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# F23 Results

Investor presentation

August 2023





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**Endeavour Group Limited ACN 159 767 843 | 26 Waterloo Street, Surry Hills, NSW, 2010**



# Acknowledgement of country



Artwork: Celebration Place by Riki Salam (Mualgal, Kaurareg, Kuku Yalanji)



# Overview

Steve Donohue, CEO







We're **pioneering**, entrepreneurial and always **innovating**.



We **connect people** through our products and venues, enabling **great experiences** and positive, **memorable moments**.

# Creating a more sociable future, together



We do the right thing – build our businesses **sustainably**, act **responsibly** and embrace **technology**.



We work as **one team** to contribute to the **communities** we serve and collaborate with our **partners** to help build a better industry.



# Our Strategy: bringing our Purpose to life to deliver value



## One team living our purpose and values

- **Highly engaged** team
- **Purpose driven** culture



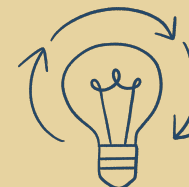
## Positive and sustainable imprint

- Continued progress in **sustainability** journey
- Focused on **responsibility and compliance**



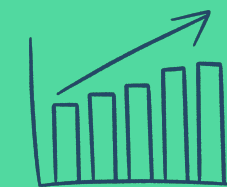
## Leading customer offer and brands

- Unbeatable **value and convenience**
- Unrivalled **customer engagement**
- Meaningful **omnichannel experience**
- Producing **award winning** products



## An efficient end-to-end business

- **Group wide optimisation program** mitigating rising cost pressure
- **Sustainable margin expansion** supported by Advanced Analytics



## Accelerating growth

- Accelerating growth through **prioritised capital investments**
- Leveraging **Group capabilities** to unlock value of our network



# F23 Results

- › **Strong financial performance** demonstrates the **resilience and stability** of our businesses
- › Accelerating **growth through prioritised capital investments**
- › **Group wide optimisation program** mitigating inflation
- › Continued progress in **sustainability, focused on responsibility**
- › **Positive trading momentum**



|                    |                 |        |
|--------------------|-----------------|--------|
| Sales              | <b>\$11.9b</b>  | +2.5%  |
| EBIT               | <b>\$1,023m</b> | +10.7% |
| Profit after tax   | <b>\$529m</b>   | +6.9%  |
| Earnings per share | <b>29.5¢</b>    | +6.9%  |
| Dividend per share | <b>21.8¢</b>    | +7.9%  |
| ROFE               | <b>11.8%</b>    | +35bps |



# Retail

- › **Sales momentum** improved during F23 and continues
- › Customers continuing to preference **new and premium** products
- › **Leading customer metrics**, supported by unique and unbeatable value propositions
- › Our brands span the **spectrum of customer occasions**



|                                |               |       |
|--------------------------------|---------------|-------|
| Sales                          | <b>\$9.9b</b> | -1.8% |
| EBIT                           | <b>\$658m</b> | -1.2% |
| EBIT margin                    | <b>6.6%</b>   | +4bps |
| 4 Year Sales CAGR <sup>1</sup> | <b>4.0%</b>   |       |

F24 First 6 weeks  
Sales +2.5%



**Dan  
Murphy's**



# Destination of choice for value, range and service

## F23 Highlights



### Loved brand with a highly engaged customer base

Market leading customer metrics

**+54 NPS**  
+19 ahead of nearest external competitor

Highly engaged customers

**5.2m**  
Active My Dan's members



### Nobody beats Dan Murphy's Lowest Liquor Price Guarantee

Delivering more value

**~2m**  
In-store price beats

Resonating with customers

**79%**  
My Dan's scan rate (F22: 70%)



### Growing and innovative store network

Growing network

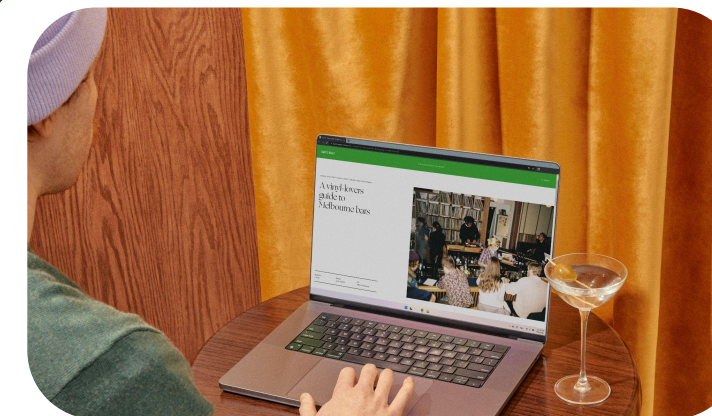
**+8 to 266**  
Stores

Innovative formats

THE  
*Dan Murphy's*  
CELLAR

Australia's largest range

**+2,025**  
New product lines



### Large and profitable eCommerce business

Personalised omnichannel experience

**~95m**  
Customer interactions with personalised content

Leveraging store network

**60%**  
of online sales via Pick-up in-store

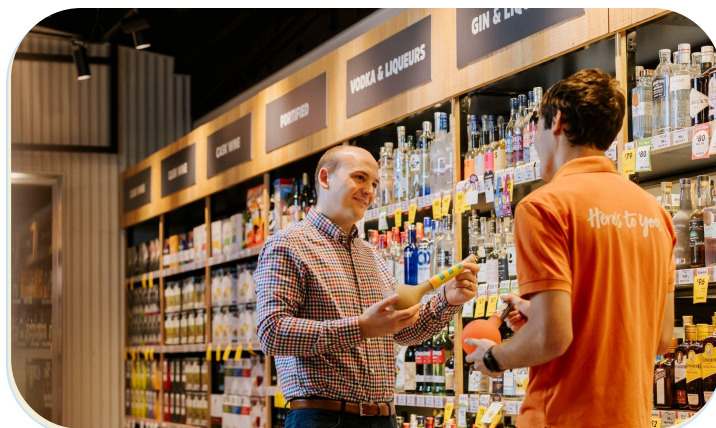
*'Dan Murphy's helps you to drink better'*





# Delivering value and convenience

## *F23 Highlights*



### The most convenient store network

Largest network of liquor stores **1,435** Stores

Continuing expansion **+18** Net new stores in F23



### Doing drinks your way

Increased Brand presence **'Refreshingly BWS'** Brand Relaunch

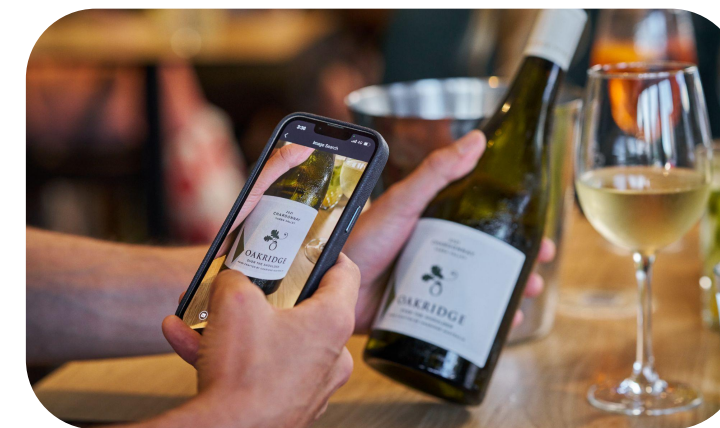
Resonating with Gen Z **Growing** brand preference



