



27 February 2025

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir or Madam

**Coles Group Limited – 2025 Half Year Results Presentation**

Please find attached for immediate release to the market the 2025 Half Year Results Presentation for Coles Group Limited.

This announcement is authorised for release by the Board.

Yours faithfully,

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

**Daniella Pereira**  
Group Company Secretary

# 2025 Half Year Results Presentation

27 February 2025

Leah Weckert, Managing Director & Chief Executive Officer

Charlie Elias, Chief Financial Officer

colesgroup



SecondBite co-founder Simone Carson with Coles team members at the launch of the 2024 SecondBite Christmas Appeal to help feed Australians who are experiencing food insecurity.

# Disclaimer

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## 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.
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Balance Sheet and Cash Flow information presented in this 2025 Half Year Results Presentation is consistent with the underlying information disclosed in the Appendix 4D Half 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.

# 1H25 highlights

Focus on execution and delivery of strategic priorities

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Value campaigns and strong trade across key events

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Responded at pace to industry supply chain disruption

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Strong eCommerce sales growth

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Focus on costs continues to deliver results

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ADCs and CFCs successfully supported periods of peak demand

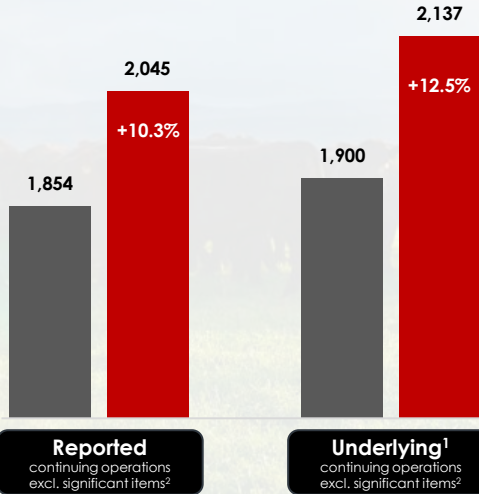
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CFC volumes fully transitioned

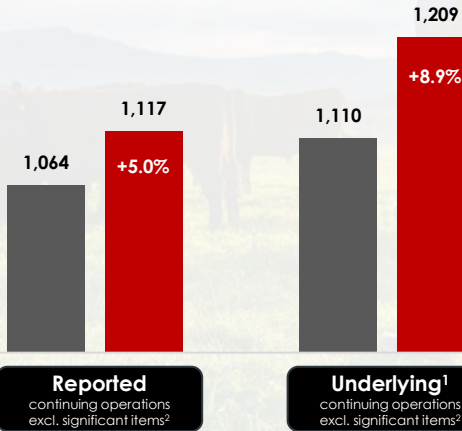


# 1H25 financial highlights

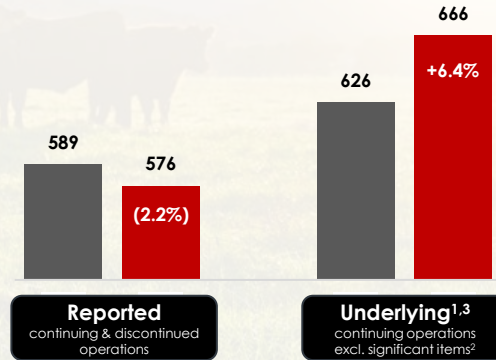
## Group EBITDA (\$m)



## Group EBIT (\$m)



## NPAT (\$m)



■ 1H24 ■ 1H25

# Successful execution of strategic priorities in first half



## Destination for food and drink

- ✓ Continued investment in value, quality and innovation
- ✓ Increasing use of data to optimise range and space with store specific ranging landing in an additional 14 categories in 1H25
- ✓ Increased Flybuis active members by 4.1% to 9.7 million and swipe rates up 7.2%
- ✓ Customer experience metrics improved across the half, including in fresh quality

## Accelerated by digital

- ✓ Digital penetration increasing with growth across all shopping missions
- ✓ Highest quarter in Online NPS and 55% growth in Coles App monthly active users
- ✓ Launched windowless Rapid Delivery nationally
- ✓ CFCs fully transitioned, delivering significant uplift in perfect order rate and supporting peak demand during December

## Delivered consistently for the future

- ✓ Delivered Simplify and Save to Invest benefits of \$157 million<sup>1</sup> and improved total loss rate by 39 bps
- ✓ Progressed ramp up of Kemps Creek ADC successfully supporting Christmas volumes
- ✓ Responsiveness and resilience of supply chain and store operations proven during period of industry disruption
- ✓ Rolled out Liquor Easy Ordering to more than 300 stores, reducing gaps in store and improving availability
- ✓ 25 Supermarket and 67 Liquor renewals completed



