

# Company Results

Half Year Ended  
30 December 2012

Grant O'Brien  
Chief Executive Officer and  
Managing Director

**WOOLWORTHS LIMITED**



# Highlights for half year 2013

- Sales from continuing operations of \$30.0b, up 4.8% or \$1.4b
- EBIT from continuing operations before significant items<sup>1</sup> up 6.1% to \$1,934.7m (total EBIT up 19.1%)
- NPAT from continuing operations before significant items<sup>1</sup> up 5.5%
- 19.4% increase in NPAT and 17.9% increase in EPS to 93.6 cents
- Over \$2.0b returned to shareholders through dividends and the in-specie distribution
- This result is a reflection of the sharpened focus on our core businesses

1. Refer to slide 2 for details

# Results — half year 2013

	Continuing Operations Before Significant Items <sup>1</sup>		Total Group	
	HY13		HY13	
Sales – Group	\$30.0b	↑ 4.8%	\$30.7b	↑ 3.2%
EBITDA	\$2,422.5m	↑ 6.3%	\$2,328.5m	↑ 15.6%
EBIT	\$1,934.7m	↑ 6.1%	\$1,840.7m	↑ 19.1%
NPAT	\$1,247.2m	↑ 5.5%	\$1,154.8m	↑ 19.4%
EPS	101.1¢	↑ 4.2%	93.6¢	↑ 17.9%
DPS			62¢	↑ 5.1%
ROFE <sup>2</sup>	15.5%	↑ 11 bps		
ROFE (Ex Home Improvement) <sup>2</sup>	18.2%	↑ 119 bps		

1. Significant items include

- HY13 One off loss on the SCA Property Group transaction of \$32.8m (before tax) and \$28.5m (after tax)
- HY13 Net loss on disposal of Consumer Electronics businesses of \$63.7m (before tax) and \$65.7m (after tax)
- HY12 Consumer Electronics provision of \$300.0m (before tax) and \$231.2m (after tax)

2. From Continuing Operations without adjustment for significant items



# **Pleasing Progress Against Strategic Priorities**

# 1. Extend leadership in food and liquor

Well Underway

## Fresh improvement programs

Strong fresh category growth delivered through increased focus on great quality fresh products

- Fresh supply chain enhancement program
- New category developments and implementation of sushi / pizza / meals



## Value improvement programs

Renewed focus on innovative value campaigns eg, Everyday Rewards 'Extra Specials' and 'Cash for Christmas' delivering results



## More customers benefiting from our merchandising innovations

New store formats, which incorporate our latest merchandising innovations, have been well received by our customers. On track to open 34 new Australian Supermarkets in FY13



## Liquor growth accelerating

Strong sales and market share growth underpinned by Dan Murphy's, our refreshed and expanded BWS offer and a fully integrated online business



## New Zealand market share growth

Continued market share gains in a low growth and low inflation retail environment



More To Do

- Building further momentum in packaged goods to achieve the results we are targeting
- Next steps of our marketing programs
- Further development of supermarket offer, particularly Fresh and multi-option
- Next stage of New Zealand Supermarkets strategy in final planning stages to increase momentum
- Continue development of new growth opportunities

# 2. Act on our portfolio to maximise shareholder value

Well Underway

## Property divestment and capital management

Creation of new ASX listed Real Estate Investment Trust, the Shopping Centres Australasia (SCA) Property Group and sale of property independently valued at ~\$1.4b, releasing capital to enable a greater focus on growth in our core retail businesses

## Consumer Electronics divestment

Completed the divestment of our retail and wholesale Consumer Electronics businesses to ensure that our attention and resources is on segments that promise long term growth

## Australia's best and most responsible Hotels

Growing customer appreciation of our pub offer. Focus on continuing as Australia's most responsible operator of local pubs. Market leading responsibility programs such as pre-commitment implementation

## BIG W's evolving customer offer

Good progress in evolving BIG W's offer to meet the changing needs of consumers



More To Do

- Evolve BIG W into Australasia's leading multi-option discretionary retailer
- Continue to develop pub customer offer and social responsibility agenda

# 3. Maintain our track record of building new growth businesses

Well Underway

## Delivering our multi-option growth opportunity

### Online sales growth

40% increase in total online sales from continuing operations in HY13

### Connecting with customers

Over 2.8m Woolworths, Countdown and BIG W Apps downloaded

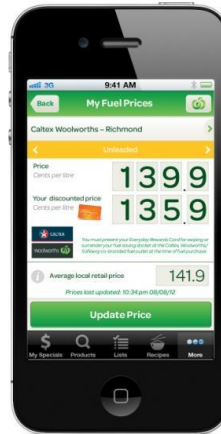
Transactional mobile sites actively used across the Group

### Click and collect

Click and collect service now available in all Dan Murphy's, Masters and selected Supermarkets nationwide

## Providing Australia's best Home Improvement offer

25 Masters stores trading at HY13. We continue to be pleased by the progress of this business. Favourable customer feedback encouraging. On track to have at least 30 stores open by FY13



More To Do

- Greater functionality and capability of our multi-option offer
- Completing rollout of the click and collect service
- Leveraging our digital platform to provide more personal interaction with our customers
- Continue successful development of Masters Home Improvement business

# 4. Put in place the enablers for a new era of growth

Well Underway

## Improving our supply chain

Major investments in BIG W, Masters and NZ delivering efficiency

- Hoxton Park (NSW)
- Launceston (Tasmania)
- Christchurch (NZ)
- Next Generation Replenishment

## Customer data improving our offer

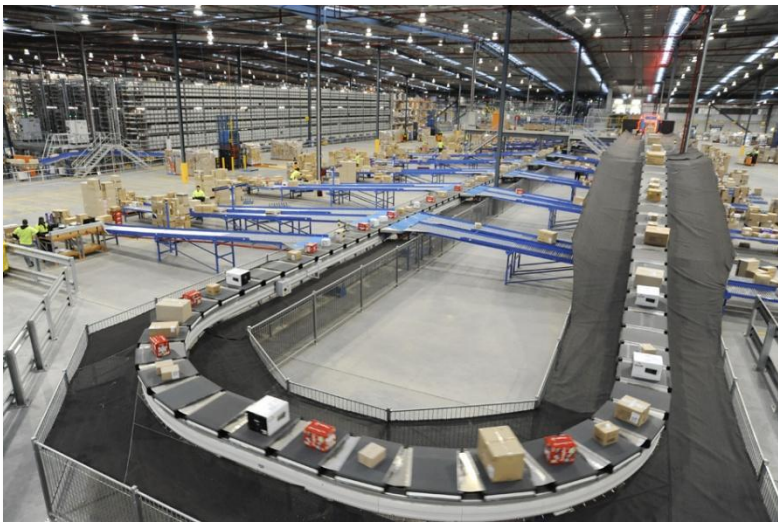
Our 'Category Lab' is playing a tremendous role in converting Everyday Rewards data into rich customer insights. Assisting us to design our ranges, layout, pricing and tailored promotions to best meet our customer needs

## Cost leadership is part of Woolworths' DNA

The cost performance in trading divisions was excellent and is evidence of the targeted productivity programs delivering cost leadership throughout the Group

## Increasing our talent pool

Continued focus on assembling a world class retail team by blending the best local and international talent. Key new recruits include the Director of Human Resources and Group Marketing Director



- Focus on the evolution of supply chain and replenishment improvements across our business
- Continue to leverage customer data across all aspects of each business
- Continued productivity improvement programs such as operations development

