

# WOOLWORTHS LIMITED

A.B.N 88 000 014 675

26 November 2009

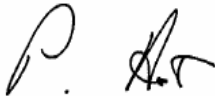
The Manager, Companies  
Australian Securities Exchange Limited  
Company Announcements Office  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

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 2009 Woolworths Limited Annual General Meeting being held today.

**For and on behalf of  
WOOLWORTHS LIMITED**



**PETER J HORTON  
COMPANY SECRETARY**

## **CEO ADDRESS**

### **WOOLWORTHS LIMITED ANNUAL GENERAL MEETING 2009**

#### **INTRODUCTION**

GOOD MORNING LADIES AND GENTLEMEN.

TODAY I WOULD LIKE TO UNDERTAKE A BRIEF OPERATIONAL REVIEW OF THE LAST YEAR AND TO PROVIDE YOU WITH SOME INSIGHT INTO THE MANY AND VARIED GROWTH INITIATIVES THAT WILL ENABLE US TO KEEP DELIVERING SHAREHOLDER VALUE LONG INTO THE FUTURE. I WILL ALSO PRESENT THE KEY FINANCIAL METRICS THAT DEMONSTRATE THE UNDERLYING HEALTH OF THE BUSINESS.

#### **REFLECTION ON THE ECONOMY**

BUT FIRSTLY, I JUST WANT TO TAKE A MOMENT TO REFLECT ON THE EXTRAORDINARY ECONOMIC EVENTS OF THE YEAR. THIS TIME LAST YEAR I ADDRESSED OUR SHAREHOLDERS IN MELBOURNE AND COMMENTED ON THE NEED FOR CONFIDENCE IN THE HEALTH OF AUSTRALIA'S

ECONOMY AS WE ENTERED UNCERTAIN FINANCIAL TIMES. I TALKED ABOUT THE NEED FOR COMPANIES TO AVOID SHORT TERMISM, TO PUT JOBS FIRST AND TO CONTINUE TO INVEST IN LONGER TERM GROWTH. ONE YEAR ON AND IT IS VERY CLEAR THAT AUSTRALIA'S ECONOMY HAS SURVIVED AND IS CONSIDERABLY HEALTHIER THAN MANY OF OUR PEERS.

BUT IT WAS CERTAINLY A TOUGH YEAR AND CONSUMER CONFIDENCE WAS UNDOUBTEDLY SHAKEN. WE WITNESSED MARKED CHANGES IN CUSTOMER BEHAVIOUR AND SHOPPING TRENDS AS PEOPLE SOUGHT TO MAKE THEIR HOUSEHOLD BUDGETS STRETCH FURTHER. PRIVATE LABEL THRIVED AS CUSTOMERS SWITCHED TO PRODUCTS THAT OFFERED THE SAME QUALITY AS BRANDS BUT FOR A LOWER PRICE. OUR SUPERMARKET AND LIQUOR BUSINESSES CAPTURED SPENDING THAT WOULD OTHERWISE HAVE GONE TO RESTAURANTS. AND BIG W WAS WELL POSITIONED TO PICK UP STIMULUS PAYMENT SPENDING AS FAMILIES STOCKED UP ON HOUSEHOLD NECESSITIES.

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK OVER 191,000 HARD WORKING MEN AND WOMEN OF WOOLWORTHS IN EVERY CORNER OF AUSTRALIA AND NEW ZEALAND WHO CONTRIBUTED TO OUR RESULT AND IN DOING SO, HELPED US WEATHER THIS STORM. I AM VERY, VERY PROUD OF YOUR EFFORTS.

AND WHILST CONSUMER CONFIDENCE HAS STARTED TO RECOVER, WE BELIEVE MANY CONSUMERS HAVE ACTUALLY LEARNED SOME LESSONS ABOUT HOW TO MANAGE THEIR INCOME MORE EFFECTIVELY AND THE QUEST TO EXTRACT THE BEST POSSIBLE VALUE WILL CONTINUE FOR SOME TIME TO COME.

