



WE HELP YOU MAKE IT™

Q3 Fiscal 2019 Results

November 5, 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.

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.

Presentation of organic financial results

In this presentation, we refer to certain organic financial results. Organic financial results exclude contributions during the respective period from the Food Group of Companies (the “Food Group”), which was acquired on September 13, 2019.

Third quarter organic results show continued volume and profitability growth

Completed the Food Group acquisition in September

Total case growth of 3.0%; total organic case growth of 0.9%

Independents continuing to grow at approximately twice the market rate*

Operating leverage increased \$0.09 per case

Strong gross profit per case gains driven by margin initiatives

Distribution costs in line with full year expectations

Strong Adjusted EBITDA growth

Organic Adjusted EBITDA growth of 6.7%; 8.5% including the Food Group

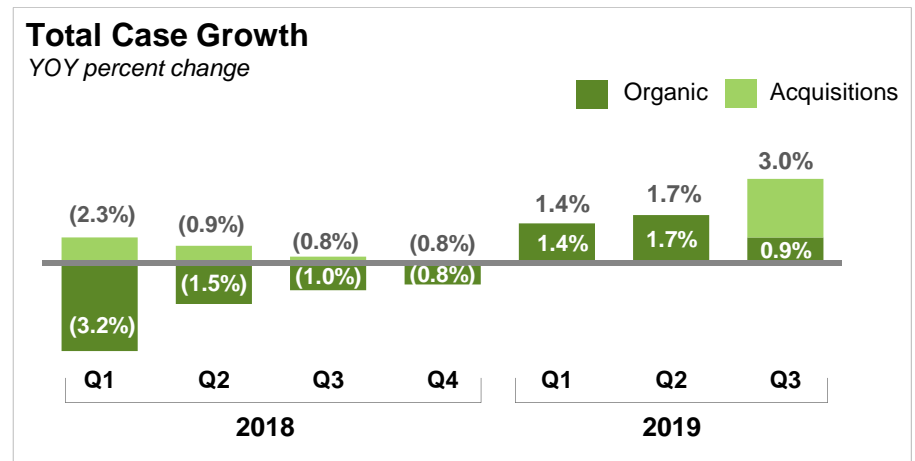
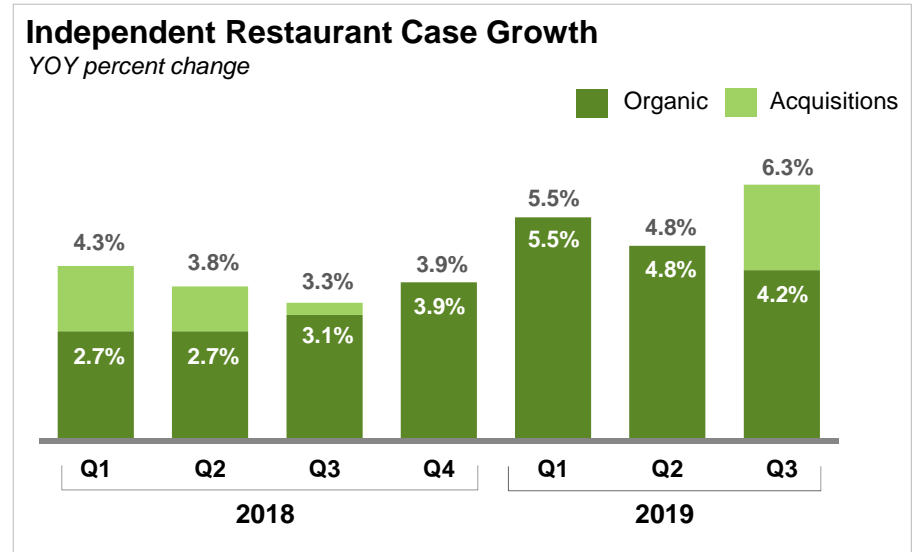
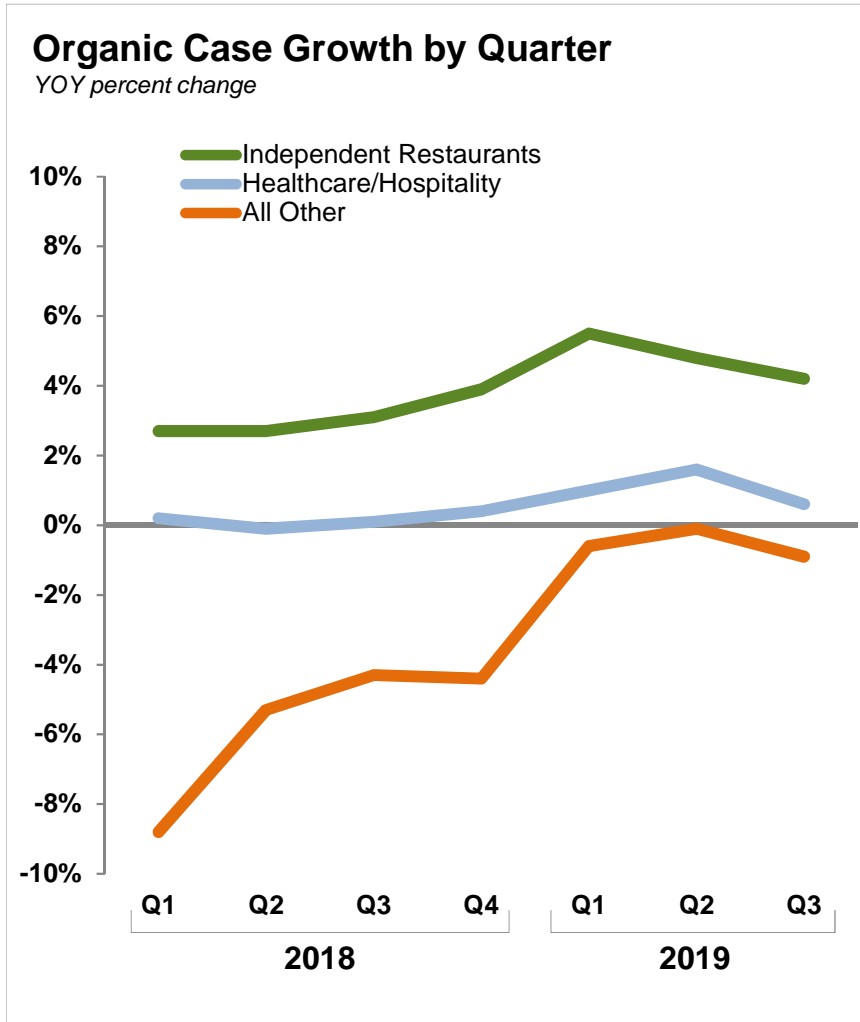
Raising guidance for organic Adjusted EBITDA to 6.0% for fiscal 2019

