

WHL

WOOLWORTHS STORES

- Building scale and reach
 - Highest space growth in Woolworths history
 - "Make big bigger" strategy and new supermarkets (Waterstone) highly successful
 - Africa and local franchise conversions almost complete
- Renewed focus on the customer and service
 - Leveraging SA capability into Africa
- Continued focus on cost and productivity



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COUNTRY ROAD GROUP

- Total turnover up **20.3%**
 - Witchery in for full year (vs 38 weeks in FY2013)
 - Comparable sales in Australasia up **7.2%**
 - Comparable sales in South Africa up **23.7%** (in rands)
 - All brands traded well ahead of expectation
 - Online now **8%** of sales
- Gross profit margin up from 61.9% to **62.0%**
- Operating margin up from 9.5% to **11.5%***
- Profit before tax up from A\$64m to **A\$94m***



* Excluding transaction and integration costs

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GROUP INCOME STATEMENT

	52 weeks Jun 2014 Rm	52 weeks Jun 2013 Rm	% change
Woolworths Clothing & GM	2 029	1 816	11.7
Woolworths Food	1 259	1 043	20.7
Country Road Group	891	588	51.5
WFS (50% of PAT)	181	180	0.6
Woolworths Treasury	15	16	(6.3)
Adjusted profit before tax	4 375	3 643	20.1
Adjustments	(271)	(53)	>100
Profit before tax	4 104	3 590	14.3
Tax	1 114	993	12.2
Profit after tax	2 990	2 597	15.1
Effective tax rate	27.1%	27.7%	

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GROUP INCOME STATEMENT COMMENTARY

ADJUSTMENTS

	52 weeks Jun 2014 Rm	52 weeks Jun 2013 Rm
Abnormal foreign exchange related loss/gain	(139)	67
Transaction costs	(182)	(77)
Disposal of property	50	-
Store restructuring	-	(43)
Adjustments	(271)	(53)

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INCOME STATEMENT WOOLWORTHS CLOTHING & GM

	52 weeks Jun 2014 Rm	52 weeks Jun 2013 Rm	% change
Turnover	11 505	10 552	9.0
Cost of sales	6 132	5 659	8.4
Gross profit	5 373	4 893	9.8
Other revenue	18	14	
Expenses	3 364	3 096	8.7
Store costs	2 128	1 890	12.6
Other operating costs	1 236	1 206	2.5
Operating profit	2 027	1 811	11.9
Gross profit margin - on turnover	46.7%	46.4%	
Operating profit margin - on turnover	17.6%	17.2%	

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INCOME STATEMENT COMMENTARY WOOLWORTHS CLOTHING & GM

TURNOVER	Total 52 weeks	Comparable stores	Price movement
CLOTHING (INCL CR SA)	10.6%	8.6%	8.8%
CLOTHING	9.3%	7.4%	7.7%
GM	7.1%	4.2%	2.6%
CLOTHING & GM	9.0%	7.0%	6.7%

GROSS PROFIT – Margin increase driven by sourcing gains.

OPERATING PROFIT – Margin leveraged by good cost control.

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INCOME STATEMENT WOOLWORTHS FOOD

	52 weeks Jun 2014 Rm	52 weeks Jun 2013 Rm	% change
Turnover	19 694	17 149	14.8
Cost of sales	14 711	12 758	15.3
Gross profit	4 983	4 391	13.5
Other revenue	73	74	
Expenses	3 799	3 426	10.9
Store costs	2 555	2 269	12.6
Other operating costs	1 244	1 157	7.5
Operating profit	1 257	1 039	21.0
Gross profit margin - on turnover	25.3%	25.6%	
Operating profit margin - on turnover	6.4%	6.1%	

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INCOME STATEMENT COMMENTARY WOOLWORTHS FOOD

TURNOVER

	Total 52 weeks	Comparable stores	Price movement
FOOD	14.8%	10.7%	7.9%

Good performance in fresh produce and protein in particular.

