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WOOLWORTHS HOLDINGS LIMITED **INTERIM RESULTS 2014**

ECONOMIC OVERVIEW

- **South Africa**
 - Lower and middle income consumers under pressure with confidence at ten-year low
 - Upper end consumer is more confident and less constrained
 - Increasingly competitive and promotional retail environment
 - Inflation still within target range
 - ... but rand at weakest level in over five years will put pressure on inflation and interest rates
- **Australia**
 - Business sentiment and conditions picking up
 - Consumer sentiment improving, with solid retail sales growth over Christmas
 - Positive signs that broad-based growth being achieved

REVIEW OF THE PERIOD

- Strong performances from Food, Country Road Group and WFS
- Good performance by Clothing in a highly competitive market
- Country Road Group now over 20% profit contribution
- Turnover up **16.2%**
- Profit before tax up **21.1%**
- Adjusted HEPS up **12.9%**
- ROE at **55.9%***
- Interim dividend up **17.4%**

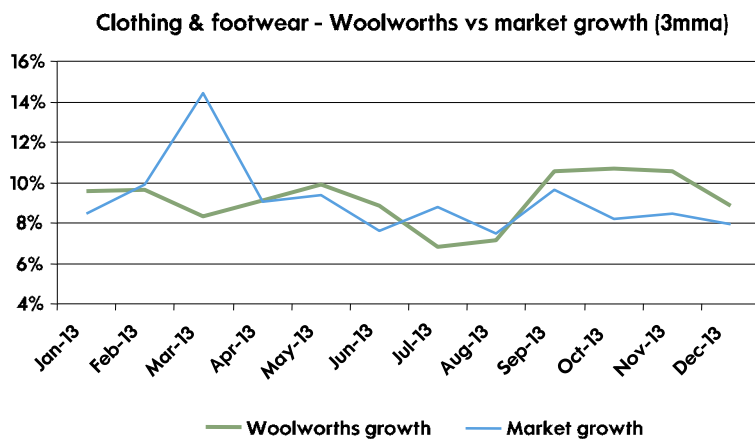
* Based on profit excluding unrealised forex gains/losses

WOOLWORTHS CLOTHING & GM

- **Total sales* up 9.7%, with comparable sales up 7.6%**
 - Grew market share in highly promotional market
- **Gross profit margin decreased from 46.1% to 45.7%**
 - Sourcing gains continue
 - Investment in entry price points and in-season promotions
 - Slow and late winter resulted in higher markdowns
- **Operating margin of 18.5% and profit before tax up 7.4%****
 - Impacted by phasing of comparable costs - to normalise over the full year
- **Sales and profit impacted by closure for Nelson Mandela’s funeral**

* Excluding Country Road Group sales in South Africa
 ** Adjusted for unrealised forex gains/losses and prior period abnormal expenses

CLOTHING & FOOTWEAR TURNOVER GROWTH



Clothing and footwear 12mma market share at December 2013: 15.5% (December 2012:15.5%)

Source: RLC

WOOLWORTHS STORES

- **Cost to sell ratio in stores decreased**
 - Good disciplines in stores
 - Implemented productivity management tool
 - Reduced non-performing space
- **Very successful opening of Waterstone Mall, Somerset West (2 500m²)**
- **Africa trading well, driven by improved ranges and availability**
 - Completed negotiations for conversion of Botswana, Namibia, Swaziland and Ghana (33 stores) – awaiting competition authority approval in Botswana
 - Continue to extract operational improvements
 - Closed stores in Nigeria

