



14 November 2024

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Manager,

### **COLES GROUP 2024 INVESTOR DAY**

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

The presentation will be webcast live and will be accessible via registration on our website at [www.colesgroup.com.au](http://www.colesgroup.com.au).

A handwritten signature in cursive script, appearing to read "Daniella Pereira".

**Daniella Pereira**  
Group Company Secretary

#### **For more information:**

##### **Investors**

Anita Healy  
Mobile: +61 411 109 108

Lisa Zimmet  
Mobile: +61 428 857 242  
E-mail: [investor.relations@colesgroup.com.au](mailto:investor.relations@colesgroup.com.au)

##### **Media**

Jace Armstrong  
Mobile: +61 431 987 599

Jessica Tancred  
Mobile: +61 405 436 943  
E-mail: [media.relations@coles.com.au](mailto:media.relations@coles.com.au)

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

# Coles Group Investor Day

Presentation

14 November 2024

colesgroup



# Disclaimer

This presentation contains summary information about Coles Group Limited (ACN 004 089 936) and its controlled entities (collectively, 'Coles', 'Coles Group' or 'the Group') and Coles' activities as at the date of this presentation. It is information given in summary form only and does not purport to be complete. It should be read in conjunction with Coles' other periodic corporate reports and continuous disclosure announcements filed with the Australian Securities Exchange (ASX), available at [www.asx.com.au](http://www.asx.com.au).

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

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Coles or its directors, employees or agents, nor any other person, accepts liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability from fault or negligence on the part of Coles or its directors, employees, contractors or agents.

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

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

Readers are cautioned not to place undue reliance on forward-looking statements and such statements should be considered in conjunction with the risks, uncertainties and assumptions associated with the relevant statements. All forward looking statements contained in this report reflect the Group's views held as at the date of this report, and except as required by applicable laws or regulations, the Group does not undertake to publicly update, review or revise any of the forward-looking statements or to advise of any change in assumptions on which any such statement is based. Past performance cannot be relied on as a guide for future performance.

## **Non-IFRS financial information**

- This presentation contains IFRS and non-IFRS financial information.
- IFRS financial information is financial information that is presented in accordance with all relevant accounting standards.
- Non-IFRS financial information is financial information that is presented other than in accordance with relevant accounting standards and may not be directly comparable with other companies' information.
- Any non-IFRS financial information is clearly labelled to differentiate it from the statutory or IFRS financial information. Non-IFRS measures are used by management to assess and monitor business performance at the Group and segment level and should be considered in addition to, and not as a substitute for, IFRS information. Operating metrics that are prepared on a non-IFRS basis have been included in the segment commentary to support an understanding of comparable business performance. Non-IFRS information is not subject to audit or review.

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

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



# Coles wishes to acknowledge the Traditional Custodians of this land

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

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

**coles**

# Agenda

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

# Q&A



Join at [slido.com](https://www.slido.com)  
#ColesID



# Introduction



**Leah Weckert**

Chief Executive Officer



# 110 years of Australian grocery retailing



**1914**



**1960-1969**



**1970-1979**



**1990-1999**



**2024**



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

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



**Customers**

~18m  
transactions  
per week



**Team members**

115,000+  
team members



**Suppliers**

>8,000  
suppliers



**Community**

\$38.5m  
in community  
support provided<sup>2</sup>



**Shareholders**

80-90%  
dividend payout  
ratio

# Our purpose

## Helping Australians eat and live better every day

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

We inclusively serve **everyone living in Australia**

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

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

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



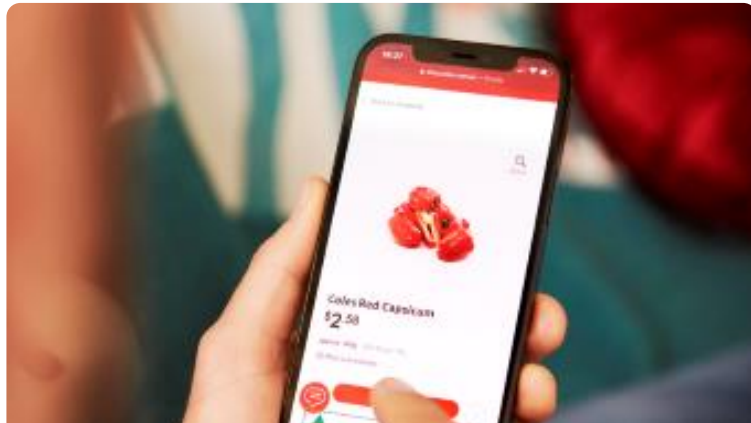
# Our strategy is informed by customer preferences and behaviours



Value without compromising quality



Convenience, health & inspiration



Digital engagement increasing rapidly



Sustainability

# In FY24 we launched our 3D strategy

## Our strategy flywheel



### Destination for food and drink

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

### Accelerated by digital

- Deliver a seamless experience
- Personalise the customer journey
- Expand offer through eCommerce
- Anticipate and solve customer missions
- Grow media through Coles 360

### Delivered consistently for the future

- Simplify and Save to Invest
- Enable and develop customer-focused teams
- Revitalise stores and network
- Reimagine sourcing and supply chain
- Create a more sustainable future

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



**Delicious, easy and affordable**



**Value**



**Fresh and Exclusive to Coles**



**Tailored ranges**



**Strong supplier relationships**

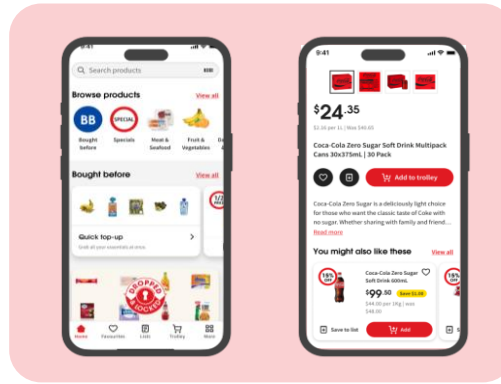


**Integrated and convenient Liquor offering**

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



Customer experience



Personalisation



eCommerce



Retail Media



New ventures

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



**Customer focused teams**



**Simplify and Save to Invest**



**Sourcing and supply chain**



**Store network**



**Sustainability**

# Win Together and our Foundations underpin our 3D pillars





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

**We are proudly** 

**Care**  
for each other

Have  
**Courage**  
to make the  
right choices

Deliver for our  
**Customers**

**Create**  
for the future

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



We are proudly **coles**

- Care**  
for each other
- Have **Courage**  
to make the right choices
- Deliver for our **Customers**
- Create**  
for the future

# Strategy outcomes to date

## WE SAID WE WOULD FOCUS ON...

## WHAT WE DELIVERED IN FY24...

### Destination for Food and Drink

- Delivering Value
- Fresh quality

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

### Accelerated by Digital

- Customer experience
- Completion of our CFCs

- ✓ New digital features for in-store and online shopping and launch of Coles Plus Saver
- ✓ Supermarkets and Liquor eCommerce sales growth of 30.1% and 9.2% respectively<sup>1</sup>
- ✓ Online NPS improved 22%
- ✓ CFC construction in VIC and NSW completed

### Delivered consistently for the future

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

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

# Destination for food and drink



**Anna Croft**

Chief Commercial &  
Sustainability Officer

[colesgroup](https://www.colesgroup.com.au)

