

WOOLWORTHS LIMITED

26 November 2015

AGM 2015 - Shareholder questions

I now propose to address a number of the most frequently asked questions that we've already received from shareholders in advance of today's meeting.

Question 1

The first is: What happened in FY15?

As I have already said this morning, Woolworths' results for 2015 were unacceptable and this has been acknowledged by the team and the Company's most senior leaders. We have acknowledged our mistakes and now are going about fixing them.

The team called out problems in Australian Supermarkets in February and announced new leadership under Brad Banducci.

In May, at the Company's Investor Day, the business strategies were explained in detail. The top priority was to set about fixing Australian Supermarkets and there was a commitment to significantly invest in lowering prices and improving service and the customer experience.

In H2'15, while the profit and sales results were disappointing, there was clear progress on delivering the transformation program.

More than \$300 million has been invested to date on delivering on our price promise to customers. And both internal and external price indices show that we are now competitive on price.

More progress has been made this year with a new marketing campaign launched called 'Low Price, ALWAYS'. This will ensure that our price competitiveness is being properly communicated. We have also relaunched 'Woolworths Rewards' to give more back to our loyal shoppers.

And significant improvements have been made in customer service, whether it be better service in store, higher levels of stock availability or shorter checkout times.

Importantly, customers are noticing the changes. Our customer metrics have improved. And, as Grant said, it is our firm belief that this is the lead indicator for sales growth.

As I said at the Q1 Sales Result, the Board is focused on making the best long-term decisions across all our businesses and there will be short-term consequences.

However, I can assure you that you have my commitment and that of your Board's that we will do everything in our power to return Woolworths to its rightful position as a great company.

Question 2

A significant number of shareholders also asked about the Management and Board changes made during the year, and particularly asked about the CEO recruitment process.

Interviews for the new CEO are underway, and this process may take some time, as we are being particularly thoughtful and careful.

When Grant announced his intention to retire, the Board put in place arrangements to ensure that he could continue in the role while an international search was undertaken. As I said earlier, Grant is in every sense the CEO and he is active, focussed and fully committed to Woolworths as he has always been.

Board renewal is also underway as I explained earlier. I can't say any more about that today but we are delighted to have appointed Holly Kramer and we are talking to a number of first rate director candidates.

I am confident, given the challenges we face over the next few years, that we will have a Board to provide the appropriate oversight of management, and hold them to account.

Question 3

The final question I'll address here was also frequently canvassed, and that is: are you going to sell Masters and BIG W?

The Board will take a fact-based, data driven approach to portfolio management and you can be assured we will act in the best interests of shareholders to maximise the value of the Company.

On Masters, your Board needs to weigh carefully our ability to compete for our share of the attractive and growing home improvement market against the cost and risk of doing so. We acknowledge that we cannot keep incurring substantial losses. The Board has an open mind on Masters, and we will be informed by the numbers from the five year plan and what we consider as a Board, and with our joint partner Lowes, to be the best way to maximise shareholder value.

In relation to BIG W, as I said earlier today, it is making half the profit it was five years ago. We are focused on improving returns to ensure we have options open to us in the future.

The Board will take a rational view of the Woolworths Limited portfolio - as it always has - to ensure the Company is best placed to realise long term growth.

Question 4

We had a question from a shareholder about the process that was undertaken in 2012 to sell Dick Smith Electronics. I was able to reassure the shareholder that we held an open and competitive sale process, that there were a number of interested parties, and ultimately we sold to the highest bidder.

I turn now to the formal meeting business.

ENDS