*Independent restaurant market growth rate based on Technomic July 2019 industry forecast

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The Food Group acquisition helps drive total case growth; organic independent case growth continues at twice the market rate*



*Independent restaurant market growth rate based on Technomic July 2019 industry forecast

Omni-channel selling approach complements our Great Food. Made Easy. strategy

Great Food. Made Easy.



- **E-Commerce:** 61% of independent and more than 70% of total sales are through e-commerce
- **Scoop:** Summer Scoop trial rate of 42%; our third consecutive launch with over 40% trial rate
- **Private Brands:** 36% of sales dollars for Q3; continue to grow at ~100bps per year

Omni-Channel Selling Approach



- **Pronto:** now in 8 markets with the opportunity to expand to roughly 15 markets
- **Direct:** introduced nationally in Q3; 25K current SKUs with plans to double SKU count in 2020
- **Chef'Store:** 6 current locations; looking for additional real estate

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Closed the Food Group acquisition and integration activities are already underway

Successful completion of planned divestitures - three DCs divested to three buyers

Completed over 1,000 customer moves without notable service disruptions

Retained key talent while transitioning 100 associates to new DCs

Integration work in early stages but off to a good start

Northwest region leadership team in place

The Food Group financial systems converted to USF fiscal calendar

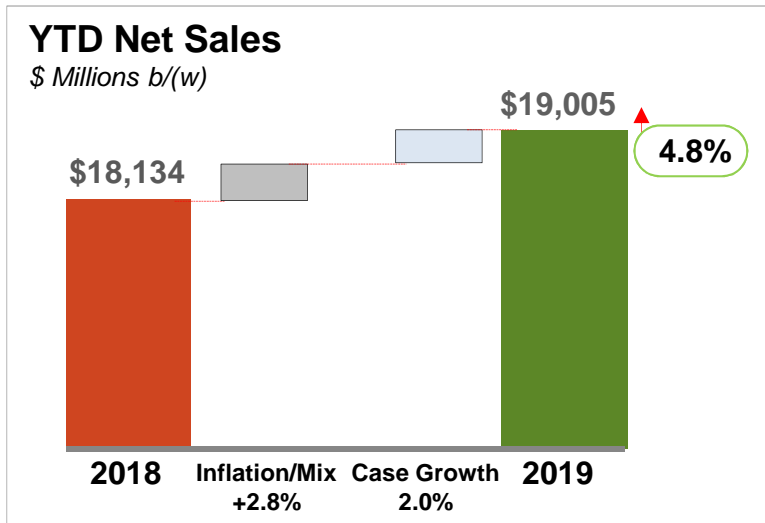
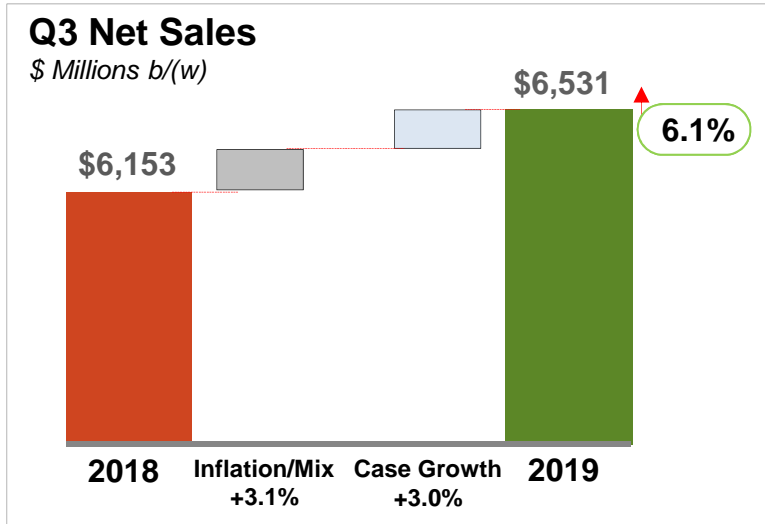
Completed set up of the Food Group products and customers in our systems

Focusing on customer-facing initiatives first

Launching a selection of best selling Scoop products

Rebranding of fleet and facilities

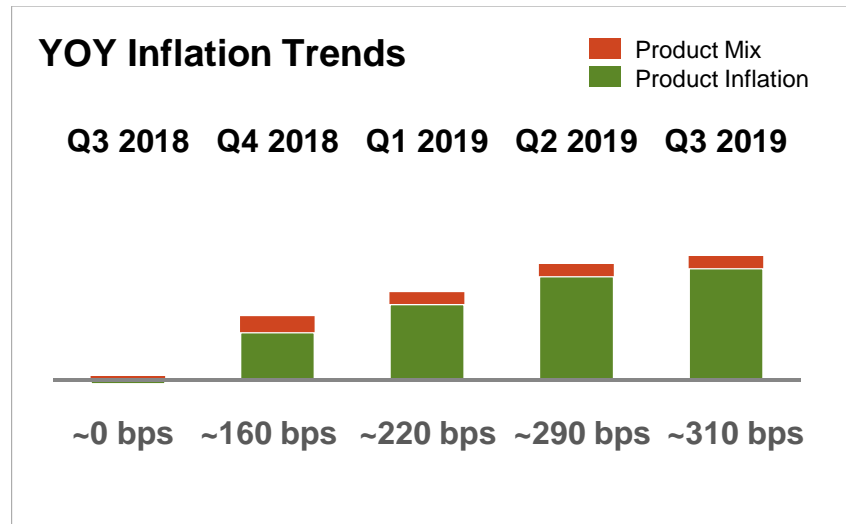
Case growth and product inflation continue to increase Net Sales



