

# ***SYSCO Corporation***



**Thomas E. Lankford**  
**President & COO**



# *Forward-Looking Statements*

## Forward-Looking Statements

Certain statements made herein are forward-looking statements under the Private Securities Litigation Reform Act of 1995. They include statements regarding SYSCO's ability to achieve its long-term performance objectives, maintain consistent future growth and continue to deliver sound results, inflationary trends, capital expenditures and other future investments, the expected benefits of cost controls, and the expected timing, cost and benefits of the national supply chain project and northeast redistribution center. These statements involve risks and uncertainties and are based on management's current expectations and estimates; actual results may differ materially. Those risks and uncertainties that could impact these statements include the risks relating to the foodservice distribution industry's relatively low profit margins and sensitivity to general economic conditions, including the current economic environment and consumer spending; the risk that higher costs due to inflation cannot be passed on to customers or that the current high levels of inflation do not return to historical levels; SYSCO's leverage and debt risks; the successful completion of acquisitions and integration of acquired companies; the risk of interruption of supplies due to lack of long-term contracts, severe weather, work stoppages or otherwise; construction schedules; management's allocation of capital and the timing of capital purchases such as fleet and equipment; competitive conditions; labor issues; and internal factors such as the ability to control expenses. For a discussion of additional factors that could cause actual results to differ from those described in the forward-looking statements, see the Company's Annual Report on Form 10-K for the fiscal year ended June 28, 2003 as filed with the Securities and Exchange Commission.



# SYSCO Profile

## Who:

- North America's #1 foodservice marketer & distributor
- FY 2004 sales of \$29.3 Billion

## What:

- Serve Foodservice & Hospitality market of app. \$207 B
- Approximately 400,000 customers

## Where:

- 150 locations in the U.S. and Canada

## When:

- Industry Leader since 1977
- Founded 1969; IPO in 1970

## How:

- More than 300,000 products, including app. 40,000 SYSCO Brand products
- About 8,000 marketing associates

## Why:

- Our Mission: To Help Our Customers Succeed





# SYSCO's Overall Market

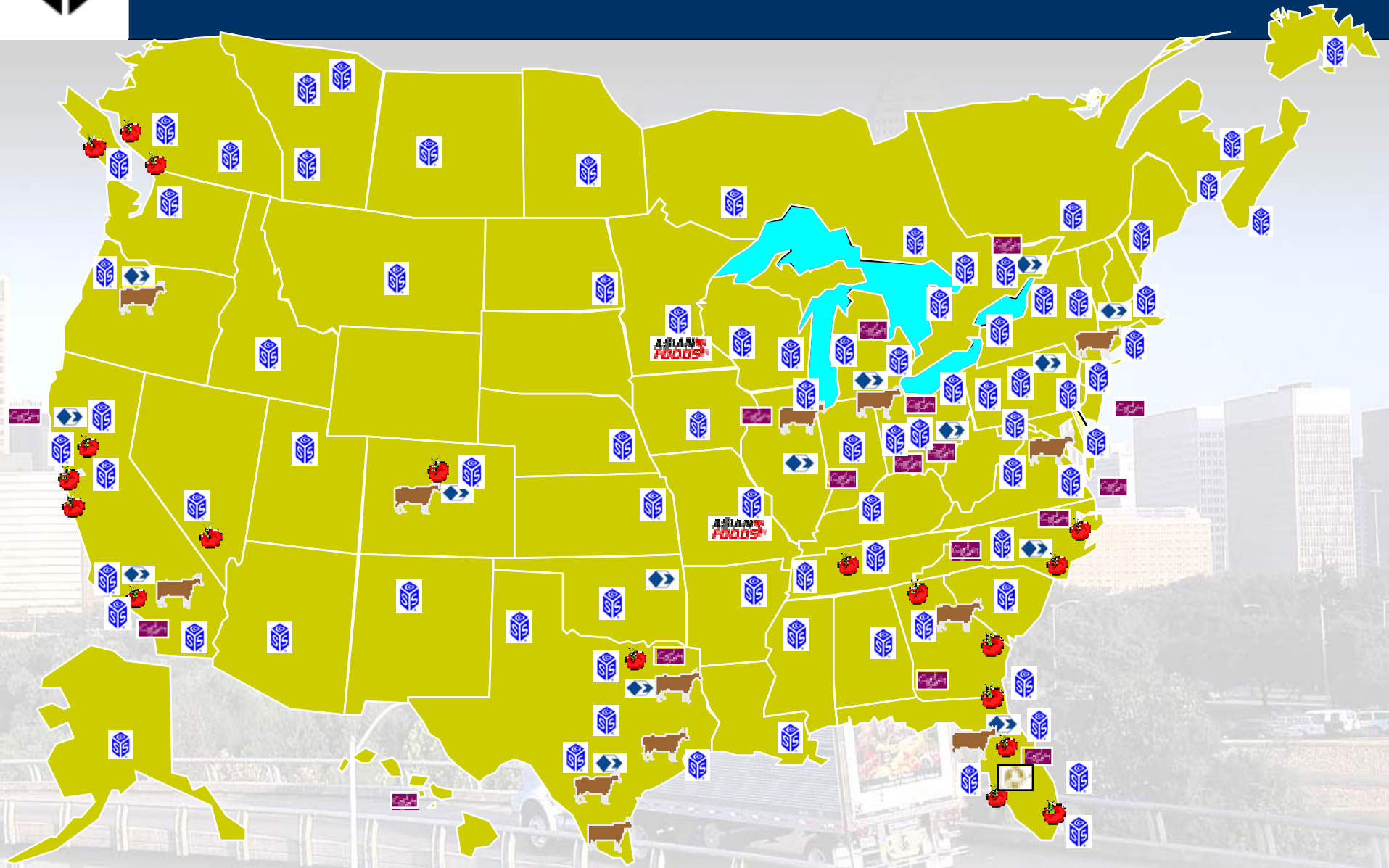
## SYSCO's 2004 Market

(In Billions)

