OVERVIEW OF KEY AUSTRALASIAN SUPERMARKET RETAILERS

Briefing Document
September 2003

CORIOLIS
RESEARCH

Coriolis Research Ltd. is a strategic market research firm founded in 1997 and based in Auckland, New Zealand. Coriolis primarily works with clients in the food and fast moving consumer goods supply chain, from primary producers to retailers. In addition to working with clients, Coriolis regularly produces reports on current industry topics. Recent reports have included an analysis of Retail Globalization: Who's Winning" and answering the question: "Will selling groceries over the internet ever work?"

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The lead researcher on this report was Tim Morris, one of the founding partners of Coriolis Research. Tim graduated from Cornell University in New York with a degree in Agricultural Economics, with a specialisation in Food Industry Management. Tim has worked for a number of international retailers and manufacturers, including Nestlé, Dreyer's Ice Cream, Kraft/General Foods, Safeway and Woolworths New Zealand. Before helping to found Coriolis Research, Tim was a consultant for Swander Pace and Company in San Francisco, where he worked on management consulting and acquisition projects for clients including Danone, Heinz, Bestfoods and ConAgra.

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The coriolis force, named for French physicist Gaspard Coriolis (1792-1843), may be seen on a large scale in the movement of winds and ocean currents on the rotating earth. It dominates weather patterns, producing the counterclockwise flow observed around low-pressure zones in the Northern Hemisphere and the clockwise flow around such zones in the Southern Hemisphere. It is the result of a centripetal force on a mass moving with a velocity radially outward in a rotating plane. *In market research it means understanding the big picture before you get into the details.*

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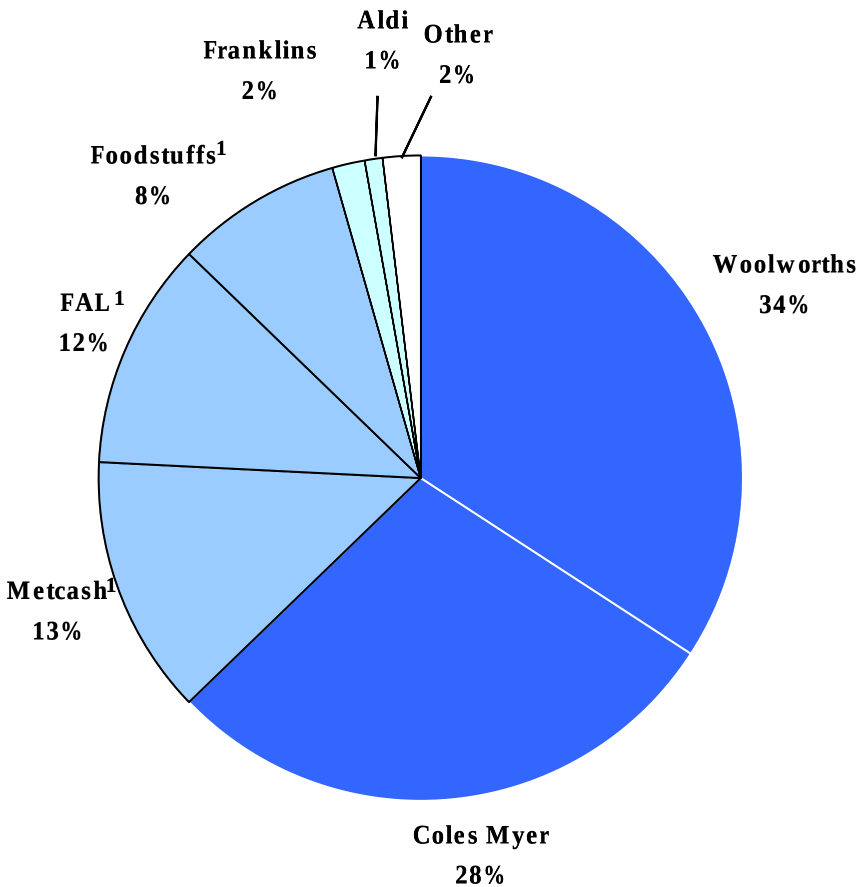
Five major retailers and wholesalers dominate Australasian supermarket retailing

AUSTRALASIAN SUPERMARKET SHARE BY GROUP (2003)



1. Wholesaler's sales scaled up to retail equivalents
Source: Coriolis analysis and estimates

The major retailer vary widely in size, scope and growth rates

MAJOR AUSTRALASIAN RETAILERS: BY THE NUMBERS
(2003)

Company	Total Sales ($; B)	Food/Liquor Sales	5 Yr. Sales[1] CAGR	# of Supermarkets
'The Fresh Food People' WOOLWORTHS Bringing food to life.	A$26.3	A$21.0	10.5%	704
Coles Myer Ltd.	A$27.0	A$16.5	7.4%	696
Metcash	A$6.7[2]	A$6.7	7.1%[3]	1,248
FAL Foodland Associated Limited	A$6.4[2]	A$5.8[4]	11.5%	507
FOODSTUFFS Proudly New Zealand	NZ$5.8[2]	NZ$5.8	10.1%	166
Pick 'n Pay We're on your side	A$1.0	A$1.0	N/A	75

1. Food and Liquor Compound Annual Growth Rates; 2. Includes wholesale sales component; 3. Distribution incl. Cash&Carry; 4. Not scaled up for retail equivalent of wholesale

Australasian retailers are following the lead of international retailers, especially Tesco

MAJOR AUSTRALASIAN RETAILERS: BY STRATEGY
(2002)

	Internet	Fuel	Non-Foods	Metro Stores	Liquor	Private Label	Banking & Credit	Hyper-markets	Asian Growth	Pharmacy	Services[1]
Tesco	●	●	●	●	●	●	●	●	●	●	●
Woolworths	●	●	●	◑	●	◑	●	?	○	◑	○
Coles Myer	●	◑	●	◑	●	◑	◑	?	○	○	○
Metcash	○	○	○	○	●	◑	○	○	?	○	○
FAL	◑	◔	◑	○	○	●	○	○	○	○	○
Foodstuffs	○	◔	○	◑	○	●	◑	○	○	○	○
Pick'nPay	○	○	○	○	○	◑	○	○	○	○	○

1. For example travel or optical

Food & Liquor accounts for $21 billion of Woolworths $26.3 billion turnover

<u>WOOLWORTHS CORPORATE STRUCTURE</u>
(A$; billions; FY03)

Source: Woolworths Annual Reports

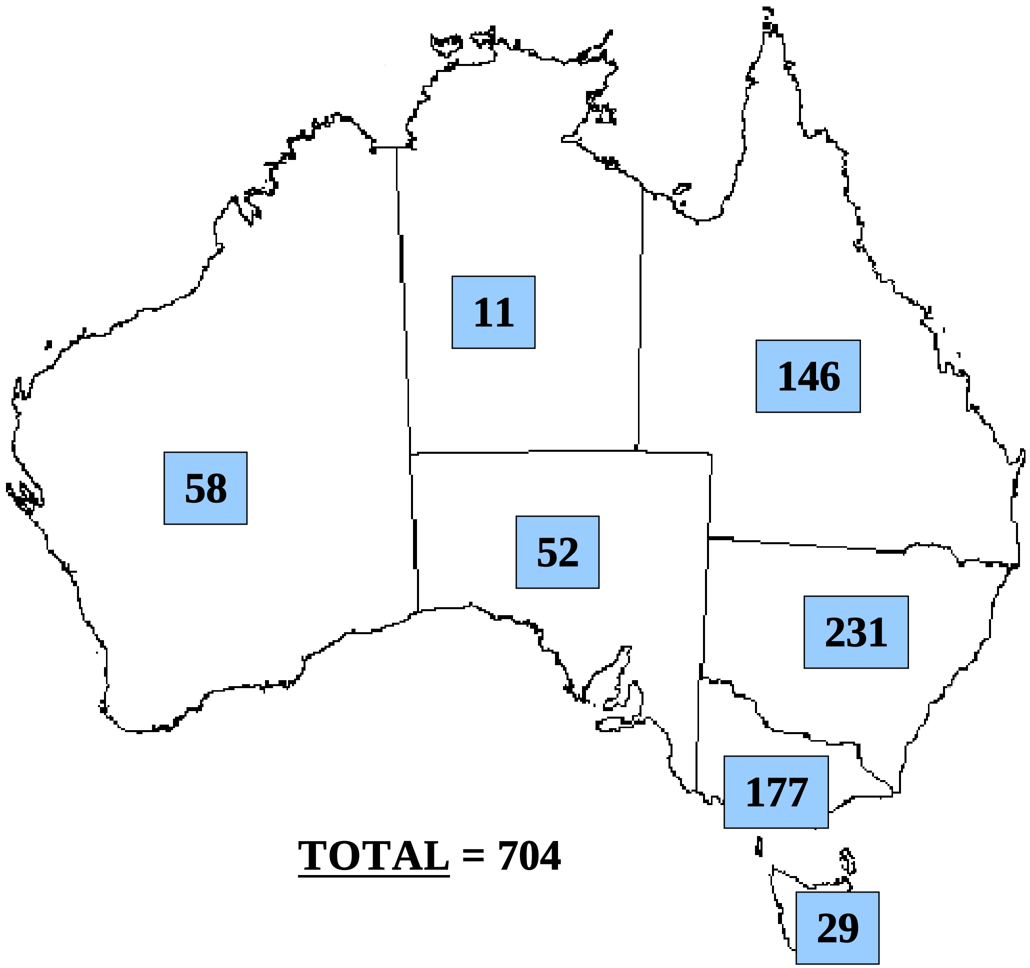
Woolworths operates two main supermarket store formats, Woolworths and Safeway

WOOLWORTHS SUPERMARKET STORE FORMATS
(2003)

Format		# of Stores
Conventional Supermarket	'The Fresh Food People' WOOLWORTHS	481
	'The Fresh Food People' SAFEWAY	179
Discount Supermarket	Food For Less	35
	Flemings	5
Urban	Woolworths metro.	4
Petrol	Woolworths Plus Petrol	290
Liquor Store & Wine Shop	BWS, Mac's Liquor, First Estate, Cheaper Liquor	576 (incl. Qld)

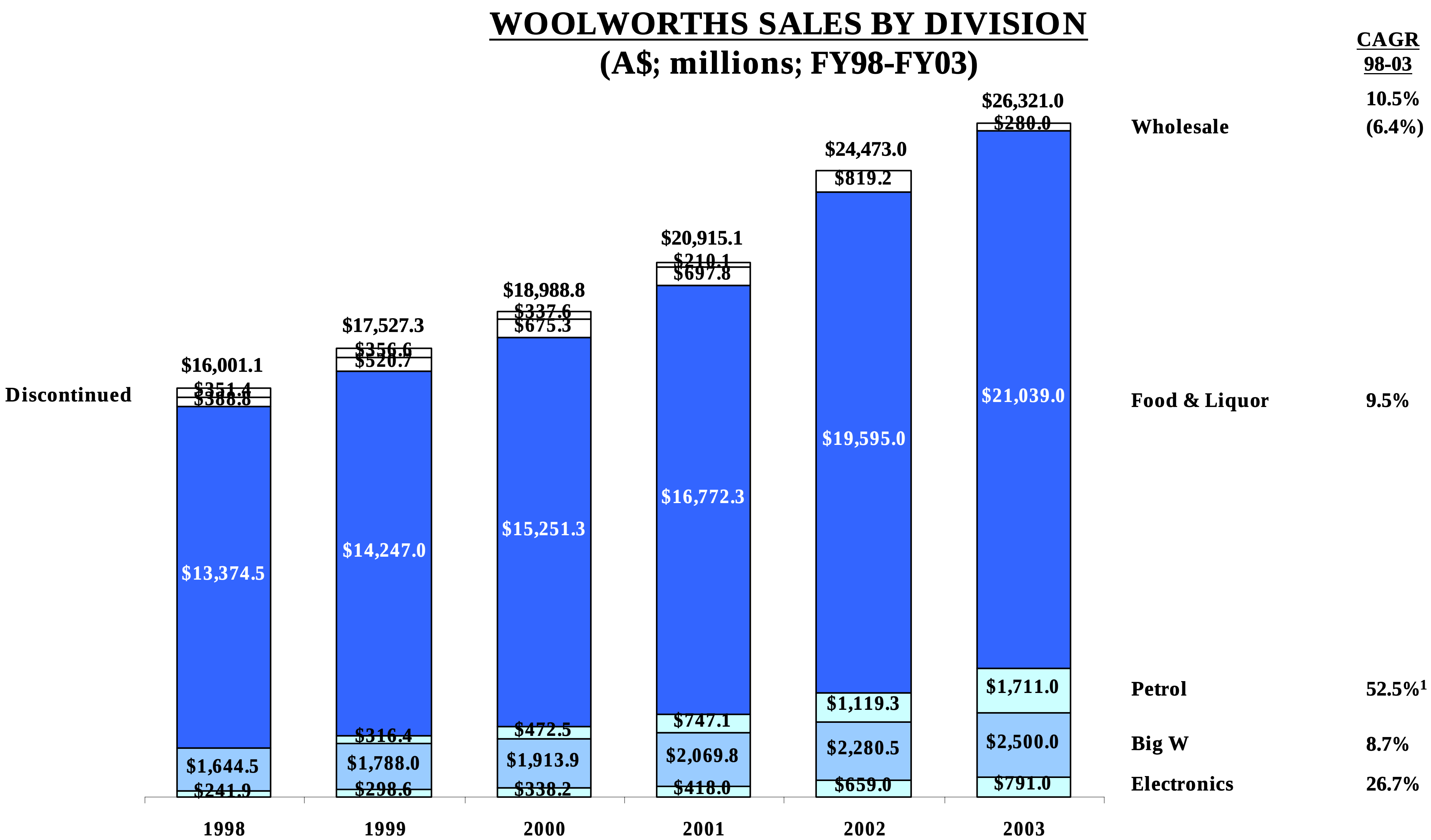
Woolworths has supermarkets throughout Australia

WOOLWORTHS SUPERMARKETS BY REGION
(2003)



