



Tyson



# 1Q Fiscal 2021

Supplemental Information

February 11, 2021

## 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; (xxix) the effectiveness of our internal control over financial reporting, including identification of additional material weaknesses; and (xxx) the other risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission.



# Solid results demonstrate focus on key actions



1. Investing in the health, safety, and wellness of our global team members
2. Demonstrating resiliency against a challenging operating environment
3. Winning consumers at retail through iconic and developing brands
4. Executing on key priorities to deliver shareholder value



# World-class leader in team member health and safety



## Expanded company health, safety, and wellness resources

- Piloting 7 health clinics for team members and their families
- Hired a Chief Medical Officer and an additional 200 nursing staff
- Actively support team members to improve health and wellness outcomes



## Developed COVID-19 vaccine deployment plan

- Partnership with Matrix Medical as preferred partner on vaccine deployment and accessibility
- Educating team members across 16 languages about the vaccine
- Continue to work through appropriate prioritization to ensure timely access for our team members



## Implemented leading COVID-19 monitoring and testing protocols

- Developed “always-on” testing strategy rooted in contact tracing technology
- Testing thousands of team members each week
- Strong investments in personal protective equipment
- Site certification pilot program launched in partnership with Matrix Medical

**Team member health and safety will continue to be our top priority**

# Fostering strong communities, a resilient supply chain, and sustainable business practices



## EMPOWERING PEOPLE

Since February 2020, nearly  
**90 million meals donated**

## CONSERVING NATURAL RESOURCES

**Our greenhouse gas reduction target of 30% by 2030** was the first in our industry to be accepted by the **Science Based Targets** initiative

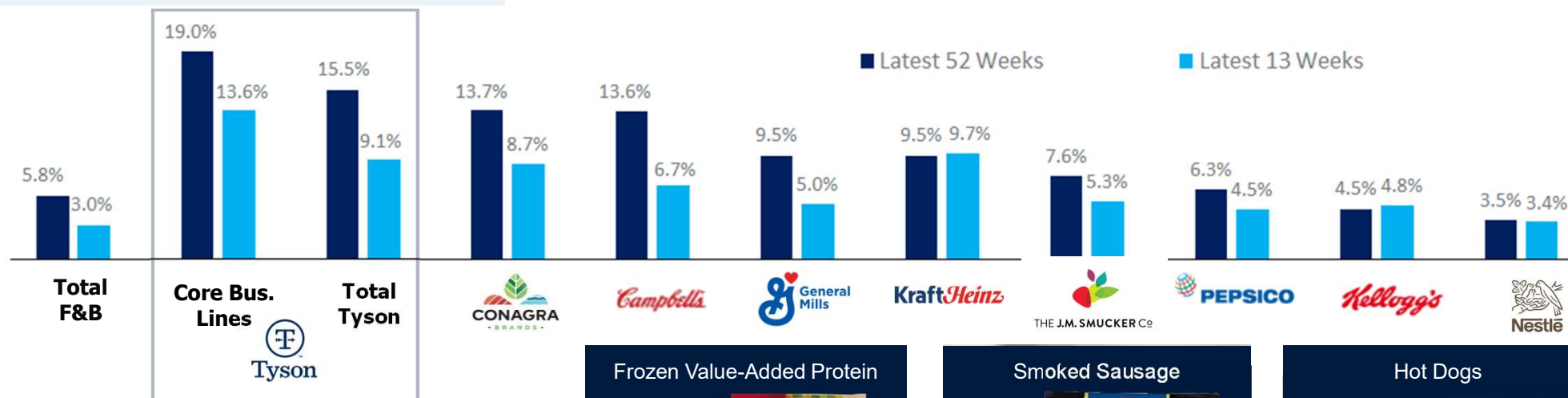
## CULTIVATING INNOVATION IN AGRICULTURE

**4 industry-leading research and development farms** to improve animal welfare outcomes on broiler chickens

**#1 in Food Production on 2021 Fortune List of Most Admired Companies**

# Winning consumers through retail excellence

Retail Volume Sales (percent change)



