Sysco 3Q FY20 Earnings Results

May 5

Forward Looking Statements

Statements made in this presentation or in our earnings call for the third quarter of fiscal 2020 that look forward in time or that express management's beliefs, expectations or hopes are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements reflect the views of management at the time such statements are made and are subject to a number of risks, uncertainties, estimates, and assumptions that may cause actual results to differ materially from current expectations. These statements include: the effect, impact, potential duration or other implications of the recent outbreak of a novel strain of coronavirus ("COVID-19") and any expectations we may have with respect thereto; our expectations regarding our ability to manage the current downturn and capitalize on our position as the industry leader as the global economy recovers; our expectations regarding future market share gains; our expectations regarding our investment capability to build inventory and set up new customers; our plans to leverage technology improvements to enable reductions in our workforce without compromising service or quality; our expectations regarding our company, and our ability to attract and serve new customers, following the COVID-19 crisis; expectations regarding the timing of our realization of the benefits of expense reduction efforts and the effects of such reductions; our plans to focus on a narrower set of strategic initiatives, the timing of the completion of key projects undertaken pursuant to such initiatives, and the expected effects from such initiatives; the effects of our planned investments in digital technology; our expectations regarding our "Snap Back" planning; our expectations regarding collections during the remainder of fiscal 2020; our expectations regarding the timing of improvements in the economy following the COVID-19 crisis; our expectations that our investments in technology and our business will allow for future growth and exceptional customer service; our expectations regarding our ability to increase profitability for SYGMA; our expectations regarding our ability to leverage operating expense growth to gross profit growth; our expectations regarding our investments across Europe, including, but not limited to, the integration of Brakes France and Davigel to Sysco France, including our ability to continue to succeed in the French marketplace; expectations regarding growth opportunities in Europe; expectations regarding growth opportunities in Latin America; our expectations regarding the impact of costs associated with the senior leadership change; our ability to deliver against our strategic priorities, which we believe will provide excellent customer service and improve our overall performance; statements regarding economic trends in the United States and abroad; our expectations regarding the amount of our capital expenditures in fiscal 2020; our expectations regarding future accelerated growth and performance, and expectations regarding the impact on adjusted operating income of investment spending to achieve these goals; plans to achieve our corporate social responsibility goals; and our expectations regarding cash flow from operations.

The success of our plans and expectations regarding our operating performance are subject to the general risks associated with our business, including the risks of interruption of supplies due to lack of long-term contracts, severe weather, crop conditions, work stoppages, intense competition, technology disruptions, dependence on large, long-term regional and national customers, inflation risks, the impact of fuel prices, adverse publicity, labor issues, political or financial instability, trade restrictions, tariffs, currency exchange rates, transport capacity and costs and other factors relating to foreign trade, any or all of which could delay our receipt of product or increase our input costs. Risks and uncertainties also include the impact and effects of public health crises, pandemics and epidemics, such as the recent outbreak of COVID-19, and the adverse impact thereof on our business, financial condition and results of operations, including, but not limited to, our growth, product costs, supply chain, labor availability, logistical capabilities, customer demand for our products and industry demand generally, consumer spending, our liquidity, the price of our securities and trading markets with respect thereto, our credit ratings, our ability to maintain compliance with the covenants in our credit agreement, our ability to access capital markets, and the global economy and financial markets generally. Risks and uncertainties also include risks impacting the economy generally, including the risks that the current general economic conditions will deteriorate, or consumer confidence in the economy or consumer spending, particularly on food-away-from-home, may decline. Market conditions may not improve. Competition and the impact of GPOs may reduce our margins and make it difficult for us to maintain our market share, growth rate and profitability. We may not be able to fully compensate for increases in fuel costs, and fuel hedging arrangements intended to contain fuel costs could result in above market fuel costs. Our ability to meet our long-term strategic objectives depends on our ability to grow gross profit, leverage our supply chain costs and reduce administrative costs. This will depend largely on the success of our various business initiatives, including efforts related to revenue management, expense management, our digital e-commerce strategy and any efforts related to restructuring or the reduction of administrative costs. There are various risks related to these efforts, including the risk that if sales from our locally managed customers do not grow at the same rate as sales from regional and national customers, or if we are unable to continue to accelerate local case growth, our gross margins may decline; the risk that we are unlikely to be able to predict inflation over the long term, and lower inflation is likely to produce lower gross profit; the risk that our efforts to modify truck routing, including our small truck initiative, in order to reduce outbound transportation costs may not be effective; the risk that our efforts to mitigate increases in warehouse costs may be unsuccessful; the risk that we may not be able to accelerate and/or identify additional administrative cost savings in order to compensate for any gross profit or supply chain cost leverage challenges; the risk that these efforts may not provide the expected benefits in our anticipated time frame, if at all, and may prove costlier than expected; the risk that the actual costs of any initiatives may be greater or less than currently expected; and the risk of adverse effects to our business, results of operations and liquidity if past and future undertakings, and the associated changes to our business, do not prove to be cost effective or do not result in the cost savings and other benefits at the levels that we anticipate. Our plans related to and the timing of any initiatives are subject to change at any time based on management's subjective evaluation of our overall business needs. If we are unable to realize the anticipated benefits from our efforts, we could become cost disadvantaged in the marketplace, and our competitiveness and our profitability could decrease. Adverse publicity about us or lack of confidence in our products could negatively impact our reputation and reduce earnings. Capital expenditures may vary based on changes in business plans and other factors, including risks related to the implementation of various initiatives, the timing and successful completion of acquisitions, construction schedules and the possibility that other cash requirements could result in delays or cancellations of capital spending. Periods of significant or prolonged inflation or deflation, either overall or in certain product categories, can have a negative impact on us and our customers, as high food costs can reduce consumer spending in the food-away-from-home market, and may negatively impact our sales, gross profit, operating income and earnings, and periods of deflation can be difficult to manage effectively. Fluctuations in inflation and deflation, as well as fluctuations in the value of foreign currencies, are beyond our control and subject to broader market forces. Expanding into international markets presents unique challenges and risks, including compliance with local laws, regulations and customs and the impact of local political and economic conditions, including the impact of Brexit and the "yellow vest" protests in France against a fuel tax increase, pension reform and the French government, and such expansion efforts may not be successful. Any business that we acquire may not perform as expected, and we may not realize the anticipated benefits of our acquisitions. Expectations regarding the financial statement impact of any acquisitions may change based on management's subjective evaluation. A divestiture of one or more of our businesses may not provide the anticipated effects on our operations. Meeting our dividend target objectives depends on our level of earnings, available cash and the success of our various strategic initiatives. Changes in applicable tax laws or regulations and the resolution of tax disputes could negatively affect our financial results. We rely on technology in our business and any cybersecurity incident, other technology disruption or delay in implementing new technology could negatively affect our business and our relationships with customers. For a discussion of additional factors impacting Sysco's business, see our Annual Report on Form 10-K for the year ended June 29, 2019, as filed with the SEC, and our subsequent filings with the SEC. We do not undertake to update our forward-looking statements, except as required by applicable law.

