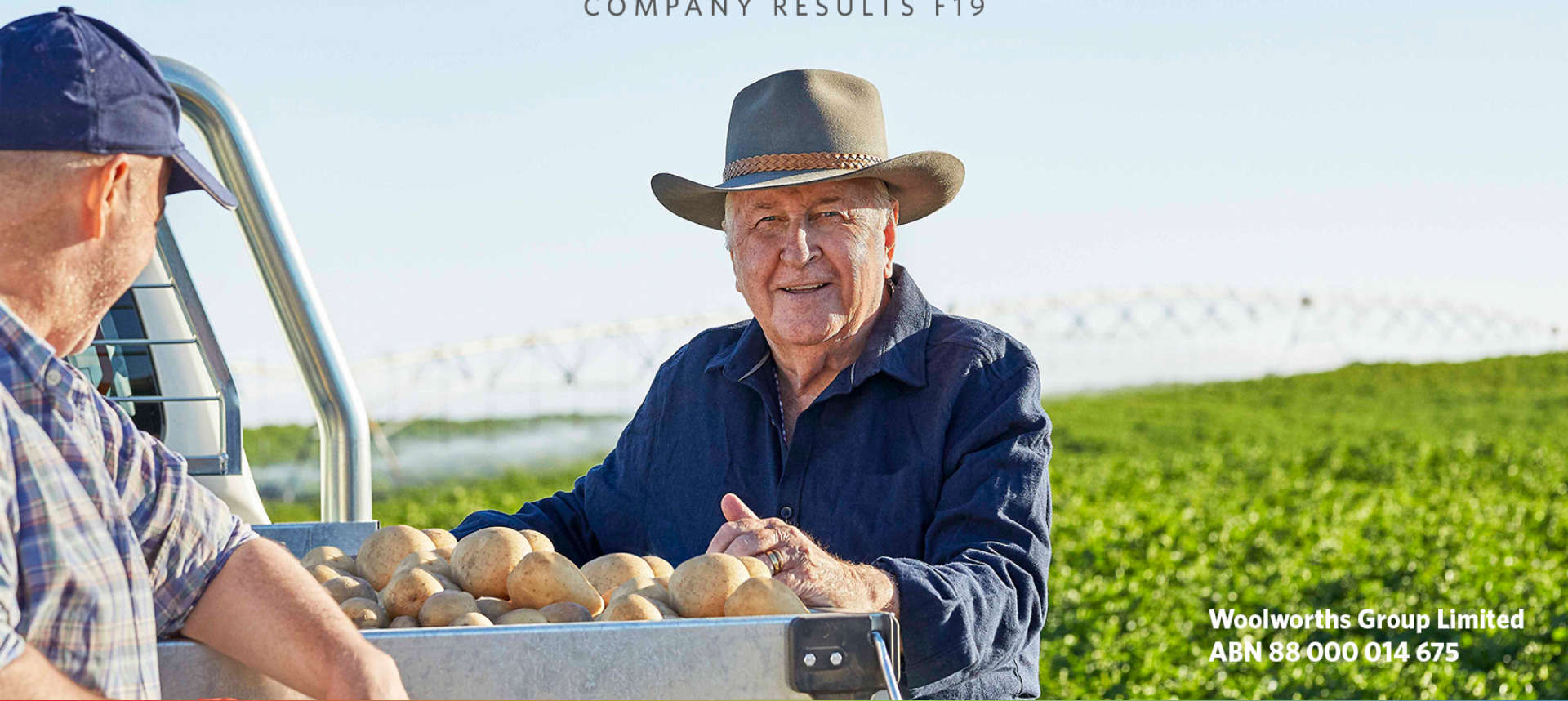


WOOLWORTHS GROUP



Better Together

COMPANY RESULTS F19



Woolworths Group Limited
ABN 88 000 014 675



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F19 summary

Customer scores resilient over F19 and finished year strongly



Improved sales and profit momentum across Group in H2



Group Online sales growth of 32%¹; foundations for 'X' businesses established

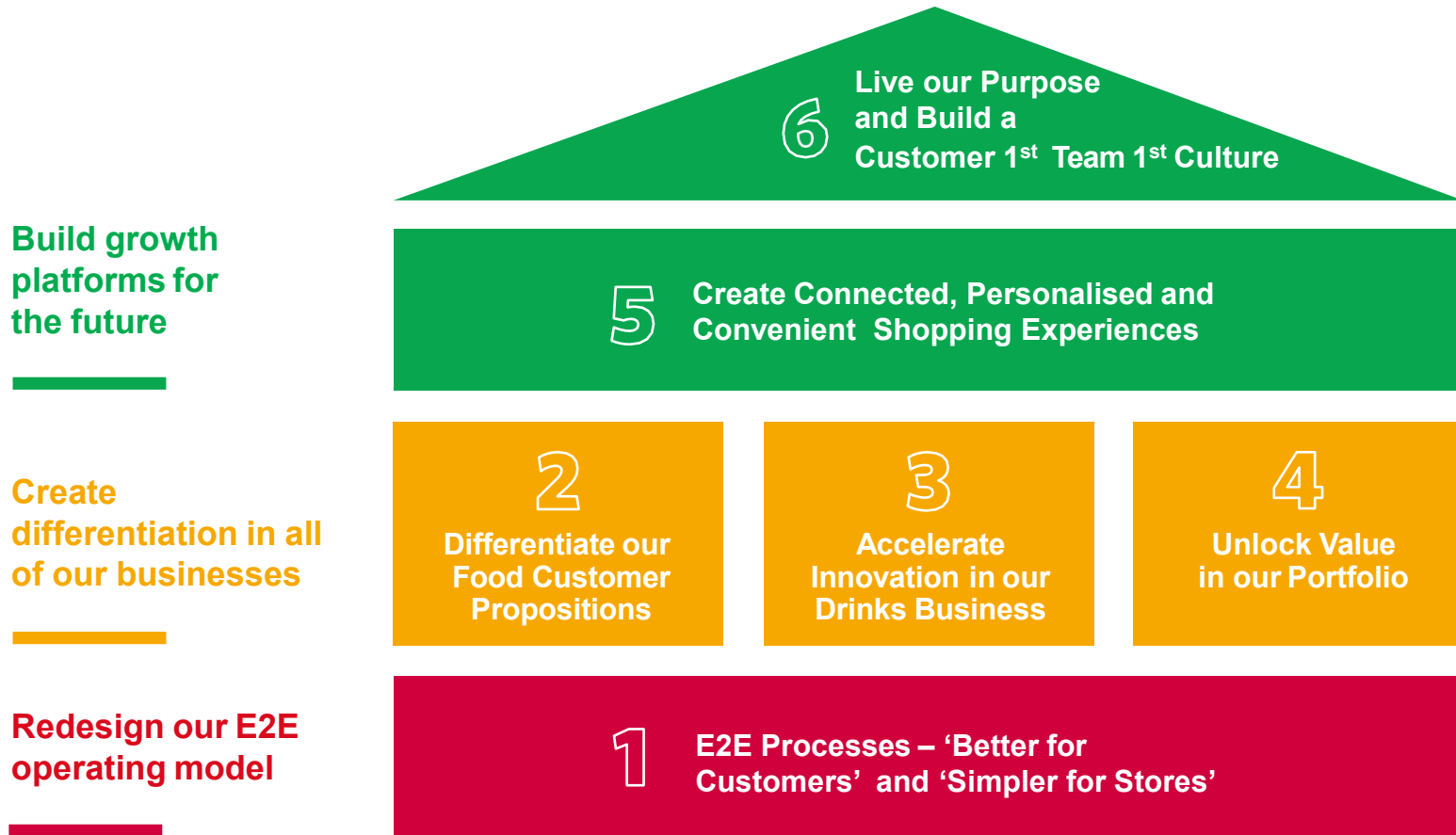


Materially improved momentum in BIG W; store and DC closures underway



Petrol sale and \$1.7bn off-market buy-back completed. Endeavour Drinks & ALH merger and separation underway paving way for new partnership model

¹ Normalised for the impact of 53rd week



We create **better** experiences **together**.



Live our Purpose and Build a Customer 1st Team 1st Culture

- Resilient customer scores
- Launched new Parental Leave Policy; recognised as a gold tier workplace by AWEI
- New mental health program 'I am here'; improvement in safety
- Largest EA in Australia implemented
- More to do to for customers while progressing a significant change agenda



Create Connected, Personalised & Convenient Shopping Experiences

- Rapid online sales growth continued
- Solid Metro sales growth in F19
- Scale-up of Pick up and underlying eCom operational performance improvement
- New ways to buy food and drinks including Drive and on-demand delivery
- More to do to provide convenient options for customers; leverage technology



Differentiate our Food Customer Propositions

- Continued progress on Renewals, fresh in-store experience and first smart store
- Celebrated key customer events in-store incl. Christmas, Ramadan & Diwali
- Strong Own Brand growth
- Numerous 'Good Acts' by Food teams
- More to do to on range localisation and exclusive products to create a point of difference

**I am
here.**





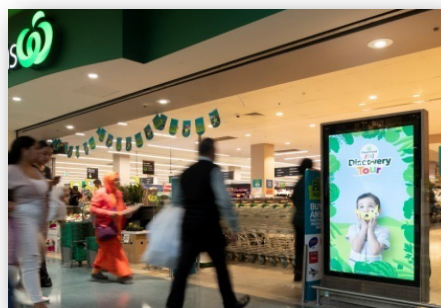
Accelerate Innovation in our Drinks Business

- Launched new Endeavour Drinks ambition
- BWS benefitting from Renewals & C1R
- 'Discovery' driven repositioning of Dan Murphy's well progressed
- Strong growth in On Demand in BWS and Dan Murphy's
- More to do to continue to build operating momentum



