



16 December 2019

ASX Market Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

AGM Chairman and CEO's Addresses and Presentation

Please see attached the Chairman's and CEO's addresses and presentations to today's 2019 Woolworths Group AGM.

Marcin Firek
Company Secretary
Woolworths Group Limited



**Annual General Meeting 2019
Chairman's Address
International Convention Centre, Sydney
Monday 16 December 2019, 10 am**

I wanted to focus on three areas that I am personally passionate about: sustainability at Woolworths Group, culture and finally shareholder value.

Let me start with sustainability. This is a huge commitment for us, under three pillars: People, Planet and Prosperity, where we have 20 initiatives.

Your time is precious today, so I will restrict my commentary to four initiatives where I have a personal involvement: climate change, gender equality, diversity and indigenous employment.

We believe the key issue in climate change is carbon reduction, and as a major corporation we have to show leadership in this area. Accordingly, we support Australia's commitment under the Paris Agreement, and we will report our emissions reduction according to the rules of the Task Force on Climate-Related Financial Disclosure.

To date we are making good progress, reducing our carbon emissions by 18% below 2015 levels.

But our ambition is to contribute to limiting warming to 1.5 degrees above pre-industrial levels, and by 2030 to have reduced our emissions by 60% from 2015 levels.

Secondly, on gender equality I am proud of our paid parental leave for primary caregivers at 12 weeks, and our secondary caregivers leave. We were the first Australian retailer to introduce superannuation contributions when team members take 12 months of parental leave. And we have pay parity in like-for-like roles and are committed to ensuring it remains that way.

Next let me comment on diversity. I am one of the founding members of the Male Champions of Change, an organization led by Liz Broderick committed to changing business attitudes and practices in this area.

At Woolworths we have set the tone from the top, with five female directors out of nine on the Board. In our leadership group we have a number of outstanding women in key leadership roles, including leading our Australian supermarkets business, our New Zealand supermarkets business, WooliesX, CountdownX and BIG W Online, and our Chief People Officer and Chief Customer Transformation Officer.

Finally, in July 2019 we launched our second Reconciliation Action Plan where one of the key outtakes is our support for the Uluru Statement from the Heart, and support for constitutional recognition for First Nations people. The year also saw us sign an extension to our government employment contract supporting us to continue our relationship with Diversity Dimensions to run our Resourcing the Future Program. We employed 2,279 Aboriginal and Torres Strait Islander team members under the first program with a retention rate of 72%.

The extension will see a further 900 long-term unemployed Aboriginal and Torres Strait Islander people employed by June 2021.

As a final word on sustainability let me assure you, we will continue to advocate on these important issues. They are too important to remain silent on. We cannot rely solely on government to do the heavy lifting and they are not inconsistent with creating shareholder value, as some have argued.

Now let me switch gears and address culture. A very famous management guru, Peter Drucker, said it much better than I could, more than 50 years ago:



“Culture eats strategy for breakfast....”.

As I reflect on our culture, there are defining moments that indicate with total transparency, where we are on the journey. Such a defining moment was the announcement on 30 October about the underpayment of around 5,700 of our salaried team members in relation to our obligations under the Retail Industry Award.

To discover that we have underpaid so many of our team members has been incredibly disappointing. However, I am proud of the way we handled this, which is a testament to the strong ethics underpinning our culture.

It was brought to our attention by three of our team members in February this year. We immediately investigated, found their assertions about their individual circumstances to be correct, and we remedied. We then began an across the board investigation, which continues given we are checking every shift for every salaried team member back as far as this has been an issue or records exist. For 2018 and 2019 alone, this involved 11 million data points each year. We self-reported to the Fair Work Ombudsman, and we have remained in contact with them, before and after we calculated the potential quantum of the problem.

We publicly apologised and have already begun making back-payments for the last two years to team members in Woolworths Supermarkets and Metro - covering salary, superannuation and interest. We will also make back-payments for the remainder of team members impacted across the Group as soon as possible. Brad and I accepted our responsibility by voluntarily taking reductions in our pay. In Brad's case this meant forfeiting his short-term incentive, and in my case I took a 20% reduction in my director's fees. The overwhelming reaction from our team, customers and shareholders has been positive affirmation for the way the company has behaved.

Let me conclude my address by commenting on the value we have created for shareholders.

