2018 Investor Conference





2018 Investor Conference

Rebekah Manis
Director of Investor Relations

VISION AND PURPOSE	RODNEY MCMULLEN
CREATE SHAREHOLDER VALUE	MIKE SCHLOTMAN
REDEFINE GROCERY CX	MIKE DONNELLY
DIGITAL EXPERIENCE	YAEL COSSET
EXPENSE MANAGEMENT	MARY ELLEN ADCOCK
Q&A	
DEVELOP TALENT	TIM MASSA
LIVE OUR PURPOSE	JESSICA ADELMAN
ALTERNATIVE PROFIT STREAMS	STUART AITKEN
PARTNER FOR CUSTOMER VALUE	M. SCHLOTMAN, G. MILLERCHIP, A. TOSOLINI
Q&A	
CLOSING & STORE TOUR	RODNEY MCMULLEN

Forward-looking Statement



This presentation includes forward-looking statements which are subject to risks and uncertainties. Actual results might differ materially from those projected in the forward-looking statements. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in our Securities and Exchange Commission filings.



Rodney McMullen

Chairman and CEO



Restock Kroger

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift

Redefine Grocery CX

- Data & Personalization
- Digital
- Space Optimization
- Our Brands
- Smart pricing

Partner for Customer Value

- Infrastructure & technology upgrades
- Alternative profit streams
- Costs/COGS

Develop Talent

- Associate Experience
- Investing in and retaining store associates
- High performing leaders and teams

Live Our Purpose

- Our Purpose & Our Promise Framework
- Zero Hunger | Zero Waste

Create Shareholder Value



- Free cash flow
- Operating profit



Clear Path to $400M Operating Profit by 2020

Create Shareholder Value

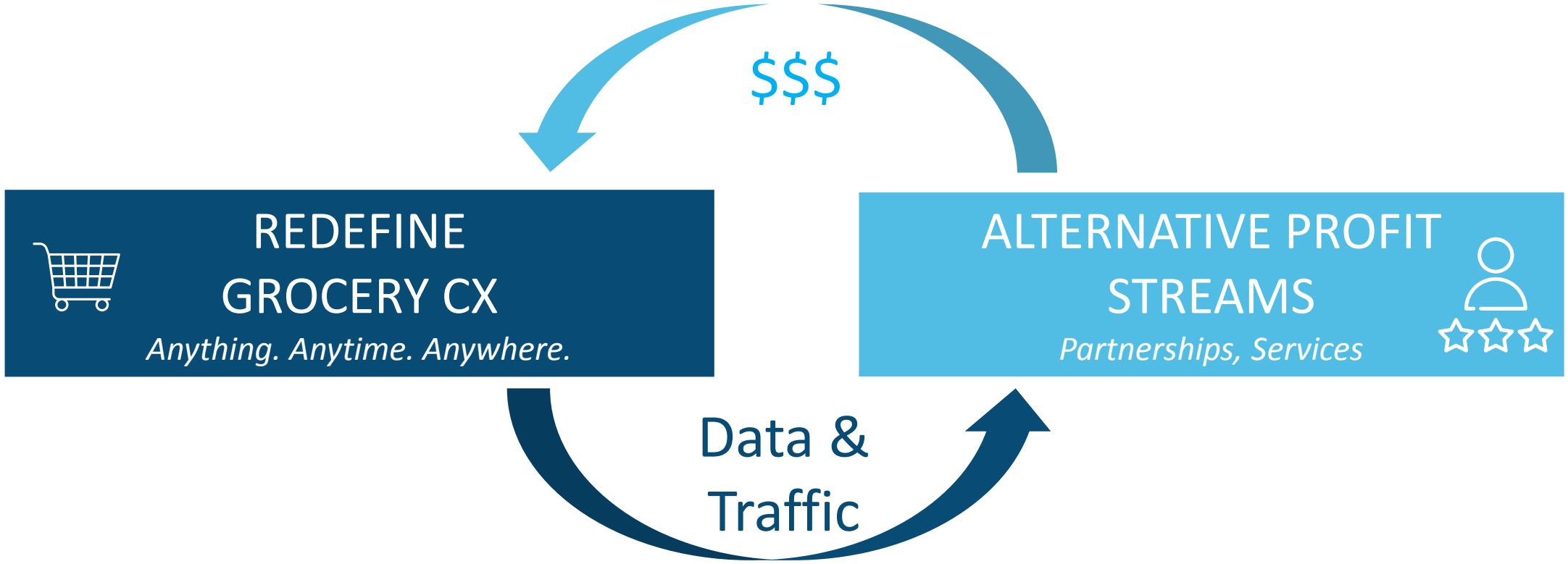


- $400M FIFO operating profit
- $6.5B of free cash flow

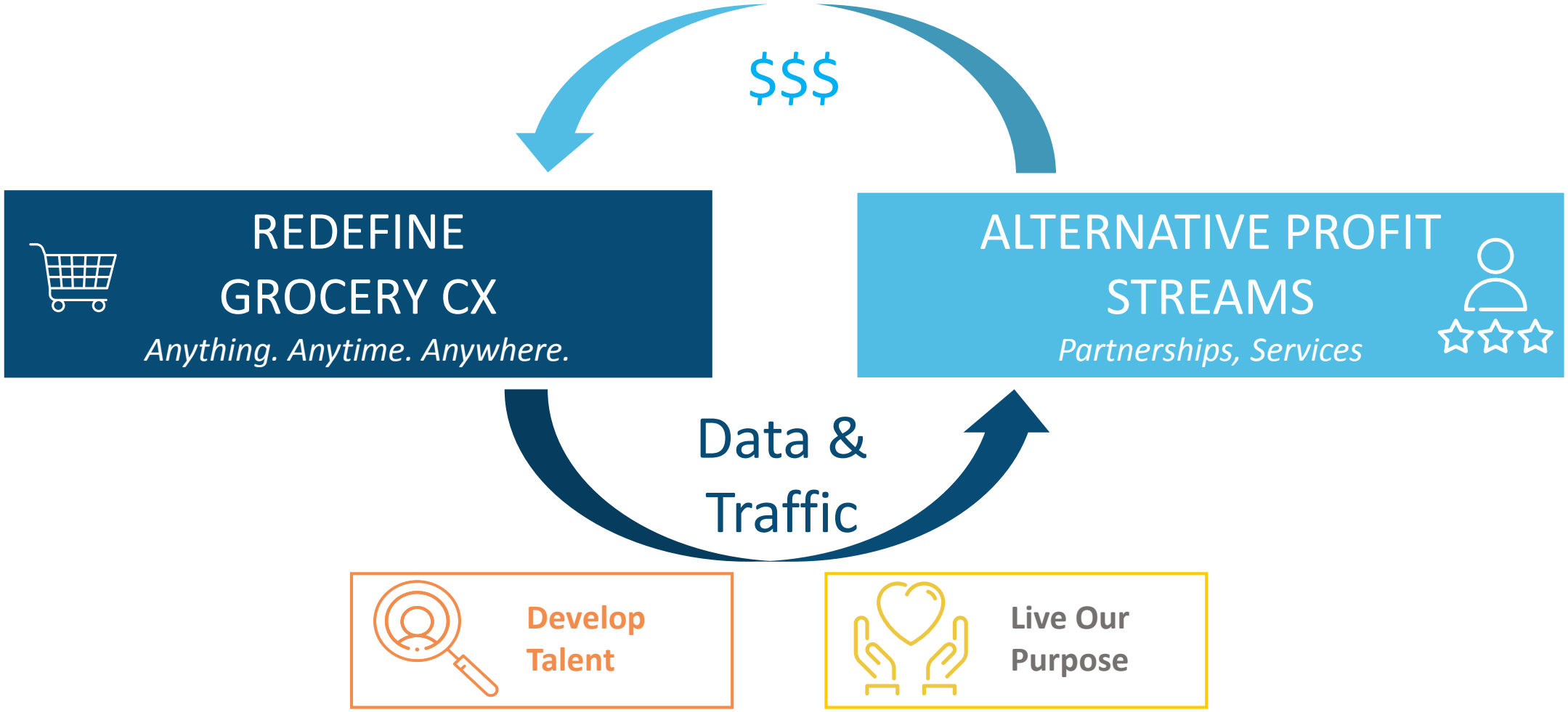
Focused on the Road Ahead



We're Transforming the Growth Model



We're Transforming the Growth Model





ocado







HOME CHEF



Kroger®



nuro

Kroger PRECISION MARKETING | POWERED BY 3451°





3451°







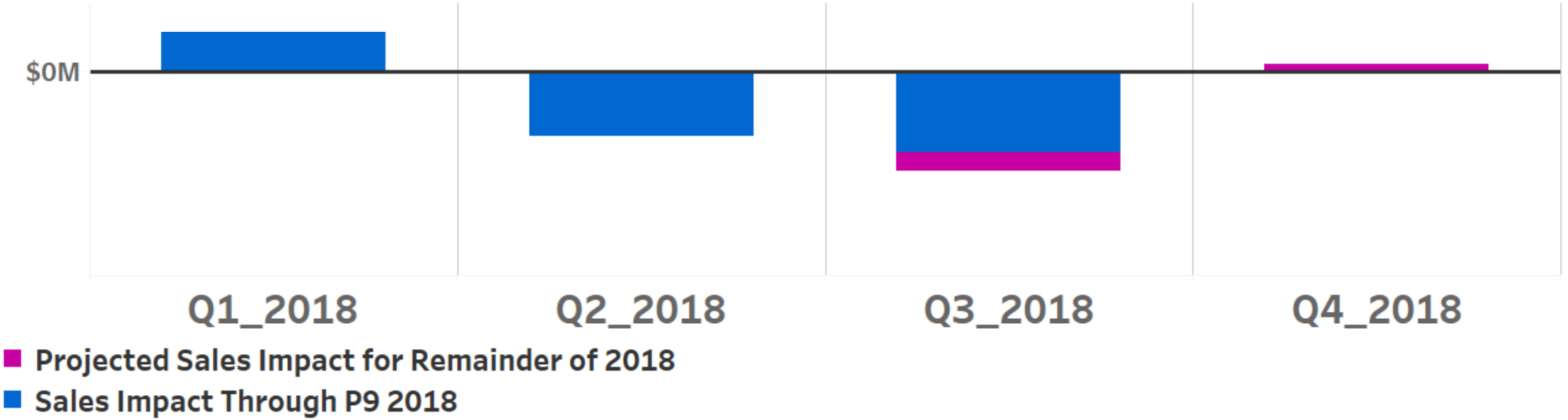
Create Shareholder Value

Mike Schlotman
EVP and CFO

Space Optimization



Net two-year impact by quarter





Restock Kroger Plan to Grow Operating Profit



2018-2020	Incremental Operating Margin Growth	Incremental Operating Margin Investment	Shareholder Value
Redefine Customer Experience • Digital • Store Optimization • Smart Pricing • Our Brands	$2,300M	$3,100M	($800M)
Partner for Customer Value • Infrastructure & Technology Upgrades • COGS • Alternative Profit Streams	$1,775M	$400M	$1,375M
Develop Talent	$ 375M	$500M	($125M)
Live Our Purpose		$50M	($50M)
	$4,450M	**$4,050M**	**$400M**



Reconciling EBIT Gap Between Restock Kroger & Wall Street Average





	Incremental Operating Profit 2018-2020
Restock Kroger	$400M
Consensus	($141M)
EBIT Gap vs. Plan	($541M)

Clear Path to $400M Operating Profit by 2020



$$$

REDEFINE GROCERY CX

Anything. Anytime. Anywhere.

