



# Sysco Corporation (SYY)

Updated March 9<sup>th</sup>, 2026 by Felix Martinez

## Key Metrics

<b>Current Price:</b>	\$84	<b>5 Year Annual Expected Total Return:</b>	10.1%	<b>Market Cap:</b>	\$40.8B
<b>Fair Value Price:</b>	\$92	<b>5 Year Growth Estimate:</b>	6.0%	<b>Ex-Dividend Date:</b>	04/02/26
<b>% Fair Value:</b>	91%	<b>5 Year Valuation Multiple Estimate:</b>	1.8%	<b>Dividend Payment Date:</b>	04/24/26
<b>Dividend Yield:</b>	2.5%	<b>5 Year Price Target</b>	\$123	<b>Years Of Dividend Growth:</b>	55
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Consumer Staples	<b>Rating:</b>	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 \$40.8 billion market capitalization.

On January 27<sup>th</sup>, 2025, Sysco reported second-quarter results for Fiscal Year 2026. The company reported fiscal Q2 2026 revenue of \$20.8 billion, up 3.0% year-over-year, while adjusted EPS rose 6.5% to \$0.99. Gross profit increased 3.9% to \$3.8 billion, with gross margin improving to 18.3% due to effective management of product cost inflation and sourcing efficiencies. However, operating income declined 2.8% to \$692 million and net earnings fell 4.2% to \$389 million, primarily due to higher operating expenses tied to investments in sales capacity and infrastructure.

Segment performance was mixed across regions. U.S. Foodservice sales grew 2.4% to \$14.4 billion, supported by 0.8% total case growth and 1.2% local case growth, reflecting improving demand despite slower restaurant foot traffic. International operations delivered stronger performance, with sales rising 7.3% to \$4.0 billion and operating income increasing 23.2% to \$117 million, driven by strong volume growth and disciplined margin management.

During the first half of fiscal 2026, sales reached \$41.9 billion, up 3.1% year-over-year, while adjusted EPS increased 5.9% to \$2.14. The company generated \$611 million in operating cash flow and \$413 million in free cash flow, returning \$518 million to shareholders through dividends. Management expects full-year adjusted EPS of \$4.50–\$4.60, indicating continued earnings growth supported by improving local case volumes and ongoing operational initiatives.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$2.10	\$2.34	\$3.14	\$3.55	\$2.01	\$1.44	\$3.25	\$4.01	\$4.31	\$4.46	<b>\$4.60</b>	<b>\$6.16</b>
<b>DPS</b>	\$1.23	\$1.30	\$1.41	\$1.53	\$1.74	\$1.88	\$1.88	\$1.96	\$2.00	\$2.04	<b>\$2.17</b>	<b>\$2.90</b>
<b>Shares<sup>1</sup></b>	577.0	549.0	529.0	523.0	514.0	514.0	513.0	513.0	501.0	483.4	<b>482.0</b>	<b>480.0</b>

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.

<sup>1</sup> 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.



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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	<b>18.3</b>	<b>20.00</b>
Avg. Yld.	2.4%	2.6%	2.1%	2.2%	3.2%	2.3%	2.2%	2.6%	2.8%	2.7%	<b>2.5%</b>	<b>2.4%</b>

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

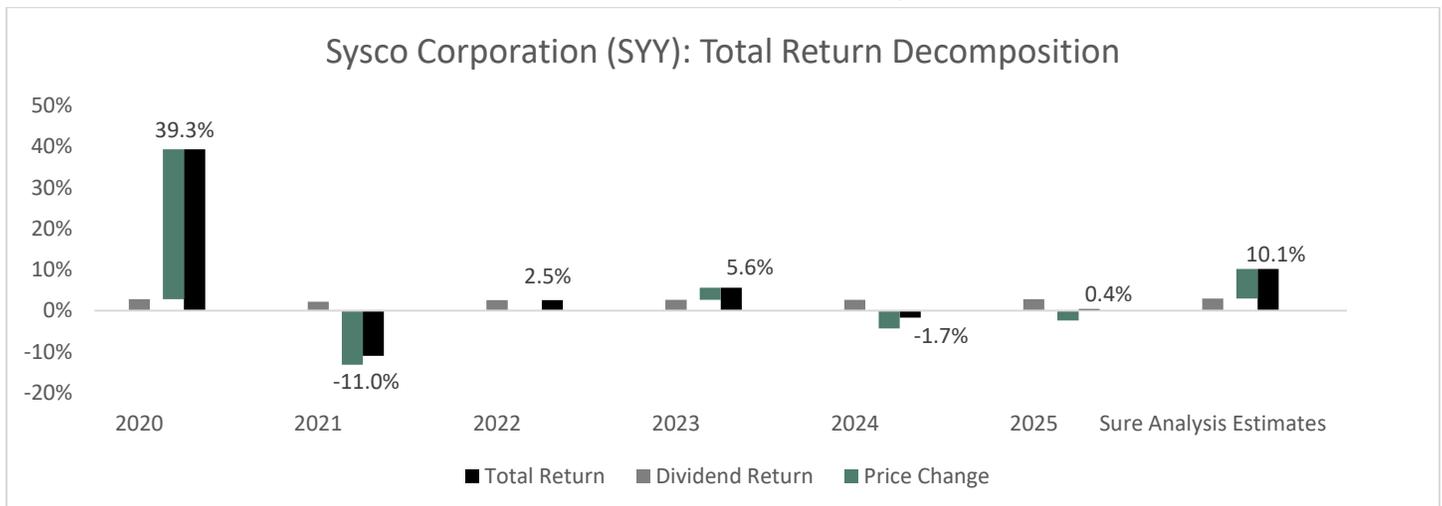
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	59%	56%	45%	43%	87%	131%	58%	49%	46%	46%	<b>47%</b>	<b>47%</b>