'FRUGALISM' IS A DEFINING FEATURE OF THE AUSTRALIAN CONSUMER RIGHT NOW.

AS A LOW GEARED, COST FOCUSED ORGANISATION, WOOLWORTHS ENTERED THE GFC IN A VERY STRONG POSITION AND WITH STRONG CUSTOMER SUPPORT WE ARE EXITING IT IN AN EQUALLY STRONG STATE. AS A COMPANY, WE CONTINUED OUR COMMUNITY INVESTMENT,

CREATED MANY THOUSANDS OF NEW JOBS AND PRESSED AHEAD WITH NEW STORE DEVELOPMENTS, REFURBISHMENTS AND OTHER IMPORTANT INITIATIVES.

OUR SENSE OF OPTIMISM AND OUR DESIRE TO MAKE A POSITIVE CONTRIBUTION TO AUSTRALIA'S ECONOMIC FUTURE ARE MORE FERVENT THAN EVER – NOT JUST AT A CORPORATE LEVEL BUT IN EVERY STORE THAT WE OPERATE, IN EVERY COMMUNITY. WE WILL CONTINUE TO DO OUR UPMOST TO DELIVER THE BEST POSSIBLE VALUE TO OUR CUSTOMERS, OUR SHAREHOLDERS AND OUR SUPPLIERS.

## **THE 2009 YEAR IN REVIEW**

IN SPITE OF THESE CHALLENGES, OUR HARDWORKING TEAM SUCCEEDED IN KEEPING THEIR EYES WELL AND TRULY ON THE BALL. OUR GROWTH PLANS CONTINUED UNABATED AND WE MAINTAINED FORWARD MOMENTUM IN ALL OUR DIVISIONS.

### **1) NEW INITIATIVES**

AND IN 2009, WE FORGED AHEAD WITH A NUMBER OF INITIATIVES THAT ARE ENTIRELY FOCUSED ON CREATING VALUE – PARTICULARLY FOR OUR CUSTOMERS.

THE ALLIANCE BETWEEN OUR EVERYDAY REWARDS PROGRAM AND QANTAS FREQUENT FLYER WAS A MAJOR MILESTONE IN THE DELIVERY OF OUR BROAD BASED REWARDS PROGRAM. MORE THAN 4.2 MILLION CUSTOMERS HAVE REGISTERED FOR EVERYDAY REWARDS WITH MORE THAN 1.6 MILLION NOW LINKED UP TO RECEIVE FREQUENT FLYER POINTS WHEN THEY SHOP. THIS PROGRAM HAS ENORMOUS POTENTIAL FOR OUR BUSINESS – NOT ONLY IS IT INCREASING SALES BUT ITS ALSO VASTLY INCREASING OUR KNOWLEDGE ABOUT OUR CUSTOMERS IN A WAY THAT WILL HELP US TO CONTINUALLY IMPROVE OUR SERVICES AND RANGING.

IN AUGUST THIS YEAR, WOOLWORTHS ENTERED THE PREPAID MOBILE MARKET AND RECEIVED A WARM RECEPTION FROM CUSTOMERS WITH THE LAUNCH OF “EVERYDAY MOBILE”. THE EVERYDAY MOBILE SERVICE WAS DEVELOPED IN PARTNERSHIP WITH OPTUS WITHIN A

MOBILE VIRTUAL NETWORK OPERATOR FRAMEWORK AND UTILISES THE OPTUS MOBILE NETWORK. IT IS TARGETED FIRMLY AT WOOLWORTHS SHOPPERS AND THEIR FAMILIES WHO FAVOUR TALK AND TEXT IN A PREPAID FORMAT.

