

# As Consumers Continue To Deal With Elevated Food Prices, Major Producers See Record Revenue And Increased Profits, While Spending Billions On Shareholder Handouts

**SUMMARY:** As consumers [continue](#) grappling with higher food prices and the U.S. House of Representatives [turns its attention](#) to the Inflation Reduction Act, several recent earnings show that major food producers are continuing to benefit from increased prices, leading to record revenues, increased profits, and billions in shareholder handouts—just as the Inflation Reduction Act [is expected to enact](#) a 1% excise tax on corporate stock buybacks

Notable companies that have recently reported positive financials off the backs of everyday consumers include:

- **Sysco**—Which [Passed Along](#) 13.4% In Increased Costs To Its Customers In November 2021—Recently [Reported](#) A 237.5% Increase In Quarterly Earnings And A 159% Increase In Yearly Earnings As The Company [Spent](#) \$1.5 Billion On Shareholder Handouts Compared To Just \$608.7 Million In Net Capital Expenditures For The Year.
- **The Kellogg Company**—Which Has Been [Raising](#) Prices Since The Second Half Of 2020—[Recently Raised](#) Its Forecast For Full-Year Earnings After Its Net Sales [Increased](#) To Over \$3.8 Billion And The Cereal Giant [Spent](#) \$300 Million On Stock Buybacks And An Additional \$394 Million On Shareholder Dividends In The First Half Of 2022.
- **Starbucks**—Whose Interim CEO Howard Schultz [Touted](#) Its “Pricing Power” And Ability To Raise Prices By 5% Year Over Year (YoY) On Its Customers—Saw [Record](#) Quarterly Revenues Of Nearly \$8.2 Billion As The Coffee Giant [Spent](#) Over \$4 Billion On Stock Buybacks And An Additional \$1.7 Billion On Shareholder Dividends During The First Three Quarters Of Its FY 2022.
- **Kraft Heinz**—Which Has [Raised](#) Prices By Nearly 14% Since 2019—Saw Its Q2 2022 Net Income [Jump](#) Drastically By 1,136% To \$265 Million—As The Food Giant [Spent](#) \$980 Million On Shareholder Dividends In The First Six Months Of 2022 Alone.
- **Chipotle**—Which [Announced](#) Additional Price Increases Planned For August After Previously Raising Prices On Consumers—[Recently Announced](#) A [38.2% Increase](#) In Second Quarter Net Income As Well As [Increases](#) In Company And Store-Level Operating Margins, Allowing The Company To [Spend](#) \$261.1 Million On Stock Buybacks And Approve An Additional \$300 Million In Future Buybacks.

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**Consumers Continue To See Elevated Food Prices Within The Food-At-Home And Food-Away-From-Home Categories, With Each Category Recently Increasing 12.2% And 7.7% Respectively Year-Over-Year**

**In June 2022, Food-At-Home Prices Increased 12.2% Over Last Year, While Food-Away-From-Home Prices Increased 7.7%.**

**July 2022: The U.S. Bureau Of Labor Statistic's Consumer Price Index (CPI) For June 2022 Showed Food-At-Home Prices Increases 12.2% Over The Last Year, "The Largest 12-Month Increase Since The Period Ending April 1979," With All Six Major Grocery Food Groups Seeing Increases And Five Of The Six Seeing Increases Of Over 10%.** "The food at home index rose 12.2 percent over the last 12 months, the largest 12-month increase since the period ending April 1979. All six major grocery store food group indexes increased over the span, with five of the six rising more than 10 percent." [U.S. Bureau Of Labor Statistics, [07/13/22](#)]

**July 2022: The CPI Report For June 2022 Showed Food-Away-From-Home Prices Increasing 7.7%, "The Largest 12-Month Change Since The Period Ending November 1981."** "The index for food away from home rose 7.7 percent over the last year, the largest 12-month change since the period ending November 1981. The index for full service meals rose 8.9 percent over the last 12 months, and the index for limited service meals rose 7.4 percent over the last year." [U.S. Bureau Of Labor Statistics, [07/13/22](#)]

