



22 August 2023

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir or Madam

Coles Group Limited – 2023 Full Year Results Presentation

Please find attached for immediate release to the market the 2023 Full Year Results Presentation for Coles Group Limited.

This announcement is authorised by the Board.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Daniella Pereira".

Daniella Pereira
Company Secretary

2023 Full Year Results Presentation

22 August 2023

Leah Weckert, Managing Director & Chief
Executive Officer

Charlie Elias, Chief Financial Officer



Coles announced the removal of soft-plastic shopping bags from in-store and online, removing 230 million plastic bags from circulation in one year.

Disclaimer

This presentation contains summary information about Coles Group Limited (ACN 004 089 936) and its controlled entities (collectively, 'Coles', 'Coles Group' or 'the Group') and Coles' activities as at the date of this presentation. It is information given in summary form only and does not purport to be complete. It should be read in conjunction with Coles' other periodic corporate reports and continuous disclosure announcements filed with the Australian Securities Exchange (ASX), available at www.asx.com.au.

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Non-IFRS financial information

- This presentation contains IFRS and non-IFRS financial information.
- IFRS financial information is financial information that is presented in accordance with all relevant accounting standards.
- Non-IFRS financial information is financial information that is presented other than in accordance with relevant accounting standards and may not be directly comparable with other companies' information.
- Any non-IFRS financial information is clearly labelled to differentiate it from the statutory or IFRS financial information. Non-IFRS measures are used by management to assess and monitor business performance at the Group and segment level and should be considered in addition to, and not as a substitute for, IFRS information. Operating metrics that are prepared on a non-IFRS basis have been included in the segment commentary to support an understanding of comparable business performance. Non-IFRS information is not subject to audit or review.

Balance sheet and cash flow information presented in this 2023 Full Year Results Presentation is consistent with the underlying information disclosed in the Appendix 4E Full Year Financial Report.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.



Coles wishes to acknowledge the Traditional Custodians of this land

We recognise their strength and resilience
and pay our respects to their Elders past
and present.

Coles extends that respect to all Aboriginal
and Torres Strait Islander people, and
recognises their rich cultures and their
continuing connection to land and waters.

coles

Year in review

- Group **sales revenue growth** from continuing operations of **5.9%**, Group **EBITDA and EBIT growth** of **3.8% and 1.8% respectively** and Group **adjusted EBITDA and EBIT growth** of **5.3% and 4.5%¹ respectively**
- Strong growth in exclusive brand portfolio, with **Exclusive to Coles growth** of **9.6%** and **Exclusive Liquor Brands growth** of **8.5%**
- Accelerated investment in our retail media business, '**Coles 360**', with **media income growth** of **27.0%**
- **Commenced operations at Redbank, Queensland Automated Distribution Centre (ADC)**, servicing more than 100 supermarkets at year end, with ramp up remaining on track. **Initial commissioning work** commenced at **New South Wales ADC** in line with schedule
- Entered into an agreement to **acquire two automated milk processing facilities** from Saputo Dairy Australia for ~\$105 million, improving security of milk supply, and accessing capacity to facilitate growth through further product innovation²
- **Completed the sale of the Express fuel and convenience business** to Viva Energy, allowing greater focus on our omnichannel supermarket and liquor businesses
- Achieved **Smarter Selling target of \$1 billion in cumulative benefits** across the four year program to the end of FY23
- **Updated automated customer fulfilment centre (CFC) program** with **NSW** now expected to be commissioned with an incremental ramp up period commencing **end 2H FY24**. **Victorian CFC** incremental ramp up period expected to commence in **mid-FY25**
- **Total loss³** has emerged as a cost headwind **increasing ~20%** year on year

