Broadline Distributor Quarterly Performance Webinar

February 29, 2024

Webinar Housekeeping Notes

- All lines are muted for the duration of today's webinar.
- Questions can be asked throughout the webinar using the Question box.
- Questions can be sent to charlie@ifmaworld.com.
- This webinar is being recorded and a copy of that recording and slides will be posted to www.ifmaworld.com.

Agenda

- Economic Data
- Reporting Guidelines
- Q4 2023 Performance for “Big 3”
- Distributors’ View of Today’s Street Business
- Audience Q&A

IFMA Purpose, Vision, and Mission

Purpose

Why

To empower, nurture, and connect the FAFH ecosystem so it may thrive and responsibly meet consumer needs.

Vision

What

To champion an inclusive FAFH ecosystem that collaborates to build innovative solutions that advance the industry.

Mission

How

Be the agent of change leading a dynamic, transparent and engaged FAFH community that will help grow our members' businesses.

IFMA

IFMA Centers of Excellence

Empower

Insights & Best Practices

Research

Webinars

Whitepapers

IFMA Scope™

Nurture

Training & Education

Courses

Foodservice Fundamentals™

Connect

Connectivity

Presidents Conference

Chain Operators EXchange (COEX)

Gold & Silver Plate Awards

Marketing & Sales Conference

Next Gen Execs

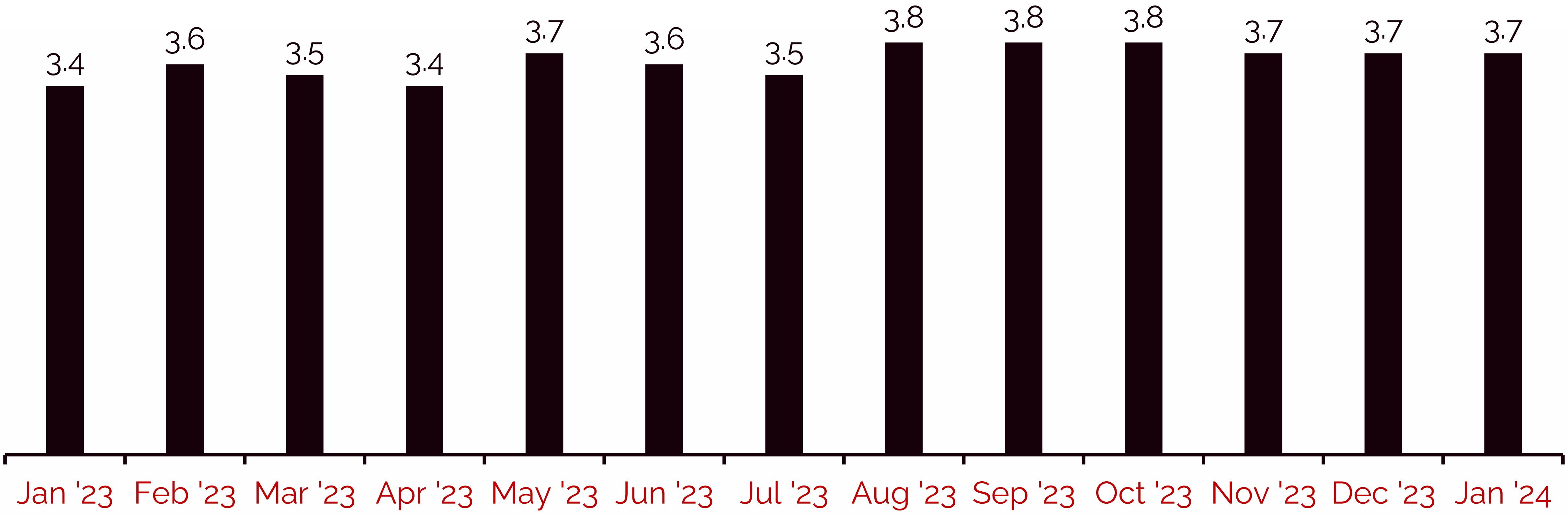
IFMA

Foodservice Leadership Councils

U.S Gross Domestic Product (%)