- Grow Units & Traffic
- Increase Share of Wallet
- Investments into the Business
  - Service, Price, and Associates
- Cost Saving Initiatives
- Technology Efficiency Investments

Data & Traffic

ALTERNATIVE PROFIT STREAMS

Partnerships, Services

- Growth Drivers
- Supported by Grocery CX
- Leverage Current Assets
- Asset Light
- High Margin Profile
- Data Monetization



Unique Assets Give Us Right to Win



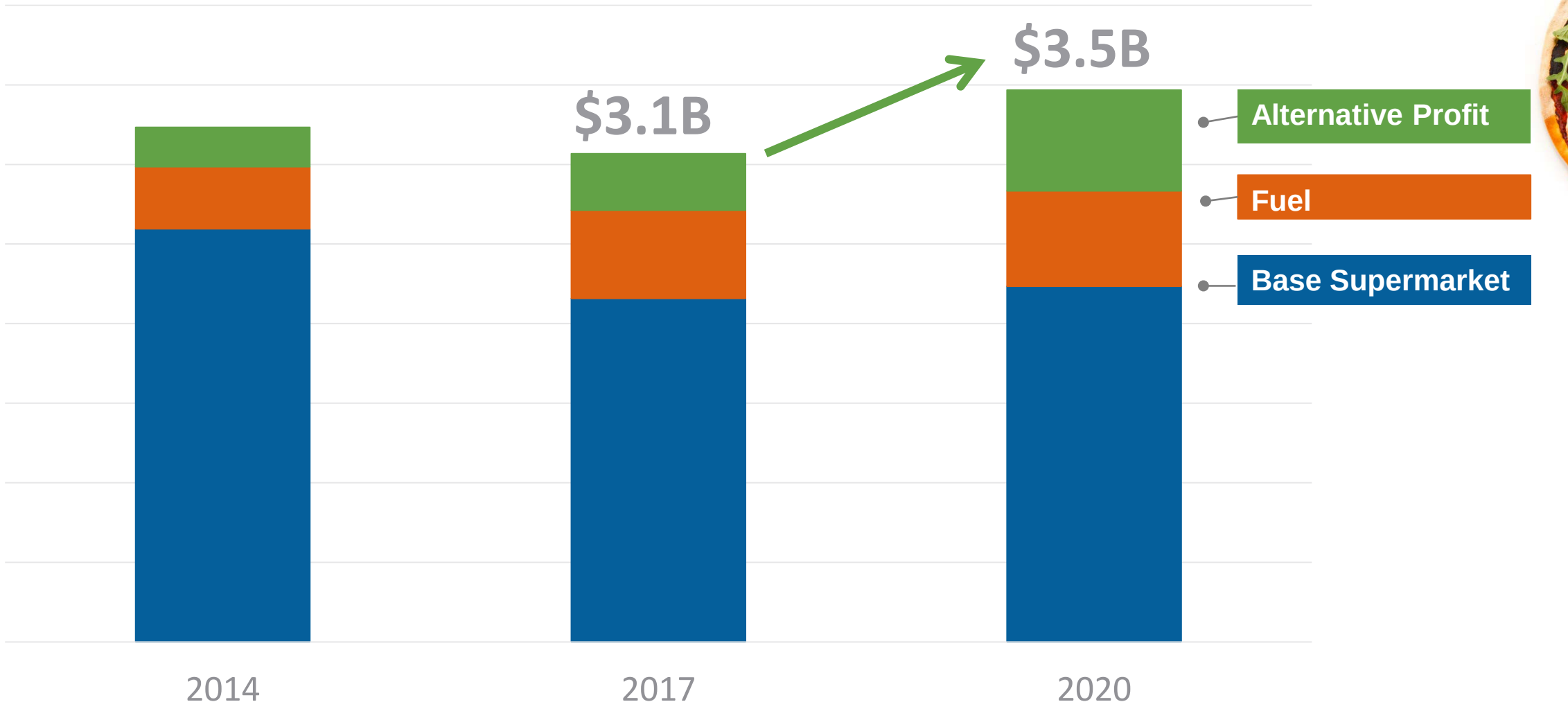
ASSETS	RIGHT TO WIN
Our Stores & Distribution Network	**Immediacy, proximity**
Our Scale	**Unique platform**
Our Data	**Personalization**
Customer Trust	**Transparent & relevant**



Net Operating Profit Mix Will Continue to Transform







❖ *Excludes one-times, C-Stores, and extra week in 2017.*

Capital Allocated to Support Vision



	2015-2017	2018-2020E
Capital to Support Restock Plan	$1,034M	$3,045M
Store Remodels	$4,289M	$3,675M
Storing	$3,601M	$1,150M
Major Project Counts	207	65-75
Infrastructure Maintenance	$1,391M	$1,130M
	$10,315M	$9,000M



Major projects are defined as new, relocated or expanded stores.

Committed to Generating $6.5 Billion of Free Cash Flow by 2020



Free Cash Flow	2015-2017	2018-2020E
Operating Cash Flow	$12.6B	$15.5B
Capital Investments	($10.2B)	($9.0B)
Free Cash Flow	$2.5B	$6.5B

Excludes M&A





Redefine Grocery CX

Mike Donnelly
EVP and COO

Restock Kroger

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift

Redefine Grocery CX

- Data & Personalization
- Digital
- Space Optimization
- Our Brands
- Smart pricing

Partner for Customer Value

- Infrastructure & technology upgrades
- Alternative profit streams
- Costs/COGS

Develop Talent

- Associate Experience
- Investing in and retaining store associates
- High performing leaders and teams

Live Our Purpose

- Our Purpose & Our Promise Framework
- Zero Hunger | Zero Waste

Create Shareholder Value

- Free cash flow
- Operating profit



Up Next

- **Customer Trends**
- **Redefining the Grocery CX**
  - Price Investments
  - Space Optimization
  - Our Brands
  - Redefining the Customer Experience
  - Eliminating Costs from our Business





Customer Trends



More Households

YoY Households continue to grow each quarter

Our fastest-growing segment:
“Very Price Sensitive" customers



Trading Up

Spend per item is growing

Driven by customers buying larger packs and premium products

Examples: Simple Truth, Private Selection, Wine, etc.

+1.7% Spend per Item (Q2)

-0.5% Active Price

+2.1% Product Mix



Digital Engagement

Digital Visits up **40-50%**

eComm household growth up **82%**

Personalization drives engagement



Natural Foods

5 consecutive years of double-digit growth

Driven by Simple Truth double-digit, YoY growth

50% of all households buy Natural Foods

Price Investments

We have invested over

$4 Billion

in price since 2000

- **2018 is our largest annual investment in pricing**
- **Impact to ID Sales: 50 bps** (Q2)





Price Investments

We have invested over

$4 Billion

in price since 2000

- **2018 is our largest annual investment in pricing**
- **Impact to ID Sales: 50 bps** (Q2)

…it's more than just price



Personalized Benefits

Fuel Rewards

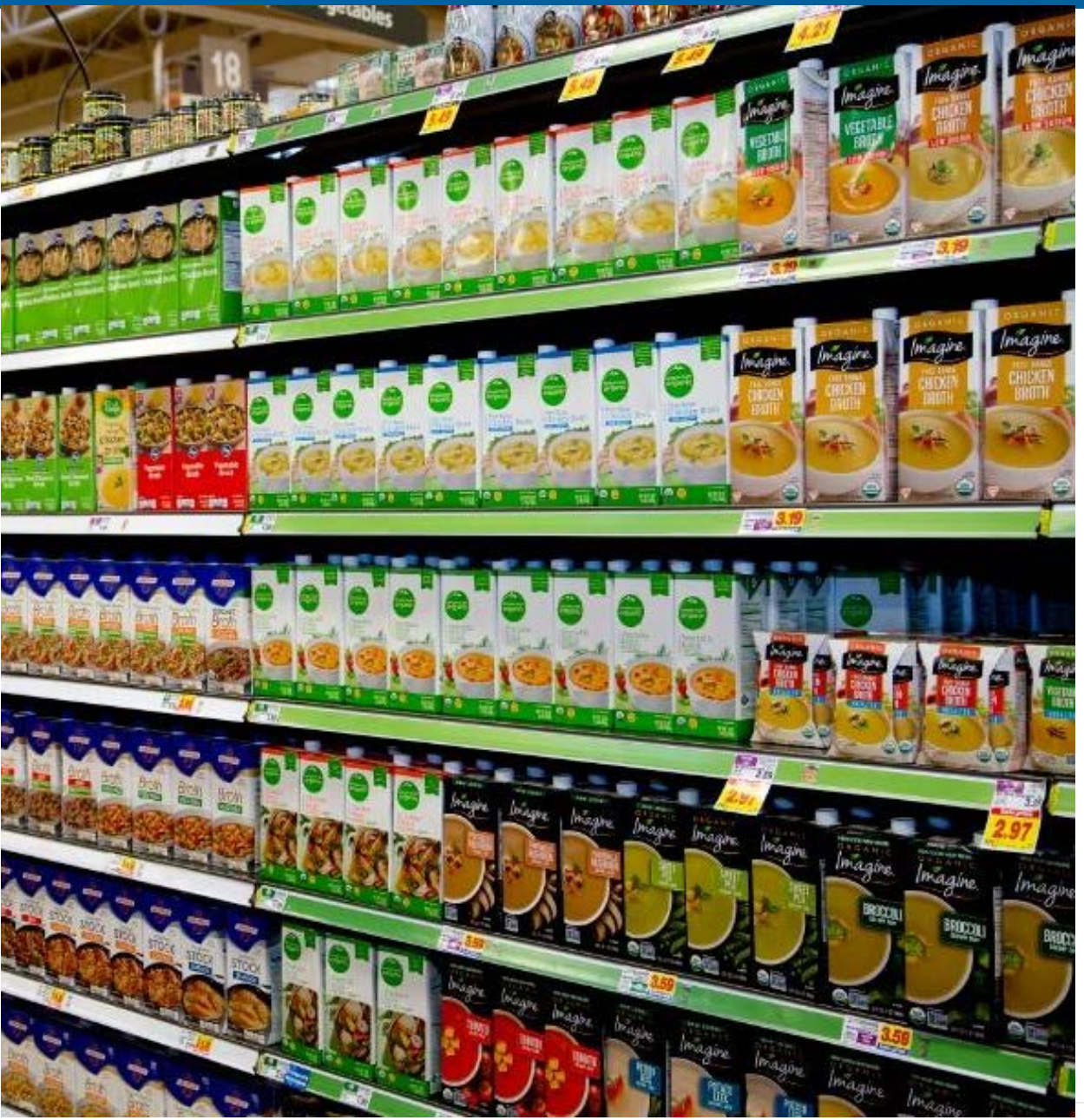
- We continue to see more households engage (these households account for 58% of our sales)

Best Customer Communications

- 39M contacts (Q2) with response rates over 50%

Digital Personalization & Coupons

- Over 1.1B digital coupons download (Q2)



Space Optimization

More Than

80% **stores complete**

1,000 **stores by year end**

including remodels and technology projects

- **Aggressive move that will provide great long-term benefits**
- **Store disruption has impacted sales**
- **We expect sales to improve in Q4**

Our Brands: Leading Growth Across the Store

(Q2)

- ✓ **STRONG** sales growth across the portfolio driven by…
  - **Simple Truth**—fastest growing brand
  - **Large packs**—sales exceeding expectations
  - **New item innovation** represents over $500M for the last four quarters
- ✓ One of our **most profitable** parts of our core business
- ✓ Dollar share is **up 74 bps** (Q2)

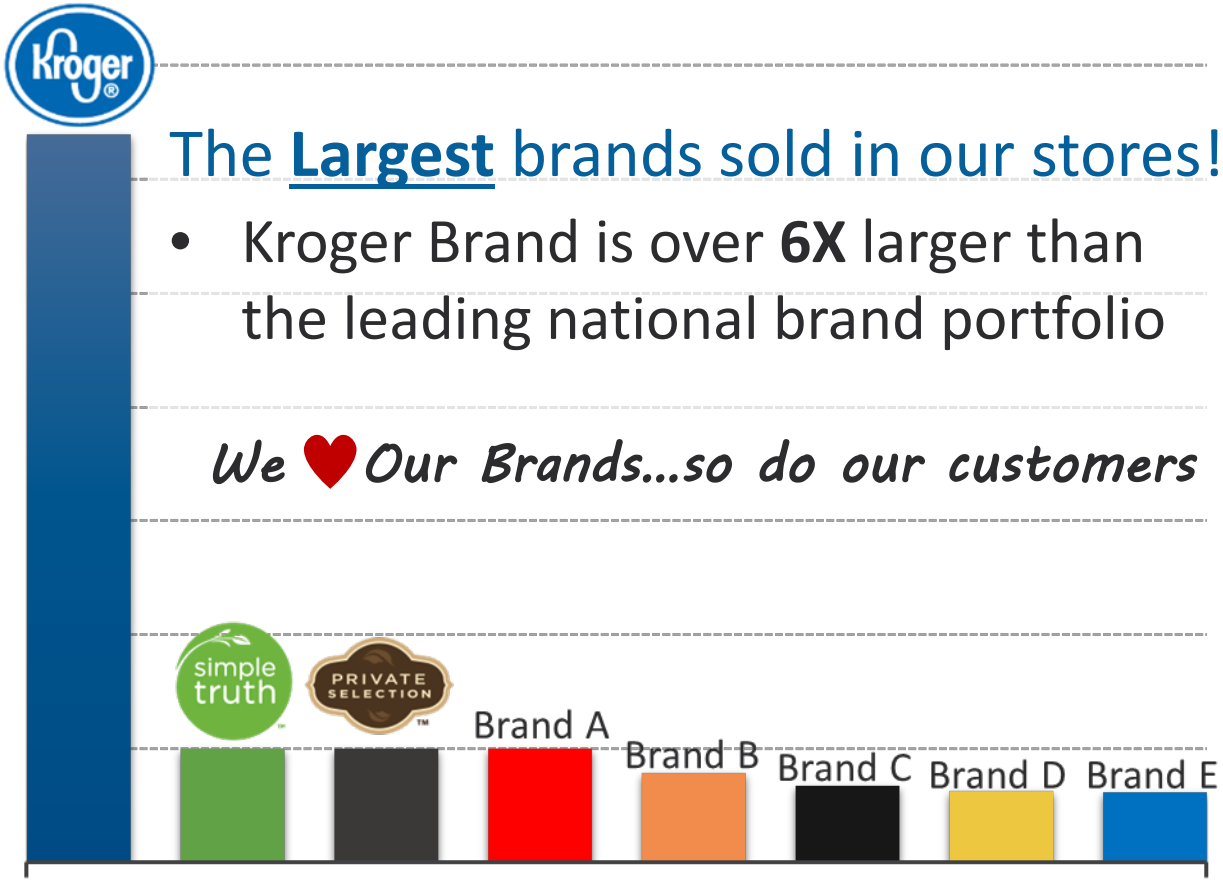


Our Brands: Leading Growth Across the Store

(Q2)

