



Tyson

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Q1 FY2019

Supplemental Information

February 7, 2019

Tyson Foods, Inc.

Today's Speakers



Noel White
President & CEO



Stewart Glendinning
EVP & CFO

Forward-Looking Statements

Certain information in this report constitutes forward-looking statements. Such forward-looking statements include, but are not limited to, current views and estimates of our outlook for fiscal 2019, other future economic circumstances, industry conditions in domestic and international markets, our performance and financial results (e.g., debt levels, return on invested capital, value-added product growth, capital expenditures, tax rates, access to foreign markets and dividend policy). These forward-looking statements are subject to a number of factors and uncertainties that could cause our actual results and experiences to differ materially from 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. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. 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 processed 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 acquisitions; (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; (xxviii) risks associated with our failure to integrate Keystone Foods' operations or to realize the targeted cost savings, revenues and other benefits of the acquisition; and (xxix) those factors listed under Item 1A. "Risk Factors" included in our Annual Report filed on Form 10-K for the period ended September 29, 2018.

Q1'19 Highlights

- Adjusted EPS¹ of \$1.58
- Adjusted operating income¹ of \$841M
- Adjusted operating margin¹ of 8.3%
- Record Prepared Foods adjusted operating margin¹ of 12.5%
- Closed the Keystone Foods acquisition
- Reaffirming Adjusted EPS¹ guidance for FY2019 of \$5.75-\$6.10

(\$ in millions, except per share data)	
Sales	\$10,193
Adjusted Operating Income ¹	\$841
Adjusted Operating Margin ¹	8.3%
Adjusted EPS ¹	\$1.58

Adjusted Operating Income & Margin ¹		
(\$ in millions)		
	Dollars	ROS
Beef	\$305	7.8%
Pork	95	8.1%
Chicken	173	5.6%
Prepared Foods	268	12.5%
Other	---	n/a
Total	\$841	8.3%

¹Represents 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.

Most Admired in Food Production

FORTUNE
WORLD'S MOST
ADMIRED
COMPANIES[®] **2019**

1. Innovation
2. People Management
3. Use of Corporate Assets
4. Social Responsibility
5. Quality of Management
6. Financial Soundness
7. Long-term Investment
8. Quality of Products & Services
9. Global Competitiveness



Our Strategy

Sustainably feed the world with
the fastest growing protein brands.

How We Will Achieve Our Strategy

Grow

our businesses
through differentiated
capabilities.

Deliver

ongoing financial fitness
through continuous
improvement.

Sustain

our company and
our world for future
generations.

Prepared Foods Segment Results

Q1'19 Adjusted Operating Income & Margin¹

(\$ in millions)

Dollars

ROS

\$268

12.5%

Q1'19

Sales volume ↑0.4%² (ex-divestitures)

Average price ↑1.5%² (ex-divestitures)

FY19 Outlook

Adjusted Operating Margin¹

11-12%

¹Represents a non-GAAP financial measure. 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.

²Excludes divestitures. Total Prepared Foods sales volume was down 12.9% and average price was up 6.7% including divestitures.

Prepared Foods Growth



¹Represents a non-GAAP financial measure. Adjusted Sales and adjusted operating income are explained and reconciled to comparable GAAP measures in the Appendix. A further explanation of providing non-GAAP guidance is included in the appendix.

Jimmy Dean®

Frozen Protein Breakfast



Sales Volume Up 7%

Sales Dollars Up 7.9%

Source: Nielsen Total US + AOC, 52 weeks ending January 19, 2019

Beef Segment Results

Q1'19 Adjusted Operating Income & Margin¹

(\$ in millions)

