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Acquisition of SGA's Food Group of Companies & Q2 Fiscal 2018 Results

July 30, 2018



Cautionary Statements

This presentation contains “forward-looking statements” within the meaning of the federal securities laws concerning, among other things, our liquidity, our possible or assumed results of operations and our business strategies. These forward-looking statements are subject to risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from those expressed in, or implied by, the forward-looking statements.

With respect to the contemplated acquisition of SGA Food Group of Companies, these forward-looking statements include, but are not limited to, financial estimates, statements as to the completion and benefits or effects of the acquisition, including financial and operating results, the combined company’s plans, objectives, expectations and intentions, and other statements that are not historical facts. Among the risks and uncertainties that could cause actual results to differ from those expressed in the forward-looking statements are: (1) the occurrence of any event, change or other circumstance that could give rise to the termination of the purchase agreement, (2) the risk that the necessary regulatory approvals may not be obtained as a result of conditions that are not anticipated, (3) risks that any of the closing conditions to the acquisition may not be satisfied in a timely manner, (4) failure to realize the benefits of the acquisition, (5) the effect of the announcement of the acquisition on the ability of the SGA Food Group of Companies to retain customers and retain and hire key personnel and maintain relationships with suppliers, and on their operating results and businesses generally and (6) potential litigation in connection with the acquisition.

For a detailed discussion of additional risks and uncertainties, see the sections entitled “Risk Factors” and “Forward-Looking Statements” in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017, which was filed with the Securities and Exchange Commission on February 27, 2018 and is available on our Investor Relations website and via EDGAR at www.sec.gov. The forward-looking statements contained in this presentation speak only as of the date of this presentation. We undertake no obligation to update or revise any forward-looking statements.

Compelling strategic and financial acquisition

- **Complementary geographic footprint and capabilities**
 - Provides scale across attractive and growing Northwest region
 - Enhances network through strategically located facilities
- **Aligns with strategic priorities and supports growth strategy**
 - Good reputation with independent restaurant operators, leading technology and private brands
 - Common, customer-centric culture
 - Opportunity to leverage best practices
- **Compelling financial benefits**
 - Acquisition expected to be accretive to Adjusted EPS⁽¹⁾
 - Strong combined cash flow and attractive rates support rapid deleveraging
 - Clear and attractive synergy opportunity

(1) Excludes amortization

Acquisition overview

Structure & Consideration

- US Foods will acquire all of the shares of five subsidiary entities from Services Group of America, collectively known as SGA's Food Group of Companies
- All cash acquisition valued at \$1.8 billion

Attractive Valuation

- Adjusted EBITDA multiple of 12.5x based on SGA Food Group's estimated 2018 Adjusted EBITDA of \$123 million and giving effect to tax benefits from acquisition⁽¹⁾
- Net of tax benefits and synergies, the price reflects a 2018E Adjusted EBITDA multiple of 8.6x

Expected Financial Benefits

- Expected to become accretive to US Foods' Adjusted EPS in the second full year following closing, excluding amortization
- \$55 million in annual run-rate cost synergies by the end of fiscal 2022, primarily driven by savings in distribution, direct and indirect procurement and back office administration

Organization

- SGA Food Group to form the core of a new, sixth Northwest operating region

Approvals

- Subject to regulatory approval and other customary closing conditions

(1) Estimated \$260 million present value of cash benefits resulting from tax step-up in connection with acquisition

SGA Food Group is a great company known for its focus on the customer

Highlights

- Founded by Thomas Stewart and family-owned since 1972
- \$3.3 billion in 2018E net sales
- \$123 million in 2018E Adjusted EBITDA
- 12 distribution centers
- Strong sourcing for produce and meat
- Diverse customer base, heavily weighted toward independent restaurants
- Strong focus on private brands

SGA Food Group's Five Operating Companies



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Strong rationale for acquisition of SGA Food Group

Combining Strengths and Capabilities

US Foods

- National footprint
- National scale
- Innovative products and technology

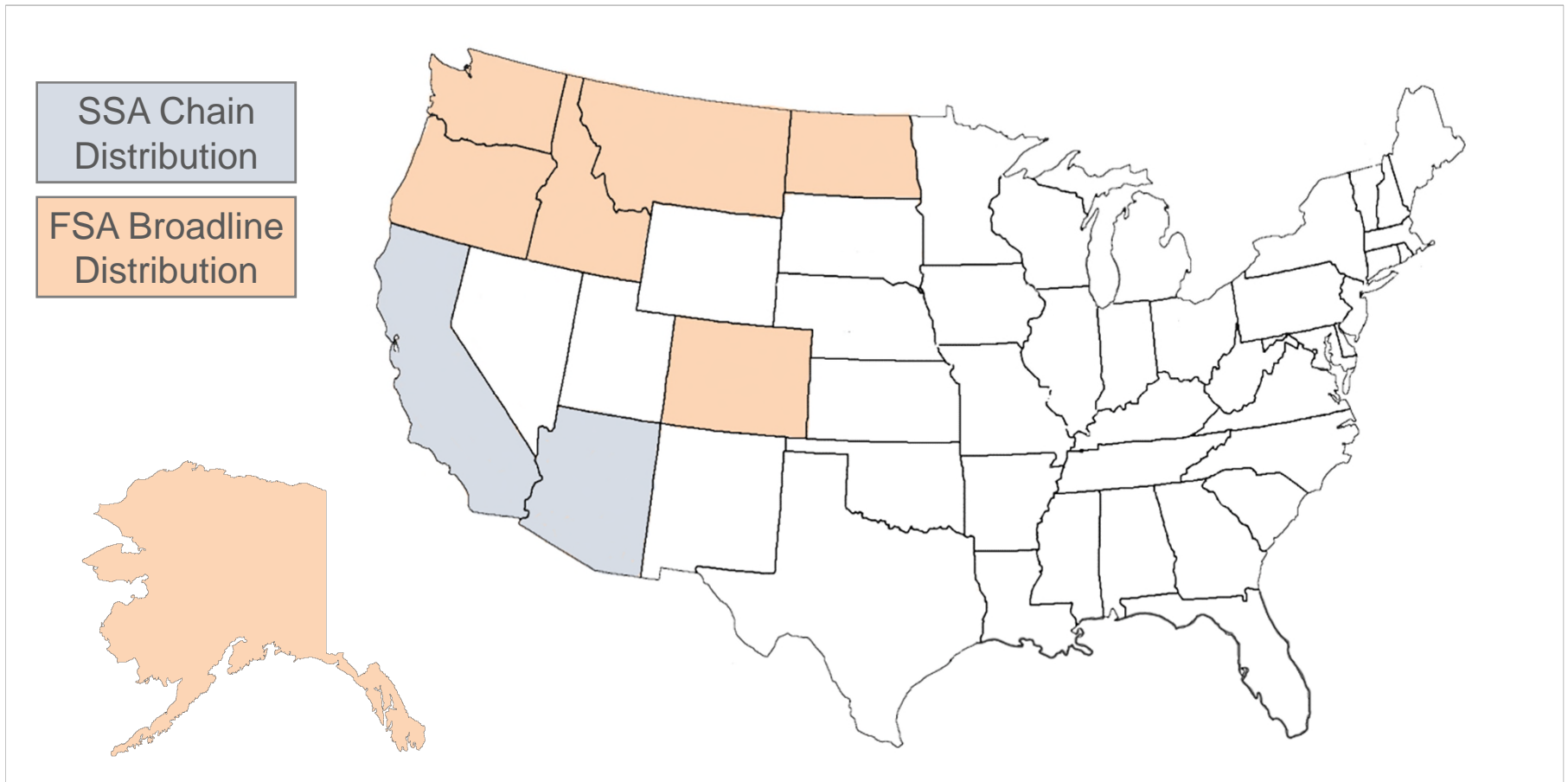
SGA Food Group

- Well-established footprint in the Northwest
- Highly-developed produce and center of plate capabilities
- Strong customer service culture

