

WOOLWORTHS LIMITED

27 January 2010

PRESS RELEASE

FIRST HALF YEAR SALES RESULTS FOR THE 27 WEEKS TO 3rd JANUARY 2010

SALES OF \$27.2 BILLION IN FIRST HALF UP 6.0% EXCLUDING PETROL SALES UP 4.2% INCLUDING PETROL SALES

AUSTRALIAN FOOD AND LIQUOR INFLATION DECLINES FROM 4.1% TO 1.6%

	2009 27 weeks	2010 27 weeks	Increase (%)	Prior Year Increase (%)
<u>Half Year by Division (\$ millions)</u>				
Australian Food and Liquor	16,983	18,143	6.8	9.0
<i>New Zealand Supermarkets (NZD)</i>	<i>2,571</i>	<i>2,686</i>	<i>4.5</i>	<i>3.5</i>
New Zealand Supermarkets (AUD)	2,132	2,162	1.4	(1.2)
Petrol (dollars)	3,072	2,781	(9.5)	15.0
<i>Petrol (litres)</i>	<i>2,418</i>	<i>2,486</i>	<i>2.8</i>	<i>4.7</i>
Supermarket Division	22,187	23,086	4.1	8.7
BIG W	2,406	2,462	2.3	10.0
Consumer Electronics – Aust	681	710	4.3	11.1
<i>Consumer Electronics – NZ (NZD)</i>	<i>191</i>	<i>187</i>	<i>(2.1)</i>	<i>6.1</i>
Consumer Electronics – NZ (AUD)	158	150	(5.1)	1.3
Consumer Electronics – India	90	124	37.8	95.7
Consumer Electronics - Total	929	984	5.9	14.0
General Merchandise Division	3,335	3,446	3.3	11.1
Hotels	592	591	(0.2)	1.0
Home Improvement ⁽¹⁾	-	80	-	-
Total First Half Year Sales	26,114	27,203	4.2	8.8
<i>Total First Half Year Sales (excluding Petrol)</i>	<i>23,042</i>	<i>24,422</i>	<i>6.0</i>	<i>8.1</i>

(1) Includes Danks Wholesale sales for 8 weeks from 11 November 2009.

WOOLWORTHS LIMITED

Woolworths' Chief Executive Officer and Managing Director, Michael Luscombe, today announced half year sales of \$27.2 billion. Sales increased 6.0% excluding the impact of Petrol sales and 4.2% including Petrol sales. "Our Supermarkets achieved solid volume and market share growth whilst experiencing lower levels of inflation in Australia and New Zealand, and the cycling of the anniversary of the Australian Government stimulus payments. Our General Merchandise and Hotels businesses achieved good sales levels as they also cycled the stimulus package in the prior year.

"We are pleased with this result which reflects Woolworths' clear focus on delivering sustainable growth. Consumers continue to put their trust in Woolworths' retail brands for value, range and service for all their everyday needs. Our business remains strong as we continue to deliver real sales growth above inflation in Australia and New Zealand.

"In Australia, this quarter's sales result is a strong indication of the positive impact of the Australian Government's first stimulus package in 2008, which underpinned high consumer confidence during the global economic downturn and helped to safeguard jobs across the retail industry. Due to our customer focus, we were very well positioned and therefore received a clear benefit from the stimulus package in the prior financial year.

"In New Zealand, our Supermarket business grew strongly despite the economic climate, reflecting our investment in price, product, stores and systems," he said.

AUSTRALIAN FOOD AND LIQUOR

Australian Food and Liquor sales for the half year were \$18.1 billion, an increase of 6.8% (or \$1.16 billion). Sales for the second quarter were \$9.1 billion, an increase of 5.9% over last year. This result has been achieved in a quarter that has seen very low sell price inflation and cycling of the impacts on consumer spending of the federal government's stimulus package in December 2008.

