

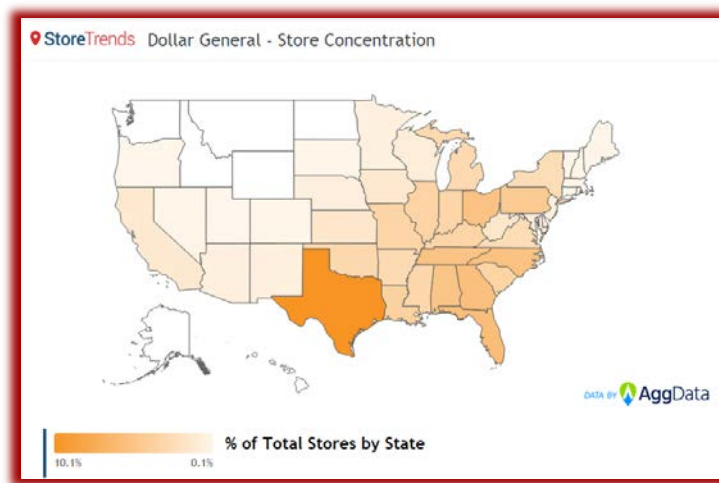
**DOLLAR GENERAL**

## DOLLAR GENERAL CORPORATION

### STORE TRENDS

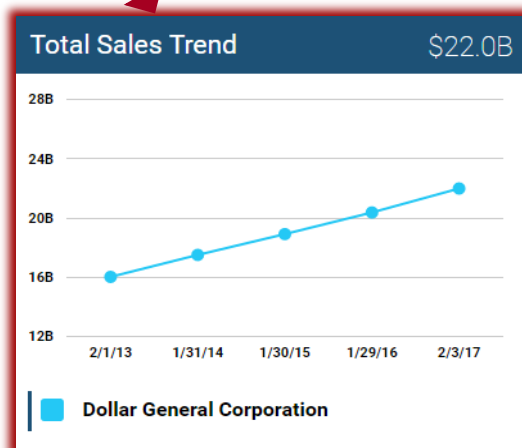
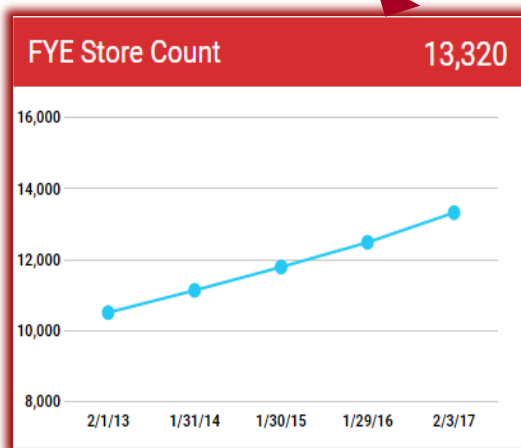


As of March 2017, Dollar General operated 13,429 locations, with its highest concentration of stores in Texas (10.1%), Florida (5.8%), Georgia (5.6%) and North Carolina (5.4%). The Company opened its first store in North Dakota in February 2017. The map below shows the Company's store concentration, based on the percentage of stores by state. [Click here to view a more interactive analysis on the Company's real estate, including store count by state.](#)



As seen in our Store Trends profile, the following charts illustrate the Company's store growth and sales per fiscal year (as of FYE February 2017).

