

# WOOLWORTHS LIMITED

A.C.N. 000 014 675

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17 April 2007

## THIRD QUARTER SALES RESULTS 13 WEEKS TO 1 APRIL 2007

*“This is a strong sales result reflecting the continued positive momentum in all our businesses.”*

*Michael Luscombe, Managing Director/CEO*

## THIRD QUARTER SALES UP 8.8% FROM CONTINUING OPERATIONS

	2006 13 weeks	2007 13 weeks	Increase (%)
<b>Third Quarter by Division (\$millions)</b>			
Australian Food and Liquor	6,444 <sup>(1)</sup>	6,981	8.3
New Zealand Supermarkets	992	1,022	3.0
Petrol	1,076	1,175	9.2
<b>Supermarket Division</b>	<b>8,512</b>	<b>9,178</b>	<b>7.8</b>
BIG W	660	777 <sup>(3)</sup>	17.7
Consumer Electronics	276	313	13.4
<b>General Merchandise Division</b>	<b>936</b>	<b>1,090</b>	<b>16.5</b>
<b>Hotels</b>	<b>221</b> <sup>(2)</sup>	<b>252</b>	<b>14.0</b>
<b>Continuing Operations</b>	<b>9,669</b>	<b>10,520</b>	<b>8.8</b>
Wholesale Division	38	39	2.6
<b>Total Third Quarter Sales</b>	<b>9,707</b>	<b>10,559</b>	<b>8.8</b>

Woolworths Chief Executive Officer, Michael Luscombe, today announced third quarter sales growth of 8.8% from continuing operations. “The positive momentum in all our businesses has continued into the third quarter. Particularly pleasing are the results achieved in the New Zealand Supermarkets and BIG W businesses as a result of the strategies being implemented into these businesses. Woolworths’ management team can be proud that their efforts are being rewarded by increased customer acceptance. We continue to drive all aspects of our business and provide customers with a combination of greater convenience, freshness and quality, best range and consistently lower prices across all divisions.”

<sup>(1)</sup> Includes 20 Australian ex-FAL store sales for the full 13 weeks and Taverner retail liquor sales from 6 February 2006.

<sup>(2)</sup> Includes Taverner hotel sales from 6 February 2006.

<sup>(3)</sup> Includes wholesale sales from Woolworths India (Q3: \$8m)

## **AUSTRALIAN FOOD AND LIQUOR**

Australian Food and Liquor sales for the quarter were approximately \$7.0 billion, representing an increase of 8.3%, with strong comparable sales delivering both accelerated growth and improved market share.

Comparable sales in Food and Liquor for the third quarter were up 6.6% which represents an improvement on the previous two quarters (Q2: 6.4%, Q1: 4.9%). Inflation was lower at approximately 3.0% reflecting an easing of pressure on produce prices (Q2: 4.0%, Q1: 4.0%).

“The strong comparable sales have continued into the third quarter reflecting continued acceptance from our customers of our comprehensive offer. Our team has continued to focus on improving our fresh food offering with an emphasis on quality and in-store execution. A further rollback campaign was undertaken in the quarter with positive results.” said Naum Onikul, Director of Supermarkets.

We opened 4 supermarkets and 3 Dan Murphys stores during the quarter.

## **NEW ZEALAND SUPERMARKETS**

New Zealand Supermarkets achieved sales of \$1.0 billion for the third quarter. Comparable sales for the quarter were 4.9%, a further improvement on last quarter's 3.8%.

In New Zealand, overall food inflation was approximately 1.7%, (Q2: 1.0%) which is still below the general food CPI and reflects the continued investment in lower prices.

“Our focus on improving the offering to the New Zealand customer continues with real progress being made in a number of areas, particularly fresh food.” said Peter Smith, Managing Director New Zealand Supermarkets.

*Note: comparable sale % quoted based on NZD sales.*

## **PETROL**

Petrol sales for the third quarter, including Woolworths/Caltex Alliance sites, increased by 9.2% despite lower prices than last year. Petrol comparable sales (dollars) increased 4.2% during the quarter, with comparable volumes increasing 7.1%, assisted by petrol discount promotions.

During the quarter, 2 petrol canopies were opened taking total sites to 497, including 132 alliance sites.

## **BIG W**

BIG W sales grew by 17.7% in the third quarter which is a strong result. The effect of Easter falling one week earlier in April this year is most pronounced in BIG W which shifts some Easter sales into the third quarter. Comparable sales in the third quarter were 6.0% (Easter adjusted). Unadjusted for Easter third quarter comparable sales were 8.8%. The stronger comparable growth is underpinned by consistent growth in value per unit and positive growth in comparable customer numbers.

