WOOLWORTHS GROUP

22 February 2017

HALF-YEAR PROFIT AND DIVIDEND ANNOUNCEMENT FOR THE 27 WEEKS ENDED 1 JANUARY 2017

Continued progress in Food transformation

HY17 Sales growth in Australian Food of 2.8% (comparable sales: 1.9%)

NPAT from Continuing Operations of $785.7 million, down 16.7%

Basic EPS from Continuing Operations of 61.3c, down 18.0%

Group NPAT of $725.3 million

Dividend Per Share of 34c, down 22.7%

Solid progress on key priorities:

- Continued momentum in Australian Food:
  - Comparable sales growth of 1.9% in HY17 and 3.1% in Q2’17
  - Voice of Customer, Voice of Team and Voice of Supplier all showing improvement
  - Good progress in store renewal with 26 completed in HY17 and 41 Front End upgrades
- Strong performance from Endeavour Drinks in a competitive market
- Material investments in team training and development and new key hires - Chief Information Officer, Chief People Officer and Managing Director, Woolworths Supermarkets
- Partnership with BP announced, including sale of Fuel business with proceeds to be used predominantly to strengthen the balance sheet
- Closure of Masters stores complete, with over 1,600 team members redeployed elsewhere in the Group

More to do:

- BIG W still a work-in-progress
- Improving our end-to-end “ways-of-working” to unlock productivity improvements
- Building on our improving team and supplier engagement

HY17 KEY FINANCIAL HIGHLIGHTS

$ million	HY17 (27 weeks)	HY16 (27 weeks)	Change
Continuing Operations			
Sales	29,059	28,315	2.6%
Earnings Before Interest and Tax (EBIT)	1,301.3	1,522.8	(14.5) %
NPAT attributable to shareholders of Woolworths	785.7	943.6	(16.7) %
Basic Earnings Per Share (EPS) – cents	61.3	74.8	(18.0) %
Group			
NPAT/(NLAT) attributable to shareholders of Woolworths	725.3	(972.7)	174.6%
Dividend Per Share – cents	34	44	(22.7)%

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.

Brad Banducci, Woolworths CEO, said: "We've made good progress on our five key group priorities during the half. Particularly pleasing was the improvement in sales momentum in Australian Food, especially in the second quarter. This is on the back of strong Voice of Customer (VOC) scores and is underpinned by continued growth in customer transactions and, more recently, items per basket. This momentum gives us confidence that, while we still have a lot to do, we are on the right track. Endeavour Drinks Group, New Zealand Food and ALH Hotels also all delivered solid sales growth in the second quarter.

"A further highlight was the progress we have made on our team front, with a 35%[*] improvement in keeping our team safe, pleasing improvements in Voice of Team (VOT) scores, especially 'would you recommend Woolworths as a place to shop' and material progress in addressing the gender pay gap as part of our recent Woolworths Group Corporate Responsibility Strategy 2020. We also announced the appointment of a new Chief Information Officer, Chief People Officer and Managing Director, Woolworths Supermarkets.

"Sales momentum improved over the half for **Australian Food** with comparable sales in December the strongest for the year driven by strong comparable transaction growth and an improvement in items per basket. EBIT declined 13.9% on last year primarily impacted by the reinstatement of team incentive payments, team training and higher depreciation from our renewal and IT investments.

"**Endeavour Drinks Group (EDG)** delivered sales growth of 4.0% for the half in a very competitive market. All retail formats delivered positive comparable sales growth with strong double digit growth from Dan Murphy's online. Good cost control, despite the price investment, resulted in a 3.1% increase in EBIT for the half.

"In New Zealand dollars, **New Zealand Food** sales increased by 1.6% (2.8% excluding bulk gift card sales in the prior year). Earnings were below last year primarily due to our strategy of investing in team hours, costs of our new loyalty alliance with AA Smartfuel and uninsured losses related to the November earthquake.

"**BIG W** reported a loss before interest and tax of $27.2 million in HY17 which includes a non-cash charge of $35.3 million. Trading EBIT declined 88.9% to $8.1 million and was impacted by lower comparable sales (-6.3%) during the half. The non-cash charge reflects asset impairment and an increase in our onerous lease provision and is based on management's current forecasts and assumptions. We are currently reviewing the BIG W strategic plan and this will be completed in the next few months.

"**Hotels** earnings increased by 3.1% during the half driven by a 3.4% increase in sales with Bars and Accommodation the strongest performing categories.

"We also announced our **Fuel**, Convenience and Rewards partnership with BP on 28 December. Once completed, customers will have more fuel redemption options and increased ability to earn Woolworths Rewards points and we will have an opportunity to partner with BP in rolling out a new Metro@BP concept. The proceeds from the sale of our Fuel business will be used primarily to strengthen our balance sheet.

"While we expect trading conditions to remain competitive for the remainder of FY17, we are focused on building the sales momentum we have achieved over the last six months as we work to restore sustainable growth in Australian Food. We note, however, that the second half will also be a period of continued investment in improving the store experience, depreciation from our renewal and IT investments and higher team incentive payments.

"I would like to thank all of our team members for the hard work and passion they showed in the first half, especially in the critical Christmas trading period," Mr Banducci said.

Woolworths Chairman, Gordon Cairns, said: "The Board remains committed to disciplined capital management and a solid investment grade credit rating. I am pleased to report that the strong cash conversion achieved during the first half has contributed to a significant reduction in net debt compared to the prior year with the sale of the Fuel business to further strengthen our balance sheet once completed. The Board has announced an interim dividend of 34 cents per share, a 22.7% decrease on the prior year with the interim payout ratio consistent with prior periods. A 1.5% discount will continue to be offered on the Dividend Reinvestment Plan (DRP)."

[*] Improvement in Total Recordable Injury Frequency Rate on a rolling 12 month basis

KEY GROUP PRIORITIES

Progress against our five key Group priorities over the last six months is as follows:

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

- New Australian Food purpose – "We bring a little good to everyone every day" rolled out in Australian Food with a specific focus on delivering "Good Food", "Good Prices" and "Good Acts" for our customers
- "Woolies Welcome" now embedded in the business with all new support team members spending their first week in stores. In addition, over 1,100 support office team members worked in store over Christmas
- New short term & long term incentives in place, store managers received performance-based bonus for H2'16
- Food Academy up and running with over 80 trainers
- New Chief Information Officer (John Hunt), Chief People Officer (Caryn Katsikogianis) and Managing Director, Woolworths Supermarkets (Claire Peters) announced
- More work to do on improving our "ways-of-working" across the business

