WOOLWORTHS LIMITED

29 August 2014

FINAL PROFIT AND DIVIDEND ANNOUNCEMENT FOR THE 52 WEEKS ENDED 29 JUNE 2014

Delivering sustainable profit growth in established divisions whilst investing for future growth

Net Profit After Tax of $2,451.7 million, up 8.5%

Earnings Per Share of 196.5 cents, up 7.6%

Net Profit After Tax From Continuing Operations Before Significant Items[1] up 6.1% on a normalised 52 week basis[2]

FY14 Key Financial Highlights - Continuing Operations Before Significant Items[1]

- **Sales** of $60.8 billion, up 3.9% or 5.9% on a normalised 52 week basis[2]
- **Earnings Before Interest and Tax** of $3,775.2 million, up 3.3% or 5.3% on a normalised 52 week basis[2]
- **Net Profit After Tax** of $2,451.7 million, up 4.2% or 6.1% on a normalised 52 week basis[2]
- **Earnings per Share** of 196.5 cents, up 3.3% or 5.2% on a normalised 52 week basis[2]
- **Fully franked FY14 dividends** of 137 Cents Per Share

Note: This announcement contains certain non-IFRS measures that Woolworths believes are relevant and appropriate to understanding its business. Refer to Appendix One for further information.

Woolworths Limited Chief Executive Officer, Grant O'Brien said: "We are pleased to report growth in net profit after tax from continuing operations before significant items[1] of 4.2% or 6.1% on a normalised 52 week basis[2] for FY14.

"The result demonstrates that the four Strategic Priorities we outlined three years ago are delivering strong, sustainable growth in established parts of the business. At the same time we are investing in opportunities to generate growth into the future.

"Ongoing momentum achieved in FY14 was underpinned by growth in Australian Food, Liquor and Petrol as part of the first Strategic Priority to **extend our leadership in Food and Liquor**. We have increased comparable sales and EBIT growth in Australian Food and Liquor over the past three years, gaining further momentum in FY14.

"We have reinforced our position as Australia's leading supermarket, providing customers with the first choice for Fresh food, excellent value and the greatest access across all channels. In a highly competitive market with ongoing consumer uncertainty, we have increased market share whilst also delivering value to customers who have saved more than $750 million from key promotional campaigns throughout the year and benefited from deflation in average prices of 3.1% for the year.

"Liquor delivered strong growth across the three formats of Dan Murphy's (Destination), BWS (Convenience) and The Wine Quarter (Online and Direct). Dan Murphy's remains Australia's premier liquor destination and most visited liquor website.

"Countdown Supermarkets delivered a pleasing result despite the subdued New Zealand grocery market conditions. The transformation of this business is well underway with its focus on delivering enhanced value to customers, most notably via the 'Price Lockdown' campaign which has resonated strongly with customers.

"We have continued our focus on **maintaining our track record of building new growth businesses**. Our Online sales were over $1.2 billion for FY14, increasing by 50% on the previous year, reinforcing our market leadership as Australasia's largest domestic online retailer.

"Our market leading Online offers in Australian Food, Australian Liquor as well as Food in New Zealand continue to exceed our expectations and have been supported by strong growth in our Australasian Apparel business. Recently, we opened Australia's first full range dedicated online fulfilment grocery store and implemented 'Track My Order' GPS functionality for Supermarket online orders, improving convenience for our customers.

"As previously outlined, our Home Improvement business is focused on moving from the start-up phase to a scalable, profitable business where it will become a material profit contributor for the Group.

"We continue to **put in place the enablers for a new era of growth**. We have commenced Mercury II to drive the next phase of supply chain enhancements and our 50% ownership of Quantium is allowing us to use data to better tailor the shopping experience to the needs of our customers. We also continue to strengthen our world class retail team, with recent appointments including David Marr as Chief Financial Officer, Clive Whincup as Chief Information Officer as well as Managing Director appointments of Matt Tyson (Home Improvement) and Alistair McGeorge (BIG W).

"We have also continued to **act on our portfolio to maximise shareholder value** and are currently considering the divestment of a portfolio of freehold Hotel sites which would further the work undertaken in FY13, including the creation of the SCA Property Group.

"Despite making good progress with the previously advised transformation of our BIG W business, this transformation together with challenging trading conditions, impacted our profitability leading to a disappointing result. We have made a number of recent appointments to the BIG W leadership team and under Alistair's leadership, they will continue to develop the BIG W strategy whilst also bringing a strong focus on execution and operational excellence. The integration of EziBuy is progressing well and we are excited by the future potential for this business.

"Hotels delivered a pleasing result despite regulatory changes and subdued trading conditions in Victoria and Queensland where the majority of hotel sites are located. We continued to deliver the initiatives that reinforce our focus on being Australia's most responsible hotel operator.

"In summary, having served on average 29.4 million customers per week across the Group, we are pleased with the progress we are making on our four Strategic Priorities particularly in our core Food and Liquor business as well as our future growth businesses such as Online. However, there is still work to do, particularly in General Merchandise and Home Improvement."

Woolworths Limited Chairman, Ralph Waters, said: "The Board has announced FY14 dividends of 137 cents per share, up from 133 cents in the prior year. The FY14 result is pleasing and reflects the ongoing ability of this great company to reward both its customers and its shareholders, and I am confident it will continue to do this into the future."

PROGRESS AGAINST OUR FOUR STRATEGIC PRIORITIES

The four Strategic Priorities are fundamental to delivering growth whilst also ensuring the business is well placed to generate strong returns for our shareholders into the future. Progress during FY14 included:

1. Extend our leadership in Food and Liquor

- ***Ongoing momentum in Food and Liquor*** with improved comparable sales, EBIT growth and market share
- ***Delivered excellent value*** with key Supermarkets promotional campaigns providing more than $750 million in savings to customers. Average price deflation was 3.1% for the year
- ***Improved our offer*** with Fresh market share growing faster than Grocery in line with our strategy
- ***Provided more convenient access*** both in-store with 34 new Australian Supermarkets (net) and 11 new Dan Murphy's stores (net), and Online. We served on average 21.1 million customers per week in FY14
- ***Enhanced Australia's leading liquor offer*** with further improvements to our market leading store formats and online offer. danmurphys.com.au is Australia's most visited liquor website
- ***Reinforced our value credentials in Countdown New Zealand*** with a strong customer response to our 'Price Lockdown' and 'Price Drop' campaigns
- ***Strengthened our Petrol offer*** with 67 canopies and forecourts refreshed to provide increased access to diesel and premium fuels. Our improved merchandise offer is also delivering strong results

2. Maintain our track record of building new growth businesses

- ***Extended our leadership as Australasia's largest domestic online retailer*** with Online sales over $1.2 billion for FY14, increasing by 50% on the previous year. Our market leading online offers in Australian Food, Australian Liquor as well as Food in New Zealand continue to exceed our expectations and have been supported by strong growth in our Australasian Apparel business
- ***Continued to lead on innovation*** with Australia's first full range dedicated online fulfilment grocery store, 'Track My Order' GPS routing on Supermarket online orders improving convenience for our customers and the roll out of cross-divisional Click & Collect now underway
- ***Acquired EziBuy*** with the integration progressing well to drive online growth in General Merchandise
- ***Australia's fastest growing Home Improvement offer*** under new leadership and focused on moving from a start-up to a scalable, material profit contributor for the Group

3. Put in place the enablers for a new era of growth

- ***Next generation logistics and technology development*** as we continued to invest in technology to enable our online growth whilst building the next generation of supply chain capability via Mercury II
- ***Building customer loyalty*** leveraging the work performed by Quantium to provide customer insights, enabling us to better understand our customers' needs. We now have 7.9 million Everyday Rewards and 1.9 million Onecard members
- ***Continue to strengthen our world class retail team*** blending the best local and international talent, including David Marr as Chief Financial Officer, Clive Whincup as Chief Information Officer, Managing Director appointments Matt Tyson (Home Improvement) and Alistair McGeorge (BIG W) as well as Emma Gray as Chief Loyalty and Data Officer

4. Act on our portfolio to maximise shareholder value

- ***Commenced the transformation of BIG W*** with a new leadership team in place who will further develop the strategy and bring additional focus on execution and operational excellence
- ***Commenced program to introduce voluntary pre-commitment functionality*** on electronic gaming machines in our Hotels
- ***Continued divestment of property as market opportunities arise*** and we are currently considering the divestment of a portfolio of freehold Hotel sites, which would add to the $1.4 billion of property divested through the creation of the SCA Property Group in FY13
- ***Acquisition of Hudson Building Supplies*** in our Home Timber and Hardware business which will improve our presence in New South Wales and Queensland

BUSINESS PERFORMANCE

Earnings Before Interest and Tax (EBIT)

