

F21 Full Year Results

August 2021



endeavour
group

Creating a more sociable future together

Our Values	We're real	We're inclusive	We're responsible
Our Ways of Working	We work with spirit	We're team players	We endeavour for better



1

Endeavour Group Overview of F21

Steve Donohue - Chief Executive Officer

Location: Broadbeach Tavern

Solid results in a challenging year

Established Endeavour Group as an independent listed business

Navigated the significant impacts of COVID-19

Delivered solid financial results with record Retail sales and Hotels trade optimisation

Invested for the future

Remained committed to recognising “our imprint”

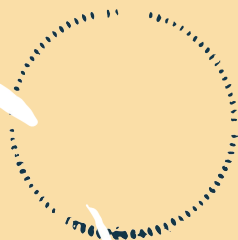


Location: BWS Glebe

Establishing Endeavour Group

Delivered one of the largest demergers in Australian history

- Endeavour Group demerged from Woolworths on 28 June 2021
- Market capitalisation of c.\$10.8 billion on demerger



Established Endeavour as an independent public company

- Established our new board and governance frameworks
- Separated critical systems
- Stood-up new functions to support the business
- Implemented key partnership agreements with Woolworths

Created our independent identity and Group purpose

- Established our Purpose
- Defined our Values and Ways of Working
- Remain committed to recognising our imprint and will release our first Sustainability Strategy in Q2

Navigating COVID-19

We remain focussed on keeping our customers and teams safe and supporting the communities we serve

- Extensive PPE¹ roll-out
- COVID-19 leave options for all team members
- Supporting vaccinations

Retail

Impacts

- Elevated demand
- Shift to in-home consumption
- Customers purchasing differently

Our response

- Focus on in-store safety and team resourcing
- Launched contactless pick-up (direct-to-boot), contactless drive-thru, on-demand delivery, optimised websites and apps
- Significantly expanded local and smaller supplier ranging and shortened small supplier payment terms

Hotels

- 169 days where one or more of our hotels were closed in F21 with VIC and QLD closures most material
- Trading restrictions continue to impact
- Once restrictions were lifted in each market, strong trading conditions quickly resumed as customers returned to hotels

- Constant agility and resilience
- Closing and reopening hotels as needed
- Meeting changing regulations
- All rooms and 4,000+ gaming machines made COVIDSafe
- Redeployment of team members to Retail
- Opportunity to reset operations

¹: Personal protective equipment

Delivering results

F21 Financial highlights

\$11.6b

Total Sales¹

+9.3%

\$899m

EBIT¹

+22.1%

\$445m

Profit after tax

24.8c

Earnings per share

7.0c

Final dividend per share



Retail

\$10.2b

Total Sales¹

+9.6%

\$669m

EBIT¹

+17.6%



Hotels

\$1.4b

Total Sales¹

+7.3%

\$261m

EBIT¹

+49.1%



Powered by:

endeavour **X**

Pinnacle Drinks

¹: Year on year change is calculated with comparison to the Equivalent F20 result, refer to the Appendices for further detail on comparative figures.

Delivering results - F21 Strategic highlights

Knowing our customers

At the heart of our business is a market leading customer franchise

Improving customer service

75 Combined Retail VOC NPS¹ 4.2/5 Hotels external online reviews²

Growing customer engagement

5.5m My Dan's members +20%

Innovating to meet customer needs

Continuing to deliver growth and portfolio enhancement

Growing digital engagement

\$859m Online Retail sales
115+ Hotels with contactless order & pay

Expanding & enhancing our network

+33 Retail stores +5 Hotels
64 Retail renewals 26 Hotel renewals

Optimising the Group

c.530 New Pinnacle products
575+ New suppliers
500+ Upgraded EGMs³

Being one team

Living Our Purpose and Values

Continually responding to COVID-19 for our customers, team, and community

Continuing our commitment to operating sustainably

1: Combined weighted online and instore Voice of Customer, across Dan Murphy's and BWS

2: External online reviews as measured by Revinate

3: Electronic Gaming Machines

Commitment to “our imprint”



