



WE HELP YOU MAKE IT™

Q2 Fiscal 2019 Results

August 6, 2019



Cautionary statements regarding forward-looking information

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 Services Group of America’s 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 proposed 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, uncertainties and other factors that could cause actual results to differ from those expressed in these 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 SGA’s Food Group of Companies to retain customers, retain and hire key personnel and maintain relationships with suppliers, as well as on their operating results and businesses generally; and (6) potential litigation in connection with the acquisition.

For a detailed discussion of these risks, uncertainties and other factors, see the section entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 29, 2018, which was filed with the Securities and Exchange Commission on February 14, 2019. 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.

Second quarter results show sustained positive momentum

Solid total case growth of 1.7%

Strong independent restaurant growth

Improvements in case growth for healthcare/hospitality and all other customers

Operating leverage increased to \$0.08 per case

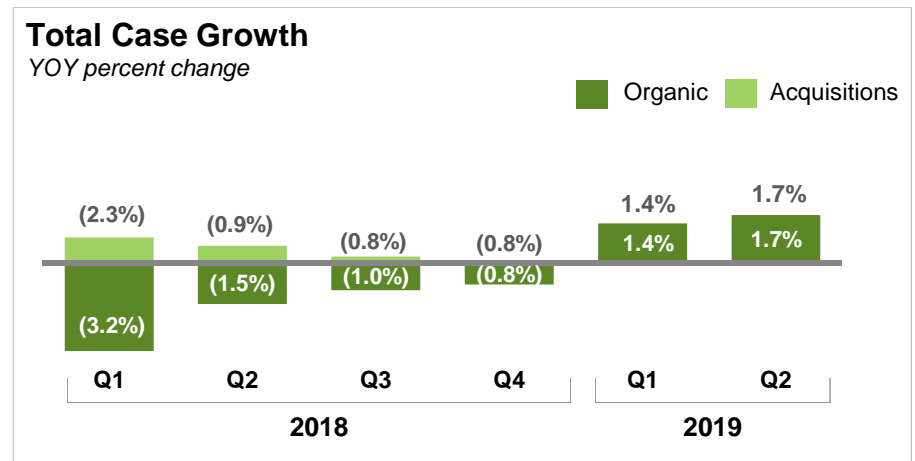
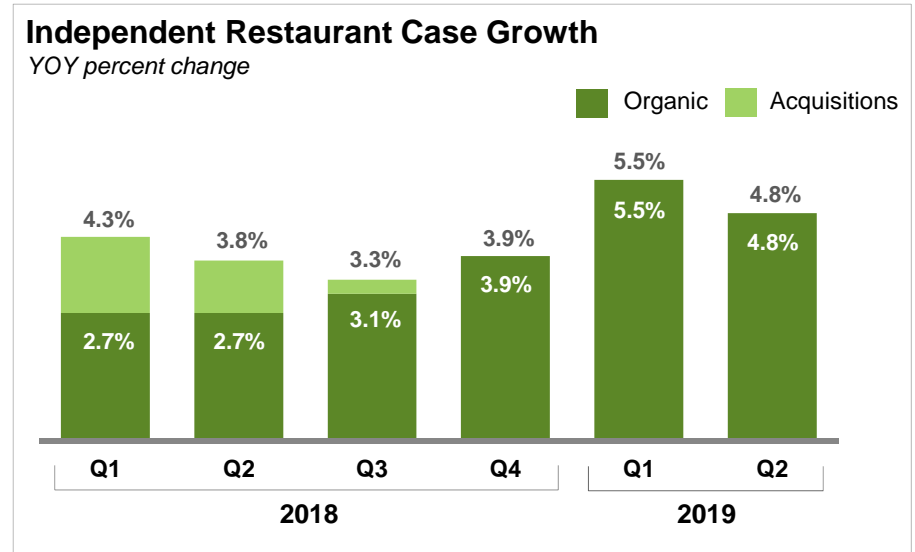
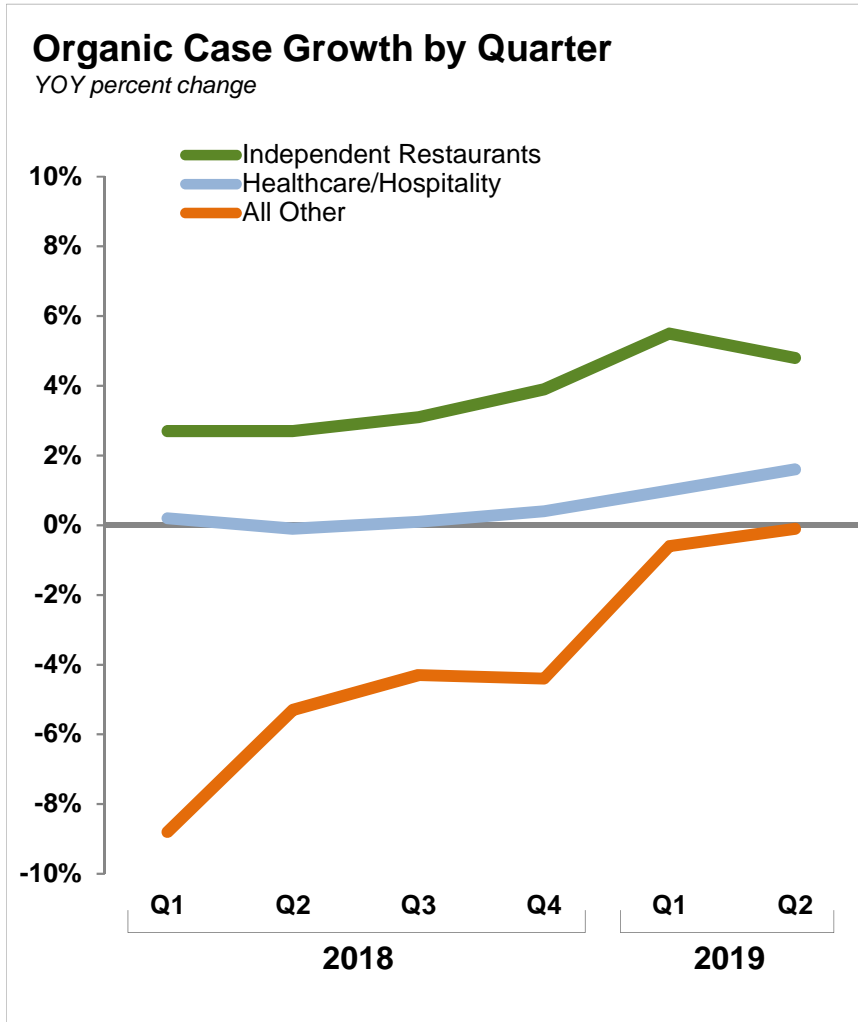
Strong gross profit per case gains driven by margin initiatives

