



1 April 2019

ASX Market Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

## **Woolworths Group completes Petrol sale, announces off-market buy-back and outcomes of BIG W network review**

### **Completion of sale of Woolworths Group's Petrol business and announcement of off-market buy-back**

Woolworths Group today announces the successful completion of the sale of its Petrol business to EG Group, with proceeds from the sale to be returned to shareholders via a \$1.7 billion off-market buy-back (Buy-Back). The offer period will open on 16 April.

Woolworths Group Chairman, Gordon Cairns, said: "We remain focused on maximising shareholder value and as foreshadowed at our half-year 2019 results, we will return the proceeds from the Woolworths Petrol sale to shareholders. A number of capital return options have been considered, and we believe that an off-market buy-back is the best option for the company and shareholders and will result in a significant franking credit release. The Buy-Back complements dividends of \$1.4 billion already paid to shareholders this financial year through the F18 final and special dividends, and the F19 interim dividend. Following the Buy-Back, the Woolworths Group balance sheet will remain strong and allow sufficient flexibility for future growth."

The Buy-Back will be open to eligible shareholders in Australia and New Zealand. Further details are contained in a separate ASX announcement released today.

The sale of Woolworths Group's Petrol business is likely to result in a gain on sale of approximately \$1.1 billion after tax. The gain will be recorded as a significant item in the F19 results.

### **BIG W network review update**

Following the conclusion of the BIG W network review, Woolworths Group has identified approximately 30 BIG W stores for closure over the next three years and two distribution centres (DCs) that will close at the end of their leases. The cost of exiting these sites will result in a P&L charge of approximately \$270 million mainly related to lease and other store exit costs. The review also identified approximately \$100 million of non-cash asset impairments reflecting a more conservative level of margin recovery expected from BIG W, taking account of both current trading and the outlook for the broader sector, including the continued customer shift to online. Together, the one-off pre-tax charge of approximately \$370 million is currently expected to be recorded as a significant item in the F19 result. The cash cost is expected to be approximately \$250 million, with the majority of the cash outflow from store exits expected in F21 and F22.

Brad Banducci, Woolworths Group CEO said: "As foreshadowed at our half year 2019 results, while the recovery in trading for BIG W is encouraging and there remains further opportunity for improvement, the speed of conversion to earnings improvement is taking longer than planned. We understand the impact that the store and DC closures will have on our team and will endeavour to provide affected team members with alternative employment options within the Woolworths Group where possible.

"This decision will lead to a more robust and sustainable store and DC network that better reflects the rapidly changing retail environment. It will accelerate our turnaround plan through a more profitable store network, simplifying current business processes, improving stock flow and lowering inventory," he said.

BIG W comparable sales growth in Q3'19 (12 weeks non Easter-adjusted) was approximately 6% and was underpinned by strong transaction growth. Despite this, the profit improvement is slower than planned with BIG W currently expected to report a loss before interest and tax in F19 of \$80-\$100 million (F18: loss of \$110 million).



The review was undertaken to help BIG W maintain a strong and profitable store network where all stores can make a strong contribution to BIG W's profit over the longer term. Potential store closures represent approximately 16% of the current store network with a remaining average lease tenure of approximately 10 years. To gain cost efficiencies and improve stock availability, BIG W's supply chain will move closer to stores. The two impacted DCs (Monarto, SA and Warwick, QLD) will therefore be closed in F21 and F23 respectively.

Details of possible store closures will not be released due to ongoing discussions with landlords and in the interim, all stores and DCs will continue to trade as normal.

## **Ends**

### **Analyst and investor call/ webcast:**

An analyst and investor call is scheduled for 10.30 am Australian Eastern Daylight Time and will be webcast live at [www.woolworthsgroup.com.au](http://www.woolworthsgroup.com.au)

### **For further information contact:**

**Investors and Analysts:** Paul van Meurs, Head of Investor Relations: +61 407 521 651

**Media:** Woolworths Group Press Office: +61 2 8885 1033 [media@woolworths.com.au](mailto:media@woolworths.com.au)

### **Important notice**

Shareholders who are (or nominees or trustees who hold Shares on behalf of or for the account or benefit of persons who are) located in the United States, US persons (within the meaning of Regulation S under the United States Securities Act of 1933, as amended) or residents of Canada will not be eligible to participate in the Buy-Back. American Depositary Receipts may not be offered for sale through the Buy-Back. Buy-Back Documents, including the Booklet describing the terms of the Buy-Back and Offer Forms, when issued, will not be distributed or released in or into the United States or Canada.