THE “EVERYDAY MONEY” CREDIT CARD CONTINUES TO GAIN NEW ACCOUNTS IN WHAT ARE DIFFICULT ECONOMIC CONDITIONS. THIS IS A REFLECTION OF THE PRODUCT’S INNOVATIVE FEATURES AND APPEAL TO THE WOOLWORTHS SHOPPER. IT HAS RECEIVED A NUMBER OF INDUSTRY AWARDS AND, IN PARTICULAR, FEATURES WORLD CLASS CONTACTLESS PAYMENT TECHNOLOGY WHICH CAN BE USED AT OUR E-PUMP 'PAY AT PUMP' FACILITY AT WOOLWORTHS PETROL LOCATIONS. EPUMP IS A BONUS FOR DRIVERS, LIKE MUMS AND OLDER FOLK, LOOKING TO SPEND LESS TIME IN THE QUEUE AT THE PETROL STATION AND BE ON THEIR WAY QUICKLY.

GREAT WORK IS TAKING PLACE IN ALL OUR DIVISIONS TO MAKE SURE THEY STAY ONE STEP AHEAD.

IN AUSTRALIAN SUPERMARKETS OUR REFURBISHMENT PROGRAM HAS CONTINUED AND WE NOW HAVE MORE THAN 43% OF STORES CONVERTED TO THE 2010 FORMAT.

LIQUOR IS BEDDING DOWN NEW SUPPLY CHAIN SYSTEMS, INCLUDING TWO NEW DISTRIBUTION CENTRES IN MELBOURNE AND SYDNEY.

BIG W, NOW AUSTRALIA'S LEADING DISCOUNT DEPARTMENT STORE, GOES FROM STRENGTH TO STRENGTH AND RECENTLY OPENED ITS 159TH STORE IN TOP RYDE.

THE NEW STORE FORMAT FOR DICK SMITH CONTINUES TO DELIVER OUTSTANDING RESULTS AND THE SUCCESS OF THE REVITALISED BRAND HAS INJECTED THE DIVISION WITH ADDITIONAL IMPETUS. IN A HIGHLY COMPETITIVE SECTOR, DICK SMITH IS PERFORMING FANTASTICALLY WELL.

ACROSS THE TASMAN IN NEW ZEALAND, OUR SUPERMARKET BUSINESS HAS FARED WELL DESPITE VERY



TOUGH TRADING CIRCUMSTANCES AND THE MOVE TO A SINGLE COUNTDOWN BRAND WILL GIVE AN EVEN GREATER SENSE OF FOCUS TO THE TEAM.

OUR HOTELS BUSINESS HAS ALSO HAD A FAIRLY FLAT YEAR DUE TO THE GFC BUT CONDITIONS ARE DEFINITELY IMPROVING.

## **2) GROWTH & EXPANSION**

WOOLWORTHS REMAINS OPEN TO A RANGE OF OPPORTUNITIES TO ADD SHAREHOLDER VALUE. AS ALWAYS, OUR APPROACH TO ACQUISITIONS IS CAREFUL AND CONSIDERED AND WE HAVE AN EXCELLENT TRACK RECORD OF SUCCESSFUL INTEGRATION OF NEW BUSINESSES WHILST REMAINING FOCUSED ON OUR CORE OPERATIONS.

THE ACQUISITION OF LANGTON'S DURING THE YEAR HAS BOOSTED OUR PREMIUM WINE OFFER IN OUR LIQUOR BUSINESS. THE RECENT PURCHASE OF A 25% STAKE IN GAGE ROADS BREWERY HAS POSITIONED US WELL TO CONTINUE TO INCREASE OUR PRIVATE LABEL OFFER IN LIQUOR.

THE ACQUISITION FROM MACRO WHOLEFOODS OF SEVEN EXISTING STORE LEASES AND A DEVELOPMENT SITE HAS ACCELERATED THE EXPANSION OF THE THOMAS DUX FORMAT IN SYDNEY AND MELBOURNE. THOMAS DUX NOW HAS 10 STORES IN OPERATION AND CONTINUES TO BE WELL SUPPORTED BY CUSTOMERS. THE MACRO PRIVATE LABEL PRODUCT BRAND WILL BE PROGRESSIVELY ROLLED OUT ACROSS A LARGE PART OF OUR SUPERMARKET NETWORK DURING FY10.