F21 Highlights

- **Voluntary pre-commitment** for every gaming machine
- **Enhanced self-exclusion** enabled by facial recognition
- **Harm-minimisation initiatives:** ID25, “Don’t Buy It for Them”, “Choose to DrinkWise”
- **Together with our customers we supported** a range of local and national charities in F21
- Over 90 sites with **solar installed**
- **Committed to zero waste and a circular economy** in our South Australian operations
- ~36% **women in senior leadership** positions
- **Domestic and family violence awareness training** launched for our 28,000+ team members



Our approach to responsibility

- **Remain a leader** in responsible service of alcohol and conduct of gambling
- **Go beyond minimum legal and regulatory compliance** via a range of voluntary initiatives intended to reduce harm and lead the industry. Examples include:
 - Tailored and bespoke training programs
 - Dedicated & experienced compliance teams
 - Application of harm minimisation technologies
 - Partnerships with community organisations
- **Invest and innovate to support the communities we serve**

Investing for the future



Accelerating digital investment to drive customer engagement

- Personalisation capabilities
- Evolving web and app experience
- Evolving Retail experience through contactless pick-up
- Evolving Hotel experience through TITO¹ and me&u²

endeavour^X



Brand building and product capabilities continue to drive growth

- Evolved Pinnacle from follower to trend leader
- Quality acquisitions growing Paragon Wine Estates
- Increasing 3rd party recognition of Pinnacle quality



Retail

76
online
VOC

+34.7%
online sales
growth

8.4%
online penetration
+157bps

1: Ticket-In Ticket Out for gaming

2: Digital ordering system for Hotels, which enables customers to make contactless orders from their table





2

Financial Results

Shane Gannon - Chief Financial Officer

F21 Financial Result highlights

Strong trading in volatile conditions

\$11.6b

Sales
+9.3%¹

\$899m

EBIT
+22.1%¹

\$445m

Profit after
income tax

Solid cash and capital foundations

\$1.1b

Operating cash
inflow

117.3%

Cash realisation
ratio

\$625m

Debt headroom²

Asset base with further potential to create value

\$3.4b

Net assets

\$613m

Book value of freehold
land & property

\$312m

Capital expenditure

Delivering for shareholders

24.8c

Earnings per share

7.0c

Final dividend
per share

71%

H2 dividend payout
ratio³

1: Represents growth when compared to the Equivalent F20 result; refer to the Appendices for further detail on comparative figures.

2: Debt headroom refers to committed undrawn debt facilities as at 28 June 2021.

3: Payout ratio based on portion of H2 F21 profit after income tax determined to be paid to shareholders as a final dividend.

Group financial performance

- Group Sales +9.3%² to \$11.6b, Retail and Hotels both higher than the equivalent prior period
- Group EBIT up 22.1%² due to strong sales and cycling of hotel closures in F20¹
- EBIT margins improved versus F20¹ for Hotels and Retail
- Other includes Group overheads of \$31m (part year cost). Full year expectation of \$55m-\$60m
- Profit after income tax \$445m represents 24.8c earnings per share

\$ million	F21	F20 ¹	CHANGE
Sales			
Retail	10,178	9,286	9.6%
Hotels	1,417	1,320	7.3%
Total Sales	11,595	10,606	9.3%
Profit for the year			
Retail EBIT	669	569	17.6%
Hotels EBIT	261	175	49.1%
Other EBIT	(31)	(8)	n.m.
Total EBIT	899	736	22.1%
Finance costs	(247)	n/a	n/a
Profit before income tax	652	n/a	n/a
Income tax expense	(207)	n/a	n/a
Profit for the year (after income tax)	445	n/a	n/a
EBIT Margin			
Retail EBIT Margin (%)	6.6	6.1	45 bps
Hotels EBIT Margin (%)	18.4	13.3	516 bps
Total EBIT Margin (%)	7.8	6.9	81 bps

1: F20 refers to the Equivalent F20 result, refer to the Appendices for further detail on comparative figures.

2: Year on year change is calculated with comparison to the Equivalent F20 result, refer to the Appendices for further detail on comparative figures.