More To Do





# Business Unit Results

# Supermarkets

Tjeerd Jegen  
Managing Director  
Australian Supermarkets  
& Petrol



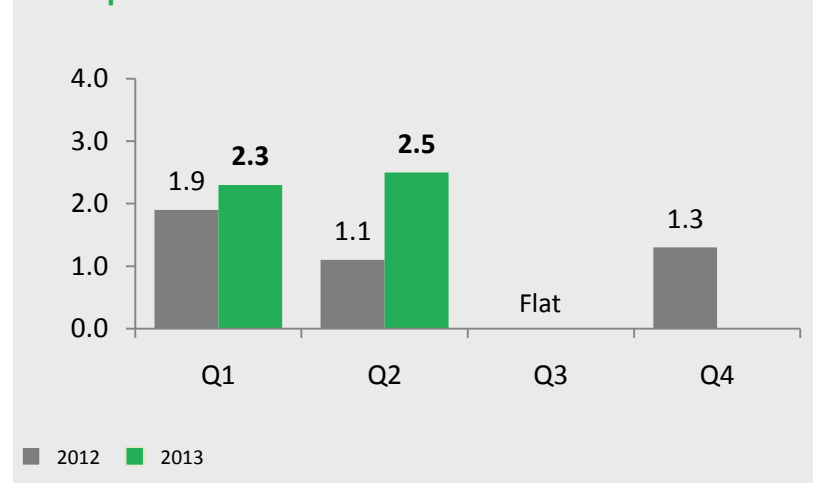
# Australian Food, Liquor & Petrol

## Improving sales, improving profits, more to come

- Sales up 3.8% (4.7% excluding Petrol), EBIT up 6.0%
- Comparable Food and Liquor sales up 2.4%
- Average prices were in deflation of 2.8% (HY12 3.7%). We have continued to lower prices on everyday product lines
- Gross margin increase reflects improvements in buying with an ongoing focus on reducing shrinkage, more effective promotions, global sourcing expansion and a more favourable product mix
- Food and Liquor CODB as a percentage of sales was flat when compared to HY12. This is a strong result given additional costs incurred, including higher electricity costs and a large number of new stores yet to reach mature sales levels
- 17 new supermarkets opened. A further 17 new supermarkets are planned to open in the second half

	HY12	HY13	Change
Sales – Food & Liquor (\$m)	19,571	<b>20,488</b>	4.7%
– Petrol (\$m)	3,434	<b>3,393</b>	(1.2)%
– Total (\$m)	23,005	<b>23,881</b>	3.8%
Gross margin (%)	24.83	<b>25.14</b>	31 bps
CODB (%)	18.04	<b>18.21</b>	17 bps
EBIT to sales (%)	6.79	<b>6.93</b>	14 bps
EBIT (\$m)	1,560.9	<b>1,654.9</b>	6.0%
Funds Employed (\$m)	4,188.5	<b>4,122.0</b>	(1.6)%

### Comparable Sales – Australian F&L – H1 2.4%



# Progress against strategic objectives

## 1. First choice for fresh food

- Continuing improvement in quality and freshness recognised by our customers
- 'Australia's Fresh Food People' brand campaign launched in June 2012 through a variety of channels including 'Fresh Fairs' held in store
- Newest store design opened in Wollie Creek in October 2012, showcasing our commitment to fresh foods, including
  - New produce layout and fresh cut fruit bar
  - Sushi kiosk
  - Fresh pizza bar
  - Meat servery

These innovations are being rolled out across many other stores

- Outstanding meat and seafood results courtesy of innovation and an eye for consistent quality
- Baking fresh bread in 652 stores, 42 new bakeries opened in the half



## 2. Unbeatable value

- In August 2012, we reduced prices of lamb cuts by 20-30% with Australian Lamb farmers benefiting from significant increases in volumes sold
- In October 2012, we launched 'For Less for Families', cutting prices on essential items for families until Christmas 2012
- Our Christmas campaign was supported with unique and targeted offers enabled by our customer insights. Offers included 'Cash for Christmas', 'You Choose' and our 'Christmas Card'
- Continued reduction in waste and shrinkage which allowed us to reinvest savings into lower sell prices with average prices in deflation of 2.8% during the half year
- Homebrand has continued to provide an effective value entry point



Homebrand White Sugar 1 kg  
15¢ per 100g



## 3. Customer led – the power of insights

- Our 'Category Lab' has covered ~75% of our sales base. We continue to uncover many opportunities to enhance our offer with better ranges, more tailored promotions and improved category layouts
- Continued to increase the utilisation of Everyday Rewards insights for the identification of customer groups for targeted and relevant campaigns
- All store managers transferred to iPads, giving them greater flexibility and enabling them to spend more time on the shop floor serving customers
- We continue to integrate customer insights into our strategic plans. This includes
  - Weekly marketing monitor
  - Weekly 'Customer Talkback' focus groups
  - Brand tracker
  - Ad-hoc customer studies



# Progress against strategic objectives

## 4. Exciting new offers

- Fresh sushi made daily in 18 stores, new flavours well received by our customers – 49 kiosks planned by FY13
- Fresh pizza bars in five stores, delivering quality pizzas made in store daily – 17 bars planned by FY13
- Extended My Kitchen and Health & Beauty ranges continue to be rolled out across our stores
- Own Brand sales continues to deliver strong growth in areas where brands do not exist
  - Macro Wholefoods Market: sales growth over 40% on HY12 (92% Australian sourced)
  - Launched our newest Own Brand range 'Gold' offering superior indulgent products



## 5. Shopping Tailored for our Customers

- Ongoing development of our transactional mobile site and Apps is core to our ambition to make our customers' shopping experience easier and more rewarding – providing seamless link between online and bricks & mortar
- Online sales continue to grow strongly with sales up more than 50% on HY12. We have a better platform and more enhancements to come
- Enhancements made to the Apps in October 2012 enables customers to, amongst others
  - Check and compare local fuel prices
  - Access seasonal information, such as Christmas recipes, shopping lists and other helpful information
- App in the top 10 Food and Drink Apps in the iTunes App Store with over 2m downloads to date
- Our Click and Collect service now being offered from 119 locations





# Petrol

## Lower volumes as fuel promotional investments diverted to other targeted offers

- Sales were \$3.4b, down 1.2% with comparable (dollar) sales down by 3.2% driven by fuel volumes
- Total fuel volumes decreased 2.8% on HY12 affected by decision to broaden customer offers beyond enhanced fuel offer
- National average fuel prices were 141.3 cpl for the half year, up from 140.8 cpl at HY12
- Good performance in Merchandise (non-fuel) sales, up 5.4% for HY13 (comparable sales up 0.9%)
- EBIT increased by 5.3% to \$71.0m through more targeted fuel discounts, a shift in sales mix towards premium unleaded and diesel fuels, stronger non-fuel sales, buying benefits achieved with our supply partner Caltex and tight cost control
- Eight new canopies opened during the half



# Woolworths Liquor Group

Brad Banducci, Director of Liquor



Take a break. It's only rarely that any gift is more acceptable than wine. *Brad Banducci*



9.40  
8 53 8  
£.65

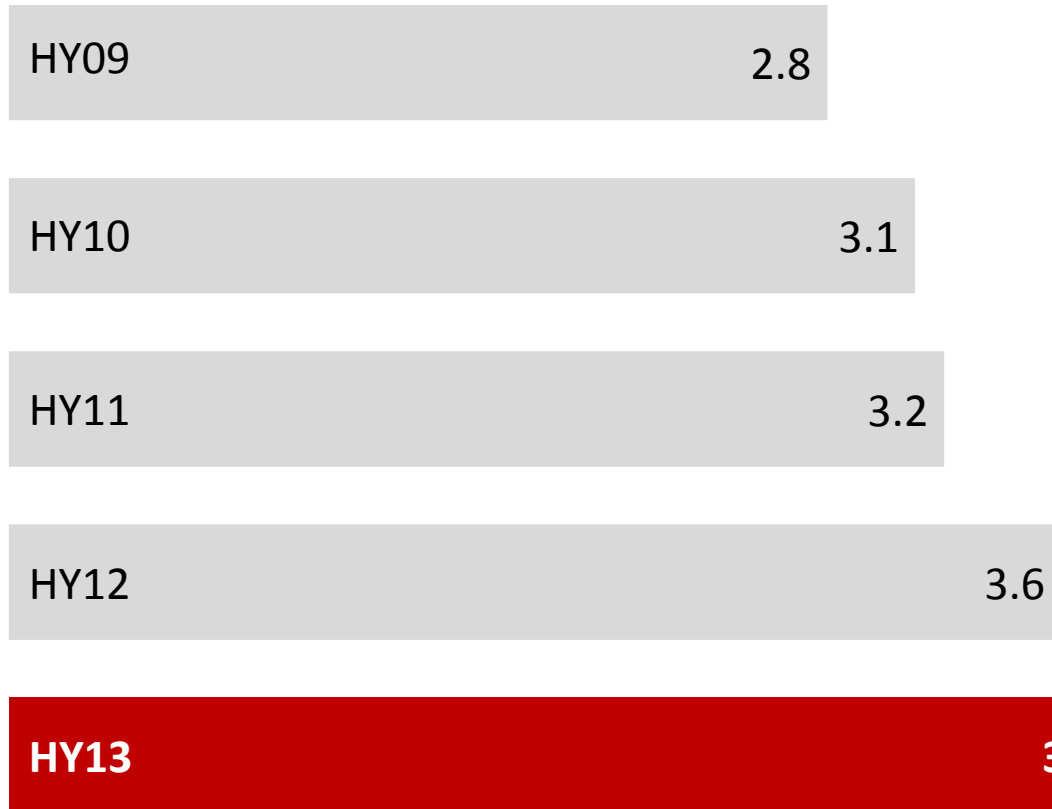
VINS DU VAL DE LOIRE  
"BROU"  
DELAUNAY Pascal  
BUTTE  
BOUCS LAUMONIERE

