



27 February 2024

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir or Madam

**Coles Group Limited – 2024 Half Year Results Presentation**

Please find attached for immediate release to the market the 2024 Half Year Results Presentation for Coles Group Limited.

This announcement is authorised for release by the Board.

Yours faithfully,

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

**Daniella Pereira**  
Group Company Secretary

# 2024 Half Year Results Presentation

27 February 2024

Leah Weckert, Managing Director & Chief Executive Officer

Charlie Elias, Chief Financial Officer



Coles' Christmas range featured more than 300 Coles Own Brand products, providing value to customers during the festive season.

# 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](http://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 2024 Half Year Results Presentation is consistent with the underlying information disclosed in the Appendix 4D Half 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**



# 1H24 highlights

Good progress against immediate strategic priorities

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Investments in value and improvements in availability underpin Supermarkets volume growth

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Continued product innovation and strong growth in Exclusive to Coles and Exclusive Liquor Brands

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Strong growth in eCommerce, digital and loyalty

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Technology and operational initiatives implemented to address loss



# 1H24 financial highlights

Reported Group EBIT – continuing operations

**\$1,064m**

0.6% vs. pcp

Underlying Group EBIT<sup>1</sup> – continuing operations

**\$1,110m**

3.3% vs. pcp

Operating cash flow

**\$1,886m**

102% cash realisation

Reported NPAT – continuing operations

**\$594m**

(3.6)% vs. pcp

Underlying NPAT<sup>1,2</sup> – continuing operations

**\$626m**

(0.3)% vs. pcp

Dividends<sup>3</sup>

**36cps**

fully-franked

**Notes:** (1) Non-IFRS: Underlying adjusted for major project implementation costs in relation to the ADCs and CFCs (1H24: \$46 million, 1H23: \$17 million); (2) Non-IFRS: Calculated underlying NPAT applies the effective tax rate of 30% in 1H24 (1H23: 29%); (3) The Coles Board has declared a fully-franked interim dividend of 36 cents per share with a record date of 6 March 2024 and a payment date of 27 March 2024.



# Sustainable benefits for all stakeholders



## Customers

**850 supermarkets** in every part of Australia

Invested in **value** by lowering prices on hundreds of products

**~6,000 Exclusive to Coles** products, thousands of **weekly specials**, and **Flybuys** loyalty program



## Suppliers

**>8,000 suppliers** and **>40,000 product lines**

93% of small supplier invoices paid within 30 days<sup>1</sup>

**>\$33 million** in grants awarded by **Coles Nurture Fund** since 2015

Continued to work with suppliers to **help manage cost pressures** through price variation request process



## Team members

One of the **largest private sector employers in Australia**

**~120,000 team members**

Passed on an **increase of 5.75% for our 97,000 Supermarkets wages-paid team members** in addition to the **0.5% Superannuation Guarantee increase**



## Community

Recognised by the 2023 GivingLarge Report as the **top corporate giver as a percentage of profit<sup>2</sup>** for the 4th year in a row

**Contributions in 1H24 to community organisations** with an additional 21 million meals donated to SecondBite and Foodbank



## Shareholders

**>440,000 direct and millions of indirect shareholders** including through superannuation funds

**1H24 interim dividend of 36 cents per share** declared equating to **\$482 million of dividends** to be paid

**\$4.3 billion in dividends** paid since demerger

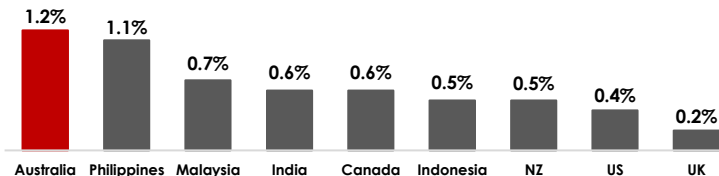
# Macroeconomic backdrop

Highest population growth of developed and developing countries

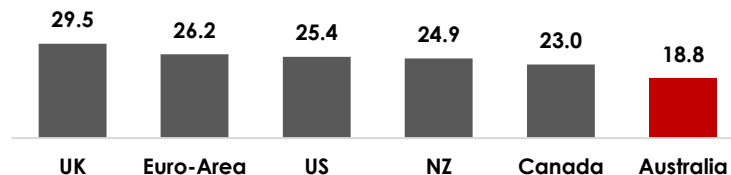
Expect further shift to in-home dining driven by pressure on discretionary spending

