



Tyson

Q3 Fiscal 2019
Supplemental Information
August 5, 2019



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.



Q3 Achievements

- **Acquired Thai and European poultry operations**
- **Launched alternative protein products**
- **Planning a new case-ready beef & pork plant**



Q319 Highlights

- Adjusted EPS¹ of \$1.47
- Adjusted operating income¹ of \$796M
- Adjusted operating margin¹ of 7.3%
- Repurchased 1M shares for \$79M
- Maintaining adjusted EPS¹ guidance for FY2019 of \$5.75-\$6.10

¹ 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.

(\$ in millions, except per share data)	Q319	FYTD Q319
Sales	\$10,885	\$31,521
Adjusted Operating Income ¹	\$796	\$2,291
Adjusted Operating Margin ¹	7.3%	7.3%
Adjusted EPS ¹	\$1.47	\$4.25

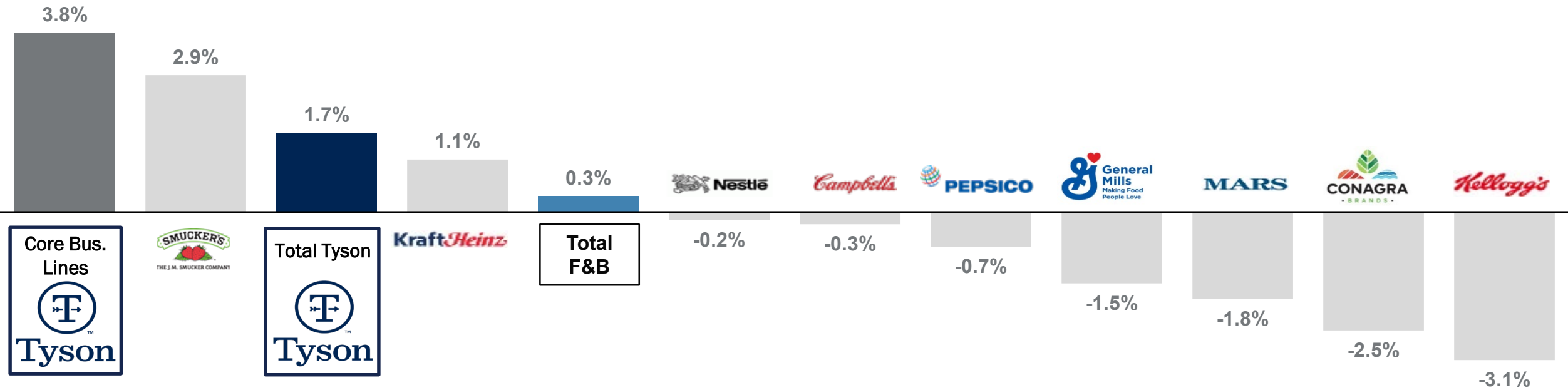
Adjusted Operating Income ¹ (\$ in millions)				
	Q319		FYTD Q319	
	Dollars	ROS%	Dollars	ROS%
Beef	\$271	6.5%	\$732	6.1%
Pork	42	3.2%	237	6.5%
Chicken	237	7.1%	560	5.7%
Prepared Foods	236	11.3%	753	12.0%
Other	10	n/a	9	n/a
Total	\$796	7.3%	\$2,291	7.3%