- ✓ **STRONG** sales growth across the portfolio driven by…
  - **Simple Truth**—fastest growing brand
  - **Large packs**—sales exceeding expectations
  - **New item innovation** represents over $500M for the last four quarters
- ✓ One of our **most profitable** parts of our core business
- ✓ Dollar share is **up 74 bps** (Q2)







Redefine the Customer Experience
Anything, Anytime, Anywhere





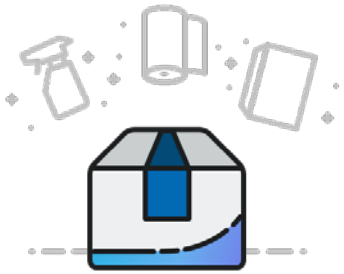
Brick & Mortar



Pick-Up



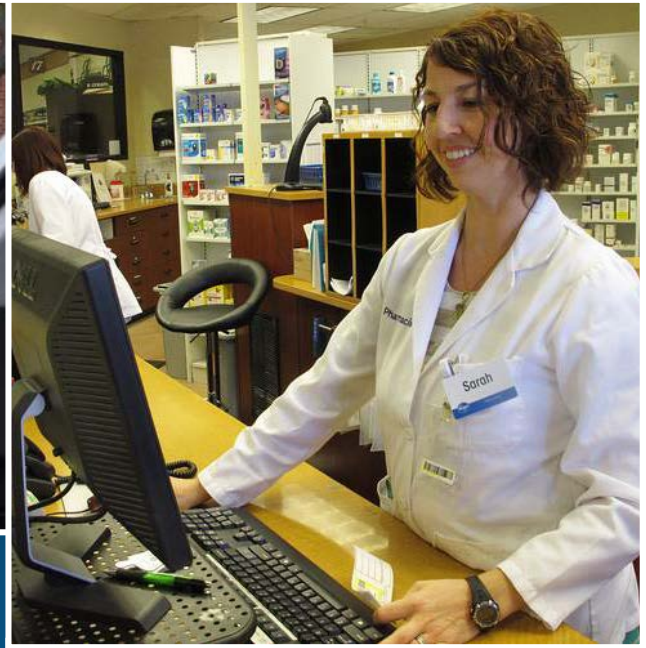
Delivery



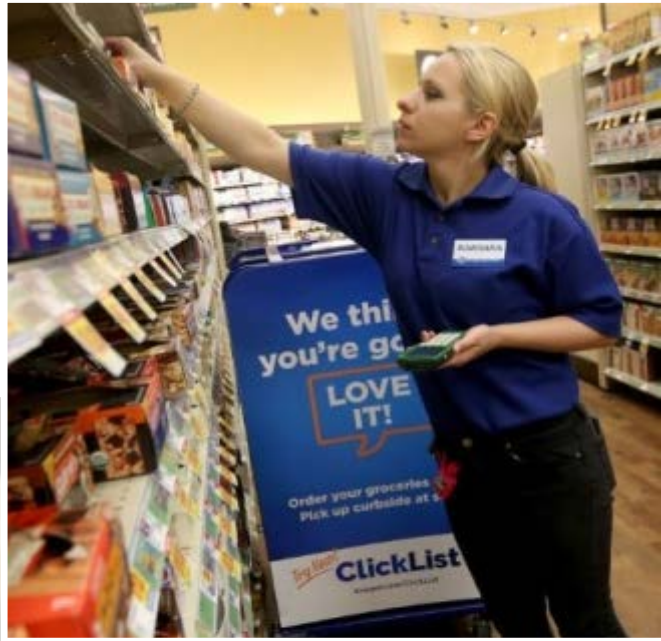
Ship

Cost Savings: Enables Us to Differentiate the CX











Cost of Goods









Digital Experience

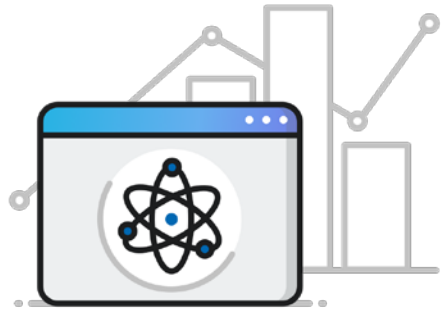
Yael Cosset
Chief Digital Officer



AVAILABLE



ACCESSIBLE



RELEVANT



AVAILABLE

2018 Coverage

92%

Kroger HHs

2019 Coverage

100%

U.S. HHs



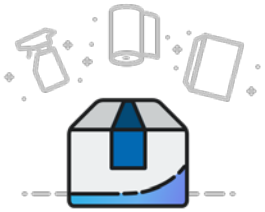
Brick & Mortar



Pick Up



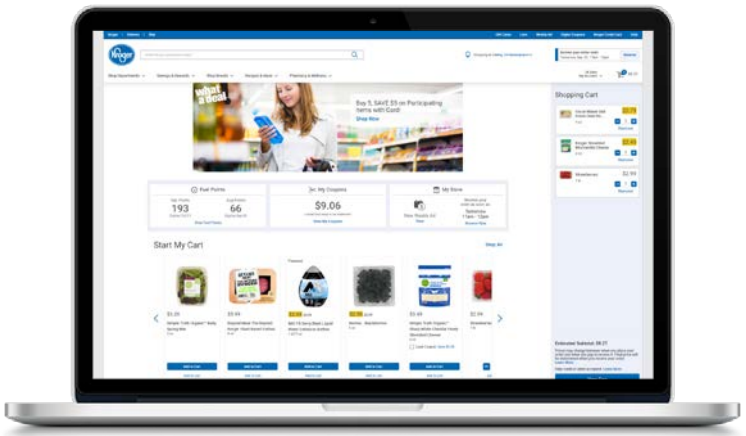
Delivery

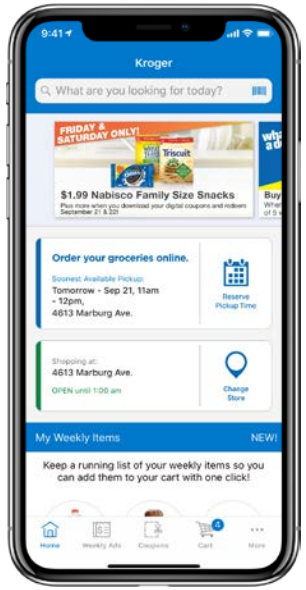


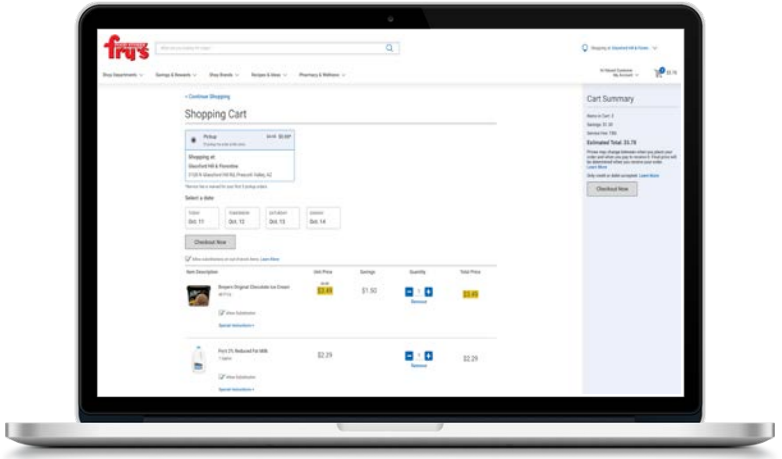
Ship

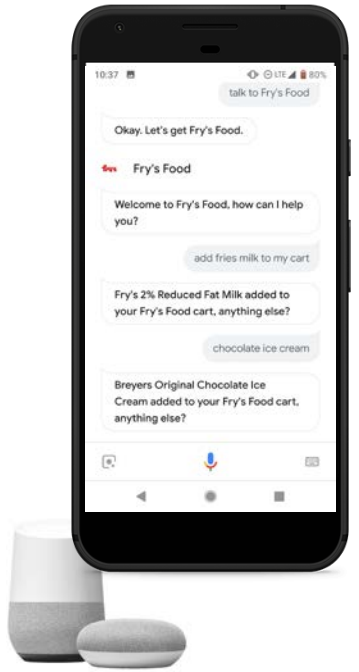


ACCESSIBLE




9:41
Kroger
What are you looking for today?
FRIDAY & SATURDAY ONLY!
Triscuit
$1.99 Nabisco Family Size Snacks
Order your groceries online.
Soonest Available Pickup:
Tomorrow - Sep 21, 11am - 12pm,
4613 Marburg Ave.
Reserve Pickup Time
Shopping at:
4613 Marburg Ave.
OPEN until 1:00 am
Change Store
My Weekly Items
NEW!
Keep a running list of your weekly items so you can add them to your cart with one click!
Home
Weekly Ads
Coupons
Cart
More


Shopping Cart
Cart Summary


talk to Fry's Food
Okay. Let's get Fry's Food.
Fry's Food
Welcome to Fry's Food, how can I help you?
add fries milk to my cart
Fry's 2% Reduced Fat Milk added to your Fry's Food cart, anything else?
chocolate ice cream
Breyers Original Chocolate Ice Cream added to your Fry's Food cart, anything else?

