

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**Current Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): May 10, 2021

TYSON FOODS, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

001-14704

(Commission File Number)

71-0225165

(I.R.S. Employer Identification No.)

**2200 West Don Tyson Parkway,
Springdale, Arkansas**

(Address of Principal Executive Offices)

72762-6999

(Zip Code)

(479) 290-4000

(Registrant's telephone number, including area code)

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class A Common Stock Par Value \$0.10	TSN	New York Stock Exchange

Class B stock is not publicly listed for trade on any exchange or market system. However, Class B stock is convertible into Class A stock on a share-for-share basis.

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On May 10, 2021, Tyson Foods, Inc. (the "Company") issued a press release announcing results of operations for its second quarter ended April 3, 2021. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information in the preceding paragraph, as well as Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. It may only be incorporated by reference into another filing under the Exchange Act or the Securities Act of 1933, as amended, if such subsequent filing specifically references this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release, dated May 10, 2021, announcing the results of operations of Tyson Foods, Inc. for its second quarter ended April 3, 2021.
104	Cover Page Interactive Data File formatted in iXBRL.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TYSON FOODS, INC.

Date: May 10, 2021

By: /s/ Stewart Glendinning

Name: Stewart Glendinning

Title: Executive Vice President and Chief Financial Officer



TYSON FOODS REPORTS SECOND QUARTER 2021 RESULTS
Prepared Foods and Beef Segments Continue to Drive Strong Results

Springdale, Arkansas – May 10, 2021 – Tyson Foods, Inc. (NYSE: TSN), one of the world’s largest food companies and a recognized leader in protein with leading brands including *Tyson, Jimmy Dean, Hillshire Farm, Ball Park, Wright, Aidells, ibp* and *State Fair*, today reported the following results:

(in millions, except per share data)

	Second Quarter		Six Months Ended	
	2021	2020 ¹	2021	2020 ¹
Sales	\$ 11,300	\$ 10,888	\$ 21,760	\$ 21,703
Operating Income	720	515	1,425	1,273
Net Income	477	379	949	888
Less: Net Income Attributable to Noncontrolling Interests	1	3	6	7
Net Income Attributable to Tyson	\$ 476	\$ 376	\$ 943	\$ 881
Net Income Per Share Attributable to Tyson	\$ 1.30	\$ 1.03	\$ 2.58	\$ 2.41
Adjusted ² Operating Income	\$ 739	\$ 515	\$ 1,764	\$ 1,341
Adjusted ² Net Income Per Share Attributable to Tyson	\$ 1.34	\$ 0.80	\$ 3.28	\$ 2.32

¹ Certain items for the second quarter and six months of fiscal 2020 have been revised as described in Part I, Item 1. Notes to Consolidated Condensed Financial Statements in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2021.

² The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). Adjusted operating income and adjusted net income per share attributable to Tyson (Adjusted EPS) are non-GAAP financial measures. Refer to the end of this release for an explanation and reconciliation of these and other non-GAAP financial measures used in this release to comparable GAAP measures.

First Six Months Highlights

- **GAAP EPS of \$2.58, up 7% from prior year; Adjusted EPS of \$3.28, up 41% from prior year**
- **GAAP operating income of \$1,425 million, up 12% from prior year; Adjusted operating income of \$1,764 million, up 32% from prior year**
- **Total Company GAAP operating margin of 6.5%; Adjusted operating margin of 8.0%**
- **Generated over \$1.3 billion of operating cash flows**
- **Results impacted by approximately \$215 million of direct incremental expenses related to COVID-19**

Second Quarter Highlights

- **GAAP EPS of \$1.30, up 26% from prior year; Adjusted EPS of \$1.34, up 68% from prior year**
- **GAAP operating income of \$720 million, up 40% from prior year; Adjusted operating income of \$739 million, up 43% from prior year**
- **Total Company GAAP operating margin of 6.4%; Adjusted operating margin of 6.5%**
- **Liquidity of \$2.6 billion at April 3, 2021**
- **Reduced total debt by approximately \$1 billion**
- **Worker safety remains top priority; over 42,000 team members vaccinated so far**

“We’re grateful for our team members’ continuing efforts and resilience, and for the collaboration and support we’ve received from our customers as we navigate these challenging times,” said Tyson Foods President and CEO Dean Banks. “We delivered a very strong performance in a complex operating environment with continued success in retail and improvements in foodservice as the industry is recovering. We generated adjusted operating income growth of 32 percent for the first half of fiscal 2021, driven by solid results in Beef and Prepared Foods.