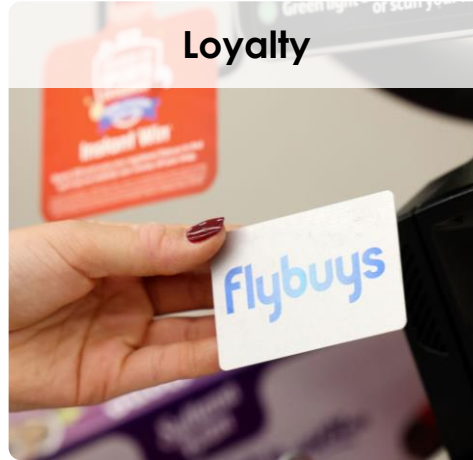
# Continuing to invest in our customer offer

## Value



- 'Great Value, Hands Down' value campaigns and >4,200 products on every day low prices
- SMEG campaign, 'Winter of Sports' and 'Christmas Instant Win' giveaways
- 'Summer of Flybuys' campaign in Liquor

## Loyalty



- Increased Flybuys active members by 4.1% to 9.7 million
- Provided more personalised offers to customers and integrated Flybuys into the Coles App
- Flybuys launched a fresh look and feel to the app experience

## Fresh and Innovation



- Improvements in fresh produce and meat quality customer metrics
- Increased fresh produce basket penetration<sup>1</sup>
- Launched >530 Exclusive to Coles products and 139 Exclusive Liquor Brand products
- Convenience category outgrew overall Supermarkets



# Increasing use of data to optimise range and space

Designed to make shopping easier and provide more of the products customers are looking for

- Improving choice in the areas that matter most
- More tailored ranges to meet local customer preferences
- Reducing product duplication
- Reducing supply chain complexity and improving availability



## Store specific ranging

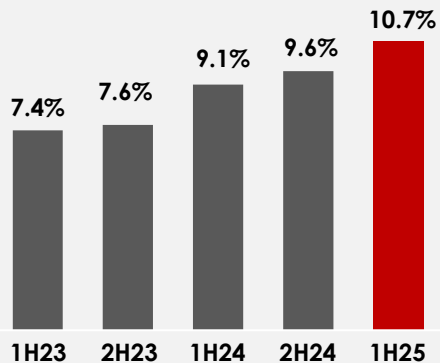
landed in an additional 14 categories in 1H25



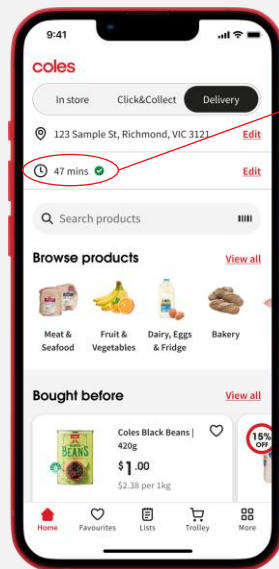


# Digital penetration increasing with growth across all shopping missions

## Supermarkets eCommerce penetration<sup>1</sup>



Growing digital penetration



47 mins ✓

Dynamic delivery windows for the customer

Windowless Rapid launched nationally

**+22.6%**  
Supermarkets eCommerce growth<sup>1</sup>

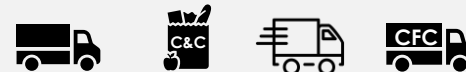
**+9.2%**  
Liquor eCommerce growth<sup>1</sup>

