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# Q2 Fiscal 2021 Results

August 9, 2021

# 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, including any statements regarding EBITDA guidance, rely on a number of assumptions and our experience in the industry and are subject to risks, uncertainties and other important factors, many of which are beyond our control. Some of the factors that could cause our results to differ materially from those anticipated or expressed in any forward-looking statements include, among others, the extent and duration of the negative impact of the COVID-19 pandemic; cost inflation/deflation and commodity volatility; competition; reliance on third party suppliers and interruption of product supply or increases in product costs; effective integration of acquired businesses; achievement of expected benefits from cost savings initiatives; increases in fuel costs; economic factors affecting consumer confidence and discretionary spending and reducing the consumption of food prepared away from home; changes in consumer eating habits; and extreme weather conditions, natural disasters and other catastrophic events.

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 January 2, 2021, which was filed with the Securities and Exchange Commission (“SEC”) on February 16, 2021. 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 from Smart Stores Holding Corp. (“Smart Foodservice”) through April 23, 2021. Smart Foodservice was acquired on April 24, 2020.

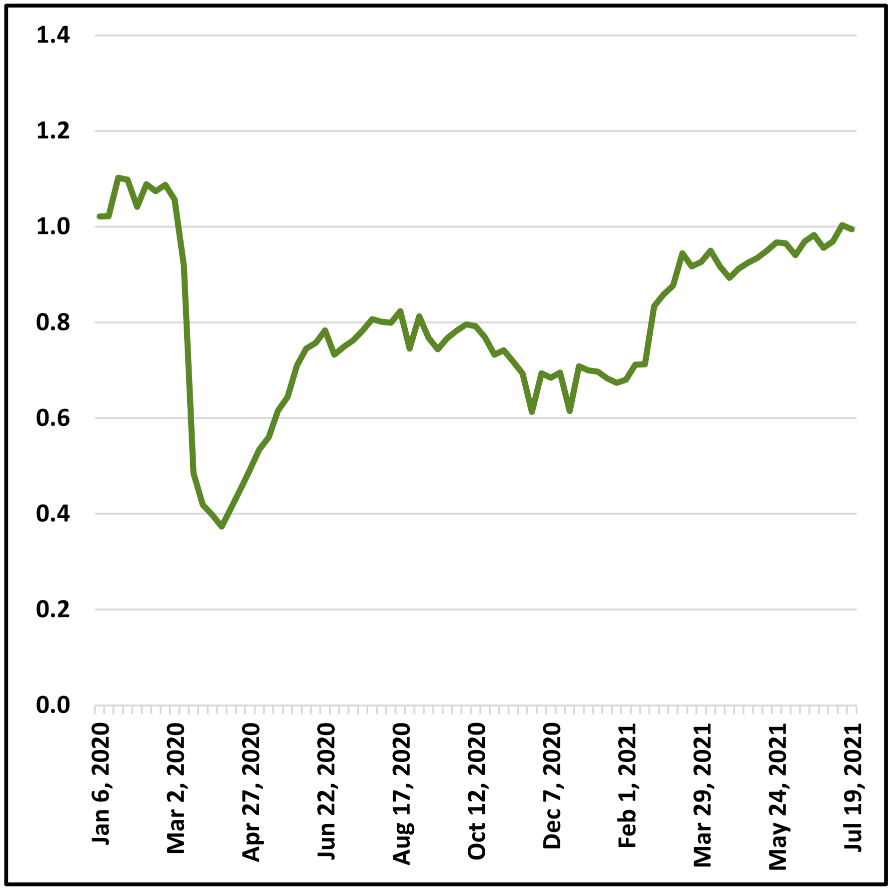
## Three key takeaways

1. The industry recovery continues to progress
2. Our differentiated strategy is driving profitable market share gains
3. Financial results are returning to pre-COVID levels

# Industry foot traffic is close to pre-pandemic levels; US Foods markets that have been open the longest are showing strong growth rates

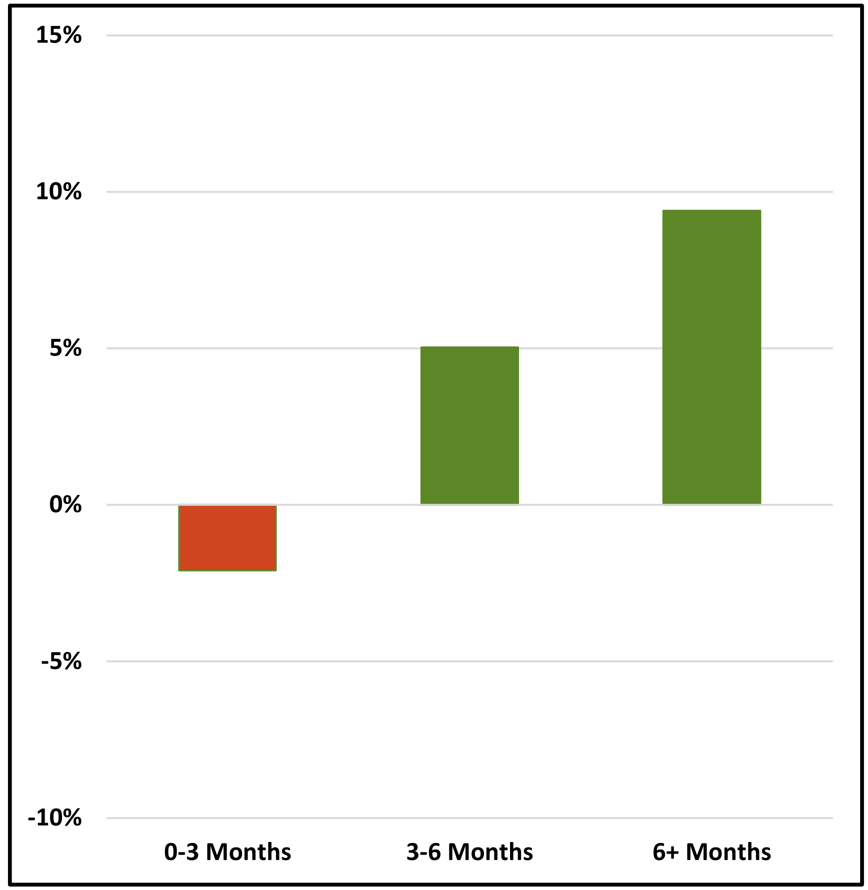
**Relative Foot Traffic at FAFH Businesses***

