

WOOLWORTHS LIMITED

18 January 2016

Woolworths intends to exit Home Improvement business

Woolworths Limited (Woolworths) today announced that it intends to commence an orderly process to exit its home improvement businesses, Masters Home Improvement and Home Timber & Hardware, (a joint venture with US based Lowe's Companies Inc called Hydrox Holdings Pty Ltd) through a prospective sale or wind-up process.

While we will endeavour to move quickly, this process will take several months and the business will continue to trade normally through this period.

Our recent review of our operating performance indicates it will take many years for Masters to become profitable. We have determined we cannot continue to sustain ongoing losses from this business.

Lowe's has given us notice of its election to be able to exercise its put option under the joint venture agreement. As a result, Woolworths intends to exercise its call option to acquire the 33.3% stake held in by Lowe's, which will allow us to control the exit process.

This important decision allows us to focus our energy and resources on strengthening and executing our plans in our core businesses of Food, Liquor and General Merchandise.

Hydrox Holdings currently operates 63 Masters big-box home improvement stores and the Home Timber & Hardware chain.

Woolworths' top priority is to do the right thing by our employees, suppliers, customers and shareholders, and we will act quickly and openly to minimise the impact of this decision.

If Woolworths is unable to sell all of the business and has to close any of the operations, it will seek to provide alternate employment opportunities within the Woolworths Group to all current Home Improvement employees.

Woolworths will honour all gift certificates, product warranties, returns, and lay-bys and the completion of any contracted home improvement projects such as kitchens, bathrooms and floor coverings. Any gift cards can already be used at other Woolworths Group stores.

ENDS

Woolworths Limited Media Relations: ph 02 8885 1033

Media Release