

20 April 2012

The Manager Companies  
Australian Securities Exchange Limited  
Company Announcements Office  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**RE: Woolworths Limited – Listing Rule 3.1**

Please find following the Third Quarter Sales Results for the thirteen week period ended 1 April 2012.

**For and on behalf of  
WOOLWORTHS LIMITED**



**PETER J HORTON**  
**Group General Counsel and Company Secretary**

# WOOLWORTHS LIMITED

20.04.12

PRESS RELEASE

## Third Quarter Sales Results – Financial Year 2012 13 Weeks to 1 April 2012

<u>Third Quarter Sales</u> (\$ million)	2011 Statutory (13 weeks)	2012 Statutory (13 weeks)	Increase (%)
<b><u>Continuing Operations</u></b>			
<b>Supermarket Division</b>	<b>11,767</b>	<b>12,205</b>	<b>3.7%</b>
Australian Food and Liquor	9,157	9,421	2.9%
<i>New Zealand Supermarkets (NZD)</i>	<i>1,358</i>	<i>1,397</i>	<i>2.9%</i>
New Zealand Supermarkets (AUD)	1,020	1,082	6.1%
Petrol (dollars)	1,590	1,702	7.0%
<i>Petrol (litres)</i>	<i>1,249</i>	<i>1,252</i>	<i>0.2%</i>
<b>BIG W</b>	<b>918</b>	<b>931</b>	<b>1.4%</b>
<b>Hotels</b>	<b>282</b>	<b>295</b>	<b>4.6%</b>
<b>Home Improvement</b>	<b>163</b>	<b>211</b>	<b>29.4%</b>
<b>Consumer Electronics – India</b>	<b>73</b>	<b>74</b>	<b>1.4%</b>
<b>Third Quarter Sales – Continuing Operations</b>	<b>13,203</b>	<b>13,716</b>	<b>3.9%</b>
<i>Third Quarter Sales – Continuing Operations (excl Petrol)</i>	<i>11,613</i>	<i>12,014</i>	<i>3.5%</i>
<b><u>Discontinued Operations</u></b>			
Consumer Electronics – Australia	301	296	(1.7)%
<i>Consumer Electronics – New Zealand (NZD)</i>	<i>75</i>	<i>77</i>	<i>2.7%</i>
Consumer Electronics – New Zealand (AUD)	56	60	7.1%
<b>Third Quarter Sales – Discontinued Operations</b>	<b>357</b>	<b>356</b>	<b>(0.3)%</b>
<b>Total Group Third Quarter Sales</b>	<b>13,560</b>	<b>14,072</b>	<b>3.8%</b>
<i>Total Group Third Quarter Sales (excl Petrol)</i>	<i>11,970</i>	<i>12,370</i>	<i>3.3%</i>

Woolworths Limited today announced third quarter sales from continuing operations of \$13.7 billion, an increase of 3.9% on the previous year. Total Group sales amounted to \$14.1 billion, an increase of 3.8% on the previous year.

CEO Grant O'Brien said: "Woolworths has posted a pleasing sales growth figure of 3.9% for continuing operations. This has been achieved in a continuing tight consumer market. I stated at the half year that there were two key factors impacting the third quarter sales outcome: cycling the natural disasters of 2011, and accelerating deflation. In addition to these factors, sales were affected by an unseasonably cold and wet summer period during which some States, such as NSW, experienced their wettest months in more than 50 years. However we were pleased with continued growth in customer numbers, market share and units sold and the growing momentum of key initiatives. Whilst the quarter saw an improving sales trend, we continue to remain cautious about the sales outlook for the fourth quarter, particularly given consumer and business uncertainty about the impact of the carbon tax and interest rates."

# WOOLWORTHS LIMITED

## **SUPERMARKET DIVISION**

### **Australian Food and Liquor**

- Solid trading with gains in customer numbers and units sold
- Six Supermarket and two Dan Murphy's store openings
- Sales impacted by significant deflation, especially in produce and a wet, cool summer season

Australian Food and Liquor sales for the third quarter were \$9.4 billion, an increase of \$0.3 billion or 2.9% on the previous year.

Comparable store sales in Australian Food and Liquor for the third quarter were flat (Q3'11: 3.3%) despite the growth in customer numbers and units sold.

