

WOOLWORTHS LIMITED



Results Presentation

Half Year ended
2 January 2005

Roger Corbett
Chief Executive Officer

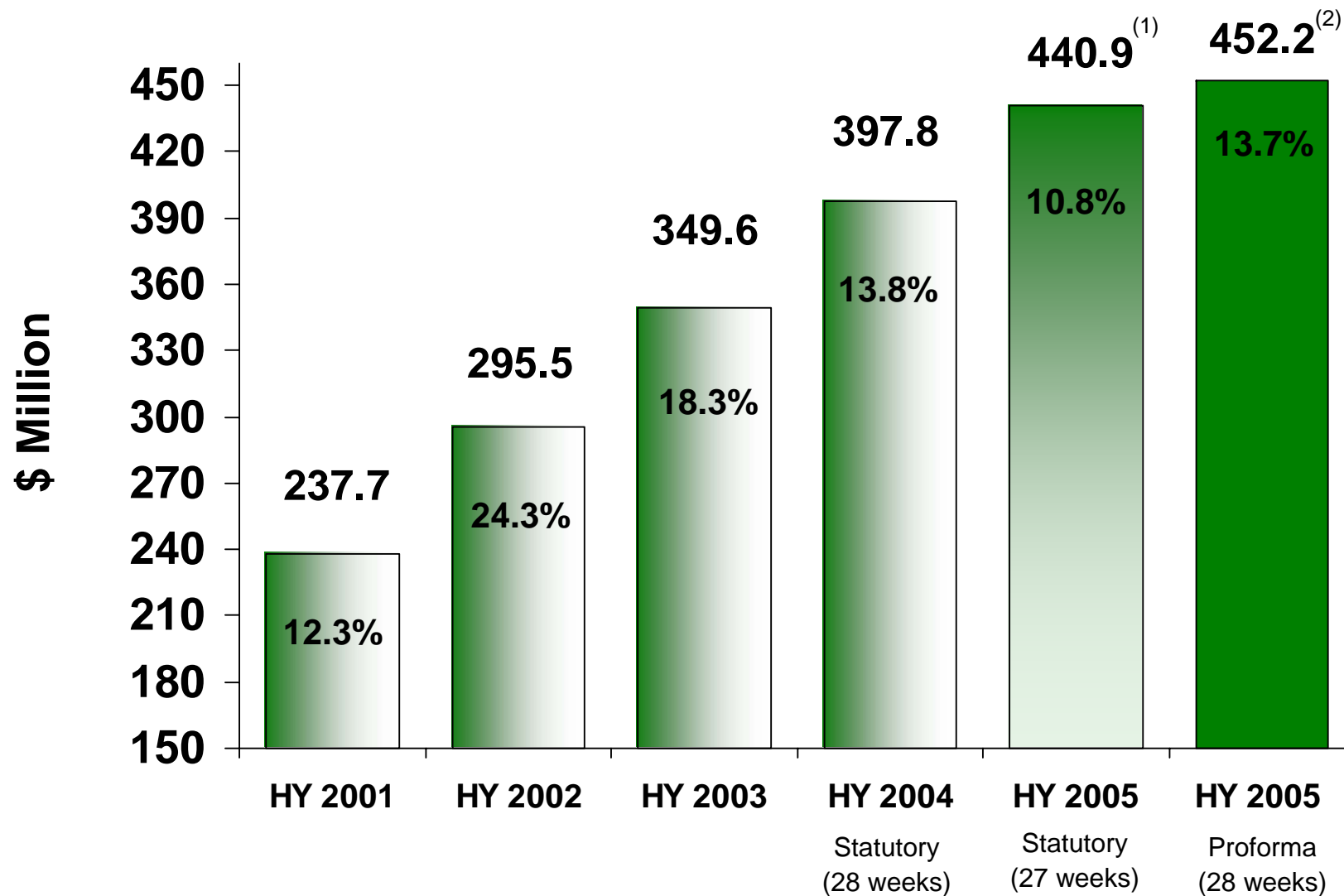
Tom Pockett
Chief Financial Officer

28 February 2005

Highlights for the First Half

- Total sales for this half compared with last year up 9.2% to \$16,441m on a 28 week comparable basis.
- Earnings before Interest and Taxation (EBIT) \$691.1m.
- EBIT up 12.5% on a 28 week comparable basis.
- Net operating profit after tax and servicing income notes \$440.9m.
- Earnings per Share (EPS) after goodwill up 9.1% to 42.5 cents for the 27 weeks to 02/01/05. On a 28 week comparable basis, EPS after goodwill is 43.6 cents, an increase of 11.9%.
- EBIT margins improved from 4.1% in 2004 to 4.3% in 2005.
- Interim dividend per share of 24 cents, up 14.3%.
- Successful acquisition of ALH.

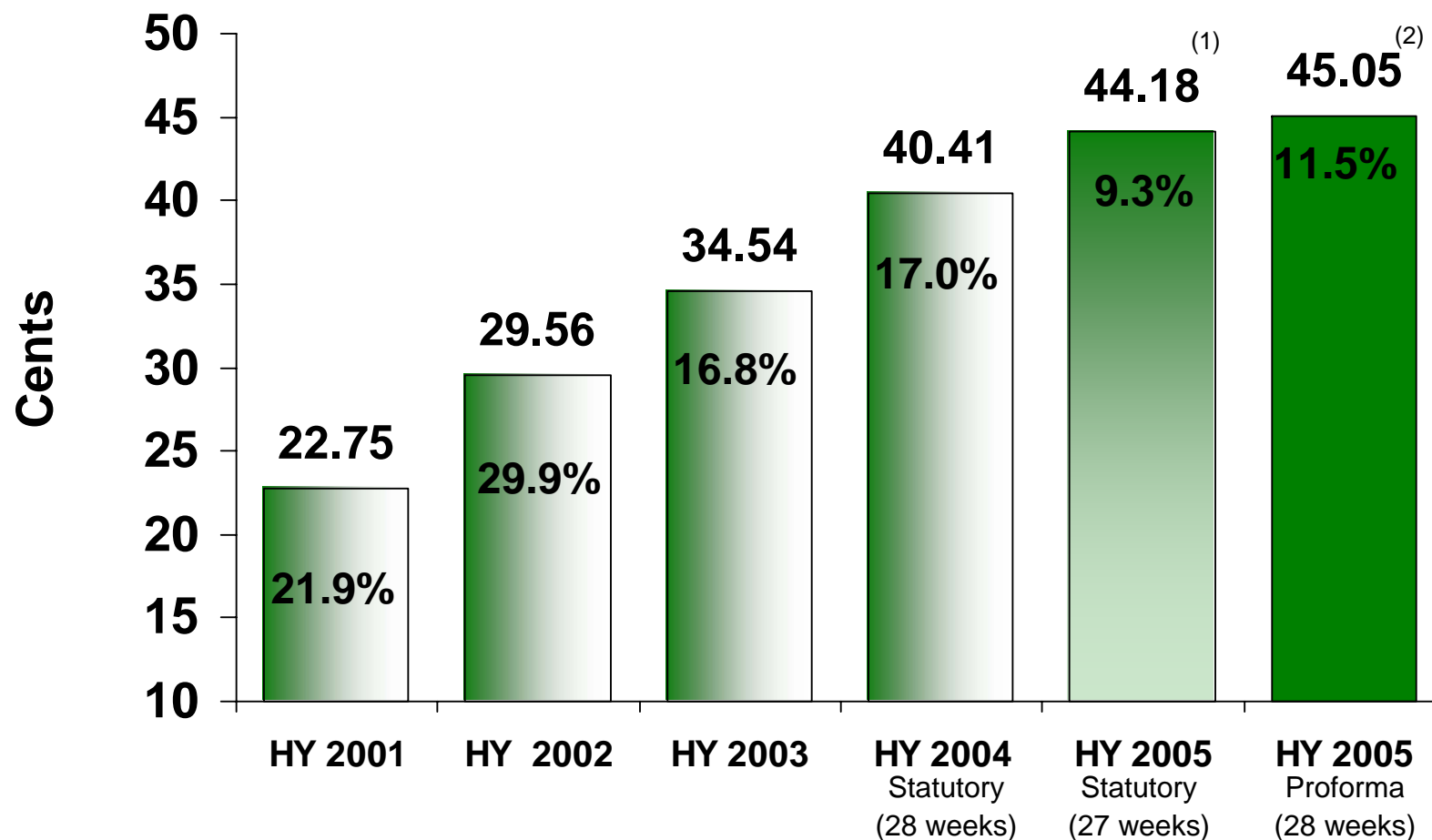
PROFIT AFTER TAX (AFTER WINS)



(1) Represents a 27 week half and includes ALH results for the 2 months to 2 January 2005.

(2) Excludes ALH and adjusted to reflect a comparable 28 week half.

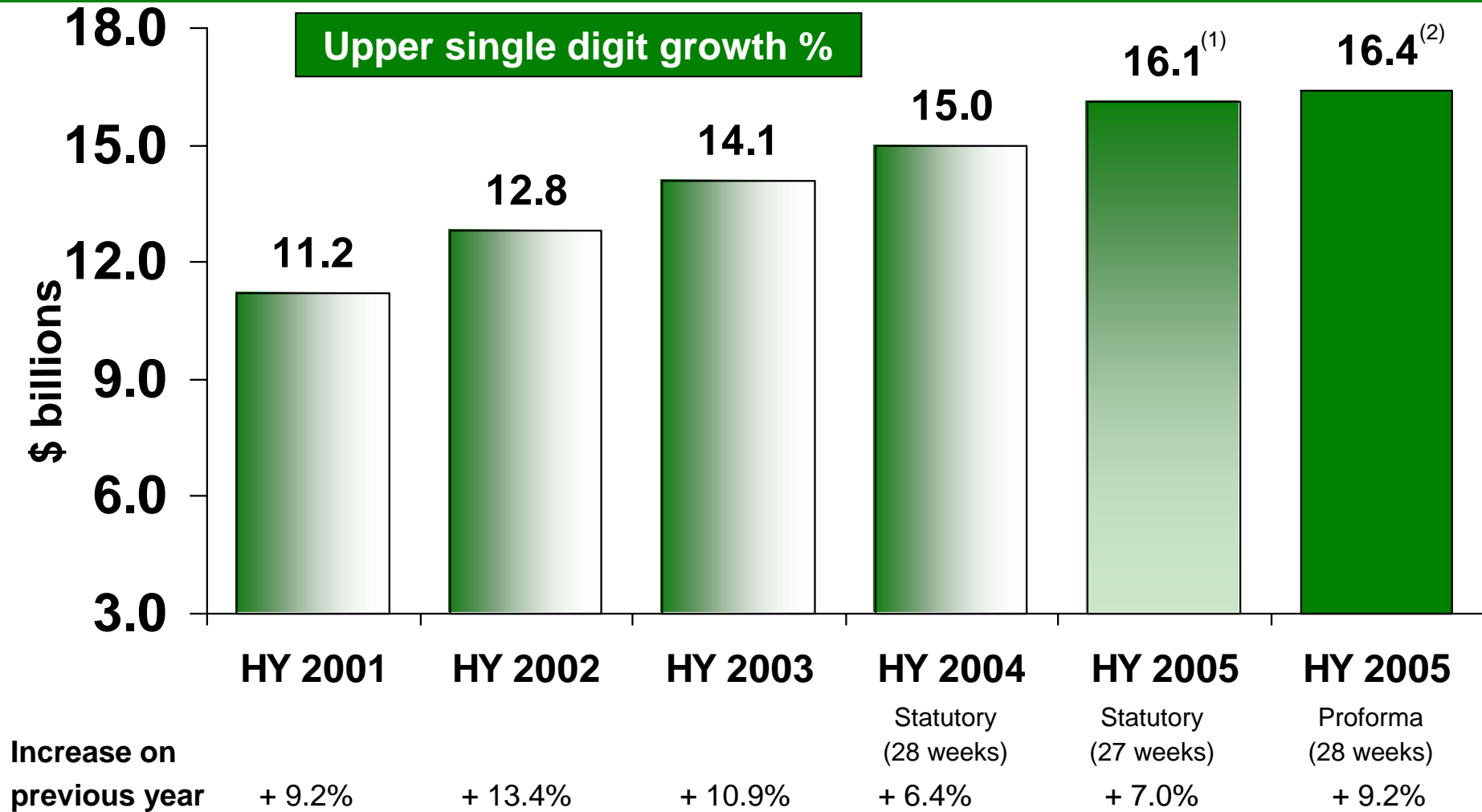
EARNINGS PER SHARE BEFORE GOODWILL



(1) Represents a 27 week half and includes ALH results for the 2 months to 2 January 2005.

(2) Excludes ALH and adjusted to reflect a comparable 28 week half.

