Sysco Ecosystem

Sysco Corporation
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Outside Relationships

Regulators

Key Food Safety Regulators

- U.S. Food and Drug Administration (FDA) *(regulation of food safety, food quality, product labels, packaging, and the food and color additive approval process; mandatory recall authority)*
- U.S. Department of Agriculture (USDA) *(food product safety and quality standards; federal meat and poultry inspection program)*
- Department of Homeland Security *(record keeping requirements for facilities that manufacture, process, pack, or hold food for human consumption)*
- EU Committee on the Environment Public Health, and Food Safety *(regulation of food safety and labeling)*
- Other U.S. and Foreign Regulators

Key Food Transportation Regulators

- U.S. Department of Transportation (via Surface Transportation Board, Federal Highway Administration, Food and Motor Carrier Safety Administration, National Highway Traffic Safety Administration, Federal Aviation Administration *(regulation of trucking and air operations, safety, insurance, hazardous materials, drug and alcohol testing, and hours of service)*

Labor, Health, and Safety Regulators

- U.S. Occupational Safety and Health Administration (OSHA) *(manufacturing, health, and safety standards; hazard communication programs)*
- U.S. Department of Labor *(employment practice standards)*
- European Food Safety Authority *(food and hazardous material handling guidelines)*

Capital

- Public Debt Holders
- Commercial Banks
- Hedge Counterparties

Suppliers

Transportation Vehicles and Services Suppliers

- Navistar International *(trucks and trucking-related services)*
- Crown Equipment Corp. *(electric lift trucks)*
- Thermo King *(temperature control systems for trucks, trailers, shipboard containers, and railway cars)*
- Pactiv *(food packaging and processing equipment)*
- Manhattan Associates Inc. *(supply chain and inventory tracking software)*

Customers

U.S. Broadline Customers

- Restaurants
- Hospitals and Healthcare Facilities
- Senior Living Facilities
- Schools and Universities
- Federal, State, and Local Governments
- Military
- Hotels and Travel Industry
- Catering Companies
- Churches and Religious Organizations
- Civic and Fraternal Organizations
- Convenience and Drug Stores
- Movie Theatres
- Amusement Parks

International Brotherhood of Teamsters

- Vending Distributors
- Other Food Product Providers

Bond Financing
Working Capital Financing
Foreign Currency and Interest Rate Derivatives
General Food Safety Regulation
Temperature-Controlled Transportation Fleet Supplies and Logistic Services
Food Transport and Processing Regulation
Sale of Food Products, Non-Food Products, and Supplementary Technological Services
Labor Union Representation and Collective Bargaining Services
Labor and Occupational Safety and Health Regulation

Sysco Corporation (Delaware Corporation)

Debt Structure

Debt ($14.45B @ 6/27/2020) | **Credit Ratings: Moody's (Baa1), S&P (BBB-), Fitch (BBB)**

$2B Revolving Credit Facility, 2.15% (Matures 2024) *$700M outstanding*	2.60% 2021 Senior Notes ($751 Million)	4.28% (avg) 2025 Senior Notes ($1.66 Billion)	3.25% 2028 Senior Notes ($744 Million)
	2.55% (avg) 2022 Senior Notes ($953 Million)	3.75% 2026 Senior Notes ($748 Million)	6.50% 2029 Debentures ($162 Million)
$2B U.S. & U.K. Commercial Paper Program Borrowings *U.S: $0; U.K: $740M*	1.25% 2023 Senior Notes ($568 Million)	5.23% (avg) 2027 Senior Notes ($1.04 Billion)	Post-2029 Senior Notes ($6.27 Billion)

Equity Structure

Equity

- *Share Repurchase Program* — Authorized: $2.1 Billion; 2020 Repurchases: $844.7 Million (11.1M Shares); Expiration: June 2021
- *Preferred Stock* — Authorized Shares: 2 Billion; Issued Shares: None
- *Common Stock* — Authorized Shares: 2 Billion; Issued Shares: 765.2 Million; Record Holders: 8,356

Governance

Board of Directors

- Edward Shirley, Chairman (GN, CSR, E)
- Daniel Brutto (GN, CSR, E)
- John Cassaday (CLD, GN, E)
- Joshua Frank (A, CLD)
- Larry Glasscock (CLD, GN, E)
- Bradley Halverson (A, CLD, E)
- John Hinshaw (A, CLD)
- Kevin Hourican (E)
- Hans- Joachim Koerber (A, CSR)
- Stephanie Lundquist (CLD, CSR)
- Nelson Peltz (GN)
- Shelia Talton (GN, CSR, E)

Committees: Audit (A), Compensation and Leadership Development (CLD), Corporate Governance and Nominating Committee (GN), Corporate Social Responsibility (CSR), Executive (E)

