

23 February 2018

**HALF-YEAR PROFIT AND DIVIDEND ANNOUNCEMENT
FOR THE 27 WEEKS ENDED 31 DECEMBER 2017**

Continued improvement in customer metrics driving EBIT and NPAT growth

Solid sales improvement across the Group with Australian Food comparable sales up 4.9% in the half
 EBIT from continuing operations of \$1,430 million, up 9.9%, Australian Food EBIT up 11.1%
 NPAT from continuing operations of \$902 million, up 14.7%
 Group NPAT of \$969 million, up 37.6%
 Dividend per share of 43c, up 26.5%

Solid progress on key priorities:

- Voice of Customer (VOC) scores continue to improve across the Group with December store-controllable VOC of 84% in Woolworths Supermarkets, up from 80% in the prior year
- New format renewal store launched in Marrickville Metro with a number of exciting innovations. 37 Renewals and 35 Upgrades completed during the half
- Strong sales growth from Dan Murphy's and BWS in a competitive market and another strong half from ALH Hotels
- BIG W performing in line with turnaround plan, but still a long way to go
- Digital investments starting to land, with Pick up rolled out to over 1,000 Australian Food sites in the half and improvements in the online shopping and delivery experience

More to do:

- Delivering consistently good shopping experiences for all customers every time they shop in-store and online
- Completing the rollout of 1Store and other technology upgrade programs to enable process and efficiency improvement in FY19 and beyond
- Building on first half improvements in BIG W and improving stock flow disciplines
- Accelerating investment in digital and data to better meet customers' needs for convenient, connected and effortless shopping experiences
- Reassessing options for Petrol while minimising disruption to customers and team

HY18 KEY FINANCIAL HIGHLIGHTS

\$ MILLION	HY18 (27 WEEKS)	HY17 (27 WEEKS)	CHANGE
Continuing operations			
Sales	29,807	28,727	3.8%
Earnings before interest and tax (EBIT)	1,430	1,301	9.9%
NPAT attributable to equity holders of the parent entity	902	786	14.7%
Basic earnings per share (EPS) - cents	69.7	61.3	13.7%
Group			
NPAT attributable to equity holders of the parent entity	969	704	37.6%
Dividend per share - cents	43	34	26.5%

Certain comparatives have been reclassified to conform to the current period's presentation to better reflect the nature of financial position and performance of the Group. Refer to Appendix Two for further information.

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.

Note: Ratios and percentage changes referenced throughout this document are calculated on unrounded figures.

Brad Banducci, Woolworths Group CEO, said: "At the end of FY17, we said that we were moving from turnaround to transformation. In the current half we have seen some early signs of this transformation with good progress on a number of strategic initiatives and pleasing sales growth from all of our businesses. We remain committed to our focus on building a customer and store-led culture and team with a highlight in the half being the continued improvement in customer, team and supplier advocacy scores across the Woolworths Group.

"In **Australian Food**, despite beginning to cycle some more challenging prior year numbers, sales increased by 5.1% with a strong second quarter (comparables sales: +5.0%). EBIT increased by 11.1% due to strong sales and continued improvement in stock loss despite investment in key strategic initiatives such as digital, incremental team training and IT as well as higher depreciation costs.

- **Woolworths Supermarkets** sales growth continues to be driven by increased customer advocacy with a record store-controllable VOC score of 84% in December and customer transaction growth of 5.3% for the half.
- In **FoodCo and Metro**, we substantially completed the rebranding and reformulation of our core Woolworths brand and maintained strong sales growth from our own brands in the half. Metro delivered strong double-digit sales growth.
- **WooliesX** completed the rollout of Pick up to over 1,000 Australian Food sites while significantly improving customer satisfaction. Online sales grew strongly in the half, while Woolworths Rewards members reached 10.5 million by the end of half with improving underlying customer scan rates.

"**Endeavour Drinks** delivered strong sales growth in a competitive market. Both retail banners outgrew the market in the first half with December sales for both Dan Murphy's and BWS a highlight. EBIT growth was slower, impacted by price investment to match competitor offers and cycling the gain on sale of a business in the prior period.

"**New Zealand Food** sales grew by 3.6% in the half with second quarter comparable sales growth of 3.3% the highest in a number of years. As previously highlighted, FY18 is a year of investment and has impacted EBIT in the half, declining by 7.7% due to incremental investments in team hours, produce and digital initiatives. Online sales growth was a highlight as we expanded delivery and pick-up capacity and lowered fees.

"In our portfolio businesses:

- **BIG W's** sales performance improved in the half, albeit with more modest growth in the second quarter. A focus on lowering prices for our customers has driven higher volumes but at a lower average selling price with gross profit dollars largely unchanged. This together with planned customer investments and volume-driven cost increases has resulted in a small loss for the half (\$10 million). While this continues to be a multi-year turnaround, we currently expect the BIG W loss for FY18 to be \$80 - \$120 million.
- **ALH Hotels** delivered another strong half of sales and EBIT growth with comparable sales increasing across all key areas of Gaming, Bars and Food.
- **Petrol** delivered an improved EBIT during the period, assisted by a reduction in depreciation due to the assets within the business being classified as held for sale. Woolworths Group continues to assess its options and as the agreement with BP remains in place, the Petrol business continues to be classified as a discontinued operation.

"In summary, we have continued to build on the momentum from the second half of FY17 and I would like to thank our team for their passion, hard work and commitment. For the remainder of the year we are focused on delivering consistently good customer shopping experiences across all stores and days of the week, embedding current strategic initiatives, and continuing our investment in digital and data."

Woolworths Group Chairman, Gordon Cairns, said: "We are pleased that the Woolworths Group has been able to deliver a strong half of sales and profit growth as well as continued investment for the long-term and a meaningful reduction in net debt. We have made good progress in the transformation of the business but we continue to see significant opportunity for further improvement. Reflecting the improved profit result for the half and cash generation, the Woolworths Group Board has announced a dividend of 43 cents per share, a 26.5% increase on the prior year."