SALES



(1) Represents a 27 week half and includes ALH sales for the 2 months to 2 January 2005.

(2) Excludes ALH sales and adjusted to reflect a comparable 28 week half.

SALES SUMMARY

\$ Millions	HY04 Statutory (28 weeks)	HY05 Statutory (27 weeks)	HY05 Proforma⁽¹⁾ (28 weeks)	Increase⁽¹⁾ (28 weeks)
Supermarkets and Liquor	11,860	12,090 ⁽²⁾	12,447	4.9%
Petrol	1,069	1,627	1,683	57.4%
Total Supermarkets	12,929	13,717	14,130	9.3%
BIG W General Merchandise ⁽³⁾	1,559	1,670	1,670	7.1%
Consumer Electronics	487	546	565	16.0%
Total General Merchandise	2,046	2,216	2,235	9.2%
Hotels (ALH)⁽⁴⁾	-	98	-	-
Continuing operations	14,975	16,031	16,365	9.3%
Wholesale Division	74	74	76	2.7%
Group Sales	15,049	16,105	16,441	9.2%

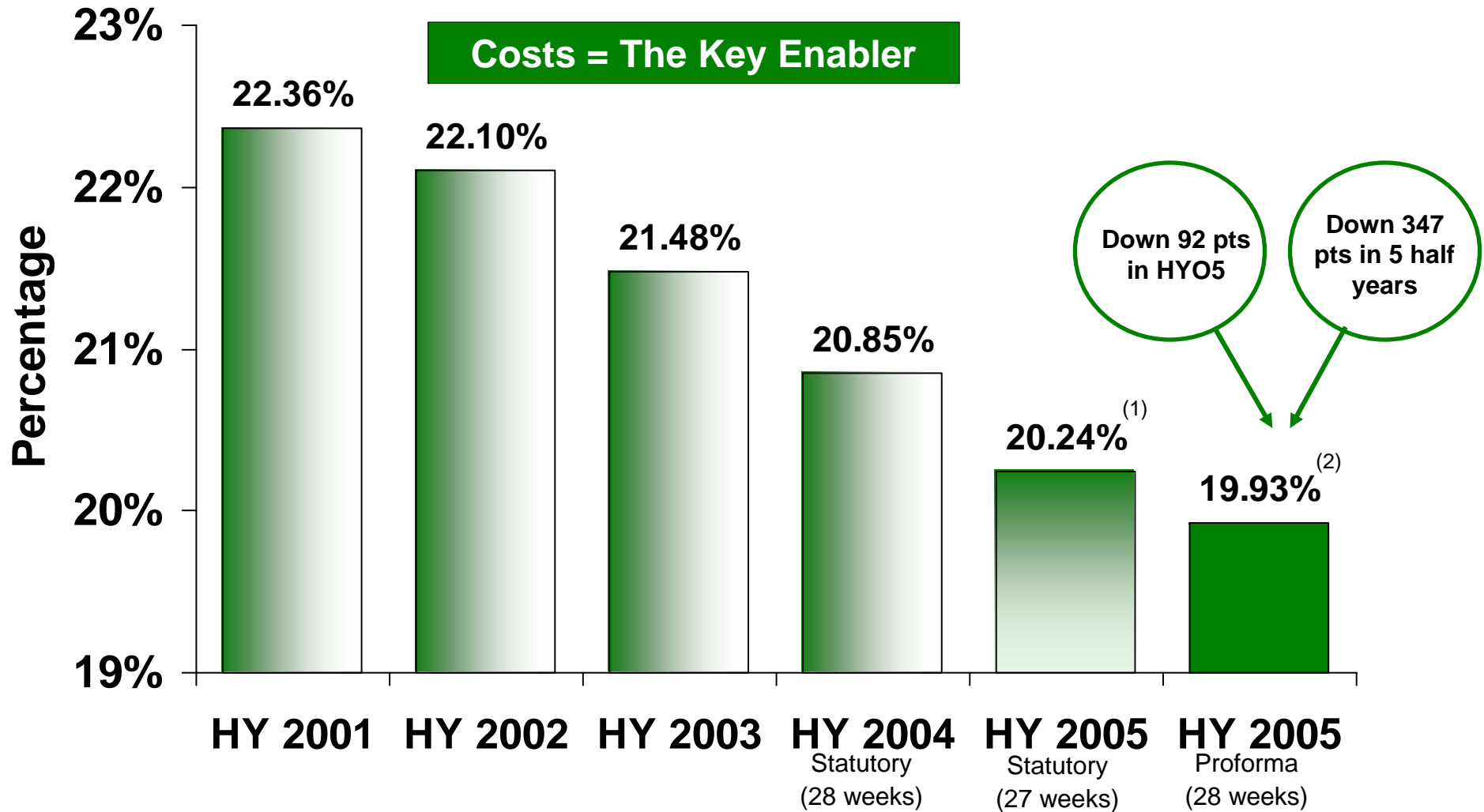
(1) Excluding ALH and adjusted to reflect a comparable 28 week half.

(2) Includes ALH retail liquor sales for November and December 2004.

(3) BIG W results for this half and last year's first half are based on a 27 week period.

(4) Represent ALH Hotel sales for November and December 2004.

CODB / SALES (EXCL WHOLESALE)



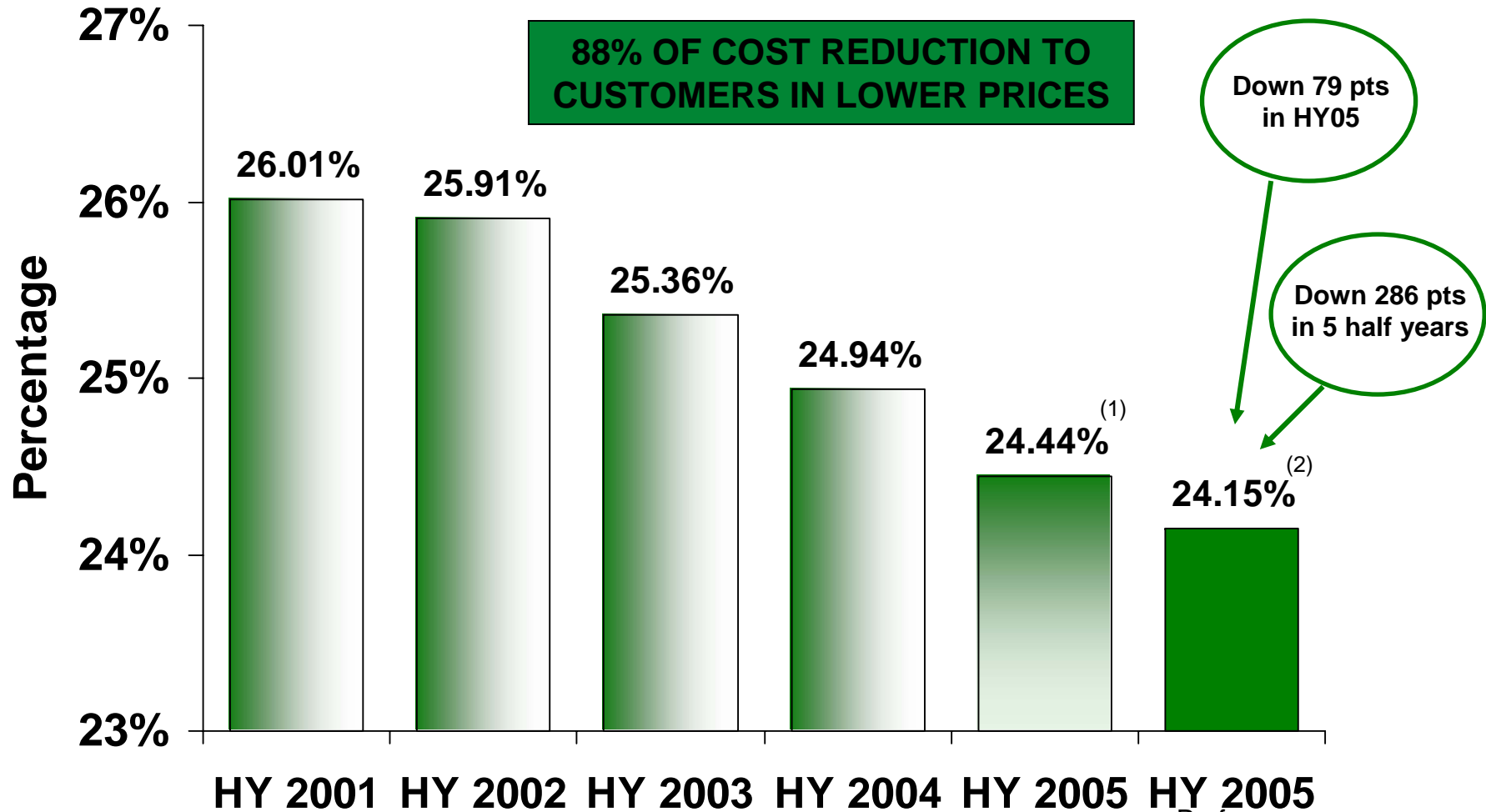
Reductions⁽³⁾ \$229 m + \$290 m + \$414 m + \$542 m + \$741 m = **\$2,321m**

(1) Represents a 27 week half and includes ALH results for the 2 months to 2 January 2005.

(2) Excludes ALH and adjusted to reflect a comparable 28 week half.

(3) The annual reductions calculated using 1999 as the base year. 2000 cost reduction was \$105m and CODB to sales percentage of 23.40%.

GROSS PROFIT MARGIN (EXCL WHOLESALE)



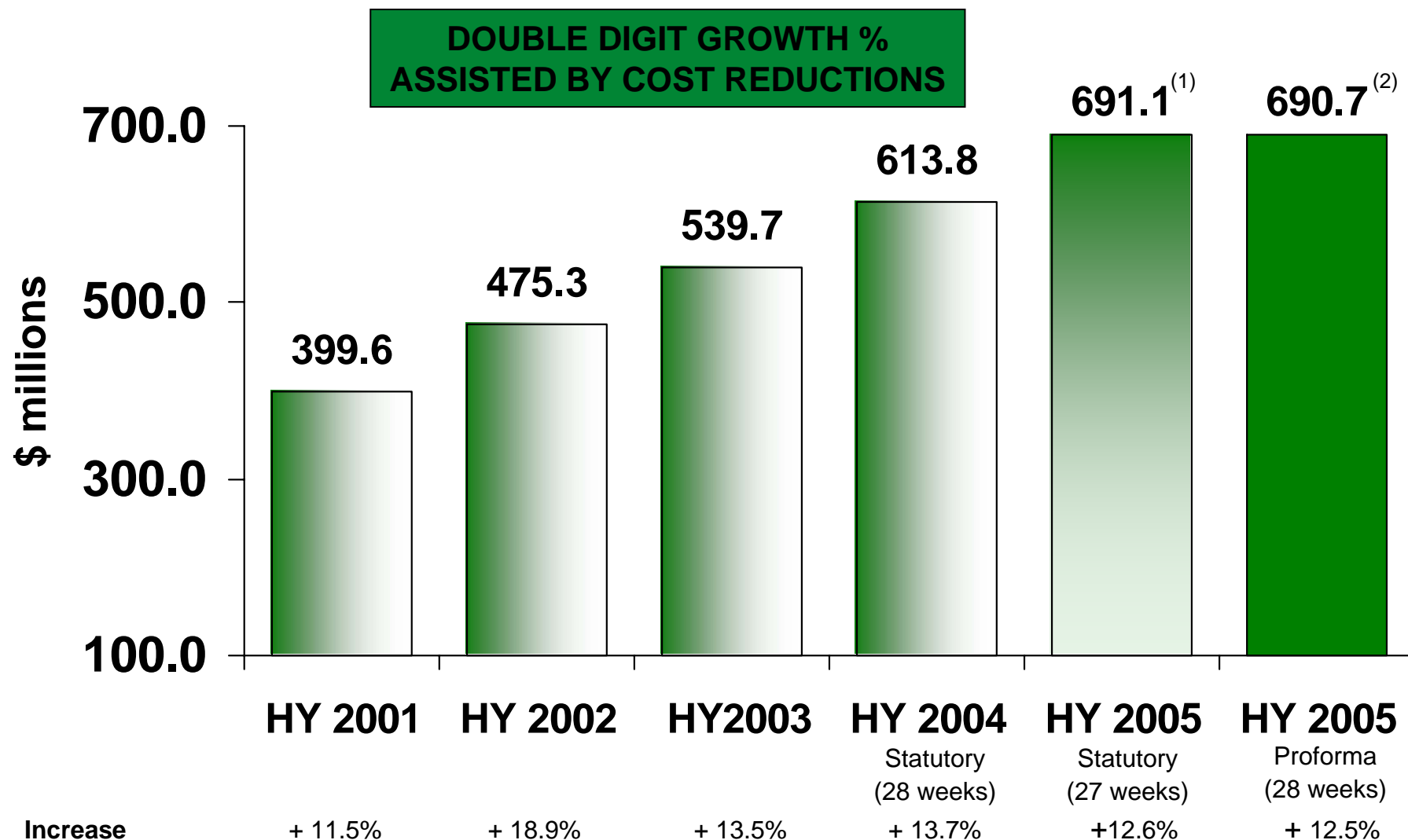
Reductions⁽³⁾ \$220 m + \$261 m + \$371 m + \$464 m + \$635 m = **\$2,052m**

(1) Represents a 27 week half and includes ALH results for the 2 months to 2 January 2005.