### Fresh and innovative store formats

Always improving in-store experience **95** renewals

Innovative and convenient formats **73** Drive-thrus **642** Supermarket **202** Hotels **518** Local



### Digitally enhanced customer shopping experience

Store network facilitating multiple express delivery options

**400,000** active users of BWS app during summertime 'cooler' campaign

*'BWS does drinks your way'*



# Innovating for our customers

## F23 Highlights



### Trend leadership, quality and innovation

**730+** Innovative, owned and exclusive master brands

**\$1.7b** Retail Sales of Pinnacle products

**781** Pinnacle product awards, including 12 wine trophies



### Creating choice for our Retail and Hotels customers

**7/10** Retail customers purchased a Pinnacle product in F23

**347** Pinnacle products available in our Hotels



### Investing in brands and production



Brand acquisitions round out Paragon portfolio

**550** New Pinnacle products launched in F23



Dorrien winery upgrade



### Expanding industry partnerships

**300+** Supplier partnerships

**20+** Export partnerships into key target markets



# Hotels

- › Hotels thriving as **customers embrace value and social occasions**
- › **Robust post-pandemic recovery** boosted by renewals and acquisitions
- › **Full service offering restored** including return of entertainment
- › **Strong momentum in initial weeks of F24**, led by Food and Bars



|                                |        |        |
|--------------------------------|--------|--------|
| Sales                          | \$2.0b | +31.0% |
| EBIT                           | \$428m | +35.9% |
| EBIT margin                    | 21.6%  | +78bps |
| 4 Year Sales CAGR <sup>1</sup> | 4.8%   |        |

F24 First 6 weeks  
Sales +4.6%



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# Creating pub experiences locals love

## F23 Highlights



### Creating memorable moments for our guests

At the centre of socialising

**86,000**  
Meals on Mother's Day

Reinvigorated entertainment offer

**~172,000**  
Tickets to events in F23



### Expanding and improving our network

Expanding our network

**11** new hotels  
(+15 Retail stores)

Improving our network to unlock value

**46**  
Renewals



### Enhancing and leveraging Group capabilities

Activity based rostering

**F24**  
Optimisation program

Building digital customer experience

**WIP**  
pub+ our bespoke Hotel customer app



### Leading in Responsibility

Launch of  **Player Protect**

Continuously training our teams

**3,000**  
Team members completed Responsible Gambling training

*'ALH Hotels, make it your local'*



# Our Hotels investment strategy delivers growth and diversification of earnings

## Renewals



- **Restoring** post period of underinvestment
- Increasingly focused on **Food & Bars and Accommodation**
- Beginning to leverage **Group renewal capabilities**

46 Renewals completed in F23

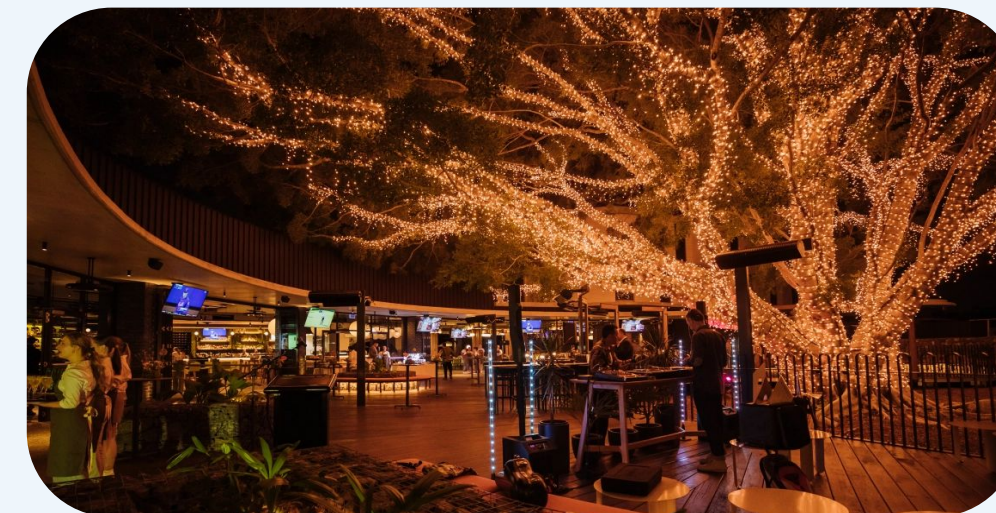
## Acquisitions



- **\$89m investment** to acquire **11 hotels** with **15 associated Retail stores**
- **Diverse** revenue streams
- **~\$50m** in annualised **Hotel sales** and **~\$50m** of **Retail sales**

On track to deliver ROI >15%<sup>1</sup>

## Redevelopments



- **The Brook Hotel** reopened in May
- Currently **top 10 F&B Hotel** in portfolio
- New Dan Murphy's generating **>5x uplift in Retail sales**<sup>2</sup>
- **Accommodation** opening in Q1F24

Average weekly EBIT up >500%



# Group optimisation program delivering material cost savings



F22

\$30m savings delivered

Created the **Retail GO framework** and **delivered initial Retail benefits**

Sophisticated **rostering and labour planning** program

Simplified **in-store processes** and routines

**eCommerce delivery** Optimisation

F23

\$60m savings delivered

**Evolved into endeavourGO, a Center of Excellence**, to cover Hotels and Group Services

Ongoing **sophisticated workforce planning**

Continuation of **in-store processes** simplification

Optimisation of hotels **operations and processes**

F24-F26

\$200m+ savings target

Technology enabled **Group wide program**, targeting efficiencies across the **end to end value chain**

**Retail GO:** Building robust and cross-functional retail capabilities

**Hotel GO:** Leveraging learnings from Retail to unlock savings in Hotels

**Group Services GO:** Building our long-term Group Services strategy



# Progress in sustainability, focusing on responsibility

- › Second annual **Sustainability Report** released
- › **Continuing progress** against 2030 strategy, including core area of **Responsibility and Community**
- › Second **Modern Slavery Statement** released

## Player Protect

**Player Protect** is our commitment to leading the way in responsible gaming

- Evolution of the Group's holistic approach to responsible gaming in ALH
- Whole-of-business framework
- Covering policies, support for players in and outside the pub, information, education and pastoral care programs
- Includes new technology and trials in consultation with governments and regulators





# Financial Results

Kate Beattie, CFO





# F23 Financial result highlights

## Financial results

**\$11.9b**

Sales

+2.5% YoY

**\$1,023m**

EBIT

+10.7% YoY

**\$529m**

Net Profit  
After tax

+6.9% YoY

## Cash and capital foundations

**\$767m**

Operating cash inflow

F22: \$949m

**\$820m**

Debt headroom

**\$510m**

Capital expenditure<sup>1</sup>

**11.8%**

ROFE

+35bps  
YoY

## Delivering for shareholders

**29.5c**

Earnings per share

+6.9% YoY

**21.8c**

Dividend per share

+7.9% YoY

**73.9%**

Full-year dividend  
payout ratio



# Group financial performance

- > Contribution to **EBIT from Hotels and Retail** returning to normal post pandemic
- > **Optimisation program** mitigating inflation
- > Continued **execution and investment** in line with strategy
- > **Higher finance costs** reflects increased interest rates and higher average net debt
- > Income tax represents an **effective tax rate of 31.6%**





