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COVID-19 Update and Q2 Fiscal 2020 Results

August 4, 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 28, 2019, which was filed with the Securities and Exchange Commission (“SEC”) on February 13, 2020, and in our Quarterly Report on Form 10-Q, for the quarterly period ended March 28, 2020, which was filed with the SEC on May 5, 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.

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 Smart Stores Holding Corp. (“Smart Foodservice”), which was acquired April 24, 2020 and the Food Group of Companies (the “Food Group”), which was acquired on Sept. 13, 2019.

Executive summary

Long-term prospects for the industry and US Foods remain positive

We expect that our scale and differentiation will lead to share gains

Solid quarter given the external environment



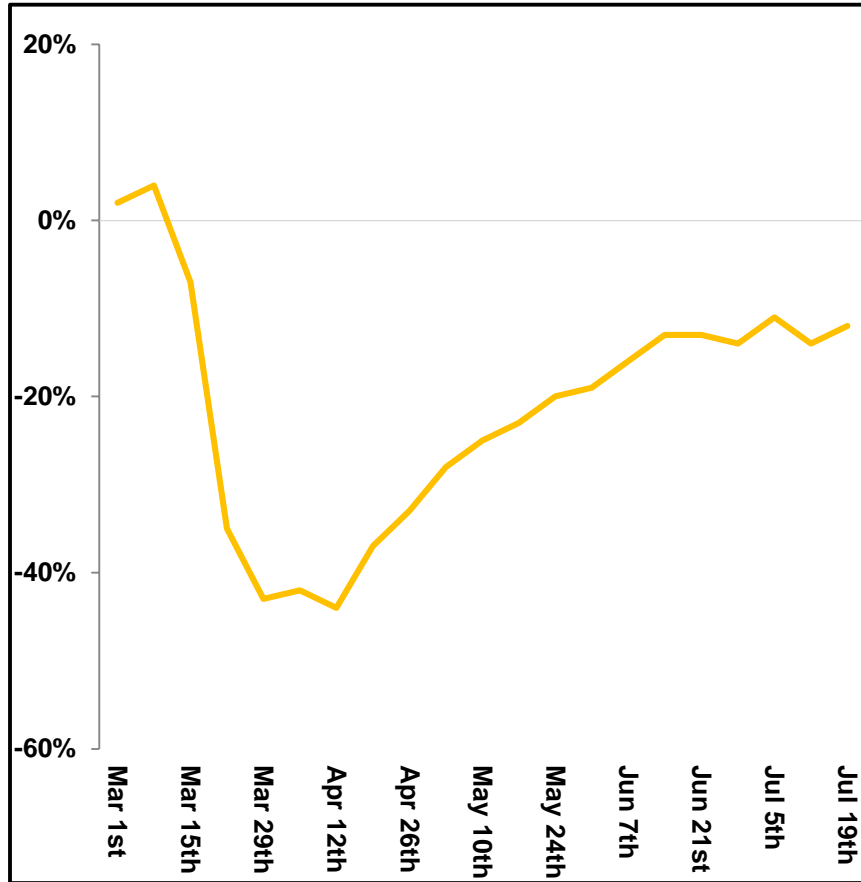
INDUSTRY OUTLOOK AND US
FOODS ADVANTAGED POSITION



While the recovery has slowed, traffic in states that opened early augur well for the ultimate recovery of our industry

