

# RELEVANCE. INDEPENDENCE.





# TRUE RELEVANCE DRIVES TRUE INDEPENDENCE.

Relevance is the lifeblood of retail.

True Value's innovative programs give retailers the tools for relevance in their local markets and complete freedom to do it their way. The result? True independence. And long-term success.

TRUE RELEVANCE.  
TRUE FLEXIBILITY.  
TRUE INDEPENDENCE.

IT'S OUR PASSION  
AT TRUE VALUE.



Engaged, local owners and friendly, well-trained, knowledgeable store associates—people who really care about the customer, and show it—are a real competitive advantage for True Value's independent retailers.

**Leah Nelson**  
Caldwell True Value  
Caldwell, Idaho



# RELEVANCE AND INDEPENDENCE

**DEAR TRUE VALUE COLLEAGUES:** Our drive for relevance and independence for our retailers was at the core of everything we did in 2017, the third year of our strategic plan. In parallel with executing our plan, we explored strategic options to help ensure that we are best placed to serve True Value retailers for generations to come. That process culminated in our partnership with ACON, a leading private equity investor, announced in March of 2018.

The new partnership accelerates our ability to create the True Value we have envisioned since day one: the industry’s most flexible, responsive and growth-oriented hardware brand for independent retailers.

As a current member, the transaction returned the majority (70%) of your capital to redeploy how you know best and repaid 100% of any promissory notes you held with the company, in addition to your 2017 Patronage Dividend. Current members retained a 30% stake in the new True Value operating company, providing the opportunity to share in the additional value we hope to create through the ACON partnership going forward.



“**INNOVATION IS KEY**  
TO INDEPENDENCE. EVERY ONE OF US HERE AT  
TRUE VALUE IS COMMITTED TO BOTH. OUR PEOPLE  
AND OUR PROGRAMS PROVE IT, EVERY DAY.”

JOHN R. HARTMANN AND BRENT A. BURGER



**PROGRESS ON THE PLAN: 2017** We made continued progress in year three of our strategic plan, three pillars of focus to build a stronger True Value, now and for the future.

## ENGAGEMENT

WITH OUR CONSUMERS,  
RETAILERS, VENDORS  
AND ASSOCIATES

- Record Reunion attendance
- “Raising the Bar” associates training program

## GROWTH

OF YOUR CUSTOMER  
BASE, SALES AND  
PROFITABILITY

- New Digital Marketing program
- New paint carousel color center
- More CTB line reviews/record CTB sales

## EFFICIENCY

TO IMPROVE OUR  
OPERATIONS AND  
SERVICE LEVELS

- New IT infrastructure upgrades
- Continued network optimization, including JDA demand planning

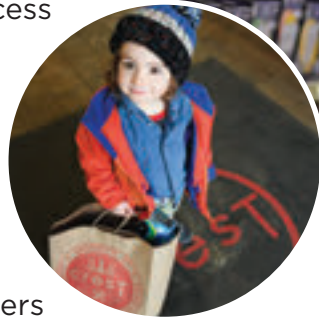
Structurally, this is a big change. It breaks new ground in our industry, creating the only branded national wholesaler that does not require new investment from its retailers. Equally important is what will **not** change:

- Our commitment to our retailers’ success, now and over the long term.
- Our day-to-day operations. We expect your experience—order processing, delivery, product selection—will not change materially going forward, aside from our ongoing drive to improve.
- Your access to the nationally recognized True Value brand and its innovative programs, which will be available on an a-la-carte basis going forward.
- The True Value management team. We plan to be in this for the long haul.

Our focus on driving customers into your stores remains the same. As before, everything we do supports two key factors in your success as a True Value hardware retailer: relevance and independence.

**RELEVANCE** What is relevance in retail? Relevance is our lifeblood. It’s fundamental to our success. Consumers have more choice than they have ever had before, so we need to be front of mind to the consumers that matter, and we need to target customers through the channels that resonate with them the most.

Let’s look at relevance in terms of the five Ps of retail—Product, Price, Place, Promotion and People—five fundamentals that still hold true even as consumer habits rapidly evolve in an increasingly digital world.





At True Value, we continue to innovate and strive for excellence in all these areas because we understand the vital importance of each P in driving true relevance and long-term success for our retailers, ultimately delivering the 6th P—Performance.

Let’s start with Product and Price. Of course, having the right product, at the right time, and at a competitive price is key to success. But we also know that customers are drawn to stores because they want to make an informed choice from what can be an overwhelming range of products in the market.

The ability to provide a range that fits with your customer and local market can be the difference that clinches the sale. That’s why we continue to build our **CUSTOMIZED TRUE BLUE (CTB)** assortment program to help our retailers drive sales and profits by offering the right assortments at the right price, tailored to local customers.

Based on a disciplined line review process, the CTB assortment program has been in place for two years so far and is building real momentum. Our data shows that retailers who have participated have seen significantly higher sales than those who have not. This holds true not just initially, but over a sustained period of time. We are continually adding new categories to the program and updating existing ones. See page 17 for more information on this program.

**OUR PAINT STRATEGY** is another innovation achieving excellent results for our retailers in the areas of Product and Price. Over the past few years we have overhauled this profitable category to make our stores a top destination for paint. We now have two great brands—True Value’s EasyCare® and Coronado®, manufactured by Benjamin Moore—at four price points, using a single color system, which is an industry first.

