group results

for the 26 weeks ended
December 2008

analyst presentation – February 2009

WOOLWORTHS HOLDINGS LIMITED WHL

woolworths holdings limited

"business unusual"

- Continuation of market deterioration from October 2007
- Compounded by collapse in global economy
  - Need to refine our positioning in the market
- Significant changes in consumer behaviour
  - Deleveraging
  - Realignment of needs back to necessities
  - Trading down
- Our customers hit the hardest
  - Holding quality and innovation but shifting opening price points and cutting costs

review of the period

- Woolworths Retail
  - Sales growth below expectations
  - Repositioning of opening price points
  - Clothing and General merchandise
    - Underestimated demand for value and core product
    - Improved margin
    - Good stock control
  - Food
    - Value lines performed well
  - Excellent expense control

12mma **market share**

	Clothing and footwear (per RLC)	**Food** (per Nielsen)
Dec 2006	15.3%	8.9%
Dec 2007	15.4%	9.3%
Dec 2008	14.7%	8.8%

woolworths holdings limited

review of the period *(continued)*

- Country Road
  - Business repositioned
  - Excellent sales performance in tough trading conditions
  - Record profit growth
  - Becoming a material profit contributor
- Financial Services
  - Successful implementation of ABSA JV – attitude shift
  - Bad debts well controlled
- Strong balance sheet

financial review

Norman Thomson

woolworths holdings limited

financial overview

- Retail turnover up 8.1% to R10.5 billion
- Profit before tax and exceptional items up 18.1% to R878 million
- Effective tax rate decreased from 36.9% to 32.9% (excluding STC on special dividend)
- Diluted headline earnings per share up 11.5% to 62.0 cps
- Adjusted headline earnings per share up 26.9%
- Interim dividend to shareholders increased to 31.5 cps
- ROE increased from 27.8% to 29.6%

woolworths holdings limited

group income statement

	Dec 2008 Rm	Dec 2007 Rm	% change
SA Retail	635.4	611.8	3.9
Country Road	90.9	48.2	88.6
Financial Services	119.6	71.7	66.8
Q1 – 100% subsidiary	92.2		
Q2 – JV (after tax)	27.4		
Net group interest	32.4	11.9	>100
Profit before exceptional item	**878.3**	**743.6**	**18.1**
Exceptional item	380.0	-	
Profit before tax	**1 258.3**	**743.6**	**69.2**
Tax	364.3	274.4	32.8
Profit after tax	**894.0**	**469.2**	**90.5**
Effective tax rate (excluding STC on special dividend)	32.9%	36.9%	

group income statement commentary

1. **Financial Services** – consolidated in Q1 and equity accounted in Q2 (see separate slide)
2. **Net group interest** – net group interest excludes WFS, and is earned on excess cash (net of remaining term borrowings) after the 1 October disposal of a controlling interest in WFS (which is no longer consolidated)
3. **Exceptional item** – the profit on disposal of the controlling interest in WFS (proceeds R875m, net value of equity disposed R447m, costs R48m)
4. **Taxation** – Excluding STC on this year's special dividend, the effective rate has reduced from 36.9% to 32.9%. The main reasons are the 1% reduction in the rate of normal tax, and the impact of the JV share of profit, which is already taxed.

SA retail income statement

	Dec 2008 Rm	Dec 2007 Rm	% change
Revenue	9 384.9	8 913.8	5.3
Turnover	**9 338.1**	**8 867.6**	**5.3**
Cost of sales*	6 779.2	6 363.1	6.5
Gross profit	**2 558.9**	**2 504.5**	**2.2**
Other revenue	46.8	46.2	1.3
Expenses	1 970.3	1 938.9	1.6
Store costs	1 267.3	1 139.2	11.2
Other operating costs	703.0	799.7	(12.1)
Profit before tax	**635.4**	**611.8**	**3.9**
Gross margin - on turnover	27.4%	28.2%	
Operating margin - on revenue	6.8%	6.9%	
Return on equity	49.1%	56.5%	

* Cost of sales now includes distribution costs (previously in expenses) – 2007 restated

SA retail income statement commentary

1. **Turnover**

	Total	Comparable stores
Clothing and GM	(0.6%)	(4.1%)
Food	9.5%	0.3%
Total	5.3%	(1.6%)

2. **Gross profit** – 0.8% drop in margin due to margin pressures in Food, offset by higher margin in Clothing. Margin now includes Food distribution costs and the prior period has been restated.
3. **Expenses** – Store costs were well controlled and in line with the store plan. Other costs were tightly controlled. Disclosure has changed due to the exclusion of distribution costs.
4. **Operating margin** – maintained due to tight expense control
5. **ROE** – remains good

woolworths holdings limited

country road income statement

	Dec 2008 A$m	Dec 2007 A$m	% change
Revenue	178.7	146.4	22.1
Turnover	**177.7**	**145.7**	**22.0**
- Retail	130.0	110.0	18.2
- Concession	41.8	35.7	17.1
- Wholesale	5.9	-	
Cost of sales	70.1	56.9	23.2
Gross profit	**107.6**	**88.8**	**21.2**
Other revenue	1.0	0.7	42.9
Expenses	93.8	81.4	15.2
Operating profit	**14.8**	**8.1**	**82.7**
Finance costs	0.1	0.1	-
Profit before tax	**14.7**	**8.0**	**83.8**
Average exchange rate (R/A$)	6.8	6.1	
Profit before tax (Rm)	**90.9**	**48.2**	
Gross margin - on turnover	60.6%	60.9%	
Operating margin - on revenue	8.3%	5.5%	
Return on equity (A$)	25.4%	16.0%	

country road commentary

1.	**Turnover**	**Total**	**Comparable stores**
	Retail	18.2%	12.8%
	Concession	17.1%	11.1%

2. **Gross profit** – well controlled margins
3. **Expenses** – well controlled, but impacted by the accounting for long-term incentives
4. **Operating margin** – getting near the 10% goal
5. **ROE** – improved to 25.4% due to increased profitability

woolworths holdings limited

financial services income statement

	Dec 2008 Rm	% to book	Dec 2007 Rm	% to book	% change
Interest income	752.5	26.2	651.4	22.9	15.5
Interest paid	308.1	10.7	241.2	8.5	27.7
Net interest income	**444.4**	**15.5**	**410.2**	**14.4**	**8.3**
Impairment charge	210.2	7.3	261.2	9.2	(19.5)
Risk-adjusted margin	**234.2**	**8.2**	**149.0**	**5.2**	**57.2**
Non-interest revenue	191.0	6.6	141.5	5.0	35.0
Operating costs*	257.5	9.0	218.8	7.7	17.7
Profit before tax (before deduction of ABSA share)	**167.7**	**5.8**	**71.7**	**2.5**	**>100**
Average financial services assets	5 746.9		5 668.9		1.4
Return on equity	12.5%		6.0%		

