

IN THE BEGINNING ...

On Friday, 5th December, 1924, Woolworths Stupendous Bargain Basement opened for business in Sydney's Imperial Arcade. The opening advertisement said: 'Every city needs a Woolworths: Sydney has it now. Every man, woman and child needs a handy place where good things are cheap.'

At 9am it seemed that every man, woman and child was waiting for the roll-up wooden doors of the store to open. Queues at the two entrances stretched out of the Imperial Arcade and along Pitt and Castlereagh Street. Inside all was ready. Staff had been at work since 6.30 am. Stock was piled high on the dark wooden counters, held in at the front by wire netting and separated by wooden dividers.

The doors went up and the crowds poured down the two narrow stairways. Some, unhappily, went over the banisters. Ventilation was poor, it was a hot December day, and very soon customers were fainting and the lunchroom had to be converted to a casualty station.

There were bargains galore. Cup, saucer and plate, usually 2/6 (25¢), only 9d (8¢); cut glass engagement rings 2/- (20¢); on the sixpenny (5¢) counters were scrub brushes, jars of Vaseline, vegetable shredders and all over Sydney people were carrying straw brooms. They were a special at 1/- (10¢) – unwrapped.

Woolworths Stupendous! Bargain Basement OPENS TOMORROW

6p COUNTERS

- Cup, saucer and plate, usually 2/6, only 9d
- Cut glass engagement rings 2/-
- Scrub brushes, jars of Vaseline, vegetable shredders

1/6 COUNTERS

- Straw brooms (unwrapped)

1/2 COUNTERS

- Various household items at half price

EVERY PRICE A CUT PRICE! Except a Few Proprietary Lines

Woolworths Ltd
Basement of Imperial Arcade

OPPOSITE BARRACKS - IN PITTS, RUNNING THROUGH CASTLEBAGH ENTRANCE BOTH SIDES

FOUNDERS



The founders of Woolworths Limited were (left to right) Harold Percival Christmas, Stanley Edward Chatterton, George William Percival Creed, Ernest Robert Williams and Cecil Scott Waine.

Percy Christmas and Stanley Chatterton had opened a first-floor Frock Salon in the Queen Victoria Markets (now the Queen Victoria Building) at the corner of Market and George Streets, Sydney. The business named S.E. Chatterton Ltd was soon successful and making a handsome profit so Mr Scott Waine, a partner in the chartered accountancy firm of C. Scott Waine & Mitchell, joined them to attend to the financial side.

By 1924 it was obvious that the premises of S.E. Chatterton were too small and another branch seemed the solution. Chatterton and Christmas were offered portion of the basement of the Imperial Arcade currently occupied by the newspaper, 'Smith's Weekly' and a billiard saloon. The floor was on several levels and the atmosphere unsuitable for a retail business however the property was offered for a 4 1/2 years' lease at a weekly rental of £42/10/- (\$85) equivalent to 32¢ per sq. ft. per annum so they decided to lease it despite its unsuitability for Chattertons.

Mr G.W.P. Creed of Melbourne, one of Chatterton's suppliers, suggested a cash and carry store similar to 'Cash and Carry' in Rundle Street, Adelaide which sold 'variety novelties' along the lines of the American F.W. Woolworth Company. Christmas and Chatterton in turn visited Adelaide and met E.R. Williams, C.W. Humble and P.W. Hall who operated the store and saw the 'Cash and Carry' open-display method of selling. They returned to Sydney keen to establish the new venture and Williams agreed to join them as buyer.

WOOLWORTHS LIMITED IS FORMED

The new company was incorporated with a Nominal Capital of 25,000 shares of £1 (\$2) each. The original prospectus showed the proposed company as 'Woolworths Bazaar Ltd'. The name 'Woolworths Bazaar' was discussed at great length, and finally considered too cumbersome. Eventually, on 22nd September, 1924, the Company was registered as 'Woolworths Limited' after it was established that the overseas Woolworths Company had no plans to open in Australia. The founding directors were H.P. Christmas, S.E. Chatterton, and E.R. Williams with C. Scott Waine and G.W.P. Creed as close advisers.

Although 15,000 shares were offered to the public, there was little confidence in the venture. Only 11,707 shares were subscribed for by 29 people, mostly friends of the promoters. In spite of this it was decided to go ahead and open as soon as possible. The store was an immediate success and in its first year the Company paid a dividend of 5%, in the second year 40% and in the third 50%. The Founders' policy of selling goods in popular demand on a cash and carry basis had been vindicated.



Woolworths Pitt & Market Streets store, 1934

WOOLWORTHS EXPANDS

No thought had been given to a 'chain' of stores until an offer of premises on highly advantageous terms resulted in Woolworths opening a store at Queen Street, Brisbane on 6th August, 1927. The following year a Sydney store was opened at 370 Pitt Street, a second in Brisbane at The Valley, and the first in Western Australia at Hay Street, Perth.

While the depression years wrought havoc elsewhere, Woolworths continued to grow and 1929 saw the establishment of the London Buying Office, Australasian Chain Stores Ltd. and of an associated Company in New Zealand, Woolworths (New Zealand) Ltd., whose first store opened at Cuba Street, Wellington on 4th October, 1929.