We introduced the latest enhancement in this area at the 2017 Fall Reunion, an all-new paint center design that integrates the third P, Place, into the strategy. Our beautiful new freestanding carousel color display (see page 16) is part of a flexible new Decór package created to help more shoppers discover our extensive paint selection in your store.

Today, “Place” spans both the physical and virtual worlds, so it is vital that we innovate our offering accordingly.

We have continuously refined **DESTINATION TRUE VALUE (DTV)**, our store design program that provides comprehensive support for remodels and new stores, to make it flexible and accessible for every retailer. And you can’t argue with the numbers—the retailers who have remodeled have seen an immediate and sustained boost in sales and profitability. Learn more on page 15.



# 2017 HIGHLIGHTS

**ACON’S INVESTMENT IS A GAME CHANGER** ACON’s investment in True Value delivers significant proceeds to current members, representing an opportunity to reinvest in future growth that will build the value of True Value for all.

INVESTED CAPITAL RETURNED TO CURRENT <sup>1</sup> TRUE VALUE MEMBERS (70%)	~\$136 MILLION
PROMISSORY NOTE REPAYMENT TO CURRENT TRUE VALUE MEMBERS (100%)	~\$72 MILLION
2017 PATRONAGE DIVIDEND	~\$20.6 MILLION
<b>TOTAL CASH AND CREDITS RETURNED TO CURRENT TRUE VALUE MEMBERS</b>	<b>~\$229 MILLION</b>
PERCENT OWNERSHIP RETAINED BY CURRENT TRUE VALUE MEMBERS	30%

<sup>1</sup> Members as of the April 20, 2018 transaction announcement date.

## THE VALUE OF TRUE VALUE

(\$ IN MILLIONS)	2016	2017
PATRONAGE DIVIDEND/CASH	\$21.3	\$20.6
PATRONAGE DIVIDEND/NOTES & STOCK	\$1.8	\$0.0
INTEREST ON NOTES	\$6.0	\$6.0
PROMOTIONAL DISCOUNTS	\$39.8	\$47.7
DATING & ANTICIPATION	\$16.7	\$17.3
REUNION SPIFFS/RACKING	\$8.9	\$10.9
MARKETING REIMBURSEMENTS	\$10.9	\$10.2
GROWTH CREDITS*	\$31.3	\$23.9
PROMOTIONAL FREIGHT	\$4.9	\$7.3
<b>TOTAL CREDITS &amp; DISCOUNTS</b>	<b>\$141.6</b>	<b>\$144.0</b>
% OF PURCHASES	7.3%	7.4%

\* THE 2016 AMOUNTS ARE RESTORED TO EXCLUDE DTV LOANS ISSUED.



For a rapidly expanding segment of our shoppers, Place is on a screen and do-it-yourselfers, particularly younger ones, are no exception. Having a robust plan in place for online presence, in terms of both ecommerce and marketing, is absolutely essential to connecting meaningfully with current and potential customers. The digital world unlocks infinite opportunities for deeper customer engagement and relevance, and True Value is ready to seize these opportunities.



Our new **DIGITAL MARKETING PROGRAM**, profiled on page 12, combines Place and the fourth P, Promotion, enabling you to tailor and precisely target your marketing to local customers—and prospects with similar profiles—whenever they go online to shop. Even with the most basic knowledge of digital and social media, this innovative new program and our improved ecommerce tools (page 14) make it easy for you to drive new sales and increase traffic to your store.

Getting the data you need to drive digital focus makes our **TRUE VALUE REWARDS** program (also on page 14) all the more important, adding to benefits that include rewarding loyal customers and increasing your median transactions per store.



Talk to any of our retailers and they'll tell you that People are the most important of the five Ps. Friendly, knowledgeable, committed customer service is critical to retail success, and it's one of the big, built-in advantages True Value retailers have over larger, national-brand competition. That's where independence comes in.

**INDEPENDENCE** Independent retailers really *know* their customers and their local markets. This translates into informed, attentive service that simply can't be rivaled by other retailers. Our job is to give True Value retailers the tools that make this kind of service possible, to excel, to grow, and to keep outshining the competition. You could say that our passion for independence is yet another "P."

Independence is the True Value difference. We celebrate and support the stores that have been handed down through the generations. And we give growing regional enterprises the freedom to build their business and their own brand using the tools we provide, even if our name isn't above the door.

We know that behind each independent store is a passionate team that defines the character and the success of each unique store. Each generation, each owner, is making their own independent mark on the industry.

In this annual report we've highlighted some outstanding examples: Crest Hardware's Joe Franquinha (page 18), who has built the Brooklyn, NY, hardware store his grandfather founded into a highly successful neighborhood



business; Leah Nelson and her husband Dave (page 20), who are growing the True Value store her parents founded 34 years ago; Charles Overstreet of Roanoke-based Northwest True Value (page 22), who runs nine True Value locations in Virginia with his sons Nathan and Vance; and José Álvarez, part of fourth-generation ownership of Proconsa, a 12-location (and counting) family-owned hardware and building supply retailer in Baja California, Mexico, (page 24), part of our rapidly growing international business.

We know there are thousands more examples out there just like this, retailers who are the true engine of True Value's success. We celebrate a few outstanding individuals in this annual report, but we also want to thank you all—our retailers, our vendor-partners, our associates—for being a part of the True Value family.

