



**Tyson**



**Q4 Fiscal 2020**

Supplemental Information

November 16, 2020

# 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 2021, 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) the outbreak of the COVID-19 global pandemic and associated responses has had, and is expected to continue to have, an adverse impact on our business and operations; (ii) our ability to make effective acquisitions or joint ventures and successfully integrate newly acquired businesses into existing operations; (iii) the effectiveness of our financial fitness program; (iv) the implementation of an enterprise resource planning system; (v) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (vi) cyber incidents, security breaches or other disruptions of our information technology systems; (vii) risks associated with our failure to consummate favorable acquisition transactions or integrate certain acquisitions' operations; (viii) the Tyson Limited Partnership's ability to exercise significant control over the Company; (ix) 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; (x) 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; (xi) 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; (xii) changes in consumer preference and diets and our ability to identify and react to consumer trends; (xiii) effectiveness of advertising and marketing programs; (xiv) significant marketing plan changes by large customers or loss of one or more large customers; (xv) our ability to leverage brand value propositions; (xvi) changes in availability and relative costs of labor and contract farmers and our ability to maintain good relationships with team members, labor unions, contract farmers and independent producers providing us livestock; (xvii) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (xviii) 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; (xix) adverse results from litigation; (xx) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (xxi) impairment in the carrying value of our goodwill or indefinite life intangible assets; (xxii) our participation in multiemployer pension plans; (xxiii) volatility in capital markets or interest rates; (xxiv) risks associated with our commodity purchasing activities; (xxv) the effect of, or changes in, general economic conditions; (xxvi) impacts on our operations caused by factors and forces beyond our control, such as natural disasters, fire, bioterrorism, pandemics or extreme weather; (xxvii) failure to maximize or assert our intellectual property rights; (xxviii) effects related to changes in tax rates, valuation of deferred tax assets and liabilities, or tax laws and their interpretation; and (xxix) those factors listed under Item 1A. "Risk Factors" in this report and Part I, Item 1A. "Risk Factors" included in our Annual Report filed on Form 10-K for the year ended October 3, 2020.

# Today's Speakers



**Dean Banks**  
President & CEO



**Stewart Glendinning**  
EVP & CFO



# Fiscal 2020 Accomplishments

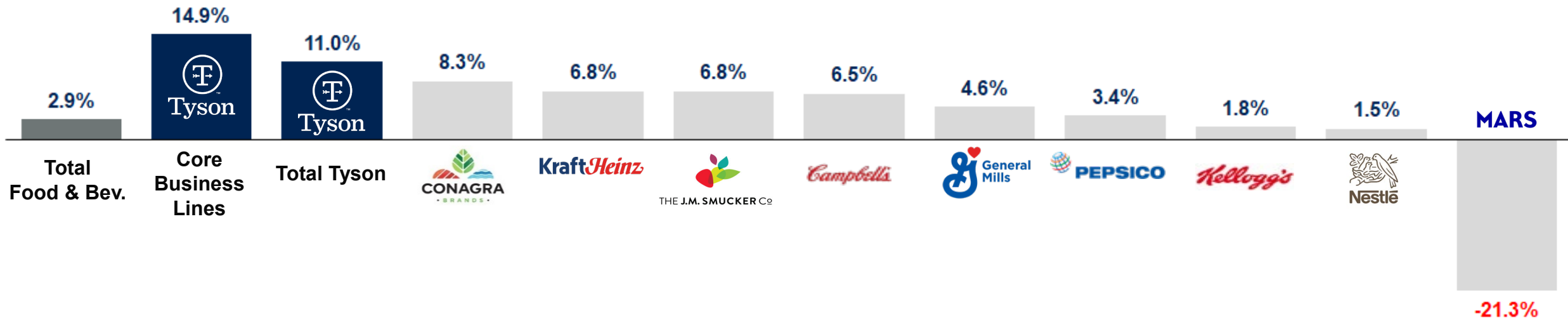
- **Substantial investments in COVID-19 protective measures**
  - New, industry-leading monitoring strategy
  - Approximately \$300 million of benefits paid to team members
  - Aggressively managed core expenses to partially offset COVID-19 impacts
- **Portfolio diversity drove strong, balanced earnings**
- **Continued efforts to improve chicken operating efficiencies**
- **Substantial volume and share growth in core retail lines**
- **Proactive, enterprise-wide sustainability and corporate social responsibility initiatives**



# Retail Volume Performance

## Core Business Lines & Total Tyson Retail

Volume Sales % Chg. among top 10 branded food companies > \$5B



Source: Nielsen Total U.S. xAOC Fixed Weight Volume EQ Sales 13 weeks ending 9/26/2020  
Product = Total F&P, Alcohol + Pet Food



