



14 November 2024

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Manager,

COLES GROUP 2024 INVESTOR DAY

Following is a presentation that will be given today, Thursday 14 November 2024 at Coles' Investor Day in Melbourne which is scheduled to commence at 9:30am (AEDT).

The presentation will be webcast live and will be accessible via registration on our website at www.colesgroup.com.au.

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

Daniella Pereira
Group Company Secretary

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This announcement was authorised for release to ASX by the Disclosure Committee.

Coles Group Investor Day

Presentation

14 November 2024

colesgroup



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This presentation is for information purposes only and is not a prospectus or product disclosure statement, financial product or investment advice or a recommendation to acquire Coles shares or other securities. It has been prepared without taking into account the investment objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, taxation, business and/or financial advice appropriate to their circumstances.

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This presentation contains forward-looking statements in relation to Coles, including statements regarding Coles' intent, belief, goals, objectives, opinions, initiatives, commitments or current expectations with respect to Coles' business and operations, market conditions, results of operations and financial conditions, and risk management practices. This presentation may also include forward-looking statements regarding climate change and other environmental and energy transition scenarios. Forward-looking statements can generally be identified by the use of words such as 'forecast', 'estimate', 'plan', 'will', 'anticipate', 'may', 'believe', 'should', 'expect', 'intend', 'outlook', 'guidance', 'likely', 'aim', 'aspire' and other similar expressions. Similarly, statements that describe objectives, plans, goals, or expectations of the Group are forward-looking statements.

Any forward-looking statements are based on Coles' current knowledge and assumptions, including with respect to financial, market, risk, regulatory and other relevant environments that will exist and affect Coles' business and operations in the future. Coles does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions, many of which are beyond the control of the Group, that could cause the actual results, performance or achievements of Coles to be materially different from the relevant statements.

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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.

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.

FY24 was a 53 week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

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

Agenda

Topic	Presenter
Introduction and overview of 3D strategy	Leah Weckert
Destination for food and drink	Anna Croft
Accelerated by digital	Ben Hassing
Loyalty and Coles 360	Amanda McVay
Morning tea break	
Delivered consistently for the future	Matt Swindells
Liquor	Michael Courtney
Store network & financial framework	Charlie Elias
Q&A	Host: Anita Healy
Closing comments	Leah Weckert

Q&A



Join at slido.com
#ColesID



Introduction



Leah Weckert

Chief Executive Officer

110 years of Australian grocery retailing



1914



1960-1969



1970-1979



1990-1999



2024

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

Strong and mutually beneficial relationships with all our stakeholders are key to achieving this



Customers

~18m
transactions
per week



Team members

115,000+
team members



Suppliers

>8,000
suppliers



Community

\$38.5m
in community
support provided²



Shareholders

80-90%
dividend payout
ratio

Our purpose

Helping Australians eat and live better every day

We focus on **solving customer problems**, in all areas of their shopping mission, including **value, range, location and experience**

We inclusively serve **everyone living in Australia**

We provide leading **food, drink & home solutions**

We offer **better food** that is **more delicious, easy and affordable**

We focus on delivering a **consistent experience** for our customers, both in store and online



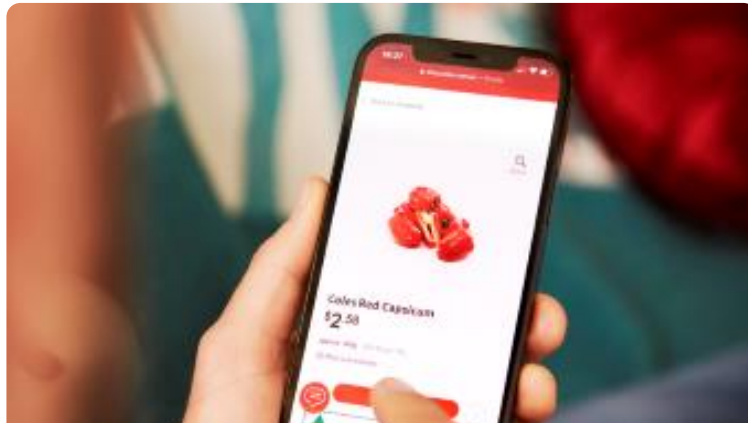
Our strategy is informed by customer preferences and behaviours



Value without compromising quality



Convenience, health & inspiration



Digital engagement increasing rapidly



Sustainability

In FY24 we launched our 3D strategy

Our strategy flywheel



Destination for food and drink

- Deliver delicious, easy, affordable customer solutions
- Enhance value across the customer offer
- Differentiate through fresh and exclusive brands
- Inspire customers through tailored range and events
- Grow through strong supplier relationships
- Integrated and convenient liquor offer

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

Destination for food and drink is what we aspire to be known for



Delicious, easy and affordable



Value



Fresh and Exclusive to Coles



Tailored ranges



Strong supplier relationships

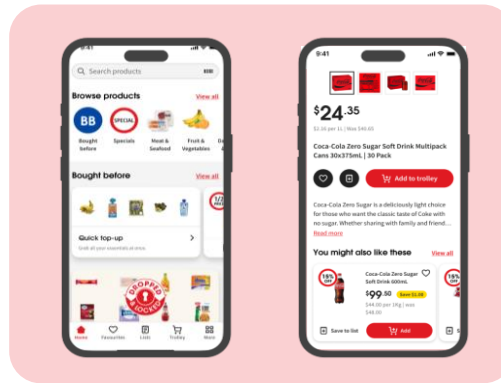


Integrated and convenient Liquor offering

Accelerated by digital is how we create a more seamless and enjoyable omnichannel shopping experience



Customer experience



Personalisation



eCommerce



Retail Media



New ventures

Delivered consistently focuses on making our operations simpler and more efficient, and improving customer experience



**Customer focused
teams**



**Simplify and Save
to Invest**



**Sourcing and supply
chain**



Store network



Sustainability

Win Together and our Foundations underpin our 3D pillars

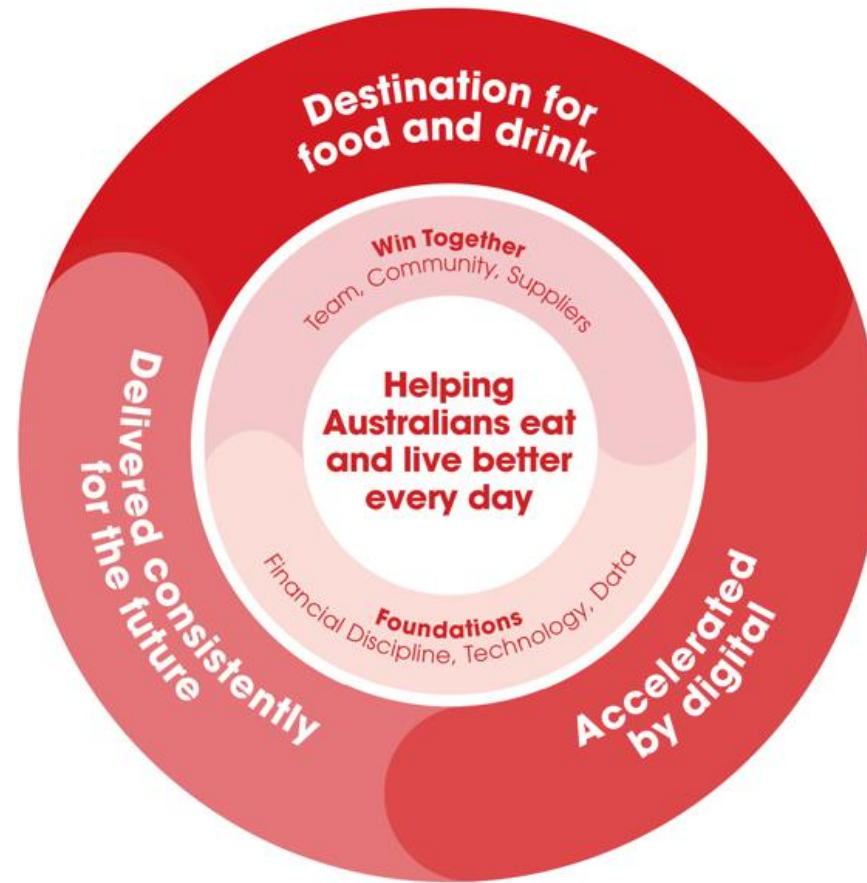


Our values are what guide us and are essential to our success

We are proudly **coles**



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



We are proudly **coles**



Strategy outcomes to date

WE SAID WE WOULD FOCUS ON...

WHAT WE DELIVERED IN FY24...

Destination for Food and Drink

- Delivering Value
- Fresh quality

- ✓ 'Great Value, Hands Down' campaigns, every day low prices, weekly specials
- ✓ Launched >1,100 Exclusive to Coles and 244 Exclusive Liquor Brand products
- ✓ National roll out of instant \$10 off Flybuys points redemption at checkout
- ✓ Improved quality controls in fresh; launched 'Great lengths for quality' campaign

Accelerated by Digital

- Customer experience
- Completion of our CFCs

- ✓ New digital features for in-store and online shopping and launch of Coles Plus Saver
- ✓ Supermarkets and Liquor eCommerce sales growth of 30.1% and 9.2% respectively¹
- ✓ Online NPS improved 22%
- ✓ CFC construction in VIC and NSW completed

Delivered consistently for the future

- Availability & Loss
- Simplify and Save to Invest (SSI)
- ADC program

- ✓ Improved availability with DIF of 96%² (89% in FY23) and DIFOT of 92%² (82% in FY23) and 27% reduction in gaps in-store and online
- ✓ 44bps improvement in total loss in 2H24 vs pcip
- ✓ Achieved \$238 million of benefits through SSI program
- ✓ Redbank ADC ramp up complete and delivering returns, Kemps Creek ADC construction completed

Destination for food and drink



Anna Croft

Chief Commercial &
Sustainability Officer

colesgroup

2

Destination for food and drink is what we aspire to be known for



Delicious, easy and affordable



Value



Fresh and Exclusive to Coles



Tailored ranges



Strong supplier relationships



Integrated and convenient Liquor offering

Focus for today

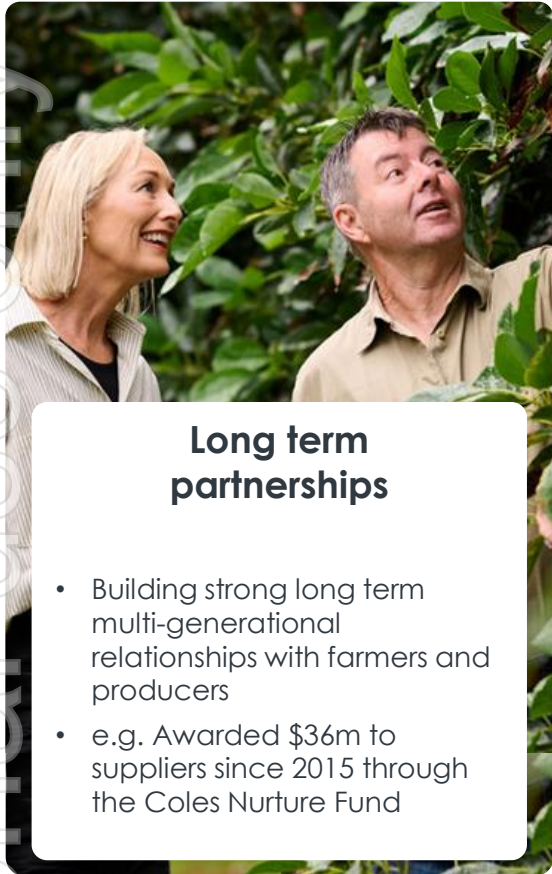
Fresh quality

Value

Exclusive to Coles

Range and space

Step change fresh quality



Long term partnerships

- Building strong long term multi-generational relationships with farmers and producers
- e.g. Awarded \$36m to suppliers since 2015 through the Coles Nurture Fund



Innovation and differentiation

- Partnerships with farmers to deliver differentiation
- Produce varietal development in key categories
- e.g. Coles Graze program, Grandma's Heirloom tomatoes, Hormone Free Beef



Localised manufacturing network

- Aligned processing and store networks to improve freshness of meat production
- e.g. 'WA for WA' sourcing model



End-to-end operating model

- Reduced lead times in Fresh manufacturing / processing to improve freshness & availability
- e.g. Technology investment to step change in-store processes

