



## Delivering the Demand

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# Delivering the Demand

Operating from a Position of Strength

Building for the Future

- Technology
- Physical Infrastructure

Succeeding Through Our People

**“Good logistics alone can’t win a war. Bad logistics alone can lose”  
Lt. General Brehon B. Somervell, 1943**

# Operating from a Position of Strength

## Efficient Distribution Center Network



## Effective Transportation Management



**~720 Million Cartons Delivered**

**~125 Million Outbound Miles Driven; ~75 Million Inbound Miles Driven**

**~7,000 + DC Employees**

Note: As of January 29, 2016

# Operating from a Position of Strength

Significant Transaction and Store Growth Requires Balance of Technology, Infrastructure and Personnel Investments



Foundation for Growth Investments

# Operating from a Position of Strength

## Rolltainers: A Competitive Advantage

- **Drives Positive Impact on Delivery**
  - Minimizes unload time at stores
  - Increases store productivity
  - Reduces store turnover and improves morale
- **Generates Cost Reductions Through DCs**
  - Enhances productivity
  - Allows pre-sorting of store orders
  - Reduces dependency on DC mechanization
  - Increases flexibility for SKU and volume growth

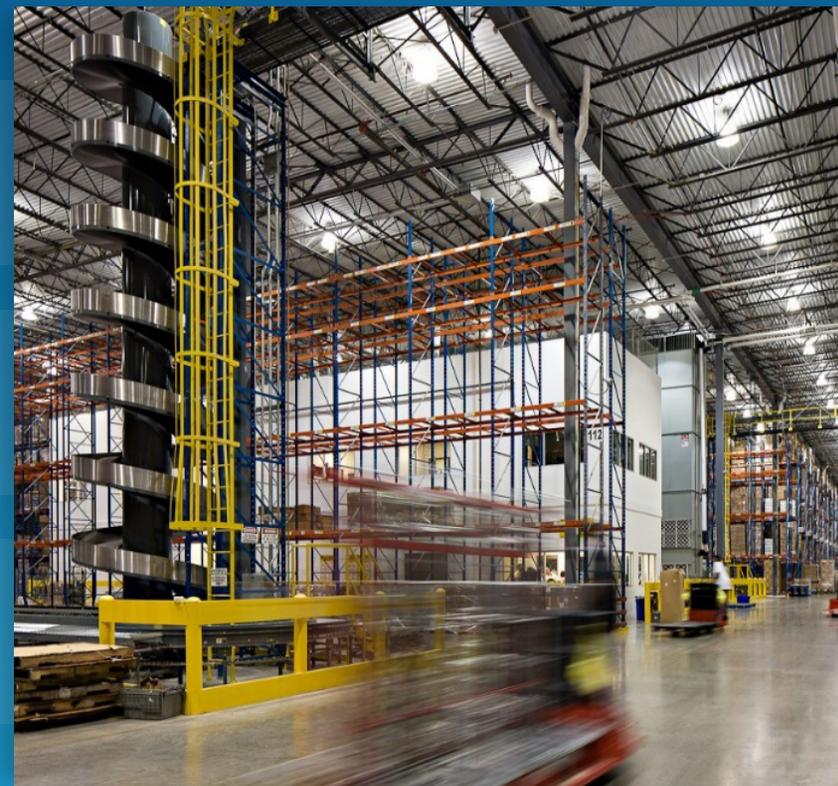


# Building for the Future: Technology

**1** Supply Chain Solution

**2** Transportation Management System

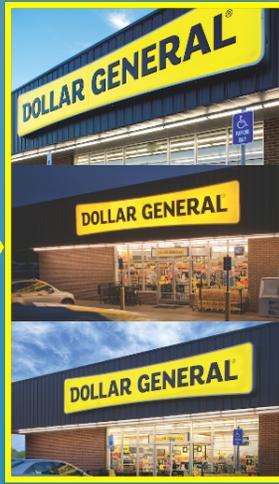