KEY PRIORITIES

The Woolworths Group key priorities remain broadly consistent with FY17 with progress over the half as follows:

1. Customer 1st team and culture

- Increasing Voice of Customer (VOC) scores across the Group
- Over one million VOC feedback surveys received in the first half across the Group and over 27,500 call backs to customers completed by our store managers
- Woolworths Group Purpose, Ways-of-Working and Core Values cascaded throughout the Group
- Strong Voice of Team (VOT) maintained with sustainable engagement of 82% across Woolworths Group. Voice of the Supplier has also increased
- '24 Days of Good Acts', led by our store teams for Christmas in Australian and New Zealand Food resonated strongly with our customers and team, helping to contribute to over two million meals with OzHarvest
- More work to do to improve team and customer safety performance

2. Connected, personalised and convenient shopping experiences in Food and Drinks

- Material improvements in woolworths.com.au site speed and user experience
- Pick up now live in over 1,000 Australian Food sites, with increasing customer satisfaction
- Successful 'Shop with Rewards' campaign over Christmas resulting in strong scan rates in Woolworths Supermarkets, BWS and BIG W
- Opened second Sydney customer fulfilment centre (CFC) in Brookvale in early January, and first Melbourne CFC in West Footscray in early February
- More work to do to improve online and delivery experience for our customers and underlying IT platform upgrades

3. Transform Australian and New Zealand Food

- In **Australian Food**, VOC scores continued to improve across all key metrics, especially Availability, Fruit & Vegetables and Online
- 37 Renewals and 35 Upgrades during the half, with Marrickville Metro and Plumpton the next step forward
- Customer 1st Ranging completed in around three quarters of long-life categories in Woolworths Supermarkets and our own brand refresh largely complete
- Improved sales momentum in **New Zealand Food** from planned investments, with further investment planned in the second half
- More work to do to deliver a consistently good customer experience in all stores and days of the week, especially Fresh

4. Evolving our Endeavour Drinks business

- Strong sales growth from BWS and Dan Murphy's
- High double-digit online sales growth in BWS, Dan Murphy's and Langton's
- Over 300 BWS stores now offering express and scheduled delivery from store
- Steve Donohue appointed as Managing Director, replacing Martin Smith who is retiring
- More work to do to meet our customers' increasing need for convenience

5. Unlocking value in our portfolio

- Continued momentum in sales and EBIT from ALH Hotels, with increased focus on responsible gaming
- BIG W turnaround progressing in line with plan
- Robust trading performance from Petrol despite uncertainty from proposed sale to BP
- More work to do to deliver a more stable sales base in BIG W and improve underlying stock flow process and assess the most appropriate options for Petrol

6. End-to-end processes – 'better for customers' and 'simpler for stores'

- 1POS rolled out to over 580 Woolworths Supermarkets with 50 stores running full application suite (including ticketing and inventory) at the end of HY18
- Key process improvement initiatives successfully landed during the half
- Significant improvement in on-shelf availability in Woolworths Supermarkets in December
- Improved store IT support with a less than 60 second wait time on calls to IT hotline
- More work to do to make things 'simpler for stores' through end-to-end process redesign and digital technologies

GROUP PROFIT OR LOSS FOR THE 27 WEEKS ENDED 31 DECEMBER 2017

\$ MILLION	HY18 (27 WEEKS)	HY17 (27 WEEKS)	CHANGE
Continuing operations			
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	3,061	2,873	6.6%
Rent	(1,068)	(1,047)	1.9%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,993	1,826	9.1%
Depreciation and amortisation (D&A)	(563)	(525)	7.2%
EBIT	1,430	1,301	9.9%
Net financial expenses	(82)	(113)	(26.6)%
Income tax expense	(404)	(368)	9.8%
NPAT	944	820	14.9%
Non-controlling interests	(42)	(34) ²	24.1%
NPAT from continuing operations attributable to equity holders of the parent entity	902	786	14.7%
NPAT/ (NLAT) from discontinued operations attributable to equity holders of the parent entity	67	(82)	n.m.
NPAT attributable to equity holders of the parent entity	969	704	37.6%
MARGINS - continuing operations			
Gross profit (%)	29.3	28.9	31 bps
Cost of doing business (%)	24.5	24.4	4 bps
EBIT (%)	4.8	4.5	27 bps
EARNINGS PER SHARE (EPS) AND DIVIDENDS			
Weighted average ordinary shares on issue (million)	1,294	1,282	1.4%
Total Group basic EPS (cents)	74.9	56.6	32.4%
Basic EPS (cents) - from continuing operations	69.7	61.3	13.7%
Diluted EPS (cents) - from continuing operations	69.3	61.2	13.2%
Interim dividend per share (cents) ⁱ	43	34	26.5%

ⁱ Interim 2018 dividend payable on 6 April 2017 will be fully franked

Note: Certain comparatives have been reclassified to conform to the current period's presentation to better reflect the nature of financial position and performance of the Group. Refer to Appendix Two for further information.

Refer to Appendix Three for analysis of profit/(loss) for the period from discontinued operations.

SALES SUMMARY - HY18

\$ MILLION	HY18 (27 WEEKS)	HY17 (27 WEEKS)	CHANGE
Continuing operations			
Australian Food	19,339	18,440	4.9%
Endeavour Drinks	4,529	4,319	4.8%
New Zealand Food (AUD)	3,041	3,045	(0.2)%
<i>New Zealand Food (NZD)</i>	3,317	3,203	3.6%
BIG W	2,037	2,015	1.1%
Hotels	861	829	4.0%
EziBuy	-	79	n.c.
Sales from continuing operations	29,807	28,727	3.8%
Discontinued operations			
Home Improvement	-	903	n.c.
Petrol	2,458	2,339	5.1%
Sales from discontinued operations	2,458	3,242	(24.2)%
Group sales	32,265	31,969	0.9%

BUSINESS PERFORMANCE

Earnings/(loss) before interest and tax (EBIT/LBIT)

\$ MILLION	HY18 (27 WEEKS)	HY17 (27 WEEKS)	CHANGE
Continuing operations			
Australian Food	901	812	11.1%
Endeavour Drinks	310	302	2.5%
New Zealand Food	138	155	(11.1)%
<i>New Zealand Food (NZD)</i>	150	163	(7.7)%
BIG W	(10)	(27)	(64.4)%
Hotels	163	139	17.1%
Central overheads	(72)	(80)	(9.4)%
EBIT continuing operations	1,430	1,301	9.9%
Discontinued operations			
Home Improvement	27	(118)	n.m.
Petrol	95	74	27.9%
EBIT/(LBIT) discontinued operations	122	(44)	n.m.
Group EBIT continuing and discontinued operations	1,552	1,257	23.4%

Note: Certain comparatives in the above tables have been reclassified to conform to the current period's presentation to better reflect the nature of financial position and performance of the Group. Refer to Appendix Two for further information.

GROUP TRADING PERFORMANCE

Sales from continuing operations were \$29,807 million, an increase of 3.8% in HY18. Growth of 4.9% and 4.8% respectively in Australian Food and Endeavour Drinks were the major drivers, however, all businesses reported positive sales growth during the half.

December sales benefitted from a shift in the retail calendar. The HY18 reporting period ended on 31 December as compared to HY17 that ended on 1 January. As a result, HY18 included a normal trading day as compared to HY17 that included the smaller New Year's trading day. HY18 sales by quarter are provided in Appendix Four.

Gross profit from continuing operations as a percentage of sales increased 31 bps on the prior year to 29.3% driven primarily by change in business mix and the improvement in stock loss in Australian Food.

Cost of doing business from continuing operations (CODB) as a percentage of sales increased 4 bps on the prior year to 24.5% primarily due to increased investment in Australian Food, New Zealand Food and BIG W into customer experience and digital.

