

UNAUDITED INTERIM GROUP RESULTS
FOR THE 26 WEEKS ENDED

26 DECEMBER 2010

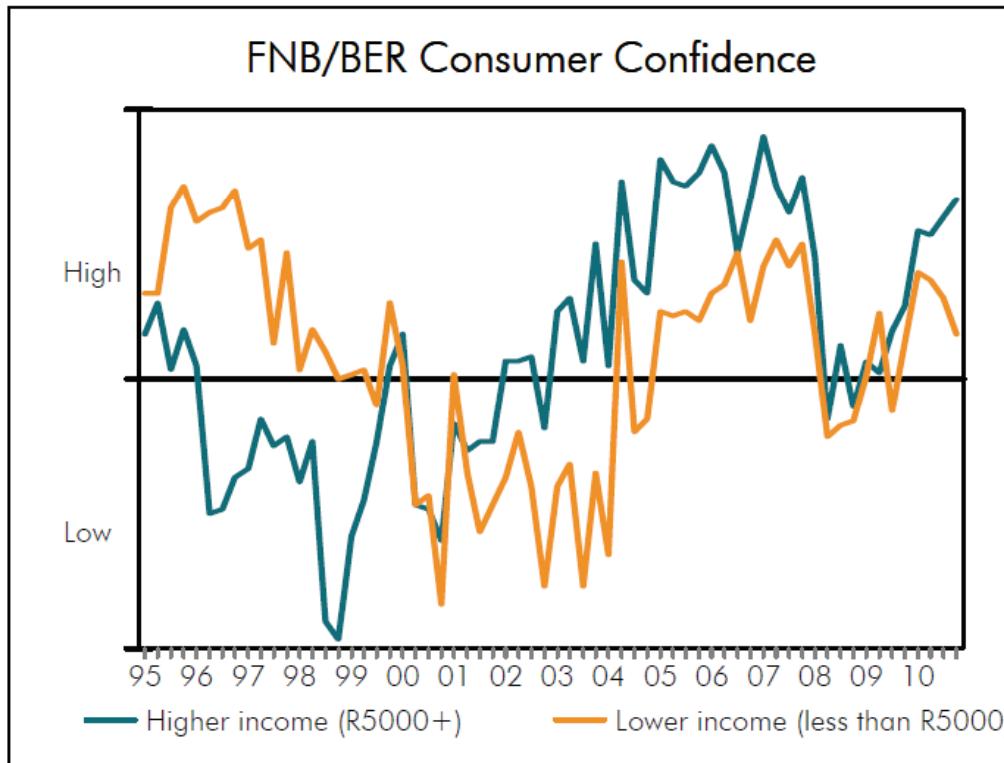
WHL
WOOLWORTHS
HOLDINGS
LIMITED



OVERVIEW

- South Africa
 - Consumers benefiting from real wage increases, low inflation and low interest rates
 - Higher income consumers showing stronger recovery
 - An improvement in the credit environment
 - Consumer confidence is holding steady at a high level
 - Increasingly wider gap between higher and lower income earners

OVERVIEW *CONTINUED*



Source: Bureau for Economic Research

OVERVIEW *CONTINUED*

- Australia
 - Tough retail conditions, with a significant drop in consumer spending