2

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



**Delicious, easy and affordable**



**Value**



**Fresh and Exclusive to Coles**



**Tailored ranges**



**Strong supplier relationships**



**Integrated and convenient Liquor offering**

## Focus for today


Fresh quality

Value

Exclusive to Coles

Range and space

# Step change fresh quality



**Long term partnerships**

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



**Innovation and differentiation**

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



**Localised manufacturing network**

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



**End-to-end operating model**

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

**Fresh obsession culture and training**

# Continue to invest in value

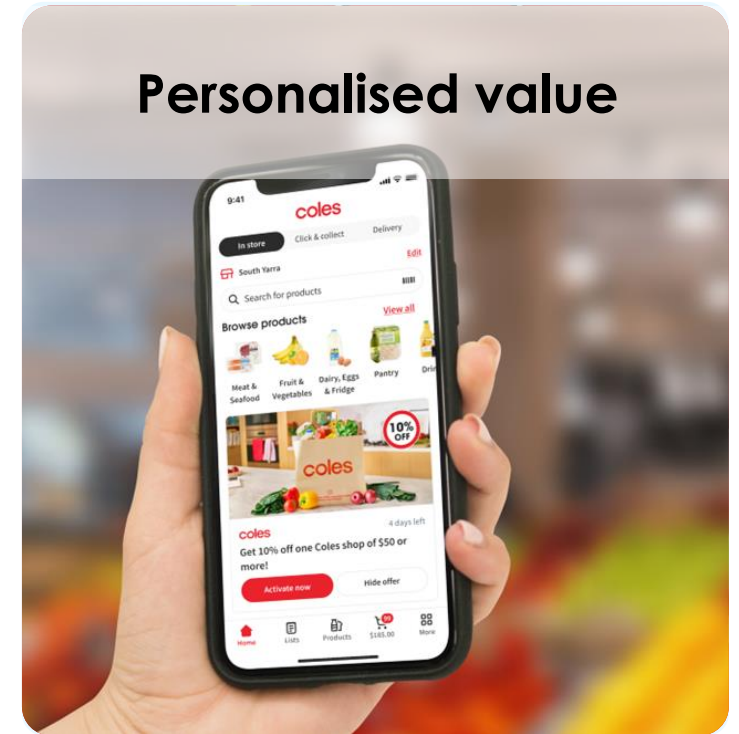
Trusted prices



Make specials special



Personalised value



# Differentiate through Exclusive to Coles

**~6,000**  
Products

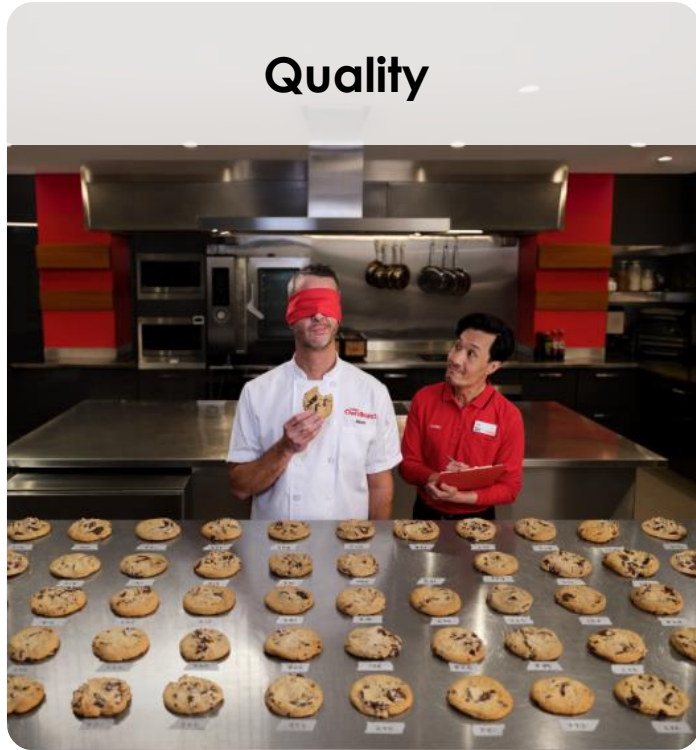
**33.5%**  
of total sales<sup>1</sup>



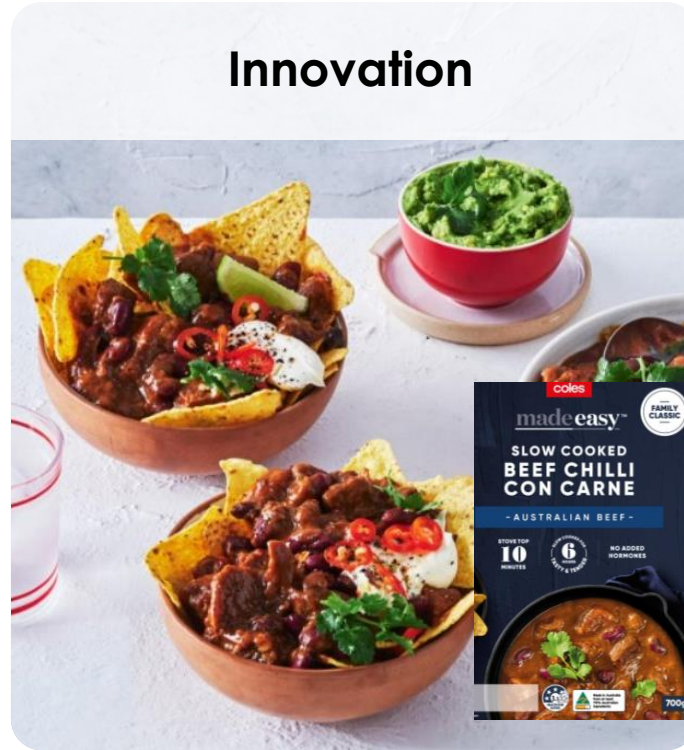


# Exclusive products that are great quality and great value

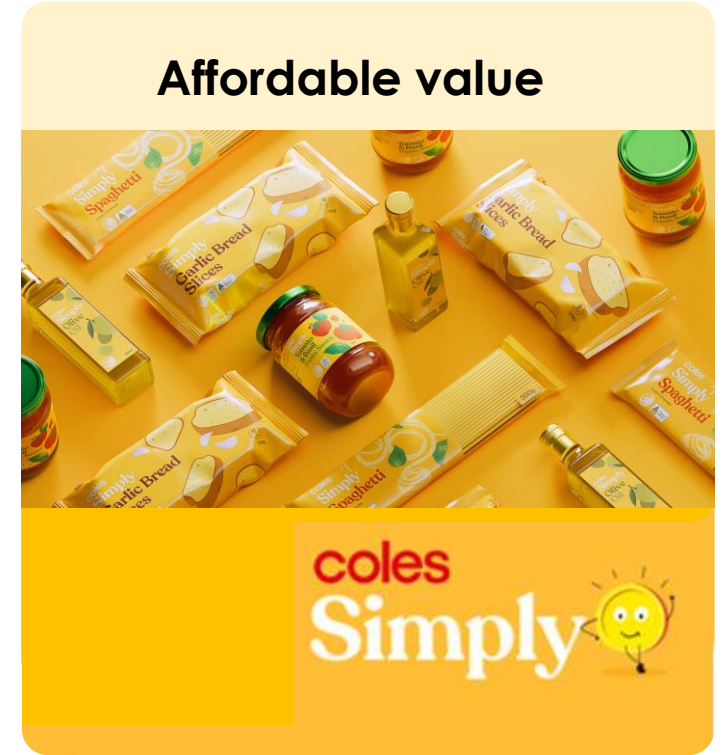
Quality



Innovation



Affordable value



# Extensive range of exclusive own brands



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

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





# Accelerated by digital



**Ben Hassing**  
Chief Digital Officer

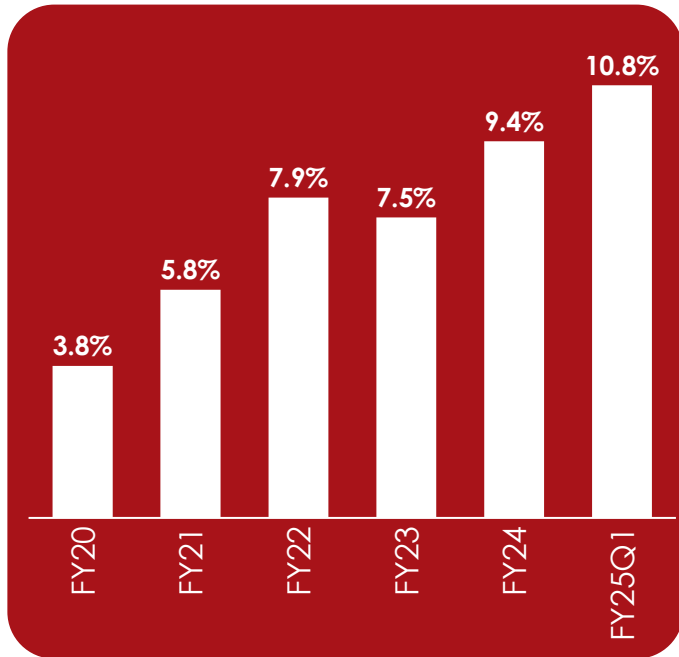
3

Accelerated by digital will be delivered by focusing on five foundations

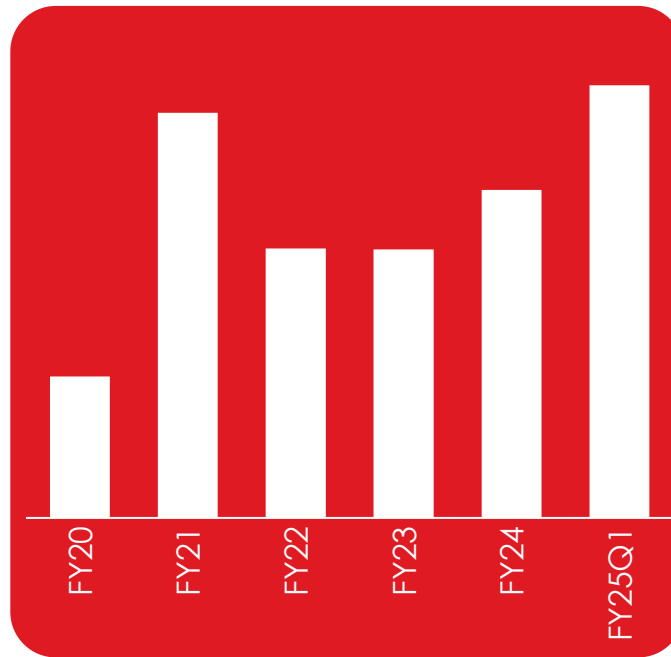


# Strong growth in eCommerce sales over the last five years

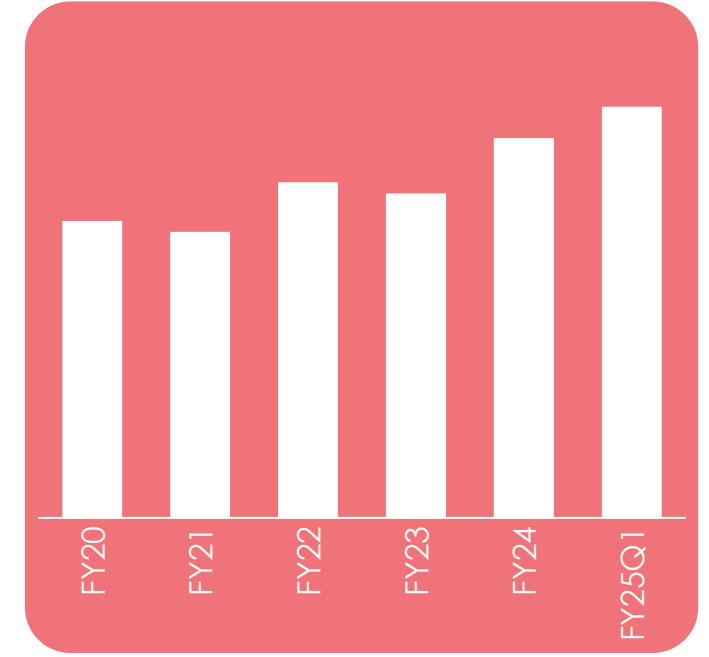
## Contribution to supermarkets sales<sup>1</sup>



## eCommerce NPS



## eCommerce market share<sup>2</sup>



# Customers that engage digitally are more valuable

96%

of Coles Online customers shop in Coles stores



4.6x

larger basket size than in store shop



2.2x

spend from omnichannel shoppers





# Our physical and digital assets serve three key customer shopping missions

COMPREHENSIVE  
OMNICHANNEL NETWORK

SHOPPING  
MISSION

**WEEKLY STOCKUP**

*Full shop for the week*

**WEEKLY TOP UP**

*Supplementary shop for essentials*

**IMMEDIATE NEED**

*Urgent shop for immediate needs*

POPULATION  
COVERAGE

**96%**

**88%**

**78%**

WHAT  
CUSTOMERS  
WANT

**CONSISTENCY & RELIABILITY**

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

**CONVENIENCE**

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

**SPEED**

Customers desire options for fast delivery with full range

HOW WE  
SERVE THEM



*Extended range, ultra-freshness and slot expansion with CFC*



*Delivering in-store range the same day*



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



*Delivering in-store range*



Click & Collect

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



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



Click & Collect

*Serving in-store range with <5 minutes wait time*

**B2B2C**

*Essential product range delivered in <40 minutes at price premium*



Stores



Click & Collect (C&C)

C&C same day

C&C rapid



Next day delivery (CFC)

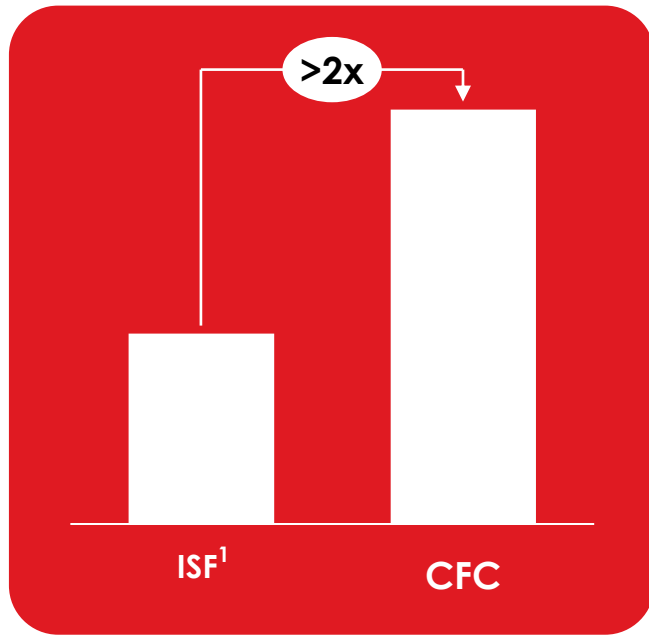
Next day delivery (store fulfilled)

