



Meijer Supply Chain Overview

August 2018

Plan and execute product flow strategies for all modes of worldwide transportation supporting in stock conditions and margin efficiencies while maintaining and developing business relationships with carriers, service providers, 3PL's, U.S. Customs and other governmental agencies.

*But what we really focus on is using technology to make this happen.
“We want to move information not product”*

Meijer Vendors/Product Flow/Service Providers	
➤ 5,882 Global Vendors	✓ 274 Service Providers in 14 Categories
<ul style="list-style-type: none"> ➤ 5,050 Domestic Vendors ➤ 832 International Vendors (8 Agents) ➤ 1,875 International Factories 	<ul style="list-style-type: none"> ▪ 209 Truckload Carriers ▪ 15 Truckload Brokers ▪ 7 Less-Than-Truckload Carriers ▪ 5 Consolidation Centers ▪ 2 Small Package Carriers ▪ 8 Intermodal Carriers ▪ 5 Ocean Carriers ▪ 1 International Consolidator ▪ 15 Air Carriers ▪ 1 Customs House Broker ▪ 3 Deconsolidation Centers ▪ 1 Bank
➤ Distribution	<ul style="list-style-type: none"> ▪ 1 Unloading Company (Freight Handlers Inc) ▪ 1 Reclamation Center (Inmar)

International Logistics & Compliance - YTD



2017 Logistics by the Numbers



276,987 Loads Delivered	164,410 Loads Tendered	99% Logistics On-Time On Time Percentage
598,781 POs Tracked 305,692 Collect 292,819 Prepaid	247 Analysis Completed	1,950 Hrs. Trained
	346M Cases Unloaded	14.8M Units Store Returns
16% Dwell Time Reduction	147K Units RX Returns	

How can we help:

Use systems & technology on the following:

- Track and identify product location and timing
- Provide Robust Inbound Supply Chain Data Analytics
- Minimize Transportation costs through multiple methods
- Reduction in accessorial costs related to transportation



Outbound Logistics Overview

Outbound Overview

- Four Dedicated Outbound Carriers
 - MPF – Meijer Private Fleet – 103 stores serviced in Michigan, northern Ohio, and Indiana.
 - NTB – Nationwide Truck Brokers – 43 stores serviced throughout Michigan, Ohio, Indiana, and Wisconsin.
 - JBH – JB Hunt – 36 stores serviced in Greater Chicago area, Indiana, Michigan, and Wisconsin.
 - USX – US Xpress – 53 stores serviced in Ohio, Kentucky, and Indiana.
- 2017 Total OBL miles driven – 65 million.

Outbound Overview

- Total company average is 6,210 deliveries per week; this is an average of 27 deliveries, per store, per week.
- 800 Shuttle / transfer moves per week.
- Average round trip delivery 193 miles.
- 2017 Meijer Private Fleet miles driven – 25.8 million.
- Average of 120,000 miles a tractor per year.
- Meijer Private Fleet average 7.5 mpg.

Improved Performance on Safety Goals

- Clinic visits reduced versus last year
- Injury rate at 4.64; lowest we have ever been
- 2017 DOT on road recordable accident rate lowest in recent history at 0.43
- All DOT CSA scores well within acceptable thresholds