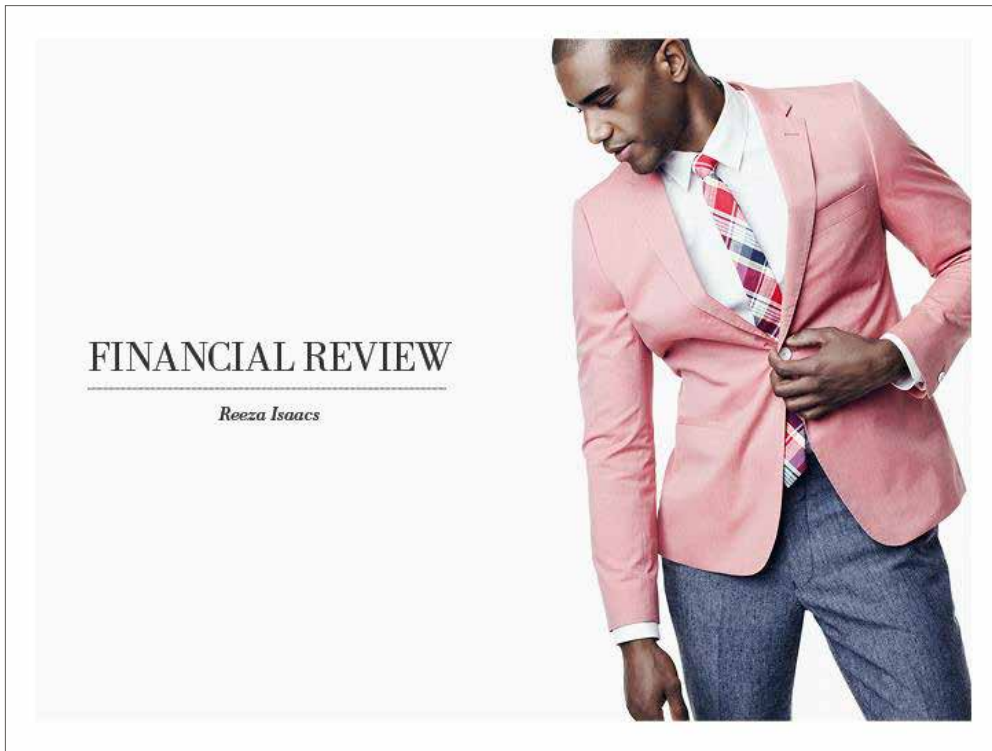
COUNTRY ROAD GROUP

- **Total turnover up 27.5%**
 - Witchery in for full period (vs 12 weeks in H1 2013)
 - Comparable sales in Australasia up 6.6%
 - All brands traded well above expectation
- **Gross profit margin benefit from combined business**
 - Up from 61.3% to 63.0%
- **Operating margin leverage from good cost control**
 - Up from 10.6% to 12.6%*
- **Profit before tax up from A\$34m to A\$51m***
- **Country Road Group now over 20% of group profit and a significant rand hedge**

* Excluding transaction and integration costs

WOOLWORTHS FINANCIAL SERVICES

- Closing book growth of 13.8%
- Quality of book remains very good
- Impairments normalising at 4.3%
- Profit before tax of the JV up 4.3%
- ROE above target at 24.2%



FINANCIAL OVERVIEW

- Group turnover up **16.2%** to R19.4 billion
- Profit before tax up **21.1%** to R2.2 billion
- Diluted HEPS up **18.2%** to 189.4 cps
- Adjusted HEPS up **12.9%** to 197.5 cps
- ROE* at **55.9%**
- Interim dividend up **17.4%** to 101 cps

* Based on profit excluding unrealised forex gains/losses

GROUP INCOME STATEMENT

	Dec 2013 Rm	Dec 2012 Rm	% change
Woolworths Clothing & GM	1 066	993	7.4
Woolworths Food	586	505	16.0
Country Road Group	471	310	51.9
Financial Services JV (after tax)	88	85	3.5
Woolworths Treasury	8	6	33.3
Adjusted profit before tax	2 219	1 899	16.9
Adjustments	(54)	(111)	(51.4)
Profit before tax	2 165	1 788	21.1
Tax	598	505	18.4
Profit for the period	1 567	1 283	22.1
Effective tax rate	27.6%	28.2%	

