Endeavour Group Limited, Q3 2023, Earnings Call 2023-05-02

Presentation

Operator

Thank you for standing by, and welcome to the Endeavour Group's F '23 Third Quarter Trading Update. — ***Operator Instructions*** — Endeavour CEO, Steve Donohue, will provide some opening remarks, followed by a question-and-answer session. — ***Operator Instructions*** —

I would now like to hand the conference over to Mr. Steve Donohue, CEO. Please go ahead.

Steve Donohue

Thanks, and thank you, everyone, for joining us this morning. I'm joined here today by our CFO, elect, Kate Beattie. My plan today is to make some quick opening comments before opening up to questions. But before I begin, I'd like to acknowledge the traditional owners of the land on which we are conducting this call today, the Gadigal people and pay my respect to their elders past, present and emerging.

And now turning to our trading update. So during the third quarter, the group delivered a solid result of $2.83 billion, up 3.7% on the prior corresponding period. This trading result reflects solid sales performances across both our retail and hotel segments.

Retail sales concerned to growth in December and have continued to perform well over Q3, driven by our in-store sales, which grew by over 2.8% in the quarter.

We continue to invest in and enhance the omnichannel experience for our customers, which has seen us deliver some outstanding achievements in the quarter, with things like maintaining our strong customer metrics, our My Dan's membership program has now reached over 5 million active members. And our Pinnacle Drinks business continues to deliver great value and quality for customers. And there was a standard achievement on part of our Oakridge wines team to be in the Winery Year Award from The Real Review for 2023.

In hotels, as we've restored the full service offering, our mix of business has continued to normalize. Revenue in food, bars and accommodation have all continued to be materially above the prior year as we cycle an abnormal trading period during the COVID-19 restrictions impacted both customer demand and our team availability levels. And gaming has returned to its pre-pandemic share of turnover with low single-digit growth in the quarter.

Further to that, we've been actively bringing back live entertainment to our venues. And across the quarter, we had over 100 live events, with ticketed sales attracting over 38,000 patrons.

The cost of operating hotels has, of course, also normalized in proportion to the rebalancing of sales mix with all areas of the hotel back to full training and team availability levels.

In terms of our longer-term investments, we're making good progress on the redevelopment of the Brooks Hotel in Queensland, and we added 5 hotels to our portfolio in Q3. The Tower at Magill in South Australia, The Beach in Seaford in South Australia, the Marine Hotel and Cardwell in Queensland, the Beachfront Hotel in Rapid Creek in Northern Territory and the Rainbow Beach Hotel in Rainbow Beach in Queensland. We also divested the leasehold of the Victory Hotel in Brisbane.

Looking ahead, we continue to closely monitor customer choices in context of the macroeconomic climate, and we remain confident that we offer a great breadth of options and value for all social occasions. And we're going to continue to offer our offering – tailor our offerings, I should say, as the environment requires.

So last of all, I'd like to take the opportunity to say thanks to every team member across the group for all their amazing efforts in the quarter. And now I'd like to open up to any questions.

Question and Answer

Operator

— ***Operator Instructions*** — Your first question comes from Tom Kierath with Barrenjoey.

Thomas Kierath

Just a couple of questions on the retail business. I'd be interested to know what happened with volume growth post the excise changes in February, and whether that was a saw a slowdown there on volumes as a result of that?

Steve Donohue

Yes. Thanks, Tom. Good question. Appreciate it. It's obviously something that we're monitoring very closely. We are seeing volumes decline certainly at a faster rate that we have over the longer term relative to the sort of price increases that have been flowing through off the back of CPI.

And in terms of the broader dynamics, we're basically seeing basket size as whole. So on each trip, customers are spending about as much. We're obviously getting slightly less of that given the excise increases that flowed through the prices.

Items declined a little bit. So a fewer items in the basket, but the basket is holding, and obviously, that's connected to item price is going up.

We're seeing a slight pickup in frequency as well as customers shopping a little bit more frequently, but the dynamic is really basket size holding off the back of unit price inflation and the commensurate reduction in volume.

Operator

Your next question comes from David Errington with Bank of America.

David Errington

I'm trying to work out what's going on in your hotel. You're going very well, obviously, at the bar and food and entertainment and that, if the gaming has dropped off, now obviously, we're not going to – you don't need to remind me this is a — ***indiscernible*** — I get that. But the gaming part of the business is what we, as investors, really, really are attracted to, obviously, because it's the high margin part of the business.