2. Generating sustainable sales momentum in Food

- Second positive quarter of comparable sales in Q2'17 with growth of 3.1%
- VOC results continuing to improve with record performance in December. Customers have noticed the biggest improvements in queue wait times, product availability and ease of movement
- More competitive prices across the store with average prices 2.4% lower than HY16 and 2,800 products on our Low Price Always or Price Dropped programs as at the end of December
- Strong sales growth and VOC uplift in our renewal stores with 26 completed during the half
- Material increase in Loyalty perception since the relaunch of Woolworths Rewards in August
- More work to do on improving the in-store experience – Customer Led Rostering, On-shelf availability and Customer 1st Ranging

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

- Record Christmas trading at Dan Murphy's
- Eight (net) Dan Murphy's opened during the half with a strong performance from recently opened stores
- Strong double digit sales growth from Dan Murphy's online
- Pleasing BWS performance driven by investment in lower shelf prices and empowering our "Store CEO's"
- 815 BWS stores now offering Click and Collect

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

- Comparable sales growth of 3.0% in Q2'17 in Hotels with Bars and Accommodation best performing categories
- Announced partnership with BP in Convenience, Loyalty and Fuel, with the proceeds from the sale of our Fuel business to be used primarily to strengthen the balance sheet
- Sale of EziBuy progressing
- David Walker appointed as Acting CEO, BIG W
- More work to do on locking down the detailed BIG W strategic plan

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

- SAP Merchandising platform and SuccessFactors Payroll Management system now stable, 1 Store Program in pilot
- End-to-end process improvement initiatives underway across the business - Faster Fresher Food, Meat Operating Model, Store Facilities maintenance and many others
- More work to do on generating a productivity dividend from new IT systems implementation

BUSINESS PERFORMANCE

Earnings/(Loss) Before Interest and Tax (EBIT/LBIT)

$ million	HY17 (27 weeks)	HY16 (27 weeks)	Change
Continuing Operations			
Australian Food [2]	811.6	942.6	(13.9)%
Endeavour Drinks Group	302.3	293.3	3.1%
New Zealand Food	154.9	151.3	2.4%
New Zealand Food (NZD)	*163.0*	*170.6*	*(4.5)%*
BIG W	(27.2)	72.9	(137.3)%
Hotels	139.3	135.1	3.1%
Central Overheads	(79.6)	(72.4)	9.9%
EBIT Continuing Operations	**1,301.3**	**1,522.8**	**(14.5)%**
Discontinued Operations (before Significant Items[1])			
Home Improvement	(117.6)	(125.0)	(5.9)%
Petrol	74.1	58.8	26.0%
Significant Items[1] (before tax)	-	(3,249.5)	n.c
LBIT Discontinued Operations (after Significant Items[1])	**(43.5)**	**(3,315.7)**	**(98.7)%**

Net Profit/(Loss) After Tax (NPAT/NLAT) Attributable to Shareholders of Woolworths

$ million	HY17 (27 weeks)	HY16 (27 weeks)	Change
Continuing Operations			
EBIT	**1,301.3**	**1,522.8**	**(14.5)%**
Net financing costs	(113.5)	(132.6)	(14.4)%
Tax expense	(368.3)	(416.9)	(11.7)%
Non-controlling interests	(33.8)	(29.7)	13.8%
NPAT from Continuing Operations attributable to shareholders of Woolworths	**785.7**	**943.6**	**(16.7)%**
Discontinued Operations			
NLAT from Discontinued Operations attributable to shareholders of Woolworths (before Significant Items[1])	(60.4)	(17.8)	239.3%
Significant Items[1] from Discontinued Operations after tax attributable to shareholders of Woolworths	-	(1,898.5)	n.c
NLAT from Discontinued Operations attributable to shareholders of Woolworths	**(60.4)**	**(1,916.3)**	**(96.8)%**
Total Group			
NPAT/(NLAT) attributable to shareholders of Woolworths	**725.3**	**(972.7)**	**174.6%**

GROUP INCOME STATEMENT PERFORMANCE

Sales from Continuing Operations were $29.1 billion, an increase of 2.6% in HY17 driven by higher sales growth in the second quarter in Australian Food, EDG, New Zealand Food and Hotels, offset by lower sales in BIG W. Quarterly sales are provided in Appendix Three.

Gross profit from Continuing Operations as a percentage of sales increased 12 bps on the prior year to 28.62% with higher margins in Australian and New Zealand Food offset by lower margins in EDG, Hotels and BIG W.

Cost of doing business from Continuing Operations (CODB) as a percentage of sales increased 102 bps on the prior year to 24.14% primarily reflecting higher team performance-based bonuses, higher costs associated with new stores and higher depreciation reflecting our investment in IT and renewals.

EBIT from Continuing Operations decreased 14.5% on the prior year to $1,301.3 million.

Net financing costs decreased 14.4% on the prior year, driven by a decrease in the net effective interest rate and lower net debt.

NPAT attributable to shareholders of Woolworths from Continuing Operations decreased 16.7% on the prior year to $785.7 million, with corresponding EPS down 18.0% to 61.3 cents.

On a statutory basis, the Group NPAT attributable to shareholders of Woolworths was $725.3 million compared to a NLAT of $972.7 million in HY16 after reflecting the impact of significant items[1]. The corresponding EPS was 56.6 cents compared to Loss Per Share (LPS) of 77.1 cents in HY16.

AUSTRALIAN FOOD [2]

	HY17 (27 weeks)	HY16 (27 weeks)	Change
Sales ($ million)	18,713	18,195	2.8%
EBIT ($ million)	811.6	942.6	(13.9)%
Gross Margin (%)	27.88	27.38	50 bps
Cost of Doing Business (%)	23.54	22.20	134 bps
EBIT to Sales (%)	4.34	5.18	(84) bps
Sales Per Square Metre ($)	15,927	16,251	(2.0)%
Funds Employed ($ million) [3]	690.5	1,161.8	(40.6)%
Return on Average Funds Employed (ROFE) (%) [3]	151.8	169.7	(17.9) pts

AUSTRALIAN FOOD OPERATING METRICS

Year on year (%)	Q2'17 (13 weeks)	Q1'17 (14 weeks)	Q4'16 (12 weeks)	Q3'16 (13 weeks)
Customer Metrics (Voice of Customer)				
Overall Customer Satisfaction	79%	76%	75%	68%
Store-Controllable Customer Satisfaction	80%	79%	77%	74%
Sales Productivity Metrics				
Total Sales	4.0%	1.7%	0.0%	(0.3)%
Comparable Sales	3.1%	0.7%	(1.1)%	(1.3)%
Volume Productivity Metrics				
Comparable Transaction growth (%)	2.7%	2.5%	1.5%	0.3%
Comparable Items Per Basket [a] (%)	0.8%	(2.0)%	(1.9)%	(1.9)%
Comparable Item growth (%)	3.5%	0.5%	(0.5)%	(1.6)%
Change in Average Prices [4]				
Total [b]	(2.6)%	(2.1)%	(3.0)%	(2.7)%
Total excluding Tobacco	(4.0)%	(3.3)%	(4.3)%	(4.0)%

TRADING PERFORMANCE

Voice of Customer metrics in **Australian Food** continued to trend upwards during the half with our December monthly scores the highest to date. Overall Customer Satisfaction improved to 79% with store-controllable VOC up to 80%. The biggest drivers of the improvement in VOC were Availability, Queue Wait Times and Ease of Movement.