FY23 financial highlights

Total sales revenue – continuing operations

\$40.5bn

5.9% vs. pcp

NPAT – continuing operations

\$1,042m

(0.3)% vs. pcp

Net debt²

\$521m

Excluding lease liabilities

EBIT – continuing operations

\$1,859m

1.8% vs. pcp

Operating cash flow¹

\$3,604m

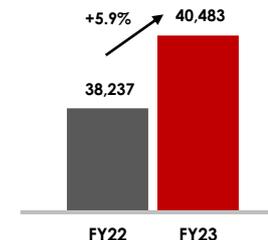
102% cash realisation

Dividends³

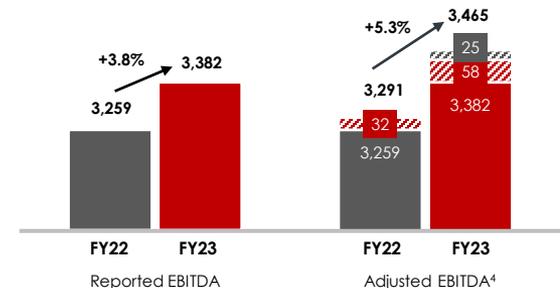
66cps

fully-franked, 80% payout ratio

Total sales revenue (\$m) – continuing operations



EBITDA (\$m) – continuing operations reported vs adjusted⁴



 Major project implementation operating expenditure relating to ADCs and CFCs

 2020 Award covered salaried team member review provision

Well placed in the current macroeconomic environment

Value campaigns and exclusive brand portfolio resonating strongly with customers

Macro backdrop

Value conscious customers

Shift to in-home consumption

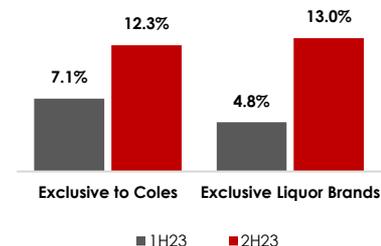
Population growth

Supply chain stabilisation

Trusted value

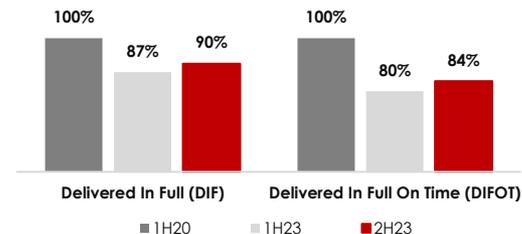
- **Hundreds of prices locked and reduced** across the year as part of the 'DROPPED & LOCKED' value campaigns
- **>4,200 products on everyday trusted low prices**
- Continued strong support for **weekly specials** and **promotional program**
- **Extensive exclusive brand range** with >6,000 Exclusive to Coles products and ~1,900 Exclusive Liquor Brands across value, mid and premium tiers
- **Flybuys ranked #1** based on consumer rankings for how simple, personalised and valuable it is to Australians¹

Exclusive brands revenue growth



Availability

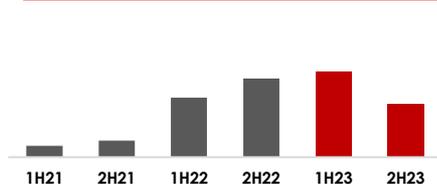
(rebased to 100 in 1H20)



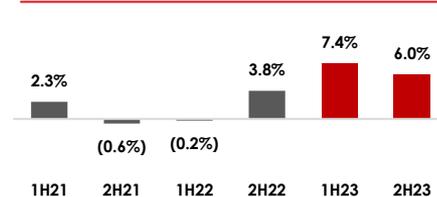
Actively responding to industry dynamics

Headline inflation moderating but remains elevated across a range of categories

Cost price increase requests received (#)



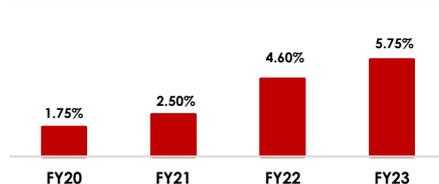
Supermarkets inflation



- **Well established processes** to address supplier requests
- **Fresh produce** is in deflation while **bakery, grocery and dairy** remain elevated

Rising wage costs and increase in total loss¹

FWC² annual wage increase



Total loss



- Key drivers of elevated stock loss include **increased levels of organised crime and theft**
- Waste also higher in **fresh produce from supply chain disruptions**

Simplify and Save to Invest

- New program targeting **>\$1 billion** in cumulative benefits over 4 years

Actions to reduce loss

- Accelerated **range optimisation program** across high risk SKUs and **increased security** in high risk stores
- Accelerated investment in **AI skip scan & Smarter Gates**
- Increased **collaboration with police** to identify and apprehend repeat offenders
- Improved **fresh produce specifications** and **measures to assist stabilisation of supply chain**

Innovating and growing through digital channels

eCommerce revenue growth¹

	FY20	FY21	FY22	FY23	4Q23
Revenue YOY	18%	51%	41%	1%	17%
Penetration	3.8%	5.7%	7.9%	7.5%	8.0%
Average weekly traffic growth	19%	22%	20%	5%	13%

 Positive contribution to EBIT²

Omnichannel experience



Research online buy instore (ROBI) becoming increasingly important



Enhanced digital capabilities to provide a more seamless shopping journey, e.g.

- Digital receipts
- Flybuis integration in App
- Shopping mode selector
- Single digital identifier



Launched **QuitLike meal kit business**, delivering healthy meal options direct to customers

Digital customer experience

Launched **new website** unifying existing coles.com.au and shop.coles.com.au into a **single intuitive experience**



Simplified App checkout process to deliver **seamless shopping experience**

Network growth

Supermarkets
Liquor



Launched **35 new Home Delivery stores** (net) nationally



Upgraded **463 stores with Rapid Delivery**, providing <90 minute delivery



Enabled **Same Day delivery from 33 stores**



Upgraded **448 Click&Collect stores to Rapid** allowing collection in <60 minutes



On-demand delivery now available in >660 stores

Loyalty, personalisation and digital media



Active **Flybuis members >9 million (+9%)**

Increased Flybuis activity with **30% increase in points redemptions**



Coles Plus contribution to eCommerce sales **increased >30%**



Unified App and website supports **personalisation** including through **offers, shopping lists and recipes**



