

WOOLWORTHS LIMITED

A.B.N. 88 000 014 675

WOOLWORTHS SHAREHOLDER NEWSLETTER

FOR THE FULL YEAR ENDED JUNE 2012

EARNINGS PER SHARE (CENTS)

08	134.9
09	150.7
10	164.0
11	174.6
121 ¹	178.6

EBIT (\$M)

08	2,529
09	2,816
10	3,082
11	3,276
122 ²	3,377

DIVIDENDS PER SHARE

FY08	92	24.3% ▲
FY09	104	13.0% ▲
FY10	115	10.6% ▲
FY11	122	6.1% ▲
FY12	126	3.3% ▲

Woolworths Limited reported a net profit after tax from continuing operations up 3.6% to \$2,182.9 million for the full year to June 24. This result was within our guidance in a year that when customers benefited substantially from lower prices across our brands. Net profit including discontinued operations and Consumer Electronics provision was down 14.5% to \$1,816.7 million.

SOLID RESULT IN A TOUGH RETAIL ENVIRONMENT

Total sales grew 4.7% to \$56.7 billion as sales rose in all of the Company's divisions across Australia and New Zealand. This result was underpinned by gains in customer numbers, market share and units sold.

EBIT from continuing operations increased 5.6% before investment in Home Improvement. This growth was particularly strong and reflects our strength and the resilience of our operations despite the challenging conditions.

Earnings per share from continuing operations increased 3.1% to 178.63 cents. EPS decreased 14.9% when including discontinued operations and Consumer Electronics provision.

It was a solid outcome in a challenging year, pleasing for both shareholders and customers, with our strategy gaining good momentum and continuing investment in growth initiatives.

A fully franked final dividend of 67 cents per share was declared, up from 65 cents in the previous year and lifting the dividends per share 3.3% to 126 cents.



JAMES STRONG
CHAIRMAN



GRANT O'BRIEN
MANAGING DIRECTOR AND CEO

(1) 2012 from continuing operations

(2) 2012 Before Consumer Electronics provision
\$420.0m pre tax, \$383.7m after tax



STRATEGIC PRIORITIES FOR FUTURE GROWTH

Woolworths outlined four strategic priorities at the Investor Briefing Day on 2 November 2011 to ensure future growth and enhance shareholder value. We are making significant progress against these goals, and we are building a platform for the business as it transforms with its customers and the market. Creating future shareholder value in this business is at the core of all the transformational work we are doing right now.

1. EXTEND LEADERSHIP IN FOOD AND LIQUOR

PRIORITIES:

- Re-establish marketing supremacy around value and growth
- Unlock sales growth for a tougher consumer and competitive environment
- Accelerate our leadership in Fresh Food
- Extend leadership in Liquor
- Continue momentum to become #1 in New Zealand

PROGRESS:

- ✓ Growing Australian market share - excellent progress in reinvigorating Australian supermarkets with a focus on Fresh, range, value and in-store experience
- ✓ Fresh marketing campaign - 'Australia's Fresh Food People' marketing campaign launched
- ✓ Building for growth - space growth improvements continues including 38 new Australian supermarkets in FY12
- ✓ Market leader in Liquor - strong performance led by Dan Murphy's, the 2012 winner of the BRW and AMP Capital Shopping Centres Outstanding Retail of the Year award
- ✓ Growing New Zealand market share - Countdown delivering strong results and market share gains

MORE TO DO:

- Further develop our supermarket offer, particularly in Fresh and multi-option
- Maintain momentum in New Zealand supermarkets
- Continue to explore opportunities for further growth both domestically and overseas in a prudent manner

2. ACT ON OUR PORTFOLIO TO MAXIMISE SHAREHOLDER VALUE

PRIORITIES:

- Revisit the way we participate in the Consumer Electronics category
- Accelerate alignment of BIG W offer to new consumer and competitive reality
- Continue to be Australia's most responsible operator of local pubs

PROGRESS:

- ✓ Exit from consumer electronics format following the restructure and divestment of Dick Smith Electronics and sale of Indian business
- ✓ Good progress in evolving BIG W's offer - range development and value offers communicated through improved marketing
- ✓ Strong portfolio of hotels - solid growth of our food, bar and entertainment offers. Awarded 'Socially Responsible Operator of the Year' at the International Gaming Awards in January 2012

MORE TO DO:

- Further reinforce BIG W's price perception
- Evolve BIG W into Australia's leading multi-option retailer
- Continue to develop pub customer offer and social responsibility agenda

3. MAINTAIN OUR TRACK RECORD OF BUILDING NEW GROWTH

PRIORITIES:

- Be Australia's undisputed leader in multi-option retailing
- Scale up from an encouraging start to become a unique, sustainable and profitable Home Improvement business
- Continue to consider new domestic and international growth opportunities

PROGRESS:

- ✓ Innovation - 2.3 million Woolworths, Countdown and BIG W apps downloaded by customers. Australian Supermarkets awarded ORIA's 'Best Multi-Channel Retailer' and 'Best Online Retail Marketing Initiative' for 2012
- ✓ Online development - offers are well established for all our businesses
- ✓ Multi-option delivering exceptional sales growth - 95% increase in total online sales for FY12 - 48% excluding Cellarmasters
- ✓ New category expansion - 15 Masters stores opened in FY12
- ✓ Domestic growth - Acquisitions including 5 Danks stores, 40 Hotels to date (Compass and Laundry) and Cellarmasters integration completed

