



U.S. GROCERY: A FEW THINGS YOU MIGHT NOT KNOW

SCOTT MOSES
SOLOMON PARTNERS

SEPTEMBER 2023

AN AFFILIATE OF



12 MINUTES.

**12 MORE
THINGS YOU MIGHT
NOT KNOW...**

SCOTT MOSES

HEAD OF GROCERY, PHARMACY & RESTAURANTS ADVISORY GROUP



Partner
Head of Grocery,
Pharmacy &
Restaurants

Member of the Firm's
Operating Committee

+1-212-508-1675

scott.moses@
solomonpartners.com

Scott Moses is a Partner, Head of the Grocery, Pharmacy & Restaurants Investment Banking Group at Solomon, and a member of the Firm's Operating Committee. He specializes in retail strategic and financial advice, with a focus on mergers, acquisitions, sales and divestitures of grocers and restaurants.

Mr. Moses has advised clients in some of the largest and most significant retail M&A transactions over the past two decades, with a combined transaction value of over \$50 billion. He has been named to the **"Top 50: Americas M&A Dealmakers"** list by Global M&A Network (2013) and **"40 Under 40"** lists of promising finance professionals by IDD (2011) and The M&A Advisor (2015).

Mr. Moses' numerous food retail clients, many of which are family-owned, have included: **Kroger** (on its \$800 million acquisition of Roundy's); **El Rancho** (on its sale to Heritage Grocers Group / Apollo and on its strategic growth investment by Albertsons); **KKR** (on its sale of Cardenas to Apollo); **Mi Pueblo** (on its sale to KKR/Cardenas); **Sprouts Farmers Market** (on its merger with Henry's Farmers Market, which was then owned by Apollo); **Sunflower Farmers Market** (on its merger with Sprouts Farmers Market); **New Seasons Market** (on its sale to Emart / Good Food Holdings); **Baked By Melissa** (on its strategic growth investment by Tiff's Treats); **Boxed** (on its sale of Spresso to BlackRock and merger with Seven Oaks Acquisition Corp.); **Imperfect Foods** (on its sale to Misfits Market), **The Save Mart Companies** (on its sales to Kingswood Capital and Oak Street Real Estate Capital); **Price Chopper / Market 32** (on its merger with Tops Markets); Save A Lot (on its ~\$1bn recapitalization and retail conversion store sales); **Southeastern Grocers** (on its sales of Bi-Lo to Ahold Delhaize and Alex Lee, and Rx assets to CVS and Walgreens); **Fairway Markets** (on its sale of stores to Village Super Market, Key Food, Amazon and Bogopa); **Kings and Balducci's** (on its sale to Albertsons); **Lucky's Market** (on its sales to various acquirers including Aldi, Publix, Southeastern Grocers, Dollar General and the founders, Bo and Trish Sharon, et. al., as well as its original strategic growth investment by Kroger); **Best Market** (on its sale to Lidl U.S.); **Martin's Super Markets** (on its sale to SpartanNash); **Pro's Ranch Markets** (on its sale of its California Region stores to Vallarta); **Supervalu** (on its sale of Shop 'N Save to Schnuck Markets); **United Supermarkets** (on its sale to Albertsons); **Central Grocers** (on its sale of Strack & Van Til to Indiana Grocery Group and its sale of its DC to Supervalu); **Marsh Supermarkets** (on its sales to Kroger and Fresh Encounter); **Fred's** (on its sale of Rx assets to Walgreens and CVS); and **Weis Markets** (on its sale of SuperPetz to Petco).

Mr. Moses also worked on **Cerberus'** acquisition of **Albertsons'** "non-core" stores (as part of a \$17.4 billion acquisition consortium); **Ahold's** \$7.1 billion sale of U.S. Foodservice to KKR and CD&R; **Jean Coutu's** \$3.4 billion sale of **Eckerd Drugs and Brooks Pharmacy** to Rite Aid; **Caremark's** \$22 billion merger with CVS; Seven & I's \$1.3 billion take-private of **7-Eleven**; **GameStop's** \$1.4 billion acquisition of Electronics Boutique and **GameStop's** \$700 million spin-off from **Barnes & Noble**.

Mr. Moses was previously the Head of Food, Drug and Specialty Retail Investment Banking at Sagent Advisors, prior to which he worked in the retail investment banking groups at JPMorgan, Citigroup and Dresdner Kleinwort Wasserstein (Wasserstein Perella).

Mr. Moses has been quoted numerous times as a thought leader in various business and grocery media outlets, including Forbes, Reuters, The Wall Street Journal, Yahoo Finance, Food Dive, Progressive Grocer, The Shelby Report, Supermarket News and Winsight Grocery.



Education

Mr. Moses graduated summa cum laude from the University of Pennsylvania, with a B.A. in Political Science. He received a J.D./M.B.A. from Columbia University, where he was a Harlan Fiske Stone Scholar and an executive editor of the Columbia Business Law Review.

Not-For-Profit Affiliations

Mr. Moses sits on the Board of Directors of Uplift Solutions, a national nonprofit organization founded to work with grocers, governments and other constituents to bring full-service grocery stores to underserved markets across the country.

Mr. Moses is also a Fellow of the Culinary Institute of America.

SOLOMON'S GROCERY, PHARMACY & RESTAURANTS TEAM'S EXTENSIVE EXPERIENCE

<p>PENDING</p>  <p>Sale To</p>  <p>Serving As Financial Advisor To Albertsons</p>	<p>JUNE 2023</p>  <p>Sale To</p>  <p>APOLLO</p> <p>Served As Exclusive Financial Advisor To El Rancho</p>	<p>DECEMBER 2022</p>  <p>Strategic Investment By</p>  <p>Served As Exclusive Financial Advisor To Baked by Melissa</p>	<p>NOVEMBER 2022</p>  <p>Sale To</p>  <p>Served As Exclusive Financial Advisor To Imperfect Foods</p>	<p>AUGUST 2022</p>  <p>Sale of</p>  <p>to</p>  <p>Served As Lead Financial Advisor To Cardenas / KKR</p>	<p>MARCH 2022</p>  <p>The SAVE MART COMPANIES</p> <p>Sale To</p>  <p>Served As Financial Advisor To The Save Mart Companies</p>	<p>2020-2021</p>  <p>Relicensing Conversion Sales to Various Parties Including</p>  <p>Served As Financial Advisor To Save a Lot</p>	<p>DECEMBER 2021</p>  <p>Merged With</p>  <p>Served As Financial Advisor To Boxed</p>	<p>NOVEMBER 2021</p>  <p>Merged With</p>  <p>Served As Exclusive Financial Advisor To Price Chopper / Market 32 and Exclusive Financing Agent to Northeast Grocery Inc. (Parent)</p>
<p>AUGUST 2021</p>  <p>Sale To</p>  <p>Served As Financial Advisor To Pharmaca</p>	<p>APRIL 2021</p>  <p>Sale Of BI-LO Banner & DC To</p>  <p>Alex Lee</p> <p>Served As Financial Advisor To Southeastern Grocers</p>	<p>JANUARY 2021</p>  <p>BALDUCCI'S</p> <p>Sale To</p>  <p>Served As Financial Advisor To KB US Holdings, Inc.</p>	<p>DECEMBER 2020</p>  <p>The SAVE MART COMPANIES</p> <p>Sale Of Real Estate Assets To</p>  <p>Served As Financial Advisor To Save Mart</p>	<p>JULY 2020</p>  <p>Sale Of Selected Rx Assets To</p>  <p>CVS</p> <p>Served As Financial Advisor To Southeastern Grocers</p>	<p>JULY 2020</p>  <p>LIKE NO OTHER MARKET.</p> <p>Sale Of Stores & Distribution Center To</p>  <p>Served As Financial Advisor To Fairway Market</p>	<p>MAY 2020</p>  <p>Sale Of Stores To</p>  <p>Bo & Trish Sharon</p>  <p>Served As Financial Advisor To Lucky's Markets</p>	<p>APRIL 2020</p> <p>\$1,038,000,000</p>  <p>Recapitalization and Refinancing</p> <p>Served As Financial Advisor To Save A Lot</p>	<p>DECEMBER 2019</p>  <p>Sale To</p>  <p>emart</p> <p>Served As Financial Advisor To New Seasons Market / New Leaf Community Markets</p>
<p>2018 - 2019</p>  <p>Sale Of Selected Pharmacy Assets To</p>  <p>&</p>  <p>Served As Financial Advisor To Fred's</p>	<p>DECEMBER 2018</p>  <p>Sale To</p>  <p>Served As Financial Advisor To Best Market</p>	<p>DECEMBER 2018</p>  <p>Count On Us!</p> <p>Sale To</p>  <p>Served As Financial Advisor To Martin's Super Markets</p>	<p>OCTOBER 2018</p>  <p>Sale Of</p>  <p>To</p>  <p>Served As Financial Advisor To SUPERVALU</p>	<p>MARCH 2018</p> <p>\$305,000,000</p>  <p>Acquisition Of</p>  <p>Served As Financial Advisor To Apollo</p>	<p>FEBRUARY 2018</p> <p>\$788,000,000</p>  <p>Spin-Off Of</p>  <p>Co-Manager</p>	<p>NOVEMBER 2017</p>  <p>Strategic Investment By</p>  <p>Served As Financial Advisor To El Rancho</p>	<p>SEPTEMBER 2017</p>  <p>Sale Of Assets To</p>  <p>Served As Financial Advisor To Central Grocers</p>	<p>AUGUST 2017</p>  <p>Sale Of Assets To</p>  <p>Served As Financial Advisor To Strack & Van Til</p>
<p>JULY 2017</p>  <p>Sale Of Selected Assets To</p>  <p>Served As Financial Advisor To Marsh Supermarkets</p>	<p>DECEMBER 2016</p>  <p>Sale To</p>  <p>Served As Financial Advisor To Mi Pueblo Food Center</p>	<p>NOVEMBER 2016</p>  <p>Sale Of Selected Pharmacy Assets To</p>  <p>Served As Financial Advisor To Southeastern Grocers</p>	<p>APRIL 2016</p>  <p>Strategic Investment By</p>  <p>Served As Financial Advisor To Lucky's Market</p>	<p>DECEMBER 2015</p> <p>\$800,000,000</p>  <p>Merger With</p>  <p>Served As Financial Advisor To Kroger</p>	<p>NOVEMBER 2015</p>  <p>Acquisition Of Selected Assets From</p>  <p>Served As Financial Advisor To Gristedes</p>	<p>NOVEMBER 2014</p>  <p>Valuation Advisory</p> <p>Served As Financial Advisor To Kroger</p>	<p>MAY 2014</p>  <p>(As Part of Consortium) Acquisition Of</p>  <p>a Subsidiary Of</p>  <p>Served As Financial Advisor To Lunds & Byerly's</p>	<p>DECEMBER 2013</p>  <p>Sale To</p>  <p>Served As Financial Advisor To United Supermarkets</p>
<p>OCTOBER 2012</p>  <p>Merger With</p>  <p>Served As Financial Advisor To Sunflower Farmers Market</p>	<p>MAY 2012</p>  <p>Sale Of</p>  <p>To</p>  <p>Served As Financial Advisor To Weis Markets</p>	<p>JULY 2011</p>  <p>Merger With</p>  <p>Served As Financial Advisor To Sprouts Farmers Market</p>	<p>NOVEMBER 2010</p>  <p>Sale Of California Region To</p>  <p>Served As Financial Advisor To Pro's Ranch Markets</p>	<p>APRIL 2008</p>  <p>Sale Of Ownership Stake To</p>  <p>Served As Financial Advisor To The Little Clinic</p>	<p>JUNE 2007</p> <p>\$3,400,000,000</p>  <p>Sale Of</p>  <p>To</p>  <p>Served As Financial Advisor To Jean CouTu</p>	<p>MAY 2007</p> <p>\$7,100,000,000</p>  <p>Divestiture Of</p>  <p>To</p>  <p>Served As Financial Advisor To Ahold</p>	<p>MARCH 2007</p> <p>\$22,000,000,000</p>  <p>Merger With</p>  <p>Served As Financial Advisor To Caremark</p>	<p>JUNE 2006</p> <p>\$17,400,000,000</p>  <p>(As Part of Consortium) Acquisition Of Non-Core Stores Of</p>  <p>Served As Financial Advisor To Cerberus Capital Management</p>

Note: Includes Transactions Completed By Current Solomon Partners bankers At Previous Employers.

A Grocery 'Christmas Carol': The Ghost of Supermarkets' Future

As the holidays and a new year approach, Solomon Partners' Scott Moses takes a look at supermarkets' past, present and future

Scott Moses | Dec 20, 2021

Scott Moses is a Managing Director and Head of Grocery, Pharmacy & Restaurants Investment Banking at Solomon Partners, the M&A investment banking advisory firm. He writes a quarterly column for Supermarket News about sector trends, including operating, valuation and strategic dynamics.



One of the most impactful books I read as a boy was *A Christmas Carol* by Charles Dickens. I was recently inspired to re-read the book. As many readers know, the classic story revolves around the life — and potential demise — of Ebenezer Scrooge, a mean, miserly counting house owner who only learns to appreciate the error of his ways when he is reminded of the past, sees the present from another angle and is given a horrifying glimpse into his future were he not to make amends. In this fictional world, Scrooge gets the opportunity to pivot, change his life and enhance not only his own future, but that of the good people around him, many of whom rely on him. There is bona fide wisdom in this story.

1. GROCERY \neq SUPERMARKETS

GROCERY = SUPERCENTERS

Walmart  TARGET  meijer

+ CLUB GROCERS

COSTCO  WHOLESALE sam's club  BJ's  Live Generously!

