H1 2026

Australian Food & Grocery Market Moves

Pivots & Reversals vs. Dependable Drivers

June 2026

BEFORE WE BEGIN

Where do you think we are?

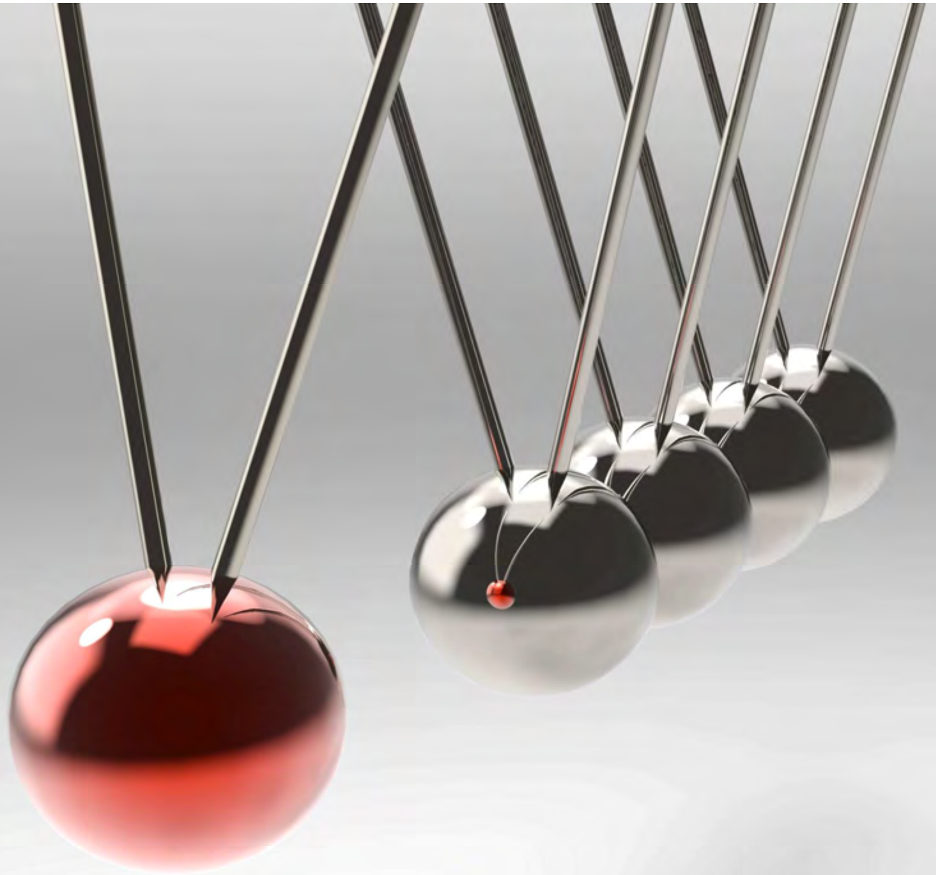
Heading into the second half of 2026, Australian grocery is.....

A	B	C	D
Accelerating Growth picks up	Holding steady More of the same	Softening Losing Momentum	In Reverse Heading backwards

The best way to predict the future is to create it

Quote is often attributed to Peter Drucker or Alan Kay

1. **Spending Strength & Subsequent Softening**
2. **Consumer Confidence Climbs & Collapses**
3. **Price & Promotion Propelled Pivots**
4. **Dependable Digital Dynamism**
5. **Sweet Survivors & Slump-Proof Staples**



Part 1

Spending Strength & Subsequent Softening

Household (HH) spending & retail growth topping out

Grocery strengthens & softens amid share-of-wallet loss

Strength and softening narratives in food & non-food

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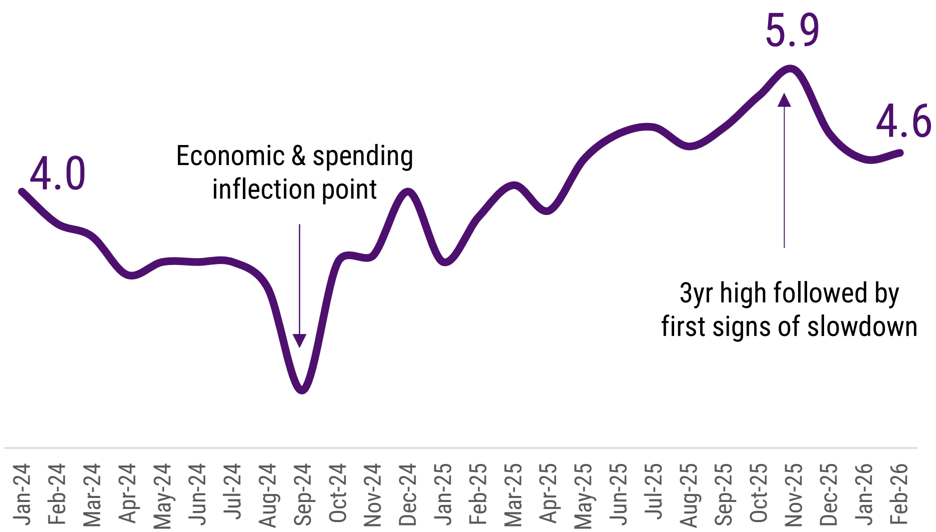
Strength in HH spending in 2025 & early 2026

3yr high in Nov. likely as good as it gets

Monthly household spending growth (%), vs. YA,
January 2024 to January 2026



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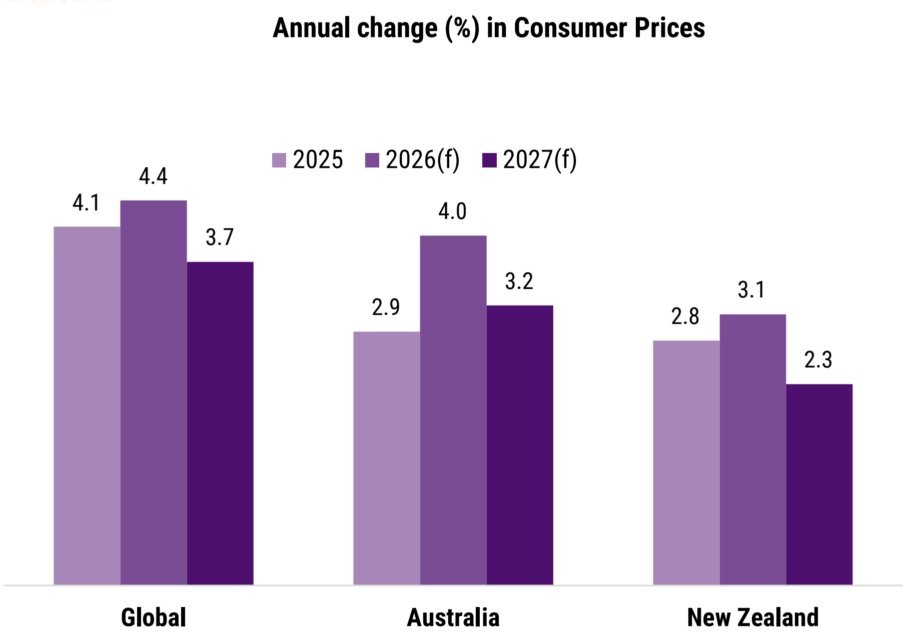
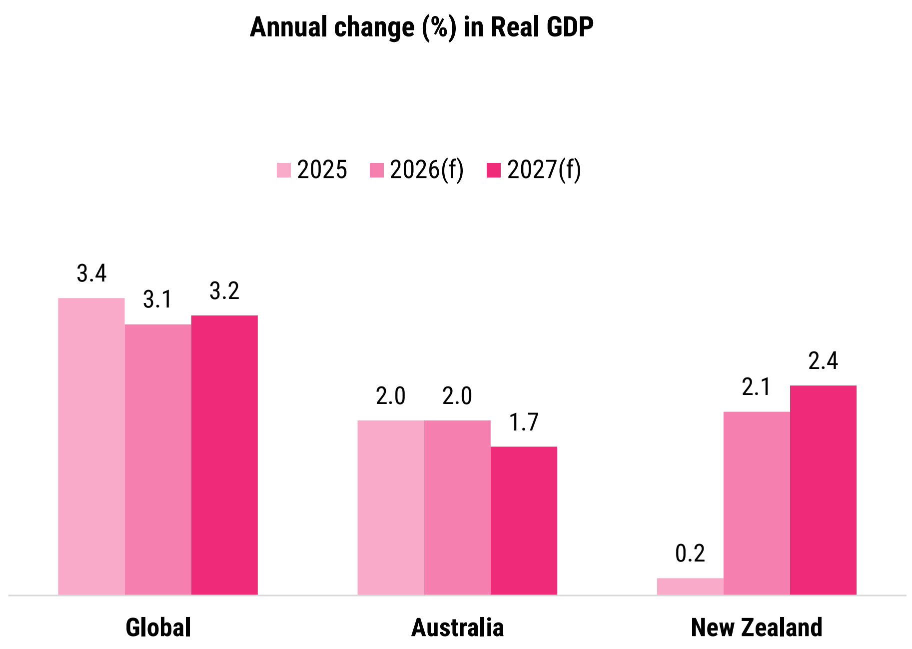
Source: Australian Bureau of Statistics Household Spending, Annualised Data To February 2026

