

3 November 2022

ASX Market Announcements Office
Australian Securities Exchange
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Sydney NSW 2000

First Quarter Sales Results

Attached for release to the market are the First Quarter Sales Results for Woolworths Group for the 14 week period ended 2 October 2022.

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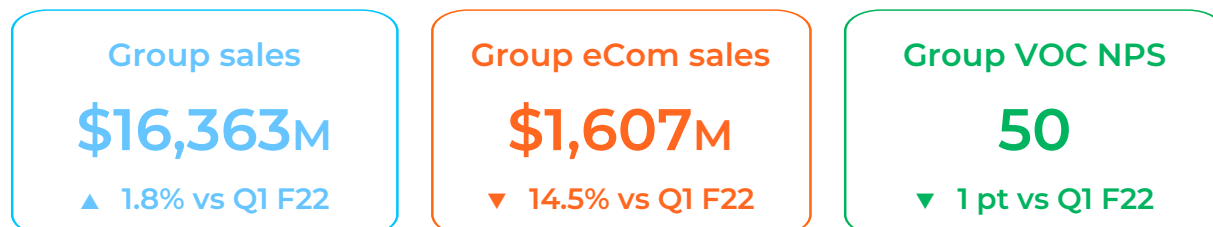
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First Quarter Sales Results



Financial Year 2023 – 14 weeks to 2 October 2022

3 November 2022



Transition to a post-COVID trading environment well progressed, with focus now on an inspirational and affordable Christmas

Woolworths Group CEO, Brad Banducci, said: "While year on year sales growth rates were impacted by the cycling of COVID in the prior year, customer shopping behaviours and the trading environment continued to normalise during the quarter. Pleasingly, customer scores have improved compared to H2 F22 but remain a key focus in the lead up to Christmas.

"In our Food businesses, sales were below the prior year as we cycled strong growth driven by COVID-related restrictions in F21 and F22. Australian Food sales decreased by 0.5% and New Zealand Food sales were down 2.5% compared to the prior year. On a three-year compound annual growth basis, sales in Australian Food were up 5.3% and up 4.7% in New Zealand Food. In Australian B2B, Q1 sales increased by 26.0% compared to the prior year primarily due to strong growth from PFD. BIG W sales were up 30.1% (3-yr CAGR: +8.9%) cycling lockdown-related temporary store closures in the prior year.

"eCommerce sales in Australian Food (-10.8%) and BIG W (-51.8%) were lower than the prior year as customer mobility increased. However, on a three-year CAGR, sales growth remained strong, increasing by 43.5% and 43.7% respectively. eCommerce penetration in Australian Food was 10.2%, 6.2 pts above Q1 F20 and 9.4% in BIG W, 5.3 pts above F20. New Zealand eCommerce sales grew at 5.9% (3-yr CAGR: +23.3%) with penetration of 14.2%, up 5.5 pts on F20.

"Inflation continued to accelerate in Q1 compared to the prior year with average prices in Australian Food increasing 7.3%, and 5.3% in New Zealand Food. We continue to see early signs of customer purchasing habits changing, but it remains unclear how much of this relates to cost-of-living pressures compared to COVID normalisation.

"In October, year on year sales growth trends in Australian Food have improved as we cycle out of the NSW and Victorian lockdowns of last year, with the three-year sales growth rate broadly in line with Q1. In New Zealand Food, we are seeing signs of stabilisation in the trading environment; however, given the combination of lower sales and materially higher wage inflation, we currently expect H1 F23 EBIT of NZ\$100 - \$130 million (H1 F22: NZ\$200 million). At this stage, we expect H2 F23 EBIT to be above H1 F23 and H2 last year, with uncertainty on the trajectory of the improvement.

"Ensuring all our customers *Get their Woolies worth* remains our key priority in Q2. On Tuesday we announced our plans to deliver value this Christmas with a selection of seasonal favourites and entertaining essentials to be the Same Price or less than they were at Christmas last year. We also announced our Prices Dropped for Christmas program covering 150 products. This is in addition to our Low Price, Weekly Specials and personalised Member Boosts through Everyday Rewards.

