COMPANY RESULTS

FULL YEAR 2017
23 August 2017

Woolworths Limited
ABN 88 000 014 675

Table of contents

Key highlights

- Improved Customer, Team and Supplier Scores, especially in **Australian Food**
- Strong sales momentum in **Australian Food** with FY17 comparable sales growth of 3.6% and Easter adjusted comparable sales growth in Q4'17 of 6.4%
- **WooliesX** formed to accelerate growth in digital and national Pick up rollout well advanced
- **Endeavour Drinks** delivered sales and EBIT growth in a competitive market
- New **BIG W** turnaround plan and team in place with implementation underway
- Exit of **Home Improvement** substantially finalised and sold **EziBuy**
- Increase in final dividend of 17 cents, including the benefit from the **Home Improvement** exit, supported by strong increase in free cash flow and net debt reduction

Progress against our FIVE KEY PRIORITIES

1 Building a customer and store-led culture and team

- **Woolies** Welcome for >500 support office team members
- 1.4m+ Food and Drinks customers provided direct feedback; 27,000 call backs
- New incentives embedded and driving cultural change
- 20%+ improvement in TRIFR
- Key new internal and external appointments
- **WooliesX** created to better service our connected customers
- More to do on embedding our new **Woolworths** Ways-of-Working

2 Generating sustainable performance in Food

- VOC and VOS significantly improved on the prior year
- 72 Renewals and 85 Upgrades completed
- Significant progress in Customer 1st Ranging and own brand transition well underway
- Improved sales momentum in **New Zealand Food**
- More to do in improving customer experience, especially online

3 Evolving our Drinks business to provide even more value and convenience to customers

- Continued sales momentum from **Dan Murphy's** and **BWS**
- Click & Collect rolled out to 1,240 **BWS** stores
- **Langton's** integrated into **Dan Murphy's**
- Strong double digit growth from **Dan Murphy's** Online
- **My Dan Murphy's** now with 2.4 million members, **BWS** benefiting from **Woolworths Rewards** partnership

4 Empowering our portfolio businesses pursue strategies to deliver shareholder value

- Strong sales and EBIT growth from **ALH Hotels**
- Partnership with **BP** and sale of **Petrol** business announced
- Substantially finalised exit of **Home Improvement** and **EziBuy** sold
- New **BIG W** team and turnaround plan in place
- More to do on implementing **BIG W** plan and delivering sales momentum

5 Becoming a lean retailer through end-to-end process and systems excellence

- Customer-Led Rostering now live in all states for **Woolworths Supermarkets**
- Over 175,000 team members migrated to Success Factors Payroll
- Building a customer 1st culture in Supply Chain
- Significant improvement in inventory days and availability
- More work to do on transforming core end-to-end business processes

Woolworths Group FY18 priorities

6 CUSTOMER 1ST TEAM AND CULTURE

Create competitive advantage across Woolworths Group

5 CONNECTED, PERSONALISED AND CONVENIENT SHOPPING EXPERIENCES IN FOOD AND DRINKS

Innovate differentiated customer propositions

2 TRANSFORM AUS AND NZ FOOD

3 EVOLVE OUR DRINKS BUSINESS

4 CREATE VALUE IN PORTFOLIO

Engineer a lean operating model

1 E2E PROCESSES – 'BETTER FOR CUSTOMERS' AND 'SIMPLER FOR STORES'

We create **better** experiences **together**

WOOLWORTHS GROUP

Outlook

- FY18 focus will continue to be on our five key priorities
- Emphasis moving from fixing the basics to leveraging team work, digital and insights to improve customer and team experiences while sustainably reducing CODB
- In H1, we have a particular focus on improved team scheduling (right team member, right hours, right day), on-shelf availability and Store Pick up (for online orders)
- In Australian Food, we don’t expect sales growth to continue at the same rate as achieved in Q4’17. Australian Food comp sales growth for the first eight weeks has been broadly in line with FY17 second half growth rate
- We don’t expect an improvement in losses at BIG W in FY18. While we expect to see a positive customer response to lower prices, better product solutions and a better customer experience, it is still too soon to tell when this may translate into sales momentum and improved profitability

Our Q1’18 sales release is currently scheduled for 31 October 2017

Contents

FINANCIAL RESULTS

Results – Full Year 2017

	Continuing Operations		Total Group	
Sales	$55.5 bn	3.7%	$61.1 bn*	1.5%
EBIT	$2,326.0 m	(4.9)%	$2,642.9 m*	n.m.
NPAT	$1,422.1 m	(3.6)%	$1,533.5 m	n.m.
Earnings per share	110.8¢	(5.1)%	119.4¢	n.m.
Dividend per share			84¢	9.1%
Return on average funds employed	22.3%	61 bps	25.0%	n.m.

Note: unless otherwise stated, all continuing operations results are compared to FY16 continuing operations before significant items
* Total Group sales and EBIT includes sales and EBIT from continuing and discontinued operations
n.m. not meaningful

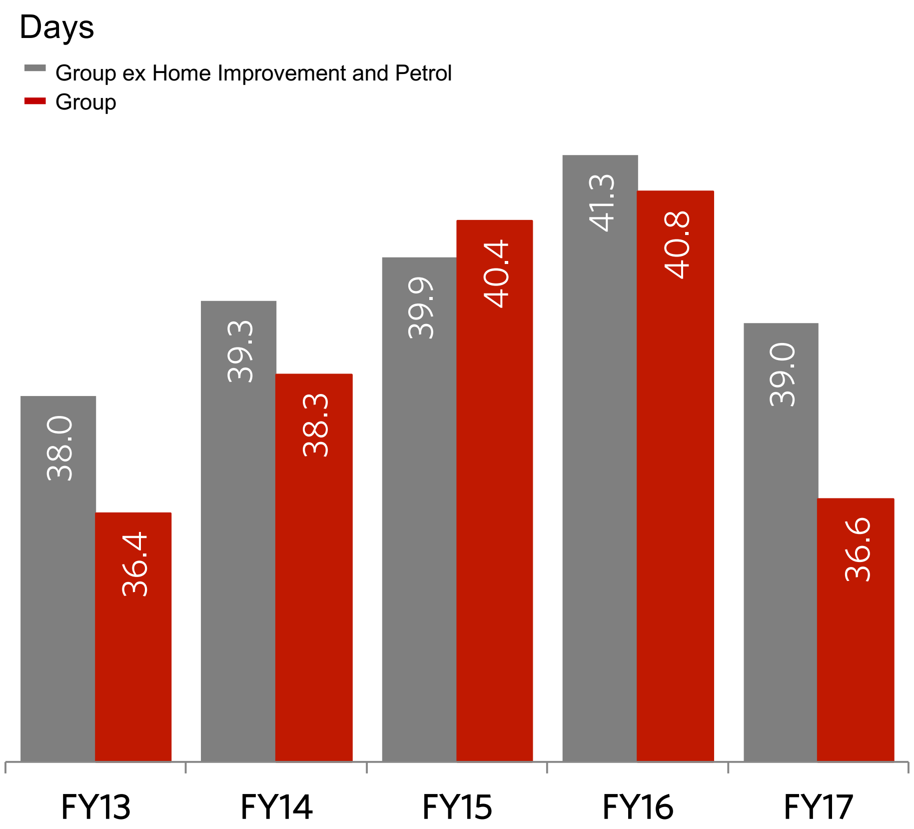
Group EBIT

$m	FY17	FY16[1]	Change
Continuing operations			
Australian Food	1,603.1	1,642.0	(2.4)%
Endeavour Drinks Group	502.5	483.8	3.9%
New Zealand Food (AUD)	292.3	284.4	2.8%
New Zealand Food (NZD)	*309.4*	*313.9*	(1.4)%
BIG W	(150.5)	(14.9)	n.m.
Hotels	232.9	208.5	11.7%
Central overheads	(154.3)	(157.8)	(2.2)%
EBIT continuing operations	**2,326.0**	**2,446.0**	**(4.9)%**
Discontinued operations – Home Improvement	159.0	(218.8)	n.m.
Discontinued operations – Petrol	157.9	117.8	34.0%
Group EBIT	**2,642.9**	**2,345.0***	**12.7%**

* before significant items

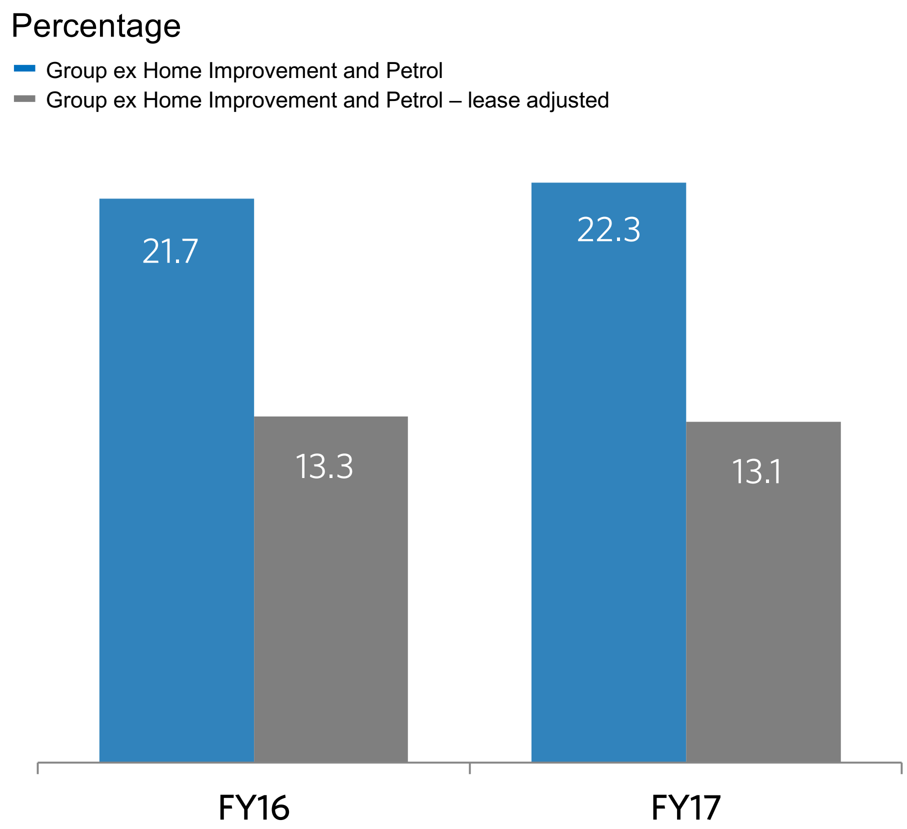
Key balance sheet metrics

Average inventory days



Average inventory days from continuing operations declined by 2.3 days during the year driven by Australian and NZ Food and Endeavour Drinks

ROFE



Improvement in ROFE driven by working capital improvement despite marginally lower EBIT. Lease-adjusted ROFE marginally down (16bps) due to EBIT decline

Note: all numbers exclude significant items in FY16

Strong improvement in free cash flow

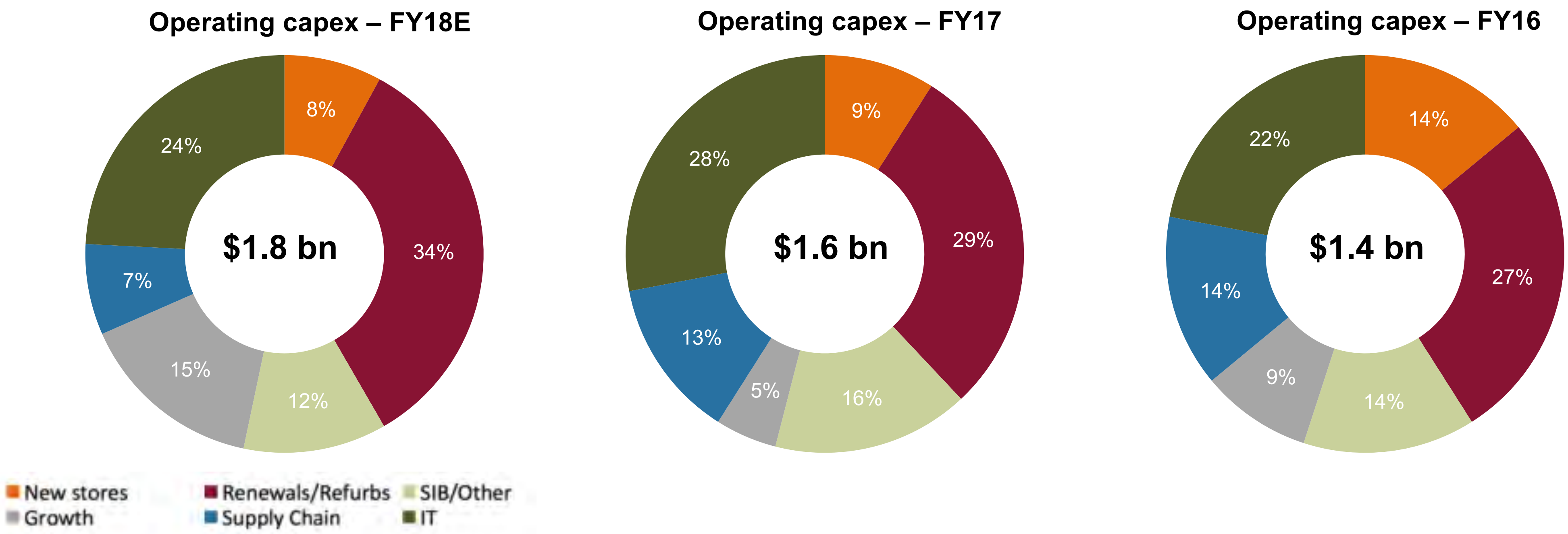
Cash flow summary

$m	FY17	FY16	Change
Operating activities before interest and tax	4,024.1	3,495.3	15.1%
Interest and tax	(902.1)	(1,137.8)	(20.7)%
Operating activities	3,122.0	2,357.5	32.4%
Investing activities	(1,431.4)	(1,266.7)	13.0%
Financing activities	-	107.9	
Free cash flow before dividends and share issues	**1,690.6**	**1,198.7**	**41.0%**
Share issues/ other	55.5	-	
Dividends	(562.4)	(1,217.2)	(53.8)%
Free cash flow after dividends and share issues	**1,183.7**	**(18.5)**	**n.m.**

