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## **Acquisition of Smart Foodservice Warehouse Stores**

March 6, 2020

## Cautionary Statements

Information set forth in this presentation, including financial estimates and statements as to the completion and effects of the proposed transaction with Smart Foodservice Warehouse Stores, are “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements. Such forward-looking statements include, but are not limited to, statements about the benefits 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, and are based upon the current beliefs and expectations of the Company and Smart Foodservice Warehouse Stores and are subject to significant risks and uncertainties which are beyond the control of US Foods Holding Corp. 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 and (5) the effect of the announcement of the Acquisition on the ability of Smart Foodservice Warehouse Stores to retain customers and retain and hire key personnel and maintain relationships with suppliers, and on their operating results and businesses generally. Discussion of additional risks and uncertainties are included in the sections entitled “Risk Factors” and “Forward-Looking Statements” in our Annual Report on Form 10-K for the fiscal year ended December 28, 2019, which was filed with the Securities and Exchange Commission on February 13, 2020. 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.

# Deal overview and financial benefits

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## Structure and consideration

- US Foods will acquire Smart Foodservice Warehouse Stores, a chain of 70 small-format cash and carry stores, from funds managed by affiliates of Apollo Global Management
- All cash acquisition valued at \$970 million

## Transaction economics

- Adjusted EBITDA multiple of 11.4x based on Smart Foodservice Warehouse Store's 2019 Adjusted EBITDA of \$85 million which includes approximately \$6 million of separate operating unit costs
- Net of synergies, the price reflects a 2019 Adjusted EBITDA multiple of 9.2x

## Expected financial benefits

- Expected to be immediately accretive to US Foods' Adjusted Diluted EPS and mid-single digit accretive as synergies are realized
- \$20 million in annual run-rate cost synergies by fiscal 2024, primarily through purchasing efficiencies and expansion of private brand products
- Additional revenue upside from accelerating new store expansion

# Strategic benefits and expansion opportunities

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## The cash and carry channel is large, attractive and growing

- \$17 billion segment of the foodservice industry growing at 4-5% annually
- Higher EBITDA margins than delivered business

## Profitable growth with independent restaurants

- Opportunity to reach new customers
- Creates an additional channel for growth with existing customers

## Proven model with significant expansion opportunities

- Smart Foodservice Warehouse Stores has a strong record of adding new stores
- Opportunity to double existing store count

## Minimal integration required

- Smart Foodservice Warehouse Stores will operate as a separate operating unit
  - Intend to retain existing management team
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# Smart Foodservice Warehouse Stores provide a significant presence in the cash and carry channel

## Highlights

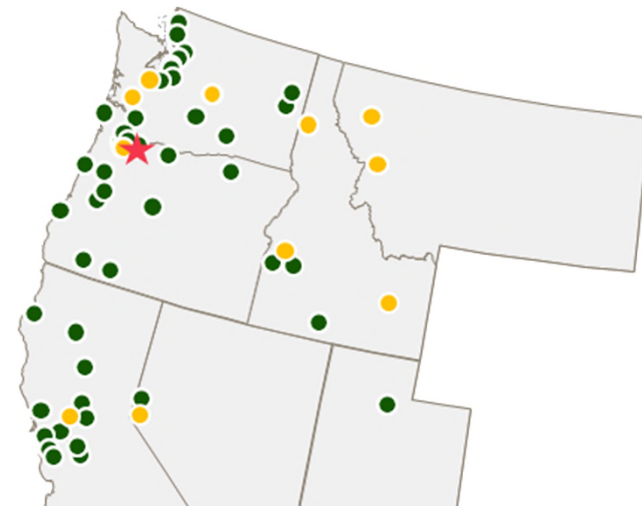
- Founded in 1955 and headquartered in Portland, Oregon
- 70 small-format cash and carry stores
- \$1.1 billion in 2019 net sales
- \$85 million in 2019 Adjusted EBITDA\*
- 7-8% EBITDA margin business
- ~8,000 SKUs aimed at foodservice customers
- Cost-effective purchasing option for small and mid-sized independent restaurants

\* Fiscal 2019 Adjusted EBITDA includes \$6 million of separate operating unit costs

