WOOLWORTHS LIMITED
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24 January 2011

The Manager, Companies
Australian Securities Exchange Limited
Company Announcements Office
Level 4 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

**RE: Woolworths Limited – Listing Rule 3.1**

Please find attached the First Half Year Sales Results for the 27 weeks to 2 January 2011.

**For and on behalf of**
**WOOLWORTHS LIMITED**

**PETER J HORTON**
**COMPANY SECRETARY**

WOOLWORTHS LIMITED

**24 January 2011** **PRESS RELEASE**

# FIRST HALF YEAR SALES RESULTS FOR THE 27 WEEKS TO 2nd JANUARY 2011

# SALES UP 4.0% TO $28.3 BILLION IN FIRST HALF UP 3.8% EXCLUDING PETROL SALES

| Half Year by Division ($ millions) | **2010 27 weeks** | **2011 27 weeks** | **Increase (%)** |
|---|---|---|---|
| Australian Food and Liquor | 18,143 | 18,772 | 3.5 |
| *New Zealand Supermarkets (NZD)* | *2,686* | *2,795* | *4.1* |
| New Zealand Supermarkets (AUD) | 2,162 | 2,183 | 1.0 |
| Petrol (dollars) | 2,781 | 2,945 | 5.9 |
| *Petrol (litres)* | *2,486* | *2,542* | *2.3* |
| **Supermarket Division** | **23,086** | **23,900** | **3.5** |
| **BIG W** | **2,462** | **2,392** | **(2.8)** |
| Consumer Electronics – Aust | 710 | 726 | 2.3 |
| *Consumer Electronics – NZ (NZD)* | *187* | *179* | *(4.3)* |
| Consumer Electronics – NZ (AUD) | 150 | 142 | (5.3) |
| Consumer Electronics – India | 124 | 177 | 42.7 |
| **Consumer Electronics - Total** | **984** | **1,045** | **6.2** |
| **General Merchandise Division** | **3,446** | **3,437** | **(0.3)** |
| **Hotels** | **591** | **612** | **3.6** |
| **Home Improvement [1]** | **80** | **354** | **n.m** |
| **Total First Half Year Sales** | **27,203** | **28,303** | **4.0** |
| | | | |
| ***Total First Half Year Sales (excluding Petrol)*** | ***24,422*** | ***25,358*** | ***3.8*** |

[1] The prior year includes Danks Wholesale and Retail sales for 8 weeks from 11 November 2009.



WOOLWORTHS LIMITED

Woolworths' Chief Executive Officer and Managing Director, Michael Luscombe, today announced half year sales of $28.3 billion. Sales increased 4.0% and 3.8% excluding Petrol sales. "This is a sound result that has been delivered in a period of extraordinary and challenging conditions across the retail sector in both Australia and New Zealand. Given these challenging conditions it is pleasing that in Australian Food and Liquor we have maintained our strong market position in groceries and increased market shares in fresh and liquor. Further we have had solid sales results in New Zealand Supermarkets, Petrol and Hotels. In Australia, consumer spending has tightened with the absence of flow on effects of the Australian government stimulus experienced in the prior year, with increased individual savings levels, four interest rate increases, including the unexpected November increase and sharp increases in utility costs. Deflation in average Food and Liquor prices has continued while significant deflation in key categories of general merchandise has been intensified by a strong Australian dollar. Overlaying these economic conditions is unseasonably poor weather in Australia in the last quarter curtailing summer spending in December."

"We are in a unique position because of our strong growth over the past 20 years that was accelerated with the Government stimulus payments. This means we are still hurdling our strong results in a very challenging climate. The flip side is that with the low level of inflation and a very competitive market consumers are benefitting from low prices. During the half we served an additional 18.5 million customers in our retail outlets, an increase of 2.6%.

"Woolworths has a sound business model which is focused on sustaining long term profitable growth, given changing economic, seasonal and competitive challenges. Woolworths has clear strategies, strong market positions and good growth prospects. Woolworths will continue to grow off our large and stable base as we have spent the time and invested significantly in building a resilient business. It will continue to focus on all elements of its business to deliver value for its customers and growth for its shareholders." he said.

## AUSTRALIAN FOOD AND LIQUOR

Australian Food and Liquor sales for the half year were $18.8 billion, an increase of 3.5% (or $0.6 billion). Sales for the second quarter were $9.5 billion, an increase of 3.7% over last year.

