

# WOOLWORTHS LIMITED

**Ralph Waters – Chairman of Woolworths Limited  
Address Annual General Meeting 2013  
The Concourse, Chatswood  
Tuesday, 26 November 2012**

CHECK AGAINST DELIVERY

Good morning ladies and gentlemen and welcome to the 2013 Woolworths Limited Annual General Meeting.

I appreciate the effort you have made to be here today to hear about your Company.

I would like to acknowledge the original custodians of this land and pay my respects to the elders both past, present and future, for they hold the memories, the traditions, the culture and hopes of Indigenous Australia.

I would like to introduce our Board of Directors who join me on the stage today:

Michael Ullmer – Michael has extensive experience in the accounting and banking sectors gained at the major accounting firms and major banks, Commonwealth and National Australia Bank. Michael joined the Board in January 2012.

Ian Macfarlane – Ian was Governor of the Reserve Bank of Australia and is a Director of ANZ Banking Group and the Lowy Institute for International Policy. You will hear from Ian later in the meeting.

Christine Cross – Christine travels to Australia from the UK every month to attend our Board Meetings. She has extensive international retail experience and held a number of senior executive positions with Tesco. She currently runs a retail advisory consultancy business.

Tom Pockett – Tom joined Woolworths as Chief Financial Officer in August 2002. Previously Tom worked with the Commonwealth Bank, Lend Lease Corporation and Deloitte. Tom is a member of the Group of 100 and was the National President from 2000 to 2003. He is currently Chairman of the Business Coalition for Tax Reform.

Grant O'Brien – Grant is Managing Director and CEO of Woolworths Limited. Grant started his career with Woolworths more than 25 years ago at our Purity supermarkets in Tasmania. You will hear from Grant in a moment.

Peter Horton – Peter is Woolworths' Group General Counsel and Company Secretary. Peter joined Woolworths in 2005. Peter was previously General Manager of Legal and Company Secretary at WMC Resources, and he was the Principal Solicitor at BHP.

Jillian Broadbent – Jillian has extensive experience in corporate banking and finance in both Australia and internationally primarily with Bankers Trust Australia, and the Reserve Bank of Australia. Jillian is Chair of the Clean Energy Finance Corporation and is Chancellor of the University of Wollongong.

David Mackay – David is another frequent flyer, travelling to Sydney each month from the United States. David had a long career with Kellogg Company in America and internationally, retiring as CEO and President in 2011. David has extensive experience in both international retail and consumer goods, he has held positions at Sara Lee Bakery, Grocery Manufacturers of Australia, the Australian Food Council and the Global Consumer Goods Forum to name a few.

Jayne Hrdlicka – Jayne has worked across many industries and geographies and has experience in consumer products, retail and drinks industries. Jayne is currently the CEO of Jetstar Group and previously held numerous management positions with Bain & Company. Jayne will also address you later in the meeting.

I am Ralph Waters – I became Chairman of Woolworths Limited following the retirement of James Strong at the close of the 2012 Annual General Meeting. I am also currently Chairman of Fletcher Building Limited and Chairman of Cricket World Cup 2015 Ltd. I am a Chartered Professional Engineer and had an extensive career in the building products industry internationally.

Grant O'Brien will have something more to say in a moment, but as I embark on my first AGM as Woolworths' Chairman I want to take the opportunity to remember our previous Chairman, James Strong, who passed away at the start of this year. It was at these meetings that his generosity and intellect were on display to all of us and we miss him greatly.

Today's meeting agenda is page 2 of your Notice of Meeting document. In summary, I will make a short address and hand over to your CEO, Grant O'Brien, for his address.

I will then explain the voting procedures. Following that, we move into the formal business of the meeting agenda with the financial reports, election of directors, approval of the long term incentive plan, and remuneration report.

## **Financial Results**

On behalf of the Board and management team, I am pleased to report that the 2013 financial result delivered by the Company is a solid one and I believe that Woolworths is well placed to continue to reward both its shareholders and its customers into the future.

Net profit after tax was \$2.26 billion – up 24.4% on the previous year, or an increase of 8.0% from continuing operations and before significant items.

The result reflects the underlying strength and resilience of each of the businesses and an ability to deliver solid results against a backdrop of broader economic and market uncertainty that prevailed throughout the year.

