



Sally Pearson and Coles Little Athletics Fund Community recipients. Since November 2018, Coles has provided more than \$800,000 in grants to 217 Little Athletics centres nationally

2019 Full Year Results Presentation

22 August 2019



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Changes to the reporting period

Coles has adopted a retail calendar for statutory reporting purposes. Retail calendars are used by a number of ASX listed and global retailers and enable greater alignment between external statutory results and the way the business is reported and managed internally.

Reporting calendars

The change to a retail calendar has been applied prospectively from 1 July 2018 for statutory reporting purposes. The prior corresponding period statutory results reflect a Gregorian calendar and have not been restated. Coles' statutory results will fully transition to a retail calendar for both the current and comparative financial periods in 1H21.

Under a Gregorian calendar, the annual reporting period is 12 months (from 1 July to 30 June), whilst under a retail calendar the reporting period is based on a defined number of weeks, with the annual reporting period ending on the last Sunday in June.

Non-IFRS financial information

To support an understanding of comparable business performance, this Results Release and the associated 2019 Full Year Results Presentation present results as follows:

- on a retail calendar basis – given the existence of a 53rd week in FY19, Coles has opted to disclose retail results for 52 weeks applied consistently for the current and comparative period.
- on a continuing operations basis – excluding the impact of Kmart, Target and Officeworks which were transferred to Wesfarmers as part of the demerger. The statutory results presented in Coles' Appendix 4E Preliminary Final Report include the results of discontinued operations; and
- excluding significant items – the provision of \$146 million relating to Supply Chain Modernisation, the \$137 million gain from the New Alliance Agreement with Viva Energy, the \$133 million gain associated with establishment of the Queensland Venue Co Pty Ltd joint venture and the \$50 million net tax credit relating to Coles' decision to form an income tax consolidated group. These significant items are disclosed in Coles' Financial Report for 30 June 2019. The statutory results include significant items.

Balance sheet and cash flow information presented in this Results Release and the associated 2019 Full Year Results Presentation is consistent with the information disclosed in the statutory presentation in the Appendix 4E Preliminary Final Report. Retail calendar disclosures constitute non-IFRS information which has not been audited but is based on IFRS information where available. Coles' external auditors have performed agreed upon procedures relating to the adjustments between the statutory and retail calendar profit and loss disclosures for the current and prior corresponding period. 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.



Graeme Beswick (centre), a Coles team member of 53 years, and Sabah Hermes, a Coles team member of 35 years, with store manager Steve Filianos at the launch of our recently reopened store in Prahran, Victoria

FY19 summary



FY19 financial highlights

Full year Supermarkets EBIT growth, final and special dividend determined

Total sales revenue¹



\$35.0bn
3.1% vs. pcp

EBIT (retail basis)¹



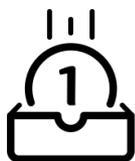
\$1.3bn
(8.1)% vs. pcp

Supers comp sales growth



47 quarters of consecutive growth

Operating cash flow²



\$2.2bn
110% cash realisation

Net capex



\$770m
on an accrued basis

Dividend³



35.5 cents per share fully-franked

Net financial debt



\$520m
pre dividend payment

Team engagement



+3pp
on MySay survey since Nov-17

Safety



27.4 TRIFR⁴
20% improvement vs. pcp

¹ Retail calendar 52-week basis, sales revenue excludes Fuel sales and Hotels. EBIT excludes Hotels and significant items of: 1) \$146m relating to Supply Chain Modernisation; 2) \$137m gain from the New Alliance Agreement with Viva Energy; and 3) \$133m net gain associated with the establishment of Queensland Venue Co Pty Ltd.

² Cash flows have been normalised for demerger items relating to self-insurance provisions and intercompany balances.

³ The Coles Board has determined a fully-franked total dividend of 35.5 cents per share comprising a final dividend of 24.0 cents per share and a special dividend of 11.5 cents per share which covers the period from 28 November 2018 to 30 June 2019. The relevant payout ratios are contained in the accompanying Results Release.

⁴Total Recordable Injury Frequency Rate.