*Week Starting Date; 2020-2021*




**US Foods Restaurant Case Volume**

*June 2021 vs June 2019; number of months markets have been open*




*SafeGraph – average relative foot traffic at food away from home (FAFH) businesses

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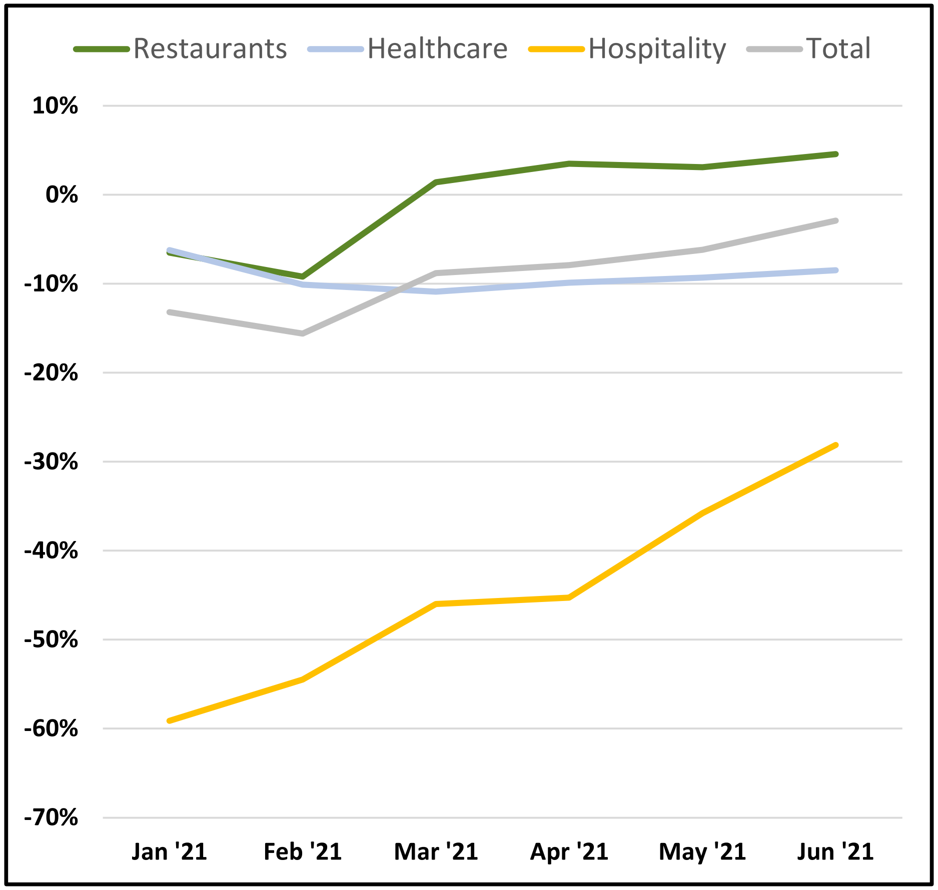
# Case volume recovery picked up steam in the second quarter as additional markets re-opened

**US Foods Monthly Case Volume by Customer Type***

*YOY Percent Change vs Fiscal 2019 Baseline*




- **Restaurants continues to trend ahead of 2019**
- **Hospitality improving as travel picks up**
- **Healthcare remaining steady**
- **Expect total case volume to return to 2019 levels sometime in 2022**

*Legacy US Foods case volume; excludes Food Group and CHEF'STORE case volume

# Our differentiated Great Food. Made Easy. strategy has resulted in additional market share gains

## Great Food.


- Products designed to help customers save labor
- Focus on fresh and grab & go items for summer

## Made Easy.

- Webinars focused on labor and staffing best practices
- Ghost kitchen program to promote off-premise dining

# Labor and supply chain challenges persisted throughout the quarter; actions have partially mitigated these challenges

## Labor Update

- Good progress in hiring warehouse and transportation associates
- Early data from states that have ended supplemental unemployment benefits indicates that applicant rates have improved

## Supply Chain Update

- Maintaining higher inventory levels to support customers
- Continue to work with suppliers to improve inbound service levels




# Acquisitions are performing well

## CHEF'STORE

- **Same store sales are ahead of 2019 levels**
- **Expect 2021 Adjusted EBITDA to be above 2019**
- **Opened two new stores in Q1, plan to accelerate store openings in 2022**

## Food Group

- **Completed four system conversions to date**
- **Remain on pace to achieve $65M in synergies in 2023**
- **Extending Food Group capabilities to the legacy US Foods network**

# Q2 Fiscal 2021 Financial Results

## Second quarter financial highlights

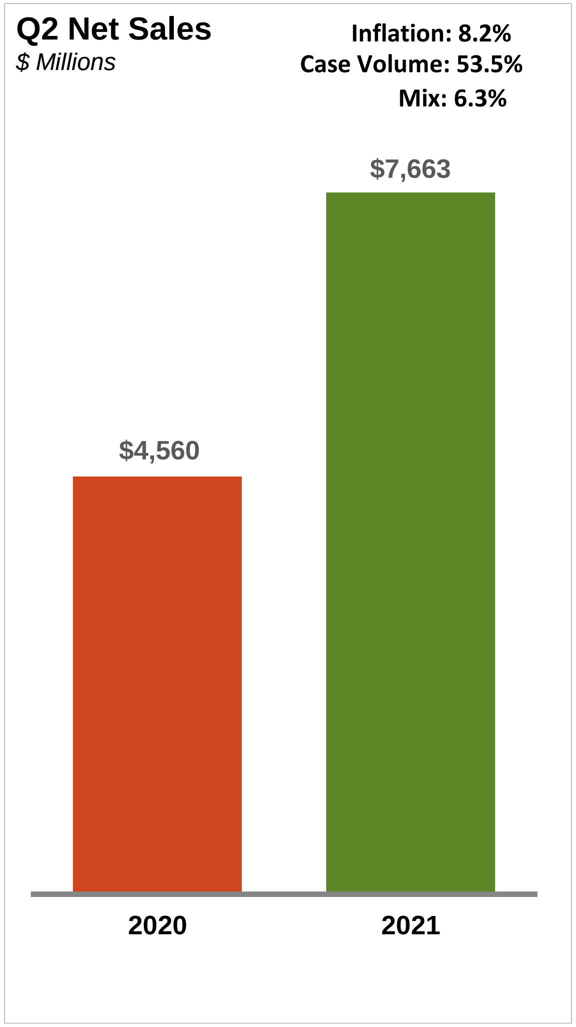
Adjusted EBITDA improved meaningfully compared to prior quarters