Sales increased by 2.8% to $18,713 million in HY17 driven by an increase in comparable sales of 1.9% underpinned by comparable item growth of 1.9%. Continued strong customer transaction growth combined with an improvement in items per basket in the second quarter drove comparable item growth of 3.5%. Sales growth in

[a] Items Per Basket has been restated to comparable Items per Basket
[b] Change in Average prices has been restated to exclude Liquor

December was the highest since July 2014. The positive sales trends experienced in the second quarter have continued in Q3’17.

Sales per square metre decreased by 2.0% for the 12 months ended 1 January 2017, however, grew in Q2’17. Despite only opening three net new stores during the half (opened 13 new stores and closed 10 stores), average selling space for the 12 month period increased by 3.5% reflecting the impact of stores opened in H2’16.

During the second quarter, average prices declined by 2.6% relative to the same quarter in the prior year. Customer price perception is beginning to improve but still presents a major opportunity and reflects our efforts to improve customers’ trust in our prices through lowering shelf prices. All major categories other than meat and tobacco were in deflation in HY17.

Gross margin increased by 50 bps to 27.88% despite the previously announced investment in price primarily due to material improvements in stock loss and, to a more limited extent, better buying.

CODB as a percentage of sales increased by 134 bps. This increase was driven primarily by an incremental increase in team performance-based bonuses of approximately $110 million in the half, costs associated with the opening of 20 (net) new stores over the last 12 months, investment in team training and higher depreciation reflecting our investment in IT and renewals.

EBIT decreased by 13.9% to $811.6 million or 4.34% of sales.

The decline in ROFE was driven by the reduction in EBIT over the last twelve months despite a reduction in average Funds Employed due to strong working capital management.

ENDEAVOUR DRINKS GROUP

	HY17 (27 weeks)	HY16 (27 weeks)	Change
Sales ($ million)	4,319	4,152	4.0%
EBIT ($ million)	302.3	293.3	3.1%
Gross Margin (%)	23.08	23.43	(35) bps
Cost of Doing Business (%)	16.08	16.37	(29) bps
EBIT to Sales (%)	7.00	7.06	(6) bps
Sales Per Square Metre ($)	17,987	18,004	(0.1)%
Funds Employed ($ million) [3]	2,831.9	2,969.7	(4.6)%
ROFE (%) [3]	16.66	16.57	9 bps

OPERATING METRICS

	Q2'17 (13 weeks)	Q1'17 (14 weeks)	Q4'16 (12 weeks)	Q3'16 (13 weeks)
Sales Productivity Metrics				
Total Sales	4.2%	3.8%	4.7%	3.4%
Comparable Sales	2.9%	1.8%	2.3%	1.1%

TRADING PERFORMANCE

Endeavour Drinks Group (EDG) sales increased by 4.0% to $4,319 million in HY17 driven by an increase in comparable sales of 2.4%. EDG reported market share growth in all major categories with Dan Murphy's and BWS (stand-alone and attached) reporting positive comparable sales growth for the half.

Sales per square metre was broadly flat with sales growth for the 12 months ended 1 January 2017 offset by growth in average trading space of 4.1%.

Dan Murphy's continued to perform strongly and grow market share assisted by the opening of eight (net) Dan Murphy's stores as well as strong comparable sales growth. This despite a highly competitive trading period with competitor catalogue activity throughout the Christmas and New Year period leading to strong price activity in the market.

Dan Murphy's online sales delivered double digit sales growth and My Dan Murphy's now has over two million members. During the half Dan Murphy's launched its new format concept, the Dan Murphy's Cellar, which honours the tradition of Dan Murphy's and embraces changing consumer trends.

BWS comparable sales growth was driven by our "100 Days of Summer" promotion and festive season promotional activity with NPS remaining strong. We opened 24 new BWS stores in HY17 and closed 11 stores. BWS also launched its transactional website which enables customers to shop online and pick up their order in 815 stores across the nation.

Gross margin decreased by 35 bps to 23.08% due to price investment reflecting the competitive market.

CODB decreased by 29 bps as a percentage of sales due to a one-off gain of $8.4 million on the sale of a business and strong cost control despite the costs associated with the opening of 21 net new stores.

EBIT increased 3.1% to $302.3 million in HY17 and was up marginally excluding the gain on sale of business.

Funds Employed declined by 4.6% due to strong working capital management contributing to a 9 bps improvement in ROFE.

NEW ZEALAND FOOD [5]

	HY17 (27 weeks)	HY16 (27 weeks)	Change
NZ$			
Sales ($ million)	3,227	3,176	1.6%
EBIT ($ million)	163.0	170.6	(4.5)%
Gross Margin (%)	23.81	23.51	30 bps
Cost of Doing Business (%)	18.76	18.14	62 bps
EBIT to Sales (%)	5.05	5.37	(32) bps
Sales Per Square Metre ($)	15,058	15,120	(0.4)%
Funds Employed ($ million) [3]	3,018.2	3,179.9	(5.1)%
ROFE (%) [3]	10.09	10.41	(32) bps

OPERATING METRICS

	Q2'17 (13 weeks)	Q1'17 (14 weeks)	Q4'16 (12 weeks)	Q3'16 (13 weeks)
Sales Productivity Metrics				
Total Sales	1.4%	1.9%	3.3%	3.8%
Comparable Sales	0.5%	(0.7)%	0.3%	0.9%
Countdown Supermarkets Food Price Index	0.1%	(0.5)%	(0.7)%	(0.7)%

TRADING PERFORMANCE

New Zealand Food sales were NZ$3.2 billion for the half, an increase of 1.6% on the previous year (6.0% increase in AUD). Sales in the prior year benefitted from the bulk sales of gift cards and excluding the sales of these cards, sales growth was 2.8%.

Comparable sales for the half were flat but increased 1.1% excluding bulk gift card sales as customers responded positively to our lower prices and improved service and fresh food offer. The growth reflected improved momentum relative to H2'16 comparable sales growth of 0.6%.

Sales per square metre declined by (0.4)% with the reported sales growth more than offset by an increase in average trading space of 2.9% despite the closure of one net store during the half.

The Countdown Supermarkets food price index showed deflation of (0.2)% (HY16: inflation 0.2%) driven by lower prices in grocery, and reduced inflation in seasonal fruit and vegetables.