# Fourth Quarter Accomplishments

- **Continued strength at retail; foodservice still in recovery**
  - Tyson retail core business lines continue to increase volume and share; lead top 10 food manufacturers
  - With over 120% e-Commerce growth Q4'20 vs. Q4'19, Tyson has now achieved an estimated \$1+ billion in annual sales thru e-commerce channel partners
- **Strong Beef, Pork, and Prepared Foods results offset softness in Chicken**
- **African Swine Fever continues to present potential opportunities**
- **International business presents continued growth and synergy prospect by leveraging the “One Tyson” framework**
  - Recently announced new production capacity will help us serve emerging markets and strategic customers
- **Cost reduction initiatives will fuel future growth across the enterprise**



# Fourth Quarter Financial Highlights

- **Q4 Adjusted EPS<sup>1</sup> of \$1.81**
- **YTD Adjusted EPS<sup>1</sup> of \$5.64**
- **Strength in Beef, Pork, and Prepared Foods segments offset challenges associated with COVID-19**
- **Industry-leading investments in team member health & safety**

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



# Prepared Foods Segment Results

<b>Adj. Operating Income<sup>1</sup></b> (\$ in millions)		
	<u>Dollars</u>	<u>ROS %</u>
Q4 FY20	\$236	11.2%
FY20	\$752	9.0%

	<b>Q4 FY20</b>	<b>FY20</b>
Sales volume <sup>2</sup>	↓ 5.6%	↓ 3.7%
Average price	↑ 3.8%	↑ 3.1%

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

<sup>2</sup>Sales volumes are presented on a 13-week basis for Q4 Fy20 and on a 52-week basis for FY20.



# Chicken Segment Results

<b>Adj. Operating Income<sup>1</sup></b> (\$ in millions)		
	<u>Dollars</u>	<u>ROS %</u>
Q4 FY20	\$91	2.9%
FY20	\$148	1.1%

	<b>Q4 FY20</b>	<b>FY20</b>
Sales volume <sup>2</sup>	↓ 5.4%	↓ 1.7%
Average price	↓ 2.1%	↓ 0.6%

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

<sup>2</sup>Sales volumes are presented on a 13-week basis for Q4 Fy20 and on a 52-week basis for FY20.



# Beef Segment Results

<b>Adj. Operating Income<sup>1</sup></b> (\$ in millions)		
	<u>Dollars</u>	<u>ROS %</u>
Q4 FY20	\$483	12.2%
FY20	\$1,659	10.7%

	<b>Q4 FY20</b>	<b>FY20</b>
Sales volume <sup>2</sup>	↑ 3.8%	↓ 6.5%
Average price	↓ 1.1%	↑ 4.0%

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

<sup>2</sup>Sales volumes are presented on a 13-week basis for Q4 Fy20 and on a 52-week basis for FY20.



# Pork Segment Results

<b>Adj. Operating Income<sup>1</sup></b> (\$ in millions)		
	<u>Dollars</u>	<u>ROS %</u>
Q4 FY20	\$162	12.8%
FY20	\$555	11.0%

	<b>Q4 FY20</b>	<b>FY20</b>
Sales volume <sup>2</sup>	↑ 6.9%	↓ 0.2%
Average price	↓ 5.9%	↑ 2.2%

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

<sup>2</sup>Sales volumes are presented on a 13-week basis for Q4 Fy20 and on a 52-week basis for FY20.