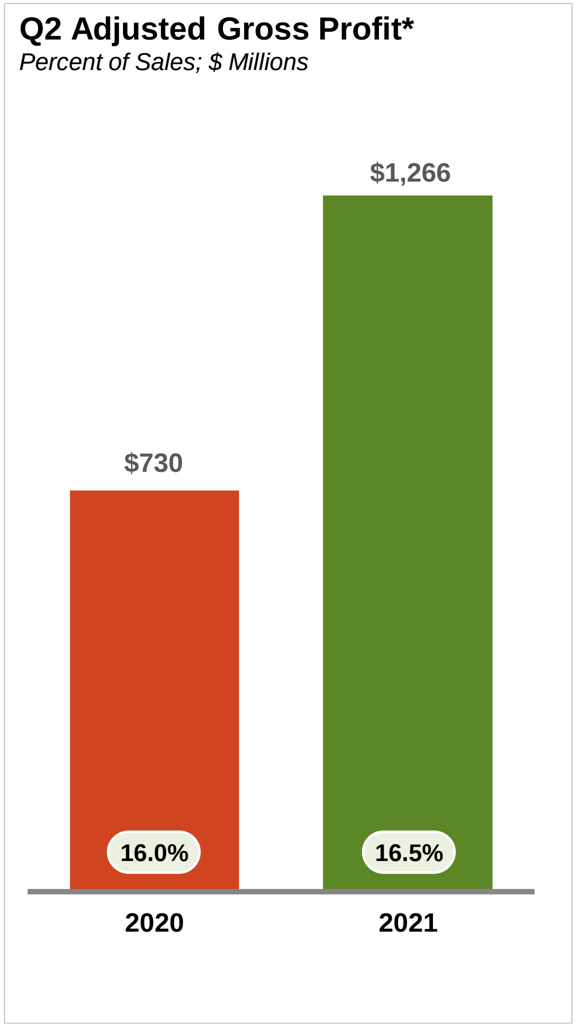
Restaurant and hospitality case volume trends improved throughout the quarter; healthcare case volume trends remain steady

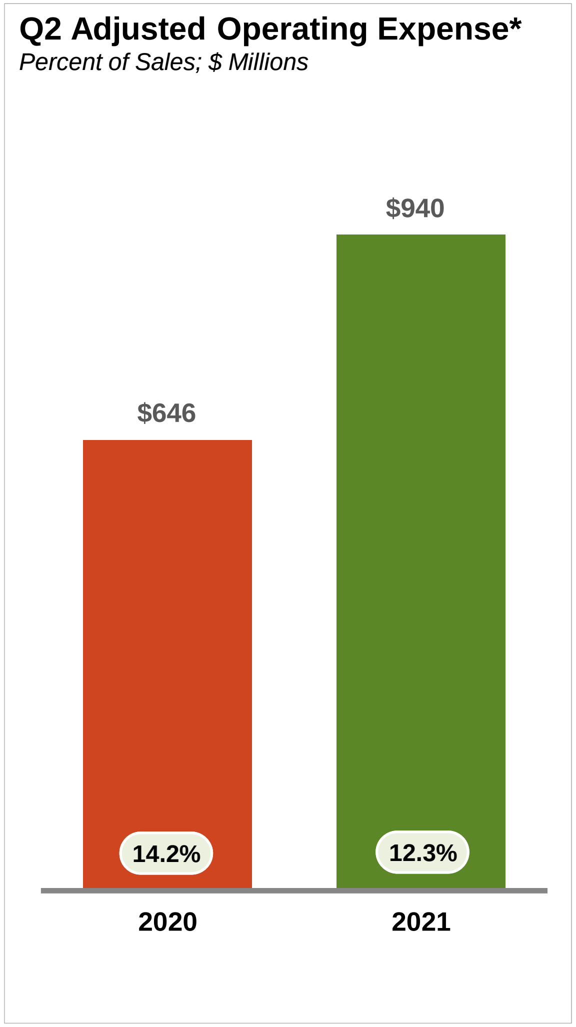
Strong Gross Profit per case performance; helped by outsized inflation and solid margin management