(2) Excludes ALH and adjusted to reflect a comparable 28 week half.

(3) The annual reductions calculated using 1999 as the base year. 2000 gross profit reduction was \$101m and GP of 27.01%.

EBIT

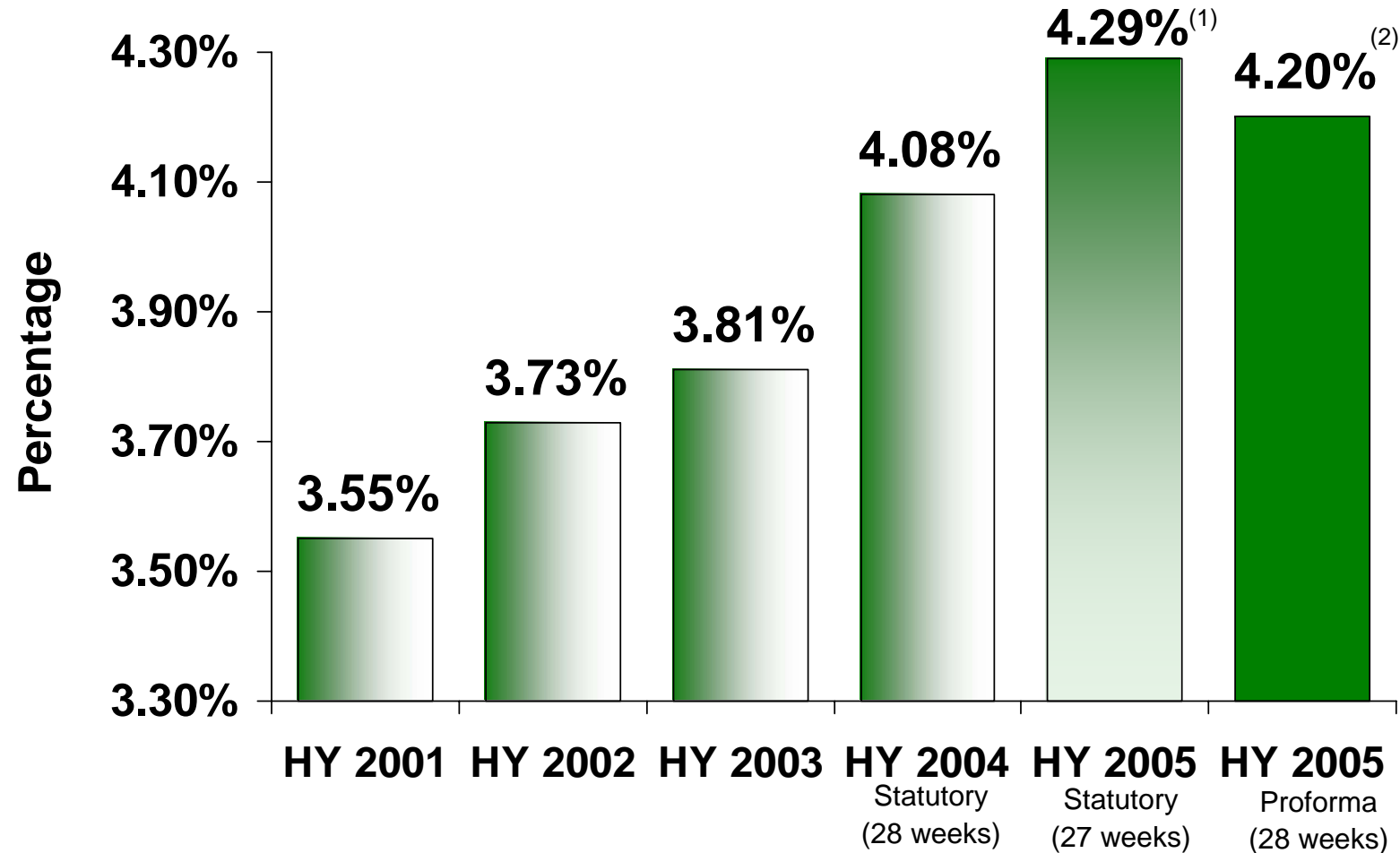


⁽¹⁾ Represents a 27 week half and includes ALH results for the 2 months to 2 January 2005, plus an ALH dividend of \$3.7m.

⁽²⁾ Excludes ALH and adjusted to reflect a comparable 28 week half. The slightly lower EBIT when compared with the statutory result is due to the inclusion of the ALH dividend.

EBIT MARGIN

Margin has increased an average of 15bps per period over the last 5 half years



⁽¹⁾ Represents a 27 week half and includes ALH results for the 2 months to 2 January 2005. The higher EBIT margin is due to higher margins evident in the ALH Hotel business.

⁽²⁾ Excludes ALH and adjusted to reflect a comparable 28 week half.

EBIT SUMMARY

EBIT (\$million)	2004		2005		2005		Change ⁽¹⁾	
	Statutory (28 weeks)		Statutory (27 weeks)		Proforma ⁽¹⁾ (28 weeks)		(28 weeks)	
	Before Goodwill	After Goodwill	Before Goodwill	After Goodwill	Before Goodwill	After Goodwill	Before Goodwill	After Goodwill
Food and Liquor	527.5	514.8	564.0 ⁽²⁾	551.0 ⁽²⁾	580.8	567.7	10.1%	10.3%
Petrol	10.5	10.5	22.2	22.2	22.9	22.9	118.1%	118.1%
Supermarkets Division	538.0	525.3	586.2	573.2	603.7	590.6	12.2%	12.4%
BIG W ⁽³⁾	93.8	93.8	100.6	100.6	100.6	100.6	7.2%	7.2%
Consumer Electronics	27.1	24.9	31.5	29.4	32.1	29.9	18.5%	20.1%
General Merchandise Division	120.9	118.7	132.1	130.0	132.7	130.5	9.8%	9.9%
Hotels (ALH)⁽⁴⁾	-	-	17.4	14.9	-	-	-	-
Total Trading Result	658.9	644.0	735.7	718.1	736.4	721.1	11.8%	12.0%
Property Income	12.3	12.3	10.3	10.3	11.0	11.0	-10.6%	-10.6%
Central Overheads	43.4	43.4	38.7	38.7	42.9	42.9	-1.2%	-1.2%
Continuing Operations	627.8	612.9	707.3	689.7	704.5	689.2	12.2%	12.5%
Wholesale Division	0.9	0.9	1.4	1.4	1.5	1.5	66.7%	66.7%
Group EBIT	628.7	613.8	708.7	691.1	706.0	690.7	12.3%	12.5%

(1) Excluding ALH and adjusted to reflect a comparable 28 week half.

(2) Includes ALH retail liquor results for November and December 2004.

(3) BIG W results for this half and last year's first half are based on a 27 week period.

(4) Represent ALH Hotel results for November and December 2004.

TOTAL SUPERMARKETS INCL PETROL

	2004	2005 ⁽²⁾	2005 ⁽¹⁾	Change ⁽¹⁾
	Statutory (28 weeks)	Statutory (27 weeks)	Proforma (28 weeks)	(28 weeks)
Sales (\$m)	12,929.0	13,717.7	14,129.8	+9.3%
Gross margin (%)	24.16	23.36	23.32	-0.84%pts
Cost of Doing Business (%)	20.10	19.18	19.14	-0.96%pts
EBIT to sales (%)	4.06	4.18	4.18	+0.12%pts
EBIT (after goodwill) (\$ million)	525.3	573.2	590.6	+12.4%
EBIT (before goodwill) (\$ million)	538.0	586.2	603.7	+12.2%
Funds Employed (\$ million) ⁽³⁾	1,031.0	650.6	1,100.4	+6.7%
Return on Funds Employed (%) ⁽³⁾	50.95	88.10	53.67	+2.72%pts

⁽¹⁾ Excluding ALH and adjusted to reflect a comparable 28 week half.

⁽²⁾ Includes ALH retail liquor results for November and December 2004.

⁽³⁾ Excludes ALH

SUPERMARKETS

Strong profit growth built on solid sales growth underpinned by continued cost reductions

- Food and Liquor comparable store sales grew 2.9%. Q1 was 2.8% strengthening in Q2 to 3.0%.
- Second quarter inflation declined about 0.5% on the first quarter to 1.0%.
- The market remains highly competitive, however with the passing of the anniversary of a competition fuel offer, we have seen a better than average improvement in comparable sales, in Victoria and of more recent times in NSW.
- Costs reduced by 0.96% on sales, approximately 88% of savings were reinvested into gross margin which is down 0.84%pts.
- Gross margins in Food and Liquor impacted by continued price reductions for customers offset by lower shrinkage and better buying.
- Inventory up on last year by 0.04 days due to a planned increase in stock levels. However, our average stock position continued to decline. Still on track to achieve our planned stock reduction by the end of FY05.
- 13 new Supermarkets opened (compared to 8 last half year). 10 stores are scheduled to open in the second half with trading area expected to grow in excess of 3%.
- EBIT grew 12.4%, which was more than sales increase of 9.3%.
- Funds Employed up 6.7% due primarily to capital expenditure and planned increased inventory levels.
- Continued acceptance by customers of a total offer of range, freshness, quality, competitive pricing, convenience and in-store service.

LIQUOR

All liquor operations (Dan Murphy's, BWS, First Estate and attached liquor) recorded strong growth in revenue and earnings in a competitive market

- Dan Murphy's continued to expand with 9 stores opened in the half bringing total number of Dan Murphy stores to 35. In addition to this, we opened 5 free standing liquor stores.
- Comparable store sales in all our liquor businesses were strong.
- Continuing opportunities to expand Dan Murphy's operations exist particularly in NSW and QLD.
- Sales from our 50% owned QLD liquor business MGW* were up 41% to \$189.5m. Anticipate further strong growth from this business as we progress refurbishment, relocation and repositioning.
- ALH retail liquor sales have been consolidated from 1 November 2004 into the Food and Liquor business.

Group Liquor sales for the half year including MGW and 2 months of ALH were \$1.4 billion. On a 12 month basis total liquor sales for ALH, MGW, BMG and Woolworths liquor (including on-premise) will exceed \$3.0 billion. This well exceeds our previously stated target of \$2.5 billion. Our new target is now \$3.5 billion.

* MGW sales will be consolidated into Woolworths group sales from the start of the second half.

PETROL

Our petrol division, strengthened by our alliance with Caltex, continues to be a good supplemental offer with petrol sites conveniently located near our Supermarkets

- Petrol sales increased by 57.4% for the half.
- Strong volume growth in comparable sites continues to fractionalise costs.
- EBIT significantly higher than last year as a result of improved market pricing conditions.
- 76 new canopies were opened during the half, along with 62 co-branded Woolworths/ Caltex alliance sites.
- 113 co-branded Woolworths / Caltex alliance sites are now open.
- Volume increases after conversion to co-branded sites has exceeded our expectations.
- Remaining sites are expected to be brought on line over the next 6 months bringing total alliance sites up to around 130.
- Targeting a total of approximately 470 canopies (optimum number of canopies to support our Supermarket chain) by the end of FY05.
- Currently selling approximately 69 million litres per week.

BIG W

	2004 Statutory ⁽¹⁾ (27 weeks)	2005 Statutory ⁽¹⁾ (27 weeks)	Change
Sales (\$ million)	1,559.0	1,669.9	+7.1%
Gross margin (%)	29.39	29.34	-0.05%pts
Cost of Doing Business (%)	23.37	23.31	-0.06%pts
EBIT to sales (%)	6.02	6.03	+0.01%pts
EBIT (\$ million)	93.8	100.6	+7.2%
Funds Employed (\$ million)	275.1	330.9	+20.3%
Return on Funds Employed (%)	34.10	30.40	-3.70%pts

⁽¹⁾ BIG W results for this half and last year's first half are both based on a 27 week period.