Food inflation lower than other developed countries despite similar pressure on inputs

Forecast population growth (2030)<sup>1</sup>



Food CPI growth – Dec. 2019 to 2023<sup>2</sup> (%)





# Investing in great value and great quality

“Great Value, Hands Down”  
campaign with prices dropped on  
hundreds of products

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“Coles Simply” brand introduced to  
help shoppers easily identify key  
Own Brand value items



Increased focus on Fresh including  
supply chain initiatives

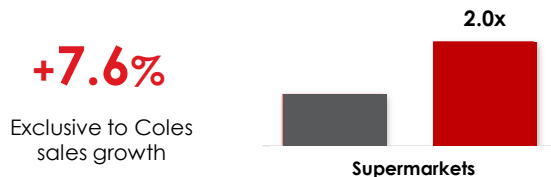
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“Great lengths for Quality”  
campaign launched

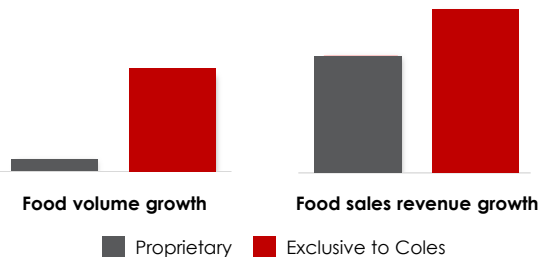


# Exclusive brand portfolio resonating with customers

~2x revenue growth of proprietary brands



Strong volume growth in food driven by value and quality



Extensive range of Own Brand products with ~6,000 Exclusive to Coles and ~1,900 Exclusive Liquor Brand products

>500 new Exclusive to Coles and 199 Exclusive Liquor Brand products launched in 1H24

“Coles Finest” revenue growth of 22% in 1H24; Positive customer response and volume growth in “Coles Simply”

Most awarded Supermarket for Own Brand products at 2024 ‘Product of the Year’ awards

# Accelerating engagement in digital channels and loyalty

## Growing digital revenue and contribution

**+29.2%** **9.1%** **+14.9%**

Revenue growth in  
Supermarkets<sup>1</sup> (vs. pcp)

Supermarkets sales  
penetration<sup>1</sup>

Revenue growth in  
Liquor<sup>2</sup> (vs. pcp)

## Delighting our customers with a great shopping experience (vs. pcp)



**NPS gains**

**+6.0pts**

Click & Collect

**+1.2pts**

Ease of Checkout

**+2.7pts**

Ease of Shop

**+3.5pts**

Overall Online

**+42.3%**

Growth in Coles  
App active users

Improved shopping  
features: **Bought  
Before,  
Shoppable  
Recipes, Self-  
Serve Refunds**

## Building strong momentum with Coles 360 (vs. pcp)

Developing new in-  
app and website  
media opportunities

**360**

**+29%**

Growth in media income

## Record Flybuys engagement and participation (vs. pcp)

**+9.5%** **818k** **+7.8%** **2.1x**

Active  
membership  
growth

New  
active  
members

Growth in  
swipe rate

Customers  
redeeming  
points

'Most Satisfied  
Customers'  
Award



**colesgroup**

**Notes:** (1) eCommerce gross retail sales and penetration include Liquor sold through coles.com.au and excludes gift cards sold online, eCommerce penetration is based on gross retail sales excluding gift cards. (2) Liquor eCommerce gross retail sales excludes liquor sold through coles.com.au which is reported in Supermarkets' eCommerce sales, and B2B sales.

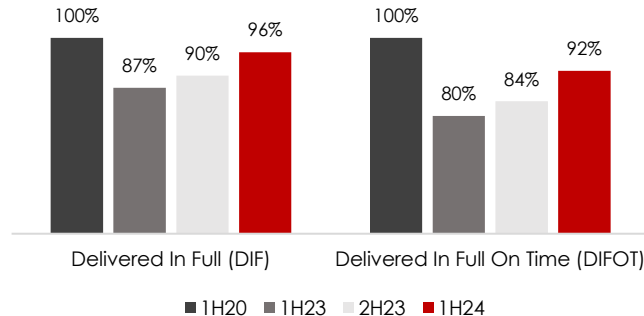


# Availability improving and productivity program helping to offset cost inflation

## Actions taken to build supply chain resilience

Greatest uplift in previously impacted categories of meat, frozen vegetables and eggs