Are you concerned that gaming is back now down to pre-COVID levels? Because I would have liked to have thought that gaming would remain elevated for a period of time, particularly as patrons are entering your venues, they're visiting the food and bar, but they're visiting the low-margin part of the business, and they're not going into that best part of the business, which makes you money. Can you give a bit of an overview of what's happening in that gaming side? Because that to me is the part of the business that I'm worried about why that's dropped off to low single digits, and it's probably gone a little bit backwards in some weeks. Can you give us a bit of an overview of what's happening in that part of the business, please?

Steve Donohue

Yes. Thanks, David. Sure. It's obviously a really relevant topic. Yes. The data on what's happening in each state on gaming is pretty – or it is publicly available. So you can see what's happening with the return to the sort of pre-COVID levels. And I suppose my reflection is it's not so much – haven't been so much a question of whether the performance of the gaming segment would return more a question of when it would return, and it clearly has now returned because you really did see that elevation in trading performance off the back of the pent-up demand as hotels reopen. And at the same time, you saw subdued pattern in areas like food. So really, hotels reopen and the performance of hotels is very much led by the performance of gaming, and that has returned again to those pre-COVID levels.

When we look through all the metrics, very akin to what we saw before the lockdowns and the reopening. So I think to answer your question about what are we seeing in hotels, we're seeing gaming return to normal. We're seeing food state quite elevated, bars have been pretty solid, and we're pretty comfortable with our accommodation performance overall. So that's sort of how I would describe it. But again, it wasn't a question of whether it would return. It was more a matter of when it would return.

And I think what we, as operators and investors should be conscious of is what does the forwards look like on this. And at the moment, we're watching it very closely, but expecting it to maintain at those pre-COVID sort of cadences that we're talking about seeing at the moment. But watching it very closely and as we've described in this quarter, it has changed. It could change again, but we're feeling as well, it will continue at its current rate right now.

Operator

Your next question comes from Shaun Cousins with UBS.

Shaun Cousins

Sorry, Steve, do you want to continue on with your answer? Or you're going to have my question.

Kate Beattie

Yes. So it's Kate here. I was just going to add one more comment in relation to the conversation about gaming and pre-COVID levels. What we're talking about is share of total turnover as opposed to absolute dollars. So what we're commenting on is that our income mix in hotels is back in what we would regard as normal proportions as opposed to the same period last year when gaming was the first income stream to come back to post-COVID.

Steve Donohue

Thanks, Kate. Sorry, Shaun, go ahead.

Shaun Cousins

Got it. Fantastic. Maybe just, another question on hotels. Just the slowing of sales growth during the quarter, I think you were at 31.5% for the first 5 weeks, and then you've come in at 18.5%. So it looks like around mid-single digits in the back sort of 8 weeks. Should we anticipate that that's kind of a run rate you can sustain? Or should that actually moderate? And particularly, are you seeing any – is that reflective of the consumer shifting from drinking out of home to drinking at home?

Steve Donohue

Yes. Thanks, Shaun. It's all cycling. It's all cycling. So that's first part of the quarter was off a lower base a year ago in the second part of the quarter was, sorry – of a highlight year ago in the second part and lower in the first part, which is reflective of the inverse in the current quarter.

The results that we're cycling over in the current quarter, publicly available, we've reported them before. So they were very high a year ago. So to take earlier point on gaming, what we're seeing is consistency in the dollars, but what's moving to the benefits around is the results that were cycling up from last year. And that was more acute in New South Wales and Victoria numbers in the quarter just half because of the timing of their reopenings and how strong their performance was last year. That's why we're referring to the sort of stability of our trading results. It's the historical that are lumpy.

Operator

Your next question comes from Lisa Deng with Goldman Sachs.

Lisa Deng

Steve and Kate, just wanted to ask on the CapEx guidance. And so if I look at like the first half, we spent probably close to 190, excluding the Victoria gaming, there was none for that. And then so we're guiding, say, midpoint of 500 for the full year. And so that implies like 300 in the second half, and we've acquired an additional, I think, 2 hotel sorry, 5 hotels this quarter. So what are we thinking in terms of hotel acquisitions for the full year, the way that we value it and then incremental, I guess, sales and earnings that we should be thinking about? That's a big number.

Steve Donohue

Thanks, Lisa, for the question. Yes, we wanted to be really transparent with the capital position as we've tried to be all the way along. And I think you'll recall at our Investor Days and prior announcements, we've guided to a number, but always we'll be opportunistic in the event that the right sort of assets came into the market.