Accelerated investment in our retail media platform, 'Coles 360', with **media income increasing by 27%**

Sustainability



Testing **new sustainability delivery model** with Swap-a-box trial across Tasmania



Removed all plastic bags from online and in-store operations



Trialled **10 solar powered fridges** inside online delivery trucks

Smarter Selling program achieved in excess of \$1 billion of benefits

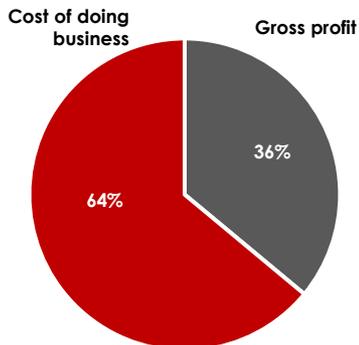
Delivered ~\$220 million benefits in FY23



Smarter Selling program

colesgroup

Enabled reinvestment in value and provided a partial offset to inflation



- **Key initiatives** included:
 - **Further service transformation in store** including trolley assisted check outs (TACOs) installed in an additional 167 stores
 - Implementation of **energy consumption** measures in store
 - Use of **advanced analytics and store specific data** to calculate optimal markdown rates
 - **Improvements to grocery crate utilisation in Coles Online** by increasing items per crate and consolidating picks, reducing distance walked to fulfil orders and manual handling
 - **Deployment of compact floor scrubber machines** to reduce manual handling tasks around deli, seafood, bakery and produce areas, as well as enhancing safety practices and efficiencies for Coles Services team members across 181 stores
- **Reached \$1 billion in cumulative benefits** in line with FY19 strategy target

Supply chain automation progressing well with first ADC successfully commissioned

On track to deliver structural cost efficiencies with first full year of benefits in FY26 following ramp up across both sites



Redbank (QLD)

Construction and fit-out completed in December with **first inbound deliveries received in January** and **first outbound in March**

Ramp up period of ~12 months from first inbound delivery. **Servicing more than 100 stores** at year end

Scheduled to provide the full range of ambient SKUs (18,000) to 219 stores across QLD and northern NSW **by end CY23**

Recruitment, induction and training of new team continues



Kemps Creek (NSW)

External **building works completed in January**

Installation of equipment continues to progress and **commenced recruitment** process for team members

Initial commissioning work commenced in line with schedule



Implementation operating expenditure

\$m	FY23	FY24	FY25
Project implementation opex ¹	45	~75	~25
Depreciation ²	15	~55	~75

Update on automated CFCs



Key achievements during FY23

New CFC vans designed, received and commissioned

Technology foundation in place, **trial orders** processed

First bots on New South Wales CFC grid



Update on timing

New South Wales CFC expected to be commissioned with an incremental ramp up period commencing **end 2H FY24**

Victorian CFC incremental ramp up period expected to commence in **mid-FY25**



Implementation operating expenditure

\$m	FY23	FY24	FY25
Project implementation opex ¹	13	~75	~100
Depreciation ²	-	~5	~55

Continued strong focus on sustainability



Scope 3 emissions



Announced **SBTi validated target**: 75% of suppliers, by spend, to have science-based targets by end of FY27

Reducing waste



Donated the equivalent of **200 million meals**¹ since 2011 through partnership with SecondBite

Environment



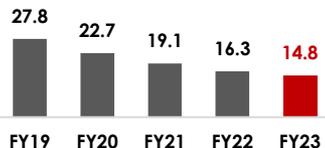
Stopped selling soft-plastic shopping bags nationwide, removing **230 million plastic bags from circulation** pa²

Community investment



Provided **donations and support to community organisations** such as Redkite, FightMND and Little Athletics

Team safety – TRIFR³



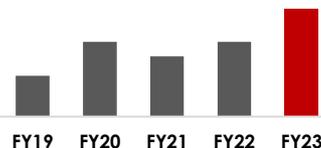
9.2% improvement in FY23 and **47% improvement since FY19**

Diversity and Inclusion



41.5% women in leadership positions⁴
3.5% Indigenous employment⁵
 Sponsor of WorldPride

Team member engagement



Highest ever mysay engagement score
10pp improvement since FY19

Suppliers



Awarded **\$3.6m from Coles Nurture Fund** to drive innovation and sustainability; **5th consecutive year of improved engagement in Advantage Supplier Survey**

Group financial overview



Coles and its customers raised >\$8.5 million for FightMND's annual Big Freeze campaign, taking our total fundraising tally for Motor Neurone Disease research to more than \$30 million over six years.

