



Tyson

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Q2 Fiscal 2019

Supplemental Information

May 6, 2019

Tyson Foods, Inc.

Today's Speakers



Noel White
President & CEO



Stewart Glendinning
EVP & CFO

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 2019, 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) 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; (ii) market conditions for processed products, including competition from other global and domestic food processors, supply and pricing of competing products and alternative proteins and demand for alternative proteins; (iii) outbreak of a livestock disease (such as 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; (iv) the integration of acquisitions; (v) the effectiveness of our financial fitness program; (vi) the implementation of an enterprise resource planning system; (vii) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (viii) changes in availability and relative costs of labor and contract growers and our ability to maintain good relationships with employees, labor unions, contract growers and independent producers providing us livestock; (ix) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (x) changes in consumer preference and diets and our ability to identify and react to consumer trends; (xi) effectiveness of advertising and marketing programs; (xii) our ability to leverage brand value propositions; (xiii) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (xiv) impairment in the carrying value of our goodwill or indefinite life intangible assets; (xv) 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; (xvi) adverse results from litigation; (xvii) cyber incidents, security breaches or other disruptions of our information technology systems; (xviii) our ability to make effective acquisitions or joint ventures and successfully integrate newly acquired businesses into existing operations; (xix) risks associated with our commodity purchasing activities; (xx) the effect of, or changes in, general economic conditions; (xxi) significant marketing plan changes by large customers or loss of one or more large customers; (xxii) impacts on our operations caused by factors and forces beyond our control, such as natural disasters, fire, bioterrorism, pandemics or extreme weather; (xxiii) failure to maximize or assert our intellectual property rights; (xxiv) our participation in a multiemployer pension plan; (xxv) the Tyson Limited Partnership's ability to exercise significant control over the Company; (xxvi) effects related to changes in tax rates, valuation of deferred tax assets and liabilities, or tax laws and their interpretation; (xxvii) volatility in capital markets or interest rates; (xxviii) risks associated with our failure to integrate Keystone Foods' operations or to realize the targeted cost savings, revenues and other benefits of the acquisition; and (xxix) those factors listed under Item 1A. "Risk Factors" included in our Annual Report filed on Form 10-K for the period ended September 29, 2018.

Q2'19 Highlights

- Adjusted EPS¹ of \$1.20
- Adjusted operating income¹ of \$654M
- Adjusted operating margin¹ of 6.3%
- Record Prepared Foods adjusted operating margin¹ of 12.3%
- Record Beef adjusted operating income¹ of \$156M
- Maintaining Adjusted EPS¹ guidance for FY2019 of \$5.75-\$6.10

(\$ in millions, except per share data)	
Sales	\$10,443
Adjusted Operating Income ¹	\$654
Adjusted Operating Margin ¹	6.3%
Adjusted EPS ¹	\$1.20

Adjusted Operating Income & Margin ¹		
(\$ in millions)		
	Dollars	ROS
Beef	\$156	4.0%
Pork	100	8.5%
Chicken	150	4.4%
Prepared Foods	249	12.3%
Other	(1)	n/a
Total	\$654	6.3%

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

Prepared Foods Segment Results

Q2'19 Adjusted Operating Income & Margin¹

(\$ in millions)

Dollars

ROS

\$249

12.3%

Q2'19

Sales volume ↓0.6%² (excl. divestitures)

Average price ↑0.1%² (excl. divestitures)

FY19 Outlook

Adjusted Operating Margin¹

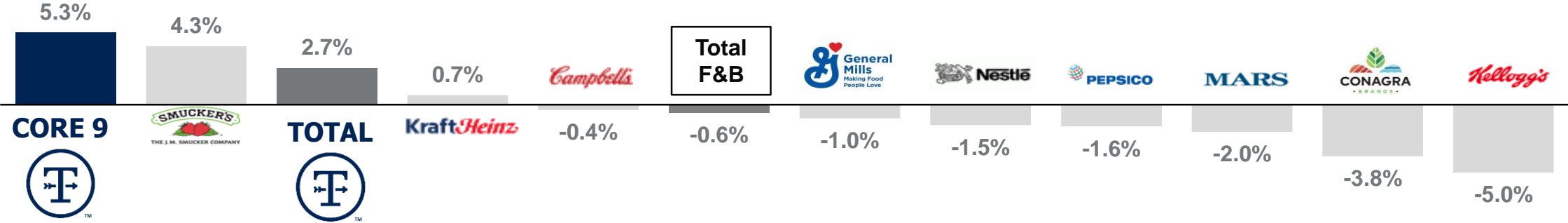
10-12%

¹Represents a non-GAAP financial measure. Adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix. A further explanation of providing non-GAAP guidance is included in the Appendix.