"There are 51 days until Christmas and we are very focused on delivering a much-needed inspirational and affordable festive season for our customers. Ongoing supply chain volatility and the possibility of another wet summer will be key challenges to navigate but we are seeing strong early sell through of seasonal lines and we remain cautiously optimistic for the period ahead. As always, I would like to thank our team for their amazing dedication, our partners for their resilience and agility, and our customers for their ongoing support and the feedback they provide on areas for improvement."

First quarter sales

\$ MILLION	Q1'23 (14 WEEKS)	Q1'22 (14 WEEKS)	CHANGE	3-YR CAGR
Australian Food	12,204	12,271	(0.5)%	5.3%
Australian B2B	1,199	952	26.0%	
New Zealand Food (AUD)	1,802	1,962	(8.1)%	
New Zealand Food (NZD)	2,007	2,060	(2.5)%	4.7%
BIG W	1,197	920	30.1%	8.9%
Other ¹	(39)	(35)	14.1%	
Total first quarter sales for the Group	16,363	16,070	1.8%	

¹ Other includes revenue from Quantum and eliminations that represent freight revenue recognised in the Australian B2B segment as revenue but classified as an offset to COGS at a Group level

Australian Food

Sales performance by channel

\$ MILLION	Q1'23	Q1'22 ¹	CHANGE	3-YR CAGR
Woolworths Supermarkets (store-originated) ²	10,608	10,558	0.5%	2.9%
Metro Food Stores (store-originated) ²	284	256	10.8%	4.6%
WooliesX B2C eCommerce	1,239	1,389	(10.8)%	43.5%
Woolworths Retail (stores and eCommerce)	12,131	12,203	(0.6)%	5.2%
Adjacency revenue ³	73	68	7.8%	33.5%
Total Australian Food	12,204	12,271	(0.5)%	5.3%

Operating metrics

	Q1'23	Q1'22
Customer metrics⁴		
VOC NPS (Store and Online)	50	51
Store-controllable VOC (%)	78	79
Sales metrics		
Comparable sales growth	(1.1)%	2.7%
Three-year average comparable sales growth	4.4%	
Volume productivity metrics⁵		
Comparable transactions growth	5.1%	(6.8)%
Comparable items per basket growth	(13.0)%	10.0%
Comparable item growth	(8.6)%	2.5%
Change in average prices		
Total	7.3%	(0.9)%

1 Prior year restated to conform to current year's presentation

2 Excludes eCommerce sales fulfilled from stores

3 Adjacency revenue includes Digital, Data & Media and Loyalty & Fintech revenues

4 Customer metrics represent the final month of the quarter

5 Volume productivity metrics are disclosed as percentages and therefore may not add

Australian Food VOC NPS (Store and Online) finished Q1 at 50, an increase of one point compared to Q4 F22 with Store-controllable VOC finishing Q1 at 78%, an increase of three points compared to Q4 F22. The improvement in customer metrics in Q1 F23 reflects the ongoing recovery from COVID-related supply chain disruption, as well as the easing of Fruit & Vegetable supply challenges from September. VOC NPS and Store-controllable VOC were one point below the prior year.

Australian Food total sales in Q1 declined 0.5% to \$12.2 billion but on a three-year CAGR, sales increased by 5.3%. Woolworths Retail (stores and eCommerce) sales declined 0.6% (+0.4% ex Tobacco) and comparable sales declined 1.1% (-0.1% ex Tobacco) with three-year average comparable sales growth of 4.4%.

Woolworths Retail sales growth was impacted by a decline in items given the cycling of higher in-home consumption in the prior year driven by extended COVID lockdowns in NSW and Victoria as well as supply challenges in Fruit & Vegetables this year. This was partially offset by shelf price inflation due to input cost pressures.

