Our impact

TEAM

Executive and senior manager positions held by women
34%

Resourcing the Future Indigenous team members
2,279

Team members
196,000+

Total recordable injury frequency rate
14.99

Voice of Team engagement score
80%

Young team members <25 years old
72,319

OUR STORE NETWORK

Total
3,292

Australian Food
1,024

New Zealand Food
180

Endeavour Drinks
1,577

BIG W
183

Hotels
328

CUSTOMERS

Customers served on average per week
30M

Australian Food customer survey, VOC NPS
51

Group Pick up locations
+3,000

Transactions
1.6B

Woolworths Rewards members
11.7M

Customer visits per week online
2.1M

1 PERFORMANCE HIGHLIGHTS
2 BUSINESS REVIEW
3 DIRECTORS' REPORT
4 FINANCIAL REPORT
5 OTHER INFORMATION

COMMUNITY

Direct community investment

$44.3M

Own Brand products that have undergone a nutritional renovation

70

Food relief diverted to people in need

18.8M MEALS

Community contribution as a % of EBIT

1.40%

ENVIRONMENT

Carbon emission reduction

18%

below 2015 levels

Solar power generation

10,686MWH

Waste diverted from landfill

368,935t

Stores with natural refrigeration systems

18

ECONOMIC

Free cash flow before dividends

$941M

Return on funds employed (normalised)[1]

24.2%

Dividend per share[3]

102¢

Tax paid

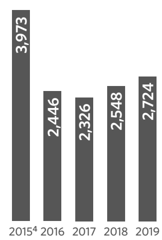
$744M

Revenue[1]

	$M
Australian Food	39,568
New Zealand Food	6,291[2]
Endeavour Drinks	8,657
BIG W	3,797
Hotels	1,671

EBIT[1]

$2,724M



1 From continuing operations before significant items.
2 In Australian Dollars.
3 Full Year fully-franked dividend.
4 F15 EBIT includes Petrol which was reported as a discontinued operation from F17 (with F16 comparatives restated).

Our key priorities

Woolworths Group's F19 strategy house consists of six key priorities that focus on the value drivers for the Group. Good progress was made against each priority enabling the continued transformation of the Group.

+ The updated key priorities for F20 can be found on page 15 of this report.

1 Customer 1st Team 1st Culture

Customer 1st Team 1st culture has been critical in sustaining high scores across Voice of Customer (VOC) and Voice of Team (VOT) despite unique challenges during F19.

In F19, customer feedback measures were broadened to include VOC Net Promoter Score (NPS) in addition to Store-controllable VOC. The addition of VOC NPS was to ensure that positive and negative customer feedback was being considered as we focused on raising the minimum standard by being 'consistently good' for customers. In Australian Food, VOC NPS (Store and Online), improved 3 pts from the prior year to 51, driven by improvements across both online and in-store. Store-controllable VOC was in line with the previous year at 82% supported by historical highs from Fruit & Vegetables, despite quality and availability issues earlier in the year. New Zealand Food also improved its customer scores with a VOC NPS high of 44 at the end of June which was in line with the December peak and up 2 pts on the same time last year.

The Group continues to use VOT as a measure of team engagement and advocacy. In March, the overall VOT engagement score was 80% with 'recommending Woolworths Group as a place to work' and 'recommending Woolworths as a place to shop' improving on the last survey in July 2018, despite a very busy year for the team. There remains a lot that can still be done to embed the Group's Values and Ways-of-Working into all businesses. Significant progress was made during the year to improve the mental and physical well-being of the Group's team members. A mental well-being program 'I am here' was launched with over 20,000 team members completing the training to date. Workplace safety is measured by Total Recordable Injury Frequency Rate (TRIFR), which declined by 5.7% compared to last year with 54% of sites with no recorded injuries.

Supplier feedback in F19 remained positive across the Food businesses, particularly for Countdown, improving from sixth to third in Advantage Group's 2019 supplier survey. Woolworths Supermarkets ranked second highest in the 2019 survey. Voice of Supplier (VOS) scores were mixed for Woolworths Supermarkets in F19 due to a number of challenges, including input cost pressures from drought impacts; however, had improved by year-end. BIG W also had a pleasing VOS improvement, ending F19 with positive momentum after a continued focus on embedding purpose and putting the customer and team first throughout the year. BWS maintained its second position in the national VOS scoring rankings. Further building on partnerships with suppliers remains a key focus across the Group in F20.

2 Connected, personalised and convenient shopping experience

Customers are increasingly seeking seamless and ultra-convenient solutions. To meet this increasing demand, we have built strong foundations across the Group while remaining agile as technology continues to evolve.

Online sales continue to grow rapidly across the Group supported by the establishment of the 'X' businesses. The Group's online platforms are the leading digital food and drinks destinations in Australia, with online traffic of over 16 million visits per month. Online sales growth for WooliesX and CountdownX remained strong at 31%[1] and 40% respectively. Online sales penetration reached new highs in F19 with 4.1% in WooliesX and 7.7% in CountdownX in Q4 after an increased focus on customer satisfaction. BIG W's online sales growth again more than doubled in F19 increasing by 128% supported by the continued popularity of Pick up. While still early days, EndeavourX is supporting the delivery of a number of key convenience offers across the business, including Dan Murphy's 30-minute Pick up services across metro areas.

Supporting online growth is the roll out of a number of initiatives that provide customers with the choice on how they wish to shop across the Group's brands. By the end of F19, on-demand delivery was available at 736 sites across Woolworths Supermarkets, BWS and Dan Murphy's and 112 Drive thru or Drive up locations established; Pick up was scaled up and new service models for Home Delivery trialled. In Australian Food, Scan&Go was extended to five new locations.