The IMF forecast assumes Middle East disruptions ease by mid-2026; risk are clearly skewed to the downside



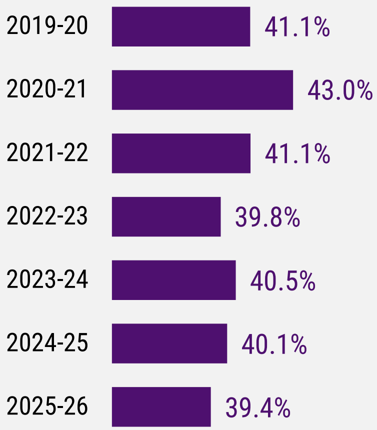


Source: IMF Global Economy in the Shadow of War released April 15 2026

Food retail* lost share of total wallet in 2025

Improved macro backdrop bolstered discretionary spend

Food* retailing share of total AU retail turnover



6yrs
-1.7pts

1 yr
-0.7pts

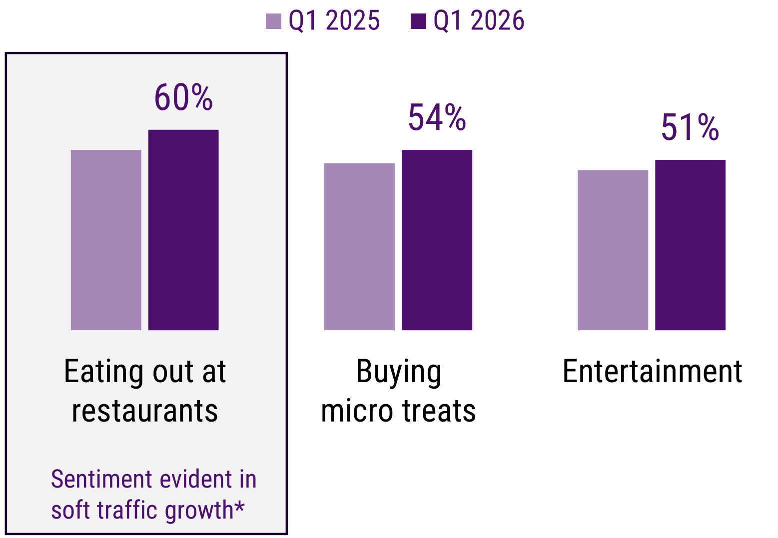
Food Retail*: Supermarkets & Grocery ~80%, Liquor Retailing and Specialized food (butchers, bakeries, fruit and veg)

*Source: Australian Bureau of Statistics, Data To February 2026; *includes liquor*

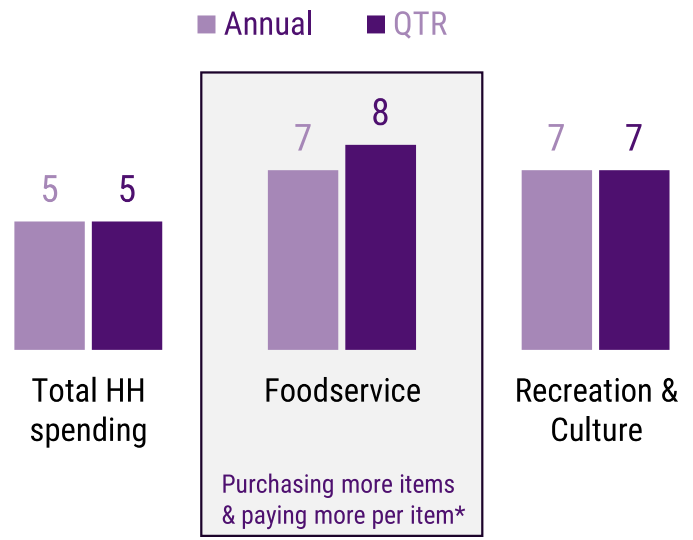
Strength in out-of-home (in 2025) a factor in loss-of-wallet

Areas where Australians say they are cutting back are outperforming

Top 3 claimed changes made to spending in last 3 months due to cost of living*



Value growth (%) vs. YA, by select retail vertical/expenditure group**



*Source: *Circana, CREST®, Australia, Quarter Ending December 2025;*
**NAB Consumer Sentiment Survey, Q1 2026 vs Q1 2025; Cut, cancelled or delayed spending in last 3m due to CoL pressures ; **Australian Bureau of Statistics Monthly Household Spending, Data to February 2026*

Contrasts and variability across channels

Solid but variable

Challenged

Two-speed

Growth drainer

	Grocery	Liquor	Pharmacy*	Petrol
	$140B	**$26B**	**$12B**	**$10B**
Dollars	+3.6%	-0.5%	+7.7%	-6.0%
Units	+1.2%	-1.7%	+3.4%	+0.4%

AACS
Australian Association of Convenience Stores
-~30% vs YA

Source: Circana Shopper Panel Total Supermarket, MAT To 28/12/25;
Liquor MarketEdge Weighted Scan, MAT To 04/01/26;
Petrol & Convenience MarketEdge, MAT to 28/12/25;
**Front of store only combining Circana Pharmacy Scan (MAT To 21/12/25) and Chemist Warehouse Investor Updates;*

Soaring GLP-1 demand is evident in impressive Priceline & Chemist Warehouse sales growth

FY25 growth
+11.9%

H1 FY26 growth
+14.4%

12%
AU HH Pen
23%
US HH Pen

FY25 growth*
+14.1%

Q1 FY26*
+17.9%

*Source: Retailer Investor Presentations and Annual Reports; *CW covers Australian & Int. sales*

