

# WOOLWORTHS LIMITED

Michael Luscombe  
Chief Executive Officer

Tom Pockett  
Finance Director

Company Results  
Full Year ended 27 June 2010

# Highlights for Financial Year 2010

- A solid increase in net profit after tax of 10.1%
- A good overall result in a challenging trading period
- The strength in our business has allowed us to increase profits and invest significantly in reducing prices in a period of low or negative inflation
- Woolworths customers are benefiting from not only lower prices but from great rewards from our Everyday Rewards program, improved ranges, exclusive brands and enhanced shopping experience through our refurbishments
- The announcement of our planned \$700 million off-market buy-back combined with the on-market buy-back recently conducted, means we will have returned over \$1 billion to shareholders during 2010 in addition to dividends
- Our balance sheet, cash flow and strength of our credit rating positions us well for continued investment, capital management and growth
- Our focus is on sustainable long-term profitable growth to deliver value to customers and shareholders

# Highlights – Full Year 2010

A good overall result in a challenging trading period

	<b>FY10</b>	<b>\$ Increase</b>	<b>Growth</b>
<b>Sales - Group</b>	<b>\$51.7b</b>	<b>↑ \$2.1b</b>	<b>↑ 4.2%</b>
<b>- ex Petrol</b>	<b>\$46.2b</b>	<b>↑ \$2.1b</b>	<b>↑ 4.8%</b>
<b>EBIT</b>	<b>\$3,082.1m</b>	<b>↑ \$267m</b>	<b>↑ 9.5%</b>
<b>NPAT</b>	<b>\$2,020.8m</b>	<b>↑ \$185m</b>	<b>↑ 10.1%</b>
<b>EPS</b>	<b>164¢</b>	<b>↑ 13¢</b>	<b>↑ 8.8%</b>
<b>DPS</b>	<b>115¢</b>	<b>↑ 11¢</b>	<b>↑ 10.6%</b>

# Highlights for the year

# Woolworths – the Fresh Food People



- Focus on Fresh will continue to underpin our success
- We are striving to have an unbeatable fresh offer for our customers
- Our success in this area, to date, has seen a strong increase in volumes with increased basket penetration
- We are focused on
  - Improving the quality of our buying
  - Working with suppliers to enhance quality of their products
  - Examining all aspects of our fresh supply chain to improve quality on the shelf and reduce costs
  - Reducing shrinkage
  - Greatly enhancing our fresh food testing through our food labs, looking for ways to improve overall quality and shelf life
  - Enhancing store presentation (2015)

# Lower prices - a dividend for our customers











- Woolworths has continued to lead the market in driving down shelf prices
- Customers now pay less with lower shelf prices on over 4,400 grocery products in addition to standard 2,000 weekly specials
- Deliberate strategy to return value to customers — achieved by running an efficient business
- A reward for our loyal customers

# Great additional value for our customers



- 5.1m Everyday Rewards cards registered
- Understanding our customers needs in a richer way
- Providing customers with targeted special offers
- 2.7m linked to QFF

**EXCLUSIVE RETAIL PARTNER OFFERS**

	<b>500 extra Qantas Frequent Flyer points</b> When you spend \$50 or more on Fresh food	
<a href="#">ACTIVATE THIS OFFER ▶</a>		
	<b>100 Qantas Frequent Flyer points</b> When you buy any item from the BIG W Sale Catalogue.	
<a href="#">ACTIVATE THIS OFFER ▶</a>		
	<b>Navman GPS only \$137 - save \$50!</b> Plus 3 BONUS years of maps**	
<a href="#">FIND OUT MORE ▶</a>		
	<b>100 extra Qantas Frequent Flyer points</b> When you buy James Boag's Premium Stubbies (24 x 375ml) - only \$46!	
<a href="#">FIND OUT MORE ▶</a>		





# BIG W – quality brands at BIG W prices

"BIG W owns lowest price position"

**BONDS**<sup>®</sup>



**100% MAMBO**  
NOW AVAILABLE AT BIGW

- Customers win on value through low prices and quality
- The widest range of the latest products, trends and fashions
- Brands customers know and trust
- Destination departments have performed well (eg Footwear)
- BIG W online launched in May
- Over the last three years, in terms of sales, BIG W has outperformed all other major department stores in Australia
- BIG W is Australia's largest department store in terms of sales



# Continuously evolving customer focused formats

## "First 2015 Market Store is now open"



Caringbah, NSW

- Strong customer response to all new formats
- At present ~50% of Australian Supermarkets, 55% of BIG W and 42% of Australian Consumer Electronics stores are in their new formats
- In New Zealand 68% of the stores are now branded Countdown
- Continue to evolve new formats to meet changing customer needs

# Quantum Project – benefits to emerge over next 5 years

- Quantum will deliver reduced costs and improve efficiencies across all Woolworths businesses
- One of our most senior executives has been appointed to lead the Quantum project
- This project will focus on all aspects of our business including
  - End to End supply chain — move to the next level
  - Procurement (not for resale) — lowering our costs
  - Operational work practices — improving efficiency and lowering costs
  - Global direct sourcing — enhancing capability and lowering costs
  - Support structures — significantly improving efficiency
- Several key initiatives have commenced
- The Quantum project follows in the tradition of Project Refresh
- Benefits emerging in both Gross Margin and CODB over next 5 years, which will be shared between customers and shareholders

# Innovative customer offerings



- Everyday Money Credit Card growing in popularity — won five industry awards
- Launched the Everyday Money Prepaid MasterCard in June — results above expectations
- Enhancing the offering with a reloadable Prepaid MasterCard to launch by end of year

# Exclusive brands

**"All ranges continue to gain stronger endorsement by our customers"**



- Exclusive brand expansion has continued with performance reflecting the quality of our offer and customer acceptance
- Growth in exclusive brands exceeds our overall performance
- Our largest exclusive brand, Homebrand, is being repositioned improving both quality and presentation and continues to gain strong customer acceptance whilst still targeting our value conscious customers
- Successful launch of the Macro Wholefoods Market range, numerous ranging opportunities available
- Exclusive brand wine sales are experiencing double digit growth and some of our quality wines have won medals at National wine shows

# Supply Chain has, and will continue to, deliver substantial financial benefits

**"DC strategy in New Zealand — re-development of the Wiri DC (Auckland) to be completed in FY11"**



Wiri, Auckland

- Next Generation Replenishment solution will reduce inventory days as well as save costs in stores, DC's and Transport
- Successful commissioning of Brisbane Liquor DC in Q4 FY10 - liquor network maturing ahead of expectations
- Investment in Sydney and Melbourne NDCs - increased capacity, improved pick rate efficiency and immediate cost reduction
- New BIG W facility to be built at Hoxton Park (Sydney) — work has commenced with expected completion in FY12
- Global sourcing business rapidly developing — direct buying volumes up 70% and expansion of geographic reach



# New Zealand Supermarkets

**"68% of stores now rebranded to Countdown"**



- Significant EBIT<sup>1</sup> improvement up 19.1% on the year (NZD)
- Underpinned by successful business transformation
- Comparable store sales growth of 4.0% and inflation positive at 0.9% (last year 5.8%), reflecting volume and market share growth
- Reducing price differential against equivalent offerings of main competitor
- Gross profit margins improved due to
  - Significantly improved ranging, particularly fresh
  - Front of store (point of sale)
  - Replenishment (Stocksmart and AutostockR) systems benefits
  - Significant improvements in shelf stock availability
  - Reductions in shrinkage

1. Reported EBIT

# Home Improvement

**"On track to open our first store in 2011"**



**BECKS**



- Completed the acquisition of Danks Holdings Ltd — integration progressing well
- Acquired Gunns Retail Division and Becks Timber and Hardware in Tasmania
- On track to achieve target of 150 sites secured within five years. The sites are prime retail sites, well positioned in good trading zones
- Store design, layout and merchandising well developed. Combination of Lowe's and Danks experience an invaluable asset
- Supply chain strategy is developed
- Establishment of IT systems leveraging Lowe's systems underway
- Supply arrangements underway — negotiations progressing with international and domestic vendors



# Online shopping

Woolworths online shopping interface showing navigation, weekly specials, and a shopping cart.

- Online shopping is an increasingly important part of customer expectations
- Continuing development of divisional websites to enhance customer useability
- BIG W online site launched in May
- Total online sales up 59% for the full year, with solid performances in Dick Smith Australia (up 116%) and BIG W (up 64%)
- Continue investment in this rapidly growing channel to drive incremental sales and profitability

BIG W online shopping interface showing navigation, toy spectacular, and product advertisements.

WOOLWORTHS LIMITED

# Corporate responsibilities



- Continued reduction of carbon emissions through investment in low carbon technologies
- Progression on implementation of our Ethical Sourcing Policy
- Strong community support with four key focus areas: Sustainability and Environment, Health and Wellbeing, Education and Employment and Rural and Regional Australia
- Continued focus and drive to achieve best practice in safety and health performance — "Destination Zero". Achieved a reduction in our Lost Time Injury Frequency Rate of 34%

