

New Zealand Food¹

New Zealand Food had a strong second half with improved customer metrics, supporting strong sales and EBIT growth.



Sales (NZ\$M)

\$6,712

▲ 2.4%² from F18

EBIT (NZ\$M)

\$296

▲ 1.0%² from F18

New stores medium term annual target

3-4

TRADING PERFORMANCE

New Zealand Food's sales for the year were NZ\$6.7 billion, an increase of 4.3% on the prior year (6.0% increase in AUD) or 2.4% on a normalised basis.

Comparable sales increased 3.4% for the year, driven by positive core offer momentum with Countdown's customer satisfaction and brand advocacy measures continuing to steadily improve. Highlights include increased Fruit & Vegetables VOC (H2: +6 pts) driven by a focus on direct-to-grower fresh quality, and improved community perceptions aided by the removal of single-use plastic bags in the first half.

Digital momentum remained strong throughout the year, with F19 sales growth of 40% (normalised) driven by Pick up, Same day delivery, and capacity expansion. Customer advocacy for Online also remains strong with VOC NPS of 66 in Q4.

Sales growth improved in the second half (H1: 1.9%, normalised H2: 3.0%) driven by positive comparable transaction growth and aided by a recovery in market

growth post Christmas. Sales per square metre increased by 6.4% (normalised 4.5%) due to strong sales growth and a 2.0% reduction in trading space following store closures. During the year, three stores were closed and two stores were opened with 180 Countdown supermarkets at the end of the year.

Stockloss improvements were maintained in the second half, contributing to an 18 bps increase in gross margin while remaining price competitive. Average prices declined 0.8% for the year, but with a lower rate of deflation for the second half.

CODB as a percentage of sales increased 25 bps (normalised) driven primarily by strategic investment into digital, IT and data capabilities.

EBIT increased 3.9% for the year (1.0% normalised), with H2 EBIT growth of 4.4% (normalised) aided by sales momentum and improved cost management.

On a normalised basis, ROFE increased by 5 bps.

NZ\$ MILLION	F19 53 WEEKS	F18 ³ 52 WEEKS	CHANGE	CHANGE NORMALISED
Sales	6,712	6,433	4.3%	2.4%
EBITDA	425	411	3.0%	1.0%
Depreciation and amortisation	(129)	(127)	1.0%	1.0%
EBIT	296	284	3.9%	1.0%
Gross margin (%)	24.4	24.2	18 bps	18 bps
Cost of doing business (%)	20.0	19.8	20 bps	25 bps
EBIT to sales (%)	4.4	4.4	(2) bps	(6) bps
Sales per square metre (\$)	16,626	15,621	6.4%	4.5%
Funds employed	3,210	2,998	7.1%	
ROFE (%)	9.6	9.5	15 bps	5 bps

1 Growth for New Zealand Food quoted in New Zealand Dollars.
2 Normalised for the 53rd week.

3 During the period, the management of the New Zealand Wine Cellars business transferred from Endeavour Drinks to New Zealand Food. The prior period has been re-presented to conform with the current period presentation.