Gross margin increased 30 bps to 23.81% due to better buying supporting our lower prices, and margin improvement driven largely by reduced stock loss through store security and ranging initiatives.

CODB increased 62 bps reflecting investment in team hours (including security), costs of the new Onecard loyalty alliance with AA Smartfuel and uninsured losses related to the November Kaikoura earthquake.

EBIT declined 4.5% on the previous year to NZ$163.0 million driven by the cycling of bulk gift card sales and cost impacts noted above. ROFE was 32 bps lower than the prior year primarily due to lower EBIT.

PORTFOLIO BUSINESSES

BIG W

	HY17 (27 weeks)	HY16 (27 weeks)	Change
Sales ($ million)	2,050	2,187	(6.3)%
Trading EBIT ($ million)	8.1	72.9	(88.9)%
Impairment and onerous lease charges ($ million)	(35.3)	-	n.c
Reported (LBIT)/ EBIT ($ million)	(27.2)	72.9	(137.3)%
Trading Gross Margin (%)	31.52	33.02	(150) bps
Trading Cost of Doing Business (%)	31.12	29.69	143 bps
Trading EBIT to Sales (%)	0.40	3.33	(293) bps
Funds Employed ($ million) [3]	358.8	675.1	(46.9)%
ROFE (%) [3]	(21.7)	11.3	(33.0) pts

OPERATING METRICS

	Q2'17 (13 weeks)	Q1'17 (14 weeks)	Q4'16 (12 weeks)	Q3'16 (13 weeks)
Sales Productivity Metrics				
Total Sales	(6.8)%	(5.5)%	1.9%	(4.4)%
Comparable Sales	(6.7)%	(5.7)%	1.0%	(4.5)%
BIG W Price Inflation	(5.1)%	(3.7)%	(6.2)%	(3.2)%

TRADING PERFORMANCE

BIG W reported sales for the half of $2.1 billion, a decrease of 6.3% on the previous year with comparable sales decreasing 6.3%. Despite the negative sales performance, promotional initiatives helped to drive a solid sales improvement in the back half of December. We achieved solid sell-through of seasonal product with lower inventory levels at the end of the half than the prior year.

Toys and Entertainment continued to perform relatively better while Fashion, Consumables and Home and Beauty were below expectations. In-house designed product remains at a very early stage and did not impact the performance in the half.

The 150 bps gross margin decline to 31.52% reflects the impact of clearance activity and early Christmas markdowns as we actively managed the levels of seasonal product and the impact of our SKU reduction program.

CODB was well controlled and declined in dollar terms, however, increased by 143 bps as a percentage of sales. The reduction in CODB was not sufficient to offset the lower GP dollars driven by lower sales and lower gross margin, resulting in a reduction in trading EBIT to $8.1 million.

A charge of $35.3 million is included in the result following detailed impairment testing, $21.1 million relating to the impairment of store property, plant and equipment and $14.2 million relating to provisions for onerous leases.

A review of the BIG W strategic plan is underway and expected to be finalised in the second half. With the review not yet finalised, the carrying value has been determined using management's current forecasts and assumptions for the business. At this stage, we do not expect any improvement in the trading performance in H2'17 relative to H2'16 (H2'16 Loss Before Interest and Tax before significant items [1]: $88 million). This assumes no significant improvement in sales growth or gross margin in the second half despite a continued focus on costs. Adverse changes to these forecasts and assumptions could result in a further reduction in the carrying value of the business or further onerous lease provisions to be recognised.

Funds Employed declined to $358.8 million reflecting the balance sheet impact of significant items[1] in FY16, improved inventory and payables management and the provision for onerous leases. Despite the reduction in Funds Employed, ROFE declined due to the reported loss for the half.

HOTELS

	HY17 (27 weeks)	HY16 (27 weeks)	Change
Sales ($ million)	829	802	3.4%
EBIT ($ million)	139.3	135.1	3.1%
Gross Margin (%)	82.51	83.21	(70) bps
Cost of Doing Business (%)	65.71	66.37	(66) bps
EBIT to Sales (%)	16.80	16.84	(4) bps

TRADING PERFORMANCE

Sales for the half were $829 million, an increase of 3.4% on the previous year with comparable sales increasing by 2.5%. The strongest performing categories were Bars and Accommodation with refurbished venues continuing to deliver a strong performance.

Hotels gross margin declined by 70 bps to 82.51%, due to a change in mix towards lower margin Bar sales and the impact of higher food input costs which were not fully recovered through higher prices.

CODB as a percentage of sales decreased 66 bps on the prior year due to a strong focus on cost control.

EBIT increased 3.1% on the previous year to $139.3 million.

DISCONTINUED OPERATIONS

$ million	HY17 (27 weeks)	HY16 (27 weeks)	Change
Before Significant Items [1]			
Sales			
Home Improvement	903	1,149	(21.4)%
Petrol	2,362	2,519	(6.2)%
(LBIT)/EBIT			
Home Improvement	(117.6)	(125.0)	(5.9)%
Petrol	74.1	58.8	26.0%

TRADING PERFORMANCE

Home Improvement sales for the year were $903 million, a decrease of 21.4% on the prior year.

The loss before interest and tax was $117.6 million for the half primarily reflecting trading losses for the period until the closure of the Masters stores in early December 2016.

Petrol sales were $2.4 billion, a decrease of 6.2% on the previous year (volumes decreased by 0.8%) driven primarily by declining average fuel sell prices (unleaded HY17: 117.1 cpl; HY16: 127.4 cpl).

Comparable petrol sales (dollars) decreased 8.3% with comparable fuel volumes declining by 2.8%.

Merchandise sales for the year increased 4.7% and comparable merchandise sales increased 1.6%.

UPDATE ON EXIT OF HOME IMPROVEMENT

On 18 January 2016, the Company announced that it intended to pursue the orderly exit of the Home Improvement business. Consequently, the Home Improvement business has been classified as a discontinued operation. During the period, the following events have occurred:

- On 24 August 2016, Masters Home Improvement Australia Pty Limited (Masters) appointed GA Australia Pty Ltd (GA Australia) as exclusive agent to manage the sell-down of Masters inventory. Under the terms of the appointment, GA Australia provided a guarantee for the recovery of a guaranteed percentage of the cost value of Masters inventory, subject to certain adjustments. The net proceeds received were approximately $492 million. All Masters stores ceased trading on or before 11 December 2016;
- On 24 August 2016, the Company granted an exclusive call option over its 66.7% shareholding in Hydrox Holdings Pty Ltd (Hydrox) to Home Investment Consortium Company Pty Ltd as trustee for the Home Investment Consortium Trust (Home Consortium), whereby Home Consortium may purchase Masters properties through the acquisition of 100% of the shares in Hydrox, subject to Lowe’s consent. The transaction will include 40 Masters freehold trading sites, 21 Masters freehold development sites and 21 Masters leasehold sites, with Woolworths proposing to acquire three Masters freehold sites and take assignment or assume responsibility for the liabilities associated with 12 Masters leases; and
- On 2 October 2016, Hydrox Brands Pty Ltd completed the sale of 100% of the shares in Danks Holdings Pty Limited, the holding company for the Home Timber and Hardware Group (HTH) to Metcash for a headline

sale price of $165 million (subject to completion adjustments in accordance with the sale agreement). The sale also resulted in Woolworths taking assignment of three residual leases of HTH.

