BURL

Not getting better

Direct import less than peers <MSD%

Whats hurting delivery, work force mgmt., distrib center (pay over time, higher expense, higher incentive, wages ), higher supply chain (cyclical cost pressure)

Not counting equili achieved this yr

Freight: use very little spot

Contract price and vol component

Paying more spot

Rail system congested

Use more road than past

Not planning the pressure to ease this yr

Product cost: not

Not promote

Pricing: not seeing higher product cost at this point

$10-11 range

Higher capacity of trx, larger basket

Better traffic

Driver of comp: bigger basket (not traffic), better conversion

Bigger value spread vs full priced retailers

Not a price leader (will follow other offer price retailers)

Lower mark downs

Inventory: GM (product + freight) pressure offset by higher turnover, and lower mark down

60% increase in inventory turn

Q1🡪 q2: no that clearance factor, will not see strong q as q1

Not giving outlook on gm SG&A, given dynamic environment (frieight)

Aggressively mgme P&L (opm)

Ability to drive inventory turn further: not plan that productivity

Catalyst: child tax credit, back to school etc

Much more efficient on marketing spent

1% sales (vs peer 0.5%?)

More nimble, flexible workforce,

More part time (work force planning)

Drive SG&A leverage

Focus on control 2 line item costs:

Supply chain cost

Freight cost

Sourcing cost: sub $90m, 2019 level floor

New vs old store format: ratio

New: 18-24m lead time (new leader joined 2y ago)

10m units per store (40k sq ft > peer 25k sq ft, 32k sq ft avg in 2020)

Develop speed to store muscle

1/3 stores this yr will be new?

Stimulus + pent up demand 🡪 q1 strength

2023 will see majority new stores (smaller box). $20m per yr rev

Opm oppo: 1/3 gm (150bps opp), 1/3 operating occupance (fixed cost, less capital, op cost, less inventory), 1/3 fixed expense

2000 store targets

2022 growth: 25000 store

2021 store opening is the floor (100, 75 stores open as floor)

Constraints: supply chain, human capital, real estate team to identify high quality sites

Long term margin gap: freight cost (not mid teen), low MSD %

Share opp greater now vs peers than 2020

More disruption give opp

2022 could be another transition yr

Much less competition post covid