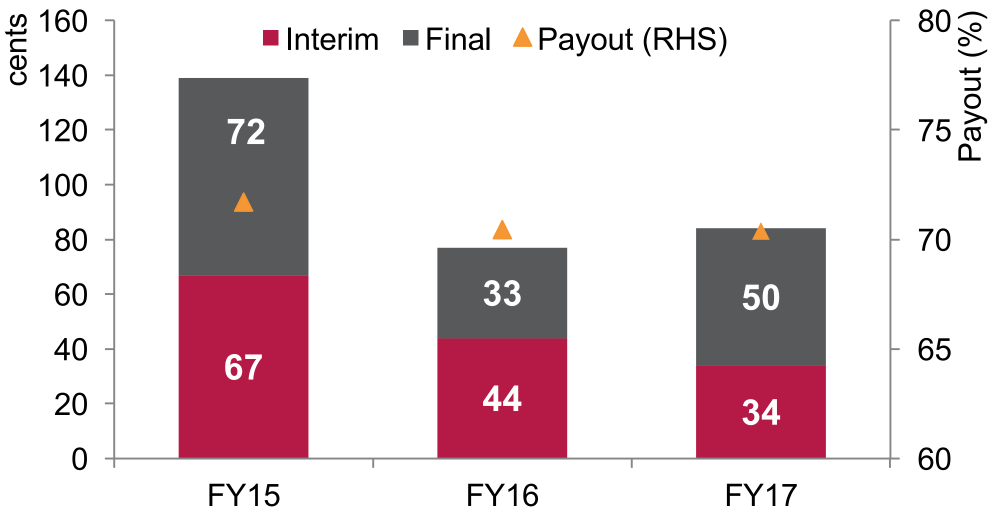
Significant free cash flow improvement in FY17 due to working capital and lower cash dividend payments

FY17 Capital expenditure in line with guidance

$m	FY17	FY16
Continuing operations		
Operating capex	**1,583**	**1,391**
Property development	258	407
Gross capex	**1,841**	**1,798**
Property sales	(273)	(678)
Net capex	**1,568**	**1,120**
Discontinued operations – Home Improvement	23	108
Discontinued operations – Petrol	31	61
Group net capex	**1,622**	**1,289**

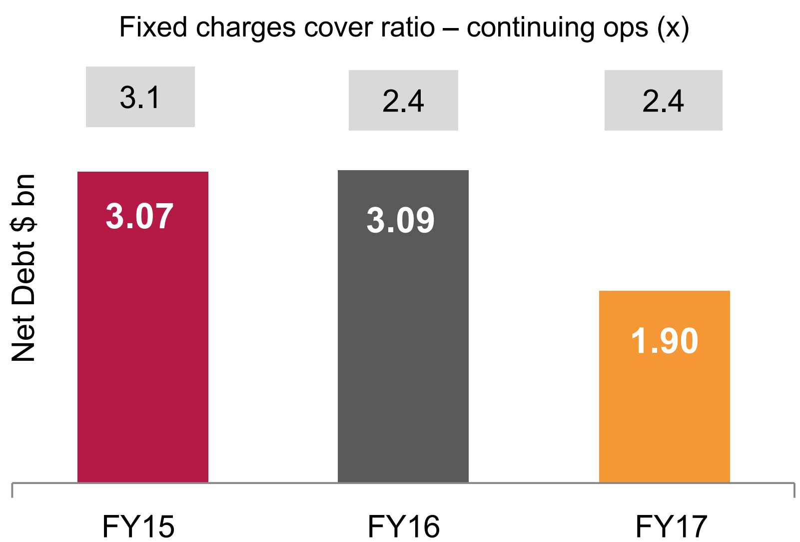


Capital management



Dividend and DRP

- Full year dividend of 84 cps - a payout of 70.7% of Group NPAT attributable to shareholders of Woolworths Limited
- H2'17 NPAT includes $134m for Home Improvement which will not recur
- DRP discount of 1.5% retained for final dividend



Debt and credit rating

- Reduction of $1.2bn in net repayable debt
- Discounted leasehold commitments unchanged at ~$15bn
- FCCR for continuing operations unchanged at 2.4x
- Remain committed to solid investment grade credit rating

Contents

BUSINESS UPDATE

Woolworths

The fresh food people

Australian Food

	FY17	FY16[1]	Change
Sales ($m)	36,371	34,798	4.5%
EBITDA ($m)	2,164.7	2,165.6	(0.0)%
EBIT ($m)	1,603.1	1,642.0	(2.4)%
Gross margin (%)	28.07	27.37	70 bps
Cost of doing business (%)	23.66	22.65	101 bps
EBIT to sales (%)	4.41	4.72	(31) bps
Sales per square metre ($)	16,213	16,000	1.3%
ROFE (%)	166.1	133.4	32.7 pts

Our FY17 strategy was focused on having customers put us 1st

6
CUSTOMER 1ST
TEAM AND CULTURE

Create the future

5 STEP-CHANGE STORE RENEWAL PROGRAM

Deliver on core customer offer

2 GOOD PRICES, RIGHT RANGE

3 GREAT SERVICE

4 BEST FRESH

Fix the basics

1 SOLID AND EFFICIENT BUSINESS FOUNDATIONS

Progress highlights

Create the future

- Our purpose ‘We bring a little **good** to everyone, every day’ embedded within our team
- Around 600 support office team members attended our ‘Welcome to Woolies’ store induction program
- Opened 19 new Australian Supermarkets, renewed 72 existing stores and completed 85 upgrades
- Record Voice of Customer of 81 in June. Team sustainable engagement score of 82
- Metro and online experiencing high strong double digit growth rates
- Creation of WooliesX bringing our loyalty and digital teams together to provide a connected customer experience
- Over 10 million Rewards members with dramatic improvements in program customer sentiment

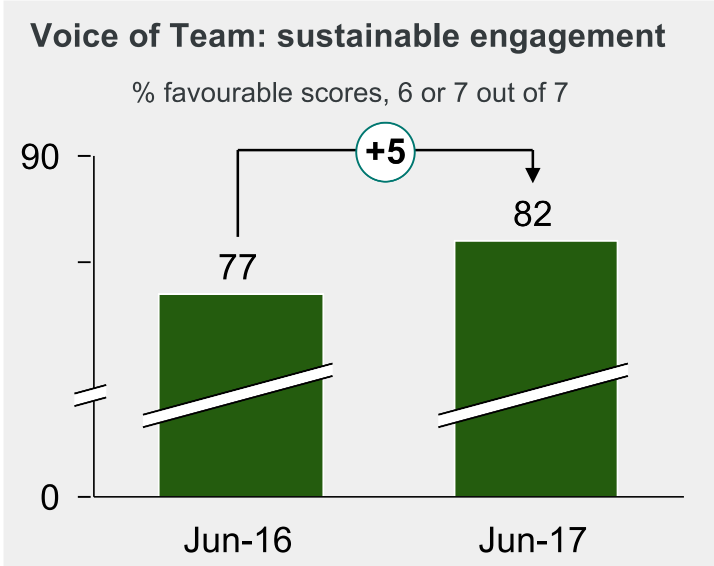
Deliver on core customer offer

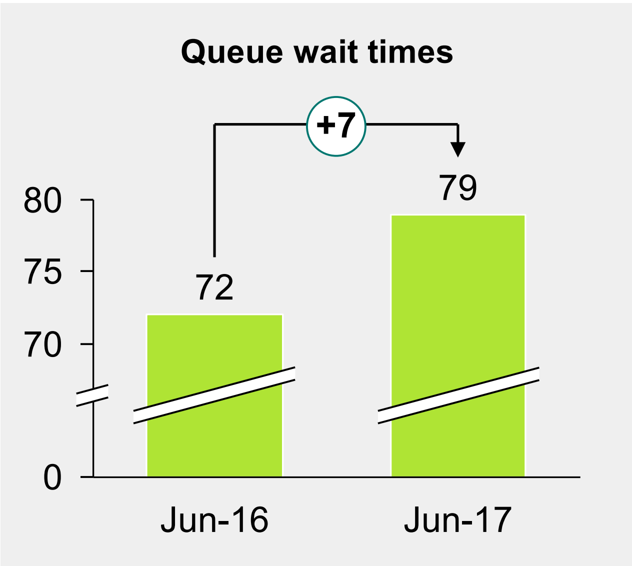
- ‘That’s why I pick Woolies’ brand platform resonating with customers
- Strong progress on lowering shelf prices with over 3,500 SKU’s on Dropped & Always program
- A third of the way through Customer 1st ranging with positive customer feedback
- 27,000 team members completed service training, focusing on fast and warm checkout service
- Rebranding of own brand products as Essentials and Woolworths with launch of ‘Food, Glorious Food’ campaign
- Over 2,000 of our own brand products now have a health star rating

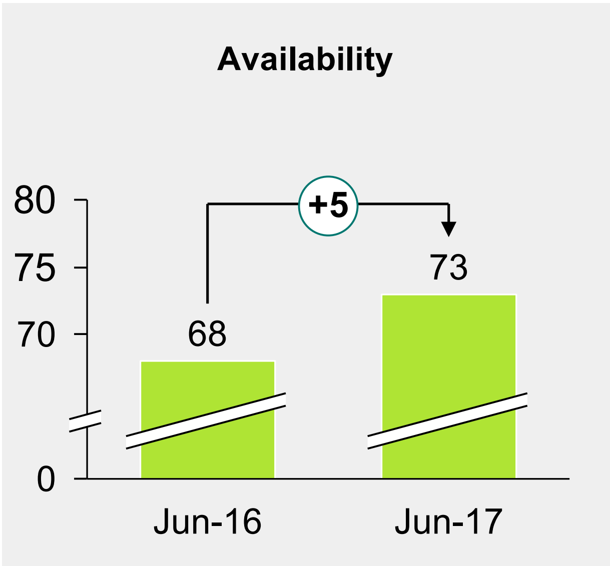
Fix the basics

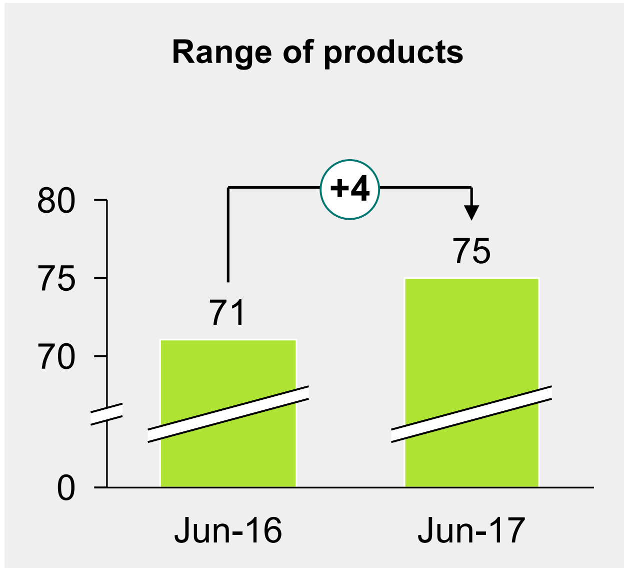
- Substantial improvement in sustainable stockloss
- Improvements in availability resulting in 1 million fewer gaps per week compared to FY16 but more upside is possible
- Voice of Supplier metrics continuing to improve, with further opportunity
- Significant improvement in working capital days through better inventory management
- All 1,184 legacy v4 SCOs replaced

Our success in FY17 has been underpinned by improving our customer and team experiences