$ million	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 wk)	Change Normalised[2]
Continuing Operations (before significant items[1])				
Australian Food, Liquor and Petrol*	3,368.0	3,199.3	5.3%	7.2%
New Zealand Supermarkets	271.4	236.2	14.9%	17.1%
New Zealand Supermarkets (NZD)	*309.8*	*302.7*	*2.3%*	*4.2%*
General Merchandise[3]	152.9	191.3	(20.1)%	(18.8)%
Hotels	275.4	263.7	4.4%	6.5%
Home Improvement	(169.0)	(138.9)	21.7%	24.1%
Central Overheads	(123.5)	(98.4)	25.5%	28.0%
Group EBIT – Continuing Operations	**3,775.2**	**3,653.2**	**3.3%**	**5.3%**
Group EBIT – Discontinued Operations[4] *(before significant items[1])*	**-**	**2.5**	**n.c**	
Total Group EBIT (before significant items[1])	**3,775.2**	**3,655.7**	**3.3%**	
Significant Items[1] (before tax)				
One-off loss on SCA Property Group transaction	-	(32.8)	n.c	
Gain on disposal of Consumer Electronics businesses	-	9.9	n.c	
Victorian transport fleet redundancies	-	(25.8)	n.c	
Total Group EBIT (after significant items[1])	**3,775.2**	**3,607.0**	**4.7%**	

Net Profit After Tax (NPAT)

$ million	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 wk)	Change Normalised[2]
Net profit after income tax and non-controlling interests (before significant items[1])				
Continuing Operations	2,451.7	2,353.9	4.2%	6.1%
Discontinued Operations[4]	-	1.8	n.c	
Total Group net profit after income tax and non-controlling interests (before significant items[1])	**2,451.7**	**2,355.7**	**4.1%**	
Significant Items[1] (after tax)				
One-off loss on SCA Property Group transaction	-	(28.5)	n.c	
Gain on disposal of Consumer Electronics businesses	-	7.9	n.c	
Victorian transport fleet redundancies	-	(18.1)	n.c	
US 144A bond redemption costs	-	(57.6)	n.c	
Total Group net profit after income tax and non-controlling interests (after significant items[1])	**2,451.7**	**2,259.4**	**8.5%**	

** Includes FY14 EBIT of $3,278.7 million for Australian Food and Liquor (FY13: $3,061.6 million) and $89.3 million for Petrol (FY13: $137.7 million). These FY13 and FY14 results are not comparable as the cost of providing the Petrol discount which was previously included in Australian Food and Liquor has been recorded in the Petrol division from the beginning of H2'14. From FY15, a combined result for Australian Food, Liquor and Petrol will be provided.*

GROUP FINANCIAL PERFORMANCE*

Sales were $60.8 billion, an increase of 5.9% on the prior year, supported by ongoing momentum in the Australian Food, Liquor and Petrol business. Details of FY14 sales by quarter are provided in Appendix Two.

Gross profit as a percentage of sales increased 17 bps on the prior year to 27.11%, reflecting improvements in buying, more effective promotional activity, growth in exclusive brand ranges and positive changes in sales mix. We continued to reinvest in lower prices, delivering greater value to customers as evidenced by continued average price deflation in Australian Food and Liquor and BIG W as well as low inflation in New Zealand Supermarkets.

Cost of doing business (CODB) as a percentage of sales increased 20 bps on the prior year to 20.90%. Excluding non-comparable additional net costs in FY14 following the SCA Property Group transaction in FY13 and the Home Improvement business which remains in start up phase, CODB as a percentage of sales increased 7 bps on the prior year, impacted by a large number of new stores and lower sales in General Merchandise limiting the ability to fractionalise costs. Australian Food, Liquor and Petrol CODB as a percentage of sales decreased 6 bps compared to the prior year.

Earnings before interest and tax (EBIT) increased 5.3% on the prior year to $3,775.2 million. Excluding the impact of non-comparable additional net costs in FY14 following the SCA Property Group transaction, growth was approximately 6.2%, driven by a strong result in our Australian Food, Liquor and Petrol business.

Net financing costs decreased 10.9% on the prior year, resulting from a reduction in long term debt following the sale of properties to the SCA Property Group in FY13.

Net profit after tax (NPAT) increased 6.1% on the prior year to $2,451.7 million, with corresponding EPS up 5.2% to 196.5 cents. On a statutory basis[2], total Group NPAT increased 8.5%.

Closing inventory increased 2.1 days on the previous year to 38.6 days, driven by new store openings, in particular, 34 Australian Supermarkets (net) and 18 Masters stores since FY13, increased direct global sourcing, changes in product mix and increased bulk wine holdings in our Liquor business.

Free cash flow generated by the business (before movements in borrowings) was $136.7 million after the payment of dividends, acquisition of EziBuy and ongoing capital expenditure, reflecting the ability of our business to generate strong cash flows whilst continuing to invest for future growth.

We have maintained our investment grade credit ratings by Standard & Poor's (A- since 2001) and Moody's (A3 since 2005)[5]. Our **fixed charges cover ratio**[6] before significant items[1] of 3.0 times remains strong (FY13: 3.0 times).

** Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2]*

AUSTRALIAN FOOD, LIQUOR AND PETROL*

	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 wk)	Change Normalised[2]
Sales				
Food and Liquor ($ million)	41,171	40,031	2.8%	4.7%
Petrol ($ million)	7,065	6,794	4.0%	6.0%
Food, Liquor & Petrol ($ million)	**48,236**	**46,825**	**3.0%**	**4.9%**
EBIT				
Food and Liquor ($ million)	3,278.7	3,061.6	7.1%	9.1%
Petrol ($ million)	89.3	137.7	(35.1)%	(33.9)%
Food, Liquor & Petrol ($ million)	**3,368.0**	**3,199.3**	**5.3%**	**7.2%**
Funds Employed ($ million)	4,576.9	4,326.4	5.8%	
Gross Margin (%)	25.19	25.10	9 bps	
Cost of Doing Business (%)	18.21	18.27	(6) bps	
EBIT to Sales (%)	6.98	6.83	15 bps	
Return on Average Funds Employed (%)	75.7	76.7	(101) bps	39 bps

The FY13 and FY14 results for 'Food and Liquor' and 'Petrol' are not comparable as the cost of providing the Petrol discount which was previously included in Food and Liquor has been recorded in the Petrol division from the beginning of H2'14. From FY15, a combined result for Food, Liquor and Petrol will be provided.

Trading Performance

Sales for the year were $48.2 billion, an increase of 4.9% on the prior year, with increasing comparable sales and EBIT momentum as well as market share growth.

Australian Food and Liquor sales were $41.2 billion, an increase of 4.7% on the prior year, with Online sales growth of more than 35%. Comparable sales increased 3.0%[2] for the year, with growth stronger than the prior year as customers have responded to increased value and our improved offer. Comparable sales for the fourth quarter increased 3.3%[2] (2.5% Easter adjusted[2]), despite more challenging trading conditions and increased consumer caution.

During the year, we increased market share, customer numbers, basket size, items sold and sales per average square metre. We served on average 21.1 million customers per week, an increase of 3.7% on the previous year. Customers continued to benefit from lower average prices as reflected by deflation of 3.1% (Q4'14: deflation of 1.7%; FY13: deflation of 2.9%) when the effects of promotions and volumes are included.

The standard shelf price movement index[7] which excludes the significant investment in promotional activity increased 2.1% for the year with the fourth quarter increasing 3.5% (Q3'14: 3.1%), reflecting the increase in tobacco excise and produce inflation resulting from tightened supply conditions.

Petrol sales for the year, including Woolworths/Caltex alliance sites, were $7.1 billion, an increase of 6.0% on the previous year. Comparable sales (dollars) increased 4.0%[2] for the year (Q4'14: 0.3%[2] or 1.7% Easter adjusted[2]). Average unleaded fuel sell prices for the year were 151.1 cpl (FY13: 142.4 cpl).

** Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2]*

Australian Food, Liquor and Petrol (continued)*

Petrol volumes decreased 1.4% and comparable volumes decreased 3.1%[2] for the year (Q4'14: decrease of 7.5%[2] or 6.7% Easter adjusted[2]), impacted by reduced fuel discount activity following the undertaking to the Australian Competition and Consumer Commission (ACCC) which limited fuel discounts available to customers. Woolworths' customers continue to be rewarded through discounts at our Petrol sites as well as enhanced Supermarket offers.

Despite the lower fuel volumes, solid growth in non-fuel categories continued with total merchandise sales increasing 10.7% and comparable merchandise sales increasing 7.3%[2] for the year, reflecting improved ranging and more effective promotional activity.

