



# Supplemental Information

2<sup>nd</sup> Quarter Fiscal 2018

May 7, 2018



# Today's Speakers



**Tom Hayes**  
*President & CEO*



**Stewart Glendinning**  
*EVP & CFO*



# 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.

OUR STRATEGY

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**Sustainably Feed the World With the  
Fastest Growing Protein Brands**

HOW WE WILL ACHIEVE OUR STRATEGY

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**Grow.**

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Our businesses  
through  
differentiated  
capabilities

**Deliver.**

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Ongoing financial  
fitness through  
continuous  
improvement

**Sustain.**

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Our company  
and our  
world for future  
generations



# First Half of FY18

## Highlights

- Record Adjusted EPS<sup>1,2</sup> of \$3.08, up 18% from last year
- Record Adjusted operating income<sup>1</sup> of \$1,644M, up 2% from last year
- Operating Cash Flow of \$1.1B
- Realized \$102M of Financial Fitness Program cost savings in first six months
- 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 \$0.38 earnings per share due to tax reform

<sup>3</sup>Projected Adjusted EPS as of 5/7/18. Represents a non-GAAP financial measure. A further explanation of providing non-GAAP guidance is included in the appendix.

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

(\$ in millions, except per share data)	First Half of FY18
Sales	\$20,002
Adjusted Operating Income <sup>1</sup>	\$1,644
Adjusted Operating Margin <sup>1</sup>	8.2%
Adjusted EPS <sup>1</sup>	\$3.08

Adjusted Operating Income <sup>1</sup>	First Half of FY18	
	Dollars	ROS%
Beef	\$377	5.0%
Pork	231	9.1%
Chicken	569	9.6%
Prepared Foods	495	11.2%
Other	(28)	n/a
<b>Total</b>	<b>\$1,644</b>	<b>8.2%</b>



# Segment Results – Beef

Q2'18 Adjusted  
Operating Income<sup>1</sup>  
(\$ in millions)

Dollars

\$120

ROS%

3.3%

Q2'18 sales volume up  
1.8% and revenue  
increased by 5.6%

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

<sup>1</sup>Represents a non-GAAP financial measure. Q2'18 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

Q2'18 Adjusted  
Operating Income<sup>1</sup>  
(\$ in millions)

Dollars

\$79

ROS%

6.2%

Q2'18 sales volume  
down by 1.1% and  
revenue decreased by  
2.8%

FY 18 Outlook:  
Adjusted Operating  
Margin<sup>1</sup> ~8%

<sup>1</sup>Represents a non-GAAP financial measure. Q2'18 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

Q2'18 Adjusted  
Operating Income<sup>1</sup>  
(\$ in millions)

Dollars

\$288

ROS%

9.7%

Q2'18 sales volume up  
2% and revenue  
increased by nearly 6%

FY 18 Outlook:  
Adjusted Operating  
Margin<sup>1</sup> ~10%

<sup>1</sup>Represents a non-GAAP financial measure. Q2'18 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 – Prepared Foods

Q2'18 Record Adjusted  
Operating Income<sup>1</sup>  
(\$ in millions)