Distribution costs in line with full year expectations

Strong Adjusted EBITDA and Adjusted Diluted EPS growth of 6.7% and 12.3%, respectively

Expect SGA Food Group acquisition to close in September

Solid total case growth supported by strong independent growth



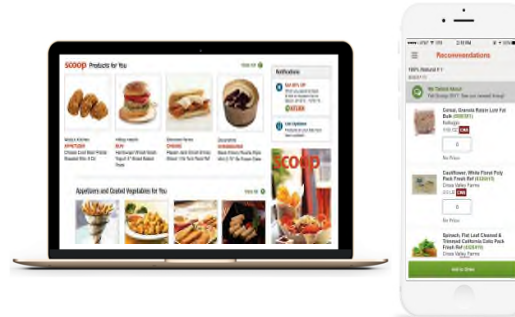
Our innovative products and technology continue to help customers “Make It”

Scoop



- Summer Scoop highlights takeout packaging and menu options.
- Scoop customers purchase 14% larger baskets.
- Retention rates for Scoop customers are 6% higher.

E-Commerce



- Q2 independent restaurant penetration exceeded 60%.
- E-commerce customers purchase 9% larger baskets.
- Retention rates for e-commerce customers are 5% higher.

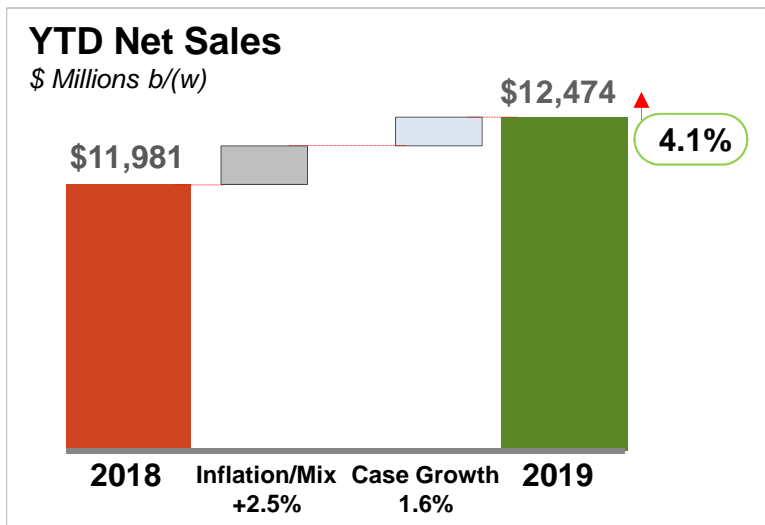
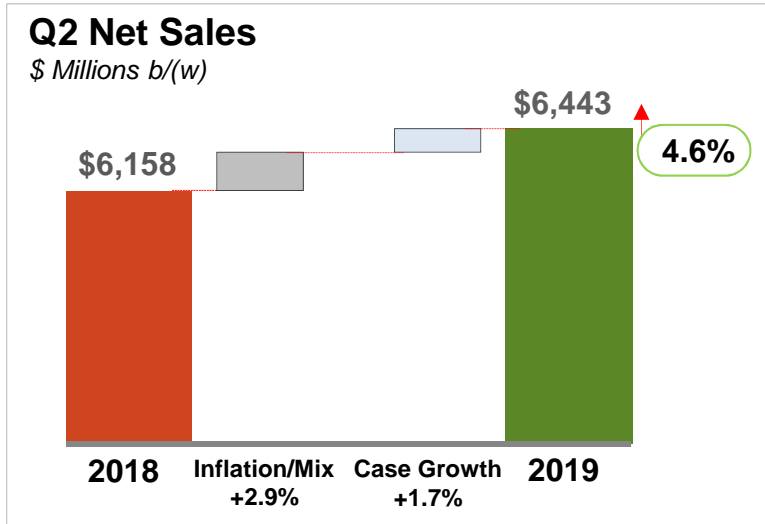
Check Business Tools



- Toast adds an industry-leading POS solution to our offering.
- Toast's technology allows table side payment processing.
- Toast's partner marketplace integrates with existing tools.