Unlock Value in our Portfolio

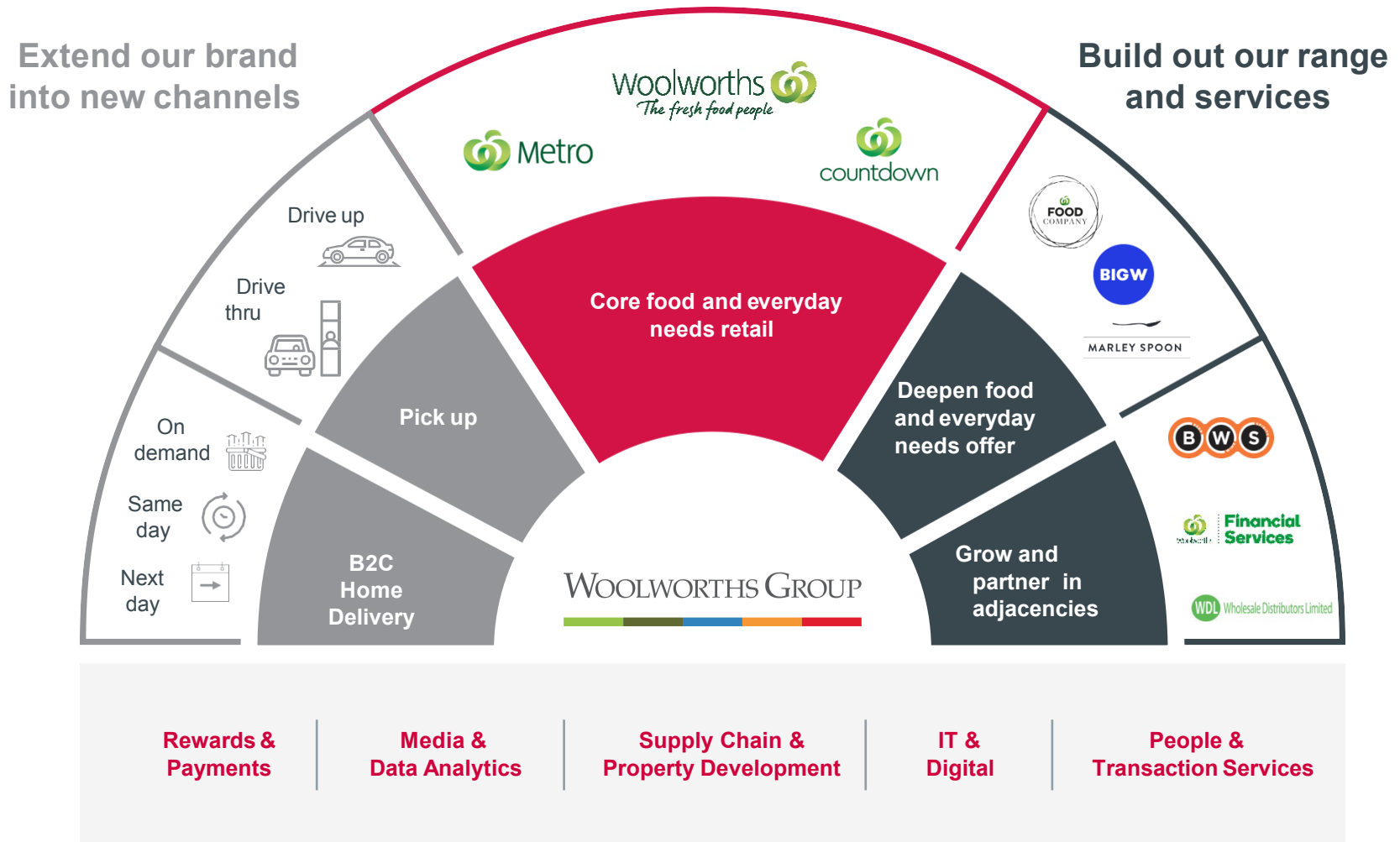
- Sale of Petrol business to EG Group
- Merger and separation of Endeavour Drinks and ALH announced
- New businesses launched including Cartology, Wholesale, ExportCo
- BIG W store, DC closures progressing
- More to do to implement Endeavour Group merger and progress separation



E2E Processes – 'Better for Customers' and 'Simpler for Stores'

- Woolworths cloud platform established and visualisation tools agreed
- Customer operating model launched in Woolworths Supermarkets
- Assisted service checkout scales activated to improve inventory integrity
- Commissioning of MSRDC
- More to do to on customer operating model, MSRDC and lower stockloss





Woolworths Group core platforms

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Financial Results

WOOLWORTHS GROUP



Key financial metrics improved in F19

\$M	CONTINUING OPERATIONS ¹			TOTAL GROUP		
		CHANGE	CHANGE NORMALISED ²		CHANGE	CHANGE NORMALISED ²
Sales	59,984	5.3%	3.4%	63,680	3.2%	-
EBIT	2,724	6.9%	5.0%	3,553	29.5%	27.7%
NPAT attributable to Woolworths Group shareholders	1,752	9.2%	7.2%	2,693	56.1%	54.3%
Earnings per share (basic - cps)	134.2	8.8%	6.8%	206.2	55.5%	53.7%
Final dividend per share (cps)				57	14.0%	
Return on average funds employed	24.6%	45 bps	11 bps			
Return on average funds employed ² – AASB 16 estimate	14.1%		n.m.			

¹ Before significant items

² Normalised for the impact of 53rd week

Normalised EBIT growth of 5.0%¹ in F19

\$M	F19	F18	CHANGE	CHANGE NORMALISED ²
Continuing operations before significant items				
Australian Food	1,857	1,757	5.7%	3.8%
New Zealand Food	277	262	5.6%	2.6%
<i>New Zealand Food (NZD)</i>	296	284	3.9%	1.0%
Endeavour Drinks	474	516	(8.2)%	(9.7)%
BIG W	(85)	(110)	(22.2)%	(24.0)%
Hotels	261	259	1.0%	(0.5)%
Central overheads	(60)	(136)	(55.9)%	(57.4)%
EBIT continuing operations before significant items	2,724	2,548	6.9%	5.0%
Significant items from continuing operations	(371)	-	n.m.	n.m.
EBIT from continuing operations after significant items	2,353	2,548	(7.7)%	(9.6)%
EBIT from discontinued operations after significant items	1,200	195	n.m.	n.m.
Group EBIT after significant items	3,553	2,743	29.5%	27.7%

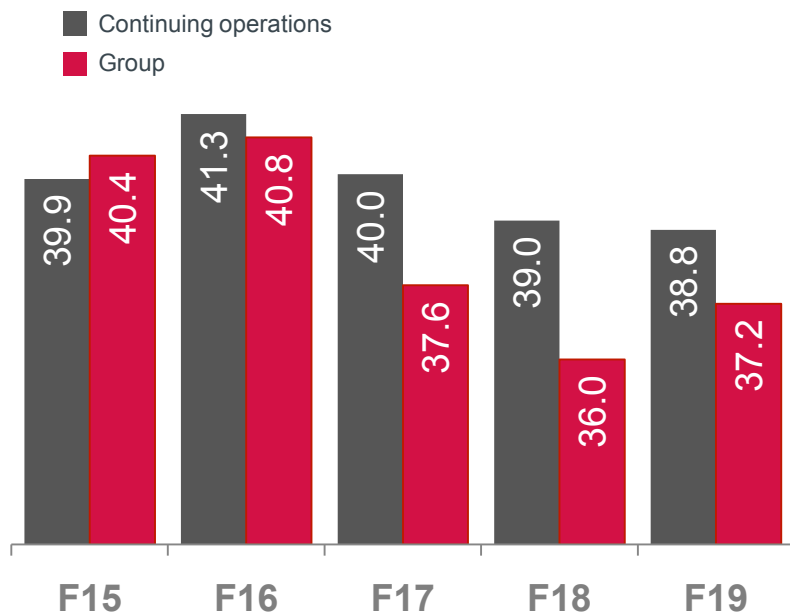
¹ From continuing operations before significant items

² Normalised for the impact of 53rd week

Improvement in balance sheet metrics on prior year

Average inventory days

Days



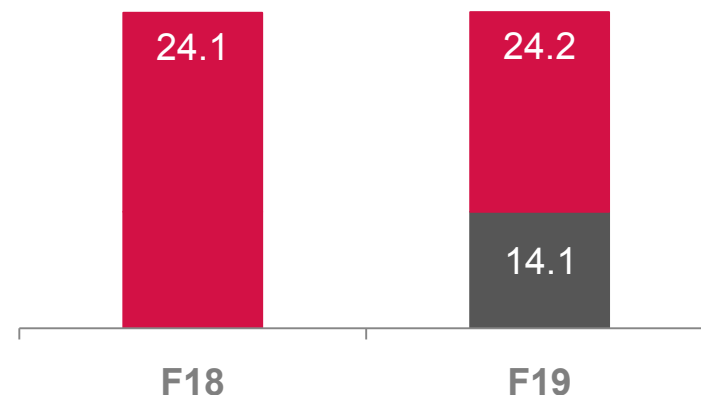
Further 0.2 days improvement in average inventory days from continuing operations in F19 driven by AU & NZ Food and BIG W

All numbers exclude significant items in F16 and F19

Normalised ROFE

Percentage

Continuing operations
Continuing operations – AASB 16 estimate



Normalised continuing operations ROFE up 11 bps on last year due to improved EBIT and working capital

Normalised for the 53rd week. EBIT in ROFE calculation is before significant items

Free cash flow impacted by week 53, capex and higher dividends

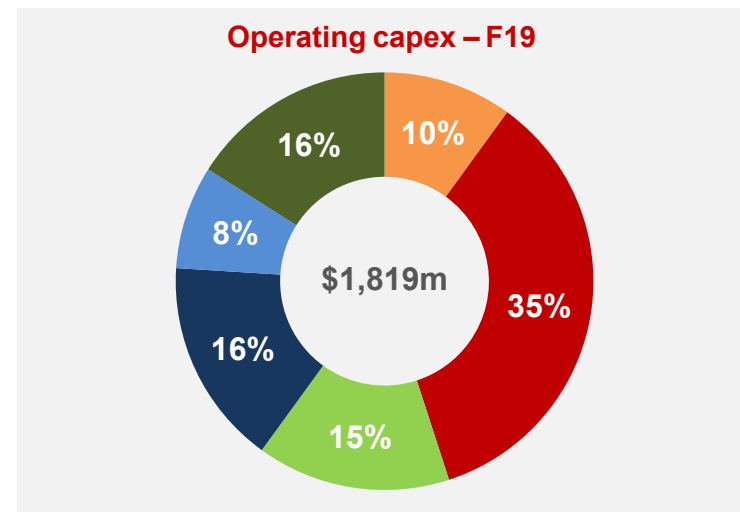
\$M	F19	F18	CHANGE
Operating activities before interest and tax	3,858	3,839	0.5%
Interest and tax	(910)	(845)	7.7%
Operating activities	2,948	2,994	(1.5)%
Investing activities	(246)	(1,510)	(83.7)%
Free cash flow before dividends and share repurchases	2,702	1,484	82.1%
Share buy-back and share repurchases	(1,761)	(64)	n.m.
Dividends	(1,318)	(780)	69.0%
Free cash flow after dividends and share issues	(377)	640	(158.9)%
Cash realisation ratio (CRR)	74%	101%	
Normalised CRR ¹	98%	101%	