“We’re seeing substantial inflation across our supply chain, which will likely create margin pressure during the back half of the year,” he added. “We will remain focused on the factors we can control and will continue to work diligently for a full recovery of our Chicken business, while delivering strong results in other areas of our company. Our long-term outlook is bright as global protein consumption continues to grow, and we expect our investments in capacity expansion, product innovation and technology to create sustainable shareholder value.”

SEGMENT RESULTS (in millions)

Sales								
<i>(for the second quarter ended April 3, 2021, and March 28, 2020)</i>								
	Second Quarter				Six Months Ended			
	2021	2020¹	Volume Change	Avg. Price Change	2021	2020¹	Volume Change	Avg. Price Change³
Beef	\$ 4,046	\$ 3,979	(5.8) %	7.5 %	\$ 8,033	\$ 7,817	(0.3) %	3.1 %
Pork	1,477	1,266	(0.5) %	17.2 %	2,916	2,645	(1.7) %	12.0 %
Chicken	3,553	3,397	(3.2) %	7.8 %	6,384	6,689	(5.1) %	5.3 %
Prepared Foods	2,164	2,080	(4.2) %	8.2 %	4,277	4,220	(6.6) %	8.0 %
International/Other	487	465	1.2 %	3.5 %	956	963	(2.9) %	2.2 %
Intersegment Sales	(427)	(299)	n/a	n/a	(806)	(631)	n/a	n/a
Total	\$ 11,300	\$ 10,888	(3.7) %	7.5 %	\$ 21,760	\$ 21,703	(4.1) %	5.8 %

Operating Income (Loss)								
<i>(for the second quarter ended April 3, 2021, and March 28, 2020)</i>								
	Second Quarter				Six Months Ended			
	2021	2020¹	Operating Margin 2021	Operating Margin 2020¹	2021	2020¹	Operating Margin 2021	Operating Margin 2020¹
Beef	\$ 445	\$ 123	11.0 %	3.1 %	\$ 973	\$ 465	12.1 %	5.9 %
Pork	67	93	4.5 %	7.3 %	183	284	6.3 %	10.7 %
Chicken	6	99	0.2 %	2.9 %	(210)	156	(3.3) %	2.3 %
Prepared Foods	217	191	10.0 %	9.2 %	483	349	11.3 %	8.3 %
International/Other	(15)	9	n/a	n/a	(4)	19	n/a	n/a
Total	\$ 720	\$ 515	6.4 %	4.7 %	\$ 1,425	\$ 1,273	6.5 %	5.9 %

ADJUSTED SEGMENT RESULTS (in millions)

Adjusted Operating Income (Non-GAAP)								
<i>(for the second quarter ended April 3, 2021, and March 28, 2020)</i>								
	Second Quarter				Six Months Ended			
	2021	2020¹	Adjusted Operating Margin (Non-GAAP) 2021	Adjusted Operating Margin (Non-GAAP) 2020¹	2021	2020¹	Adjusted Operating Margin (Non-GAAP) 2021³	Adjusted Operating Margin (Non-GAAP) 2020¹
Beef	\$ 445	\$ 123	11.0 %	3.1 %	\$ 973	\$ 486	12.1 %	6.2 %
Pork	67	93	4.5 %	7.3 %	183	286	6.3 %	10.8 %
Chicken	6	99	0.2 %	2.9 %	110	177	1.6 %	2.6 %
Prepared Foods	217	191	10.0 %	9.2 %	483	371	11.3 %	8.8 %
International/Other	4	9	n/a	n/a	15	21	n/a	n/a
Total	\$ 739	\$ 515	6.5 %	4.7 %	\$ 1,764	\$ 1,341	8.0 %	6.2 %

³ Average Price Change and Adjusted Operating Margin for the Chicken Segment and Total Company for the first six months of fiscal 2021 exclude a \$320 million legal contingency accrual recognized as a reduction to Sales.

COVID-19 EXPENSES

We incurred direct incremental expenses associated with the impact of COVID-19 totaling approximately \$95 million and \$215 million for the second quarter and first six months of fiscal 2021, respectively. These direct incremental expenses primarily included team member costs associated with worker health and availability including direct costs for personal protection equipment, production facility sanitization, COVID-19 testing, donations, product downgrades, rendered product and certain professional fees, partially offset by CARES Act credits. Other indirect costs associated with COVID-19 are not reflected in this amount, including costs associated with raw materials, distribution and transportation, plant underutilization and reconfiguration, premiums paid to cattle producers and pricing discounts.