Brad was appointed CEO in 2016. Working assiduously with the Board and management team, together we have transformed the business. We focused first on rationalising the portfolio – we exited Masters, sold Ezibuy, sold our petrol business to EG Group for \$1.7 billion and will vote on the Restructure of the Endeavour Drinks and ALH Hotels businesses at the EGM later today.

At the same time, we have built an outstanding online business, which in F19 had sales of \$2.5 billion.

We also reinvested in all our businesses, improved their competitiveness, customer satisfaction and team advocacy scores. At the end of Q1 this year we were in positive sales growth, in all businesses.

In F19 we returned \$1.7 billion to you via an off-market share buy-back and paid \$1.3 billion in fully franked dividends. In the three-year period from the end of F16, we have increased the value of the company by approximately \$15 billion and delivered a total shareholder return of 64%. This puts us in the top quartile of ASX 50 companies.

In conclusion, hopefully I have been able to reassure you that we are not only living our purpose but delivering on building a better tomorrow. This would not be possible without the care and hard work of every one of our 200,000 team members, the leadership of Brad and his executive team, and the support and contestability from a first-class board.

Can I acknowledge and thank all of them, and wish them, and you, a Happy Christmas.



**Annual General Meeting 2019
CEO's Address
International Convention Centre, Sydney
Monday 16 December 2019, 10 am**

Good morning everyone.

Before I begin I'd like to echo Gordon's sentiment in regards to the tragedy on White Island in New Zealand last Monday.

This has had a deep impact on many of our team members, particularly those who worked alongside those who lost their lives in the eruption.

This is a truly tragic event and our hearts go out to the family and friends of all those who lost their lives.

At Woolworths Group, we have been working hard on our culture - defined by our Purpose, activated by our Ways-of-Working and underpinned by our Core Values. While we have made much progress in the last year, we need to lift the bar in our aspirations especially on our Core Value of 'always doing the right thing' for our customers, our team and our shareholders.

On 30 October, we announced that we had discovered an underpayment to some salaried team members in Woolworths Supermarkets and Metro Food Stores. Based on the available data for the last two years, we have already begun to make back payments to impacted team members. The review has been extended across all Group businesses and we are working as quickly as possible to complete the review and recompense those impacted.

Given the seriousness of this issue, I felt that it was appropriate for me to forgo my potential F20 short-term incentive. Of course, once a full review has been completed, further consequences will be considered by the Woolworths Board as appropriate.

Looking back to F19 (which now feels a long time ago), we continued to progress our transformation by providing differentiated offers, services and experiences for our customers and removing complexity from our business. We also launched a number of initiatives that will materially reshape our Group and accelerate our evolution into becoming a Food and Everyday needs digitally-driven retailer.

We continue to measure our progress through the lens of our six core strategic priorities.

Overarching all of our priorities is our focus on living our Purpose and building a Customer 1st Team 1st Culture. We monitor customer and team progress through our Voice of Customer and Voice of Team programs and try to act in accordance with this feedback.

Customer scores showed good resilience in F19, ending the year strongly despite a number of well-documented challenges including our removal of single-use plastic bags.

Focusing on our team, a number of initiatives were launched to live our Purpose of 'creating better experiences together for a better tomorrow':

- We were the first Australian retailer to introduce superannuation payments for 12 months of parental leave.



- We achieved gold tier status from AWEI for the second year running at the Australian LGBTI Inclusion Awards.
- We took important steps to improve the mental and physical well-being of our teams. Our mental well-being program 'I am here' was launched during the year with over 24,000 team members having already completed this training.
- In January, we implemented Australia's largest Enterprise Agreement in Woolworths Supermarkets and Metro, improving the conditions for over 100,000 of our team members.
- And finally, we continued to progress our environmental agenda building on our phase out of single-use plastic bags - extending into Fruit & Vegetables and Bakery, lifting our game on food waste and progressing our green energy agenda

Our second priority is to create connected, personalised and convenient shopping experiences. Online growth was robust during F19 with penetration at 4.2% of Group sales. This momentum has continued into the new financial year. WooliesX in Australia, CountdownX in New Zealand and the newly formed EndeavourX are all focused on scaling up their digital capabilities to keep pace with changing customer expectations.

Despite the rapid growth of online, we also worked on improving the operational performance of this business and margins continue to improve.