The Way

# Liquor sales

Continued momentum with Group Liquor sales of \$3.8b

**\$ billion**



**Comments**

- Sales and profitability growth across all brands highlights the relevance of each of our liquor offerings
- Liquor is our most advanced multi-option segment courtesy of our market leading bricks & mortar offerings, our acquisition of the Cellarmasters business and the recent development of our Dan Murphy's online offering

Note: Includes ALH Group Bar sales

# Progress against strategic objectives

## 1. Grow our network

- 11 new Dan Murphy's, 30 new BWS stores
- Total liquor outlets 1,346
- Laundry transaction added 29 hotels and 10 retail liquor outlets, including one rebranded as Dan Murphy's

## 2. Improve our store formats

- Rebranded 176 Woolworths Supermarket Liquor sites to BWS with strong customer acceptance. Aim to rebrand the majority of sites by FY13. The rebranding includes
  - Refreshed BWS signage
  - Aligned promotional programs
  - Layout improvements
  - Investment in staff training and service
- Commenced segmenting our convenience offer with 28 'Premium' BWS stores trading at HY13



# Progress against strategic objectives

## 3. Multi-option retail

- Dan Murphy's online continued its excellent growth with key highlights including
  - Launch of a click and collect service across the entire Dan Murphy's network – a first for a major Australian national retailer
  - Improved website functionality – including an improved checkout
  - Launch of new mobile site
- Strong growth was experienced in our other 'direct to consumer' businesses (Cellarmasters, Langton's and winemarket.com.au)

## 4. Grow own and exclusive brand share

- Pinnacle Liquor Group formally launched in August 2012. Aligning production, marketing and product development teams for our own and exclusive brands under an integrated management structure
- Continued strong growth in own and exclusive lines, including
  - Sail & Anchor Craft Beer – produced by Gage Roads
  - Chris Ringland CR and Reservation Shiraz – managed through Dorrien Winemaking and bottled at Vinpac

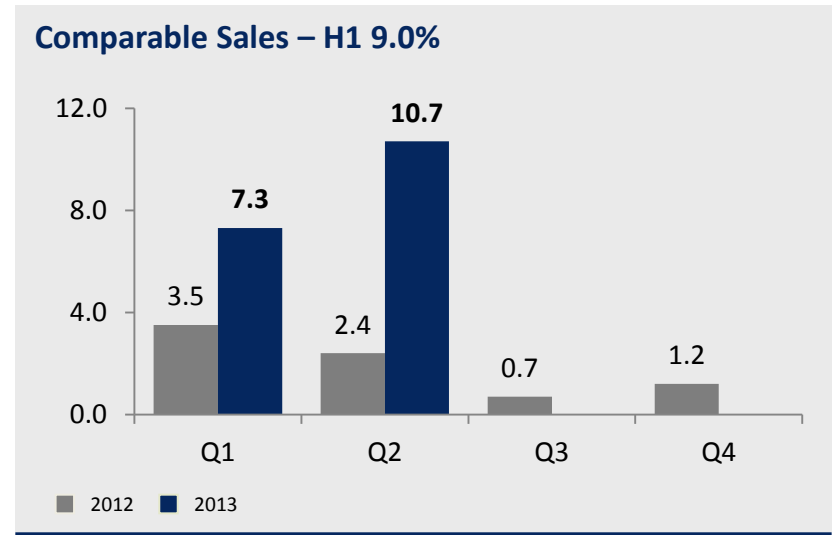


PINNACLE  
LIQUOR  
GROUP.

## Australia's best and most responsible pubs growing strongly

- Sales increased 19.3% driven by hotel acquisitions as well as the overall benefit obtained through the Victorian gaming regulatory changes
- Our industry leading hotel and gaming charter continues to underpin our commitment to responsible service
- Our Hotel business continues to perform well, reflecting the strength of the venue portfolio and diversified income streams
- Acquisition of 32 hotels and 14 associated retail outlets during the half
- Completed integration of systems and processes for the new sites
- Venues now totalling 324

	HY12	HY13	Change
Sales (\$m)	636	<b>759</b>	19.3%
Gross margin (%)	81.47	<b>82.29</b>	82 bps
CODB (%)	63.20	<b>63.74</b>	54 bps
EBIT to sales (%)	18.27	<b>18.55</b>	28 bps
EBIT (\$m)	116.2	<b>140.8</b>	21.2%



# NZ Supermarkets

Dave Chambers

Managing Director



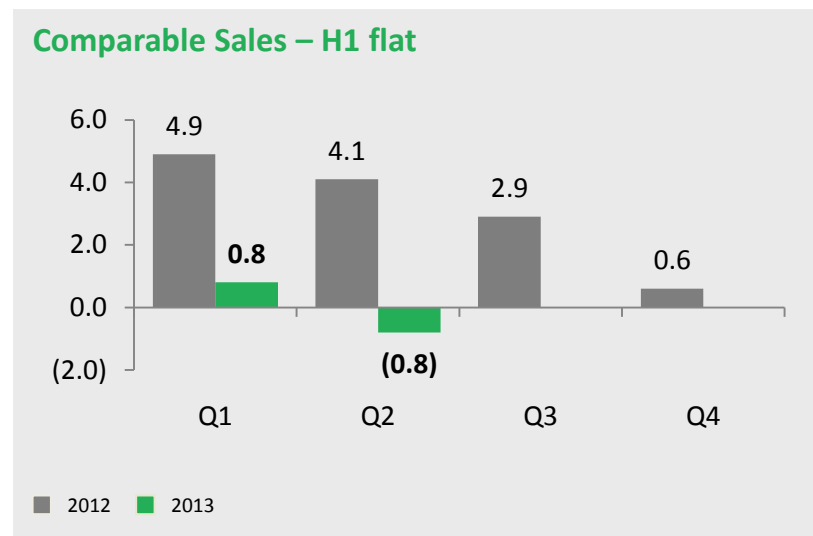
# New Zealand Supermarkets



One focused brand delivering share, profit and customer growth

- Sales up 2.3% with Trading EBIT strong, up 8.4% before significant items
- Comparable sales were flat
- Sustained growth in market share, customer numbers, basket size and items sold, restricted by the cycling of last year's Rugby World Cup
- Low food inflation 0.1% (HY12: 1.7%)
- Gross margin improvements due to more effective promotional activity, reductions in shrinkage, partnering with suppliers and direct global sourcing
- CODB decrease is attributable to good cost control in a challenging sales environment and improved productivity in the DCs

NZD	HY12	HY13	Change
<i>Before Significant Items</i>			
Sales (\$m)	2,879	<b>2,944</b>	2.3%
Gross margin (%)	23.02	<b>23.28</b>	26 bps
CODB <sup>1</sup> (%)	17.75	<b>17.69</b>	(6) bps
EBIT to sales <sup>1</sup> (%)	5.27	<b>5.59</b>	32 bps
Trading EBIT (\$m)	151.7	<b>164.5</b>	8.4%
Funds Employed (\$m)	3,364.7	<b>3,242.3</b>	(3.6)%



1. Excludes intercompany charges



# Progress against strategic objectives



## 1. Single brand

- Customer appeal for the Countdown brand continues to grow
- Launch of new fully integrated multi-option marketing program to support fresh food. 'Countdown's Fresh Stories' has helped to increase the appeal of the Countdown brand

## 2. Grow Countdown network

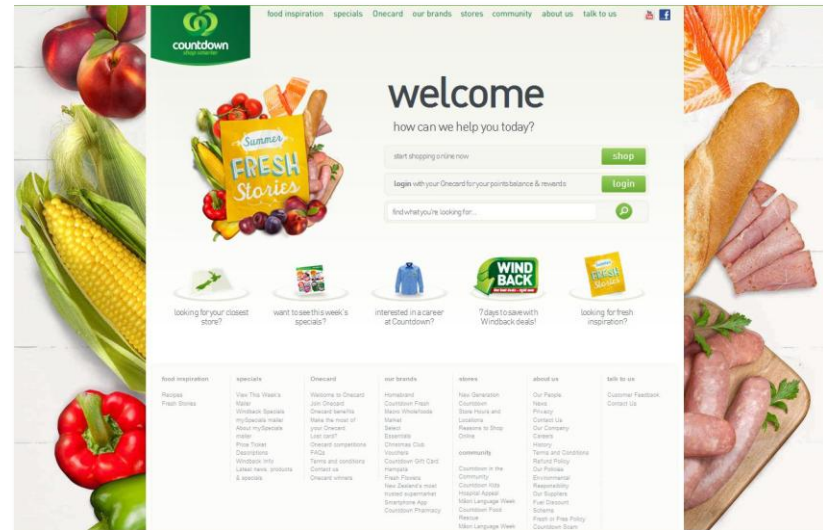
- Network now has 165 stores, excluding Countdown Ferrymead
- Four new stores opened, with four currently under construction and due to open in the second half of FY13



