



Coles, with its customers and its pork suppliers, raised more than \$8.6 million for FightMND to help fund research and treatments for Motor Neurone Disease. Pictured: FightMND founder Neale Daniher and Coles team members at the MCG.

## 2022 Full Year Results Presentation

24 August 2022

Steven Cain, Chief Executive Officer  
Charlie Elias, Chief Financial Officer



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Balance sheet and cash flow information presented in this 2022 Full Year Results Presentation is consistent with the underlying information disclosed in the Appendix 4E Full Year Financial Report.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.





# Coles wishes to acknowledge the Traditional Custodians of this land

We recognise their strength and resilience  
and pay our respects to their Elders past  
and present.

Coles extends that respect to all Aboriginal  
and Torres Strait Islander people, and  
recognises their rich cultures and their  
continuing connection to land and waters.

**coles**

# FY22 highlights



**Third year of strategy** execution delivers solid Supermarkets result despite COVID-19 headwinds and flood disruptions

Continued focus on delivering **trusted value for customers and innovation** with **>1,300 Coles Own Brand** and **>170 Exclusive Liquor Brand** products launched during the year

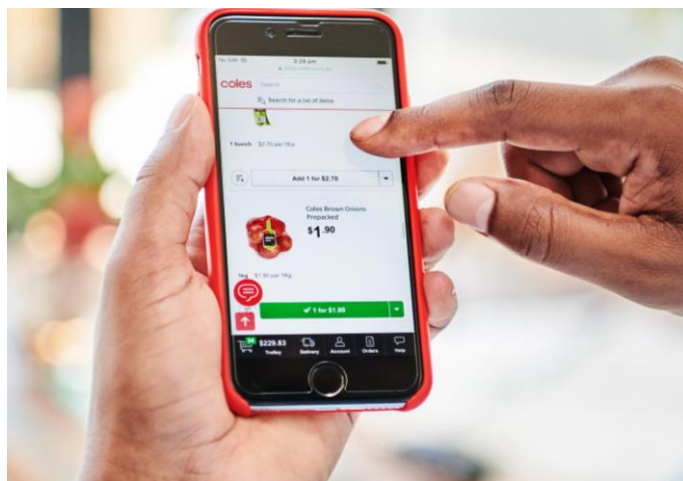
Strong sales growth in **eCommerce Supermarkets and Liquor of 41% and 49%** respectively with significant investment in customer experience, capacity and unified app

**Smarter Selling benefits of ~\$230m** on track to deliver our four year program of **\$1bn of benefits by end of FY23**

Ranked **#2 food retailer globally for sustainable business practices** in the WBA 2021 Food and Agricultural Benchmark<sup>1</sup>

Continued investment in our team with **3pp increase in team member engagement** and **14.7% improvement in TRIFR<sup>2</sup>**

Achieved **ROC of 16.4%**, invested **capex of \$1.2bn** focused on growth and efficiency initiatives and declared total **dividend of 63.0 cps**



<sup>1</sup> Based on 2021 Food and Agriculture Benchmark of 350 food and agriculture companies globally by the World Benchmarking Alliance. Benchmark across four key measurement areas of social inclusion, nutrition, governance & strategy, and environment. Coles ranked #12/350 companies overall and #2/62 of food retailers globally.

<sup>2</sup> Total Recordable Injury Frequency Rate.

# FY22 financial highlights

Third year of strategy execution delivers solid Supermarkets sales and earnings despite significant COVID-19 and flood disruptions

## Total sales revenue



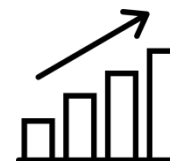
**\$39.4bn**  
2.0% vs. pcpc  
12.4% vs. 3YOY<sup>1</sup>

## EBIT<sup>2</sup>



**\$1,869m**  
(0.2)% vs. pcpc

## Net profit after tax



**\$1,048m**  
4.3% vs. pcpc

## Smarter Selling



**Delivered benefits  
of ~\$230m  
in FY22**

## Gross operating capex



**\$1.2bn**  
on an accrued  
basis

## Operating cash flow<sup>3</sup>



**\$3,578m**  
104% cash  
realisation

## Final dividend<sup>4</sup>



**30.0 cents per  
share fully-  
franked**

## Net debt position



**\$506m**  
pre-dividend  
payment;  
2.8x leverage  
(lease adj.)

## Safety



**16.3 TRIFR**  
14.7%  
improvement  
vs. FY21

<sup>1</sup> 3-year growth is calculated as growth between FY22 and FY19 (retail calendar basis).

<sup>2</sup> Includes approximately \$30 million of implementation operating costs in relation to the Witron and Ocado transformation projects (\$7 million in FY21).

<sup>3</sup> Excluding interest and tax.

<sup>4</sup> The Coles Board has declared a fully-franked final dividend of 30.0 cents per share with a record date of 5 September 2022 and a payment date of 28 September 2022.

# Coles investment proposition

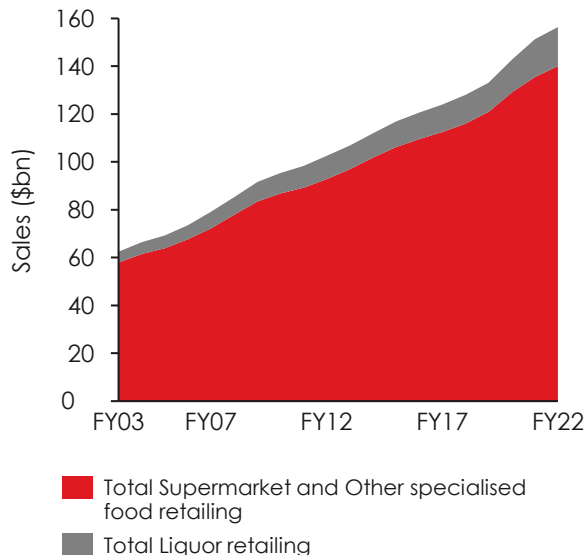
## Strong industry fundamentals and operating model

### Industry

#### Resilient and growing markets

Consistent growth throughout economic cycles with average grocery retailing CAGR of 4.8% and liquor retailing CAGR of 7.0% over the last two decades