Dollars

\$222

ROS%

10.3%

Q2'18 sales volume up  
nearly 11% and revenue  
increased 22.6%

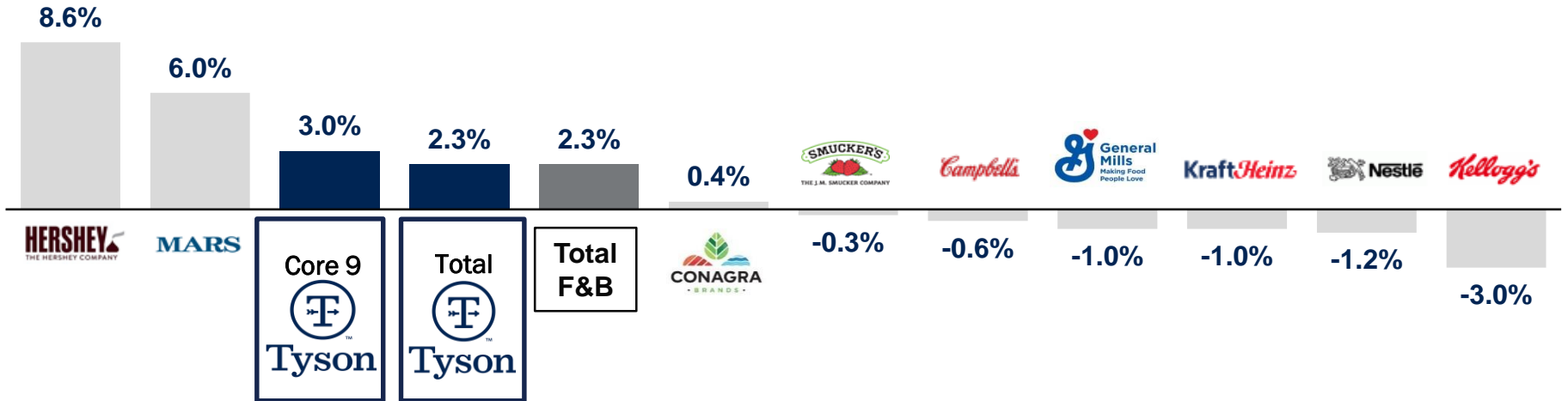
FY 18 Outlook:  
Adjusted Operating  
Margin<sup>1</sup> ~11%

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# Core 9 and Total Tyson Dollar Performance

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

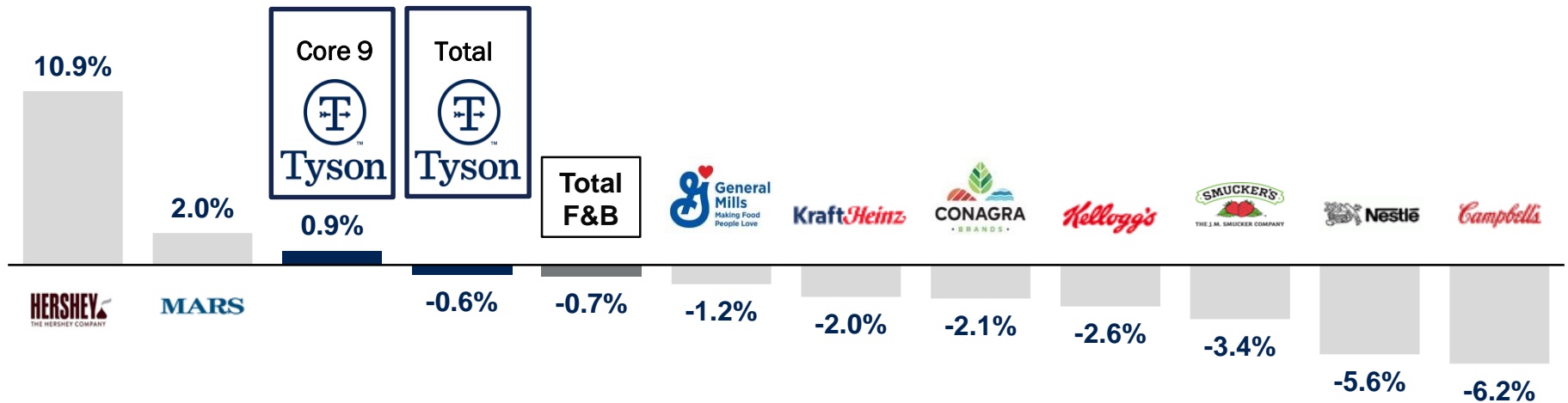


Source: IRI Total U.S. Multi-Outlet (x Costco), Dollar Sales, 52 weeks ending 4/1/2018  
Includes Total Edible + Pet Food, Tyson = Tyson + Nature Raised Farms + Advance Pierre