In addition, on 24 August 2016, as a result of certain breaches by Lowe's, the Company terminated the Joint Venture Agreement with Lowe's Companies, Inc., WDR Delaware Corporation (together Lowe's) and Hydrox Holdings Pty Ltd (Hydrox). Lowe's denies that it breached the Joint Venture Agreement, and this and other related disputes will be determined by a pending confidential, private arbitration. As of the date of this announcement, Lowe's owns 33.3% and Woolworths owns 66.7% of Hydrox.

PETROL

On 24 December 2016, the Company entered into a binding agreement to sell its 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. Completion is expected to occur no earlier than 2 January 2018.

OVERHEADS, CASH FLOW AND BALANCE SHEET

CENTRAL OVERHEADS INCLUDING EZIBUY

Central Overheads including EziBuy were $79.6 million for the half. Excluding EziBuy, Central Overheads were $76.2 million, in line with expectations. The loss before interest and tax for EziBuy was $3.4 million compared to LBIT of $5.6 million in the prior year.

BALANCE SHEET

Key balance sheet movements relative to the prior half were as follows:

- **Closing inventory** of $4,449.2 million decreased $474 million with $434 million of the decrease attributable to the Group's exit from the Home Improvement business and the reclassification of Petrol inventory to 'net assets held for sale'. Excluding the impact of the above items, inventory decreased $40 million despite sales growth from Continuing Operations of 2.6%. Closing inventory days excluding Home Improvement and Petrol decreased 1 day to 41 days.
- **Net investment in inventory** of $1,317.6 million decreased $856 million. Excluding Home Improvement and the reclassification of Petrol and EziBuy to 'net assets held for sale', net investment in inventory decreased $603 million. This was driven by an increase in trade payables resulting from higher purchases due to improved trading and the timing of the Christmas inventory build occurring later than previous years with vendor payments falling due in January.
- **Other creditors** of $1,922.4 million increased $180 million driven by an increase in accruals for short term team performance-based bonuses and other trading accruals.
- **Provisions** of $3,125.6 million increased $281 million driven by onerous lease and other store exit cost provisions relating to FY16 significant items[1] recognised net of utilisation during the period. Excluding Home Improvement, significant items[1] previously recognised and the reclassification of Petrol to 'net assets held for sale', provisions increased $98 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 $7,998.6 million decreased $844 million driven by the FY16 significant item[1] impairment charges and transfer of Home Improvement, Petrol, EziBuy and other Group property assets to 'net assets held for sale'. Excluding the impact of the above items, fixed assets and investments increased by $367 million driven by net capital expenditure of $1,554 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 $1,294.0 million represents assets and liabilities relating to Petrol and EziBuy, property, plant and equipment relating to Masters, and other Group properties held for sale.
- **Intangible assets** of $5,952.2 million decreased $302 million primarily driven by FY16 significant item [1] impairment charges of $301 million relating to goodwill and other intangible assets in EziBuy.
- **Total funds employed** [3] decreased $1,730 million, primarily driven by FY16 significant items [1] recognised and the Group's exit from the Home Improvement business.
- **Net tax balances** of $1,101.3 million increased $7 million primarily due to $196 million in net tax benefits arising on provisions and accruals off-set by $182 million decrease due to the revision of net tax benefits associated with Home Improvement business exit costs.
- **Other financial liabilities** decreased $39 million due to the settlement of ALH gaming entitlement obligations and the licensing agreement with Hills Limited.
- **Shareholders' equity** increased $74 million to $9,162.2 million primarily reflecting dividend payments of $981 million, offset by profits generated from operations attributable to shareholders of Woolworths of

$463 million, the increase in issued share capital of $386 million reflecting shares issued under the dividend reinvestment plan and the increase in reserves of $176 million.

- **ROFE [3] before significant items [1]** was 20.09%, a decrease of 254 bps or excluding Home Improvement and Petrol was 20.77%, a decrease of 660 bps.

CASH FLOW

Cash flow from operating activities before interest and tax increased $735.4 million to $2,757.6 million. Excluding Home Improvement, cash flow from operating activities before interest and tax increased $436.5 million primarily driven by timing of Christmas inventory build resulting in vendor payments falling due in January and the positive impact of business initiatives around our management of net investment in inventory.

Cash realisation ratio [6] was 171.4%, impacted by the Home Improvement business. Excluding Home Improvement, our cash realisation ratio was 153.9% (HY16: 99.8%) primarily driven by improvement in net investment in inventory.

Net interest paid of $132.5 million decreased $18 million primarily due to a decrease in the net effective interest rate on lower debt.

Tax payments decreased to $429.4 million for the year (HY16: $618.6 million) due to the reduction in the income tax instalment rate reflecting lower earnings.

Cash used in investing activities was $386.4 million, a decrease of $212.7 million on the prior year. During HY17 cash proceeds of $367.9 million were received from the sale of property, plant and equipment, businesses and investments including proceeds from the sale of HTH, supermarkets sites, and our investments in Gage Roads and Adore Beauty.

Expenditure on property development of $88.7 million decreased $203 million (HY16: $291.5 million) driven by lower development activity in the current period.

Investment in property, plant and equipment of $646.1 million included continued investment in new stores and store refurbishments and spend associated with supply chain and IT asset initiatives.

Expenditure on intangible assets of $19.6 million included payment of ALH gaming entitlement instalments and payment to Hills Limited in settlement of the licensing agreement.

Our **fixed charge coverage ratio [7]** is 2.4 times.

CAPITAL MANAGEMENT

The Board remains committed to a solid investment grade credit rating [8] and will continue to pursue a number of actions to support the credit profile where necessary. These include potential asset sales, including the recently announced sale of its Petrol business which remains subject to regulatory approval, working capital initiatives and adjusting its growth capital expenditure and property leasing profile. We will actively consider all options to enhance shareholder value in our portfolio businesses.

Woolworths will continue to target a full year after tax dividend payout ratio of 70%, subject to trading performance. The Board has approved an interim dividend per share of 34c, a decrease of 22.7% on the prior year but with a payout ratio consistent with previous interim dividends.

Woolworths will retain a 1.5% discount on its DRP for the April interim dividend with no limit on participation but without any further underwriting. In October 2016, Woolworths offered a 1.5% discount on its DRP with no participation limit, resulting in a participation rate of approximately 37%. The DRP was partially underwritten to a total of 50%.