Retail Volume Performance

Core Business Lines & Total Tyson

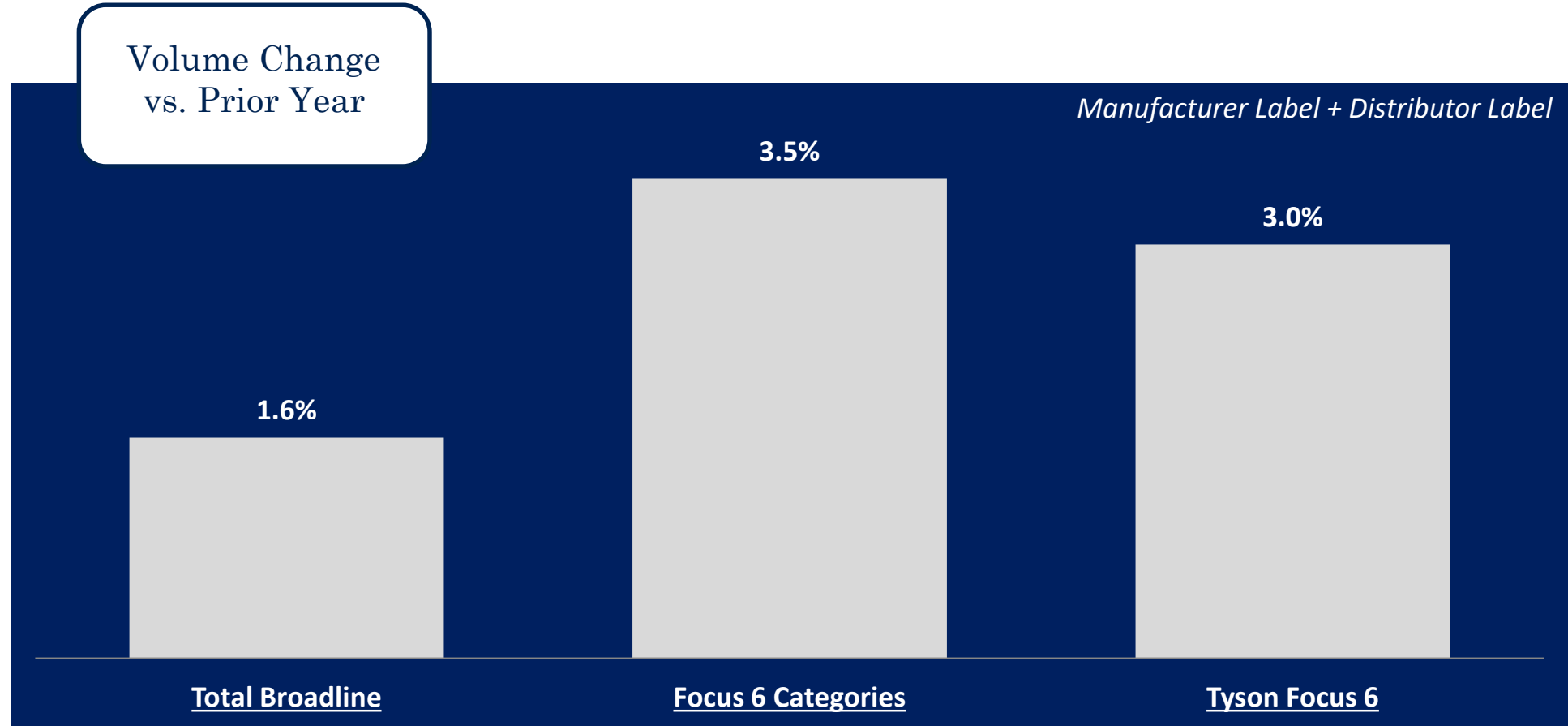
Volume Sales % Change among top 10 branded food companies > \$5B in sales



Source: Nielsen Total U.S. xAOC Fixed Weight Volume EQ Sales 52 weeks ending 06/29/2019
Product = Total F&P, Alcohol + Pet Food



Broadline Foodservice Volume Performance



Source: NPD SupplyTrack®, Month Ending May 2019. Excludes Commercial Large Chains and Operator Label. Includes Lodging Large Chains
Focus Six = Chicken Value Added (incl stuffed), Breakfast Sausage, Dinner Sausage, Peperoni Pizza Topping, Bacon, Philly Steak



Prepared Foods Segment Results

Adjusted Operating Income¹

(\$ in millions)

	<u>Dollars</u>	<u>ROS%</u>
Q319	\$236	11.3%
FYTD Q319	\$753	12.0%

Q319 Sales volume ↑0.4%²
Average price ↑2.2%²

FYTD Q319 Sales volume ↑1.0%²
Average price ↑0.3%²

FY19 Outlook

Adjusted Operating Margin¹
near 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.

²Excludes divestitures. Total Prepared Foods sales volume was down 7.4% for the quarter and down 10.1% fiscal year-to-date and average price was up 5.4% for both the quarter and fiscal year-to-date including divestitures.

Alternative Protein & Blended Products in Stores Now





Beef Segment Results

Adjusted Operating Income¹ (\$ in millions)		
	<u>Dollars</u>	<u>ROS%</u>
Q319	\$271	6.5%
FYTD	\$732	6.1%

Q319 Sales volume ↑1.8%
Average price ↑2.3%

FYTD Sales volume ↑1.3%
Average price ↑2.2%

FY19 Outlook
Adjusted Operating Margin¹
~ 7%

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



Pork Segment Results

Adjusted Operating Income¹ (\$ in millions)		
	<u>Dollars</u>	<u>ROS%</u>
Q319	\$42	3.2%
FYTD	\$237	6.5%

Q319 Sales volume ↑3.1%
Average price ↑7.4%

FYTD Sales volume ↑0.1%
Average price ↓2.0%

FY19 Outlook
Adjusted Operating Margin¹
exceeding 6%

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



Chicken Segment Results

Adjusted Operating Income¹ (\$ in millions)		
	<u>Dollars</u>	<u>ROS%</u>
Q319	\$237	7.1%
FYTD	\$560	5.7%