**In June 2022, Both The Food-Away-From-Home And Food-At-Home Indexes Saw Increases Month-Over-Month.**

**July 2022: Prices For The Food-Away-From-Home Index Increased Nearly 1 Percent In June 2022 After Increasing 0.7% In May 2022.** "The food away from home index rose 0.9 percent in June after rising 0.7 percent in May. The index for full service meals rose 0.8 percent over the month. The index for limited service meals increased 0.7 percent in June, as it did in May." [U.S. Bureau Of Labor Statistics, [07/13/22](#)]

**Meanwhile, The Food-At-Home Index Increased 1% In June 2022, After Increasing 1.2% In May 2022.** "The food index increased 1.0 percent in June following a 1.2-percent increase the prior month. The index for food at home also rose 1.0 percent in June, the sixth consecutive increase of at least 1.0 percent in that index." [U.S. Bureau Of Labor Statistics, [07/13/22](#)]

**After Raising Prices On Consumers, Several Major Food Producers In Both The Food-At-Home and Food-Away-From-Home Categories Of the Consumer Price Index Have Recently Reported Record Revenues, Increased Profits, And Billions In Shareholder Handouts.**

**After Passing Along 13.4% In Increased Costs To Its Customers, Sysco Recently Reported A 237.5% Increase In Quarterly Earnings And A 159% Increase In Yearly Earnings As The Company Spent \$1.5 Billion On Shareholder Handouts Compared To Just \$608.7 Million In Net Capital Expenditures For The Year.**

**November 2021: Sysco Announced In Its Quarterly Earnings That It Had Passed Along 13.4% In Increased Costs To Restaurants, With Reportedly "Minimal pushback From Clients."** "Sysco largely passed along a 13.4% spike in supply costs to restaurants served by the company's U.S. broadline distribution

business during the quarter ended Oct. 2, with minimal pushback from clients, management told Wall Street on Tuesday.” [Restaurant Business, [11/09/21](#)]

**In Its Q3 2022 Earnings Call, Sysco President And CEO Kevin Hourican Alluded To His Company’s Ability To Strategically Manage Costs, Including Passing Along Costs To Customers, Stating, “There’s No Better Time Than The Current Hyperinflationary Environment To Have A Strategic Pricing Tool, And We’re Leveraging It To Our Advantage.”** “Kevin Hourican -- President and Chief Executive Officer [...] We want to be right on price. So as inflation is occurring, we’re able to leverage the technology to ensure that we’re passing through the inflation at an appropriate level. And when we make improvements on our cost structure through cost of goods sold improvement, we can share in that savings with our customers, again leveraging that same technology. So what we say internally at Sysco is there’s no better time than the current hyperinflationary environment to have a strategic pricing tool, and we’re leveraging it to our advantage.” [Sysco via Motley Fool, [05/10/22](#)]

**In Q4 2022, Sysco Saw Its Net Earnings Increase 237.5% To \$510 Million As Its Fiscal Year Earnings Increased 159.2% To \$1.4 Billion:**

**Key Highlights:**

	Fourth Quarter			Fiscal Year		
	July 2, 2022 (13 Weeks)	Change (13 vs. 14 weeks)	Comparable Adjusted Change (13 vs. 13 weeks)	July 2, 2022 (52 Weeks)	Change (52 vs. 53 weeks)	Comparable Adjusted Change (52 vs. 52 weeks)
<b>Financial Comparison:</b>						
<b>GAAP:</b>						
Sales	\$19.0 billion	17.5%		\$68.6 billion	33.8%	
Gross profit	\$3.4 billion	18.1%		\$12.3 billion	31.7%	
<i>Gross Margin</i>	18.2%	10 bps		18.0%	-29 bps	
Operating expenses	\$2.7 billion	14.1%		\$10.0 billion	26.0%	
Operating Income	\$766.7 million	34.6%		\$2.3 billion	62.7%	
<i>Operating Margin</i>	4.0%	51 bps		3.4%	61 bps	
<b>Net Earnings</b>	<b>\$510.0 million</b>	<b>237.5%</b>		<b>\$1.4 billion</b>	<b>159.2%</b>	
Diluted Earnings Per Share	\$0.99	241.4%		\$2.64	158.8%	

[Sysco, [08/09/22](#)]

**For The Quarter, Sysco Reported A 17.5% Increase In Sales.** “Fourth Quarter Fiscal Year 2022 Results [...] Sales for the fourth quarter were \$19.0 billion, an increase of 17.5% compared to the same period last year” [Sysco, [08/09/22](#)]