GROSS PROFIT – Margin largely maintained despite investment in price.

OPERATING PROFIT – Margin leveraged by excellent cost control.

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WOOLWORTHS EXPENSES

	52 weeks Jun 2014 Rm	52 weeks Jun 2013 Rm	% change
Store costs	4 683	4 159	12.6
Other operating costs	2 480	2 363	5.0
General operating costs	2 145	2 011	6.7
Amortisation of reacquired rights	84	76	
IFRS 2 charge	116	136	
Incentives	135	140	
Total expenses	7 163	6 522	9.8

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WOOLWORTHS EXPENSES COMMENTARY

STORE COSTS – Impacted by additional space, including BNSG. Comparable store costs up 6.8%.

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INCOME STATEMENT COUNTRY ROAD GROUP

	52 weeks Jun 2014 A\$m	Jun 2013 A\$m	% change
Turnover	849	706	20.3
Cost of sales	323	269	
Gross profit	526	437	20.4
Other revenue	4	3	
Expenses	432	373	15.8
Store costs	308	264	16.7
Other operating costs	124	109	13.8
Adjusted operating profit	98	67	46.3
Investment income	2	2	
Finance costs	(6)	(5)	
Adjusted profit before tax	94	64	46.9
Transaction and integration costs	-	(8)	
Profit before tax	94	56	67.9
Gross profit margin - on turnover	62.0%	61.9%	
Operating profit margin* - on turnover	11.5%	9.5%	
Return on equity (A\$)	30.4%	30.2%	

* Adjusted

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INCOME STATEMENT COMMENTARY COUNTRY ROAD GROUP

TURNOVER – Robust performance by all brands.
Comparable sales growth of 7.2% in Australasia.

STORE COSTS AND OTHER OPERATING COSTS – Well controlled.
Include Witchery for the full year.

ADJUSTED OPERATING PROFIT – Improvement due to leverage of improved trading
and inclusion of Witchery. Significant improvement in operating margin.

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BALANCE SHEET

	Jun 2014 Rm	Jun 2013 Rm	% change
Assets			
Property, plant and equipment, intangible assets and loans	6 571	5 312	23.7
Investment in JVs and associate	801	773	3.6
Inventories	3 436	2 901	18.4
Accounts receivable, tax and deferred tax	1 919	1 635	17.4
Net cash	1 666	1 582	5.3
	14 393	12 203	17.9
Equity and liabilities			
Shareholders' funds	6 952	5 937	17.1
Country Road Group borrowings	584	594	(1.7)
Other non-current liabilities and deferred tax	1 334	1 296	2.9
Accounts payable, provisions and tax	5 523	4 376	26.2
	14 393	12 203	17.9

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BALANCE SHEET COMMENTARY

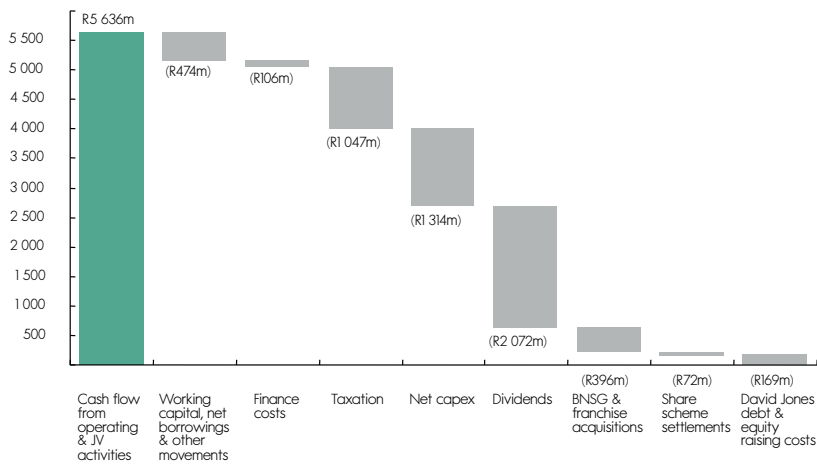
PROPERTY, PLANT AND EQUIPMENT – Impacted by BNSG and franchise acquisitions, and DC investment.