# Core 9 and Total Tyson Volume Performance

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

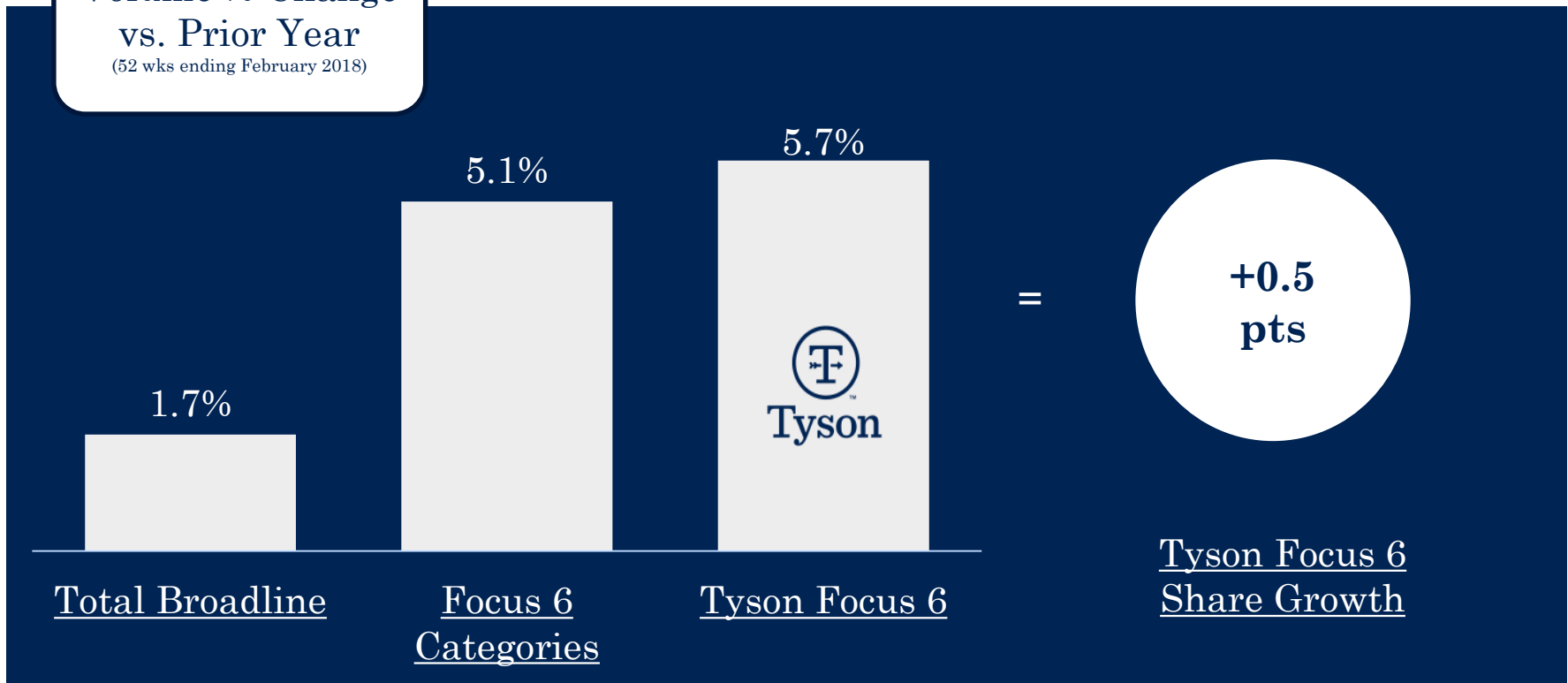


Source: IRI Total U.S. Multi-Outlet (x Costco), Volume Sales, 52 weeks ending 4/1/2018  
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# Foodservice Broadline Volume Performance



Volume % Change  
vs. Prior Year  
(52 wks ending February 2018)

