

FY2019 IGA Stores Results Snapshot

July 2019
(Commercial in Confidence)

Overview

FY2019 has been a very challenging year however we have experienced very positive KPI results nevertheless. We have listened to members and where possible have already instigated a number of improvements that will benefit all members.

FY2019 Highlights

1. Significant growth in SIW sales and volume, greatly improved Gross Margin \$ growth on SIW purchases (especially in the second half of the year). *Details next slide*
2. 75 IGA stores using their Equipment Development Funds (EDF) to improve their offers. One new IGA store opened, another two currently under construction.
3. Members participation in developing our new Purpose, Vision and Value Statements and providing valuable feedback in the retailer satisfaction survey. This process helped devise the 2020-2023 Strategic Plan now circulated to our members and fully endorsed by the TIR board.
4. Changes to our Advertising/Marketing mediums which has delivered significant costs savings (\$200k) whilst maintaining sales growth by utilising revised and new media platforms.
5. Realignment of focus for our store support teams which revised compliance and store improvement services to give members more help and advice.

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SIW Sales Results

- 52 weeks (Total Departments) Sales \$183M +7.93% Volume +3.58%
- 52 weeks (Excluding Cigs) Sales \$91M +5.54% Volume +4.32%

Significant sales growth on the back of a warm summer, more stores purchasing Coca Cola from SIW (rather than direct) and aggressive promotional and on shelf pricing. This was a very positive result considering we encountered a range of supply issues from SIW in the last six months of the financial year.

Cigarettes and Tobacco is still a declining category with volume down (**-2.83%**)

SIW Invoice Margin

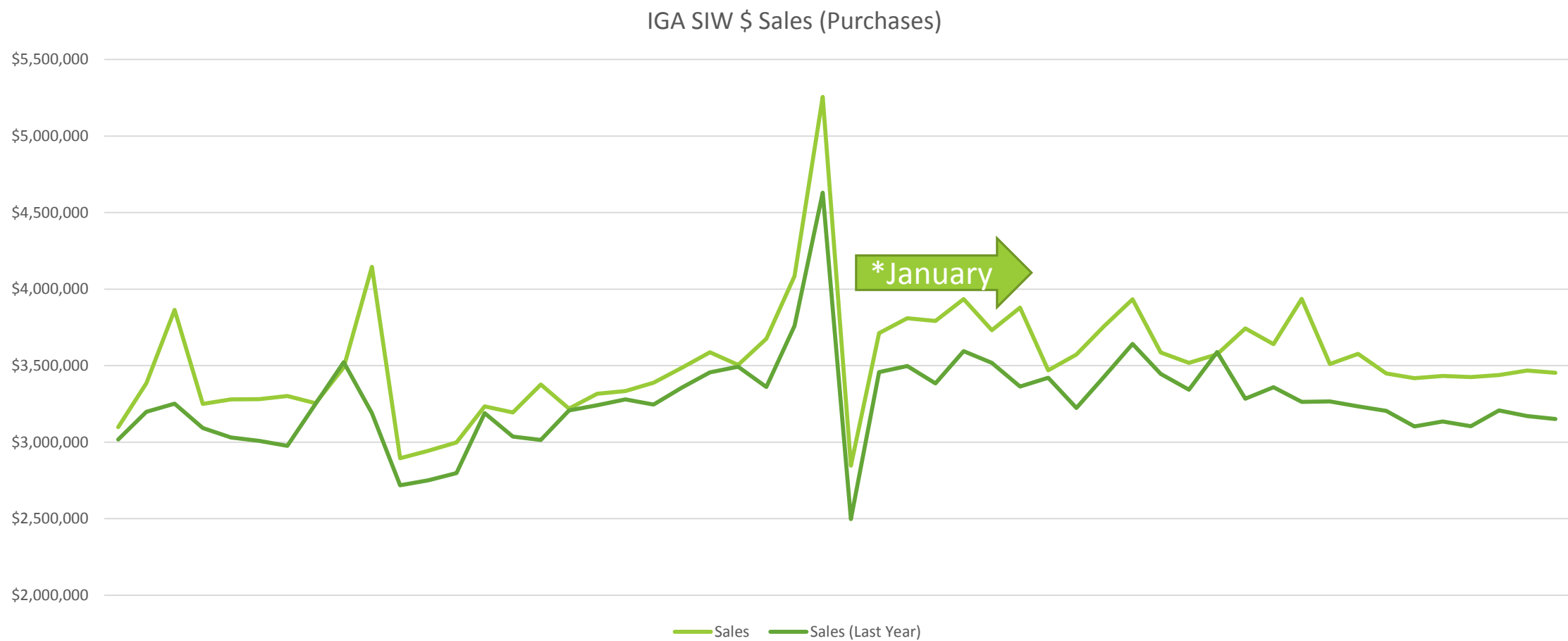
(This is the margin reflected on invoices, as near 70% of purchases are in a promotional buy period, it calculates mostly promotional margin despite actual product sold on normal price for most weeks of the buy period. We call it worse case scenario margin.)

- Min. Gross Margin % (excluding Cigs) TY 19.76% vs LY 19.74% increase +0.02%
- Gross Margin \$ Growth (Total Departments) TY +\$2.3m (LY +\$1.5m) increase +7.72%

This is a significant improvement on 2018. After feedback from the AGM , a number of changes has delivered substantial positive margin growth. The review of Price Match* and adjustment LPE SPA along with some adjustments to promotional pricing/margins has delivered a great result that should benefit all stores.

**It is significant to note that the majority of IGA stores opted to remain in our competitive pricing programs. Currently only 3 stores have opted out and 2 stores initially opted out but have decided to re-join the pricing programs after reviewing the impact.*

Sales growth consistently strong in the period January to June 2019



Margin growth soared in the last six months due to margin improvements and strong sales

IGA Gross Margin \$ Cumulative Trend