Comparable store sales in Food and Liquor increased 4.8% during the half and 3.8% for the second quarter. The decrease from last half year's comparable sales is directly related to the decline in inflation which in the half decreased to 1.6% from 4.1% last year. Inflation during December was 0.4% this year compared to 5.3% in December last year. The lower levels of inflation reflect deflation in Produce and Perishables, and zero inflation in Liquor and Proprietary Bread. The difference between comparable sales growth and inflation for the half year improved to 3.2% up from 2.5% in the first half of the prior year and in the second quarter improved to 2.7% up from 2.3% in the second quarter of the prior year.

During the half, the Australian Food and Liquor business has continued to grow volumes and market share. The ongoing positive momentum in the business re-affirms the strength of the company's operations, the depth of talent of its people and the ability of the business to adapt to ever changing economic and competitive trends resulting in the delivery of consistent quality results.

Key strategic initiatives focussed on our customers, including the rollout of our 2010c format, our Everyday Rewards Program with Qantas Frequent Flyer points, improved range/offer and continued price re-investment have all contributed to this sales result. These initiatives continue to be well received by our customers and have resulted in increasing customer numbers in our stores, increasing items sold and increasing basket sizes.

Australian Food and Liquor sales growth summary:

	2010			2009	
	Total	Comparable	Inflation	Comparable	Inflation
Q1	7.8%	5.8%	2.1%	6.0%	3.2%
Q2	5.9%	3.8%	1.1%	7.1%	4.8%
Half Year	6.8%	4.8%	1.6%	6.6%	4.1%

Fourteen new supermarkets were opened during the half year taking the total to 813. We also opened ten new Dan Murphy's stores taking the total to 114.

NEW ZEALAND SUPERMARKETS

New Zealand Supermarkets achieved a sales result of NZ\$2.69 billion for the half year, an increase of 4.5% in NZD. (1.4% increase in AUD). Second quarter achieved sales of NZ\$1.37 billion, an increase of 4.1% in NZD terms.

New Zealand comparable sales grew 4.2% for the half and 3.9% in the second quarter. In New Zealand, overall food inflation was approximately 1.1% in the quarter reflecting a decrease on the prior quarter due to deflation in certain fresh food departments. (1st quarter 4.3%, half year 2.7%, prior half year 5.8%) The difference between comparable store growth and inflation was positive for the half at 1.5%, reflecting volume and market share growth. This compares to negative growth in the prior year.

This is a strong result for the New Zealand business, achieved against a background of challenging economic conditions and low food inflation. The results show the benefits of the completed integration process and hard work of the New Zealand team to continually improve our customer offer through new formats, improved ranging, private label and improved in stock position leveraging on the intellectual property and IT capabilities it now has at its disposal.

New Zealand Supermarkets sales growth summary:

2010				2009	
NZD	Total	Comparable	Inflation	Comparable	Inflation
Q1	4.8%	4.5%	4.3%	3.0%	5.7%
Q2	4.1%	3.9%	1.1%	3.0%	5.9%
Half Year	4.5%	4.2%	2.7%	3.0%	5.8%

Note: Comparable sales % quoted are based on NZD sales.

During the half year, two new supermarkets were opened taking the total to 204 including franchisees.

PETROL

Petrol sales for the half, including Woolworths/Caltex Alliance sites, decreased by 9.5% to \$2.8 billion, reflecting average fuel sell prices being well below the prior year (HY 2010: 121.7 cpl, HY 2009: 137.9 cpl). Petrol volumes were up 2.8% for the half. Petrol sales growth in the second quarter was slightly negative reflecting the anniversary of the decline in fuel prices in the prior year with Petrol volumes up 2.0%.

Petrol comparable sales decreased 11.2% during the half and 2.4% in the second quarter. Comparable volumes increased 0.9% in the half and 0.2% in the second quarter.

During the half year, ten petrol canopies were opened taking total sites to 551, including 132 alliance sites.

Petrol sales growth summary:

	2010				2009			
	Total Dollars	Comparable Dollars	Total Volumes	Comparable Volumes	Total Dollars	Comparable Dollars	Total Volumes	Comparable Volumes
Q1	(16.4)%	(18.1)%	3.6%	1.6%	30.4%	26.5%	4.6%	1.7%
Q2	(0.6)%	(2.4)%	2.0%	0.2%	flat	(3.7)%	4.7%	2.2%
Half Year	(9.5)%	(11.2)%	2.8%	0.9%	15.0%	11.2%	4.7%	1.9%

BIG W

BIG W sales grew 2.3% during the half and declined 0.3% for the second quarter. Sales for the second quarter almost achieved the prior year level which received a significant benefit from the government stimulus package in December 2008.

