

# WOOLWORTHS LIMITED

Michael Luscombe  
Chief Executive Officer

Tom Pockett  
Finance Director

**Company Results**

Half Year ended 3 January 2010

# Highlights for Financial Half Year 2010

- A strong result overall which delivers on our long term plan to achieve sustainable results for shareholders and customers across economic cycles
- Continued focus on delivering value to customers and shareholders
- Food and Liquor (Aus & NZ) - strong sales and EBIT growth, increased customer numbers and market share
- Ongoing investment in retail offer - adding new stores, improving existing stores, adding services, delivering value and lowering prices
- 89 new stores, 154 refurbishments
- Launch of home improvement strategy
- In addition, continued improvements in efficiency and cost reduction support current and future price reductions
- Re-commenced capital management - \$400m on-market share buy-back program

# Highlights – Half Year 2010

	<b>HY10</b>	<b>Growth</b>
<b>Sales – Group</b>	\$27.2b	↑ 4.2%
– ex Petrol	\$24.4b	↑ 6.0%
<b>EBITDA</b>	\$2,089.2m	↑ 10.7%
<b>EBIT</b>	\$1,683.2m	↑ 11.1%
<b>NPAT</b>	\$1,095.6m	↑ 11.4%
<b>EPS</b>	89.1¢	↑ 10.0%
<b>ROFE</b>	17.7%	↑ 23bps

**Delivering long term sustainable results**

# Highlights for the half year

# Lower prices and greater transparency

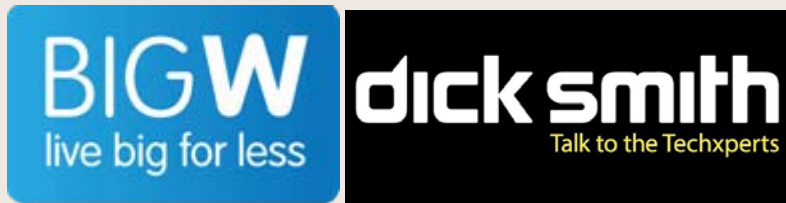


- Lower shelf prices - customers now pay less for 3,500 grocery products than a year ago
- Lower prices in addition to standard 2,000 weekly specials
- Greater savings for customers improves shareholder value
- 5,000 packaged grocery product prices now online to deliver greater price transparency

# Rollout of New Formats – Australia & NZ

**"We will continue to invest in our store network"**

**"Enhanced shopping experience for our customers"**



- Strong customer response to all new formats
- 47% of Australian Supermarkets; 38% of BIG W; 27% of Consumer Electronics and 33% of NZ Supermarkets converted to new formats
- Formats will evolve to meet changing customer needs
- Australian Supermarkets and BIG W returning to normal levels of refurbishment activity after initial push to achieve a critical mass of new formats

# Private label and control brands

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



- Private label expansion continued reflecting quality and value for money offer - strong customer acceptance
- Growth in product sales exceeds overall performance
- Good levels of repeat purchase
- Launch of full strength beer “Dry Dock” - made at Gage Road Breweries
- Introduction of Macro Wholefoods Market range



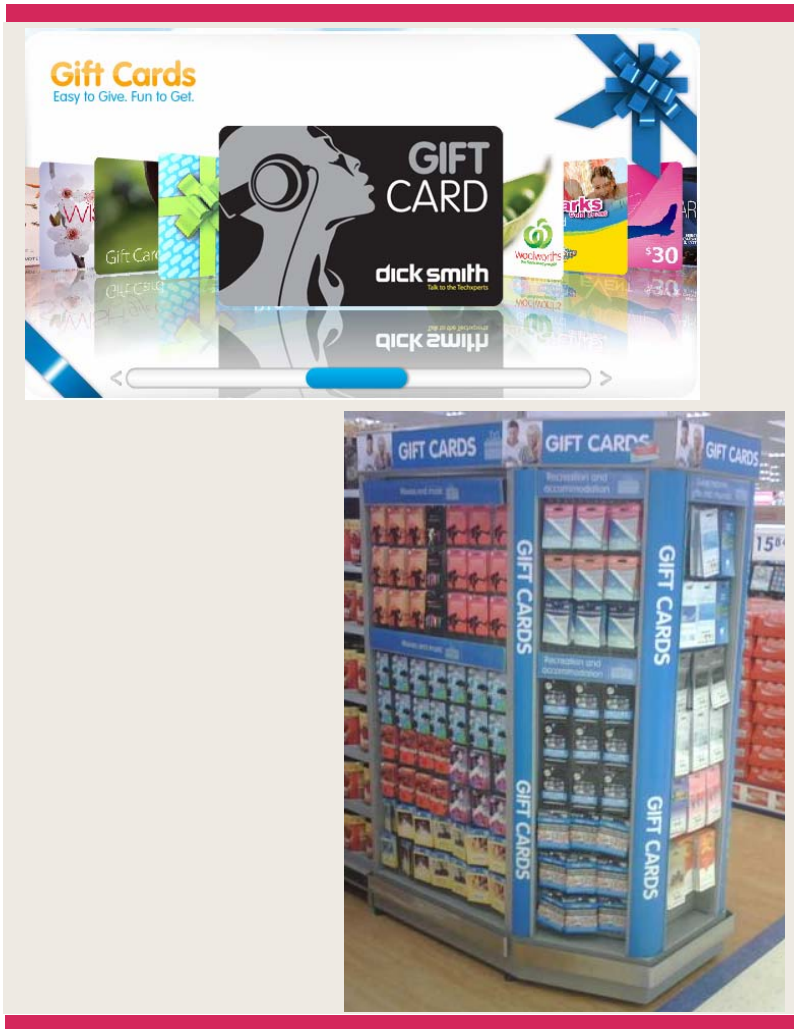
# Now even more reasons to shop with us...



- Enhanced Everyday Rewards program and Qantas Frequent Flyer alliance
- Understanding customers needs in a richer way
- Providing customers with targeted special offers
- 4.6m Everyday Rewards cards registered
- 2.1m holders linked to QFF
- Everyday Money Credit Card growing in popularity - five industry awards
- Everyday Mobile a hit with customers and families



# Gift cards – Excellent customer acceptance



- ‘Wish’ gift cards very successful
- Gift card offer enhanced with divisional branded gift cards i.e. BIG W, Supermarkets, Petrol, Dan Murphy’s, BWS, Dick Smith
- Gift Card Mall launched across Woolworths
- Gift Card Mall carries both Woolworths branded cards and external cards inc. i-Tunes, movie, travel and charities
- Future growth expected to be strong

# BIG W Optical



- 23 optical sites in 4 states increasing to 27 by 30 June 2010
- Compelling offer in the marketplace
- Strong brands e.g. Ray Ban, DKNY
- Staffed with qualified optometrists
- Compliments our focus on home and family



# Continuing to invest in distribution and logistics

- Successful commissioning of Melbourne and Sydney Liquor Distribution Centres. Brisbane Liquor DC commissioned in Q410
- Construction of Tasmanian Regional Distribution Centre (RDC) begins this quarter
- Investment in Sydney and Melbourne NDCs - increased capacity; improved pick rate efficiency and immediate cost reduction
- New BIG W and Consumer Electronics facilities to be built at Hoxton Park (Sydney). Expected completion in FY12 - improved service and reduced costs
- Implementation of NDC/RDC strategy in New Zealand - re-development of the Wiri DC (Auckland) to be completed during FY11
- Global sourcing business continued strongly - direct buying volumes up 55%
- Continued development of international logistics capabilities - rationalisation of consolidation processes and introduction of order tracking system



# New Zealand Supermarkets

**"Major business transformation showing benefits"**



- Business transformation complete showing significant EBIT improvement (up 24.3% on the prior half - NZD)
- Difference between comparable store growth and inflation positive at 1.5%, reflecting volume and market share growth
- Reducing price differential against equivalent offerings from main competitor
- Re-investment in price - gross profit margins improved following benefits of merchandising, front of store and replenishment (Stocksmart and AutostockR) systems
- Significant improvements in shelf stock availability and reductions in shrinkage



# Repositioning of Consumer Electronics

**"Techxpert advice at the best price"**



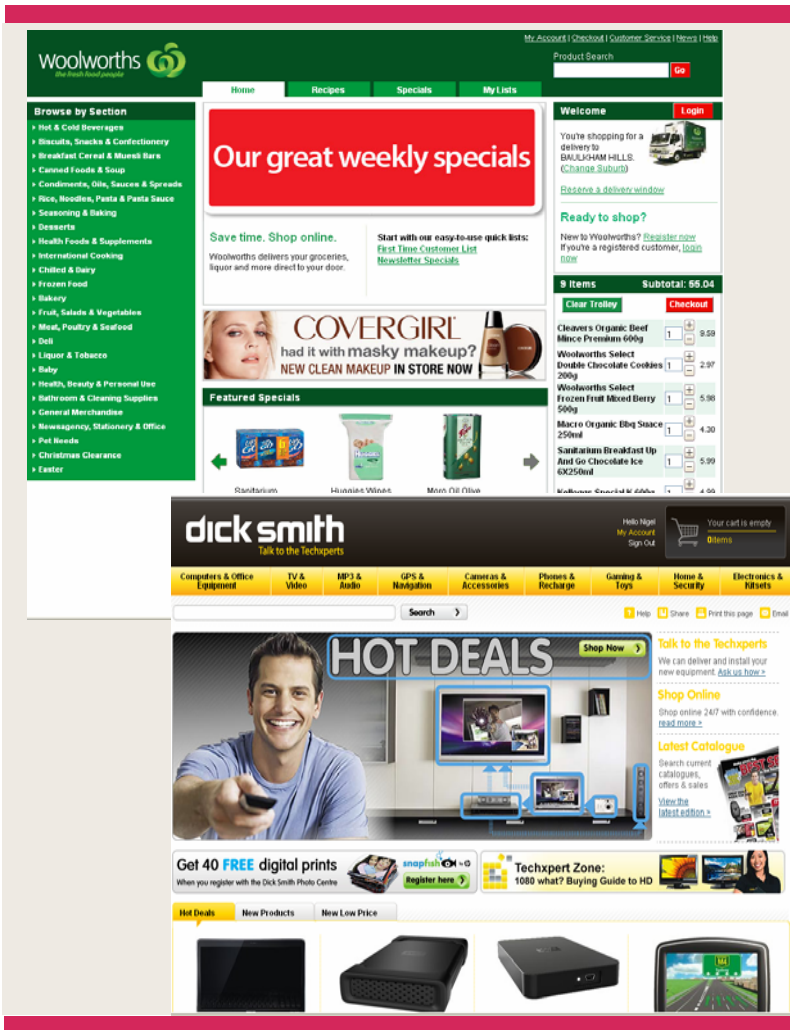
- Rollout of new format across Australia and NZ - 117 stores converted to date; 168 stores by end of FY10
- Comparable sales growth in converted stores well in excess of network
- Improvements in range - repositioned to be more compelling and relevant
- Price promise – reinforcing value of offering
- People investment - improved sales technique, customer service, best advice on latest technology
- Techxperts – delivery and installation services gaining traction
- Online – Refreshed website resulting in strong customer trading