Same day delivery

Rapid

B2B2C

# CFCs deliver an unmatched weekly stock up shop proposition



Industry leading perfect order rates

**Special**

**SPECIAL**

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

Life 7 days min

**\$15.00** Save \$3.00

\$33.33 per 1kg | Was \$18.00

Improved freshness

**EVERY DAY**

Coles Full Cream Milk | 3L

Life 7 days min

**\$4.35**

\$1.45 per 1L

**NEW ONLINE ONLY**

ABC Pastry Pork Cabbage Dumplings | 500g

**\$13.00**

\$2.60 per 100g

**NEW ONLINE ONLY**

Carman's Gluten Free Muesli Crispy Deluxe | 1.2kg

**\$19.00**

\$1.58 per 100g

**NEW ONLINE ONLY**

La Tortilleria Corn Tortillas 8 Pack | 220g

**\$6.50**

\$2.95 per 100g

**NEW ONLINE ONLY**

Pie Thief Steak & Cheese Pie | 211g

**\$9.50**

\$4.50 per 100g

Expanded product range

# CFCs will continue to drive efficiencies through global innovation



Extended range



Automated bagging station



Automated on grid pick

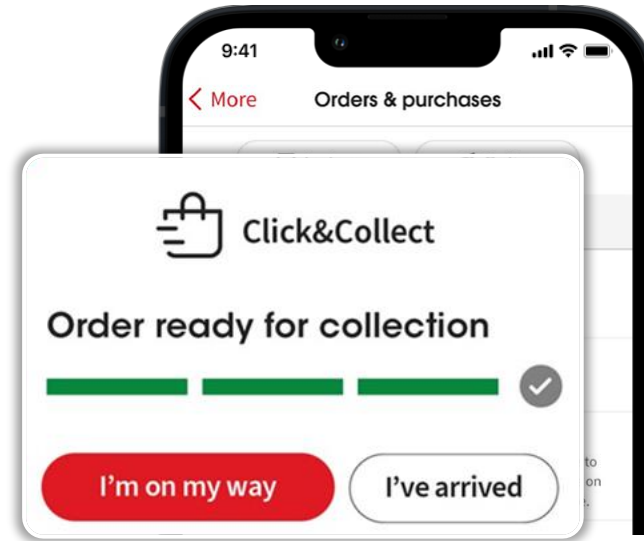


Automated frame load



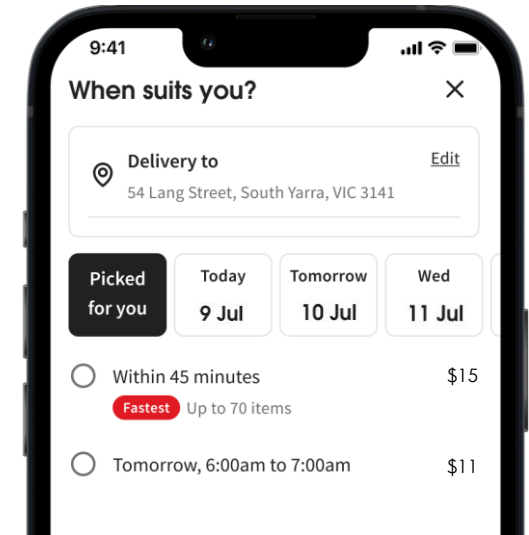
Same day delivery

# We will continue to transform our store fulfilled customer experience



## Click & Collect

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

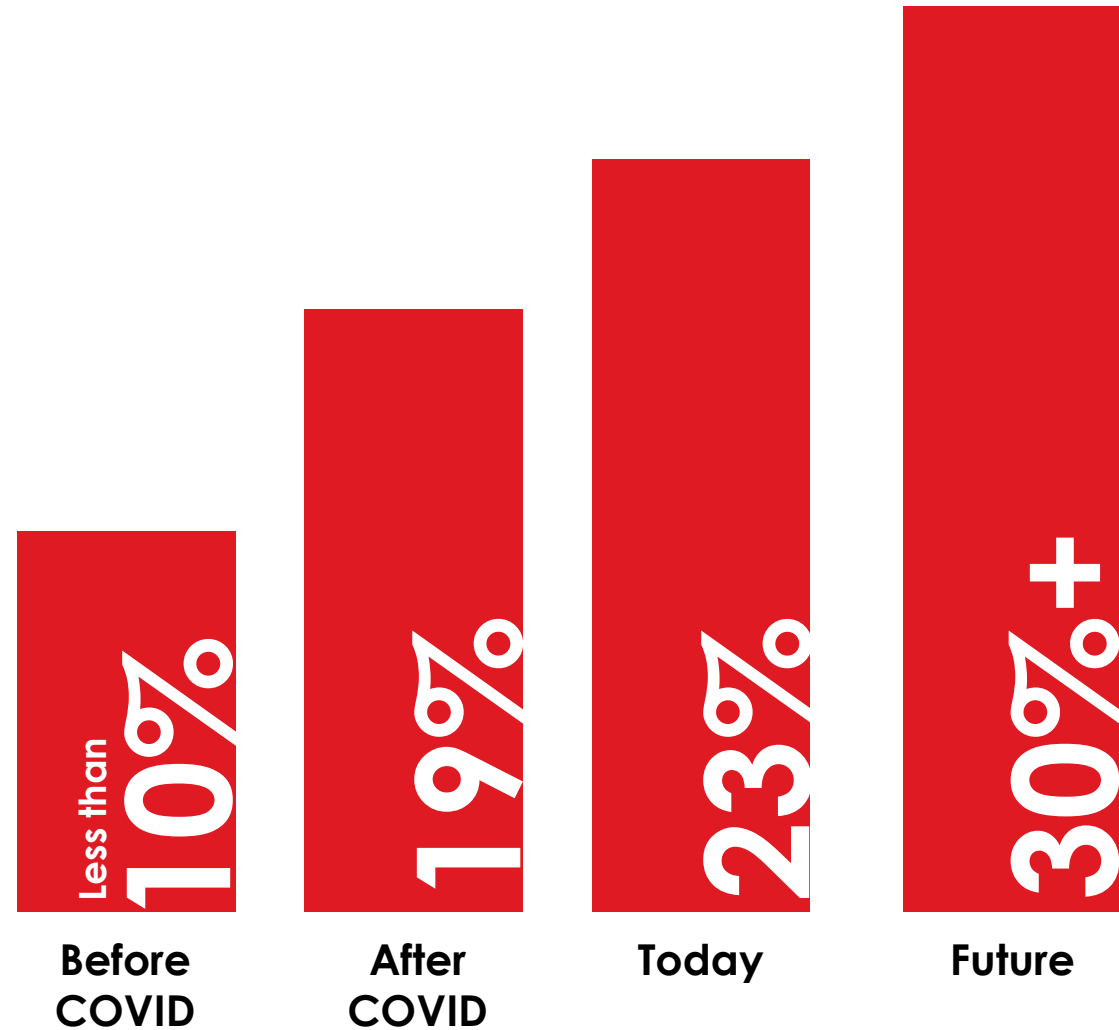


## Rapid delivery

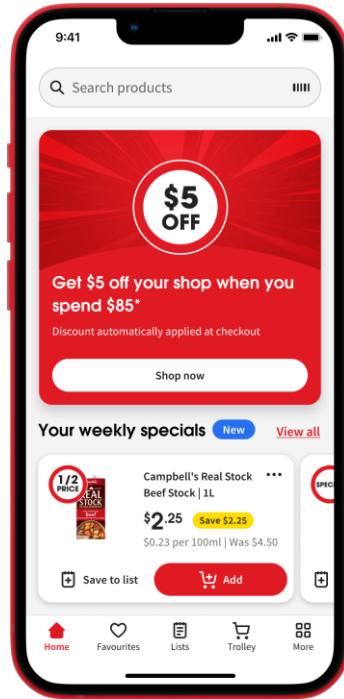
- On demand ordering
- Extended hours of service
- Store pricing, full range, loyalty
- Cut pick & pack time in half

Our App and Website also drive in-store sales

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

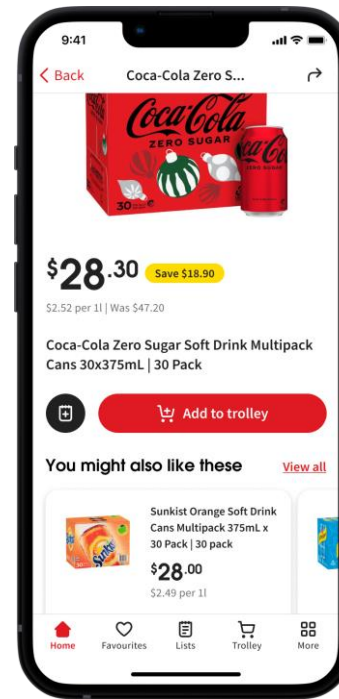


# Adding features to assist customers seeking value



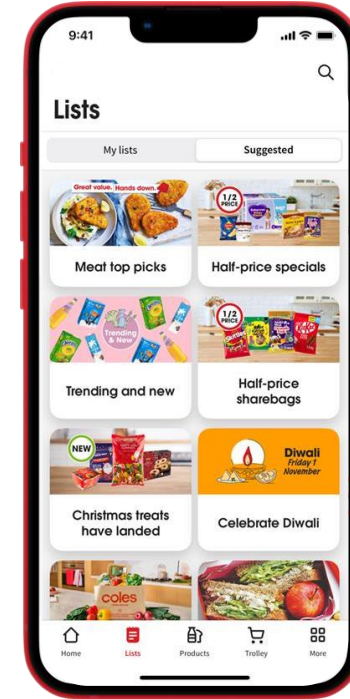
## Weekly specials

Surfacing **personalised weekly specials**



## Product Suggestions

Recommending **relevant products** in display pages

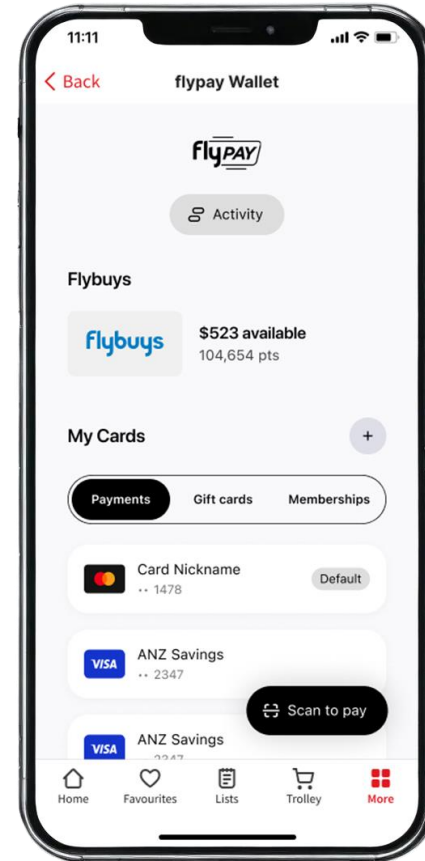
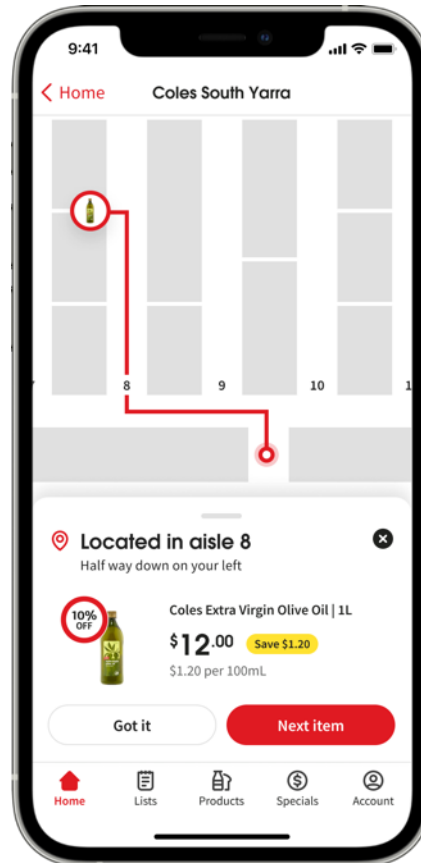


## Shopping Lists

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

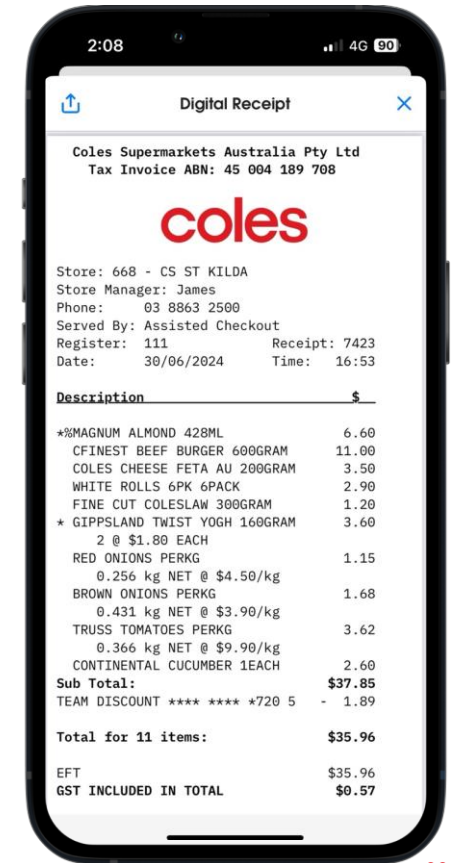
# Enabling a seamless in-store shopping experience augmented by Digital