# Financial results

# Report Card

In comparison with our regularly expressed goals

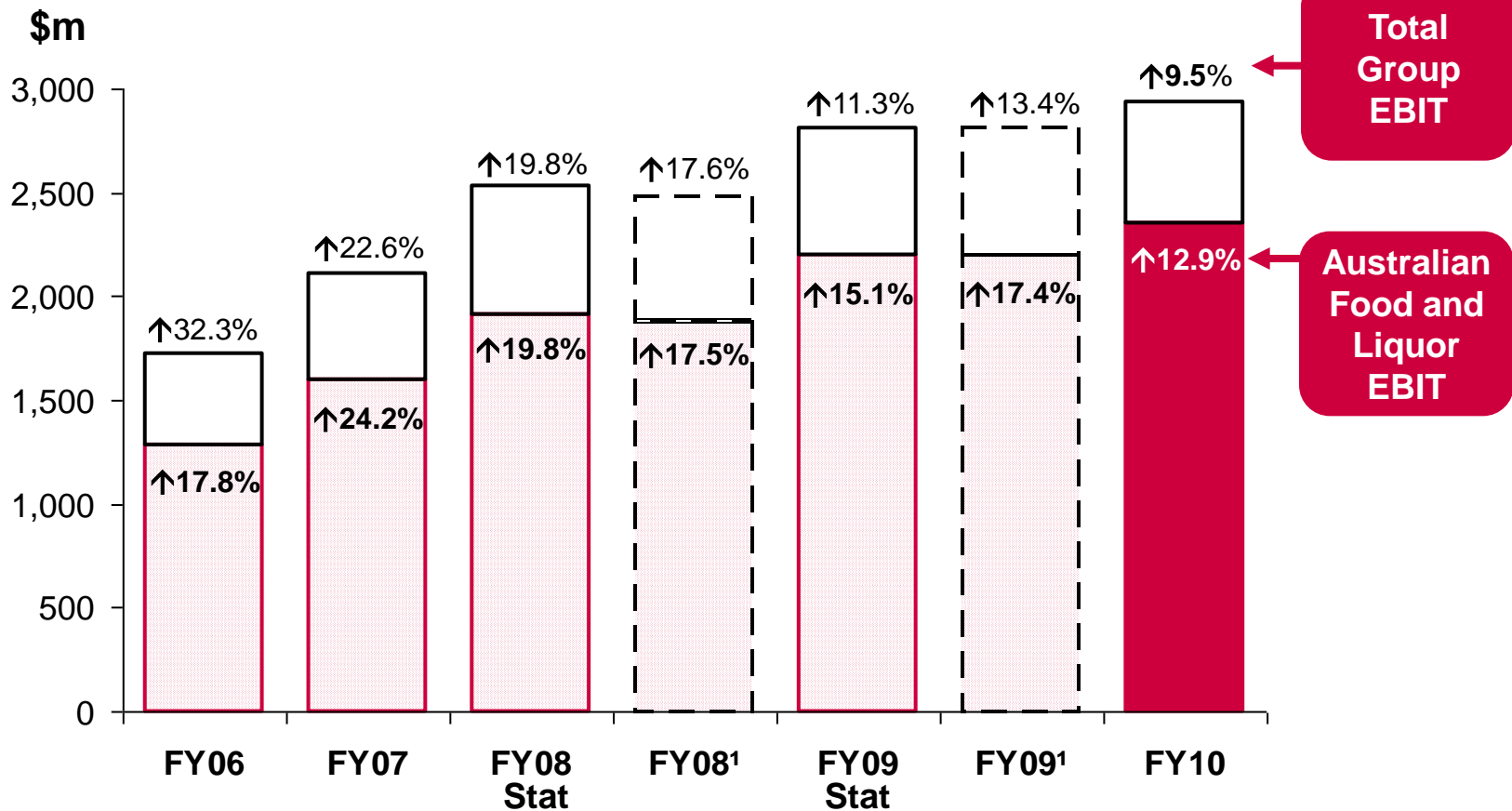
Percentage	2002 <sup>1</sup>	2003 <sup>1</sup>	2004	2005	2006	2007	2008 Stat	2008 <sup>1</sup>	2009 Stat	2009 <sup>1</sup>	2010
<b>Sales will grow in the upper single digits assisted by bolt-on acquisitions</b>	14.9	9.6	6.1	12.2	20.4	12.6	10.7	8.7	5.4	7.5	4.2
<i>Excluding Petrol</i>	13.7	7.4	4.6	9.0	18.9	12.9	10.0	8.0	6.6	8.5	4.8
<b>EBIT will outperform sales growth assisted by cost savings</b>	15.7	15.6	12.6	20.5	32.3	22.6	19.8	17.6	11.3	13.4	9.5
<b>Lower double digit NPAT growth</b>	22.2	16.5	12.8	14.9	24.3	27.5	25.7	23.5	12.8	14.9	10.1
<b>EPS will outperform EBIT growth assisted by capital management</b>	22.5	18.0	15.6	13.7	14.8	19.7	24.0	21.7	11.7	13.8	8.8
<b>CODB will reduce by 20 bps<sup>2</sup></b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

1. Normalised to remove the impact of 53rd week

2. Excludes Petrol and Hotels and the impact of profit on sale of certain properties, release of provisions and transition costs

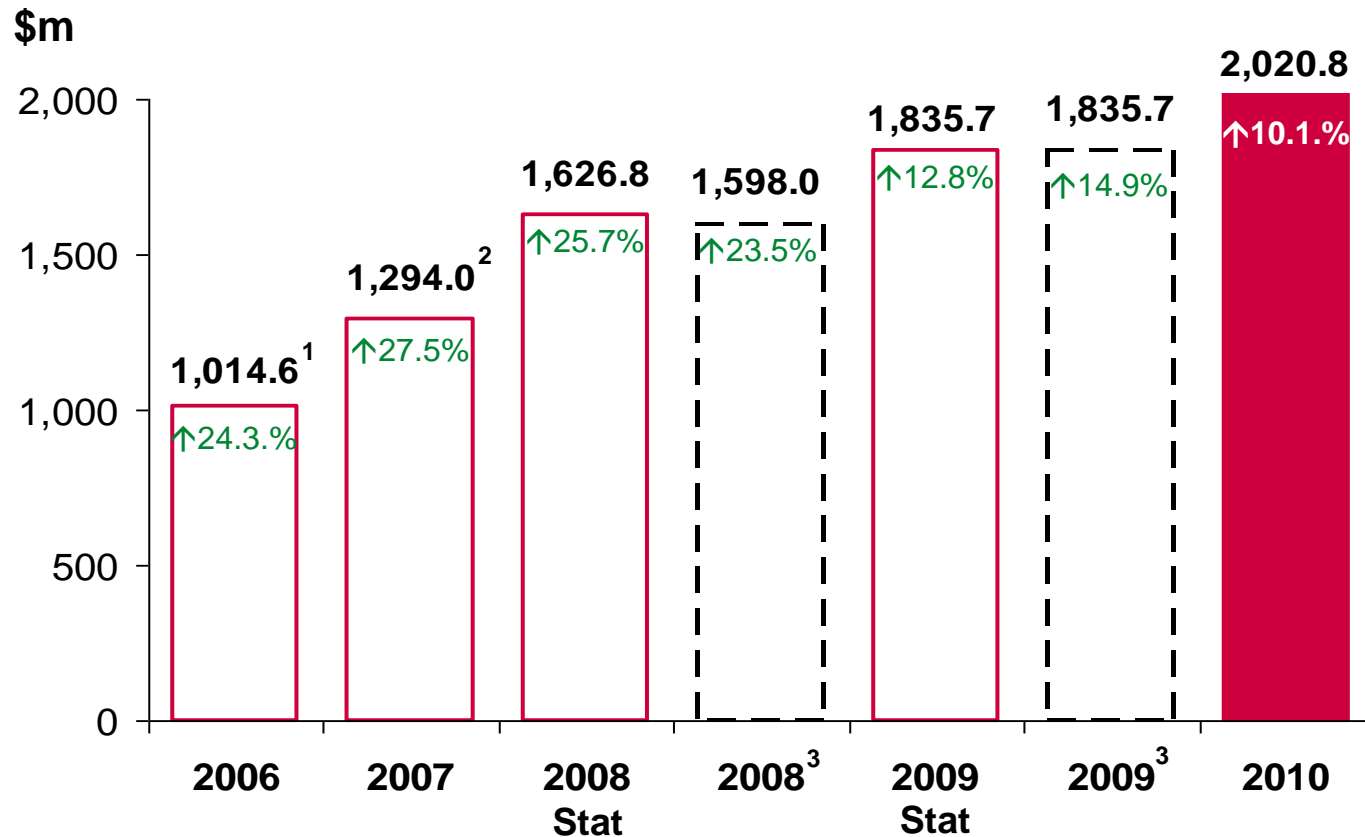
# EBIT – up 9.5%

EBIT growth underpinned by strong growth in Australian Food and Liquor



1. Reflects growth normalised to remove the impact of the 53rd week in FY08

# Profit after tax – up 10.1%



1. Includes Progressive (NZ) business and 20 Australian ex-FAL store results from 2 November 2005, BMG from 1 July 2005, Taverner Hotel Group from 6 February 2006, and ALH and MGW results for the 52 weeks

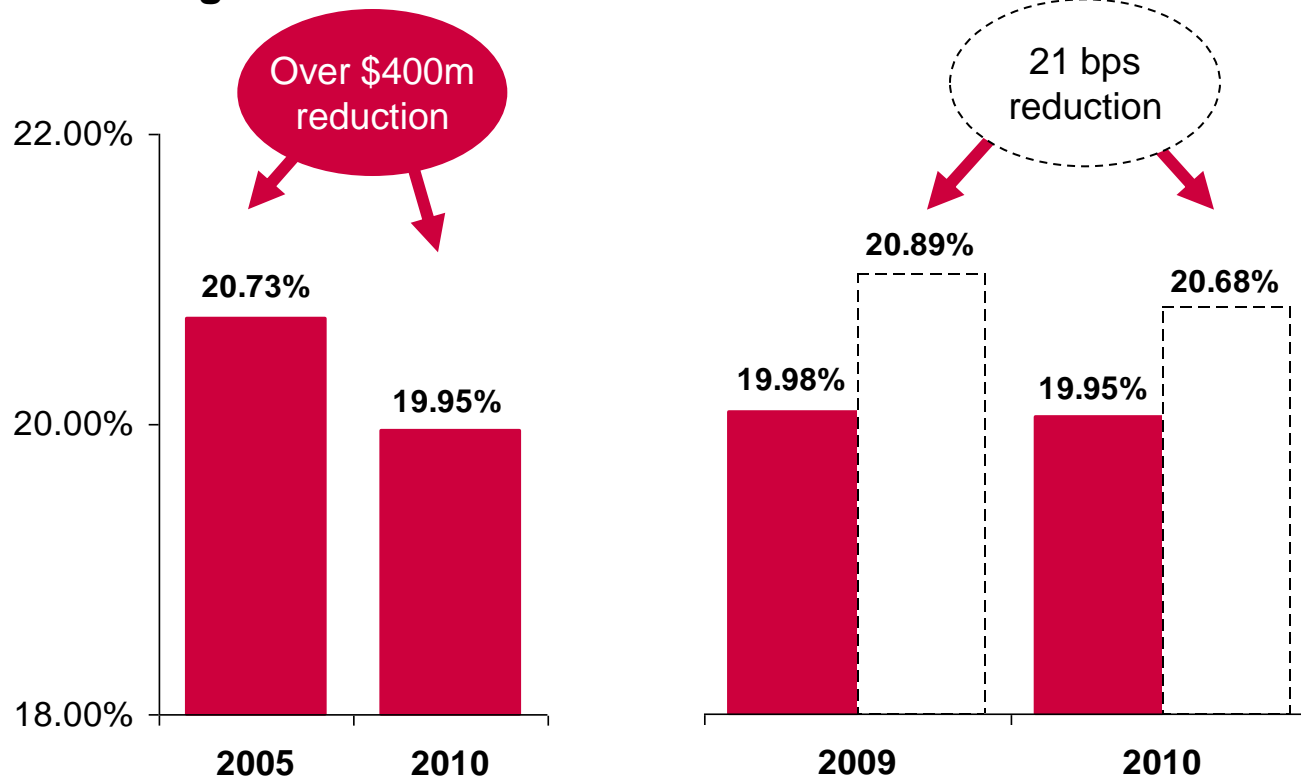
2. Includes Progressive and Taverner Hotel businesses for the full 52 weeks