Management Team

- Kevin Hourican (President, CEO)
- Aaron Alt (EVP, CFO)
- Greg Bertrand (EVP, U.S. Foodservice Operations)
- Tim Orting (EVP, International Foodservice Operations)
- Joel Grade (EVP, Business Development)
- Judith Sansone (EVP, Chief Commercial Officer)
- Tom Peck (Chief Information and Digital Officer)
- Anita Zielinski (Chief Accounting Officer)
- Marie Robinson (EVP, Chief Supply Chain Officer)
- Greg Keller (Sales and Chief Customer Officer)
- Eve McFadden (General Counsel)
- Neil Russell (Chief Communications Officer)

Corporate Matters

Finance and Accounting

- Accounting
- Budget Planning
- Cash Management
- Financial Planning & Analysis
- Internal Audit
- Risk Management
- Tax

Legal

- Contract Management
- Corporate Governance
- Corporate Secretary
- Litigation
- Mergers & Acquisitions
- Securities Compliance
- Subsidiary Management

Information Technology

- Cybersecurity
- Data Analytics
- E-Commerce Platforms
- IT Infrastructure
- Software Development

Human Resources

- Compensation & Benefits
- Diversity & Inclusion
- Employee Engagement
- Labor Relations
- Performance Management
- Recruitment
- Safety & Compliance
- Training & Development

Sales and Marketing

- Customer Engagement
- Industry Events
- Merchandising Research
- Promotions
- Wholesaler, Distributor and Agent Relations

Engineering

- Industrial Engineering
- Process Analysis
- Warehouse & Labor Management

Supply Chain

- Distribution
- Facility Management
- Inventory Control
- Logistics
- Order Management
- Quality Assurance
- Supplier Relations
- Warehousing

Operations

U.S. Foodservice Operations
2020 Revenue: $36.8B

Distributes a full line of food products, including custom-cut meat, seafood, specialty produce, specialty imports, and a wide variety of non-food products to various customers across the U.S.

Facilities and Locations

172 Distribution Facilities

- Houston, TX *(Corporate Headquarters)*
- Cypress, TX *(Business Services Facility)*
- Somerset, NJ *(Guest Supply Headquarters)*
- Arlington, Heights *(Freshpoint Headquarters)*
- Kennesaw, GA *(Supplies on the Fly Headquarters)*
- Plant City, FL *(International Food Group Headquarters)*
- San Antonio, TX *(Key Facility)*
- Los Angeles, CA *(Key Facility)*

International Foodservice Operations
2020 Revenue: $9.7B

Distributes a full line of food products and a wide variety of non-food products to customers in the Americas and Europe

Facilities and Locations

- Canada *(32 Facilities)*
- United Kingdom *(65 Facilities)*
- Mexico *(7 Facilities)*
- France *(25 Facilities)*
- Bahamas *(2 Facilities)*
- Sweden *(10 Facilities)*
- Costa Rica *(1 Facility)*
- Ireland *(9 Facilities)*
- Panama *(1 Facility)*
- Belgium *(1 Facility)*

SYGMA
2020 Revenue: $5.6B

U.S. customized distribution subsidiary; Specializes in providing food and non-food products to large, national restaurant chains

Facilities and Locations

- Dublin, Ohio *(Corporate Headquarters)*
- Kansas City, MO
- Monroe, MI
- Stockton, CA
- Pryor, OK
- Columbia, OH
- Lancaster, CA
- Fort Worth, TX
- Harrisburg, PA
- Portland, OR
- San Antonio, TX
- Charlotte, NC
- Denver, CO
- Danville, IL
- Orlando, FL

Products

- Fresh and Frozen Meats ($10.13B)
- Canned and Dry Products ($8.67B)
- Frozen Fruits, Vegetables, Bakery, and Other ($7.83B)
- Dairy Products ($5.45B)
- Poultry ($5.24B)
- Fresh Produce ($4.50B)
- Paper Products and Disposables ($3.60B)
- Seafood ($2.70B)
- Beverage Products ($1.89B)
- Other Non-Food Products ($2.00B)

Services and Specialty Companies

- Guest Supply *(provides hospitality supplies including bed and bath linens, personal care amenities, housekeeping supplies, etc.)*
- Specialty Meat and Seafood *(specialty meat and seafood supplier)*
- Freshpoint *(North America's largest foodservice produce distributor)*
- Supplies on the Fly *(online source for foodservice products including heavy equipment, kitchen supplies, pantry staples, etc.)*
- International Food Group *(export specialty division)*
- European Imports *(offers foodservice professionals and retail stores specialty products from around the world)*
- Sysco Portal *(platform for online ordering, delivery tracking, and billing)*
- Sysco Foodie *(customer facing magazine with recipes, data trends, business tips, and operational information)*
- Multicultural Resources *(provides culturally-relevant ingredients, brands, tools, and services)*
- Cutting Edge Solutions *(provides on-trend menu concepts to aid in menu updates)*
- Sysco SHAPE *(provides education, tools, and resources to support the creation of healthy menu options)*
- Menu Solutions *(menu analysis, engineering, and design consultation services)*