Other business highlights

FY19 was a year of significant achievement for our team members, shareholders, suppliers and community partners

ASX listed following a successful demerger from Wesfarmers

Refreshed strategy to “sustainability feed all Australians to help them lead healthier, happier lives”

Strategic partnerships with Witron, Ocado, Optus, SAP

Important transactions including a New Alliance Agreement with Viva Energy and Queensland Liquor JV with Australian Venue Co

Great place to work with improvement in both team member safety and engagement scores

\$115m contributed to community and charity partners including Coles Nurture Fund, SecondBite, Redkite and FightMND

Coles' purpose, vision and strategy

Our purpose.
'Sustainably feed all Australians to help them lead healthier, happier lives.'

Smarter selling through efficiency and pace of change.

Win together with our team members, suppliers and communities.

Inspire customers through best value food & drink solutions to make lives easier.

Our vision.

Become the most trusted retailer in Australia and grow long-term shareholder value

LEaD

Our LEaD behaviours



Look ahead



Energise everyone



Deliver with pride

Coles' strategic differentiators



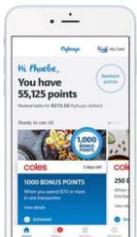
- Win in online food and drinks with an optimised store and supply chain network
- Be a great value Own Brand powerhouse and destination for health
- Achieve long-term structural cost advantage through automation and technology partnerships
- Create Australia's most sustainable supermarket
- Deliver through team engagement and pace in execution





Progress against strategy: Inspire customers

Through best value food and drink solutions to make lives easier.



- Increased customer engagement through successful marketing campaigns including Coles Little Shop, Fresh Stikeez and Fresh Containers
- >1,200 Own Brand products introduced in FY19 with 90 winning awards for their quality. 110 tonnes of salt and 150 tonnes of sugar removed from Own Brand products over the past year
- Coles Online profitable for the 1st time in 20-year history with sales of \$1.1 billion, growth of 30% and >1,000 Click & Collect locations
- Launched convenience range with 200 new products
- Tools for store tailoring in place for Supermarkets with the implementation underway in Express and Liquor
- Food-to-go convenience offering rolled out to 93% of Express stores delivering healthy meal solutions
- 64 new Exclusive Liquor Brand lines launched in FY19 and a total of 189 medals and awards received over the year
- Continued successful roll-out of First Choice Liquor Market renewals
- Export growth of 36% with a strategic team established and dedicated to developing meat export business
- flybuys established as an independent standalone business with 5.7% YoY growth in active households to 6.6 million



Progress against strategy: Smarter selling

Through efficiency and pace of change.



- Appointment of Group Executive Transformation to oversee multi-year program of change
- Wearable technology and deli easy ordering rolled out improving loss and availability
- Transport hubs established in WA and VIC with backhaul increased by 57% and 60% respectively
- Strategic partnerships announced with SAP and Optus to accelerate technology-led transformation of stores, support centres and supply chain
- Optimised store network with new tailored store formats and 4 new stores in growth corridors including Coomera Town Centre in QLD and Mernda in VIC
- Commenced cost-out initiatives with the announced reduction of 450 roles in Store Support Centre (SSC)



Progress against strategy: Win together

With our team members, suppliers and communities.



- 20% reduction in TRIFR in FY19, improved team member MySay score by 3 percentage points
- >4,100 Indigenous team members – Australia's largest private sector employer of Indigenous people. Further commitment to increase to 5,500 by 2023
- \$16 million in drought relief for farmers via Nurture Fund, Dairy Drought Relief Fund and Country Women's Association Drought Appeal
- Quiet Hour expanded to 261 stores nationally, offering a low sensory shopping experience to assist customers with autism
- Removal of 1.7 billion single-use plastic bags with customers choosing reusable Community Bags and raising \$2.5 million for charities
- Roll-out of LED lighting to all supermarkets scheduled for completion in 1H20, with 119 stores completed in FY19. At the end of FY19, 30 supermarkets have solar power with plans to install solar in a further 38 supermarkets in FY20
- Continued support of SecondBite, Redkite, FightMND