“This pleasing result is a credit to the BIG W team whose efforts have been focused on improving the offer to our customer through various ranging and merchandising initiatives,” said Greg Foran, General Manager BIG W.

4 new stores opened during the quarter taking total stores in the division to 140.

## **CONSUMER ELECTRONICS (Australia and New Zealand)**

Consumer Electronics (in Australia and New Zealand) has continued to enjoy solid growth, with sales for the quarter increasing 10.5%. Comparable store sales for the third quarter increased by 7.5% normalised for movements in exchange rates (7.0% unadjusted). “The launch of Microsoft Vista on January 30th helped drive strong demand for computers and associated peripherals. We continue to experience strong growth in in-car navigation units and flat panel televisions” said Alvin Ng, General Manager, Dick Smith Electronics.

During the quarter we opened 9 new stores, including 3 PowerHouses taking total stores to 387.

## **HOTELS**

Hotel sales in the third quarter increased by 14.0% to \$252 million. Overall comparable sales increased by 1.5% in the quarter which was a modest performance, reflecting the impact of smoking bans in Queensland and New South Wales. Gaming comparable sales for the quarter were negative 1.4%, (2<sup>nd</sup> qtr negative 1.0%), offset by strong food sales.

Our building programs incorporating smoking solutions are well advanced and we expect to continue to outperform the market, however we remain cautious on the extent of the impact of smoking bans over the remainder of the financial year.

A further 5 properties were added to the portfolio in the third quarter taking the total venues to 260.

*Note: Full smoking bans already apply in Queensland, Western Australia and Tasmania. Smoking bans are being phased in other states with full bans applying in NSW and Victoria from 1 July 2007 and in South Australia from 1 October 2007.*

## **SALES OUTLOOK FOR THE FULL YEAR**

“Woolworths continues to gain value from the solid platform created by continuing to focus on lower costs, lower prices and on-going management emphasis on value and convenience for the customer, right across the organisation. Provided current retail trading patterns and the present business, competitive and economic climate continue, we expect sales from continuing operations for the full year to grow in the region of 8% to 12%. We therefore maintain our sales outlook for the full year,” said Mr Luscombe.

For further information contact:

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## Appendix 1

	2006 13 weeks	2007 13 weeks	Increase (%)
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	2006 40 weeks	2007 40 weeks	Increase (%)
<b><u>Year to Date by Division (\$millions)</u></b>			
Australian Food and Liquor	19,603 <sup>(4)</sup> <sub>(5)</sub>	21,321	8.8
New Zealand Supermarkets	1,771	3,011	70.0
Petrol	3,282	3,685	12.3
<b>Supermarket Division</b>	<b>24,656</b>	<b>28,017</b>	<b>13.6</b>
BIG W	2,456	2,711 <sup>(3)</sup>	10.4
Consumer Electronics	917	1,016	10.8
<b>General Merchandise Division</b>	<b>3,373</b>	<b>3,727</b>	<b>10.5</b>
<b>Hotels</b>	<b>628</b> <sup>(2)</sup>	<b>792</b>	<b>26.1</b>
<b>Continuing Operations</b>	<b>28,657</b>	<b>32,536</b>	<b>13.5</b>
Wholesale Division	113	115	1.8
<b>Total Year to Date Sales</b>	<b>28,770</b>	<b>32,651</b>	<b>13.5</b>

### Periods (\$millions)

14 Weeks Ended 1 October, 2006	8,884	10,743	20.9
13 Weeks Ended 31 December, 2006	10,179	11,349	11.5
13 Weeks Ended 1 April, 2007	9,707	10,559	8.8
<b>Total Year to Date Sales (40 weeks)</b>	<b>28,770</b>	<b>32,651</b>	<b>13.5</b>

(1) Includes 20 Australian ex-FAL store sales for the full 13 weeks and Taverner retail liquor sales from 6 February 2006.

(2) Includes Taverner hotel sales from 6 February 2006.

(3) Includes wholesale sales relating to Woolworths India (Q3: \$8m; Year to date: \$13m).

(4) Includes 20 Australian ex-FAL sales from 2 November 2005 and Taverner retail liquor sales from 6 February 2006.

(5) Includes Foodland (NZ) sales from 2 November 2005.