



Tyson

Q2 Fiscal 2020
Supplemental Information
May 4, 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 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; (xxviii) pandemics or disease outbreaks, such as the global novel coronavirus (COVID-19), may disrupt consumption and trade patterns, supply chains, and production processes, which could materially affect our operations and results of operations; (xxix) 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; and (xxx) 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 September 28, 2019, and our Current Report on Form 8-K filed March 13, 2020.

Today's Speakers



Noel White
CEO



Dean Banks
President



Stewart Glendinning
EVP & CFO



Responding in the wake of adversity

“Tyson Foods to Provide Approximately \$60 Million in Bonuses for Frontline Workers”

“Tyson Foods Doubles Bonuses; Increases Health Benefits and Protections for Frontline Workers”

“Tyson Foods Commits \$13 Million in COVID-19 Hunger Relief and Community Support”

“Tyson Foods Partners with Matrix Medical Network to Provide On-Site Healthcare Services”

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

Grow

Our business by delivering superior value to consumers and customers



Deliver

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



Sustain

Our company and our world for future generations

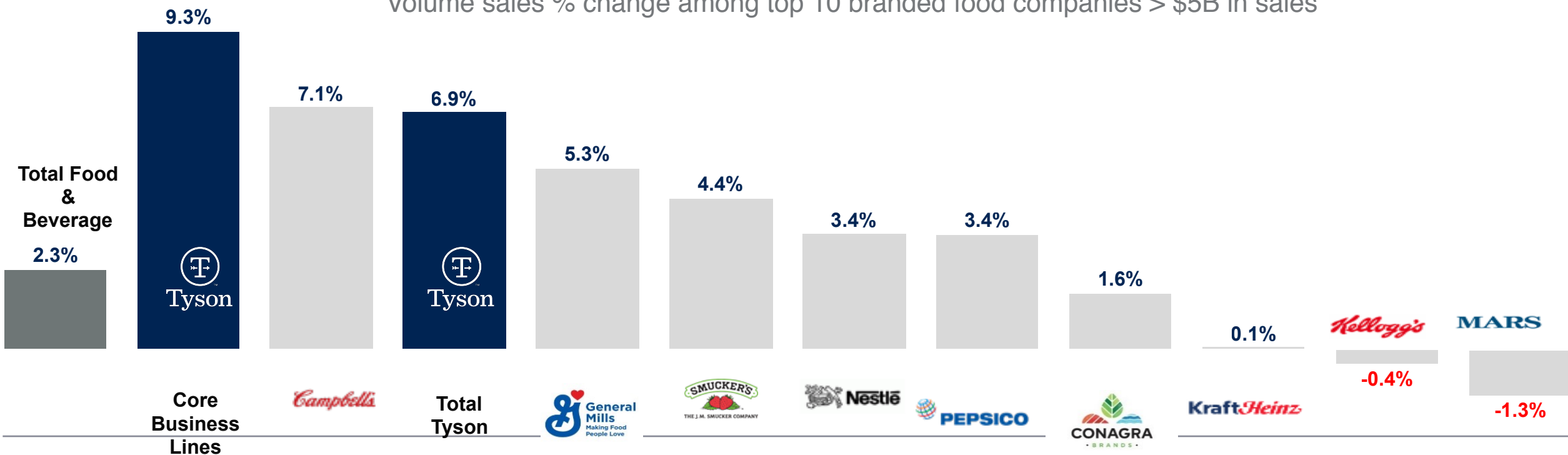




Retail Volume Performance

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 3/28/2020
Product = Total F&P, Alcohol + Pet Food



Prepared Foods Segment Results

Operating Income		
(\$ in millions)		
	<u>Dollars</u>	<u>ROS %</u>
Q2 FY20	\$191	9.2%

Q2 FY20		
Sales volume	↓	0.1%
Average price	↑	2.7%



Beef Segment Results

Operating Income		
(\$ in millions)		
	<u>Dollars</u>	<u>ROS %</u>
Q2 FY20	\$109	2.7%

Q2 FY20		
Sales volume	↑	2.7%
Average price	↓	0.3%



Pork Segment Results

Operating Income		
(\$ in millions)		
	<u>Dollars</u>	<u>ROS %</u>
Q2 FY20	\$93	7.3%

Q2 FY20		
Sales volume	↑	2.0%
Average price	↑	6.0%



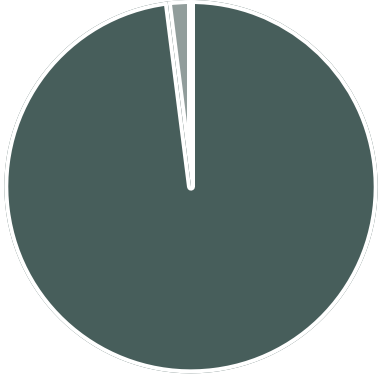
Chicken Segment Results

Operating Income		
(\$ in millions)		
	<u>Dollars</u>	<u>ROS %</u>
Q2 FY20	\$99	2.9%

Q2 FY20		
Sales volume	↓	1.5%
Average price	↑	1.2%



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.

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Q2 FY20 Highlights

- Executed termination of two frozen pension plans to minimize volatility and cash flow risks
- Sales up over 4%
- Avg. sales price up 1.6%
- YTD Operating cash flows \$1.3 billion
- Liquidity of \$2.5 billion at 3/28/20 after issuance of \$1.5 billion term loan
- CapEx \$312 million

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.

(\$ in millions, except per share data)		Q2 FY20
Sales		\$10,888
Operating Income		\$501
Operating Margin		4.6%
Adjusted EPS ¹		\$0.77
Operating Income (\$ in millions)		
Q2 FY20		
	Dollars	ROS%
Beef	\$109	2.7%
Pork	93	7.3%
Chicken	99	2.9%
Prepared Foods	191	9.2%
International/Other	9	n/a
Total	\$501	4.6%

Appendix



EPS Reconciliations

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

	Second Quarter				Six 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			\$1.00	\$1.17	-	-	\$2.52	\$2.67
Add: Restructuring and related charges	-	8	-	0.01	52	16	0.11	0.03
Add: Beef production facility fire costs, net of insurance proceeds	-	-	-	-	16	-	0.03	-
Add: Keystone purchase accounting and acquisition related costs (a)	-	11	-	0.02	-	37	-	0.08
Less: Gain from pension plan terminations	(110)	-	(0.23)	-	(110)	-	(0.23)	-
Adjusted net income per share attributable to Tyson			<u>\$0.77</u>	<u>\$1.20</u>			<u>\$2.43</u>	<u>\$2.78</u>

(a) Keystone purchase accounting and acquisition related costs for the first six 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.

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) (for the six months ended March 28, 2020)							
	Beef	Pork	Chicken	Prepared Foods	International & Other	Intersegment Sales	Total
Sales	\$ 7,817	\$ 2,645	\$ 6,689	\$ 4,220	\$ 963	\$ (631)	\$ 21,703
Reported operating income (loss)	\$ 519	\$ 284	\$ 156	\$ 349	\$ 19	\$ -	\$ 1,327
Add: Restructuring and related charges	5	2	21	22	2	-	52
Add: Beef production plant fire costs	16	-	-	-	-	-	16
Adjusted operating income (loss)	\$ 540	\$ 286	\$ 177	\$ 371	\$ 21	\$ -	\$ 1,395
Reported operating margin %	6.6%	10.7%	2.3%	8.3%	n/a	n/a	6.1%
Adjusted operating margin %	6.9%	10.8%	2.6%	8.8%	n/a	n/a	6.4%

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.