Australian grocery and liquor retail sales<sup>1</sup>



### Operating model

- **Demonstrated ability to maintain a leading market position despite continuous market disruption and disrupters**

Supported by 58 quarters of consecutive Supermarkets comparable sales growth, excluding 3Q21 (cycling March-21 COVID-19 pantry stocking)

- **Established, distinctive omnichannel network**

~2,500 stores with on average, 18 million transactions across our extensive store network and eCommerce platforms every week, and Flybuys loyalty program reaching >70% of Australian households and available in outlets covering ~20% of total Australian retail expenditure

- **Trusted value delivered via extensive Exclusive to Coles range**

~6,000 Exclusive to Coles products and ~1,400 Exclusive Liquor Brands, and long-term exclusive supply agreements in fresh foods

- **Investing in superior customer outcomes and automation**

via exclusive Ocado and Witron transformation projects, technology and data

- **Strong Sustainability focus**

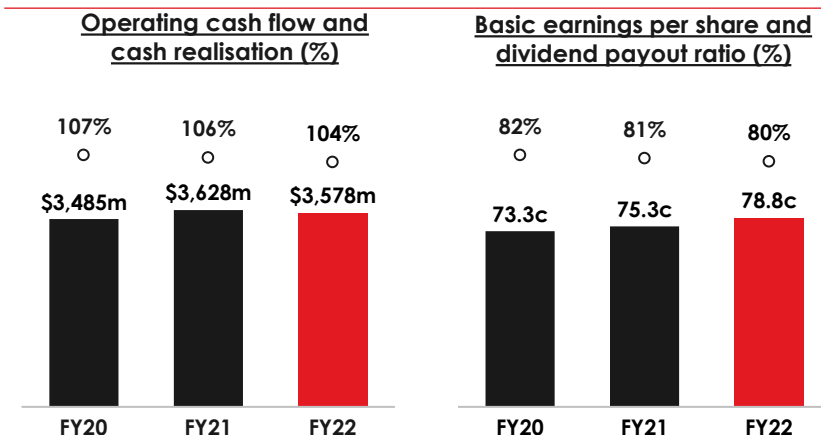
Demonstrated by ranking as #2 food retailer globally for sustainable business practices in the WBA 2021 Food and Agricultural Benchmark

<sup>1</sup> ABS retail turnover by Industry Subgroup.

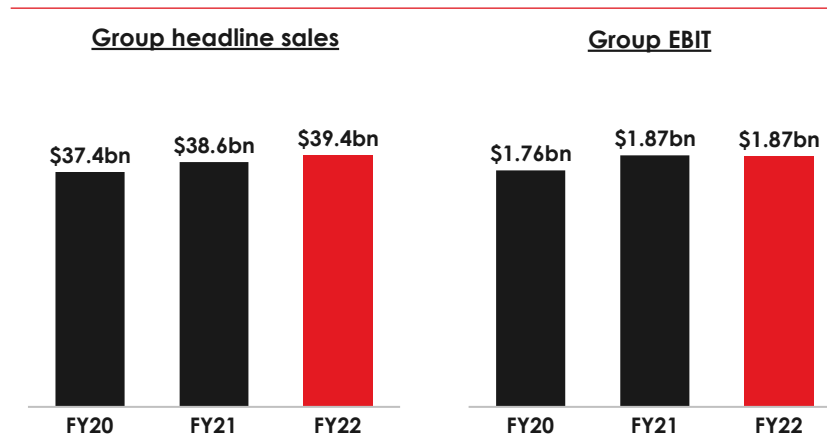
# Coles investment proposition

## Strength of operating model demonstrated during COVID-19 and flood disruptions

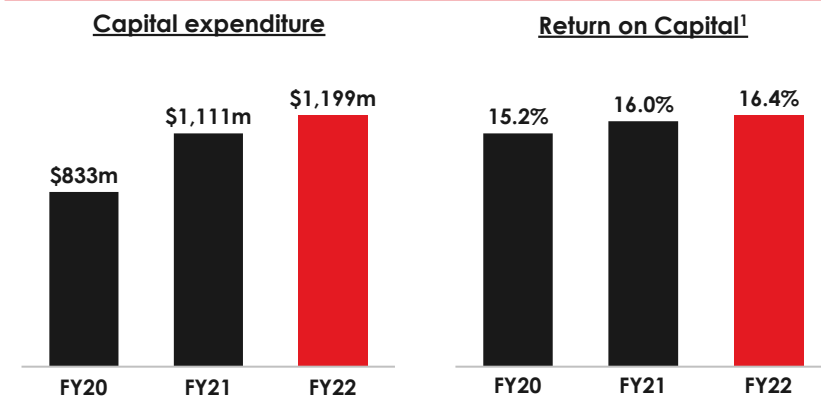
### Strong cash flow generation and industry-leading payout ratio



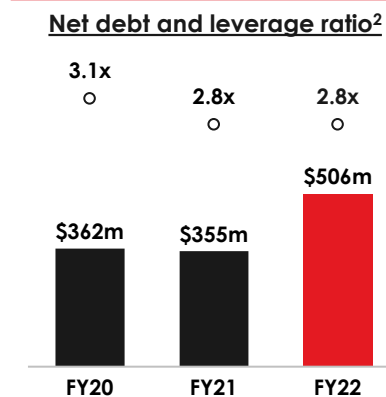
### Consistent delivery of solid financial performance



### Significant investment in capex to drive future growth with a focus on returns



### Balance sheet strength, flexibility and discipline with solid investment grade credit ratings



Baa1

BBB+

<sup>1</sup> Return on Capital is calculated as Group EBIT (post-AASB16 and before significant items) divided by capital employed on a rolling average basis.

<sup>2</sup> Leverage ratio is calculated as gross debt less cash at bank and on deposit, plus lease liabilities divided by EBITDA.



