



WHL

WOOLWORTHS HOLDINGS LIMITED

**PRELIMINARY AUDITED GROUP RESULTS FOR THE 52 WEEKS
ENDED 25 JUNE 2017 AND CASH DIVIDEND DECLARATION**



WOOLWORTHS HOLDINGS LIMITED | FINAL RESULTS 2017 ANALYST PRESENTATION

PRESENTATION OUTLINE

01 / *Review of the year*

02 / *Financial review*

03 / *Strategy update*

04 / *Outlook*

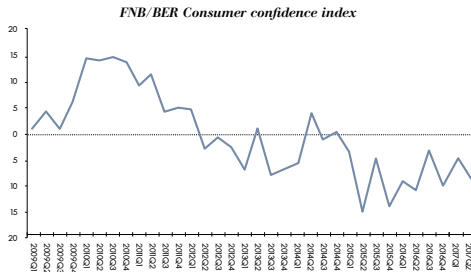
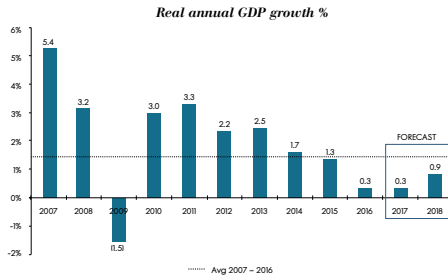
01 REVIEW OF THE YEAR

Ian Moir



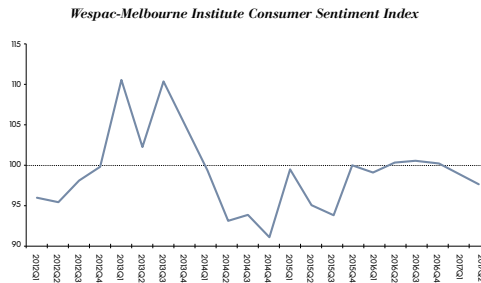
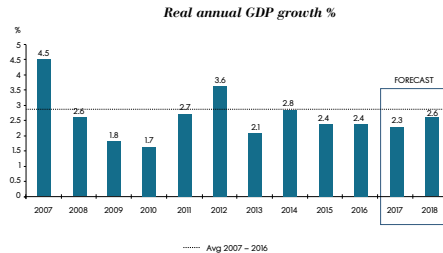
WE ARE EXPERIENCING RAPID
TECHNOLOGICAL CHANGE, ALTERED
CUSTOMER BEHAVIOURS AND A
GLOBALISATION OF RETAIL COMPETITION.
WE ARE CLEAR THAT WE NEED TO RECOGNISE
THESE CHALLENGES AND BUILD A **FUTURE-FIT**
BUSINESS THAT WILL BE VERY DIFFERENT TO
THE ONE OF THE PAST.

SOUTH AFRICAN MACRO ENVIRONMENT



- Economy has entered a technical recession due to political uncertainty, credit rating downgrades, low growth in disposable income and increased unemployment
- GDP growth forecasts in 2017 and 2018 have been revised downwards with little relief expected in the short-term
- Under the current political and economic conditions, subdued consumer confidence is expected to persist

AUSTRALIAN MACRO ENVIRONMENT



- Growth expected at a rate lower than long-term average
- Despite record low interest rates, the Australian consumer is heavily indebted with recent regulations increasing mortgage costs
- Consumer confidence remains below the baseline
- Together with low wage growth, underemployment and increasing energy costs, disposable income and consumer confidence will remain under pressure

GROUP PERFORMANCE

- Turnover up **3.0%**, adjusted profit before tax down **8.3%**
- Headline earnings per share declined by **7.6%**, **total dividend maintained** in line with last year
- Good and above market **Food** sales growth throughout the period
- Satisfactory performance in **Woolworths Clothing and General Merchandise**, given the macroeconomic conditions
- **David Jones** sales marginally above relevant market within a highly constrained, promotionally driven retail environment
- Above market performance from **Country Road Group**, marked improvement in the second half