<b>Foodservice Spending Available to SYSCO</b>	<b>\$167.0</b>
<b>Non-Food Market</b>	<b>20.0</b>
<b>Canadian Foodservice Market</b>	<b><u>12.0</u></b>
<b>Est. 2004 Foodservice Market</b>	<b>\$199.0</b>
<b>Hotel Amenities &amp; Supply Market</b>	<b>8.0</b>
<b>Total Market</b>	<b><u><u>\$207.0</u></u></b>



# 150 Distribution Locations



83 Broadline 19 Produce 17 Hotel Supply 15 SYGMA 13 Meat 2 Asian 1 International Food



# Operating Pretax Performance

**65% of OPCO's Improved vs. FY03**

	<u>FY99</u>	<u>FY03</u>	<u>FY04</u>
> 7%	2	20	24
6% - 7%	5	27	25
5% - 6%	13	7	8
4% - 5%	16	7	7
3% - 4%	11	5	2
3% <	<u>15</u>	<u>0</u>	<u>2</u>
	<u><u>62</u></u>	<u><u>66</u></u>	<u><u>68</u></u>



# Utilize OPCO's Best Business Practices

Practices Broken Out by Job Category

**BBP**  
Best Business Practices

My Site Site Se

Home FEC Reviewer Finance and Accounting HR IT Merchandising **Operations** Sales and Marketing Admin

**2** SYSCO  
**Warehouse**

**Current Location**

- Home
- Operations
  - Warehouse**
  - Facilities / Maintenance
  - Inbound
  - Inventory Control
  - Outbound
  - Slotting

**Actions**

- Add Listing
- Add Person

**Practice List**

New Practice | Filter

Title	Submission Status	Qualification	User Rating	Operating Company	Practice Expert Name	Average \$ Impact
<b>Count = 36</b>						
Medal Identifiers for routing	Reviewed	Proven Practice	****	Jacksonville	Milton, Dave	\$0.00
Hazardous Assesment Safety Audits	Reviewed	Proven Practice		Nobel/ Denver	Hammerschmidt, Jeff	\$0.00
ACCIDENT KITS	Reviewed	Proven Practice		Nobel/ Denver	Howieson,Jim	\$12,000.00
Smith System Advanced Driver Training	Reviewed	Proven Practice		Cleveland	Wolf, Mark	\$0.00
Dark Drop Key Control Program	Reviewed	Proven Practice With Limitations		San Diego	Robinson, Bill	\$0.00
Inbound Truck Door Assignment	Reviewed	Good Idea		Toronto	Bretz, Debbie	\$0.00
Unit and Case - Separate Slotting (For	Reviewed	Proven Practice	*****	Toronto	Hill, Brian	\$0.00

Itemized List of Topics



# SYSCO vs. Industry Leaders

## Technomic's CY2003 Top 10 Power Distributors

(Sales in Billions)

<u>Company</u>	<u>Sales</u>
SYSCO	27.5
U.S. Foodservice	17.8
PFGC	4.6
Gordon's	3.3
FSA	2.0
Reinhardt	1.6
Maines	1.4
Shamrock	1.1
Ben E. Keith	.9
Labatt Foodservice	<u>.4</u>
Top 10	<u><u>60.6</u></u>

**SYSCO = 45% of sales by the top 10 companies**



# Sales and Marketing Strength

## Largest Sales Force in the Industry

**SYSCO**

8,000 Marketing Associates

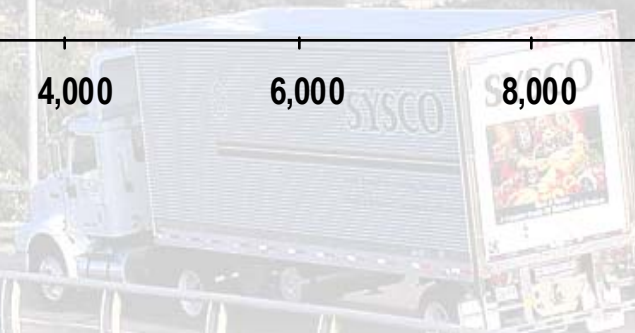
980  
District  
&  
Regional  
Sales  
Mgrs