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 6.0. 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 10.1% 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
<b>Revenue</b>	50,367	55,371	58,727	60,114	52,893	51,298	68,636	76,320	78,840	81370
<b>Gross Profit</b>	9,040	10,558	11,085	11,409	9,902	9,357	12,321	13,950	14,610	14040
<b>D&amp;A Exp.</b>	663	902	765	764	914	852	881	889	997	1086
<b>Operating Profit</b>	1,851	2,055	2,314	2,330	750	1,437	2,339	3,039	3,202	3512
<b>Operating Margin</b>	3.7%	3.7%	3.9%	3.9%	1.4%	2.8%	3.4%	4.0%	4.1%	4.3%
<b>Net Profit</b>	950	1,143	1,431	1,674	215	524	1,359	1,770	1,955	1828
<b>Net Margin</b>	1.9%	2.1%	2.4%	2.8%	0.4%	1.0%	2.0%	2.3%	2.5%	2.2%
<b>Free Cash Flow</b>	1,461	1,546	1,468	1,719	898	1,433	1,158	2,074	2,157	1604
<b>Income Tax</b>	483	624	525	332	78	61	388	515	610	587

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	16,722	17,757	18,070	17,967	22,628	21,414	22,086	22,820	24,920	26770
<b>Cash &amp; Equivalents</b>	3,919	870	552	513	6,059	3,007	867	745	696	1071
<b>Acc. Receivable</b>	3,381	4,012	4,074	4,182	2,894	3,782	4,839	5,092	5,324	5502
<b>Inventories</b>	2,639	2,996	3,125	3,216	3,095	3,695	4,437	4,481	4,678	5053
<b>Goodwill &amp; Int. Ass.</b>	2,329	4,954	4,935	4,754	4,513	4,690	5,495	5,505	6,341	6311
<b>Total Liabilities</b>	13,242	15,375	15,563	15,464	21,470	19,861	20,671	20,780	23,030	24920
<b>Accounts Payable</b>	2,936	3,971	4,136	4,315	3,447	4,885	5,753	6,026	6,290	6512
<b>Long-Term Debt</b>	7,435	8,195	8,327	8,163	14,447	11,083	10,648	10,410	11,980	14360
<b>Total Equity</b>	3,480	2,382	2,507	2,503	1,159	1,553	1,382	2,009	1,860	1830
<b>LTD/E Ratio</b>	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
<b>Return on Assets</b>	5.5%	6.6%	8.0%	9.3%	1.1%	2.4%	6.2%	7.9%	8.2%	7.1%
<b>Return on Equity</b>	21.7%	39.0%	58.5%	66.8%	11.8%	38.7%	92.6%	104%	99.4%	97.6%
<b>ROIC</b>	8.1%	10.6%	13.4%	15.6%	1.6%	3.7%	11.0%	14.4%	14.9%	11.7%
<b>Shares Out.</b>	577.0	549.0	529.0	523.0	514.0	514.0	513.0	509.7	503.1	489.8
<b>Revenue/Share</b>	87.23	100.94	111.00	114.86	102.90	99.89	133.53	149.74	156.72	166.12
<b>FCF/Share</b>	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 30<sup>th</sup>; table results are based on Sysco's fiscal year.

### Disclaimer

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