**Delivered retail volume sales growth across core business lines and total company for 10 quarters in a row**

Frozen Value-Added Protein

**+25%**  
% VOLUME CHANGE LATEST 13 WEEKS

Smoked Sausage

**+30%**  
% VOLUME CHANGE LATEST 13 WEEKS

Hot Dogs

**+24%**  
% VOLUME CHANGE LATEST 13 WEEKS

**Continued volume growth through retail and e-commerce**

Source: Nielsen Total U.S. xAOC Fixed Weight Volume EQ Sales 13 and 52 weeks ending 1/2/2021  
Product = Total F&P, Alcohol + Pet Food



# Robust product innovation supports growth

Tyson Air Fried Chicken



Jimmy Dean Breakfast Burritos



Jimmy Dean Plant-Based Patty



- Capitalizing on the evolution of Health & Wellness trends
- Crispy chicken with 75% less fat and 35% fewer calories

- Meeting consumers' needs for handheld breakfast on-the-go

- Leveraging the Jimmy Dean taste while adapting to increasing demand for alternative protein

**Innovation anchored in long-term consumer trends**

# Focused framework to deliver shareholder value



**Driving Enterprise-Wide Operational Excellence**



**Leverage Global Network Through One Tyson Framework**



**Robust Investment in Innovation and Technology**



**Balanced Capital Allocation Approach**

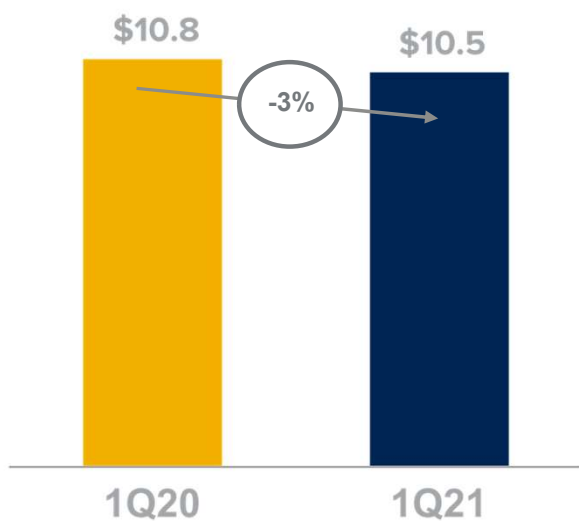
**Key priorities to unlock long-term shareholder value**



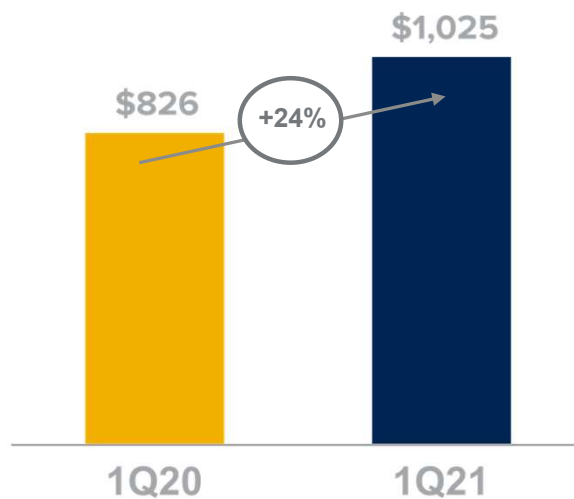
# Total Company Financial Results

First Quarter 2021 vs. First Quarter 2020<sup>3</sup>

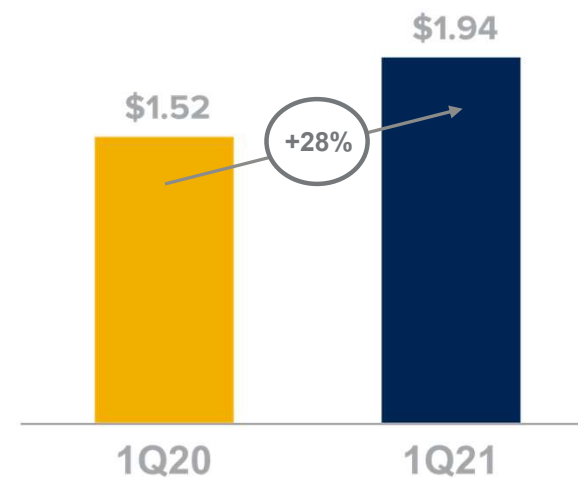
## SALES (in billions of dollars)