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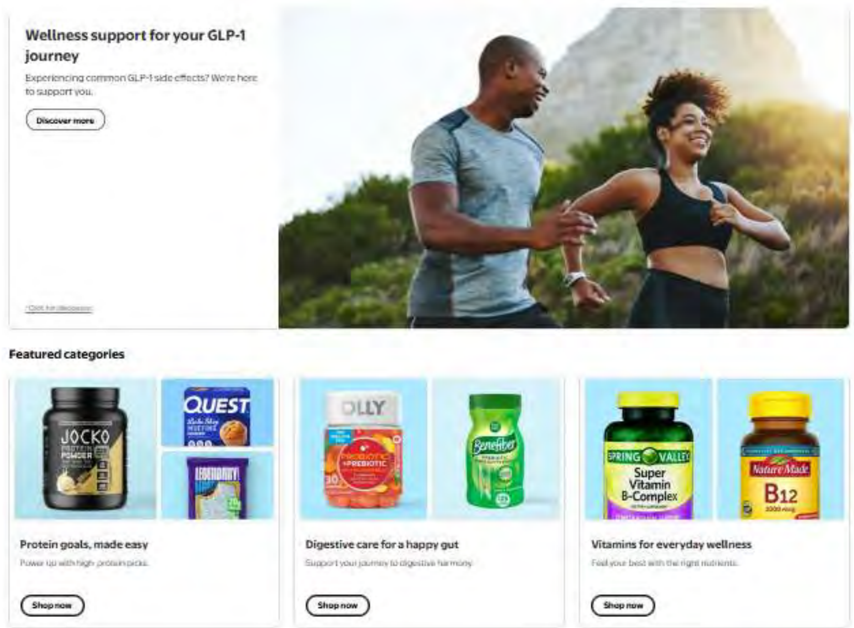
GLP-1 choice curation from retailers

Online curation arguably overcomes stigma

- Gastrointestinal
- Muscle loss
- Nutritional Deficiency
- Nausea
- Bone density

Walmart



Source: Walmart.com; retailtouchpoints.com

AU Grocery

$140B

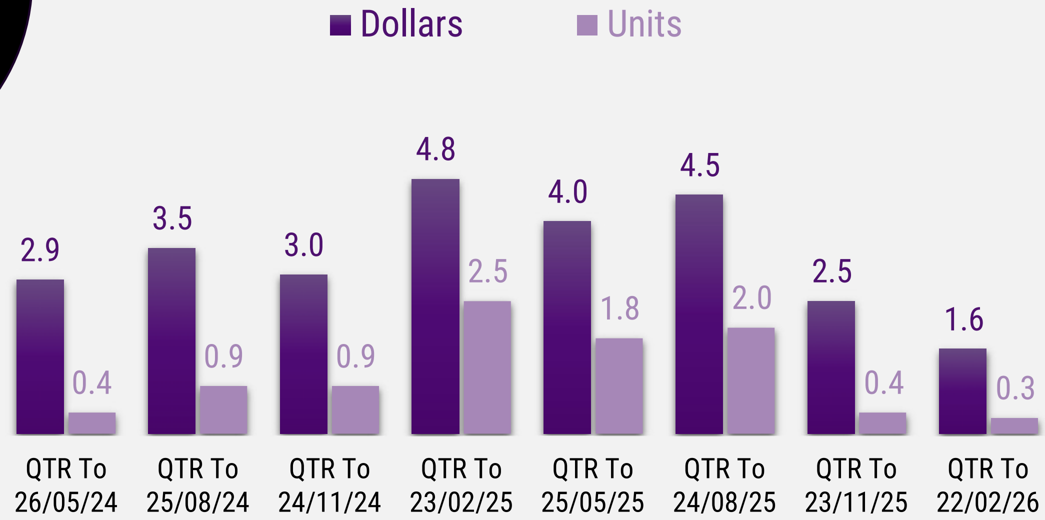
Dollars +3.2%

Units +1.1%

Softening in AU grocery continuing into 2026

Evident in dollars and units

Total AU supermarket dollar growth (%) vs. YA.



Source Circana Shopper Panel, Total Supermarket, QTR from 26/05/24 To 22/02/26

Food & beverages still driving total grocery value growth

BUT first signs of softening food sales in 2 yrs. Non-food improvements not sustained