**For The Year, Sysco Saw Sales Increase 33.8% To \$68.6 Billion.** “Sales for fiscal year 2022 were \$68.6 billion, an increase of 33.8% compared to the prior year.” [Sysco, [08/09/22](#)]

**In Its Fiscal Year, Sysco Spent \$1.5 Billion On Shareholder Handouts, Including \$500 Million In Stock Buybacks And \$959 Million In Dividends.** “During the year, Sysco returned \$1.5 billion to shareholders via \$500 million of share repurchases and \$959 million of dividends.” [Sysco, [08/09/22](#)]

**This Compares To Just \$608.7 Million In Net Capital Expenditures For The Year.** “Capital expenditures, net of proceeds from sales of plant and equipment, for fiscal year 2022 were \$608.7 million.” [Sysco, [08/09/22](#)]

**The Kellogg Company—Which Has Been Raising Prices Since The Second Half Of 2020—Recently Raised Its Forecast For Full-Year Earnings After Its Net Sales Increased To Over \$3.8 Billion And The Cereal Giant Spent \$300 Million On Stock Buybacks And An Additional \$394 Million On Shareholder Dividends In The First Half Of 2022.**

**May 2022: Kellogg's CEO Steve Cahillane Admitted The Company Had "Been Realizing Price Ever Since Cost Inflation Began To Accelerate Back In The Second Half Of 2020."** "Steve Cahillane - Chairman & CEO [...] In an environment in which cost inflation is too high to cover with productivity alone, we have leveraged our enhanced revenue growth management capabilities to realize price effectively. We've been realizing price ever since cost inflation began to accelerate back in the second half of 2020 and we have accelerated as the market-driven cost inflation worsened." [Seeking Alpha, [05/05/22](#)]

- **Cahillane Also Suggested Additional Price Increases Would Be Needed This Year, Stating "We Aren't Going To Be Able To Just Not Pass Prices Through To Consumers."** "Kellogg Co.'s chief executive hinted that additional price increases are inevitable this year amid worsening cost inflation from lingering supply-chain disruptions and the war in Ukraine. 'Ultimately, in an environment like this, which clearly we haven't seen in 40 years, we aren't going to be able to just not pass prices through to consumers,' said CEO Steve Cahillane. 'Productivity just simply can't cover this type of inflation.'" [Wall Street Journal, [05/05/22](#)]

**During Q2 2022, The Kellogg Company Reported That Its Net Sales Increased By 8.7% To Over \$3.8 Billion:**

Financial Summary:	Quarter ended		
	July 2, 2022	July 3, 2021	% Change
(millions, except per share data)			
Reported Net Sales	\$ 3,864	\$ 3,555	8.7 %

[Kellogg Company, [08/04/22](#)]

**August 2022: Despite Seeing A Slight Decrease In Net Income For The Quarter, Kellogg's Raised Its Forecast For Full-Year Earnings, As The Company Raised Average Selling Prices By 13.7% In The Second Quarter.** "Kellogg Co raised its forecast for full-year earnings on Thursday after topping estimates for quarterly sales, as higher prices for its breakfast cereals and snacks helped it overcome cost-related challenges. [...] Kellogg, known for its Corn Flakes and Honey Loops cereals, said average selling prices were up 13.7% in the second quarter, while sales volumes dropped by a marginal 1.5%." [Yahoo! Finance, [08/04/22](#)]

**During The First Half Of 2022, The Kellogg Company Spent \$300 Million On Stock Buybacks:**

	Year-to-date period ended	
	July 2, 2022	July 3, 2021
Common stock repurchases	(300)	(240)

[Kellogg Company, [08/04/22](#)]

**Kellogg's Also Spent \$394 Million On Shareholder Dividends:**

	Year-to-date period ended	
	July 2, 2022	July 3, 2021
Cash dividends	(394)	(392)

[Kellogg Company, [08/04/22](#)]

**Starbucks—Whose Interim CEO Howard Schultz Touted Its “Pricing Power” And Ability To Raise Prices By 5% YoY On Its Customers—Saw “Record” Quarterly Revenues Of Nearly \$8.2 Billion As The Coffee Giant Spent Over \$4 Billion On Stock Buybacks And An Additional \$1.7 Billion On Shareholder Dividends During The First Three Quarters Of Its FY 2022.**