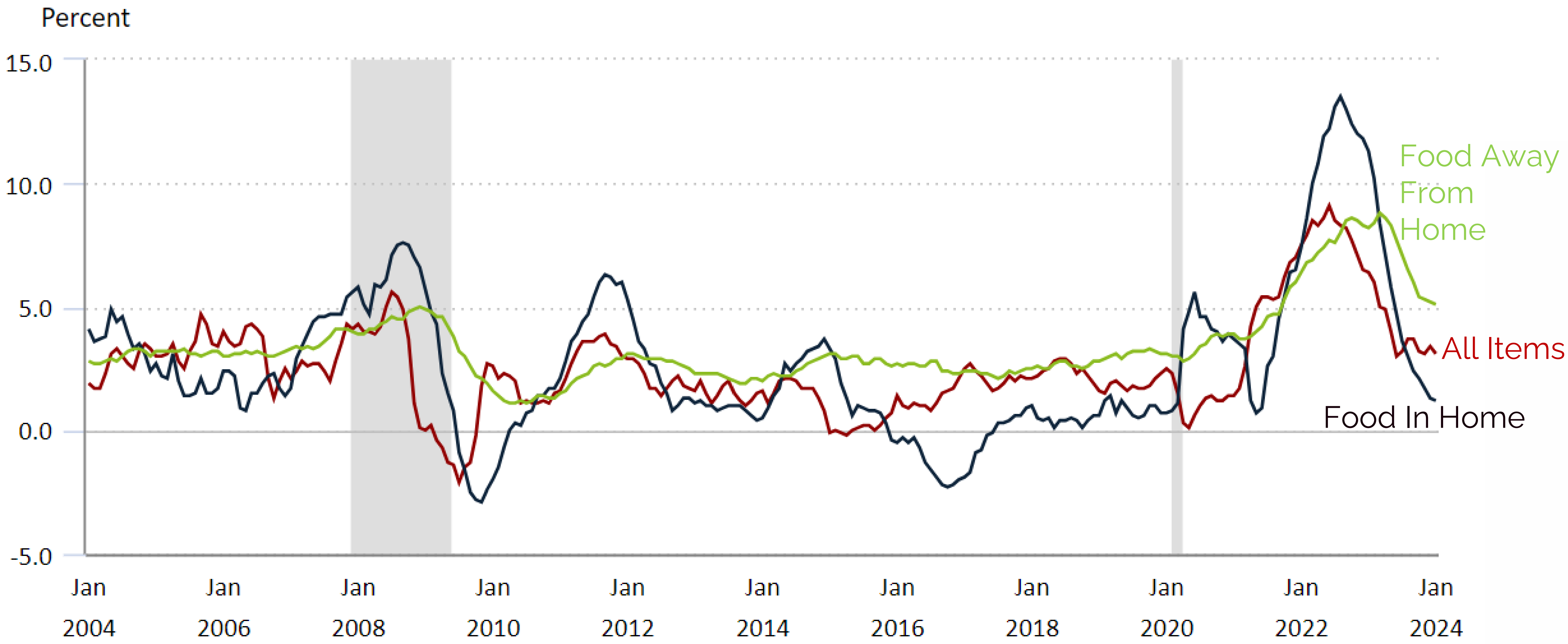
Source: Bureau of Economic Analysis *Q4 2023 number is "advance" estimate.*

U.S Unemployment (%)



Source: Bureau of Labor Statistics

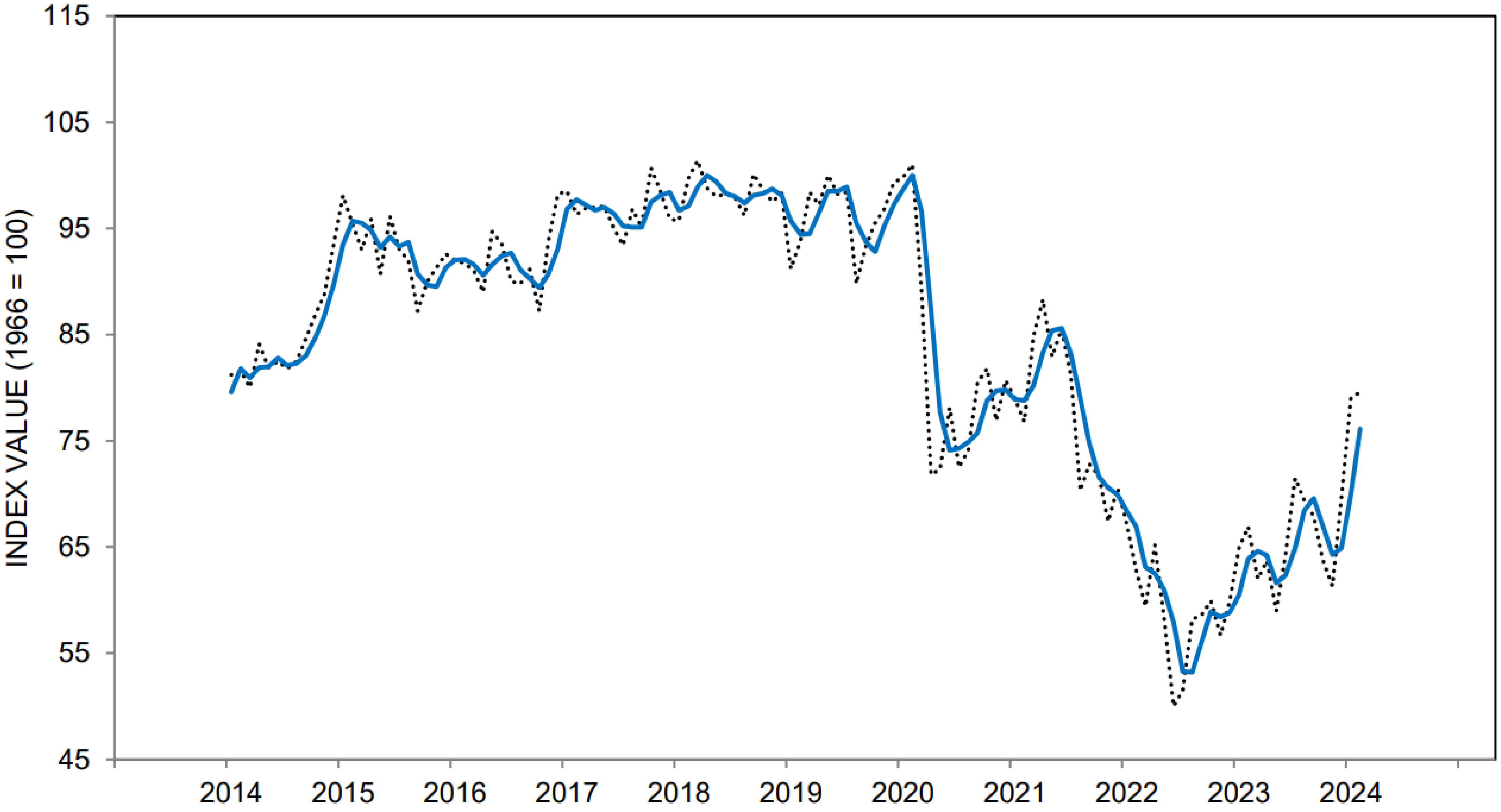
Consumer Price Index (% Change)