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## Geographic Footprint

- Current stores in Northwest and West
- Opportunity for national expansion
- Low capital requirements lead to favorable returns on new stores



- Stores opened pre-2017
- Stores opened 2017 – 2019
- ★ Headquarters

**US.**  
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## Expands independent restaurant customer base and accelerates case volume growth

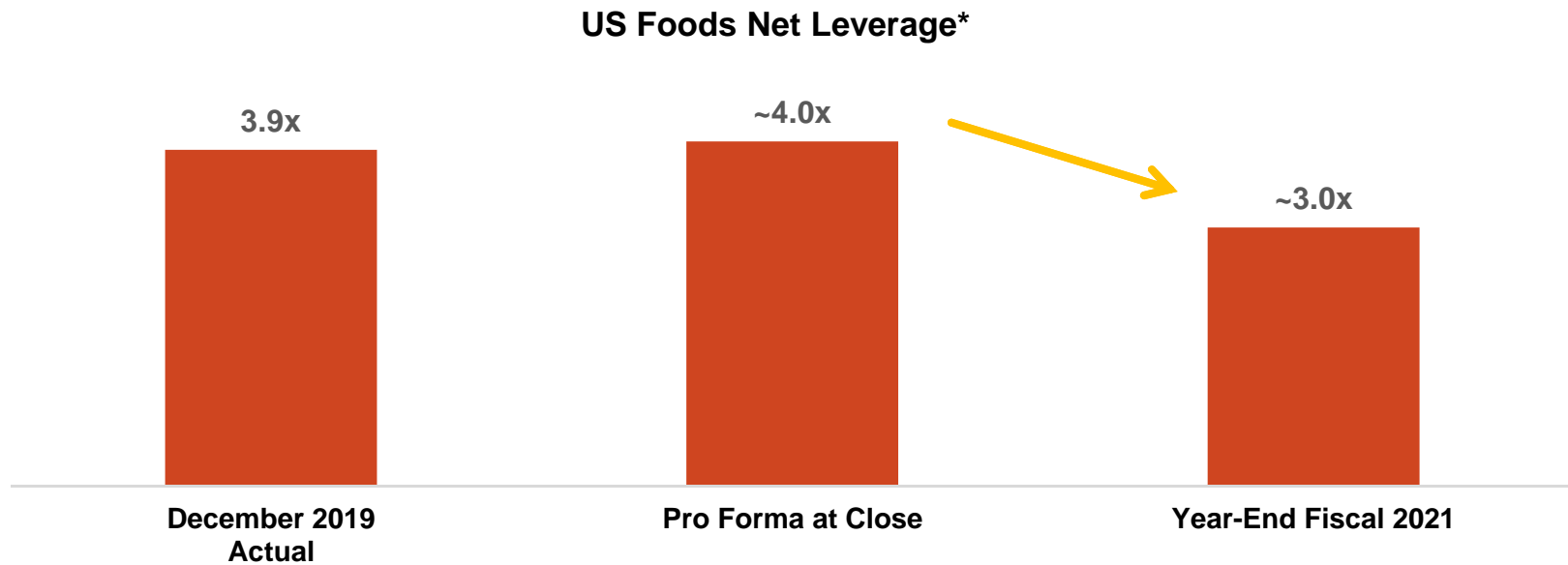
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- Smart Foodservice Warehouse Stores provide significant scale in a large, attractive and growing channel of the foodservice industry
  - Cash and carry adds new small to mid-size independent restaurant customers who prefer a self-serve model
  - Captures fill-in orders from larger customers
  - Significant case growth uplift from multi-channel customers vs delivered only customers
  - Ability to leverage the US Foods sales force to drive growth
  - Increases the sale of US Foods private brands
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# Expect to delever quickly and return to ~3.0x leverage by end of 2021

## Pro Forma Leverage Profile

- At closing expect pro forma net leverage to be ~4.0x vs. 3.9x actual at the end of fiscal 2019
- Rapid delevering driven by strong cash flow and strong underlying EBITDA fundamentals



\* Net Debt / TTM Adjusted EBITDA; for fiscal 2019 actuals see reconciliation provided in Q4 and Fiscal Year 2019 earnings presentation

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