# Q4 FY20 Highlights

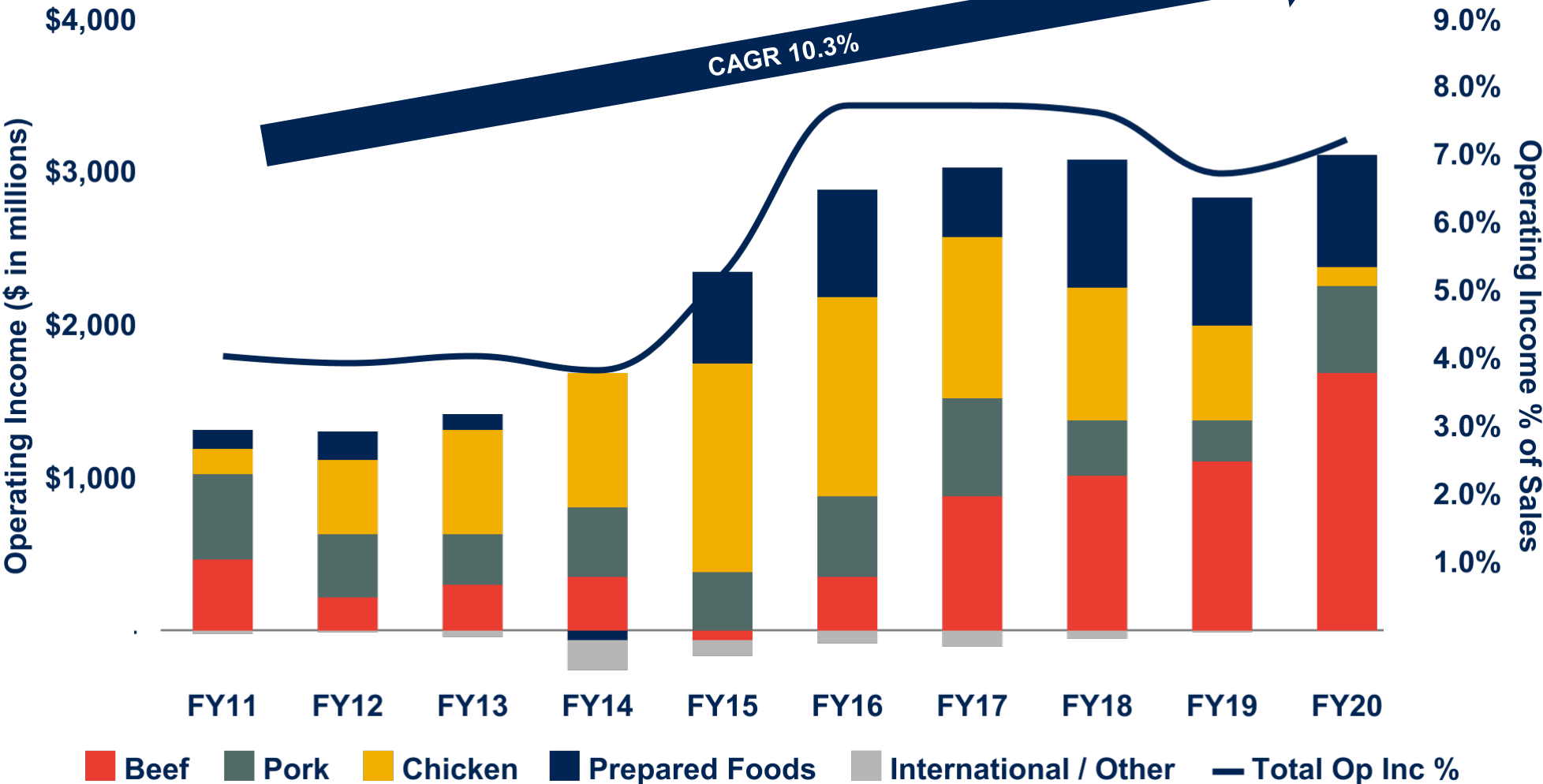
- **YTD Operating cash flows \$3.9 billion**
- **Liquidity of \$3.2 billion at 10/3/2020**
- **Leverage of 2.3x net debt-to-adjusted EBITDA<sup>1</sup>**
- **Net interest expense of \$123 million**
- **Effective tax rate of 21.6%**
- **Leverage of 2.3x net debt-to-adjusted EBITDA<sup>1</sup>**
- **CapEx \$292 million**

(\$ in millions, except per share data)	<u>Q4 FY20</u>	<u>FY20</u>
Adj. Sales <sup>1</sup>	\$10,641	\$42,366
Adj. Operating Income <sup>1</sup>	\$961	\$3,116
Adj. Operating Margin <sup>1</sup>	9.0 %	7.4 %
Adjusted EPS <sup>1</sup>	\$1.81	\$5.64

Adj. Operating Income <sup>1</sup> (\$ in millions)				
	<u>Q4 FY20</u>		<u>FY20</u>	
	<u>Dollars</u>	<u>ROS%</u>	<u>Dollars</u>	<u>ROS%</u>
Beef	\$483	12.2 %	\$1,659	10.7 %
Pork	162	12.8 %	555	11.0 %
Chicken	91	2.9 %	148	1.1 %
Prepared Foods	236	11.2 %	752	9.0 %
International/Other	(11)	n/a	2	n/a
<b>Total</b>	<b>\$961</b>	<b>9.0 %</b>	<b>\$3,116</b>	<b>7.4 %</b>

