

## Sysco Corporation (SYN)

**\$74.49** (Stock Price as of 12/19/2025)

Price Target (6-12 Months): **\$77.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 07/23/25)

Prior Recommendation: Underperform

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**3-Hold**

Zacks Style Scores:

VGM: B

Value: B

Growth: B

Momentum: F

### Summary

Sysco began fiscal 2026 with steady top-line growth, improving gross margin and sequential gains in U.S. case volume. The company continues to execute on its long-term strategy through supply-chain optimization, network investments, targeted hiring and disciplined portfolio management. Strength in International operations, supported by volume gains and favorable foreign exchange, contributed meaningfully to profitability in the first quarter. Although operating expenses increased due to sales-force expansion and capacity investments, the bottom line improved year over year. Sysco still faces pressures from industry-wide traffic softness, inflation in key categories and heightened competition across the foodservice landscape. However, the company remains committed to shareholder returns, supported by solid liquidity and a balanced capital allocation.

### Data Overview

52 Week High-Low	\$83.47 - \$67.12
20 Day Average Volume (sh)	3,114,060
Market Cap	\$35.7 B
YTD Price Change	-2.6%
Beta	0.61
Dividend / Div Yld	\$2.16 / 2.9%
Industry	<a href="#">Food - Miscellaneous</a>
Zacks Industry Rank	Bottom 24% (182 out of 243)

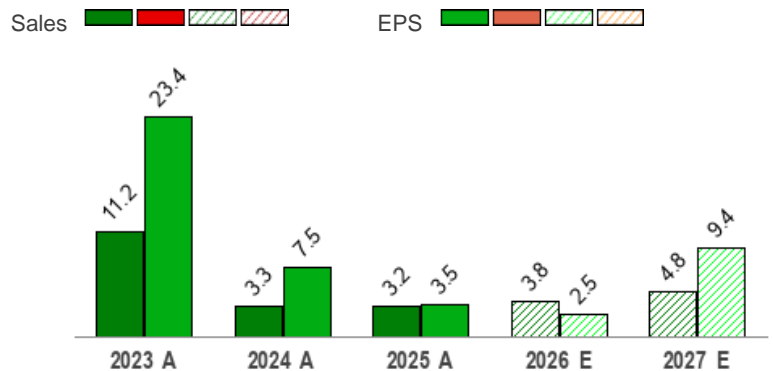
Last EPS Surprise	2.7%
Last Sales Surprise	0.2%
EPS F1 Est- 4 week change	-0.3%
Expected Report Date	01/27/2026
Earnings ESP	-1.5%

P/E TTM	16.5
P/E F1	16.3
PEG F1	2.8
P/S TTM	0.4

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	21,946 E	21,596 E	21,295 E	23,472 E	88,681 E
2026	21,148 A	20,813 E	20,552 E	21,971 E	84,477 E
2025	20,484 A	20,151 A	19,598 A	21,138 A	81,370 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	1.19 E	1.06 E	1.02 E	1.71 E	5.00 E
2026	1.15 A	0.97 E	0.92 E	1.50 E	4.56 E
2025	1.09 A	0.93 A	0.96 A	1.48 A	4.46 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/19/2025.

(2) The report's text and the price target are as of 12/08/2025.

## Overview

Headquartered in Houston, TX, Sysco Corporation, through its subsidiaries, markets and distributes a range of food and related products primarily to the foodservice or food-away-from-home industry. The company provides products and related services to approximately 425,000 customers, including restaurants, health care and educational facilities, lodging establishments and other foodservice customers.

The company's distribution facilities are located throughout the United States, Bahamas, Canada, Republic of Ireland and Northern Ireland. In fiscal 2017 that ended July 1, 2017, the company generated sales of more than \$55 billion.

In the foodservice industry, Sysco caters to restaurants, hospitals and nursing homes, hotels and motels, schools and colleges and industrial caterers among others. Some of the products distributed by the company include a full line of canned and dry foods; beverage products; fresh meat and sea foods; imported specialties; a full line of frozen foods (like meat, fruits, vegetables, desserts) and more.

Additionally, Sysco supplies non-food items like paper products (disposable plates, napkins etc), cookware (pots and utensils), cleaning supplies, restaurant and kitchen supplies and tableware (like silverware).

