



Company	Woolworths Group Limited
Code	WOW
Meeting	General Meeting
Date	18 June 2021
Venue	Hybrid meeting, live at ICC Sydney, Level 4, 14 Darling Drive, Sydney and online at www.woolworthsgroup.com.au/demerger
Monitor	Don Adams, assisted by Julieanne Mills

Number attendees at meeting	46 shareholders and proxyholders live and 86 online, plus 233 guests live and online.
Number of holdings represented by ASA	580
Value of proxies	\$67.5m
Number of shares represented by ASA	1.583m, equivalent to 16 th largest shareholder in Top 20 list
Market capitalisation	\$53, 892m – on day of meeting
Were proxies voted?	Yes, on a poll
Pre GM Meeting?	No

The final approval for the spin-off of Endeavour Group

This meeting was that rare beast, a simple General Meeting. It was to approve the final structure for the demerger of Endeavour Group from Woolworths. The separation had been approved at an EGM in 2019. It was a relatively simple meeting, and all three resolutions were approved with over 99% favourable votes.

The ASA had 580 proxies, down from 1,118 at the 2020 AGM. This was disappointing especially as the registry had put the ASA as a check-box alternative on the online proxy form.

The first resolution was to demerge Endeavour by allocating 70.8% of Endeavour shares to Woolworths' shareholders on a one-for-one basis. Woolworths retains 14.6% of Endeavour and BMG (Bruce Mathieson Group) retains its existing 14.6% share of Endeavour.

The ASA supported this motion since it is fair to all shareholders, but we did ask to what extent Woolworths had explored other structures such as a trade sale or an IPO. Gordon Cairns gave a

rather bland answer that the Board had considered alternatives and had decided that a demerger structure was in the best interests of shareholders.

The second resolution was to reduce the level of Woolworths' capital reflecting the fact that a portion of the Endeavour shares issued will be a reduction in capital for accounting and tax purposes.

The third resolution adopted for Endeavour the same termination benefits that were approved for Woolworths' Executives at the 2020 AGM. The resolution also converted LTI benefits in Woolworths' shares to Endeavour shares for executives moving to the new company. The level of benefits remained the same.

There were not many questions on the substantive issues of the meeting. The largest number of questions were online, and Stephen Mayne dominated with questions about poker machines. He asked so many questions that the Chairman eventually cut him off, but not before confirming that annual revenue from poker machines was about \$700m.

Some interesting points emerged during questioning. One was that Woolworths has a substantial pool of franking credits and is considering a capital management action of up to \$1.6bn.

The new Endeavour Chairman and CEO responded to charges that Endeavour was failing to respond fully to the Gilbert Report (on Woolworths' failure to consult adequately about the Darwin Dan Murphy's) by pointing out that the Endeavour Board did not exist yet and that it would respond in due course. The Chairman and CEO will travel to Darwin shortly to talk to interested parties. Also, Woolworths has issued a detailed response to the Gilbert report and the Chairman and CEO of Woolworths also plan to go to Darwin as well.

The meeting was told that, as far as Woolworths knows, all the proxy advisers favoured the resolutions put to this meeting.

Generally, the questioning was so limited that the Chairman allowed operational questions, such as what was wrong at the Bondi Junction store. The meeting finished in about an hour.

After the meeting was over the news came that the Fair Work Ombudsman (FWO) was taking Woolworths to court over the underpayment issue. The FWO had taken a sample of 70 managerial employees from March 2018 to March 2019 and found that this group had been paid restitution of only about 40% of what was required. Woolworths responded, "We welcome the opportunity for further clarity from the court process on the correct interpretations of the relevant provisions." If the FWO's interpretation is correct, then Woolworths could be up for costs a lot higher than the \$500m they have provided to date. Woolworths shares fell 1.6% on the news but have since recovered.