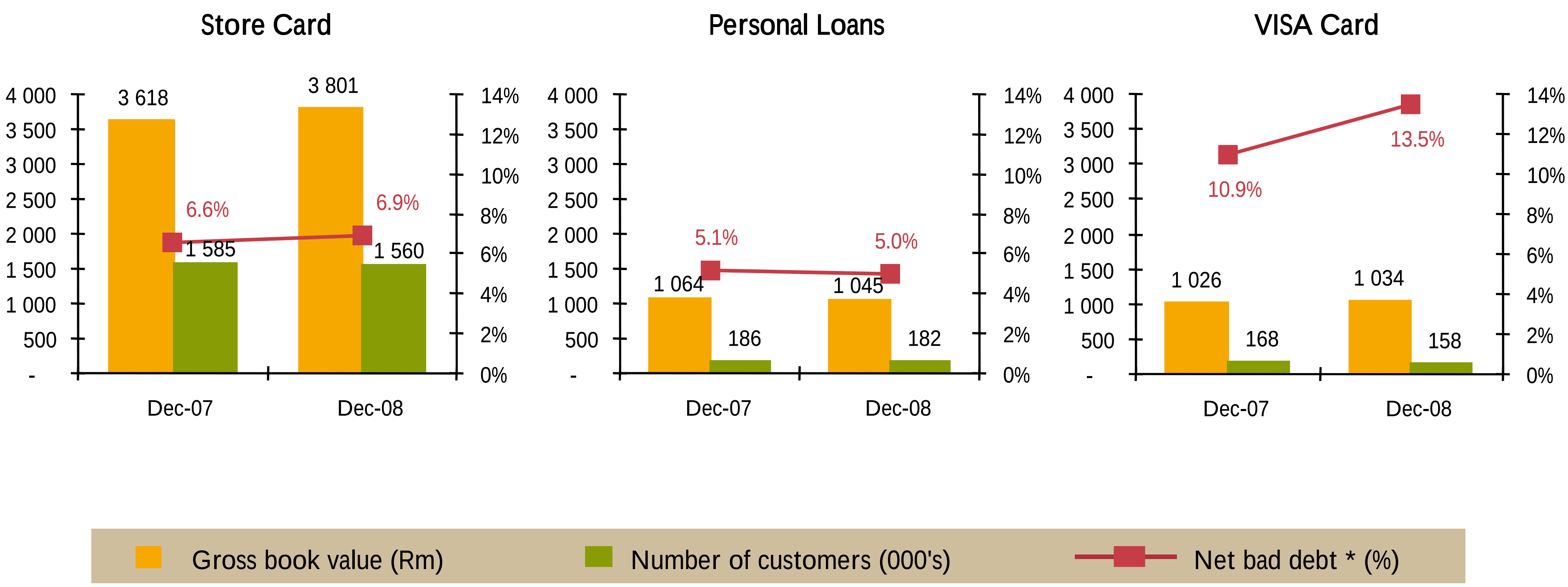
* Change in allocation methodology of retail costs to WFS at year end - 2007 restated

financial services commentary

1. **Gross financial services assets** – fairly static, in line with sales growth in Woolworths and tighter NCA requirements. This is the biggest challenge in this business. Note that no longer carried on WHL balance sheet.
2. **Interest income** – increased yields due to higher average interest rates
3. **Interest paid** – increased due to higher average rates and greater gearing of JV
4. **Impairment charge** – bad debts tightly managed and improved book shape in store card and personal loans
5. **Non-interest revenue** – benefit of NCA-related charges
6. **Operating costs** – well controlled, and have invested in extra collections resources
7. ROE – improved mainly due to lower impairment charge and higher NIR

woolworths holdings limited

financial services book performance



* 6mma excluding cost of recoveries, and calculated based on billing book data

woolworths holdings limited

financial services review

- JV has gone well
- Benefit from implementing Barclays/ABSA policies and aligning provisioning
- Trading is in line with expectations
- Bad debts remain stable, particularly with store card and personal loans, but remain a concern in VISA book
- Challenge is growth in card sales

woolworths holdings limited

balance sheet

	Dec 2008 Rm	Dec 2007 Rm	% change
Assets			
Property, plant and equipment, intangible assets, loans and other assets	2 393.9	2 216.1	8.0
Investment in WFS JV	503.3	-	
Inventory	1 551.8	1 473.2	5.3
Financial services assets	-	5 558.7	
Accounts receivable and deferred tax	1 558.2	1 324.6	17.6
Cash	2 913.2	866.9	>100
	8 920.4	11 439.5	(22.0)
Equity and liabilities			
Shareholders' funds	3 274.3	3 417.9	(4.2)
Accounts payable	4 146.1	3 605.0	15.0
Borrowings	1 500.0	4 416.6	(66.0)
	8 920.4	11 439.5	(22.0)