# Sustainable Strategy: Winning together in our second century

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



## Our values



Customer obsession



Passion and pace



Responsibility



Health and happiness

## Our behaviours



Look ahead



Energise everyone



Deliver with pride



### Inspire customers

- Trusted value through personalisation
- Exclusive brands powerhouse
- Leading anytime, anywhere, anyhow shopping
- Destination for health, sustainability and convenience
- Expanded offer through new markets and services



### Smarter selling

- Technology and digitally empowered organisation
- Strategic and sustainable sourcing
- Optimised network and formats
- Agile Store Support Centre using data driven insights



### Win together

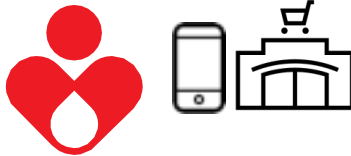
- Safer choices together
- Great place to work
- Better Together through diversity and community
- Together to Zero to drive generational sustainability
- Growth through partnership



# Sustainable Strategy: Winning together in our second century

## Our five strategic differentiators define our priorities

Win in food and drink with a **unique omnichannel offering**



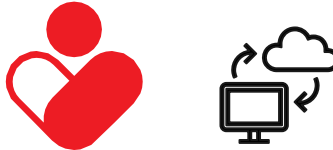
- Unified customer experience through website enhancements and increased investment in Ocado for FY24 launch
- Target net new space growth of ~1.5% p.a.

Be a great value **exclusive** brands powerhouse and destination for health and **convenience**



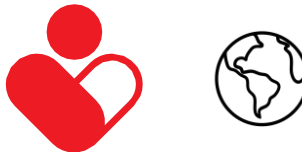
- Expand Exclusive to Coles range to ~40% of sales
- Focus on Coles Kitchen and I'm Free From brands

Achieve long-term structural cost advantage through **Smarter Selling programs, including data, automation and technology partnerships**



- Enhance supply chain and operations through automation (Witron and Ocado)
- Accelerate self-service transformation in store
- Smarter Selling 2.0 including through further investments in technology, artificial intelligence and data

Be Australia's most sustainable supermarket **group together with our partnerships and communities**



- Secured transition to 100% renewable energy by FY25
- Work towards 100% recyclable, reusable or compostable Coles Own Brand and Coles Liquor Own Brand packaging in Australia by 2025
- Focusing on animal husbandry, plastics and food waste credentials

Deliver **at pace** through our engaged team



- Invest in L&D and careers of our team members
- Expansion of Agile ways of working
- Introduction of a safety index beyond TRIFR which has a greater focus on leading indicators



# Progress against strategy: Inspire Customers

Focused on delivering trusted value to customers and a unique omnichannel offering



Coles provided extensive value-oriented options to customers as cost of living pressures increased.



More than 420 Exclusive Liquor Brand awards were received during the year, including for Mayfair Gin at the Melbourne International Spirits Competition.

- Differentiating through our product ranges
  - Extensive Exclusive to Coles range and Exclusive Liquor Brand
  - Innovation underpinned by launch of >1,300 Coles Own Brand products during the year
  - >90 Coles Own Brand and >420 Exclusive Liquor Brand awards received during the year
- Strong growth in eCommerce (Supermarkets +41%, Liquor +49%)
  - In Supermarkets, launched unified app and expanded Click & Collect Rapid to >450 stores and same day home delivery to >520 stores
  - In Liquor, expanded range and continued roll out of Click & Collect. On demand now available at >400 stores
- Provided additional value for Flybuys members with new continuity offers and the addition of Bunnings and Officeworks to the Flybuys portfolio
- Ranked as one of Australia's most trusted brands by Roy Morgan for the third year in a row

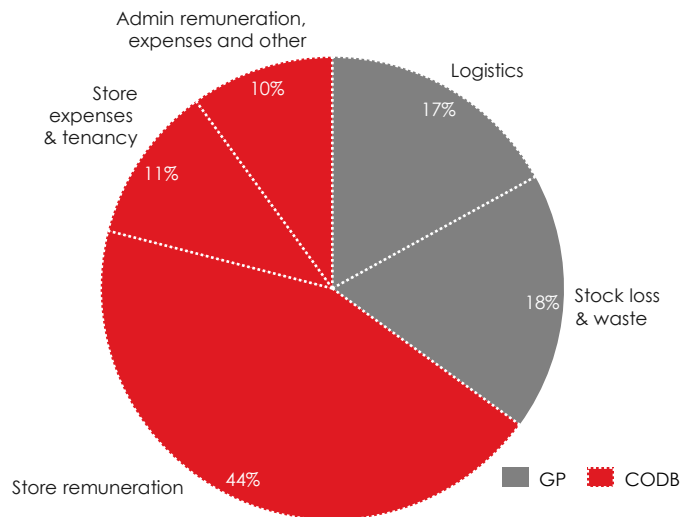


# Progress against strategy: Smarter Selling

**Delivered Smarter Selling benefits of ~\$230 million in FY22, on track to deliver our four year program of \$1bn of benefits by end of FY23**



Trolley assisted check outs have been rolled out to more than 100 stores.



Smarter Selling benefits have been delivered across key areas including store remuneration, logistics, stock loss and waste.

- Enhancements in process, technology and data driven insights delivering efficiency
  - Service transformation in store and continued roll out of front of store loss prevention initiatives
  - Dynamic markdowns rolled out to the fresh produce and dairy categories
  - Alignment of meat operating models nationally
  - Streamlined DC operations through automated (paperless) truck entry / exit
  - eCommerce van optimisation through adjusting store catchments, optimising routes, shift times and customer offerings
  - Energy savings inc. LED lights across the Coles Express network
  - Implemented technology to deliver a more efficient recruitment process
- Store renewals and optimised formats
  - 50 supermarkets including 12 Format A, 22 Format C, 6 Coles Local stores
  - 208 Liquor stores including 191 Black & White Liquorland, 8 FCLM and 9 Vintage Cellar Evolution stores
- Meaningful investment of resources and capex in transformation projects (Witron and Ocado) with benefits still to come

# Progress against strategy: Win Together

## Sustainability achievements



### Safer choices together

*We are committed to providing a safe working and shopping environment while focusing on the health and wellbeing of our team members*

**14.7%** reduction in TRIFR

**RUOK? Day and GEM Mental Wellbeing campaigns** delivered across the Coles Group

>1,000 team members completed **mental health training**



### Great place to work

*We are passionate about being a great place to work and fostering an inclusive and supportive environment*