# Progress against strategic objectives

## 3. Larger, modern format stores

- Extensions and refurbishments continue, with 75% of all stores now converted to the 2010 or 2015 format providing customers with an enhanced shopping experience
- Two 2015 refurbishments completed during the half



## 4. Multi-option

- New Zealand's leading online food retailer with online sales growth of 36% (in NZD) for HY13
- Smartphone App launched during FY12 with over 200,000 downloads
- Click and collect service being progressively rolled out in our stores



# Progress against strategic objectives

## 5. Grow franchise network

- Two new format FreshChoice and one SuperValue franchise store opened
- Two refurbishments and one extension completed during HY13

## 6. Grow market share

- New marketing and category initiatives to drive growth in market share in both dollars and units sold
- We are focused on further enhancing our value perception

## 7. Supply chain

- Consolidated Christchurch Regional DC commissioned in July 2012 continues to improve supply chain efficiency and store service to the South Island



# BIG W

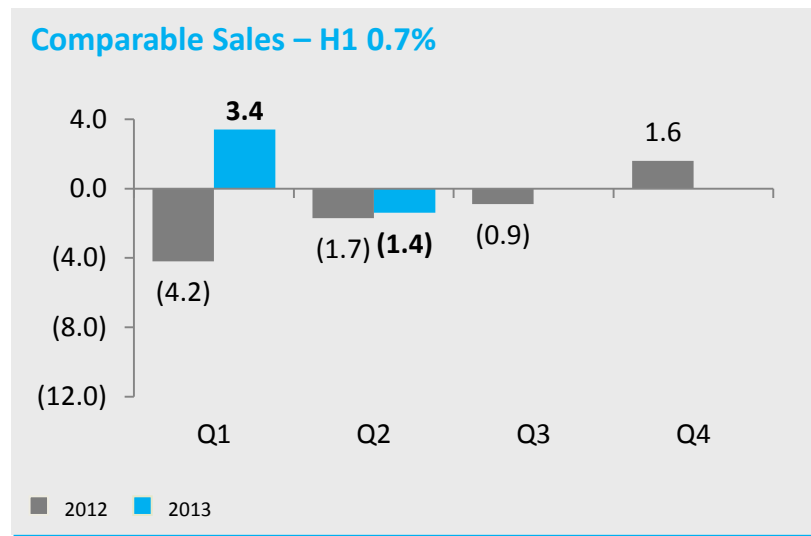
Julie Coates  
Director of BIG W



## Profitable sales growth

- Sales up 3.6%, comparable sales up 0.7%
- EBIT up 8.3%
- Gross margin increase due to savings in freight and outside storage costs from the operation of the new Hoxton Park DC, increased direct global sourcing volumes, strategic decisions around the use of promotional activity and changes in sales mix
- Deflation estimated at 4.9% during HY13
- CODB increase, was in line with expectations, due to new stores and the operation of the Hoxton Park DC. When these items are excluded, CODB dollars were flat which is a strong cost outcome
- Four new stores opened during the half. Total stores 176, further two stores by FY13
- Online sales up 17% for HY13

	HY12	HY13	Change
Sales (\$m)	2,362	<b>2,447</b>	3.6%
Gross margin (%)	30.37	<b>31.47</b>	110 bps
CODB (%)	25.31	<b>26.18</b>	87 bps
EBIT to sales (%)	5.06	<b>5.29</b>	23 bps
EBIT (\$m)	119.6	<b>129.5</b>	8.3%
Funds Employed (\$m)	734.1	<b>791.1</b>	7.8%



## 1. Win on value everyday

- High volume value program across apparel has almost doubled unit sales in HY13
- Our Smart Value brand continues to resonate strongly with our customers, with 225% unit growth in HY13. This has assisted in driving increased customer transactions
- New brand campaign launched in July 2012 – ‘Everyone’s a Winner with Australia’s Lowest Prices - Cha-Ching!’, is continuing to gain traction with customers

## 2. Continue to grow our store footprint whilst realising our multi-option ambition

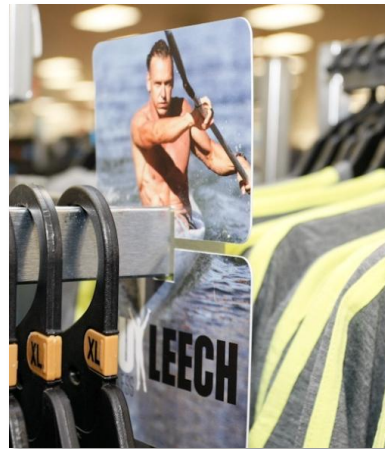
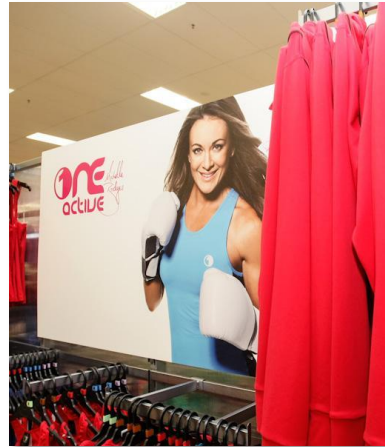
- Vision is to be Australasia’s leading multi-option discretionary retailer
- Focused on integrating our digital channels with our store network
- We remain committed to growing our store network



# Progress against strategic objectives

## 3. Evolve our customer offer through merchandising and range innovation

- Innovation and newness in our merchandise is a key focus
- Our Emerson brand (women's apparel) is now the number two brand in our business
- Launched our Michelle Bridges and Guy Leech active ranges and a Paul Frank range in apparel during HY13, which have outperformed expectations
- Whilst customer feedback rates BIG W as having the best range and in-store shopping experience, we continue to evolve in-store presentation and execution
- We have seven stores in our latest format. This includes changes to
  - Womenswear, Menswear and Footwear
  - Flexible fixturing and space
  - Improved sight lines and directional signage
  - Reduced cost to build and operate



## 4. Deliver the full potential of our existing business

- Opportunities identified to refine and align our offer with our core customers' needs, whilst delivering improved financial outcomes
- Continued focus on driving gross margin improvement through expanding our direct global sourcing capability
- Further investments made in implementing new merchandise, back office and allocations systems, due for completion in FY13 and FY14





# Paint

masters.com.au

4

## Paint

- Colour Collateral
- Primers & Undercoats
- Spray Paint
- Art & Craft

Masters Promise Better quality. Better service. Lower price.

"Find a better price on an identical item and we'll beat it by 10%"  
even up to 30 days after purchase



Dulux

wally!

wally!

solife

Dulux Worth doing, worth Dulux.



Paint order

Can't Decide  
Speak to one  
of our colour  
experts

5

## Paint

- Exterior Paint
- Ceiling Paint
- Paving Paint
- Buckets

Masters Promise Better quality. Better service. Lower price.

"Find a better price on an identical item and we'll beat it by 10%"  
even up to 30 days after purchase



# Home Improvement

# Home Improvement

## Australia's newest and *best* Home Improvement offer

- 10 Masters stores opened this half with at least five more planned to open by FY13
- Feedback from customers has been very positive, with great interest in our range across all departments
- Masters stores now trading in all mainland Australian states and the ACT
- We currently have over 115 sites in the pipeline
- We plan to have approximately 100 stores trading by the end of 2016
- We have two DCs serving our Masters stores, with the Hoxton Park DC commencing dispatch in October 2012 providing additional support and will enable future freight savings
- Our fully transactional online Home Improvement store now has over 30,000 SKUs online and receives over 10,000 visits per day. Our website is enabling us to service a wider range of customers
- Danks is continuing to attract new members as they rollout a repositioned focus with Home Timber & Hardware's new marketing campaign, 'Go where the tradies go'

The screenshot displays the Woolworths Masters Home Improvement website. At the top, there is a navigation bar with the Woolworths logo, a search bar, and a 'Need help? 1300 337 707' contact number. Below the navigation bar, there are several promotional banners and product categories. A large orange banner prominently features the 'BEST PRICE Guarantee' and a '10%' discount offer. Below this, there are smaller banners for 'CLEARANCE ZONE' and 'Masters Gift Registry'. The main content area is divided into several sections: 'Our favourite products' which lists various items like BBQs, tables, storage boxes, and paint; and a 'Masters Gift Registry' section. The website layout is clean and organized, with clear navigation and product displays.