Dollars

ROS

\$305

7.8%

Q1'19

Sales volume ↓0.9%

Average price ↑1.9%

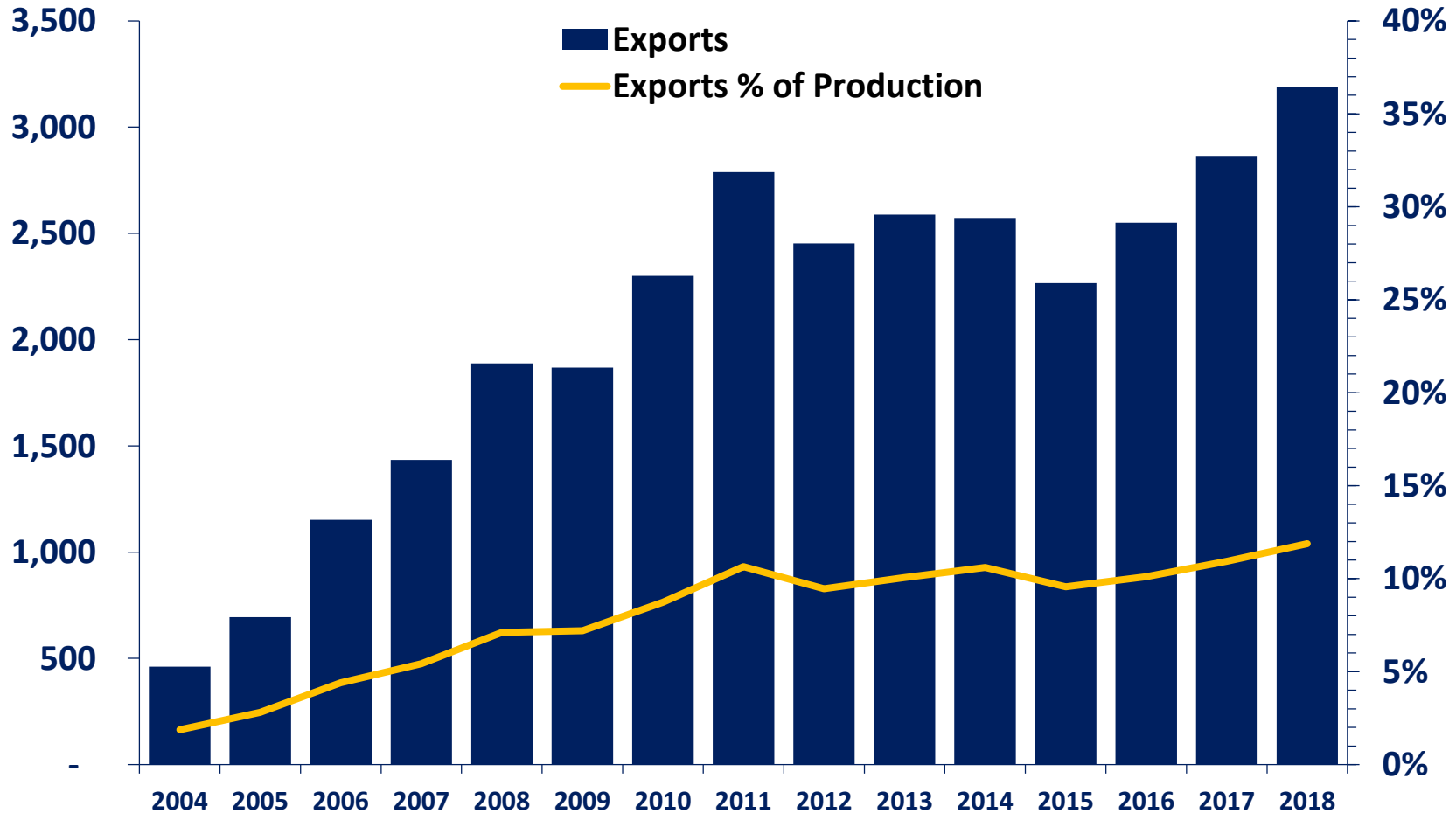
FY19 Outlook

Adjusted Operating Margin¹
near 7%

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US Annual Beef Exports

Million Pounds, Carcass Weight



Source: Robert A. Brown, Inc., USDA-ERS 2018 is preliminary

Pork Segment Results

Q1'19 Adjusted Operating Income & Margin¹

(\$ in millions)

