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## NEWS DETAILS

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# Albertsons Terminates Merger Agreement

December 11, 2024

**Increases Quarterly Cash Dividend by 25%**

**Board Authorizes \$2 Billion Share Repurchase Program**

**Details Further Investments in Business, Associates and Communities**

**Drives Continued Acceleration of Customers for Life Strategy**

BOISE, Idaho--(BUSINESS WIRE)-- Albertsons Companies, Inc. (NYSE: ACI) (the "Company") today announced it has exercised its right to terminate its merger agreement with Kroger after the U.S. District Court in Oregon and the King County Superior Court for the State of Washington issued injunctions with respect to the proposed merger on December 10, 2024.

Vivek Sankaran, CEO, commented: "Given the recent federal and state court decisions to block our proposed merger with Kroger, we have made the difficult decision to terminate the merger agreement. We are deeply disappointed in the courts' decisions."

Mr. Sankaran continued, "We start this next chapter in strong financial condition with a track record of positive business performance. Over the last two years, we have invested in our core business and in new sources of revenue, while enhancing our capabilities through the rollout of new technologies. All of this has been built on a rich asset base, including our beloved brands in premium locations with substantial real estate value. These assets provide us the opportunity to optimize the acceleration of our Customers for Life strategy and other value-creating initiatives. We are excited about our agenda to create long-term value and are committed to returning cash to our stockholders both in the near term and in the future. We will be providing additional details on our plan no later than our earnings conference call in January 2025."

Mr. Sankaran concluded, "Finally, we want to thank all our 285,000 dedicated team members for their relentless focus on taking care of our customers and communities that we serve, day in and day out."

Jim Donald, Board Chair, added: "This leadership team continues to transform the business and adapt to an ever-changing consumer landscape. The Board of Directors is energized by the progress made to date and is confident in the leadership team's plans to continue driving long-term stockholder value."

Furthermore, Cerberus Capital Management, L.P. ("CCM"), the Company's largest shareholder, stated that, "While we are disappointed with the courts' decisions, we remain confident in Albertsons' strength as a standalone company, and we believe that it is significantly undervalued in its current trading range. Accordingly, Cerberus has no intention of selling any of its shares in the Company. Cerberus initially invested in Albertsons in 2006, with additional investments in 2013 and 2015 to support significant and strategic value creation opportunities. As a long-term investor in and partner to Albertsons across multiple investments and throughout the evolution of its competitive environment, Cerberus is proud of the Company's performance and it will continue to be a strong supporter of Albertsons, its talented leadership team, and its dedicated associates."

**[Accelerating Growth Through Our Customers for Life Strategic Framework](#)**



we believe the acceleration of our Customers for Life Strategy will result in a long-term financial operating model that includes:

1. Identical sales growth in the range of 2%+ over time.
2. Adjusted EBITDA growth higher than identical sales growth over time.
3. Annual capital expenditures in the range of \$1.7 billion - \$1.9 billion.
4. Updated capital return program, including increased quarterly dividends and share repurchase program.

### **Fiscal 2024 Outlook**

We look forward to the remainder of fiscal 2024 and expect our financial results to be as follows:

- Annual identical sales growth in the range of 1.8% to 2.2%.
- Annual adjusted EBITDA in the range of \$3.90 to \$3.98 billion.
- Annual adjusted net income per Class A common share ("Adjusted EPS") in the range of \$2.20 to \$2.30 per share.
- Annual income tax rate of approximately 23%.
- Annual capital expenditures in the range of \$1.8 to \$1.9 billion.

The Company is unable to provide a full reconciliation of the GAAP and Non-GAAP Measures (as defined below) used in the updated fiscal 2024 outlook without unreasonable effort because it is not possible to predict certain of the adjustment items with a reasonable degree of certainty. This information is dependent upon future events and may be outside of the Company's control and could have a significant impact on its GAAP financial results for fiscal 2024. The expected effective tax rate does not reflect potential rate adjustments for the resolution of tax audits or potential changes in tax laws, which cannot be predicted with reasonable certainty.

### **Updates to Capital Allocation Strategy**

The Company announced today that its Board of Directors intends to increase its quarterly cash dividend 25% from \$0.12 per share to \$0.15 per share, which we expect to take effect beginning with the next quarterly dividend declaration.