Results Summary

Net Sales drivers:

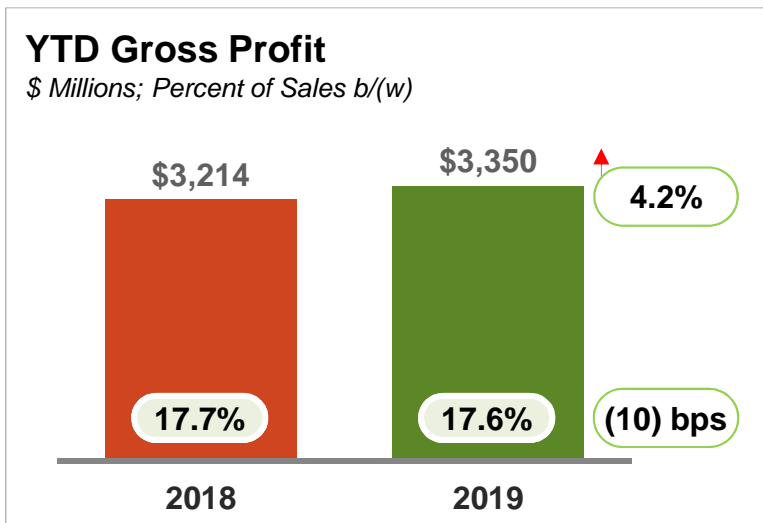
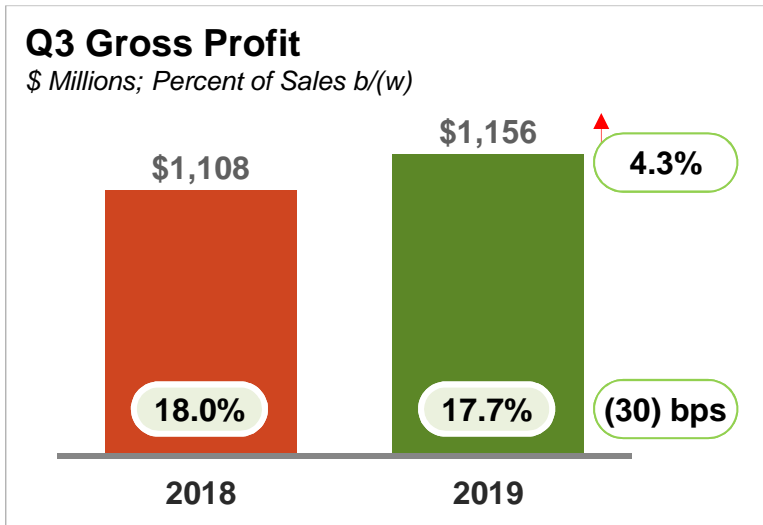
- The Food Group contributed \$132M, or 2.1%, to Q3 Net Sales
- Solid total case growth
- Inflation across multiple product categories, including grocery, produce and beef



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Gross Profit dollar increase driven by volume growth and margin expansion initiatives



Results Summary

Gross Profit drivers:

- Margin expansion initiatives, including:
 - Private brand growth
 - Freight optimization
- Customer mix benefit
- Q3: ~15bps YOY LIFO headwind to GAAP results

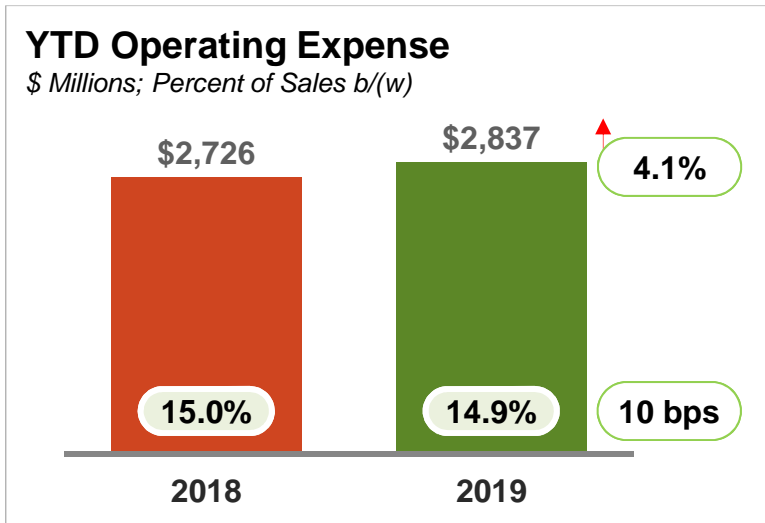
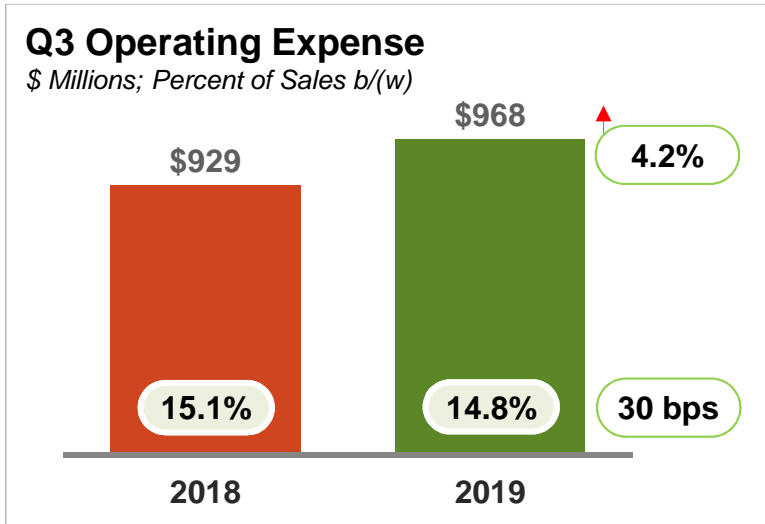
Adjusted Gross Profit*