Fresh obsession culture and training

Continue to invest in value

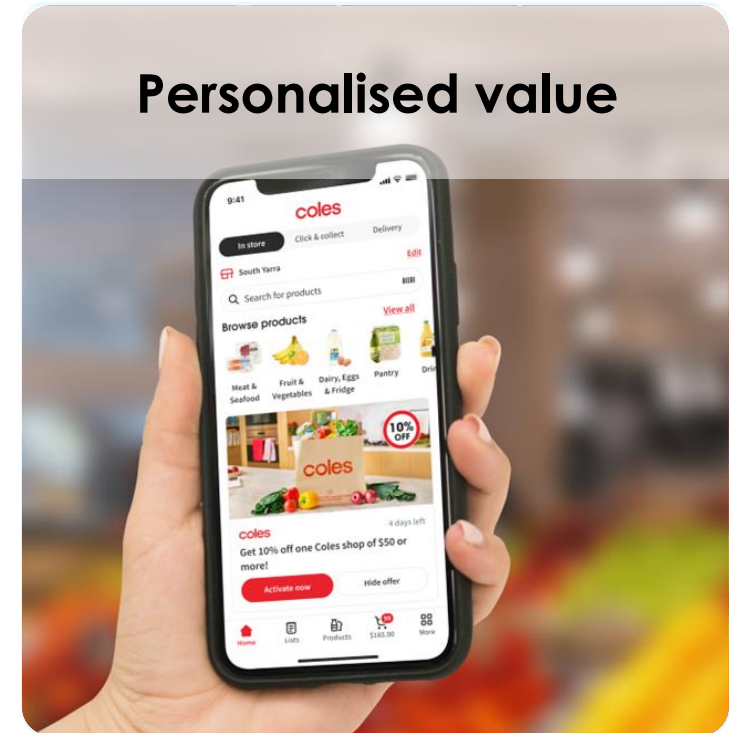
Trusted prices



Make specials special



Personalised value



Differentiate through Exclusive to Coles

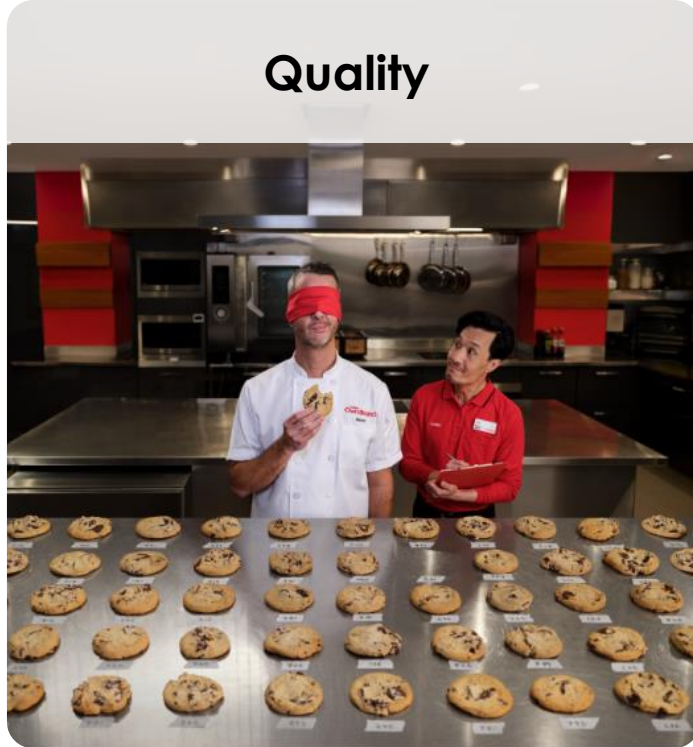
~6,000
Products

33.5%
of total sales¹



Exclusive products that are great quality and great value

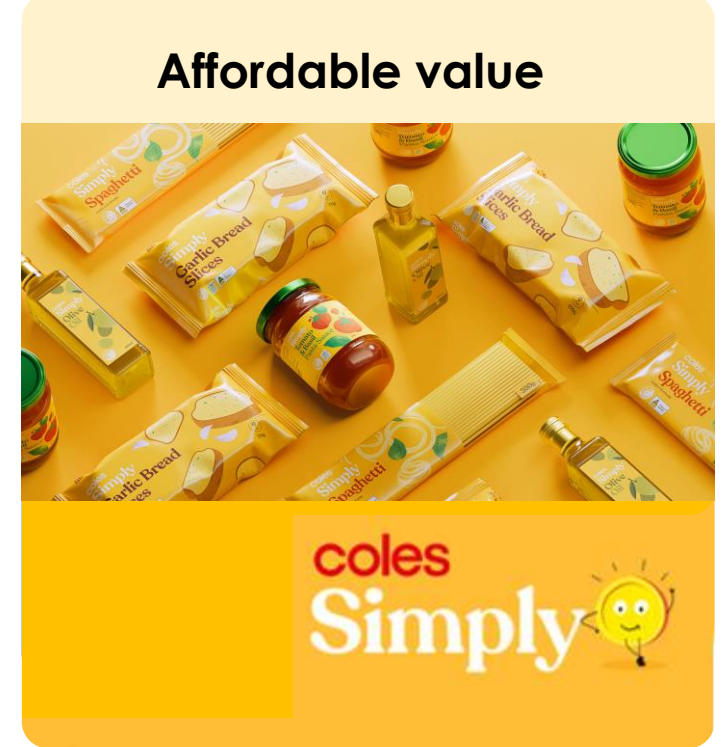
Quality



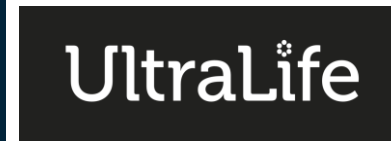
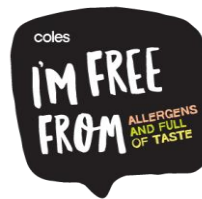
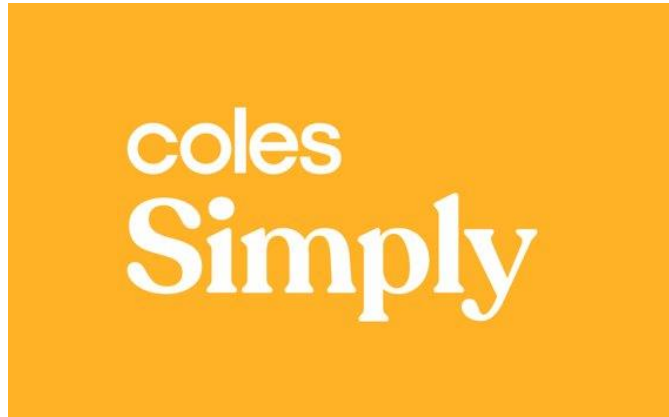
Innovation



Affordable value



Extensive range of exclusive own brands



Leveraging data to tailor range and space to improve the customer experience

- Simplify range
- Store specific range & space
- Optimise store renewals



ersonal use only



ersonal use only

Accelerated by digital



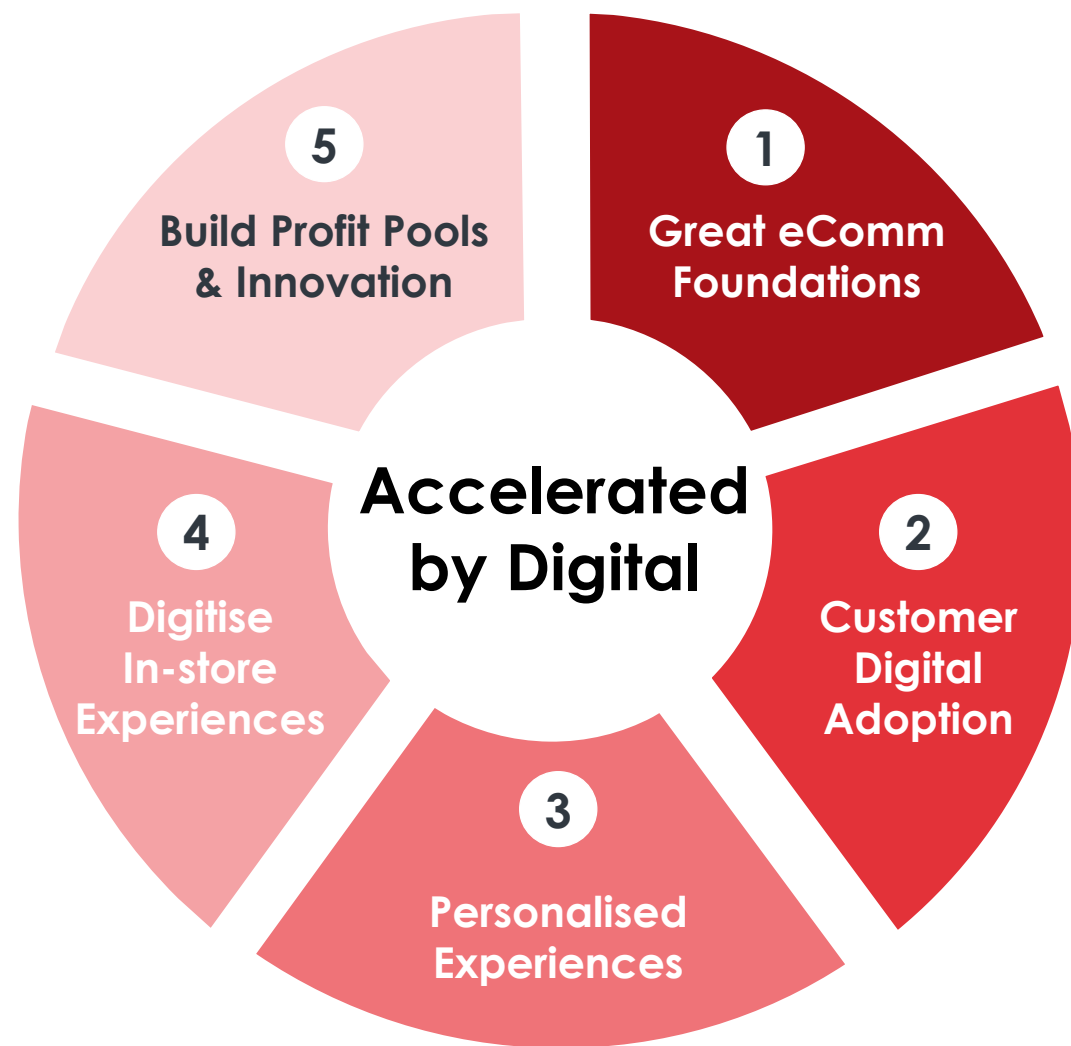
Ben Hassing

Chief Digital Officer

colesgroup

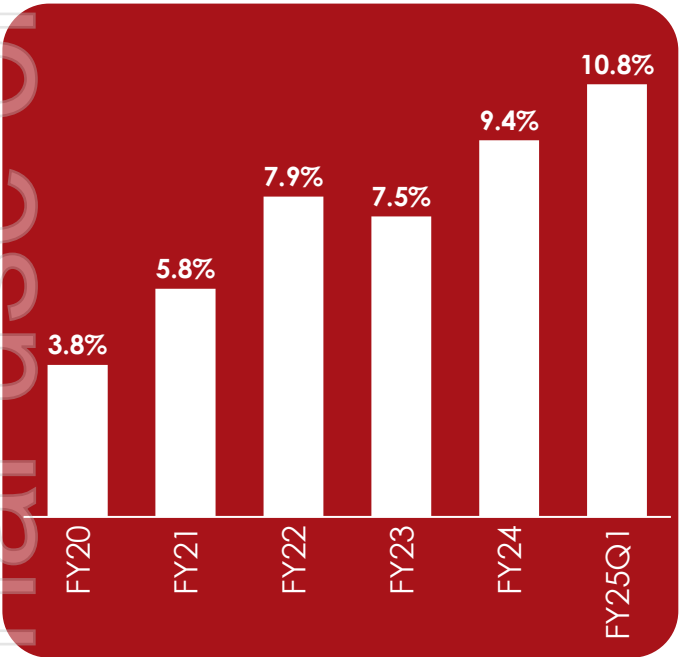
3

Accelerated by
digital will be
delivered by
focusing on five
foundations

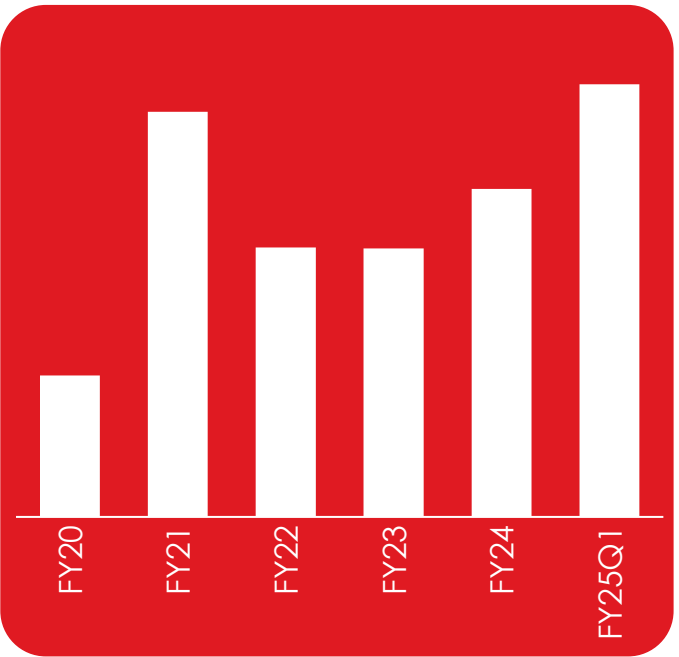


Strong growth in eCommerce sales over the last five years

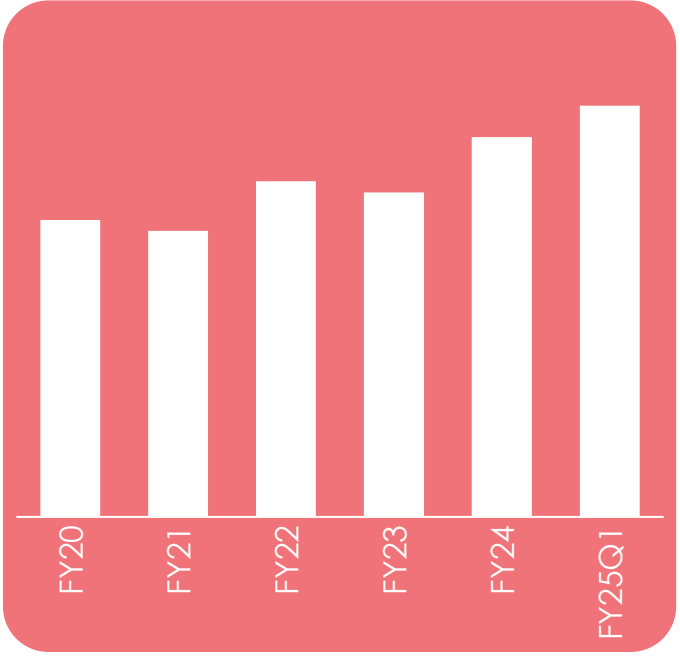
Contribution to supermarkets sales¹



eCommerce NPS



eCommerce market share²



Notes: (1) eCommerce sales and penetration includes Liquor sold through coles.com.au and is based on gross retail sales (excluding gift cards). Gross retail sales do not adjust for concession sales or the cost of Flybuys points; (2) Coles estimate, based on ABS sales data for food and grocery online market and Coles internal numbers.