Woolworths Rewards, now with 11.7 million members, expanded its reach in F19 through an increase in redemption opportunities and offers, with customers now able to earn points at over 860 Caltex and BIG W sites. Apple Pay was launched to Woolworths credit card holders, the first supermarket branded card to do so, making it easier for customers to access their Rewards and credit cards in Apple Wallet for seamless purchases. My Dan Murphy's members increased 15% on last year and was relaunched in July with an increase in relevant offers and improved personalisation.

The Woolworths Metro format continues to mature delivering a strong sales improvement in F19. During the year, two new format stores were opened in Kirribilli and Rozelle, with the latter being the first to stock the largest organic meat range of any Metro. At the end of F19, there were 43 Metro branded stores along the east coast with a new store pipeline that continues to build.

1 Unless otherwise stated, growth for continuing operations is adjusted for the 53rd week.

3 Differentiate our Food customer propositions

Creating a point of difference in the customer offer across Australian and New Zealand Food is part of the Group's ambition to create better experiences for customers.

During the year, the upgrade of stores continued with Australian Food completing 68 Renewals and 80 Upgrades, and New Zealand Food completing 10 Renewals. Across both businesses, 26 new stores were opened, with 24 in Australia and two in New Zealand. Highlights include the recently completed Mona Vale Renewal, incorporating the latest fresh concept as part of the Fresh Made Easy program. Also opened in the year was the Group's first smart store concept at Gregory Hills which leverages emerging in-store technology to make it simpler, safer and more efficient for customers and team.

Customers are becoming increasingly health conscious and are seeking healthier alternatives that are also convenient. To meet this growing need, 640 new Own Brand products were launched with double-digit growth across the Macro and Free-from ranges during the year. Woolworths was also awarded the title of healthiest Own Brand in Australia from The George Institute for Global Health with more than half the range achieving a Health Star Rating of 3.5 or above. Helping to educate customers about healthier choices is also a focus with a number of educational programs rolled out across Australia and New Zealand, including Fresh Food Kids Discovery Tours, Earn and Learn, Free Fruit for Kids, KidsCan and Growing for Good.

Like the Health category, International Foods also experienced a year of strong growth as we look to reflect the local communities we serve and meet the unique demands of local demographics. This includes the introduction of products to better serve local communities including Asian, Indian, Middle Eastern, halal, South African and kosher. Alongside localised ranging, both Food businesses also embraced a number of key customer events throughout the year with successful in-store activations for Christmas, Easter, Ramadan, Diwali and Lunar New Year.

Everyday Acts was launched in New Zealand Food following its introduction in Australia in October 2018. As part of this commitment, the businesses engaged in a number of Good Acts in support of local communities, including support following Townsville's damaging floods, the tragedy in Christchurch, and Australia's drought-impacted dairy industry. As one of Australia and New Zealand's largest employers, inclusiveness remains an essential part of Group culture. Examples of support for this included the participation and celebration of Mardi Gras, Wear it Purple Day and NAIDOC week.

4 Accelerate innovation in our Drinks business

As the drinks market rapidly evolves, BWS and Dan Murphy's are also evolving with improvements across service, range and convenience.

After a slow start to the year, sales improved in the second half with good progress made to reposition Dan Murphy's and build on BWS' convenience offer.

The focus in F19 in Endeavour Drinks was on building the foundations to transform the business with speed and agility. This included the launch of Endeavour Drinks' ambition 'to connect everyone with a drinks experience they'll love' and setting the path to build momentum in F20. For Dan Murphy's, this means re-establishing discovery for customers and improving the service experience in stores, supported by a refreshed brand platform of 'there is always more to discover'. During the year, 35 specialist wine merchants were deployed across the network to help drive the discovery mission and offer a unique in-store service experience for customers.

As part of the work to evolve the in-store offer, Customer 1st Ranging was rolled out across both businesses during the year, with BWS now complete. Dan Murphy's also introduced national Customer 1st Ranging pilots, targeting key lines and display space across the wine category. During the year BWS completed 72 Renewals in the latest store format with a new format development for Dan Murphy's opened in New Town, Tasmania.

Accelerating convenience for customers was another focus in F19 with EndeavourX launching earlier in the year. For BWS, On Demand penetration and conversion of online customers increased significantly over the year assisted by leveraging the partnership with WooliesX and Woolworths Rewards. On Demand is currently available in 500 BWS stores with Pick up rolled out to almost the entire fleet. Since its launch in November 2018, Dan Murphy's two-hour On Demand offer is now available in all states with 30-minute Pick up available in metro areas. Jimmy Brings also expanded its ultra-convenient offer to Canberra and Gold Coast during the year.

5 Unlocking value in our Portfolio

The Portfolio team progressed a number of key projects during the year to maximise long-term shareholder value.

Most recently, the Group announced plans to merge the drinks and hospitality businesses, Endeavour Drinks and ALH Group. This is expected to be followed by a demerger or other value-accretive alternative to be pursued in calendar year 2020. Merging the businesses will create the largest integrated drinks and hospitality business in Australia and simplify a complicated operating structure. The separation will create two market-leading businesses with an advantaged store network, strong in-store and online offerings, an engaged loyalty membership base and a strong Customer 1st Culture. Woolworths Group and Endeavour Group will continue to operate in partnership to the mutual benefit of both businesses. Updates will be shared as the transaction progresses over the course of F20.

A review of BIG W's store and distribution centre (DC) network was also completed in the year, identifying approximately 30 BIG W stores and two DCs for closure over the next three years, representing approximately 16% of the current network. While it was not a decision made lightly, it will accelerate the turnaround plan for BIG W and create a more profitable store network, simplify processes, improve stock flow and inventory levels, and create a more robust and sustainable store and DC network.