Q3'19: \$1.2B, better \$58M or 5.3%
 17.7% of sales, worse 20 bps

YTD'19: \$3.4B, better \$150M or 4.7%
 17.7% of sales, flat to prior year

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

Expected increases in distribution wages and acquisition-related costs offset operational efficiencies



Results Summary

Operating Expense drivers:

- Higher distribution wages, as expected
- Continued focus on employee retention and productivity improvements
- Acquisition-related costs in GAAP results

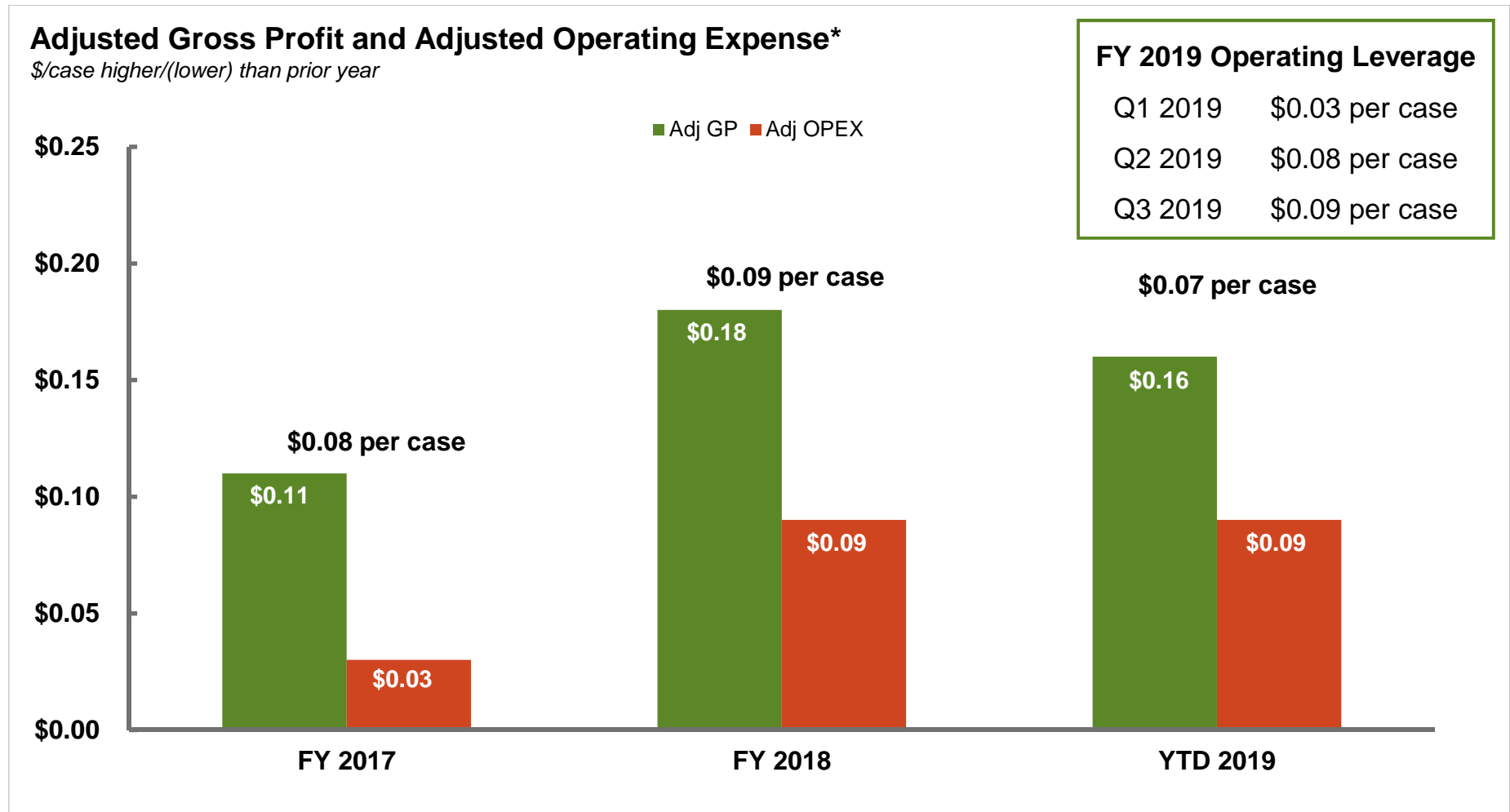