The payment of the October 2016 and April 2017 dividends will return $0.9 billion and $0.4 billion in franking credits to shareholders. Woolworths expects that after these events, there will be approximately $2.5 billion of franking credits available for future distribution.

Debt Maturities

Woolworths Notes II totalling A$700 million were redeemed upon expiry of their five year non-call period on 24 November 2016, with the S&P equity credit equivalent required under the replacement capital covenant being satisfied by the DRP in April 2016 and October 2016.

In November 2016, Woolworths established an A$700 million syndicated bank loan facility comprising tranches of three and four years. The facility is for general corporate purposes.

Upcoming Refinancing

Woolworths has approximately A$381 million equivalent of US Private Placement debt maturing in April which has been pre-funded by bank facilities established in April 2016.

NEW STORE ROLLOUT PLANS FROM CONTINUING OPERATIONS

Space rollout is supported by detailed plans for the next 3 – 5 years identifying specific sites.

	HY17 Net Store Openings (incl. acquisitions)	**Medium Term Target (Net)**
Australian Supermarkets	4*	– 10 – 20 new full range supermarkets per annum
New Zealand Food		
Countdown	(1)	– 3 – 4 new supermarkets per annum
Franchise Stores	1	
Dan Murphy's	8	– 8 – 10 new stores per annum
BWS (including attached)	13	– 6 – 10 new stores per annum (standalone)
BIG W	-	– As appropriate opportunities arise
Hotels (ALH Group)	(3)	– Acquire as appropriate opportunities arise

*Excludes Thomas Dux

OUTLOOK

The focus of the Woolworths Group for H2'17 remains on our five key priorities and, with the exception of BIG W, we expect to see further progress in the second half as we look to restore sustainable growth. However, we still have a long way to go.

In the second half, we will continue to invest in improving the shopping experience and expect higher depreciation and team incentive payments.

We continue to be vigilant about the competitive environment for all of our businesses. We also note the benefit to our Food and Drinks businesses from the unseasonably warm weather, particularly in January and early February.

Our Q3'17 sales release is scheduled for 2 May 2017.

-ends-

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SALES SUMMARY – HY17 AND Q2'17

Group Sales – Half-Year

$ million	HY17 (27 weeks)	HY16 (27 weeks)	Change
Continuing Operations			
Australian Food	18,713	18,195	2.8%
Endeavour Drinks Group	4,319	4,152	4.0%
New Zealand Food (AUD)	3,069	2,895	6.0%
New Zealand Food (NZD)	*3,227*	*3,176*	*1.6%*
BIG W	2,050	2,187	(6.3)%
Hotels	829	802	3.4%
EziBuy (Unallocated)	79	84	(6.0)%
Sales from Continuing Operations	**29,059**	**28,315**	**2.6%**
Home Improvement	903	1,149	(21.4)%
Petrol	2,362	2,519	(6.2)%
Sales from Discontinued Operations	**3,265**	**3,668**	**(11.0)%**
Group Sales	**32,324**	**31,983**	**1.1%**

Group Sales – Second Quarter

$ million	Q2'17 (13 weeks)	Q2'16 (13 weeks)	Change
Continuing Operations			
Australian Food	9,392	9,031	4.0%
Endeavour Drinks Group	2,347	2,252	4.2%
New Zealand Food (AUD)	1,556	1,496	4.0%
New Zealand Food (NZD)	*1,639*	*1,617*	*1.4%*
BIG W	1,170	1,256	(6.8)%
Hotels	405	390	3.8%
EziBuy (Unallocated)	40	41	(2.4)%
Sales from Continuing Operations	**14,910**	**14,466**	**3.1%**
Home Improvement	494	581	(15.0)%
Petrol	1,178	1,188	(0.8)%
Sales from Discontinued Operations	**1,672**	**1,769**	**(5.5)%**
Group Sales	**16,582**	**16,235**	**2.1%**

Group Profit or Loss for the 27 weeks ended 1 January 2017

$ million	HY17 (27 weeks)	HY16 (27 weeks)	Change
Continuing Operations			
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	**2,893.1**	**3,030.4**	**(4.5)%**
Rent	(1,067.0)	(1,013.2)	5.3%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**1,826.1**	**2,017.2**	**(9.5)%**
Depreciation and amortisation	(524.8)	(494.4)	6.1%
EBIT	**1,301.3**	**1,522.8**	**(14.5)%**
Net financial expenses	(113.5)	(132.6)	(14.4)%
Income tax expense	(368.3)	(416.9)	(11.7)%
NPAT	**819.5**	**973.3**	**(15.8)%**
Non-controlling interests	(33.8)	(29.7)	13.8%
NPAT from Continuing Operations attributable to shareholders of Woolworths	**785.7**	**943.6**	**(16.7)%**
NLAT from Discontinued Operations attributable to shareholders of Woolworths (before Significant Items [1])	(60.4)	(17.8)	239.3%
Significant Items [1] after tax attributable to shareholders of Woolworths from:			
Discontinued Operations	-	(1,898.5)	n.c
NPAT/(NLAT) attributable to shareholders of Woolworths	**725.3**	**(972.7)**	**174.6%**
MARGINS – Continuing Operations			
Gross Profit (%)	28.62	28.50	12 bps
Cost of Doing Business (%)	24.14	23.12	102 bps
EBIT (%)	4.48	5.38	(90) bps
EARNINGS PER SHARE (EPS) AND DIVIDENDS			
Weighted average ordinary shares on issue (million)	1,282.1	1,261.8	1.6%
Basic EPS (cents) – from Continuing Operations	61.3	74.8	(18.0)%
Diluted EPS (cents) – from Continuing Operations	61.2	74.8	(18.2)%
Interim dividend per share (cents)	34	44	(22.7)%

