

UPDATE – US GROCERY: 5 THINGS YOU MIGHT NOT KNOW

By Scott Moses

March 2024



DOLLAR GENERAL®



1

#1

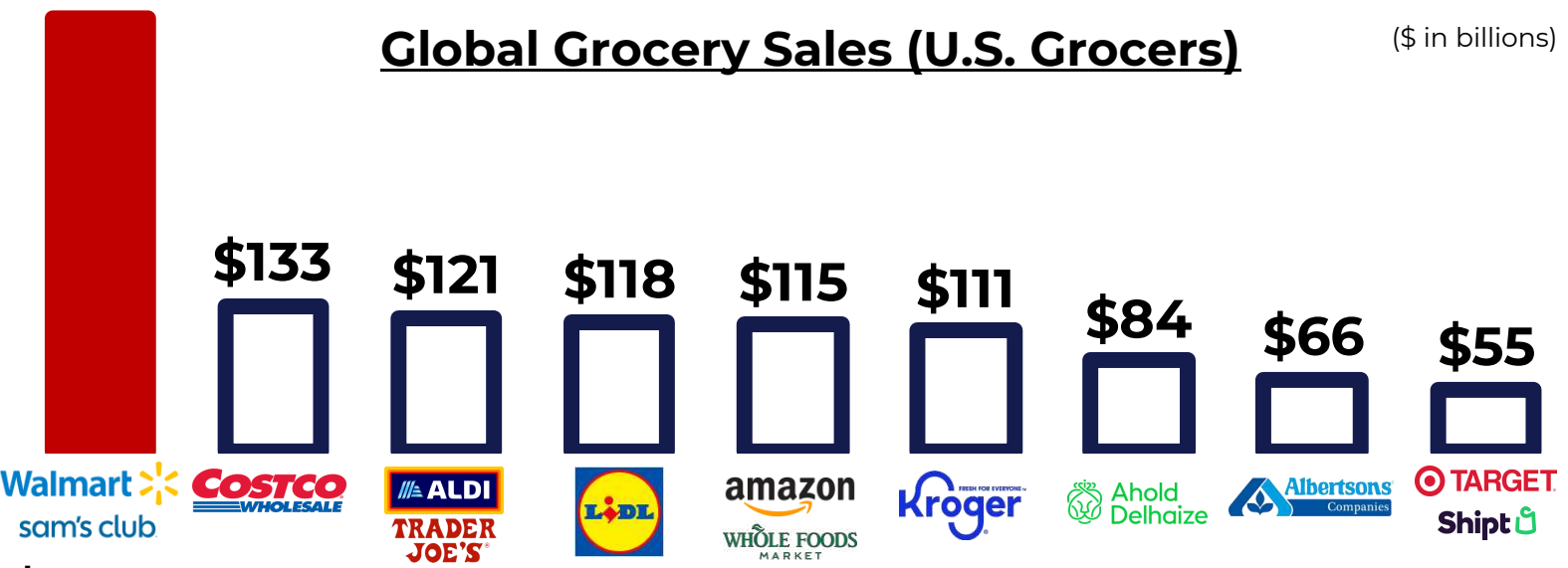
Global & U.S. Grocer

- ❑ \$394 Billion Global Grocery Sales
- ❑ \$321 Billion U.S. Grocery Sales
- ❑ >\$200 Billion Grocery *growth* in past 20 yrs
- ❑ Grocery is ~61% of U.S. sales (36% 20 yrs ago)

\$394

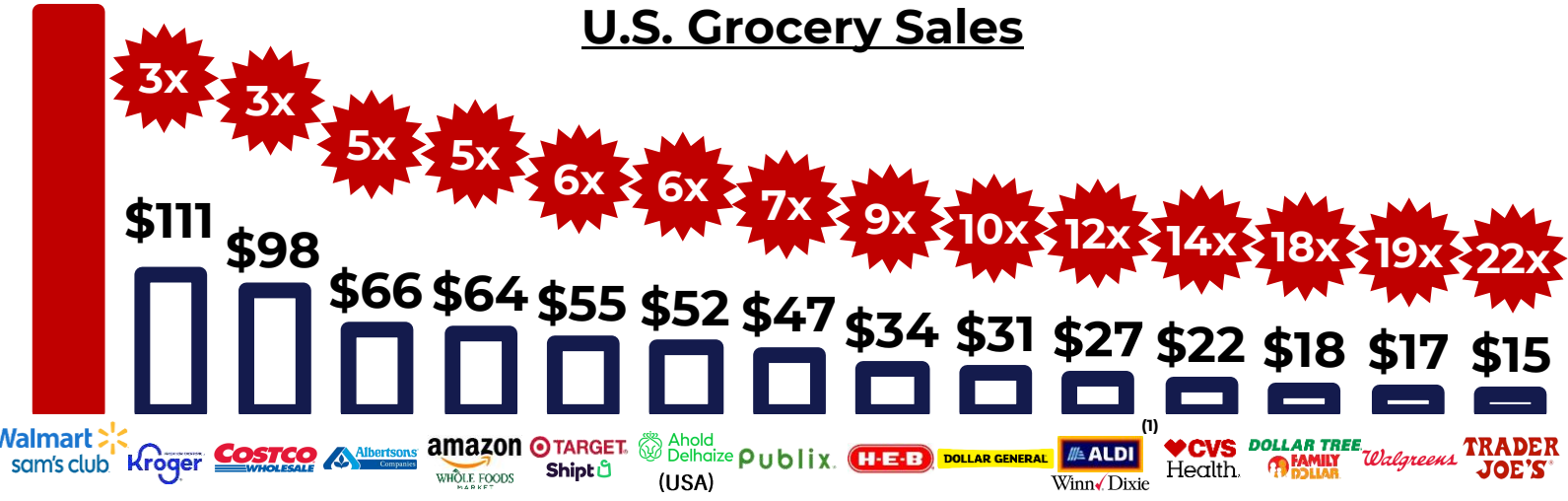
Global Grocery Sales (U.S. Grocers)