## Wayfinding



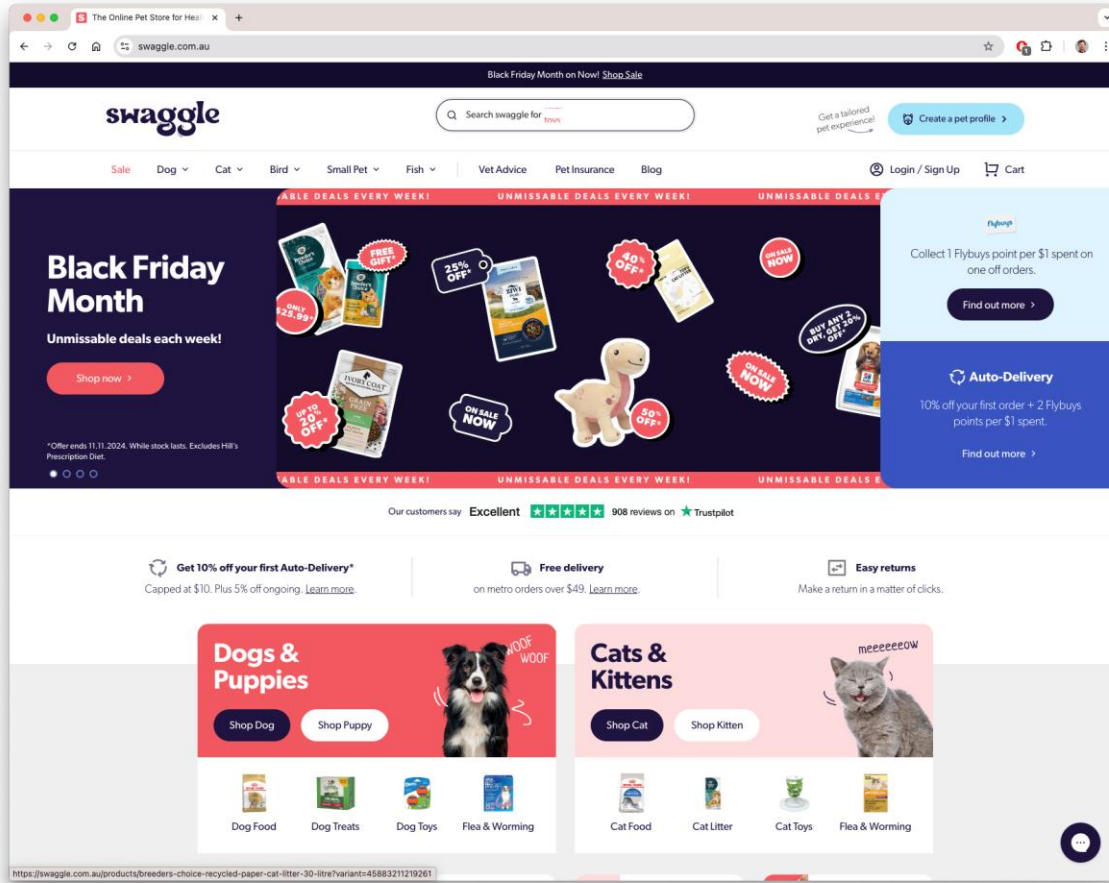
## Digital Payments

## Digital Receipts

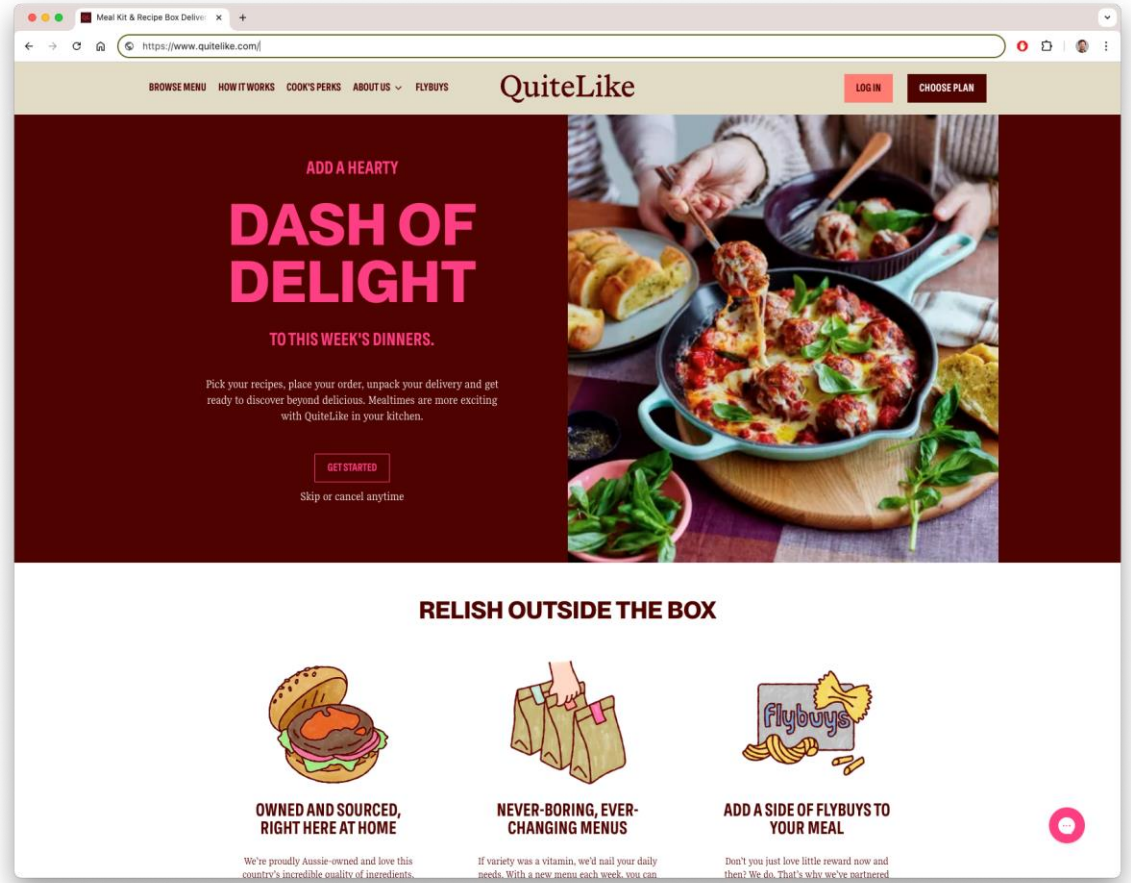


# Embarking on new ventures

## Swaggle



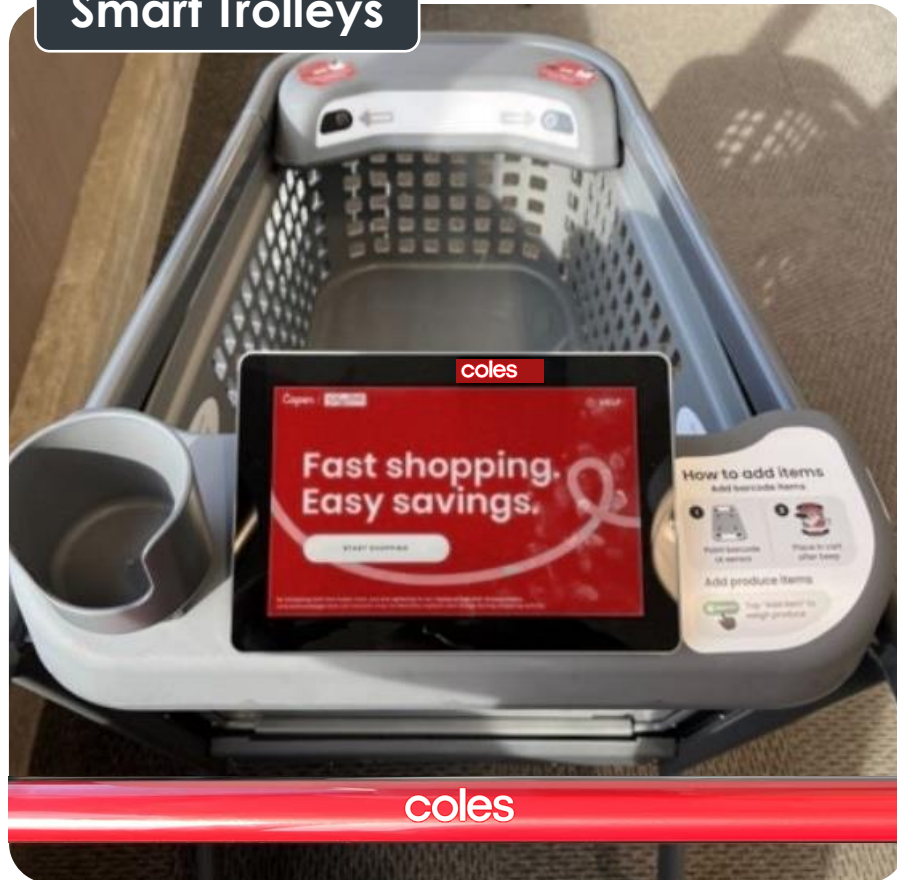
## QuiteLike





# Testing and innovating

Smart Trolleys



Electronic Shelf-edge Labels



Availability Cameras

# Loyalty & Coles 360



**Amanda McVay**

Chief Customer Officer

4

# Loyalty

colesgroup



# Loyalty and personalised value are becoming increasingly important to customers

The graphic consists of three overlapping circles. The top-left circle is light blue and contains a blue circle with '2,000 POINTS', an equals sign, a red circle with '\$10 OFF INSTANTLY', and a red Coles shopping basket filled with groceries. The top-right circle is white and shows a smartphone displaying the Coles app interface with a 'DROPPED & LOCKED' banner and weekly specials. The bottom circle is white and shows a Coles Plus Saver shopping bag with a '10% OFF' sticker and the text 'Save 10% off one Coles shop every calendar month up to \$50 off'.