SUMMARY OF SEGMENT RESULTS

Beef

Sales volume decreased during the second quarter of fiscal 2021 due to a reduction in live cattle processed partially associated with the impacts of severe winter weather and a challenging labor environment. Sales volume was relatively flat for the first six months of fiscal 2021 as the impacts in the second quarter were partially offset by strong domestic and export demand as well as the prior year impact of a fire which caused the temporary closure of a production facility for the majority of the first quarter of fiscal 2020. Average sales price increased in the second quarter and first six months of fiscal 2021 as demand for our beef products remained strong. Operating income increased in the second quarter and first six months of fiscal 2021 due to strong demand as we continued to optimize revenues relative to live cattle supply, partially offset by production inefficiencies and direct incremental expenses related to COVID-19. Additionally, operating income was impacted by approximately \$60 million and \$50 million of incremental net derivative gains in the second quarter and first six months of fiscal 2021, respectively, as compared to the second quarter and first six months of fiscal 2020. Further, operating income in the first six months of fiscal 2021 was impacted by a cattle supplier's misappropriation of Company funds, which resulted in a \$55 million gain related to the recovery of cattle inventory as compared to a \$54 million loss recognized in the first six months of fiscal 2020.

Pork

Sales volume decreased during the second quarter and first six months of fiscal 2021 due to a reduction in live hogs processed primarily associated with severe winter weather, which was partially offset by strong demand. Average sales price increased in the second quarter and first six months of fiscal 2021 due to strong demand. Operating income decreased in the second quarter and first six months of fiscal 2021 primarily due to production inefficiencies and direct incremental expenses related to COVID-19. Additionally, operating income in the second quarter and first six months of fiscal 2021 was impacted by approximately \$50 million and \$70 million, respectively, of incremental net derivative losses as compared to the second quarter and first six months of fiscal 2020.

Chicken

Sales volume decreased during the second quarter and first six months of fiscal 2021 due to lower production throughput associated with COVID-19, disruptions due to severe winter weather, decline in hatch rate and a challenging labor environment. Average sales price increased in the second quarter and first six months of fiscal 2021 due to favorable sales mix and overall market conditions. Operating income decreased in the second quarter and first six months of fiscal 2021 primarily due to a \$320 million loss from the recognition of a legal contingency accrual in the first quarter as well as \$125 million and \$140 million of higher feed ingredient costs in the second quarter and first six months of fiscal 2021, respectively. Operating income was further impacted in the second quarter and first six months of fiscal 2021 by production inefficiencies and direct incremental expenses related to COVID-19 and disruptions due to severe winter weather. Additionally, operating income in the second quarter and first six months of fiscal 2021 was impacted by \$40 million and \$110 million, respectively, of incremental net derivative gains as compared to the second quarter and first six months of fiscal 2020.

Prepared Foods

Sales volume decreased during the second quarter and first six months of fiscal 2021 as growth in volume across the retail channel was offset by a reduction in the foodservice channel related to lower demand from the impact of COVID-19. Additionally, sales volume decreased during the second quarter and first six months of fiscal 2021 due to lower production throughput partially associated with a challenging labor and supply environment and the impact of severe winter weather. Average sales price increased in the second quarter and first six months of fiscal 2021 due to favorable product mix and the pass through of increased raw material costs. Operating income increased in the second quarter and first six months of fiscal 2021 due to lower commercial spend and favorable product mix partially offset by increased operating costs, including a \$105 million increase in raw material costs during the first six months of fiscal 2021, as well as production inefficiencies due in part to the impact of a challenging labor and supply environment along with the impact of severe winter weather. Additionally, operating income in the second quarter and first six months of fiscal 2021 was impacted by \$35 million and \$45 million, respectively, of incremental net derivative gains as compared to the second quarter and first six months of fiscal 2020.