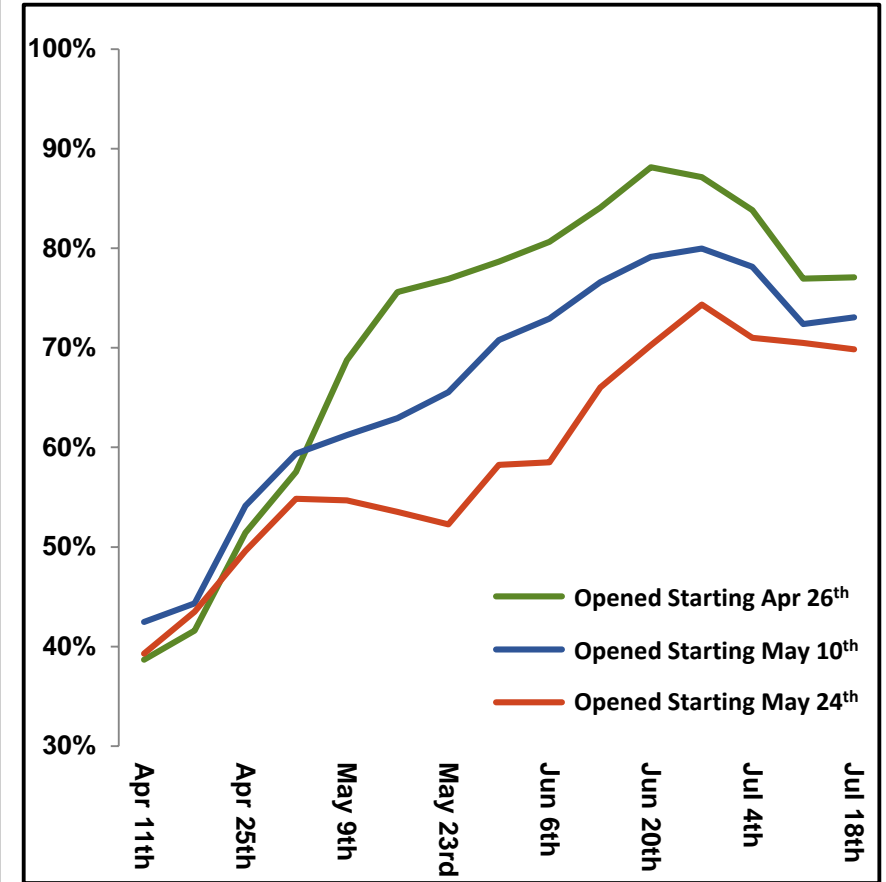
U.S. Restaurants Weekly Transactions*

YOY percent change, Week Ending



Independent Restaurant Case Volume by Market

% of Prior Year Case Volume, Week Ending



* The NPD Group, Inc. / Foodservice / CREST® Performance Alerts
 NPD weekly data is Monday through Sunday; US Foods weekly data is Sunday through Saturday

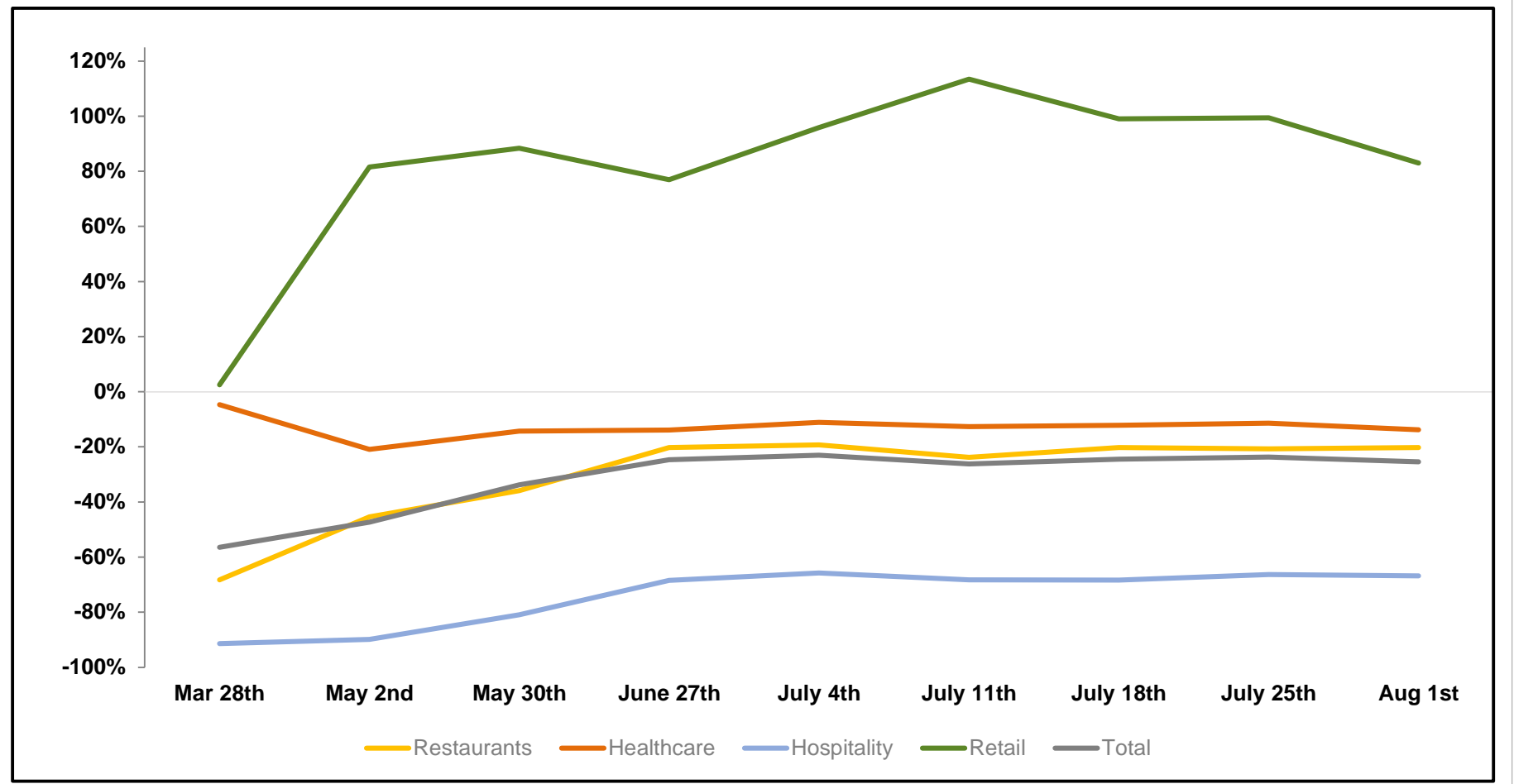
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All customer types grew during the quarter