In a highly competitive and challenging retail environment, our strategies, including price reductions, have continued to ensure that we have maintained our strong market position in groceries and increased market share in fresh and liquor. Customer numbers, basket size and items sold have also grown

Comparable store sales in Food and Liquor increased 2.2% during the half year and 2.5% for the second quarter. Excluding tobacco, Food and Liquor sales growth was impacted by deflation and our price investment particularly in the grocery, general merchandise and liquor categories. The standard shelf price movement index remained low at 0.5% for the half year, excluding the impact of the increased tobacco exercise (second quarter 1.8%). Including tobacco the price index was 2.2%[1] for the half year (HY 2010: 1.6%). However our average prices have experienced deflation, when the effects of promotions and volumes are included, of 4.3% excluding tobacco (3.8% deflation including tobacco). Part of this has been through Woolworths lowering its prices for the benefit of customers in a dynamic market.

This half year has seen very different trading conditions compared to the same period in the prior year with tightened consumer spending, increased interest rates and higher utility prices. There has also been unseasonably poor weather subduing sales growth.

*Australian Food and Liquor sales growth summary:*

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | **Total** | **Comparable** | **Total** | **Comparable** |
| **Q1** | 3.2% | 2.0% | 7.8% | 5.8% |
| **Q2** | 3.7% | 2.5% | 5.9% | 3.8% |
| **Half Year** | 3.5% | 2.2% | 6.8% | 4.8% |

Twelve new supermarkets were opened during the half year taking the total to 832. We also opened twelve new Dan Murphy's stores taking the total to 133.

The difference between total sales and comparable sales of 1.3% is lower than the first half of the previous year of 2.0% due to two less stores opening in this half and the timing of the opening of stores during the periods.

[1] The standard shelf price movement index is calculated by comparing the number of products sold in the current year using the current year prices to the number of products sold in the current year using the prior year prices. The price used for this comparison is the standard shelf price. Products on promotion are excluded from the calculation (i.e. the volume of these items sold is removed from both years' sales). The calculation removes the impact of any changes in volumes, and the distortion of promotional activity.

## NEW ZEALAND SUPERMARKETS

New Zealand Supermarkets achieved a sales result of NZ$2.8 billion for the half year, an increase of 4.1% (in NZD). Second quarter achieved sales of NZ$1.4 billion, an increase of 3.5% (in NZD). New Zealand comparable sales grew 3.5% for the half and 2.6% in the second quarter.

This result was achieved in challenging economic conditions and an environment of low food inflation in New Zealand. It reflects the continued success of the improved customer offer in New Zealand as we continue to rollout new format stores, convert stores to the value positioned Countdown brand and improve ranging and private label offers.

In New Zealand, overall food inflation was approximately 1.4% in the quarter (Q2 2010: 1.1%) and 0.6% for the half year (HY 2010: 2.7%).

*New Zealand Supermarkets sales growth summary:*

| | 2011 | | 2010 | |
|---|---|---|---|---|
| **NZD** | **Total** | **Comparable** | **Total** | **Comparable** |
| **Q1** | 4.7% | 4.5% | 4.8% | 4.5% |
| **Q2** | 3.5% | 2.6% | 4.1% | 3.9% |
| **Half Year** | 4.1% | 3.5% | 4.5% | 4.2% |

*Note: Comparable sales % quoted are based on NZD sales.*

During the half year, eight new supermarkets were opened taking the total to 159 excluding franchisees.

## PETROL

Petrol sales for the half, including Woolworths/Caltex Alliance sites, increased by 5.9% to $2.9 billion, reflecting average fuel sell prices being above the prior year (HY 2011: 124.0 cpl, HY 2010: 121.7 cpl). Petrol volumes were up 2.3% for the half. Petrol sales growth in the second quarter was 8.7% reflecting higher fuel prices with Petrol volumes up 3.1%.

Petrol comparable sales increased 3.5% during the half and 6.4% in the second quarter. Comparable volumes increased 0.1% in the half and increased 1.1% in the second quarter.

