

# MEDIA STATEMENT

## Bunnings' response to claims made by ABC Four Corners

Claim	Response
<b>Bunnings sausage sizzles are a marketing tactic.</b>	<p><i>The claim that the Bunnings sausage sizzle is just a marketing tactic undermines the genuine, long-standing commitment our team members make every day to the communities they live in and serve.</i></p> <p><i>Community contribution is a core part of our culture, not a strategy.</i></p> <p><i>In FY24 alone, our team helped generate over \$60 million in community contributions through nearly 80,000 activities, including vital fundraising events like sausage sizzles. These initiatives support thousands of local groups and disaster recovery efforts across Australia and New Zealand.</i></p>
<b>Bunnings' price guarantee is not genuine/does not apply to owned brands.</b>	<p><i>The claim that Bunnings' price guarantee is not genuine and does not apply to owned brands is categorically incorrect.</i></p> <p><i>Owned brands and exclusive brands are used to differentiate our offer and give customers greater choice.</i></p> <p><i>They are not used to avoid the use of our lowest prices policy or as a reason to exclude the application of our price guarantee. Our lowest prices policy applies across like-for-like products, and we reduce prices on our owned brands where we identify a competitor's similar product which may be at a lower price. Our team are empowered to apply a common-sense approach and use this policy to provide the lowest prices and best experience to customers.</i></p>
<b>Bunnings should be included in the supermarket code or something similar.</b>	<p><i>The proposition that the Food and Grocery Code of Conduct (Code) be extended beyond the food and grocery industry has already been considered and dismissed, including most recently in the Code Review, conducted by Dr Craig Emerson. The Emerson Review explicitly concluded that "the Code should not be extended beyond supermarkets to cover other retailers." Dr Emerson's submissions were adopted by the ACCC in its submission to the 'Big Box Retailer Pricing Setting Inquiry' see page 11.</i></p>
<b>Bunnings is entering into more markets in order to crush competition.</b>	<p><i>This statement is incorrect. The competitive landscape in which Bunnings operates has changed markedly through entry of new types of competitors (eg Amazon, Temu), and expanded product ranges, categories, and services as well as new formats and channels, including online and in-store.</i></p> <p><i>Therefore, our offer has had to evolve from offering traditional hardware to the home improvement and outdoor living markets.</i></p>



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	<p><i>Our decision to expand into new ranges and categories is driven by a commitment to offer more choice for consumers.</i></p> <p><i>Pure-play online retailers, such as Amazon, Temu and Temple and Webster are an increasing and significant source of competition. These online platforms have significant scale, much lower operating costs (due to not having</i></p> <p><i>to maintain a bricks and mortar presence), and compete over many of the same product categories as</i></p> <p><i>Bunnings.</i></p> <p><i>There remains a strong and diverse retail landscape, with many large and small retailers. For example, there are more than 440 Mitre 10 stores across Australia and around 1,500 independent hardware stores in the Metcash network alone.</i></p>
<p><b>Bunnings uses market dominance to stifle competition.</b></p>	<p><i>Bunnings operates in a highly competitive environment, across markets far broader than traditional hardware.</i></p> <p><i>There are more than 440 Mitre 10 stores across Australia and Metcash has over 1,500 hardware stores in its network, compared to Bunnings' 310 warehouse and smaller-format locations across Australia.</i></p> <p><i>We face strong competition across a wide range of categories, from specialty retailers, major bricks-and-mortar players, to global online platforms. In many of these areas, we're not front of mind for customers, and we work hard to earn their consideration.</i></p> <p><i>That constant pressure drives us to keep improving, offering better value, service and experiences for our customers, and to deliver real benefits for our suppliers, team, and the broader community.</i></p>
<p><b>Bunnings' has a profit margin of nearly 17 per cent, significantly higher than supermarkets.</b></p>	<p><i>Bunnings' margins and those of leading supermarkets are not directly comparable given the different product profiles and operating models of each sector e.g. supermarkets turn inventory very rapidly compared to Bunnings' slower moving goods. Bunnings' FY24 reported EBT margin was 11.9 per cent and has remained broadly consistent over the past several years, driven by our long-term focus on delivering the lowest prices, as well as the cost-efficient, capital-light model.</i></p>