BIG W

Everyday Low Price (EDLP) offering built on ongoing cost reductions is a key driver of continuing growth in sales and earnings

- Comparable store sales increased 2.4% despite the existence of weaker market trading conditions in November and through into December.
- January and February comparable sales have improved and are now in excess of 3.5% albeit the market remains highly competitive.
- Strong growth in home entertainment and computers which continue to be a stand-out categories.
- Customer acceptance of EDLP offer remains strong.
- Opened 3 new BIG W stores (compared with 3 last year) giving a total of 114 stores. 6 openings planned for the second half.
- EBIT increased by 7.2%.
- Inventory levels were up 7.4 days due to weaker market trading conditions in November and December 2004 and investment buying. Still on track to achieve planned inventory reduction by the end of the year.
- Funds employed increased by 20% due largely to increased inventory levels.

CONSUMER ELECTRONICS

	2004	2005	2005	
	Statutory (28 weeks)	Statutory (27 weeks)	Proforma ⁽¹⁾ (28 weeks)	Change (28 weeks)
Sales (\$ million)	487.0	545.8	565.1	+16.0%
Gross margin (%)	31.46	29.67	29.59	-1.87%pts
Cost of Doing Business (%)	26.35	24.28	24.30	-2.05%pts
EBIT to sales (%)	5.11	5.39	5.29	+0.18%pts
EBIT (after goodwill) (\$ million)	24.9	29.4	29.9	+20.1%
EBIT (before goodwill) (\$ million)	27.1	31.5	32.1	+18.5%
Funds Employed (\$ million)	240.9	262.6	262.1	+8.8%
Return on Funds Employed (%)	10.30	11.20	11.41	+1.11%pts

⁽¹⁾ Adjusted to reflect a comparable 28 week half

CONSUMER ELECTRONICS

Attractive product ranges at competitive prices drive double digit revenue and earnings growth.

- Comparable store sales up 14% for the half year.
- Computers, Digital Cameras and Home Entertainment categories continue to achieve strong sales growth.
- Competitive pricing enabled by ongoing cost reductions, has been instrumental in driving sales volume and EBIT growth. CODB reduction of 2.05%pts, 91% of which has been reinvested in lower selling prices. GP down 1.87%pts.
- EBIT (after goodwill) up 20.1%, increased faster than sales.

ALH - A Significant Strategic Opportunity

- Acquisition Price \$1.4bn (including ALH debt)
- Forecast revenue FY05 \$1bn ⁽¹⁾
- Unique asset which gives us an additional 4% of the retail liquor market
- EPS and Value accretive



⁽¹⁾ Source ALH Target's Statement 12 August 2004

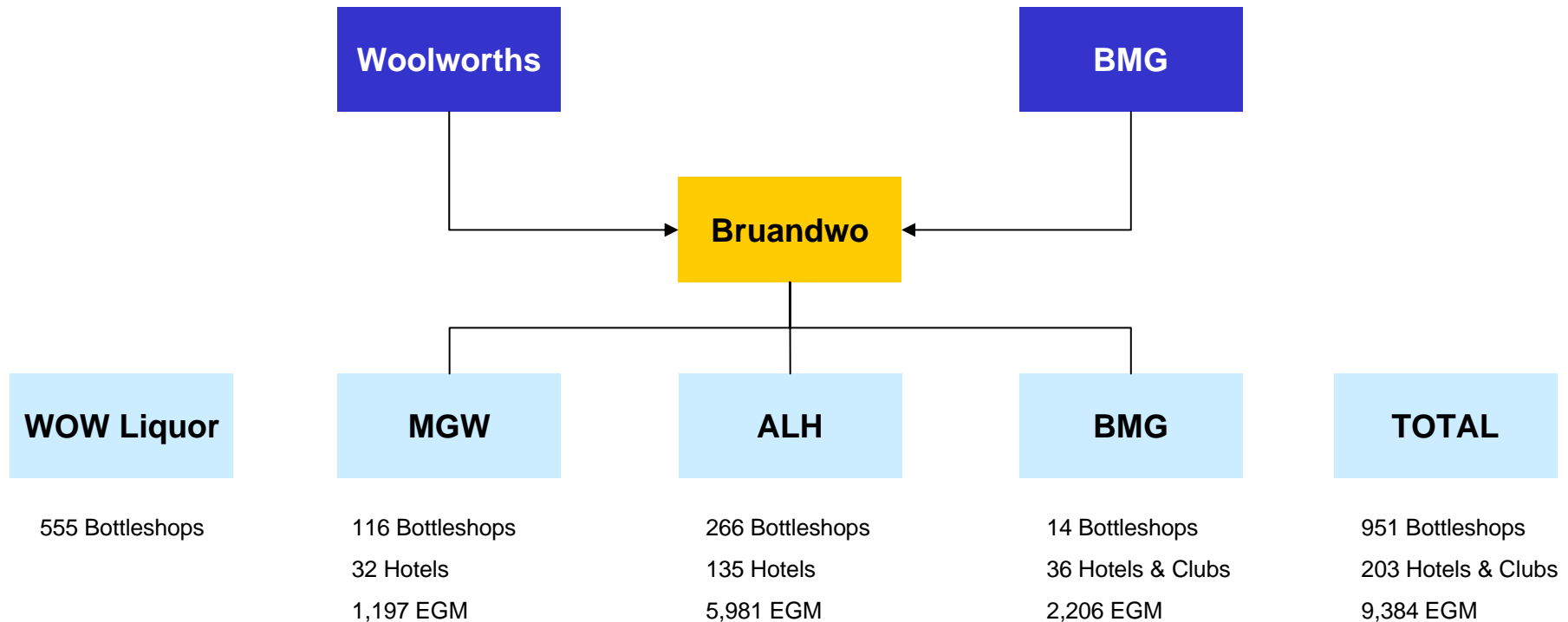
ALH - A Significant Strategic Opportunity

- Utilise expertise of Mathieson Group (hotels) and Woolworths (retail liquor) to improve on current offer:
 - Growth rates of MGW gaming significantly higher than for ALH Queensland pubs
 - Total on premise revenues on an annualised basis will exceed \$750 million. (ALH/MGW/BMG).
 - Growth rates for Woolworths liquor business significantly higher than ALH
- Excellent base to expand both retail liquor and hotel business
 - Total hotels and clubs of combined group now 203
 - 951 liquor stores (including Woolworths)
 - Hotel industry is fragmented – potential for ongoing industry rationalisation
- Property opportunities:
 - Up to 30 new Dan Murphy sites
 - Potential for other Woolworths' formats
 - Other property development opportunities

ALH - A Significant Strategic Opportunity

- Expect gaming growth rates to remain strong particularly in QLD
 - Smoking bans will have a one-off impact which was built into our acquisition economics
- Anticipated synergies will be probably bettered. We expect that the integration of ALH into WOW will take approximately 12 months, with acquisition synergies flowing over the next 3 years.
 - Gross Margin improvements:
 - Liquor and food buying benefits through additional scale and increased buying power.
 - Woolworths buying terms already adopted.
 - Cost Savings:
 - Removal of duplicated functions.
 - Significant overhead reductions.
 - Procurement savings.
 - Well underway.

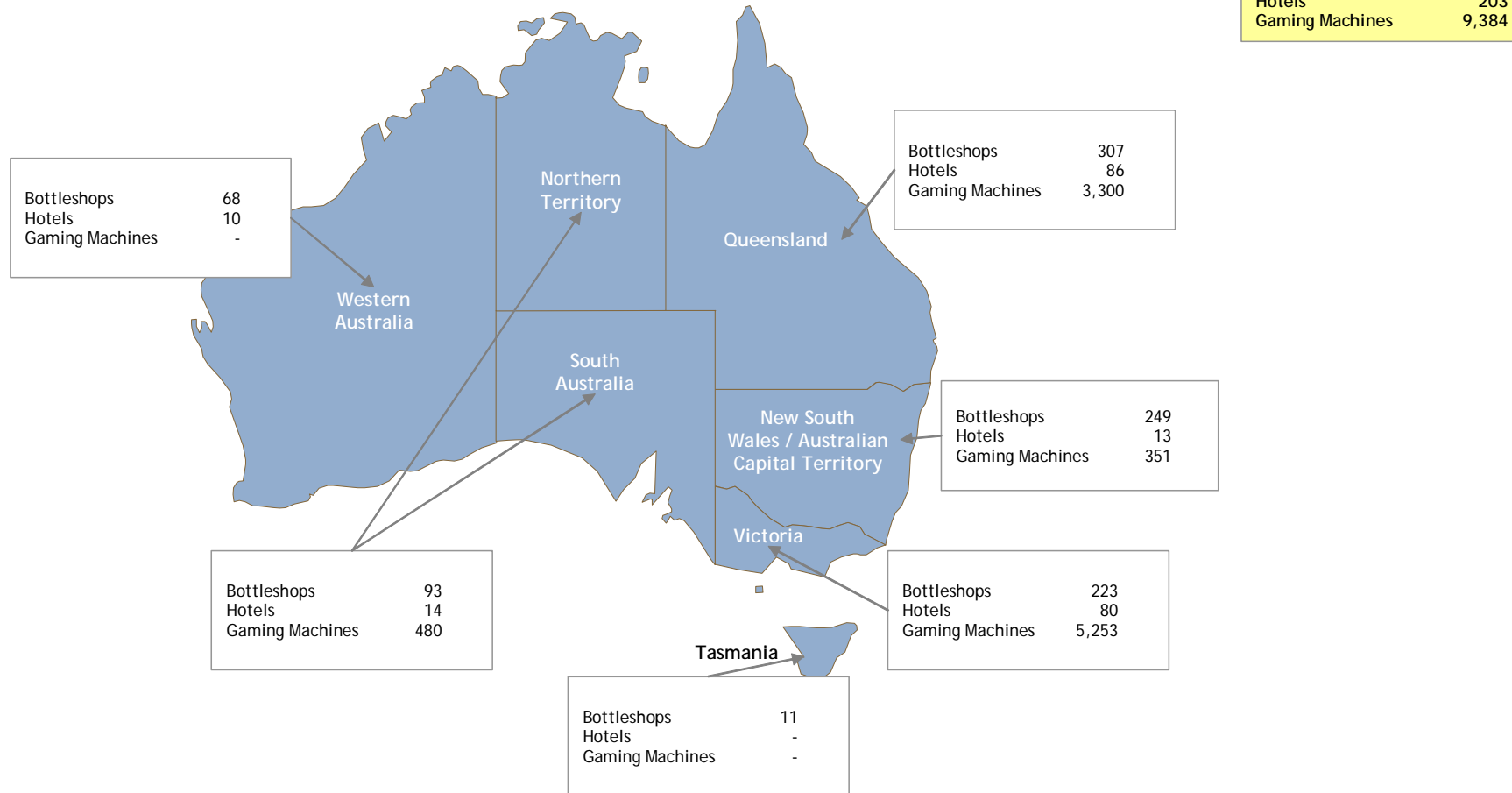
Bruandwo – an exciting joint venture



Bruandwo joint venture operating 396 bottleshops (in addition to Woolworths' 555 bottle shops), 203 hotels and clubs and 9,384 Electronic Gaming Machines