Source: Bureau of Labor Statistics

IFMA

Index of Consumer Sentiment



Source: University of Michigan

Broadline Foodservice Distribution

89%

Foodservice Operators Use Broadline Distributors

57%

Foodservice Volume Goes Through Broadline Distributors

$178B

Estimated Annual Sales by Broadline Distributors

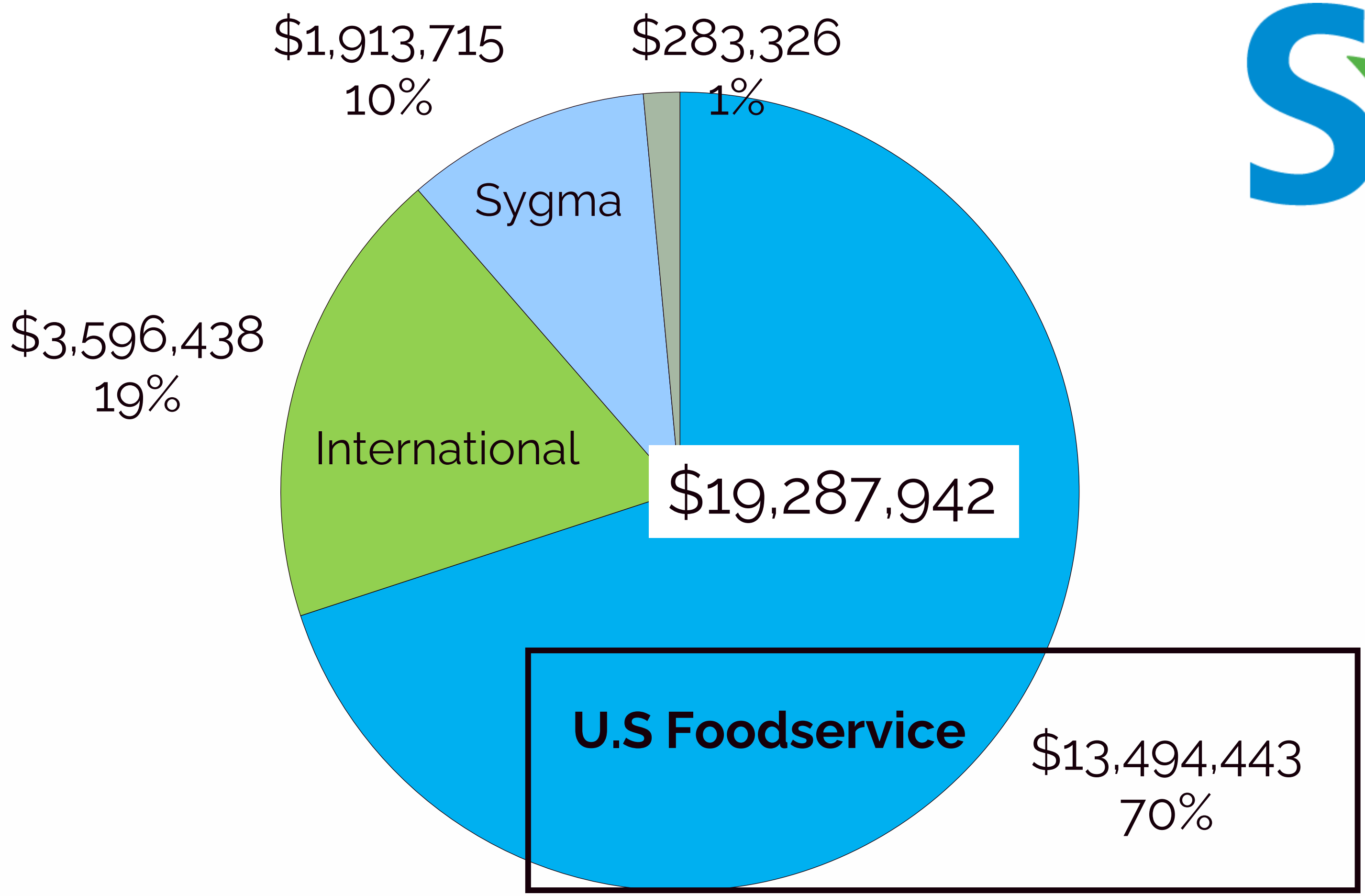
56%

Orders Placed Online

Fiscal reporting years are different