Managing through a tough labor and supply chain environment

## Financial results reflect the strength of the business as the recovery continues to progress



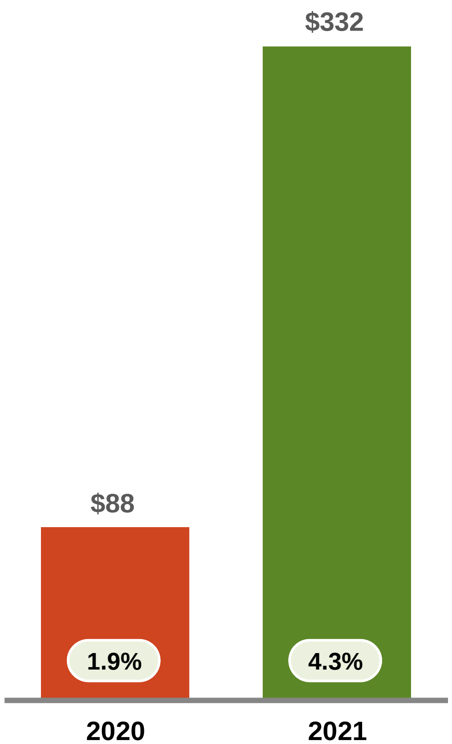



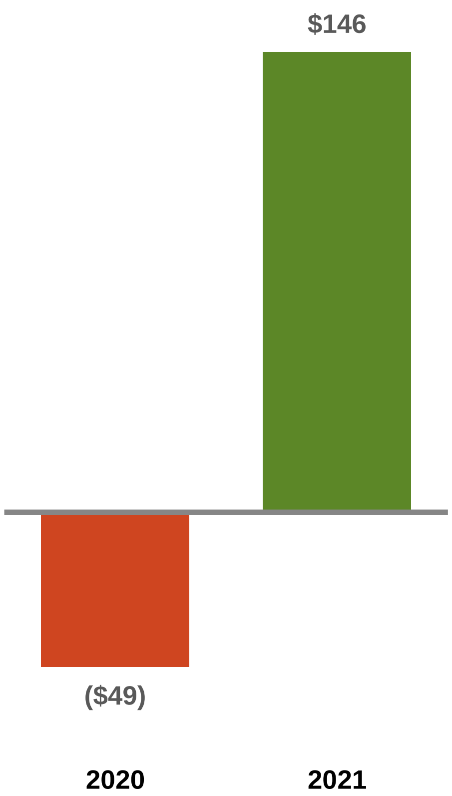

* Reconciliations of non-GAAP measures are provided in the Appendix

# Earnings improving as case volume recovers

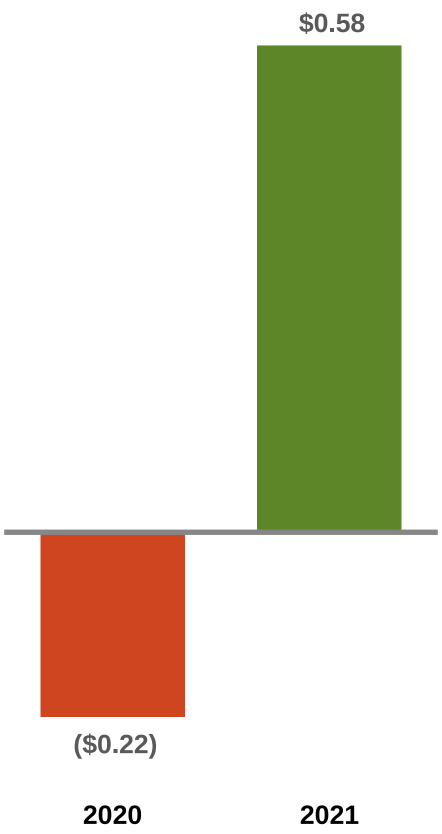
**Q2 Adjusted EBITDA***
*$ Millions; Percent of Sales*