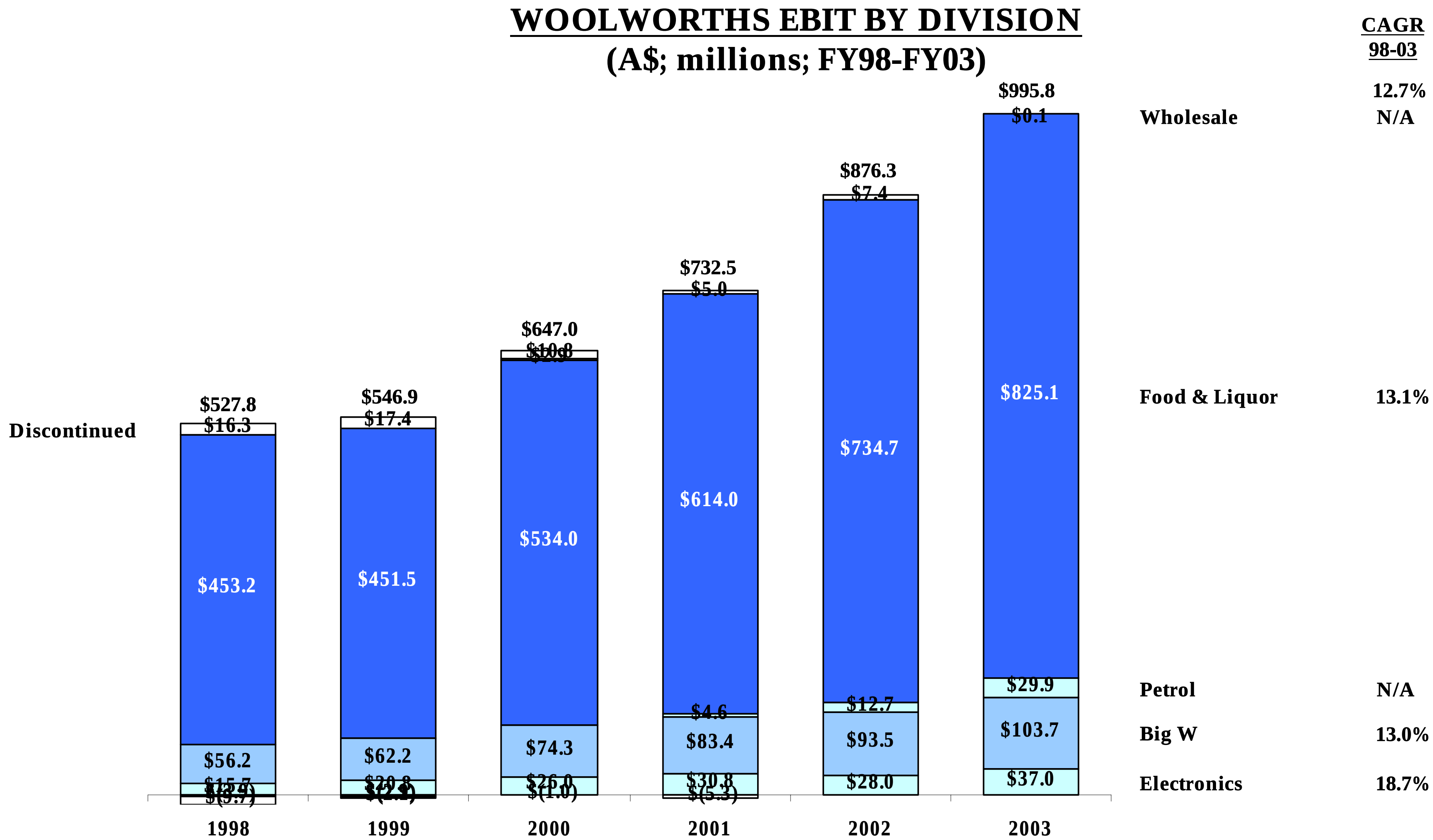
TOTAL = 704

Woolworths Limited has averaged 10.5% sales growth over the past five years



1. uses FY99-FY03 data
Source: Woolworths Annual Reports

Woolworths Limited has averaged 12.7% EBIT growth over the past five years



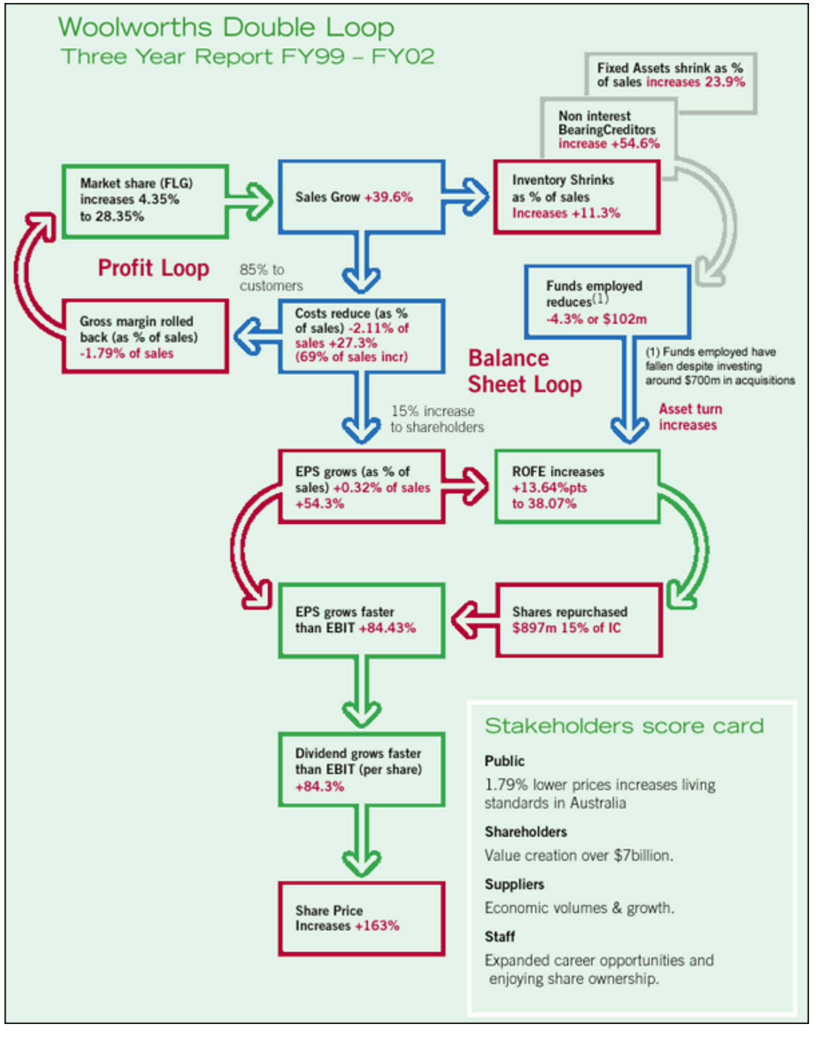
Source: Woolworths Annual Reports

Woolworths stock has grown by 300% since mid 1993, much of this growth coming since the beginning of Project Refresh

WOOLWORTHS SHARE PRICE
(WOW; A$; 1993/7-2003/9)

Project Refresh has been powered by the famous double loop, a fancy way of saying: "If you lower your prices you will increase sales and make a better return on assets"

<u>WOOLWORTHS DOUBLE LOOP</u>



Woolworths had a number of significant achievements in the 2002 financial year

WOOLWORTHS ACHIEVEMENTS
(2002)

- **Acquired 72 Franklins stores adding A$1.05B in sales**
- **Opened first reduced-size Big-W in Queensland for lower sales volumes of rural and regional Australia**
- **Increased petrol canopies from 166 to 256**
- **Entered into JV with 23 hotels to open 90 liquor outlets in Queensland**
- **Combined HomeShop and GreenGrocer online stores**
- **EzyBanking continues to grow**

Woolworths also had a number of significant achievements in the 2003 financial year

WOOLWORTHS ACHIEVEMENTS
(2003)

- **Opened 18 new supermarkets (net of closures)**
- **Acquired 2 new liquor chains, Super Cellars and Le Grog (22 new stores)**
- **Expansion of Dan Murphy's with 5 new stores in NSW / ACT and 3 new stores in Victoria**
- **31 new petrol canopies were opened during the year.**
- **Formed 50/50 joint venture with Caltex to lease all of Woolworths petrol canopies and 120 Caltex stations**

Woolworths management believes there are seven opportunities for ongoing growth in both revenues and earnings

1. **Continuing opportunity to grow market share (market share of Food, Liquor & Grocery below 30% and still low by world standards)**

2. **Defined plans to continue space roll out**
   - **Adding 15 - 25 new supermarkets each year and expanding existing stores (3% to 5% space rollout)**
   - **Adding 6 -10 BIG W stores each year (7% space rollout)**
   - **Adding 6 - 12 Dan Murphy stores each year**
   - **Continued roll-out of Powerhouse stores**
   - **Planned store efficiency improvements (eg. better utilisation of space)**

3. **Expansion of existing categories**
   - **Targeting to grow liquor sales to over $2.5 billion (market share currently 13%)**
   - **Increased petrol canopies to 450 (market share currently 11%)**
   - **Increasing deregulation (trading hours; limits on products sold)**
   - **Under-represented in fresh food including meat, fruit and vegetables**
   - **Further improve in-store execution and customer service**
   - **Grow private label - Woolworths ‘Homebrand’ is AU’s largest supermarket brand**

Woolworths management believes there are seven opportunities for ongoing growth in both revenues and earnings (continued)

4. **New range and formats**
   - **New format rollouts (eg. smaller BIG Ws to country towns)**
   - **New categories across supermarkets and general merchandise (eg. Pharmacy)**
5. **Continued focus on improved in-store execution and service**
   - **Providing more rapid service**
   - **Benefits of AutostockR - improved ranging and centre of store program**
6. **Lower prices - a major sales driver**
   - **Better and innovative buying**
   - **Enabled by continued cost reductions**
7. **Acquisitions**
   - **Smaller bolt-on acquisitions sought both proactively and reactively**
   - **Alert to larger acquisition opportunities if fit disciplined strategic approach and incremental to shareholder value**

Woolworths is pursuing a number of growth strategies

- "Corbett has flagged the possibility of Woolworths developing new store formats to stimulate sales growth, but is cagey about what they could be."

  Neil Shoebridge, BRW, September 9 2002

- "By world standards we clearly remain under-represented in fresh food including meat, fruit and vegetables and we are driving, as a major strategy, that part of our business."

  Roger Corbett, Chief Executive, Woolworths, August 2003

- "There's a real opportunity to deliver a significant saving to customers in Pharmacy without any reduction in the level of service, particularly the specialist service. It does not need to be structured in the very limiting way it is at the present time."

  Roger Corbett, Chief Executive, Woolworths, August 2003

- "Woolworths and Caltex have established a joint venture company to lease all of Woolworths/Safeway's existing petrol outlets and 120 selected Caltex service station sites in the short term. Another 40 Caltex sites are earmarked for the joint venture. The joint venture will effectively control a network of around 450 fuel outlets nationally, which will be co-branded as Woolworths/Safeway and Caltex sites. Woolworths will also pick up the supply business for a network of 600 convenience stores operated by Caltex retailers but will not have to operate the stores."

  Foodweek, August 25 2003

Woolworths is also continuing to roll-out its EDLP strategy and supply chain initiatives

- **“Woolworths is convinced its EDLP strategy - which involves offering low prices year-round, rather than "high-low" pricing (that is, specials) - will enable it to gain market share… The chief executive of Woolworths, Roger Corbett, is a big fan of EDLP. That was the strategy he lifted from US retailer Wal-Mart Stores in 1990 and used to revive Woolworths' Big W discount department stores… The EDLP strategy currently applies to about 11 per cent of products in Woolworths supermarkets, but the retailer has told its suppliers it will eventually cover all products.”**

  Australian Financial Review, August 17 2003

- **"What we are trying to do is work with suppliers to show them that if we work with them in the supply chain in a particular way, it will provide benefits to both of us. Part of that is to give suppliers a high degree of visibility right through the system, so they know exactly, store by store, how their business is going.”**

  Bill Wavish, Director - Supermarkets, September 12 2002

The payoff from these growth plans and the second stage of Project Refresh is unclear

- **"Woolworths is the industry leader in a great industry, food retail. Unfortunately, we see this position adequately reflected in the share price… We prefer cheap exposures, Coles Myer and Foodland."**

  Richard Cahill, Analyst, ABN Amro, Sept 2002

- **"The second stage of Project Refresh gives us an opportunity to drive our business to those KPIs that are among the best in the world, like Wal*Mart and Tesco… It will create a state of perpetual motion… The cost savings are immense… We have some 100 people at least working on our supply chain and a similar number working in our IT area that are doing nothing else but build the framework for level two. Some of the key aims of stage two were to reduce the warehousing and delays of products in the supply chain, reduce investment in stock and to increase the efficiency of product movement, often direct from manufacturer to retail outlet… What we're going to be doing is using the technology and approach that Wal*Mart has in the US in removing an immense amount of cost that is germane to the supply chain as it currently exists… It as a fantastic opportunity for Woolworths, and as you know we enjoy a very close relationship with Wal*Mart and with Tesco."**

  Roger Corbett, Chief Executive, Woolworths, February 2003

The company may need to consider a large acquisition to achieve significant sales growth

- **"Large companies need large growth options and it is vital to be aware of what these options may be. Woolworths needs long-term growth strategies and we suggest that Coles Myer may offer a great opportunity… A takeover of CML could be the final act in a 20 year drama. CML's mid 80s mega merger has arguably failed in non-food. The turnaround of WOW started in the mid 80s. WOW can now access the potential in CML's non-food division to the benefit of both companies. We see a 30% chance of success, worth $1.18 per WOW share.**

  Richard Cahill, Analyst, ABN Amro, June 2002

- **"There are pluses and minuses. Foodland's got a fragmented business and they have got a business that has got a lot of pressure on it at this point of time. We will wait and see what happens with Foodland."**

  Roger Corbett, Chief Executive, Woolworths, March 2, 2003

Woolworths faces an increasingly challenging competitive landscape

- **"Without running the risk of appearing too critical, we believe Woolworths have been able to generate these very strong results in the face of some pretty "lamentable" competition. Our concern going forward is the competitive "battlefield" in food retailing appears to be changing for the worse – and rapidly. What is more concerning to us is that Woolworths gives us the impression that they appear to be relatively "immune" to these changes, and the impending risks. In our view, there will be major winners and losers in the Australian food retailing industry in the next 3 years. And despite past performances, WOW is not guaranteed being a winner – given the amount of capital (and effort) Coles, Franklins, Aldi, and Foodland are putting into the industry. Woolworths appears to be relying pretty much on the delivery of Refresh II cost savings as the source of future profit growth. Without "pouring cold water" on admirable cost saving initiatives, we believe the company is getting a couple of steps ahead of itself in expectations of the cost savings performance."**

David Errington, Analyst, Merrill Lynch, August 25, 2003

While it is strongly denied by all involved, Woolworths makes excellent strategic sense for Wal-Mart

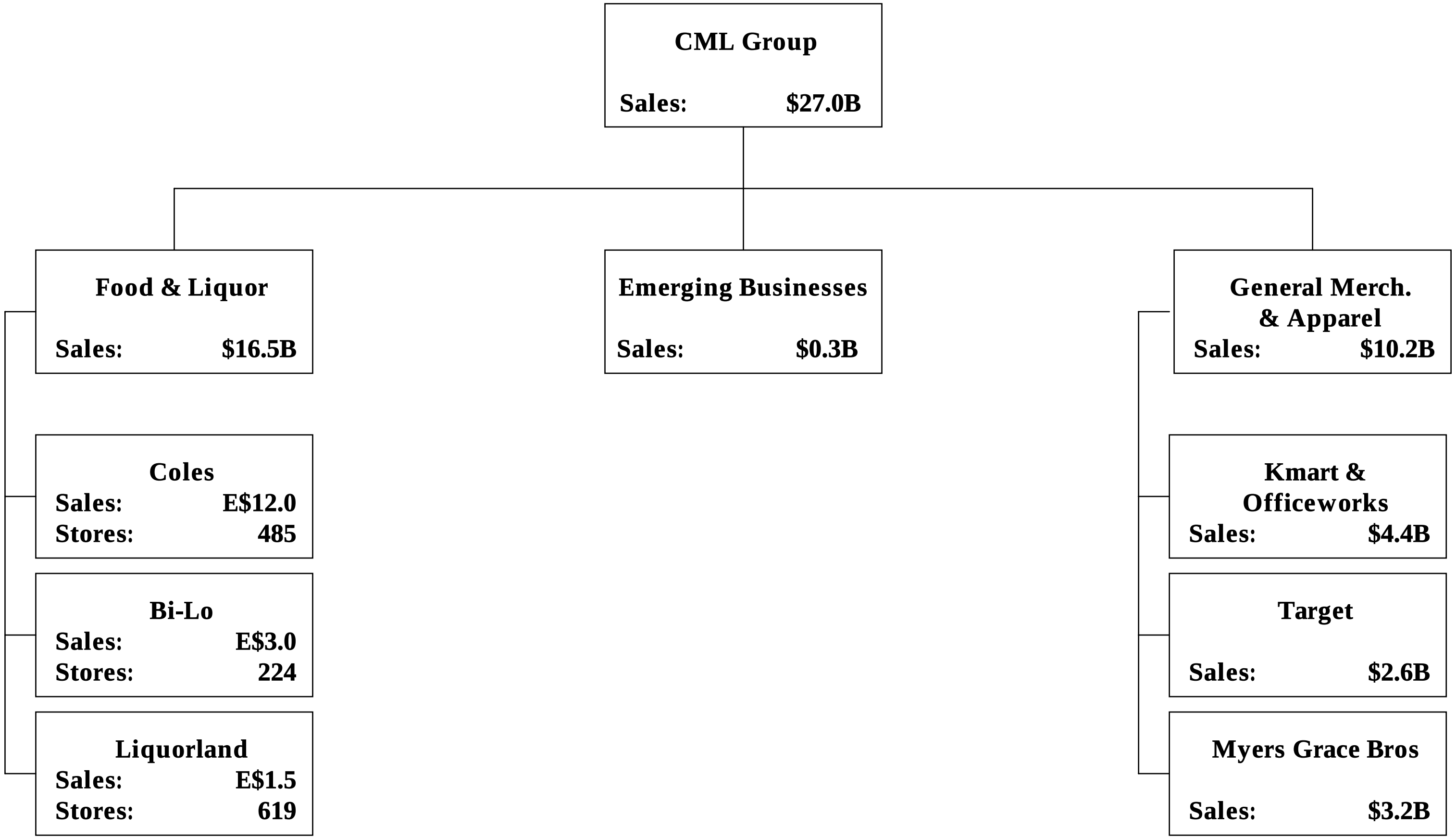
- **"There are no plans that I know to buy Woolies or anyone else in Australia and I am chairman of the strategic planning committee. On the other hand I could tell you that some of the ideas that Wal-Mart has learned from Woolies have more than paid for any of the considerations that I may have had in coming over here and trying to be a friend."**

  Jack Shewmaker, Director, Wal-Mart, September 8 2003

Coles Myer Ltd.™

Food & Liquor accounts for $16.5 billion of Coles Myer's $27.0 billion turnover

COLES MYER CORPORATE STRUCTURE
(A$; billions; FY03)



