

WOOLWORTHS LIMITED
A.B.N. 88 000 014 675

24 November 2011

The Manager Companies
Australian Securities Exchange Limited
Company Announcements Office
Level 4 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RE: Woolworths Limited – Chief Executive Officer’s Address - Listing Rule 3.13.3

Attached is a copy of the Chief Executive Officer’s address to the 2011 Woolworths Limited Annual General Meeting being held today.

**For and on behalf of
WOOLWORTHS LIMITED**



PETER J HORTON
Group General Counsel and Company Secretary

Woolworths Limited AGM 2011

CEO's Address

Thank you James, and good morning ladies and gentlemen. It's a pleasure to be here today and to have the opportunity to speak directly to you as a shareholder in our company. Each of you have chosen to invest your hard earned money into the long term growth prospects of Woolworths and I want you to know how seriously I take that responsibility of stewardship.

This morning I would like to do two things. Firstly, I would like to run through the company's performance over the last financial year – both in terms of fiscal results and corporate responsibility achievements. And secondly, I want to look to the future and talk about the plans that will take Woolworths into its next phase of growth.

2011 Financial Year in Review

But let's begin with a review of the 2011 financial year. It is probably the most challenging period in retail I have ever seen in my career. A combination of price deflation, low levels of consumer spending, a high Australian dollar and an intensely competitive market environment, are making for tough trading conditions, particularly in the more discretionary parts of our business.

Adding to these challenges was a series of horrific natural disasters in Queensland and New Zealand that not only impacted our business operations, but also resulted in protracted supply issues. As a result of these headwinds, Woolworths readjusted its guidance to take into account the more subdued trading environment.

Overall, Woolworths delivered a solid increase in net profit of 5.1% to \$2.124 billion. When you exclude the impact of the natural disasters, this figure rises to 6.4%. We increased market share, served an additional 42 million customers and grew sales by 4.7%. We achieved this by making our business far more focused on the customer and improving our ranges, developing new formats, lowering prices and offering innovative multi-channel shopping solutions.

Our balance sheet remains robust, generating higher cash flows and returning more capital to shareholders through increased dividends and a share buyback. As we look to the future, Woolworths is undoubtedly in a very solid financial position with excellent credit ratings which will underpin the continued growth of our business. Overall, we remain focused on achieving sustainable, long-term profitable growth in order to deliver the optimum possible value to our customers and our shareholders, regardless of the economic environment.

In terms of specific metrics, we achieved EBIT growth of 6.3% or 7.5% when you exclude natural disasters. This was largely underpinned by a great result from our Australian food and liquor business and EBIT once again grew faster than sales. Woolworths has always, and continues to be, a highly cost conscious organisation and in 2011 our cost of doing business as a percentage of sales was well controlled at 19.98%. In a deflationary environment, this is a particularly pleasing result.

Gross margins for the group increased 12 basis points, reflecting the impact of improving our liquor supply chain, increasing our level of global sourcing, improving shrinkage rates and increasing sales of own brands in all our businesses. This has enabled us to continue to reinvest in lower prices and deliver even better value to our customers.

In terms of shareholder payouts, in 2011 Woolworths delivered a record \$2.191 billion to shareholders. In fact, since July 2001, we have given \$10.3 billion back to shareholders as a result of good profit growth and balance sheet management.

And finally, our Net Profit After Tax, as mentioned earlier, rose 5.1% to \$2.124 billion.

Corporate Responsibility

Our corporate responsibility achievements for the 2011 financial year were also very pleasing and Woolworths continues to advance its leadership position in the field of retail sustainability. I would like to personally pay tribute to the tremendous foundation Michael Luscombe laid in this area and underscore my commitment to his legacy. On your way into the auditorium this morning you will have been handed a copy of Corporate Responsibility Report for 2011 which was lodged with the ASX earlier this week. I would encourage you to read this report in some detail and see the extent to which Woolworths is acting on its commitments and using its size and scale to make a positive difference.

Some highlights from this last year include:

- A continued reduction in carbon intensity in line with our 2015 target to reduce carbon by 40% and operate successfully in a more carbon-conscious future. This reduction is actually delivering substantial cost savings as well – approximately \$120 million in savings by 2015.
- The commencement of a further 37 energy savings initiatives in our stores during the year which are projected to reduce annual carbon emissions by more than 198,000 tonnes.
- Excellent progress on the implementation of our ethical sourcing policy and palm oil sourcing policy, plus the recent introduction of our sustainable seafood strategy.

- \$62.3 million in community investment, including an \$18.5 million donation to the Salvation Army's Flood Appeal on behalf of Woolworths and its customers. A further \$1 million was donated to Queensland dairy farmers to assist with flood recovery efforts.
- The launch of our Reconciliation Action Plan to create business and employment opportunities for indigenous Australians. In the last year we collaborated in pre-employment programs for approximately 280 indigenous people which are delivering real and long-term jobs and career opportunities across our businesses.
- A 30% reduction in lost time injury frequency rate and an 11% reduction in customer injuries in-store.

We fully recognise there is much more work to be done. Our approach is always to take the most responsible path and operate every part of our business in as transparent and ethical a manner as we can. Woolworths has achieved leadership across many areas of Corporate Responsibility. I'm determined to continue that work in our sector.

Strategic Priorities for the Next Five Years

And now I'd like to talk about the future. About three weeks ago, myself and my senior management team presented our five year strategic plans to investors and analysts. This morning I would like to give you, our shareholders, an outline of those plans and talk to you about the changes we are implementing in order to make this very strong and successful company, even stronger.

