

First Quarter Sales Results

Financial Year 2020 - 14 weeks to 6 October 2019

30 October 2019

WOOLWORTHS GROUP

Strong Q1 sales growth across the Group

Group sales from continuing operations

\$15.9BN

▲ 7.1%

Group Online sales

\$802M

▲ 37.4%

Australian Food sales

\$10.7BN

▲ 7.8%

Key sales highlights

- **Australian Food** sales growth of 7.8% (comparable: 6.6%) driven by successful Lion King Ooshies and Woolworths Discovery Garden campaigns and Online
- **New Zealand Food** sales growth of 4.6% (comparable: 4.8%) with customer metrics continuing to improve
- **Endeavour Drinks** sales growth of 4.9% (comparable: 3.2%) with both BWS and Dan Murphy's reporting solid growth
- **BIG W** sales momentum continues with sales up 2.6% (comparable: 4.4%) with Apparel growth the highlight
- **Group Online** sales growth of 37.4% driven by WooliesX and CountdownX
- **Hotels** sales growth of 5.5% (comparable: 3.6%) driven by strong performance in Food and Bars

First quarter sales

\$ MILLION	2020 (14 WEEKS)	2019 (14 WEEKS)	CHANGE	COMPARABLE GROWTH*
Australian Food [†]	10,663	9,887	7.8%	6.6%
New Zealand Food (AUD)	1,660	1,537	8.0%	
New Zealand Food (NZD)	1,756	1,679	4.6%	4.8%
Endeavour Drinks [†]	2,186	2,084	4.9%	3.2%
BIG W	926	902	2.6%	4.4%
Hotels	468	443	5.5%	3.6%
Total first quarter sales from continuing operations	15,903	14,853	7.1%	
Discontinued operation - Petrol	-	1,326	n.m.	n.m.

"It has been a pleasing start to F20 with strong sales momentum across the Group. In Australian Food, sales growth was driven by the success of Lion King Ooshies, Discovery Garden and the continued growth in Online. Customer scores have softened slightly given higher than expected sales growth and the implementation of a new store customer operating model. We expect sales growth to moderate over the remainder of the financial year.

"In New Zealand, Fresh, Health, Our Brand and Online drove strong quarterly sales growth. In Endeavour Drinks, both BWS and Dan Murphy's delivered comparable growth across all key categories with Beer and Spirits and the growth of Pinnacle the highlights. In September, Endeavour Drinks acquired Chapel Hill Winery and established Paragon Wine Estates to house our portfolio of premium regional wines.

"BIG W sales growth continued, especially in the critical Apparel category and our new brand platform, 'Every day's a big day', was launched to strong customer resonance. Hotels' strong sales in Food and Bars benefitted from recently refurbished venues and successful promotional activity.

"We are pleased with trading in the year to date and preparations for the Christmas period are well progressed. We remain focused on providing the best possible customer experience across all of our businesses as we manage a material change agenda in the first half including the implementation of our new Customer Operating Model in Woolworths Supermarkets, the rollout of Fresh Made Easy and the ramp-up of the MSRDC. The Endeavour Group transaction is progressing well with the next key milestone a shareholder vote on the Restructure Scheme on 16 December."

Brad Banducci
CEO, Woolworths Group

* Comparable sales in Q1'20 is calculated comparing weeks 1-14 in the current quarter to weeks 2-15 in the prior year

† F19 sales have been re-presented to reflect the transfer of the Summergate business from Endeavour Drinks to Australian Food

Australian Food

Operating metrics

YEAR ON YEAR (%)	Q1'20 (14 WEEKS)	Q1'19 (14 WEEKS)
Customer metrics*		
VOC NPS (Store and Online)	49	50
Store-controllable VOC	80%	82%
Sales productivity metrics		
Total sales (\$ million)**	10,663	9,887
Total sales	7.8%	1.9%
Comparable sales	6.6%	1.7%
Volume productivity metrics		
Comparable transaction growth	2.8%	2.1%
Comparable items per basket	1.9%	0.8%
Comparable item growth	4.7%	2.9%
Change in average prices		
Total	0.3%	(1.0)%
Total excluding Tobacco	(1.2%)	(2.5)%

Australian Food's VOC NPS in Q1'20 was down one point on the prior year at 49, and Store-controllable VOC was down two points to 80%. Over the quarter, most customer metrics were strong with Lion King Ooshies being particularly popular with the New and Young Families segment in July and August. Scores declined marginally in September but remained resilient given several challenges in the quarter including higher than anticipated sales and the rollout of the new customer operating model and Fresh Made Easy.