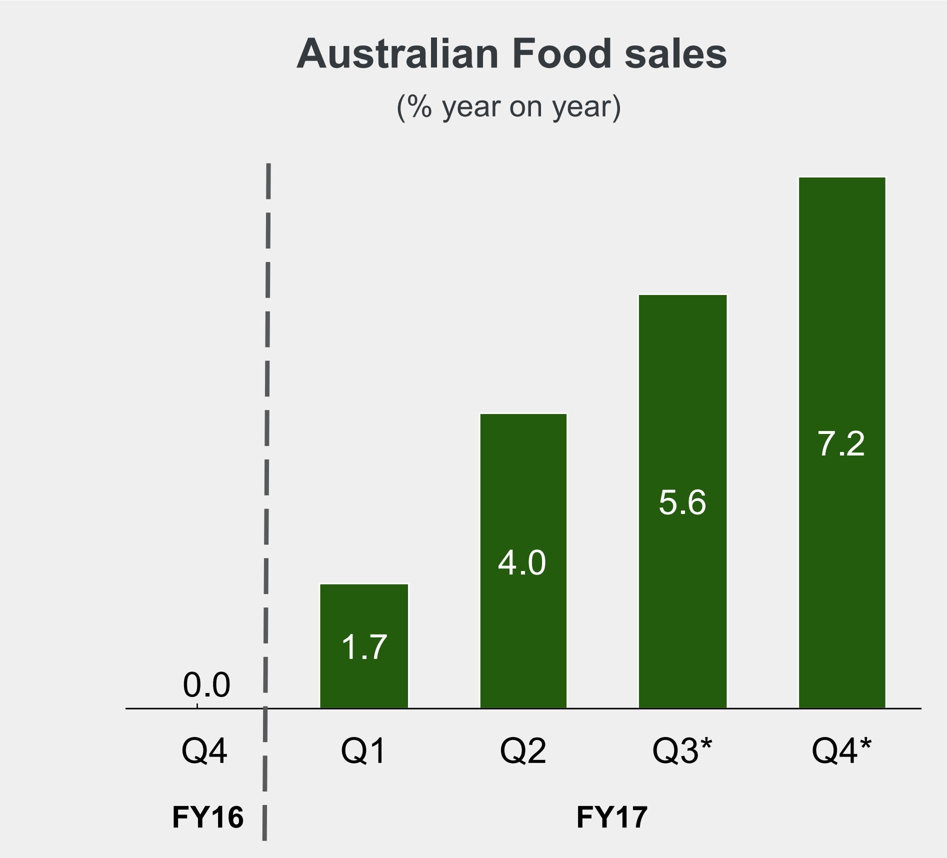




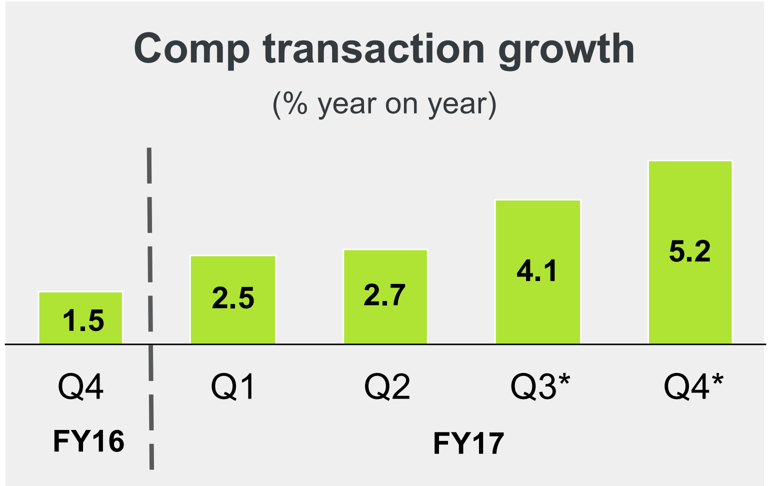


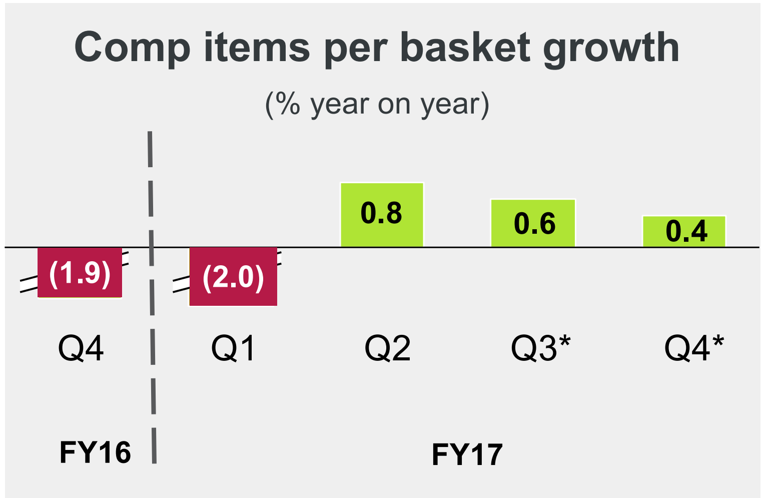


Sales momentum continues, with growth in visits and more recently items per basket



Comp Sales (%)	(1.1)	0.7	3.1	4.5	6.4





* Adjusted for the timing of Easter which fell in Q4’17 (Q3’16 LY)

Brand platform

That's why I pick Woolies

- An integrated brand platform launched in July 2017
- Resonating with customers
- Emotional and rational reasons to Pick Woolies
- Building recognition
- Constantly evolving in line with customers' needs

Our FY18 strategy:
From turnaround to transformation

Woolworths
The fresh food people

6
CUSTOMER 1ST
TEAM AND CULTURE

Scale-up the future

5 ACCELERATE RENEWAL AND EXTEND APPROACH TO ONLINE AND METRO

Extend core customer offer

2 PRICES I TRUST ON PRODUCTS I WANT

3 CONSISTENTLY GREAT SHOPPING EXPERIENCE

4 FAMOUS FOR FRESH

Excel on the basics

1 E2E PROCESSES THAT ARE 'BETTER FOR CUSTOMERS' AND 'SIMPLER FOR STORES'

Our culture is key to our future

Woolworths
The fresh food people

ENDEAVOUR
DRINKS GROUP

Endeavour Drinks

	FY17	FY16[1]	Change
Sales ($m)	7,913	7,589	4.3%
EBITDA ($m)	578.2	558.6	3.5%
EBIT ($m)	502.5	483.8	3.9%
Gross margin (%)	23.08	23.41	(33) bps
Cost of doing business (%)	16.73	17.03	(30) bps
EBIT to sales (%)	6.35	6.38	(3) bps
Sales per square metre ($)	18,039	17,943	0.5%
ROFE (%)	16.9	16.3	62 bps

Dan Murphy's maintained its leadership through new stores and multi-channel innovations

FY17 highlights

12 net new stores opened, bringing total fleet to 219

My Dan Murphy's members now 2.4 million

Launch of talk show 'At the Cellar' with Angela Pulvirenti

Launch of high-end concept cellar at original Prahran site

Significant reduction in number of injuries

Successfully integrated Langton's into Dan Murphy's

Record NPS and VOC scores

FY18 focus

Click & Collect integration

Next stage of My Dan Murphy's

Expand Dan Murphy's Connections

8 new store openings

40 refurbs planned

BWS investment in value and customer service is resulting in strong convenience differentiation

BWS TODAY'S SPECIAL

FY17 highlights

Substantial improvement in sales growth and comp sales on FY16

Store network increased to 1,298 stores. Refurbished 173 stores (28 major, 145 minor)

Local craft beer range implemented in 550 stores

Click & Collect rolled out to 1,240 stores and local delivery trialled in 50 stores

1hr Click & Collect

Team engagement increased to an all time high

86

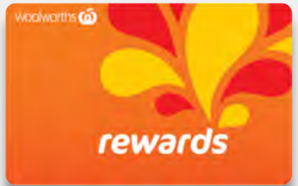
Trained all 7,500 team members on customer experience and product knowledge

Record VOC and NPS

FY18 focus

Customer-led Ranging

Partnering with Supermarkets and Woolworths Rewards



18 new store openings (gross)

Digital retail, including online delivery

countdown

New Zealand Food

NZD	FY17	FY16[1]	Change
Sales ($m)	6,232	6,101	2.1%
EBITDA ($m)	426.8	429.9	(0.7)%
EBIT ($m)	309.4	313.9	(1.4)%
Gross margin (%)	24.00	23.58	42 bps
Cost of doing business (%)	19.04	18.44	60 bps
EBIT to sales (%)	4.96	5.14	(18) bps
Sales per square metre ($)	15,137	15,178	(0.3)%
ROFE (%)	10.5	10.3	21 bps

New Zealand Food FY17 highlights and FY18 focus

FY17 highlights

Achieved new highs for team engagement and customer satisfaction

Store team engagement 84%

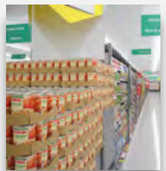
Net Promoter Score Increased +8 pts

Continued to deliver low prices every day

> 3,500 products
at low prices every day

Successfully launched new Onecard partnership with AA Smartfuel in October

Rolled out tailored ranging to meet local needs



45 stores
completed to date

FY18 focus

Further enhance customer service experience

Continue focus on fresh food including team knowledge and best practice

Drive further online and digital growth

Continue Customer-led Ranging and focus capital on store renewal

BIGW

BIG W

	FY17	FY16[1]	Change
Sales ($m)	3,598	3,820	(5.8)%
(LBITDA)/ EBITDA ($m)	(74.1)	68.2	n.m.
LBIT ($m)	(150.5)	(14.9)	n.m.
Gross margin (%)	30.82	31.69	(87) bps
Cost of doing business (%)	35.00	32.08	292 bps
LBIT to sales (%)	(4.18)	(0.39)	(379) bps
Sales per square metre ($)	3,396	3,602	(5.7)%
ROFE (%)	(31.6)	(2.3)	(29.4) pts

We have put our customers at the heart of our planning process

BIGW

Surveyed 5,000 customers and 10,000 team members on what customers want and how we can do things better

Developed a clear and simple customer value proposition (CVP)

Formulated a plan to bring our CVP to life for customers

Building the team with the experience and capability to deliver on customer needs

FY18 priorities: Building our team, regaining price trust

BIGW

Win back trust for the future
Listen to customers to refine what we do and shape our future

Deliver what our customers want (CVP)
Give our customers more reasons to come back

Fix the basics
Get the spine for our business right – processes and training

CUSTOMERS AND TEAM COME FIRST
Our team and customers at the heart of everything we do

UNIVERSES ALIGNED TO CORE CUSTOMER NEEDS
Bring our universes to life in-store and revitalise our brand

TRUSTED PRICES
Lower prices across the store without compromising on quality

BETTER RANGE
Brilliant basics, right brands and quality product solutions for customers

EASY EXPERIENCE
Fresher stores, better availability, service with a smile

DISCIPLINED WAYS OF WORKING
Stock availability, marketing process, direct sourcing critical path, online improvement, labour rostering, streamline our reporting

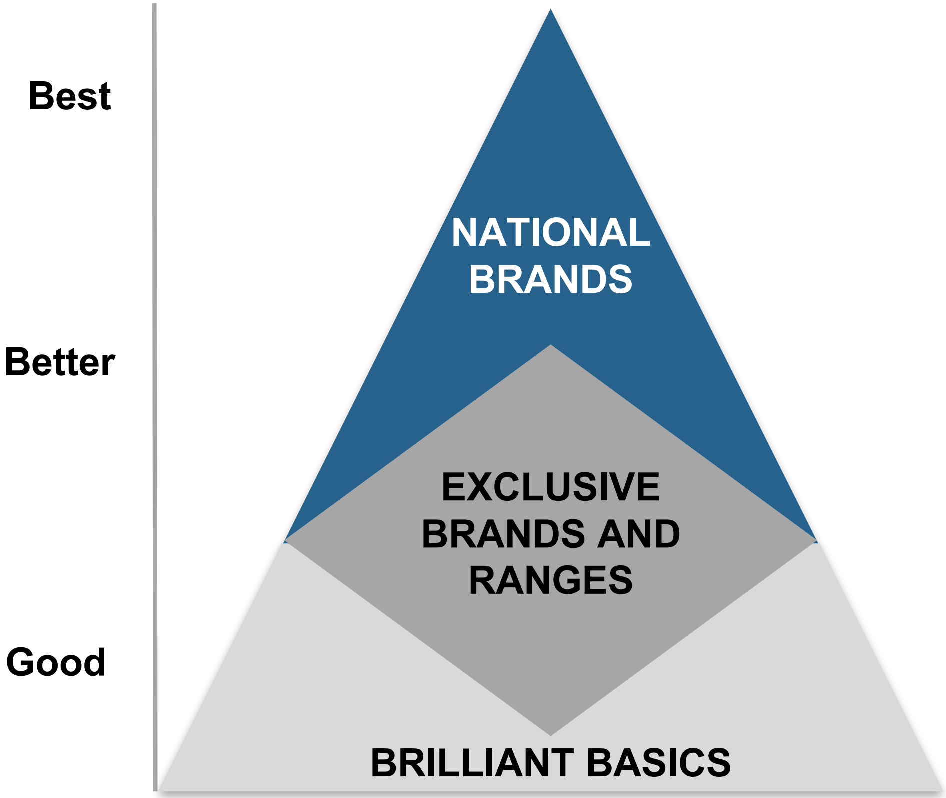
BIGW

Activate universes: Six universes aligned to core customer needs

Multi-category solutions built around shopping themes

About Kids	About Home	About Everyday	About Him	About Her	About Leisure
The one-stop shop for everything kids	The essentials you need to make your house a home	Low prices on your everyday needs	Everyday essentials for men	Treat yourself with the best style essentials and value	For all your off-duty adventures
Destination		Traffic driver	Basket builder		

Better Range: Revised brand strategy and range architecture



- Choice of brands and price points across all customer universes with good-better-best options where it matters most to customers
- National and exclusive brands/ranges to feature prominently in all universes
- Renewed focus on brilliant basics – quality products at low prices across our entire range
- Customer First Ranging process to ensure that brand strategy and range architecture for each universe is mapped to customer needs

We've started to make some changes…

What we have done so far	What we will do over the next 6 months
✓ New BIG W leadership team in place	Continue to reduce prices
✓ Clear and simple plan agreed and shared	Improve our online experience – range, fulfilment
✓ Prices taken down on more than 2,000 items	New in-store look – signage, key department relay
✓ Brand refresh started	Continue with brand refresh
✓ Value focused messages – in-store, catalogue	
✓ Incremental changes in store	

…But there is much more to do


Thank you

Notes

1. Significant items in FY16 represent costs of $4,013.7m (before tax) or 2,627.8m (after tax and non controlling interests) resulting from the write down of the Home Improvement business and certain significant expenses incurred outside the ordinary course of our trading operations resulting from a Group wide review. There were no significant items in FY17.