We also provided our customers with a number of new ways to shop during the year. We now have over 100 supermarket Drive ups and Drive thrus and materially increased the number of stores offering on-demand delivery with over 730 stores across the Group at year-end, led by Endeavour Drinks.

In August, we announced a partnership with Takeoff Technologies to build micro fulfilment centres, or 'eStores' as they are often called, to better service our growth in online sales. We expect to have four of these eStores up and running over the next 12 months and they will be key learning experiences for us as to the best model going forward.

But convenience is not only for customers who want to shop online. It is also about offering more convenient urban locations through our Metro Food Stores and a more convenient way to shop for customers that come into one of our flagship Supermarkets - at the end of the year, we had 43 branded Metro stores and in F20, we expect to add another 15-30 Metro stores as our rollout gathers momentum.

Moving to our goal of differentiating our Food customer propositions in both Australia and New Zealand.

In F19, we completed 68 Renewals and 80 Upgrades in Woolworths Supermarkets and ten Renewals in New Zealand in Countdown Supermarkets. Particular highlights from the Renewal program included:

- Our first smart store in Gregory Hills.
- A new in-store Fresh experience in Mona Vale and Takapuna in NZ.
- In June, we opened our most sustainable supermarket yet in Heidelberg, Victoria with a 5-star rating from the Green Building Council of Australia. However, it has recently been eclipsed by our Burwood Brickworks store in Melbourne which opened 12 days ago and includes some very exciting energy and waste efficient features.



Differentiation is critical for what we range, as we work towards ensuring our in-store ranges are curated for local customer preferences. In addition to health foods, international food and value-added fresh solutions grew strongly during the year. In October, we completed the rollout of 'Fresh Made Easy' into all our Woolworths Supermarkets which includes an expanded range, new planograms, point of sale material and team training.

Own Brand (or Our Brand) continues to grow strongly supported by double-digit growth in Macro and Free-from as customers are increasingly looking for healthy options.

We are very proud of being awarded the title of 'healthiest own brand in Australia' by The George Institute for Global Health with more than half of our range achieving a health star rating of 3.5 or above.

We also aspire to set ourselves apart through the actions of our team. Under the banner of Everyday Acts, each of our Food businesses engaged in a number of Good Acts to support their local communities during the year, including our popular Fresh Food Kids Discovery tours.

During the year, some of our local communities experienced devastating floods, fires and drought and we have been working closely with our partners: The Salvation Army, Rural Aid, Foodbank and Lifeline to leverage their expertise in community care. Thanks to the generous support of our customers, over the last 16 months we have been able to direct more than \$10 million in support to our disaster relief partners and help deliver a meaningful impact where it is needed most.

Our store teams living and working in impacted communities feel the impact acutely, and the community spirit we see in our teams is simply remarkable - be it supporting at community evacuation centres, coordinating the food, drink and supplies when they are needed by our community partners, or taking community service leave to give their time and support to the State Emergency and Rural Fire Services.

We have been accelerating innovation in our Drinks business to better meet rapidly changing customer needs. While the financial performance of Endeavour Drinks in F19 was below our aspirations, we took a number of positive steps during the year driven by our ambition 'to connect everyone with a Drinks experience they'll love' and are seeing positive signs of improvement.

The biggest changes are happening at Dan Murphy's with a refocus of the business on 'Discovery'. Customer 1st Ranging, which has been very successful in BWS, is well underway within Dan's. At year-end, we had 35 wine merchants working in key Dan Murphy's stores providing an authentic and exciting discovery experience for customers.

As mentioned, EndeavourX was established during the year to ensure a consistent digital experience across Dan Murphy's, BWS and other Endeavour Drinks businesses. Dan Murphy's and BWS made good progress on providing increased convenience to customers during the year with the scale up of On Demand, the rollout of 30-minute Pick up and further geographic expansion of Jimmy Brings.

It was a very busy and successful year for our Portfolio team as we made good progress in unlocking value for shareholders.

We completed the sale of Woolworths Petrol to EG Group in April with the proceeds returned via an off-market share buy-back. We also announced the outcomes of the BIG W network review. While it was not a decision taken lightly, the closure of around 30 stores and two DCs over the next few years will lead to a more sustainable store and DC network and will support the operational improvements



coming through the business.