**~75%**  
of consumers say they want more personalised, seamless omnichannel experiences

# Our Flybuys loyalty program reaches >9 million Australians

## Largest retail network in Australia

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

## “Most Satisfied Customers” award

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

## 14.4% growth in active members

over the last two years

## >2 million members redeemed points

at Coles for the first time in FY24

## 17.4% growth in swipe rates

over the last two years



# Our paid subscriptions provide customers additional benefits

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

Our paid monthly subscriptions reward customers with a range of benefits

coles plus

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

coles plus saver

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



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



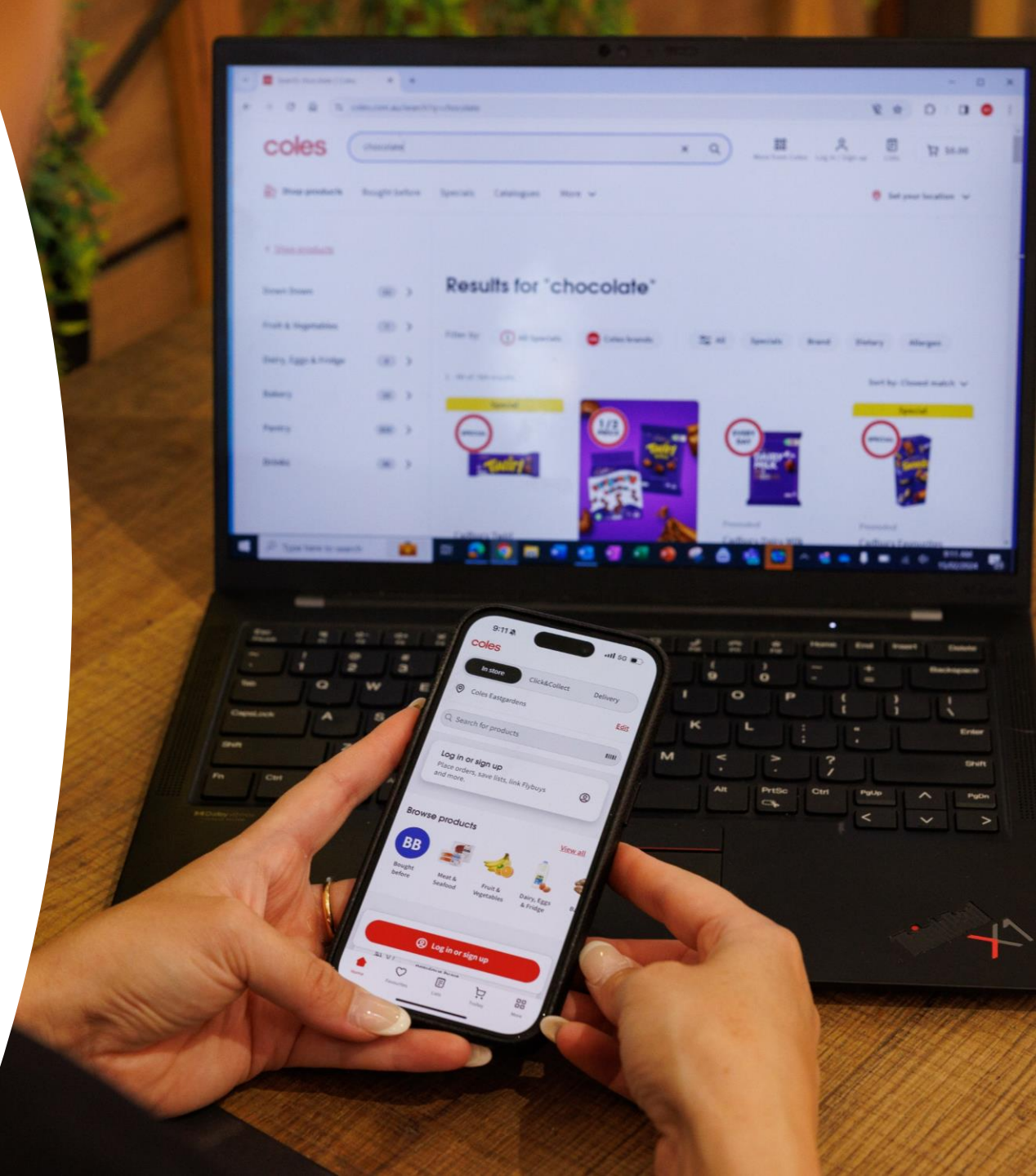
## Highly engaged customers

- ↑ basket size
- ↑ visits per week
- ↑ proportion of families
- ↑ NPS

## **Flybuys** What is next for loyalty?

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

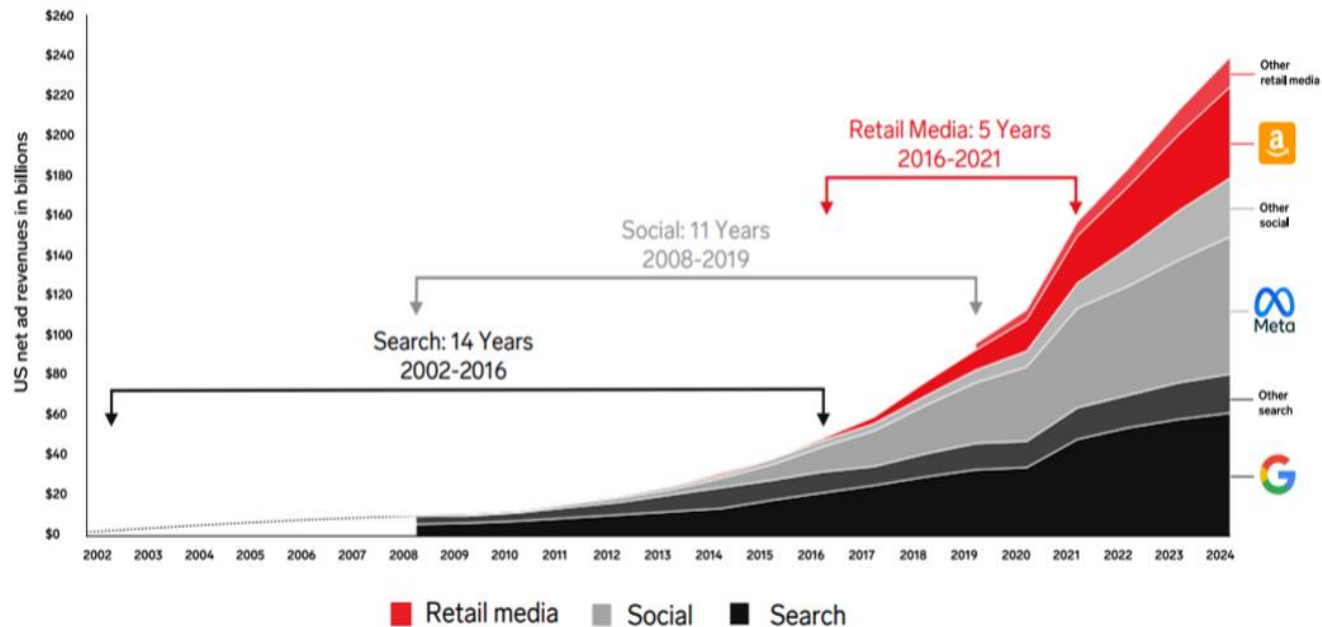
# Coles 360





# Retail media is a growing industry globally

## Retail Media: Digital advertising's Third Big Wave<sup>1</sup>



**US\$153 billion**

Global retail media ad spend in 2024<sup>2</sup>

## Key drivers of growth



### Growth in eCommerce

Increasing customer insights and personalisation



### Shift to targeted advertising

Advertisers are demanding more precision



### Restrictions on third party cookies

Increasing importance of first party data



### Retailers are close to the point of purchase

Unique connection with customers

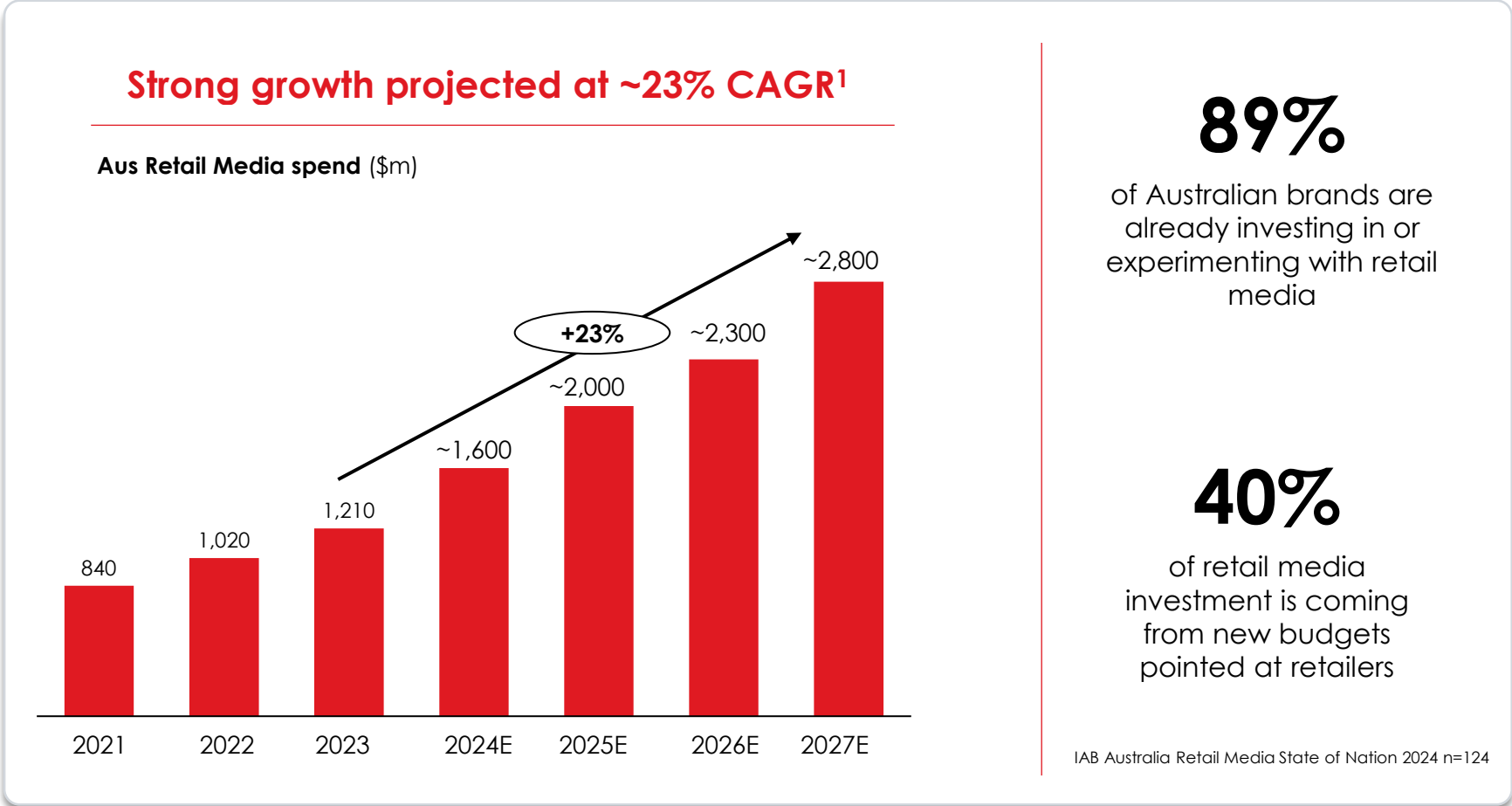


### Ability to measure ROI

Greater insight into effectiveness of campaigns

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

# The Australian retail media market is estimated at >\$1 billion and is expected to grow rapidly, in line with international trends<sup>1</sup>



**coles 360**

**Connecting with customers across the path to purchase**

**colesgroup**



# Instore – inspiring customers as they shop

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



Extensive range of in-store point of sale formats



**#1**  
most read magazine  
in Australia<sup>1</sup>



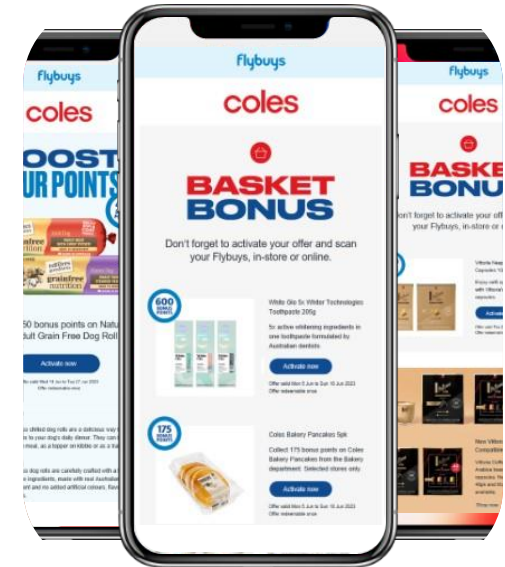
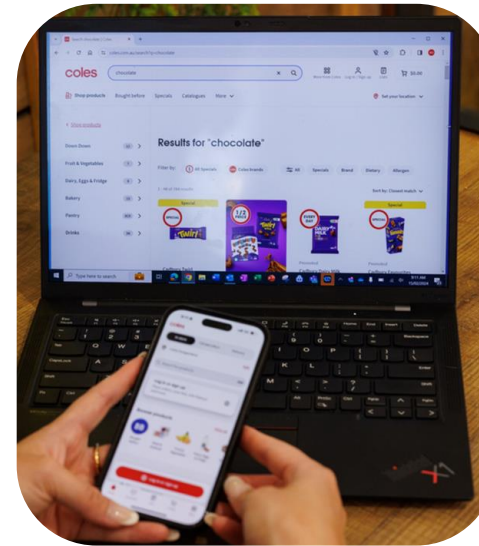
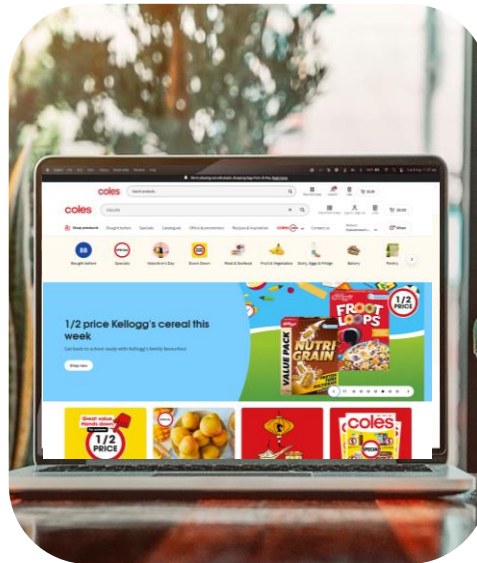
**~500k**  
copies distributed  
monthly<sup>2</sup>