²Excludes divestitures. Total Prepared Foods sales volume was down 9.5% and average price was up 3.9% including divestitures.

Volume Performance Core 9 & Total Tyson

Volume Sales % Change vs. Prior Year (13 weeks ending April 20, 2019)



Source: Nielsen Total U.S. xAOC Fixed Weight Volume EQ Sales 13 weeks ending 04/20/2019
 Product = Total F&P, Alcohol + Pet Food

Jimmy Dean®

Frozen Protein Breakfast



Sales Volume Up 6%

Sales Dollars Up 6+%

Source: Nielsen Total US + AOC, 13 weeks ending April 20, 2019



Our Strategy

Sustainably feed the world with
the fastest growing protein brands.

How We Will Achieve Our Strategy

Grow

our businesses
through differentiated
capabilities.

Deliver

ongoing financial fitness
through continuous
improvement.

Sustain

our company and
our world for future
generations.

Beef Segment Results

Q2'19 Adjusted Operating Income & Margin¹

(\$ in millions)

Dollars

ROS

\$156

4.0%

Q2'19

Sales volume ↑3.2%

Average price ↑2.3%

FY'19 Outlook

Adjusted Operating Margin¹

~7%

¹Represents a non-GAAP financial measure. Adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix. A further explanation of providing non-GAAP guidance is included in the Appendix.

Pork Segment Results

Q2'19 Adjusted Operating Income & Margin¹

(\$ in millions)

Dollars

ROS

\$100

8.5%

Q2'19

Sales volume ↑1.0%

Average price ↓8.3%

FY'19 Outlook

Adjusted Operating Margin¹
exceed 6%

¹Represents a non-GAAP financial measure. Adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix. A further explanation of providing non-GAAP guidance is included in the Appendix.

Chicken Segment Results

Q2'19 Adjusted Operating Income & Margin¹

(\$ in millions)

Dollars

ROS

\$150

4.4%

Q2'19

Sales volume ↑26.2% (incl. acquisitions)

Average price ↓11.0% (incl. acquisitions)

FY'19 Outlook

Adjusted Operating Margin¹
around 6%

¹Represents a non-GAAP financial measure. Adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix. A further explanation of providing non-GAAP guidance is included in the Appendix.

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- Adjusted operating income¹ of \$654M
- Adjusted operating margin¹ of 6.3%
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Adjusted Operating Margin ¹	6.3%
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Chicken	150	4.4%
Prepared Foods	249	12.3%
Other	(1)	n/a
Total	\$654	6.3%

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FY'19 Outlook

SALES		CAP EX		ADJUSTED EPS ¹	
~\$43B		~\$1.3-1.4B		\$5.75-6.10	
ADJUSTED OPERATING MARGIN ¹					
PREPARED FOODS		BEEF	PORK		CHICKEN
10-12%		~7%	exceed 6%		around 6%

¹Projected Adjusted EPS as of 5/6/19. Represents a non-GAAP financial measure. Adjusted EPS and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix.



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How We Will Achieve Our Strategy

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Appendix

EPS Reconciliations

In millions, except per share data
(Unaudited)

	Second Quarter				Six Months Ended March 30, 2019			
	Pretax Impact		EPS Impact		Pretax Impact		EPS Impact	
	2019	2018	2019	2018	2019	2018	2019	2018
Reported net income per share attributable to Tyson			\$1.17	\$0.85			\$2.67	\$5.25
Add: One-time cash bonus to frontline employees	\$ -	\$ 109	-	0.22	\$ -	\$ 109	-	0.22
Add: Restructuring and related charges	\$ 8	\$ 12	0.01	0.02	\$ 16	\$ 31	0.03	0.06
Add: Impairment net of a realized gain associated with the divestiture of non-protein businesses (a)	\$ -	\$ 75	-	0.21	\$ -	\$ 79	-	0.26
Add: Keystone purchase accounting and acquisition related costs (b)	\$ 11	\$ -	0.02	-	\$ 37	\$ -	0.08	-
Less: Tax benefit from remeasurement of net deferred tax liabilities at lower enacted tax rates	\$ -	\$ -	-	(0.03)	\$ -	\$ -	-	(2.71)
Adjusted net income per share attributable to Tyson			\$ 1.20	\$ 1.27			\$ 2.78	\$ 3.08