2,725  
Sales &  
Marketing  
Support

**2<sup>nd</sup> thru 10<sup>th</sup>  
largest  
broadliners**

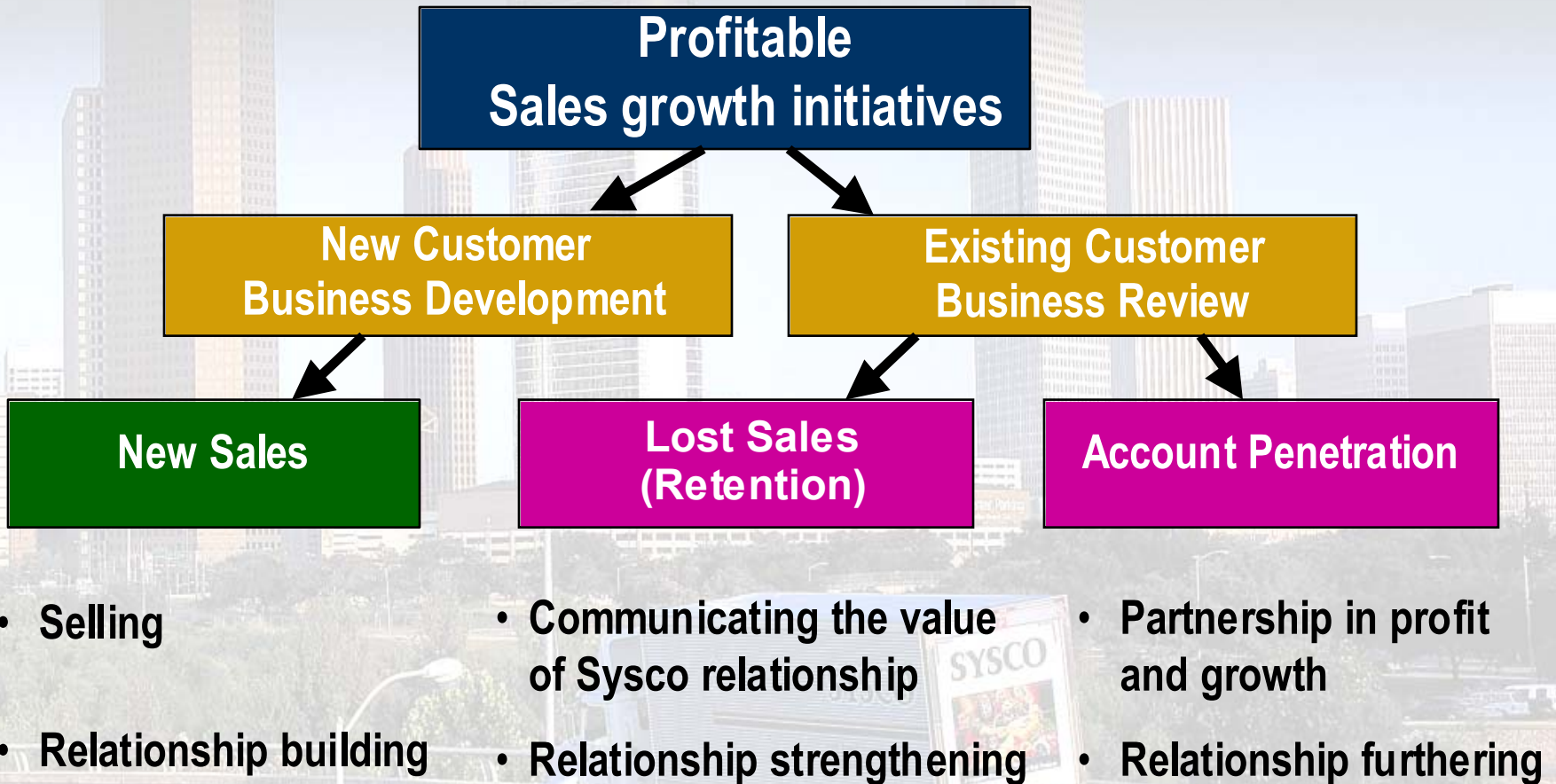
8,112 Marketing Associates

0 2,000 4,000 6,000 8,000 10,000 12,000





# Evolving Role of the SYSCO Marketing Associate



# ***SYSCO Corporation***



**Richard J. Schnieders**  
**Chairman & CEO**



# FY04 Performance

(53 weeks)

(Unaudited. In millions except EPS data)

	<i>53 Weeks</i>		
	<u>FY04</u>	<u>FY03</u>	<u>% Change</u>
<b>Sales</b>	<b>\$29,335,403</b>	<b>\$26,140,337</b>	<b>12.2%</b>
<b>Net Earnings</b>	<b>907,214</b>	<b>778,288</b>	<b>16.6%</b>
<b>Dil. EPS</b>	<b>1.37</b>	<b>1.18</b>	<b>16.1%</b>
<b>Dil. Sh. O/S</b>	<b>661,919,234</b>	<b>661,535,382</b>	<b>0.3%</b>

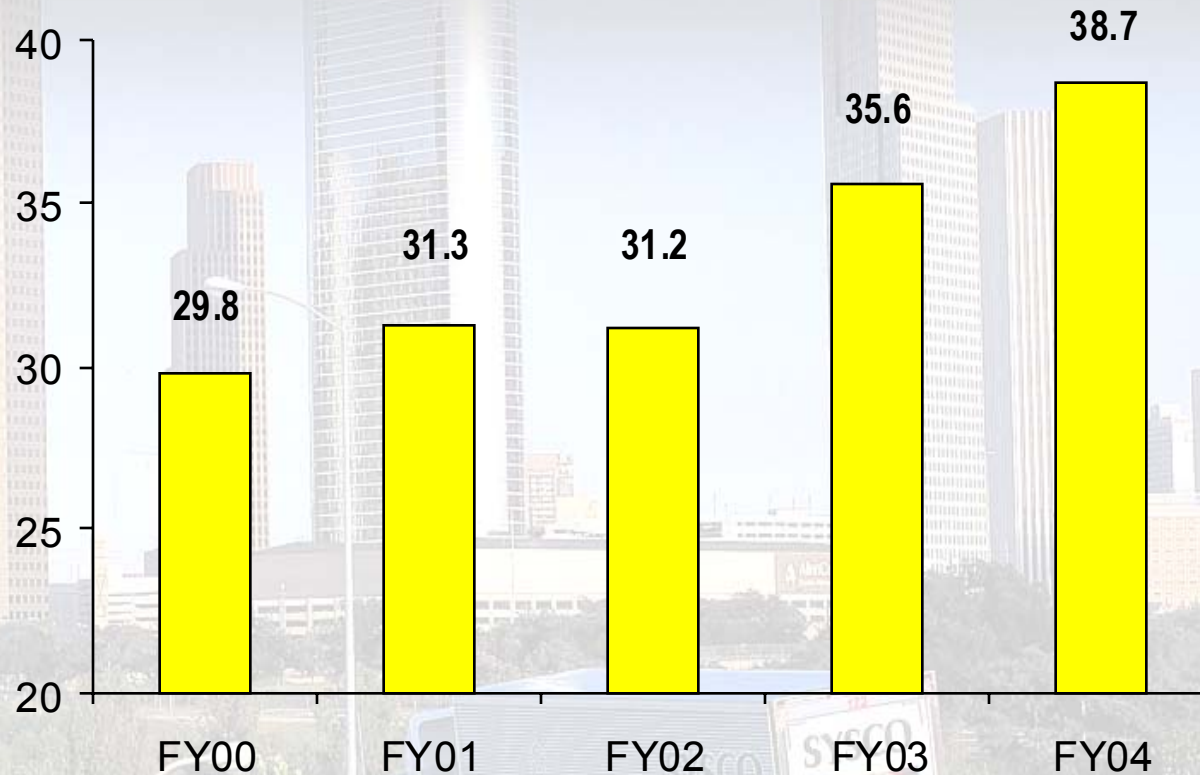
**Comparative fiscal 2004 and 2003 sales adjusted for a 52-week vs. 52-week comparison.**