In F20, Store-controllable VOC has been reduced from a composite of seven measures to five measures with Ease of Movement and Correct Price Tickets removed. The change is to ensure store teams are focused on areas that are most important to customers and offer the highest potential for improvement. VOC NPS (Store and Online) has also been re-weighted with Online VOC increasing to 30% from 25%.

Total sales in the first quarter increased by 7.8% to \$10.7 billion. Comparable sales increased by 6.6% with comparable item growth of 4.7% driven by transaction growth and items per basket. Online sales grew at 43.2% with both the Lion King Ooshies and Woolworths Discovery Garden positively impacting sales. Growth also benefitted from cycling a weaker Q1'19 (comparable growth: 1.7%) impacted by the removal of single-use plastic bags and a competitor collectable program. On a two-year average basis, comparable growth was 4.2%.

Average prices increased by 0.3% in the quarter despite Fruit and Vegetable prices returning to deflation. Excluding Tobacco and Fruit and Vegetables, average prices decreased by 0.6%. Groceries continued to decline compared to Q1'19 but the rate of decline is slowing. Categories directly impacted by the drought such as Meat, Deli and Bakery had the highest rates of inflation.

During the quarter, one Woolworths supermarket and one Metro food store were opened with a total fleet size of 1,027[†] at the end of the quarter. Of the total, 45 stores are now Metro branded. Progress in the Renewal program continued with seven completed during the quarter. The roll out of Fresh Made Easy continued during the quarter and is in its final stages of implementation across the network. The initiative includes new store-specific planograms, point-of-sale and updated equipment focusing on new categories: Fresh Convenience and Fresh Service.

In addition to \$27 million raised to date from the drought levy on Woolworths branded milk, a drought relief appeal was launched which included a \$2 limited edition sunflower seedling kit offered to customers as part of the Woolworths Discovery Garden program. Woolworths matched every dollar raised, with the funds going to appeal partners Rural Aid, The Salvation Army, Foodbank and Lifeline. Among other initiatives, funds raised will enable financial support, on-farm support including stock feed, additional counsellors in regional areas and assistance to address food insecurity in drought-impacted areas.

* In F20, Store-controllable VOC and VOC NPS has been re-weighted. Q1'19 has been re-presented accordingly with quarterly history provided in Appendix Two

** F19 sales have been re-presented to reflect the transfer of the Summergate business from Endeavour Drinks to Australian Food

[†] Australian Food store numbers now include one Summergate store

Operating metrics

YEAR ON YEAR (%)	Q1'20 (14 WEEKS)	Q1'19 (14 WEEKS)
Customer metrics		
Online VOC NPS	60	59
Sales productivity metrics		
Online sales (\$ million)*	480	335
Online sales growth	43.2%	26.1%
Online penetration	4.5%	3.3%
Loyalty		
Woolworths Rewards members (million)	11.9	11.1

WooliesX continued to deliver strong sales with record levels of visits across digital platforms. In Q1'20, Online sales grew at 43.2%, supported by Pick up growth, Lion King Ooshies and the launch of the Discovery Garden campaign with Online penetration in the quarter 4.5% of Australian Food sales. Online VOC NPS remained stable at 60, up one point on Q1'19, driven by an improvement in Ease of Pick up scores through a focus on underperforming stores and investments in customer experience.

During the quarter, WooliesX further enhanced the connected customer and digital experience with the relaunch of its delivery subscription model, Delivery Unlimited. Mobile app engagement also increased as the experience, stability and speed of the app continues to improve.

To continue to meet customers' demand for ultra-convenience, 49 stores now offer express delivery (Delivery Now), 56 stores offer Same Day delivery and 123 stores offer Drive up or Drive thru. In Metro, Pick up is now available in 20 stores with four stores also offering Scan&Go.