Rebased to 100 in 1H20 (pre-COVID-19 levels)



## Simplify and Save to Invest delivered ~\$90m in benefits

### Initiatives included:

- In-store (improved inventory management)
- Supply chain (faster, fresh flows, transport optimisation)
- eCommerce (call centre and pick efficiencies)

### Simplify and Save to Invest benefits:

- ~75% in cost of doing business (e.g. store remuneration)
- ~25% in gross profit (e.g. logistics)



# Moving at pace to address loss



**Operational and process initiatives** to address stock loss and waste and markdown implemented across all stores (e.g. team member training, ranging, enhanced shelf life through improved product flow)

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Rolled out **Skip Scan in 305 stores** and **Smart Gates in 267 stores**

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Total loss<sup>1</sup> represented a **~50bps headwind in 1H24** vs pcp

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**Improving trajectory** throughout Q2 with **further improvement expected in 2H24**

# Strategy tracker – good progress against immediate areas of focus

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



## Availability, loss and quality

- ✓ Improved availability with DIF of 96% (2H23: 90%) and DIFOT of 92% (2H23: 84%)<sup>1</sup>
- ✓ Skip Scan and Smart Gates operational in 305 and 267 stores
- ✓ Improvements in quality and availability customer satisfaction metrics

## Delivering value

- ✓ "Great Value, Hands Down" campaign
- ✓ >1,300 products placed on everyday low prices; and thousands of weekly specials
- ✓ Introduced instant \$10 off at checkout for many Flybuys members

## Simplify and Save to Invest

- ✓ Achieved approximately \$90 million in benefits in first half
- ✓ Delivered initiatives in stores, distribution centres and eCommerce
- ✓ Remain on track to deliver >\$1bn in cumulative savings over the next 4 years

## Customer experience

- ✓ Renewed 11 supermarkets including five Format A stores
- ✓ Renewed 71 Liquor stores including 64 Black & White Liquorlands
- ✓ Enhancements to digital assets including "Shoppable recipes"

# Environmental, social and governance

## Win Together – Good progress in key areas of focus

### Energy and emissions



Partnered with Origin Energy to **install solar panels on 100 supermarket and liquor stores**, helping to reduce each participating stores electricity use from the grid by ~20% on average<sup>1</sup>

### Scope 3 emissions



Expanded the use of **methane reducing feed supplement Bovaer®** with three Coles Finest Certified Carbon Neutral Beef range suppliers now including it into their feeding programs

### Sustainable packaging



Rolled out **certified compostable bags in the fruit and vegetable section across all stores in SA**, removing 28m traditional single use plastic produce bags from production in one year

### Community



Recognised by the 2023 GivingLarge Report as the **top corporate giver as a % of profit<sup>2</sup> for the 4<sup>th</sup> year in a row**

### Diversity and Inclusion



**Ranked #4 in the World Benchmarking Alliance's<sup>3</sup> Gender Benchmark** for the food and agricultural sector

## Regulatory environment

- Several regulatory reviews underway (e.g. Senate Inquiry, Food and Grocery Code of Conduct Review, ACCC review into pricing and competition); Co-operating with the ACCC on a number of promotional enquiries

**Notes:** (1) Each participating store aims to generate up to 20% of its electricity requirements through onsite renewable generation. Actual store results will be dependent on the specific energy needs of each store and the final size of the solar system deployed on the store's roof. Coles and Origin aim to install solar systems at up to 100 stores, equivalent to 20 MW of total solar generation capacity; (2) Percentage contributions of profit over a rolling three years. Source 2023 Giving Large Report, Strive Philanthropy; (3) 48 food and agricultural companies were assessed with Coles ranking #4 behind The Hershey Company, Diageo, and Nestlé.

# Group financial overview

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Coles was proud to support the Movember campaign, raising more than \$1.3 million to help raise awareness on men's health and suicide prevention.