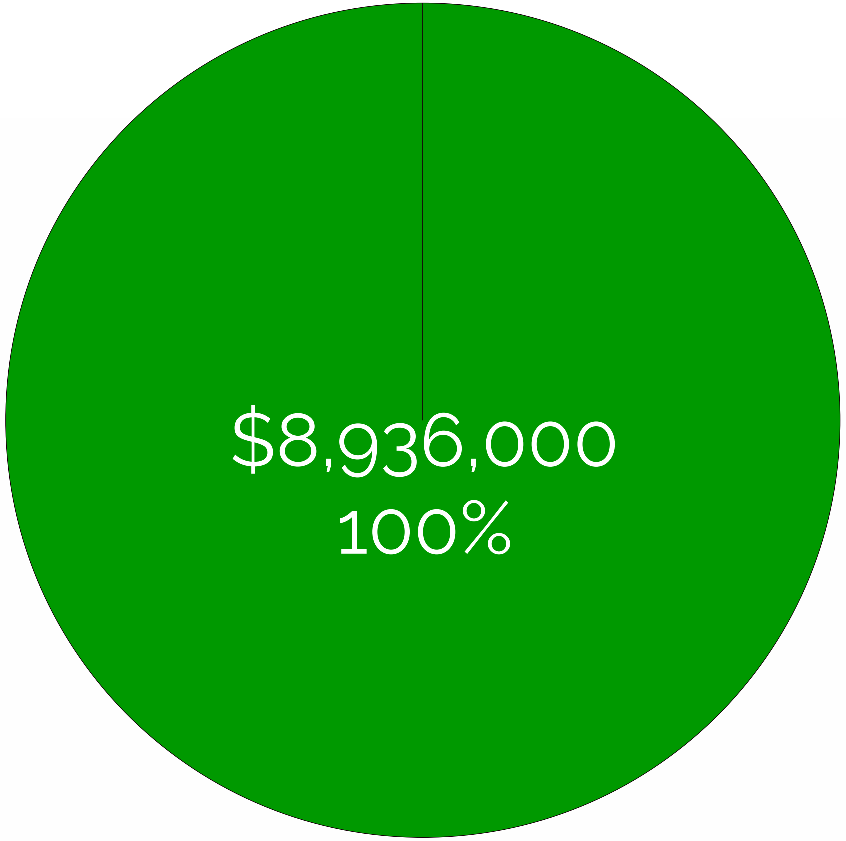
Sysco	US Foods	PFG Performance Food Group
July - June	January - December	July - June
Fiscal Q2 '24	Fiscal Q4 '23	Fiscal Q2 '24
This report will use calendar year quarters for all three companies.		
Reporting for 3 months ending December 30, 2023		

Sysco Reportable Segments



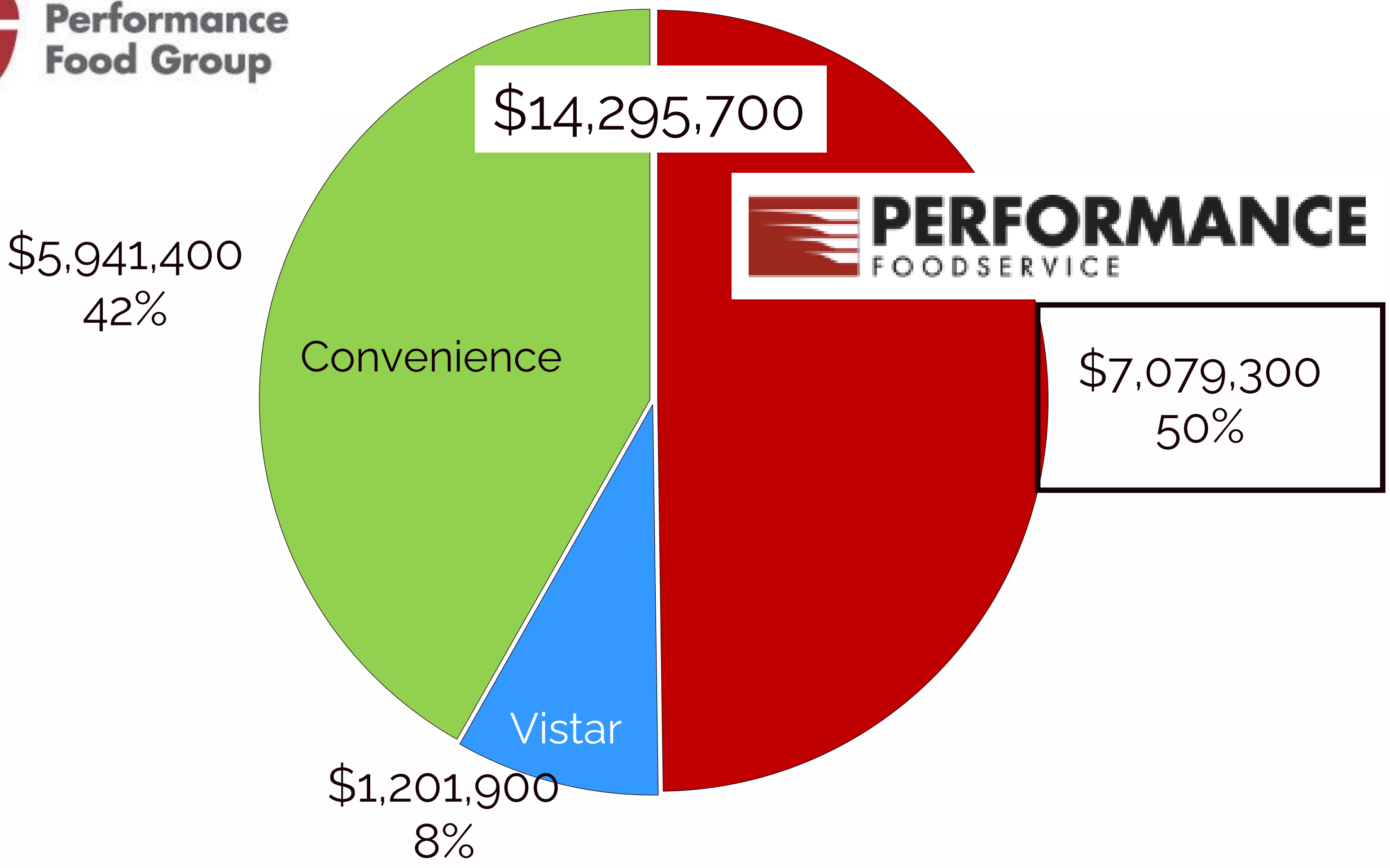
Source: SEC Filing for 3 months ended Dec 30, 2023. Dollars in 000s