EBIT from continuing operations increased 9.9% on the prior year to \$1,430 million.

Net financing costs decreased 26.6% on the prior year due to lower average debt.

NPAT attributable to equity holders of the parent entity from continuing operations increased by 14.7% on the prior year to \$902 million, with corresponding EPS up 13.7% to 69.7 cents.

On a statutory basis, the NPAT attributable to equity holders of the parent entity was \$969 million. The corresponding EPS was 74.9 cents compared to EPS of 56.6 cents in HY17, an increase of 32.4% on the prior year.

AUSTRALIAN FOOD

\$ MILLION	HY18 (27 WEEKS)	HY17 (27 WEEKS)	CHANGE
Sales	19,339	18,440	4.9%
EBITDA	1,207	1,096	10.3%
Depreciation and amortisation	(306)	(284)	8.2%
EBIT	901	812	11.1%
Gross margin (%)	28.8	28.3	55 bps
Cost of doing business (%)	24.2	23.9	29 bps
EBIT to sales (%)	4.7	4.4	26 bps
Sales per square metre (\$)	16,259	15,715	3.5%
Funds employed	803	691	16.3%
Return on average funds employed (ROFE) (%)	199	152	47 pts

OPERATING METRICS

YEAR ON YEAR (%)	Q2'18 (13 WEEKS)	Q1'18 (14 WEEKS)	Q4'17 (12 WEEKS)	Q3'17 (13 WEEKS)
Customer metrics				
Overall Customer Satisfaction (including Online)	82%	79%	77%	75%
Store-controllable VOC	84%	83%	81%	80%
Sales productivity metrics				Easter adjusted
Total sales	5.1%	4.7%	6.8%	5.3%
Comparable sales	5.0%	4.9%	6.5%	4.3%
Volume productivity metrics				Easter adjusted
Comparable transaction growth (%)	4.4%	4.6%	5.2%	4.1%
Comparable items per basket (%)	0.6%	1.4%	0.4%	0.6%
Comparable item growth (%)	5.0%	6.0%	5.6%	4.7%
Change in average prices				
Total	(1.6)%	(2.4)%	(1.2)%	(2.5)%
Total excluding Tobacco	(3.2)%	(4.0)%	(2.6)%	(4.0)%

Note: Certain comparatives in the above tables have been reclassified to conform to the current period's presentation to better reflect the nature of financial position and performance of the Group. Refer to Appendix Two for further information.

TRADING PERFORMANCE

Australian Food's VOC scores improved in the half with Overall Customer Satisfaction (including Online) reaching 82% (HY17: 78%) and store-controllable VOC increasing to 84% (HY17: 80%). Pleasingly, all seven store-controllable VOC measures improved compared to the prior year. On-shelf Availability and Fruit & Vegetables were the biggest areas of improvement but still offer the most upside.

Australian Food sales for the half of \$19.3 billion increased 4.9% on the previous year, while comparable sales increased by 4.9%. Sales momentum continued into the second quarter with sales growth of 5.1% and comparable sales growth of 5.0%. Comparable customer transaction growth of 4.6% and an improvement in items per basket drove comparable item growth of 5.6% during the half. Sales growth in the half was assisted by New Year's Day (a smaller high cost trading day) falling into the second half as well as strong sales of infant formula offset somewhat by fruit and vegetable deflation.

Following the establishment of WooliesX in June, investment in digital and data is starting to deliver positive results, with record online VOC scores as well as online sales growth of almost 30% for the half. Pick up was successfully rolled out to over 1,000 Australian Food sites in first half which also contributed strongly. The investment in WooliesX will accelerate in the second half.

Sales per square metre increased by 3.5% on a rolling 12 month basis to \$16,259, compared to HY17 driven largely by the improvement in comparable sales growth. During the half, two stores were closed and 12 opened, including one



Metro. Three Thomas Dux stores were converted to Metros, ending the half with 1,008 Woolworths Supermarkets and Metro stores. Despite the store closures, average space growth for the year was 1.9% compared to HY17 due to timing of store openings and closures.

Average prices declined by 2.0% in HY18 as we continued to lower prices for customers with an improvement in price perception in the half. Average price deflation eased in the second quarter to 1.6% with fruit and vegetable deflation moderating despite remaining a material driver of overall average price deflation. There has been a continued focus to improve customers' price perception through lowering shelf prices, with over 4,200 products on the Low Price Always or Prices Dropped programs at the half, an increase of around 700 compared to the end of FY17. Promotional intensity continued to decline with an 11% reduction in promotions compared to HY17.

Gross margin increased by 55 bps to 28.8%, primarily due to ongoing improvements in stock loss and improved product mix and promotional effectiveness offset somewhat by net investment in price. CODB as a percentage of sales increased by 29 bps due to investment in building digital and data through WooliesX, team hours in stores, particularly in Fresh and on weekends, and the IT Foundations and store Renewal programs which contributed to higher depreciation.

EBIT increased 11.1% to \$901 million, a 4.7% EBIT margin for the half.

Funds employed increased by 16.3% due to higher investment in renewals, digital and the new Melbourne distribution centre. ROFE increased by 47pts with EBIT growth of 12.0% on a rolling 12 month basis and a reduction in average funds employed over the period due to working capital improvements.

ENDEAVOUR DRINKS

\$ MILLION	HY18 (27 WEEKS)	HY17 (27 WEEKS)	CHANGE
Sales	4,529	4,319	4.8%
EBITDA	350	340	2.7%
Depreciation and amortisation	(40)	(38)	3.7%
EBIT	310	302	2.5%
Gross margin (%)	23.0	23.1	(13) bps
Cost of doing business (%)	16.1	16.1	3 bps
EBIT to sales (%)	6.8	7.0	(16) bps
Sales per square metre (\$)	18,219	18,005	1.2%
Funds employed	2,825	2,832	(0.2)%
ROFE(%)	17.6	16.7	98 bps

OPERATING METRICS

YEAR ON YEAR (%)	Q2'18 (13 WEEKS)	Q1'18 (14 WEEKS)	Q4'17 (12 WEEKS)	Q3'17 (13 WEEKS)
Sales productivity metrics				Easter adjusted
Total sales	5.8%	3.8%	5.3%	3.9%
Comparable sales	4.7%	3.3%	4.6%	2.2%

Note: Certain comparatives in the above tables have been reclassified to conform to the current period's presentation to better reflect the nature of financial position and performance of the Group. Refer to Appendix Two for further information.

TRADING PERFORMANCE

Endeavour Drinks sales increased by 4.8% to \$4.5 billion in HY18 driven by strong sales growth from BWS and Dan Murphy's. Both retails brands continued to outgrow the market with Dan Murphy's December volume growth and attached BWS stores sales momentum the highlights. Comparable sales growth was 4.7% in the second quarter resulting in growth of 4.1% for the half.