By the end of 1933, Woolworths had expanded to 23 branches in Australia and 8 in New Zealand. The first Victorian store opened at Bourke Street, Melbourne on 30th November, 1933. The following year the original 'Bargain Basement' Imperial Arcade, Sydney closed after the Company acquired the lease of the nearby Her Majesty's Theatre. After substantial internal rebuilding, the new Her Majesty's branch at Pitt and Market Street became Woolworths' main Sydney store opening on 22nd March, 1934. On 1st April, 1936, the first South Australian store opened at Rundle Street, Adelaide. The same day, eight stores were acquired from Edments Ltd in Victoria.

In 1938 a new Company was established to manage Woolworths' freehold properties, Woolworths Properties Ltd., and in 1942 the Company's first architect was appointed.

RADIO ADVERTISING

From the beginning, Woolworths had been consistent advertisers in the daily newspapers. In 1937 they decided to use the relatively new medium of radio sponsoring an evening program called 'Rhythm Round-up' on Station 2GB, Sydney. Woolworths' request for an almost unknown 'before breakfast' announcer as compere resulted in Jack Davey getting his first peak-time 'break' in show business, going on to become one of Sydney's leading radio personalities.

WAREHOUSING

Originally Sydney Bulk Store was established on two floors above the Oxford Street store in 1929 but this space was quickly outgrown and in 1933 three floors of a nearby Wentworth Avenue warehouse were taken over. The 20,000 sq ft there seemed adequate for the foreseeable future, but it was outgrown in two years. A 1-acre site at Pyrmont was purchased and a 100,000 sq ft warehouse built, opening as Sydbulk in 1936. Two years was all that was needed to outgrow this space as Woolworths now had 71 stores trading and bulk buying was an essential part of supplying the best prices to customers. A new larger site was acquired at Glebe and in 1940 a modern 262,000 sq ft warehouse was opened. At the same time Sydprint which originated in 1934 as the silk screen department at Her Majesty's store also moved to the Glebe warehouse.

The availability of adequate warehousing was shortlived. The influx of troops during World War II put space at a premium and one Friday afternoon in 1942 an American official informed the Company that they would take over the Glebe Warehouse on Monday morning 9am, Somehow Woolworths managed to negotiate a smaller area and 100,000 sq ft were fenced off for the Americans. World War II had already brought the Company's development to a halt. Hundreds of Woolworths men and women joined the Services and it became increasingly difficult to obtain stock and staff.

A NEW GENERAL MANAGER

February 1940 saw a major change in the top management. Mr H.P. Christmas, Managing Director since the Company's inception, sought a measure of relief from increasingly onerous duties and Mr Theo Kelly was appointed General Manager of the organisation. Mr Kelly had joined Woolworths in September, 1928, aged 21 and his keen interest in stock control matters led to his appointment as Warehouse Manager only two years later. In 1931 he was transferred to New Zealand as General Manager and three years later was appointed a Director of Woolworths NZ. Mr Kelly took leave from the position of General Manager to serve in the RAAF for some years and was appointed to the Board on his return. In February, 1945, when Mr Christmas retired as Managing Director, Mr Kelly was appointed as his successor at the age of 37. Mr Christmas retained his position on the Board but while on an overseas trip he died suddenly at Bordeaux in France. His place on the Board was filled by Mr Cedric Hart, who had joined the Company in 1928 as Queensland Accountant, and had been appointed Secretary at Head Office, Sydney in 1929.

POST-WAR EXPANSION

War's end brought the task of rehabilitating returned service personnel and restocking depleted stores and warehouses. The first post-war store was opened at Bankstown, Sydney in July, 1948 and more stores rapidly followed. In 1954 Woolworths bought Her Majesty's building outright for £1,100,000 (\$2,200,000), an Australian record price for any one piece of real estate up to that time and in 1955 Woolworths opened its 200th store in the Civic Centre, Canberra. Woolworths also continued to expand in New Zealand acquiring 10 McDuff's stores in 1951 and by 1955 there were 50 Woolworths stores in New Zealand.

In 1956 the Company started a staff Journal, soon to be called the Woolies News, which circulated to all states and stores keeping the Woolies family up to date on the activities of the rapidly expanding Company.

FOOD AND SELF SERVICE

In a change of marketing style Woolworths first 'Self-Service' variety store opened at Beverly Hills, a Sydney suburb, on 6th October, 1955. In a concept familiar in retail trading overseas, particularly in America, customers no longer waited to be served but helped themselves to the items they needed paying at checkouts as they left the store. The concept proved successful and a second 'Self-Service' store was opened in Carnegie, Melbourne the following year.

Over this period the Company also experimented with small food sections at the rear of some of their variety stores including Burwood, Campsie, Dee Why and Punchbowl. The grocery range was limited but included fresh vegetables, delicatessen items and packaged fresh meat sold out of refrigerated cabinets. The variety sections were serviced while the food sections were self-service and had their own checkouts mid-way down the store. In May 1958 the Company expanded this small number of food outlets by the acquisition of 32 BCC Stores food markets in Queensland. This rapid expansion allowed Woolworths to open its 300th store at Wentworthville on 8th December, 1959.

1960 was a momentous year. Woolworths continued to move into the food area acquiring the John Wills supermarket chain consisting of nine stores in Western Australia. In New South Wales eleven Food Fair stores and six 'Safeway' grocery stores were acquired. With growing expertise in food marketing Woolworths planned a series of comprehensive supermarkets – self-selection stores, offering a range of food and variety goods under one roof, with adjacent parking space to meet the needs of the fast-growing population of car-owners.