Comparable store sales increased by 0.4% in the half and declined 2.1% for the second quarter. The two year CAGR⁽¹⁾ for BIG W sales is 6.1%, a solid result.

BIG W maintained, and in some cases improved, its competitive pricing position in the market. The repositioning of BIG W in prior years places it in an ideal position to offer customers a great range of merchandise at low prices. Categories that performed particularly well in the quarter were apparel and footwear.

BIG W sales growth summary:

	2010		2009	
	Total	Comparable	Total	Comparable
Q1	5.8%	3.9%	10.7%	4.4%
Q2	(0.3)%	(2.1)%	9.5%	6.4%
Half Year	2.3%	0.4%	10.0%	5.6%

Three BIG W stores were opened during the half year taking total stores in the division to 159.

⁽¹⁾ Compound Annual Growth Rate

CONSUMER ELECTRONICS

Total Consumer Electronics sales grew 5.9% during the half and 0.2% for the second quarter.

Consumer Electronics (Aust / NZ) sales grew 2.5% during the half and declined 2.1% in the second quarter. Comparable store sales (Aust / NZ) for the half were 0.9% (2nd quarter (1.7%). Australian Consumer Electronics sales grew 4.3% during the half and 0.3% for the second quarter. This sales result was achieved against a background of cycling the benefits received from the first government stimulus package in December 2008.

Australian Dick Smith stores (excluding Tandy and ex Powerhouse stores) achieved comparable sales of 12.2% for the half and 7.2% for the second quarter. The result reflects the strong customer acceptance of the continued roll out of our new refreshed Dick Smith offer. The new format Dick Smith stores continue to grow sales at a greater rate than our older Dick Smith format stores. Categories that had pleasing results included Computer, Entertainment and Gaming.

Consumer Electronics Australia sales growth summary:

	2010		2009	
	Total	Comparable	Total	Comparable
Q1	9.3%	6.5%	10.2%	6.6%
Q2	0.3%	0.6%	11.8%	7.2%
Half Year	4.3%	3.2%	11.1%	6.9%

New Zealand sales decreased 2.1% for the half and 6.5% for the second quarter. This result was achieved under very difficult trading conditions currently being experienced in New Zealand where discretionary spending has been negatively impacted by the economic environment.

Consumer Electronics New Zealand sales growth summary:

	2010		2009	
NZD	Total	Comparable	Total	Comparable
Q1	3.6%	(7.0)%	Flat	(2.2)%
Q2	(6.5)%	(11.8)%	11.3%	3.6%
Half Year	(2.1)%	(9.8)%	6.1%	0.9%

13 (Aust: 9, NZ: 4) Dick Smith stores were opened during the half taking total stores to 433.

Our business venture with TATA in India has produced sales of \$124 million for the half year. As part of this venture Woolworths Limited provides buying, wholesale, supply chain and general consulting services to TATA. The business now services 40 retail stores operating under the Croma brand with 7 new stores opening during the half.

HOTELS

Sales for the first half in our Hotels business decreased 0.2% to \$591 million, and second quarter sales decreased by 1.4% to \$288 million. This result reflects the cycling of the stimulus package benefits, the economic climate and increased regulatory environment, in particular, the impact of reduced trading hours in Queensland.

Comparable sales decreased by 2.5% for the first half (second quarter (4.0)%). Gaming comparable sales for the first half declined 3.8% (second quarter (6.3)%).

Hotels sales growth summary:

	2010			2009		
	Total	Comparable	Comparable Gaming	Total	Comparable	Comparable Gaming
Q1	1.0%	(1.2)%	(1.4)%	1.0%	(0.8)%	flat
Q2	(1.4)%	(4.0)%	(6.3)%	1.0%	0.9%	5.2%
Half Year	(0.2)%	(2.5)%	(3.8)%	1.0%	0.1%	2.4%

A further six properties were added to the portfolio in the half taking total hotels to 286.