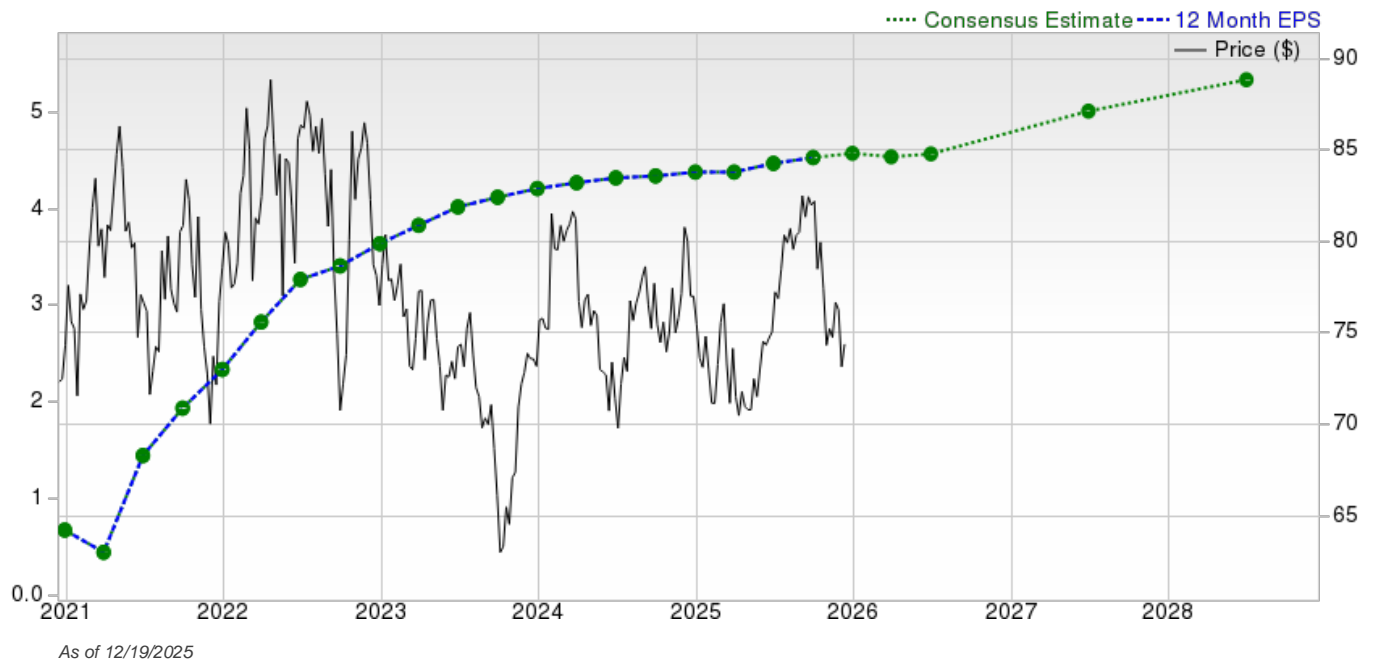
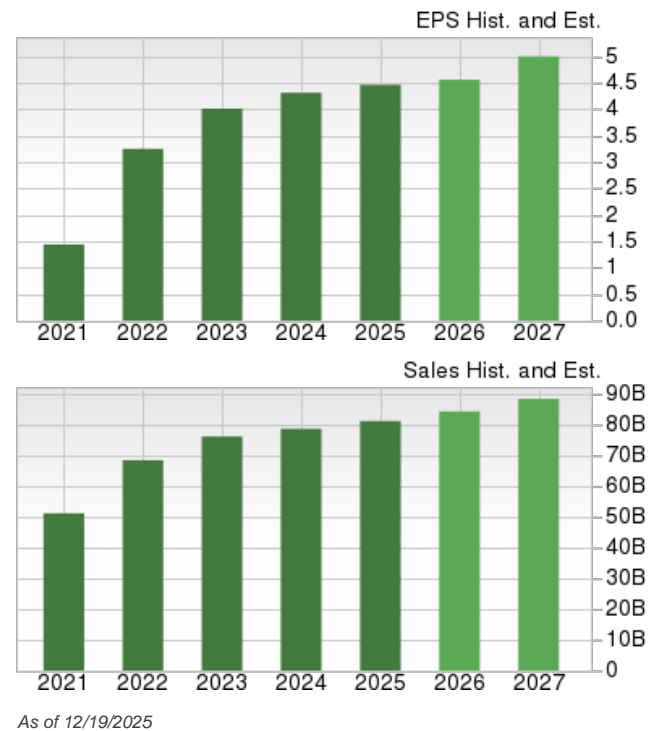
The company reports through these operating segments:

U.S. Foodservice Operations primarily includes U.S. broadline operations, Specialty Meat and FreshPoint (the specialty produce companies). In first-quarter fiscal 2026, the segment contributed 70.1% to total revenues.

International Foodservice Operations, which includes Canada, Europe, Bahamas, International Food Group, and the joint ventures in Mexico and Costa Rica. In first-quarter fiscal 2026, the segment contributed 19% to total revenues.

SYGMA: The company's customized distribution subsidiary. In first-quarter fiscal 2026, the segment contributed almost 10% to total revenues.

Other: This mainly includes hotel supply operations, Guest Worldwide.



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## Reasons To Buy:

- ▲ **Focus on Operational Efficiency:** Sysco continues to enhance efficiency through supply-chain productivity initiatives, capacity expansion and cost discipline. The company benefited from improved sourcing execution, better category-level management and steady gains in fill rates during the first quarter of fiscal 2026. The company's multi-year investments in sales compensation redesign, workforce expansion and distribution network improvements are beginning to translate into stronger customer experience and share gains in core markets. Sysco also rebalanced its international portfolio through the divestiture of its Mexico JV, consistent with its return-on-invested-capital framework.
- ▲ **Encouraging FY26 Outlook:** Sysco reaffirmed its initial fiscal 2026 outlook following first-quarter results, signaling confidence in underlying trends. The company continues to expect 3–5% sales growth, 1–3% adjusted EPS growth, and 5–7% EPS growth excluding incentive costs, consistent with its long-term financial algorithm. Improved momentum in national accounts, healthcare and travel & leisure is expected to support volume growth throughout the year.
- ▲ **Strengthening Food-Away-From-Home Position:** Sysco's diversified business model continues to capture demand across the food-away-from-home market despite broader industry pressures. U.S. Foodservice volume trends improved sequentially in the first quarter of fiscal 2026, and SYGMA continued to benefit from strong customer engagement and efficient service levels. Management noted continued customer wins driven by better fill rates and service reliability. The "Sysco To Go" Cash & Carry pilot remains in place as the company evaluates additional opportunities to serve value-oriented operators and underserved customer segments.
- ▲ **Execution of the Recipe for Growth Strategy:** Sysco's Recipe for Growth strategy remains a core driver of its operational playbook. This includes strengthening customer experience through digital and omnichannel tools, ongoing supply-chain modernization to enhance service consistency, improved merchandising, marketing and category planning capabilities, and expansion of new channels and culinary specialties. These long-term investments do increase operating expenses, but management views them as foundational to supporting growth, productivity and competitive positioning.
- ▲ **Strategic Acquisitions Support Scale:** Sysco continues its disciplined acquisition strategy with a focus on expanding specialty offerings and enhancing its global footprint. FreshPoint — bolstered by acquisitions such as BIX Produce — remains a growth engine within specialty produce, while prior acquisitions like Edward Don & Company and Ready Chef continue to contribute positively. These acquisitions complement Sysco's scale advantage and reinforce its competitive position in high-growth, high-margin categories.
- ▲ **Strong Shareholder Returns and Financial Flexibility:** Sysco's balance sheet remains healthy, with \$3.5 billion in liquidity and leverage within its target range. The company returned \$259 million to shareholders in the first quarter via dividends and remains on track to return \$2 billion in fiscal 2026. Consistent dividend growth, strong free cash flow conversion over a full year and disciplined capital allocation remain key pillars of the investment case.

Sysco is driving growth through supply-chain optimization, strategic acquisitions and expanding its food-away-from-home presence while delivering strong shareholder returns.