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

# Multi-Protein Portfolio Drives Earnings Stability and Unlocks Long-Term Growth





# Fiscal 2021 Outlook

- **Q1 off to a good start across segments**
- **Expect total revenues of \$42 billion to \$44 billion**
- **CapEx between \$1.2 and 1.4 billion**
- **Liquidity will remain in excess of \$1 billion target**
- **Effective tax rate expected to approximate 23%**
- **Net interest expense of roughly \$440 million**
- **Currently expect \$330 million of COVID costs, although this is based on current estimates and we will continue to prioritize team member health & safety**



# Fiscal 2021 Business Environment

- **Consumption oriented toward retail; continued recovery in food service**
- **Opportunities to leverage automation and technology**
- **Possibility for higher grain & freight costs**
- **Beef and Pork segments expected to moderate toward historical levels**
- **Chicken and Prepared Foods segments expected to strengthen as a result of cost reductions and operational improvement initiatives**

# Q&A



**Dean Banks**  
President & CEO



**Stewart  
Glendinning**  
EVP & CFO

# Appendix

# EPS Reconciliations

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



	Fourth Quarter				Twelve Months Ended			
	Pretax Impact		EPS Impact		Pretax Impact		EPS Impact	
	2020	2019	2020	2019	2020	2019	2020	2019
Reported net income per share attributable to Tyson			\$ 1.90	\$ 1.01			\$ 5.86	\$ 5.52
Add: Restructuring and related charges	\$ 23	\$ 10	0.05	0.02	\$ 75	\$ —	0.16	0.08
Add: Beef production facility fire costs, net of insurance proceeds	\$ —	\$ 31	—	0.06	\$ 1	\$ —	—	0.06
Less: Gain on sale of investment	\$ —	\$ —	—	—	\$ —	\$ —	—	(0.11)
Less: Recognition of previously unrecognized tax benefit	\$ —	\$ —	—	—	\$ —	\$ —	—	(0.29)
Add: Keystone purchase accounting and acquisition related costs (a)	\$ —	\$ —	—	—	\$ —	\$ —	—	0.08
Add/(Less): Loss/(Gain) from pension plan terminations	\$ —	\$ 15	—	0.03	\$ (116)	\$ —	(0.24)	0.03
Less: Impact of additional week (b)	\$ (65)	\$ —	(0.14)	—	\$ —	\$ —	(0.14)	—
Add: Impairment associated with the divestiture of a business	\$ —	\$ 41	—	0.09	\$ —	\$ —	—	0.09
Adjusted net income per share attributable to Tyson			\$ 1.81	\$ 1.21			\$ 5.64	\$ 5.46

(a) Keystone purchase accounting and acquisition related costs for the first twelve 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) The estimated pretax impact of the additional week in the fourth quarter and twelve months of fiscal 2020 was calculated by dividing the fourth quarter's Adjusted operating income (loss) net of Total Other (Income) Expense prior to adjustment for additional week by 14 weeks.

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.



**TYSON FOODS, INC.**  
**EBITDA Reconciliations**  
**(\$ In millions)**  
**(Unaudited)**

	Twelve Months Ended	
	October 3, 2020	September 28, 2019
Net Income	\$ 2,150	\$ 2,035
Less: Interest income	(10)	(11)
Add: Interest expense	485	462
Add: Income tax expense	620	396
Add: Depreciation	900	819
Add: Amortization (a)	278	267
<b>EBITDA</b>	<b>\$ 4,423</b>	<b>\$ 3,968</b>
Adjustments to EBITDA:		
Add: Restructuring and related charges	75	41
Add: Beef production facility fire costs, net of insurance proceeds	1	31
Add/(Less): Loss/(Gain) from pension plan terminations	(116)	15
Add: Keystone purchase accounting and acquisition related costs (b)	—	37
Add: Impairment associated with the divestiture of a business	—	41
Less: Gain on sale of investment	—	(55)
Less: Impact of additional week (c)	(96)	—
<b>Total Adjusted EBITDA (52-week basis)</b>	<b>\$ 4,287</b>	<b>\$ 4,078</b>
Total gross debt	\$ 11,339	\$ 11,932
Less: Cash and cash equivalents	(1,420)	(484)
Less: Short-term investments	—	(1)
<b>Total net debt</b>	<b>\$ 9,919</b>	<b>\$ 11,447</b>
Ratio Calculations:		
Gross debt/EBITDA	2.6x	3.0x
Net debt/EBITDA	2.2x	2.9x
Gross debt/Adjusted EBITDA	2.6x	2.9x
Net debt/Adjusted EBITDA	2.3x	2.8x

(a) Excludes the amortization of debt issuance and debt discount expense of \$14 million and \$12 million for the twelve months ended October 3, 2020 and September 28, 2019, respectively, as it is included in interest expense.

