



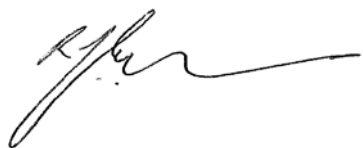
ASX Announcement

24 November 2016

Woolworths Limited 2016 Annual General Meeting Chief Executive Officer's Address - Listing Rule 3.13.3

Please find following a copy of the Chief Executive Officer's address to the 2016 Annual General Meeting being held today.

For and on behalf of
WOOLWORTHS LIMITED

A handwritten signature in black ink, appearing to read 'R. Dammary'.

RICHARD DAMMERY
Chief Legal Officer and Company Secretary

2016 Annual General Meeting

CEO's Address

Wesley Conference Centre, 220 Pitt Street Sydney

Thursday, 24 November 2016, 2pm

Thank you, Gordon. Good afternoon and welcome. In February this year I had the privilege of being appointed as Chief Executive Officer of Woolworths. Let me start off by saying... Woolies is a great company.

While our business has gone through difficult times recently, there are very few companies anywhere in the world that have grown and thrived the way Woolworths has over the last 91 years. Woolworths' first store was located only two blocks from here. Where Westfield is now.

One of my goals is to recapture that spirit of innovation and customer focus that saw one store in the Imperial Arcade turn into an Australian icon – a company of 205,000 people, more than 2,700 food and drinks stores, over 29 million customers a week, 445,000 shareholders and almost \$60 billion in sales.

Ten months ago, as a Management Team, we faced a company whose financial and operating performance was deteriorating, whose market share was declining and, most importantly, a company where many of our customers had lost their trust in us.

Our core Australian supermarket business had stopped growing, we had a business in Masters that we had to close down and a third business - BIG W, that we needed to radically transform to take account of fundamental changes in the discount department store sector.

To guide us through the turnaround and transformation we laid out our five medium-to-long term priorities. These are:

1. Building a customer and store-led culture and team.
2. Generating sustainable sales momentum in Food.
3. Evolving our Drinks business to provide even more value and convenience to customers.
4. Empowering our portfolio businesses to pursue strategies to deliver shareholder value.
5. Becoming a lean retailer through end-to-end process and systems excellence.

The key first step in achieving each of these priorities was to review our operating model and overall corporate strategy to ensure it was fit-for-purpose, given what is a challenging multi-year journey. In July we announced the changes to our operating model:

- We moved more than 1,000 team members directly into our businesses to improve accountability and help us better support our store teams and customers.
- We streamlined our shared services, taking out over 500 roles.
- We separated BIGW and EziBuy and announced we were looking at options to sell EziBuy.
- We also significantly slowed our new Australian Supermarket rollout program to focus on renewing our existing stores, and reviewed our existing store networks across the Group and made provisions to close loss making stores.

In August, as Gordon outlined, we announced three transactions to exit our Home Improvement business. We also announced our full year results. No chief executive likes to announce results like these, but they are the outcome of the hard decisions we believed we had to take to begin rebuilding your company. As the slide shows, material significant items also contributed to a very disappointing financial result and reduced dividend.

Please rest assured that the Management Team - and indeed all team members of the Woolworths Group - are committed to restoring shareholder value for you.

I'm pleased to say that over the past ten months, because of many large and small decisions, we have made a significant amount of progress. Clearly we still have a long way to go but it is very pleasing to now be underway.

A few weeks ago we issued our sales report for the first quarter of the 2017 financial year. It showed:

- We maintained strong Q1 F16 Voice of Customer scores in Supermarkets and Liquor.
- Our improving Voice of Team scores show we are changing our culture for the better.
- We improved our Voice of Supplier scores, albeit from a very low base

VOC, VOT and VOS have become core business metrics for us and we strongly believe they will ultimately be translated into improved business returns.

Our Food and Drinks businesses are the centre of the Woolworths Group. They are the primary drivers of our earnings. You will be pleased to know that:

- Our Australian Food trading performance continues to improve, driven by continued growth in customer numbers, which in turn is driving positive comparable sales growth. Our customers are recognising our lower prices, better service, higher quality fresh fruit and vegetables, and meat, and the improved store experience in our existing and renewal stores.
- In fact, Australian Food delivered its first positive comparable sales growth in the first quarter of 2017, since the second quarter of 2015.