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# Comparatives to Pre-Pandemic financial results<sup>1</sup>



| Retail            | F23   | F19   | CHANGE  | 4 Year CAGR |
|-------------------|-------|-------|---------|-------------|
| Sales (\$M)       | 9,905 | 8,453 | 17.2%   | 4.0%        |
| EBIT              | 658   | 538   | 22.3%   | 5.2%        |
| EBIT to Sales (%) | 6.6%  | 6.4%  | +28 bps |             |

| Hotels            | F23   | F19   | CHANGE  | 4 Year CAGR |
|-------------------|-------|-------|---------|-------------|
| Sales (\$M)       | 1,979 | 1,640 | 20.7%   | 4.8%        |
| EBIT              | 428   | 351   | 21.9%   | 5.1%        |
| EBIT to Sales (%) | 21.6% | 21.4% | +22 bps |             |

- > First **uninterrupted financial year of trading** since F19
- > Strong **growth** in both segments
- > **Margin expansion in Retail** driven by investment in capabilities
- > **Further opportunity in Hotels**

1. Based on Normalised 52-week Equivalent F19 results sourced from the data used in the respective Woolworths Group Limited Annual Report, adjusted to exclude consolidation adjustments not applicable to Endeavour Group standalone.



# Retail financial performance

- › **Pandemic cycling** impacting year on year comparatives
- › **Gross profit margin** strength continued
- › Effective **cost management**, with optimisation program mitigating **inflationary pressures**
- › **Continuing to invest** in customer experience and network expansion
- › **EBIT margin maintained**

|                                      | F23          | F22           | CHANGE        |
|--------------------------------------|--------------|---------------|---------------|
| <b>Sales (\$m)</b>                   | <b>9,905</b> | <b>10,086</b> | <b>(1.8%)</b> |
| EBITDA (\$m)                         | 954          | 944           | 1.1%          |
| Depreciation and amortisation (\$m)  | (296)        | (278)         | 6.5%          |
| <b>EBIT (\$m)</b>                    | <b>658</b>   | <b>666</b>    | <b>(1.2%)</b> |
| Gross profit margin (%)              | 23.8%        | 23.2%         | +53bps        |
| Cost of doing business (%)           | 17.1%        | 16.6%         | +49bps        |
| EBIT to sales (%)                    | 6.6%         | 6.6%          | +4bps         |
| Return on average funds employed (%) | 15.9%        | 16.8%         | -94bps        |



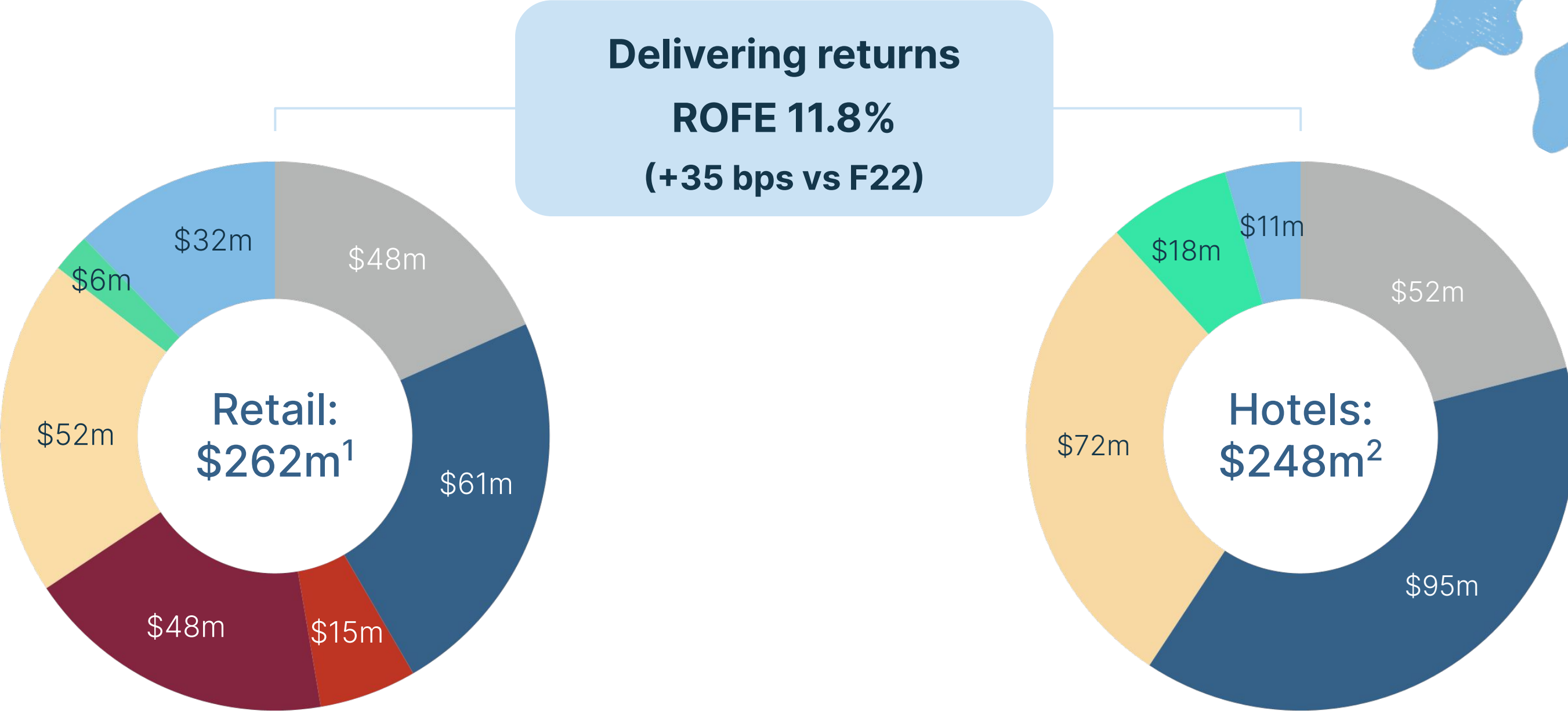
# Hotels financial performance

- › **Swift recovery** following pandemic restrictions
- › **Sales composition rebalanced** with Food, Bars and Accommodation rebounding
- › **Cost profile** reflects return to full operations and impacts of inflation
- › **Depreciation & Amortisation** includes uplift due to Victorian Gaming entitlements
- › **Sales leverage** primary contributor to reduced CODB rate and EBIT margin growth

|                                      | F23          | F22          | CHANGE       |
|--------------------------------------|--------------|--------------|--------------|
| <b>Sales (\$m)</b>                   | <b>1,979</b> | <b>1,511</b> | <b>31.0%</b> |
| EBITDA (\$m)                         | 705          | 561          | 25.7%        |
| Depreciation and amortisation (\$m)  | (277)        | (246)        | 12.6%        |
| <b>EBIT (\$m)</b>                    | <b>428</b>   | <b>315</b>   | <b>35.9%</b> |
| Gross profit margin (%)              | 84.1%        | 85.1%        | -94bps       |
| Cost of doing business (%)           | 62.5%        | 64.2%        | -173bps      |
| EBIT to sales (%)                    | 21.6%        | 20.8%        | +78bps       |
| Return on average funds employed (%) | 10.2%        | 8.0%         | +213bps      |