+ DISCOUNT GROCERS

ALDI  TRADER JOE'S  LIDL  GROCERYOUTLET  Bargain market Smart & Final  WinCo  FOODS

+ DOLLAR GROCERS

DOLLAR GENERAL  DOLLAR TREE  FAMILY DOLLAR  99¢  STORES

+ DRUG GROCERS

CVS Health  Walgreens  RITE AID 

+ ONLINE GROCERS

amazon  WHOLE FOODS  MARKET IMPERFECT  FOODS Misfits  Market Weee!  getir  Blue Apron 

+ SPECIALTY / ETHNIC GROCERS

CARDENAS  EL RANCHO  SUPERMERCADO M MART  99 大華超級市場  99 RANCH MARKET SPROUTS  FARMERS MARKET Bristol Farms 
















+ SUPERMARKET GROCERS

Kroger  Ahold  Delhaize  HEB  HyVee  STATER BROS.  MARKETS SpartanNash  ingles  ROUSES  Schnucks  FOOD CITY  Publix  Albertsons  COMPANIES GIANT  EAGLE Wegmans  Brookshire's  weis  markets NORTHEAST  GROCERY The SAVE MART  COMPANIES Big O  Lowes  ShopRite 

1. 20 YEARS AGO, SUPERMARKET GROCERS COMPRISED 10 OF THE TOP 15 U.S. GROCERS

(\$ In Billions)

U.S. GROCERS – 2003

Ranking	Company	Grocery Sales	% Market Share
1	Walmart 	\$73	} \$24bn
2	Kroger 	\$49	
3	Albertsons 	\$32	
4	SAFEGWAY 	\$28	
5	Ahold USA 	\$24	
6	COSTCO WHOLESALE 	\$20	
7	DELHAIZE AMERICA 	\$14	
8	Publix 	\$14	
9	TARGET 	\$11	
10	Winn-Dixie 	\$10	
11	SUPERVALU 	\$10	
12	A&P 	\$10	
13	H-E-B 	\$8	
14	CVS Health 	\$8	
15	meijer 	\$7	

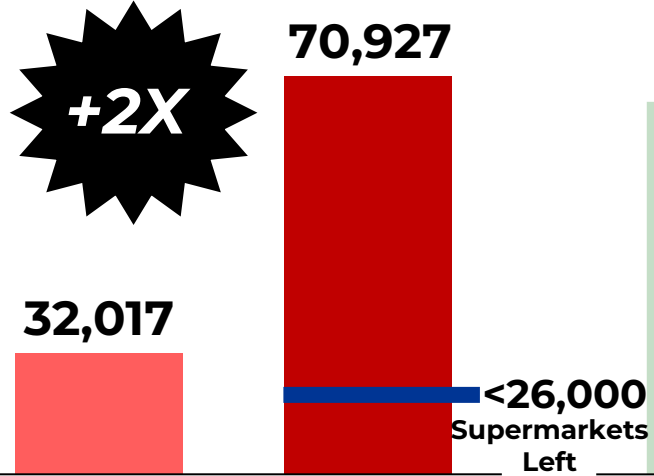
National / Discount Grocers

NOT ON THE LIST



2. NATIONAL / DISCOUNT GROCERS' EXTREME STORE GROWTH, BROAD CUSTOMER TRIP DISPERSION AND ONLINE GROCERY HAVE TRANSFORMED U.S. GROCERY

1 39,000 NEW NATIONAL / DISCOUNT GROCERY STORES



2003 2023

2 CONSUMERS REGULARLY SHOP 4 GROCERY TYPES & 5 BANNERS



2014 2023

3 ONLINE GROCERY HAS INCREASED 4x



2018 2022

Supermarket Grocers face existential competitive risk from powerful National / Discount Grocers.

3. TODAY, 10 OF THE TOP 15 U.S. GROCERS ARE NATIONAL / DISCOUNT GROCERS, NOT SUPERMARKET GROCERS

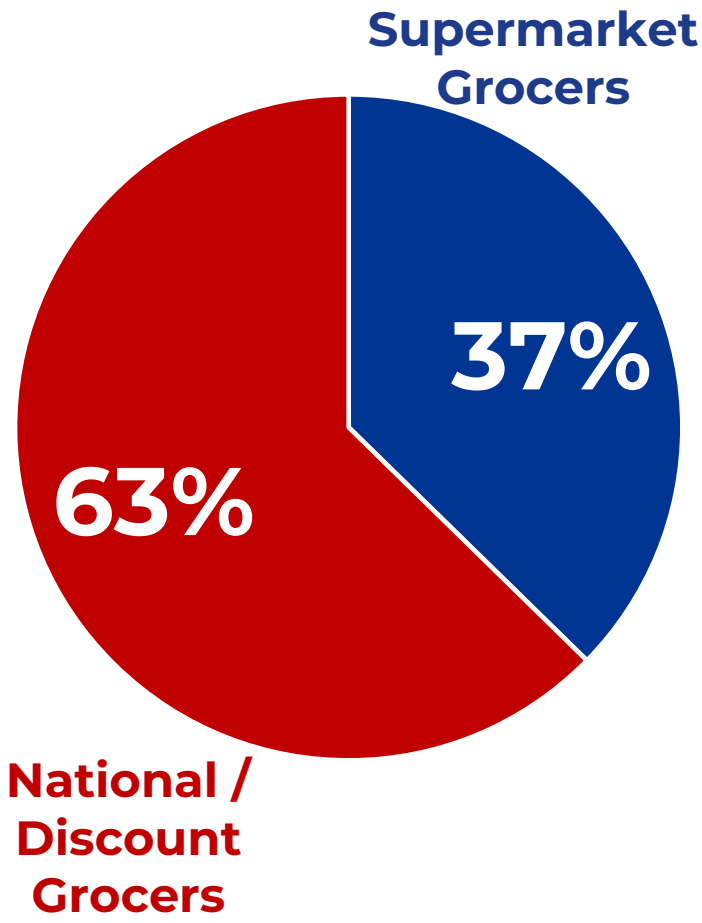
(\$ In Billions)

U.S. GROCERS – 2023

Ranking	Company	Grocery Sales	% Market Share
1	Walmart	\$314	29%
2	Kroger	\$109	10%
3	COSTCO WHOLESALE	\$91	8%
4	Albertsons	\$65	6%
5	amazon	\$60	5%
6	TARGET	\$54	5%
7	Ahold Delhaize	\$52	5%
8	Publix	\$47	4%
9	DOLLAR GENERAL	\$31	3%
10	H-E-B	\$31	3%
11	CVS Health	\$23	2%
12	ALDI	\$20	2%
13	DOLLAR TREE FAMILY DOLLAR	\$18	2%
14	Walgreens	\$17	2%
15	TRADER JOE'S	\$15	1%

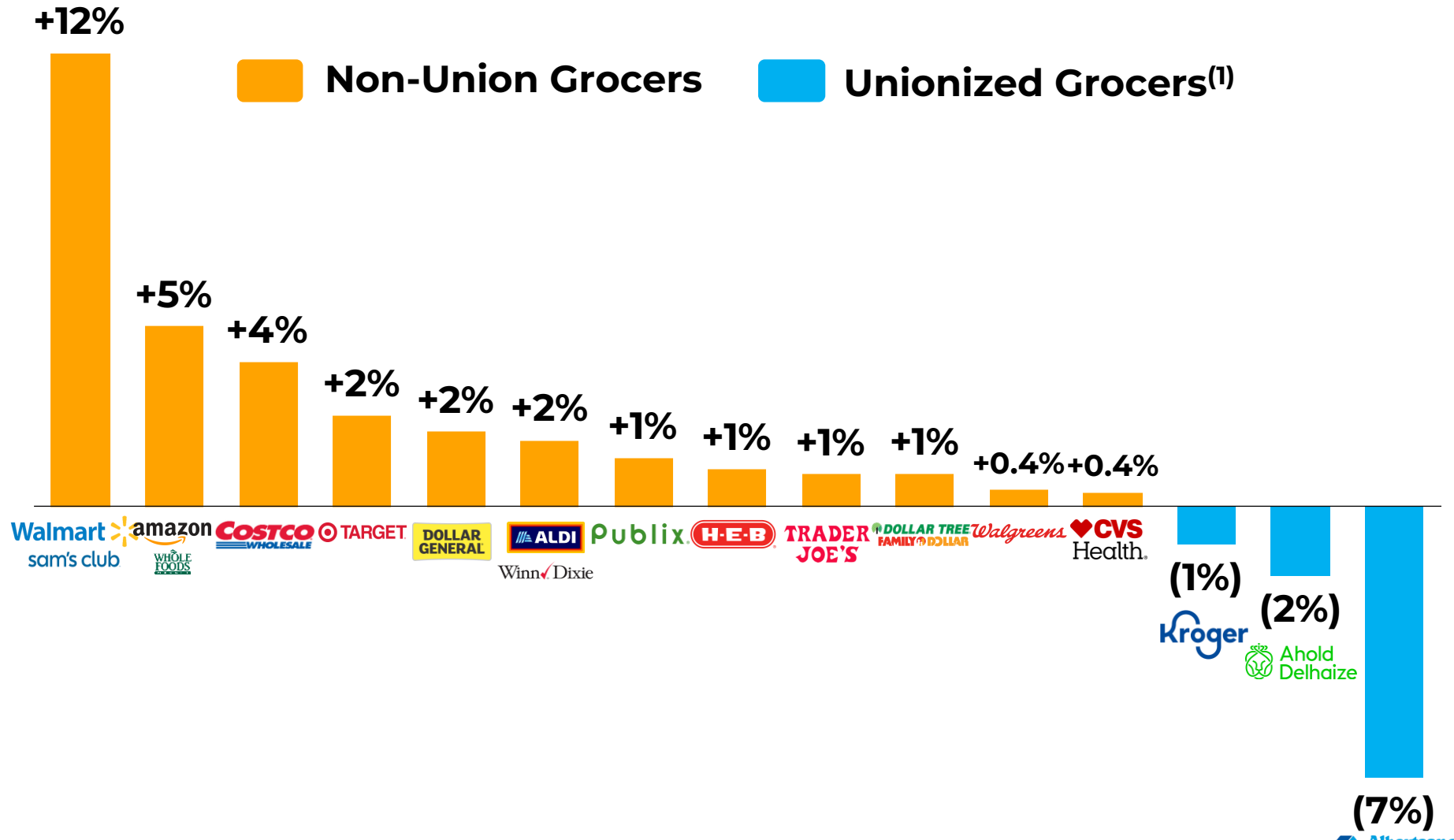
National / Discount Grocers

U.S. GROCERY SHARE



3. WALMART, AMAZON, COSTCO, TARGET, DG AND ALDI (ALL NON-UNION) HAVE TAKEN LOTS OF GROCERY SHARE

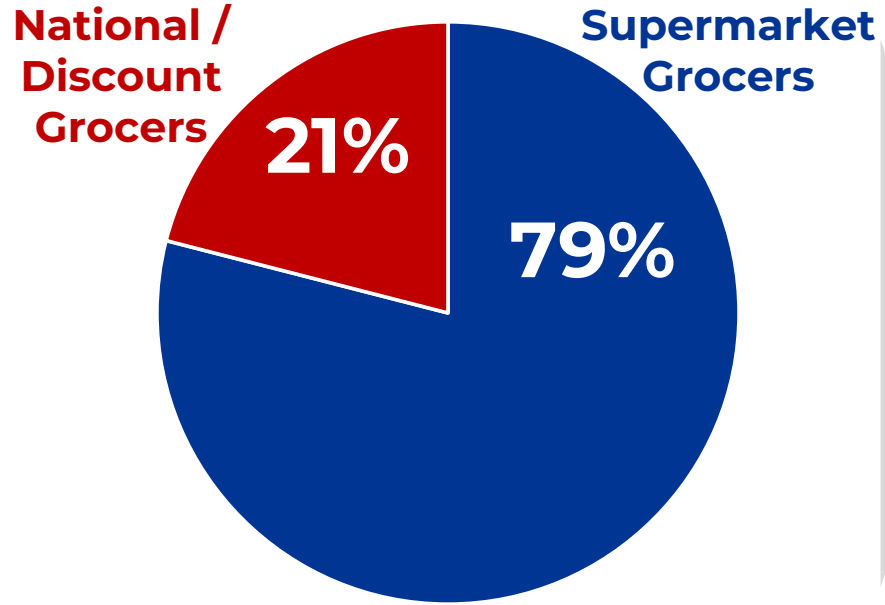
GROCERY SHARE CHANGE (2003-2023)



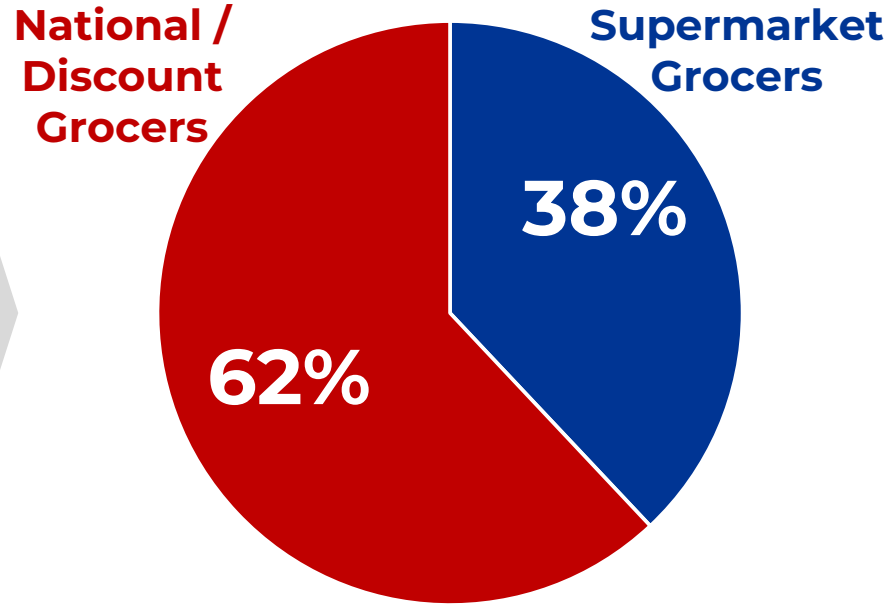
Source: Company filings, R5 Capital Research and publicly available information as of September 2023.
 Note: Figures shown on a Pro Forma basis to represent current operational footprint. Albertsons acquired Safeway in 2015 and Ahold / Delhaize merged in 2016. Aldi figures are Pro Forma for the recently announced acquisition of Winn-Dixie and Harvey's stores.
 1) Unionized grocers include partially-union grocers.