Retail financial performance

- Strong sales growth with shift to in-home consumption (COVID-19)
- Margin gains from premiumisation, level of promotions and Pinnacle penetration
- CODB rate at 17.6%¹, +63 bps with one-off costs and investments in digital and technology, offsetting benefits from the leverage of the fixed cost base
- ROFE benefited from higher sales and strong working capital management

	F21	F20 ¹	CHANGE
Sales (\$m)	10,178	9,286	9.6%
EBITDA (\$m)	936	807	16.0%
Depreciation and amortisation (\$m)	267	238	12.2%
EBIT (\$m)	669	569	17.6%
Gross margin (%)	24.2	23.1	110 bps
Cost of doing business (%)	17.6	17.0	63 bps
EBIT to sales (%)	6.6	6.1	45 bps
Sales per square metre (\$)	21,012	19,603	7.2%
Funds employed (\$m)	4,138	4,089	1.2%
Return on average funds employed (%)	16.5	13.4	311 bps

1: F20 refers to the Equivalent F20 result; refer to the Appendices for further detail on comparative figures.

Hotels financial performance

- Performed well in light of significant COVID-19 closures and restrictions (195 days when all our Hotels were open for trading)
- Favourable trading as restrictions eased and strong variable cost management resulted in EBIT growth and healthy EBIT margin. Below pre-COVID-19 levels due to fixed costs.
- Continued to invest for the future

	F21	F20 ¹	CHANGE
Sales (\$m)	1,417	1,320	7.3%
EBITDA (\$m)	499	408	22.3%
Depreciation and amortisation (\$m)	238	233	2.1%
EBIT (\$m)	261	175	49.1%
Gross margin (%)	85.0	83.0	208 bps
Cost of doing business (%)	66.6	69.7	(308) bps
EBIT to sales (%)	18.4	13.3	516 bps
Funds employed (\$m)	3,852	3,886	(0.9%)
Return on average funds employed (%)	6.7	4.5	224 bps

1: F20 refers to the Equivalent F20 result; refer to the Appendices for further detail on comparative figures.

Balance sheet

Trade working capital (TWC)

- Higher Retail sales achieved without increasing trade working capital due to strong inventory management
- TWC days 24 (-6 days vs F20)

Property

- Significant property portfolio underpinning the Hotels business
- Freehold land property includes 6 retail sites, 49 hotels, and wine assets

Intangibles

- Includes liquor and gaming licences

Other

- Endeavour retains stake in ALE Property Group valued at \$87m at year end

\$ million	F21	F20	CHANGE
Inventory	1,213	1,269	(56)
Trade payables	(889)	(950)	61
Trade and other receivables ¹	159	158	1
Trade working capital	483	477	6
Lease assets	3,117	2,983	134
Property, plant and equipment	1,887	1,843	44
Intangible assets	3,845	3,838	7
Other liabilities (net) ²	(535)	(507)	(28)
Funds employed	8,797	8,634	163
Tax liabilities (net)	268	224	44
Related party liabilities/(assets)	85	(46)	131
Net debt	1,277	1,458	(181)
Lease liabilities	3,779	3,611	168
Equity	3,388	3,387	1
Total funding & tax	8,797	8,634	163
Return on funds employed ³ (%)	11.1	9.0	208 bps

1.Excludes related party balances.

2.Comprises mainly other financial assets, accruals and provisions.

3.Calculated as EBIT as a percentage of average (opening, mid and closing) adjusted funds employed. F20 Return on Funds employed is based on Equivalent F20 results.

Cash and liquidity

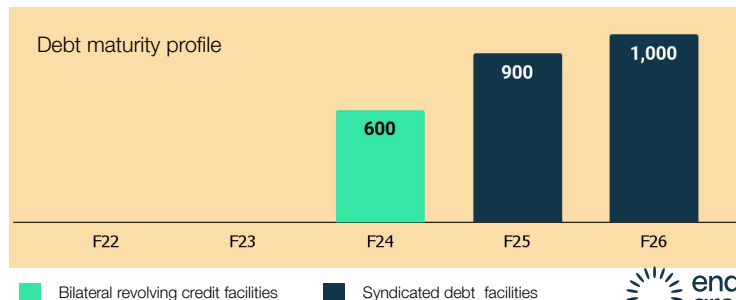
Cash generative

\$1.1b
Operating
Cash inflow

117.3%
Cash
Realisation
Ratio

Long-term debt facilities in place

- Net debt \$1.3b at year end
- Committed undrawn debt facilities of \$625m¹ plus material cash balances
- On demerger,
 - \$1.9b syndicated debt facility was established (oversubscribed)
 - \$600m bilateral revolving credit facilities