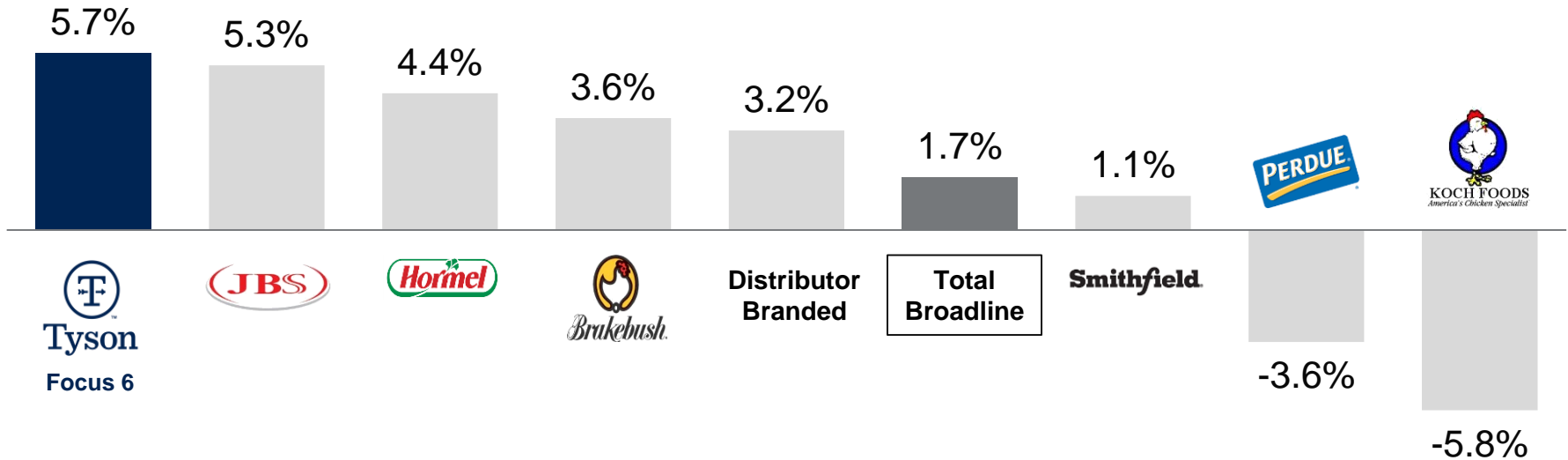


*NPD SupplyTrack © data, 52 weeks ending February 2018  
Excludes Large Chain and Operator Label data  
Focus Six = Chicken Value Added, Breakfast Sausage, Dinner Sausage, Peperoni Pizza Topping, Bacon, Philly Steak  
Tyson = Tyson, AdvancePierre and Original Philly  
Total Broadline results excludes Chemicals, Disposables and Wipers*



# Focus 6 Growing in Volume Performance

Volume sales % change among category competitors and the channel



NPD SupplyTrack © data, 52 weeks ending February 2018  
Excludes Large Chain and Operator Label  
Focus Six= Chicken Value Added, Breakfast Sausage, Dinner Sausage, Peperoni Pizza Topping, Bacon, Philly Steak  
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# Tyson Frozen Meal Kits bringing fresh to frozen



Tyson Chef Inspired Meal Kits, offering simple, honest ingredients and just the right amount of help to make a wholesome meal any night of the week



## Tyson IF Dinner Kits for 4

- Frozen raw chicken
- Pre-portioned ingredients
  - Starch
  - Pre-cut vegetables
  - Perfectly paired sauce
- Available in 3 varieties



## Tyson Cooked Dinner Kits for 2

- Fully cooked, seasoned chicken or beef
- Pre-cut vegetables
- Perfectly paired sauce
- Available in 3 varieties



## Tyson Cooked Entree Kits for 2

- Fully cooked, seasoned chicken
- Perfectly paired sauce
- Complementary Toppers
- Available in 3 varieties



# Tyson Frozen Any'tizers offer bold new take on snacking

Tyson Any'tizers Snackers offer a new twist on a familiar form, loaded potato skins, with the potato being replaced with breaded, all-natural chicken in 3 bold, delicious flavors



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Beef	\$377	5.0%
Pork	231	9.1%
Chicken	569	9.6%
Prepared Foods	495	11.2%
Other	(28)	n/a
<b>Total</b>	<b>\$1,644</b>	<b>8.2%</b>