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## Reasons To Sell:

- ▼ **Rising Operating Costs Pressure Margins:** Operating expenses increased 5.3% in the first quarter of fiscal 2026 as Sysco invested in new capacity, technology and an expanded salesforce. Adjusted operating expenses rose 4.3%, weighing on operating leverage. These cost pressures are likely to persist through fiscal 2026 as the company continues to fund strategic growth initiatives.
- ▼ **Sluggish Restaurant Traffic:** Industry traffic remains subdued, particularly in casual dining and discretionary categories. Sysco's local case volumes were down 0.2% in the first quarter, reflecting demand softness. Although sequential improvement is encouraging, sustained macro uncertainty — including consumer spending pressure may continue to affect case growth.
- ▼ **Inflation Still Elevated in Key Categories:** Enterprise-level inflation stood at 3.4% in the first quarter of fiscal 2026, driven by proteins and seafood. While Sysco has managed pricing and sourcing effectively, persistent cost inflation limits margin upside and adds pressure on operators, some of whom remain price-sensitive.
- ▼ **Intense Competitive Landscape:** The foodservice distribution industry remains highly fragmented and competitive. Regional distributors, specialty providers and non-traditional players like club stores and wholesale cash-and-carry outlets continue to pressure pricing and margins. Winning share often requires commercial investment, heightened service levels or targeted pricing actions.
- ▼ **Foreign Currency and International Exposure:** With a meaningful presence in international locations, Sysco remains exposed to currency volatility. Although foreign exchange was favorable in the first quarter, fluctuations could impact reported revenue and profitability. Additionally, international markets may experience different inflation, regulatory or competitive pressures.

Sysco faces rising costs, soft restaurant traffic, intense competition and currency volatility, pressuring margins and growth despite ongoing optimization and expansion efforts.

## Last Earnings Report

### Sysco Q1 Earnings Surpass Estimates, Sales Increase 3.2% Y/Y

Sysco Corporation kicked off fiscal 2026 on a strong note, with the first quarter reflecting meaningful progress across sales performance, margin management and supply chain operations. Sysco's adjusted earnings of \$1.15 per share surpassed the Zacks Consensus Estimate of \$1.12. This figure increased 5.5% year over year.

The global food product maker and distributor reported sales of \$21.1 billion, which moved up 3.2% year over year, and came almost in line with the Zacks Consensus Estimate. Foreign exchange movements boosted the company's sales by 0.4%. Excluding the impacts of the divested Mexico joint venture, Sysco's sales grew 3.8%. Sysco's gross profit rose 3.9% to \$3.9 billion, while the gross margin improved by 13 basis points to 18.5%. At the enterprise level, product cost inflation stood at 3.4% due to higher costs in the meat and seafood categories. The gross profit growth was mainly attributed to the company's effective handling of product cost inflation, along with its prudent sourcing efficiencies. Foreign exchange movements boosted SY Y's gross profit by 0.6%.

The company's operating expenses rose 5.3% year over year to \$3.1 billion due to investments in business capacity and sales. Operating income slipped 1% to \$800 million, while adjusted operating income inched up 2.9% to \$898 million. We note that the adjusted operating margin was almost in line with the year-ago period level at 4.3%. SY Y's adjusted EBITDA came in at \$1.1 billion.

### SY Y Provides Insights by Segments

U.S. Foodservice Operations: Segment performance reflects impacts from slight volume improvement as well as ongoing investments in headcount and capacity. Segment sales rose 2.9% year over year to \$14.8 billion in the reported quarter. Total case volume climbed 0.1%, whereas local case volume dipped 0.2%. Gross profit grew 2.8% to \$2.8 billion, with the gross margin contracting 3 basis points to 19.1%. Adjusted operating income dipped 1% to \$916 million.

International Foodservice Operations: The segment performance continued to reflect gains from efficient margin management, growth in local volume and double-digit profit expansion. Sales for the quarter increased 4.5% to \$4 billion. On a constant-currency basis, sales rose 2.1% to \$3.9 billion. Foreign exchange movements boosted the segment sales by 2.4%. Excluding the impacts of the divested Mexico joint venture, International Foodservice sales grew 7.9%. Gross profit climbed 6.7% to \$826 million, with the gross margin improving by 43 basis points to 20.8%. On a constant-currency basis, gross profit increased 3.6% to \$802 million. Foreign exchange movements boosted the segment's gross profit by 3.1%. Adjusted operating income rose 13.1% to \$147 million. On a constant-currency basis, adjusted operating income increased 12.3% to \$146 million.