Delivering Compelling Cost Synergies

- Distribution
- Direct and indirect procurement
- Back office administration

SGA Food Group strengthens US Foods network and expands presence across attractive and growing Northwest region



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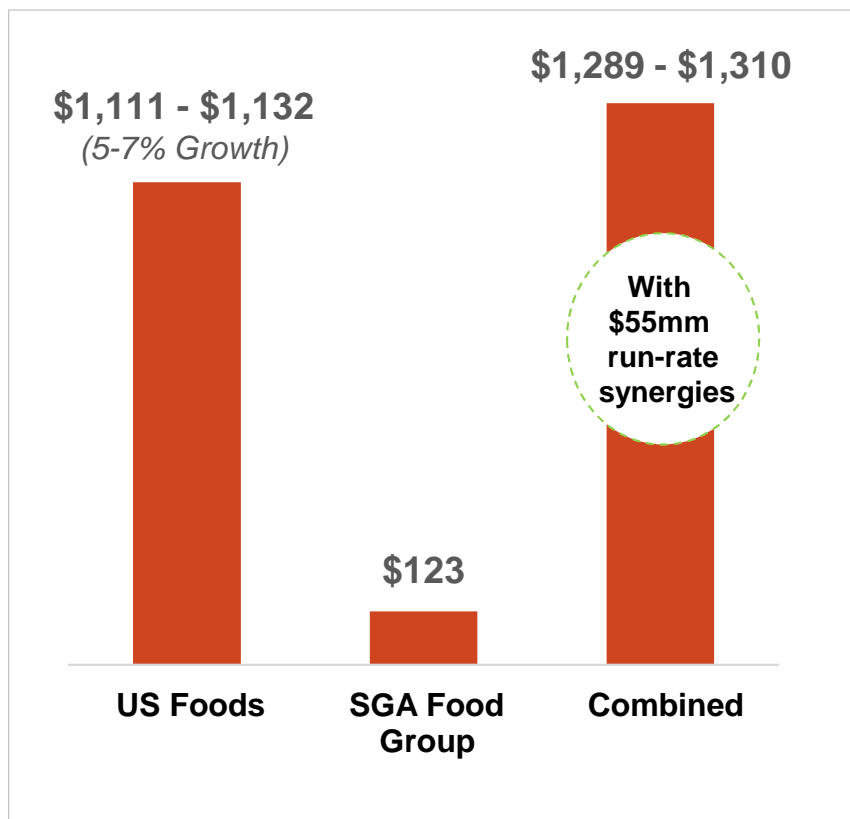


Acquisition of SGA Food Group adds ~15% to US Foods Adjusted EBITDA on proforma basis

Pro Forma Net Sales (FY2018E, \$bn)

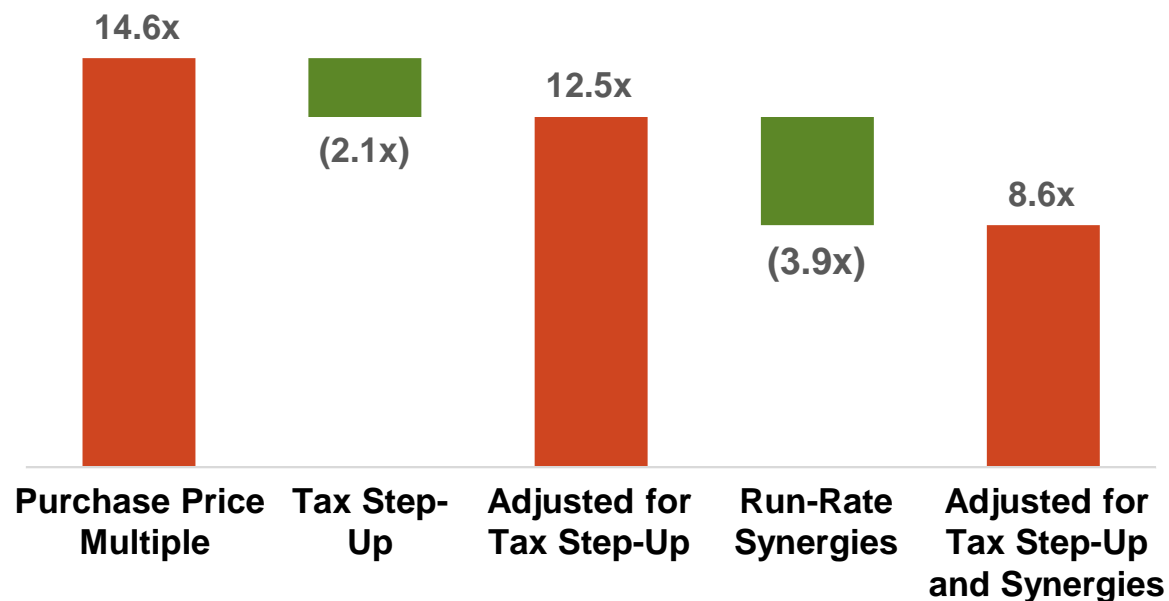


Pro Forma Adjusted EBITDA (FY2018E, \$mm)



Acquisition offers compelling returns post tax step-up and synergies

EV / 2018E EBITDA Multiple



<i>Enterpr. Val. (\$mm)</i>	\$1,800	(\$260)	\$1,540	–	\$1,540
<i>Adj. EBITDA (\$mm)</i>	\$123	–	\$123	\$55	\$178

Our balance sheet continues to be healthy post acquisition; 3.0x leverage expected in 2020

Financing Details

- Acquisition to be funded primarily through \$1.5 billion fully committed term loan financing from lender group led by J.P. Morgan and Bank of America Merrill Lynch
- Remaining needs met by existing US Foods liquidity resources