*Petrol sales growth summary:*

| | 2011 | | | | 2010 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Total Dollars** | **Comparable Dollars** | **Total Volumes** | **Comparable Volumes** | **Total Dollars** | **Comparable Dollars** | **Total Volumes** | **Comparable Volumes** |
| **Q1** | 3.3% | 0.9% | 1.4% | (0.9)% | (16.4)% | (18.1)% | 3.6% | 1.6% |
| **Q2** | 8.7% | 6.4% | 3.1% | 1.1% | (0.6)% | (2.4)% | 2.0% | 0.2% |
| **Half Year** | 5.9% | 3.5% | 2.3% | 0.1% | (9.5)% | (11.2)% | 2.8% | 0.9% |

During the half year, nine petrol canopies were opened taking total sites to 570, including 132 alliance sites.

**BIG W**

BIG W sales declined 2.8% during the half and declined 2.9% for the second quarter. Comparable store sales decreased by 4.2% in the half and declined 4.5% for the second quarter.

This result reflects two main impacts, firstly lower consumer spending levels and subdued sales due to the impact of colder and wetter weather experienced over the peak Christmas trading period, particularly affecting sales in key categories such as summer apparel, outdoor and everyday needs. Secondly, the continued effects of significant price deflation in categories including home entertainment, and apparel negatively impacted sales dollars. BIG W achieved an increase in customer numbers and units sold in both quarters, demonstrating the strong customer acceptance of the BIG W offer. Unfortunately unit growth was more than offset by deflation which for the half year across a BIG W basket was 6% to 10%. The primary cause of the price deflation has been the stronger Australian dollar with cost price reductions being passed on to the customer. Price deflation is expected to continue in the second half.

BIG W is a well positioned discount department store that continues to offer its customers great value at low prices everyday.

*BIG W sales growth summary:*

| | **2011** | | **2010** | |
|---|---|---|---|---|
| | **Total** | **Comparable** | **Total** | **Comparable** |
| **Q1** | (2.7)% | (3.9)% | 5.8% | 3.9% |
| **Q2** | (2.9)% | (4.5)% | (0.3)% | (2.1)% |
| **Half Year** | (2.8)% | (4.2)% | 2.3% | 0.4% |

Three BIG W stores were opened during the half year taking total stores in the division to 164.

## CONSUMER ELECTRONICS

Total Consumer Electronics sales grew 6.2% during the half and 8.0% for the second quarter.

*Consumer Electronics Australia:*

Consumer Electronics Australia sales grew 2.3% during the half and 3.4% in the second quarter. Comparable store sales for the half were 4.1% and 4.8% for the second quarter. Consumer Electronics continues to be impacted by tightened consumer spending in Australia and significant price deflation in key products which has been intensified by the strong Australian dollar.

Australian Dick Smith stores (excluding Tandy and ex Powerhouse stores) achieved comparable sales of 6.5% for the half. The result reflects the strong customer acceptance of the continued roll out of our new refreshed Dick Smith offer and significant investment in price reductions which has resulted in market share growth in key categories such as computers, navigation and LCD TVs. As previously stated the Dick Smith business is in the middle of transitioning into a modern consumer electronics business. The new format Dick Smith stores continue to grow sales at a greater rate than our older Dick Smith format stores.

Total sales growth is lower than comparable sales growth due to ongoing transitioning of the business and the subsequent closure of smaller unprofitable stores.

| | **2011** | | **2010** | |
|---|---|---|---|---|
| | **Total** | **Comparable** | **Total** | **Comparable** |
| **Q1** | 0.9% | 3.3% | 9.3% | 6.5% |
| **Q2** | 3.4% | 4.8% | 0.3% | 0.6% |
| **Half Year** | 2.3% | 4.1% | 4.3% | 3.2% |

*Consumer Electronics New Zealand:*

Consumer Electronics in New Zealand continues to face a very challenging macroeconomic environment and significant price deflation in key categories with sales decreasing 4.3% for the half and 5.9% for the second quarter.

| | **2011** | | **2010** | |
|---|---|---|---|---|
| **NZD** | **Total** | **Comparable** | **Total** | **Comparable** |
| **Q1** | (2.3)% | (4.2)% | 3.6% | (7.0)% |
| **Q2** | (5.9)% | (5.7)% | (6.5)% | (11.8)% |
| **Half Year** | (4.3)% | (5.0)% | (2.1)% | (9.8)% |

31 (Aust: 27, NZ: 4) Dick Smith stores were opened during the half, 28 Dick Smith and 10 Tandy stores were closed during the half year, and five Tandy stores have been rebranded as Dick Smith, taking total stores to 409.

