

F23 First Quarter Trading Update

First quarter trading well ahead of pre COVID-19 levels, with continued strong recovery in Hotels

Sales for the 14 weeks from 27 June 2022 to 2 October 2022

\$ million	Q1 F23 (14 WEEKS)	Q1 F22 (14 WEEKS)	CHANGE	3-YEAR CAGR
Retail	2,490	2,654	(6.2%)	4.4%
Hotels	538	282	90.8%	4.8%
Group	3,028	2,936	3.1%	4.5%

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

“First quarter sales have accelerated in our Hotels, while our Retail brands have continued their market leadership as we cycle the unique peaks of COVID-19 lockdowns in place at the same period last year.

Pleasingly, on a three-year basis we are trading well ahead in both Hotels and Retail. Our headline sales in Retail are up 13.9% compared to Q1 F20, which represents a compound annual growth rate (CAGR) of 4.4%. Our Hotels result was equally strong, with a three-year CAGR of 4.8%.

Our hotels are thriving, as Australians embrace both large and small social occasions after years of COVID-19 disruption. There has been a rebound across all hospitality categories, with Bars, Food, Gaming and Accommodation all performing strongly. Live entertainment is also becoming a feature of our business again, with music fans enjoying a range of sold out gigs across our hotels.

We’ve also seen consistent, strong sales in Retail. Our year-on-year comparison shows a predictable decline as we cycle the unique spikes in demand created by COVID-19 restrictions that particularly affected key population centres of New South Wales and Victoria this time last year. This cycling impact is easing as we head into the second quarter.

Central to this success is our focus on our customers and continuous innovation in our offer and service. My Dan’s active members grew to 4.7 million in the quarter up from 4.5 million at the end of F22, demonstrating the value we are delivering for customers as we increasingly tailor their experiences via personalised offers.

As we head towards the end of 2022, we’re prepared for a big Christmas season. It will be the first, restriction-free festive season in three years. Function bookings are already strong in our hotels, and we have a good supply of a great range of products to meet all tastes, trends and price points in our retail offers over the holiday season.”

Trading Update

Group sales for the first quarter were \$3,028 million, 3.1% higher than in F22. This reflects the cycling of lockdowns in New South Wales and Victoria in Q1 F22, which had a materially negative impact on Hotels. The cycling of lockdowns and restrictions has the inverse effect on Retail, which saw elevated demand in Q1 F22 as a result of on-premise temporary closures.

Retail sales for the first quarter were \$2,490 million, down 6.2% compared to Q1 F22. Excluding the states of Victoria and New South Wales which were in lockdown, sales grew compared to last year. Compared to pre COVID-19, our trading has been strong. Sales are 13.9% higher compared to Q1 F20¹, which represents a three-year CAGR of 4.4%. Our ongoing focus on customer offers and service, improving and expanding our network, and trend leadership in our merchandising all contributed to this growth.

The investments we made in eCommerce and endeavourX were fundamental to our strong online sales growth through the course of COVID-19. These investments continue to generate benefits. Q1 online penetration at 8.6% of total Retail sales is 210 bps higher than F20¹. Online sales have grown 50.3% when compared to pre COVID-19 levels (Q1 F20¹), which is a 14.6% CAGR.

We continue to expand and enhance our network through the renewal program. During the quarter, we renewed five Dan Murphy's stores and 27 BWS stores. We also added one new Dan Murphy's store and seven (net) new BWS stores, of which six were associated with the acquisition of three hotels. Our customer ratings remain very positive, with both BWS and Dan Murphy's recording strong VOC scores, in-line with last year.

Hotels sales for the quarter were \$538 million (Q1 F22: \$282 million) which represents an increase of 90.8% on the prior year, with strong trading across all key categories of Bars, Food, Gaming and Accommodation. Whilst COVID-19 restrictions meant 40% of our hotels were temporarily closed in the comparative period, due to lockdowns in New South Wales and Victoria, strong sales growth outside of these states also contributed in delivering the sales uplift. Compared to Q1 F20¹ (pre COVID-19), Hotels sales were 15.0% higher, representing a 4.8% three-year CAGR.

The rebound in Bars and Food sales has been particularly strong, with Food becoming the fastest growing category in recent months compared to F20¹. With all consumers feeling the impact of inflation, we remain focused on ensuring we are a destination of choice for locals seeking a welcoming and affordable place to socialise with family and friends.

Investment in the Hotels network continued in the quarter, with 14 renewals completed and three hotels acquired, The Leichhardt Hotel in Cloncurry (QLD), The Emu Hotel in Morphett Vale (SA) and The Tandara Hotel in Sarina (QLD). This brings our total hotels to 347 (including five managed clubs in Victoria) at the end of the quarter.

¹ Equivalent F20 results.

Retail

Operating Metrics

	Q1 F23 (14 WEEKS)	Q1 F22 (14 WEEKS)
Customer metrics		
BWS VOC NPS (Store and Online)	74	74
Dan Murphy's VOC NPS (Store and Online)	79	79
My Dan's active members (million)	4.7	4.1
Sales productivity metrics		
Total sales (\$ million)	2,490	2,654
Total sales growth	(6.2%)	(0.2%)
Three-year sales growth ²	13.9%	n.m.
Comparable sales growth	(7.5%)	(1.2%)
Online sales (\$ million)	215	305
Online sales growth	(29.5%)	34.4%
Online penetration	8.6%	11.5%

Hotels

Operating Metrics

	Q1 F23 (14 WEEKS)	Q1 F22 (14 WEEKS)
Sales productivity metrics		
Total sales (\$ million)	538	282
Total sales growth	90.8%	(9.9%)
Three-year sales growth ²	15.0%	n.m.

² Three-year change is calculated with comparison to the Equivalent F20 results.

The contents of this F23 First 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, Shane Gannon, will host an analyst and investor conference call today at 9:00am (AEDT). Analysts, investors and media can access the management briefing via the following:

Teleconference Registration: <https://s1.c-conf.com/diamondpass/10025908-r2b9hy.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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Appendices

Appendix 1: New stores/hotels and renewals

F23 First Quarter	GROSS NEW STORES / HOTELS (INCL. ACQUISITIONS)	NET NEW STORES / HOTELS (INCL. ACQUISITIONS)	RENEWALS
Retail	10	8	32
Hotels	3	3	14
Endeavour Group	13	11	46

Appendix 2: Glossary

Term	Description
CAGR	Compound annual growth rate
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
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)
n.m.	Not meaningful
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: Equivalent F20 Financial Information

Woolworths' Drinks and Hotels businesses were transferred to, and merged with, Endeavour Group Limited on 2 February 2020 (Restructure) and 4 February 2020 (Merger), respectively. Prior to this only the results of Endeavour Group Limited, previously known as Pinnacle Liquor Group Pty Limited, were included. To enhance comparability against earlier periods an Equivalent F20 period is referenced, which relates to the results of what was previously known as Woolworths' Drinks and Hotels businesses for the full 52-week period ended 28 June 2020, rather than only after the Restructure and Merger. 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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