**Q2 Adjusted Net Income***
*$ Millions*

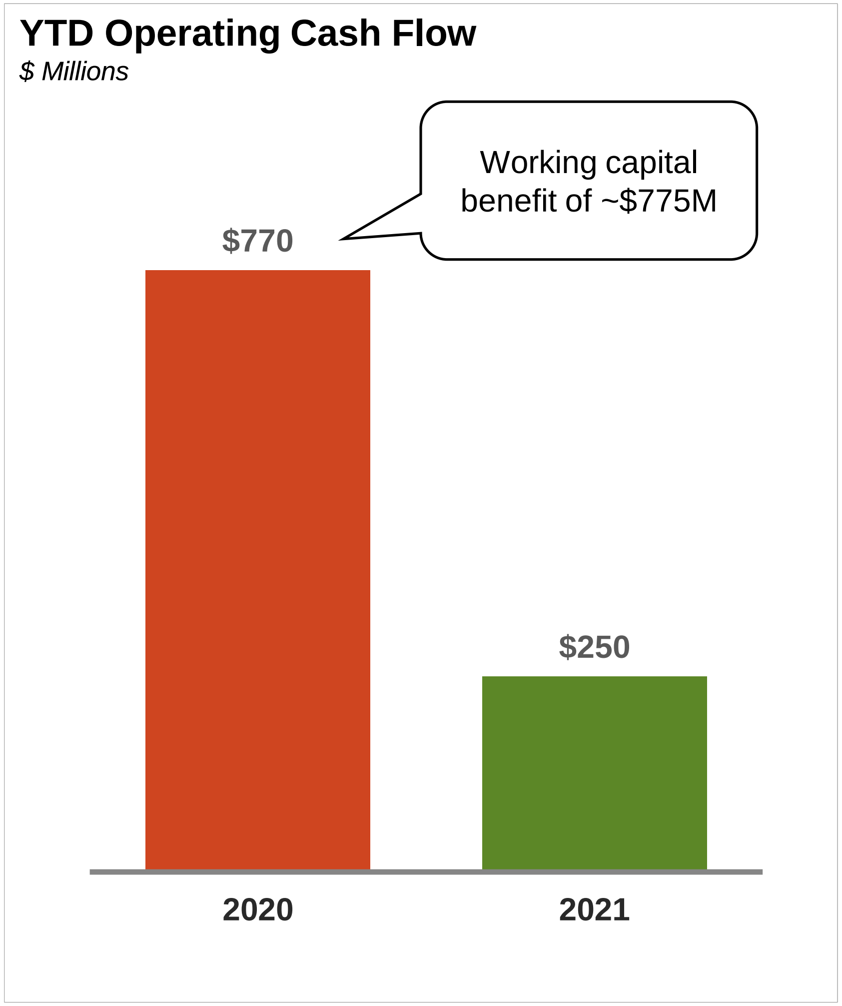



**Q2 Adjusted Diluted Earnings Per Share***
*$*




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

# Focused on reducing Net Debt and Leverage ratio; paid down $200M of debt in the second quarter





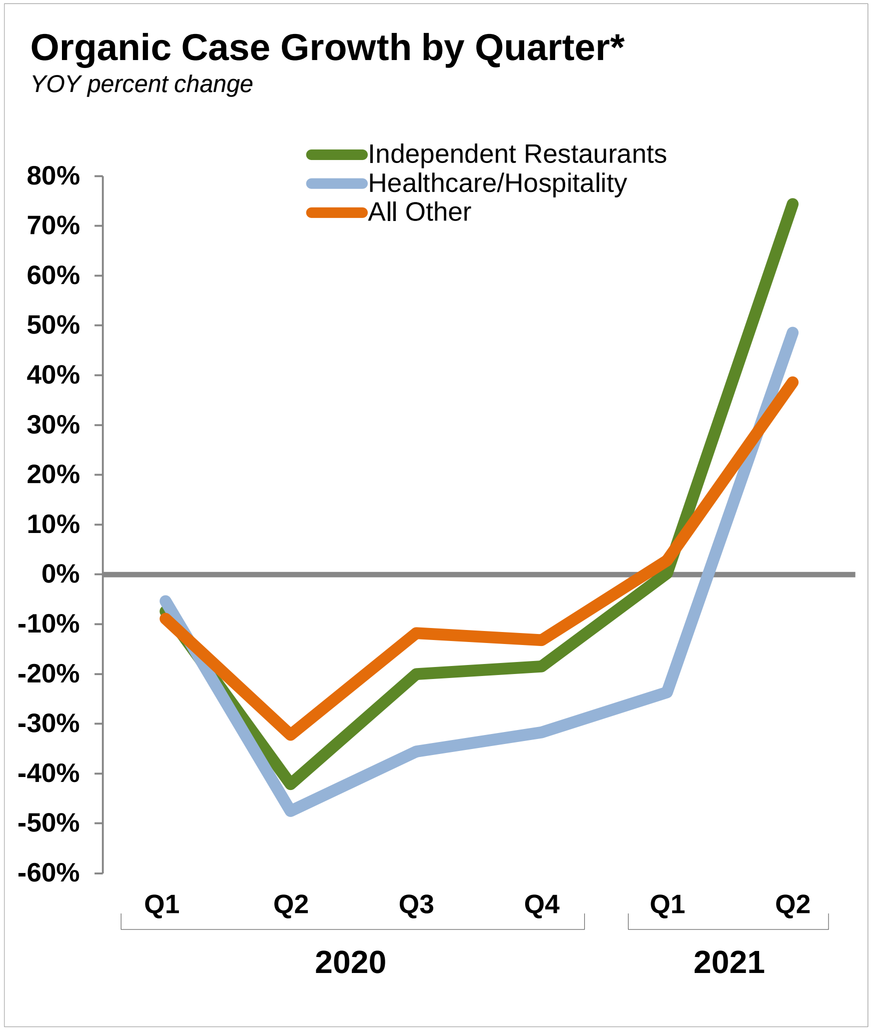
* Reconciliations of non-GAAP measures are provided in the Appendix
** Net Debt / TTM Adjusted EBITDA reconciliation provided in the Appendix

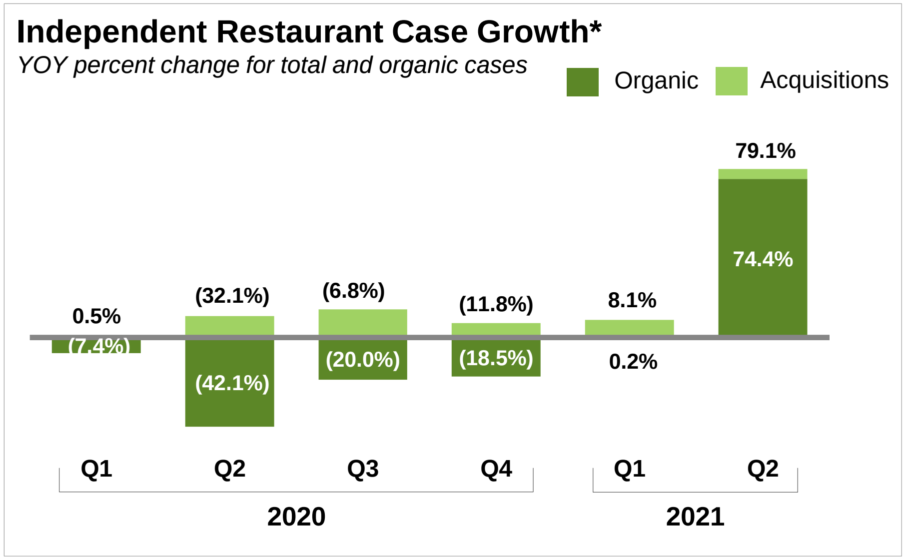
# APPENDIX:

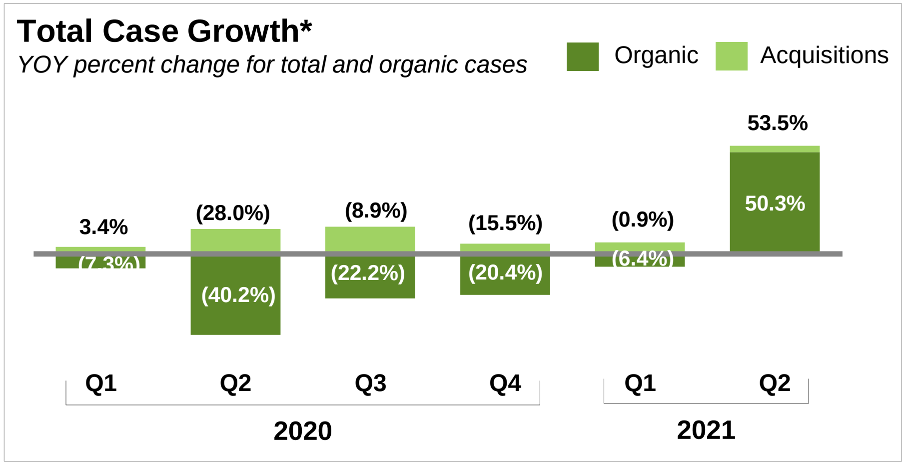
## Q2 FISCAL 2021 SUMMARY

## NON-GAAP RECONCILIATIONS

# Quarterly case volume trend vs fiscal year 2020

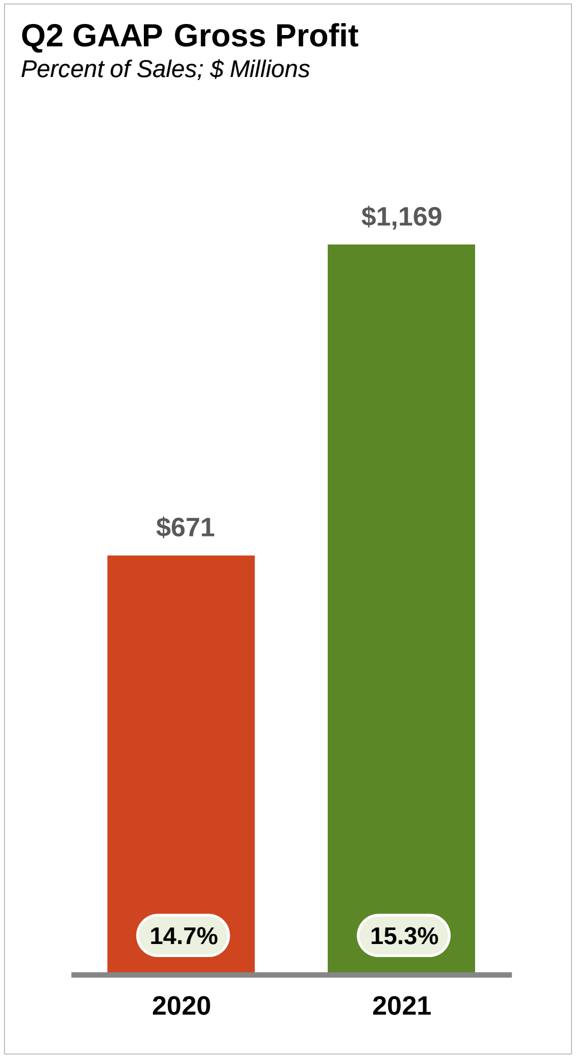


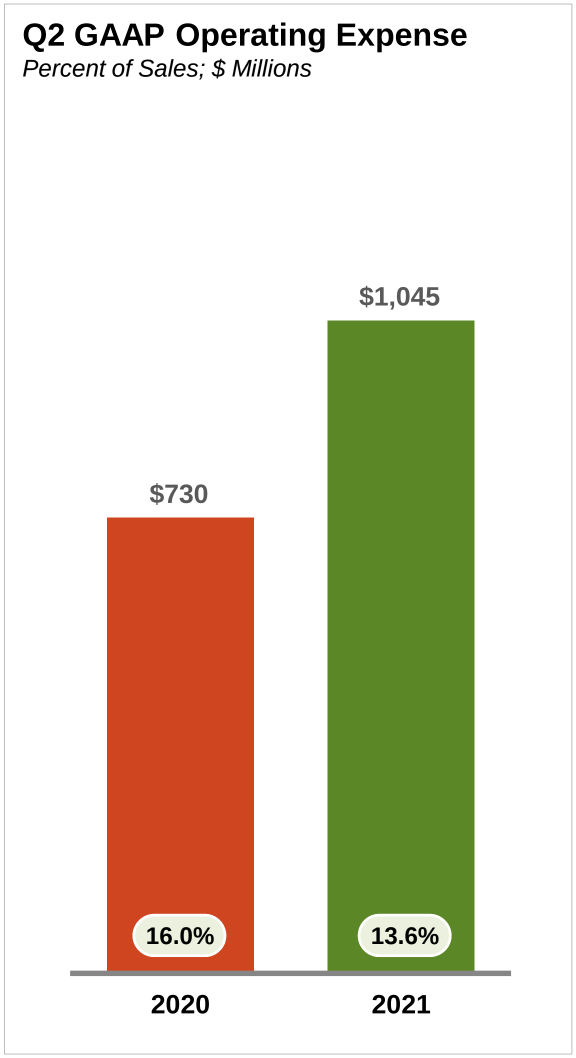



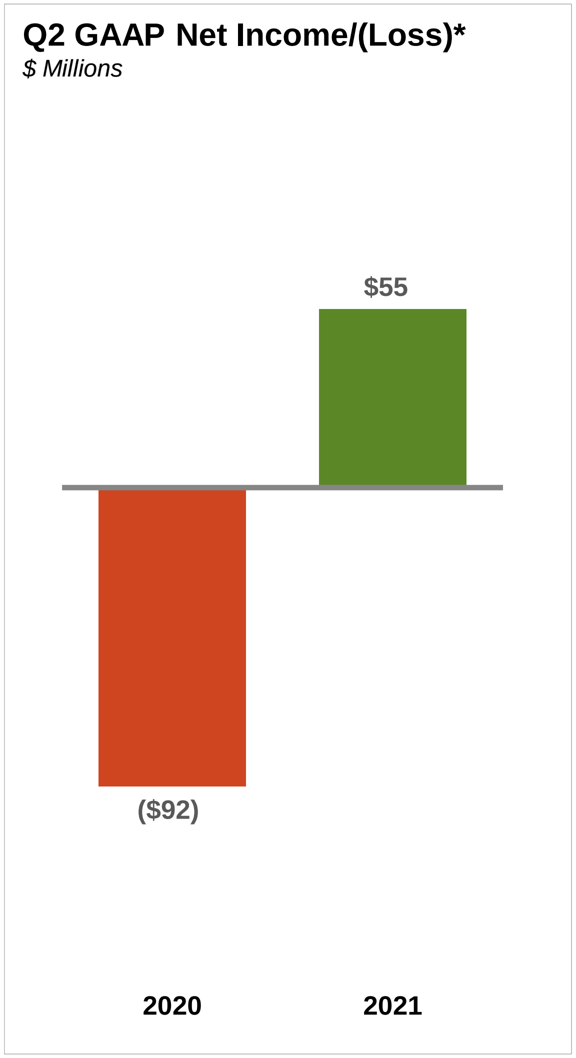




* Case volume results exclude the impact of the 53rd week in the fourth quarter of fiscal 2020

# Second quarter GAAP results




* Net Income/(Loss) available to common shareholders

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# Second quarter financial performance

| ($ in millions, except per share data) | Reported (unaudited) 13 Weeks Ended July 3, 2021 | Reported June 27, 2020 | Reported Change | Adjusted [1] (unaudited) 13 Weeks Ended July 3, 2021 | Adjusted June 27, 2020 | Adjusted Change |
|---|---|---|---|---|---|---|
| Case Growth | | | 53.5% | | | |
| Net Sales | 7,663 | 4,560 | 68.0% | | | |
| Gross Profit | 1,169 | 671 | 74.2% | 1,266 | 730 | 73.4% |
| % of Net Sales | 15.3% | 14.7% | 60 bps | 16.5% | 16.0% | 50 bps |
| Operating Expenses | 1,045 | 730 | 43.2% | 940 | 646 | 45.5% |
| % of Net Sales | 13.6% | 16.0% | (240) bps | 12.3% | 14.2% | (190) bps |
| Net Income (Loss) [2] | 55 | (92) | 159.8% | 146 | (49) | 398.0% |
| Diluted EPS [3] | $0.20 | $(0.44) | 145.5% | $0.58 | $(0.22) | 363.6% |
| Adjusted EBITDA | | | | 332 | 88 | 277.3% |
| Adjusted EBITDA Margin [4] | | | | 4.3% | 1.9% | 240 bps |

1. Reconciliations of these non-GAAP measures are provided in the Appendix.
2. Effective as of the first quarter 2021, we have presented Adjusted net income. Previously, we presented Adjusted net income available to common shareholders.
3. GAAP Diluted EPS calculated using net income (loss) available to common shareholders. Adjusted Diluted EPS is calculated as Adjusted net income divided by Non-GAAP weighted average diluted shares outstanding. Prior period amounts have been revised to conform with current year presentation.
4. Represents Adjusted EBITDA as a percentage of Net Sales.

