



ASX Release

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UPDATE ON COLES SUPPLY CHAIN MODERNISATION

Coles Group Limited (Coles, ASX: COL) today announced it had executed definitive contracts with WITRON Australia Pty Ltd to develop two new automated ambient distribution centres, one each in Queensland and New South Wales.

WITRON Australia is a subsidiary of WITRON Logistik + Informatik GmbH, the German-based global leader in building automated distribution centres that deliver improved product availability for customers and cost efficiencies.

Concurrently, Coles has also entered into agreements for lease catering for the development of the distribution centres at Redbank in south-west Brisbane with Goodman Group, and Kemps Creek in western Sydney, with a joint venture of Goodman and Brickworks Limited. The term of each lease will be 20 years.

The agreements with WITRON, Goodman and Brickworks are subject to the satisfaction of certain property related conditions precedent including development approvals.

Coles CEO Steven Cain said: "With the signing of these important contracts, Coles is one step closer to implementing a key element of its supply chain modernisation strategy. This will provide a safer working environment for our team members, lower supply chain costs, enhance our overall business competitiveness and make life easier for our customers by having the right offer in the right location."

The total capital expenditure relating to Coles' supply chain modernisation project for the two automated distribution centres is approximately \$950 million over six years.

Coles also confirms it will recognise a pre-tax provision of \$146 million in its 2019 interim result as a significant item, relating to lease exit costs and redundancies for existing distribution centres that will be closed over a five year period.

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