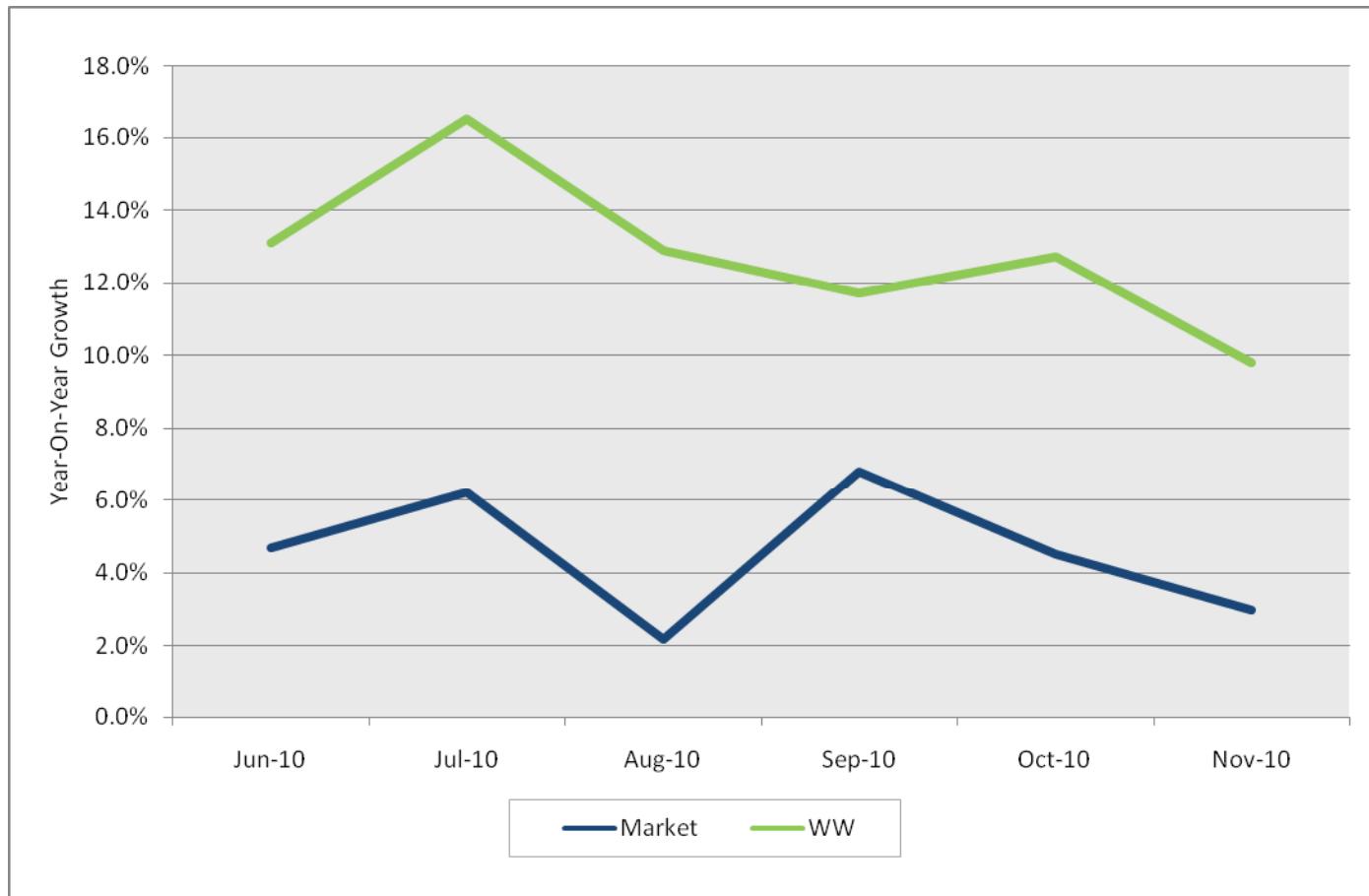
REVIEW OF THE PERIOD

- **Market share** gains
- Continued strong **GP margin** gain in Woolworths
- Good **cost management**
- Strong **profit** performance
- Adjusted HEPS **+25.8%**
- ROE up to **43.3%**
- Strong **cash flow**
- Interim dividend **+32.9%**
- Strong **balance sheet**

WOOLWORTHS - FOOD

- Outstanding performance
- Volumes up 9.0%
- Above market sales growth of 11.8%
- Strong GP margin and improving operating margin
- ROS improved from 3.8% to 5.3%
- Profit before tax up 54.6%
- Positive impact from loyalty programme on customer spend

FOOD TURNOVER GROWTH

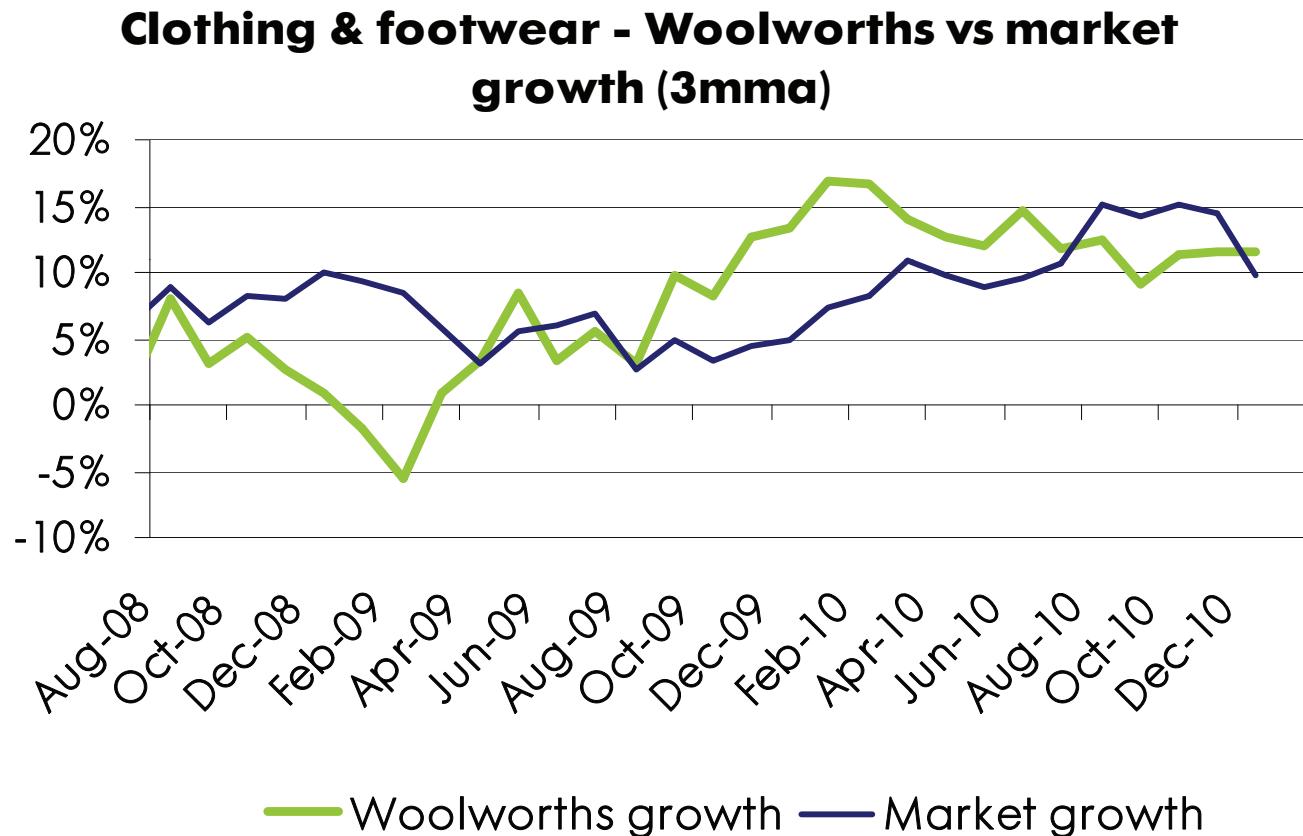


Data source: Statistics SA (Type B Retailer)