# Home Improvement

- Acquired Danks in November 2009 - good progress on integration
- On track to achieve target of 150 sites secured within five years. More than 40 prime retail sites in the pipeline. First store to open in 2011
- Store design, layout and merchandising well progressed. Combination of Lowe's & Danks experience an invaluable asset
- Development of supply chain strategy well progressed
- Establishment of IT systems leveraging Lowe's systems underway
- Establishment of supply arrangements underway - negotiations commenced with international and domestic vendors



# Online shopping



- Shopping online an increasingly important part of customer expectations
- Continuing development to divisional websites to enhance customer useability
- Total online sales up 41% with solid performances in Dick Smith and Supermarkets
- Continue investment in this rapidly growing channel to drive incremental sales and profitability
- BIG W online site launching in May



# Financial results

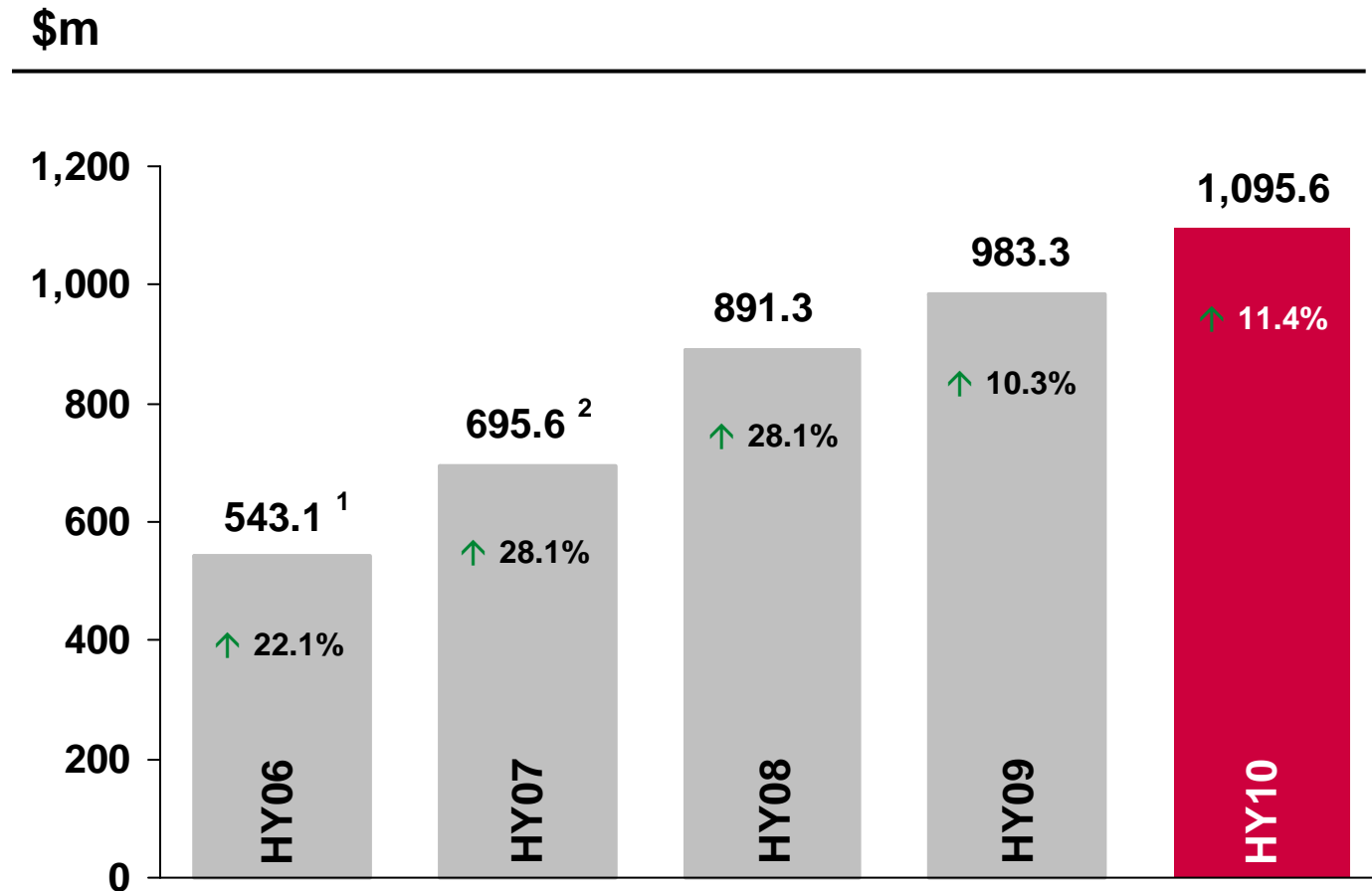
# Report Card

In comparison with our regularly expressed goals

	HY06	HY07	HY08	HY09	HY10
Sales will grow in the upper single digits assisted by bolt-on acquisitions - Group	18.4%	15.9%	8.6%	8.8%	4.2%
- (excluding Petrol)	16.4%	16.2%	8.9%	8.1%	6.0%
EBIT will outperform sales growth assisted by cost savings	31.5%	27.0%	20.0%	10.2%	11.1%
EPS will outperform EBIT growth assisted by capital management	16.1%	16.6%	25.9%	9.3% <sup>1</sup>	10.0% <sup>1</sup>
CODB will reduce by 20 bps <sup>2</sup>	✓	✓	✓	✓	x

1. Reflects the dilutive effect of shares issued under employment share plans and DRP
2. Excludes Hotels and Petrol (and one-off profit on sale of certain properties in HY08 of \$9.2 million)
- x Not achieved due to the significant decline in inflation during the year

# Profit after tax – up 11.4%



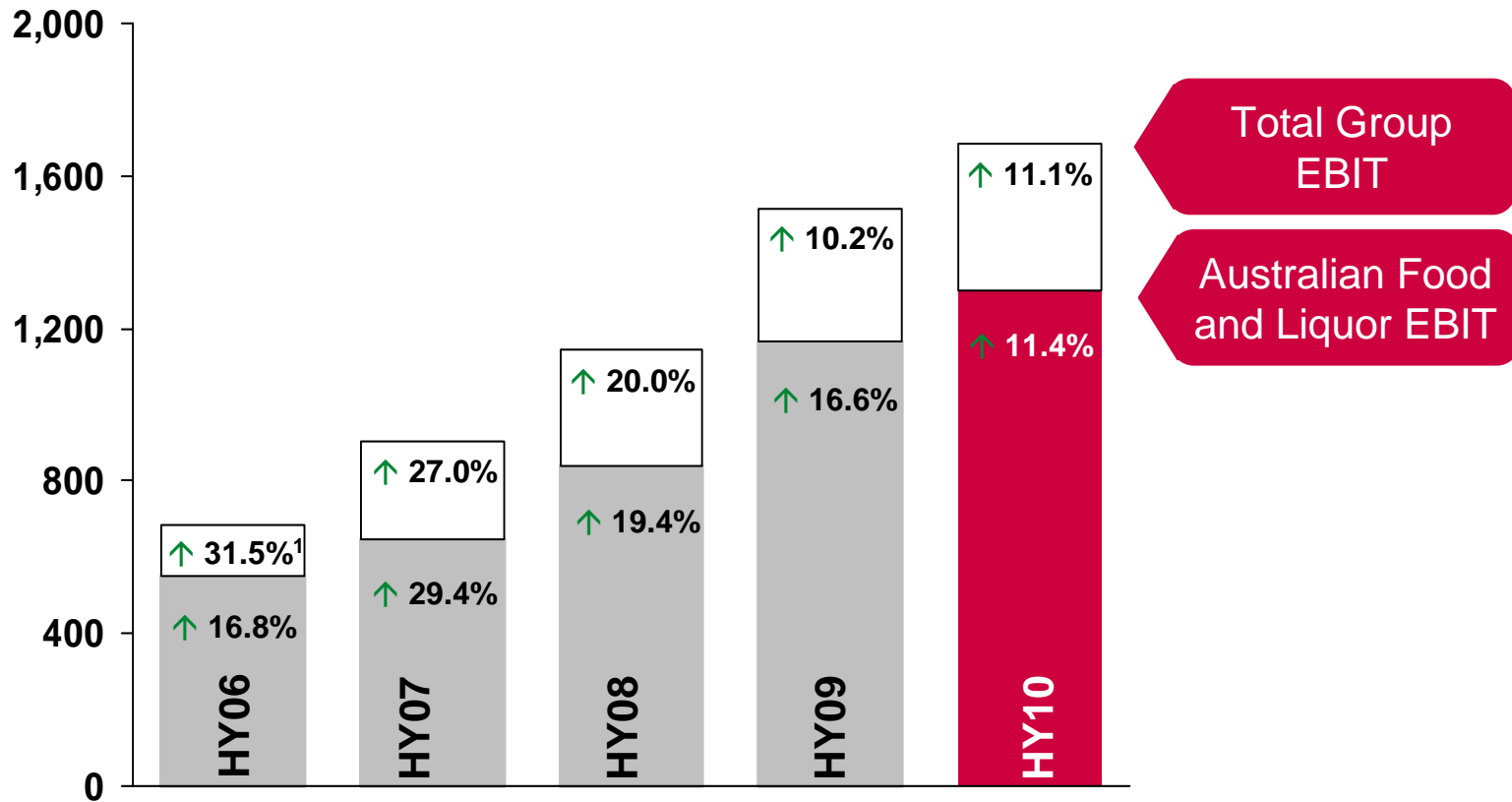
1. Includes Progressive (NZ) business and 20 Australian ex-FAL store results from 2 November 2005, BMG from 1 July 2005 and ALH, BMG and MGW results for the 27 weeks

