

FRESH FOR EVERYONE™

Kroger®

2020 Investor Update

October 2020

Safe Harbor

This presentation includes forward-looking non-GAAP financial measures, which management believes to be useful to investors and analysts. Kroger is unable to provide a full reconciliation of the non-GAAP measures used in our 2020 guidance, including adjusted earnings per share to earnings per share, adjusted FIFO operating profit to operating profit, and adjusted tax rate to tax rate, without unreasonable effort because it is not possible to predict with a reasonable degree of certainty the information necessary to calculate such measures on a GAAP basis. It is not possible to estimate with a reasonable degree of certainty certain of our adjustment items because such information is dependent on future events that may be outside of our control. The unavailable information could have a significant impact on 2020 GAAP financial results.



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Business Update

Rodney McMullen

Chairman & Chief Executive Officer

Reinvented the Customer and Financial Model

Purpose: Feed the Human Spirit

Vision: Serving America through food inspiration and uplift



Customer Obsession + Our Associates + Purpose Driven



Creating Sustainable Value for Shareholders

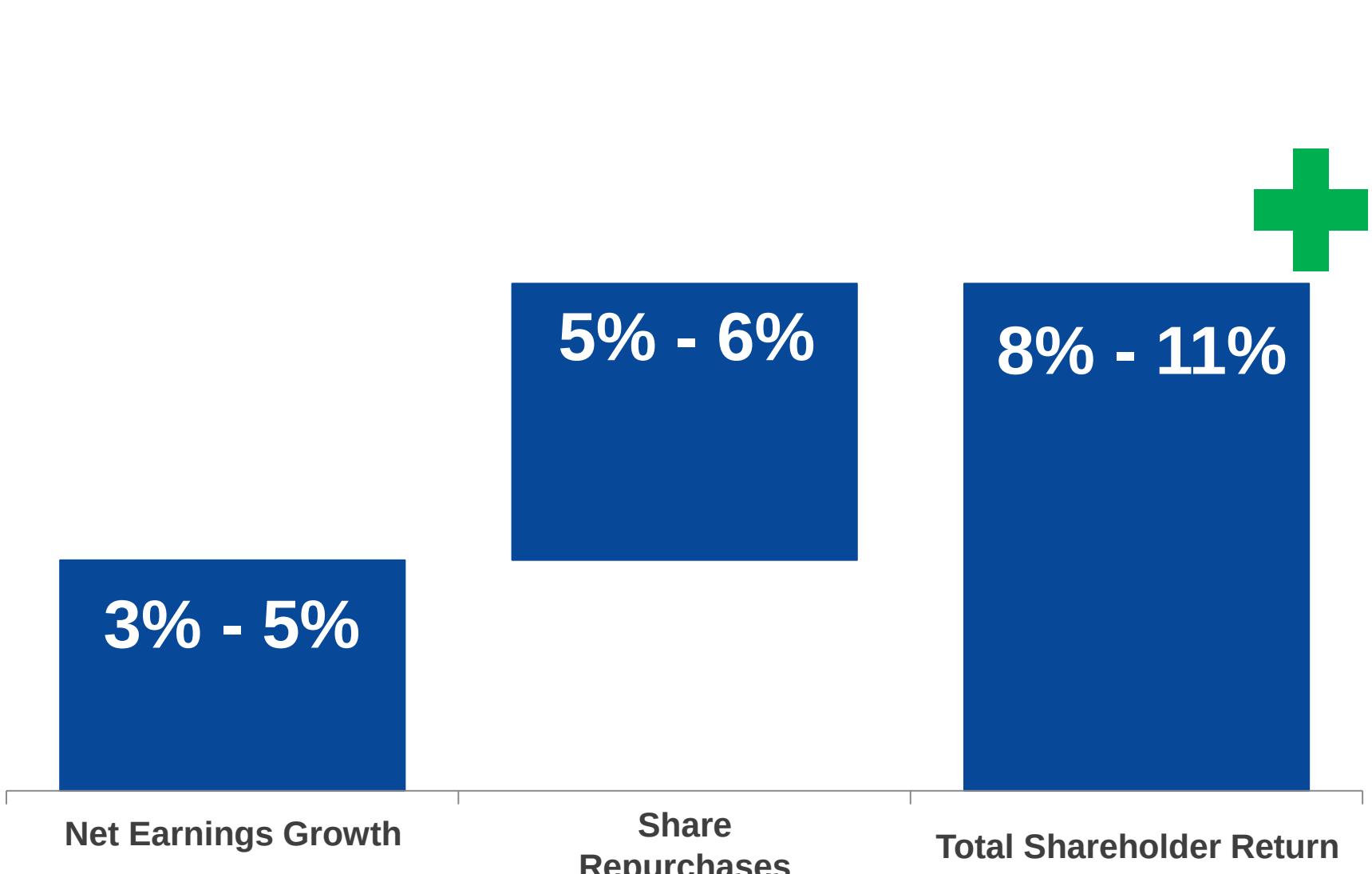
Transformation Is Delivering Value for All Stakeholders