The first Woolworths supermarket opened at Warrawong, New South Wales in May, 1960 and was such a success that other store plans on the drawing board were reviewed to permit full development of all sites. During November and December of that year supermarkets were opened at Seven Hills, St. Ives, Berala and Fairfield Heights in New South Wales, Coorparoo and Margate in Queensland and at Elizabeth in South Australia. The acquisition of the 55-store Flemings food chain in June and the 57 New South Wales stores of McIlraiths in November further expanded the Company's food marketing.



First Supermarket Warrawong

Woolworths became the first retailer to operate Australia-wide on 28th November, 1960 when it purchased the Northern Territory business of Centralian Traders Pty Ltd. at Alice Springs and brought 'Woolies' to the centre of the Continent. Darwin followed in 1962.

WAREHOUSE



Woolworths Sydney Distribution Centre

Following this massive expansion the Glebe warehouse became too small and existing stock-handling methods too cumbersome. Beginning in 1960 a new eighteen-acre distribution centre at North Auburn (Silverwater) in NSW was built in stages. Occupying a whole block it provided the biggest building of its type in Australia with 800,000 sq ft of storage space on two levels. Variety stock was held on one floor with groceries and consumables on the other. The installation in the warehouse of 'Ramac', an electronic computer for modern stock control and distribution, established Woolworths as a leader in the use of computers in the retail industry. In 1962 on completion of the warehouse Sydprint moved from the Glebe warehouse to Silverwater and was renamed 'Woolprint' remaining there until 1989.

A new subsidiary Meatex was also created at Auburn to supply meat for the supermarkets and in 1961 another smaller Meatex plant was opened at Welland in South Australia before relocating to Marlestone in 1963. In August, a new Meat Distribution Centre was completed at Blacktown replacing Meatex at Auburn. The extensive facilities of this modern plant greatly facilitated the distribution of fresh meat to the company's NSW supermarkets.

ROCKMANS & CHIC SALONS

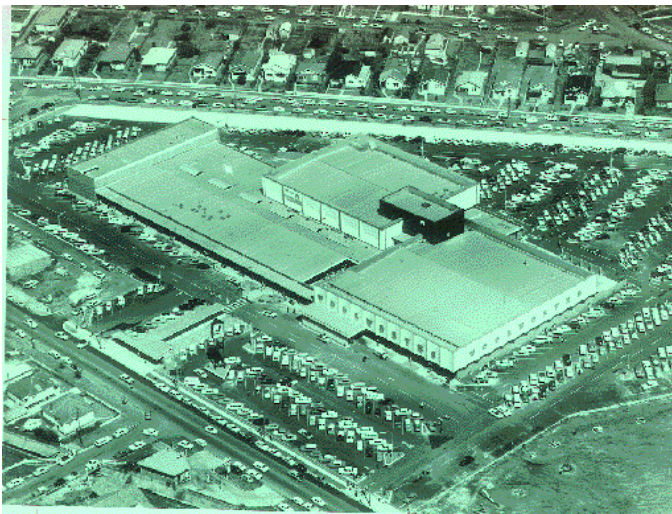
During the 1960s Woolworths expanded further into the apparel market. Purchasing 70 Rockmans apparel stores operating in Victoria, Tasmania, South Australia, New South Wales and Queensland in August, 1961 and in November the manufacturing company L.O. Bailey Pty Ltd and 78 associated Chic Salon lingerie shops. The Chic Salons were sold in 1969. In October, 1962 seven Ashley's softgoods stores were purchased from Buckingham's Ltd.

QUALITY ASSURANCE AND SHOPPING CENTRES

In 1964 the company celebrated its 30th anniversary with total retail sales totalling £125 million (\$250 million) setting a new record for an Australian retailer. It also saw the establishment of a laboratory for food testing at the Perishables Warehouse at Auburn thus launching the Company on a 'Quality Assurance Program' which has become one of the largest and most comprehensive in the retail industry in Australia.

On 7th October, 1964 Woolworths opened its first wholly sponsored and developed regional shopping centre – Jesmond Centre, near Newcastle, NSW. The 12-acre £1 million (\$2 million) project included Woolworths' first BIG W Department Store, specialty shops and extensive car parking. The following year the Company opened its second BIG W Department store at Chatswood.

***Sundale
Shopping
Centre,
Gold
Coast***



Jesmond Centre

In October, 1965 Woolworths opened its second regional shopping centre also at Newcastle, New South Wales. The £2 million (\$4 million) development was known as Kotara and was followed in August, 1966 by a drive-in shopping centre at Liverpool near Sydney. In November, 1968 Rock-hampton, Central Queensland got its first drive-in shopping centre when Woolworths opened Northside Plaza. The following year Sundale on Queensland's Gold Coast was opened on 27th March, the fifth drive-in shopping centre wholly developed by Woolworths. The \$71/2 million regional shopping centre located on a 13-acre site and comprising 50 shops was hailed as one of the most advanced designs in Australia at the time.

Drive-in supermarkets quickly spread. Warrawong Regional Centre near Port Kembla, New South Wales opened in May, 1969 and six miles south of Warrawong the Company opened its seventh shopping centre, at Warilla Grove, on November 20 with a Woolworths supermarket and 20 specialty stores.

