

# TheStreet Quant Ratings

<b>BUY</b>					<b>HOLD</b>					<b>SELL</b>					<b>BUY</b>	RATING SINCE	05/03/2023
A+	A	A-	B+	<b>B</b>	B-	C+	C	C-	D+	D	D-	E+	E	E-		F	TARGET PRICE
Annual Dividend Rate <b>\$2.00</b>		Annual Dividend Yield <b>2.49%</b>		Beta <b>1.15</b>		Market Capitalization <b>\$39.8 Billion</b>		52-Week Range <b>\$62.23-\$82.89</b>		Price as of 3/14/2024 <b>\$80.03</b>							

Sector: **Wholesale Trade** | Industry Group: **Grocery and Related Product Merchant Wholesalers**

## SY BUSINESS DESCRIPTION

Sysco Corporation, through its subsidiaries, engages in the marketing and distribution of various food and related products to the foodservice or food-away-from-home industry in the United States, Canada, the United Kingdom, France, and internationally. It operates through U.S.

## STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	7.86	7.19	-1.37

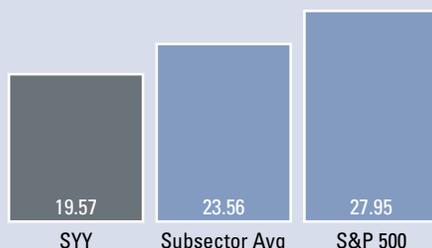
## GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	3.73	5.34	19.08
Net Income	194.04	46.60	101.39
EPS	192.85	47.65	100.12

## RETURN ON EQUITY (%)

	SY	Subsector Avg	S&P 500
Q2 2024	86.60	44.48	17.66
Q2 2023	98.85	7.79	19.00
Q2 2022	64.33	149.50	18.28

## P/E COMPARISON



## EPS ANALYSIS<sup>1</sup> (\$)



NA = not available NM = not meaningful

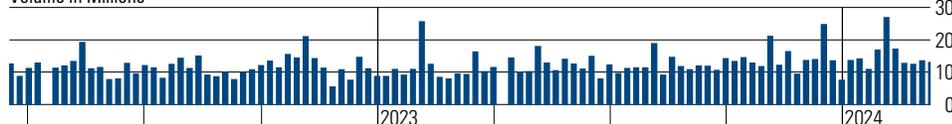
<sup>1</sup> Compustat fiscal year convention is used for all fundamental data items.



## Rating History



## Volume in Millions



## RECOMMENDATION

We rate SYSCO CORP (SY) a BUY. This is driven by several positive factors, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its impressive record of earnings per share growth, compelling growth in net income, revenue growth, good cash flow from operations and increase in stock price during the past year. We feel its strengths outweigh the fact that the company has had generally high debt management risk by most measures that we evaluated.

## HIGHLIGHTS

SYSCO CORP reported significant earnings per share improvement in the most recent quarter compared to the same quarter a year ago. The company has demonstrated a pattern of positive earnings per share growth over the past two years. We feel that this trend should continue. During the past fiscal year, SYSCO CORP increased its bottom line by earning \$3.47 versus \$2.64 in the prior year. This year, the market expects an improvement in earnings (\$4.32 versus \$3.47).

The net income growth from the same quarter one year ago has significantly exceeded that of the S&P 500 and the Merchant Wholesalers, Nondurable Goods subsector. The net income increased by 194.0% when compared to the same quarter one year prior, rising from \$141.22 million to \$415.24 million.

SY's revenue growth trails the subsector average of 16.7%. Since the same quarter one year prior, revenues slightly increased by 3.7%. Growth in the company's revenue appears to have helped boost the earnings per share.

Net operating cash flow has significantly increased by 122.91% to \$768.75 million when compared to the same quarter last year. In addition, SYSCO CORP has also vastly surpassed the subsector average cash flow growth rate of -62.75%.