WOOLWORTHS

- **Woolworths** continued to deliver its clearly defined strategy
 - Celebration of **Good Business Journey** 10 year anniversary
 - Implementation of **Single View of the Customer**, enabling personalised marketing and improved customer interactions
 - Further segmentation of the Clothing offer with **new private brands** (amp;US) and EDITION
 - Introduction of **international luxury Beauty brands** and rollout of a transformed beauty offering in 14 stores
 - Another above market **Food** performance
 - **Improvement in price perception**, particularly in Food
 - Strong performance from **Woolworths Financial Services**
 - Good **cost control**
-
-

WOOLWORTHS

- **Clothing & GM**

- Sales up **1.4%**, with comparable sales down **0.9%** and **2.0%** net new space
- Second half performance significantly impacted by subdued consumer confidence and aggressive promotional activity
- Online sales up **>100%**
- Impact on gross profit margin contained, down **0.4%**

- **Food**

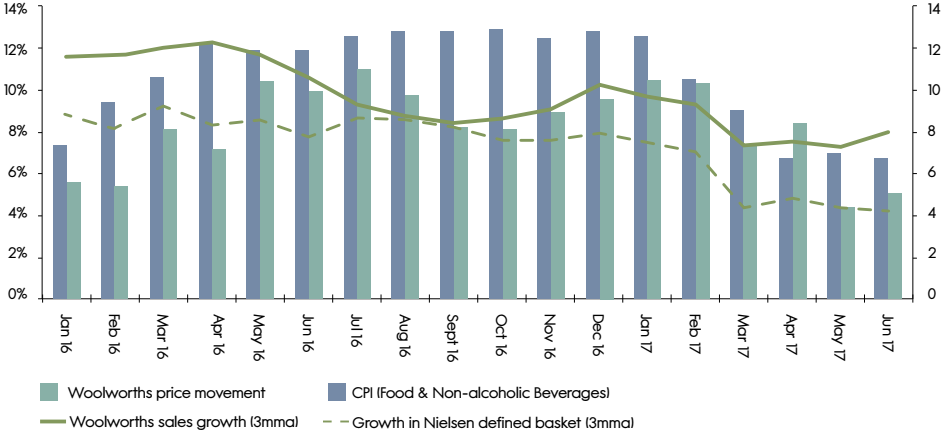
- Sales up **8.6%**, with comparable sales up **4.6%** and **7.6%** net new space
- Slower second half growth due to lower food inflation
- Gross profit margin decreased by **0.4%** due to price investment

- **Woolworths** operating profit up **0.5%**

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

WOOLWORTHS FOOD TURNOVER GROWTH

Woolworths vs market growth (3mma)



AUSTRALIAN HIGHLIGHTS

- **David Jones** made strong progress in transformation initiatives
 - Implementation of **new merchandise and finance systems**
 - Re-launch of the **David Jones Food** offer and opened flagship Foodhall in Bondi Junction
 - Sale of Market Street store and on track with **redevelopment of Elizabeth Street** store
 - Commenced process of **regionalisation**
 - Introduction of new **Customer Relationship Management programme**

- **Country Road Group** experienced a turnaround in performance in the second half
 - **New leadership** with new CEO and brand managing directors
 - More **customer-led design approach**, refreshed marketing, and modernised processes
 - Growth of brand portfolio with acquisition of **Politix**

DAVID JONES

- Total sales up by **1.0%**, with comparable sales down **0.7%** and net retail space decrease of **0.8%**
 - Impacted by prior period termination of Dick Smith electronics concession (**1.0%**)
 - Disappointing **private label** performance; lessons learnt and remedial action taken
 - Strong **online** sales growth, now contributing **>4%** to total sales
- Increased relevant market share
- Gross profit margin declined by **0.9%** due to higher markdowns, driven by aggressive promotional activity in the market
- Operating profit margin decreased by **0.9%** to **6.3%**, impacted by investment in transformation initiatives

COUNTRY ROAD GROUP

- Sales up **5.1%**, with comparable sales down **0.4%**, Politix added **3.7%** to sales
- **Strong performance** in the second half, sales up **10.6%** and comparable sales up **4.5%**
- **Market share gain** due to ongoing improvements in ranges
- Net retail space declined by **1.9%**
- Strong online sales growth, up **24.5%**, contributing **14.2%** of total sales
- Gross profit margin up **0.9%** due to sourcing gains, partially offset by increased promotions and markdowns
- Operating profit up **1.0%**, up **30.6%** in second half