(\$ in billions)



\$321

U.S. Grocery Sales



Walmart's U.S. Grocery Sales are roughly equal to its next four competitors, combined

2

5,214

U.S. Stores

- ❑ Opened >1,800 stores in past 20 years
- ❑ >90% of Americans live w/in 10 mi of a WMT
- ❑ 1.6 Million non-union employees

3

#1

U.S. Online Grocer

- ❑ >\$40B estimated online grocery sales
- ❑ >200 fulfillment centers nationwide

4

~20M

Walmart+ Members

- ❑ ~1 in 6 U.S. households Walmart+ members
- ❑ 28% of U.S. households with \$150k+ annual income

5

\$531B

Valuation

- ❑ Worth ~3x all public supermarkets and grocery suppliers in the U.S., combined ⁽²⁾
- ❑ AA Credit Rating: extraordinary investment, e.g., plans to open 150 and remodel 650 U.S. stores over the next few years after spending \$9B to remodel 1,400 U.S. stores in last 2 years

“Walmart's price gaps with competitors and curbside pickup and delivery options is also attracting a lot more high-end customers from rivals since the pandemic. Kroger and Albertsons will have to “play catch-up.”

– Michael Baker, D.A. Davidson Analyst, “Analysis - What Walmart May Gain From FTC's Kroger-Albertsons Lawsuit, Reuters, 2.28.24

“Walmart and Sam's Club performed well with good transaction growth, positive units in food and strong e-commerce growth. We continue to gain market share in the grocery category, including with higher income and younger shoppers, and we saw good growth in membership income in both businesses.”

– Doug McMillon, CEO, Q1 FY24 Earnings Call, 5.18.23

“We've continued to grow market share in food. So that's always been a driver for the company, particularly with the advent of the supercenter...”

– Brett Biggs, EVP & CFO, Investor Conference, 3.9.22

Source: Company filings, Bloomberg and Wall Street Research.

1) Reflects pro forma sales, including ~400 Winn Dixie and Harvey's stores to be acquired, per announcement in August 2023

2) Includes Kroger, Ahold Delhaize, Albertsons, Sprouts, Publix, Ingles, Weis, Village, SpartanNash, Natural Grocers and UNFI.