Coles' strategy tracker

KPIs	Progress
Reduced safety TRIFR	<ul style="list-style-type: none"> 20% reduction in YoY TRIFR
Increased team member engagement	<ul style="list-style-type: none"> Improved MySay team engagement score by 3 percentage points
Improved customer satisfaction	<ul style="list-style-type: none"> Customer satisfaction¹ stable since Q2 at 87.8%
Sales growth at least in-line with the market	<ul style="list-style-type: none"> Supermarkets headline sales revenue growth of 3.2% We monitor two sources: Nielsen Total Store (excl. non-food) Market Growth of 2.1%; ABS Total Market Growth of 4.3%². The average of the two indices is 3.2%
Increased sales density	<ul style="list-style-type: none"> Supermarket sales density increased by 1.5% YoY to \$16,704 per square metre Liquor sales density increased by 1.4% YoY to \$14,354 per square metre
\$1bn cost-out by FY23	<ul style="list-style-type: none"> Announced 450 role reduction in SSC
EBIT growth	<ul style="list-style-type: none"> Supermarkets and Liquor EBIT growth Group EBIT decline due to lower Express fuel volumes and corporate costs associated with being a standalone ASX company
Cash realisation³ >100%	<ul style="list-style-type: none"> Strong cash realisation of 110%

¹ Customer satisfaction based on Tell Coles data.

² Source: Nielsen Market Data, based on MAT to 13/7/2019; ABS Retail Trade Figures, TABLE 11. Retail Turnover, State by Industry Subgroup, Original. Total Food Retail excl. Liquor (Smtk & Grocery plus Other Specialised Food Retailing)

³ Cash conversion is calculated as operating cash flow excluding interest and tax, divided by EBITDA (excluding significant items).



Coles' Own Brand range continues to lower the cost of living for our customers and now represents a \$9 billion business. Wellness Road is a health focused sub-brand launched in May 2019

Group financial overview



FY19 results – Group

EBIT (excl. Hotels and pre-significant items) down 8.1% driven by lower Express fuel volumes and corporate costs associated with being a standalone ASX listed company

Statutory result			
\$m	FY19	FY18	Change
Sales revenue ³	38,176	38,934	(1.9)%
EBIT	1,467	1,479	(0.9)%
EBIT margin	3.8%	3.8%	0 bps

Retail result (excl. Fuel sales and Hotels)			
\$m	FY19 (52 weeks)	FY18 (52 weeks)	Change
Sales revenue ^{1,3}	35,001	33,961	3.1%
EBIT pre-significant items ²	1,325	1,442	(8.1)%
EBIT margin pre-significant items ²	3.8%	4.3%	(48) bps

Note: Segment financials in this presentation are shown on a retail calendar basis, pre-significant items

¹ Fuel sales have been excluded from Retail result as Express no longer records fuel sales as sales revenue under the New Alliance Agreement with Viva Energy. Retail sales revenue also excludes Hotels.

² Significant items: 1) \$146m relating to Supply Chain Modernisation; 2) \$137m gain from the New Alliance Agreement with Viva Energy; and 3) \$133m net gain associated with the establishment of Queensland Venue Co Pty Ltd.

³ FY18 sales revenue has been restated due to a change in the classification of the cost of flybuys points from cost of sales to sales revenue.

FY19 results – segment financials

Supermarket EBIT growth for the first time since FY16

\$m	Retail basis, pre-significant items		
	FY19 (52 weeks)	FY18 (52 weeks)	Change
Sales revenue			
Supermarkets	30,890	29,919	3.2%
Liquor	3,063	3,006	1.9%
Express	1,048	1,035	1.2%
Group sales revenue (excl. Fuel sales and Hotels)	35,001	33,961	3.1%
Fuel sales	3,011	4,680	(35.7)%
Hotels	140	163	(14.2)%
Group sales revenue	38,152	38,803	(1.7)%
EBIT			
Supermarkets	1,183	1,157	2.2%
Liquor	120	111	8.4%
Express	50	161	(69.3)%
Other ¹	(28)	13	N/M
Group EBIT (excl. Hotels and significant items)	1,325	1,442	(8.1)%
Hotels	13	17	(26.0)%
Group EBIT pre-significant items	1,338	1,459	(8.3)%

Note: The results for the year and the prior corresponding period reflect the elimination of a \$30m brand fee previously charged from Supermarkets to Express.

¹ Includes corporate costs, Coles' 50% share of flybuys' net profit, and gains and losses from the property portfolio.