Customers that engage digitally are more valuable

96%

of Coles Online customers
shop in Coles stores



4.6x

larger basket size than in store
shop



2.2x

spend from omnichannel
shoppers



Our physical and digital assets serve three key customer shopping missions

COMPREHENSIVE OMNICHANNEL NETWORK



Stores



Click & Collect (C&C)
C&C same day
C&C rapid



Next day delivery (CFC)
Next day delivery (store fulfilled)
Same day delivery
Rapid
B2B2C

SHOPPING MISSION

WEEKLY STOCKUP

Full shop for the week

WEEKLY TOP UP

Supplementary shop for essentials

IMMEDIATE NEED

Urgent shop for immediate needs

POPULATION COVERAGE

96%

88%

78%

WHAT CUSTOMERS WANT

CONSISTENCY & RELIABILITY

Customers cite availability (what I order is delivered), quality (days of life) and unique range as key drivers for the large shops

CONVENIENCE

Customers identify delivery and C&C window capacity and on time delivery and C&C wait times as key decision drivers

SPEED

Customers desire options for fast delivery with full range

HOW WE SERVE THEM



Extended range, ultra-freshness and slot expansion with CFC



Delivering in-store range



Click & Collect

Serving in-store range with <5 minutes wait time



Delivering in-store range the same day



Click & Collect

Serving in-store range the same day with less than 5-min wait time



Delivering in-store range at in-store prices in as little as 60 minutes



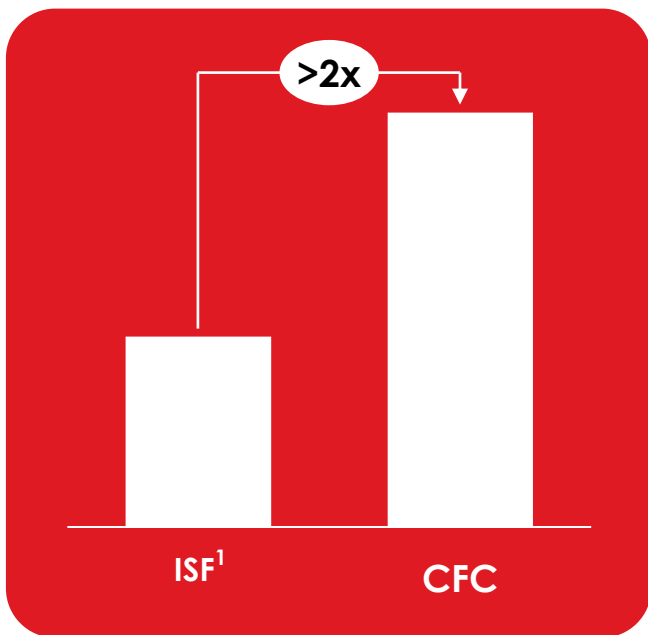
C&C Rapid

Serving in-store range at in-store pricing in <60 minutes with <5 minutes wait time

B2B2C

Essential product range delivered in <40 minutes at price premium

CFCs deliver an unmatched weekly stock up shop proposition



Industry leading perfect order rates

Special

SPECIAL

Coles No Added Hormone Beef Porterhouse St ... 450g

Life 7 days min

\$15.00 Save \$3.00

\$33.33 per 1kg | Was \$18.00

Improved freshness

EVERY DAY

Coles Full Cream Milk | 3L

Life 7 days min

\$4.35

\$1.45 per 1L

NEW ONLINE ONLY

ABC Pastry Pork Cabbage Dumplings | 500g
\$13.00
\$2.60 per 100g

NEW ONLINE ONLY

Carman's Gluten Free Muesli Crispy Deluxe | 1.2kg
\$19.00
\$1.58 per 100g

NEW ONLINE ONLY

La Tortilleria Corn Tortillas 8 Pack | 220g
\$6.50
\$2.95 per 100g

NEW ONLINE ONLY

Pie Thief Steak & Cheese Pie | 211g
\$9.50
\$4.50 per 100g

Expanded product range

CFCs will continue to drive efficiencies through global innovation



**Extended
range**



**Automated
bagging station**



**Automated on
grid pick**

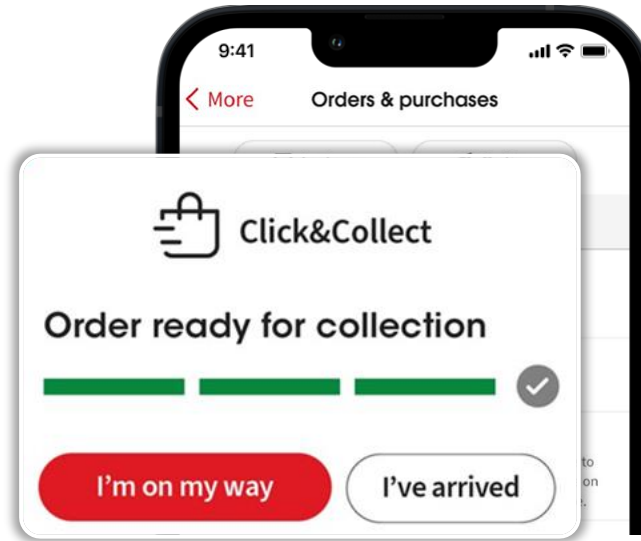


**Automated
frame load**



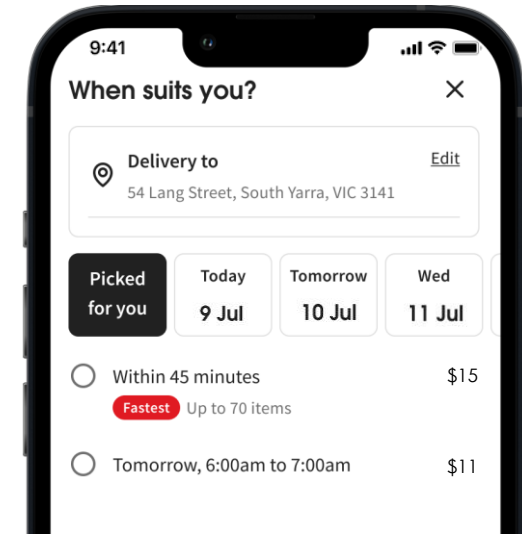
**Same day
delivery**

We will continue
to transform our
store fulfilled
customer
experience



Click & Collect

- <5mins wait time ambition
- Real-time order status
- Simpler arrival notifications
- Improved productivity with more accurate team member notifications

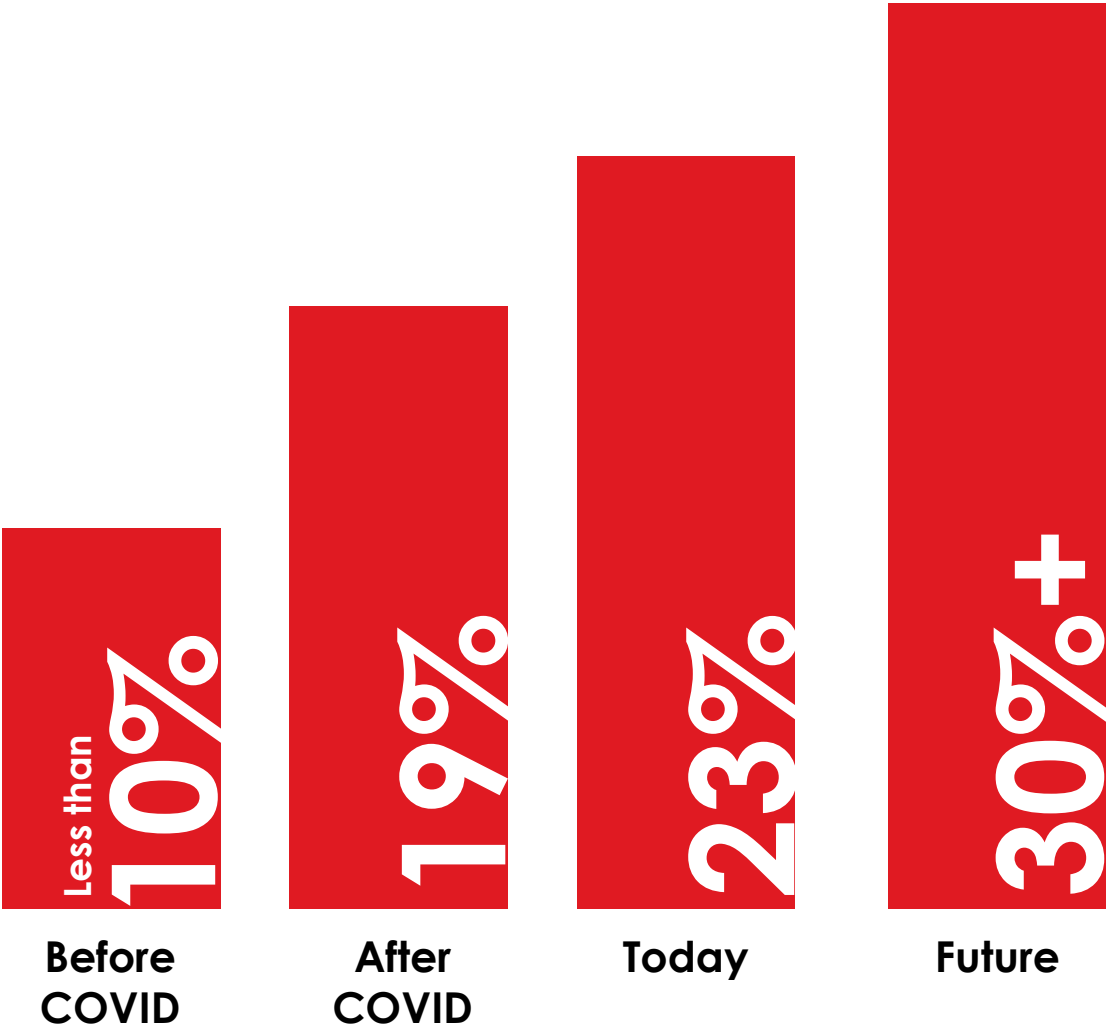


Rapid delivery

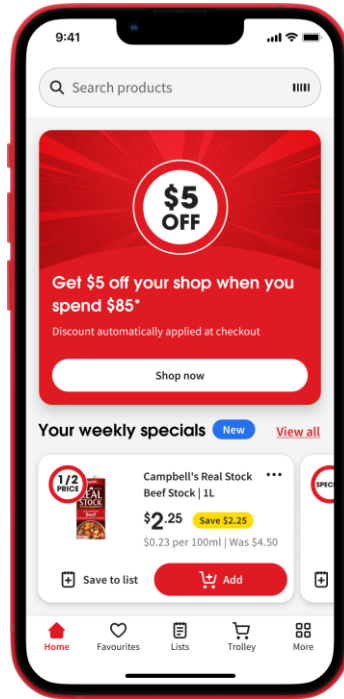
- On demand ordering
- Extended hours of service
- Store pricing, full range, loyalty
- Cut pick & pack time in half

Our App and Website also drive in-store sales

Customers who Research Online and Bought In-Store (ROBI)