- We have had a very positive response to our new brand advertising, 'That's why I pick Woolies', and to our sponsorship of the 2016 Olympic and Paralympic Games
- We re-launched Woolworths Rewards in September and that has generated a material improvement in customer satisfaction. The re-launch also says a lot about the culture we aspire to have – we got it wrong but we listened to our customers and acted accordingly.
- Our liquor business, the Endeavour Drinks Group, continued to gain share, growing sales nearly 4 per cent in the quarter. We opened 43 net new stores, including Dan Murphy's Prahran Cellars.
- In New Zealand, Countdown delivered a very solid result in a challenging marketplace.

The joint venture in ALH is progressing well with a new Board, a stronger discipline around capital management and a clear strategy for growth.

We also continue to be focussed on what is best for the long-term success of BIG W. You will know that in our Q1 results, we noted that BIG W was at the start of a multi-year turnaround, and we will continue to refine and build on that transformation agenda. As Gordon mentioned, Sally Macdonald unfortunately resigned last week. However, in her time with the company, Sally made material progress in restructuring the business in many areas, including direct sourcing, product development, supply chain, business simplification and cost reduction. We plan to maintain our focus on this transformation.

We are also committed to giving back and to 'bringing a little **good** to everyone, every day". We work hard to ensure our customers get good food at good prices and everyone in our company aims to do a good act every day. We are an integral part of the communities we operate in in Australia and New Zealand.

I hope you can get a sense of the progress we are making from my presentation today. More importantly, I would encourage you to visit a few of our stores and see the progress we are making for yourself. Of course you should take your Woolworths Rewards card with you.

Thank you for your support and patience as we restore Woolworths back to an even better company than it was before.

Our five priorities

1

CUSTOMER AND STORE-LED CULTURE AND TEAM

- Customer and store KPIs in incentive plans
- New operating model
- “Woolies Welcome”
- Key new hires
- New store feedback loops

2

GENERATING SUSTAINABLE SALES MOMENTUM IN FOOD

- Record VOC in June
- Transaction and item momentum
- Lower prices across the store
- Investment in team hours, particularly on the weekend
- Own brand progress

3

EVOLVING OUR DRINKS BUSINESS

- 11 new Dan Murphy’s stores
- Dan Murphy’s model continuing to evolve
- Strong online growth
- BWS local store empowerment

4

EMPOWERING OUR PORTFOLIO BUSINESSES

- New Group Portfolio Director appointed
- Group functions integrated back into businesses
- Exploring options for the sale of EziBuy
- Home Improvement exit

5

BECOMING A LEAN RETAILER

- Merchandising platform now stable
- Human Capital Management system now live
- End-to-end process improvement underway
- >500 roles to be removed

Results – Full year 2016

	CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS ¹		TOTAL GROUP BEFORE SIGNIFICANT ITEMS ¹		TOTAL GROUP	
Sales	\$58.1 bn	(1.2)%	\$60.2 bn	(0.8)%	\$60.2 bn	(0.8)%
Earnings Before Interest and Tax	\$2,563.8 m	(35.5)%	\$2,345.0 m	(37.4)%	\$(1,668.7) m	(150.2)%
Net Profit After Tax attributable to shareholders of Woolworths	\$1,558.2 m	(39.2)%	\$1,393.0 m	(43.2)%	\$(1,234.8) m	(157.5)%
Earnings/(Loss) Per Share	123.3¢	(39.5)%	110.2¢	(43.5)%	(97.7)¢	(157.2)%
Dividend Per Share			77¢	(44.6)%		
Return On Average Funds Employed	22.2%	(1,040) bps	18.5%	(724) bps		

¹ Significant Items in FY16 represent costs of \$4,013.7m (before tax) or 2,627.8m (after tax and non controlling interests) resulting from the write down of the Home Improvement business and certain significant expenses incurred outside the ordinary course of our trading operations resulting from a Group wide review.