



ASX Retailers chasing revenue at the expense of profitability in tough trading conditions.

Annual inflation has been tracking down, to 3.6% in Mar-24. However this is a slower decline than expected and global supply chain constraints still pose a risk for those trends continuing.



55% of ASX retailers increased revenue, with food and automotive retail fairing best - amongst a mixed reporting season for H1-24.

REVENUE

No. of companies (%) that have Increased or Decreased in Revenue

Increase 54.5%
 Decrease 45.5%

Retail Sector	Increase (%)	Decrease (%)
Automotive Retail	100%	0%
Food Retail	75%	25%
Distributors	60%	40%
Home Retail	67%	33%
Other Specialty Retail	40%	60%
Apparel Retail	43%	57%
Broadline Retail	38%	63%

Median Change % in Revenue

Total Companies
 0.5%

Retail Sector	Median Change %
Automotive Retail	18.7%
Food Retail	3.5%
Distributors	1.7%
Home Retail	1.4%
Other Specialty Retail	-1.4%
Apparel Retail	-2.1%
Broadline Retail	-3.3%

73% of them declined in profitability - largely due to material discounting coupled with ongoing cost pressures.

OPERATING PROFIT (EBITDA)

No. of companies (%) that have Increased or Decreased in EBITDA %

Increase

27.3%

Decrease

72.7%

Total Companies

-0.5%

Broadline Retail

50%

50%

Distributors

40%

60%

Apparel Retail

86%

Home Retail

33%

67%

Automotive Retail

100%

Food Retail

100%

Other Specialty Retail

30%

70%

Broadline Retail

-0.0%

Distributors

-0.3%

Apparel Retail

-0.5%

Home Retail

-0.6%

Automotive Retail

-0.6%

Food Retail

-1.1%

Other Specialty Retail

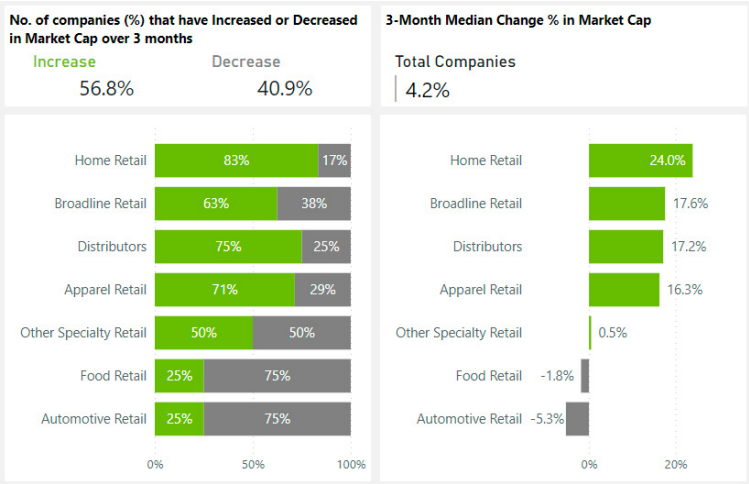
-3.2%



Small business failures have increased, but a slightly brighter outlook later in 2024



Mixed share price performance of ASX retailers over the last 3 months, with 57% increasing.



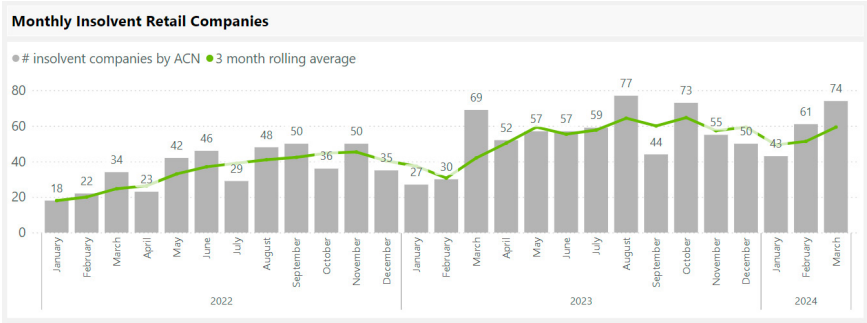
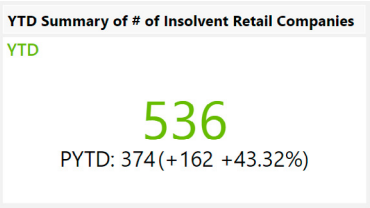
What's next?

Second half of 2024 may bring some positive consumer spending momentum with potential tax cuts, rate cuts, real wage growth and population growth.

However, the current environment remains challenging - it is important for retailers to **focus on optimising current portfolio profitability and manage cash wisely, while balancing investment and transformation for the future.**



43% higher retail insolvencies YTD (9 months to March) vs. the same period last year, though primarily driven by small retailers.



How we support our retail clients



Profit Improvement Diagnostic



Financial Forecasting



Retail Performance Insights & Monitoring Platform



Working Capital Optimisation



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