3. SHOPPERS' PRIMARY CHANNEL – 2003 VS. 2023

2003



2023

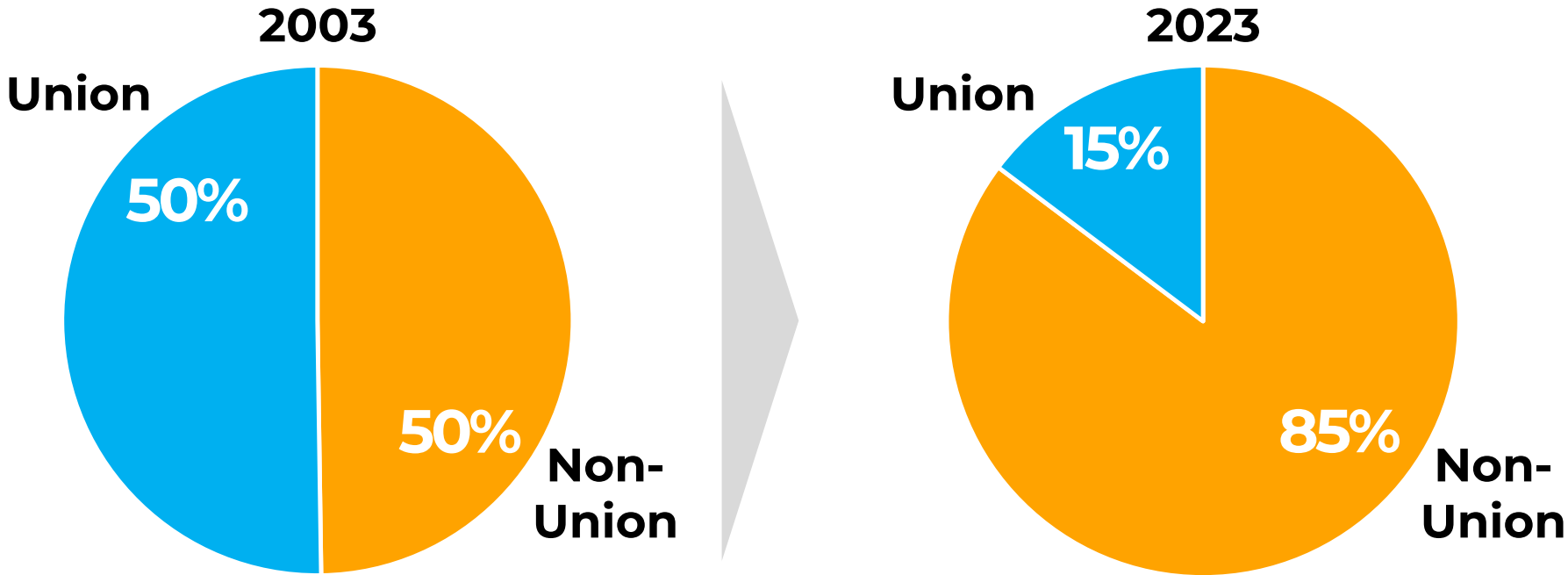


National / Discount Grocers +41%

Supermarket Grocers -41%

3. NON-UNION GROCERS HAVE TAKEN THE VAST MAJORITY OF AMERICAN GROCERY JOBS IN THE PAST 20 YEARS

UNION VS. NON-UNION JOB SHARE – TOP 15 GROCERS



Non-Union Grocers +35%

Unionized Grocers -35%

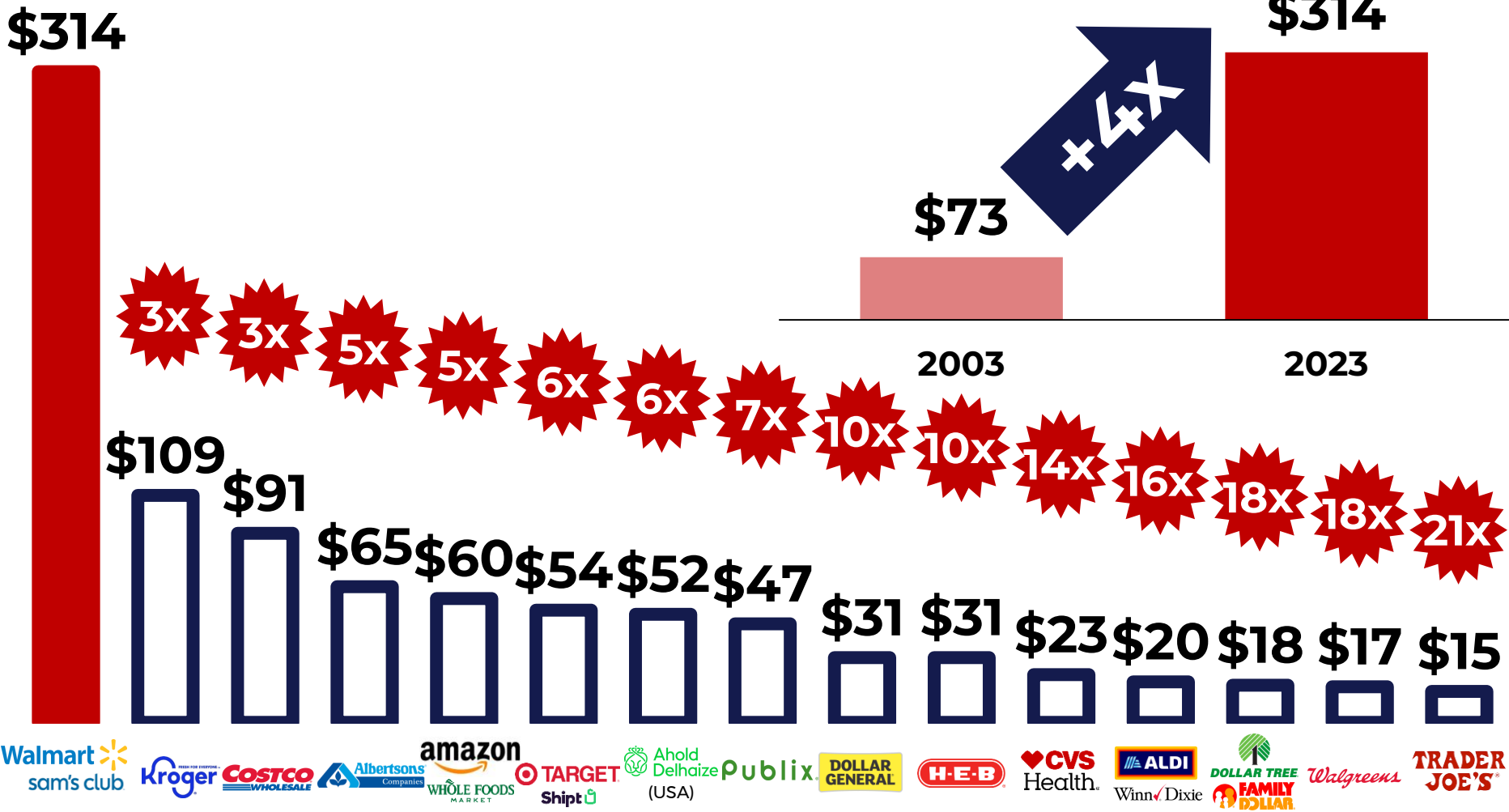
Note: Represents Top 15 U.S. Grocers in 2003 and 2023. Unionized Grocers includes partially-unionized operators.

4. WALMART, AMERICA'S #1 GROCER, HAS U.S. GROCERY SALES THAT ARE MANY TIMES ITS GROCERY COMPETITORS

U.S. GROCERY SALES

(\$ In Billions)

Walmart  sam's club

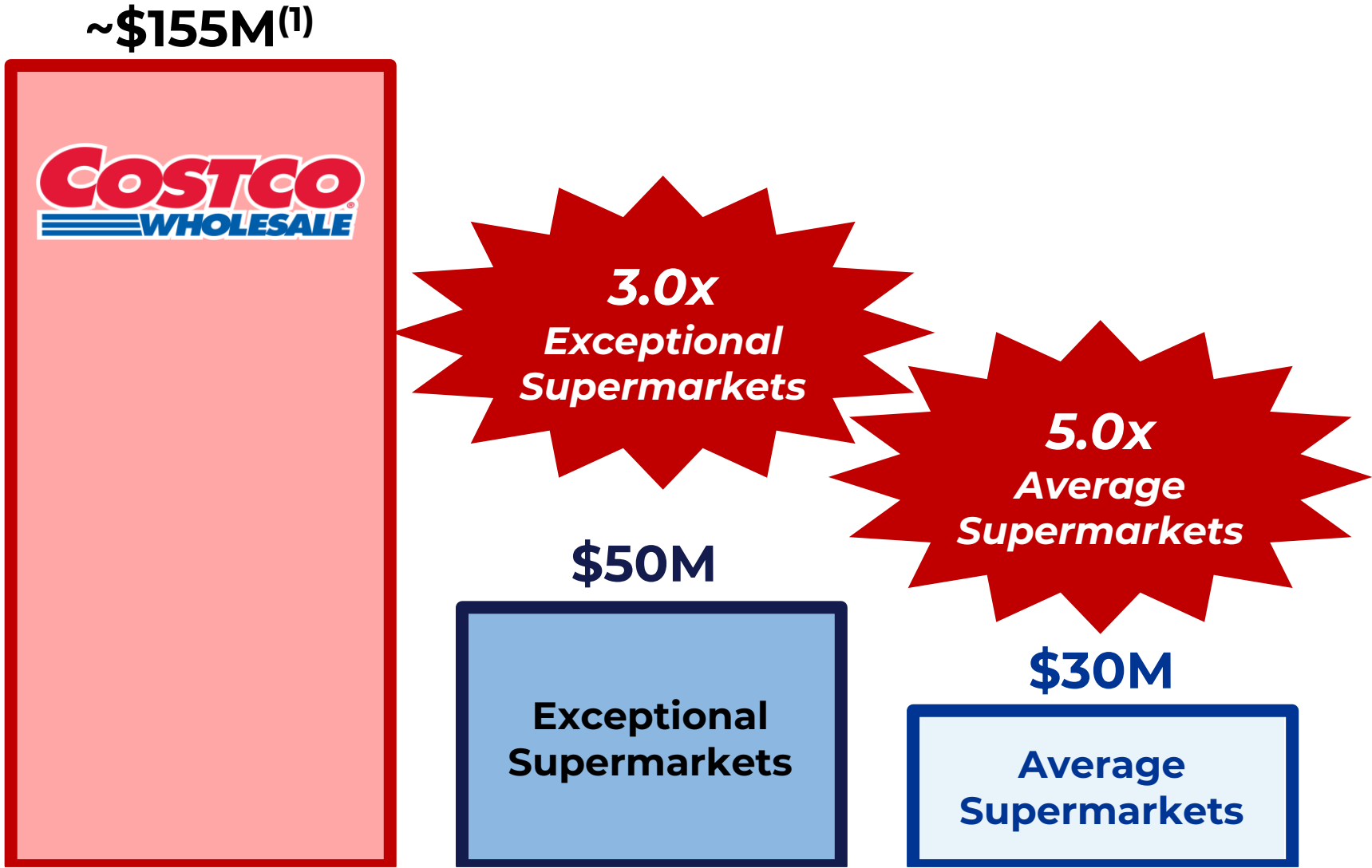


Source: Company filings and Capital IQ as of September 2023.
 Note: Reflects annual U.S. grocery sales, excluding pharmacy, fuel and other non-grocery categories.. Amazon figures reflect 90% of North America sales (U.S. not reported).
 Aldi figures do not include the recent acquisition of Winn Dixie and Harvey's stores.

5. COSTCO'S EXTRAORDINARY GROCERY BUSINESS



GROCERY SALES ACCOUNT FOR 53% OF COSTCO'S \$290M AVERAGE ANNUAL REVENUE PER STORE



5. COSTCO'S EXTRAORDINARY GROCERY BUSINESS (CONT'D)



COSTCO'S VALUATION IS ~40% MORE THAN ALL PUBLICLY-TRADED SUPERMARKETS AND SUPPLIERS, COMBINED

~\$240B



~40%
Above All Public
Supermarkets /
Suppliers
Combined

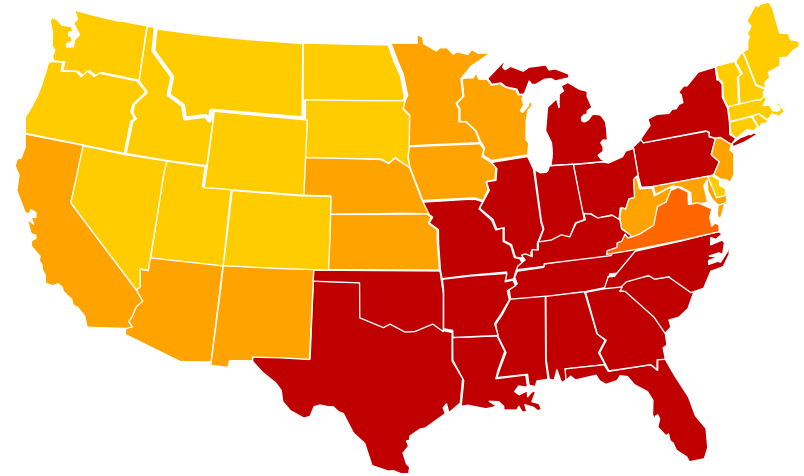
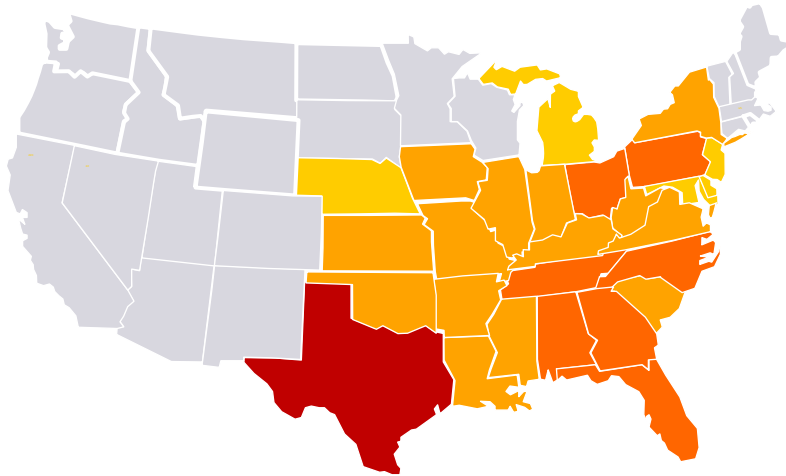
~\$170B



6. DOLLAR GENERAL'S RAPID GROCERY GROWTH CONTINUES, WITH OVER 13,000 NEW STORES FROM 2003-2022 TO BECOME A NATIONAL GROCER

2003 – 6,113 STORES

2023 – 19,487 STORES



1-99 Stores 100-299 Stores 300-499 Stores 500+ Stores

Dollar General is projected to grow to 34,000 stores across the United States

THE WALL STREET JOURNAL.

LIFE & STYLE

One-Percenters Keep Shopping at the Dollar Store

Wealthy consumers scour discount-chain aisles for bargains

June 19, 2023 9:00 pm ET

“No matter how much you make, there is no longer a stigma in going after a good deal.”

“A carrot is a carrot is a carrot.”

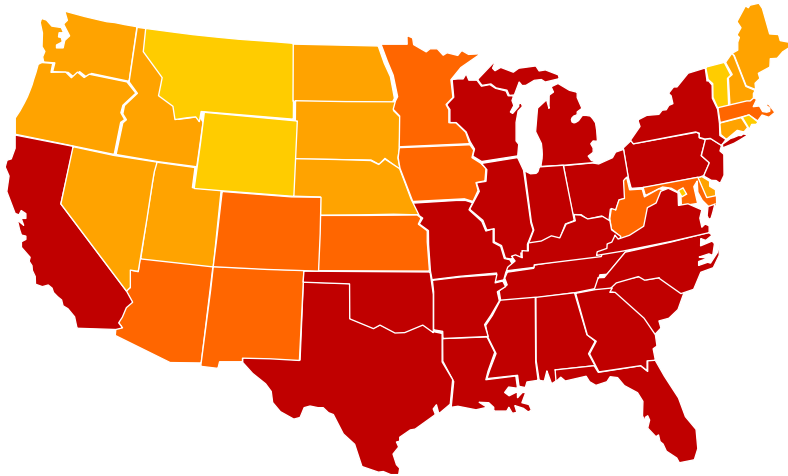
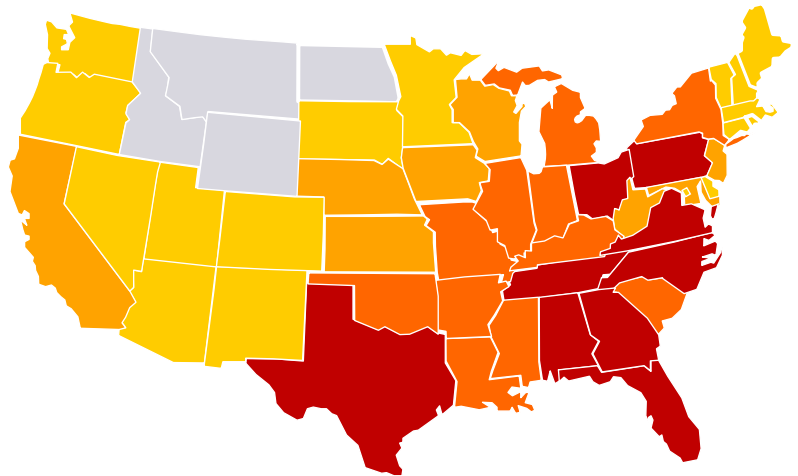
DOLLAR TREE

6. OVER THE PAST 20 YEARS, THE TWO LEADING DOLLAR GROCERS HAVE ADDED 23,000 STORES AND NOW GENERATE ~\$50B IN ANNUAL GROCERY SALES



2003 – 12,992 STORES

2023 – 35,963 STORES



1-99 Stores
 100-299 Stores
 300-499 Stores
 500+ Stores

~36,000 combined dollar grocery stores is well more than the <26,000 Supermarket Grocers remaining in the U.S.

