

WOOLWORTHS GROUP

Better  
**Together**

COMPANY RESULTS F20 HALF-YEAR



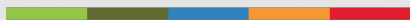
Thank you to Andrew Lawrence and Dan Medd from Penrose RFS Brigade. Photography by Matthew Abbott.

# Woolworths Group purpose



# Contents

H2O GROUP SUMMARY & PROGRESS Brad Banducci	4
GROUP FINANCIAL RESULTS Stephen Harrison	12
BUSINESS PERFORMANCE UPDATE	24
OUTLOOK Brad Banducci	50



# Standing together to support Australians through natural disasters

## One of our values at Woolworths Group is that we care deeply and was at the core of our response to support Australians through the recent devastating bushfires



- More than \$3.8 million raised via the S.T.A.N.D program through Group and customer donations
- \$200,000 in Woolworths and BIG W gift cards distributed to schools in affected areas
- \$250,000 committed for wildlife support and the supply of food such as carrots, sweet potatoes and nuts for wildlife in bushfire affected areas
- To thank volunteer firefighters and emergency services personnel, a 10% discount across Woolworths Group businesses was offered
- Donation of products to rural fire crews, on-the-ground support, charities and evacuation centres
- Extended paid leave for team members volunteering for emergency services and mobilised counsellors to further support team members and their families



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

- On 30 October, announced review of salaried store team members against GRIA
- \$78 million paid to date to eligible team members (\$69 million paid in H1)
- Original estimate of \$200 - 300 million based on two years' data and extrapolation for prior years and other Group businesses
- Review now has covered five years' data
  - Based on latest available information, salaried store team member payment shortfall estimated at \$315 million (\$265 million net of provisions recognised in F19)
  - Interest and other costs of \$80 million expected
  - Estimate still subject to further analysis, validation and completion of Fair Work investigation
- Independent reviewer has been appointed to resolve disputes
- Committed to fully pay team members as soon as possible
- Restated prior years to reflect the impact in periods to which it relates

# We're committed to making this right.

We pride ourselves in caring for our people, but this time, we have let many of them down. For that we are deeply sorry.

We've been made aware of a shortfall in payment to some of our salaried store team members in accordance with the General Retail Industry Award.

Our review to date indicates the shortfall relates to the number of hours worked, when they were worked and some rostering practices, which were not adequately factored into the individual salary settings for some salaried store team members.

That means that even though we paid salaried team members in accordance with their salary commitments, many haven't been paid what they should have been.

Our highest priority is to pay everything we owe to our salaried team members, both current and those who have left the business, as soon as possible.


That includes back payments plus interest and superannuation.

We are determined to make this right. If you have been a salaried store team member in the Woolworths Group and believe you may have been affected, we strongly encourage you to visit [team.woolworths.com.au](https://team.woolworths.com.au)

We're working hard to correct this situation and ensure it doesn't happen again.

In the meantime, we offer our unreserved apologies.

Strong H1 sales and EBIT growth



Online growth remains strong; X businesses continue to scale



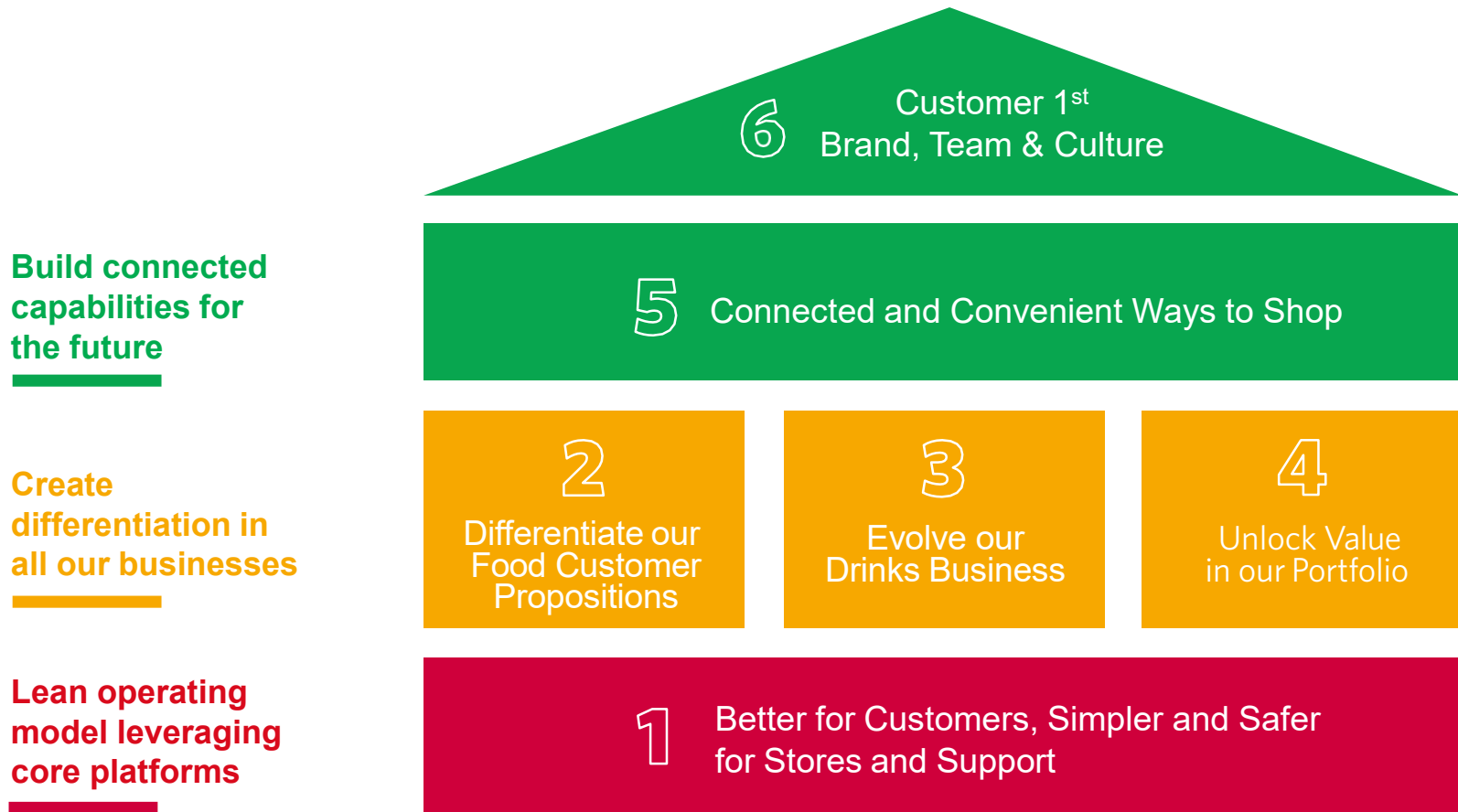
Pleasing improvement in BIG W profitability driven by Apparel



Endeavour Drinks and Hotels restructure and merger completed; separation progressing



Making progress on salaried team member remediation; initial payments made in December



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



## Customer 1<sup>st</sup> Brand, Team & Culture

- Strong improvement in Brand NPS
- Team supporting local communities impacted by bushfires; paid leave extended for volunteers
- Named Australia's top company in the 2019 Refinitiv D&I Index
- \$69 million repaid to salaried store team members in H1
- More to do to repay team members, finalise salary review and embed improved processes



## Connected and Convenient Ways to Shop

- Strong online sales growth across X businesses
- Delivery Now available to >8 million customers
- Launched two Caltex Metros and first Countdown Metro opened
- Woolworths Rewards and Qantas FF partnership revamped
- More to do to progress online fulfilment strategy



## Differentiate our Food Customer Propositions

- 36 Renewals and 15 new stores including first sustainable supermarket
- Fresh Made Easy rolled out
- Everyday Acts driving VOC improvement in NZ Food
- Strong FoodCo sales growth
- More to do to evolve store formats, grow Our Brands and fresh inspiration and renew focus on customer and team







## Evolve our Drinks Business

- Nine Dan Murphy's opened
- My Dan's increasing to >4 million members
- Strong improvement in Pinnacle sales and penetration in Wine
- New BWS app launched and On Demand now available in over 700 stores
- More to do with new leadership in place, BWS MD, Scott Davidson and Dan Murphy's MD, Alex Freudmann



## Unlock Value in our Portfolio

- Announced and progressed separation of Endeavour Group
- Key Endeavour Group appointments made
- Continued improvement in BIG W trading performance especially in Apparel
- Progress across new businesses incl. Cartology and Woolworths International
- More to do to across Portfolio including building Group's digital retail ecosystem