**PART OF THE PLAN** Our new True Value programs and systems are clearly paying off. The road has had its bumps and curves, but we're very pleased with the progress we've made around the pillars of engagement, growth and efficiency, and we plan to continue developing and implementing exciting enhancements to our retailer offering. Going forward, we will be able to provide our proven programs and services to those retailers who want them without burdening our other retailers with the cost of programs and services they don't use.

**CREST HARDWARE** PAGE 18



## PASSIONATE TEAMS



**CALDWELL TRUE VALUE** PAGE 20



**NORTHWEST TRUE VALUE** PAGE 22



**PROCONSA** PAGE 24





# THE RIGHT INFRASTRUCTURE FOR GROWTH

We've implemented a number of critical infrastructure investments to improve service levels right now and in the years to come.

**IT UPGRADES AND IMPROVEMENTS** Modernizing our IT system for speed, reliability, security and growth capacity:

## TO A PRIVATE CLOUD

- Faster/easier log-in for retail users
- More cost effective
- More scalable/upgradable
- Automated failover for disaster recovery

## UPGRADED IDS (INTRUSION DETECTION SYSTEM)

- Advanced, automated tools
- Greater protection against attacks
- Better monitoring, resiliency and response

## 2018: DATA CENTER REDUNDANCY

- Faster recovery from utility outages
- Fast, seamless failover
- Minimize business disruption
- Planned completion YE2018

**DISTRIBUTION NETWORK OPTIMIZATION** Continuously enhancing responsiveness and reliability of delivery to our retailers:

## JDA DEMAND PLANNING LAUNCHED

- Improved forecasting and responsiveness
- Better promotional/seasonal item forecasting

## LEAN IMPLEMENTATION AT RDCS

- Eliminate factors that waste time, effort, money
- Improve processes, performance and service quality

## DELIVERY INVESTING TO IMPROVE TRANSPORTATION

- Increase trailer fleet
- Improve service by training associates and drivers
- Increase fleet deliveries and reduce common carrier use



**2017 RESULTS** Total gross billings of \$2,055 million were the second highest in the past decade but were slightly down, less than one percent, from 2016. Retail comparable store sales were up 0.8% from 2016.

International sales performance continued its strong growth with a 14% increase over 2016. All three pillars of our strategic plan contributed to a net margin of \$24.8 million, up \$1.1 million, or 4.5%, over 2016.

As a result of ACON's investment, current True Value retailers will have 70% of their A & B stock, or approximately \$136 million, and 100% of promissory notes to current members, about \$72 million, repaid along with an all-cash 2017 Patronage Dividend of ~\$20.6 million following the close of the transaction. This represents a return of approximately \$229 million—of that total, approximately \$196 million will be paid in cash and approximately \$33 million will be credited to eliminate amounts owed to the company.

**MORE TO COME** As the retail industry continues to transform around us, we remain committed to constantly improving our business so we can continue to offer the highest levels of choice, value and service to help drive your long-term growth and profitability. That's exactly why we developed and launched our strategic plan in 2014, and we expect our partnership with ACON to help us accelerate our progress against that plan.

The proceeds from this transaction present a massive opportunity for our retailers to reinvest to increase the pace of sales and profit growth through True Value programs. Whether it's remodeling your stores or expanding to new locations, honing your assortments through CTBs or bringing the laser-sharp local focus of digital advertising to your marketing, we stand ready to help.

We're very proud of how far we've come in just three years. We are rock-solid as an organization, stronger than ever. There is plenty of room for improvement, and we're improving every day. This is still *your* True Value, and we look forward to taking it to new heights with you, the independent retailer!

Sincerely,

**John R. Hartmann**  
President and Chief Executive Officer

**Brent A. Burger**  
Chairman of the Board





TRUE RELEVANCE THROUGH TRUE VALUE  
PROGRAM INNOVATION

# PARTICIPATE. GROW WITH US.

Many True Value retailers participate in True Value programs. Some don't. The ones who do outperform the ones who don't, every day, every month, every year, year after year. It's a fact.

From advertising to assortments, remodels to rewards, True Value is constantly innovating to give you what you need to succeed in your local market.

The numbers prove it. When you participate, you grow. When you grow, we all grow. It's the power of True Value. Find out for yourself...

OUR PROGRAMS WORK.

DESTINATION  
TRUE VALUE (DTV)

**+1.9%**

2017 AVERAGE  
DTV STORES RETAIL  
SALES VARIANCE  
YEAR OVER YEAR



CUSTOMIZED  
TRUE BLUE (CTB)  
ASSORTMENTS

**+5.6%**

2017 AVERAGE  
CTB STORES RETAIL  
SALES VARIANCE  
YEAR OVER YEAR



TRUE VALUE  
REWARDS STORES  
(TVR)

**+2.1%**

AVERAGE INCREASE  
IN RETAIL SALES  
IN 2017 OVER THE  
PRIOR YEAR



Programs like Customized True Blue Assortments are designed specifically to support maximum relevance—and profitability—for our retailers.