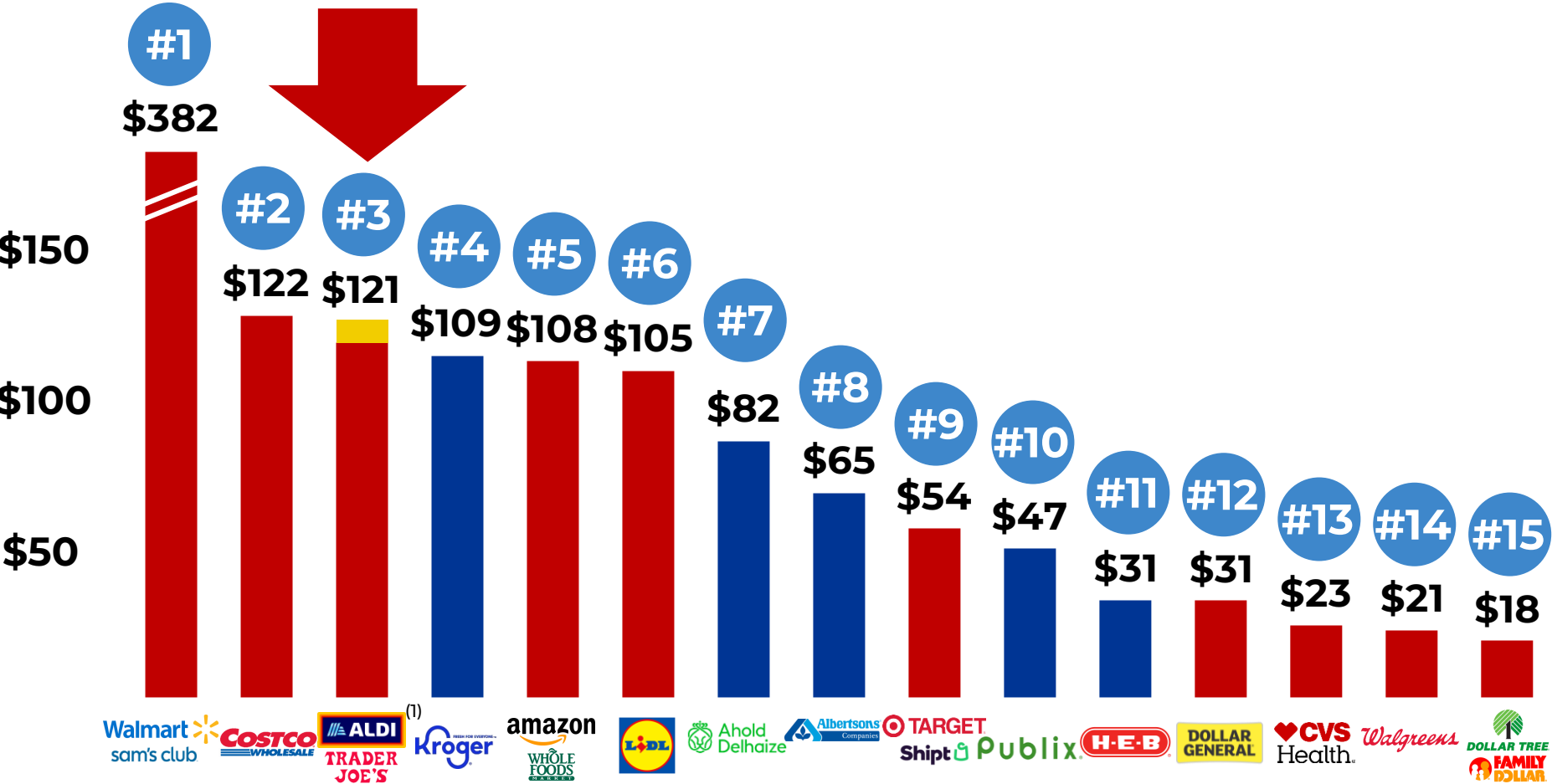


7. ALDI IS THE 3RD-LARGEST GLOBAL GROCER OPERATING IN THE U.S. AND IS #2 IN EUROPE (LIDL IS #1)

(\$ In Billions)

GLOBAL GROCERY SALES RANKINGS (U.S. GROCERS)

National / Discount Grocers **Supermarket Grocers**



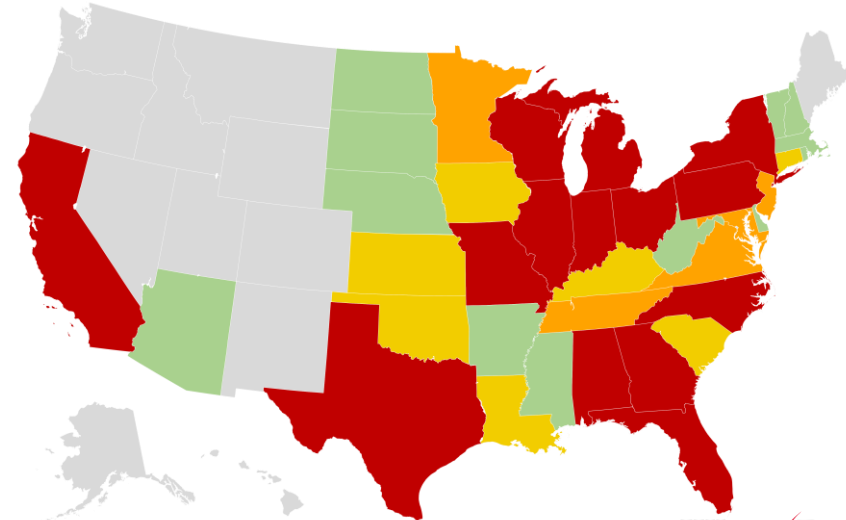
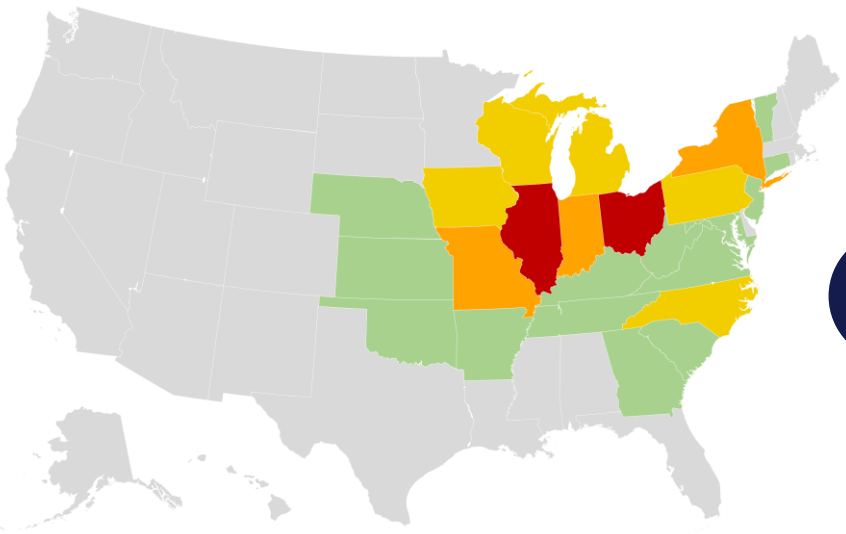
7. ALDI'S U.S. GROCERY BUSINESS HAS GROWN RAPIDLY, EVEN BEFORE ITS ACQUISITION OF WINN-DIXIE



ALDI'S U.S. STORE EXPANSION (2003 – 2023)

2003 – 680 STORES (24 STATES)

2023 – ~2,800 STORES (38 STATES)



+4X Stores

1-20 Stores

21-49 Stores

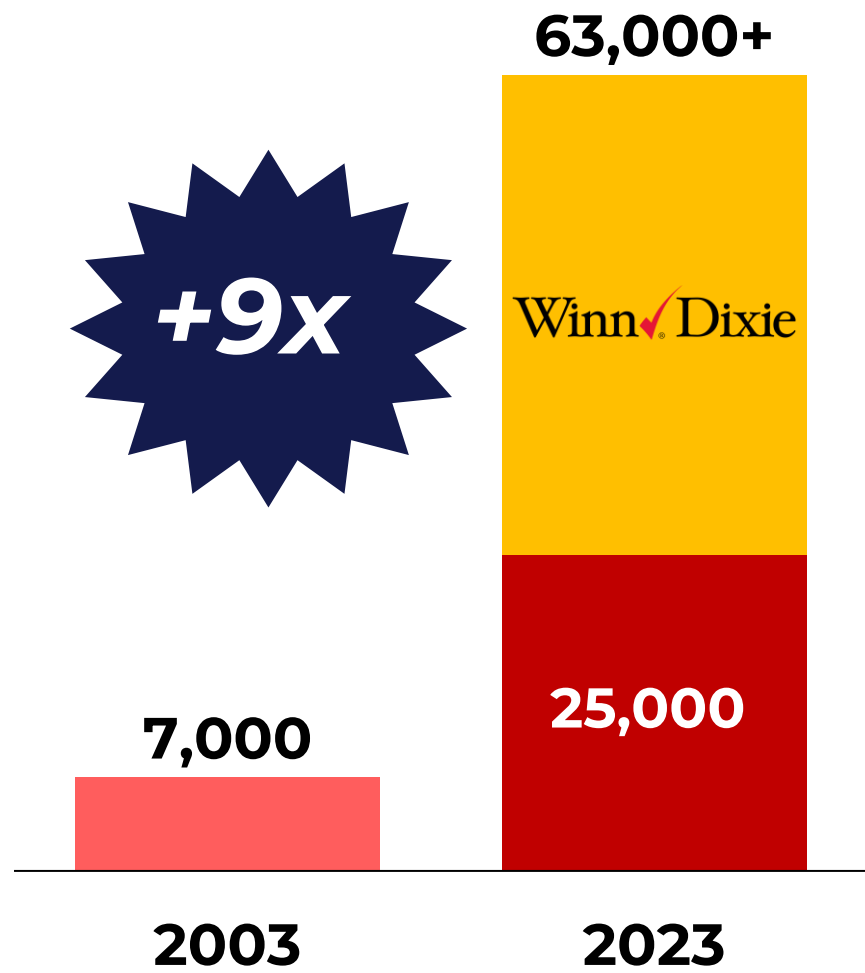
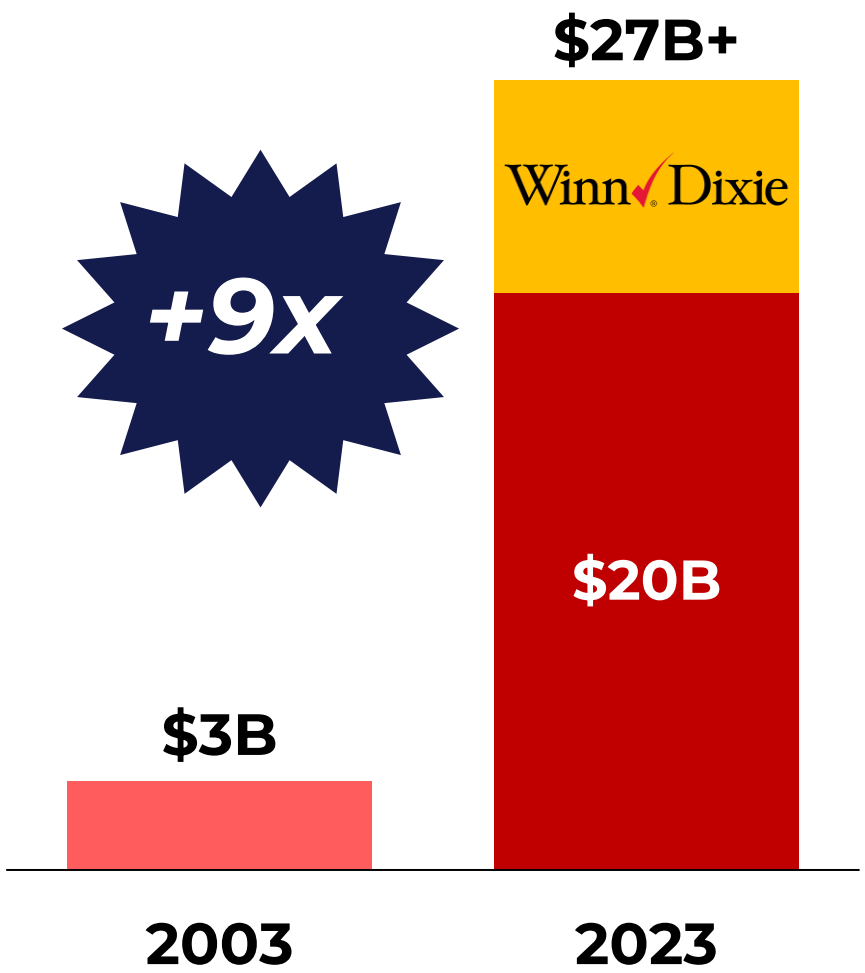
50-74 Stores