We also announced one of the most significant transactions in the history of Woolworths Group with our intention to merge Endeavour Drinks and ALH, followed by a separation in calendar 2020. Step one in this process is the Restructure which you will be asked to vote on immediately after our AGM.

We believe that this transaction is in the best interests of shareholders and will provide both businesses with greater focus, simplify both groups and enable Endeavour Group to pursue its growth strategy.

In an increasing digital world, we need to leverage technology to simplify our core processes and be more efficient to ensure that our end-to-end processes are better for customers and simpler (and safer) for stores.

We have a number of efficiency initiatives in place across the Group and they are building momentum. In Q4, we announced the first change to our Woolworths Supermarkets' Operating Model in a number of years to ensure that store structures reflect the way that customers want to shop.

While these changes are never easy, we are confident that it will result in a better outcome for our customers and a more sustainable operating model for our team.

Stockloss (which is the product we write off or mark down) was disappointing in F19 and we have implemented a number of measures to get it back on track and we have started to see some signs of this improvement over the half.

Our Melbourne South Regional Distribution Centre (or MSRDC) is now up and running and we are looking forward to the material benefits it will provide in the future. However, we have decided to keep our Hume DC open until early calendar 2020 to ensure there is no impact on customers over this critical Christmas period.

In August, we announced our full year results. Despite a challenging start to the year, we had a strong second half and ended the year with good momentum. Group sales from continuing operations for F19 increased by 3.4% on a normalised basis and EBIT on the same basis increased by 5.0%. Sales and profit momentum improved in the second half with normalised growth of 4.7% and 10.0% respectively. Normalised Group net profit after tax increased by 7.2%.

Group Online (eCommerce) sales continued to grow strongly increasing by 32% on a normalised basis to \$2.5 billion.

BIG W's underlying trading performance continued to improve with comparable sales growth of 5.3% in F19 and 7.2% in the final quarter of F19. We were pleased with the strong improvement in sales growth in F19 but were not satisfied with the rate of translation of sales growth into profit growth. As a result, we announced the outcomes of the store and DC network review in April to accelerate our path to profitability with three stores confirmed to be closed after Christmas.

As Gordon mentioned, between the off-market share buy-back and dividends paid during the year, we returned \$3.1 billion to shareholders during F19.

At the end of October, we reported first quarter sales for the F20 financial year. Group sales from Continuing Operations increased by 7.1% on the same quarter last year to \$15.9 billion.



It has been a pleasing start to F20 with strong sales momentum across the Group. Sales growth in Australian Food was particularly strong with the success of Lion King Ooshies, Discovery Garden, the continued growth in Online and the ongoing benefit of our Renewal program.

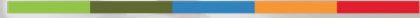
We can't comment on Q2 in detail at this stage given we still have two very important trading weeks in the quarter to go but are generally pleased with trading to date.

Given it is only nine 'sleeps to Christmas', the priority for all of our businesses right now is to deliver the best possible Christmas and festive season experience for our customers.

We remain energised by the material opportunities we have across the Group to deliver value for both customers and shareholders over the remainder of F20 despite some uncertainty around the consumer environment.

Finally, and most importantly today, I want to thank you, our shareholders, for your continued support and feedback and I would like to take this opportunity to wish you all a very merry and safe Christmas and thank you for "Picking Woolies".

WOOLWORTHS GROUP



2019
AGM & EGM

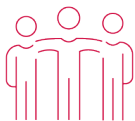


Chairman's Address

Focus areas in F19



Sustainability



Culture



Shareholder value

Sustainability

Responding to climate change

- ✓ Carbon emissions 18% below 2015 levels
- ✓ Commitment to reduce scope 1 and 2 emissions to 60% below 2015 levels
- ✓ Aligned to Task Force on Climate-related Financial Disclosures recommendations

Promoting gender equality

- ✓ Launched new Parental Leave Policy
- ✓ First retailer to introduce superannuation contributions for 12 months of parental leave
- ✓ Board diversity
56% female 44% male

Embracing diversity

- ✓ Launched second Reconciliation Action Plan
- ✓ Committed to support the Uluru Statement from the Heart
- ✓ 2,279 Indigenous team members recruited via the Resourcing the Future program

Woolworths Group culture



Our Purpose
Why we exist

Our Ways-of-Working
How we work



Our Values
Who we are

Shareholder value

Rationalised the portfolio

- ✓ Exited Masters
- ✓ Sold EziBuy
- ✓ Sold Petrol business
- ✓ Endeavour Group Transformation