# Financial Performance

# Significant items

## Creation of SCA Property Group

- Created the Shopping Centres Australasia (SCA) Property Group, through an in-specie distribution of stapled units in this entity to all Woolworths shareholders
- As envisaged, a one-off loss of \$28.5m after tax (\$32.8m before tax) was incurred on the sale of assets to the SCA Property Group – primarily provisions for rental guarantees provided by Woolworths in relation to specialty leasing risk
- The transaction involved the sale of 69 properties, independently valued at approximately \$1.4b to SCA Property Group – 65 were sold during HY13, including 9 under development. Four NZ properties to be sold in the second half
- Cash consideration of \$764.0m was received from SCA Property Group resulting from the equity and debt raising in SCA Property Group
- Shareholders' equity decreased by \$0.5b representing the in-specie distribution to shareholders
- Recurring impacts of this transaction include
  - Additional rental expense
  - Specialty rental income will reduce
  - Depreciation, outgoings expenses and net interest costs will be lower

## Divestment of Consumer Electronics

- Sale of the Australia / New Zealand business to Anchorage Capital Partners was completed on 26 November 2012
- Sale of this business was on the following basis
  - Anchorage purchased 100% of the business including 325 stores employing more than 4,500 people
  - Initial cash proceeds were \$20m to be received in FY13 with Woolworths also potentially benefiting from any upside resulting from a future sale of Dick Smith by Anchorage
  - Lease commitments to the value of approximately \$300m (unexpired lease term) have been assumed by Anchorage
- Sale of the Consumer Electronics business in India to Infiniti Retail Limited was completed on 15 October 2012
- As these businesses have been sold, no further losses are anticipated

# Balance Sheet

\$ million	FY12 <sup>1</sup>	HY12 <sup>1</sup>	HY13	Change
<b>CONTINUING OPERATIONS</b>				
Inventory	3,698.3	4,111.5	4,498.9	9.4%
Trade Payables	(4,013.4)	(4,739.8)	(5,363.0)	13.1%
<b>Net Investment in Inventory</b>	<b>(315.1)</b>	<b>(628.3)</b>	<b>(864.1)</b>	<b>37.5%</b>
Receivables	894.4	911.4	1,032.0	13.2%
Other Creditors	(2,954.7)	(2,667.9)	(3,090.3)	15.8%
<b>Working Capital</b>	<b>(2,375.4)</b>	<b>(2,384.8)</b>	<b>(2,922.4)</b>	<b>22.5%</b>
Fixed Assets and Investments	9,846.5	9,423.7	9,020.2	(4.3)%
Intangibles	5,282.0	5,206.5	5,637.6	8.3%
<b>Total Funds Employed</b>	<b>12,753.1</b>	<b>12,245.4</b>	<b>11,735.4</b>	<b>(4.2)%</b>
Net Tax Balances	423.2	344.1	406.1	18.0%
<b>Net Assets Employed</b>	<b>13,176.3</b>	<b>12,589.5</b>	<b>12,141.5</b>	<b>(3.6)%</b>
<b>Net Repayable Debt<sup>2</sup></b>	<b>(4,316.1)</b>	<b>(4,130.2)</b>	<b>(2,874.7)</b>	<b>(30.4)%</b>
Other Financial Liabilities <sup>3</sup>	(433.9)	(365.9)	(663.5)	81.3%
<b>Net Assets – Continuing Operations</b>	<b>8,426.3</b>	<b>8,093.4</b>	<b>8,603.3</b>	<b>6.3%</b>
<b>DISCONTINUED OPERATIONS</b>				
Assets Classified as Held for Sale	220.9	442.3	-	n.c <sup>4</sup>
Liabilities Associated with Assets Held for Sale	(200.9)	(308.5)	-	n.c <sup>4</sup>
<b>Net Assets – Discontinued Operations</b>	<b>20.0</b>	<b>133.8</b>	<b>-</b>	<b>n.c<sup>4</sup></b>
<b>Total Net Assets</b>	<b>8,446.3</b>	<b>8,227.2</b>	<b>8,603.3</b>	<b>4.6%</b>
Shareholders' Equity	8,188.2	7,964.9	8,333.5	4.6%
Non-controlling Interests	258.1	262.3	269.8	2.9%
<b>Total Equity</b>	<b>8,446.3</b>	<b>8,227.2</b>	<b>8,603.3</b>	<b>4.6%</b>

- **Inventory** primarily driven by the building of Masters' inventory, increased direct global sourcing, additional bulk wine inventory in the Pinnacle Liquor Group as part of the Group's strategy to build exclusive brand sales and utilise our own production facilities. Excluding Masters and Pinnacle Liquor Group, inventory increased 3.3% on HY12
- **Trade Payables** impacted by a difference in the timing of the reporting date relative to HY12 and the impact of this on creditor payments. Excluding this, trade payables increased 2.7%
- **Receivables** were up 4.9% (reflecting general business growth) excluding receivables due to the sale of Dick Smith Electronics and creation of the SCA Property Group
- **Other Creditors** increased reflecting property development accruals and rental guarantee provisions associated with creation of the SCA Property Group
- **Fixed Assets and Investments** decrease reflects the sale of property to the SCA Property Group offset by ongoing capital expenditure and property development (net of depreciation)
- **Intangibles** increase mainly relates to the acquisition of hotels as part of the Laundry transaction and the purchase of gaming entitlements as part of the Victorian gaming regulations
- **Net Repayable Debt** decreased \$1,255.5m including cash received from the sale of property to the SCA Property Group
- **Shareholders' Equity** includes the in-specie distribution to shareholders on creation of the SCA Property Group (including transaction costs) of \$0.5b as well as other ongoing movements in share capital, retained earnings and reserves

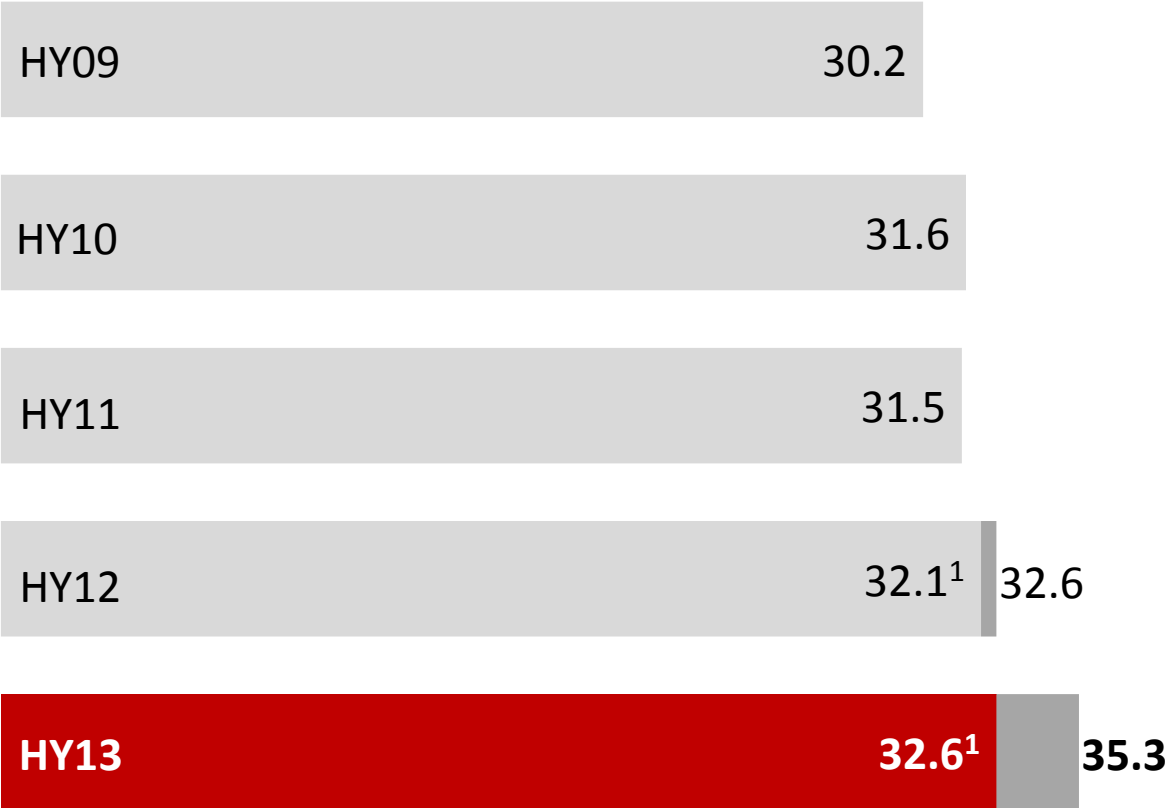
1. Continuing operations balances for FY12 and HY12 include Consumer Electronics India on the basis that this entity was not classified as a discontinued operation until HY13
2. Includes cash, borrowings, financial assets and liabilities
3. Lowe's Put Option and the ALH gaming entitlements, resulting from the changes to the Victorian gaming regulations
4. Not comparable given the sale of these businesses during HY13