75+ Stores

7. ALDI WILL HAVE A \$27BN U.S. GROCERY BUSINESS WITH WINN-DIXIE, AND OVER 60,000 NON-UNION JOBS

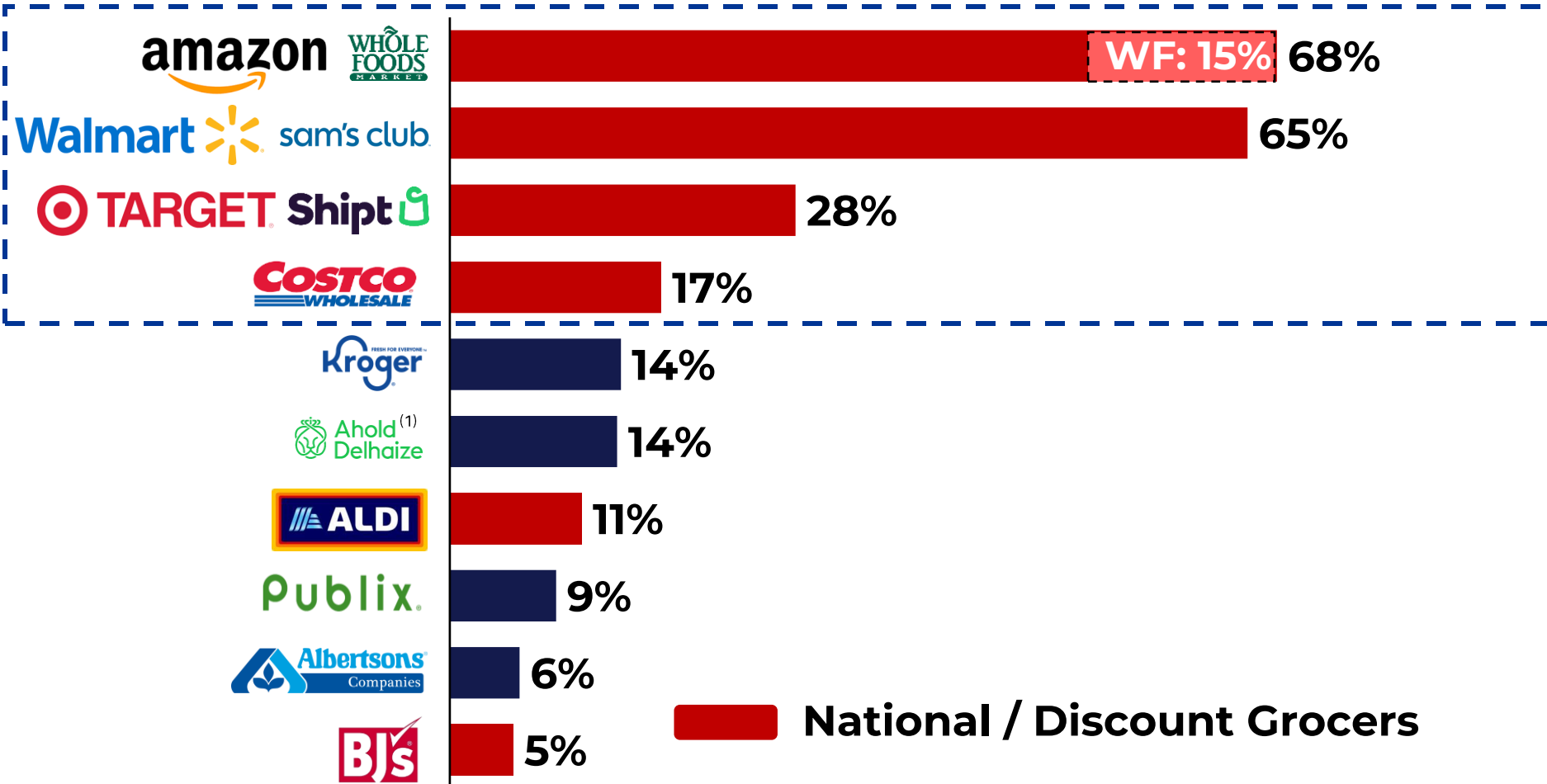
U.S. GROCERY SALES GROWTH

U.S. GROCERY JOBS GROWTH



8. AMAZON / WHOLE FOODS, WALMART, TARGET AND COSTCO DOMINATE ONLINE GROCERY

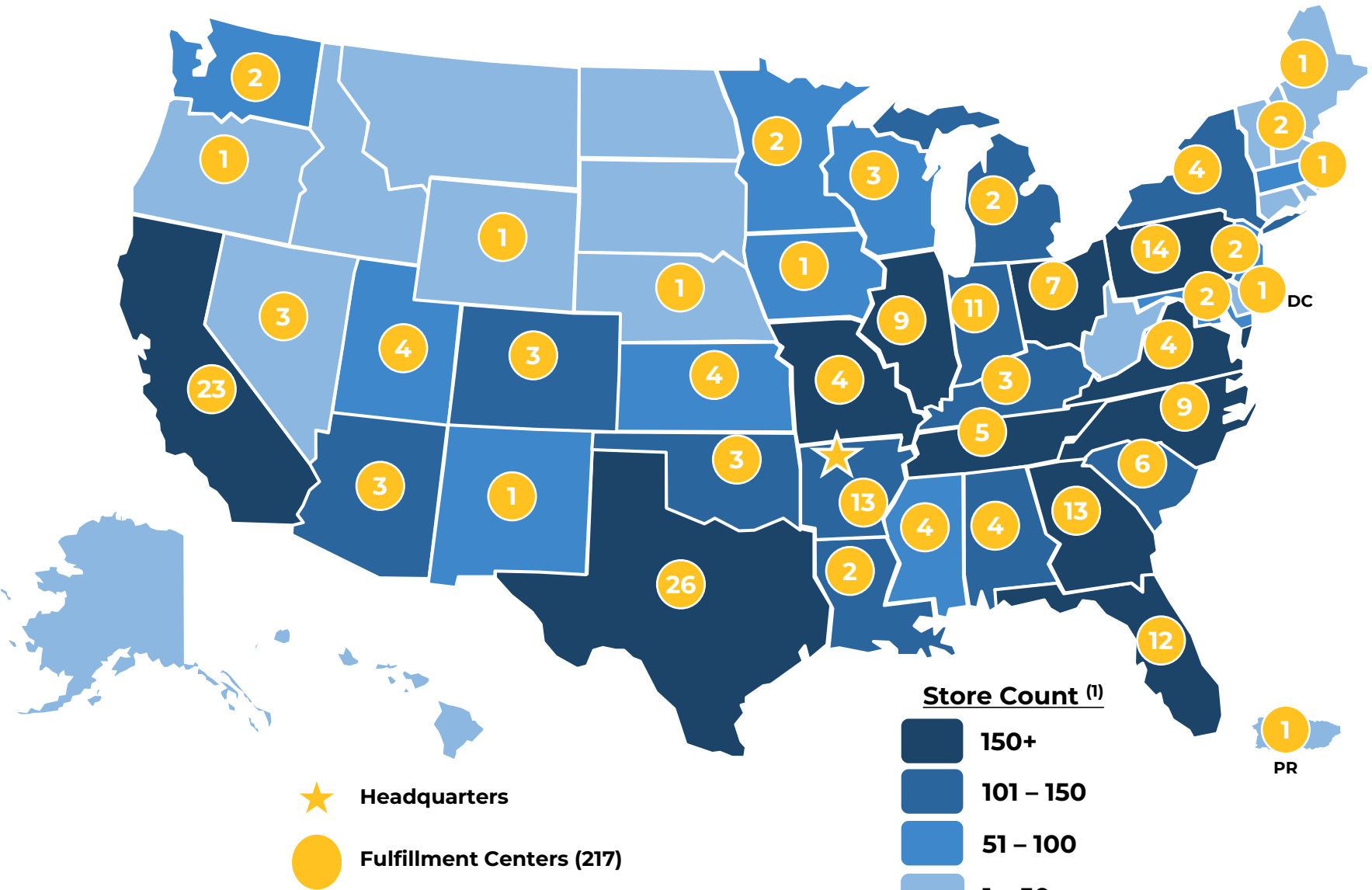
% OF ONLINE GROCERY PENETRATION



8. WALMART'S EXTENSIVE FULFILLMENT FOOTPRINT



WALMART HAS OVER 200 FULFILLMENT CENTERS ACROSS THE U.S.



★ Headquarters
 ● Fulfillment Centers (217)

Store Count (1)

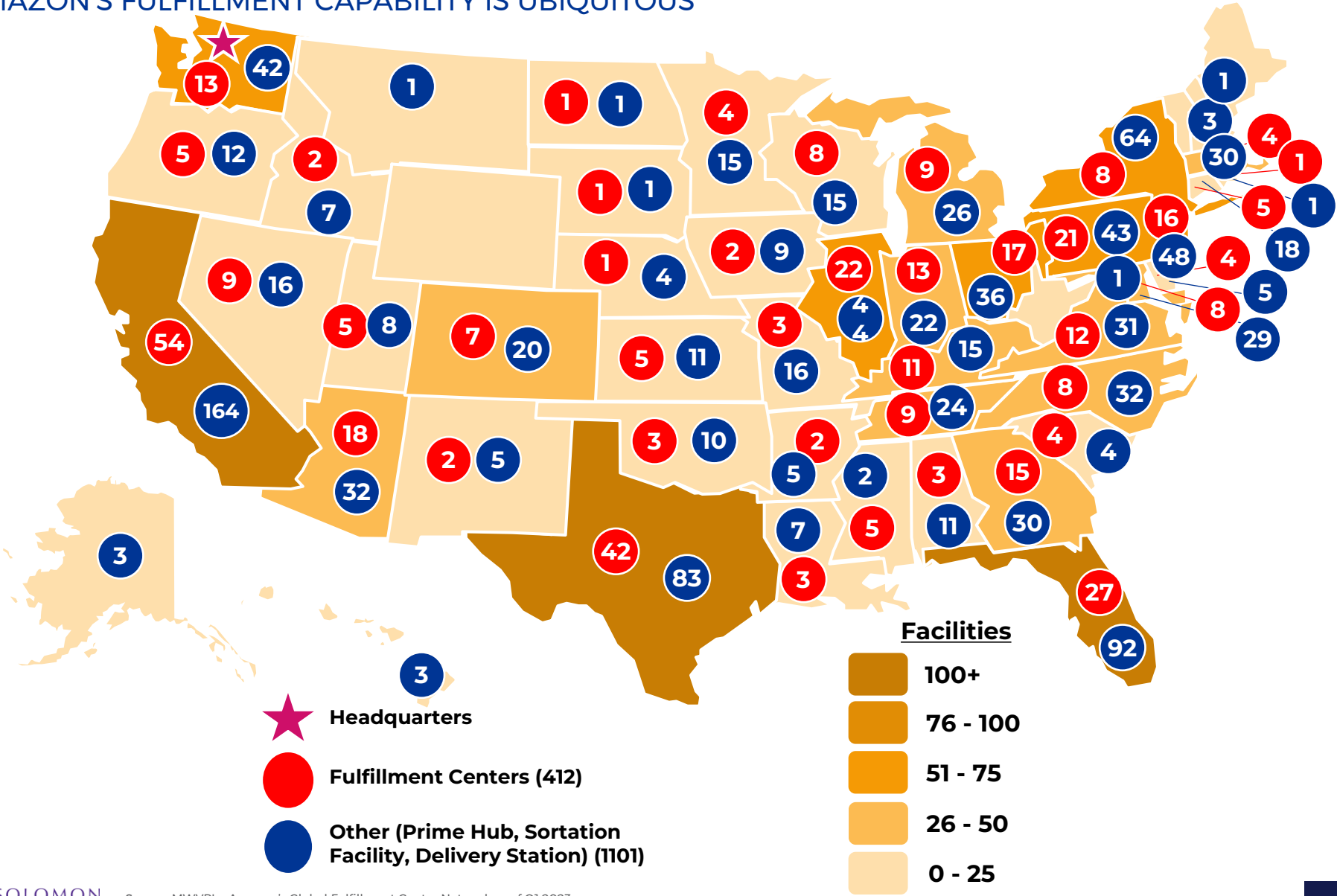
- 150+
- 101 - 150
- 51 - 100
- 1 - 50

Source: MWVPL - Walmart's Distribution Center Network as of Q1 2023.
 Note: Includes planned locations.
 1) Represents total store count (Walmart / Sam's) in respective state.

8. AMAZON'S EXTRAORDINARY FULFILLMENT FOOTPRINT



AMAZON'S FULFILLMENT CAPABILITY IS UBIQUITOUS



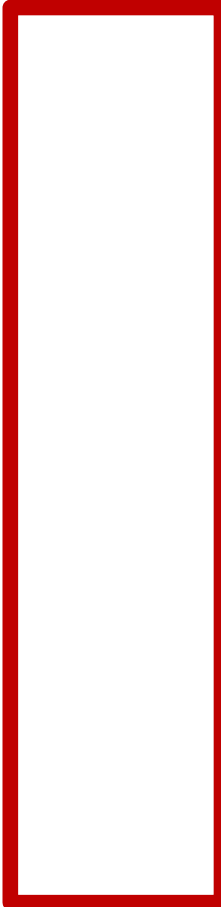
Source: MWPL - Amazon's Global Fulfillment Center Network as of Q1 2023.
Note: Includes planned locations.

9. AMAZON'S VALUATION IS STILL MANY MULTIPLES ITS GROCERY COMPETITORS (AFTER FALLING FROM \$2 TRILLION)

(\$ In Billions)

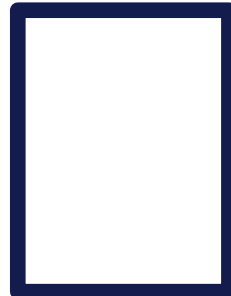


\$1.6T



~3x
Walmart

\$489



~6x
Costco

\$242



~34x
Ahold
Delhaize

\$46



~37x
Kroger

\$42



~71x
Albertsons

\$22



9. AMAZON'S \$1.6 TRILLION VALUATION EXCEEDS ALL OTHER PUBLICLY-TRADED U.S. GROCERS, COMBINED

(\$ In Trillions)



\$1.6
\$1.4
\$1.2
\$1.0
\$0.8
\$0.6
\$0.4
\$0.2

~\$1.6T



~\$1.2T



9. AMAZON'S CEO ANDY JASSY HAS EMPHASIZED CONTINUED FOCUS ON GROCERY LEADERSHIP



“Grocery is a really important and strategic area...People don’t realize we have a pretty significant-sized grocery business...that is continuing to accelerate.”

- Amazon CEO Andy Jassy, Q4 2022 Earnings Call

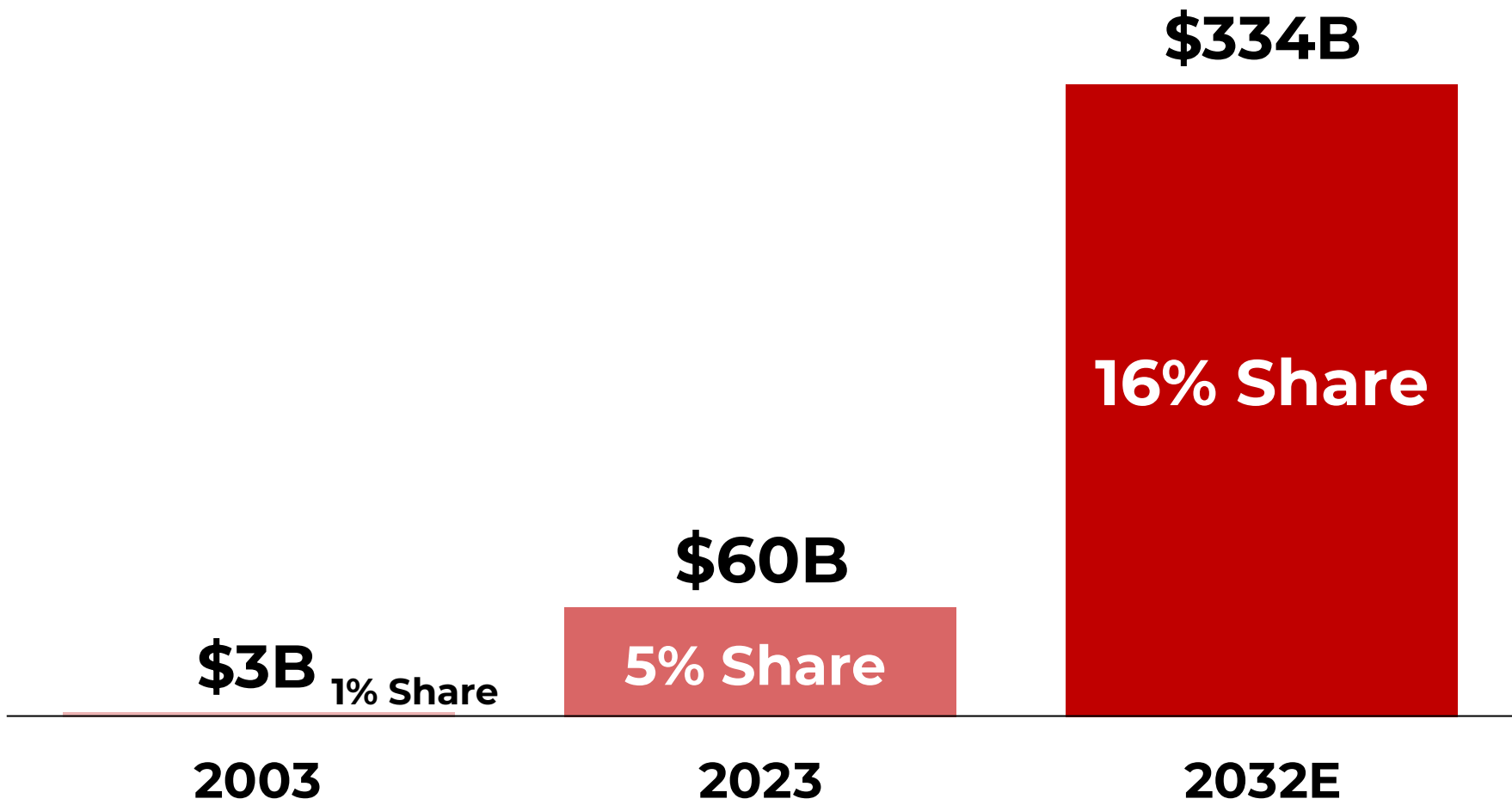
*“...if you really want to serve as much of grocery as we'd like to, you have to have a mass physical offering...We wish we were further along at this point...And we're pretty optimistic that we have something that may very well work. And we're hopeful over this next year, we find that. But we continue to believe it's a big business for us today... **we believe we have the opportunity for it to be much larger for Amazon**...I think having that physical presence, we will also have the ability both to be able to serve the grocery products they come for as well as store some other pieces and help customers across some other product lines as well.”*

