



**Tyson**

**Q1 Fiscal 2020**  
Supplemental Information  
February 6, 2020



# Today's Speakers



**Noel White**  
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 2020, 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 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 African swine fever (ASF), 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 effectiveness of our financial fitness program; (v) the implementation of an enterprise resource planning system; (vi) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (vii) changes in availability and relative costs of labor and contract farmers and our ability to maintain good relationships with employees, labor unions, contract farmers and independent producers providing us livestock; (viii) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (ix) changes in consumer preference and diets and our ability to identify and react to consumer trends; (x) effectiveness of advertising and marketing programs; (xi) our ability to leverage brand value propositions; (xii) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (xiii) impairment in the carrying value of our goodwill or indefinite life intangible assets; (xiv) 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; (xv) adverse results from litigation; (xvi) cyber incidents, security breaches or other disruptions of our information technology systems; (xvii) our ability to make effective acquisitions or joint ventures and successfully integrate newly acquired businesses into existing operations; (xviii) risks associated with our commodity purchasing activities; (xix) the effect of, or changes in, general economic conditions; (xx) significant marketing plan changes by large customers or loss of one or more large customers; (xxi) impacts on our operations caused by factors and forces beyond our control, such as natural disasters, fire, bioterrorism, pandemics or extreme weather; (xxii) failure to maximize or assert our intellectual property rights; (xxiii) our participation in multiemployer pension plans; (xxiv) the Tyson Limited Partnership's ability to exercise significant control over the Company; (xxv) effects related to changes in tax rates, valuation of deferred tax assets and liabilities, or tax laws and their interpretation; (xxvi) volatility in capital markets or interest rates; (xxvii) 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 (xxviii) those factors listed under Item 1A. "Risk Factors" included in our Annual Report filed on Form 10-K for the period ended September 28, 2019.



# **COALITION FOR GLOBAL PROTEIN™**

**Our mission is to work together to identify, incubate and implement new and creative solutions to sustainable protein to help feed the world's growing population while benefitting, people, animals and the planet.**

# Raising the world's expectations for how much good food can do

## Grow

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Our business by delivering superior value to consumers and customers



## Deliver

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Fuel for growth and returns through commercial, operational and financial excellence



## Sustain

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Our company and our world for future generations