Adjusted Operating Expense*

Q3'19: \$849M, worse \$30M or 3.7%
 13.0% of sales, better 30 bps

YTD'19: \$2.5B, worse \$91M or 3.8%
 13.2% of sales, better 10 bps

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

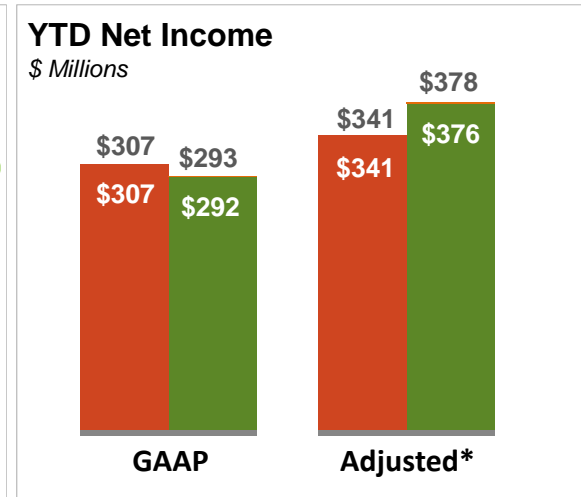
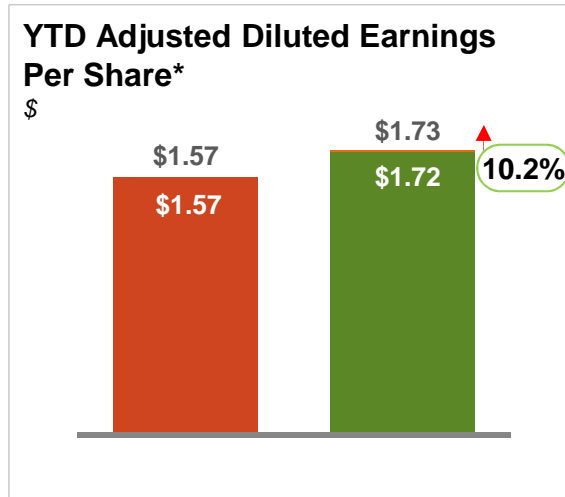
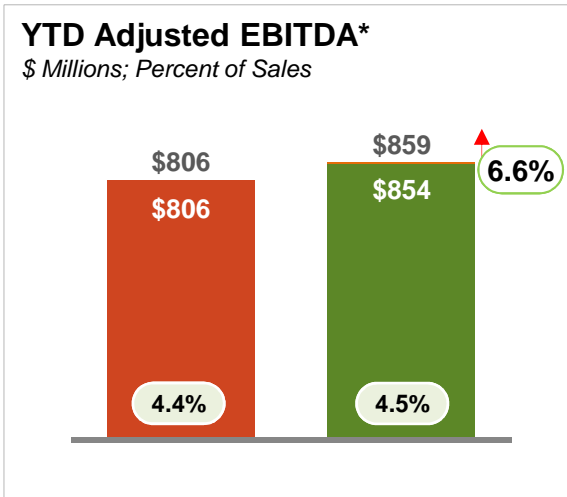
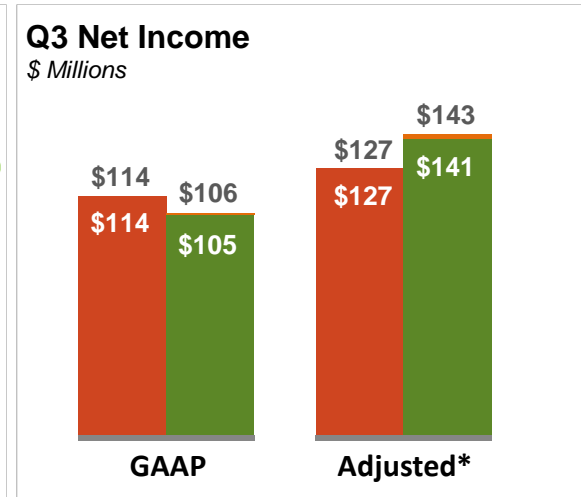
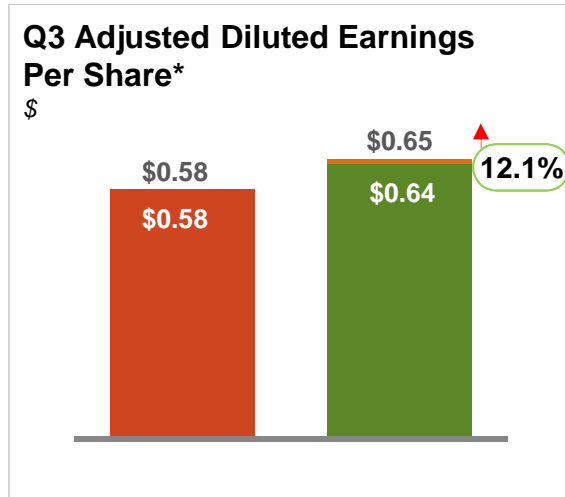
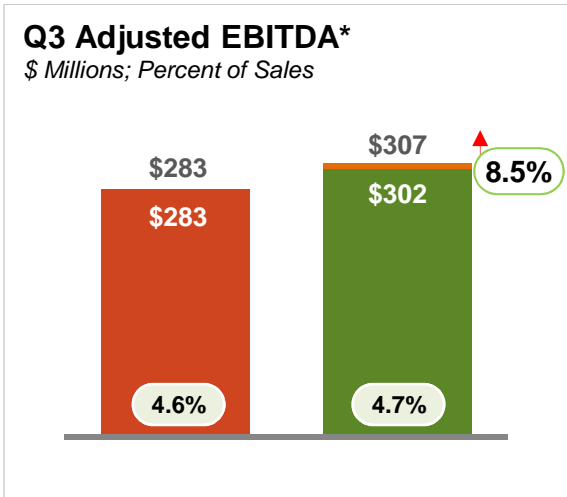
Continued strong operating leverage gains in the third quarter



