



WE HELP YOU MAKE IT™

Q4 and Fiscal Year 2019 Results

February 11, 2020



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.

Fiscal 2019 financial results highlight continued profitable growth and expansion of our operating leverage

Organic results show continued growth

- 1.1% total case growth; 4.4% independent case growth
- 6.2% Adjusted EBITDA growth; 11.1% Adjusted Diluted EPS growth
- \$0.08 per case increase in operating leverage
- 130 bps growth in return on invested capital

Total company growth supported by Food Group

- 4.6% total case growth; 7.1% independent case growth
 - 8.3% Adjusted EBITDA growth; 9.7% Adjusted Diluted EPS growth
 - 24.8% increase in Operating Cash flow
-

2019 business highlights

Great Food. Made Easy.

Great Food.

- **Scoop™**: launched 56 new products; 21% higher basket sizes and 13% higher retention rates
- **Private Brands**: growth of 70bps
- **Serve Good®**: expanded product offering to over 500 sustainably-sourced items

Made Easy.

- **E-commerce**: launched new mobile payment functionality; 10% higher basket sizes and 5% higher retention rates
- **Omni-Channel**: expanded reach through, US Foods Direct, Pronto and Chef'Store®
- **Value Added Services**: addition of Toast as our exclusive POS partner

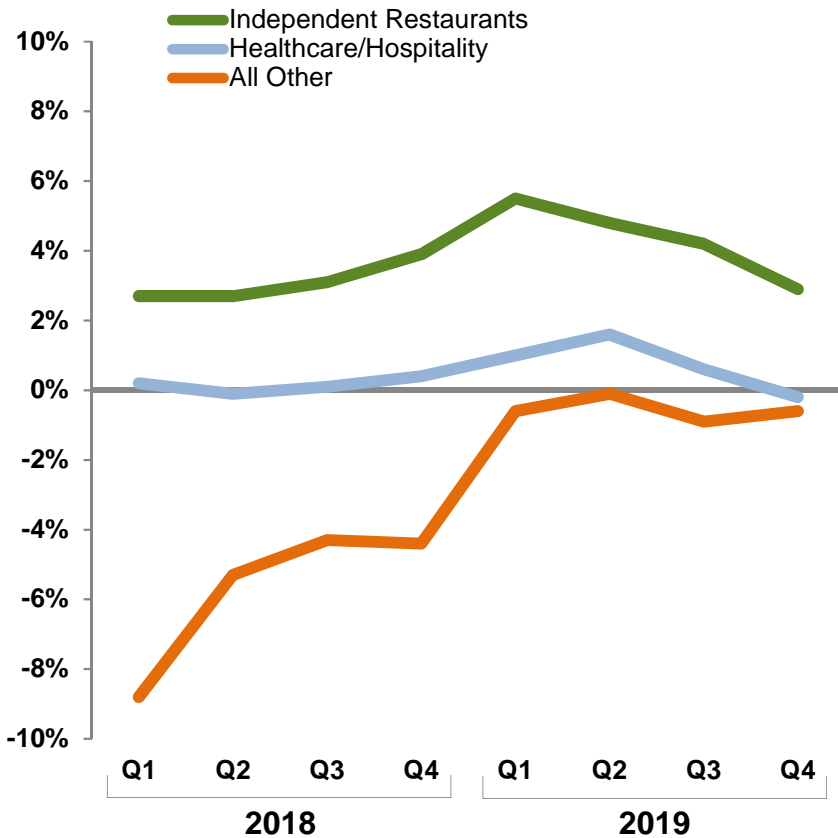
Food Group

- **Organization**: area and region leadership teams put in place for the new Northwest Region
- **Brand**: rebranded fleet and facilities; launched “Best of Scoop” to positive customer feedback
- **Systems**: began system conversions in January with first location slated to be completed in Q2
- **Synergies**: on pace to achieve \$65 million plan; \$10 million of synergies expected in 2020

Food Group acquisition driving total case growth; remain focused on growth with target customers