	<u>FY04</u>	<u>FY03</u>
<b>Sales</b>	<b>\$29,335,403</b>	<b>\$26,140,337</b>
<b>Less 1 week avg. sales</b>	<b><u>581,358</u></b>	<b><u>--</u></b>
<b>Comp. 52-week vs. 52-week sales</b>	<b>28,754,045</b>	<b>26,140,337</b>
<b>Actual year-over-year % increase</b>	<b>12.2%</b>	
<b>Adjusted year-over-year % increase</b>	<b>10.0%</b>	

Because FY04 contained an additional week as compared to FY03, sales growth for FY04 is not comparable to the prior year. In order to provide a more comparable picture of FY04 sales growth, management believes that it is appropriate to adjust the sales figures for FY04 by estimating the impact of the additional week. As a result, sales for FY04 presented are also adjusted by one-fourteenth of 4Q04 sales – the quarter that contained the extra week. Failure to make this adjustment might cause investors to overstate the amount of actual sales growth due to the additional week of sales included in FY04. Set forth above is a reconciliation of actual year-over-year sales growth and adjusted year-over-year sales growth.



# Historical Return on Equity



**SYSCO returned \$918 mm to shareholders in the form of dividends & share repurchases in fiscal 2004.**



# 28+ Yrs. of Sales & Earnings Increases!

## Sales

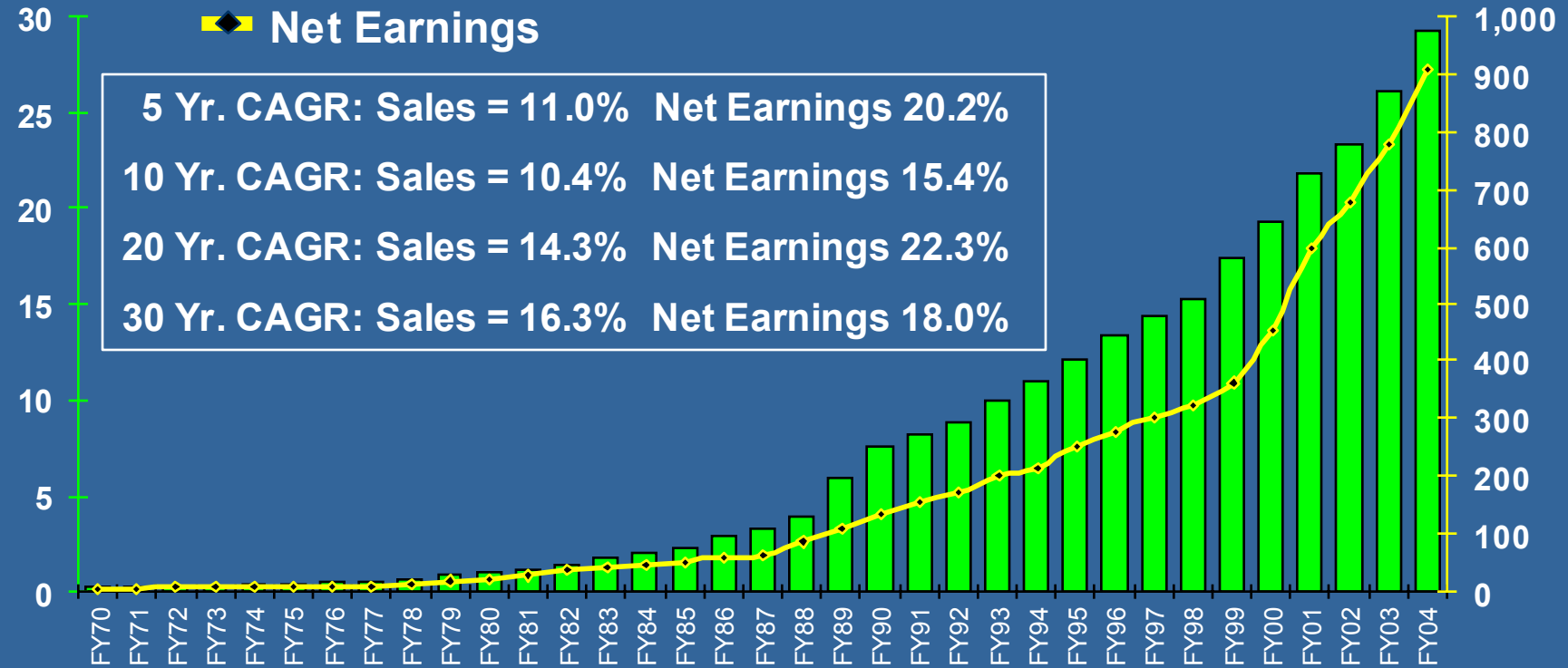
(Billions)

█ Sales

◆ Net Earnings

## Net Earn.

(Millions)