KEY PRIORITIES	KEY ACCOMPLISHMENTS
Our Customers	• Fresh: Retailer of Choice • Our Brands: +$5B Growth • Data & Personalization: 97% Capture • Seamless: 4X Sales
Our Associates	• Total Average Wage + Benefit: >$20/HR[1] • Improved Retention by 15%[1]
Our Purpose	• Zero Hunger | Zero Waste: 1B Meals Donated • Diversity & Inclusion: Top 20 by WSJ
Our Shareholders	• Dynamic Capital Allocation – Digital & Tech • Strong FCF: $6.4B Cash to Shareholders[2]

1. Wage cost as of 2Q 2020 and retention reflects 2017-2019 | 2. Measured from 2017 – 2Q 2020

Remain Committed to Generating Consistently Strong and Attractive TSR



PE MULTIPLE EXPANSION

PARTNERSHIP OPPORTUNITIES



Our Competitive Moats Are Strong

Fresh



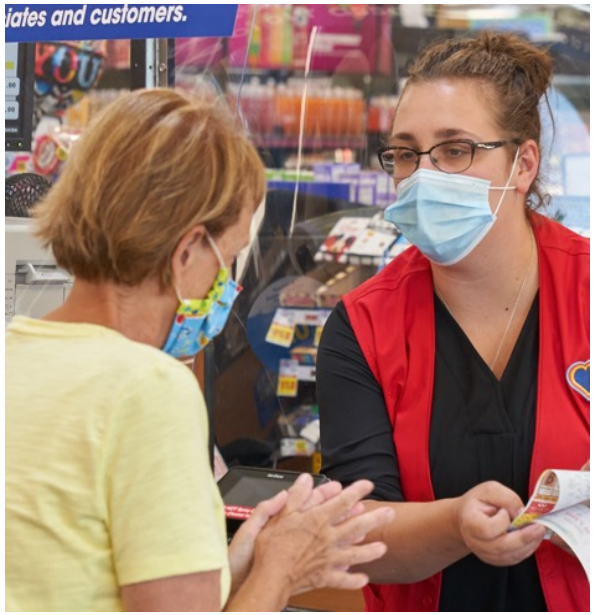
Winning the Customer

Our Brands



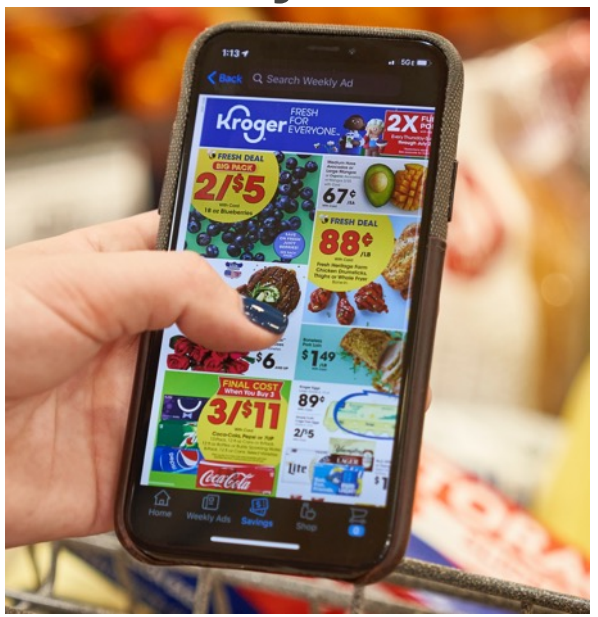
Most Loved Brands

Data & Personalization



Unmatched Rewards

Seamless Ecosystem



Customer Reach

Moats Become More Relevant As Customers Eat More At Home



Nearly 3 out of 4 customers are eating meals prepared at home multiple times a day