Food & Drink

Dollar growth vs. 2YA

+12.3%

+$12.2B

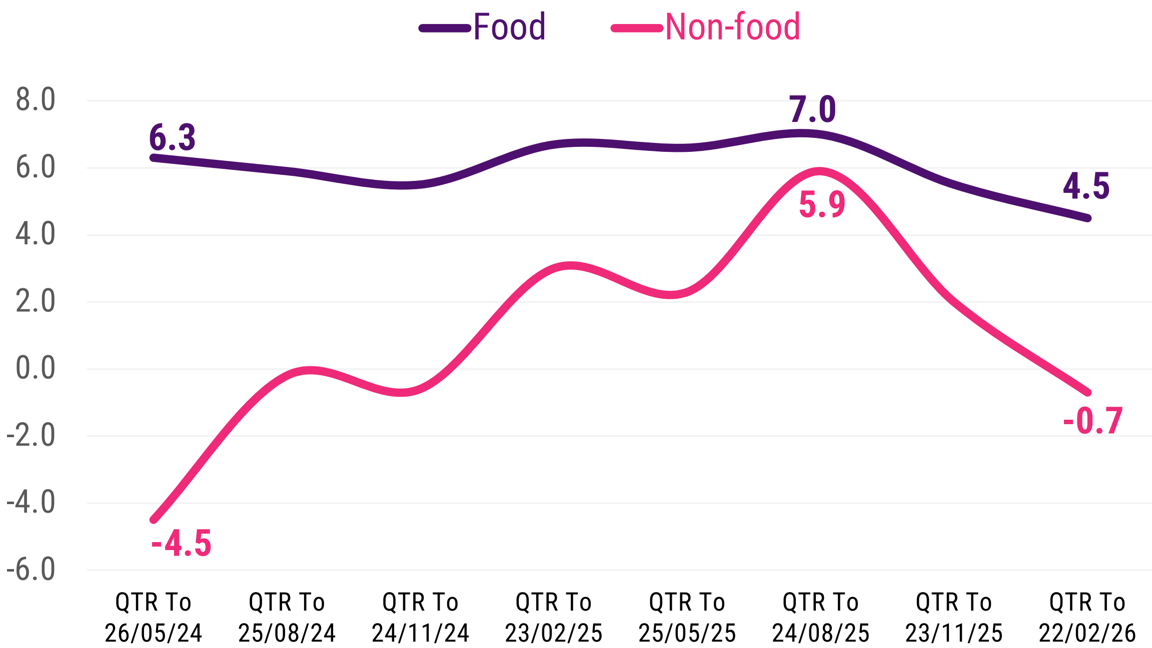
Non-Food

Dollar growth vs. 2YA

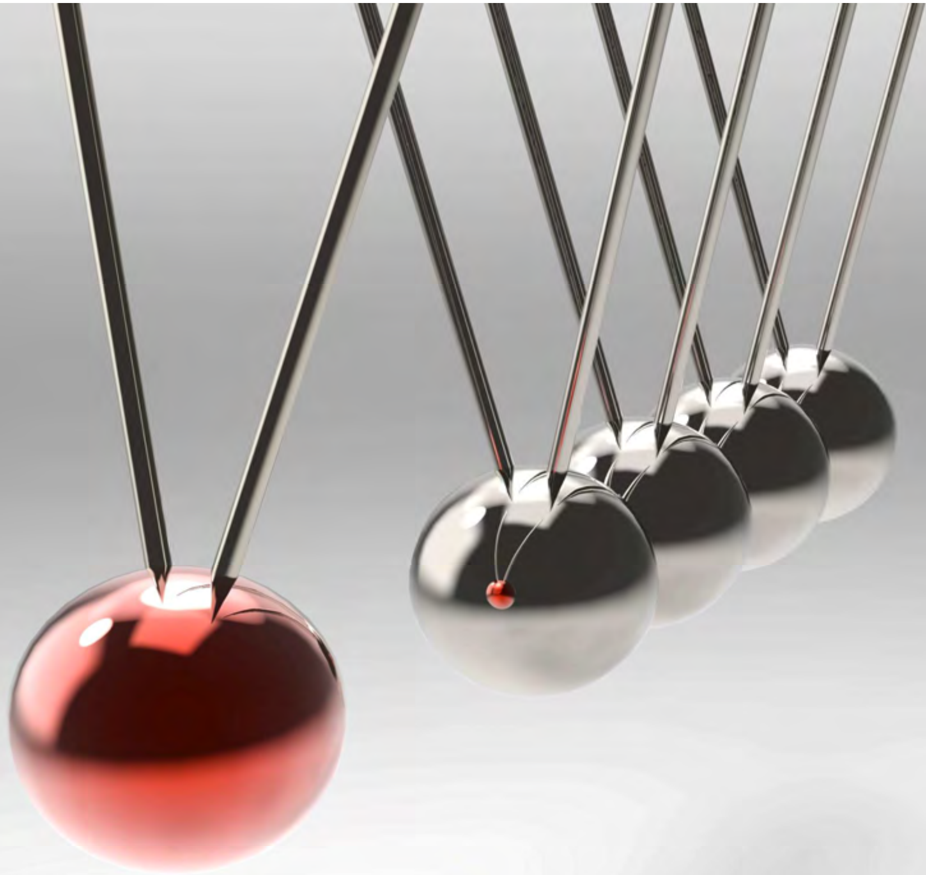
+1.7%

+$426M

Total AU supermarket dollar growth (%) vs. YA.



Source: Circana Shopper Panel, Total Supermarket, Data from QTR To 26/05/24 To 22/02/26



Part 2

Consumer Confidence Climbs & Collapses

Confidence revival of 2025 unravelled. Could get worse

Tripple-whammy: lower growth, higher costs & volatility

Slight unwinding of price & promo focus likely to revert

Changeable confidence

August
3.5 yr high
+14 pts vs YA

September-October
6 month low
-6 pts vs Aug.

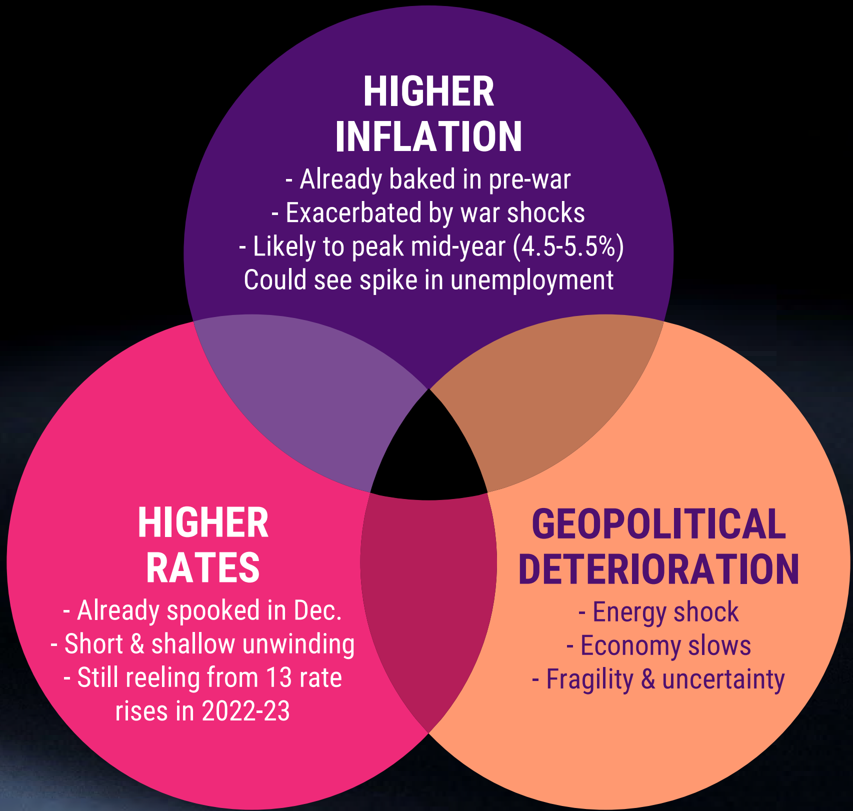
November
7 yr high
+13 pts vs YA

April
Broad pessimism
-12.5 pts vs. March.; biggest fall since COVID

Source: Westpac-Melbourne Institute Consumer Sentiment, Data to March 2026

Triple-whammy: lower growth, higher costs & volatility

Outcome: renewed financial pressure and likely renewal of the 'handbrake effect'