**600+**  
Entry screens  
in store

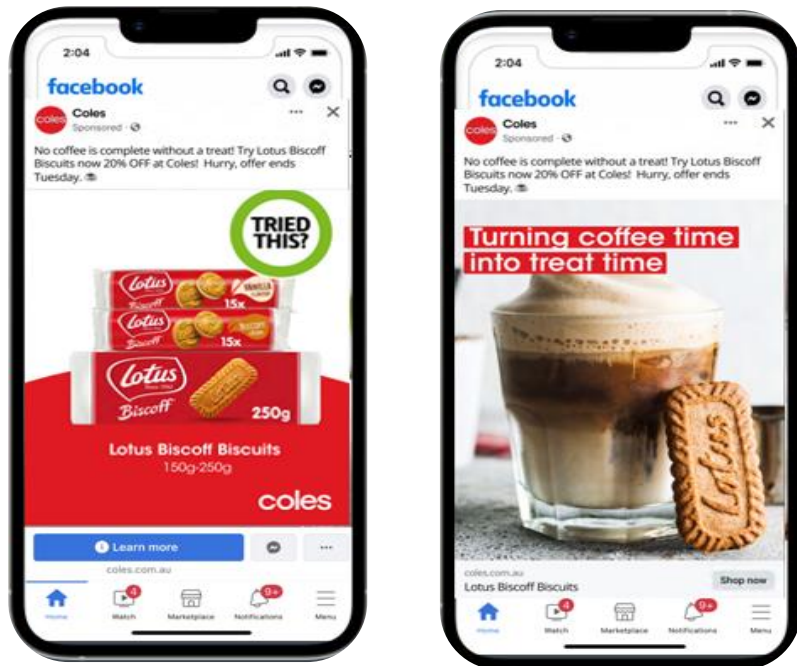
# Onsite – providing discovery, inspiration and amplification through our online digital channels

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

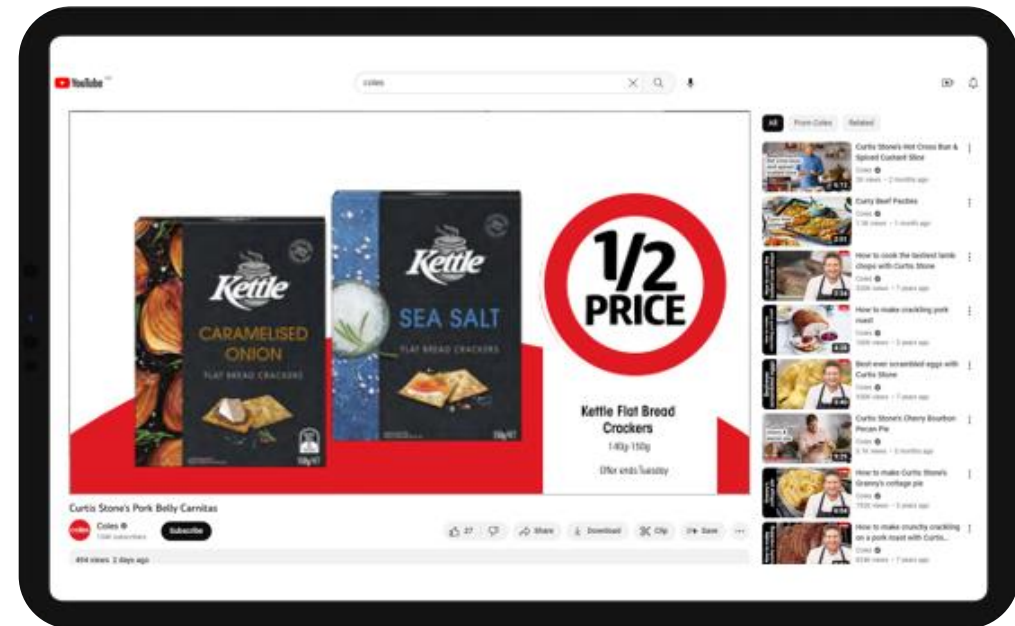


# Offsite – ability to target specific audiences, based on shopping behaviour, across the digital media landscape

## Social



## Video



# provides a range of performance measurement solutions to cater for different campaigns

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

coles  
360 Impact  
MARKET LIFT

Test and control stores based on planned exposure

coles  
360 Impact  
CUSTOMER LIFT

Matching household level exposure data with household purchase data

coles  
360 Impact  
POST CAMPAIGN

Sales and customer metrics pre and post campaign on our network

coles  
360 Impact  
AUDIENCES LIFT

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

coles  
360 Impact  
AUDIENCES POST CAMPAIGN

Sales and audience metrics pre and post campaign on offsite publishing

# Coles 360 is well positioned

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





# Morning tea



# Delivered consistently for the future



**Matt Swindells**

Chief Operations &  
Supply Chain Officer

**colesgroup**

# 5

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



Customer focused teams



Simplify and save to invest



Sourcing and supply chain



Store network



Sustainability

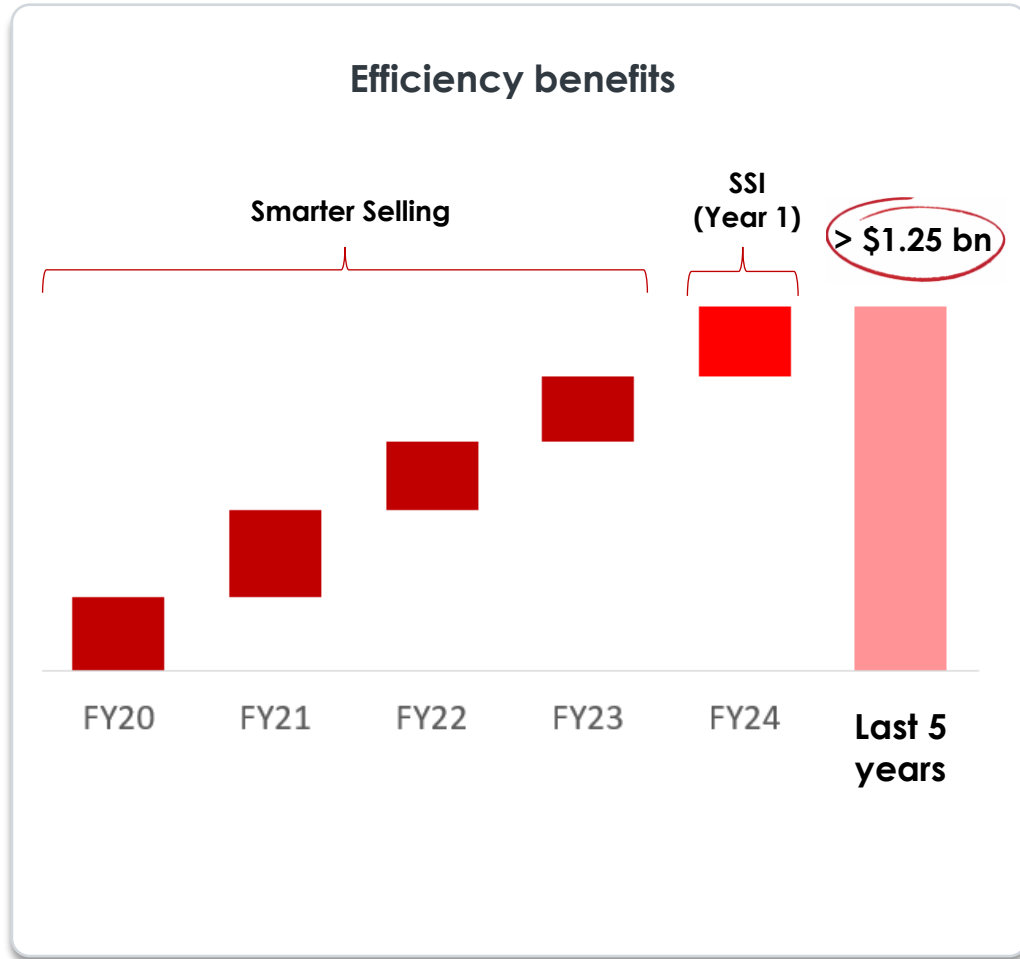
### Focus for today

**Track record** of delivering efficiency benefits

### Transformation programs

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

# Proven track record of delivering sustainable efficiency benefits



## Smarter Selling

**\$1 billion**  
benefits  
achieved

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

## Simplify & Save to Invest (SSI)

**\$1 billion+**  
benefits  
targeted

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

# Technology, data and automation investments are transforming our supply chain

Automated distribution centres (ADCs)



Automated customer fulfilment centres (CFCs)



Transport management system (TMS)



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

### Efficiency benefits

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



### Additional benefits

Availability



Safety



Sustainability



### QLD & NSW operational, VIC site announced in October 2024

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



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

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



## Capacity



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

## Inventory control



- Improved availability
- Pick accuracy

## Productivity



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

## On-site production



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

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

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





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

Replenishment

**Fresh easy ordering (EO)**



Leveraging new systems to increase predictive outcomes and improve replenishment accuracy

Store activity

**Future store inventory (FSI)**



Guided workflows ensures sufficient attention is targeted to high impact activity