## Better for Customers, Simpler & Safer for Stores & Support

- Notable team safety improvements; progress on mental health initiatives
- Good improvement in total stock loss
- MSRDC continues to ramp up, now supplying all Victorian stores
- Woolworths Supermarkets' Customer Operating Model implemented
- More to do to on MSRDC; optimise Customer Operating Model; improve rostering practices; build on mental health initiatives





Powered by team, technology and data

# Contents

H2O GROUP SUMMARY & PROGRESS Brad Banducci	4
GROUP FINANCIAL RESULTS Stephen Harrison Group financial results Key balance sheet metrics Cash flow summary Capital expenditure Capital management	12
BUSINESS PERFORMANCE UPDATE	24
OUTLOOK Brad Banducci	50





# Financial Results

## Reported

\$ MILLION	REPORTED H20	PRE-AASB 16 REPORTED <sup>1</sup> H19	CHANGE
<b>Continuing operations before significant items</b>			
Sales	32,410	30,587	6.0%
EBIT	1,893	1,419	33.5%
NPAT	979	902	8.5%
Basic EPS – cents	77.9	68.9	13.1%
<b>Group after significant items</b>			
EBIT	1,762	1,503	17.3%
NPAT	887	961	(7.7)%
Dividend per share – cents	46	45	2.2%

## Normalised for AASB 16

\$ MILLION	REPORTED H20	POST-AASB 16 NORMALISED <sup>2</sup> H19	NORMALISED <sup>2</sup> CHANGE
<b>Continuing operations before significant items (post-AASB 16)</b>			
EBIT	1,893	1,700	11.4%
NPAT	979	846	15.7%

<sup>1</sup> Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group. The impact of the costs to remediate salaried store team members has been corrected by the restatement of each of the affected financial statements line items for prior periods in accordance with the requirements for the correction of an error under AASB 108

<sup>2</sup> Normalised results and growth reflect adjustments to H19 if AASB 16 had been in place in F19

# Normalised Group EBIT up 11.4% on F19

## Group EBIT/(LBIT) Post-AASB 16

\$ MILLION	REPORTED H20	POST-AASB 16 NORMALISED <sup>1,2,3</sup> H19	POST-AASB 16 NORMALISED <sup>1</sup> CHANGE
<b>Continuing operations before significant items</b>			
Australian Food	1,177	1,090	8.0%
New Zealand Food	175	161	8.8%
<i>New Zealand Food (NZD)</i>	186	175	6.4%
Endeavour Drinks	338	316	6.7%
BIG W	50	20	155.3%
Hotels	224	207	8.3%
Central Overheads	(71)	(94) <sup>3</sup>	(24.8)%
<b>EBIT from continuing operations before significant items</b>	<b>1,893</b>	<b>1,700<sup>3</sup></b>	<b>11.4%</b>

Strong EBIT improvement across all businesses in the half

<sup>1</sup> Normalised results and growth reflect adjustments to H19 if AASB 16 had been in place in F19

<sup>2</sup> Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group

<sup>3</sup> The impact of the costs to remediate salaried store team members has been corrected by the restatement of each of the affected financial statements line items for prior periods in accordance with the requirements for the correction of an error under AASB 108

# Group EBIT excluding AASB 16 impact in F20

## Group EBIT/(LBIT) Pre-AASB 16

\$ MILLION	PRE-AASB 16 NORMALISED <sup>1</sup> H20	REPORTED <sup>2,3</sup> H19	PRE-AASB 16 NORMALISED <sup>1</sup> CHANGE
<b>Continuing operations before significant items</b>			
Australian Food	1,018	933	9.0%
New Zealand Food	150	137	9.7%
<i>New Zealand Food (NZD)</i>	158	148	6.9%
Endeavour Drinks	309	294	5.2%
BIG W	21	(8)	n.m.
Hotels	178	161	10.8%
Central Overheads	(72)	(98) <sup>2,3</sup>	(27.0)%
<b>EBIT from continuing operations before significant items</b>	<b>1,604</b>	<b>1,419<sup>2,3</sup></b>	<b>13.1%</b>

Excluding AASB 16 in H20, normalised Group EBIT increased by 13.1%

<sup>1</sup> Normalised results and growth reflect adjustments to H20 if AASB 16 had not been in place in F20

<sup>2</sup> Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group

<sup>3</sup> The impact of the costs to remediate salaried store team members has been corrected by the restatement of each of the affected financial statements line items for prior periods in accordance with the requirements for the correction of an error under AASB 108

# Impact of restatement on financial statements for salaried store team member remediation

\$ MILLION		FINANCIAL STATEMENT IMPACT
F18 and pre-F18 payment shortfall	263	Opening retained earnings - F19 balance sheet
H19 payment shortfall	26	H19 profit or loss and balance sheet
H2 F19 payment shortfall	26	F19 profit or loss and balance sheet
<b>Gross payment shortfall for prior periods</b>	<b>315</b>	
Provisions recognised in H2 F19	(50)	
<b>Net payment shortfall for prior periods</b>	<b>265</b>	
Interest and other costs	80	H20 profit or loss (significant items) and balance sheet
<b>Net remediation cost</b>	<b>345</b>	
Repaid to team members in H20	(69)	H20 cash flow statement

**Net before-tax impact on F19 of \$(2)m**

Ongoing annualised impact across Group of \$35 - \$45 million before any mitigation



# Key P&L lines impacted by the introduction of AASB 16. Similar NPAT impact in both years

\$ MILLION	H20 <sup>1</sup>		
	Pre-AASB 16 NORMALISED <sup>2</sup>	REPORTED	Impact of AASB 16
EBITDA	2,263	3,141	878
D&A	(659)	(1,248)	(589)
EBIT	1,604	1,893	289
Interest expense	(71)	(440)	(369)
Tax	(452)	(429)	23
Non-controlling interests	(45)	(45)	-
NPAT	1,036	979	(57)

\$ MILLION	H19		
	REPORTED <sup>3</sup>	Post- AASB 16 NORMALISED <sup>4</sup>	Impact of AASB 16
EBITDA	2,030	2,850	820
D&A	(611)	(1,150)	(539)
EBIT	1,419	1,700	281
Interest expense	(71)	(431)	(360)
Tax	(404)	(381)	23
Non-controlling interests	(42)	(42)	-
NPAT	902	846	(56)