3. Reflects growth normalised to remove the impact of the 53rd week in FY08

# CODB / Sales

Our targeted CODB reduction of 20 basis points was achieved when the distorting impact of Petrol, Hotels and other significant items are excluded

Percentage



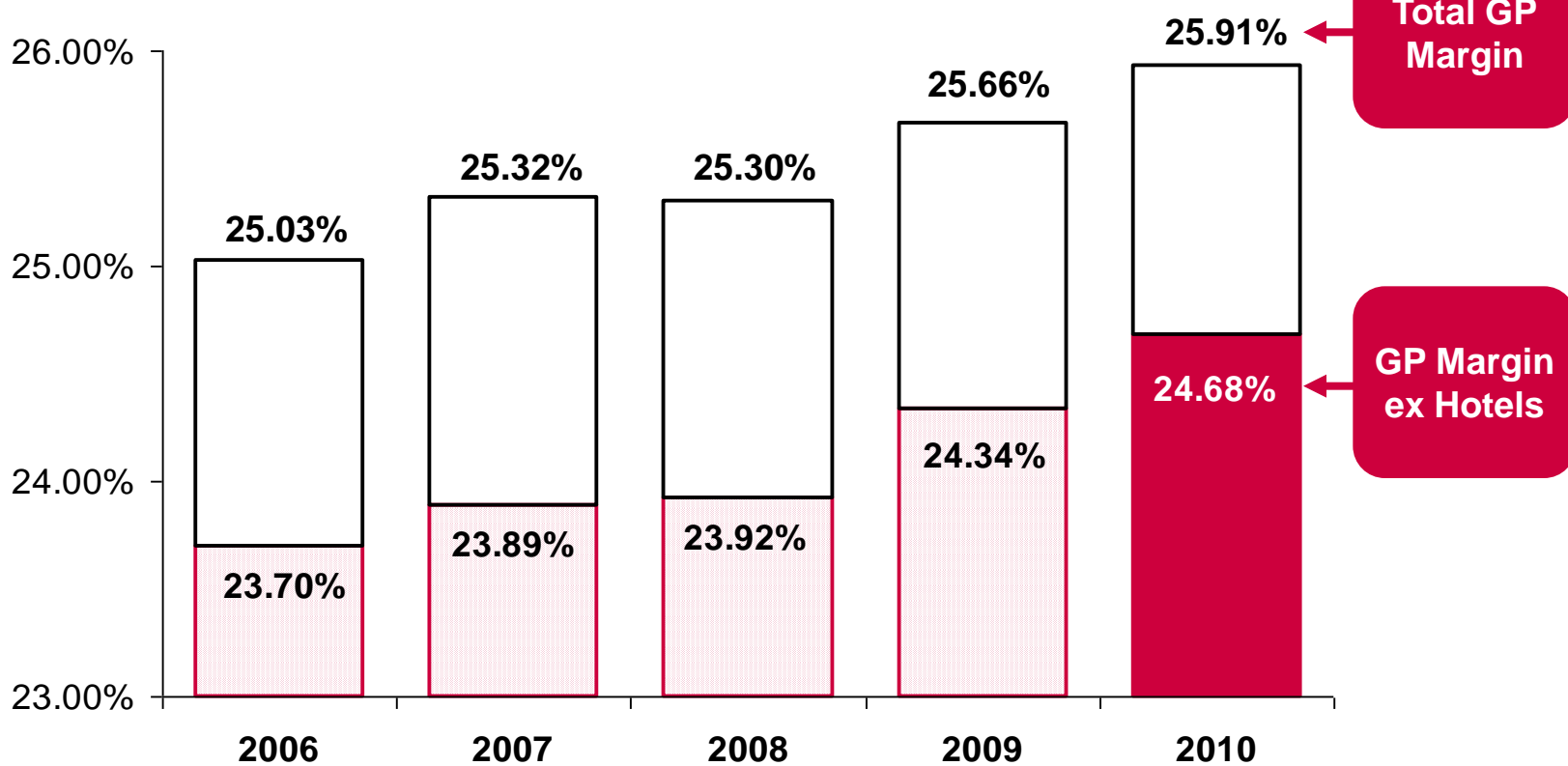
 Excludes Petrol and Hotels and in 2009 the release of a provision



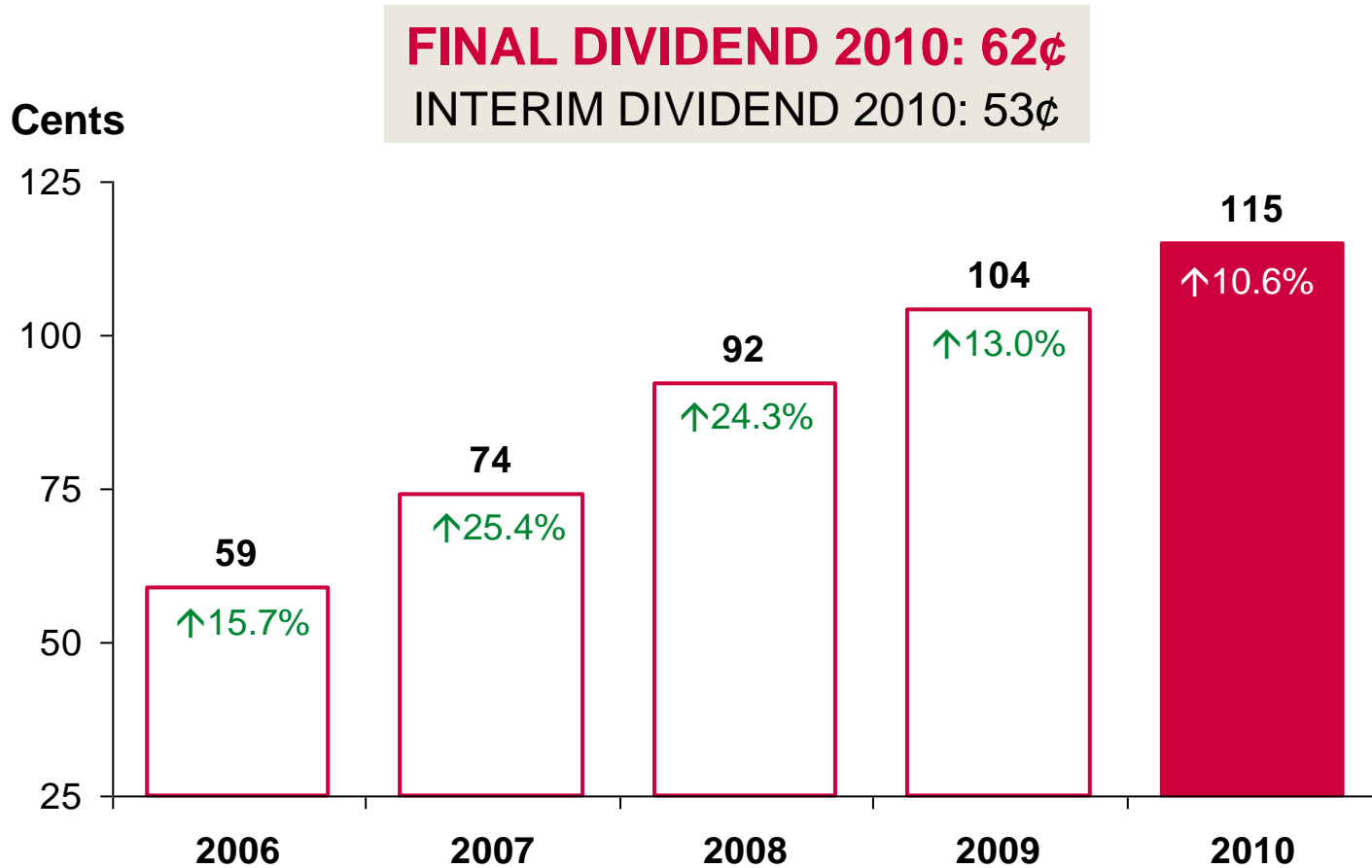
# Gross Profit Margin

As expected Gross Profit Margin has improved reflecting improved buying, reduced shrinkage, the success of our exclusive brand offering, the change in sales mix and offset by significant price reinvestment activity

Percentage



# Dividends per share



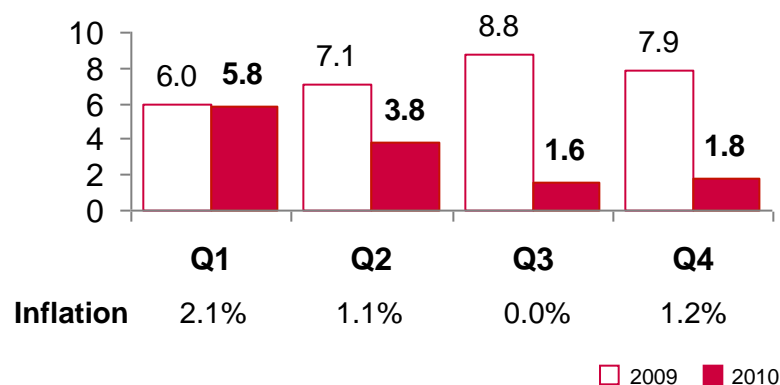
Dividend pay-out ratio of 70.4% is slightly up on last year

# Australian Supermarket Division

	FY09 <sup>1</sup>	FY10	Change
Sales (\$m)	38,460	<b>40,156</b>	4.4%
Food & Liquor	32,978	<b>34,675</b>	5.1%
Petrol	5,482	<b>5,481</b>	-
Gross margin (%)	24.05	<b>24.51</b>	46bps
CODB (%)	18.08	<b>18.06</b>	(2)bps <sup>2</sup>
EBIT to sales (%)	5.97	<b>6.45</b>	48bps
EBIT (\$m)	2,294.4	<b>2,592.0</b>	13.0%
Funds Employed (\$m)	3,316.4	<b>3,417.7</b>	3.1%
Average ROFE (%)	74.9	<b>77.0</b>	2.1%pts

## Australian Food & Liquor Comparable Sales – up 3.3% (2009: up 7.4%)

### Percentage



## "Continued positive momentum and growth in market share"

- Food & Liquor
  - Sales grew \$1.7b or 5.1%
  - Low inflation level of 1.1% compared to last year of 4.1%
  - EBIT increased 12.9%
  - Solid CODB reduction
  - Sales over the last 3 years have grown \$6.8b or 7.5% CAGR



Caringbah, NSW

1. Includes Wholesale division  
2. Distorted by Petrol sales

# Petrol

"Strong customer recognition and acceptance of our offer"



