First Quarter Sales Results

Financial Year 2021 - 14 weeks to 4 October 2020

4 November 2020

WOOLWORTHS GROUP

Strong trading momentum continues in Q1, focus now on COVIDSafe Christmas

Group sales

$17.9BN

▲ 12.3% vs. Q1'20

Group eCommerce sales

$1.5BN

▲ 86.7% vs. Q1'20

September Group VOC NPS

55

▲ +1 pt vs. Sept 2019

"It has been a pleasing start to F21 with all retail businesses delivering strong sales growth and customer metrics remaining solid. COVID costs remain material as we continue to prioritise the safety of our customers and team but have moderated as we become more efficient at operating COVIDSafe. During the quarter, 22 BIG W stores were closed to in-store customers and 85 ALH venues were closed in Victoria. BIG W stores reopened on 28 October and ALH venues will reopen on 9 November.

"Australian Food total sales increased by 12.9% in Q1 as customers consumed more at home, demand for eCommerce services showed no sign of slowing and the team delivered a successful Disney+ Ooshies program. New Zealand Food sales growth moderated over the quarter due to easing COVID restrictions and lower market growth rates with total sales growth of 6.9% in Q1. BIG W's total sales increased by 20.4% with Leisure and Toys a standout. Within Endeavour Group, Endeavour Drinks' sales remained very strong (+21.4%) through the quarter with Dan Murphy's and eCommerce sales the highlights. Hotel trading continued to be impacted by the closures in Victoria with total sales declining by 33.2%.

"We continued to support our communities and team during the quarter. This included participating in food appeals on both sides of the Tasman and supporting residents during the Melbourne towers lockdown in Victoria. Mental health and team wellbeing remain a priority and we provided our team with additional leave entitlements, to encourage them to take a break, and extended team discounts. I wanted to specifically acknowledge our Victorian customers and team for their resilience and efforts to slow the spread of COVID.

"In October, Australian Food comparable sales growth was in the high single-digits, moderating over the month. Growth in New Zealand also slowed relative to Q1. Endeavour Drinks and BIG W have continued to perform strongly. Despite the Victorian closures, Hotels was profitable in Q1 but materially down on last year. For the rest of the calendar year, we expect elevated sales and costs to continue as customers spend more time at home, continue to embrace eCommerce and we ensure our stores and DCs remain COVIDSafe.

"Christmas is only 50 days away and it will be very different to previous years; however, we have worked hard as a team to ensure that all Woolworths Group businesses provide our customers with the opportunity to celebrate the spirit of Christmas in an enjoyable, affordable and COVIDSafe way."

Brad Banducci
CEO, Woolworths Group

First quarter sales

$ MILLION	2021 (14 WEEKS)	2020 (14 WEEKS)	CHANGE	COMPARABLE GROWTH
Australian Food	12,033	10,663	12.9%	11.5%
New Zealand Food (AUD)	1,738	1,660	4.7%	
New Zealand Food (NZD)	*1,877*	*1,756*	*6.9%*	*5.8%*
BIG W	1,115	926	20.4%	22.3%
Endeavour Drinks	2,654	2,186	21.4%	20.0%
Hotels	313	468	(33.2)%	*n.m.*
Endeavour Group	*2,967*	*2,654*	*11.8%*	*n.m.*
Total first quarter sales for the Group	**17,853**	**15,903**	**12.3%**	

Australian Food

Sales performance by channel

$ MILLION	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)	CHANGE
Woolworths Supermarkets (stores)[1]	10,637	9,745	9.2%
Woolworths eCommerce	961	480	100.0%
Woolworths Supermarkets	**11,598**	**10,225**	**13.4%**
Metro Food Stores	235	248	(5.1)%
Adjacency revenue[2]	200	190	5.8%
Total Australian Food sales	**12,033**	**10,663**	**12.9%**

Operating metrics

	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics		
VOC NPS (Store and Online)	50	49
Store-controllable VOC	80%	80%
Sales metrics		
Total sales ($ million)	12,033	10,663
Total sales growth	12.9%	7.8%
Comparable sales growth	11.5%	6.6%
Two-year average comparable sales growth	9.1%	4.2%
Volume productivity metrics[3]		
Comparable transaction growth	(9.3)%	2.8%
Comparable items per basket growth	15.8%	1.9%
Comparable item growth	5.0%	4.7%
Change in average prices		
Total	1.2%	0.3%
Total excluding Tobacco	(0.2)%	(1.2%)

Australian Food's VOC NPS (Store and Online) increased one point compared to the prior year to 50, however declined three points compared to Q4'20. Store-controllable VOC of 80%, was in line with the prior year and declined two points compared to Q4'20 with Ease of Pick up and Queue Wait Time impacted by the sustained higher trading volumes as a result of COVID.