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	<p><i>We invest heavily in keeping prices low, and most of our earnings flow straight back to Australians and other shareholders via taxes, dividends and super funds as well as through the salaries and wages we pay our large local workforce numbering some 55,000 team members.</i></p>
<p><b>Bunnings does not act in good faith with suppliers and does not allow price increases on products.</b></p>	<p><i>The relationships we have with our suppliers are built on long-term collaboration, shared goals and a deep respect for the role our suppliers play in helping us meet the needs of our customers. We remain committed to fostering relationships that are good for everyone involved. We partner with around 2000 suppliers, of which more than 1500 are based across Australia and New Zealand.</i></p> <p><i>Many of our suppliers have been with us for more than 20 years, with many starting small and growing alongside us, in partnership.</i></p> <p><i>Regardless of size or history with us, fair treatment of all suppliers is important to us, and we pride ourselves on the relationships we have with our suppliers. We are committed to working with suppliers and taking a rational approach to volume and price fluctuations, in order to support them and their businesses.</i></p> <p><i>Cost increases are reviewed through a structured process and a supplier can submit cost reviews as required. We consider multiple factors when reviewing costs and we regularly accept cost increase requests from suppliers.</i></p>
<p><b>Bunnings will not release detailed data on its market share.</b></p>	<p><i>Bunnings competes across multiple categories and industries (e.g. hardware, kitchens, greenlife, outdoor living), so there is no external 'single source of truth' to estimate an addressable market size.</i></p> <p><i>As part of a publicly listed company, we are bound by strict obligations regarding the disclosure of market-sensitive information. However, as an overview, we estimate our overall addressable market to be at around \$110 billion. When we apply the value of these sectors to our FY2024 revenue, we estimate our market share within the home, commercial and lifestyle sectors as approximately 17 per cent.</i></p>
<p><b>Bunnings recorded \$19bn in revenue last year which is five times more than the nearest competitor.</b></p>	<p><i>Bunnings revenue reflects our low-cost operating model.</i></p> <p><i>It is important that appropriate examples are used when comparing businesses. For example, Metcash is not comparable to Bunnings because it is a wholesale business with a franchise model and Metcash receives a payment for stock and provision of various services i.e. it is a middleman. A fair comparison would need to consider:</i></p> <ul style="list-style-type: none"> <li><i>• Combined margins of Metcash wholesale operations</i></li> <li><i>• Plus, individual store operator margins</i></li> </ul> <p><i>We don't have visibility on these aspects of the Metcash model, so it is not appropriate for us to speculate.</i></p> <p><i>Our returns mean that we can reinvest in price and customer value, bring our offer to new markets, such as regional areas, all while generating acceptable financial returns for our shareholders.</i></p>



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	<p>Returns like these also allow us to provide stable employment and development opportunities for our 55,000 team members, make meaningful contributions to our local communities and build lasting supplier partnerships.</p>
<p><b>Bunnings is a monopoly.</b></p>	<p>We reject the claim that Bunnings is a monopoly or that competition is lacking. Our focus is on earning the right to be chosen by our customers and offering the value, range and experience they've come to expect.</p> <p>See above - the independent hardware store network operators are effective competitors in their categories. For example, the Metcash network alone has over 1,500 hardware stores, compared to 310 Bunnings warehouses and smaller-format store locations in Australia.</p> <p>Pure-play online retailers, such as Amazon, Temu and Temple and Webster are an increasing and significant source of competition. These online platforms have significant scale, much lower operating costs (due to not having to maintain a bricks and mortar presence), and compete over many of the same product categories as Bunnings.</p> <p>In different areas, such as tools, plumbing, and electrical, we face strong specialist competitors like Total Tools, Reece, Beacon Lighting, and many others.</p> <p>Even in this competitive landscape, we aim to provide customers with the lowest prices and the best experience, not by stifling competition but by increasing competition and delivering the best offer and experience.</p>
<p><b>Mitre 10/small business will be shut down from Bunnings coming into town.</b></p> <p><b>Bunnings is opening too many stores in a small area (e.g. three stores within 30km) to shut down competition.</b></p>	<p>Bunnings decides store locations based on specific criteria, including expanding into new suburbs and locations, upgrading or replacing stores that require additional space, parking or product range improvements, to better serve our customers and communities. When opening new stores, we consider the local market, customer offer, demographics and spending habits. Our growth strategy is guided by established planning and compliance with competition laws which promote fair competition. We are also highly disciplined at allocating capital which would be accompanied by achieving satisfactory returns. We only enter markets that can support a Bunnings store.</p> <p>More than 230 of Bunnings' 310 warehouse and small format stores across Australia are within 25 kilometres of a Mitre 10 store, demonstrating the healthy level of competition that exists in the sector.</p> <p>For further context around the competitive landscape, there are more than 440 Mitre 10 stores across Australia and around 1500 hardware stores in the broader Metcash network. None of this competitor data was included in the Four Corners story.</p> <p>The concern raised in the Four Corners story was about having to compete in an environment where formerly there was no requirement to do so.</p> <p>Independent hardware stores source products through wholesalers like IHG (Independent Hardware Group), with significant buying power in their own right.</p>