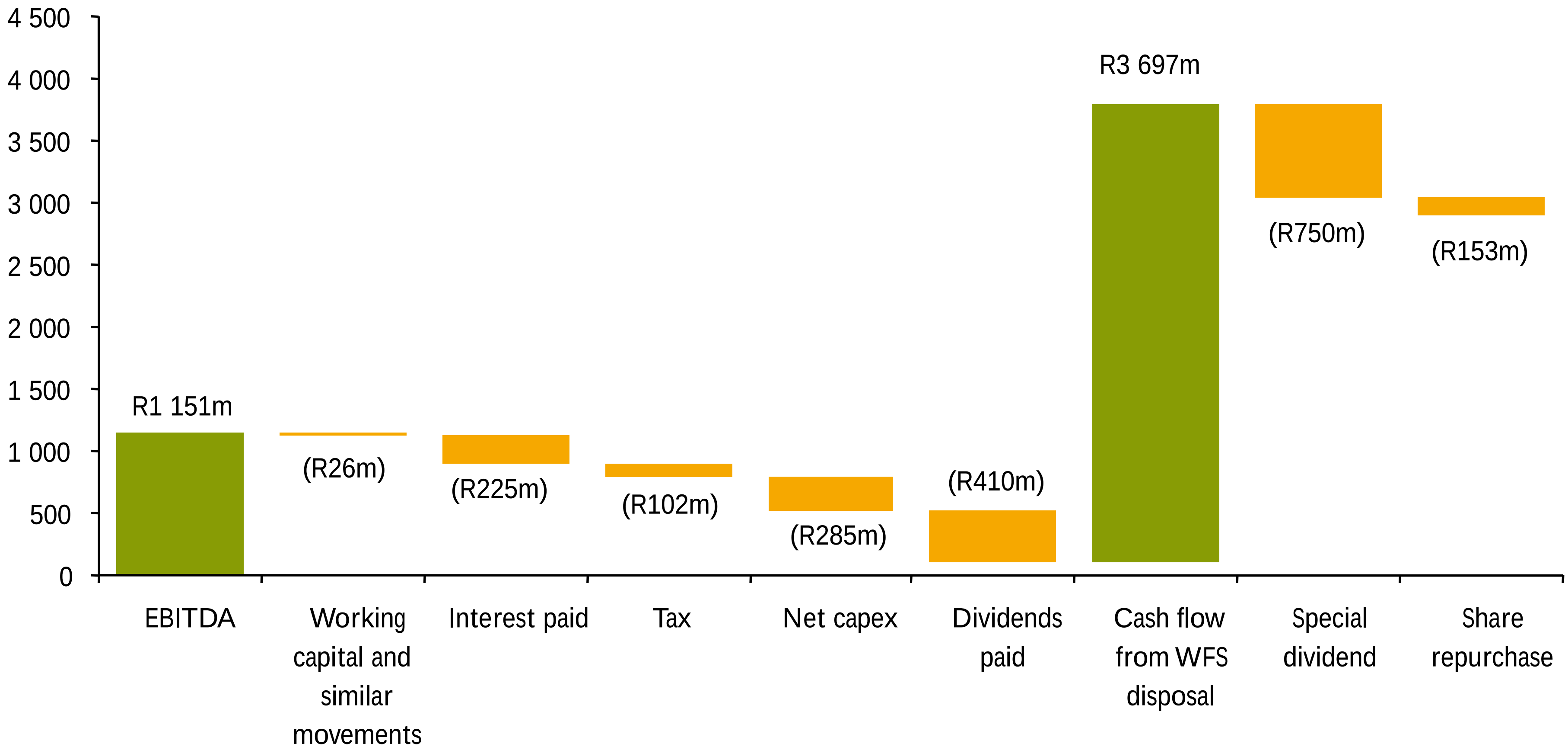
- Strong balance sheet
- Moderate growth in assets

balance sheet commentary

1. **Property, plant and equipment** – grown in line with capex (refer to investment slide)
2. **Investment in WFS JV** – represents our equity in the JV (minimum 8%)
3. **Inventory** – was well managed in both Country Road and South Africa, with lower stock levels and lower provisioning required
4. **Cash and borrowings** – cash proceeds from sale of WFS business. See cash flow statement and cash generation slide.