- Amazon CEO Andy Jassy, Q1 2023 Earnings Call

9. AMAZON'S GROCERY SALES ARE PROJECTED TO CONTINUE ACCELERATING



AMAZON'S GROCERY SALES (2003 – 2023 – 2032E)



















































10. INSTACART'S NUMEROUS GROCERY CHOICES

REACH 95% OF NORTH AMERICAN HOUSEHOLDS WITH 1,400 RETAIL BANNERS (80,000 STORES)

LOS ANGELES, CA

PHOENIX, AZ

 <p>Ralphs Organic • Butcher Shop • Farmer's Market ⬆️ Delivery by 12:50pm</p>	 <p>Sprouts Farmers Market Organic • Groceries • Butcher Shop ⬆️ Delivery by 12:55pm Pickup available In-store prices Accepts EBT 1.3 mi away</p>	 <p>Ralphs Delivery Now Groceries • Organic ⬆️ Delivery by 12:45pm ⬇️ Lower fees on \$10+ Ideal for smaller orders</p>
 <p>Costco Groceries • Wholesale ⬆️ Delivery by 1:00pm</p>	 <p>Smart & Final Alcohol • Groceries ⬆️ Delivery by 12:50pm</p>	 <p>Walmart Groceries • Home • Electronics ⬆️ Delivery by 1:15pm In-store prices</p>
 <p>Gelson's Organic • Alcohol • Prepared Meals ⬆️ Delivery by 12:50pm Pickup ready in 45 min In-store prices 2.0 mi away</p>	 <p>Erewhon Organic • Specialty • Vegetarian ⬆️ Delivery by 12:55pm Pickup ready by 2:00pm 0.9 mi away</p>	 <p>Target Pantry • Frozen Food • Dairy ⬆️ Delivery by 12:55pm New</p>
 <p>Bristol Farms Specialty • Groceries • Prepared Meals ⬆️ Delivery by 12:55pm</p>	 <p>Pavilions Groceries • Bakery • Deli ⬆️ Delivery by 12:55pm Accepts EBT</p>	 <p>Vons Groceries • Bakery • Deli ⬆️ Delivery by 12:55pm Accepts EBT</p>
 <p>Sprouts Express Organic • Groceries ⬆️ Delivery by 12:45pm ⬇️ Lower fees on \$10+ Ideal for smaller orders</p>	 <p>Western Kosher ⬆️ Delivery by 12:55pm</p>	 <p>Albertsons Groceries • Bakery • Deli ⬆️ Delivery by 1:00pm Accepts EBT</p>
 <p>Livonia Glatt Market ⬆️ Delivery by 12:55pm</p>	 <p>HMart Specialty • Prepared Meals • Ethnic ⬆️ Delivery by 1:00pm Pickup available 3.5 mi away</p>	 <p>Food4Less Pantry • Dairy • Frozen Food ⬆️ Delivery by 12:55pm</p>
 <p>Lazy Acres Organic • Groceries • Vegetarian ⬆️ Delivery by 1:00pm Pickup ready in 58 min 13.4 mi away</p>	 <p>Jetro Pantry • Meat • Fresh Produce ⬆️ Delivery by 12:55pm</p>	 <p>Restaurant Depot Pantry • Meat • Dairy ⬆️ Delivery by 1:00pm</p>
 <p>ALDI Groceries • Produce • Organic ⬆️ Delivery by 1:15pm Pickup available Accepts EBT 8.3 mi away</p>	 <p>Eataly Groceries • Specialty • Organic ⬆️ Delivery by 1:00pm Pickup available 3.4 mi away</p>	 <p>Lassens Natural Foods & Vitamins ⬆️ Delivery by 12:55pm</p>

 <p>Fry's Groceries • Organic ⬆️ Delivery by 12:50pm</p>	 <p>Sprouts Farmers Market Organic • Groceries • Butcher Shop ⬆️ Delivery by 12:55pm Pickup available In-store prices Accepts EBT 2.7 mi away</p>	 <p>Safeway Groceries • Bakery • Deli ⬆️ Delivery by 12:55pm Accepts EBT</p>
 <p>Fry's Delivery Now Groceries • Organic ⬆️ Delivery by 12:50pm ⬇️ Lower fees on \$10+ Ideal for smaller orders</p>	 <p>Costco Groceries • Wholesale ⬆️ Delivery by 1:15pm</p>	 <p>Target Pantry • Frozen Food • Dairy ⬆️ Delivery by 1:00pm New</p>
 <p>Sprouts Express Organic • Groceries ⬆️ Delivery by 12:50pm ⬇️ Lower fees on \$10+ Ideal for smaller orders</p>	 <p>ALDI Groceries • Produce • Organic ⬆️ Delivery by 1:15pm Pickup available Accepts EBT 8.1 mi away</p>	 <p>Natural Grocers Organic • Specialty ⬆️ Delivery by 1:00pm</p>
 <p>AJ's Fine Foods Pantry • Meat • Fresh Produce ⬆️ Delivery by 1:00pm Pickup ready in 52 min Accepts EBT 4.2 mi away</p>	 <p>Bashas' Groceries • Household ⬆️ Delivery by 1:00pm Pickup ready in 45 min Accepts EBT 4.8 mi away</p>	 <p>Albertsons Groceries • Bakery • Deli ⬆️ Delivery by 1:15pm Pickup ready by 1:35pm Accepts EBT 19.1 mi away</p>
 <p>Sam's Club Groceries • Wholesale ⬆️ Delivery by 1:15pm</p>	 <p>Restaurant Depot Pantry • Meat • Dairy ⬆️ Delivery by 1:00pm</p>	 <p>El Super Produce • Butcher Shop • Bakery ⬆️ Delivery by 1:00pm Pickup available In-store prices 4.0 mi away</p>
 <p>Los Altos Ranch Markets ⬆️ Delivery by 12:55pm Accepts EBT</p>	 <p>ALDI Express ⬆️ Delivery by 12:50pm ⬇️ Lower fees on \$10+ Ideal for smaller orders</p>	 <p>Smart & Final Alcohol • Groceries ⬆️ Delivery by 1:15pm Pickup ready by 1:35pm 12.6 mi away</p>
 <p>Dollar Tree General Merchandise • Essentials • Groceries ⬆️ Delivery by 12:55pm In-store prices</p>	 <p>HMart Specialty • Prepared Meals • Ethnic ⬆️ Delivery by 1:15pm</p>	 <p>Food City Pantry • Meat • Fresh Produce ⬆️ Delivery by 12:55pm Pickup ready by 1:30pm Accepts EBT 2.5 mi away</p>
 <p>Bashas' Express Groceries • Household ⬆️ Delivery by 12:50pm ⬇️ Lower fees on \$10+ Ideal for smaller orders</p>	 <p>The 99 Store General Merchandise • Essentials • Grocery ⬆️ Delivery by 1:00pm In-store prices</p>	 <p>Family Dollar General Merchandise • Essentials • Groceries ⬆️ Delivery by 12:55pm</p>

























10. INSTACART'S NUMEROUS GROCERY CHOICES


















(CONT'D)

REACH 95% OF NORTH AMERICAN HOUSEHOLDS WITH 1,400 RETAIL BANNERS (80,000 STORES)

DALLAS, TX

DENVER, CO

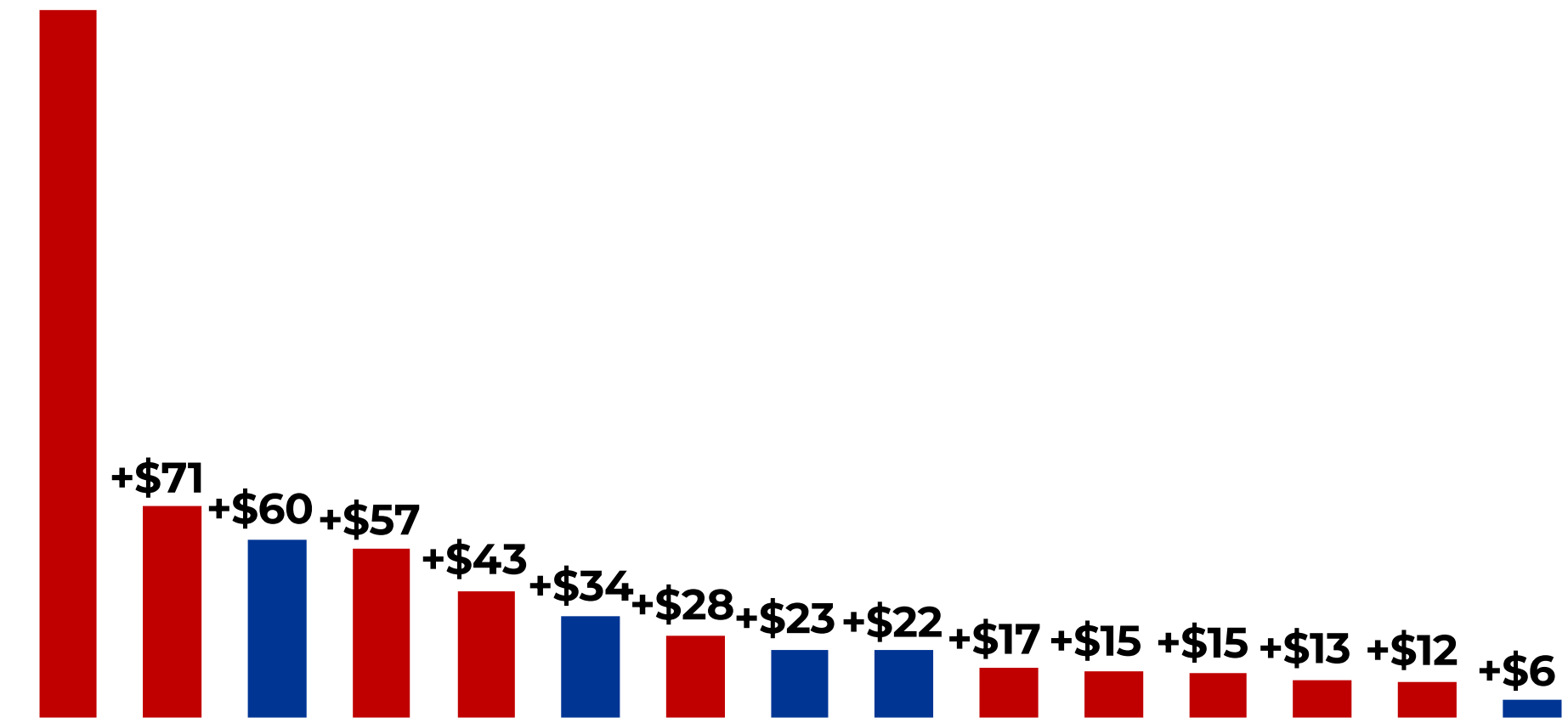
 <p>Kroger Groceries • Organic • Deli ⬆️ Delivery by 3:05pm Pickup ready in 50 min 1.9 mi away</p>	 <p>Kroger Delivery Now Groceries • Organic ⬆️ Delivery by 2:55pm ⬆️ Lower fees on \$10+ Ideal for smaller orders</p>	 <p>Tom Thumb Groceries • Bakery • Deli ⬆️ Delivery by 2:55pm Pickup ready by 3:40pm 4.6 mi away</p>
 <p>Sprouts Farmers Market Organic • Groceries • Butcher Shop ⬆️ Delivery by 3:00pm Pickup available In-store prices Accepts EBT 2.7 mi away</p>	 <p>Costco Groceries • Wholesale ⬆️ Delivery by 3:15pm</p>	 <p>Central Market Specialty • Prepared Meals • Groceries ⬆️ Delivery by 3:00pm</p>
 <p>Target Pantry • Frozen Food • Dairy ⬆️ Delivery by 3:00pm New</p>	 <p>Sam's Club Groceries • Wholesale ⬆️ Delivery by 3:15pm</p>	 <p>ALDI Groceries • Produce • Organic ⬆️ Delivery by 3:00pm Pickup available Accepts EBT 1.7 mi away</p>
 <p>H-E-B Prepared Meals • Groceries • Organic ⬆️ Delivery by 3:45pm</p>	 <p>Albertsons Groceries • Bakery • Deli ⬆️ Delivery by 3:15pm Pickup ready by 3:40pm Accepts EBT 12.5 mi away</p>	 <p>Sprouts Express Organic • Groceries ⬆️ Delivery by 2:55pm ⬆️ Lower fees on \$10+ Ideal for smaller orders</p>
 <p>Fiesta Mart Pantry • Fresh Produce • Meat ⬆️ Delivery by 3:00pm Pickup available In-store prices 2.6 mi away</p>	 <p>ALDI Express ⬆️ Delivery by 2:55pm ⬆️ Lower fees on \$10+ Ideal for smaller orders</p>	 <p>Restaurant Depot Pantry • Meat • Dairy ⬆️ Delivery by 3:00pm</p>
 <p>Quickly Indian Grocery ⬆️ Delivery by 3:45pm In-store prices</p>	 <p>Natural Grocers Organic • Specialty ⬆️ Delivery by 3:15pm</p>	 <p>Dollar Tree General Merchandise • Essentials • Groceries ⬆️ Delivery by 3:00pm In-store prices</p>
 <p>7-Eleven Groceries • Alcohol • Convenience ⬆️ Delivery by 2:55pm ⬆️ Lower fees on \$10+</p>	 <p>Super 1 Foods Groceries • Pet Supplies • Ethnic ⬆️ Delivery by 3:45pm Accepts EBT</p>	 <p>Mitsuwa Marketplace Groceries • Prepared Meals • Specialty ⬆️ Delivery by 3:45pm</p>
 <p>La Michoacana Meat Market Groceries ⬆️ Delivery by 3:00pm</p>	 <p>Family Dollar General Merchandise • Essentials • Groceries ⬆️ Delivery by 3:05pm</p>	 <p>Market Street Specialty • Organic • Butcher Shop ⬆️ Delivery by 3:30pm</p>