FY23 results – Group

\$m	FY23	FY22	Change
Continuing operations			
Sales revenue	40,483	38,237	5.9%
EBITDA	3,382	3,259	3.8%
EBIT	1,859	1,827	1.8%
EBIT margin %	4.6%	4.8%	(19)bps
Net profit after tax	1,042	1,045	(0.3)%
Basic earnings per share (cents)	78.1	78.6	(0.6)%
Total operations – continuing and discontinued operations¹			
Net profit after tax	1,098	1,048	4.8%
Basic earnings per share (cents)	82.3	78.8	4.4%
Interim dividend per share (cents)	36.0	33.0	9.1%
Final dividend per share (cents)	30.0	30.0	-
Total dividend per share (cents)	66.0	63.0	4.8%

- **Adjusted EBITDA and EBIT from continuing operations increased by 5.3% and 4.5% respectively**, excluding major project implementation operating expenditure and a \$25 million provision taken in FY23 relating to the 2020 Award covered salaried team member review
- **NPAT from continuing operations** was impacted by an increase in financing costs associated with higher interest rates affecting lease renewals and new leases, as well as borrowing costs on short-term revolving debt facilities

FY23 results – segment financials

\$m	FY23	FY22	Change
Sales revenue			
Supermarkets	36,746	34,624	6.1%
Liquor	3,610	3,613	(0.1)%
Other	127	-	n/m
Sales revenue – continuing operations	40,483	38,237	5.9%
Express – discontinued operations ¹	988	1,132	(12.7)%
Total Group sales revenue	41,471	39,369	5.3%
EBITDA			
Supermarkets ²	3,157	3,022	4.5%
Liquor	279	278	0.4%
Other	(54)	(41)	31.7%
EBITDA – continuing operations	3,382	3,259	3.8%
Express – discontinued operations	146	181	(19.3)%
Total Group EBITDA	3,528	3,440	2.6%
EBIT			
Supermarkets ²	1,765	1,715	2.9%
Liquor	157	163	(3.7)%
Other	(63)	(51)	23.5%
EBIT – continuing operations	1,859	1,827	1.8%
Express – discontinued operations ³	111	42	n/m
Total Group EBIT	1,970	1,869	5.4%
- EBIT margin (%) – continuing operations	4.6	4.8	(19)bps

Express divestment

Coles agreed to divest the Express business to Viva Energy on 21 September 2022. The sale was completed on 1 May 2023.

Underlying EBIT for the Express division for the period to 1 May 2023 was **\$46 million**, excluding the impact of depreciation and amortisation that ceased from the date the Express assets were held for sale of \$83 million and the loss on sale of \$18 million. In addition, imputed lease interest from the Express business for the period to 1 May 2023 was \$29 million.

Underlying profit on sale was \$65 million, after adjusting for notional depreciation and amortisation of \$83 million.

Refer to Appendix 2 for a reconciliation of underlying EBIT and underlying profit on sale.

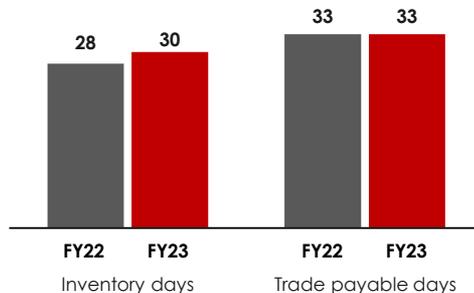
Coles will continue to partner with Viva Energy under a Product Supply Arrangement (PSA). Revenue and earnings associated with the PSA are captured in Other from 1 May 2023.

Operating cash flow

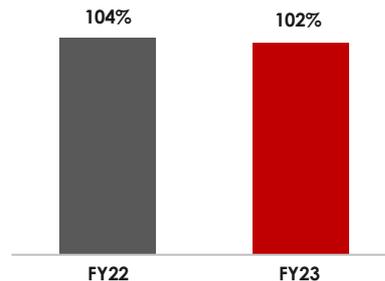
Cash flow¹

\$m	FY23	FY22
EBIT	1,970	1,869
Depreciation and amortisation	1,558	1,571
EBITDA	3,528	3,440
Change in working capital	6	232
Change in provisions and other	70	(94)
Operating cash flow (excl. interest and tax)	3,604	3,578

Inventory and trade payable days²



Cash realisation³



Comments

- **Positive working capital movement** primarily reflects higher trade payables offset by trade receivables from the PSA with Viva Energy and an increase in GST receivables
- Positive movement in **provisions and other** largely reflects an increase in employee related provisions, including the additional \$25 million provision relating to the 2020 Award covered salaried team member review recorded in June 2023
- The **increase in average inventory days** reflects lower inventory levels last year due to availability challenges, and a partial rebuild of inventory following low levels over the last few years during COVID-19

Capital expenditure

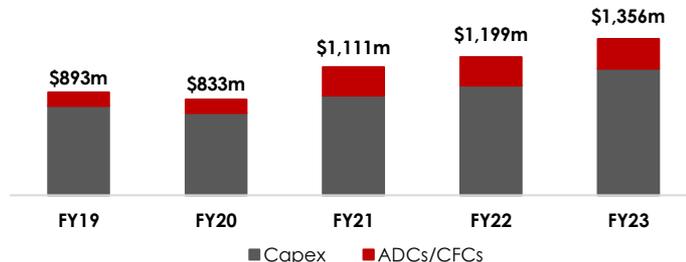
Growth in capital expenditure driven by ADCs and delivery of renewal and new space programs

