

F24 Profit and Dividend Announcement

For the 53 weeks ended 30 June 2024¹

Resilient trading and disciplined execution

F24 Group Highlights

Group Sales	Group EBIT	Group NPAT ²	Cash realisation	Earnings per share	Dividend per share
\$12.3b	\$1.1b	\$512m	108%	28.6c	21.8c
↑3.6% vs F23 52W: ↑1.8%	↑3.1% vs F23 52W: ↑1.8%	↓3.2% vs F23 52W: ↓4.3%	↑38 ppts vs F23	↓3.1% vs F23	In line vs F23

- > **Resilient trading performance delivers sales growth in Retail and Hotels**
- > **EBIT growth driven by gross margin expansion and cost optimisation**
- > **Focused strategy execution with emphasis on streamlining and simplifying the business**
- > **Disciplined capital management and strong cash generation underpins consistent dividend**
- > **Well positioned to perform through the cycle despite near-term headwinds**

Endeavour Group Managing Director and CEO, Steve Donohue, said: “Endeavour Group’s F24 financial results demonstrate the resilience of our brands and businesses in response to challenging trading conditions, with both our Retail and Hotels segments delivering sales and EBIT growth in a softening consumer environment.

“With household budgets under pressure, value-conscious consumers continue to seek out Dan Murphy’s for its well-known Lowest Liquor Price Guarantee, expert service and market-leading range. Our My Dan’s membership program has enhanced its range of member-exclusive discounts and personalised offers for its 5.4 million active members, delivering a strong 83% scan rate, with members spending 80% more per transaction than non-members.

“BWS remains Australia’s most convenient drinks retailer with more than 1,400 stores, and an expanded range of delivery partners. We delivered even more value for customers with the launch of ‘Appy Deals’, our new member pricing digital offer that increased monthly active app users by 155%.

“Pinnacle Drinks continued to leverage customer insights to drive product innovation, with circa 400 new products launched during the year driving over 50% of Pinnacle’s growth. Using a capital light model, Pinnacle generated \$1.8 billion of Retail sales, with over half coming from wine where growth was driven by the premium and luxury segments.

“In Hotels, optimised food and bar menus and upgrades to accommodation delivered sales and gross profit margin improvement. Gaming returned to growth in H2, supported by investment in new games. We made progress on our pipeline of targeted renewals, with renovated venues delivering an enhanced guest experience and improved performance.

“We remained focused on tight cost management in an inflationary environment, with our optimisation program endeavourGO achieving \$100 million in savings in the year. Our investments in enhancing our capability to drive efficiency across the business, including deploying AI and other technology, continue to contribute to both cost efficiency and GP margin expansion.

¹ Financial year 2024 results included a 53rd trading week. All references to 52 weeks changes are adjusted for the additional 53rd week in the current financial year.

²NPAT attributable to equity holders of the Company.

“During the year, we progressed work on our One Endeavour program to separate from Woolworths systems and simplify our technology landscape, with a new Property Lease Management System implemented. We expect to complete People Systems and commence Store systems in F25, with our ERP build to commence in F26.

“Our capital discipline was reflected in capital expenditure coming in line with our guidance and \$64 million lower than F23. \$1.2 billion operating cash flow and improved working capital reduced our leverage ratio to within our target range at 3.5x. In light of the Group’s strong cash generation, the Board declared a final dividend in line with F23, representing a full year payout ratio of 76.3%, slightly above our target 70-75% payout range.”

Outlook

Underlying sales momentum in both the Retail and Hotels segments improved slightly through the first seven weeks of trading compared with Q4, with our focus on offering the best prices across both the Retail and Hotels segments continuing to attract an increasingly value-conscious consumer.

It should be noted that the FIFA Women’s World Cup and associated social occasions in early F24 limit the comparability between the same periods in F24 and F25, with headline sales growth in the first seven weeks 0.6% in Retail and 2.0% in Hotels.

We continue to respond to inflationary pressures by tightly managing CODB, including progressing optimisation initiatives under our endeavourGO program, which is targeting \$290 million plus in cumulative savings by F26.

The structural resilience of our businesses, combined with our high cash generation and strong balance sheet, position us well to deliver through the cycle. We remain focused and committed to delivering our target of 10%+ total shareholder value³ from F26.

