Keynote Presentation

A Retailer’s Perspective: Trends in the Cold Chain

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The Reitan Group

Business areas:
- REMA 1000
- Reitan Convenience
- Reitan Eiendom (Reitan Real Estate)
- Uno-X Energi (Uno-X Energy)
- Reitan Kapital

Turnover in 2017 (including franchise sales) of 89 billion NOK (9.3 billion Euro)

Employs 37,000 people in Scandinavia and the Baltic region

App. 3.850 stores
The Reitan Group

Vision is to be recognized as the most value-driven company

Our values:

1. We focus on our business idea
2. We keep a high business moral
3. We are committed to be debt-free
4. We encourage a winning culture
5. We have a positive and proactive mindset
6. We talk with each other, not about each other
7. The customer is our ultimate boss
8. We want our work to be enjoyable and profitable

Reitan family
Our task - Logistics based on the customer and the franchise holder

**What**

- Strengthen the customer experience when he / she is shopping in our stores
- Simplify the franchise holder's everyday life
- Ensure we maintain a cost-effective operation of the entire supply chain

**How**

<table>
<thead>
<tr>
<th>Delivery string</th>
<th>Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh goods</td>
<td>➢ Delivery every day (7 days per week)</td>
</tr>
<tr>
<td></td>
<td>➢ Shortest possible leadtime</td>
</tr>
<tr>
<td></td>
<td>➢ Most handled as terminal goods – as less a possible on stock</td>
</tr>
<tr>
<td>Cold goods</td>
<td>➢ 3 weekly deliveries</td>
</tr>
<tr>
<td></td>
<td>➢ Day to day ordering</td>
</tr>
<tr>
<td>Dry goods</td>
<td>➢ 3 weekly deliveries of dry goods (Differentiated frequency Fast / Slow movers)</td>
</tr>
<tr>
<td></td>
<td>➢ Just in time flow on campaign goods</td>
</tr>
</tbody>
</table>
Our logistic setup in Denmark

Distribution to the REMA 1000 stores and to our partners

Reitan Distribution enters partnership on delivery to key customers within the convenience sector and works with logistics optimization, category development and procurement in close cooperation with our partners.

The total turnover in Denmark was in 2017 16,1 billion DKK excl. VAT.

Reitan Distribution supplies a total of more than 900 stores.
Market trends

- Growth in convenience & eating out
- Growth in e-commerce
- Increased focus on CSR
Growth in convenience & eating away from home

The latest two years convenience have grown 21.7% (Source: Nielsen)

Average yearly growth in eating away from home on 6% from 2012 – 2017 (Source: DH Blad)

Big growth in meal boxes
Growth in convenience & eating away from home

Supply chain impact:

- Focus on freshness
- New delivery methods
- Shorter lead time (Down to a few hours)
- More frequent deliveries
- Requirement for better forecasting and data sharing
Growth in food e-commerce

➢ Big growth in food e-commerce but from a low level (App. 3 % market share)
➢ Last mile delivery is still the challenge in order to make a profitable business
Our e-commerce solution

Customer in store

Customer at home

airbnb

vigo.dk
Increased focus on CSR
Increased focus on CSR

Our customers expects that we take responsibility

- Packaging
- Warehousing
- Transportation
Increased focus on CSR

Our customers expect that we take responsibility

Packaging

➢ Reduce unnecessary use of packaging material
➢ Reusable packaging – plastic trays
➢ Recycling – Cardboard and plastic
➢ Use packaging to reduce food waste
Increased focus on CSR

Our customers expects that we take responsibility

Warehousing

- Build energy friendly
- Use of solar panels
- LED lightning
- CO2 used for cooling
Increased focus on CSR

Our customers expects that we take responsibility

Transportation

- Use of hybrid trucks in Copenhagen
- 95% of our trailers are cooled by CO2
- Yard shunters used for moving trailers at our DC’s are electric powered