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WOOLWORTHS GROUP

23 August 2017

FINAL PROFIT AND DIVIDEND ANNOUNCEMENT FOR THE 52 WEEKS ENDED 25 JUNE 2017

Moving from turnaround to transformation

NPAT from continuing operations of $1,422.1 million, down 3.6%

Basic EPS from continuing operations of 110.8c, down 5.1%

Group NPAT of $1,533.5 million

Dividend per share of 84c, up 9.1%

Solid progress on key priorities:

- New Purpose, Ways-of-Working and Core Values, reinforced by shared short-term and long-term incentives is contributing to a material improvement in culture
- Customers are recognising the improvements we are making with Voice of Customer (VOC) scores improving consistently throughout the year in Australian Food, with store-controllable VOC of 81% in June 2017
- Sales momentum in Australian Food, with Q4'17 Easter adjusted comparable sales growth of 6.4%. H2'17 EBIT up 13% despite materially higher team incentive payments and investment in team member training
- Record Net Promoter Score (NPS) and VOC scores in Dan Murphy's and BWS during the year with solid growth in a competitive market
- BIG W turnaround plan approved by the Board, new MD and senior team in place, and implementation underway
- WooliesX created via integration of Digital and Loyalty, focused on meeting the needs of our connected customers
- Exit of Home Improvement substantially finalised and EziBuy sold

More to do:

- Maintaining strong customer, team and sales momentum in Australian Food
- Accelerating growth from digital and improving the customer home delivery and store pick up experiences in Food and Drinks
- Delivering Woolworths Supermarkets Renewal 3.0 and accelerating Renewal and Upgrade programs
- Restoring BIG W sales momentum
- Rolling out 1Store, Space Management and Forecasting technology upgrade programs

FY17 KEY FINANCIAL HIGHLIGHTS

$ MILLION	2017 (52 WEEKS)	2016 (52 WEEKS)	CHANGE
Continuing operations before significant items[1]			
Sales	55,475	53,474	3.7%
Earnings before interest and tax (EBIT)	2,326.0	2,446.0	(4.9)%
NPAT attributable to equity holders of the parent entity	1,422.1	1,475.8	(3.6)%
Basic earnings per share (EPS) – cents	110.8	116.8	(5.1)%
Continuing operations after significant items[1]			
EBIT	2,326.0	1,494.9	55.6%
NPAT attributable to equity holders of the parent entity	1,422.1	726.3	95.8%
Group			
NPAT/ (NLAT) attributable to equity holders of the parent entity	1,533.5	(1,234.8)	n.m.
Dividend per share – cents	84	77	9.1%

Note: This announcement contains certain non-IFRS measures that Woolworths believes are relevant and appropriate to understanding its business. Refer to Appendix One for further information. The prior year comparative has been restated to reflect the current year presentation of Petrol as a discontinued operation.

n.m. : not meaningful

Brad Banducci, Woolworths Group CEO, said: "FY17 was a year of rebuilding the foundations of our business and we are pleased with our progress over the last 12 months, particularly in the second half. Encouragingly, we still see many opportunities to improve our business going forward and are focused on our five key priorities. Our first priority is to build a customer and store-led culture and team. The key highlight in FY17 was the meaningful improvement in customer and team scores across the Woolworths Group. Over 116,000 employees provided feedback in our recent VOT survey with our sustainable engagement scores improving by five points over the last year to 82%.The improvement in safety was another highlight with a 20% improvement across Woolworths Group.

"**Australian Food** sales increased by 4.5% over the year with the fourth quarter the strongest at 7.2% (Easter adjusted). Comparable sales increased by 3.6% for the year and 6.4% Easter adjusted in the fourth quarter. EBIT for the year declined by 2.4% but increased by 13% in H2'17 with the strong improvement in sales and gross margin being partially offset by higher investment in price, service and team member incentives and training . Excluding incremental short-term incentives in FY17, EBIT increased by 8.3% for the year.

- **Woolworths Supermarkets** sales growth continues to be driven by customer transactions with an increase in the number of items per basket also assisting in the second half. Along with Sales, EBIT and VOC, Working Capital and Safety make up our five short-term incentive measures. An increased focus on inventory management delivered a 1.8 day reduction in day's stock on hand leading to strong cash generation for the year. In addition to the improvements in VOC and VOT, our Voice of Supplier (VOS) is up 20 points since the initial survey in August 2016.
- **In FoodCo and Metro,** we rebranded, repositioned and reformulated approximately 3,000 products into Essentials and Woolworths. In April we launched 'The Bunch' which now has over 7,000 members and is already Australia's largest food customer sampling community. We opened 6 **Metro** stores during the year and rebranded 3 small supermarkets to end the year with 23 stores in the Metro format. Metro stores delivered comparable sales growth of 17% during the year as we focused on meeting our in-store customers need for increasing convenience.
- **WooliesX** - in the fourth quarter, we brought together our Loyalty and Digital businesses to create a new business called WooliesX. WooliesX will allow Woolworths to maximise the combined wealth of insights and technical expertise currently in the group as we look to accelerate our growth from digital over the next three years. Online growth in Australian Food was 15.8% for the year and we reached the milestone of 10 million Woolworths Rewards members in the last week of the financial year.

"**Endeavour Drinks** delivered sales growth of 4.3% with EBIT growth of 3.9% with Dan Murphy's and BWS both again delivering positive comparable sales growth. EBIT grew at a slightly lower rate than sales as we continued to invest to retain our leading position in a low growth, competitive market. Online remained a key area of focus during the year with Dan Murphy's Online a highlight with growth of approximately 25%.

"**New Zealand Food** sales growth improved in the second half leading to growth of 2.1% for the year. In New Zealand dollars, New Zealand Food's EBIT decreased by 1.4% for the year and increased by 2% in H2'17. EBIT growth was subdued as we invested in price and service to improve the offer for our customers. We will continue to invest in our customer offer in FY18 which will impact profit in the short-term.

"In our portfolio businesses:

- **BIG W's** loss before interest and tax of $150.5 million was extremely disappointing but also reflects the investment we began to make in the second half as we implement our new turnaround plan. The plan has been approved by the Board and its implementation is underway. David Walker was appointed Managing Director BIG W after acting in the role since November 2016. FY18 will continue to be a year of investment for BIG W and we do not expect a reduction in losses as we continue to invest to improve the customer shopping experience, including re-establishing price trust.
- **ALH Hotels** reported a 2.4% increase in comparable sales with an 11.7% increase in EBIT for the year with strong second half growth as we cycled a period of higher promotional activity in the prior year.
- Despite the distraction of the announced sale of our **Petrol** business to BP, it delivered a strong improvement in customer satisfaction (VOC), maintained strong team engagement (VOT) scores and delivered strong EBIT growth during the year. The sale remains subject to regulatory approval.
- On 4 August, Lowe's one third share in the **Home Improvement** joint venture was acquired for $250.8 million. We expect to complete the Home Consortium transaction in late September which will finalise the sale of 61 freehold properties and the transfer of 20 leaseholds to Home Consortium.

"In summary, we are pleased with the progress we made in FY17 and are excited about our ability to further improve our business and customer and team experiences in FY18. We are moving from a turnaround phase, focused on fixing our business foundations, to a transformation phase, focused on leveraging team work, digital and insights to materially improve our business. I would like to thank our entire team for their efforts over the last 12 months and look forward to their support in FY18", Mr Banducci said.

Woolworths Chairman, Gordon Cairns, said: "We have addressed a number of key issues during the year to position the business for the future, including good progress in setting the Group strategy, driving an improvement in culture and renewing the focus on capital management. We are confident of further progress in FY18 but have much more to do in our transformation.

"The Woolworths Board has announced a final dividend of 50 cents per share taking the total dividend for the year to 84 cents, a 9.1% increase on the prior year. In determining the final dividend, the Board has considered the improved trading performance in the second half, strong cash generation during the year leading to a significant reduction in net debt and the $134 million net profit after tax for Home Improvement in the second half which is not expected to recur. The Board remains committed to a solid investment grade credit rating", Mr Cairns said.

KEY PRIORITIES

We are focused on five key priorities across the Woolworths Group. Progress over the last 12 months has been as follows:

1. Building a customer and store-led culture and team

- Woolies Welcome firmly embedded with around 600 new support office team members starting their onboarding in store
- Over one million customers providing us with direct feedback via our Voice of Customer program, and over 27,000 personal call-backs to unhappy customers from store managers
- Shared short-term incentives rolled-out with a 40% weighting on customer and team
- Significant improvement in safety performance across Woolworths Group with lowest Total Recordable Injury Frequency Rate score in Woolworths Group history in FY17
- Combined our Digital and Loyalty business and called it WooliesX to better service our connected customers with easy, meaningful, frictionless experiences
- A number of key internal and external appointments made during the year including Claire Peters, Managing Director, Woolworths Supermarkets and John Hunt, Chief Information Officer
- More work to do on embedding our new Woolworths Group Ways-of-Working which are critical to us transforming our underlying end-to-end processes

2. Generating sustainable performance in Food

- Strong first half improvement in Voice of Customer maintained in second half finishing year with 81% in June, a five point improvement in Voice of Team to 82% and 20 point improvement in Voice of Supplier scores since initial survey in August 2016
- Four consecutive quarters of comparable sales growth with Q4'17 comparable sales growth (Easter adjusted) of 6.4% and online sales growth of 15.8% in FY17
- 72 Renewals landed during the year (91 including new stores) and 85 Upgrades completed with uplift in Voice of Customer, and sales in line with forecast
- Significant progress in Customer 1st Ranging, with over half of long-life categories rolled-out, and own brand with Essentials, Woolworths and Macro brand transitions well underway
- Double-digit comparable sales growth in Metro stores with a number of new store formats being trialled
- Improved sales momentum in New Zealand with further investment planned for FY18
- More work to do in improving the customer experience – both in-store and online

3. Evolving our Drinks business to provide even more value and convenience to customers

- Strong sales improvement from BWS and continued sales growth from Dan Murphy's
- Double-digit sales growth from Dan Murphy's Online, My Dan Murphy's now with 2.4 million members
- 1 hour Click & Collect rolled out to 1,240 BWS stores with around 50 stores trialling fast delivery
- Successfully integrated Langton's into Dan Murphy's
- More work to do on local ranging for BWS and further leveraging digital and insights across Endeavour Drinks

4. Empowering our portfolio businesses to pursue strategies to deliver shareholder value

- Strong sales and EBIT improvement from ALH Hotels
- Partnership with BP and sale of Petrol business announced subject to regulatory approval
- EziBuy sold and substantially finalised exit of Home Improvement
- New BIG W team and plan in place with turnaround plan implementation underway
- More work to do on implementing BIG W plan and delivering positive sales momentum

5. Becoming a lean retailer through end-to-end process and systems excellence

- Customer-Led Store Rostering now live in all states for Australian Food
- Bringing a customer 1st culture to Supply Chain with new DIFOTEF (delivered in full, on time, error free) metric launched to better align the experience of our stores and distribution centres
- Successfully completed the migration of approximately 175,000 team members to Success Factors Human Capital System (over two and a half years) with legacy system decommissioned
- 1Store program in rollout with 10 stores running full suite of applications at the end of FY17
- More work to do on transforming core end-to-end business processes

GROUP PROFIT OR LOSS FOR THE 52 WEEKS ENDED 25 JUNE 2017

$ MILLION	FY17 (52 WEEKS)	FY16 (52 WEEKS)	CHANGE
Continuing operations - before significant items[1]			
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	**5,397.9**	**5,395.2**	**0.1%**
Rent	(2,034.3)	(1,963.9)	3.6%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**3,363.6**	**3,431.3**	**(2.0)%**
Depreciation and amortisation	(1,037.6)	(985.3)	5.3%
EBIT	**2,326.0**	**2,446.0**	**(4.9)%**
Net financial expenses	(193.6)	(245.6)	(21.2)%
Income tax expense	(650.4)	(677.2)	(4.0)%
NPAT	**1,482.0**	**1,523.2**	**(2.7)%**
Non-controlling interests	(59.9)	(47.4)	26.4%
NPAT from continuing operations attributable to equity holders of the parent entity (before significant items[1])	**1,422.1**	**1,475.8**	**(3.6)%**
NPAT/ (NLAT) from discontinued operations attributable to equity holders of the parent entity (before significant items[1])	111.4	(82.8)	n.m.
Significant items[1] after tax attributable to equity holders of the parent entity from:			
Continuing operations	-	(749.5)	n.c.
Discontinued operations	-	(1,878.3)	n.c.
NPAT/ (NLAT) attributable to equity holders of the parent entity	**1,533.5**	**(1,234.8)**	**n.m.**
MARGINS – continuing operations before significant items[1]			
Gross profit (%)	28.71	28.36	35 bps
Cost of doing business (%)	24.52	23.78	74 bps
EBIT (%)	4.19	4.57	(38) bps
EARNINGS PER SHARE (EPS) AND DIVIDENDS			
Weighted average ordinary shares on issue (million)	1,283.9	1,263.5	1.6%
Basic EPS (cents) – from continuing operations:			
Before significant items[1]	110.8	116.8	(5.1)%
After significant items[1]	110.8	57.5	92.7%
Diluted EPS (cents) – from continuing operations:			
Before significant items[1]	110.5	116.8	(5.4)%
After significant items[1]	110.5	57.5	92.2%
Interim dividend per share (cents)	34.0	44.0	(22.7)%
Final dividend per share (cents)[i]	50.0	33.0	51.5%
Total dividend per share (cents)	84.0	77.0	9.1%

i Final 2017 dividend payable on 6 October 2017 will be fully franked

Note: Refer to Appendix Two for analysis of profit/(loss) for the period from discontinued operations.