# Average inventory days for continuing operations

Inventory has increased due to building Home Improvement inventory and increased indent. Excluding this, average inventory days were up 0.5 days on HY12

## Number of Days

## Comments



- Closing inventory days were up 2.0 days on HY12 due to building Home Improvement inventory and incremental indent. Excluding this, closing inventory days **decreased** 0.8 days on HY12
- Given the number of new stores and DC infrastructure across the group, this is a pleasing result which reflects ongoing improvements in stock management

1. Excludes Home Improvement and incremental indent  
 Note: Average inventory based on 13 months rolling average

# Cash flow

\$ million	HY12	HY13	Change
<b>EBITDA – Total Group</b>	<b>2,014.2</b>	<b>2,328.5</b>	<b>15.6%</b>
Consumer Electronics provision/ Net loss on sale of Consumer Electronics businesses	300.0	63.7	
Net (increase) in inventory	(776.8)	(890.6)	
Net increase in creditors	781.6	1,387.5	
Net change in other working capital and non-cash	(3.5)	10.9	
<b>Cash from Operating Activities before Interest and Tax</b>	<b>2,315.5</b>	<b>2,900.0</b>	<b>25.2%</b>
Net interest paid	(187.7)	(190.4)	
Tax paid	(455.7)	(507.8)	
<b>Total cash provided by Operating Activities</b>	<b>1,672.1</b>	<b>2,201.8</b>	<b>31.7%</b>
Payments for the purchase of businesses	(128.8)	(201.6)	
Payments for the purchase of intangibles assets	(3.4)	(41.0)	
Payments for property, plant and equipment – property development	(650.6)	(387.1)	
Payments for property, plant and equipment – other	(609.1)	(522.3)	
Proceeds from the sale of businesses and property, plant and equipment	72.9	62.3	
Proceeds from the sale of property to the SCA Property Group	-	764.0	
Advances / (repayments) related to property development, payments for the purchase of investments and dividends received	5.8	(17.9)	
<b>Total cash used in Investing Activities</b>	<b>(1,313.2)</b>	<b>(343.6)</b>	
Lowes's cash contributions (Home Improvement)	121.0	116.0	
<b>Free Cash Flow</b>	<b>479.9</b>	<b>1,974.2</b>	
Proceeds from share issues / other	117.2	175.1	
Dividends paid	(688.7)	(722.8)	
<b>Free Cash Flow after Equity Related Financing Activities</b>	<b>(91.6)</b>	<b>1,426.5</b>	

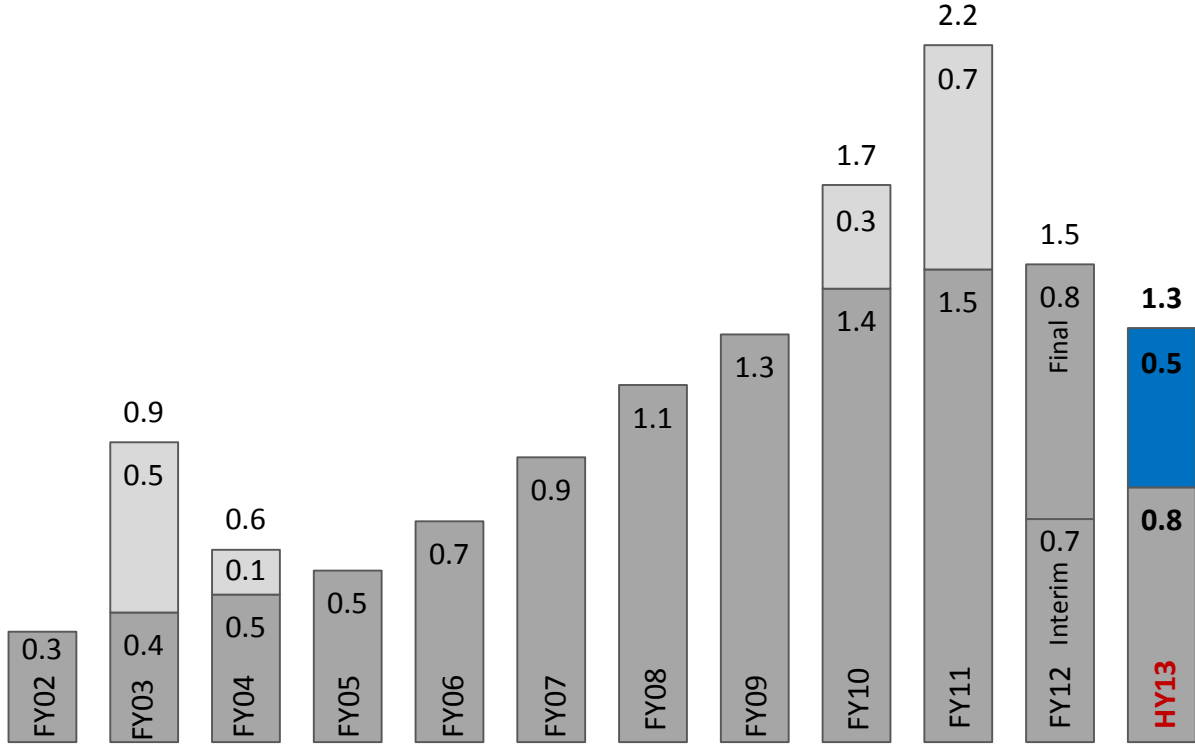
- **Cash from Operating Activities before Interest and Tax** increased 25.2% which was positively impacted by the change in reporting date and timing of creditor payments compared to HY12. Excluding this the increase was 4.3%
- **Tax paid** increased due to higher tax instalments. Tax refunds on lodged FY12 tax returns of ~\$30m will be received in FY13
- **Payments for the purchase of businesses** primarily related to the Laundry transaction
- **Payments for property development and property, plant and equipment** was lower in HY13 given differences in the timing of capital projects
- **Proceeds from the sale of property to the SCA Property Group** were \$764.0m
- **Lowes's cash contributions** were lower during HY13 as a result of the utilisation of a new borrowing facility

# Shareholder payouts

Over \$2.0b returned to shareholders in HY13

\$ billion

- Dividend
- Buy back
- In-specie distribution



## Comments

- As part of the SCA Property Group transaction, an in-specie distribution of \$0.5b made to shareholders comprising an income component of \$0.2b and a capital component (including related transaction costs) of \$0.3b
- Profit growth, coupled with good balance sheet management, will have delivered over \$13b payout to shareholders since July 2001
- Estimated franking credits available for distribution (after interim dividend) = \$1.6b



# Return on funds employed<sup>1</sup> from continuing operations

## Percentage

## Comments

HY09	17.5	
HY10	17.7	
HY11	16.7	
HY12	15.4	17.0 <sup>2</sup>
<b>HY13</b>	<b>15.5</b>	<b>18.2<sup>2</sup></b>

- ROFE increased 11 bps to 15.5% reflecting
  - Positive impact of the sale of properties to the SCA Property Group offset by investment in our new Home Improvement business
  - Timing of the reporting date relative to the prior half year and the impact of this on the creditor balance
- Excluding Home Improvement, ROFE increased 119 bps to 18.2%

1. Based on average of opening and closing funds employed

2. Excludes Home Improvement

# Outlook

- Woolworths has a focused strategy which is building momentum with benefits arising from continuing investment underpinning long term sustainable profit growth. Woolworths remains well positioned in all its market segments and has a strong and sustainable business model
- At the end of FY12, we provided guidance for FY13 of net profit after tax from continuing operations to grow in the range of 3-6% (on a normalised 52 week basis)
- Whilst the Australian and New Zealand retail sectors continue to experience some challenging trading conditions, we have seen good progress against our strategic initiatives which have lead to strong profitability growth for HY13
- Given this growth, we have revised our previous guidance and now expect net profit after tax from continuing operations to grow in the range of 4-6% (on a normalised 52 week basis) excluding the one-off impacts associated with creation of the SCA Property Group and the Consumer Electronics Divestment (note: FY13 is a 53 week year)