Total Australian Food sales for the quarter (including eCommerce) increased 12.9% to $12.0 billion with comparable sales increasing 11.5% (11.5% excluding Tobacco). eCommerce sales increased 100.0% to $961 million with sales penetration in the quarter reaching 8.0% (Q4'20: 6.3%). Sales continued to benefit from COVID-driven higher in-home consumption as well as the success of Disney+ Ooshies. Sales growth in Victoria was approximately 20% in the quarter due to the more stringent restrictions in place. Excluding Victoria, Australian Food total sales increased by 10.6%.

Freestanding and neighbourhood stores continue to outperform with sales growth in major shopping malls and city locations still impacted by customer preferences to shop locally. As the quarter progressed, there was some reversion in this trend. Long Life and Fresh both experienced strong sales growth and Tobacco sales were higher than recent trends with increased demand from the closure of tobacconists in Victoria due to COVID restrictions.

Q1'21 comparable transactions declined 9.3% as customers continue to shop less frequently but purchase larger baskets with comparable items per basket growth of 15.8%. The increase in eCommerce penetration also contributed to the growth in items per basket with the trend amplified in Victoria.

Metro Food Stores sales declined 5.1% to $235 million, materially impacted by reduced foot traffic across CBD areas and transport hubs, particularly in Victoria. On-The-Go store comparable sales declined by approximately 50%, partly offset by growth in Neighbourhood stores.

Average prices for Q1'21 increased 1.2%, which was lower than Q4'20 (+2.4%) despite higher demand and unfavourable growing conditions leading to higher market prices in some vegetable categories. Excluding Tobacco, average prices declined 0.2% with more normal levels of promotional activity and lower inflation in Grocery Food, Freezer, Health, Beauty and Baby and Household and Pet.

During the quarter, six net new stores (five Supermarkets and one Metro) were opened. Separately, five Supermarkets were temporarily converted to fulfil online demand in Victoria and five Metros temporarily ceased trading. Eleven renewals were completed. At the end of the quarter, there were 992 Supermarkets and 65 Metro Food Stores, with a total fleet size of 1,057 stores.

Support for communities continued during the quarter including the nationwide Annual Feed Appeal, Share the Dignity partnership and team members redeployed to provide fresh food and essential items to local communities impacted by the Melbourne towers lockdown in July.

[1] Excludes eCommerce sales fulfilled from store
[2] Adjacency revenue includes FinTech (Insurance and Payments), Exports, Summergate and Wholesale revenues
[3] Volume productivity metrics are disclosed as percentages and therefore may not add

WooliesX

Digital & Media metrics

	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)
Average weekly traffic to digital assets* (million)	11.4	6.5
Average weekly traffic growth (year on year)	75.5%	96.3%

*Digital assets include Woolworths website and app, Everyday Rewards website and app, and Woolworths Insurance website

eCommerce metrics

	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics		
Online VOC NPS	58	60
eCommerce sales metrics		
eCommerce sales ($ million)*	961	480
eCommerce sales growth	100.0%	43.2%
eCommerce penetration	8.0%	4.5%
Pick up mix (% of eCommerce sales)	32.1%	35.3%

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

Everyday Rewards metrics

	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)
Total Everyday Rewards members (million)	12.6	11.9
Scan rates* (%)	50.1	46.8

*Scan rates for Woolworths Supermarkets

Improving the digital experience for customers was a key focus during the quarter as average weekly traffic to Woolworths' websites and apps continued to increase in Q1 with 11.4 million visits, up 75.5% on Q1 F20 and 12.7% on Q4 F20. App traffic growth has been particularly strong following the launch of the Everyday Rewards app in May 2020 with downloads now exceeding 2.3 million. Active users and downloads also continue to grow strongly for the Woolworths app supported by smart shopping lists, meal inspiration and enhancements to allow customers to easily activate personalised specials. Customers also continue to use Woolworths' digital platforms to view catalogues, specials, store trading hours and delivery slots.

