

F24 Third Quarter Trading Update

Value and convenience underpin sales resilience

Sales for the 13 weeks from 1 January 2024 to 31 March 2024

\$ million	Q3 F24 (13 WEEKS)	Q3 F23 (13 WEEKS)	CHANGE	NORMALISED CHANGE ¹
Retail	2,406	2,350	2.4%	0.9%
Hotels	487	480	1.5%	1.7%
Group	2,893	2,830	2.2%	1.0%

Highlights

- **Unique and diverse portfolio delivers stable sales in soft conditions**
- **Value, convenience and product innovation continue to drive sales in Retail**
- **Resilient Hotels performance, with all drivers in growth**
- **Brand and customer metrics remain strong**
- **F24 capex and finance costs expected to remain within guided ranges**

Endeavour Group Managing Director and CEO, Steve Donohue, said:

“Endeavour Group delivered a stable third quarter trading performance in a softer market, with both Retail and Hotels growing sales and our brand and customer metrics remaining strong. This reflects the strength of our diverse portfolio and the efforts of our 30,000 team members to deliver outstanding customer service and memorable experiences.

“Our unparalleled value proposition continues to make Dan Murphy’s Australia’s leading destination for drinks, once again being named Liquor Store of the Year in Roy Morgan’s Annual Customer Satisfaction Awards.

“Our Hotels continue to show their resilience in challenging economic conditions, with all drivers in growth during the quarter. Our localised food and beverage offer continues to resonate strongly with customers looking to enjoy affordable social experiences with family and friends.”

Retail

Retail sales for the third quarter of \$2.4 billion were up 2.4% on the corresponding period last year, or up 0.9% when taking into account the timing of Easter and New Year’s Day². On a comparable store basis, sales for BWS and Dan Murphy’s were flat compared to the same period last year. Sales at Easter, which was in week 13 of the quarter, were ahead of the comparable period last year.

After a slow start to the quarter in January, trading conditions improved slightly in February and March, but remained subdued relative to the first half. Customer trends towards value, convenience and discovery continue, with many customers shopping more selectively and prioritising value. The appetite for both convenience and discovery is evident in the pre-mixed category, which again had the highest sales growth in the quarter.

Pinnacle Drinks continues to play a key role for the Group, innovating to meet customer demand for new drinks, demonstrated by the launch of the wine spritzer category during the quarter. The quality of the Paragon Estates wine

¹ Year-on-year changes in Retail sales have been normalised to account for the timing of Easter and New Year’s Day.

² The year-on-year change in Retail sales, normalised for Easter only, is 0.6%.

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portfolio was recognised at the London Wine Competition, with Krondorf and Chapel Hill recently winning gold medals.

Dan Murphy's continues to reinforce its position as Australia's leading destination for drinks, particularly for key events and occasions. The MyDan's membership program added over 175,000 new members during the quarter and achieved a record peak scan rate of 84% from its 5.4 million total active members.

Online Retail sales grew by 8.4%, driven by strong online growth from Dan Murphy's, which saw a continued trend towards pick-up, as well as in BWS where sales via immediate delivery partners drove growth. Dan Murphy's online sales growth is predominantly being driven by the Dan Murphy's app, which is rapidly becoming the preferred channel for online orders, delivering greater convenience and a more personalised experience.

We continue to review and optimise our store network in line with our disciplined capital allocation framework. During the quarter, we opened two new Dan Murphy's stores and relocated one, as well as opening two BWS stores and closing five. We ended the quarter with 1,717 stores and expect to add approximately ten net new stores in Q4. We continue to improve our store network, with eight BWS store renewals and lighter touch improvements to ten BWS stores in the quarter.

Hotels

Hotels sales for the third quarter increased by 1.5% to \$487 million, or 1.7% when taking into account the timing of Easter³, with all drivers in growth.

Our localised food and bar offers continue to perform well, with great value appealing to customers. Accommodation demand was supported by touring events from major international artists including Taylor Swift. Gaming returned to modest growth in the quarter, although revenue in Victoria continues to be impacted by our early adoption of the Victorian government's planned changes to trading hours ahead of the wider market. Comparable hotel sales³ grew by 1.5% for the quarter.

As outlined at our Investor Day in December, our Hotel renewal program remains on track as we focus on fewer, higher value renewals to create experiences locals love. During the quarter, we renewed two venues, the Roxby Downs Tavern (SA) and The Plough (Vic) and are progressing the renewal of a further seven venues in Q4. In April, we re-opened the Manly Hotel in Brisbane following a \$7 million repositioning investment which saw it perform amongst our top food and beverage venues in Queensland in its opening week. In addition, during the quarter we added the Rye Hotel (Vic) and Burnie Central Townhouse Hotel (Tas) to our network, and discontinued the lease of The Archer Hotel (SA). We are currently progressing the acquisition of the leasehold of the Cavenagh Hotel in Darwin (NT).