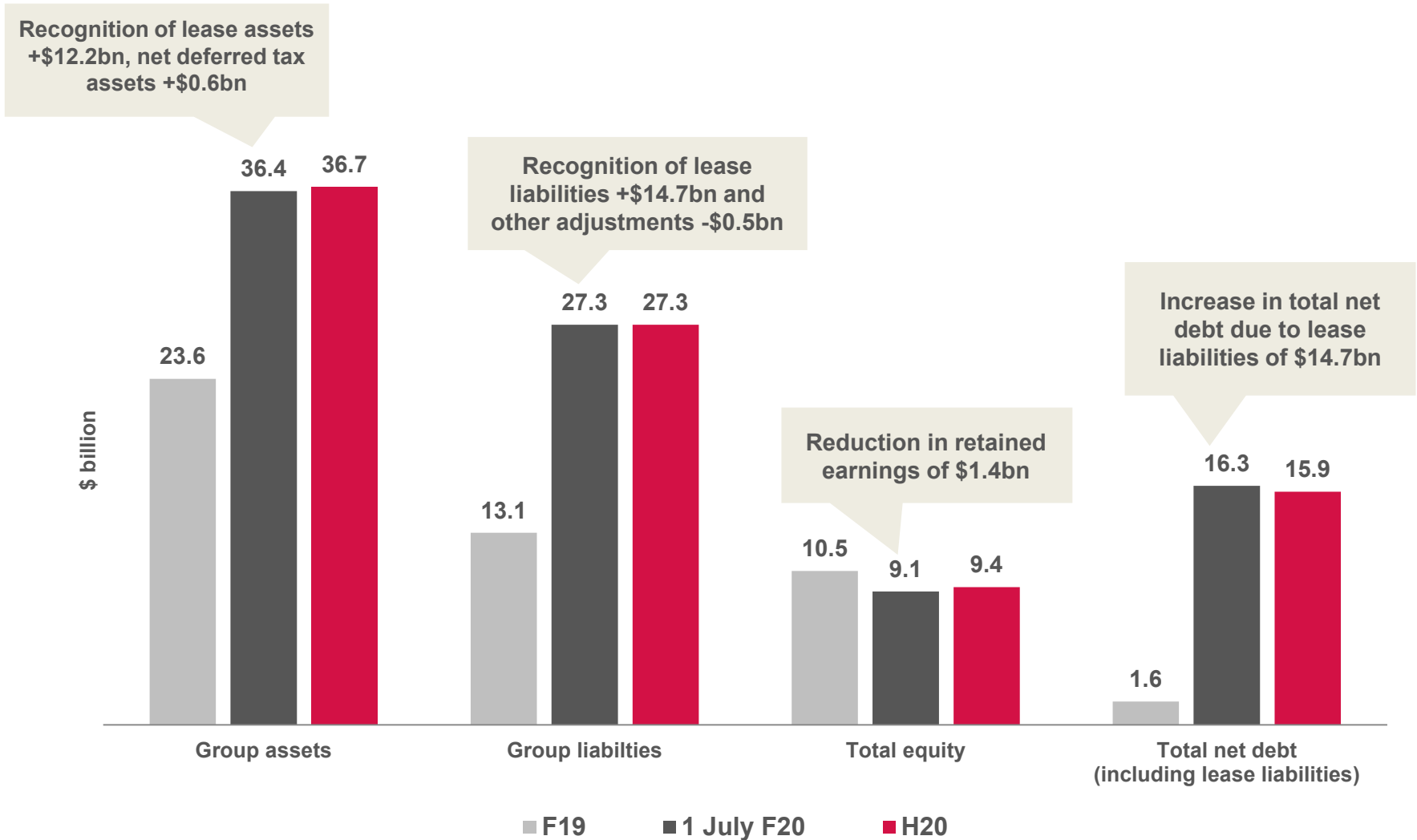
<sup>1</sup>Before significant items

<sup>2</sup>Normalised results and growth reflect adjustments to H20 if AASB 16 had not been in place in F20

<sup>3</sup>Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group. The impact of the costs to remediate salaried store team members has been corrected by the restatement of each of the affected financial statements line items for prior periods in accordance with the requirements for the correction of an error under AASB 108

<sup>4</sup>Normalised results and growth reflect adjustments to H19 if AASB 16 had been in place in F19

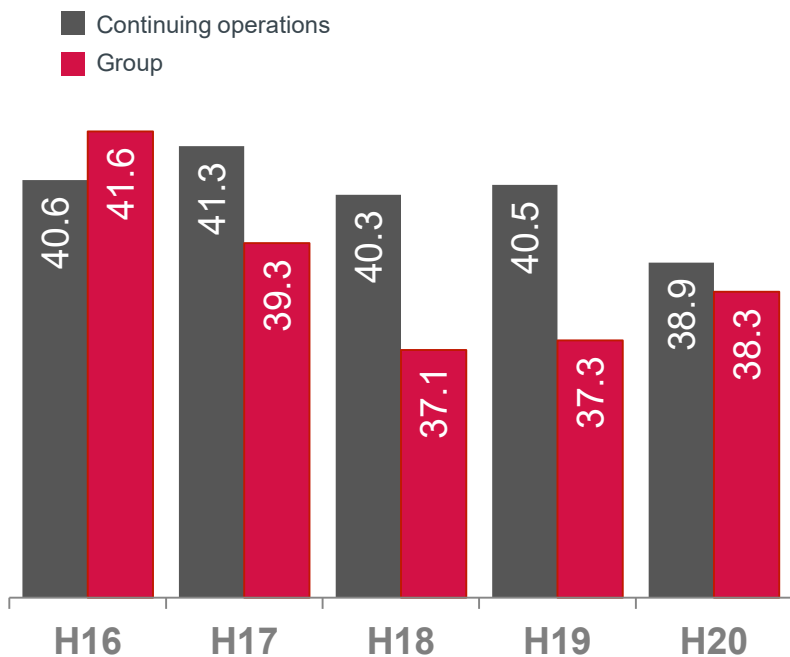
# Key balance sheet lines impacted by introduction of AASB 16



# Balance sheet metrics improved on prior year

## Average inventory days

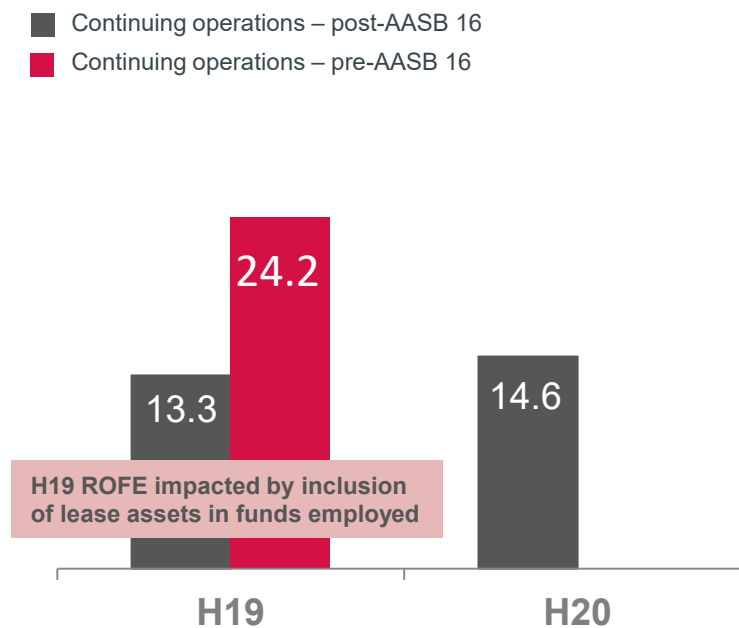
Days



Average inventory days declined by 1.6 days due to successful inventory management programs

## Normalised ROFE

Percentage



H19 ROFE impacted by inclusion of lease assets in funds employed

Group ROFE - continuing operations increased 134 bps largely due to strong Group EBIT growth

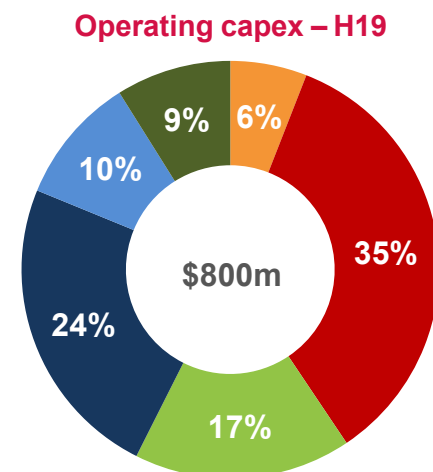
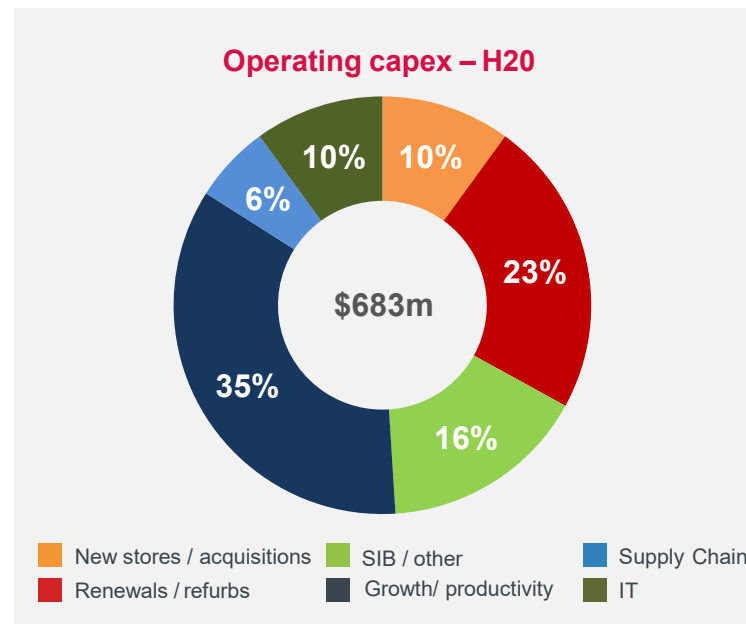
# Free cash flow lower than prior year due to working capital timing