And you'll recall that last year, we only acquired 5 hotels and actually the year before we only acquired 5 hotels to have actually generated access to 10 hotels that fit our model, by the way, because we do with many more than that which we buy, as been us just taking advantage of the opportunities as they presented and albeit it is relatively small, but you can include the Cape Mentelle acquisition, which we announced back in January as well.

So yes, it's 10 year-to-date, and as I say, 5 in each of the 2 years proceeding. We've all been going to plan. We might land on about 12 for the year, but there's obviously a few things to happen to make that come off. So it has been positive, I suppose, but it's active in the quarter of those 5 in terms of the impact it had on our trading performance. But I think where you'll see, obviously, the full year benefit as we get into next year, and we've integrated those hotels and started to apply our model to them. So yes, that's why we've given that updated guidance.

And we feel I think increasingly positive about our access to hotel inventory that meets our model requirements moving forward. So we'll continue to keep everybody abreast obviously of the progress we make in regards to that.

But our position has not really changed, I suppose, in terms of our overall approach to capital management. Just noting that we've got, we paid some flexibility when it comes to the opportunity with new hotels in the market. You want to add something to that, Kate?

Kate Beattie

Yes. Just like to add, Lisa, that in the trading update. You might note under the operating metrics for hotels, we've included comparable sales growth. So to understand how the new hotel acquisitions are improving our performance, just the difference between total sales growth in the quarter of 18.5% relative to comp sales growth at 16%, and that's on a like-for-like hotel count basis.

Operator

Your next question comes from Bryan Raymond with JPMorgan.

Bryan Raymond

Just on the hotel acquisitions just continuing on from that. Can you help us understand the return on capital broadly around hotel acquisitions, particularly around synergies in terms of procurement of cap beer and some of the other opportunities? What sort of return on capital should we be expecting, given that stepped up in terms of the run rate, quite meaningfully. I'm just interested in – really in terms of the earnings outlook going forward from that.

Kate Beattie

Thanks, Bryan. We typically target over 15% ROI on all of the additional hotels that we acquired there or thereabouts. But obviously, the composition of mix of what we acquire can change that quite materially, just depending on how many of the income drivers we're able to get in the mix when we acquire, including what the size of the retail opportunity is it's attached. It's probably worth noting that the hotels we acquired in the quarter, all of them had attached retail, which drove the additional retail stores in the quarter as well.

Operator

Your next question comes from Craig Woolford with MST Marquee.

Craig Woolford

Just a question, just to clarify on the CapEx. Maybe if you can tell us what the CapEx or the guidance for the full year is excluding hotels acquisitions?

Steve Donohue

I don't think we…

Kate Beattie

No. We'll provide as much rapid down as we come as we get to the end of the year, and we've got a full year number that we can talk through, but we're probably not in a position to provide that guidance at this time.

Steve Donohue

Let us get through these potential other acquisitions. I'm happy to give you a more detailed breakdown for year, I think, Craig?

Craig Woolford

I think the nature of the question is really just understanding has there been any increase in CapEx, excluding hotels?

Steve Donohue

One was the acquisition of the...

Craig Woolford

Cape Mentelle?

Steve Donohue

Yes.

Kate Beattie

Yes. I would say probably not there's quite a number of pieces to land before we'd be able to talk about it in specific terms. But directionally, no, the material driver of the increase is the additional hotels relative to prior year. We are spending – as we've said before, we are spending in mix more on technology transformation this year than we had in the prior year, but that is small in the scheme of things, so I would say the key drivers that we've spoken to.

Steve Donohue

Yes. — ***indiscernible*** —

Operator

Our next question comes from Michael Simotas with Jefferies.

Michael Simotas

Can we pivot back to the retail business and specifically the comments around promotional activity remains elevated. When we look at your sales, they are still lagging Coles

Liquor a little bit, and I know the market data is not great, but it looks like you're lagging the market a little bit as well. Can you just sort of talk to the industry dynamic a little bit more and what's happening there? And I know you've made comments in the past about focusing on profitable sales. So maybe you can talk to that too.

