

WOOLWORTHS LIMITED

11 April 2013

Third Quarter Sales Results – Financial Year 2013 13 weeks to 31 March 2013

- Sales from Continuing Operations up 5.7% or 5.2% Easter adjusted
- Continuing momentum from sharpened focus on core businesses
- Pleasing progress on strategic priorities, but a lot more to do

	2012 Statutory (13 weeks)	2013 Statutory (13 weeks)	Statutory Increase (%)
<u>Third Quarter Sales (\$ million)</u>			
<u>Continuing Operations</u>			
Supermarket Division	12,205	12,817	5.0%
Australian Food and Liquor	9,421	9,945	5.6%
<i>New Zealand Supermarkets (NZD)</i>	<i>1,397</i>	<i>1,427</i>	<i>2.1%</i>
New Zealand Supermarkets (AUD)	1,082	1,145	5.8%
Petrol (dollars)	1,702	1,727	1.5%
<i>Petrol (litres)</i>	<i>1,252</i>	<i>1,250</i>	<i>(0.2)%</i>
BIG W	931	963	3.4%
Hotels	295	353	19.7%
Home Improvement	211	290	37.4%
Third Quarter Sales – Continuing Operations	13,642	14,423	5.7%
<i>Third Quarter Sales – Continuing Operations (excl Petrol)</i>	<i>11,940</i>	<i>12,696</i>	<i>6.3%</i>
<u>Discontinued Operations</u>			
Consumer Electronics – Australia	296	-	n.c ¹
<i>Consumer Electronics – New Zealand (NZD)</i>	<i>77</i>	<i>-</i>	<i>n.c¹</i>
Consumer Electronics – New Zealand (AUD)	60	-	n.c ¹
Consumer Electronics – India	74	-	n.c ¹
Third Quarter Sales – Discontinued Operations	430	-	n.c¹
Total Group Third Quarter Sales	14,072	14,423	2.5%

Woolworths Limited today announced third quarter sales from continuing operations of \$14.4 billion, an increase of 5.7% on the previous year or 5.2% after adjusting for the impact of Easter².

CEO Grant O'Brien said: "The momentum of the first half has continued into this quarter as a result of a sharpened focus on our core businesses and early results from work on our strategic priorities. While this progress is pleasing, there is still a lot more work to do in transforming our business.

"The underlying performance was strong despite challenging retail conditions, particularly in general merchandise. We remain focused on improving this growth while enhancing the shopping experience of our customers, and building a solid platform for the future.

"Australian Food and Liquor delivered a strong result with sales increasing by \$0.5 billion or 5.6% on the previous year (4.9% Easter adjusted²). Momentum grew during the quarter with Easter trade in March also pleasing. We continued to increase market share, customer numbers, basket size and items sold when compared to the prior year. Utilising customer insights to target promotions continues to deliver beneficial results.

"BIG W delivered a solid sales result despite the ongoing deflation being experienced by this business. Sales for the third quarter increased 3.4% on the previous year or 1.8% Easter adjusted², driven by the success of a continued focus on our customer offer and successful new store openings.

"Hotels sales growth of 19.7% or 20.5% Easter adjusted² was driven by acquisitions during the first half of this financial year as well as the changes to Victorian gaming regulations which came into effect in August 2012.

"Home Improvement continues to expand with the opening of an additional four Masters stores during the quarter as well as the launch of the Masters App. While conditions in the trade segment remain challenging, we continue to be pleased by the progress of this business.

"Online sales from continuing operations increased 36% for the quarter, reflecting the success of our multi-option strategies and the ongoing changes to customer shopping preferences.

"The momentum in Woolworths' sales results reflects that our customers like the way we are using the insights we have on their needs through the investment we have made in customer engagement. Customers are responding to the targeted offers we can make by having a more advanced understanding of the range, value and convenience they need to meet the challenges of their increasingly busy lives and tighter family budgets. We are finding that customers feel empowered by the options we can provide them by being open to new ways of delivering value."