WOOLIES IN ASIA

An Export Division had been formed in 1963 and Woolworths registered in Malaysia, Thailand, Hong Kong and the Philippines. In May 1965 Woolworths (Malaysia) Limited acquired a controlling interest in Fitzpatrick's Food Supplies (Far East) Limited, one of Singapore's leading retail, wholesale and agency organisations. This was subsequently sold in 1970.

BEBARFALDS BUILDING ACQUIRED

One of the most significant events of 1965 was the September acquisition of the long-term lease of Bebarfalds Building, a famous Sydney landmark at the corner of George and Park Streets, opposite the Sydney Town Hall. The first stage of extensive alterations to the building (now known as Woolies Corner) culminated in the November opening of a 'new look' Woolworths variety store occupying the basement, ground and first floors. After the addition of two additional storeys, the upper floors became the Company's Head Office in March, 1967. Her Majesty's Store which had traded for 36 years closed in 1970 and the building was sold to the AMP Society for redevelopment as part of the Centrepoint project.



Town Hall Store & Head Office

KNIGHTHOOD

In the 1966 Queen's Birthday Honour List a knighthood was announced for Woolies Chairman and Managing Director, Sir Theo Kelly in recognition of his services to Commerce and Industry. Sir Theo Kelly had replaced Mr C. Scott Waine as Chairman of the Board in 1963, holding this appointment jointly with the Managing Directorship.

GROWTH IN VICTORIA

Eight Cox Brothers Department stores were acquired successively from 31st July, 1967 comprising Foys at Bourke Street, Melbourne and stores in the Melbourne suburbs of Chadstone, Northland, Prahran and Collingwood; Morshead at Ballarat, Victoria; Cox-Economic at Hay Street, Perth and Cox-Foys at Mt Gambier SA.

A Victorian group of 26 food stores trading as Nancarrow's was acquired in June, 1969 and a further group of 75 Crofts Food Stores in January, 1970. These stores added to the existing Food Fairs and became a composite group of 120 food stores trading as Nancarrow's and provided a strong entry into the Victorian market.

In 1970 Woolworths' Bourke Street store was closed after 37 years of trading.

FIRST FAMILY CENTRES



Family Centre, Indooroopilly QLD

On 27th November, at Booval, near Ipswich Qld, the Company opened a new BIG W Centre, which featured complete self-selection and checkout operation of department store merchandising as well as food – all on one 60,000 sq. ft. trading level. The following year a similar store opened at Indooroopilly, Brisbane. This was announced as a 'Woolworths Family Centre' and the Booval store then adopted the same name. At this time it was decided to suspend the trading name of BIG W Department Stores and transfer all of these existing stores to the new Woolworths Family Centre Division. By the end of 1970 another three Woolworths Family Centres were operating in Queensland, at Mt Isa, North Rockhampton and at Mt Gravatt (Brisbane).

The popularity of Woolworths Family Centres in Queensland paved the way for further expansion of this new division and on 3rd March, 1971 the first New South Wales centres opened at Burelli St, Wollongong and at Warilla Grove Shopping Centre. These were followed by Wagga Wagga NSW (10th) and Phoenix Park near Fremantle WA (31st). By the end of September, 1971 six more Family Centres were opened – three in Queensland, two in NSW and one in WA.

25-YEAR CLUB

Launched in November, 1970 Woolworths 25-Year Club honours employees active or retired with 25 or more years service. Inaugural functions were held in all States and at the Company's London Office.

CHAIRMAN RETIRES

In 1971, Sir Theo Kelly retired and Owen Price, who had been General Manager since 1969, became the Company's Chief Executive. Sir Theo remained Chairman of Woolworths Limited, its subsidiary and associated companies and Chairman and Managing Director of Woolworths (New Zealand) Limited.

In November, 1972 Mr Stanley E. Chatterton CBE, last surviving member of the group of men who founded Woolworths in 1924, retired from the Board of Directors severing a link of great historical significance.

25th July, 1974 on the resignation of the General Manager, Mr Owen Price, Mr W.B. Dean and Mr Paul Simons were appointed Joint General Managers and Mr C.T. Waldron, Deputy General Manager.

15th December, 1978 after the resignation of Mr Paul Simons, Mr C.T. Waldron (Deputy General Manager) was appointed Joint General Manager Corporate Services with Mr W.B. Dean maintaining his responsibility as Joint General Manager, Merchandising.

OWN BRANDS

In May, 1973 the Company introduced a carefully planned series of Woolworths Own Brands. 200 items were launched under five different Brand Names – St Mark, Tania, Grandway, Chevron and Woolworths all bearing the 'Own Brands' seal. To qualify for inclusion in the 'Own Brands' range the product had to be at least equal in quality to the national market leader but sold at a cheaper price.

50th ANNIVERSARY – 1974

The Company's 50th Anniversary was celebrated by shoppers throughout Australia on 5th December, and Australia-shaped cakes bearing 50 candles were distributed to every store for staff and customers to share.

The year saw retail sales \$702,024,065 and an operating profit after tax of \$9,933,770 (+4.39%). Staff now totalling 32,000 made Woolworths one of the largest employers of labour in the private enterprise sector.

Also in this year the Board established four clear corporate objectives:

1. An improved profit on the shareholders' funds so that the people who own Woolworths might receive fair return on the investment.
2. To offer our customers good quality merchandise at low prices.
3. To provide our customers with efficient and friendly service.
4. Good wages, conditions and job satisfaction for our employees.