**Gold tiered employer** 2021 Australian Workplace Equality LGBTQ Inclusion Awards

**Top employer** for people with disability at 2022 Disability Confidence Awards

**3pp** improvement in team member engagement



### Together to Zero

*We have set ambitions and targets across key sustainability areas including climate change, waste and hunger*

Secured path to **100% renewable electricity** by end of FY25

**Ranked** #2 food retailer globally for sustainable business practices in the WBA's 2021 Food and Agriculture Benchmark

**Committed \$10m over 10 years** to our 'Blue Carbon Partnership' with the Great Barrier Reef Foundation



### Better Together

*We seek to work together with all our stakeholders to bring about positive change*

Partnered with **farmers** in Vic and NSW to produce our Coles Finest Certified Carbon Neutral Beef Range<sup>1</sup>

Achieved **highest Net Favourable** score in Advantage Supplier Survey

**>\$8.6m** raised for **FightMND** to help fund effective treatments for Motor Neurone Disease

<sup>1</sup> Product is certified carbon neutral from paddock to shelf under Climate Active's Carbon Neutral Standard and ranged in selected Victorian stores.



# Update on Witron and Ocado transformation projects

Significant progress continues with ~75% of total capex forecast to be invested by the end of FY23

## Witron

### Benefits

- Safer working environments with improved service at a lower cost
- Reduced lead time to deliver better availability
- Doubled the volume on half the footprint and ~two-thirds operating costs of a standard site

### Construction commenced

- Qld: 1Q FY20
- NSW: 3Q FY21

### Commissioning timeline

- Qld: 3Q FY23
- NSW: 3Q FY24

### Total capital expenditure

- \$~1,040 million<sup>1</sup>

## Ocado

### Benefits

- Seamless digital customer experience
- Improved product availability and freshness
- Greater product range
- Increased network capacity with spokes to extend the CFC catchment areas for efficient last mile delivery

### Construction commenced

- Vic: 4Q FY20
- NSW: 1Q FY21

### Commissioning timeline

- Vic: mid-FY24
- NSW: 1Q FY24

### Total capital expenditure

- \$~330 million<sup>2</sup>

<sup>1</sup> Previous Witron capex guidance: approximately \$950 million.

<sup>2</sup> Previous Ocado capex guidance: in the range of \$130-150 million.

# Update on Witron and Ocado transformation projects

**Net EBIT benefits from Witron are expected to commence in FY25, sales benefits from Ocado are expected from FY24**



The Ocado customer fulfilment centre in Victoria.

	FY23 (\$m)	FY24 (\$m)
Project implementation opex <sup>1,2</sup>	~(115)	~(135)
Depreciation	~(25)	~(85)
<b>EBIT impact</b>	<b>~(140)</b>	<b>~(220)</b>

<sup>1</sup> Previous guidance: up to \$75 million and \$160 million for FY22 and FY23 respectively. Actual spend in FY22: approximately \$30 million. FY23 and balance of FY22 now re-phased in-line with project delivery.

<sup>2</sup> Project implementation operating expenditure is inclusive of ramp up, dual running and transition costs (net of early benefits).



Internal racking at the Witron Queensland automated distribution centre.

# Coles' strategy tracker

KPIs	Progress
<b>Reduced safety TRIFR</b>	<ul style="list-style-type: none"> <li>14.7% reduction in TRIFR compared to FY21</li> </ul>
<b>Increased team member engagement</b>	<ul style="list-style-type: none"> <li>Improved team member engagement by 3 pts</li> </ul>
<b>Improved customer satisfaction</b>	<ul style="list-style-type: none"> <li>NPS declined by 3.6 points, impacted by availability challenges during the year</li> </ul>
<b>Sales growth at least in line with the market</b>	<ul style="list-style-type: none"> <li>FY22 ABS total market growth of 3.3%<sup>1</sup></li> <li>Market share impacted by COVID-19 related local shopping and availability issues during the year, improving trajectory in the final quarter as local shopping unwinds</li> </ul>
<b>Increased sales density</b>	<ul style="list-style-type: none"> <li>Supermarkets sales density increased by 2.0% to \$18,209/sqm</li> <li>Liquor sales density increased by 0.4% to \$16,354/sqm</li> </ul>
<b>\$1bn cost-out by FY23</b>	<ul style="list-style-type: none"> <li>Delivered Smarter Selling benefits of ~\$230 million in FY22, on track to deliver ~\$1bn by end of FY23</li> </ul>
<b>EBIT growth</b>	<ul style="list-style-type: none"> <li>Group EBIT in-line with FY21 despite significant COVID-19 costs, transformation project costs, flood events and lower Express earnings as a result of reduced mobility from COVID-19 lockdowns</li> </ul>
<b>Cash realisation<sup>2</sup> &gt;100%</b>	<ul style="list-style-type: none"> <li>Cash realisation of 104%</li> </ul>

<sup>1</sup> Source: ABS Retail Trade Figures, Table 11. Retail Turnover, State by Industry Subgroup, Original. Total Food Retail excl. Liquor (Smt & Grocery plus Other Specialised Food Retailing).

<sup>2</sup> Cash realisation is calculated as operating cash flow excluding interest and tax, divided by EBITDA.



Coles helped lower the cost of living for customers with an Exclusive to Coles range of almost 6,000 products.

# Group financial overview





# FY22 results – Group

**Sales revenue growth of 2.0% and net profit after tax growth of 4.3%**

\$m	FY22	FY21	Change
Sales revenue <sup>1</sup>	<b>39,369</b>	<b>38,585</b>	<b>2.0%</b>
EBITDA <sup>2</sup>	3,440	3,432	0.2%
EBIT <sup>2</sup>	<b>1,869</b>	<b>1,873</b>	<b>(0.2)%</b>
EBIT margin %	4.7	4.9	(11bps)
Net profit after tax	<b>1,048</b>	<b>1,005</b>	<b>4.3%</b>
Basic earnings per share (cents)	78.8	75.3	<b>4.6%</b>
Interim dividend per share <sup>3</sup> (cents)	33.0	33.0	-
Final dividend per share <sup>3</sup> (cents)	30.0	28.0	7.1%
<b>Total dividend per share<sup>3</sup> (cents)</b>	<b>63.0</b>	<b>61.0</b>	<b>3.3%</b>

<sup>1</sup> FY21 sales revenue has been restated to reflect a reclassification of fulfilment income to Sales revenue (previously reported within Other Income).