Woolworths Group Liquor and Gaming Machine Profile

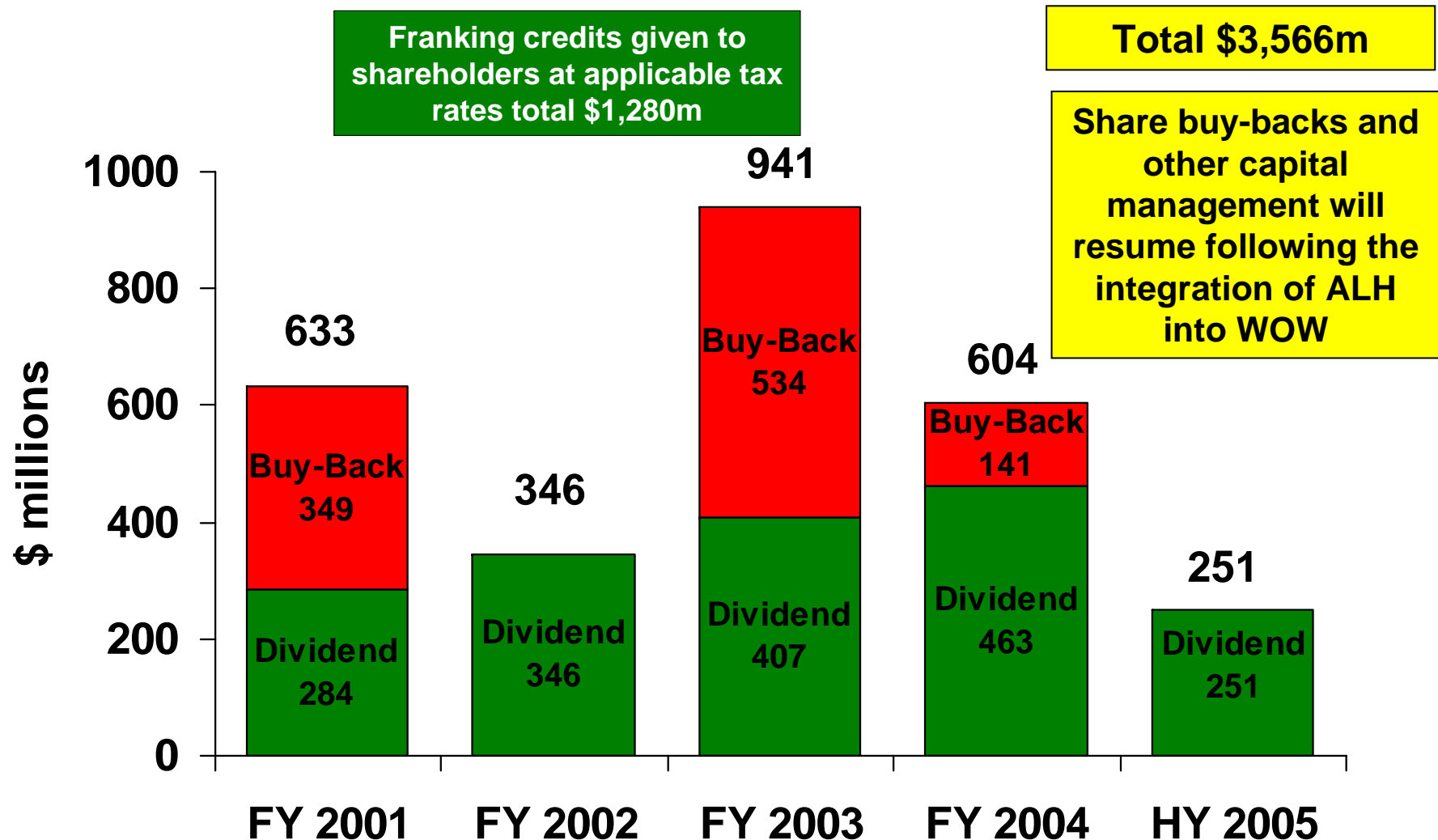
Woolworths Group Liquor and Gaming Machine Profile



ALH - Hotels

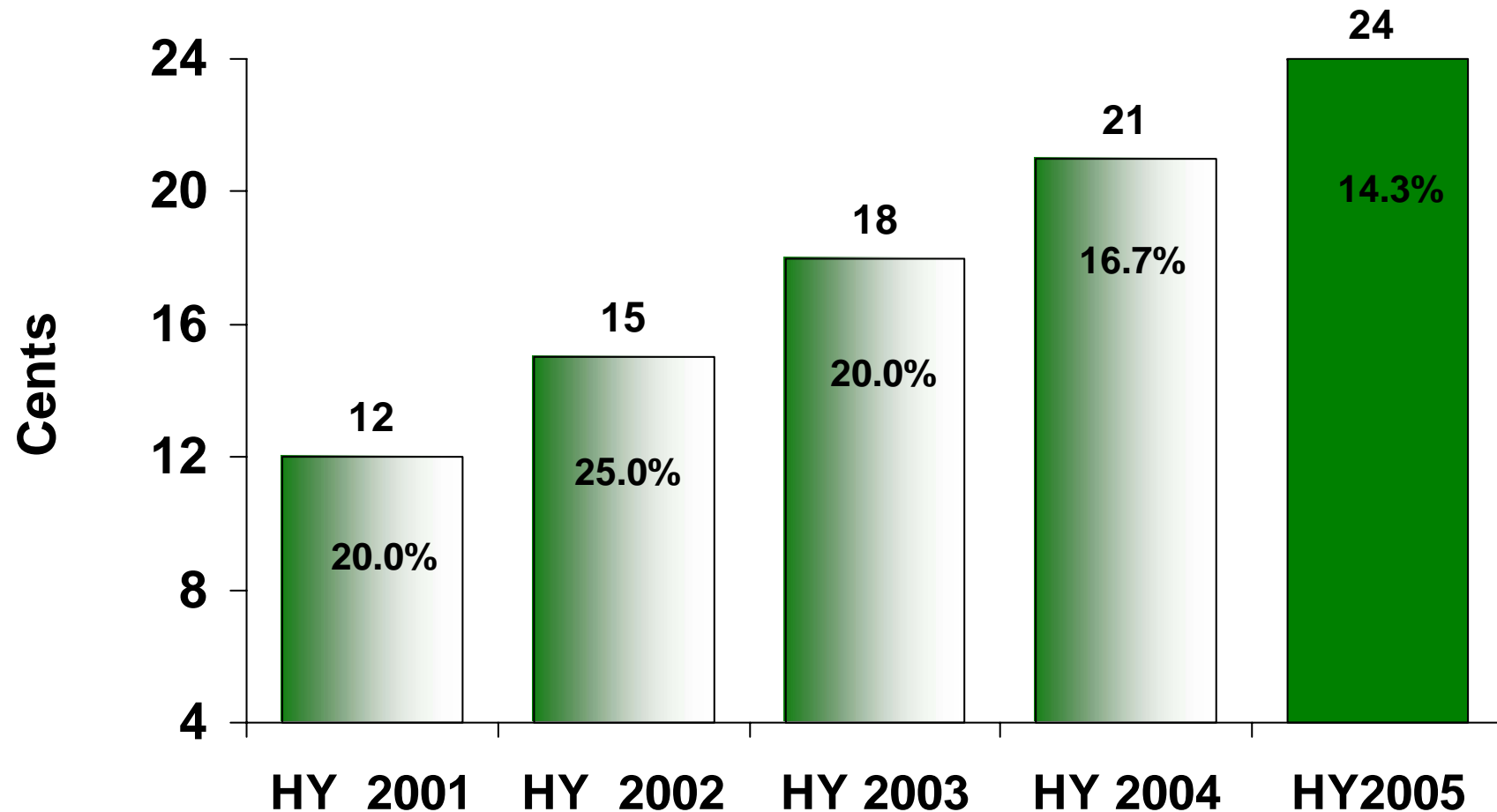
Hotels	2005 (2 months)	2004 (6 months)	2005 (6 months)	Change (6 months)
Sales (\$ million)	97.5	261.5	274.8	+5.1%
Gross margin (%)	82.33	82.08	82.29	+0.21%pts
Cost of Doing Business (%)	67.05	68.43	68.07	-0.36%pts
EBIT to sales (%)	15.28	13.65	14.22	+0.57%pts
EBIT (after goodwill) (\$ million)	14.9	35.7	39.1	+9.5%
EBIT (before goodwill) (\$ million)	17.4	36.5	40.0	+9.6%

SHAREHOLDER PAYOUTS



PROFIT GROWTH, COUPLED WITH BALANCE SHEET MANAGEMENT, DELIVERED \$3,566m PAYOUT TO SHAREHOLDERS OVER 5½ YEARS (2000 total was \$791m)

DIVIDENDS PER SHARE INTERIM



BALANCE SHEET

Note: Balance sheet movements have been impacted by the following:

- Consolidation of ALH/MGW. Refer the following page for further details.
- In addition, due to the first half of FY05 being a 27 week period compared with a 28 week period last year, inventories and creditors in particular are not comparable.

	2004 Statutory 11/01/2004 \$million	2005 Statutory 2/01/2005 \$million	
Inventory	2,042.7	2,441.8	→ Increase due to the timing of the half year, ALH/MGW acquisition and an increase in inventory levels.
Trade Payables	(2,032.4)	(2,913.5)	→ Increase due to the timing of the half year end.
Net investment in inventory	10.3	(471.7)	
Receivables	490.0	546.0	
Other creditors	(1,203.3)	(1,400.8)	
Working Capital	(703.0)	(1,326.5)	
Fixed assets and investments	2,636.0	3,413.9	→ Increase due to acquisition of ALH/MGW, CAPEX on Norwest and Distribution Centres, Project 60 and Property Development.
Intangibles	563.1	1,978.5	
Total Funds Employed	2,496.1	4,065.9	→ Increase due to ALH/MGW Liquor and Gaming (\$1,006m) Licences and Goodwill (\$419m)
Net Tax Balances	43.7	98.0	
Net Assets Employed	2,539.8	4,163.9	→ Increase due largely to borrowings to acquire ALH of \$1.25 billion. Treated as a current liability as required by accounting standards, however essentially a non-current liability.
Borrowings current	(398.1)	(1,492.3)	
Borrowings non current	(495.2)	(1,252.0)	→ Increase due to WINS reclassification and ALH/MGW debt now consolidated
Cash and Deposits	285.1	429.0	→ Increase due largely to the consolidation of ALH/MGW
Net Debt	(608.2)	(2,315.3)	
Net Assets	1,931.6	1,848.6	
Shareholders Equity	1,343.6	1,806.4	→ Increase due to temporary suspension of our share buy back initiatives (HY04 \$140m)
Minority shareholders equity	5.0	42.2	→ Increase due to the recognition of 25% minority interest in Bruandwo and 1% in ALH
Noteholders (WINS) Equity	583.0	-	→ WINS now treated as debt
Total Equity	1,931.6	1,848.6	

ALH/MGW BALANCE SHEET

Summary of the fair value of net assets of Bruandwo, which includes Australian Leisure & Hospitality Group Pty Limited and MGW Hotels Pty Limited, at the date of acquisition:

	\$m
Current assets	
Cash	64.1
Receivables	18.3
Inventories	63.6
Total current assets	154.2
Non-current assets	
Property, plant and equipment	343.9
Intangibles	1,423.2
Deferred tax assets – timing differences	23.4
Other	-
Total non-current assets	1,790.5
Total assets	1,944.7
Current liabilities	
Accounts payable	139.0
Accruals	9.9
Interest-bearing liabilities	305.0
Provisions	30.1
Total current liabilities	484.0
Non-current liabilities	
Interest-bearing liabilities	119.0
Provisions	5.6
Total non-current liabilities	124.6
Total liabilities	608.6
Net assets ⁽¹⁾	1,336.1

(1) This represents the fair value of net assets acquired of \$918.6m, plus goodwill of \$417.4m.

Capital Management

- Maintain strength of balance sheet:
 - Funding program of approximately \$1.8bn comprising acquisition cost of ALH (\$1.25 billion) and debt within ALH/MGW/BMG (\$550 million) well underway.
 - Preserve our Balance Sheet strength to retain flexibility to pursue future growth opportunities, including further acquisitions.
- Plan to underwrite Dividend Reinvestment Plan (DRP) for next 4 dividends
 - Remove cap on dividend reinvestment plan to allow all shareholders to participate in future share price upside.
 - DRP discount of 2.5% will be retained.
- Board will re-examine opportunities for share buy backs once integration of ALH is completed which is expected to take approximately 12 months.
- Fixed charge cover ratio strengthens to 2.67 times compared with 2.59 times last year

CASH FLOW HALF YEAR

	HY01	HY02	HY03	HY04 Statutory (28 weeks)	HY05 Statutory ⁽¹⁾ (27 weeks)	HY05 Proforma ⁽²⁾ (28 weeks)
	\$m	\$m	\$m	\$m	\$m	\$m
EBITDA	556.6	649.9	737.4	814.3	904.8	904.4
Interest paid (including cost of Income notes)	(42.2)	(52.7)	(44.5)	(51.3)	(65.7)	(50.8)
Taxation paid	(117.9)	(134.3)	(165.1)	(188.8)	(201.8)	(201.8)
	<u>396.5</u>	<u>462.9</u>	<u>527.8</u>	<u>574.2</u>	<u>637.3</u>	<u>651.8</u>
Net reduction (increase) in working capital ⁽³⁾	(48.6)	243.6	(206.2)	(262.9)	48.6	(370.0)
Other operating cashflows	(14.9)	(14.0)	29.4	1.0	(3.5)	(3.5)
	<u>(63.5)</u>	<u>229.6</u>	<u>(235.6)</u>	<u>(261.9)</u>	<u>45.1</u>	<u>(373.5)</u>
Total cash provided by operating activities	333.0	692.5	292.2	312.3	682.4	278.3
Payments for the purchase & refit of Franklins stores	-	(328.6)	-	-	-	-
Payments for other acquisitions	(68.2)	(46.8)	(13.8)	(32.9)	(1,191.8)	(8.8)
Payments for normal capex	(262.3)	(268.0)	(319.1)	(342.4)	(534.4)	(554.6)
Proceeds on disposal of businesses	39.4	-	-	-	-	-
Proceeds on disposal of property plant & Equipment	69.4	115.4	43.4	11.6	8.0	8.0
Dividends received	-	-	-	-	6.1	6.1
	<u>(221.7)</u>	<u>(528.0)</u>	<u>(289.5)</u>	<u>(363.7)</u>	<u>(1,712.1)</u>	<u>(549.3)</u>
Repayment of employee loans	5.5	1.9	5.3	6.9	8.3	8.3
Proceeds from assignment of employee loans	45.0	-	-	-	-	-
Total cash used in investing activities	(171.2)	(526.1)	(284.2)	(356.8)	(1,703.8)	(541.0)
Free Cash	161.8	166.4	8.0	(44.5)	(1,021.4)	(262.7)