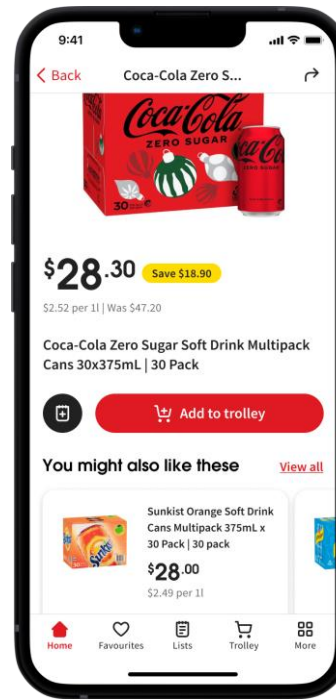


Adding features to assist customers seeking value



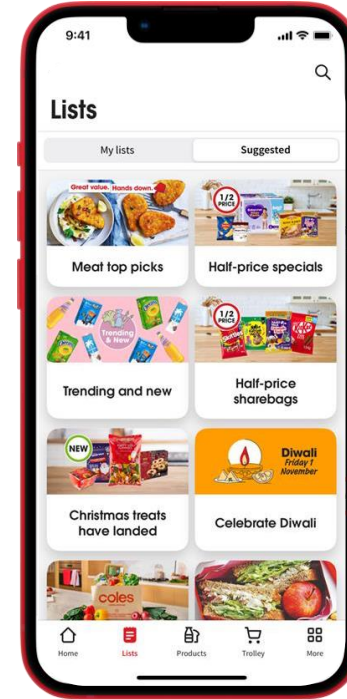
Weekly specials

Surfacing **personalised weekly specials**



Product Suggestions

Recommending **relevant products** in display pages



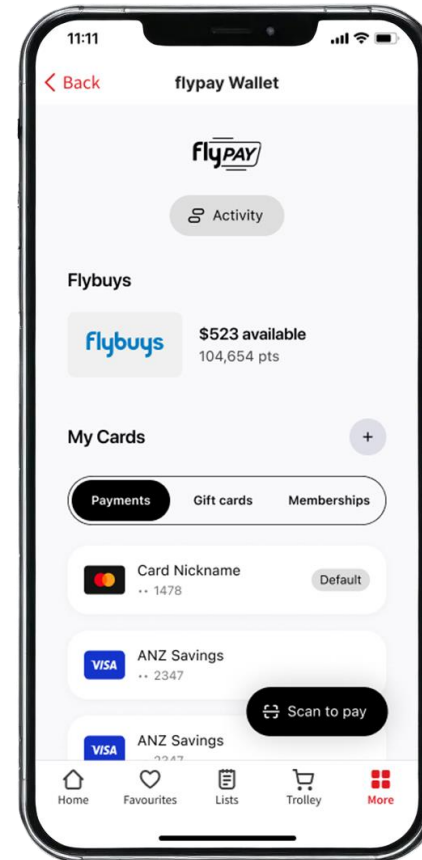
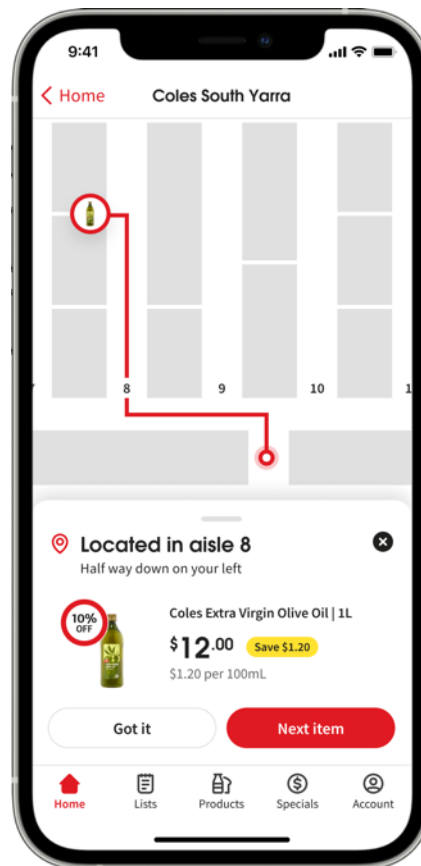
Shopping Lists

Allowing customers to **build, engage and share lists**

Enabling a seamless in-store shopping experience augmented by Digital

colesgroup

Wayfinding

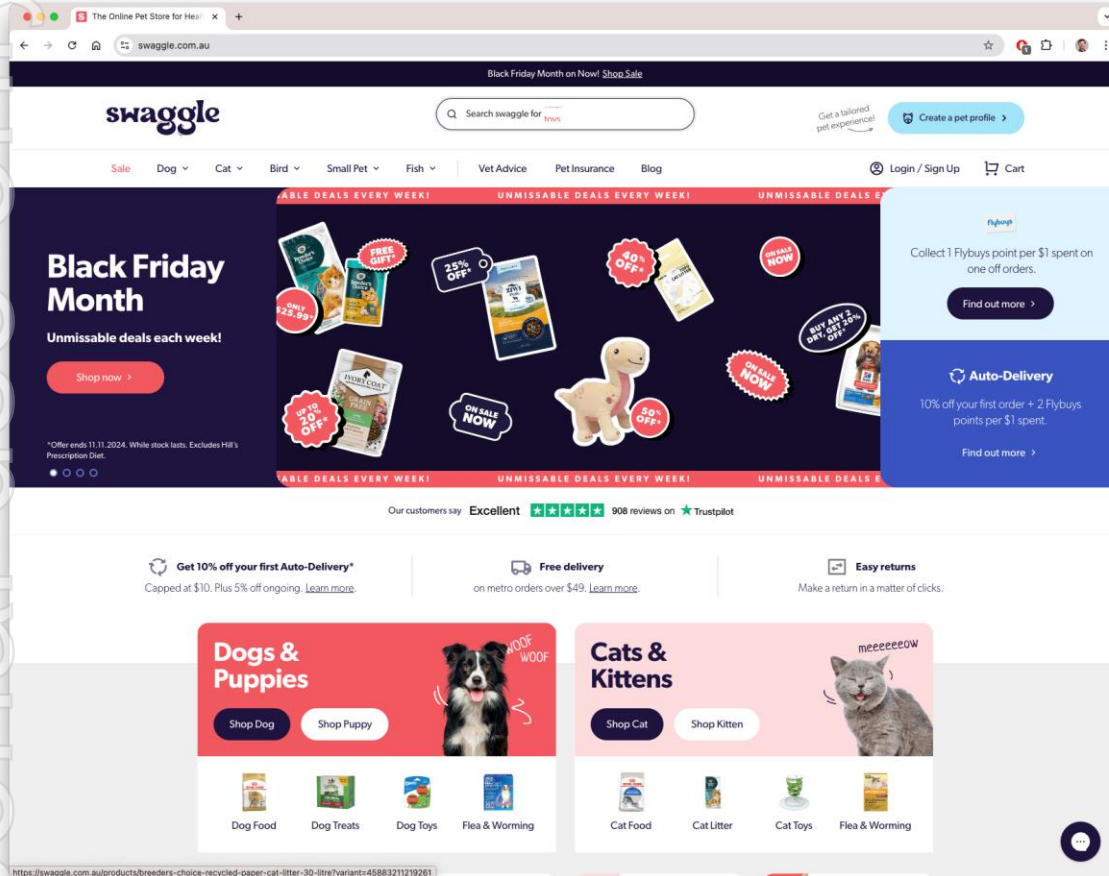


Digital Payments

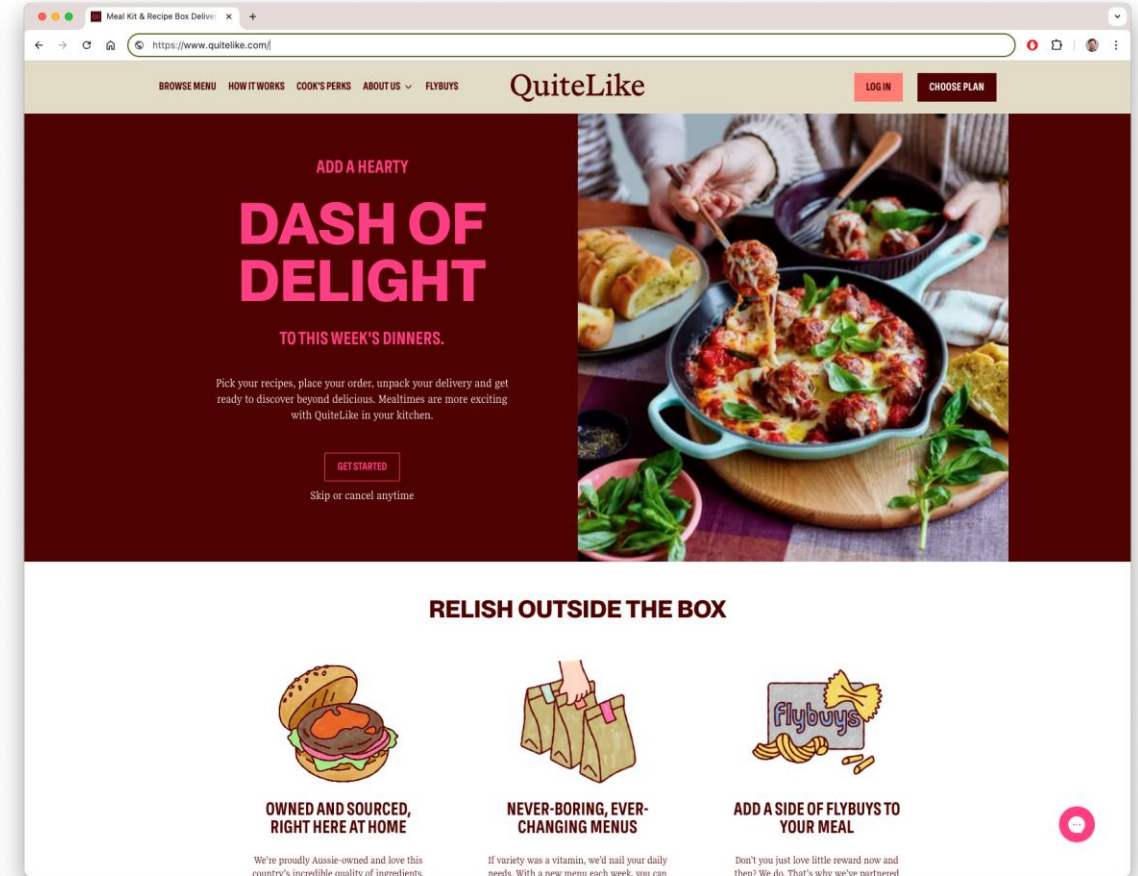


Embarking on new ventures

Swaggle



QuiteLike



Testing and innovating

Smart Trolleys



Electronic Shelf-edge Labels



Availability Cameras

Loyalty & Coles 360



Amanda McVay

Chief Customer Officer

Loyalty



Loyalty and personalised value are becoming increasingly important to customers



~75%

of consumers say they want more personalised, seamless omnichannel experiences

Our Flybuys loyalty program reaches >9 million Australians

Largest retail network in Australia

with a portfolio of more than 20 trusted retail brands, including Coles, Kmart, Bunnings, Officeworks, Velocity Frequent Flyer and Shell Reddy Express

"Most Satisfied Customers" award

for reward programs for the last two years (2023 & 2024) from Canstar Blue

14.4% growth in active members

over the last two years

>2 million members redeemed points

at Coles for the first time in FY24

17.4% growth in swipe rates

over the last two years



Our paid subscriptions provide customers additional benefits

21.5% growth in Coles Plus members over the past 12 months

Our paid monthly subscriptions reward customers with a range of benefits



provides members with free delivery on online Coles orders over \$50, free access to Rapid Click & Collect on orders over \$30, and bonus Flybuys points



provides members with 10% off one shop of their choice per month, in store or online, as well as bonus Flybuys points



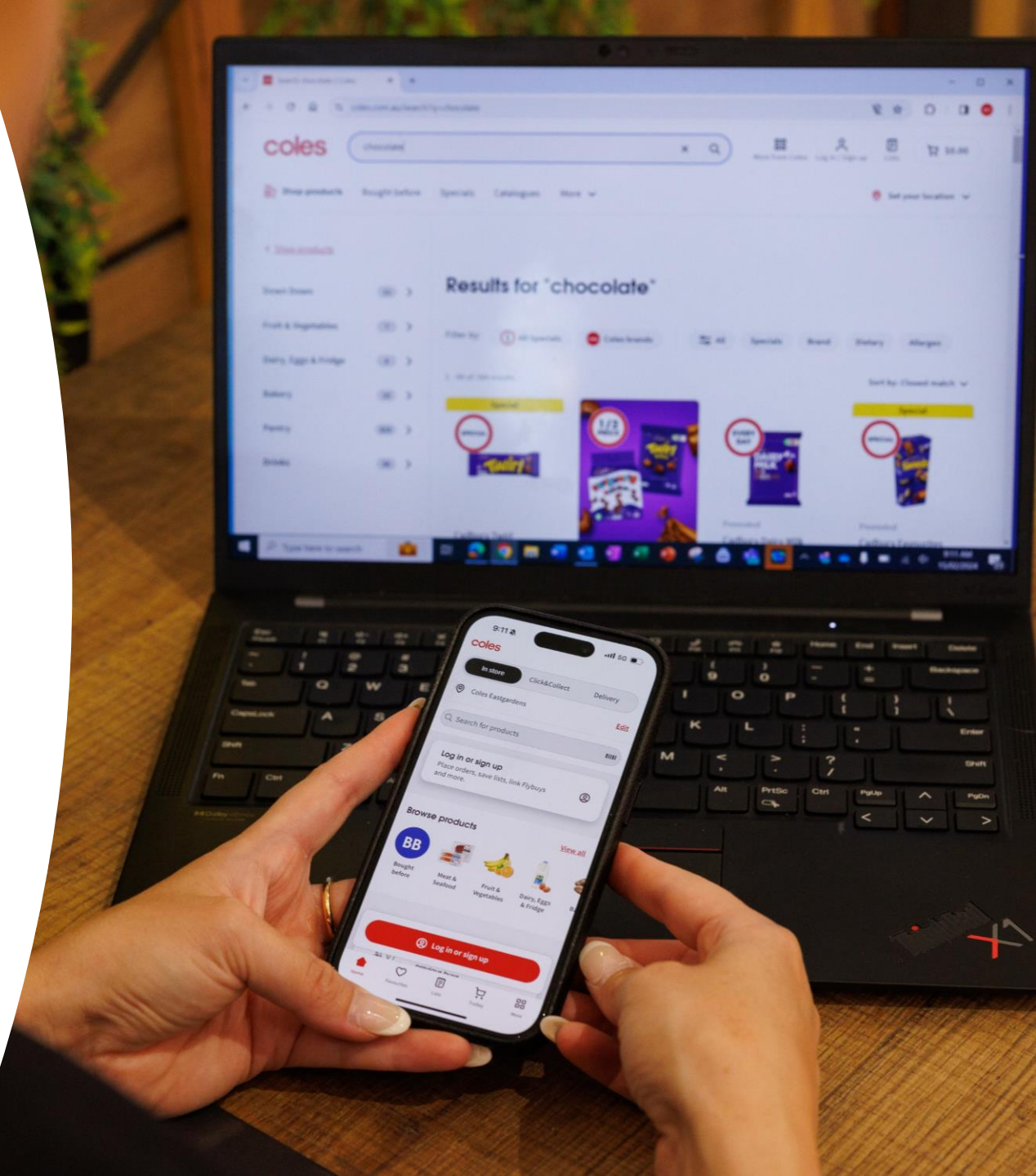
Loyalty is a win-win for our customers and Coles, and there is still more that we can do



Flybuys What is next for loyalty?