Sales growth in the third quarter was impacted by the cycling of the Queensland floods and Cyclone Yasi, which drove additional sales in the prior year as a result of panic buying and the temporary closure of competitor stores within some affected areas. The loss of fruit and vegetable crops following these events saw significant inflation in the prior year.

Cooler weather during the quarter across the Eastern States of Australia also affected sales, particularly for items such as soft drinks, ice cream, insecticides and deli products including salads and cold meats. New South Wales had its wettest March since 1956, while most States experienced below average summer temperatures across the quarter.

The standard shelf price movement index<sup>1</sup> for the quarter was -1.2% (Q3'11: 3.0%). This was impacted by produce prices, which were in significant deflation in the third quarter as a result of supply improving and the cycling of high prices from the prior year following the natural disasters. Excluding produce, the index for the quarter was 0.9% (Q2'12: 0.6%).

Average prices continued to experience deflation for the quarter of 4.4% when the effects of promotions and volumes are included (Q2'12: 4.1% deflation). Part of this deflation resulted from the continued lowering of prices to deliver value for customers.

Tjeerd Jegen, Managing Director of Australian Supermarkets and Petrol said: "As predicted, trading conditions in the third quarter have remained challenging. However, overall we were pleased to increase market share, customer numbers and items sold during the quarter. Fresh food continued positive sales momentum, led by Bakery, Deli, Meat and Seafood and we continue to see strong results from new products such as our Meat Standards Australia (MSA) accredited beef. Sales continue to be impacted by significant deflation, particularly in Produce, Seafood, Bakery and Deli. Produce deflation was close to 20% for the quarter with many key lines significantly impacted, for example, bananas, pumpkins, watermelons and tomatoes. We also continued to invest in price, particularly in the Grocery, General Merchandise and Liquor categories."

Steve Greentree, Director of Liquor said: "Our Liquor business had another quarter of pleasing growth across all brands. Dan Murphy's performed well with strong sales growth delivered by the Beer and Spirits categories as well as own brand liquor."

We opened six Australian Supermarkets during the quarter, bringing the total to 867. We also opened two Dan Murphy's during the quarter taking the total to 156. We plan to open an additional eight Australian Supermarkets and seven Dan Murphy's in the final quarter of the 2012 financial year.

### **New Zealand Supermarkets**

- Continuing momentum on all key metrics
- Market share and customer numbers both grew this quarter
- Pleasing comparable sales figures

New Zealand Supermarkets achieved sales of NZ\$1.4 billion for the third quarter, an increase of 2.9%<sup>2</sup> on the previous year (6.1% increase in AUD). Comparable sales grew 2.9%<sup>2</sup> for the third quarter (Q3'11: 3.0%<sup>2</sup>). Impacts stemming from stores closed due to the Christchurch earthquake in February 2011 and the petrol sites transferred back to Gull have been excluded from comparable sales.

The Countdown Supermarkets food price index inflation for the quarter was low at 0.8% (Q3'11: 2.1%), reflecting significant produce deflation of 6.5% for the quarter.

Dave Chambers, Managing Director New Zealand said: "We experienced another quarter of pleasing sales growth and continued to build momentum by growing market share, customer numbers, items sold and basket size. With all stores now converted to the Countdown brand, we have a single focus on moving our strong customer-focused value proposition forward. The New Zealand economic environment however remains challenging with relatively static supermarket industry growth."

We opened two Countdown Supermarkets during the quarter, bringing the total to 160. There were also 52 franchise stores at quarter end. One Countdown and one franchise store remain closed as a result of the February 2011 Christchurch earthquake.

### **Petrol**

- Higher average petrol prices are impacting overall petrol sales
- Motorists are economising on petrol purchases

Petrol sales for the third quarter, including Woolworths/ Caltex alliance sites, increased by 7.0% to \$1.7 billion. This reflects an increase in average fuel sell prices (Q3'12: 143.74 cpl, Q3'11: 136.01 cpl). Petrol volumes increased 0.2% for the quarter.

Comparable sales (dollars) increased 4.8%. Comparable volumes decreased 1.7% for the quarter (Q3'11: 0.7% increase), with the overall market in decline reflecting the impact of higher fuel sell prices.

Total merchandise (non-fuel) sales increased 5.5% and comparable merchandise (non-fuel) sales increased 0.7% for the quarter.