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

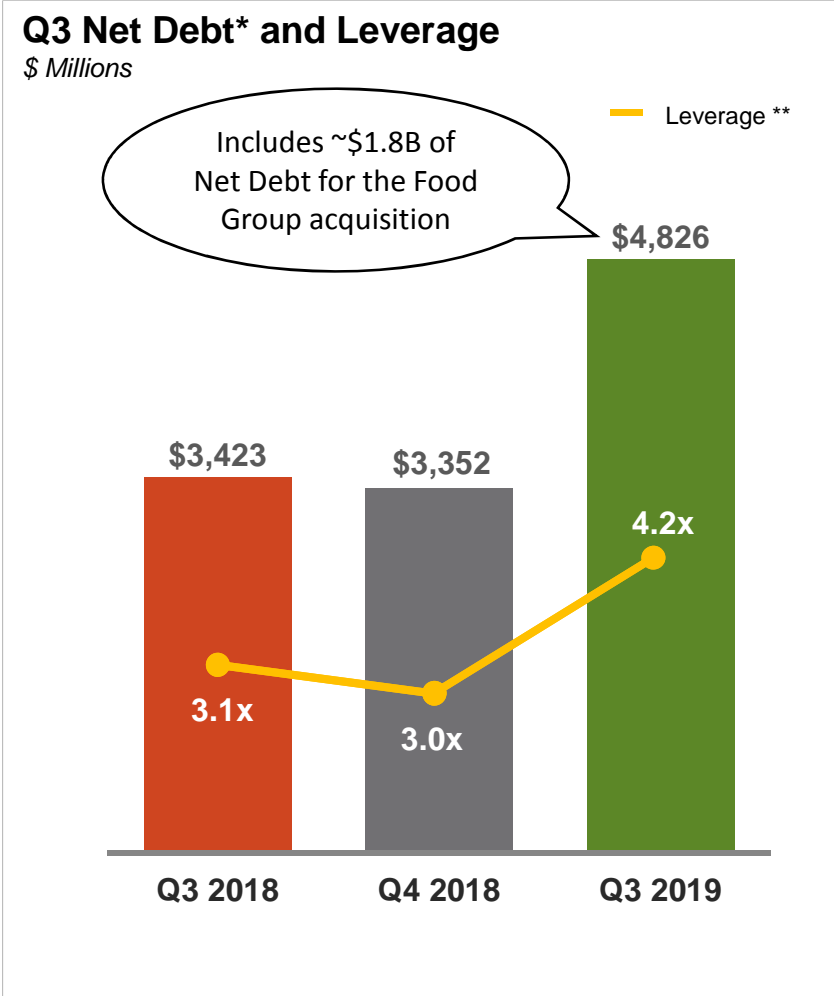
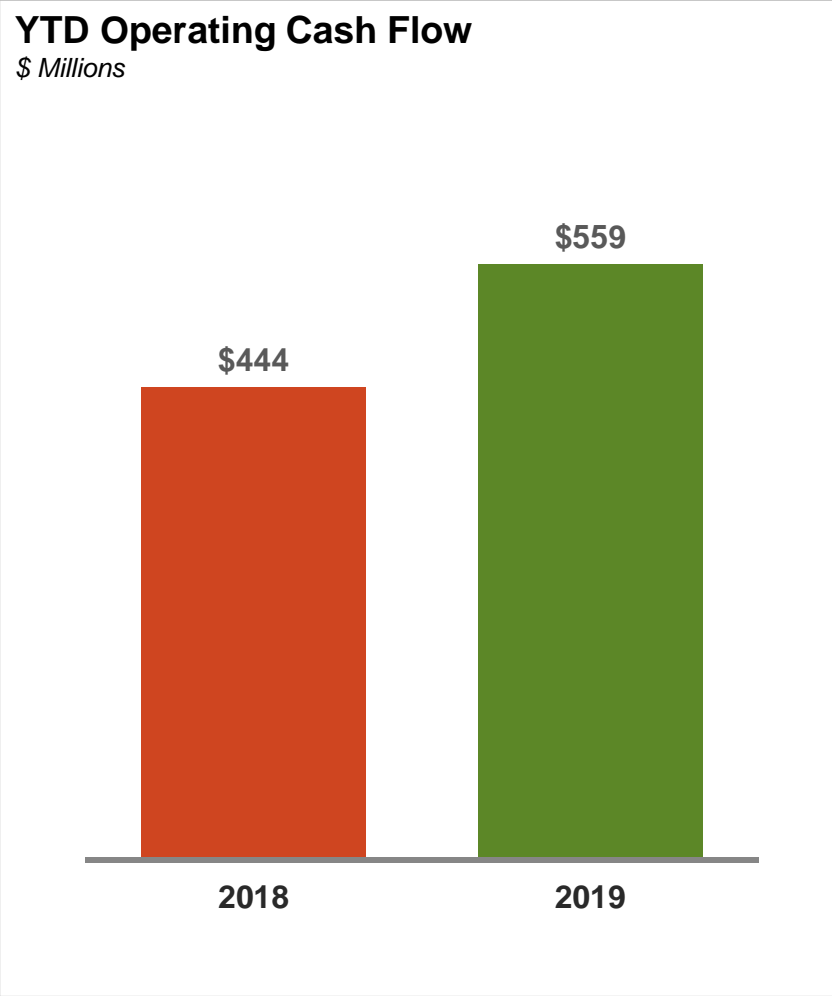
Continued strong performance across key financial metrics

Organic 2018 Organic 2019 The Food Group Contribution



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

Strong operating cash flow supports ability to delever



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



Updated full year fiscal 2019 guidance

	Previous Guidance	Updated Guidance
Case Growth		4-5%
Organic Case Growth	1-2%	1-1.5%
Adjusted EBITDA Growth		8.5%
Organic Adjusted EBITDA Growth	At Least 5%	6%
Cash CAPEX (excluding future acquisitions)	\$260-270 million	\$275 million
Interest Expense	\$170-175 million	\$185 million
Depreciation & Amortization	\$340-350 million	\$350 million
Adjusted Effective Tax Rate	25-26%	25-26%
Adjusted Diluted EPS*	\$2.30-2.40	\$2.35-2.40

* Updated Adjusted Diluted EPS guidance reflects the exclusion of intangible asset amortization expense for full year fiscal 2019.