INVENTORIES – Increase due to new stores, inflation, higher stock levels in Clothing, increased catalogue in long-life in Food, and impact of exchange rate on Country Road Group translation.

ACCOUNTS PAYABLE – Impacted by increase in trade payables, derivative financial instruments and transaction cost accruals.

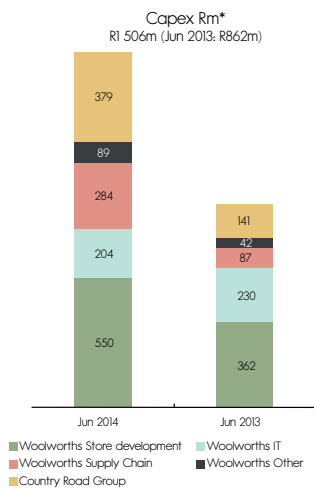
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CASH GENERATION



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CAPITAL EXPENDITURE



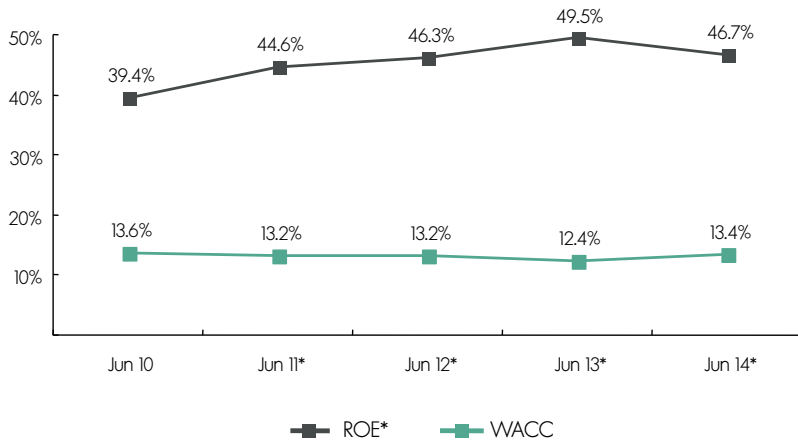
* Excludes Witchery acquisition and franchise conversions

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DEPRECIATION

	Jun 2014 Rm	Jun 2013 Rm
Woolworths	645	566
Country Road Group	227	189
Total group	872	755

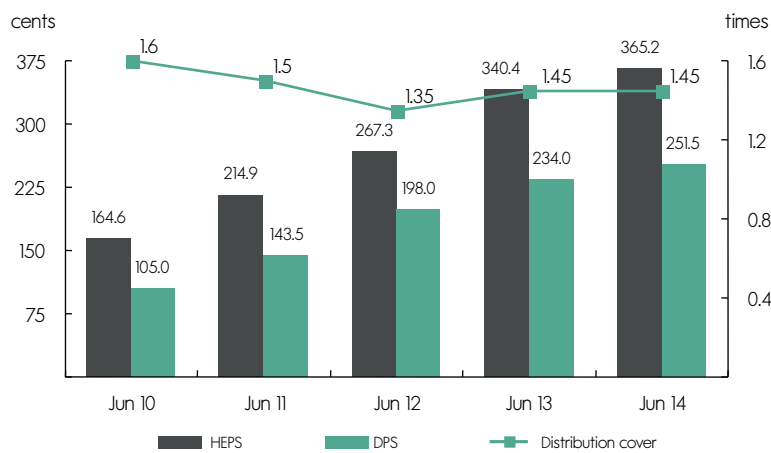
RETURN ON EQUITY



* Unrealised forex losses/gains excluded from June 2011

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EARNINGS AND DISTRIBUTION



5-year CAGR of **27%** in HEPS

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GUIDANCE

WOOLWORTHS

- Food inflation to moderate slightly from FY2014; Clothing & GM price movement expected to continue at higher levels (especially in H1) due to weak rand
- Space growth planned for FY2015:
4.8% in Clothing & GM; **9.1%** in Food
- Gross profit margins to be broadly maintained
- Positive operating margin leverage targeted

WOOLWORTHS FINANCIAL SERVICES

- Book growth expected to be in line with FY2014
- Impairments to increase slightly



Shareholders are advised that this information has not been reviewed and reported on by the group's external auditors and it does not constitute a profit forecast.