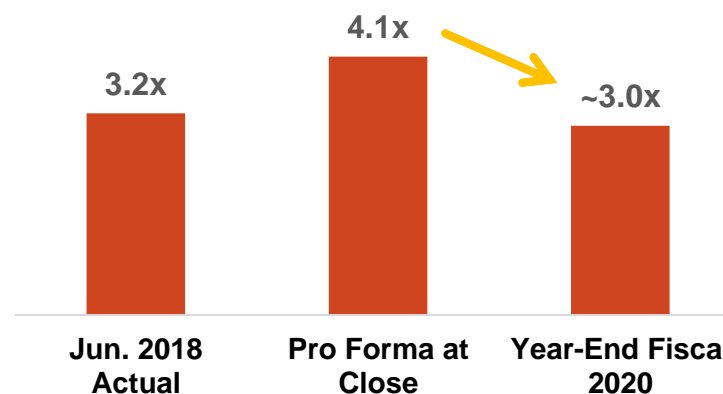
Financial Summary

Sources	\$mm	%
Transaction Facility	\$1,500	82%
Existing US Foods Liquidity	340	18%
Total Sources	\$1,840	100%
Uses		
Transaction Value	\$1,800	98%
Estimated Fees & Expenses	40	2%
Total Uses	\$1,840	100%

Pro Forma Leverage Profile

- Day one net leverage of approx. 4.1x vs. 3.2x today
- Continued strong credit profile; rapid de-levering driven by strong cash flow, strong underlying EBITDA fundamentals and realization of synergies
- No change to planned investments in facilities, fleet and systems
- Postpone planned 2018 initiation of share repurchases, focus will be on reducing leverage

US Foods Net Leverage





Q2 Fiscal 2018 Earnings

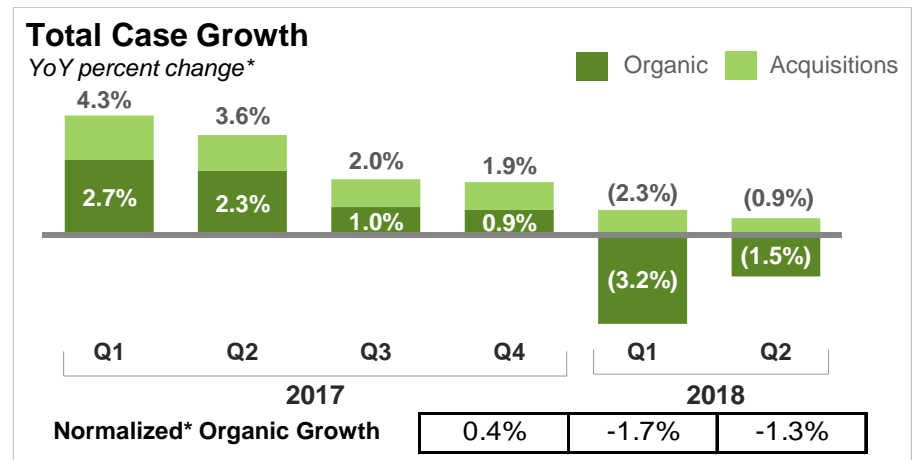
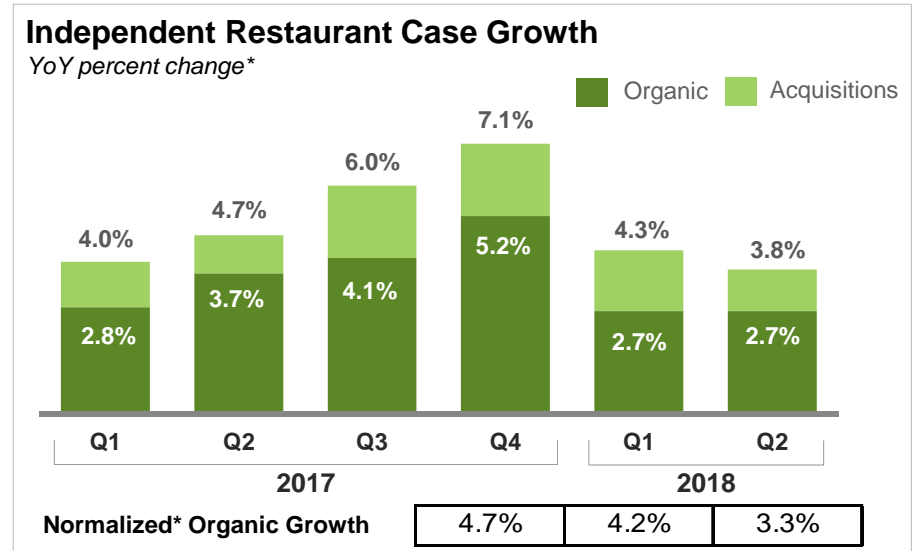
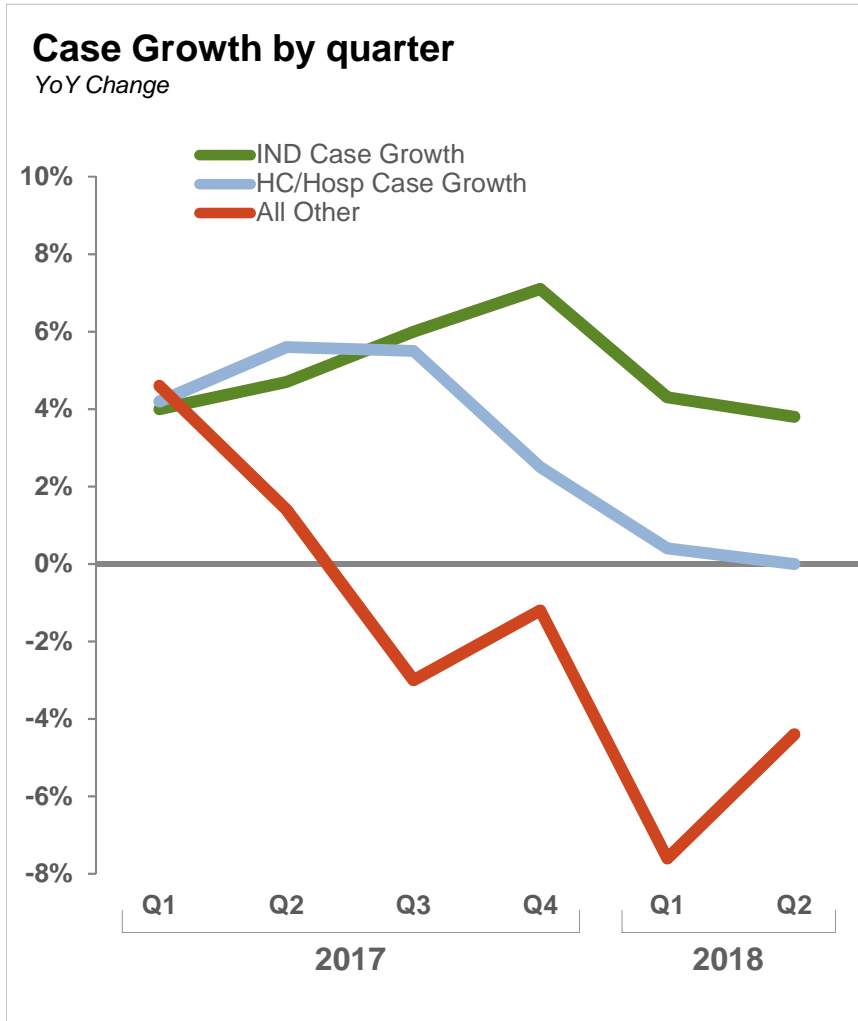
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Solid quarter but below expectations