02

FINANCIAL REVIEW

Reeza Isaacs



FINANCIAL OVERVIEW

*Turnover and
concession sales*

+3.0%

to R74.3 billion

*Adjusted profit
before tax*

-8.3%

to R5.5 billion

EPS

+24.8%

to 566.7 cps

HEPS

-7.6%

to 420.9 cps

*HEPS –
Adjusted diluted*

-7.9%

to 417.7 cps

*Total dividend
maintained at*

313.0

cps

ROE

20.8%

from 25.6%

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

GROUP INCOME STATEMENT

	Jun 2017 Rm	Jun 2016 Rm	% change
Woolworths Clothing & GM	2 168	2 306	(6.0)
Woolworths Food	1 977	1 826	8.3
WFS (50% of PATI)	259	248	4.4
Woolworths	4 404	4 380	0.5
David Jones	1 305	1 839	(29.0)
Country Road Group	987	1 035	(4.6)
Profit before interest and tax	6 696	7 254	(7.7)
Net finance and other costs	(1 151)	(1 208)	(4.7)
Adjusted profit before tax	5 545	6 046	(8.3)
Adjustments	1 181	(13)	
Profit before tax	6 726	6 033	11.5
Tax	(1 278)	(1 680)	(23.9)
Profit after tax	5 448	4 353	25.2
Effective tax rate	19.0%	27.8%	

Cost Focus

There was a significant focus on costs across the Group, to reduce the impact of slowing sales and margin pressure; no incentives paid this year

Overall profitability maintained despite tougher macro environment and investment in price and space

Challenging trading environment with higher level of promotions and markdowns. Costs up from investment in strategic initiatives; some currency impact

Up 1.0% in constant currency; improved H2 performance (includes Politix)

Reduced due to Market Street sale proceeds

	Jun 2017 Rm	Jun 2016 Rm
Adjustments		
Profit on sale of Market Street, net of impairments	1 420	-
Acquisition, relocation, swap close-out costs	(226)	-
Impairments	(24)	-
Forex gain/loss	11	(13)
Total	1 181	(13)

UNDERSTANDING ADJUSTMENTS

Adjustments	Jun 2017 Rm	Jun 2016 Rm	% change
Basic earnings	5 446	4 344	25.4
Profit on sale of Market Street in Sydney, net of impairment	(1 420)	–	
Profit on sale of property	(1 762)	–	
Impairment due to sale of property	342	–	
Other impairments and capital items adjustments	50	22	
Tax on above adjustments	(31)	(8)	
Headline earnings	4 045	4 358	(7.2)
Adjustments to headline earnings	215	13	
Politix transaction costs	19	–	
Relocation and retrenchment costs	173	–	
Swap close-out costs	28	–	
Stamp duty	6	–	
Forex loss/gain	(11)	13	
Tax on above adjustments	(60)	(4)	
Tax base adjustments on DJ assets at acquisition	(164)	–	
Adjusted headline earnings	4 036	4 367	(7.6)

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

WOOLWORTHS CLOTHING & GM

INCOME STATEMENT

	Jun 2017 Rm	Jun 2016 Rm	% change	
Turnover	13 894	13 701	1.4	H2 down by 0.8%; comp store sales down 0.9% for the year; price movement contained to 6.6%
Cost of sales	7 244	7 085	2.2	
Gross profit	6 650	6 616	0.5	Margin gains through sourcing, offset by higher promotions
Other revenue	19	27	(29.6)	
Expenses	4 502	4 338	3.8	Comp store cost growth of 1.9% through efficiencies, while maintaining service levels
Store costs	3 071	2 904	5.8	
Other operating costs	1 431	1 434	(0.2)	Head office and discretionary costs well controlled
Adjusted operating profit	2 167	2 305	(6.0)	
Gross profit margin – on turnover	47.9%	48.3%		
Operating profit margin – on turnover	15.6%	16.8%		