## ADJUSTED OPERATING INCOME<sup>1</sup> (in millions of dollars)



## ADJUSTED EPS<sup>1</sup> (in dollars per share)



- Volumes down 4.4%
- Average sales price<sup>2</sup> up 4.2%
- Reflects impact of \$320 million legal contingency accrual

- Higher operating income in Beef, Prepared Foods, and Chicken, partially offset by softening Pork segment performance
- Incurred \$120 million of direct incremental COVID-19 costs

- Strong earnings per share performance
- Includes a nearly \$0.12 benefit from cattle supplier fraud
- Lower interest expense and taxes vs. prior year

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

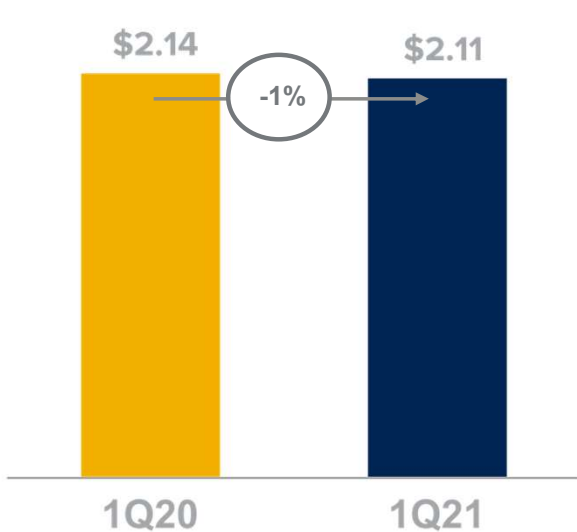
<sup>2</sup> Average Price Change for the Chicken Segment and Total Company for the first quarter of fiscal 2021 excludes a \$320 million legal contingency accrual recognized as a reduction to Sales.

<sup>3</sup> Certain items for the first quarter of fiscal 2020 have been revised as described in Part I, Item 1. Notes to Consolidated Condensed Financial Statements in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2021.

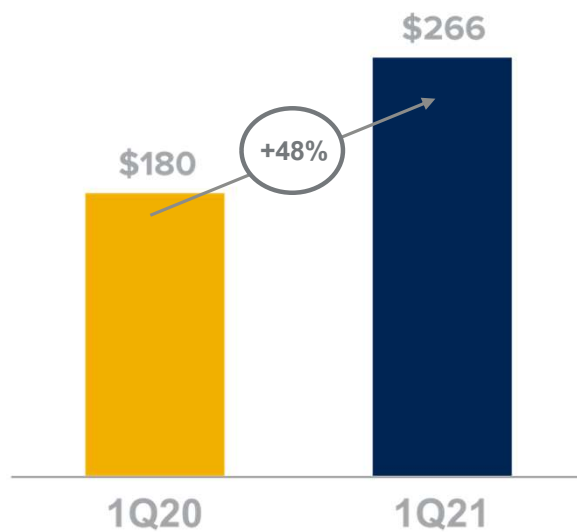
# Prepared Foods Financial Results

First Quarter 2021 vs. First Quarter 2020

## SALES (in billions of dollars)



## ADJUSTED OPERATING INCOME<sup>1</sup> (in millions of dollars)



Sales Development	Volume	Price	Adj Operating Margin <sup>1</sup>	1Q20	1Q21
1Q21 vs. 1Q20	(8.8)%	7.5%	Percent	8.4%	12.6%

## KEY HIGHLIGHTS

- Lower sales volume due to reduction in foodservice channel demand
- Increased average sales price due to favorable product mix and pass through of raw material costs
- Higher operating income as a result of lower commercial spend due to continued strength of retail demand, as well as the lapping of issues associated with ERP system rollout in comparable period
- Improving service levels/fill rates