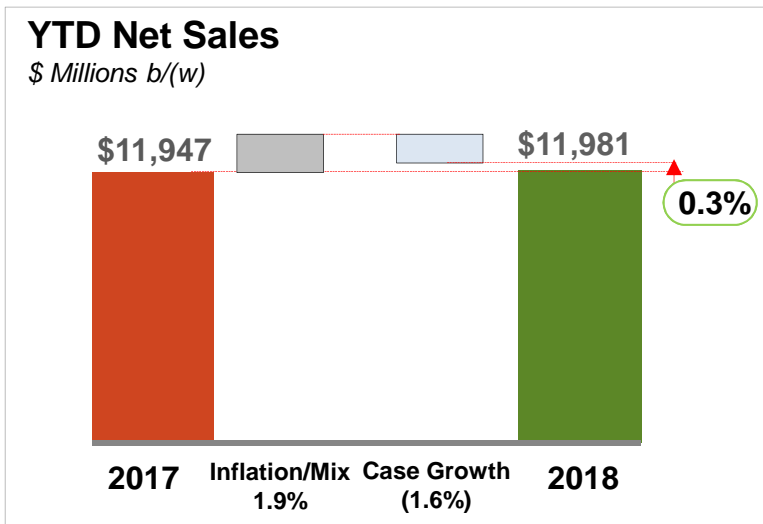
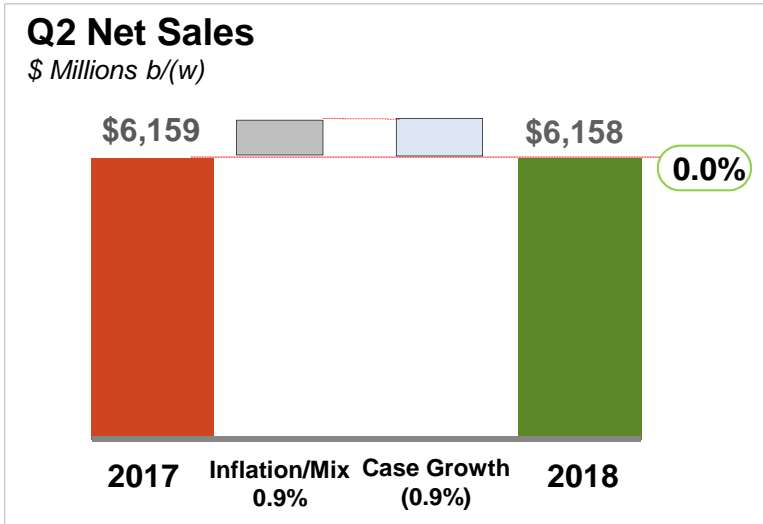
- **Case growth impacted by:**
 - Operational challenges
 - Weather and calendar
- **Adjusted EBITDA growth of 4.9%**
 - ~100 bps negative impact from inbound freight costs
- **Strong operating leverage expansion of \$0.09 per case**
 - Adjusted Gross Profit expansion of \$0.16 per case
 - Year-over-year private brand growth of approximately 100 bps
- **Adjusted Diluted EPS significantly increased to \$0.57**
- **Guidance Updates**
 - FY'18 case volume is now expected to be approaching flat
 - Adj. EBITDA growth is now expected to be 5-7%

Growth lower than expected in Q2; internal challenges impacted IND while timing of new customer onboarding impacted HC/Hospitality



* Impacts of weather, calendar and sales promotions (Q1 2018 only) on a YOY basis.

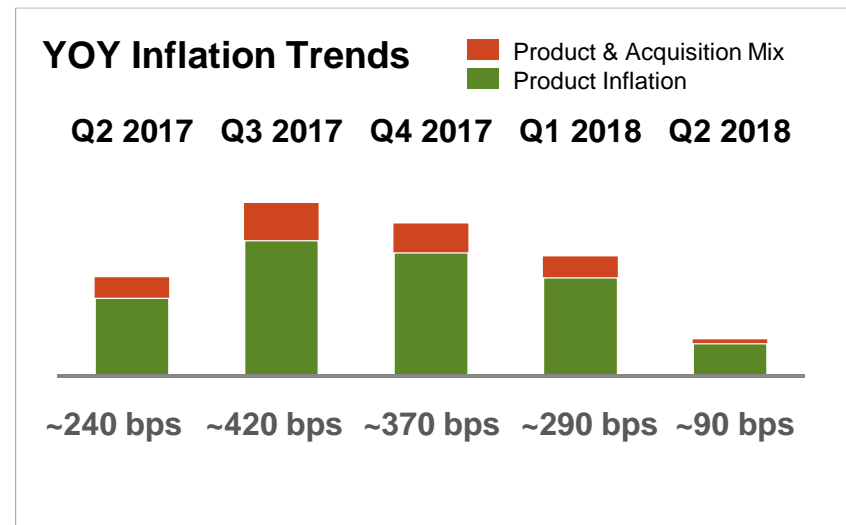
Moderating inflation and lower volume growth contributing to flat sales



Results Summary

Net Sales drivers:

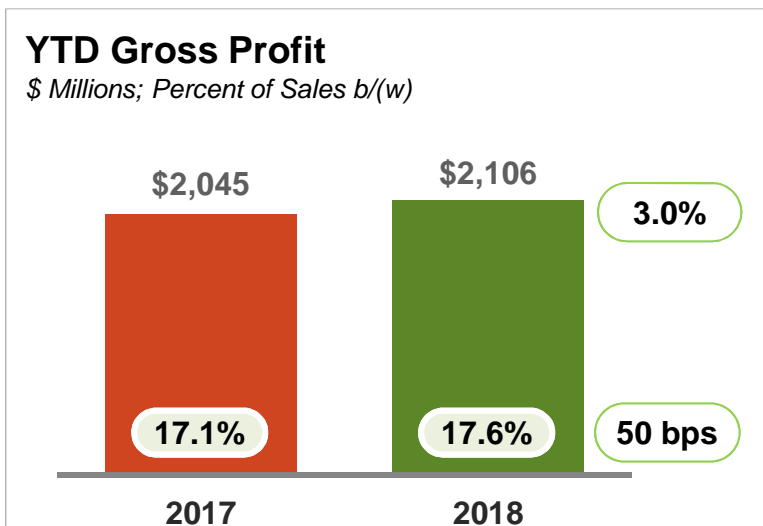
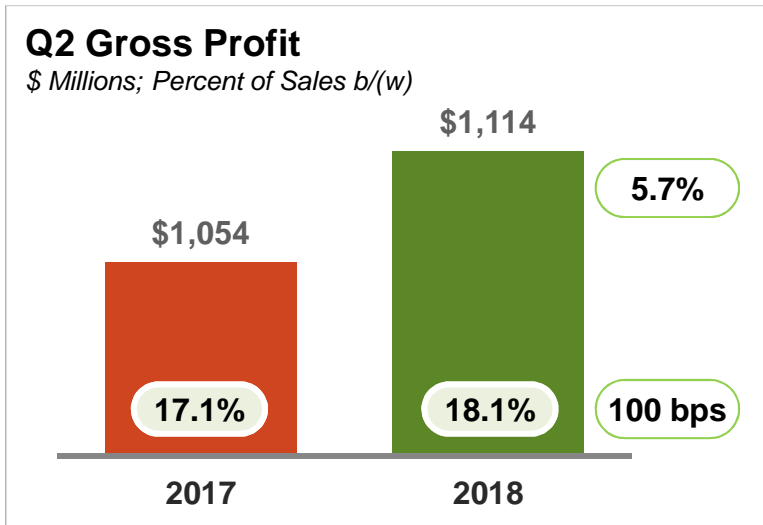
- Volume growth with independent restaurants
- Positive acquisition volume
- Total organic volume declined, primarily on exits
- YOY inflation moderating