woolworths holdings limited

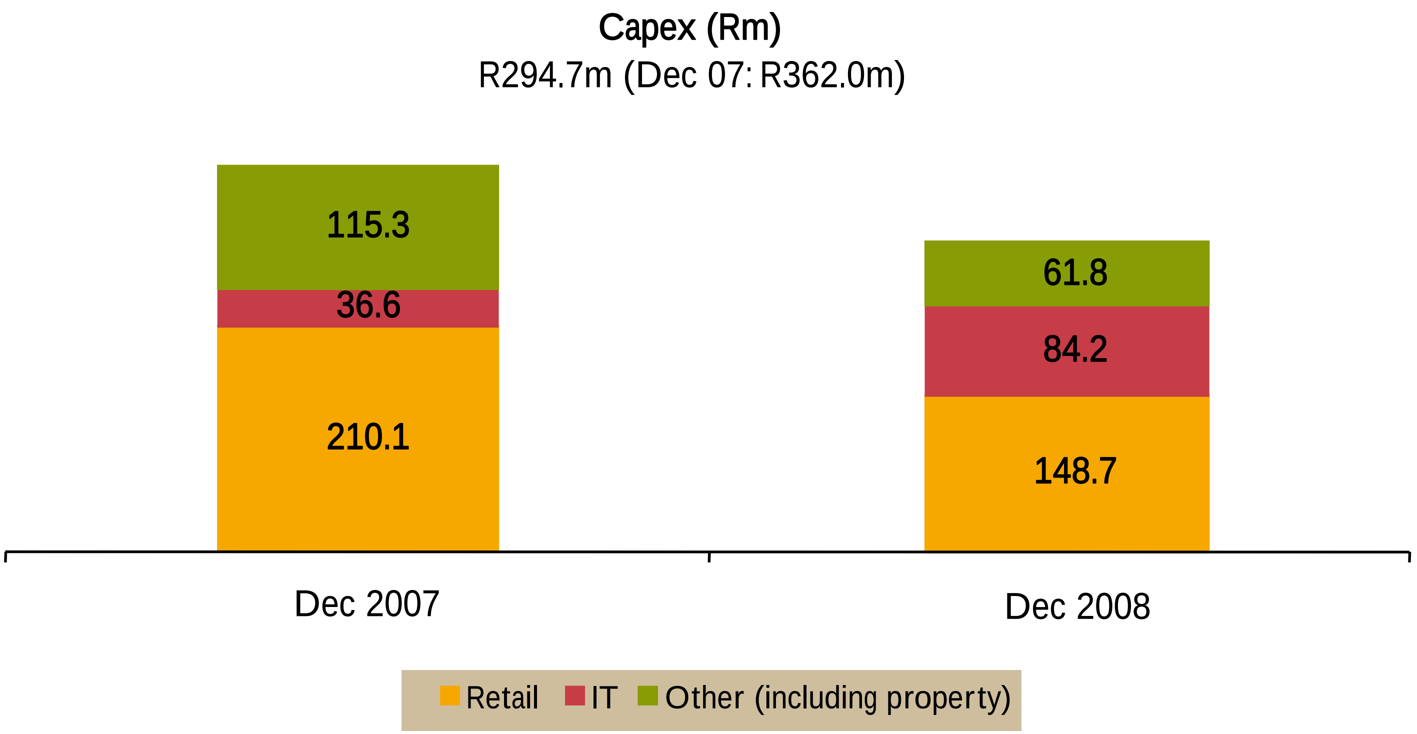
cash generation



WOOLWORTHS HOLDINGS LIMITED WHL

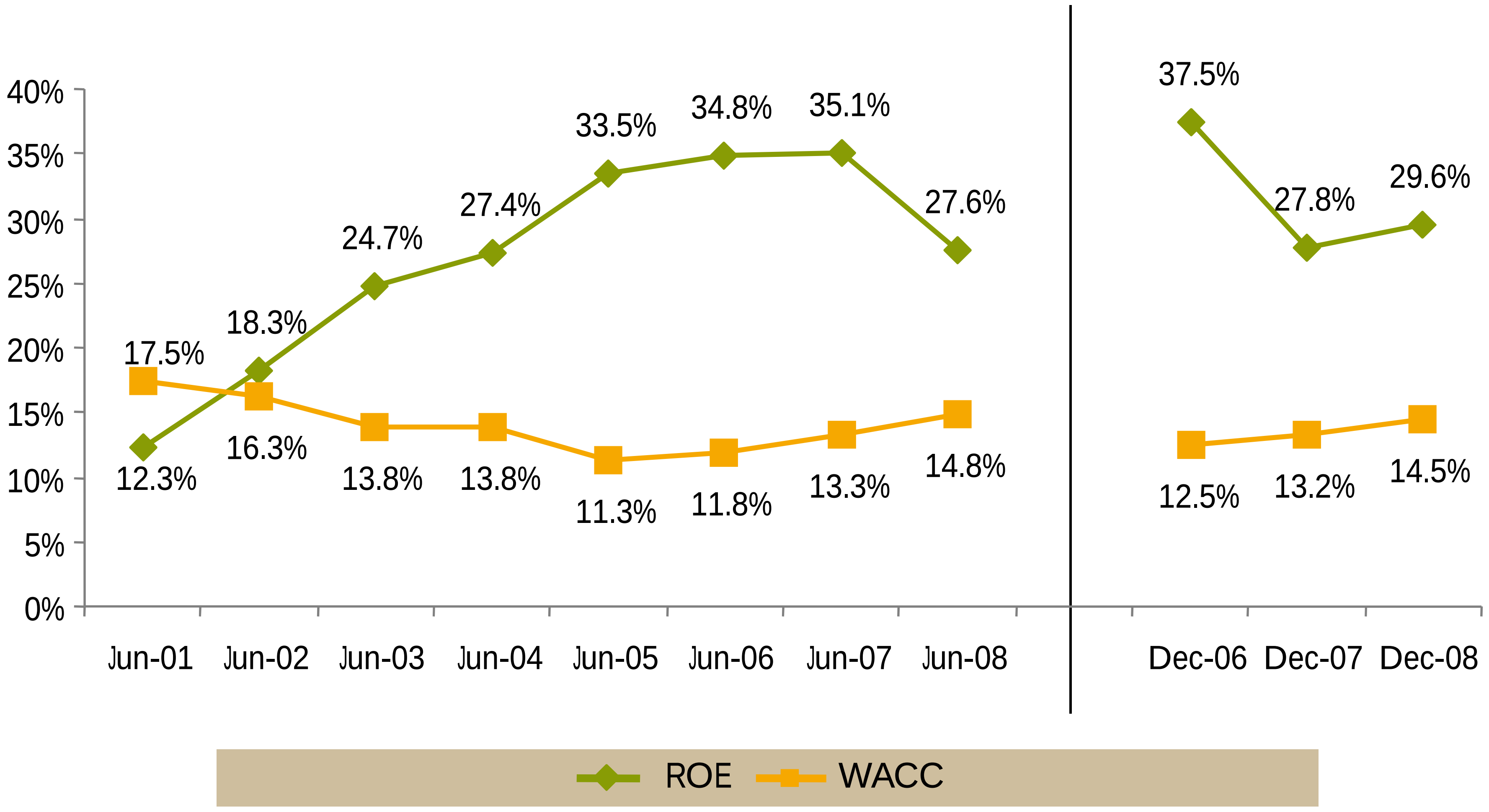
woolworths holdings limited

investment in the business



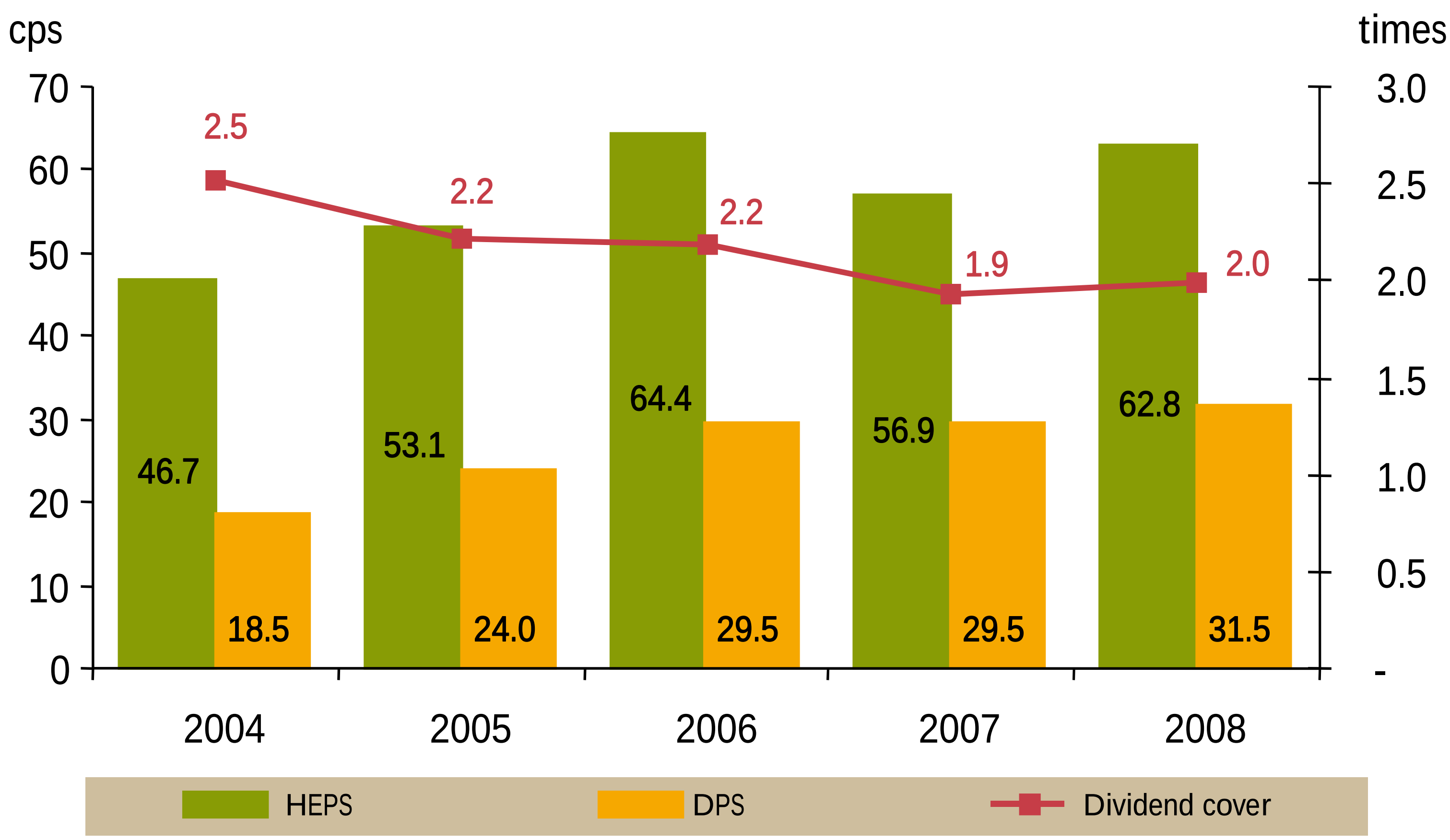
- Increase in IT includes residual investment in data warehouse and IPEX