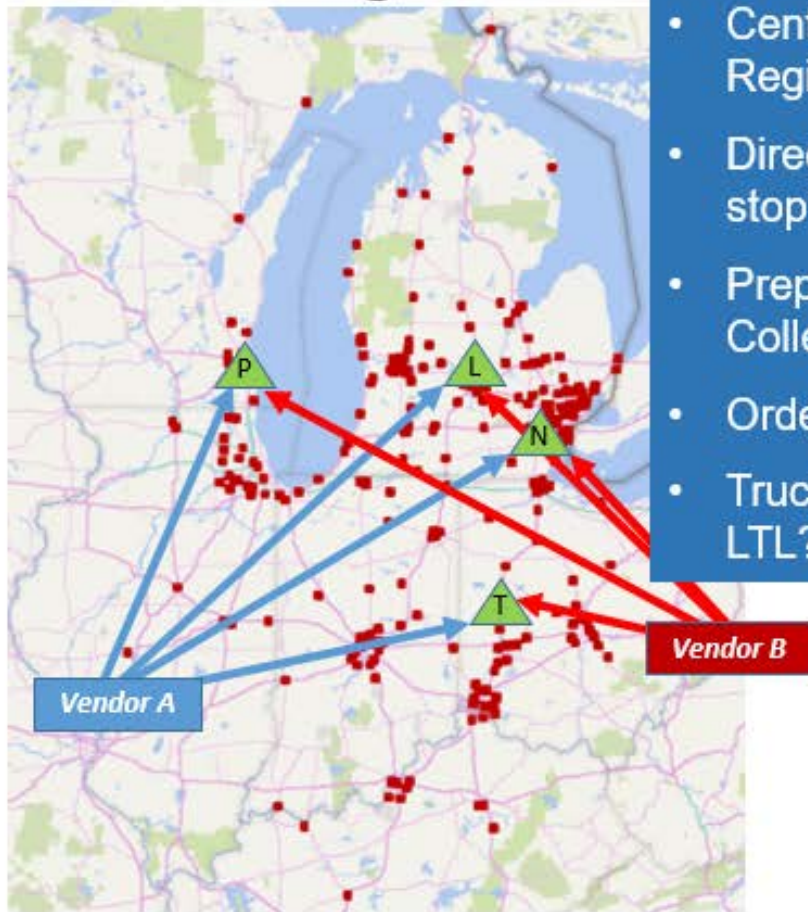
Transportation Sustainability

Vendor Pick Ups



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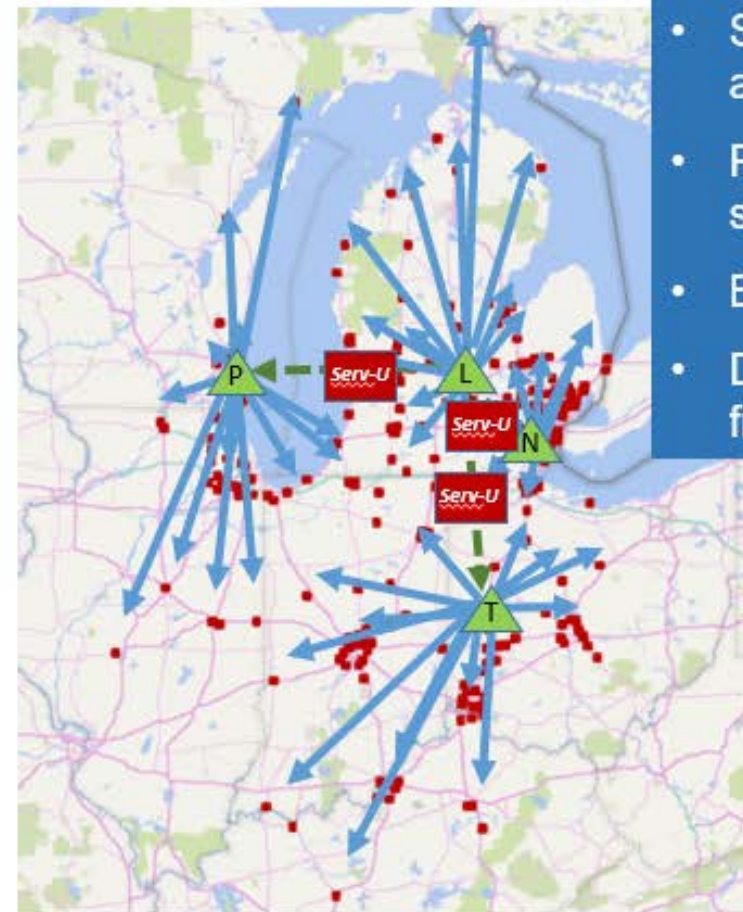
Inbound Logistics



- Centralize or Regional?
- Direct, or multi-stop?
- Prepaid or Collect?
- Order frequency?
- Truckload or LTL?