OUTLOOK

For fiscal 2021, USDA indicates domestic protein production (beef, pork, chicken and turkey) to increase less than 1% compared to fiscal 2020 levels. The following is a summary of the outlook for each of our segments, as well as an outlook for revenues, capital expenditures, net interest expense, liquidity and tax rate for fiscal 2021. On an adjusted basis, we anticipate Prepared Foods results in fiscal 2021 to be similar to fiscal 2020, and Pork results will likely be lower in fiscal 2021 as compared to fiscal 2020. At current grain prices, we believe Chicken results will likely be lower in fiscal 2021 as compared to fiscal 2020, and because of stronger than expected performance in beef and current market conditions, we expect Beef to deliver improved fiscal 2021 results as compared to fiscal 2020.⁴

COVID-19

We continue to proactively manage the Company and its operations through this global pandemic. Given the nature of our business, demand for food and protein may continue to shift amongst sales channels and experience disruptions, but over time we expect worldwide demand to continue to increase. We are experiencing multiple challenges related to the pandemic. These challenges are anticipated to increase our operating costs and negatively impact our volumes in fiscal 2021. We cannot currently predict the ultimate impact that COVID-19 will have on our short- and long-term demand, as it will depend on, among other things, the severity and duration of the COVID-19 pandemic. Our liquidity is expected to be adequate to continue to run our operations and meet our obligations as they become due. For fiscal 2021, we estimate that we will incur approximately \$365 million of direct incremental expenses associated with the impact of COVID-19; however, some of these incremental expenses may become permanent over time.

Beef

USDA projects domestic production will increase nearly 3% in fiscal 2021 as compared to fiscal 2020.

Pork

USDA projects domestic production will increase less than 1% in fiscal 2021 as compared to fiscal 2020.

Chicken

USDA projects slightly lower chicken production in fiscal 2021 as compared to fiscal 2020. Based on current futures prices, we expect feed costs to increase in fiscal 2021 as compared to fiscal 2020.

Prepared Foods

We will continue to be responsive to an accelerating inflationary environment, rising raw material costs and changes in consumer behavior as a result of the impacts of COVID-19 as we move through fiscal 2021.

International/Other

We expect improved results from our foreign operations in fiscal 2021.

Revenue

We expect sales to approximate \$44 billion to \$46 billion for fiscal 2021, reflecting the pass through of rising costs and continued strength in beef markets.

Capital Expenditures

For fiscal 2021, we expect capital expenditures to be at the lower end of the \$1.3 billion to \$1.5 billion range. Capital expenditures include spending for capacity expansion, growth, safety, animal well-being, infrastructure replacements and upgrades, and operational improvements that are expected to result in production and labor efficiencies, yield improvements and sales channel flexibility.

Net Interest Expense

We expect net interest expense to approximate \$420 million for fiscal 2021.

Liquidity

We expect total liquidity, which was approximately \$2.6 billion at April 3, 2021, to remain above our minimum liquidity target of \$1.0 billion.

Tax Rate

We currently expect our adjusted effective tax rate to be around 23% in fiscal 2021.

⁴ The Company is not able to reconcile its full-year fiscal 2021 adjusted results to its fiscal 2021 projected GAAP results because certain information necessary to calculate such measure on a GAAP basis is unavailable or dependent on the timing of future events outside of our control. Therefore, because of the uncertainty and variability of the nature of the amount of future adjustments, which could be significant, the Company is unable to provide a reconciliation of this measure without unreasonable effort. Adjusted measures should not be considered a substitute for operating margin or any other measures of financial performance reported in accordance with GAAP. Investors should rely primarily on the Company's GAAP results and use non-GAAP financial measures only supplementally in making investment decisions.

TYSON FOODS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(In millions, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	April 3, 2021	March 28, 2020 ¹	April 3, 2021	March 28, 2020 ¹
Sales	\$ 11,300	\$ 10,888	\$ 21,760	\$ 21,703
Cost of Sales	10,047	9,867	19,330	19,242
Gross Profit	1,253	1,021	2,430	2,461
Selling, General and Administrative	533	506	1,005	1,188
Operating Income	720	515	1,425	1,273
Other (Income) Expense:				
Interest income	(2)	(3)	(4)	(6)
Interest expense	110	119	220	239
Other, net	(12)	(106)	(31)	(122)
Total Other (Income) Expense	96	10	185	111
Income before Income Taxes	624	505	1,240	1,162
Income Tax Expense	147	126	291	274
Net Income	477	379	949	888
Less: Net Income Attributable to Noncontrolling Interests	1	3	6	7
Net Income Attributable to Tyson	\$ 476	\$ 376	\$ 943	\$ 881
Weighted Average Shares Outstanding:				
Class A Basic	293	293	293	293
Class B Basic	70	70	70	70
Diluted	365	365	365	366
Net Income Per Share Attributable to Tyson:				
Class A Basic	\$ 1.34	\$ 1.06	\$ 2.65	\$ 2.48
Class B Basic	\$ 1.20	\$ 0.95	\$ 2.38	\$ 2.22
Diluted	\$ 1.30	\$ 1.03	\$ 2.58	\$ 2.41
Dividends Declared Per Share:				
Class A	\$ 0.445	\$ 0.420	\$ 0.915	\$ 0.885
Class B	\$ 0.401	\$ 0.378	\$ 0.824	\$ 0.797
Sales Growth	3.8 %		0.3 %	
Margins: (Percent of Sales)				
Gross Profit	11.1 %	9.4 %	11.2 %	11.3 %
Operating Income	6.4 %	4.7 %	6.5 %	5.9 %
Net Income Attributable to Tyson	4.2 %	3.5 %	4.4 %	4.1 %
Effective Tax Rate	23.5 %	25.1 %	23.5 %	23.6 %