RELEVANT



+





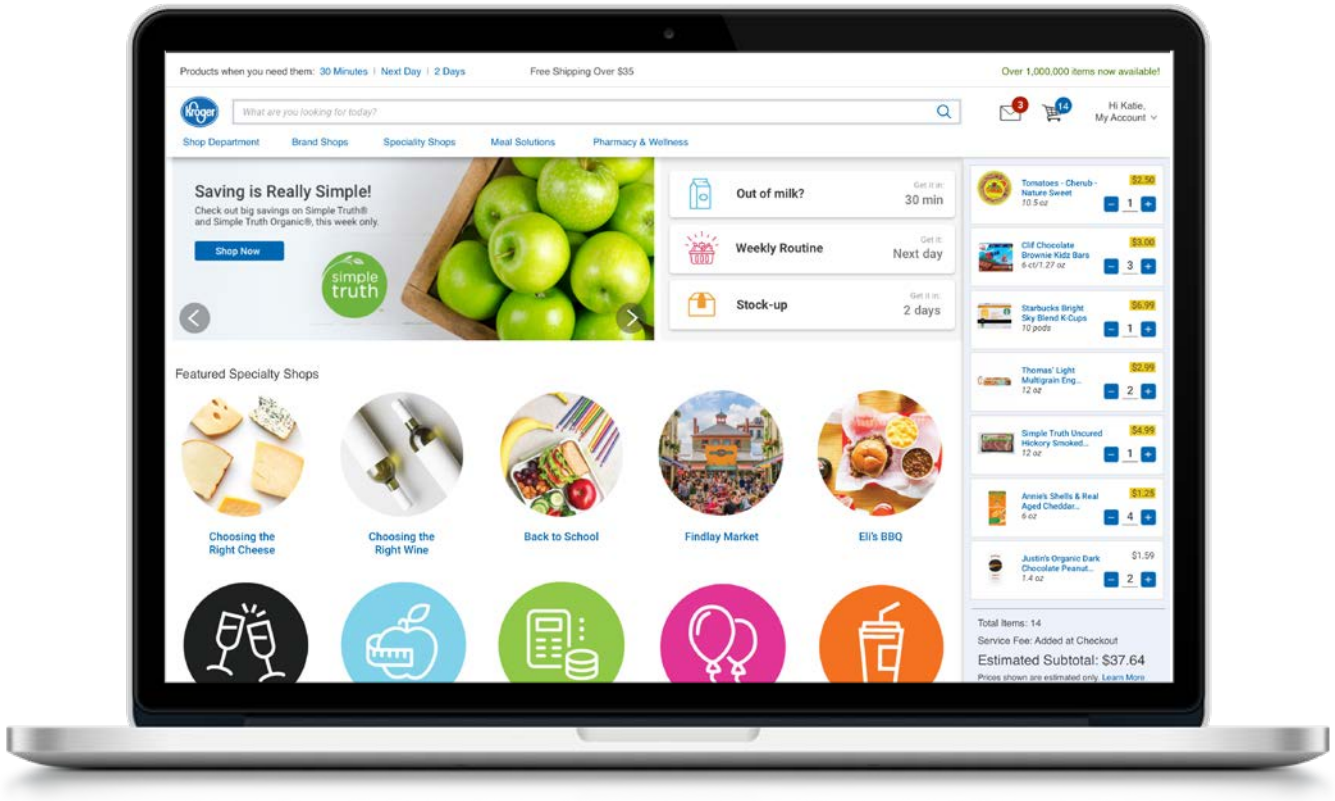


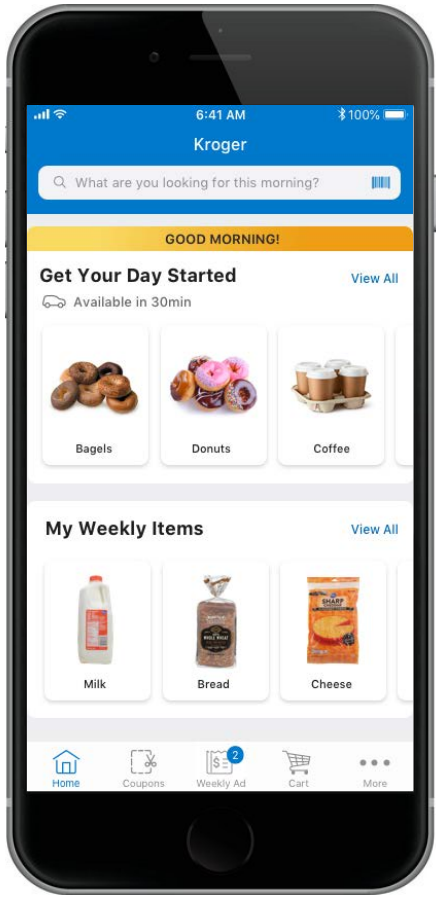
+

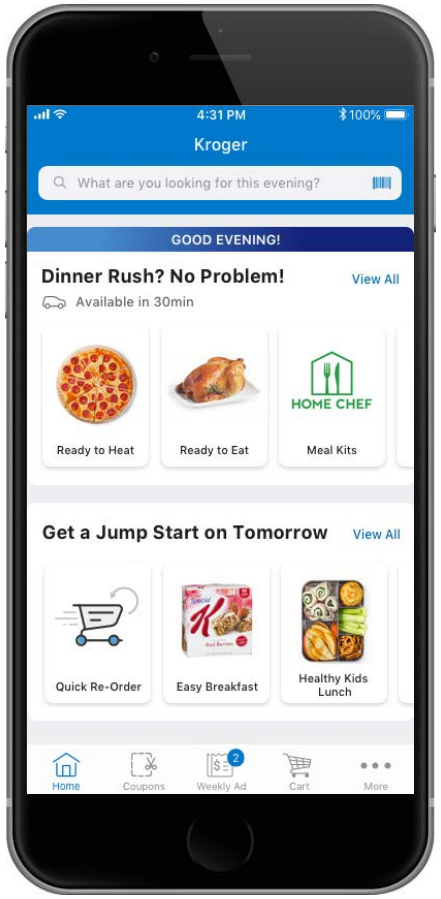


PERSONALIZED → **CURATED**

RELEVANT


Products when you need them: 30 Minutes | Next Day | 2 Days
Free Shipping Over $35
Over 1,000,000 items now available!
Shop Department
Brand Shops
Specialty Shops
Meal Solutions
Pharmacy & Wellness
Saving is Really Simple!
Check out big savings on Simple Truth® and Simple Truth Organic®, this week only.
Shop Now
simple truth
Out of milk?
30 min
Weekly Routine
Next day
Stock-up
2 days
Featured Specialty Shops
Choosing the Right Cheese
Choosing the Right Wine
Back to School
Findlay Market
Eli's BBQ
Total Items: 14
Service Fee: Added at Checkout
Estimated Subtotal: $37.64


6:41 AM
100%
Kroger
What are you looking for this morning?
GOOD MORNING!
Get Your Day Started
View All
Available in 30min
Bagels
Donuts
Coffee
My Weekly Items
View All
Milk
Bread
Cheese
Home
Coupons
Weekly Ad
Cart
More


4:31 PM
100%
Kroger
What are you looking for this evening?
GOOD EVENING!
Dinner Rush? No Problem!
View All
Available in 30min
Ready to Heat
Ready to Eat
HOME CHEF
Meal Kits
Get a Jump Start on Tomorrow
View All
Quick Re-Order
Easy Breakfast
Healthy Kids Lunch
Home
Coupons
Weekly Ad
Cart
More

ROUTINE

“I shop Sundays and Wednesdays.”



NOW

“I forgot about dinner and it’s soccer night.”
“My child is sick.”







LATER

”I want something special for my family.”
“I need to stock-up.”



THE KROGER ECOSYSTEM

"Anything. Anytime. Anywhere."





Kroger

84.51°

AND

ocado

Walgreens

instacart

nuro

HOME CHEF

ROUTINE

"I shop Sundays and Wednesdays."







AND

ocado

Walgreens

instacart

nuro

HOME CHEF

ROUTINE

“I shop Sundays and Wednesdays.”



AND

ocado

Walgreens

instacart

nuro

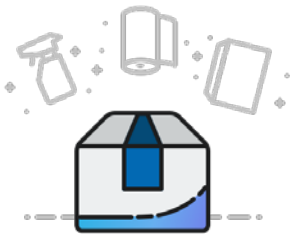
HOME CHEF

LATER

“I need to stock up.”
“I want something special for my family.”









AND

ocado

Walgreens

instacart

nuro

HOME CHEF

NOW

"I forgot about dinner and it's soccer night."





AND

ocado

Walgreens

instacart

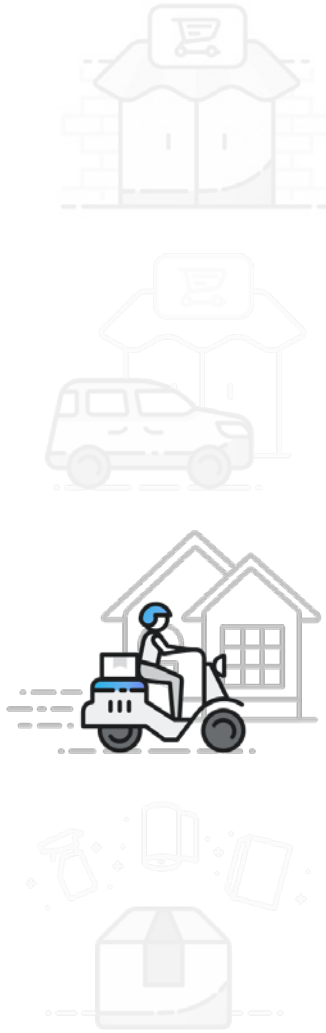
nuro

HOME CHEF

NOW

“My child is sick.”





AND

ocado

Walgreens

instacart

nuro

HOME CHEF

THE KROGER ECOSYSTEM

"Anything. Anytime. Anywhere."





Kroger

84.51°

AND

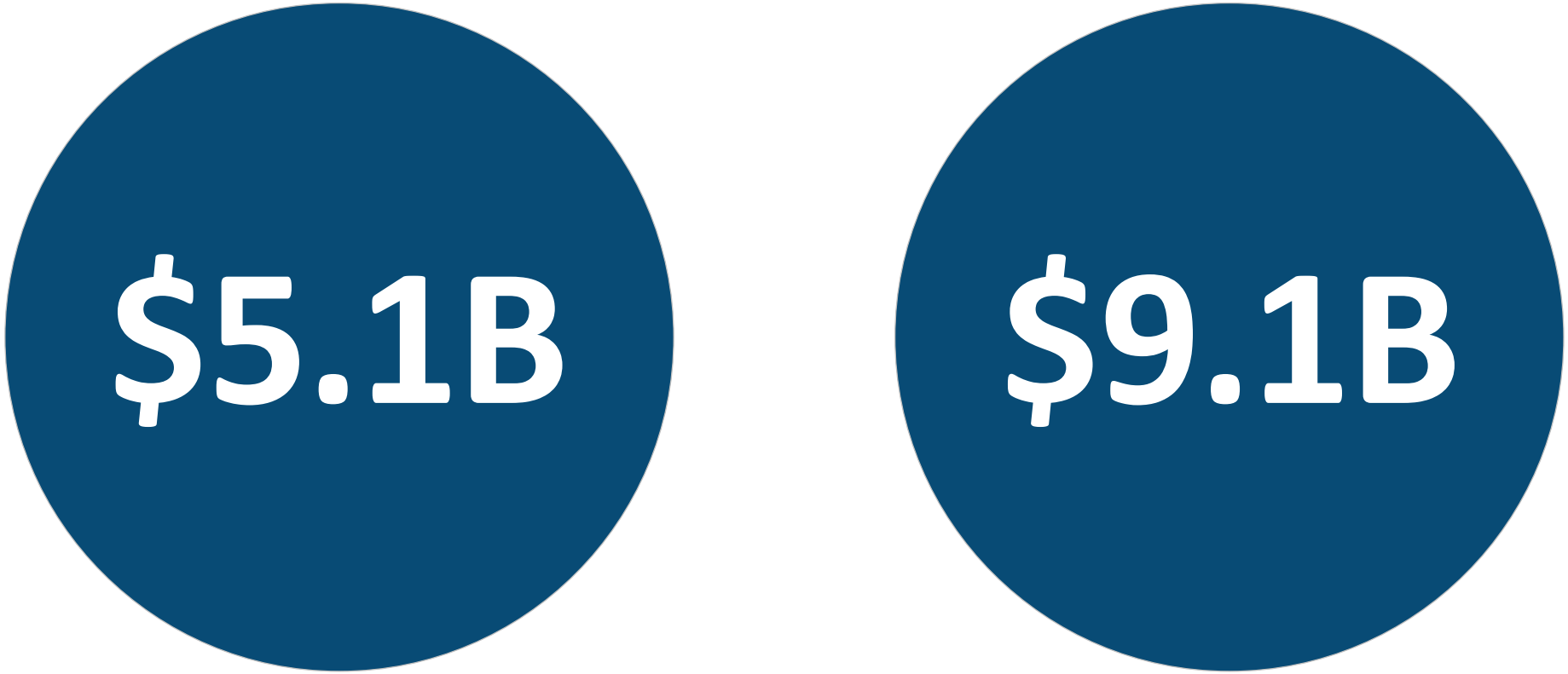
ocado

Walgreens

instacart

nuro

HOME CHEF


$5.1B
$9.1B

SHARE OF MIND



SHARE OF STOMACH



SHARE OF WALLET





Expense Management

Mary Ellen Adcock
Group Vice President – Retail Operations

Restock Kroger

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift

Redefine Grocery CX

- Data & Personalization
- Digital
- Space Optimization
- Our Brands
- Smart pricing

Partner for Customer Value

- Infrastructure & technology upgrades
- Alternative profit streams
- Costs/COGS

Develop Talent

- Associate Experience
- Investing in and retaining store associates
- High performing leaders and teams