Normalised cash flow

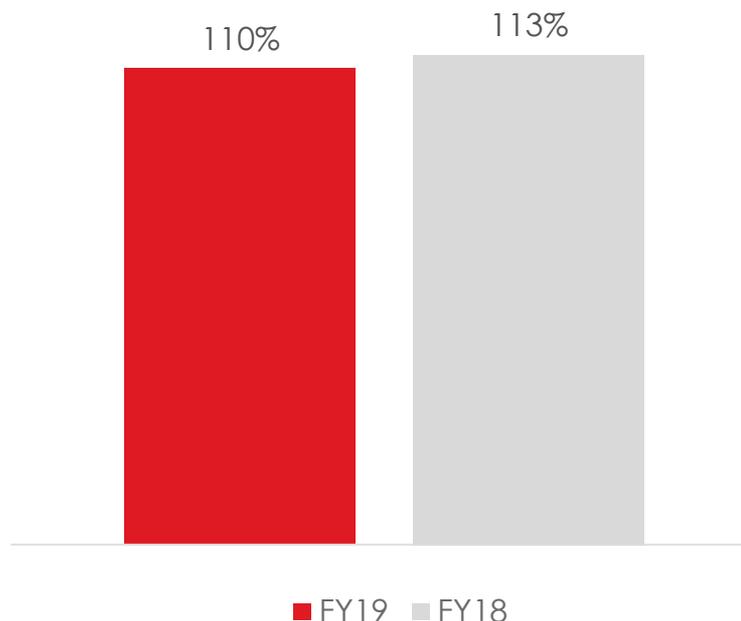
Strong cash realisation of 110%

Normalised cash flow¹

Sm	(non-IFRS)	
	FY19	FY18
Statutory EBIT pre-significant items	1,343	1,479
Depreciation & amortisation	640	650
EBITDA pre-significant items	1,982	2,129
Change in working capital	81	201
Change in provisions & other	125	74
Operating cash flow (excl. interest and tax)	2,188	2,404

Cash realisation²

Coles will continue to report cash realisation excl. interest and tax and will target >100% in future years.



¹ Cash flows have been normalised for demerger items relating to self-insurance provisions and intercompany balances.

² Cash realisation is calculated as operating cash flow excluding interest and tax, divided by EBITDA (excluding significant items).

Capital expenditure

FY19 net capital expenditure in line with guidance of \$700m to \$800m, increased to drive long term growth

Capital expenditure breakdown

\$m	Statutory basis	
	FY19	FY18
Store renewals	146	82
Growth initiatives	191	198
Efficiency initiatives	297	116
Maintenance	259	248
Gross operating capital expenditure	893	645
Property acquisitions	146	127
Property divestments	(269)	(210)
Net capital expenditure	770	561

Key capital expenditure initiatives

Store renewals

- 51 supermarket and 52 liquor renewals
- 259 Coles Express renewals including food-to-go (FTG) roll-out

Growth initiatives

- New stores in supermarkets (22) and Liquor (27)
- Expansion in Online including 120 Click & Collect locations

Efficiency initiatives

- Supply Chain Modernisation
- Store IT improvements including ACO investments

Maintenance

- Refrigeration and electrical
- Store technology investments

Going forward Coles intends to focus on gross operating capital expenditure on an accrued basis

Balance sheet

Strong balance sheet with investment grade credit metrics

Balance sheet summary

(non-IFRS)

\$m	30 Jun 2019	30 Dec 2018
Cash and cash equivalents ³	940	582 ³
Inventories	1,965	2,429
Trade and other receivables ³	360	462 ³
Trade and other payables	(3,380)	(3,991)
Working capital	(115)	(518)
Property, plant and equipment, and equity investments	4,331	4,213
Intangibles	1,541	1,660
Provisions	(1,341)	(1,292)
Other	37	(28)
Capital employed	4,452	4,035
Interest bearing liabilities	(1,460)	(1,630)
Net tax balances	365	267
Total net assets	3,357	2,672

Net working capital

- Inventory days of 25; trade payable days of 27²

Financial debt

- Net debt of \$0.5bn and balance sheet leverage ratio of 0.5x¹
- Gross debt reduced to \$1.5bn due to strong cash generation and proceeds from the New Alliance Agreement
 - Initial gross drawn debt at the time of demerger was \$2.0bn

AASB 16 lease accounting impact

- Refer Slide 18 for more detailed disclosures on impact of AASB 16

¹ Calculated as gross debt less cash at bank and on deposit (\$1,050m), divided by EBITDA pre-significant items (\$1,982m).