Outlook

Market conditions have remained subdued to date in Q4 and trading is broadly consistent with Q3 in both the Retail and Hotels segments on a normalised basis. We continue to experience inflationary cost pressures and are responding by tightly managing CODB, including progressing optimisation initiatives under our endeavourGO program.

Capital expenditure for F24 remains within our previously communicated target range of between \$420 million and \$480 million⁴, with the timing of hotel acquisitions the most significant variable. Full year finance costs are expected to remain within the previously guided range of \$300 million to \$310 million. Investors and analysts are reminded that F24 is a 53-week trading year for modelling purposes.

The Group remains well positioned to perform through the economic cycle, with our strong customer advocacy and value credentials driving resilience.

³ Year-on-year changes in Hotels sales have been normalised to account for the timing of Easter only; the timing of New Year's Day did not have a material impact on sales comparatives.

⁴ Capital expenditure including technology transformation and property redevelopment.

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Retail

Operating Metrics

	Q3 F24 (13 WEEKS)	Q3 F23 (13 WEEKS)
Customer metrics		
BWS VOC NPS (Store and Online)	74	73
Dan Murphy's VOC NPS (Store and Online)	80	79
My Dan's active members (million)	5.4	5.1
Sales metrics		
BWS and Dan Murphy's (including The Cellar)	2,350	2,289
Specialty	56	61
Total Retail sales (\$ million)	2,406	2,350
Total Retail sales growth	2.4%	1.2%
Normalised total Retail sales growth ⁵	0.9%	n.a.
Combined BWS and Dan Murphy's sales growth	2.7%	1.5%
Normalised combined BWS and Dan Murphy's sales growth ⁵	1.0%	n.a.
Normalised combined BWS and Dan Murphy's comparable store sales growth ⁶	0.0%	0.3%
Online metrics		
Customer Metrics		
Dan Murphy's Online VOC NPS	75	73
BWS Online VOC NPS	71	70
eCommerce Metrics		
Online sales (\$ million)	207	191
Online sales growth	8.4%	(14.0%)
Online penetration	8.6%	8.1%
BWS and Dan Murphy's Pick-up mix (orders)	44.0%	48.4%

⁵ Normalised to account for the timing of Easter and New Year's Day.

⁶ Normalised to account for the timing of Easter.

Hotels

Operating Metrics

	Q3 F24 (13 WEEKS)	Q3 F23 (13 WEEKS)
Sales metrics		
Total sales (\$ million)	487	480
Total sales growth	1.5%	18.5%
Normalised sales growth ⁷	1.7%	n.a.
Normalised comparable hotel sales growth ⁷	1.5%	16.3%

The contents of this F24 Third Quarter Trading Update are derived from the unaudited accounting records of Endeavour Group.

Endeavour Group Managing Director and CEO, Steve Donohue, and Chief Financial Officer, Kate Beattie, will host an analyst and investor conference call today at 10:30am (AEST). Analysts, investors and media can access the management briefing via the following:

Teleconference Registration: <https://s1.c-conf.com/diamondpass/10038088-q8bd5v.html>

Participants will need to pre-register for the call at the link above. You will receive a calendar invite and a unique code which is to be quoted when dialling into the call.

The release of this announcement was authorised by the Board.

Further Information

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⁷ Normalised to account for the timing of Easter.

Appendices

Appendix 1: New stores and renewals

	OPENING BALANCE	GROSS NEW STORES / HOTELS (INCL. ACQUISITIONS)	CLOSURES	ENDING BALANCE	RENEWALS
F24 Third Quarter					
BWS	1,447	2	5	1,444	8
Dan Murphy's	268	3	1	270	0
The Cellar (by Dan Murphy's)	3	0	0	3	0
Retail	1,718	5	6	1,717	8
Hotels	353	2	1	354	2
Endeavour Group	2,071	7	7	2,071	10

Appendix 2: Glossary

TERM	DESCRIPTION
Comparable store sales / Comparable hotel sales	Measure of sales which excludes stores/hotels that have been opened or closed in the last 12 months and demonstrable impact on existing stores/hotels from disruption and new store openings/closures.
My Dan's active members	My Dan's active members are the number of unique members who have transacted in the last 12 months.
n.a.	Not applicable
Online penetration	Online penetration is calculated as total online sales as a percentage of total Retail sales for the same time period
Renewals	A significant upgrade to the store / hotel environment, enhancing customer experience, range and process efficiency (including digital)
VOC NPS	Voice of Customer Net Promoter Score (VOC NPS) is based on feedback from customers, and represents the number of promoters (score of nine or 10) less the number of detractors (score of six or below). This includes scores from in-store and online customers.

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