Dollars

ROS

\$95

8.1%

Q1'19

Sales volume ↓3.6%

Average price ↓4.6%

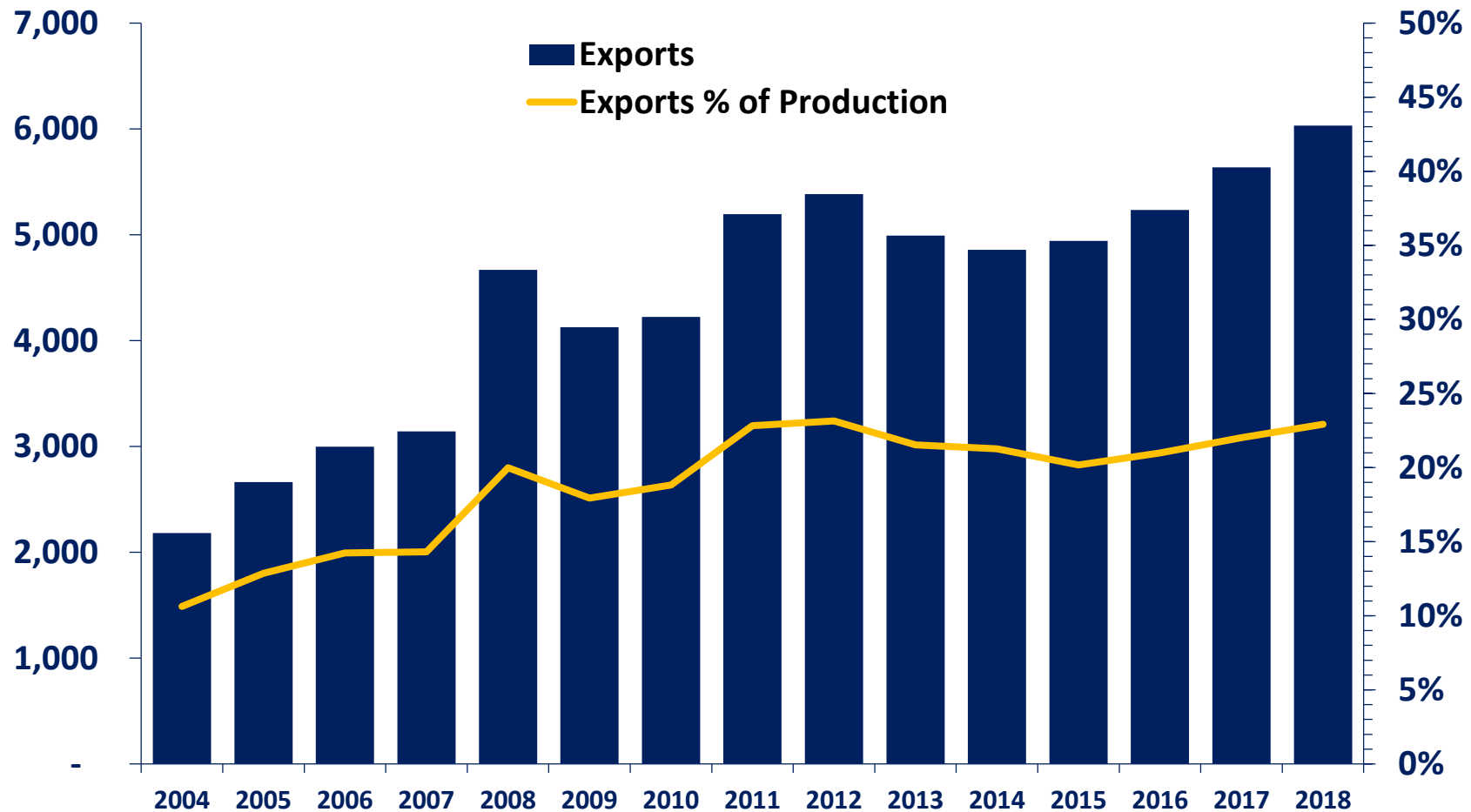
FY19 Outlook

Adjusted Operating Margin¹
around 6%

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US Annual Pork Exports

Million Pounds, Carcass Weight



Source: Robert A. Brown, Inc., USDA-ERS 2018 is preliminary

Chicken Segment Results

Q1'19 Adjusted Operating Income & Margin¹

(\$ in millions)

Dollars

ROS

\$173

5.6%

Q1'19

Sales volume ↑17.0%

Average price ↓13.1%

FY19 Outlook

Adjusted Operating Margin¹
exceed 6%

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FY19 Outlook

SALES		CAP EX		ADJUSTED EPS ¹			
~\$43B		~\$1.5B		\$5.75-6.10			
ADJUSTED OPERATING MARGIN ¹							
PREPARED FOODS		BEEF		PORK		CHICKEN	
11-12%		near 7%		around 6%		exceed 6%	

¹Projected Adjusted EPS as of 2/7/19. Represents a non-GAAP financial measure. Adjusted EPS and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix.