Click the charts for more detail



Source: RETailTOOLS<sup>SM</sup> by Creditintell FD & Reports<sup>SM</sup>

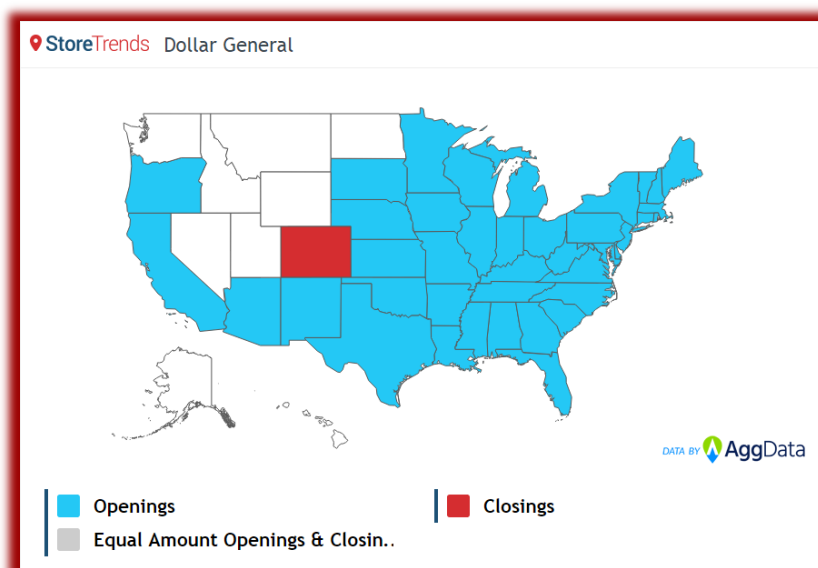
**SalesPerSquareFoot** Dollar General stores average about 7,300 square feet. In fiscal 2016, stores generated sales of \$1.7 million per location, up from \$1.6 million in fiscal 2015. Sales per square-foot also increased in 2016 to \$229.0 from \$226.0 in fiscal 2015. Each store primarily serves customers within a three to five mile radius. Customers typically include low and fixed income households often underserved by other retailers. Stores are strategically located in a variety of rural, suburban and urban communities; 70% of the Company's current store base serves communities with fewer than 20,000 residents. The most common nearby retailers, located within ¼ mile of a Dollar General, include McDonald's, Family Dollar and Pizza Hut. **For more details on Dollar General's footprint, [click here](#):**

**StoreTrends** Over the past five fiscal years, Dollar General's store count has increased on average nearly 6% annually, or roughly 700 net locations. In fiscal 2016, the Company opened 900 new stores and increased its footprint by 7%. In 2017, the Company plans to open 1,000 stores and two new distribution centers. The new stores and distribution centers will create about 10,000 new jobs, increasing Dollar General's workforce by about 9%, the largest single-year employee increase in the Company's history.

In February 2017, Dollar General entered its 44th state with a new store in Hankinson, ND. A total of five stores were operating in North Dakota as of the beginning of March, with two more slated to open later this spring. Going forward, the Company plans to further expand its footprint in the state, but additional potential store locations have not yet been identified.

For a more interactive view of recent store openings/closings, [click here](#):

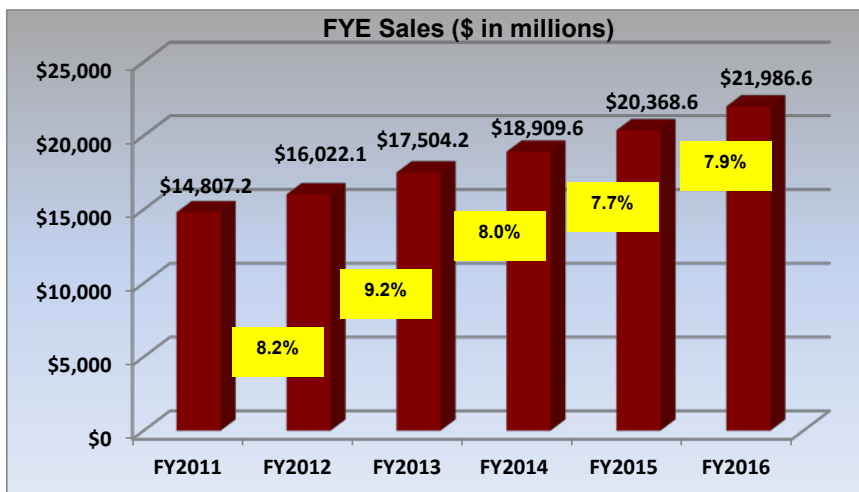
Store Activity				
	Beginning store count	New Stores	Closed Stores	Ending Store Count
2013	10,506	650	24	11,132
2014	11,132	700	43	11,789
2015	11,789	730	36	12,483
2016	12,483	900	63	13,320



Source: **REtailTOOLS** by **CreditIntell** **FD Reports**

## FUTURE GROWTH & OUTLOOK

Not long ago, dollar stores were well known for their discontinued groceries, party supplies, inexpensive toys and other low-quality goods and were not considered a threat to nearby traditional retailers. With the recession in 2008, consumers became more value-focused and turned their attention to the dollar stores in their communities. **Dollar General capitalized on this change by tightening its operations and increasing its assortment of groceries, household goods and other consumables.** Consequently, Dollar General has grown by hundreds of stores each year, and it has no intention of slowing down in the immediate future. **The Company recently announced plans to remodel 900 stores, open 1,000 new stores and two distribution centers in 2017 and aims to have 20,000 shops by 2020.** Dollar General, which had 7.9% top line growth in fiscal 2016, outperformed its key competitors in the discount store, supermarket, and mass-merchandising segments. Dollar Tree, which reported its fiscal 2016 results on March 1, recorded 5% sales growth. Walmart and Kroger realized fiscal sales increases of 0.7% and 5%, respectively, for the latest fiscal year. **Dollar General has not been immune to the difficult climate facing retailers; it saw a slight decrease in same-store sales in its third quarter.** Management



has announced plans to address performance at its existing stores, including investments in labor compensation and training, improved in stock positions and cleaner stores. In the stores where it's already rolled out these changes, Dollar General has seen lower turnover among managers and hourly employees as well as higher sales.