Key Takeaways

1. Customer obsessed, associate focused, and purpose driven
2. Reinvented the customer and financial model
3. Our competitive moats - strengths today and more relevant tomorrow
4. Delivering consistently strong and attractive TSR

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Creating Shareholder Value

Gary Millerchip

Chief Financial Officer



- Our Value Creation Model
- Progress Update
- Expectations Looking Forward

Kroger's Long-Term Value Creation Model is Strong and Durable

Strong, Durable Retail Supermarket Business

Fast Growing Alternative Profits

High Return Capital Investments

Net Earnings Growth

3% - 5%

Share Repurchase & Dividends

5% - 6%

Total Shareholder Return

8% - 11%



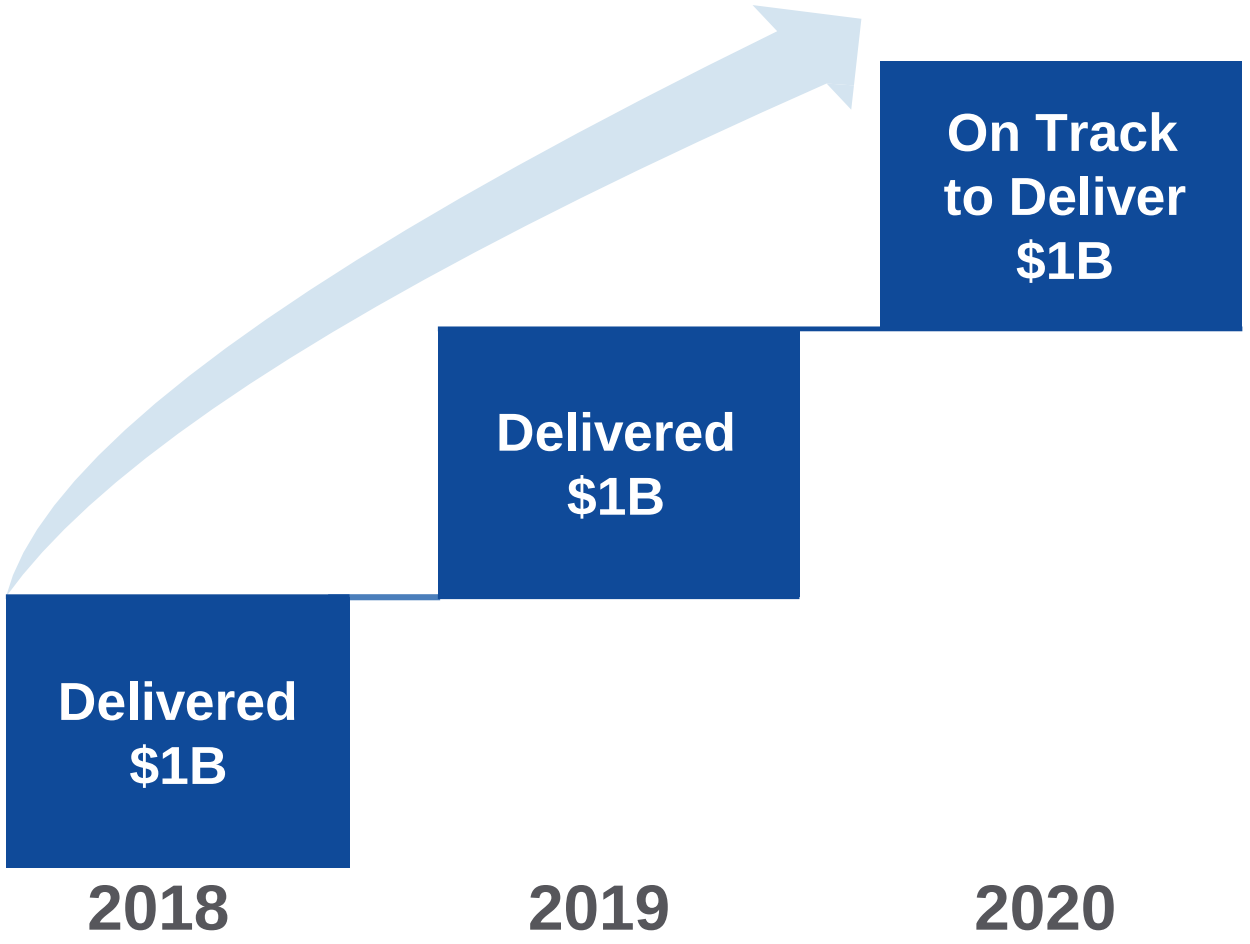
Building Momentum

	2018 Actual	2019 Actual	2020 Targets(3)
ID Sales w/o Fuel	+1.8%	+2.0%	>13.0%
Cost Savings	>$1B	>$1B	$1B
Alt. Profit Growth(1)	Beat Goal	>$100M	~ $100M
Operating Profit(2)	$2.9B	$3.0B	$3.9-$4.0B
EPS(2)	$2.11	$2.19	$3.20-$3.30

1. Incremental net operating profit | 2. Adjusted FIFO operating profit & adjusted EPS | 3. 2020 numbers are without adjusted items, if applicable, and identical sales guidance is without fuel.

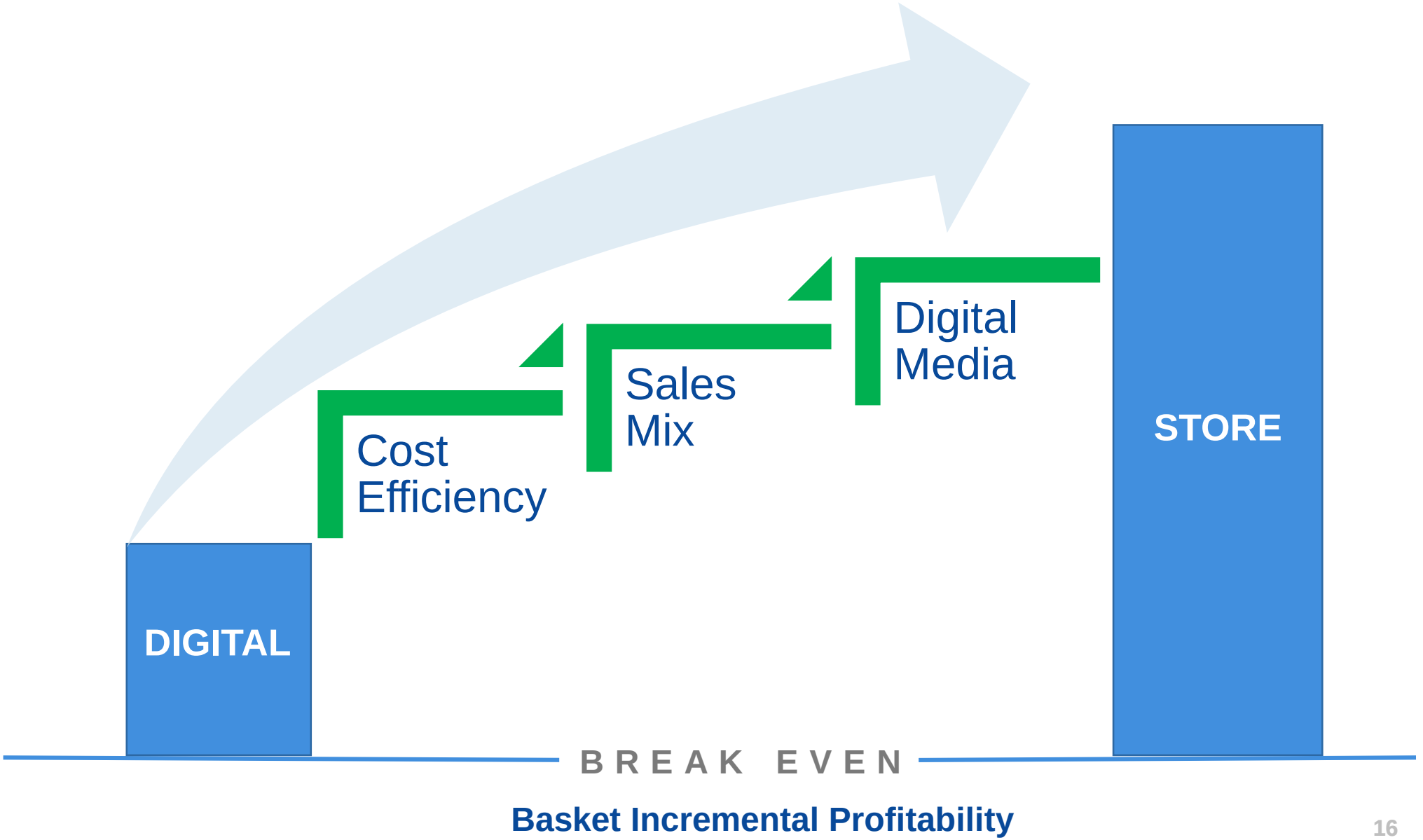
Cost Savings: A Core Competency - $1B Annually