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	<p><i>We believe that a vibrant, competitive industry benefits everyone, and Bunnings is committed to ensuring that we coexist with independent businesses while supporting customer choice.</i></p>
<p><b>Bunnings blocks competitors from entering an area through exclusivity clause.</b></p>	<p><i>Bunnings supports a competitive retail environment and independent and major hardware retailers will often operate and grow nearby.</i></p> <p><i>Bunnings does not generally use exclusivity clauses in property leases. They will only be used in very specific circumstances where we have invested in the infrastructure of the development and if it is necessary to protect the 'goodwill' of the Bunnings store, provided it complies with competition law. Bunnings does not use restrictive covenants for the purpose of damaging a competitor or to lessen competition in the local market.</i></p> <p><i>Restrictive covenants have historically been used across the retail sector to support business investment and provide commercial certainty.</i></p>
<p><b>Bunnings blocks competitors from selling brands that are exclusive only to Bunnings.</b></p>	<p><i>Exclusive brands are common across the retail sector, including health, beauty, personal care, home improvement and lifestyle.</i></p> <p><i>In the hardware sector, for example, Rockwell is exclusive to Mitre 10, and Milwaukee is only available in specialist tool retailers such as Tool Kit Depot, Total Tools, and Sydney Tools.</i></p> <p><i>Bunnings has built longstanding partnerships with many suppliers, some of whom choose to supply Bunnings on an exclusive basis.</i></p> <p><i>At the same time, there are suppliers who choose not to supply Bunnings because other formats or service models better suit their brand positioning. For instance, STIHL chooses to supply only specialist mowing and machinery dealers who provide servicing capabilities, and Weber supplies only to BBQ specialty retailers and their own Weber stores. Similarly, brands like Clipsal and Penrite Automotive are not available at Bunnings.</i></p> <p><i>Claims that Bunnings' use of exclusive brands is unusual or anti-competitive ignore the reality that exclusive arrangements are standard retail practice, including among our competitors.</i></p> <p><i>Importantly, our price guarantee applies to like-for-like products, and we also respond to market competition by lowering prices on our exclusive ranges where similar competitor products are offered at lower prices. For example, we have reduced prices on Ozito products to match comparable offerings from brands like Black &amp; Decker.</i></p> <p><i>The suggestion that Bunnings' exclusive brands somehow undermine competition is a misleading mischaracterisation of both our lowest prices policy and the broader retail environment in which exclusivity is commonplace.</i></p>
<p><b>Bunnings is misleading customers by not being transparent on owned brands and not applying its price</b></p>	<p><i>Retailers offering owned/home brands is common practice right across the retail sector.</i></p>



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<p><b>policy as the product is not available elsewhere for comparison.</b></p> <p><b>Bunnings makes more money off consumers through sourcing and marketing these brands.</b></p>	<p><i>Our portfolio includes over 40 owned brands such as Mimosa, Matador, and Trojan. These brands complement many supplier-owned brands, ensuring customers have access to a diverse selection of products.</i></p> <p><i>The Four Corners episode, and broader ABC reporting highlighted there are around 9,000 products associated with Bunnings-owned brands. It failed to note this accounts for approximately three percent of our total 300,000 home, commercial and lifestyle products available in-store, online and through marketplace.</i></p> <p><i>Bunnings uses a mix of own brands and exclusive brands to differentiate our offer and give customers choice, but we do not use them to exclude operation of our lowest prices policy or as a reason to not apply our price guarantee. Our team members are trained to apply the lowest prices policy across like-for-like products, and we reduce prices on our exclusive products where we identify a competitor's similar product which may be at a lower price. Bunnings does this to ensure its customers benefit from the best value in the market on 'like for like' items.</i></p> <p><i>While Bunnings owns trade marks for a number of products it sells, this does not necessarily mean that we own the underlying design in those products or are the manufacturer. For this reason, we cannot simply state that these products are "owned" by Bunnings.</i></p>
<p><b>Bunnings is only slightly cheaper than competitors' prices vs the profit it makes.</b></p>	<p><i>The ABC's price comparison of selected products between Bunnings and its competitors clearly illustrates our commitment to providing customers with the lowest prices as part of our 'everyday low prices' strategy.</i></p> <p><i>We work hard to set the lowest prices and monitor pricing in the market to maintain this commitment, which we back up with our lowest price guarantee.</i></p> <p><i>This strategy serves to pass savings back to the customer over the long term, helping us earn the right to be chosen by our customers.</i></p> <p><i>Notably, Bunnings was the cheapest on every comparison made by ABC.</i></p>
<p><b>Bunnings charges exorbitant additional fees to suppliers such as rebates, store openings or early payments.</b></p>	<p><i>We strongly reject the suggestion that Bunnings charges suppliers exorbitant or unfair fees.</i></p> <p><i>Rebates are very common across retail and are a standard part of commercial trading arrangements.</i></p> <p><i>Suppliers determine their cost prices with knowledge of rebates and they are clearly outlined in our trading terms, with core rebates – such as volume and marketing allowances – agreed in advance, giving suppliers the ability to factor them into their product pricing and to negotiate.</i></p> <p><i>We regularly engage with our suppliers to ensure our arrangements are fair and transparent.</i></p>



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*We regularly look at ways to support the capital requirements of our suppliers with regards to business expansion by various means, including early payment and rebate relief.*

*We are committed to maintaining open, collaborative relationships with our suppliers, built on transparency, good faith, and long-term partnership.*