The sale of Petrol to EG Group was another step towards simplifying the Group while retaining benefits for customers through new partnerships with EG Group and Caltex. As part of a commercial alliance with EG Group, Woolworths' popular fuel discount and Woolworths Rewards redemption remains in place across the EG Group fuel network. Customers can also earn Woolworths Rewards points at 680 Caltex sites. The sale facilitated the return of the proceeds to shareholders by way of a $1.7 billion off-market share buy-back in May 2019.

Finally, as the focus shifts to what a digitally-enabled future looks like, a number of exciting projects were launched in F19 to continue to build out the Group's retail ecosystem and portfolio of complementary businesses. This includes the launch of the retail media business, Cartology, consolidating the export businesses under ExportCo, growing Primary Connect (primary freight business extended to third party customers) and leveraging the recently announced partnership with Marley Spoon.

6 End-to-end processes: 'better for customers' and 'simpler for stores'

Improving end-to-end processes to be 'better for customers' and 'simpler for stores' continues to be the foundation of the Group's strategy to enable consistently good customer and team experiences.

A new customer operating model was introduced across Woolworths Supermarkets during the year to reflect the changing needs of customers. The new model simplifies store operations and better aligns with customers' shopping habits with a greater focus on fresh food, convenience and customer service. As part of the new model, two new departments were created, Fresh Convenience and Fresh Service.

Improving stockloss was another major focus during F19 with a number of initiatives rolled out across the Food businesses. These included enhanced team training for assisted checkouts, store entrance solutions, reactivation of scales on assisted checkouts and the optimisation of range and space in stores. Pleasingly, our customer metrics remained stable during these changes which is testament to the teams' focus on putting the customer first.

Significant progress was made at our Melbourne South Regional Distribution Centre (MSRDC) with the commissioning of the site during F19. At the end of July, MSRDC was supplying 135 stores with over 650,000 cartons per week as further testing and the ramp up of volume continues.

During the year, Woolworths Group consolidated its data into a Group cloud platform. This was to improve data governance (including security), interpretation and reporting of data and will provide better and deeper insights and actions for team members. Together with a significant number of IT platform and application upgrades over the last few years, and a remaining few still in progress, the Group has built a best-in-class core IT infrastructure and applications platform which is crucial to unlock efficiencies and create new business opportunities in an increasingly digitally-enabled world.

F19 highlights

JUL 2018
- Single-use plastic bags removed across the Group
- Woolworths Group enters a new alliance with Caltex

NOV 2018
- Woolworths Group launches new Parental Leave Policy

FEB 2019
- Woolworths Group signs up to BCA Supplier Payment Code
- Woolworths Supermarkets transitions away from $1 per litre milk

MAR 2019
- Woolworths Group launches new digital media platform, Cartology

APR 2019
- Completion of Petrol sale to EG Group
- BIG W network review completed
- Woolworths Group issues the first Green Bond globally for a supermarket

MAY 2019
- $1.7 billion off-market share buy-back completed

JUN 2019
- Woolworths Group and Marley Spoon partnership announced
- Apple Pay offered to Woolworths credit card customers

JUL 2019
- Merger and separation of Endeavour Drinks and ALH Group announced
- Woolworths Group and Takeoff Technologies partnership announced

Sustainability highlights

Working together with customers, team members, community partners and suppliers, a number of achievements have been made across the Group's sustainability agenda in F19, including work identifying the risks associated with climate change and progress to further improve responsible sourcing practices.

Refer to Woolworths Group's 2019 Sustainability Report for further information on all achievements from the year.

Responding to climate change

Woolworths Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and remains committed to providing stakeholders with information on how the Group manages climate change risks.

In F19, the Group focused on identifying climate-related risks and opportunities, including the potential physical and transitional risks that may arise from the changing climate. An overview of potential climate risks on the key areas of the business include:

- **Customers:** Woolworths Group's corporate trust and brand association could be impacted by climate change if the Group's ability to meet customer demand for sustainable, low-price, high-quality products is compromised. Moreover, the definitive momentum towards sustainable attitudes, met with increasing public concern about climate change, ethical sourcing and health, will likely impact both customer preferences and stakeholder expectations of Woolworths Group's role as a large listed company.
- **Suppliers:** Woolworths Group has a large and complex supply chain network across Australia and internationally. Physical climate-related events such as droughts, cyclones and flooding, along with climate-related regulatory interventions, can directly affect the quality and quantity of fresh produce and compound business disruptions.
- **Operations:** the transport, distribution and storage infrastructure for our businesses is expected to grow as customer demand continues to increase for more convenient delivery solutions. Greater centralisation of infrastructure assets (such as large distribution centres) could potentially concentrate our exposure to the physical impacts of climate change.

Climate risks and opportunities

Risks and opportunities were identified in the following themes and the outcomes are discussed in detail in the climate risks and opportunities section of the Sustainability Report.

Climate risks and opportunities

PHYSICAL | MARKET | TECHNOLOGICAL | REPUTATION | POLICY

Updating our emissions reduction target to a 1.5˚C trajectory

Woolworths Group is committed to a new reduction target of 60% less than 2015 direct emission levels by 2030, to be in line with the level of carbon reduction required to limit global warming to 1.5˚C above pre-industrial levels. To set this new target, Woolworths Group applied the Sectoral Decarbonisation Method and investigated the 2˚C and 1.5˚C warming trajectories and modelled what it would take to achieve this.

For more information please see pages 36 to 45 of the 2019 Sustainability Report.

Responsible Sourcing

The Responsible Sourcing Program, launched in July 2018, outlines how Woolworths Group engages with suppliers to promote the rights of workers in the Group's global supply chains, and is supported by the Responsible Sourcing Policy and Responsible Sourcing Standards.

Using the logic of risk assessment, segmentation, due diligence and mutual recognition, enables the Group to focus on the highest risks in the supply chain and where the biggest positive impact on human rights can be found. F19 efforts were dedicated to supplier engagement and capacity building for both suppliers and team members. Throughout the year Woolworths Group held roadshows and training sessions on different responsible sourcing topics.