KEVIN HOURICAN

President & CEO

Current COVID-19 Business Environment

- We are prioritizing the health and well-being of our associates
- We have the financial ability to weather this storm and emerge stronger
- We have identified **4 key areas of focus**

Our Strategic Approach

1. Strengthen Overall Liquidity

2. Stabilize our Business

3. Create New Sources of Revenue

4. Ensure Sysco's Success Post COVID-19

Strengthen Overall Liquidity

More than **$6 billion** of Available Liquidity

Financial Flexibility

Competitive Opportunities

Stabilize our Business

Remove Costs from the System

- Both temporary and structural changes

Narrow Focus to Critical Projects

Reduce Capital Investments

Including more than $500 million of cost removal in 4Q alone

Create New Sources of Revenue

Helping Our Restaurant Customers Pivot to a New Selling Model

Delivering More Products and Solutions

Supplying to Government Agencies and Retail Grocers

Leveraging our Private Trucking Fleet

Ensure Sysco's Success Post COVID-19

Developing Joint Business Plans with Key Suppliers to Ensure Inventory Readiness for Recovery

Increase Speed of our Business Transformation

Accelerating Key Strategic Initiatives

Sysco Stands Ready As THE Strongest Foodservice Distribution Provider in the Industry

Strong Balance Sheet

Ability to Invest in Service Levels and Product Availability

Sysco is Positioned to Win in the Marketplace

JOEL GRADE

EVP & CFO

3Q20 Total Sysco Results

Total Sysco	3Q20	
Sales	$13.7B	6.5%
Gross Profit[1]	$2.6B	6.9%
Adj. Operating Income[1]	$377M	39.2%
Adj. EPS[1]	$0.45	43.0%

[1] See Non-GAAP reconciliations at the end of the presentation.

3Q20 U.S. Foodservice Results

U.S. Foodservice	3Q20	
Sales	$9.6B	5.1%
Gross Profit	$1.9B	5.7%
Adj. Operating Expenses[1]	$1.3B	1.4%
Adj. Operating Income[1]	$637M	17.1%

[1] See Non-GAAP reconciliations at the end of the presentation.

3Q20 International Results

International	3Q20		3Q20 Constant Currency	
Sales	$2.5B	9.0%	$2.5B	7.8%
Gross Profit[1]	$501M	11.4%	$508M	10.0%
Adj. Operating Expenses[1]	$496M	2.2%	$505M	0.5%
Adj. Operating Income[1]	$5M	91.4%	$4M	93.5%

[1] See Non-GAAP reconciliations at the end of the presentation.

