



31 October 2024

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir or Madam

Coles Group Limited – 2025 First Quarter Sales Results

Please find attached for immediate release to the market the 2025 First Quarter Sales Results Release for Coles Group Limited.

This announcement is authorised by the Board.

Yours faithfully,

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

Daniella Pereira
Group Company Secretary

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Results Release

colesgroup

31 October 2024

2025 First Quarter Sales Results

Value campaigns and Exclusive brands underpin Q1 sales and solid volume growth

First Quarter Sales - 13 weeks from 1 July to 29 September 2024

GROUP SALES REVENUE (\$M)	1Q25	1Q24	CHANGE	COMPARABLE GROWTH ¹
Supermarkets	9,507	9,186	3.5%	2.4%
Liquor	851	851	-	(4.4)%
Other	190	214	(11.2)%	n/m
Total Group sales revenue	10,548	10,251	2.9%	n/m

¹ Comparable sales are now calculated by reference to external sales and are based on the period from 3 July 2023 to 1 October 2023 (weeks 2 to 14 of FY24). Refer Appendix 3 for further information.

n/m denotes not meaningful.

Statement from Coles Group CEO, Leah Weckert

"Cost of living remains a challenge for many of our customers, and we are focused on helping them find value in our stores through weekly specials, value campaigns, Flybuys and exclusive brands. Pleasingly for customers, meat, dairy, health & beauty and homecare categories were all in deflation during the quarter. Overall supermarkets inflation, excluding tobacco, declined to 1%, remaining well below historic levels.

In preparation for the upcoming festive season we have launched many new products to make entertaining at home more delicious, easy and affordable. In-store execution, availability and quality continue to be priorities to improve customer experience.

A key focus of the quarter has been the ramp up of our new Automated Distribution Centre in New South Wales, which is progressing well, and the transition of next day home delivery orders from stores to our new customer fulfilment centres in both Melbourne and Sydney. Early results from the customer fulfilment centres show a significant step up in availability and perfect order rates."

First quarter performance highlights



Sales revenue growth

▲3.5%
in Supermarkets
Flat
in Liquor



eCommerce sales growth

▲22.4%
in Supermarkets
▼(1.9)%
in Liquor



Exclusive brand penetration

33.1%
Exclusive to Coles
22.6%
Exclusive Liquor Brand

Destination for food and drink

- Focused on value through the Winter and Spring value campaigns
- Successfully delivered our first Winter of Sports giveaway campaign with >100,000 unique customers winning instant money off their in-store shop
- Launched 108 new Exclusive to Coles products with 19 new products added to the 'Coles Finest' range and the 'Coles Simply' value range expanded to 111 products
- Increased Flybuys active members by 4.1% with 21.3% growth in members participating in personalised value offers

Accelerated by digital

- Progressed transition of next day home delivery orders to our automated Customer Fulfilment Centres (CFCs) in Melbourne and Sydney resulting in a significant uplift in perfect order rates
- Increased Supermarkets eCommerce sales revenue by 22.4% taking penetration to 10.8% with continued improvements in Online NPS
- Introduced new features to the app and website including expanded personalisation and integration of taste.com.au shoppable recipes
- Coles 360 partnered with Nielsen to develop a bespoke planning tool to support omnichannel media planning for brands

Delivered consistently for the future

- Leveraged our investment in loss technology to deliver national roll out of Fresh Produce recognition technology at check out
- Progressed Liquor Easy Ordering roll out to more than 170 stores, improving availability for customers and simplifying tasks for team members
- Removed single use fresh produce plastic bags in all WA stores, removing the equivalent of 36 million conventional plastic produce bags from circulation per annum¹

Win Together

- Raised >\$1.4 million from the Coles SecondBite Winter Appeal to help feed Australians in need, enabling SecondBite to provide the equivalent of 7.4 million meals to around 1,000 local community partners across Australia
- Celebrated 'R U OK?' day focused on encouraging team members to keep the 'R U OK?' message alive throughout the year
- Provided de-escalation training to team members offering practical steps to defuse and de-escalate a threatening situation, lowering the risk of aggressive behaviours towards team members

¹ Based on number of plastic produce bags delivered to WA stores in the last 52 weeks to 26 May 2024.

Segment performance overview

Supermarkets

	1Q25	1Q24	CHANGE
Sales revenue (\$m)	9,507	9,186	3.5%
Sales revenue growth (excl. tobacco) (%)	4.9	5.9	(101bps)
Comparable sales growth ¹ (%)	2.4	3.6	(122bps)
eCommerce sales ² (\$m)	1,043	852	22.4%
eCommerce penetration ² (%)	10.8	9.1	166bps
Sales density per square metre ³ (MAT \$/sqm)	19,861	19,377	2.5%
Inflation / (deflation) (%)	1.5	3.1	(161bps)
Inflation / (deflation) excl. tobacco (%)	1.0	3.1	(209bps)
Inflation / (deflation) excl. tobacco and fresh (%)	0.1	6.3	(620bps)

¹ Comparable sales have been restated and are now calculated by reference to external sales and are based on the period from 3 July 2023 to 1 October 2023 (weeks 2 to 14 of FY24). Refer Appendix 3 for further information.