<sup>2</sup> FY22 includes approximately \$30 million of implementation operating costs in relation to the Witron and Ocado transformation projects (\$7 million in FY21).

<sup>3</sup> Dividends announced.

# FY22 results – segment financials

## Sales revenue growth in Supermarkets and Liquor

\$m	FY22	FY21	Change	3-yr change <sup>1</sup>
<b>Sales revenue</b>				
Supermarkets <sup>2</sup>	34,624	33,868	2.2%	12.0%
Liquor	3,613	3,525	2.5%	18.0%
Express	1,132	1,192	(5.0)%	8.1%
<b>Group sales revenue</b>	<b>39,369</b>	<b>38,585</b>	<b>2.0%</b>	<b>12.4%</b>
<b>EBITDA</b>				
Supermarkets <sup>3</sup>	3,022	3,001	0.7%	
Liquor	278	276	0.7%	
Express	181	207	(12.6)%	
Other <sup>4</sup>	(41)	(52)	21.2%	
<b>Group EBITDA</b>	<b>3,440</b>	<b>3,432</b>	<b>0.2%</b>	
- EBITDA margin (%)	8.7	8.9	(16)bps	
<b>EBIT</b>				
Supermarkets <sup>3</sup>	1,715	1,702	0.8%	
Liquor	163	165	(1.2)%	
Express	42	67	(37.3)%	
Other <sup>4</sup>	(51)	(61)	16.4%	
<b>Group EBIT</b>	<b>1,869</b>	<b>1,873</b>	<b>(0.2)%</b>	
- EBIT margin (%)	4.7	4.9	(11)bps	

<sup>1</sup> 3-year growth is calculated as growth between FY22 and FY19 (retail calendar basis).

<sup>2</sup> FY21 sales revenue has been restated to reflect a reclassification of fulfilment income to Sales revenue (previously reported within Other Income).

<sup>3</sup> FY22 includes approximately \$30 million of implementation operating costs in relation to the Witron and Ocado transformation projects (\$7 million in FY21).

<sup>4</sup> Includes corporate costs, Coles' 50% share of Flybuys' net result and the net gain or loss generated by Coles' property portfolio.

# Operating cash flow

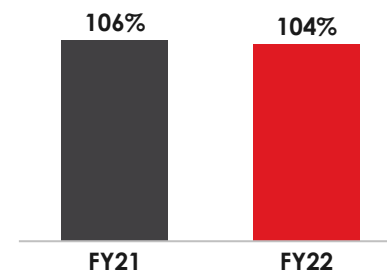
Strong cash realisation of 104%

Cash flow		
\$m	FY22	FY21
EBIT	1,869	1,873
Depreciation and amortisation	1,571	1,559
<b>EBITDA</b>	<b>3,440</b>	<b>3,432</b>
Change in working capital	232	48
Change in provisions and other	(94)	148
<b>Operating cash flow (excl. interest and tax)</b>	<b>3,578</b>	<b>3,628</b>

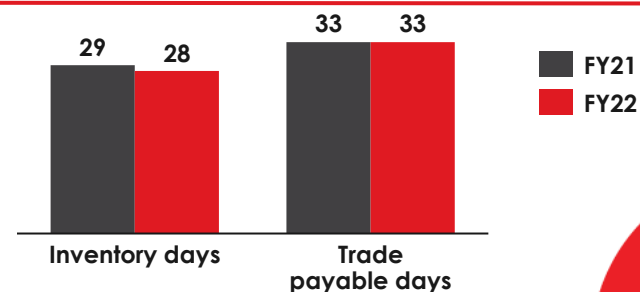
## Comments

- Working capital movement reflects higher trade payables given timing of year end (26 June), partly offset by increased year end inventories to support product availability
- Lower cash flow from provisions largely as a result of utilisation of Witron transformation project provision and a reduction in employee entitlements

## Cash realisation<sup>1</sup>



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



<sup>1</sup> Cash realisation is calculated as operating cash flow excluding interest and tax, divided by EBITDA.

<sup>2</sup> Inventory days are calculated as average inventory, divided by cost of goods sold, multiplied by 365 days;  
trade payable days are calculated as average trade payables, divided by cost of goods sold, multiplied by 365 days.

# Capital expenditure

Capital expenditure driven by Witron transformation project, delivery of Supermarkets and Liquor store renewal and new space programs, as well as eCommerce and IT initiatives

## Capital expenditure breakdown

\$m	FY22	FY21
Store renewals	236	245
Growth initiatives	297	267
Efficiency initiatives	370	375
Maintenance	296	224
<b>Operating capital expenditure</b>	<b>1,199</b>	<b>1,111</b>
Property acquisitions and development	126	161
Property divestments	(138)	(126)
<b>Net property capital expenditure / (inflow)</b>	<b>(12)</b>	<b>35</b>
<b>Net capital expenditure</b>	<b>1,187</b>	<b>1,146</b>

## FY22 key capital expenditure initiatives

<b>Store renewals</b>	<ul style="list-style-type: none"> <li>Store renewals across Supermarkets (50) and Liquor (208) including Black &amp; White Liquorland renewals (191)</li> </ul>
<b>Growth initiatives</b>	<ul style="list-style-type: none"> <li>New stores in Supermarkets (11) inc. 6 Coles Local, and Liquor (16)</li> <li>Continued investment in Ocado and other eCommerce initiatives</li> </ul>
<b>Efficiency initiatives</b>	<ul style="list-style-type: none"> <li>Supply chain modernisation project (Witron) capex of ~\$200m</li> <li>Investment in Fresh Produce Easy Ordering and service transformation in store</li> </ul>
<b>Maintenance</b>	<ul style="list-style-type: none"> <li>Refrigeration and electrical replacement programs</li> <li>Lifecycle maintenance of stores and technology</li> </ul>
<b>Property</b>	<ul style="list-style-type: none"> <li>FY22 net property inflow of \$12m</li> </ul>