THE FIRST BIG W DISCOUNT STORE

1975 saw Australia in the grip of high inflation and the Company was beset by further heavy increases in wages. However 143 new stores were completed during the year and important policy discussions were held to rationalise trading operations and to plan the development of the BIG W Discount Store Division – a new style of retailing for Woolworths. The BIG W concept was for a large store, selling general merchandise on one level with extensive parking facilities. The first BIG W DISCOUNT STORE was opened at West Tamworth, New South Wales in 1976 and by the end of 1978, 13 BIG W Discount stores were operating with stores in all States and the ACT.



First BIG W Discount Store, Tamworth

1976 also saw Woolworths become the first Australian retail organisation to achieve sales exceeding \$1 billion in one financial year and the first Annual Report to Staff was distributed, another first in Australian Retail Industry.

END OF AN ERA – WOOLIES LEAVES NEW ZEALAND

In 1978 the Board accepted an offer from LD Nathan and Co Ltd, New Zealand to purchase Woolworths 40% interest in Woolworths (NZ) Ltd. The Company's net gain due to this transaction was \$2,016,000 plus 1,887,844 shares in LD Nathan and Co. Ltd which represented a 15% interest in that company. In 1979 Woolworths shares in LD Nathan and Company Limited were sold to New Zealand institutions thus ending an association which spanned over half a century. Woolworths opened their first New Zealand store in Cuba Street Wellington in 1929 and finally had 98 stores in New Zealand.

CHANGES TO THE BOARD



***Sir
Theo
Kelly***

On the 13th May, 1980 Sir Theo Kelly OBE retired as Chairman and was succeeded by Mr E.P. McClintock. To commemorate Sir Theo Kelly's 52 years with the Company and seventeen years as Chairman the Sir Theo Kelly Foundation was established at Macquarie University, Sydney. The Foundation provides scholarships to enable managers from the industry to participate in a period of tertiary education aimed directly at developing skills in Executive Retail Management.

On 31st January, Mr AJ (Tony) Harding, previously State Manager for NSW, was appointed General Manager and Chief Executive, and a Director of the Board before being appointed Managing Director on 24th November, 1981.

WOOLIES BOMBED

In October, December, 1980 and January, 1981 the Company received extortion demands for \$1 million – 3 NSW stores were bombed in December (1980) – Warilla Family Centre, Maitland Variety Store and the Toy Department in Sydney's Town Hall Store underneath the Company's Head Office at 3pm on Christmas Eve. Fortunately there were no injuries at any of these bombings and the extortionist was captured.

\$2 BILLION SALES EXCEEDED

In the year ending 28th January, 1981, sales exceeded \$2 billion for the first time and in view of the pleasing results a bonus issue of ordinary shares 1 for 10 was made. A \$30 million non-renounceable rights issue of convertible unsecured notes was also made to all ordinary shareholders to assist in the funding of new store development.

DICK SMITH & ROELF VOS

Also during 1981, Woolworths acquired 60% of the companies established and operated by Dick Smith (Dick Smith Electronics), (the remaining 40% of the Dick Smith group was acquired in 1983). A food store group based in Townsville, Qld – Philip Leong was acquired in April and in Tasmania the Purity Group of 14 supermarkets and the Roelf Vos group of 10 supermarkets were also acquired.

NEW TECHNOLOGIES SCANNING & EFT

Woolworths has always been at the forefront in using the latest technology to improve retail performance. In 1926 receipt-printing cash registers were installed by the National Cash Register Company, who stated that Woolworths Limited was the world's first variety store to employ such machines to record sales.

In August, 1982 Arndale Supermarket, French's Forest became the centre for the first scanning operation (with NCR equipment) in Sydney. Following the successful pilot scheme scanning systems were introduced in 10 supermarkets in New South Wales and Purity Stores in Tasmania. The following year on 5th December the world's first National Electronic Funds transfer system at point of sale was introduced at the supermarket at Neutral Bay, New South Wales. Woolworths, BP Australia and Food Plus joined Westpac for this historic first. In 1998 the trial of the first self-scanning system was launched at the Glenorchy Purity Supermarket in Tasmania.



Scanning Checkout



EFT Transaction

COMPUTERISED WAREHOUSE

In 1981 construction began on the new 74,000 sq metre warehouse complex on 13 hectares of land at Yennora, estimated to cost in excess of \$20 million. Opening in 1983 the Yennora Distribution Centre was the Company's first computerised Food Warehouse. A second computerised Food Warehouse opened at Acacia Ridge (Qld) in July, 1983 and the new meat-processing plant at Wacol (Brisbane) commenced production in July.

60th ANNIVERSARY 1984

During the first week in December celebrations were held in all Woolworths stores for the Company's 60th Anniversary. On Wednesday, 5th December, 11 kilo maps of Australia cakes were given to all Woolworths stores for cake-cutting ceremonies and presentation to community groups. The 25-Year Club with a membership of 705 held special functions in all States.

As a community gesture for the 60th anniversary, a Flags of Australia poster with 38 flags depicting the history of Australia was produced for Australia Day. Two of the posters were distributed free to every school in Australia (State and Independent) as well as being made available to all Parliamentarians and all interested parties. These proved so successful they have become an annual event with a new poster on an Australian theme designed and distributed each year.

Sales for the year reached \$3,243,701,000 and profit after tax of \$56,965,000. In recognition of the Company's 60th Anniversary the Directors recommended a bonus issue of shares to be made to shareholders in proportion of 1 for 10. A Dividend Reinvestment Plan was announced and became operative with the May, 1984 final dividend.