SYGMA: The segment's sales were \$2,129 million, rising 4.1% year over year.

Meanwhile, the Other segment's sales decreased 3.2% year over year to \$273 million.

### Sysco's Financial Health Snapshot & Outlook

Sysco company ended the quarter with cash and cash equivalents of \$844 million and total liquidity of \$3.5 billion.

Cash flow from operations amounted to \$86 million for the first 13 weeks of fiscal 2026, while the free cash flow amounted to negative \$50 million. Capital expenditure, net of proceeds from sales of plant and equipment, was \$136 million during this time. In the first quarter of fiscal 2026, Sysco returned \$259 million to its shareholders through dividends.

Sysco reaffirmed its guidance for fiscal 2026, wherein it expects sales to grow 3-5%. Adjusted earnings per share are projected to increase 1-3%. This guidance includes a headwind of \$100 million, or 16 cents per share, related to the prior year's lower incentive compensation. Excluding this impact, adjusted EPS growth is anticipated to be 5-7%, with the mid-point aligning with the company's long-term growth targets.

**FY Quarter Ending** **6/30/2025**

Earnings Reporting Date	Oct 28, 2025
Sales Surprise	0.23%
EPS Surprise	2.68%
Quarterly EPS	1.15
Annual EPS (TTM)	4.52

## Recent News

### Sysco Announces Quarterly Dividend - Nov 12, 2025

Sysco has announced a regular quarterly cash dividend of 54 cents per share, payable Jan. 23, 2026, to stockholders of record as on Jan. 2.

## Valuation

Sysco shares are down 2.8% in the past six months and 9.8% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 13.1% in the past six months and the Zacks Consumer Staples sector went down 7.6%. Over the past year, the Zacks sub-industry and the sector are down 19.4% and 5.7%, respectively.

The S&P 500 index is up 17.2% in the past six months and 16.3% in the past year.

The stock is currently trading at 15.36X forward 12-month earnings, which compares to 14.38X for the Zacks sub-industry, 16.17X for the Zacks sector and 23.59X for the S&P 500 index.

Over the past five years, the stock has traded as high as 58.3X and as low as 14.04X, with a 5-year median of 17.35X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$77 price target reflects 16.13X forward 12-month earnings.

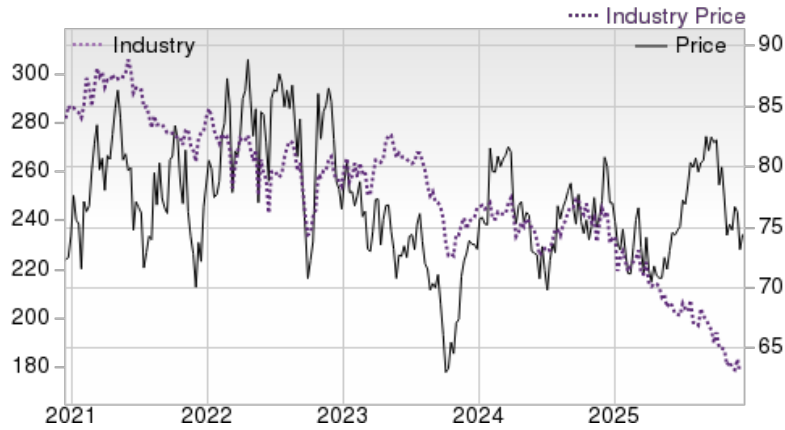
The table below shows summary valuation data for SY

Valuation Multiples - SY					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.36	14.38	16.17	23.59
	5-Year High	58.3	20.73	20.29	23.78
	5-Year Low	14.04	14.38	16.1	15.73
	5-Year Median	17.35	17.46	18	21.21
P/S F12M	Current	0.41	1.02	7.57	5.33
	5-Year High	0.79	1.99	10.8	5.5
	5-Year Low	0.39	1.02	6.51	3.83
	5-Year Median	0.48	1.52	8.69	5.05
EV/EBITDA F12M	Current	10.46	9.86	29.13	13.21
	5-Year High	22.44	14.65	39.25	18.59
	5-Year Low	9.69	9.86	25	11.45
	5-Year Median	11.46	12.21	33.74	14.56