ONLINE SALES

Woolworths has been developing its strategy in relation to its online business across all retail trading divisions. Good progress has been made with online sales increasing 41% for the half.

SALES AND EARNINGS OUTLOOK FOR THE FULL YEAR

The second half of the year will be impacted by low price inflation and the cycling of the government stimulus packages. Discretionary spending levels will continue to be influenced by macro-economic factors, such as interest rates, petrol prices, confidence around employment and consumer attitudes to spending.

Subject to the extent of the impact of the factors above, we reaffirm the following guidance:

We expect overall sales to grow in the upper single digits (excluding Petrol Sales) in FY10.

We also expect that EBIT will continue to grow faster than sales in FY10.

We also expect net profit after tax for FY10 will grow in the range of 8% to 11%.

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Appendix 1

	2009 13 weeks	2010 13 weeks	Increase (%)	Prior Year Increase (%)	2 Year CAGR ⁽¹⁾ (%)
<u>Second Quarter by Division</u>					
(\$million)					
Australian Food and Liquor	8,636	9,142	5.9	9.8	7.8
<i>New Zealand Supermarkets (NZD)</i>	<i>1,315</i>	<i>1,369</i>	<i>4.1</i>	<i>3.9</i>	<i>4.0</i>
New Zealand Supermarkets (AUD)	1,122	1,097	(2.2)	3.1	0.4
Petrol (dollars)	1,349	1,341	(0.6)	(0.1)	(0.3)
<i>Petrol (volumes)</i>	<i>1,183</i>	<i>1,207</i>	<i>2.0</i>	<i>4.8</i>	<i>3.4</i>
Supermarket Division	11,107	11,580	4.3	7.8	6.0
BIG W	1,370	1,366	(0.3)	9.5	4.5
Consumer Electronics – Aust	379	380	0.3	11.8	5.9
<i>Consumer Electronics – NZ (NZD)</i>	<i>108</i>	<i>101</i>	<i>(6.5)</i>	<i>11.3</i>	<i>2.0</i>
Consumer Electronics – NZ (AUD)	92	81	(12.0)	10.8	(1.2)
Consumer Electronics – India	50	61	22.0	78.6	47.6
Consumer Electronics – Total	521	522	0.2	15.8	7.7
General Merchandise Division	1,891	1,888	(0.2)	11.2	5.3
Hotels	292	288	(1.4)	1.0	(0.2)
Home Improvement ⁽²⁾	-	80	-	-	-
Total Second Quarter Sales	13,290	13,836	4.1	8.1	6.1
Total Second Quarter Sales (excluding Petrol)	11,941	12,495	4.6	9.1	6.8
	2009 27 weeks	2010 27 weeks	Increase (%)	Prior Year Increase (%)	2 Year CAGR ⁽¹⁾ (%)
Periods (\$million)					
Quarter 1 (14 Weeks)	12,824	13,367	4.2	9.6	6.9
Quarter 2 (13 Weeks)	13,290	13,836	4.1	8.1	6.1
Total Half Year Sales	26,114	27,203	4.2	8.8	6.5
Group Excluding Petrol (\$million)					
Quarter 1 (14 Weeks)	11,101	11,927	7.4	7.0	7.2
Quarter 2 (13 Weeks)	11,941	12,495	4.6	9.1	6.8
Total Group Sales excluding Petrol Half Year Sales	23,042	24,422	6.0	8.1	7.0

(1) Compound Annual Growth Rate

(2) Includes Danks Wholesale and retail sales for 8 weeks from 11 November 2009.