**In February 2016 the Company commenced the implementation of its DG16 layout for all its traditional 7,300-square foot locations.** The new store layout is intended to be more customer-friendly, provide for a faster, more convenient check-out, and allow for the addition of refrigerators/freezers. **The Company recently debuted its DGX concept store, with the January opening of a 3,400-square foot location in Nashville, TN and the March opening of a 4,800-square foot location in Raleigh, NC. DGX is the Company's smallest format, targeting millennial shoppers in urban areas.** The stores offer a limited selection of the Company's usual merchandise, with more focus on groceries, including "grab-and-go" sandwiches and snack foods. The Company is still in the testing phase with its DGX stores; so far only two more locations are planned for 2017. **The Company operates another small format, between DGX and its traditional 7,300-square foot stores, encompassing a range of sizes less than 6,000 square feet, which it has been deploying in densely populated metropolitan areas as well as sparsely populated rural areas. It currently operates about 90 of these locations and intends to open about 160 more during 2017.** The Company also maintains larger format Dollar General Plus stores and Dollar General Market stores, though it has no immediate plans for expansion of those banners. **Finally, most recently on April 4, 2017, Dollar Express Stores LLC, an affiliate of Sycamore Partners, confirmed they are selling to Dollar General all 323 Family Dollar stores they are currently operating.** The 323 locations were part of a total of 330 stores divested by Dollar Tree in 2015 in order to gain regulatory approval for its acquisition of Family Dollar. At that time, the stores were estimated to generate \$500.0 million in annual revenues and approximately \$45.5 million in operating income. Dollar Express has been operating the stores under the Family Dollar banner; they will be converted into Dollar General stores over the next few months.

**Gary Weber Sr. Analyst: 1-800-789-0123, ext. 152**

## MARKET POSITION

The following displays a two-year comparison of Dollar General's share in its major markets as of January 2017 and January 2015. As evidenced by the charts below, the Company has gained share in all of its top markets, though as a result of the 2015 merger of Dollar Tree and Family Dollar, the Company ceded its #2 spot in Dallas, Atlanta and Charlotte.

Dallas, TX		Jan. 2017		Jan. 2015	
	Market Share	Store Count		Market Share	Store Count
Target	36.7%	20	Target	23.8%	20
Dollar Tree	24.3%	313	<b>Dollar General</b>	<b>13.3%</b>	<b>211</b>
<b>Dollar General</b>	<b>19.0%</b>	<b>231</b>	Family Dollar	7.7%	208
Big Lots	6.7%	38	Big Lots	7.3%	38
Military	5.9%	2	Dollar Tree	6.4%	88
All Other	7.5%	60	All Other	41.6%	48

Atlanta, GA		Jan. 2017		Jan. 2015	
	Market Share	Store Count		Market Share	Store Count
Target	46.0%	28	Target	46.3%	29
Dollar Tree	18.4%	281	<b>Dollar General</b>	<b>15.5%</b>	<b>200</b>
<b>Dollar General</b>	<b>16.8%</b>	<b>219</b>	Family Dollar	12.5%	166
Variety Wholesalers	4.7%	19	Dollar Tree	6.1%	106
Big Lots	4.7%	28	Big Lots	5.8%	33
All Other	9.3%	56	All Other	13.8%	61

Nashville, TN		Jan. 2017		Jan. 2015	
	Market Share	Store Count		Market Share	Store Count
Target	39.2%	10	Target	38.1%	10
<b>Dollar General</b>	<b>33.0%</b>	<b>157</b>	<b>Dollar General</b>	<b>31.3%</b>	<b>144</b>
Dollar Tree	8.2%	72	Military	6.5%	1
Military	6.3%	1	Sears	6.4%	7
Sears	4.0%	4	Family Dollar	4.8%	37
All Other	9.2%	34	All Other	12.8%	63

Houston, TX		Jan. 2017		Jan. 2015	
	Market Share	Store Count		Market Share	Store Count
Target	43.7%	22	Target	44.9%	22
Dollar Tree	21.2%	298	Family Dollar	16.6%	207
<b>Dollar General</b>	<b>12.9%</b>	<b>152</b>	<b>Dollar General</b>	<b>11.7%</b>	<b>135</b>
Military	4.9%	3	Military	5.8%	3
Walmart	4.6%	3	Walmart	4.7%	3
All Other	12.7%	100	All Other	16.3%	152