**+55%**  
Monthly active app users

**+21%**  
Growth in Coles Plus subscribers

**+35.4%**  
Improvement in Online NPS

Double digit growth across all eCommerce propositions



Strong performance across the digital portfolio



# CFCs fully transitioned, delivering significant uplift in perfect order rate



**>2x**

Perfect order rate vs  
in-store fulfilment<sup>1</sup>

**>99%**

Fulfilment rate

**Increased flexibility**

Demonstrated ability to ramp  
volumes for rapid increases in  
demand

**25%+**

Range increase vs  
average store range

## Network benefits

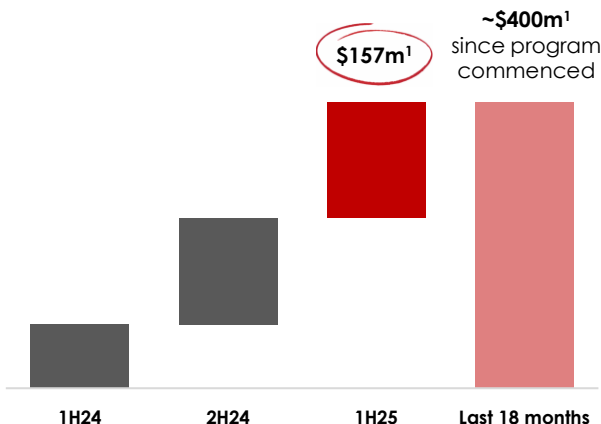
- Growth in same day, immediacy and Click & Collect by opening up store fulfilment capacity
- Contributed to uplift in Supermarkets Online NPS
- Store level NPS increased in CFC catchment areas with less congestion in store
- Supported increased network demand in November and December during competitor supply chain disruption



# Improvements in efficiency and loss continue to deliver results

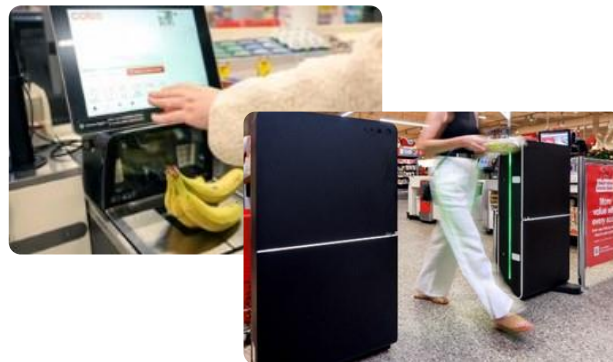
## Simplify and Save to Invest (SSI) program

- Initiatives include front end service transformation, process improvements in store including rostering, and eCommerce initiatives including call centre automation



## Further improvement in total loss<sup>2</sup>

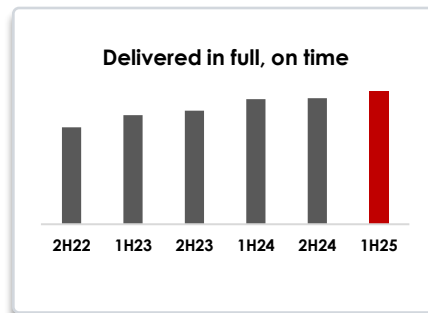
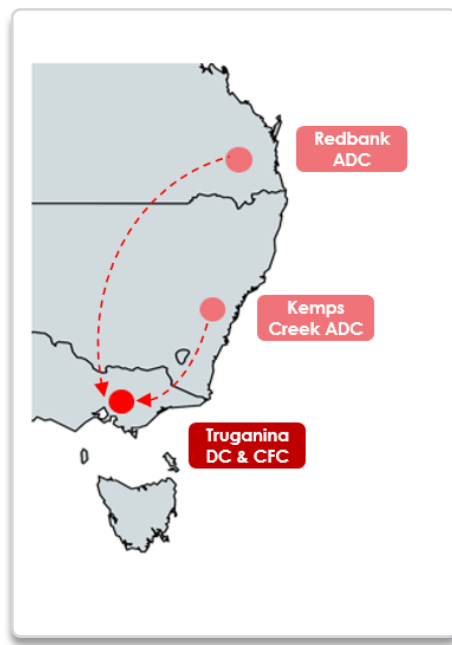
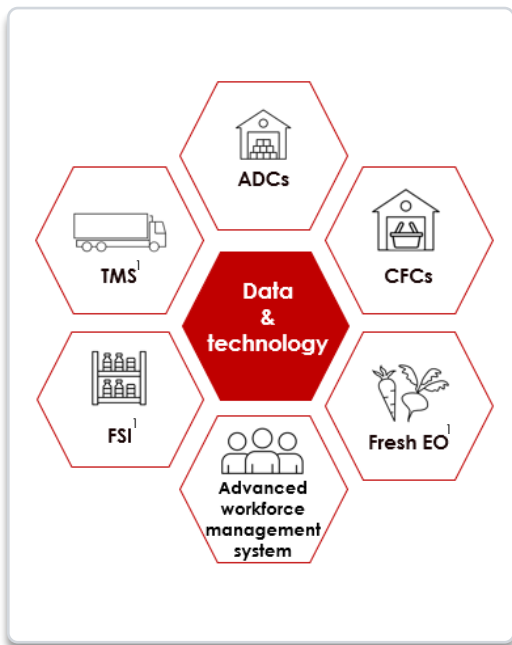
- **39 bps** improvement vs. pcp
- Driven by loss technology and process initiatives coupled with further improvements in waste and markdowns