PROBABLY THE MOST SIGNIFICANT ANNOUNCEMENT DURING THE LAST YEAR WAS OUR DECISION TO ENTER THE HOME IMPROVEMENT SECTOR IN A JOINT VENTURE WITH LEADING AMERICAN RETAILER LOWE'S. WITHOUT DOUBT THIS IS AN EXCITING AND SIGNIFICANT STEP FOR WOOLWORTHS BUT WE ARE VERY CONFIDENT OF OUR ABILITY TO DELIVER A NEW OFFER THAT CONSUMERS WILL LOVE. WE HAVE ESTABLISHED AN EXCEPTIONALLY CAPABLE LEADERSHIP TEAM, LED BY DON STALLINGS AND MELINDA SMITH AND NOW THAT OUR ACQUISITION OF THE DANKS WHOLESALING BUSINESS HAS THE GO AHEAD, WE

WILL PROGRESS WITH OUR PLANS TO BRING COMPETITION AND INNOVATION TO THIS SECTOR.

### **3) FINANCIAL HIGHLIGHTS**

ONCE AGAIN, OUR TEAM EXCEEDED OUR FINANCIAL TARGETS AND DEMONSTRATED THE DEGREE TO WHICH WOOLWORTHS CAN BE RELIED ON TO ACHIEVE ITS GOALS.

1. SALES
2. CODB/SALES
3. GROSS PROFIT MARGIN
4. EBIT
5. PROFIT AFTER TAX
6. SHAREHOLDER PAYOUTS
7. SHARE PRICE PERFORMANCE
8. Q1 SALES

WHILST WE HAVE STARTED THE 2010 FINANCIAL YEAR OPTIMISTICALLY, THERE ARE STILL A NUMBER OF UNCERTAINTIES FACING THE ECONOMY, SUCH AS RISING INTEREST RATES. SUBJECT TO THIS UNCERTAINTY, WOOLWORTHS RECONFIRMS ITS GUIDANCE AS FOLLOWS:

SALES FOR 2010 ARE EXPECTED TO GROW IN THE UPPER SINGLE DIGITS. (EXCLUDING PETROL SALES)

WE EXPECT EBIT WILL CONTINUE TO GROW FASTER THAN SALES IN 2010

NET PROFIT AFTER TAX IS EXPECTED TO GROW IN THE RANGE OF 8% TO 11%.

IN RESPECT OF FUTURE PERFORMANCE, I ALSO WANT TO REITERATE SOME COMMENTS I MADE AT LAST YEAR'S MEETING IN RESPECT OF AUSTRALIA'S LONG TERM ECONOMIC HEALTH. STRONG COMPANIES SUCH AS WOOLWORTHS MUST BE ENCOURAGED AND ALLOWED TO CONTINUE TO INVEST IN JOBS, GROWTH AND INFRASTRUCTURE. OUR SUCCESS HAS A NET POSITIVE EFFECT ON THE REST OF THE ECONOMY AND ON THE FORTUNES OF MANY HUNDREDS OF COMMUNITIES ACROSS AUSTRALIA AND MANY MILLIONS OF INDIVIDUALS.

#### **4) CORPORATE RESPONSIBILITY**

BUT THE PERFORMANCE OF OUR BUSINESS IS ABOUT SO MUCH MORE THAN FINANCIAL NUMBERS. WOOLWORTHS IS A HIGHLY SCRUTINISED COMPANY AND WE CONDUCT OUR BUSINESS IN THE FULL GLARE OF PUBLIC ATTENTION. THIS

IS ABSOLUTELY AS IT SHOULD BE. AS A MAJOR CORPORATION WE HAVE BROAD RESPONSIBILITIES TO MANY STAKEHOLDERS AND WE TAKE THOSE RESPONSIBILITIES EXTREMELY SERIOUSLY.