# 1H24 results – Group

\$m	1H24	1H23	Change
<b>Group - continuing operations</b>			
<b>Sales revenue</b>	<b>22,216</b>	<b>20,809</b>	<b>6.8%</b>
<b>EBITDA</b>			
- reported	1,854	1,809	2.5%
- underlying <sup>1</sup>	1,900	1,826	4.1%
<b>EBIT</b>			
- reported	1,064	1,058	0.6%
- underlying <sup>1</sup>	1,110	1,075	3.3%
<b>EBIT margin (%)</b>			
- reported	4.8%	5.1%	(29)bps
- underlying <sup>1</sup>	5.0%	5.2%	(17)bps
<b>Net profit after tax</b>	<b>594</b>	<b>616</b>	<b>(3.6)%</b>
Basic earnings per share (cents)	44.5	46.3	(3.9)%
<b>Total operations - continuing and discontinued operations<sup>2</sup></b>			
<b>Net profit after tax</b>	<b>589</b>	<b>643</b>	<b>(8.4)%</b>
Basic earnings per share (cents)	44.2	48.3	(8.5)%
Interim dividend per share (cents)	36.0	36.0	-

# 1H24 results – Supermarkets and Liquor

## Supermarkets

\$m	1H24	1H23	Change
<b>Sales revenue</b>	19,778	18,857	4.9% <sup>1</sup>
<b>EBITDA</b>			
- reported	1,730	1,676	3.2%
- underlying <sup>2</sup>	1,776	1,693	4.9%
<b>EBIT</b>			
- reported	1,007	991	1.6%
- underlying <sup>2</sup>	1,053	1,008	4.5%
<b>EBIT margin %</b>			
- reported	5.1	5.3	(17)bps
- underlying <sup>2</sup>	5.3	5.3	(2)bps

- Strong sales growth with positive volumes
- Investments in value resonated with customers with Exclusive to Coles growth of 7.6% and positive response to value campaigns
- eCommerce sales up 29.2% with penetration of 9.1%
- Underlying EBIT<sup>2</sup> growth of 4.5% with underlying gross margin<sup>2</sup> up 7 bps despite loss and inflationary pressures

## Liquor

\$m	1H24	1H23	Change
<b>Sales revenue</b>	1,988	1,952	1.8% <sup>3</sup>
<b>EBITDA</b>	148	141	5.0%
<b>EBIT</b>	84	80	5.0%
<b>EBIT margin %</b>	4.2	4.1	13bps

- Customers seeking value and managing their overall spend
- ELB outperforming broader portfolio
- eCommerce sales up 14.9% with strong growth in on-demand channel
- EBIT growth of 5.0% reflecting favourable sales mix and operating leverage

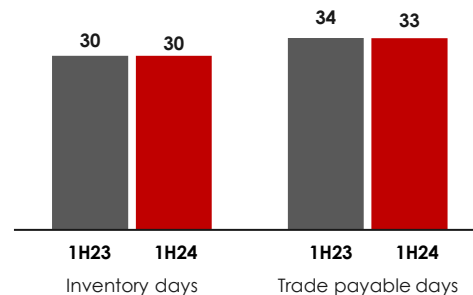
# Operating cash flow

Cash flow strong with cash realisation of 102%

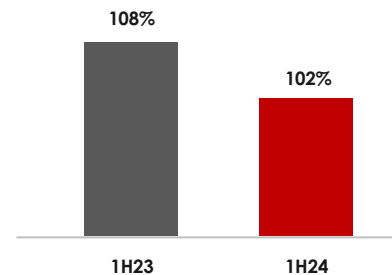
## Cash flow<sup>1</sup>

\$m	1H24	1H23
EBIT	1,057	1,114
Depreciation and amortisation	790	786
<b>EBITDA</b>	<b>1,847</b>	<b>1,900</b>
Change in working capital	112	195
Change in provisions and other	(73)	(51)
<b>Operating cash flow (excl. interest and tax)</b>	<b>1,886</b>	<b>2,044</b>