GREAT FOOD. MADE EASY.™

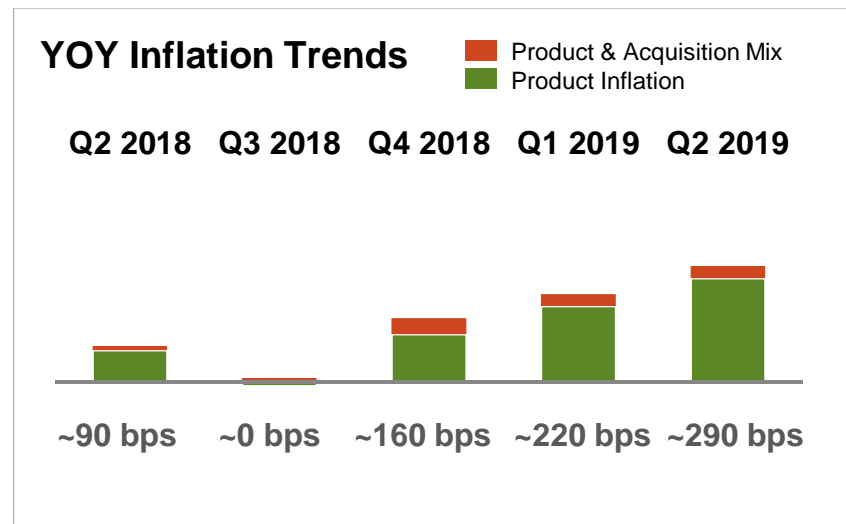
Net Sales increase driven by case growth and product inflation



Results Summary

Net Sales drivers:

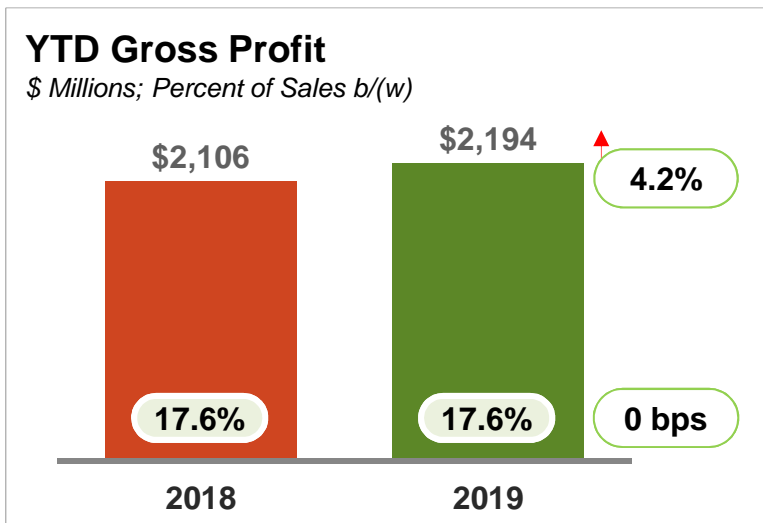
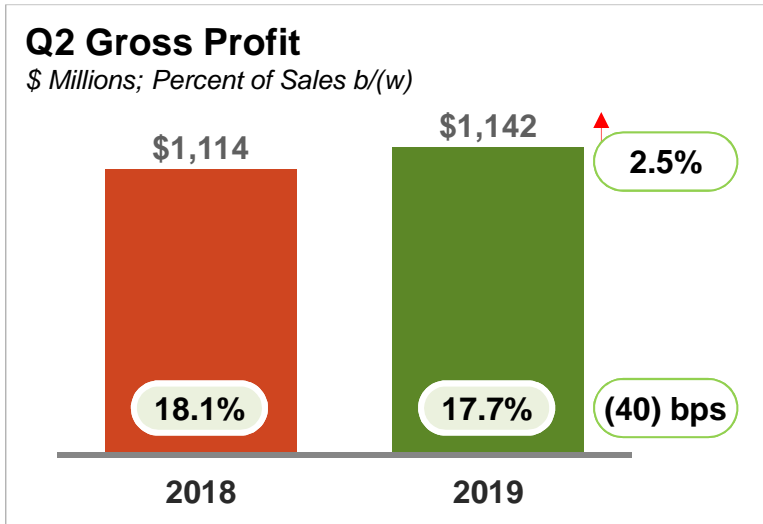
- Solid total case growth
- Inflation across multiple product categories, including grocery, poultry and produce



GREAT FOOD. MADE EASY.™



Increased case growth and margin initiatives are driving Gross Profit dollar growth



Results Summary

Gross Profit drivers:

- Margin expansion initiatives, including:
 - Private brand growth
 - Freight optimization
- Customer mix benefit
- Q2: 40bps YOY LIFO headwind to GAAP results

Adjusted Gross Profit*

Q2'19: \$1.2B, better \$53M or 4.8%
 17.9% of sales, flat to prior year

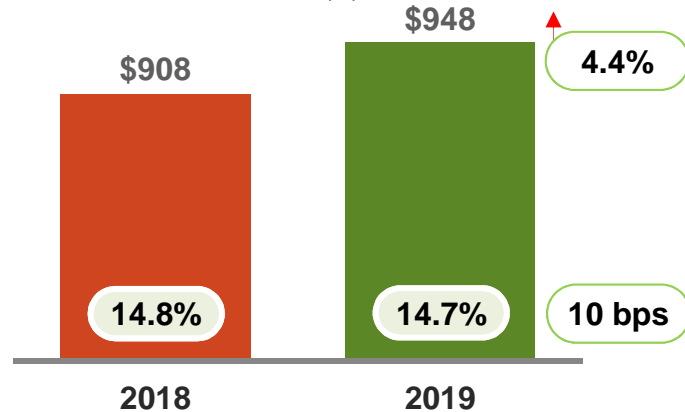
YTD'19: \$2.2B, better \$92M or 4.4%
 17.7% of sales, better 10 bps

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

Distribution costs in line with expectations; continue to manage through a challenging operating environment

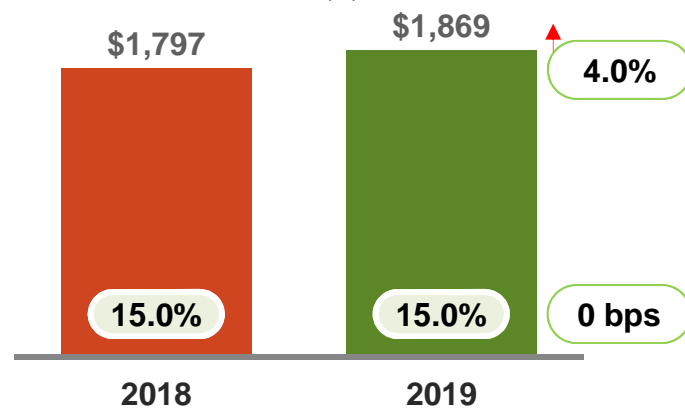
Q2 Operating Expense

\$ Millions; Percent of Sales b/(w)



YTD Operating Expense

\$ Millions; Percent of Sales b/(w)



Results Summary

Operating Expense drivers:

- Higher wage and other distribution costs as expected
- Continue to focus on employee retention and productivity improvements
- Acquisition-related costs and higher depreciation expense in GAAP results

Adjusted Operating Expense*

Q2'19: \$838M, worse \$32M or 4.0%
13.0% of sales, better 10 bps

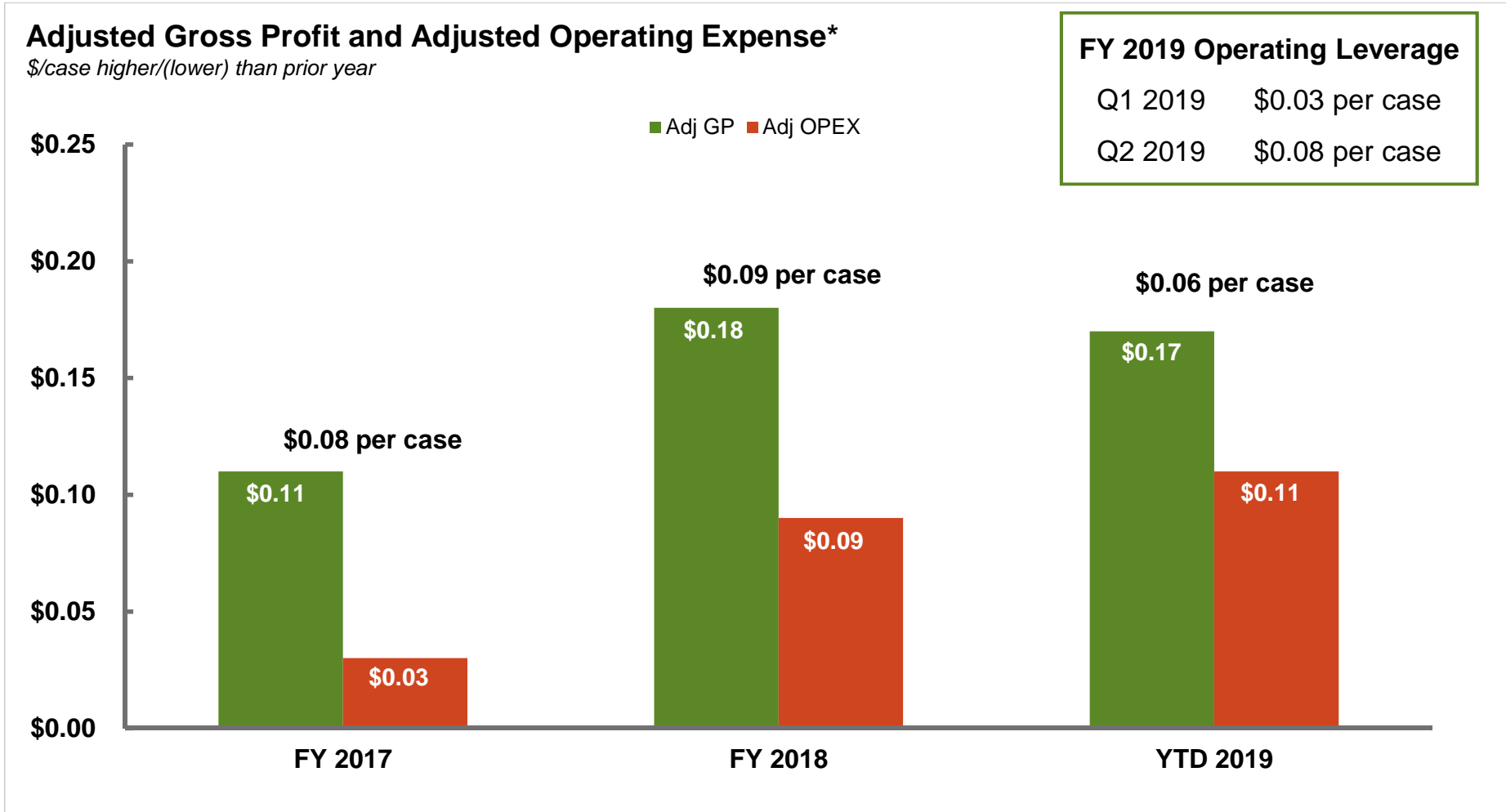
YTD'19: \$1.7B, worse \$61M or 3.8%
13.3% of sales, flat to prior year