Source: Coles Myer Annual Reports; Coriolis estimates

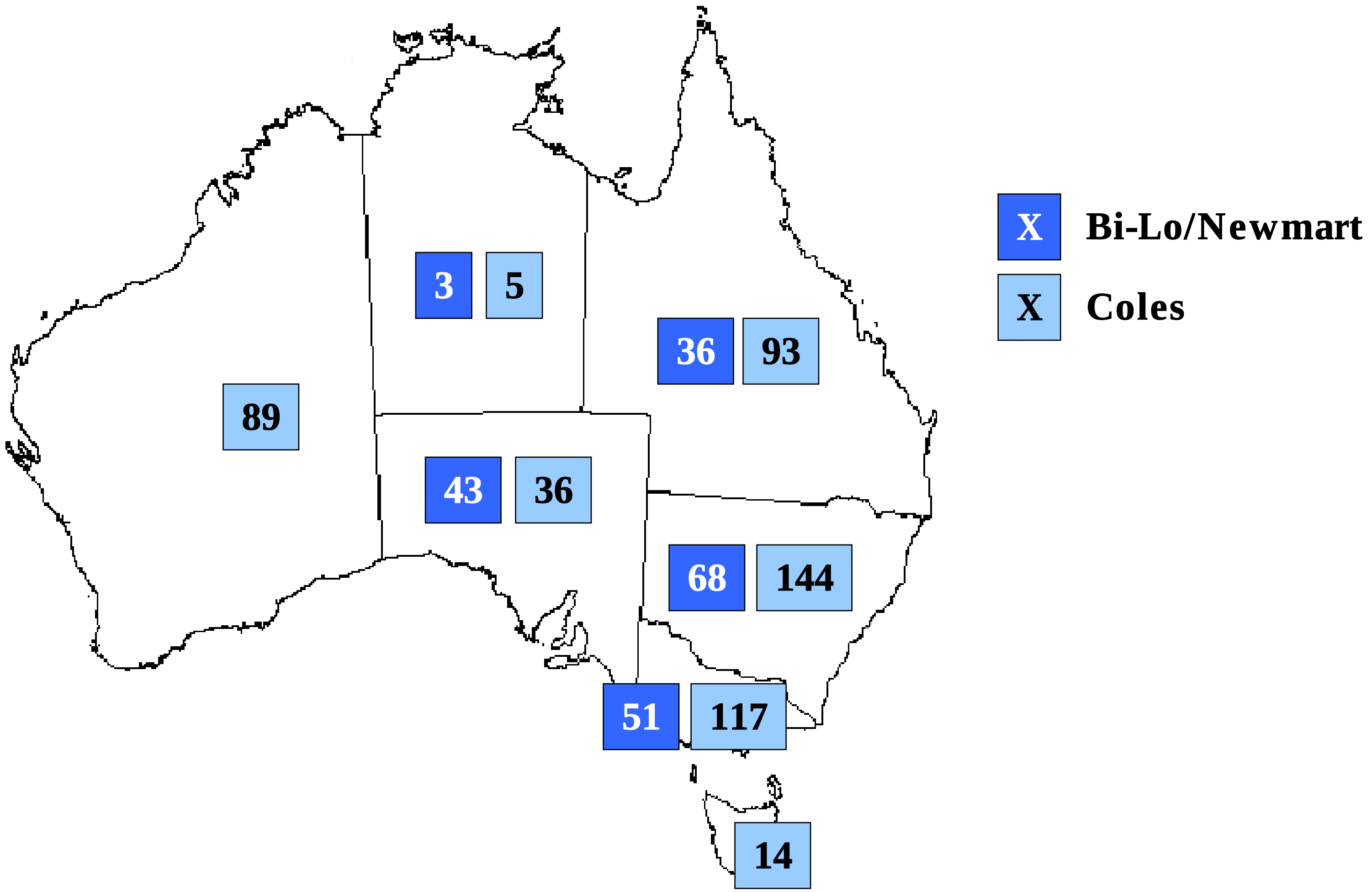
Coles operates mid-market supermarkets under the Coles brand and discount supermarkets under the Bi-Lo brand

COLES MYER SUPERMARKET STORE FORMATS
(2003)

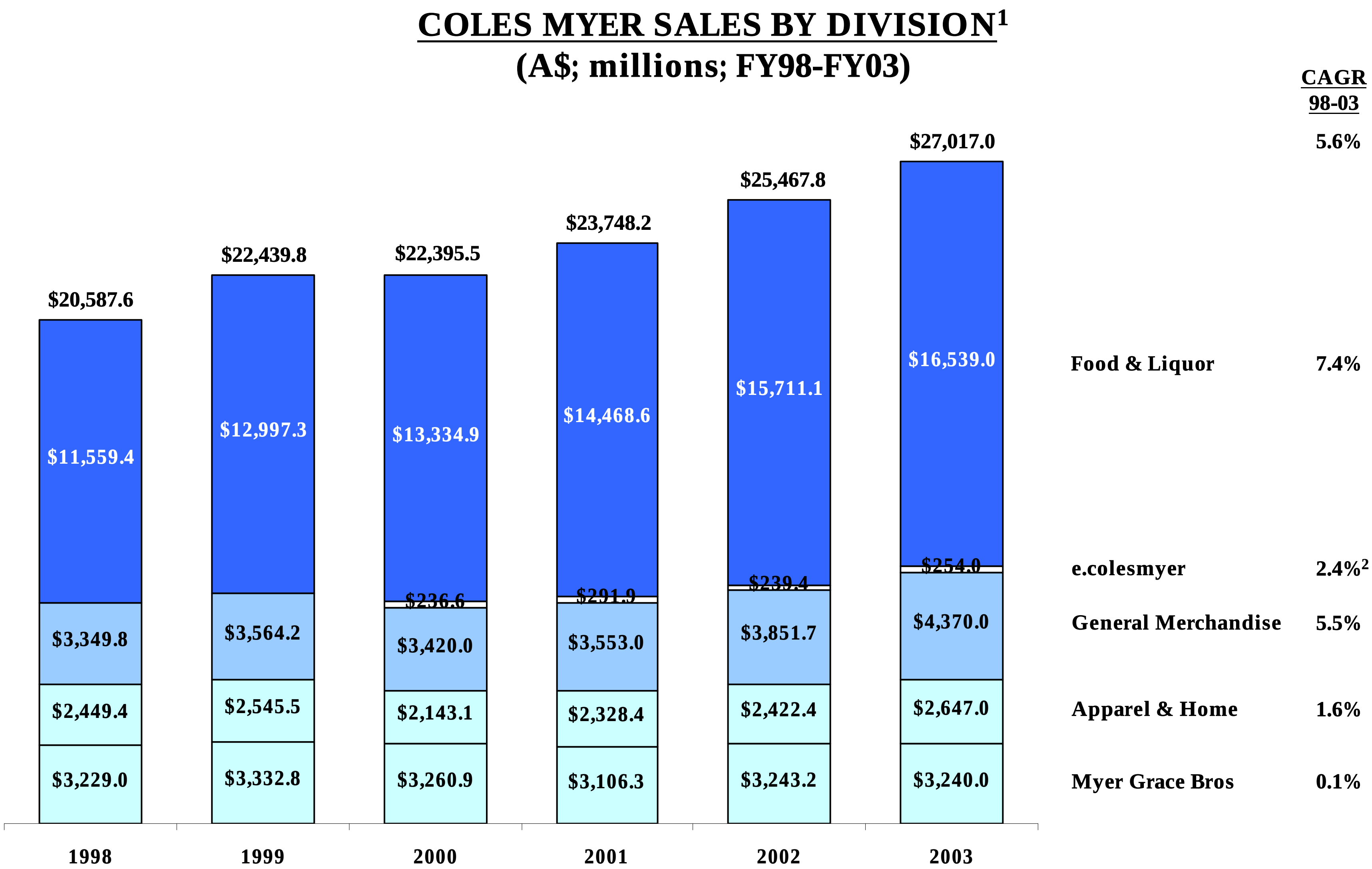
Format	# of Stores
Conventional Supermarket	495
Discount Supermarket	201
Liquor Store Wine Shop	619

Both Coles and Bi-Lo have stores throughout Australia

COLES MYER SUPERMARKETS BY REGION
(2003)

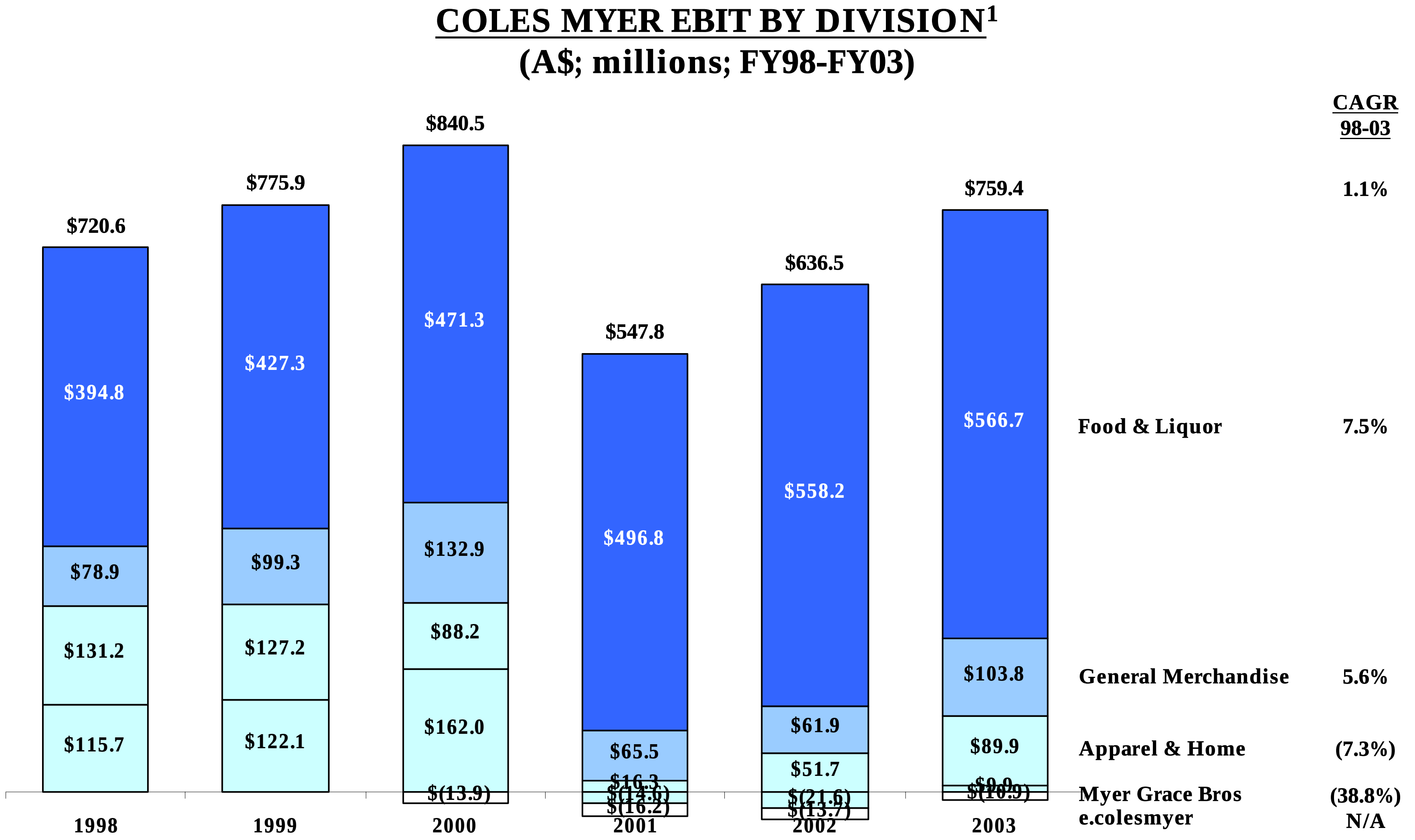


Food & Liquor has been the growth engine of Coles Myer



1. Uses data as given in AR for specific year (i.e. numerous restatements not factored) except 2000 which uses 2001 data due to ecolesmyer data; 2. uses FY00-FY03 data
Source: Coles Myer Annual Reports

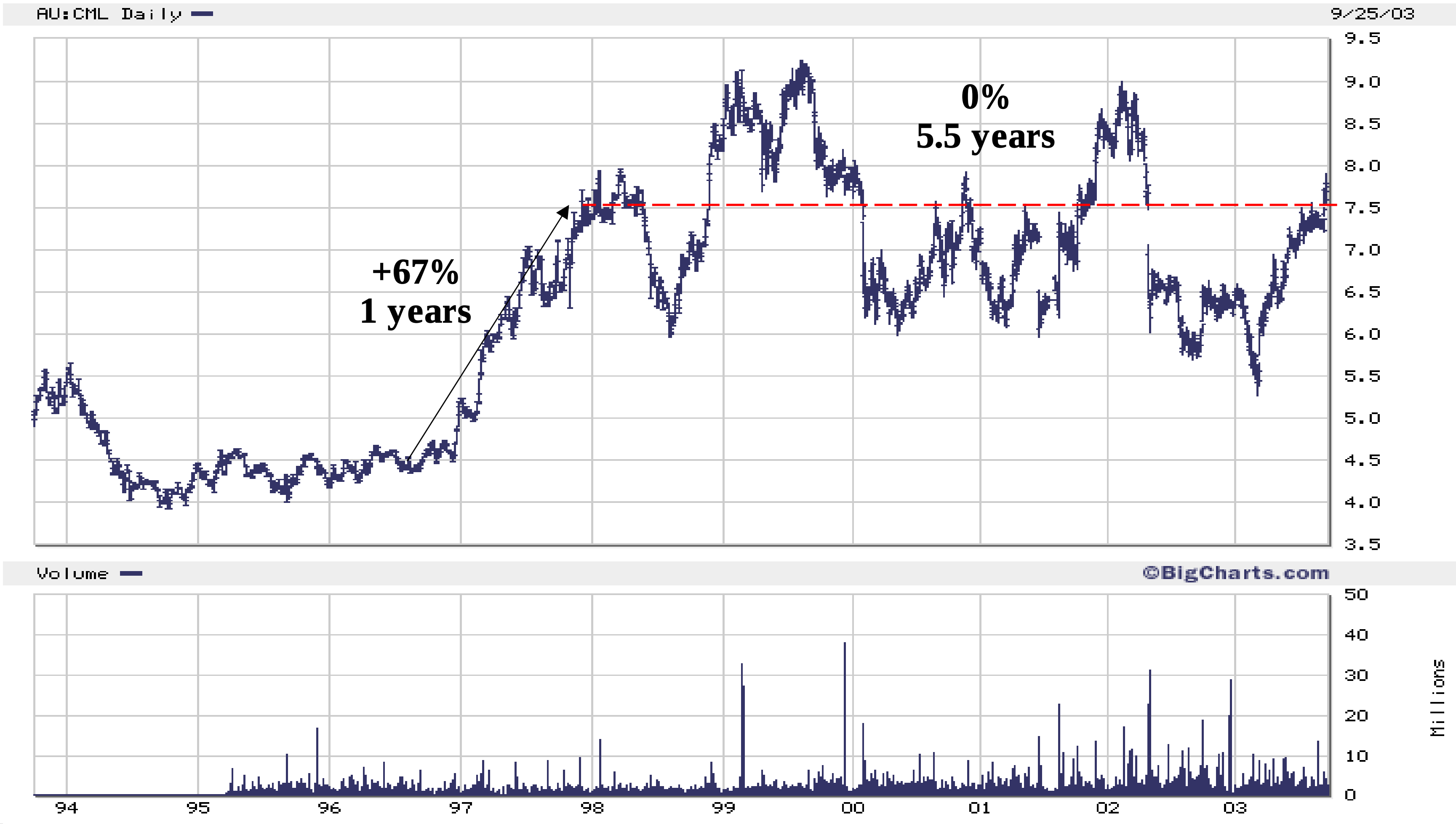
Food & Liquor has continuously delivered profits to Coles Myer



1. Uses data as given in AR for specific year (i.e. numerous restatements not factored) except 2000 which uses 2001 data due to ecolesmyer data
Source: Coles Myer Annual Reports

Coles Myer's share price performance has been erratic, driven by poor non-food performance, boardroom struggles and management change

COLES MYER SHARE PRICE
(CML; A$; 10yr to 9/03)



Source: BigCharts.com

Following a strategic review in 2002, Coles identified seven strategic initiatives…

COLES INITIATIVES AS A RESULT OF STRATEGIC REVIEW
(March 26, 2002)

1. **Simplified management and reporting lines with four direct reports now extended to nine**

2. **A new bonus structure which includes OH&S hurdles and succession planning**

3. **Extension of the shared services model across all brands**

4. **End-to-end supply chain strategy – essentially efficiency optimisation**

5. **OH&S strategy**

6. **Progressive reductions in shareholder loyalty discounts (savings completely reinvested in lower prices; therefore, no near-term profit impact)**

7. **Identification of Sydney CBD and Cairns properties for potential sale and lease-back**

… and ten group objectives

COLES GROUP OBJECTIVES AS A RESULT OF STRATEGIC REVIEW
(March 26, 2002)

1. **Minimum return on investment of 20% by F2004 (compares with 13% in F2001)**
2. **Doubling of net profit after tax in four years (essentially from A$400 to A$800 million)**
3. **4% EBIT margin for the overall business by F2006**

Specific to food

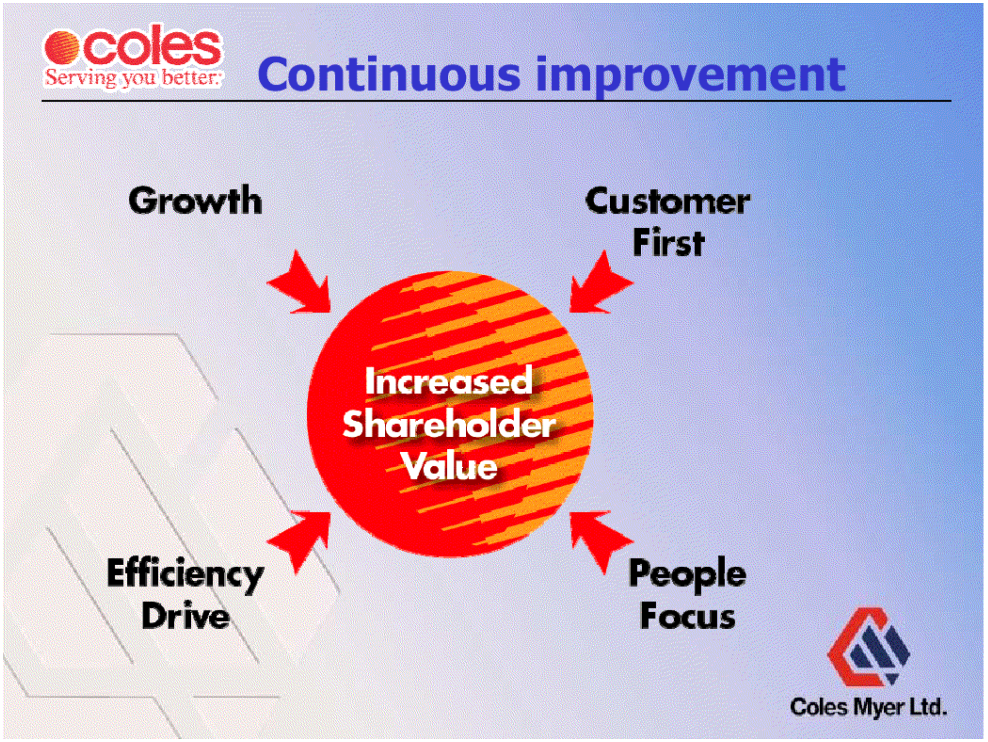
4. **4% EBIT margin in food by F2005**
5. **Double-digit EBIT growth in food out to F2006**