During the half, Dan Murphy's maintained its market leading Net Promoter Score and Dan Murphy's and BWS both strengthened key VOC metrics.

Dan Murphy's strong sales growth was also supported by six net new stores. Online maintained double-digit sales growth and My Dan Murphy's reached 2.8 million members. December saw the opening of a trial store for drive through pick-up of online purchases.

BWS had a pleasing half building on the strength of the Woolworths Rewards program participation, a refined range offering and delivering a successful brand refresh under the banner of 'Here's to You'. The BWS network grew to 1,315 stores, with 17 net new store openings. Customer convenience has also been enhanced through the rollout of express and scheduled delivery services in over 300 stores.

Sales per square metre on a rolling 12-month basis increased by 1.2% to \$18,219 with sales growth exceeding average trading space growth of 3.5%.

Endeavour Drinks' gross margin declined 13 bps to 23.0% due to the competitive market environment, a change in sales mix and minor reclassification of costs between gross margin and CODB, partially offset by positive category mix in BWS.

CODB as a percentage of sales was up 3 bps. Cost growth was primarily driven by new stores and inflation in core business costs offset by cost reduction in smaller businesses and the reclassification mentioned above. CODB in the prior year included a gain on the sale of a business of \$8.4 million. Endeavour Drinks EBIT increased 2.5% to \$310 million in HY18. Excluding the prior year gain on divestment, EBIT growth was 5.5%.

ROFE improved by 98 bps driven by continued improvement in working capital more than offsetting the impact of new store openings.

NEW ZEALAND FOOD¹

NZ\$ MILLION	HY18 (27 WEEKS)	HY17 (27 WEEKS)	CHANGE
Sales	3,317	3,203	3.6%
EBITDA	216	223	(3.1)%
Depreciation and amortisation	(66)	(60)	9.4%
EBIT	150	163	(7.7)%
Gross margin (%)	24.0	24.0	6 bps
Cost of doing business (%)	19.5	18.9	62 bps
EBIT to sales (%)	4.5	5.1	(56) bps
Sales per square metre (\$)	15,228	14,960	1.8%
Funds employed (\$ million)	3,056	3,018	1.3%
ROFE (%)	9.9	10.1	(19) bps

OPERATING METRICS

YEAR ON YEAR (%)	Q2'18 (13 WEEKS)	Q1'18 (14 WEEKS)	Q4'17 (12 WEEKS)	Q3'17 (13 WEEKS)
Sales productivity metrics				Easter adjusted
Total sales	4.0%	3.2%	3.4%	2.2%
Comparable sales	3.3%	2.7%	3.0%	2.0%
Volume productivity metrics				Easter adjusted
Comparable transaction growth (%)	2.8%	1.5%	1.5%	1.4%
Comparable items per basket (%)	(1.8)%	(1.0)%	0.1%	0.5%
Comparable item growth (%)	1.0%	0.5%	1.6%	1.9%
Change in average prices	(0.1)%	0.1%	(0.4)%	(1.0)%

Note: Certain comparatives in the above tables have been reclassified to conform to the current period's presentation to better reflect the nature of financial position and performance of the Group. Refer to Appendix Two for further information.

TRADING PERFORMANCE

New Zealand Food's sales for the half were NZ\$3.3 billion, an increase of 3.6% on the previous year with comparable sales for the half increasing by 3.0%. In Australian dollars, sales decreased by (0.2)% due to a strengthening Australian dollar.

The second quarter saw strong sales growth of 4.0% and comparable sales growth of 3.3%. Customer satisfaction continues to improve as a result of key initiatives and investment. Activity includes increased store team hours and training, an improved in-stock position, fresh and local ranging focus, and the continued benefits from the Onecard and AA Smartfuel partnership. Strong online growth accelerated further in the half due to the expanded delivery capacity, reduced delivery fees, and launch of free Pick up for orders over \$50.

Average prices decreased by 0.1% with ongoing activity to deliver lower prices every day, seasonal promotional activity and competitive pricing over the Christmas period while contending with dairy and produce market cost increases.

Sales per square metre increased by 1.8% on a rolling 12 month basis reflecting sales growth of 3.2% over the last 12 months and an increase in average space of 1.4%. In the half, one Countdown store was opened and one was closed with two franchise stores opened. At the end of the half there were 184 Countdown and 67 franchise stores.

Gross margin was largely unchanged on the prior year at 24.0% with the small increase of 6 bps attributable to improvements in stock loss more than offsetting increased price investment.

CODB as a percentage of sales increased 62 bps primarily from the increased investment in team hours, online and store condition to enhance the customer experience, with the result that EBITDA and EBIT decreased 3.1% and 7.7% respectively.

ROFE was down 19 bps on the prior year due to the lower EBIT.

PORTFOLIO BUSINESSES - BIG W

\$ MILLION	HY18 (27 WEEKS)	HY17 (27 WEEKS)	CHANGE
Sales	2,037	2,015	1.1%
EBITDA	29	13	122.1%
Depreciation and amortisation	(39)	(40)	(3.6)%
LBIT	(10)	(27)	(64.4)%
Gross margin (%)	31.8	32.1	(30) bps
Cost of doing business (%)	32.2	33.4	(117) bps
LBIT to sales (%)	(0.5)	(1.4)	88 bps
Sales per square metre (\$)	3,366	3,413	(1.4)%
Funds employed	374	359	4.2%
ROFE (%)	(30.6)	(21.7)	(9) pts

OPERATING METRICS

YEAR ON YEAR (%)	Q2'18 (13 WEEKS)	Q1'18 (14 WEEKS)	Q4'17 (12 WEEKS)	Q3'17 (13 WEEKS)
Sales productivity metrics				Easter adjusted
Total sales	(0.1)%	2.5%	(4.3)%	(6.0)%
Comparable sales	0.1%	2.9%	(4.0)%	(5.6)%
Volume productivity metrics				Easter adjusted
Comparable transaction growth (%)	1.5%	1.7%	(2.9)%	(4.6)%
Comparable items per basket (%)	2.8%	5.1%	(0.8)%	1.1%
Comparable item growth (%)	4.3%	6.8%	(3.7)%	(3.5)%

Note: Certain comparatives in the above tables have been reclassified to conform to the current period's presentation to better reflect the nature of financial position and performance of the Group. Refer to Appendix Two for further information.

TRADING PERFORMANCE

BIG W's sales for the half were \$2.0 billion, an increase of 1.1% on the previous year with comparable sales increasing 1.3%. Comparable sales growth slowed in Q2'18 but remained positive (+0.1%) with December the strongest month despite a challenging market, particularly in apparel.

Customers are noticing improvements, resulting in a 1.6% increase in transactions and a 5.4% growth in the number of items sold in the half. This was driven by strategic price reductions and mid-season markdowns on seasonal apparel to maintain appropriate sell-through rates.