² 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.

³ Sales per square metre is a moving annual total (MAT), calculated on a rolling 52 week basis.

Key highlights

Supermarkets sales revenue of \$9.5 billion for the first quarter increased by 3.5%. Excluding tobacco, sales revenue increased by 4.9%. Comparable sales growth was 2.4%. Sales growth in the first quarter was supported by our Winter and Spring value campaigns, promotional activity, the Winter of Sports giveaway campaign and strong eCommerce growth. This was partially offset by availability challenges in eggs due to the impacts of Avian influenza.

Exclusive to Coles sales revenue increased by 4.5% to \$3.3 billion with solid volume growth, particularly in the Food category. With value remaining front of mind for consumers we made a number of significant investments in value across the portfolio, including in cheese and everyday staples in the Coles Simply range. Coles Simply brand awareness continues to grow and we saw a significant uplift in sales of a number of key categories. Coles Finest also continued to resonate with customers seeking to entertain or treat themselves at home resulting in sales revenue growth of 8.9%. Innovation across the Exclusive to Coles portfolio remains a key focus, particularly as we enter the Christmas season.

Total Supermarkets price inflation remained steady at 1.5% in the first quarter (1.5% in 4Q24). Inflation excluding tobacco of 1.0% in the first quarter moderated slightly (1.2% in 4Q24) with inflation excluding tobacco and fresh declining to 0.1% (1.3% in 4Q24)², largely attributable to the cycling of elevated CPI requests in the prior corresponding period. Inflation in the Fresh category was driven by fresh produce. Fresh produce inflation increased as we cycled strong growing conditions and surplus produce last year. Meat remained in deflation consistent with the levels seen in the fourth quarter of FY24, as a result of lower livestock prices. Dairy also moved into deflation during the quarter as a result of value investments, particularly in Coles Own Brand cheese, as did homecare and health and beauty.

eCommerce sales increased by 22.4% to \$1.0 billion with penetration growing to 10.8%. Strong sales growth was experienced across both next day and same day home delivery and Click & Collect. Growth was delivered through the expansion of our Coles' Rapid offer, with increased population coverage and available slots, Coles App and website enhancements, including increased personalisation and integration of taste.com.au shoppable recipes, and targeted customer offers. This led to increases in digital engagement with growth in Coles App monthly active users of 50.8%. Strong gains were also experienced in Online NPS, driven by improvements in availability, delivery times and ease of using the website.

² Fresh includes fresh produce, meat, deli, seafood and convenience. Bakery which was previously part of Fresh is now included within the Dairy and Frozen category. Convenience was previously included in the Dairy and Frozen category. Refer Appendix 4 for further information.

During the period we opened both of our Victorian and New South Wales CFCs and commenced transitioning next day home delivery orders from stores in metropolitan Melbourne and Sydney. We are ahead of schedule with the transition of stores which is now expected to be completed by mid-November, and have seen early positive outcomes across a range of customer experience metrics, including availability and perfect order rates.

During the quarter, we opened one new store, taking the total network to 857 supermarkets.

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Liquor

	1Q25	1Q24	CHANGE
Sales revenue (\$m)	851	851	-
Comparable sales growth ¹ (%)	(4.4)	0.1	(456bps)
eCommerce sales ² (\$m)	53	54	(1.9%)
eCommerce penetration ² (%)	6.4	6.5	(12bps)
eCommerce penetration (inc. COL) ³ (%)	7.6	7.7	(10bps)
Sales density per square metre ⁴ (MAT \$/sqm)	15,665	16,137	(2.9)%

¹ Comparable sales have been restated and are now calculated by reference to external sales and are based on the period from 3 July 2023 to 1 October 2023 (weeks 2 to 14 of FY24). Refer Appendix 3 for further information.

² eCommerce sales and penetration excludes Liquor sold through coles.com.au (reported in Supermarkets' eCommerce sales) and B2B sales, 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.

³ eCommerce penetration including Liquor sold through coles.com.au.

⁴ Sales per square metre is a moving annual total (MAT), calculated on a rolling 52 week basis.

Key highlights

Liquor sales revenue of \$851 million for the first quarter was flat on the prior corresponding period with comparable sales declining by 4.4%. Headline sales benefitted from higher space growth following the acquisition of 20 stores in Tasmania and the effect of event timing with the AFL Grand Final occurring in 1Q25 (compared to 2Q24).