5 THINGS YOU MIGHT NOT KNOW



1

#2

☐ **\$133B** in Global Grocery Sales

Global Grocer

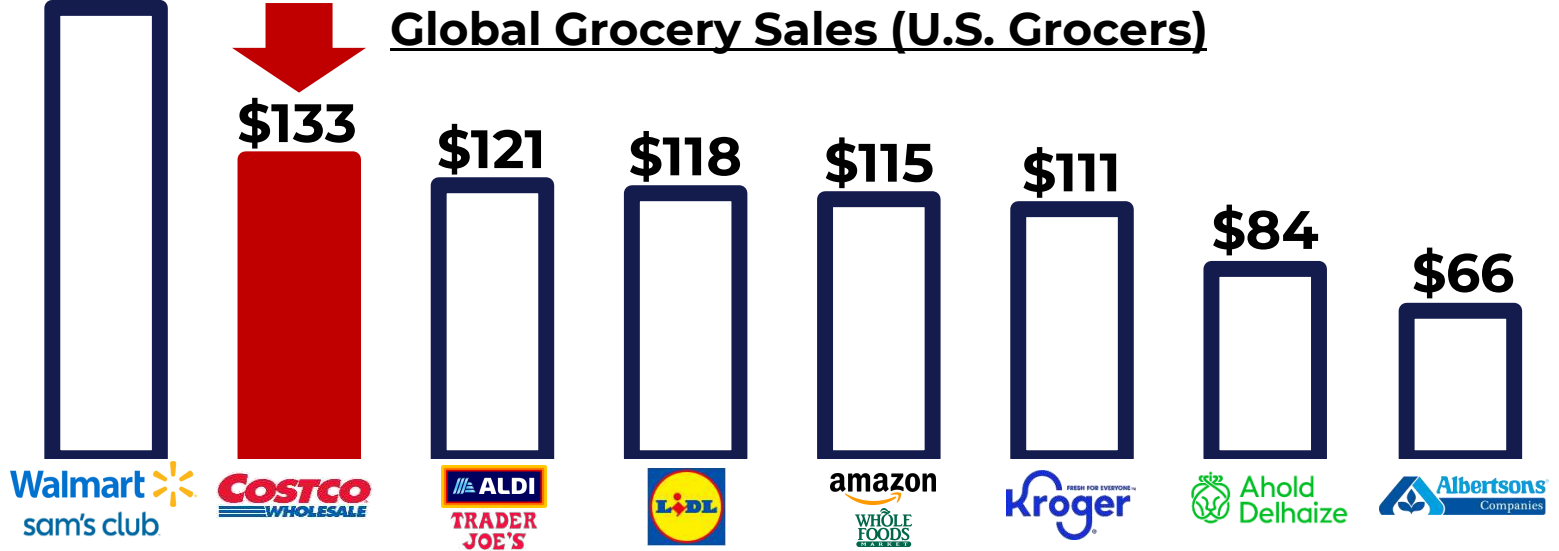
☐ **875 Stores** in 14 different countries

\$394



(\$ in billions)

Global Grocery Sales (U.S. Grocers)



2

#3

U.S. Grocer

☐ **~\$320B Valuation**

Valued ~80% more than all publicly traded supermarkets and suppliers in the U.S., *combined*

☐ **~40% U.S. Households are Members (72M)**

~\$320B



~\$180B



3

\$98B

U.S. Grocery Sales

□ **54% of U.S. Sales are Food & Consumables**

4

4x

Grocery Growth in 20 years

□ **~\$78B** in grocery sales growth in 20 yrs
□ **~400%** grocery sales growth in 20 yrs, as its U.S. store base grew 100%+

5

\$160M

Grocery Sales per U.S. Stores

□ **Stores Sell 5x Groceries Avg. U.S. Supermarket**

~\$160M⁽¹⁾



\$50M



\$30M



During a talk at a **recent grocery conference** with **several hundred grocers** in the room, I asked the audience for a show of hands:

“How many people have stores doing \$3.0M per week?”
There were no hands raised.

“[W]hen...I'm feeding myself at home, I will buy a rotisserie chicken, shrimp cocktail and the Kirkland Signature vanilla ice cream, which is the best. I'd also get some King Crab legs if they are available, and some grapes...The two quintessential items we're known for are the \$1.50 hot dog and the \$4.99 rotisserie chicken.”

– Richard Galanti, CFO, Progressive Grocer Report, 3.11.24

Note: Reflects industry research and Solomon estimates, as of March 2024.
1) Costco food sales per store represents Food & Sundries and Fresh Food segments in U.S. stores.

5 THINGS YOU MIGHT NOT KNOW



1

#5

Global Grocer

- ❑ \$115B in est. global Grocery Sales
- ❑ ~1.5 Million non-union global employees

2

#5

U.S. Grocer
(Soon to be #4)

- ❑ \$64B in est. U.S Grocery Sales
- ❑ 600+ Whole Foods, Amazon Fresh and Amazon Go grocery stores ⁽¹⁾
- ❑ ~1.1 Million non-union U.S. employees

3

>200M

Amazon Prime Members

- ❑ \$139/year Prime subscription fees generate \$28B in cash annually
- ❑ Plus ~\$50B advertising revenue

4

AA

Credit Rating

- ❑ Nearly-unlimited investment capacity to acquire and retain customers (wages, marketing, logistics, technology and growth)
- ❑ 400+ FCs
- ❑ 1,000+ hubs and sorting facilities

“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.”

– Andy Jassy, CEO, Q4 2022 Earnings Call (02.02.2023)

5

\$1.9T

Market Value

- Valued more than all U.S. grocers, *combined*
- Valuation up >80% in 2023 (+\$850B increase)



~\$1.9T

~\$1.3T

“...if you look at our **consumables business, the growth rate there is pretty extraordinary.**”