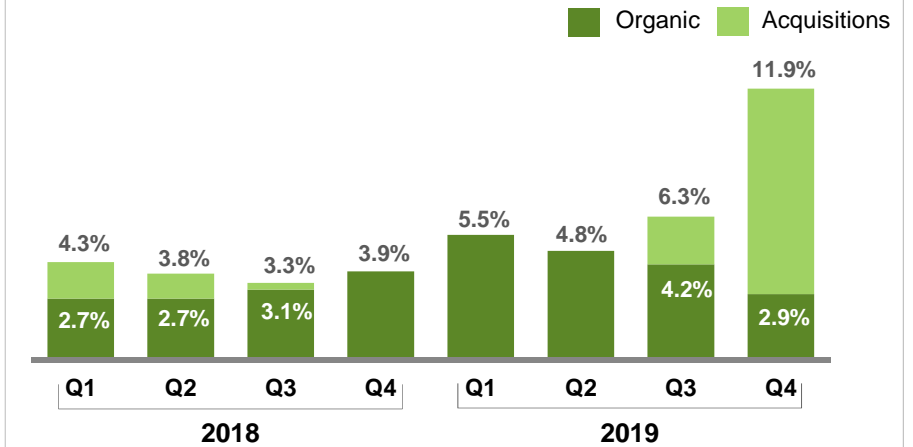
Organic Case Growth by Quarter

YOY percent change



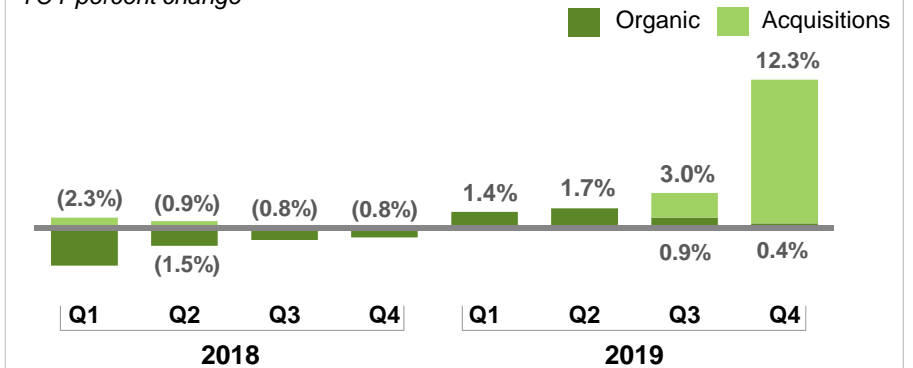
Independent Restaurant Case Growth

YOY percent change

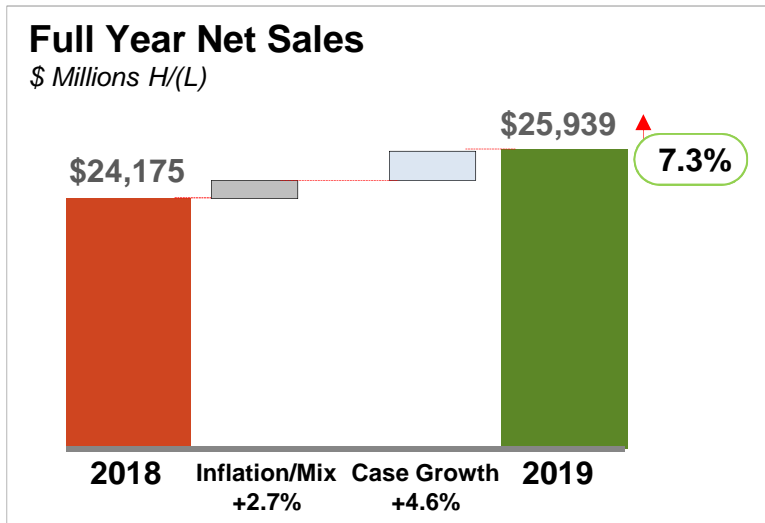
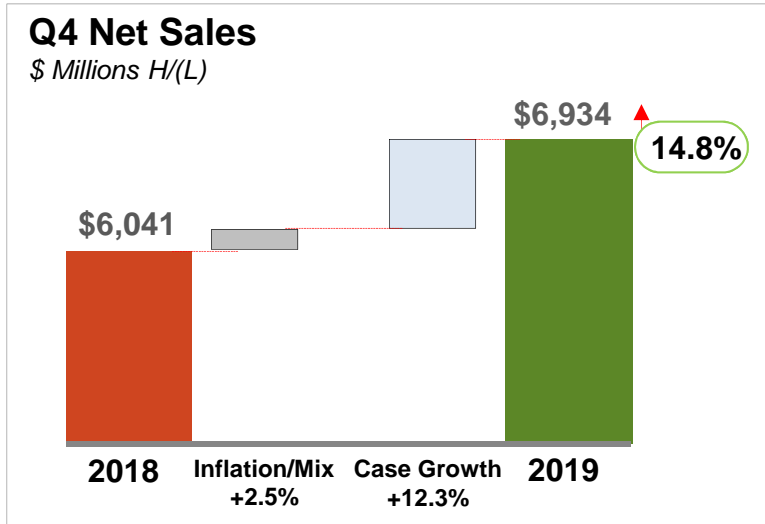


Total Case Growth

YOY percent change



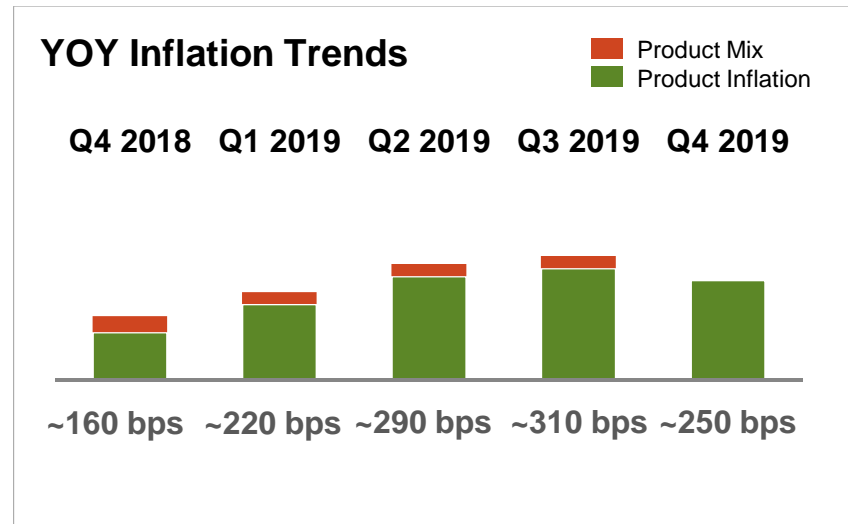
Total case growth and product inflation driving increase in Net Sales



Results Summary

Net Sales drivers:

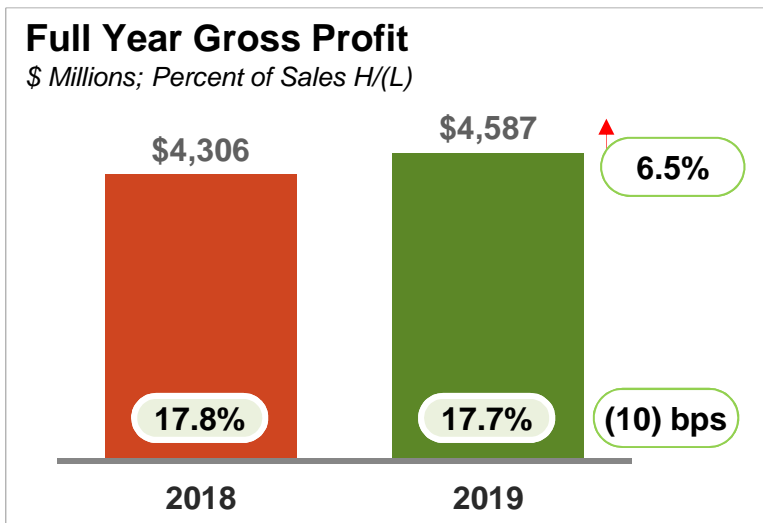
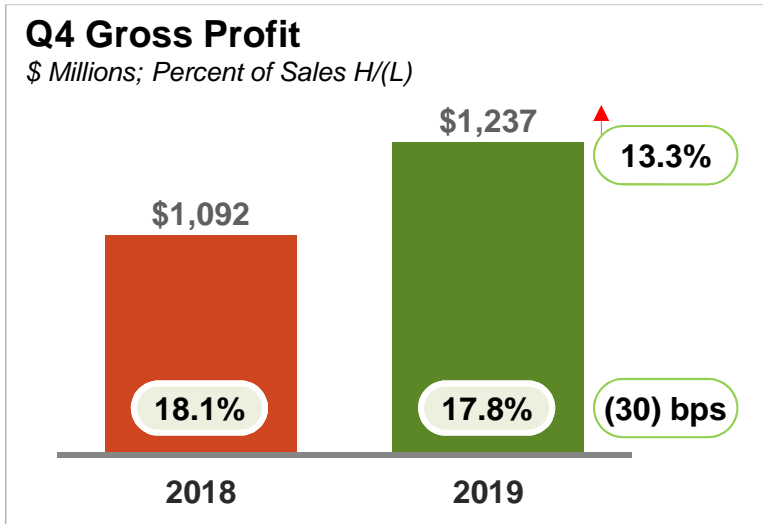
- Food Group contributed \$711M, or 11.8%, to Q4 Net Sales
- Solid full year organic case growth
- Moderate inflation across multiple commodity categories



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Gross Profit dollar increase resulting from total case growth and margin expansion initiatives



Results Summary

Gross Profit drivers:

- Margin expansion initiatives, including:
 - Private brand growth
 - Freight optimization
- Q4: ~15bps YOY LIFO headwind to GAAP results

Adjusted Gross Profit*

Q4'19: \$1.2B, higher \$153M or 14.0%
 18.0% of sales, lower 10 bps

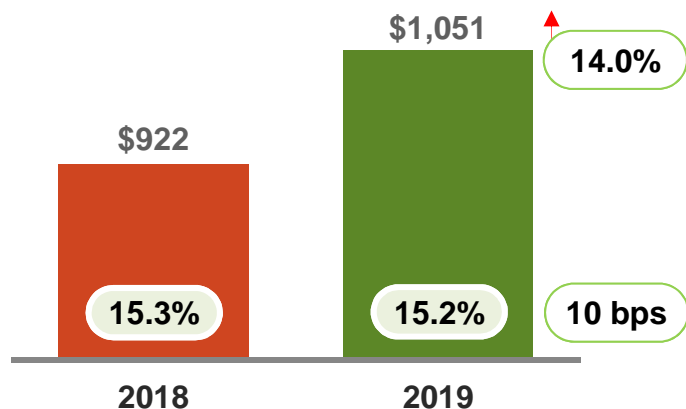
FY'19: \$4.6B, higher \$303M or 7.0%
 17.8% of sales, flat to prior year

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

Operating expense increases driven by higher total case growth and higher distribution costs and wages

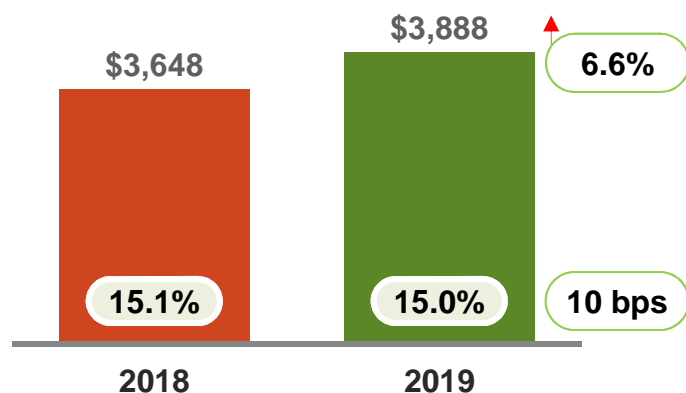
Q4 Operating Expense

\$ Millions; Percent of Sales H/(L)



Full Year Operating Expense

\$ Millions; Percent of Sales H/(L)



Results Summary

Operating Expense drivers:

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

Adjusted Operating Expense*

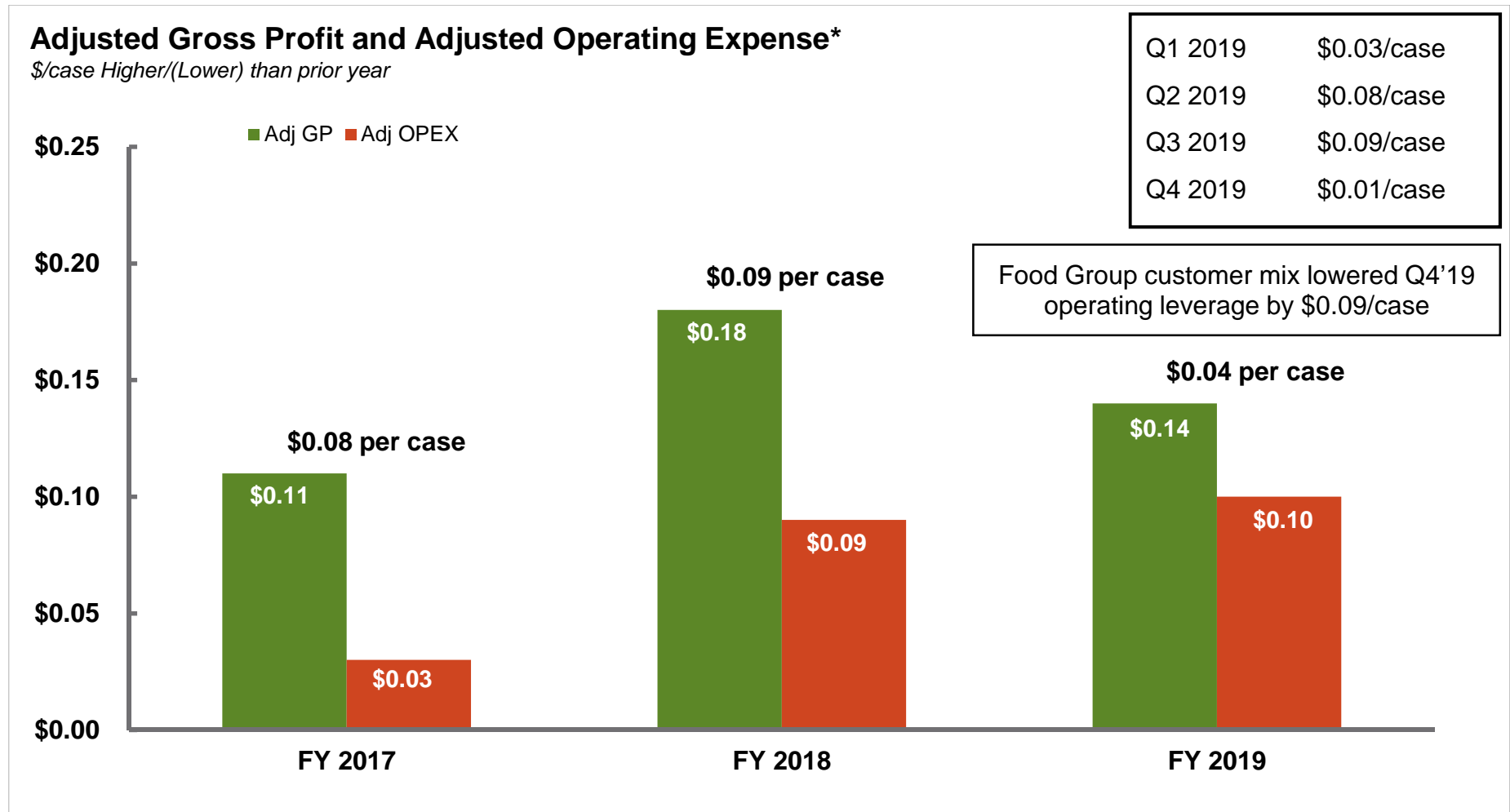
Q4'19: \$913M, higher \$113M or 14.1%
13.2% of sales, flat to prior year