SALES SUMMARY – FY17

$ MILLION	FY17 (52 WEEKS)	FY16 (52 WEEKS)	CHANGE
Continuing operations			
Australian Food [2]	36,371	34,798	4.5%
Endeavour Drinks Group	7,913	7,589	4.3%
New Zealand Food (AUD)	5,887	5,592	5.3%
New Zealand Food (NZD)	*6,232*	*6,101*	*2.1%*
BIG W	3,598	3,820	(5.8)%
Hotels	1,553	1,512	2.7%
Unallocated (EziBuy)	153	163	(6.1)%
Sales from continuing operations	**55,475**	**53,474**	**3.7%**
Discontinued operations			
Home Improvement	903	2,100	(57.0)%
Petrol [2]	4,682	4,612	1.5%
Sales from discontinued operations	**5,585**	**6,712**	**(16.8)%**
Group sales	**61,060**	**60,186**	**1.5%**

BUSINESS PERFORMANCE

Earnings/(loss) before interest and tax (EBIT/LBIT)

$ MILLION	2017 (52 WEEKS)	2016 (52 WEEKS)	CHANGE
Continuing operations (before significant items [1])			
Australian Food [2]	1,603.1	1,642.0	(2.4)%
Endeavour Drinks Group	502.5	483.8	3.9%
New Zealand Food	292.3	284.4	2.8%
New Zealand Food (NZD)	*309.4*	*313.9*	*(1.4)%*
BIG W	(150.5)	(14.9)	n.m.
Hotels	232.9	208.5	11.7%
Central overheads	(154.3)	(157.8)	(2.2)%
EBIT continuing operations (before significant items [1])	**2,326.0**	**2,446.0**	**(4.9)%**
Significant items [1] (before tax)	-	(951.1)	n.c.
EBIT continuing operations (after significant items [1])	**2,326.0**	**1,494.9**	**55.6%**
Discontinued operations (before significant items [1])			
Home Improvement	159.0	(218.8)	n.m.
Petrol [2]	157.9	117.8	34.0%
Significant items [1] (before tax)	-	(3,062.6)	n.c.
EBIT/(LBIT) discontinued operations (after significant items [1])	**316.9**	**(3,163.6)**	**n.m.**
Group EBIT/(LBIT) continuing and discontinued operations (after significant items [1])	**2,642.9**	**(1,668.7)**	**n.m.**

GROUP TRADING PERFORMANCE

Sales from continuing operations were $55.5 billion, an increase of 3.7% in FY17. Growth of 4.5% and 4.3% in Australian Food and Endeavour Drinks respectively drove the majority of the growth but was somewhat offset by the sales reduction in BIG W. FY17 sales by quarter are provided in Appendix Four.

Gross profit from continuing operations (before significant items) as a percentage of sales increased 35 bps on the prior year to 28.71% driven primarily by the material improvement in stock loss in Australian and New Zealand Food during the year, somewhat offset by continued price investment.

Cost of doing business from continuing operations (CODB) (before significant items) as a percentage of sales increased 74 bps on the prior year to 24.52% primarily due to increased investment in Australian and New Zealand Food into our customer offers and higher team performance-based bonuses. Excluding the incremental performance-based incentives and $35.3 million BIG W impairment in HY17, CODB before significant items increased by 33 bps for FY17 and decreased by 4 bps in the second half.

EBIT from continuing operations (before significant items) decreased 4.9% on the prior year to $2,326 million with the majority of the reduction as a result of higher losses in BIG W. In the second half, EBIT from continuing operations (before significant items) increased by 11.0%, driven by Australian Food.

Net financing costs decreased 21.2% on the prior year due to lower average debt and effective borrowing rates.

NPAT attributable to equity holders of the parent entity from continuing operations (before significant items) decreased by 3.6% on the prior year to $1,422.1 million, with corresponding EPS (before significant items) down 5.1% to 110.8 cents.

On a statutory basis, the NPAT attributable to equity holders of the parent entity was $1,533.5 million compared to a NLAT of $1,234.8 million in FY16 after significant items. The corresponding EPS was 119.4 compared to a loss per share (LPS) of 97.7 cents in FY16.

AUSTRALIAN FOOD [2]

$ MILLION	2017 (52 WEEKS)	2016 (52 WEEKS)	CHANGE
Before significant items [1]			
Sales	**36,371**	**34,798**	**4.5%**
EBITDA	**2,164.7**	**2,165.6**	**(0.0)%**
Depreciation and amortisation (D&A)	(561.6)	(523.6)	7.3%
EBIT	**1,603.1**	**1,642.0**	**(2.4)%**
Gross margin (%)	28.07	27.37	70 bps
Cost of doing business (%)	23.66	22.65	101 bps
EBIT to sales (%)	4.41	4.72	(31) bps
Sales per square metre ($)	**16,213**	**16,000**	**1.3%**
Funds employed	1,071.0	1,133.6	(5.5)%
Return on average funds employed (ROFE) [3] (%)	166.1	133.4	32.7 pts

OPERATING METRICS

YEAR ON YEAR (%)	Q1'17 (14 WEEKS)	Q2'17 (13 WEEKS)	Q3'17 (13 WEEKS)	Q4'17 (12 WEEKS)
Customer metrics				
Overall Customer Satisfaction	76%	79%	77%	78%
Store-controllable VOC	79%	80%	80%	81%
Sales productivity metrics			**Easter adjusted**	
Total sales	1.7%	4.0%	5.6%	7.2%
Comparable sales	0.7%	3.1%	4.5%	6.4%
Volume productivity metrics			**Easter adjusted**	
Comparable transaction growth (%)	2.5%	2.7%	4.1%	5.2%
Comparable items per basket (%)	(2.0)%	0.8%	0.6%	0.4%
Comparable item growth (%)	0.5%	3.5%	4.7%	5.6%
Change in average prices				
Total	(2.1)%	(2.6)%	(2.5)%	(1.2)%
Total excluding Tobacco	(3.3)%	(4.0)%	(4.0)%	(2.6)%

TRADING PERFORMANCE

Australian Food sales momentum continued into the fourth quarter with Easter adjusted sales growth of 7.2% and comparable sales growth (Easter adjusted) of 6.4%. Comparable customer transaction growth of 5.2% (Easter adjusted) and an improvement in items per basket drove comparable item growth of 5.6% in the fourth quarter.

Sales for the year of $36.4 billion increased 4.5% on the previous year, while comparable sales increased by 3.6%. Online sales grew by 15.8% for the year with 18.7% growth in the second half.

Our VOC scores have continued to improve over the financial year with Overall Customer Satisfaction reaching 78% (FY16: 75%) and store-controllable VOC increasing to 81% (FY16: 77%). Both have improved on Q3'17. We have seen an improvement on the prior financial year across all seven store-controllable VOC metrics. On-shelf availability and Fruit & Vegetables remain our biggest opportunities for further improvement.

Sales per square metre increased by 1.3% to $16,213, compared to FY16, driven largely by the improvement in comparable sales growth. During the year we closed 22 stores and opened 25 including six Metros, ending the year with 995 Woolworths Supermarkets and Metro stores. We closed two Thomas Dux stores with three remaining at year end. Despite the store closures, average space growth for the year was 3.1% compared to FY16 due to timing.

Average prices declined by 2.1% in FY17 as we continued to lower prices for our customers. Deflation eased in the fourth quarter to 1.2%, as we experienced inflation in Fruit & Vegetables, with deflation ex-Tobacco and Fruit & Vegetables in the fourth quarter of 3.3%. Customer price perception is beginning to improve but remains a major opportunity and reflects our focus on improving customers' trust in our prices through lowering shelf prices, with approximately 3,500 products on our Low Price Always or Price Dropped programs at the end of the year.

The increase in gross margin of 70 bps to 28.07% is primarily due to material improvements in stock loss and, to a more limited extent, improved product mix and promotional effectiveness offset somewhat by net investment in price. CODB as a percentage of sales increased by 101 bps as we invested in team hours and higher team performance-based bonuses compared to the prior year. We have also invested in training and in our IT Foundations and Renewal programs, which contributed to higher depreciation.

EBIT declined by 2.4% to $1,603.1 million for the year resulting in a full year EBIT margin of 4.41%. Second half EBIT increased by 13.2% at a margin of 4.48%. Excluding the impact of incremental team incentive payments during the year, EBIT increased by 8.3%.

Strong working capital management resulted in a significant reduction in average funds employed, which has more than offset the reduction in underlying earnings and led to an improvement of 32.7 pts in ROFE.

ENDEAVOUR DRINKS

$ MILLION	2017 (52 WEEKS)	2016 (52 WEEKS)	CHANGE
Before significant items [1]			
Sales	**7,913**	**7,589**	**4.3%**
EBITDA	**578.2**	**558.6**	**3.5%**
Depreciation and amortisation	(75.7)	(74.8)	1.2%
EBIT	**502.5**	**483.8**	**3.9%**
Gross margin (%)	23.08	23.41	(33) bps
Cost of doing business (%)	16.73	17.03	(30) bps
EBIT to sales (%)	6.35	6.38	(3) bps
Sales per square metre ($)	**18,039**	**17,943**	**0.5%**
Funds employed	3,017.3	3,070.0	(1.7)%
ROFE [3] (%)	16.9	16.3	62 bps

OPERATING METRICS

YEAR ON YEAR (%)	Q1'17 (14 WEEKS)	Q2'17 (13 WEEKS)	Q3'17 (13 WEEKS)	Q4'17 (12 WEEKS)
Sales productivity metrics			**Easter adjusted**	
Total sales	3.8%	4.2%	3.9%	5.3%
Comparable sales	1.8%	2.9%	2.2%	4.6%

TRADING PERFORMANCE

Endeavour Drinks sales increased by 4.3% to $7,913 million in FY17 with solid growth in comparable sales of 2.8% and a strong contribution from new store openings. Both retail banners, Dan Murphy's and BWS, reported comparable sales growth with growth in attached BWS stores a particular highlight. In the fourth quarter, Easter adjusted comparable sales increased by 4.6% due to strong execution around seasonal events. The sales improvement was consistent with improvements in NPS and Voice of Customer.

Sales per square metre increased by 0.5% with total sales growth of 4.3% offset by net average space growth of 3.7%.

Dan Murphy's delivered another year of strong sales with 12 net new stores opened and strong double digit sales growth in online. My Dan Murphy's membership has now reached 2.4 million members less than three years after its launch. Dan Murphy's retained its market leading NPS.

BWS reported solid comparable sales growth driven by improved growth in our attached BWS stores and a strong improvement in NPS. We opened 19 net new BWS stores in FY17 bringing the network to 1,298 stores at the end of the year. Other key milestones were the launch of BWS Online in October FY17 with one hour Click & Collect available at all stores and we are currently trialling fast delivery in around 50 BWS stores.

Endeavour Drinks gross margin declined by 33 bps to 23.1% due to the negative category mix with beer and spirits outgrowing wine as well as targeted price investments.

CODB as a percentage of sales decreased by 30 bps due to the gain on sale of a business of $8.4 million, strong cost management despite higher fixed costs associated with store openings during the year and minor reallocations between gross margin and CODB for the Summergate business.

EBIT increased 3.9% to $502.5 million in FY17.

ROFE improved by 62 bps driven by the increase in EBIT and reduction in funds employed despite a number of new store openings during the year.