return on equity



woolworths holdings limited

earnings and dividend



outlook

- Inflationary pressures in Clothing due to currency. Inflationary pressures in Food will continue in Q3, then ease
- Sales growth will remain muted
- Retail gross margin to be held at current level
- Tight control of costs to continue
- Certain WFS related benefits in H1 will not be repeated in H2
- Capex planned

	FY2009	FY2010
- SA Retail	R650m	R550m
- Country Road	R150m	R145m

- Continue cautious share repurchase
- Trading space growth in Woolworths to slow

SA retail – store growth

	Growth to Dec 2008 (12 mths)	Projected growth to Jun 2009 (6 mths)	Projected growth to Jun 2010 (12 mths)
Number of stores			
Corporate stores			
Full-line	8	6	11
Food standalone	20	4	8
Trading space			
Corporate stores			
Clothing and General merchandise	4.9%	3.3%	7.9%
Food	14.7%	4.4%	10.5%

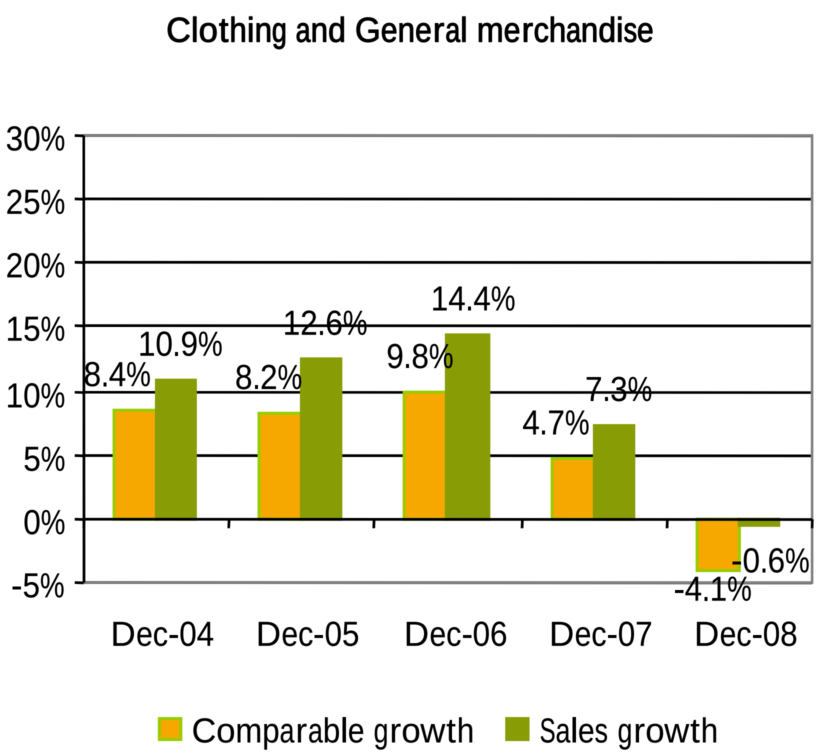
WOOLWORTHS HOLDINGS LIMITED WHL

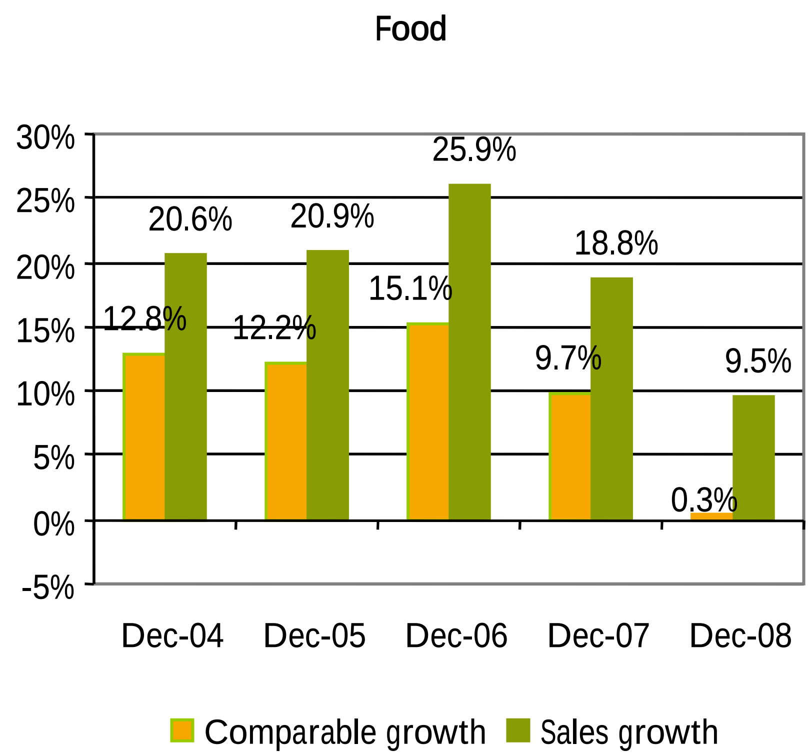
retail review

Andrew Jennings

woolworths holdings limited

retail turnover





woolworths holdings limited

retail overview

- Clothing and General merchandise
  - Under bought and oversold on value and core products
  - Womenswear – overall disappointing performance – swimwear, activewear, Twist and Re traded well
  - Menswear – focus on essentials, success of SuperSport
  - Childrenswear – excellent growth – demand more than anticipated on core
  - Homeware – poor performance
  - Beauty – great performance of colour and fragrance – private label impacted by continuity of supply
  - Margin improvement and tight control of stock