Q319 Sales volume $\uparrow 23.4\%$ ²
Average price $\downarrow 11.4\%$ ²

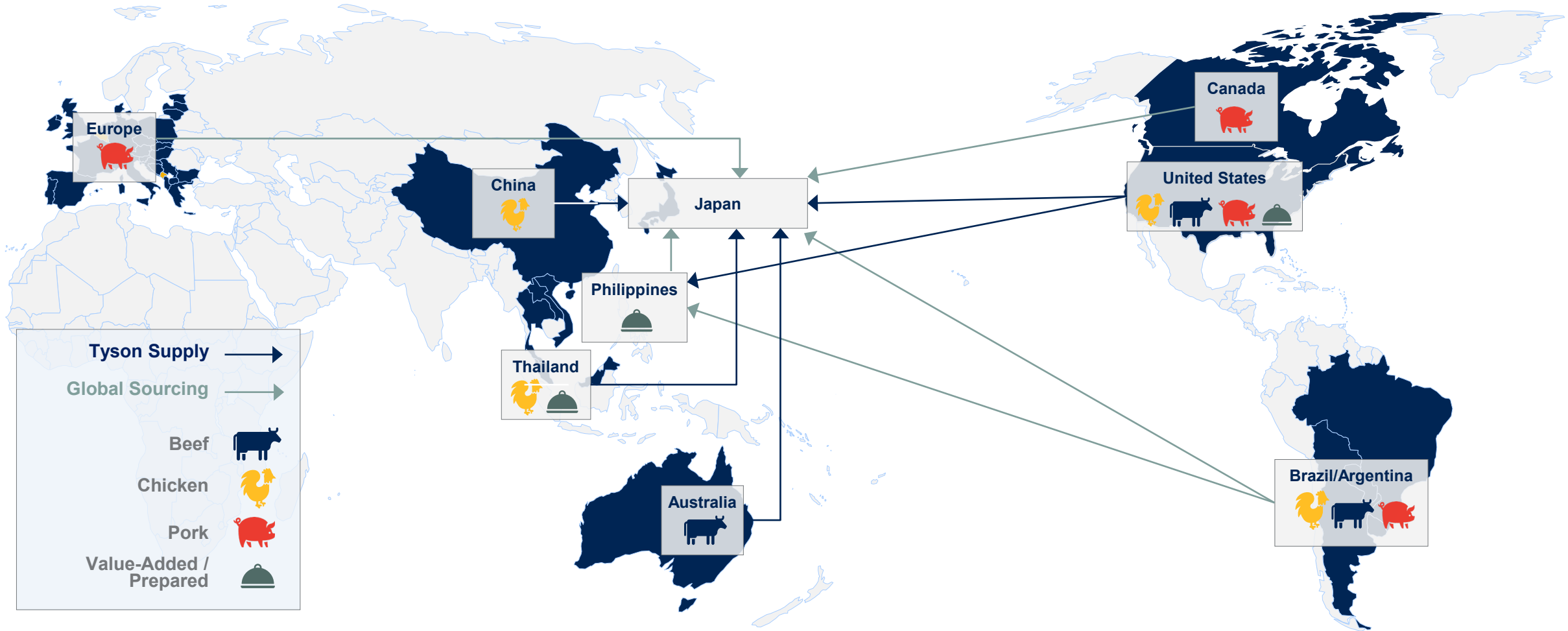
FYTD Sales volume $\uparrow 22.2\%$ ²
Average price $\downarrow 11.8\%$ ²

FY19 Outlook

Adjusted Operating Margin¹
around 6%

¹Represents a non-GAAP financial measure. Adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix. ²Includes acquisitions.

International: demand-focused, locally relevant





FYTD Highlights

- Adjusted EPS¹ of \$4.25
- Adjusted operating income¹ of \$2.3B
- Adjusted operating margin¹ of 7.3%
- Record Prepared Foods adjusted operating margin¹ of 12.0%
- Repurchased 3.4M shares for \$225M
- Maintaining adjusted EPS¹ guidance for FY2019 of \$5.75-\$6.10

¹ 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.