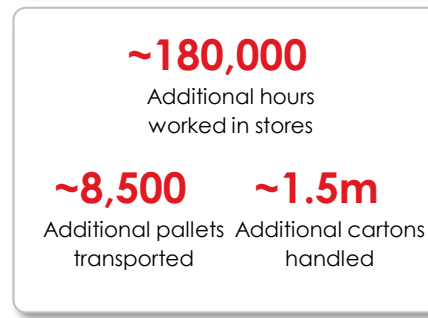


# Resilience and flexibility of supply chain and store operations proven during period of industry disruption

Rapid response leveraging recent investments across automation, data and technology



Delivered incremental  
**~\$120m**  
 Supermarkets sales



**~\$20m**  
 Supermarkets EBIT

# Committed to supporting our team members, suppliers, communities and the environment

## Team members

Improved **team member engagement** (mysay engagement score +2pp compared to May 2024 survey) supporting our goal of maintaining our ranking as a top quartile employer!



## Suppliers

Awarded **MAP WA Coles' Meat, Deli and Seafood Supplier of the Year**, having collaborated with them to upgrade and increase the capacity of their Perth facility as part of our "WA for WA" meat strategy

**Renewed our long term partnership with Sundrop Farms** recognising their production of high quality vine vegetables through global best practice sustainable farming methods



## Communities

**#1 corporate giver** in Australia as a percentage of profit<sup>2</sup> for the 5<sup>th</sup> consecutive year

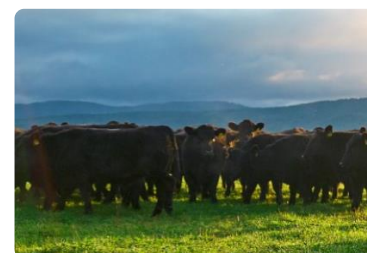
Raised >\$3.1 million for the **SecondBite** Winter and Christmas Appeals and other ongoing contributions, and >\$1.6 million through the **Movember** campaign



## Environment

Submitted a **Forest, Land and Agriculture (FLAG) emissions reduction target** and no deforestation commitment to SBTi for validation. Proposed targets include:

- (i) reduction in **scope 3 FLAG GHG emissions by 30.3%** by FY30 (from FY24)
- (ii) **no deforestation** across our primary deforestation-linked commodities by end CY25



## Regulatory environment

- ACCC Price Inquiry expected to release final report shortly
- Updated tobacco legislation comes into full effect on 1 July 2025 including regulations of pack sizes and bans on flavoured products

# Group financial overview



# 1H25 results – Group

§m	1H25	1H24	Change
<b>Continuing operations</b>			
Sales revenue	23,035	22,216	3.7%
<b>EBITDA</b>			
- reported (excl. SI <sup>1</sup> )	2,045	1,854	10.3%
- underlying (excl. SI <sup>1</sup> ) <sup>2</sup>	2,137	1,900	12.5%
<b>EBIT</b>			
- reported (excl. SI <sup>1</sup> )	1,117	1,064	5.0%
- underlying (excl. SI <sup>1</sup> ) <sup>2</sup>	1,209	1,110	8.9%
Financing costs	(271)	(213)	27.2%
Income tax expense	(245)	(257)	(4.7%)
<b>Net profit after tax</b>			
- reported (excl. SI <sup>1</sup> )	601	594	1.2%
- underlying (excl. SI <sup>1</sup> ) <sup>2</sup>	666	626	6.4%
<b>Continuing and discontinued operations</b>			
<b>Net profit after tax - reported (excl. SI<sup>1</sup>)</b>	<b>601</b>	<b>594</b>	<b>1.2%</b>
Significant items, after tax	(25)	-	n/m
Loss from discontinued operations, after tax <sup>3</sup>	-	(5)	n/m
<b>Net profit after tax – reported</b>	<b>576</b>	<b>589</b>	<b>(2.2%)</b>
Basic earnings per share (cents)	43.1	44.2	(2.5%)
Interim dividend per share (cents)	37.0	36.0	2.8%

n/m denotes not meaningful.