Organic Case Growth by Customer Type and Week

YOY percent change; Week Ending



All elements of the P&L indicate eventual return to pre-COVID Adjusted EBITDA margins

Case Volume

- Restaurants expected to recover
- Addition of new profitable chain customers
- Solid growth from retail partnerships

Gross Profit

- Margins at the customer level were stable
- Expect to return to historical margin rates as case volume recovers

Operating Expense

- Variable cost per case trending in line with prior year
 - Fixed costs in line with case volume
-

We expect our national scale and differentiated strategy to drive market share gains

As a scale player, we have the advantage of:

- **Better purchasing power**
- **Nationwide footprint and consistent operating model**
- **Stability in an uncertain environment**

Differentiated value proposition evolving to meet changing customer needs:

- **Innovative products**
 - **Leading tools and technology**
 - **Team-based selling model for both local and national customers**
-



Q2 2020 FINANCIAL RESULTS

Q2 results improved throughout the quarter; positive Adjusted EBITDA dollars in both May and June

Consistent improvement in case volume throughout the quarter

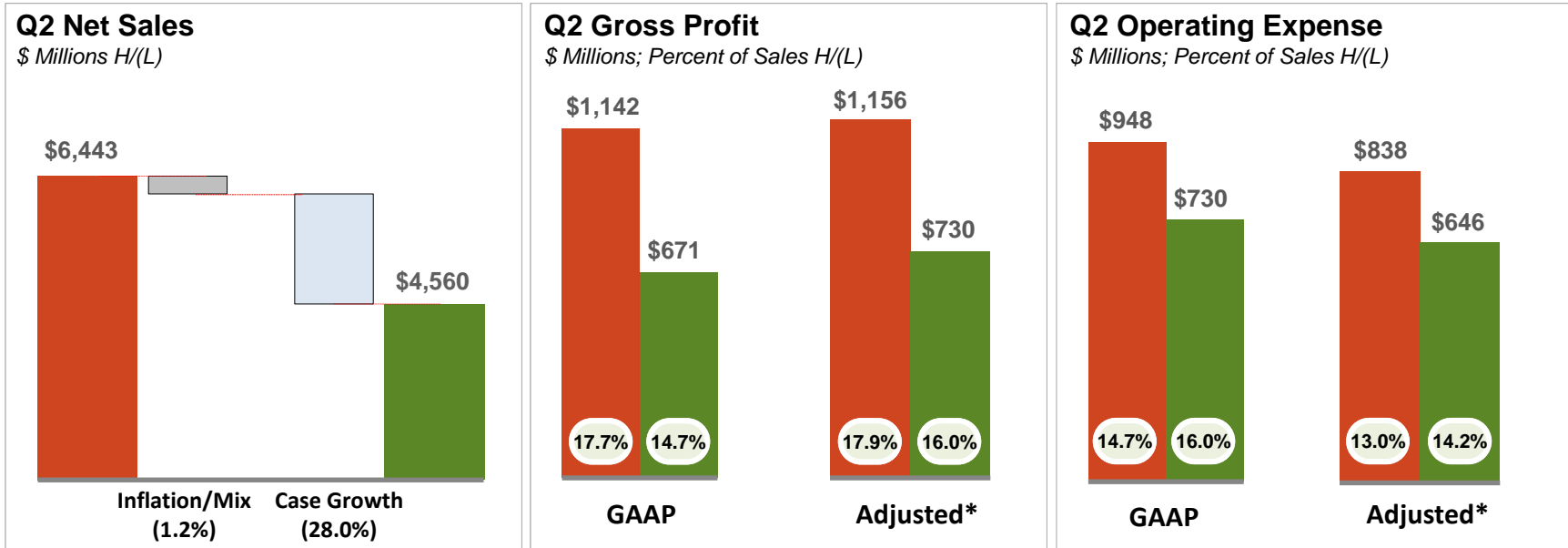
Q2 results impacted by a highly unusual operating environment

- **Gross profit: lower independent restaurant and hospitality case volume impacting customer mix**
- **Operating expense: variable and fixed cost actions have reduced our cost structure to better align with lower case volume**
- **Bad debt: strong collection efforts enabled \$75M reduction in uncollectible accounts reserve**

Added an annual run rate of over \$500 million of net new business in Q2 and Q3

COVID-19 related shutdowns heavily impacted Q2; results improved as the quarter progressed