Australian Food, Liquor and Petrol (FLP) gross margins increased 9 bps reflecting improvements in buying, favourable shifts in sales mix and growth in exclusive brands. We continued to reinvest much of these benefits into lower prices for our customers.

FLP CODB as a percentage of sales decreased 6 bps on the prior year. This was a good result given the large number of new stores which are yet to reach mature trading levels and ongoing investment in delivering increased value for our customers as well as in our Online business.

FLP EBIT of $3,368.0 million increased 7.2% on the previous year, with the EBIT margin increasing 15 bps. The shape of this growth is pleasing, reflecting improved margins as well as sustainable cost control.

Return on Average Funds Employed (ROFE) for FLP increased 39 bps on the prior year, reflecting EBIT growth and continued investment in the roll out of new supermarkets, liquor outlets and petrol canopies, as well as higher inventory.

** Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2]*

Australian Food, Liquor and Petrol (continued)

Progress Against Objectives – Australian Supermarkets

1. First choice for fresh food

- We grew our Fresh market share, in line with our strategy to be first choice in Fresh food
- We improved our supply chain to provide fresher produce for our customers and reduce waste
- We continue to support Australian producers and sourced 97% of produce locally. We have new contracts in place with Simplot and SPC Ardmona benefiting local farmers
- Customers are enjoying our 'Farmers' Own' local milk range from the Manning Valley, now ranged in 261 New South Wales supermarkets with plans to roll out similar products in other states
- The launch of 27 new 'Created with Jamie' fresh products have been well received by customers
- Our sushi bars, 'Food to Go' and barista coffee are providing convenience shoppers further choice

2. Unbeatable value

- Key promotional campaigns generated savings of more than $750 million for our customers
- Our customers benefited from deflation in average prices of 3.1% for the year
- Everyday Rewards members benefited from in-store savings and our seasonal 'Cash For' campaigns

3. Online retailing

- Woolworths Online continues to lead the way in the retail grocery and alcohol category, with FY14 Online sales increasing more than 40% and over 3 million items delivered to customers each week
- We opened Australia's first full range dedicated online fulfilment grocery store
- We expanded our Click & Collect network to 202 stores offering same day collection service, including 17 drive-thrus at the end of FY14
- We introduced a number of digital features to make shopping easier for our customers including 'Track My Order' GPS functionality, the ability to share shopping lists and functionality allowing customers to locate any product in store

4. Customer insights transforming our business

- We are using data to refine our store layouts and ranges to meet our customers' evolving needs
- Everyday Rewards members increased to 7.9 million, growth of over 10% on the prior year
- We are increasingly using data to identify new sites and provide greater access for our customers with 34 (net) new store openings, bringing total stores to 931. We refurbished 23 stores to improve our customers' shopping experience

5. Innovative offers

- We engaged families and created customer loyalty through our Collectables campaigns – 'Aussie Animals', 'DreamWorks Heroes' and 'Jamie's Garden'
- We saw strong customer uptake of 'Created with Jamie', 'Free From' and permanent 'Gold' own brands
- We continued to expand the 'Macro' range which is proving to be very popular with our customers and now have over 400 healthy products available in stores

Australian Food, Liquor and Petrol (continued)

Progress Against Objectives – Woolworths Liquor Group

The Woolworths Liquor Group has delivered a strong result for the year across all three formats – Dan Murphy's (Destination), BWS (Convenience) and The Wine Quarter (Online and Direct). Total sales for the year (including ALH Group on premise liquor sales) of $7.4 billion represent an increase of 4.6% on the previous year on a normalised 52 week basis[2].

1. Continuing to evolve Dan Murphy's

- We continued to expand our footprint as Australia's premier liquor destination, opening 11 Dan Murphy's. Total Dan Murphy's stores number 186
- We have rolled out a number of new merchandising concepts, including in our new Double Bay store, opened in June
- A new 'customer centric' store operating model with more customer facing staff, while still early days, is delivering positive results

2. Developing the BWS brand and convenience offer

- We continued to grow BWS, Australia's largest liquor retailer, opening 36 (net) new stores in FY14, with our total network now numbering 1,216 stores
- We strengthened the BWS brand with the launch of the 'Today's Special' marketing campaign as well as the sponsorship of 'The Ashes' and 'Summer of Cricket' earlier in the year
- We are progressing the tailoring of our ranges around shopper occasions

3. Maintaining leadership in Online and Direct via The Wine Quarter

- danmurphys.com.au further embedded its position as the premier Australian online liquor destination, being the most visited liquor website in Australia. Sales increased more than 55%, with a number of new features added to the website including enhanced delivery options and new customer recommendation functionality
- Langton's launched a new customer centric web platform and released its 6th Classification of Australian Wine
- We refreshed the Cellarmasters brand and website
- We are investing in our home delivery business (Nexday) via the implementation of Track and Trace and increased delivery options

4. Increasing own and exclusive brand penetration through Pinnacle Drinks

- We are providing customers with enhanced ranges as we continue to build our own and exclusive brand portfolio
- We launched new and innovative products including 'Minchinbury' Sparkling Wine, 'Lovers not Toreadors' Spanish Tempranillo and 'Hogs 3' Bourbon and Cola

Australian Food, Liquor and Petrol (continued)

Progress Against Objectives – Petrol

Petrol sales for the year, including Woolworths/Caltex alliance sites, were $7.1 billion, an increase of 6.0% on the previous year on a normalised 52 week basis[2]. We are focused on providing a superior convenience offer to our customers through competitive pump prices, fuel discount offers which are available from our Supermarkets and Petrol stores, as well as an enhanced merchandise offer.

1. Provide customers with a compelling fuel offer

- We continue to invest in forecourt improvements to provide customers with better access to diesel and premium fuels as well as fast flow fuel pumps
- We rebranded 85 sites to the new Woolworths signage during the year and 67 canopies and forecourts were refreshed to improve the customer experience
- Our new App allows our customers to review fuel prices at their local outlet in comparison to their average local fuel price, view fuel discounts available to them and access merchandise offers

2. Accelerate merchandise sales

- New categories and products are adding incremental sales as part of our strong focus on improving our convenience offer
- Customers are enjoying our new food service offer which includes coffee, bakery products, hot food and sandwiches. This is currently available in our new stores and will be rolled out across a number of existing stores

3. Increase our network profile

- We opened 20 petrol sites (net) during the year, taking the total number of Woolworths owned sites to 502. Together with Woolworths/Caltex alliance sites, our customers now have access to 633 sites across the country

NEW ZEALAND SUPERMARKETS*

$NZD	FY14 (52 weeks)	FY13 (53 weeks)	Change[8] (52 v 53 wk)	Change Normalised[2,8]
Before Significant Items[1]				
Sales ($ million)	5,737	5,749	(0.2)%	1.6%
EBIT ($ million)	309.8	302.7	2.3%	4.2%
Funds Employed ($ million)	3,052.9	3,221.4	(5.2)%	
Gross Margin (%)	23.67	23.30	37 bps	
Cost of Doing Business (%)	18.27	18.03	24 bps	
EBIT to Sales (%)	5.40	5.27	13 bps	
Return on Average Funds Employed (%)	9.9	9.4	48 bps	64 bps

Trading Performance

New Zealand Supermarkets' sales for the year were NZ$5.7 billion, an increase of 1.6%[8] on the previous year (14.9% increase in AUD). The result was underpinned by improving price perception as we progress with the transformation of this business and extend our leadership in online where sales increased more than 20%[8].

Comparable sales for the year increased 0.3%[2,8] (Q4'14: 0.8%[2,8] or 0.7% Easter adjusted[2,8]) and reflect ongoing subdued grocery market conditions and price deflation across a number of key categories.

The Countdown Supermarkets food price index showed inflation for the year of 0.7% (FY13: 0.2%) and 1.5% for the fourth quarter (Q3'14: 1.2%), and was limited by deflation across a number of key categories as well as the impact of our 'Price Lockdown' and 'Price Drop' campaigns.

Gross margin increased 37 bps[8] on the previous year, delivered through improvements in buying, more effective promotional activity and changes in sales mix. We have continued to improve our competitiveness in the market and have lowered prices on everyday product lines to deliver increased value to our customers.

CODB as a percentage of sales before significant items[1] increased 24 bps[8] on the previous year, due to lower sales growth and additional rental expense (net of depreciation savings) following the sale of properties to the SCA Property Group in FY13. Excluding these SCA related costs, CODB as a percentage of sales before significant items[1] increased approximately 12 bps[8].

EBIT before significant items[1] increased 4.2%[8] on the previous year to NZ$309.8 million. Excluding the non-comparable impact of the SCA Property Group transaction in FY13, EBIT before significant items[1] increased approximately 6.2%[8].