*India*

Our business venture with TATA in India has produced sales of $177 million for the half year. As part of this venture Woolworths Limited provides buying, wholesale, supply chain and general consulting services to TATA. The business now services 61 retail stores operating under the Croma brand with 12 new stores opening during the half.

## HOTELS

Sales for the first half in our Hotels business increased 3.6% to $612 million, and second quarter sales increased by 4.5% to $301 million. This result has been achieved in a difficult economic climate and reflects a focus by the team on improving the food and entertainment offers. Hotels continue to be impacted to some extent by the increased regulatory environment.

Comparable sales increased by 3.4% for the first half (second quarter 5.0%). Gaming comparable sales for the first half increased by 2.3% (second quarter 3.0%).

*Hotels sales growth summary:*

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | **Total** | **Comparable** | **Comparable Gaming** | **Total** | **Comparable** | **Comparable Gaming** |
| **Q1** | 2.6% | 1.8% | 1.7% | 1.0% | (1.2)% | (1.4)% |
| **Q2** | 4.5% | 5.0% | 3.0% | (1.4)% | (4.0)% | (6.3)% |
| **Half Year** | 3.6% | 3.4% | 2.3% | (0.2)% | (2.5)% | (3.8)% |

Two new properties were added to the portfolio in the half taking total hotels to 284.

## ONLINE SALES

Woolworths has continued to develop and implement its strategy in relation to its online business across all retail trading divisions. Good progress has been made with online sales increasing 75% for the half.

For further information contact:


| | | |
|---|---|---|
| Clare Buchanan | (02) 8885 1032 | Media |
| Tom Pockett (Finance Director) | (02) 8885 1105 | Investors / Analysts |

## Appendix 1

| | 2010<br>13 weeks | 2011<br>13 weeks | Increase<br>(%) |
|---|---|---|---|
| **Second Quarter by Division ($million)** | | | |
| Australian Food and Liquor | 9,142 | 9,480 | 3.7 |
| *New Zealand Supermarkets (NZD)* | *1,369* | *1,417* | *3.5* |
| New Zealand Supermarkets (AUD) | 1,097 | 1,088 | (0.8) |
| Petrol (dollars) | 1,341 | 1,457 | 8.7 |
| *Petrol (volumes)* | *1,207* | *1,245* | *3.1* |
| **Supermarket Division** | **11,580** | **12,025** | **3.8** |
| **BIG W** | **1,366** | **1,326** | **(2.9)** |
| Consumer Electronics – Aust | 380 | 393 | 3.4 |
| *Consumer Electronics – NZ (NZD)* | 101 | 95 | (5.9) |
| Consumer Electronics – NZ (AUD) | 81 | 75 | (7.4) |
| Consumer Electronics – India | 61 | 96 | 57.4 |
| **Consumer Electronics – Total** | **522** | **564** | **8.0** |
| **General Merchandise Division** | **1,888** | **1,890** | **0.1** |
| **Hotels** | **288** | **301** | **4.5** |
| **Home Improvement** [2] | **80** | **177** | **n.m** |
| **Total Second Quarter Sales** | **13,836** | **14,393** | **4.0** |
| **Total Second Quarter Sales (excluding Petrol)** | **12,495** | **12,936** | **3.5** |

| | 2010<br>27 weeks | 2011<br>27 weeks | Increase<br>(%) |
|---|---|---|---|
| **Periods ($million)** | | | |
| Quarter 1 (14 Weeks) | 13,367 | 13,910 | 4.1 |
| Quarter 2 (13 Weeks) | 13,836 | 14,393 | 4.0 |
| **Total Half Year Sales** | **27,203** | **28,303** | **4.0** |
| | | | |
| **Group Excluding Petrol ($million)** | | | |
| Quarter 1 (14 Weeks) | 11,927 | 12,422 | 4.2 |
| Quarter 2 (13 Weeks) | 12,495 | 12,936 | 3.5 |
| **Total Group Sales excluding Petrol Half Year Sales** | **24,422** | **25,358** | **3.8** |

[2] The prior year includes Danks Wholesale and Retail sales for 8 weeks from 11 November 2009.