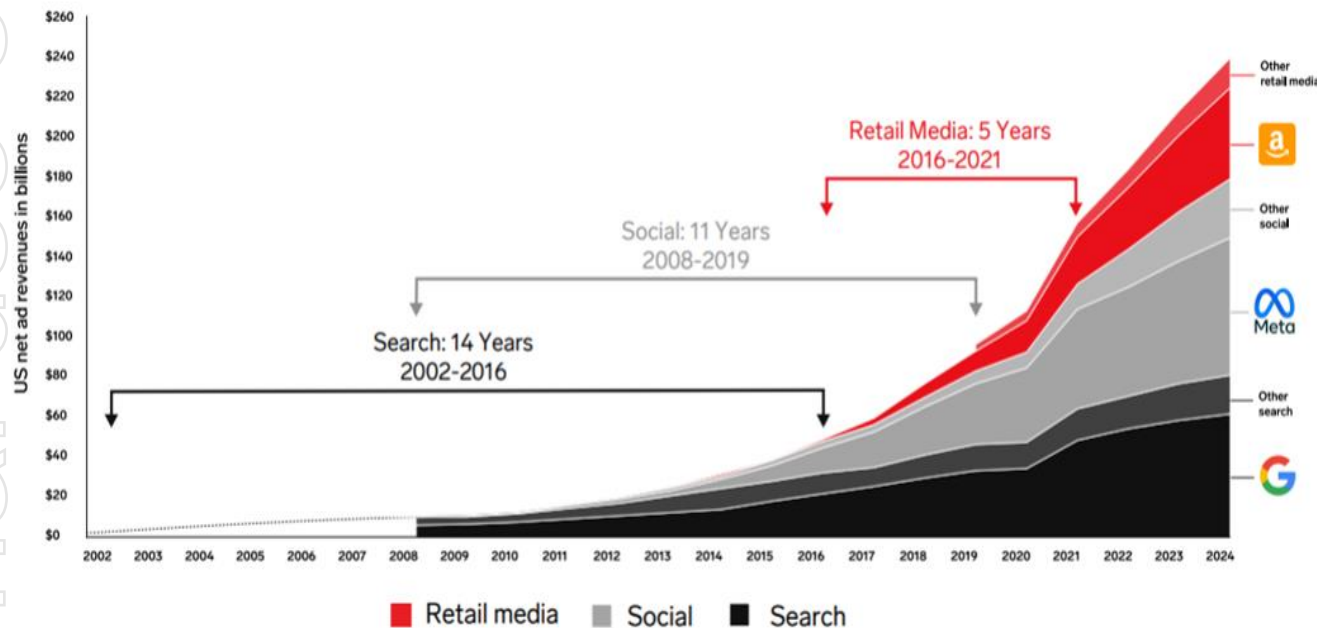
- More personalised offers
- Increased focus on the right message, the right channel, at the right time
- Create value for customers and suppliers with enhanced targeted offers and advertising through Coles 360

Coles 360



Retail media is a growing industry globally

Retail Media: Digital advertising's Third Big Wave¹



US\$153 billion

Global retail media ad spend in 2024²

Key drivers of growth



Growth in eCommerce

Increasing customer insights and personalisation



Shift to targeted advertising

Advertisers are demanding more precision



Restrictions on third party cookies

Increasing importance of first party data



Retailers are close to the point of purchase

Unique connection with customers



Ability to measure ROI

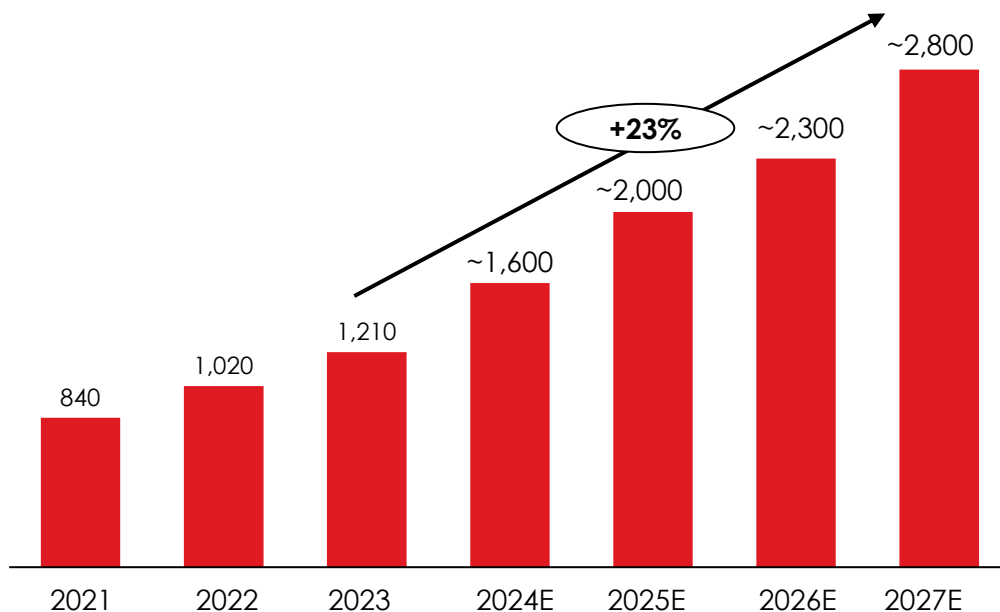
Greater insight into effectiveness of campaigns

Notes: (1) Search: 14 years based on using IAB's estimates of US\$900 million in search advertising revenues in 2022; Search category excludes search ad revenues from retail media advertising; Methodology: Estimates are based on the analysis of various elements related to the ad spending market, including macro-level economic conditions; historical trends of the advertising market; historical trends of each medium in relation to other media; reported revenues from major ad publishers; estimates from other research firms; data from benchmark sources; consumer media consumption trends; consumer device usage trends; and eMarketer interviews with executives at ad agencies, brands, media publishers, and other industry leaders. Source: eMarketer, Oct 2022; (2) Source - WARC Global Ad Spend Outlook 2024/25.

The Australian retail media market is estimated at >\$1 billion and is expected to grow rapidly, in line with international trends¹

Strong growth projected at ~23% CAGR¹

Aus Retail Media spend (\$m)



89%

of Australian brands are already investing in or experimenting with retail media

40%

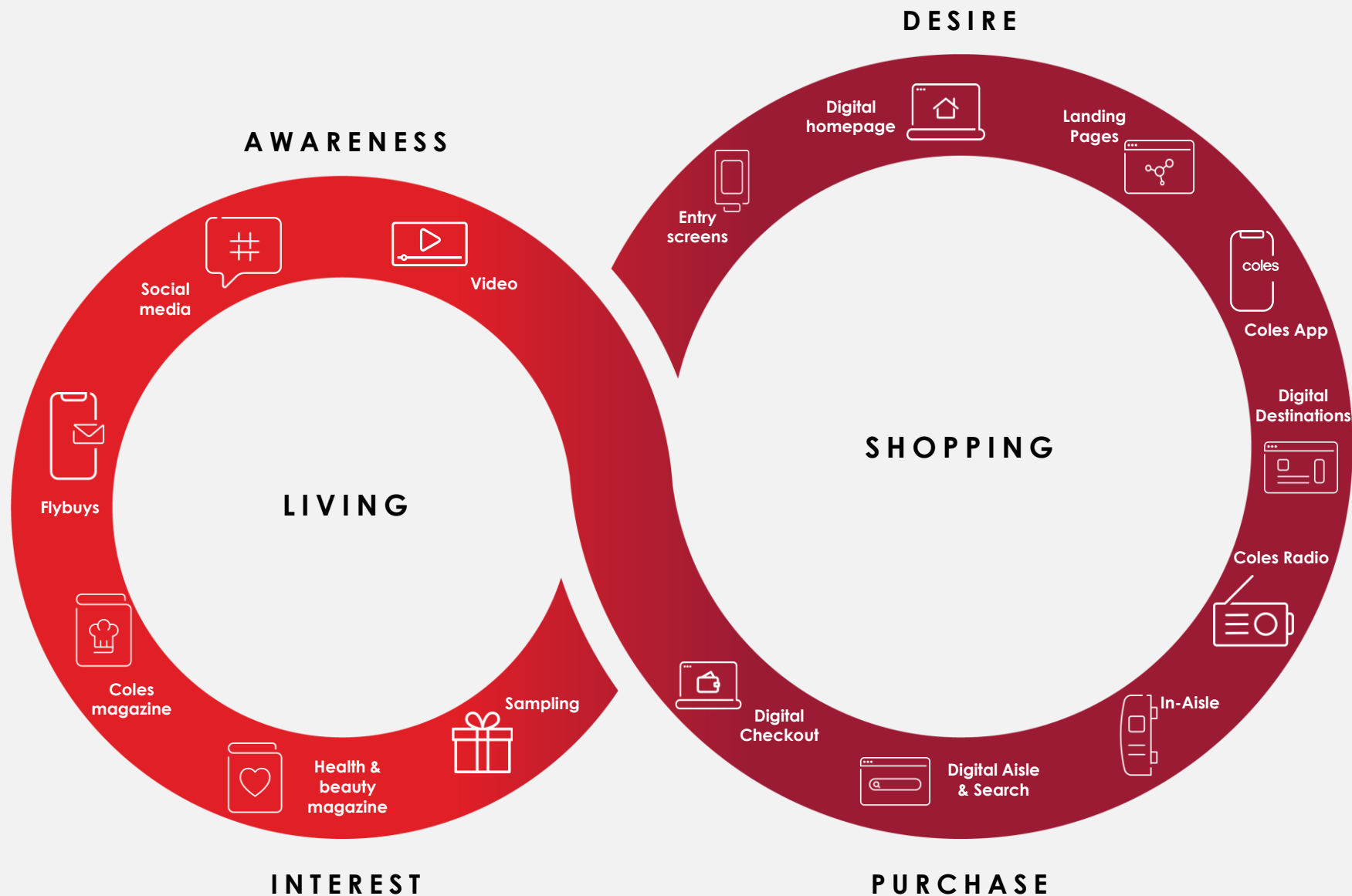
of retail media investment is coming from new budgets pointed at retailers

IAB Australia Retail Media State of Nation 2024 n=124

coles 360

Connecting
with customers
across the
path to
purchase

colesgroup



Instore – inspiring customers as they shop

- Point of sale
- Coles magazine
- Health & Beauty magazine
- Digital screens
- Coles radio



Extensive range of in-store point of sale formats



#1
most read magazine
in Australia¹



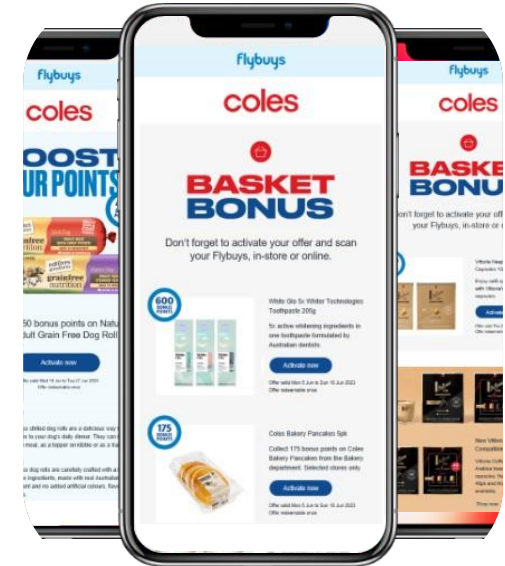
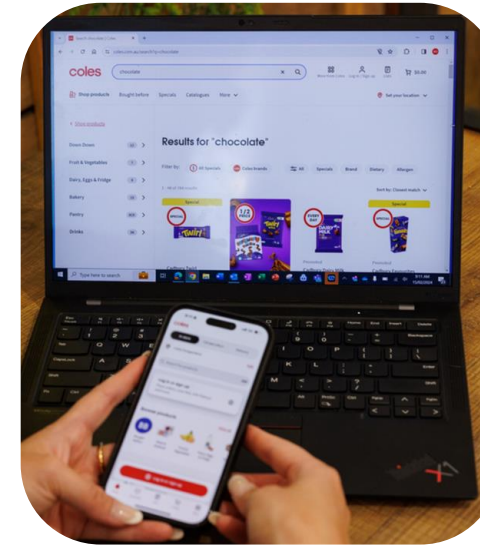
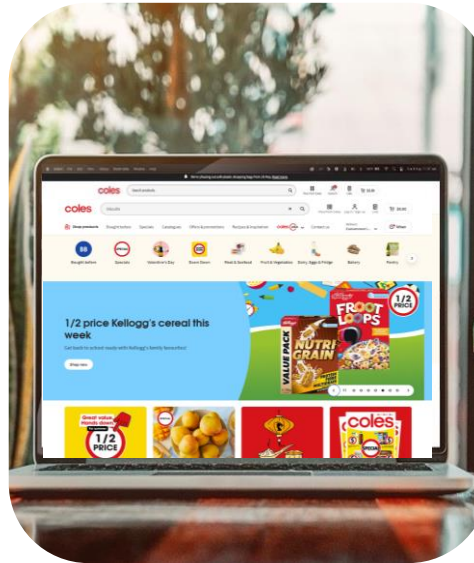
~500k
copies distributed
monthly²