Group Balance Sheet as at 1 January 2017

$ million	HY17 1 Jan 2017	HY16 3 Jan 2016	Change	FY16 26 Jun 2016
Inventory	4,449.2	4,923.1	(9.6)%	4,558.5
Trade payables	(5,766.8)	(5,384.7)	7.1%	(4,809.1)
Net Investment in Inventory	**(1,317.6)**	**(461.6)**	**185.4%**	**(250.6)**
Receivables	869.8	1,071.1	(18.8)%	849.8
Other creditors	(1,922.4)	(1,742.5)	10.3%	(1,751.5)
Provisions [i]	(3,125.6)	(2,844.4)	9.9%	(3,277.7)
Fixed assets and investments	7,998.6	8,842.4	(9.5)%	8,371.3
Net assets held for sale	1,294.0	359.5	259.9%	897.9
Intangible assets	5,952.2	6,254.3	(4.8)%	5,978.3
Total Funds Employed	**9,749.0**	**11,478.8**	**(15.1)%**	**10,817.5**
Net tax balances	1,101.3	1,093.9	0.7%	1,070.5
Net Assets Employed	**10,850.3**	**12,572.7**	**(13.7)%**	**11,888.0**
Net repayable debt	(1,488.5)	(3,125.2)	(52.4)%	(3,086.1)
Other financial liabilities [i]	-	(38.9)	(100)%	(20.0)
Net Assets	**9,361.8**	**9,408.6**	**(0.5)%**	**8,781.9**
Non-controlling interests	199.6	320.5	(37.7)%	311.3
Shareholders' equity	9,162.2	9,088.1	0.8%	8,470.6
Total Equity	**9,361.8**	**9,408.6**	**(0.5)%**	**8,781.9**
KEY RATIOS – Excluding Home Improvement & Petrol				
Closing Inventory Days (based on COGS)	40.8	41.9	(1.1) days	38.7 days
Closing Trade Payable Days (based on sales)	48.0	42.6	5.4 days	43.2 days
Return on Average Funds Employed	20.77%	27.37%	(660) bps	

[i] Other financial liabilities represent the Hotels gaming entitlement liability and Hills License payable. In calculating Funds Employed, the contingent consideration (HY17:$21.7m, HY16: $21.5m, FY16: $21.8m) has been reclassified to provisions to better reflect the economic nature of this liability to the Group. HY16 and HY15 have also been restated.

Group Cash Flow for the 27 weeks ended 1 January 2017

$ million	HY17 (27 weeks)	HY16 (27 weeks)	Change
EBITDA – Continuing Operations	1,826.1	2,017.2	
EBITDA before Significant Items [1] – Discontinued Operations	(25.6)	2.2	
EBITDA before Significant Items [1]	**1,800.5**	**2,019.4**	**(10.8)%**
Significant Items[1]	-	(3,249.5)	
EBITDA	**1,800.5**	**(1,230.1)**	
Impairment recognised as Significant Items [1]	-	3,249.5	
Net decrease/(increase) in inventory	(18.3)	(578.8)	
Net (decrease)/increase in trade payables	929.9	306.0	
Net change in other working capital and non-cash	45.5	275.6	
Cash from Operating Activities before interest and tax	**2,757.6**	**2,022.2**	**36.4%**
Net interest paid	(132.5)	(150.9)	
Tax paid	(429.4)	(618.6)	
Total cash provided by Operating Activities	**2,195.7**	**1,252.7**	**75.3%**
Proceeds from the sale of property, plant and equipment and businesses	367.9	273.4	
Payments for the purchase of property, plant and equipment, property development, intangible assets, investments and contingent consideration	(756.0)	(874.0)	
Dividends received	1.7	1.5	
Total cash used in Investing Activities	**(386.4)**	**(599.1)**	**(35.5)%**
Proceeds from share issues	55.5	-	
Transactions with non-controlling interests	-	(12.1)	
Lowe’s cash contributions (Home Improvement)	-	120.0	
Dividends paid (including to non-controlling interests)	(270.3)	(818.6)	
Free Cash Flow after equity related Financing Activities	**1,594.5**	**(57.1)**	

Appendix One: ASIC Regulatory Guide 230 Disclosing non-IFRS financial information

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Woolworths is required to make a clear statement about the non-IFRS information included in the Half-Year Profit and Dividend Announcement ('Profit Announcement') for the 27 weeks ended 1 January 2017.

In addition to statutory reported amounts, the following non-IFRS measures are used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments.

Non-IFRS measures used in describing the business performance include:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)
- Trading EBIT
- Fixed charges cover ratio
- Cost of doing business
- Comparable sales

Non-IFRS measures used in describing the balance sheet and cash flow statement include:

- Funds employed
- Cash flow from operating activities before interest and tax
- Free cash flow
- Free cash flow after equity related financing activities
- Cash realisation ratio

The above non-IFRS measures may also be referred to before significant items[1].

The Directors consider that these performance measures are appropriate for their purposes and present meaningful information on the underlying drivers of the business.

Many of the measures used are common practice in the industry within which Woolworths operates.

The Profit Announcement has not been audited in accordance with Australian Auditing Standards.

Appendix One: ASIC Regulatory Guide 230 Disclosing non-IFRS financial information (continued)

The following table provides a reconciliation of EBIT, NPAT/(NLAT) and EPS/(LPS) before significant items[1] to the statutory statement of profit or loss.

$ million	HY17 (27 weeks)	HY16 (27 weeks)	Change
Profit from continuing operations after income tax attributable to the shareholders of Woolworths	**785.7**	**943.6**	**(16.7)%**
Loss from discontinued operations after income tax attributable to the shareholders of Woolworths – before Significant Items[1]	(60.4)	(17.8)	239.3%
Other items included in statutory NPAT:			
Significant Items[1] from discontinued operations after tax attributable to shareholders of Woolworths	-	(1,898.5)	n.c
Statutory profit/(loss) attributable to the shareholders of Woolworths	**725.3**	**(972.7)**	**174.6%**
Basic EPS			
Profit from continuing operations after income tax attributable to the shareholders of Woolworths (as above)	**785.7**	**943.6**	**(16.7)%**
Weighted average ordinary shares on issue	*1,282.1*	*1,261.8*	
Basic EPS (cents)	**61.3**	**74.8**	**(18.0)%**
Statutory profit/(loss) attributable to the shareholders of Woolworths (as above)	**725.3**	**(972.7)**	**174.6%**
Weighted average ordinary shares on issue	*1,282.1*	*1,261.8*	
Basic EPS/(LPS) (cents)	**56.6**	**(77.1)**	**173.4%**
Diluted EPS			
Profit from continuing operations after income tax attributable to the shareholders of Woolworths (as above)	**785.7**	**943.6**	**(16.7)%**
Weighted average ordinary shares on issue	*1,284.1*	*1,262.1*	
Diluted EPS (cents)	**61.2**	**74.8**	**(18.2)%**
Statutory profit/(loss) attributable to the shareholders of Woolworths (as above)	**725.3**	**(972.7)**	**174.6%**
Weighted average ordinary shares on issue	*1,284.1*	*1,262.1*	
Diluted EPS/(LPS) (cents)	**56.5**	**(77.1)**	**173.3%**

Appendix Two: Significant Items

The following table provides a breakdown of the significant items recognised.

$ million	Reported at HY17	Reported at HY16
Discontinued Operations		
Impairment of property, plant and equipment	-	(1,464.3)
Impairment of inventories	-	(547.1)
Onerous lease expense, store and other exit costs	-	(1,238.1)
EBIT impact from Significant Items	**-**	**(3,249.5)**
Tax benefit	-	235.9
Net loss after tax from Significant Items before non-controlling interests	**-**	**(3,013.6)**
Non-controlling interests	-	1,115.1
Net loss after tax from Significant Items attributable to shareholders of Woolworths	**-**	**(1,898.5)**

HALF-YEAR 2017

No significant items have been recognised in HY17.