\$ MILLION	REPORTED H20	PRE-AASB 16 REPORTED <sup>1</sup> H19	CHANGE	
EBITDA – continuing operations	3,141	2,030	54.8%	▲ +ve AASB 16 impact with fixed rent becoming lease interest and repayment of lease liabilities. Normalised EBITDA growth of 10.3% from continuing operations before significant items
EBITDA – discontinued operations	-	84	n.m.	
Significant items	(131)	-	n.m.	
<b>Group EBITDA</b>	<b>3,010</b>	<b>2,114</b>	<b>42.4%</b>	EBITDA growth impacted by discontinued operations in H19 and significant items in H20
Working capital and non-cash movements	(59)	373	(115.8)%	Impacted by trade payables timing in H20
<b>Operating activities before interest &amp; tax</b>	<b>2,951</b>	<b>2,487</b>	<b>18.7%</b>	▲
Interest paid – leases	(414)	-	n.m.	▲ -ve AASB 16 impact due to some fixed rent now lease interest
Interest paid – non-leases	(91)	(86)	5.8%	
Tax paid	(385)	(386)	(0.3)%	
<b>Operating activities</b>	<b>2,061</b>	<b>2,015</b>	<b>2.3%</b>	
Investing activities	(761)	(911)	(16.5)%	Capex discussed on slide 21
<b>Free cash flow before lease payments, dividends and share issues</b>	<b>1,300</b>	<b>1,104</b>	<b>17.8%</b>	
Dividends and share payments	(649)	(703)	(7.7)%	▲ H19 incl. cash payment of F18 10c special dividend
Repayment of lease liabilities	(602)	-	n.m.	▲ -ve AASB 16 impact with some fixed rent now repayment of lease liabilities
<b>Free cash flow after lease payments, dividends and share issues</b>	<b>49</b>	<b>401</b>	<b>(87.8)%</b>	Normalised EBITDA growth with lower capex and lower cash dividends offset by trade payables timing
<b>Cash realisation ratio (CRR)</b>	<b>95%</b>	<b>123%</b>	29 pts	

<sup>1</sup> Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group. The impact of the costs to remediate salaried store team members has been corrected by the restatement of each of the affected financial statements line items for prior periods in accordance with the requirements for the correction of an error under AASB 108

# Operating capex below prior year due to Supply Chain and timing of Renewal spend

\$ MILLION	H20	H19 <sup>1</sup>
<b>Continuing operations</b>		
<b>Operating capex<sup>2</sup></b>	<b>683</b>	<b>800</b>
Property development	222	227
<b>Gross capex</b>	<b>905</b>	<b>1,027</b>
Property sales	(174)	(101)
<b>Net capex</b>	<b>731</b>	<b>926</b>
Discontinued operation	—	18
<b>Group net capex</b>	<b>731</b>	<b>944</b>
Lease asset additions (net)	250	n.a.



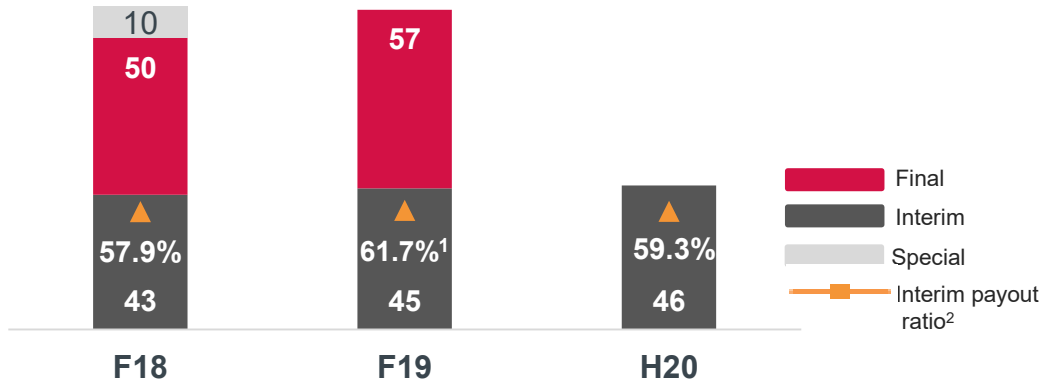
**F20 operating capex expected to be ~\$1.7 billion**

<sup>1</sup> Property acquisitions now included in property development, previously in operating capex. The comparative has been represented on the same basis

<sup>2</sup> Acquisitions of businesses are included in operating capex (H20: \$38m, H19: \$23m)

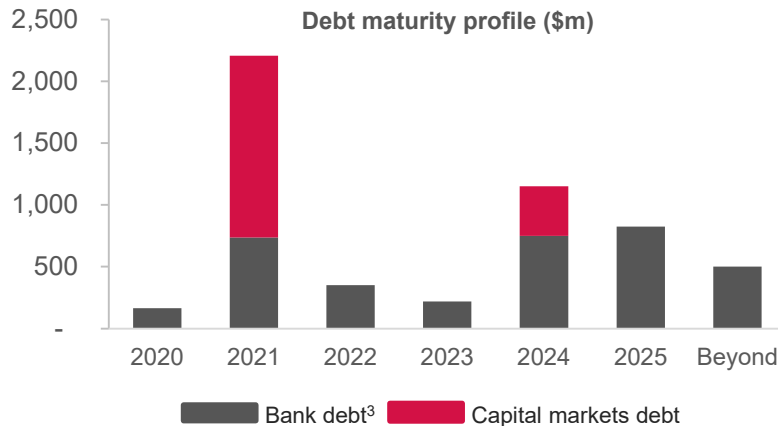
## Fully-franked interim dividend up 2.2% to 46 cps

Dividends (cents per share)



- Dividend up 2.2% on the prior year. Excluding non-comparable Petrol earnings in H19, interim dividend is up 9.5%
- DRP remains active, no discount
- The impact on the Group's capital management framework will be considered following a successful separation of Endeavour Group

## Sources of funding and liquidity remain strong



- \$2bn syndicated bank facilities refinanced in Nov 2019 with 4, 5 and 7 year tranches lowering effective interest rate and increasing weighted average maturity
- Net debt<sup>4</sup> of \$1,543m (F19: \$1,599m) broadly in line with F19

### Committed to solid investment grade credit ratings

Credit metrics have significant headroom above thresholds for current ratings

S&P: BBB (stable outlook)<sup>5</sup>  
Moody's: Baa2 (stable outlook)<sup>5</sup>

No change to ratings expected after AASB 16

<sup>1</sup> Restated for the impact of the costs to remediate salaried store team members in accordance with the requirements for the correction of an error under AASB 108

<sup>2</sup> Based on Group NPAT attributable to equity holders of the parent entity before significant items

<sup>3</sup> Total committed facilities (drawn and undrawn)

<sup>4</sup> Excluding lease liabilities

<sup>5</sup> These credit ratings 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 and are published for the benefit of Woolworths Group's debt providers

# Contents

H2O GROUP SUMMARY & PROGRESS Brad Banducci	4
---	---

GROUP FINANCIAL RESULTS Stephen Harrison	12
---	----

BUSINESS PERFORMANCE UPDATE	24
-----------------------------	----

OUTLOOK Brad Banducci	50
--------------------------	----





Woolworths   
*The fresh food people*



	REPORTED H20	POST-AASB 16 NORMALISED <sup>1</sup> H19	POST-AASB 16 NORMALISED <sup>1</sup> CHANGE
<b>Sales (\$m)</b>	<b>21,200</b>	<b>19,928</b>	<b>6.4%</b>
EBITDA (\$m)	1,929	1,757	9.8%
<b>EBIT (\$m)</b>	<b>1,177</b>	<b>1,090</b>	<b>8.0%</b>
Gross margin (%)	29.1	28.8	38 bps
Cost of doing business (%)	23.6	23.3	29 bps
EBIT to sales (%)	5.6	5.5	8 bps
<b>Sales per square metre (\$)</b>	<b>17,236</b>	<b>16,656</b>	<b>3.5%</b>
ROFE (%)	25.2	25.3	(15) bps

## H20 Normalisation – pre-AASB 16

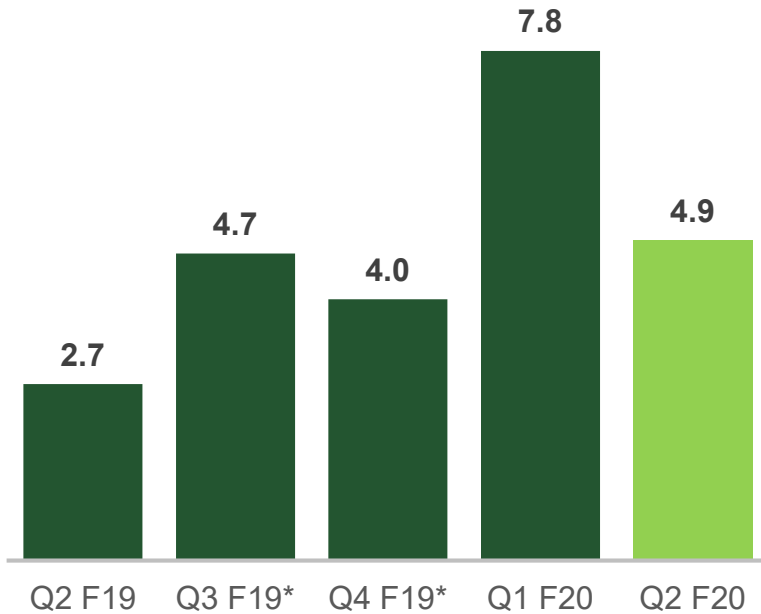
	PRE-AASB 16 NORMALISED <sup>2</sup> H20	REPORTED <sup>3</sup> H19	PRE-AASB 16 NORMALISED <sup>2</sup> CHANGE
EBIT – pre-AASB 16 comparable basis	1,018	933	9.0%
EBIT – pre-AASB 16 comparable basis to sales (%)	4.8	4.7	12 bps