US Foods Reportable Segments



Source: SEC Filing for 3 months ended Sept 30, 2023. Dollars in 000s

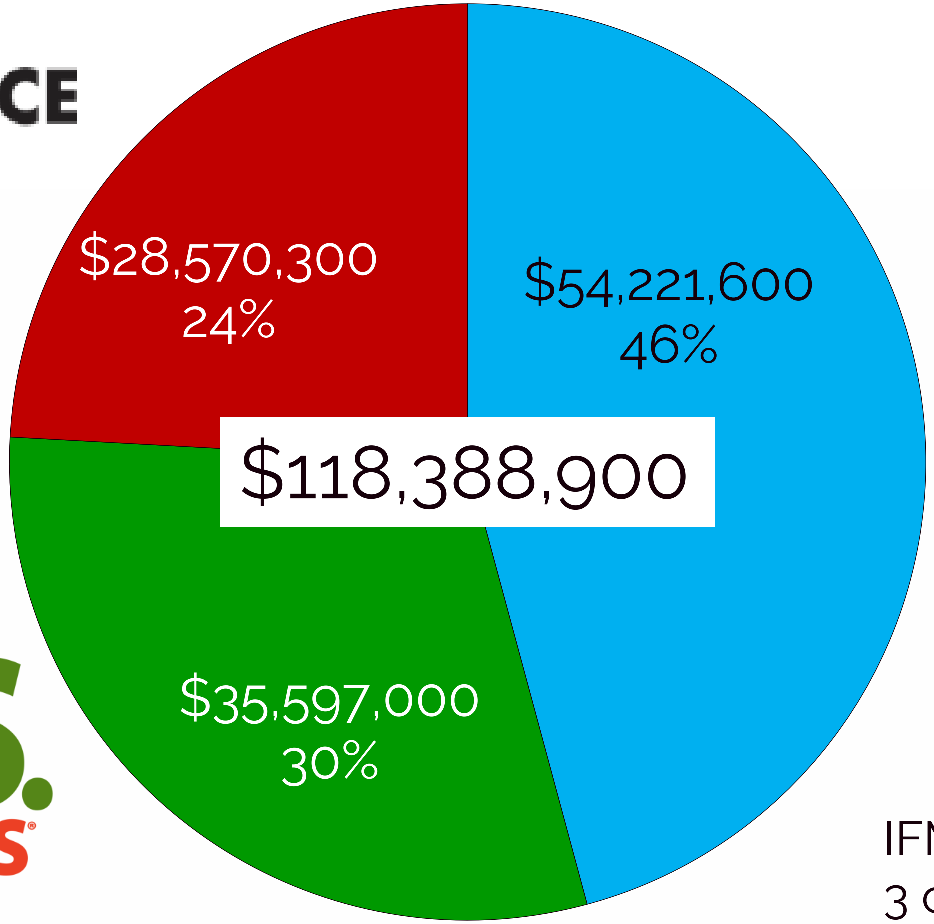
PFG Reportable Segments



Source: SEC Filing for 3 months ended Sept 30, 2023. Dollars in 000s

Last 12 Months Net Sales

PERFORMANCE FOODSERVICE



Sysco

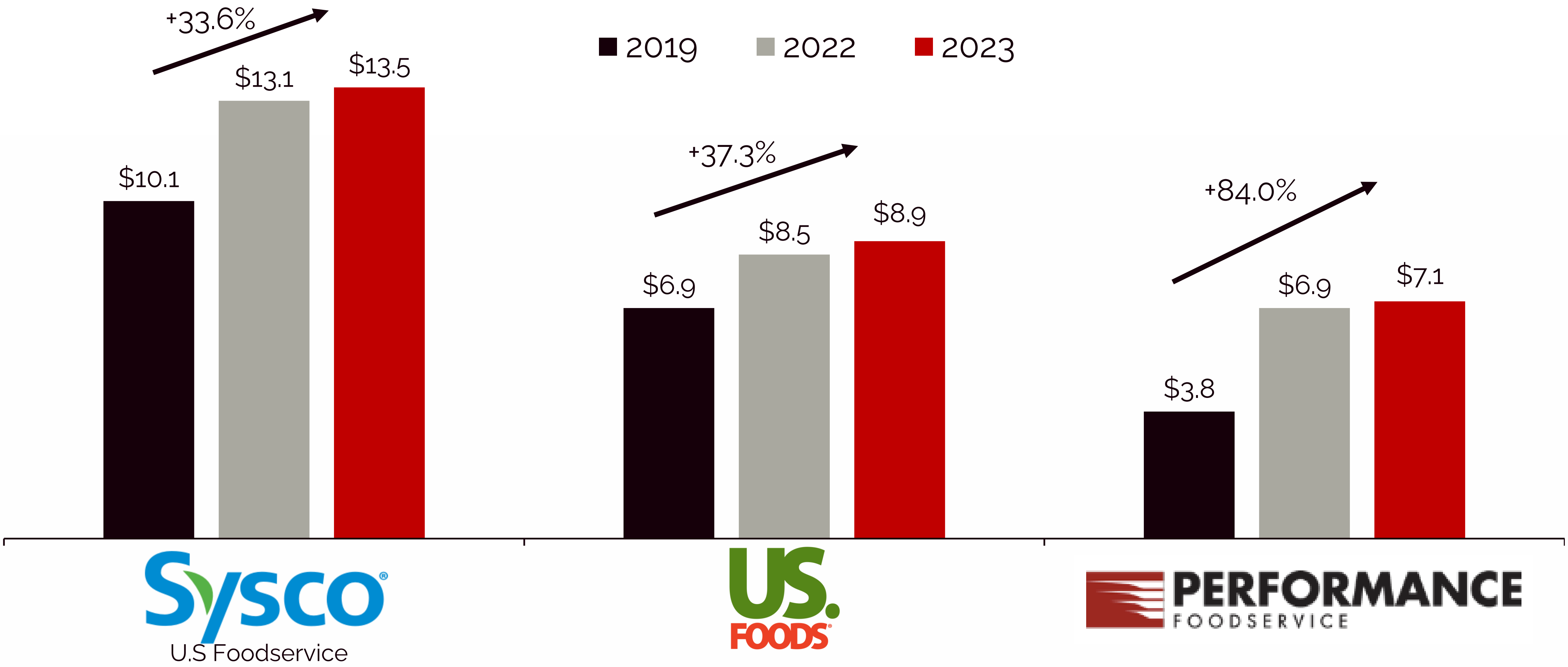
U.S Foodservice

US. FOODS

IFMA estimates that, combined, these 3 companies own approximately **66%** of all broadline sales.

12 Months ending Dec 30, 2023. Source: SEC Filings. and IFMA SCOPE™ (Dollars in 000s)

Q4 Net Sales ($B)



Source: SEC Filings. 3 months ending Dec 30, 2023, compared to previous quarters

Q4 2023 Performance - YOY

	Sysco U.S Foodservice		US FOODS		PERFORMANCE FOODSERVICE	
Sales ($B)	$13.5	+3.2%	$8.9	+4.9%	$7.1	+2.6%
Cases	2.9% (Local)		+6.3% (Organic Independent)		8.7% (Organic Independent)	
Cost Inflation (Last Year)	-0.7% (+8.7%)		0% (+8.4%)		-0.4% (+9.6)	

Source: SEC Filings for 3 months ended Dec 30, 2023. Sysco growth does NOT include Edward Don acquisition.

Q4 2023 Selected Commentary

Sysco	US Foods	PFG Performance Food Group
Total team selling continues to gain traction. Our sales teams across broadline and specialty are working more collaboratively and we are leveraging our data to maximize the time allocation of our selling specialists in produce, protein and ethnic cuisine segments like Italian. All told, these interconnected actions increased our local case performance from Q1 to Q2 by 300 basis points. Importantly, the exit velocity of the quarter was even stronger as our performance improved each month of the quarter. **- Kevin Hourican, President & CEO**	We made more of our sellers' compensation variable with a variable component now uncapped and focused on accelerating profitable