Capital expenditure breakdown

\$m	FY23	FY22
Store renewals	276	236
Growth initiatives	360	297
Efficiency initiatives	413	370
Maintenance	307	296
Operating capital expenditure	1,356	1,199
Property acquisitions and development	176	126
Property divestments	(248)	(138)
Net Property capital expenditure	(72)	(12)
Net capital expenditure	1,284	1,187

Key capital expenditure initiatives

Store renewals	<ul style="list-style-type: none"> Store renewals across Supermarkets (46) and Liquor (236) including 215 Black & White Liquorland renewals
Growth initiatives	<ul style="list-style-type: none"> New stores across Supermarkets (17) and Liquor (35) Continued investment in automated CFCs and other eCommerce initiatives
Efficiency initiatives	<ul style="list-style-type: none"> Investments in ADCs as well as store front-end initiatives and Liquor ERP solution
Maintenance	<ul style="list-style-type: none"> Refrigeration and electrical replacement programs Lifecycle replacement of store and technology assets
Property	<ul style="list-style-type: none"> FY net property income of (\$72 million)
Outlook	<ul style="list-style-type: none"> FY24 operating capital expenditure expected to be in the range of \$1.2 to 1.4 billion



Balance sheet

Balance sheet summary

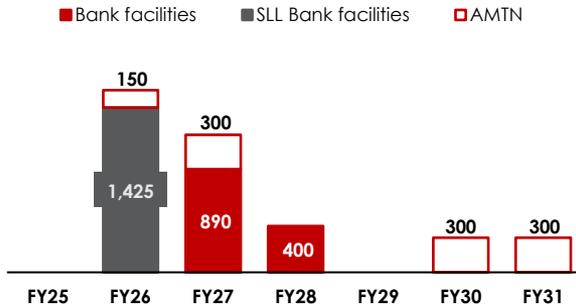
\$m	25 Jun 2023	1 Jan 2023	26 Jun 2022
Inventories	2,323	2,825	2,448
Trade and other receivables	605	473	470
Trade and other payables	(4,434)	(4,978)	(4,335)
Working capital	(1,506)	(1,680)	(1,417)
Property, plant and equipment	4,985	4,755	4,807
Right-of-use assets	6,507	6,434	7,199
Intangibles	2,035	1,887	1,864
Provisions	(1,281)	(1,190)	(1,278)
Assets held for sale	127	1,209	82
Other assets / (liabilities) and equity investments	115	97	190
Capital employed	10,982	11,512	11,447
Cash and cash equivalents	597	698	589
Total debt	(1,118)	(1,060)	(1,095)
Lease liabilities	(7,849)	(7,759)	(8,681)
Liabilities associated with assets held for sale	-	(792)	-
Net tax balances	744	780	864
Total net assets	3,356	3,379	3,124

Comments

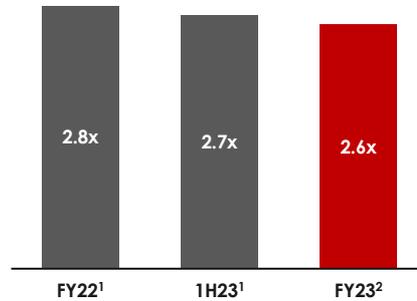
- **Inventories** declined largely driven by the Express divestment
- **Trade and other receivables** increased largely driven by the PSA with Viva Energy and an increase in GST receivables
- **Trade and other payables** increased primarily due to the timing of year end payments
- **Property, plant and equipment** increased consistent with increased capital expenditure, partially offset by depreciation and property divestment
- **Right-of-use assets** and **Lease liabilities** decreased primarily as a result of the Express divestment

Capital management

Debt facility maturity profile (\$m)



Leverage ratio

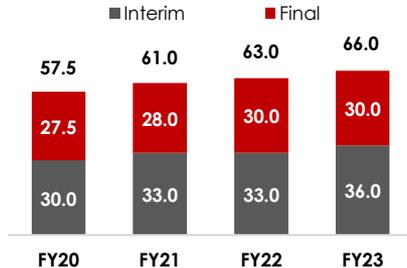


Comments

Funding and liquidity

- Coles continues to maintain access to diversified funding sources and has no debt maturing until FY26
- Weighted average drawn down debt maturity of 5.0 years, providing funding stability
- Undrawn facilities of \$2.3 billion³, providing significant headroom
- Diversified funding sources, including sustainability linked loans
- Extended debt maturity profile

Dividends per share (cents)



Credit ratings

MOODY'S **Baa1**

S&P Global **BBB+**
Ratings

Dividend

- Fully-franked FY23 final dividend of 30.0 cents per share, total FY23 dividend of 66.0 cents per share
- Industry-leading annual target dividend payout ratio of 80% to 90%

Credit ratings

- Investment grade credit ratings with S&P and Moody's maintained

Supermarkets



Supermarkets – key metrics

Sales revenue growth of 6.1% and adjusted EBITDA and EBIT growth of 6.1% and 5.8% respectively