GUIDANCE

COUNTRY ROAD GROUP

- Positive momentum in sales expected to continue
- Increased footprint and integration opportunity with David Jones
- Witchery and Mimco roll out in SA continues

DAVID JONES

- Acquisition effective 1 August 2014
- Refer to strategy section for further guidance



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STRATEGIC FOCUS

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STRATEGIC FOCUS

- 1 BUILD STRONGER, MORE PROFITABLE, CUSTOMER RELATIONSHIPS 
- 2 BE A LEADING FASHION RETAILER IN THE SOUTHERN HEMISPHERE 
- 3 BECOME A BIG FOOD BUSINESS 
- 4 BECOME AN OMNI-CHANNEL BUSINESS 
- 5 EXPAND INTO AFRICA 
- 6 SIMPLE, CONVENIENT AND REWARDING FINANCIAL SERVICES 
- 7 DRIVE SYNERGIES AND EFFICIENCIES 
- 8 EMBED THE GOOD BUSINESS JOURNEY THROUGHOUT THE BUSINESS 

1 BUILD STRONGER, MORE PROFITABLE CUSTOMER RELATIONSHIPS



Data analytics enable us to drive sales and cross-sell opportunities, and gain a better understanding of our customers

WOOLWORTHS

- **3m** active cardholders tracking **71%** of sales
- **WREWARDS**, Green Rewards and Vitality Healthyfood partnership
- Data analytics enables better customer understanding to drive sales and ranging
- More customers, visiting more, buying more, spending more

COUNTRY ROAD GROUP

- **1.4m** active cardholders tracking **84%** of sales
- Significant opportunity in single CRM approach to all four brands

DAVID JONES

- Major opportunity with data analytics and loyalty
- Design of tiered loyalty scheme to increase transaction value and frequency of visit

2 BE A LEADING FASHION RETAILER IN THE SOUTHERN HEMISPHERE



WOOLWORTHS

- Continue to **build fashion credibility**
 - Build our modern wardrobe and modern brands
 - Improve execution of range building
 - Stretch brands across and into new categories
- Attract a **younger, blacker customer** by:
 - Leveraging anchor categories such as kidswear and footwear
- More **competitive pricing** ("good", "better", "best")
- Ensure uncompromising **product quality**
- Build on **design capability** across the group
- Strengthen our position as **leaders in innovation and sustainability**
- Own the **Classic** category



2 BE A LEADING FASHION RETAILER IN THE SOUTHERN HEMISPHERE



COUNTRY ROAD GROUP

- Drive and grow **four clearly differentiated brands**
- Growth of **David Jones concession business**
 - Increase existing pads within David Jones to allow appropriate representation
 - Introduce Woolworths brands to the majority of stores
- Leverage Country Road's existing **scalable systems and processes**
- Leverage **group loyalty** through combination of databases on new CRM platform and increasing volume and value of loyalty customer transactions
- Development of a **purpose-built distribution fulfilment facility** in Melbourne, Victoria at a cost of A\$55m – expected to lead to significant cost savings from June 2015
- Continue to **drive online** to > 10% of total sales

2 BE A LEADING FASHION RETAILER IN THE SOUTHERN HEMISPHERE



Real estate expansion and format

WOOLWORTHS

- Expand the footprint of under-footaged stores for brand and category expansion
- Target new space in "next tier" regional locations