retail overview *(continued)*

- Food
  - Repositioned pricing
  - Continue to drive the Woolworths difference
  - Benefit of promotions
  - Availability and waste improving – remain a challenge
  - Impact of change in product mix – price movement less than inflation

- Stores
  - Excellent expense control through productivity gains
  - Service levels maintained
  - Impact of strike

driving implementation

- 2007/2008
  - **Understanding** the business
  - Planning new processes, procedures and strategies
- 2008/2009
  - **Re-organisation**
  - More consistent and disciplined ways of working
  - Talent recruitment and development
  - Control
- 2009/2010
  - **Implementation**
  - Sourcing – margin improvement
  - Quality:value equation

woolworths holdings limited

woolworths retail – deliverables

	Timelines	Progress
1. Customer understanding	ongoing	↑
2. Quality :Value	ongoing	↑
3. Range differentiation and innovation	complete	↑
4. Improved availability	Summer 09	→
5. Talent upgrade / skills base	complete	↑
6. Greater speed to market in Clothing and GM	Winter/Summer 10	→
7. Improved productivity	Winter/Summer 10	↑

woolworths holdings limited

1. customer – the relationship journey

WOOLWORTHS HOLDINGS LIMITED WHL

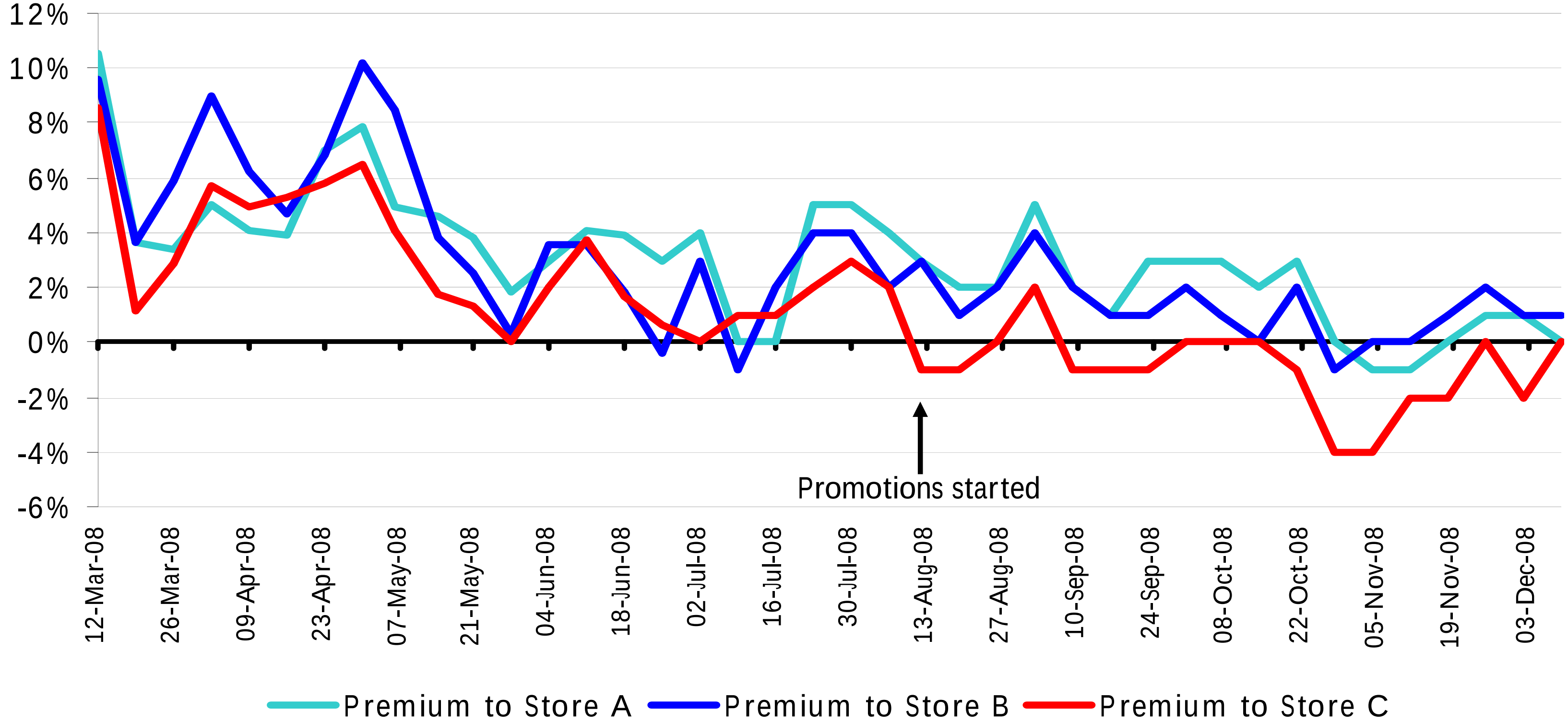
2. quality:value – Clothing

Clothing pricing

% price movement	FY2009	FY2008
1st half	0.0%	9.6%
2nd half		7.3%

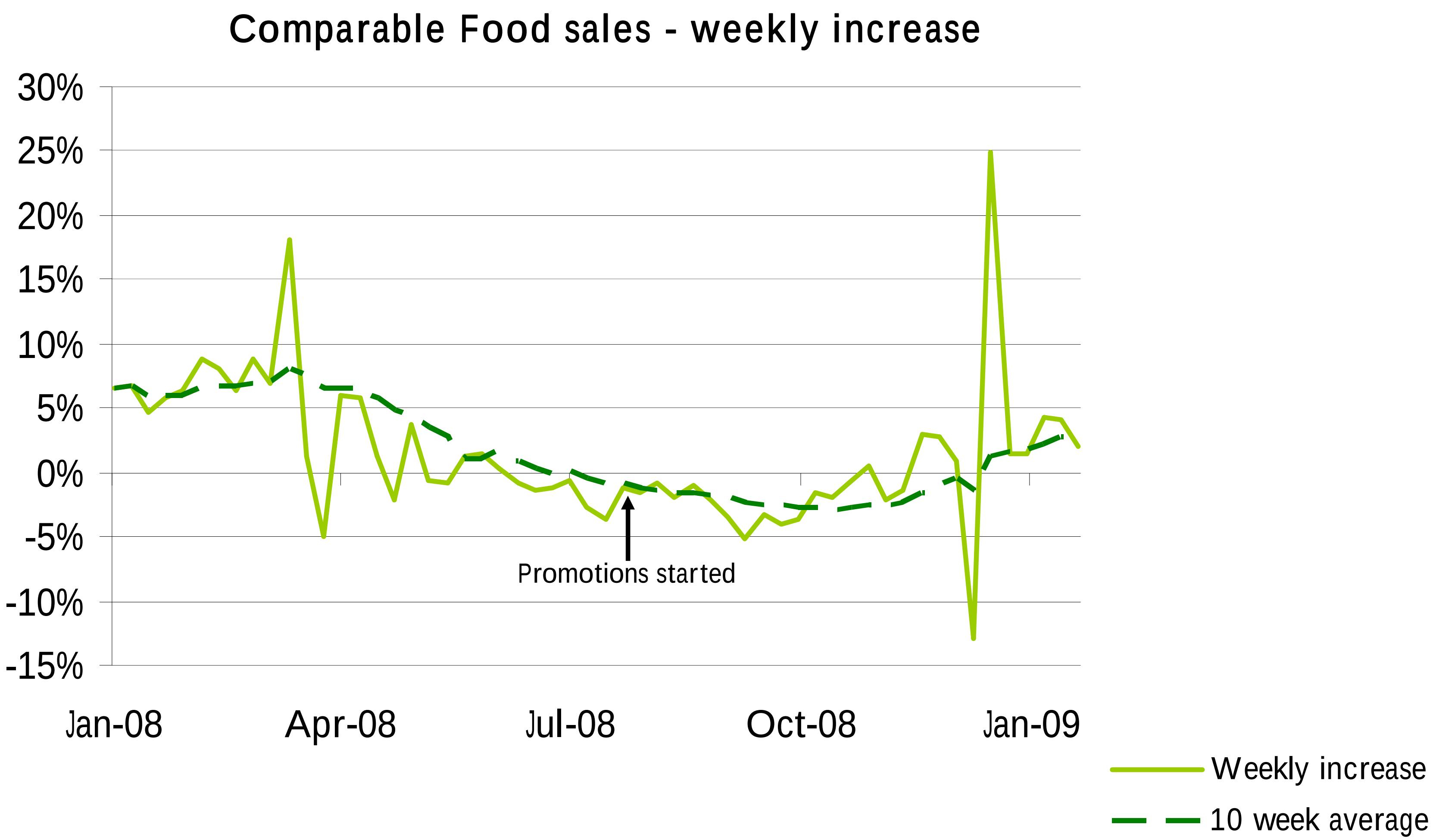
- Customer buying more value items
- Held prices - improved margin
- Summer 25 value lines - 86% sell through and sold 3.1m units, a 40% increase – underbought
- Value without compromising quality

2. quality:value – Food



- Price repositioning changing customer perception
- Now competitively priced
- Quality remains key

2. quality:value – Food



3. range differentiation – segmentation in womenswear

	Classic	Modern	Contemporary
Best	w collection	COUNTRY ROAD	SA Designers
Better	classic collection	Modern studio.w activ.	re twist jt one
Good	classic collection	Modern studio.w activ.	re twist jt one

Woolworths headquarters assortments

- Process implemented across all product groups
- Embedded in stores

3. innovation – Food

- Four clear pillars

Everyday the difference	Health	Gastronomic adventure	Reasons to celebrate

