DOLLAR GENERAL CORP

FORM 8-K
(Current report filing)

Filed 01/23/01 for the Period Ending 01/23/01

Address	100 MISSION RIDGE GOODLETTSVILLE, TN, 37072
Telephone	6158554000
CIK	0000029534
Symbol	DG
SIC Code	5331 - Retail-Variety Stores
Industry	Discount Stores
Sector	Consumer Cyclicals
Fiscal Year	02/02

DOLLAR GENERAL CORP

FORM 8-K
(Unscheduled Material Events)

Filed 1/23/2001 For Period Ending 1/23/2001

Address	100 MISSION RIDGE
	GOODLETTSVILLE, Tennessee 37072
Telephone	615-855-4000
CIK	0000029534
Industry	Retail (Specialty)
Sector	Services
Fiscal Year	01/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 23, 2001

Dollar General Corporation

(Exact Name of Registrant as Specified in Charter)

Tennessee	001-11421	61-0502302
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

100 Mission Ridge Goodlettsville, Tennessee	37072
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (615) 855-4000

(Former name or former address, if changed since last report)

ITEM 9. REGULATION FD DISCLOSURE

On January 22, 2001, Dollar General Corporation (the "Company") issued a news release and held a conference call (copies of which are incorporated herein by reference and attached hereto as Exhibits 99.1 and 99.2) with respect to January sales expectations and updated earnings outlook for the full year. The Company is filing this 8-K pursuant to the Securities and Exchange Commission's Regulation FD.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DOLLAR GENERAL CORPORATION
(Registrant)

January 23, 2001

By: /s/ Brian M. Burr

Brian M. Burr
Executive Vice President
and Chief Financial Officer

Exhibit Index

Exhibit No. Item

99.1 News Release Issued by Dollar General Corporation dated January 22, 2001
99.2 Management comments from conference call held on January 22, 2001

Exhibit 99.1

Investor Contact:
Kiley Fleming
(615) 855-5525

DOLLAR GENERAL REVISES JANUARY SALES EXPECTATIONS AND COMMENTS ON EARNINGS OUTLOOK FOR THE YEAR

GOODLETTSVILLE, TN - January 22, 2001 --- Dollar General Corporation (NYSE: DG) today announced that it expects to report earnings of approximately $0.62 per diluted share for the 53-week period ending February 2, 2001, compared to $0.65 per diluted share for the 52-week period ended January 29, 2000. Because the Company has adopted the Retail Federation Reporting Calendar, the fiscal year ending February 2, 2001, will include one additional week of sales and expenses compared with the 52-week period last year. The Company expects the additional week to contribute approximately $0.01 per diluted share.

For the 52-week period ending January 26, 2001, the Company now expects total company revenues and same-store sales to increase approximately 15% and 1% respectively, compared with the same period in 1999. Gross profit, as a percentage of net sales, is expected to be down 0.40-0.45% compared with gross profit in 1999. This expectation reflects lower than projected gross profit during the fourth quarter as a result of higher shrink results, higher markdown expense, and lower initial mark-up in the period. Management anticipates operating expense, as a percentage of net sales, to increase 1.10%-1.15% compared to operating expense as a percentage of net sales in 1999. Interest expense as a percentage of net sales is expected to increase 0.10%-0.15%, reflecting higher interest rates than the same period a year ago. The tax rate is expected to be approximately 36.25%. Despite operating 675-700 additional stores, management expects total LIFO inventories to increase approximately 10%.

"We expect the decline in gross profit to have resulted from higher shrink expense attributable to the aggressive resetting of our stores earlier this year and lower initial mark-up due to additional promotional purchases in the fourth quarter," said Cal Turner, Jr., Chairman and CEO. "We reiterate that our stores are now better positioned to serve our customers."

The Company will host a conference call at 5:00 p.m. EST on Monday, January 22, 2001 to discuss information included within this release. In order to participate, please call (312) 470-7140. The passcode for the call is "Dollar General." The conference call will also be broadcast live, online at www.dollargeneral.com. A replay of the call will be available for 48 hours online or by calling (402) 998-1668.

The Company also announced that month-to-date, through the third week of the January period, sales are significantly above plan. Total sales for the month are now expected to increase 18-19% and same-store sales are expected to increase 4-5%. Month-to-date, strong sales results have been reported in the highly consumable category. Geographically, sales for the month have been strongest in the Company's Midwestern and Northeastern market areas.

Weekly sales trends are announced on Mondays after the market closes and can be attained online at www.dollargeneral.com or by calling (615) 855-5529.

Dollar General operates more than 4,889 neighborhood stores in 25 states with distribution centers in Florida, Kentucky, Mississippi, Missouri, Oklahoma and Virginia.

This press release contains historical and forward-looking information. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company believes the assumptions underlying these forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in the forward-looking statements as a result of certain risks and uncertainties, including, but not limited to, general transportation and distribution delays or interruptions, inventory risks due to shifts in market demand, changes in product mix, interruptions in suppliers' business, fuel price and interest rate fluctuations, and costs and delays associated with building, opening and operating new distribution centers ("DCs") and stores. The Company undertakes no obligation to publicly release any revisions to any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events.