Strengthening grievance mechanisms

Improvements were made to grievance mechanisms and tools developed for suppliers to support the development of effective site-level process. In February 2019, Speak Up was re-launched across the Group, which is an independent and confidential platform available to suppliers and workers in the global supply chain. The expanded service can be accessed from major sourcing countries and can accommodate all commonly spoken languages which can be accessed online or by phone. Grievances can be raised via a number of channels including Supplier Speak Up, shared directly with our team, worker representatives, the Fair Work Ombudsman and civil society organisations. In F19, 67 investigations were conducted regarding non-compliance, of which 52 cases have been closed.

Responsible Sourcing in F19

1,500	Suppliers briefed
950	Team members trained
676	Factory audits reviewed
93	Reviewed farm audits
55	On-site visits
67	Investigations
4	Cases of zero tolerance identified

Program rollout in horticulture

Woolworths Supermarkets sources 96% of fresh fruit and vegetables in Australia from over 400 direct suppliers. The business understands the unique vulnerability faced by migrant workers in Australian horticulture, and so have devised a specialised program to address and mitigate risk across this supply chain. In the first year of the program focus has been on:

- Building training and awareness raising among Produce team members and direct suppliers
- Operationalising our framework for managing responsible sourcing risk in horticulture
- Launching our Requirements for Labour Providers in our Australian Horticultural Supply Chain
- Multi-stakeholder engagement

This has resulted in the following key milestones:

- Supplier and auditor training on responsible recruitment and modern slavery
- Founding retail partner of the Fair Farms Training & Certification Program
- Participating in the Fair Work Ombudsman's Harvest Trail Stakeholder Reference Group
- Signing Collaboration Protocol with the National Union of Workers

Governance

This year enhancements were made to Responsible Sourcing governance and clearly set out roles and responsibilities for:

The Board Sustainability Committee: Reviews the effectiveness of the Responsible Sourcing Program and the Group's human rights due diligence.

Executive Steering Committee: Provides strategic direction and approves policies and commitments.

Working Group: Responsible for the day-to-day rollout and embedding of the program.

Responsible sourcing obligations were also embedded into the Operational Compliance Plans for Woolworths Supermarkets, FoodCo & Metro, BIG W, and Culture and People to enable oversight of the controls and monitoring in place to manage these obligations.

For more information please see pages 50 to 61 of the 2019 Sustainability Report.

Chairman's Report

Consistent with my approach in previous years, I have focused my report on three areas, that are important, and where the Board has spent considerable time in 2019.

NPAT attributable to Woolworths Group shareholders[1]

$1,752M

▲ 7.2% from F18 (normalised)

F19 shareholder returns[2]

$3.1B

Voice of Team engagement score

80%

1. Sustainability

Consistent with our Purpose, we support Australia's commitment under the Paris Agreement, and will report according to the rules of the Task Force on Climate Related Financial Disclosure. To date we have reduced our carbon emissions by 18% below 2015 levels. Moving forward, we have lifted our target to a 1.5 degree trajectory by 2030, which is targeting emissions being 60% below 2015 levels.

Furthermore, in July 2019 we launched our second Reconciliation Action Plan, outlining our commitments over the next two years to drive inclusivity and support our Aboriginal and Torres Strait Islander communities. At Woolworths Group we support the Uluru Statement from the Heart and advocate for change to empower First Nation people, with constitutional recognition and a guaranteed voice. We will continue to listen and learn from our Aboriginal and Torres Strait Islander communities especially on matters affecting Country.

We do not see this as extraneous to our business, but as an important part of our culture; to build strong community engagement, support local employment opportunities, foster respect for all, and create better experiences together for a better tomorrow.

2. Governance

Following the recommendations of the prudential inquiry by APRA, we conducted an extensive self-assessment, led by our General Manager Risk and Assurance. This focused on, among other areas, operational risk, conduct, culture and accountability. The self-assessment confirmed that we have a number of strong practices in place, aligned to our Customer 1st strategy, and highlighted that there is no room for complacency, and is a journey of continuous improvement. We will be led by our Purpose, Core Values and Ways-of-Working, supported by our three lines of accountability, with appropriate challenge from the Board.

3. Shareholder value

We have been on an exciting journey of transformation since 2016, when we appointed Brad as our CEO. We have a very different Group now, four years into that journey. We exited Masters, sold EziBuy, sold our Petrol business to EG Group for $1.7 billion, and have announced the merger of Endeavour Drinks and ALH, with the intention to separate Endeavour Group in 2020. At the same time, we rapidly built our online business across the Group, which in F19 generated sales of $2.5 billion. We also reinvested in our Australian and New Zealand Food businesses, improving their competitiveness, customer satisfaction and team advocacy scores.

In F19 we returned $1.7 billion to shareholders in an off-market share buy-back, and paid $1.3 billion in fully-franked dividends. In the three-year period from the end of F16, we have increased the value of the company by approximately $15 billion[3], and delivered a total return to shareholders of 64%, putting us in the top quartile of ASX 50 companies.

In conclusion, whilst we are proud of the above, we have much still to do. As a Board and management team, we remain committed to delivering on this exciting agenda.

Gordon Cairns
CHAIRMAN

1 Continuing operations before significant items.
2 Includes off-market share buy-back of $1.7 billion and F18 final and special dividend and F19 interim dividend.
3 Increase in market capitalisation between F17 and F19.

Chief Executive Officer's Report

We made pleasing progress in our transformation in F19, achieved by a strong focus on customer differentiation and underlying process simplification. Together, we completed or progressed a number of initiatives to materially reshape our Group and support our evolution into a food and everyday needs retail ecosystem. All of this is made possible through our commitment to our Group Purpose, agile Ways-of-Working and Core Values – we create better experiences together for a better tomorrow.