GROUP INCOME STATEMENT COMMENTARY

1. Woolworths Clothing & GM – Good sales growth with investment in price impacting margin. Cost increase impacted by low base.
2. Woolworths Food – Excellent sales growth and positive operating leverage.
3. Country Road Group – Strong trading, increased margins and significant improvement in profitability.
4. Financial Services – Good book growth and cost control. Normalisation of impairments.
5. Adjustments

	Dec 2013 Rm	Dec 2012 Rm	% change
Abnormal foreign exchange related loss	(54)	(16)	
Transaction and integration costs	-	(52)	
Restructuring costs	-	(43)	
Adjustments	(54)	(111)	(51.4)

6. Taxation – Effective tax rate reduction due to lower effective rate in Country Road Group.

WOOLWORTHS CLOTHING & GM INCOME STATEMENT

	Dec 2013 Rm	Dec 2012 Rm	% change	Pro forma**	
				Dec 2013 Rm	% change
Turnover	5 756	5 249	9.7	5 792	10.3
Cost of sales	3 126	2 829	10.5	3 145	
Gross profit	2 630	2 420	8.7	2 647	9.4
Other revenue	7	8	(12.5)	7	
Expenses	1 572	1 438	9.3	1 572	
Store costs	1 010	934	8.1		
Other operating costs	562	504	11.5		
Adjusted operating profit	1 065	990	7.6	1 082	9.3
Earnings from JV and associate	1	3			
Adjusted profit before tax	1 066	993	7.4		
Adjustments	(54)	(40)	35.0		
Profit before tax	1 012	953	6.2		
Gross profit margin - on turnover	45.7%	46.1%		45.7%	
Operating profit margin* - on turnover	18.5%	18.9%		18.7%	

* Adjusted

** Estimated impact of closure of stores on 15 December

CLOTHING & GM INCOME STATEMENT COMMENTARY

1. Turnover

	Total	Comparable stores	Price movement
Clothing (incl CR SA)	10.7%	8.8%	5.0%
Clothing	10.1%	8.0%	4.4%
GM	6.9%	5.1%	0.8%
Clothing & GM	9.7%	7.6%	3.8%

Trade in the last 6 weeks impacted by closure on 15 December (R36m) – otherwise broadly in line with the half year in a highly promotional marketplace.

- Gross profit – Sourcing gains offset by higher promotional pricing and mark-downs.
- Adjusted operating profit – Operating margin largely maintained through excellent store cost control. Other operating costs affected by H1/H2 phasing of base (H1 2013: increase of 2.9%), which will normalise over the full year.

WOOLWORTHS FOOD INCOME STATEMENT

	Dec 2013 Rm	Dec 2012 Rm	% change	Pro forma**	
				Dec 2013 Rm	% change
Turnover	9 498	8 238	15.3	9 528	15.7
Cost of sales	7 108	6 144	15.7	7 130	
Gross profit	2 390	2 094	14.1	2 398	14.5
Other revenue	33	37	(10.8)	33	
Expenses	1 838	1 628	12.9	1 838	
Store costs	1 247	1 124	10.9		
Other operating costs	591	504	17.2		
Adjusted operating profit	585	503	16.3	593	17.9
Earnings from JV and associate	1	2			
Adjusted profit before tax	586	505	16.0		
Adjustments	-	(24)			
Profit before tax	586	481	21.8		
Gross profit margin - on turnover	25.2%	25.4%		25.2%	
Operating profit margin* - on turnover	6.2%	6.1%		6.2%	

* Adjusted

** Estimated impact of closure of stores on 15 December

FOOD INCOME STATEMENT COMMENTARY

1. Very strong volume growth with comparable sales up 11.8% and price movement of 7.2%. Christmas trading was slightly slower than very robust 20 week performance. Closure on 15 December impacted trading (R30m) and disrupted distribution and availability during the following week.
2. Gross profit – Margin largely maintained despite investment in price.
3. Adjusted operating profit – Operating margin leveraged through excellent store cost control. Other operating costs affected by H1/H2 phasing of base (H1 2013: increase of 5.4%), which will normalise over the full year.