- **Continued re-engineering** for innovation and value
  - 824 **new lines** launched from Jul – Dec 08 (LY: 543)
  - 444 **lines upgraded** from Jul – Dec 08 (LY: 413)
- Innovation key to **Woolworths difference**

woolworths holdings limited

3. great new product launches: Organics

woolworths holdings limited

3. great new product launches: Cooks Essentials

3. great new product launches: Earth Friendly range

4. improved availability

- Clothing
  - **Sizing** an issue
  - New **cluster work** to align merchandise with customer profile
  - **Demand increase** in value and core products – underestimated in Summer 08

- Food
  - **Forecasting system** shifted from bottom up to top down
    - Store location forecasting
    - Product group forecasting
  - Focus on **major lines**
  - Store catalogue to customer profile
  - **Significant improvement** by Summer 09

5. talent upgrade / skill base

- **Key people** in place
  - New head of **product development** in Food
  - New Director of Stores
  - New design talent

- Continuous **upskilling**
  - Merchant academy for buying and planning - now includes **supplier component** and focus on back to basics
  - Food and Store academy

6. speed to market in Clothing and General merchandise

- **Sourcing strategy** update
  - 6 months into 3 year plan
  - Well on track
  - Continuous review of supplier base locally and overseas to drive best quality, technology and value
  - Intake margin improving

7. improved productivity

- **Improve productivity**
  - Expense control
- **Real estate - format**
  - Shift to fewer bigger stores
  - 14 modernisations this year
- **Clothing and Home cluster strategy**
  - Stock efficiency
  - Alignment of customer, store and stock profile
- **Delivery** of new Clothing and Home range planning
  - Project on track
  - Improved planning for Winter 09
  - Better allocations

trading in tough times

- Focus on **value and quality** whilst strengthening **innovation**
- Improve **availability**
- Utilise **customer information** to drive promotions and store catalogue
- Continue to manage **stock** tightly
- **Improve margin**
- Continue to manage **cost growth**
- Looking after our **people**
- No change in the Retail strategy