Commenting on the outlook for F25, Endeavour Group Managing Director and CEO, Steve Donohue, said: “With our brands and venues being Australia’s go-to destinations for social occasions and events, we look forward to key upcoming first half trading events such Father’s Day, Cyber Week and the festive season, with our unrivalled value proposition, growing loyalty base and compelling consumer offer positioning us to perform well. We will continue to focus on tightly managing our costs as we execute our strategy scorecard commitments to deliver value for shareholders.”

A summary of forward looking statements and financial inputs is provided on page 8 of this announcement and page 42 of the accompanying investor presentation lodged today on ASX.

³ Sum of EPS growth and dividend yield; Assuming stabilised interest rates and inflation environment.

Group Performance

\$ million	F24 (53 WEEKS)	F23 (52 WEEKS)	CHANGE	CHANGE (52 WEEKS)
Sales	12,309	11,884	3.6%	1.8%
Operating Retail EBIT	717	677	5.9%	4.7%
Operating Hotels EBIT	451	435	3.7%	1.8%
Other EBIT	(68)	(63)	7.9%	6.3%
Operating EBIT	1,100	1,049	4.9%	3.4%
One Endeavour Costs	(45)	(26)	73.1%	65.4%
EBIT	1,055	1,023	3.1%	1.8%
Finance costs	(306)	(250)	22.4%	20.0%
Profit before income tax	749	773	(3.1%)	(4.1%)
Income tax expense	(238)	(244)	(2.5%)	(3.3%)
Non-controlling interests	1	-	n.a.	n.a.
Profit for the period (after income tax)	512	529	(3.2%)	(4.3%)

- **F24 sales** of \$12.3 billion, +3.6% vs F23, or +1.8% on a 52-week basis.
- **Earnings before interest and tax (EBIT)** of \$1,055 million, +3.1% vs F23 or +1.8% on a 52-week basis.
- **Operating EBIT** of \$1,100 million was +4.9% vs F23, or +3.4% on a 52-week basis, excluding \$45 million of One Endeavour Technology (OET) program opex in F24.
- **endeavourGO** savings of \$100 million materially offset cost inflation, taking total cumulative program benefits to \$190 million.
- Work has ramped up on our **One Endeavour** program to separate from Woolworths and establish our own technology infrastructure. Procurement and lease management systems are implemented, with People systems aiming to complete in F25. Store systems will complete design and progress to the implementation phase in F25. Targeting ERP design to complete in F25, with implementation to begin in F26.
- Investments in data science, loyalty and digital technology delivered value and convenience for customers, with **endeavourX, Endeavour Data and AI** contributing to margin improvement and cost optimisation.
- **Finance costs** of \$306 million were in line with guidance, increasing due to higher interest rates and increased average net debt.
- **Profit for the year after income tax** was \$512 million, 3.2% lower than F23, or down 4.3% on a 52-week basis, driven by increased finance costs. **The effective tax rate** for F24 was 31.8%.
- **Return on Funds Employed (ROFE)** of 11.6% compared to 11.8% for F23. Excluding the impact of One Endeavour program costs, Group ROFE was stable at 12.1%.
- **Strong cash realisation** of 108% was supported by improved working capital. **Disciplined capital expenditure** of \$446 million⁴ was within the guided range and \$64 million lower than F23. As a result, **net debt** reduced by \$55 million, bringing the leverage ratio at year end to within target at 3.5x.
- On 26 August 2024, the Board determined to pay a fully franked **final dividend** of 7.5 cents per ordinary share, bringing full year dividend payments to shareholders of \$390 million, or 21.8 cents per ordinary share, equating to a full-year payout ratio of 76.3%. Endeavour shares will trade ex-dividend from 3 September 2024, the record date is 4 September 2024 and the distribution is expected to be paid to shareholders on 10 October 2024. The Board has determined that a Dividend Reinvestment Plan will not be activated for the F24 final dividend.

⁴ Excludes \$5m purchase price allocation revaluation for a prior period acquisition and \$4m goodwill arising from the recognition of deferred tax liabilities on acquisition.