Steve Donohue

Yes. Thanks, Michael. Your last point really does go a long way to answering the question, and there is a real distinction between the performance in bricks and mortar and e-commerce. So I think when you look through any retailers numbers at the moment, I'm not just talking about drinks, but overall. So we're no different. We've been really pleased with the performance of our bricks and mortar numbers, and we pulled that out at 2.8% in the announcement. Obviously, given the elevated performance of e-commerce a year ago, that's moderated. And that's probably the space where there's been a lot of activity.

And it's kind of an interesting phenomenon. I think we continue to observe that as markets or segments of markets contract, you tend to get heightened competitive activity in trying to hold on, if you like.

We've been very deliberate to your point in making sure that we continue to drive profitable sales. And I think that – I guess it's reflected in that mix when you consider the fact that we've seen our bricks and mortar growth at 2.8%. It is the most profitable way for us to generate. So notwithstanding the fact that our e-commerce business is profitable overall, it's just slightly less profitable than that our bricks and mortar business. So that's sort of how I would capture the current performance.

Operator

Our next question comes from Ben Gilbert with Jarden.

Ben Gilbert

Just following up on the last question. Just interested in terms of how you're seeing your value proposition or value perception, does goes out there in the market. Obviously, that has always been ranked extremely highly and appreciate you price match every day. But given that focus on profitable sales, how are you seeing general pricing perception in the market? And can you give us any color around what you're seeing in terms of the own brand growth within the business as well, just do some sort of indicator around value shopper?

Steve Donohue

Yes. Thanks, Ben. Just a minor correction, Ben speaks to everybody's prices rather than — ***indiscernible*** — just I'm very finicky about it – forgive me for correcting you.

Ben Gilbert

But I'll forget.

Steve Donohue

Yes, I think it's a great question because we've seen quite an inflection in customer feedback in terms of valuing things like the lowest price guarantee. Our value perception to Dan Murphy's these are at all-time highs as is our NPS to Dan Murphy's. And what – you'll see that our Voice Of Customer for BWS declined by 1 point in the quarter on a year ago. A lot of that's reflected in their e-commerce experience versus what they were enjoying last year. So there's less value placed on that this year than it was last year.

But the note of the point is that I think we're seeing a real shift in the customers' desire to pay for convenience, and there is a tendency to want to drive, literally drive to a store where you will get the very best deal in town, and again, that's very much reflected in our customer metrics for Dan Murphy's.

Associated with that BWS value metrics are also holding up, so we've been very focused on making sure that whilst there is a convenience offering, it's still delivering great value for money for customers. So the team is doing a good job there. But I think what we called out at the half year that we're starting to see some reductions in demand, the most extended way to shop like on-demand delivery, which for us is Jimmy Brings and for others in things like the — ***indiscernible*** — platform. Those are the most expensive ways to buy something. And they are becoming less popular relative to the benefit that you get as My Dan's where the Dan Murphy's team are actively checking everybody's prices and beating them.

Now to your question on what does that mean for profitability. Well, I'll talk a lot about the structural resilience of our gross margin across the retail group, and it's as true for Dan to BWS when you consider the performance of our Pinnacle portfolio as well as the constant inflow of new products, and that's continued unabated.

We are watching very closely the way consumers are behaving and monitoring their appetite for risk because that is – there's always a bit of a risk for you as you buy something that we haven't tried before, and we're keeping a close eye on that. But those two key factors still very much underpin the profitability of both Dan's and BWS, and the price guarantee is proving to be extremely popular as popular as ever for customers across Australia.

Operator

Your next question comes from Phil Kimber with E&P Capital.

Phillip Kimber

Maybe another crack at the acquisition question and the CapEx. Did any of the hotels you buy come with freehold property? Or were they all leased assets?

Steve Donohue

Yes. All those were leased assets. I'm looking around and see if I get that wrong. I think they're all leased assets.

Phillip Kimber

Okay. So we can sort of – the average sort of price. So there's no sort of big chunk of that extra CapEx and what the market thought, which is probably around, I don't know, $100-odd million. There's no sort of big one particular hotel that makes up a big chunk of where they all sort of roundly similar sized hotel acquisitions?

Steve Donohue

Yes, a little bit of variation in them, but there's no big ticket items, if you like. And as you know, our propensity is to be able to sell operator rather than in real estate manager. So we tend to apply the model we've done in that quarter. So yes, that's right.

Operator

Your next question comes from Richard Barwick with CLSA.

Richard Barwick

Just a quick one to clarify. You've also given some guidance around the finance costs. Can you just give – just explain that, is that an all-in finance cost, is that net, does it capture all the leasing and also income? Or was it just talking to actual the expense element?