growth and private label penetration. We have signed individual volume targets and higher-margin private label targets for sellers that roll up to our company business plan. ensuring we are all working together to achieve our profit and market share growth goals. Finally, we have implemented a more disciplined approach to route splitting to ensure our territory sizes are manageable. **- David Flitman, CEO**	I'm also pleased to report that case volume to chain restaurants grew in the fiscal quarter after several consecutive quarters of decline. As we discussed in our last earnings call, our chain performance had improved sequentially as a result of improvements in some of our key accounts and new business wins. It is rewarding to see this area of our business move back towards positive growth, creating a powerful combination with our independent strength. We expect to continue to add new accounts to our Chain business, emphasizing profitability as we partner with strong and growing restaurants. **- Patrick Hatcher, CFO**

Source: Investor Call Presentations for Quarter ending Sept 30, 2023

Stock Price Comparison

	Sysco	US Foods	PFG Performance Food Group
Close Feb 27, 2024	$81.14	$51.64	$76.67
52-Week High	$82.89	$51.76	$76.73
52-Week Low	$62.24	$33.96	$52.32
Market Cap	$40.40B	$12.57B	$11.90B

Source: Yahoo Finance

Key Takeaways

- 2023 U.S economy outperformed general expectations
- Q4 2023 Winner: Performance Foodservice
- All companies expect low single-digit inflation in 2024
- Independent, or local, case volume continues to grow

Distributor Perceptions of Street Business in 2024

Technomic®

IFMA

Distributor Perspective on Independents

“There are two groups of independents: successful ones looking to grow and challenged ones looking for ways to compete.”