Handbrake more likely applied to discretionary expenditure

Opportunities to trade-up: 'permissible premium' at-home

Source: Circana analysis

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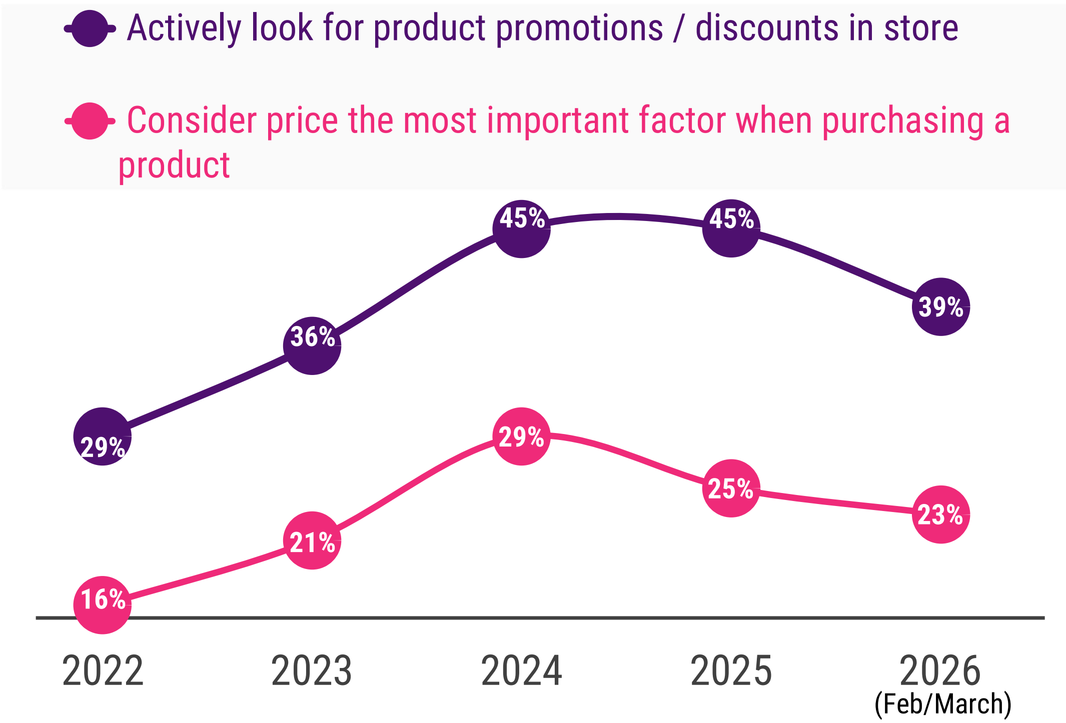
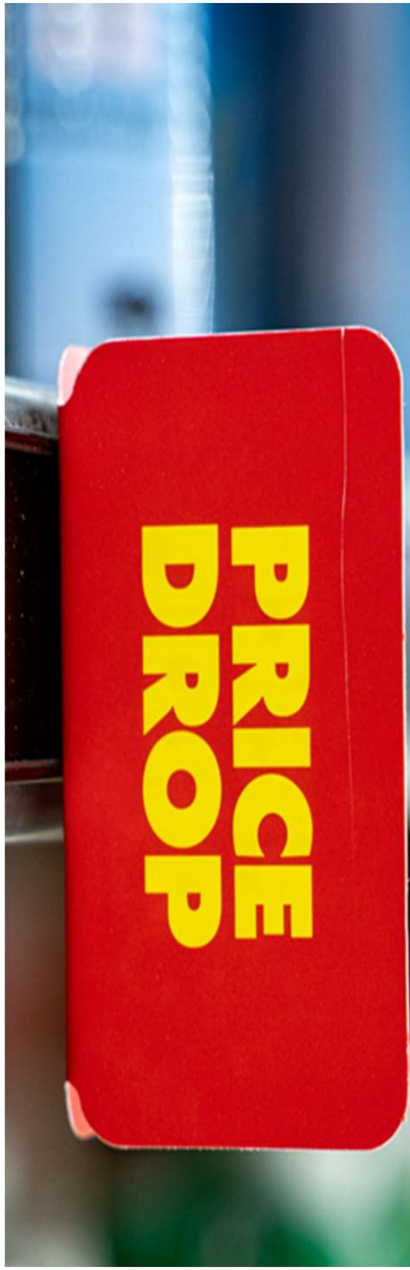
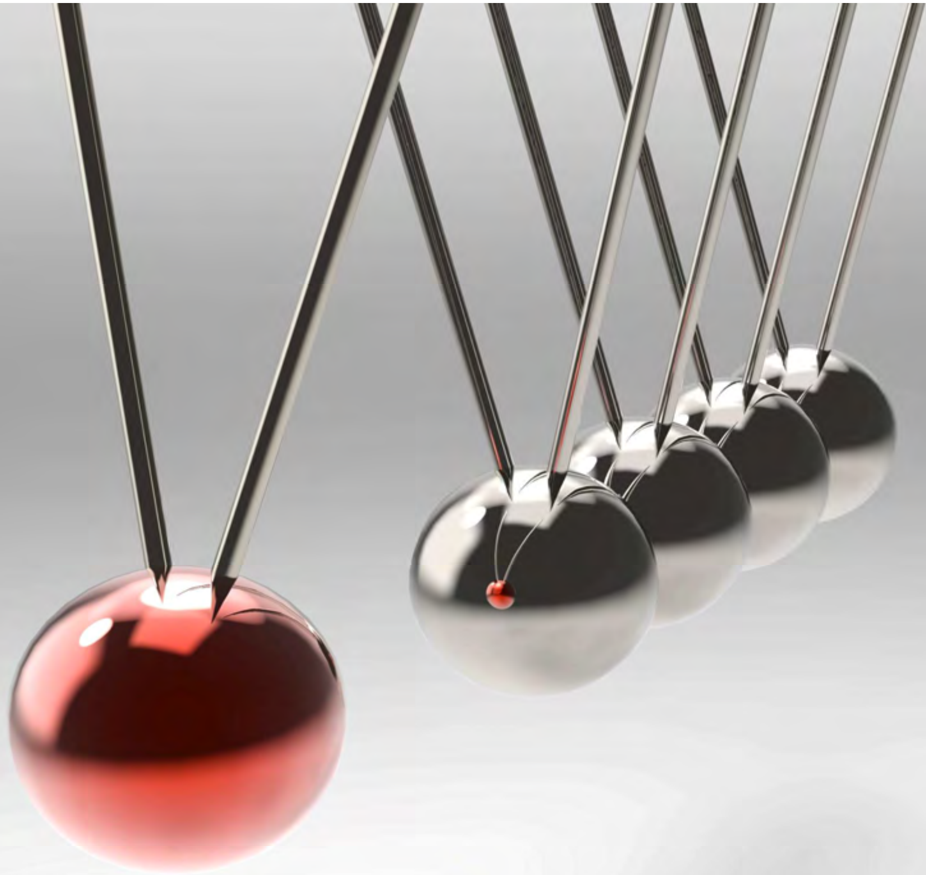
Promotional pull unlikely to further subside amid deteriorating backdrop





Source: Circana Shopper Panel Surveys, 2026 February/March; n = 4,865; 2022 = 5,393; Circana Store Visits; Responses reflect those who 'strongly agree' only.



Part 3

Price & Promotion Propelled Pivots

Recalibration in 'Big 2' momentum

Disinflation aligned with price & promo investment

Aldi losing momentum but poised to capitalise again

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Woolworths goes hard on price in high basket penetration categories

Aligned to a surge in VoC scores

Value for money VoC
+8pts vs Dec 24

Availability VoC
+10pts vs Dec 24

Overall Food Retail VoC
+10pts vs Dec 24

Lower Shelf Price

800+ products

+350 items

Woolworths

"It has been **a very promotionally intense period…we have run sharper promotions**…it's about driving unit volume

We have been more competitive and **have certainly had more market-leading offers over the last 6 months**…we expect to continue the **need to focus on building price trust over the next 12 and 18 months**"

Source: Woolworths Half-Year Results Presentation and Earnings Call Transcript

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H1 FY26 sales growth of the 'Big 2' closely aligned

Albeit Woolworths lapping a very soft prior year after disruptive industrial action

H1 FY25
+4.3%
+$851M

H1 FY26
+3.6%
+$736M

+$1.58B

H1 FY25
+2.7%
+$710M

H1 FY26
+3.6%
+$952M

+$1.66B

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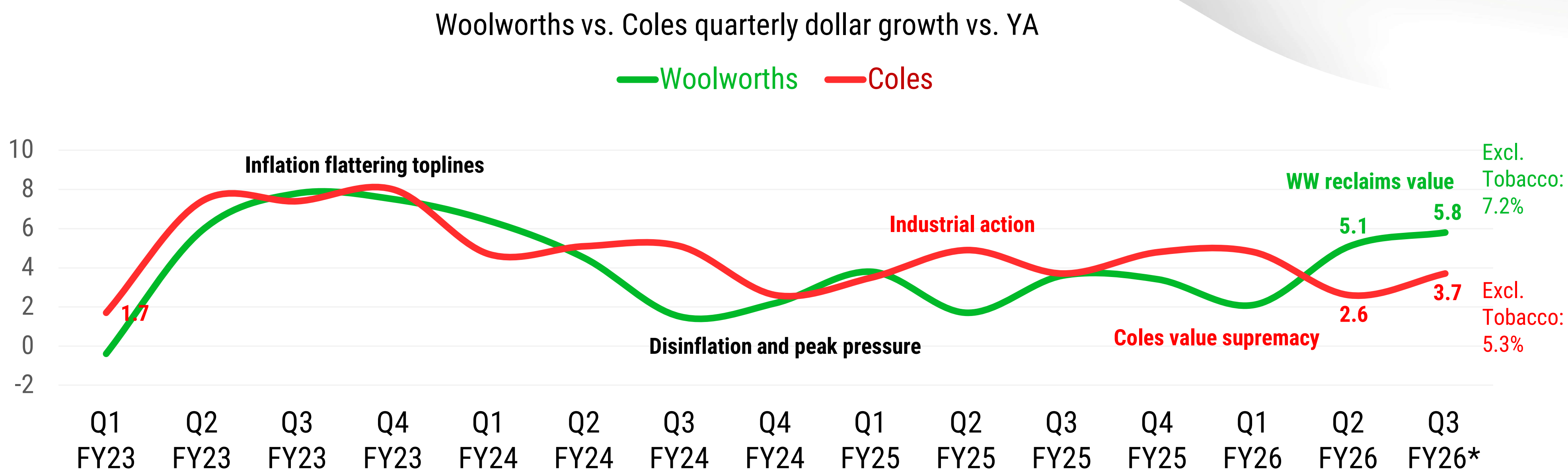
Source: Retailer Investor Presentations, H1FY26 and H1FY25