SUPERMARKET DIVISION

Australian Food and Liquor

Australian Food and Liquor sales for the third quarter were \$9.9 billion, an increase of \$0.5 billion or 5.6% on the previous year (4.9% Easter adjusted²).

Comparable store sales in Australian Food and Liquor for the third quarter increased 3.8% (Q3'12: flat) or 3.1% Easter adjusted², which compares to a 2.4% increase in the first half of the 2013 financial year. This is a pleasing increase on our previous run rate.

During the quarter, the Australian Food and Liquor business continued to increase market share, customer numbers, basket size and items sold.

Tjeerd Jegen, Managing Director Australian Supermarkets and Petrol said: "This is a good third quarter result which saw momentum growing as the period progressed as well as pleasing trading over the Easter period. The launch of the 'Refuel for School', 'Our Biggest Ever Half Price Sale' and 'Cash for Easter' campaigns have been well received as we continue to invest in price for the value conscious customer and continue our targeted offers by utilising customer data. Results across our Fresh business were again very pleasing with Seafood, Meat and Produce performing particularly well as we build further momentum against our strategic initiatives."

The standard shelf price movement index³ for the quarter was inflation of 1.2% (Q2'13: inflation of 1.3%). This was impacted by high vegetable prices as a result of the Queensland floods and unusually high temperatures in the Victorian and South Australian growing regions. Excluding Produce, the shelf price index for the quarter was inflation of 0.8% (Q2'13: inflation of 1.1%).

Average prices continued to experience deflation for the quarter of 2.5% when the effects of promotions and volumes are included (Q2'13: deflation of 2.8%). Part of this deflation resulted from the continued lowering of prices to deliver value to our customers.

Brad Banducci, Director of Liquor said: "Our Liquor business had another quarter of good growth with Convenience (BWS and Woolworths Supermarket Liquor) and Dan Murphy's both producing pleasing results despite the cycling of heavy promotional activity in the prior year. During the quarter, we continued the rebranding of our Woolworths Supermarket Liquor sites to BWS. A further 152 sites were rebranded as we work towards our target to have the majority of these sites converted to the BWS brand by the end of FY13."

We opened four Australian Supermarkets during the quarter bringing the total to 888, and a further 47 Australian Supermarket refurbishments were completed, including five full refurbishments. We also opened three Dan Murphy's during the quarter taking the total to 174.

We plan to open a further 13 Australian Supermarkets and two Dan Murphy's in the final quarter of the 2013 financial year.

New Zealand Supermarkets

New Zealand Supermarkets sales for the third quarter were NZ\$1.4 billion, an increase of 2.1%⁴ on the previous year (5.8% increase in AUD) or 2.2% Easter adjusted^{2,4}.

Comparable sales for the third quarter decreased by 0.1%⁴ (decreased 0.1% Easter adjusted^{2,4}), which compares to a 0.8%⁴ decrease in comparable sales in Q2'13.

Dave Chambers, Managing Director PEL Supermarkets said: "The continuation of subdued market conditions and a highly competitive marketplace, compounded by low growth and low inflation, has impacted sales for the quarter. Despite the ongoing market challenges, we continued to increase our market share which was assisted by successful promotional activity such as 'Red Hot Deals', 'Win a Home' and 'Door Blaster Deals'."

The Countdown Supermarkets food price index showed inflation for the quarter of 0.4% (Q2'13: inflation of 0.4%). Inflation continues to be restricted by deflation in dairy, with lower costs of milk, butter and cheese passed onto our customers, as well as dry grocery and bakery, with cost price deflation being passed on through lower prices and increased frequency of customer promotions.

We opened two and closed two Countdown Supermarkets during the quarter, leaving a total of 165 stores. We also closed one franchise store, leaving a total of 56 stores at the end of the quarter. We plan to open a further two Countdown Supermarkets and close one in the final quarter of the 2013 financial year.

Petrol

Petrol sales for the third quarter, including Woolworths/Caltex alliance sites, were \$1.7 billion, an increase of 1.5% on the previous year or 1.7% Easter adjusted². This was partially impacted by higher average fuel sell prices for the third quarter (Q3'13: 145.3 cpl, Q3'12: 143.7 cpl).