(b) Keystone acquisition and integration costs for fiscal year 2019 included \$11 million of purchase accounting adjustments and \$26 million of acquisition related costs.

(c) The estimated impact to adjusted EBITDA of the additional week in fiscal 2020 was calculated as fourth quarter EBITDA (14-week basis) of \$1,322 (which is comprised of fourth quarter 14-week basis net income of \$695 million, less interest income of \$1 million, plus interest expense of \$124 million, plus income tax expense of \$192 million, plus depreciation and amortization of \$312 million which excludes the amortization of debt issuance and debt discount expense of \$4 million for the three months ended October 3, 2020, as it is included in interest expense) plus fourth quarter restructuring and related charges of \$23 million, divided by 14 weeks.



**TYSON FOODS, INC.**  
**Segment Sales, Operating Income and Operating Margin Reconciliations**  
(\$ In millions)  
(Unaudited)

<b>Adjusted Segment Operating Income (Loss)</b> <i>(for the fourth quarter ended October 3, 2020)</i>								
	<b>Beef</b>	<b>Pork</b>	<b>Chicken</b>	<b>Prepared Foods</b>	<b>International/Other</b>	<b>Intersegment Sales</b>	<b>Total</b>	
Sales	\$ 4,272	\$ 1,368	\$ 3,433	\$ 2,277	\$ 491	\$ (381)	\$ 11,460	
Less: Impact of additional week	(306)	(98)	(245)	(163)	(35)	28	(819)	
Adjusted Sales	\$ 3,966	\$ 1,270	\$ 3,188	\$ 2,114	\$ 456	\$ (353)	\$ 10,641	
Reported operating income (loss)	\$ 516	\$ 174	\$ 86	\$ 249	\$ (13)	\$ —	\$ 1,012	
Add: Restructuring and related charges	\$ 4	\$ 1	\$ 12	\$ 5	\$ 1	\$ —	\$ 23	
Add/Less: Impact of additional week (a)	(37)	(13)	(7)	(18)	1	—	(74)	
Adjusted operating income (loss)	\$ 483	\$ 162	\$ 91	\$ 236	\$ (11)	\$ —	\$ 961	
Reported operating margin %	12.1 %	12.7 %	2.5 %	10.9 %	n/a	n/a	8.8 %	
Adjusted operating margin %	12.2 %	12.8 %	2.9 %	11.2 %	n/a	n/a	9.0 %	

<b>Adjusted Segment Operating Income (Loss)</b> <i>(for the twelve months ended October 3, 2020)</i>								
	<b>Beef</b>	<b>Pork</b>	<b>Chicken</b>	<b>Prepared Foods</b>	<b>International/Other</b>	<b>Intersegment Sales</b>	<b>Total</b>	
Sales	\$ 15,742	\$ 5,128	\$ 13,234	\$ 8,532	\$ 1,856	\$ (1,307)	\$ 43,185	
Less: Impact of additional week	(306)	(98)	(245)	(163)	(35)	28	(819)	
Adjusted Sales	\$ 15,436	\$ 5,030	\$ 12,989	\$ 8,369	\$ 1,821	\$ (1,279)	\$ 42,366	
Reported operating income (loss)	\$ 1,686	\$ 565	\$ 122	\$ 743	\$ (2)	\$ —	\$ 3,114	
Add: Restructuring and related charges	9	3	33	27	3	—	75	
Add: Beef production facility fire costs, net of insurance proceeds	1	—	—	—	—	—	1	
Add/Less: Impact of additional week (a)	(37)	(13)	(7)	(18)	1	—	(74)	
Adjusted operating income (loss)	\$ 1,659	\$ 555	\$ 148	\$ 752	\$ 2	\$ —	\$ 3,116	
Reported operating margin %	10.7 %	11.0 %	0.9 %	8.7 %	n/a	n/a	7.2 %	
Adjusted operating margin %	10.7 %	11.0 %	1.1 %	9.0 %	n/a	n/a	7.4 %	

(a) The estimated impact of the additional week in the fourth quarter and twelve months of fiscal 2020 was calculated by dividing the fourth quarter's sales by 14 weeks and adjusted operating income (loss) prior to adjustment for the additional week by 14 weeks.

Adjusted sales, 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 sales, 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 sales, 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 sales, adjusted operating income and adjusted operating margin. Further, we believe that adjusted sales, adjusted operating income and adjusted operating margin are useful measures because they improve comparability of results of operations from period to period. Adjusted sales, adjusted operating income and adjusted operating margin should not be considered as substitutes for sales, 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 sales, adjusted operating income and adjusted operating margin may not be comparable to similarly titled measures reported by other companies.