WOOLWORTHS - CLOTHING & GM

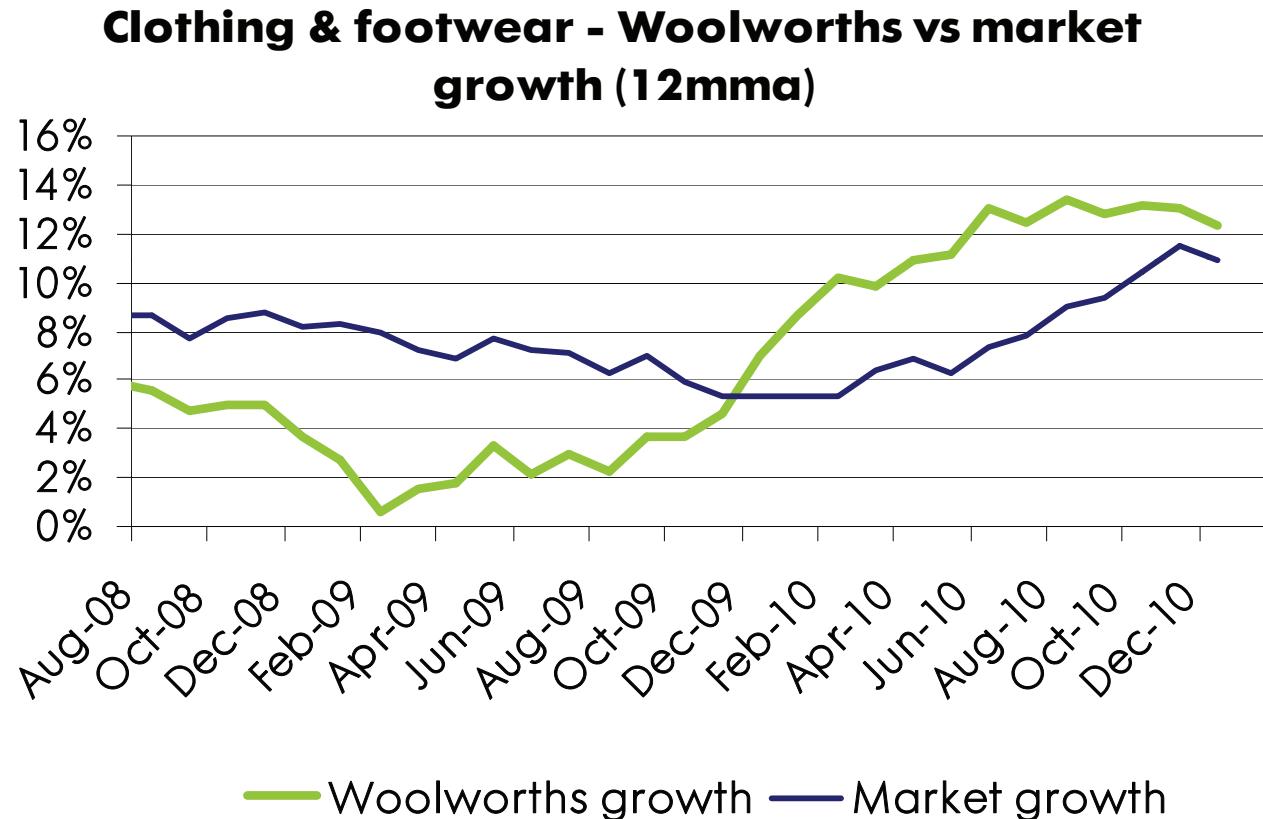
- Sales up 8.1%, with comparable sales up 5.7%
 - Clothing in South Africa (including Country Road) up 11.5%, with comparable sales up 9.2%
- Volume growth of 7.8%
- Clothing & footwear continued market share growth
 - Both 3mma and 12mma ahead of the market

CLOTHING & FOOTWEAR TURNOVER GROWTH



Source: RLC

CLOTHING & FOOTWEAR TURNOVER GROWTH **CONTINUED**



Clothing and footwear 12mma market share at December 2010: 15.2%

Source: RLC

WOOLWORTHS - CLOTHING & GM *CONTINUED*

- Significant improvement in profitability
 - Increased margins in Clothing, Home and Beauty
- Rationalising and changing the business model in Connect cellphone business
- ROS up from 13.8% to 15.3%
- GP margin increased from 39.2% to 42.9%
- Profit before tax up 20.3%

WOOLWORTHS - STORES

- Improved trading densities in both Clothing & GM and Food
- More profitable stores
- Comparable store sales growth at 7.7%
- Planned slowdown in expansion, space growth at 3.1% (corporate stores)
- Progressing well on franchise – bought 24 stores to date

COUNTRY ROAD

- Sales up 3.7%, with comparable sales down 9.9%
- Fully inclusive of sales in South Africa, with continued strong performance of the brands in South Africa
- Operating profit up 8.3%
- Relatively strong performance as a result of focus on cost management

FINANCIAL SERVICES

- Impairments down to 1.6% from 6.2%
- Operating profit of the JV up from R80m to R193m
- ROE up from 10.4% to 23.4%
- Book growth static, but much higher quality

FINANCIAL REVIEW

NORMAN THOMSON



FINANCIAL OVERVIEW

- Group turnover up 9.8% to R12.7 billion
- Profit before tax up 22.1% to R1.2 billion
- Adjusted headline earnings per share up 25.8% to 100.8 cps
- Diluted headline earnings per share up 15.8% to 96.6 cps
- ROE increased from 42.4% to 43.3%
- Interim dividend up 32.9% to 50.5 cps

GROUP INCOME STATEMENT

	Dec 2010 Rm	Dec 2009* Rm	% change
Woolworths	1 008	773	30.4
Clothing & GM	657	546	20.3
Food	351	227	54.6
Abnormal forex profit	-	58	
Country Road	92	86	7.0
Financial Services JV (after tax)	65	27	140.7
Treasury	2	12	(83.3)
Profit before tax	1 167	956	22.1
Tax	384	286	34.3
Profit after tax	783	670	16.9
Effective tax rate	32.9%	29.9%	

* Restated

GROUP INCOME STATEMENT COMMENTARY

1. **Woolworths** – Good profit growth driven by volumes and margin expansion in both Food and Clothing & GM.
2. **Country Road** – Tough trading conditions continue. Results fully inclusive of SA operations in both periods (restated).
3. **Financial Services** – WFS profits double those of the previous period due to huge improvement in impairments. The lack of growth in assets remains a major concern.
4. **Treasury** – Lower net cash balances due to share buybacks in prior year and lower interest rates.
5. **Taxation** – Prior year effective tax rate reduced by STC saving, as previously guided.