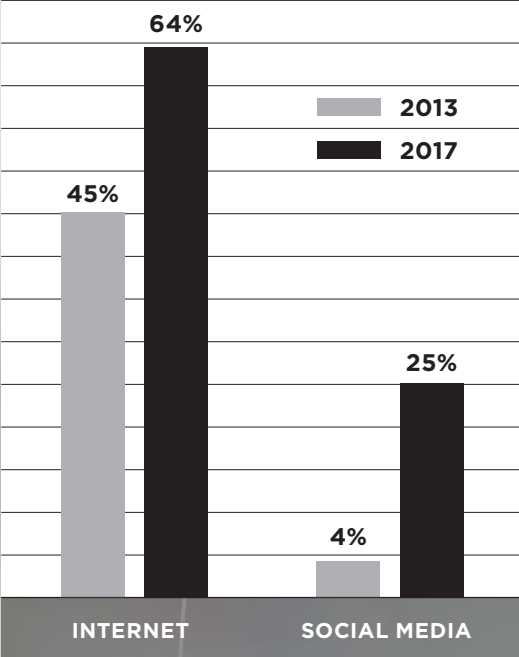


# GET LOCAL. GO DIGITAL.

Technology is empowering us as never before to target the customers that count through localized marketing and advertising. That's why in early 2018, we gave you back your National Promotional Fee and are offering options that provide you with more flexibility. The new options include digital packages to complement or replace your print broadsheet events and a Marketing Technology Suite with tools that enable you to customize broadsheets, flyers, emails, in-store signs and more. That's true relevance!



- DIGITAL PACKAGES** Our digital packages can turbocharge returns on your marketing spend:
- **Paid Search** targets customers searching on Google for specific products and categories.
  - **Display Advertising** targets the right shoppers with promotional and seasonally relevant content.
  - **Social Media** reaches local customers with relevant promotions and seasonal messages.
  - **Email and Mobile Shopping App** for distribution of digital promotional event information.



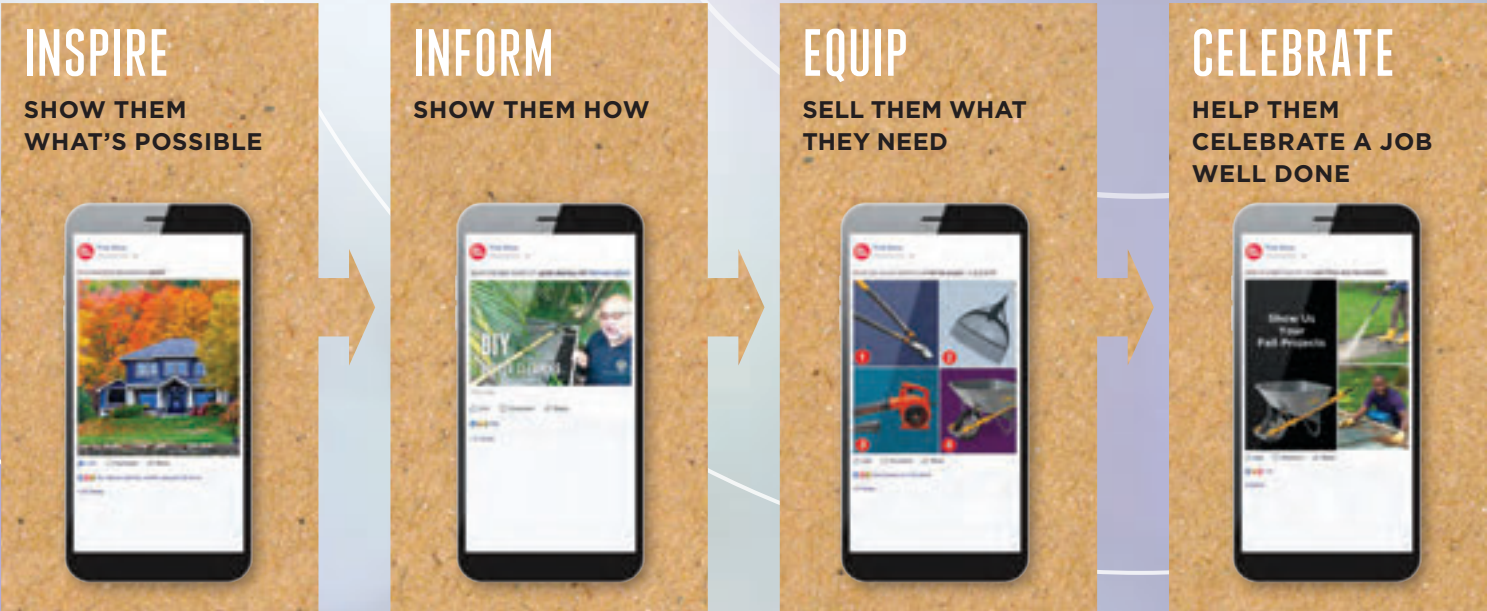
**ONLINE: CAPTURING 20- AND 30-SOMETHING SHOPPERS** Take a look around. Everyone is looking at their smartphones. This is how consumers, particularly the younger generations, are researching products for home improvement. Engaging digitally is how you'll forge strong customer relationships and retain relevance.

**GEOTARGETING: INDIVIDUALS, NOT MARKETS** Your World Wide Web is actually a two-mile radius from your store. Or 3.5 miles. Or six, for rural markets. Those are your relevant shoppers. Our new program uses shopping data to target individuals in your trade area—current and past customers, and people with matching profiles—and get them to your store.

**OUR DIGITAL ADVERTISING DELIVERED** **\$16**

IN INCREMENTAL REVENUE FOR EVERY DOLLAR WE SPENT—OUR TRADITIONAL CIRCULAR TYPICALLY RETURNS \$3 FOR EVERY DOLLAR SPENT.