¹ Normalised for the 53rd week and significant items

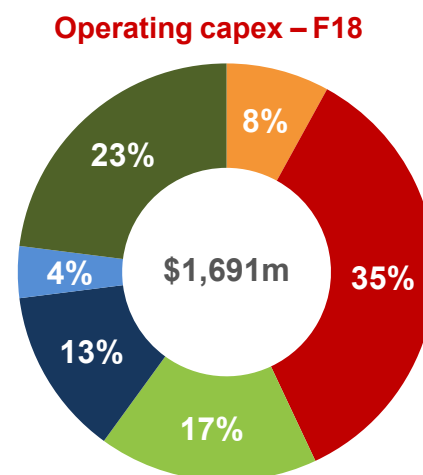
Operating capex increase driven by renewals and digital spend

\$M	F19	F18
Continuing operations		
Operating capex¹	1,819	1,691
Property development	285	245
Gross capex	2,104	1,936
Property sales	(164)	(90)
Net capex	1,940	1,846
Discontinued operations - Home Improvement	-	12
Discontinued operations - Petrol	23	43
Group net capex	1,963	1,901

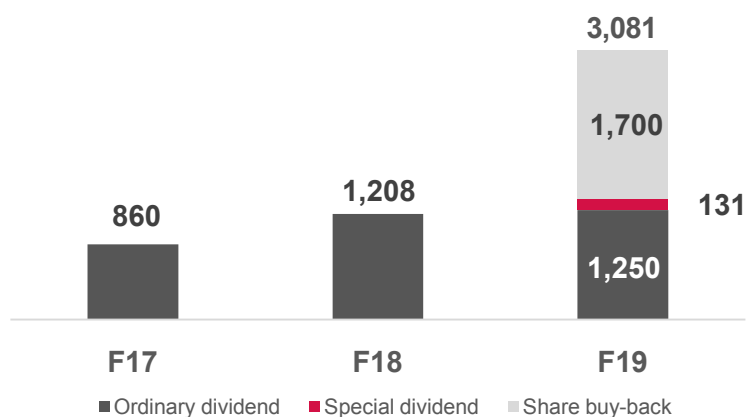
¹ Acquisitions of businesses are included in operating capex (F19: \$82m, F18: \$36m)



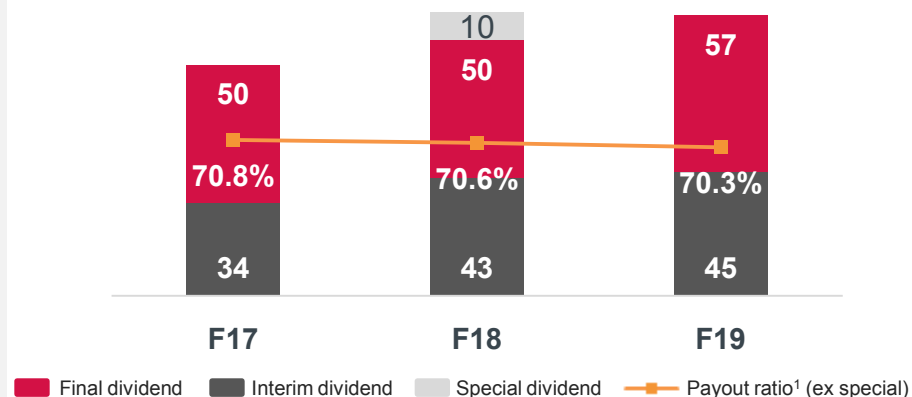
■ New stores / acquisitions
 ■ SIB / other
 ■ Supply Chain
 ■ Renewals / refurb
 ■ Growth
 ■ IT



Shareholder distributions \$m
(total dollars, excluding franking credits)



Dividends declared
(cents per share)



Capital management

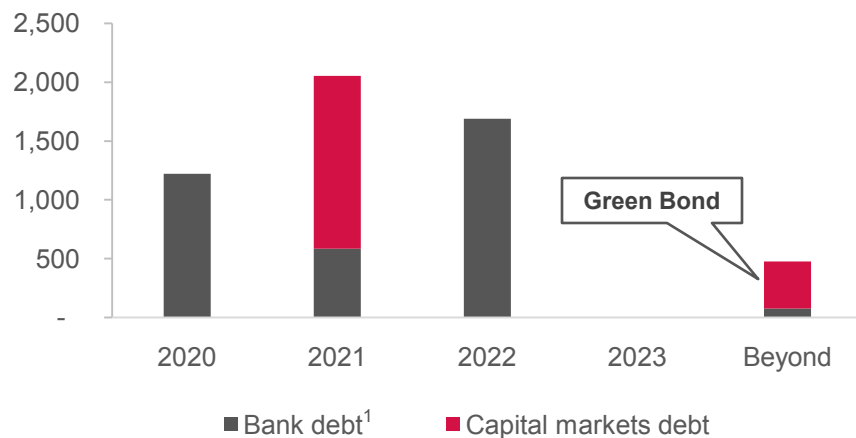
- Total of \$3.1 billion returned to shareholders (excluding franking credits)
- \$1.7 billion off-market share buy-back successfully completed in May 2019 following the sale of Petrol
- Share buy-back complements dividends of \$1.4 billion in F19 through the F18 final and special dividends, and F19 interim dividend

Dividend and Dividend Reinvestment Plan (DRP)

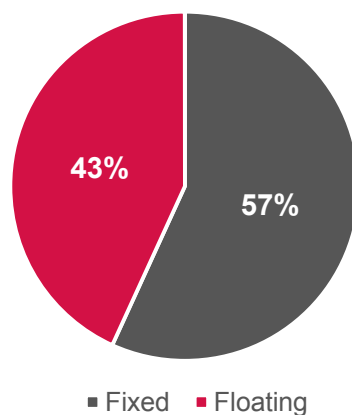
- Fully-franked F19 final dividend up 14% to 57 cps
 - Petrol earnings included up to 31 March 2019
- DRP remains active, no discount
- Effective dividend payout after AASB 16 expected to be broadly consistent

1. Based on Group net profit attributable to equity holders of the parent entity after tax before significant items

Debt maturity profile (\$m)



Mix by interest type²



Credit ratings

- Committed to solid investment grade ratings
 - S&P: BBB (stable outlook)³
 - Moody's: Baa2 (stable outlook)³
- Credit metrics have significant headroom above thresholds for current ratings

Funding & liquidity

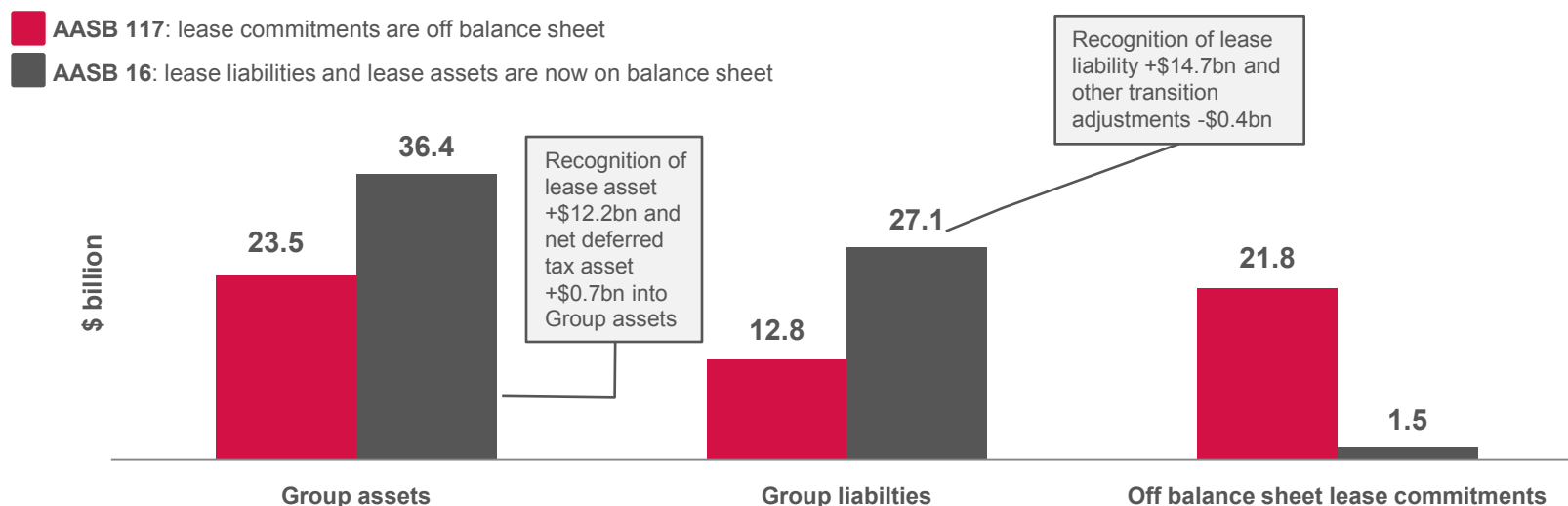
- Net debt of \$1,599m (F18: \$1,222m) increased by \$377m due to impact of week 53, higher net capex and higher distributions to shareholders
- Sources of funding and liquidity remain strong
- \$400m inaugural Green Bond issued in May 2019
- \$320m syndicated bank facility maturing in November 2019 will be refinanced

1. Total committed facilities (drawn and undrawn) 2. Drawn committed debt only 3. The credit ratings referred to in this document have been issued by a credit rating agency which holds an Australian Financial Services Licence with an authorisation to issue credit ratings to wholesale clients only. The credit ratings in this document are published for the benefit of Woolworths Group's debt providers