Pittsburgh, PA	Jan. 2017			Jan. 2015	
	Market Share	Store Count		Market Share	Store Count
Target	43.9%	18	Target	41.2%	18
<b>Dollar General</b>	<b>14.9%</b>	<b>136</b>	<b>Dollar General</b>	<b>12.7%</b>	<b>119</b>
Dollar Tree	11.5%	117	Sears	12.1%	18
Walmart	10.2%	4	Walmart	9.4%	4
Sears	9.0%	14	Family Dollar	6.1%	66
All Other	10.5%	47	All Other	18.6%	98

St. Louis, MO	Jan. 2017			Jan. 2015	
	Market Share	Store Count		Market Share	Store Count
Target	58.6%	22	Target	56.8%	23
<b>Dollar General</b>	<b>13.5%</b>	<b>126</b>	<b>Dollar General</b>	<b>11.9%</b>	<b>117</b>
Dollar Tree	13.3%	130	Family Dollar	8.2%	72
Sears	5.0%	7	Sears	6.4%	9
Military	3.1%	1	Dollar Tree	5.3%	56
All Other	6.5%	29	All Other	11.5%	27

Chicago, IL	Jan. 2017			Jan. 2015	
	Market Share	Store Count		Market Share	Store Count
Target	64.3%	66	Target	59.1%	64
Dollar Tree	13.5%	344	Walmart	13.3%	14
Walmart	8.6%	8	Family Dollar	6.8%	188
<b>Dollar General</b>	<b>4.2%</b>	<b>123</b>	Dollar Tree	6.0%	147
Sears	3.6%	12	<b>Dollar General</b>	<b>3.6%</b>	<b>112</b>
All Other	5.9%	81	All Other	11.2%	86

Birmingham, AL	Jan. 2017			Jan. 2015	
	Market Share	Store Count		Market Share	Store Count
<b>Dollar General</b>	<b>31.6%</b>	<b>112</b>	<b>Dollar General</b>	<b>30.8%</b>	<b>104</b>
Target	19.8%	4	Target	19.0%	4
Dollar Tree	13.2%	64	Military	9.2%	1
Military	10.0%	1	Family Dollar	8.8%	35
Freds	8.4%	15	Freds	8.2%	15
All Other	16.9%	23	All Other	24.0%	50

Charlotte, NC	Jan. 2017			Jan. 2015	
	Market Share	Store Count		Market Share	Store Count
Target	44.3%	12	Target	44.0%	12
Dollar Tree	17.3%	153	<b>Dollar General</b>	<b>14.2%</b>	<b>103</b>
<b>Dollar General</b>	<b>14.9%</b>	<b>111</b>	Family Dollar	12.4%	99
Walmart	8.4%	2	Walmart	8.6%	2
Big Lots	3.9%	14	Sears	5.9%	7
All Other	11.2%	33	All Other	14.9%	77

<b>San Antonio, TX</b>		<b>Jan. 2017</b>				<b>Jan. 2015</b>	
	Market Share	Store Count		Market Share	Store Count		
Military	34.8%	4	Military	38.2%	4		
Target	32.7%	11	Target	31.9%	11		
<b>Dollar General</b>	<b>14.6%</b>	<b>103</b>	<b>Dollar General</b>	<b>13.0%</b>	<b>93</b>		
Dollar Tree	11.3%	101	Family Dollar	8.2%	66		
Big Lots	2.1%	9	Dollar Tree	2.8%	29		
All Other	4.5%	22	All Other	5.9%	27		

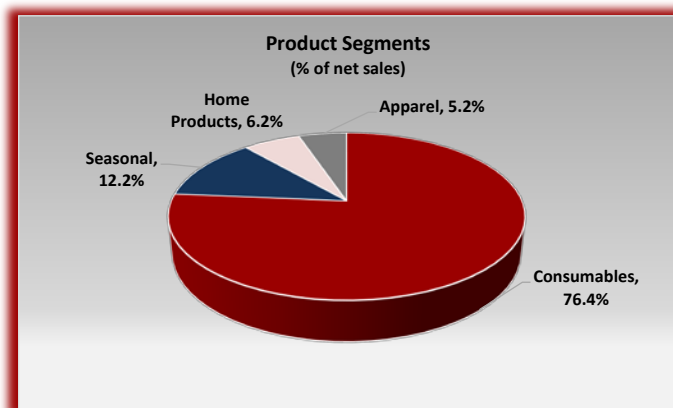
<b>Kansas City, MO</b>		<b>Jan. 2017</b>				<b>Jan. 2015</b>	
	Market Share	Store Count		Market Share	Store Count		
Target	42.4%	12	Target	42.7%	12		
<b>Dollar General</b>	<b>17.7%</b>	<b>101</b>	<b>Dollar General</b>	<b>16.8%</b>	<b>93</b>		
Dollar Tree	12.5%	77	Walmart	11.7%	3		
Walmart	10.8%	3	Family Dollar	7.8%	45		
Military	6.2%	1	Sears	6.5%	6		
All Other	10.4%	20	All Other	14.6%	36		