As of 12/05/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Bottom 24% (182 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Danone (DANOY)	Neutral	3
General Mills, Inc. (GIS)	Neutral	3
Lamb Weston (LW)	Neutral	4
United Natural Foods...(UNFI)	Neutral	1
US Foods Holding Cor...(USFD)	Neutral	3
Associated British F...(ASBFY)	Underperform	4
Kraft Heinz Company (KHC)	Underperform	4
Mondelez Internation...(MDLZ)	Underperform	4

## Industry Comparison<sup>(1)</sup> Industry: Food - Miscellaneous

	SYN	X Industry	S&P 500	LW	MDLZ	USFD
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	4	4	3
VGM Score	B	-	-	A	D	A
Market Cap	35.67 B	1.64 B	38.78 B	6.12 B	70.32 B	17.26 B
# of Analysts	6	3	22	5	10	5
Dividend Yield	2.90%	0.00%	1.39%	3.37%	3.67%	0.00%
Value Score	B	-	-	B	C	A
Cash/Price	0.02	0.07	0.04	0.01	0.02	0.00
EV/EBITDA	10.91	9.26	14.63	9.04	11.12	15.67
PEG Ratio	2.78	1.92	2.21	4.03	NA	0.97
Price/Book (P/B)	17.26	1.98	3.32	3.42	2.68	3.90
Price/Cash Flow (P/CF)	10.69	9.00	15.20	7.00	12.33	15.45
P/E (F1)	16.34	14.13	19.70	14.13	18.72	19.63
Price/Sales (P/S)	0.43	0.80	3.10	0.95	1.87	0.44
Earnings Yield	6.12%	6.74%	5.07%	7.08%	5.34%	5.09%
Debt/Equity	5.54	0.42	0.57	2.05	0.65	1.08
Cash Flow (\$/share)	6.97	1.83	8.99	6.28	4.42	5.01
Growth Score	B	-	-	A	F	B
Hist. EPS Growth (3-5 yrs)	42.13%	7.15%	8.16%	22.58%	4.70%	73.19%
Proj. EPS Growth (F1/F0)	2.24%	4.01%	8.60%	-7.16%	-13.39%	25.08%
Curr. Cash Flow Growth	6.09%	2.43%	6.75%	-15.34%	4.24%	13.79%
Hist. Cash Flow Growth (3-5 yrs)	9.23%	4.64%	7.43%	10.00%	4.62%	5.53%
Current Ratio	1.15	1.53	1.18	1.49	0.61	1.15
Debt/Capital	84.77%	34.55%	38.01%	67.22%	39.51%	51.94%
Net Margin	2.21%	2.70%	12.78%	4.56%	9.38%	1.43%
Return on Equity	112.04%	9.71%	17.00%	28.08%	14.16%	17.71%
Sales/Assets	3.11	0.91	0.53	0.88	0.54	2.85
Proj. Sales Growth (F1/F0)	3.80%	0.00%	5.79%	0.70%	5.40%	4.40%
Momentum Score	F	-	-	D	D	A
Daily Price Chg	-0.77%	-0.38%	0.88%	-25.94%	-0.51%	0.89%
1 Week Price Chg	1.70%	0.28%	-0.96%	-0.07%	-1.58%	1.86%
4 Week Price Chg	-1.31%	0.04%	4.52%	-20.96%	-2.24%	10.49%
12 Week Price Chg	-8.17%	-4.15%	3.48%	-16.83%	-12.88%	1.16%
52 Week Price Chg	-2.69%	-13.43%	16.49%	-29.70%	-8.05%	15.76%
20 Day Average Volume	3,114,060	191,418	2,770,348	1,192,719	11,166,786	2,317,608
(F1) EPS Est 1 week change	-0.29%	0.00%	0.00%	0.00%	0.00%	0.05%
(F1) EPS Est 4 week change	-0.29%	0.00%	0.00%	-1.02%	-0.23%	0.66%
(F1) EPS Est 12 week change	0.15%	-1.45%	0.69%	7.52%	-4.23%	1.59%
(Q1) EPS Est Mthly Chg	-0.34%	0.00%	0.00%	-2.40%	-1.26%	1.73%



## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	<b>B</b>
Growth Score	<b>B</b>
Momentum Score	<b>F</b>
VGM Score	<b>B</b>

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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