FY'19: \$3.4B, higher \$207M or 6.4%
13.2% of sales, lower 10 bps

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

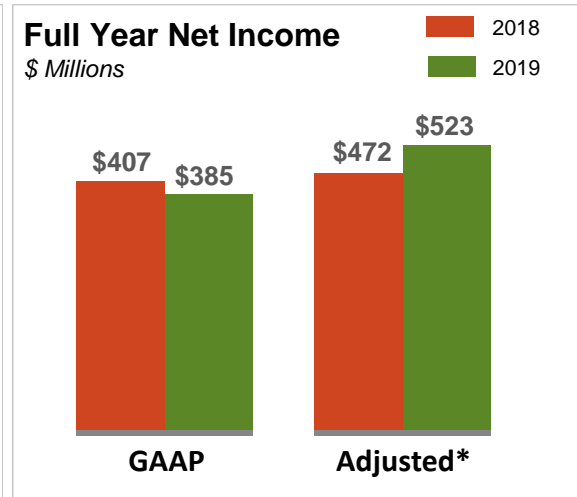
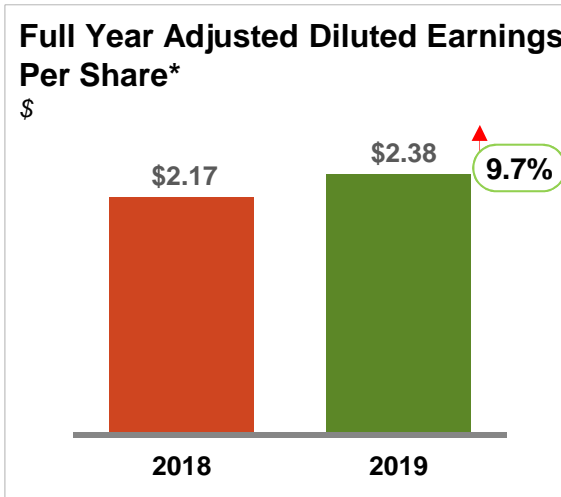
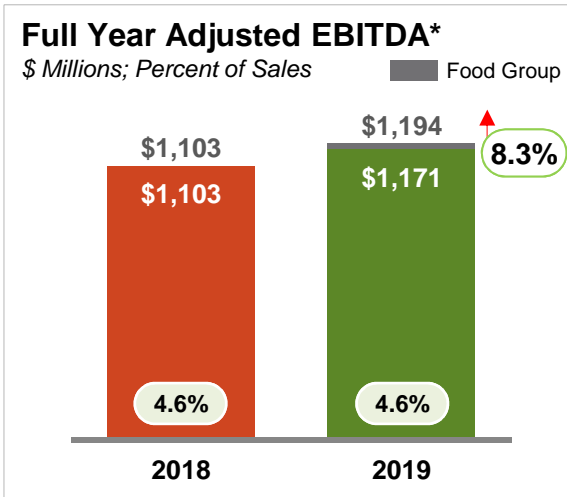
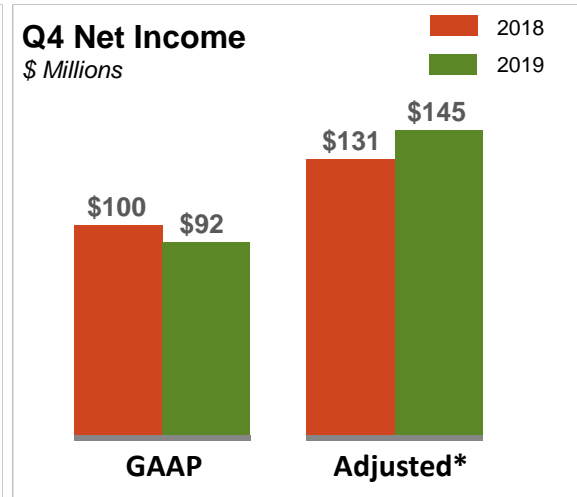
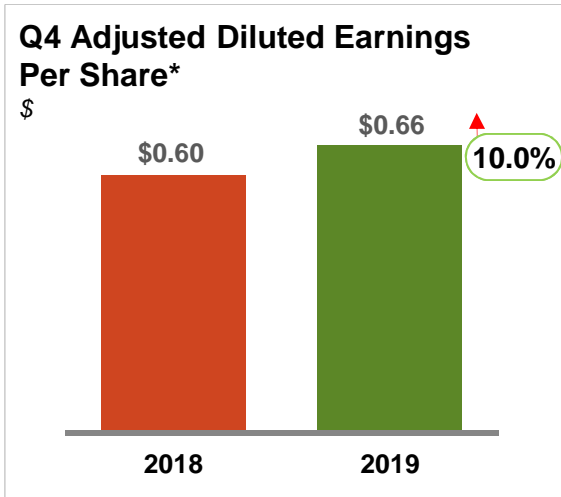
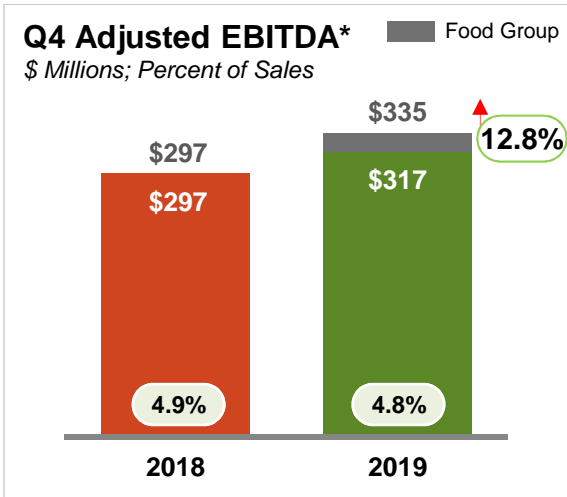
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Operating leverage expanded for the fourth year in a row



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

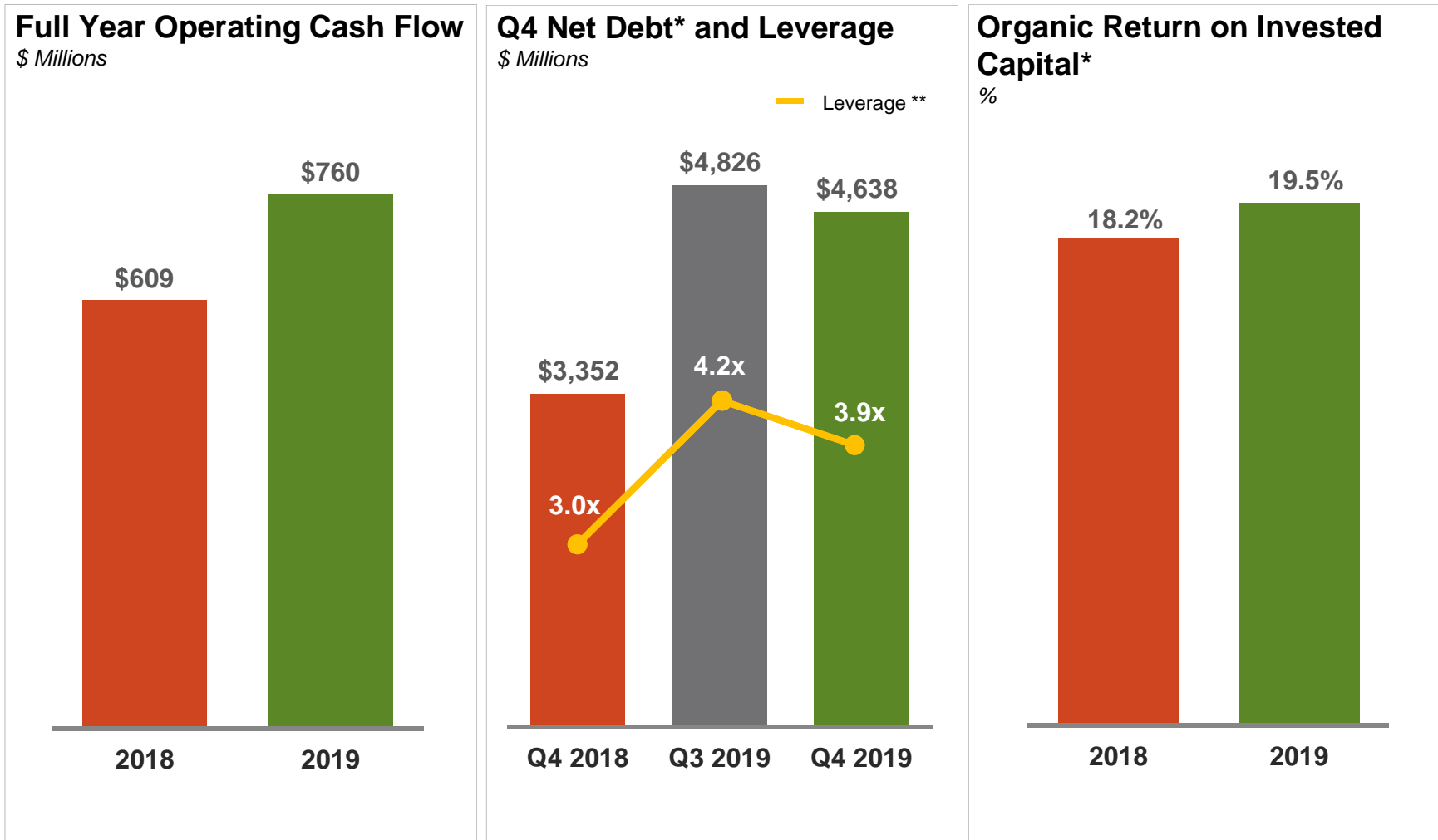
Strong performance across key financial metrics