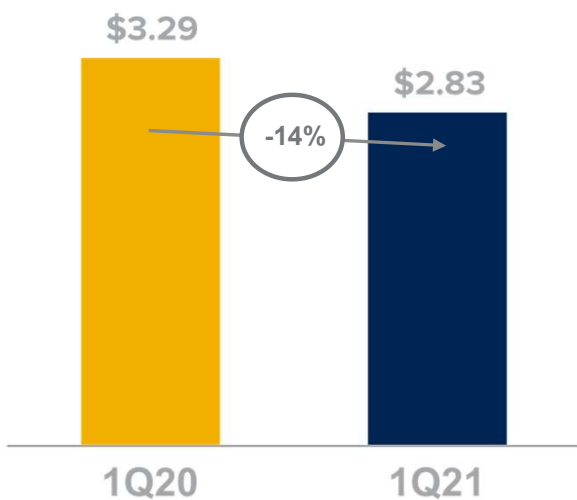


<sup>1</sup> Represents a non-GAAP financial measure. Adjusted EPS and adjusted operating income are explained and reconciled to comparable GAAP measures in the Appendix.

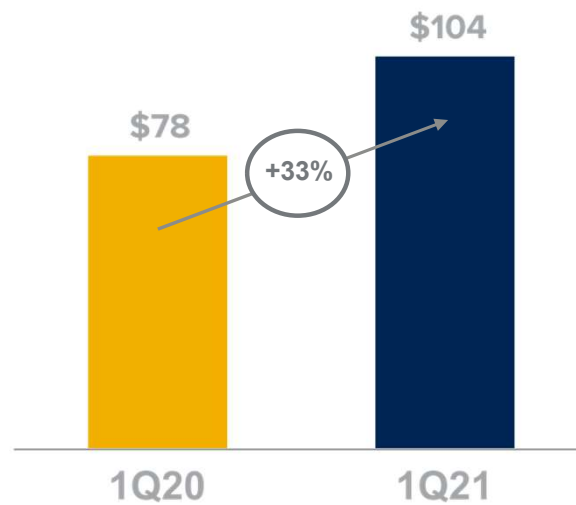
# Chicken Financial Results

First Quarter 2021 vs. First Quarter 2020

## SALES (in billions of dollars)



## ADJUSTED OPERATING INCOME<sup>1</sup> (in millions of dollars)



## KEY HIGHLIGHTS

- Lower sales volume due to lower production throughput including impacts associated with COVID-19
- Increased average sales price due to favorable product mix
- ~\$70 million of incremental net derivative gains vs. comparable period

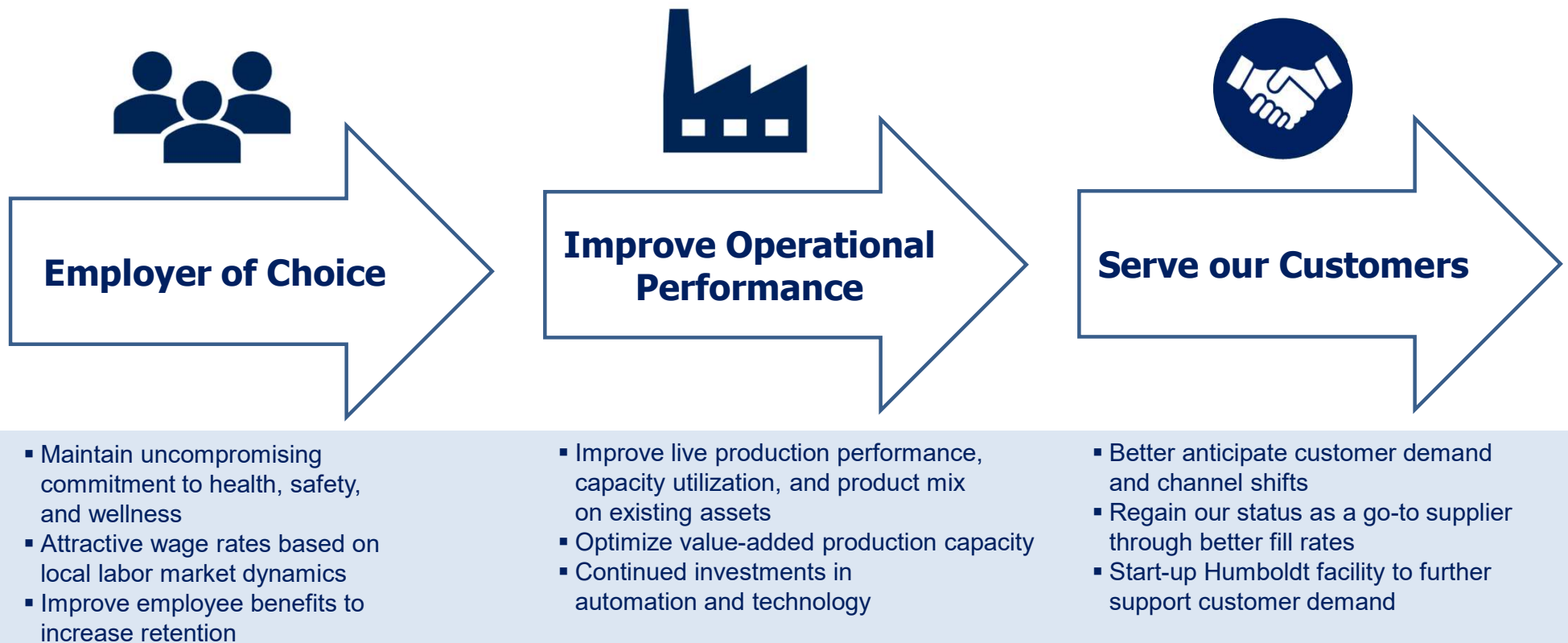
Sales Development	Volume	Price <sup>2</sup>	Adj Operating Margin <sup>1</sup>	1Q20	1Q21
1Q21 vs. 1Q20	(7.0)%	2.7%	Percent	2.4%	3.3%