F19 financial results

It was an inconsistent start to F19 across the Group with the first half impacted by the disruption caused by the removal of single-use plastic bags, competitor collectables, subdued consumer demand and volatile weather, particularly in the second quarter. Pleasingly, sales recovered in the second half with momentum improving across the Group, ending the year with sales growth of 3.4%[1]. EBIT from continuing operations before significant items increased by 5.0% for the year, an improvement on H1 growth of 1.0%. Online showed no signs of slowing with growth of 31.6% in F19, driven by the increasing demand for convenience from our customers. Despite the challenges in F19, our customer and team scores remained resilient and ended the year at high levels, reflecting the Group's Customer 1st Team 1st Culture. Following the successful completion of Woolworths Petrol sale to EG Group in April, the proceeds of $1.7 billion were returned to shareholders by way of an off-market share buy-back. Together, the share buy-back and dividends paid during the year resulted in $3.1 billion being returned to shareholders.

Differentiating our Food offers in Australia and New Zealand

Customers increasingly want to make healthier choices and one of the ways to differentiate our Food customer proposition is to make healthy easier for them. This all starts of course with fresh, launching our Famous for Fresh Fruit & Vegetables and Fresh Made Easy programs during the year in Australian Food, and the opening of our Mona Vale Renewal, the first store to apply the full suite of new fresh initiatives. The Health Star Rating was added to all applicable Own Brand food products during the year with The George Institute recognising Woolworths as Australia's healthiest supermarket. We also improved the nutritional value of more than 70 Own Brand products in the year, resulting in 440 tonnes less salt and 340 tonnes less sugar across our everyday categories. Sustainably sourced food is another key element to differentiating our offer, as customers tell us that they care about the provenance of their food. A number of initiatives were rolled out in the year to support this, including Countdown's focus on Fresh provenance with the Grower Fresh campaign and the launch of drought-relief milk across Woolworths Supermarkets, leading to the move away from $1 per litre milk nationwide in February in support of Australian dairy farmers.

1 Unless otherwise stated, growth for continuing operations is adjusted for the 53rd week.

Convenient and frictionless customer experiences

Customers are shopping with us more frequently, in different modes and through multiple channels. We have been on a journey to establish an underlying digital infrastructure and store model that can deliver greater convenience and frictionless experiences for our customers. Our work to date is resonating with customers with convenience offerings, in all its forms, significantly contributing to the Group's overall growth in the year. Driving this progress are our 'X' businesses: WooliesX, CountdownX, EndeavourX and BIG W, each with dedicated teams supporting the delivery of solutions to support the rapid change in our customers' shopping habits. Convenience has also been critical at the store level in F19 with a strong focus on rolling out Metro stores, scaling up Pick up and expanding the number of Drive offers across the Group. Critical to this convenient, connected and frictionless journey are our loyalty programs, with Woolworths Rewards now reaching 11.7 million members and recently named the most popular loyalty program in Australia by PowerRetail.

Agile Ways-of-Working, Core Values and Team 1st Culture

We launched a number of key initiatives in the year to support the well-being of our team members. Diversity in all its forms is the key to success in any workplace and also the driving force behind our new Parental Leave and Flexibility policies launched during the year. Under our new Parental Leave Policy, we were the first Australian retailer to introduce superannuation contributions for 12 months of parental leave, in an effort to help close the superannuation gender gap and to make a meaningful difference to the retirement savings of thousands of Woolworths Group team members. During the year, 19 enterprise agreements (EAs) were implemented to improve benefits for our team, including the largest EA in Australia, benefitting over 100,000 team members across Woolworths Supermarkets and Metro. In September last year we started our journey to become an agile organisation, with over 1,000 team members trained on the principles, practice and tools of Agile, so the team can move quickly, break down silos, provide clear accountability and be an important enabler of our transformation.
We are clear of the critical role our Core Values play in underpinning our Ways-of-Working and culture, starting with "I always do the right thing" and we are working hard to elevate the profile and importance of these values.

Greener communities

An important achievement for the Group in F19 was our transition away from single-use plastic bags, resulting in approximately three billion fewer plastic bags in circulation. Despite an initial adjustment period, we have been encouraged by the ongoing support from our customers. We didn't stop there and also reduced plastic packaging with 600 tonnes removed from fruit, vegetables and bakery products in F19. In our efforts to keep food out of landfills, all supermarkets now have an active food waste diversion program in place.
This includes rescuing surplus fresh food and distributing it to hunger relief charity partners, donating stock feed to farmers or sending it for commercial organic composting, driving an 8% reduction in food waste going to landfill over the past three years. We are also proud to be the first retailer in Australia, and first supermarket globally, to issue Green Bonds certified by the Climate Bonds Initiative to drive positive outcomes for the communities we serve and reduce our environmental impact. We still have a lot of work to do in this space but we are excited about the potential to keep driving change.

Looking forward

We are excited by the material opportunities across the Group to better meet the needs of our customers and, in doing so, create value for our shareholders. We are focused on refining and improving our core retail programs, growing our retail and everyday needs ecosystem with new businesses such as Cartology, and building on our partnerships with Caltex, EG Group, and new micro-fulfilment specialists, Takeoff Technologies. Underpinning this ecosystem and partnership model are our key group platforms, providing world-class capabilities across Woolworths Rewards, media, analytics, Supply Chain and IT.

In F20, we expect headwinds from a challenged consumer environment, the cost impact of our new enterprise agreements and input cost pressures; however, we have begun the year with momentum. The focus on being 'better for customers' and 'simpler and safer for stores' will continue across the Group and is expected to deliver meaningful benefits. We remain focused on reducing stockloss, delivering the benefits from our new automated DC, MSRDC, and leveraging new technology for our stores and customers.