* Reconciliations of non-GAAP measures are provided in the Appendix
 \$317M Q4'19 and \$1,171M full year 2019 Adjusted EBITDA results represent organic US Foods results for their respective time periods



Strong operating cash flow supports ability to delever; focus on capital allocation driving improved return on invested capital



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

Fiscal 2020 guidance

	2020 Full Year Guidance*
Total Case Growth	9-11%
Total Organic Case Growth	2-3%
Total Adjusted EBITDA Growth	12-15%
Organic Adjusted EBITDA Growth	6-8%
Cash CAPEX (excluding future acquisitions)	\$325-\$335M
Interest Expense	\$210-\$220M
Depreciation	\$330-\$340M
Adjusted Effective Tax Rate	25-26%
Adjusted Diluted EPS**	\$2.70-\$2.80

* Guidance includes the expected impact of a 53rd week in fiscal 2020 which is estimated to add approximately 1% to case growth and Adjusted EBITDA growth

** Adjusted Diluted EPS guidance reflects the exclusion of intangible asset amortization expense for full year fiscal 2020

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APPENDIX:

- Q4 AND FISCAL YEAR 2019 SUMMARY
- NON-GAAP RECONCILIATIONS

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Fourth quarter financial performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	13-Weeks Ended			13-Weeks Ended		
	December 28, 2019	December 29, 2018	Change	December 28, 2019	December 29, 2018	Change
(\$ in millions, except per share data)						
Case Growth			12.3%			
Net Sales	6,934	6,041	14.8%			
Gross Profit	1,237	1,092	13.3%	1,246	1,093	14.0%
% of Net Sales	17.8%	18.1%	(30) Bps	18.0%	18.1%	(10) bps
Operating Expenses	1,051	922	14.0%	913	800	14.1%
% of Net Sales	15.2%	15.3%	(10) bps	13.2%	13.2%	0 bps
Net Income	92	100	(8.0)%	145	131	10.7%
Diluted EPS	\$0.42	\$0.46	(8.7)%	\$0.66	\$0.60	10.0%
Adjusted EBITDA				335	297	12.8%
Adjusted EBITDA Margin ⁽²⁾				4.8%	4.9%	(10) bps

(1) Reconciliations of these non-GAAP measures are provided in the Appendix.

(2) Represents Adjusted EBITDA as a percentage of Net Sales.

Full year financial performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	52-Weeks Ended			52-Weeks Ended		
	December 28, 2019	December 29, 2018	Change	December 28, 2019	December 29, 2018	Change
(\$ in millions, except per share data)						
Case Growth			4.6%			
Net Sales	25,939	24,175	7.3%			
Gross Profit	4,587	4,306	6.5%	4,609	4,306	7.0%
% of Net Sales	17.7%	17.8%	(10) bps	17.8%	17.8%	0 bps
Operating Expenses	3,888	3,648	6.6%	3,423	3,216	6.4%
% of Net Sales	15.0%	15.1%	(10) bps	13.2%	13.3%	(10) bps
Net Income	385	407	(5.4)%	523	472	10.8%
Diluted EPS	\$1.75	\$1.87	(6.4)%	\$2.38	\$2.17	9.7%
Adjusted EBITDA				1,194	1,103	8.3%
Adjusted EBITDA Margin ⁽²⁾				4.6%	4.6%	0 bps

(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

(\$ in millions)	13-Weeks Ended		52-Weeks Ended	
	(unaudited)		(unaudited)	
	December 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
Gross profit (GAAP)	\$1,237	\$1,092	\$4,587	\$4,306
LIFO reserve adjustment ⁽¹⁾	9	1	22	—
Adjusted Gross profit (Non-GAAP)	\$1,246	\$1,093	\$4,609	\$4,306
Operating expenses (GAAP)	\$1,051	\$922	\$3,888	\$3,648
Adjustments:				
Depreciation and amortization expense	(102)	(90)	(362)	(340)
Restructuring costs ⁽²⁾	—	(1)	—	(1)
Share-based compensation expense ⁽³⁾	(10)	(8)	(32)	(28)
Business transformation costs ⁽⁴⁾	(3)	(4)	(9)	(22)
Food Group acquisition-related costs and other ⁽⁵⁾	(23)	(19)	(62)	(41)
Adjusted Operating expenses (Non-GAAP)	\$913	\$800	\$3,423	\$3,216

(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 awards and 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 \$19 million for the 13 weeks ended December 28, 2019 and December 29, 2018, respectively, and \$52 million and \$29 million for the 52 weeks ended December 28, 2019 and December 29, 2018, respectively. Also includes gains, losses or costs as specified under the agreements governing our indebtedness.