**3** Warehouse Management System



# 1 Supply Chain Solution



Consumer Demand Forecast



Store



Distribution Center



Supplier

Improved In-Stocks & Sell-Through

## 2

# Transportation Management System

## Transportation Cycle Management



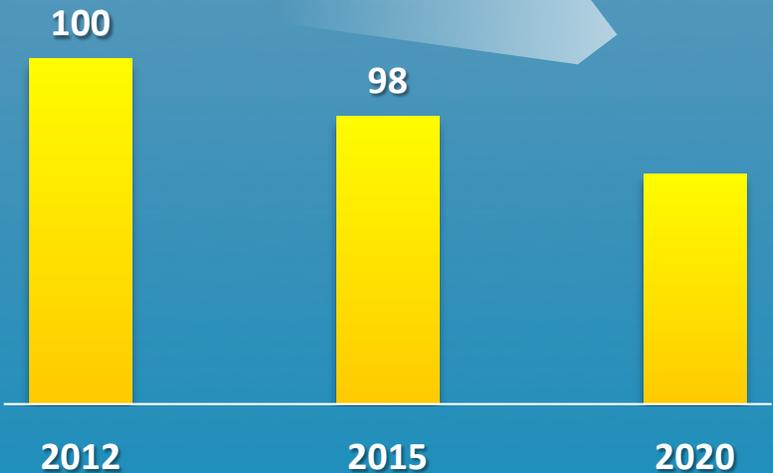
- Leverages Cost-Based Routing for Highest Efficiency and Lowest Cost
- Drives Fewer Outbound Deliveries and Load Exceptions
- Provides Better Service and In-Stocks
- Allows for In-House Carrier Management

### 3 Warehouse Management System

- Drives Efficient DC Operations, Reducing Supply Chain Costs
- Supports Both Mechanized and Conventional DCs
- Integrates to Voice Technology, Improving Flexibility, Productivity, and Accuracy
- Integrates to Labor Management System, Accurately Tracking DC Employees

#### Supply Chain Productivity (% to Net Sales, ex Fuel)

2012 = 100 Index



# Building for the Future: Physical Infrastructure

1

Optimal Site Selection

2

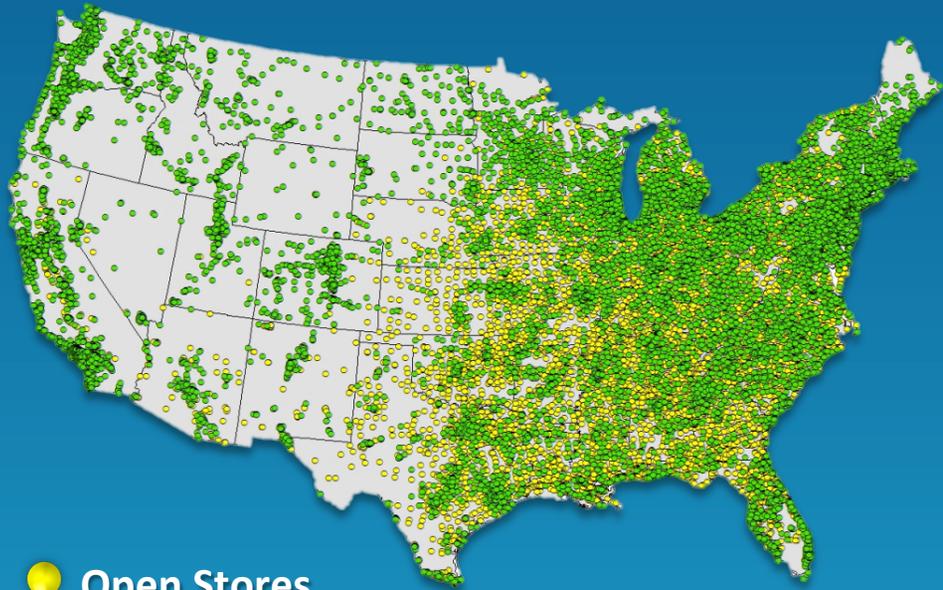
Balanced Approach  
to Fleet Operations



# 1 Optimal Site Selection

## Existing and Potential Store Locations

Store Growth Assessed Annually



Current Locations and Volumes

Five-Year Growth Plans Added

Ten-Year Growth Directional

- Open Stores
- Opportunities

# 1 Optimal Site Selection

Multiple Seed Points Evaluated



Potential Sites

Seed Over 100 Locations  
Nationwide for Each DC

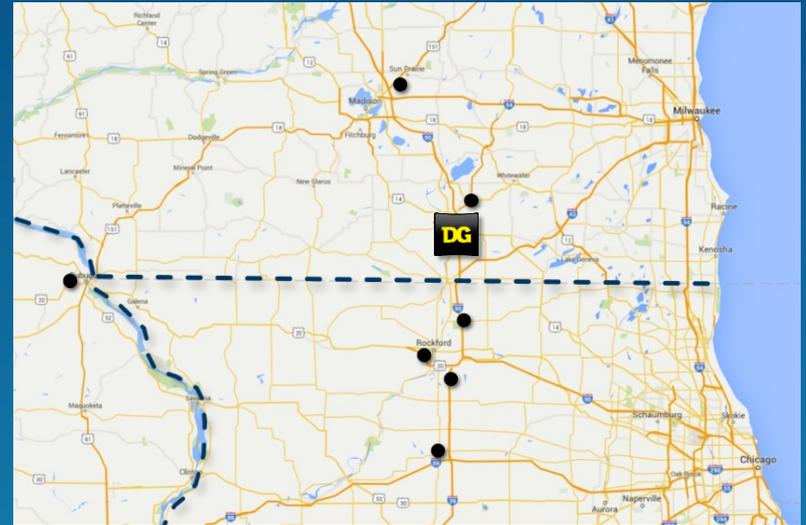
# 1 Optimal Site Selection

Which Site to Choose?