By the end of the half, a light refresh of 121 stores (two thirds of the network) was completed, customers were reconnected with the Woolworths Rewards loyalty program in Q2'18 and continued investment in price, brand and marketing initiatives led to improving customer scores.

Investment in BIG W's digital platform delivered an increase in online sales penetration in the half.

The 30 bps decline in gross margin to 31.8% reflects BIG W's strategic price reductions in HY18 and planned markdown activity in apparel.

COBD decreased 117 bps but increased by 58 bps excluding the prior year asset impairment and onerous lease provision of \$35.3 million. Store efficiencies were offset by a planned increase in customer investment and volume-related cost increases.

The decline in ROFE predominantly reflects the lower EBIT on a rolling 12 month basis and marginally higher inventory levels than the prior year largely due to the rebuild of inventory in the Everyday Needs universe to avoid out-of-stocks.

To continue to align the business with customers' needs for the remainder of FY18, BIG W will continue to focus on lowering prices, improving its online experience, rolling out Customer 1st Ranging, addressing stock flow issues and continuing to positively engage with its 19,000 BIG W team members.

PORTFOLIO BUSINESSES - HOTELS

\$ MILLION	HY18 (27 WEEKS)	HY17 (27 WEEKS)	CHANGE
Sales	861	829	4.0%
EBIT	163	139	17.1%
Gross margin (%)	84.3	82.5	178 bps
Cost of doing business (%)	65.4	65.7	(34) bps
EBIT to sales (%)	18.9	16.8	212 bps

TRADING PERFORMANCE

Sales for the half were \$861 million, an increase of 4.0% on the previous year with comparable sales increasing by 4.0%. Sales growth was driven by strong trading across all key areas of the business with positive comparable sales growth in Bars, Food, Accommodation and Gaming assisted by the refurbishment of key venues.

Hotels gross margin increased by 178 bps largely due to favourable changes in business mix and better buying.

CODB as a percentage of sales decreased 34 bps on the prior year due to strong cost control and cost fractionalisation due to higher sales.

EBIT increased 17.1% on the previous year to \$163 million.

DISCONTINUED OPERATIONS

\$ MILLION	HY18 (27 WEEKS)	HY17 (27 WEEKS)	CHANGE
Sales			
Home Improvement	-	903	n.c.
Petrol	2,458	2,339	5.1%
EBIT/ (LBIT)			
Home Improvement	27	(118)	n.m.
Petrol	95	74	27.9%

Note: Certain comparatives have been reclassified to conform to the current period's presentation to better reflect the nature of financial position and performance of the Group. Refer to Appendix Two for further information.

TRADING PERFORMANCE

Petrol

On 24 December 2016, Woolworths Group entered into an agreement to sell its Petrol business, comprising 527 Woolworths-owned fuel and convenience sites and 16 committed development sites, to BP for \$1.785 billion. The agreement was subject to a range of conditions, including FIRB and regulatory approvals. The Petrol business was classified as a discontinued operation at that time.

On 14 December 2017, the Australian Competition and Consumer Commission (ACCC) announced that it would oppose the acquisition of the Petrol business by BP. BP and Woolworths Group have a range of available options, including restructuring the sale and challenging the ACCC's decision. Since the ACCC's announcement, other parties have also expressed an interest in the Petrol business.

Woolworths Group continues to assess its options and as the agreement with BP remains in place, the Petrol business continues to be considered a discontinued operation. Woolworths Group will update the market further in due course.

Petrol sales were \$2,458 million, an increase of 5.1% on the previous year (volumes decreased by 2.5%) driven primarily by rising average fuel sell prices (unleaded HY18: 127.0 cpl; HY17: 117.1 cpl). Comparable Petrol sales increased 3.9% with comparable fuel volumes declining 3.5% due to competition and lower average fill sizes due to the higher selling price. Merchandise sales for the year increased 0.2%. Despite higher fuel prices, fuel margins per litre were in line with the prior year and CODB well controlled resulting in underlying EBIT being in line with the prior year. Reported EBIT increased by 27.9% due to a reduction in depreciation following the reclassification of Petrol to 'net assets held for sale'.

Refer Appendix Three for a reconciliation of EBIT/(LBIT) from discontinued operations to profit/(loss) from discontinued operations.

CENTRAL OVERHEADS

Central overheads were \$72 million, a reduction of 9.4% on the prior year. The decrease was partly due to the absence of losses in the half following the sale of EziBuy at the end of June 2017.

GROUP BALANCE SHEET AS AT 31 DECEMBER 2017

\$ MILLION	HY18 31 DECEMBER 2017	HY17 1 JANUARY 2017	CHANGE	FY17 25 JUNE 2017
Inventory	4,558	4,536	0.5%	4,189
Trade payables	(5,784)	(5,854)	(1.2)%	(5,177)
Net investment in inventory	(1,226)	(1,318)	(6.9)%	(988)
Receivables	910	871	4.7%	817
Other creditors	(2,056)	(1,946)	7.0%	(1,928)
Provisions	(2,412)	(3,103)	(22.8)%	(2,481)
Fixed assets and investments	8,777	7,999	9.7%	8,556
Net assets held for sale	720	1,294	(44.4)%	1,223
Intangible assets	6,426	6,564	(2.1)%	6,533
Total funds employed	11,139	10,361	7.4%	11,732
Net tax balances	191	489	(61.0)%	291
Net assets employed	11,330	10,850	4.4%	12,023
Net repayable debt	(970)	(1,488)	(35.2)%	(1,896)
Other financial liabilities	-	-	n.c.	(251)
Net assets	10,360	9,362	10.7%	9,876
Non-controlling Interests	369	340	8.5%	350
Shareholders' equity	9,991	9,022	10.7%	9,526
Total equity	10,360	9,362	10.7%	9,876
KEY RATIOS - continuing operations				
Closing inventory days (based on COGS)	40.1	41.9	(1.8) days	39.0 days
Closing trade payable days (based on COGS)	50.4	52.4	(2.0) days	46.9 days
ROFE ⁱ	24.0%	20.8%	3.2 pts	22.3%
ROFE- lease adjusted ⁱ	13.8%	12.6%	1.2 pts	13.1%

ⁱ HY17 before significant items

Note: Certain comparatives in the above tables have been reclassified to conform to the current period's presentation to better reflect the nature of financial position and performance of the Group. Refer to Appendix Two for further information.

Closing inventory of \$4,558 million was broadly in line with the prior year despite sales growth of 3.8% from continuing operations, resulting in a 1.8 day reduction in closing inventory days (continuing operations) to 40.1 days.

Net investment in inventory of \$1,226 million weakened marginally on the prior year due to higher stock holdings in Endeavour Drinks and a reduction in closing trade payables reflecting a commitment to pay suppliers earlier.

Provisions of \$2,412 million decreased \$691 million driven by reassessment and utilisation of FY16 significant items provisions. Excluding Home Improvement and significant items previously recognised, provisions increased \$22 million primarily due to an increase in provisions for employee entitlements.