² Trade payable days as at 30 December 2018 have been restated from 29 to 27.

³ Debit and credit card transactions not yet settled have been reclassified from trade receivables to cash and cash equivalents.

Capital management

Disciplined approach with attractive fully-franked dividend

Dividend

- Coles Board determined a fully-franked total dividend of 35.5 cents per share, comprising a final of 24.0 cents per share and a special dividend of 11.5 cents per share for the period from 28 November 2018 to 30 June 2019

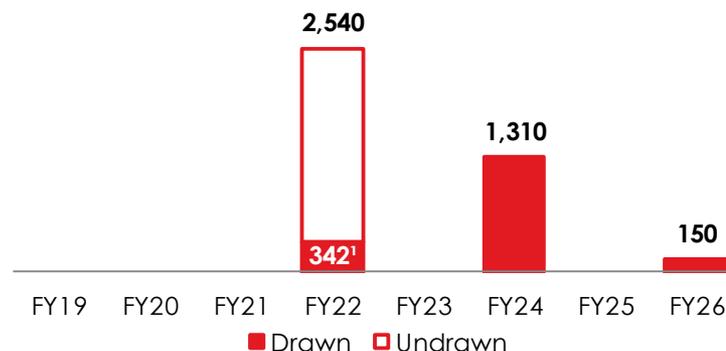
Debt facilities

- Weighted average debt maturity of 4.6 years provides funding certainty
 - Undrawn facilities of \$2.2bn, providing appropriate headroom
- Coles is committed to diversify funding sources over time to reduce refinancing risk

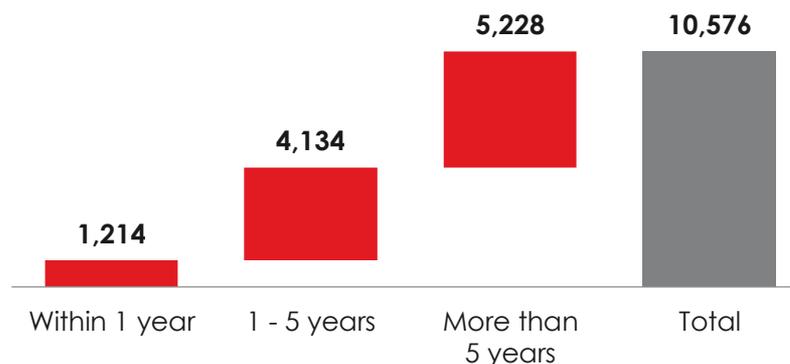
Lease commitments

- Disciplined management of off-balance sheet leases
 - Undiscounted lease commitments of \$10.6bn
 - Lease options provide Coles with flexibility to extend tenure

Bank facility maturity profile (\$m)



Lease commitments (\$m)



¹ Includes bank guarantees.

AASB 16 lease accounting update

- Coles to apply AASB 16 from 1 July 2019 using the modified retrospective approach
- Operating leases recognised on balance sheet as lease liabilities with corresponding right of use asset
- Straight-line operating lease rental expense replaced by straight-line depreciation of right of use asset and interest charge on reducing lease liability balance
- Completed indicative assessment of AASB 16 and the estimated impact on FY19 financials
 - Positive impact on EBIT of \$400m to \$450m
 - Positive impact on Profit before tax of \$0 to \$50m
 - No impact on cash, debt covenants or credit ratings
- Estimated pro forma impact may differ from actuals due to changes in lease portfolio
- Other operating items (e.g. EBIT margin) and credit metrics will move materially. Coles will provide metrics on a consistent basis to assist with comparative analysis

Estimated impact of new lease accounting standard

Balance sheet (1 July 2019)¹

Lease liability	↑	\$8.5bn to \$9.0bn
Right of use asset	↑	\$7.2bn to \$7.7bn

Income Statement (full year 2019 impact)

EBITDA	↑	\$1.20bn to \$1.25bn
Depreciation	↑	\$0.75bn to \$0.80bn
EBIT	↑	\$0.40bn to \$0.45bn
Finance costs	↑	\$0.40bn to \$0.45bn
Profit before tax	↑	\$0 to \$0.05bn

¹ Net impact, adjusted for deferred tax and reversal of current lease accounting recognised against retained earnings.