 <p>King Soopers Groceries • Organic • Deli ⬆️ Delivery by 2:05pm Pickup ready by 3:00pm 14.0 mi away</p>	 <p>Costco Groceries • Wholesale ⬆️ Delivery by 2:15pm</p>	 <p>Sprouts Farmers Market Organic • Groceries • Butcher Shop ⬆️ Delivery by 2:15pm Pickup available In-store prices Accepts EBT 2.9 mi away</p>
 <p>Safeway Groceries • Bakery • Deli ⬆️ Delivery by 2:10pm Pickup ready by 2:45pm 17.0 mi away</p>	 <p>King Soopers Delivery Now Pantry • Dairy • Fresh Produce ⬆️ Delivery by 2:00pm ⬆️ Lower fees on \$10+ Ideal for smaller orders</p>	 <p>Target Pantry • Frozen Food • Dairy ⬆️ Delivery by 2:10pm New</p>
 <p>Natural Grocers Organic • Specialty ⬆️ Delivery by 2:10pm Pickup ready in 45 min 4.3 mi away</p>	 <p>Sprouts Express Organic • Groceries ⬆️ Delivery by 2:00pm ⬆️ Lower fees on \$10+ Ideal for smaller orders</p>	 <p>Sam's Club Groceries • Wholesale ⬆️ Delivery by 2:15pm</p>
 <p>Restaurant Depot Pantry • Meat • Dairy ⬆️ Delivery by 2:10pm</p>	 <p>Marczyk Fine Foods Specialty • Organic ⬆️ Delivery by 2:10pm In-store prices</p>	 <p>Dollar Tree General Merchandise • Essentials • Groceries ⬆️ Delivery by 2:15pm In-store prices</p>
 <p>Lowe's Mercado ⬆️ Delivery by 2:10pm</p>	 <p>Family Dollar General Merchandise • Essentials • Groceries ⬆️ Delivery by 2:10pm</p>	 <p>Save A Lot Groceries • Produce ⬆️ Delivery by 2:10pm</p>
 <p>7-Eleven Groceries • Alcohol • Convenience ⬆️ Delivery by 2:10pm ⬆️ Lower fees on \$10+</p>	 <p>City Market Delivery Now ⬆️ Delivery by 2:00pm ⬆️ Lower fees on \$10+ Ideal for smaller orders</p>	

11. 20-YEAR U.S. GROCERY SALES GROWTH (TOP 15 GROCERS)

NATIONAL / DISCOUNT GROCERS HAVE ADDED EXTRAORDINARY AMOUNTS OF GROCERY SALES IN THE PAST 20 YEARS

(\$ In Billions) ■ National / Discount Grocers ■ Supermarket Grocers



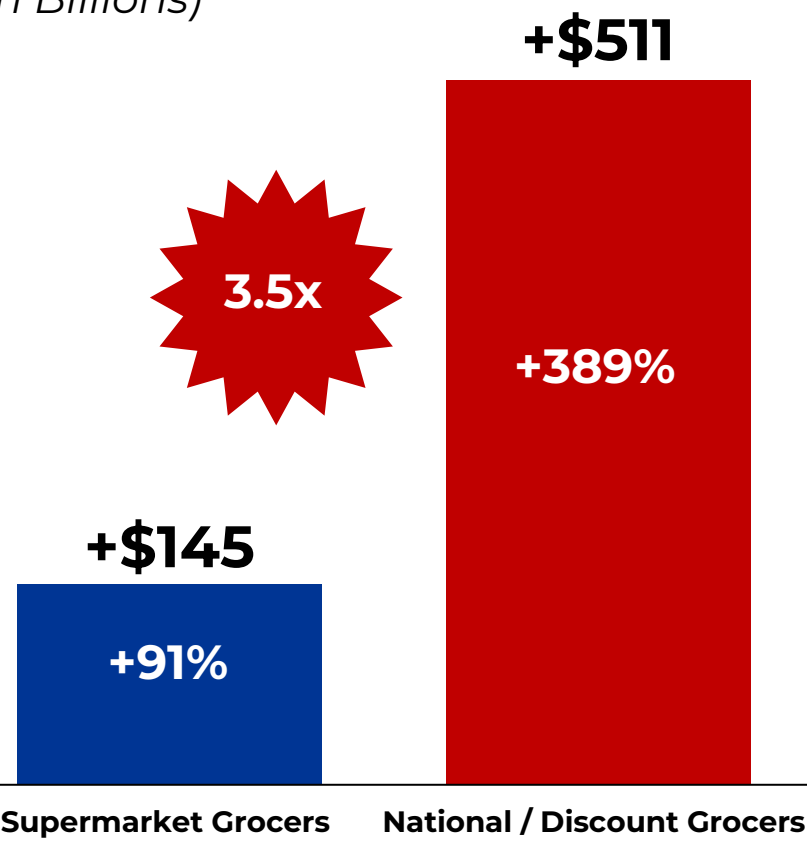
Source: Company filings and publicly available information as of September 2023.
 Note: U.S. grocery sales excludes pharmacy, fuel and other non-grocery categories. Amazon figures reflect 90% of North America sales (U.S. not reported).
 1) ACI ownership and operational footprint has changed substantially over the past 20 years. ACI figures shown on a Pro Forma basis to represent current operational footprint. Private and Confidential

11. NATIONAL / DISCOUNT GROCERS GROWTH HAS FAR EXCEEDED THAT OF SUPERMARKET GROCERS OVER THE PAST 20 YEARS

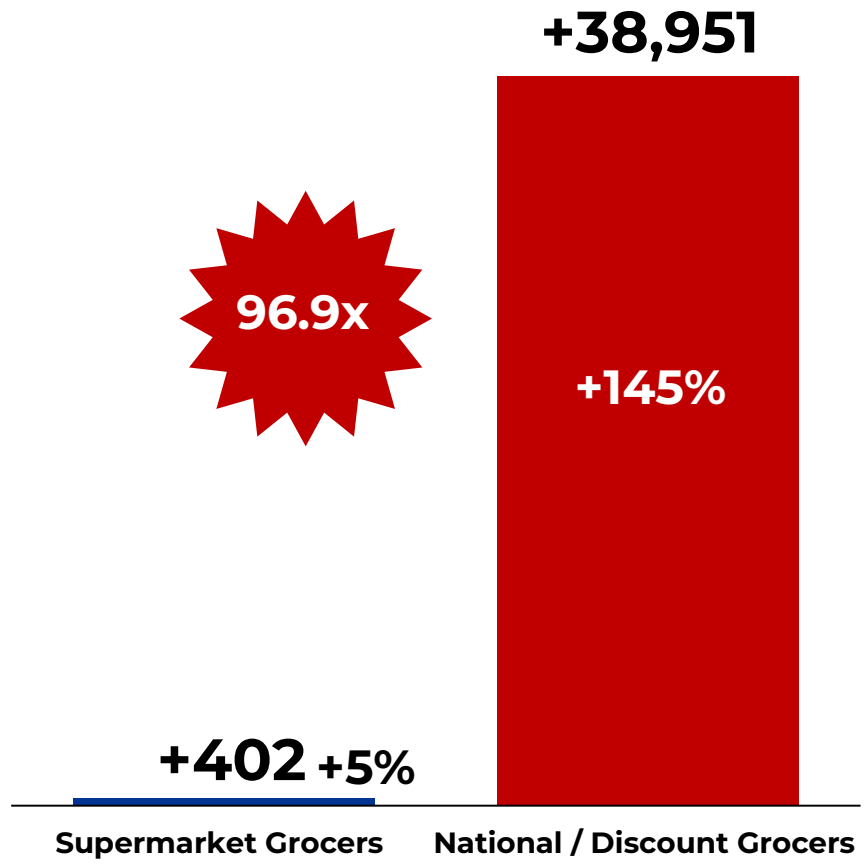
GROCERY GROWTH (2003 – 2023, TOP 15 GROCERS)

GROCERY SALES GROWTH

(\$ In Billions)

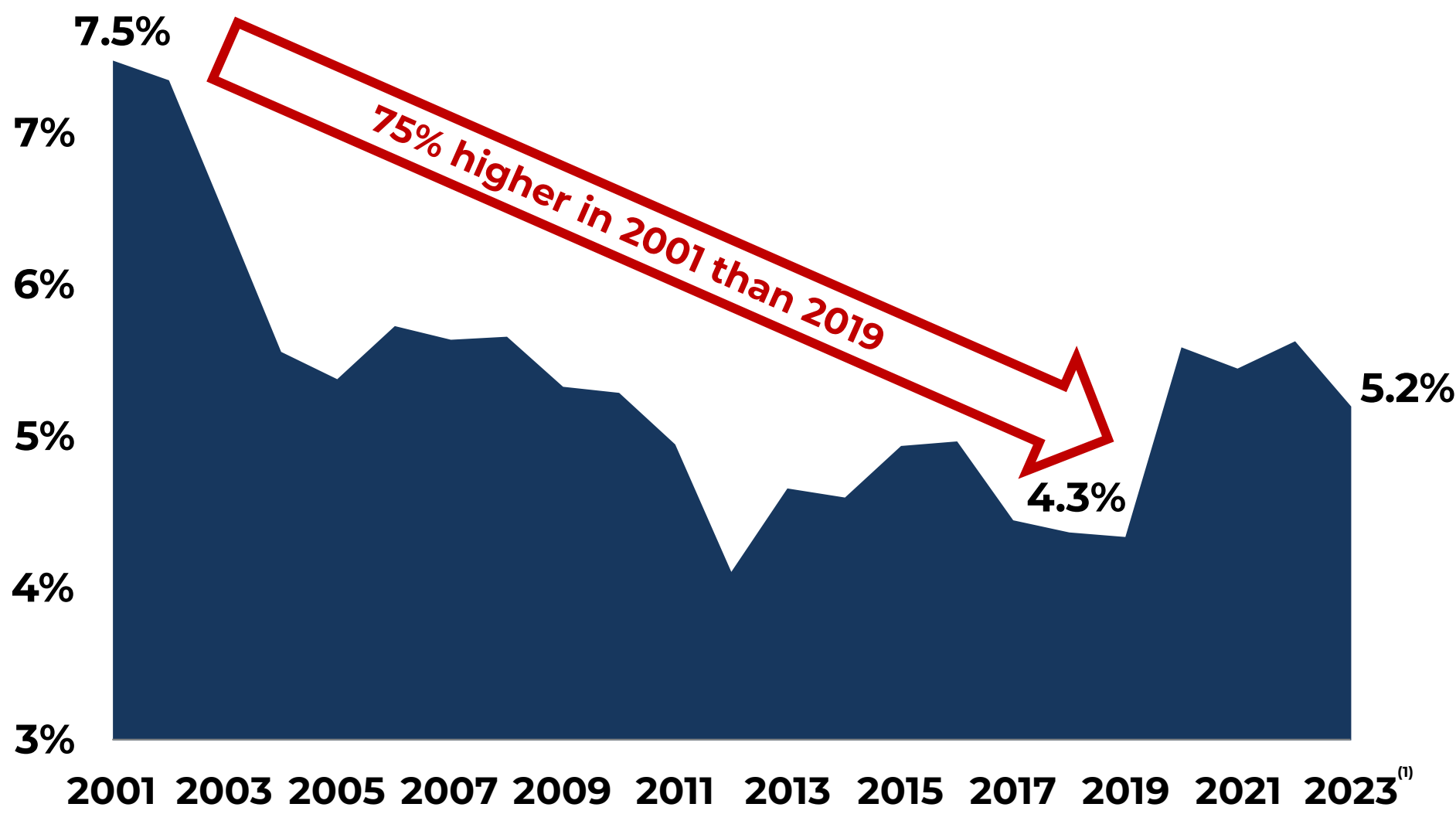


STORE COUNT GROWTH



12. SUPERMARKET GROCER EBITDA MARGINS HAVE MEANINGFULLY DECLINED IN THE PAST 20 YEARS, PARTICULARLY BEFORE COVID, THE EFFECTS OF WHICH ARE RECEDING

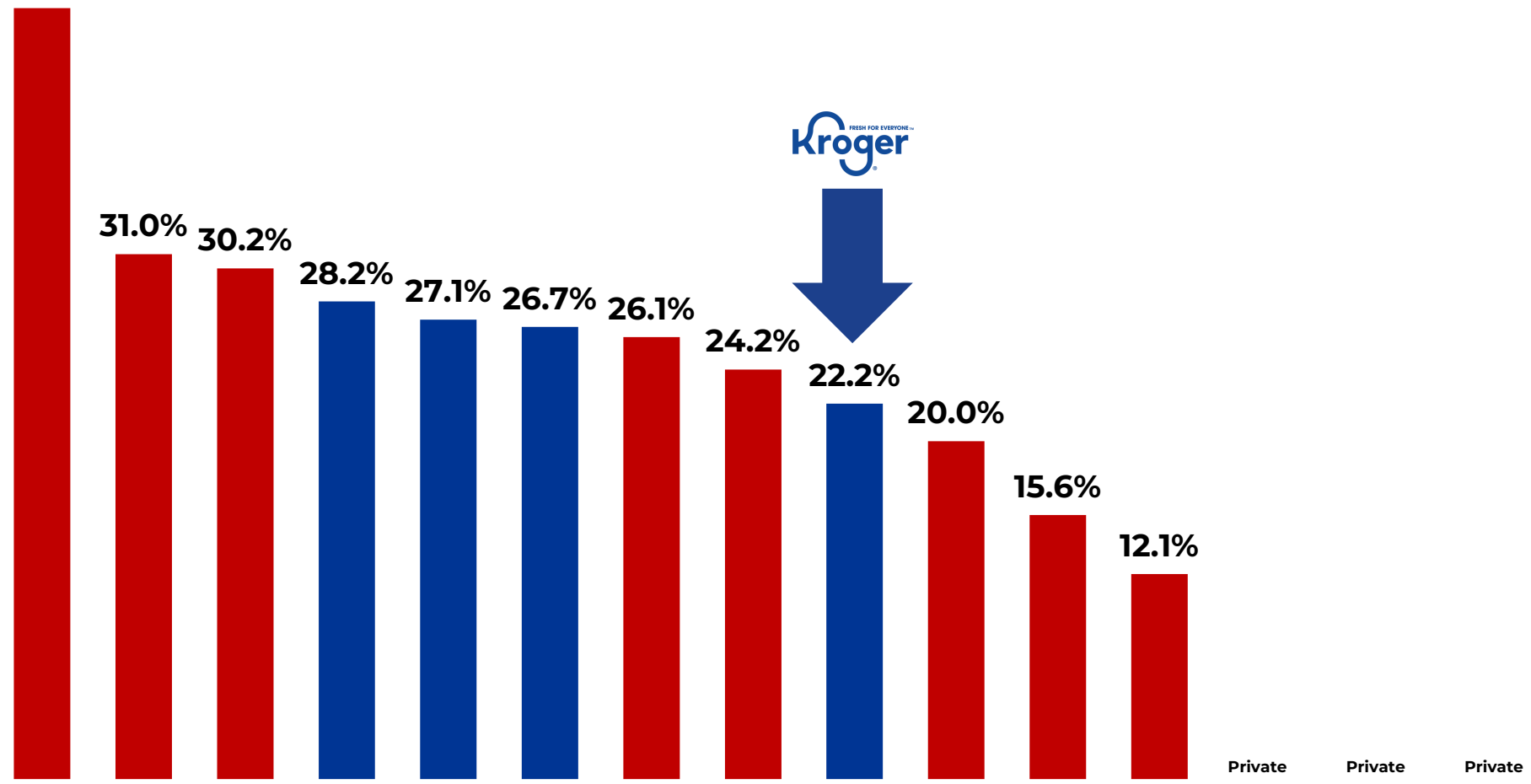
HISTORIC SUPERMARKET GROCERS' EBITDA MARGIN