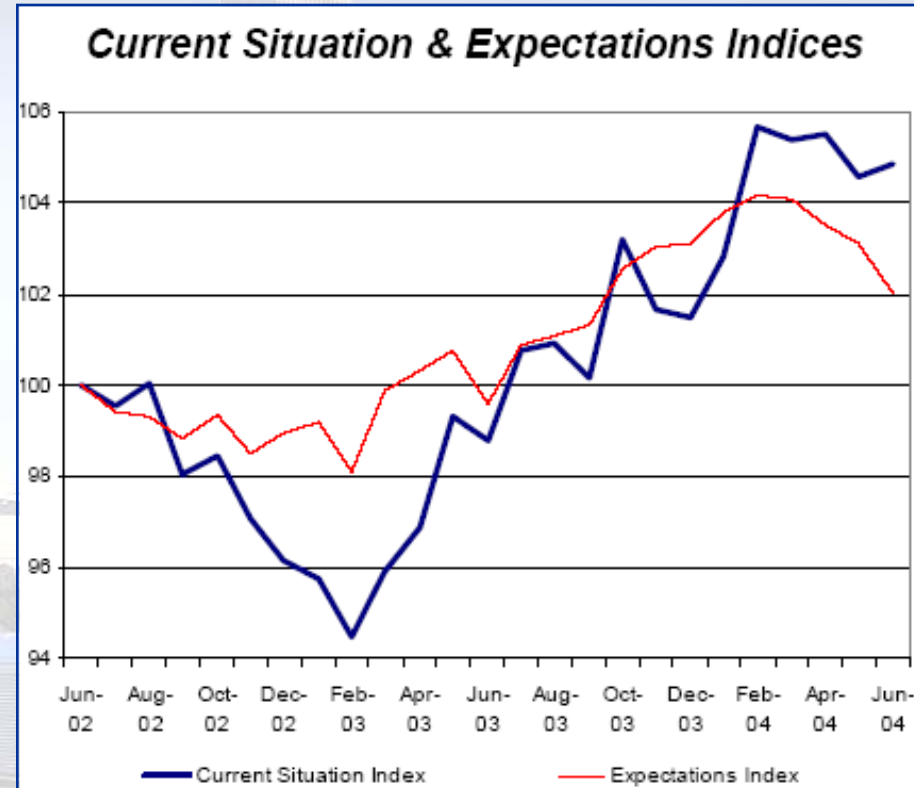


\* All net earnings data is before accounting changes.