Compared to where it was 12 months ago, the stock is up, but it has so far lagged the appreciation in the S&P 500. Looking ahead, unless broad bear market conditions prevail, we still see more upside potential for this stock, despite the fact that it has already risen over the past year.

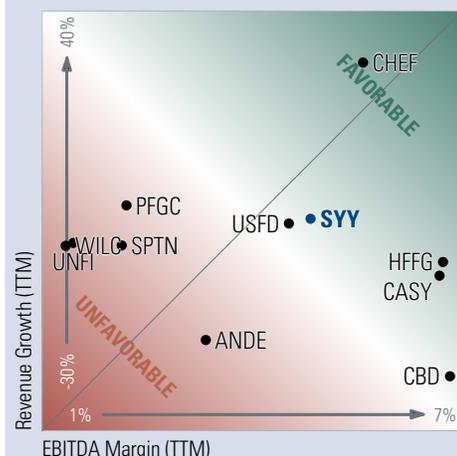
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Sector: Wholesale Trade | Grocery and Related Product Merchant Wholesalers

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## PEER GROUP ANALYSIS

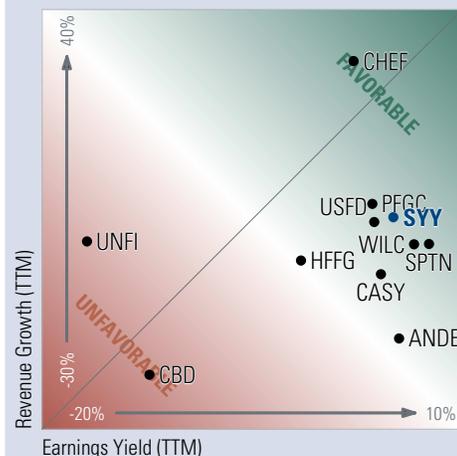
### REVENUE GROWTH AND EBITDA MARGIN\*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$140.9 Million and \$39.8 Billion. Companies with NA or NM values do not appear.

\*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

### REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -20.9% and 31.4%. Companies with NA or NM values do not appear.

## SUBSECTOR ANALYSIS

SYSCO CORP falls within the Wholesale Trade sector and the Grocery and Related Product Merchant Wholesalers industry group of the North American Industry Classification System or NAICS.

TheStreet Quant Ratings is currently tracking 117 companies in the Wholesale Trade sector that total around \$739 billion in market capitalization as well as \$1,717 billion in annual sales.

The Merchant Wholesalers, Nondurable Goods subsector accounts for 74.8% of those revenues.

Industries in the Merchant Wholesalers, Nondurable Goods subsector sell nondurable goods to other businesses. Nondurable goods are items generally with a normal life expectancy of less than three years. Nondurable goods merchant wholesale trade establishments are engaged in wholesaling products, such as paper and paper products, chemicals and chemical products, drugs, textiles and textile products, apparel, footwear, groceries, farm products, petroleum and petroleum products, alcoholic beverages, books, magazines, newspapers, flowers and nursery stock, and tobacco products. The detailed industries within the subsector are organized in the classification structure based on the products sold.

### PEER GROUP: Merchant Wholesalers, Nondurable Goods

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
<b>SY</b>	<b>SYSCO CORP</b>	<b>80.03</b>	<b>39,841</b>	<b>19.57</b>	<b>77,512.29</b>	<b>2,081.97</b>
UNFI	UNITED NATURAL FOODS INC	11.62	691	NM	30,251.00	-115.00
SPTN	SPARTANNASH CO	19.62	679	13.08	9,729.22	52.24
HFFG	HF FOODS GROUP INC	3.36	182	NM	1,148.49	-2.17
ANDE	ANDERSONS INC	53.25	1,802	18.11	14,750.11	101.19
CBD	COMPANHIA BRASILEIRA DE DIST	0.65	176	NM	3,783.49	-598.43
CHEF	CHEFS' WAREHOUSE INC	37.93	1,505	44.10	3,433.76	34.59
WILC	G WILLI-FOOD INTERNATIONAL	10.16	141	15.16	145.26	9.23
USFD	US FOODS HOLDING CORP	53.89	13,198	26.68	35,597.00	506.00
PFGC	PERFORMANCE FOOD GROUP CO	75.93	11,814	27.71	56,070.80	429.40
CASY	CASEYS GENERAL STORES INC	297.52	11,013	23.65	14,591.60	471.04

The peer group comparison is based on Major Merchant Wholesalers, Nondurable Goods companies of comparable size.