Summary of significant items

Item	P&L line item impact	Comment	\$m
Supply Chain Modernisation	Other expenses	Provision for lease exit costs and redundancies associated with the closure of a number of existing DCs	(146)
New Alliance Agreement with Viva Energy	Other income	Cash gain in relation to payment from Viva Energy for forgoing the retail fuel margin	137
Incorporated Joint Venture with AVC	Other income	Net non cash gain related to the establishment of the joint venture, comprising a loss on disposal of Spirit Hotels, transaction costs, and a gain relating to the transfer of retail assets and the fair value of Coles' interest in QVC	133
Tax consolidation adjustment	Income tax expense	Relates to Coles' decision to form an income tax consolidated group	50



Fresh Stikeez and the Rainbow Challenge were loved by our customers encouraging children to eat more fresh fruit and vegetables!

Supermarkets



Supermarkets key metrics

47 consecutive quarters of comparable sales growth and positive full year Supermarkets EBIT growth for the first time since FY16

Total sales revenue



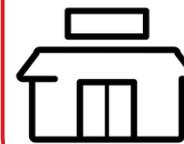
\$30.9bn
+3.2% vs. pcp

Comp sales growth



2.7%
vs. pcp

Sales per sqm



\$16,704
+1.5% vs. pcp

Own Brand sales



+5.9%
vs. pcp

Coles Online sales



+30%
vs. pcp

Customer satisfaction



87.8% (4Q19)
Flat on 2Q19

Gross margin



24.8%
+20bps vs. pcp

EBIT



\$1,183m
+2.2% vs. pcp

EBIT margin



3.8%
(4)bps vs. pcp

Supermarkets FY19 results

Strong sales and operating leverage

FY19 results

\$m	Retail basis (52 weeks)		
	FY19	FY18	Change
Key P&L items			
Sales revenue	30,890	29,919	3.2%
EBITDA	1,735	1,714	1.2%
EBIT	1,183	1,157	2.2%
Key metrics			
Comparable sales growth (%)	2.7	1.1	159bps
Gross margin (%)	24.8	24.6	20bps
CODB (%)	(20.9)	(20.7)	(24)bps
EBIT margin (%)	3.8	3.9	(4)bps
Sales per square metre (\$)	16,704	16,452	1.5%
Price in/(de)flation ¹ (%)	0.8	(1.3)	208bps
Price in/(de)flation excl. tobacco and fresh ¹ (%)	(1.2)	(1.9)	71bps

Note: The results for the year and the prior corresponding period reflect the elimination of a \$30m brand fee previously charged from Supermarkets to Express. FY18 sales revenue has also been restated due to a change in the classification of the cost of flybuys points from cost of sales to sales revenue.

Key commentary

- Comparable sales growth of 2.7% driven by online and successful collectable campaigns
- A continued investment in lowering prices to embed trusted value for our customers saw underlying price deflation excluding tobacco and fresh of 1.2% for FY19
- Gross margin increased by 20bps due to strategic sourcing and continued execution of Own Brand strategy
- 2017 Supermarkets EBA has been implemented and exited single-use plastic bags
- EBIT increased by 2.2% driven by higher sales and improved gross margin
- Smarter Selling restructuring provision of \$19m included in 2H19 EBIT; excluding provision, flat EBIT margin in FY19

¹ Due to a change in methodology, Inflation / (deflation) historical figures have been restated. Details can be found in the Results Release.



A recently converted First Choice Liquor Market in Caroline Springs, Victoria

Liquor key metrics

Strong EBIT growth driven by Exclusive Liquor Brand penetration

Total sales revenue



\$3.1bn
+1.9% vs. pcp

Comp sales growth¹



1.2%
vs. pcp

Exclusive Liquor
Brand



17.9% of sales
+44bps vs. pcp

Award winning
quality



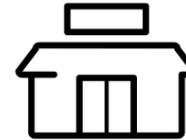
189
ELB medals and
awards in FY19

FCLM renewals



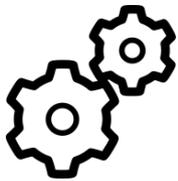
30%
of the fleet
renewed

Number of stores¹



910
+11 vs. FY18

Gross margin



22.3%
+41bps vs. pcp

EBIT²



\$120m
+8.4% vs. pcp

EBIT margin



3.9%
+23bps vs. pcp

¹ Excludes Hotels.