NEW ZEALAND FOOD [4]

NZ$ MILLION	2017 (52 WEEKS)	2016 (52 WEEKS)	CHANGE
Before significant items [1]			
Sales	**6,232**	**6,101**	**2.1%**
EBITDA	**426.8**	**429.9**	**(0.7)%**
Depreciation and amortisation	(117.4)	(116.0)	1.2%
EBIT	**309.4**	**313.9**	**(1.4)%**
Gross margin (%)	24.00	23.58	42 bps
Cost of doing business (%)	19.04	18.44	60 bps
EBIT to sales (%)	4.96	5.14	(18) bps
Sales per square metre ($)	**15,137**	**15,178***	**(0.3)%**
Funds employed ($ million)	2,934.5	2,906.4	1.0%
ROFE [3] (%)	10.5	10.3	21 bps

OPERATING METRICS

YEAR ON YEAR (%)	Q1'17 (14 WEEKS)	Q2'17 (13 WEEKS)	Q3'17 (13 WEEKS)	Q4'17 (12 WEEKS)
Customer metrics†				
Overall Customer Satisfaction	61%	62%	64%	66%
Store-controllable VOC	64%	65%	67%	68%
Sales productivity metrics			**Easter adjusted**	
Total sales	1.9%	1.4%	2.2%	3.4%
Comparable sales	(0.7)%	0.5%	2.1%	3.0%
Volume productivity metrics			**Easter adjusted**	
Comparable transaction growth (%)	1.3%	1.8%	1.4%	1.5%
Comparable items per basket (%)	(1.0)%	0.0%	0.5%	0.1%
Comparable item growth (%)	0.3%	1.8%	1.9%	1.6%
Countdown Supermarkets Food Price Index	(0.5)%	0.1%	0.8%	1.3 %

TRADING PERFORMANCE

New Zealand Food's sales for the year were NZ$6.2 billion, an increase of 2.1% on the previous year (5.3% increase in AUD). Sales in the first half last year were assisted by the bulk sales of gift cards and excluding the sales of these cards, full year sales growth was 2.8%. Easter adjusted sales in Q3'17 and Q4'17 were 2.2% and 3.4% respectively.

Comparable sales increased 1.2% for the year or 1.8% excluding bulk gift card sales. Comparable sales strengthened during the second half (HY17: 0% (1.1% gift card adjusted), H2'17: 2.5%) as customers continued to react positively to our price, service, fresh and local ranging activity, as well as the new partnership between our Onecard loyalty program and AA Smartfuel launched in Q2'17. This was consistent with our improving customer metrics over the course of the year. Sales per square metre was flat for the year, but moved into growth in the second half. Countdown ended the year with customer satisfaction and team engagement at new highs.

The Countdown Supermarkets Food Price Index increased by 0.4% driven by a combination of a return to inflation of dairy products and higher levels of inflation in fresh produce impacted by growing conditions and supply.

* Sales per square metre has been restated from prior year to be consistent with current Australian Food definition
† In New Zealand, customer satisfaction is measured on a 10 point scale and reflects percentage of customers rating Countdown 9 or 10. In Australian Food a 7 point scale is used and reflects the percentage of customers rating Woolworths a 6 or 7

Gross margin increased 42 bps on the previous year due to reduced stock loss through store security and ranging initiatives, changes in fuel discount promotions and fewer low-margin bulk gift card sales.

CODB as a percentage of sales increased 60 bps on the previous year driven by investment in the store team to improve the customer experience, logistics costs (impacted by the Kaikoura earthquake), occupancy and team bonuses.

EBIT decreased 1.4% but was up marginally when normalised for team performance-based bonuses compared to the prior year.

ROFE was 21 bps higher than the prior year due to a reduction in average funds employed despite lower EBIT.

PORTFOLIO BUSINESSES – BIG W

$ MILLION	2017 (52 WEEKS)	2016 (52 WEEKS)	CHANGE
Before significant items[1]			
Sales	**3,598**	**3,820**	**(5.8)%**
(LBITDA)/ EBITDA	**(74.1)**	**68.2**	**n.m.**
Depreciation and amortisation	(76.4)	(83.1)	(8.1)%
LBIT	**(150.5)**	**(14.9)**	**n.m.**
Gross margin (%)	30.82	31.69	(87) bps
Cost of doing business (%)	35.00	32.08	292 bps
LBIT to sales (%)	(4.18)	(0.39)	(379) bps
Sales per square metre ($)	**3,396**	**3,602**	**(5.7)%**
Funds employed	514.3	555.2	(7.4)%
ROFE[3] (%)	(31.6)	(2.3)	(29.4) pts

OPERATING METRICS

YEAR ON YEAR (%)	Q1'17 (14 WEEKS)	Q2'17 (13 WEEKS)	Q3'17 (13 WEEKS)	Q4'17 (12 WEEKS)
BIG W price inflation	(3.7)%	(5.1)%	(6.7)%*	(4.3)%
Sales productivity metrics			**Easter adjusted**	
Total sales	(5.5)%	(6.8)%	(6.1)%	(4.4)%
Comparable sales	(5.7)%	(6.7)%	(5.7)%	(3.9)%

TRADING PERFORMANCE

BIG W reported sales of $3.6 billion, a decrease of 5.8% on the previous year with comparable sales declining 5.7%. The sales decline was primarily a function of a continued multi-year decline in transaction count and deflation largely driven by clearance and discounting. Sales in the fourth quarter declined by 4.4% on an Easter adjusted basis, however, was impacted by the change in timing of the annual toy sale which was a week later than last year to align with school holidays. Excluding the impact of the change in toy sale timing, Easter adjusted comparable sales declined by 3.0%.

An 87 bps decline in gross margin was driven by an investment in price in the second half as we began to invest to implement our new turnaround plan as well as more aggressive clearance activity in seasonal lines and increased stock loss.

CODB was broadly flat in dollar terms, however, increased by 292 bps as a percentage of sales driven by lower sales limiting the ability to fractionalise costs and the 98 bps impact from first half impairment and provisions for onerous leases of $35.3 million. Detailed impairment testing based on the new BIG W turnaround plan has been undertaken with no further impairments currently required.

Asset impairment and a reduction in property, plant and equipment due to lower capital expenditure resulted in a reduction in funds employed. The increase in losses for the year more than offset the reduction in funds employed.

A significant body of work was undertaken to build out a turnaround plan to stabilise and improve the business. We put the customer back at the heart of BIG W by developing a strategy focused on rebuilding customer trust on price and deliver the right product solutions, while enhancing our customers' shopping experience in-store and online. We have started to make a number of changes across the business to rebuild team morale and capability and create a strong platform to re-establish our price credentials.

* Q3'17 inflation restated

The BIG W turnaround will be a multi-year journey and while we hope to stabilise sales in FY18, we do not expect an improvement in trading performance due to the investment required to regain customer trust on price, improve our product offering and enhance the customer shopping experience.

PORTFOLIO BUSINESSES – HOTELS

$ MILLION	2017 (52 WEEKS)	2016 (52 WEEKS)	CHANGE
Before significant items[1]			
Sales	**1,553**	**1,512**	**2.7%**
EBIT	**232.9**	**208.5**	**11.7%**
Gross margin (%)	83.10	82.85	25 bps
Cost of doing business (%)	68.10	69.06	(96) bps
EBIT to sales (%)	15.00	13.79	121 bps

TRADING PERFORMANCE

Sales for the year were $1.6 billion, an increase of 2.7% on the previous year with comparable sales increasing by 2.4%. Sales growth was driven by a strong result in Bars, Food and Accommodation.

Hotels gross margin increased by 25 bps largely due to an improvement in Bars margins from better trading terms and more effective promotional activity.

CODB as a percentage of sales decreased 96 bps on the prior year due to strong cost control and as we cycled the increased spending on promotional activities to drive increased hotel patronage in the prior year.

EBIT increased 11.7% on the previous year to $232.9 million.

DISCONTINUED OPERATIONS

$ MILLION	2017 (52 WEEKS)	2016 (52 WEEKS)	CHANGE
Before significant items [1]			
Sales			
Home Improvement	903	2,100	(57.0)%
Petrol	4,682	4,612	1.5%
EBIT/ (LBIT)			
Home Improvement	159.0	(218.8)	n.m.
Petrol	157.9	117.8	34.0%

TRADING PERFORMANCE

Home Improvement

Home Improvement sales declined in FY17 compared to the prior year following the closure of Masters stores in December 2016 and the sale of Home Timber & Hardware Group (HTH) to Metcash in October 2016.

Home Improvement EBIT for FY17 reflects the trading losses up until the dates of closure and sale of Masters and Home Timber & Hardware and other operating expenses offset by gains from asset and provision reassessments.

On 4 August, Lowe's one third share in the Home Improvement joint venture was acquired for $250.8 million. We expect to complete the Home Consortium transaction in late September which will finalise the sale of 61 freehold properties and the transfer of 20 leaseholds to Home Consortium.

Petrol

On 24 December 2016, we entered into a binding agreement to sell 527 Woolworths-owned fuel convenience sites and 16 committed development sites to BP for $1.785 billion. Consequently, the Petrol business has been classified as a discontinued operation. The transaction is subject to certain conditions including, but not limited to, obtaining Australian Competition and Consumer Commission (ACCC) and Foreign Investment Review Board (FIRB) approval. On 10 August, the ACCC released its Statement of Issues on the transaction. This outlined the key areas of focus for the ACCC in considering the transaction. Woolworths and BP will continue to engage with the ACCC to address any issues that may prevent the transactions being approved. Completion is expected to occur no earlier than 2 January 2018.

Petrol sales were $4.7 billion, an increase of 1.5% on the previous year (volumes decreased by 0.6%) driven primarily by rising average fuel sell prices (unleaded FY17: 121.6 cpl; FY16: 120.5 cpl). Comparable Petrol sales (dollars) declined 0.4% with comparable fuel volumes declining by 2.4%. Merchandise sales for the year increased 2.7% and comparable Merchandise sales increased 0.1%. EBIT increased by 34% due to higher gross profit, strong cost control and a reduction in depreciation following the reclassification of Petrol to 'net assets held for sale'.

Refer Appendix Two for a reconciliation of EBIT/(LBIT) from discontinued operations to profit/(loss) from discontinued operations.

OVERHEADS, BALANCE SHEET AND CASH FLOW

CENTRAL OVERHEADS INCLUDING EZIBUY

Central overheads before significant items including EziBuy were $154.3 million for the year. Excluding EziBuy, central overheads were $151.8 million and increased $9.2 million on the prior year partly driven by higher team performance-based bonuses. The loss before interest and tax for EziBuy was $2.5 million compared to LBIT of $15.2 million in the prior year. EziBuy was sold at the end of June 2017.

GROUP BALANCE SHEET AS AT 25 JUNE 2017

$ MILLION	FY17 25 JUNE 2017	FY16 26 JUNE 2016	CHANGE
Inventory	4,080.4	4,558.5	(10.5)%
Trade payables	(5,068.2)	(4,809.1)	5.4%
Net investment in inventory	**(987.8)**	**(250.6)**	**294.2%**
Receivables	816.8	849.8	(3.9)%
Other creditors	(1,928.4)	(1,751.5)	10.1%
Provisions [i]	(2,481.5)	(3,277.7)	(24.3)%
Fixed assets and investments	8,555.7	8,371.3	2.2%
Net assets held for sale	1,222.9	897.9	36.2%
Intangible assets [ii]	6,532.8	6,590.6	(0.9)%
Total funds employed	**11,730.5**	**11,429.8**	**2.6%**
Net tax balances [ii]	291.4	458.2	(36.4)%
Net assets employed	**12,021.9**	**11,888.0**	**1.1%**
Net repayable debt	(1,895.0)	(3,086.1)	(38.6)%
Other financial liabilities [i]	(250.8)	(20.0)	n.m.
Net assets	**9,876.1**	**8,781.9**	**12.5%**
Non-controlling Interests	350.1	311.3	12.5%
Shareholders' equity	9,526.0	8,470.6	12.5%
Total equity	**9,876.1**	**8,781.9**	**12.5%**
KEY RATIOS – excluding Home Improvement and Petrol			
Closing inventory days (based on COGS)	37.6	38.6	(1.0) days
Closing trade payable days (based on sales)	43.7	41.4	2.3 days
ROFE (before significant items[1])[ii]	22.3%	21.7%	61 bps
ROFE (before significant items[1]) – lease adjusted [ii]	13.1%	13.3%	(16) bps

i Other financial liabilities represent the Hotels gaming entitlement liability and Hills license payable. In calculating funds employed, the contingent consideration (FY16: $21.8 million) has been reclassified to provisions to better reflect the economic nature of this liability to the Group.

ii Due to a change in the Group's income tax accounting policy disclosed in Note 3.6 of the 2017 Financial Report, the Group is required to 'gross up' the balance sheet for goodwill and deferred tax liabilities in relation to historic purchases of indefinite life intangibles (2017: $612.3m, 2016: $612.3m). This change does not impact the profit or loss and has been excluded from the ROFE calculation.

Closing inventory of $4,080.4 million decreased $478 million with $490 million of the decrease attributable to the exit from Home Improvement and the reclassification of Petrol inventory to 'net assets held for sale'. Excluding the impact of the above items, inventory increased by only $12 million, despite sales growth from continuing operations of 3.7%, resulting in a one day reduction in closing inventory days (excluding Home Improvement and Petrol) to 37.6 days.