3Q20 SYGMA Results

SYGMA	3Q20	
Sales	$1.4B	11.3%
Gross Profit	$119M	5.6%
Adj. Operating Expenses[1]	$108M	4.8%
Adj. Operating Income[1]	$10M	13.4%

[1] See Non-GAAP reconciliations at the end of the presentation.

COVID-19 Business Update

Significant decline in last 2 weeks of March

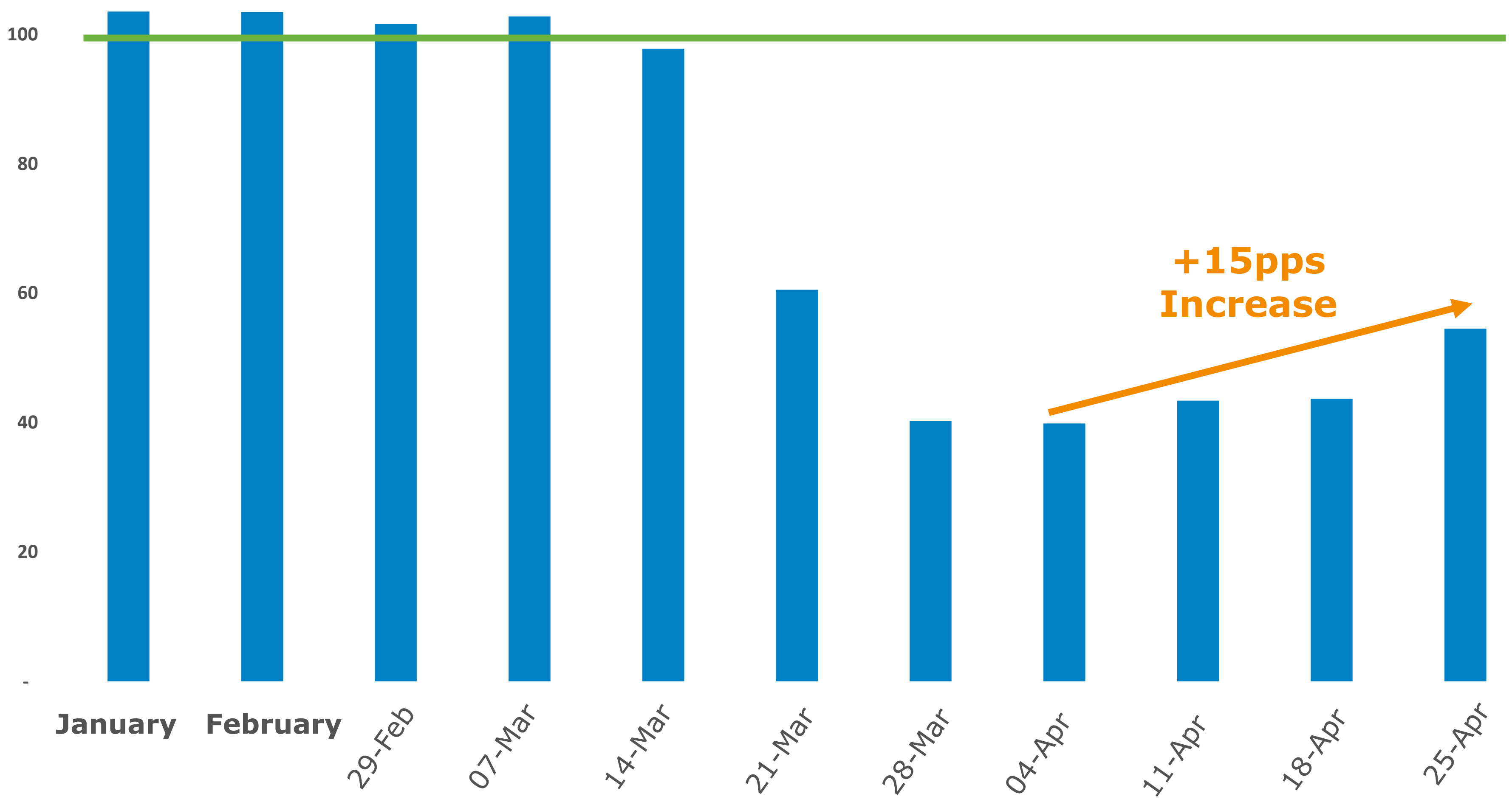
Sequential weekly improvement in April

Swift cost reduction initiatives

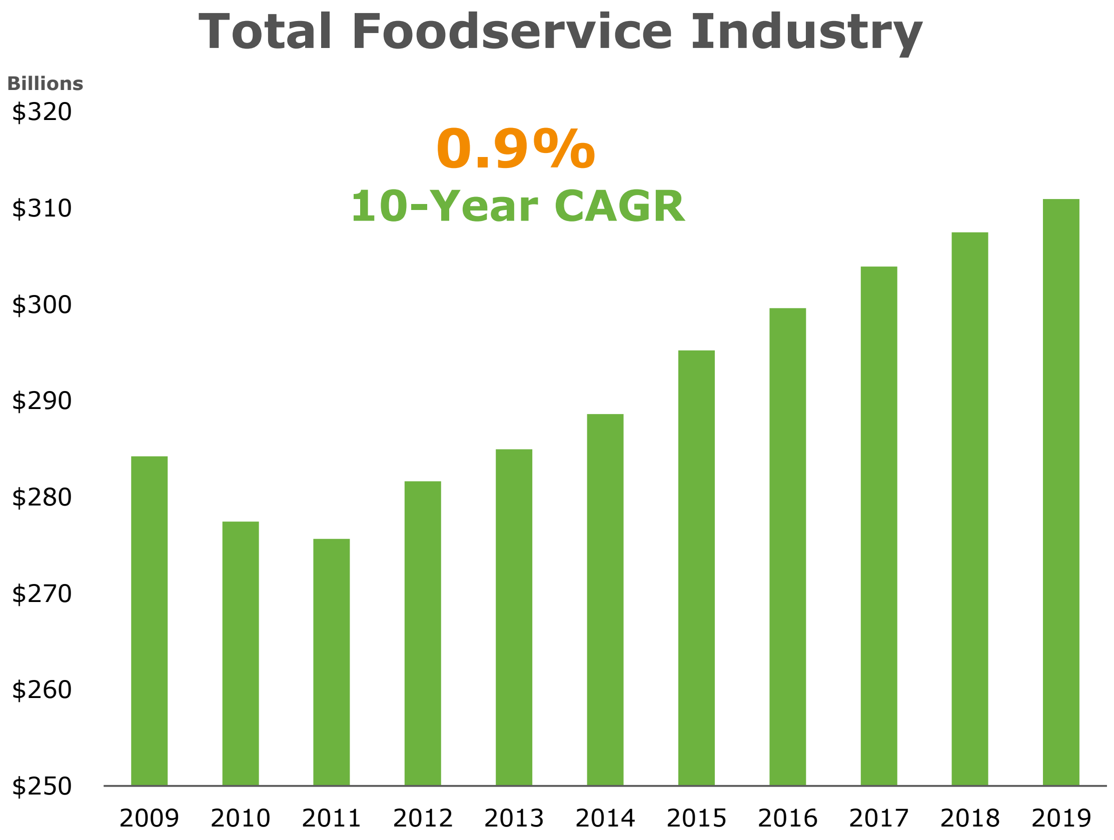
Expect collections to remain soft

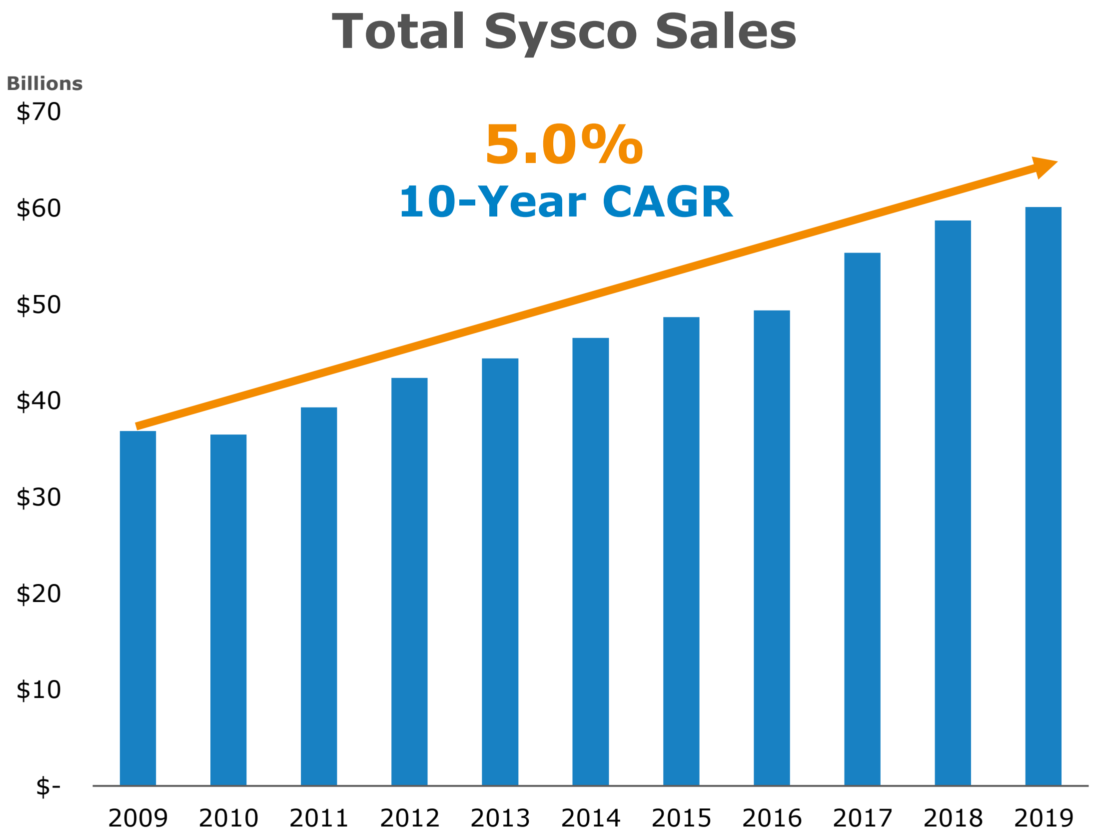
Liquidity to prepare for demand return

Sequential Weekly Improvement for Total Sysco Sales in April



Sysco Has a History of Strong Sales Growth





With 49 years of year-over-year sales improvement!

Source: Technomic Long Term Forecast Data – Operator Purchases of Foods/Beverages/Nonfoods (ex Alcohol), Feb 2020

Free Cash Flow

	39 Weeks of FY19	39 Weeks of FY20	
Cash from Ops	$1.4B	$1.1B	$0.3B
Free Cash Flow[1]	$1.0B	$0.5B	$0.5B

While our cash flow is down materially year-over-year, it remains positive at the end of Q3

[1] See Non-GAAP reconciliations at the end of the presentation.

We Have the Stability and Flexibility to Navigate This Business Environment

- **We have confidence in our ability to achieve continued success and growth over the long term**
- **We were in a strong financial position prior to the pandemic, and we will weather this storm to emerge an even stronger company**

Sysco®

At the heart of food and service

NON-GAAP RECONCILIATIONS

Sysco®
At the heart of food and service

Impact of Certain Items

Sysco's results of operations for fiscal 2020 and fiscal 2019 were impacted by restructuring and transformational project costs consisting of: (1) expenses associated with our various transformation initiatives; (2) severance and facility closure charges; and (3) restructuring charges. All acquisition-related costs in the first 39 weeks of