# FY18 Outlook<sup>1</sup>

Sales between

**\$40-41B**

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

CapEx

**~\$1.3B**

Adjusted EPS

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

~23-26% growth vs. FY17



**Beef**

adjusted operating margin >6%



**Pork**

adjusted operating margin ~8%



**Chicken**

adjusted operating margin ~10% with 3-4% volume growth



**Prepared Foods**

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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# Appendix

## **2<sup>nd</sup> Quarter Fiscal 2018 Non-GAAP Reconciliations**

# EPS Reconciliations

In millions, except per share data  
(Unaudited)



	Second Quarter				Six Months Ended March 31, 2018			
	Pretax Impact		EPS Impact		Pretax Impact		EPS Impact	
	2018	2017	2018	2017	2018	2017	2018	2017
Reported net income per share attributable to Tyson			\$ 0.85	\$ 0.92			\$ 5.25	\$ 2.51
Add: Restructuring and related charges	\$ 12	\$ -	0.02	-	\$ 31	\$ -	0.06	-
Add: Impairment net of a realized gain associated with the divestiture of non-protein businesses (a)	75	-	0.21	-	79	-	0.26	-
Add: One-Time Cash Bonus to Frontline Employees	109	-	0.22	-	109	-	0.22	-
Add: San Diego Prepared Foods Operation Impairment	-	52	-	0.09	-	52	-	0.09
Less: Tax benefit from remeasurement of net deferred tax liabilities at lower enacted tax rates	-	-	(0.03)	-	-	-	(2.71)	-
Adjusted net income per share attributable to Tyson			<u>\$ 1.27</u>	<u>\$ 1.01</u>			<u>\$ 3.08</u>	<u>\$ 2.60</u>

(a) EPS impact for the six months of fiscal 2018 includes \$101 million of impairments 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 \$0.26 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 second quarter ended March 31, 2018)</i>							
	Beef	Pork	Chicken	Prepared Foods	Other	Intersegment Sales	Total
Sales	\$ 3,681	\$ 1,265	\$ 2,959	\$ 2,147	\$ 82	\$ (361)	\$ 9,773
Reported operating income (loss)	\$ 92	\$ 67	\$ 231	\$ 123	\$ (15)	\$ -	\$ 498
Add: Restructuring and related charges	1	-	6	5	-	-	12
Add: Impairment associated with the divestiture of non-protein businesses	-	-	-	75	-	-	75
Add: One-time cash bonus to frontline employees	27	12	51	19	-	-	109
Adjusted operating income (loss)	\$ 120	\$ 79	\$ 288	\$ 222	\$ (15)	\$ -	\$ 694
Reported operating margin %	2.5%	5.3%	7.8%	5.7%	n/a	n/a	5.1%
Adjusted operating margin %	3.3%	6.2%	9.7%	10.3%	n/a	n/a	7.1%

Adjusted Segment Operating Income (Loss) <i>(for the six months ended March 31, 2018)</i>							
	Beef	Pork	Chicken	Prepared Foods	Other	Intersegment Sales	Total
Sales	\$ 7,567	\$ 2,548	\$ 5,956	\$ 4,439	\$ 170	\$ (678)	\$ 20,002
Reported operating income (loss)	\$ 348	\$ 218	\$ 503	\$ 384	\$ (28)	\$ -	\$ 1,425
Add: Restructuring and related charges	2	1	15	13	-	-	31
Add: Impairment net of a realized gain associated with the divestiture of non-protein businesses (a)	-	-	-	79	-	-	79
Add: One-time cash bonus to frontline employees	27	12	51	19	-	-	109
Adjusted operating income (loss)	\$ 377	\$ 231	\$ 569	\$ 495	\$ (28)	\$ -	\$ 1,644
Reported operating margin %	4.6%	8.6%	8.4%	8.7%	n/a	n/a	7.1%
Adjusted operating margin %	5.0%	9.1%	9.6%	11.2%	n/a	n/a	8.2%

(a) Operating income impact for the six months of fiscal 2018 includes \$101 million of impairments 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.