Woolworths Supermarkets (store-originated) sales for Q1 were \$10.6 billion, an increase of 0.5% (+1.7% ex Tobacco). WooliesX B2C eCommerce sales decreased 10.8% to \$1.2 billion as customers returned to shopping in store following elevated eCommerce sales during the prior year lockdowns, with sales penetration of 10.2% (Q1 F22: 11.4%). Metro Food Stores (store-originated) sales increased 10.8% to \$284 million supported by new store growth, a gradual recovery in on the Go stores and shelf price inflation.

Woolworths Food Company's own and exclusive sales declined 2.0%, impacted by Fresh due to Fruit & Vegetables supply challenges and cycling elevated protein sales in the prior year. Long Life sales were in line with the prior year, outperforming total sales growth with categories such as Frozen Foods and Drinks benefitting from their strong value proposition. On a three-year CAGR, sales increased by 5.6% with the longer-term growth driven by strong product development across value-added ranges like BBQ and Macro.

Australian Food

Average prices increased 7.3% compared to Q1 F22. In Fresh, inflation increased further compared to Q4 F22 with double-digit inflation in fruit and vegetables driven by inclement weather, as well as inflation in red meat, driven by higher commodity prices, and dairy products driven by higher milk farm gate prices. In Long Life, inflation was mainly driven by higher supplier cost price increases due to industry-wide input cost pressures.

Woolworths continued to focus on delivering value for customers through the *Get your Woolies worth* platform as cost-of-living pressures continued to rise. This included Prices Dropped on over 300 winter staples and a Low Price Freeze on almost 200 own brand essentials until the end of the calendar year. These programs are resonating strongly with customers with incremental volume growth across these lines.

During the quarter, one net new Metro and two CFCs were opened with 10 Renewals completed. At quarter end, the total fleet includes 995 Woolworths Supermarkets, 91 Metro Food Stores, seven CFCs and two eStores.

Woolworths also opened eight Mini Woolies across NSW and ACT in Q1, bringing the total to 23 stores nationwide. The program provides students in both special education schools and adult learning centres valuable life skills and work experiences in a safe environment with some students also being offered job placements in nearby Woolworths Supermarkets.

Together with customers, and in partnership with Foodbank and Fareshare, Woolworths raised over \$2.5 million as part of the mid-year Hunger Relief Appeal to support the growing need for food relief across Australia. More recently, Woolworths team members rallied to support communities impacted by flooding across NSW and Victoria in partnership with The Salvation Army to provide relief in Shepparton, Bendigo, Swan Hill and Echuca.

WooliesX

Digital & Media metrics

	Q1'23	Q1'22
Food and Everyday digital platforms¹		
Average weekly traffic (million)	13.9	13.4
Average weekly traffic growth (year on year)	3.6%	28.0%
Group²		
Average weekly traffic (million)	20.2	20.3
Average weekly traffic growth (year on year)	(0.5)%	30.4%

B2C eCommerce metrics

	Q1'23	Q1'22
Customer metrics³		
Online VOC NPS	60	56
eCommerce sales metrics⁴		
eCommerce sales (\$ million)	1,239	1,389
eCommerce sales growth	(10.8)%	53.1%
eCommerce penetration	10.2%	11.4%
Pick up mix (% of eCommerce sales)	38.0%	38.5%

Loyalty metrics

EVERDAY REWARDS	Q1'23	Q1'22
Total members (million)	13.9	13.3
Member scan rate ⁵ (%)	53.9	54.7

1 Q1 F22 has been restated to include Woolworths Mobile and HealthyLife digital platforms

2 Q1 F22 has been restated to include Woolworths Mobile, HealthyLife, gift cards, B2B and PetCulture digital platforms

3 Customer metrics represent the final month of the quarter

4 WooliesX B2C eCommerce sales are included in Australian Food

5 Scan rates excluding Tobacco

Digital & Media saw continued growth in engagement with weekly average traffic to the Food and Everyday digital platforms reaching 13.9 million weekly visits, up 3.6% on Q1 F22, driven by increased traffic to the Woolworths app and Everyday Rewards app. Weekly average traffic to Group digital platforms reached 20.2 million, down 0.5% on the prior year due to cycling COVID-related traffic increases.