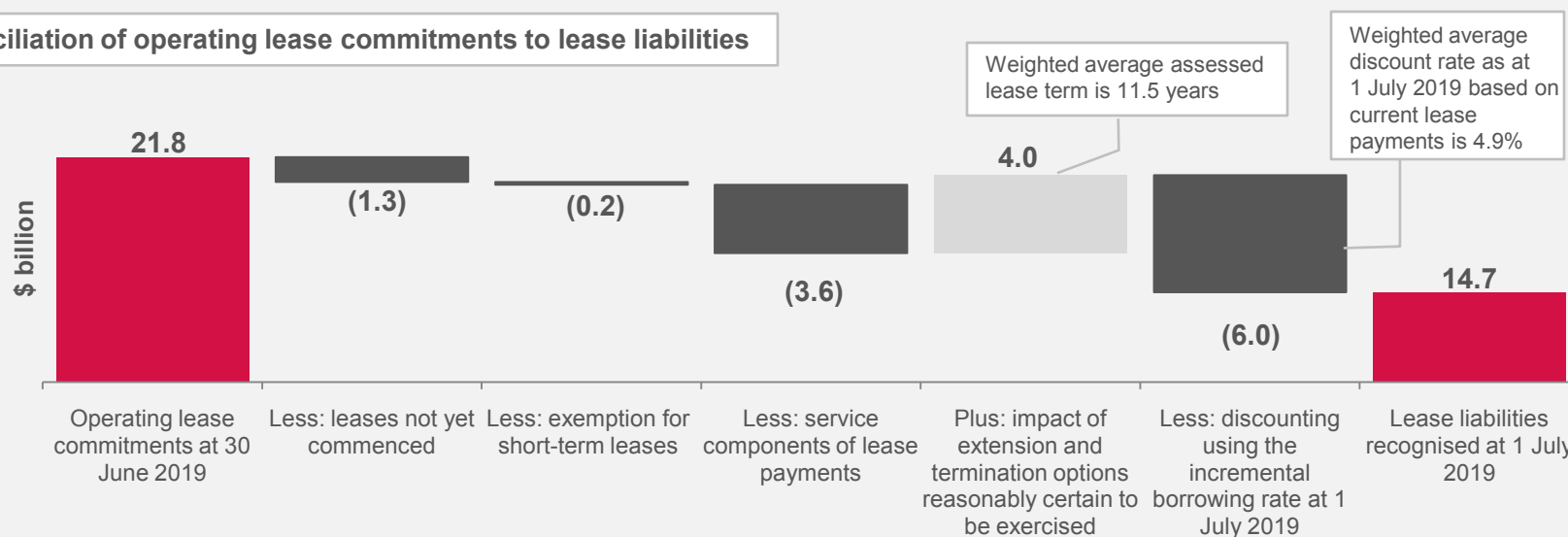
Balance sheet before and after adoption of AASB 16

Company Results
Full Year 2019

18



Reconciliation of operating lease commitments to lease liabilities



Lease asset and lease liability by business – 1 July 2019

\$BN	LEASE ASSET	LEASE LIABILITY
Continuing operations		
Australian Food	7.3	8.6
Endeavour Drinks	0.8	1.1
New Zealand Food	1.1	1.3
BIG W	0.9	1.1
Hotels	1.9	2.3
Unallocated	0.2	0.3
Group	12.2	14.7

On implementation, using the modified retrospective approach, the Group will also recognise a deferred tax asset of \$0.7bn and a retained earnings adjustment of \$1.4bn, for the reversal of current lease accounting

Indicative impact on P&L for F19

AASB 16 IMPACT ON F19 EBIT	F19 \$BN (PRE-AASB 16)	F19 \$BN (POST-AASB 16)	VARIANCE	COMMENTARY
F19 EBIT¹	2.7	2.7		
Add: Rent		2.1		Operating lease rentals under AASB 117 added back under AASB 16 (including services)
Deduct: Service component of rent		(0.4)		Service component of leases remains (outgoings for car park, security, energy etc.)
Deduct: Lease asset depreciation		(1.1)		Straight-line depreciation of lease asset
Revised F19 EBIT¹	2.7	3.3	0.6	Increase in EBIT under AASB 16
Interest expense	(0.1)	(0.8)	(0.7)	Interest on lease liability
Revised F19 profit before tax¹	2.6	2.5	(0.1)	PBT reduces, due to depreciation and interest > rent, reflecting immaturity of leases

Estimated indicative impact may differ from actuals due to changes in the lease portfolio

¹ Continuing operations before significant items

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Brad Banducci

WOOLWORTHS GROUP





Woolworths 
The fresh food people

	F19	F18	CHANGE	CHANGE NORMALISED
Sales (\$m)	39,568	37,589	5.3%	3.3%
EBITDA (\$m)	2,613	2,430	7.5%	6.1%
EBIT (\$m)	1,857	1,757	5.7%	3.8%
Gross margin (%)	28.7	29.0	(24) bps	(24) bps
Cost of doing business (%)	24.0	24.3	(27) bps	(26) bps
EBIT to sales (%)	4.7	4.7	2 bps	2 bps
Sales per square metre (\$)	17,163	16,528	3.8%	2.0%
ROFE (%)	140.2	170.7	(30.6) pts	(33.2) pts



We bring a little **good** to everyone, every day.

Innovate our customer and team experience

- VOC NPS 51, +3 pts on last year and Store-controllable VOC at 82%, in line with the prior year and +2 pts on March
- 'I am here' mental health awareness training completed by ~20,000 team members; material improvement in physical safety
- Drought Relief Milk range delivering \$19 million to more than 450 dairy farmers since September 2018 and more than 500 school groups receiving funding through Woolworths' Junior Landcare Grants program since 2018
- Continued momentum in Online Delivery and Pick up, with >30% growth driven by expanded store offering across Same day delivery, Delivery Now, Drive thru and Drive up
- Woolworths Rewards continues to grow with 11.7 million members at year-end and increased scan and tag rates and consistent improvement in member engagement

Differentiate core customer offer

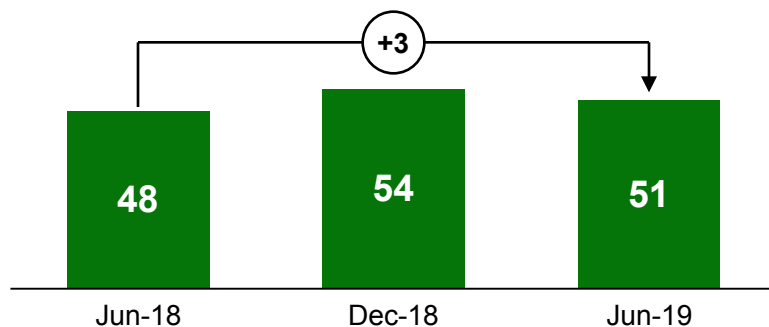
- Progress on Fresh agenda with Famous for Fresh Fruit & Veg rollout to 116 stores and Fresh Made Easy trials
- Continued progress on Renewal program with 68 Renewals and 80 Upgrades completed including pilot of new fresh proposition in Mona Vale. Opened 24 new stores, incl. 3 Metros; first smart store in Gregory Hills and new small format Metro in Kirribilli
- Woolworths Own Brand Products named the healthiest in Australia by The George Institute for Global Health, with more than 50% of Own Brand products achieving 3.5 stars or above
- Promotional penetration continues to decline as Price Dropped/Always programs mature

Redesign E2E operating model

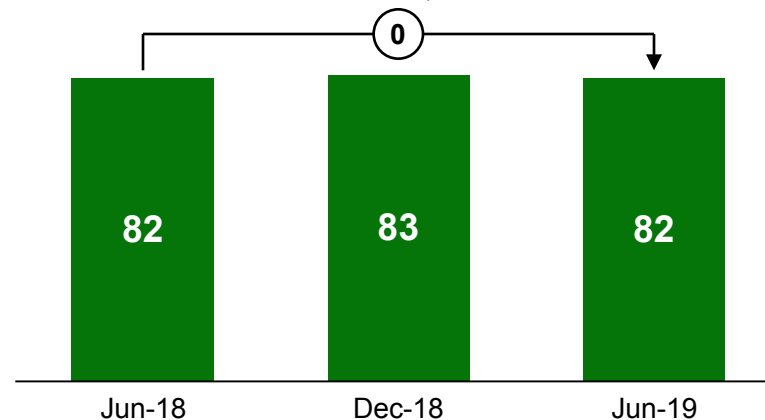
- Challenging year on stockloss with signs of improvements in Q4, driven by a number of initiatives including reactivation of scales on assisted checkouts
- 'Simpler' productivity initiatives continue to build momentum; new customer operating model announced
- Phased-out 538 tonnes of plastic from Bakery and Fruit & Veg and removed >3 billion single-use plastic bags

Customer metrics solid despite challenging year

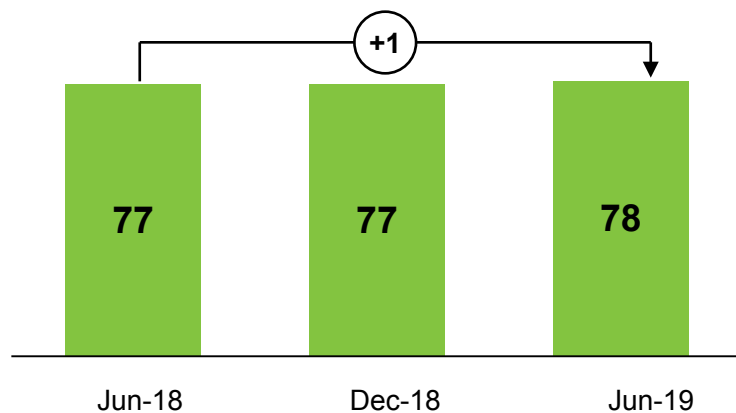
NPS - Store & Online
% promoters - % detractors



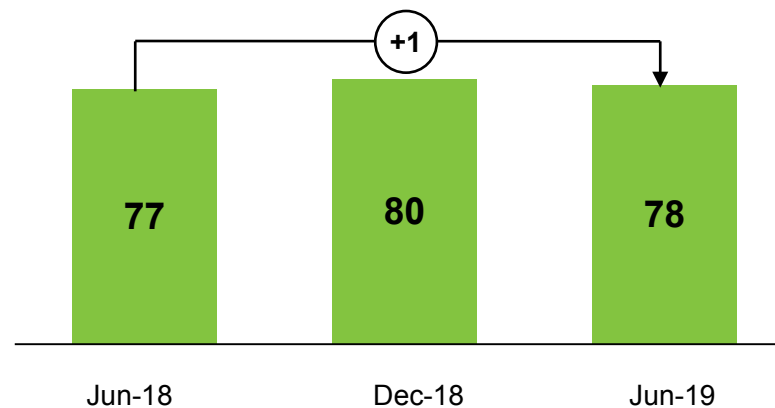
Store-controllable VOC
% customers satisfied, 6 or 7 out of 7