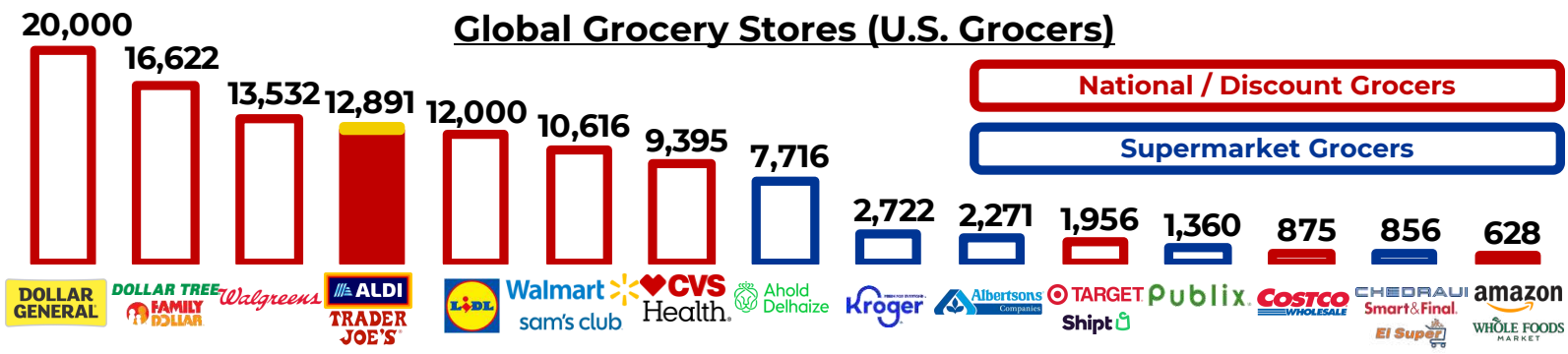
“...in our top 60 metros, over 60% of the shipments were coming to people in the same day or one day...when you’re able to get them delivery much faster, they consider you for much more of their purchases...”

– Andy Jassy, CEO, Andy Jassy Speaks with CNBC’s Jim Cramer on “Mad Money” (12.07.2023)

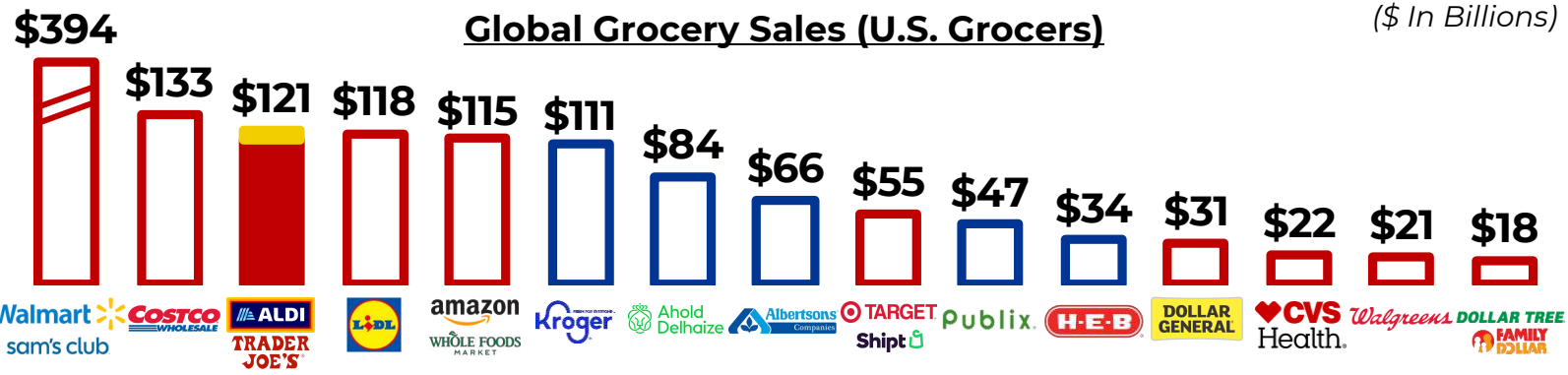
5 THINGS YOU MIGHT NOT KNOW



1 | **12,500+** Global Grocery Stores
 Germany's Albrecht family (world's 11th-wealthiest family) owns both Aldi & Trader Joe's



2 | **#3 Global Grocer** | **\$121B Global Grocery Sales**
 #2 European Grocer (Lidl is #1)