## Appendix 2

| | New Stores* | Refurbishments |
|---|---|---|
| **First Half** | | |
| Australian Supermarkets | 12 | 41 |
| Thomas Dux | - | - |
| Liquor | 41 | 31 |
| New Zealand Supermarkets | 8 | 13 |
| Petrol | 9 | - |
| BIG W | 3 | 9 |
| Consumer Electronics – Aust / NZ | 31 | 17 |
| Hotels | 2 | 28 |
| Danks – Retail | 9 | - |
| **Total first half** | **115** | **139** |

* *Reflects Gross store openings*

# Appendix 3

| Woolworths Limited | 2011 HALF YEAR | 2010 FULL YEAR | 2009 FULL YEAR | 2008 FULL YEAR | 2007 FULL YEAR |
|---|---|---|---|---|---|
| **STORES (number)** | | | | | |
| NSW & ACT | 251 | 248 | 241 | 234 | 237 |
| QLD | 191 | 189 | 186 | 177 | 168 |
| VIC | 203 | 200 | 192 | 187 | 183 |
| SA & NT | 75 | 74 | 72 | 72 | 72 |
| WA | 83 | 83 | 82 | 81 | 79 |
| TAS | 29 | 29 | 29 | 29 | 27 |
| Supermarkets in Australia (1) | 832 | 823 | 802 | 780 | 766 |
| New Zealand Supermarkets | 159 | 152 | 149 | 149 | 149 |
| Total Supermarkets | 991 | 975 | 951 | 929 | 915 |
| Thomas Dux | 11 | 11 | 3 | 1 | - |
| Freestanding Liquor (incl. Dan Murphy's) | 299 | 281 | 256 | 233 | 212 |
| ALH Retail Liquor Outlets | 492 | 480 | 463 | 434 | 424 |
| Caltex/WOW Petrol | 132 | 132 | 133 | 133 | 134 |
| Woolworths Petrol – Australia | 438 | 429 | 409 | 389 | 371 |
| Woolworths Petrol/Convenience – New Zealand | 20 | 22 | 22 | 22 | 22 |
| Total Supermarket Division | **2,383** | **2,330** | **2,237** | **2,141** | **2,078** |
| | | | | | |
| BIG W | 164 | 161 | 156 | 151 | 142 |
| Dick Smith | 402 | 394 | 349 | 310 | 277 |
| Tandy | 7 | 22 | 87 | 106 | 123 |
| Total General Merchandise Division | 573 | 577 | 592 | 567 | 542 |
| Hotels (includes 8 clubs) | 284 | 284 | 280 | 271 | 263 |
| Danks (Home Improvement Retail) | 19 | 8 | - | - | - |
| **Total Group** | **3,259** | **3,199** | **3,109** | **2,979** | **2,883** |
| | | | | | |
| **Wholesale customer stores** | | | | | |
| Dick Smith | 5 | 18 | 35 | 43 | 55 |
| Progressive | 51 | 54 | 53 | 52 | 50 |
| Croma (India CEG) | 61 | 50 | 33 | 22 | 5 |
| Danks (Home Improvement Wholesale) | 562 | 581 | - | - | - |
| Statewide Independent Wholesale | 220 | 220 | 218 | 216 | 217 |
| Total Wholesale customer stores | **899** | **923** | **339** | **333** | **327** |
| | | | | | |
| **Trading Area (sqm)** | | | | | |
| Supermarkets Division – Australia (2) | 2,173,956 | 2,127,195 | 2,037,680 | 1,945,641 | 1,848,792 |
| Supermarkets Division – New Zealand (3) | 338,159 | 325,256 | 303,889 | 296,549 | 291,092 |
| General Merchandise Division(4) | 1,080,234 | 1,061,934 | 1,038,561 | 989,767 | 930,288 |
| | | | | | |
| **(1) Supermarket Store Movements July 10 - Dec 10** | | | | | |
| New Stores – incremental | 12 | | | | |
| Closures - permanent | (2) | | | | |
| Closures – for re-development | (1) | | | | |
| **Net New Stores** | **9** | | | | |

(2) Australian Supermarkets Division trading area (excluding Petrol and ALH BWS outlets) has increased by 2.20% (HY10: 2.55%)
(3) Excludes Gull and franchise stores
(4) Excludes Woolworths India