# 1H25 results – Supermarkets and Liquor

## Supermarkets

\$m	1H25	1H24	Change
<b>Sales revenue</b>	20,629	19,778	4.3%
<b>EBITDA</b>			
- reported	1,935	1,730	11.8%
- underlying <sup>1</sup>	2,027	1,776	14.1%
<b>EBIT</b>			
- reported	1,077	1,007	7.0%
- underlying <sup>1</sup>	1,169	1,053	11.0%
<b>EBIT margin %</b>			
- reported	5.2	5.1	13bps
- underlying <sup>1</sup>	5.7	5.3	34bps

- Sales growth supported by continued investments in value and successful delivery of seasonal and trade events
- eCommerce continued to perform strongly with sales growth of 22.6% while our Exclusive to Coles range delivered strong volume growth, particularly over the Christmas period, with Coles Finest sales growth of 10.2%
- Underlying EBIT<sup>1</sup> up 11.0% with underlying EBIT margin<sup>1</sup> increasing 34 bps
- Underlying gross margin<sup>1</sup> up 88 bps, including 39 bps total loss improvement vs 1H24, 22 bps contribution from lower tobacco sales, benefits from our Simplify and Save to Invest program and Redbank ADC and growth in Coles 360 retail media income
- Underlying CODB % sales increased in line with depreciation and amortisation, with wage and other inflationary cost impacts offset by Simplify and Save to Invest benefits

## Liquor

\$m	1H25	1H24	Change
<b>Sales revenue</b>	2,004	1,988	0.8%
<b>EBITDA</b>	135	148	(8.8%)
<b>EBIT</b>	67	84	(20.2%)
<b>EBIT margin %</b>	3.3	4.2	(88bps)

- Sales growth impacted by subdued market, however performance recovered slightly in November and December with Q2 sales growth of 1.5% (Q1: flat). Excluding bulk and affiliates, Q2 sales growth was 2.0%
- eCommerce sales growth of 9.2% reflecting continued growth in the on-demand channel
- Gross margin increased 22 bps supported by promotional optimisation and transition away from less profitable bulk and affiliate sales
- EBIT margin impacted by cost inflation exceeding sales growth, and investments in core IT systems



# Operating cash flow

Cash flow <sup>1</sup>		
\$m	1H25	1H24 <sup>2</sup>
EBIT	1,117	1,057
Depreciation and amortisation	928	790
Significant items	(35)	-
<b>EBITDA</b>	<b>2,010</b>	<b>1,847</b>
Change in working capital <sup>2</sup>	(567)	112
Change in provisions and other <sup>2</sup>	(51)	(73)
<b>Operating cash flow (excl. interest and tax)</b>	<b>1,392</b>	<b>1,886</b>
<b>Cash realisation ratio<sup>3</sup></b>	<b>69%</b>	<b>102%</b>
<b>Adjusted cash realisation ratio<sup>4</sup></b>	<b>95%</b>	<b>N/A</b>

## Comments

With the half year ending on 5 January 2025, an additional payment run occurred in the final week of 1H25 compared to 1H24 resulting in an additional cash outflow of ~\$520 million

This has impacted several cash flow and balance sheet metrics, including cash realisation, working capital and net debt. These metrics are expected to normalise in the second half

- **Working capital** movement largely driven by an increase in inventories to support availability and lower payables due to the additional payment run
- Movement in **provisions and other** includes the \$35 million Victoria ADC provision, offset by lower employee benefits provisions and lower restructuring provisions relating to the Redbank and Kemps Creek ADCs

Cash realisation ratio of ~100% is forecast for the full year with the impact of the additional payment run reversing in 2H25

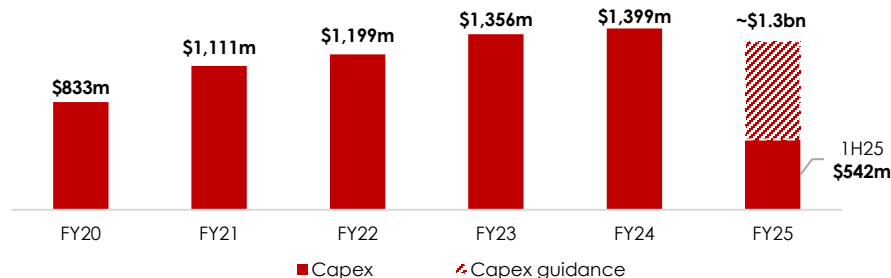
# Capital expenditure

## Capital expenditure breakdown

\$m	1H25	1H24
Store renewals	167	182
Growth initiatives	130	161
Efficiency initiatives	147	292
Maintenance	98	118
<b>Operating capital expenditure</b>	<b>542</b>	<b>753</b>
Property acquisitions and development	100	116
Property divestments	(131)	(187)
<b>Net property capital expenditure</b>	<b>(31)</b>	<b>(71)</b>
<b>Net capital expenditure</b>	<b>511</b>	<b>682</b>