ROFE was 64 bps[8] higher than the prior year, reflecting EBIT growth higher than the continued investment in new stores and refurbishments.

** Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2]*

New Zealand Supermarkets (continued)

Progress Against Objectives

1. Customer value and innovative offers

- We are providing increased value to Countdown customers via our 'Price Lockdown' campaign with its range of everyday lower price products resonating strongly with customers, including being the first supermarket with $1 bread. Basket penetration of these products is now more than double last year
- The 'Price Drop' campaign was launched in the second half of FY14 with reduced shelf prices generating strong basket growth year on year
- The 'Alessi' cutlery and 'DreamWorks Heroes' programs resonated strongly with customers
- We continued to expand new customer offers in response to growing customer acceptance, notably Bulk Foods, Apparel, Kitchenware and Pharmacy

2. Leverage local sourcing

- 96% of sales are sourced from suppliers that are owned or have a base in New Zealand and 76% of own brand sales use locally sourced products
- We source all our Fresh Food from New Zealand other than where it is not commercially available

3. Online

- FY14 Online sales increased more than 20%[8] from countdown.co.nz, reinforcing our position as New Zealand's leading online food site
- Continued site functionality and service improvements were completed during the year to support future growth and we added 15 online fulfilment stores during FY14

4. Grow Countdown and franchise network

- We opened five new Countdown stores (net) during the year, bringing the total to 171 stores
- We opened four new franchise stores under the 'Fresh Choice' or 'Super Value' brands during the year, increasing the total to 59

GENERAL MERCHANDISE[3] *

	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 wk)	Change Normalised[2]
Sales ($ million)	4,352	4,383	(0.7)%	2.1%
EBIT ($ million)	152.9	191.3	(20.1)%	(18.8)%
Funds Employed ($ million)	1,230.5	992.8	23.9%	
Gross Margin (%)	33.78	32.74	104 bps	
Cost of Doing Business (%)	30.27	28.38	189 bps	
EBIT to Sales (%)	3.51	4.36	(85) bps	
Return on Average Funds Employed (%)	13.8	20.2	(649) bps	(616) bps

Trading Performance

Sales for the year were $4.4 billion, an increase of 2.1% on the previous year. Comparable store sales decreased 3.1%[2] for the year (Q4'14: increased 0.5%[2] or decreased 2.2% Easter adjusted[2]), impacted by the previously advised transformation of BIG W, highly competitive trading conditions and ongoing price deflation (3.6% for the year). Excluding categories which are being rationalised as part of the business transformation, comparable sales for the year decreased 0.7%[2].

Sales growth improved in the fourth quarter driven by increased levels of promotional activity following unseasonably warm weather. This activity combined with increased consumer caution in the lead up to and post the Federal Budget adversely impacted profitability.

The 104 bps gross margin improvement primarily reflects the acquisition of EziBuy together with some improved buying and changes in the sales mix.

CODB as a percentage of sales increased 189 bps on the prior year, reflecting the acquisition of EziBuy as well as lower comparable sales in BIG W principally in exited categories, the write off of BIG W Online assets and costs associated with the business transformation.

The challenging environment and ongoing impacts of the transformation resulted in EBIT of $152.9 million, a decrease of 18.8% on the previous year which was a disappointing result. FY15 will be a year of significant change under the new leadership of Alistair McGeorge. Alistair brings extensive international general merchandise experience and will continue to develop the strategy whilst also bringing a strong focus on execution and operational excellence. The transformation will continue to impact results in FY15, however, we remain confident it will ensure the business is well placed to deliver profitable growth in the future.

ROFE decreased 616 bps, impacted by lower EBIT as well as the acquisition of EziBuy, the continued roll out of BIG W stores and capital expenditure associated with the business transformation.

** Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2]*

General Merchandise[3] (continued)

Progress Against Objectives

1. Transforming our business for the future

- Completed the first phase of category and space changes across 133 stores, rationalising space in non-core categories such as Entertainment and expanding our offer in Toys and Footwear
- We introduced a new BIG W senior leadership team, including a new Managing Director and heads of Merchandise & Buying, Marketing, Finance and Human Resources
- Commenced a review of BIG W's supply chain capabilities, as part of Mercury II, and continued with the implementation of our new merchandise system which will go live in FY15

2. Focus on winning on value everyday

- Relaunched our BIG W 'Lowest Price Guarantee', increasing our commitment of giving the best choices at the lowest prices every day
- Further extended our key and exclusive brands, including Lee Cooper, Peter Morrissey Home and Michelle Bridges and Guy Leech activewear ranges

3. Growing our store footprint whilst realising our Online ambition

- Integration of EziBuy is progressing well with its world class distribution capabilities being leveraged to enhance our online offer
- Relaunched BIG W Online through a new platform, offering customers an extended range from EziBuy
- Implemented Click & Collect across our entire network in HY14

HOTELS*

	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 wk)	Change Normalised[2]
Sales ($ million)	1,472	1,469	0.2%	2.2%
EBIT ($ million)	275.4	263.7	4.4%	6.5%
Gross Margin (%)	82.82	82.55	27 bps	
Cost of Doing Business (%)	64.11	64.60	(49) bps	
EBIT to Sales (%)	18.71	17.95	76 bps	

Trading Performance

Hotel sales for the year were $1,472 million, an increase of 2.2% on the previous year. Comparable sales for the year increased 1.0%[2] (Q4'14: decreased 1.3%[2] or 0.7% Easter adjusted[2]), impacted by subdued trading conditions in Victoria and Queensland where the majority of hotel sites are located, a change to tax rates in Victoria applying to electronic gaming machine revenue from 1 May 2014 and the impact during part of the second half of FY14 of a legislative change limiting ATM withdrawals in gaming venues nationally[9].

Gross margin increased 27 bps on the prior year, assisted by an ongoing focus on improving our Food and Bar offerings as well as the Victorian gaming regulatory changes which came into effect in FY13 (cycled in August 2013) and provided an uplift to sales and profitability.

CODB as a percentage of sales decreased 49 bps on the prior year, with FY13 impacted by costs relating to the acquisition of the Laundy Hotel Group. In FY14, CODB was impacted by additional rental costs (net of depreciation savings) following property disposals in FY13 and leased sites acquired.

EBIT increased 6.5% on the previous year to $275.4 million, a pleasing result in light of the subdued trading conditions and the impact of regulatory changes on electronic gaming machine revenues.

It is expected that the changes to tax rates in Victoria applying to revenues from electronic gaming machines will adversely impact FY15 EBIT by approximately $18 – $20 million.

** Unless otherwise stated, growth percentages represent continuing operations before significant items[1] on a normalised 52 week basis[2]*

Hotels (continued)

Progress Against Objectives

1. To be Australia's most responsible operator of local pubs

- Industry leading hotel and gaming charter, underpinning our commitment to responsible service
- We commenced a program to introduce voluntary pre-commitment functionality on all gaming machines ahead of any planned state legislation, allowing customers to monitor their play and set time or spend limits
- Via the ALH Responsible Gambling Ambassador program, we continued to promote the message of responsible gambling, delivering employee education and customer awareness and also working closely with local gamblers help agencies

2. Grow our network

- We have utilised opportunities to develop our business in both retail liquor and on-premise with enhanced food, bars and gaming offers
- We continued to grow our hotel network through targeted acquisitions. We opened four hotels (three net) during the year bringing the total number of venues to 329
- Ongoing growth in our hotel network also enabled us to open an additional 16 BWS and two Dan Murphy's (net)

3. Evolve our offer to meet customer needs

- We implemented a program to expand the depth of our bar ranges to cater for the evolving demand for more premium products, as well as selectively adding branded food operations to enhance our appeal to customers
- Our food offers are being complemented by the addition of children's play areas and other family friendly activities
- We are improving our online presence, with mobile enabled venue websites, special online offers, an online booking service for accommodation and advertising integrated into social media

HOME IMPROVEMENT

$ million	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 wk)	Change Normalised[2]
Sales				
Masters	752	529	42.2%	
Home Timber and Hardware [10]	775	710	9.2%	
Home Improvement	**1,527**	**1,239**	**23.2%**	**25.7%**
EBIT				
Masters	(176.0)	(156.6)	12.4%	
Home Timber and Hardware[10]	7.0	17.7	(60.5)%	
Home Improvement	**(169.0)**	**(138.9)**	**21.7%**	**24.1%**

Trading Performance

As advised on 12 August 2014, Home Improvement sales for the year were $1,527 million, an increase of 23.2% on the previous year (25.7% on a normalised 52 week basis[2]).

Masters sales for the year were $752 million, up 42.2% on the previous year. Sales were lower than expected and were impacted by a highly competitive market and the Federal Budget’s impact on consumer confidence. Losses before interest and tax were higher than anticipated.