2019 2020



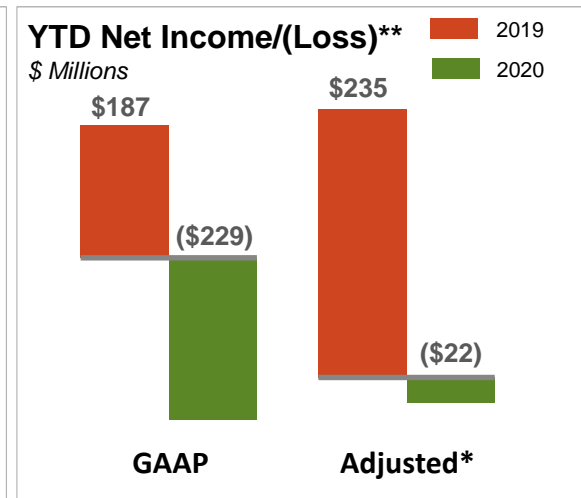
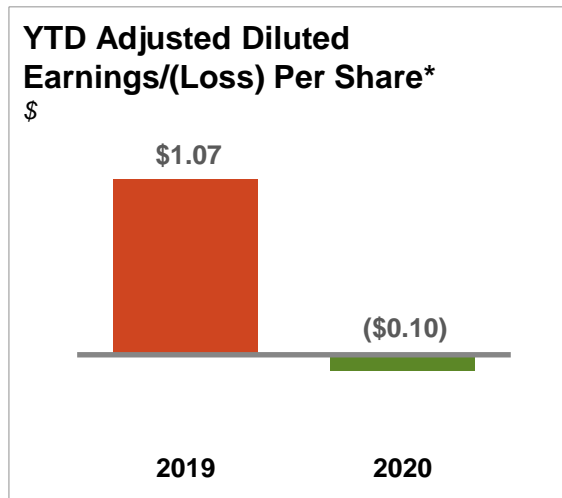
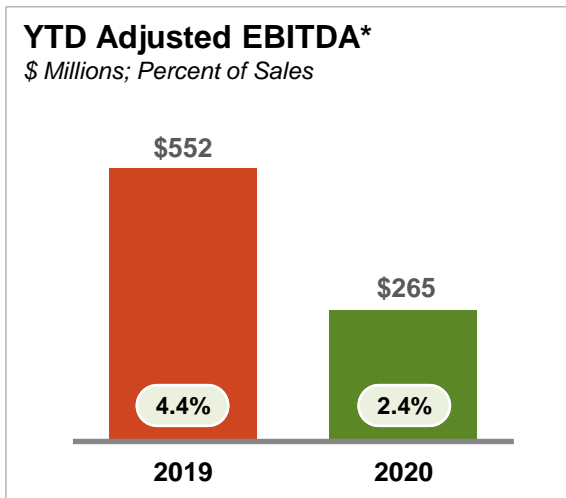
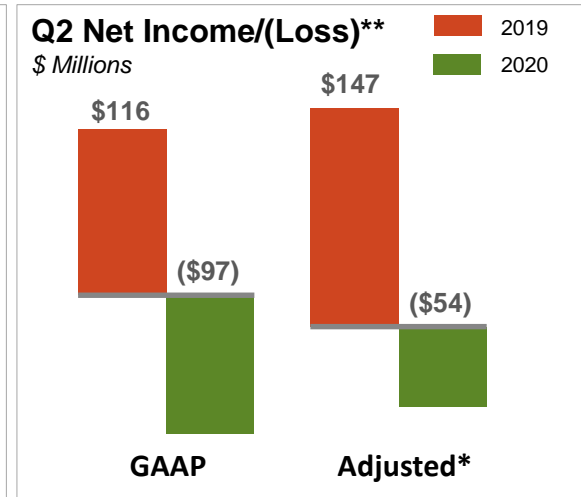
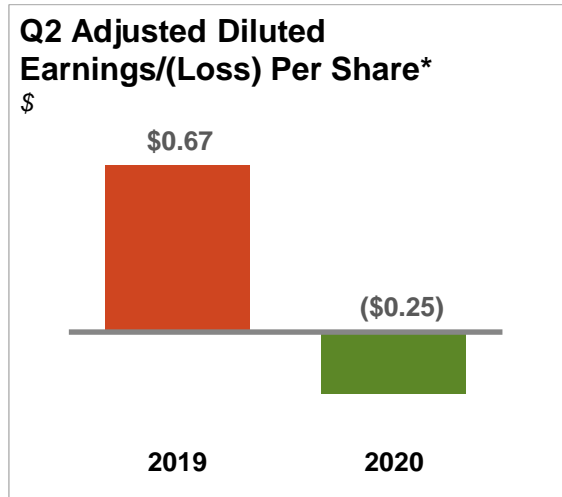
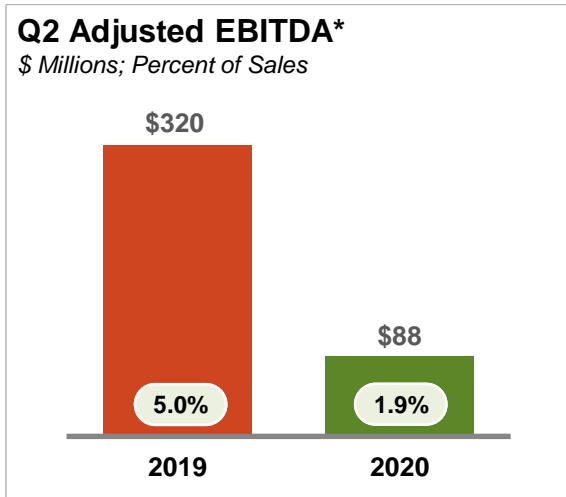
- **Net Sales:** decline in case volume was the primary driver of the Net Sales decline; 190 bps of inflation in the quarter
- **Gross Profit:** changes in customer mix and lower logistics income drove Gross Profit decline; inventory write-offs a factor early in the quarter
- **Operating Expense:** distribution productivity levels in May and June were better than prior year; cost structure remains flexible