Live Our Purpose

- Our Purpose & Our Promise Framework
- Zero Hunger | Zero Waste

Create Shareholder Value



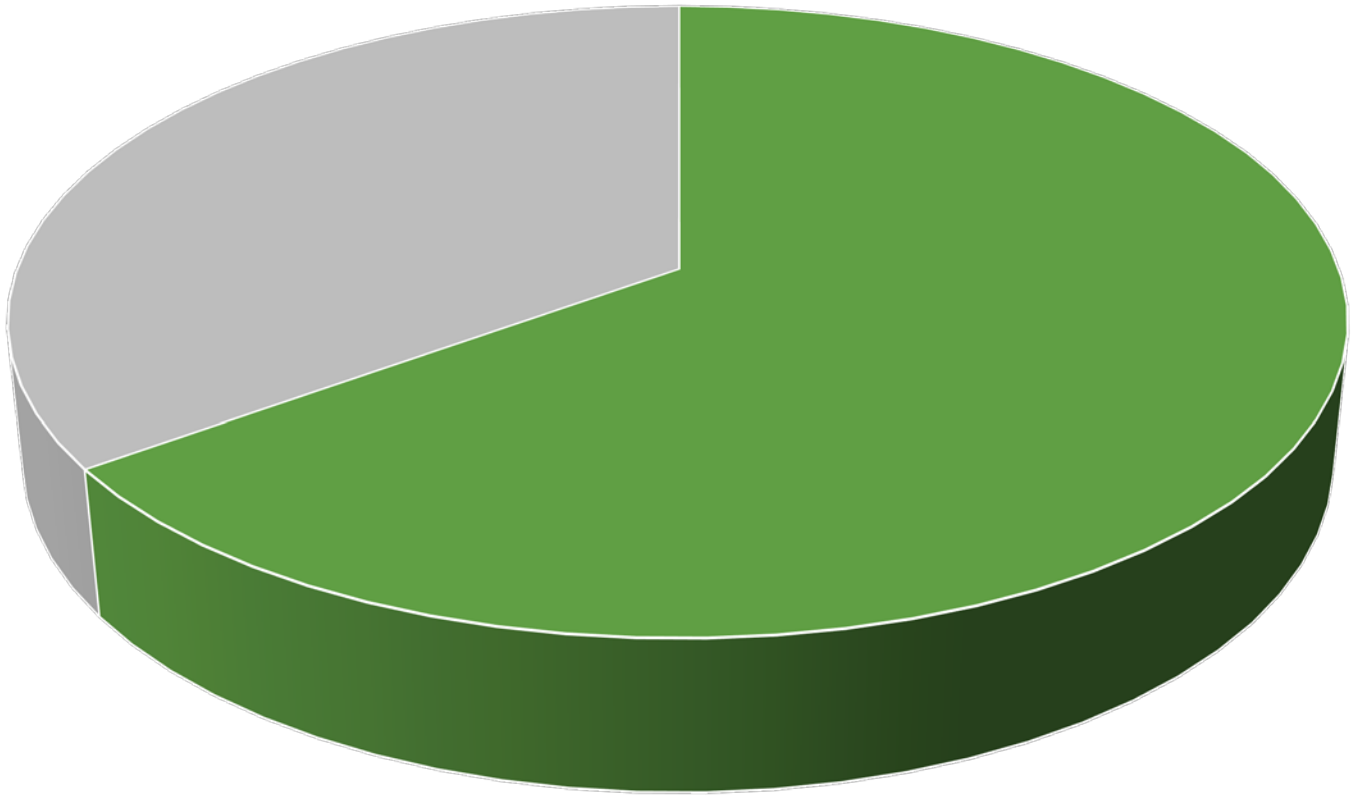
- Free cash flow
- Operating margins

65% to 2018 Cost Savings Goal Through Q2

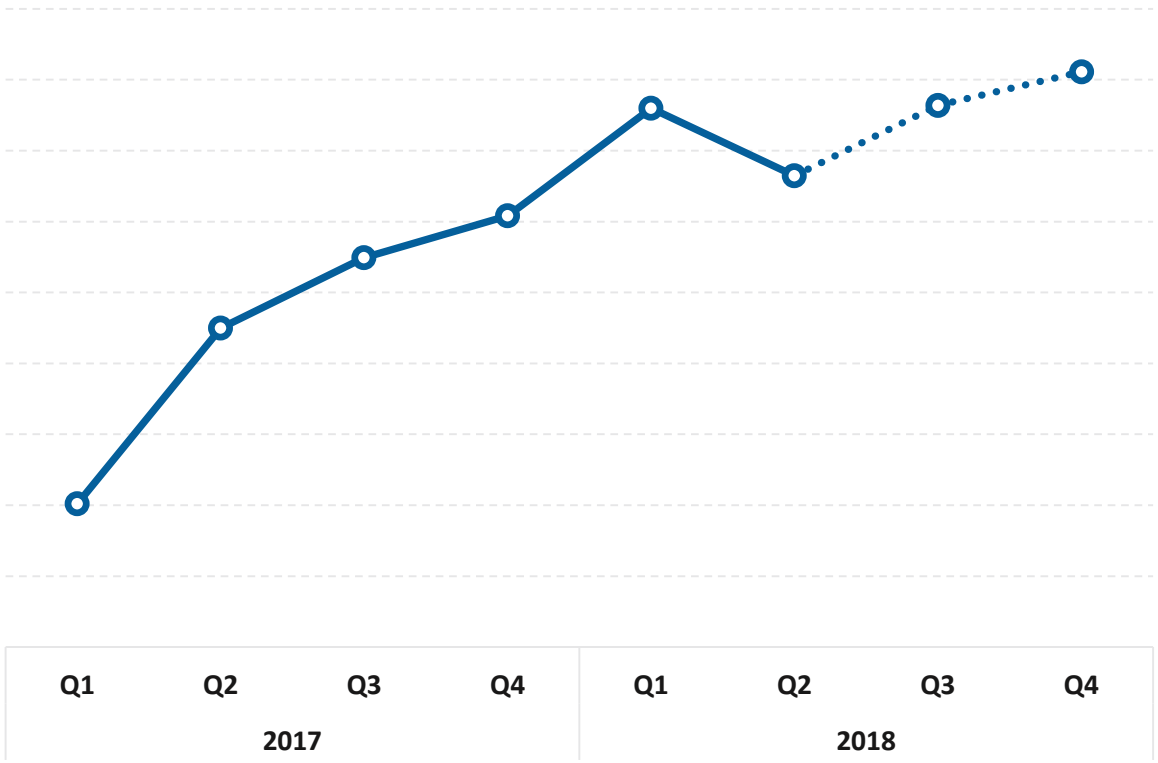


Restock Kroger Plan

- Redefine Grocery CX
- **Partner for Customer Value**
- Develop Talent
- Live Our Purpose
- Create Shareholder Value



Checkout: Improving the CX & Productivity



**Labor Savings as a % improvement of Front End Labor PY*

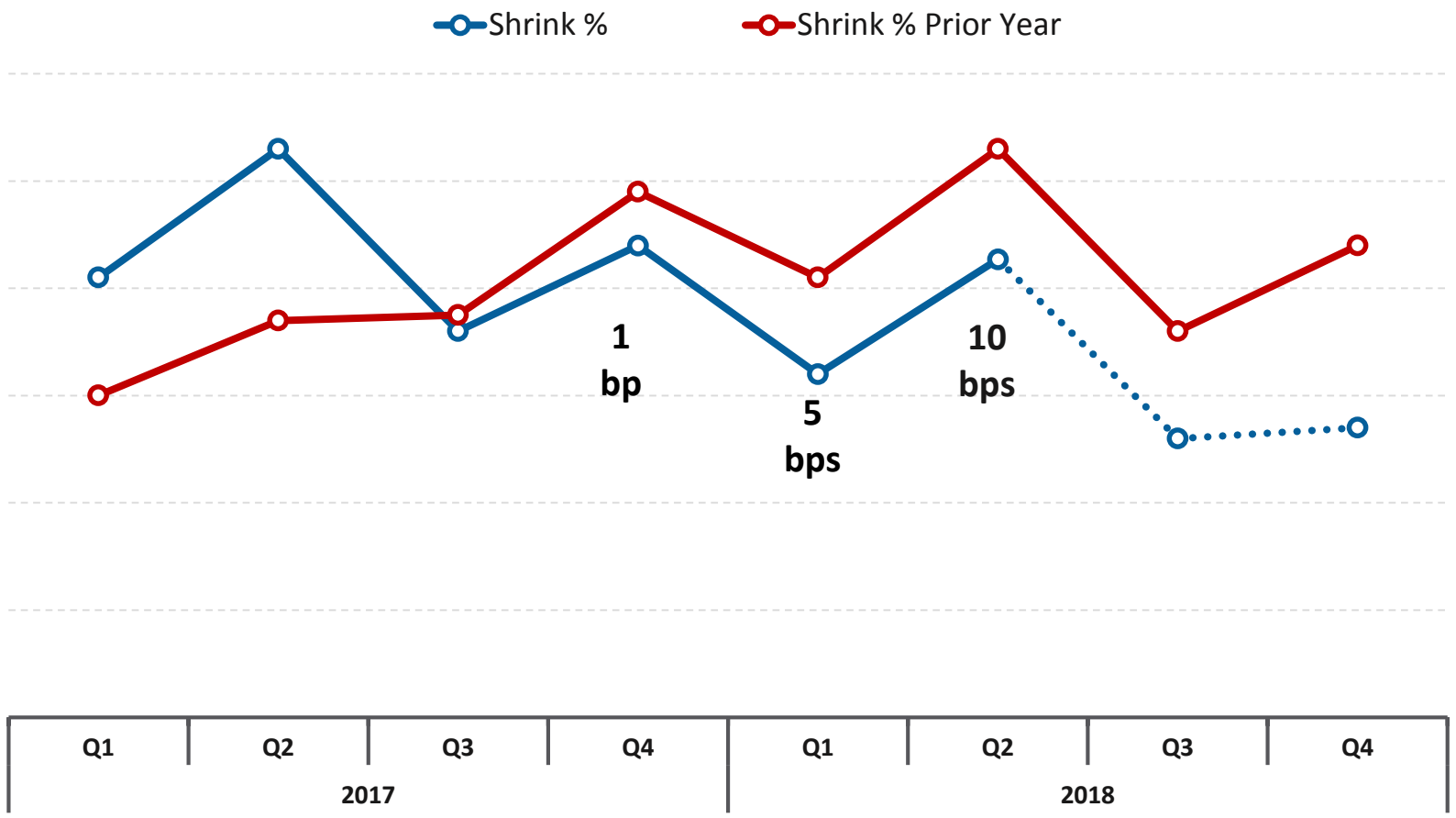


Scan, Bag, Go



Self-Checkout

Shrink: Delivering Savings





Consecutive quarters of YoY improvement

1 bps of shrink improvement =

$10 million

(pre-tax)
to invest

Cost of Goods: Delivering Savings

- **Our Brands**
- **National Brand Partners**
- **Indirect Sourcing**



On Track to Achieve Our 3-Year Plan



Restock Kroger Plan

- Redefine Grocery CX
- **Partner for Customer Value**
- Develop Talent
- Live Our Purpose
- Create Shareholder Value

2018 → **2019** → **2020**



Q&A Panel

Break





Develop Talent

Tim Massa
Chief People Officer

Restock Kroger

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift

Redefine Grocery CX

- Data & Personalization
- Digital
- Space Optimization
- Our Brands
- Smart pricing

Partner for Customer Value

- Infrastructure & technology upgrades
- Alternative profit streams
- Costs/COGS

Develop Talent

- Associate Experience
- Investing in and retaining store associates
- High performing leaders and teams