Specific to General Merchandise & Apparel

6. **GM&A to be at group WACC by F2004**
7. **Mid-single-digit sales growth in GM&A out to F2006**
8. **GM&A to begin F2006 with less inventory than Q1/F02**
9. **4% EBIT margin for GM&A by F2006**
10. **Hold or grow market share in every business.**

Coles released a number of diagrams to explain the results of its strategic review

COLES DIAGRAMS



Coles had a number of significant achievements last financial year

COLES MYER ACHIEVEMENTS
(2002)

- **Title of Annual Report: “Our Success Begins”**
- **Ongoing board room struggles between Solomon Lew and other board factions regarding control and split of group**
- **Acquired and converted 35 Franklins stores to Coles or Bi-Lo**
- **Refurbished 96 supermarkets**
- **Sold Red Rooster (May 2002)**

Coles also had a number of significant achievements this financial year

COLES MYER ACHIEVEMENTS
(2003)

- **42 new supermarkets opened**
- **Roll-out of the new Coles' fresh produce concept in Victoria - rolled out to the majority of eastern seaboard stores by the end of FY2004**
- **Launch of Alliance with Shell in Victoria**
- **Acquisition of Theo's Liquor in NSW**
- **92 new liquor stores and 6 hotels opened (including Theo's)**

Coles has announced ambitious plans for own label growth

- **"In a bid to re-energize its supermarket operations, Australian retailer Coles Myer has announced an aggressive expansion for its own label programme and is launching new marketing campaigns next month to counter shopper perceptions that goods are more expensive than rival Woolworths. Coles aims to use UK grocery leader Tesco as a model, planning substantial increases in the number of house brands to be offered by Coles and Bi-Lo, moving toward Tesco's house brand level of about 50% of total products on its shelves in the UK. Coles presently has about 2,000 house brands on its supermarket shelves, which represent about 10% of the total number of product lines, whilst Bi-Lo has 1,200 house brands, which make up about 20% of its total product lines."**

  Planet Retail, March 19 2003

Coles has developed a deal with Shell to launch a national fuel offer

- **"After more than 12 months on the drawing board, Coles Myer last week finalised a deal with Shell Australia to acquire 584 retail petrol sites that will provide customers of the Coles Myer food and liquor group businesses with discounts on fuel purchases. Coles Myer will pay $100 million to the current operators of the sites, the vast majority of which are owned by six multi-site franchisees. Coles Myer will launch its foray into petrol retailing in Victoria with 150 sites in July and will progressively extend into other states on a 12 month timetable through to mid 2004. Under the deal with Shell, Coles Myer will create a new petrol and convenience store division that will operate the petrol station sites with the dual branding, Shell and Coles Express. The deal has been struck for 10 years with a 10 year option and could include further sites in the future."**

  Foodweek, June 2003

- **"We're not in the business of selling petrol. We're in the business of selling food. Our customers come to us not to buy petrol. If we can give them an auxiliary service in petrol, that's good. But they come to us to buy food. I don't think it is a threat to Woolworths. We are focused on selling food and if our food offer is superior, Coles will not pose a threat to us. I think that Mr Fletcher may be setting himself a very high target [reaching $3 billion in petrol sales]."**

  Roger Corbett, CEO, Woolworths, May 28 2003

Coles is looking at giving its customers more in-store "opportunities"

- **"We are having a look at offshore experiences where stores are saying lets give customers as many opportunities and reasons to come into the store as we can. Why shouldn't you have the opportunity to do other things you want to when you go shopping."**

  John Fletcher, CEO, Coles Myer, September 15, 2003

- **"[Steven Cain, ex-Asda Marketing Director] has got some talent, and while it's true that he has not run anything this big, the fact is . . . his background and experience is right there with what we want… He picked up very quickly a lot of the opportunities that we have been talking about… In a young guy of 38, he has covered a lot ground that's right down the alley of where we want to go."**

  John Fletcher, CEO, Coles Myer, August 12, 2003

Coles intends to significantly expand its store numbers

- **“Going forward, the pace of expansion will increase, with plans for at least 150 supermarkets and more than 50 liquor outlets to open over the next five years. Our ongoing refurbishment program will also help ensure existing stores provide an appealing.”**

  Coles Annual Report 2002

- **“If everybody's strategies for growth are fulfilled, there will be winners and losers. We're not intending to be losers.”**

  Alan Williams, COO, Coles Supermarkets, September 28 2002

- **"I don't think everybody can win.”**

  John Fletcher, CEO, Coles Myer, August 14 2003

Coles has announced plans to improve its supply chain

– **"Retailing giant Coles Myer on Thursday unveiled plans to reap $425 million per annum in benefits from the transformation of its supply chain. The program will be crucial as the group seeks to meet its earnings target of $800 million by fiscal 2006 and match the savings already achieved by its rival Woolworths… Coles Myer will invest $604 million over the next five years simplifying its supply chain system and reducing the number of distribution centres by more than a third. The program will include initatives to improve the group's information technology and implementing a "cultural change" within the group."**

Australian Financial Review, September 25 2003

– **"While there will be some fluctuation in capital spending as we go through the early phases of the transformation, our average annual capex requirements (excluding major acquisitions) will remain within the $800-$900 million already flagged to the market. The supply chain benefits will contribute to our aspirational earnings goal of $800 million by FY06."**

John Fletcher, CEO, Coles Myer, September 25 2003

Coles Myer updated the market on a program of "strategic whole-of-company initiatives designed to unlock the full potential of the CML group for customers and shareholders"

- **Supply Chain**
  - **BETTER for customers, SIMPLER for stores, CHEAPER for CML**
  - **Investment of $604 million over 5 years; net benefits of $425 million pa from FY08.**
  - **Better systems to improve on shelf-availability for customers**
  - **Improved technology to simplify processes and reduce costs for suppliers and CML**
  - **Streamlined deliveries into stores; more efficient distribution network**
    best practice would see us move from 41 to c.24 distribution centres
    no net reduction in jobs anticipated given forecast volume growth
  - **Partnership with our people; partnership with our suppliers**

- **Information Technology**
  - **Refocused on improving service to customers**
  - **Removing complexity and duplication of systems, effort and cost**
  - **Common technology across the brands – buy not build**
  - **Innovative new technology to enable CML to do business better**
  - **Governance – ensure we deliver on time, on budget**

- **Cultural change**
  - **Recruiting the right people and developing them to be the very best at delivering what the customer wants**
  - **Building leadership capacity to position CML for the future**
  - **Aligning performance and reward with customer and shareholder goals**
  - **Creating a safer environment for customers and staff**

- **Loyalty**
  - **Three-pronged program – fuel discount, revamped FlyBuys, CML MasterCard,**
  - **Rewarding ALL customers; providing the best value**
  - **Competitive advantage; leveraging our scale**

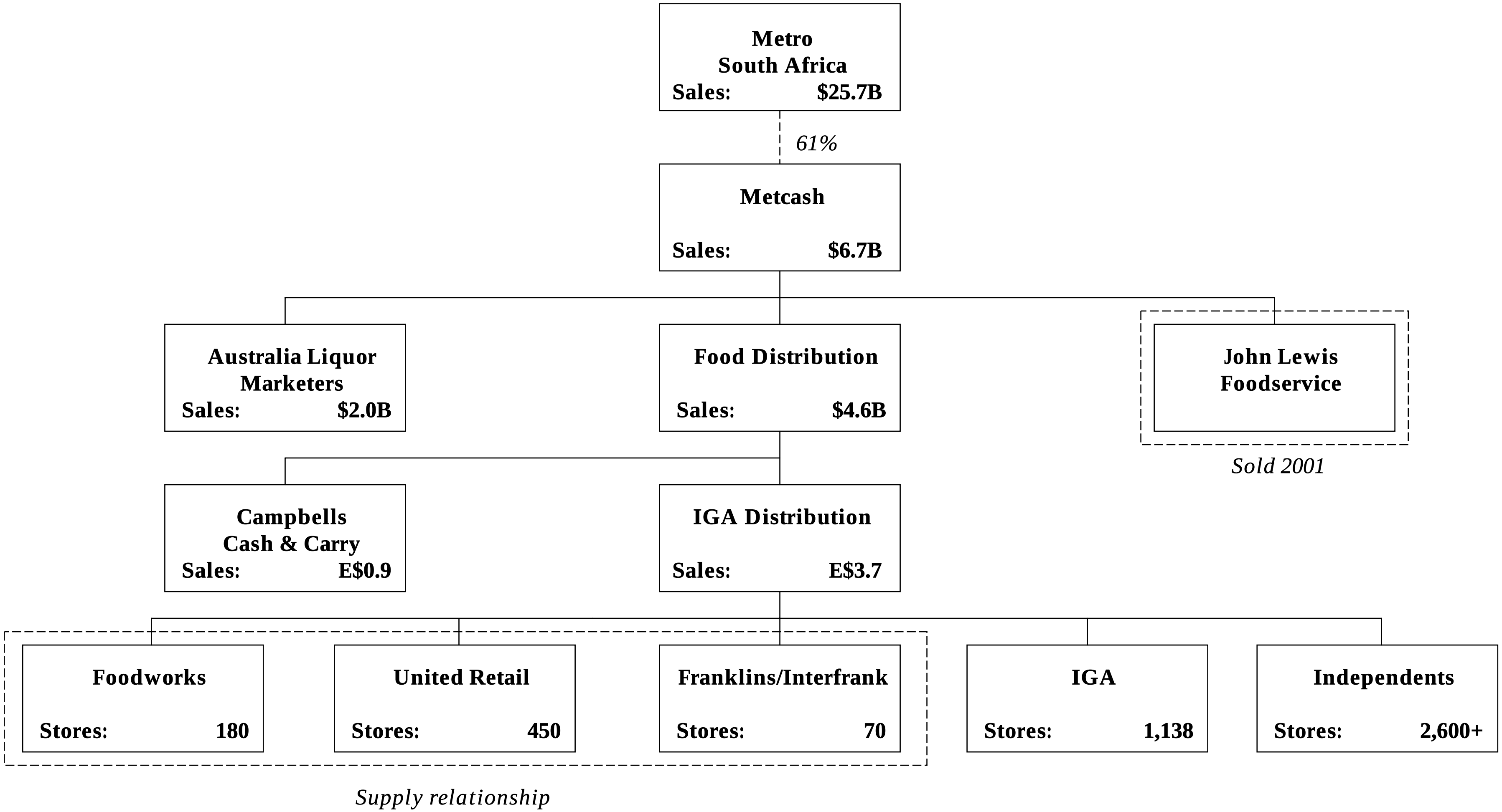
If Coles fails to perform, Morgan Stanley offers seven potential break-up scenarios

Date	Summary	Positive Share-Price Scenario	Negative Share-price Scenario	Likelihood of option occurring	Likelihood of it being long-term positive
Option One (Base Case)	No change to corporate structure	Management effects a near-term turnaround in non-food	Non-food operational performance worsens	Base Case	Base Case
Option Two	Trade-sale of MGB	MGB sold for A$800 million or more	MGB sold for A$600 million or less	CML will struggle to find buyers for MGB	Getting a good valuation for MGB in its current state appears extremely unlikely.
Option Three	De-merger or spin-off of MGB	MGB spin-off at a realistic valuation, spotlight helps sharpen management's resolve to turn around performance	MGB moves down-market, away from DJS and competes in the higher growth DDS category	MGB is considered the problem asset, and it does not sit comfortably in a high turn, low margin retail portfolio	Slightly more positive than selling to a powerful new competitor
Option Four	Trade sale of non-food	Non-food sold for well over A$2.5 billion. Capital returned to shareholders - performance of the sold vehicle deteriorates.	Non-food sold for under A$2.3 billion. Large international acquirer upgrades consumables offer and converts some stores to food formats.	All three of these businesses together would not be an attractive asset to many buyers – unless the price were to destroy potential value for CML shareholders.	Would depend a lot on the sale price, and who the business was sold to.
Option Five	IPO/De-merger of non-food	Non-food de-merged for A$2.3 billion-plus. Management effect a reasonable turnaround under the spotlight of increased disclosure and necessary capital allocation prudence.	De-merged entity struggles to pay its own way. Leaves food saddled with debt and Woolworths seizes the opportunity to drive home its price competitiveness. Food loses market share.	Kmart, Target and MGB could stand-alone. This would leave CML as a pure food play, unencumbered to take on WOW. Non-food would be forced to get its act together.	One of the problems in the non-food businesses is they have not had to perform in order to obtain capital. Independence would make performance far more transparent - but would it actually change anything?
Option Six	Sale of the food business	Food sold for 9-10x EBITDA or more. Capital largely returned to shareholders. A far leaner management team then set about turning non-food around.	Non-food can't cope on its own. Management retains too much of the proceeds of foods sale as capital, and this perpetuates culture of excess.	Few management teams are brave enough to sell their prize asset despite the fact it could be the way to extract maximum shareholder value. Also - likely CGT consequences.	Selling food assets after 2-3 years of a great food market, as competition starts to increase. Particularly positive if management then proceeded to turn non-food around.
Option Seven	Sale or de-merger of MGB and Target	Sale price of A$1.6 billion-plus achieved. De-merger preferable if sale price is lower.	Low sale price, buyer moves Target and MGB more aggressively into Kmart's space.	Appears to be the favored option. The easiest decision that would likely appease the market.	Hard to see maximum value paid. Strong likelihood of competition with Kmart increasing.

Source: Morgan Stanley, 2002/09

Food Distribution accounts for $4.6 billion of Metcash's $6.7 billion turnover

METCASH CORPORATE STRUCTURE
(A$; billions; FY03)



Metcash has both supermarket wholesaling and Cash & Carry operations

METCASH DISTRIBUTION CHANNELS
(2002)

Format	Business	Locations	# of Units	# of Lines	# of Customers
	Liquor Wholesale	Australia NZ	16 DC	8,000	13,000 licensed premises
	Cash & Carry	NSW VIC QLD SA	41 C&C	12,000	25,000 active customers
	Grocery Wholesale	NSW VIC QLD SA	8 DC	20,000	4,500 grocery stores

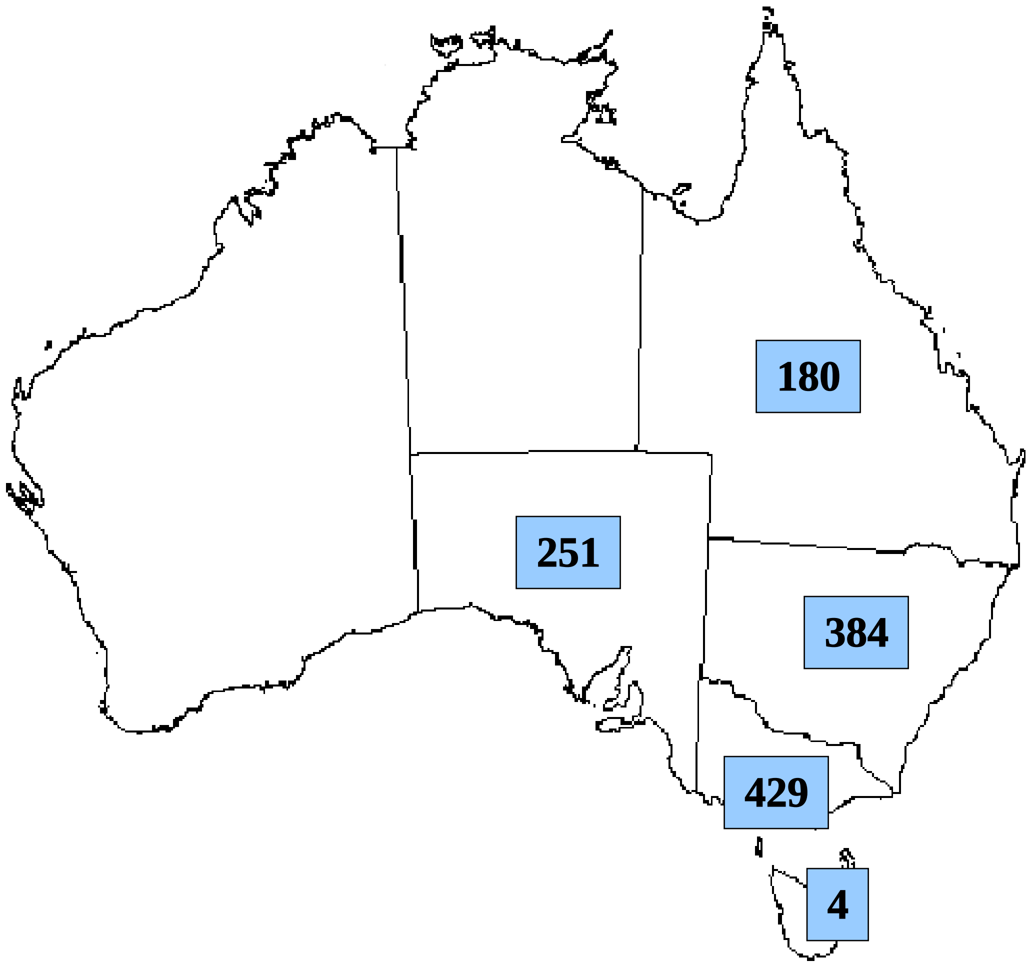
Metcash's wholesales to eight different IGA banners