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

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Trajectory of second quarter results supports a recovery in earnings; long-term earnings power unchanged



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

** Adjusted Net Income/(Loss) available to common shareholders

Food Group and Smart Foodservice performance in line with expectations given current operating environment

Food Group

- National chain business performing well; some markets in the Northwest have been slower to open
- Integration activities have resumed and are on track; expect to complete the first warehouse system conversion during the third quarter
- Expect to achieve full synergy run rate

Smart Foodservice Warehouse Stores


- Same store sales for the quarter were only down single digits
 - Adjusted EBITDA contribution in line with initial expectations
 - Integration activities underway; limited integration needed
-

Strong liquidity position allows us to operate from a position of strength

\$1.7B of cash on hand and ~\$3.0B in total liquidity at quarter end

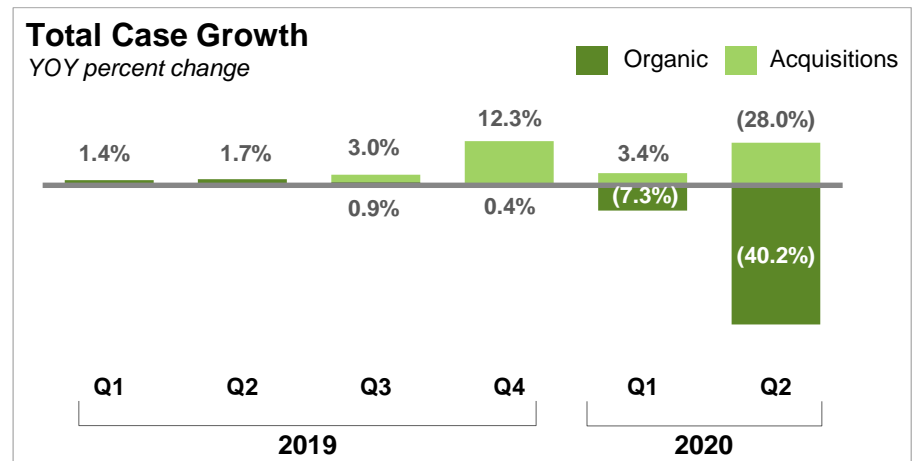
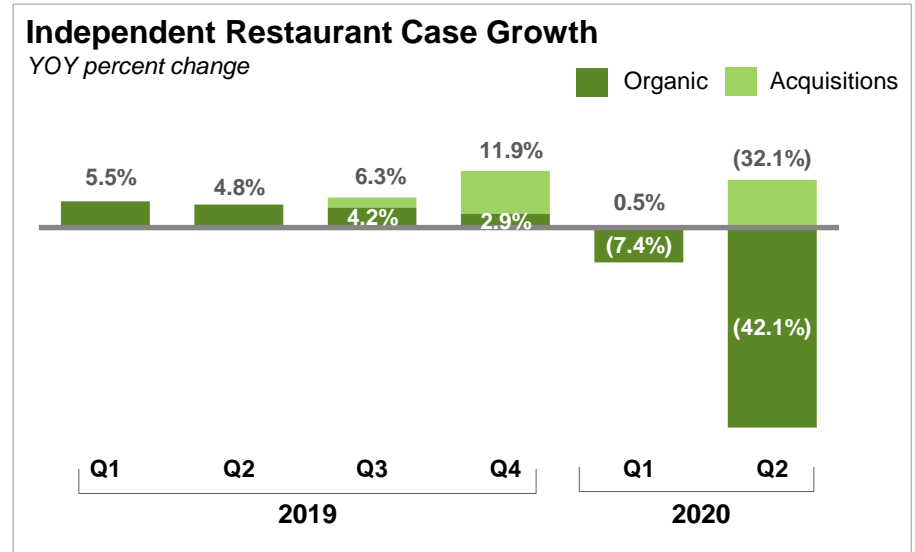
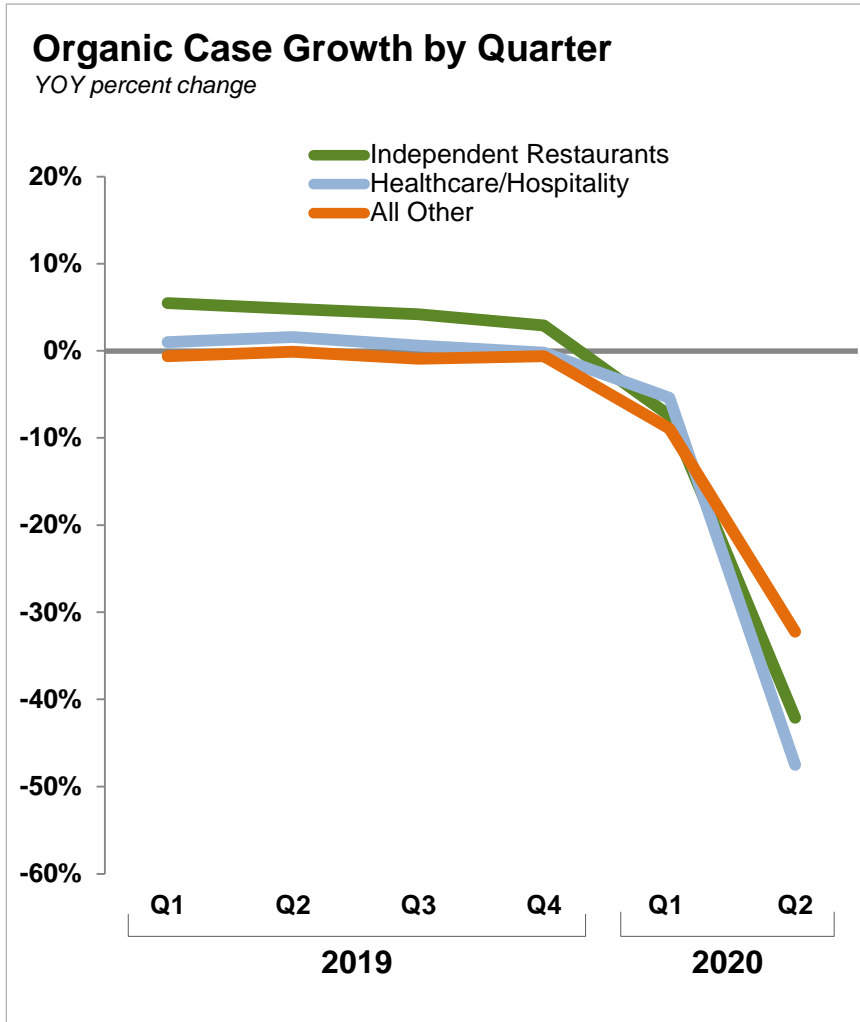
Cash flow positive in Q2 and YTD; working capital was a benefit