The transition to a Real Time Loyalty (RTL) platform was completed in September, providing members with the ability to unlock more 1:1 promotions and relevant content in real-time. RTL also enables faster analysis of campaigns which supports more relevant and targeted member engagement.

B2C eCommerce sales declined 10.8% to \$1,239 million in Q1 due to cycling COVID lockdowns in the prior year. A return to more normal trading conditions and increased customer mobility resulted in penetration moderating to 10.2%, down 1.2 pts on Q1 F22 but up on Q4 F22 penetration of 9.8%. VOC NPS improved to 60 in the quarter, up four points on the prior year and two points on Q4 F22, reflecting improvements in providing customers with a complete order, packing with care and on time delivery. Q1 also saw continued growth in Delivery Unlimited driving incremental sales and advocacy.

Two new CFCs opened in the quarter (Rosedale, Qld and Caringbah, NSW) and 19 new Direct to boot sites were added to the network bringing the total Direct to boot sites to 688 at the end of the quarter.

Everyday Rewards total members increased to 13.9 million, up from 13.3 million in Q1 F22 and 13.7 million in Q4 F22. Enhancements to the Everyday Rewards app and an increase in Member Boost offers delivered members more personalised value resulting in record levels of weekly app users.

Australian B2B

Sales performance by channel

\$ MILLION	Q1'23	Q1'22	CHANGE
B2B Food	893	656	36.1%
B2B Supply Chain	306	296	3.4%
Total Australian B2B	1,199	952	26.0%

Australian B2B total sales for the quarter increased by 26.0% to \$1,199 million driven by a 36.1% increase in B2B Food.

While all **B2B Food** businesses grew sales on the prior year, PFD contributed most of the dollar growth in the quarter. PFD's sales benefitted from a normalisation in trading conditions with strong growth across all customer channels, new customer acquisition and higher inflation.

Woolworths at Work, Woolworths International and AGW all reported strong sales growth on the prior year. Woolworths at Work sales improved due to cycling a COVID-impacted period in the prior year. The number of customers using the new digital platform also continued to grow. In Woolworths International, sales growth was driven by higher meat sales and inventory clearance. AGW sales also benefitted from higher meat sales and an increase in the number of MetroGo sites compared to the prior year.

B2B Supply Chain sales increased by 3.4% to \$306 million for the quarter reflecting new business growth.

New Zealand Food

Sales performance by channel

\$ MILLION (NZD)	Q1'23	Q1'22	CHANGE	3-YR CAGR
Countdown Supermarkets (store-originated)	1,563	1,621	(3.6)%	2.1%
SuperValue, FreshChoice and other revenue	159	169	(6.4)%	7.4%
CountdownX eCommerce	285	270	5.9%	23.3%
Total New Zealand Food	2,007	2,060	(2.5)%	4.7%

Operating metrics

	Q1'23	Q1'22
Customer metrics¹		
VOC NPS (Store and Online)	40	46
Store-controllable VOC (%)	75	77
Sales metrics		
Comparable sales growth	(3.3)%	9.0%
Three-year average comparable sales growth	3.8%	
Volume productivity metrics²		
Comparable transactions growth	6.7%	(3.7)%
Comparable items per basket growth	(14.3)%	8.2%
Comparable item growth	(8.6)%	4.1%
Change in average prices		
Total	5.3%	1.1%

CountdownX

	Q1'23	Q1'22
Customer metrics¹		
Online VOC NPS	56	59
eCommerce sales metrics		
eCommerce sales (NZD \$ million)	285	270
eCommerce sales growth	5.9%	17.4%
eCommerce penetration	14.2%	13.1%
Loyalty		
Countdown Onecard members (million)	1.9	1.8
Onecard member scan rate (%)	60.0	60.5

¹ Customer metrics represent the final month of the quarter

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

New Zealand Food's customer metrics gradually improved in Q1 driven by ongoing recovery in product availability following the supply chain disruptions experienced in H2 F22. VOC NPS (Store and Online) ended Q1 at 40, up three points on Q4 F22 and down six points on the prior year. Store-controllable VOC remained steady from Q4 F22 at 75% and down two points on the prior year.