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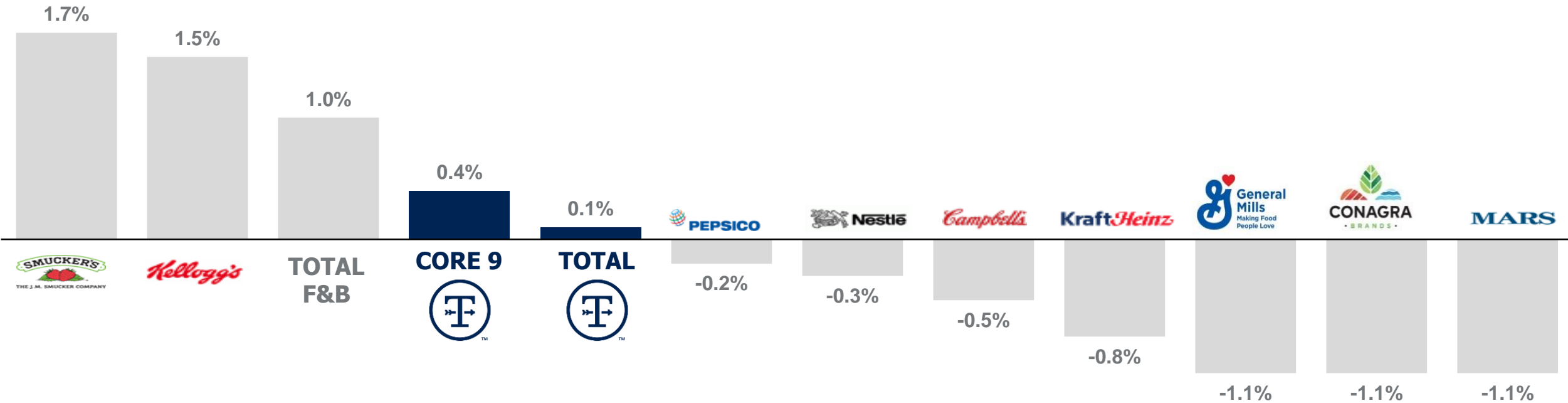
Sustain

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Appendix

Volume Performance Core 9 and Total Tyson

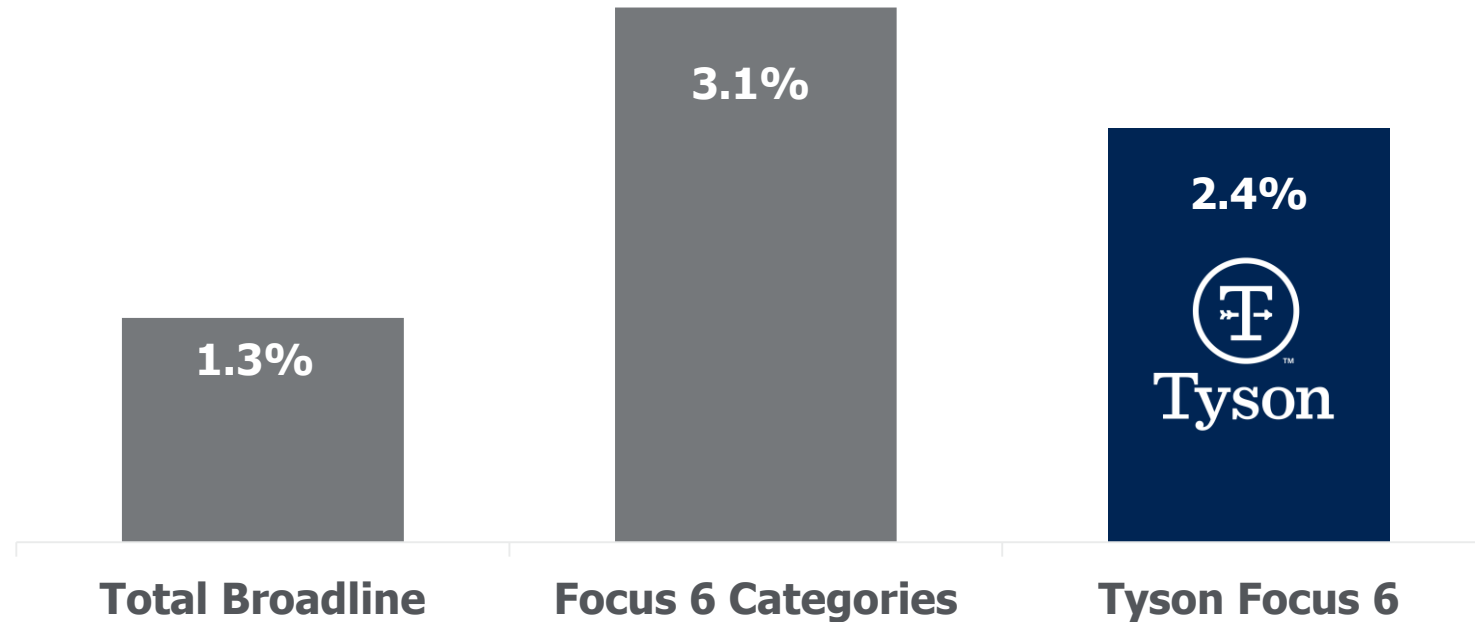
Volume Sales % Change Among Top 10 Branded Food Companies >\$5B