Segment Performance - Retail

\$ million	F24 (53 WEEKS)	F23 (52 WEEKS)	CHANGE	CHANGE (52 WEEKS)
Sales	10,246	9,905	3.4%	1.7%
Operating EBITDA	1,033	973	6.2%	4.7%
Depreciation and amortisation	(316)	(296)	6.8%	4.7%
Operating EBIT	717	677	5.9%	4.7%
One Endeavour Costs	(32)	(19)	68.4%	63.2%
EBIT	685	658	4.1%	3.0%
Gross profit margin (%)	24.4%	23.8%	+66bps	+65bps
Operating Cost of doing business (%)	17.4%	16.9%	+50bps	+45bps
Operating EBIT to sales (%)	7.0%	6.8%	+16bps	+20bps
EBIT to sales (%)	6.7%	6.6%	+4bps	+9bps

VOC NPS	Dan Murphy's & BWS sales	Number of renewals	Number of stores	Operating ROFE
DM 81(+2) BWS 75 (+1)	↑3.7%	68	1,728	15.6% (↑14 bps)
vs F23	52W: ↑1.9%	vs 122 in F23	↑27 vs F23	52W: ↓3 bps

- **Retail sales** of \$10.2 billion in F24, +3.4% vs F23 or +1.7% on a 52-week basis.
- **Gross profit margin** improved by 66 bps to 24.4%, driven by enhanced promotional effectiveness supported by AI, data and new product innovation, in which Pinnacle Drinks continued to play a key role leveraging our unique customer insights.
- **Operating EBIT** of \$717 million was +5.9% vs F23, or +4.7% on a 52-week basis, with an Operating EBIT to sales ratio of 7.0% +16bps vs F23.
- On a comparable store basis, sales for BWS and Dan Murphy's grew by 1.1%.
- **Ecommerce sales** grew 5.9% (52-week) to comprise 8.9% of total Retail sales.
- Total network of 1,728 stores, with 9 net new Dan Murphy's stores and 16 stores renewals, and 18 net new BWS stores, 52 renewals and expanded delivery offers via ultra-convenience partners.
- **MyDan's total active member** base grew by 250,000 to 5.4 million, with a strong scan rate of 83%.
- MyDan's expanded member-exclusive offers, with personalised offers delivering a 29% sales uplift and members purchasing baskets 80% bigger than non-members.
- Dan Murphy's launched "Nobody Beats" marketing campaign to reinforce its Lowest Liquor Price Guarantee.
- Dan Murphy's retained its market-leading **Voice of Customer** score of 81, with BWS at 75.
- BWS launched value-focused campaigns: 'A Win's a Win' and "Mega Wins, Mini Effort". The launch of Appy Deals exclusive prices contributed to a 155% increase in Monthly Active User in the following month.
- **Pinnacle Drinks** delivered \$1.8 billion of sales⁵ in F24, with ~400 new products launched contributing over 50% of growth. With a capital light model and Premium and Luxury focus (~75% of wine portfolio), Pinnacle delivers strong returns that are accretive to Retail segment ROFE.

⁵ Retail sales of Pinnacle products.

Retail Operating Metrics by Quarter

	F24 (53 WEEKS)	Q4 F24 (13 WEEKS)	Q3 F24 (13 WEEKS)	Q2 F24 (13 WEEKS)	Q1 F24 (14 WEEKS)
Customer Metrics					
BWS VOC NPS (Store and Online)	75	75	74	75	74
Dan Murphy's VOC NPS (Store and Online)	81	82	80	80	81
My Dan's active members (million)	5.4	5.4	5.4	5.4	5.3
Sales Metrics					
BWS and Dan Murphy's (\$ million)	9,990	2,195	2,350	2,976	2,469
Specialty (\$ million)	256	62	56	69	69
Total Retail sales (\$ million)	10,246	2,257	2,406	3,045	2,538
Total Retail sales growth	3.4%	7.0%	2.4%	3.0%	1.9%
Combined BWS and Dan Murphy's sales growth	3.7%	6.7%	2.7%	3.2%	2.6%
52 weeks total Retail sales growth	1.7%	0.8% ⁶	0.9% ⁷	3.0%	1.9%
52 weeks combined BWS and Dan Murphy's sales growth	1.9%	0.7% ⁶	1.0% ⁷	3.2%	2.6%
52 weeks combined BWS and Dan Murphy's comparable store sales growth / (decline)	1.1%	(0.2%) ⁶	0.0% ⁶	2.4%	1.8%

	F24 (53 WEEKS)	Q4 F24 (13 WEEKS)	Q3 F24 (13 WEEKS)	Q2 F24 (13 WEEKS)	Q1 F24 (14 WEEKS)
eCommerce Customer Metrics					
Dan Murphy's Online VOC NPS	75	77	75	73	77
BWS Online VOC NPS	72	72	71	72	71
eCommerce Sales Metrics					
Online sales (\$ million)	916	194	207	294	221
Online sales growth ⁸	7.6%	10.9%	8.4%	8.9%	2.8%
Online penetration	8.9%	8.6%	8.6%	9.7%	8.7%
BWS and Dan Murphy's Pick-up mix (orders)	46.6%	42.5%	44.0%	50.7%	48.0%

⁶ Adjusted for non comparable Easter timing.