COUNTRY ROAD
country road

country road – review

- Repositioning has worked
  - Prices down 40% over 3 years
  - Volumes up well over 100%
- Growing profit contributor
- Strategic opportunity
  - Both Country Road (modern) and Trenery (classic) have very good long-term growth opportunities in South Africa and Australia
  - Integration of Country Road into Woolworths is strengthening
    - 15 new Country Road stores within Woolworths in H2
    - Launch of Trenery brand in 26 Woolworths stores in August

country road – outlook

- Australian economy expected to slow further in H2
- Bold long-term plans but very tight short-term management

outlook

outlook

- Environment unpredictable
- South Africa and Australia are intrinsic long-term growth economies
- Big shift in consumer spending to value
  - Both Woolworths and Country Road can provide excellent value for money offer within our quality ethos
- Our positioning – no shift!
  - Maintain quality
  - Drive innovation and the difference
  - Continue success on opening prices

additional info

woolworths holdings limited

group income statement

	Dec 2008 Rm	Dec 2007 Rm	% change
Revenue	11 134.6	10 557.1	5.5
Turnover	**10 547.7**	**9 756.5**	**8.1**
Cost of sales*	7 258.9	6 706.9	8.2
Gross profit	**3 288.8**	**3 049.6**	**7.8**
Other revenue	586.9	800.6	(26.7)
Expenses	2 829.6	2 864.4	(1.2)
Operating profit	**1 046.1**	**985.8**	**6.1**
Finance costs	195.2	242.2	(19.4)
Earnings from JV	27.4	-	
Profit before exceptional item	**878.3**	**743.6**	**18.1**
Exceptional item	380.0	-	
Profit before tax	**1 258.3**	**743.6**	**69.2**
Tax	364.3	274.4	32.8
Profit after tax	**894.0**	**469.2**	**90.5**
Gross margin - on turnover	31.2%	31.3%	
Operating margin - on revenue	9.4%	9.3%	
Effective tax rate on profit before exceptional item (excluding STC on special dividend)	32.9%	36.9%	

* Cost of sales now includes distribution costs (previously in expenses) – 2007 restated

SA retail – balance sheet

	Dec 2008 Rm	Dec 2007 Rm	% change
Assets			
Property, plant and equipment, investments, deferred tax, loans and goodwill	2 051.3	2 544.7	(19.4)
Inventory	1 323.8	1 273.7	3.9
Accounts receivable	1 433.8	571.2	>100
Cash	376.6	441.4	(16.7)
	5 176.5	**4 831.0**	**7.2**
Equity and liabilities			
Shareholders' funds	1 398.2	1 585.2	(11.8)
Accounts payable, provisions and tax	3 778.3	3 245.8	16.4
	5 176.5	**4 831.0**	**7.2**

SA retail – revenue analysis

	Dec 2008 Rm	Dec 2007 Rm	% change	% price movement
Clothing and General merchandise	**3 691.5**	**3 714.5**	**(0.6)**	**0.0**
Corporate (retail)	3 228.0	3 251.8	(0.1)	
Franchise (wholesale) – local	358.5	349.6	(3.5)	
Franchise (wholesale) – international	105.0	113.1	(6.7)	
Food	**5 449.8**	**4 977.4**	**9.5**	**9.0**
Corporate (retail)	4 996.7	4 604.8	8.5	
Franchise (wholesale) – local	418.7	346.9	20.7	
Franchise (wholesale) – international	34.4	25.7	33.9	
Logistics and other	196.8	175.7	12.0	
Other revenue	46.8	46.2	1.3	
	9 384.9	**8 913.8**	**5.3**	

woolworths holdings limited

SA retail – trading space

	Dec 2008 m2	Dec 2007 m2	% change	Projected Jun 2009 m2	% change (6 mths)	Projected Jun 2010 m2	% change
Total footage	**499 888**	**466 693**	**7.1**	**514 749**	**3.0**	**551 778**	**7.2**
Clothing and General merchandise	359 321	343 837	4.5	368 278	2.5	391 183	6.2
Corporate	270 752	258 077	4.9	279 709	3.3	301 849	7.9
Franchise SA	61 097	56 331	8.5	61 097	-	61 862	1.3
Franchise Intnl	27 472	29 429	(6.6)	27 472	-	27 472	-
Food	140 567	122 856	14.4	146 471	4.2	160 595	9.6
Corporate	128 248	111 793	14.7	133 928	4.4	148 052	10.5
Franchise SA	10 325	8 679	19.0	10 549	2.2	10 549	-
Franchise Intnl	1 994	2 384	(16.4)	1 994	-	1 994	-

SA retail – number of stores

	As at Dec 2008 No.	As at Dec 2007 No.	Growth (12 mths) No.	Projected growth to Jun 2009 (6 mths) No.	Projected growth to Jun 2010 (12 mths) No.
Total stores	**407**	**372**	**35**	**17**	**27**
Corporate	244	216	28	10	19
Full-line	113	104	9	6	11
Clothing and General merchandise	5	6	(1)	-	-
Food	126	106	20	4	8
Franchise SA	80	77	3	-	1
Franchise Engen	42	36	6	7	7
Franchise International	41	43	(2)	-	-

financial services – contribution to sales

% of sales spent on Woolworths cards	Dec 2008	Dec 2007
Clothing and General merchandise	35.2%	39.4%
Food	18.9%	22.0%
Total	**25.6%**	**29.7%**

woolworths holdings limited

country road – balance sheet

	Dec 2008 A$m	Dec 2007 A$m	% change
Assets			
Property, plant and equipment	42.3	34.3	23.3
Trademarks *	11.2	11.2	-
Inventory	34.1	32.5	4.9
Accounts receivable	27.5	13.2	>100
Cash	31.6	18.7	69.0
	146.7	**109.9**	**33.5**
Equity and liabilities			
Shareholders' funds	91.7	70.8	29.5
Accounts payable and provisions	55.0	39.1	40.7
	146.7	**109.9**	**33.5**
Period-end exchange rate (R/A$)	6.7	6.1	

* Eliminates on consolidation

country road – income statement (in rands)

	Dec 2008 Rm	Dec 2007 Rm	% change
Revenue	1 212.2	884.4	37.1
Turnover	**1 205.6**	**880.1**	**37.0**
Cost of sales	479.7	343.7	39.6
Gross profit	**725.9**	**536.4**	**35.3**
Other revenue	6.6	4.3	53.5
Expenses	641.3	491.9	30.4
Store costs	453.8	366.9	23.7
Other operating costs	187.5	125.0	50.0
Operating profit	**91.2**	**48.8**	**86.9**
Finance costs	0.3	0.6	(50.0)
Profit before tax	**90.9**	**48.2**	**88.6**