Source: Nielsen Total U.S. x AOC Volume EQ Sales 52 weeks ending 12/29/2018
 Product = Total F&P, Alcohol + Pet Food

Foodservice Broadline Volume Performance

Volume % Change vs. Prior Year (52 weeks ending November 2018)



Source: NPD SupplyTrack®, Month Ending November 2018. Excludes Large Chain and Operator Label
Focus Six= Chicken Value Added, Breakfast Sausage, Dinner Sausage, Peperoni Pizza Topping, Bacon, Philly Steak
DL= Distributor Label, ML= Manufacturer Label (Branded)

EPS Reconciliations

In millions, except per share data
(Unaudited)

	First Quarter			
	Pretax Impact		EPS Impact	
	2019	2018	2019	2018
Reported net income per share attributable to Tyson			\$ 1.50	\$ 4.40
Add: Restructuring and related charges	8	19	0.02	0.04
Add: Impairment net of a realized gain associated with the divestitures of non-protein businesses (a)	-	4	-	0.05
Add: Keystone purchase accounting and acquisition related costs (b)	26	-	0.06	-
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			\$ 1.58	\$ 1.81

(a) EPS impact for the first quarter of fiscal 2018 included 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.

(b) Keystone purchase accounting and acquisition related costs for the first quarter of 2019 included an \$11 million purchase accounting adjustment for the fair value step-up of inventory and \$15 million of acquisition related costs.

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.

Segment Operating Income & Operating Margin Reconciliations

In millions, except
per share data
(Unaudited)

Adjusted Segment Operating Income (Loss)							
<i>(for the first quarter ended December 29, 2018)</i>							
	Beef	Pork	Chicken	Prepared Foods	Other	Intersegment Sales	Total
Sales	\$ 3,926	\$ 1,179	\$ 3,115	\$ 2,149	\$ 143	\$ (319)	\$ 10,193
Reported operating income (loss)	\$ 305	\$ 95	\$ 160	\$ 265	\$ (18)	\$ -	\$ 807
Add: Restructuring and related charges	-	-	5	3	-	-	8
Add: Keystone purchase accounting and acquisition related costs	-	-	8	-	18	-	26
Adjusted operating income (loss)	\$ 305	\$ 95	\$ 173	\$ 268	\$ -	\$ -	\$ 841
Reported operating margin %	7.8%	8.1%	5.1%	12.3%	n/a	n/a	7.9%
Adjusted operating margin %	7.8%	8.1%	5.6%	12.5%	n/a	n/a	8.3%

Adjusted operating income and adjusted operating margin are presented as supplementary measures in the evaluation of our business that are not required by, or presented in accordance with, GAAP. We use adjusted operating income and adjusted operating margin 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 operating margin are meaningful to our investors to enhance their understanding of our financial 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 operating income and adjusted operating margin. Further, we believe that adjusted operating income and adjusted operating margin are useful measures because they improve comparability of results of operations from period to period. Adjusted operating income and adjusted operating margin should not be considered as substitutes for operating income, 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 operating income and adjusted operating margin may not be comparable to similarly titled measures reported by other companies.