Endeavour Drinks is evolving to meet changing customer expectations and this should accelerate in F20 through a focus on the digital customer experience, localised ranging and convenience. As announced in early July, we believe the merger and intended separation of Endeavour Drinks and ALH is the next step in the journey and will enable both Endeavour Group and Woolworths Group to reach their full potential through simplification and greater access to capital for investment and growth. To help drive this change in F20, we have made some key people changes. After five and a half years and a significant contribution as CFO of Woolworths Group, David Marr was appointed Chief Operating Officer in August, leading the merger and then separation of Endeavour Drinks and ALH. Replacing David is Stephen Harrison, who was previously Finance Director for Australian Food. Other recent Group appointments include Andrew Hicks, promoted to Chief Marketing Officer, Steve Greentree, taking up a new role of Managing Director of New Businesses, and Guy Brent, appointed as Managing Director of FoodCo and Metro.

In closing, I would like to personally thank our team for a tremendous effort during what has been an incredibly busy and challenging year. I feel privileged to be part of this team. I would also like to thank our customers for choosing to shop with us and our shareholders for their continued support.

Brad

Brad Banducci | CHIEF EXECUTIVE OFFICER

How we create value

Our value drivers

WHO WE ARE

Australian & New Zealand Food
Woolworths Supermarkets
Metro
Countdown

Drinks
Dan Murphy's
BWS

Portfolio
BIG W
Cartology
ALH

Partners
Quantium
Marley Spoon

WHAT WE DO

Shops
Core customer shopping experience

Convenience
Connected, walk-up customer experience broadening our reach

Production
Developing and growing Own Brand for inside and outside of Australia

Platforms & Services
Serving and supporting our customers, our businesses and partners

SUSTAINABLE GROWTH STRATEGY

- Customer 1st Brand, Team & Culture
- Connected and Convenient ways to shop
- Differentiate our Food customer propositions
- Evolve our Drinks business
- Unlock value in our Portfolio
- Better for Customers, Simpler and Safer for Stores and Support

OUR IMPACT

Health & Well-being

Community

Teams & Customers

Environment

Shareholder Value

Our Purpose

We create better experiences together for a better tomorrow.

Core Values

Care deeply	Always do the right thing	Listen and learn

Ways-of-Working

We're always improving	We work end-to-end as one team	We encourage freedom within a framework	We keep things simple, especially for store teams

F20 strategy house and key priorities

As the transformation of the business continues, Woolworths Group's strategy house and key priorities focus on the key growth drivers to deliver positive outcomes for customers and team, and in turn, grow shareholder value. Since the start of the Group's turnaround in F17, the key priorities have remained broadly consistent, only evolving to meet a customer or team need. For F20, the six key priorities reflect the Group's transition into a food and everyday needs retail ecosystem with partnerships that extend the Group's range and services. Putting the customer first continues to be at the core of culture and remains central to any decision-making. Team member performance measures will continue to include agile Ways-of-Working to align with the Group's Core Values and the journey to becoming a purpose-led organisation.

6 Customer 1st Brand, Team & Culture

Build connected capabilities for the future

5 Connected and Convenient Ways to Shop

Create differentiation in all our businesses

2 Differentiate our Food customer propositions

3 Evolve our Drinks business

4 Unlock value in our portfolio

Lean operating model leveraging core platforms

1 Better for Customers, Simpler and Safer for Stores and Support

Group Financial Performance

The Group delivered an improved financial performance in H2 following a challenging first half, with normalised sales and EBIT growth[2] of 3.4% and 5.0% for the year. The Group's F19 results include significant items associated with the BIG W network review and the gain on sale of the Petrol business. Normalised changes reflect the impact of a 53rd week in the current financial year.

Sales[1]

$59,984M

▲ 3.4% from F18 (normalised)

Sales from continuing operations increased by 5.3% on a statutory basis and 3.4% on a normalised basis with all businesses reporting sales growth on the prior year and improved sales growth rates in the second half of F19 compared to the first half.

Group Online sales

$2,534M

▲ 31.6% from F18 (normalised)

Group Online sales increased by 34.5% (31.6% normalised) driven by strong growth from WooliesX, CountdownX and BIG W. Group Online sales are reported as part of sales from continuing operations.

Gross profit as a % of sales[1]

29.1%

▼ 23 bps from F18 (normalised)

This reflected a 24 bps reduction in gross margin in Australian Food largely due to higher stockloss, especially in long-life, and sales mix.

Cost of doing business (CODB)[1] as a % of sales

24.6%

▼ 30 bps from F18 (normalised)

A 26 bps reduction in Australian Food and a 132 bps reduction in BIG W (before significant items) reflects strong cost control and the benefit of productivity improvements during the year.

EBIT[2]

$2,724M

▲ 5.0% from F18 (normalised)

EBIT from continuing operations before significant items increased by 5.0% on a normalised basis driven by a 10% increase in the second half. EBIT includes an impairment charge against Summergate and charges related to new operating models in stores and support office. This is offset by the one-off payment from Caltex and a reversal of property provisions.

Significant items before tax

$717M

Significant items before tax reflect the gain on sale of Petrol of $1,088 million, offset by the restructuring, onerous lease and impairment charges of $371 million associated with the BIG W store and DC closures announced on 1 April.

Finance costs

$126M

▼ 19.9% from F18 (normalised)

Reflecting a reduction in the average borrowing rate due to the maturity or refinancing of higher interest rate borrowings.

NPAT attributable to equity holders of the parent entity[2]

$1,752M

▲ 7.2% from F18 (normalised)

Statutory NPAT attributable to equity holders of the parent entity increased by 56.1%. Basic EPS on an equivalent basis increased by 6.8% and 55.5% respectively.