– Broadline distribution executive

Distributor Perceptions of Street Challenges

1. Labor issues
2. Achieving profitability
3. Increased regulations
4. Menu challenges
5. Product shortages
6. Slowing sales
7. Food safety
8. 3rd party delivery issues
9. Food costs
10. Economic environment

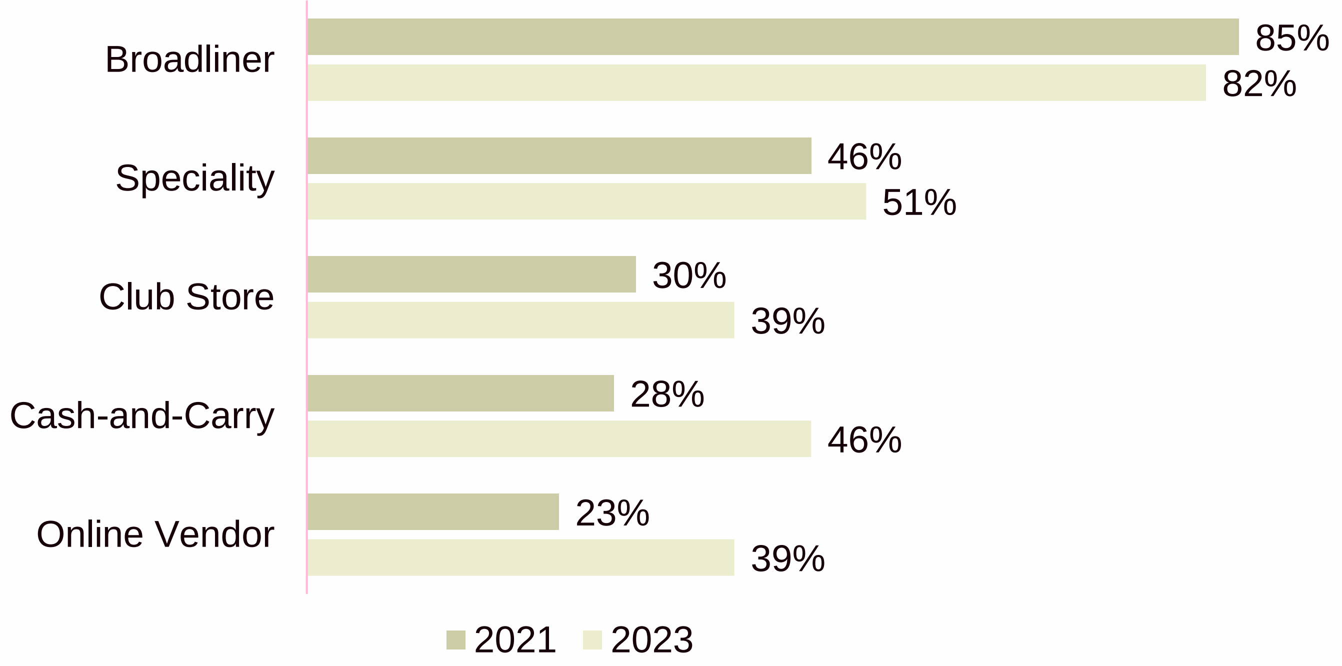
44%

of distributors observe labor as a challenge for independents

Q: Which of the following do you believe are the biggest issues facing your street business customers?
Source: Technomic distributor survey

