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Officeworks delivers strong growth and positive progress on strategic agenda in 2020

Today Officeworks reported its results for the full year to 30 June 2020, with revenue of \$2.8 billion delivered, an increase of 20.4 per cent on the prior year. Earnings increased 13.8 per cent to \$190 million.

Building on its strong sales momentum in the first half, Officeworks total sales growth of 28.5% in the second half was underpinned by its most successful back to school trading period, as well as a significant increase in demand due to customers establishing and maintaining their work and learning spaces at home.

In response to COVID-19, best practice measures were implemented across its operations to ensure its team were protected and felt safe coming to work. This, coupled with investment in inventory and capacity across every channel, also ensured customers were confident shopping safely for essentials they needed.

This focus on providing a safe workplace for all team members was reflected in it recording its safest year yet, with TRIFR decreasing from 8.5 to 7.9.

Officeworks Managing Director, Sarah Hunter, said: "We have delivered strong growth and positive progress against our strategic agenda over the past 12 months. We were able to play a unique role providing essential products and services to Australians as they adjusted to new ways of working, learning and running their businesses."

During the year, investment was made in Officeworks' every-channel offer, including upgrades to online functionality and features, and the renewal of 72 stores. The Townsville store was expanded in October and is now the second biggest Officeworks store.

Solid earnings growth of 13.8% was delivered, despite gross margin compression from a significant change in the sales mix towards lower-margin technology products and ongoing investment in price throughout the year. Earnings growth, combined with working capital benefits from strong customer demand, resulted in an increase in return on capital to 19.6%.

"Our results are a direct reflection of our team's safety-first focus and their agility and passion to help our customers continue to make bigger things happen. I would like to take this opportunity to recognise and thank them for looking after each other, keeping each other safe, and enabling our customers to shop safely through what continues to be an incredibly challenging time."

The outlook for the 2021 financial year is uncertain, with changing customer shopping patterns and COVID-19 measures expected to impact trading conditions. Officeworks remains well-positioned for the future and is focused on remaining agile and adaptable to meet customer needs as they evolve.

Key focus areas in the 2021 financial year include investment in team member safety, health and wellbeing programs, leveraging the customer data and analytics platform to improve personalisation, building Officeworks' position in education, increasing awareness of our Geeks2U offer and investment in customer fulfilment centres and the store network to capture sales growth and accelerate productivity initiatives.

"Officeworks remains committed to driving growth by executing our strategy and investing for the long term to deliver satisfactory returns to shareholders," she concluded.

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About Officeworks:

Established 26 years ago in Richmond, Victoria, Officeworks is committed to making bigger things happen for its customers, team, the community and stakeholders. It operates 167 stores across Australia, a website that is home to more than 40,000 products, a national call centre, and a business team that helps micro, small and medium-sized businesses start, run and grow. Officeworks offers customers a wide range of office supplies, technology, furniture, art supplies, education resources and helpful services like print & copy and on-site and remote tech support through Geeks2U – delivering an experience that is easy and engaging, no matter how customers choose to shop. Officeworks is focused on the safety, wellbeing and career progression of the more than 8,000 team members it employs. It's also dedicated to operating in a sustainable manner, including building and maintaining meaningful connections with the communities in which it operates, fundraising for its national partners and local community groups, continuing to reduce its impact on the environment and source responsibly.