Team

**Advanced workforce management system**



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

Front end

**Service transformation**



Improving check-out times, customer experience and efficiency

Theft

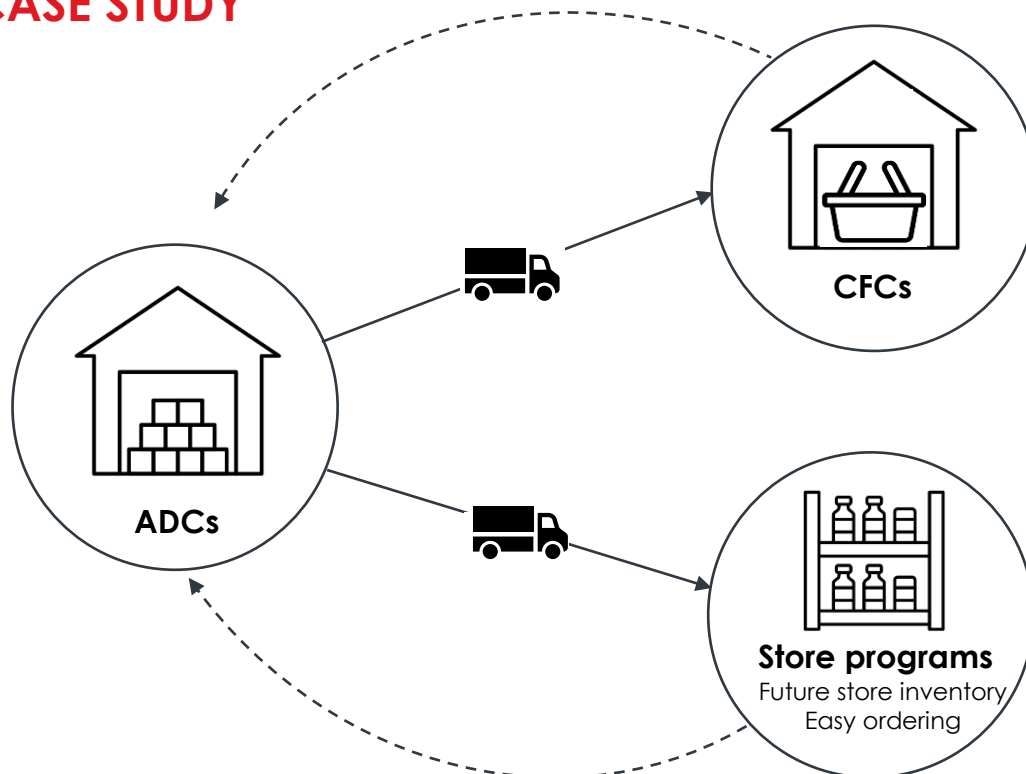
**Loss technology**



Broad range of technology rolled out to help address loss

# Our individual network assets combine to create a multiplier effect

## CASE STUDY



### Improved availability for customers

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

### Transport efficiency

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

### Stores and CFCs

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

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



Distribution  
**Automated distribution centres (ADCs)**



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



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



Replenishment  
**Fresh easy ordering (EO)**



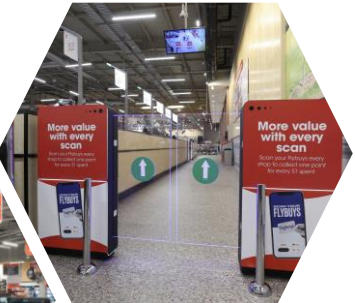
Store activity  
**Future store inventory (FSI)**



Team  
**Advanced workforce management system**



Front end  
**Service transformation**



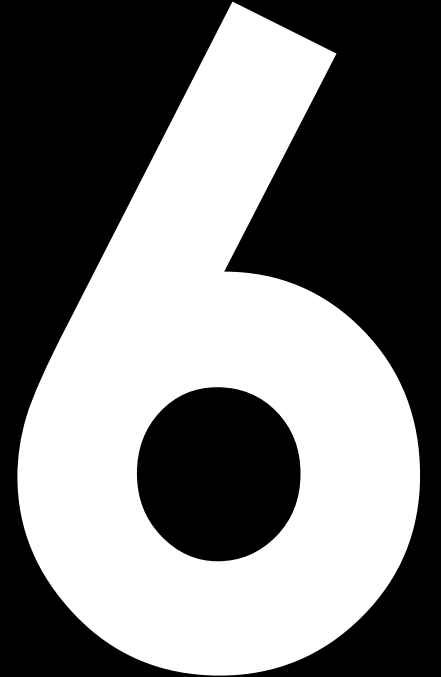
Theft  
**Loss technology**

# Liquor

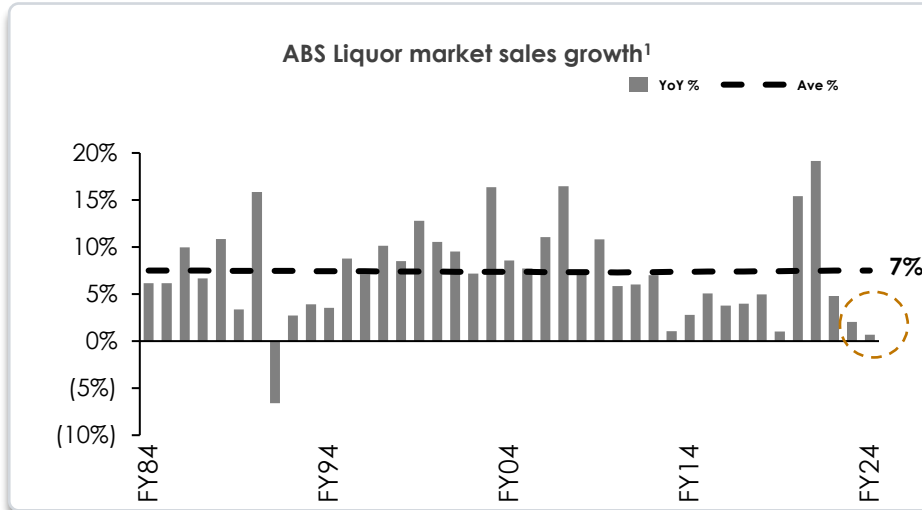


**Michael Courtney**  
Chief Executive Liquor

colesgroup

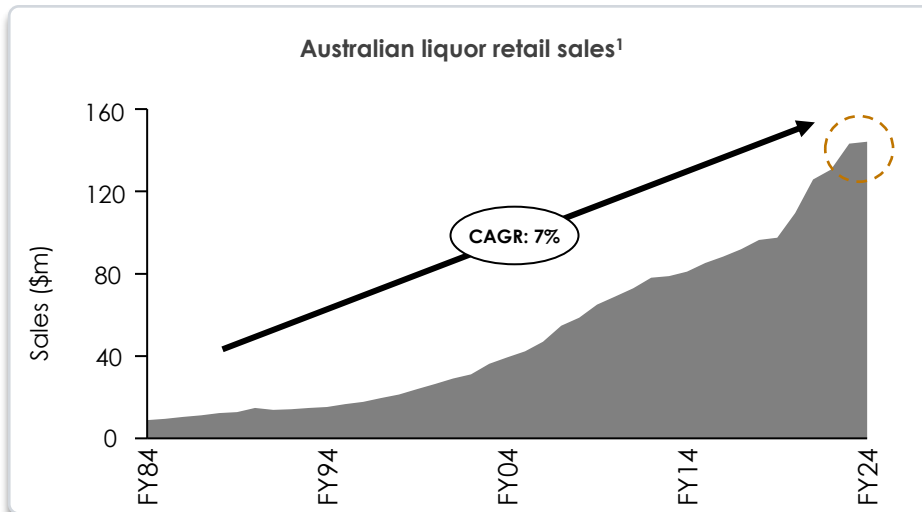


# Market context



## Cyclical headwinds are constraining growth in the short-term

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



## Industry growth is expected to improve from current levels

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

# Our strategy focuses on meeting evolving customer needs

Economic headwinds

Stable per capita consumption, growing population

Digital engagement continues to grow

Convenience as key mission

Cyclical

Structural

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

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

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

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

Opportunity

# Coles Liquor Group 3D Strategy



## Destination for food & drink

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

## Accelerated by digital

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

## Delivered consistently for the future

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

# Destination for food & drink that surpasses customer needs



## Evolve customer value proposition

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

## Serve the right range, in the right location

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

## Deliver integrated food & drink solutions

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

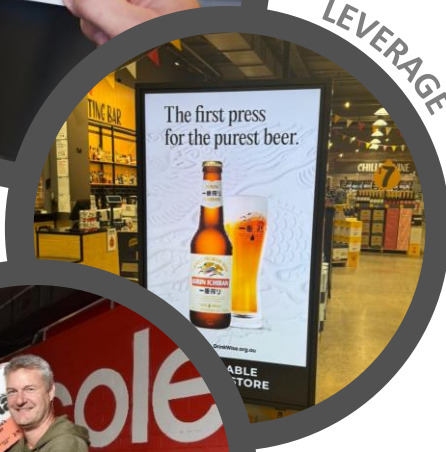


# Accelerated by digital to unify the omnichannel experience

ENHANCE



LEVERAGE



ACCELERATE

## Enhance personalisation & loyalty

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

## Leverage Coles 360 retail media business

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

## Accelerate omnichannel development

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

# Delivered consistently for the future for sustained growth



## Grow and improve our network

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

---

## Simplify & Save to Invest

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

---

## Modernise core systems

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

# Strategy outcomes to date

## WE SAID WE WOULD FOCUS ON...

## WHAT WE DELIVERED IN FY24...

### Destination for Food and Drink

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

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

### Accelerated by Digital

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

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

### Delivered consistently for the future

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

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

# Store network & financial framework



**Charlie Elias**

Chief Financial Officer



# Store network

colesgroup

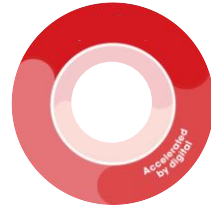


# Our store network remains key to the success of our strategy



## Destination for food and drink

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



## Accelerated by digital

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



## Delivered consistently for the future

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



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

830 Coles Supermarkets



27 Coles Local



991 Liquor stores



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

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





# Store renewals enable us to optimise our fleet

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



# Financial framework



# Our financial priorities



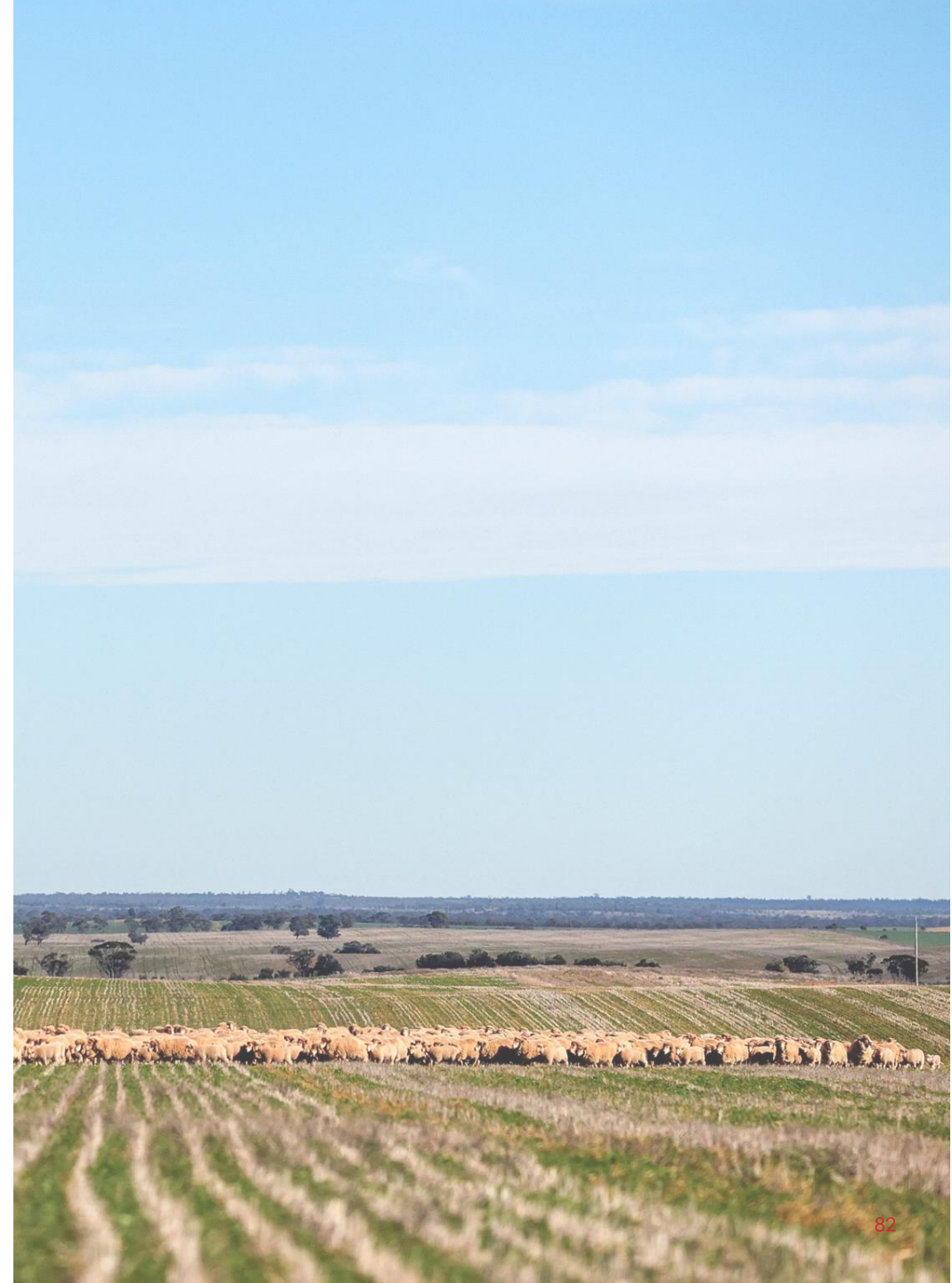
**Sustainable top line growth supported by macro trends and customer proposition**