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APPENDIX:

- Q3 FISCAL 2019 SUMMARY
- NON-GAAP RECONCILIATIONS

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Third quarter financial performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	13 Weeks Ended			13 Weeks Ended		
	September 28, 2019	September 29, 2018	Change	September 28, 2019	September 29, 2018	Change
(\$ in millions, except per share data*)						
Case Growth			3.0%			
Net Sales	6,531	6,153	6.1%			
Gross Profit	1,156	1,108	4.3%	1,157	1,099	5.3%
% of Net Sales	17.7%	18.0%	(30) bps	17.7%	17.9%	(20) bps
Operating Expenses	968	929	4.2%	849	819	3.7%
% of Net Sales	14.8%	15.1%	(30) bps	13.0%	13.3%	(30) bps
Organic Net Income	105	114	(7.9)%	141	127	11.0%
Net Income	106	114	(7.0)%	143	127	12.6%
Organic Diluted EPS	\$0.47	\$0.52	(9.6)%	\$0.64	\$0.58	10.3%
Diluted EPS	\$0.48	\$0.52	(7.7)%	\$0.65	\$0.58	12.1%
Organic Adjusted EBITDA				302	283	6.7%
Adjusted EBITDA				307	283	8.5%
Adjusted EBITDA Margin ⁽²⁾				4.7%	4.6%	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.

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Year to date financial performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	39 Weeks Ended			39 Weeks Ended		
	September 28, 2019	September 29, 2018	Change	September 28, 2019	September 29, 2018	Change
(\$ in millions, except per share data*)						
Case Growth			2.0%			
Net Sales	19,005	18,134	4.8%			
Gross Profit	3,350	3,214	4.2%	3,363	3,213	4.7%
% of Net Sales	17.6%	17.7%	(10) bps	17.7%	17.7%	0 bps
Operating Expenses	2,837	2,726	4.1%	2,507	2,416	3.8%
% of Net Sales	14.9%	15.0%	(10) bps	13.2%	13.3%	(10) bps
Organic Net Income	292	307	(4.9)%	376	341	10.3%
Net Income	293	307	(4.6)%	378	341	10.9%
Organic Diluted EPS	\$1.33	\$1.41	(5.7)%	\$1.72	\$1.57	9.6%
Diluted EPS	\$1.34	\$1.41	(5.0)%	\$1.73	\$1.57	10.2%
Organic Adjusted EBITDA				854	806	6.0%
Adjusted EBITDA				859	806	6.6%
Adjusted EBITDA Margin ⁽²⁾				4.5%	4.4%	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.

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

	13 Weeks Ended		39 Weeks Ended	
	(unaudited)		(unaudited)	
(\$ in millions)*	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Gross profit (GAAP)	\$1,156	\$1,108	\$3,350	\$3,214
LIFO reserve change ⁽¹⁾	1	(9)	13	(1)
Adjusted Gross profit (Non-GAAP)	\$1,157	\$1,099	\$3,363	\$3,213
Operating expenses (GAAP)	\$968	\$929	\$2,837	\$2,726
Adjustments:				
Depreciation and amortization expense	(87)	(85)	(260)	(250)
Restructuring benefits (costs) ⁽²⁾	—	—	—	(1)
Share-based compensation expense ⁽³⁾	(7)	(3)	(22)	(20)
Business transformation costs ⁽⁴⁾	(3)	(3)	(6)	(18)
Food Group acquisition-related costs and other ⁽⁵⁾	(22)	(19)	(42)	(21)
Adjusted Operating expenses (Non-GAAP)	\$849	\$819	\$2,507	\$2,416

* 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 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) Includes Food Group acquisition-related costs of \$17 million and \$10 million for the 13 weeks ended September 28, 2019 and September 29, 2018, respectively, and \$35 million and \$10 million for the 39 weeks ended September 28, 2019 and September 29, 2018, respectively. Also includes gains, losses or costs as specified under the agreements governing our indebtedness.

Third quarter Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income

	13 Weeks Ended (unaudited)			
	Organic US Foods	Food Group Acquisition	Consolidated US Foods	
	September 28, 2019	September 28, 2019	September 28, 2019	September 29, 2018
(\$ in millions)*				
Net income (GAAP)	\$105	\$1	\$106	\$114
Interest expense—net	40	3	43	42
Income tax provision (benefit)	39	—	39	26
Depreciation expense	75	—	75	75
Amortization expense	10	2	12	10
EBITDA (Non-GAAP)	\$269	\$6	\$275	\$267
Adjustments:				
Share-based compensation expense ⁽¹⁾	7	—	7	3
LIFO reserve change ⁽²⁾	1	—	1	(9)
Business transformation costs ⁽³⁾	3	—	3	3
Income from discontinued operations ⁽⁴⁾	—	(1)	(1)	—
Food Group acquisition-related costs and other ⁽⁵⁾	22	—	22	19
Adjusted EBITDA (Non-GAAP)	\$302	\$5	\$307	\$283
Adjusted EBITDA (Non-GAAP)	\$302	\$5	\$307	\$283
Depreciation expense ⁽⁶⁾	(75)	—	(75)	(75)
Interest expense—net	(40)	(3)	(43)	(42)
Income tax provision, as adjusted ⁽⁶⁾⁽⁷⁾	(46)	—	(46)	(39)
Adjusted Net income (Non-GAAP)⁽⁷⁾	\$141	\$2	\$143	\$127

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Third quarter Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income

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

- (1) Share-based compensation expense for stock and option awards and discounts provided under employee stock purchase plan.
- (2) Represents the non-cash impact of LIFO reserve adjustments.
- (3) Consists primarily of costs related to significant process and systems redesign across multiple functions.
- (4) Consists of income net of income taxes from discontinued operations.
- (5) Includes Food Group acquisition-related costs of \$17 million and \$10 million for the 13 weeks ended September 28, 2019 and September 29, 2018, respectively. Also includes gains, losses or costs as specified under the agreements governing our indebtedness.
- (6) Effective as of the fiscal third quarter 2019, we revised the definition of Adjusted net income to exclude the effect of intangible asset amortization expense. Prior period amounts have been revised to conform to with the current year presentation.
- (7) Represents our income tax provision 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 corporate tax rate after considering the impact of permanent differences and valuation allowances.