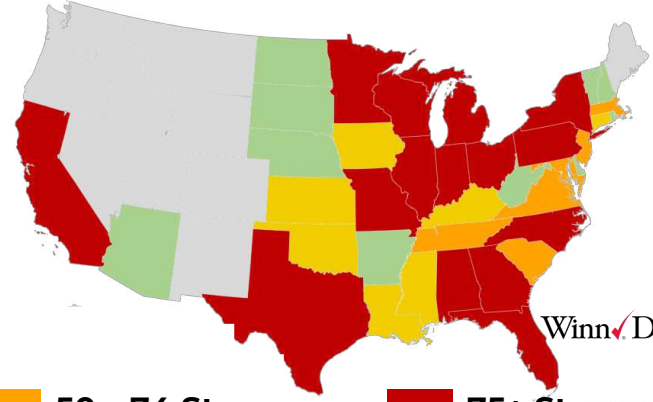
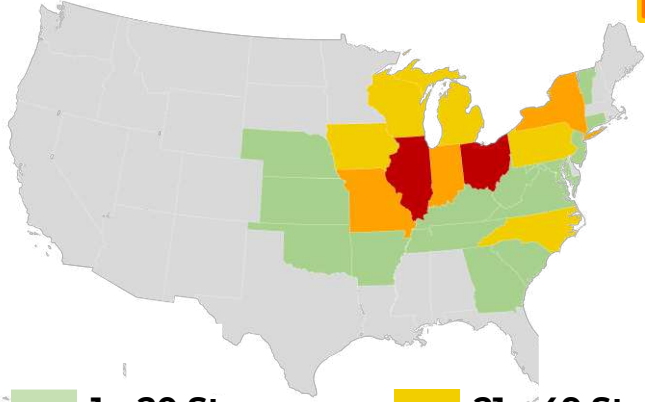


3 | **2,800** U.S. Grocery Stores
 Added 2,000+ U.S. grocery stores in last 20 years
 ~2,400 Current U.S. Stores + 400 Winn-Dixie
 One of the fastest-growing U.S. grocers

2003 - 680 Stores in 24 States



2023 - ~2,800 PF Stores in 38 States



1 - 20 Stores | 21 - 49 Stores | 50 - 74 Stores | 75+ Stores

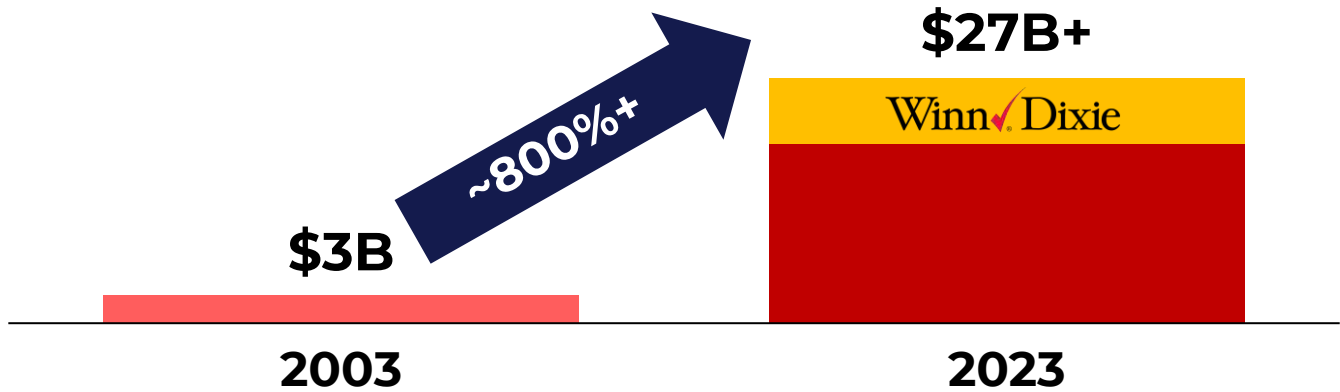
Winn-Dixie

4

\$27B

U.S. Grocery Sales

\$24B U.S. grocery sales growth, +800%, from \$3B in the last 20 years (including Winn-Dixie Sales)

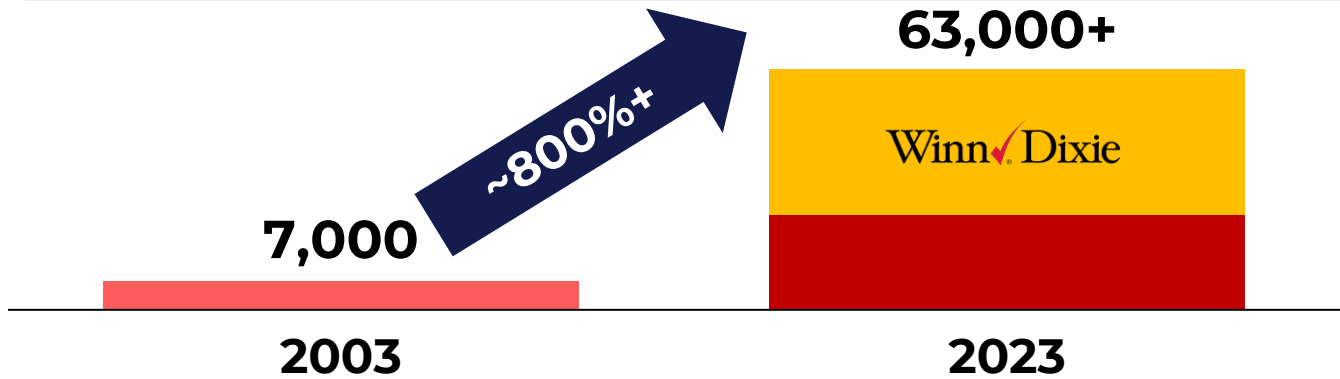


5

63,000

Non-Union Jobs

800%+ Non-Union Job Growth in last 20 years, growing from 7,000 in 2003
~25,000 Aldi Jobs + ~38,000 Winn-Dixie Jobs



"Aldi is one of America's fastest-growing retailers..."