12. KROGER'S GROSS MARGIN IS WELL LESS THAN MOST PEERS

2023 GROSS MARGIN

45.5% ■ National / Discount Grocers ■ Supermarket Grocers



12. WHILE MANY GROCERS' GROSS MARGINS HAVE INCREASED, KROGER'S HAS DECLINED CONSIDERABLY

20-YEAR GROSS MARGIN CHANGE



amazon
WHOLE FOODS MARKET



+21%



Ahold Delhaize (USA)



+4%



DOLLAR GENERAL



+3%



Walmart
sam's club



+1%



Albertsons Companies



-2%



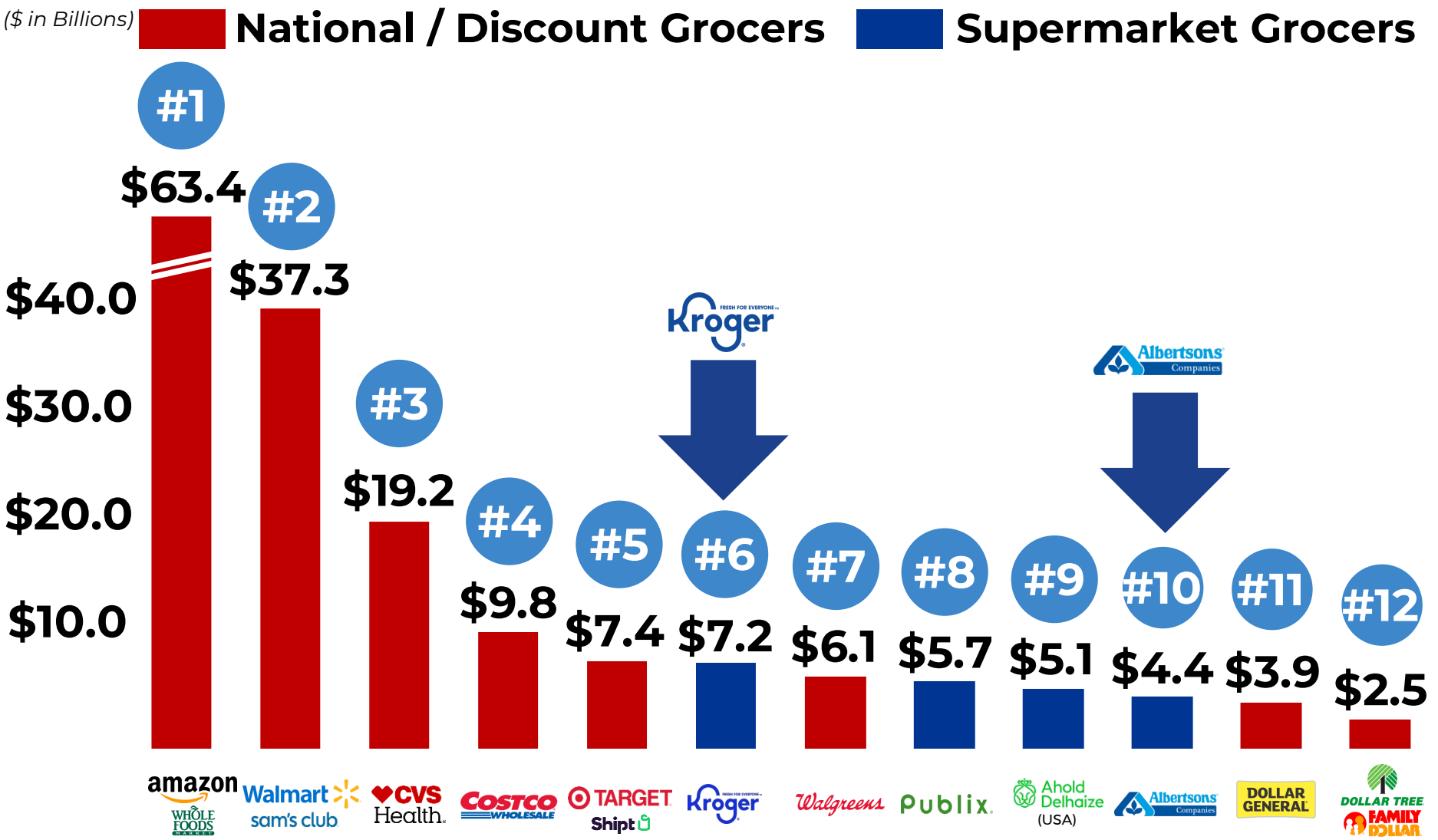
Kroger
FRESH FOR EVERYONE™



-5%

12. THERE IS AN EXTREME EBITDA DIFFERENCE BETWEEN AMERICA'S NATIONAL / DISCOUNT GROCERS AND THEIR SUPERMARKET GROCER PEERS

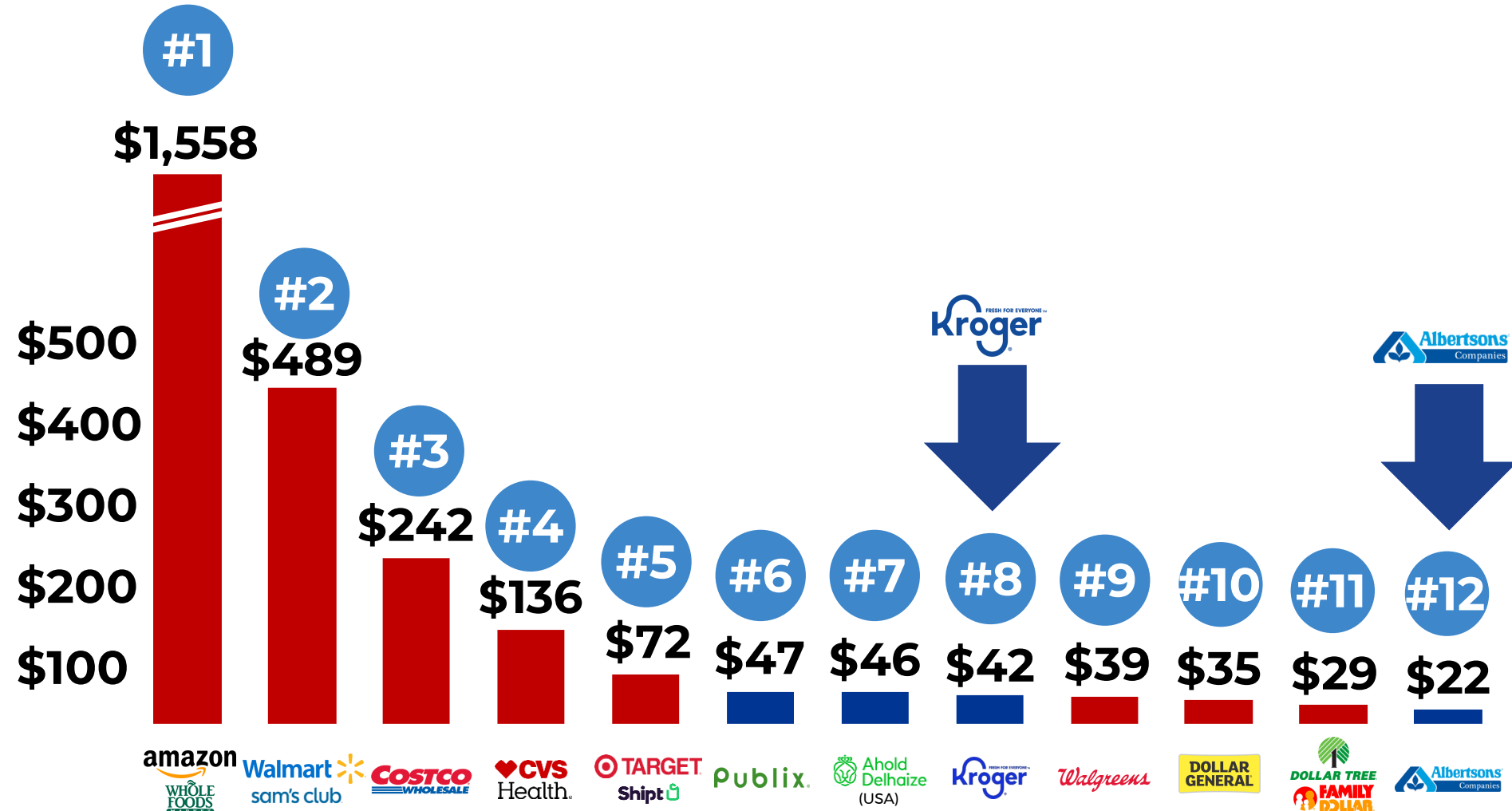
LTM EBITDA



12. AMERICA'S NATIONAL / DISCOUNT GROCERS HAVE MEANINGFULLY LARGER VALUATIONS THAN SUPERMARKET GROCERS

MARKET VALUATION

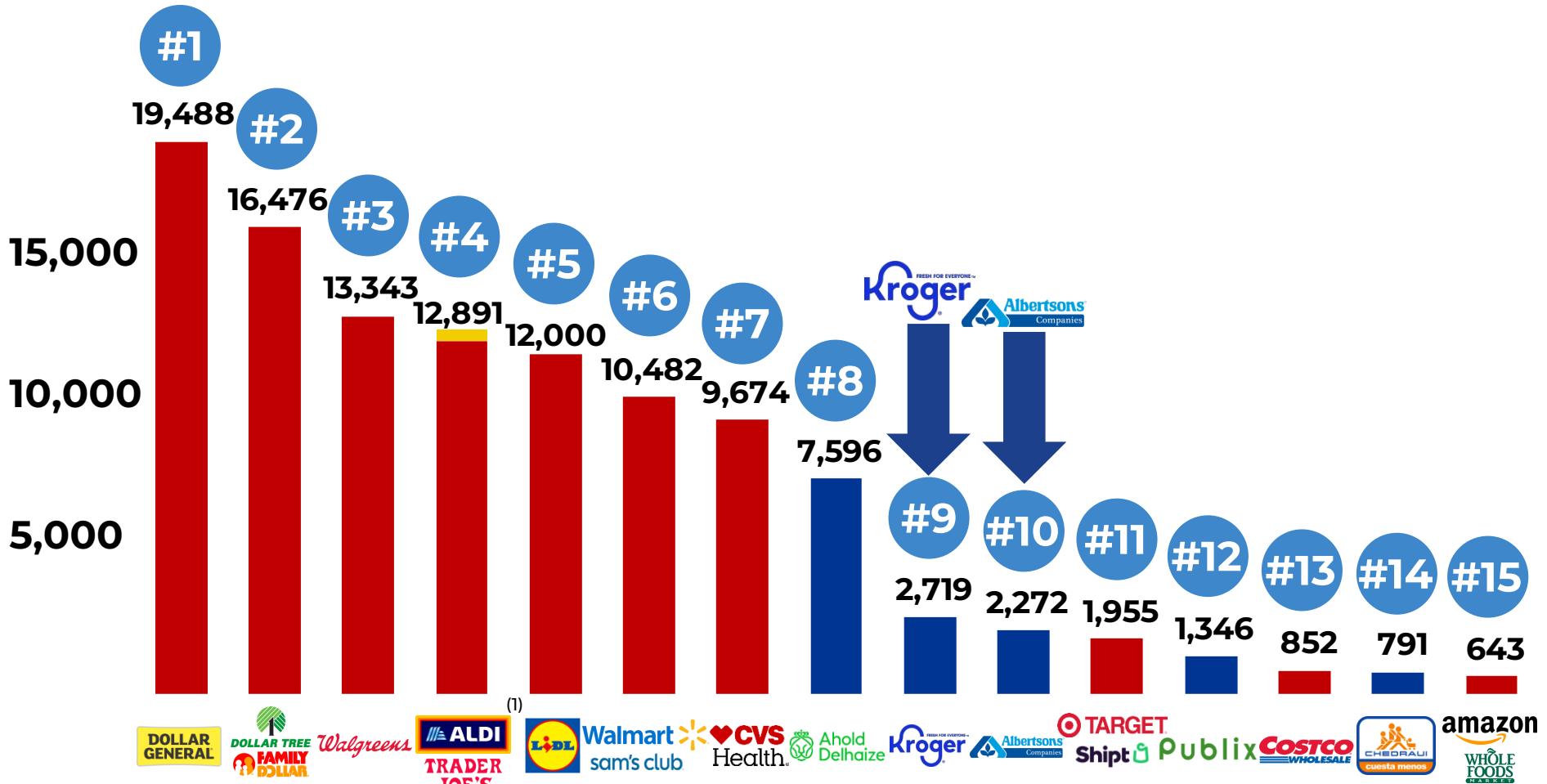
(\$ in Billions) ■ National / Discount Grocers ■ Supermarket Grocers



12. MOST U.S. NATIONAL / DISCOUNT GROCERS HAVE THE BENEFIT OF GLOBAL SCALE

GLOBAL STORE COUNT (U.S. GROCERS)

■ National / Discount Grocers ■ Supermarket Grocers



KEY TAKEAWAYS – A FEW THINGS YOU MIGHT NOT HAVE KNOWN

1. Grocery ≠ Supermarkets; 20 Years Ago, 10 of 15 Top American Grocers Were Supermarket Grocers Today, 10 of 15 Top American Grocers Are National / Discount Grocers, NOT Supermarket Grocers
2. National / Discount Grocers Have Added 39,000 Stores in the Past 20 Years and Doubled Share; Consumers Regularly Shop at 4 Grocery Types and 5 Banners; Online Grocery Has Grown 4x Since Covid
3. Non-Union National / Discount Grocers Have Over 60% Grocery Share and Most Grocery Jobs; In 2003, Supermarket Grocers Were the “Primary Shop” for 79% of Americans; Today, It’s 38%
4. Walmart has a \$300bn+ Grocery Business That Has Quadrupled in the Past 20 Years
5. Costco Stores Sell 3x the Groceries of Exceptional Supermarkets and 5x Average; Worth More Than All Public U.S. Supermarket Grocers, Combined
6. Dollar General and Dollar Tree Have a \$50BN U.S. Grocery Business and ~36,000 Grocery Stores
7. Aldi is the #3 Global Grocer; Added >2,000 Non-Union U.S. Grocery Stores and \$24B Sales in 20 Years
8. Amazon/Whole Foods, Walmart, Target/Shipt and Costco Are the Top Online Grocers
9. Amazon’s \$1.6 Trillion Valuation Is Many Multiples Its Grocery Rivals; Worth More All Public U.S. Grocers, Combined, Fueling Significant Grocery Investment
10. Instacart Reaches 95% of North American Households, Offers Unprecedented Grocery Choice
11. National / Discount Grocers’ 20-Year Sales and Store Growth Far Exceeds Supermarket Grocers
12. Global Scale Helps National / Discount Grocers’ EBITDAs and Valuations Dwarf Supermarket Grocers

Conclusion – Kroger / Albertsons is Necessary, and Good for American Consumers and Employees.

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