Net investment in inventory of $987.8 million declined $737 million on the prior year. Excluding Home Improvement, the reclassification of Petrol to 'net assets held for sale' and sale of EziBuy, net investment in inventory declined $330 million due to business growth and working capital initiatives.

Other creditors of $1,928.4 million increased $177 million driven by an increase in accruals for short-term team performance-based bonuses and other trading accruals.

Provisions of $2,481.5 million decreased $796 million driven by utilisation of FY16 significant items provisions. Excluding Home Improvement, significant items previously recognised and the reclassification of Petrol to 'net assets held for sale', provisions increased $29 million primarily due to an increase in provisions for employee entitlements and onerous lease provisions for BIG W recognised in HY17.

Fixed assets and investments of $8,555.7 million increased by $184 million. Excluding the transfer of Petrol and other Group properties to 'net assets held for sale', fixed assets and investments increased by $695 million. This was driven by net capital expenditure of $1,754 million relating to new stores, store refurbishments and support assets offset by depreciation charges and asset disposals and retirements in the ordinary course of business.

Net assets held for sale of $1,222.9 million represents assets and liabilities primarily relating to Petrol, property, plant and equipment relating to Masters, and other Woolworths Group properties held for sale. The increase on the prior year was largely as a result of the reclassification of Petrol to 'net assets held for sale' offset by the disposal of Home Timber & Hardware, EziBuy and other Group properties held for sale.

Intangible assets of $6,532.8 million declined marginally driven by the reclassification of Petrol to 'net assets held for sale'.

Total funds employed increased by $301 million, primarily driven by the utilisation of significant items provisions and net investments in stores offset by improvements in working capital.

Net tax balances of $291.4 million decreased $167 million primarily due to the revision of net tax benefits associated with Home Improvement business exit costs.

Net repayable debt of $1,895.0 million declined by $1,191 million due to the strong free cash flow during the year.

Other financial liabilities of $250.8 million increased $231 million, primarily due to the recognition of the Lowe's put option liability of $250.8 million following the acquisition of Lowe's one third share of Home Improvement on 4 August 2017.

Shareholders' equity increased $1,055 million to $9,526.0 million primarily reflecting the profits generated from operations attributable to equity holders of the parent entity of $1,533.5 million, offset by dividend payments of $860 million.

ROFE before significant items was 25.0%, an increase of 590 bps or excluding Home Improvement and Petrol was 22.3%, a 61bps increase on the prior year. Lease adjusted ROFE increased 179 bps to 14.0% or declined 16 bps excluding Home Improvement and Petrol.

GROUP CASH FLOW FOR THE 52 WEEKS ENDED 25 JUNE 2017

$ MILLION	FY17 (52 WEEKS)	FY16 (52 WEEKS)	CHANGE
EBITDA before significant items[1] – continuing operations	3,363.6	3,431.3	
EBITDA before significant items[1] – discontinued operations	340.2	(10.4)	
EBITDA before significant items[1]	**3,703.8**	**3,420.9**	**8.3%**
Significant items[1]	-	(4,013.7)	
EBITDA	**3,703.8**	**(592.8)**	
Impairment of non-financial assets[1]	14.4	2,118.9	
Net decrease in inventory	367.6	204.1	
Net increase/(decrease) in trade payables	260.2	(171.8)	
Net (decrease)/increase in provisions	(821.6)	1,655.9	
Net change in other working capital and non-cash	499.7	281.0	
Cash from operating activities before interest and tax	**4,024.1**	**3,495.3**	**15.1%**
Net interest paid	(234.0)	(289.3)	
Tax paid	(668.1)	(848.5)	
Total cash provided by operating activities	**3,122.0**	**2,357.5**	**32.4%**
Proceeds from the sale of property, plant and equipment and businesses and investments	480.5	737.0	
Payments for the purchase of property, plant and equipment, property development, intangible assets, investments and contingent consideration	(1,915.4)	(2,006.9)	
Dividends received	3.5	3.2	
Total cash used in investing activities	**(1,431.4)**	**(1,266.7)**	**13.0%**
Lowe's cash contributions (Home Improvement)	-	120.0	
Transactions with non-controlling interests	-	(12.1)	
Proceeds from share issues/other	55.5	-	
Dividends paid (including to non-controlling interests)	(562.4)	(1,217.2)	
Free cash flow after equity related financing activities	**1,183.7**	**(18.5)**	**n.m.**

Cash flow from operating activities before interest and tax increased $529 million to $4,024.1 million. Excluding Home Improvement, cash flow from operating activities before interest and tax increased $287 million primarily driven by the improvement in net investment in inventory as well as general business growth offset by utilisation of significant item[1] provisions.

Cash realisation ratio[5] was 117.6% impacted by the Home Improvement business. Excluding Home Improvement, our cash realisation ratio was 122.5% (FY16: 103.6%) primarily driven by the improvement in net investment in inventory.

Net interest paid of $234 million decreased $55 million due to a decrease in the net effective interest rate on lower debt.

Tax payments decreased to $668.1 million for the year (FY16: $848.5 million) predominately due to the reduction in the income tax instalment rate reflecting lower FY16 earnings.

Cash used in investing activities was $1,431.4 million, an increase of $165 million on the prior year. Cash proceeds of $481 million were received from the sale of property, plant and equipment, businesses and investments including proceeds from the sale of HTH.

Payments for the purchase of property, plant and equipment, property development, intangible assets, investments and contingent consideration decreased by $91.5 million, primarily as a result of $220.1 million lower property development expenditure in the current period. This was offset by a $169 million increase in investment in property, plant and equipment of $1,633.6 million which included continued investment in new stores, store renewals and spend associated with supply chain and IT asset initiatives.

Our **fixed charges cover ratio**[6] is 2.5 times. Fixed charges cover ratio from continuing operations is 2.4 times (FY16: 2.4).

CAPITAL MANAGEMENT

Woolworths Group manages its capital structure with the objective of enhancing long-term shareholder value through optimising its weighted average cost of capital while retaining financial flexibility to invest in its business in a manner consistent with its key priorities. The Group remains committed to a solid investment grade credit rating[7] and a number of actions can be undertaken to support the credit profile, including the sale of non-core assets, further working capital initiatives and adjusting its growth capital expenditure and property leasing profile.

In April 2016, the company introduced a 1.5% discount on the dividend reinvestment plan ("DRP") and removed the participation limit. This has continued during FY17 and the participation rate for the October 2016 final and April 2017 interim DRPs was approximately 37%. The October 2016 DRP was partially underwritten to 50%, the proceeds of which were used predominantly to replace the Woolworths Notes II and the balance to allow for accelerated investment in the store renewal program. The discount and uncapped participation will remain in place for the October 2017 final dividend.

The company will seek to return capital to shareholders when that is consistent with its long-term capital structure objectives and where it will enhance shareholder value.

Financing transactions during FY17

Maturities

The five year non-call period for the A$700 million Woolworths Notes II ended on 24 November 2016. Pursuant to a replacement capital covenant, the Notes were refinanced by a combination of surplus cash, debt and equity. Eligible equity assigned to the redemption was raised via the DRP during the interim and final FY16 dividends.

US$300 million (approximately A$381 million) in US notes matured in April 2017. This was repaid with existing bank facilities previously established for this purpose.

New transactions

In November 2016, the Group executed a A$700 million syndicated bank loan facility comprising a three-year and four-year revolving tranche of A$320 million and A$200 million respectively, and a four-year term loan tranche of US$140 million.

In May 2017, the Group pre-financed its A$400 million bank guarantee facility which matures in November 2017 and upsized it to A$500 million. This facility is for the purpose of Woolworths Group meeting its WorkCover obligations as a 'self-insurer' by issuing bank guarantees in favour of Australian WorkCover authorities and is underpinned by the international surety market. The original facility was finalised in 2014 for a three-year commitment to November 2017 and is currently fully drawn. The new facility may be drawn at any time up to November 2017, and will expire in three years following initial drawing. It is currently undrawn.

Upcoming refinancing

Woolworths Group has no upcoming refinancings during FY18.

NEW STORE ROLLOUT PLANS FROM CONTINUING OPERATIONS

Space rollout is supported by detailed plans for the next three to five years identifying specific sites.

	FY17 NET STORE OPENINGS (INCL. ACQUISITIONS)	MEDIUM TERM TARGET (NET)
Woolworths Supermarkets	3	10 – 20 new full range supermarkets per annum
New Zealand Food		
Countdown	-	3 – 4 new supermarkets per annum
Franchise Stores	*1*	
Dan Murphy's	12	6 – 10 new stores per annum
BWS (including attached)	19	6 – 10 new stores per annum (standalone)
BIG W	(1)	Only where previously committed
Hotels (ALH Group)	(2)	Acquire as appropriate opportunities arise

OUTLOOK

The focus of the Woolworths Group in FY18 will continue to be on our five key priorities. Our emphasis is moving from fixing the basics to leveraging team work, digital and insights to transform core business processes and improve the customer experience while sustainably reducing CODB. In the first half, we have a particular focus on improved team scheduling (right team member, right hours, right day), on-shelf availability and the roll-out of Store Pick up (for online orders).

In Australian Food, we expect the trading environment to remain competitive in the year ahead but also expect to see continued progress. However, we do not expect sales growth to continue at the same rate as achieved in Q4'17. For the first eight weeks of FY18, Australian Food comparable sales growth has been broadly in line with the FY17 second half growth rate.

FY18 will be a year of investment for New Zealand Food which will impact profit in the short-term.

Currently, we do not expect an improvement in losses at BIG W in FY18 as we continue to invest across the business to restore growth. While we expect to see a positive customer response to lower prices, better product solutions and a better customer shopping experience, it is still too soon to tell when this will translate into sales momentum and improved profitability.

Our Q1'18 sales release is currently scheduled for 31 October 2017.

-ends-

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APPENDIX ONE: ASIC REGULATORY GUIDE 230 DISCLOSING NON-IFRS FINANCIAL INFORMATION

This Annual Report contains certain non-IFRS financial measures of historical financial performance, balance sheet or cash flows. Non-IFRS financial measures are financial measures other than those defined or specified under all relevant accounting standards. The measures therefore may not be directly comparable with other companies' measures. Many of the measures used are common practice in the industry in which Woolworths Group operates. Non-IFRS financial information should be considered in addition to, and are not intended to be a substitute for, or more important than, IFRS measures. The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by Australian Security and Investments Commission (ASIC) in December 2011 to promote full and clear disclosure for investors and other users of financial information and minimise the possibility of those users being misled by such information.

These measures are used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments. The directors also believe that these non-IFRS measures assist in providing additional meaningful information on the underlying drivers of the business, performance and trends, as well as position of the Woolworths Group. Non-IFRS financial measures are also used to enhance the comparability of information between reporting periods (such as comparable sales), by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Woolworths Group's performance. Consequently, non-IFRS measures are used by the directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with the prior year.

The key non-IFRS measures used in describing the business performance include:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Cost of doing business
- Fixed charges cover ratio
- Return on funds employed and lease adjusted return on funds employed
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)
- Comparable sales
- Significant items

Non-IFRS measures used in describing the balance sheet (or 'Consolidated Statement of Financial Position') and cash flow statement (or 'Consolidated Statement of Cash Flows') includes:

- Funds employed
- Net assets employed
- Cash flow from operating activities before interest and tax
- Free cash flow
- Fixed assets and investments
- Net repayable debt
- Cash realisation ratio
- Net investment in inventory
- Free cash flow after equity related financing activities
- Net assets held for sale
- Net tax balances
- Other financial assets and liabilities

The above non-IFRS measures have not been subject to audit or review.

APPENDIX ONE: ASIC REGULATORY GUIDE 230 DISCLOSING NON-IFRS FINANCIAL INFORMATION (CONTINUED)

The following table provides a reconciliation of EBIT, NPAT, NLAT, EPS and LPS before significant items to the statutory statement of profit or loss.