TYSON FOODS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(In millions)
(Unaudited)

	April 3, 2021	October 3, 2020 ¹
Assets		
Current Assets:		
Cash and cash equivalents	\$ 877	\$ 1,420
Accounts receivable, net	2,113	1,952
Inventories	4,128	3,859
Other current assets	896	367
Total Current Assets	8,014	7,598
Net Property, Plant and Equipment	7,661	7,596
Goodwill	10,555	10,899
Intangible Assets, net	6,649	6,774
Other Assets	1,595	1,589
Total Assets	\$ 34,474	\$ 34,456
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current debt	\$ 580	\$ 548
Accounts payable	1,900	1,876
Other current liabilities	2,132	1,810
Total Current Liabilities	4,612	4,234
Long-Term Debt	9,784	10,791
Deferred Income Taxes	2,340	2,317
Other Liabilities	1,668	1,728
Total Tyson Shareholders' Equity	15,931	15,254
Noncontrolling Interests	139	132
Total Shareholders' Equity	16,070	15,386
Total Liabilities and Shareholders' Equity	\$ 34,474	\$ 34,456

TYSON FOODS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six Months Ended	
	April 3, 2021	March 28, 2020 ¹
Cash Flows From Operating Activities:		
Net income	\$ 949	\$ 888
Depreciation and amortization	604	581
Deferred income taxes	27	32
Other, net	46	(35)
Net changes in operating assets and liabilities	(277)	(206)
Cash Provided by Operating Activities	<u>1,349</u>	<u>1,260</u>
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(557)	(624)
Purchases of marketable securities	(41)	(48)
Proceeds from sale of marketable securities	41	31
Proceeds from sale of business	—	29
Acquisition of equity investments	—	(184)
Other, net	49	(81)
Cash Used for Investing Activities	<u>(508)</u>	<u>(877)</u>
Cash Flows From Financing Activities:		
Proceeds from issuance of debt	557	68
Payments on debt	(1,570)	(62)
Borrowings on revolving credit facility	—	1,210
Payments on revolving credit facility	—	(1,080)
Proceeds from issuance of commercial paper	—	12,886
Repayments of commercial paper	—	(12,885)
Purchases of Tyson Class A common stock	(34)	(196)
Dividends	(318)	(301)
Stock options exercised	22	28
Other, net	(2)	(7)
Cash Used for Financing Activities	<u>(1,345)</u>	<u>(339)</u>
Effect of Exchange Rate Changes on Cash	10	(9)
(Decrease)/Increase in Cash and Cash Equivalents and Restricted Cash	(494)	35
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	1,466	484
Cash and Cash Equivalents and Restricted Cash at End of Period	972	519
Less: Restricted Cash at End of Period	95	82
Cash and Cash Equivalents at End of Period	<u>\$ 877</u>	<u>\$ 437</u>

TYSON FOODS, INC.
EBITDA Reconciliations
(In millions)
(Unaudited)