1 From continuing operations.
2 From continuing operations before significant items.

Sales summary – F19 ($ MILLION)	F19 53 WEEKS	F18 52 WEEKS	CHANGE	CHANGE NORMALISED
Continuing operations				
Australian Food	**39,568**	37,589	5.3%	3.3%
New Zealand Food	**6,291**	5,933	6.0%	4.1%
New Zealand Food (NZD)	***6,712***	*6,433*	*4.3%*	*2.4%*
Endeavour Drinks	**8,657**	8,244	5.0%	3.2%
BIG W	**3,797**	3,566	6.5%	4.2%
Hotels	**1,671**	1,612	3.7%	1.8%
Sales from continuing operations	**59,984**	56,944	5.3%	3.4%
Discontinued operations				
Petrol[1]	**3,696**	4,784	(22.7)%	(22.7)%
Sales from discontinued operations	**3,696**	4,784	(22.7)%	(22.7)%
Group sales continuing and discontinued operations (including Online)	**63,680**	61,728	3.2%	–
Group Online sales[2]	**2,534**	1,883	34.5%	31.6%
Online sales penetration (%)	**4.2%**	3.3%		

Earnings/(loss) before interest and tax (EBIT/(LBIT)) ($ MILLION)	F19 53 WEEKS	F18 52 WEEKS	CHANGE	CHANGE NORMALISED
Continuing operations before significant items				
Australian Food	**1,857**	1,757	5.7%	3.8%
New Zealand Food	**277**	262	5.6%	2.6%
New Zealand Food (NZD)	***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 from 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	**2,353**	2,548	(7.7)%	(9.6)%
Discontinued operations				
Home Improvement	**–**	27	n.m.	n.m.
Petrol[1,3]	**112**	168	(34.1)%	(34.1)%
EBIT from discontinued operations before significant items	**112**	195	(43.1)%	(43.1)%
Significant items from discontinued operations	**1,088**	–	n.m.	n.m.
EBIT from discontinued operations after significant items	**1,200**	195	n.m.	n.m.
Group EBIT continuing and discontinued operations	**3,553**	2,743	29.5%	27.7%

Group Profit or Loss for the 53 weeks ended 30 June 2019 ($ MILLION)	F19 53 WEEKS	F18 52 WEEKS	CHANGE	CHANGE NORMALISED
Continuing operations before significant items				
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	**6,063**	5,712	6.2%	4.7%
Rent	**(2,117)**	(2,061)	2.7%	1.0%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**3,946**	3,651	8.1%	6.7%
Depreciation and amortisation	**(1,222)**	(1,103)	10.8%	10.8%
EBIT	**2,724**	2,548	6.9%	5.0%
Finance costs	**(126)**	(154)	(18.3)%	(19.9)%
Income tax expense	**(780)**	(718)	8.5%	6.6%
NPAT	**1,818**	1,676	8.5%	6.6%
Non-controlling interests	**(66)**	(71)	(6.3)%	(8.0)%
NPAT from continuing operations attributable to equity holders of the parent entity before significant items	**1,752**	1,605	9.2%	7.2%
Significant items from continuing operations after tax	**(259)**	–	n.m.	n.m.
NPAT from discontinued operations attributable to equity holders of the parent entity after significant items	**1,200**	119	n.m.	n.m.
NPAT attributable to equity holders of the parent entity	**2,693**	1,724	56.1%	54.3%

Certain comparatives in the above tables have been re-presented to conform with the current period's presentation to better reflect the nature of financial position and performance of the Group.

1 Petrol sales and EBIT are for the nine months until sale on 1 April 2019.
2 Group Online sales are reported as part of sales from continuing operations.
3 Before significant items.

Group Profit or Loss for the 53 weeks ended 30 June 2019		F19 53 WEEKS	F18 52 WEEKS	CHANGE	CHANGE NORMALISED
MARGINS – continuing operations					
Gross profit	(%)	**29.1**	29.3	(24) bps	(23) bps
Cost of doing business	(%)	**24.6**	24.9	(31) bps	(30) bps
EBIT	(%)	**4.5**	4.5	7 bps	7 bps
EARNINGS PER SHARE AND DIVIDENDS					
Weighted average ordinary shares on issue (million)		**1,305.7**	1,300.5	0.4%	
Total Group basic EPS (cents) before significant items		**142.8**	132.6	7.7%	5.8%
Total Group basic EPS (cents) after significant items		**206.2**	132.6	55.5%	53.7%
Basic EPS (cents) – from continuing operations before significant items		**134.2**	123.4	8.8%	6.8%
Basic EPS (cents) – from continuing operations after significant items		**114.3**	123.4	(7.4)%	(9.3)%
Diluted EPS (cents) – from continuing operations before significant items		**133.4**	123.1	8.4%	6.4%
Diluted EPS (cents) – from continuing operations after significant items		**113.6**	123.1	(7.7)%	(9.7)%
Interim dividend per share (cents)		**45**	43	4.7%	
Final dividend per share (cents)[1]		**57**	50	14.0%	
Special dividend per share (cents)[1]		**–**	10	n.m.	
Total dividend per share (cents)		**102**	103	(1.0)%	

1 Final 2019 dividend payable on or around 30 September 2019 will be fully franked.
Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of financial position and performance of the Group.

Central Overheads

Central Overheads declined by $76 million in F19 to $60 million due to a one-off payment from Caltex of $50 million and a reversal of impairment on a property subsequently classified as held for sale of $37 million. Central Overheads are still expected to be approximately $150 million on an annual basis before taking into account any impact from the Endeavour Group transaction.

Balance Sheet

A small increase in **inventory** to $4,280 million was primarily due to higher closing inventory in New Zealand and BIG W to improve availability. Closing inventory days declined 0.9 days to 37.2 days and average inventory days from continuing operations declined by 0.2 days to 38.8 days.