Fixed assets and investments of \$8,777 million increased by \$778 million. This was driven by net capital expenditure of \$1,976 million relating to store refurbishments, supply chain and IT infrastructure offset by depreciation and asset disposals and retirements in the ordinary course of business.

Net assets held for sale of \$720 million primarily relate to Petrol and other Woolworths Group properties held for sale. The decrease on the prior year was largely as a result of the disposal of the Home Improvement business.

Intangible assets of \$6,426 million declined as a result of lower goodwill in New Zealand due to the weakening of the New Zealand dollar.

Total funds employed increased by \$778 million primarily driven by the reassessment and utilisation of significant items provisions.

Net tax balances of \$191 million decreased \$298 million due to the revision of net tax benefits associated with Home Improvement business exit costs.

Net repayable debt of \$970 million declined by \$518 million due to strong operating cash generation and the proceeds from the exit of Home Improvement.

ROFE from continuing operations before significant items was 24.0%, an increase of 3.2 pts on the prior year driven by higher EBIT. Lease-adjusted ROFE increased 1.2 pts to 13.8%. Group ROFE before significant items was 28.1% (HY17: 20.1%).

GROUP CASH FLOW FOR THE 27 WEEKS ENDED 31 DECEMBER 2017

\$ MILLION	HY18 (27 WEEKS)	HY17 (27 WEEKS)	CHANGE
EBITDA – continuing operations	1,993	1,826	
EBITDA – discontinued operations	122	(25)	
EBITDA	2,115	1,801	17.5%
Net increase in inventory	(407)	(18)	
Net increase in trade payables	640	930	
Net change in other working capital and non-cash	58	45	
Cash from operating activities before interest and tax	2,406	2,758	(12.7)%
Net interest paid	(95)	(133)	
Tax paid	(336)	(429)	
Total cash provided by operating activities	1,975	2,196	(10.1)%
Proceeds from the sale of property, plant and equipment and businesses and investments	307	369	
Payments for the purchase of property, plant and equipment, property development, intangible assets, investments and contingent consideration	(876)	(755)	
Other	(36)	-	
Total cash used in investing activities	(605)	(386)	56.9%
Proceeds from share issues/other	-	56	
Dividends paid (including to non-controlling interests)	(416)	(271)	
Free cash flow after equity related financing activities	954	1,595	(40.2)%

Cash flow from operating activities before interest and tax was \$2,406 million, driven by an improvement in EBITDA of 17.5% reflecting the improved trading performance across the Group, with payables impacted by a commitment to pay our smaller suppliers earlier. HY17 included approximately \$300 million of supplier payment timing benefits detailed at the time and approximately \$400 million reduction in inventory due to the liquidation of Masters' inventory, both of which benefitted cash from operating activities before interest and tax in that half.

The **cash realisation ratio** was 125% largely driven by seasonally lower net investment in inventory compared to the FY17 financial year-end.

Net interest paid of \$95 million decreased \$38 million due to lower net debt.

Tax payments decreased to \$336 million for the year (HY17: \$429 million) predominately due to the reduction in the income tax instalment rate as a result of over payments of tax in previous periods.

Cash used in investing activities was \$605 million, an increase of \$219 million on the prior year. Cash proceeds of \$307 million were received from the sale of property, plant and equipment, businesses and investments which largely reflected the sale of the shares in Hydrox Holdings Pty Ltd (former Home Improvement business). The prior year included the proceeds on the sale of Home Timber and Hardware of \$179 million.

Payments for the purchase of property, plant and equipment, property development, intangible assets, investments and contingent consideration increased by \$121 million to \$876 million, primarily as a result of increased refurbishment spend in Woolworths Supermarkets and BIG W.

Our **fixed charges cover ratio** has increased to 2.7 times compared to 2.5 times at FY17.

CAPITAL MANAGEMENT

Woolworths Group manages its capital structure with the objective of enhancing long-term shareholder value through optimising its weighted average cost of capital while retaining financial flexibility to invest in its business in a manner consistent with its key priorities. The Group remains committed to a solid investment grade credit rating² and, in conjunction with maintaining strong earnings, a number of actions can be undertaken to support the credit profile including the sale of non-core assets, further working capital initiatives, and adjusting growth capital expenditure and the property leasing profile.

In April 2016, the company introduced a 1.5% discount on the dividend reinvestment plan (“DRP”) and removed the participation limit. This continued during FY17 and the participation rate for the October 2017 final dividend was approximately 40%. The discount and uncapped participation will remain in place for the April 2018 interim dividend. The discount will not apply to the October 2018 final dividend and for the foreseeable future.

The company will seek to return capital to shareholders when that is consistent with its long-term capital structure objectives and where it will enhance shareholder value.

Financing transactions during FY18

Maturities

In November 2017, a A\$400 million bank guarantee facility matured. It was replaced with pre-financing obtained in May 2017 (upsized to A\$500 million). This facility is for the purpose of Woolworths Group meeting its WorkCover obligations as a ‘self-insurer’ by issuing bank guarantees in favour of Australian WorkCover authorities and is underpinned by the international surety market. The new facility is for a three-year commitment to November 2020 and is currently fully drawn.

In November 2017, A\$1.3 billion of undrawn syndicated bank facilities were voluntarily cancelled as they were surplus to business requirements. This will provide a borrowing cost saving to the Woolworths Group.

New transactions

Woolworths Group had no new transactions during the first half of FY18.

Upcoming refinancing

Woolworths Group has no upcoming refinancing during FY18.

NEW STORE ROLLOUT PLANS FROM CONTINUING OPERATIONS

Space rollout is supported by detailed plans for the next three to five years identifying specific sites.

	HY18 NET STORE OPENINGS (INCL. ACQUISITIONS)	MEDIUM TERM TARGET (NET)
Australian Food (including Metro)	10	10-20 new full range supermarkets per annum
New Zealand Food		
<i>Countdown</i>	-	3-4 new supermarkets per annum
<i>Franchise Stores</i>	2	
Dan Murphy's	6	6-10 new stores per annum
BWS (including attached)	17	6-10 new stores per annum (standalone)
BIG W	1	Only where previously committed
Hotels (ALH Group)	(2)	Acquire as appropriate opportunities arise

OUTLOOK

Brad Banducci said: “The emphasis on transforming our business will continue in the second half and into FY19. Our goal is to deliver a consistently good experience for our customers and team and leverage end-to-end process redesign and technology to improve our underlying productivity.

“In Australian Food, we will begin to cycle the strong second half sales recovery in FY17 which may see a moderation in the sales growth rate for the second half. For the first seven weeks of H2’18, Australian Food comparable sales growth has been approximately 3.7%, impacted by the timing of New Year’s Day.

“We are pleased with the customer response in New Zealand Food to our investment during the half and FY18 will continue to be a year of investment.