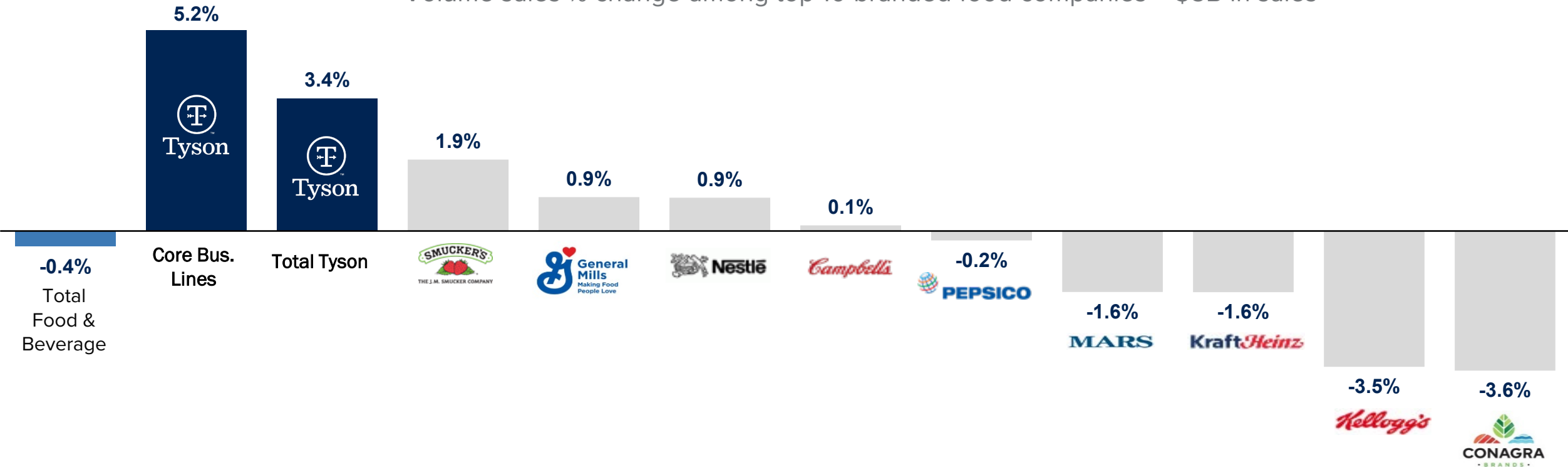




# Retail Volume Performance

## Core Business Lines & Total Tyson Retail

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

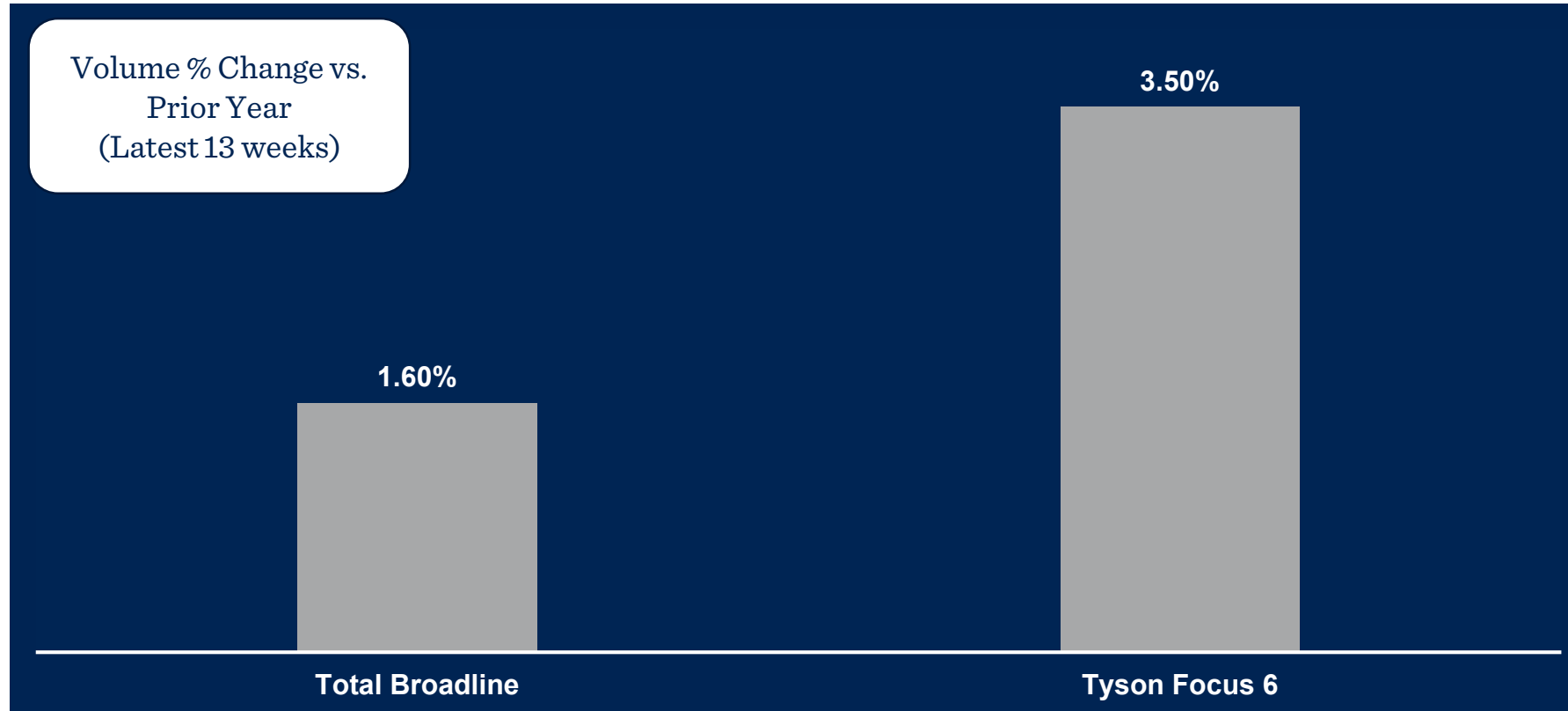


Source: Nielsen Total U.S. xAOC Fixed Weight Volume EQ Sales 52 weeks ending 12/28/2019  
Product = Total F&P, Alcohol + Pet Food



# Broadline Foodservice Volume Performance

Tyson's Focus 6 lines are growing at nearly 2x the rate of Total Broadline



Source: NPD SupplyTrack®, Month Ending November 2019. Excludes Commercial Large Chains and Operator Label  
Focus 6 = Value-Added Chicken, Breakfast Sausage, Dinner Sausage, Peperoni Pizza Topping, Bacon, Philly Steak  
Tyson Focus 6 represents ~21% of Total Tyson Foodservice shipments



# Prepared Foods Segment Results

<b>Adjusted Operating Income<sup>1</sup></b> (\$ in millions)		
	<u>Dollars</u>	<u>ROS%</u>
Q120	\$180	8.4%

## Q120

Sales volume ↓3.1%

Average price ↑2.7%

## FY20 Outlook

Adjusted Operating Margin<sup>1</sup>  
10-12%

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



# Beef Segment Results

<b>Adjusted Operating Income<sup>1</sup></b> (\$ in millions)		
	<u>Dollars</u>	<u>ROS%</u>
Q120	\$431	11.2%

## Q120

Sales volume ↓8.0%

Average price ↑5.8%

## FY20 Outlook

Adjusted Operating Margin<sup>1</sup>

Upper end of 6.5-7.5%, absent additional impacts from African swine fever

<sup>1</sup>Represents 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

<b>Adjusted Operating Income<sup>1</sup></b> (\$ in millions)		
	<u>Dollars</u>	<u>ROS%</u>
Q120	\$193	14.0%