# Company Results

Half Year Ended  
30 December 2012

Grant O'Brien  
Chief Executive Officer and  
Managing Director

WOOLWORTHS LIMITED





# Appendices

# CODB / sales from continuing operations before significant items

CODB for our core retail trading businesses were well controlled during the period

## Percentage

## Comments

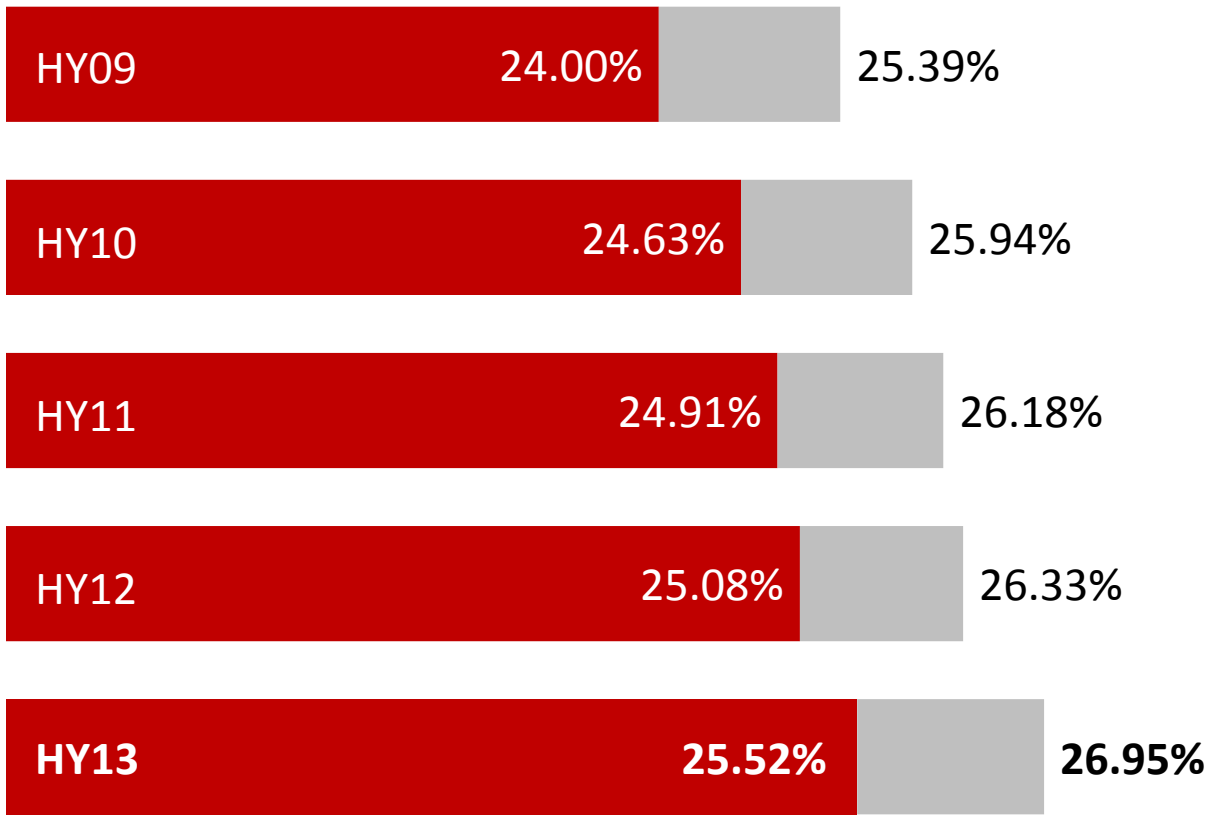
HY09	19.49%
HY10	19.65%
HY11	19.71%
HY12	19.97%
<b>HY13</b>	<b>20.51%</b>

- Reflects
  - Home Improvement in start-up phase
  - Hotel acquisition costs
  - Costs associated with Victorian Gaming regulatory changes
  - Operation of new DCs and stores
  - Higher electricity costs
- Costs have been very well controlled in dollar terms, with
  - CODB as a percentage of sales flat in Australian Food and Liquor
  - Areas of sell price deflation limiting the ability to fractionalise costs, particularly in BIG W

# Gross profit margin from continuing operations

Increase due to the benefits of more effective promotional activity, better buying, benefits of increased direct global sourcing, reduced shrinkage, efficiency improvements from the operation of new DCs and changes in sales mix

## Percentage



Total GP Margin from Continuing Operations up 62 bps

GP Margin from Continuing Operations ex Hotels up 44 bps

# Dividends per share — interim

The increase in dividends per share exceeded NPAT growth before significant items

## Cents

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HY09

↑ 9.1% 48

HY10

↑ 10.4% 53

HY11

↑ 7.5% 57

HY12

↑ 3.5% 59

**HY13**

**↑ 5.1% 62**

# Half year total Group sales of \$30.7b — up 3.2%

\$ million	HY12	HY13	Change	Half Year Comp Sales
Australian Food and Liquor	19,571	20,488	4.7%	2.4%
Petrol (dollars)	3,434	3,393	(1.2)%	(3.2)%
<i>Petrol (litres)</i>	2,605	2,532	(2.8)%	(4.7)%
<b>Australian Supermarkets</b>	<b>23,005</b>	<b>23,881</b>	<b>3.8%</b>	-
<i>New Zealand Supermarkets (NZD)</i>	2,879	2,944	2.3%	flat
<b>New Zealand Supermarkets</b>	<b>2,244</b>	<b>2,313</b>	<b>3.1%</b>	-
<b>BIG W</b>	<b>2,362</b>	<b>2,447</b>	<b>3.6%</b>	<b>0.7%</b>
<b>Hotels</b>	<b>636</b>	<b>759</b>	<b>19.3%</b>	<b>9.0%</b>
<b>Home Improvement</b>	<b>412</b>	<b>637</b>	<b>54.6%</b>	-
<b>Group Sales – Continuing Operations</b>	<b>28,659</b>	<b>30,037</b>	<b>4.8%</b>	-
<i>Group Sales – Continuing Operations (excluding Petrol)</i>	25,225	26,644	5.6%	-
Consumer Electronics – Australia and NZ	873	526	n.c <sup>1</sup>	-
Consumer Electronics – India	193	116	n.c <sup>1</sup>	-
<b>Group Sales – Discontinued Operations</b>	<b>1,066</b>	<b>642</b>	<b>n.c<sup>1</sup></b>	-
<b>Total Group Sales</b>	<b>29,725</b>	<b>30,679</b>	<b>3.2%</b>	-

1. Not comparable given the sale of these businesses during HY13



# Group EBIT from continuing operations before significant items – up 6.1%

\$ million	HY12	HY13	Change
Australian Food and Liquor	1,493.5	1,583.9	6.1%
Petrol	67.4	71.0	5.3%
<b>Australian Supermarkets</b>	<b>1,560.9</b>	<b>1,654.9</b>	<b>6.0%</b>
<i>New Zealand Supermarkets (NZD)</i>	<i>149.1</i>	<i>162.3</i>	<i>8.9%</i>
<b>New Zealand Supermarkets</b>	<b>118.5</b>	<b>124.7</b>	<b>5.2%</b>
<b>BIG W</b>	<b>119.6</b>	<b>129.5</b>	<b>8.3%</b>
<b>Hotels</b>	<b>116.2</b>	<b>140.8</b>	<b>21.2%</b>
<b>Total Trading Result – Continuing Operations</b>	<b>1,915.2</b>	<b>2,049.9</b>	<b>7.0%</b>
Central Overheads and Home Improvement	(92.0)	(115.2)	25.2%
<b>Group EBIT – Continuing Operations</b>	<b>1,823.2</b>	<b>1,934.7</b>	<b>6.1%</b>
Consumer Electronics - Australia, New Zealand and India	22.2	2.5	n.c <sup>1</sup>
<b>Group EBIT – Discontinued Operations</b>	<b>22.2</b>	<b>2.5</b>	<b>n.c<sup>1</sup></b>
<b>Total Group EBIT (before significant items)</b>	<b>1,845.4</b>	<b>1,937.2</b>	<b>5.0%</b>
<b>Significant Items</b>			
One off loss on SCA Property Group transaction	-	(32.8)	n.c <sup>1</sup>
Consumer Electronics provision / Net loss on disposal of Consumer Electronics businesses	(300.0)	(63.7)	n.c <sup>1</sup>
<b>Total Group EBIT (after significant items)</b>	<b>1,545.4</b>	<b>1,840.7</b>	<b>19.1%</b>