Total sales revenue

\$36.7bn

6.1% vs. pcp; Q4 8.0% vs. pcp

eCommerce sales growth

1.1%

vs. pcp; Q4 17.4% vs. pcp

EBIT

\$1,765m

2.9% vs. pcp

Exclusive to Coles
sales revenue growth

9.6%

vs. pcp; Q4 13.1% vs. pcp

EBIT margin

4.8%

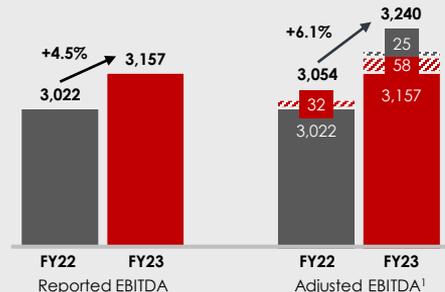
Adjusted EBIT margin 5.0%¹

Sales per sqm

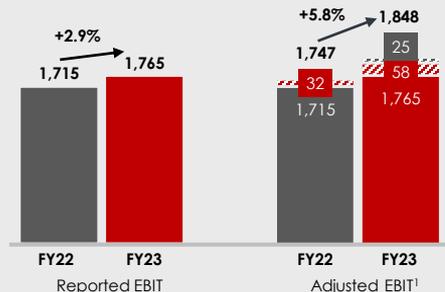
\$19,201

5.4% vs. pcp

EBITDA (\$m) – reported vs adjusted¹



EBIT (\$m) – reported vs adjusted¹



 Major project implementation operating expenditure relating to ADCs and CFCs

 2020 Award covered salaried team member review provision

Supermarkets – FY23 results

Volumes improved throughout the year with positive volume growth in 2H

\$m	FY23	FY22	Change
Key P&L items			
Sales revenue	36,746	34,624	6.1%
EBITDA ¹	3,157	3,022	4.5%
EBIT ¹	1,765	1,715	2.9%
Key metrics			
Gross retail sales growth ² (%)	6.6	3.0	367bps
Comparable sales growth (%)	5.8	2.6	316bps
Gross margin (%)	26.4	26.3	5bps
CODB (%)	(21.6)	(21.4)	20bps
EBIT margin (%)	4.8	5.0	(15)bps
eCommerce penetration (%)	7.5	7.9	(41)bps
Sales per square metre ³ (\$/m ²)	19,201	18,209	5.4%
Price inflation (%)	6.7	1.7	n/m
Price inflation excl. tobacco and fresh (%)	7.6	1.6	n/m

n/m denotes not meaningful.

Key commentary

- Sales growth delivered through value campaigns, successful execution of trade plans, targeted and personalised customer experiences and offers, and collectible and continuity campaigns, with growth of 7.7% in 2H (4.6% in 1H)
- Volumes improved throughout FY23, with volume growth moderately positive in 2H across all major categories with the exception of health and home, which continued to cycle elevated volumes in 2H22
- In Q4, headline inflation moderated to 5.8% (Q3: 6.2%), with inflation in the fresh category of 2.3% (Q3: 4.1%). Inflation in the packaged category remained elevated
- eCommerce sales were \$2.8 billion with penetration of 7.5% with sales growth of 10.1% in 2H
- Gross margin improvement was supported by reduced COVID-19 costs, Smarter Selling benefits, growth in Coles 360 and lower tobacco sales, offset by an increase in total loss³
- CODB % increased 20bps as a result of underlying cost inflation and wage increases. CODB was also impacted, particularly in 2H, by increased depreciation, major project implementation operating expenditure, a \$25m provision relating to the 2020 salaried team member review and a range of adverse events including additional public holiday costs and costs associated with the collapse of REDcycle. These costs were partially offset by Smarter Selling benefits and lower direct COVID-19 costs. Further strategic investments were also made in digital, eCommerce and technology, in areas such as Coles 360 and eCommerce platforms

Liquor



Liquor – key metrics

Return to sales and earnings growth in the second half after cycling of on-premise closures and restrictions in the first half

Total sales revenue

\$3.6bn

(0.1)% vs. pcp; 2H 2.7% vs. pcp

Exclusive Liquor Brands (ELB)
sales growth

8.5%

vs. pcp; 2H 13.0% vs. pcp

EBIT

\$157m

(3.7)% vs. pcp; 2H 19.5% vs. pcp

Exclusive Liquor Brands awards

511

received in FY23

eCommerce sales growth¹

22.6%

vs. pcp; 2H 34.0% vs. pcp

Liquor store renewals

236

completed in FY23

Liquor – FY23 results

Continued growth in ELB portfolio and eCommerce as customers focus on value and more immediacy offers

\$m	FY23	FY22	Change
Key P&L items			
Sales revenue	3,610	3,613	(0.1)%
EBITDA	279	278	0.4%
EBIT	157	163	(3.7)%
Key metrics			
Gross retail sales growth ¹ (%)	(0.2)	2.4	n/m
Comparable sales growth (%)	(0.7)	2.1	n/m
Gross margin (%)	23.4	22.5	91bps
CODB (%)	(19.0)	(17.9)	109bps
EBIT margin (%)	4.3	4.5	(18)bps
eCommerce penetration ² (%)	5.7	4.6	109bps

n/m denotes not meaningful.