We opened one petrol canopy during the quarter bringing the total to 592, including 132 Woolworths/ Caltex alliance sites. We plan to open an additional seven sites in the final quarter of the 2012 financial year.

## **BIG W**

- Continued improvement in sales, customer numbers and items sold
- Poor summer weather impacted sales growth
- High Australian dollar continuing to drive deflation

BIG W sales for the third quarter were \$931 million, an increase of 1.4% on the previous year. This compares to a 1.3% total decrease in sales for the first half.

Comparable sales decreased 0.9% for the quarter (Q3'11: 2.7% decrease).

Customer numbers and items sold increased during the third quarter. Price deflation continued, averaging 5% during the quarter. The primary cause of the deflation continues to be the stronger Australian dollar with cost price reductions passed onto customers.

Strong sales were recorded in Toys & Sporting, Books and Cosmetics. Cooler weather had an effect on sales in seasonal areas such as outdoor, aquatic and cooling. Summer apparel traded well despite the cooler weather. Sales results across Womenswear, Footwear and Menswear were particularly pleasing.

Julie Coates, Director BIG W said: "The continued growth in customer numbers and items sold were pleasing. This is evidence of BIG W's strong value proposition – offering the lowest prices on the widest range of quality and branded merchandise every day."

Sales have been assisted by the six new stores that we have opened this year. We opened two new stores during the quarter bringing total stores to 171. We plan to open an additional store in the final quarter of the 2012 financial year.

## **HOTELS**

Hotel sales for the third quarter were \$295 million, an increase of 4.6% on the previous year.

Comparable sales increased 0.7% for the quarter (Q3'11: 8.1%) reflecting more cautious consumer spending, industry changes in Victoria in the lead up to the August 2012 regulatory change and cycling of the Queensland natural disasters.

Bruce Mathieson Jnr, Chief Executive Officer ALH Group said: "During the quarter, the overall sales growth for Hotels has been pleasing as we integrated the newly acquired Compass Group."

We opened three hotels during the quarter, bringing the total number of venues to 297.

## **HOME IMPROVEMENT**

Home Improvement sales for the third quarter increased 29.4% to \$211 million. The result includes sales from the first ten Masters stores, three of which opened during the third quarter.

Don Stallings, Chief Executive Officer Home Improvement said: "Trading in our new Masters stores continues to deliver positive results. Feedback from customers is overwhelmingly positive and we are excited about our future pipeline of stores and the opportunity to make the Masters offer available to more Australians."

## **CONSUMER ELECTRONICS - INDIA**

Our business venture with TATA in India generated sales of \$74 million during the quarter and now services 73 stores which operate under the Croma brand.

## **MULTI-OPTION OFFER**

The online component of our multi-option growth strategy continues to progress at pace and remains a key focus. Our latest additions and enhancements include, the Supermarkets mobile shopping app, a virtual shopping wall, the BIG W mobile app, click then collect trials and a new generation supermarket online platform. We also launched the Door Buster daily deals site during the quarter. The fourth quarter will see the launch of the Masters Home Improvement transactional website.

These allow us to further tailor our product and service offerings to the individual needs of our customers, providing each with an enhanced shopping experience. They have contributed to total online sales growth for the quarter of 108% (or 45% excluding Cellarmasters).

## **DISCONTINUED OPERATIONS**

### **Consumer Electronics – Australia and New Zealand**

Total Consumer Electronics Australia and New Zealand sales for the third quarter decreased 0.3% to \$356 million. Comparable sales increased 0.6% (Q3'11: 6.8% increase).

Consumer Electronics Australia sales for the third quarter decreased 1.7% to \$296 million. Comparable sales decreased 0.3% (Q3'11: 9.4% increase).

Consumer Electronics New Zealand sales for the third quarter increased 2.7%<sup>2</sup> to NZ\$77 million. Comparable sales increased 5.1%<sup>2</sup> (Q3'11: 5.1%<sup>2</sup> decrease).