(\$ in millions, except per share data)	Q319	FYTD Q319
Sales	\$10,885	\$31,521
Adjusted Operating Income ¹	\$796	\$2,291
Adjusted Operating Margin ¹	7.3%	7.3%
Adjusted EPS ¹	\$1.47	\$4.25

Adjusted Operating Income ¹ (\$ in millions)				
	Q319		FYTD Q319	
	Dollars	ROS%	Dollars	ROS%
Beef	\$271	6.5%	\$732	6.1%
Pork	42	3.2%	237	6.5%
Chicken	237	7.1%	560	5.7%
Prepared Foods	236	11.3%	753	12.0%
Other	10	n/a	9	n/a
Total	\$796	7.3%	\$2,291	7.3%



Outlook

SALES		CAP EX		ADJUSTED EPS ¹			
FY19 ~\$43B FY20 ~\$45-46B <small>FY20 topline growth of 6-7% over FY19</small>		FY19 & FY20 ~\$1.3B		FY19 \$5.75-6.10			
FY19 ADJUSTED OPERATING MARGIN ¹							
PREPARED FOODS		BEEF		PORK		CHICKEN	
near 12%		~ 7%		exceeding 6%		around 6%	

¹ Projected Adjusted EPS as of 8/05/19. Represents a non-GAAP financial measure. Adjusted EPS and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix.



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.

Appendix



EPS Reconciliations

\$ in millions, except per share data
(Unaudited)

	Third Quarter				Nine Months Ended			
	Pretax Impact		EPS Impact		Pretax Impact		EPS Impact	
	2019	2018	2019	2018	2019	2018	2019	2018
Reported net income per share attributable to Tyson	-	-	\$1.84	\$1.47			\$4.51	\$6.72
Add: Restructuring and related charges	15	14	0.03	0.03	31	45	0.06	0.09
Less: Gain on sale of investment	(55)	-	(0.11)	-	(55)	-	(0.11)	-
Less: Recognition of previously unrecognized tax benefit	-	-	(0.29)	-	-	-	(0.29)	-
Add: Keystone purchase accounting and acquisition related costs (a)	-	-	-	-	37	-	0.08	-
Add: Impairment net of a realized gain associated with the divestiture of non-protein businesses (b)	-	-	-	-	-	79	-	0.26
Add: One-time cash bonus to frontline employees	-	-	-	-	-	109	-	0.22
Less: Tax benefit from remeasurement of net deferred tax liabilities at lower enacted tax rates	-	-	-	-	-	-	-	(2.71)
Adjusted net income per share attributable to Tyson			\$1.47	\$1.50			\$4.25	\$4.58

- (a) Keystone purchase accounting and acquisition related costs for the nine months of fiscal 2019 included an \$11 million purchase accounting adjustment for the fair value step-up of inventory and \$26 million of acquisition related costs.
- (b) EPS impact for the nine months of fiscal 2018 included \$101 million of impairments related to the expected sale of a non-protein business net of a \$22 million realized 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 EPS guidance is provided on a non-GAAP basis. The Company is not able to reconcile its full-year fiscal 2019 Adjusted EPS guidance to its full-year fiscal 2019 projected GAAP EPS guidance because certain information necessary to calculate such measure on a GAAP basis is 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 this measure without unreasonable effort.

Segment Operating Income & Operating Margin Reconciliations



\$ In millions, except per share data

(Unaudited)

Adjusted Segment Operating Income (Loss)							
<i>(for the third quarter ended June 29, 2019)</i>							
	Beef	Pork	Chicken	Prepared Foods	Other	Intersegment Sales	Total
Sales	\$ 4,157	\$ 1,323	\$ 3,331	\$ 2,089	\$ 356	\$ (371)	\$ 10,885
Reported operating income (loss)	\$ 270	\$ 42	\$ 230	\$ 229	\$ 10	\$ -	\$ 781
Add: Restructuring and related charges	1	-	7	7	-	-	15
Adjusted operating income (loss)	\$ 271	\$ 42	\$ 237	\$ 236	\$ 10	\$ -	\$ 796
Reported operating margin %	6.5%	3.2%	6.9%	11.0%	n/a	n/a	7.2%
Adjusted operating margin %	6.5%	3.2%	7.1%	11.3%	n/a	n/a	7.3%

Adjusted Segment Operating Income (Loss)							
<i>(for the nine months ended June 29, 2019)</i>							
	Beef	Pork	Chicken	Prepared Foods	Other	Intersegment Sales	Total
Sales	\$ 11,967	\$ 3,674	\$ 9,853	\$ 6,265	\$ 776	\$ (1,014)	\$ 31,521
Reported operating income (loss)	\$ 731	\$ 237	\$ 531	\$ 739	\$ (15)	\$ -	\$ 2,223
Add: Restructuring and related charges	1	-	16	14	-	-	31
Add: Keystone purchase accounting and acquisition related	-	-	13	-	24	-	37
Adjusted operating income (loss)	\$ 732	\$ 237	\$ 560	\$ 753	\$ 9	\$ -	\$ 2,291
Reported operating margin %	6.1%	6.5%	5.4%	11.8%	n/a	n/a	7.1%
Adjusted operating margin %	6.1%	6.5%	5.7%	12.0%	n/a	n/a	7.3%

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