2. Includes Progressive and Taverner Hotel businesses for the full 27 weeks

# EBIT – up 11.1%

EBIT growth underpinned by strong growth in Australian Food and Liquor

\$m

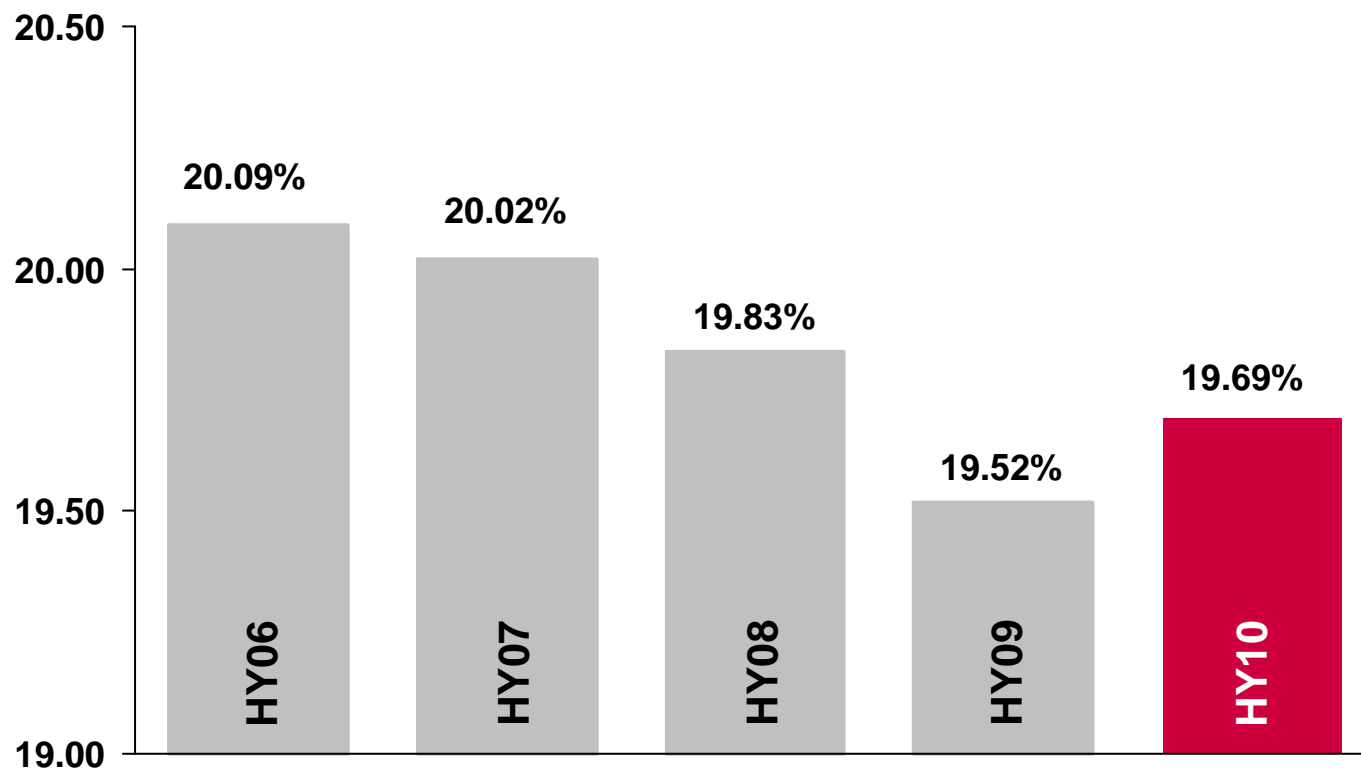


1. Group EBIT growth exceeded Australian Food and Liquor assisted by acquisitions (HY06: ALH 6 months, MGW 6 months, BMG 6 months, FAL 2 months; HY05: ALH 2 months)

# CODB / Sales

CODB/Sales increased slightly. When we exclude the distortion of Petrol and Hotels, we delivered a solid CODB reduction. However we did not quite achieve the 20bps target due to the decline in inflation in Australian Supermarkets

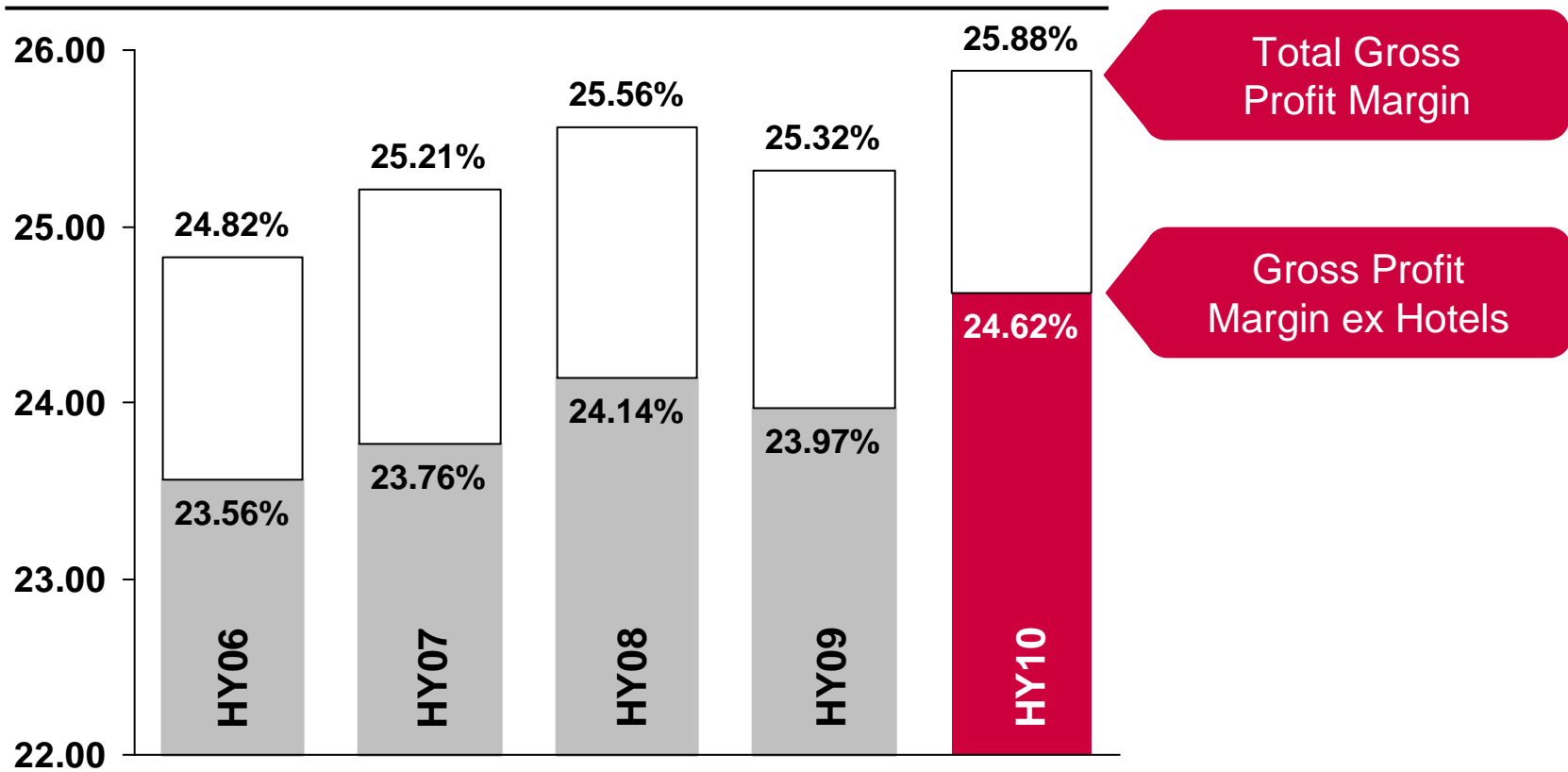
## Percentage



# Gross Profit Margin

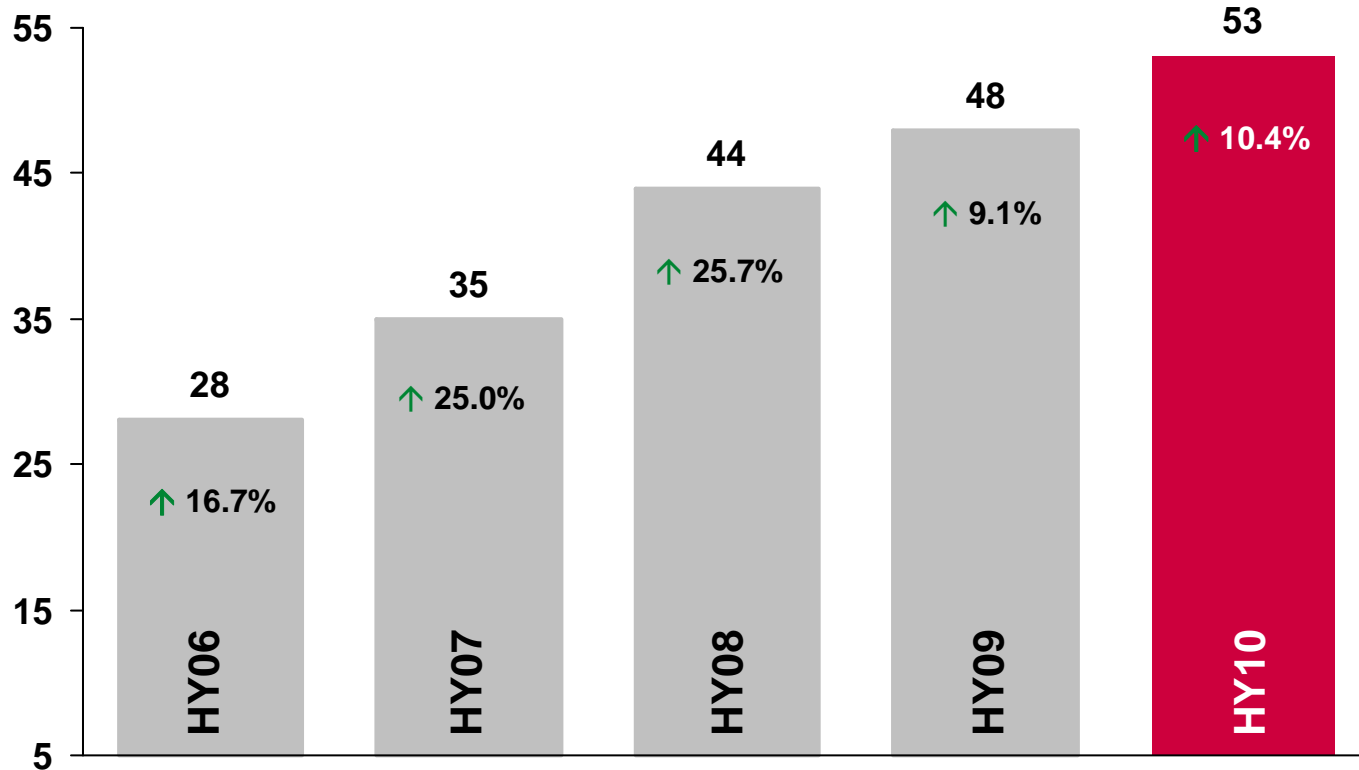
Gross margins for the group have increased 56bps reflecting the impact of moving from a direct to store delivery model to distribution centres in liquor, the benefits of global buying, improved shrinkage rates, increasing sales of private label products and the success of the mix of sales in the new store formats