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Gross profit dollar growth outpacing volume; margins expanding



Results Summary

Gross Profit drivers:

- Positive customer mix impact
- Margin initiatives driving gains
 - Private brand growth of ~100 bps
 - Strategic vendor management
- Q2'18 LIFO gain of \$11 million
- Q2 YOY freight headwind of \$3 million; an improvement from \$7 million in Q1

Adjusted Gross Profit*

Q2'18: \$1.1B, better \$19M or 1.8%
 17.9% of sales, better 30 bps

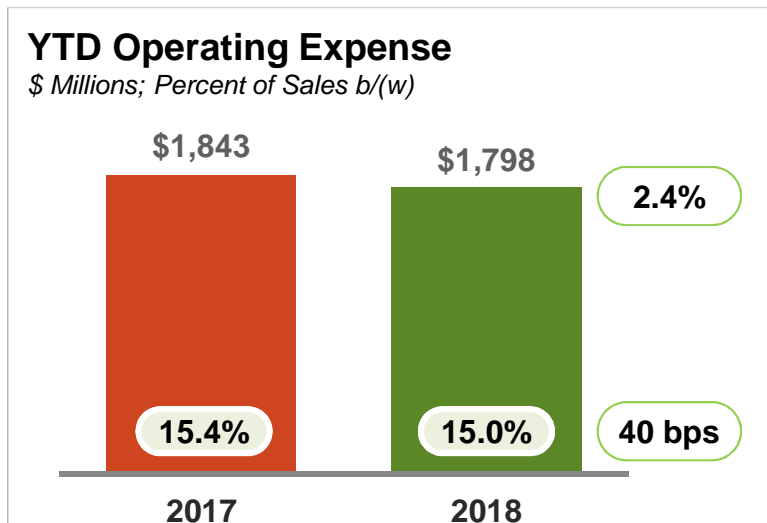
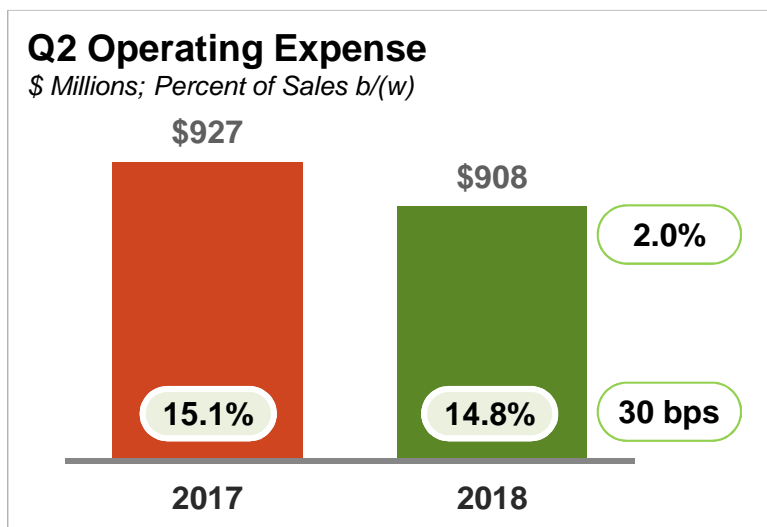
YTD'18: \$2.1B, better \$29M or 1.4%
 17.6% of sales, better 10 bps

* Reconciliations of non-GAAP measures are provided in the Appendix

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Operating expense improvement on lower amortization and solid cost control



Results Summary

Operating Expense drivers:

- Positive impact from amortization drop off
- Unfavorable volume deleveraging on fixed costs
- Solid cost control offsetting year-over-year wage and cost inflation
- Supply chain initiatives progressing as expected

Adjusted Operating Expense*

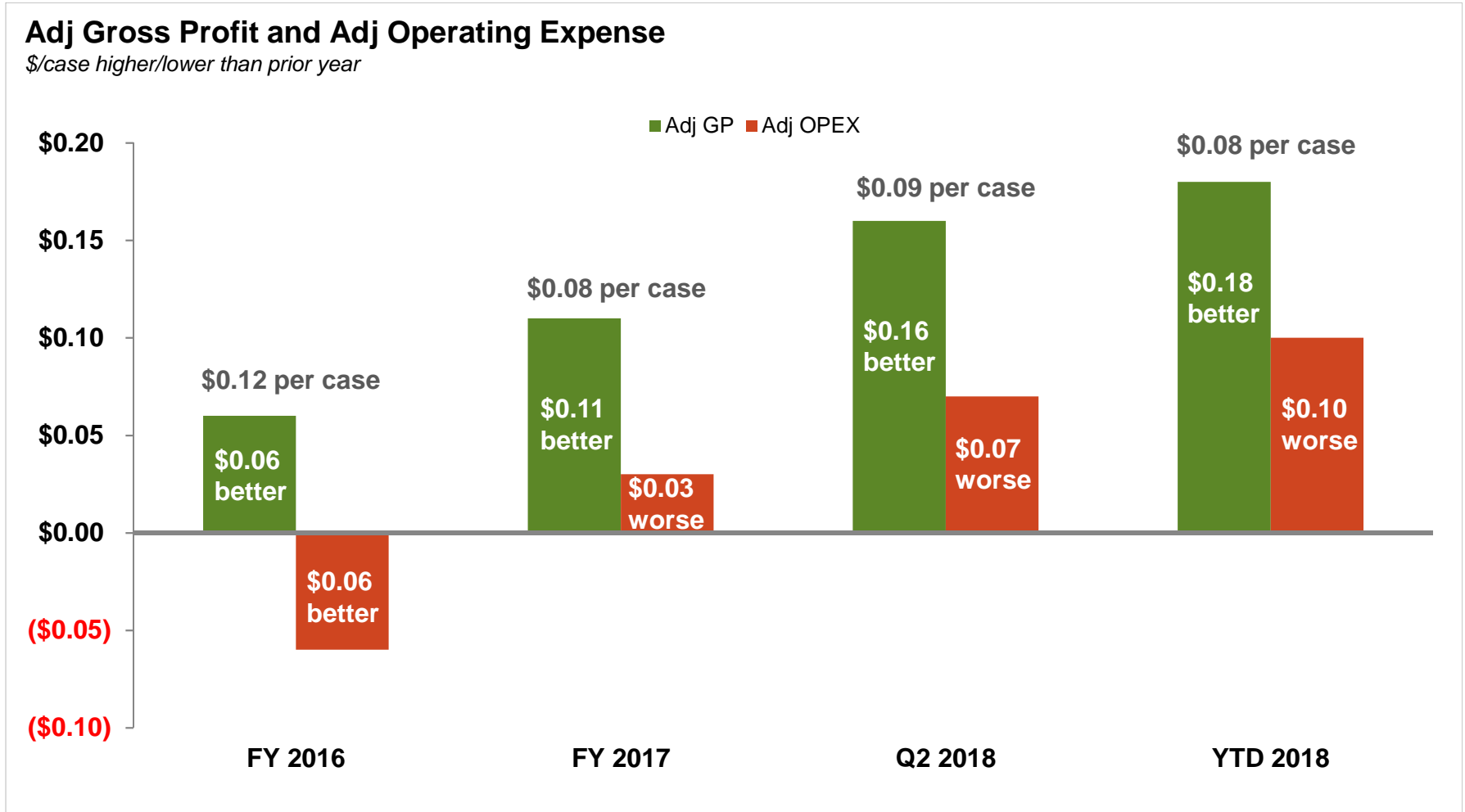
Q2'18: \$806M, worse \$8M or 1.0%
 13.1% of sales, worse 10 bps