fiscal 2020 and fiscal 2019 that have been designated as Certain Items relate to the Brakes Acquisition. These include acquisition-related intangible amortization expense. Fiscal 2020 results of operations were also negatively impacted by costs arising from the COVID-19 pandemic, the most significant including (1) excess bad debt expense and (2) goodwill impairment charges. Many of Sysco's customers, including those in the restaurant, hospitality and education segments, are closed or operating at a substantially reduced volume due to governmental requirements for closures. Some of these customers have ceased paying their outstanding receivables, creating uncertainty as to their collectability. We have experienced an increase in past due receivables and have recognized additional bad debt charges. We have estimated uncollectible amounts by applying write-off percentages based on an aging of past due receivables. These write-off percentages are based in part on historical loss experience, including losses incurred during times of local and regional disasters. We have estimated the amount attributable to the impact of the COVID-19 pandemic on our customers by comparing our March allowance results to the prior three-month average, with excess amounts being a reasonable estimate of what the reserve for the allowance for doubtful accounts would have been for the third quarter and first 39 weeks of fiscal 2020, absent the impact of the COVID-19 pandemic. Because the COVID-19 pandemic is more widespread and longer in duration than historical disasters impacting our business, it is possible that actual uncollectible amounts will differ and additional charges may be required in the fourth quarter of fiscal 2020. Although Sysco traditionally incurs bad debt expense, the magnitude of such expenses that we have experienced is not indicative of our normal operations. Our adjusted results have