## Percentage



# Dividends per share — Interim

Cents



Dividend pay-out ratio of 60% is in line with the previous half year

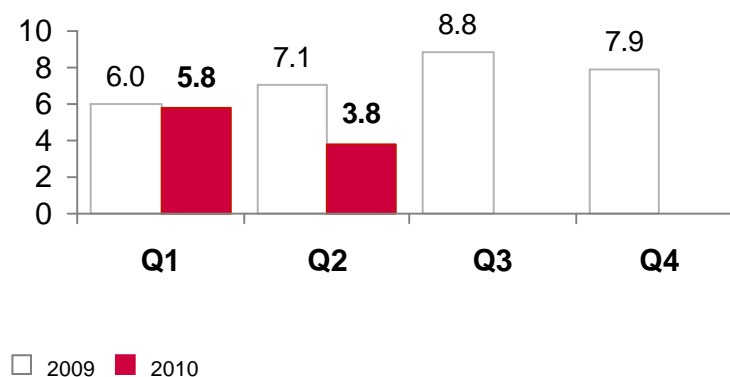


# Australian Supermarket Division

	HY09	HY10	Change
Sales (\$m) - Food & Liquor	16,983	<b>18,143</b>	6.8%
- Petrol	3,072	<b>2,781</b>	(9.5)%
- Total	20,055	<b>20,924</b>	4.3%
Gross margin (%)	23.69	<b>24.41</b>	72bps
CODB (%)	17.65	<b>17.96</b>	31bps
EBIT to sales (%)	6.04	<b>6.45</b>	41bps
EBIT (\$m)	1,212.3	<b>1,350.6</b>	11.4%
Funds Employed (\$m)	3,036.7	<b>3,293.9</b>	8.5%

## Comparable Sales – Aust. F&L – H1 4.8%

### Percentage



### Continued positive momentum and growth in market share and customer numbers

- Investment in lower shelf prices (3,500 products lower than a year ago)
- Comparable Food and Liquor sales up 4.8% with inflation reduced to 1.6% from 4.1% last half
- Food and Liquor achieved solid CODB reductions. Strong focus on cost reduction
- New format stores delivering an improved shopping experience for our customers
- 14 new supermarkets opened



# Petrol

**“Strong customer recognition and acceptance of our offer”**



- Sales of \$2.8 billion, down 9.5%
- Comparable sales decreased by 11.2% reflecting fuel sell prices below last year (HY10:\$1.22 / litre; HY09:\$1.38 / litre)
- Comparable volumes increased 0.9% reflecting the strength of our offer
- EBIT increased by 12.0% to \$51.2 million
- EBIT margins were 1.8% (HY09: 1.5%)
- EBIT equates to 2.1 cents / litre sold (HY09: 1.9 cents / litre)
- ePump facility available at more than 420 Caltex / Woolworths petrol outlets

# Liquor

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



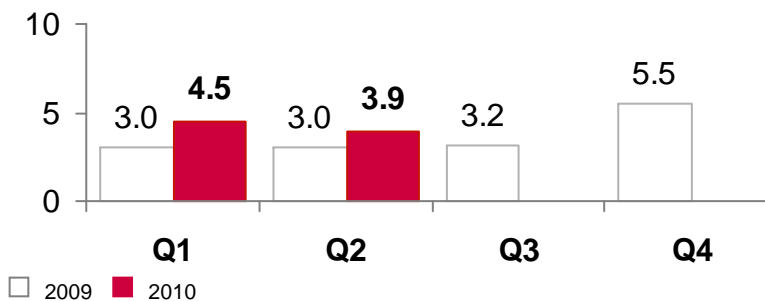
- All Liquor operations (Dan Murphy's, BWS and attached liquor) recorded strong growth in sales, profit and market share
- Liquor DC's opening and application of systems (e.g. AutostockR, warehouse management) improved efficiency, lower shrinkage and improved in-stock positions. Benefits will continue to flow
- Group Liquor sales \$3.1 billion; (HY09: \$2.8 billion)
- Launched private label "Dry Dock" beer manufactured by Gage Roads Brewery (acquired 25% stake)
- Operated 1,187 liquor retail outlets at the end of the half
- Dan Murphy's continues to expand operations - 10 stores opening in this half. 114 stores in total

# New Zealand Supermarkets

NZD	HY09	HY10	Change
Sales (\$m)	2,571	<b>2,686</b>	4.5%
Gross margin (%)	21.38	<b>22.10</b>	72bps
CODB (%)	17.54	<b>17.53</b>	(1)bps
EBIT to sales (%)	3.84	<b>4.57</b>	73bps
Trading EBIT (\$m)	98.8	<b>122.8</b>	24.3%
Less intercompany charges (\$m)	(6.9)	<b>(6.2)</b>	(10.1)%
Reported EBIT (\$m)	91.9	<b>116.6</b>	26.9%
Funds Employed (\$m)	2,820.5	<b>2,989.6</b>	6.0%

## Comparable Sales – H1 4.2%

### Percentage



### Pleasing result, good progress

- Solid sales performance with increased market share
- Comparable sales were 4.2% with food inflation 2.7% (last half 5.8%). Real growth achieved
- Positive customer response to new format translating to sales and market share gains
- Rebranding in progress with 52% (78 stores) now trading as Countdown  
By 30 June 2010, approx 100 Countdown
- One new Countdown store opened in the half and 19 refurbishments completed





# BIG W

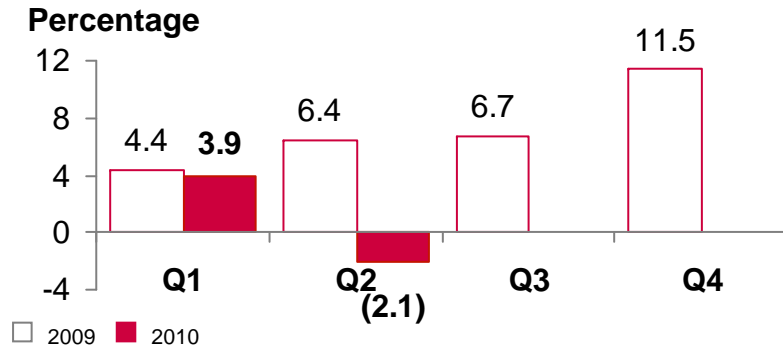
	HY09	HY10	Change
Sales (\$m)	2,406	2,462	2.3%
Gross margin (%)	28.89	29.07	18bps
CODB (%)	22.98	22.94	(4)bps
EBIT to sales (%)	5.91	6.13	22bps
EBIT (\$m)	142.2	150.8	6.0%
Funds Employed (\$m) <sup>1</sup>	533.9	600.4	12.5%

**Reasonable results achieved cycling the benefits of the Government stimulus package**

- Solid two year Sales CAGR of 6.1%
- Comparable store sales for the half of 0.4%
- CODB well controlled given lower sales levels
- Inventory levels well managed with lower shrinkage and markdowns improving gross margins
- Continue to maintain BIG W's value proposition and everyday low price position
- Accelerated refurbishment activity during the half year continues
- Three new stores opened. Total stores 159

1. Increase reflects the store openings and accelerated refurbishment activity

## Comparable Sales – H1 0.4%



# Consumer Electronics – Australia & NZ

Australia (AUD)	HY09	HY10	Change
Sales (\$m)	681	710	4.3%
Gross margin (%)	25.72	27.50	178 bps
CODB (%)	22.58	23.63	105 bps
EBIT to sales (%)	3.14	3.87	73 bps
EBIT (\$m)	21.4	27.5	28.5%

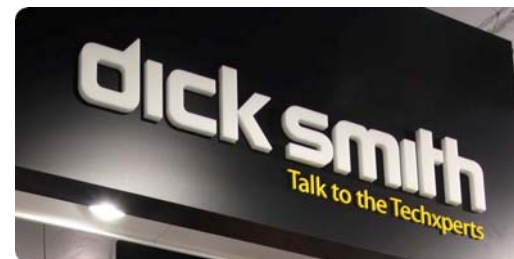
## Australia - Repositioning underway

- Comparable sales growth for Australia 3.2%
  - Excluding Tandy and ex-Powerhouse stores, comparable sales up 12.2%
- Result reflects a repositioning of this business in:
  - **New formats:** 109 stores currently - with sales in excess of network
  - **Branding, price and range:** offer more compelling to customers
  - **People:** improved sales and customer service from training clearly evident
  - **Techxperts:** strong coverage and gaining traction
  - **Online:** Refreshed website and strong customer trading
- Transitioning out of Tandy and Powerhouse

New Zealand (NZD)	HY09	HY10	Change
Sales (\$m)	191	187	(2.1)%
Gross margin (%)	25.10	26.42	132 bps
CODB (%)	18.56	21.61	305 bps
EBIT to sales (%)	6.54	4.81	(173) bps
EBIT (\$m)	12.5	9.0	(28.0)%