	Six Months Ended		Fiscal Year Ended	Twelve Months Ended
	April 3, 2021	March 28, 2020 ¹	October 3, 2020 ¹	April 3, 2021
Net income	\$ 949	\$ 888	\$ 2,071	\$ 2,132
Less: Interest income	(4)	(6)	(10)	(8)
Add: Interest expense	220	239	485	466
Add: Income tax expense	291	274	593	610
Add: Depreciation	463	438	900	925
Add: Amortization ⁵	132	138	278	272
EBITDA	\$ 2,051	\$ 1,971	\$ 4,317	\$ 4,397
Adjustments to EBITDA:				
Add: China plant relocation charge ⁶	\$ 19	\$ —	\$ —	\$ 19
Add: Legal contingency accrual	320	—	—	320
Add: Restructuring and related charges	—	52	75	23
Add/(Less): Beef production facility fire costs, net of insurance proceeds	(6)	16	1	(21)
Less: Gain from pension plan terminations	—	(110)	(116)	(6)
Less: Impact of additional week in fiscal 2020	—	—	(96)	(96)
Total Adjusted EBITDA	\$ 2,384	\$ 1,929	\$ 4,181	\$ 4,636
Total gross debt			\$ 11,339	\$ 10,364
Less: Cash and cash equivalents			(1,420)	(877)
Less: Short-term investments			—	—
Total net debt			\$ 9,919	\$ 9,487
Ratio Calculations:				
Gross debt/EBITDA			2.6x	2.4x
Net debt/EBITDA			2.3x	2.2x
Gross debt/Adjusted EBITDA			2.7x	2.2x
Net debt/Adjusted EBITDA			2.4x	2.0x

⁵ Excludes the amortization of debt issuance and debt discount expense of \$9 million for the six months ended April 3, 2021, \$5 million for the six months ended March 28, 2020, \$14 million for the fiscal year ended October 3, 2020, and \$18 million for the twelve months ended April 3, 2021 as it is included in interest expense.

⁶ Relates to a plant relocation from a government land expropriation and includes accelerated depreciation and team member related charges.

EBITDA is defined as net income before interest, income taxes, depreciation and amortization. Net debt to EBITDA (Adjusted EBITDA) represents the ratio of our debt, net of cash, cash equivalents and short-term investments, to EBITDA (and to Adjusted EBITDA). EBITDA, Adjusted EBITDA, net debt to EBITDA and net debt to Adjusted EBITDA are presented as supplemental financial measurements in the evaluation of our business. Adjusted EBITDA is a tool intended to assist our management and investors in comparing our performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect our core operations on an ongoing basis.

We believe the presentation of these financial measures helps management and investors to assess our operating performance from period to period, including our ability to generate earnings sufficient to service our debt, enhances understanding of our financial performance and highlights operational trends. These measures are widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies; however, the measurements of EBITDA (and Adjusted EBITDA) and net debt to EBITDA (and to Adjusted EBITDA) may not be comparable to those of other companies, which may limit their usefulness as comparative measures. EBITDA (and Adjusted EBITDA) and net debt to EBITDA (and to Adjusted EBITDA) are not measures required by or calculated in accordance with GAAP and should not be considered as substitutes for net income or any other measure of financial performance reported in accordance with GAAP or as a measure of operating cash flow or liquidity. EBITDA (and Adjusted EBITDA) is a useful tool for assessing, but is not a reliable indicator of, our ability to generate cash to service our debt obligations because certain of the items added to net income to determine EBITDA (and Adjusted EBITDA) involve outlays of cash. As a result, actual cash available to service our debt obligations will be different from EBITDA (and Adjusted EBITDA). Investors should rely primarily on our GAAP results and use non-GAAP financial measures only supplementally in making investment decisions.

TYSON FOODS, INC.
EPS Reconciliations
(In millions, except per share data)
(Unaudited)

	Second Quarter				Six Months Ended			
	Pretax Impact		EPS Impact		Pretax Impact		EPS Impact	
	2021	2020	2021	2020 ¹	2021	2020	2021	2020 ¹
Reported net income per share attributable to Tyson (GAAP EPS)			\$ 1.30	\$ 1.03			\$ 2.58	\$ 2.41
Add: China plant relocation charge ⁶	\$ 19	\$ —	0.04	—	\$ 19	\$ —	0.04	—
Add: Legal contingency accrual	\$ —	\$ —	—	—	\$ 320	\$ —	0.67	—
(Less)/Add: Beef production facility fire insurance proceeds, net of costs	\$ —	\$ —	—	—	\$ (6)	\$ 16	(0.01)	0.03
Add: Restructuring and related charges	\$ —	\$ —	—	—	\$ —	\$ 52	—	0.11
Less: Gain from pension plan terminations	\$ —	\$ (110)	—	(0.23)	\$ —	\$ (110)	—	(0.23)
Adjusted net income per share attributable to Tyson (Adjusted EPS)			<u>\$ 1.34</u>	<u>\$ 0.80</u>			<u>\$ 3.28</u>	<u>\$ 2.32</u>