not been normalized in a manner that would exclude the full impact of the COVID-19 pandemic on our business. As such, Sysco has not adjusted its results for lost sales, inventory write-offs or other costs associated with the COVID-19 pandemic not previously stated. In addition, results of operations in the first 39 weeks of fiscal 2019 were negatively affected by acquisition-related integration costs specific to the Brakes Acquisition and the impact of recognizing a foreign tax credit.

The results of our foreign operations can be impacted due to changes in exchange rates applicable in converting local currencies to U.S. dollars. We measure our International Foodservice Operations results on a constant currency basis. Constant currency operating results are calculated by translating current-period local currency operating results with the currency exchange rates used to translate the financial statements in the comparable prior-year period to determine what the current-period U.S. dollar operating results would have been if the currency exchange rate had not changed from the comparable prior-year period.

Management believes that adjusting its operating expenses, operating income, net earnings and diluted earnings per share to remove these Certain Items and presenting its International Foodservice Operations results on a constant currency basis, provides an important perspective with respect to our underlying business trends and results and provides meaningful supplemental information to both management and investors that (1) is indicative of the performance of the company's underlying operations, facilitating comparisons on a year-over-year basis and (2) removes those items that are difficult to predict and are often unanticipated and that, as a result, are difficult to include in analysts' financial models and our investors' expectations with any degree of specificity.