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



GREAT FOOD. MADE EASY.™

Second quarter results show continued strong operating leverage gains



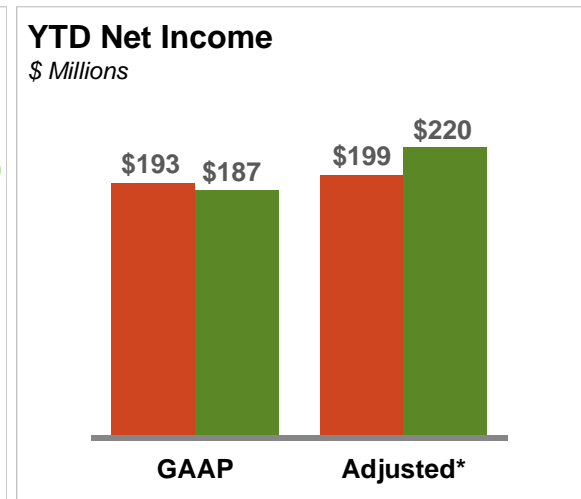
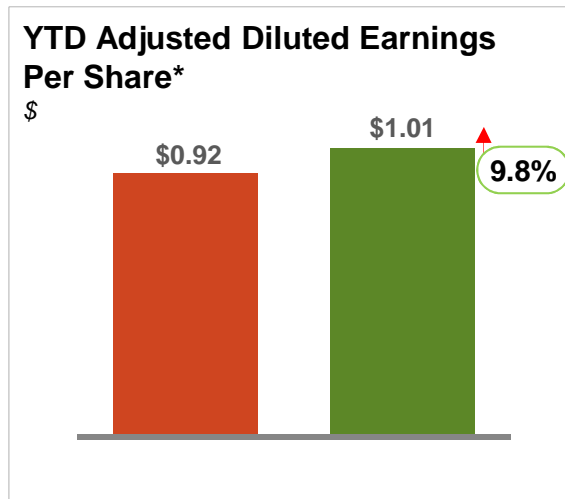
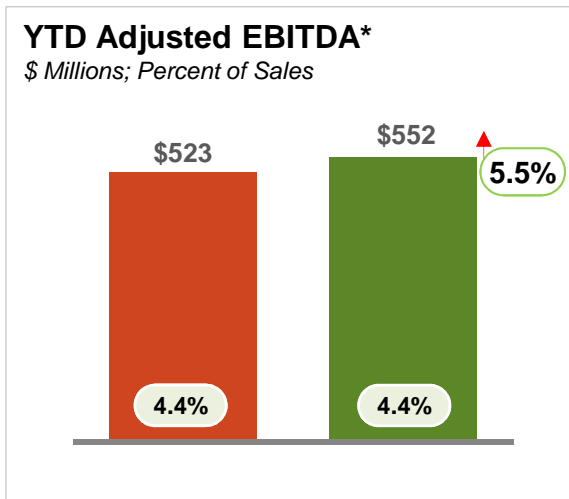
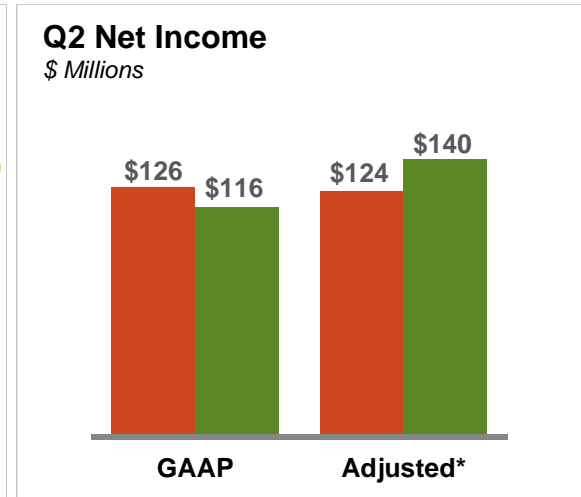
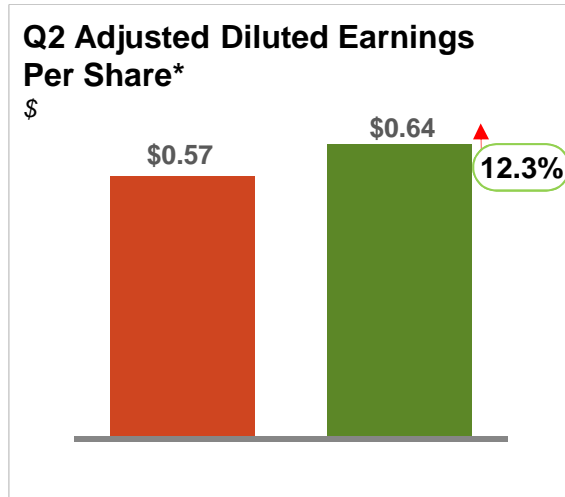
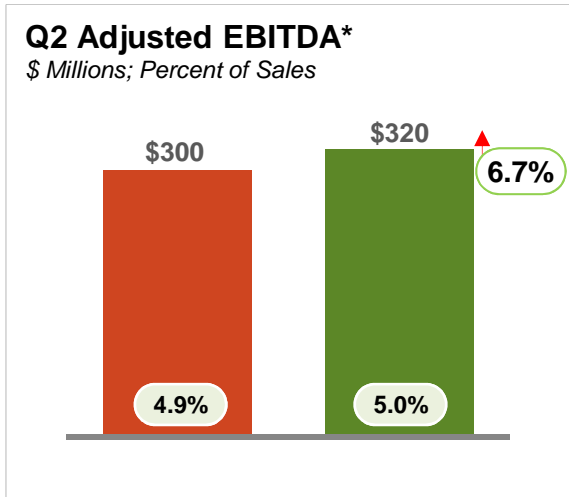
* Reconciliations of non-GAAP measures are provided in the Appendix