Adjusted net income per share attributable to Tyson (Adjusted EPS) is presented as a supplementary measure of our financial performance that is not required by, or presented in accordance with, GAAP. We use Adjusted EPS as an internal performance measurement and as one criterion for evaluating our performance relative to that of our peers. We believe Adjusted EPS is meaningful to our investors to enhance their understanding of our financial performance and is frequently used by securities analysts, investors and other interested parties to compare our performance with the performance of other companies that report Adjusted EPS. Further, we believe that Adjusted EPS is a useful measure because it improves comparability of results of operations from period to period. Adjusted EPS should not be considered a substitute for net income per share attributable to Tyson or any other measure of financial performance reported in accordance with GAAP. Investors should rely primarily on our GAAP results and use non-GAAP financial measures only supplementally in making investment decisions. Our calculation of Adjusted EPS may not be comparable to similarly titled measures reported by other companies.

TYSON FOODS, INC.
Operating Income Reconciliation
(In millions)
(Unaudited)

Adjusted Operating Income (Loss) <i>(for the second quarter ended April 3, 2021)</i>						
	Beef	Pork	Chicken	Prepared Foods	International/Other	Total
Reported operating income (loss)	\$ 445	\$ 67	\$ 6	\$ 217	\$ (15)	\$ 720
Add: China plant relocation charge ⁶	—	—	—	—	19	19
Adjusted operating income	\$ 445	\$ 67	\$ 6	\$ 217	\$ 4	\$ 739

Adjusted Operating Income (Loss) <i>(for the six months ended April 3, 2021)</i>						
	Beef	Pork	Chicken	Prepared Foods	International/Other	Total
Reported operating income	\$ 973	\$ 183	\$ (210)	\$ 483	\$ (4)	\$ 1,425
Add: Legal contingency accrual	—	—	320	—	—	320
Add: China plant relocation charge ⁶	—	—	—	—	19	19
Adjusted operating income	\$ 973	\$ 183	\$ 110	\$ 483	\$ 15	\$ 1,764

Adjusted Operating Income (Loss)¹ <i>(for the six months ended March 28, 2020)</i>						
	Beef	Pork	Chicken	Prepared Foods	International/Other	Total
Reported operating income	\$ 465	\$ 284	\$ 156	\$ 349	\$ 19	\$ 1,273
Add: Restructuring and related charges	5	2	21	22	2	52
Add: Beef production facility fire costs, net of insurance proceeds	16	—	—	—	—	16
Adjusted operating income	\$ 486	\$ 286	\$ 177	\$ 371	\$ 21	\$ 1,341

Adjusted operating income is presented as a supplementary measure of our operating performance that is not required by, or presented in accordance with, GAAP. We use adjusted operating income as an internal performance measurement and as one criterion for evaluating our performance relative to that of our peers. We believe adjusted operating income is meaningful to our investors to enhance their understanding of our operating performance and is frequently used by securities analysts, investors and other interested parties to compare our performance with the performance of other companies that report adjusted operating income. Further, we believe that adjusted operating income is a useful measure because it improves comparability of results of operations from period to period. Adjusted operating income should not be considered as a substitute for operating income or any other measure of operating performance reported in accordance with GAAP. Investors should rely primarily on our GAAP results and use non-GAAP financial measures only supplementally in making investment decisions. Our calculation of adjusted operating income may not be comparable to similarly titled measures reported by other companies.

About Tyson Foods, Inc.

Tyson Foods, Inc. (NYSE: TSN) is one of the world's largest food companies and a recognized leader in protein. Founded in 1935 by John W. Tyson and grown under three generations of family leadership, the Company has a broad portfolio of products and brands like Tyson®, Jimmy Dean®, Hillshire Farm®, Ball Park®, Wright®, Aidells®, ibp® and State Fair®. Tyson Foods innovates continually to make protein more sustainable, tailor food for everywhere it's available and raise the world's expectations for how much good food can do. Headquartered in Springdale, Arkansas, the Company had 139,000 team members at October 3, 2020. Through its Core Values, Tyson Foods strives to operate with integrity, create value for its shareholders, customers, communities and team members and serve as a steward of the animals, land and environment entrusted to it. Visit www.tysonfoods.com.