Although Sysco has a history of growth through acquisitions, the Brakes Group was significantly larger than the companies historically acquired by Sysco, with a proportionately greater impact on Sysco's consolidated financial statements. Accordingly, Sysco is excluding from its non-GAAP financial measures for the relevant period solely those acquisition costs specific to the Brakes Acquisition. We believe this approach significantly enhances the comparability of Sysco's results for fiscal 2020 and fiscal 2019.

Set forth below is a reconciliation of sales, operating expenses, operating income, interest expense, net earnings and diluted earnings per share to adjusted results for these measures for the periods presented. Individual components of diluted earnings per share may not add up to the total presented due to rounding. Adjusted diluted earnings per share is calculated using adjusted net earnings divided by diluted shares outstanding.

Impact of Certain Items, 3Q20

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items
(Dollars in Thousands, Except for Share and Per Share Data)

	13-Week Period Ended March 28, 2020	13-Week Period Ended March 30, 2019	Change in Dollars	% Change
Operating expenses (GAAP)	$ 2,503,966	$ 2,224,713	$ 279,253	12.6%
Impact of restructuring and transformational project costs (1)	(77,195)	(72,207)	(4,990)	6.9%
Impact of acquisition-related costs (2)	(17,321)	(18,398)	1,077	-5.9%
Impact of excess bad debt expense	(153,499)	-	(153,499)	NM
Impact of goodwill impairment	(68,725)	-	(68,725)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 2,187,226	$ 2,134,108	$ 53,119	2.5%
Operating income (GAAP)	$ 60,274	$ 529,585	$ (469,311)	-88.6%
Impact of restructuring and transformational project costs (1)	77,195	72,207	4,990	6.9%
Impact of acquisition-related costs (2)	17,321	18,398	(1,077)	-5.9%
Impact of excess bad debt expense	153,499	-	153,499	NM
Impact of goodwill impairment	68,725	-	68,725	NM
Operating income adjusted for Certain Items (Non-GAAP)	$ 377,014	$ 620,190	$ (243,176)	-39.2%
Net earnings (GAAP)	$ (3,297)	$ 440,083	$ (443,380)	NM
Impact of restructuring and transformational project costs (1)	77,195	72,207	4,988	6.9%
Impact of acquisition-related costs (2)	17,321	18,398	(1,077)	-5.9%
Impact of excess bad debt expense	153,499	-	153,499	NM
Impact of goodwill impairment	68,725	-	68,725	NM
Tax impact of restructuring and transformational project costs (3)	(28,461)	(19,271)	(9,190)	47.7%
Tax impact of acquisition-related costs (3)	(6,777)	(4,899)	(1,878)	38.3%
Tax impact of excess bad debt expense (3)	(46,410)	-	(46,410)	NM
Impact of foreign tax credit benefit	-	(95,067)	95,067	NM
Impact of US transition tax	-	(269)	269	NM
Net earnings adjusted for Certain Items (Non-GAAP)	$ 231,795	$ 411,182	$ (179,387)	-43.6%
Diluted earnings per share (GAAP)	$ (0.01)	$ 0.85	$ (0.86)	NM
Impact of restructuring and transformational project costs (1)	0.15	0.14	0.01	7.1%
Impact of acquisition-related costs (2)	0.03	0.04	(0.01)	-25.0%
Impact of excess bad debt expense	0.30	-	0.30	NM
Impact of goodwill impairment	0.13	-	0.13	NM
Tax impact of restructuring and transformational project costs (3)	(0.06)	(0.04)	(0.02)	50.0%
Tax impact of acquisition-related costs (3)	(0.01)	(0.01)	-	NM
Tax impact of excess bad debt expense (3)	(0.09)	-	(0.09)	NM
Impact of foreign tax credit benefit	-	(0.18)	0.18	NM
Diluted EPS adjusted for Certain Items (Non-GAAP) (4)	$ 0.45	$ 0.79	$ (0.34)	-43.0%
Diluted shares outstanding	512,657,657	519,821,311		

(1) Fiscal 2020 includes $48 million related to restructuring, facility closure and severance charges, of which $21 million relates to Corporate severance charges, and $30 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy. Fiscal 2019 includes $37 million related to restructuring, facility closure and severance charges and $35 million related to various transformation initiative costs.

(2) Fiscal 2020 and fiscal 2019 include $17 million and $18 million, respectively, related to intangible amortization expense from the Brakes Acquisition, which is included in the results of International Foodservice.

(3) The tax impact of adjustments for Certain Items are calculated by multiplying the pretax impact of each Certain Item by the statutory rates in effect for each jurisdiction where the Certain Item was incurred.