METCASH SUPERMARKET STORE FORMATS
(2003)

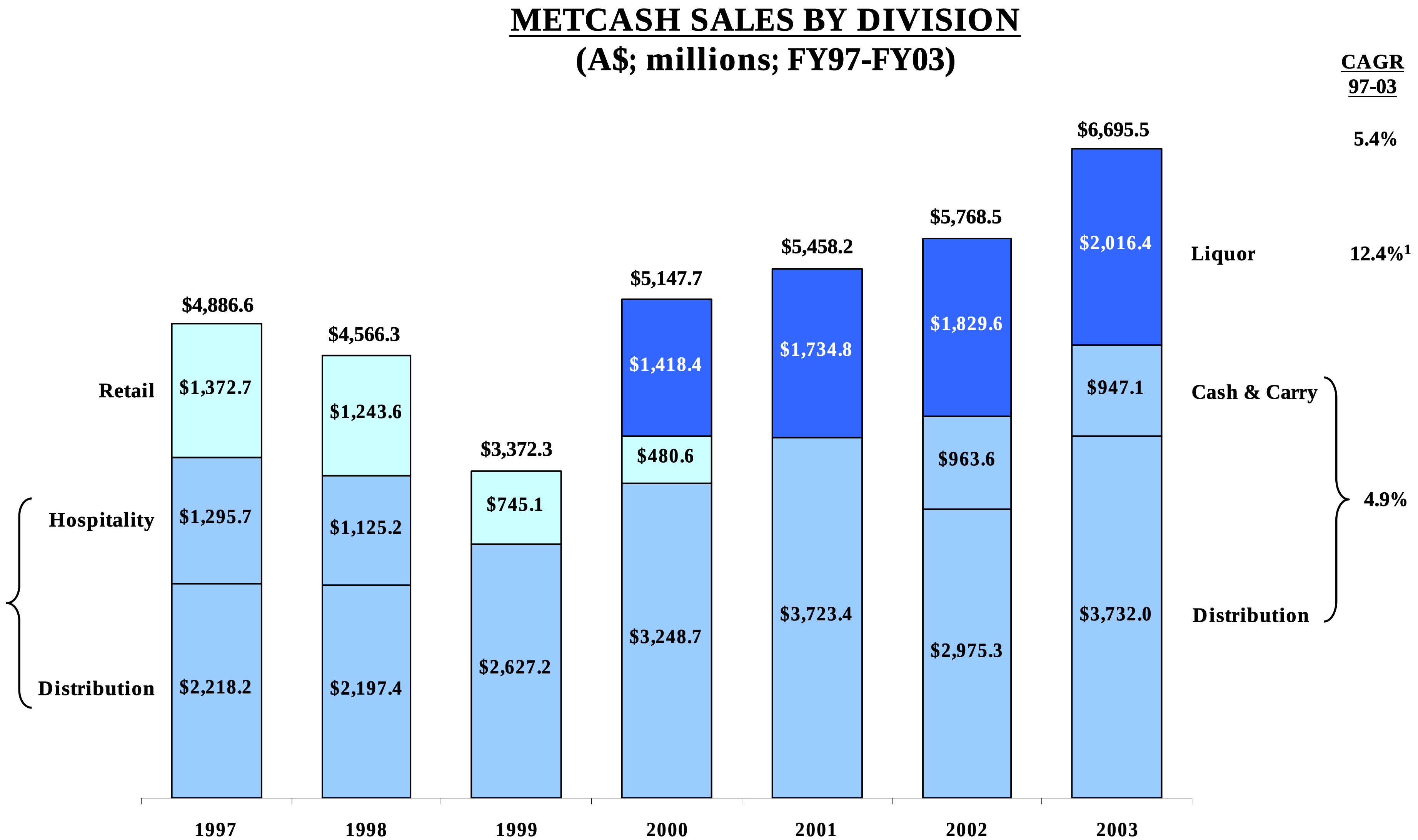
Format	Fascia	# of Stores	Description
Large Format Supermarket	Supermarket Foodland	238 99	Large format stores, carrying a full and large supermarket range. These stores primarily cater to shoppers who wish to purchase all of the grocery and fresh food requirements in one location.
Medium Format Supermarket	Everyday Riteway	382 39	Medium format stores that carry a mid-sized supermarket range. These stores are neighbourhood stores catering to shoppers who purchase less items, but do so more regularly.
Small Format Supermarket	X-press Friendly Grocer	221 247	Small format stores which attract a convenience market with a concentration on high service. These stores supplement a full grocery shop and specifically target the shopping demographic in their area.
Other	Tucker Bag Foodbarn	14 8	

IGA has stores throughout Eastern Australia

METCASH SUPERMARKETS BY REGION
(2003)



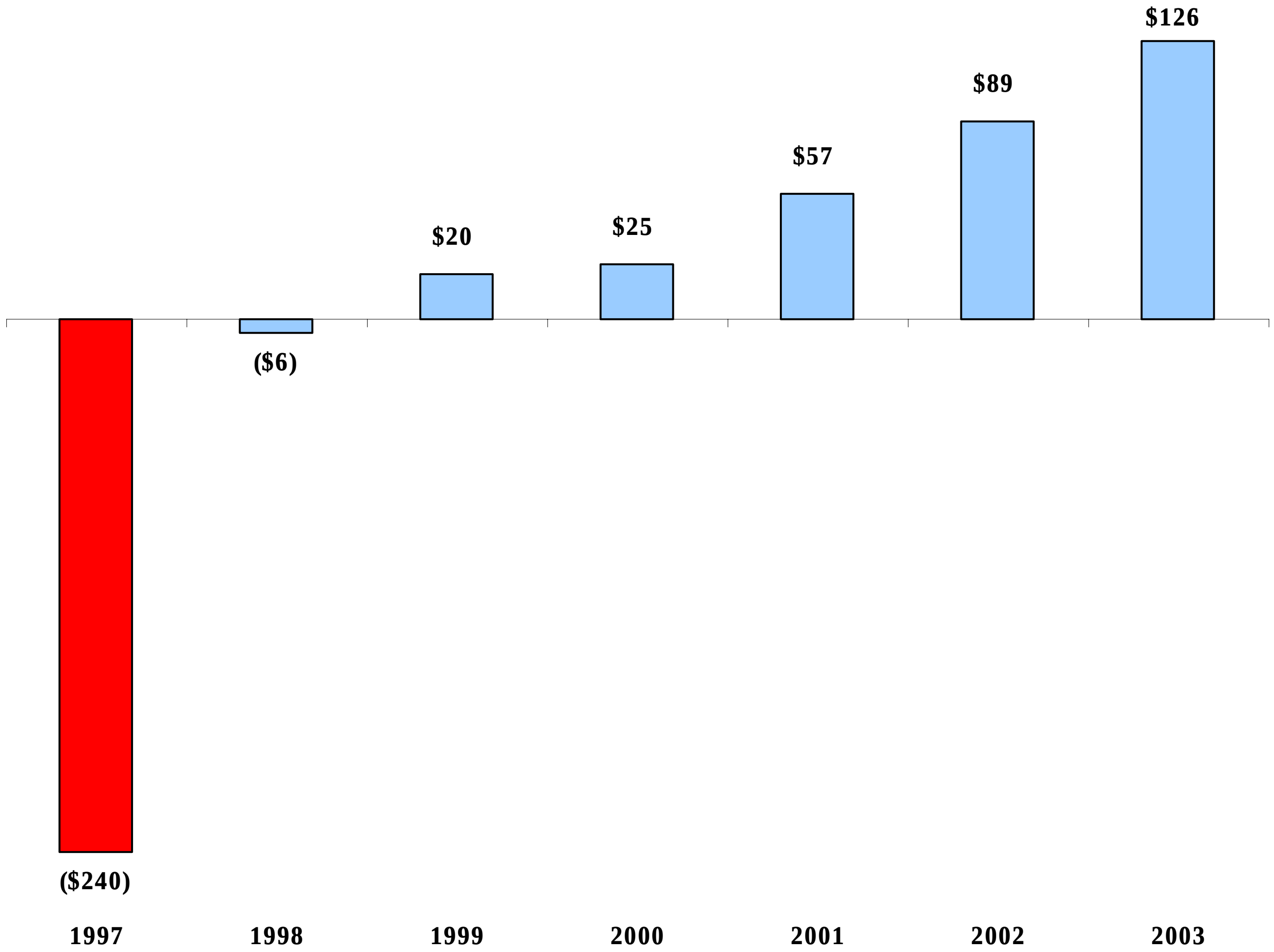
Metcash exited its retail operations to focus on food and liquor distribution



1. Uses FY00-FY03 data
Source: Metcash Annual Reports

Under Metro South Africa ownership, Metcash has made a significant turnaround

METCASH GROUP OPBT
(A$; millions; FY97-FY03)



1. Uses FY00-FY02 data
Source: Metcash Annual Reports

Metcash's improved performance has dramatically improved share performance

METCASH SHARE PRICE
(MTT; A$; 4/94-9/03)

Source: BigCharts.com

Metcash had a number of significant achievements in the last financial year

METCASH ACHIEVEMENTS
(2002)

- **Created JV to enter Philippines through purchase of 65% of Suy Sing food distributors and wholesalers; later withdrawn (2003/1)**
- **Purchased South Australian liquor wholesaler Kent Town Beverages**
- **Purchased Allied Liquor in New Zealand**
- **Signed long-term distribution agreement with Pick 'N Pay of South Africa's Australian company Interfrank Holdings which now owns the Franklins brand and 70 stores in NSW**
- **Supply agreement with Foodworks Supermarket Group (from AIW)**
- **Major warehouse expansion at Laverton, VIC and Loganlea, QLD**
- **Expansion into the route trade confectionery distribution – "going extremely well in the city regions, but not so much in the country."**

Metcash also had a number of significant achievements in this financial year

METCASH ACHIEVEMENTS
(2003)

- **During the year, 37 new IGA stores opened their doors and more than 91 major refurbishments were undertaken; an increase in the number of IGA Distribution customers to 1,138 nationally**
- **ACNielsen research shows IGA stores increased their share of Australian supermarket sales to 16.1%**
- **Service levels to customers averaged 97% for the year**
- **Assimilation of 180 FoodWorks stores and 77 AUR outlets into the IGA Distribution network**
- **Implementation of a parallel branding strategy between IGA and FoodWorks**
- **Acquisition of Allied Liquor in New Zealand**

Metcash set out six future direction in 2002…

METCASH FUTURE DIRECTIONS
(2002)

1. IGA Distribution to bed down Franklins and AIW volumes.

2. IGA continue to build the Brand and be dedicated to being the Champion of the Independent Retailer.

3. Campbells Cash & Carry to build further in-roads into the formalised convenience sector.

4. ALM focused on being a broad range liquor wholesaler taking on new direct business and capturing a greater share of the on-premise business.

5. Implementation of further technology across the group to gain improved supply chain efficiencies and lower the cost of doing business.

6. Board and the Executive committed to adding a fourth "business pillar" that will make use of the group's skills and knowledge to further enhance the growth potential of the Group.

… reemphasised in 2003

METCASH FUTURE DIRECTION
(2003)

- **Further reductions in the 'cost of doing business', with ongoing supply chain improvements through technology initiatives and a move to mega-centre distribution warehouses.**

- **Continual improvement in store standards, more advertising and a competitive promotional offer will enhance consumer recognition of the IGA brand.**

- **Additional reinvestment into the independent retail sector through refurbishments, extensions and new store developments to increase the viability of independents in a competitive marketplace.**

International expansion into the Philippines was to have been the company's "fourth pillar" for future growth

- **"Grocery and liquor wholesaler Metcash has scrapped its joint venture in the Philippines and put any international expansion on hold for at least six months . The deal was supposed to have delivered Metcash a fourth core business generating about $1 billion in sales within three years."**

  Sydney Morning Herald, Jan 29, 2003

- **"We couldn't agree to basic elements like how one does business. We're glad the differences came to light before the marriage was consummated. As far as the company is concerned it's the right country and the right business, but we feel it's very important to have the right joint venture partner and, unfortunately, we couldn't come to terms with them. There's just too many uncertainties right now."**

  Andrew Reitzer, Managing Director, Metcash, Jan 29, 2003

While recent performance has been excellent, sources of future growth are unclear

- **“If someone had asked me three years ago where we could go from 11.8%, I probably would have said 11.9%. We’ve performed exceptionally well when you remember that three to four years ago, everyone thought we were a joke”**

  Andrew Reitzer, Managing Director, Metcash, July 2003

- **“The launch of Supa IGA is really about the number one banner naming itself. There may be some shuffling of stores between banners as the Supa IGA group is defined but the new banner is essentially a rebadging of the existing IGA supermarkets.”**

  Roger King, Chairman, IGA Supermarkets Victoria, July 2003

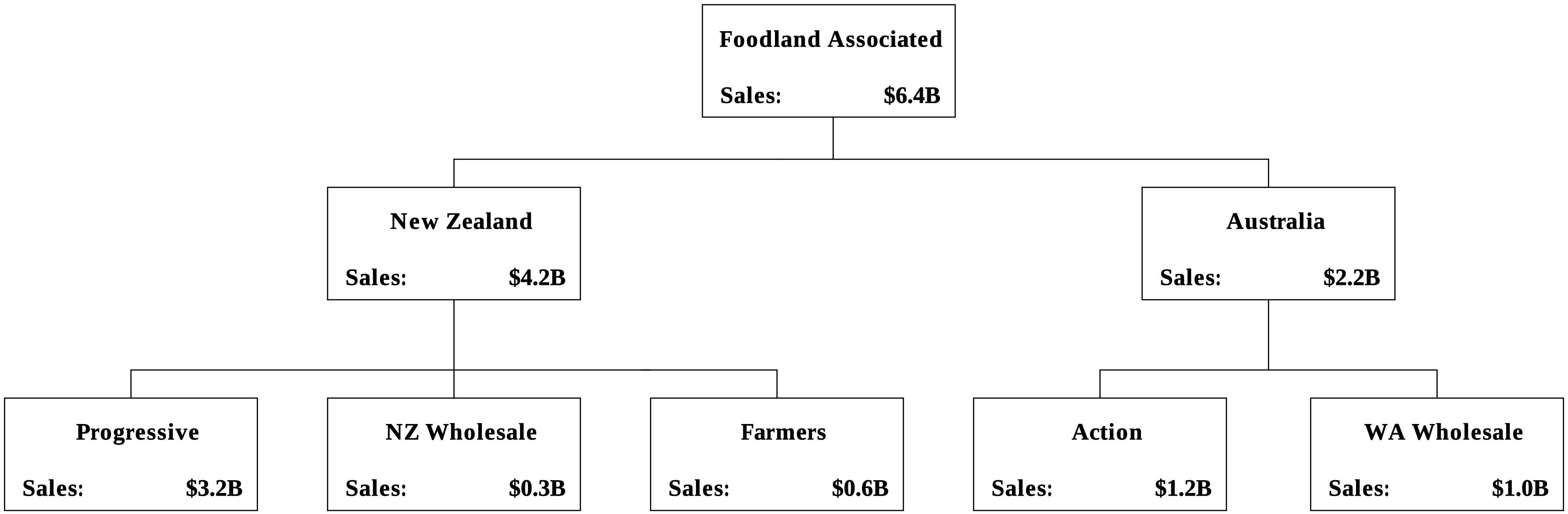
- **"The two major chains control 76 per cent and that's an unhealthy situation."**

  Andrew Reitzer, Managing Director, Metcash, September 2 2003

FAL Foodland Associated Limited

Foodland is the only Australasian retailer with supermarkets in Australia and New Zealand

FAL CORPORATE STRUCTURE
(A$; billions; FY03)



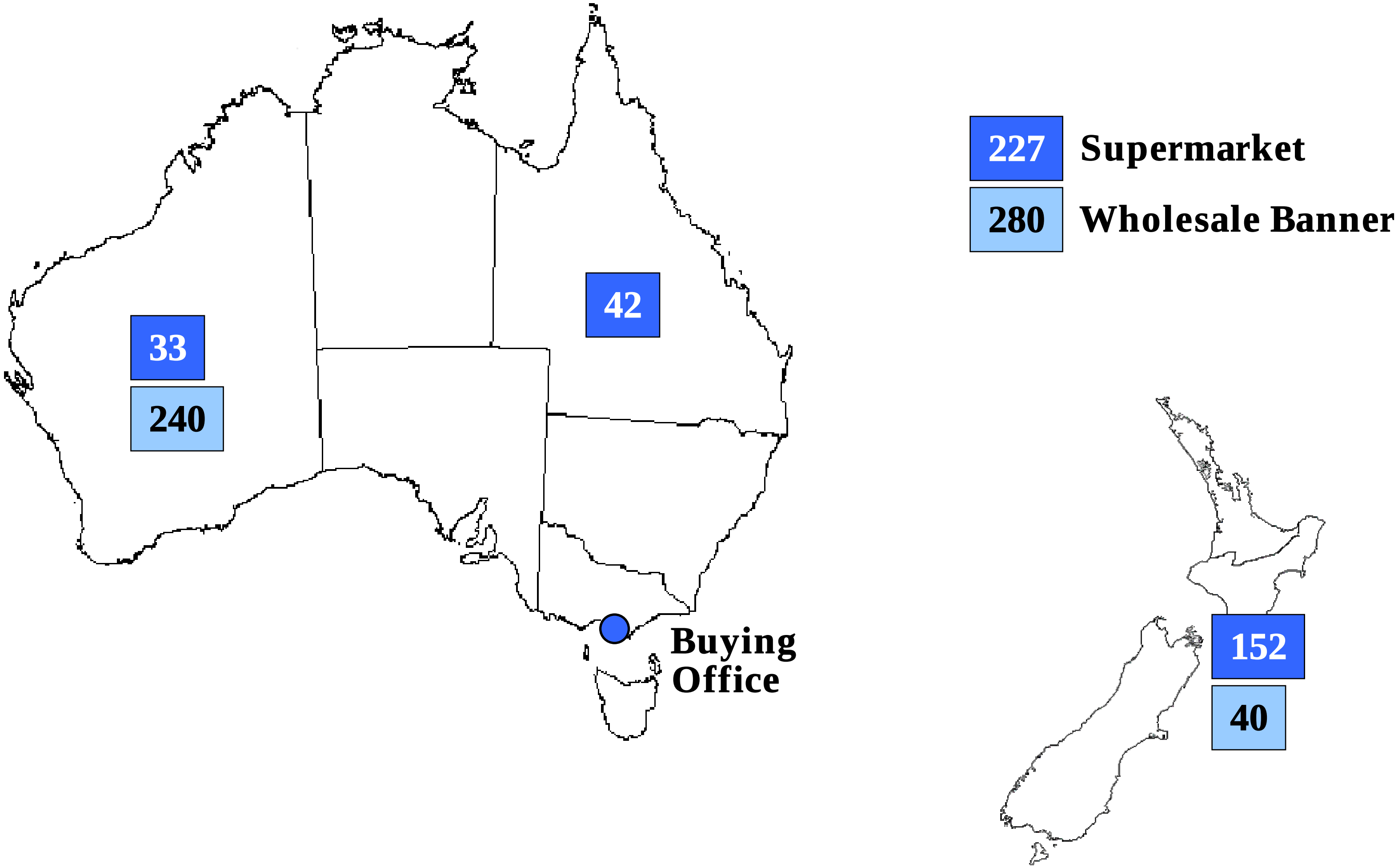
Foodland operates a wide range of store formats and wholesales to independents