\*In July 2015, Dollar Tree completed its acquisition of Family Dollar.

Source: The Nielsen Company – TDLinx  
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## PRODUCTS / FORMATS

Dollar General's traditional store format offers a focused assortment of everyday necessities and key items in a broad range of general merchandise categories. Stores have both nationally advertised brands from leading manufacturers as well as private brand consumables, offering even greater value. Consumables is its largest merchandise category and has become a larger percentage of total sales in recent years as indicated in the table below. Consumables include paper and cleaning products, packaged food, perishables, snacks, health and beauty pet supplies and tobacco products. The Company also sells a mix of seasonal and home products including toys, small electronics, hardware, greeting cards, kitchen supplies and bed and bath goods. The following chart shows the breakdown of these product segments in terms of percentage of net sales, as of fiscal 2016.



The Company also maintains about 200 Dollar General Plus stores, including the 41 former Walmart-Express locations it purchased in July 2016, which range in size from about 10,000 to 14,000 square feet and some 16,000-square foot Dollar General Market stores; both of these formats feature a greater selection of grocery offerings.

Dollar General's stores are supported by distribution centers located nationwide. The Company most recently opened its 14th distribution center in Janesville, WI and is currently constructing its 15th facility in Jackson, GA.

It is planning to build its 16th distribution center in Amsterdam, NY as well. The 750,000 square-foot facility is expected to be completed in fall 2018. When fully operational, the facility is expected to supply products to approximately 800 stores throughout New York and the northeast. In February 2016, the Company began shipping from its 900,000 square-foot distribution center in San Antonio, TX. The DC helps support the Company's stores in Texas, where it has approximately 1,200 locations, more than in any other state. The chart below shows the Company's distribution center locations and their square footage:

Distribution Centers			
Location	Opened	Sq. Feet	
Scottsville, KY	1959	720,000	
Ardmore, OK	1994	1,310,000	
South Boston, VA	1997	1,250,000	
Indianola, MS	1998	820,000	
Fulton, MO	1999	1,150,000	
Alachua, FL	2000	980,000	
Zanesville, OH	2001	1,170,000	
Jonesville, SC	2005	1,120,000	
Marion, IN	2006	1,110,000	
Bessemer, AL	2012	940,000	
Lebec, CA	2012	600,000	
Bethel, PA	2014	1,000,000	
San Antonio, TX	2016	920,000	
Jainesville, WI	2017	1,000,000	

#### General Information

<b>Address:</b>	100 Mission Ridge Goodlettsville, TN 37072	<b>Operations:</b>	National Operator; 44 states primarily in the South, Midwest & East.
<b>Phone:</b>	(615) 855-4000	<b>Annual Sales:</b>	\$22.0 billion (FYE February 2017)
<b>Website:</b>	www.dollargeneral.com		

#### Key Personnel

<b>CEO:</b>	Todd J. Vasos	<b>EVP &amp; CFO:</b>	John W. Garratt
<b>Chairman:</b>	Michael M. Calbert		

#### COMPANY BACKGROUND

J.L. Turner opened the first Dollar General store in Springfield, KY in 1955, and the concept was that no item in the store would cost more than one dollar. The idea was a huge success and other stores owned by J.L. Turner and his son Cal Turner Sr. were quickly converted. By 1957, annual sales of Dollar General's 29 stores were \$5.0 million. In 1968 the Company went public as Dollar General Corporation, posting annual sales of more than \$40.0 million. In 1977, Cal Turner Jr., who joined the Company in 1965, succeeded his father as president of Dollar General. Under his leadership, the Company grew to more than 6,000 stores and \$6.00 billion in sales. Today, the Company is a leading discount retailer with over 13,000 stores in 44 states. Its convenient, everyday low price model has survived and thrived through the decades. About a quarter of Dollar General's merchandise still sells for a dollar or less.

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