The Board of Directors has also authorized a share repurchase program of up to \$2 billion, inclusive of the existing authorization. The Company's share repurchase program could include open market repurchases, accelerated share repurchase programs, tender offers, block trades, potential privately-negotiated transactions, or trading plans intended to comply with the federal securities laws. The Company's dividend increase, and share repurchase program are expected to be funded with cash generated from operations.

### **About Albertsons Companies**

Albertsons Companies is a leading food and drug retailer in the United States. As of September 7, 2024, the Company operated 2,267 retail food and drug stores with 1,726 pharmacies, 405 associated fuel centers, 22 dedicated distribution centers and 19 manufacturing facilities. The Company operates stores across 34 states and the District of Columbia under more than 20 well known banners including Albertsons, Safeway, Vons, Jewel-Osco, Shaw's, Acme, Tom Thumb, Randalls, United Supermarkets, Pavilions, Star Market, Haggen, Carrs, Kings Food Markets and Balducci's Food Lovers Market. The Company is committed to helping people across the country live better lives by making a meaningful difference, neighborhood by neighborhood. In 2023, along with the Albertsons Companies Foundation, the Company contributed more than \$350 million in food and financial support, including more than \$35 million through our Nourishing Neighbors Program to ensure those living in our communities and those impacted by disasters have enough to eat.

### **Forward-Looking Statements and Factors That Impact Our Operating Results and Trends**

This press release includes "forward-looking statements" within the meaning of the federal securities laws. The "forward-looking statements" include our current expectations, assumptions, estimates and projections about our business and our industry. They include statements relating to our future operating or financial performance which the Company believes to be reasonable at this time. You can identify forward-looking statements by the use of words such as "outlook," "may," "should," "could," "estimates," "predicts," "potential," "continue," "anticipates," "believes," "plans," "expects," "future" and "intends" and similar expressions which are intended to identify forward-looking statements.

These statements are not guarantees of future performance and are subject to numerous risks and uncertainties which are beyond our control and difficult to predict and could cause actual results to differ materially from the results expressed or implied by the statements. Risks and uncertainties that could cause actual results to differ materially from such statements include:

- litigation in connection with, or related to the transactions contemplated by, the merger agreement and arising out of pending regulatory actions;
- actions of our competitors following the termination of the merger agreement;
- changes in macroeconomic conditions such as rates of food price inflation or deflation, fuel and commodity prices and expiration of student loan payment deferments;
- changes in consumer behavior and spending due to the impact of macroeconomic factors;
- failure to achieve productivity initiatives, unexpected changes in our objectives and plans, inability to implement our strategies, plans, programs and

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All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements and risk factors. Forward-looking statements contained in this press release reflect our view only as of the date of this press release. We undertake no obligation, other than as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In evaluating our financial results and forward-looking statements, you should carefully consider the risks and uncertainties more fully described in the "Risk Factors" section or other sections in our reports filed with the SEC including the most recent annual report on Form 10-K and any subsequent periodic reports on Form 10-Q and current reports on Form 8-K.

#### **Non-GAAP Measures and Identical Sales**

**Non-GAAP Measures** . Adjusted EBITDA and Adjusted EPS (collectively, the "Non-GAAP Measures") are performance measures that provide supplemental information the Company believes is useful to analysts and investors to evaluate its ongoing results of operations, when considered alongside other GAAP measures such as net income, operating income, gross margin, and net income per Class A common share. These Non-GAAP Measures exclude the financial impact of items management does not consider in assessing the Company's ongoing core operating performance, and thereby provide useful measures to analysts and investors of its operating performance on a period-to-period basis. Other companies may have different definitions of Non-GAAP Measures and provide for different adjustments, and comparability to the Company's results of operations may be impacted by such differences. The Company also uses Adjusted EBITDA for board of director and bank compliance reporting. The Company's presentation of Non-GAAP Measures should not be construed as an inference that its future results will be unaffected by unusual or non-recurring items.

**Identical Sales** . As used in this earnings release, the term "identical sales" includes stores operating during the same period in both the current fiscal year and the prior fiscal year, comparing sales on a daily basis. Direct to consumer digital sales are included in identical sales, and fuel sales are excluded from identical sales.

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Source: Albertsons Companies, Inc.

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