COUNTRY ROAD GROUP INCOME STATEMENT

	Dec 2013 A\$m	Dec 2012 A\$m	% change
Turnover	422	331	27.5
Cost of sales	156	128	21.9
Gross profit	266	203	31.0
Other revenue	1	1	
Expenses	214	169	26.6
Store costs	152	126	20.6
Other operating costs	62	43	44.2
Adjusted operating profit	53	35	51.4
Investment income	1	1	
Finance costs	(3)	(2)	
Adjusted profit before tax	51	34	50.0
Transaction and integration costs	-	(5)	
Profit before tax	51	29	75.9
Gross profit margin - on turnover	63.0%	61.3%	
Operating profit margin* - on turnover	12.6%	10.6%	
Return on equity (A\$)	34.6%	28.5%	

* Adjusted

COUNTRY ROAD GROUP INCOME STATEMENT COMMENTARY

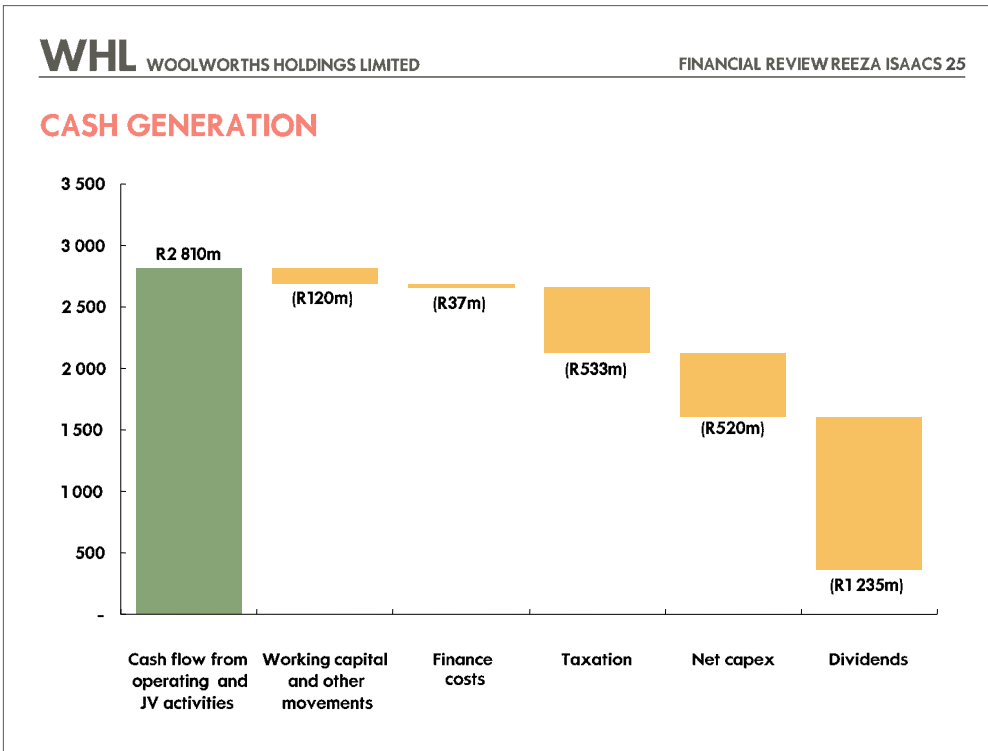
1. Turnover – Robust performance by all brands. Comparable sales above market at 6.6%.
2. Gross profit – Improvement due to combined business sourcing gains.
3. Store costs and other operating costs – Well controlled. Includes Witchery acquisition.
4. Adjusted operating profit – Improvement due to leverage of improved trading and inclusion of Witchery. Significant improvement in operating margin and return on equity.