Live Our Purpose

- Our Purpose & Our Promise Framework
- Zero Hunger | Zero Waste

Create Shareholder Value

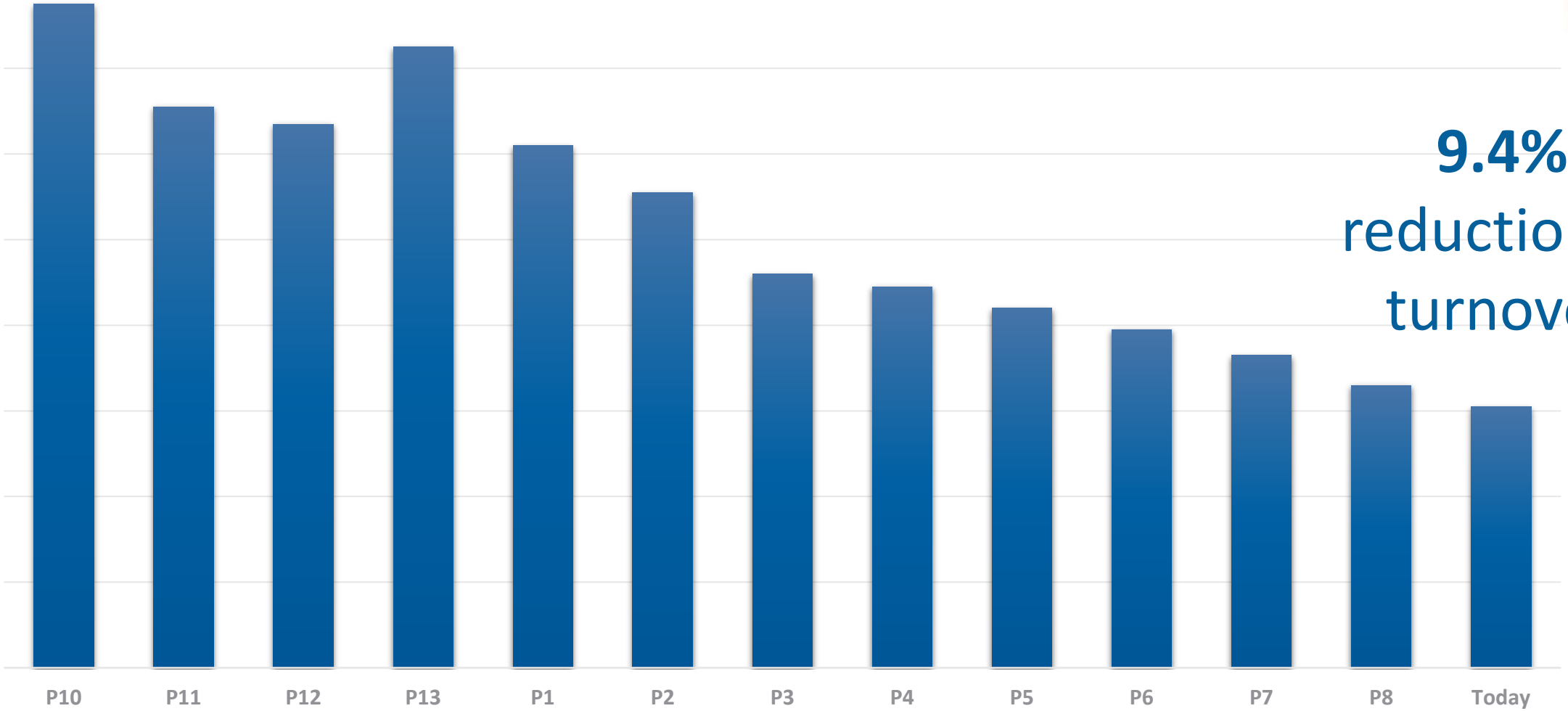
- Free cash flow
- Operating margins



Retaining Talent Improves CX and Lowers Costs







9.4%
reduction in turnover

Improving the Associate Experience



Enhanced Long-Term Benefits

Cultivate Our Culture

- Come for a job, stay for a career
- Outpace industry in engagement



FEED YOUR FUTURE

CAREERS WITH PROMISE



Kroger's CEO on investing in employee education

1:17 PM ET Mon, 16 April 2018

Kroger CEO Rodney McMullen discusses new employee benefits with the help of the tax cuts bill including educational stipends and the company's stock performance.

WATCH CNBC LIVE TV

How Kroger Co. is boosting employee benefits with tax-reform proceeds

Education perk crafted to be 'best in class'

Trump tax cuts: Kroger to use savings to expand tuition reimbursement to part-time workers

Alexander Coolidge, acoolidge@enquirer.com Published 11:29 a.m. ET April 16, 2018 | Updated 4:55 p.m. ET April 16, 2018

Kroger Has Long-Term Plans for Tax Cut Benefits

The grocer is investing in its employees and in tech that can cut food prices.

Kroger Introduces Feed Your Future Educational Program

04/18/2018

The Kroger Co. is introducing a new and enhanced long-term benefits program that was made possible due to the Tax Cuts and Jobs Act. Feed Your Future includes accelerated investments in store associate wages, a more generous 401(k) benefit, and enriched associate




NEW PERKS AND BENEFITS
TUITION REIMBURSEMENT
Kroger
NBC NEWS



THE WALL STREET JOURNAL.

U.S. Edition ▾ | October 25, 2018 | Today's Paper | Video

Companies Lure New Workers With College Coaching, Student Debt Repayment

Employers tout education perks as U.S. graduates grapple with $1.5 trillion in student loans

"We hire close to 900 people a day," said Tim Massa, Kroger Co.'s senior vice president of human resources. Today's workers "want to know what companies will do to grow and develop them."



RELATED

- How Companies Large and Small Pay Their Workers (Aug. 1)

The grocery chain recently launched a program that offers up to $3,500 in education expenses annually to employees, including those who bag groceries part-time. HCA Healthcare Inc. plans

Developing High Performing Leaders and Teams



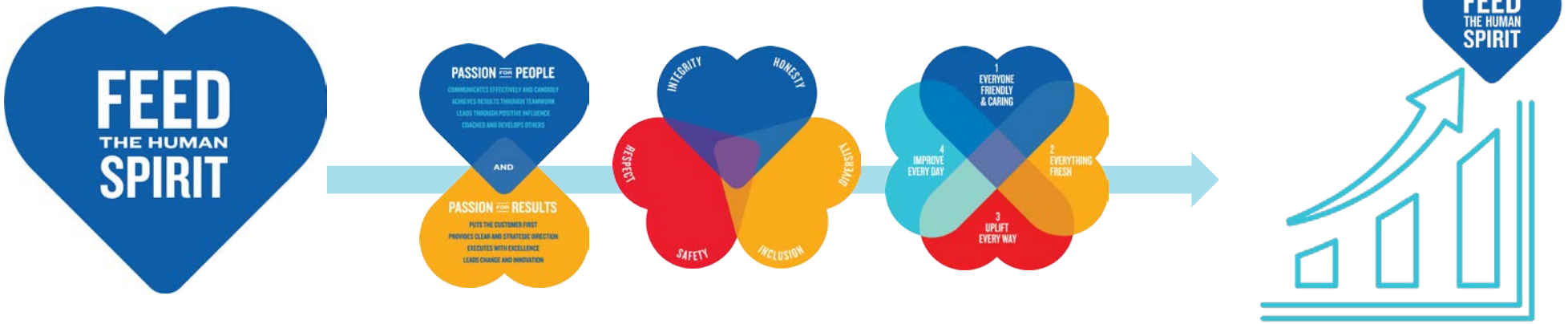
Kroger Leadership Academy

Internal and External Talent Strategy

KROGER
LEADERSHIP
ACADEMY



Purpose People Results



WHY **HOW** **WHAT**

Growth creates more opportunities to Feed the Human Spirit.

Investing In & Retaining Store Associates



Significant investment in wages and training

Leveraging associate insights to enable business results

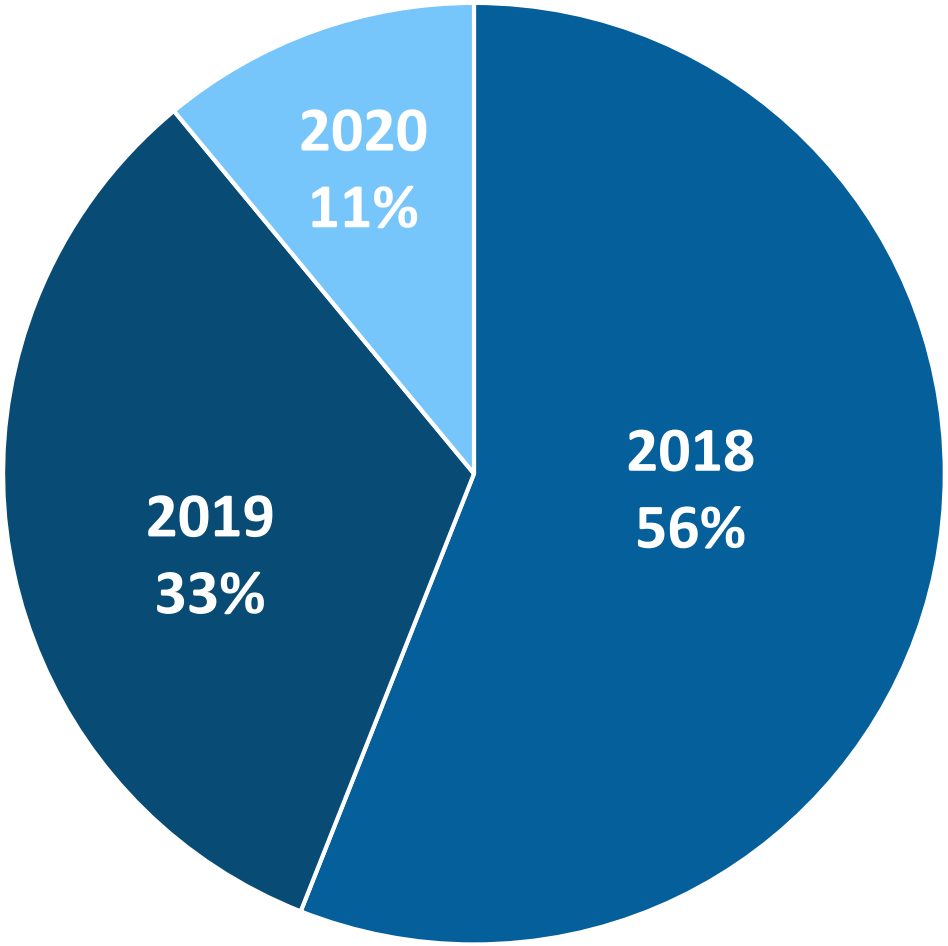




$500 Million Wage Investments to Retain Talent







Current Average Pay for Retail Hourly Associates = $14.47 per hour

Looking Forward

- **Upskilling Our Workforce**
  - Leaders as Teachers
  - Digitally Enabled
  - Certifications and Performance-Based Incentives
- **Flexible Workforce**
  - On-Demand Scheduling
  - Simplified Job Classifications
  - Third-Party Relationships







Live Our Purpose

Jessica Adelman
Chief Corporate Affairs & Sustainability Officer

2018: The Year ESG Goes Mainstream



LEADERSHIP

BlackRock's push for 'social responsibility' highlights this major shift among corporations

"Society is **demanding** that companies, both public and private, **serve a social purpose**."
- BlackRock CEO Larry Fink




Kroger
ZERO HUNGER
ZERO WASTE



Kroger

ZERO HUNGER ZERO WASTE

2017 AT A GLANCE

ZERO HUNGER

$181 million
to end hunger in our communities
TOTAL Kroger 2017 charitable giving: $358 million

325 million
MEALS for food insecure families in our communities

ZERO WASTE

77%
WASTE DIVERSION
from landfill company-wide

2,226,000
TONS OF WASTE
diverted from landfills

Focus Areas



ZERO HUNGER

- Store execution: food rescue
- Test & learn pilots

ZERO HUNGER ZERO WASTE FOOD RESCUE

ZERO WASTE

- Execution: waste diversion
- Test & learn pilots

ZERO HUNGER ZERO WASTE INNOVATION FUND

















Oprah Winfrey surprises and thanks volunteers working at the Freestore Foodbank in Bond Hill Tuesday, Sept. 11, 2018. Cincinnati Enquirer



CONNECT | TWEET | LINKEDIN | COMMENT | EMAIL | MORE

Mogul and TV personality Oprah Winfrey on Tuesday gave Kroger a shout out for its plans to ban plastic bags by 2025.

"What I really admire Kroger for is they were one of the first, if not the first grocery chains to eliminate plastic bags," Winfrey told The Enquirer on a visit to Cincinnati. "Having a social impact team looking at how your business is affecting the world is a very powerful thing."