During the year 10 small stores in the north of Western Australia were acquired from Elders IXL. This acquisition brought Woolies into the ore-rich Pilbara region of north Western Australia for the first time and the total number of stores to 793.

AUSTRALIAN SAFEWAY

In 1985 the acquisition of the 126 Australian Safeway Stores made Woolworths the largest food retailer in Australia. Safeway stores were located in Victoria, New South Wales and Queensland and included Food Barns in Queensland and Northern New South Wales. The stores were acquired following an agreement whereby Safeway Stores Inc received a 19.99% interest in Woolworths Limited. Mr J.W.R. Pratt, Chairman and Managing Director of Australian Safeway Stores and Mr P.A. Magowan, Chairman and Chief Executive Officer, Safeway Stores Inc (USA) were appointed to the Woolworths Board.

The Food Store Chain now included, Flemings (NSW), Philip Leong, BCC, Jack the Slasher, Food for Less (QLD), Nancarrow's (Vic), Fabulous (SA) and Food Fair (WA) and it was decided that from February, 1986 these businesses would operate as the Food and Wholesaling Unit based at Flemings, Mascot, Sydney. Woolworths also expanded into franchising with Clancy's franchises passing from testing stage and 12 Clancy stores operating in New South Wales.

On January, 1985 the acquisition of 50% of the issued capital of Chandlers (Australia) was announced. Chandlers operated a chain of 59 electrical retail stores in Queensland and Northern New South Wales and in April the first Dick Smith store opened in the United States in San Francisco.

In 1985 the small group of 12 Homemaker Stores was closed. These stores, first established in 1973 with the stores at Bankstown Square and Jesmond in NSW, carried a range of furniture, furnishings and whitegoods. Most were located in premises too small to cater for an adequate range of stock and display and the Directors decided the investment in Homemakers could be applied elsewhere for better earnings and return.

UNPROFITABLE YEARS

In 1986 for the first time in sixty-three years no final dividend was recommended or paid on Woolworths shares. Industrial Equity Limited acquired 19.86% interest in Woolworths on the open market. In December, Safeway Stores Inc. sold its 19.9% shareholding in Woolworths Limited to Rainbow Corporation Limited of New Zealand and in May the following year Industrial Equity Limited's parent company Brierly Investments Limited acquired the Rainbow Corporation's holding of Woolworths shares.

Sales to 1st February, 1987 \$5,468,000,000 were an increase of 13.28% on previous year but consolidated net operating profit after tax was \$9,326,000 – a decrease of 85% on the previous year. Overall the Group's performance was extremely disappointing. Many adverse factors converged during the year and this contributed to the alarming decrease in profitability.

On 18th May, 1987 Sir Eric McClintock retired after seven years as Chairman and was replaced by Mr Paul Simons, who had previous service with the Company including being a Director from 1972 to December, 1978.

In June, in an attempt to arrest the fall in profit, the decision was made to dispose of some unprofitable company assets which were not part of the core business. This resulted in the sale of the Company's partial shareholdings in Chandlers (Australia) Ltd, Geoffrey Hughes (Export) Pty Limited, W.H. Grove & Sons Limited and Clancy's Food Stores Limited, as well as closing the operations of Dick Smith Electronics (USA). This action was carried out over the October/November period 1988.

In 1987, Woolworths launched the 'Woolworths the Fresh Food People' campaign following a stringent review and implementation of new buying, merchandising and training programs in each of the fresh food departments. This ensured that Woolworths could reliably provide the freshest food and the best range at the lowest prices. The focus on fresh foods clearly differentiated Woolworths from other supermarkets and has remained the key philosophy in Woolworths supermarkets.

THE CLIMB-BACK COMMENCES

Sales to 31st January, 1988 were \$5,716,760,000 a 4.5% increase on the previous year although the operating profit after tax was \$7,790,000 or 16.5% less than the previous year's result. However the operating result for the second half of the financial year was a profit before tax of \$20,999,500 after incurring a loss of \$14,305,000 in the first half of the year. This result was considered encouraging and evidence that the remedial action undertaken from June, 1987 was effective. While 50 new stores were opened during the year, 135 stores were closed or sold and retail trading space was reduced by 37,225 sq metres to 1,432,294 sq metres.

BICENTENNIAL

The 11-kilo map of Australia cakes which proved so popular for the 50th and 60th anniversaries were again produced and given to each Woolworths store manager to assist in bringing Woolies Bicentennial celebrations to the local level.

It was decided that five of the previously issued posters should be produced as a limited edition. The Woolworths Bicentennial Heritage Poster Collection was endorsed by the Bicentennial Authority and the National Australia Day Council and 100,000 sets were produced and given away as a community gesture.

IEL TAKEOVER

In September, 1988 the National Companies and Securities Council (NCSC) held an inquiry into IEL and its parent company Brierly Investments Ltd (BIL) over the circumstances in which those companies achieved virtual joint control of Woolworths Ltd by the acquisition of the Rainbow Corporation shareholding in Woolworths. Mr Justice Hodgson found that BIL had contravened the Takeovers Code by taking control of the New Zealand Rainbow Corp.

On 22nd November, IEL advised of an unconditional offer for all shares in Woolworths Limited at \$3.65 cash per share. On 21st December, the Chairman of Woolworths stated that the Directors of Woolworths recommended acceptance of the offer by IEL to acquire Woolworths shares.