# Balance sheet

## Significant balance sheet capacity provides flexibility for future growth

Balance sheet summary				Comments
\$m	26 Jun 2022	2 Jan 2022	27 Jun 2021	
Inventories	2,448	2,387	2,107	• Property, plant and equipment increased due to increased capital expenditure
Trade and other receivables	470	336	368	• Intangibles assets increased largely driven by the capital investment in technology, partially offset by amortisation
Trade and other payables	(4,335)	(4,282)	(3,660)	• Provisions decreased due to the utilisation of Witron transformation provision and lower employee entitlements as team members utilised leave balances as COVID-19 restrictions eased
<b>Working capital</b>	<b>(1,417)</b>	<b>(1,559)</b>	<b>(1,185)</b>	• Net debt of \$506 million and balance sheet leverage ratio of 2.8x <sup>1</sup>
PP&E and equity investments	5,026	4,653	4,683	
Right-of-use assets	7,199	7,162	7,288	
Intangibles	1,864	1,806	1,698	
Provisions	(1,278)	(1,293)	(1,408)	
Other assets / (liabilities)	53	(20)	35	
<b>Capital employed</b>	<b>11,447</b>	<b>10,749</b>	<b>11,111</b>	
Net cash / (debt)	(506)	54	(355)	
Lease liabilities	(8,681)	(8,635)	(8,756)	
Net tax balances	864	841	813	
<b>Total net assets</b>	<b>3,124</b>	<b>3,009</b>	<b>2,813</b>	

<sup>1</sup> Calculated as gross debt less cash at bank and on deposit (\$1,065m) add lease liabilities (\$8,681m), divided by EBITDA for the 12 months ended 26 Jun 2022 (\$3,440m).

# Capital management

**Sustainability Linked Loans established to support our ambition to be Australia's most sustainable supermarket**

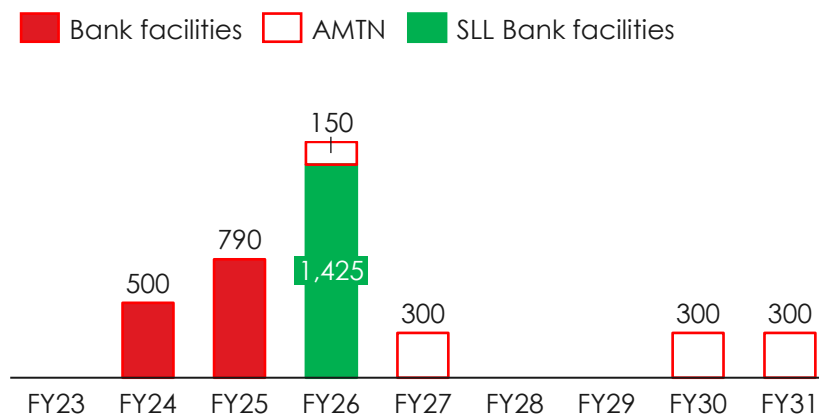
## Funding and liquidity

- Weighted average drawn down debt maturity of 6.0 years provides funding stability
- Undrawn facilities of \$2.3bn, providing significant headroom
- Established a total of \$1.3 billion, four-year Sustainability Linked Loans in August 2021, drawing a direct line between Coles' sustainability performance and cost of capital
- Strong access to bank and debt capital markets throughout the pandemic
- Well diversified funding sources and a staggered debt maturity profile
- Investment grade credit ratings with S&P and Moody's maintained

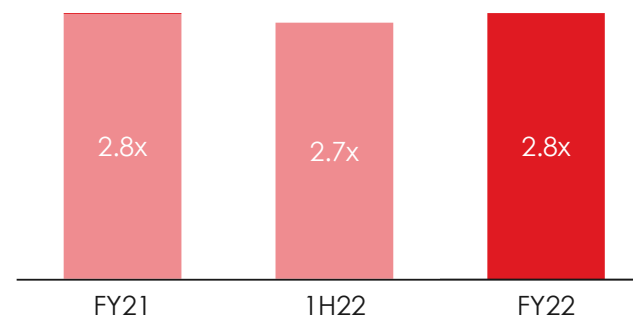
## Dividend

- Fully-franked FY22 final dividend of 30.0 cents per share, total FY22 dividend of 63.0 cents per share
- Coles retains its industry-leading annual target dividend payout ratio of 80% to 90%

## Debt facility maturity profile (\$m)



## Leverage ratio



<sup>1</sup> Includes bank guarantees.



Customer packing benches were rolled out to more than 400 stores during the year, enabling greater customer choice while eCommerce capacity was increased through the expansion of Click & Collect to more than 700 stores.

# Supermarkets



# Supermarkets key metrics

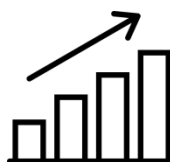
Successful execution of trade plans, value campaigns and eCommerce

Total sales revenue<sup>1</sup>



**\$34.6bn**  
+2.2% vs. pcp  
+12.0% vs. 3YOY<sup>2</sup>

Comp sales growth<sup>^</sup>



**2.6%**  
vs. pcp

Sales per sqm<sup>^</sup>



**\$18,209**  
+2.0% vs. pcp

Exclusive to Coles  
sales



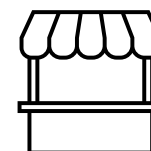
**+4.2%**  
vs. pcp

eCommerce sales<sup>1,3</sup>



**+40.9%**  
vs. pcp

Store renewals



**50 renewals**  
inc. six Coles  
Local stores

Gross margin



**26.3%**  
+42bps vs. pcp

EBIT<sup>4</sup>



**\$1,715m**  
0.8% vs. pcp

EBIT margin



**5.0%**  
(7)bps vs. pcp

<sup>1</sup> FY21 sales revenue has been restated to reflect a reclassification of fulfilment income to Sales revenue (previously reported within Other Income).

<sup>2</sup> 3-year growth is calculated as the difference between FY22 and FY19 (retail calendar basis).

<sup>3</sup> eCommerce sales include Liquor sold through coles.com.au.

<sup>4</sup> Includes approximately \$30 million of implementation operating costs in relation to the Witron and Ocado transformation projects (\$7 million in FY21).

<sup>^</sup> Denotes a non-IFRS measure.