<sup>1</sup> Represents a non-GAAP financial measure. Adjusted EPS and adjusted operating income are explained and reconciled to comparable GAAP measures in the Appendix  
<sup>2</sup> Average Price Change for the Chicken Segment and Total Company for the first quarter of fiscal 2021 excludes a \$320 million legal contingency accrual recognized as a reduction to Sales.



# Imperatives for improving Chicken operating results

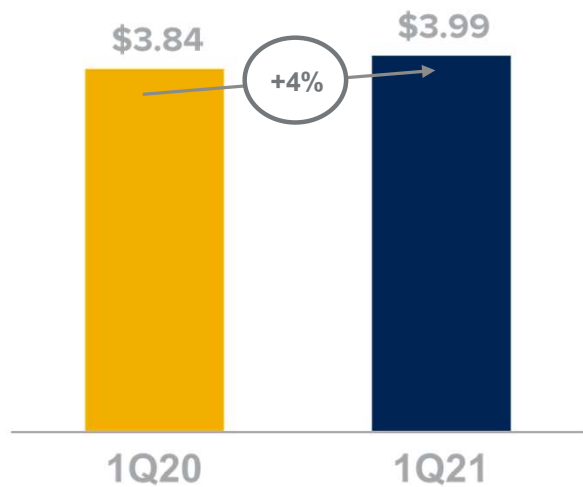


**Restoring top-tier performance through fundamental improvements**

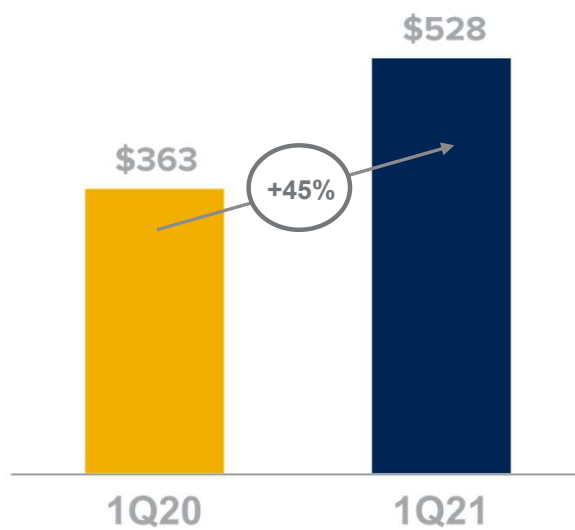
# Beef Financial Results

First Quarter 2021 vs. First Quarter 2020<sup>2</sup>

## SALES (in billions of dollars)



## ADJUSTED OPERATING INCOME<sup>1</sup> (in millions of dollars)



Sales Development	Volume	Price	Adj Operating Margin <sup>1</sup>	1Q20	1Q21
1Q21 vs. 1Q20	5.6%	(1.7)%	Percent	9.5%	13.2%