GREAT FOOD. MADE EASY.™



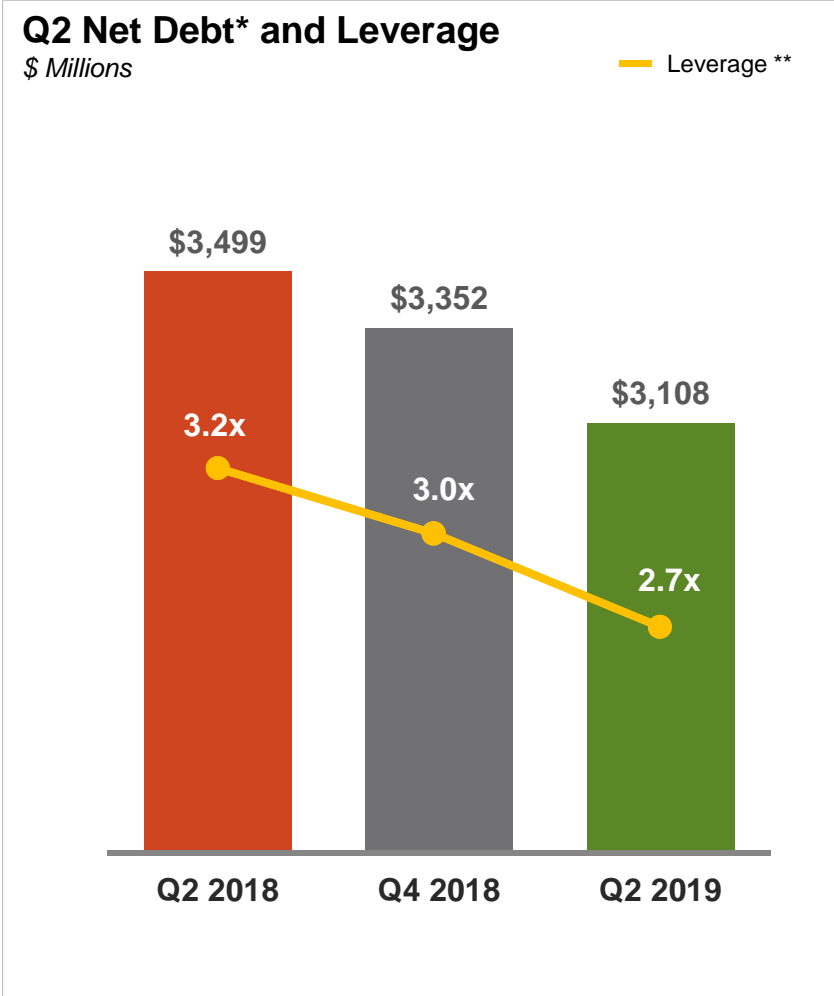
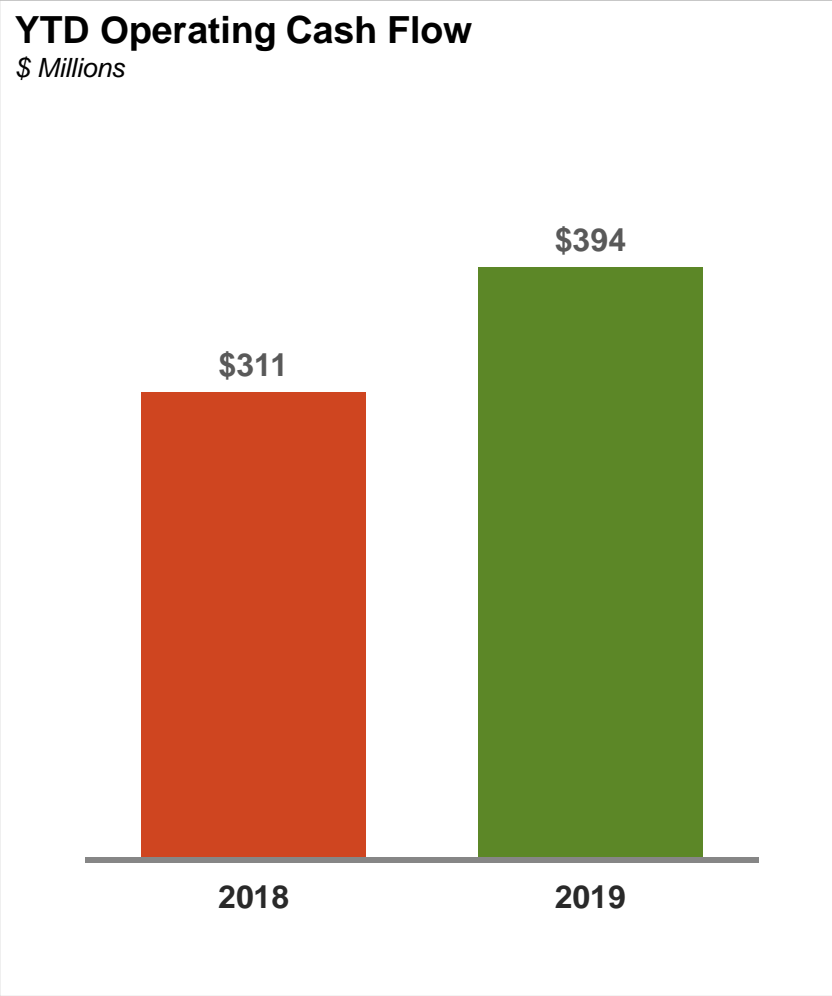
Strong performance across key financial metrics

2018 2019



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

Strong operating cash flow; Net Debt continues to decline



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



Reiterating full year fiscal 2019 guidance

	Guidance
Case Growth	1-2%
Adjusted EBITDA Growth	At Least 5%
Cash CAPEX (excluding future acquisitions)	\$260-270 million
Interest Expense	\$170-175 million
Depreciation & Amortization	\$340-350 million
Adjusted Effective Tax Rate	25-26%
Adjusted Diluted EPS	\$2.15-2.25



APPENDIX:

- Q2 FISCAL 2019 SUMMARY
- NON-GAAP RECONCILIATIONS

GREAT FOOD. MADE EASY.™

US.
FOODS®

Second Quarter Financial Performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	13 Weeks Ended			13 Weeks Ended		
	June 29, 2019	June 30, 2018	Change	June 29, 2019	June 30, 2018	Change
(\$ in millions, except per share data*)						
Case Growth			1.7%			
Net Sales	6,443	6,158	4.6%			
Gross Profit	1,142	1,114	2.5%	1,156	1,103	4.8%