1: As at the Demerger date of 28 June 2021

Capital expenditure

EXAMPLE INVESTMENT TYPES

SIB CAPEX

Sustaining Capex

- Essential spend prioritised first to maintain operations and minimum site standards
- Optimised to lowest sustaining level
- Returns created via renewals and productivity

Core Technology

Productivity & Supply Chain

Stay in Business

Renewals

GROWTH CAPEX

Growth Capex

- Capex prioritised based on maintaining and improving market share
- Plus Capex utilised for strategic opportunities including Acquisitions
- Target threshold = EPS accretive over a 3 year horizon.

Site Upgrades

Major Site Redevelopments

New sites

Gaming

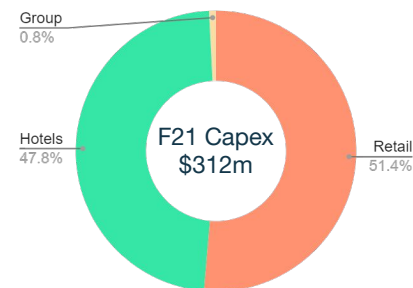
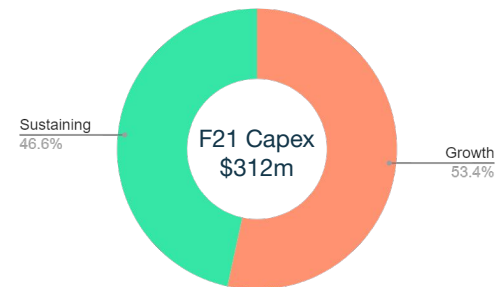
Acquisitions

Incubators / Other growth

Digital

Pinnacle

SNAPSHOT OF F21 CAPEX



Capital allocation strategy

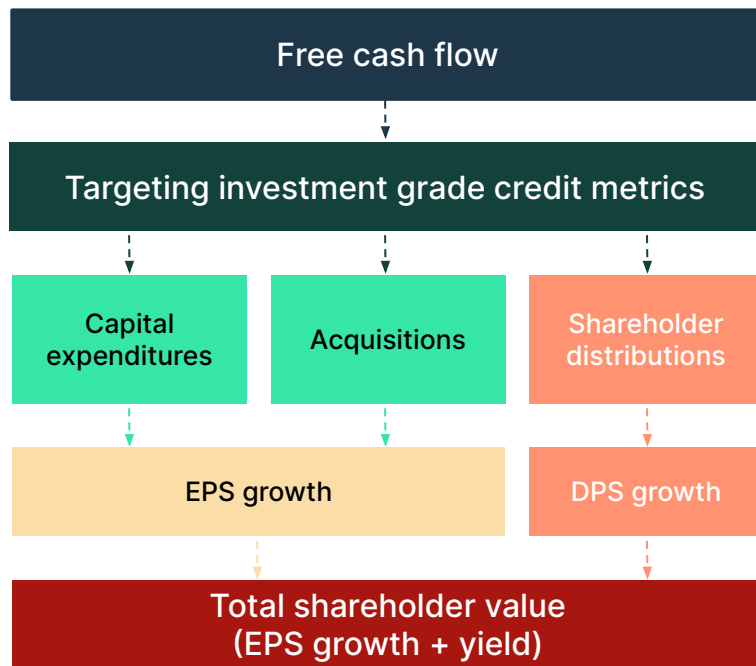
Developing a financial framework to optimise shareholder returns through a disciplined approach to capital management

Strong free cash flow generation to be deployed inline with capital allocation priorities:

- Maintain shareholder dividend distributions
- Target outcomes consistent with investment grade credit metrics
- Capex prioritised to deliver a balance of short and long-term returns
- Disciplined approach to organic and inorganic investments

Further leverage balance sheet

- Property network optimisation
- Invest in longer term opportunities that deliver above-average returns