Sustainability Report Conforms to GRI Standard



- Aligned 2018 Sustainability Report (sustainability.Kroger.com) with Global Reporting Initiative (GRI) Sustainability Reporting Standards
- **Zero Hunger | Zero Waste** commitments align with several key United Nations Sustainable Development Goals
  - SDG 2: Zero Hunger
  - SDG 12: Responsible Consumption and Production

Reputation is Up – directly supporting *Restock Kroger*

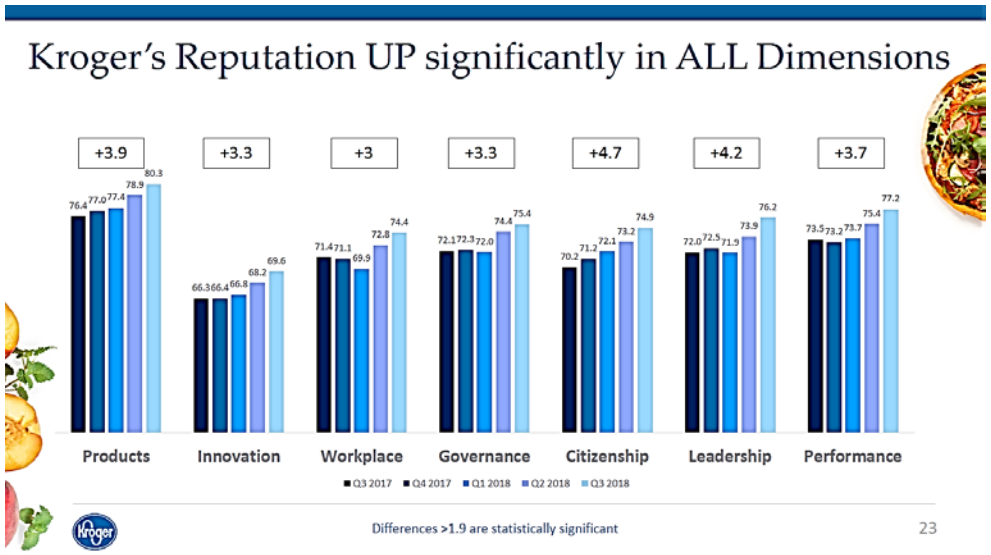
PR Daily's Corporate Social Responsibility AWARDS · 2018 · WINNER Cause Advocacy Campaign

Breadth of Kroger's activities underscore seriousness of its Zero Hunger|Zero Waste initiative

Grocery chain's CSR focus—ending food waste—is well aligned with its core business.

Environmental Stewardship
CSR
ZERO HUNGER ZERO WASTE
Winner:
Zero Hunger | Zero Waste
The Kroger Company





Reputation Quotient®
The Harris Poll

Kroger's Top 100 Ranking:

2018: #18
2017: #21
2016: #35

Kroger #6 on Fortune's Change the World 2018 List





Magazine



How Shareholders Win When Companies Change the World

"Supermarket chain Kroger is simultaneously working to eliminate food waste and feed the hungry, while its shareholders get fat: The stock is up 27% over the past year."

Nearly half the food produced in the U.S. is thrown away, yet 40 million Americans go hungry. Grocery giant Kroger is tackling these issues simultaneously, aiming to eradicate hunger in communities where it operates and to eliminate internal waste by 2025. Last year it donated the equivalent of 325 million meals through a partnership with Feeding America; for 2025, its goal is 3 billion.

RANK	COMPANY	INDUSTRY
1	Reliance Jio	Telecommunications
2	Merck	Pharmaceuticals
3	Bank of America	Commercial Banks
4	Inditex	Specialty Retailers
5	Alibaba Group	Internet Services & Retailing
6	Kroger	Food & Drug Stores
7	Xylem	Industrial Machinery
8	ABB	Industrial Machinery
9	Weight Watchers International	Business Services
10	Hughes Network Systems	Network & Other Communications



Alternative Profit Streams

Stuart Aitken
GVP and CEO of 84.51°

Restock Kroger

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift

Redefine Grocery CX

- Data & Personalization
- Digital
- Space Optimization
- Our Brands
- Smart pricing

Partner for Customer Value

- Infrastructure & technology upgrades
- Costs/COGS
- **Alternative profit streams**

Develop Talent

- Associate Experience
- Investing in and retaining store associates
- High performing leaders and teams

Live Our Purpose

- Our Purpose & Our Promise Framework
- Zero Hunger | Zero Waste

Create Shareholder Value

- Free cash flow
- Operating margins



Unique Assets Give Us Right to Win



ASSETS	RIGHT TO WIN
Our Stores & Distribution Network 2,800 stores, 42 distribution centers, 38 plants	**Immediacy** and **proximity** in delivering a differentiated experience to customers
Our Scale $125B in annual sales & 11M customers in stores and fuel stations every day	**Economics of scale** opportunities and **unique platform** to communicate with the customer
Our Data 60MM households with unmatched granularity; Customer-first approach & 84.51° model	We know the customer better than anyone else & are able to **personalize the experience with precision**
Customer Trust Our customers trust that we will safeguard their data and utilize it in their best interest	We are a **trusted, transparent partner** with customers, and can leverage our data to communicate **relevant offers & rewards** in new channels



We're Transforming the Growth Model



$$$

REDEFINE GROCERY CX

Anything. Anytime. Anywhere.

ALTERNATIVE PROFIT STREAMS

Partnerships, Services

Data & Traffic

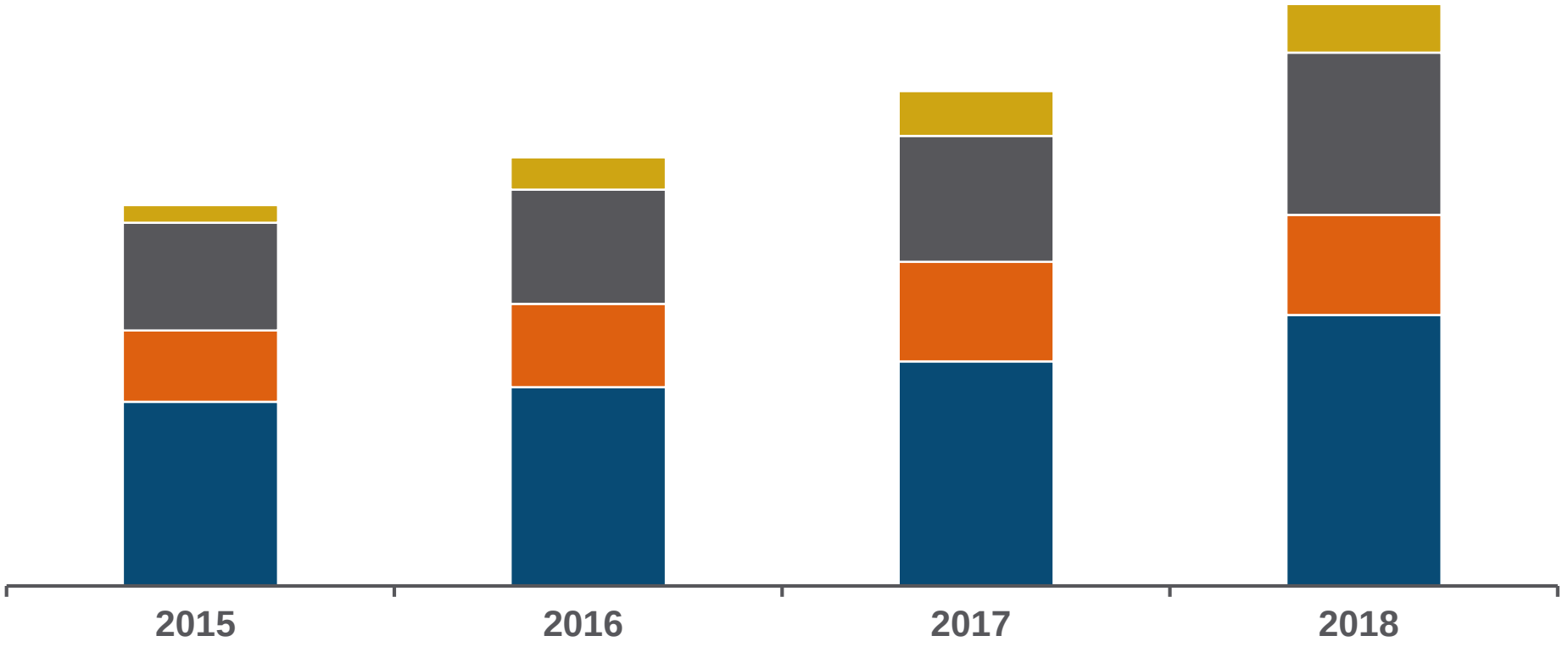


Strong Track Record of Alternative Profit Sources



16% CAGR





KEY

- Ventures
- Media
- CPG Data Insights
- KPF

We Are Deliberate in Our Media Ecosystem Growth Plan



Media

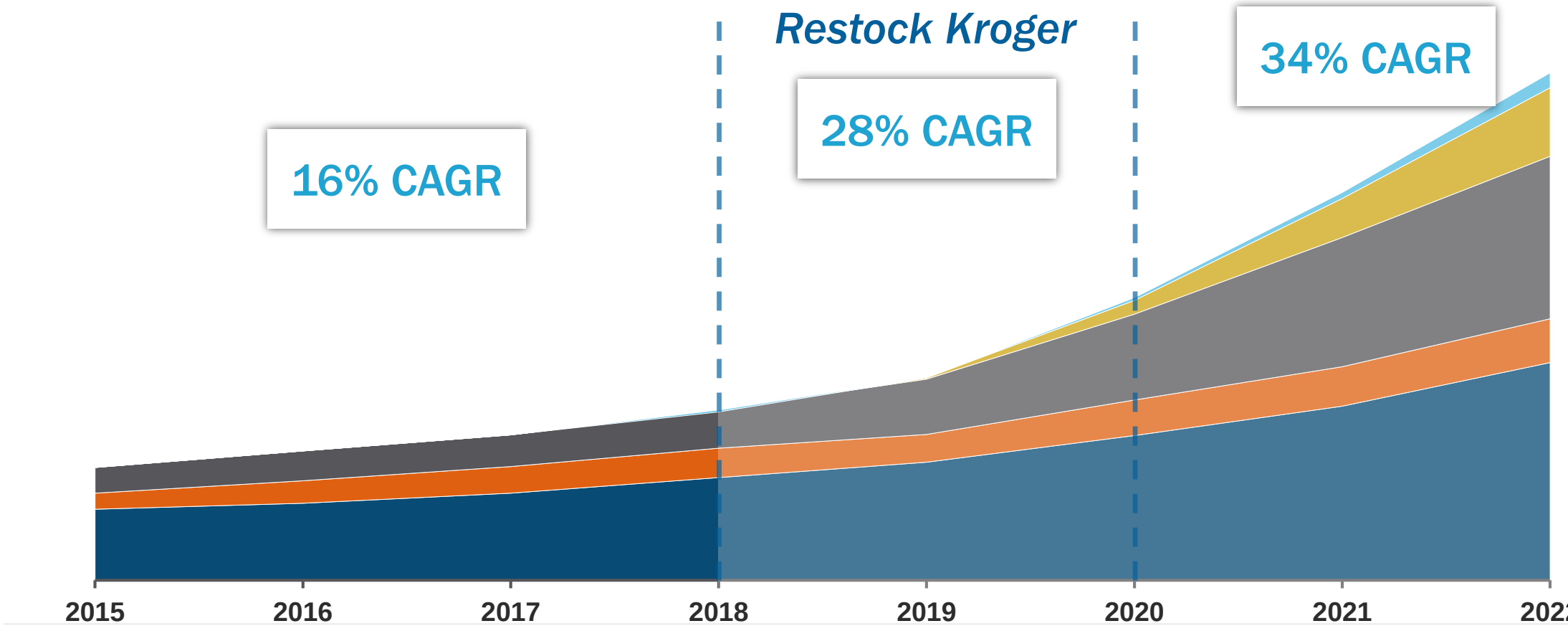
- On-Property
- Off-Property
- Loyalty Marketing
- In-Store