- Sales of \$5.5 billion in line with last year
- Comparable volumes increased 0.7% reflecting strength of our offer
- Comparable sales dollars decreased by 1.7% reflecting lower pump petrol prices than last year
- EBIT increased 13.7% to \$99.5 million
- EBIT margins increased on last year to 1.8% (2009: 1.6%)
- EBIT equates to 2.1¢ per litre sold (2009: 1.9¢)

# Liquor

**"We continue to expand our range of exclusive brands and control labels"**



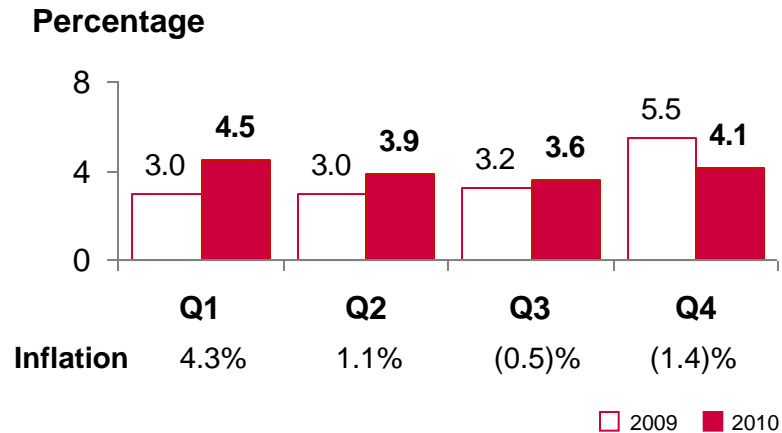
- Group Liquor sales for the year were \$5.6 billion up 7.7% on prior year (FY09: \$5.2 billion) with solid market growth
- The Liquor Group exceeded its targeted profit despite changes to WET and an increased competitive market
- Woolworths operated 1,208 liquor outlets at the end of the financial year
- New supply chain and systems are starting to add real benefits with average store stock levels across the network decreasing
- We opened 18 new Dan Murphy's stores

# New Zealand Supermarkets



NZ\$	FY09	FY10	Change
Sales (\$m)	4,957	<b>5,185</b>	4.6%
Gross margin (%)	21.90	<b>22.27</b>	37bps
CODB (%)	17.70	<b>17.56</b>	(14)bps
EBIT to sales (%)	4.20	<b>4.71</b>	51bps
Trading EBIT (\$m)	208.1	<b>244.1</b>	17.3%
Less intercompany charges (\$m)	(13.2)	<b>(11.9)</b>	(9.8)%
Reported EBIT (\$m)	194.9	<b>232.2</b>	19.1%
Funds Employed (\$m)	2,846.9	<b>2,995.5</b>	5.2%

Comparable Sales – up 4.0% (2009: up 3.6%)



## "Exceptional results given challenging economic conditions"

- Sales up 4.6% on last year, comparable sales increase of 4.0%
- Low inflation level of 0.9% compared to last year of 5.8%
- Customers responding well to the re-branding and refurbishments
- Full year EBIT result increasing 19.1% on last year



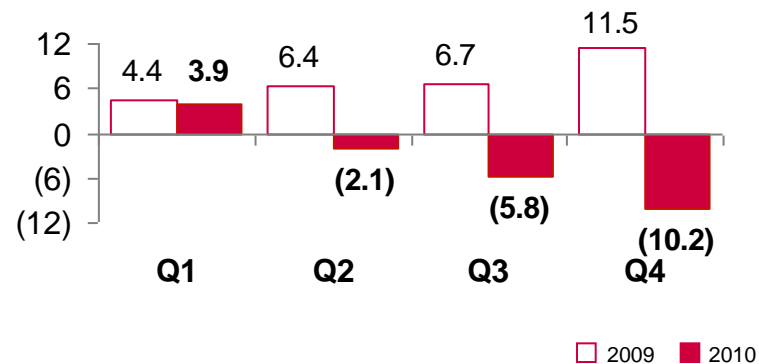
Manakau, Auckland



	FY09	FY10	Change
Sales (\$m)	4,267	<b>4,193</b>	(1.7)%
Gross margin (%)	29.59	<b>30.20</b>	61bps
CODB (%)	24.90	<b>25.43</b>	53bps
EBIT to sales (%)	4.69	<b>4.77</b>	8bps
EBIT (\$m)	200.2	<b>200.0</b>	(0.1)%
Funds Employed (\$m)	634.2	<b>789.3</b>	24.5%
Average ROFE (%)	34.1	<b>28.1</b>	(6.0)%pts

Comparable Sales – down 3.2% (2009: up 7.1%)

### Percentage



### "Well positioned – customers value EDLP position"

- Sales slightly down on last year
- Solid two year Sales CAGR of 4.2%<sup>1</sup>
- Impacted by cycling the stimulus and price deflation which was experienced in key categories
- EBIT is equal to last year and on a 2 year CAGR basis is up 12.1%
- CODB dollars were well controlled, however CODB increased as a percentage of sales by 53 bps reflecting lower sales and less fractionalisation
- Increase in Gross Margin of 61 bps reflects strong inventory management with reduced markdowns, improved buying and margin mix change



1. After allowing for the impact of the 53<sup>rd</sup> week in FY08

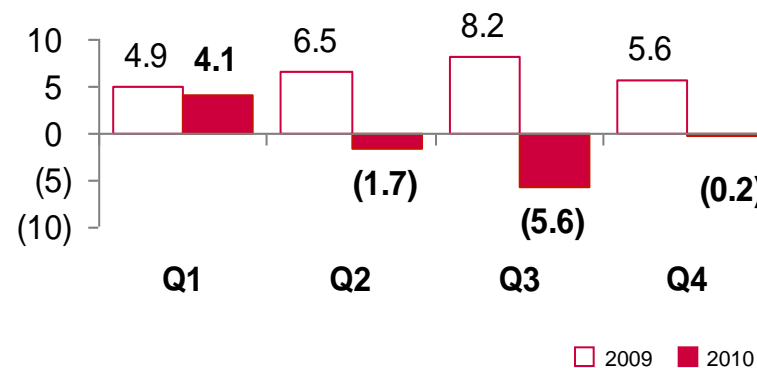


# Consumer Electronics – Australia & NZ

	FY09	FY10	Change
Sales (\$m)	1,537	<b>1,530</b>	(0.5)%
Gross margin (%)	26.32	<b>26.23</b>	(9)bps
<i>Revised basis<sup>1</sup></i>	27.72		(149)bps
CODB (%)	22.73	<b>24.26</b>	153bps
<i>Revised basis<sup>1</sup></i>	24.13		13bps
EBIT to sales (%)	3.59	<b>1.97</b>	(162)bps
EBIT (\$m)	55.1	<b>30.2</b>	(45.2)%
Funds Employed (\$m)	356.9	<b>372.1</b>	4.3%
Average ROFE (%)	15.8	<b>8.3</b>	(7.5)%pts

Comparable Sales – down 0.9% (2009: up 6.3%)

Percentage



## "Repositioning underway – challenging second half"

- Sales maintained at last years levels and 2 year sales CAGR growth of 4.5% (Australia 6.1%)
- Trading this year impacted by cycling of Government stimulus and a lower consumer confidence and increased competition
- Sales in the new Australian format increased 15% for year with 42% of stores repositioned to the new offer
- The remaining 58% were more negatively impacted by factors mentioned above
- EBIT down 45% on last year
- The results were also impacted by
  - The disruption caused by the high level of refurbishments
  - The continuing shift to lower margin products and clearance of discontinued ranges



Chatswood, NSW

1. During the year the nature of rebates changed where they are now all accounted for as part of gross margin

# Consumer Electronics – India



Mumbai



Ahmedabad

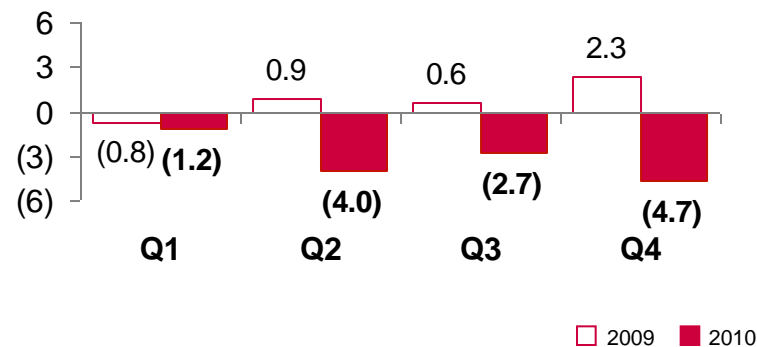
- The wholesale operations are meeting our expectations and recorded sales of \$252m during the year (FY09: \$187m) and EBIT of \$1.3m (FY09: \$4.3m loss)
- Our business venture with TATA has grown from 33 retail stores to 50 this financial year
- As part of this venture Woolworths Limited provides buying, wholesale, supply chain and general consulting services to TATA

# Hotels

	FY09	FY10	Change
Sales (\$m)	1,110	<b>1,102</b>	(0.7)%
Gross margin (%)	83.04	<b>82.42</b>	(62)bps
CODB (%)	63.41	<b>66.39</b>	298bps
EBIT to sales (%)	19.63	<b>16.03</b>	(360)bps
EBIT (\$m)	218.0	<b>176.7</b>	(18.9)%

Comparable Sales – down 3.0% (2009: up 0.7%)

Percentage



## "Relative to the Hotel sector, our business is proving resilient"

- Sales declined by 0.7% for the full year, comparable sales declined by 3.0%
- Results were impacted by cycling the Government stimulus package and the increased regulatory environment in particular reduced trading hours in QLD and changes to maximum bet and restrictions on ATMs in Victoria
- 2012 changes to the Victorian gaming licencing will be beneficial