# Capital expenditure



● Stay In Business ● Renewals ● Technology Transformation ● Pinnacle ● Network Expansion ● Property/Redevelopment ● Digital, Data & eCommerce

1. Excludes \$6m goodwill arising from the recognition of deferred tax liabilities on acquisitions  
2. Excludes \$310m for Victorian gaming entitlements and \$26m goodwill arising from the recognition of deferred tax liabilities on acquisitions



# Our 'One Endeavour' transition to standalone technology capabilities continues

## Strategic Rationale

Transition and simplify technology landscape as a foundation for growth and innovation

- Modern, **fit-for-purpose**, **lower cost** technology solutions
- One common set of systems across businesses enabling **agility**, **efficiency** and **automation**
- Best in class data platform enabling **insight** and **future growth**, including AI
- Contemporary eCommerce platform delivering **faster cheaper development** and **better customer experience**
- We will **continue to update the market** as we progress the program

Key enabler of **Group Optimisation benefits**

**Current capital capacity sufficient** to support program funding

| Progress update                          | F23       | F24        | F25+ |
|--|-----------|------------|------|
| <b>Completed and Inflight</b>            |           |            |      |
| Spend Management                         | Completed |            |      |
| Property Lease Management                |           |            |      |
| One Team - People Systems                |           |            |      |
| Commerce / Order Management System (OMS) |           |            |      |
| Service transformation                   |           |            |      |
| <b>In Design phase</b>                   |           |            |      |
| ERP - Finance (ERP)                      | Discovery | Design     |      |
| End-to-End Stores/Venues                 | Discovery | Design     |      |
| Operating Costs                          | \$26m     | \$40 - 50m |      |
| Capital expenditure                      | \$15m     | \$35 - 55m |      |

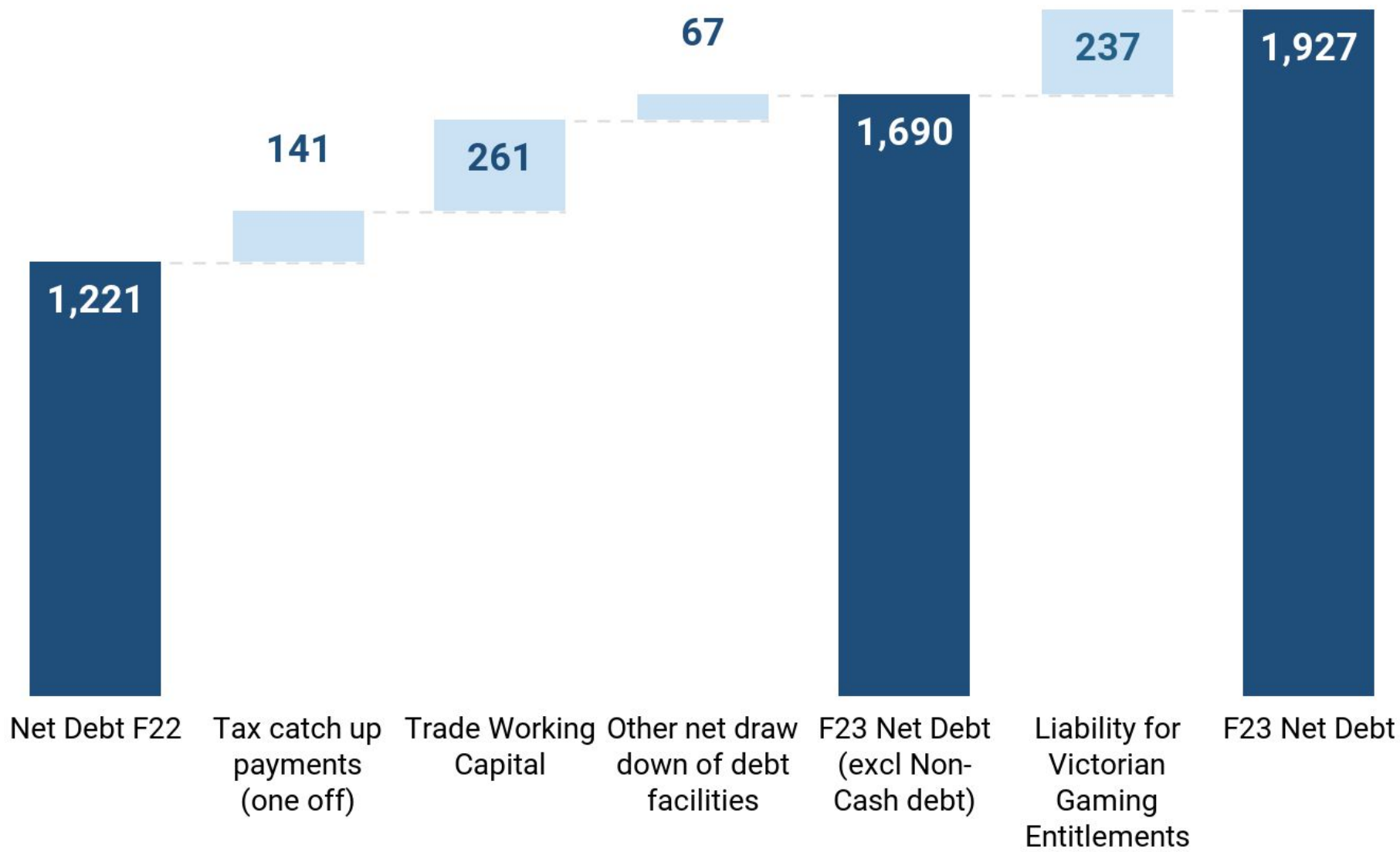
# Cash and Net Debt

**Net debt of \$1.9b** increased by \$706m, of which \$237m was non-cash

- › Bank debt rose \$465m with the normalisation of tax payments and investment in working capital
- › Non-cash debt increased by \$237m with the renewal of Victorian Gaming entitlements

**Operating cash inflows of \$767m** and a **cash realisation ratio of 70%**

- › Below prior year due to the normalisation of income tax paid and working capital



