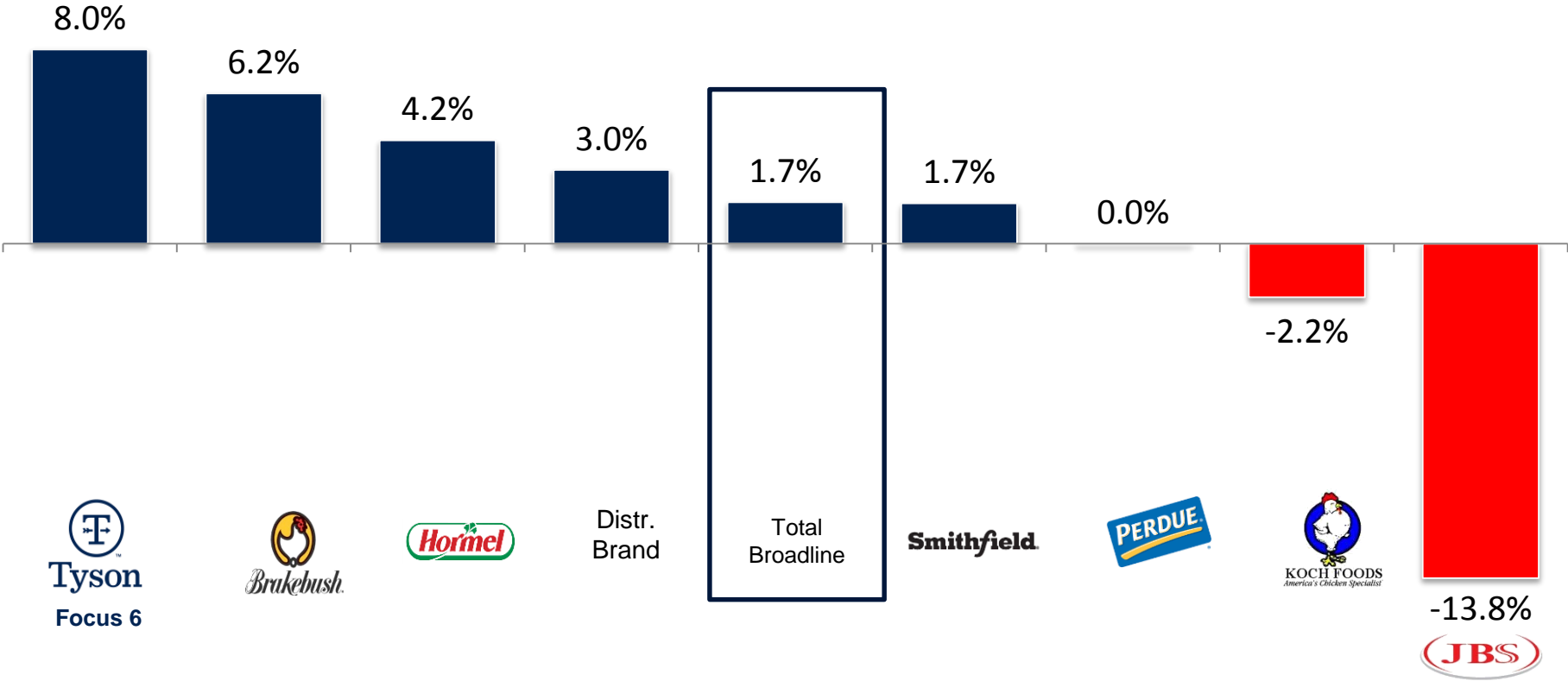
*Tyson = Tyson, AdvancePierre and Original Philly*

*Total Broadline results excludes Chemicals, Disposables and Wipers*



# Focus 6 Growing in Volume Performance

Volume sales % change among category competitors and the channel



NPD SupplyTrack © data, 52 weeks ending November 2017  
 Excludes Large Chain and Operator Label data  
 Focus Six= Chicken Value Added, Breakfast Sausage, Dinner Sausage, Peperoni Pizza Topping, Bacon, Philly Steak  
 Tyson = Tyson, AdvancePierre and Original Philly  
 Total Broadline results excludes Chemicals, Disposables and Wipers

# Grow.

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Our businesses  
through  
differentiated  
capabilities

# Deliver.

---

Ongoing financial  
fitness through  
continuous  
improvement

# Sustain.

---

Our company  
and our  
world for future  
generations



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| Chicken                                | 281     | 9.4%  |
| Prepared Foods                         | 273     | 11.9% |
| Other                                  | (13)    | n/a   |
| Total                                  | \$950   | 9.3%  |



# FY18 Outlook<sup>1</sup>

**Sales of  
~\$41 billion**

Topline growth of 6-7% over FY17 as we grow volume and have full year benefit of AdvancePierre

**CapEx  
~\$1.4-1.5 billion**

Includes \$100M incremental investment due to tax reform

**Adjusted EPS  
\$6.55-6.70<sup>2,3</sup>**

~23-26% growth over FY17

**Beef Segment**  
adjusted operating margin ~6%

**Pork Segment**  
adjusted operating margin ~9%

**Chicken Segment**  
adjusted operating margin ~11% with 4% volume growth

**Prepared Foods Segment**  
adjusted operating margin ~11%

<sup>1</sup>Does not include expected other operating loss of approximately \$50 million in fiscal 2018.