⁷ Adjusted for non comparable Easter and New Year's Day timing.

⁸ 52-week online sales growth is 5.9%.

Segment Performance - Hotels

\$ million	F24 (53 WEEKS)	F23 (52 WEEKS)	CHANGE	CHANGE (52 WEEKS)
Sales	2,063	1,979	4.2%	2.3%
Operating EBITDA	741	712	4.1%	2.1%
Depreciation and amortisation	(290)	(277)	4.7%	2.5%
Operating EBIT	451	435	3.7%	1.8%
One Endeavour Costs	(13)	(7)	85.7%	85.7%
EBIT	438	428	2.3%	0.5%
Gross profit margin (%)	84.8%	84.1%	+64bps	+65bps
Operating Cost of doing business (%)	62.9%	62.1%	+76bps	+77bps
Operating EBIT to sales (%)	21.9%	22.0%	-12bps	-10bps
EBIT to sales (%)	21.2%	21.6%	-40bps	-39bps

Voice of Customer
8.7/10

↑0.2 vs F23

**Number of hotels
(incl clubs)**
354

Flat vs F23

**Number of
renewals**
24

vs 46 in F23

Operating ROFE
10.3% (↓9bps)

52W: ↓28 bps vs F23

- **Hotels sales** of \$2.1 billion were +4.2% in F24, or +2.3% on a 52-week basis.
- **Operating EBIT** was +3.7%, or +1.8% on a 52-week basis, with Operating EBIT to sales ratio of 21.9% broadly in line with F23.
- **Optimised food and bar menus** increased gross profit margins by 64 bps in F24 and 104 bps in H2 vs F23.
- We have continued to invest in our **accommodation** offering, with 7 accommodation sites renewed in F24 (189 rooms), as well as the redevelopment of the Brook (40 rooms) which launched in September, bringing our Nightcap Brand to 83 venues nationally.
- The Gaming market remains resilient, with our gaming sales growing broadly in line with the market, with the exception of Victoria, which was impacted by our early adoption of the government's changes to trading hours. The trading hours change will be mandated across Victoria from 30 August 2024.
- Investment in latest trending games supporting sales.
- Cost inflation partly mitigated by **endeavourGo** program, with more savings to come from simplification and greater automation of our Hotel processes.
- **Customer satisfaction improved to 8.7/10** (+0.2), driven by our continued focus on value and service.
- The new **pub+ app** launched successfully to NSW guests in May and was rolled out nationally in August. This investment in digital, data and analytics will offer guests personalisation, convenience and value.
- Continued focus on **strong renewals pipeline**, with 24 renewals completed in F24. Two new hotels were added to the portfolio, with two leases discontinued (and one further lease discontinued post balance date). This contributed to substantially reduced Hotels capex versus F23.

Hotels Operating Metrics by Quarter

	F24 (53 WEEKS)	Q4 F24 (13 WEEKS)	Q3 F24 (13 WEEKS)	Q2 F24 (13 WEEKS)	Q1 F24 (14 WEEKS)
Sales metrics					
Total sales (\$ million)	2,063	492	487	531	553
Total sales growth	4.2%	11.1%	1.5%	2.5%	2.8%
52 weeks sales growth	2.3%	2.2% ⁹	1.7% ⁹	n.a.	n.a.
52 weeks comparable hotel sales growth	1.5%	2.2% ⁹	1.5% ⁹	1.3%	1.2%

⁹ Adjusted for non comparable Easter timing.

Summary of forward-looking statements

Area	Description
Group optimisation	We are targeting cumulative optimisation savings of \$290 million+ by F26, with \$190 million delivered as at end F24, to mitigate inflationary pressures and enable continued investment in line with strategy.
Effective tax rate	We expect the F25 full year effective tax rate to be in the range of 31-32%.
Finance costs	F25 finance costs are expected to be within the range of \$310 - \$325 million, based on interest rates current at the date of this announcement.
Capital expenditure	Capital expenditure in F25 is anticipated to be between \$450 - \$500 million, including One Endeavour program capital.
One Endeavour	Refer to One Endeavour program guidance provided on page 14 of the accompanying investor presentation lodged today on ASX.
53rd trading week	F24 was a 53-week reporting period, and our H2 F24 results include an extra week of trading. Growth rates in F25 will be impacted with a 52-week year being compared to a 53-week year.