## Key capital expenditure initiatives

<b>Store renewals</b>	<ul style="list-style-type: none"> <li>Store renewals across Supermarkets (25) and Liquor (67<sup>1</sup>)</li> </ul>
<b>Growth initiatives</b>	<ul style="list-style-type: none"> <li>New stores across Supermarkets (3) and Liquor (6)</li> <li>Continued investment in automated CFCs and other eCommerce initiatives</li> </ul>
<b>Efficiency initiatives</b>	<ul style="list-style-type: none"> <li>Investments in ADCs, stock loss initiatives, store front-end initiatives and Liquor Easy Ordering</li> </ul>
<b>Maintenance</b>	<ul style="list-style-type: none"> <li>Refrigeration and electrical replacement programs</li> <li>Lifecycle replacement of store and technology assets</li> </ul>
<b>Property</b>	<ul style="list-style-type: none"> <li>1H25 net property inflow of \$31 million</li> </ul>
<b>Outlook</b>	<ul style="list-style-type: none"> <li>FY25 operating capital expenditure expected to be approximately \$1.3 billion</li> </ul>



# Balance sheet

## Balance sheet summary

\$m	5 Jan 2025	30 Jun 2024	31 Dec 2023
Working capital	(751)	(1,385)	(1,599)
Property, plant and equipment	5,562	5,619	5,252
Right-of-use assets	7,041	7,048	6,363
Other assets and liabilities	1,323	1,085	1,143
<b>Capital employed</b>	<b>13,175</b>	<b>12,367</b>	<b>11,159</b>
Cash and cash equivalents	625	675	1,092
Interest bearing liabilities	(2,276)	(1,652)	(1,666)
Lease liabilities	(8,439)	(8,417)	(7,725)
Net tax balances	679	644	677
<b>Total net assets</b>	<b>3,764</b>	<b>3,617</b>	<b>3,537</b>

## Comments

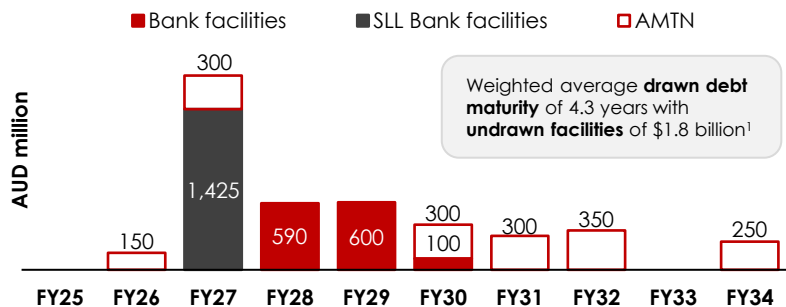
**Working capital** increased by \$634 million compared to 30 June 2024, largely driven by:

- **\$254 million increase in inventories** to support availability and the impact from inflation on the cost of goods
- **\$376 million decrease in payables** due to the timing of year end resulting in the additional ~\$520 million payment run, partially offset by higher creditor balances following Christmas trading

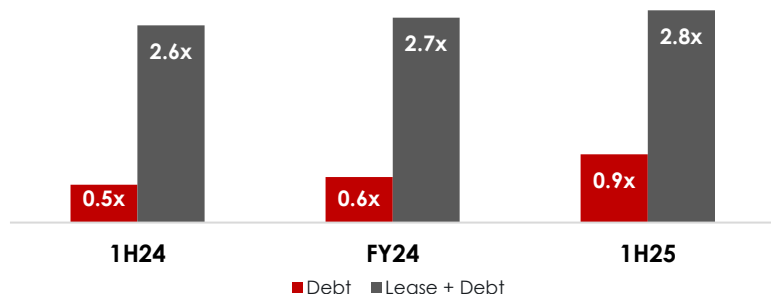
The increase in working capital also impacted the level of **capital employed** and **net debt** as at 5 January 2025

# Funding and dividends

## Debt facility maturity profile (\$m)



## Leverage ratio<sup>2</sup>

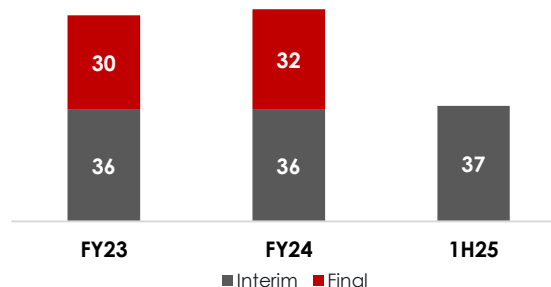


## Financing costs

Financing costs increased by \$58 million to \$271 million

- **AASB 16 lease financing costs** increased by \$32 million to \$210 million, reflecting higher interest on lease liabilities largely associated with the Kemps Creek ADC and two CFCs as well as increased interest rates on existing lease resets
- **Debt related financing costs** increased by \$26 million to \$61 million with higher weighted average debt and interest rate compared to the prior corresponding period primarily reflecting Coles' \$600 million bond issuance in November 2023 and interest on debt associated with the Kemps Creek ADC which is no longer capitalised