WOOLWORTHS INCOME STATEMENT

	Dec 2010 Rm	Dec 2009* Rm	% change
Turnover	11 155	10 099	10.5
Cost of sales	7 668	7 143	7.3
Gross profit	3 487	2 956	18.0
Other revenue	41	52	(21.2)
Expenses	2 520	2 238	12.6
Store costs	1 554	1 418	9.6
Other operating costs	901	811	11.1
Net forex losses	65	9	>100
Operating profit	1 008	770	30.9
Earnings from assoc and JV	-	3	
Profit before tax	1 008	773	30.4
Gross margin - on turnover	31.3%	29.3%	
Operating margin - on turnover	9.0%	7.6%	
Return on equity	97.5%	72.7%	

* Restated

WOOLWORTHS INCOME STATEMENT COMMENTARY

1. Turnover

	Total stores	Comparable stores	Price movement
Clothing & GM	8.1%	5.7%	1.4%
Food	11.8%	9.1%	3.0%
Woolworths	10.5%	7.7%	

Clothing sales in South Africa, including Country Road & Trenery grew 11.5% (comparable stores up 9.2%).

- 2. Gross profit** – Continued margin improvement through better procurement.
- 3. Store costs** – Includes impact of 12 new Clothing & GM and 15 new Food corporate stores, representing 3% growth in space. Comparable store cost growth is 7%.
- 4. Other operating costs** – Includes the phasing of certain operating costs impacting H1 costs. The normalised cost increase is 8.2% , which will be maintained for the full year.
- 5. Net forex losses** – Consists of FEC gains and losses, and the mark-to-market revaluation of open FECs, which will reverse in H2.
- 6. Operating profit** – Increase driven by sales growth and margin improvement.
- 7. Operating margin** – Target return delivered early.
- 8. Return on equity** – Growth mainly due to increase in operating margin and improvements to the balance sheet.

WOOLWORTHS SEGMENTAL PERFORMANCE

	Gross margin		Operating margin	
	Dec 2010 %	Dec 2009* %	Dec 2010 %	Dec 2009* %
Clothing & GM	42.9	39.2	15.3	13.8
Food	24.2	23.1	5.3	3.8
Woolworths	31.3	29.3	9.0	7.6

- Operating leverage in Clothing & GM is impacted by the forex losses and phasing of costs
- Good operating leverage in Food

COUNTRY ROAD INCOME STATEMENT

	Dec 2010 A\$m	Dec 2009* A\$m	% change
Turnover	226	218	3.7
Cost of sales	97	93	4.3
Gross profit	129	125	3.2
Other revenue	1	2	
Expenses	117	115	1.7
Store costs	81	80	1.3
Other operating costs	36	35	2.9
Profit before tax	13	12	8.3
Gross margin - on turnover	57.1%	57.3%	
Operating margin - on turnover	5.8%	5.5%	
Return on equity (A\$)	22.6%	21.8%	

* Restated

COUNTRY ROAD INCOME STATEMENT COMMENTARY

- 1. Turnover** – Fully inclusive of South African operations in both periods

A\$m	Dec 2010	Dec 2009	% change	Comparable stores
Retail	185	174	6.3%	(9.6%)
Concession & Wholesale	41	44	(6.8%)	(10.7%)

- 2. Gross profit** – Impacted by higher promotional activity required to clear stock.

- 3. Store costs** – Well controlled, with savings offsetting additional store costs related to new Trenergy stores.

- 4. Other operating costs** – Well controlled, with lower incentive provisions.

- 5. Operating margin** – Marginal improvement due to savings in operating costs.

- 6. Return on equity** – Increased due to higher operating margin and strong balance sheet.