**THE TRUE VALUE SOCIAL MEDIA TOOL** helps you target, reach and convert shoppers at the four stages of DIY projects.





TRUE VALUE REWARDS

MORE THAN SALES.  
DATA.

True Value Rewards (TVR) is a proven means for encouraging loyalty and increasing average transaction amounts. With our new digital marketing program, it's more important than ever—a valuable source of data on your best customers' purchase trends and preferences you can use for individually targeted marketing.



+14%

HIGHER MEDIAN  
TRANSACTION AMOUNT  
WITH TVR CUSTOMERS  
THAN NON-TVR CUSTOMERS

CRITICAL SOURCE OF  
CUSTOMER DATA  
FOR TARGETED, PERSONALIZED  
DIGITAL MARKETING

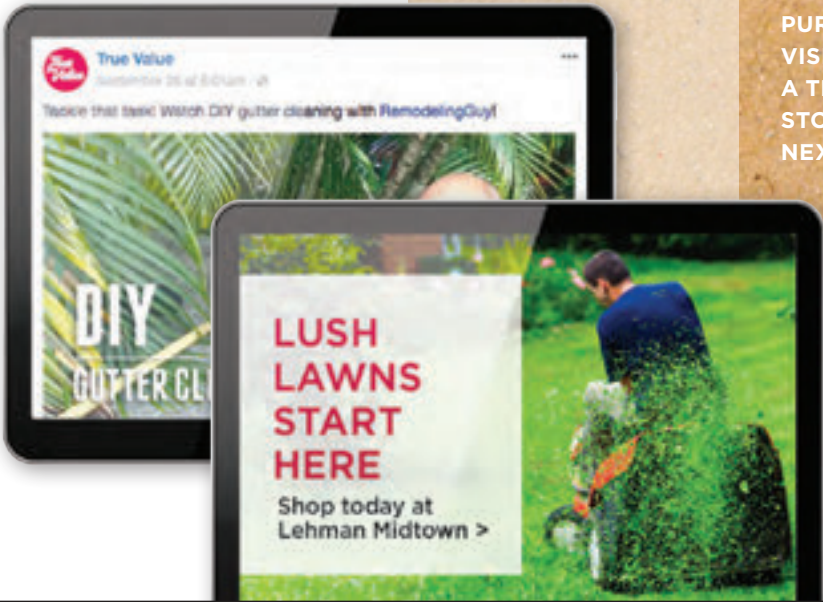


TRUEVALUE.COM

NO LINES ONLINE.

With more shoppers than ever researching and making purchases online, we continue to upgrade the True Value ecommerce platform to keep our retailers relevant. Our new platform, launched in 2018 with further improvements planned for 2019, includes:

- Basic personalization
- Basic merchandising
- 360-degree photography
- DIY project advice
- Local store prices
- Embedded local ads



50%

OF TRUEVALUE.COM VISITORS  
TELL US THEY WILL  
PURCHASE FROM,  
VISIT OR CALL  
A TRUE VALUE  
STORE AS THEIR  
NEXT STEP.

DESTINATION TRUE VALUE (DTV)

A PLACE TO GROW.

Whether it's a much-needed remodel or an all-new store, our proven DTV program is a simple, affordable option to refresh your store and grow your appeal in your local market. We're there for you, every step of the way, to help you plan and merchandise your new or remodeled store.

THE MEDIAN DTV MEMBER  
EXPERIENCED

40%

HIGHER STORE TRAFFIC AND  
SALES VOLUME COMPARED  
WITH THE MEDIAN NON-DTV  
FORMAT STORE.

KEY DTV  
FEATURES:



- Dedicated, expert project management support
- Proven store designs customized to fit your needs
- Tailored floor plans in a range of sizes
- Opening stock order discounts
- Flexible financing support





## THE TRUE VALUE PAINT PROGRAM

# THE COLOR OF SUCCESS.

We've made quantum leaps over the past three years to create a program that makes True Value retailers a preferred customer destination in the profitable paint category. We have superior brands, nationally ranked quality at every price point, and an all-new paint display carousel to pull in new customers from day one.

## EASYCARE® & CORONADO®

MANUFACTURED BY  
BENJAMIN MOORE

Our trusted paint brands assure your customers of quality, regardless of their budget.



OUR PROVEN, POPULAR

# 2-4-1

PAINT PROGRAM

Our innovative combination of two brands at four price points shares a single color system that makes it affordable to carry the full line.

PARTICIPATING 2-4-1 STORES  
REALIZE A

# 650-BASIS-POINT

COMP SALES IMPROVEMENT OVER  
STORES WHO HAVE YET TO OPT IN.



TRUE VALUE'S ALL-NEW, MODULAR DECOR COLOR CENTER includes a beautiful freestanding carousel showcasing more than 1,200 colors in eight hue families, a Paint Bar for project support, an inspiration area equipped with Web-connected tablets and an education area for project tips.

## CUSTOMIZED TRUE BLUE (CTB) ASSORTMENTS

# WIN AT RETAIL, ONE CATEGORY AT A TIME.

True Value's CTB assortment program delivers relevance, plain and simple. As part of our ongoing line review process, CTB assortments take into account each store's size, geographic location and local demographics to offer tailored assortments that address your customer's needs. We've seen CTBs drive immediate sales growth and encourage repeat visits to deliver a lift that lasts.