- Jason Hart, CEO - Aldi US, Supermarket News (8.30.2023)

"With this commitment to add 800 stores in the next five years, we'll be where our shoppers need us while positively impacting the communities we serve."

- Jason Hart, CEO - Aldi US, Press Release (3.7.2024)

"... our smaller, simpler stores turn out more volume and sales than many of our competitors. You'd be amazed at how much of your grocery shopping you can get done in a typical 20,000-square-foot Aldi store."

- Jason Hart, CEO - Aldi US, Supermarket News (8.30.2023)

"The time was right to build on our growth momentum and help residents in the Southeast save on their grocery bills.

The transaction supports our long-term growth strategy across the U.S."

- Jason Hart, CEO - ALDI's Winn-Dixie/Harvey's Acquisition Announcement (08.16.2023)

"The way that consumers are shopping is changing quite dramatically ... alternative retail formats ... are growing quicker than the traditional formats ... We're very proud to be one of those alternative formats that's really disrupting the industry."

- Jason Hart, CEO - CNBC (08.19.2023)

Note: Aldi 2023 map, stores and sales reflect pro forma total store count, including ~400 Winn Dixie and Harvey's stores to be acquired, per announcement in August 2023. Global stores and sales include Aldi Sud (Aldi) & Aldi Nord (Trader Joe's) figures, reflecting the latest publicly-available estimates.

5 THINGS YOU MIGHT NOT KNOW

DOLLAR GENERAL'S RAPID AND DISRUPTIVE GROCERY GROWTH

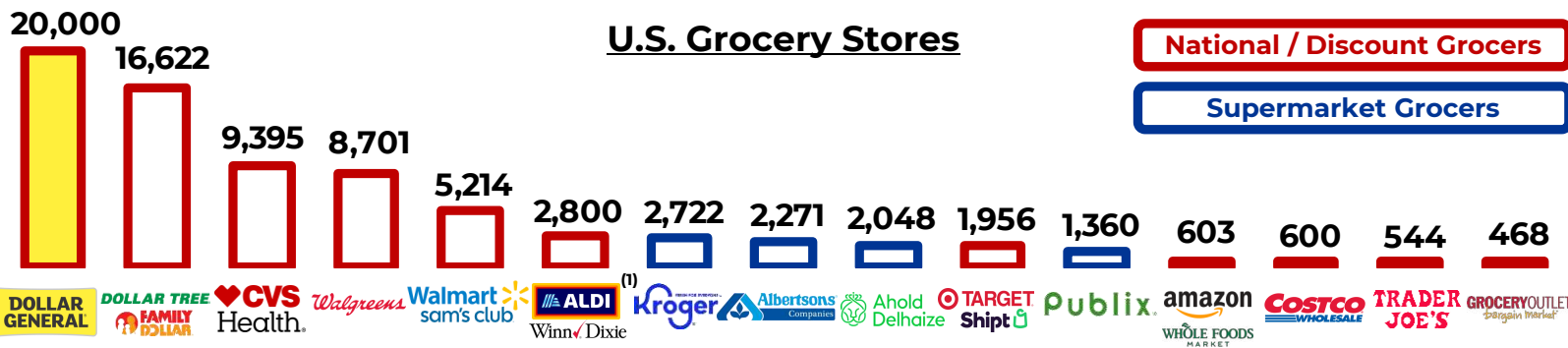
DOLLAR GENERAL

1

#1

U.S. Grocer by Store Count

- 20,000 U.S. Stores, over 7x greater than the largest Supermarket Grocer
- ~75% of U.S. population lives within 5 miles of a DG store
- 5,000+ offer fresh produce, *more than any other U.S. mass retailer or grocer*