<sup>1</sup> Normalised results and growth reflect adjustments to H19 if AASB 16 had been in place in F19

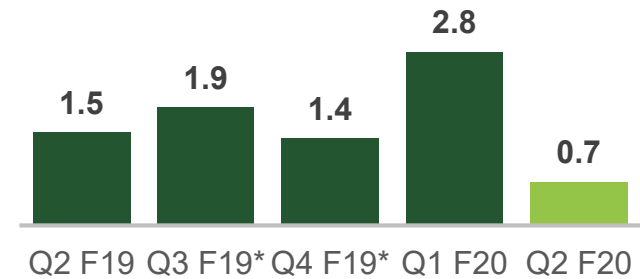
<sup>2</sup> Normalised results and growth reflect adjustments to H20 if AASB 16 had not been in place in F20

<sup>3</sup> Comparatives have been re-presented to reflect the transfer of the Summergate business from Endeavour Drinks to Australian Food

Total sales (% year on year)



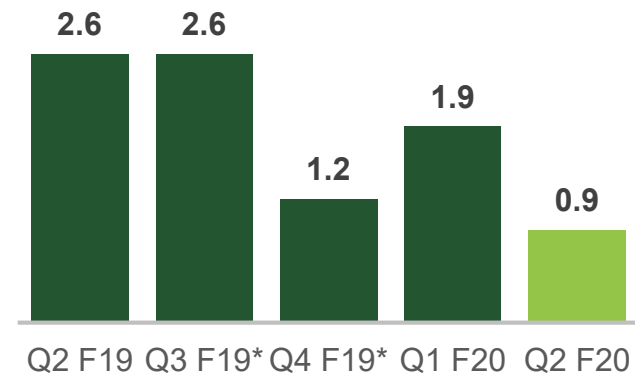
Comp transactions (% year on year)



Comp sales growth (% year on year)



Comp items per basket (% year on year)

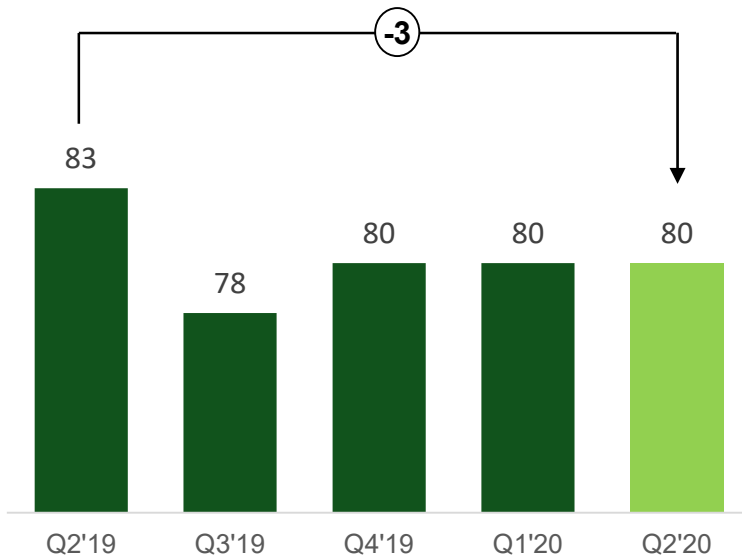


\* Adjusted for the timing of Easter with Q4 also normalised for the impact of the 53<sup>rd</sup> week in F19

# Brand NPS remains strong; plans in place to improve customer scores in H2

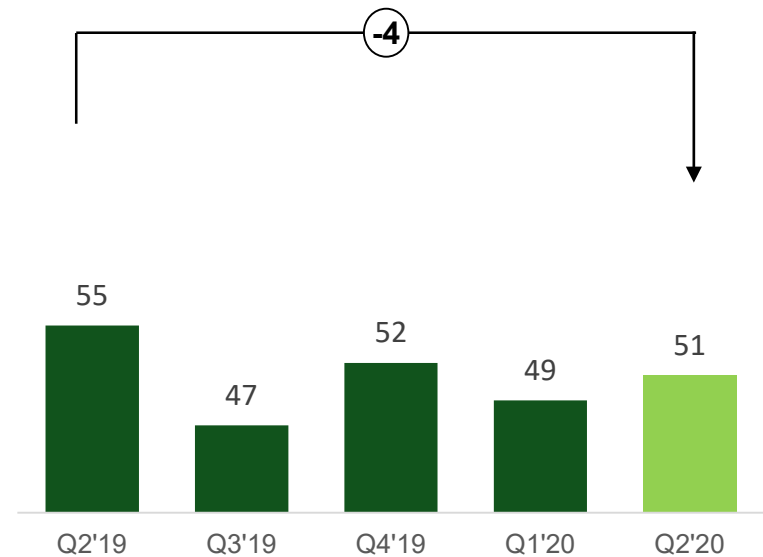
## Store-controllable VOC<sup>1</sup>

% customers satisfied, 6 & 7 out of 7



## NPS - Store & Online<sup>1,2</sup>

% promoters - % detractors



<sup>1</sup> In F20, Store-controllable VOC and VOC NPS has been re-weighted from seven metrics to five

<sup>2</sup> NPS Store & Online as 70% weighted store and 30% weighted online



We bring a little **good** to everyone, every day.

## Innovate our customer and team experience

<p><b>Customer scores</b></p> <p><b>51 VOC NPS</b> +2 pts vs Q1 F20; -4 vs H19</p> <p><b>80% Store-controllable VOC</b> stable H20, -3% vs H19 <b>Plans to improve in H2 F20</b></p>	<p><b>WooliesX</b></p> <p><b>38% H20 Online Sales Growth</b>; 4.4% sales penetration</p> <p><b>12 million Woolworths Rewards members</b></p>	<p><b>Team and Safety</b></p> <p><b>13,400*</b> team members completed <b>I am Here</b> training for <b>mental wellbeing support</b></p> <p>H20 <b>Total Recordable Injuries</b> reduced by <b>9.6%</b> vs H19</p>	<p><b>Community &amp; Bushfires</b></p> <p><b>200 pallets</b> of Food and essentials donated to <b>bushfire impacted communities</b></p> <p><b>\$1 million</b> raised in partnership with customers at Xmas to <b>support OzHarvest</b></p>
--	--	--	---

## Differentiate core customer offer

<p><b>Store network</b></p> <p><b>14 new stores (net)</b></p> <p><b>36 Renewals</b> (32 Supermarkets, 4 Metros)</p>	<p><b>New store formats</b></p> <p><b>2 Smart Stores</b> launched Millers Junction (VIC) &amp; Chullora (NSW)</p> <p><b>New sustainable Supermarket</b> Burwood Brickworks (VIC)</p>	<p><b>Fresh offer</b></p> <p><b>Fresh Made Easy</b> deployed nationally</p> <p><b>Famous for Fruit &amp; Vegetables</b> implemented in 270 stores</p>	<p><b>Differentiated range</b></p> <p><b>Emerging categories</b> showing continued growth including Free From, Asian and vegan ranges</p>
---	--	---	---

## Redesign E2E Operating model

<p><b>Better for customers</b></p> <p>Roll out of new <b>customer operating model</b> with an ongoing focus on embedding changes within stores</p>	<p><b>Better for stores</b></p> <p>Continued to build momentum across our <b>Simpler for Stores</b> program, delivering a number of initiatives during the half</p>	<p><b>Total stock loss</b></p> <p><b>Reduced total stock loss</b> through a number of initiatives including reactivation of scales on assisted checkouts</p>	<p><b>Efficient supply chain</b></p> <p><b>Ramp up of MSRDC</b> continuing now supplying all Victorian stores</p>
--	---	--	---