² Prior corresponding period EBIT includes \$2 million gain in relation to a one-off asset sale.

Liquor FY19 results

Revenue growth driven by First Choice Liquor Market roll-out

FY19 results

\$m	Retail basis (52 weeks)		
	FY19	FY18	Change
Key P&L items			
Sales revenue	3,063	3,006	1.9%
EBITDA	153	146	4.5%
EBIT	120	111	8.4%
Key metrics			
Comparable sales growth (%)	1.2	1.8	(61)bps
Gross margin (%)	22.3	21.9	41bps
CODB (%)	(18.4)	(18.2)	(18)bps
EBIT margin (%)	3.9	3.7	23bps

Note: Excludes Hotels. FY18 sales revenue has been restated due to a change in the classification of the cost of flybuys points from cost of sales to sales revenue.

Key commentary

- Comparable sales growth of 1.2% positively impacted by the First Choice Liquor Market roll-out
- Slowdown in Liquorland growth driven by moderating growth in the broader retail liquor market and end of renewal program
- First Choice Liquor Market renewal program continued, driving sales performance ahead of the rest of the fleet
- Vintage Cellars renewal program to begin in 1H20
- Gross margin increased by 41bps to 22.3% due to margin improvements from Exclusive Liquor Brand and improved supplier collaboration
- 2H18 EBIT impacted by \$2m gain included in CODB related to a one-off asset sale



Coles Express food-to-go offering has been rolled out to 93% of stores, including Windsor, Victoria

Express



Express key metrics

Sales and EBIT impacted by lower fuel volumes. New Alliance Agreement to restore growth

Total sales revenue



\$1.0.bn
excluding Fuel
sales¹

C-store comp sales growth



0.1%
vs. pcp

EBIT



\$50m
as per previous
guidance

Food-to-go growth



12.4%
vs. pcp

2H weekly fuel volumes



59.5mL
volumes remained
broadly flat²

Number of sites



714
+3 vs. FY18

Note: The results for the year and the prior corresponding period reflect the elimination of a \$30m brand fee previously charged from Supermarkets to Express.

¹ Fuel sales have been excluded as Express no longer records fuel sales as sales revenue under the New Alliance Agreement with Viva Energy.

² Fuel volumes remained broadly flat since the Agreement took effect to the end of FY19.