Most Cost Effective Region

In-Person Site Visits

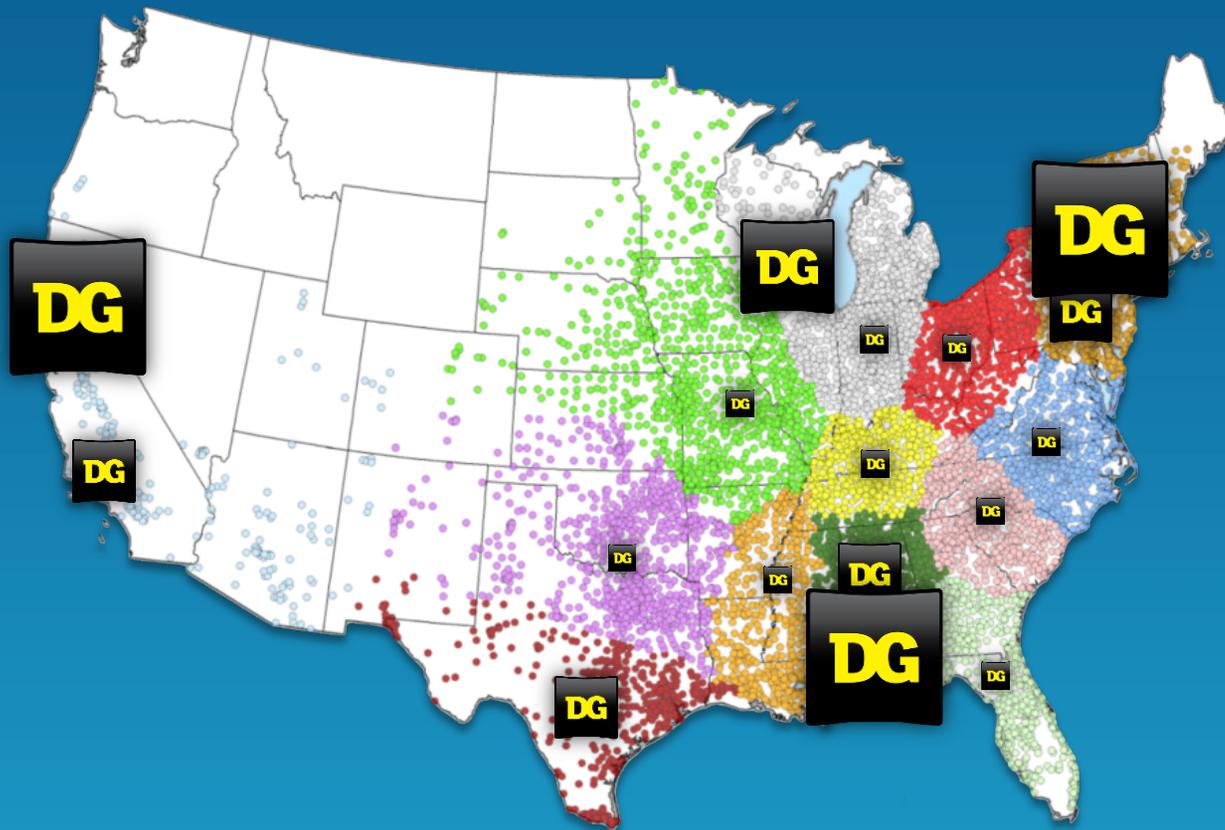
Detailed Labor Analysis



1

# Strategic Network of Distribution Centers

Supply Chain Prepared to Support Accelerated Growth

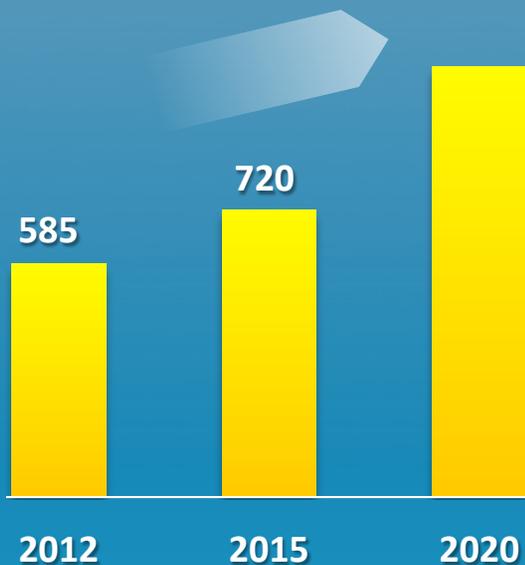


## 2

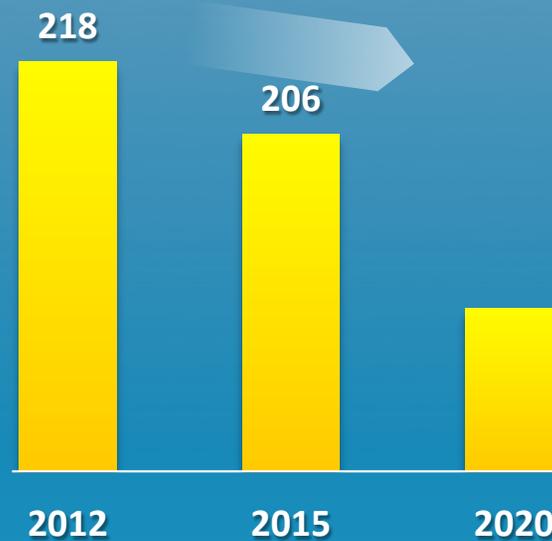
# Balanced Approach to Fleet Operations

## Driving Down Costs

**Outbound Cartons  
(thousands)**



**Stem Miles**



**Transportation Strategy**

- Inbound: Utilizes All Modes of Transport, Ranging from Ocean to Rail to DG Trailers
- Outbound: Reduces Stem Miles Despite Accelerating Store Growth and Increasing Cartons Shipped

## 2

# Balanced Approach to Fleet Operations

### Dollar General Private Fleet



Phased, Methodical  
Implementation

Complementary to  
Carrier Partners

Capture Cost and Service Advantages

# Succeeding Through Our People

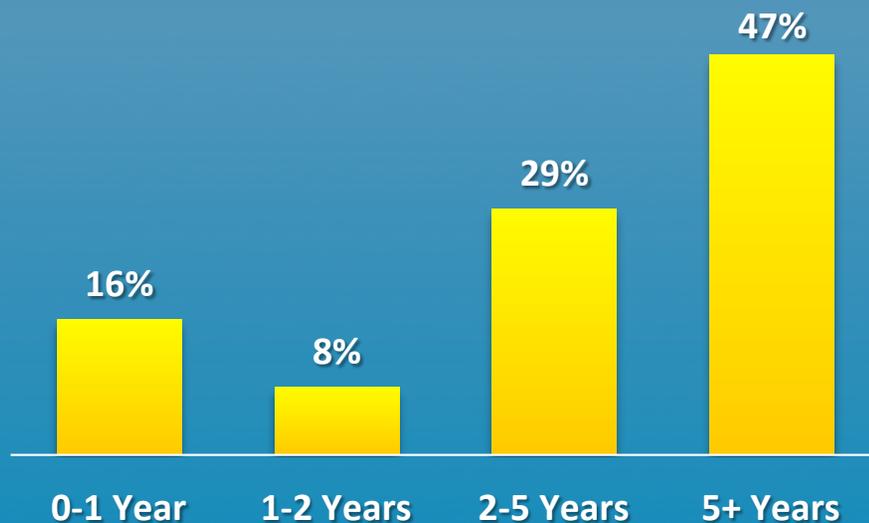
## Strong Employee Development Strategy



- Focused on Internal Development
- Targeted Recruiting From Top Undergraduate Supply Chain Programs
- Accelerated Growth Requires Acquisition of New Talent

# Succeeding Through Our People

## Driving Results: Tenured DC Management



- Engaged Management Team
- Comprehensive Internal Development and Succession Planning Process
- Experienced Training Teams Leveraged during DC Start-Up Process

Note: As of January 29, 2016. Percentages are for total Exempt employees, including our San Antonio DC which began shipping in February, 2016



## Key Takeaways

- **Highly Productive Supply Chain Network as Foundation for Success**
- **Key Investments in Technology Drive Ongoing Efficiencies**
- **Scalable Strategic Capital Plan Process to Support Growth**
- **Experienced Management Team with Deep Bench Strength**

**Cost Efficiently Support New Store and Transaction Growth**



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**Invest**

**FOR  
GROWTH**