Online (eCom) VOC NPS of 58, measured using the final month of the quarter, was down two points on last year and was impacted by spikes in demand (particularly in Victoria), product availability and some customer disappointment about Ooshies running out earlier than expected. The team continues to focus on improving the customer experience, delivering efficiencies, and capacity management through the peak Christmas period.

eCommerce sales growth further accelerated in the quarter, increasing by 100% on Q1'20 and materially exceeding Q4'20 growth of 69%. By state, Victorian growth was strongest with COVID restrictions resulting in growth of over 180% for the quarter. Sales in NSW and ACT were also strong with growth slightly lower in SA, WA and QLD. Online penetration in Q1 was 8.0% of sales, up 3.5 pts on the prior year.

eCommerce sales growth was assisted by network capacity increases following a doubling of Home Delivery slots in Q4'20 and further increases in capacity in Q1 with another 44 Home Delivery stores and 92 contactless Drives rolled out. At the end of quarter, Drive was available in 412 stores and Delivery Now had been extended to 111 stores.

Everyday Rewards members increased to 12.6 million members at the end of Q1, assisted by the launch of a new partnership with Bupa in Q4'20 and a customer brand refresh. Scan rates also increased with over half of customer transactions including a scan of a Rewards card. Scan & Go was expanded to 19 locations across Supermarkets and Metro enabling contactless check-out for customers, and has now been integrated into the Woolworths app.

New Zealand Food[1]

Operating metrics

	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics		
VOC NPS (Store and Online)	48	45
Store-controllable VOC	83%	81%
Sales metrics[1]		
Total sales ($ million)	1,877	1,756
Total sales growth	6.9%	4.6%
Comparable sales growth	5.8%	4.8%
Two-year average comparable sales growth	5.3%	4.4%
Volume productivity metrics[2]		
Comparable transaction growth	(12.5)%	3.0%
Comparable items per basket growth	13.6%	1.8%
Comparable item growth	(0.6)%	4.8%
Change in average prices		
Total	0.8%	0.5%
Total excluding Tobacco	0.6%	0.5%

CountdownX

	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics		
Online VOC NPS	67	65
eCommerce sales metrics[1]		
eCommerce sales ($ million)	224	149
eCommerce sales growth	50.5%	38.4%
eCommerce penetration	11.9%	8.5%
Loyalty		
Countdown Onecard members (million)	1.8	2.0
Onecard scan rates (%)	59.1	59.7

New Zealand Food's customer metrics improved on the prior year and Q4'20. VOC NPS of 48, was up three points on the prior year and one point on Q4'20. Store-controllable VOC achieved a new high of 83%, up two points on the prior year and one point on Q4'20. Ease of Pick Up and Cared About My Needs VOC have increased materially on the prior year with customers recognising the measures taken by the business during COVID to improve convenience and safety.

Total sales increased by 6.9% to $1,877 million with growth moderating over the quarter due to reduced restrictions, cycling the Disney Words collectables program in the prior year and lower inflation. There was a short-lived sales increase in August following new COVID cases being detected; however, growth quickly returned to trend. In September, Countdown's SuperInsects educational program delivered strong customer engagement.

Comparable sales growth was driven by items per basket growth with COVID-related customer behaviours including less frequent visits, bigger baskets, a preference for online and local shopping, also benefitting New Zealand Food's FreshChoice and SuperValue franchise stores.

eCommerce sales growth was 50.5% in Q1 with penetration for the quarter at 11.9% of sales, in line with Q4'20. During the quarter, Countdown launched a third dedicated eCommerce fulfilment centre in Wellington and introduced in-app eCommerce shopping functionality, with October seeing the relaunch of a simplified and strengthened Onecard food rewards proposition. Onecard member numbers were lower than the prior year due to the consolidation of shopping trips among family members.

Average price growth was below recent periods in Q1 at 0.8% compared to 2.3% in Q4'20 with lower inflation predominantly driven by Long Life categories. At the end of the quarter there were over 4,000 products on the Great Price program as Countdown continued to focus on affordability for customers. Average selling prices continue to be impacted by basket mix due to larger pack sizes.

As part of Countdown's commitment to support team members and local communities, the business ran its first Winter Appeal under the Food for Good platform, focused on the team member wellness for Mental Health Awareness week, and made changes to the way it communicates in celebration of Te Wiki o te Reo Māori (Māori language week).

During the quarter, no new Countdown stores were opened with 181 stores and three eStores at the end of the quarter.

