
WOOLWORTHS LIMITED

SHAREHOLDER NEWSLETTER
FOR THE FINANCIAL YEAR
ENDED JUNE 2014



Managing Director and Chairman's Report 2014

We are pleased to report that the four Strategic Priorities we outlined three years ago are delivering strong, sustainable growth in established parts of the business. At the same time we are investing in opportunities to deliver growth into the future.

Grant O'Brien and Ralph Waters



Since outlining the Strategic Priorities in November 2011, we have been transforming our business. Our FY14 result demonstrates that we are on the right path.

Our net profit after tax from continuing operations before significant items¹ increased by 4.2% or 6.1% on a normalised 52 week basis for financial year 2014 to \$2.452 billion.

Sales were \$60.8 billion, an increase of 3.9% or 5.9% on the prior year, on a normalised 52 week basis, supported by ongoing momentum in the Australian Food, Liquor and Petrol business.

This year \$1.7 billion, 70% of our profit, will be returned to our shareholders in dividends. Delivering strong and consistent returns to our mum and dad shareholders is something Woolworths prides itself on.

The work we are doing for the benefit of the 29.4 million customers we serve on average every week has ensured that

Woolworths remains well positioned in its market segments and has a strong and sustainable business model.

The momentum we have built is pleasing, but there is a lot more to do. We are working hard to transform our business to secure ongoing returns for our shareholders.

Thank you for your support in FY14 and we look forward to reporting on our progress throughout FY15.

Grant O'Brien
Managing Director
and Chief Executive Officer

Ralph Waters
Chairman

1. Refer page 35 of the Annual Report for information relating to significant items.

CORPORATE RESPONSIBILITY HIGHLIGHTS

1. A great place to invest

Woolworths has delivered solid returns to its shareholders as well as maintaining a good corporate responsibility performance. For the second year in a row, the Dow Jones Sustainability Index (DJSI) and RobecoSAM have rated us as the world's industry group leader for the food and staples retailing sector.

2. A great community partner

We have contributed more than \$41 million to our community partners. The Salvation Army is one of our major partners and in response to bushfires and drought we have raised, thanks to the generosity of our customers, more than \$5.5 million to help those affected by natural disasters.

3. A great place to shop

Our customers want locally produced products and during the year we continued to deliver this through partnerships with Australian suppliers of fruit, vegetables and milk this year. In Victoria, our \$10 million contract for SPC Ardmona to supply Own Brand canned fruit prompted a 38% sales increase Australia-wide. In Tasmania, our \$16.5 million Select frozen vegetables contract with Simplot enabled 155 farmers to plant another 650ha of vegetables.

4. A great place to work

We're Australia's second largest private sector employer with 198,642 employees in Australia and New Zealand. Women comprise 33% of Board members and managers up to three levels below. Our diversity policies are working: our employees include younger and older workers, Indigenous, Maori and Pacific Islanders, and people with disabilities.



Progress Against Strategic Priorities

STRATEGIC PRIORITY #01

Extend our leadership in Food and Liquor



PROGRESS DURING FY14 INCLUDED:

- Ongoing momentum in Food and Liquor with improved comparable sales, EBIT growth and market share
- Delivered excellent value with key Supermarkets promotional campaigns providing more than \$750 million in savings to customers. Average price deflation was 3.1% for the year
- Improved our offer with Fresh market share growing faster than Grocery in line with our strategy
- Provided more convenient access both in-store with 34 new Australian Supermarkets (net) and 11 new Dan Murphy's stores (net), and Online with a number of new digital features making shopping easier for our customers. We served on average 21.1 million customers per week in FY14
- Enhanced Australia's leading liquor offer with further improvements to our market leading store formats and online offer. danmurphys.com.au is Australia's most visited liquor website
- Reinforced our value credentials in Countdown New Zealand with a strong customer response to our 'Price Lockdown' and 'Price Drop' campaigns
- Strengthened our Petrol offer with 67 canopies and forecourts refreshed to provide increased access to diesel and premium fuels. Our improved merchandise offer is also delivering strong results

