

# ASX Announcement

## 2021 Annual General Meeting - CEO's Address

**Sydney: Thursday, 21 October 2021**

The Chief Executive Officer's Address to be delivered today at the 2021 Annual General Meeting of Endeavour Group Limited (ASX: EDV) is attached.

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The release of this announcement was authorised by Taryn Morton, Company Secretary

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## Chief Executive Officer's Address

Steve Donohue, 21 October 2021

### *Check against delivery.*

Good morning everyone

I'd also like to acknowledge the Traditional Owners of the land on which we are meeting and pay my respects to Elders past, present and emerging.

This is my first opportunity as your chief executive officer to address the Annual General Meeting of shareholders. It's a great privilege to lead this business on your behalf and a responsibility that I don't take lightly. As a recently demerged business we find ourselves in a unique position and I want to use this opportunity to share my thoughts on who we are as a business and how we will shape the future together.

At the end of the 2021 financial year, Endeavour Group operated 251 Dan Murphy's stores, 1,392 BWS stores, 339 Hotels, 7 winemaking and production facilities, and we attracted an average of 11m average visits to our digital assets per month... but we are much more than that. We're the favourite destination for our customers who describe us as their own - whether that's My Dan's, My BWS or My local pub. And; we're a team of over 28,000 people who live, serve and participate in communities throughout Australia.

Earlier this year we engaged over 500 of our team members from all parts of the business, and together established the purpose you have heard here today, creating a more sociable future together. This purpose unites us all, across our retail, hotels, digital and product businesses and comes to life in many ways through our teams everyday.

Our purpose reflects the way we connect people, through products and places, enabling great experiences and memorable moments.

It underpins our culture which is one of entrepreneurship backed by our values, which encourage us to remain real, inclusive and responsible. As we strive to work as one team, within our communities and alongside our partners.

Our culture is also reflected in our brand symbol, which represents the unique imprint that each bottle leaves behind... the Endeavour brand itself is a daily reminder of our ambition to always leave a positive imprint on our customers, our communities and one another.

The 2021 financial year has been an eventful one for the Group, characterised by both preparing for the demerger and navigating the significant impacts of COVID-19, while delivering solid results.

The demerger was a material undertaking, both from a transactional perspective but also operationally, it involved standing up a range of new functions to support the business, the separation of multiple systems and implementing partnership agreements with Woolworths to ensure business continuity and ongoing partnerships in key areas like supply chain, everyday rewards, e-commerce and of course our co-located stores.

Like all Australian businesses, COVID-19 also had a material impact on our operations and financial results, and continues to do so. We've experienced both increased in-home consumption, creating heightened demand for our Retail business at the same time as multiple, extensive closures impacted trade across our hotels network.

Throughout this, we've stayed focused on keeping our team safe, and maintaining our connection with customers and the communities we operate in.

We invested in team safety, redeployed team members from Hotels to Retail and supported small suppliers. We also innovated our customer offer, introducing contactless direct to boot pick-up, broadening our express delivery services, rolling out contactless order and pay technology in hotels, and implemented COVIDsafe gaming rooms.

Importantly, we did all this while also delivering solid financial results. Group sales for the year were up 9.3% to \$11.6b compared to the Equivalent F20 period, and profit for the year after income tax was \$445 million. We also delivered a strong balance sheet with Net Debt of \$1.3b. Furthermore, on 28 June 2021, outstanding intercompany borrowings with Woolworths were repaid and replaced with external financing facilities totalling \$2.5b with undrawn facilities of over \$600m remaining after that repayment.

Our result was a tale of two parts. Our retail Sales grew to \$10.2b and EBIT grew by 17.6% to \$669m compared to the Equivalent F20 result. Our online sales as a percentage of total sales increased to 8.4% or \$859m for the year, enabled by the digital and fulfillment initiatives of endeavourX. And innovations by Pinnacle Drinks contributed to the development of 530 new products during the year, both in core categories but also taking advantage of emerging customer trends to grow new segments.

The opposite played out in Hotels, with COVID-19 again having an adverse impact on performance, but strong cost control and rapid responses to changing regulations, optimised the outcome for Hotels during a turbulent time and the business delivered sales of \$1.4b and EBIT of \$261m.