On 28th April, 1989 IEL having acquired 98.4% of the shares in Woolworths, proceeded with the compulsory acquisition of the remaining Woolworths shares. At the cost \$850 million Woolworths became a fully owned subsidiary of IEL and on 31st May, Woolworths Limited shares were delisted and the company no longer appeared on the Stock Exchange boards after having been listed for 65 years.

IMPROVEMENT IN PROFITABILITY

The Company's results quickly showed a dramatic turnaround from the disastrous result of 1st February, 1987. The half year trading result for 26 weeks to 31st July, 1988 confirmed the improving trend in the profitability of the Company however the Directors did not declare an interim dividend. For the period July, 1988 to July, 1989 sales increased 11.7% to \$6,584 billion and group operating profit before tax increased 219.7% to \$1103 million. Once again placing Woolworths as a leader of food retailing in Australia.

In February, 1989 a new concept in store presentation was introduced with 'Crazy Prices' and the first Crazy Prices store was opened at Eastwood, NSW. Originally developed from aggressive efforts to clear stocks when closing unprofitable Variety stores the concept was quickly expanded to include new sites and within two years 20 Crazy Prices stores were established.

ENVIRONMENT

At the same time Woolworths looked at ways to lessen its impact on the environment. Already engaged in recycling in-store waste such as cardboard boxes, polystyrene boxes, chicken rotisserie fat and meat offcuts, the Supermarkets introduced storefront bins for plastic bag recycling. In the later half of 1989 Woolworths embarked on a testing program to become CFC free and use only HFC refrigerants. Two supermarkets were set up totally using HFC gas and gave Woolworths a 'world first' full HFC Supermarket for which it was awarded the 1993 'USA Environmental Protection Agency Award for Removal of CFCs from Commercial Refrigeration'. All new and refitted Woolworths Supermarkets are being fitted out with HFC products nationally.

RETURN TO PUBLIC OWNERSHIP

IEL was taken over by Dextran, which was owned by the Adsteam Group of Companies. Adsteam collapsed in 1990, however IEL was financially and legally independent and therefore avoided Adsteam's problems. Woolworths profitability continued to steadily increase reaching a profit of \$247 million in 1992.

On the 19th May, 1993 the Chairman, Paul Simons announced that Woolworths Ltd would be offered to the public in the largest share float in Australian history. The Company was relisted on the Stock Exchange in June 1993. One billion shares were offered and investors responded by applying for 2.65 billion. Included in the shareholders are 19,000 members of Woolworths staff who at the time of the float had two or more years full-time service with the Company and who were offered shares under the Employee Share Plan, a continuing initiative to allow staff members a share of their Company.

***Paul
Simons***



***Harry
Watts***

Four representatives of IEL, having played a major role in the float of Woolworths, resigned as non-executive directors on 19 July, 1993. Tragically, Harry Watts, Group Managing Director, died suddenly on 30th November, 1993 while enjoying a golf game with Greg Norman. Watts had been Managing Director since 1986. Mr. Reg Clairs was appointed Group Managing Director as the replacement for the late Mr. Watts.

Australian Supermarket Institute Chairman Jim Fleming also presented the 'ASI Chairman's Award' posthumously to the late Harry Watts in recognition of his outstanding service to the food industry and community service.

70th ANNIVERSARY 1994

Woolworths celebrated its 70th year of trading with sales of \$11,482 billion and profit after tax and interest of \$200 million. The 79,000 staff members handled over 9 million customer transactions every week in the Company's 974 stores. Woolworths won the Westfield award of 'National Retailer of the Year' and Executive Chairman, Paul Simons, was named 'CEO of the Year for NSW' by his peers and readers of Financial Review and 'Retailer of Decade' by Australian Business Monthly.

Group Managing Director, Reg Clairs was nominated Food Industry Executive of the Year for 1994, 1995 and 1996 by Food Week – a national food industry magazine.

Woolworths continued to develop its warehousing and distribution centres and in 1995 Fruitex Queensland opened a 9,000 sq metre purpose-built Produce Distribution facility and in Bunbury a new Western Australian Meat Distribution Centre.

MOVE INTO WHOLESALE SUPPLYING

In July, 1996 Woolworths acquired the Cannons Group in Canberra, including Australian Independent Wholesalers, which serviced independent retailers in ACT and Southern NSW. Woolworths assured the Australian Competition and Consumer Commission that it would maintain Australian Independent Wholesalers and after research the Company decided to expand AIW operations to New South Wales, Queensland and Victoria with its mission to develop as 'the largest and most efficient wholesale Company in Australia, supplying food products to independent retail stores, convenience stores and liquor outlets and the food services industry.' AIW will remain completely autonomous and will not form part of the Woolworths Supermarket group.

MARKETPLACE SHOPPING CENTRES

The first Marketplace Shopping Centre opened at Plumpton on 26th April 1996, with a record 35,000 people turning up to participate in the celebrations and cash in on the bargains. The Marketplace, a new concept in store development, is a smaller community-based shopping centre based around a Woolworths Supermarket and where appropriate a BIG W. They are designed for the convenience of customers with excellent vehicular access, wide malls and a variety of specialty stores.