# 60+

KEY CATEGORIES  
COMPLETE TO DATE

## FOR NEW CTB ASSORTMENTS:

- Buy only what you need
- 50% markdown allowance
- \$100 per foot reset credit
- Free POP materials



## FIRST YEAR SALES GROWTH FOR PARTICIPANTS:

HAND TOOLS

# UP 40%



PAINT TOOLS

# UP 51%



POWER TOOLS

# UP 52%

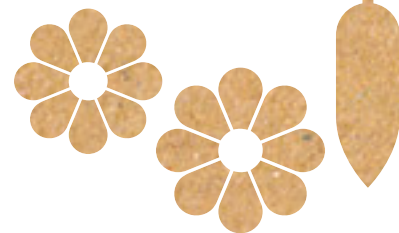




## RETAILER PROFILE

# CREST HARDWARE

## BROOKLYN, NEW YORK



Crest Hardware has been a vibrant part of Brooklyn's Williamsburg neighborhood since 1962, when owner Joe Franquinha's father and uncle founded it in a run-down space across the street from the current store. Since then, the business has stayed relevant through out-of-the-box thinking and constant improvement.

### Heritage: Relevance Through Art >

An early partnership with local artist "Gene Pool" evolved into the legendary Crest Hardware Art Show, an internationally known art festival whose six-year run cemented the store's place in the community.



### < Lawn & Garden Comes to Brooklyn

Crest's stunning 5,000sf outdoor garden center includes a year-round greenhouse and has become a massive part of the store's identity—bringing a little green to the city and a lot of green to store revenues.



### A Commitment to Digital >

An active social media strategy extends the store's marketing dollars with glowing Yelp reviews, 1,200 Facebook and 1,800 Instagram followers. The best part, according to Joe? Done right, it's free exposure.



"DIGITAL AND SOCIAL MEDIA ARE A MASSIVE OPPORTUNITY. WE'VE BEEN IN IT FOR A WHILE. TRUE VALUE'S DIGITAL PROGRAM IS GREAT BECAUSE IT GETS LESS EXPERIENCED STORES INTO THE GAME."

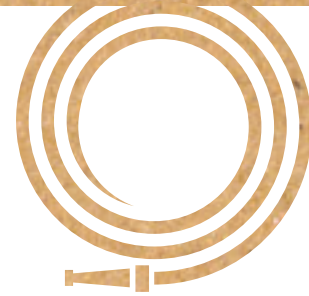
JOE FRANQUINHA, OWNER, CREST HARDWARE STORE



# RETAILER PROFILE

## CALDWELL TRUE VALUE

CALDWELL, IDAHO



Caldwell True Value operates two stores in Caldwell and Nampa, two communities about 25 miles outside of Boise. Jerry and Phyllis Nelson retired from their jobs in accounting and teaching to start their first store in 1984. With daughter Leah and her husband Dave now involved, their stores have grown along with the area, serving trades and DIYers alike.



◀ **From Rural to Suburban** Over Caldwell True Value's 30-plus years in business, the area has grown. Customers have evolved from rural and small-town DIYers to a robust mix of contractors, apartment building owners and suburban homeowners.



◀ **DTV Key to Relevance and Growth** The Nelsons have completed a number of DTV projects, including a ground-up in Nampa in just seven weeks and a full remodel in Caldwell, to stay relevant as their marketplace has changed.

**CTB Creates Leadership in a New Category** ▶ The stores have been CTB participants since the beginning. Through CTB, they discovered a new category—pool chemicals and supplies—and today are known as a destination for area pool owners.



“WE TOOK A BIG HIT AFTER A BIG-BOX OPENED IN TOWN MORE THAN A DECADE AGO. MY PARENTS, JERRY AND PHYLLIS, DECIDED TO GO ALL IN AND REMODEL. DTV IS ONE REASON WE’VE SEEN SOLID, SUSTAINED SALES GROWTH EVER SINCE.”

LEAH NELSON, CALDWELL TRUE VALUE



# RETAILER PROFILE

## NORTHWEST TRUE VALUE ROANOKE, VIRGINIA

Over its 70-plus years in business, Northwest True Value has grown to operate nine stores in the Roanoke area by staying relevant to property owners as their needs evolve. Traditionally a hardware-dominant business, today Northwest offers a broad mix, from electrical supplies and tools to paint and lawn & garden products.

### A Family Business Since 1947 >

Owner Charles Overstreet's father started his first store in 1947 after coming home from WWII with nothing but a strong work ethic. Successive generations have helped build the business into the thriving nine-location enterprise it is today.



< **A Big Fan of DTV** Charles says the DTV program makes it easy to start up a new store. "With the planograms, you can order an entire store's worth of merchandise in one day," he says. "And the free inventory for a new store is a big deal."



### Five Keys to Success >

Charles lives by five keys to retail success: be well capitalized, put the customer first, be an active owner, have the inventory and cultivate quality employees. True Value is proud to help.



"WE CARRY ALL OF THE CTB ASSORTMENTS. YOU HAVE TO. IT'S TOO GOOD A DEAL. THEY'RE ALL IN ATTRACTIVE CATEGORIES, INCLUDING SOME NEW ONES FOR US. AND THE PROGRAM WORKS. DECISIONS ARE EASY, AND IT REALLY DOES DRIVE SALES."