## Inventory and trade payable days<sup>2</sup>



## Cash realisation<sup>3</sup>



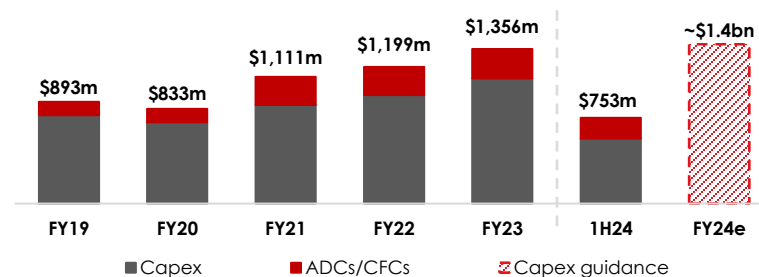
# Capital expenditure

## Capital expenditure breakdown

\$m	1H24	1H23
Store renewals	182	93
Growth initiatives	161	166
Efficiency initiatives	292	232
Maintenance	118	132
<b>Operating capital expenditure</b>	<b>753</b>	<b>623</b>
Property acquisitions and development	116	35
Property divestments	(187)	(104)
<b>Net property capital expenditure</b>	<b>(71)</b>	<b>(69)</b>
<b>Net capital expenditure</b>	<b>682</b>	<b>554</b>

## Key capital expenditure initiatives

<b>Store renewals</b>	<ul style="list-style-type: none"> <li>Store renewals across Supermarkets (11) and Liquor (71) including 64 Black &amp; White Liquorland renewals</li> </ul>
<b>Growth initiatives</b>	<ul style="list-style-type: none"> <li>New stores across Supermarkets (5) and Liquor (10)</li> <li>Investment in automated CFCs (~70% invested by end 1H24) and other eCommerce initiatives</li> </ul>
<b>Efficiency initiatives</b>	<ul style="list-style-type: none"> <li>Investments in ADCs (~90% invested by end 1H24), stock loss initiatives and Liquor ERP solution</li> </ul>
<b>Maintenance</b>	<ul style="list-style-type: none"> <li>Refrigeration and electrical replacement programs</li> <li>Lifecycle replacement of store and technology assets</li> </ul>
<b>Property</b>	<ul style="list-style-type: none"> <li>1H net property divestments of \$71 million</li> </ul>
<b>Outlook</b>	<ul style="list-style-type: none"> <li>FY24 operating capital expenditure expected to be approximately \$1.4 billion</li> </ul>





# Balance sheet

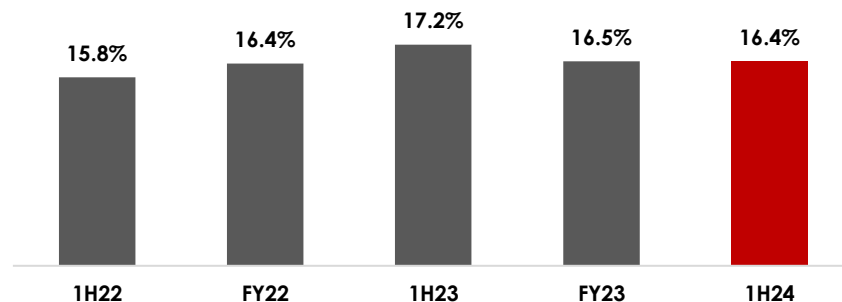
## Balance sheet summary

\$m	31 Dec 2023	25 Jun 2023	1 Jan 2023
Working capital	(1,599)	(1,506)	(1,680)
Property, plant and equipment	5,252	4,985	4,755
Other assets and liabilities	7,506	7,503	8,437
<b>Capital employed</b>	<b>11,159</b>	<b>10,982</b>	<b>11,512</b>
Cash and cash equivalents	1,092	597	698
Total debt	(1,666)	(1,118)	(1,060)
Lease liabilities	(7,725)	(7,849)	(7,759)
Liabilities associated with assets held for sale	-	-	(792)
Net tax balances	677	744	780
<b>Total net assets</b>	<b>3,537</b>	<b>3,356</b>	<b>3,379</b>

## Comments

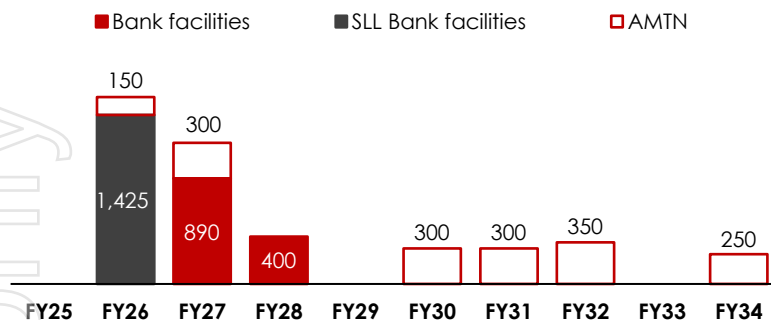
- **Property, plant and equipment** increased by \$267 million in line with the increase in capital expenditure
- **Cash and cash equivalents increased** largely a result of the issuance of \$600 million of Australian dollar medium term notes

