

# HALF-YEAR 2017

## Shareholder Newsletter

WOOLWORTHS GROUP



Dear Shareholder

We wanted to take this opportunity to bring you up to date on the progress we are making to restore Woolworths to sustainable growth to drive long-term shareholder value.

- Sales were up in Australian Food, with strong momentum in the second quarter.
- Sales growth was strong in a competitive market in the Endeavour Drinks Group.
- New Zealand Food and our ALH Hotels also delivered solid sales growth.

But there is more to do, and our team of over 205,000 people are working hard to restore your trust and the trust of our customers and community.

Some other highlights of the last six months include:

- Strong cash conversion contributing to a significant reduction in net debt compared to the prior year.
- We are continuing to build a strong leadership team. Earlier this year, we announced the appointment of Claire Peters as Managing Director of Woolworths Supermarkets commencing 1 July 2017. Other key hires include John Hunt as Chief Information Officer and Caryn Katsikogianis as Chief People Officer.
- The announcement of our strategic partnership with BP, including the sale of our Fuel business. Once completed, customers will have more fuel redemption options and greater opportunity to earn Woolworths Rewards points. BP and Woolworths will have the opportunity to roll out a new convenience format to be called Metro@BP. We expect the sale to be completed in the 2018 financial year. The sale proceeds will be mainly used to strengthen our balance sheet.
- We believe that customers, potential team members and many shareholders make choices about where to shop, work and invest based on how they see companies like ours treat the environment, their team and how they give back to the community. That's why we launched our 2020 Corporate Responsibility Strategy. Using the framework of "People, Planet and Prosperity", the plan identifies 20 goals that we aim to meet by 2020. To help achieve these targets, the developed framework has been adopted across all our businesses. Our team are behind it, our customers are encouraging us, and if we achieve the high standards we've set, it will be good for our shareholders too. You can see more on this over the page and at our website: <http://crs.woolworthsgroup.com.au>

Over the past six months we have made significant progress, but there is still a lot to do. We are absolutely committed to returning Woolworths to consistent sales growth and sustainable long term shareholder value.

On behalf of the Board and management, we appreciate and are grateful for your continued support.

**Gordon Cairns**  
CHAIRMAN

**Brad Banducci**  
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

COMPARABLE  
SALES GROWTH IN  
AUSTRALIAN FOOD

**3.1%** IN Q2'17

↑ 1.9% vs HY16

NET PROFIT

**\$785.7M**

ATTRIBUTABLE TO  
SHAREHOLDERS OF  
WOOLWORTHS FROM  
CONTINUING OPERATIONS

↓ 16.7% vs HY16

BASIC EARNINGS  
PER SHARE

**61.3c**

FROM CONTINUING  
OPERATIONS

↓ 18.0% vs HY16

*Shareholders  
calendar*

**02 MAY 2017**  
Q3 FY17 Sales  
Announcement

**23 AUG 2017**  
FY17 Full Year Earnings  
Announcement

**06 OCT 2017**  
Payment date for  
Final Dividend

**23 NOV 2017**  
AGM 2017 - Melbourne

# 2020 commitments

Our Corporate Responsibility Strategy 2020 brings new focus, resources and energy to sustainability. The targets assigned under our People, Planet and Prosperity pillars cover Woolworths' engagement with customers, communities, supply chain and team members, as well as our responsibility to minimise the environmental impact of our operations. Some examples of the many initiatives include:

**PEOPLE:**

*encouraging diversity*

We value diversity across Woolworths. Our customers should see in Woolworths' people a reflection of themselves and their communities. In this strategy we embrace targets that support diversity and, hand in hand with this aim, tolerance and respect.

**ENCOURAGING DIVERSITY**

**5** Proportion of Indigenous team members to equal Federal Government Employment Parity contract. Once achieved, 2 per cent of our Store Operations team members will be Indigenous.

**EMPLOYMENT PARITY INITIATIVE**

Currently 1.1 per cent of our employees identify as Indigenous. By 2019, we will employ an additional 1,600 Indigenous employees. A comprehensive workforce plan for the next 12 months to target Indigenous recruitment has been built by state and store. This will be complemented with representation across leadership positions, enabling our business to benefit from the insights that come from the different communities in which we operate.



**PLANET:**

*for a healthy Australia*

We recognise Woolworths' environmental impact across our value chain and will work with our suppliers, service providers and operations to innovate for a healthy planet. We will support the move to a circular economy, source environmentally sustainable commodities and respond to climate change.

**MOVING TO A CIRCULAR ECONOMY**

**14** Innovate with natural refrigerants and reduce refrigerant leakage in our stores by 15 per cent of CO<sub>2</sub>-e below 2015 levels.

**NEW REFRIGERANT SYSTEM**

Last month Woolworths opened a new Metro store in Collins Square Melbourne which featured an innovative waterloop refrigeration system. Waterloop technology offers a significant reduction in refrigerant charge and refrigerant leak rate compared to standard supermarket systems. Waterloop also unlocks huge potential for heat recovery which contributes to high levels of energy efficiency and reduces the carbon footprint of our business.



**PROSPERITY:**

*founded on trusted relationships*

We will focus on positive relationships with suppliers, give back to the communities in which we operate, and rebuild trust with our customers.

**WORKING WITH OUR BUSINESS PARTNERS**

**17** We will invest the equivalent of 1 per cent of a three year rolling average of total Group Earnings Before Interest and Tax (EBIT) in community partnerships and programs.

**S.T.A.N.D. PARTNERSHIP**

Woolworths and The Salvation Army announced late last year a long-term partnership to assist Australians needing support during times of natural disaster. S.T.A.N.D. (Support Through Australian Natural Disasters) will raise much needed funds to help the community with disaster preparedness, response, recovery and resilience. Funds will be raised through a combination of Woolworths corporate donations, customer donations and sales of labelled six packs of bottled water.



Our full strategy and 20 commitments can be viewed online: <http://crs.woolworthsgroup.com.au>

**ELECTRONIC INFORMATION**

Please consider receiving online shareholder communications

Shareholders who receive our online communications enjoy the benefits of quick and convenient communications including notifications of company results announcements and special offers. By signing up for online communications you also help reduce the significant costs of paper and postage.

By providing your email address you are electing to receive all your shareholder communications from Woolworths by email, including annual reports, notices of meeting, dividend statements, and other company-related information.



**SWITCH IN LESS THAN A MINUTE!**

- 1** Go online to [www.investorcentre.com/comms/wow](http://www.investorcentre.com/comms/wow)
- 2** Follow the prompts and enter your SRN/HIN and postcode.
- 3** Enter your email address.
- 4** Accept terms and conditions and submit.