Key commentary

- Headline sales revenue for the full year was flat. Sales revenue returned to growth of 2.7% in 2H, having declined in 1H by 2.4% as the business cycled COVID-19 related on-premise closures and restrictions
- Sales were driven by a strong performance in the Liquorland banner, supported by the completion of 215 Liquorland Black & White renewals, and the opening of 35 new Liquor stores
- Growth in the ELB portfolio continued with sales revenue increasing by 8.5% and penetration reaching 21% of total sales
- eCommerce revenue increased by 22.6% and penetration was 5.7% (6.9% including Coles Online), with on-demand delivery now available in >660 stores and the introduction of express delivery through DoorDash and UberEats
- Gross margin improvement was supported by strong performance in ELB and local, value optimisation, mix benefits and strategic sourcing
- CODB % increased 109bps largely driven by increases in store team member remuneration following the Fair Work Commission annual wage increase in June 2022, coupled with the increase being paid earlier in the year than prior years, and costs (including depreciation) incurred in relation to new stores, the accelerated Black & White Liquorland renewal program, and investments in eCommerce and core IT systems

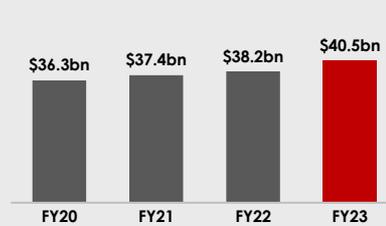
Strategy evolution



Established track record in delivering returns for shareholders

Consistent delivery of solid financial performance and margin expansion in core Supermarkets business

Group sales revenue – excluding Express



Group EBIT – excluding Express



Balance sheet strength and flexibility

Net debt and leverage ratio

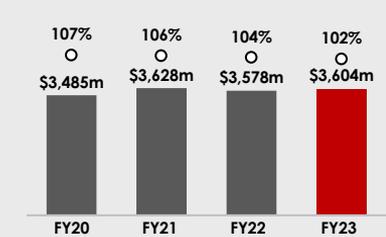


MOODY'S **Baa1**

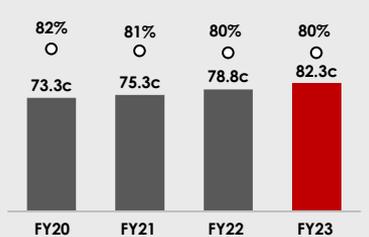
S&P Global Ratings **BBB+**

Strong cash flow generation and industry leading payout ratio

Operating cash flow² and cash realisation²



Basic EPS (cps)² and dividend payout ratio²

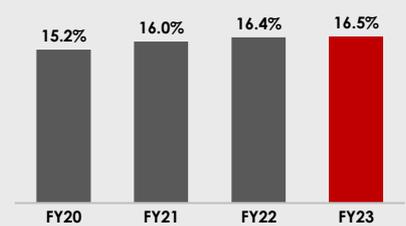


Significant investment in capex to drive future growth with a focus on returns

Operating capex



Return on Capital²



Strong industry fundamentals and operating model

Industry

Defensive

Consistent market growth through economic cycles

20 year CAGRs¹

- Grocery retailing 4.8%
- Liquor retailing 6.8%



High population growth

Australia forecast to be highest of developed markets

National population growth for FY23 was 2.1%, with significant net overseas migration²

2030 (Forecast) ³	
Australia	1.2%
Philippines	1.1%
Malaysia	0.7%
India	0.6%
Canada	0.6%
Indonesia	0.5%
NZ	0.5%
US	0.4%
UK	0.2%
France	0.0%
Taiwan	(0.1)%
Germany	(0.2)%
China	(0.3)%

A market leading position

Maintained despite continuous market disruption

62 quarters of consecutive Supermarkets comparable sales growth, excluding 3Q21 (cycling March 2020 COVID-19 pantry stocking)



Integrated food and liquor business

Servicing full meal occasions

Approximately 390 co-located stores

Opportunity to scale up opportunities as part of our eCommerce offering



Coles

Omnichannel network

Extensive national reach – in store and online

~1,800 Supermarkets & Liquor stores

~17 million transactions across store and eCommerce platforms every week

Flybuys loyalty program reaching ~80% of Australian households



Significant investments in automation and customer experience

Supply chain, e-Commerce and digital, and in store

Two ADCs

Two automated CFCs

New store and store renewal program

Personalisation, loyalty and media



Extensive exclusive brand portfolio

Catering to all price points – value, mid and premium tiers

>6,000 Exclusive to Coles products

~1,900 Exclusive Liquor Brands



Strong sustainability focus

Focused on areas we can have the most impact

Including:

- Energy and emissions
- Plastics and packaging
- Waste
- Sourcing and farming



Strategy evolution

Our vision is to become the most trusted retailer in Australia and grow long-term shareholder value.