Fruit & Vegetables
% customers satisfied, 6 or 7 out of 7



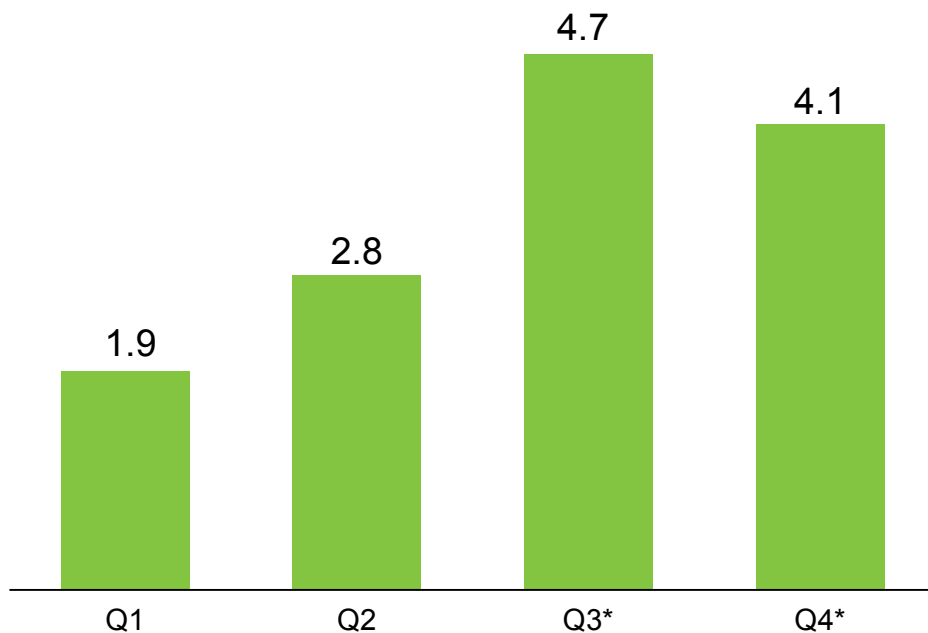
Product Availability
% customers satisfied, 6 or 7 out of 7



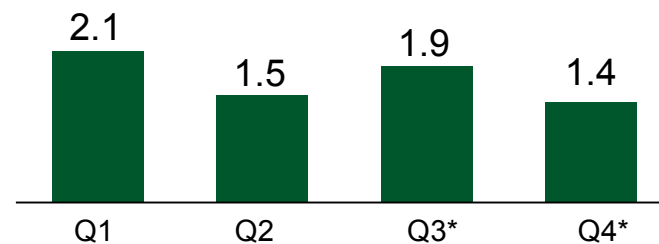
NPS – Store & Online as 75% weighted store and 25% weighted online, Store n = approximately 64k, Online n = approximately 8k
NPS Scale: 0-6 – Detractors; 7-8 – Neutrals; 9-10 – Promoters Source: VOC Portal 2019; based on response date; Monthly data

Strong sales growth in H2

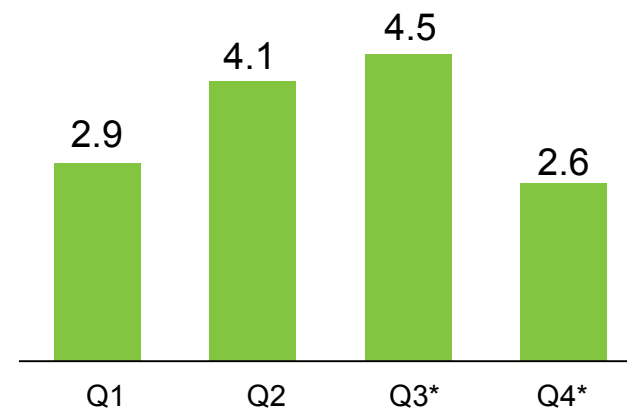
Normalised sales grew 3.3%
(% YoY)



Comparable transactions grew 1.8%
(% YoY)



Comparable items¹ grew 3.5%
(% YoY)



Comparable sales grew 3.1% (% year on year 53 week basis)



*Adjusted for the timing of Easter and week 53

¹ Comp items includes reusable bags

Format Development Progress

We are in the third year of the program. This year we have launched:

68

Renewals

24

New stores

80

Upgrades

Version 3.0 program continues to evolve with Mona Vale, Sydney, also part of Fresh Made Easy program trial

Small format Metro successfully piloted at Kirribilli

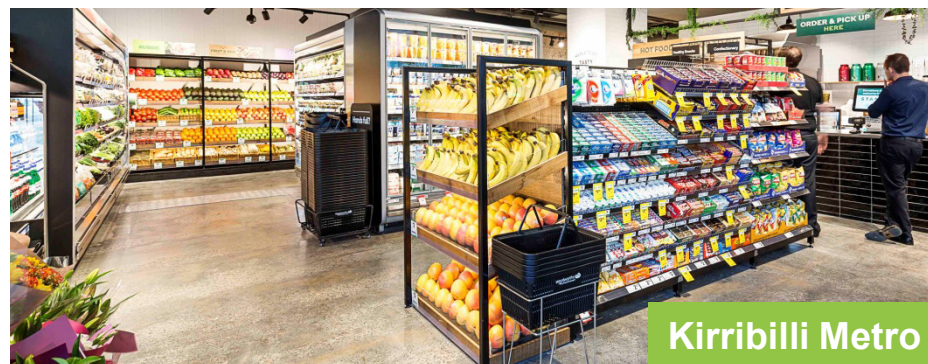
Gregory Hills marked the start of our smart store program, employing technology to drive efficiencies and better customer experience

Key Metrics

- Format Development makes a significant contribution to overall Australian Food sales
- Format Development VOC scores have continued to improve during the year (+2 pts)



Mona Vale



Kirribilli Metro

Strong eCom momentum

Online growth accelerated to **31% YoY in F19**, supported by continued strong growth in Pick up



+6pts
NPS

Continued focus on our customers' needs with **Online VOC NPS** at 61 (+6 pts vs. F18) and **VOC** at 81 (+2 pts vs. F18) **reaching record highs**

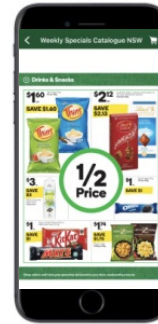


Multiple customer awards:

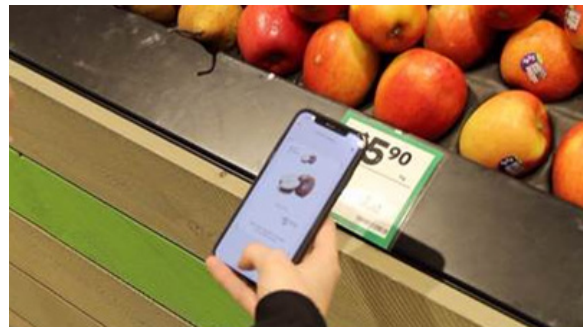
No.1 in Customer Satisfaction by Canstar Blue, #1 Online Grocery delivery by Choice Recommended and Experts Choice Award for Online Grocery by Mozo

Ultra-convenient experiences

Continued investment into our **digital experiences and mobile app** resulting in improvements in website speed (+6pts VOC vs. F18) and navigation (+7pts VOC vs. F18). F19 traffic growing >50% vs. F18



Continued to expand
Delivery Now proposition across Sydney, Melbourne and Brisbane

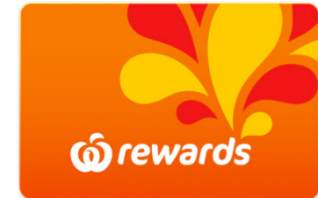


Scan&Go pilot now live in 6 stores - 2 supermarkets and 4 Metros

Rewards expansion

11.7M

...members now part of Rewards (+0.8M vs. F18) with scan rates continuing to improve across all banners



Expanded partnership with Caltex and BIG W; allowing Rewards members to earn Rewards points at over 860 additional locations





countdown 

NZD	F19	F18	CHANGE	CHANGE NORMALISED
Sales (\$m)	6,712	6,433	4.3%	2.4%
EBITDA (\$m)	425	411	3.0%	1.0%
EBIT (\$m)	296	284	3.9%	1.0%
Gross margin (%)	24.4	24.2	18 bps	18 bps
Cost of doing business (%)	20.0	19.8	20 bps	25 bps
EBIT to sales (%)	4.4	4.4	(2) bps	(6) bps
Sales per square metre (\$)	16,626	15,621	6.4%	4.5%
ROFE (%)	9.6	9.5	15 bps	5 bps

F19 HIGHLIGHTS

Improving Customer Perceptions

81% Store-controllable VOC
(+2 pts Q4'18)

NPS

Continued brand advocacy strengthening to new highs

Online and Digital Differentiation

40% F19 normalised online sales growth

7.7% Online sales penetration Q4'19

66 Online VOC NPS

Core Sales Growth

3.4%

Comparable sales growth (normalised)