New Zealand Food total sales declined 2.5% to \$2,007 million in Q1 impacted by the cycling of the prior year's Delta outbreak from mid-August. This included a Level 4 Auckland lockdown that continued until late September where only supermarkets were able to trade. On a three-year CAGR, sales increased by 4.7%.

Comparable sales declined by 3.3% driven by an 8.6% decline in comparable items. Customers put fewer items in their baskets in the quarter with comparable items per basket declining by 14.3%, offset somewhat by an increase in comparable customer transactions of 6.7% as customers shopped more frequently. Basket sizes also reflect the impact of rising inflation as well as mix benefits during COVID beginning to normalise.

New Zealand Food

eCommerce sales growth and penetration continued to increase with sales up 5.9% in the quarter and penetration of 14.2%, up from 14.1% in Q4 F22 and 13.1% in the prior year. Pick up growth continued during the quarter supported by the additional capacity in the network with six Drives and nine eLockers launched in Q1.

Average prices increased 5.3% due to broad inflationary pressures, including significant supplier cost increases driven by underlying input cost increases, labour shortages and unfavourable growing conditions in Fruit & Vegetables.

During the quarter, one new store was opened in Belfast, Christchurch and three Renewals were completed.

Woolworths New Zealand announced the establishment of the New Zealand Grocery Wholesalers during the quarter following the Commerce Commission's recommendations regarding wholesale supply in its final report on the Retail Grocery Market Study that was released in March. Woolworths New Zealand continues to engage constructively with the Government on the implementation of its recommendations.

Countdown celebrated Te Wiki o Te Reo Māori (Māori language week) in September in line with the launch of a Māori language option at self-serve checkouts, a New Zealand first. Countdown also launched a pilot in 20 stores for the removal of plastic fruit and vegetable barrier bags.

BIG W

Sales performance by channel

\$ MILLION	Q1'23	Q1'22	CHANGE	3-YR CAGR
BIG W (store-originated)	1,085	687	57.9%	6.9%
BIG WX eCommerce	112	233	(51.8)%	43.7%
Total BIG W	1,197	920	30.1%	8.9%

Operating metrics

	Q1'23	Q1'22
Customer metrics¹		
VOC NPS (Store and Online)	64	59
Store-controllable VOC (%)	83	84
Sales metrics		
Comparable sales growth	29.9%	(16.8)%
Three-year average comparable sales growth	11.8%	
Volume productivity metrics²		
Comparable transactions growth	34.6%	(23.2)%
Comparable items per basket growth	(3.8)%	2.4%
Comparable item growth	29.5%	(21.3)%

BIG WX

	Q1'23	Q1'22
eCommerce sales metrics		
eCommerce sales (\$ million)	112	233
eCommerce sales growth	(51.8)%	123.8%
eCommerce penetration	9.4%	25.4%
Loyalty		
Everyday Rewards member scan rate (%)	52.0	49.8

1 Customer metrics represent the final month of the quarter

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

BIG W's VOC NPS (Store and Online) of 64 was in line with Q4 F22 but up five points on the prior year due to a strong improvement in Online VOC NPS. Store-controllable VOC has been consistent at 83% for the last three quarters and was one point below the prior year.

Total sales in Q1 increased by 30.1% to \$1,197 million with sales increasing by 8.9% on a three-year CAGR. Strong trading in the quarter was driven by customers returning to in-store shopping as mobility improved, strong execution of trade plans, as well as cycling of lockdown restrictions in NSW, ACT and Victoria which led to store closures in the prior year. In the states and territories not impacted by lockdowns, sales growth remained solid. All categories performed strongly in the quarter with a mix shift back towards Everyday & Home and Apparel compared to the lockdown-driven shopping behaviour in the prior year.

BIG WX's eCommerce sales declined 51.8% to \$112 million in the quarter primarily due to cycling COVID-related online purchasing in the prior year when many stores were shut to in-store customers. eCommerce momentum over the past three years remains strong with a three-year CAGR of 43.7%, reflecting the growing adoption of eCommerce services with penetration of 9.4% well above pre-COVID levels.