Liquidity position allows us to invest to support growth



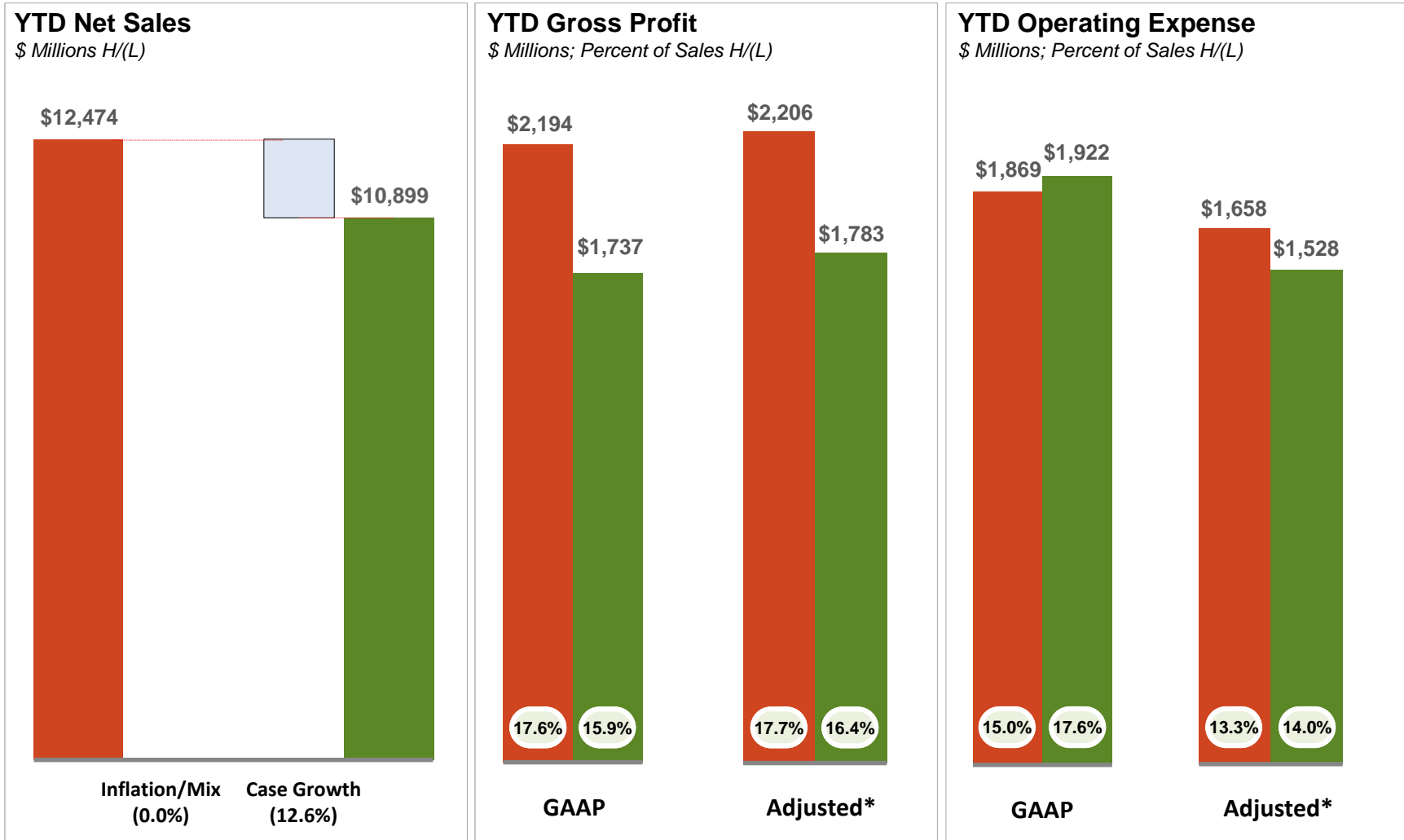
APPENDIX:
Q2 FISCAL 2020 SUMMARY
& NON-GAAP RECONCILIATIONS

Organic case volume heavily impacted by COVID-19; total case volume benefiting from recent acquisitions



YTD key financial metrics

2019 2020



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

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Second quarter financial performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	13 Weeks Ended			13 Weeks Ended		
	June 27, 2020	June 29, 2019	Change	June 27, 2020	June 29, 2019	Change
(\$ in millions, except per share data*)						
Case Growth			(28.0)%			
Net Sales	4,560	6,443	(29.2)%			
Gross Profit	671	1,142	(41.2)%	730	1,156	(36.9)%
% of Net Sales	14.7%	17.7%	(300) bps	16.0%	17.9%	(190) bps
Operating Expenses	730	948	(23.0)%	646	838	(22.9)%
% of Net Sales	16.0%	14.7%	130 bps	14.2%	13.0%	120 bps
Net (Loss) Income Available to Common Shareholders	(97)	116	(183.6)%	(54)	147	(136.7)%
Diluted EPS	\$(0.44)	\$0.53	(183.0)%	\$(0.25)	\$0.67	(137.3)%
Adjusted EBITDA				88	320	(72.5)%
Adjusted EBITDA Margin ⁽²⁾				1.9%	5.0%	(310) 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)		
	26 Weeks Ended			26 Weeks Ended		
	June 27, 2020	June 29, 2019	Change	June 27, 2020	June 29, 2019	Change
(\$ in millions, except per share data*)						
Case Growth			(12.6)%			
Net Sales	10,899	12,474	(12.6)%			
Gross Profit	1,737	2,194	(20.8)%	1,783	2,206	(19.2)%
% of Net Sales	15.9%	17.6%	(170) bps	16.4%	17.7%	(130) bps
Operating Expenses	1,922	1,869	2.8%	1,528	1,658	(7.8)%
% of Net Sales	17.6%	15.0%	260 bps	14.0%	13.3%	70 bps
Net (Loss) Income Available to Common Shareholders	(229)	187	(222.5)%	(22)	235	(109.4)%
Diluted EPS	\$(1.05)	\$0.85	(223.5)%	\$(0.10)	\$1.07	(109.3)%