3

F22 priorities and outlook

Steve Donohue - Chief Executive Officer

Priorities for F22

Continue to manage and respond to COVID-19 impacts

Maintain stability of the business in our first year of independent operation

Sustain growth momentum across the Group

Invest and build to drive long-term growth

Launch our Sustainability strategy



F22 - First 8 weeks

- Continued significant volatility due to COVID-19 outbreaks
- Retail tracking well (cycling Retail trading highs of Q1 F21)
- Very challenging start to the year for Hotels. As at 24th August, 41% of our Hotels were closed due to public health orders (54 in NSW & 85 in VIC)
- We have remained focussed on supporting our teams through COVID-19 related impacts

F22 - first 8 weeks Sales	vs F21	vs F20 ¹
Retail	(1.7%)	21.5%
Hotels	(7.3%)	(36.2%)
Group	(2.3%)	11.1%

1: F20 refers to the Equivalent F20 result; refer to the Appendices for further detail on comparative figures.

In summary

Business fundamentals

Excellent business fundamentals, well positioned to continue to perform and grow

Solid F21 financial results

Record results for Retail, Hotels proving to be resilient but limited by COVID-19 closures

Innovation

Continuing to invest in innovations to meet customer needs

COVID-19

Continued volatility and restrictions impacting F22 performance, particularly in Hotels



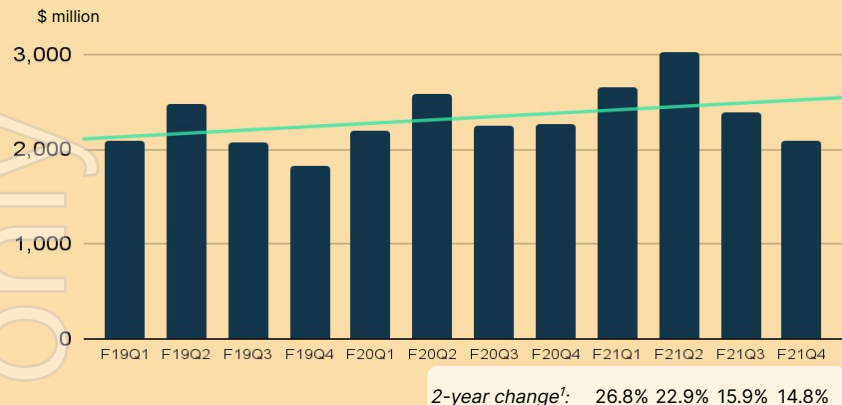
Q&A

Steve Donohue - Chief Executive Officer
Shane Gannon - Chief Financial Officer



Appendices

2 year and quarterly sales



Retail

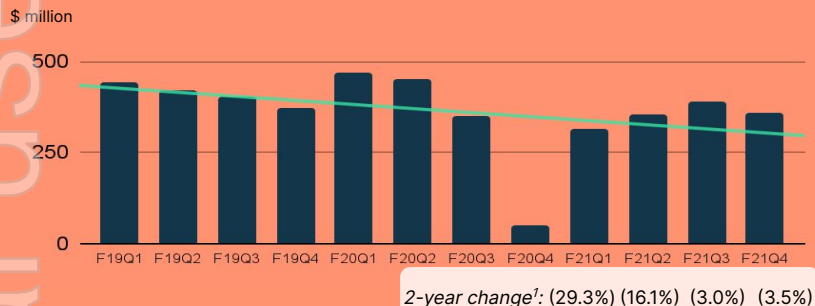
- Retail sales growing strongly over two years
- Benefitted from the switch to in-home consumption, particularly in H1 F21
- Comparisons to F20 are distorted by record Retail sales growth rates in March to June 2020

+20.4%
Retail Sales
2 year change¹

Hotels

- Hotel sales were impacted by closures and restrictions in both F20 and F21
- Customers and sales returned quickly once restrictions lifted
- Cycling extensive closures in Q4 of F20