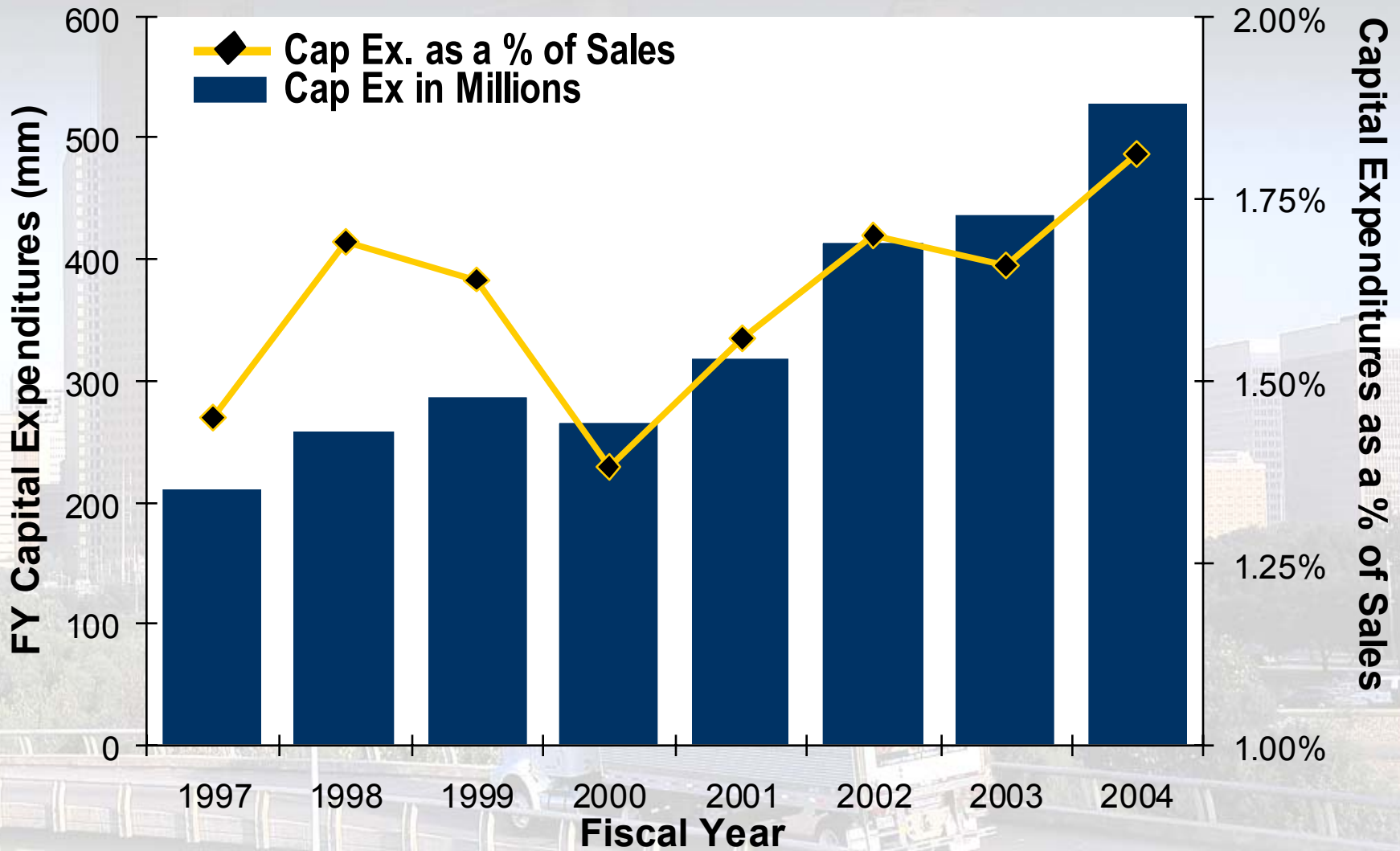
# Current Trends

Prolonged inflation, slowing consumer spending are affecting the industry





# Reinvesting for Growth

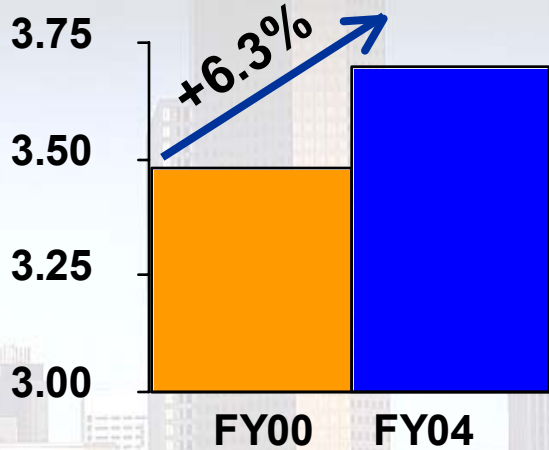


*FY05 capital expenditures are projected to be approximately \$475 - \$500mm.*

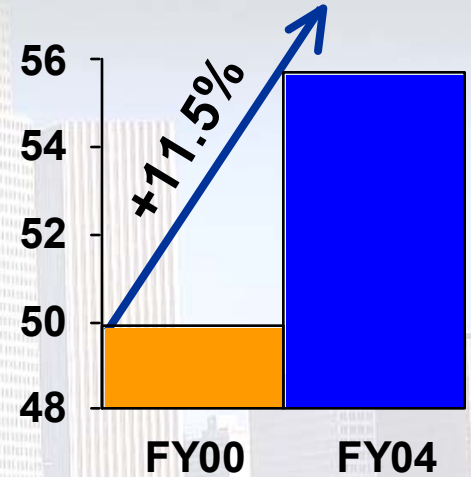


# Technology Investments Drive Distribution Efficiencies

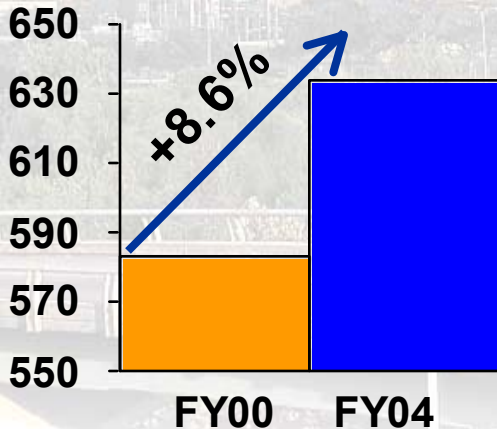
Pieces per Mile



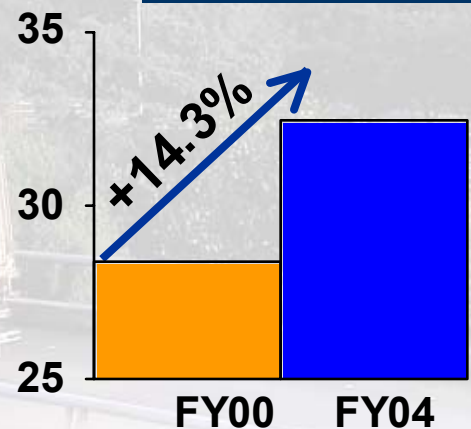