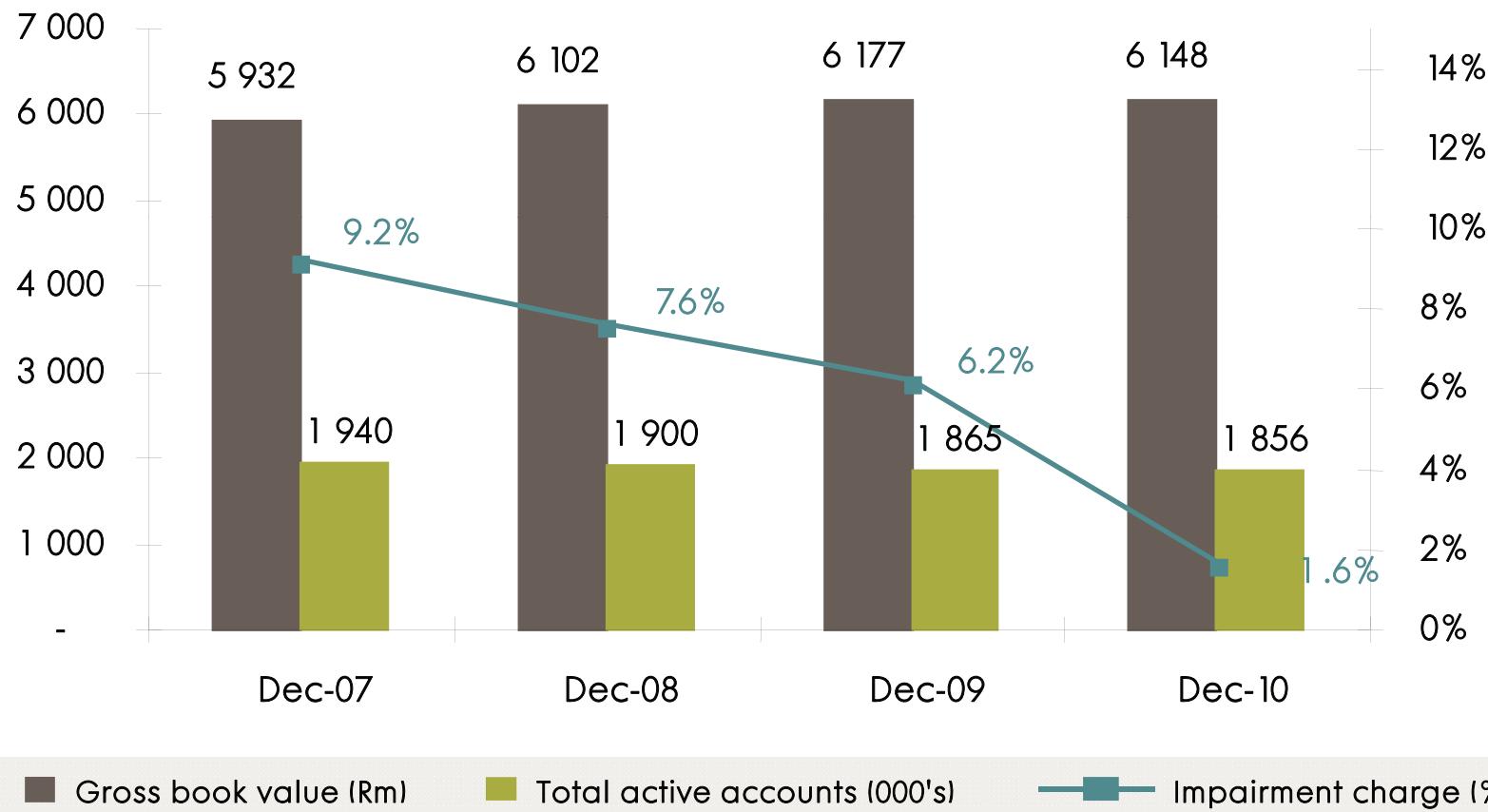
FINANCIAL SERVICES INCOME STATEMENT

Consolidated pro forma income statement	Dec 2010 Rm	% to book	Dec 2009 Rm	% to book	% change
Interest income	553	18.5	601	20.1	(8.0)
Interest paid	170	5.7	202	6.7	(15.8)
Net interest income	383	12.8	399	13.3	(4.0)
Impairment charge	49	1.6	186	6.2	(73.7)
Risk-adjusted margin	334	11.1	213	7.1	56.8
Non-interest revenue	211	7.0	181	6.0	16.6
Operating costs	352	11.7	314	10.5	12.1
Profit before tax (before deduction of ABSA share)	193	6.4	80	2.7	141.3
Average financial services assets	5 992		5 992		
Return on equity	23.4%		10.4%		

FINANCIAL SERVICES INCOME STATEMENT COMMENTARY

- 1. Average financial services assets** – Flat book growth, with reasonable new account growth being offset by higher customer payments and NTU (not taken up) rates. The quality of the book has improved significantly.
- 2. Net interest income** – Rate reductions resulted in a margin squeeze due to NCA margin formulas.
- 3. Impairment charge** – Significant improvement due to continued successful risk management and collection strategies.
- 4. Non-interest revenue** – Benefits from the restructured insurance model.
- 5. Operating costs** – Impact of investment in collection capacity and growth activity together with implementation of bank-related controls.
- 6. Profit before tax and return on equity** – Increase mainly due to improvement in impairments.

FINANCIAL SERVICES BOOK PERFORMANCE



BALANCE SHEET

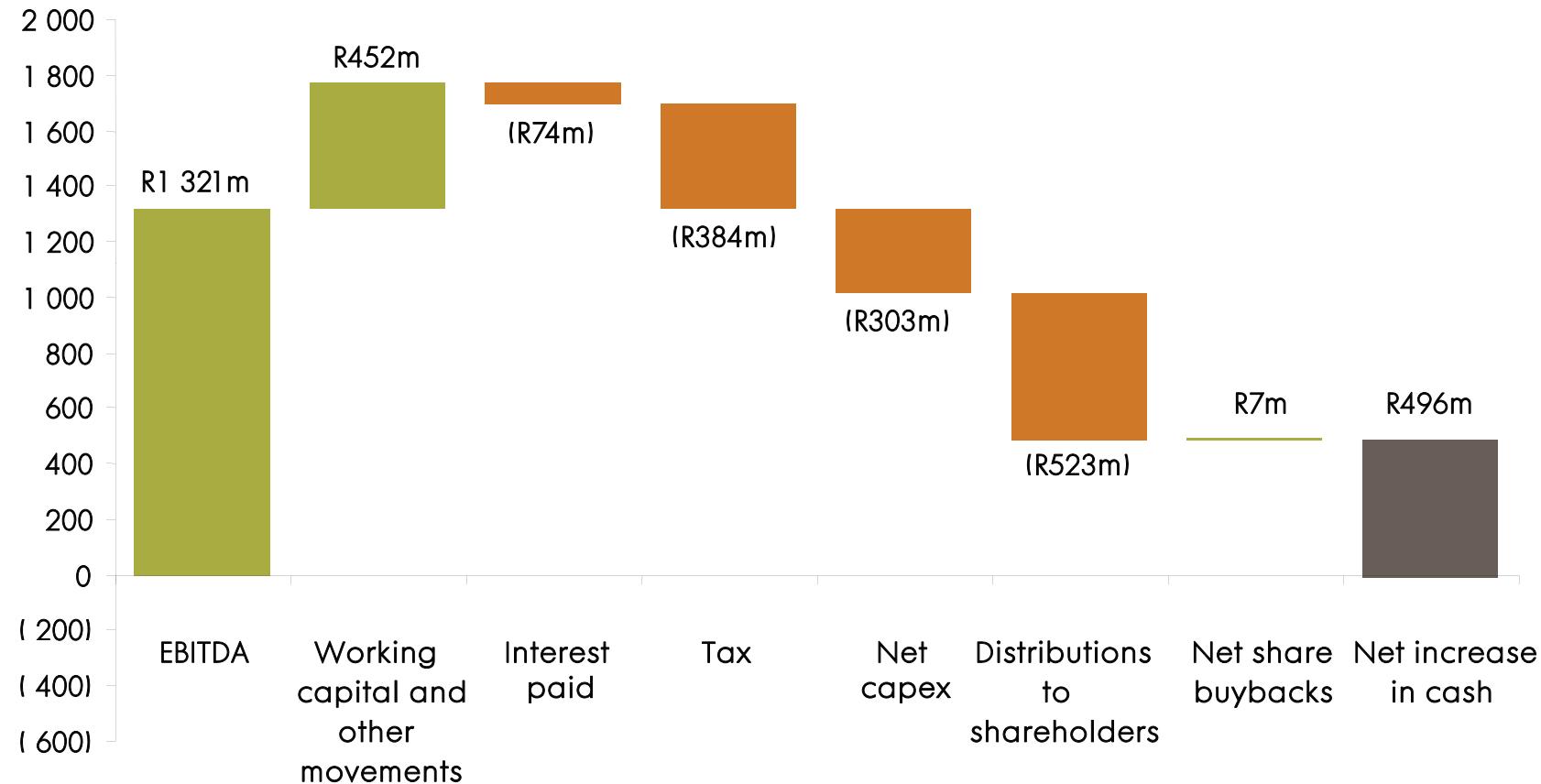
	Dec 2010 Rm	Dec 2009* Rm	% change
Assets			
Property, plant and equipment, intangible assets and loans	2 689	2 635	2.0
Investment in JVs and associates	628	578	8.7
Inventory	1 837	1 814	1.3
Accounts receivable and deferred tax	1 185	1 233	(3.9)
Net cash	2 413	1 573	53.4
	8 752	7 833	11.7
Equity and liabilities			
Shareholders' funds	3 726	3 168	17.6
Other non-current liabilities	1 300	1 329	(2.2)
Accounts payable	3 726	3 336	11.7
	8 752	7 833	11.7