(4) Individual components of diluted earnings per share may not add up to the total presented due to rounding. Total diluted earnings per share is calculated using adjusted net earnings divided by diluted shares outstanding.

NM represents that the percentage change is not meaningful.

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Impact of Certain Items, 3Q20 (Segment)

Sysco Corporation and its Consolidated Subsidiaries
Segment Results
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items on Applicable Segments
(Dollars in Thousands)

	13-Week Period Ended March 28, 2020	13-Week Period Ended March 30, 2019	Change in Dollars	%/bps Change
U.S. FOODSERVICE OPERATIONS				
Sales	$ 9,587,005	$ 10,105,283	$ (518,278)	-5.1%
Gross Profit	1,895,378	2,009,129	(113,751)	-5.7%
Gross Margin	19.77%	19.88%		-11 bps
Operating expenses (GAAP)	$ 1,367,353	$ 1,243,704	$ 123,649	9.9%
Impact of restructuring and transformational project costs (1)	(1,402)	(2,927)	1,525	-52.1%
Impact of excess bad debt expense	(107,230)	-	(107,230)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 1,258,721	$ 1,240,777	$ 17,944	1.4%
Operating income (GAAP)	$ 528,025	$ 765,425	$ (237,400)	-31.0%
Impact of restructuring and transformational project costs (1)	1,402	2,927	(1,525)	-52.1%
Impact of excess bad debt expense	107,230	-	107,230	NM
Operating income adjusted for Certain Items (Non-GAAP)	$ 636,657	$ 768,352	$ (131,695)	-17.1%
INTERNATIONAL FOODSERVICE OPERATIONS				
Sales (GAAP)	$ 2,508,642	$ 2,757,891	$ (249,249)	-9.0%
Impact of currency fluctuations (2)	35,295	-	35,295	1.3%
Comparable sales using a constant currency basis (Non-GAAP)	$ 2,543,937	$ 2,757,891	$ (213,954)	-7.8%
Gross Profit (GAAP)	$ 500,929	$ 565,116	$ (64,187)	-11.4%
Impact of currency fluctuations (2)	7,542	-	7,542	1.3%
Comparable gross profit using a constant currency basis (Non-GAAP)	$ 508,471	$ 565,116	$ (56,645)	-10.0%
Gross Margin (GAAP)	19.97%	20.49%		-52 bps
Impact of currency fluctuations (2)	0.02%	-		2 bps
Comparable gross margin using a constant currency basis (Non-GAAP)	19.99%	20.49%		-50 bps
Operating expenses (GAAP)	$ 584,715	$ 554,971	$ 29,744	5.4%
Impact of restructuring and transformational project costs (3)	(25,180)	(29,574)	4,393	-14.9%
Impact of acquisition-related costs (4)	(17,321)	(18,379)	1,058	-5.8%
Impact of excess bad debt expense	(46,269)	-	(46,269)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 495,945	$ 507,018	$ (11,073)	-2.2%
Impact of currency fluctuations (2)	8,741	-	8,741	1.7%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	$ 504,686	$ 507,018	$ (2,332)	-0.5%
Operating income (GAAP)	$ (83,786)	$ 10,145	$ (93,931)	NM
Impact of restructuring and transformational project costs (3)	25,180	29,574	(4,393)	-14.9%
Impact of acquisition-related costs (4)	17,321	18,379	(1,058)	-5.8%
Impact of excess bad debt expense	46,269	-	46,269	NM
Operating income adjusted for Certain Items (Non-GAAP)	$ 4,984	$ 58,098	$ (53,114)	-91.4%
Impact of currency fluctuations (2)	(1,199)	-	(1,199)	-2.1%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	$ 3,785	$ 58,098	$ (54,313)	-93.5%
SYGMA				
Sales	$ 1,364,111	$ 1,537,312	$ (173,201)	-11.3%
Gross Profit	118,891	125,915	(7,024)	-5.6%
Gross Margin	8.72%	8.19%		53 bps
Operating expenses (GAAP)	$ 108,590	$ 114,247	$ (5,657)	-5.0%
Impact of restructuring and transformational project costs (5)	(122)	(369)	247	-66.9%
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 108,468	$ 113,878	$ (5,410)	-4.8%
Operating income (GAAP)	$ 10,301	$ 11,668	$ (1,367)	-11.7%
Impact of restructuring and transformational project costs (5)	122	369	(247)	-66.9%
Operating income adjusted for Certain Items (Non-GAAP)	$ 10,423	$ 12,037	$ (1,614)	-13.4%

Impact of Certain Items, 3Q20 (Segment Continued)