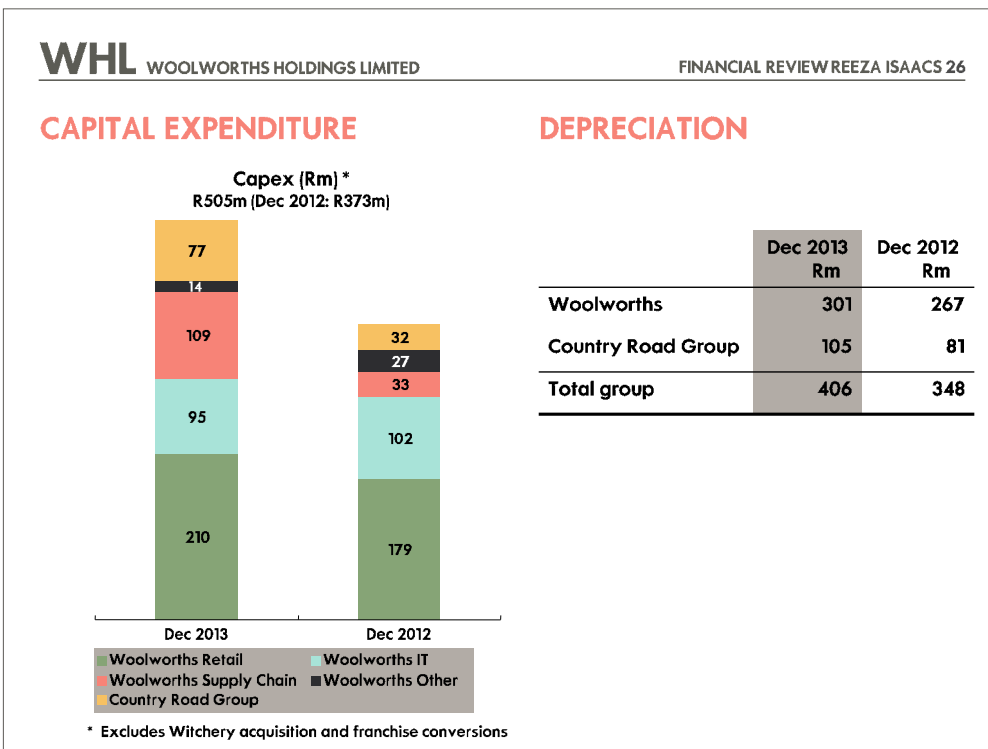
BALANCE SHEET

	Dec 2013 Rm	Dec 2012 Rm	% change
Assets			
Property, plant and equipment, intangible assets and loans	5 509	5 189	6.2
Investment in JVs and associate	764	722	5.8
Inventories	3 229	2 667	21.1
Accounts receivable, tax and deferred tax	1 609	1 685	(4.5)
Cash	1 927	1 172	64.4
	13 038	11 435	14.0
Equity and liabilities			
Shareholders' funds	6 358	4 869	30.6
Country Road Group borrowings	617	664	(7.1)
Other non-current liabilities and deferred tax	1 252	1 194	4.9
Accounts payable, provisions and tax	4 811	4 708	2.2
	13 038	11 435	14.0

