

F22 First Quarter Trading Update

Positive trading momentum continues in Retail in Q1, focus for Q2 on reopening our hotels

First Quarter Trading Update - 14 weeks from 28 June 2021 to 3 October 2021

\$ million	Q1 F22 (14 WEEKS)	Q1 F21 (14 WEEKS)	CHANGE
Sales			
Retail	2,654	2,658	(0.2%)
Hotels	282	313	(9.9%)
Total	2,936	2,971	(1.2%)

Endeavour Group Managing Director and CEO, Steve Donohue, said “COVID-19 continued to impact our trading environment during Q1 F22. While Retail trading momentum was sustained across the start of the financial year, our Hotels business was significantly disrupted by the lockdowns in the key states of Victoria and New South Wales. Nationally, approximately 40% of our hotels were closed across the quarter and various trading restrictions were in place across the country.

I am particularly proud of the way our teams have come together to support one another during this time. Our customer experience across both BWS and Dan Murphy’s improved again this quarter, with the team delivering excellent service while navigating new trading requirements and larger than normal volumes. Notwithstanding the closures in our hotels business, we rolled out new technology like digital order and pay and a new time and attendance system. In the quarter we also extended support to team members across our businesses, providing opportunities for hotel teams to work in the retail business, paid vaccination leave and support for team members who were required to isolate due to potential COVID-19 exposure.

As our hotels across New South Wales and Victoria reopen their doors and welcome back customers, we will continue to focus on offering customers a sociable and safe hotel experience. While we are eagerly anticipating reopening in Victoria, we remain mindful of the broad, ongoing impacts of COVID-19. Management of team availability is a challenge both when closing and reopening, with team shortages an industry-wide issue. Additionally, supply chain constraints affecting both global and local networks are limiting our access to some products, particularly imported drinks.

We are encouraged by the current vaccination rates which should allow us to get back to more normal operations in time for the important festive and Summer period.

Looking beyond the immediate challenges, the Group is well positioned for growth, with a diversified portfolio of quality hotels, strong retail brands and digital assets, supported by a focused and resilient team”.

Retail

Operating Metrics

	Q1 F22 (14 WEEKS)	Q1 F21 (14 WEEKS)
Customer metrics¹		
BWS VOC NPS (Store and Online)	74	71
Dan Murphy's VOC NPS (Store and Online)	79	76
Sales productivity metrics		
Total sales (\$ million)	2,654	2,658
Total sales growth	(0.2%)	21.5%
Two-year sales growth	21.4%	n.m.
Comparable sales growth	(1.2%)	20.1%

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	Q1 F22 (14 WEEKS)	Q1 F21 (14 WEEKS)
Sales productivity metrics		
Online sales (\$ million)	305	227
Online sales growth	34.4%	57.6%
Online penetration	11.5%	8.6%
Loyalty		
My Dan's members (million)	5.9	4.8
Everyday Rewards scan rates - BWS	44.2%	42.4%
My Dan's scan rates	68.7%	60.1%

Retail sales were in line with the very strong Q1 sales in F21. Both Q1 F22 and Q1 F21 were impacted by COVID-19 restrictions, which created a shift to at-home consumption. Sales have grown 21.4% when compared to Q1 F20 (pre COVID-19). For non-lockdown states and territories² sales increased 17% over this two year period.

Customer engagement metrics (VOC NPS) improved for both BWS (+3 points) and Dan Murphy's (+3 points). This improvement was evident in both in-store and online metrics but was particularly pronounced in the pick-up channel.

Total online sales were \$305 million for the first quarter, an increase of 34.4% on the prior corresponding period and online penetration was 11.5%, which is a new high. A portion of this growth is attributable to the shift to at-home consumption following on-premise closures. Online penetration also grew outside of New South Wales and Victoria.

¹ Quarterly VOC NPS represents the average score for the quarter.

² Non-lockdown states and territories refer to Queensland, Northern Territory, Western Australia, South Australia and Tasmania.

Hotels

Operating Metrics

	Q1 F22 (14 WEEKS)	Q1 F21 (14 WEEKS)
Sales productivity metrics		
Total sales (\$ million)	282	313
Total sales growth	(9.9%)	(33.2%)
Two-year sales growth	(39.7%)	n.m.

It has been a challenging start to the new financial year for our Hotels business. COVID-19 continues to have a significant impact on our team and trading, with total sales in the first quarter declining by 9.9% to \$282 million. At the end of the quarter, approximately 40% of our hotels remained closed due to lockdowns in New South Wales and Victoria. Snap lockdowns and COVID-19 related restrictions also limited trading in other states and territories. Important to note, restrictions were also in place in the comparative period, Q1 F21, which included Victoria's extended lockdown. Our Victorian hotels were either closed or significantly restricted throughout this period. Whereas, New South Wales was in a period of "COVID-normal" in Q1 last year, with hotels open but operating with restricted trading conditions.

We continue to look beyond these immediate challenges, and have invested in building and improving our Hotels business. In the quarter, we acquired the Terrey Hills Tavern, New South Wales and The Manly Hotel, Queensland, we undertook a renewal of the Sunnybank Hotel and we have continued to implement digital order and pay technology across our hotels. At the end of the quarter our portfolio consisted of 336 hotels and five managed clubs.

The contents of this F22 First Quarter Trading Update are derived from the unaudited accounting records of Endeavour Group.

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Management will host an investor and analyst conference call on the Q1 F22 Trading Update at 2:15pm (AEDT) today, 20 October 2021. Participants will need to pre-register for the conference call at <https://s1.c-conf.com/diamondpass/10017196-invite.html>

Further Information

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Appendices and glossary

Appendix 1: New stores and renewals

F22 First Quarter	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	RENEWALS / REFURBISHMENTS
Retail	12	11	19
Hotels	2	2	10
Endeavour Group	14	13	29

During the quarter, 10 BWS stores were opened and one store was closed, bringing the total BWS network to 1,401 stores. Dan Murphy's store network ended the quarter with 253 stores following the opening of two new stores in the period.

Two hotel acquisitions were completed in the quarter, Terry Hills Tavern, New South Wales and The Manly Hotel, Queensland. At the end of the quarter there are 336 Hotels.

Appendix 2: Glossary

Term	Description
Comparable sales	Measure of sales which excludes stores that have been opened or closed in the last 12 months and demonstrable impact on existing stores from new store openings/closures
n.m.	Not meaningful
Online penetration	Online penetration is calculated as total online sales as a percentage of total Retail sales for the same time period
Pick-up	A service which enables collection of online shopping orders in-store or at select locations
Renewals	A total store/hotel transformation focused on the overall store/hotel environment, team, 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)

Appendix 3: Note on comparatives, including F20 Equivalent Information

Sales growth is calculated by comparing the current period to the same period in the prior year. Q1 F21 sales growth and Q1 F22 two year sales growth is calculated with reference to Equivalent Q1 F20 sales.

Equivalent F20 financial information includes the results of what was previously known as 'Woolworths' Drinks and Hotels businesses for the full 52-week period ended 28 June 2020. This information has been sourced from the data used in the F20 Woolworths Group Limited Annual Report, adjusted to exclude consolidation adjustments not applicable to Endeavour Group on a standalone basis.

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