Masters remains in its development phase, with stores having traded, on average, for 17 months at the end of FY14. The current store network includes a number of stores in regional and future growth areas which will take longer to mature.

Home Timber and Hardware[10] sales for the year were $775 million, up 9.2% on the previous year, driven by sales from stores acquired during FY13 as well as strong growth from a number of store refurbishments completed during FY14.

The Home Timber and Hardware EBIT was impacted by higher costs following FY13 property disposals and a highly competitive market.

Joint Venture partner

We continue to have a supportive Joint Venture partner in Lowe’s. Their ongoing commitment to this business has recently been further demonstrated through a modification to the terms of their put option. The opening date for the put option exercise period is deferred indefinitely. From October 2015, Lowe’s can issue a notice setting an exercise date for the option triggering a 13 month notice period after which the option can be exercised.

Home Improvement (continued)

Progress Against Objectives

1. Capitalise on significant market opportunity

- The rationale for entering the Home Improvement market remains as strong as ever. It is a $45 billion market, with 5% annual growth and one significant retailer with approximately 17% share
- The market is fragmented and is in the process of consolidation as demonstrated by the 42.2% Masters sales growth in FY14
- Our refurbished Home Timber and Hardware stores are delivering pleasing sales growth, with further refurbishments planned for FY15

2. Build a national network of stores

- We opened 18 new Masters stores in FY14 taking the total to 49 at year end
- Our Masters' pipeline is focused on key metropolitan areas where we do not have a significant presence such as New South Wales, Queensland and South Australia
- We will continue to selectively grow the Home Timber and Hardware store network and recently announced the acquisition of Hudson Building Supplies which will improve our presence in New South Wales and Queensland

3. Develop national brand awareness

- Unaided brand awareness grew to 75% for the quarter ended June 2014, a high number for a young retailer
- Our sponsorship of the second series of 'House Rules' on Channel 7 provided strong coverage for the brand
- The 'That's Why' advertising campaign highlights the reasons why Masters is 'Australia's fastest growing hardware store'

4. Continue to test and develop our model

- We are testing, learning and adjusting our plans to ensure we create a compelling customer offer and sustainable, profitable business
- We have added over 2,000 SKU's in our Hardware, Gardening and Trade categories to our test stores with pleasing early results as we look to improve our range in areas of high customer importance. These will be rolled into our existing network over the coming months

5. Demonstrate commitment and the right team

- We appointed Matt Tyson as Managing Director of Home Improvement, James Aylen as General Manager of Home Timber and Hardware and Dion Workman as General Manager Marketing of Masters
- We remain committed to making the Home Improvement business a material profit contributor to Woolworths

OVERHEADS, CASH FLOW AND BALANCE SHEET

Central Overheads

Central Overheads were $123.5 million for the year (FY13: $98.4 million). The increase is primarily attributable to additional (net) costs in our property division following the sale of properties to the SCA Property Group during the prior year, costs incurred during FY14 on the development of new online business platforms as well as the cycling of property gains from FY13.

Balance Sheet

Our balance sheet remains strong, with key movements relative to the prior year explained as follows:

- **Closing inventory** increased 11.6% on the previous year, driven by new store openings, in particular, 34 Australian Supermarkets (net) and 18 Masters stores since FY13, increased direct global sourcing, changes in product mix and increased bulk wine holdings in our Liquor business. Closing inventory increased 2.1 days to 38.6 days. Average inventory increased 1.9 days or 0.3 days after excluding Home Improvement and incremental global sourced inventory
- **Working capital** was impacted by differences in the timing of creditor payments relative to the reporting dates (impact of approximately $300 million). Adjusting for this, the decrease in working capital was driven by the higher investment in inventory
- **Fixed assets and investments** increased $829.7 million to $10,394.5 million, reflecting ongoing property development and capital expenditure, with 147 new stores added to the network and 130 refurbishments undertaken since the prior year
- **Intangible assets** increased $550.7 million to $6,335.0 million, primarily reflecting the acquisition of EziBuy as well as increased intangible assets in our New Zealand Supermarkets business attributable to the stronger New Zealand dollar
- **Net repayable debt** (which includes cash, borrowings, hedge assets and liabilities) decreased $15.3 million to $3,731.6 million, impacted by differences in the timing of creditor payments relative to the reporting dates. Adjusted for this, net debt increased approximately $285 million, broadly reflecting the acquisition of EziBuy
- **Other financial liabilities** increased $129.1 million to $880.5 million, primarily reflecting an increase in the value of the Lowe's put option in our Home Improvement business to $771.2 million
- **Shareholders' equity** for the Group increased $1,224.1 million to $10,252.5 million primarily reflecting profits generated by the Group offset by the payment of dividends
- **Return on Average Funds Employed (ROFE)** for continuing operations before significant items[1] was 27.0%, a decrease of 50 bps on a normalised 52 week basis[2] or an increase of 57 bps after excluding the investment in our Home Improvement business

Overheads, Cash Flow and Balance Sheet (continued)

Cash Flow

Free cash flow generated by the business (before movements in borrowings) was $136.7 million after the payment of dividends, acquisition of EziBuy and ongoing capital expenditure, reflecting the ability of our business to generate strong cash flows whilst continuing to invest for future growth.

Cash flow from operating activities before interest and tax increased 19.8%, impacted by differences in the timing of creditor payments relative to the reporting dates. Excluding this, cash flow from operating activities before interest and tax increased approximately 4.3% on a normalised 52 week basis[2].

Net interest paid of $338.2 million for the year was down 25.6% due to a reduction in long term debt following the sale of properties to the SCA Property Group in FY13.

Tax payments increased to $1,162.5 million for the year (FY13: $977.3 million) following a change in Australian tax legislation effective from January 2014 requiring income tax instalments to be paid on a monthly, rather than quarterly basis.

Cash used in investing activities was $2,031.4 million, an increase of $829.7 million on the prior year. FY13 included $802.8 million of proceeds from the sale of property to the SCA Property Group. FY14 included the acquisition of EziBuy and ongoing capital expenditure.

Expenditure on property development of $534.9 million was lower than the prior year (FY13: $752.6 million) given a decrease in the level of property development activity.

Expenditure on property, plant and equipment of $1,321.5 million was higher than the prior year (FY13: $1,136.0 million) and included our continued investment in new stores and refurbishments as well as investments in our online and data analytics capabilities, merchandising systems and enhanced product offerings.

Proceeds from share issues of $35.5 million were lower than the prior year (FY13: $193.7 million) as a result of fewer employee options exercised under long term incentive plans given the transition by the Group to the use of performance rights, which do not have an exercise price.

Cash contributions from Lowe's in relation to our Home Improvement business were $183.0 million, a decrease compared to the prior year (FY13: $230.0 million).

We have maintained our investment grade credit ratings by Standard & Poor's (A- since 2001) and Moody's (A3 since 2005)[5]. Our **fixed charges cover ratio**[6] before significant items[1] of 3.0 times remains strong (FY13: 3.0 times) and our **cash realisation ratio**[11] was 101%.

CAPITAL MANAGEMENT

Capital Management

The payment of the April 2014 and October 2014 dividends will return $1.7 billion and $0.7 billion in franking credits to shareholders. Woolworths expects that after these events, there will be approximately $1.8 billion of franking credits available for future distribution.

Debt Maturities

Woolworths has a $580 million tranche of a revolving syndicated bank loan facility maturing in October 2014. This facility is currently undrawn. A further US$100 million (fully hedged at A$127 million) tranche of the US$500 million US Private Placement matures in April 2015. This will be repaid using surplus cash flow or undrawn committed bank loan facilities.

At the end of the year, Woolworths had $3.5 billion in undrawn bank loan facilities across the Group.

Property Sales Program

Woolworths is generally not a long term holder of property assets and will continue its strategy of divesting property assets as appropriate market opportunities arise.

Defined Plans to Continue Space Roll Out

Space roll out is supported by detailed plans for the next 3 – 5 years identifying specific sites.

	FY14 Net Store Openings (incl. acquisitions)	Long Term Target (Net)
Australian Supermarkets	34	– 20 – 30 new supermarkets per annum and c.3%+ space growth – 25 planned for FY15
New Zealand Supermarkets		
Countdown	5	– 3 – 5 new supermarkets per annum – 7 planned for FY15
Franchise Stores	4	– 4 planned for FY15
Dan Murphy's	11	– 10 – 15 new stores per annum – 11 planned for FY15
BWS (standalone)	17	– 6 – 10 new stores per annum – 2 planned for FY15
Petrol	20	– Grow to support the Supermarket new store strategy – 12 planned for FY15
General Merchandise		
BIG W	4	– 2 – 5 new stores per annum – 2 planned for FY15
EziBuy	4	
Hotels (ALH Group)	3	– Acquire as appropriate opportunities arise
Home Improvement		
Masters	18	– Plan to open approx 10-15 Masters stores per year for the next few years
Home Timber and Hardware (Retail)	1	– Acquire as appropriate opportunities arise

OUTLOOK

Our businesses are well positioned to continue to deliver exceptional value to customers through a focus on our four Strategic Priorities, providing growth and attractive returns for our shareholders.