It is particularly pleasing that all established divisions returned a positive earnings result and that good progress has been made on initiatives to deliver sustainable and profitable growth into the future.

## **Shareholder returns**

The Board announced a 5.6% increase in the dividends per share to 133 cents for the 2013 financial year, up from 126 cents last year.

Earnings per share increased to 182.6 cents, up 22.8% or 6.7% from continuing operations and before significant items.

In total, \$2.2 billion was returned to shareholders in 2013, including \$500 million from the divestment of the SCA Property Group.

## **Sustainable profit growth with solid foundations laid for the future**

Grant will update you shortly on the progress being made to deliver sustainable profit growth into the future and the progress against the four Strategic Priorities. However, there are a few points I would like to make here.

When Grant came to the CEO role just over two years ago, he quickly identified a program of work to focus the business on its core retailing functions and moved to eliminate the distractions. The sale of Dick Smith and divestment of property were sensible steps in that direction and in the best interests of shareholders.

The work being undertaken to extend our leadership in Food and Liquor – the engine room of Woolworths – gained momentum throughout the year with comparable sales growth for the second half of the financial year of 3.0%, which compares to a 2.4% increase in the first half and a 1.1% increase in the previous year.

During last year, the Australian Food and Liquor business continued to increase market share, customer numbers and basket size with strong volume growth a key highlight.

Woolworths has also undertaken some key acquisitions this year that will further enhance our capabilities, improve the offer to customers and increase value to shareholders.

Our 50% stake in Quantium, Australia's leading data-driven strategy and insights business, has increased our capability in using data to deliver insights to enhance our market leading position.

We have also acquired New Zealand based EziBuy. EziBuy is a leading direct retailer of apparel and homewares in Australia and New Zealand and will accelerate our online and other flexible customer-focused options in general merchandise and act as a launch pad for our next phase of growth. EziBuy is a successful, profitable business and will accelerate the growth of Woolworths' online and multi-option business with enhanced capabilities.

Masters continues its impressive rollout with 31 stores trading at the end of the financial year. There are now 36 stores.

Woolworths has an impressive track record in building new growth businesses, and you do not need to look much further than Dan Murphy's and the broader Woolworths Liquor Group to understand that.

The Home Improvement joint venture with Lowe's is solid and their involvement is a real advantage to Woolworths in setting up this business.

The customer response to our differentiated product range, service guarantee and pricing strategy has been positive and it gives us confidence that we are building a sustainable future for Masters which will become a long term profit contributor for the Group.

## **Management**

Woolworths remains a well-managed company that is committed to growth and improvement.

Importantly, there has been good progress towards assembling a world class retail team that brings together the best local and international talent at all levels of the organisation.

I pay tribute to Grant O'Brien in his second year as CEO. Grant has demonstrated the enduring Woolworths culture of a practical, down to earth approach to achieving results. The senior management team should also be recognised for their work this year.

It is a credit to the entire Woolworths team that they have navigated an uncertain consumer and economic environment.

The Board acknowledges the hard work and commitment from more than 197,000 staff members across the business for their part in delivering a pleasing result.

## **Your Board**

Sir Roderick Deane and Mr John Astbury retired from the Board in August. Mr Astbury will remain as a Director of the Home Improvement joint venture company.

The retirements were part of the Board succession process and followed a suitable transition period following the appointment of three Directors in January 2012.

I would like to recognise the significant contributions made by Sir Roderick and John during a period of growth, transformation and financial success for the Company.

Today I announce that Tom Pockett is to retire from Woolworths as Finance Director.

It has been Tom's wish for more than 12 months to retire and the Board prevailed upon him to stay during this critical time in Woolworths' transformation.

Tom will retire from his position as Finance Director in February 2014 and will retire from the Board on 1 July 2014.

David Marr, who is currently the General Manager of Corporate Finance, will become Woolworths' Chief Financial Officer from 1 February 2014. We have managed this succession and David has been with us already for the past two years.

Grant will have more to say in a moment but I want to record the Board's sincere thanks to Tom. He has been a fantastic asset to Woolworths and has made a significant contribution to the growth of the business in the past, as well as playing a critical role in positioning the company for growth in the future. We thank him and wish him and his family well for the future.

As a result, the agenda item in the notice of meeting for Options for Tom has been withdrawn.

**Conclusion**

With that, I would like to now ask Grant O'Brien to please present his CEOs report.

Thank you.

ENDS