Kate Beattie

So it's an all-in finance cost inclusive of leasing.

Richard Barwick

And – but net of interest income as well?

Kate Beattie

That's right.

Operator

— ***Operator Instructions*** — Your next question comes from Bryan Raymond with JPMorgan.

Bryan Raymond

Just a quick one on the retail business, just around trends in premiumization and Pinnacle. I just wanted to understand how those 2 factors are going, given your comments earlier around basket size and transaction numbers, et cetera, just in to sort of round out that discussion, if you can help us there.

Steve Donohue

Yes. Thanks, Bryan. Well, one of the reasons why we've put a lot of effort in the last couple of years to expanding our Paragon Wine Estates portfolio is because on balance, we under trade the premium end of the spectrum in our Pinnacle drinks portfolio.

So the Paragon Wine Estates business is growing at a faster rate than the Pinnacle business, but a lot of those Pinnacle products – certainly the Pinnacle range starts entering price points and then tries to move up the price architecture into the most premium space, which is where you get the averages of the world. But actually, a lot of what we sell in Pinnacle is value products. So that spend is obviously in good stead.

In the event we haven't seen any material evidence at the moment, but we do stand in good stead in relation to customers wanting to choose lower-priced options or better value options as it were.

In terms of the overall dynamic in the category, the drinks category that is the only real sort of short-term shift we've seen, and it's off the back of the most significant price increases is good news for Australian sparkling wine producers because French champagne that took a really big price increases meant that we've seen a switch out of that into some

Australian sparkling but at premium levels.

So I think the long awaited love for Australian sparkling given the amount of — ***indiscernible*** —, the Australian wine industry split into it is starting to materialize, which is a nice thing to do.

Operator

Your next question comes from Michael Simotas with Jefferies.

Michael Simotas

I just wanted to pick up on a couple of the comments that you made on hotels that gaming sort of back to normal levels of the mix and costs have also normalized as capacity has come back on. Not expecting specific guidance by any stretch given this is a sales call, but if we sort of put all that together as well as the moving parts around the Victorian changes, are you sort of suggesting that you should be able to sort of settle at the sort of margins you were before COVID?

Steve Donohue

Yes, I think you'd have to say broadly, I mean it includes performance relative to everything else continues to strip it by 10x, then sure our mix is going to change over time. But I think in broad terms, likely, yes, I think we could assume that.

Operator

Your next question comes from Ben Gilbert with Jarden.

Ben Gilbert

So I just wanted to squeeze one more in. Just on the CapEx guidance, and this maybe is just going to be one for the full year, but the ERP progression, is that still progressing in terms of your sort of feasibility looking what you're going to do? And should we expect some sort of update around that for the full year?

Kate Beattie

Yes. So the ERP is not part of the CapEx cost for this year. We haven't started that program yet. This is cost reflected more of people systems than anything which we started, which were materially underway this year. And yes, in relation to will we give more guidance at the end of the year, we'll certainly provide an update on where we're up to and what we expect in the short to medium term.

Operator

Your next question comes from David Errington with Bank of America.

David Errington

Steve, can I follow up a bit on the My Dan's card growth? I mean it's phenomenal growth now. It's up to over 5 million holders. I'm just wondering, though, is it just basically a price-guaranteed ticket? Why are you actually going to use it more – I don't mean to be offensive with that comment, but listening to your commentary, and certainly, the way I use my card, it's just the guarantee that I get the lowest price. It doesn't drive me to grow sales. Now it doesn't get data. Is that a fair activation? Or do you think that you could do a lot more with this because 5 million holders is huge?

And the second part of the question, can you leverage a similar sort of concept into your hotels business. Because that to me, you're lacking sort of like that loyalty into hotels. It's a broad question, but if you could ever go at it that would be really appreciated.

Steve Donohue

Thanks, David. None taken in terms of offense. I know you don't mean to cause any. And likewise, the way you shop might be different to the way many other customers shop might be similar. So you're right, I think, with your observation that it has been a phenomenal success, and it is somewhat linked to that point of our customers seeking out value at the moment. So we will see that correlation.

Different customers get different benefits, I suppose. So what underpins that is the notion that we need to very much personalize our office. And we have made over the course of the last few years, some very material investments in personalization capability.