COUNTRY ROAD GROUP

- **43** new stores in Australasia and **18** new Country Road and Trenerly stores in South Africa over the next 3 years
- Roll out of Witchery & Mimco in South Africa – **42** stores planned over next 3 years

DAVID JONES

- Increase productivity through improved profiling and allocation
- Assess plans for further "village" store formats

3 BECOME A BIG FOOD BUSINESS



COMPLETE THE SHOP

- Total SKUs now at **11 000** from 6 400 five years ago
 - to grow to 12 000 to enhance depth and breadth of range
- Continue to build big stores and make stores bigger
- Expand convenience format

PRICE AND VALUE

- Continue to shift customer perceptions
- Price architecture to cover “good”, “better” and “best” prices

MAINTAIN OUR FOOD AUTHORITY CREDENTIALS

- Enhance the store experience
- Food quality – maintain market leading position through innovation and the introduction of interactive food counters



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4 BECOME AN OMNI-CHANNEL BUSINESS



Investment in the future

WOOLWORTHS

- New Woolworths device-responsive site launched August 2013
- One of the fastest-growing E-commerce business in SA
- Ranked #3 in SITEisfaction® survey with online customers in SA
- Building reliable, consistent and scalable operational platform
- Identified digital capability as key enabler of all business strategies

COUNTRY ROAD

- Online site has been a big success
- Expected to reach A\$100 million in FY2015

DAVID JONES

- Enhance David Jones’ online performance aligned to the introduction of private label and a broader catalogue



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5 EXPAND INTO AFRICA



- Significant growth in sales and profits
- All franchise conversions completed smoothly
- Zambia now wholly owned
- Aggressively seeking new space and investing in extensions / modernisations in all 11 markets
- Price reductions driving volumes
- Successful trials of loyalty programme, now rolling out
- Improved ranges and availability
- Step changes in "cost to sell" ratios, and supply chain efficiency and leadtimes
- Investing in management structures and building capacity



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6 SIMPLE, CONVENIENT & REWARDING FINANCIAL SERVICES



TRANSFORMING THE WFS CUSTOMER EXPERIENCE

- Instant credit extended to all products
- **15 minutes** to card issue, with
27 stores live now and **34** live by December
- **138k** new in-store cards and **52k** new credit cards activated in the year to June 2014
- **Omni-channel optimisation** through store presence, digital functionality (new web portal and mobile app) and telephony infrastructure
- **>50%** of the account base now on electronic statements



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7 DRIVE SYNERGIES AND EFFICIENCIES



DRIVE SCALE BENEFITS ACROSS THE SOUTHERN HEMISPHERE

- Single sourcing approach with combined volumes to drive improved product development, price accessibility and margins

DISTRIBUTION CAPACITY

- New distribution centres for Woolworths in SA and Country Road Group in Australia
- David Jones supply chain to utilise Country Road Group DC capacity and capability



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8 EMBED THE GOOD BUSINESS JOURNEY THROUGHOUT THE BUSINESS



KEY FOCUS AREAS

- **Ethical trade**
- **Sustainable farming** and sourcing of raw materials – 98% compliance
- Scarce **water** resources
- **Energy** – 38% reduction since 2004
- **Reducing waste** across our business and helping customers do the same
- Contributing to **social development priorities** wherever we operate
- **Transformation** of our business and supply chain – Level 3 maintained
- **Health and wellness** for our customers and colleagues

FINALIST IN THE CORPORATE SOCIAL RESPONSIBILITY CATEGORY OF THE 2014 WORLD RETAIL AWARDS – AN AWARD WE HAVE ALREADY WON 3 TIMES