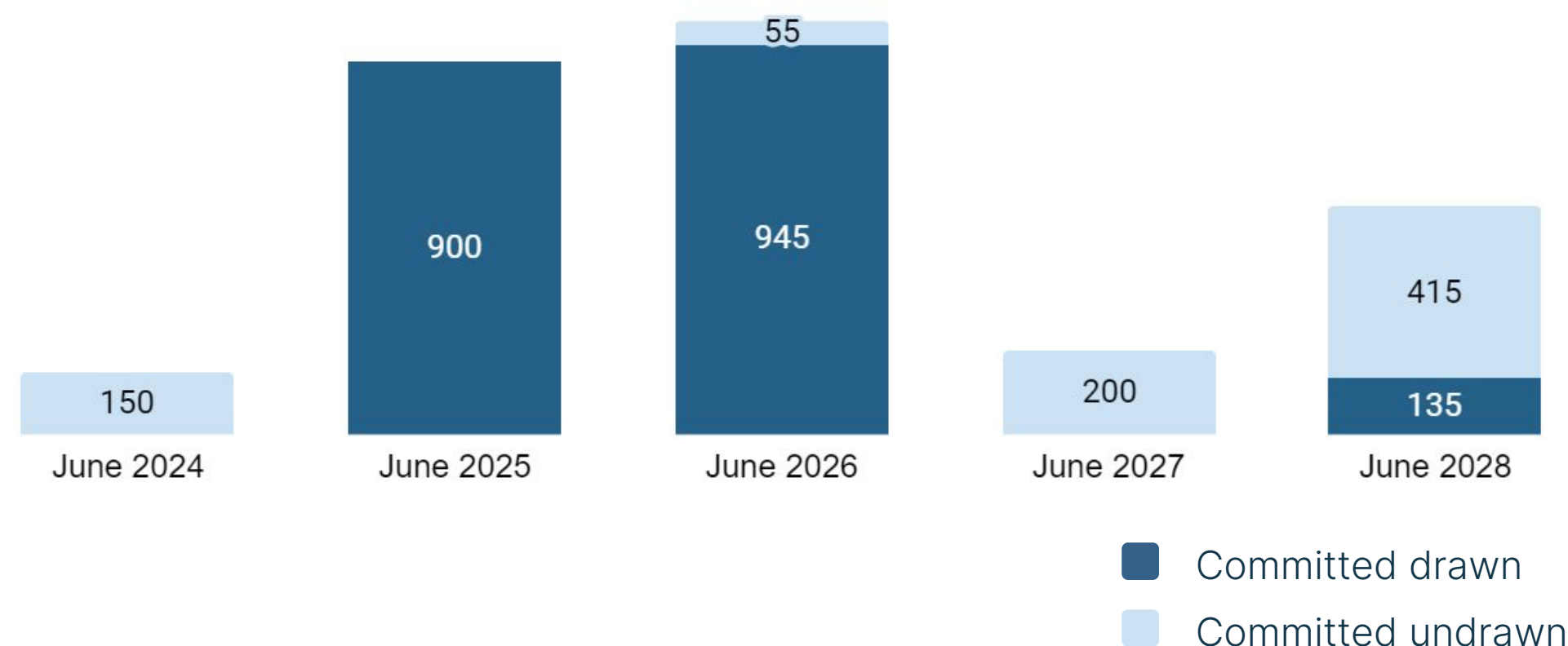


# Funding to deliver strategy

## Long-term debt facilities in place

- **Healthy balance sheet** consistent with investment grade credit metrics. Leverage ratio<sup>2</sup> of 3.6x
- **Committed undrawn debt facilities of \$820m** plus material cash balances
- **Debt facilities increased** by \$300m and maturity profile extended
- **\$725m of drawn bank facilities hedged** at balance date (representing ~40%)

Debt maturity profile (\$ million)<sup>1</sup>



1. Excludes borrowings for Victorian gaming entitlements.

2. Leverage ratio - Net debt plus lease liabilities, divided by 12-month rolling EBITDA

# Strong returns to shareholders

Operating cash flow (high cash realisation) ▼

Targeting investment grade credit metrics ▼

Dividends

**70-75%**

Target full-year payout ratio

Sustaining CAPEX

- Sustain the core
- Stay-in-business
- Technology transition
- Renewals/EGMs

Cash and balance sheet management ▼

Growth CAPEX

- Organic and inorganic growth investments

Remaining cash

- Intention to return any excess cash to shareholders

Deliver strong shareholder value creation ▼

Targeting

- Sales ahead of market
- EBIT growth ahead of sales
- Sustainable shareholder value creation

## Since Demerger we have delivered:

- Sales growth of \$289m (+2.5%)
- EBIT growth of \$124m (+13.8%)
- ROFE of 11.8% (+66bps)
- EPS growth of 19.0%
- Fully franked Dividends returned to shareholders of \$752m<sup>1</sup>
- Dividend yield<sup>2</sup> of 3.5%



# F24 update, priorities and outlook





# Priorities for F24

Leading customer offer and brands



Continue to deliver and **create meaningful omnichannel experiences**, driving growth in our core businesses

Efficient end-to-end business



Pursue disciplined **cost management and optimisation** that balances our short and long term ambitions

Accelerate our **technology transformation** to unlock future optimisation and simplification opportunities

Accelerate Growth



Accelerate growth through **prioritised deployment of capital** to deliver a balance of short and long-term returns

Positive and sustainable imprint



Progress our **sustainability ambition**, focusing on responsibility and compliance

One team living our purpose and values



Continue to focus on our people to ensure we have the **talent and capability to deliver Endeavour's strategic goals**





# Summary

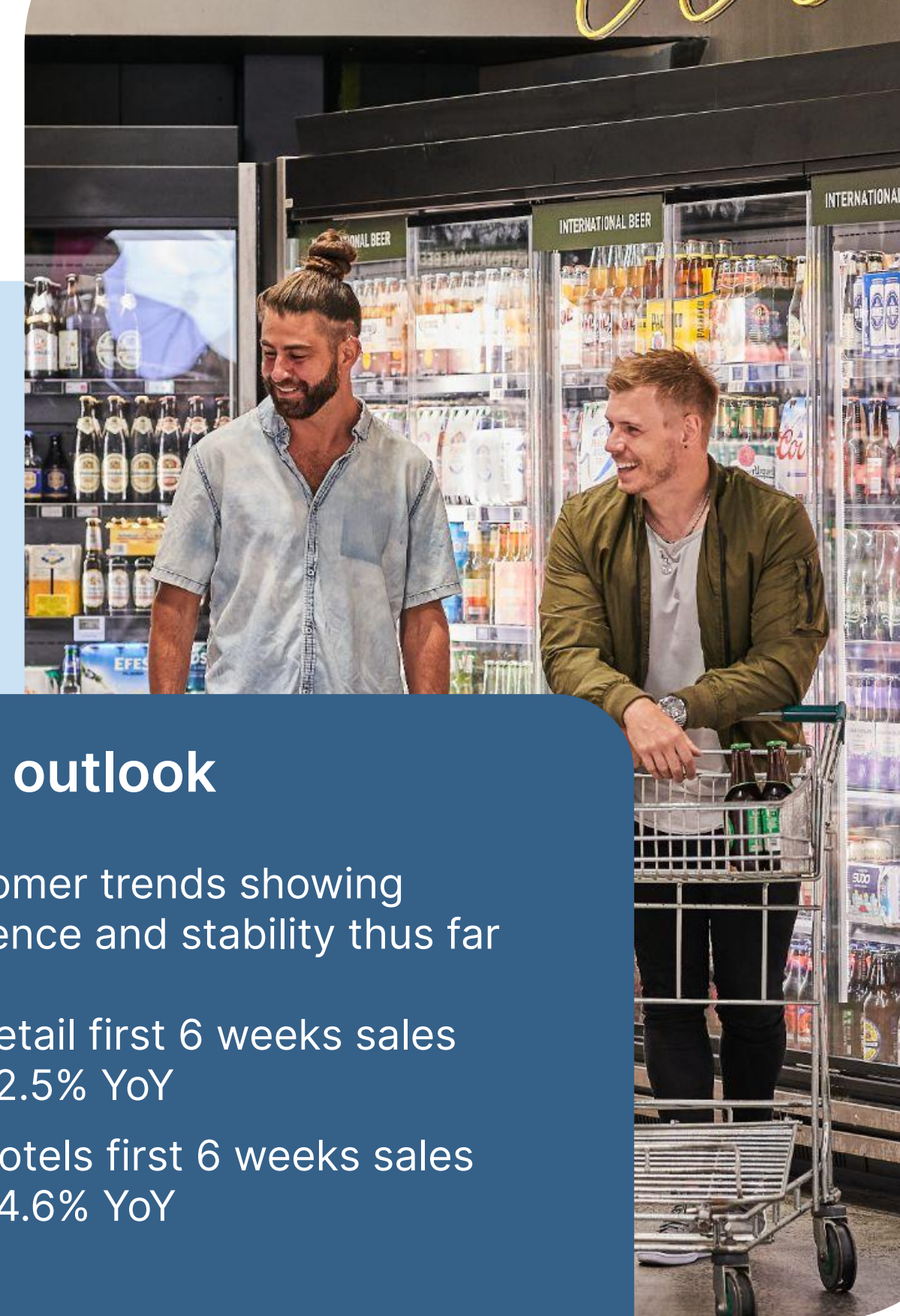
## A strong F23 performance reflecting the resilience and stability of the Group with:

- All businesses now trading in a stable post-pandemic operating environment
  - Retail delivering solid results including maintaining leading EBIT margin performance
  - Hotels back to full operations, with customers enjoying a full suite of hospitality offerings
- Customers maintaining their expenditure levels and appetite for discovery
- Disciplined cost management through group wide optimisation program
- Benefits of continuous investment in network renewal and expansion and enabling technology underpinning results

## F24 outlook

Customer trends showing resilience and stability thus far

- Retail first 6 weeks sales +2.5% YoY
- Hotels first 6 weeks sales +4.6% YoY





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# Q&A

**Steve Donohue**  
Chief Executive Officer

**Kate Beattie**  
Chief Financial Officer





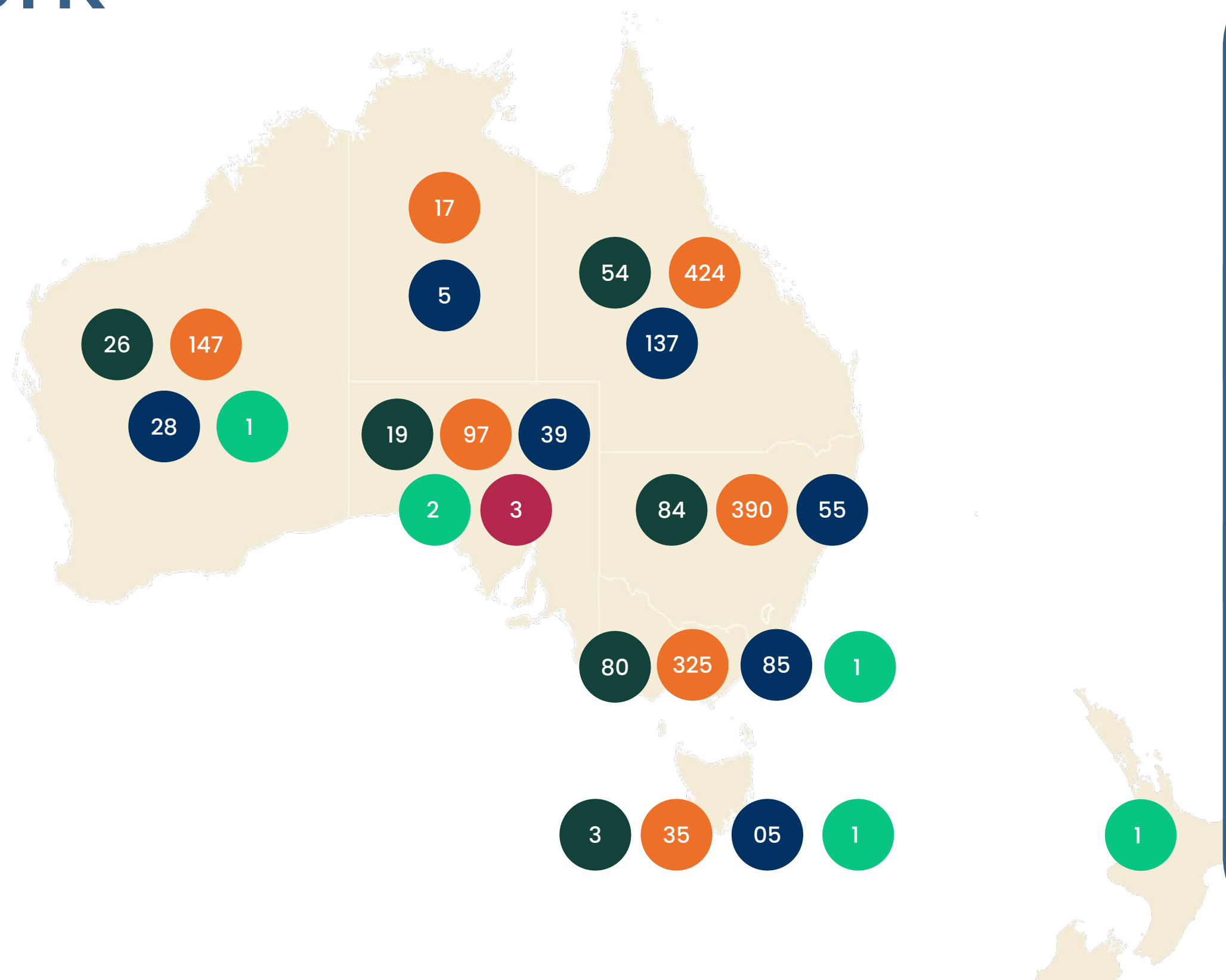
# Appendices



# Our network <sup>1</sup>

Key:

- Dan Murphy's
- BWS
- Hotels (incl clubs)
- Wineries
- Bottling facilities



266 +8

Dan Murphy's stores

1,435 +18

BWS stores

354 +10

Hotels (incl. managed clubs)