OTHER				
Sales	$ 238,941	$ 257,588	$ (18,647)	-7.2%
Gross Profit	56,000	63,878	(7,878)	-12.3%
Gross Margin	23.44%	24.80%		-136 bps
Operating expenses (GAAP)	$ 75,051	$ 57,502	$ 17,549	30.5%
Impact of goodwill impairment	(11,660)	-	(11,660)	NM
Operating expenses adjusted for certain items (Non-GAAP)	63,391	$ 57,502	$ 5,889	10.2%
				NM
Operating income (GAAP)	(19,051)	6,376	(25,427)	NM
Impact of goodwill impairment	11,660	-	11,660	#DIV/0!
Operating income adjusted for certain items (Non-GAAP)	$ (7,391)	$ 6,376	$ (13,767)	NM
CORPORATE				
Gross Profit	$ (6,958)	$ (9,740)	$ 2,782	-28.6%
Operating expenses (GAAP)	$ 368,257	$ 254,289	$ 113,968	44.8%
Impact of restructuring and transformational project costs (6)	(50,490)	(39,337)	(11,153)	28.4%
Impact of acquisition-related costs (7)	-	(19)	19	NM
Impact of goodwill impairment	(57,066)	-	(57,066)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	$ 260,701	$ 214,933	$ 45,768	21.3%
Operating income (GAAP)	$ (375,215)	$ (264,029)	$ (111,186)	42.1%
Impact of restructuring and transformational project costs (6)	50,490	39,337	11,153	28.4%
Impact of acquisition-related costs (7)	-	19	(19)	NM
Impact of goodwill impairment	57,066	-	57,066	NM
Operating income adjusted for Certain Items (Non-GAAP)	$ (267,659)	$ (224,673)	$ (42,986)	19.1%
TOTAL SYSCO				
Sales	$ 13,698,699	$ 14,658,074	$ (959,375)	-6.5%
Gross Profit	2,564,240	2,754,298	(190,058)	-6.9%
Gross Margin	18.72%	18.79%		-7 bps
Operating expenses (GAAP)	$ 2,503,966	$ 2,224,713	$ 279,253	12.6%
Impact of restructuring and transformational project costs (1) (3) (5) (6)	(77,195)	(72,207)	(4,989)	6.9%
Impact of acquisition-related costs (4) (7)	(17,321)	(18,398)	1,077	-5.9%
Impact of excess bad debt expense	(153,499)	-	(153,499)	NM
Impact of goodwill impairment	(68,725)	-	(68,725)	NM
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Operating income (GAAP)	$ 60,274	$ 529,585	$ (469,311)	-88.6%
Impact of restructuring and transformational project costs (1) (3) (5) (6)	77,195	72,207	4,989	6.9%
Impact of acquisition-related costs (4) (7)	17,321	18,398	(1,077)	-5.9%
Impact of excess bad debt expense	153,499	-	153,499	NM
Impact of goodwill impairment	68,725	-	68,725	NM
Operating income adjusted for Certain Items (Non-GAAP)	$ 377,014	$ 620,190	$ (243,175)	-39.2%

(1) Includes charges related to business transformation projects and other restructuring charges.

(2) Represents a constant currency adjustment, which eliminates the impact of foreign currency fluctuations on current year results.

(3) Includes severance, restructuring and facility closure costs primarily in Europe and Canada.

(4) Fiscal 2020 and fiscal 2019 include $17 million and $18 million, respectively, related to intangible amortization expense from the Brakes Acquisition.

(5) Includes charges related to transformation initiatives, severance and other restructuring charges.

(6) Fiscal 2020 and fiscal 2019 include various transformation initiative costs, primarily consisting of changes to our business technology strategy and severance related to restructuring. Fiscal 2019 includes $17 million of accelerated depreciation on software that was replaced.

(7) Fiscal 2019 includes integration costs from the Brakes Acquisition.

NM represents that the percentage change is not meaningful.

- more -

Free Cash Flow

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Free Cash Flow
(In Thousands)

Free cash flow represents net cash provided from operating activities less purchases of plant and equipment and includes proceeds from sales of plant and equipment. Sysco considers free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after the purchases and sales of buildings, fleet, equipment and technology, which may potentially be used to pay for, among other things, strategic uses of cash including dividend payments, share repurchases and acquisitions. However, free cash flow may not be available for discretionary expenditures, as it may be necessary that we use it to make mandatory debt service or other payments. Free cash flow should not be used as a substitute for the most comparable GAAP measure in assessing the company's liquidity for the periods presented. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. In the table that follows, free cash flow for each period presented is reconciled to net cash provided by operating activities.

	39-Week Period Ended Mar. 28, 2020	39-Week Period Ended Mar. 30, 2019	Change in Dollars
Net cash provided by operating activities (GAAP)	$ 1,078,469	$ 1,365,225	$ (286,756)
Additions to plant and equipment	(603,865)	(382,905)	(220,960)
Proceeds from sales of plant and equipment	13,245	16,383	(3,138)
Free Cash Flow (Non-GAAP)	$ 487,849	$ 998,703	$ (510,854)