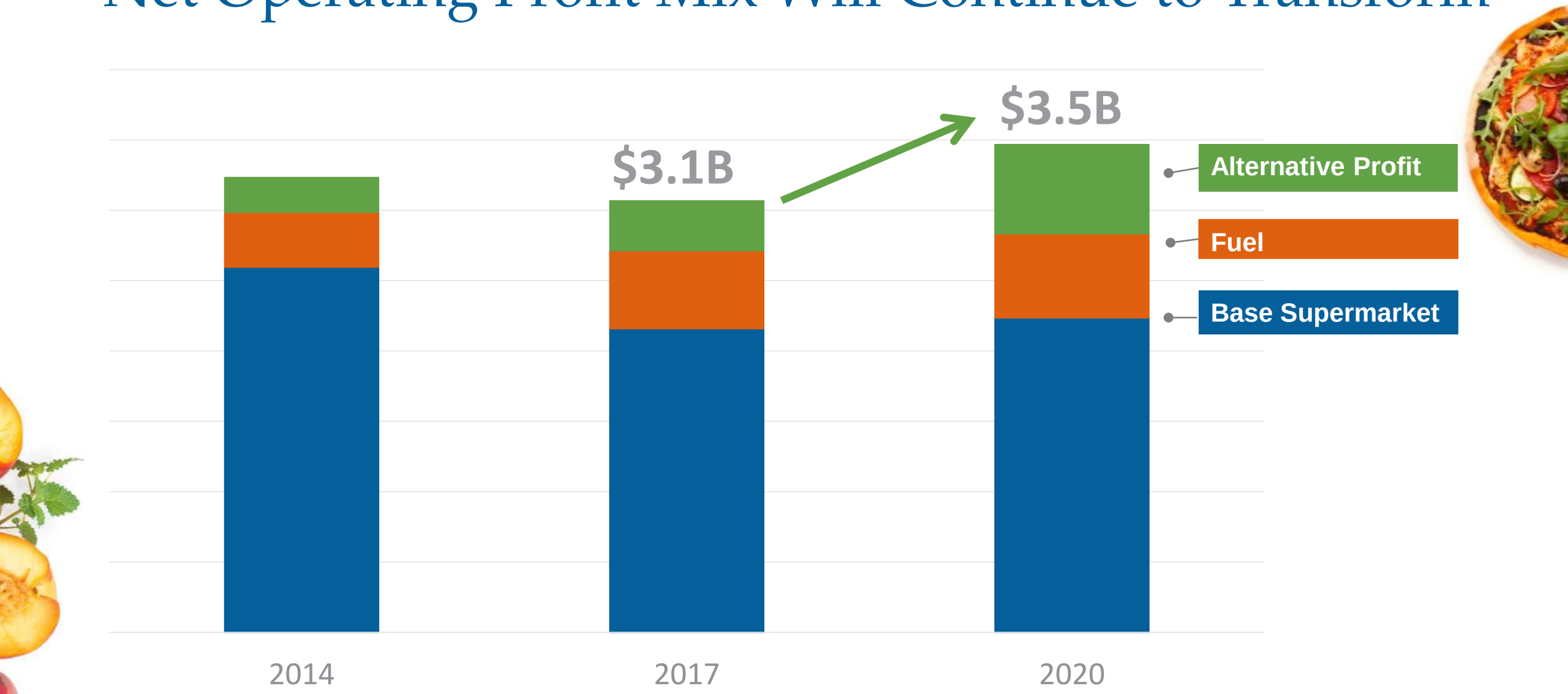
Alternative Profit Stream Glidepath Supports $400 Million by 2020







Net Operating Profit Mix Will Continue to Transform



❖ *Excludes one-times, C-Stores, and extra week in 2017.*

Alternative Profit Streams Support $400 Million by 2020



- History of alternative profit streams
- Transforming operating profit mix
- Unique assets give us right to win
- Rigorous stage gate process
- Reinventing retail growth model





Partner for Customer Value

Mike Schlotman, Yael Cosset, Alex Tosolini,
Gary Millerchip, Stuart Aitken

We're Transforming the Growth Model



$$$

REDEFINE GROCERY CX

Anything. Anytime. Anywhere.

ALTERNATIVE PROFIT STREAMS

Partnerships, Services

Data & Traffic

Develop Talent

Live Our Purpose

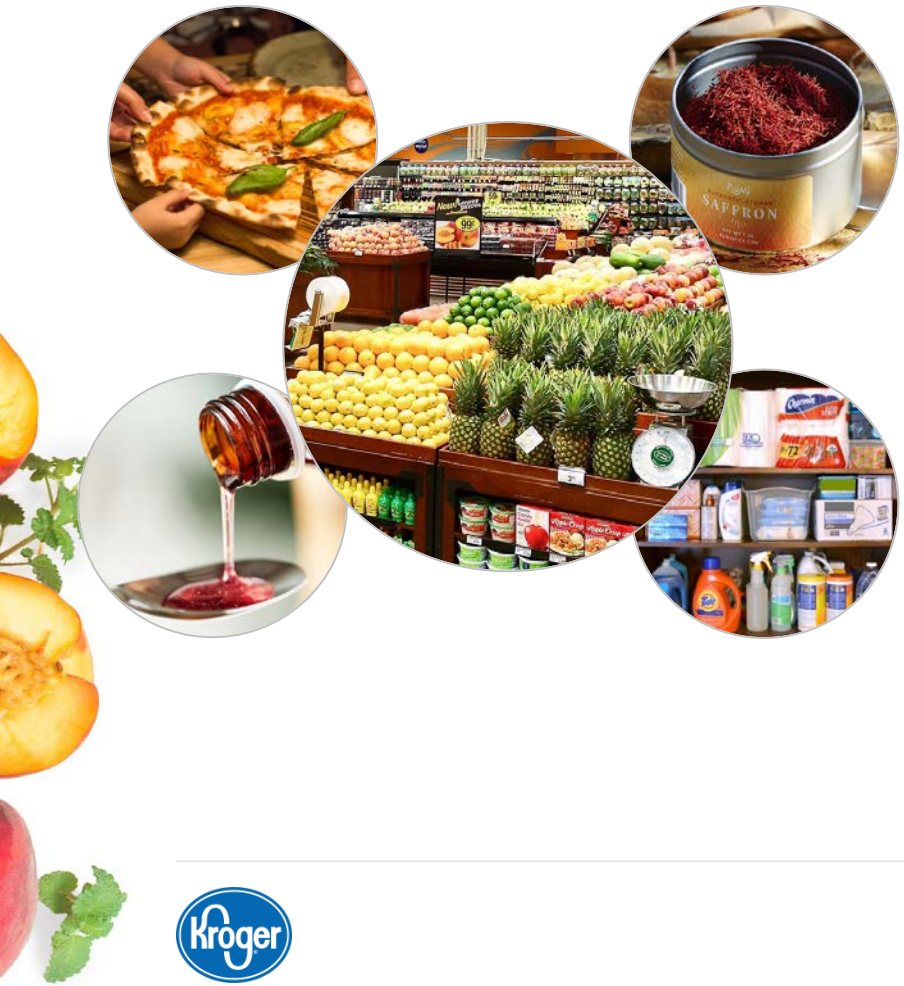
Unique Assets Give Us Right to Win

ASSETS		RIGHT TO WIN
Our Stores & Distribution Network	→	**Immediacy, proximity**
Our Scale	→	**Unique platform**
Our Data	→	**Personalization**
Customer Trust	→	**Transparent & relevant**



THE KROGER ECOSYSTEM

"Anything. Anytime. Anywhere."





Kroger

84.51°

AND

ocado

Walgreens

instacart

nuro

HOME CHEF



Q&A Panel



Store Tour

Mike Donnelly
EVP and COO

Experience Redefining the Grocery CX









Rodney McMullen

Chairman and CEO





OUR VISION

Serving America through food inspiration and uplift



ocado







HOME CHEF



Kroger®



nuro

Kroger PRECISION MARKETING | POWERED BY 3451°





3451°





Clear Path to $400M Operating Profit by 2020



Create Shareholder Value

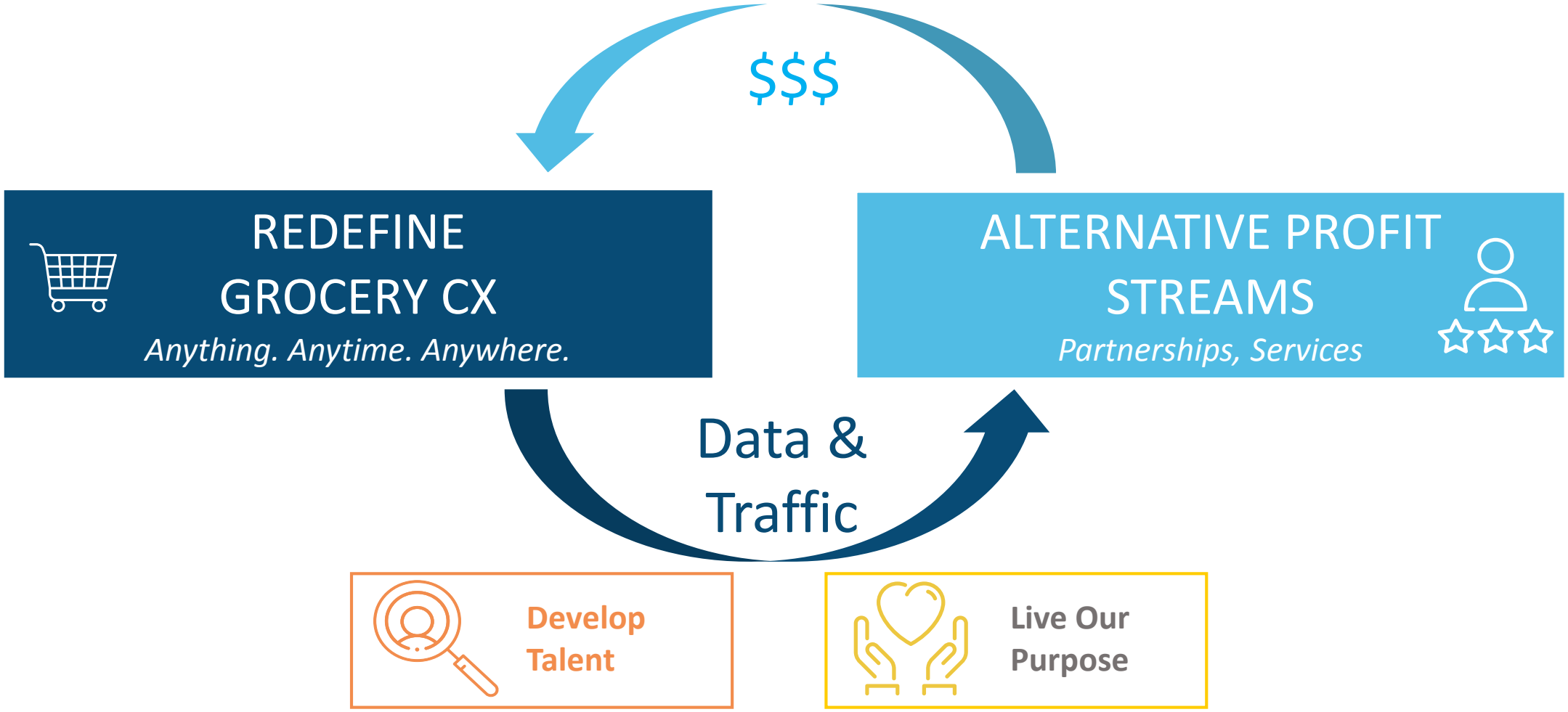


- $400M FIFO operating profit
- $6.5B of free cash flow

Focused on the Road Ahead



We're Transforming the Growth Model



Thank You



Safe Harbor



This presentation contains certain statements that constitute “forward-looking statements” about the future performance of the company. These statements are based on management’s assumptions and beliefs in light of the information currently available to it. These statements are indicated by words such as “expectation,” “intend,” “committed,” “expect,” “guidance,” “goal,” “will,” “aim,” “continue,” “predict,” “target,” “strategy,” “plan,” “vision,” “confident” and “range.” Various uncertainties and other factors could cause actual results to differ materially from those contained in the forward-looking statements. These include the specific risk factors identified in “Risk Factors” and “Outlook” in Kroger’s annual report on Form 10-K for the last fiscal year and any subsequent filings, as well as the following:

Kroger’s ability to achieve sales, earnings, incremental FIFO operating profit, and Restock free cash flow goals may be affected by: labor negotiations or disputes; changes in the types and numbers of businesses that compete with Kroger; pricing and promotional activities of existing and new competitors, including non-traditional competitors, and the aggressiveness of that competition; Kroger’s response to these actions; the state of the economy, including interest rates, the inflationary and deflationary trends in certain commodities, and the unemployment rate; the effect that fuel costs have on consumer spending; volatility of fuel margins; changes in government-funded benefit programs; manufacturing commodity costs; diesel fuel costs related to Kroger’s logistics operations; trends in consumer spending; the extent to which Kroger’s customers exercise caution in their purchasing in response to economic conditions; the uncertain pace of economic growth; changes in inflation or deflation in product and operating costs; stock repurchases; Kroger’s ability to retain pharmacy sales from third party payors; consolidation in the healthcare industry, including pharmacy benefit managers; Kroger’s ability to negotiate modifications to multi-employer pension plans; natural disasters or adverse weather conditions; the potential costs and risks associated with potential cyber-attacks or data security breaches; the success of Kroger’s future growth plans; the ability to execute on Restock Kroger; and the successful integration of merged companies and new partnerships. Kroger’s ability to achieve these goals may also be affected by Kroger’s ability to manage the factors identified above. Kroger’s ability to execute its financial strategy may be affected by its ability to generate cash flow.



Kroger’s effective tax rate may differ from the expected rate due to changes in laws, the status of pending items with various taxing authorities, and the deductibility of certain expenses.

Kroger assumes no obligation to update the information contained herein. Please refer to Kroger’s reports and filings with the Securities and Exchange Commission for a further discussion of these risks and uncertainties.