- Productivity Improvements
- Sourcing
- Administrative Efficiencies
- Waste Reduction



Growing Digital Profitability





Alternative Profit A Major Accelerator of Growth



Future Growth

$100M
Incremental Operating Profit Growth

>$100M
Incremental Operating Profit Growth

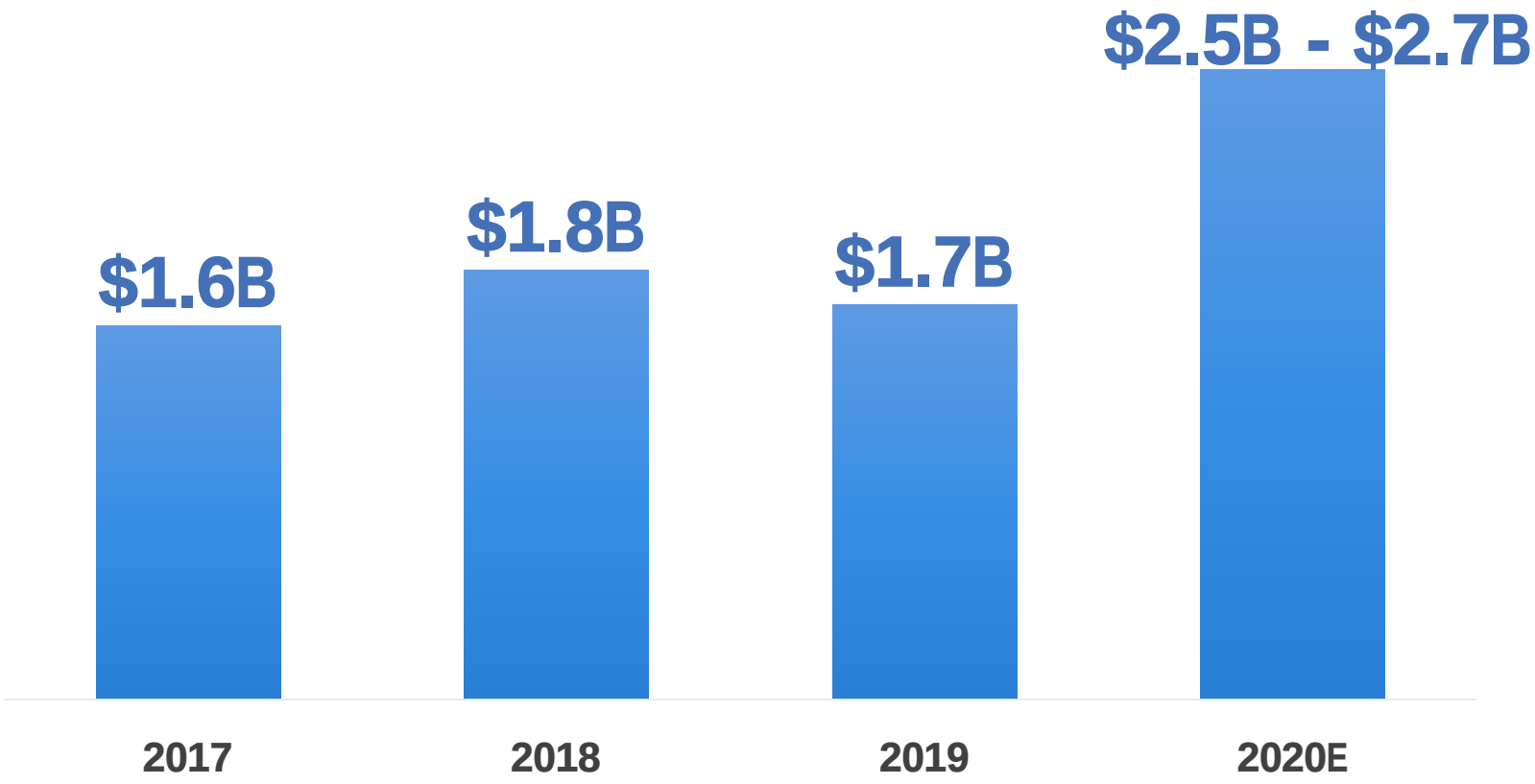
Kroger Precision Marketing

- Fueled by Triple-Digit Digital Growth