A new BIG W store was opened in late July alongside a new-look Woolworths Supermarket at Town Hall in Sydney, the only discount department store in Sydney's CBD. At the end of the quarter there were 177 BIG Ws nationwide.

BIG W continued to support communities in partnership with the Australian Literacy and Numeracy Foundation by matching around \$100,000 of customer donations raised. BIG W also continued its annual support for Red Nose Day by raising over \$37,000 towards research to keep children safe and healthy during pregnancy, infancy and early childhood.

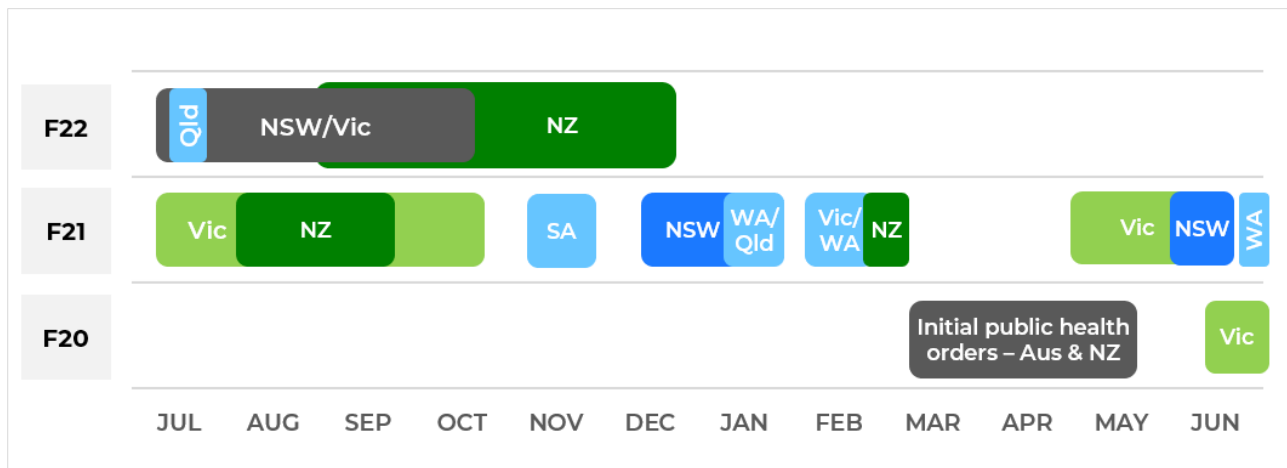
Appendices

Appendix One: New stores and refurbishments¹

Q1'23	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Australian Supermarkets and Metro Food Stores	3	1	10
New Zealand Food	1	1	3
BIG W	1	1	-
Total Group	5	3	13

¹ Excludes CFCs and eStores

Appendix Two: COVID restrictions timeline



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

Glossary

AGW	Australian Grocery Wholesalers
B2B	Business to business
B2C	Business to consumer
Comparable sales	Measure of sales excluding stores that have been opened or closed in the last 12 months and existing stores where there has been a demonstrable impact from store disruption because of store refurbishment or new store openings/closures
CFC	Customer fulfilment centre
DC	Distribution centre
Drives	Convenient options for customers to pick up online orders through Drive up or Drive thru facilities
eLocker	A set of temperature controlled electronic lockers for customers to collect online pick up orders
eStore	Dedicated store for the fulfilment of online orders sometimes incorporating automation
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)
Pick up	A service which enables collection of online shopping orders in store or at selected locations
Renewal	A total store transformation focused on the overall store environment, team, range and process efficiency (including digital)
Two-year/ three-year average comparable sales growth	Simple average of reported comparable sales growth for two or three years
Three-year CAGR	Compound annual growth rate over three years
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 a percentage of customers providing a rating of six or seven on a seven-point scale
VOC NPS	VOC NPS is based on feedback from Everyday Rewards members and is calculated using the data from the last month of the quarter. 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