Brands

ARREZZIO, BLOCK & BARREL, Baker's Source, Buckhead Pride, BUTCHER'S BLOCK, CASA SOLANA, CITAVO, Sysco EARTH plus, Sysco | freshpoint NATURAL Hand Selected Produce SINCE 1983, FIRE RIVER FARMS, HOUSE RECIPE, JADE MOUNTAIN, Newport Pride, PORTICO SEAFOOD, WHOLESOME FARMS, Riserva

Competition

- US Foods
- United Natural Foods
- Performance Food Group
- McLane Company
- Gordon Food Service
- Food Services of America

Meat, Dry Products, Produce, Dairy, and Other Food Product Supplies

Sale of Food Products, Non-Food Products, and Supplementary Technological Services

International Broadline Customers

- International Restaurants
- Global Quick-Service Food Chains
- Hospitals and Healthcare Facilities
- Hotels and Travel Industry
- Schools and Universities
- Other International Food Providers

Food and Non-Food Product Suppliers

JBS USA *(Beef & Pork)*, Cargill *(Beef & Pork)*, McCormick *(Grocery & Commodities)*, General Mills *(Grocery & Commodities)*, Kraft Heinz *(Grocery & Commodities)*, Otis Spunkmeyer *(Bakery)*, Pacific Coast Producers *(Frozen/Canned Fruits & Vegetables)*, Michael Foods *(Dairy)*, Perdue Farms *(Poultry)*, Tyson Foods *(Poultry)*, Sanderson Farms *(Produce)*, Taylor Farms *(Produce)*, Devi Seafood *(Seafood)*, PepsiCo *(Beverage)*, Red Bull *(Beverage)*, Handgards *(Foodservice Supplies)*, CFS Brands *(Foodservice Supplies)*, Other Brand Name and Private Label Distributors, Other Independent Regional Brand Suppliers, Local Food Producers

Securities Regulation and Stock Exchange Listing Rules
Dividends and Common Stock Repurchases
Equity Capital
Professional Services
Business Conduct Regulation
Sale of Food and Non-Food Products

Outside Relationships

Customers

SYGMA Customers

- Taco Bell
- Burger King
- Subway
- Wendy's
- Pizza Hut
- KFC
- Applebee's
- Arby's
- Krispy Kreme
- Tim Hortons
- Other Large Chain Restaurants

Suppliers

Professional Services Firms

- Ernst & Young LLP (Audit Services)
- Fifty-Five and Five (Advertising Services)
- Cornerstone Government Affairs (Lobbying Services)
- Littler Mendelson (Legal Services)

Capital

Significant Shareholders

- The Vanguard Group (8.05%)
- Wellington Management Co. LLP (6.02%)
- SSgA Funds Management, Inc. (5.02%)
- Trian Fund Management LP (4.04%)
- BlackRock Fund Advisors (4.01%)
- Institutional Ownership 80.95%

Regulators

Securities Regulators

- US Securities and Exchange Commission (SEC) *(securities regulation and required business and financial reporting)*
- New York Stock Exchange *(listing and maintenance rules for common stock and registered debt securities)*

Business Conduct Regulators

- SEC *(retain accurate books and records, prohibit bribery of foreign officials)*
- U.S. and Foreign Competition Authorities *(prohibits anti-competitive behavior)*

Key Company Data (as of 6/27/2020)

Share Data

- Ticker Symbol: SYY
- Share Price: $81.50 (as of 3/3/2021)
- Earnings Per Share: -$0.66 (TTM)
- 2020 Diluted Earnings Per Share: $0.42
- Forward Annual Dividend: $1.80
- Market Capitalization: $40B (as of 3/3/2021)

Financial Highlights

Results of Operations

- Revenues: $52.9B
- Cost of Sales: $43B
- Gross Profit: $9.9B
- Operating Expenses: $9.15B
- Operating Income: $750M
- Net Earnings: $215.48M

Financial Condition

- Total Assets: $22.6B
- Cash: $6.1B
- PPE: $4.5B
- Total Liabilities: $21.4B
- Long Term Debt: $12.9B
- Total Equity: $1.2B

Resources

- Total Employees: 57,000
- 326 Distribution Facilities
- 14,000+ delivery vehicles
- Global Headquarters: Houston, Texas

Cash Flows

- From Operations: $1.62B
- From Investing: ($756.3M)
- From Financing: $4.72B

Recent Developments

COVID Impact: The shutdowns of Sysco's primary customers caused by the COVID-19 pandemic has negatively affected demand in the foodservice industry, including demand for Sysco products and services. Sysco's 2020 sales saw a 30% decrease from 2019 due to the pandemic.

Distribution to Grocers: COVID-19 has caused a significant reduction in consumption within the foodservice market and may create a long-term change in customer demand, as purchases have shifted more to the retail grocery channel. As a result, Sysco has pivoted their distribution model to include retail, grocer, and new supply chain partnerships, sectors that were not served prior to the pandemic.

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