## New Zealand – weak economy

- New Zealand economy is weak affecting general merchandise sector generally resulting in intense competition
- Business to be repositioned similar to Australia
- 8 new format stores



# Consumer Electronics – India



- Business venture with TATA now services 40 'Croma' retail stores
- Woolworths Limited provides buying, wholesale, supply chain and general consulting services to TATA
- Wholesale operations are meeting expectations with sales of \$124 million during the half year - small operating profit for the first time (HY09: \$2.7 million loss)



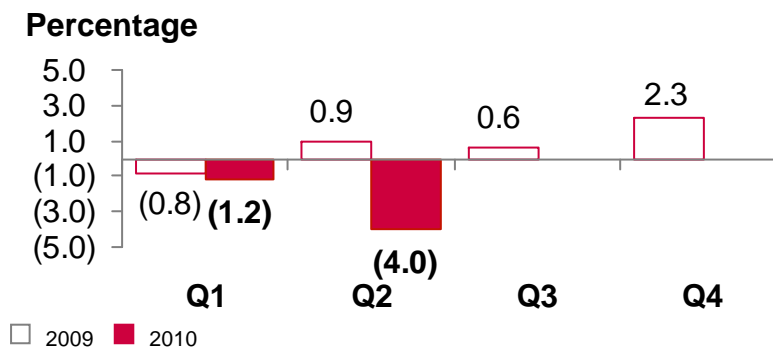
# Hotels

	HY09	HY10	Change
Sales (\$m)	592	591	(0.2)%
Gross margin (%)	83.17	82.39	(78)bps
CODB (%)	62.03	63.00	97bps
EBIT to sales (%)	21.14	19.39	(175)bps
EBIT (\$m)	125.1	114.6	(8.4)%

## A challenging period

- Results were impacted by cycling the Government stimulus package and the increased regulatory environment in particular reduced trading hours in QLD
- Whilst sales achieved last year's levels, gaming comparable sales were down 3.8% - change in mix of sales impacting EBIT
- Relative to the Hotel sector, our business is proving resilient
- The 2012 changes to Victorian gaming are well underway and will be beneficial
- Six properties were added to the portfolio in the half

## Comparable Sales



# Cash Flow – Strong operating cashflows

\$m	HY09	HY10	Comments
EBITDA	1,887.7	2,089.2	<b>+10.7%</b>
Net interest paid (including cost of income notes)	(123.7)	(125.9)	Interest paid is flat reflecting good cash management
Taxation paid	(456.8)	(462.6)	
	<b>1,307.2</b>	<b>1,500.7</b>	<b>+14.8%</b>
Net (decrease)/increase in Creditors	370.3	712.2	Reflects the timing of creditor payments relative to last year
Net (increase)/decrease in Inventory	(460.7)	(388.0)	Reflects additional stock as a result of two liquor DC's commissioned during the prior half year
Net change in other working capital and non cash	110.4	18.4	Primarily reflects receivables growth
<b>Total cash provided by operating activities</b>	<b>1,327.2</b>	<b>1,843.3</b>	<b>+38.9%</b>
Payments for the purchase of businesses - other	(98.1)	(148.7)	Represents acquisitions of hotels, liquor licences, Danks and Macro
Payments for normal capex	(913.0)	(873.1)	Reduction reflects more normal levels of refurbishment activity in Australian Supermarkets and BIG W and timing of spend
Proceeds on disposal of property plant and equipment	11.9	30.8	Increase due to the sale of 10 properties in the half compared to 3 in the prior year
Dividends received	1.4	6.4	Dividends from ALE Property Group and The Warehouse Group Limited
<b>Total cash used in investing activities</b>	<b>(997.8)</b>	<b>(984.6)</b>	
<b>Free cash</b>	<b>329.4</b>	<b>858.7</b>	
<b>Net operating profit after tax</b>	<b>998.4</b>	<b>1,109.2</b>	
<b>Free cash flows as a % of NPAT</b>	<b>33%</b>	<b>77%</b>	
<b>Dividend</b>	<b>588.3</b>	<b>657.2</b>	

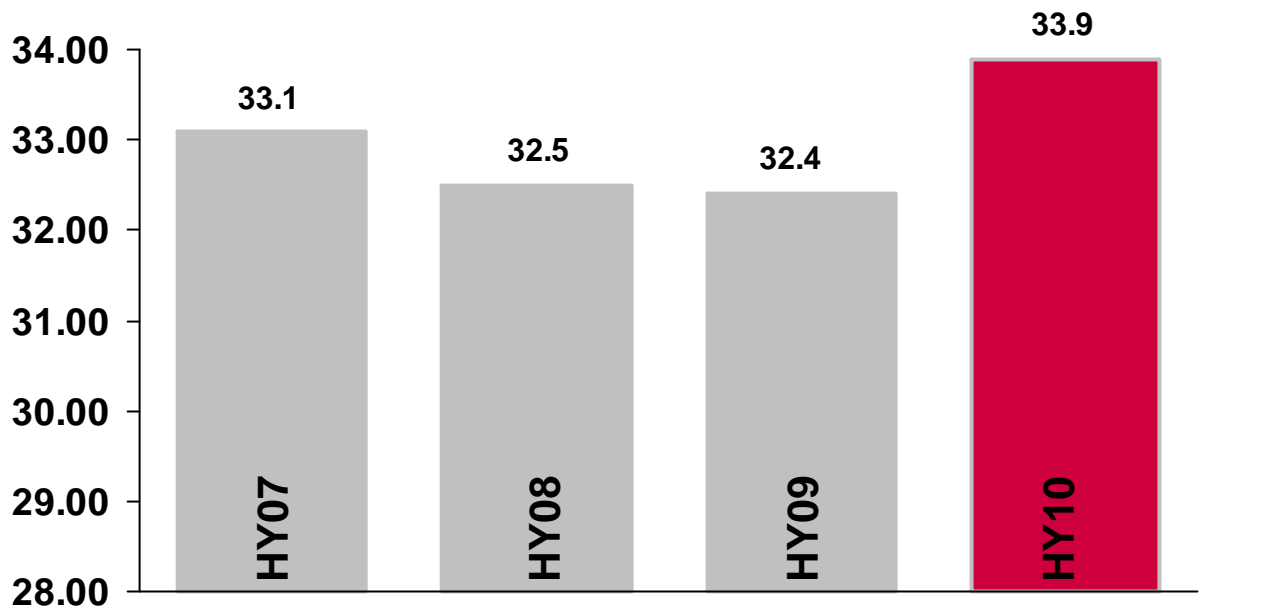
# Balance Sheet

\$m	FY09	HY09	HY10	
Inventory	3,292.6	3,488.5	<b>3,718.9</b>	
Trade Payables	(4,055.1)	(4,270.3)	<b>(4,836.1)</b>	• Reduction of \$335m primarily reflecting timing of creditor payments last year. Creditor days HY10 51.2; HY09 47.8; HY08 52.4
Net investment in inventory	(762.5)	(781.8)	<b>(1,117.2)</b>	
Receivables	666.9	736.2	<b>964.1</b>	• Receivables increased by \$228m due to Danks acquisition; additional property development funding and timing of receivables collection
Other creditors	(2,340.4)	(2,328.2)	<b>(2,527.5)</b>	
Working Capital	(2,436.0)	(2,373.8)	<b>(2,680.6)</b>	• Negative working capital improved by \$307m
Fixed assets and investments	6,822.2	6,393.5	<b>7,304.3</b>	• Increase reflects capital expenditure offset by depreciation
Intangibles	4,933.1	4,971.2	<b>5,029.6</b>	
Total Funds Employed	9,319.3	8,990.9	<b>9,653.3</b>	• Increase due to Danks, Macro and various retail liquor and hotel acquisitions
Net Tax Balances	201.1	176.2	<b>182.4</b>	
Net Assets Employed	9,520.4	9,167.1	<b>9,835.7</b>	
Borrowings current	(188.6)	(689.3)	<b>(136.0)</b>	
Borrowings non-current	(2,986.3)	(2,882.4)	<b>(2,806.4)</b>	• Cash and borrowings have decreased \$539m compared to June 2009 reflecting the impact of restatement of the USD borrowing to market value, repayment of borrowings and additional cash balances from strong operating cashflows. Movement in the foreign debt is fully hedged
Cash and deposits	762.6	960.0	<b>1,069.0</b>	
Other financial assets and liabilities	(50.8)	211.7	<b>(221.6)</b>	• Changes primarily as a result of the impact of restatement of USD borrowings to market value
Net Repayable Debt	(2,463.1)	(2,400.0)	<b>(2,095.0)</b>	• Net repayable debt down \$368m
Net Assets	7,057.3	6,767.1	<b>7,740.7</b>	
Shareholders Equity	6,812.5	6,519.8	<b>7,487.9</b>	
Minority Interest	244.8	247.3	<b>252.8</b>	
Total Equity	7,057.3	6,767.1	<b>7,740.7</b>	

# Average Inventory Days

Inventory days increased 1.5. When we exclude the impact of incremental imported inventory, additional inventory associated with our new liquor DC's and petrol, inventory days decreased by 0.8 days