Fresh and Health Momentum



H2 Fruit & Vegetables VOC +6pts on F18

F20 FOCUS

Customer 1st Team 1st Culture



Digital Experience and Online Growth

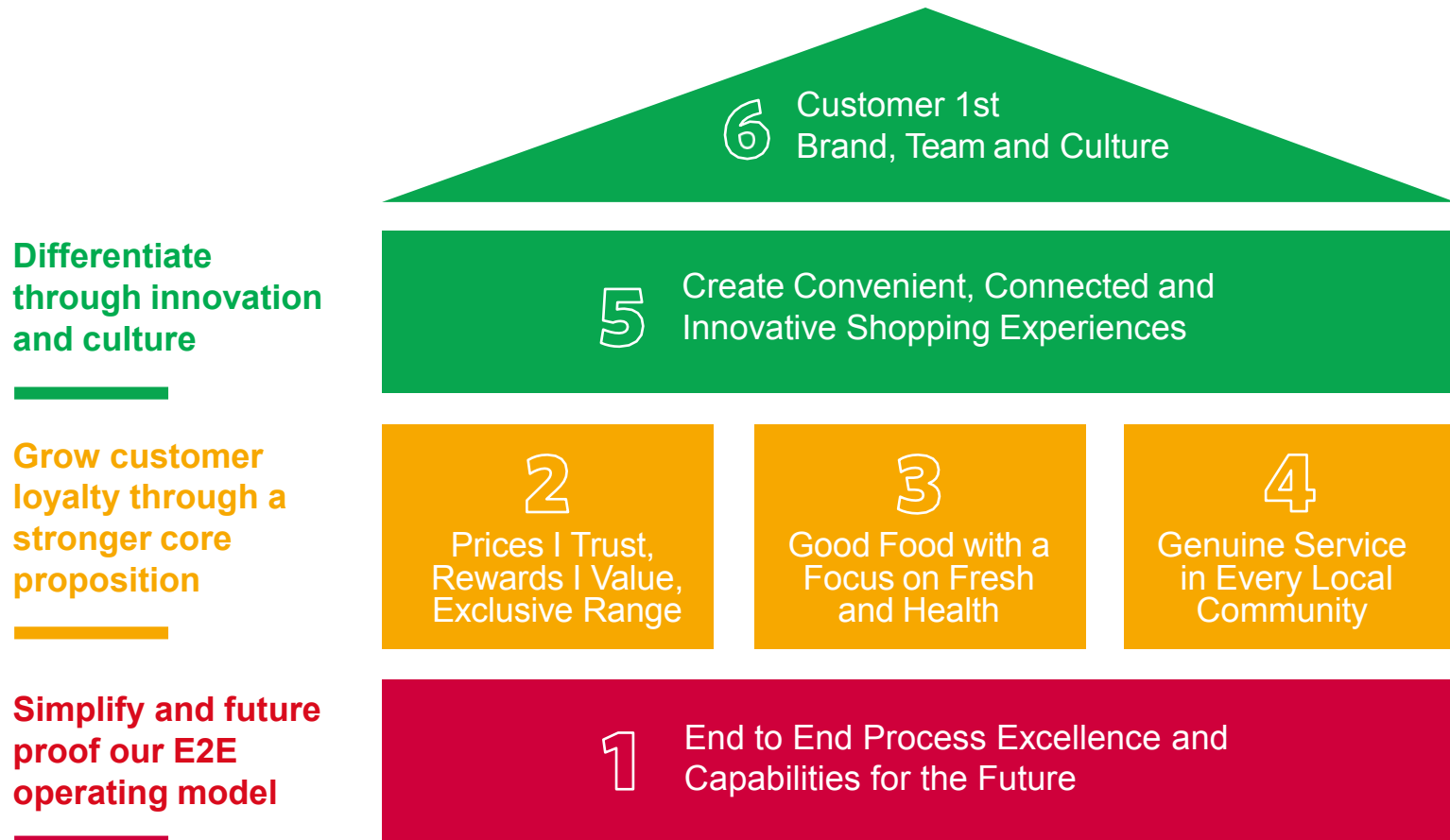


Fresh Quality and Experience



End to End Process Excellence





We're here to make Kiwis' lives a little better everyday.



ENDEAVOUR
DRINKS



	F19	F18	CHANGE	CHANGE NORMALISED
Sales (\$m)	8,657	8,244	5.0%	3.2%
EBITDA (\$m)	579	603	(4.1)%	(5.4)%
EBIT (\$m)	474	516	(8.2)%	(9.7)%
Gross margin (%)	22.9	23.1	(16) bps	(14) bps
Cost of doing business (%)	17.4	16.8	63 bps	64 bps
EBIT to sales (%)	5.5	6.3	(78) bps	(78) bps
Sales per square metre (\$)	18,675	18,094	3.2%	1.4%
ROFE (%)	15.2	17.1	(190) bps	(215) bps

F19 HIGHLIGHTS



On Demand delivery expanded to 605 stores, supporting double-digit online sales growth



Opened 30 net new stores bringing the total store network to 1,346 and completed 72 Renewals



Record VOC scores and strengthened Rewards program through tailored offers, resulting in record high customer scan rates



Jimmy Brings expanded to Brisbane, Canberra and the Gold Coast, as well as additional suburbs in Sydney and Melbourne

F20 FOCUS



Continue to develop and empower local teams to deliver authentic customer experiences through team product knowledge



Expand the ultra-convenient shopping experience through store format renewals and the BWS mobile app

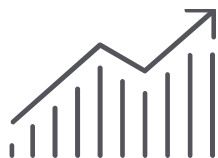


Simplify processes for store teams through in-store technology, while maintaining high levels of team engagement



Enhancing customer value through personalised Rewards offers

F19 HIGHLIGHTS



Record VOC at 75%
(up 2 pts on June 18)

Introduced 35 wine merchants to improve in-store experience



On Demand delivery rolled out to 91 stores (40% of fleet)

Rollled out **Pick up in 30 minutes** to all stores



3 new stores added to the fleet total 230

Sustainability investments with remote energy monitoring in 49 stores and first store with solar energy

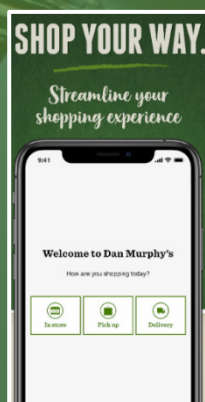


Over 3.5m members up 15% vs. F18

F20 FOCUS



Complete full review of the wine range
Delivering a tailored range by store to improve customer experience



Expand On Demand delivery

Launch new app, to enhance customer experience

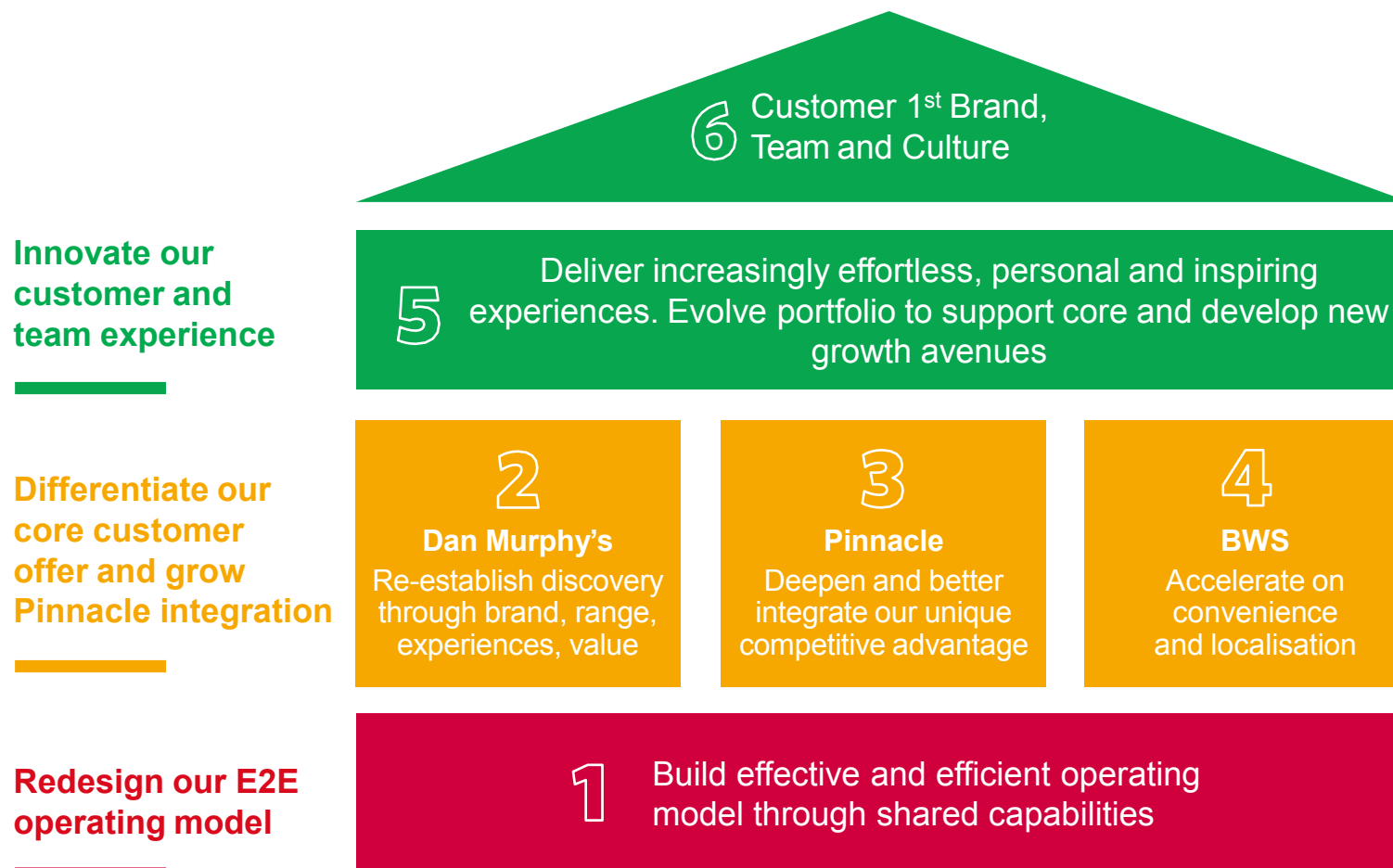


8 new stores planned for F20

Additional solar energy stores rolled out
First smart store and first new Urban format



Relaunch 'My Dan's' loyalty program with 300% more offers and improved personalisation driving member numbers and scan rates



To connect everyone with a drinks experience they'll love





	F19	F18	CHANGE	CHANGE NORMALISED
Sales (\$m)	3,797	3,566	6.5%	4.2%
LBITDA before significant items (\$m)	(5)	(30)	(82.2)%	(88.7)%
LBIT before significant items (\$m)	(85)	(110)	(22.2)%	(24.0)%
Significant items (\$m)	(371)	-	n.m.	n.m.
LBIT after significant items (\$m)	(456)	(110)	315.5%	313.7%
Gross margin (%)	31.1	31.7	(59) bps	(49) bps
Cost of doing business (%)	33.4	34.8	(142) bps	(132) bps
LBIT to sales (%)	(2.3)	(3.1)	83 bps	84 bps
Sales per square metre (\$)	3,629	3,369	7.7%	5.4%
ROFE ¹ (%)	(23.0)	(23.3)	24 bps	77 bps

¹ ROFE is calculated using LBIT before significant items

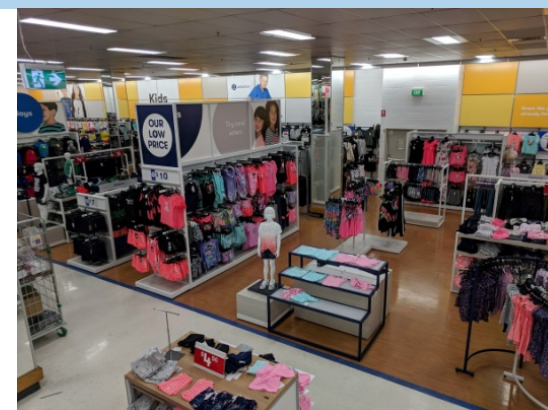
F19 HIGHLIGHTS

- ✓ Continued efforts to make a real difference for families through activities like *free books for kids*
- ✓ Continued refinement of pricing strategy to offer the best prices to our customers
- ✓ Further categories refreshed through Customer 1st Ranging
- ✓ First wave of new fixtures for Apparel categories
- ✓ Significant improvement in stock flow for key events eg. Christmas and Toy Sale