(13.6%)
Hotels Sales
2 year change¹



F21 Cash flow

Cash realisation ratio of 117% due to strong Retail performance

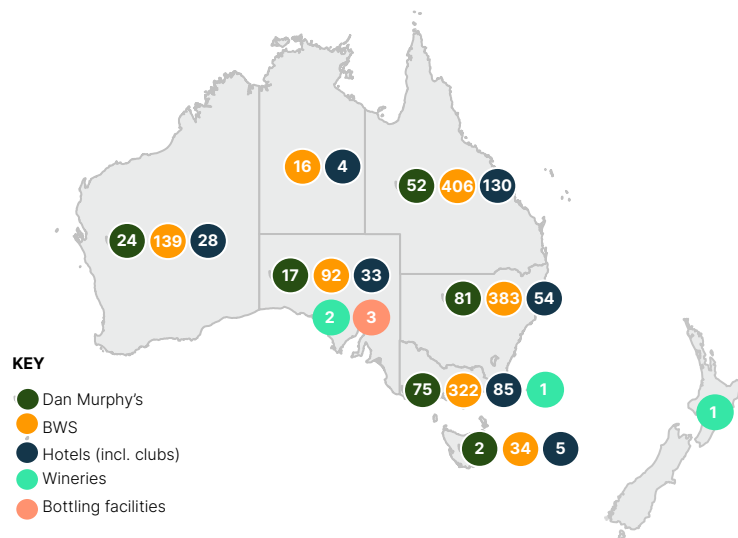
	\$ million
EBIT	899
Depreciation and amortisation expenses	505
Changes in trade and other receivables	5
Changes in inventories	61
Changes in trade payables	(59)
Changes in assets and liabilities and other non-cash items	130
Finance costs on borrowings paid	(72)
Payment for the interest component of lease liabilities	(174)
Income tax paid	(181)
Operating cash flow	1,114
Payments for property, plant and equipment and intangible assets	(279)
Payments to acquire businesses, net of cash acquired	(39)
Proceeds from sale of businesses, net of cash disposed	-
Repayment of lease liabilities	(247)
Dividend paid ¹	(52)
Free cash flow	497
Cash realisation ratio² (%)	117.3

1: Dividends paid of \$52 million reflects total dividends of \$282 million, less Woolworths Group's \$230 million share which was settled through intercompany borrowings.

2: Represents operating cash flow as a percentage of profit after income tax before depreciation and amortisation expense.

Network

	Network as at 28 June 2020	New / Acquisitions	Closures / disposals	Network as at 27 June 2021
Dan Murphy's	241	11	(1)	251
BWS	1,369	40	(17)	1,392
Retail	1,610	51	(18)	1,643
Hotels (incl. clubs)	334	5	-	339
Bottling facilities	3	-	-	3
Wineries	3	1	-	4



Current market dynamics

Tailwinds

- Shift to in-home consumption continuing to support Retail sales
- Strong returns from digital investments
- Premiumisation and moderation trends
- Reduced consumer spending on international travel and duty free drinks
- Reduced promotional activity during COVID-19 impacted periods

Headwinds

- Continuing COVID-19 related trading restrictions in the Hotels business
- Cycling F21 retail trading highs and leverage of fixed cost base
- Additional costs across the Group associated with ensuring customer and team safety
- International trade & logistics

Endeavour's investment thesis

	Why invest in Endeavour Group		How we drive growth
Market leading brands and position	<ul style="list-style-type: none">• Leading retail bands• Largest retail & hotel network in Australia• 1,775+ Liquor Licences and ~12,400 gaming machine entitlements• Leading digital presence• 5.5m My Dan's members and Everyday Rewards partnership	>	<ul style="list-style-type: none">• Core growth through new stores and hotels and renewal program
Advanced digital and product capabilities through EndeavourX and Pinnacle Drinks	<ul style="list-style-type: none">• EndeavourX provides a dedicated function to drive eCommerce, digital and loyalty capability• Pinnacle drinks provides consumer brand and product development capabilities	>	<ul style="list-style-type: none">• Expand share in eComm through investments in digital and loyalty• Income growth and enhanced margins through expansion of Pinnacle brands
Partnerships that reinforce the portfolio	<ul style="list-style-type: none">• Combination and co-location of retail and hotel assets enables enhanced financial performance• Partnership with Woolworths provides scale and capability through partner stores, digital, supply chain and technology	>	<ul style="list-style-type: none">• Leverage joint capabilities to unlock growth opportunities through partnerships
Strong earnings & cash generation	<ul style="list-style-type: none">• Resilient performance through COVID-19 with natural hedge between on/off premise consumption• Strong operating cash flow and access to liquidity to fund growth and distributions to shareholders	>	<ul style="list-style-type: none">• Reinvestment of cash generated in earnings accretive opportunities