TODAY WE ARE DELIGHTED TO PROVIDE SHAREHOLDERS WITH A COPY OF OUR NEWLY PUBLISHED CORPORATE RESPONSIBILITY REPORT FOR 2009. THIS IS ONE OF THE MOST RIGOROUS REPORTS OF ITS KIND PRODUCED BY ANY RETAILER IN THE WORLD AND REFLECTS OUR GENUINE COMMITMENT TO TRANSPARENCY, TRUST AND CONTINUOUS IMPROVEMENT IN ALL FACETS OF OUR BUSINESS. IT PROVIDES A WEALTH OF INFORMATION ABOUT OUR PERFORMANCE IN SAFETY, DIVERSITY, SUSTAINABILITY AND COMMUNITY INVESTMENT AND I ENCOURAGE ALL SHAREHOLDERS TO TAKE A KEEN INTEREST.

I AM PROUD THAT IT HAS BEEN EXTERNALLY AUDITED AND RATED A+ ACCORDING TO THE GLOBAL REPORTING INDEX.

SOME HIGHLIGHTS FROM THIS YEAR'S REPORT INCLUDE;

- OVER \$27.4 MILLION IN COMMUNITY INVESTMENT THANKS TO A RANGE OF INITIATIVES INCLUDING FRESH FOOD KIDS COMMUNITY GRANTS, FRESH FOOD KIDS HOSPITAL APPEAL, VICTORIAN BUSHFIRES, BACKING OUR FARMERS DAY.
- 19% DECREASE IN LOST TIME INJURY FREQUENCY RATE OVER LAST YEAR
- MORE THAN 1,000 NEW MUMS TAKING UP PAID MATERNITY LEAVE
- THE INTRODUCTION OF A COMPANY-WIDE ETHICAL SOURCING FRAMEWORK
- MORE THAN 1.3MILLION KILOGRAMS OF FOOD DIVERTED FROM WASTE TO FOOD RESCUE PROGRAMS.

I'M EXTREMELY PROUD OF THE EFFORT THAT THOUSANDS OF WOOLWORTHS STAFF PUT INTO MAKING OUR BUSINESS ONE THAT INVESTS BACK INTO THE COMMUNITIES IT PROUDLY SERVES.

## **85 YEARS OF RETAILING**

NEXT WEEK, WOOLWORTHS CELEBRATES A MILESTONE BIRTHDAY - 85 YEARS. FROM OUR EARLY DAYS AS A VARIETY STORE IN PITT STREET, RIGHT HERE IN SYDNEY, WOOLWORTHS HAS GROWN INTO AN AUSTRALIAN ICON AND ONE OF THE LEADING RETAILERS ANYWHERE IN THE WORLD. WE ARE VERY PROUD OF OUR SUCCESS AND OUR HERITAGE AND WE NEVER, EVER FORGET THE LESSONS THAT HISTORY HAS TAUGHT US.

BECAUSE IT HASN'T ALL BEEN GOLDEN. WE'VE HAD OUR FAIR SHARE OF DARK DAYS AND TURBULENT TIMES. LESS THAN 30 YEARS AGO, WOOLWORTHS WAS LANGUISHING. WE WERE BOUGHT AND SOLD TWICE AND I FOR ONE CAN REMEMBER HOW UNPLEASANT THOSE TIMES WERE. BUT WE SURVIVED TO BECOME A BETTER BUSINESS, ONE THAT IS SUSTAINABLE AND CERTAINLY WELL POSITIONED TO STICK AROUND FOR A GOOD FEW YEARS TO COME.

THE SCIENCE OF RETAILING MAY HAVE CHANGED IN 85 YEARS, THANKS TO SOPHISTICATED TECHNOLOGY AND

LOGISTICS. BUT THE ART OF RETAILING REMAINS EXACTLY THE SAME. SERVE YOUR CUSTOMERS BETTER THAN YOUR COMPETITORS, EARN THEIR TRUST AND YOU'LL SUCCEED.

AND THAT IS EXACTLY WHAT WOOLWORTHS WILL CONTINUE TO DO FOR THE NEXT 85 YEARS.