But growth momentum is now with Woolworths

The long-run growth leadership of Coles over Woollies reverted in Q2

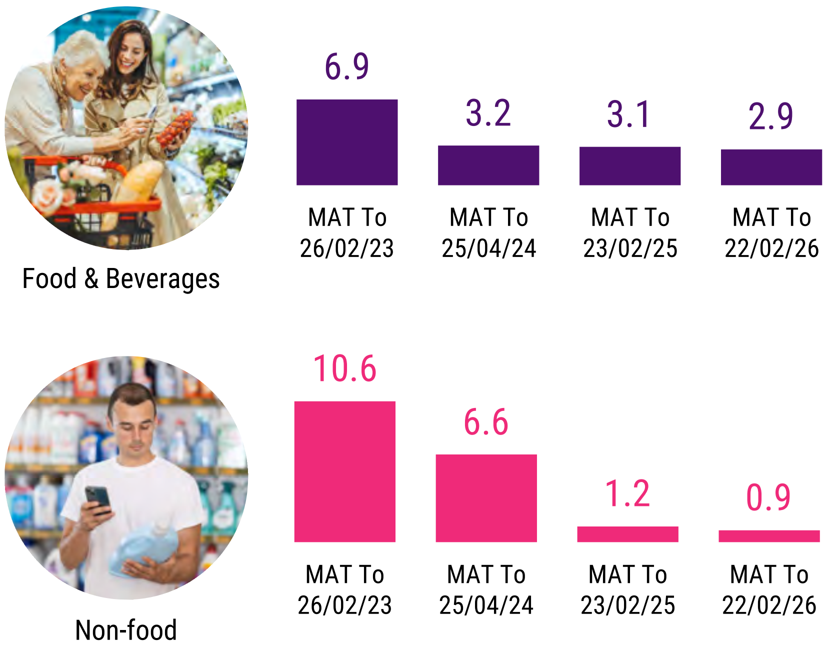


*Source: Retailer Investor Presentations; *Covers first 7 wks only*

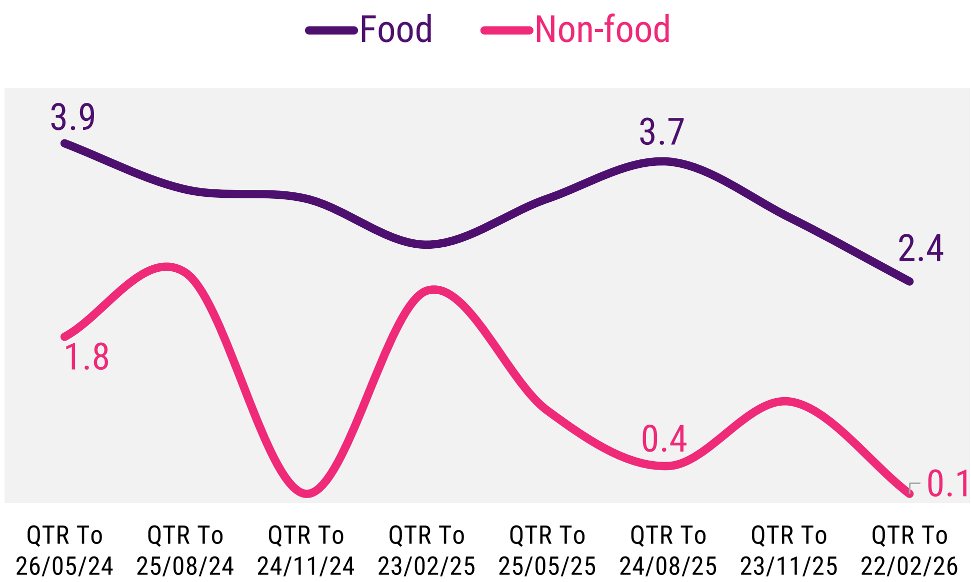
Woolies price investment reflects softer price growth

Disinflation for 3 yrs, which intensified in latest QTRs, a factor in grocery's slowdown

Price/unit growth (%) vs YA, food vs non-food, 2023-26



Price/unit growth (%) vs YA, by QTR, food vs non-food

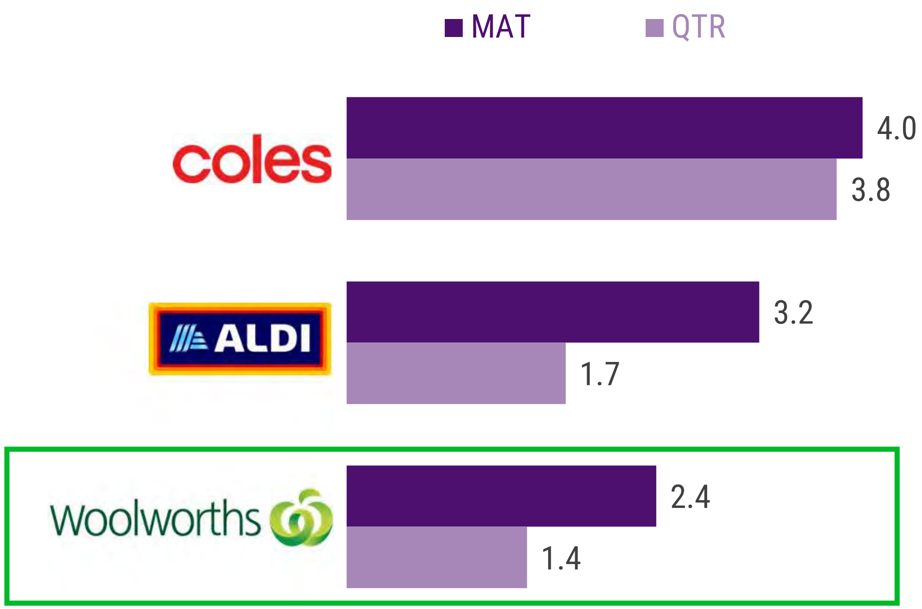


Source: Circana Shopper Panel, Total Supermarket, MAT To 22/02/26

Lower price growth in Woolies

Food & drink unit price growth is softer in Woolies vs. both Coles and Aldi

Food and beverage unit price growth (%) vs YA, by banner



Source: Circana Shopper Panel, Total Supermarket, MAT To 22/02/26

Price-led shoppers driving Woolworths momentum

Those most forcefully expressing price-led choices over-indexing in WW

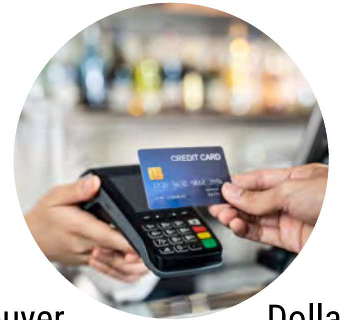
"Consider price the most important factor when purchasing a product"

23%

STRONGLY AGREE

(+8pp vs 2022)

(-6pp vs 2024)



	Dollars per buyer change among cohort	Dollars per buyer change among sub-panel
Woolworths	+$184	+$87
coles	-$140	+$5
ALDI	-$57	-$27
IGA	-$90	-$62

Source Circana Shopper Panel Surveys, 2026; n = 4,865; 2022 = 5,393;
Circana Shopper Panel, Total Supermarket, 26 wks to 22/02/26 vs. 26 wks to 23/02/25