CHARLES OVERSTREET, OWNER, NORTHWEST TRUE VALUE



## RETAILER PROFILE

# PROCONSA

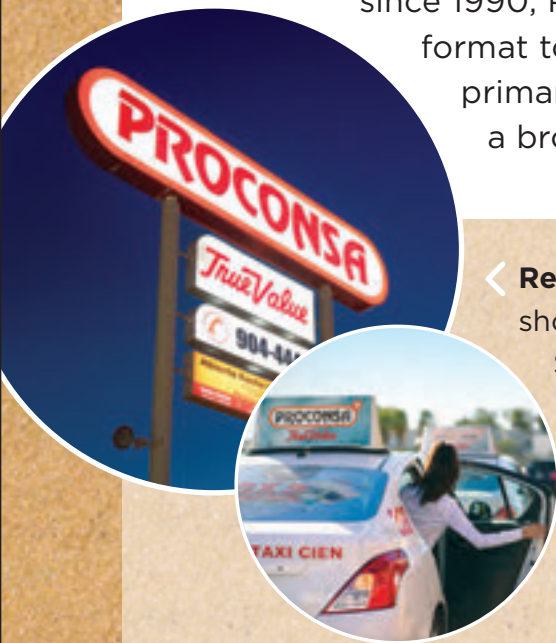
## BAJA CALIFORNIA, MEXICO

Proconsa is in its fourth generation of family ownership with 12 locations in Mexicali and Tijuana. A True Value member since 1990, Proconsa has embraced the DTV format to stay relevant as it has evolved from primarily a construction supplier to serving a broader consumer base.

◀ **Reaching Consumers** With a name that's short for Proveedores de la Construcción, S.A. de C.V., Proconsa has always been known for its contractor business. The company is growing by delivering a great shopping experience to consumers.

**One-Stop Solutions** Proconsa is modernizing through DTV across its footprint, creating a one-stop home center retail environment that offers everything from plumbing, construction materials, hardware and electrical to home and garden and more.

◀ **Plans for Growth** Growth plans include more stores in Tijuana and the interior of Mexico. Equally important is friendly customer service—a three-week employee training program and regular workshops with suppliers ensure Proconsa's is the best.



"PAINT IS ONE OF OUR BEST CATEGORIES. EASYCARE® OFFERS GREAT QUALITY FOR THE PRICE, AND OUR SALES HAVE BEEN GROWING STRONGLY. SO HAS OUR PROFIT. TRUE VALUE DOES A VERY GOOD JOB FOR US."

JOSÉ ÁLVAREZ, BOARD MEMBER, PROCONSA



2017 TRUE VALUE VENDOR OF THE YEAR

## APEX TOOL GROUP

SPARKS, MARYLAND



Crescent® wrenches. Lufkin® tape measures. WISS® snips. To anyone in the hardware or construction business—or to anyone with even a basic tool set—these and other Apex brands are synonymous with quality and leadership. Who better to manufacture True Value’s exclusive Master Mechanic® tools? Apex Tool Group’s stellar quality and service are why we chose them as True Value’s 2017 Vendor of the Year.

**Global Value and Quality** Unlike many manufacturers, Apex owns its plants in Asia and worldwide, refusing to outsource casting, plating or other key processes in order to ensure the highest product quality and delivery consistency.



◀ **Innovation: Investing in “Product Vitality”**  
Innovation is key to relevance at Apex—and a strategic priority to drive growth. The company has ramped up investment in what it calls “product vitality” to continuously improve even its most basic tool lines.

✓ **Trusted Brands, Trusted Partner**  
Consumers have trusted Apex brands for generations. True Value trusts Apex to continue to make the Master Mechanic brand a tool for retailer relevance through quality, category expertise and collaboration.



“WE SEE OURSELVES AS THE CATEGORY EXPERTS. HOW DO WE STAY RELEVANT? THROUGH INNOVATION. WE DO MORE THAN MAKE THE BEST TOOLS MONEY CAN BUY. WE’RE ALWAYS INVESTING TO MAKE THEM EVEN BETTER.”

KEVIN KELLER, VP SALES, APEX TOOL GROUP





TRUE VALUE REUNIONS

# MORE THAN A MARKET.

We used to call them Markets, but today, our twice-yearly gatherings are much more than buying events—they’re a chance to see old friends, make new connections, learn and have some fun in the process.



**WE’RE ALL IN THIS TOGETHER**

This is not your grandfather’s, or even your parents’, Market. We started calling these events “Reunions” a few years ago because it better reflects our attitude that all of us at True Value—our retailers, our suppliers, our management team and every associate—are in this together, like family.



**ALWAYS UPPING OUR GAME**

We continue to up our game with each event. Whether it’s the deals we offer or the educational sessions available, we’re always looking to make Reunion more valuable to our retailers. From Assortment City, to Bargain Burners, to leadership workshops, networking and social events, all topped off by show-stopping entertainment, Reunion is truly an event not to be missed. It’s a time to connect and to celebrate our partnership and our successes together.



JOIN US  
AT THE NEXT  
REUNION!