600+
Entry screens
in store

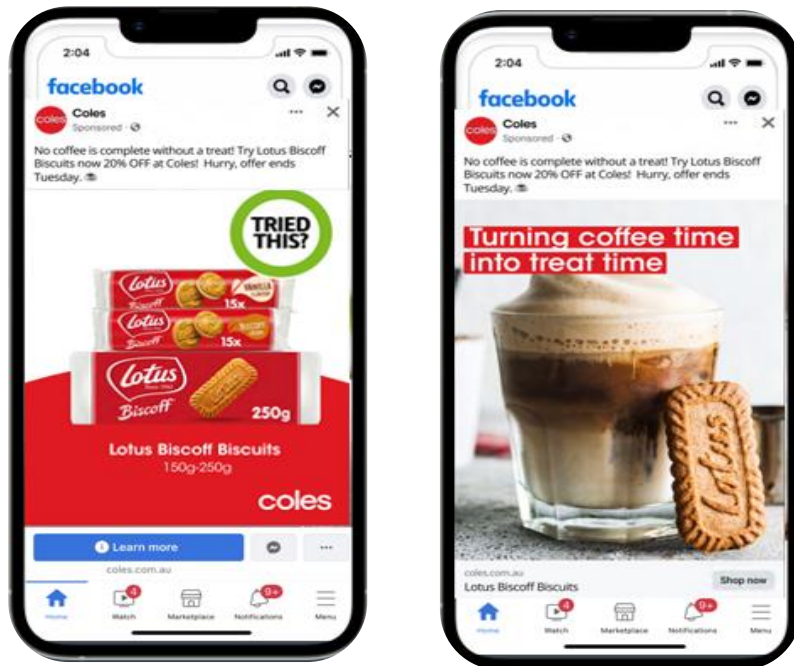
Onsite – providing discovery, inspiration and amplification through our online digital channels

- Website & App
- Online Coles magazine
- Digital home page
- Product & recipe landing pages
- Digital aisle & search
- Flybuys direct marketing

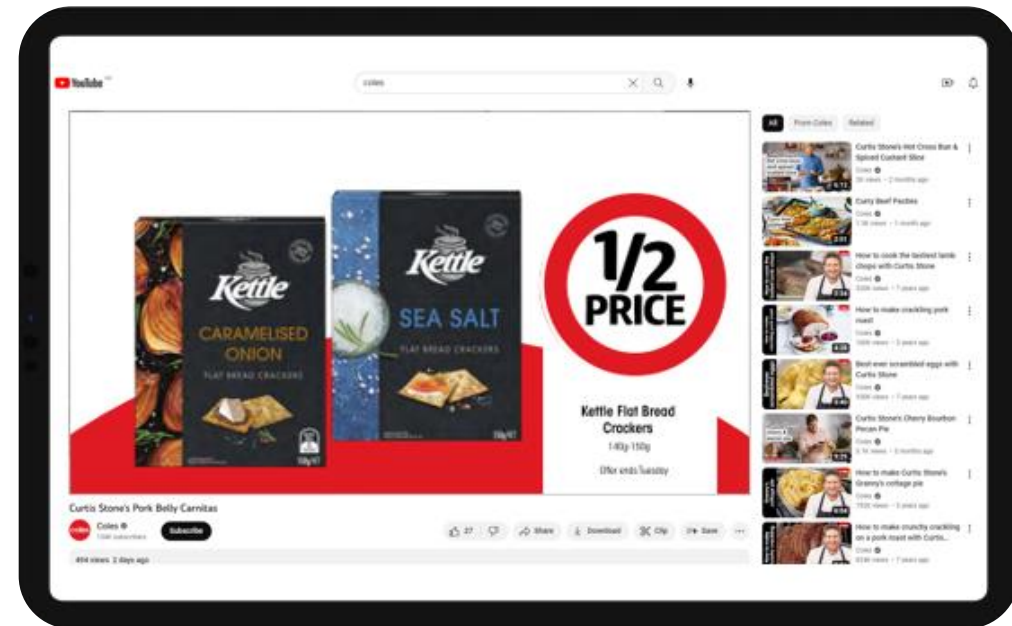


Offsite – ability to target specific audiences, based on shopping behaviour, across the digital media landscape

Social



Video





coles 360 Impact provides a range of performance measurement solutions to cater for different campaigns

Greater visibility over **return on investment** than traditional mass media

coles 360 Impact MARKET LIFT

Test and control stores based on planned exposure

coles 360 Impact CUSTOMER LIFT

Matching household level exposure data with household purchase data

coles 360 Impact POST CAMPAIGN

Sales and customer metrics pre and post campaign on our network

coles 360 Impact AUDIENCES LIFT

Impact of audiences targeted offsite based on sales uplift instore and online

coles 360 Impact AUDIENCES POST CAMPAIGN

Sales and audience metrics pre and post campaign on offsite publishing

Coles 360 is well positioned

- One of the largest pools of first party data in Australia
- Effective channels of communication with customers both in-store and online
- Ability to build unique targeted audiences
- Extensive suite of in-store and online formats with growing capabilities in offsite
- Suite of measurement tools



Morning tea



**Delivered consistently
for the future**



Matt Swindells

Chief Operations &
Supply Chain Officer

colesgroup

5

Delivered consistently focuses on making our operations simpler, more efficient and improving customer experience



Customer focused teams



Simplify and save to invest



Sourcing and supply chain



Store network



Sustainability

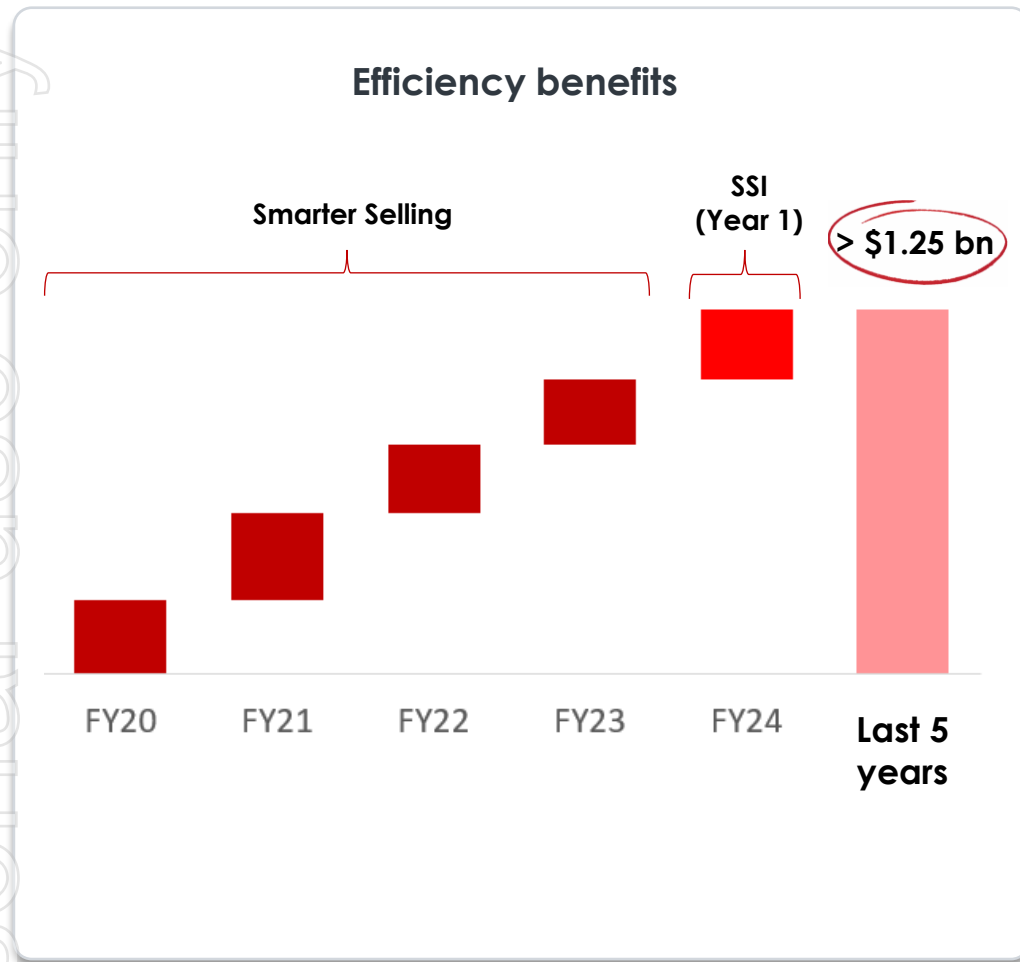
Focus for today

Track record of delivering efficiency benefits

Transformation programs

Unlocking the benefits of integrated end-to-end data driven operations

Proven track record of delivering sustainable efficiency benefits



Smarter Selling

\$1 billion

benefits
achieved

- 4-year program established in FY20
- Key benefits included:
 - Service transformation in store
 - Waste and markdown benefits through use of advanced analytics
 - End-to-end store and supply chain efficiencies

Simplify & Save to Invest (SSI)

\$1 billion+

benefits
targeted

- 4-year program commenced in FY24
- \$238 million delivered in Year 1
- Key benefits delivered to date:
 - Improved processes (e.g. payroll, meat supply chain)
 - Increased targeting of high impact activity – improves efficiency and freshness, reduces waste
 - eCommerce operational efficiencies (e.g. pick rate improvements, call centre automation)

Technology, data and automation investments are transforming our supply chain

Automated distribution centres (ADCs)



Automated customer fulfilment centres (CFCs)



Transport management system (TMS)



ADC program is delivering significant cost efficiencies at the same time as improving availability, safety and sustainability

Efficiency benefits

Half the footprint, double the capacity and two-thirds the operating cost of a manual DC



Additional benefits

Availability



Safety



Sustainability



QLD & NSW operational, VIC site announced in October 2024

Once our Victorian ADC is completed, Coles will have a fully automated ambient distribution centre network along the eastern seaboard with integration into Coles' existing supply chain in SA and WA



Partnering with Witron (a global leader in automated picking machinery)

Automated CFCs increase network capacity and improve inventory control, productivity and freshness



Capacity



- Equivalent to approximately 40 supermarkets
- Ability to service ~10,000+ orders per day

Inventory control



- Improved availability
- Pick accuracy

Productivity



- >2x in-store pick rate
- Future automation
- Last mile routing

On-site production



- On-site bakery, with faster production, enabling fresh baked bread for AM and PM deliveries
- On-site produce cutting room enabling new fresh produce SKUs, and improved quality and freshness

Our **transport management system** results in fewer, fuller trucks

- Centralised logistics platform
- Optimises physical movement of product and goods across the supplier, distribution and store networks
- Utilises both incoming and outgoing flows
- Enables growth of Coles Collect



We have also invested in technology, data and automation to transform our stores

Replenishment

Fresh easy ordering (EO)



Leveraging new systems to increase predictive outcomes and improve replenishment accuracy

Store activity

Future store inventory (FSI)



Guided workflows ensures sufficient attention is targeted to high impact activity

Team

Advanced workforce management system



Improving efficiency and team member engagement and providing actionable real-time insights

