



Sysco Corporation (SYY)

Updated September 2nd, 2025 by Felix Martinez

Key Metrics

Current Price:	\$80	5 Year Annual Expected Total Return:	10.9%	Market Cap:	\$38.5B
Fair Value Price:	\$91	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	10/03/25
% Fair Value:	88%	5 Year Valuation Multiple Estimate:	2.6%	Dividend Payment Date:	10/24/25
Dividend Yield:	2.7%	5 Year Price Target	\$122	Years Of Dividend Growth:	55
Dividend Risk Score:	A	Sector:	Consumer Staples	Rating:	Buy

Overview & Current Events

Sysco Corporation (SYY) is the largest wholesale food distributor in the United States and is expanding internationally. The company was founded in Houston, Texas, in 1969 and now serves 600,000 locations with food delivery, including restaurants, hospitals, schools, hotels, and other facilities. According to estimates, the company has a 16% market share of total food delivery within the United States. The company has approximately 67,000 employees and a roughly \$38.5 billion market capitalization.

On July 29th, 2025, Sysco reported fourth-quarter results for Fiscal Year (FY)2025. The company reported fourth-quarter fiscal 2025 revenue of \$21.1 billion, up 2.8% year-over-year and ahead of expectations by \$106 million. Adjusted earnings per share rose 6.5% to \$1.48, beating estimates by \$0.09, while GAAP EPS declined 10.6% to \$1.10 due to a \$92 million non-cash goodwill impairment at its Guest Worldwide business. Gross profit increased 3.9% to \$4.0 billion, aided by effective management of 3.5% product cost inflation, primarily in meat and dairy. Adjusted operating income was \$1.1 billion, up 1.1%, while adjusted EBITDA rose 1.8% to \$1.3 billion. International operations stood out, with sales up 3.6% and adjusted operating income up 20.1%, benefiting from margin expansion and foreign exchange gains.

For the full fiscal year 2025, Sysco delivered sales of \$81.4 billion, up 3.2% from the prior year, with U.S. Foodservice volume up 0.5% despite softness in local case volumes. Adjusted EPS grew 3.5% to \$4.46, while GAAP EPS fell 4.1% to \$3.73, reflecting higher operating expenses and impairment charges. Adjusted operating income improved 1.2% to \$3.5 billion, supported by effective pricing and sourcing strategies. However, cash flow from operations declined 16% to \$2.5 billion and free cash flow dropped nearly 19% to \$1.8 billion, pressured by higher working capital needs and increased capital expenditures. Sysco returned \$2.3 billion to shareholders through \$1.3 billion in share repurchases and \$1.0 billion in dividends during the fiscal year.

Looking ahead, management introduced fiscal 2026 guidance, projecting sales growth of 3% to 5% to \$84–\$85 billion and adjusted EPS of \$4.50 to \$4.60, representing 1% to 3% growth, or 5% to 7% when excluding a \$100 million headwind from lower incentive compensation in fiscal 2025. The company plans to return approximately \$2 billion to shareholders in FY26, evenly split between dividends and share repurchases.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$2.10	\$2.34	\$3.14	\$3.55	\$2.01	\$1.44	\$3.25	\$4.01	\$4.31	\$4.46	\$4.57	\$6.12
DPS	\$1.23	\$1.30	\$1.41	\$1.53	\$1.74	\$1.88	\$1.88	\$1.96	\$2.00	\$2.04	\$2.17	\$2.90
Shares¹	577.0	549.0	529.0	523.0	514.0	514.0	513.0	513.0	501.0	483.4	482.0	480.0

Sysco has grown earnings by 26% annually over the past five years and earnings growth of 8.7% over the past nine years. Earnings were growing nicely until the COVID-19 pandemic, which caused FY2020 and FY2021 earnings to decrease. Through acquisitions and more recently, the company growth organically, with share buybacks, has increased earnings. Tax cuts and share buybacks have accelerated earnings growth in recent years, but this level of growth will not be permanent. The company is also in the process of cutting overhead costs, which should mildly boost bottom-line growth. We anticipate 6.0% earnings growth over the next five years.