## Return on capital<sup>1</sup>

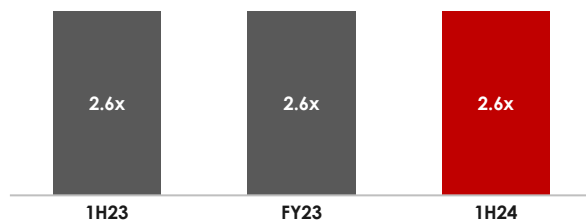


# Capital management

## Debt facility maturity profile (\$m)



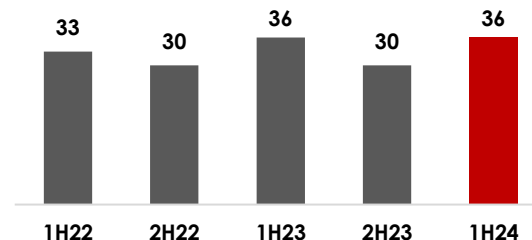
## Leverage ratio<sup>2</sup>



## Comments

- **Net debt** (excluding lease liabilities) of \$1,165 million increased by \$133 million compared to 25 June 2023, consistent with increases in capital expenditure
- Fully franked 1H24 interim **dividend of 36 cents per share** declared
- Weighted average drawn **debt maturity** of 6.1 years
- **Undrawn facilities** of \$2.4 billion<sup>1</sup>

## Dividend (cps)



## Ratings

**Moody's**  
**Baa1**

**S&P Global**  
**Ratings**

**BBB+**

# Supermarkets



"Quiet Hour", Coles' low-sensory shopping experience, has been expanded to five days a week, at a time that better suits many customers and working parents.

## Supermarkets – key metrics

Total sales revenue

**\$19.8bn**

4.9% vs. pcg

eCommerce sales growth

**29.2%**

vs. pcg

Reported EBIT

**\$1,007m**

1.6% vs. pcg

Underlying EBIT<sup>1</sup>

**\$1,053m**

4.5% vs. pcg

Exclusive to Coles  
sales revenue growth

**7.6%**

vs. pcg

Reported EBIT  
margin

**5.1%**

(17)bps vs. pcg

Underlying EBIT<sup>1</sup>  
margin

**5.3%**

(2)bps vs. pcg

Sales per sqm

**\$19,618**

5.2% vs. pcg

Notes: (1) Non-IFRS: Underlying adjusted for major project implementation costs in relation to the ADCs and CFCs (1H24: \$46 million, 1H23: \$17 million).

# Supermarkets – 1H24 results

## Value campaigns underpin positive volume growth

\$m	1H24	1H23	Change
<b>Key P&amp;L items</b>			
<b>Sales revenue</b>	<b>19,778</b>	<b>18,857</b>	<b>4.9%<sup>1</sup></b>
<b>EBITDA - reported</b>	1,730	1,676	3.2%
EBITDA - underlying <sup>2</sup>	1,776	1,693	4.9%
<b>EBIT - reported</b>	<b>1,007</b>	<b>991</b>	<b>1.6%</b>
EBIT - underlying <sup>2</sup>	1,053	1,008	4.5%
<b>Key metrics (non-IFRS)</b>			
Gross retail sales growth (%)	5.0	5.3	(35)bps
Comparable sales growth (%)	4.0	4.9	(86)bps
Gross margin - underlying <sup>2,4</sup> (%)	26.6	26.5	7bps
CODB - underlying <sup>2,4</sup> (%)	(21.3)	(21.2)	10bps
EBIT margin - underlying <sup>2,4</sup> (%)	5.3	5.3	(2)bps
eCommerce penetration <sup>5</sup> (%)	9.1	7.4	167bps
Sales per square metre (\$/m <sup>2</sup> )	19,618	18,651	5.2%
Price inflation (%)	3.0	7.4	n/m
Price inflation excl. tobacco (%)	2.9	7.7	n/m
Price inflation excl. tobacco and fresh (%)	4.8	7.6	n/m

n/m denotes not meaningful.