**August 2022: During Its Q3 2022 Earnings Call, Starbucks Interim CEO Howard Schultz Said That Q3 2022 Saw “Strong” Results As Global Revenue Grew 9% To “A Record \$8.2 Billion” In Revenue.**

“Howard Schultz -- Interim Chief Executive Officer [...] Starbucks' strong Q3 results highlighted by 9% global revenue growth to a record \$8.2 billion, 3% global comp growth and 9% comp growth in North America once again demonstrates the power and resilience of the Starbucks business and brand all over the world. I've now been back as CEO for four months.” [The Motley Fool, [08/03/22](#)]

**August 2022: Schultz Said That Starbucks Has Raised Prices 5% Over The Past 12 Months, With Customers Continuing To See Starbucks As “A Great Product.”**

“Howard Schultz -- Interim Chief Executive Officer [...] And although we've raised prices roughly about 5% or so over the last 12 months, the fact that our customers continue to see Starbucks not only as a great product and a great experience but all the things that ladder up to the equity of the brand and the quality of the coffee.” [The Motley Fool, [08/03/22](#)]

- **Schultz Also Touted Starbucks’ “Pricing Power,” Which Allows The Company To Not See “Any Measurable Reduction In Customer Spending.”** “Howard Schultz -- Interim Chief Executive Officer [...] While we are sensitive to the impact inflation and economic uncertainty are having on consumers, it's critically important that you all understand we are not currently seeing any measurable reduction in customer spending or any evidence of customers trading down, reflecting the strength of the Starbucks brand, deep customer engagement and loyalty, pricing power and the premium nature of our beverage and food offerings.” [The Motley Fool, [08/03/22](#)]

**In Q3 2022, Starbucks Saw Its Net Earnings Decrease By Nearly 21%, Yet The Company Still Earned \$912.9 Million:**

	Quarter Ended		
	Jul 3, 2022	Jun 27, 2021	% Change
Net earnings attributable to Starbucks	\$ 912.9	\$ 1,153.4	(20.9)

[Starbucks, [08/02/22](#)]

**Despite The Drop In Net Earnings, Starbucks Has Spent Over \$4 Billion On Stock Buybacks And Over \$1.7 Billion On Shareholder Dividends In The First Three Quarters Of Its FY 2022:**

	Three Quarters Ended	
	Jul 3, 2022	Jun 27, 2021

Cash dividends paid	(1,701.1)	(1,588.2)
Repurchase of common stock	(4,013.0)	—

[Starbucks, [08/02/22](#)]

**Kraft Heinz—Which Has Raised Prices By Nearly 14% Since 2019—Saw Its Q2 2022 Net Income Jump Drastically By 1,136% To \$265 Million—As The Food Giant Spent \$980 Million On Shareholder Dividends In The First Six Months Of 2022 Alone.**

**June 2022: Kraft Heinz Announced Upcoming Price Increases In August On A Range Of Items, Claiming The “Persistence Of Increases Makes It Necessary To Announce Price Changes.”** “Kraft Heinz notified retailer customers this past Monday that it would raise prices in August on items ranging from Miracle Whip and Classico pasta sauce to Maxwell House coffee products and some deli meat. Cory Onell, chief sales officer at Kraft Heinz, wrote in the memo to retailers that inflation continues to affect the economy and shape consumption patterns. Costs continue to rally and the persistence of increases makes it necessary to announce price changes, he wrote.” [The Wall Street Journal, [06/11/22](#)]

**Since 2019, Kraft Has Raised Prices 13.9%, With Other Food Brands Following The Pattern, And Consumers Not “Reacting As Much As They Have Historically” Due To Widespread Increases Across Brands And Stores.** “Kraft, commenting on the coming price increases, said they reflect the costs of production the entire industry is facing. Many food makers, including Kraft, have already raised prices this year. Kraft has raised prices 13.9% since 2019, Chief Executive Officer Miguel Patricio said at an investor conference earlier this month. He said other brands have followed, and because price increases are widespread across stores, consumers aren’t reacting as much as they have historically.” [The Wall Street Journal, [06/11/22](#)]