* Restated

BALANCE SHEET COMMENTARY

- 1. PPE & intangible assets** - Includes R48m purchase of franchises.
- 2. Inventory** - Well controlled.
- 3. Accounts receivable** - Continued improvement in collections.
- 4. Accounts payable** - Continued improvement in creditor management.
- 5. Net cash** - Increase due to profit flows and reduced working capital.

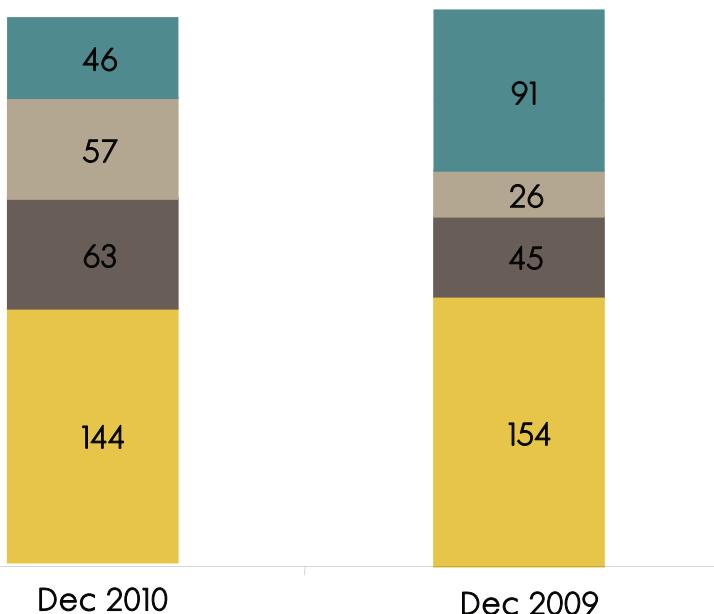
CASH GENERATION



CAPITAL EXPENDITURE

Capex (Rm)

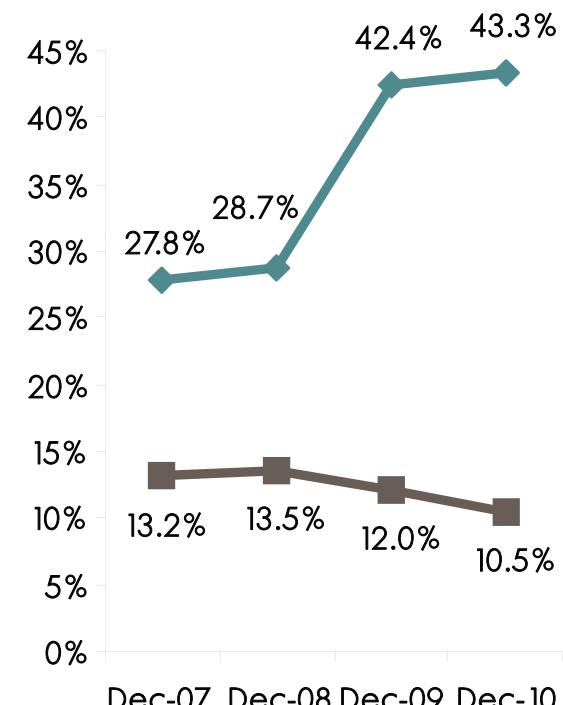
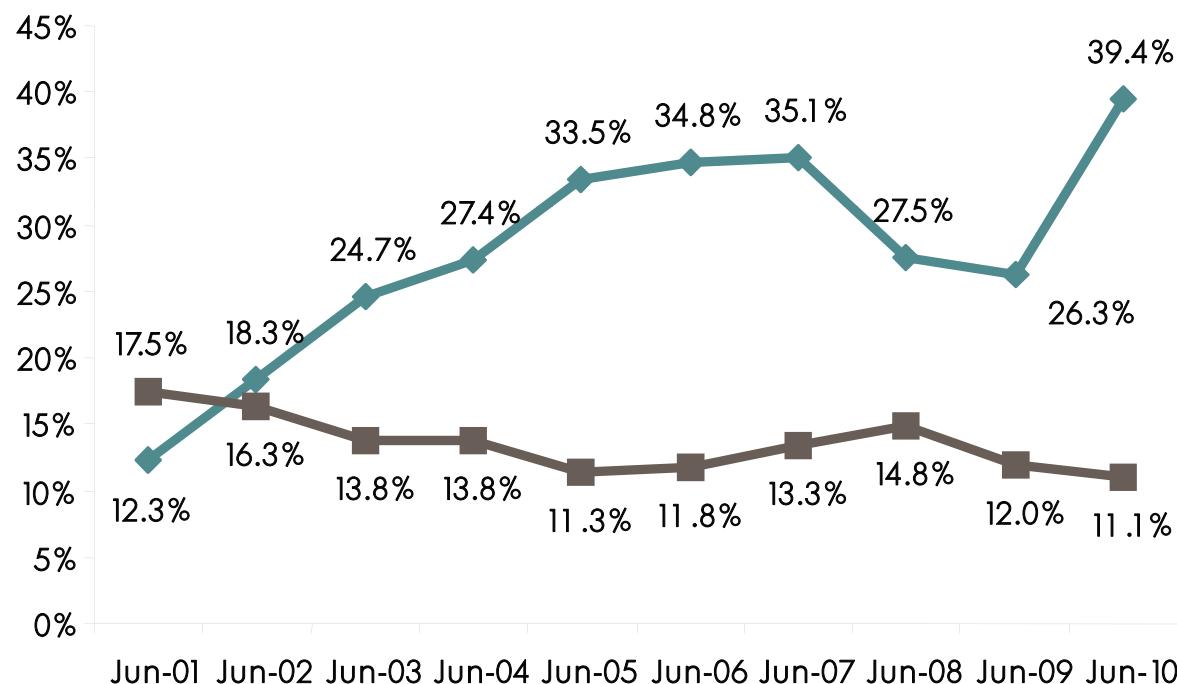
R310m (Dec 2009: R316m)