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DAVID JONES ACQUISITION

COMPELLING STRATEGIC RATIONALE

- **Strong platform for continued expansion** – a mirror image of WHL with meaningful size, aligned values and aligned customers in an attractive market, well known to WHL
- Ensures strong **defensive position** against northern hemisphere entrants in both South Africa and Australia through scale and global sourcing opportunities to deliver more competitive pricing for our customers
- Leverages design, procurement and scale within WHL and **maximises product and sourcing capabilities**, which will drive significant margin improvements across the combined group and will increase our brand exports, strengthening our talent pool and labour force
- **Growth of WHL brands** through introduction to David Jones stores
- Leverages systems, omni-channel and CRM knowledge and capability; will encourage significant skills transfer with associated technological and product innovation
- Expected to provide **attractive IRR and strong earnings growth** from a materially higher base
- Opportunity to realise additional value from flagship owned property portfolio

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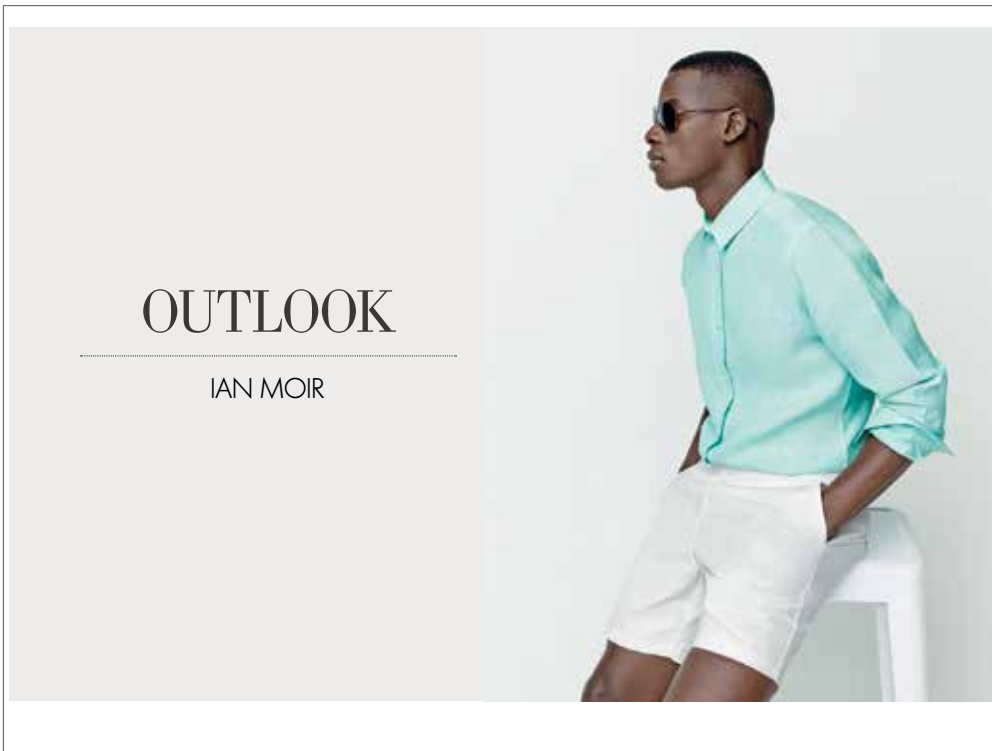
DAVID JONES ACQUISITION

VALUE CREATION OPPORTUNITIES IN EXCESS OF R1.3BN PER ANNUM BY YEAR 5¹

	EBIT IMPACT	TIMING OF BENEFITS
INTRODUCTION OF WHL PRIVATE LABEL	A\$70m -A\$80m	FY15E - FY17E
GROWTH OF CRG CONCESSION BRANDS	A\$30m -A\$40m	FY15E - FY17E
INTRODUCTION OF DAVID JONES LOYALTY SCHEME	Nil assumed	FY16E - FY18E
ENHANCE OMNI-CHANNEL PERFORMANCE	Nil assumed	FY15E - FY19E
OPTIMISE GROUP REAL ESTATE PORTFOLIO	A\$20m -A\$30m	FY17E - FY19E
IMPROVED MARGIN THROUGH GROUP SOURCING STRATEGY	A\$10m -A\$20m	FY16E - FY19E
	TOTAL ~A\$130m	

Note: This material includes forward-looking statements subject to risks and uncertainties, which are based on current expectations, assumptions and projections about future events and trends that may affect the business of David Jones and WHL. Several factors may adversely affect the estimates and assumptions on which these statements are based. The information has not been reviewed or reported on by the reporting accountants and auditors and no assurance can be given by WHL that such expectations will prove correct. 1. Represents incremental earnings before interest and tax ("EBIT").