# Year to date financial performance

| ($ in millions, except per share data) | Reported (unaudited) 26 Weeks Ended July 3, 2021 | Reported (unaudited) 26 Weeks Ended June 27, 2020 | Reported (unaudited) Change | Adjusted [1] (unaudited) 26 Weeks Ended July 3, 2021 | Adjusted [1] (unaudited) 26 Weeks Ended June 27, 2020 | Adjusted [1] (unaudited) Change |
|---|---|---|---|---|---|---|
| Case Growth | | | 22.1% | | | |
| Net Sales | 13,958 | 10,899 | 28.1% | | | |
| Gross Profit | 2,172 | 1,737 | 25.0% | 2,290 | 1,783 | 28.4% |
| % of Net Sales | 15.6% | 15.9% | (30) bps | 16.4% | 16.4% | — bps |
| Operating Expenses | 2,020 | 1,922 | 5.1% | 1,799 | 1,528 | 17.7% |
| % of Net Sales | 14.5% | 17.6% | (310) bps | 12.9% | 14.0% | (110) bps |
| Net Income (Loss) [2] | 31 | (224) | (113.8)% | 173 | (17) | 1,117.6% |
| Diluted EPS [3] | $0.03 | $(1.05) | (102.9)% | $0.69 | $(0.08) | 962.5% |
| Adjusted EBITDA | | | | 504 | 265 | 90.2% |
| Adjusted EBITDA Margin [4] | | | | 3.6% | 2.4% | 120 bps |

1. Reconciliations of these non-GAAP measures are provided in the Appendix.
2. Effective as of the first quarter 2021, we have presented Adjusted net income. Previously, we presented Adjusted net income available to common shareholders.
3. GAAP Diluted EPS calculated using net income (loss) available to common shareholders. Adjusted Diluted EPS is calculated as Adjusted net income divided by Non-GAAP weighted average diluted shares outstanding. Prior period amounts have been revised to conform with current year presentation.
4. Represents Adjusted EBITDA as a percentage of Net Sales.

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

| ($ in millions) | 13 Weeks Ended (unaudited) July 3, 2021 | 13 Weeks Ended (unaudited) June 27, 2020 | 26 Weeks Ended (unaudited) July 3, 2021 | 26 Weeks Ended (unaudited) June 27, 2020 |
|---|---|---|---|---|
| **Gross profit (GAAP)** | **$1,169** | **$671** | **$2,172** | **$1,737** |
| LIFO reserve change (1) | 97 | 19 | 118 | 6 |
| COVID-19 product donations and inventory adjustments (6) | — | 40 | — | 40 |
| **Adjusted Gross profit (Non-GAAP)** | **$1,266** | **$730** | **$2,290** | **$1,783** |
| | | | | |
| **Operating expenses (GAAP)** | **$1,045** | **$730** | **$2,020** | **$1,922** |
| Adjustments: | | | | |
| Depreciation and amortization expense | (94) | (106) | (195) | (207) |
| Restructuring costs and asset impairment charges (2) | (1) | (16) | (4) | (16) |
| Share-based compensation expense (3) | (13) | (12) | (23) | (19) |
| Business transformation costs (4) | (5) | (2) | (14) | (8) |
| COVID-19 bad debt benefit (expense) (5) | — | 75 | 15 | (95) |
| COVID-19 other related expenses (7) | (1) | (11) | (1) | (11) |
| Business acquisition and integration related costs and other (8) | 9 | (12) | 1 | (38) |
| **Adjusted Operating expenses (Non-GAAP)** | **$940** | **$646** | **$1,799** | **$1,528** |

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

# 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, organizational realignment costs and asset impairment charges.
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 the change in the reserve for doubtful accounts expense reflecting the collection risk associated with our customer base as a result of the COVID-19 pandemic.
6. Includes COVID-19 related expenses to inventory adjustments and product donations.
7. Includes COVID-19 costs that we are permitted to addback under certain agreements governing our indebtedness.
8. Includes: (i) aggregate acquisition and integration related costs of $6 million and $12 million for the 13 weeks and 26 weeks ended July 3, 2021; respectively, and $14 million and $39 million for the 13 weeks and 26 weeks ended June 27, 2020, respectively; and (ii) favorable legal settlement recovery of $13 million for the 13 weeks and 26 weeks ended July 3, 2021; and (iii) other gains, losses or costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.

# Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income

| ($ in millions) | 13 Weeks Ended (unaudited) July 3, 2021 | 13 Weeks Ended (unaudited) June 27, 2020 | 26 Weeks Ended (unaudited) July 3, 2021 | 26 Weeks Ended (unaudited) June 27, 2020 |
|---|---|---|---|---|
| **Net income (loss) available to common shareholders (GAAP)** | **$46** | **$(97)** | **$7** | **($229)** |
| Series A convertible preferred stock dividends | (9) | (5) | (24) | (5) |
| **Net income (loss) (GAAP)** | **55** | **(92)** | **31** | **(224)** |
| Interest expense—net | 54 | 63 | 108 | 115 |
| Income tax expense (benefit) | 21 | (26) | 3 | (66) |
| Depreciation expense | 81 | 87 | 163 | 169 |
| Amortization expense | 13 | 19 | 32 | 38 |
| **EBITDA (Non-GAAP)** | **$224** | **$51** | **$337** | **$32** |
| Adjustments: | | | | |
| Restructuring costs and asset impairment charges (1) | 1 | 16 | 4 | 16 |
| Share-based compensation expense (2) | 13 | 12 | 23 | 19 |
| LIFO reserve change (3) | 97 | 19 | 118 | 6 |
| Loss on extinguishment of debt (4) | — | — | 23 | — |
| Business transformation costs (5) | 5 | 2 | 14 | 8 |
| COVID-19 bad debt (benefit) expense (6) | — | (75) | (15) | 95 |
| COVID-19 product donations and inventory adjustments (7) | — | 40 | — | 40 |
| COVID-19 other related expenses (8) | 1 | 11 | 1 | 11 |
| Business acquisition and integration related costs and other(9) | (9) | 12 | (1) | 38 |
| **Adjusted EBITDA (Non-GAAP)** | **$332** | **$88** | **$504** | **$265** |
| | | | | |
| **Adjusted EBITDA (Non-GAAP)** | **$332** | **$88** | **$504** | **$265** |
| Depreciation expense | (81) | (87) | (163) | (169) |
| Interest expense—net | (54) | (63) | (108) | (115) |
| Income tax provision, as adjusted (10) | (51) | 13 | (60) | 2 |
| **Adjusted net income (Non-GAAP) (11)** | **$146** | **$(49)** | **$173** | **($17)** |