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

[2] Volume productivity metrics are disclosed as percentages and therefore may not add

BIG W

Operating metrics

	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics		
VOC NPS (Store and Online)	63	59
Store-controllable VOC	80%	79%
Sales metrics		
Total sales ($ million)	1,115	926
Total sales growth	20.4%	2.6%
Comparable sales growth	22.3%	4.4%
Two-year average comparable sales growth	13.4%	3.3%
Volume productivity metrics[1]		
Comparable transactions growth	(1.8)%	1.3%
Comparable items per basket growth	11.7%	2.5%
Comparable items growth	9.7%	3.9%

BIG WX

	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)
eCommerce sales metrics		
eCommerce sales ($ million)	104	38
eCommerce sales growth	175.2%	21.2%
eCommerce penetration	9.3%	4.1%
Loyalty		
Everyday Rewards scan rates (%)	49.2	47.2

BIG W's VOC NPS increased four points on the prior year to 63 and Store-controllable VOC improved by one point to 80%. Compared to Q4'20, VOC NPS improved by five points and Store-controllable VOC improved by three points following an improvement in stock availability. Total sales in Q1 increased by 20.4% to $1,115 million with comparable sales growth of 22.3%. Excluding the 22 stores closed in metropolitan Melbourne during the quarter, comparable sales increased by 28.5%.

Comparable sales growth continued to be driven by an increase in items per basket, with comparable transactions reducing slightly, impacted by Melbourne closures leading to fewer customer transactions but bigger basket sizes. Excluding the closed Melbourne stores, comparable transactions increased by 5.3%. Strong sales growth continued every month in the quarter and across all major categories, with Leisure and Toys the standout.

During the quarter, BIG WX was officially launched with the team planning to collaborate and leverage the expertise of the Group's other X businesses. In Victoria, the Melbourne stores that were closed to the public transitioned to fulfil increased demand for Home Delivery and Pick up. As a result of this and improved availability, eCommerce sales accelerated in Q1, growing by 175%, with record eCommerce penetration of 9.3% of sales. A further eight stores rolled out contactless Drives, with 86 stores offering this service to customers at the end of the quarter.

BIG W continued to support communities, through its Free Books for Kids initiative, the Big Days at Home program providing online entertainment for families and partnering with Red Nose Australia.

During the quarter, the BIG W store network was unchanged at 179 stores.

[1] Volume productivity metrics are disclosed as percentages and therefore may not add

Endeavour Drinks

Operating metrics

	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics		
BWS VOC NPS (Store and Online)	71	67
Dan Murphy's VOC NPS (Store and Online)	77	75
Sales metrics		
Total sales ($ million)	2,654	2,186
Total sales growth	21.4%	4.9%
Comparable sales growth	20.0%	3.2%
Two-year average comparable sales growth	11.6%	2.7%

EndeavourX

	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)
eCommerce sales metrics		
eCommerce sales ($ million)	227	143
eCommerce sales growth	57.6%	20.7%
eCommerce penetration	8.6%	6.5%
Loyalty		
My Dan's members (million)	4.8	3.7
Everyday Rewards scan rates - BWS (%)	42.4	39.2
My Dan's scan rates (%)	60.1	42.3

Endeavour Drinks' customer metrics were up on the prior year and Q4'20 driven by improvements in Online NPS. BWS VOC NPS (Store and Online) was 71 in Q1, up four points on the prior year and Dan Murphy's VOC NPS (Store and Online) was 77, up two points. Total sales increased 21.4% in the quarter to $2,654 million with monthly growth moderating over the quarter. Comparable sales growth remained strong at 20.0% with Dan Murphy's continuing to outperform. Overall sales growth is being driven by an increase in customer transactions with items per basket broadly flat.

Endeavour Drinks' sales continue to benefit from in-home consumption with Father's Day trading performance a highlight. Spirits was the fastest growing category in Dan Murphy's and BWS led by the continued popularity of Gin. Wine sales remain strong driven by premium wines and strong growth in Pinnacle brands, particularly in Dan Murphy's. Beer sales benefitted from continued Craft Beer growth.

Digital and eCommerce momentum was strong in Q1 with eCommerce sales increasing by 57.6% compared to last year, driven by higher traffic and conversion rates which have offset a decline in average order value. eCommerce penetration across Endeavour Drinks reached record levels, increasing to 8.6% compared to 7.1% penetration in Q4'20. eCommerce growth was particularly strong in BWS, more than double last year, albeit from a lower base. Dan Murphy's loyalty program (My Dan's) cycled its relaunch with more than a million new members added over the past 12 months to 4.8 million members at the end of the quarter. Scan rates of Everyday Rewards cards at BWS, and My Dan's scan rates both increased materially on the prior year reflecting increased member engagement.