Petrol volumes decreased 0.2% for the quarter compared to the previous year (increase of 0.2% adjusted for Easter²). As well as continuing to reward customers through targeted fuel promotions and enhanced supermarket offers, at the end of January we doubled our fuel discount to 8 cents per litre. Following this, growth in fuel volumes was experienced each month for the remainder of the quarter. The offer has been extended to 1 May 2013 and we will continue to provide our customers with access to the most relevant and beneficial promotional activity. We are also seeing positive results from the Diesel conversion program which is increasing capacity at selected outlets.

Comparable (dollar) sales decreased 0.5% (Q2'13: decreased 2.7%) or decreased 0.2% Easter adjusted² for the quarter. Comparable volumes decreased 2.0% (Q2'13: decreased 4.9%) or decreased 1.6% Easter adjusted² for the quarter.

Total merchandise (non-fuel) sales increased 8.7% for the quarter (7.3% Easter adjusted²) assisted by an increase in customers, warmer weather, improved ranging and strong promotional programs. Comparable merchandise (non-fuel) sales increased 4.6% for the quarter (3.3% Easter adjusted²).

We opened four petrol canopies during the third quarter, bringing the total to 610, including 131 Woolworths/Caltex alliance sites. We plan to open a further five sites in the final quarter of the 2013 financial year.

BIG W

BIG W sales for the third quarter were \$963 million, an increase of 3.4% on the previous year or 1.8% Easter adjusted².

Comparable sales for the third quarter increased 0.8% (Q3'12: decreased 0.9%) or decreased 0.8% Easter adjusted², which compares to a 1.4% decrease in comparable sales in Q2'13. Ongoing price deflation continued (estimated to be 3.1% for the quarter when compared to the previous year).

The result was impacted by further declines in the Home Entertainment category, including the cycling of non-profitable clearance activity in the prior year. Excluding the impact of Home Entertainment, Easter adjusted² comparable sales growth was positive for the quarter.

Strong sales were achieved in Home, Leisure, Toys & Sporting, Menswear, Childrenswear and Footwear throughout the quarter, reflecting the relevance and value of our customer offer.

Julie Coates, Director of BIG W said: "BIG W's trading for the quarter was supported by solid Back to School and Easter promotional activity as we continue to focus on events and promotions that are profitable and attractive to our customers. Strong growth in customers and units continues to confirm BIG W's strong value proposition – offering the lowest prices on the widest range of quality and branded merchandise everyday."

Total stores at the end of the third quarter remained at 176. We plan to open a further two stores in the final quarter of the 2013 financial year.

HOTELS

Hotel sales for the third quarter were \$353 million, an increase of 19.7% on the previous year or 20.5% Easter adjusted². Comparable sales for the third quarter increased 11.4% (Q3'12: 0.7%) or 12.3% Easter adjusted².

Growth was driven by the acquisition of 29 hotels in New South Wales, two in Queensland and one in Western Australia during the first half of the 2013 financial year as well as the impacts of the Victorian gaming regulatory changes which came into effect in August 2012.

Bruce Mathieson Jnr, Chief Executive Officer ALH Group said: "Overall, the third quarter result was pleasing with positive comparable sales growth. Our Food offer remains a focus with strong sales continuing to counter ongoing challenges in the bar environment which are being experienced across most states."

We added one hotel to our business during the third quarter, bringing the total number of venues to 325.

HOME IMPROVEMENT

Home Improvement sales for the third quarter were \$290 million, an increase of 37.4% on the previous year.

Melinda Smith, Director of Masters said: “During the quarter, we continued the roll-out of new stores, with 29 Masters stores now trading. The February ‘Trade Month’ proved to be a great success, with many new trade members signing up to the Masters program. Additionally, the launch of the new Masters App in March has received a positive response from customers allowing them to view product features and specifications, purchase online, compare products and prices with those of competitors, chat online with our customer service team and view DIY articles, videos and handy hints and tips.”