**Notes:** (1) Adjusted for the differences in the retail calendar which included New Years Day in the prior corresponding period, sales revenue increased by 4.7% in 1H24; (2) Non-IFRS: Underlying adjusted for major project implementation costs in relation to the ADCs and CFCs (1H24: \$46 million, 1H23: \$17 million); (3) Gross retail sales are comprised of retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points; (4) On a reported basis: Gross margin (1H24: 26.6%; 1H23: 26.5%; +10bps y/y), CODB % (1H24: -21.5%; 1H23: -21.2%; +27bps y/y), EBIT margin (1H24: 5.1%; 1H23: 5.3%; -17bps y/y); (5) eCommerce penetration includes Liquor sold through coles.com.au and excludes gift cards sold online. eCommerce penetration is based on gross retail sales excluding gift cards.

## Key commentary

- Sales growth driven by improved availability, successful execution of key seasonal events and the Curtis Stone BBQ continuity campaign
- Excluding tobacco sales, sales revenue increased by 6.2%
- Q2 inflation moderated slightly to 3.0% (Q1: 3.1%) while inflation excluding tobacco and fresh was 4.0% (Q1: 5.7%)
- eCommerce sales increased by 29.2% (Q2: 33.5%) with penetration at 9.1%
- Reported gross margin increased 10 bps. Underlying gross margin<sup>2</sup> increased 7 bps supported by growth in Coles 360 and lower tobacco sales. Loss offset by benefits from range and promotional optimisation initiatives, and Simplify and Save to Invest benefits
- Reported CODB % increased 27 bps. Underlying CODB<sup>2</sup> % increased by 10 bps with Simplify and Save to Invest benefits and increased operating leverage offsetting wage inflation and investments in new stores. Excluding depreciation and amortisation, as well as major project implementation costs, CODB % remained broadly flat



# Liquor



Liquorland and Cricket Australia announced a four-year partnership with Liquorland serving as the official partner across men's and women's international cricket.

## Liquor – key metrics

Total sales revenue

**\$2.0bn**

1.8% vs. pcp

EBIT

**\$84m**

5.0% vs. pcp

eCommerce sales growth<sup>1</sup>

**14.9%**

vs. pcp

Exclusive Liquor Brands (ELB)  
sales growth

**3.6%**

vs. pcp

Exclusive Liquor Brands

**199**

lines added in 1H24

Liquor store renewals

**71**

completed in 1H24

Notes: (1) eCommerce gross retail sales growth excludes Liquor sold through coles.com.au which is reported in Supermarkets' eCommerce sales, and B2B sales.

# Liquor – 1H24 results

## Growth in ELB portfolio and eCommerce

\$m	1H24	1H23	Change
<b>Key P&amp;L items</b>			
Sales revenue	1,988	1,952	1.8% <sup>1</sup>
EBITDA	148	141	5.0%
EBIT	84	80	5.0%
<b>Key metrics (non-IFRS)</b>			
Gross retail sales growth (%) <sup>2</sup>	1.8	(2.5)	n/m
Comparable sales growth (%)	0.2	(2.3)	n/m
Gross margin (%)	22.9	22.6	27bps
CODB (%)	(18.6)	(18.5)	13bps
EBIT margin (%)	4.2	4.1	13bps
eCommerce penetration <sup>3</sup> (%)	6.4	5.6	74bps

n/m denotes not meaningful.

## Key commentary

- During the half, customers were seeking value and managing their overall spend. Basket growth was modest while units were down relative to the prior corresponding period. This was offset by transactions which continued to grow
- Excluding bulk sales, sales revenue increased by 2.4% (Q2: 2.6%)
- ELB continued to be a key focus with 199 ELB lines added to the portfolio
- eCommerce revenue increased by 14.9% with penetration at 6.4% (7.6% including Coles Online)
- Gross margin increased by 27 bps driven by ELB and local lines coupled with mix benefits, partially offset by the cost of on-demand third-party commissions
- CODB % increased by 13 bps driven by increases in store team member remuneration, new stores and renewals and investments in eCommerce and core IT systems, offset by improved operating leverage across the business

**Notes:** (1) Adjusted for the timing of the AFL Grand Final and differences in the retail calendar which included New Years Day in the prior corresponding period, sales revenue increased by 1.7% in 1H24; (2) Gross retail sales are comprised of retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points; (3) eCommerce penetration excludes liquor sold through coles.com.au which is reported in Supermarkets' eCommerce sales, and B2B sales.