However, we expect trading conditions to remain challenging in FY15 with consumers managing cost of living pressures in a time of economic uncertainty.

Subject to the uncertainties noted above, we expect FY15 to be another year of growth with Net Profit After Tax expected to increase 4% - 7%. Please note that we will be reviewing our practice of providing profit guidance at the time of our full year profit announcement.

- Ends -

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Sales Summary – FY14 and Q4'14

Group Sales – Full Year *

$ million	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 wk)	Change Normalised[2]
Continuing Operations				
Australian Food and Liquor	41,171	40,031	2.8%	4.7%
Petrol (dollars)	7,065	6,794	4.0%	6.0%
Petrol (litres)	*4,864*	*5,028*	*(3.3)%*	*(1.4)%*
Australian Food, Liquor and Petrol	48,236	46,825	3.0%	4.9%
New Zealand Supermarkets (AUD)	5,186	4,600	12.7%	14.9%
New Zealand Supermarkets (NZD)	*5,737*	*5,749*	*(0.2)%*	*1.6%*
General Merchandise[3]	4,352	4,383	(0.7)%	2.1%
Hotels	1,472	1,469	0.2%	2.2%
Masters	752	529	42.2%	45.5%
Home Timber and Hardware[10]	775	710	9.2%	11.0%
Home Improvement	1,527	1,239	23.2%	25.7%
Group Sales – Continuing Operations	**60,773**	**58,516**	**3.9%**	**5.9%**
Discontinued Operations				
Group Sales – Discontinued Operations[4]	**-**	**642**	**n.c**	**n.c**
Total Group Sales	**60,773**	**59,158**	**2.7%**	**4.7%**

** FY14 represents the 52 weeks ended 29 June 2014; FY13 represents the 53 weeks ended 30 June 2013. A 'normalised' growth has been provided for comparability and represents full year growth adjusted to remove the approximate impact of the 53rd week in FY13. Refer to Endnote 2 for further detail.*

Group Sales – Fourth Quarter **

$ million	Q4'14 (12 weeks)	Q4'13 (13 weeks)	Change (12 v 13 wk)	Change Normalised[2]
Continuing Operations				
Australian Food and Liquor	9,312	9,598	(3.0)%	4.2%
Petrol (dollars)	1,578	1,674	(5.7)%	2.7%
Petrol (litres)	*1,083*	*1,246*	*(13.1)%*	*(5.7%)*
Australian Food, Liquor and Petrol	10,890	11,272	(3.4)%	4.0%
New Zealand Supermarkets (AUD)	1,190	1,142	4.2%	12.8%
New Zealand Supermarkets (NZD)	*1,288*	*1,378*	*(6.5)%*	*1.0%*
General Merchandise[4]	974	973	0.1%	10.7%
Hotels	327	357	(8.4)%	-%
Masters	180	138	30.4%	41.7%
Home Timber and Hardware[10]	177	174	1.7%	9.9%
Home Improvement	357	312	14.4%	24.0%
Group Sales – Continuing Operations	**13,738**	**14,056**	**(2.3)%**	**5.5%**

*** Q4'14 represents the 12 weeks ended 29 June 2014; Q4'13 represents 13 weeks ended 30 June 2013. A 'normalised' growth has been provided for comparability and represents fourth quarter growth adjusted to remove the approximate impact of the 13th week in Q4'13 as well as differences in the timing of Easter. Refer to Endnote 2 for further detail.*

Group Profit and Loss for the 52 weeks ended 29 June 2014

$ million	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 wk)	Change Normalised[2]
Continuing Operations (before significant items[1])				
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	**6,670.2**	**6,382.9**	**4.5%**	
Rent	(1,898.7)	(1,764.2)	7.6%	
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**4,771.5**	**4,618.7**	**3.3%**	
Depreciation and amortisation	(996.3)	(965.5)	3.2%	
Earnings before interest and tax (EBIT)	**3,775.2**	**3,653.2**	**3.3%**	**5.3%**
Net financial expenses	(260.1)	(297.5)	(12.6)%	
Income tax expense	(1,056.7)	(996.6)	6.0%	
Net profit after income tax	**2,458.4**	**2,359.1**	**4.2%**	
Non-controlling interests	(6.7)	(5.2)	28.8%	
Net profit from continuing operations after income tax and non-controlling interests	**2,451.7**	**2,353.9**	**4.2%**	**6.1%**
Discontinued Operations (before significant items[1])				
Profit from discontinued operations after income tax[4]	-	1.8	n.c	
Total Group net profit after income tax and non-controlling interests before significant items[1]	**2,451.7**	**2,355.7**	**4.1%**	
Significant Items[1] (after income tax)				
One-off loss on SCA Property Group transaction	-	(28.5)	n.c	
Gain on disposal of Consumer Electronics businesses	-	7.9	n.c	
Victorian transport fleet redundancies	-	(18.1)	n.c	
US 144A bond redemption costs	-	(57.6)	n.c	
Total Group net profit after income tax, non-controlling interests and significant items[1]	**2,451.7**	**2,259.4**	**8.5%**	
MARGINS – Continuing Operations (before significant items[1])				
Gross Profit (%)	27.11	26.94	17 bps	
Cost of Doing Business (%)	20.90	20.70	20 bps	
EBIT (%)	6.21	6.24	(3) bps	
EARNINGS PER SHARE (EPS) AND DIVIDENDS				
Weighted average ordinary shares on issue (million)	1,248.0	1,237.4	0.9%	
Ordinary EPS (cents) – continuing operations before significant items[1]	196.5	190.2	3.3%	5.2%
Ordinary EPS (cents) – total Group	196.5	182.6	7.6%	
Interim dividend per share (cents)	65	62	4.8%	
Final dividend per share (cents)[i]	72	71	1.4%	
Total dividend per share (cents)	**137**	**133**	**3.0%**	

[i] Final 2014 dividend payable on 10 October 2014 will be fully franked at 30%

Group Balance Sheet as at 29 June 2014

$ million	FY14 29 June 2014	FY13 30 June 2013	Change
Inventory	4,693.2	4,205.4	11.6%
Trade Payables [i]	(4,657.1)	(4,080.0)	14.1%
Net Investment in Inventory	**36.1**	**125.4**	**(71.2)%**
Receivables	1,033.9	985.2	4.9%
Other Creditors	(3,184.9)	(3,086.1)	3.2%
Working Capital	**(2,114.9)**	**(1,975.5)**	**7.1%**
Fixed Assets and Investments	10,394.5	9,564.8	8.7%
Intangible Assets	6,335.0	5,784.3	9.5%
Total Funds Employed	**14,614.6**	**13,373.6**	**9.3%**
Net Tax Balances	522.9	425.2	23.0%
Net Assets Employed	**15,137.5**	**13,798.8**	**9.7%**
Net Repayable Debt	(3,731.6)	(3,746.9)	(0.4)%
Other Financial Liabilities [ii]	(880.5)	(751.4)	17.2%
Total Net Assets	**10,525.4**	**9,300.5**	**13.2%**
Non-controlling Interests	272.9	272.1	0.3%
Shareholders' Equity	10,252.5	9,028.4	13.6%
Total Equity	**10,525.4**	**9,300.5**	**13.2%**
KEY RATIOS – Continuing Operations (before significant items)[1]			
Closing Inventory Days (based on COGS)	38.6	36.5	2.1 days
Closing Creditor Days (based on sales) [i]	47.0	45.4	1.6 days
Return on Average Funds Employed (ROFE) [iii]	27.0%	28.0%	(101) bps

[i] Trade payables were impacted by the timing of creditor payments relative to the reporting date (impact of approximately $300 million). Excluding this, closing creditors were down 0.3 days on the previous year

[ii] Other financial liabilities represent put options held by non-controlling interests and the Hotels gaming entitlement liability resulting from the FY13 changes to the Victorian gaming regulations

[iii] For comparability, this ratio excludes Consumer Electronics Australia, New Zealand and India. On a normalised 52 week basis[2], ROFE decreased 50 bps or increased 57 bps excluding the investment in our Home Improvement business