- Ends -

**For further information contact:**

Media

Clare Buchanan, Corporate Communications  
(02) 8885 1032

Investors and Analysts

Tom Pockett, Finance Director  
(02) 8885 1105

## Appendix One: Sales Summary

	2011 Statutory (40 weeks)	2012 Statutory (40 weeks)	Increase (%)
<b><u>Year to Date by Division (\$ million)</u></b>			
<b><u>Continuing Operations</u></b>			
<b>Supermarket Division</b>	<b>35,667</b>	<b>37,454</b>	<b>5.0%</b>
Australian Food and Liquor	27,929	28,992	3.8%
<i>New Zealand Supermarkets (NZD)</i>	4,153	4,276	3.0%
New Zealand Supermarkets (AUD)	3,203	3,326	3.8%
Petrol (dollars)	4,535	5,136	13.3%
<i>Petrol (litres)</i>	3,791	3,857	1.7%
<b>BIG W</b>	<b>3,310</b>	<b>3,293</b>	<b>(0.5)%</b>
<b>Hotels</b>	<b>894</b>	<b>931</b>	<b>4.1%</b>
<b>Home Improvement</b>	<b>517</b>	<b>623</b>	<b>20.5%</b>
<b>Consumer Electronics - India</b>	<b>250</b>	<b>267</b>	<b>6.8%</b>
<b>Year to Date Sales – Continuing Operations</b>	<b>40,638</b>	<b>42,568</b>	<b>4.7%</b>
<i>Year to Date Sales – Continuing Operations (excl Petrol)</i>	36,103	37,432	3.7%
<b><u>Discontinued Operations</u></b>			
Consumer Electronics – Australia	1,027	1,027	-
<i>Consumer Electronics – New Zealand (NZD)</i>	254	260	2.4%
Consumer Electronics – New Zealand (AUD)	198	202	2.0%
<b>Year to Date Sales – Discontinued Operations</b>	<b>1,225</b>	<b>1,229</b>	<b>0.3%</b>
<b>Total Group Year to Date Sales</b>	<b>41,863</b>	<b>43,797</b>	<b>4.6%</b>
<i>Total Group Year to Date Sales (excl Petrol)</i>	37,328	38,661	3.6%

	2011 Statutory (40 weeks)	2012 Statutory (40 weeks)	Increase (%)
<b>Group Sales (\$ million)</b>			
Quarter One (14 weeks)	13,910	14,597	4.9%
Quarter Two (13 weeks)	14,393	15,128	5.1%
Quarter Three (13 weeks)	13,560	14,072	3.8%
<b>Total Group Sales Year to Date (40 weeks)</b>	<b>41,863</b>	<b>43,797</b>	<b>4.6%</b>
<b>Group Sales Excluding Petrol (\$ million)</b>			
Quarter One (14 weeks)	12,422	12,856	3.5%
Quarter Two (13 weeks)	12,936	13,435	3.9%
Quarter Three (13 weeks)	11,970	12,370	3.3%
<b>Total Group Sales excl Petrol Year to Date (40 weeks)</b>	<b>37,328</b>	<b>38,661</b>	<b>3.6%</b>

## Appendix Two: Third quarter new stores and refurbishments

	Gross New Stores	Net New Stores	Refurbishments
<b>Continuing Operations</b>			
Australian Supermarkets	6	3	4
Thomas Dux	-	-	-
Liquor	8	1	6
New Zealand Supermarkets	2	2	-
Petrol	1	1	2
BIG W	2	2	-
Hotels	3	3	4
Masters	3	3	-
Danks Retail	3	2	-
<b>Total Continuing Operations</b>	<b>28</b>	<b>17</b>	<b>16</b>
<b>Discontinued Operations</b>			
Consumer Electronics – Aus/ NZ	2	(12)	-
<b>Total Discontinued Operations</b>	<b>2</b>	<b>(12)</b>	<b>-</b>
<b>Total Group Third Quarter</b>	<b>30</b>	<b>5</b>	<b>16</b>

### Appendix Three: Notes

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<sup>1</sup> The standard shelf price movement index is calculated by comparing the number of products sold in the current year using the current year prices to the number of products sold in the current year using the prior year prices. The price used for this comparison is the standard shelf price. Products on promotion are excluded from the calculation (i.e. the volume of these items sold is removed from both years' sales). The calculation removes the impact of any changes in volumes, and the distortion of promotional activity.

<sup>2</sup> Sales growth for New Zealand Supermarkets and Consumer Electronics New Zealand are quoted in New Zealand dollars.