Changes in Street Purchasing

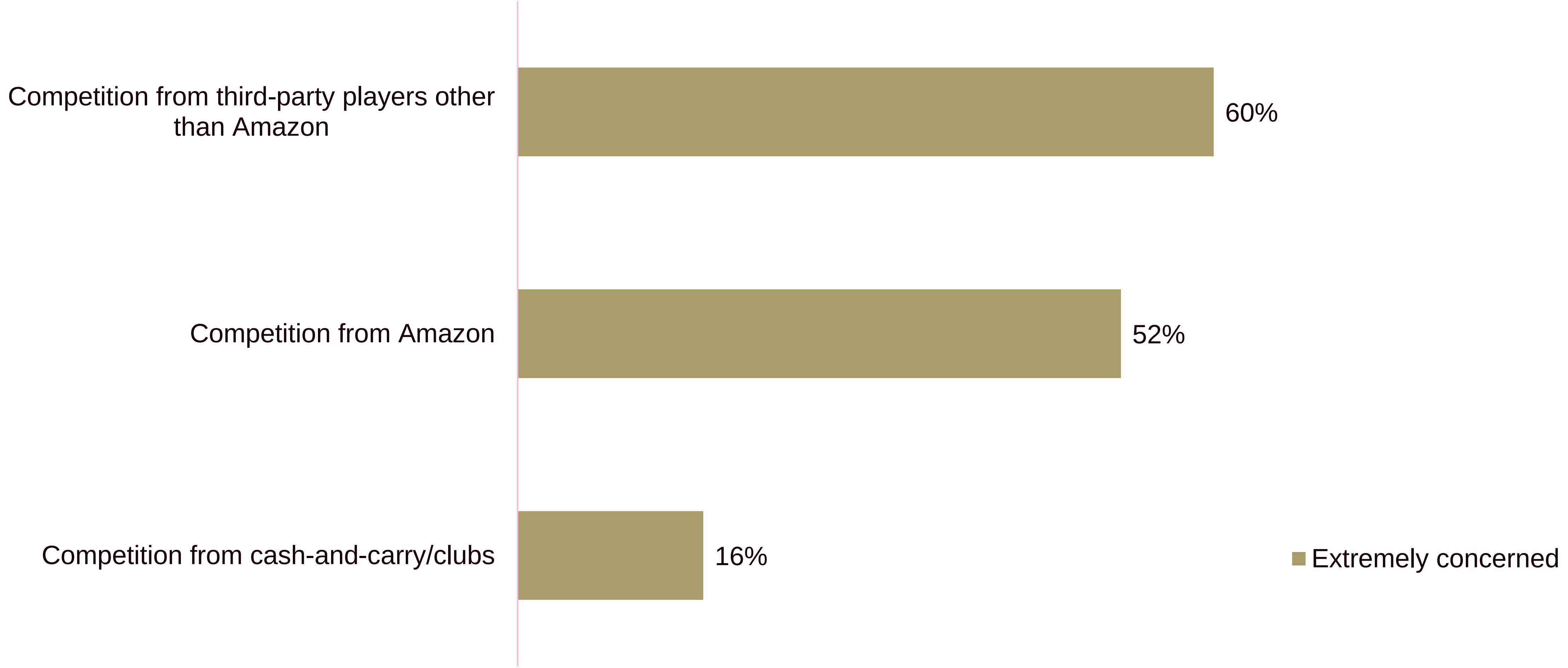
SOURCING
INDEPENDENTS



INDEPENDENT OPERATORS ARE DIVERSIFYING SOURCES OF PRODUCT – DRIVEN BY AVAILABILITY CONCERNS

Source: Technomic, Inc.
Base: 250 independent operators
Q: From which of the following outlets do you typically make purchases for your restaurant(s)? Select all that apply

Distributor Concern w/ Competition



Q: Thinking specifically about your street business, how concerned are you about competition from each of the following?
Source: Technomic distributor survey

Industry View of Future Street Positioning

Independents

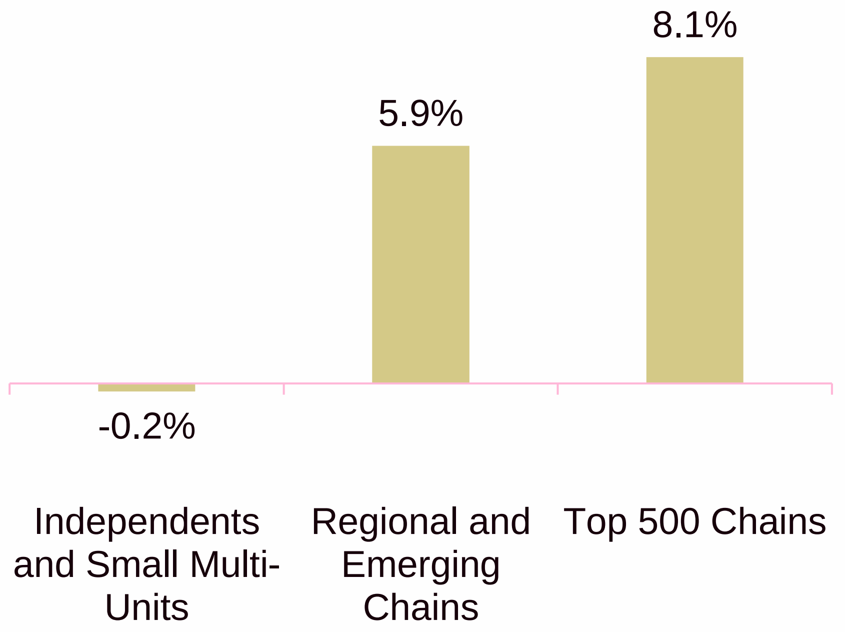
1. Support local
2. Better ingredients
3. Higher quality
4. Unique experiences

Chains

1. Convenient locations
2. More affordable
3. Trusted brands
4. Familiarity, ease

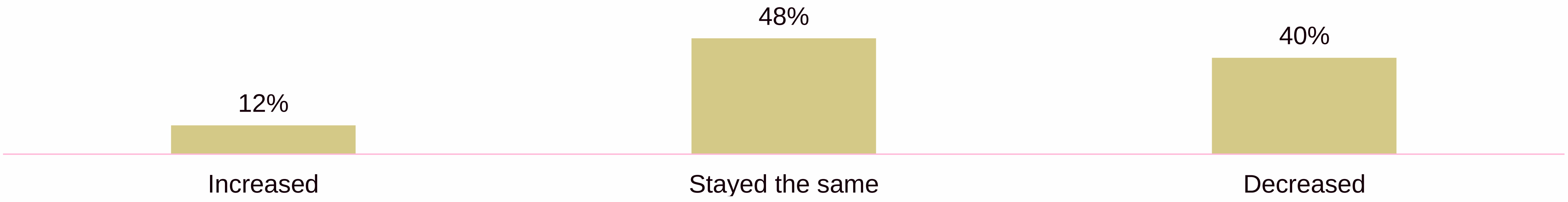
Most distributors agree with this vision of the future

2023 Growth Rates – by Restaurant Type



Source: Technomic

Distributor Street Performance in 2023



Source: Technomic distributor survey

Distributor Outlook on Short-Term Street

<u>ON A SCALE OF 0-100</u>

0=COULD NOT BE MORE PESSIMISTIC

100=COULD NOT BE MORE OPTIMISTIC

Q: What do you think of the outlook for the state of street business in 2024?
Source: Technomic distributor survey

Summary

- Street business is challenged
- Independents want more distributor support
- Independents in the short-term buying on price and availability
- Distributors <u>need</u> street business
- Distributors – as always – are adapting

IFMA FLC Guidebooks

IFMA Elementary & Secondary Foodservice Leadership Council

Segment Guidebook

IFMA College & University Foodservice Leadership Council

Operator-Supplier Collaboration Model & Tactics Guidebook

IFMA Business & Industry Foodservice Leadership Council

Sustainability Playbook

IFMA Healthcare Foodservice Leadership Council

Best Practices in Multi-Supplier Collaboration

IFMA Restaurant Foodservice Leadership Council

Margin Optimization Model

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