¹ Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Sysco Corporation (SYY)

Updated September 2nd, 2025 by Felix Martinez

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	24.9	22.2	18.70	30.80	27.20	54.00	26.50	18.50	16.60	17.30	17.6	20.00
Avg. Yld.	2.4%	2.6%	2.1%	2.2%	3.2%	2.3%	2.2%	2.6%	2.8%	2.7%	2.7%	2.4%

Over the past decade, Sysco has averaged a P/E ratio of 25.7x. The company was valued at a lower level in the post-recession years but quickly expanded to maintain a multiple that fluctuates around 20x in most market conditions. However, we think a fair value multiple estimates to 20x earnings is fair for this company.

Safety, Quality, Competitive Advantage, & Recession Resiliency

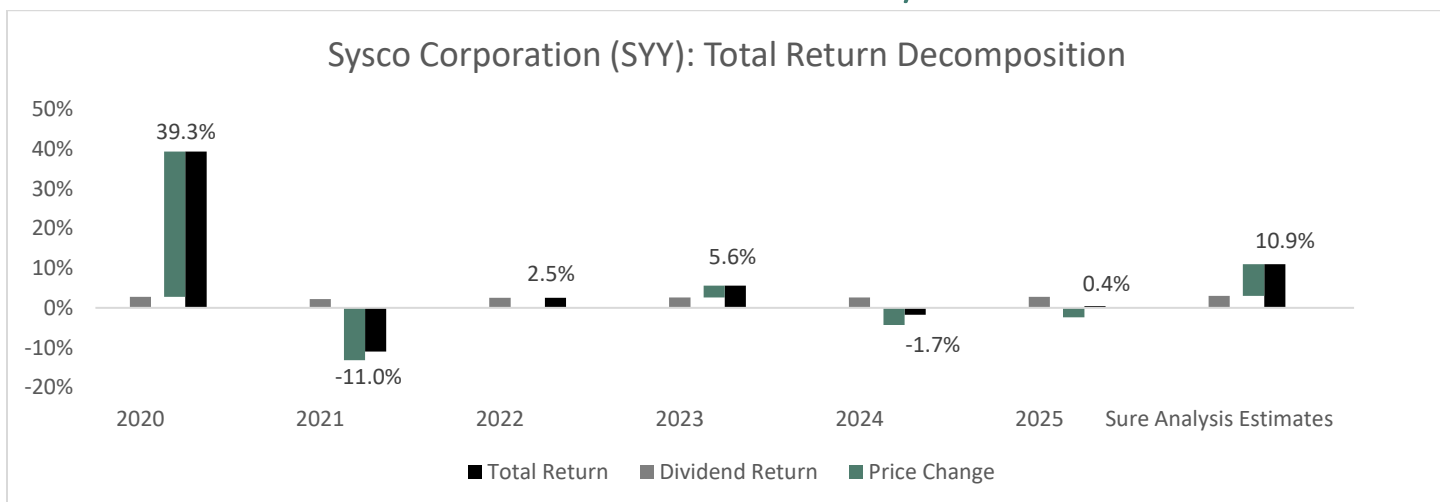
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	59%	56%	45%	43%	87%	131%	58%	49%	46%	46%	47%	47%

Sysco has an economic moat due to its large-scale and entrenched distribution infrastructure, which gives it a cost advantage over most competitors. This moat is evidenced by the company's double-digit returns on invested capital every year, much higher than its weighted average capital cost. It's also quite defensive; the company was almost unfazed by the previous recession and recovered from a mild earnings dip within one year. Thanks to this stability, Sysco has raised its dividend every year since it went public, and we expect it to continue to grow in the years to come. As one blemish, Sysco's balance sheet is mediocre. The company has a current Debt to Equity ratio of 6.1, which is lower than last report. Sysco's stable cash flows should allow them to service the debt in most environments comfortably, but this leverage level limits the company's ability in the future. Most of this debt increase occurred within the past few years and took part in share buybacks to take advantage of low-interest rates. The company has a BBB credit rating from S&P, which is towards the lower end of the investment grade.