## KEY HIGHLIGHTS

- Strong domestic and export demand coupled with adequate cattle supplies
- Export volumes up 13.5% vs. comparable period
- Lapping prior year impact of plant fire
- Lower average sales price due to increased availability of market-ready cattle
- \$55 million gain from cattle supplier fraud vs. \$68 million loss in revised comparable period results



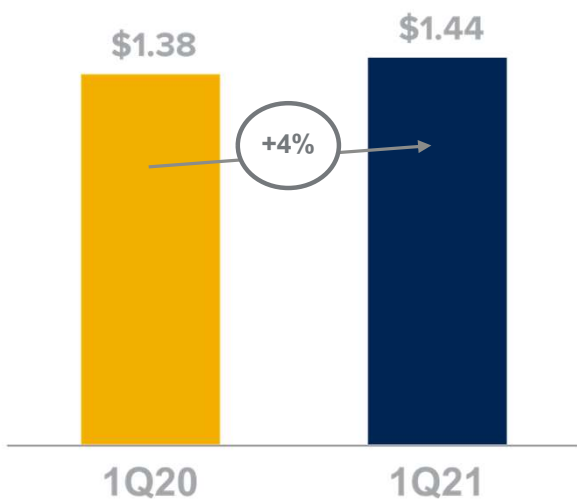
<sup>1</sup> Represents a non-GAAP financial measure. Adjusted EPS and adjusted operating income are explained and reconciled to comparable GAAP measures in the Appendix

<sup>2</sup> Certain items for the first quarter of fiscal 2020 have been revised as described in Part I, Item 1. Notes to Consolidated Condensed Financial Statements in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2021.

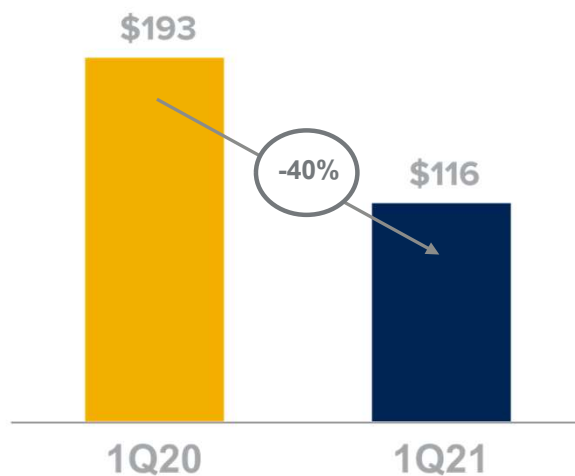
# Pork Financial Results

First Quarter 2021 vs. First Quarter 2020

## SALES (in billions of dollars)



## ADJUSTED OPERATING INCOME<sup>1</sup> (in millions of dollars)



## KEY HIGHLIGHTS

- Sales volume decrease due to temporary idling of production facility, partially offset by strong demand
- Production inefficiencies and higher operating costs including direct incremental expenses related to COVID-19, led to lower operating income
- Increased average sales price due to strong demand



<u>Sales Development</u>	<u>Volume</u>	<u>Price</u>	<u>Adj Operating Margin<sup>1</sup></u>	<u>1Q20</u>	<u>1Q21</u>
1Q21 vs. 1Q20	(3.0)%	7.4%	Percent	14.0%	8.1%

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



# Additional Financial Highlights

First Quarter 2021

- Operating cash flows of \$1.4 billion
- Liquidity of \$4.2 billion at 1/2/2021
- Leverage of 2x net debt-to-adjusted EBITDA<sup>1</sup>
- 2Q term loan repayment of \$750 million
- Net interest expense of \$108 million
- Adjusted effective tax rate of 23.5%
- Capital expenditures \$289 million
- Dividend payment of \$159 million
- Share repurchases of \$17 million

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



# Key Modeling Assumptions



## CORN

**+28%**

Spot prices  
Oct 20 – Dec 20

Source: Bloomberg C1 COMB (Average)

**+40%**

March futures since Oct 20

Source: Bloomberg C H1 COMB as of 2/5/21



## SOYBEAN

**+26%**

Spot prices  
Oct 20 – Dec 20

Source: Bloomberg C1 COMB (Average)