6 +1

Wineries

3

Bottling facilities



# Our capital allocation aligns to our strategic priorities

|  |  | F23 Capex <sup>1</sup> | Targeted ROI |
|--|--|------------------------|--------------|
| Stay in Business   | <ul style="list-style-type: none"> <li>Consistent with previous year; efficiencies targeted through procurement and lifecycle management</li> </ul>  | \$100m                 | n/a          |
| 'One Endeavour' (Technology transition)  | <ul style="list-style-type: none"> <li>Initiation phase for multi-year transition</li> <li>Group-wide spend system implemented, enabling better spend management and analytics</li> <li>Progressing in flight projects (Property lease management, One team - people system consolidation, Commerce / OMS and Service transformation)</li> </ul> | \$15m                  | n/a          |
| Renewals   | <ul style="list-style-type: none"> <li>Renewed 46 hotels</li> <li>Renewed 122 retail stores; Average age maintained &lt;7 years</li> <li>EGM average age 6.6 years</li> </ul>  | \$156m                 | >15%         |
| Network Expansion  | <ul style="list-style-type: none"> <li>Added 39 (gross) new Retail stores</li> <li>11 Hotel acquisitions</li> </ul>  | \$124m                 | >15%         |
| Pinnacle Expansion   | <ul style="list-style-type: none"> <li>Acquired Shingleback of McLaren Vale and Cape Mentelle of Margaret River</li> <li>Dorrien Winery investment</li> </ul>  | \$48m                  | >15%         |
| Property redevelopments  | <ul style="list-style-type: none"> <li>Redevelopment of the Brook Hotel</li> <li>Continuing planning and feasibility for further sites, ramping up in 2024-26</li> </ul>   | \$24m                  | >20%         |
| Digital, data and eCommerce  | <ul style="list-style-type: none"> <li>Enhanced eCommerce and operational capabilities, focused on delivering improvements in on omni-channel experience in both Retail and Hotels</li> <li>Growing advanced analytics capability supporting margin outcomes</li> </ul>  | \$43m                  | >20%         |
|  |  | <b>\$510m</b>          |              |
| Investment strategy to deliver strong EPS growth while targeting investment grade credit metrics |  |                        |              |

1. Excludes \$310m for Victorian gaming entitlements and \$32m goodwill arising from the recognition of deferred tax liabilities on acquisitions

# Group financial performance

| \$ million                                      | F23<br>(52 WEEKS) | F22<br>(52 WEEKS) | CHANGE       |
|---|-------------------|-------------------|--------------|
| <b>Sales</b>                                    |                   |                   |              |
| Retail  | 9,905             | 10,086            | (1.8%)       |
| Hotels  | 1,979             | 1,511             | 31.0%        |
| <b>Total sales</b>                              | <b>11,884</b>     | <b>11,597</b>     | <b>2.5%</b>  |
| <b>Profit for the period</b>                    |                   |                   |              |
| Retail EBIT                                     | 658               | 666               | (1.2%)       |
| Hotels EBIT                                     | 428               | 315               | 35.9%        |
| Other   | (63)              | (57)              | 10.5%        |
| <b>Total EBIT</b>                               | <b>1,023</b>      | <b>924</b>        | <b>10.7%</b> |
| Finance costs                                   | (250)             | (205)             | 22.0%        |
| <b>Profit before income tax</b>                 | <b>773</b>        | <b>719</b>        | <b>7.5%</b>  |
| Income tax expense                              | (244)             | (224)             | 8.9%         |
| <b>Profit for the period (after income tax)</b> | <b>529</b>        | <b>495</b>        | <b>6.9%</b>  |
| <b>EBIT Margin</b>                              |                   |                   |              |
| Retail EBIT margin (%)                          | 6.6%              | 6.6%              | +4bps        |
| Hotels EBIT margin (%)                          | 21.6%             | 20.8%             | +78bps       |
| Total EBIT margin (%)                           | 8.6%              | 8.0%              | +64bps       |



# Balance sheet

| \$ million                        | F23<br>25 JUNE 2023 | F22<br>26 JUNE 2022 | Change         |
|-----------------------------------|---------------------|---------------------|----------------|
| Trade working capital             | 778                 | 546                 | 232            |
| Lease assets                      | 3,208               | 3,173               | 35             |
| Property, plant and equipment     | 2,095               | 1,935               | 160            |
| Intangible assets                 | 4,260               | 3,830               | 430            |
| Other liabilities (net)           | (731)               | (677)               | (54)           |
| <b>Funds employed</b>             | <b>9,610</b>        | <b>8,807</b>        | <b>803</b>     |
| Tax liabilities (net)             | 151                 | 268                 | (117)          |
| Other (assets)/liabilities (net)  | (60)                | (54)                | (6)            |
| Lease liabilities                 | 3,883               | 3,816               | 67             |
| Net debt                          | 1,927               | 1,221               | 706            |
| Equity                            | 3,709               | 3,556               | 153            |
| <b>Total funding and tax</b>      | <b>9,610</b>        | <b>8,807</b>        | <b>803</b>     |
| <b>Return on Funds Employed %</b> | <b>11.8%</b>        | <b>11.4%</b>        | <b>+35 bps</b> |

# Cash flow

| \$ million   | F23<br>(52 WEEKS) | F22<br>(52 WEEKS) | CHANGE       |
|--|-------------------|-------------------|--------------|
| <b>EBIT</b>  | <b>1,023</b>      | <b>924</b>        | <b>99</b>    |
| Depreciation and amortisation expenses                           | 573               | 525               | 48           |
| Changes in trade working capital                                 | (261)             | (63)              | (198)        |
| Changes in assets and liabilities and other non-cash items       | 67                | 26                | 41           |
| Finance costs on borrowings paid                                 | (61)              | (45)              | (16)         |
| Payment for the interest component of lease liabilities          | (180)             | (173)             | (7)          |
| Income tax paid  | (394)             | (245)             | (149)        |
| <b>Operating cash flows</b>                                      | <b>767</b>        | <b>949</b>        | <b>(182)</b> |
| Payments for property, plant and equipment and intangible assets | (408)             | (285)             | (123)        |
| Payments to acquire businesses, net of cash acquired             | (110)             | (64)              | (46)         |
| Proceeds from the sale of equity securities                      | 2                 | 74                | (72)         |
| Repayment of lease liabilities                                   | (280)             | (263)             | (17)         |
| Dividend paid  | (394)             | (349)             | (45)         |
| Other  | (4)               | (6)               | 2            |
| <b>Free cash flow</b>  | <b>(427)</b>      | <b>56</b>         | <b>(483)</b> |
| <b>Cash realisation ratio (%)</b>                                | <b>70</b>         | <b>93</b>         | <b>-23pp</b> |