**July 2022: During A Company Earnings Call, Kraft Heinz’s Executive Vice President And President Of North America Said Its Brands Philadelphia Cream Cheese And Heinz Ketchup Saw “Record Shares.”** “Carlos Abrams-Rivera - Executive Vice President and President, North America Zone [...] We saw that in Q2, where in fact, we have able to kind of unlock opportunities within, for example, brands like Philadelphia or Heinz Ketchup, both of which had record shares, in fact, higher share, they ever had in both of those businesses. So, I think as we go forward, we always going to continue to improve our position.” [Seeking Alpha, [07/27/22](#)]

**During Its Second Quarter Of 2022, Kraft Heinz Reported Its Net Income Skyrocketing By 1,136.4% To \$265 Million:**

	For the Three Months Ended		
	June 25, 2022	June 26, 2021	% Chg vs PY
Net income/(loss)	265	(25)	1,136.4%

[Kraft Heinz, [07/27/22](#)]

**During The First Six Months Of 2022, Kraft Heinz Paid \$980 Million In Dividends To Its Shareholders:**

## For the Six Months Ended

June 25, 2022	June 26, 2021
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Dividends paid (980) (979)

[Kraft Heinz, [07/27/22](#)]

### **After Previously Raising Prices On Consumers With Additional Price Increase Planned For August, Chipotle Recently Announced A 38.2% Increase In Second Quarter Net Income As Well As Increases In Company And Store-Level Operating Margins, Allowing The Company To Spend \$261.1 Million On Stock Buybacks And Approve An Additional \$300 Million In Future Buybacks.**

**July 2022: After Previously Raising Prices On Consumers, Chipotle CEO Brian Niccol Announced His Company Would Raise Prices Again In August 2022 While Admitting Low-Income Consumers Had "Pulled Back Their Purchase Frequency" But Fortunately The "Majority Of Our Customers Are A Higher Household Income Consumer."** "Chipotle Mexican Grill on Tuesday reported disappointing sales as price hikes helped boost profits but may have scared away some inflation-weary customers. 'The low-income consumer definitely has pulled back their purchase frequency,' CEO Brian Niccol said on the company's conference call. 'Fortunately for Chipotle, you know, the majority of our customers are a higher household income consumer.' The company also said it would raise prices again in August, indicating that costs keep rising for its restaurants." [CNBC, [07/26/22](#)]

**July 2022: In Announcing Chipotle's Q2 2022 Earnings, Brian Niccol Stated He Was "Pleased With Our Second Quarter Performance During A Period Of Inflation And Consumer Uncertainty" And That The Company's "Pricing Power And Value Proposition Remain Strong."** "We are pleased with our second quarter performance during a period of inflation and consumer uncertainty,' said Brian Niccol, Chairman and CEO, Chipotle. 'Our pricing power and value proposition remain strong as our culinary and food with integrity commitment continues to be a key point of differentiation.'" [Chipotle, [07/26/22](#)]

**Chipotle Saw Its Second Quarter Net Income Increase 38.2% From \$188 Million Last Year To \$259.9 Million.** "The burrito chain reported second-quarter net income of \$259.9 million, or \$9.25 per share, up from \$188 million, or \$6.60 per share, a year earlier." [CNBC, [07/26/22](#)]

**Chipotle Also Saw Its Q2 2022 Operating Margin Increase To 15.3% From 13% Last Year, With Restaurant Level Operating Margins Increasing 70 Basis Points.** "Second quarter highlights, year over year: [...] Operating margin was 15.3%, an increase from 13.0% [...] Restaurant level operating margin was 25.2% 2, an increase of 70 basis points" [Chipotle, [07/26/22](#)]

**Chipotle's Strong Results Allowed The Company To Spend \$261.1 Million On Stock Buybacks In Its Q2 2022 And Its Board To Authorize An Additional \$300 Million In Future Buybacks.** "During the second quarter, our Board of Directors approved the investment of up to an additional \$300 million, exclusive of commissions, to repurchase shares of our common stock, subject to market conditions. Including this repurchase authorization, \$319.7 million was available as of June 30, 2022. The repurchase authorization may be modified, suspended, or discontinued at any time. We repurchased \$261.1 million of stock at an average price per share of \$1,350 during the second quarter." [Chipotle, [07/26/22](#)]