

WOOLWORTHS GROUP



16 December 2019

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

EGM Chairman's Address and Presentation

Please see attached the Chairman's address and presentation to today's EGM Restructure Scheme meeting.

Marcin Firek
Company Secretary
Woolworths Group Limited

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**Restructure Scheme Meeting (EGM) 2019
Chairman's Address
International Convention Centre, Sydney
Monday 16 December 2019, 10 am**

At this EGM meeting we are seeking your approval for key aspects of the proposed internal Restructure of Woolworths Group to create Endeavour Group. This will allow combining the Woolworths Drinks Business and ALH Group in a single legal entity, in preparation for the subsequent separation of Endeavour Group through a demerger or other value accretive alternative.

The resolution requires approval by more than 50% of shareholders voting on the resolution, and at least 75% of the votes cast on the resolution.

Over the past three years, Woolworths Group has been simplifying its business portfolio. We have exited Masters, sold Petrol for \$1.7 billion, and exited Ezibuy. Shareholders have benefited from this rationalisation with a total shareholder return of 64% over the three years to the end of June 2019. This transaction is the next stage in that journey.

By separating Endeavour Group from Woolworths Group, we believe both businesses will be able to focus on the changing customer needs and release the latent growth potential in both. Both businesses will have strong leadership positions in their respective markets, with balance sheets to enable them to capitalise on their growth potential. If the separation takes place by way of a demerger, Woolworths Group intends to maintain approximately a 15% shareholding in the new group.

What this proposal is not motivated by is Woolworths Group getting out of pokies and abandoning our commitment to the highest standards of responsible gaming. On the contrary, we are appointing a board and management, who believe and will commit to delivering on those standards.

To achieve this, we need to undertake a series of structural changes within Woolworths. Today's Restructure Scheme Resolution is the first stage of the Endeavour transformation that will enable us to create Endeavour Group through the combination of our drinks and hospitality business, Endeavour Drinks and ALH Group.

The Restructure Scheme is subject to approval by Shareholders today, and by the Federal Court later this week. If approved by both, we intend to implement the Restructure in early February 2020.

Following this, we will seek to complete stage 2 in quick succession, being the ALH merger. Once implemented, this means that our joint venture partner, BMG, will own a 14.6% stake in the newly formed Endeavour Group.

Our third and final stage will be the separation of Endeavour Group by way of demerger or other value accretive alternative. Any separation is currently expected to take place in calendar year 2020. I stress, that any separation remains uncertain and should a separation proceed, we currently intend to seek Shareholder approval at an appropriate time in the future.

Today you are being asked to vote on the stage 1 Restructure Scheme Resolution. Importantly, the Restructure Scheme:

- Will not result in a change in the number of shares that you hold
- Will not cause any income tax consequences for you
- Will not negatively impact the ability of Woolworths to pay dividends

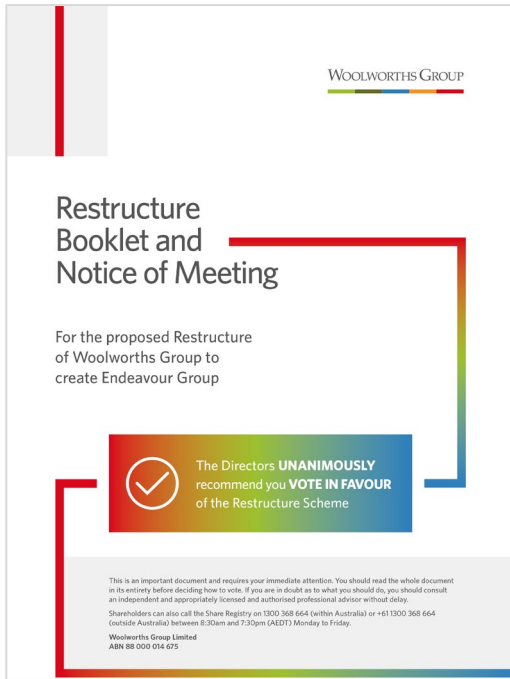
The Directors unanimously recommend that you vote in favour of this Restructure Scheme Resolution. Each Director intends to vote any Shares he or she holds or controls in favour of the Restructure Scheme Resolution.

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2019 Restructure Scheme Meeting (EGM)



Proposed Restructure of Woolworths Group to create Endeavour Group

Overview of Woolworths Group and Endeavour Group

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Australia and New Zealand's leading food and everyday needs business

- Leader in e-commerce in Australia and New Zealand
- Focused on growing core food and everyday needs retail businesses
- Strong own and exclusive brands

➤ F19 pro forma revenue¹ **\$49.7_B** | ➤ F19 pro forma EBIT¹ **\$1,950_M**

F19 pro forma EBIT by segment (continuing operations)²



Australia's leading retail drinks and hospitality business

- Multi-format retail brand proposition
- Highly integrated store-based and online offerings for a customer-centric operating model
- Strong, vertically integrated brands and production platforms

➤ F19 pro forma revenue³ **\$10.3_B** | ➤ F19 pro forma EBIT³ **\$774_M**



Notes: 1. Woolworths Group revenue and EBIT from continuing operations before significant items (excluding Endeavour Drinks and Hotels revenue and EBIT). 2. EBIT by segment excluding central overheads. 3. Pro forma revenue and EBIT excludes Summergate. 4. Woolworths Drinks Business and ALH Drinks Business are together reported as Endeavour Drinks in Woolworths Group segment reporting. ALH Hotels is reported as Hotels in Woolworths Group segment reporting.

The Endeavour transformation is expected to take place over three stages

	Stage 1 Restructure	Stage 2 ALH Merger	Stage 3 Separation
Activity	<ul style="list-style-type: none"> Internal reorganisation of Woolworths Group to create a distinct legal entity, known as Endeavour Group 	<ul style="list-style-type: none"> Endeavour to acquire BMG's interest in ALH in exchange for issuing BMG with a 14.6% shareholding in Endeavour Group 	<ul style="list-style-type: none"> Separation of Endeavour Group from Woolworths Group via demerger or other value accretive alternative
Purpose	<ul style="list-style-type: none"> To simplify Woolworths Group's corporate structure To create a distinct legal entity To facilitate the ALH Merger and potential Separation 	<ul style="list-style-type: none"> To integrate the operations of the Woolworths Drinks Business and ALH Group To facilitate potential Separation 	<ul style="list-style-type: none"> To create simpler, more focused, independent businesses ready for future growth
Expected timing	<ul style="list-style-type: none"> To be voted on today Expected to be implemented 2 February 2020 	<ul style="list-style-type: none"> Expected to be completed 4 February 2020 	<ul style="list-style-type: none"> Expected to be completed calendar year 2020
	SUBJECT OF TODAY'S VOTE		

Stage 1: Restructure of Woolworths Group to create Endeavour Group

Advantages of the Restructure

- ✓ Enable a simpler corporate structure
- ✓ Create a distinct legal entity for Endeavour Group
- ✓ Better enable the ALH Merger and subsequent business integration
- ✓ Better enable Woolworths Group to pursue Separation of Endeavour Group

Shareholder impact

The Restructure Scheme will not:

- result in a change in the number of shares that you hold
- cause any income tax consequences for you
- negatively impact the ability of Woolworths Group to pay dividends



The Directors **UNANIMOUSLY** recommend you **VOTE IN FAVOUR** of the Restructure Scheme

Disclaimer

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This presentation has not been audited in accordance with Australian Auditing Standards.

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