## Dividend (cps)



## Ratings

MOODY'S

Baa1

S&P Global  
Ratings

BBB+

# Supermarkets



# Supermarkets – key metrics

## Sales revenue

**\$20.6bn**

4.3% vs. pcp  
5.6% ex-tobacco vs. pcp

## Exclusive to Coles sales revenue growth

**5.1%**

vs. pcp

## eCommerce sales growth<sup>1</sup>

**22.6%**

vs. pcp

## Exclusive to Coles

**530+**

products launched in 1H25

## Reported EBIT

**\$1,077m**

7.0% vs. pcp

## Reported EBIT margin

**5.2%**

13bps vs. pcp

## Underlying EBIT<sup>2</sup>

**\$1,169m**

11.0% vs. pcp

## Underlying EBIT<sup>2</sup> margin

**5.7%**

34bps vs. pcp

Notes: (1) eCommerce sales includes liquor sold through coles.com.au (previously based on gross retail sales, comparatives have been restated); (2) Non-IFRS: Underlying excludes major project implementation, dual running and transition costs in relation to the two ADCs and two automated CFCs (1H25: \$92 million; 1H24: \$46 million).

# Supermarkets – 1H25 results

## Growth underpinned by value campaigns and supply chain resilience

\$m	1H25	1H24	Change
<b>Key P&amp;L items</b>			
<b>Sales revenue</b>	<b>20,629</b>	<b>19,778</b>	<b>4.3%</b>
<b>EBITDA – reported</b>	<b>1,935</b>	<b>1,730</b>	<b>11.8%</b>
<i>EBITDA – underlying<sup>1</sup></i>	<i>2,027</i>	<i>1,776</i>	<i>14.1%</i>
<b>EBIT – reported</b>	<b>1,077</b>	<b>1,007</b>	<b>7.0%</b>
<i>EBIT – underlying<sup>1</sup></i>	<i>1,169</i>	<i>1,053</i>	<i>11.0%</i>
<b>Rate to Sales metrics</b>			
Gross margin – underlying <sup>1</sup> (%)	27.5	26.6	88bps
CODB – underlying <sup>1</sup> (%)	(21.8)	(21.3)	53bps
EBIT margin – underlying <sup>1</sup> (%)	5.7	5.3	34bps
<b>Key metrics (non-IFRS)</b>			
Sales growth excl. tobacco (%)	5.6	6.2	(60bps)
Comparable sales growth <sup>2</sup> (%)	3.4	4.0	(63bps)
eCommerce penetration <sup>3</sup> (%)	10.7	9.1	160bps
Inflation (%)	1.4	3.0	n/m
Inflation excl. tobacco (%)	1.0	2.9	n/m
Inflation excl. tobacco and fresh <sup>4</sup> (%)	0.1	5.2	n/m

## Key commentary

- Sales growth driven by continued investment in value campaigns, successful execution of seasonal (including Christmas, Halloween and Black Friday) and trade events. Excluding tobacco, sales revenue increased by 5.6%
- Q2 inflation moderated slightly to 1.4% (Q1: 1.5%) while inflation excluding tobacco and fresh was 0.1% (Q1: 0.1%)
- eCommerce sales increased by 22.6%<sup>3</sup> with penetration at 10.7%<sup>3</sup>; Coles 360 media income increased by 10.0%<sup>5</sup>
- Reported gross margin increased 77 bps and underlying gross margin<sup>1</sup> increased 88 bps, supported by 39 bps improvement in total loss vs 1H24 coupled with 22 bps contribution from lower tobacco sales, benefits from our Simplify and Save to Invest program and Redbank ADC and growth in Coles 360 retail media income
- Reported CODB % increased 64 bps and underlying CODB<sup>1</sup> % increased 53 bps, primarily reflecting a step up in depreciation attributable to our capital investment program, the commencement of operations at the Kemps Creek ADC and two CFCs and additional right of use lease depreciation. Wage and inflationary cost impacts were offset by Simplify and Save to Invest benefits and increased operating leverage