Group Cash Flow for the 52 weeks ended 29 June 2014

$ million	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 wk)
EBITDA – continuing operations before significant items[1]	4,771.5	4,618.7	3.3%
EBITDA – discontinued operations before significant items[1]	-	2.5	
Significant items[1] (before tax)	-	(48.7)	
EBITDA – Total	**4,771.5**	**4,572.5**	**4.4%**
Gain on disposal of Consumer Electronics businesses	-	(9.9)	
Net increase in inventory	(420.9)	(550.3)	
Net increase in accounts payable	524.1	59.7	
Net change in other working capital and non-cash	98.7	79.7	
Cash from Operating Activities before interest and tax	**4,973.4**	**4,151.7**	**19.8%**
Net interest paid (including cost of Woolworths Notes)	(338.2)	(454.5)	
Tax paid	(1,162.5)	(977.3)	
Total cash provided by Operating Activities	**3,472.7**	**2,719.9**	**27.7%**
Proceeds from the sale of property to the SCA Property Group	12.2	802.8	
Proceeds from the sale of subsidiaries and property, plant and equipment	218.7	206.1	
Payments for the purchase of businesses	(371.5)	(263.4)	
Payments for property, plant and equipment – property development	(534.9)	(752.6)	
Payments for property, plant and equipment – other	(1,321.5)	(1,136.0)	
Payments for intangible assets	(42.3)	(66.7)	
Dividends received	7.9	8.1	
Total cash used in Investing Activities	**(2,031.4)**	**(1,201.7)**	**69.0%**
Lowe's cash contributions (Home Improvement)	183.0	230.0	
Free Cash Flow	**1,624.3**	**1,748.2**	
Proceeds from share issues / other	35.5	193.7	
Dividends paid (including to non-controlling interests)	(1,523.1)	(1,416.8)	
Free Cash Flow after equity related Financing Activities	**136.7**	**525.1**	

Appendix One: ASIC Regulatory Guide 230 Disclosing non-IFRS financial information

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Woolworths is required to make a clear statement about the non-IFRS information included in the Final Profit and Dividend Announcement ('Profit Announcement') for the 52 weeks ended 29 June 2014.

In addition to statutory reported amounts, the following non-IFRS measures are used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments.

Non-IFRS measures used in describing the business performance include:

- Earnings before interest and tax (EBIT)
- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)
- Fixed charges cover ratio
- Cost of doing business
- Comparable sales
- Normalised growth, which represents FY13 growth adjusted to remove the impact of the 53rd week in FY13

Non-IFRS measures used in describing the balance sheet and cash flow statement include:

- Funds employed
- Cash flow from operating activities before interest and tax
- Free cash flow
- Free cash flow after equity related financing activities
- Cash realisation ratio

At times, the above items are used separately for continuing and discontinued operations as well as for the Group. Many of the measures used are common practice in the industry within which Woolworths operates.

The directors consider that these performance measures are appropriate for their purposes and present meaningful information on the underlying drivers of the continuing business after announcing the exit from the Consumer Electronics market segment, US 144A bond redemption, Victorian transport fleet redundancies and completing the SCA Property Group transaction in FY13. The above non-IFRS measures may also be referred to before these significant items[1].

The Profit Announcement has not been audited in accordance with Australian Auditing Standards.

Appendix One: ASIC Regulatory Guide 230 Disclosing non-IFRS financial information (continued)

The following table provides a reconciliation of EBIT, NPAT and EPS before significant items[1] to the statutory statement of profit or loss.

$ million	FY14 (52 weeks)	FY13 (53 weeks)	Change (52 v 53 wk)
EBIT			
Group EBIT – Continuing Operations before significant items[1]	**3,775.2**	**3,653.2**	**3.3%**
Other items included in statutory EBIT:			
One-off loss on SCA Property Group transaction (before tax)	-	(32.8)	
Victorian transport fleet redundancies (before tax)	-	(25.8)	
Statutory EBIT – Continuing Operations	**3,775.2**	**3,594.6**	**5.0%**
NPAT			
Profit after income tax and non-controlling interests before significant items[1] – Continuing Operations	**2,451.7**	**2,353.9**	**4.2%**
Other items included in statutory NPAT:			
One-off loss on SCA Property Group transaction (after tax)	-	(28.5)	
Victorian transport fleet redundancies (after tax)	-	(18.1)	
US 144A bond redemption costs (after tax)	-	(57.6)	
Statutory profit attributable to equity holders of the parent entity – Continuing Operations	**2,451.7**	**2,249.7**	**9.0%**
Profit after income tax and non-controlling interests before significant items[1] – Discontinued Operations	**-**	**1.8**	
Other items included in statutory NPAT:			
Gain on disposal of Consumer Electronics businesses (after tax)	-	7.9	
Statutory profit attributable to equity holders of the parent entity – Discontinued Operations	**-**	**9.7**	**n.c**
Statutory profit attributable to equity holders of the parent entity	**2,451.7**	**2,259.4**	**8.5%**
EPS			
Profit after income tax and non-controlling interests before significant items[1] – Continuing Operations (as above)	**2,451.7**	**2,353.9**	**4.2%**
Weighted average ordinary shares on issue	*1,248.0*	*1,237.4*	
Ordinary EPS (cents) – Continuing Operations before significant items[1]	**196.5**	**190.2**	**3.3%**
Statutory profit attributable to equity holders of the parent entity (as above)	**2,451.7**	**2,259.4**	**8.5%**
Weighted average ordinary shares on issue	*1,248.0*	*1,237.4*	
Ordinary EPS (cents) – Total Group	**196.5**	**182.6**	**7.6%**

Appendix Two: Quarterly Sales Summary

Total Sales Growth (%)*

	Q1'14	Q2'14	HY14	Q3'14	Q3'14 Easter Adj[2]	Q4'14	Q4'14 Easter Adj[2]	H2'14	FY14
Australian Food and Liquor	4.5	5.1	**4.8**	4.4	5.1	4.9	4.2	**4.7**	**4.7**
Petrol (dollars)	12.6	3.3	**8.0**	5.5	5.1	2.3	2.7	**4.0**	**6.0**
Petrol (litres)	*3.5*	*(2.4)*	***0.6***	*(1.3)*	*(1.4)*	*(5.9)*	*(5.7)*	***(3.5)***	***(1.4)***
Australian Food, Liquor and Petrol	5.7	4.9	**5.3**	4.6	5.1	4.6	4.0	**4.6**	**4.9**
NZ Supermarkets (AUD)	13.8	16.6	**15.2**	16.2	16.0	12.6	12.8	**14.5**	**14.9**
NZ Supermarkets (NZD)	*1.8*	*3.4*	***2.6***	*0.1*	-	*0.9*	*1.0*	***0.5***	***1.6***
General Merchandise[3]	(3.6)	3.3	**0.2**	(3.8)	(1.1)	14.2	10.7	**4.6**	**2.1**
Hotels	6.3	1.3	**3.8**	1.1	0.6	(0.6)	-	**0.3**	**2.2**
Home Improvement	28.2	22.0	**25.0**	29.0	29.0	24.0	24.0	**26.5**	**25.7**
Total Continuing Operations	**6.1**	**5.9**	**6.0**	**5.3**	**5.9**	**6.2**	**5.5**	**5.7**	**5.9**

Comparable Sales Growth (%)**

	Q1'14	Q2'14	HY14	Q3'14	Q3'14 Easter Adj[2]	Q4'14	Q4'14 Easter Adj[2]	H2'14	FY14
Australian Food and Liquor	2.5	3.4	**3.0**	2.9	3.5	3.3	2.5	**3.0**	**3.0**
Petrol (dollars)	10.2	2.5	**6.4**	2.3	1.2	0.3	1.7	**1.4**	**4.0**
Petrol (litres)	*1.9*	*(3.2)*	***(0.6)***	*(4.0)*	*(4.8)*	*(7.5)*	*(6.7)*	***(5.7)***	***(3.1)***
NZ Supermarkets (NZD)	(0.7)	2.1	**0.7**	(1.0)	(1.0)	0.8	0.7	**(0.2)**	**0.3**
General Merchandise[3]	(3.2)	(1.7)	**(2.3)**	(8.5)	(5.9)	0.5	(2.2)	**(4.1)**	**(3.1)**
Hotels	3.7	0.5	**2.1**	0.8	0.3	(1.3)	(0.7)	**(0.2)**	**1.0**

** For comparability, Q4'14, Q4'14 Easter Adjusted, H2'14 and FY14 growth have been normalised to remove the impact of the 53rd week in FY13. Refer to Endnote 2 for further detail.*

*** Q4'14 comparable sales growth has been calculated on a 12 week basis. FY14 comparable sales growth has been calculated on a 52 week basis. Refer to Endnote 2 for further detail.*