Breakfast Creek Hotel, Brisbane

# Balance Sheet

\$m	FY09	FY10	
Inventory	3,292.6	<b>3,438.8</b>	• Inventory growth of 4.4% compared to sales increase of 4.8% (FY09 9.4%), which reflects tight inventory control
Trade Payables	(4,055.1)	<b>(4,211.2)</b>	• Trade creditors increased in line with general business growth
Net investment in inventory	(762.5)	<b>(772.4)</b>	
Receivables	666.9	<b>930.1</b>	• Receivables increased, reflecting the acquisition of Danks, additional property development funding and timing of collection of receivables
Other creditors	(2,340.4)	<b>(2,455.9)</b>	• Other creditors increase relates to employee and self insurance provisions
Working Capital	(2,436.0)	<b>(2,298.2)</b>	
Fixed assets and investments	6,822.2	<b>7,802.9</b>	• Increase reflects increased capital expenditure, offset by depreciation
Intangibles	4,933.1	<b>5,071.0</b>	
Total Funds Employed	9,319.3	<b>10,575.7</b>	
Net Tax Balances	201.1	<b>233.6</b>	• Increase due to lower income tax provision due to higher instalments paid during the year
Net Assets Employed	9,520.4	<b>10,809.3</b>	
Borrowings current	(188.6)	<b>(871.7)</b>	• Increase in Bank Loans of \$279m and \$350m in fixed and floating medium term note, reclassified from non-current to current as it matures in March 2011
Borrowings non-current	(2,986.3)	<b>(2,670.4)</b>	
Cash and deposits	762.6	<b>713.4</b>	
Hedge assets and liabilities	(50.8)	<b>(162.9)</b>	
Net Repayable Debt	(2,463.1)	<b>(2,991.6)</b>	• Net repayable debt has increased \$529m primarily reflecting increased capital expenditure activity and the on-market share buy-back
Net Assets	7,057.3	<b>7,817.7</b>	
Shareholders Equity	6,812.5	<b>7,570.4</b>	
Non-Controlling Interest	244.8	<b>247.3</b>	
Total Equity	7,057.3	<b>7,817.7</b>	

# Cash Flow

\$m	FY09	FY10	Change
EBITDA	3,544.9	<b>3,879.8</b>	9.4%
Net (decrease) / increase in creditors	169.9	<b>82.9</b>	
Net decrease / (increase) in inventory	(273.1)	<b>(94.2)</b>	
Net change in other working capital and non cash <sup>1</sup>	192.2	<b>101.8</b>	
	<b>3,633.9</b>	<b>3,970.3</b>	<b>9.3%</b>
(Increase) / decrease in uncollected receivables	4.8	<b>(44.6)</b>	
(Increase) / decrease in occupancy prepayments	12.0	<b>(19.1)</b>	
<b>Cash from Operating Activities before interest and tax</b>	<b>3,650.7</b>	<b>3,906.6</b>	<b>7.0%</b>
Net interest paid (incl. costs of Income notes) <sup>2</sup>	(244.4)	<b>(249.8)</b>	
Tax paid <sup>3</sup>	(802.1)	<b>(896.9)</b>	
<b>Total cash provided by operating activities</b>	<b>2,604.2</b>	<b>2,759.9</b>	<b>6.0%</b>
Payments for the purchase of business – Other <sup>4</sup>	(154.5)	<b>(212.6)</b>	
Payments for the purchase of investments	-	<b>(1.9)</b>	
Payments for normal capex	(1,678.2)	<b>(1,817.7)</b>	
Proceeds on disposal of property, plant & equipment	18.7	<b>55.4</b>	
Proceeds from ALE Rights renouncement	-	<b>4.2</b>	
Dividends received	7.8	<b>12.5</b>	
<b>Total cash used in investing activities</b>	<b>(1,806.2)</b>	<b>(1,960.1)</b>	
<b>Free Cash</b>	<b>798.0</b>	<b>799.8</b>	
Net operating Profit after tax	1,860.0	<b>2,038.0</b>	
<b>Free Cash Flow as a % of NPAT</b>	<b>43%</b>	<b>39%</b>	

1. Non-cash items include share based payments expense, gain / loss of sale on sale of fixed assets (FY10: \$11.4m loss; FY09: \$14.2m loss)

2. Interest paid reflects higher average debt levels in FY10 necessary to fund planned capital expenditure and on market share buy-back

3. Tax payments reflect a higher level of tax instalments than the prior year. A refund of excess instalments is expected but not received at year end. Adjusting for this tax paid would have increased 7.1%

4. Other purchases of businesses relate to individual hotel / store acquisitions, Danks Holdings Limited, Gunns, FY09 includes the acquisition of Langtons

# Group Cash Flow – Five Years

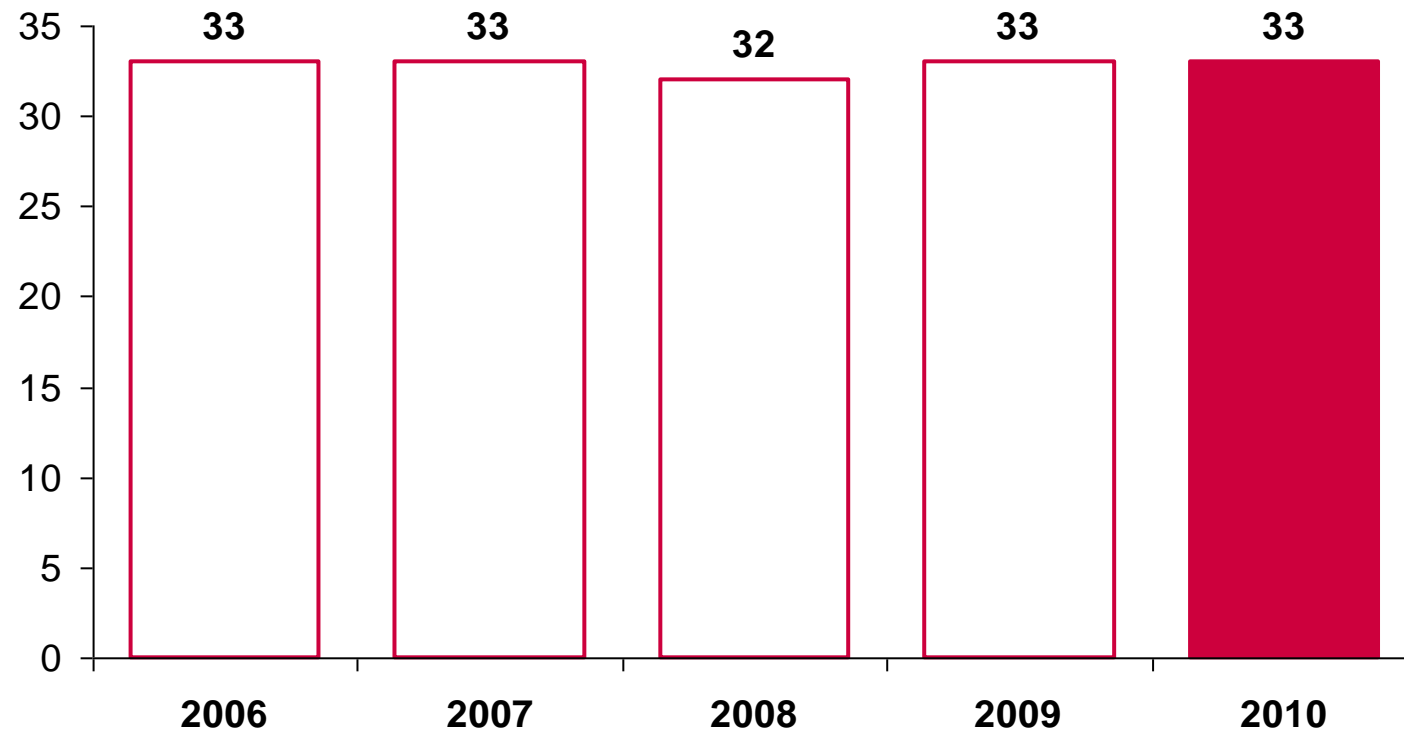
		FY06	FY07	FY08	FY09	FY10	Cumulative 5 years	CAGR (FY06-10)
<b>EBITDA</b>	<b>(a)</b>	<b>2,244.4</b>	<b>2,700.6</b>	<b>3,178.9</b>	<b>3,544.9</b>	<b>3,879.8</b>	<b>15,548.6</b>	<b>14.7%</b>
<i>Increase on prior year</i>		30.6%	20.3%	17.7%	11.5%	<b>9.4%</b>		
Net (decrease) / Increase in Creditors		169.0	467.3	644.8	169.9	<b>82.9</b>		
Net decrease / (Increase) in Inventory		(107.6)	(399.2)	(303.4)	(273.1)	<b>(94.2)</b>		
Net change in other working capital and non cash		127.5	297.7	(76.9)	209.0	<b>38.1</b>		
<b>Total Cash from Operating Activities before interest and tax</b>	<b>(b)</b>	<b>2,433.3</b>	<b>3,066.4</b>	<b>3,443.4</b>	<b>3,650.7</b>	<b>3,906.6</b>	<b>16,500.4</b>	<b>12.6%</b>
	<i>(b) / (a)</i>	108.4%	113.5%	108.3%	103.0%	<b>100.7%</b>	106.1%	
<i>Increase on prior year</i>		37.1%	26.0%	12.3%	6.0%	<b>7.0%</b>		
Interest paid		(253.2)	(249.8)	(215.5)	(244.4)	<b>(249.8)</b>	(1,212.7)	
Tax Paid		(475.3)	(522.4)	(573.9)	(802.1)	<b>(896.9)</b>	(3,270.6)	
<b>Total Cash from Operating Activities</b>	<b>(c)</b>	<b>1,704.8</b>	<b>2,294.2</b>	<b>2,654.0</b>	<b>2,604.2</b>	<b>2,759.9</b>	<b>12,017.1</b>	<b>12.8%</b>
	<i>(c) / (a)</i>	76.0%	85.0%	83.5%	73.5%	<b>71.1%</b>	77.3%	
<i>Increase on prior year</i>		40.4%	34.6%	15.7%	(1.9)%	<b>6.0%</b>		



# Inventory Days

Inventory levels over the last 3 years have been impacted by increased imported inventory and the incremental inventory associated with our new Liquor DC's

