

SYSCO CORP
Form 10-Q
November 03, 2015

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 September 26, 2015

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
(State or other jurisdiction of
incorporation or organization)
1390 Enclave Parkway
Houston, Texas
(Address of principal executive offices)

74-1648137
(IRS employer
identification number)
77077-2099
(Zip Code)

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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

564,515,133 shares of common stock were outstanding as of October 24, 2015.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Sysco Corporation and its Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In thousands, except for share data)

	Sep. 26, 2015 (unaudited)	Jun. 27, 2015	Sep. 27, 2014 (unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	\$388,256	\$5,130,044	\$384,898
Accounts and notes receivable, less allowances of \$46,470, \$41,720, and \$60,879	3,531,105	3,353,381	3,646,817
Inventories	2,841,361	2,691,823	2,845,641
Deferred income taxes	85,416	135,254	140,554
Prepaid expenses and other current assets	93,015	93,039	90,493
Prepaid income taxes	88,807	90,763	—
Total current assets	7,027,960	11,494,304	7,108,403
Plant and equipment at cost, less depreciation	3,961,299	3,982,143	3,968,713
Other assets			
Goodwill	1,981,390	1,959,817	1,980,524
Intangibles, less amortization	168,541	154,809	180,325
Restricted cash	—	168,274	165,437
Other assets	232,361	229,934	190,631
Total other assets	2,382,292	2,512,834	2,516,917
Total assets	\$13,371,551	\$17,989,281	\$13,594,033
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Notes payable	\$51,806	\$70,751	\$78,635
Accounts payable	2,887,863	2,881,953	2,924,417
Accrued expenses	999,337	1,467,610	1,132,069
Accrued income taxes	—	—	94,437
Current maturities of long-term debt	31,810	4,979,301	306,931
Total current liabilities	3,970,816	9,399,615	4,536,489
Other liabilities			
Long-term debt	3,004,618	2,271,825	2,626,610
Deferred income taxes	160,688	81,591	115,500
Other long-term liabilities	885,501	934,722	959,920
Total other liabilities	4,050,807	3,288,138	3,702,030
Commitments and contingencies			
Noncontrolling interest	44,243	41,304	34,098
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	1,231,506	1,213,999	1,155,838
Retained earnings	8,816,245	8,751,985	8,878,693

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Accumulated other comprehensive loss	(1,007,539) (923,197) (743,172)
Treasury stock at cost, 169,052,528, 170,857,231 and 177,897,055 shares	(4,499,702) (4,547,738) (4,735,118)
Total shareholders' equity	5,305,685	5,260,224	5,321,416	
Total liabilities and shareholders' equity	\$13,371,551	\$17,989,281	\$13,594,033	

Note: The June 27, 2015 balance sheet has been derived from the audited financial statements at that date.

See Notes to Consolidated Financial Statements

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

	13-Week Period Ended	
	Sep. 26, 2015	Sep. 27, 2014
Sales	\$12,562,611	\$12,445,081
Cost of sales	10,324,616	10,256,364
Gross profit	2,237,995	2,188,717
Operating expenses	1,744,521	1,723,104
Operating income	493,474	465,613
Interest expense	126,907	30,934
Other expense (income), net	(15,240)