Comparative figures

F20: Statutory and Equivalent Information

Statutory F20 relates to the 52-week period ended 28 June 2020. However, this 52-week period only includes the results for Woolworths' Drinks and Hotels businesses after they were transferred to, and merged with, Endeavour Group Limited (Endeavour Group) on 2 February 2020 and 4 February 2020, respectively. Prior to this only the results of Endeavour Group Limited, previously known as Pinnacle Liquor Group Pty Limited, were included.

To enhance comparability of profit or loss information between reporting periods Equivalent F20 financial information is presented, which includes the results of Woolworths' Drinks and Hotels businesses for the full 52-week period ended 28 June 2020. This information has been sourced from the data used in the F20 Woolworths Group Limited ('Woolworths Group') Annual Report, before significant items and adjusted to exclude consolidation adjustments not applicable to the Endeavour Group on a standalone basis.

Glossary

Term	Description
Cash realisation ratio	Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation
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 store disruption as a result of store renewals or new store openings / closures
Cost of doing business (CODB)	Expenses which relate to the operation of the business
Direct-to-boot	A convenient option for customers to pick up online orders where the order is provided to customers while they wait in their car
Drive-thru	Convenient options for customers to pick up online orders or shop using drive-through facilities
eCommerce (eComm)	Online channels including but not limited to store websites, apps and other digital platforms.
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 employed excluding net tax balances
Key Partnership Agreements	Synergistic agreements with Woolworths for the continuing provision of certain services consistent with relationship prior to demerger

Glossary (cont.)

Term	Description
n.m.	Not meaningful
Net assets employed	Net assets excluding net debt and other financial assets and liabilities
Net promoter score (NPS)	A loyalty measure based on a single question where a customer rates a business on a scale of zero to 10. 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)
On-demand/express delivery	An express or scheduled delivery service providing online orders at the customer's convenience
Online penetration	Online penetration is calculated as total online sales as a percentage of total Retail sales for the same time period
Pick-up	A service which enables collection of online shopping orders in-store or at select locations
Return on Funds Employed (ROFE)	ROFE is calculated as EBIT before significant items for the previous 12 months as a percentage of average (opening, mid and closing) funds employed including significant items provisions
Total net debt	Borrowings less cash balances including debt hedging derivatives and lease liabilities
VOC NPS	Voice of Customer Net Promoter Score (VOC NPS) is based on feedback from Woolworths Rewards members (for BWS) or My Dan's members (for Dan Murphy's). VOC NPS is the number of promoters (score of nine or 10) less the number of detractors (score of six or below)

Disclaimers

This presentation is dated 26 August 2021 and unless stated otherwise is current as at that date.

This presentation contains summary and general information about Endeavour Group Limited and its controlled entities (together, 'Endeavour Group'), and Endeavour Group's activities as at the date of this presentation. It is sourced from and should be read in conjunction with Endeavour Group's other periodic and continuous disclosure announcements filed with the Australian Securities Exchange, available at www.asx.com.au. Information about Endeavour Group's financial performance is current as at the last announcement provided to the Australian Securities Exchange.

This presentation has not been audited in accordance with Australian Auditing Standards.

This presentation contains certain non-IFRS measures that Endeavour Group believes are relevant and appropriate to understanding its business. Refer to Endeavour Group's Appendix 4E Preliminary Final Report issued on 26 August 2021 for further details.

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Balance sheet and cash flow information presented in this presentation is consistent with the information disclosed in Endeavour Group's Appendix 4E Preliminary Final Report issued on 26 August 2021. That Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Financial Report. The Financial Report is being audited and is expected to be made available on 8 September 2021.

Internal use only



The release of this announcement has been authorised by the Board