HALF-YEAR 2016

Discontinued Operations

As a result of the Group's planned exit from the Home Improvement market, the recoverable amount of assets and recognition and measurement of liabilities were assessed as at the end of HY16 based on management's best estimate at the time of the expected net proceeds to be realised or payments to be incurred upon an orderly exit of the Home Improvement business.

A net loss after tax from significant items recognised in HY16 of $1,898.5 million attributable to the shareholders of Woolworths included impairment of property, plant and equipment and inventories, recognition of onerous lease expense, store and other exit costs and income tax benefits. The non-controlling interest share of the net loss after tax from significant items of $1,115.1 million represented Lowe's 33.3% share of impairment and other store exit costs. This did not approximate 33.3% of the 'Net loss after tax from Significant Items before non-controlling interests' above due to certain tax benefits and other exit costs that were only recognised by Woolworths Limited.

Appendix Three: Quarterly Sales Summary

Total Sales Growth %	Q1'17	Q2'17	HY17
Australian Food	1.7	4.0	**2.8**
Endeavour Drinks Group	3.8	4.2	**4.0**
NZ Food (AUD)	8.1	4.0	**6.0**
NZ Food (NZD)	*1.9*	*1.4*	***1.6***
BIG W	(5.5)	(6.8)	**(6.3)**
Hotels	2.9	3.8	**3.4**
Continuing Operations	**2.2**	**3.1**	**2.6**

Comparable Sales Growth %	Q1'17	Q2'17	HY17
Australian Food	0.7	3.1	**1.9**
Endeavour Drinks Group	1.8	2.9	**2.4**
NZ Food (NZD)	(0.7)	0.5	**-**
BIG W	(5.7)	(6.7)	**(6.3)**
Hotels	2.1	3.0	**2.5**

Appendix Four: Five Year Store and Trading Area Analysis

Half-Year Ended 1 January 2017 **STORES (number)**	**2017 HALF YEAR**	**2016 FULL YEAR**	**2015 FULL YEAR**	**2014 FULL YEAR**	**2013 FULL YEAR**
Continuing Operations					
NSW & ACT	308	303	292	282	271
QLD	234	237	230	225	209
VIC	243	242	234	224	221
SA & NT	83	84	82	80	78
WA	96	94	92	89	88
TAS	32	32	31	31	30
Australian Supermarkets	996	992	961	931	897
New Zealand Supermarkets	183	184	177	171	166
Total Supermarkets	1,179	1,176	1,138	1,102	1,063
Thomas Dux	4	5	9	11	11
Freestanding Liquor (incl. Dan Murphy's)	382	373	359	349	339
Attached Liquor	550	544	527	509	490
ALH Retail Liquor Outlets	575	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	**2,692**	2,669	3,105	3,145	3,042
BIG W	186	186	184	182	178
Hotels (includes clubs)	328	331	330	329	326
EziBuy (Unallocated)	5	5	5	4	-
Home Timber and Hardware (retail)	-	-	-	28	26
Masters	-	-	-	49	31
Total Continuing Operations	**3,211**	3,191	3,624	3,737	3,603
Discontinued Operations					
Woolworths Petrol [ii]	527	527	-	-	-
Home Improvement	-	106	102	-	-
Total Group	**3,738**	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 and Hardware wholesale)	-	349	452	-	-
Total Wholesale Customer Stores	**285**	633	732	754	765
Trading Area (sqm)[i]					
Australian Food	2,250,028	2,229,714	2,143,082	-	-
Endeavour Drinks Group	440,980	430,691	413,409	-	-
New Zealand Supermarkets	411,795	417,966	397,889	-	-
BIG W	1,061,652	1,061,413	1,051,159	-	-

[i] As a result of separating the trading performance of Australian Food & Petrol and Endeavour Drinks Group in FY16, 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 Five: New Stores and Refurbishments

Half-Year

	Gross New Stores (incl. acquisitions)	Net New Stores (incl. acquisitions)	Refurbishments
Australian Supermarkets	13	4	26
Thomas Dux	-	(1)	-
Endeavour Drinks Group (incl. attached)	33	21	21
New Zealand Food	1	(1)	2
BIG W	-	-	-
Hotels	-	(3)	20
EziBuy (Unallocated)	-	-	-
Total Continuing Operations	**47**	**20**	**69**
Home Improvement	-	(106)	-
Petrol	3	-	-
Total Discontinued Operations	**3**	**(106)**	**-**
Total	**50**	**(86)**	**69**

Second Quarter

	Gross New Stores (incl. acquisitions)	Net New Stores (incl. acquisitions)	Refurbishments
Australian Supermarkets	11	5	20
Thomas Dux	-	-	-
Endeavour Drinks Group (incl. attached)	21	14	12
New Zealand Food	-	-	2
BIG W	-	-	-
Hotels	-	(1)	13
EziBuy (Unallocated)	-	-	-
Total Continuing Operations	**32**	**18**	**47**
Home Improvement	-	(63)	-
Petrol	2	-	-
Total Discontinued Operations	**2**	**(63)**	**-**
Total	**34**	**(45)**	**47**

Appendix Six: FY16 Australian Food split (before Significant Items[1])

$ million	**HY16**	**H2'16**	**FY16**
Sales	18,195	16,603	34,798
Gross Profit	4,981.7	4,543.1	9,524.8
EBIT	942.6	699.4	1,642.0

End notes

n.c Not comparable

[1] There were no significant items recognised in HY17.

In FY16, total significant items of $4,013.7 million before tax ($2,627.8 million after tax attributable to shareholders of Woolworths) were recognised. In HY16, total significant items of $3,249.5 million before tax ($1,898.5 million after tax attributable to shareholders of Woolworths) were recognised.

Details of HY16 costs have been provided in Appendix Two 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 HY17 and HY16. 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.

HY17 and HY16 funds employed for Australian Food and Endeavour Drinks Group has been restated primarily as a result of changes made in FY16 to the Woolworths Group operating model.

[4] We have restated our average price inflation measure following the separation of Australian Food and Endeavour Drinks Group. Previously, the reported change in average prices included Liquor. Restated data for Q1'16 and Q2'16 is presented below.

Average price changes	Q1'16	Q2'16
Price change (% year on year)	(2.0)%	(2.7)%

[5] Growth for New Zealand Food is quoted in New Zealand Dollars.

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

[7] 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.

[8] The credit ratings referred to in this document have been issued by a credit rating agency which holds an Australian Financial Services Licence with an authorisation to issue credit ratings to wholesale clients only. The credit ratings in this document are published for the benefit of Woolworths' debt providers.