# Historical financial performance

|                                       | Pre COVID-19  |               |               |               | COVID-19      |               |               | COVID-19 unwind |               |               |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|
|                                       |               |               |               |               |               |               |               |                 |               |               |
| <b>Retail</b>                         | <b>H1 F19</b> | <b>H2 F19</b> | <b>H1 F20</b> | <b>H2 F20</b> | <b>H1 F21</b> | <b>H2 F21</b> | <b>H1 F22</b> | <b>H2 F22</b>   | <b>H1 F23</b> | <b>H2 F23</b> |
| Sales (\$M)                           | 4,564         | 3,889         | 4,777         | 4,509         | 5,690         | 4,488         | 5,657         | 4,429           | 5,446         | 4,459         |
| EBIT                                  | 316           | 222           | 338           | 231           | 419           | 250           | 461           | 204             | 418           | 240           |
| EBIT Margin (%)                       | 6.9%          | 5.7%          | 7.1%          | 5.1%          | 7.4%          | 5.6%          | 8.1%          | 4.6%            | 7.7%          | 5.4%          |
| <i>Contribution to Full year EBIT</i> | <i>58.7%</i>  | <i>41.3%</i>  | <i>59.4%</i>  | <i>40.6%</i>  | <i>62.6%</i>  | <i>37.4%</i>  | <i>69.3%</i>  | <i>30.7%</i>    | <i>63.5%</i>  | <i>36.5%</i>  |
| <b>Hotels</b>                         | <b>H1 F19</b> | <b>H2 F19</b> | <b>H1 F20</b> | <b>H2 F20</b> | <b>H1 F21</b> | <b>H2 F21</b> | <b>H1 F22</b> | <b>H2 F22</b>   | <b>H1 F23</b> | <b>H2 F23</b> |
| Sales (\$M)                           | 865           | 775           | 919           | 401           | 667           | 750           | 680           | 831             | 1,056         | 923           |
| EBIT                                  | 207           | 144           | 227           | -52           | 122           | 138           | 121           | 194             | 256           | 172           |
| EBIT Margin (%)                       | 23.9%         | 18.6%         | 24.7%         | -13.0%        | 18.3%         | 18.4%         | 17.8%         | 23.3%           | 24.2%         | 18.6%         |
| <i>Contribution to Full year EBIT</i> | <i>59.0%</i>  | <i>41.0%</i>  | <i>129.7%</i> | <i>-29.7%</i> | <i>46.9%</i>  | <i>53.1%</i>  | <i>38.4%</i>  | <i>61.6%</i>    | <i>59.8%</i>  | <i>40.2%</i>  |

# Victorian gaming entitlement reconciliation

\$310m in Victorian gaming entitlements were renewed during the year, resulting in the initial recognition of a \$279 million liability owing to the Victorian Government. This represents the initial value of gaming entitlements less \$31 million, which was prepaid in prior years. While available for immediate use, the entitlements will be paid off over five years.

| \$m                             | F18 - 19 | F23   | F24  | F25 - F27 | F28 - F32 | F33 | Total        |
|---------------------------------|----------|-------|------|-----------|-----------|-----|--------------|
| <b>P&amp;L Impact</b>           |          |       |      |           |           |     |              |
| Depreciation and amortisation   | -        | (27)  | (31) | (93)      | (155)     | (4) | <b>(310)</b> |
| Estimated Interest expense      | -        | (0.6) | ~(9) | ~(18)     | ~(0.2)    | -   | <b>~(28)</b> |
| <b>Cash Flow Impact</b>         |          |       |      |           |           |     |              |
| Deposit paid                    | (31)     | -     |      | -         | -         | -   | <b>(31)</b>  |
| Repayments of principal         | -        | (42)  | (56) | (167)     | (14)      | -   | <b>(279)</b> |
| Estimated Repayment of interest | -        | (0.6) | ~(9) | ~(18)     | ~(0.2)    | -   | <b>~(28)</b> |
| <b>Balance Sheet Impact</b>     |          |       |      |           |           |     |              |
| Borrowings                      | -        | (237) | 56   | 167       | 14        | -   | -            |
| Prepayments                     | 31       | (31)  |      | -         | -         | -   | -            |
| Intangibles (licences)          | -        | 310   |      | -         | -         | -   | <b>310</b>   |
| Accumulated amortisation        |          | (27)  | (31) | (93)      | (155)     | (4) | <b>(310)</b> |

**Notes:**

- \$31m p.a Depreciation and amortisation started from Aug 2022 (\$310m over 10 years). **This replaces a previous entitlement. The incremental impact to Depreciation and amortisation is ~\$14m p.a.**
- Estimated interest expense based on current interest rate (10 Year Commonwealth Bond Rate)
- \$31m prepayment made in F18-19
- First payment of the 5-year instalments started from June 2023 (\$42m). ~\$56m p.a. from F24 onwards
- Estimated interest expense based on current interest rate (10 Year Commonwealth Bond Rate)
- First payment of the 5-year instalments started from June 2023 (\$42m). ~\$56m p.a. from F24 onwards



# Summary of forward looking statements

| Area                          | Description   |
|-------------------------------|---|
| Group optimisation            | We are targeting \$200m of cost out initiatives across F24 - F26 to mitigate inflationary pressures and enable continued investment in line with strategy.  |
| One Endeavour                 | The One Endeavour transformation and transition program continues in F24, with anticipated operating expenditure of \$40m - \$50m, and Capital expenditure of \$35 - \$55m, providing benefits in future years. This is allocated 70% to our Retail segment and 30% to our Hotels segment. We will continue to update the market as we progress the program.  |
| Victorian Gaming entitlements | <p>The renewal of Victorian Gaming entitlements in F23 results in:</p> <ul style="list-style-type: none"><li>• \$31m p.a depreciation and amortisation started from Aug 2022 (\$310m over 10 years). This replaces a previous entitlement. The incremental impact to depreciation and amortisation is ~\$14m p.a.</li><li>• In F24, the interest expense relating to the entitlements is estimated to be \$9m (this is based on current interest rates)</li></ul> |
| 53 Week                       | F24 is a 53 week reporting period, and our H2 F24 results will include an extra week of trading.  |

# Comparative figures

## Normalised 52-week Equivalent F19 Information and Equivalent F20 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 pre COVID-19 periods, a Normalised 52-week Equivalent F19 period and an Equivalent F20 period are referenced.

**Normalised 52-week Equivalent F19 Information** relates to the results of what was previously known as Woolworths' Drinks and Hotels businesses for the 52-week period ended 23 June 2019.

This information has been sourced from the data used in the F19 Woolworths Group Limited Annual Report, adjusted to include transactions to other Woolworths Group controlled entities that were previously classified as intercompany (pre Demerger) and remove the impact of the 53rd week in F19 from 24 to 30 June 2019.

**Equivalent F20 Financial Information** 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.



# Glossary

| Term                            | Description  |
|---------------------------------|--|
| CAGR                            | Compound annual growth rate  |
| Cash realisation ratio          | Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation   |
| Cost of doing business (CODB)   | Expenses which relate to the operation of the business   |
| eCommerce                       | Online channels including but not limited to store websites, apps and other digital platforms  |
| EGM                             | Electronic Gaming Machine  |
| Free cash flow                  | Cash flow generated by the Group after equity related financing activities including dividends and repayment of lease liabilities  |
| Funds employed                  | Net assets excluding net debt, lease liabilities, other financing-related assets and liabilities and net tax balances  |
| Gaming                          | Refers to the operation of Electronic Gaming Machines  |
| My Dan's active member          | My Dan's active members are the number of unique members who have transacted in the last twelve months   |
| n.m.                            | Not meaningful   |
| Net debt                        | Borrowings less cash and cash equivalents and excluding the impact of unamortised borrowing costs  |
| Net Promoter Score (NPS)        | A loyalty measure based on a single question where a customer rates a business on a scale of zero to ten. The score is the net result of the percentage of customers providing a score of nine or 10 (promoters) less the percentage of customers providing a score of zero to six (detractors). |
| Online penetration              | Online penetration is calculated as total online sales as a percentage of total Retail sales for the same time period  |
| Return on Funds Employed (ROFE) | ROFE is calculated as EBIT for the previous 12 months as a percentage of 13 month average adjusted funds employed  |
| Return on investment (ROI)      | Return on investment is calculated as Year 2 EBIT as a percentage of invested capital. Invested capital is total capital expenditure, net of depreciation  |



# Creating a more sociable future, together