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---

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# Appendix

## **1st Quarter Fiscal 2018 Non-GAAP Reconciliations**

# EPS Reconciliations

In millions, except per share data  
(Unaudited)



|  | First Quarter |      |                |                |
|--|---------------|------|----------------|----------------|
|  | Pretax Impact |      | EPS Impact     |                |
|  | 2018          | 2017 | 2017           | 2016           |
| Reported net income per share attributable to Tyson  |               |      | \$ 4.40        | \$ 1.59        |
| Add: Restructuring and related charges   | \$ 19         | \$ - | 0.04           | -              |
| Add: Impairment net of a realized gain associated with the divestiture of non-protein businesses (a) | \$ 4          | \$ - | 0.05           | -              |
| Less: Tax benefit from remeasurement of net deferred tax liabilities at lower enacted tax rates      | \$ -          | \$ - | (2.68)         | -              |
| Adjusted net income per share attributable to Tyson  |               |      | <u>\$ 1.81</u> | <u>\$ 1.59</u> |

a) EPS impact for the first quarter of fiscal 2018 includes a \$26 million impairment related to the expected sale of a non-protein business net of a \$22 million realized pretax gain associated with the sale of a non-protein business, which combined on an after-tax basis resulted in a \$0.05 impact to EPS.

Adjusted net income per share attributable to Tyson (Adjusted EPS) is presented as a supplementary measure of our financial performance that is not required by, or presented in accordance with, GAAP. We use Adjusted EPS as an internal performance measurement and as one criterion for evaluating our performance relative to that of our peers. We believe Adjusted EPS is 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 EPS. Further, we believe that Adjusted EPS is a useful measure because it improves comparability of results of operations from period to period. Adjusted EPS should not be considered a substitute for 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 EPS may not be comparable to similarly titled measures reported by other companies.

Adjusted net income per share attributable to Tyson guidance (Adjusted EPS guidance) and Adjusted operating margin guidance are provided on a non-GAAP basis. The Company is not able to reconcile its full-year fiscal 2018 Adjusted EPS guidance, or Adjusted operating margin guidance, to its full-year fiscal 2018 projected GAAP EPS or GAAP operating margin, because certain information necessary to calculate such measures on a GAAP basis are unavailable or dependent on the timing of future events outside of our control. Therefore, because of the uncertainty and variability of the nature of the amount of future adjustments, which could be significant, the Company is unable to provide a reconciliation of these measures without unreasonable effort.

# Segment Operating Income and Operating Margin Reconciliations



In millions  
(Unaudited)

| Adjusted Segment Operating Income (Loss)   |          |          |          |                |         |                    |           |
|--|----------|----------|----------|----------------|---------|--------------------|-----------|
| <i>(for the first quarter ended December 30, 2017)</i>   |          |          |          |                |         |                    |           |
|  | Beef     | Pork     | Chicken  | Prepared Foods | Other   | Intersegment Sales | Total     |
| Sales  | \$ 3,886 | \$ 1,283 | \$ 2,997 | \$ 2,292       | \$ 88   | \$ (317)           | \$ 10,229 |
| Reported operating income (loss)   | \$ 256   | \$ 151   | \$ 272   | \$ 261         | \$ (13) | \$ -               | \$ 927    |
| Add: Restructuring and related charges   | 1        | 1        | 9        | 8              | -       | -                  | 19        |
| Add: Impairment net of a realized gain associated with the divestiture of non-protein businesses (a) | -        | -        | -        | 4              | -       | -                  | 4         |
| Adjusted operating income (loss)   | \$ 257   | \$ 152   | \$ 281   | \$ 273         | \$ (13) | \$ -               | \$ 950    |
| Reported operating margin %  | 6.6%     | 11.8%    | 9.1%     | 11.4%          | n/a     | n/a                | 9.1%      |
| Adjusted operating margin %  | 6.6%     | 11.8%    | 9.4%     | 11.9%          | n/a     | n/a                | 9.3%      |

a) EPS impact for the first quarter of fiscal 2018 includes a \$26 million impairment related to the expected sale of a non-protein business net of a \$22 million realized pretax gain associated with the sale of a non-protein business.

Adjusted segment operating income and adjusted segment operating margin are presented as supplementary measures of our operating performance that are not required by, or presented in accordance with, GAAP. We use adjusted segment operating income and adjusted segment operating margin as internal performance measurements and as two criteria for evaluating our performance relative to that of our peers. We believe adjusted segment operating income and adjusted segment operating margin are meaningful to our investors to enhance their understanding of our operating performance and are frequently used by securities analysts, investors and other interested parties to compare our performance with the performance of other companies that report adjusted segment operating income and adjusted segment operating margin. Further, we believe that adjusted segment operating income and adjusted segment operating margin are useful measures because they improve comparability of results of operations from period to period. Adjusted segment operating income and Adjusted segment operating margin should not be considered as a substitute for segment operating income, segment operating margin or any other measure of operating 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 segment operating income and adjusted segment operating margin may not be comparable to similarly titled measures reported by other companies.