Don Stallings, Chief Executive Officer Home Improvement said: “During the quarter, we completed the acquisition of Hardings Hardware. This adds six sites to our HoME Timber and Hardware network – three sites in Victoria, two in Queensland and one in South Australia. Our core HoME Timber and Hardware network continues to grow as we focus on driving this brand. Our sales continue to be impacted by the dampened demand for building and construction materials.”

We opened four Masters stores during the third quarter, including a flagship store in Hawthorn East, bringing the total to 29. We plan to open one more store before the end of the 2013 financial year.

– Ends –

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Appendix One: Sales Summary

	2012 Statutory (40 weeks)	2013 Statutory (40 weeks)	Statutory Increase (%)
<u>Year to Date Sales (\$ million)</u>			
<u>Continuing Operations</u>			
Supermarket Division	37,454	39,011	4.2%
Australian Food and Liquor	28,992	30,433	5.0%
<i>New Zealand Supermarkets (NZD)</i>	<i>4,276</i>	<i>4,371</i>	<i>2.2%</i>
New Zealand Supermarkets (AUD)	3,326	3,458	4.0%
Petrol (dollars)	5,136	5,120	(0.3)%
<i>Petrol (litres)</i>	<i>3,857</i>	<i>3,782</i>	<i>(1.9)%</i>
BIG W	3,293	3,410	3.6%
Hotels	931	1,112	19.4%
Home Improvement	623	927	48.8%
Year to Date Sales – Continuing Operations	42,301	44,460	5.1%
<i>Year to Date Sales – Continuing Operations (excl Petrol)</i>	<i>37,165</i>	<i>39,340</i>	<i>5.9%</i>
<u>Discontinued Operations</u>			
Consumer Electronics – Australia	1,027	436	n.c. ¹
<i>Consumer Electronics – New Zealand (NZD)</i>	<i>260</i>	<i>115</i>	<i>n.c.¹</i>
Consumer Electronics – New Zealand (AUD)	202	90	n.c. ¹
Consumer Electronics – India	267	116	n.c. ¹
Year to Date Sales – Discontinued Operations	1,496	642	n.c.¹
Total Group Year to Date Sales	43,797	45,102	3.0%

	2012 Statutory	2013 Statutory	Statutory Increase (%)
Continuing Operations Sales (\$ million)			
Quarter One (14 weeks)	14,112	14,778	4.7%
Quarter Two (13 weeks)	14,547	15,259	4.9%
Quarter Three (13 weeks)	13,642	14,423	5.7%
Continuing Operations Year to Date Sales (40 weeks)	42,301	44,460	5.1%
Group Sales (\$ million)			
Quarter One (14 weeks)	14,597	15,222	4.3%
Quarter Two (13 weeks)	15,128	15,457	2.2%
Quarter Three (13 weeks)	14,072	14,423	2.5%
Total Group Year to Date Sales (40 weeks)	43,797	45,102	3.0%

Appendix Two: Third Quarter New Stores and Refurbishments

	Gross New Stores	Net New Stores	Refurbishments
Continuing Operations			
Australian Supermarkets	4	1	47
Thomas Dux	-	-	-
Liquor	5	2	5
New Zealand Supermarkets	2	-	-
Petrol	4	4	-
BIG W	-	-	-
Hotels	1	1	6
Masters	4	4	-
Danks Retail	6	6	-
Total Continuing Operations	26	18	58

Appendix Three: Notes

n.c – not comparable

¹ 2012 and 2013 sales for Consumer Electronics are not for comparable periods given the divestment of the Consumer Electronics businesses in Australia, New Zealand and India during the second quarter of the 2013 financial year.

² 2013 statutory sales include the first week of Easter. 2012 statutory sales did not include Easter. The Easter adjusted increase has been calculated by adjusting 2012 sales to reflect the timing of Easter in 2013.

³ 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.

⁴ Sales growth for New Zealand Supermarkets is quoted in New Zealand Dollars.