**+34%**

March futures since Oct 2020

Source: Bloomberg S H1 COMB as of 2/5/21



## FREIGHT COSTS

**+9%**

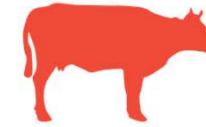
Refrigerated contract rates  
Jan 2020 – Dec 2020

Source: DAT Freight & Analytics: Average monthly contract reefer rate

**+10%**

Projected refrigerated  
contract rates 2021 vs. 2020

Source: FTR Transportation Intelligence:  
Estimated 2021 vs. 2020 refrigerated contract rates



## CATTLE ON FEED

**Flat**

Jan 2021 inventory vs. prior year

Source: USDA Cattle on Feed Report;

**+5%**

April futures since Oct 2020

Source: Bloomberg LCJ1 COMB as of 2/5/21



## HOG & PIGS

**-1%**

Dec 2020 inventory vs. prior year

Source: USDA Hog & Pigs Report

**+11%**

April futures since Oct 2020

Source: Bloomberg LHJ1 COMB as of 2/5/21

## KEY ACTIONS TO MITIGATE HEADWINDS

### 1 HEDGING INPUT COST

Ongoing raw material risk management program

### 2 DIVERSE PRICING MECHANISMS

Mitigating raw material cost increases through diverse pricing mechanism

### 3 DISCIPLINED COST MANAGEMENT

Focused on driving system and process improvements including extensive internal transportation fleet

# Financial Outlook

Factor	1Q20 <sup>1</sup>	1Q21	FY 2021 Outlook		
			Prior	Revised	Comments
<b>Sales</b>	\$10.8 billion	\$10.5 billion	\$42 – \$44 billion	Unchanged	Expect to deliver toward upper end of range
<b>Chicken</b> Adj. Operating Margin	2.4%	3.3%	Up vs. prior year	<b>Likely lower vs. prior year</b>	Headwinds created by substantial grain risk, freight costs, and cost and availability of labor
<b>Prepared Foods</b> Adj. Operating Margin	8.4%	12.6%	Up vs. prior year	Unchanged	1Q21 performance expected to be stronger than rest of year
<b>Beef</b> Adj. Operating Margin	9.5%	13.2%	Down vs. prior year	<b>Similar to or marginally lower vs. prior year</b>	Strong performance during 1Q supports revised outlook
<b>Pork</b> Adj. Operating Margin	14.0%	8.1%	Down vs. prior year	Unchanged	
<b>COVID-19 Costs</b>	\$ -	\$120 million	~\$330 million	<b>~\$440 million</b>	Evaluating potential for some permanent cost increases
<b>Capital Expenditures</b>	\$312 million	\$289 million	\$1.2 - \$1.4 billion	<b>\$1.3 - \$1.5 billion</b>	Continued investments in value-added production capabilities
<b>Net Interest Expense</b>	\$117 million	\$108 million	~\$440 million	<b>~\$430 million</b>	Reflects 2Q21 term loan repayment of \$750 million
<b>Adj. Effective Tax Rate</b>	22.7%	23.5%	~23%	Unchanged	
<b>Liquidity</b>	\$1.4 billion	\$4.2 billion	>\$1 billion	Unchanged	Seasonally higher cash usage during 2Q21

<sup>1</sup> Certain items for the first quarter of fiscal 2020 have been revised as described in Part I, Item 1. Notes to Consolidated Condensed Financial Statements in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2021.



# Tyson Has the Right Ingredients for Future Growth

1. Uncompromising commitment to team member health, safety, and wellness
2. Capability, discipline, and defined processes to drive lasting operational efficiencies
3. Diversified brand and product portfolio coupled with asset flexibility to serve consumers as their channels of choice evolve
4. Differentiated investments in growth platforms that will drive long-term results



# Appendix

# EPS Reconciliations

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

	First Quarter			
	Pretax Impact		EPS Impact	
	2021	2020	2021	2020 <sup>1</sup>
Reported net income per share attributable to Tyson			\$ 1.28	\$ 1.38
Add: Legal contingency accrual	\$ 320	\$ —	0.67	
(Less)/Add: Beef production facility fire insurance proceeds, net of costs	\$ (6)	\$ 16	(0.01)	0.03
Add: Restructuring and related charges	\$ —	\$ 52	—	0.11
Adjusted net income per share attributable to Tyson			\$ 1.94	\$ 1.52

<sup>1</sup> Certain items for the first quarter of fiscal 2020 have been revised as described in Part I, Item 1. Notes to Consolidated Condensed Financial Statements in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2021.