262K loads delivered per year

Outbound Logistics



- Store-DF alignment
- Peddle (multi-stop) routing
- Backhaul
- Delivery frequency

340K store deliveries per year
60.9 million miles per year

Transportation Trends

- 32 2019 trucks are on order to be placed in service July 2018. Expecting a 10% MPG improvement compared to the 2012/2013 trucks they are replacing.
- Overall fleet fuel economy is up 3% versus last year. This was achieved at the same time the Michigan highway speed was increased to 65 for trucks.
- All new trucks are equipped with adaptive cruise and collision mitigation technology.
- Researching (3) new advanced electric power train technologies to be released late 2019. This technology is expected to reduce maintenance, emissions, and fuel usage.



Customer First

- YE on-time delivery 99.6%
 - OBL responsibility was 99.8
- Outbound Logistics partnered in numerous special events throughout the year:
 - Operation Good Cheer
 - Holiday events
 - Community donations



- Meijer was a recipient in 2017 of the SmartWay Excellence Award
- The annual SmartWay Excellence Award honors top shipping (retailers and manufacturers) and logistics company partners for superior environmental performance





Distribution Overview

Distribution Timeline



Grand Rapids, MI



Lansing, MI



Newport, MI



Tipp City, OH



Middlebury, IN

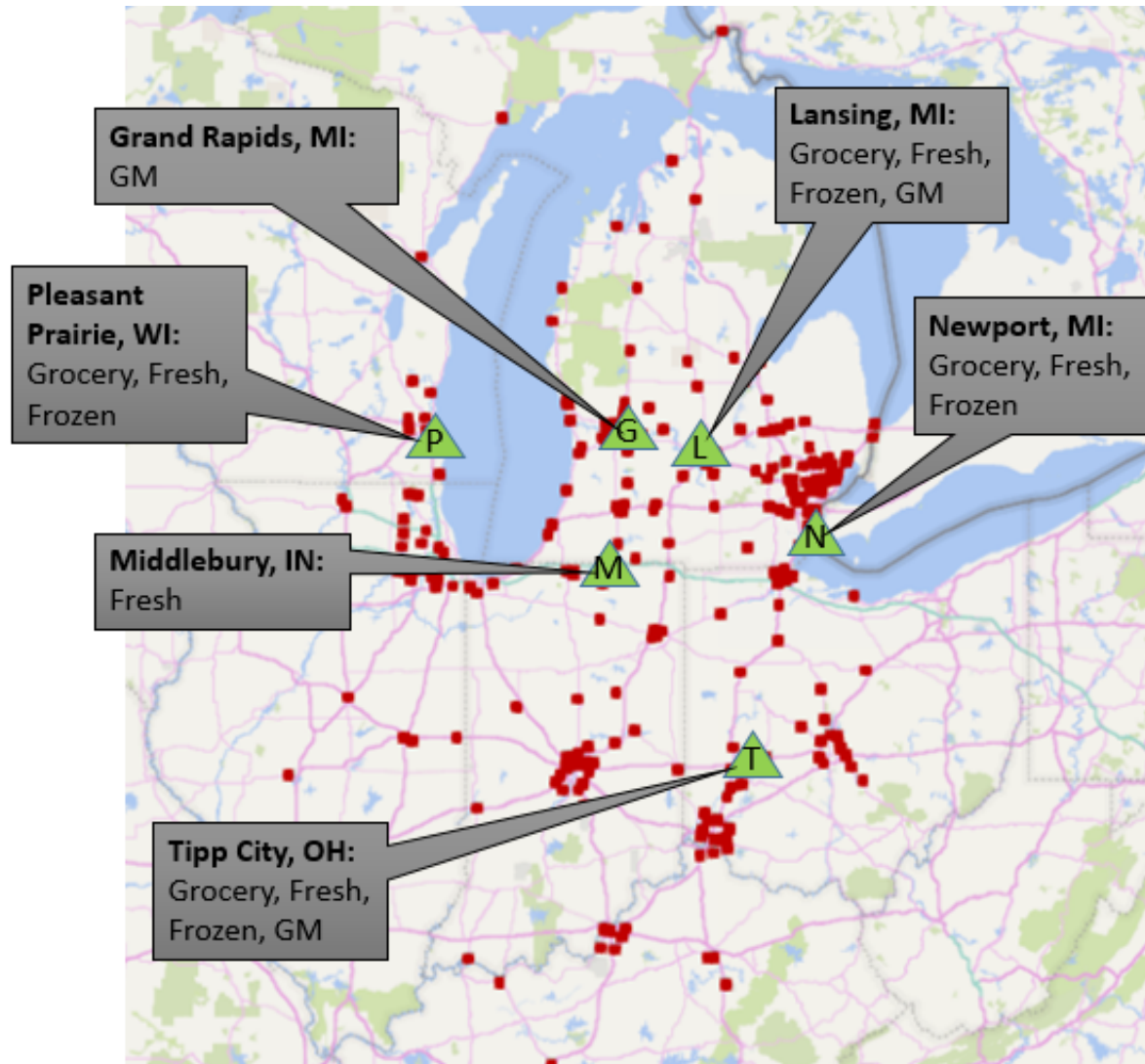


Pleasant Prairie, WI



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Supply Chain at Meijer: Distribution Network



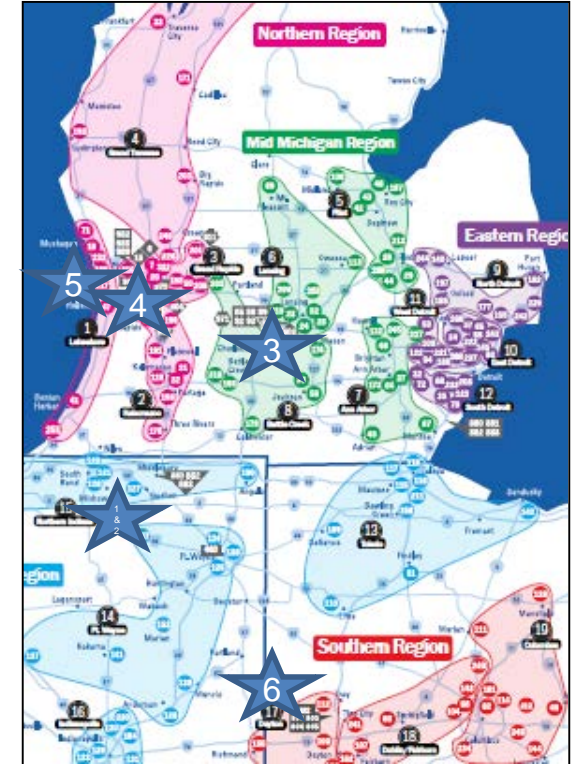
- **242** Stores in 6 States
- **6** Distribution Nodes
- **16** Distribution Facilities
- **~500 million** cases distributed annually
 - 200 million Grocery
 - 142 million Fresh
 - 123 million GM
 - 35 million Frozen

Past, Present, and Future



Manufacturing Growth

- **Started in 1997**
- **6 facilities**
- **400+ employees**
- **Growing aggressively today to provide value and support overall network growth**
- **Retail Sales now over \$300 Million**
- **Diverse group with career movement**



Tipp City Purple Cow Creamery



Opened August 2015

- Ground Breaking August 1, 2014
- Grand Opening August 18, 2015
- 7 Packaging Lines – soon to be 8!!!
- Fluid, cultured, extended shelf life & Organic



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- Designed to sustain volume through 2030.
- State of the art design connects the Distribution storage to the manufacturing facility.
- Maximizes our Distribution Network with our manufacturing capability, ultimately allowing us save on transportation costs.