Conference Call Information and Other Selected Data

A conference call to discuss the Company's financial results will be held at 9 a.m. Eastern Monday, May 10, 2021. We encourage participants to pre-register for the conference call using the following link: <https://dpregrister.com/sreg/10154617/e69435a9cd>. Callers who pre-register will be given a conference passcode and unique PIN to gain immediate access to the call and bypass the live operator. Participants may pre-register at any time, including up to and after the call has started. Those without internet access or who are unable to pre-register may dial-in by calling toll free 1-844-890-1795 or international toll 1-412-717-9589. To listen to the live webcast or to view the accompanying slides, go to the Company's [investor website](http://ir.tyson.com) at <http://ir.tyson.com>. The webcast also can be accessed by using the direct link: <https://event.on24.com/wcc/r/3081179/99CFB82C963AE919220E4F8B3C19A8F7>. For those who cannot participate at the scheduled time, a replay of the live webcast and the accompanying slides will be available at <http://ir.tyson.com> until Thursday, June 10, 2021. A telephone replay will also be available until Thursday, June 10, 2021, toll free at 1-877-344-7529, international toll 1-412-317-0088 or Canada toll free 855-669-9658. The replay access code is 10154617. Financial information, such as this news release, as well as other supplemental data, can be accessed from the Company's web site at <http://ir.tyson.com>.

Forward-Looking Statements

Certain information in this report constitutes forward-looking statements as contemplated by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, current views and estimates of our outlook for fiscal 2021, other future economic circumstances, industry conditions in domestic and international markets, our performance and financial results (e.g., debt levels, return on invested capital, value-added product growth, capital expenditures, tax rates, access to foreign markets and dividend policy). These forward-looking statements are subject to a number of factors and uncertainties that could cause our actual results and experiences to differ materially from anticipated results and expectations expressed in such forward-looking statements. We wish to caution readers not to place undue reliance on any forward-looking statements, which are expressly qualified in their entirety by this cautionary statement and speak only as of the date made. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Among the factors that may cause actual results and experiences to differ from anticipated results and expectations expressed in such forward-looking statements are the following: (i) the outbreak of the COVID-19 global pandemic and associated responses has had, and is expected to continue to have, an adverse impact on our business and operations; (ii) our ability to make effective acquisitions or joint ventures and successfully integrate newly acquired businesses into existing operations; (iii) the effectiveness of our financial fitness program; (iv) the implementation of an enterprise resource planning system; (v) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (vi) cyber incidents, security breaches or other disruptions of our information technology systems; (vii) risks associated with our failure to consummate favorable acquisition transactions or integrate certain acquisitions' operations; (viii) the Tyson Limited Partnership's ability to exercise significant control over the Company; (ix) fluctuations in the cost and availability of inputs and raw materials, such as live cattle, live swine, feed grains (including corn and soybean meal) and energy; (x) market conditions for finished products, including competition from other global and domestic food processors, supply and pricing of competing products and alternative proteins and demand for alternative proteins; (xi) outbreak of a livestock disease (such as African swine fever (ASF), avian influenza (AI) or bovine spongiform encephalopathy (BSE)), which could have an adverse effect on livestock we own, the availability of livestock we purchase, consumer perception of certain protein products or our ability to access certain domestic and foreign markets; (xii) changes in consumer preference and diets and our ability to identify and react to consumer trends; (xiii) effectiveness of advertising and marketing programs; (xiv) significant marketing plan changes by large customers or loss of one or more large customers; (xv) our ability to leverage brand value propositions; (xvi) changes in availability and relative costs of labor and contract farmers and our ability to maintain good relationships with team members, labor unions, contract farmers and independent producers providing us livestock; (xvii) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (xviii) compliance with and changes to regulations and laws (both domestic and foreign), including changes in accounting standards, tax laws, environmental laws, agricultural laws and occupational, health and safety laws; (xix) adverse results from litigation; (xx) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (xxi) impairment in the carrying value of our goodwill or indefinite life intangible assets; (xxii) our participation in multiemployer pension plans; (xxiii) volatility in capital markets or interest rates; (xxiv) risks associated with our commodity purchasing activities; (xxv) the effect of, or changes in, general economic conditions; (xxvi) impacts on our operations caused by factors and forces beyond our control, such as natural disasters, fire, bioterrorism, pandemics or extreme weather; (xxvii) failure to maximize or assert our intellectual property rights; (xxviii) effects related to changes in tax rates, valuation of deferred tax assets and liabilities, or tax laws and their interpretation; (xxix) the effectiveness of our internal control over financial reporting, including identification of additional material weaknesses; and (xxx) the other risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission.

Media Contact: Gary Mickelson, 479-290-6111
Investor Contact: Megan Britt, 479-236-4927

Source: Tyson Foods, Inc.
Category: IR, Newsroom