How DICK’S Sporting Goods Wins with Omni-Channel Automation

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Objectives

• Overview of DICK’S Sporting Goods Supply Chain
• Key Data Points
• Solutions
  • Retail
  • E-Commerce
• Results
DICK’S Sporting Goods Overview
DICK’S Sporting Goods at a glance

• Largest omni-channel sporting goods retailer in the United States

• Over $8 billion in annual sales, including a $1+ billion eCommerce business

• Over 800 DICK’S Sporting Goods, Golf Galaxy, and Field & Stream stores

• Ended FY18 with no borrowings on our revolving credit facility (current borrowing capacity of $1.6 billion)

• Aggressively investing in our business: Store experience, product development, technology, and supply chain/eCommerce

• Delivered positive +6% comps in Q3 2019, the Company’s strongest quarterly comp sales gain since 2013
STRONG SALES AND EPS GROWTH WITH A POWERFUL ECOMMERCE PRESENCE

Total Sales (1) ($ in Millions)

- 7.5% CAGR

Non-GAAP EPS (1)

- 12% CAGR

eCommerce Sales (1) ($ in Millions)

- 19% CAGR
TO BE THE BEST SPORTS COMPANY IN THE WORLD
OUR STORES ARE AT THE HEART OF THE COMMUNITIES WE SERVE

238M PEOPLE LIVE WITHIN 30 MINUTES OF ONE OF OUR 800+ STORES

DICK'S SPORTING GOODS

POWERED BY POSSIBILITIES.
SUPPLY CHAIN / ECOMMERCE FULFILLMENT FY20
OPENED ECOMMERCE FULFILLMENT CENTERS IN NY AND CA

Flexible
Operational capabilities enable convenient fulfillment, centered on DSG key customer preferences.

Fast
Standard shipping is market competitive with consideration towards need and occasion.

Flawless
Key operating principles provide the capacity for all fulfillment to be consistent and reliable.

Frugal
Network design and operational methodology ultimately help to maximize return to shareholders.

= Regional Distribution Center
(Servicing DSG Stores)

= Market Fulfillment Center
(Servicing Direct-to-Customer Orders)

= Hybrid
(Servicing DSG Stores & Direct-to-Customer Orders)

= Customer Fulfillment Territories

POWERED BY POSSIBILITIES.
Conklin, New York, Walkthrough
Direct to Store
Retail flow

Receiving

131 cartons/min
Break Pack

Built to handle peak season
Break Pack
Shipping

38 downlines to carriers
The Decision to Expand

Why the need for expansion

• More products
• Faster shipping
• eCommerce vs. retail
• Changing order profile
Channel Differentiation:

MEDICAL
• Supplies
• Consumables
• Controlled/Drug
• Basics
• Parts
• Equippage

PHARMA
• Schedule I & II
• Launch
• Experimental/Small
• Push
• Basics (Fast and Slow)
• Vital Stock (99.7%)
• Bulk
• Temp (DF, F, C, Ch)
• Emergency/Disaster

Speed/Capacity of Fulfillment
Engineering Study Methodology

1. Define
2. Measure
3. Analyze
4. Design
5. Validate
eCommerce is expected to grow 15% YOY
Conklin eCommerce Channel Design Characteristics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Average Day vs Peak Day</th>
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<tbody>
<tr>
<td>Units/Line</td>
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<td>Lines/Order</td>
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<tr>
<td>Active SKUs/Day</td>
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<tr>
<td>Avg Lines/Day</td>
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<tr>
<td>Avg Units/Day</td>
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SKU Pareto by Sales Channel

- Reviewed SKU volumes
- Closely followed the 80/20 rule
Utilized technologies with high throughput capacities to quickly ship orders to athletes during spiked demand period within 48 hrs.
Material Handling Solutions
Technology Considerations: Manual to Fully Automated

- Storage Racking
- Conveyor and Diverts
- Pick Modules Light Directed
- AutoStore

- Warehouse Management System (WMS)
- Warehouse Control System (WCS)
- Warehouse Execution System (WES)
eCommerce
AutoStore
Why AutoStore?
Reduce Touchpoints
Ability to Batch From GTP Port
High Storage Density & Throughput
Pick Modules

- 4-level pick module designed to support over 100 pickers simultaneously
Outbound Processing

3-4x productivity rate improvements
Shipping

100+ cartons per min.
### Process/timeline for install

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<tr>
<th>Year</th>
<th>2018</th>
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<tr>
<td>Month</td>
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<td>Go Live and Stocking the System</td>
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<td>Acceptance</td>
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<tr>
<td>Go-Live Support</td>
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Results and Key Takeaways
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