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

(\$ in millions)	13 Weeks Ended (unaudited)			
	Organic US Foods	Food Group	Consolidated US Foods	
	December 28, 2019	December 28, 2019	December 28, 2019	December 29, 2018
Net income (GAAP)	\$114	(\$22)	\$92	\$100
Interest expense—net	39	18	57	42
Income tax provision (benefit)	35	(6)	29	32
Depreciation expense	75	8	83	80
Amortization expense	8	11	19	10
EBITDA (Non-GAAP)	271	9	280	264
Adjustments:				
Restructuring costs ⁽¹⁾	—	—	—	1
Share-based compensation expense ⁽²⁾	10	—	10	8
LIFO reserve adjustment ⁽³⁾	9	—	9	1
Pension settlements ⁽⁴⁾	9	—	9	—
Business transformation costs ⁽⁵⁾	3	—	3	4
Loss from discontinued operations ⁽⁶⁾	—	1	1	—
Food Group acquisition-related costs and other ⁽⁷⁾	15	8	23	19
Adjusted EBITDA (Non-GAAP)	\$317	\$18	\$335	\$297
Adjusted EBITDA (Non-GAAP)	\$317	\$18	\$335	\$297
Depreciation expense ⁽⁸⁾	(75)	(8)	(83)	(80)
Interest expense—net	(39)	(18)	(57)	(42)
Income tax (provision) benefit, as adjusted ⁽⁹⁾	(51)	—	(50)	(44)
Adjusted Net income (Non-GAAP)	\$152	(\$7)	\$145	\$131

(1)-(9) footnotes located on next slide

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

- (1) Consists primarily of severance and related costs and organizational realignment costs.
- (2) Share-based compensation expense for expected vesting of stock awards and employee stock purchase plan.
- (3) Represents the non-cash impact of LIFO reserve adjustments.
- (4) Consists of settlement charges resulting from lump-sum payments to settle benefit obligations with both former and current participants in our defined benefit pension plan.
- (5) Consists primarily of costs related to significant process and systems redesign across multiple functions.
- (6) Consists of loss net of income taxes from discontinued operations.
- (7) Includes Food Group acquisition-related costs of \$17 million and \$19 million for the 13 weeks ended December 28, 2019 and December 29, 2018, respectively. Also includes gains, losses or costs as specified under the agreements governing our indebtedness.
- (8) 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.
- (9) Represents our income tax provision (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 corporate tax rate after considering the impact of permanent differences and valuation allowances.

Full year Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income

	52 Weeks Ended (unaudited)			
	Organic US Foods	Food Group	Consolidated US Foods	
	December 28, 2019	December 28, 2019	December 28, 2019	December 29, 2018
(\$ in millions)				
Net income (GAAP)	\$406	\$(21)	\$385	\$407
Interest expense—net	163	21	184	175
Income tax provision (benefit)	132	(6)	126	89
Depreciation expense	303	8	311	300
Amortization expense	38	13	51	40
EBITDA (Non-GAAP)	1,042	15	1,057	1,011
Adjustments:				
Restructuring costs ⁽¹⁾	—	—	—	1
Share-based compensation expense ⁽²⁾	32	—	32	28
LIFO reserve adjustment ⁽³⁾	22	—	22	—
Pension settlements ⁽⁴⁾	12	—	12	—
Business transformation costs ⁽⁵⁾	9	—	9	22
Food Group acquisition-related costs and other ⁽⁶⁾	54	8	62	41
Adjusted EBITDA (Non-GAAP)	\$1,171	\$23	\$1,194	\$1,103
Adjusted EBITDA (Non-GAAP)	\$1,171	\$23	\$1,194	\$1,103
Depreciation expense ⁽⁷⁾	(303)	(8)	(311)	(300)
Interest expense—net	(163)	(21)	(184)	(175)
Income tax (provision) benefit, as adjusted ⁽⁷⁾⁽⁸⁾	(177)	1	(176)	(156)
Adjusted Net income (Non-GAAP)⁽⁷⁾	\$528	\$(5)	\$523	\$472

(1)-(8) footnotes located on next slide

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Full year Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income

- (1) Consists primarily of severance and related costs and organizational realignment costs.
- (2) Share-based compensation expense for expected vesting of stock awards and employee stock purchase plan.
- (3) Represents the non-cash impact of LIFO reserve adjustments.
- (4) Consists of settlement charges resulting from lump-sum payments to settle benefit obligations with both former and current participants in our defined benefit pension plan.
- (5) Consists primarily of costs related to significant process and systems redesign across multiple functions.
- (6) Includes Food Group acquisition-related costs of \$52 million and \$29 million for the 52 weeks ended December 28, 2019 and December 29, 2018, respectively. Also includes gains, losses or costs as specified under the agreements governing our indebtedness.
- (7) 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.
- (8) 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 corporate tax rate after considering the impact of permanent differences and valuation allowances.