# Supermarkets FY22 results

## Solid EBIT despite increased COVID-19 and transformation project costs

### FY22 results

\$m	FY22	FY21	Change
<b>Key P&amp;L items</b>			
<b>Sales revenue<sup>1</sup></b>	<b>34,624</b>	<b>33,868</b>	<b>2.2%</b>
EBITDA <sup>2</sup>	3,022	3,001	0.7%
<b>EBIT<sup>2</sup></b>	<b>1,715</b>	<b>1,702</b>	<b>0.8%</b>
<b>Key metrics (non-IFRS)</b>			
Gross retail sales <sup>3</sup> growth (%)	3.0	3.0	(5bps)
Comparable sales growth (%)	2.6	2.5	9bps
Gross margin (%)	26.3	25.9	42bps
CODB (%)	(21.4)	(20.9)	(50bps)
EBIT margin (%)	5.0	5.0	(7bps)
eCommerce penetration (%)	7.9	5.8	213bps
Sales per square metre (\$/m <sup>2</sup> )	18,209	17,847	2.0%
Price in/(de)flation (%)	1.7	0.8	85bps
Price in/(de)flation excl. tobacco and fresh (%)	1.6	(0.8)	238bps

### Key commentary

- Sales revenue growth driven by the successful execution of trade plans and customer continuity programs, as well as value campaigns focused on lowering the cost of living for customers
- eCommerce sales of \$2.8 billion grew by 41% with penetration of 7.9% (up from 5.8% pcp)
- Gross margin increased by 42 bps with strategic sourcing and Smarter Selling benefits partially offset by COVID-19 costs
- CODB as a percentage of sales increased by 50 bps primarily due to COVID-19, higher fuel costs and underlying inflation with some offsetting benefits from Smarter Selling initiatives

<sup>1</sup> FY21 sales revenue has been restated to reflect a reclassification of fulfilment income to Sales revenue (previously reported within Other Income).

<sup>2</sup> Includes approximately \$30 million of implementation operating costs in relation to the Wiron and Ocado transformation projects (\$7 million in FY21).

<sup>3</sup> Gross retail sales comprises retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points.



Liquor launched a 100% recyclable eco-bottle wine range, reducing carbon emissions and saving energy in production and recycling (left) the Exclusive Liquor Brand portfolio won more than 420 awards during the year, including a Gold medal for VIVIR Tequila at the Melbourne International Spirits Competition (centre), renewal activity continued including the Vintage Cellars Evolution store (right).

# Liquor key metrics

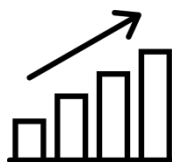
Sales growth driven by Liquorland with strong trading across the year

## Total sales revenue



**\$3.6bn**  
+2.5% vs. pcip  
+18.0% vs. 3YOY<sup>1</sup>

## Comp sales growth<sup>^</sup>



**2.1%**  
vs. pcip

## eCommerce sales<sup>2</sup>



**+49.1%**  
vs. pcip

## Exclusive Liquor Brand (ELB)



**More than 420**  
awards received  
in FY22

## Liquor renewals



**208**  
completed in  
FY22

## Number of stores



**933**  
+4 vs. FY21

## Gross margin



**22.5%**  
+64bps vs. pcip

## EBIT



**\$163m**  
(1.2)% vs. pcip

## EBIT margin



**4.5%**  
(16)bps vs. pcip

<sup>1</sup> 3-year growth is calculated as the difference between FY22 and FY19 (retail calendar basis).

<sup>2</sup> eCommerce sales exclude Liquor sold through coles.com.au which is reported in Supermarkets' eCommerce sales.

<sup>^</sup> Denotes a non-IFRS measure.

# Liquor FY22 results

Trusted value delivered through lowering prices for longer

FY22 results				Key commentary
\$m	FY22	FY21	Change	
<b>Key P&amp;L items</b>				
<b>Sales revenue</b>	<b>3,613</b>	<b>3,525</b>	<b>2.5%</b>	<ul style="list-style-type: none"> <li>Sales revenue growth delivered as a result of solid trading across the year, also impacted by the closure of on-premise venues in the first half during the lockdowns in NSW, Vic and the ACT</li> </ul>
EBITDA	278	276	0.7%	
<b>EBIT</b>	<b>163</b>	<b>165</b>	<b>(1.2)%</b>	
<b>Key metrics</b>				
Gross retail sales <sup>1</sup> growth (%)	2.4	6.8	(437bps)	<ul style="list-style-type: none"> <li>Liquorland was the strongest performing banner with 191 Black &amp; White Liquorland renewals completed</li> <li>Gross margin increased by 64 bps largely due to the strong performance in ELB and local</li> <li>CODB as a percentage of sales increased by 79 bps largely due to investments in customer service and team capability, as well as transformation costs in relation to IT systems</li> </ul>
Comparable sales growth (%)	2.1	6.3	(420bps)	
Gross margin (%)	22.5	21.8	64bps	
CODB (%)	(17.9)	(17.1)	(79bps)	
EBIT margin (%)	4.5	4.7	(16bps)	
eCommerce penetration (%)	4.6	3.1	146bps	

<sup>1</sup> Gross retail sales comprises retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points.





Coles Express customers and team members raised more than \$4.1 million for Redkite to help families affected by childhood cancer.

**Express**



# Express key metrics

C-store sales and EBIT impacted by reduced mobility due to the Omicron variant and floods, and elevated fuel prices

## Total sales revenue



**\$1.1bn**  
(5.0)% vs. pcp  
+8.1% vs. 3YOY<sup>1</sup>

## Comp sales growth<sup>^</sup>



**(3.9)%**  
vs. pcp

## EBIT



**\$42m**  
(37.3)% vs. pcp

## FY22 weekly fuel volumes



**54.4mL/wk**  
(4.7)% vs. pcp

## Comp fuel volume growth



**(3.8)%**  
vs. pcp

## Number of sites



**711**  
-6 vs. FY21

<sup>1</sup> 3-year growth is calculated as the difference between FY22 and FY19 (retail calendar basis).

<sup>^</sup> Denotes a non-IFRS measure.

