

SYSCO CORP  
Form 10-Q  
February 07, 2017

---

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

---

Form 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2016

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-6544

---

Sysco Corporation  
(Exact name of registrant as specified in its charter)  
Delaware 74-1648137  
(State or other jurisdiction of (IRS employer  
incorporation or organization) identification number)  
1390 Enclave Parkway 77077-2099  
Houston, Texas (Zip Code)  
(Address of principal executive offices)

Registrant's Telephone Number, Including Area Code:  
(281) 584-1390

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  
Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer   
Non-accelerated Filer  (Do not check if a smaller reporting company) Smaller Reporting Company

Edgar Filing: SYSCO CORP - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes      No

540,212,068 shares of common stock were outstanding as of January 20, 2017.

---

---

## TABLE OF CONTENTS

	Page No.
PART I – FINANCIAL INFORMATION	
<u>Item 1.</u> <u>Financial Statements</u>	<u>1</u>
<u>Item 2.</u> <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>24</u>
<u>Item 3.</u> <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>48</u>
<u>Item 4.</u> <u>Controls and Procedures</u>	<u>49</u>
PART II – OTHER INFORMATION	
<u>Item 1.</u> <u>Legal Proceedings</u>	<u>50</u>
<u>Item 1A.</u> <u>Risk Factors</u>	<u>50</u>
<u>Item 2.</u> <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>50</u>
<u>Item 3.</u> <u>Defaults Upon Senior Securities</u>	<u>50</u>
<u>Item 4.</u> <u>Mine Safety Disclosures</u>	<u>50</u>
<u>Item 5.</u> <u>Other Information</u>	<u>51</u>
<u>Item 6.</u> <u>Exhibits</u>	<u>51</u>
<u>Signatures</u>	<u>52</u>

---

## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

Sysco Corporation and its Consolidated Subsidiaries

## CONSOLIDATED BALANCE SHEETS

(In thousands, except for share data)

	Dec. 31, 2016 (unaudited)	Jul. 2, 2016	Dec. 26, 2015 (unaudited)
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$847,292	\$3,919,300	\$595,602
Accounts and notes receivable, less allowances of \$48,612, \$37,880, and \$57,631	3,963,458	3,380,971	3,353,453
Inventories	3,031,548	2,639,174	2,736,382
Prepaid expenses and other current assets	142,319	114,454	83,263
Prepaid income taxes	26,589	—	10,326
Total current assets	8,011,206	10,053,899	6,779,026
Long-term assets			
Plant and equipment at cost, less depreciation	4,331,129	3,880,442	3,936,612
Goodwill	3,714,355	2,121,661	1,977,921
Intangibles, less amortization	1,094,927	207,461	163,089
Deferred income taxes	193,663	207,320	—
Other assets	284,786	251,021	232,820
Total long-term assets	9,618,860	6,667,905	6,310,442
Total assets	\$17,630,066	\$16,721,804	\$13,089,468
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities			
Notes payable	\$22,600	\$89,563	\$83,037
Accounts payable	3,549,554	2,935,982	2,710,469
Accrued expenses	1,471,195	1,289,312	1,071,632
Accrued income taxes	—	110,690	—
Current maturities of long-term debt	8,937	8,909	7,076
Total current liabilities	5,052,286	4,434,456	3,872,214
Long-term liabilities			
Long-term debt	8,313,651	7,336,930	4,265,857
Deferred income taxes	175,795	26,942	111,822
Other long-term liabilities	1,533,390	1,368,482	852,655
Total long-term liabilities	10,022,836	8,732,354	5,230,334
Commitments and contingencies			
Noncontrolling interest	78,905	75,386	45,493
Shareholders' equity			
Preferred stock, par value \$1 per share	—	—	—
Authorized 1,500,000 shares, issued none			
Common stock, par value \$1 per share			
Authorized 2,000,000,000 shares, issued 765,174,900 shares	765,175	765,175	765,175
Paid-in capital	1,320,068	1,281,140	1,022,816
Retained earnings	9,256,137	9,006,138	8,922,498
Accumulated other comprehensive loss	(1,582,596 )	(1,358,118 )	(1,045,177 )
	(7,282,745 )	(6,214,727 )	(5,723,885 )

Edgar Filing: SYSCO CORP - Form 10-Q

Treasury stock at cost, 224,792,348

205,577,484 and 198,552,842 shares

Total shareholders' equity	2,476,039	3,479,608	3,941,427
Total liabilities and shareholders' equity	\$17,630,066	\$16,721,804	\$13,089,468

Note: The July 2, 2016 balance sheet has been derived from the audited financial statements at that date.  
See Notes to Consolidated Financial Statements

1

---

Sysco Corporation and its Consolidated Subsidiaries  
 CONSOLIDATED RESULTS OF OPERATIONS (Unaudited)  
 (In thousands, except for share and per share data)

	13-Week Period Ended		26-Week Period Ended	
	Dec. 31, 2016	Dec. 26, 2015	Dec. 31, 2016	Dec. 26, 2015
Sales	\$13,457,268	\$12,153,626	\$27,425,922	\$24,716,237
Cost of sales	10,885,405	9,996,812	22,162,140	20,321,428
Gross profit	2,571,863	2,156,814	5,263,782	4,394,809
Operating expenses	2,079,446	1,724,231		