FAL SUPERMARKET STORE FORMATS
(2003)

Format		# of Stores
Warehouse Supermarket	ACTION	75
Conventional Supermarket	Foodtown for good food; woolworths The real fresh food people	95
Warehouse Supermarket	countdown You can count on us to keep prices down.	38
Convenience Store	woolworths The real fresh food people; GULL	26
Discount Supermarket	PRICE CHOPPER CHOPPING GROCERY PRICES	19
Independent Supermarket	supervalue A great deal easier.; fresh choice	40
Independent Supermarket	Dewsons; FOODLAND	240

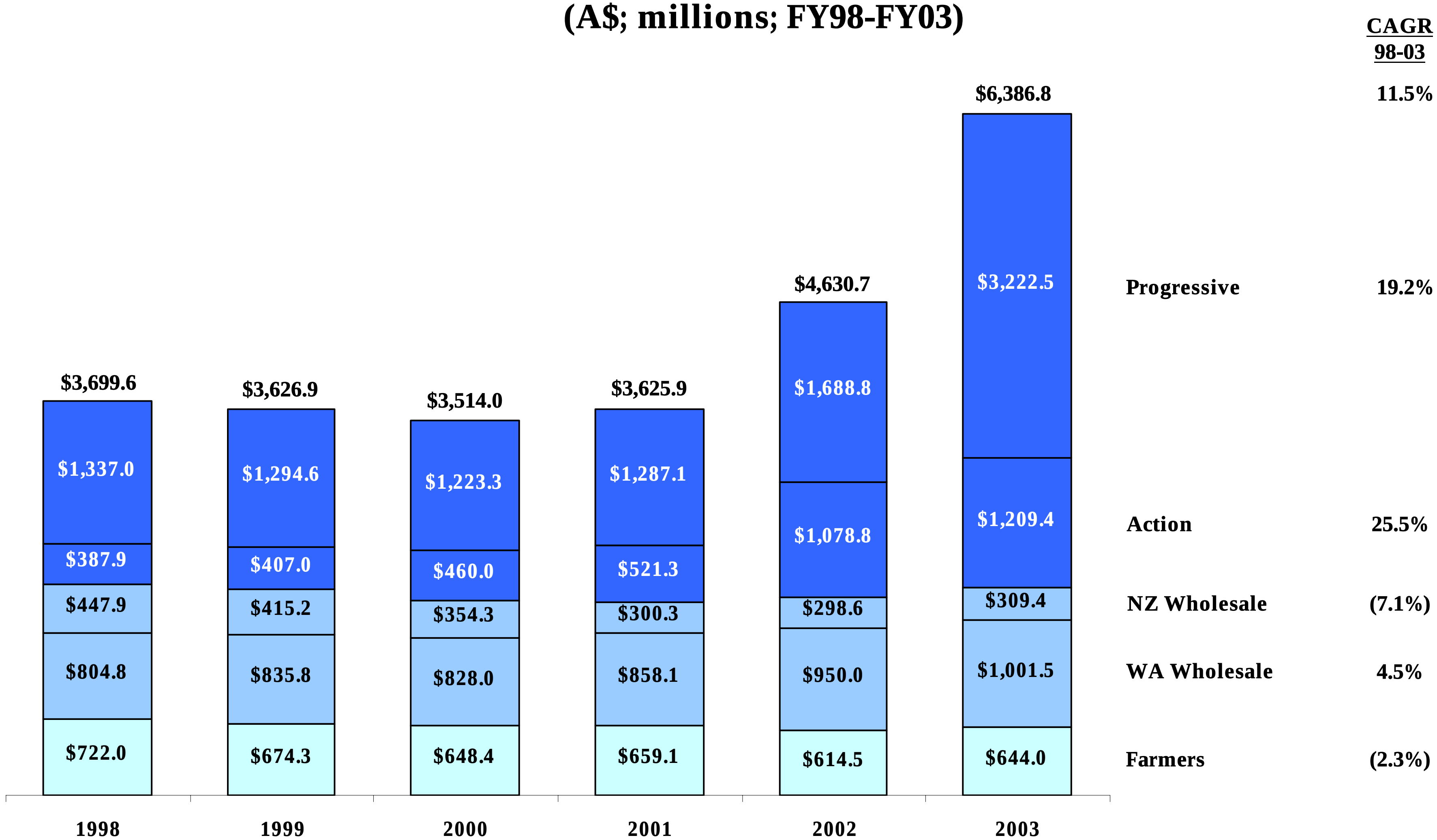
Foodland has operations in Western Australia, Queensland and New Zealand

FAL SUPERMARKETS BY REGION
(2003)



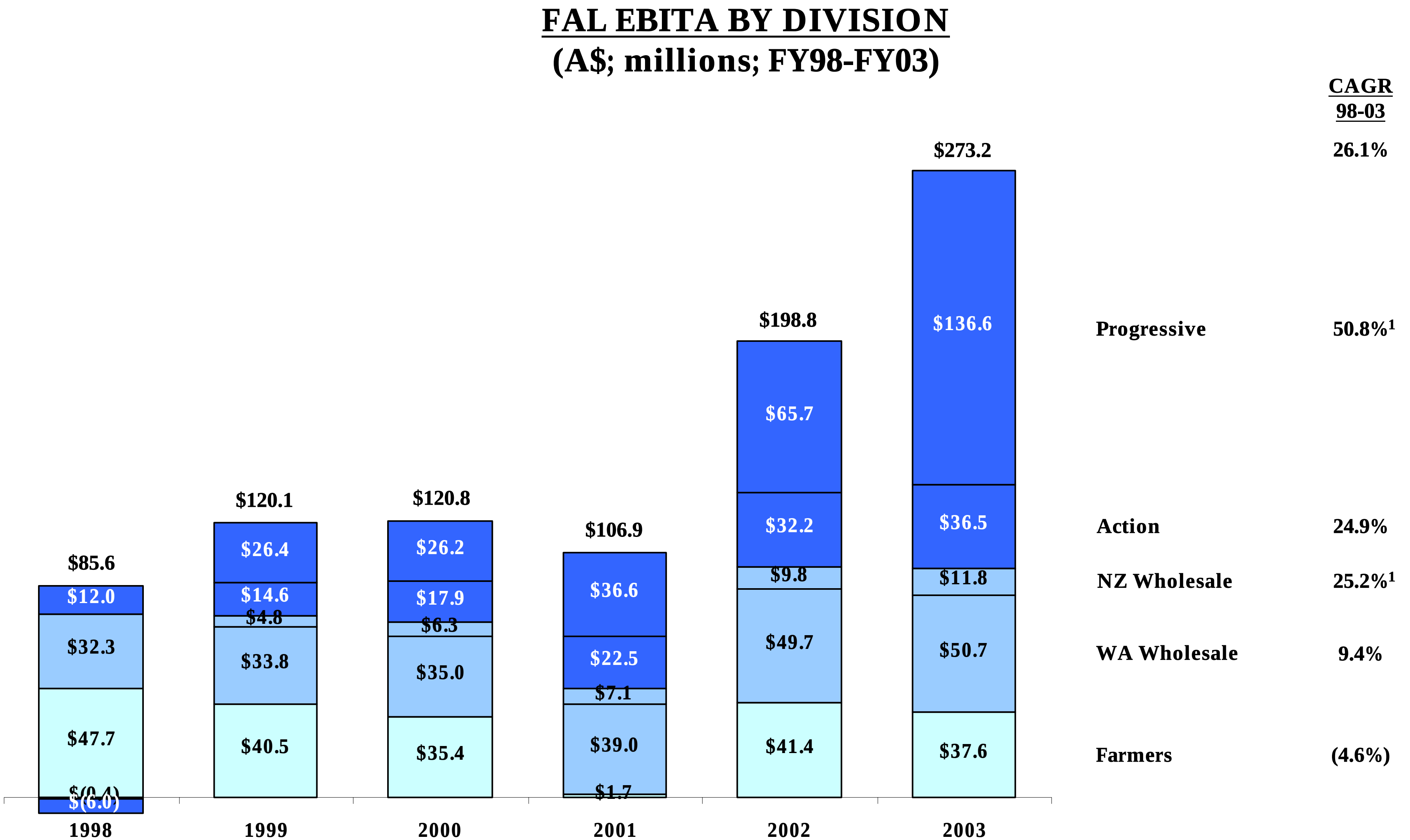
Sales growth has been driven by acquisitions by Action in Queensland and by Progressive in New Zealand

FAL SALES BY DIVISION
(A$; millions; FY98-FY03)



Source: FAL Annual Reports; Coriolis analysis

Profit growth has also come through acquisition and improvements in wholesaling profitability



1. Uses 99-03 data

Source: FAL Annual Reports; Coriolis analysis

Foodland's share price has improved since acquisitions began

FOODLAND SHARE PRICE
(FOA; A$; 1992-2003/3)

Source: BigCharts.com

Foodland has a seven point corporate strategy

FAL CORPORATE STRATEGY

To create shareholder value while meeting consumer demand, it is necessary to:

1. **Satisfy ever changing consumer demand by combining innovation and value**
2. **Constantly strive to reduce the cost of doing business through greater efficiency and greater use of technology**
3. **Identify and dispose of assets which do not or will not contribute returns exceeding the weighted average cost of capital**
4. **Adopt stringent benchmarks for investment in the form of working capital or fixed capital expenditure**
5. **Optimise the weighted average cost of capital while maintaining the ratio of debt to equity in prudential proportions;**
6. **Motivate, develop and incentivise all employees**
7. **Consistently seek out value adding opportunities to strengthen the business portfolio**

Source: FAL Annual Report 2002

Foodland had a number of significant achievements in its 2002 financial year

FAL ACHIEVEMENTS
(2002)

- **Commenced East Coast operations through acquisition of 40 Franklins stores in Queensland**
- **Announced formation of Melbourne based Australian buying office**
- **Acquired Woolworths New Zealand, including 85 supermarkets, 26 convenience stores and three DCs following extended court battle with Foodstuffs on Woolworths merger**
- **Big Fresh brand to be converted to other fascia**
- **Acquired WA Foodlink foodservice distribution business**

Foodland also had a number of significant achievements in its 2003 financial year

FAL ACHIEVEMENTS
(2003)

- **Action opened four new stores and refurbished six stores**
- **Progressive opened two stores, refurbished five stores, closed two stores and sold two stores**
- **All Big Fresh stores converted or closed**
- **Commenced construction of New Zealand head office expansion**
- **Completed Favona Road distribution facility; closed Wiri distribution centre**
- **Sold Red Arrow tobacco van business**

Foodland clearly has a lot on its plate and the market is expecting it to deliver

- **“We’re not pessimistic, we’re optimistic. We have some fantastic opportunities across our business for achieving organic growth and improving the performance of our existing businesses.”**

  Trevor Coates, Managing Director, Foodland, September 18 2003

- **"The market is by no means saturated, and there are substantial opportunities for us to expand in Western Australia and Queensland. Eight to 10 new Action supermarkets a year will be built for the foreseeable future... The immediate priorities, however, are driving efficiency through smarter purchasing, factory gate pricing, and better communications with suppliers to reduce inventory, free up capital and drive availability. Not to mention aggregating the buying functions across Foodland's businesses, and integrating the Franklins stores in Queensland. “**

  Trevor Coates, Managing Director, Foodland, May 2003

- **“The group has formulated its own growth strategies to take on Woolworths and Coles, including plans for a new Dewsons Express convenience store format - among the highest margin formats in food retail.”**

  Melbourne Age, September 19 2003

The expansion of Action into Queensland was more difficult than expected…

- **“The sales result was disappointing and signals the operational risk faced by FOA in Queensland. It is questionable whether Action will be able to emulate its successful trading formula in light of the increased competition faced in the state. The company's expansion into the eastern states of Australia is now expected to be a substantial drag on its margins.”**

  Analyst, Wilson HTM, Feb 16, 2003

- **“We had a very strong launch into the marketplace and our competitors reacted by spending huge dollars on both promotional activity and on advertising. Understandably, whilst they’re larger than us... they don’t have bottomless pockets. We’re getting better customer flow numbers and spend levels, which suggests the brand is beginning to mean something… Certainly we see it as a longer term position. We see it taking us two to three years from the start until we get up to the usual industry margins of 3%.”**

  Trevor Coates, Managing Director, Foodland, May 2003

- **"He's just having great difficulty being competitive in the marketplace, delivering to his customers prices equivalent to the ones Woolworths offers.“**

  Roger Corbett, March 2003

… and New Zealand is slowing

- **"Growth in the New Zealand supermarket channel has been slowing. In addition, we expect that market share gains will be difficult to achieve. Foodstuffs are a strong, large scale competitor with plenty of room to move on margins."**

  Trevor Coates, Managing Director, Foodland, September 18 2003

- **"The NZ food retail business remains, in our view, the largest opportunity for the group not just because of the potentially larger synergy benefits but also beyond… In most duopoly structures, the basis of competition is often not primarily on price but on differentiation and innovation. This means that less price led investment is required to drive sales and the retailer can instead focus on other drivers such as space and category management and increase private label penetration in the sales mix going forward. Central procurement and warehouse rationalisation should realise further efficiencies."**

  Analyst, Deutsche Bank, August 13, 2003

Store brands are clearly a major strategic direction

– **"America has come from virtually nothing to about 40% in the last 15 to 20 years, the UK's about 48%... But I think 40% is optimistic. If you said 20% within the next two to three years, I'd agree with you. I think it will then continue to grow and I'm sure that's likely to be the case with a concentrated effort by all retailers in Australia… so I'm very optimistic… If your product's good, it gives you loyalty and it adds value… We'll certainly extend our SKUs, but not for the sake of it. We'll add SKUs to our range where we think it is appropriate."**

Trevor Coates, Managing Director, Foodland, May 2003

Foodland is attempting to counteract its competitors petrol offers

- **"Petrol is not critical or a panacea to solving any problem, even though some of the larger companies think that way… We're running [petrol vouchers schemes] in Queensland, we're running them in New Zealand, we're running them in Western Australia. But we think the consumer in every store is every location is different and we don't necessarily believe a chain wide offer is appropriate."**

Trevor Coates, Managing Director, Foodland, September 18 2003

Foodland has called on the ACCC to take action against Woolworths and Coles

- **"Some of these larger players are not only trying to dominate the food sector, they're also trying to dominate the liquor sector, they're trying to dominate the petrol sector…**
- **At some stage the authorities - the political authorities and the ACCC have to take a stand to prevent what would be detrimental going forward for consumers if certain companies are allowed to dominate consistently too many other sectors. It's about time that the politicians, the competition authorities, did something about it."**