Pieces per Stop



Pieces per Trip

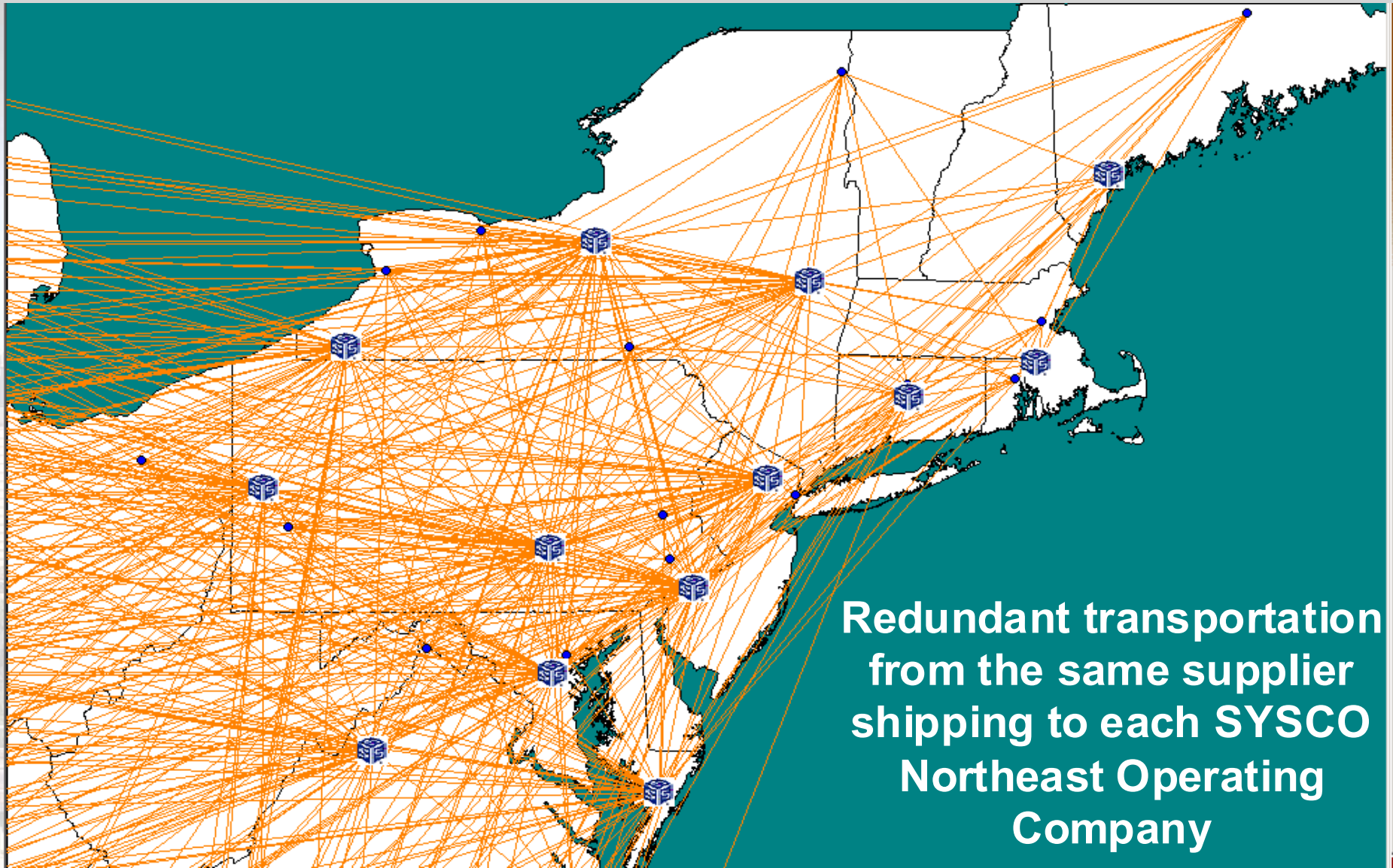


Lines per Stop





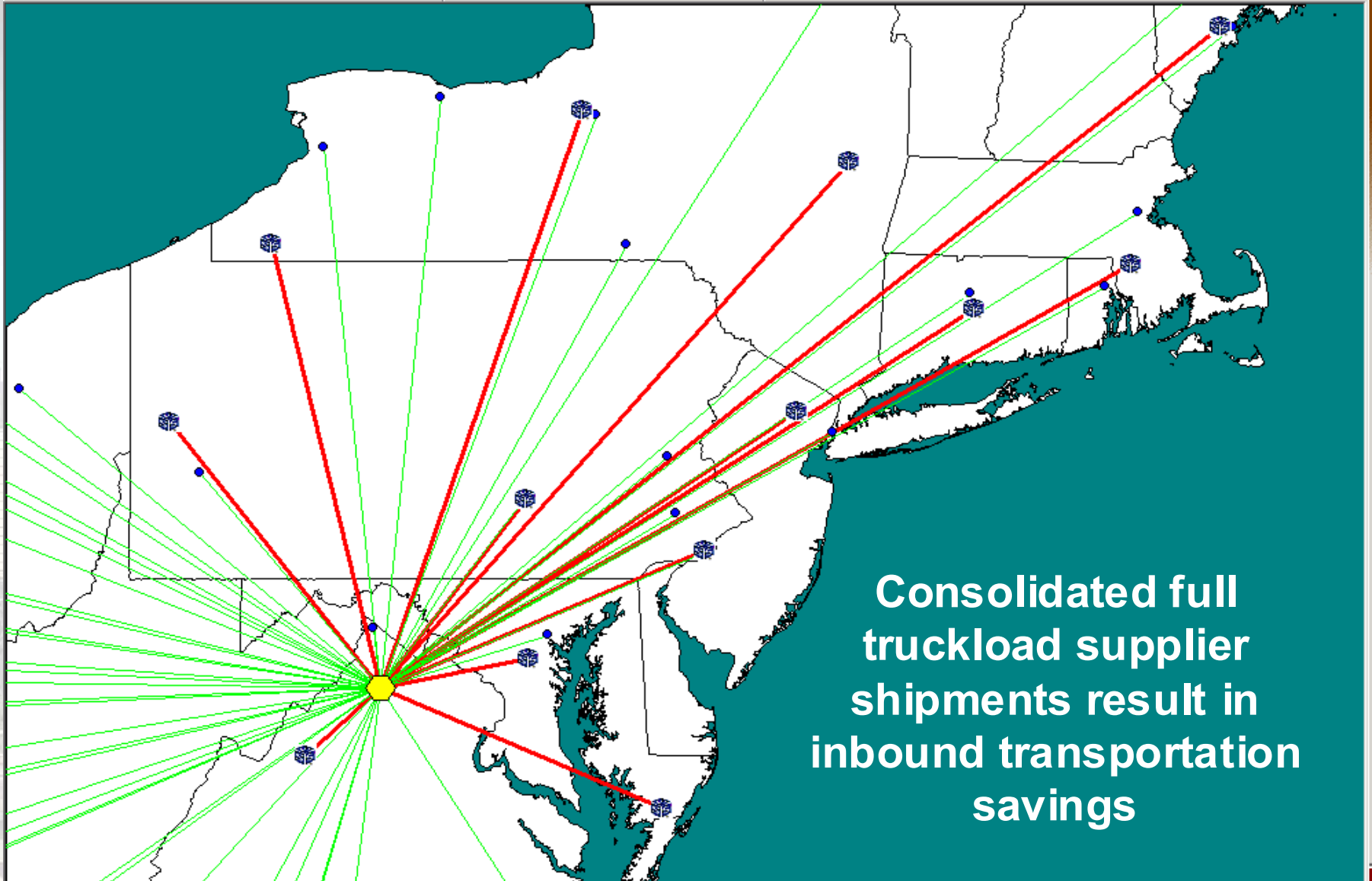
# The Case for Redistribution



**Redundant transportation  
from the same supplier  
shipping to each SYSCO  
Northeast Operating  
Company**



# The Case for Redistribution





# External Growth Opportunities

## Four acquisitions in FY04

- International Food Group
- Overton Distributors
- Luzo's Foodservice
- Stockton, CA foodservice assets of Smart & Final