# Express FY22 results

**C-store sales (ex-tobacco) grew by 0.9% with strong growth in food-to-go**

## FY22 results

\$m	FY22	FY21	Change
<b>Key P&amp;L items</b>			
<b>C-store sale revenue</b>	<b>1,132</b>	<b>1,192</b>	<b>(5.0)%</b>
EBITDA	181	207	(12.6)%
<b>EBIT</b>	<b>42</b>	<b>67</b>	<b>(37.3)%</b>
<b>Key metrics</b>			
C-store gross retail sales <sup>1</sup> growth (%)	(4.8)	7.4	N/M
Comp c-store sales growth (%)	(3.9)	6.8	N/M
Weekly fuel volumes (mL)	54.4	57.1	(4.7)%
Fuel volume growth (%)	(4.7)	(4.0)	(73bps)
Comp fuel volume growth (%)	(3.8)	(5.4)	163bps
Gross margin (%)	52.3	52.4	(12bps)
CODB (%)	(48.5)	(46.7)	(184bps)
EBIT margin (%)	3.7	5.7	(196bps)

## Key commentary

- C-store sales growth negatively impacted by lower forecourt traffic due to lockdowns, reduced mobility from Omicron variant and flood events in NSW and Qld, and the cycling of strong tobacco sales in the pcg
- Ex-tobacco, c-store sales grew by 0.9% with strong growth in food-to-go, including coffee and hot fast food
- Average weekly fuel volumes of 54.4mL per week
- Gross margin declined by 12 bps primarily due to the declining fuel volumes
- CODB as a percentage of sales increased by 184 bps largely due to lower sales however overall CODB reduced relative to the pcg as a result of a strong focus on cost control

N/M denotes not meaningful.

<sup>1</sup> Gross retail sales comprises retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points. Fuel concession sales are excluded from Express gross retail sales on the basis that Coles does not control retail pricing.







*Dual 2020 Tokyo Paralympic medallist Jaryd Clifford, inspiring the next generation of athletes through Coles' partnership with Little Athletics Australia.*

# Current market environment



# Current market environment

**Whilst Coles is well positioned in a market facing macro-economic challenges, there are a number of factors that will impact earnings**

Environment	Coles response	Earnings impact
<b>Rising food inflation</b> <ul style="list-style-type: none"> <li>Increasing number of supplier price increase requests</li> <li>Cost of living pressures impacting more value oriented choices</li> </ul>	<ul style="list-style-type: none"> <li>Investing in trusted value for customers through:               <ul style="list-style-type: none"> <li>Extensive Exclusive to Coles range</li> <li>Value campaigns</li> <li>Lowering prices for longer in Liquor</li> <li>Established processes to address supplier requests</li> </ul> </li> </ul>	
<b>Rising costs of doing business</b> <ul style="list-style-type: none"> <li>Higher wages</li> <li>Shipping and supply chain costs</li> <li>Fuel costs</li> <li>Energy costs</li> <li>Interest rates</li> </ul>	<ul style="list-style-type: none"> <li>Smarter Selling program to partially mitigate cost pressures and re-invest in the business. Developing Smarter Selling 2.0</li> <li>Renewable energy agreements and hedging program to offset rising energy costs</li> <li>Minimised exposure to increased interest rates due to debt structure and hedging program</li> </ul>	
<b>COVID-19</b> <ul style="list-style-type: none"> <li>Cycling elevated COVID-19 sales</li> <li>Moderation of local shopping behaviours</li> <li>Team member absenteeism from COVID-19 isolation and sickness</li> </ul>	<ul style="list-style-type: none"> <li>Continued focus on managing COVID-19 costs</li> <li>Use of Flybuys data and analytics to re-gain customers lost to local shopping</li> <li>Flexible rostering, team mix optimisation</li> </ul>	
<b>Structural change in workforce</b> <ul style="list-style-type: none"> <li>Increased competition for talent</li> </ul>	<ul style="list-style-type: none"> <li>Investing to attract technology and digital talent</li> <li>Refreshed Coles career website and recruitment processes using technology to deliver a more streamlined and efficient process, award-winning graduate development program</li> <li>Adapting to future workforce requirements e.g. digital enablement, cross-skilling</li> </ul>	





*An electric-powered truck delivers supplies as part of a trial with transport partner Linfox Logistics. The Fuso eCanter truck is powered entirely by 100% renewable electricity.*

# Outlook





# Outlook

With increasing inflation and rising interest rates placing pressure on many households, Coles will continue to focus on delivering trusted value to customers through our differentiated Exclusive to Coles range, our Exclusive Liquor Brands and our Flybuys loyalty program.

We have also LOCKED the price of 1,168 products across Supermarkets and online until at least 31 January 2023 and begun lowering the price of an additional 500 products.

<b>Supermarkets</b>	<ul style="list-style-type: none"> <li>• Sales cycling COVID-19 lockdowns in 1H22 and price inflation in 2H22</li> <li>• In July, there have been a range of factors contributing to cost price inflation <ul style="list-style-type: none"> <li>• Produce - recent flooding</li> <li>• Bakery - wheat commodity prices</li> <li>• Packaged groceries - supply chain costs, including wages, packaging, raw ingredients and freight</li> </ul> </li> <li>• Expect to open ~20 new stores, close 9 stores and renew ~40 stores</li> </ul>
<b>Liquor</b>	<ul style="list-style-type: none"> <li>• Cycling COVID-19 lockdowns in 1H22</li> <li>• Expect to accelerate space and renew stores at a similar rate to FY22</li> </ul>
<b>Express</b>	<ul style="list-style-type: none"> <li>• Fuel volumes and sales expected to benefit from increased mobility</li> <li>• Scale of benefit will depend on fuel prices and impact of reinstatement of full fuel excise in September</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• Inflationary pressures impacting CODB, including wages, rent, fuel, supply chain and capital costs</li> <li>• COVID-19 and flu continuing to impact team member absenteeism</li> <li>• FY23 corporate costs estimated at ~\$95m</li> <li>• Benefits of Smarter Selling program will partly mitigate some underlying cost pressure and enable us to make further strategic investments in eCommerce, digital and technology</li> </ul>
<b>Capex</b>	<ul style="list-style-type: none"> <li>• Expected to be in the range of \$1.2 – 1.4bn, inclusive of Witron and Ocado projects</li> </ul>



*The Pride@Coles team member network continues to grow, championing LGBTQI+ inclusion in the workplace and beyond.*

**Q&A**