“We will continue to focus on delivering against the BIG W turnaround plan and expect a better second half result than the prior year with the FY18 loss before interest and tax currently expected to be \$80 - \$120 million. There remains much more to do with improving stock flow a particular area of focus for the second half.

“Delivering on our change agenda in the second half, especially our accelerated strategic investments in IT, digital and data is key to our transformation.”

Q3’18 sales release is currently scheduled for 2 May 2018. It is also noted that FY19 will be a 53 week year.

-ends-

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APPENDIX ONE: ASIC REGULATORY GUIDE 230 DISCLOSING NON-IFRS FINANCIAL INFORMATION AND GLOSSARY

The 2018 Half-Year Report and this Half-Year profit and dividend announcement for the 27 weeks ended 31 December 2017 contain certain non-IFRS financial measures of historical financial performance, balance sheet or cash flows. Non-IFRS financial measures are financial measures other than those defined or specified under all relevant accounting standards and may not be directly comparable with other companies' measures but are common practice in the industry in which Woolworths Group operates. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, or more important than, IFRS measures. The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by Australian Security and Investments Commission (ASIC) in December 2011 to promote full and clear disclosure for investors and other users of financial information and minimise the possibility of being misled by such information.

These measures are used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments. The directors also believe that these non-IFRS measures assist in providing additional meaningful information on the underlying drivers of the business, performance and trends, as well as position of the Woolworths Group. Non-IFRS financial measures are also used to enhance the comparability of information between reporting periods (such as comparable sales), by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Woolworths Group's performance. Consequently, non-IFRS measures are used by the directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with the prior year. Non-IFRS measures are not subject to audit or review.

Glossary

Cash realisation ratio	Operating cash flow as a percentage of group net profit after tax before depreciation and amortisation
Comparable sales	Measure of sales which excludes stores that have been opened or closed in the last 12 months and demonstrable impact on existing stores from store disruption as a result of store refurbishment or new store openings
Cost of doing business	Expenses which relate to the operation of the business
Fixed charges cover ratio	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
Free cash flow	Cash flow generated by the Woolworths Group after equity related financing activities including dividends
Funds employed	Net assets employed excluding net tax balances
Net assets employed	Net assets excluding net repayable debt and other financial liabilities
Net Promoter Score	A loyalty measure based on a single question where a customer rates a business on a scale of 1-10. The score is the net result of the percentage of customers providing a score of 9 or 10 (promoters) less the percentage of customers providing a score of 0-6 (detractors)
Net repayable debt	Borrowings less cash balances including debt hedging derivatives
Renewals	A total store transformation focused on the overall store environment, team, range and process efficiency (including digital)
ROFE	Return on Funds Employed (ROFE) is calculated as EBIT before significant items for the previous 12 months as a percentage of average funds employed. Lease adjusted ROFE adjusts funds employed for the present value of future lease obligations and EBIT for the implied interest on those obligations
Sales per square metre	Total sales for the previous 12 months by business divided by average trading space
Stock loss	The value of stock written-off, wasted, stolen, cleared, marked down or adjusted from all stores nationally (sometimes expressed as a percentage of sales)
Upgrades	A lighter upgrade typically involving a front-of-store upgrade and Produce/Bakery enhancement



Voice of Customer	Externally facilitated survey of a sample of Woolworths Group customers where customers rate Woolworths Group businesses on a number of criteria. Expressed as the percentage of customers providing a rating of six or seven on a seven point scale
Voice of Supplier	Voice of Supplier (VOS) is a bimonthly survey (six times per year) of a broad spectrum of Australian Foods' suppliers facilitated by an external provider. The survey is used to provide an ongoing measure of the effectiveness of business relationships with the supplier community. VOS is the average of the suppliers' rating on a seven point scale across various attributes. The score is the percentage of suppliers that provided a rating of six or seven on a seven point scale
Voice of Team	The Voice of Team (VOT) survey measures sustainable engagement of our team members as well as their advocacy of Woolworths as a place to work and shop. The survey consists of nine sustainable engagement questions, three key driver questions and two advocacy questions

Other non-IFRS measures used in describing the business performance include:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Cash flow from operating activities before interest and tax
- Net assets and funds employed
- Fixed assets and investments
- Free cash flow after equity related financing activities
- Net tax balances
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)
- Comparable sales
- Significant items
- Net investment in inventory
- Net assets held for sale
- Other financial assets and liabilities

APPENDIX TWO: RE-PRESENTATION OF PRIOR PERIOD COMPARATIVES

1. SALES

As disclosed in Q1'18, due to the commencement of new commercial supplier agency arrangements, combined with the progression of the AASB 15 *Revenue* impact assessment, the Group has realigned the sales for certain legal form agency arrangements (including gift cards and telephone recharges) that have historically been presented on a gross basis. The restatement does not have any impact on profit or loss. Where necessary, comparative information has been restated to conform to changes in presentation in the current year.

FY17 quarterly sales after agency restatement

\$ MILLION	Q1'17	Q2'17	Q3'17	Q4'17
Australian Food	9,202	9,238	9,144	8,252
New Zealand Food (AUD)	1,502	1,543	1,482	1,316
<i>New Zealand Food (NZD)</i>	1,577	1,626	1,579	1,406
BIG W	868	1,147	747	780

FY17 quarterly sales before agency restatement (previously reported)

\$ MILLION	Q1'17	Q2'17	Q3'17	Q4'17
Australian Food	9,321	9,392	9,276	8,382
New Zealand Food (AUD)	1,513	1,556	1,492	1,326
<i>New Zealand Food (NZD)</i>	1,588	1,639	1,589	1,416
BIG W	880	1,170	757	791

FY17 sales per square metre after agency restatement

\$	FY17
Australian Food	15,974
Endeavour Drinks	18,038
<i>New Zealand Food (NZD)</i>	15,029
BIG W	3,342

2. NON-CONTROLLING INTEREST IN HYDROX

As a result of the arbitration award on 21 April 2017, Lowe's was no longer entitled to any profits or responsible for any losses of Hydrox from the date the call option was exercised on 16 January 2016 consistent with the 2017 Annual Report. Prior period loss from discontinued operations attributable to non-controlling interests has been re-presented from \$21 million as reported at 2017 Half-Year Financial report to \$nil in the current period. Loss for the half-year ended 1 January 2017 is now fully attributable to the equity holders of the parent entity. Refer to Note 7 in the Half-Year Financial Report 2018.

3. INTANGIBLES AND DEFERRED TAX LIABILITY

Due to a change in the Group's income tax accounting policy disclosed in Note 3.6 of the 2017 Financial Report, the Group is required to 'gross up' the balance sheet for goodwill and deferred tax liabilities in relation to historic purchases of indefinite life intangibles (HY18: \$612 million, HY17: \$612 million).