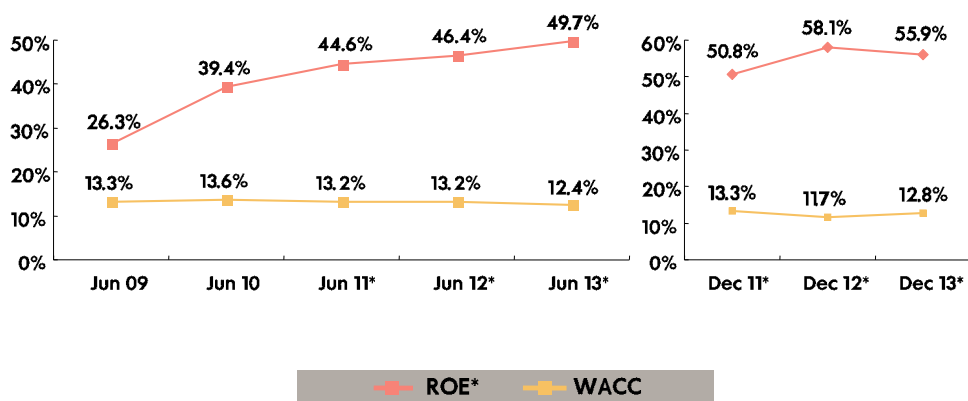
BALANCE SHEET COMMENTARY

- 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.
- Cash – Net cash of R1 310m, with dividend and tax payments due, as well as commitments for supply chain capacity investment and purchase of BNSG.



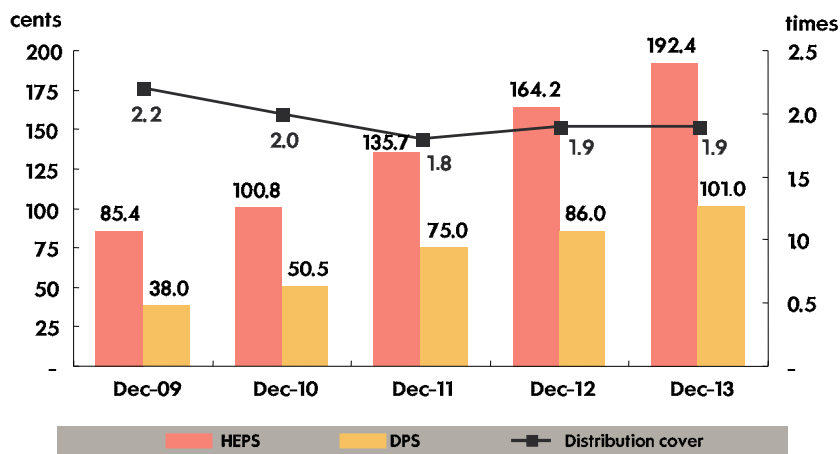


RETURN ON EQUITY



* Unrealised forex gains/losses excluded from June 2011

EARNINGS AND DISTRIBUTION



GUIDANCE

Woolworths

- **Strong above market sales growth expected to continue in both Clothing & GM and Food**
- **Food inflation similar to H1; Clothing & GM price movement will be higher due to weaker rand**
- **Corporate space growth planned for FY2014:**
 - **3.8% in Clothing & GM; 7.6% in Food**
- **Gross profit margins to be maintained**
- **Other operating cost growth to normalise for full year**
- **Positive operating margin leverage targeted**

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 CONTINUED

Country Road Group

- **Comparable sales growth broadly in line with H1**
- **Some pressure on gross profit margin due to exchange rate and increased SA sales**
- **Tight cost control to continue**
- **Integration benefits on track**
- **Second half profit expected to be similar to H1**

Woolworths Financial Services

- **Book growth expected to continue ahead of sales growth**
- **Impairments to normalise at 4 – 5%**

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STRATEGIC FOCUS

- Build stronger, more profitable **customer** relationships
- Be a leading **fashion** retailer in the southern hemisphere
- Become a big **food** business
- Continue to build the business in the rest of **Africa**
- Become an **omni-channel** business
- Simple, convenient and rewarding **financial services**
- Drive **synergies** and **efficiencies** across the group
- Embed **sustainability** throughout the business

BUILD STRONGER, MORE PROFITABLE CUSTOMER RELATIONSHIPS

- **Woolworths**
 - 2.8m active cardholders tracking 69% of sales
 - Instant and targeted rewards – more customers shopping more
 - WRewards, Green Rewards and Vitality Healthyfood partnership
 - Data analytics enable us to drive sales and cross-sell opportunities, and gain a better understanding of our customers
- **Country Road Group**
 - 1.6m active cardholders
 - Significant opportunity in single CRM approach to all four brands