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

# Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income

1. Consists primarily of severance and related costs, organizational realignment costs and asset impairment charges.
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. Includes early redemption premium and the write-off of certain pre-existing debt issuance costs.
5. Consists primarily of costs related to significant process and systems redesign across multiple functions.
6. Includes the change in the reserve for doubtful accounts expense reflecting the collection risk associated with our customer base as a result of the COVID-19 pandemic.
7. Includes COVID-19 related expenses related to inventory adjustments and product donations.
8. Includes COVID-19 costs that we are permitted to addback under certain agreements governing our indebtedness.
9. Includes: (i) aggregate acquisition and integration related costs of $6 million and $12 million for the 13 weeks and 26 weeks ended July 3, 2021; respectively, and $14 million and $39 million for the 13 weeks and 26 weeks ended June 27, 2020, respectively; and (ii) favorable legal settlement recovery of $13 million for the 13 weeks and 26 weeks ended July 3, 2021; and (iii) other gains, losses or costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.
10. 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 statutory tax rate after taking into account the impact of permanent differences and valuation allowances.
11. Effective as of the first quarter 2021, we have presented Adjusted net income. Previously, we presented Adjusted net income available to common shareholders.

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

| | 13 Weeks Ended (unaudited) | | 26 Weeks Ended (unaudited) | |
|---|---|---|---|---|
| | July 3, 2021 | June 27, 2020 | July 3, 2021 | June 27, 2020 |
| **Diluted EPS (GAAP)** | **$0.20** | **($0.44)** | **$0.03** | **($1.05)** |
| Restructuring costs and asset impairment charges (1) | — | 0.07 | 0.02 | 0.07 |
| Share-based compensation expense (2) | 0.05 | 0.05 | 0.09 | 0.09 |
| LIFO reserve change (3) | 0.39 | 0.09 | 0.47 | 0.03 |
| Loss on extinguishment of debt (4) | — | — | 0.09 | — |
| Business transformation costs (5) | 0.02 | 0.01 | 0.06 | 0.04 |
| COVID-19 bad debt (benefit) expense (6) | — | (0.34) | (0.06) | 0.43 |
| COVID-19 product donations and inventory adjustments (7) | — | 0.18 | — | 0.18 |
| COVID-19 other related expenses (8) | — | 0.05 | — | 0.05 |
| Business acquisition and integration related costs and other (9) | (0.04) | 0.05 | — | 0.17 |
| Income tax impact of adjustments (10) | (0.04) | 0.06 | (0.01) | (0.09) |
| **Adjusted Diluted EPS (Non-GAAP) (11)** | **$0.58** | **($0.22)** | **$0.69** | **($0.08)** |
| **Weighted-average diluted shares outstanding (Non-GAAP) (12)** | **249,963,825** | **219,685,030** | **249,539,994** | **219,411,862** |

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

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

1. Consists primarily of severance and related costs, organizational realignment costs and asset impairment charges.
2. Share-based compensation expense expected vesting of stock awards and employee stock purchase plan.
3. Represents the non-cash impact of LIFO reserve adjustments.
4. Includes early redemption premium and the write-off of certain pre-existing debt issuance costs.
5. Consists primarily of costs related to significant process and systems redesign across multiple functions.
6. Includes the change in the reserve for doubtful accounts expense reflecting the collection risk associated with our customer base as a result of the COVID-19 pandemic.
7. Includes COVID-19 related expenses related to inventory adjustments and product donations.
8. Includes COVID-19 costs that we are permitted to addback under certain agreements governing our indebtedness.
9. Includes: (i) aggregate acquisition and integration related costs of $6 million and $12 million for the 13 weeks and 26 weeks ended July 3, 2021; respectively, and $14 million and $39 million for the 13 weeks and 26 weeks ended June 27, 2020, respectively; and (ii) favorable legal settlement recovery of $13 million for the 13 weeks and 26 weeks ended July 3, 2021; and (iii) other gains, losses or costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.
10. 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 statutory tax rate after taking into account the impact of permanent differences and valuation allowances.
11. Adjusted Diluted EPS is calculated as Adjusted net income divided by weighted average diluted shares outstanding (Non-GAAP), see note 12. Prior period amounts have been revised to conform with current year presentation.
12. For purposes of the Adjusted Diluted EPS calculation (Non-GAAP), when the Company has net income (GAAP), weighted average diluted shares outstanding (Non-GAAP) is used and assumes conversion of the Series A convertible preferred stock, and, when the Company has net loss (GAAP) and assumed conversion of the Series A convertible preferred stock would be antidilutive, weighted-average diluted shares outstanding (GAAP) is used.

# Non-GAAP reconciliation - Net Debt and Net Leverage Ratios

| ($ in millions, except ratios) | (unaudited) July 3, 2021 | January 2, 2021 | June 27, 2020 |
|---|---|---|---|
| **Total Debt (GAAP)** | **$5,515** | **$5,748** | **$6,214** |
| Cash, cash equivalents and restricted cash | (699) | (828) | (1,676) |
| **Net Debt (Non-GAAP)** | **$4,816** | **$4,920** | **$4,538** |
| Adjusted EBITDA (1) | $887 | $648 | $907 |
| **Net Leverage Ratio (2)** | **5.4** | **7.6** | **5.0** |

(1) Trailing Twelve Months (TTM) Adjusted EBITDA
(2) Net debt / TTM Adjusted EBITDA

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