APPENDIX THREE: ANALYSIS OF PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS

The profit/(loss) for the Home Improvement and Petrol businesses for the reporting period are set out below, including comparative information:

	HY18 \$M	HY17 \$M
HOME IMPROVEMENT		
Revenue from the sale of goods	-	903
Expenses	3	(1,021)
Reversal of impairment of Home Improvement assets and store exit costs	24	-
Earnings/(Loss) before interest and income tax	27	(118)
Net financing costs	(3)	(11)
Profit/(Loss) before income tax	24	(129)
Income tax expense	(23)	(5)
Profit/(Loss) for the period from Home Improvement discontinued operations	1	(134)
PETROL		
Revenue from the sale of goods	2,458	2,339
Expenses	(2,363)	(2,265)
Earnings before interest and income tax	95	74
Net financing costs	-	-
Profit before income tax	95	74
Income tax expense	(29)	(22)
Profit for the period from Petrol discontinued operations	66	52
Total profit/(loss) for the period from discontinued operations	67	(82)
Total profit/(loss) from discontinued operations attributable to:		
Equity holders of the parent entity	67	(82)
Non-controlling interests	-	-*
	67	(82)

* Refer to Appendix Two Note 2 for further information

APPENDIX FOUR: QUARTERLY SALES SUMMARY

Group sales – second quarter

\$ MILLION	Q2'18 (13 WEEKS)	Q2'17 (13 WEEKS)	CHANGE
Continuing operations			
Australian Food	9,705	9,238	5.1%
Endeavour Drinks Group	2,482	2,347	5.8%
New Zealand Food (AUD)	1,533	1,543	(0.6)%
<i>New Zealand Food (NZD)</i>	1,690	1,626	4.0%
BIG W	1,147	1,147	(0.1)%
Hotels	420	405	3.9%
EziBuy (Unallocated)	-	40	n.m
Sales from continuing operations	15,287	14,720	3.9%
Discontinued operations			
Home Improvement	-	494	n.m
Petrol	1,232	1,167	5.6%
Sales from discontinued operations	1,232	1,661	(25.8)%
Group sales	16,519	16,381	0.9%

Quarterly sales growth

TOTAL SALES GROWTH %	Q1'18	Q2'18	HY18
Australian Food	4.7	5.1	4.9
Endeavour Drinks Group	3.8	5.8	4.8
New Zealand Food (AUD)	0.4	(0.6)	(0.2)
<i>New Zealand Food (NZD)</i>	3.2	4.0	3.6
BIG W	2.5	(0.1)	1.1
Hotels	4.1	3.9	4.0
Continuing operations	3.7	3.9	3.8

COMPARABLE SALES GROWTH %	Q1'18	Q2'18	HY18
Australian Food	4.9	5.0	4.9
Endeavour Drinks Group	3.3	4.7	4.1
New Zealand Food (NZD)	2.7	3.3	3.0
BIG W	2.9	0.1	1.3
Hotels	4.1	3.8	4.0

APPENDIX FIVE: FIVE YEAR STORE AND TRADING AREA ANALYSIS

HALF-YEAR ENDED 31 DECEMBER 2017 STORES (NUMBER)	2018 HALF YEAR	2017 FULL YEAR	2016 FULL YEAR	2015 FULL YEAR	2014 FULL YEAR
Continuing operations					
NSW & ACT	315	312	303	292	282
QLD	234	234	237	230	225
VIC	249	244	242	234	224
SA & NT	81	80	84	82	80
WA	98	94	94	92	89
TAS	31	31	32	31	31
Australian Supermarkets	1,008	995	992	961	931
New Zealand Supermarkets	184	184	184	177	171
Total Supermarkets	1,192	1,179	1,176	1,138	1,102
Thomas Dux	-	3	5	9	11
Freestanding Liquor (incl. Dan Murphy's)	396	387	373	359	349
Attached Liquor	559	550	544	527	509
ALH Retail Liquor Outlets	585	580	569	557	544
Summergeate	2	2	2	2	-
Woolworths Petrol ⁱ	-	-	-	513	499
Caltex/Woolworths Petrol	-	-	-	-	131
Total Food, Petrol & Endeavour Drinks Group	2,734	2,701	2,669	3,105	3,145
BIG W	186	185	186	184	182
Hotels (includes clubs)	327	329	331	330	329
EziBuy (Unallocated)	-	-	5	5	4
Home Timber & Hardware (retail)	-	-	-	-	28
Masters	-	-	-	-	49
Total continuing operations	3,247	3,215	3,191	3,624	3,737
Discontinued operations					
Woolworths Petrol	533	531	527	-	-
Home Improvement	-	-	106	102	-
Total Group	3,780	3,746	3,824	3,726	3,737
Wholesale customer stores (continuing operations)					
Super Value and Fresh Choice	67	65	64	60	59
Home Timber & Hardware wholesale	-	-	-	-	475
Statewide Independent Wholesale	220	220	220	220	220
Total continuing operations	287	285	284	280	754
Discontinued operations (Home Timber & Hardware wholesale)	-	-	349	452	-
Total wholesale customer stores	287	285	633	732	754
Trading area (sqm)ⁱⁱ					
Australian Food	2,283,289	2,252,709	2,229,714	2,143,082	-
Endeavour Drinks Group	455,053	446,083	430,691	413,409	-
New Zealand Supermarkets	414,373	415,970	417,966	397,889	-
BIG W	1,061,318	1,055,838	1,061,413	1,051,159	-

ⁱ In 2014 three distribution centres were included in store numbers.

ⁱⁱ As a result of separating the trading performance of Australian Food & Petrol and Endeavour Drinks Group, we are now disclosing separate trading area for Australian Food and Endeavour Drinks Group. FY15 trading area has been restated on the same basis and is no longer comparable to previously reported data.

APPENDIX SIX: NEW STORES AND REFURBISHMENTS

HALF-YEAR	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Continuing operations			
Australian Food (including Metro)	15*	13	37
Thomas Dux	-	(3)	-
Endeavour Drinks Group (including attached)	31	23	22
New Zealand Food	1	-	4
BIG W	1	1	-
Hotels	1	(2)	34
Total continuing operations	49	32	97
Discontinued operations			
Petrol	2	2	-
Total	51	34	97

SECOND QUARTER	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Continuing operations			
Australian Food	7	5	30
Thomas Dux	-	-	-
Endeavour Drinks Group (incl. attached)	21	15	16
New Zealand Food	-	-	2
BIG W	-	-	-
Hotels	1	(1)	23
Total continuing operations	29	19	71
Discontinued operations			
Petrol	1	1	-
Total	30	20	71

* Gross new stores includes three Thomas Dux stores rebranded to Metro.



ENDNOTES

n.c. Not comparable

n.m. Not meaningful

¹ Growth for New Zealand Food is quoted in New Zealand dollars.

² 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 Group's debt providers.

Click [here](#) to view the shareholder communication for these results.