Now the way that manifests is by the offers that we might send you through our e-mail offers, but most particularly through the app platform that has been the sort of single most focused area of development and investment for us. And we do benchmark ourselves, and we feel we've got a long way to go, but we do benchmark ourselves against like the music service providers and the television content providers, think about the Netflix of the world and the level of personalization that are able to provide. So that's what that data is in part in tender to do is to make the experience for our customers richer, more valuable for them in a very personalized type of way.

Something we use it just to get the best pricing town, and that's all fine. Many others we're finding though are expecting us to be able to make suggestions to them that are relevant to them, not only on things that we've had in our range for a long time, but particularly new products, which as you've heard me talk a lot about is the lifeblood of our profitability – underpin our profitability.

I think you asked a great question with respect to about hotels. It's interesting that in our hotel business, we actually have more data touch points in many respects than that which we do in our retail business. And that covers the way you perhaps might book a hotel room to stay the night or buy tickets — ***indiscernible*** — or tap order and pay the meal at a table, what we need to put our minds to is how we could perhaps build a platform that did all that for you in one place, let's say, it's an app or something like that. And we've seen others perhaps do a good job of this, both in Australia and around the world. So it is on our agenda to be thoughtful about and get active in. And I think it's the sort of thing I should come back and perhaps update the market on it at the full year.

Operator

Your next question comes from Shaun Cousins with UBS.

Shaun Cousins

Just a second question on hotels. Are you seeing any sort of trading down in hotels by way of, I guess, a shorter visitation time, staying for a shorter period of time, drinking fewer drinks when they're there? Are they trading down within the meals from stake to burgers, et cetera, there? I'm just curious on sort of some of the things you're seeing on the consumer when they're spending time in your venues, please.

Steve Donohue

Yes. Thanks, Shaun. We touched on the announcement on the various elements of the hotel. I think really the standout is this performance in food. And I know there's been some commentary about more people eating at home, and I'm sure that's true on an aggregate level, but we're certainly seeing more people picking pubs, and that does have a link to time, but it is more focused around the food occasion, relative to the drinks – obviously drinks are complementary food when having a meal in the pub, but that has continued to be the biggest driver.

A combination is really important for us, too, I might add, particularly on the topic of time because it's just enormously convenient, obviously, you got to spend the night in the same place as you're socializing perhaps enjoying some live sport or a live act or a time of transit family. So I think you make a really important and good point about the topic of time, but it varies from one part of the hotel to the next. We've touched on gaming performance. We're seeing that look more like it did in pre-COVID. What is abnormal at the moment is our food performance. So food is really elevated.

In terms of the mix there in, it's actually quite slight. The shift that we're seeing out of perhaps high-priced protein into a lower-priced protein. And a lot of that is also managed by our shifts in our hotel managers in terms of the way they construct their menus and their specials and so on at any given point in time. So a bit of movement there, but really the key take out is people are loving getting to the pub and enjoying that time with friends and family over a meal.

Operator

Your next question comes from Lisa Deng with Goldman Sachs.

Lisa Deng

Steve, just a follow-up on the hotel acquisitions. You mentioned that the accessibility to stock is eased up a little. So can we talk a little bit about what's been changing in the market and the valuation versus like previous market valuation? How is that trending?

Steve Donohue

Yes. Thanks, Lisa. The last thing, a material shift in valuations and really, we've probably considered the same number of hotels as we have historically in any given period. We're just finding more that are meeting our model requirements at the moment. So over that talk, there's a bit of a shift in the ownership there in across the market.

So I guess at some point, if we're not seeing a massive change we're just taking the opportunities as they're presented and they've been more in line with our expectations.

I think the earlier questions connected with our capital guidance are also important to consider too. We're not out there buying those big ticket pub, the market prices, all those sorts of things. We're very focused on that disciplined approach to acquisitions that we've talked a lot about over the journey and then meeting our model, and you heard Kate talk about the retail opportunity on all the ones that we've talked about in the quarter and also the fact that we're not outlaying for freehold. We're buying leasehold businesses that is really what we've generally been more focused on.

Operator

There are no further questions at this time. I'll now hand back to Mr. Donohue for closing remarks.

Steve Donohue

Well, I'd just like to say thanks to everybody for joining us and for your ongoing interest in Endeavour Group. And a special thank you to the team, again, as I said in my opening remarks. I hope to see you in the pub, make sure you book a table because it's pretty busy at the moment, certainly around meals. And yes, it would be great to see you all there. Thanks for joining us.

Operator

That does conclude our conference for today. Thank you for participating. You may now disconnect.