Net investment in inventory of $939 million remained broadly consistent with prior year. Adjusting for the impact of an extra New Zealand Food payment run in the 53rd week of $153 million, net investment in inventory declined by 19%.

Other creditors and provisions of $4,308 million decreased $40 million compared to the prior year. Excluding significant items relating to the BIG W network review and cash utilisation of F16 significant items provisions, the decrease in other creditors and provisions was primarily driven by a reduction in accruals associated with store team costs.

Fixed assets, investments and loans to related parties of $9,710 million increased by $528 million. Additions of fixed assets of $2,040 million during the year mainly related to store refurbishments, supply chain and IT infrastructure and included $203 million related to property development activity. This was partially offset by depreciation and amortisation, disposals and an impairment of $166 million associated with the BIG W network review.

Net assets held for sale of $225 million decreased by $575 million mainly as a result of the sale of the Petrol business to EG Group on 1 April 2019.

Intangible assets of $6,526 million increased by $61 million driven by an increase in goodwill and brand names in New Zealand due to the strengthening of the New Zealand dollar, a minor increase in goodwill associated with the acquisition of businesses partially offset by an impairment to the carrying value of Summergate of $21 million.

Net tax balances of $227 million increased $66 million due to an increase in deferred tax assets associated with the provisions raised as a result of the BIG W network review.

Net debt of $1,599 million increased by $377 million largely due to the timing of New Zealand creditor payments, higher net capital expenditure (excluding the proceeds from the sale of the Petrol business) and an increase in dividends paid during the year.

Normalised Return on Funds Employed (ROFE) from continuing operations was 24.2%, 11 bps up on the prior year. Normalised AASB 16 estimated ROFE was 14.1%.

Group cash flows for the 53 weeks ended 30 June 2019

Cash flow from operating activities before interest and tax was $3,858 million, an increase of 0.5% on the prior year. Excluding the impact of significant items, higher EBITDA was offset by the impact of the New Zealand payment run in week 53 and a movement in provisions and accruals. The cash flow benefit from an extra week of trading is offset by nine months of EBITDA from the Petrol business compared to a full year in F18.

The cash realisation ratio was 74.1%. Excluding the timing of the New Zealand payment run, and charges associated with the BIG W network review and gain on sale of the Petrol business, the cash realisation ratio was 98.4%, impacted by the cash utilisation of provisions and accruals offset by trade working capital improvements.

Net interest paid of $166 million declined by 9.8% compared to the prior year due to the early repayment of US Private Placement Notes in the prior year reducing average borrowing costs.

Tax payments increased by $83 million to $744 million due to higher tax refunds in the prior year and a higher instalment rate in F19.

Proceeds from the sale of property, plant and equipment, assets held for sale, and businesses and investments was $1,859 million. The increase is primarily driven by cash proceeds (net of cash disposed) from the sale of the Petrol business to EG Group and proceeds from the sale of properties in Australia and New Zealand.

Payments for the purchase of property, plant and equipment and intangible assets was $1,991 million, 7.7% above the prior year. The increase is primarily as a result of increased property development activity compared to the prior year.

Cash used in investing activities was $246 million with the reduction compared to the prior year as a result of the sale of the Petrol business.

Fixed charges cover ratio increased to 2.7x, compared to 2.6x in the prior year.

Non-IFRS financial information

The 2019 Annual Report and dividend announcement for the 53 weeks ended 30 June 2019 contains certain non-IFRS financial measures of historical financial performance, balance sheet or cash flows. Non-IFRS financial measures are financial measures other than those defined or specified under all relevant accounting standards and may not be directly comparable with other companies' measures but are common practice in the industry in which Woolworths Group operates. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, or more important than, IFRS measures. The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by the Australian Security and Investments Commission in December 2011 to promote full and clear disclosure for investors and other users of financial information and minimise the possibility of being misled by such information.

These measures are used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments. The directors also believe that these non-IFRS measures assist in providing additional meaningful information on the underlying drivers of the business, performance and trends, as well as position of the Woolworths Group. Non-IFRS financial measures are also used to enhance the comparability of information between reporting periods (such as comparable sales), by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Woolworths Group's performance. Consequently, non-IFRS measures are used by the directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with the prior year. Non-IFRS measures are not subject to audit or review.

Please go to page 139 for the full glossary.

Capital management

Woolworths Group manages its capital structure with the objective of enhancing long-term shareholder value through funding its business at an optimised weighted average cost of capital.

Woolworths Group returns capital to shareholders when consistent with its long-term capital structure objectives and where it will enhance shareholder value. In May 2019, Woolworths Group returned $1.7 billion in capital to shareholders through an off-market share buy-back. This resulted in the purchase of 58.7 million shares which were subsequently cancelled. The share buy-back complements dividends of $1.4 billion paid to shareholders this financial year through the F18 final and special dividends, and the F19 interim dividend, with a total of $3.1 billion returned to shareholders (excluding franking credits).

Woolworths Group remains committed to solid investment grade credit ratings[1] and a number of actions can be undertaken to support the credit profile including the sale of non-core assets, further working capital initiatives, and adjusting growth capital expenditure and the property leasing profile.

Financing transactions during F19

In March 2019, the $500 million domestic Medium Term Notes matured. It was refinanced in April 2019 with $400 million of Medium Term Notes issued to meet the Group's new Green Bond Framework (Green Bonds). The Green Bonds have been issued for a five year tenor, maturing in April 2024.

In May 2019, the Group entered into a series of cross currency swaps with a bank counterparty to bring forward and realise the positive fair value from the existing cross-currency swaps hedging the US notes.

Upcoming maturities

In November 2019, a $320 million tranche of a $700 million syndicated bank loan facility matures. The Group intends to refinance this at maturity.

1 S&P BBB (stable outlook) & Moody's Baa2 (stable outlook). 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.