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## COMPANY DESCRIPTION

Sysco Corporation, through its subsidiaries, engages in the marketing and distribution of various food and related products to the foodservice or food-away-from-home industry in the United States, Canada, the United Kingdom, France, and internationally. It operates through U.S. Foodservice Operations, International Foodservice Operations, SYGMA, and Other segments. The company distributes frozen food, such as meat, seafood, fully prepared entrees, fruits, vegetables, and desserts; canned and dry food products; fresh meat and seafood products; dairy products; beverages; imported specialties; and fresh produce products. It also supplies various non-food items, including paper products comprising disposable napkins, plates, and cups; tableware consisting of glassware and silverware; cookware, such as pots, pans, and utensils; restaurant and kitchen equipment and supplies; and cleaning supplies. The company serves restaurants, hospitals and nursing facilities, schools and colleges, hotels and motels, industrial caterers, and other foodservice venues. Sysco Corporation was incorporated in 1969 and is headquartered in Houston, Texas.

SYSCO CORP  
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Houston, TX 77077-2099  
USA  
Phone: 281 584 1390  
http://www.sysco.com

## STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of SYY shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
<b>Growth</b>	<b>5.0</b> out of 5 stars	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, SYY has a growth score better than 90% of the stocks we rate.		weak				strong
<b>Total Return</b>	<b>3.5</b> out of 5 stars	★	★	★	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 60% of the companies we cover.		weak				strong
<b>Efficiency</b>	<b>4.5</b> out of 5 stars	★	★	★	★	☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 80% of the companies we review.		weak				strong
<b>Price volatility</b>	<b>4.0</b> out of 5 stars	★	★	★	★	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 70% of the stocks we monitor.		weak				strong
<b>Solvency</b>	<b>2.5</b> out of 5 stars	★	★	☆	☆	☆
Measures the solvency of the company based on several ratios. The company is more solvent than 40% of the companies we analyze.		weak				strong
<b>Income</b>	<b>4.0</b> out of 5 stars	★	★	★	★	☆
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 70% of the companies we track.		weak				strong

## THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

# TheStreet Quant Ratings

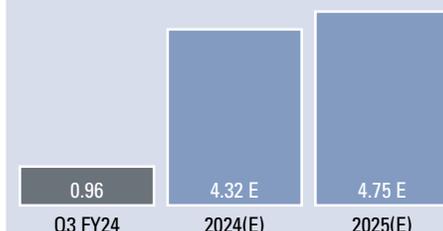
## SYSCO CORP

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### Consensus EPS Estimates<sup>2</sup> (\$)

IBES consensus estimates are provided by Thomson Financial



### INCOME STATEMENT

	Q2 FY24	Q2 FY23
Net Sales (\$mil)	19,287.94	18,593.95
EBITDA (\$mil)	935.33	846.36
EBIT (\$mil)	715.88	656.34
Net Income (\$mil)	415.24	141.22

### BALANCE SHEET

	Q2 FY24	Q2 FY23
Cash & Equiv. (\$mil)	985.20	500.34
Total Assets (\$mil)	24,740.60	22,087.23
Total Debt (\$mil)	12,969.39	11,789.87
Equity (\$mil)	2,404.03	1,436.59

### PROFITABILITY

	Q2 FY24	Q2 FY23
Gross Profit Margin	19.35%	19.04%
EBITDA Margin	4.84%	4.55%
Operating Margin	3.71%	3.53%
Sales Turnover	3.13	3.33
Return on Assets	8.41%	6.42%
Return on Equity	86.60%	98.85%