Woolworths Rewards continued to grow in the quarter to 11.9 million members (+0.8 million since Q1'19) with further improvements in member engagement. Rewards also revamped its long-standing partnership with Qantas to make it simpler, faster and more rewarding for Rewards members.

* WooliesX sales numbers are included in Australian Food total and comparable sales

New Zealand Food

Operating metrics

YEAR ON YEAR (%)	Q1'20 (14 WEEKS)	Q1'19 (14 WEEKS)
Customer metrics		
VOC NPS (Store and Online)	45	43
Store-controllable VOC [*]	81%	80%
Sales productivity metrics[†]		
Total sales (\$ million)	1,756	1,679
Total sales	4.6%	2.6%
Comparable sales	4.8%	4.0%
Volume productivity metrics		
Comparable transaction growth	3.0%	3.2%
Comparable items per basket	1.8%	1.7%
Comparable item growth	4.8%	4.9%
Change in average prices		
Total	0.5%	(1.8)%
Total excluding Tobacco	0.5%	(1.7)%

CountdownX

YEAR ON YEAR (%)	Q1'20 (14 WEEKS)	Q1'19 (14 WEEKS)
Customer metrics		
Online VOC NPS	65	65
Sales productivity metrics[†]		
Online sales (\$ million)	149	107
Online sales growth	38.4%	39.5%
Online penetration	8.5%	6.4%
Loyalty		
Countdown Onecard members (million)	2.0	2.0

New Zealand Food's Voice of Customer, team and supplier metrics all improved in the first quarter, contributing to continued transformation momentum. Store-controllable VOC increased one point from last year to 81% and VOC NPS was up two points to 45 driven by an improvement in Store VOC NPS. Fruit & Vegetables and Availability were key areas driving improvement compared to the prior year. Consistent with Australian Food, Store-controllable VOC has also been reduced from seven to five measures.

Total sales increased by 4.6% to \$1.8 billion with comparable sales increasing by 4.8%. Sales growth was driven by strong trading across Fresh, Health and Our Brand, as well as a focus on ensuring a consistently high level of availability across the store network. Growth also benefitted from the first three weeks of a successful Disney Words campaign and the new Great Price program, which replaces the Lockdown and Every Day Low Price mechanics.

Online sales momentum continued with growth of 38.4%, driving an increase in penetration to 8.5% of sales. CountdownX continues to focus on the connected customer experience including meeting high levels of demand for Same Day convenience.

Average prices increased by 0.5% in the quarter, driven by inflationary pressure across the Perishables and Meat categories.

Community and environment initiatives included new restrictions on the sale of energy drinks to under 16's and the nationwide rollout of Bring Your Own Containers in serviced fresh departments.

During the quarter, the Countdown store network was unchanged, ending the period with 180 stores.

^{*} In F20, Store-controllable VOC has been re-weighted. Q1'19 has been re-presented accordingly with quarterly history provided in Appendix Two

[†] Total sales and growth for New Zealand Food is quoted in New Zealand dollars

Endeavour Drinks

Operating metrics

YEAR ON YEAR (%)	Q1'20 (14 WEEKS)	Q1'19 (14 WEEKS)
Sales productivity metrics		
Total sales (\$ million)*	2,186	2,084
Total sales	4.9%	3.4%
Comparable sales	3.2%	2.1%

EndeavourX

YEAR ON YEAR (%)	Q1'20 (14 WEEKS)	Q1'19 (14 WEEKS)
Sales productivity metrics		
Online sales (\$ million)	143	118
Online sales growth	20.7%	12.5%
Online penetration	6.5%	5.6%
Loyalty		
My Dan's members (million)	3.7	3.1

Endeavour Drinks' sales increased 4.9% in the quarter to \$2.2 billion with comparable sales increasing 3.2%. BWS and Dan Murphy's both reported higher comparable sales with growth across all major categories led by Beer and Spirits. Dan Murphy's Store-controllable VOC and VOC NPS increased on the prior year with BWS's Store-controllable VOC flat and VOC NPS up one point. Both businesses' customer scores remain at very high levels.