Endeavour Drinks continued to support local producers during the quarter by fast-tracking their products into stores and online as well as extending the shorter payment terms for small suppliers. During the quarter, BWS also launched its Local Luvva campaign, promoting 110 local independent brewers, winemakers and distillers across billboards, digital screens and social media.

During the quarter, 10 BWS stores were opened, and five stores were closed ending the quarter with 1,374 stores. Dan Murphy's store network ended the quarter with 242 stores following the opening of one new store in the period.

Hotels

Operating metrics

	Q1'21 (14 WEEKS)	Q1'20 (14 WEEKS)
Sales metrics		
Total sales ($ million)	313	468
Total sales growth	(33.2)%	5.5%
Comparable sales growth	n.m.	3.6%

Hotels continued to be impacted by closures in Victoria and operating restrictions in other states with total sales declining by 33.2% to $313 million. Sales growth was broadly consistent over the quarter but slowed marginally in August and September.

All categories were below last year as varying state-based COVID restrictions remained in place throughout the quarter. Bars and Food were the best performing categories.

In September, The Gateway Hotel (Mareeba, Queensland) was acquired and at the end of the quarter there were 330 venues and five managed clubs.

Across the country, 247 hotels were open at the end of the quarter, three were closed for refurbishment and redevelopment and 80 venues and five managed clubs in Victoria were closed. All Victorian venues will reopen on 9 November but will continue to operate with applicable state government restrictions.

Other items

COVID costs

$ MILLION	Q1'21	Q4'20	Q3'20
Cleaning and PPE	59	74	31
Contractors and security	8	39	15
Team costs[1]	39	86	31
Supply Chain	41	29	20
COVID costs before discretionary payments	**147**	**228**	**97**
Team discounts, incentives & recognition payments[2]	25	49	18
Donations[3]	4	11	1
Total COVID costs	**176**	**288**	**116**
COVID costs as a % of sales	**1.0%**	**2.0%**	**2.1%[4]**

Total COVID costs continued to moderate in Q1'21 totalling $176 million. Other than Supply Chain, spend in all cost categories was below Q4'20. Cleaning and PPE costs remain high with proactive cleaning continuing in all stores and extra hours allocated to Victoria and other hotspots. PPE costs include the costs of sanitiser and the provision of masks to team members where required. Team costs primarily consist of the costs of health and safety ambassadors, COVID marshals and customer counters where necessary. Supply Chain costs were impacted by the closure of the Mulgrave distribution centre in Victoria following positive COVID cases leading to a two-week shutdown in July and August as well as the increased cost of cleaning, PPE and social distancing across the Supply Chain network.

[1] Represents incremental team members and roles, to support COVID crisis management and customer and team safety (and excludes any incremental variable cost driven by higher sales)
[2] Only includes incremental recognition payments above portion funded by reduction in awards to STI eligible team members in F20
[3] FareShare, OzHarvest, Foodbank and Basics Box donations
[4] Calculated based on sales for March only
Note: Excludes costs of closure of stores and hotels in Victoria

Salaried team member remediation

In Q1'21, $164 million was paid to remediate salaried team members for salary payment shortfalls under GRIA. In total, $281 million has been paid to date (including $117 million paid in F20). By the end of H1 F21, payments for six years are expected to be completed for team members covered by GRIA, other than impacted Dan Murphy's and BWS team members. Payments to impacted Dan Murphy's and BWS team members, and Hotels and retail team members covered by HIGA, are expected to be made early in the new calendar year.

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[Click here to view the shareholder communication for these results]

Appendix and glossary

Appendix: New stores and refurbishments

F21 FIRST QUARTER	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Group			
Australian Food (including Metro Food Stores)	8	6	11
New Zealand Food	-	-	5
BIG W	-	-	1
Endeavour Drinks	11	6	16
Hotels	1	1	2
Total Group	**20**	**13**	**35**

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 because of store refurbishment or new store openings/closures
Customer fulfilment centre (CFC)	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
GRIA	The General Retail Industry Award
HIGA	The Hospitality Industry General Award
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/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
PPE	Personal protective equipment
Renewals	A total store transformation focused on the overall store environment, team, range and process efficiency (including digital)
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)

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

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