Destination for food and drink

- Deliver quality, delicious and healthy food
- Enhance value across the customer offer
- Innovate and differentiate through exclusive brands
- Inspire customers through tailored range and events
- Provide convenient meal solutions and home needs
- Grow through strong supplier relationships

Accelerated by digital

- Deliver a seamless experience
- Personalise the customer journey
- Expand offer through eCommerce
- Anticipate and solve customer missions
- Grow media through Coles 360

Delivered consistently for the future

- Simplify and Save to Invest
- Enable and develop customer-focused teams
- Revitalise stores and network
- Reimagine sourcing and supply chain
- Create a more sustainable future

Immediate areas of focus

Availability, loss and quality



Restore availability, reduce loss and provide a high-quality fresh food offering

Delivering value



Through exclusive brand portfolio, weekly specials and promotions, Flybuis, everyday trusted low prices

Simplify and Save to Invest



Deliver >\$1 billion in cumulative savings over the next four years

Customer experience



Investment in store team capability, digital experience and store presentation

Outlook



Outlook

Cost of living pressures are likely to remain for many Australian households and we will continue to focus on delivering trusted value

At the same time there are still customers looking for premium offerings and we will continue to innovate across our exclusive brand portfolio and tailor our ranges to meet the full range of customer needs

Supermarkets	<ul style="list-style-type: none"> In the early part of FY24, volumes have remained modestly positive Fresh produce remains in deflation while inflation in bakery, grocery and dairy remains consistent with Q4 Value campaigns and exclusive brand portfolio expected to continue to resonate with customers Total loss is a priority and we are taking immediate actions to address this Expect to open ~15 new stores, close ~6 stores and renew ~50 stores
Liquor	<ul style="list-style-type: none"> Expect to open ~20 new stores, close ~6 and renew >100 stores
Other	<ul style="list-style-type: none"> No material property divestments are forecast to occur in FY24, resulting in lower property earnings. This will be partially offset by a full year of earnings from the Product Supply Arrangement
Depreciation & Amortisation	<ul style="list-style-type: none"> Expected to be ~\$1.65 billion, reflective of the higher level of capital expenditure over the last few years, as well as a full year of operations at the Redbank ADC and the opening of the Kemps Creek ADC
ADC financing costs	<ul style="list-style-type: none"> Within financing costs, there will be an increase in right of use assets lease interest and borrowing costs that were previously capitalised associated with the ADCs of approximately \$25 million compared to FY23
Operating capex	<ul style="list-style-type: none"> Expected to be in the range of \$1.2 to 1.4 billion, inclusive of investment in our Kemps Creek ADC and automated CFCs
Cash flow conversion	<ul style="list-style-type: none"> FY24 year includes a 53rd week ending on 30 June 2024. Given the timing of year end, it is expected that this will have an impact on working capital levels on balance date. As a result, cash flow conversion may be lower for FY24 relative to prior periods

Medium term outlook

- Well positioned to benefit from continued growth and innovation in our exclusive brand portfolio, Australia's high population growth and increases in at home consumption
- A more resilient and efficient supply chain as our ADCs ramp up and we focus on delivering improved availability
- Opportunities to enhance our fresh offering, drive growth and loyalty through our digital platforms and the launch of our automated CFCs, improve productivity and deliver a more consistent customer experience

Q&A



Appendices



Appendix 1 – Reporting calendars for FY24 and FY25

FY24 is a 53 week reporting period

FY24	1Q24	2Q24	3Q24	4Q24
<i>Reporting period</i>	26 Jun 2023 - 24 Sep 2023	25 Sep 2023 - 31 Dec 2023	1 Jan 2024 - 24 Mar 2024	25 Mar 2024 - 30 Jun 2024
<i>Number of days</i>	91 days	98 days	84 days	98 days
<i>Number of weeks</i>	13 weeks	14 weeks	12 weeks	14 weeks

FY25	1Q25	2Q25	3Q25	4Q25
<i>Reporting period</i>	1 July 2024 - 29 Sep 2024	30 Sep 2024 - 5 Jan 2025	6 Jan 2025 - 30 Mar 2025	31 Mar 2025 - 29 Jun 2025
<i>Number of days</i>	91 days	98 days	84 days	91 days
<i>Number of weeks</i>	13 weeks	14 weeks	12 weeks	13 weeks

Appendix 2 – Express divestment impacts

Underlying EBIT reconciliation

\$m (52 WEEKS TO 25 JUNE 2023)	FY23	FY22
Convenience (c-store) sales revenue	988	1,132
EBITDA – underlying	164	181
EBIT – underlying	46	42
Divestment impacts		
- Notional depreciation and amortisation ¹	83	-
- Loss on sale	(18)	-
EBITDA – discontinued (statutory)	146	181
EBIT – discontinued (statutory)	111	42

Underlying profit on sale

\$m	FY23
Total consideration	319
Book value of net assets disposed	(321)
Transaction costs	(16)
Loss on sale before income tax	(18)
Adjustment for notional depreciation and amortisation ¹	83
Profit on sale before income tax - underlying	65