During the quarter, the management and reporting of Summergate (wholesale and retail business in China) was transferred from Endeavour Drinks to Australian Food. Sales have been re-presented to reflect the change. The change resulted in comparable sales in the quarter being 32 bps higher than if the change had not taken place.

Online sales momentum increased for both BWS and Dan Murphy's, with Endeavour Drinks' Online sales increasing 20.7% on last year. Online penetration increased to 6.5% with several digital initiatives rolled out by EndeavourX during the quarter. New apps were launched for Dan Murphy's and BWS with early positive feedback from customers on the improved customer experience and personalisation. BWS launched a partnership with Uber Eats in Victoria which is now offering delivery options for customers at around 200 stores.

During the quarter, the Dan Murphy's loyalty program (My Dan's) was relaunched with the membership base growing to over 3.7 million. Endeavour Drinks also announced its acquisition of Chapel Hill Winery during the quarter, joining the newly formed, Paragon Wine Estates within Pinnacle Drinks. In addition to Chapel Hill Winery, Paragon Wine Estates houses the existing portfolio of premium and regional wine brands: Krondorf (Barossa Valley), Isabel Estate (Marlborough) and Riddoch (Coonawarra).

During the quarter, seven BWS stores were opened, and one store was closed ending the quarter with 1,352 stores. Dan Murphy's store network was unchanged, ending the period with 230 stores.

* F19 sales have been re-presented to reflect the transfer of the Summergate business from Endeavour Drinks to Australian Food

Portfolio Businesses - BIG W

Operating metrics

YEAR ON YEAR (%)	Q1'20 (14 WEEKS)	Q1'19 (14 WEEKS)
Customer metrics		
Store-controllable VOC	80%	79%
Sales productivity metrics		
Total sales (\$ million)	926	902
Total sales	2.6%	1.3%
Comparable sales	4.4%	2.2%
Volume productivity metrics		
Comparable transaction growth	1.3%	1.8%
Comparable items per basket	2.5%	4.1%
Comparable item growth	3.9%	6.0%

BIG W Online

YEAR ON YEAR (%)	Q1'20 (14 WEEKS)	Q1'19 (14 WEEKS)
Sales productivity metrics		
Online sales (\$ million)	38	31
Online sales growth	21.2%	159.1%
Online penetration	4.1%	3.3%

BIG W's Store-controllable VOC continued to improve during the quarter, ending at 80%, up one point on last year. Total sales increased by 2.6% to \$926 million with comparable sales growth of 4.4%, the sixth consecutive quarter of positive comparable sales growth.

BIG W's offer continues to resonate with customers with comparable transaction growth of 1.3% and a 2.5% increase in items per basket driving strong comparable item growth of 3.9%.

All customer Universes, except for Leisure, delivered comparable sales growth with improved trading in Apparel continuing due to good momentum across seasonal lines. Leisure sales were impacted by a slowdown in Gaming, Audio-Visual and DVDs. A healthier sales mix across product categories is supporting the turnaround of the business.

Online sales growth remained strong but moderated compared to previous quarters after cycling very strong growth (Q1'19 159.1%) with an increase of 21.2%. Online penetration in the quarter was 4.1%.

During the quarter, BIG W launched its new brand platform 'Every day's a big day' and continued its Free Books for Kids initiative. The BIG W store network size remained unchanged at 183 in the quarter.

Portfolio Businesses - Hotels

Operating metrics

YEAR ON YEAR (%)	Q1'20 (14 WEEKS)	Q1'19 (14 WEEKS)
Sales productivity metrics		
Total sales (\$ million)	468	443
Total sales	5.5%	0.5%
Comparable sales	3.6%	1.2%

Hotels' sales increased by 5.5% with comparable sales increasing by 3.6%. Comparable sales growth was driven by refurbishments, promotional activity and key sporting events.

By category, Bars, Food and Accommodation all delivered strong growth. Gaming sales remain more subdued, particularly in Victoria.

The number of Hotels remained unchanged at 328 during the quarter (including five managed clubs).