YTD'18: \$1.6B, worse \$11M or 0.7%
 13.3% of sales, flat to prior year

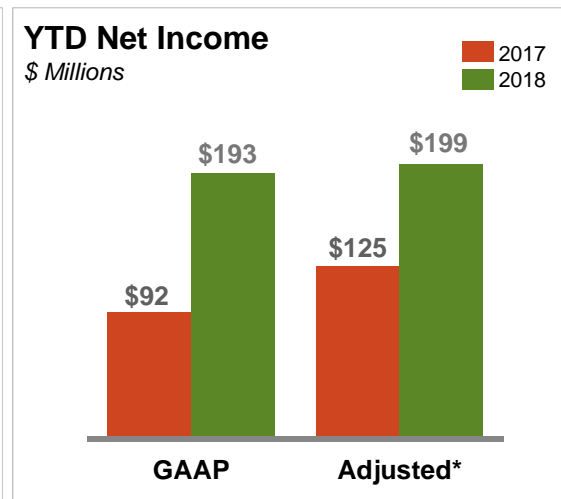
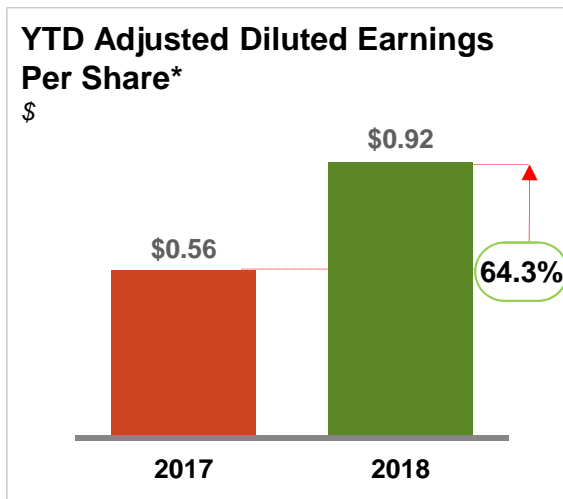
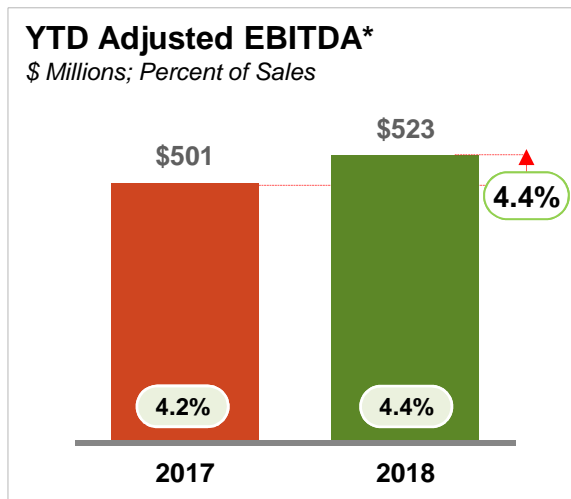
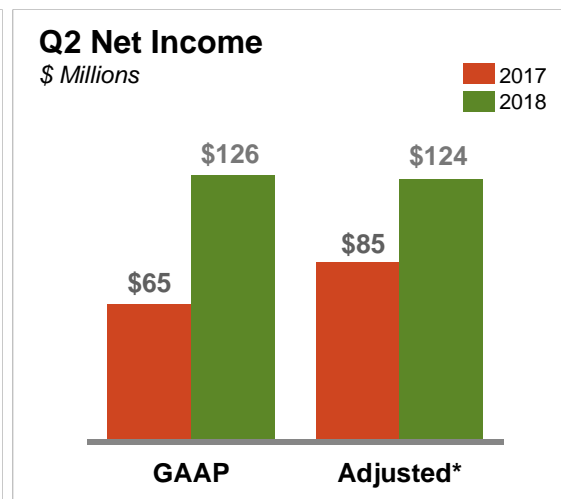
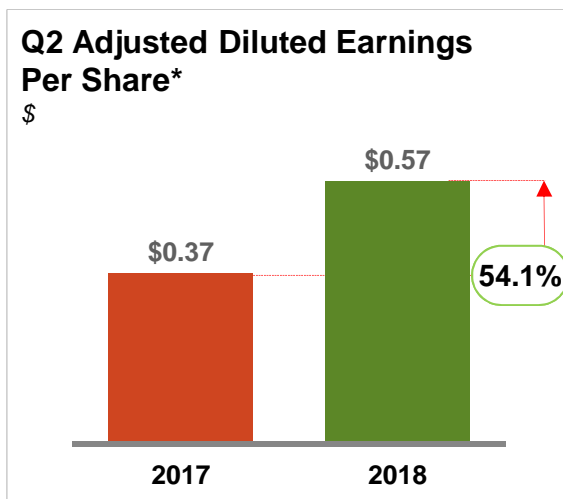
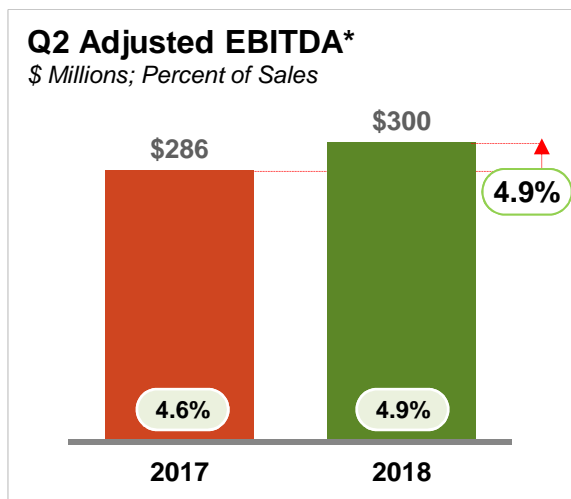
* Reconciliations of non-GAAP measures are provided in the Appendix

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Growth in Gross Profit per case continues to outpace change in Operating Expense per case