BE A LEADING FASHION RETAILER IN THE SOUTHERN HEMISPHERE

- **Drive scale benefits across the southern hemisphere**
 - Single sourcing approach with combined volumes to drive improved product development, price accessibility and margins
 - Combined online approach



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 for cross-sell opportunities
 - Using customer data and channel for effective marketing



BE A LEADING FASHION RETAILER IN THE SOUTHERN HEMISPHERE

- More competitive **pricing**
 - Better prices in “good”
 - More at “better” and “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
 - More appealing and distinctive in-store environment
 - Appeal to the older, black and more formal customer, without alienating the older, white customer
 - Focus on style and fit



BE A LEADING FASHION RETAILER IN THE SOUTHERN HEMISPHERE

- **Real estate expansion and format**
 - Expand the footprint of under-footaged stores to provide space for brand and category expansion
 - Target new space in “next tier” regional locations where our competitors trade
 - Identify the formula for the smaller edited format
- **Supply chain capability and capacity**



BE A LEADING FASHION RETAILER IN THE SOUTHERN HEMISPHERE

- **Country Road Group**
 - Drive and grow four clearly differentiated brands
 - 31 new stores in Australasia and 18 new Country Road and Trenery stores in South Africa over the next 3 years
 - Launch of Witchery and Mimco in South Africa in March 2014 – 47 stores planned over next 3 years
 - Leverage Country Road’s existing scalable systems and processes
 - Leverage group loyalty through combination of databases and increase loyal customer transactions
 - Continue to drive online to >10% of sales



BECOME A BIG FOOD BUSINESS

- Complete the shop
 - Total SKUs now at 10 100 from 6 400 four 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



BECOME A BIG FOOD BUSINESS

- Price and value
 - Continue to shift customer perceptions
 - Price architecture to cover good, better and best prices
 - Strong promotional pricing to continue to shift customer price perceptions
- Maintain our food authority credentials
 - Enhance the store experience
 - Food quality – maintain market leading position
 - Innovation
 - Flavour
 - Introduction of interactive food counters



WATERSTONE MALL STORE



CONTINUE TO BUILD THE BUSINESS IN THE REST OF AFRICA

- **Re-acquisition of BNSG business will:**
 - Create critical mass (merchandising, store operations and supply chain)
 - Bring focus to the sub-Saharan region
 - Provide enhanced profiling of stores
 - Provide growth platform (e.g. Maerua Mall)
- **Continue to improve efficiencies in existing markets**
 - Investing in price
 - Streamlining organisational structures and processes
- **Loyalty**
 - Launch of loyalty in Mauritius and Zambia
 - Launch of store card offering in Kenya

BECOME AN OMNI-CHANNEL BUSINESS

- **Country Road online site has been a big success**
 - To reach A\$100 million in FY2015
- **New Woolworths site launched in South Africa in August 2013**
 - New site more user friendly
 - Good response from customers
 - Biggest online offering of the SA retailers
- **Investment in the future**



SIMPLE, CONVENIENT AND REWARDING FINANCIAL SERVICES

- **Transform the WFS customer experience**
 - Providing instant credit - 15 minutes to card issue, with 20 stores live now and 34 live by June
 - 77k new in-store cards and 30k new credit cards activated in H1
 - Continued optimisation of telephony infrastructure and contact centre multi-skilling
 - Enhanced digital functionality via new web portal and mobile self service
 - 36% of the account base now on electronic statement





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 6 weeks of sales are in line with expectations in both SA and Australia

	Medium-term target FY2016
Woolworths Clothing & GM Operating profit margin	19%
Woolworths Food Operating profit margin	7%
Country Road Group Operating profit margin	12%
Financial Services ROE	22%