Front end

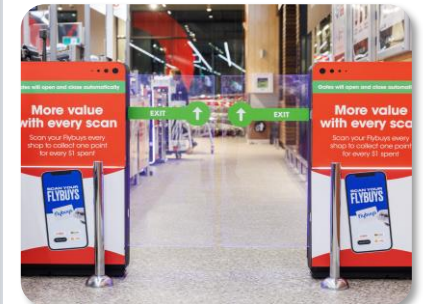
Service transformation



Improving check-out times, customer experience and efficiency

Theft

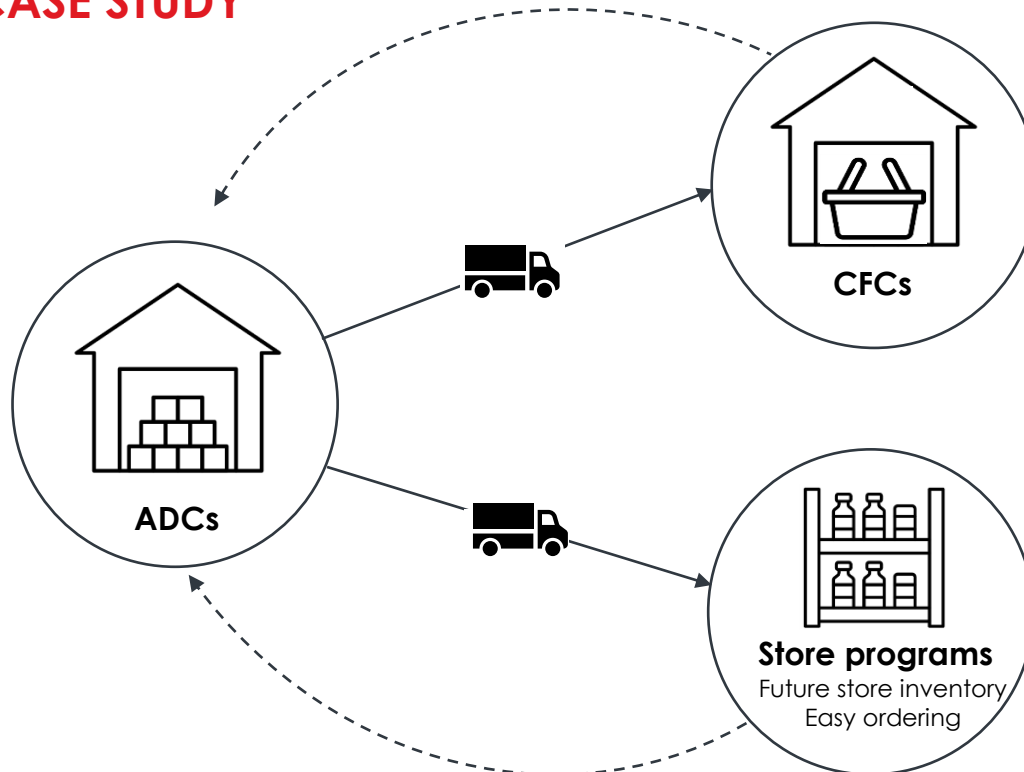
Loss technology



Broad range of technology rolled out to help address loss

Our individual network assets combine to create a multiplier effect

CASE STUDY



Improved availability for customers

- Entire ambient range within ADCs and improved pick accuracy
- Higher delivery frequency
- Increased replenishment forecasting accuracy

Transport efficiency

- More efficient transport cube
- Fewer damaged cartons and less waste

Stores and CFCs

- Better availability and greater inventory accuracy
- Item level pallet build reduces time and manual handling
- Guided workflows target high impact activity improving productivity

The next wave – integration of data across our supply chain and stores



Distribution
**Automated
distribution
centres (ADCs)**



eCommerce
**Automated
customer fulfilment
centres (CFCs)**



Transport logistics
**Transport
management
system (TMS)**



Replenishment
**Fresh easy
ordering (EO)**



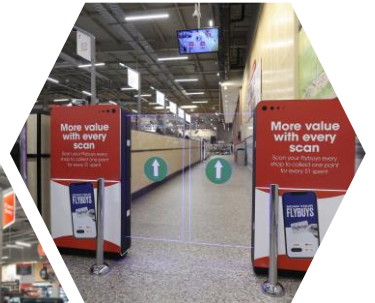
Store activity
**Future store
inventory (FSI)**



Team
**Advanced
workforce
management
system**



Front end
**Service
transformation**



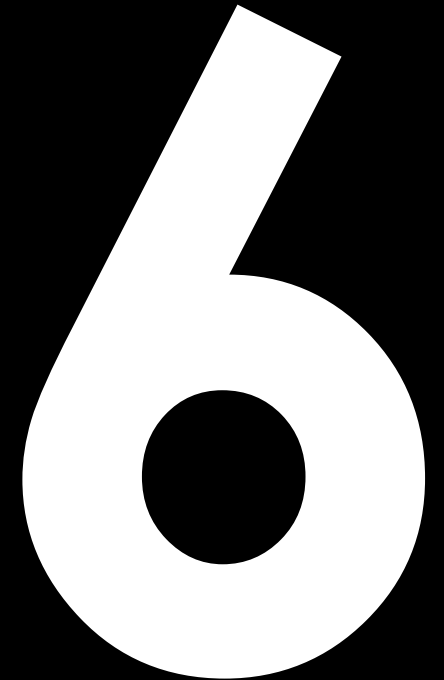
Theft
**Loss
technology**

Liquor

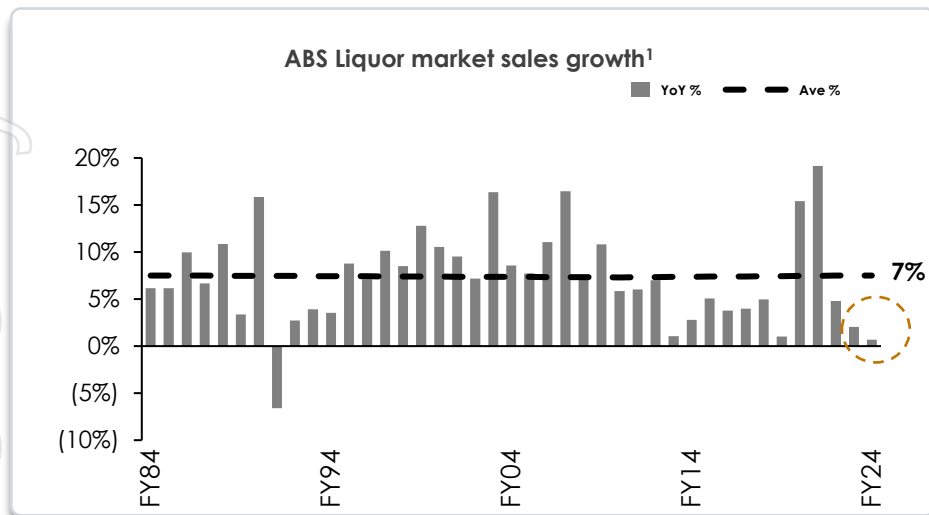


Michael Courtney

Chief Executive Liquor

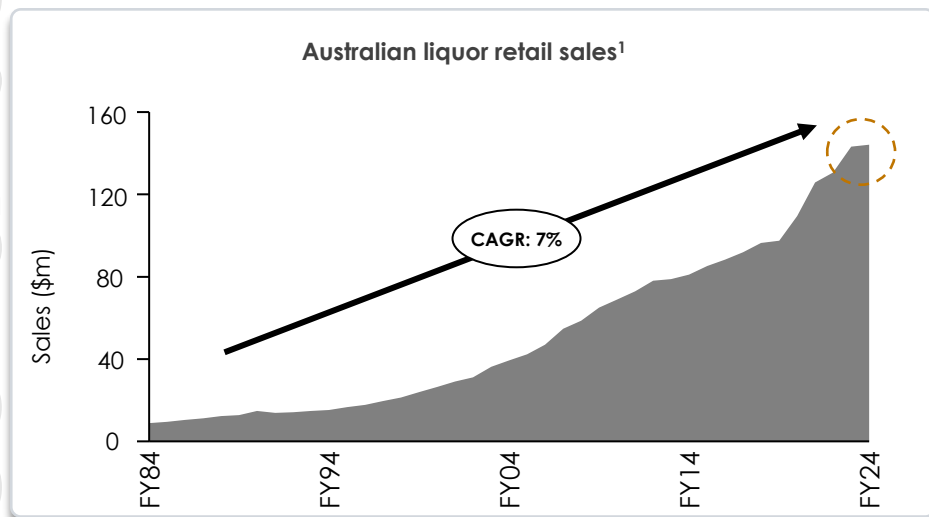


Market context



Cyclical headwinds are constraining growth in the short-term

- Cost-of-living pressures and post COVID normalisation of alcohol spending
- FY25 YTD market growth remains challenging, and cost inflation remains high



Industry growth is expected to improve from current levels

- Whilst drinking behaviours continue to evolve, liquor retail has experienced strong growth over the long-term
- As cost-of-living pressures abate and alcohol spending as a proportion of total consumer spend stabilises, market growth is expected to improve

Our strategy focuses on meeting evolving customer needs

Economic
headwinds

Cyclical

- Compelling offers across price tiers (entry, ELB & premium)
- Leverage loyalty to deliver value beyond price

Stable per capita
consumption, growing
population

- Product innovation will continue to support growth as preferences evolve with a trend to 'drink less, but drink better'
- Support customers to 'drink differently'

Digital engagement
continues to grow

Structural

- Personalise purchase experiences along omnichannel journey
- Leverage Group assets to drive engagement, including CFC opportunities

Convenience as
key mission

- Evolve store formats to unlock more network opportunities with a focus on small format locations
- Leverage integrated food & liquor offer, in-store and online

Coles Liquor Group 3D Strategy



Destination for food & drink

- Evolve customer value proposition
- Serve the right range, in the right location
- Deliver integrated food and drink solutions

Accelerated by digital

- Enhance personalisation & loyalty
- Leverage Coles 360 retail media business
- Accelerate omnichannel development

Delivered consistently for the future

- Grow & improve our network
- Simplify & Save to Invest
- Modernise core systems

Destination for food & drink that surpasses customer needs



Evolve customer value proposition

Banner simplification pilot underway consolidating selected Vintage Cellars and First Choice Liquor Market stores under Liquorland brand, creating a single customer value proposition across all formats for greater customer impact

Serve the right range, in the right location

Embed customer-centric ranging that resonates locally; offering quality, choice & value

Deliver integrated food & drink solutions

Leverage Group assets for a market leading integrated food & drink offer

Accelerated by digital to unify the omnichannel experience

ENHANCE



LEVERAGE



ACCELERATE

Enhance personalisation & loyalty

Create a simplified experience with relevance and clear value to members under one loyalty program

Leverage Coles 360 retail media business

Leverage digital and physical platforms to generate growth across new and owned channels, objective led campaigns & packages

Accelerate omnichannel development

Create an end-to-end omnichannel experience that streamlines the path to purchase enhanced by Group assets

Delivered consistently for the future for sustained growth



Grow and improve our network

Expand and renew our footprint; with a focus on unlocking more small format opportunities by tailoring our footprint to drive better returns

Simplify & Save to Invest

Focus on operational efficiency and agility to reduce cost and allow for re-investment

Modernise core systems

Replace current manual processes in core operations – replenishment, trade-planning, pricing and promotions, ranging and upgrade ERP

Strategy outcomes to date

WE SAID WE WOULD FOCUS ON...

WHAT WE DELIVERED IN FY24...

Destination for Food and Drink

- Right range, right store
- Deliver food and drink solutions
- Deliver value

- ✓ Won 538 Exclusive Liquor Brand awards
- ✓ Strong growth in premium sales as a result of expanding range across the network
- ✓ Increased cross promotions across supermarkets and liquor stores
- ✓ Refreshed value communication within store

Accelerated by Digital

- Build loyalty
- Accelerate online & profitability
- Build a retail media business

- ✓ Grew Flybuys swipe rate and rolled out immediate redemption (\$10 off)
- ✓ Liquor eCommerce sales growth of 9%¹
- ✓ Increased on-demand locations to more than 600
- ✓ Expanded Coles 360 retail media business into liquor

Delivered consistently for the future

- Optimise our network
- Simplify and Save to Invest (SSI)
- Deliver digital transformation

- ✓ Renewed 97 stores
- ✓ Acquired 20 Tasmanian stores
- ✓ Digitised and automated tasks for team members e.g. electronic invoicing
- ✓ Commenced rollout of Liquor Easy Ordering (automated replenishment)

ersonal use only

Store network & financial framework



Charlie Elias

Chief Financial Officer

colesgroup

7

Store network



Our store network remains key to the success of our strategy



Destination for food and drink

- Store space optimisation to **meet the needs of the communities that we are serving** in each store



Accelerated by digital

- **Omnichannel** customers spend more
- Same day and Rapid online orders **fulfilled through stores**



Delivered consistently for the future

- Consistent experience for our customers and team members through **new store openings, renewals and innovation**



Our current store network consists of 857 supermarkets and 991 liquor stores across Australia

830 Coles Supermarkets



27 Coles Local



991 Liquor stores



Space growth is targeted at a long term average of >1.5% pa

- New stores have consistently delivered **strong and reliable return on investment**
- New space **supports both in-store shopping and store fulfilled eCommerce sales**
- Key areas of focus:
 - **Growth corridors** and **greenfield sites**
 - **More flexible blueprint** to cater for local considerations
 - **Cost effective new store designs** taking account of both construction costs and on-going operating efficiency
 - **Simpler and faster end-to-end processes**, enabling more store openings



Store renewals enable us to optimise our fleet

- Our renewal program is designed to ensure we:
 - Improve our **customer experience** and consistency across stores
 - **Maintain critical infrastructure** and improve the **efficiency and effectiveness** of store operations (e.g. refrigeration)
- Key areas of focus:
 - **Renew more of the right stores at the right time with higher frequency**, optimising investment level and age profile of stores
 - **Simplify innovation model**, focusing on customer solutions
 - Post renewal **NPS**
 - **Minimising disruption**, with customers valuing less disruption and more improvements to overall look & feel