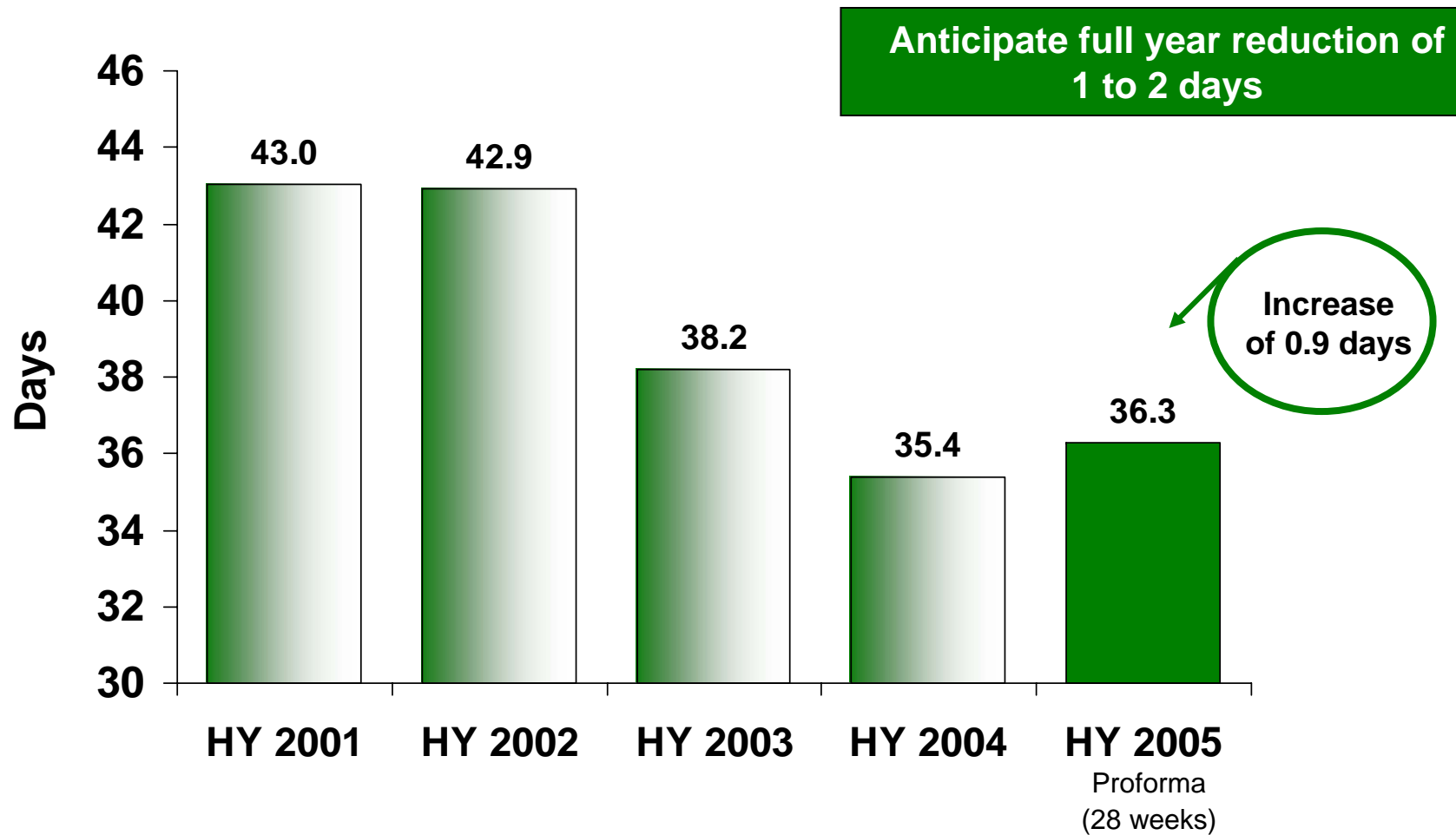
(1) Includes ALH results for November and December 2004 and Bruandwo interest and amortisation charges for the same period.

(2) Excluding Bruandwo and adjusted to reflect a comparable 28 week half.

(3) Half year cash flows typically show increases in working capital. This is due to seasonal factors which see inventory levels in June significantly lower than those in December. In HY05 there was one fewer payment run due to the reduction to 27 weeks and hence a higher number of creditors at 2 January 2005. This has been adjusted in the Proforma 28 week numbers.

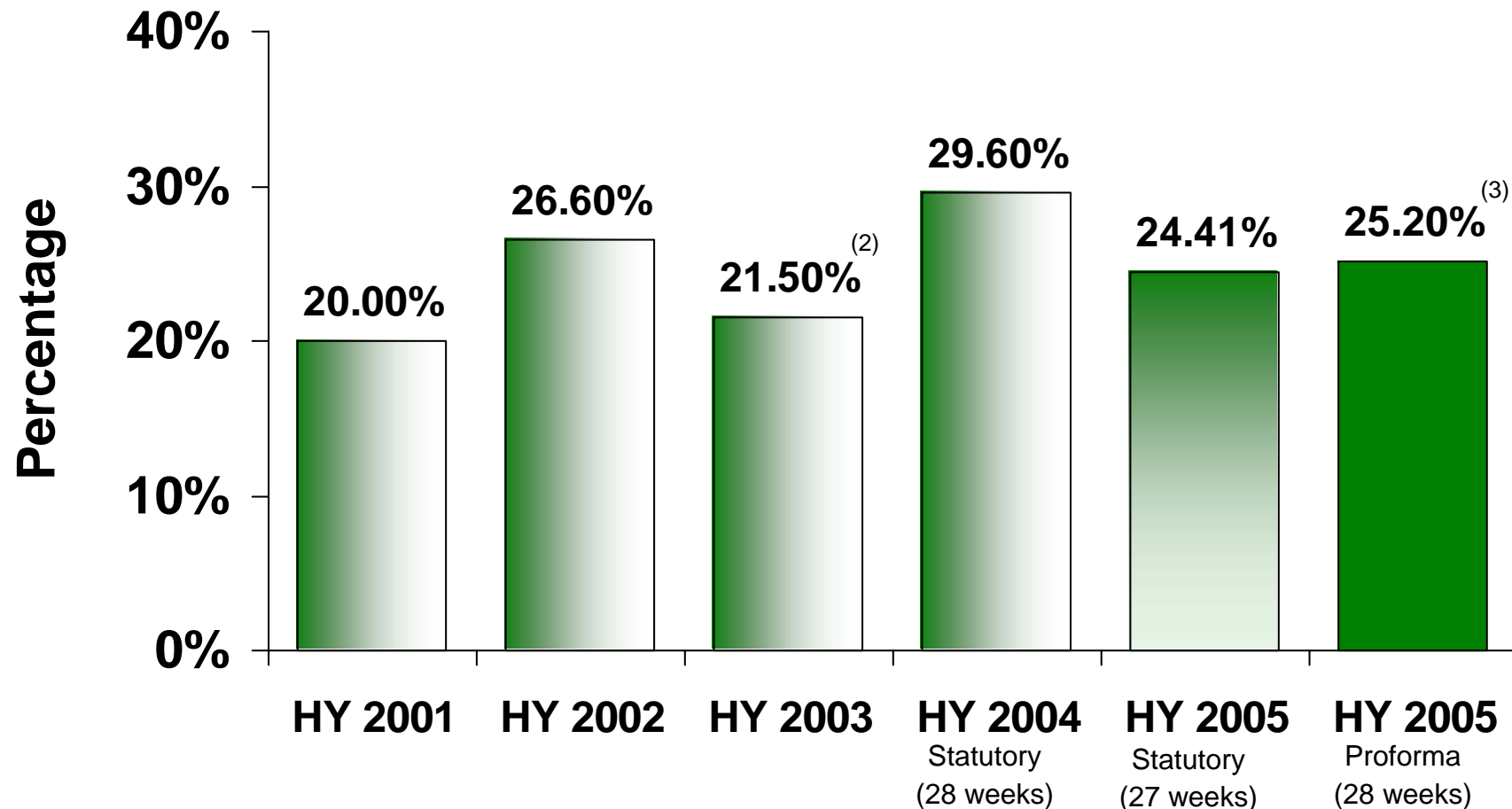
(4) Decrease on last year first half due predominately to increase in inventory days of 0.87 days.

DAYS STOCK ON HAND (HALF YEAR)



8.3 days reduction over past 5 half years equals \$527m cash flow benefit

RETURN ON EQUITY ⁽¹⁾ (HALF YEAR)

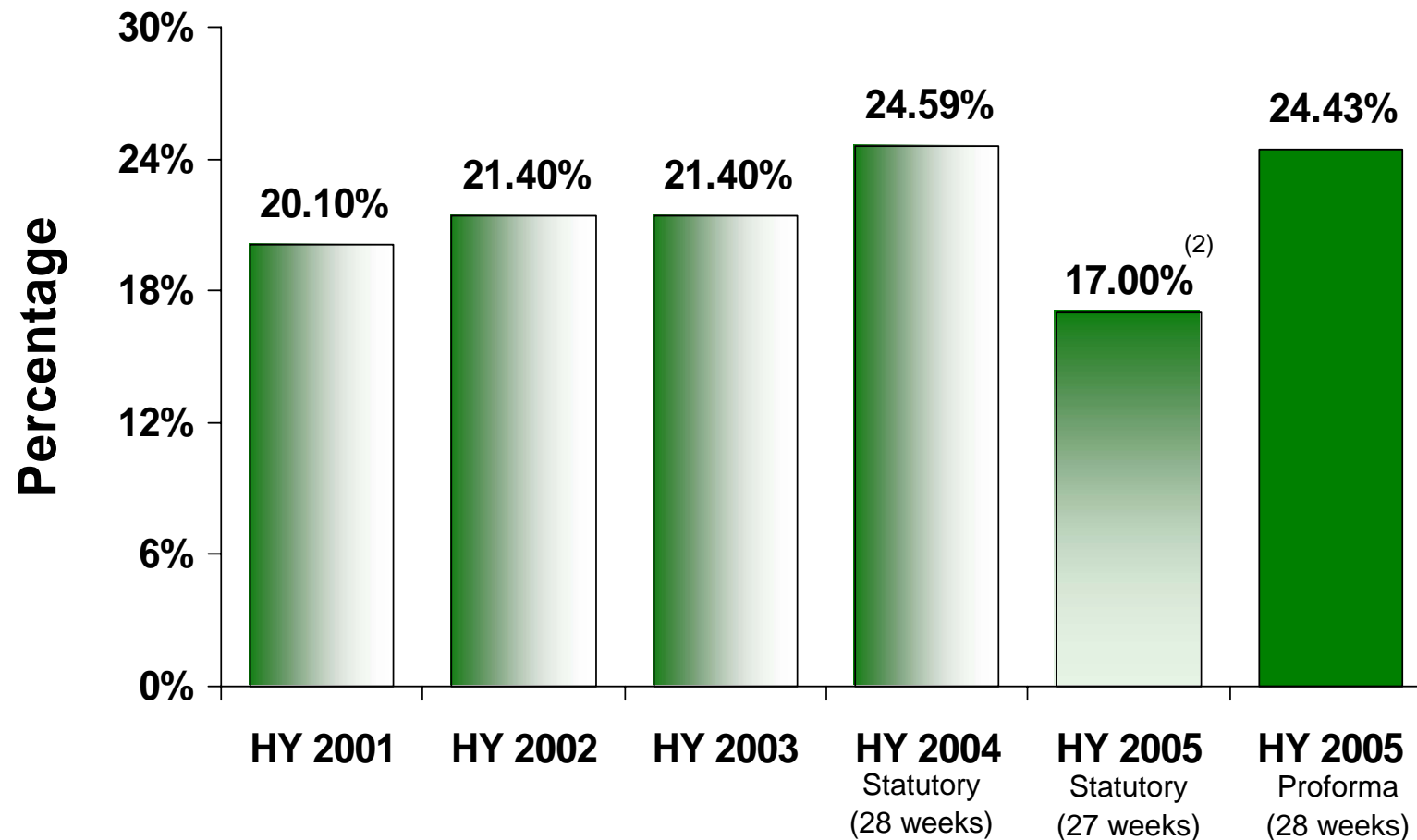


⁽¹⁾ Based on closing Shareholders funds.

⁽²⁾ Decline in ROE in HY03 due to the effect of changes in Australian Accounting Standards.

⁽³⁾ Decline in ROE is due to the exercising of share options combined with the temporary suspension of our share buy back initiatives following the takeover of ALH.