ENDS

Endeavour Group Managing Director and CEO, Steve Donohue, and Chief Financial Officer, Kate Beattie, will host an analyst and investor conference call today at 10:30am (AEST). Analysts, investors and media can access the management briefing via the following

Webcast URL: <https://webcast.openbriefing.com/edv-fyr-2024/>

Teleconference registration: <https://s1.c-conf.com/diamondpass/10039999-hg7y6s.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 has been authorised by the Board.

Further Information

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Appendices

Appendix 1: Non-IFRS Financial Information

This profit and dividend announcement for the 53 weeks ended 30 June 2024 (F24) contains certain non-IFRS financial information related to historical performance, position and cash flows. Non-IFRS financial information is financial information that is not defined or specified under any relevant accounting standards. This information may not be directly comparable with other companies' information but is commonly used in the industry in which Endeavour operates.

Non-IFRS information is also included to provide meaningful information on the underlying drivers of the business, performance and trends (for example, comparable sales growth). This information is used by management and directors to assess the financial performance of Endeavour Group and its segments. Non-IFRS information should be considered in addition to and is not intended to substitute IFRS measures.

The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by the Australian Security and Investments Commission in December 2011 to promote full and clear disclosure for investors and other users of financial information and minimise the possibility of being misled by such information.

Appendix 2: New stores and renewals

F24 FULL-YEAR	GROSS NEW STORES / HOTELS (INCL. ACQUISITIONS)	NET NEW STORES / HOTELS (INCL. ACQUISITIONS)	RENEWALS
Retail	42	27	68
Hotels	2	0	24
Endeavour Group	44	27	92

Appendix 3: F24 Group Funds Employed

\$ million	F24 30 JUNE 2024	F23 25 JUNE 2023	CHANGE
Trade working capital	725	778	(53)
Lease assets	3,201	3,197	4
Property, plant and equipment	2,234	2,095	139
Intangible assets	4,274	4,260	14
Other liabilities (net)	(710)	(731)	21
Funds employed	9,724	9,599	125
Tax liabilities (net)	208	162	46
Other (assets)/liabilities (net)	(39)	(60)	21
Lease liabilities	3,913	3,897	16
Net debt	1,872	1,927	(55)
Equity	3,770	3,673	97
Total funding and tax	9,724	9,599	125
Operating ROFE (%)	12.1	12.1	+2bps
ROFE (%)	11.6	11.8	-22bps

Appendix 4: F24 Group Cash Flow

\$ million	F24 (53 WEEKS)	F23 (52 WEEKS)	CHANGE
EBIT	1,055	1,023	32
Depreciation and amortisation expenses	607	573	34
Changes in trade working capital	68	(261)	329
Changes in assets and liabilities and other non-cash items	(17)	67	(84)
Finance costs on borrowings paid	(117)	(61)	(56)
Payment for the interest component of lease liabilities	(194)	(180)	(14)
Income tax paid	(192)	(394)	202
Operating cash flows	1,210	767	443
Payments for property, plant and equipment and intangible assets	(419)	(408)	(11)
Payments to acquire businesses, net of cash acquired	(26)	(110)	84
Repayment of lease liabilities	(307)	(280)	(27)
Dividend paid	(390)	(394)	4
Other	(10)	(2)	(8)
Free cash flow	58	(427)	485
Cash realisation ratio (%)	108	70	38 pp

Appendix 5: Glossary

TERM	DESCRIPTION
Cash realisation ratio	Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation
Comparable sales	Retail: Measure of sales which excludes stores that have been opened or closed in the last 12 months and demonstrable impact on existing stores from store disruption from new store openings/closures Hotels: Measure of sales which excludes hotels opened or closed in the last 12 months
Cost of doing business (CODB)	Expenses which relate to the operation of the business
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Electronic Gaming Machines
Funds employed	Net assets excluding net debt, leases liabilities and other financing-related assets and liabilities and net tax balances
Gaming	Refers to the operation of Electronic Gaming Machines
My Dan's active members	My Dan's active members are the number of unique members who have transacted in the last twelve months
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
Renewals	A significant upgrade to the store / hotel environment, enhancing customer experience, range and process efficiency (including digital)
Return on Funds Employed (ROFE)	ROFE is calculated as EBIT for the previous 12 months as a percentage of 13 month average funds employed
Operating EBIT / ROFE / CODB	Operating EBIT/ROFE/CODB excludes the impact of the One Endeavour Technology program
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). This includes scores from in-store and online customers.