I'm proud of the achievements of all of our teams over the last 12 months, and I sincerely thank everyone for their constant agility and resilience. We wouldn't have navigated COVID-19 as well as we have to date without all the effort and dedication that our team provided our customers, the community and one another.

Our team was also busy during the year laying the foundations for our future.

Our vision is to be the leading platform enabling social occasions. To achieve this, we're driven by three strategic pillars; knowing our customers, innovating to meet their needs and working as one team living our purpose and values. We've made significant progress against each of these pillars in F21.

At the heart of our business is a market leading customer proposition and during the year we continued to strengthen that, growing the number of MyDan's members by 20% to 5.5m and improving our retail Voice of Customer NPS to 75 and our hotel online reviews to 4.2 out of 5.

We leveraged the insights from this growing customer base to continue to innovate:

- We grew digital engagement through enhancing our websites and apps, personalising the MyDan's membership program and improving online fulfillment in both pick up and express delivery resulting in online sales growth of 34.7%. In the hotel business we rolled out our contactless ordering technology to 115 hotels in F21 and to the balance of our hotel network in F22.
- We expanded and enhanced our network and customer reach by opening 33 new retail stores and 5 new hotels and renewing or upgrading 90 locations across Australia. We also welcomed into our Paragon Wine Estates portfolio the prize winning Oakridge winery in the Yarra Valley.
- We optimised our business with the launch of over 530 new products, introduced 575 new suppliers and upgraded over 500 EGMs, as well as continuing to build out our end-to-end capabilities in digital, analytics, merchandising and marketing.

During the F21 year we also focused on our team, starting the process of uniting the retail and hotels businesses under our common purpose and planning for the future together. We provided support for our team during COVID with a range of wellness initiatives, more recently advocating for vaccination through dedicated vaccination hubs, paid vaccination leave and facilitating an industry wide Q&A with Professor Michael Kidd (Australian Deputy CMO). We also ensured that all of our team members, and their families, had access to our “I Am Here” program, which provides physical, mental, social, community and financial wellbeing support and resources

We also worked with the team to define our future sustainability strategy, which we launched on Monday this week. The sustainability strategy and the goals and commitments we have outlined across responsibility and community, people, and planet, are the start of the next phase of our journey. But they build on the work we have already done to lead in the responsible service of alcohol and gambling which will always remain at the forefront of our operations.

This year in particular, I’m proud of the accomplishments of our team on that front. Not only did we continue to meet our existing high standards of behaviour like complying with ID25 and our Responsible Gambling Charter, despite the challenges of COVID-19, but we also continued to innovate across multiple areas.

We launched facial recognition technology in South Australia and rolled out nationwide voluntary pre-commitment on our hotels app. We continued to advocate for responsible choices and partnered with DrinkWise on a research study and trial to encourage exploration of lighter alcohol and no alcohol alternatives. We recognise the opportunity we have, to help in communities more broadly, and partnered with 1800RESPECT to roll out Family and Domestic violence awareness training for all our 28,000 team members. We also innovated in packaging, introducing Australia’s first lightweight sparkling bottle which removes over 320 tonnes of packaging from our supply chain every year.

We look forward to sharing further progress against our business strategy and our sustainability strategy in the years ahead.

With that backdrop, we do anticipate ongoing volatility in our markets through F22. COVID-19 trading restrictions continue to impact our business, and make it extremely difficult for us to forecast with any degree of certainty how we will trade over the next 12 months.

We do know however, that we’re entering the new year with a significant number of opportunities to create value, including growing our digital engagement, adding new retail stores, acquiring and upgrading hotels and a continual focus on optimising our business.

We also know that our teams will continue to respond with agility to the changing conditions and we’ll continue to innovate and build for a future beyond COVID-19.

As evidenced by the many positive changes this week, we know that growing vaccination rates correlate with an increase in freedoms for customers and communities and we’re excited to have our hotels reopen in NSW and Victoria this month. I encourage you all to get vaccinated, to get to one of our pubs or to gather with friends and family over a beautiful bottle of our prize winning Oakridge 864 Chardonnay and join us as we work on creating a more sociable future together.

Thank you for your attention and I would now like to hand back to the Chair.