## Q120

Sales volume ↑7.3%

Average price ↑9.7%

## FY20 Outlook

Adjusted Operating Margin<sup>1</sup>  
6-8%, absent additional impacts  
from African swine fever

<sup>1</sup>Represents 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

<b>Adjusted Operating Income<sup>1</sup></b> (\$ in millions)		
	<u>Dollars</u>	<u>ROS%</u>
Q120	\$78	2.4%

## Q120

Sales volume ↑4.5%

Average price ↑1.2%

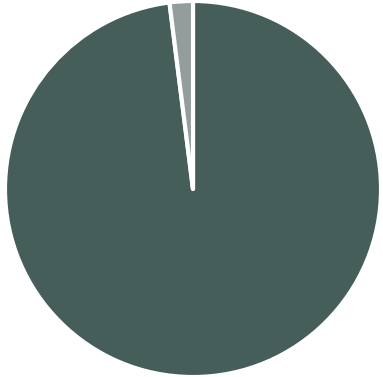
## FY20 Outlook

Adjusted Operating Margin<sup>1</sup>  
4-6%, absent additional impacts  
from African swine fever

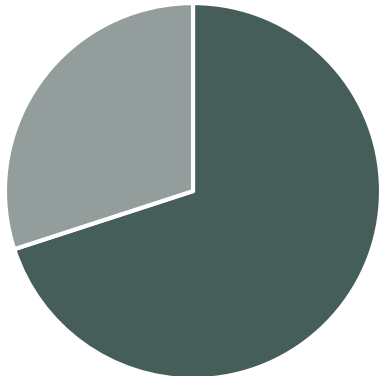
<sup>1</sup>Represents a non-GAAP financial measure. Adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix.



# Global protein consumption is growing.



It's estimated that nearly **98%** of global protein consumption growth will occur outside the U.S.



**70%** of the volume growth will come from Asia.

As the population continues to grow, Tyson Foods will grow with it.

Source: Euromonitor International from national statistics / Eurostat / UN / OECD.



# Q120 Highlights

- Adjusted EPS<sup>1</sup> up 5%
- Adjusted operating income<sup>1</sup> up 6%
- Volume up 4.7%
- Avg. sales price up 1.4%
- Operating cash flows \$894 million
- Liquidity \$1.4 billion at 12/28/19
- CapEx \$312 million

<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.

(\$ in millions, except per share data)	Q120
Sales	\$10,815
Adjusted Operating Income <sup>1</sup>	\$894
Adjusted Operating Margin <sup>1</sup>	8.3%
Adjusted EPS <sup>1</sup>	\$1.66

Adjusted Operating Income <sup>1</sup> (\$ in millions)		
	Q120	
	Dollars	ROS%
Beef	\$431	11.2%
Pork	193	14.0%
Chicken	78	2.4%
Prepared Foods	180	8.4%
International/Other	12	n/a
<b>Total</b>	<b>\$894</b>	<b>8.3%</b>

# Raising the world's expectations for how much good food can do

## Grow

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Our business by delivering superior value to consumers and customers



## Deliver

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Fuel for growth and returns through commercial, operational and financial excellence



## Sustain

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Our company and our world for future generations



# Appendix



# EPS Reconciliations

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

	First Quarter			
	Pretax Impact		EPS Impact	
	2020	2019	2020	2019
Reported net income per share attributable to Tyson			\$1.52	\$1.50
Add: Restructuring and related charges	\$ 52	\$ 8	0.11	0.02
Add: Beef production facility fire costs, net of insurance proceeds	\$ 16	\$ -	0.03	-
Add: Keystone purchase accounting and acquisition related costs (a)	\$ -	\$ 26	-	0.06
Adjusted net income per share attributable to Tyson			\$1.66	\$1.58

(a) Keystone purchase accounting and acquisition related costs for the first quarter of fiscal 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.

Adjusted EPS guidance is provided on a non-GAAP basis. The Company is not able to reconcile its full-year fiscal 2020 Adjusted EPS guidance to its full-year fiscal 2020 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 first quarter ended December 28, 2019)</i>							
	Beef	Pork	Chicken	Prepared Foods	International/ Other	Intersegment Sales	Total
Sales	\$ 3,838	\$ 1,379	\$ 3,292	\$ 2,140	\$ 498	\$ (332)	\$ 10,815
Reported operating income (loss)	\$ 410	\$ 191	\$ 57	\$ 158	\$ 10	\$ -	\$ 826
Add: Restructuring and related charges	5	2	21	22	2	-	52
Add: Beef production facility fire costs, net of insurance proceeds	16	-	-	-	-	-	16
Adjusted operating income (loss)	\$ 431	\$ 193	\$ 78	\$ 180	\$ 12	\$ -	\$ 894
Reported operating margin %	10.7%	13.9%	1.7%	7.4%	n/a	n/a	7.6%
Adjusted operating margin %	11.2%	14.0%	2.4%	8.4%	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.