Appendix Three: Five Year Store and Trading Area Analysis

Year Ended 29 June 2014 STORES (number)	2014 FULL YEAR	2013 FULL YEAR	2012 FULL YEAR	2011 FULL YEAR	2010 FULL YEAR
NSW & ACT	282	271	262	255	248
QLD	222	209	203	194	189
VIC	226	221	214	203	200
SA & NT	81	78	78	76	74
WA	88	88	85	83	83
TAS	32	30	30	29	29
Supermarkets in Australia [i]	931	897	872	840	823
New Zealand Supermarkets [ii]	171	166	161	156	152
Total Supermarkets	1,102	1,063	1,033	996	975
Thomas Dux	11	11	11	11	11
Freestanding Liquor (incl. Dan Murphy's)	349	339	329	305	281
ALH Retail Liquor Outlets	544	526	507	488	480
Caltex/WOW Petrol	131	131	132	132	132
Woolworths Petrol – Australia	502	482	467	449	429
Woolworths Petrol/Convenience – New Zealand	-	-	-	-	22
Total Food, Liquor and Petrol	**2,639**	**2,552**	**2,479**	**2,381**	**2,330**
BIG W	182	178	172	165	161
Dick Smith	-	-	-	390	394
Tandy	-	-	-	4	22
EziBuy	4	-	-	-	-
Total General Merchandise Division	**186**	178	172	559	577
Hotels (includes clubs)	329	326	294	282	284
Home Timber and Hardware (Retail) [10,iii]	28	26	21	19	8
Masters	49	31	15	-	-
Total Continuing Operations	**3,231**	**3,113**	**2,981**	**3,241**	**3,199**
Discontinued Operations (Dick Smith and Tandy)	-	-	348	-	-
Total Group	**3,231**	**3,113**	**3,329**	**3,241**	**3,199**
Wholesale customer stores					
Dick Smith	-	-	-	3	18
Progressive	59	55	54	51	54
Croma (Consumer Electronics India)	-	-	77	64	50
Home Timber and Hardware (Wholesale) [10]	475	490	518	543	581
Statewide Independent Wholesale	220	220	220	220	220
Total wholesale customer stores	**754**	**765**	**869**	**881**	**923**
Trading Area (sqm)					
Supermarkets Division – Australia [iv]	2,522,981	2,413,527	2,318,756	2,202,620	2,127,195
Supermarkets Division – New Zealand [v]	386,818	372,373	351,744	333,274	325,256
General Merchandise Division [vi]	1,042,927	1,016,086	1,107,732	1,086,082	1,061,934

Store Movements July 13 – June 14	[i] **Australian Supermarkets**	[ii] **New Zealand Supermarkets**
New Stores – incremental	41	7
Closures – permanent	(7)	(2)
Net New Stores	**34**	**5**

[iii] FY14 includes one additional store not previously included in store numbers

[iv] Excludes Langton's, Cellarmasters, Petrol, Wholesale and ALH Group Retail (BWS)

[v] Excludes Gull and franchise stores

[vi] Includes BIG W, EziBuy, Dick Smith and Tandy in the periods these businesses were owned by Woolworths

Appendix Four: New Stores and Refurbishments

Continuing Operations – Full Year

	Gross New Stores (incl acquisitions)	Net New Stores (incl acquisitions)	Refurbishments
Continuing Operations			
Australian Supermarkets	41	34	23
Thomas Dux	-	-	-
Liquor	46	28	49
New Zealand Supermarkets	7	5	1
Petrol	22	20	30
BIG W	4	4	1
EziBuy*	4	4	-
Hotels	4	3	21
Masters	18	18	-
Home Timber and Hardware (Retail)[10]	1	1	5
Total Continuing Operations	**147**	**117**	**130**

Continuing Operations – Fourth Quarter

	Gross New Stores (incl acquisitions)	Net New Stores (incl acquisitions)	Refurbishments
Continuing Operations			
Australian Supermarkets	9	7	7
Thomas Dux	-	-	-
Liquor	15	9	23
New Zealand Supermarkets	5	4	-
Petrol	3	2	20
BIG W	1	1	-
EziBuy	-	-	-
Hotels	1	-	6
Masters	4	4	-
Home Timber and Hardware (Retail)[10]	-	-	-
Total Continuing Operations	**38**	**27**	**56**

* Stores acquired as part of the acquisition of EziBuy

Endnotes

n.c – not comparable

[1] There were no significant items in FY14. **Significant items in FY13 include the following**:

Continuing Operations

One-off loss associated with SCA Property Group transaction

- In FY13, a one-off loss of $32.8 million before tax ($28.5 million after tax) was incurred on the sale of assets to the Shopping Centres Australasia Property Group (SCA Property Group). This was in line with the loss anticipated at the time the transaction was announced. The loss primarily represented provisions for rental guarantees provided by Woolworths in relation to specialty leasing risk. Woolworths provided a rental guarantee for a period of two years over specialty tenancies vacant as at the Implementation Date until they were first let for properties in the Completed Portfolio and for a period of two years from completion of development over all specialty income for the properties in the Development Portfolio. Refer to the Woolworths Limited Explanatory Memorandum dated 5 October 2012 for further detail.
- The sale of New Zealand properties impacts the New Zealand Supermarkets result whereas the sale of Australian properties is reflected in Central Overheads.

Victorian transport fleet redundancies

- In FY13, Woolworths entered into arrangements with Linfox to outsource its Victorian transport fleet. The Victorian trucking fleet was the last in the network to be owned and operated by Woolworths and the change brought arrangements into line with all other areas. A one-off redundancy cost of $25.8 million before tax ($18.1 million after tax) was incurred.

US 144A bond redemption

- In June 2013, US$614.8 million of US 144A bonds were redeemed with a one-off cost to the profit and loss (within net financial expenses) of A$82.3 million before tax (A$57.6 million after tax) representing a premium paid on the bonds to redeem them early and termination of associated derivatives. This one-off cost will be more than offset by future net interest savings in both nominal and present value terms due to a reduction in the weighted average cost of Woolworths' remaining debt.

Discontinued Operations

Sale of Consumer Electronics businesses

- The sale of the Dick Smith Electronics business to Anchorage Capital Partners (Anchorage) was completed on 26 November 2012 and the sale of the Consumer Electronics business in India to Infiniti Retail Limited was completed on 15 October 2012.
- In relation to the sale of these businesses in FY13, a net gain of $9.9 million before tax ($7.9 million after tax) was recorded. Given the structure of the sale transactions, there was no material tax expense or benefit recorded from the disposal of the Consumer Electronics businesses.
- Lease commitments to the value of approximately $300 million (unexpired lease term) were transferred with the sale of the Dick Smith business.

[2] For statutory reporting, FY14 represented the 52 weeks ended 29 June 2014 and FY13 represented the 53 weeks ended 30 June 2013. Where noted, 'normalised' growth has been provided for comparability and represents full year growth adjusted to remove the approximate impact of the 53rd week in FY13.

Similarly, Q4'14 represented the 12 weeks ended 29 June 2014 and Q4'13 represented the 13 weeks ended 30 June 2013. Where noted, 'normalised' growth has been provided for comparability and represents fourth quarter growth adjusted to remove the approximate impact of the 13th week in Q4'13.

Where specifically noted, Q3 and Q4 have been adjusted for differences in the timing of Easter. In FY13, the first week of Easter was included in Q3 whereas in FY14, Easter was in Q4. The impact of Easter is an approximation only and has been estimated for FY14 by adjusting FY13 sales to reflect the timing of Easter in FY14. In FY12, Easter was in Q4. The impact of Easter has been estimated for FY13 by adjusting FY12 sales to reflect the timing of Easter in FY13.

FY14 comparable sales growth has been calculated on a 52 week basis. Q4'14 comparable sales growth has been calculated on a 12 week basis.

[3] General Merchandise includes BIG W and EziBuy.

[4] The Consumer Electronics businesses in Australia, New Zealand and India were divested during FY13.

[5] The credit ratings referred to in this document have been issued by a credit rating agency which holds an Australian Financial Services Licence with an authorisation to issue credit ratings to wholesale clients only. The credit ratings in this document are published for the benefit of Woolworths' debt providers.

[6] Group earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) divided by rent and interest costs. Rent and interest costs include capitalised interest but exclude foreign exchange gains / losses and dividend income.

[7] The standard shelf price movement index is calculated by comparing the number of comparable products sold in the current year using the current year prices to the number of comparable 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.

[8] Growth for New Zealand Supermarkets is quoted in New Zealand Dollars.

[9] This legislation became effective on 1 February 2014, however was repealed on 31 March 2014.

[10] Home Timber and Hardware was formerly known as Danks.

[11] Operating cash flow as a percentage of total group net profit after tax before depreciation and amortisation.