## Number of Days

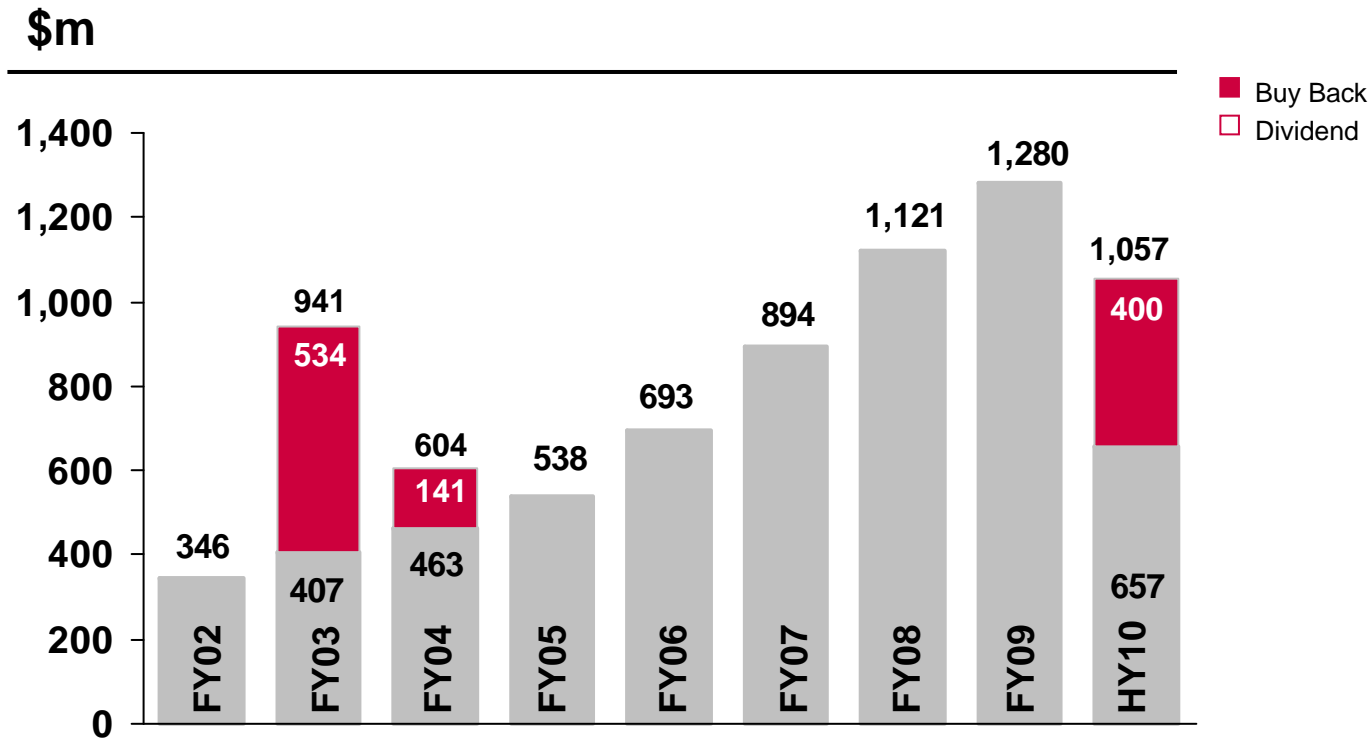


Our target is to reduce inventory holdings by 1 day per year (excluding petrol and indent)

Note: Average inventory based on 13 months rolling average

# Shareholder Payouts

Profit growth, coupled with balance sheet management, delivered over \$7 billion payout to shareholders since July 2001



Franking credits available for distribution (after the interim dividend) = \$1,304 million

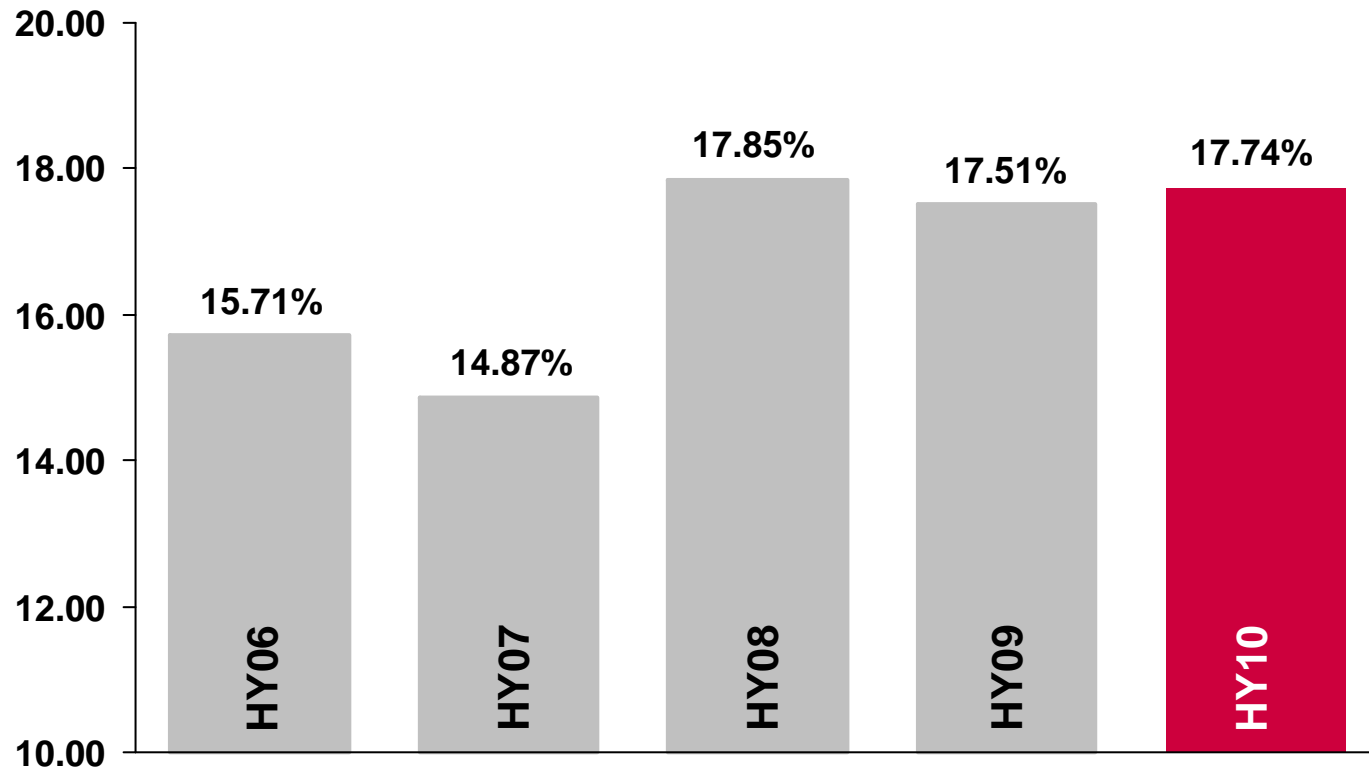
# Capital Management

- Capital structure objective to enhance shareholder value through optimising weighted average cost of capital whilst retaining flexibility to pursue growth and capital management opportunities
- Capital management activity over the recent past not pursued due to various acquisitions and the GFC. Woolworths one of the few ASX listed companies not to raise capital over last 18 months
- Re-commencement of ongoing capital management program, with a modest \$400m on-market share buy-back - shows belief in the strong future outlook of the business balanced by the continuing uncertainties in the global financial markets.
- In the current environment returning \$400m to shareholders is a modest start that achieves a balance between returning capital, retaining sufficient flexibility to invest capital, pursue growth and retain strong credit metrics
- The on-market share buy-back is planned to be value enhancing, improving key metrics such as EPS and ROE
- Future capital management initiatives will be assessed in light of growth opportunities, capital markets, environment and our focus on maintaining strong credit ratings
- The maturity profile of our debt facilities means no immediate need to refinance any long term debt in the current financial year - next maturity \$A350 million in March 2011

*Note: The credit ratings referred to in this document have been issued by a credit rating agency which holds an Australian Financial Services Licence with an authorisation to issue credit ratings to wholesale clients only. The credit ratings in this document are published for the benefit of Woolworths Debt Providers.*

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

Percentage

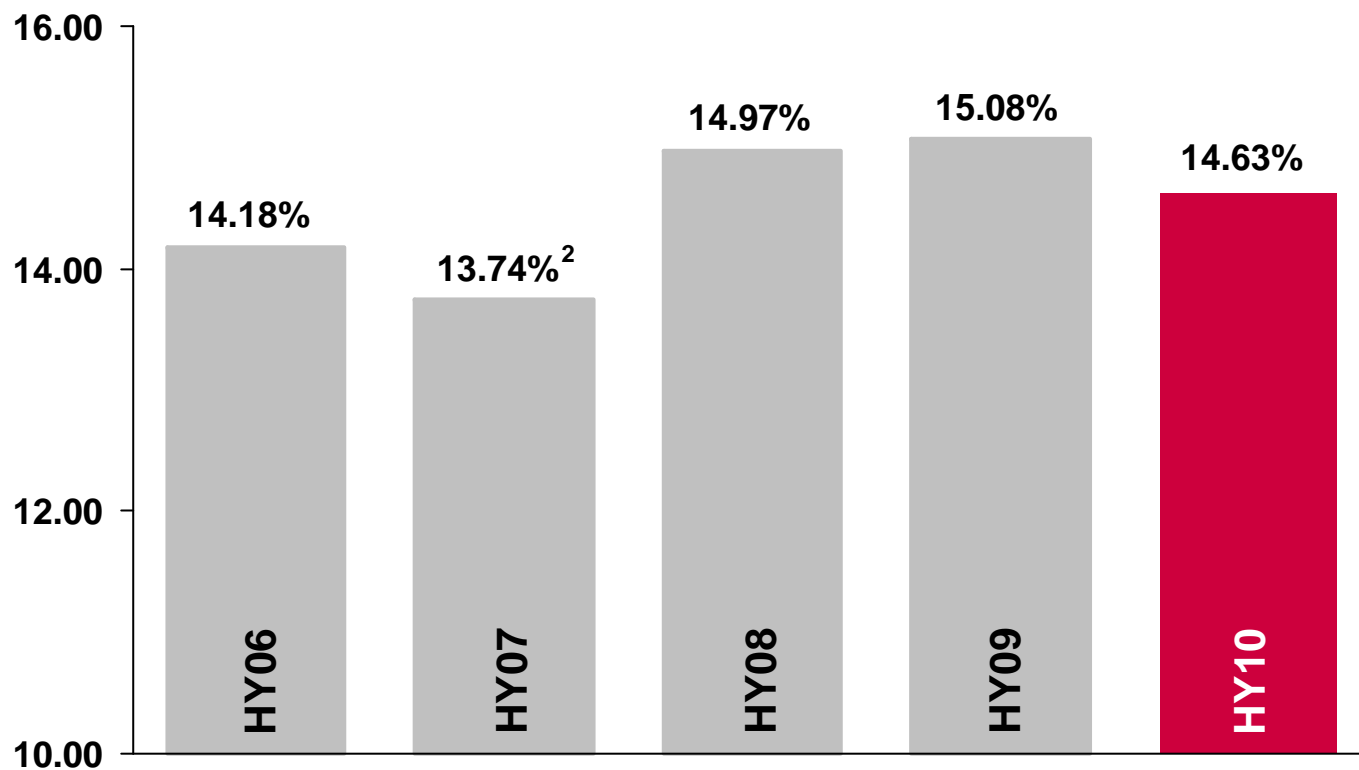


1. Based on average of opening and closing funds employed



# Return on equity<sup>1</sup>

Percentage



1. Based on closing Shareholders Funds

2. Decline in ROE due to impact of 81.6 million shares issued to acquire Foodland, equity issued with the Dividend Reinvestment Plan and the impact of shares issued under the Employee Share Option Plans