- Revenue Growth +100%
- +1,000 Brands Engaged

2019 | **2020** | **Beyond 2020**



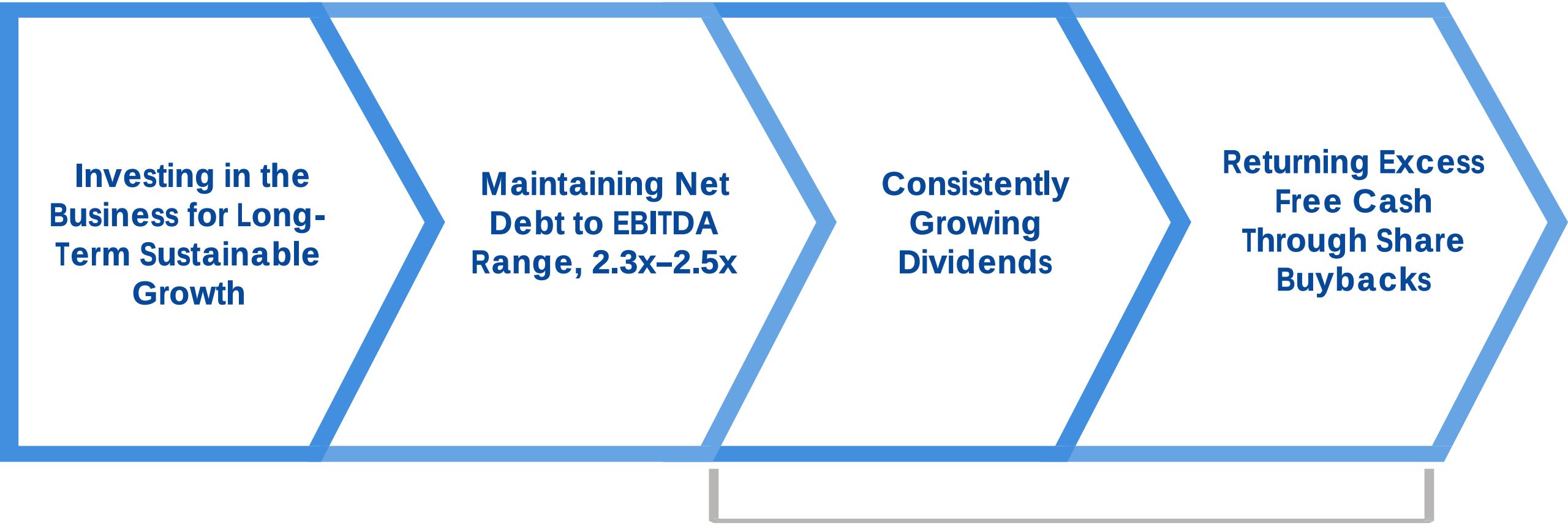
Consistently Generating Strong Free Cash Flow



>$7.6B FCF

Adjusted Free Cash Flow = Operating Cash Flow (before company-sponsored pension contributions) – Capital Expenditures and excluding the cash tax-effect of the sale of strategic assets.