Strong online business

F19 Group Online sales

\$2.5_{BN}



Reinvested in the core

- ✓ Competitiveness
- ✓ Customer satisfaction
- ✓ Team advocacy



Shareholder value

F19 Share buy-back

\$1.7bn returned to shareholders



Fully-franked dividends

\$1.3bn returned to shareholders in F19



Total shareholder return

64% in the 3-year period since end F16





CEO's Address

Woolworths Group culture



F19 priorities

Build growth platforms
for the future



Create differentiation in
all of our businesses



Redesign our E2E
operating model

We create better experiences together.



Live our Purpose and Build a Customer 1st and Team 1st Culture



- Customers scores remained resilient ending the year strongly
- Superannuation payments for 12 months of parental leave. Gold tier workplace by AWEI
- Focus on mental and physical well-being of team with 'I am here' program
- Largest EA in Australia implemented; improved conditions for >100,000 team members
- More to do to retain focus on customers while progressing a significant change agenda

Create Connected, Personalised and Convenient Shopping Experiences



- Rapid online sales growth across the X businesses
- Solid Metro sales improvement in F19 with new store pipeline building
- Continued scale-up of Pick up and eCom operational performance improvement
- On-demand delivery in >730 stores, >300 Drive, Scan & Go trial extended
- More to do to provide convenient options for customers through leveraging technology

Differentiate our Food Customer Propositions



- Renewal stores continuing to perform well
- Successfully executed key customer events; team focused on Christmas
- Own Brand growth continues; named 'healthiest supermarket own brand range'
- Numerous 'Good Acts' supporting local communities
- More to do to on range localisation and exclusive products

Accelerate Innovation in our Drinks Business



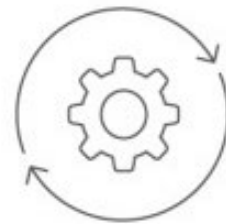
- Launched new Endeavour Drinks ambition; service experience improved in stores
- BWS sales growth strong benefitting from Renewals and Customer 1st Ranging
- Repositioning of Dan Murphy's underway
- Strong growth in On Demand across BWS and Dan Murphy's
- More to do to continue to build operating momentum

Unlocking Value in our Portfolio



- Announced merger and subsequent separation of Endeavour Drinks and ALH
- Sale of Petrol business completed; \$1.7 billion proceeds returned to shareholders
- New businesses launched incl: Cartology, ExportCo and Australian Wholesalers
- Reduced losses in BIG W in F19; store and DC closures being progressed
- More to do to implement Endeavour Drinks and ALH transaction

End-to-end Processes – ‘Better for Customers’ and ‘Simpler for Stores’



- Cloud platform established and visualisation tools agreed
- New customer operating model launched in Woolworths Supermarkets
- Assisted service checkout scales activated to improve inventory integrity
- Commissioning of MSRDC with Hume DC due to close in early 2020
- More to do to on customer operating model, MSRDC and stockloss

Results - full year 2019

	Continuing Operations ¹			Total Group		
		Change	Change normalised		Change	Change normalised ²
Sales	59,984m	5.3%	3.4%	63,680m	3.2%	-
EBIT	2,724m	6.9%	5.0%	3,553m	29.5%	27.7%
NPAT attributable to Woolworths Group shareholders	1,752m	9.2%	7.2%	2,693m	56.1%	54.3%
Earnings per share (basic)	134.2c	8.8%	6.8%	206.2c	55.5%	53.7%
Final dividend per share				57c	14.0%	
Return on average funds employed	24.6%	45 bps	11 bps			

¹ Before significant items

² Normalised for the impact of 53rd week

F20 Group priorities

Build connected capabilities for the future



Create differentiation in all of our businesses



Lean operating model leveraging core platforms

We create better experiences together.



*We are constantly
innovating to meet
changing needs.*

*We look for ways to
improve every day –
better for our customers,
team and communities.*

*It's both the retail
experiences and
the experiences we
make possible for
customers' lives.*

**We create
better
experiences
together
for a better
tomorrow.**

*We work seamlessly
as one team,
within the Group
and in partnership
with others.*

*We believe in
creating a better future.
for generations to come.*

WOOLWORTHS GROUP



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