\* Woolworths Supermarkets, Metro and FoodCo team members

## Supporting Communities

- Awarded 617 primary schools up to \$1,000 each to inspire the next generation of environmental champions via Woolworths Junior Landcare Grants
- More than \$1 million raised in partnership with customers at Christmas to support OzHarvest
- Delivered 500,000 pieces of school equipment to more than 14,000 schools nationwide as part of the Woolworths Earn and Learn program
- Supported women in need through Share the Dignity's collections in August
- More than 10 million pieces of fruit offered in H1 through our Free Fruit for Kids Program
- 55,000 kids participated in Fresh Food Kid Discovery Tours in H1, bringing the total to more than 250,000 kids who have learnt about fresh fruit and vegies since launch



## Strong eCom momentum

eCom growth at **38% YoY in H1**, supported by continued strong growth in Pick up offer



Digital traffic growing to over

**50%**

**VOC NPS 61** maintained with high order volume in the lead up to Christmas

**Multiple customer awards**  
No.1 Customer Satisfaction for Online Groceries by Canstar Blue and multiple awards by Mozo\*

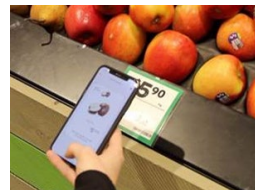


## Ultra-convenient experiences

Continued investment into **digital experiences and convenient options** e.g. relaunch of Delivery Unlimited subscription, track my order feature and other improvements across web and app



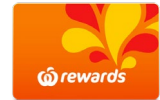
Continued to expand **Delivery Now** proposition across Sydney, Melbourne and Brisbane



**Scan&Go pilot live in 10 stores**, 4 Supermarkets and 6 Metros

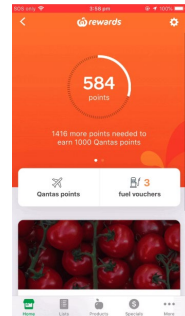
## Rewards expansion

**12 million**



**...members** in our Rewards program (+0.7m vs Dec LY) with scan rates continuing to improve across all banners

**Rewards access launched within the Woolworths mobile app**, so customers can view their points as well as activate and track their offers



**Relaunched Qantas partnership in Oct '19**, allowing Rewards members to convert 2,000 Reward points into 1,000 Qantas points and simplifying the customer experience



\* "Outstanding Customer Satisfaction", "Range of Products", "Freshness", "Online Shopping Experience", "Delivery Service", "Click and Collect" and "Most Recommended"



countdown 



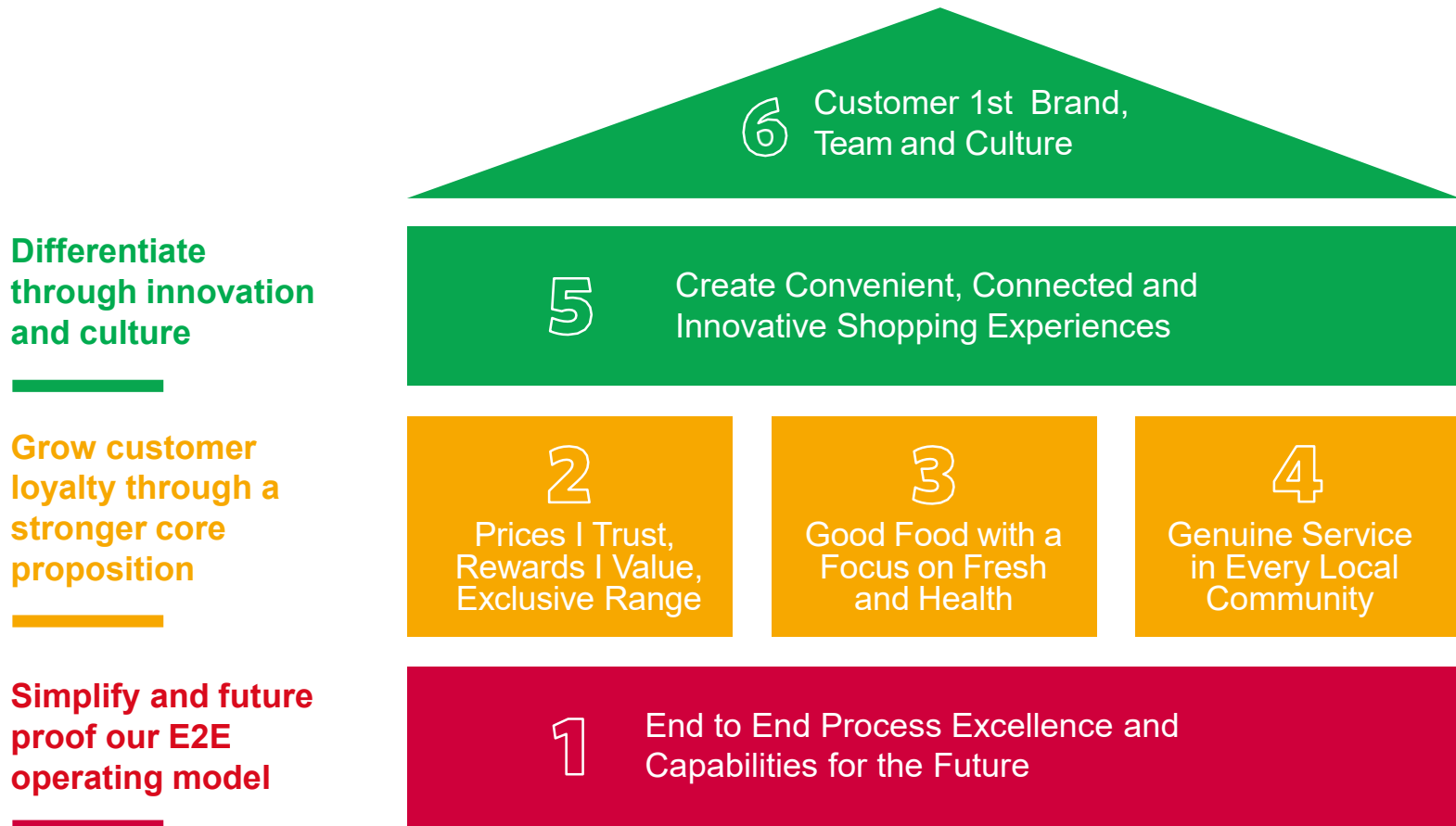
<b>NZD</b>	<b>REPORTED H20</b>	<b>POST-AASB 16 NORMALISED<sup>1</sup> H19</b>	<b>POST-AASB 16 NORMALISED<sup>1</sup> CHANGE</b>
<b>Sales (\$m)</b>	<b>3,564</b>	<b>3,401</b>	<b>4.8%</b>
EBITDA (\$m)	316	294	7.5%
<b>EBIT (\$m)</b>	<b>186</b>	<b>175</b>	<b>6.4%</b>
Gross margin (%)	24.7	24.3	46 bps
Cost of doing business (%)	19.5	19.1	38 bps
EBIT to sales (%)	5.2	5.1	8 bps
<b>Sales per square metre (\$)</b>	<b>16,704</b>	<b>16,009</b>	<b>4.3%</b>
ROFE (%)	8.1	7.8	26 bps

**H20 Normalisation – pre-AASB 16**

	<b>PRE-AASB 16 NORMALISED<sup>2</sup> H20</b>	<b>REPORTED H19</b>	<b>PRE-AASB 16 NORMALISED<sup>2</sup> CHANGE</b>
EBIT – pre-AASB 16 comparable basis	158	148	6.9%
EBIT – pre-AASB 16 comparable basis to sales (%)	4.4	4.4	9 bps

<sup>1</sup> Normalised results and growth reflect adjustments to H19 if AASB 16 had been in place in F19

<sup>2</sup> Normalised results and growth reflect adjustments to H20 if AASB 16 had not been in place in F20



**We're here to make Kiwis' lives a little better everyday.**

## H1 highlights

### Customer 1st Team 1st

#### NPS

Continued brand advocacy strengthening to new highs

#### TEAM

Improved Safety, Voice of Team, Voice of Supplier and Everyday Acts metrics

### Convenient and Connected

**32.7%** H1 online sales growth vs last year

**8.2%** Online sales penetration H1

Opened first Metro and announced first NZ eStore

### Sales Growth

**4.8%**

H20 total sales growth

### Great Prices and Good Acts



## H2'20 focus

### Customer 1<sup>st</sup> Team 1<sup>st</sup> Culture



### Digital Experience and Online Growth



### Health, Fresh and Sustainability



### End to End Process Excellence





**BIGW**

	REPORTED H20	POST-AASB 16 NORMALISED <sup>1</sup> H19	POST-AASB 16 NORMALISED <sup>1</sup> CHANGE
<b>Sales (\$m)</b>	<b>2,149</b>	<b>2,091</b>	<b>2.8%</b>
EBITDA (\$m)	138	112	23.6%
<b>EBIT (\$m)</b>	<b>50</b>	<b>20</b>	<b>155.3%</b>
Gross margin (%)	32.6	31.2	137 bps
Cost of doing business (%)	30.2	30.3	(2) bps
EBIT to sales (%)	2.3	0.9	139 bps
<b>Sales per square metre (\$)</b>	<b>3,609</b>	<b>3,442</b>	<b>4.9%</b>
ROFE (%)	0.0	(3.9)	3.9 pts