RETURN ON FUNDS EMPLOYED⁽¹⁾ (HALF YEAR)



⁽¹⁾ This measures the pre-tax return on funds employed regardless of how they are financed.

⁽²⁾ Decline in ROFE in the HY Statutory numbers is due to the consolidation of ALH for the first time.

PROGRESS TO DATE

	HY01	HY02	HY03	HY04	HY05 Proforma (28 weeks)
Sales will grow in the upper single digits supported by bolt on acquisitions	9.2%	13.4%	10.9%	6.4%	9.2%
EBIT will outperform sales growth driven by cost savings	11.5%	18.9%	13.5%	13.7%	12.5%
EPS will outperform EBIT growth assisted by capital management ⁽¹⁾	21.6%	27.4%	16.3%	17.6%	11.9%

(2)

(1) Our long term EPS objective is that EPS will outperform EBIT growth, however in circumstances where we undertake a major acquisition which results in the need to defer our normal ongoing capital management initiatives for a period of time, EPS over this time will not necessarily outperform EBIT growth.

(2) EPS growth per the HY05 has been impacted by the temporary suspension of our share buy back initiatives as a result of the takeover of ALH. We anticipate resuming these initiatives following the integration of ALH into our business which we expect will take approximately 12 months.

FUTURE GROWTH CONTINUED BALANCED FOCUS

Focus Areas

Result

Continuing Growth

Upper single digit sales growth
Improved customer offer
Lower prices
Bolt-on acquisitions

**Upper
Single
Digit
Sales
Growth**

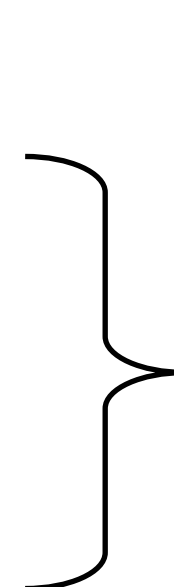
Cost Reductions (The Enabler)

Project Refresh I continues
Project Refresh II delivers

Capital & Balance Sheet Management

Efficient Balance Sheet
Continue to reduce inventory

**Low
Double
Digit
EPS
Growth**



GROWTH

Considerable opportunities for ongoing growth in both revenues and earnings

Continuing opportunity to grow market share

- Market share of Food, Liquor & Grocery (FLG) remains below 30% and still low by world standards.
- Independent grocers and speciality food stores hold just under 50%.

Defined plans to continue space roll out

- Adding 15-25 new supermarkets each year and expanding existing stores (greater than 3% p.a.).
- Adding 6-10 BIG W stores each year (6% to 8% space rollout p.a.).
- Adding 6-12 Dan Murphy's stores each year. ALH will accelerate this roll out.
- Continued roll-out of Powerhouse stores.
- Planned store efficiency improvements (eg. centre of store and better utilisation of space).

} **Supported by detailed plans for the next three to five years identifying specific sites**
Minimal cannibalisation

Expansion of existing categories

- With the acquisition of ALH, MGW and BMG, annualised liquor sales will exceed \$3.0 billion and exceeds our previously stated target of \$2.5 billion. Still significant scope to expand our liquor and gaming business. Our new target is \$3.5 billion in total liquor sales.
- Targeted number of petrol canopies 470 by the end of FY05.
- Increasing deregulation (trading hours eg. in Queensland on Sundays; limits on products sold, eg. newspapers; liquor regulations).
- Under-represented in fresh food including meat, fruit and vegetables. Majority of bread, meat, fruit and vegetables sold through independents.
- Further improve in-store execution and customer service.
- Woolworths seeks to bring to its customers a diverse, interesting and wide range of goods at fair and consistent prices. This range features the major industry brands and the company's much respected Fresh Food offer. While retaining a strong commitment to branded merchandise, it must be recognised that Woolworths 'Homebrand' continues to be Australia's largest supermarket grocery brand.

GROWTH

Considerable opportunities for ongoing growth in both revenues and earnings

Premium Label

- Currently under development.
- At least equal to or better quality than existing category leader but at a lower price.
- Launch during 2005 calendar year.

New range and formats

- New format rollouts (eg. smaller BIG W's in country towns).
- New categories across supermarkets and general merchandise eg. Pharmacy.

Continued focus on improved in-store execution and service

- Providing more rapid service.
- Benefits of StockSmart - improved distribution service to stores.
- Benefits of AutostockR - improved ranging and centre of store program.

Lower prices - a major sales driver

- Better and innovative buying.
- Enabled by continued cost reductions.

Capitalise on ALH opportunities

Acquisitions

- Smaller bolt-on acquisitions sought both proactively and reactively.
- Alert to larger acquisition opportunities provided they are a strategic fit and incremental to shareholder value, such as the recent takeover of ALH.

PROJECT REFRESH

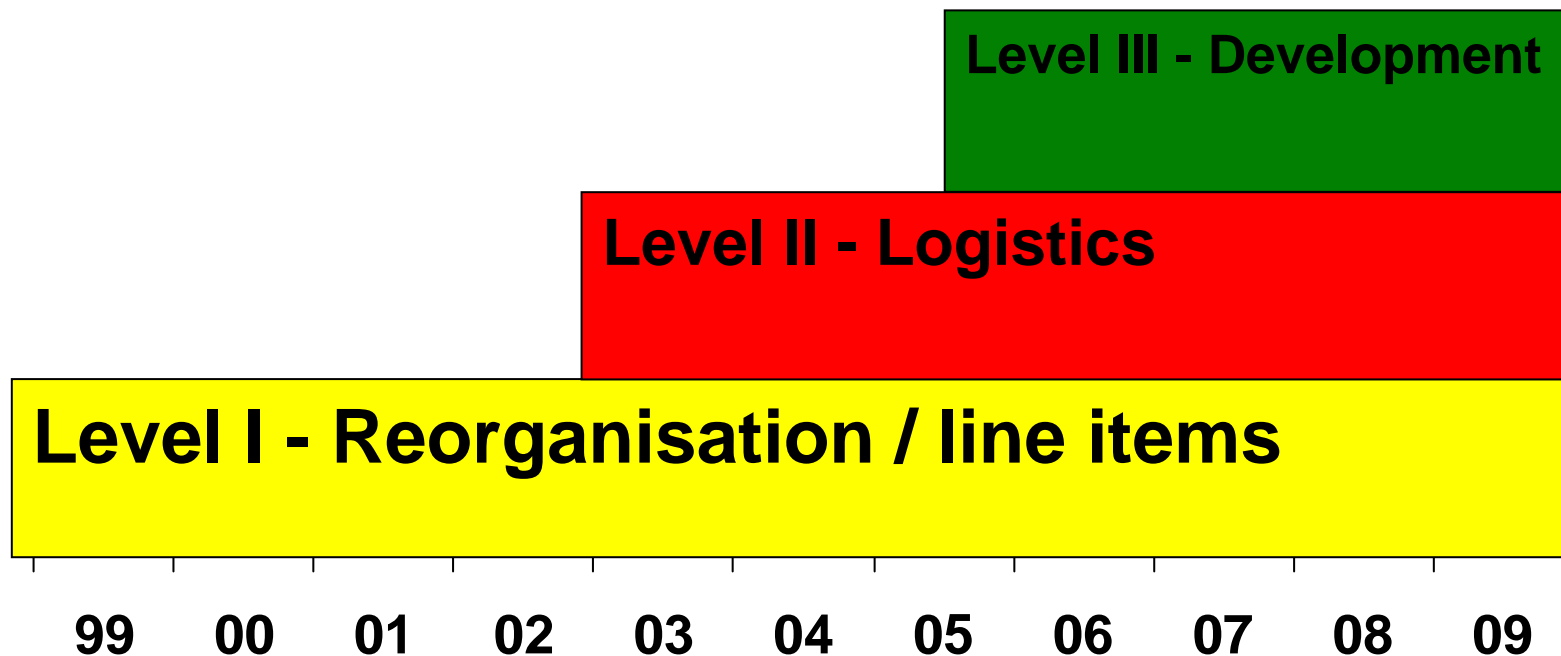
Overview

- “Refresh” level 1* initiatives since 2000 underpin a reduction in CODB of 4.03% of sales, giving cumulative savings of \$3.2 billion to 2 January 2005 (based on our 1999 cost structure).
- Targeting further “Refresh” savings to underpin a cost reduction of 20bpts per annum over the next 5 years.
- These additional savings over the next 5 years will come from both Refresh level I and Level II (Supply Chain improvement program).

* “Refresh” level 1 incorporates business reorganisation, and line item cost reduction programs

PROJECT REFRESH

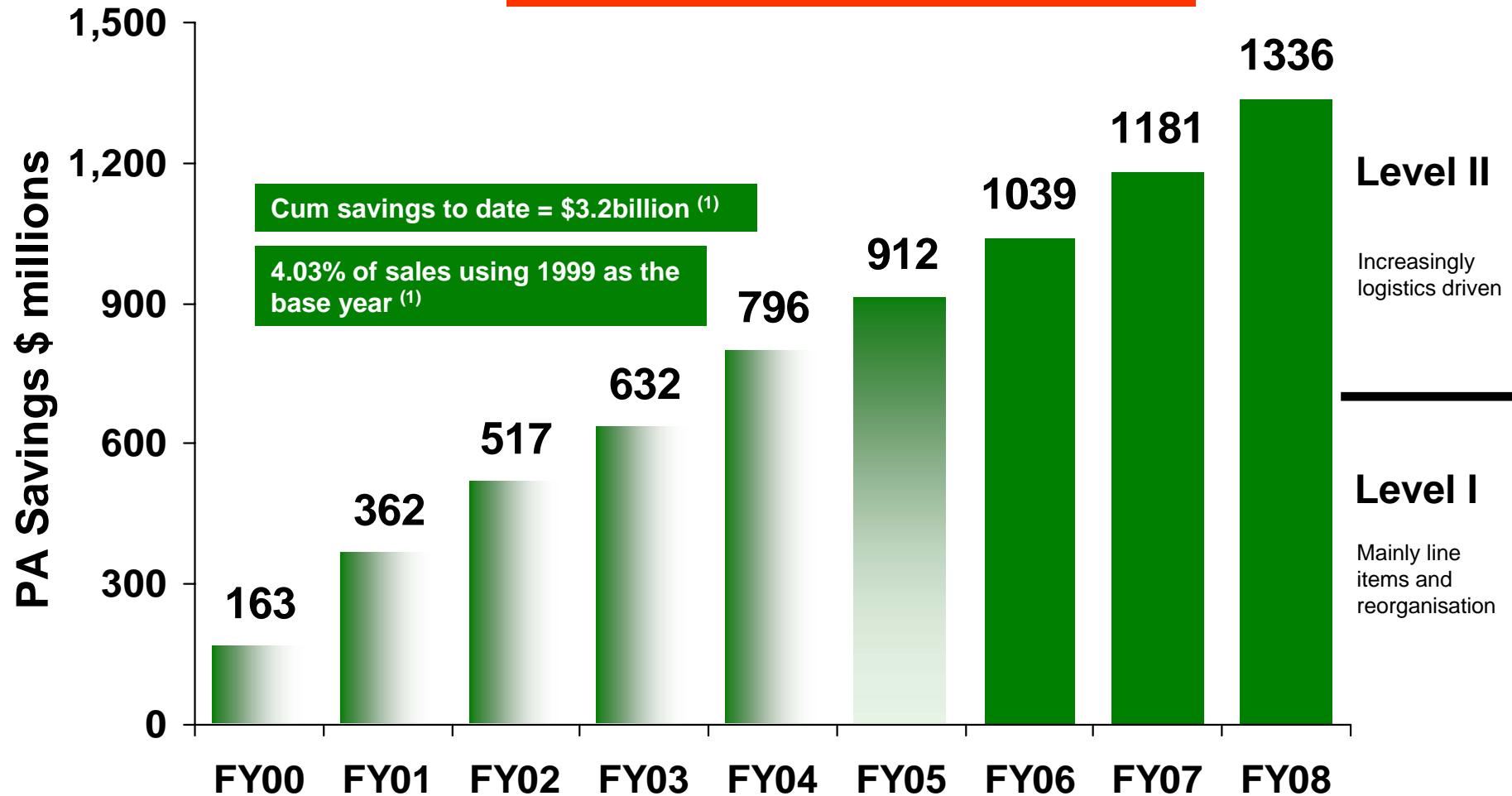
Cumulative savings \$6.9 billion over 9 years



PROJECT REFRESH

9 year cum savings = \$6.9b

Savings in years F05 to F08 = \$4.5b



⁽¹⁾ Includes half year 2 January 2005.