■ Woolworths Retail	■ Woolworths IT
■ Woolworths Other	■ Country Road

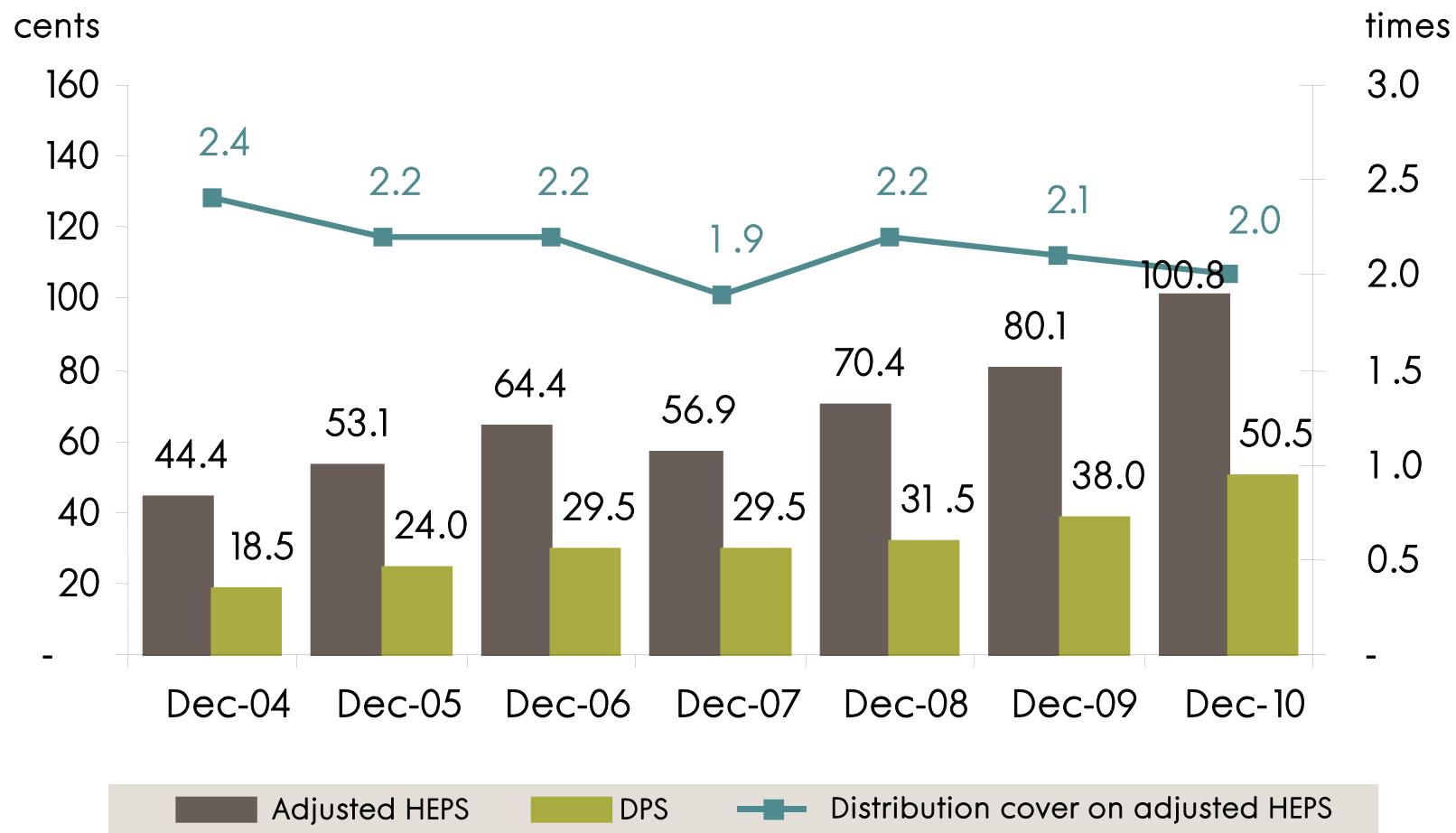
Depreciation	Dec 2010 Rm	Dec 2009 Rm
Woolworths	175	163
Country Road	44	35
Total group	219	198

RETURN ON EQUITY



◆ ROE ■ WACC

EARNINGS AND DISTRIBUTION



GUIDANCE

- Woolworths
 - Sales growth expected to continue in line with H1
 - Gross margin to be maintained
 - Continued focus on expenses
- Country Road
 - Sales growth will remain under pressure
 - Gross margin to be maintained
 - Continued focus on expenses
- Financial Services
 - Impairments will increase slightly
 - Modest book growth