### H20 Normalisation – pre-AASB 16

	PRE-AASB 16 NORMALISED <sup>2</sup> H20	REPORTED H19	PRE-AASB 16 NORMALISED <sup>2</sup> CHANGE
EBIT/(LBIT) – pre-AASB 16 comparable basis	21	(8)	n.m.
EBIT/(LBIT) – pre-AASB 16 comparable basis to sales (%)	1.0	(0.4)	133 bps

<sup>1</sup> Normalised results and growth reflect adjustments to H19 if AASB 16 had been in place in F19

<sup>2</sup> Normalised results and growth reflect adjustments to H20 if AASB 16 had not been in place in F20



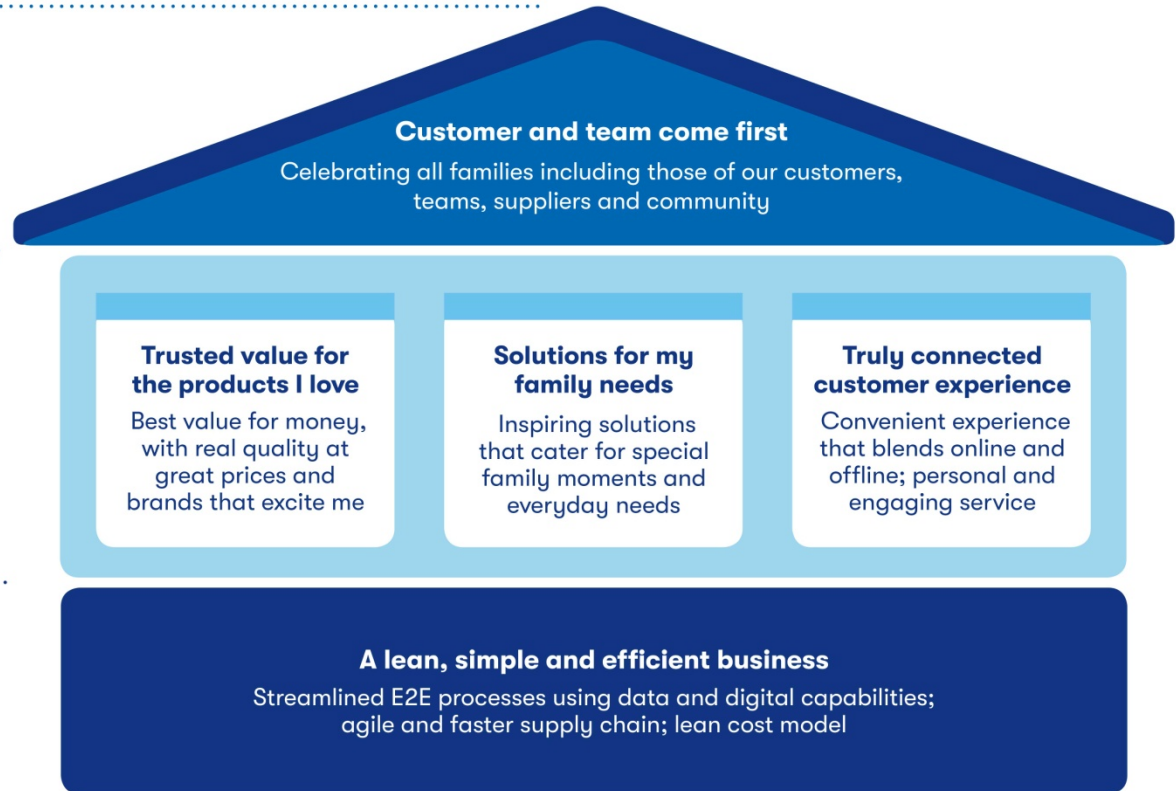
**Living our purpose**  
Making a **real** difference  
for families



**Distinctive and sustainable business**  
A distinctive customer offer that builds a successful business



**A simpler business**  
An agile business made efficient through simple data enabled processes



**We make a real difference for families.**

## H2O highlights

- ✓ Simplification of business processes and operations continued
- ✓ Continued to invest in price where it matters with more focus on full price selling
- ✓ Improved ranges in seasonal apparel supported by new fixtures and brands
- ✓ Improved digital offering and promotions
- ✓ Successful launch of new brand platform "Every Day's a Big Day"



## Focus for the next 6 months

- 1 Simplify business by continuing to curate ranges and streamline processes
- 2 Remain competitive on price while optimising approach to promotions and clearance
- 3 Refresh fixtures in additional categories across the store network
- 4 Offer more ways for customers to shop BIG W with a focus on convenience
- 5 Continue to demonstrate real care to the communities BIG W operates in



Endeavour Group



The creation of Endeavour Group was completed in early February through the internal restructure of Woolworths Group's retail drinks business, and the merger of this business with ALH Group



As a result of these transactions, Woolworths Group now owns 85.4% of Endeavour Group, while Bruce Mathieson Group owns the remaining 14.6%



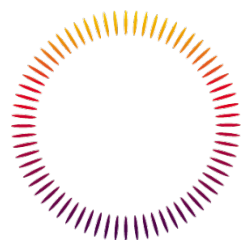
Key leadership appointments for Endeavour Group have been made, with Peter Hearl appointed as Chairman-elect, Steve Donohue as CEO-elect and Colin Storrie as COO/CFO-elect. These positions will take effect in the event of a separation



The planned separation of Endeavour Group is on track to occur later in CY2020. A dedicated internal team and advisor group continues to progress transaction execution and operational separation



We will provide further information on the expected timing and process for the separation at the appropriate time



ENDEAVOUR  
DRINKS

	REPORTED H20	POST-AASB 16 NORMALISED <sup>1</sup> H19	POST-AASB 16 NORMALISED <sup>1</sup> CHANGE
<b>Sales (\$m)</b>	<b>4,775</b>	<b>4,560</b>	<b>4.7%</b>
EBITDA (\$m)	465	441	5.1%
<b>EBIT (\$m)</b>	<b>338</b>	<b>316</b>	<b>6.7%</b>
Gross margin (%)	23.2	22.8	42 bps
Cost of doing business (%)	16.2	15.9	29 bps
EBIT to sales (%)	7.1	6.9	13 bps
<b>Sales per square metre (\$)</b>	<b>18,487</b>	<b>17,922</b>	<b>3.2%</b>
ROFE (%)	14.7	14.4	23 bps

## H20 Normalisation – pre-AASB 16

	PRE-AASB 16 NORMALISED <sup>2</sup> H20	REPORTED <sup>3</sup> H19	PRE-AASB 16 NORMALISED <sup>2</sup> CHANGE
EBIT – pre-AASB 16 comparable basis	309	294	5.2%
EBIT – pre-AASB 16 comparable basis to sales (%)	6.5	6.4	3 bps

<sup>1</sup> Normalised results and growth reflect adjustments to H19 if AASB 16 had been in place in F19

<sup>2</sup> Normalised results and growth reflect adjustments to H20 if AASB 16 had not been in place in F20

<sup>3</sup> Comparatives have been re-presented to reflect the transfer of the Summergate business from Endeavour Drinks to Australian Food

## H1 highlights



**Successful relaunch of My Dan's loyalty program.** Over 4m memberships, up 24% vs LY



**Complete review of the wine range**  
Delivering a localised range with 350 new lines added to stores over the last 6 months



**Successful relaunch of the Dan Murphy's app** providing multiple shopping options that enhance the customer experience



**9 new stores** taking total fleet to 239. Including first Smart Store and first New Urban format in Elanora Heights



**Continued strong performance in VOC**  
December Store-controllable VOC of 90, +2pts on LY

## H2'20 focus



**Continue to leverage Pinnacle** to deliver a product range tailored to customers



**2 new stores** added to the fleet to total 241 as well as trialling new store renewal formats



**Optimising discovery engine** to help My Dan's members discover new products that they will love



**Continued focus on simplification of processes for store teams** through investments in technology and Workforce Planning

