



Sysco Corporation (SYY)

Updated November 25th, 2025 by Felix Martinez

Key Metrics

Current Price:	\$75	5 Year Annual Expected Total Return:	12.7%	Market Cap:	\$35.7B
Fair Value Price:	\$92	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	01/02/26
% Fair Value:	82%	5 Year Valuation Multiple Estimate:	4.2%	Dividend Payment Date:	01/23/26
Dividend Yield:	2.9%	5 Year Price Target	\$123	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 \$35.7 billion market capitalization.

On October 28th, 2025, Sysco reported first-quarter results for Fiscal Year (FY)2026. The company reported steady first-quarter fiscal 2026 results, with sales rising 3.2% to \$21.1 billion and gross profit increasing 3.9% due to effective margin management and strategic sourcing. Despite the top-line growth, operating income declined 1% to \$800 million as operating expenses rose from capacity and headcount investments. On an adjusted basis, however, operating income climbed 2.9% to \$898 million, and adjusted EPS grew 5.5% to \$1.15, outperforming expectations.

Performance varied across segments. U.S. Foodservice posted modest sales growth of 2.9% with essentially flat volume, while operating income fell 3.1% as costs increased. In contrast, International Foodservice delivered stronger momentum, with sales up 4.5% and operating income rising nearly 13%, driven by local volume growth and improved margins. Foreign exchange provided a small tailwind across international results. Overall gross margin improved to 18.5% as Sysco managed product cost inflation, particularly in meat and seafood.

Sysco reaffirmed its full-year guidance for 3–5% sales growth and 1–3% adjusted EPS growth, noting that results remain on track despite a year-over-year headwind from lower prior-year incentive compensation. The company ended the quarter with \$3.5 billion in liquidity and returned \$259 million to shareholders through dividends. While free cash flow was negative due to working capital pressures and capital spending, management emphasized ongoing operational improvements and strong momentum in its local business as key drivers of confidence for fiscal 2026.

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	\$4.58	\$6.13
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.

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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	16.3	20.00
Avg. Yld.	2.4%	2.6%	2.1%	2.2%	3.2%	2.3%	2.2%	2.6%	2.8%	2.7%	2.9%	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

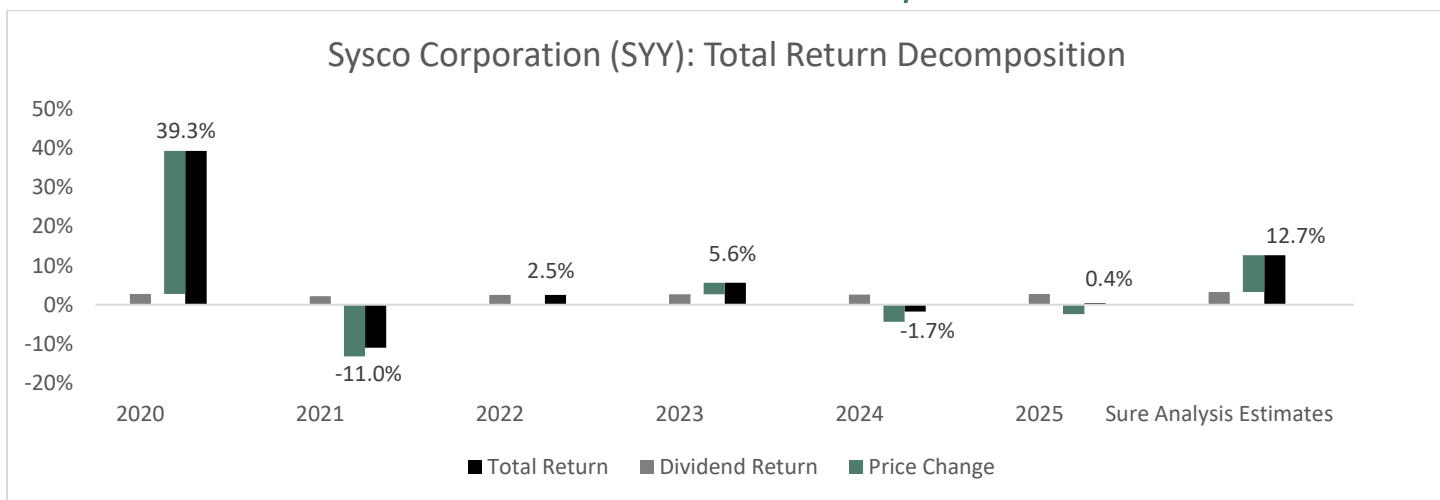
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	59%	56%	45%	43%	87%	131%	58%	49%	46%	46%	47%	47%

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. 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 12.7% annual compounded returns as we advance. Thus, we rate the stock a buy.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	50,367	55,371	58,727	60,114	52,893	51,298	68,636	76,320	78,840	81370
Gross Profit	9,040	10,558	11,085	11,409	9,902	9,357	12,321	13,950	14,610	14040
D&A Exp.	663	902	765	764	914	852	881	889	997	1086
Operating Profit	1,851	2,055	2,314	2,330	750	1,437	2,339	3,039	3,202	3512
Operating Margin	3.7%	3.7%	3.9%	3.9%	1.4%	2.8%	3.4%	4.0%	4.1%	4.3%
Net Profit	950	1,143	1,431	1,674	215	524	1,359	1,770	1,955	1828
Net Margin	1.9%	2.1%	2.4%	2.8%	0.4%	1.0%	2.0%	2.3%	2.5%	2.2%
Free Cash Flow	1,461	1,546	1,468	1,719	898	1,433	1,158	2,074	2,157	1604
Income Tax	483	624	525	332	78	61	388	515	610	587

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	16,722	17,757	18,070	17,967	22,628	21,414	22,086	22,820	24,920	26770
Cash & Equivalents	3,919	870	552	513	6,059	3,007	867	745	696	1071
Acc. Receivable	3,381	4,012	4,074	4,182	2,894	3,782	4,839	5,092	5,324	5502
Inventories	2,639	2,996	3,125	3,216	3,095	3,695	4,437	4,481	4,678	5053
Goodwill & Int. Ass.	2,329	4,954	4,935	4,754	4,513	4,690	5,495	5,505	6,341	6311
Total Liabilities	13,242	15,375	15,563	15,464	21,470	19,861	20,671	20,780	23,030	24920
Accounts Payable	2,936	3,971	4,136	4,315	3,447	4,885	5,753	6,026	6,290	6512
Long-Term Debt	7,435	8,195	8,327	8,163	14,447	11,083	10,648	10,410	11,980	14360
Total Equity	3,480	2,382	2,507	2,503	1,159	1,553	1,382	2,009	1,860	1830
LTD/E Ratio	2.14	3.44	3.32	3.26	12.47	7.14	7.7	5.18	6.44	7.92

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	5.5%	6.6%	8.0%	9.3%	1.1%	2.4%	6.2%	7.9%	8.2%	7.1%
Return on Equity	21.7%	39.0%	58.5%	66.8%	11.8%	38.7%	92.6%	104%	99.4%	97.6%
ROIC	8.1%	10.6%	13.4%	15.6%	1.6%	3.7%	11.0%	14.4%	14.9%	11.7%
Shares Out.	577.0	549.0	529.0	523.0	514.0	514.0	513.0	509.7	503.1	489.8
Revenue/Share	87.23	100.94	111.00	114.86	102.90	99.89	133.53	149.74	156.72	166.12
FCF/Share	2.53	2.82	2.77	3.28	1.75	2.79	2.25	4.07	4.29	3.28

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

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