Aldi and Coles shopper KPIs softer in latest 26 wks

6 months to late February underscore a challenging market more generally




	Trips	Dollars per buyer	Units per buyer	Price/unit
Woolworths	+9.1M	+$143	+20	+1.8%
coles	-3.4M	+$45	-10	+3.8%
ALDI	+0.1M	+$2	-4	+1.7%
IGA	+3.4M	-$13	-6	+1.3%

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Source Circana Shopper Panel, Total Supermarket Excluding Tobacco, 26 wks to 22/02/26 vs. 26 wks to 23/02/25

Aldi’s outperformance has halted (for now)

A material slowdown over the last year, flat change in last 6 months

26 wks to 23/02/25

>$0.5B

26 wks to 22/02/26

Slowing

THE AUSTRALIAN

Where did Aldi’s market share go? Woolies, Coles pick bones off No.3

FINANCIAL REVIEW

Aldi cuts prices and range as it stares down competition from giants

THE AUSTRALIAN

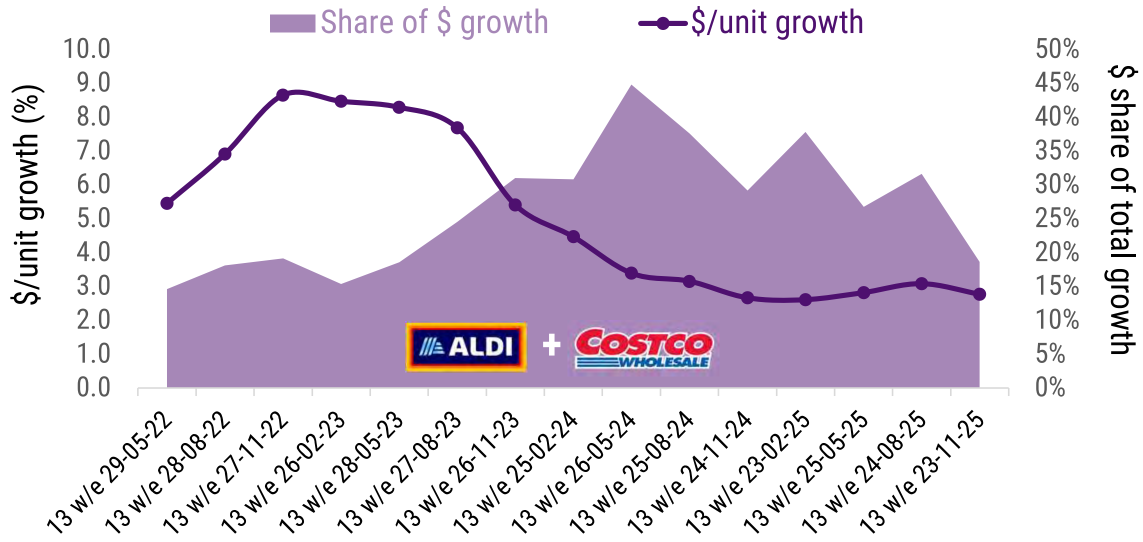
Aldi searches for new advertising agency as sales decline

Source Circana Shopper Panel, Total Supermarket, 26 wks to 22/02/26 and 26 wks to 23/02/25 ; aldi.com.au

Last 4 yrs tell us Aldi + Costco gain from rising prices

BUT the 'lag effect' of price rises means the resurgence may not be immediate

Aldi & Costco share of total supermarket dollar growth, by QTR



"We want to make sure that we are able to help customers manage their budget…our current price gap … gives us a price gap of just under 17 per cent…we want to continue to maintain that gap

ALDI

Anna McGrath – Aldi CEO

Quoted in The Advertiser, February 2025

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Aldi to again entice shoppers from higher trust and goodwill?

Trust deficit inhibits Big 2's ability to raise prices
Renewed inflation = trust is going to be tested

Most trusted brands

1st	Bunnings warehouse	=	6th	BIGW	↑ (1)
2nd	ALDI	=	7th	TOYOTA	↓ (1)
3rd	K	=	8th	MYER	=
4th	Commonwealth Bank	↑ (1)	9th	JB HI-FI	=
5th		↓ (1)	10th	Australia Post	=

Most distrusted brands

1st	Woolworths	=	6th	TESLA	↑ (1)
2nd	OPTUS	↑ (2)	7th	QANTAS	↓ (1)
3rd	facebook Meta	=	8th	Telstra	=
4th	coles	↓ (2)	9th	X	=
5th	TEMU	=	10th	SHEIN	↑ (1)

Source: Roy Morgan Risk Monitor, 12-month average to Dec. 2025; Base: Australians 14+, n=18,204.
Arrows with numbers show ranking change since Sep. 2025

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Part 4

Dependable Digital Dynamism

Growth contribution 5.7X higher than sales contribution

Underscored by value, convenience, speed and choice

Apps a gateway for an agentic-AI led future coles

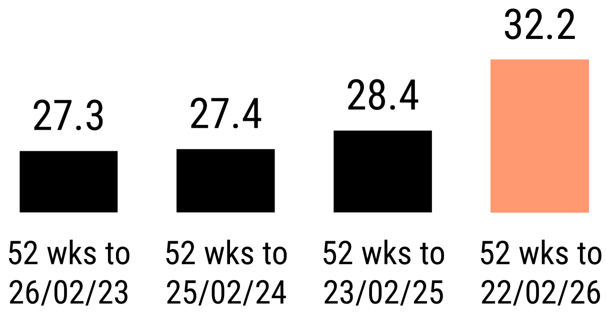
"We expect that **over the next five years, that share number could hit 20 per cent**…our expectation is it is going to continue to grow quite rapidly"

More AU HHs are buying groceries online

HH's buying online grocery

32.2%

+4.9pts vs. 3YA



Source: Circana Shopper Panel, Total Supermarket Online, MAT To 22/02/26

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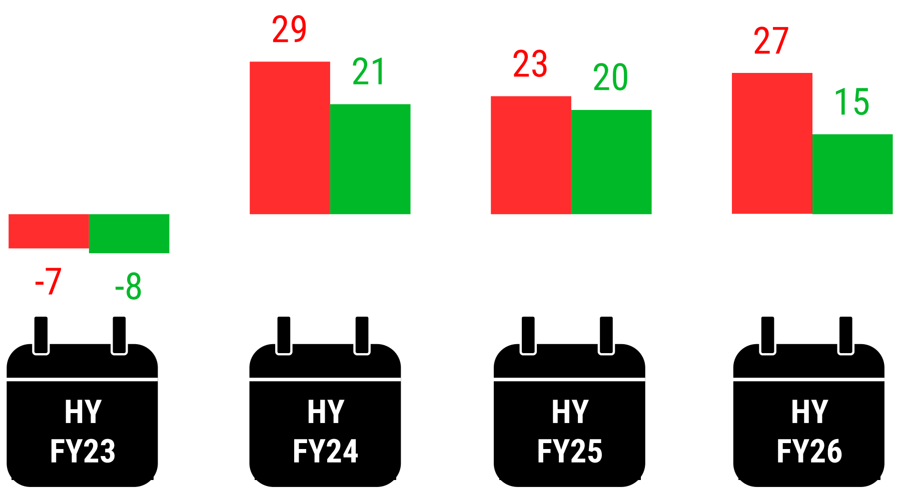
Online sales acceleration is currently led by Coles…

Growth gap between ‘Big 2’ widened in H1

Coles & Woolworths: online dollar sales growth vs YA*



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Source: Retailer Investor Presentations