## Average Days



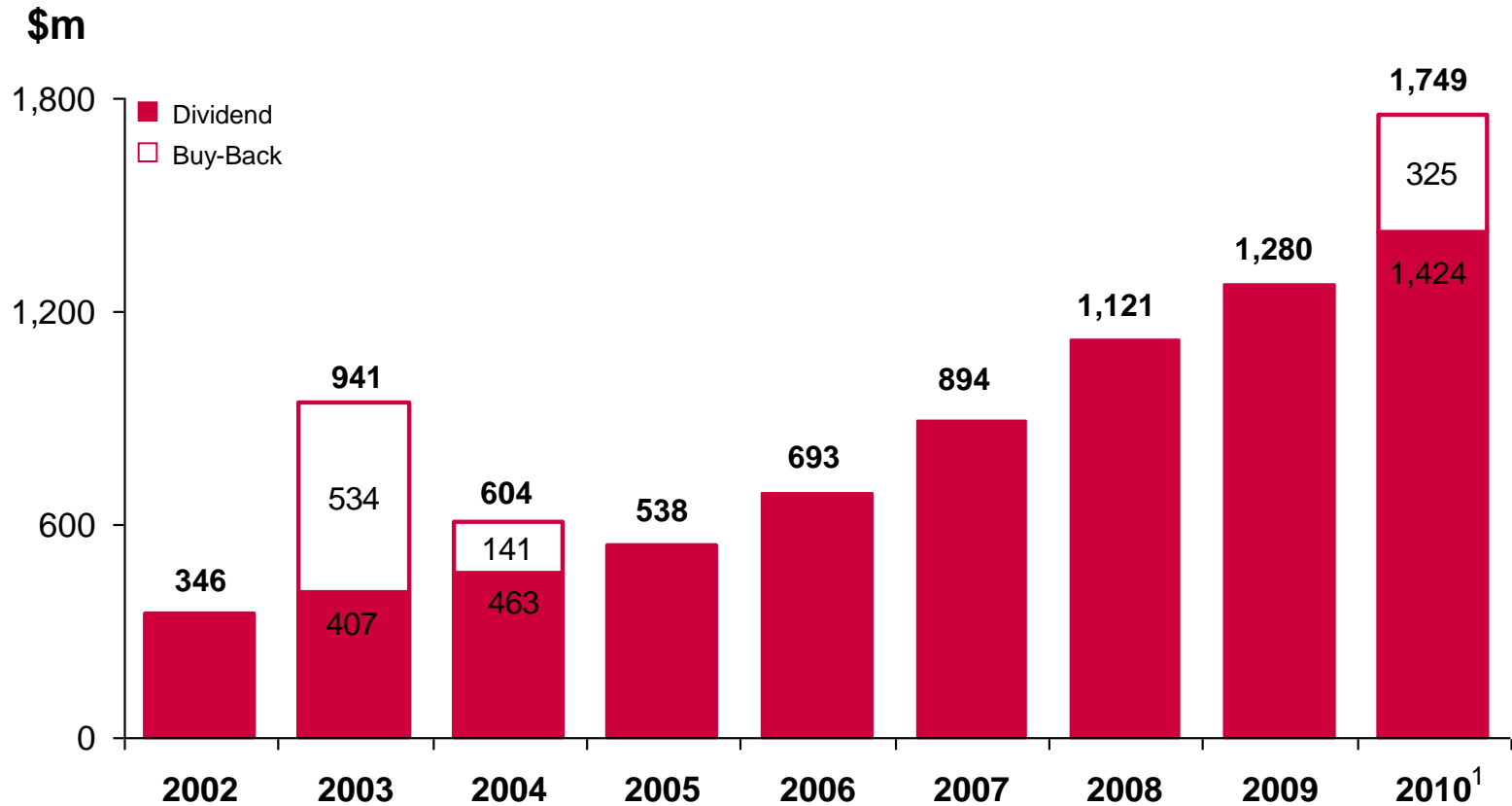
Based on closing inventory days, stock reduced 1.2 days (excluding Petrol)

Note: Average inventory based on 13 months rolling over average



# Shareholder Payouts

Franking credits available for distribution (after the final dividend) = \$1,327m



**Profit growth, coupled with balance sheet management, will have delivered \$8,166 million payout to shareholders over last 9 years**

1. Excludes off-market share buy-back of \$700 million being proposed today

# Capital Management

- Woolworths currently sets its capital structure with the objective of enhancing shareholder value through optimising its weighted average cost of capital whilst retaining flexibility to pursue growth and capital management opportunities
- The combination of the on-market share buy-back conducted by Woolworths in the first half of the calendar year and the off-market share buy-back announced today means that Woolworths will be returning over \$1 billion of capital in addition to dividends
- The off-market buy-back will be ultimately financed via long term debt issued into both domestic and international debt capital markets within the coming months
- Future capital management initiatives will continue to be assessed in light of investment and growth opportunities, capital markets and our focus to maintain strong credit ratings
- The maturity profile of our debt facilities is such that the only refinancing of long term debt in the current financial year is the AUD\$350 million medium term note maturing in March 2011

# Buy-Back Features

<b>Buy-Back Size</b>	<ul style="list-style-type: none"> <li>Up to \$700 million representing 2.4% of Woolworths' ordinary shares<sup>1</sup> is targeted to be bought back through an off-market Buy-Back tender (Buy-Back)</li> <li>Woolworths may vary the size of the Buy-Back depending on a number of factors including shareholder demand, market conditions and forecast future capital requirements</li> </ul>
<b>Tender Discount Range</b>	<ul style="list-style-type: none"> <li>Discount range from 8% to 14% inclusive (at 1% intervals) to the Market Price</li> <li>Market Price is the price calculated as the VWAP<sup>2</sup> of Woolworths shares over the five trading days up to and including the Buy-Back closing date of Friday, 8 October 2010</li> </ul>
<b>Buy-Back Price</b>	<ul style="list-style-type: none"> <li>Calculated by applying the Buy-Back tender discount selected by Woolworths under the tender process to the Market Price</li> <li>Buy-Back Price will comprise a \$3.08<sup>3</sup> capital component with the remainder treated as a fully franked dividend for Australian tax purposes</li> </ul>
<b>Eligibility To Participate</b>	<ul style="list-style-type: none"> <li>Shares acquired before the Buy-Back ex-entitlement date (Tuesday, 31 August 2010) and held on the Buy-Back record date (Monday, 6 September 2010) will be eligible to participate</li> <li>Restricted employee shares<sup>4</sup> and shares issued under the dividend reinvestment plan with respect to the 2010 final dividend may not be tendered into the Buy-Back</li> <li>Shares held by Excluded Foreign Shareholders<sup>5</sup> may not be tendered into the Buy-Back</li> </ul>
<b>Impact On Eligibility For 2010 Final Dividend</b>	<ul style="list-style-type: none"> <li>Shareholders who participate in the Buy-Back will still be eligible for the 2010 final dividend</li> <li>Shareholders who wish to tender all, or a substantial portion of, their shares into the Buy-Back may wish to consider withdrawing from the dividend reinvestment plan in respect of the 2010 final dividend to avoid the possibility of being left with a small parcel of shares after the Buy-Back</li> <li>In order to do this, shareholders must submit a Dividend Reinvestment Plan Notice of Election Form stating their withdrawal from participation in the dividend reinvestment plan by Monday, 6 September 2010</li> </ul>

1. Assuming a Buy-Back price of \$23.22 based on a 14% discount to an assumed Market Price of \$27.00

2. Volume weighted average price of all trades on the ASX excluding certain trades that are not "at market" (as defined in the Buy-Back booklet)

3. This amount is subject to Australian Taxation Office approval

4. Fully paid ordinary shares of Woolworths held pursuant to an employee incentive scheme where, as at the Buy-Back record date, the holder would not be entitled to sell those shares into the Buy-Back or where the shares are subject to forfeiture or restrictions on disposal under the terms of the scheme

5. Woolworths will extend the Buy-Back invitation to its shareholders in Australia, New Zealand, the United Kingdom, the United States, Hong Kong (professional investors only), Singapore and Japan. Woolworths will not accept tenders from certain foreign shareholders (as described in the Buy-Back booklet)

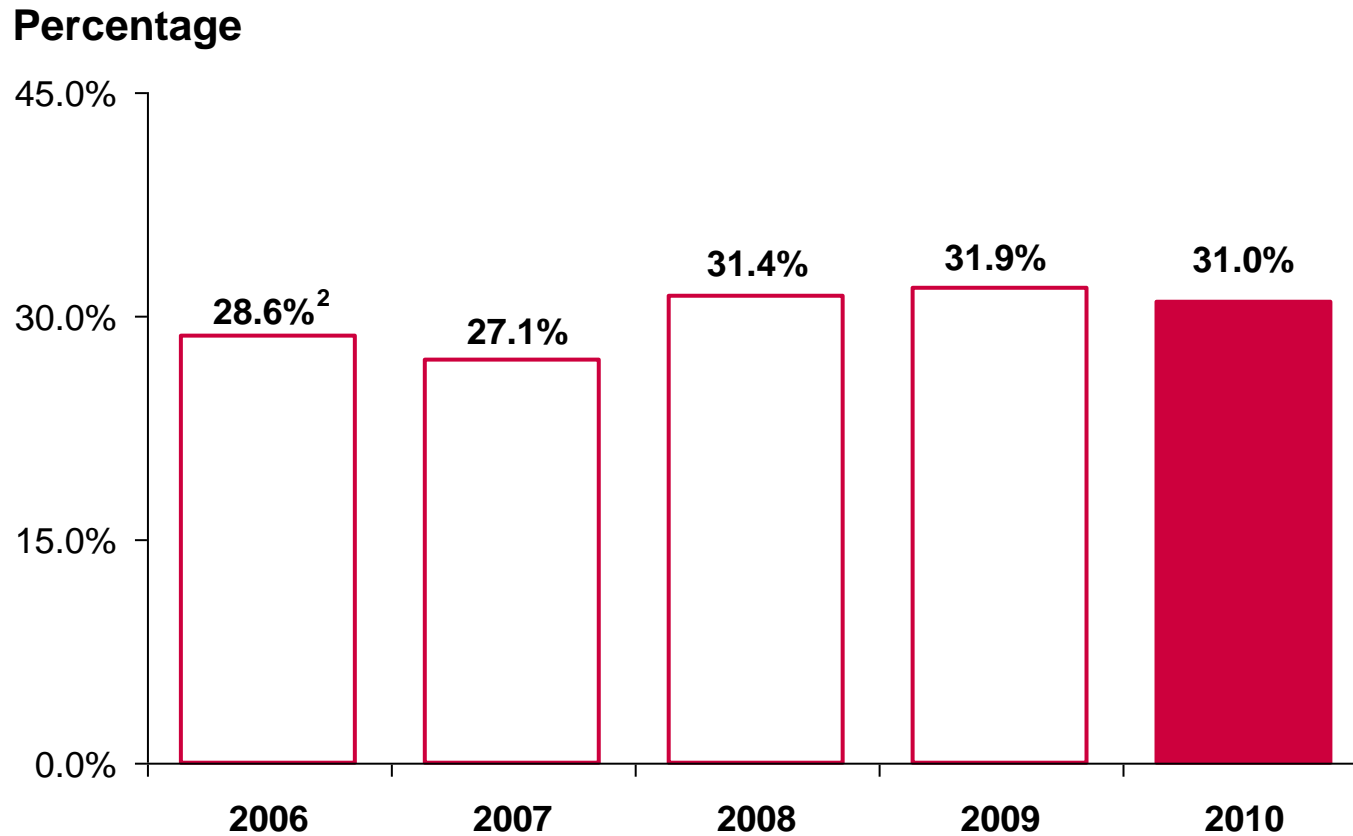
Note: Please refer to page 57 for important Disclaimer