Year to date Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income

39 Weeks Ended
(unaudited)

(\$ in millions)*

	Organic US Foods		Food Group Acquisition		Consolidated US Foods	
	September 28, 2019	September 28, 2019	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net income (GAAP)	\$292	\$1	\$293	\$307		
Interest expense—net	124	3	127	133		
Income tax provision (benefit)	97	—	97	57		
Depreciation expense	228	—	228	220		
Amortization expense	30	2	32	30		
EBITDA (Non-GAAP)	\$771	\$6	\$777	\$747		
Adjustments:						
Restructuring (benefits) costs ⁽¹⁾	—	—	—	1		
Share-based compensation expense ⁽²⁾	22	—	22	20		
LIFO reserve change ⁽³⁾	13	—	13	(1)		
Business transformation costs ⁽⁴⁾	6	—	6	18		
Income from discontinued operations ⁽⁵⁾	—	(1)	(1)	—		
Food Group acquisition-related costs and other ⁽⁶⁾	42	—	42	21		
Adjusted EBITDA (Non-GAAP)	\$854	\$5	\$859	\$806		
Adjusted EBITDA (Non-GAAP)	\$854	\$5	\$859	\$806		
Depreciation expense ⁽⁷⁾	(228)	—	(228)	(220)		
Interest expense—net	(124)	(3)	(127)	(133)		
Income tax provision, as adjusted ⁽⁷⁾⁽⁸⁾	(126)	—	(126)	(112)		
Adjusted Net income (Non-GAAP)⁽⁷⁾	\$376	\$2	\$378	\$341		

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Year to date Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income

(*) 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 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) Consists of income net of income taxes from discontinued operations.
- (6) Includes Food Group acquisition-related costs of \$35 million and \$10 million for the 39 weeks ended September 28, 2019 and September 29, 2018, respectively. Also includes gains, losses or costs as specified under the agreements governing our indebtedness.
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- (8) Represents our income tax provision 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 corporate tax rate after considering the impact of permanent differences and valuation allowances.

Third quarter Non-GAAP reconciliation - Adjusted Diluted Earnings Per Share (EPS)

	13 Weeks Ended (unaudited)			
	Organic US Foods	Food Group Acquisition	Consolidated US Foods	
	September 28, 2019	September 28, 2019	September 28, 2019	September 29, 2018
Diluted EPS (GAAP)	\$0.47	\$0.01	\$0.48	\$0.52
Share-based compensation expense ⁽¹⁾	0.03	—	0.03	0.01
LIFO reserve change ⁽²⁾	—	—	—	(0.04)
Business transformation costs ⁽³⁾	0.01	—	0.01	0.01
Income from discontinued operations ⁽⁴⁾	—	(0.01)	(0.01)	—
Food Group acquisition related-costs and other ⁽⁵⁾	0.10	—	0.10	0.09
Income tax impact of adjustments ⁽⁶⁾⁽⁷⁾	0.03	0.01	0.04	(0.01)
Adjusted Diluted EPS (Non-GAAP)	\$0.64	\$0.01	\$0.65	\$0.58
Weighted-average diluted shares outstanding (GAAP)	219,757,050	219,757,050	219,757,050	218,107,064

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

(1) Share-based compensation expense for stock and option awards and discounts provided under employee stock purchase plan.

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

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

(4) Consists of income net of income taxes from discontinued operations.

(5) Includes Food Group acquisition-related costs of \$17 million and \$10 million for the 13 weeks ended September 28, 2019 and September 29, 2018, respectively. Also includes gains, losses or costs as specified under the agreements governing our indebtedness.

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Year to date Non-GAAP reconciliation - Adjusted Diluted Earnings Per Share (EPS)

	39 Weeks Ended (unaudited)			
	Organic US Foods	Food Group Acquisition	Consolidated US Foods	
	September 28, 2019	September 28, 2019	September 28, 2019	September 29, 2018
Diluted EPS (GAAP)	\$1.33	\$0.01	\$1.34	\$1.41
Restructuring (benefits) costs ⁽¹⁾	—	—	—	—
Share-based compensation expense ⁽²⁾	0.10	—	0.10	0.09
LIFO reserve change ⁽³⁾	0.06	—	0.06	—
Business transformation costs ⁽⁴⁾	0.03	—	0.03	0.08
Income from discontinued operations ⁽⁵⁾	—	(0.01)	(0.01)	—
Food Group acquisition related-costs and other ⁽⁶⁾	0.19	—	0.19	0.10
Income tax impact of adjustments ^{(7) (8)}	0.01	0.01	0.02	(0.11)
Adjusted Diluted EPS (Non-GAAP)	\$1.72	\$0.01	\$1.73	\$1.57
Weighted-average diluted shares outstanding (GAAP)	219,264,731	219,264,731	219,264,731	217,696,533

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Non-GAAP reconciliation - Net Debt and Net Leverage Ratios

(\$ in millions, except ratios)

	(unaudited)		
	September 28, 2019	December 29, 2018	September 29, 2018
Total Debt (GAAP)	\$4,924	\$3,457	\$3,511
Cash, cash equivalents and restricted cash	(98)	(105)	(88)
Net Debt (Non-GAAP)	\$4,826	\$3,352	\$3,423
Adjusted EBITDA ⁽¹⁾	\$1,156	\$1,103	\$1,096
Net Leverage Ratio ⁽²⁾	4.2	3.0	3.1

(1) Trailing Twelve Months (TTM) Adjusted EBITDA

(2) Net Debt/TTM Adjusted EBITDA

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