F20 FOCUS

- 1 Simplify our business both in stores and support office by aligning tasks to customer needs
- 2 Evolve pricing and promotion approach to best contribute to a sustainable business
- 3 Accelerate our apparel offering through investment in new fixtures and improved ranges
- 4 Continue improving store experience based on customer priorities and feedback
- 5 Putting our customers first by demonstrating real value, real solutions and real care





Living our purpose

Making a **real** difference for families



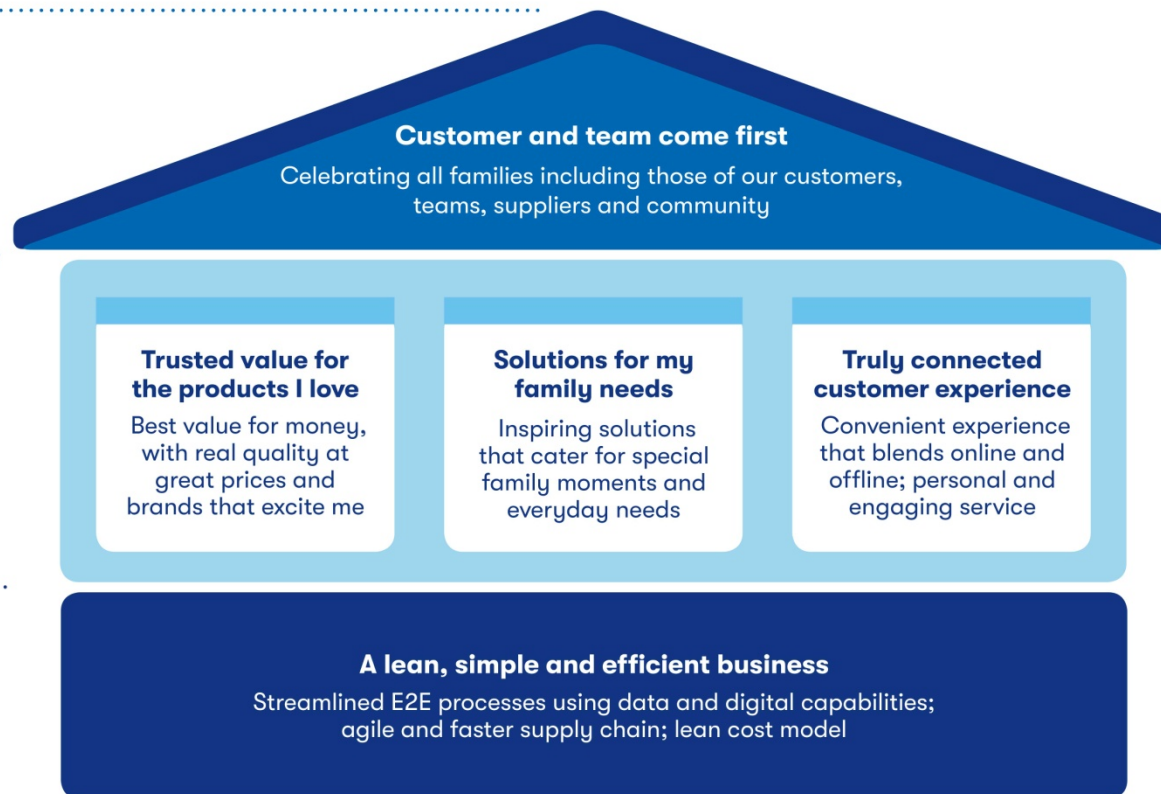
Distinctive and sustainable business

A distinctive customer offer that builds a successful business



A simpler business

An agile business made efficient through simple data enabled processes



We make a **real** difference for families.



	F19	F18	CHANGE	CHANGE NORMALISED
Sales (\$m)	1,671	1,612	3.7%	1.8%
EBIT (\$m)	261	259	1.0%	(0.5)%
Gross margin (%)	83.6	84.2	(55) bps	(54) bps
Cost of doing business (%)	68.0	68.1	(12) bps	(18) bps
EBIT to sales (%)	15.6	16.1	(43) bps	(35) bps

- Normalised sales growth of 1.8% in F19 driven by Bars, Food and Accommodation
- Improved sales momentum in H2 with Q4 comparable sales growth of 3.0%
- Normalised EBIT decline due to weaker H1 result

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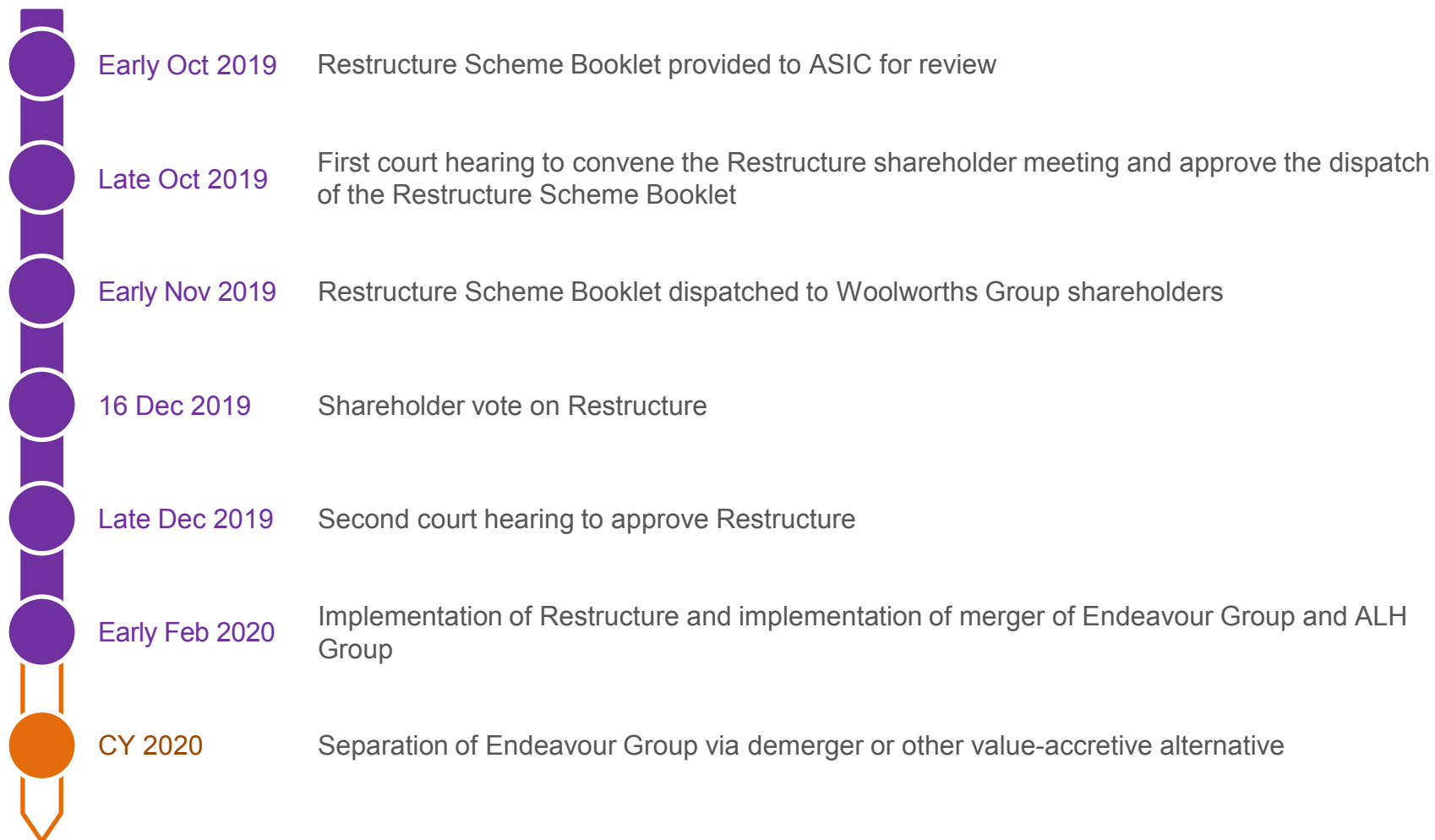
Merger and separation of Endeavour Drinks and ALH Group is on track - dedicated internal team and advisor group mobilised for transaction execution and operational separation, and regulatory engagement process commenced

Transfer of assets and liabilities from Woolworths Group to Endeavour Group will be implemented primarily via a Restructure Scheme of Arrangement ('Restructure')

Restructure is subject to court approval and a shareholder vote, expected to be held on the same date as the 2019 Annual General Meeting (currently scheduled for 16 December 2019)

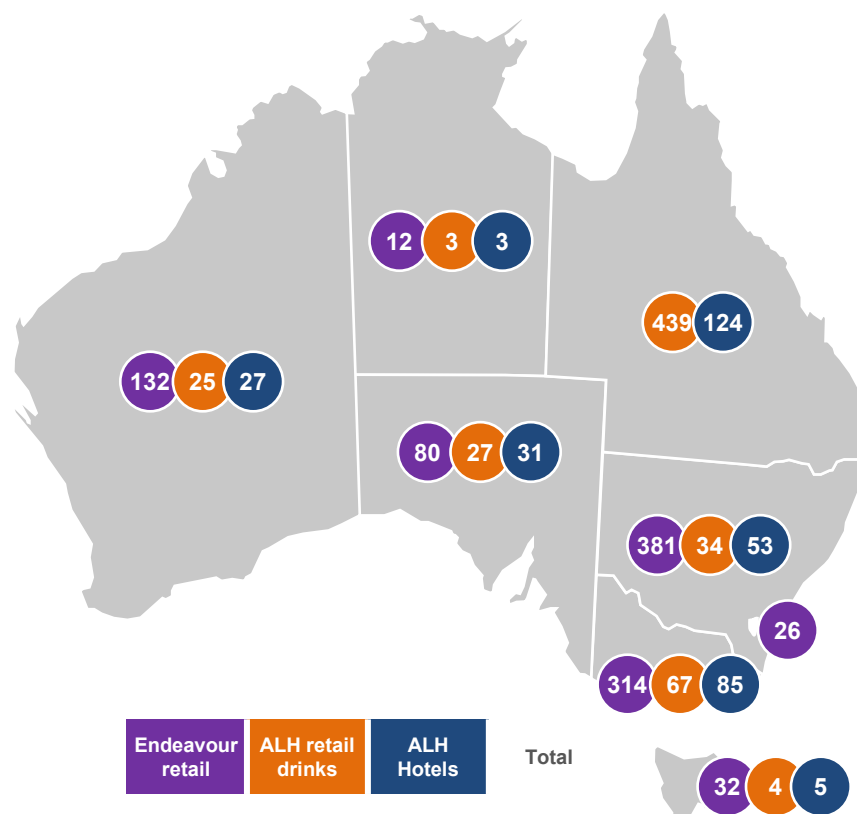
Restructure to form Endeavour Group expected to be implemented in early calendar year 2020. Upon completion Woolworths Group will own 85.4% of Endeavour Group and Bruce Mathieson Group ('BMG') will own 14.6%