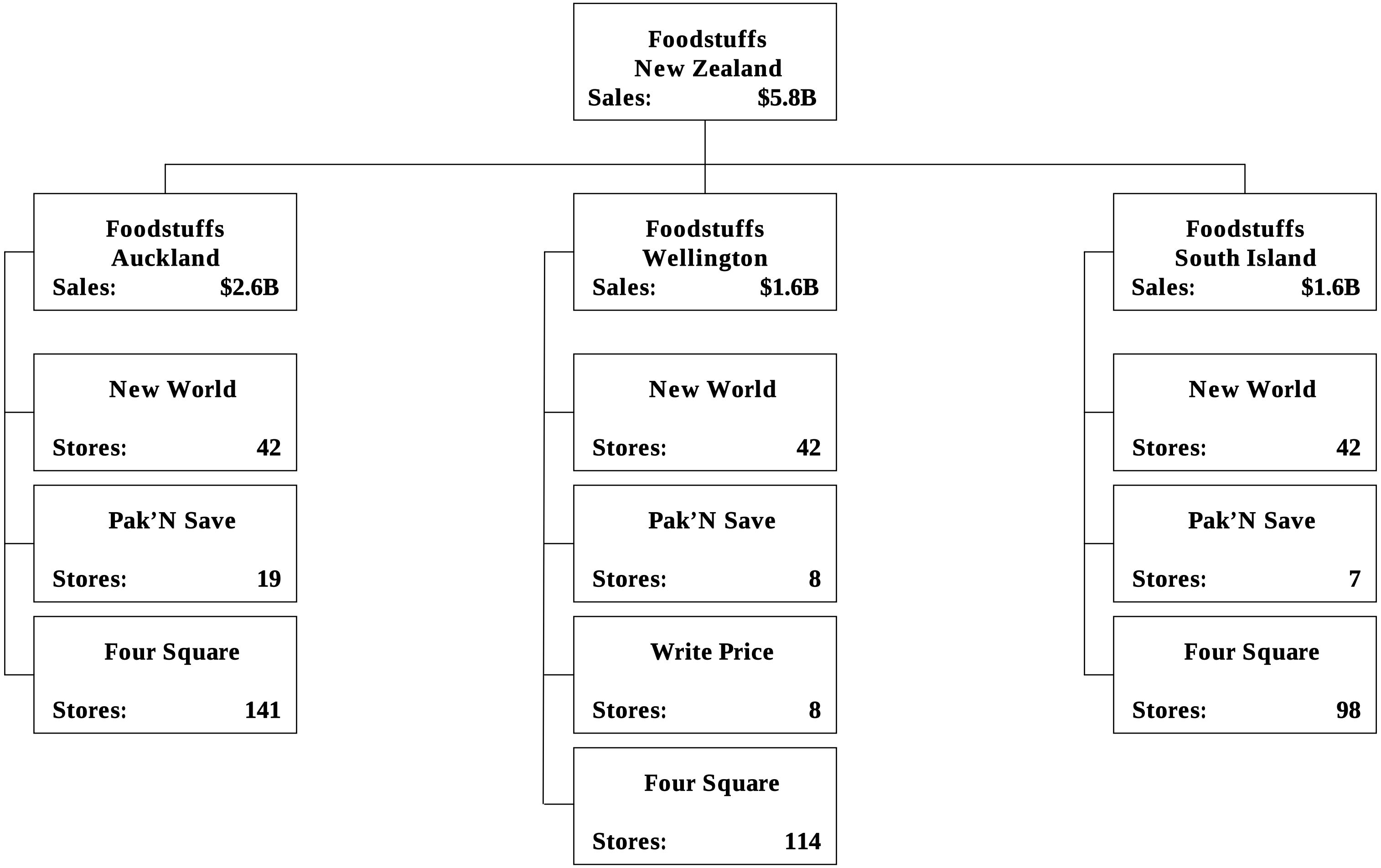
Trevor Coates, Managing Director, Foodland, September 18 2003

FOODSTUFFS

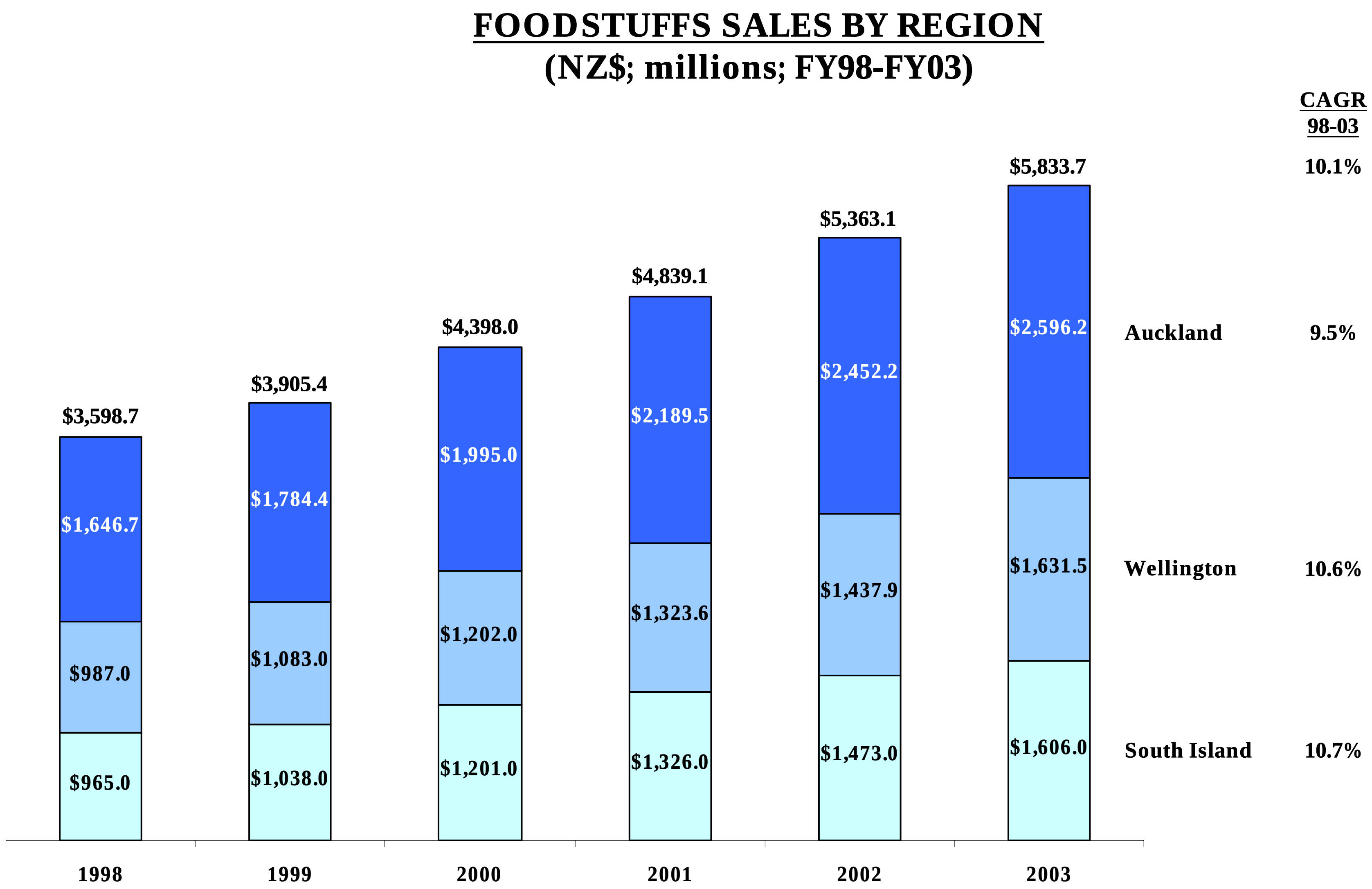
Proudly New Zealand

Foodstuffs is made up of three legally separate supermarket owner-operator owned cooperatives

FOODSTUFFS CORPORATE STRUCTURE
(NZ$; billions; FY03)



All three Foodstuffs groups have shown consistent organic sales growth for the past five years



Source: Foodstuffs Annual Reports; Coriolis analysis

Foodstuffs operates the mid-market New World banner, the price driven Pak'N Save and Write Price banners and the Four Square convenience banner

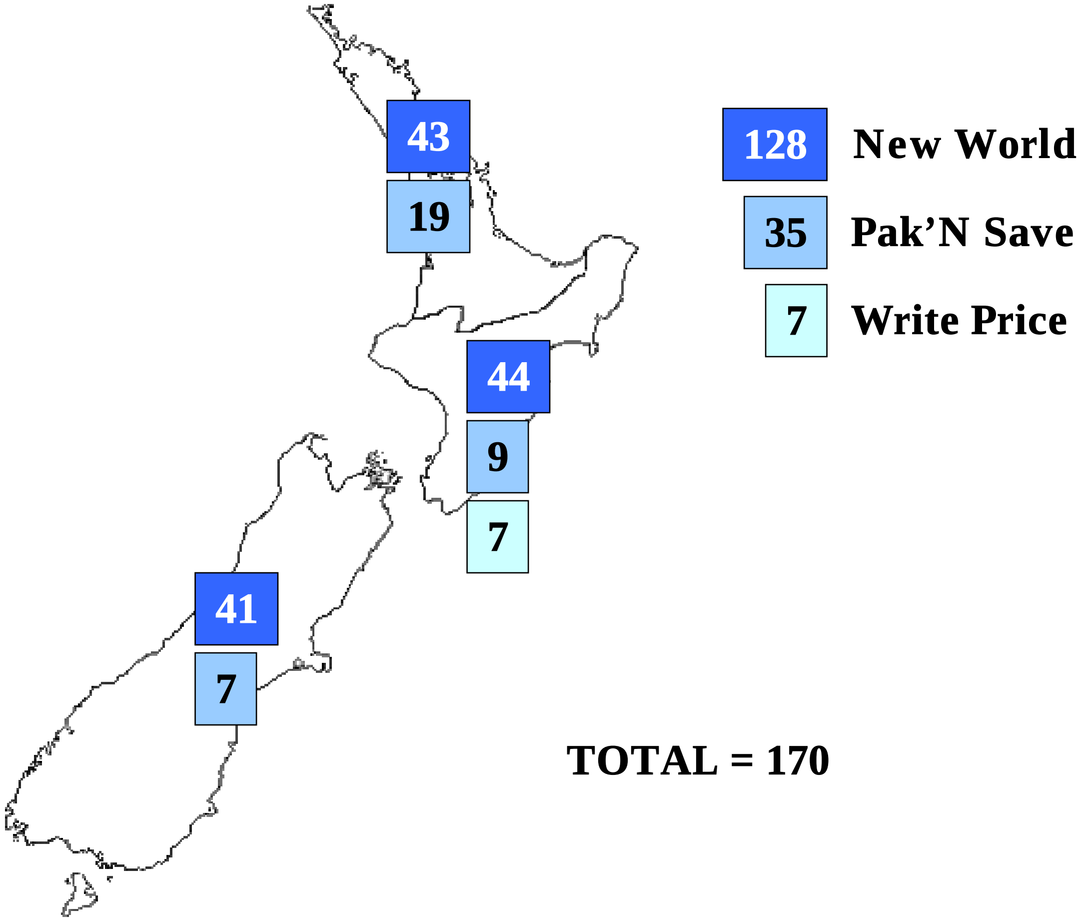
FOODSTUFFS SUPERMARKET STORE FORMATS

(June 2003)

Format		# of Stores
Conventional Supermarket	NEW WORLD	128
Warehouse Supermarket	PAK'N SAVE	35
Discount Supermarket	WRITE PRICE FOOD BARN Complete food shopping at lower prices.	7
Convenience Store	4	337

Foodstuffs operates 170 supermarkets throughout New Zealand

FOODSTUFFS SUPERMARKETS BY REGION
(June 2003)



Foodstuffs had a number of significant achievements in its 2002 financial year

FOODSTUFFS ACHIEVEMENTS
(2002)

- **Extended court battle with Progressive on Woolworths merger**
- **Opening of new chilled/frozen warehouse in South Auckland**
- **Expansion of Nelson Distribution Centre**
- **Introduction of Jamie Oliver / Pam's marketing campaign**
- **Brand imagery for Four Square overhauled**
- **First New World Metro opened in Wellington**

Foodstuffs also had a number of significant achievements in its 2003 financial year, including launching banking and fuel offers

FOODSTUFFS ACHIEVEMENTS
(2003)

- **Opened 4 new New World stores; opened 2 New World replacement stores; major extensions at 2 New World stores; converted 1 Write Price to Pak'N Save; opened 1 Trents Cash'N Carry**
- **Launch of Fuel at supermarkets; signed agreement with BP to supply petrol**
- **Launch of Superbank banking in supermarkets**
- **Introduced new New World logo and format**
- **Revamped 'Budget' store brand logo and packaging**

Foodstuffs is a unique success story in independent supermarket retailing driven by its relationship with its members

FOODSTUFFS SERVICES TO MEMBERS
(2003)

Property	**The purchase, development and enhancement of retail sites**
Operations	**Defining enforceable formats**
	Benchmarking stores
Management	**The best possible operators are selected and trained**
	Rebates to support the member
	Family style philosophy
Support	**Administrative and IT Systems**
	Purchasing to enable the best price to the consumer
	Monitoring quality and service on products
	Maximising of standards

Source: Foodstuffs Wellington Annual Report; Coriolis analysis

Foodstuffs strategic direction involves increasing sales through existing boxes

FOODSTUFFS STRATEGIC DIRECTION

- **Extended non-foods trial in Palmerston North**
  - **Trial in Palmerston North New World**
  - **Expected response to The Warehouse grocery entry**

- **Launch of Superbank banking in supermarkets**
  - **Signed-up 2,000 customers in 2 weeks (2003.03.08)**
  - **Initially offering a savings account**
  - **Plans to add transaction accounts before the end of the year**

- **Roll-out of fuel in supermarkets**
  - **Open: Napier, Hamilton, Auckland**
  - **Planned: Wellington**
  - **customers save 6c/litre when they spend over $200 on groceries**
4c/litre when they spend between $100-$200
2c/litre when they spend under $100

Key future strategies for growth are rolling-out banking, fuel and pharmacies

- **“We are working with St. George to introduce competitive financial products and eventually we anticipate that our customers will be able to do their banking in-store. This banking venture is truly integrated with the supermarket… [Our] target market is our 3.2 million customers.”**

  Tony Carter, Managing Director, Foodstuffs Auckland, Nov 2002

- **"It is taking a proposition that has worked very well in the UK, with both Sainsbury and Tescos supermarkets operating banking arrangements through major players. You are getting a good retail banker coming into a very competitive environment, so it's a bold move."**

  Andrew Dinsdale, Banking and Finance Group Chairman, KPMG, Nov 2002

- **"Not only will we have the cheapest groceries we will also have the cheapest fuel. From a customer's point of view it is also convenience. It is just another product they can buy when they visit their supermarket."**

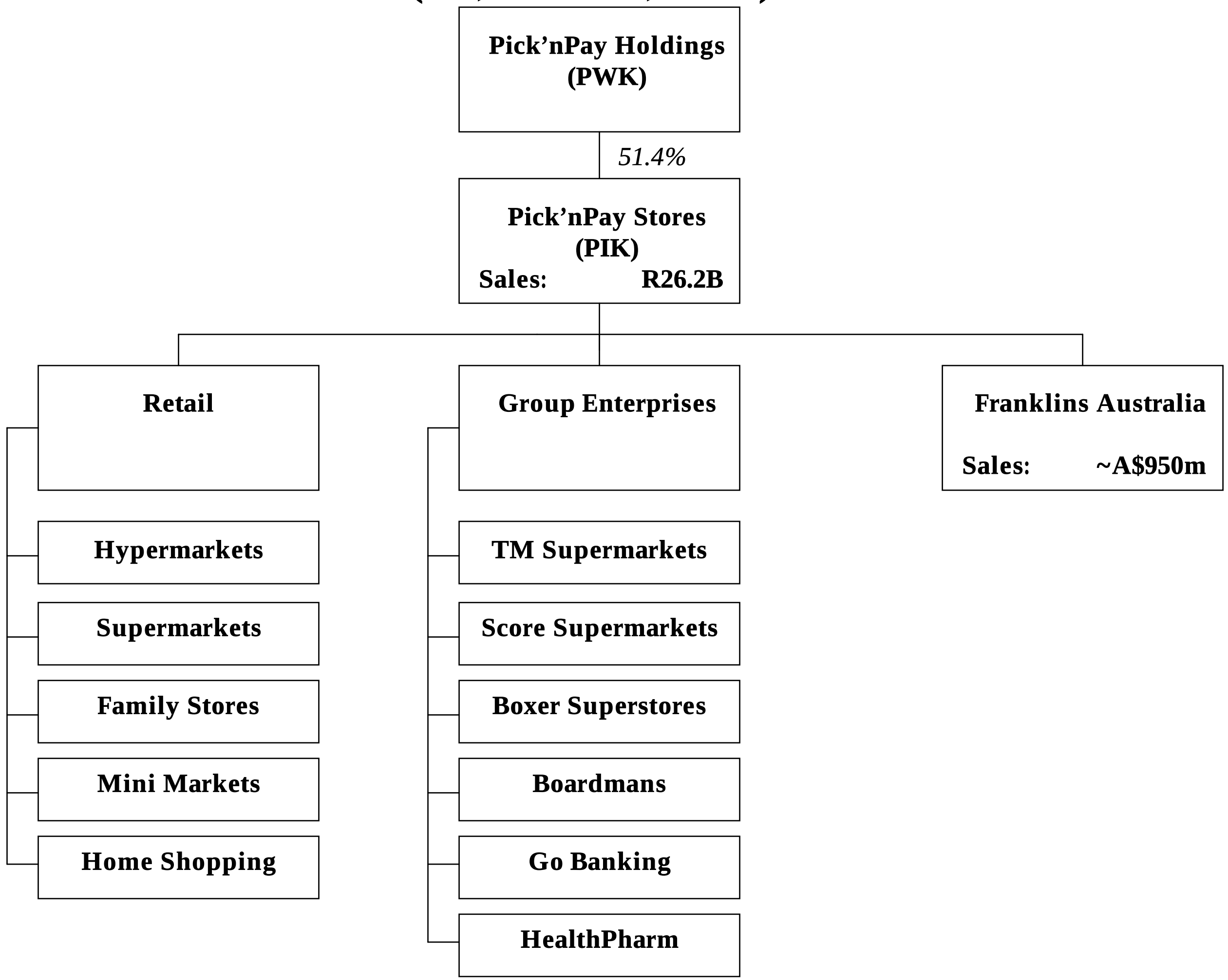
  Tony Carter, Managing Director, Foodstuffs Auckland, Feb 2002