% of Net Sales	17.7%	18.1%	(40) bps	17.9%	17.9%	0 bps
Operating Expenses	948	908	4.4%	838	806	4.0%
% of Net Sales	14.7%	14.8%	(10) bps	13.0%	13.1%	(10) bps
Net Income	116	126	(7.9)%	140	124	12.9%
Diluted EPS	\$0.53	\$0.58	(8.6)%	\$0.64	\$0.57	12.3%
Adjusted EBITDA				320	300	6.7%
Adjusted EBITDA Margin ⁽²⁾				5.0%	4.9%	10 bps

* Prior year amounts may have been rounded to conform with the current year presentation.

(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			26 Weeks Ended		
	June 29, 2019	June 30, 2018	Change	June 29, 2019	June 30, 2018	Change
(\$ in millions, except per share data*)						
Case Growth			1.6%			
Net Sales	12,474	11,981	4.1%			
Gross Profit	2,194	2,106	4.2%	2,206	2,114	4.4%
% of Net Sales	17.6%	17.6%	0 bps	17.7%	17.6%	10 bps
Operating Expenses	1,869	1,797	4.0%	1,658	1,597	3.8%
% of Net Sales	15.0%	15.0%	0 bps	13.3%	13.3%	0 bps
Net Income	187	193	(3.1)%	220	199	10.6%
Diluted EPS	\$0.85	\$0.89	(4.5)%	\$1.01	\$0.92	9.8%
Adjusted EBITDA				552	523	5.5%
Adjusted EBITDA Margin ⁽²⁾				4.4%	4.4%	0 bps

* Prior year amounts may have been rounded to conform with the current year presentation.