Historical Prepared Foods Sales, Operating Income (Loss) & Operating Margin Reconciliations

In millions, except
per share data
(Unaudited)

Prepared Foods Adjusted Sales and Operating Income (Loss)					
	Fiscal Year				
	2018	2017	2016	2015	2014
Reported Sales	\$ 8,668	\$ 7,853	\$ 7,346	\$ 7,822	\$ 3,927
Less: Estimated impact of additional week (a)	-	-	-	(143)	-
Less: Hillshire Brands post-closing sales	-	-	-	-	(325)
Adjusted Sales	\$ 8,668	\$ 7,853	\$ 7,346	\$ 7,679	\$ 3,602
Reported operating income (loss) (b)	\$ 849	\$ 453	\$ 723	\$ 584	\$ (61)
Add: One-time cash bonus to frontline employees	19	-	-	-	-
Add: Restructuring and related charges	24	82	-	-	-
Add: Impairments net of realized gains associated with the divestitures of non-protein businesses (c)	68	45	-	-	-
Add: AdvancePierre purchase accounting and acquisition related costs (d)	-	34	-	-	-
Add: San Diego operation impairment	-	52	-	-	-
Add: Hillshire merger and integration costs	-	-	-	10	-
Add: Network optimization impairment charges	-	-	-	59	-
Less: Insurance proceeds (net of costs) related to a legacy Hillshire Brands plant fire	-	-	-	(8)	-
Less: Estimated impact of an additional week (a)	-	-	-	(13)	-
Add: Hillshire Brands acquisition, integration and costs associated with our Prepared Foods improvement plan	-	-	-	-	73
Add: Hillshire Brands post-closing results, purchase price accounting and cost related to a legacy Hillshire Brands plant fire	-	-	-	-	40
Adjusted operating income (loss) (b)	\$ 960	\$ 666	\$ 723	\$ 632	\$ 52
Reported operating margin %	9.8%	5.8%	9.8%	7.5%	-1.6%
Adjusted operating margin %	11.1%	8.5%	9.8%	8.2%	1.4%

(a) The estimated impact of the additional week in the 12 months of fiscal 2015 was calculated by dividing unadjusted sales and adjusted operating income for the fourth quarter of fiscal 2015 by 14 weeks.

(b) In the first quarter of fiscal 2019, we adopted a new defined benefit and other postretirement accounting standard that required retrospective adjustment of prior periods. Accordingly, Prepared Foods operating income and adjusted operating income was reduced by \$19 million, \$9 million, \$11 million, \$4 million and \$1 million in 2018, 2017, 2016, 2015 and 2014, respectively.

(c) Operating income impact for fiscal 2018 included \$101 million of impairments related to the expected sale of a non-protein business net of \$33 million realized pretax gains associated with the sale of non-protein businesses. Operating income impact for fiscal 2017 included a \$45 million impairment related to the expected sale of a non-protein business.

(d) AdvancePierre purchase accounting and acquisition related costs impacting operating income for the twelve months ended September 30, 2017, included a \$30 million purchase accounting adjustment for the fair value step-up of inventory and \$4 million of acquisition related costs.

Adjusted sales and adjusted operating income are presented as supplementary measures of our operating performance that are not required by, or presented in accordance with, GAAP. We use adjusted sales and adjusted operating income as internal performance measurement and as criterion for evaluating our performance relative to that of our peers. We believe adjusted sales and adjusted operating income 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 sales and adjusted operating income. Further, we believe that adjusted sales and adjusted operating income are useful measures because it improves comparability of results of operations from period to period. Adjusted sales and adjusted operating income should not be considered as a substitute for sales and operating income 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 calculations of adjusted sales and adjusted operating income may not be comparable to similarly titled measures reported by other companies.