- **"Open ownership will result in a greater number of pharmacies, wider geographical spread of pharmacies, benefiting rural populations, and will lower the price of medicines and other pharmacy-only products."**

  Tony Carter, Managing Director, Foodstuffs Auckland, Feb 2002

Pick'N Pay is a South African chain that has expanded into Australia through the purchase of a number of Franklins stores

PICK'NPAY CORPORATE STRUCTURE
(A$; billions; FY03)



Source: Pick'NPay Annual Reports; Coriolis analysis

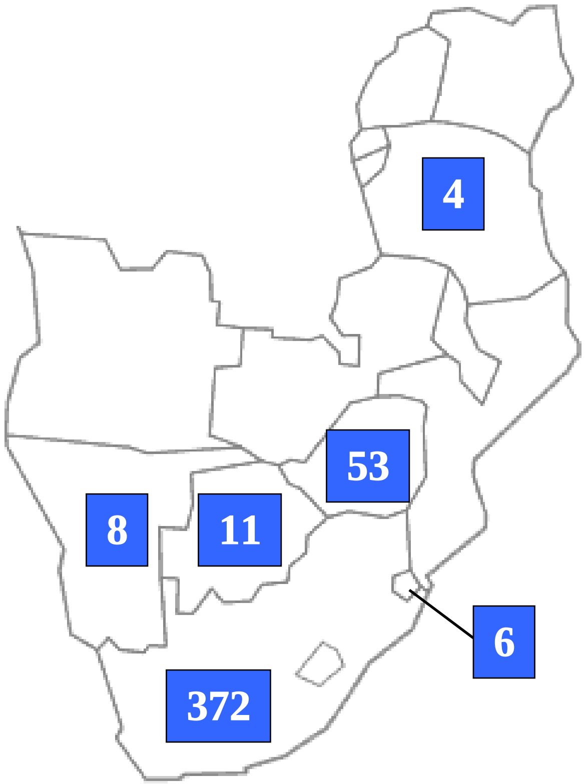
Pick'N Pay operates a full range of supermarket store formats, including both company owned stores and franchised outlets

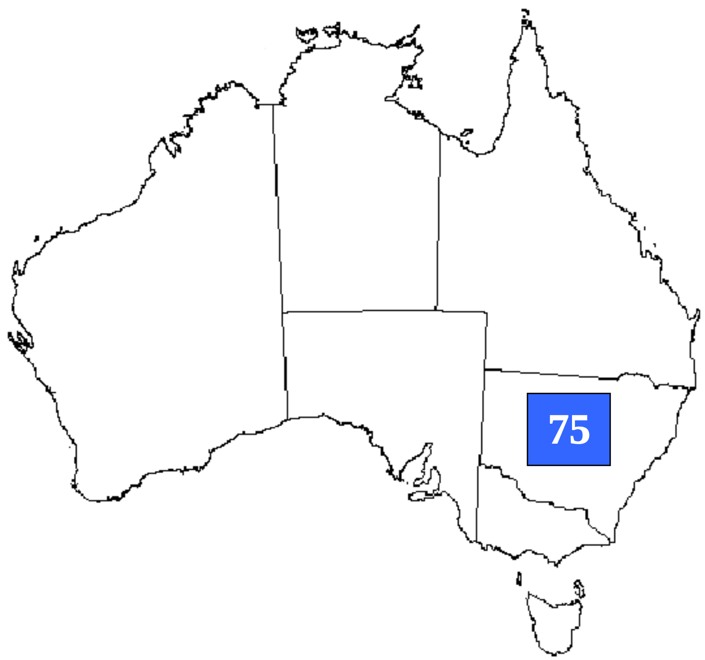
PICK'NPAY SUPERMARKET STORE FORMATS
(2003)

Format		# of Stores
Hypermarket	Pick'n Pay hypermarket	14
Conventional Supermarket	Pick'n Pay Family Supermarket	113
Convenience Store	Pick'n Pay Mini Market	30
Discount Supermarket	Score Supermarkets	117
Franchised Supermarket	TM Supermarkets	53
Franchised Superstores	Boxer Superstores	39
Discount Supermarket	Franklins	75

Pick'N Pay has stores throughout Southern Africa and in New South Wales

PICK'NPAY SUPERMARKETS BY REGION
(2003[1])

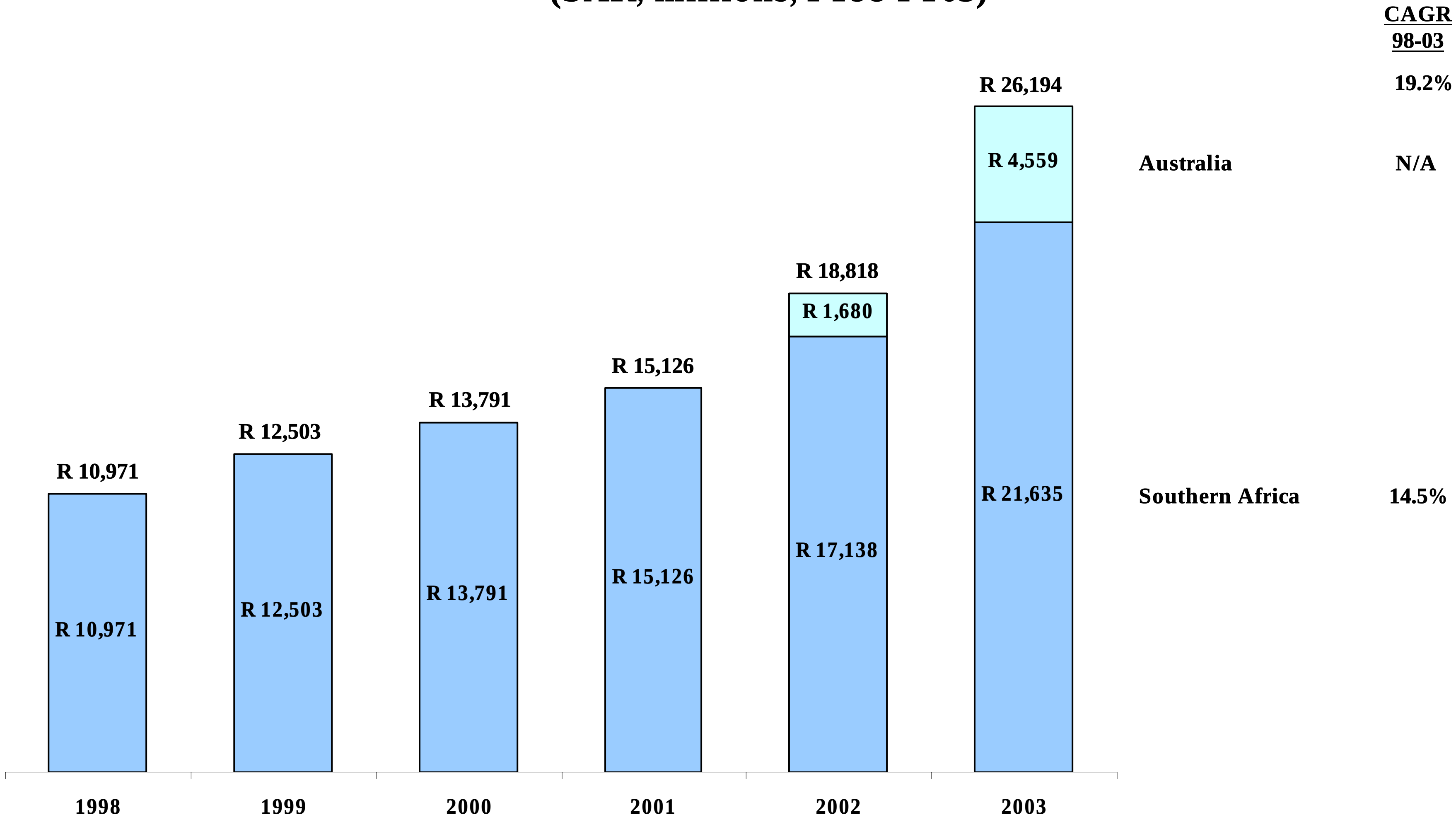




1. Southern Africa uses 2002 store numbers

Pick'N Pay has had strong sales growth, partly fueled by inflation in South Africa

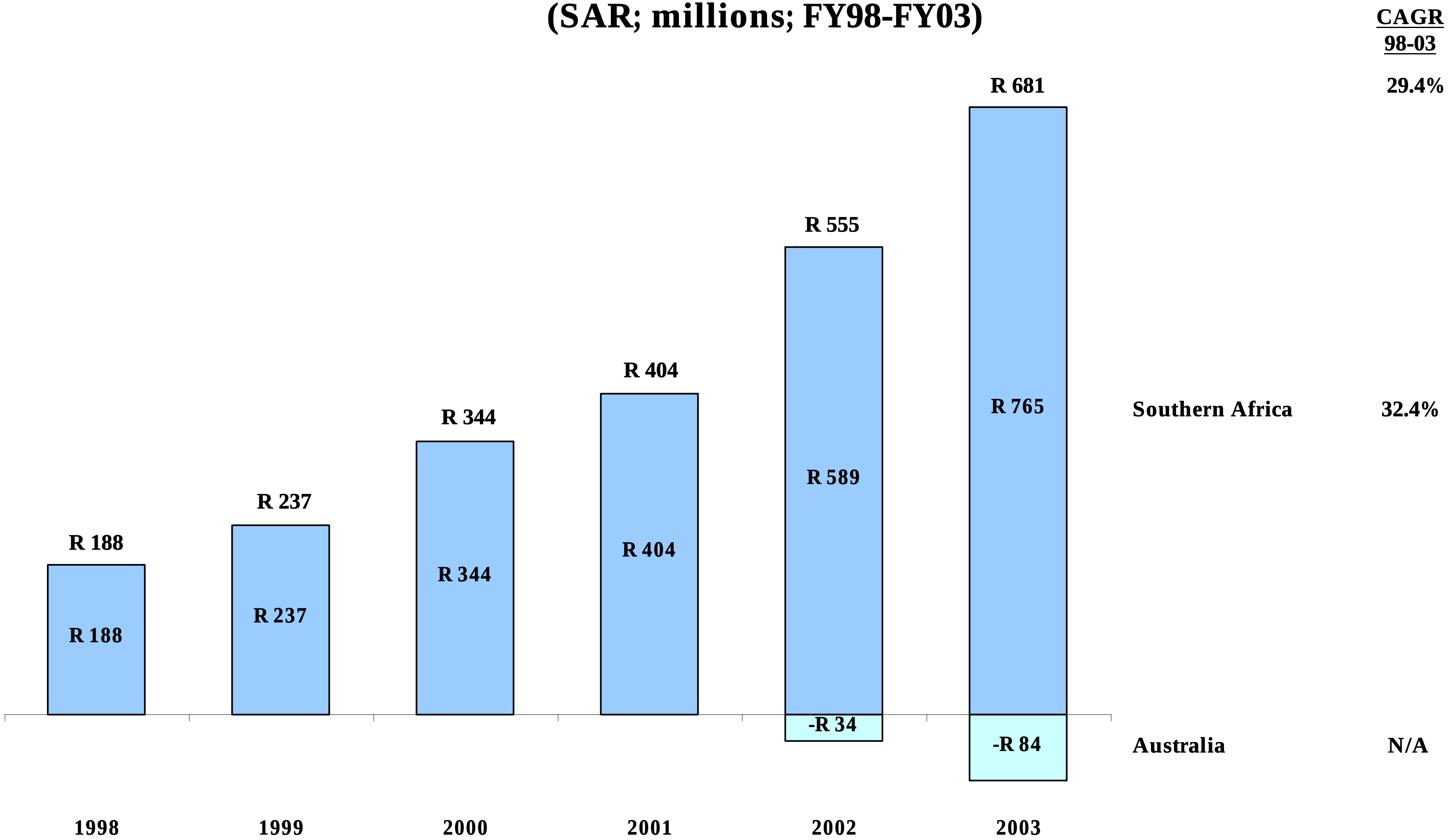
PICK'NPAY SALES BY REGION[1]
(SAR; millions; FY98-FY03)



1. Not inflation adjusted
Source: Pick'NPay Annual Reports; Coriolis analysis

South African profits are currently funding Australian losses

PICK'NPAY TRADING PROFIT BY REGION
(SAR; millions; FY98-FY03)



Source: Pick'NPay Annual Reports; Coriolis analysis

Pick'N Pak's share price has struggles over the past decade, improving recently with the move into Australia

<u>PICK'NPAY SHARE PRICE</u>
(SAR; 10/94-9/03)

Source: BigCharts.com

Pick'N Pay had a number of significant achievements in its 2002 financial year

PICK'N PAY ACHIEVEMENTS
(2002)

- **Acquisition of 50 Franklins stores, Franklins name and No Frills store brands**
- **Acquisition of 20 Fresco Supermarkets**
- **Acquisition of 37 Boxer Superstores**
- **Creation of three separate operating divisions: Retail, Group Enterprises and Australia**
- **Completed conversion of RiteValu to Pick 'n Pay Mini Markets**
- **Began operations in Tanzania**

Pick'N Pay also had a number of significant achievements in its 2003 financial year

PICK'N PAY ACHIEVEMENTS
(2003)

- **Opening of 17 new Pick'n Pay Family franchise stores including first in Botswana**
- **Opened 21 new Score stores (including relocations); restructured into five decentralised operating regions**
- **Re-launch of our main house brands, No Name and Pick 'n Pay Choice with new labels and packaging**
- **Acquired a further 6 ex-Franklins stores**

Pick'Pay's strategy appears to be growth through store portfolio expansion

PICK'N PAY STRATEGIC DIRECTION

- **"Our single stated goal across the Group is to continue reducing expenditure as a percentage of turnover, thereby becoming ever increasingly competitive and ensuring that we deliver on a long-term basis for all consumers in the markets in which we operate."**
- **"The restructuring of the organisation last year has led to a new release of energy within the Group. We see ourselves continuing at these levels, and this is no more evident than in the massive store expansion forecast for all brands in the year ahead."**
- **"New stores include 11 Pick 'n Pay corporate stores, 17 Franchises, 40 Scores, 7 Boxers, 5 Boardmans, 4 Franklins and 11 other probable openings across the different brands."**

Pick'n Pay Annual Report 2003

Pick'N Pay's purchase of the core "No Frills" Franklins stores was easy; turning these stores around will prove more difficult

- **"The opportunity was identified that within the Franklins group, the "No Frills" stores were still profitable and achieving good levels of consumer acceptance… We have extensive experience in running a "no-frills" hard discount operation through our success in Score and believe that the similar formulas will allow us to show real growth in a short space of time."**

  Sean Summers, CEO, Pick 'n Pay, May 28, 2001

- **"Our primary objective in the Australian market, where we are well aware of the sales price sensitivity, is to continue as a low cost operator aiming to further reduce gross margins, become even more price competitive, and thereby grow turnovers."**

  Pick'n Pay Annual Report 2003

- **"We believe that the main question which needs to be addressed by Pick 'n Pay in Australia is one of strategy. The position Franklins had when it was at the height of its success, was one of being 20% below the prices of the mainstream grocers, with only a dry grocery offering consisting of 5-8,000 SKU's. The demise of Franklins came with the introduction of fresh food, affecting its ability to compete on price at a substantially different level. This position is now occupied by Aldi… We believe that Franklins will continue to struggle, and although it may break even, will take much longer to reach any acceptable level of return if at all."**

  Rod Salmon, Analyst, Merrill Lynch, August 27, 2002

Pick'N Pay intends to expand its Australian store portfolio to 150 stores

- **"This is clearly an over-traded market, but we still have a lot of opportunity to build our market share over the 75 stores we have now. I believe that we could build our base to between 140 and 150 stores eventually, without moving outside NSW. Fortunately South Africa is not looking for us to return a profit in the next year or so, and we still have a lot of capital expenditure ahead of us, funds that we need to put into the business. But I would expect us to start turning a profit in about 18 months… We are here for the long term."**

  Aubrey Zelinsky, Managing Director, Franklins Australia, June 12, 2003

- **"The problem with this is the cash flow. Franklins has used all available cash and Pick 'n Pay cannot at this time send any more cash out of South Africa to Australia. This limits the rate and potential of expansion to within the businesses own cash generation capability. Even if the business could get suitable sites for its expansion programme, the capital expenditure requirement per store is AU$1.0m. Therefore between AU$30-40m is required to achieved the target roll out in the Sydney geographic area. The management did talk about raising money through a partial listing in Australia."**

  Rod Salmon, Analyst, Merrill Lynch, August 27, 2002

Pick'N Pay is attempting to transplant its South African corporate culture into Australia

- **"We are very committed to a profit contribution within the next 12 – 24 months from Australia, but equally, we are committed to building a sustainable business. A business that has the same customer and people focus as Pick 'n Pay."**

  Raymond Ackerman, Chairman, Pick'n Pay, Feb 2002

- **"During September 2002, Franklin's Area Managers and Store Managers were sent to South Africa on an induction visit. The prime purpose was to give leaders of the business the opportunity to gain an understanding of the Pick 'n Pay culture and to meet and learn from their South African colleagues, particularly in the areas of customer service and brand building. Following their return from South Africa, the business has developed training programmes and initiatives focusing on communication, store standards, social responsibility, customers and people."**

  Pick'n Pay Annual Report 2003

- **"When Interfrank Holdings purchased the Franklins business in 2001, more than 70% of team members were employed on a casual basis. We have since employed permanent team members wherever possible. Almost 70% of working hours are now staffed by permanents. We believe permanent employment gives the business and team members security, stability and certainty. It allows people to plan for their financial future and for future personal growth and development."**

  Aubrey Zelinsky, Managing Director, Franklins Australia, July 2003