Adjusted EBITDA				265	552	(52.0)%
Adjusted EBITDA Margin ⁽²⁾				2.4%	4.4%	(200) 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

(\$ in millions)	13 Weeks Ended		26 Weeks Ended	
	(unaudited)		(unaudited)	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Gross profit (GAAP)	\$671	\$1,142	\$1,737	\$2,194
LIFO reserve change ⁽¹⁾	19	14	6	12
COVID-19 product donations and inventory adjustments ⁽⁵⁾	40	—	40	—
Adjusted Gross profit (Non-GAAP)	\$730	\$1,156	\$1,783	\$2,206
Operating expenses (GAAP)	\$730	\$948	\$1,922	\$1,869
Adjustments:				
Depreciation and amortization expense	(106)	(91)	(207)	(173)
Restructuring costs ⁽²⁾	(16)	—	(16)	—
Share-based compensation expense ⁽³⁾	(12)	(9)	(19)	(15)
Business transformation costs ⁽⁴⁾	(2)	(2)	(8)	(3)
COVID-19 bad debt benefit (expense) ⁽⁵⁾	75	—	(95)	—
COVID-19 other related expenses ⁽⁵⁾	(11)	—	(11)	—
Business acquisition and integration related costs and other ⁽⁶⁾	(12)	(8)	(38)	(20)
Adjusted Operating expenses (Non-GAAP)	\$646	\$838	\$1,528	\$1,658

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

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

- (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 COVID-19 related gains, losses or costs as specified under the agreements governing our indebtedness.
- (6) Includes: (i) Smart Foodservice acquisition and integration related costs of \$10 million and \$20 million for the 13 weeks and 26 weeks ended June 27, 2020, respectively; (ii) Food Group acquisition and integration related costs of \$4 million and \$19 million for the 13 weeks and 26 weeks ended June 27, 2020, respectively, and \$8 million and \$18 million for the 13 weeks and 26 weeks ended June 29, 2019, respectively, and (iii) gains, losses or costs as specified under the agreements governing our indebtedness.

Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income Available to Common Shareholders

(\$ in millions)	13 Weeks Ended (unaudited)		26 Weeks Ended (unaudited)	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net (loss) income available to common shareholders (GAAP)	\$(97)	\$116	\$(229)	\$187
Series A convertible preferred stock dividends	5	—	5	—
Net (loss) income (GAAP)	(92)	116	(224)	187
Interest expense—net	63	42	115	84
Income tax (benefit) provision	(26)	38	(66)	58
Depreciation expense	87	81	169	153
Amortization expense	19	10	38	20
EBITDA (Non-GAAP)	\$51	\$287	\$32	\$502
Adjustments:				
Restructuring costs ⁽¹⁾	16	—	16	—
Share-based compensation expense ⁽²⁾	12	9	19	15
LIFO reserve change ⁽³⁾	19	14	6	12
Business transformation costs ⁽⁴⁾	2	2	8	3
COVID-19 bad debt (benefit) expense ⁽⁵⁾	(75)	—	95	—
COVID-19 product donations and inventory adjustments ⁽⁵⁾	40	—	40	—
COVID-19 other related expenses ⁽⁵⁾	11	—	11	—
Business acquisition and integration related costs and other ⁽⁶⁾	12	8	38	20
Adjusted EBITDA (Non-GAAP)	\$88	\$320	\$265	\$552
Adjusted EBITDA (Non-GAAP)	\$88	\$320	\$265	\$552
Depreciation expense	(87)	(81)	(169)	(153)
Interest expense—net	(63)	(42)	(115)	(84)
Income tax provision, as adjusted ⁽⁷⁾⁽⁸⁾	13	(50)	2	(80)
Series A convertible preferred stock dividends	(5)	—	(5)	—
Adjusted net (loss) income available to common shareholders (Non-GAAP)⁽⁷⁾	\$(54)	\$147	\$(22)	\$235

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

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Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income Available to Common Shareholders

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- (7) Effective as of the fiscal third quarter 2019, we revised the definition of Adjusted net income available to common shareholders to also 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 provision adjusted for the tax effect of pre-tax items excluded from Adjusted Net income available to common shareholders 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 available to common shareholders is computed using a corporate tax rate after considering the impact of permanent differences and valuation allowances.

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

	13 Weeks Ended		26 Weeks Ended	
	(unaudited)		(unaudited)	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Diluted EPS (GAAP)	(\$0.44)	\$0.53	(\$1.05)	\$0.85
Restructuring costs ⁽¹⁾	0.07	—	0.07	—
Share-based compensation expense ⁽²⁾	0.05	0.04	0.09	0.07
LIFO reserve change ⁽³⁾	0.09	0.06	0.03	0.05
Business transformation costs ⁽⁴⁾	0.01	0.01	0.04	0.01
COVID-19 bad debt (benefit) expense ⁽⁵⁾	(0.34)	—	0.43	—
COVID-19 product donations and inventory adjustments ⁽⁵⁾	0.18	—	0.18	—
COVID-19 other related expenses ⁽⁵⁾	0.05	—	0.05	—
Business acquisition and integration related costs and other ⁽⁶⁾	0.05	0.04	0.17	0.09
Income tax impact of adjustments ^{(7) (8)}	0.05	(0.01)	(0.09)	—
Series A convertible preferred stock dividends	(0.02)	—	(0.02)	—
Adjusted Diluted EPS (Non-GAAP)	\$(0.25)	\$0.67	\$(0.10)	\$1.07
Weighted-average diluted shares outstanding (GAAP)	219,685,030	219,251,258	219,411,862	219,018,572

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

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

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Non-GAAP reconciliation - Net Debt and Net Leverage Ratios

(unaudited)

(\$ in millions, except ratios)

	June 27, 2020	December 28, 2019	June 29, 2019
Total Debt (GAAP)	\$6,214	\$4,736	\$3,205
Cash, cash equivalents and restricted cash	(1,676)	(98)	(97)
Net Debt (Non-GAAP)	\$4,538	\$4,638	\$3,108
Adjusted EBITDA ⁽¹⁾	\$907	\$1,194	\$1,132
Net Leverage Ratio ⁽²⁾	5.0	3.9	2.7

(1) Trailing Twelve Months (TTM) Adjusted EBITDA

(2) Net debt / TTM Adjusted EBITDA

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