STRATEGIC PRIORITY #02

Maintain our track record of building new growth businesses



PROGRESS DURING FY14 INCLUDED:

- Extended our leadership as Australasia's largest domestic online retailer with Online sales over \$1.2 billion for FY14, increasing by 50% on the previous year. Our market leading online offers in Australian Food, Australian Liquor as well as Food in New Zealand continue to exceed our expectations and have been supported by strong growth in our Australasian Apparel business
- Continued to lead on innovation with Australia's first full range dedicated online fulfilment grocery store, 'Track My Order' GPS routing on Supermarket online orders improving convenience for our customers and the roll out of cross-divisional Click & Collect now underway
- Acquired EziBuy with the integration progressing well to drive online growth in General Merchandise
- Australia's fastest growing Home Improvement offer has made a strong start. We are focused on moving Home Improvement from a start-up to a scalable, material profit contributor for the Group under the new leadership of Matt Tyson

STRATEGIC PRIORITY #03

Put in place the enablers for a new era of growth



PROGRESS DURING FY14 INCLUDED:

- Next generation logistics and technology development as we continued to invest in technology to enable our online growth whilst building the next generation of supply chain capability
- Building customer loyalty leveraging the work performed by Quantum to provide customer insights, enabling us to better understand our customers' needs. We now have 7.9 million Everyday Rewards members in Australia and 1.9 million Onecard members in New Zealand
- Continue to strengthen our world class retail team blending the best local and international talent, including David Marr as Chief Financial Officer, Clive Whincup as Chief Information Officer, Managing Director appointments Matt Tyson (Home Improvement) and Alistair McGeorge (BIG W) as well as Emma Gray as Chief Loyalty and Data Officer

STRATEGIC PRIORITY #04

Act on our portfolio to maximise shareholder value



PROGRESS DURING FY14 INCLUDED:

- Divestment of property as market opportunities arise with the sale and leaseback of a \$600 million portfolio of freehold Hotel sites announced in September 2014, which adds to the \$1.4 billion of property divested through the creation of the SCA Property Group in FY13
- Commenced the transformation of BIG W implementing the BIG W strategy with a focus on execution and operational excellence complemented by new leadership
- Commenced program to introduce voluntary pre-commitment functionality on electronic gaming machines in our Hotels
- Acquisition of Hudson Building Supplies in our Home Timber and Hardware business which will improve our presence in New South Wales and Queensland

Delivering sustainable profit growth in established divisions whilst investing for future growth.

FY14 KEY FINANCIAL HIGHLIGHTS

FY14 FULLY FRANKED DIVIDENDS PER SHARE

137c

TOTAL DIVIDENDS RETURNED TO SHAREHOLDERS IN RELATION TO FY14

\$1.7b

SALES

\$60.8b

CONTINUING OPERATIONS

3.9% OR **5.9%² ↑**

NET PROFIT AFTER TAX

\$2,451.7m

CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS¹

4.2% OR **6.1%² ↑**

TOTAL GROUP

8.5% ↑

EARNINGS PER SHARE

196.5c

CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS¹

3.3% OR **5.2%² ↑**

TOTAL GROUP

7.6% ↑

1. Refer page 35 of the Annual Report for information relating to significant items.

2. Full year growth has been adjusted to remove the 53rd week in the 2013 financial year.



89TH ANNUAL GENERAL MEETING

Thursday, 27 November 2014

11:00 am (Brisbane time)

Brisbane Convention & Exhibition Centre,
Cnr Merivale & Glenelg Streets, South Bank
Brisbane, Queensland 4101 Australia

KEY FINANCIAL DATES

First Quarter Sales	3 November 2014
Annual General Meeting	27 November 2014
First Half Year Profit	27 February 2015
Third Quarter Sales Results	29 April 2015
Full Year Profit Report	28 August 2015

Please note: the timing of events may be subject to change.

MORE INFORMATION

Please contact our share registrar,
Computershare Investor Services Pty Limited

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Website: www.woolworthslimited.com.au

Corporate Responsibility Initiatives

[www.woolworthslimited.com.au/page/
A_Trusted_Company/](http://www.woolworthslimited.com.au/page/A_Trusted_Company/)