



The Coles and Ocado Partnership



The Coles and Ocado strategic partnership

Coles and Ocado have entered into an exclusive partnership to make life easier for online grocery customers in Australia

1

The world's leading end-to-end online supermarket customer experience, including automated single pick technology and home delivery solution

2

Two highly automated, multi-temperature customer fulfilment centres (CFCs) that are highly efficient and are underpinned by AI, algorithms and machine learning, one located in each of Melbourne and Sydney. The online website will be available Australia-wide

3

Customers will benefit from a seamless digital customer experience, greater range, improved product availability and freshness, and more delivery windows

4

Team members will benefit from safer working conditions. Suppliers will benefit from an extended range and the community will benefit from the creation of highly skilled employment opportunities in engineering, IT and construction

5

Coles' shareholders will benefit from the additional sales capacity and a lower cost-to-serve model that is expected to lead to an improved margin over time

6

Coles continues to invest in digital and technology to drive sales and efficiencies across the business including recent announcements with Witron, SAP and Optus

Coles Online overview

More than 250,000 unique customers¹ shop with Coles Online per month

Home delivery reach



90%
household
coverage

Click & Collect expansion



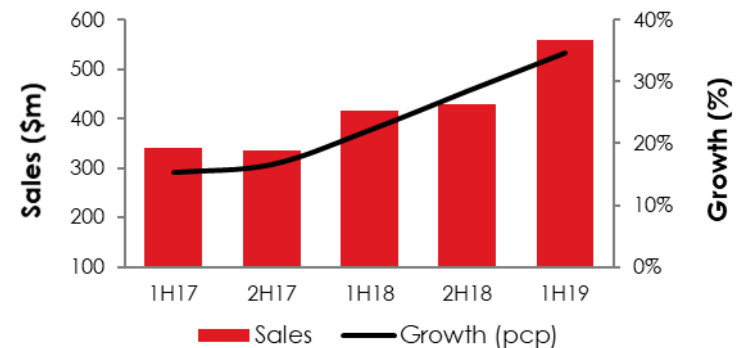
Over 1,000
Click & Collect
locations

Customer satisfaction



85%
customer
satisfaction

Coles Online growth



1. Unique customers: the first time a customer shops with Coles Online in the month

Ocado overview

Ocado is the disruptor of the grocery market and global leader in online end-to-end solutions

Over 15 years experience



Founded in 2000, listed on LSE in 2010 – at the forefront of innovation in grocery online solutions

Leader in technological advancements



Global grocery partners



UK



France



Canada



Sweden



USA

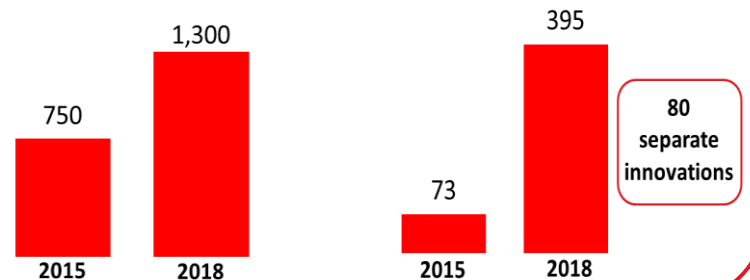


UK

Innovating for the future

+76%
technology headcount

5X
filed patent applications



Ocado's market leading online grocery technology solution

Ocado have spent the past 15 years creating market leading online grocery technology

Leading online platform across multiple digital devices



99% order accuracy



0.7% product waste

High productivity



Underpinned by AI algorithms and machine learning. A customer order of 50 items can be picked within 3 minutes

Market leading last mile delivery model



95% delivery on time delivery

The Coles and Ocado strategic partnership

- Best-in-class customer experience, supported by Ocado's proprietary online end-to-end software applications and technology solutions. New online website expected to be operational prior to the end of FY23
- Two state-of-the-art automated multi-temperature, CFCs one in each of Melbourne and Sydney. Development and construction expected to be completed by FY23
- Ocado will install the material handling equipment and provide ongoing maintenance of the CFC's automation equipment
- Last-mile routing management technology to optimise delivery efficiency and customer service
- Coles joins leading international retailers including Morrisons, Groupe Casino, Sobeys, ICA, Kroger and Marks and Spencer
- Coles capital expenditure inclusive of upfront Ocado fees, is expected to be approximately \$130 million – \$150 million over the development and construction period of the CFCs



The Coles and Ocado strategic partnership

Ocado Smart Platform (OSP)

- Coles Online will migrate to the latest version of the OSP Australia-wide by end of FY23
- The OSP is fully integrated with the fulfilment solution providing a seamless customer experience
- Supported by ~1,300 software engineers dedicated to maintaining and enhancing the overall customer experience
- Continued innovation of the customer experience

Fulfilment solution

- Two state-of-the-art automated, multi-temperature CFCs one in each of metro Melbourne and Sydney that allow single pick technology
- Over 1,000 bots in each CFC to optimise the storage and fulfilment of customer orders
- Significant improvement in order throughput expected with an estimated sales capacity of between ~\$500m and \$750m per annum in each CFC

The new partnership is a step forward in Coles' strategy of making life easier for our customers and team members through investments in automation and digital solutions

The Coles Ocado partnership will benefit Coles' key stakeholders

Making life easier for our customers, team members, suppliers and the Australian community and Coles' shareholders

Customers



- Ability to offer greater range, improved product availability and freshness
- World-leading website customer experience
 - More online functionality across multiple digital formats
- Centralised fulfilment model allowing a consistent product offering
- More regular delivery windows

Team members



- Safer working environment through the reduction of manual handling processes
- Coles Online current operations require up to eight manual handling process, the CFC will reduce this to just two

Suppliers and community



- Enrich Coles' supplier partnerships through an extended range
- Creation of highly skilled engineering, IT and construction jobs within the Australian economy
- Continued investment in the Australian food and beverage industry

Shareholders



- Unlocks additional network capacity in metro Melbourne & Sydney to underpin sales growth
- Provides greater efficiency driving improved cost-to-serve and improved Coles Online profitability
- Cements Coles' position within the Australian online grocery market

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