## Continue to seek niche & specialty opportunities

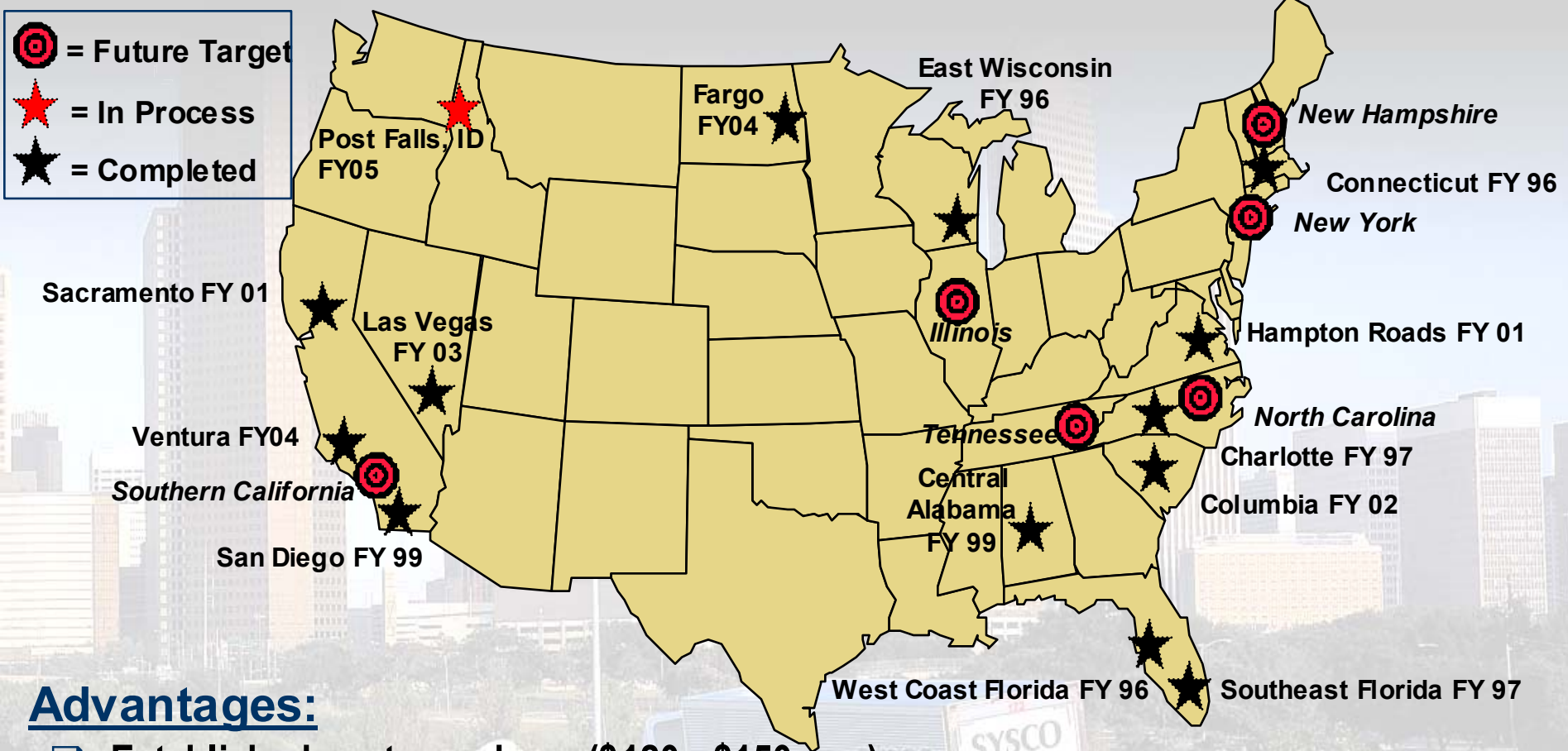
- Meat, produce, hotel amenities & Asian cuisine have been successful concepts
- Paper, chemical, seafood and supplies & equipment opportunities

## Acquisition Goal

- Contribute, on average, 3% to top-line sales growth each year



# Fold-Outs – Getting Closer to our Customers



## Advantages:

- ❑ Established customer base (\$120 - \$150 mm)
- ❑ Experienced management team familiar with SYSCO's culture & systems
- ❑ Warehouse built to our specifications
- ❑ Sales in "fold-outs" have grown faster than overall SYSCO average
- ❑ Ability to develop markets while reducing delivery mileage



# Long-Term Financial Objectives

- ✓ Grow total sales in the low- to mid-teens range
- ✓ Acquisitions, on average, add 3% per year to total sales growth
- ✓ Leverage earnings growth to outpace sales growth
- ✓ Maintain a 35% Return on Equity
- ✓ Maintain a Debt to Total Capital Ratio of 35% - 40%



# SYSCO's Operating Pretax Growth Model

$$\frac{B + M + E}{B} \times (1 + (O + A))$$

**B = Base Year Net Operating Margin**

**M = Gross Margin Improvement**

**E = Expense Ratio Improvement**

**O = Annual Organic Growth**

**A = Annual Acquisition Growth**



# *Our Mission:*

## *Help Our Customers Succeed*



***Thank You!***

