

WOOLWORTHS LIMITED

20 October 2010

PRESS RELEASE

FIRST QUARTER SALES RESULTS 14 WEEKS TO 3rd OCTOBER 2010

**SALES OF \$13.9 BILLION IN FIRST QUARTER
UP 4.2% EXCLUDING PETROL SALES
UP 4.1% INCLUDING PETROL SALES**

	2010 Statutory (14 weeks)	2011 Statutory (14 weeks)	Increase
<u>First Quarter by Division</u> (\$ millions)			
Australian Food and Liquor	9,001	9,292	3.2%
<i>New Zealand Supermarkets (NZD)</i>	<i>1,316</i>	<i>1,378</i>	<i>4.7%</i>
New Zealand Supermarkets (AUD)	1,065	1,095	2.8%
Petrol (dollars)	1,440	1,488	3.3%
<i>Petrol (litres)</i>	<i>1,279</i>	<i>1,297</i>	<i>1.4%</i>
Supermarket Division	11,506	11,875	3.2%
BIG W	1,096	1,066	(2.7)%
Consumer Electronics – Aust	330	333	0.9%
<i>Consumer Electronics – NZ (NZ)</i>	<i>86</i>	<i>84</i>	<i>(2.3)%</i>
Consumer Electronics – NZ (AUD)	69	67	(2.9)%
Consumer Electronics – Aust/NZ	399	400	0.3%
Consumer Electronics – India	63	81	28.6%
Consumer Electronics – Total	462	481	4.1%
General Merchandise Division	1,558	1,547	(0.7)%
Hotels	303	311	2.6%
Home Improvement	-	177	-
Total First Quarter Sales	13,367	13,910	4.1%
<i>Total First Quarter Sales (excluding Petrol)</i>	<i>11,927</i>	<i>12,422</i>	<i>4.2%</i>

Woolworths' Chief Executive Officer, Michael Luscombe, today announced first quarter sales of \$13.9 billion. Sales increased 4.2% excluding the impact of Petrol sales and 4.1% including Petrol sales.

“This sales result is a solid start to the financial year which continues to hold underlying challenges for the retail sector such as tighter consumer spending and the deflationary impacts of the stronger Australian dollar” said Mr Luscombe.

Australian Food and Liquor

Australian Food and Liquor sales for the quarter increased 3.2%. Comparable store sales in Australian Food and Liquor for the quarter increased 2.0% (Q1 2010: 5.8%). The inflation price index remained at zero (Q4 2010: zero), excluding the impact of the increased tobacco excise. The total food inflation price index was 1.8% (Q1 2010: 2.1%, Q4 2010: 1.2%). Due to the distorting impact of the tobacco excise on our food price index, the assessment of real growth is better estimated using the inflation price index excluding tobacco.

In a tougher retail environment, our strategies of reducing shelf prices, continuing to evolve new formats and customer engagement have enabled us to maintain market share and grow customer numbers, items sold and basket size.

New Zealand Supermarkets

New Zealand Supermarkets achieved sales of NZ\$1.4 billion for the quarter, an increase of 4.7% in NZD terms (2.8% increase in AUD). Comparable sales for the first quarter were 4.5%¹ (Q1 2010: 4.5%). This result was achieved in difficult economic conditions demonstrating the success of the improved customer offer in New Zealand with the roll out of new format stores, improved in-stock position, improved ranging and private label offer and conversion of stores to the value positioned Countdown brand, resulting in pleasing market share growth.

During the quarter the New Zealand Supermarkets business was impacted by an earthquake in and around Christchurch. Despite this business continuity was maintained.

In New Zealand, the food price index remained in deflation of approximately 0.3% (Q1 2010: 4.3%, Q4 2010: 1.4% decrease).

Petrol

Petrol dollar sales for the quarter, including Woolworths/Caltex Alliance sites, increased 3.3%, with average fuel sell prices in line with the prior year (Q1 2011: 123.5cpl, Q1 2010: 123.3cpl). Petrol comparable sales increased by 0.9% (Q1 2010: 18.1% decrease). Petrol litres sold increased 1.4%, in a declining market, resulting in market share growth. Comparable litres decreased 0.9% (Q1 2010: 1.6% increase) for the quarter. Petrol non-fuel sales were up in total 10.3% and comparable non-fuel store sales were up 5.5%.

BIG W

BIG W sales for the quarter were \$1,066 million representing a decrease of 2.7%. Comparable store sales for the quarter decreased 3.9% (Q1 2010: 3.9% increase, Q4 2010: 10.2% decrease). This result reflects tightened consumer spend and the cycling of the flow on effects from the 2009 Government stimulus package combined with price deflation in key categories including home entertainment and toys. BIG W achieved an increase in customer numbers and units sold during the quarter offsetting some of the impact of the significant price deflation, primarily caused by the stronger Australian dollar.

¹ Note: comparable sales % quoted based on NZD sales

Consumer Electronics

Total Consumer Electronics grew by 4.1% during the first quarter.

Consumer Electronics in Australia sales for the quarter increased 0.9%, comparable store sales increased by 3.3% during the quarter. Consumer Electronics continues to be impacted by tightened consumer spending in Australia with increased price competition across the sector and price deflation in key products, exacerbated by the strong Australian dollar. Total sales growth is lower than comparable store sales growth due to ongoing transitioning of the business and the subsequent closure of smaller unprofitable stores.

Consumer Electronics in New Zealand continues to face challenges in the macroeconomic environment with sales declining 2.3%² (in NZD), comparable store sales decreased by 4.2%² during the quarter.

Our business venture with TATA in India now services 52 retail stores operating under the Croma brand and has produced sales of \$81 million for the first quarter.

Hotels

Hotel sales in the quarter increased by 2.6% to \$311 million. Hotel comparable sales increased by 1.8% in the quarter (Q1 2010: 1.2% decrease). Gaming comparable sales increased 1.7% (Q1 2010: 1.4% decrease).

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² Sales growth percentages for Consumer Electronics New Zealand are quoted in NZD.

Appendix 1: First quarter new stores and refurbishments

	New Stores*	Refurbishments
Australian Supermarkets	1	9
Thomas Dux	-	-
Liquor	15	9
New Zealand Supermarkets	4	5
Petrol	-	-
BIG W	1	4
Consumer Electronics – Aust / NZ	17	3
Hotels	1	15
Danks – Retail	4	-
Total first quarter	43	45

** Reflects Gross store openings*