(a) EPS impact for the six months of fiscal 2018 included \$101 million of impairments related to the expected sale of a non-protein business net of a \$22 million realized gain associated with the sale of a non-protein business, which combined on an after-tax basis resulted in a \$0.26 impact to EPS.

(b) Keystone purchase accounting and acquisition related costs for the six months of fiscal 2019 included an \$11 million purchase accounting adjustment for the fair value step-up of inventory and \$26 million of acquisition related costs.

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.

Adjusted EPS guidance is provided on a non-GAAP basis. The Company is not able to reconcile its full-year fiscal 2019 Adjusted EPS guidance to its full-year fiscal 2019 projected GAAP EPS guidance because certain information necessary to calculate such measure on a GAAP basis is unavailable or dependent on the timing of future events outside of our control. Therefore, because of the uncertainty and variability of the nature of the amount of future adjustments, which could be significant, the Company is unable to provide a reconciliation of this measure without unreasonable effort.

Segment Operating Income & Operating Margin Reconciliations

In millions, except
per share data
(Unaudited)

Adjusted Segment Operating Income (Loss)							
<i>(for the second quarter ended March 30, 2019)</i>							
	Beef	Pork	Chicken	Prepared Foods	Other	Intersegment Sales	Total
Sales	\$ 3,884	\$ 1,172	\$ 3,407	\$ 2,027	\$ 277	\$ (324)	\$ 10,443
Reported operating income (loss)	\$ 156	\$ 100	\$ 141	\$ 245	\$ (7)	\$ -	\$ 635
Add: Restructuring and related charges	-	-	4	4	-	-	8
Add: Keystone purchase accounting and acquisition related	-	-	5	-	6	-	11
Adjusted operating income (loss)	\$ 156	\$ 100	\$ 150	\$ 249	\$ (1)	\$ -	\$ 654
Reported operating margin %	4.0%	8.5%	4.1%	12.1%	n/a	n/a	6.1%
Adjusted operating margin %	4.0%	8.5%	4.4%	12.3%	n/a	n/a	6.3%

Adjusted Segment Operating Income (Loss)							
<i>(for the six months ended March 30, 2019)</i>							
	Beef	Pork	Chicken	Prepared Foods	Other	Intersegment Sales	Total
Sales	\$ 7,810	\$ 2,351	\$ 6,522	\$ 4,176	\$ 420	\$ (643)	\$ 20,636
Reported operating income (loss)	\$ 461	\$ 195	\$ 301	\$ 510	\$ (25)	\$ -	\$ 1,442
Add: Restructuring and related charges	-	-	9	7	-	-	16
Add: Keystone purchase accounting and acquisition related	-	-	13	-	24	-	37
Adjusted operating income (loss)	\$ 461	\$ 195	\$ 323	\$ 517	\$ (1)	\$ -	\$ 1,495
Reported operating margin %	5.9%	8.3%	4.6%	12.2%	n/a	n/a	7.0%
Adjusted operating margin %	5.9%	8.3%	5.0%	12.4%	n/a	n/a	7.2%

Adjusted operating income and adjusted operating margin are 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 and adjusted operating margin as internal performance measurements and as two criteria for evaluating our performance relative to that of our peers. We believe adjusted operating income and adjusted operating margin are meaningful to our investors to enhance their understanding of our financial performance and are 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 and adjusted operating margin. Further, we believe that adjusted operating income and adjusted operating margin are useful measures because they improve comparability of results of operations from period to period. Adjusted operating income and adjusted operating margin should not be considered as substitutes for operating income, operating margin 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 and adjusted operating margin may not be comparable to similarly titled measures reported by other companies.