Final Thoughts & Recommendation

Sysco has a moderate-growth business and a long track record of dividend growth. Because the global economy is currently experiencing slowing growth, many defensive companies are priced at a premium, and Sysco is no exception. Its valuation is modestly lower than its long-term average, and the company leverage is also higher than it historically has been. While this is a great business, investors should exercise caution due to the overall market. We expect Sysco to generate 10.9% annual compounded returns as we advance. Thus, we rate the stock a buy.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Sysco Corporation (SYY)

Updated September 2nd, 2025 by Felix Martinez

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	48,681	50,367	55,371	58,727	60,114	52,893	51,298	68,636	76,320	78,840
Gross Profit	8,552	9,040	10,558	11,085	11,409	9,902	9,357	12,321	13,950	14,610
D&A Exp.	553	663	902	765	764	914	852	881	889	997
Operating Profit	1,229	1,851	2,055	2,314	2,330	750	1,437	2,339	3,039	3,202
Operating Margin	2.5%	3.7%	3.7%	3.9%	3.9%	1.4%	2.8%	3.4%	4.0%	4.1%
Net Profit	687	950	1,143	1,431	1,674	215	524	1,359	1,770	1,955
Net Margin	1.4%	1.9%	2.1%	2.4%	2.8%	0.4%	1.0%	2.0%	2.3%	2.5%
Free Cash Flow	1,013	1,461	1,546	1,468	1,719	898	1,433	1,158	2,074	2,157
Income Tax	321	483	624	525	332	78	61	388	515	610

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	17,989	16,722	17,757	18,070	17,967	22,628	21,414	22,086	22,820	24,920
Cash & Equivalents	5,130	3,919	870	552	513	6,059	3,007	867	745	696
Acc. Receivable	3,353	3,381	4,012	4,074	4,182	2,894	3,782	4,839	5,092	5,324
Inventories	2,692	2,639	2,996	3,125	3,216	3,095	3,695	4,437	4,481	4,678
Goodwill & Int. Ass.	2,115	2,329	4,954	4,935	4,754	4,513	4,690	5,495	5,505	6,341
Total Liabilities	12,729	13,242	15,375	15,563	15,464	21,470	19,861	20,671	20,780	23,030
Accounts Payable	2,882	2,936	3,971	4,136	4,315	3,447	4,885	5,753	6,026	6,290
Long-Term Debt	7,322	7,435	8,195	8,327	8,163	14,447	11,083	10,648	10,410	11,980
Total Equity	5,260	3,480	2,382	2,507	2,503	1,159	1,553	1,382	2,009	1,860
LTD/E Ratio	1.39	2.14	3.44	3.32	3.26	12.47	7.14	7.7	5.18	6.44

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.4%	5.5%	6.6%	8.0%	9.3%	1.1%	2.4%	6.2%	7.9%	8.2%
Return on Equity	13.0%	21.7%	39.0%	58.5%	66.8%	11.8%	38.7%	92.6%	104%	99.4%
ROIC	6.7%	8.1%	10.6%	13.4%	15.6%	1.6%	3.7%	11.0%	14.4%	14.9%
Shares Out.	597.0	577.0	549.0	529.0	523.0	514.0	514.0	513.0	509.7	503.1
Revenue/Share	81.56	87.23	100.94	111.00	114.86	102.90	99.89	133.53	149.74	156.72
FCF/Share	1.70	2.53	2.82	2.77	3.28	1.75	2.79	2.25	4.07	4.29

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise. Sysco's corporate year ends on June 30th; table results are based on Sysco's fiscal year.

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.