### DEBT

	Q2 FY24	Q2 FY23
Current Ratio	1.37	1.24
Debt/Capital	0.84	0.89
Interest Expense	149.68	132.04
Interest Coverage	4.78	4.97

### SHARE DATA

	Q2 FY24	Q2 FY23
Shares outstanding (mil)	504	507
Div / share	0.50	0.49
EPS	0.82	0.28
Book value / share	4.77	2.83
Institutional Own %	NA	NA
Avg Daily Volume	3,037,456	2,897,236

<sup>2</sup> Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

### FINANCIAL ANALYSIS

SYSCO CORP's gross profit margin for the second quarter of its fiscal year 2024 is essentially unchanged when compared to the same period a year ago. The company has grown its sales and net income during the past quarter when compared with the same quarter a year ago, and although its growth in net income has outpaced the subsector average, its revenue growth has not. SYSCO CORP has weak liquidity. Currently, the Quick Ratio is 0.76 which shows a lack of ability to cover short-term cash needs. The company's liquidity has increased from the same period last year, indicating improving cash flow.

At the same time, stockholders' equity ("net worth") has greatly increased by 67.34% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is in a position in which financial difficulties could develop in the future.

**STOCKS TO BUY:** TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit [www.TheStreetRatings.com](http://www.TheStreetRatings.com).

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## RATINGS HISTORY

Our rating for SYSCO CORP has not changed since 5/3/2023. As of 3/14/2024, the stock was trading at a price of \$80.03 which is 3.5% below its 52-week high of \$82.89 and 28.6% above its 52-week low of \$62.23.

2 Year Chart



## MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
5/3/23	\$75.32	Upgrade	Hold	Buy
2/1/23	\$77.92	Downgrade	Buy	Hold
3/14/22	\$76.76	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

## RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

**31.74% Buy** - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

**30.61% Hold** - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

**37.64% Sell** - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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## VALUATION

BUY. This stock's P/E ratio indicates a discount compared to an average of 23.56 for the Merchant Wholesalers, Nondurable Goods subsector and a discount compared to the S&P 500 average of 27.95. To use another comparison, its price-to-book ratio of 16.77 indicates a significant premium versus the S&P 500 average of 4.68 and a significant discount versus the subsector average of 20.75. The current price-to-sales ratio is well below the S&P 500 average and is also below the subsector average, indicating a discount. Upon assessment of these and other key valuation criteria, SYSCO CORP proves to trade at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5
				premium	discount

**SY 19.57** Peers **23.56**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- SY is trading at a discount to its peers.

Price/Projected Earnings	1	2	3	4	5
		premium			discount

**SY 16.85** Peers **14.94**

- Premium. A higher price-to-projected earnings ratio than its peers can signify a more expensive stock or higher future growth expectations.
- SY is trading at a premium to its peers.

Price/Book	1	2	3	4	5
				premium	discount

**SY 16.77** Peers **20.75**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- SY is trading at a discount to its peers.

Price/Sales	1	2	3	4	5
			premium		discount

**SY 0.52** Peers **0.57**

- Average. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- SY is trading at a valuation on par with its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
			premium		discount

**SY 12.54** Peers **12.26**

- Average. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- SY is trading at a valuation on par to its peers.

Price to Earnings/Growth	1	2	3	4	5
				premium	discount

**SY 0.80** Peers **1.03**

- Discount. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- SY trades at a discount to its peers.

Earnings Growth	1	2	3	4	5
				lower	higher

**SY 47.65** Peers **39.44**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- SY is expected to have an earnings growth rate that exceeds its peers.

Sales Growth	1	2	3	4	5
				lower	higher

**SY 5.34** Peers **2.59**

- Higher. A sales growth rate that exceeds the subsector implies that a company is gaining market share.
- SY has a sales growth rate that significantly exceeds its peers.

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