# Buy-Back Timetable<sup>1</sup>

<b>August 2010</b>	Last day that shares can be acquired to be eligible for Buy-Back franking entitlements	Thursday, 26 August
	Buy-Back ex-entitlement date: Shares acquired on the ASX on or after this date will not confer an entitlement to participate in the Buy-Back	Tuesday, 31 August
<b>September 2010</b>	Buy-Back record date: determination of eligible shareholders entitled to participate in the Buy-Back	Monday, 6 September
	Dividend ex-entitlement date: Shares acquired on the ASX on or after this date will not confer an entitlement to receive the 2010 final dividend	Monday, 13 September
	Dividend record date: determination of eligible shareholders entitled to receive the 2010 final dividend	Friday, 17 September
	Mailing of Buy-Back documents to shareholders completed by	Friday, 17 September
	Tender period opening date	Monday, 20 September
<b>October 2010</b>	Tender period closing date: tenders must be received by the Woolworths share registry no later than 7.00pm (Australian Eastern Standard Time)	Friday, 8 October
	Buy-Back date: determination of the Buy-Back price and scale back (if any) and entry into Buy-Back contracts	Monday, 11 October
	Payment date for final dividend	Friday, 15 October
	Dispatch / crediting of Buy-Back proceeds to participating shareholders. Updated holding statements sent to participating shareholders	By Monday, 18 October

1. While Woolworths does not anticipate any changes to these dates and times, it reserves to vary them without notifying you (as described in the Buy-Back Booklet)  
 Note: Please refer to page 57 for important Disclaimer

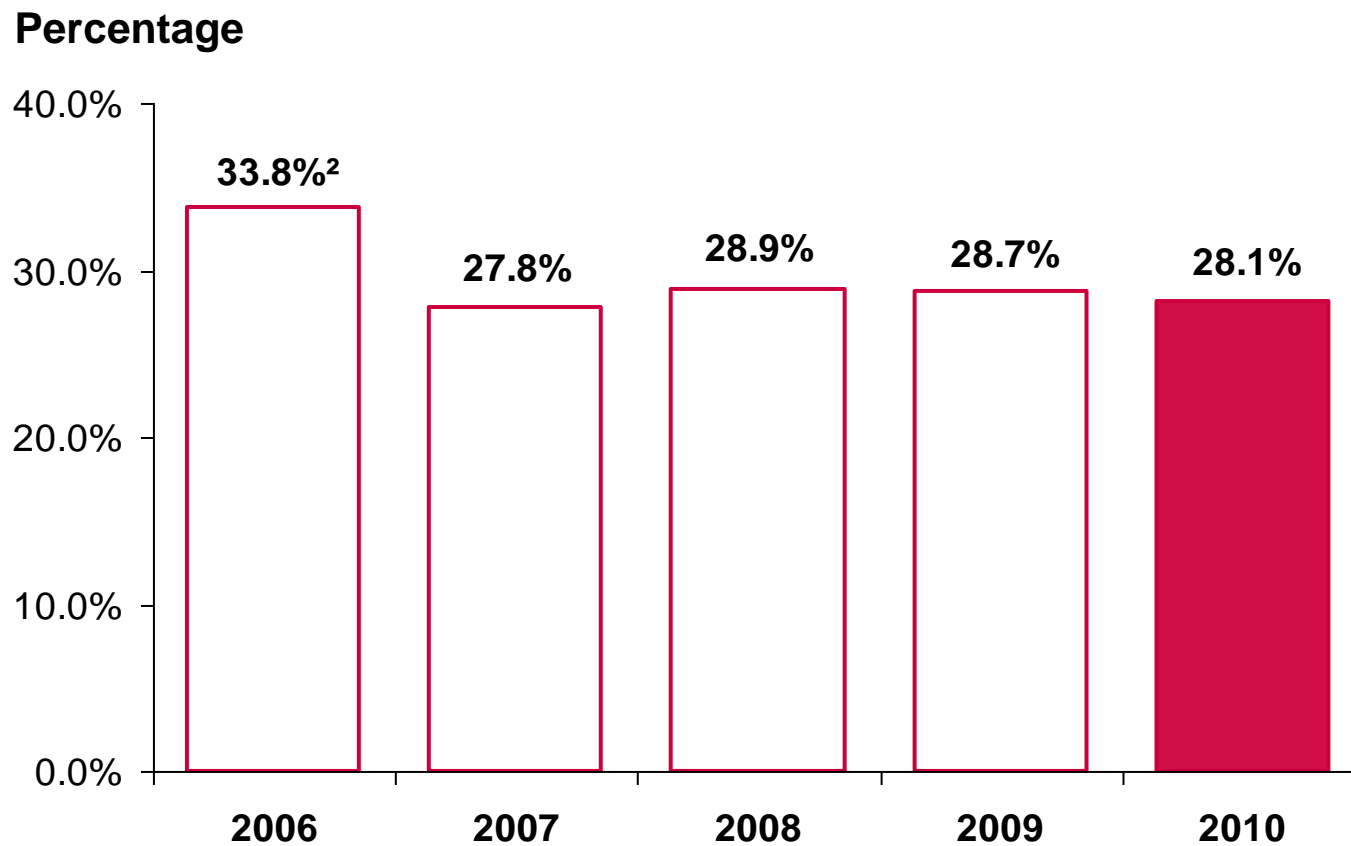
# Return on funds employed<sup>1</sup>



1. Based on average of opening and closing funds employed

2. Reflects impact of significant acquisitions during the year with Foodland and Taverner contributing profits for only part of the year

# Return On Equity<sup>1</sup>



1. Based on average of opening and closing Shareholders Funds

2. Average ROE down due to the DRP underwriting in 2006 and options being exercised

# Strategy and Growth

# Strategy and growth

## Consistent and clear strategies that leverage our core strengths

### Clearly stated long term performance targets

Woolworths targets the following key areas of performance measurement in the long term, namely

- Sales (excluding Petrol) to grow in the upper single digits assisted by bolt on acquisitions
- EBIT growth outperforming sales growth assisted by cost savings
- NPAT to grow in the lower double digits
- EPS growth outperforming EBIT growth assisted by capital management over the longer term
- CODB reduction of at least 20 bps per annum (Petrol and Hotels excluded)

### Clear Capital Management objectives

- Our objective is to maintain a capital structure that enhances shareholder value and preserves our capital strength which gives us the flexibility to pursue further growth opportunities
- Maintenance of targeted credit ratings (S&P A-, Moodys A3)
- Our balance sheet, cash flow and debt profile ensure we are very well placed for future growth both organically and through acquisition
- Disciplined investment methodology and approach



# Key growth initiatives

**Continuing to drive our core business focusing on our customers**

**Continuing to re-invigorate our offer through investment in price, range, merchandise and quality**

**Leveraging our supply chain capabilities**

**Expansion of exclusive brands**

**Expansion of Global Sourcing activities**

**Enhancing our customer engagement strategy**

**Financial Services capabilities**

**Significant opportunity to grow market share**

**Measured and disciplined approach to Domestic and International growth options**

**Continued reinvestment in all our businesses**

**Defined plans for space growth**

**FOCUS ON BUILDING LONG TERM SUSTAINABLE BUSINESS AND ENHANCED SHAREHOLDER VALUE**

# Outlook

We expect Net Profit After Tax for FY11 to grow between 8% and 11%

The above guidance is subject to the extent of the following

- Customer confidence levels
- Inflation
- Interest rates
- Global economic conditions

# WOOLWORTHS LIMITED

Michael Luscombe  
Chief Executive Officer

Tom Pockett  
Finance Director

Company Results  
Full Year ended 27 June 2010

# Sales of \$51.7b – up 4.2%

## - excluding Petrol – up 4.8%

\$m	FY09	FY10	Statutory Increase	Full Year Comp Sales
Australian Food and Liquor <sup>1</sup>	32,978	34,675	5.1%	3.3%
<i>New Zealand Supermarkets (NZD)</i>	<i>4,957</i>	<i>5,185</i>	<i>4.6%</i>	<i>4.0%</i>
New Zealand Supermarkets	4,034	4,131	2.4%	
Petrol (dollars)	5,482	5,481	(0.0)%	(1.7)%
<i>Petrol (litres)</i>	<i>4,673</i>	<i>4,792</i>	<i>2.5%</i>	<i>0.7%</i>
<b>Supermarkets Division</b>	<b>42,494</b>	<b>44,287</b>	<b>4.2%</b>	
<b>BIG W</b>	<b>4,267</b>	<b>4,193</b>	<b>(1.7)%</b>	<b>(3.2)%</b>
Consumer Electronics - Aust / NZ	1,537	1,530	(0.5)%	(0.9)%
Consumer Electronics - India	187	252	34.8%	
<b>Consumer Electronics - Total</b>	<b>1,724</b>	<b>1,782</b>	<b>3.4%</b>	
<b>General Merchandise - Total</b>	<b>5,991</b>	<b>5,975</b>	<b>(0.3)%</b>	
<b>Hotels</b>	<b>1,110</b>	<b>1,102</b>	<b>(0.7)%</b>	<b>(3.0)%</b>
Home Improvement	-	330	N/M	
<b>Full Year Sales</b>	<b>49,595</b>	<b>51,694</b>	<b>4.2%</b>	
<b>Full Year Sales excl Petrol</b>	<b>44,113</b>	<b>46,213</b>	<b>4.8%</b>	