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OUTLOOK

- South African economy will continue to be constrained
- Expect the upper income consumer to be relatively resilient
- Australian economy and retail environment gaining traction
- First 8 weeks of sales are in line with expectations in both SA and Australia

	Achieved in FY2014	Medium-term target FY2016
Operating profit margin		
Woolworths Clothing & GM	17.6%*	19%
Woolworths Food	6.4%*	7%
Country Road Group	11.5%*	12%
ROE		
Woolworths Financial Services	24.3%	22%

* Adjusted
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QUESTIONS?

THANK YOU



ADDITIONAL INFO



TRADING SPACE

	Jun 2014 000m2	Jun 2013 000m2	% change	Projected Jun 2015 000m2	% change	Projected Jun 2016 000m2	% change	Projected Jun 2017 000m2	% change
Woolworths Clothing & GM	414	398	4.0	434	4.8	468	7.8	493	5.3
South Africa (incl franchise)	376	359	4.7	393	4.5	425	8.1	450	5.9
Rest of Africa	38	39	(2.6)	41	7.9	43	4.9	43	-
Woolworths Food	186	172	8.1	203	9.1	216	6.4	232	7.4
South Africa (incl franchise)	180	166	8.4	196	8.9	209	6.6	225	7.7
Engen	2	2	-	2	-	2	-	2	-
Rest of Africa	4	4	-	5	25.0	5	-	5	-
Country Road Group	93	89	4.5	101	8.6	105	4.0	111	5.7
Australasia	79	77	2.6	85	7.6	89	4.7	94	5.6
South Africa	14	12	16.7	16	14.3	16	-	17	6.3

* Adjusted

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STORE LOCATIONS

	Jun 2014	Jun 2013	Growth	Projected Jun 2015	Growth	Projected Jun 2016	Growth	Projected Jun 2017	Growth
Woolworths Clothing & GM	259	259	-	279	20	289	10	295	6
South Africa (incl franchise)	199	197	2	215	16	223	8	229	6
Rest of Africa	60	62	(2)	64	4	66	2	66	-
Woolworths Food	374	365	9	400	26	423	23	427	4
South Africa (incl franchise)*	297	296	1	310	13	322	12	326	4
Engen	55	49	6	66	11	77	11	77	-
Rest of Africa	22	20	2	24	2	24	-	24	-
Country Road Group	529	508	21	568	39	611	43	645	34
Australasia	459	458	1	478	19	501	23	515	14
South Africa	70	50	20	90	20	110	20	130	20

* Of which 150 are standalone Food stores

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CONTRIBUTION TO SALES WOOLWORTHS FINANCIAL SERVICES

% of sales spent on Woolworths cards	Jun 2014	Jun 2013
Clothing & GM	25.9%	27.6%
Food	12.3%	13.2%
Aggregate Woolworths card contribution	17.5%	18.9%
Credit card	1.3%	1.1%
Aggregate Woolworths and credit card contribution	18.8%	20.0%

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INCOME STATEMENT (IN RANDS) COUNTRY ROAD GROUP

	52 weeks Jun 2014 Rm	Jun 2013 Rm	% change
Turnover	8 090	6 433	25.8
Cost of sales	3 081	2 449	25.8
Gross profit	5 009	3 984	25.7
Other revenue	34	27	25.9
Expenses	4 113	3 396	21.1
Store costs	2 931	2 398	22.2
Other operating costs	1 182	998	18.4
Adjusted operating profit	930	615	51.2
Investment income	21	18	
Finance costs	(60)	(45)	
Adjusted profit before tax	891	588	51.5

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