MORE TO DO:

- Greater functionality and capability of our multi-option offer
- Continue successful rollout of Masters Home Improvement
- Integrate acquisitions to achieve synergies

4. PUT IN PLACE THE ENABLERS FOR A NEW ERA OF GROWTH

PRIORITIES:

- Deliver step change in productivity through our supply chain
- Leverage investment in customer data to fuel growth and customer centricity
- Continue to invest in our business to ensure long term shareholder growth
- Combine the best retail talent in Australia with the best in the world

PROGRESS:

- ✓ Logistics - commenced operations in new and advanced DCs in New Zealand, Tasmania and Hoxton Park, Sydney
- ✓ Quantum initiatives - cost savings leveraging group scale and incorporating global best practices will start delivering benefits in FY13 from increased direct global sourcing, new procurement strategy and sustainability cost savings, above store costs
- ✓ Unlocking customer data - leverage deep insight from Australia and New Zealand's largest loyalty program. Data driven 'Category Lab' continues to extend across our business
- ✓ The best people - continued focus on assembling a world class retail team blending the best local and international talent

MORE TO DO:

- Deliver higher efficiencies and lower labour cost per carton using new DC assets
- Continue to leverage customer data across all aspects of each business
- Continue Quantum initiatives covering supply chain, IT, finance, call centres, non-trading procurement and global direct sourcing

COMPANY FACTS

DID YOU KNOW?

- Woolworths is an 88 year old Australian company that started life as one store, called Woolworths Stupendous Bargain Basement, in Sydney's Imperial Arcade in 1924
- Just under half of the company (48%) is owned by 'mum and dad' retail shareholders
- The value of Woolworths shares has increased by 535% (or \$23 per share) over the past 15 years
- Today, Woolworths is Australia's and New Zealand's #1 online retailer by sales volume
- There have been 2.3 million downloads of Woolworths Group apps
- More than 80% of our suppliers have been working with us for 10 years or more
- 70.7% of Own Brand grocery sales is sourced from Australia
- Woolworths owns 4% of hotels and 6% of all poker machines in the country, and takes its leadership role in responsible gaming very seriously
- Woolworths directly employs more than 192,000 staff, including 170,000 Australians
- Through our investment, Woolworths' indirect economic contribution supports around 680,000 jobs in Australia
- We are on track to achieve a 40% reduction in carbon emissions by 2015

HIGHLIGHTS

Solid growth was experienced across our divisions despite subdued consumer confidence and highly competitive trading conditions.

In FY 2012 we opened 38 supermarkets in Australia, seven BIG Ws, 20 Dan Murphy's, 46 BWS stores and 15 Masters stores. Our Masters business, in itself, is an extraordinary new category expansion. We are focused on growing our core businesses and creating new platforms for growth.

AUSTRALIAN SUPERMARKETS

There was solid growth in sales and EBIT as well as growth in customer transactions, items sold and market share. We opened a record 38 new supermarkets during FY12. A new marketing campaign was launched re-affirming our position as 'Australia's Fresh Food People' and we executed successful programs including 'Extra Special, Extra Simple Savings' and 'Earn & Learn' for schools.

LIQUOR

Liquor experienced another year of strong growth across all brands, particularly Dan Murphy's. Group liquor sales (including ALH Group liquor sales) for the year totalled \$6.6 billion, up 11.9% from \$5.9 billion in the previous year. Profit growth was stronger than sales growth. We opened 20 Dan Murphy's and 46 BWS stores during the year. There has been strong growth in multi-option with the Dan Murphy's website being the most visited website in Australia.

MASTERS

We continue to make good progress on our Home Improvement business joint venture with Lowe's Home Improvement. Highlights included the rapid growth of our first Masters stores with 15 stores opened by the end of FY 2012. From home renovators to tradies, we are really delighted with the feedback we are getting. Of the 150 sites we plan to secure over five years, there are 112 sites in the pipeline.

Australia's first online Home Improvement store was launched in June through Masters transactional website which receives over 10,000 visitors a day and we continue to increase the range offered online to further improve the customer offer.

NEW ZEALAND

New Zealand supermarkets saw strong momentum with solid growth in sales, EBIT and market share. Sales were NZ\$5.5 billion up 3% on the previous year and trading EBIT was up 15.9%. Comparable sales grew 3.3%. There were gross margin improvements as a result of reduced shrinkage, continued merchandise range reviews, more effective promotional planning and the conversion from direct store deliveries to distribution centre deliveries.

We opened seven new Countdown supermarkets and reopened one earthquake damaged Countdown during the year, increasing total Countdown supermarkets by year end to 161.

KEY FINANCIAL DATES

First Quarter Sales Results	18 October 2012
Annual General Meeting	22 November 2012
Second Quarter Sales Results	31 January 2013
First Half Year Profit Results	28 February 2013
Third Quarter Sales Results	April 2013
Full Year Sales Results	July 2013
Full Year Profit Results	August 2013

87TH ANNUAL GENERAL MEETING

22 November 2012

11am Adelaide Convention Centre

North Terrace

Adelaide SA 5000 AU

MORE INFORMATION

Please contact our share registrar, Computershare Investor Services Pty Limited

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WEBSITE: To visit our website please go to: www.woolworthslimited.com.au

CORPORATE RESPONSIBILITY INITIATIVES: www.woolworthslimited.com.au/page/A_Trusted_Company/