# 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 Sales) to grow in the upper single digits** assisted by bolt-on acquisitions
- **EBIT growth outperforming sales growth** assisted by cost savings
- **EPS growth outperforming EBIT growth** assisted by capital management
- **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 capital investment and growth opportunities
- Maintenance of targeted credit ratings (S&P A-, Moody's A3)
- 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 private label**

**Expansion of Global Sourcing activities**

**Developing our customer engagement strategy**

**Financial Services capabilities**

**Significant opportunity to grow market share**

**Measured and disciplined approach to growth options**

**Continued reinvestment in all our businesses**

**Defined plans for space growth**

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

# Sales and Earnings Guidance FY10

The second half of the year is expected to be impacted by low price inflation and the cycling of the government stimulus packages. Discretionary spending levels will continue to be influenced by macro-economic factors, such as interest rates, petrol prices, confidence around employment and consumer attitudes to spending

Subject to the extent of the impact of the factors above, we reaffirm the following guidance:

## **Sales**

- We expect overall sales to grow in the upper single digits (excluding Petrol Sales) in FY10

## **Earnings**

- We also expect that EBIT will continue to grow faster than sales in FY10
- We expect net profit after tax for FY10 to grow in the range of 8% to 11%

# Appendices

# Half Year Sales of \$27.2b – up 4.2% – up 6.0% excl Petrol

\$m	HY09	HY10	Increase	Prior Year Increase	2 Year CAGR <sup>1</sup>	Half Year Comp Sales
Australian Food and Liquor	16,983	<b>18,143</b>	6.8%	9.0%	7.9%	4.8%
<i>New Zealand Supermarkets (NZD)</i>	<i>2,571</i>	<i><b>2,686</b></i>	<i>4.5%</i>	<i>3.5%</i>	<i>4.0%</i>	<i>4.2%</i>
New Zealand Supermarkets (AUD)	2,132	<b>2,162</b>	1.4%	(1.2)%	0.1%	4.2%
Petrol (dollars)	3,072	<b>2,781</b>	(9.5)%	15.0%	2.0%	(11.2)%
<i>Petrol (litres)</i>	<i>2,418</i>	<i><b>2,486</b></i>	<i>2.8%</i>	<i>4.7%</i>	<i>3.7%</i>	<i>0.9%</i>
<b>Supermarket Division</b>	<b>22,187</b>	<b>23,086</b>	<b>4.1%</b>	<b>8.7%</b>	<b>6.4%</b>	
<b>BIG W</b>	<b>2,406</b>	<b>2,462</b>	<b>2.3%</b>	<b>10.0%</b>	<b>6.1%</b>	<b>0.4%</b>
Consumer Electronics - Aust	681	<b>710</b>	4.3%	11.1%	7.6%	3.2%
<i>Consumer Electronics – NZ (NZD)</i>	<i>191</i>	<i><b>187</b></i>	<i>(2.1)%</i>	<i>6.1%</i>	<i>1.9%</i>	<i>(9.8)%</i>
Consumer Electronics – NZ (AUD)	158	<b>150</b>	(5.1)%	1.3%	(1.9)%	(9.8)%
Consumer Electronics - India	90	<b>124</b>	37.8%	95.7%	64.2%	
<b>Consumer Electronics - Total</b>	<b>929</b>	<b>984</b>	<b>5.9%</b>	<b>14.0%</b>	<b>9.9%</b>	
<b>General Merchandise Division</b>	<b>3,335</b>	<b>3,446</b>	<b>3.3%</b>	<b>11.1%</b>	<b>7.1%</b>	
<b>Hotels</b>	<b>592</b>	<b>591</b>	<b>(0.2)%</b>	<b>1.0%</b>	<b>0.4%</b>	<b>(2.5)%</b>
Home Improvement <sup>2</sup>	-	<b>80</b>	-	-	-	
<b>Total First Half Sales</b>	<b>26,114</b>	<b>27,203</b>	<b>4.2%</b>	<b>8.8%</b>	<b>6.5%</b>	
<b>Total First Half Sales (excluding Petrol)</b>	<b>23,042</b>	<b>24,422</b>	<b>6.0%</b>	<b>8.1%</b>	<b>7.0%</b>	

1. Compound Annual Growth Rate

2. Includes Danks Wholesale sales for 8 weeks from 11 November 2009

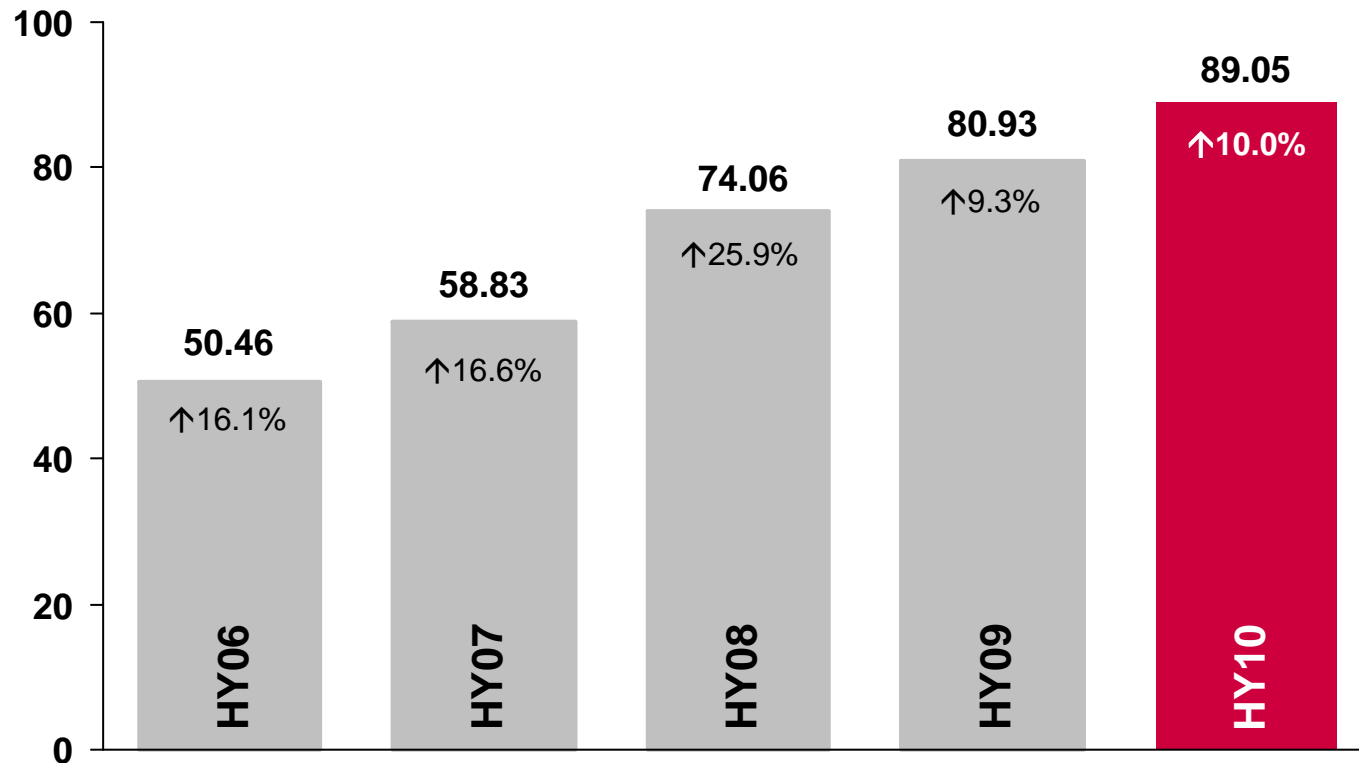
# EBIT – up 11.1% growing faster than sales

\$m	HY09	HY10	Change
Australian Food and Liquor	1,166.6	1,299.4	11.4%
<i>New Zealand Supermarkets (NZD)</i>	<i>91.9</i>	<i>116.6</i>	<i>26.9%</i>
New Zealand Supermarkets (AUD)	68.4	96.9	41.7%
Petrol	45.7	51.2	12.0%
<b>Supermarkets Division</b>	<b>1,280.7</b>	<b>1,447.5</b>	<b>13.0%</b>
<b>BIG W</b>	<b>142.2</b>	<b>150.8</b>	<b>6.0%</b>
Consumer Electronics - Aust / NZ	31.6	34.6	9.5%
Consumer Electronics - India	(2.7)	0.2	N/A
<b>Consumer Electronics - Total</b>	<b>28.9</b>	<b>34.8</b>	<b>20.4%</b>
<b>General Merchandise - Total</b>	<b>171.1</b>	<b>185.6</b>	<b>8.5%</b>
<b>Hotels</b>	<b>125.1</b>	<b>114.6</b>	<b>(8.4)%</b>
<b>Total Trading Result</b>	<b>1,576.9</b>	<b>1,747.7</b>	<b>10.8%</b>
Property Income / (Expense)	(0.8)	0.7	N/A
Central Overheads	(60.9)	(65.2)	(7.1)%
<b>Group EBIT</b>	<b>1,515.2</b>	<b>1,683.2</b>	<b>11.1%</b>