1. Not comparable given the sale of these businesses during HY13

# Earnings per share — total Group excluding significant items up 2.9%

Cents

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HY09	80.93		
	↑9.3%		
HY10	89.05		
	↑10.0%		
HY11	95.20		
	↑6.9%		
HY12	79.40 <sup>1</sup>	98.38	
	↓16.6%	↑3.3%	
<b>HY13</b>	<b>93.63<sup>1</sup></b>	<b>101.27</b>	
	<b>↑17.9%</b>	<b>↑2.9%</b>	

1. Includes significant items

# Capital expenditure — half year

\$ million	HY12 Actual	HY13 Actual
New Stores	174	140
Refurbishments	184	236
<b>Growth Capex</b>	<b>358</b>	<b>376</b>
Stay in Business / Supply Chain and Data Centre	210	128
Home Improvement	53	65
<b>Normal and Ongoing Capex</b>	<b>621</b>	<b>569</b>
Property Developments (net of sales) <sup>1</sup>	565	(916) <sup>1</sup>
<b>Net Capex</b>	<b>1,186</b>	<b>(347)</b>

1. Includes sales proceeds received as part of the SCA Property Group Transaction

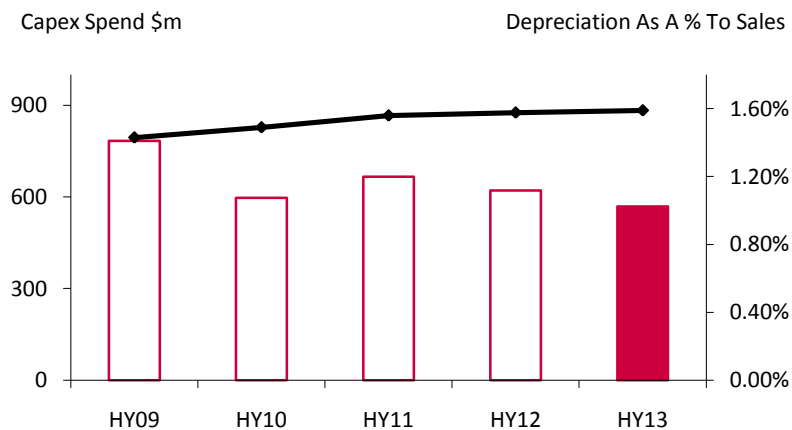
Store numbers	New Stores <sup>1</sup>		Refurbs	
	2013	2012	2013	2012
Australian Supermarkets <sup>2</sup>	17	25	110 <sup>3</sup>	49
Liquor	41	46	33	12
NZ Supermarkets	4	4	2	4
Petrol	8	10	5	1
BIG W	4	4	2	3
Hotels	32	14	5	13
Danks	-	2	-	-
Masters	10	7	-	-
<b>Group</b>	<b>116</b>	<b>112</b>	<b>157</b>	<b>82</b>

1. Gross store openings

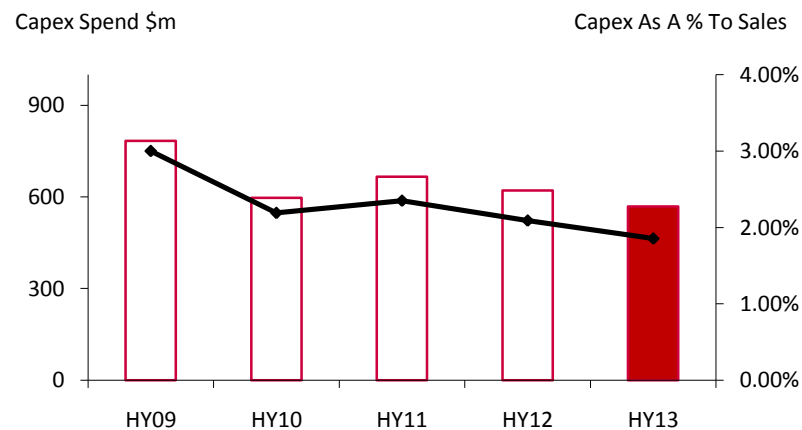
2. Includes attached liquor

3. Included four full refurbishments and 106 part refurbishments to revitalise our Fresh offer and implement our latest merchandising innovations

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



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

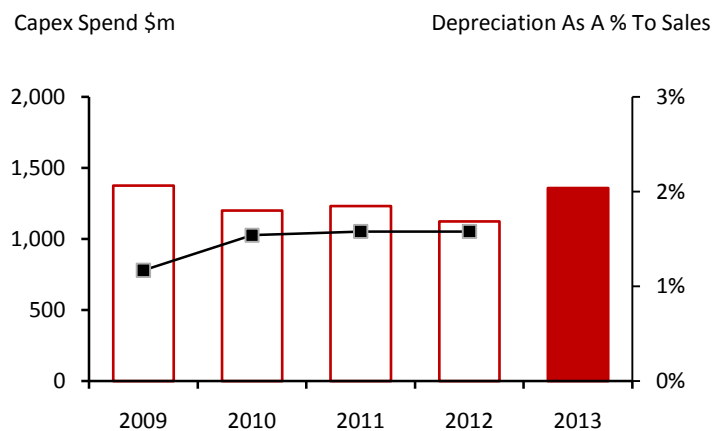


# Capital expenditure — full year

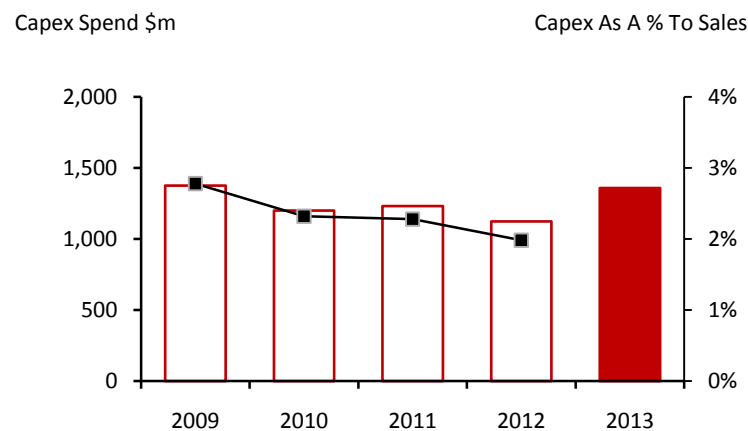
\$ million – 2013	Current Fcst	Previous Fcst	Var
New Stores	323	301	22
Refurbishments	529	512	17
<b>Growth Capex</b>	<b>852</b>	<b>813</b>	<b>39</b>
Stay in Business / Supply Chain and Data Centre	384	341	43
Home Improvement	123	124	(1)
<b>Normal and Ongoing Capex</b>	<b>1,359</b>	<b>1,278</b>	<b>81</b>
Property Developments (net of sales) <sup>1</sup>	876 <sup>1</sup>	1,051 <sup>1</sup>	(175)
<b>Net Capex before SCA Property Group transaction</b>	<b>2,235</b>	<b>2,329</b>	<b>(94)</b>
<b>Sales proceeds on SCA Property Group transaction</b>	<b>(1,320)</b>	-	<b>(1,320)</b>
<b>Net Capex</b>	<b>915</b>	<b>2,329</b>	<b>(1,414)</b>

\$ million – Full Year	2011 Actual	2012 Actual	2013 Fcst
New Stores	288	346	323
Refurbishments	492	268	529
<b>Growth Capex</b>	<b>780</b>	<b>614</b>	<b>852</b>
Stay in Business / Supply Chain and Data Centre	413	373	384
Home Improvement	39	137	123
<b>Normal and Ongoing Capex</b>	<b>1,232</b>	<b>1,124</b>	<b>1,359</b>
Property Developments (net of sales) <sup>1</sup>	603	926	876 <sup>1</sup>
<b>Net Capex before SCA Property Group transaction</b>	<b>1,835</b>	<b>2,050</b>	<b>2,235</b>
<b>Sales proceeds on SCA Property Group transaction</b>	-	-	<b>(1,320)</b>
<b>Net Capex</b>	<b>1,835</b>	<b>2,050</b>	<b>915</b>

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



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



1. Excludes sales proceeds received as part of the SCA Property Group Transaction