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

13 Weeks Ended
(unaudited)

	13 Weeks Ended (unaudited)			
	Organic US Foods	Food Group	Consolidated US Foods	
	December 28, 2019	December 28, 2019	December 28, 2019	December 29, 2018
Diluted EPS (GAAP)	\$0.52	(\$0.10)	\$0.42	\$0.46
Share-based compensation expense ⁽¹⁾	0.05	—	0.05	0.04
LIFO reserve adjustment ⁽²⁾	0.04	—	0.04	—
Pension settlements ⁽³⁾	0.04	—	0.04	—
Business transformation costs ⁽⁴⁾	0.01	—	0.01	0.02
Loss from discontinued operations ⁽⁵⁾	—	0.01	0.01	—
Food Group acquisition related-costs and other ⁽⁶⁾	0.07	0.03	0.10	0.09
Income tax impact of adjustments ^{(7) (8)}	(0.04)	0.03	(0.01)	(0.01)
Adjusted Diluted EPS (Non-GAAP)	\$0.69	(\$0.03)	\$0.66	\$0.60
Weighted-average diluted shares outstanding (GAAP)	220,344,293	220,344,293	220,344,293	218,212,582

(1) Share-based compensation expense for expected vesting of stock awards and employee stock purchase plan.

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

(3) Consists of settlement charges resulting from lump-sum payments to settle benefit obligations with both former and current participants in our defined benefit pension plan.

(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 \$17 million and \$19 million for the 13 weeks ended December 28, 2019 and December 29, 2018, respectively. Also includes gains, losses or costs as specified under the agreements governing our indebtedness.

(7) 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.

(8) Represents our income provision (benefit) 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.

Full year Non-GAAP reconciliation - Adjusted Diluted Earnings Per Share (EPS)

	52 Weeks Ended (unaudited)			
	Organic US Foods	Food Group	Consolidated US Foods	
	December 28, 2019	December 28, 2019	December 28, 2019	December 29, 2018
Diluted EPS (GAAP)	\$1.85	(\$0.10)	\$1.75	\$1.87
Share-based compensation expense ⁽¹⁾	0.15	—	0.15	0.13
LIFO reserve adjustment ⁽²⁾	0.10	—	0.10	—
Pension settlements ⁽³⁾	0.05	—	0.05	—
Business transformation costs ⁽⁴⁾	0.04	—	0.04	0.10
Food Group acquisition related-costs and other ⁽⁵⁾	0.25	0.03	0.28	0.19
Income tax impact of adjustments ^{(6) (7)}	(0.03)	0.04	0.01	(0.12)
Adjusted Diluted EPS (Non-GAAP)	\$2.41	(\$0.03)	\$2.38	\$2.17
Weighted-average diluted shares outstanding (GAAP)	219,534,622	219,534,622	219,534,622	217,825,545

(1) Share-based compensation expense for expected vesting of stock awards and employee stock purchase plan.

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

(3) Consists of settlement charges resulting from lump-sum payments to settle benefit obligations with both former and current participants in our defined benefit pension plan.

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

(5) Includes Food Group acquisition-related costs of \$52 million and \$29 million for the 52 weeks ended December 28, 2019 and December 29, 2018, respectively. Also includes gains, losses or costs as specified under the agreements governing our indebtedness.

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Full year Non-GAAP reconciliation – Return on Invested Capital

	52 Weeks Ended*	
	December 28, 2019	December 29, 2018
<i>(in millions)</i>		
Operating Income (GAAP)	\$704	\$658
Non-operating pension (expense) income	(\$4)	\$13
Operating Income after Pension	\$700	\$671
Adjustments:		
Restructuring (benefit) charges ⁽¹⁾	-	1
Share-based compensation expense ⁽²⁾	32	28
LIFO reserve change ⁽³⁾	22	-
Pension settlements ⁽⁴⁾	12	-
Business transformation costs ⁽⁵⁾	9	22
Food Group acquisition-related costs and other ⁽⁶⁾	54	41
Adjusted Operating Income (Non-GAAP)	\$829	\$763
Income Tax Provision, as adjusted**	(\$215)	(\$198)
Adjusted Operating Income After Tax (Non-GAAP)	\$613	\$565
Invested Capital		
Average of Total Assets	\$9,174	\$9,112
Average of Adjustments:		
Cash	(97)	(112)
Non-Interest bearing current liabilities	(1,973)	(1,932)
Goodwill***	(3,967)	(3,967)
Average Invested Capital	\$3,138	\$3,101
Return on Invested Capital	19.5%	18.2%

* Full year 2018 and 2019 are presented on an organic basis which excludes Food Group from the calculation

** Assumes a 26% effective tax rate times adjusted operating income

*** Reflects Goodwill from private equity purchase of US Foods in 2007, excludes Goodwill from Food Group acquisition

(1)-(6) footnotes located on next slide

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Full year Non-GAAP reconciliation – Return on Invested Capital

- (1) Consists primarily of severance and related costs and organizational realignment costs.
- (2) Share-based compensation expense for expected vesting of stock awards and employee stock purchase plan.
- (3) Represents the non-cash impact of LIFO reserve adjustments.
- (4) Consists of settlement charges resulting from lump-sum payments to settle benefit obligations with both former and current participants in our defined benefit pension plan.
- (5) Consists primarily of costs related to significant process and systems redesign across multiple functions.
- (6) Includes Food Group acquisition-related costs of \$52 million and \$29 million for the 52 weeks ended December 28, 2019 and December 29, 2018, respectively. Also includes gains, losses or costs as specified under the agreements governing our indebtedness.

Non-GAAP reconciliation - Net Debt and Net Leverage Ratios

(\$ in millions, except ratios)	(unaudited)		
	December 28, 2019	September 28, 2019	December 29, 2018
Total Debt (GAAP)	\$4,736	\$4,924	\$3,457
Cash, cash equivalents and restricted cash	(98)	(98)	(105)
Net Debt (Non-GAAP)	\$4,638	\$4,826	\$3,352
Adjusted EBITDA ⁽¹⁾	\$1,194	\$1,156	\$1,103
Net Leverage Ratio ⁽²⁾	3.9	4.2	3.0

(1) Trailing Twelve Months (TTM) Adjusted EBITDA

(2) Net debt/(TTM) Adjusted EBITDA

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