Many parts of our business are performing very well with solid momentum, areas like Fresh Food, Liquor, Countdown in New Zealand, Hotels, and Home Improvement.

Others areas are not accelerating quickly enough for my liking and they need a new focus and a new energy. But I am committed to realising success in all of our businesses and investing now for the long term.

In the last decade or so, our industry has evolved from an era where the supplier was king - where they controlled the shelves, the supply chain and the customer data. We then moved to the era of the retailer, where the best of the best successfully wrested back control of the shelves, supply chains and customer information.

In the future, the customer is well and truly in the driving seat. It's a new era, the era of the customer, and I have four strategic priorities that take this into account and the new reality of our external and competitive environments:

1. Extend and defend leadership in food and liquor

2. Act on our portfolio to maximise shareholder value
3. Maintain our track record of building new growth businesses
4. Put in place the enablers for a new era of growth

Let's look at each one in turn.

First - extend, defend leadership in food and liquor

As I referred to at our Q1 sales, we need to re-establish marketing supremacy around value and growth, and tackle the value perception of Australian Supermarkets.

So we have commenced a wholesale review of our supermarket marketing resources and strategy.

In terms of our core business, I want to unlock sales growth for a tougher consumer and competitive environment now upon us.

We've got some areas of strong sales growth such as fresh, but we're not improving fast enough in grocery and non-food.

I also plan to accelerate our leadership in Fresh Food.

Woolworths is Australian for Fresh Food. But I can see substantial room to make inroads into this category, and in the process securing potentially up to \$2.5 billion in additional sales.

Our goals also include extending our leadership in liquor. Liquor has achieved remarkable success. But there are many more opportunities still to be realised.

Across the Tasman I want to use our momentum to become #1 in New Zealand supermarkets.

We've invested in successfully rebranding Countdown, and this new generation supermarket will continue to improve as we leverage measures to the NZ business from our operations in Australia.

My second strategic priority is to act on our portfolio to maximise shareholder value.

Starting with BIG W, I want to accelerate alignment of the offer to the new customer and competitive reality. The Discount Department Store category is changing and we need to provide new and compelling reasons for customers to shop in BIG W, either in-store or online.

Across in our Joint Venture hotels business, I want us to be Australia's most responsible operator of local pubs.

My priority is to continue raising the standards to maintain the trust of the community to operate this business.

Protecting shareholder value means we need to address areas of underperformance in our portfolio of businesses and we need revisit the way we participate in the consumer electronics category.

We have therefore commenced a review of our options for Dick Smith, and I plan to report our decision to the market by the half-year results in February.

My third strategic priority is maintaining our track record of building new growth businesses

Nothing speaks more clearly about the customer of today than the story of retail and multichannel. The most obvious growth ambition is to be Australia's undisputed leader in multichannel retailing. That means having the winning combination of bricks and mortar, with a versatile online platform, which delivers real, incremental growth and market leading innovations like the upgraded supermarket app launching early in the new year that will let you shop from your mobile.

My goal is to also scale up from an encouraging start in the Home Improvement sector to become a unique, sustainable and profitable business

We opened our first store in Victoria in September, followed by another four in October, all of which are trading well above our expectations. Our first NSW store will open in Gregory Hills early in December.

We have clear ambitions, a strong pipeline of sites, and early encouragement for our format from customers.

Woolworths Limited is not constrained to Australia and New Zealand, and while we are excited about the opportunities here, we continue to consider new international growth opportunities in a careful and prudent fashion.

My fourth priority is to put in place the enablers for a new era of growth

The first enabler for any retailer is a world-class supply chain. For Woolworths, I want to deliver the next step change in productivity through our supply chain.

The importance of our world leading supply chain is only just starting to be realised, and the next step change will come at a much lower capital cost, delivering significantly more for our business.

Beyond the supply chain, Woolworths will build by leveraging investment in customer data to fuel growth and customer centricity. We have more than 8 million members of our loyalty programs, which provide us with rich customer insights so we can have the most compelling offers in the market.

A critical enabler of long-term growth and value creation is the strong level of capital investment in our business. We don't run this business for short-term shareholder returns. As we have a very strong balance sheet, we will keep investing capital in our new stores to serve more communities and meet future customer demands.

We are on track to open 39 new supermarkets in this financial year, almost double our store openings in the last financial year and create 10,000 net new jobs from new store growth this financial year.

Woolworths has always been a highly cost-conscious organisation but there is considerably more potential to reduce our costs through doubling our level of direct global sourcing, improved buying, and continued advances in supply chain efficiencies.

Finally the most critical enabler is our talent. My goal is to combine the best retail talent in Australia, with the best in the world. Over the last decade we have invested in our people and created the best retail talent factory in Australia.

But the time is right now for a wider injection of talent for a new era. We need diverse leaders from both inside Woolworths and from globally competitive retailers who get how to think multi-channel and multi-format.

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With these strategic priorities, the team will take the retail powerhouse we've built over the last two decades and use it as the launchpad for the next stage of our journey.

As I said earlier, it is well-acknowledged there are new environmental headwinds as we begin the next decade. As a result, in the short term, the realities and challenges mean we believe trading will remain subdued, most probably through to the next financial year. But despite these headwinds, we will continue to invest now, in order to deliver a better performance over the long term.

Our long-term aspiration remains high single digit sales growth and 10% EPS growth assisted by bolt-ons and capital management, which is consistent with our long term senior management incentive hurdles.

In summary, there are two key factors that are reshaping our business – the new customer and the new environment. I am totally focused on changing our business to meet those challenges and delivering long term value to our shareholders.

Thank you.