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*

- Taxation
 - Effective rate of 33%

- Capex

	Woolworths	Country Road
- FY2011	R600m	R80m
- FY2012	R650m	R120m
- Excludes franchise buyout - expect to buy back around 75% of stores by June (+/-R500m)		

- Dividend cover to be maintained at 1.5 times

STRATEGIC FOCUS

IAN MOIR



STRATEGIC FOCUS

1. Customer segmentation		<ul style="list-style-type: none">▪ Refined our segmentation.▪ Completed our sub brand review and now have fewer, more meaningful brands. Will also be relaunching our core brands Re_ and Studio.w.
2. Loyalty programme		<ul style="list-style-type: none">▪ Increased customer spend, frequency and basket seen over the short period since the launch.▪ Very effective in Food.▪ One year targets exceeded after only 3 months.▪ Will continue to drive this hard.
3. Multichannel strategy		<ul style="list-style-type: none">▪ New online site on track to launch in April 2011 .▪ For the first time, all current Clothing & GM, Food and Country Road ranges will be available to customers in urban centres on an enhanced e-Commerce platform.

STRATEGIC FOCUS *CONTINUED*

4. Expand product categories with the most potential		<ul style="list-style-type: none">▪ Our women's Footwear & Accessories ranges have been transformed, Lingerie availability is significantly improved and customers are thrilled with our glamour offer. New ranges of Baby Outerwear, Early Learning Centre and Mothercare have been well received.▪ Those initiatives continue, with the addition of new initiatives in Re_, Studio.w and Menswear.▪ In Food our focus remains to complete the customer shop by extending key grocery ranges.
5. Get store formats right		<ul style="list-style-type: none">▪ The focus on store profitability and making big stores bigger is working.▪ High-performing stores are being extended and remodelled.▪ Implementation of the supermarket strategy is dependent on quality space availability.▪ Efficient and effective corporatisation of franchise business.
6. Sweat our assets		<ul style="list-style-type: none">▪ Improved availability, trading densities, comparable store performance and reduced waste are being driven by a deep understanding of customer behaviour.▪ Specific projects are also addressing underperforming and under-potentialised stores.

STRATEGIC FOCUS *CONTINUED*

7. Value chain optimisation		<ul style="list-style-type: none">▪ In Food the focus on longlife availability has delivered improvements (93% to 95%) with better order fill rates from suppliers. The future focus will be on reducing longlife cover by a week.▪ In Clothing & GM we have shortened the merchandise cycle by around 7 weeks and increased the proportion of "fast response" merchandise.
8. Country Road		<ul style="list-style-type: none">▪ Continuing to build the Trenergy brand and the South African market.▪ The merchandise needs more newness and a better range balance.▪ Continue to focus on good cost and inventory management.
9. Financial Services		<ul style="list-style-type: none">▪ Shift in focus to drive book growth through operational effectiveness and ability to market and sell new and increased debt.

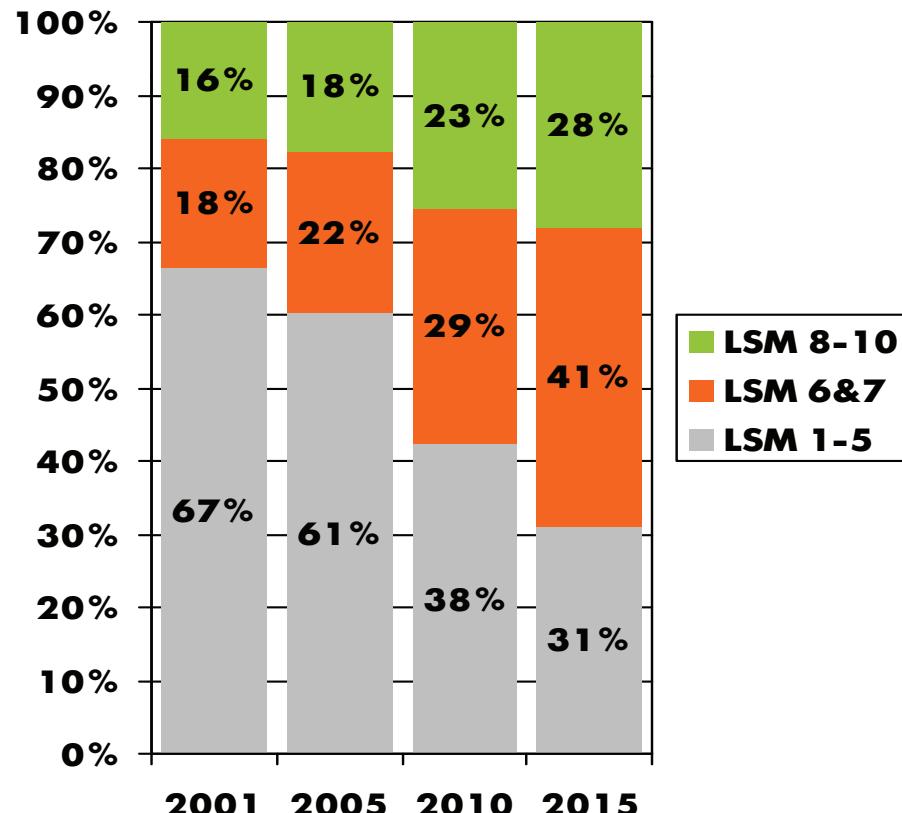
MEDIUM-TERM TARGETS

IAN MOIR



OUTLOOK FOR CUSTOMER INCOME GROUPS

- The number of South African adults in income groups LSM 8-10 is projected to increase from 7.7m people in 2010 to 9.4m people in 2015



Source: AMPS / Woolworths analysis

MEDIUM-TERM TARGETS

	Achieved in FY2009	Achieved in FY2010	Medium- term target
Woolworths			
Clothing & GM			
Return on sales	10.4%	12.5%	15%
Food			
Return on sales	3.6%	3.6%	6%
Country Road			
Return on sales	6.3%	5.0%	8%
Financial Services			
ROE	14.6%	13.9%	20%

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