

# Annual General Meeting

17 November 2015



# Chief Executive Officer's Report



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# FY2015 Highlights

- Strong comparable store sales growth with Tobacco and Fresh the key drivers of growth
- Stronger fresh promotional presence resulting in our fresh sales increasing to 22% of total sales
- Matched our competitors deep promotional discounting and achieved 97% compliance to advertised lines in our weekly promotional program
- 36 new stores joined the network and refurbishments completed in 58 stores
- 10 stores implemented online shopping and social media used to connect with our customers
- Delivered a financial result which was within guidance

# FY2015 Financial Result

	FY2015 \$'M	FY2014 \$'M	Variance \$'M    %		
<b>Total Income</b>	<b>50.4</b>	<b>53.3</b>	<b>(2.9)</b>	<b>-5.5%</b>	Lower EWW volumes due to shift to 'direct buys', higher promotional mix and 1H14 last year included GBD Group. Migration to off-invoice for tobacco
<b>CODB</b>	<b>28.8</b>	<b>29.8</b>	<b>(1.0)</b>	<b>-3.2%</b>	Savings in Personnel costs, Legal Fees and Admin costs
<b>Members Distribution</b>	<b>18.8</b>	<b>20.3</b>	<b>(1.5)</b>	<b>-7.4%</b>	Lower distributions due to migration to off-invoice for tobacco deals and loss of GBD Group in 1H14. Volume rebates to stores increased by 4bps
Distribution/Income %	37.3%	38.1%	-0.8%	-2.1%	
<b>EBITDA (\$)</b>	<b>2.8</b>	<b>3.2</b>	<b>(0.4)</b>	<b>-13.9%</b>	
EBITDA Margin %	5.5%	6.1%	-0.5%	-8.9%	
<b>Profit after Income Tax</b>	<b>1.9</b>	<b>3.8</b>	<b>(1.9)</b>	<b>-49.9%</b>	
Profit Margin %	3.7%	7.1%	-3.3%	-47.0%	

# FY2016 Strategic Priorities

- Continuing to improve our ***fresh offer*** to drive stronger fresh participation, volumes and sales
- Continuing to match or better our competitors ***promotional discounting***, supported with a ***lower shelf price program*** where requested
- Expanding our ***private label offering*** in response to the shift in consumer demand
- Recognising different ***store formats*** and supporting these accordingly with the suitable programs
- Reviewing our ***supply chain*** to ensure stores receive product into store at the lowest possible cost

- Sales continue to grow with positive comparable store sales growth through to the end of October 2015 but things are tightening
- Market conditions remain challenging:
  - Price deflation to continue
  - Consumer shift to private label
  - ALDI entry to WA
  - Rapid growth in on-line shopping
- Financial results so far this year has been in line with budget



# Questions



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