# # #

Exhibit 99.2

2000 Year-End Outlook

CONFERENCE CALL

January 22, 2001

Good afternoon and thank you for joining us for today's conference call to discuss our expectations for the fourth quarter and fiscal year. With me today are Cal Turner, Chairman and CEO; Bob Carpenter, President and Chief Operating Officer; Stonie O'Briant, Executive Vice President of Merchandising; Randy Sanderson, Vice President and Controller; Wade Smith, Treasurer; and Kiley Fleming, Director of Investor Relations.

I will begin this call by pointing out that this report is unusual for us. It reflects expectations and estimates, not actual results. Therefore, we will probably not be able to answer all of your questions. Our objective is to give you the earliest possible insight. We are scheduled to report complete results for this year and plans for next year on Monday, February 26th. Today's call will be brief and will focus only on those issues discussed in today's release.

Our comments will contain forward-looking information, which is provided in accordance with the safe harbor provisions of the Private Securities Litigation Reform Act. We believe our underlying assumptions are reasonable. However, actual results may differ materially from our projections, due to the risk factors identified in the company's annual report on form 10K.

We anticipate reporting earnings per diluted share of approximately $0.62 for the period ending February 2, 2001, compared to $0.65 for the period ended January 29, 2000. Included in this guidance is an expected benefit of approximately $0.01 from the additional week of sales and expenses in this year's fiscal period.

Our revised guidance reflects primarily lower than expected gross profit in the fourth quarter resulting from:

o Higher than expected shrink results
o Higher accrued markdown expense and
o Lower than expected initial mark-up on purchases

We delayed taking inventories in some stores last summer to allow teams to focus on the store reset. We expected that inventories in these stores would be consistent with last year's shrink results, and we accrued shrink in-line with this expectation. However, the inventory results month-to-date suggest that shrink will be higher than expected.

As many of you know, one of our long-term operational objectives is to significantly increase total inventory turns. This year, we have made progress toward this goal, especially in improving DC inventory turns. At year-end, we expect total LIFO inventories to increase approximately 10%, despite operating 675-700 additional stores. In 2001, we will focus primarily on improving store inventory turn. In support of this initiative, we have decided to increase our markdown reserve in the fourth quarter of 2000.

Sales in the month of January are now expected to increase 18-19% and same-store sales are expected to increase 4-5%. These strong sales are a result of additional promotional merchandise and improving in-stock positions of core merchandise across the chain. Consequently, we anticipate a slightly lower initial mark-up on purchases in the fourth quarter as a result of both a shift in our sales mix and the impact of promotional purchases in January.

Taking into consideration the factors I have mentioned, our revised guidance for the 52-week period ending January 26, 2001 is as follows: Total company revenues and same-store sales are expected to increase approximately 15% and 1% respectively, compared with the same period in 1999. Gross profit, as a percentage of net sales is expected to be down 40-45 basis points compared with gross profit in 1999. Our guidance on operating expense and interest expense remains unchanged from our last update following the December sales release.

From a macro perspective, while a softening economy affected just about every retailer during the holiday period, we believe that significantly higher gasoline and heating costs acutely impacted the limited disposable income of our primary customer. We are optimistic that existing customers and potential new customers will utilize the exceptional values at Dollar General stores as a tool to help them stretch their dollars in good and, even more so, in poor economic times.

This concludes my prepared comments. Operator, we are now ready for the question and answer session.

Summary of question and answer session:

1. You mentioned that you expect higher shrink, lower mark-up and higher markdowns to pressure gross profit in the fourth quarter. Can you quantify the impact of these items? For the fourth quarter of this year (13 weeks ending January 26, 2001), we expect gross profit as a percentage of net sales to decrease 210-220 basis points compared with gross profit as a percentage of net sales for the same period last year. The biggest driver of the lower gross profit is higher than expected shrinkage expense. Year-to-date through the third quarter, we accrued shrink at 2.25% of net sales. Inventories taken late in the year indicate that shrink as a percentage of net sales will be approximately 2.50% for the full year compared with 2.25% last year. Accordingly, in the fourth quarter of this year we expect to accrue shrink as a percentage of net sales at 3.10%-3.20% versus 1.60% for the same period last year. This 150-160 basis point increase accounts for roughly 70% of the gross profit decline in the quarter. Lower initial mark-up and higher markdown accruals make up the additional 60 basis point decline.

2. Can you expand on the types of promotional products you are featuring in your stores this month? How are they driving lower initial mark-up in the period? The promotional items we are featuring in our stores in January should be more accurately characterized as opportunity buys. As we have previously discussed, we believe that through well-placed, high quality opportunistic merchandise, we can create additional excitement in our stores. Several such items became available to us late in the fourth quarter. While opportunity buys often strengthen mark-up, these particular opportunities are highly consumable goods (such as bleach, paper products and snack packs), and we are pleased to be able to offer them to our customers at exceptional values. We will continue to take advantage of opportunity buys when they complement our merchandise mix.