	2009 27 weeks	2010 27 weeks	Increase (%)	Prior Year Increase (%)	2 Year CAGR ⁽¹⁾ (%)
<u>Half Year by Division</u> (\$ millions)					
Australian Food and Liquor	16,983	18,143	6.8	9.0	7.9
<i>New Zealand Supermarkets (NZD)</i>	2,571	2,686	4.5	3.5	4.0
New Zealand Supermarkets (AUD)	2,132	2,162	1.4	(1.2)	0.1
Petrol (dollars)	3,072	2,781	(9.5)	15.0	2.0
<i>Petrol (litres)</i>	2,418	2,486	2.8	4.7	3.7
Supermarket Division	22,187	23,086	4.1	8.7	6.4
BIG W	2,406	2,462	2.3	10.0	6.1
Consumer Electronics – Aust	681	710	4.3	11.1	7.6
<i>Consumer Electronics – NZ (NZD)</i>	191	187	(2.1)	6.1	1.9
Consumer Electronics – NZ (AUD)	158	150	(5.1)	1.3	(1.9)
Consumer Electronics – India	90	124	37.8	95.7	64.2
Consumer Electronics - Total	929	984	5.9	14.0	9.9
General Merchandise Division	3,335	3,446	3.3	11.1	7.1
Hotels	592	591	(0.2)	1.0	0.4
Home Improvement ⁽²⁾	-	80	-	-	-
Total First Half Year Sales	26,114	27,203	4.2	8.8	6.5
Total First Half Year Sales (excluding Petrol)	23,042	24,422	6.0	8.1	7.0

(1) Compound Annual Growth Rate

(2) Includes Danks Wholesale sales for 8 weeks from 11 November 2009.

Appendix 2

	New Stores*	Refurbishments
First Half		
Australian Supermarkets	14	42
Thomas Dux	7	-
Liquor	34	35
New Zealand Supermarkets	2	19
Petrol	10	-
BIG W	3	9
Consumer Electronics – Aust / NZ	13	24
Hotels	6	25
Total first half	89	154

** Reflects Gross store openings*

Appendix 3

Woolworths Limited	2010	2009	2008	2007	2006
	HALF	FULL	FULL	FULL	FULL
	YEAR	YEAR	YEAR	YEAR	YEAR
STORES (number)					
NSW & ACT	245	241	234	237	238
QLD	188	186	177	168	161
VIC	196	192	187	183	182
SA & NT	73	72	72	72	69
WA	82	82	81	79	79
TAS	29	29	29	27	27
Supermarkets in Australia ⁽¹⁾	813	802	780	766	756
New Zealand Supermarkets	150	149	149	149	152
Total Supermarkets	963	951	929	915	908
Thomas Dux	10	3	1	-	-
Freestanding Liquor (incl. Dan Murphy)	271	256	233	212	204
ALH Retail Liquor Outlets	476	463	434	424	432
Caltex/WOW Petrol	132	133	133	134	131
Woolworths Petrol – Australia	419	409	389	371	360
Woolworths Petrol/Convenience – New Zealand	22	22	22	22	22
Total Supermarket Division	2,293	2,237	2,141	2,078	2,057
BIG W	159	156	151	142	129
Dick Smith	354	349	310	277	243
Tandy	79	87	106	123	123
Total General Merchandise Division	592	592	567	542	495
Hotels (includes 8 clubs)	286	280	271	263	250
Danks (Home Improvement Retail)	1	-	-	-	-
Total Group	3,172	3,109	2,979	2,883	2,802
Wholesale customer stores					
Dick Smith	29	35	43	55	55
Progressive	54	53	52	50	46
Croma (India CEG)	40	33	22	5	-
Danks (Home Improvement Wholesale)	595	-	-	-	-
Statewide Independent Wholesale	220	218	216	217	215
Total Wholesale customer stores	938	339	333	327	316
Trading Area (sqm)					
Supermarkets Division – Australia ⁽²⁾	2,089,625	2,037,680	1,945,641	1,848,792	1,784,279
Supermarkets Division – New Zealand ⁽³⁾	318,177	303,889	296,549	291,092	291,792
General Merchandise Division ⁽⁴⁾	1,055,987	1,038,561	989,767	930,288	843,316
(1) Supermarket Store Movements July 09 - Dec 09					
New Stores – incremental	14				
Closures - permanent	(1)				
Closures – for re-development	(2)				
Net New Stores	11				
(2) Australian Supermarkets Division trading area (excluding Petrol and ALH BWS outlets and including the Australian Ex-FAL stores) has increased by 2.55% (HY09: 2.32%)					
(3) Excludes Gull and franchise stores					
(4) Excludes Woolworths India					