(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

	13 Weeks Ended (unaudited)		26 Weeks Ended (unaudited)	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
(\$ in millions)*				
Gross profit (GAAP)	\$1,142	\$1,114	\$2,194	\$2,106
LIFO reserve change ⁽¹⁾	14	(11)	12	8
Adjusted Gross profit (Non-GAAP)	\$1,156	\$1,103	\$2,206	\$2,114
Operating expenses (GAAP)	\$948	\$908	\$1,869	\$1,797
Adjustments:				
Depreciation and amortization expense	(91)	(84)	(173)	(165)
Restructuring benefits (costs) ⁽²⁾	—	1	—	(1)
Share-based compensation expense ⁽³⁾	(9)	(10)	(15)	(17)
Business transformation costs ⁽⁴⁾	(2)	(7)	(3)	(15)
SGA acquisition-related costs and other ⁽⁵⁾	(8)	(2)	(20)	(2)
Adjusted Operating expenses (Non-GAAP)	\$838	\$806	\$1,658	\$1,597

* Prior year amounts may have been rounded to conform with the current year presentation.

(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 expected vesting of stock and option awards and discounts provided under employee stock 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 the agreements governing our indebtedness. The 2019 balance primarily consists of acquisition-related costs.

Non-GAAP Reconciliation - Adjusted EBITDA and Adjusted Net Income

	13 Weeks Ended (unaudited)		26 Weeks Ended (unaudited)	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
(\$ in millions)*				
Net income (GAAP)	\$116	\$126	\$187	\$193
Interest expense—net	42	48	84	91
Income tax provision (benefit)	38	35	58	31
Depreciation and amortization expense	91	84	173	165
EBITDA (Non-GAAP)	\$287	\$293	\$502	\$480
Adjustments:				
Restructuring (benefits) costs ⁽¹⁾	—	(1)	—	1
Share-based compensation expense ⁽²⁾	9	10	15	17
LIFO reserve change ⁽³⁾	14	(11)	12	8
Business transformation costs ⁽⁴⁾	2	7	3	15
SGA acquisition-related costs and other ⁽⁵⁾	8	2	20	2
Adjusted EBITDA (Non-GAAP)	\$320	\$300	\$552	\$523
Adjusted EBITDA (Non-GAAP)	\$320	\$300	\$552	\$523
Depreciation and amortization expense	(91)	(84)	(173)	(165)
Interest expense—net	(42)	(48)	(84)	(91)
Income tax provision, as adjusted ⁽⁶⁾	(47)	(44)	(75)	(68)
Adjusted Net income (Non-GAAP)	\$140	\$124	\$220	\$199

* Prior year amounts may have been rounded to conform with the current year presentation.

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

(2) Share-based compensation expense for expected vesting of stock and option awards and discounts provided under employee stock 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 the agreements governing our indebtedness. The 2019 balance primarily consists of acquisition-related costs.

(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.

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

	13 Weeks Ended (unaudited)		26 Weeks Ended (unaudited)	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Diluted EPS (GAAP)	\$0.53	\$0.58	\$0.85	\$0.89
Restructuring (benefits) costs ⁽¹⁾	—	—	—	—
Share-based compensation expense ⁽²⁾	0.04	0.05	0.07	0.08
LIFO reserve change ⁽³⁾	0.06	(0.05)	0.05	0.04
Business transformation costs ⁽⁴⁾	0.01	0.03	0.01	0.07
SGA acquisition related-costs and other ⁽⁵⁾	0.04	0.01	0.09	0.01
Income tax impact of adjustments ⁽⁶⁾	(0.04)	(0.05)	(0.06)	(0.17)
Adjusted Diluted EPS (Non-GAAP)	\$0.64	\$0.57	\$1.01	\$0.92
Weighted-average diluted shares outstanding (GAAP)	219,251,258	217,770,313	219,018,572	217,491,267

* Prior year amounts may have been rounded to conform with the current year presentation.

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

(2) Share-based compensation expense for expected vesting of stock and option awards and discounts provided under employee stock 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 the agreements governing our indebtedness. The 2019 balance primarily consists of acquisition-related costs.

(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.

Non-GAAP Reconciliation - Net Debt and Net Leverage Ratios

	(unaudited)		
(\$ in millions, except ratios)	June 29, 2019	December 29, 2018	June 30, 2018
Total Debt (GAAP)	\$3,205	\$3,457	\$3,599
Cash, cash equivalents and restricted cash	(97)	(105)	(100)
Net Debt (Non-GAAP)	\$3,108	\$3,352	\$3,499
Adjusted EBITDA ⁽¹⁾	\$1,132	\$1,103	\$1,080
Net Leverage Ratio ⁽²⁾	2.7	3.0	3.2

(1) Trailing Twelve Months (TTM) Adjusted EBITDA

(2) Net Debt/(TTM) Adjusted EBITDA

US.
FOODS®

**WE HELP YOU
MAKE IT™**