## H1 highlights



**Opened 7 net new stores** bringing the total store network to 1,353 and completed 73 Renewals (including 2 Smart Stores)



**On demand delivery** expanded to 740 stores driving double-digit growth



**New product lines launched** supporting double-digit sales growth on LY



**New BWS APP** +250k downloads supported by BWS Cooler promotion and was one of the top Food and Drinks apps

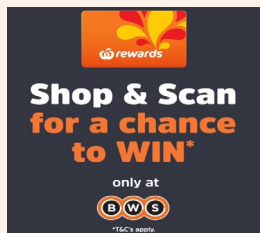


**New partnership with Uber** launched in ~210 stores in Victoria

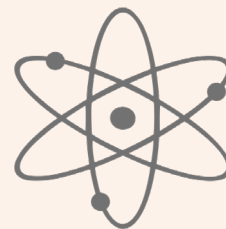
## H2'20 focus



**Continue the H2 Renewal program** aligned to Food providing customers with improved in-store experience



**Continue the Partnership with Food** promoting customers to win on value through personalised Rewards



**Continue to simplify store processes** through in-store technology while providing authentic, knowledgeable and personalised customer experiences



**Further enhance curated and localised ranging** enabled by new system investments



**Continue the partnership with Uber** by expanding the offer to additional stores in the network



To connect everyone with a drinks experience they'll love



Broadbeach Tavern, QLD



	REPORTED H20	POST-AASB 16 NORMALISED <sup>1</sup> H19	POST-AASB 16 NORMALISED <sup>1</sup> CHANGE
<b>Sales (\$m)</b>	<b>919</b>	<b>865</b>	<b>6.2%</b>
EBITDA (\$m)	342	327	4.7%
<b>EBIT (\$m)</b>	<b>224</b>	<b>207</b>	<b>8.3%</b>
Gross margin (%)	83.7	84.2	(57) bps
Cost of doing business (%)	59.2	60.3	(105) bps
EBIT to sales (%)	24.4	23.9	47 bps
ROFE (%)	9.0	8.7	32 bps

### H20 Normalisation – pre-AASB 16

	PRE-AASB 16 NORMALISED <sup>2</sup> H20	REPORTED H19	PRE-AASB 16 NORMALISED <sup>2</sup> CHANGE
EBIT – pre-AASB 16 comparable basis	178	161	10.8%
EBIT – pre-AASB 16 comparable basis to sales (%)	19.4	18.6	80 bps

<sup>1</sup> Normalised results and growth reflect adjustments to H19 if AASB 16 had been in place in F19

<sup>2</sup> Normalised results and growth reflect adjustments to H20 if AASB 16 had not been in place in F20




# Contents

H2O GROUP SUMMARY & PROGRESS Brad Banducci	4
GROUP FINANCIAL RESULTS Stephen Harrison	12
BUSINESS PERFORMANCE UPDATE	24
OUTLOOK Brad Banducci	50



Slower start to Q3 reflecting a volatile consumer and natural environment. Despite this we are confident in our plans for H2




Higher food inflation expected to continue in Australian and New Zealand Food. Costs to be impacted by new EAs, while continued opportunities available in productivity and total stock loss



Continue to scale up of X businesses to keep pace with customers' demands and expectations



Exciting but busy second half for Endeavour Group as we progress the separation of the business. Focused on areas of strong growth potential as premiumisation trends continue



Build on BIG W momentum through a focus on profitable sales with post-AASB 16 profit forecast in F20

Cash realisation ratio	Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation
Comparable sales	Measure of sales which excludes stores that have been opened or closed in the last 12 months and demonstrable impact on existing stores from store disruption as a result of store refurbishment or new store openings/closures
Cost of doing business (CODB)	Expenses which relate to the operation of the business
Customer 1 <sup>st</sup> Ranging	Developing a clearly defined range to provide an easier shopping experience for the customer
Customer fulfilment centre	Dedicated online distribution centres
Drive	Convenient options for customers to pick up online orders through Drive up or Drive thru facilities
eStore	Store which utilises automation for the fulfilment of online orders
Free cash flow	Cash flow generated by the Woolworths Group after equity related financing activities including dividends and repayment of lease liabilities
Funds employed	Net assets employed excluding net tax balances
MFC	Micro-fulfilment centre
MSRDC	Melbourne South Regional Distribution Centre
Net assets employed	Net assets excluding net debt and other financial assets and liabilities
Net Promoter Score (NPS)	A loyalty measure based on a single question where a customer rates a business on a scale of zero to 10. The score is the net result of the percentage of customers providing a score of nine or 10 (promoters) less the percentage of customers providing a score of zero to six (detractors)
Total Net debt	Borrowings less cash balances including debt hedging derivatives and lease liabilities
On-demand/express delivery	An express or scheduled delivery service providing online orders at the customer's convenience
Pick up	A service which enables collection of online shopping orders in-store or at select locations

Renewals	A total store transformation focused on the overall store environment, team, range and process efficiency (including digital)
Return on Funds Employed (ROFE)	ROFE is calculated as EBIT before significant items for the previous 12 months as a percentage of average (opening, mid and closing) funds employed including significant items provisions
Sales per square metre	Total sales for the previous 12 months by business divided by average trading area
Simpler for Stores	Simplification of end-to-end processes for store teams, improving customer experience and productivity
Smart Store	A store that employs technology to improve process efficiency from customers and team members
Total stock loss	The value of stock written-off, wasted, stolen, cleared, marked-down or adjusted from all stores nationally (sometimes expressed as a percentage of sales)
Voice of Customer (VOC)	Externally facilitated survey of a sample of Woolworths Group customers where customers rate Woolworths Group businesses on several criteria. Expressed as the percentage of customers providing a rating of six or seven on a seven-point scale
VOC NPS	VOC NPS is based on feedback from Woolworths Rewards members. VOC NPS is the number of promoters (score of nine or 10) less the number of detractors (score of six or below)
Voice of Supplier (VOS)	A survey of a broad spectrum of suppliers facilitated by an external provider. The survey is used to provide an ongoing measure of the effectiveness of business relationships with the supplier community. VOS is the average of the suppliers' rating across various attributes scored as a percentage of suppliers that provided a rating of six or seven on a seven-point scale
Voice of Team (VOT)	Survey measuring sustainable engagement of our team members as well as their advocacy of Woolworths as a place to work and shop. The survey consists of nine sustainable engagement questions, three key driver questions and two advocacy questions

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

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- EBIT – pre-AASB 16
- Normalised EBIT
- Cash flow from operating activities before interest and tax
- Significant items
- Fixed assets and investments
- Net investment in inventory
- Free cash flow after equity related financing activities excluding dividends
- Net assets held for sale
- Net tax balances
- Closing inventory days
- Closing trade payable days
- Average inventory days
- Change in average prices
- Trading area
- Easter-adjusted metrics
- Margins including gross profit, CODB and EBIT/(LBIT)
- Volume productivity metrics including transaction growth, items per basket and item growth

This presentation contains summary information about Woolworths Group Limited (Woolworths Group) and its activities current as at the date of this presentation. It should be read in conjunction with Woolworths' other periodic and continuous disclosure announcements filed with the Australian Securities Exchange, available at [www.asx.com.au](http://www.asx.com.au)

This presentation has not been audited in accordance with Australian Auditing Standards.

This presentation contains certain non-IFRS measures that Woolworths Group believes are relevant and appropriate to understanding its business. Refer to the Half-Year Results and Dividend Announcement for further details.

This presentation is for information purposes only and is not a prospectus or product disclosure statement, financial product or investment advice or a recommendation to acquire Woolworths Group shares or other securities. It has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Past performance is no guarantee of future performance.

No representation or warranty, expressed or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Woolworths and its related bodies corporate, or their respective directors, employees or agents, nor any other person accepts liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability from fault or negligence.

This presentation may contain forward-looking statements including statements regarding our intent, belief or current expectations with respect to Woolworths Group's business and operations, market conditions, results of operations and financial condition, specific provisions and risk management practices. When used in this presentation, the words 'plan', 'will', 'anticipate', 'expect', 'may', 'should' and similar expressions, as they relate to Woolworths Group and its management, are intended to identify forward-looking statements.

Forward looking statements involve known and unknown risks, uncertainties and assumptions and other important factors that could cause the actual results, performances or achievements of Woolworths Group to be materially different from future results, performances or achievements expressed or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof.

Thank you

WOOLWORTHS GROUP