# Outlook



Coles ambassador Sally Pearson and CEO Leah Weckert celebrate Coles' partnership with Little Athletics.

# Outlook

Delivering value for customers will continue to be a key focus for Coles.

With an extensive range of Own Brand products, our "Great Value, Hands Down" price drop campaign, thousands of products on everyday low prices and with our customers engaging more than ever with our Flybuys loyalty program, we are well positioned in the current economic environment.

<b>Supermarkets</b>	<ul style="list-style-type: none"> <li>In the first eight weeks of 3Q24, Supermarkets sales revenue grew 4.9%<sup>1</sup> underpinned by volume growth from strong execution of our value campaigns and improvements in availability compared to this time last year</li> <li>Pleasingly for customers, we are seeing deflation in fresh produce and meat, and continued moderation in packaged inflation</li> <li>Loss technology solutions have started to deliver positive results with total loss rate having improved compared to this time last year and we expect progressive improvement across the half</li> <li>Underlying cost inflation remains and we will continue to work to offset this through our Simplify and Save to Invest program</li> </ul>
<b>Liquor</b>	<ul style="list-style-type: none"> <li>In the first eight weeks of 3Q24, Liquor sales revenue declined by 2.2%<sup>1</sup> due to reduced discretionary spending</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>2H24 expected to be impacted by a net loss on property of approximately \$10 million with lower proceeds from property divestments to offset the upfront cost of investing in future growth opportunities</li> </ul>
<b>Financing costs</b>	<ul style="list-style-type: none"> <li>Expected to increase in 2H24, reflecting a higher level of gross debt coupled with an increase in borrowing costs relating to our ADCs that were previously capitalised</li> </ul>
<b>Major project implementation costs</b>	<ul style="list-style-type: none"> <li>FY24 now likely to be approximately \$130 million (lower than previous guidance by \$20 million) with the balance to be incurred in FY25 reflecting the expected timing of year end payments</li> </ul>
<b>Coles Group CEO, Leah Weckert:</b>	<p>"This is an exciting period for Coles with key milestones in our major infrastructure projects to be delivered within the next 12 months. These projects, along with the investments we are making in our digital assets and our stores, will improve efficiency and help to create a differentiated service offering for our customers, establishing the foundations for long term sustainable growth."</p>



## Appendix



Through the Coles Nurture Fund, Esperance Bay Orchards were awarded \$440k to invest in Near Infrared technology that detects the internal quality of organic fruit and limits food waste by reducing rejections.

# 1H24 results – segment financials

\$m	1H24	1H23	Change
<b>Sales revenue</b>			
Supermarkets	19,778	18,857	4.9%
Liquor	1,988	1,952	1.8%
Other	450	-	n/m
<b>Sales revenue – continuing operations</b>	<b>22,216</b>	<b>20,809</b>	<b>6.8%</b>
Express – discontinued operations	-	607	n/m
<b>Total Group sales revenue</b>	<b>22,216</b>	<b>21,416</b>	<b>3.7%</b>
<b>EBITDA</b>			
Supermarkets	1,730	1,676	3.2%
Liquor	148	141	5.0%
Other	(24)	(8)	n/m
<b>EBITDA – continuing operations</b>	<b>1,854</b>	<b>1,809</b>	<b>2.5%</b>
Express – discontinued operations	(7)	91	n/m
<b>Total Group EBITDA</b>	<b>1,847</b>	<b>1,900</b>	<b>(2.8)%</b>
<b>EBIT</b>			
Supermarkets	1,007	991	1.6%
Liquor	84	80	5.0%
Other	(27)	(13)	n/m
<b>EBIT – continuing operations</b>	<b>1,064</b>	<b>1,058</b>	<b>0.6%</b>
Express – discontinued operations	(7)	56	n/m
<b>Total Group EBIT</b>	<b>1,057</b>	<b>1,114</b>	<b>(5.1)%</b>

## Q&A

colesgroup



Team members at the newly opened Coles supermarket and Liquorland at Chadstone Village, Victoria.