

The logo for Woolworths Limited, featuring the company name in a serif font centered within a horizontal bar. The bar is divided into several colored segments: red, grey, green, olive, blue, dark blue, orange, and red.

WOOLWORTHS LIMITED

## **ASX RELEASE**

26 November 2015

### **Woolworths Limited Annual General Meeting 2015 Chairman's Address - Listing Rule 3.13.3**

Please find following a copy of the Chairman's Address to the 2015 Annual General Meeting.

For and on behalf of  
WOOLWORTHS LIMITED

A handwritten signature in black ink, appearing to read 'R Dammary', written over a light grey circular stamp.

RICHARD DAMMERY  
Chief Legal Officer and Company Secretary

# WOOLWORTHS LIMITED

26 November 2015

## AGM 2015 – Chairman’s Address

Can I start by acknowledging your disappointment, and ours, at where we find ourselves. The results for 2015 were frankly unacceptable, and the disappointing share price performance has reflected this. The entire senior leadership group takes responsibility for the poor results, and the Company’s most senior leaders - Ralph Waters as Chairman and Grant O’Brien as CEO – have stepped aside to make way for new leadership. Now I feel is the time to move on, as we cannot change the past, but we must learn from it, and urgently address the future.

Whilst I only joined the Board recently, I have been serving Woolworths as a supplier since 1987, so I think I have an informed perspective on the business. I have seen the good days, and the not so good days.

But today we find ourselves in a very different position. I am convinced that whilst the business has stalled, it can be returned to those great days. We have made some mistakes, acknowledged those mistakes, publicly learned from them, and now are going about fixing them. But this will take time, and we as a Board and management team, will not be rushed to quick fixes. The potential in this organisation is immense, but we need to be clear on our game plan.

We need to restore the culture of customer centricity, which was our hallmark for years. The most important people in our business are our front line staff, for they interact with the customers on a daily basis. They know what we need to do better, and we must listen to them, and empower them to act.

And in order to integrate this into the business, we need to change from a knowing culture to a listening culture: listening to our store staff as to what we could do better, listening to our customers on whether we provide value, and listening to our suppliers on how we improve the partnerships.

This cultural transformation is fundamental and will ensure that the strategies and programs we implement will stick.

We continually review our portfolio of companies and assets. Your Board is very focused right now on capital allocation – making sure we do this productively, to balance the needs of the business with the returns to shareholders, which we know are especially important to many of you.

In addition to this we have three immediate and urgent priorities.

Firstly, we have to reinvigorate our Supermarkets business, which is 70% of our profit. To ensure we are competing vigorously, Brad Banducci and his team have brought our prices down to be competitive, and, as a Board, we have been prepared to invest over \$300 million in price to date. We have improved the service level in stores by adding staff, and ensuring availability, and are upgrading the look and feel of stores. But again we have to be patient here. Customers who abandoned us because we were uncompetitive will not suddenly switch back, and laying down our future pathway will not happen overnight.

Our second priority has to be Masters. The opportunity in home improvements is compelling. It is a growing market, with a high degree of fragmentation. There is plenty of room for a strong number two. We have identified our competitive advantage. But execution has let us down. And it is clear that we cannot afford as a business to continue losing over \$200 million a year. When I joined I said I had an open mind on Masters, and that the Board would be informed by the numbers from the five year plan and our options from that. This is what we as a Board are working on.

The third priority is BIG W. It is making half the profit it was five years ago. The Discount Department Store sector is rapidly changing and is highly competitive. But we have not helped ourselves with our value proposition, some execution issues in IT, and a lack of leadership. With good leadership in place, there is a clear path to improve returns and provide us with more options going forward.

So let me move now from our top three priorities to governance matters.

Our first job here is to find a replacement CEO for the Group. I am currently interviewing, but the Board will not be rushed, as we are being particularly thoughtful and careful. In the meantime, I have to say that Grant has been invaluable in providing us with wise counsel and deep experience. He is, in every sense, the CEO and he is fully active in the business. He has six key priorities that he will share with you shortly.

We have also made changes at the Board level. Ralph Waters, Dave Mackay and Christine Cross all announced their retirement, and I want to thank them for their contribution over many years, and, recently, during a difficult time.

Our process of Board renewal is well underway. Last week, we announced that Holly Kramer has agreed to join us. Holly was most recently the CEO of Best and Less where she led a successful turnaround. Prior to that she was a divisional CEO at Pac Brands, and also served at Telstra and Ford Motor Company. We are delighted to add Holly's retail expertise to the Board.

We are well advanced in our discussions with several other potential directors and I expect to be able to announce further appointments to the market very soon.

Earlier this week we also announced that Roger Corbett has agreed to join us as an advisor. Roger needs no introduction from me, and his record at Woolworths speaks for itself. We will benefit immensely as a Board from his deep expertise as a retailer, his understanding of the Australian market, and his knowledge of Woolies.

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. And I am also confident that we supplement this with Roger's wisdom.

And so in conclusion, ladies and gentlemen, thank you for your patience and understanding over the last 12 months. We have learned from our mistakes, and are focused on the priorities. We know what needs to be done, and we are all determined to execute it. We cannot promise that the path to achieving our full potential will be smooth. However, I can assure you that you have my commitment, and the whole Board's, to do everything in our power to return Woolworths to its rightful position as a great company.