Sales in the quarter continued to be impacted by the subdued economic environment with consumers constraining their discretionary spending. Pleasingly for customers, liquor inflation continued to moderate in the first quarter. Sales were also impacted by the continued transition away from less profitable bulk and affiliate sales during the quarter and the CrowdStrike outage in July.

eCommerce sales revenue declined by 1.9% with penetration of 6.4% (7.6% including Coles Online). eCommerce sales were particularly impacted by the cycling of higher affiliate and bulk sales in the prior corresponding period. This was partially offset by continued growth in the on-demand channel. Engagement through our Flybuys loyalty program remained strong with swipe rates increasing across all banners.

Our Exclusive Liquor Brand (ELB) portfolio was expanded with 80 new lines added in the quarter and 171 awards were received, including a Gold award for Jim Barry 'Barry & Sons' Riesling at the 2024 Perth Royal Wine Awards. Customers are increasingly recognising the quality and value attributes across the ELB range with penetration increasing to 22.6% (1Q24: 22.1%).

One new store was opened, two stores were closed and 21 store renewals were completed, with the portfolio comprising 991 stores at the end of the quarter.

In September, Coles announced a pilot to consolidate banners under the Liquorland brand with selected Vintage Cellars to be converted to Liquorland Cellars and participating First Choice Liquor Market stores to be rebranded as Liquorland Warehouse. Commencing in November, the pilot will be implemented in all stores across South Australia and a small number of stores in Victoria and Queensland and is expected to provide a more compelling customer offer by bringing the best elements of Liquorland, First Choice Liquor Market and Vintage Cellars together under our largest and most recognised brand.

Other

Revenue of \$190 million was recorded in the first quarter in the Other segment relating to the Product Supply Agreement (PSA) with Viva Energy Ltd. As previously communicated, the PSA is expected to conclude in April 2026.

Outlook

In the early part of the second quarter, Supermarkets sales revenue growth has remained broadly in line with the first quarter with volume growth supported by the investments we have been continuing to make in value across the portfolio to help support families in the lead up to Christmas.

In Liquor, sales revenue growth remains subdued with the business focused on providing a compelling value proposition for the festive season.

Following the successful completion of construction of both our automated distribution centres (ADCs) in Queensland and New South Wales and with ramp up progressing well, today we also announced an agreement to construct our third ADC which will be located in Truganina in Victoria. The project is expected to commence during FY25 and as a result we now expect our capital expenditure for FY25 to increase to approximately \$1.3 billion (previous guidance approximately \$1.2 billion).

Coles Group CEO, Leah Weckert, said: "As our customers remain focused on cost of living pressures, we will continue to invest in value providing a competitive and compelling offer for Australian families. We are also investing for the future in projects such as our automated distribution centres. These will improve the efficiency of our business, enabling us to support further investment in the customer offer and deliver returns to our shareholders for many years to come."

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Appendix

Appendix 1

Number of retail stores

	OPEN AS AT 1 JULY 2024	OPENED	CLOSED	OPEN AS AT 29 SEPT 2024
NSW & ACT	266	0	0	266
QLD	185	0	0	185
VIC & TAS	243	1	0	244
SA & NT	61	0	0	61
WA	101	0	0	101
Supermarkets	856	1	0	857
Liquor	992	1	(2)	991
Group store numbers	1,848	2	(2)	1,848

Appendix 2

Reporting calendars for FY24, FY25 and FY26

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

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

FY26	1Q26	2Q26	3Q26	4Q26
Reporting period	30 June 2025 - 28 Sep 2025	29 Sep 2025 - 4 Jan 2026	5 Jan 2026 - 29 Mar 2026	30 Mar 2026 - 28 Jun 2026
Number of days	91 days	98 days	84 days	91 days
Number of weeks	13 weeks	14 weeks	12 weeks	13 weeks

Appendix 3

Restatement of comparable sales growth

Comparable sales is a like for like measure of sales which excludes sales generated by stores opened or closed in the preceding year. It also excludes sales generated by existing stores where there is a demonstrable impact from store disruption. Comparable sales include physical store sales as well as sales not attributable to a physical store, for example sales fulfilled through our CFCs.

Historically, comparable sales growth has been calculated by reference to Gross Retail Sales. Gross Retail Sales refers to retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points. Going forward, comparable sales growth will be calculated by reference to external headline sales to provide a better understanding of external sales on a like for like basis.

To more closely align the dates of the reporting period in FY25 to the prior corresponding period in FY24, comparable sales growth will be calculated by reference to the period from 3 July 2023 to 30 June 2024 (i.e. weeks 2 to 53 of FY24).

Appendix 4

Restatement of Fresh inflation

In line with changes to Coles' internal management reporting, Fresh inflation now includes fresh produce, meat, deli, seafood and convenience. Bakery which was previously part of the Fresh category is now included within the Dairy and Frozen category. Convenience was previously included in the Dairy and Frozen category.

The table below provides restated inflation excluding tobacco and fresh for FY24 consistent with the above adjustments:

	1Q24	2Q24	3Q24	4Q24
Inflation excl. tobacco and fresh – restated (%)	6.3	4.3	3.3	1.3
Inflation excl. tobacco and fresh – previously reported (%)	5.7	4.0	2.9	1.1