# Earnings per share – up 10.0%

Cents



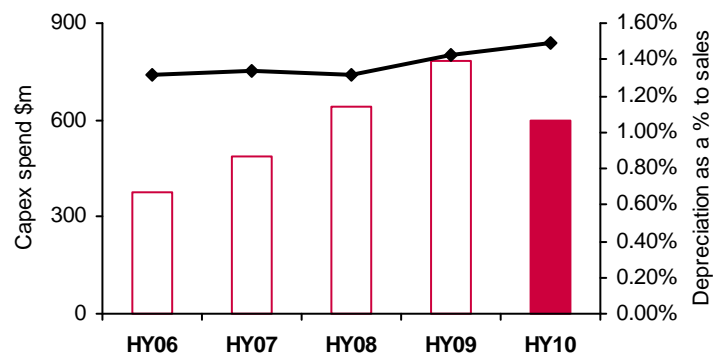
# Capital Expenditure – Half Year

\$m	HY09 Actual	HY10 Actual
New Stores	132	118
Refurbishments	376	327
<b>Growth Capex</b>	<b>508</b>	<b>445</b>
Stay in Business	185	111
Supply chain	53	19
Data Centre; BIG W DC and Liquor DC's	37	22
<b>Normal and Ongoing Capex</b>	<b>783</b>	<b>597</b>
Property Developments (net of sales)	147	258 <sup>1</sup>
<b>Net Capex</b>	<b>930</b>	<b>855</b>
Included above is		
<b>New Zealand Supermarkets</b>	<b>65</b>	<b>94</b>

Store numbers	New Stores <sup>2</sup>		Refurbs	
	2010	2009	2010	2009
Australian Supermarkets <sup>3</sup>	21	15	42	98
Liquor	34	49	35	53
PEL - NZ Supermarkets	2	-	19	9
Petrol	10	15	-	-
BIG W	3	4	9	11
Consumer Electronics – Australia & New Zealand	13	32	24	2
Hotels	6	7	25	17
<b>Group</b>	<b>89</b>	<b>122</b>	<b>154</b>	<b>190</b>

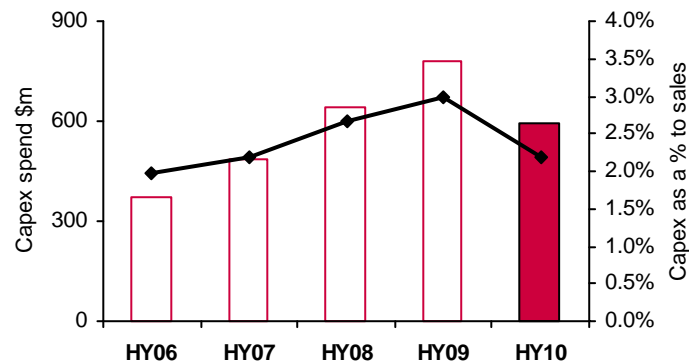
2. Gross store openings  
3. Includes attached liquor

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



1. Includes Hardware

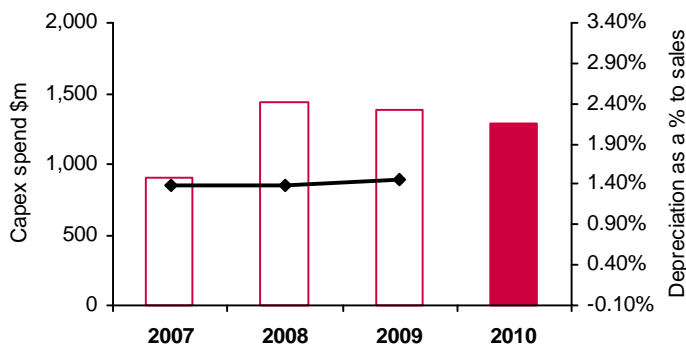
Normal and Ongoing Capex \$m, Capex % to Sales



# Capital Expenditure – Full Year

\$m – 2010	Current Fcst	Previous Fcst	Var
New Stores	254	248	6
Refurbishments	627	767	(140)
<b>Growth Capex</b>	<b>881</b>	<b>1,015</b>	<b>(134)</b>
Stay in Business	255	334	(79)
Supply chain	74	139	(65)
Data Centre; BIG W DC and Liquor DC's	74	47	27
<b>Normal and Ongoing Capex</b>	<b>1,284</b>	<b>1,535</b>	<b>(251)</b>

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

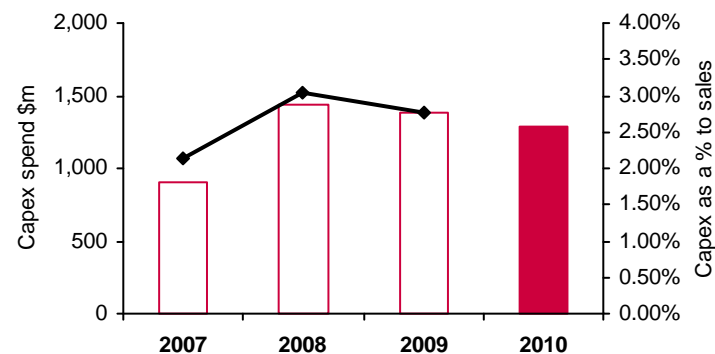


\$m – Full Year	Current Fcst	Previous Fcst	Var
Distribution Centres (net of sales)	-	-	-
Property Developments (net of sales)	537 <sup>1</sup>	504	33
<b>Net Capex</b>	<b>1,821</b>	<b>2,039</b>	<b>(218)</b>
Included above is			
<b>Supermarkets New Zealand</b>	<b>255</b>	<b>116</b>	<b>127</b>

1. Excludes Hardware

\$m – Full Year	2008 Actual	2009 Actual	2010 Fcst
New Stores	262	254	254
Refurbishments	643	652	627
<b>Growth Capex</b>	<b>905</b>	<b>906</b>	<b>881</b>
Stay in Business	427	326	255
Supply chain	80	80	74
Data Centre; BIG W DC and Liquor DC's	21	65	74
<b>Normal and Ongoing Capex</b>	<b>1,433</b>	<b>1,377</b>	<b>1,284</b>

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



\$m – Full Year	2008 Actual	2009 Actual	2010 Fcst
Distribution Centres (net of sales)	(81)	-	-
Property Developments (net of sales)	110	340	537 <sup>1</sup>
<b>Net Capex</b>	<b>1,462</b>	<b>1,717</b>	<b>1,821</b>
Included above is			
<b>Supermarkets New Zealand</b>	<b>150</b>	<b>205</b>	<b>255</b>

# 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 accelerated rollout in 2009 to achieve an initial critical mass of new formats across the brands. In 2010 we have resumed more normal levels of refurbishment activity and hence the lower level of capex spend forecast for the year</li> </ul>
<b>Stay In Business</b>	<ul style="list-style-type: none"> <li>• Includes expenditure on a variety of IT projects including enhancement of our data analytics capabilities; epump (Petrol); financing and merchandising system upgrade; supply chain logistics and merchandising initiatives (BIG W) and store based expenditure (eg, merchandising initiatives). A review and reprioritisation of projects has resulted in a reduction in the FY10 forecast</li> </ul>
<b>Supply Chain</b>	<ul style="list-style-type: none"> <li>• Includes investment in our transport capabilities and Hume and Minchinbury DC upgrade and the development of the new Brisbane Liquor DC. The reduction in the FY10 forecast reflects the timing of redevelopment of DC's and reprioritisation of non-essential capital projects</li> </ul>
<b>Supermarkets New Zealand</b>	<ul style="list-style-type: none"> <li>• Includes investment in property pipeline, refurbishment activity including our new format "2010c equivalent". 2010 forecast includes additional property acquired for future new stores which were not in the original forecast</li> </ul>
<b>Property Developments (net of sale)</b>	<ul style="list-style-type: none"> <li>• Increase reflects reduced level of property sales given current market conditions whilst increasing the number of site acquisitions to support medium term rollout of new stores</li> </ul>

**We continue to invest in each of our businesses**

# Key growth initiatives

## Leveraging our supply chain expertise

- We have completed a substantial portion of the end-to-end supply chain program in Australian Supermarkets
- The financial benefits of this world class supply chain will continue over future years
- The intellectual property is being leveraged across other divisions
- Key assets to underpin future growth options
- Liquor supply chain benefits to flow through

## Expansion of private label

- The expansion of our private label range has continued with the introduction of Macro Wholefoods Market range into our supermarkets to add to our existing private label brands Woolworths Homebrand, Select and Essentials. These ranges continue to gain strong customer acceptance
- During the half we launched our own full strength beer called “Dry Dock”, which has been manufactured at Gage Road Breweries (in which we hold a 25% interest)
- Private label penetration in Australia is lower than other developed countries such as the United States and the United Kingdom

# Key growth initiatives

## Expansion of Global Sourcing activities

- We continue to expand our global sourcing activities. As we increase our capabilities in this area we continue to secure cost price savings and improvements in both quality and range
- Focus on improving international logistics

## Developing our customer engagement strategy

- We have made excellent progress in developing our customer engagement strategy. The "Everyday Rewards" program is already proving to be very successful with 4.6 million cards registered and direct marketing campaigns now underway. The strategic alliance linking our "Everyday Rewards" Card with Qantas Frequent Flyer is significantly enhancing the value of the program to our customers and transforming the relationship with them

# Key growth initiatives

## Financial Services capabilities

- We continue to invest in our financial services capabilities with a well developed product roadmap that leverages our cards program
- Financial switch provides very high reliability for processing of financial transactions (at a lower cost)
- Everyday Money credit card continues to grow
- ePump facility available at more than 420 Caltex / Woolworths petrol outlets
- New products on the way – prepaid debit card

## Significant opportunity to grow market share

- Continuing opportunity to grow market share in all our businesses in Australia and New Zealand
- Woolworths market share of Australian Food, Liquor and Grocery remains below 31%. Independent grocers and specialty stores hold just under 50% in Australia



# Key growth initiatives

## Measured and disciplined approach to growth options

- Woolworths is focussed on our core businesses in Australia and New Zealand and continues to re-invest in each of the businesses. Woolworths will continue to assess growth opportunities as they arise and has a disciplined and targeted approach to evaluating growth options

## Continued reinvestment in all our businesses

- We have a strong track record of growth – through reinvestment in our existing business, development of new categories, new businesses and adjacencies and continually re-invigorating our offer. This has been demonstrated across each of our businesses and will continue
- In the first half of the financial year we have opened 89 new stores and completed 154 refurbishments
- Our accelerated refurbishment programs and rollout of new store formats are delivering solid returns and positive feedback from our customers

# Key growth initiatives

## Defined plans for space growth

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

- Adding 15-25 new supermarkets each year and expanding existing stores (greater than 3% space rollout pa)
- Targeting 200+ BIG W stores
- Hotels will be acquired selectively
- Hardware – 150 sites to be secured within five years