Following the Restructure and merger, Woolworths Group intends to pursue a separation of Endeavour Group by demerger or value-accretive alternative. If demerged, Woolworths Group is expected to retain a minority stake reflecting the importance of the continued partnership



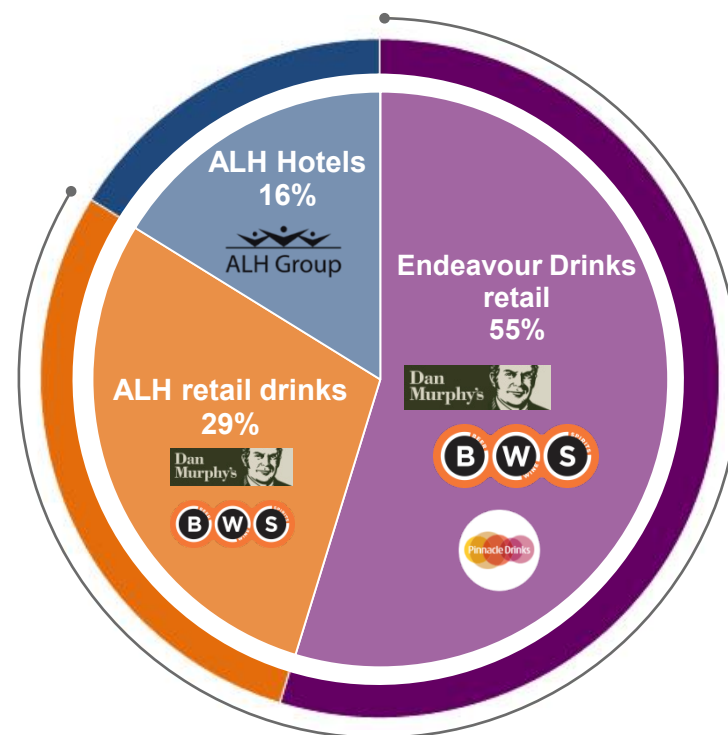
Note: Indicative timetable. Subject to change and court approval

National footprint of 1,904 locations




	Endeavour retail	ALH retail drinks	ALH Hotels	Total
BWS	833	513	-	1,346
Dan Murphy's	144	86	-	230
ALH Hotels	-	-	328	328
Total	977	599	328	1,904

F19 revenue by segment



Reported as
Endeavour Drinks
in Woolworths
Group accounts

Endeavour Group summary financials

Woolworths Group reported segments ¹ :	<div>ALH Group¹ (B + C)</div>											
	Endeavour Drinks ^{1,2} (A + B)				Hotels ^{1,2} (C)		Indicative pro forma					
	Endeavour Drinks retail ² (A)		ALH retail (B)		ALH hotels (C)		 ENDEAVOUR GROUP ³ (A + B + C)		Endeavour Drinks ^{1,2} (A + B)		ALH Group ¹ (B + C)	
\$ million	F19	F18	F19	F18	F19	F18	F19	F18	F19	F18	F19	F18
Sales	5,656	5,428	3,001	2,816	1,671	1,612	10,328	9,856	8,657	8,244	4,672	4,428
EBITDA	368	380	211	223	372	361	951	964	579	603	583	584
EBIT	296	321	178	195	261	259	735	775	474	516	439	454
Pro forma NPAT ⁴	–	–	–	–	–	–	418	455	–	–	223	235
Capex	92	129	39	40	176	157	307	326	131	169	215	197
EBIT to sales (%)	5.2	5.9	5.9	6.9	15.6	16.1	7.1	7.9	5.5	6.3	9.4	10.3

BMG to swap its 29% economic interest in ALH Group (existing 25% ownership interest in ALH Group and other contractual entitlements) for 14.6% of issued shares in Endeavour Group⁵

Notes:

- Numbers are shown as reported in the Woolworths Group annual report. ALH Group numbers are as reported in ALH Group Pty Ltd Financial Statements, adjusted for the exclusion of profits and losses arising on the sale of property, plant and equipment
- Endeavour Drinks currently reported by Woolworths Group includes ALH Group's retail drinks operations, and also includes Pinnacle, Summergate and branch overheads
- Endeavour Group numbers are an aggregation of Endeavour Drinks and Hotels segments currently reported by Woolworths Group
- Endeavour Group pro forma NPAT includes i) ALH Group NPAT as reported in ALH Group Pty Ltd Financial Statements excluding the tax-effected profits and losses arising on the sale of property plant and equipment (ALH Group F19 net debt was \$1,868m); and ii) Endeavour Drinks retail pro forma NPAT, assuming a 30% tax rate and adjusted to include Summergate external financing costs and for the non-tax deductibility of the impairment, trading losses and external financing costs of Summergate. These adjustments in aggregate are \$12m in F19 and \$4m in F18
- BMG is entitled to preference dividends to the extent profits exceed a return on equity hurdle (which resulted in BMG receiving 29% of ALH distributions on average in recent years), a one-off payment upon termination of the existing joint venture agreement (also subject to a return on equity hurdle), and benefits from interest free funding from Woolworths Group to ALH Group

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WOOLWORTHS GROUP



Outlook

Despite an uncertain consumer environment and input cost pressures, we are energised by the material opportunities to unlock further value for customers and shareholders in F20

- **Australian Food** Renewals, improved fresh experience and range localisation to support sales growth
 - Online sales expected to continue to grow strongly together with an increase in the roll out of Metro stores planned
 - Full impact of the new EA in F20; productivity benefits from 'Simpler' initiatives and MSRDC in H2
-
- **New Zealand Food** focused on prices, fresh quality and experience and building on Simpler for Stores
 - CountdownX to continue to improve and innovate customers' digital experience
-
- **Endeavour Drinks** will continue to evolve to improve the digital experience, deliver more localised ranging and improve service and convenience
-
- Further reduction in losses expected as turnaround of **BIG W** continues and unprofitable stores are closed
-
- The merger of Endeavour Drinks and ALH is progressing with shareholder approval for the Restructure proposed to be sought on 16 December 2019. Woolworths Group has obtained approval from ASIC to extend the date of its 2019 AGM to allow it to be held on the same day as the shareholder meeting to consider the Restructure. This avoids the need for the two meetings to be held on separate days

Cash realisation ratio	Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation
Comparable sales	Measure of sales which excludes stores that have been opened or closed in the last 12 months and demonstrable impact on existing stores from store disruption as a result of store refurbishment or new store openings
Cost of doing business (CODB)	Expenses which relate to the operation of the business
Customer 1st Ranging	Developing a clearly defined range to provide an easier shopping experience for the customer
Drive	Convenient options for customers to pick up online orders through Drive up or Drive thru
Customer fulfilment centre	Dedicated online distribution centres
Fixed charges cover ratio	Group earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) divided by rent and interest costs. Rent and interest costs include capitalised interest, but exclude foreign exchange gains /losses and dividend income
Free cash flow	Cash flow generated by the Woolworths Group after equity related financing activities including dividends
Funds employed	Net assets employed excluding net tax balances
MSRDC	Melbourne South Regional Distribution Centre
Net assets employed	Net assets excluding net debt and other financial assets and liabilities
Net Promoter Score (NPS)	A loyalty measure based on a single question where a customer rates a business on a scale of zero to 10. The score is the net result of the percentage of customers providing a score of nine or 10 (promoters) less the percentage of customers providing a score of zero to six (detractors)
Net debt	Borrowings less cash balances including debt hedging derivatives
On-demand/express delivery	An express or scheduled delivery service providing online orders at the customer's convenience
Pick up	A service which enables collection of online shopping orders in-store or at select locations
Renewals	A total store transformation focused on the overall store environment, team, range, offer and process efficiency (including digital)
Return on funds employed (ROFE)	ROFE is calculated as EBIT before significant items for the previous 12 months as a percentage of average (opening, mid and closing) funds employed including significant items provisions. ROFE (AASB 16 estimate) adjusts average funds employed for the 1 July 2019 recognition of lease assets and adjusts EBIT by the estimated AASB 16 impact on F19 EBIT
Sales per square metre	Total sales for the previous 12 months by business divided by average trading area
Simpler for Stores	Simplification of end-to-end processes for store teams, improving customer experience and productivity
Stockloss	The value of stock written-off, wasted, stolen, cleared, marked-down or adjusted from all stores nationally (sometimes expressed as a percentage of sales)
Upgrades	A light renewal typically involving a front-of-store upgrade, Produce/Bakery enhancement and grocery macro space relay
Voice of Customer (VOC)	Externally facilitated survey of a sample of Woolworths Group customers where customers rate Woolworths Group businesses on a number of criteria. Expressed as the percentage of customers providing a rating of six or seven on a seven-point scale
VOC NPS	VOC NPS is based on feedback from Woolworths Rewards members. VOC NPS is the number of promoters (score of nine or 10) less the number of detractors (score of six or below)
Voice of Supplier (VOS)	A survey of a broad spectrum of suppliers facilitated by an external provider. The survey is used to provide an ongoing measure of the effectiveness of business relationships with the supplier community. VOS is the average of the suppliers' rating on a seven point scale across various attributes. The score is the percentage of suppliers that provided a rating of six or seven on a seven point scale
Voice of Team (VOT)	Survey measuring sustainable engagement of our team members as well as their advocacy of Woolworths Group businesses as a place to work and shop. The survey consists of nine sustainable engagement questions, three key driver questions and two advocacy questions

Other non-IFRS measures used in describing the business performance include:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)
- Cash flow from operating activities before interest and tax
- Significant items
- Fixed assets and investments
- Net investment in inventory
- Free cash flow after equity related financing activities excluding dividends
- Net assets held for sale
- Net tax balances
- Closing inventory days
- Closing trade payable days
- Average inventory days
- Change in average prices
- Trading area
- Easter-adjusted metrics
- Margins including gross profit, CODB and EBIT/(LBIT)
- Volume productivity metrics including transaction growth, items per basket and item growth

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growing



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