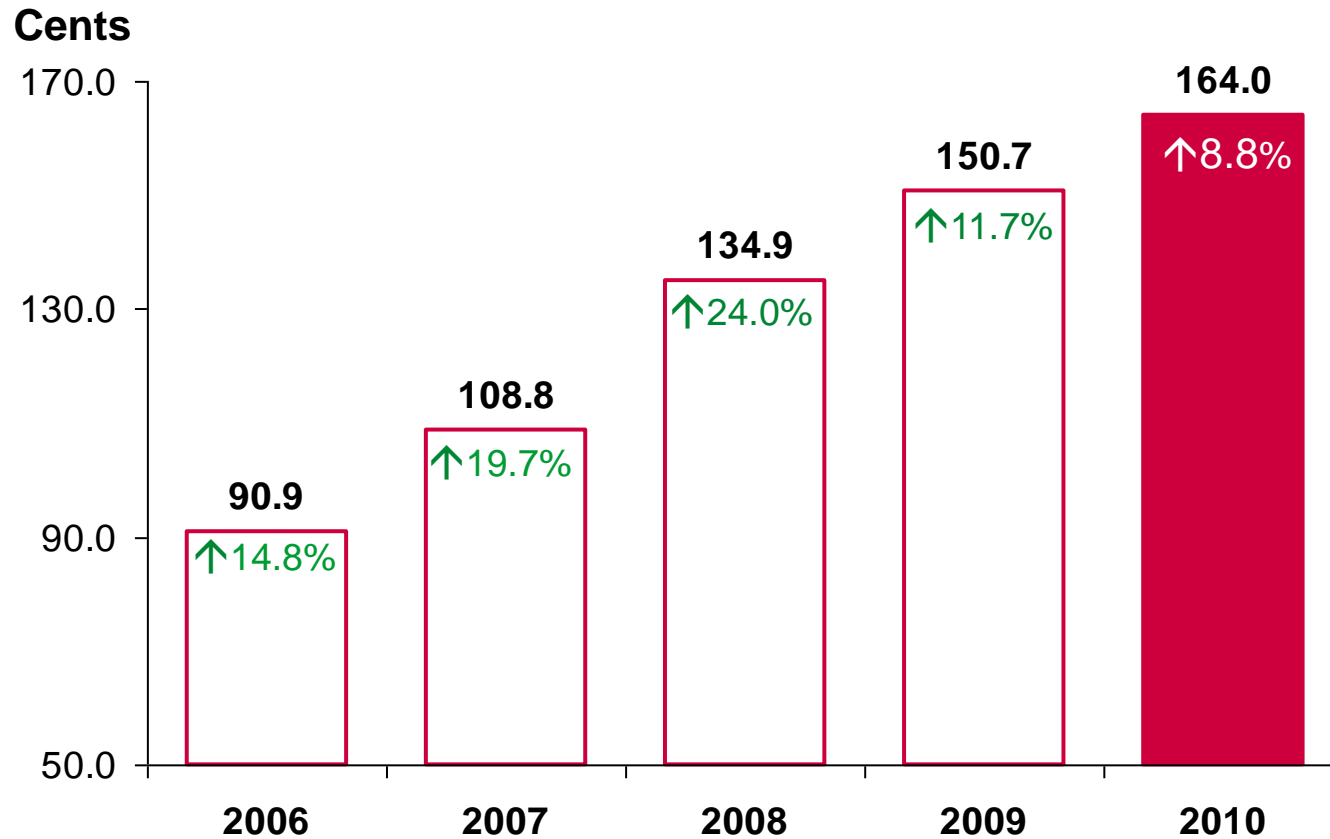
1. Includes Wholesale division previously reported separately

# EBIT – up 9.5% growing faster than sales

\$m	FY09	FY10	Change
Australian Food and Liquor <sup>1</sup>	2,206.9	2,492.5	12.9%
<i>New Zealand Supermarkets (NZD)</i>	<i>194.9</i>	<i>232.2</i>	<i>19.1%</i>
New Zealand Supermarkets (AUD)	153.9	190.4	23.7%
Petrol	87.5	99.5	13.7%
<b>Supermarkets Division</b>	<b>2,448.3</b>	<b>2,782.4</b>	<b>13.6%</b>
<b>BIG W</b>	<b>200.2</b>	<b>200.0</b>	<b>(0.1)%</b>
Consumer Electronics - Aust / NZ	55.1	30.2	(45.2)%
Consumer Electronics - India	(4.3)	1.3	N/M
<b>Consumer Electronics - Total</b>	<b>50.8</b>	<b>31.5</b>	<b>(38.0)%</b>
<b>General Merchandise - Total</b>	<b>251.0</b>	<b>231.5</b>	<b>(7.8)%</b>
<b>Hotels</b>	<b>218.0</b>	<b>176.7</b>	<b>(18.9)%</b>
<b>Total Trading Result</b>	<b>2,917.3</b>	<b>3,190.6</b>	<b>9.4%</b>
Property Expense	(7.2)	2.5	N/M
Central Overheads	(111.6)	(111.0)	(0.5)%
Other significant items	17.0	-	N/M
<b>Group EBIT</b>	<b>2,815.5</b>	<b>3,082.1</b>	<b>9.5%</b>

1. Includes Wholesale division previously reported separately

# Earnings per share – up 8.8%

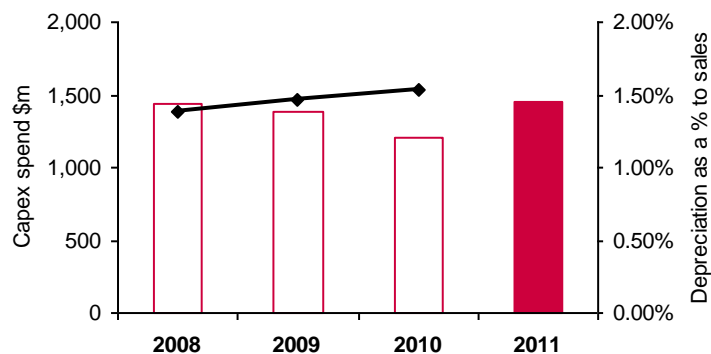


Reflects strengthening of our balance sheet during a period of major acquisitions, integration and business change

# Capital Expenditure – Full Year

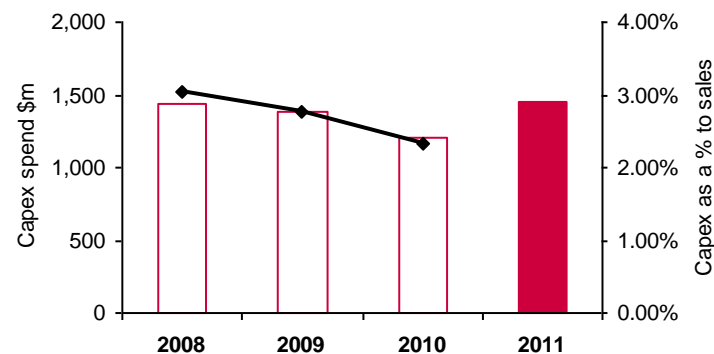
\$m - 2009	2010 Actual	Previous Fcst	Diff
New Stores	225	254	(29)
Refurbishments	622	627	(5)
<b>Growth Capex</b>	<b>847</b>	<b>881</b>	<b>(34)</b>
Stay in Business	229	255	(26)
Supply Chain and Data Centre	119	148	(29)
Home Improvement	5	-	5
<b>Normal and Ongoing Capex</b>	<b>1,200</b>	<b>1,284</b>	<b>(84)</b>

Normal and Ongoing Capex \$m, Depreciation % to Sales



\$m – Full Year	2008 Actual	2009 Actual	2010 Actual	2011 Fcst
New Stores	262	254	225	231
Refurbishments	643	652	622	666
<b>Growth Capex</b>	<b>905</b>	<b>906</b>	<b>847</b>	<b>897</b>
Stay in Business	427	326	229	290
Supply Chain and Data Centre	101	145	119	176
Home Improvement	-	-	5	84
<b>Normal and Ongoing Capex</b>	<b>1,433</b>	<b>1,377</b>	<b>1,200</b>	<b>1,447</b>

Normal and Ongoing Capex \$m, Capex % to Sales



\$m – Full Year	2010 Actual	Previous Fcst	Diff
Distribution Centres (net of sales)	-	-	-
Property Developments (net of sales)	620 <sup>1</sup>	537	83
Included above is			
<b>Supermarkets New Zealand</b>	<b>198</b>	<b>255</b>	<b>(57)</b>

\$m – Full Year	2008 Actual	2009 Actual	2010 Actual	2011 Fcst
Distribution Centres (net of sales)	(81)	-	-	-
Property Developments (net of sales)	110	340	620 <sup>1</sup>	554 <sup>2</sup>
Included above is				
<b>Supermarkets New Zealand</b>	<b>150</b>	<b>205</b>	<b>198</b>	<b>241</b>

1. Includes capital for Home Improvement  
2. Excludes capital for Home Improvement



# Capital Expenditure – Notes

<b>New Stores</b>	<ul style="list-style-type: none"> <li>Reflects the continued rollout of new stores across all our brands</li> </ul>
<b>Refurbishment</b>	<ul style="list-style-type: none"> <li>Reflects the continuation of refurbishment activity across our brands. Increase in refurbishment dollars relates to increased number of refurbishments in Hotels and New Zealand</li> </ul>
<b>Stay In Business</b>	<ul style="list-style-type: none"> <li>Includes expenditure on a variety projects including; improvement of the Groups' IT merchandising system</li> </ul>
<b>Supply Chain</b>	<ul style="list-style-type: none"> <li>Higher spend in 2011 from new projects such as: fitout of the BIG W Distribution Centre facility, fitout costs for the new Tasmanian Distribution Centre, re-engineering of our Melbourne National Distribution Centre and a new Meat processing plant in WA</li> </ul>
<b>Supermarkets New Zealand</b>	<ul style="list-style-type: none"> <li>Includes investment in property development pipeline, increased number of refurbishments and investment in our Wiri Distribution Centre</li> </ul>
<b>Property Developments (net of sale)</b>	<ul style="list-style-type: none"> <li>Reflects investment in securing sites across our business</li> </ul>
<b>Home Improvement</b>	<ul style="list-style-type: none"> <li>Relates to Capex associated with the establishment of our new Home Improvement business including new store fitout, IT and Logistics</li> </ul>

# Health ratios

		FY09	FY10
Fixed Charges Cover	X	3.0	3.1
Days inventory (average) <sup>1</sup>	Days	33.3	33.3
Days creditors (to sales)	Days	46.9	46.9
Return on Funds Employed (ROFE)	%	31.9	31.0
Return on Total Equity	%	28.0	27.4
Return on Shareholders Equity	%	28.7	28.1
Net working capital	\$m	(2,436.0)	(2,298.2)

1. Based on a 13 months rolling average inventory

# Fixed charges cover

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
EBIT	1,722.2	2,111.3	2,528.8	2,815.5	<b>3,082.1</b>
D&A	522.2	589.3	650.1	729.4	<b>797.7</b>
EBITDAR	3,314.5	3,906.9	4,494.8	4,954.6	<b>5,357.7</b>
Interest	246.3	230.5	214.0	239.6	<b>257.4</b>
Rent – base	972.4	1,121.1	1,223.3	1,313.5	<b>1,390.8</b>
Rent – turnover contingent	97.7	85.2	92.6	96.2	<b>87.1</b>
Total Fixed Charges	<u>1,316.4</u>	<u>1,436.8</u>	<u>1,529.9</u>	<u>1,649.3</u>	<u><b>1,735.3</b></u>
Fixed Charges Cover <sup>1</sup>	2.5 x	2.7 x	2.9 x	3.0 x	<b>3.1 x</b>

1. Covenant x1.75+

# Defined plans for space growth

We have defined plans for space growth, with minimal cannibalisation expected

- Adding 15-25 new supermarkets each year in Australia and expanding existing stores (greater than 3% space rollout pa)
- Adding 3-5 new supermarkets each year in New Zealand
- Targeting 200+ BIG W stores
- Plan to have approximately 150 Dan Murphy's stores around Australia
- Hotels will be acquired selectively
- Petrol stations will grow supporting the Supermarkets rollout strategy

# WOOLWORTHS LIMITED

Michael Luscombe  
Chief Executive Officer

Tom Pockett  
Finance Director

Company Results  
Full Year ended 27 June 2010

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