2

13,000+

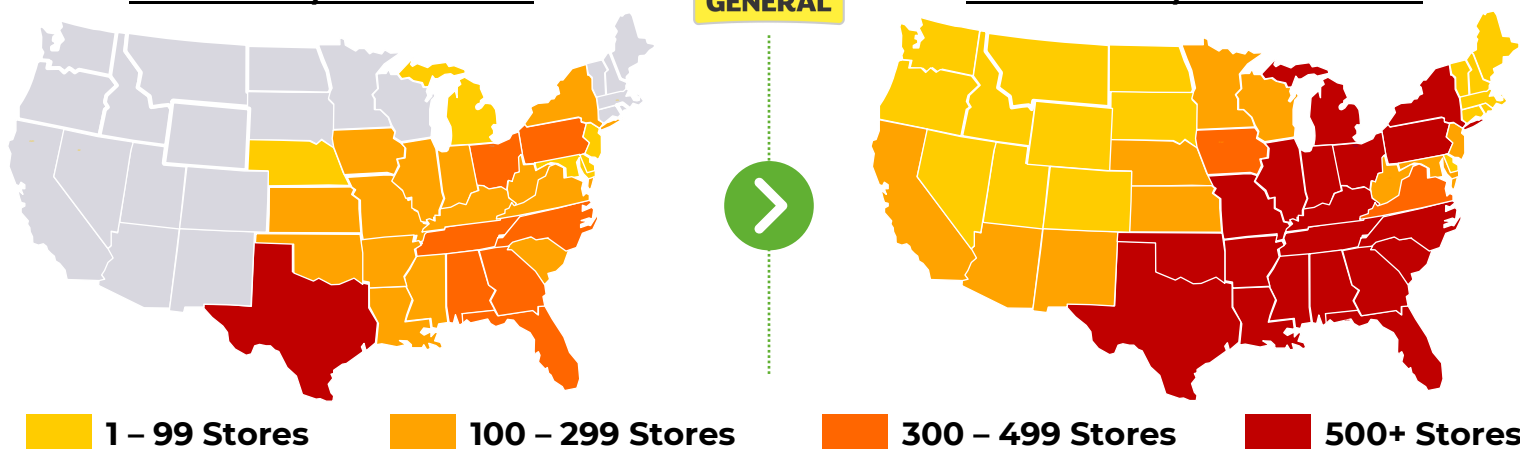
New Stores in Past 20 Years

- 3x 20-Year Store Growth
- Projected to grow to 34,000 stores

2003 – 6,113 Stores

DOLLAR GENERAL

2023 – 20,000 Stores

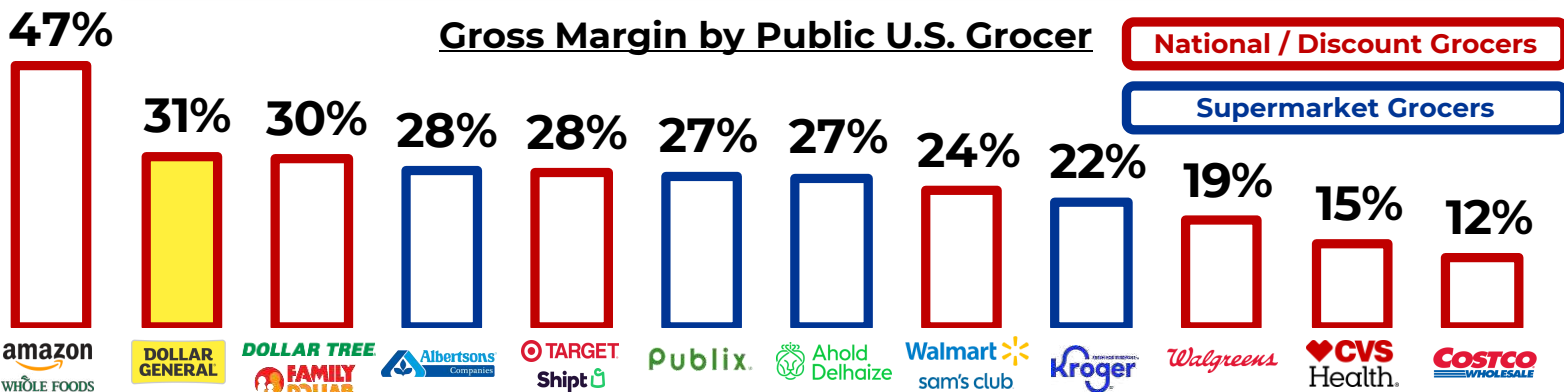


3

#2

U.S. Grocer by Gross Margin

- 31% Gross Margin, second only to Amazon
- Increased 3% over 20 years from 28%



4

#10

U.S. Grocer (Sales)

- ☐ \$31B in U.S. Grocery Sales
- ☐ Up >750% from \$4B in 2003
- ☐ 81% Grocery, up from 60% 20 years ago

\$4B

2003

+8X

\$31B

2023

5

170,000

Non-Union Employees

3x Non-Union job growth in the last 20 years, adding 116,000 jobs

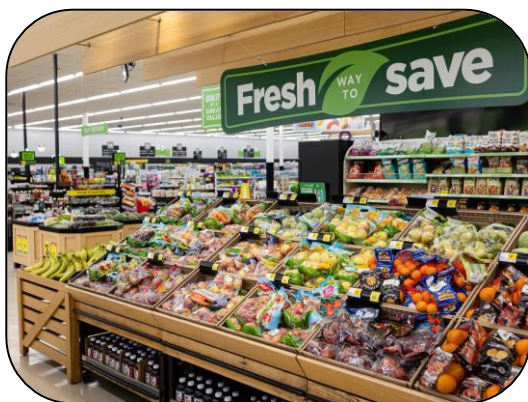
54,000

2003

+3X

170,000

2023



Sources: Company filings, Bloomberg and Wall Street Research as of March 2024.
 1) Reflects pro forma sales, including ~400 Winn Dixie and Harvey's stores to be acquired, per announcement in August 2023.