Express FY19 results

Positive trends in food-to-go category, now rolled out to 93% of stores

FY19 results

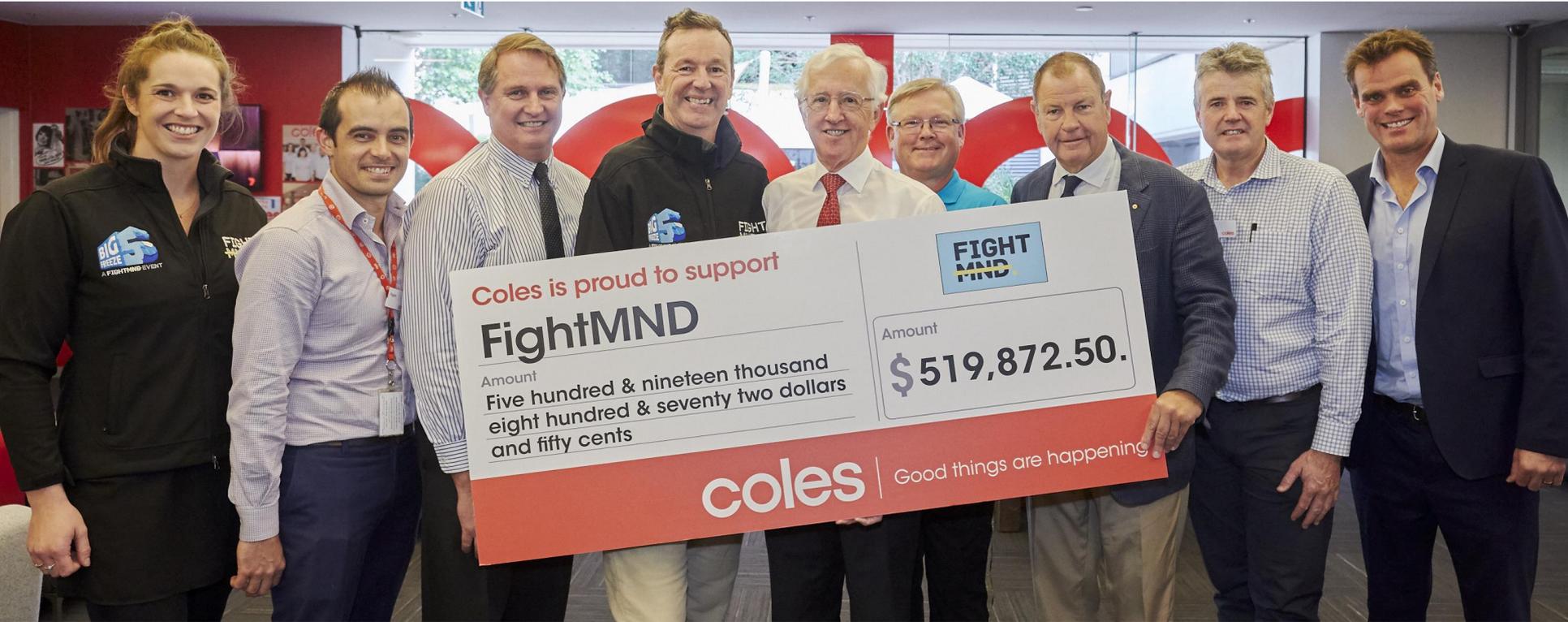
\$m	Retail basis (52 weeks)		
	FY19	FY18	Change
Key P&L items			
Sales revenue (excl. Fuel sales) ¹	1,048	1,035	1.2%
EBITDA	76	187	(59.4)%
EBIT	50	161	(69.3)%
Key metrics			
Comp. c-store sales growth (%)	0.1	1.6	(158)bps
Weekly fuel volumes (mL)	60.9	70.0	(13.0)%
Fuel volume growth (%)	(13.0)	(16.8)	388bps
Comp. fuel volume growth (%)	(13.7)	(17.8)	407bps
Gross margin (%)	61.4	70.5	(909)bps
CODB (%)	(56.7)	(55.0)	(175)bps
EBIT margin (%)	4.7	15.6	(1084)bps

Note: The results for the year and the prior corresponding period reflect the elimination of a \$30m brand fee previously charged from Supermarkets to Express. FY18 sales revenue has also been restated due to a change in the classification of the cost of flybuys points from cost of sales to sales revenue.

Key commentary

- Convenience store (c-store) comparable sales growth of 0.1% driven by declining tobacco sales and reduced traffic
- Food-to-go remained the standout category with headline sales growing by 12.4% YoY
- Weekly fuel volumes remained broadly flat since the New Alliance Agreement took effect to the end of FY19
- 4Q19 comparable fuel volumes of (8.7)% YoY demonstrate continued moderation of declines

¹ Fuel sales have been excluded as Express no longer records fuel sales as sales revenue under the New Alliance Agreement with Viva Energy.



Representatives from Coles with Neale Daniher, Bill Guest, Jamie Howden and Bec Daniher from FightMND. Coles raised almost \$520,000 for FightMND donating 10 cents from every Coles brand pork product sold between 8 May and 16 June



FY20 outlook

- By way of a Q1 FY20 trading update, Little Shop 2 has again resonated with our customers and is driving strong engagement
- As envisaged cycling the comparable sales growth from last year's highly successful Little Shop campaign will be challenging given competitor activity in the market
- In Express, growth in fuel volumes has been encouraging following more competitive fuel pricing and the introduction of the Little Shop 2 campaign. However, it will take time to build volumes to target levels, and as a result, Coles expects earnings growth under the New Alliance Agreement to remain subdued in FY20
- Coles made a number of statements relating to capex outlook, renewals, new stores and formats at the recent Investor Day in respect of FY20 and these remain unchanged. The Smarter Selling initiatives in FY20 are anticipated to deliver annualised benefits in excess of \$150m





Sydney mother Sarah Miller with her nine-year-old son Cameron shop at Coles during Quiet Hour. In FY19, Coles expanded the roll-out of Quiet Hour to 261 supermarkets nationally

Q&A