- Has grown now to 7 production lines making Fluid Milks / Juice Blends/ Distilled Water and Cultured Products
- Plant can produce Conventional Milk, Organic Milk, UHT (Ultra High Temperature) milk for 60 days shelf life.
- Receive 12 raw milk trucks per day, have capacity of receiving up to 42 trucks per day with 3 receiving bays.
- Currently we make 300,000 - 450,000 gallons of milk per week, averaging 80,000 gallons a day.
- Can make cottage Cheese 7 days a week
- Adding capacity in the short term to both ESL and Culture!!

Dairy has always been in the Meijer family history



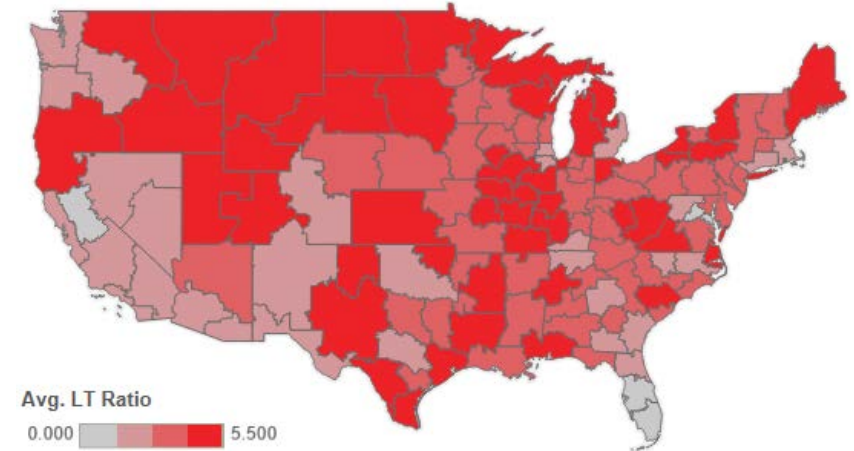


Industry Trends

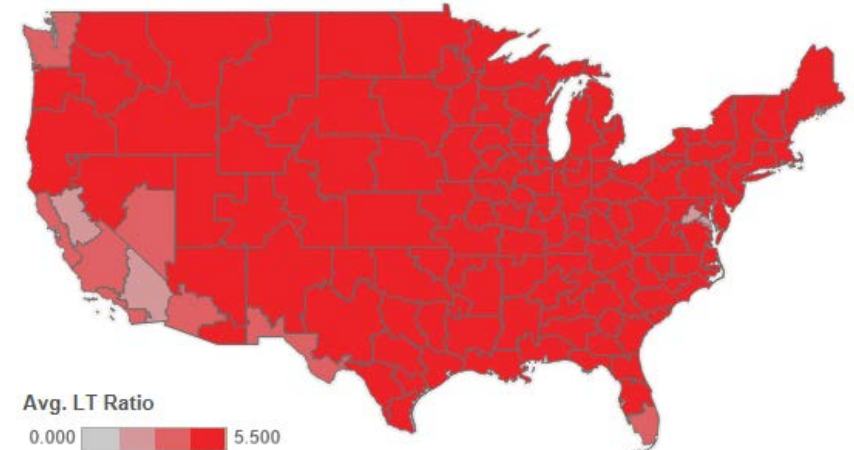
Electronic Log Device Mandate

- 1/1/2018 – ELD Mandate in Effect
 - Capacity decreased and rates increased within market
 - Load to Truck ratios increased 100+% over last year
- 4/1/2018 – Penalty Phase of ELD Mandate in Effect

January 2017 Van Load to Truck Ratio



January 2018 Van Load to Truck Ratio



- Current shortage is at least 35,000 drivers. Carriers cannot hire enough drivers. Trucks are parked due to no driver availability.
- Aging driver population. Average age for truck driver is over 50.
- Competition for drivers from construction trades as economy improves.
- ATA indicates that the industry needs to recruit 100,000 new drivers each year to meet demand and account for growth and retirements.
- Industry Mitigation Topics
 - Wage increases
 - Recruitment of Military and Women: Women only 6% of driver force
 - Immigrants
 - Allow younger drivers. Must be over 21 to drive over state boundaries.

THANK YOU

ANY QUESTIONS?