\$321

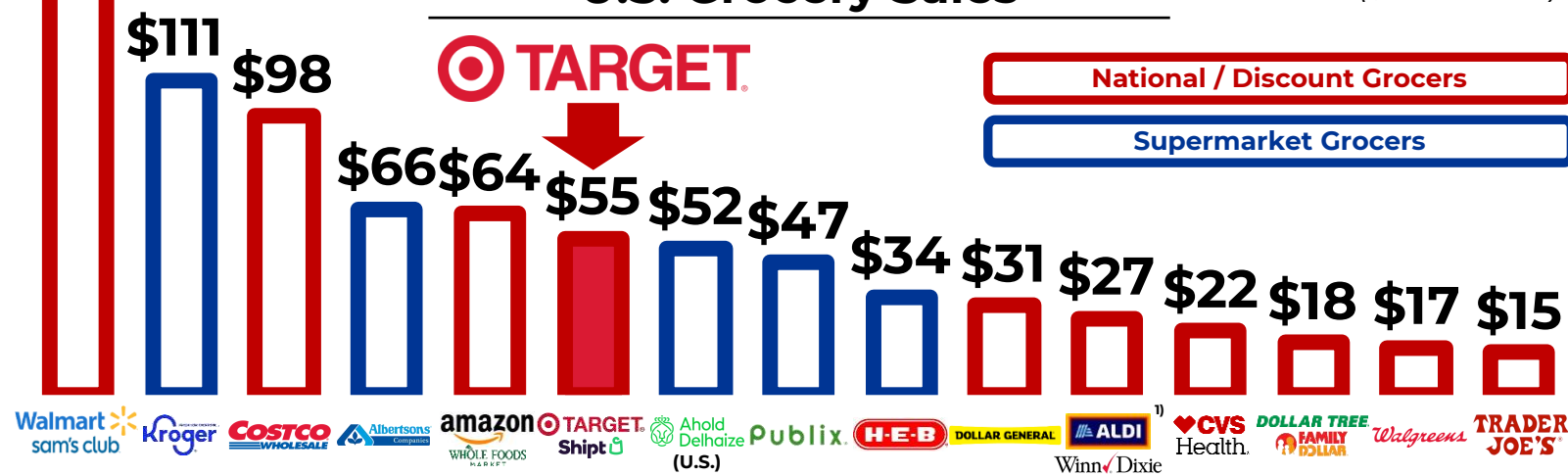
#6

U.S. Grocer

- ❑ 51% Grocery (+30% in 20 yrs)
- ❑ \$55B U.S. Grocery Sales (+4x in 20 yrs)
- ❑ 1,956 Stores (+70% in 20 yrs)

U.S. Grocery Sales

(\$ in Billions)



#4

U.S. Online Grocer

- ❑ \$10B Online Grocery Sales
- ❑ Acquired Shipt in 2017, same year Amazon acquired Whole Foods
- ❑ Shipt fulfills orders for 200+ 3rd party retailers

440,000

Non-Union Employees

- ❑ 3rd-Largest Non-Union U.S. Grocery Employer

\$91B

Valuation

- ❑ 5th-Largest Valuation among U.S. Grocers

A-Rated Credit

- ❑ Facilitates extraordinary investment, eg, 6 additional distribution centers over the next few years to enable more 1-day delivery coverage



“ ... we have gone from being a retailer that just sells food to a retailer that truly celebrates food. And in doing that, we have made Target a destination for food.”

– Rick Gomez, EVP & Chief Food & Beverage Officer, Q4 FY23 Earnings Call, 3/5/24

“Food and beverage has taken on a different role ... over the last several years, we have been investing in the business ... ”

“Our food and beverage business has been growing ... our fresh business is doing incredibly well. We’ve made big changes to specifications and quality control to deliver better, fresher product.”

“[D]uring the pandemic ... our food and beverage business through digital skyrocketed, and we continue to see strong growth in our food and beverage digital business. We saw a lot of traction with Drive Up, and during the pandemic we expanded it to fresh, frozen and adult beverages ... ”

“[Good & Gather] has become the largest own brand at Target ... I would say a lot of our [food and beverage] growth is because of Good & Gather. In some ways, it has become a little bit of the crown jewel of our portfolio. It really represents Target at its best—high quality, on-trend products at an affordable price.”

– Rick Gomez, EVP & Chief Food & Beverage Officer – Winsight Grocery Business, 10/24/23