ADDITIONAL
INFORMATION



GROUP INCOME STATEMENT

	Dec 2013 Rm	Dec 2012 Rm	% change
Turnover	19 382	16 683	16.2
Cost of sales	11 828	10 319	14.6
Gross profit	7 554	6 364	18.7
Other revenue	45	54	(16.7)
Expenses	5 459	4 609	18.4
Adjusted operating profit	2 140	1 809	18.3
Investment income	27	34	(20.6)
Finance costs	(37)	(34)	8.8
Profit before earnings from JVs and assoc	2 130	1 809	17.7
Earnings from WFS	88	85	3.5
Earnings from JVs and assoc	1	5	
Adjusted profit before tax	2 219	1 899	16.9
Adjustments	(54)	(111)	
Profit before tax	2 165	1 788	21.1
Tax	598	505	18.4
Profit for the period	1 567	1 283	22.1
Effective tax rate	27.6%	28.2%	



TRADING SPACE

	Dec 2013 000m ²	Dec 2012 000m ²	% change	Projected Jun 2014 000m ²	% change*	Projected Jun 2015 000m ²	% change	Projected Jun 2016 000m ²	% change
Woolworths Clothing & GM	407	396	2.8	413	3.8	434	5.1	467	7.6
South Africa (incl franchise)	370	357	3.6	374	4.2	392	4.8	423	7.9
Rest of Africa	37	39	(5.1)	39	-	42	7.7	44	4.8
Woolworths Food	177	168	5.4	185	7.6	203	9.7	216	6.4
South Africa (incl franchise)	171	162	5.6	179	7.8	197	10.1	210	6.6
Engen	2	2	-	2	-	2	-	2	-
Rest of Africa	4	4	-	4	-	4	-	4	-
Country Road Group	90	87	3.4	109	10.1	121	11.0	132	9.1
Australasia	78	75	4.0	90	3.4	94	4.4	97	3.2
South Africa	12	12	-	19	58.3	27	42.1	35	29.6

* From June 2013

STORE NUMBERS

	Dec 2013	Dec 2012	Growth	Projected Jun 2014	Growth*	Projected Jun 2015	Growth	Projected Jun 2016	Growth
Woolworths Clothing & GM	256	259	(3)	265	6	275	10	284	9
South Africa (incl franchise)	198	197	1	204	7	210	6	217	7
Rest of Africa	58	62	(4)	61	(1)	65	4	67	2
Woolworths Food	372	365	7	378	13	403	25	411	8
South Africa (incl franchise)**	295	297	(2)	299	3	311	12	319	8
Engen	55	48	7	57	8	70	13	70	-
Rest of Africa	22	20	2	22	2	22	-	22	-
Country Road Group	485	495	(10)	512	33	543	31	575	32
Australasia	460	470	(10)	462	8	473	11	485	12
South Africa	25	25	-	50	25	70	20	90	20

* From June 2013

** Of which 149 are standalone Food stores

COUNTRY ROAD GROUP BALANCE SHEET

	Dec 2013 A\$m	Dec 2012 A\$m	% change
Assets			
Property, plant and equipment and intangible assets	221	226	(2.2)
Inventories	87	73	19.2
Accounts receivable, tax and deferred tax	41	33	24.2
Cash	95	70	35.7
	444	402	10.4
Equity and liabilities			
Shareholders' funds	227	207	9.7
Borrowings	66	76	(13.2)
Other non-current liabilities	13	6	>100
Accounts payable, provisions and tax	138	113	22.1
	444	402	10.4
Period-end exchange rate (R/A\$)	9.3	8.8	

COUNTRY ROAD GROUP INCOME STATEMENT (IN RANDS)

	Dec 2013 Rm	Dec 2012 Rm	% change
Turnover	3 914	2 934	33.4
Cost of sales	1 446	1 134	27.5
Gross profit	2 468	1 800	37.1
Other revenue	5	10	(50.0)
Expenses	1 983	1 493	32.8
Store costs	1 411	1 116	26.4
Other operating costs	572	377	517
Adjusted operating profit	490	317	54.6
Investment income	11	9	22.2
Finance costs	(30)	(16)	87.5
Adjusted profit before tax	471	310	519
Transaction and integration costs	-	(47)	
Profit before tax	471	263	79.1