Financial framework



Our financial priorities



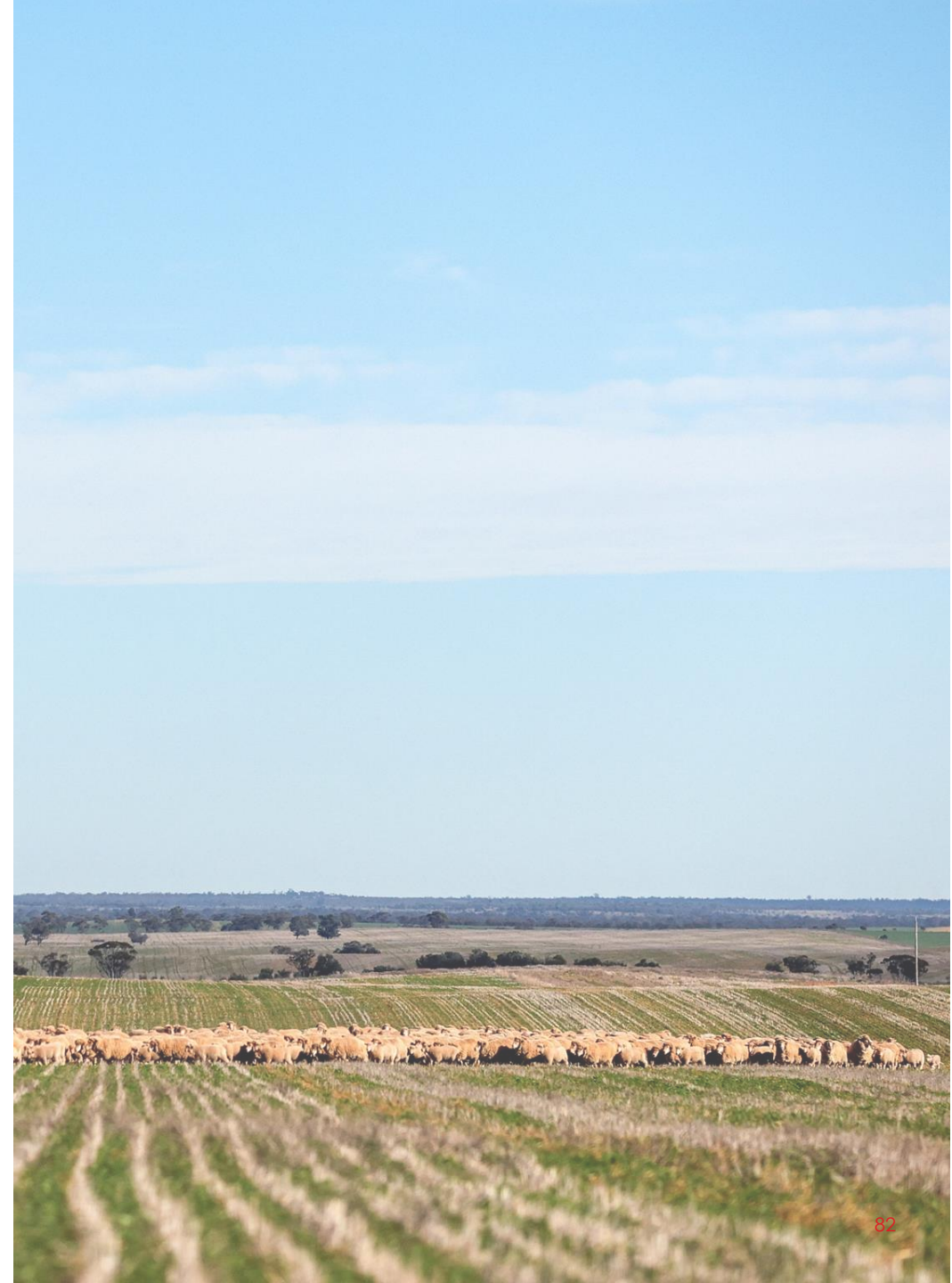
Sustainable top line growth supported by macro trends and customer proposition



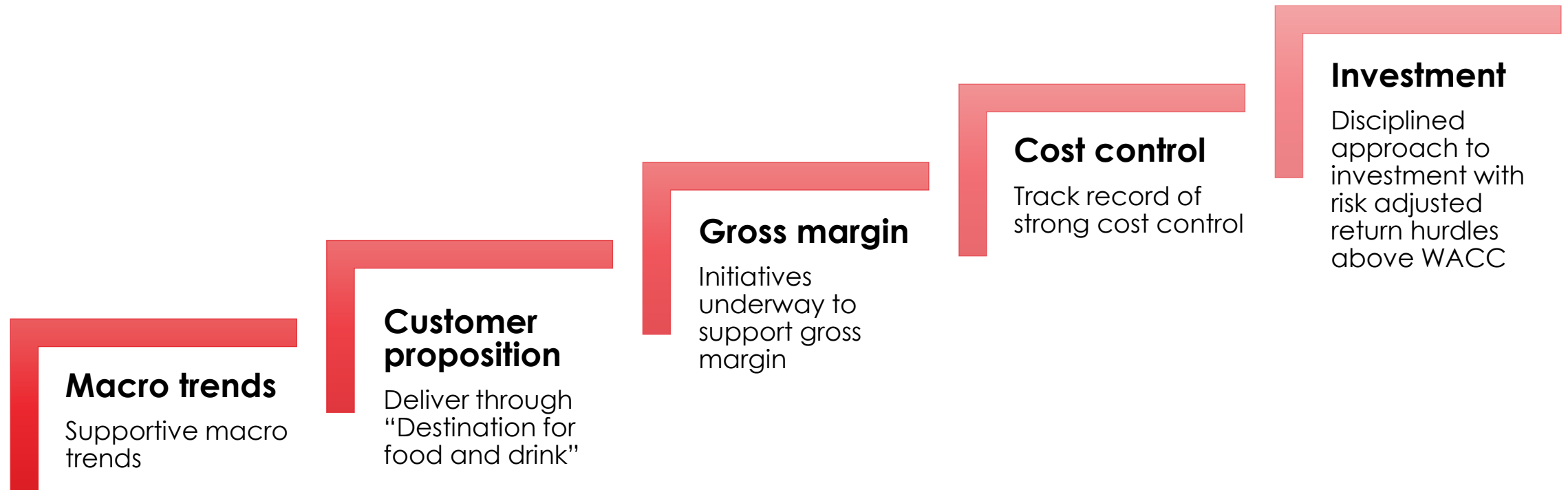
Profitability underpinned by range and space, productivity and efficiency gains (Simplify and Save to Invest program) and new earnings streams



Deliver shareholder returns underpinned by strong cash flow conversion and disciplined capital allocation



Earnings pathway



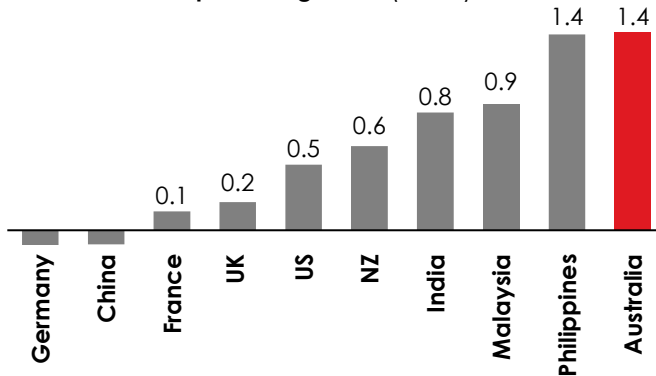
Topline growth supported by positive macro trends and customer proposition

Macro trends

High population growth

- Australia has one of the highest forecast population growth rates of developed markets, with significant net migration

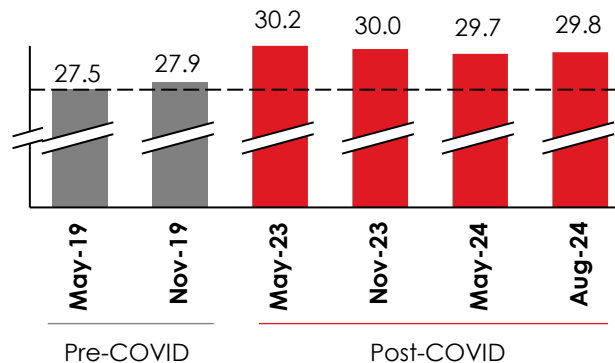
Population growth¹ (2029F) %



Transition to in-home dining

- Food service market share remains above pre-COVID levels
- Signs of transition back to in-home dining and entertainment driven by cost of living pressures

Food service market share², %



Coles

Customer proposition

Become a destination for food and drink by delivering a **delicious, easy and affordable** offering:

- Step change fresh quality
- Value proposition
- Exclusive brand portfolio
- Range and availability
- Loyalty
- Seamless omnichannel experience
- New ventures

Profitability underpinned by range and space, productivity and efficiency gains and new earnings streams

Range and space	<ul style="list-style-type: none">Right product offering delivered through an efficient and effective use of space
Tobacco mix	<ul style="list-style-type: none">Decline in tobacco sales driving favourable margin rate outcomes
Loss	<ul style="list-style-type: none">Positive loss trajectory following technology investment
Availability	<ul style="list-style-type: none">Improvements through end-to-end supply chain optimisation
Coles 360 retail media	<ul style="list-style-type: none">High growth, high margin earnings stream
Simplify and Save to Invest	<ul style="list-style-type: none">\$1 billion+ benefits over 4 years
ADCs	<ul style="list-style-type: none">First full year of benefits from Redbank and Kemps Creek ADC program in FY26
Implementation costs	<ul style="list-style-type: none">Major project implementation costs (ADCs and CFCs) fall away in FY26. No material implementation costs expected to be incurred for Truganina ADC until FY28



Deliver shareholder returns underpinned by strong sustainable cash flow conversion and disciplined capital allocation

Coles' capital management framework

Sustainable operating cash flow
100% cash conversion

Essential & maintenance capex
'Stay in business' capex

Debt obligations
Bank debt,
bonds and leases

Investment grade
credit rating

Moody's
Baa1

S&P Global
Ratings
BBB+

Free cash flow

Growth & efficiency capex

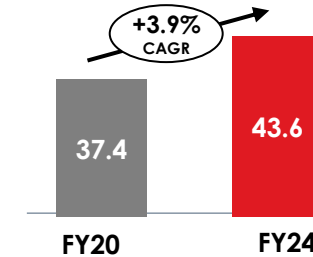
Dividends

Surplus capital

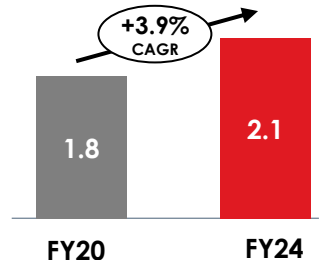
- ROC hurdles well above long term WACC¹
- Significant projects target returns in excess of WACC + risk premium

80 – 90%
ordinary dividend payout ratio

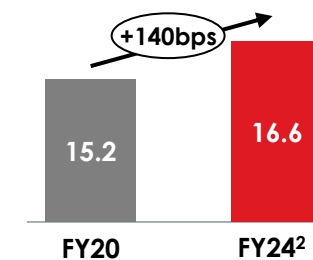
Group sales revenue³ (\$bn)



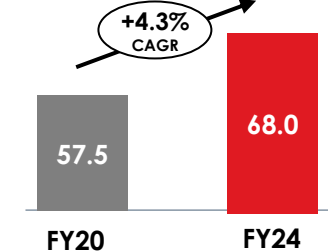
Reported Group EBIT³ (\$bn)



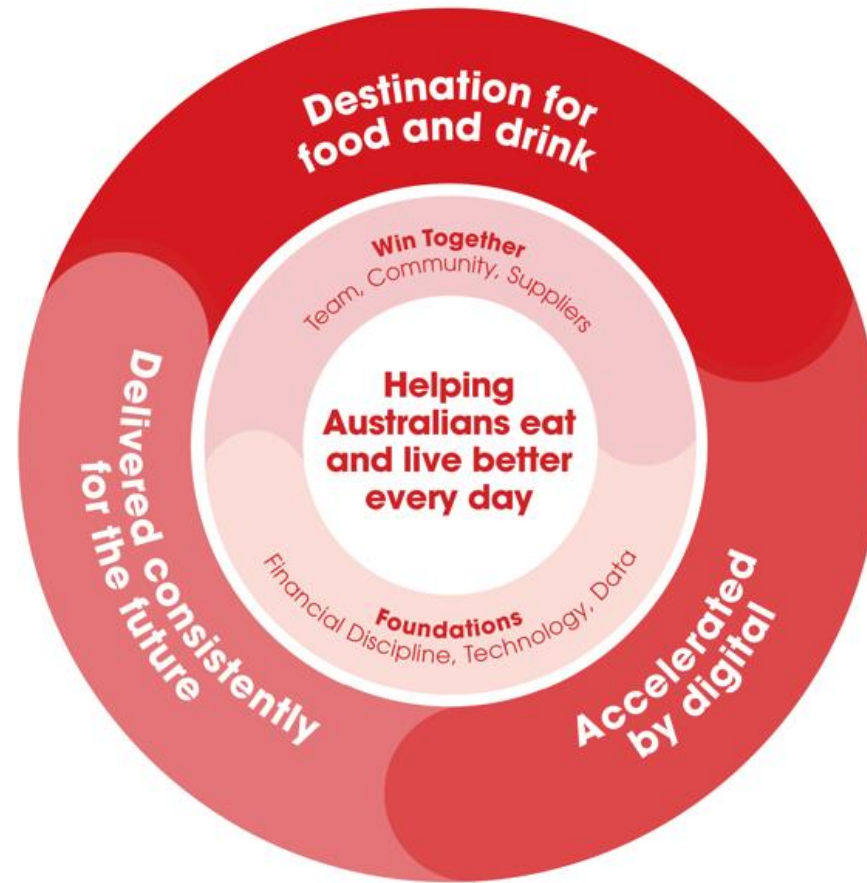
Return on capital (%)



Dividends per share (cents)



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



We are proudly **coles**



Q&A



Join at slido.com
#ColesID



Closing comments



Leah Weckert

Chief Executive Officer