Key profitability metrics improved over prior year

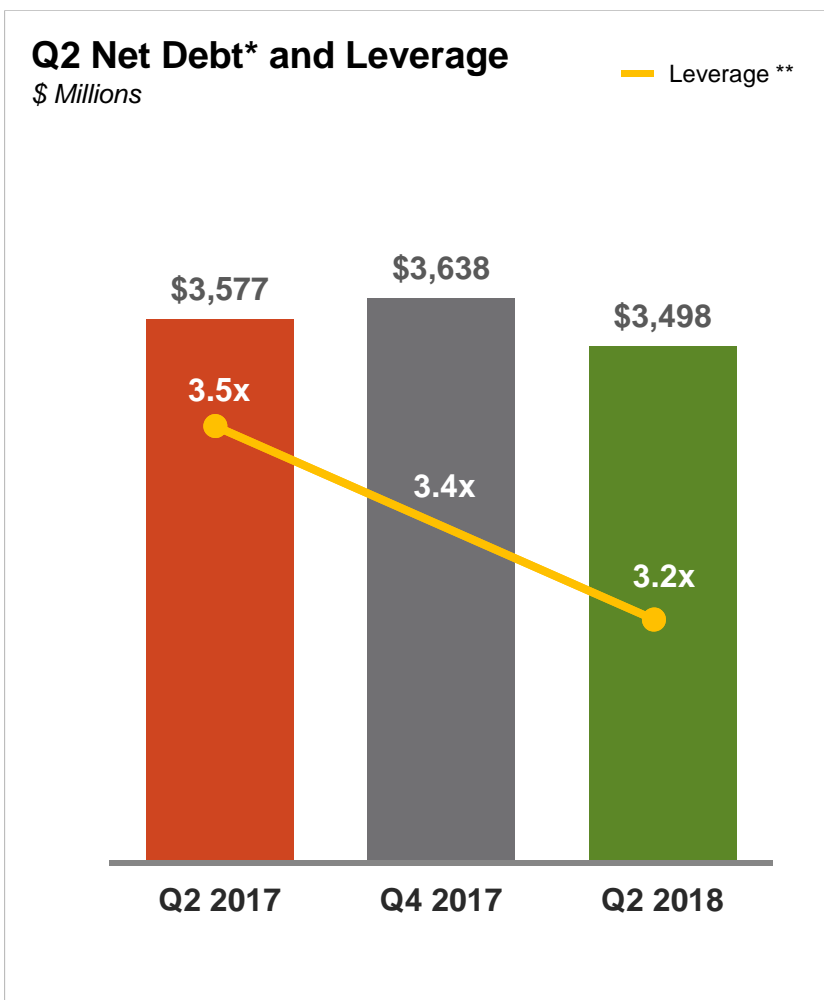
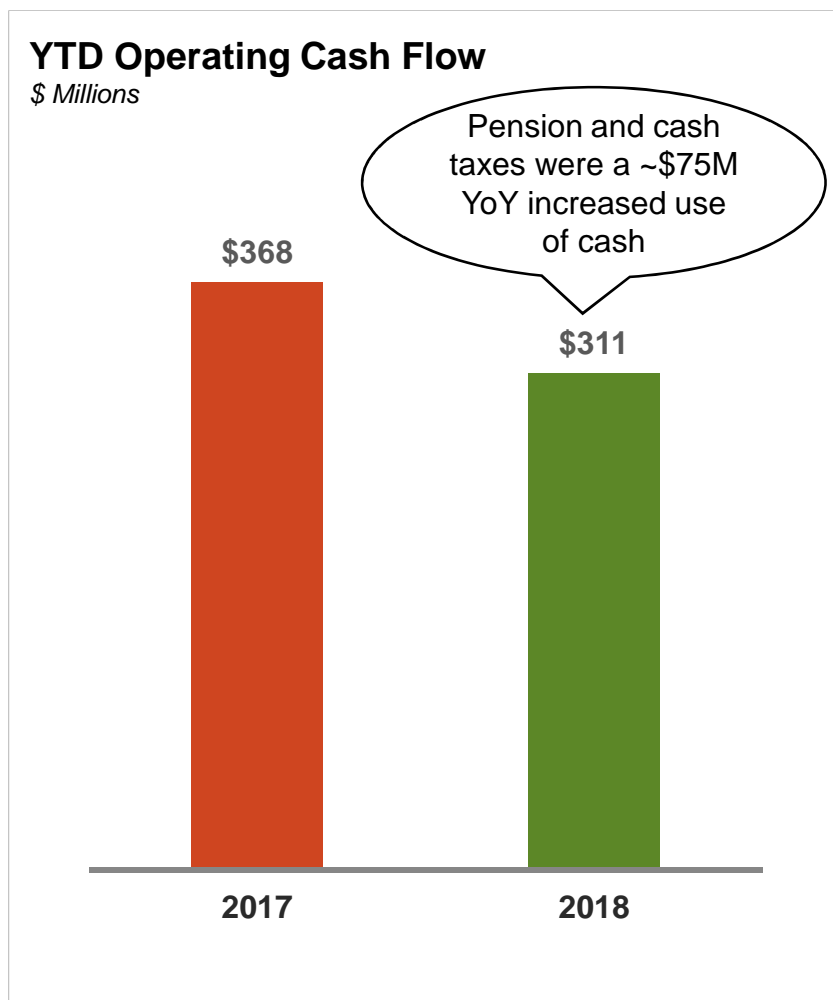


* Reconciliations of non-GAAP measures are provided in the Appendix

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Stronger cash flow offset by higher cash taxes and additional pension contribution; Net Debt and leverage continue to improve



* Reconciliations of non-GAAP measures are provided in the Appendix
 ** Net Debt / TTM Adjusted EBITDA, reconciliation provided in Appendix

Updated 2018 guidance

	2018 Guidance
Case Growth	Approaching Flat
Net Sales Growth	1–2%
Adjusted Gross Profit	~3%
Adjusted EBITDA Growth	5 – 7%
Cash CAPEX (ex Future Acquisitions)	\$250 - \$260M
Interest Expense	\$175 - \$180M
Depreciation & Amortization	\$330 - \$340M
Adj Effective Tax Rate	25% - 26%
Adjusted Diluted EPS	\$2.00 - \$2.10

Orange text indicates updated guidance

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APPENDIX:

- Q2 FISCAL 2018 SUMMARY
- NON-GAAP RECONCILIATIONS

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Second Quarter Financial Performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	13-Weeks Ended June 30, 2018	13-Weeks Ended July 1, 2017	Change	13-Weeks Ended June 30, 2018	13-Weeks Ended July 1, 2017	Change
\$ in millions, except per share data*						
Case Growth			(0.9)%			
Net Sales	6,158	6,159	—%			
Gross Profit	1,114	1,054	5.7%	1,103	1,084	1.8%
% of Net Sales	18.1%	17.1%	100 bps	17.9%	17.6%	30 bps
Operating Expenses	908	927	(2.0)%	806	798	1.0%
% of Net Sales	14.8%	15.1%	(30) bps	13.1%	13.0%	10 bps
Operating Income	205	127	61.4%	296	287	3.1%
Net Income	126	65	93.8%	124	85	45.9%
Diluted EPS	\$0.58	\$0.29	100.0%	\$0.57	\$0.37	54.1%
Adjusted EBITDA				300	286	4.9%
Adjusted EBITDA Margin (2)				4.9%	4.6%	30 bps

* Individual components may not add to total presented due to rounding.