# SUPPORTING STRONGER COMMUNITIES.

True Value Foundation provides ways for our retailers, associates and vendors to magnify their impact on their communities, primarily through a focus on youth development:

- **The True Value Boys & Girls Club** A True Value-sponsored Boys & Girls Club serving Chicago's Lawndale and Little Village neighborhoods
- **Boys & Girls Club of America** Our national partnership to provide opportunities for True Value retailers to connect with local clubs
- **Painting a Brighter Future®** A program that provides free paint to brighten up schools and Boys & Girls Clubs through our local retailers nationwide
- **Youth Up™ Matching Gifts** A new program that matches our retailers' qualifying cash contributions of up to \$1,000 to local youth organizations
- **Vendor contributions** to Habitat for Humanity each year and 2017 support for Houston Hurricane Relief



**STEPPING UP WITH YOUTH UP™!** Our new Youth Up™ Matching Gifts program is a perfect embodiment of True Value Foundation's mission to empower youth with the tools and resources to achieve their full potential. We match up to \$1,000 in qualifying donations to not-for-profits supporting success for youth aged 6-18 through:

- Leadership development
- Entrepreneurship and business skills
- Job and school readiness
- Career and technical education
- Social skills and other success drivers

**PLAY BALL!** Marshalltown, Iowa's Thompson True Value took advantage of True Value Foundation's Youth Up™ Double Match promotion to turn their \$1,000 donation to \$3,000 for their local Little League.



# RAISING THE BAR

Modeled on the **My True Value— A New Customer Experience™** customer service training program for retailers, we launched an internal initiative in 2017 to take True Value associate performance to the next level through Raising the Bar Chats.



The goal? To apply key concepts from our Culture Change Training Program to drive customer service excellence in all our interactions with retailers.

## A FEW INSIGHTS FROM “RAISING THE BAR” PARTICIPANTS:

- “RAISING THE BAR ON SERVICE TO OUR RETAILERS IS SOMETHING WE DO AS A TEAM AS WELL AS INDIVIDUALS.”
- “REGARDLESS OF OUR ROLE, WE CAN EACH IMPACT THE QUALITY OF SERVICE WE PROVIDE OUR RETAILERS.”
- “THE EASY WAY IS NOT ALWAYS THE BEST WAY. GO THE EXTRA MILE.”
- “MAKE EVERY INTERACTION THE BEST MEMORY OF THE RETAILER’S DAY.”
- “WE CAN ALWAYS IMPROVE. ALWAYS.”

“EXPERIENCE SHAPES PERCEPTION. A GOOD EXPERIENCE DRIVES RESULTS.”





# THE BEST HARDWARE STORE IN TOWN AWARDS

## 2017 OVERALL WINNER



Handyman True Value, St. Louis, Missouri

## 2017 WINNERS:

**Alper's True Value**  
Port Washington, New York

**Carter's General Stores**  
Bridgetown, Barbados

**Ennis True Value Hardware**  
Ennis, Montana

**Fusek's True Value**  
Indianapolis, Indiana

**Handyman True Value**  
St. Louis, Missouri

**Mound True Value Hardware & Paint**  
Mound, Minnesota

**Northwest True Value**  
Roanoke, Virginia

**Penn Valley True Value Hardware**  
Penn Valley, California

**Prescott True Value**  
Prescott, Arizona

**Russell's True Value**  
Del Rio, Texas

**Sarver True Value**  
Sarver, Pennsylvania

**True Value of East Lyme**  
East Lyme, Connecticut

**Wilco McMinnville Farm Store**  
McMinnville, Oregon

# BOARD OF DIRECTORS

FROM LEFT TO RIGHT:

**Brian Webb**  
Neenah, Wisconsin <sup>1,7\*</sup>

**Jared Littmann**  
Annapolis, Maryland <sup>1,6,8\*</sup>

**Richard George**  
Elmhurst, Illinois <sup>2,6,8,\*</sup>

**Brent Burger**  
Oakland, Maine <sup>1,4,\*</sup>

**Gregory Josefowicz**  
Fennville, Michigan <sup>2,5,\*</sup>

**M. Shân Atkins**  
Long Grove, Illinois <sup>2,6\*,7</sup>

**James Waters**  
Salina, Kansas <sup>1,6,7</sup>

**Thomas Markert**  
Delray Beach, Florida <sup>2,8</sup>

**Alan Bryant**  
Oakhurst, California <sup>1,8</sup>

**John Hartmann**  
Chicago, Illinois <sup>3,\*</sup>

**Director Designations**  
1 Store Owner  
2 Outside Director  
3 President &  
Chief Executive Officer  
4 Board Chair  
5 Board Vice Chair

**Board Committees**  
6 Audit Committee  
7 Compensation  
Committee  
8 Corporate Governance  
Committee  
\* Committee Chair  
\* Executive Committee



# COMPANY OFFICERS

FROM LEFT TO RIGHT:

**David Elliott**  
Senior Vice President,  
Marketing

**Heath Ashenfelter**  
Vice President and Chief  
Merchandising Officer

**Barbara Wagner**  
Vice President and  
Corporate Treasurer

**Abhinav Shukla**  
Senior Vice President and  
Chief Operating Officer

**Cathy Anderson**  
Senior Vice President  
Human Resources,  
General Counsel and  
Secretary

**Jean Saelens**  
Vice President and  
Corporate Controller

**John Hartmann**  
President and  
Chief Executive Officer

**Jean Niemi**  
Vice President,  
Communications

**Tim Mills**  
Senior Vice President,  
Growth

**Deborah O'Connor**  
Senior Vice President and  
Chief Financial Officer

**Rosalee Hermens**  
Senior Vice President and  
Chief Information Officer

**Eric Lane**  
Vice President, Strategic  
and Specialty Accounts







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