**Notes:** (1) Non-IFRS: Underlying excludes major project implementation, dual running and transition costs in relation to the two ADCs and two automated CFCs (1H25: \$92 million; 1H24: \$46 million); (2) Comparable sales for 1H25 are based on the period from 3 July 2023 to 7 January 2024 (weeks 2 to 28 of FY24) to more closely align the dates of the reporting period in FY25 to the prior corresponding period in FY24; (3) eCommerce sales and penetration are now based on IFRS sales revenue and include liquor sold through coles.com.au (previously based on gross retail sales, comparatives have been restated); (4) In line with changes to Coles' internal management reporting, from 1Q25, Fresh inflation includes fresh produce, meat, deli, seafood and convenience. Bakery which was previously part of the Fresh category is included within the Dairy and Frozen category. Convenience was previously included in the Dairy and Frozen category. Historical periods have been restated; (5) Includes Coles 360 income in Supermarkets and Liquor.

# Liquor





## Liquor – key metrics

Sales revenue

**\$2.0bn**

0.8% vs. pcp  
1.8% ex-bulk and affiliate sales

2Q25 sales revenue

**\$1.2bn**

1.5% vs. pcp  
2.0% ex-bulk and affiliate sales

Reported EBIT

**\$67m**

(20.2%) vs. pcp

eCommerce sales growth<sup>1</sup>

**9.2%**

vs. pcp

Exclusive Liquor Brand

**302**

awards received in 1H25

Liquor store renewals

**67**

completed in 1H25

Notes: (1) eCommerce sales excludes liquor sold through coles.com.au which is reported in Supermarkets' eCommerce sales, and B2B sales (previously based on gross retail sales, comparatives have been restated).

# Liquor – 1H25 results

Growth impacted by subdued market, however performance improved across the half

\$m	1H25	1H24	Change
<b>Key P&amp;L items</b>			
Sales revenue	2,004	1,988	0.8%
EBITDA	135	148	(8.8%)
EBIT	67	84	(20.2%)
<b>Rate to Sales metrics</b>			
Gross margin (%)	23.1	22.9	22bps
CODB (%)	(19.7)	(18.6)	110bps
EBIT margin (%)	3.3	4.2	(88bps)
<b>Key metrics (non-IFRS)</b>			
Comparable sales growth <sup>1</sup> (%)	(1.3)	0.2	(150bps)
eCommerce penetration <sup>2</sup> (%)	6.9	6.4	52bps

## Key commentary

- Sales revenue was subdued during the period as economic pressures impacted discretionary spending, however performance recovered slightly in November and December. Sales were supported by strong trading across key events including Cyber Week, Spring Racing and Christmas coupled with improved availability from the roll out of Liquor Easy Ordering
- Sales trajectory improved in Q2, with sales growth of 1.5% (Q1: flat) and sales growth excluding bulk and affiliate sales of 2.0%
- eCommerce sales increased by 9.2%<sup>2</sup> with penetration at 6.9%<sup>2</sup> (8.2% including liquor sold on Coles Online)
- Gross margin increased by 22 bps benefitting from promotional optimisation and transition away from less profitable bulk and affiliate sales, partly offset by increased cost of on-demand third party commissions
- CODB % increased by 110 bps reflecting cost inflation exceeding sales growth, particularly wages and tenancy, and ongoing investments in core IT systems
- Commenced Liquor banner simplification pilot with 14 stores converted
- One-off costs of \$1.5 million incurred in relation to simplification of store operating model and investments in the banner simplification pilot. Excluding one-off costs, EBIT declined by 18.5%

# Outlook



# Outlook

Customers remain value conscious with our exclusive brand portfolio continuing to grow and our value offering, including Flybuys, seeing strong participation rates.

We also continue to focus on ensuring we provide inspiration to help our customers create delicious, easy and affordable meals at home through our Coles magazine, digital platforms, convenience offering and Coles Finest range.

## Supermarkets

- In the first seven weeks of 3Q25, Supermarkets sales revenue grew by 3.4%<sup>1</sup> as we cycle a very strong 3Q24
- On a two-year stack, the growth rate was 8.3%<sup>2</sup>

## Liquor

- In the first seven weeks of 3Q25, Liquor sales revenue grew by 3.8%<sup>1</sup> as we continued to see positive momentum despite discretionary spending remaining subdued

## Coles Group CEO, Leah Weckert:

"Our focus in the second half remains on providing a compelling customer value proposition, making further progress on improving our fresh offer and continuing to tailor our ranges to make sure we have the right products in the right stores to cater for local customer preferences. We also remain focused on delivering the benefits from our major transformation investments, including optimising our ADCs and providing a best in class experience for our CFC customers."

# Q&A