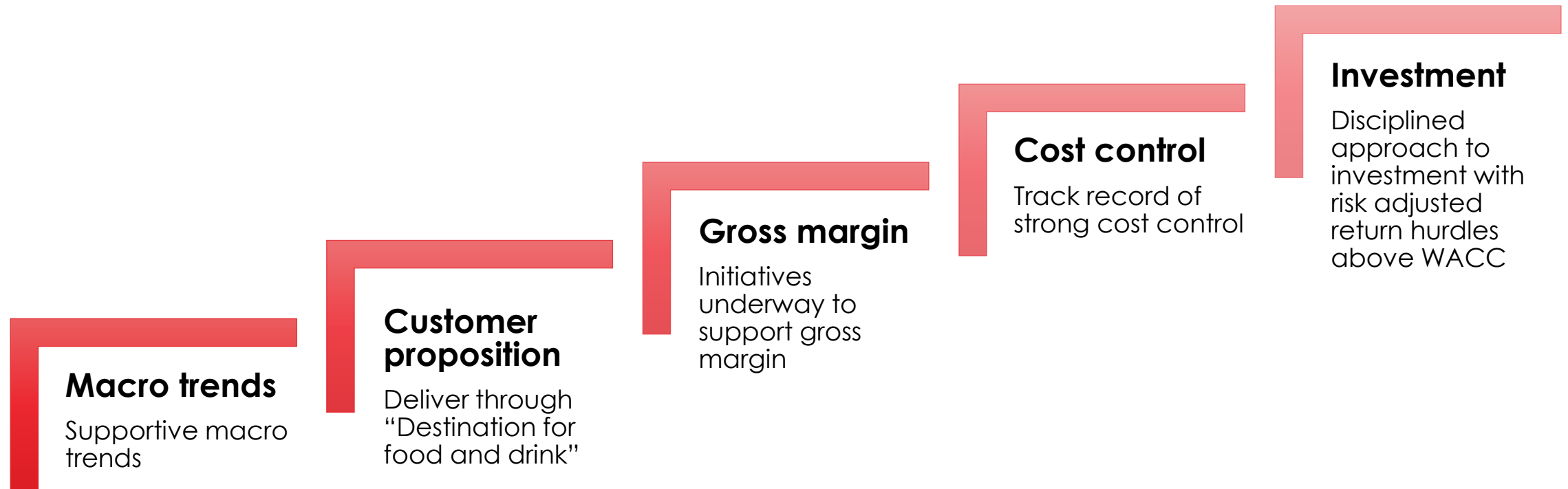
**Profitability underpinned by range and space, productivity and efficiency gains (Simplify and Save to Invest program) and new earnings streams**



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



# Earnings pathway

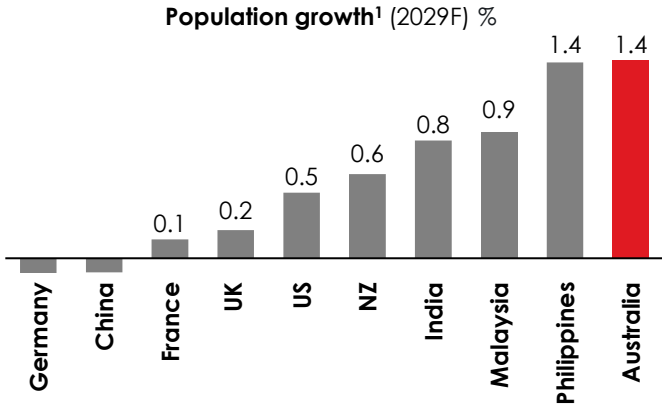


# Topline growth supported by positive macro trends and customer proposition

## Macro trends

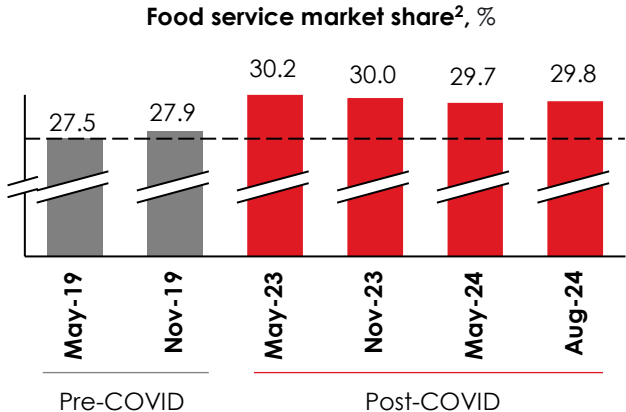
### High population growth

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



### Transition to in-home dining

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



## Coles

### Customer proposition

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

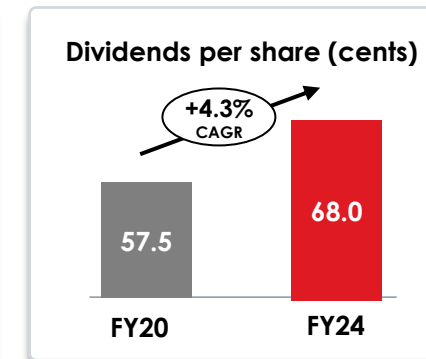
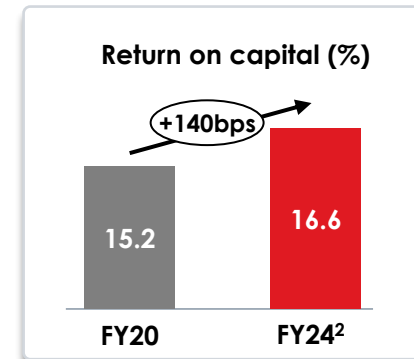
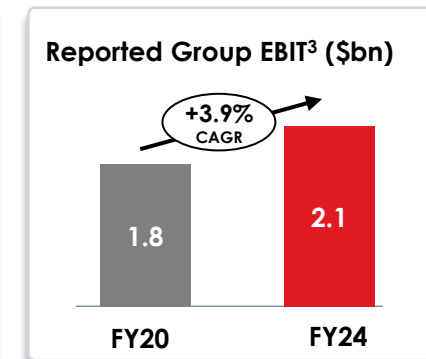
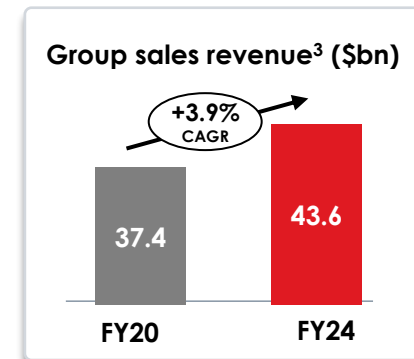
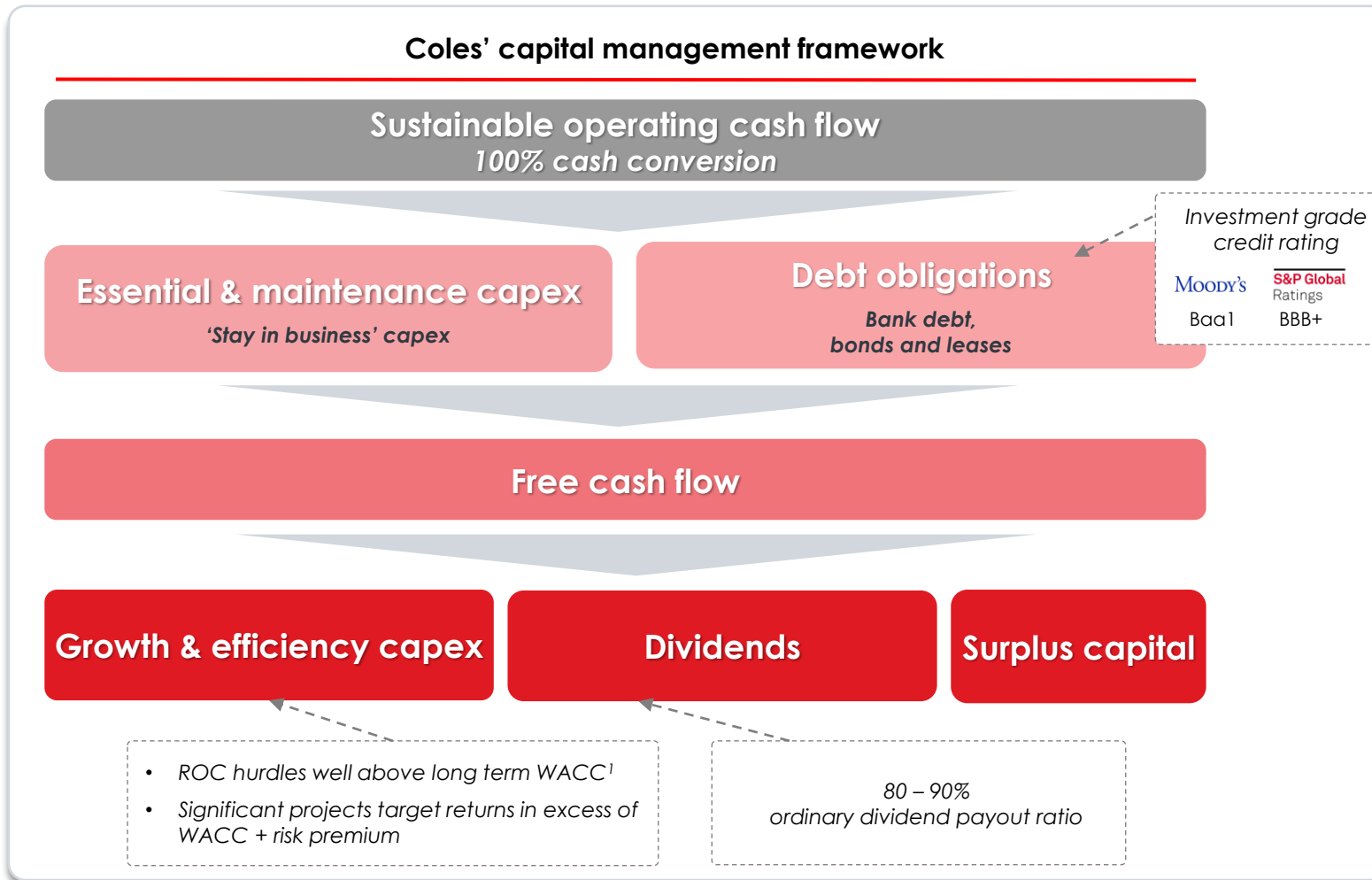
- Step change fresh quality
- Value proposition
- Exclusive brand portfolio
- Range and availability
- Loyalty
- Seamless omnichannel experience
- New ventures

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

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



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



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



We are proudly **coles**

- Care**  
for each other
- Have **Courage**  
to make the right choices
- Deliver for our **Customers**
- Create**  
for the future



# Q&A



Join at [slido.com](https://www.slido.com)  
#ColesID



# Closing comments



**Leah Weckert**

Chief Executive Officer