(1) Reconciliations of these non-GAAP measures are provided in the Appendix.

(2) Represents Adjusted EBITDA as a percentage of Net Sales.

Year to Date Financial Performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	26-Weeks Ended June 30, 2018	26-Weeks Ended July 1, 2017	Change	26-Weeks Ended June 30, 2018	26-Weeks Ended July 1, 2017	Change
\$ in millions, except per share data*						
Case Growth			(1.6)%			
Net Sales	11,981	11,947	0.3%			
Gross Profit	2,106	2,045	3.0%	2,114	2,085	1.4%
% of Net Sales	17.6%	17.1%	50 bps	17.6%	17.5%	10 bps
Operating Expenses	1,798	1,843	(2.4)%	1,596	1,585	0.7%
% of Net Sales	15.0%	15.4%	(40) bps	13.3%	13.3%	0 bps
Operating Income	308	203	51.7%	517	503	2.8%
Net Income	193	92	109.8%	199	125	59.2%
Diluted EPS	\$0.89	\$0.41	117.1%	\$0.92	\$0.56	64.3%
Adjusted EBITDA				523	501	4.4%
Adjusted EBITDA Margin (2)				4.4%	4.2%	20 bps

* Individual components may not add to total presented due to rounding.

(1) Reconciliations of these non-GAAP measures are provided in the Appendix.

(2) Represents Adjusted EBITDA as a percentage of Net Sales.

Non-GAAP Reconciliation - Adjusted Gross Profit and Adjusted Operating Expenses

(\$ in millions)*	13-Weeks Ended (unaudited)		26-Weeks Ended (unaudited)	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Gross profit (GAAP)	\$1,114	\$1,054	\$2,106	\$2,045
LIFO reserve change ⁽¹⁾	(11)	30	8	40
Adjusted Gross profit (Non-GAAP)	\$1,103	\$1,084	\$2,114	\$2,085
Operating expenses (GAAP)	\$908	\$927	\$1,798	\$1,843
Adjustments:				
Depreciation and amortization expense	(84)	(106)	(165)	(214)
Restructuring charges ⁽²⁾	—	(1)	(1)	(3)
Share-based compensation expense ⁽³⁾	(10)	(5)	(17)	(9)
Business transformation costs ⁽⁴⁾	(7)	(13)	(15)	(27)
Other ⁽⁵⁾	(1)	(5)	(3)	(7)
Adjusted Operating expenses (Non-GAAP)	\$806	\$798	\$1,596	\$1,585

*Individual components may not add to total presented due to rounding

(1) Represents the non-cash impact of LIFO reserve adjustments.

(2) Consists primarily of severance and related costs and organizational realignment costs.

(3) Share-based compensation expense for vesting of stock awards and share purchase plan.

(4) Consists primarily of costs related to significant process and systems redesign across multiple functions.

(5) Other includes gains, losses or charges as specified under our debt agreements.

Non-GAAP Reconciliation - Adjusted EBITDA and Adjusted Net Income

	13-Weeks Ended (unaudited)		26-Weeks Ended (unaudited)	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
(\$ in millions)*				
Net income (GAAP)	\$126	\$65	\$193	\$92
Interest expense—net	48	41	91	83
Income tax provision	35	19	30	27
Depreciation and amortization expense	84	106	165	214
EBITDA (Non-GAAP)	\$293	\$232	\$480	\$416
Adjustments:				
Restructuring charges ⁽¹⁾	—	1	1	3
Share-based compensation expense ⁽²⁾	10	5	17	9
LIFO reserve change ⁽³⁾	(11)	30	8	40
Business transformation costs ⁽⁴⁾	7	13	15	27
Other ⁽⁵⁾	1	5	3	7
Adjusted EBITDA (Non-GAAP)	\$300	\$286	\$523	\$501
Adjusted EBITDA (Non-GAAP)	\$300	\$286	\$523	\$501
Depreciation and amortization expense	(84)	(106)	(165)	(214)
Interest expense—net	(48)	(41)	(91)	(83)
Income tax provision, as adjusted ⁽⁶⁾	(43)	(54)	(68)	(79)
Adjusted Net income (Non-GAAP)	\$124	\$85	\$199	\$125

*Individual components may not add to total presented due to rounding

1. Consists primarily of severance and related costs and organizational realignment costs.
2. Share-based compensation expense for vesting of stock awards and share purchase plan.
3. Represents the non-cash impact of LIFO reserve adjustments
4. Consists primarily of costs related to significant process and systems redesign across multiple functions.
5. Other includes gains, losses or charges as specified under our debt agreements.
6. Represents our income tax benefit adjusted for the tax effect of pre-tax items excluded from Adjusted Net income and the removal of applicable discrete tax items. Applicable discrete tax items include changes in tax laws or rates, changes related to prior year unrecognized tax benefits, discrete changes in valuation allowances, and excess tax benefits associated with share-based compensation. The tax effect of pre-tax items excluded from Adjusted net income is computed using a statutory tax rate after considering the impact of permanent differences and valuation allowances.

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Non-GAAP Reconciliation - Adjusted Diluted Earnings Per Share (EPS)

	13-Weeks Ended (unaudited)		26-Weeks Ended (unaudited)	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Diluted EPS (GAAP)	\$0.58	\$0.29	\$0.89	\$0.41
Restructuring charges ⁽¹⁾	—	—	—	0.01
Share-based compensation expense ⁽²⁾	0.05	0.02	0.08	0.04
LIFO reserve change ⁽³⁾	(0.05)	0.13	0.04	0.18
Business transformation costs ⁽⁴⁾	0.03	0.06	0.07	0.12
Other ⁽⁵⁾	—	0.02	0.01	0.03
Income tax impact of adjustments ⁽⁶⁾	(0.04)	(0.15)	(0.17)	(0.23)
Adjusted Diluted EPS (Non-GAAP)	\$0.57	\$0.37	\$0.92	\$0.56
Weighted-average diluted shares outstanding (GAAP)	217,770,313	226,791,449	217,491,267	226,557,430

*Individual components may not add to total presented due to rounding

(1) Consists primarily of severance and related costs and organizational realignment costs.

(2) Share-based compensation expense for vesting of stock awards and share purchase plan.

(3) Represents the non-cash impact of LIFO reserve adjustments.

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Non-GAAP Reconciliation - Net Debt and Net Leverage Ratios

(\$ in millions, except ratios) *	(unaudited)		
	June 30, 2018	December 30, 2017	July 1, 2017
Total Debt (GAAP)	\$3,599	\$3,757	\$3,727
Cash, cash equivalents and restricted cash	(101)	(119)	(150)
Net Debt (Non-GAAP)	\$3,498	\$3,638	\$3,577
Adjusted EBITDA (1)	\$1,080	\$1,058	\$1,010
Net Leverage Ratio (2)	3.2	3.4	3.5

*Individual components may not add to total presented due to rounding

(1) Trailing Twelve Months (TTM) Adjusted EBITDA

(2) Net debt/TTM Adjusted EBITDA

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