$ MILLION	FY17 (52 WEEKS)	FY16 (52 WEEKS)	CHANGE
EBIT			
EBIT from continuing operations – before significant items[1]	2,326.0	2,446.0	(4.9)%
Other items included in statutory EBIT:			
Significant items[1] from continuing operations (before tax)	-	(951.1)	n.c.
Statutory EBIT	2,326.0	1,494.9	55.6 %
NPAT/(NLAT)			
Profit from continuing operations after income tax attributable to equity holders of the parent entity – before significant items[1]	1,422.1	1,475.8	(3.6)%
Other items included in statutory NPAT:			
Significant items[1] from continuing operations after tax attributable to equity holders of the parent entity	-	(749.5)	n.c.
Statutory profit from continuing operations attributable to equity holders of the parent entity	**1,422.1**	**726.3**	**95.8%**
Profit/(loss) from discontinued operations after income tax attributable to equity holders of the parent entity – before significant items[1]	111.4	(82.8)	n.m.
Other items included in statutory NPAT:			
Significant items[1] from discontinued operations after tax attributable to equity holders of the parent entity	-	(1,878.3)	n.c.
Statutory profit/(loss) attributable to equity holders of the parent entity	**1,533.5**	**(1,234.8)**	**n.m.**
Basic EPS			
Profit from continuing operations after income tax attributable to equity holders of the parent entity – before significant items[1] (as above)	1,422.1	1,475.8	(3.6)%
Weighted average ordinary shares on issue	*1,283.9*	*1,263.5*	
Basic EPS (cents) – before significant items[1]	**110.8**	**116.8**	**(5.1)%**
Statutory profit/ (loss) attributable to equity holders of the parent entity (as above)	1,533.5	(1,234.8)	n.m.
Weighted average ordinary shares on issue	*1,283.9*	*1,263.5*	
Basic EPS/(LPS) (cents)	119.4	(97.7)	n.m.
Diluted EPS			
Profit from continuing operations after income tax attributable to equity holders of the parent entity – before significant items[1] (as above)	1,422.1	1,475.8	(3.6)%
Weighted average ordinary shares on issue	*1,287.3*	*1,263.9*	
Diluted EPS (cents) – before significant items[1]	**110.5**	**116.8**	**5.4%**
Statutory profit/ (loss) attributable to equity holders of the parent entity (as above)	1,533.5	(1,234.8)	n.m.
Weighted average ordinary shares on issue	*1,287.3*	*1,263.9*	
Diluted EPS/ (LPS) (cents)	119.1	(97.7)	n.m.

APPENDIX TWO: ANALYSIS OF PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS

The profit/(loss) for the Home Improvement and Petrol businesses for the reporting period are set out below, including comparative information:

HOME IMPROVEMENT	2017 $M	2016 $M
Revenue from the sale of goods	**903.3**	2,100.2
Expenses	**(1,066.1)**	(2,319.0)
Impairment of Home Improvement assets and store exit costs[1]	**572.6**	(3,055.1)
Put option liability	**(250.8)**	–
Earnings/(Loss) before interest and income tax	**159.0**	(3,273.9)
Net financing costs	**(18.2)**	(19.2)
Profit/(Loss) before income tax	**140.8**	(3,293.1)
Income tax (expense)/benefit	**(139.9)**	105.1
Profit/(Loss) for the period from Home Improvement discontinued operations	**0.9**	(3,188.0)
PETROL		
Revenue from the sale of goods	**4,682.1**	4,611.8
Expenses	**(4,524.2)**	(4,501.5)
Earnings before interest and income tax	**157.9**	110.3
Net financing costs	**–**	–
Profit before income tax	**157.9**	110.3
Income tax expense	**(47.4)**	(33.1)
Profit for the period from Petrol discontinued operations	**110.5**	77.2
Total profit/(loss) for the period from discontinued operations	**111.4**	(3,110.8)
Total profit/(loss) from discontinued operations attributable to:		
Equity holders of the parent entity	**111.4**	(1,961.1)
Non-controlling interests	**–**	(1,149.7)
	111.4	(3,110.8)

APPENDIX THREE: SIGNIFICANT ITEMS

FY17

There are no significant items from continuing operations in FY17.

FY16

Continuing operations
Included in FY16 Consolidated Statement of Profit or Loss were significant expenses before tax of $951.1 million incurred outside the ordinary course of trading operations resulting from a group-wide review of all aspects of the business. These items related to operating model and strategic changes of $154.9 million, store network optimisation and property rationalisation of $336.7 million, and General Merchandise impairment of $459.5 million. The total income tax benefit recognised from the significant expenses was $190.8 million resulting in a $760.3 million impact on profit for the period, comprised of $749.5 million attributable to equity holders of the parent entity and $10.8 million attributable to non-controlling interests.

Discontinued operations
As a result of the Group's decision to exit its Home Improvement businesses, the recoverable amount of assets and recognition, and measurement of liabilities, were assessed as at the end of FY16 based on management's best estimate of the expected net proceeds to be realised or payments to be incurred upon an orderly exit of the Home Improvement business, as follows:

- Impairment of property, plant and equipment of $1,478.2 million relating to impairments of properties, store assets and distribution centres pertaining to the Home Improvement business;
- Impairment of inventories of $189.7 million relating to the write-down of Home Improvement inventory to net realisable value;
- Onerous lease expense, store and other exit costs of $1,387.2 million relating to provisions for store closures, onerous leases and other exit costs based on the present value of management's best estimate of the expenditure required to settle the present obligation; and
- An income tax benefit of $66.9 million was recognised representing deferred tax assets recognised by the Woolworths Group with respect to the expected deductibility of certain costs associated with the exit from the Home Improvement business. The loss attributable to non-controlling interest in FY16 did not approximate Lowe's 33.3% share of the 'impairment of Home Improvement assets and store exit costs, net of tax' due to tax benefits and other exits costs that are recognised only by Woolworths.

APPENDIX FOUR: QUARTERLY SALES SUMMARY

Group sales – fourth quarter

$ MILLION	Q4'17 (12 WEEKS)	Q4'16 (12 WEEKS)	CHANGE
Continuing operations			
Australian Food[2]	8,382	7,776	7.8%
Endeavour Drinks Group	1,719	1,605	7.1%
New Zealand Food (AUD)	1,326	1,266	4.7%
New Zealand Food (NZD)	*1,416*	*1,368*	*3.5%*
BIG W	791	805	(1.7)%
Hotels	348	342	1.8%
EziBuy (Unallocated)	39	42	(7.1)%
Sales from continuing operations	**12,605**	**11,836**	**6.5%**
Discontinued operations			
Home Improvement	-	444	n.c.
Petrol[2]	1,092	1,016	7.5%
Sales from discontinued operations	**1,092**	**1,460**	**(25.2)%**
Group sales	**13,697**	**13,296**	**3.0%**

Quarterly sales growth

TOTAL SALES GROWTH %	Q1'17	Q2'17	HY17	Q3'17	EAST ADJ Q3'17	Q4'17	EAST ADJ Q4'17	H2'17	FY17
Australian Food	1.7	4.0	2.8	5.1	5.6	7.8	7.2	6.4	4.5
Endeavour Drinks Group	3.8	4.2	4.0	2.3	3.9	7.1	5.3	4.6	4.3
NZ Food (AUD)	8.1	4.0	6.0	4.3	4.4	4.7	4.6	4.5	5.3
NZ Food (NZD)	*1.9*	*1.4*	*1.6*	*2.1*	*2.2*	*3.5*	*3.4*	*2.7*	*2.1*
BIG W	(5.5)	(6.8)	(6.3)	(8.6)	(6.1)	(1.7)	(4.4)	(5.2)	(5.8)
Hotels	2.9	3.8	3.4	2.2	1.9	1.8	2.1	2.0	2.7
Continuing operations	**2.2**	**3.1**	**2.6**	**3.7**	**4.4**	**6.5**	**5.7**	**5.0**	**3.7**

COMPARABLE SALES GROWTH %	Q1'17	Q2'17	HY17	Q3'17	EAST ADJ Q3'17	Q4'17	EAST ADJ Q4'17	H2'17	FY17
Australian Food	0.7	3.1	1.9	3.9	4.5	7.1	6.4	5.4	3.6
Endeavour Drinks Group	1.8	2.9	2.4	0.8	2.2	6.4	4.6	3.4	2.8
NZ Food (NZD)	(0.7)	0.5	-	1.9	2.1	3.1	3.0	2.5	1.2
BIG W	(5.7)	(6.7)	(6.3)	(8.2)	(5.7)	(1.4)	(3.9)	(4.8)	(5.7)
Hotels	2.1	3.0	2.5	2.4	1.9	1.9	2.5	2.2	2.4

APPENDIX FIVE: FIVE YEAR STORE AND TRADING AREA ANALYSIS

FULL YEAR ENDED 25 JUNE 2017 STORES (NUMBER)	2017 FULL YEAR	2016 FULL YEAR	2015 FULL YEAR	2014 FULL YEAR	2013 FULL YEAR
Continuing operations					
NSW & ACT	**312**	303	292	282	271
QLD	**234**	237	230	225	209
VIC	**244**	242	234	224	221
SA & NT	**80**	84	82	80	78
WA	**94**	94	92	89	88
TAS	**31**	32	31	31	30
Australian Supermarkets	**995**	992	961	931	897
New Zealand Supermarkets	**184**	184	177	171	166
Total Supermarkets	**1,179**	1,176	1,138	1,102	1,063
Thomas Dux	**3**	5	9	11	11
Freestanding Liquor (incl. Dan Murphy's)	**387**	373	359	349	339
Attached Liquor	**550**	544	527	509	490
ALH Retail Liquor Outlets	**580**	569	557	544	526
Summergate	**2**	2	2	-	-
Woolworths Petrol [ii]	**-**	-	513	499	482
Caltex/Woolworths Petrol	**-**	-	-	131	131
Total Food, Petrol & Endeavour Drinks Group	**2,701**	2,669	3,105	3,145	3,042
BIG W	**185**	186	184	182	178
Hotels (includes clubs)	**329**	331	330	329	326
EziBuy (Unallocated)	**-**	5	5	4	-
Home Timber & Hardware (retail)	**-**	-	-	28	26
Masters	**-**	-	-	49	31
Total continuing operations	**3,215**	3,191	3,624	3,737	3,603
Discontinued operations					
Woolworths Petrol	**531**	527	-	-	-
Home Improvement	**-**	106	102	-	-
Total Group	**3,746**	3,824	3,726	3,737	3,603
Wholesale customer stores (continuing operations)					
Super Value and Fresh Choice	**65**	64	60	59	55
Home Timber & Hardware wholesale	**-**	-	-	475	490
Statewide Independent Wholesale	**220**	220	220	220	220
Total continuing operations	**285**	284	280	754	765
Discontinued operations (Home Timber & Hardware wholesale)	**-**	349	452	-	-
Total wholesale customer stores	**285**	633	732	754	765
Trading area (sqm) [i]					
Australian Food	**2,252,709**	2,229,714	2,143,082	-	-
Endeavour Drinks Group	**446,083**	430,691	413,409	-	-
New Zealand Supermarkets	**415,970**	417,966	397,889	-	-
BIG W	**1,055,838**	1,061,413	1,051,159	-	-

[i] As a result of separating the trading performance of Australian Food & Petrol and Endeavour Drinks Group, we are now disclosing separate trading area for Australian Food and Endeavour Drinks Group. FY15 trading area has been restated on the same basis and is no longer comparable to previously reported data.

[ii] From 2014 three distribution centres were included in store numbers.

APPENDIX SIX: NEW STORES AND REFURBISHMENTS

FULL YEAR	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	REFURBISHMENTS
Continuing operations			
Australian Supermarkets (including Metro)	25	3	72
Thomas Dux	-	(2)	-
Endeavour Drinks Group (incl. attached)	50	31	43
New Zealand Food	5	-	6
BIG W	1	(1)	-
Hotels	1	(2)	34
EziBuy (Unallocated)	-	(5)	-
Total continuing operations	**82**	**24**	**155**
Discontinued operations			
Home Improvement	-	(106)	-
Petrol	8	4	-
Total discontinued operations	**8**	**(102)**	**-**
Total	**90**	**(78)**	**155**

FOURTH QUARTER	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	REFURBISHMENTS
Continuing operations			
Australian Supermarkets	8	(2)	32
Thomas Dux	-	(1)	-
Endeavour Drinks Group (incl. attached)	12	6	10
New Zealand Food	2	1	4
BIG W	-	(1)	-
Hotels	-	-	14
EziBuy (Unallocated)	-	(5)	-
Total continuing operations	**22**	**(2)**	**60**
Discontinued operations			
Home Improvement	-	-	-
Petrol	3	3	-
Total discontinued operations	**3**	**3**	**-**
Total	**25**	**1**	**60**

ENDNOTES

n.c. Not comparable

n.m. Not meaningful

[1] There were no significant items recognised in FY17.

In FY16, total significant items of $4,013.7 million before tax ($2,627.8 million after tax attributable to equity holders of the parent entity) were recognised. Details of these costs have been provided in Appendix Three of this announcement. Where noted, profit and loss items have been adjusted to reflect these significant items.

[2] In line with the classification of Petrol as a discontinued operation, the financial performance and operating metrics previously disclosed under 'Australian Food and Petrol' has been split to disclose Australian Food separately from Petrol in this announcement. Funds employed and ROFE have also been separately presented for Endeavour Drinks Group.

[3] Return on funds employed (ROFE) is calculated as EBIT before significant items for the previous 12 months as a percentage of average (opening, mid and closing) funds employed. This methodology has been adopted for FY17 and FY16. In previous reporting periods, ROFE was calculated as EBIT before significant items for the reporting period as a percentage of average (opening and closing) funds employed. Lease adjusted ROFE adjusts funds employed for the present value of future lease obligations and EBIT for the implied interest on those obligations.

[4] Growth for New Zealand Food is quoted in New Zealand dollars.

[5] Operating cash flow as a percentage of group net profit after tax before depreciation and amortisation.

[6] Group earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) divided by rent and interest costs. Rent and interest costs include capitalised interest but exclude foreign exchange gains /losses and dividend income.

[7] 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 Group's debt providers.

A shareholder video from the CEO is available for viewing on www.woolworthsgroup.com.au