“REFRESH” LEVEL II

- Continued solid progress and on target
- Have now passed the higher risk stage of our IT rollout
 - AutoStockR fully implemented in all stores across Australia
 - Stocksmart (DC forecast based replenishment) is fully operational in our DC's resulting in reduced stock levels and improved service levels
- Rollout of our new DC network well underway
 - Temperature controlled component of Perth RDC has been successfully commissioned
 - Adelaide RDC on target for July 2005
 - Construction commenced at Wyong and Wodonga RDC sites
 - Tender for Brisbane RDC to be awarded imminently
- Roll Cages successfully implemented in WA with pilots underway in the other states.

“REFRESH” LEVEL II cont...

- New Warehouse Management System successfully implemented into Perth RDC with higher than forecast operational efficiencies.
- Now over 100 vendors on Primary Freight with significant improvement in inbound service levels.
- A new Secondary Freight system being implemented which will ensure optimisation of transport loads / routes and visibility of stock-in-transit.
- Significant work has been done further developing our relationship with vendors. Vendors representing over 80% of our volume have already been engaged.

CURRENT TRADING

Post Christmas:

- Food and Liquor sales trends have continued along similar lines to those reported during the second quarter with comparable growth continuing to strengthen.
- BIG W sales have improved and for January and February comparable store sales are in excess of 3.5%.
- Consumer Electronics sales continue to remain strong with comparable sales in the low double digits.

GUIDANCE F04

We anticipate:

Sales

- Full year sales growth in low double digits after taking into account Bruandwo.

Earnings

- NPAT (including Bruandwo) will be in 12-15% range.
- EPS will be impacted by shares issued under the Woolworths Executive Option Plan. After goodwill, EPS will be in the low double digits.
- EBIT will continue to grow faster than sales.
- ALH will be EPS accretive for the full year.

Other

- Trading area expected to grow in excess of 3%.
- Inventory will reduce between 1 and 2 days.

Guidance subject to current trading patterns being maintained, and present business, competitive and economic climate continuing



Appendices

HEALTH RATIOS

		HY04 Statutory (28 weeks)	HY05 Proforma (28 weeks)	
Fixed charges cover	X	2.59	2.67	Covenant more than 1.75
Days inventory (to cost of sales)	Days	35.4	36.3	Anticipate 1 to 2 day reduction by the end of FY05
Days creditors (to sales)	Days	42.1	44.9	
Return on Funds Employed (pre tax) ROFE	%	24.59	24.43	
Return on Total Equity	%	20.6	25.1	Increase due primarily to WINS now included as part of debt.
Return to Noteholders (pre tax)	%	3.8	4.0	
Return on Shareholders Equity (post tax)	%	29.6	25.2	Decrease due to the exercising of share options along with no share buy backs during H105.
Net working capital	\$M	(703.0)	(803.4)	

Rating of A- (negative outlook) maintained, with CP and MTN pricing equivalent to A

CAPITAL EXPENDITURE

	HY05 Actual	F05 Forecast	F06 Forecast	F07 Forecast	F08 Forecast	F09 Forecast
New Stores/Acquisitions (excludes ALH/MGW)	81	164	151	142	140	145
Store Refurbs/Extensions	148 ⁽¹⁾	291	245	230	235	240
Stay in Business	40	85	75	78	81	83
IT - Other	38	86	72	85	100	105
IT - Supply Chain	9 ⁽²⁾	36	55	17	15	10
Supply Chain - Refresh II & SIB*	28 ⁽³⁾	120 ⁽⁴⁾	123	36	43	23
Normal & ongoing CAPEX	345	782	721	588	614	606
Norwest & Distribution Centres	144 ⁽⁵⁾	-	-	-	-	-
Property Developments	55 ⁽⁶⁾	200 ⁽⁷⁾	186	187	180	172
Gross Capex	544	982	907	775	794	778
Property and PPE Sales	(8)	(198)	(200)	(150)	(180)	(180)
Net Capex	536	784	707	625	614	598

⁽¹⁾ Includes additional refurbishment activity as a result of Project 60.

⁽²⁾ Capital spend is consistent with our rollout plan for the first half.

⁽³⁾ Capital spend is consistent with our rollout plan for the first half.

⁽⁴⁾ The program is on track to meet the implementation timetable with some savings on capital spend expected in the second half which has been reflected in the full year forecast being revised down from \$141m to \$120m.

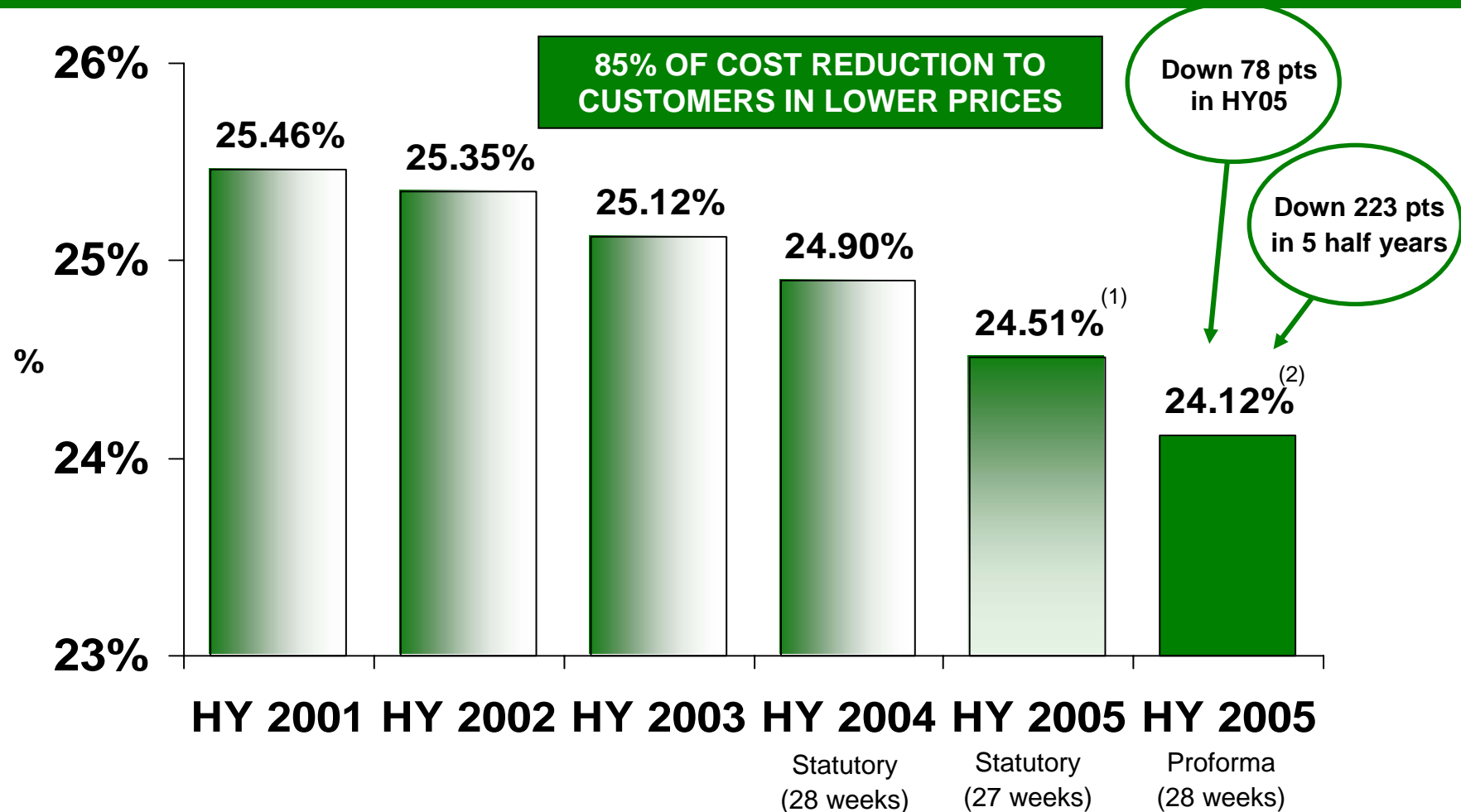
⁽⁵⁾ Includes Norwest (\$67m) and Distribution Centre site and construction costs (\$77m).

⁽⁶⁾ Higher level of property developments in second half than in the first half.

⁽⁷⁾ Higher than original forecast due to greater number of property development opportunities presenting themselves this year.

* SIB - Stay In Business

GROSS PROFIT MARGIN



Reductions⁽³⁾ \$235 m + \$283 m + \$344 m + \$399 m + \$554 m = **\$1,940 m**

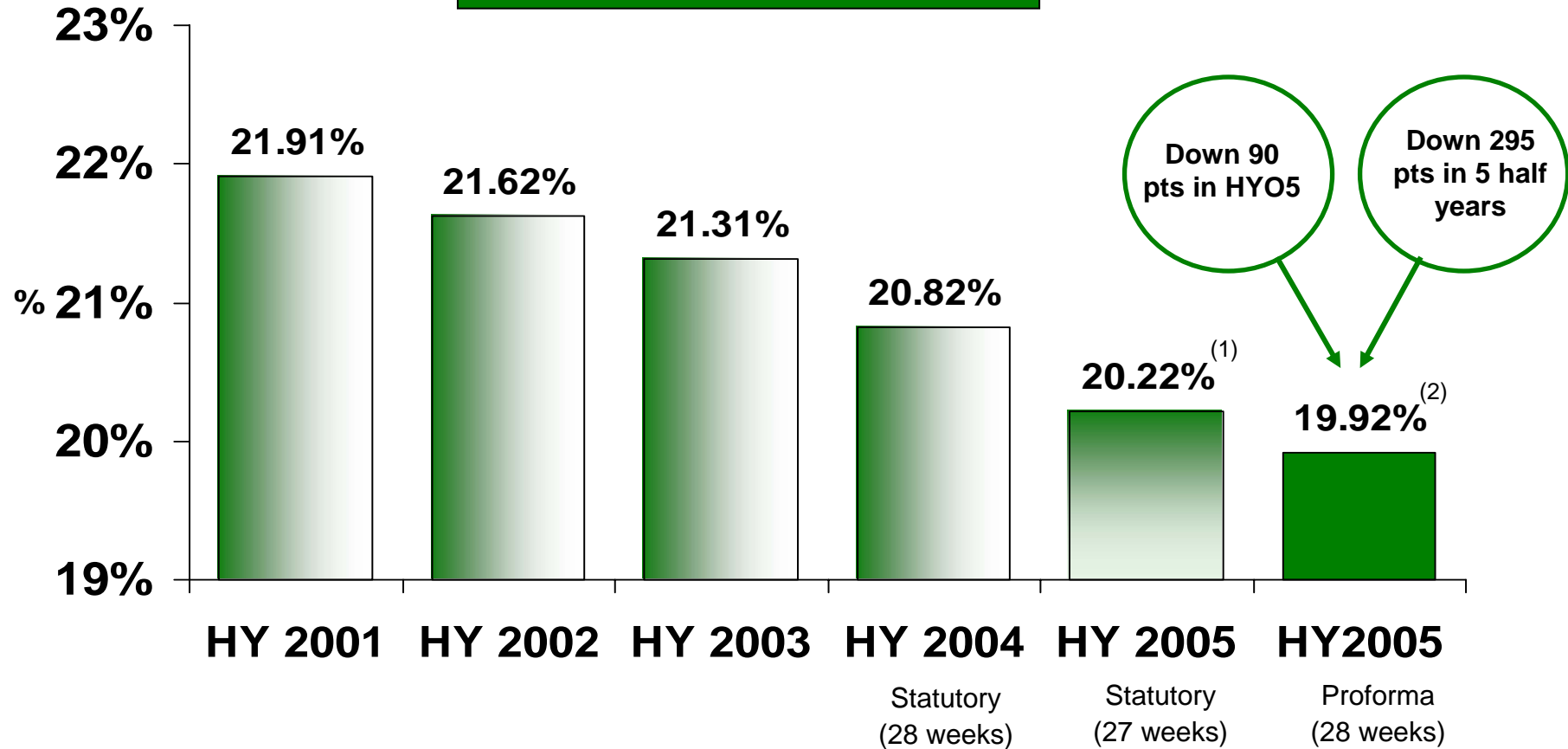
(1) Represents a 27 week half and includes ALH results for the 2 months to 2 January 2005.

(2) Excludes ALH and adjusted to reflect a comparable 28 week half.

(3) The annual reductions calculated using 1999 as the base year. 2000 Gross Profit reduction was \$125m and GP of 26.35%.

CODB / SALES

Costs = The Key Enabler



Reductions⁽³⁾ \$245 m + \$317 m + \$393 m + \$492 m + \$673 m = **\$2,247 m**

(1) Represents a 27 week half and includes ALH results for the 2 months to 2 January 2005.

(2) Excludes ALH and adjusted to reflect a comparable 28 week half.

(3) The annual reductions calculated using 1999 as the base year. 2000 cost reduction was \$127m and CODB to sales percentage of 22.87%.