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.

<sup>1</sup> Certain items for the first quarter of fiscal 2020 have been revised as described in Part I, Item 1. Notes to Consolidated Condensed Financial Statements in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2021.

# EBITDA Reconciliations

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

	Three Months Ended		Fiscal Year Ended	Twelve Months Ended
	January 2, 2021	December 28, 2019	October 3, 2020	January 2, 2021
Net Income (a)	\$ 472	\$ 509	\$ 2,071	\$ 2,034
Less: Interest income	(2)	(3)	(10)	(9)
Add: Interest expense	110	120	485	475
Add: Income tax expense	144	148	593	589
Add: Depreciation	229	217	900	912
Add: Amortization (b)	66	68	278	276
EBITDA	\$ 1,019	\$ 1,059	\$ 4,317	\$ 4,277
Adjustments to EBITDA:				
Add: Legal Contingency Reserve	320	\$ —	—	320
Add: Restructuring and related charges	—	52	75	23
Add/(Less): Beef production facility fire costs, net of insurance proceeds	(6)	16	1	-21
Less: Gain from pension plan terminations	—	—	(116)	-116
Less: Impact of additional week in fiscal 2020	—	—	(96)	-96
Total Adjusted EBITDA	\$ 1,333	\$ 1,127	\$ 4,181	\$ 4,387
Total gross debt			11,339	11,357
Less: Cash and cash equivalents			(1,420)	(2,406)
Less: Short-term investments			—	—
Total net debt			\$ 9,919	\$ 8,951
Ratio Calculations:				
Gross debt/EBITDA			2.6x	2.7x
Net debt/EBITDA			2.3x	2.1x
Gross debt/Adjusted EBITDA			2.7x	2.6x
Net debt/Adjusted EBITDA			2.4x	2.0x

(a) Certain items for the first quarter of fiscal 2020 have been revised as described in Part I, Item 1. Notes to Consolidated Condensed Financial Statements in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2021.

(b) Excludes the amortization of debt issuance and debt discount expense of \$3 million for the three months ended January 2, 2021 and December 28, 2019 and \$14 million for the twelve months ended October 3, 2020 as it is included in interest expense.



# Segment Operating Income Reconciliation

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

Adjusted Segment Operating Income (Loss)							
<i>(for the first quarter ended January 2, 2021)</i>							
	Beef	Pork	Chicken	Prepared Foods	International/Other	Intersegment Sales	Total
Reported operating income (loss)	\$ 528	\$ 116	\$ (216)	\$ 266	\$ 11	\$ —	\$ 705
Add: Legal Contingency Reserve	—	—	320	—	—	—	320
Adjusted operating income	\$ 528	\$ 116	\$ 104	\$ 266	\$ 11	\$ —	\$ 1,025

Adjusted Segment Operating Income (Loss)							
<i>(for the first quarter ended December 28, 2019)<sup>1</sup></i>							
	Beef	Pork	Chicken	Prepared Foods	International/Other	Intersegment Sales	Total
Reported operating income	\$ 342	\$ 191	\$ 57	\$ 158	\$ 10	\$ —	\$ 758
Add: Restructuring and Related Charges	5	2	21	22	2	—	52
Add: Beef Production Facility Fire Costs	16	—	—	—	—	—	16
Adjusted operating income	\$ 363	\$ 193	\$ 78	\$ 180	\$ 12	\$ —	\$ 826

<sup>1</sup> Certain items for the first quarter of fiscal 2020 have been revised as described in Part I, Item 1. Notes to Consolidated Condensed Financial Statements in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2021.

Adjusted operating income is 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 as an internal performance measurement and as a criterion for evaluating our performance relative to that of our peers. We believe adjusted operating income 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 operating income. Further, we believe that adjusted operating income is a useful measure because it improves comparability of results of operations from period to period. Adjusted operating income should not be considered as a substitute for operating income 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 may not be comparable to similarly titled measures reported by other companies.