WOOLWORTHS AS AN EXPORTER

In 1992 the Company formed an association with the United States-based suppliers to serve their customers with 'counter seasonal' produce. From there the business grew and Woolworths made a strategic move into the export business in its own right, enhancing produce export opportunities. By 1997-98 this business has grown into a multi-million-dollar venture servicing Asian countries, Canada and to a lesser degree the USA. Recently the export activities were expanded to include the export of chilled and frozen pork to Japan. The specially trimmed high-quality pork has proved a popular line and by mid-1998 a container a day is being exported.

WOOLWORTHS +PLUS PETROL

In 1996 Woolworths announced that it would introduce petrol outlets within car parks of their existing Woolworths supermarkets. These outlets would concentrate on essential services including petrol, water, oil and air and offer low-cost petrol to Woolworths customers. The first opening was at Orana Mall Shopping Centre, Dubbo, NSW in December to be followed by others, initially mainly in country areas.



Green Hills NSW

METRO STORES

In November, 1997, the Town Hall store in Sydney, Woolworths premier Variety store since its opening in 1965, had major refurbishment to convert it to the Company's first METRO store with the lower ground floor specialising in a large range of 'prepared meals' to cater for the increasing numbers of city dwellers.

***First Metro Store –
Sydney NSW***



COMMUNITY SERVICE

Woolworths has a long tradition of sponsoring and supporting charities and community activities. Ranging from local support for activities as diverse as the local Boy Scout car washes and the ever-popular Senior Citizens' Christmas Party for over 500 pensioners held every year at Woolworths Town Hall store, to major nationwide projects such as the 1983 Woolies APEX CPR Training Program initiated with the objective to train one million Australians in the art of CPR (Cardio Pulmonary Resuscitation).

In 1981 Woolworths joined the AFS International Exchanges as their first Corporate Sponsor. By 1998 this successful partnership had given 71 young staff members and, more recently, the sons and/or daughters of Woolworths employees the opportunity to travel overseas and live with a host family for 12 months.

In 1994 over \$1.1 million was raised for the Variety Club of Australia from the sale of \$2 gold hearts and in 1995 Children's Hospital Appeals were launched in all States designed to raise millions of dollars over the following 3 years. By 1998 all States had reached or exceeded their targets.

THE MODERN BOARD

In July, 1994 Woolworths appointed the first woman to the Board, Professor Adrienne Clarke, selected for her knowledge and reputation in the field of Biology and Botany, reflecting Woolworths' continuing commitment to improve fresh fruit and vegetable quality and to address environmental problems such as waste recycling.

Mr Reg Clairs became the Group Managing Director and Chief Executive Officer upon the retirement of Mr. Paul Simons the following year.

Tragically, Mr Illife passed away on 24th May, 1997 after a brief but serious illness and on 6th June, 1997 the Board of Directors announced the appointment of Mr John Dahlsen as Chairman of Woolworths Ltd with Mr John Phillips to continue as Deputy Chairman.

Mr Roger Corbett was appointed to the Board on 3rd May, 1990 and became Deputy Group Managing Director in 1993 and Deputy Group Managing Director – Managing Director Retail in 1997. In July, 1998 Mr Corbett was appointed Chief Operating Officer and will take over from the Chief Executive Officer, Mr Clairs, on his retirement in 1999, thus allowing the even flow of succession for this high office to continue from within the Company.

THE PRESENT AND THE FUTURE

Woolworths continues to use the latest technological advances to provide service for their customers. Woolworths Online Fresh Food Web Site includes a personalised meal-planning feature. The site allows the customer to browse 2000 delicious recipes, practical cooking tips and dietary advice from leading nutritionist Rosemary Stanton and to register personal food preferences and dietary requirements. Appropriate meal plans especially tailored to those requirements are generated and once recipes are chosen the site creates a shopping list and advises the viewer of their nearest Woolworths, Safeway, Purity or Roelf Vos Supermarket.

The Home Page services were further extended when Homeshop went live on 9th March, 1998. Centred on Woolworths store at Eastwood, Sydney, Homeshop allows customers to view a range of products including groceries, fresh fruit and vegetables, fresh meat, serviced deli, liquor, chilled and frozen foods. The customer can have their selected groceries delivered during a nominated 2-hour delivery window between 7am and 11pm by a refrigerated Homeshop van with payment made by Mobile EFTPOS on arrival. The service is rapidly expanding with plans to cover 140 Sydney suburbs by September, 1998.



In July, 1998 the Commonwealth Bank and Woolworths announced an alliance aimed to provide a range of co-branded financial services for personal customers. Soon after Woolworths also announced it had entered into contracts with Dan Murphy Cellars liquor business in Victoria with five retail outlets in metropolitan Melbourne.

It is Woolworths' intention to maintain the Dan Murphy business as an autonomous operation and expand it nationwide in a new brand-name concept.

Woolworths continues to expand its activities with new Marketplace shopping centres under construction, further Metro Stores opening in Queensland and New South Wales as well as Woolworths +Plus Petrol expanding to 42 outlets and new warehousing and distribution centres at Minchinbury, New South Wales and Broadmeadows, Victoria.



In 1998, despite the difficult economic climate, Woolworths announced profitable results with audited sales for the 52 weeks to 28th June, 1998 amounting to a record 16841.9 million, an increase of \$1,268 million (+8.14%) over the previous year with earnings before interest and tax (E.B.I.T) of \$516 million (+14.97%) over the previous year. The Company has 1,125 stores providing a total trading area of 1,706,269 sq. metres.