



Australian United Retailers Ltd.

ANNUAL GENERAL MEETING

22 NOVEMBER 2016



Truly Local & Independent

Chief Executive Officer's Report

Annual General Meeting 22 November 2016



Agnes Water, National Large Store of the Year

FY2016 Highlights

- Strong comparable store sales growth with Tobacco, Produce and Liquor the key drivers of growth
- Continued to match our competitors deep promotional discounting
- 33 new stores joined the network
- New store format strategy developed and launched
- 30 stores implemented online shopping
- Strengthen the support office team
- Delivered a strong financial result which was within guidance
- Paid our first dividend

FY2016 Financial Result

	FY2016 \$'M	FY2015 \$'M	Variance \$'M %	
Total Income	49.7	50.4	(0.7)	-1.4%
CODB	28.4	28.8	(0.4)	-1.3%
Members Distribution	18.6	18.8	(0.2)	-1.3%
Distribution/Income %	37.3%	37.3%	0.0%	0.1%
EBITDA (\$)	2.7	2.8	(0.1)	-2.6%
EBITDA Margin %	5.5%	5.5%	-0.1%	-1.2%
Profit after Income Tax	1.9	1.9	(0.0)	-1.4%
Profit Margin %	3.7%	3.7%	0.0%	0.0%

- Decrease in rebatable volumes as stores buy more on promotion and more direct

- Tightly managed with savings in merchandise & occupancy costs

- Decrease is due to lower rebatable volumes. Distribution ratio remains unchanged

- Full year dividend payment of 6 cents per share

FY2017 Strategic Priorities

Sustainable Growth Strategy

1. Generating Sales Growth
 - Targeted **store formats** to support the store offer
 - Focus on **fresh offer** to drive stronger fresh participation & volumes
 - Re-define **private label** program to enhance price perception
2. Margin Enhancement
 - Continuing to ensure **lowest landed cost** into store
 - Re-define **pricing policy** by format
 - Stronger **partnerships with suppliers** as a result of improved category management and compliance support
3. Sustainability
 - Encourage **store reinvestment**
 - Work with our stores to reduce their **Cost of Doing Business**
 - Attract **new stores** and grow total store numbers

FY2017 Trading Update

- Sales continue to grow with positive comparable store sales growth after 21 weeks in FY2017
- Market conditions remain challenging:
 - Price deflation in packaged grocery likely to continue
 - Tobacco price inflation will start to impact on volumes
 - ALDI will continue to impact on SA & WA
- Financial results so far this year has been in line with budget

Questions



Yackandandah, National Medium Store of the Year

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