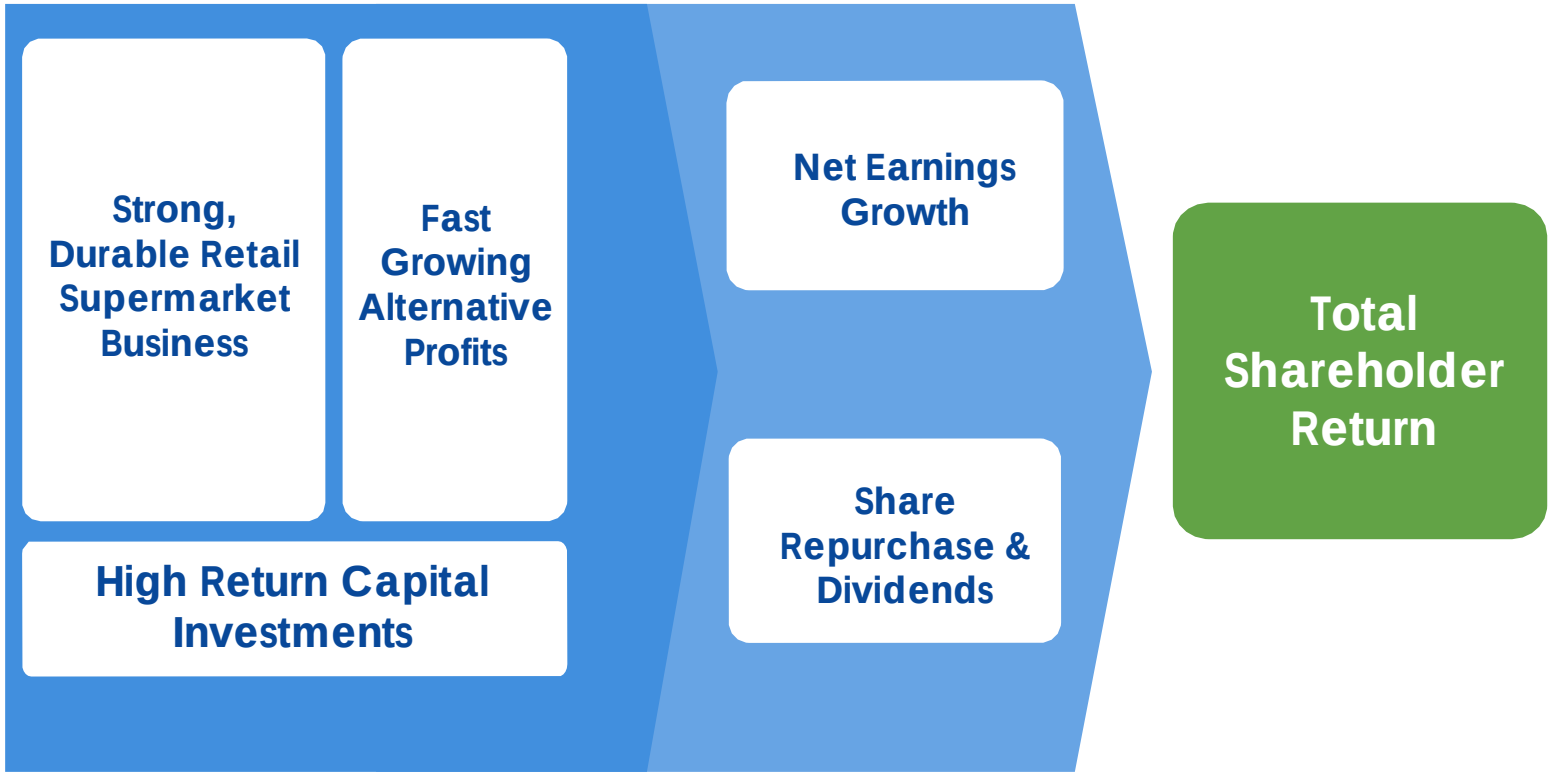
Disciplined Approach to Financial Management



$6.4B Returned

to Shareholders 2017 – 2Q 2020

Kroger's Long-Term Value Creation Model is Strong and Durable



- Model is Delivering Growth
- TSR Outperforming Market & Peer Group

Question and Answer Session