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For further information contact:

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[Click here to view the shareholder communication for these results.](#)

Appendices

Appendix One: New stores and refurbishments

F20 FIRST QUARTER	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Continuing operations			
Australian Food (including Metro)	2	2	7
New Zealand Food	-	-	-
Endeavour Drinks (including attached)	7	6	32
BIG W	-	-	-
Hotels	1	-	14
Total continuing operations	10	8	53

Appendix Two: Re-presented Customer Metrics

In F20, Store-controllable VOC has been reduced from seven metrics to five, removing Ease of Movement and Correct Price Tickets. The five remaining measures are Team Attitude, Availability, Queue Wait Time, Fruit & Vegetables and Ease of Pick up. Prior periods have been re-presented as follows:

STORE-CONTROLLABLE VOC	Q1'19	Q2'19	Q3'19	Q4'19
Australian Food	82%	83%	78%	80%
New Zealand Food	80%	81%	79%	81%

In F20, the weighting of Online in VOC NPS has increased from 25% to 30%. Prior periods have been re-presented as follows:

VOC NPS	Q1'19	Q2'19	Q3'19	Q4'19
Australian Food	50	55	47	52

Appendix Three: Summergate re-presentation

During the period, the management of the Summergate business transferred from Endeavour Drinks to Australian Food. Certain comparatives have been re-presented to conform with changes in presentation in the current period.

F19 quarterly sales growth after Summergate re-presentation

TOTAL SALES %	Q1'19 (14 WEEKS)	Q2'19 (13 WEEKS)	H1'19 (27 WEEKS)	EASTER-ADJ Q3'19 (13 WEEKS)	EASTER-ADJ NORMALISED Q4'19 (12 WEEKS)	NORMALISED H2'19 (25 WEEKS)	NORMALISED F19 (52 WEEKS)
Australian Food	1.9	2.7	2.3	4.7	4.0	4.3	3.3
Endeavour Drinks	3.4	1.1	2.1	6.7	3.4	5.2	3.5

COMPARABLE SALES %	Q1'19	Q2'19	H1'19	EASTER-ADJ Q3'19	EASTER-ADJ Q4'19	H2'19	F19
Australian Food	1.7	2.6	2.2	4.2	3.5	3.8	3.0
Endeavour Drinks	2.1	0.5	1.2	6.3	2.5	4.4	2.7

F19 quarterly sales growth before Summergate re-presentation (previously reported)

TOTAL SALES %	Q1'19 (14 WEEKS)	Q2'19 (13 WEEKS)	H1'19 (27 WEEKS)	EASTER-ADJ Q3'19 (13 WEEKS)	EASTER-ADJ NORMALISED Q4'19 (12 WEEKS)	NORMALISED H2'19 (25 WEEKS)	NORMALISED F19 (52 WEEKS)
Australian Food	1.9	2.8	2.3	4.7	4.1	4.4	3.3
Endeavour Drinks	3.0	0.8	1.8	6.4	3.0	4.8	3.2

COMPARABLE SALES %	Q1'19	Q2'19	H1'19	EASTER-ADJ Q3'19	EASTER-ADJ Q4'19	H2'19	F19
Australian Food	1.8	2.7	2.3	4.2	3.6	3.9	3.1
Endeavour Drinks	1.7	0.2	0.9	5.9	2.1	4.0	2.3

Appendices

Glossary

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 or closures
Customer 1 st Ranging	Developing a clearly defined range to provide an easier shopping experience for the customer
Drive	Convenient options for customers to pick up online orders through Drive up or Drive thru facilities
MSRDC	Melbourne South Regional Distribution Centre
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)
On Demand	An express or scheduled delivery service providing online orders at the customer's convenience
Online sales	A measure of sales through all eCommerce channels
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)
Simpler for Stores	Simplification of end-to-end processes for store teams, improving customer experience and productivity
Upgrades	An enhancement to only a part of the store such as a front or centre-of-store or Fruit & Vegetables upgrade
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 five-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)

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

- Trading area
- Change in average prices
- Easter-adjusted metrics
- Volume productivity metrics including transaction growth, items per basket and item growth