Superior value, convenience, speed and choice

Both Coles (+5pts) and Woolworths (+4pts) recorded material lift in online/digital NPS

coles

>17,000 products
Expanded partnership with Uber Eats

coles
Deliver More

Wider CFC offer
Following Melbourne and Sydney expansions

flybuys

>10M members
+6.2% growth in active members vs. YA

Woolworths

642 locations
+135 extra locations (+27%)

Fastest growing
eCommerce proposition

2 hours

43% of deliveries
fulfilled within 2hrs
Increase of 3.4 pts
compared to Q2 F25

everyday rewards

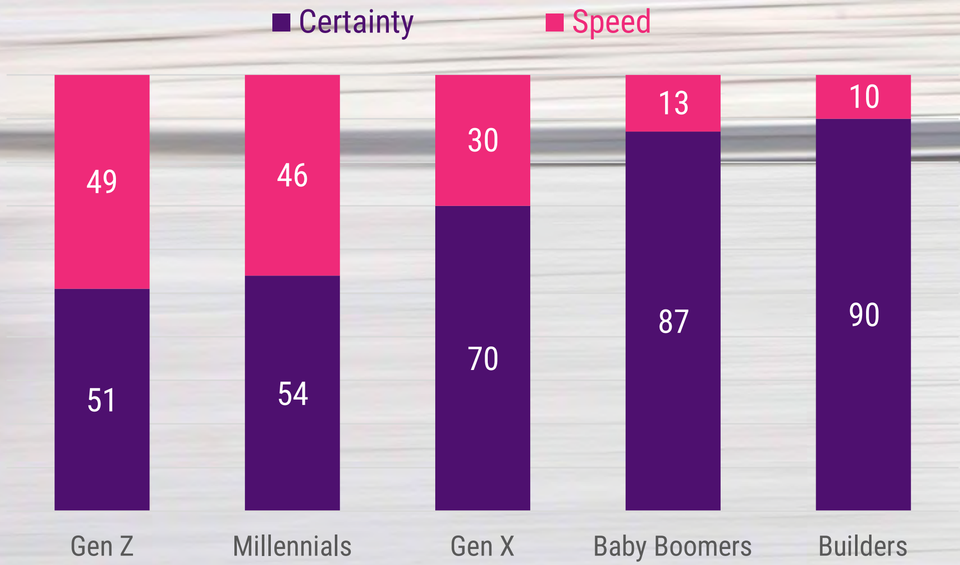
10.6M members
+3.8% growth in active members vs. YA

Source: Retailer Investor Presentations

Need-for-speed is generational

Rapid delivery momentum reflects Gen Z and Millennial onus on a fast & frictionless commerce

Preference for speed vs certainty by generation 2025

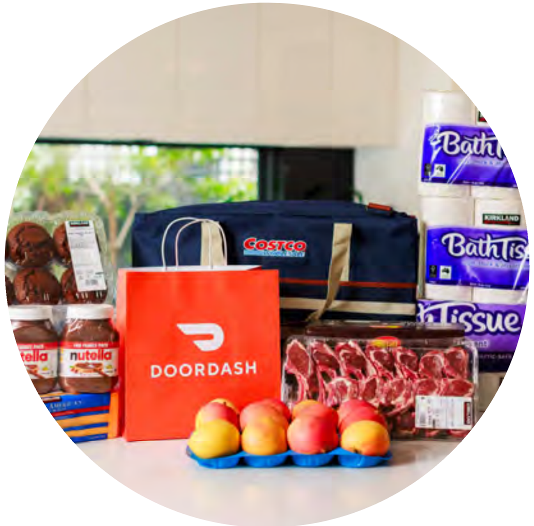


Source: Australia Post eCommerce Report 2026; Survey November 2025

Competition in rapid demand is ramping up

Amazon-Harris Farm exists with prominent on-demand delivery partnerships

Feb 2025



Same-day Costco delivery
Groceries and essentials

July 2025

ALDI's first-ever grocery delivery
<1,800 products

Jan 2026

Sales growth of Amazon Australia
>45% YoY

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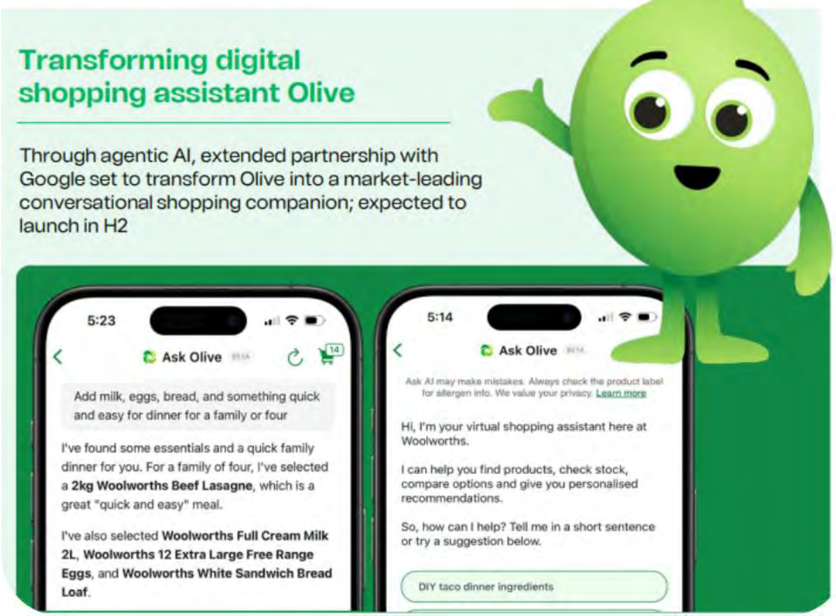
Source: Circana analysis; Doordash; Uber; Bunnings

Generative and Agentic AI reaching Australian grocery

But agent-based conversational commerce is not without challenges

Conversational shopping companion for deeper interaction & engagement



BBC

'Obnoxious' AI chatbot talked about its mother, customers say

NBC NEWS

Supermarket giant reins in AI assistant claiming to be human

Source: Woolworths H1 FY26 Investor Presentation, February 2026

Part 5

Sweet Survivors and Slump-Proof Staples

Nostalgia and fun as growth drivers last time CPI peaked

Perceived as a way to reduce risk

Health and quality are key attributes driving growth now

What did well last time inflation peaked?

Lifesavers

+15.2% +$11.6M

Releases a range of new lollies and chocolates

Nostalgic brand offering innovative fun

HH penetration gain (+5.8pp)

Cadbury

+12.4% +$181.5M

Most trusted Food & Beverage Brand in Australia in 2024*

2023 campaign: “There’s a Glass and a Half in Everyone”

Launched Cadbury Slices range

Trolli Gummi

+52.3% +$14.7M

Achieved social dominance through launching interactive chatbot on Facebook messenger

Gaming Tie-Ins

Gen Z Brand Affinity: encouraged non-conformity

Lindt

+6.3% +$21.9M

Localised products resonated: Lindt Koala

Reinforced premium positioning

Drove footfall into its own stores through launch of Crema Gelata range

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Circana Shopper Panel, Data to 25/02/24, (Total AU) All Outlets

** Roy Morgan, Trusted Brand Awards for 2024, 28th November 2024*

What's doing well now?

Health

FUNDAY NATURAL SWEETS

+93.1%
+$24.7M

THE NATURAL CONFECTIONERY CO. NO ARTIFICIAL COLOURS NO ARTIFICIAL FLAVOURS

+12.4%
+$22.6M

Double'D'

+42.4%
+$9.3M

Quality

FERRERO ROCHER

+11.5%
+17.6M

Whittaker's SINCE 1896

+21.1%
+$17.2M

PANA ORGANIC

+26.1%
+$1.8M

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Circana Shopper Panel, Data to 19/04/26, (Total AU) All Outlets

Thank you

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