WOOLWORTHS FOOD

INCOME STATEMENT

	Jun 2017 Rm	Jun 2016 Rm	% change	
Turnover and concession sales	27 688	25 504	8.6	Sales growth driven by improved availability and promotions. H2 growth of 7.7% slowed on lower inflation; comp store sales of 4.6% for the year, with price inflation of 8.4%
Concession sales	(613)	(548)	11.9	
Turnover – own buy	27 075	24 956	8.5	Strong growth in Food Services
Cost of sales	20 281	18 586	9.1	
Gross profit – own buy	6 794	6 370	6.7	Gains in supply chain efficiencies and volume rebates offset by continued price investment and promotions
Concession and other revenue	124	115	7.8	
Expenses	4 941	4 660	6.0	
Store costs	3 513	3 215	9.3	Comp store cost growth of 2.8%
Other operating costs	1 428	1 445	(1.2)	Well controlled
Adjusted operating profit	1 977	1 825	8.3	
Gross profit margin – on turnover	25.1%	25.5%		
Operating profit margin – on turnover	7.3%	7.3%		Maintained operating margin, despite investment in price and expansion of space

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

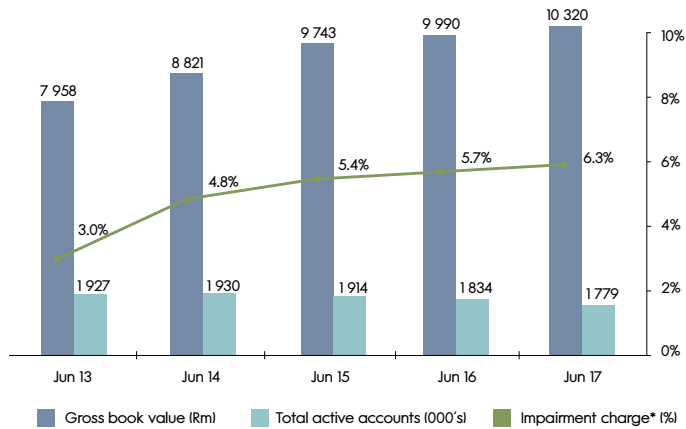
WOOLWORTHS FINANCIAL SERVICES

INCOME STATEMENT

Consolidated <i>pro-forma</i> income statement	Jun 2017 Rm	% to book	Jun 2016 Rm	% to book	% change	
Interest income	2 123	20.8	1 993	20.0	6.5	
Interest paid	633	6.2	580	5.8	9.1	
Net interest income	1 490	14.6	1 413	14.2	5.4	Good growth in a constrained environment; benefit of rate adjustments
Impairment charge	638	6.3	570	5.7	11.9	Better than expected; up from higher bad debts and a tougher collections environment
Risk-adjusted margin	852	8.4	843	8.4	1.1	
Non-interest revenue	769	7.5	746	7.5	3.1	
Operating costs	906	8.9	902	9.0	0.4	Well controlled; LY includes WRewards launch and NCAA implementation costs
Profit before tax	715	7.0	687	6.9	4.1	
Average financial services assets	10 194		9 980		2.1	Closing book up 3.3% despite NCAA impact on new business and credit limit increases
Return on equity	26.4%		26.9%			

WOOLWORTHS FINANCIAL SERVICES

BOOK PERFORMANCE



* Includes collection costs

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

DAVID JONES

INCOME STATEMENT

	Jun 2017 A\$m	Jun 2016 A\$m	% Change	
Turnover and concession sales	2 214	2 192	1.0	Up 2.0% after adjusting for Dick Smith. Comp sales down 0.7%. H2 up 2.7%, amidst difficult trading conditions
Concession sales	(750)	(758)	(1.1)	
Turnover – own buy	1 464	1 434	2.1	Impacted by higher levels of promotions and markdowns
Cost of sales	832	782	6.4	
Gross profit – own buy	632	652	(3.1)	Greater number of serviced concessions and improved rates
Concession and other revenue	188	179	5.0	
Gross profit	820	831	(1.3)	Base expenses well controlled; store costs include 3 new stores
Expenses	681	674	1.0	
Store costs	570	564	1.1	
Other operating costs	111	110	0.9	
Department store operating profit	139	157	(11.5)	Incremental costs from investment in transformation and initiatives
Financial services operating profit	19	18	5.6	
Operating profit	158	175	(9.7)	Rental from leaseback of Market Street
Strategic initiatives and restructure costs	(31)	(5)		
Food and Value Chain	(16)	–		
Market Street rental	(15)	–		
Restructure costs	–	(5)		
Adjusted operating profit	127	170	(25.3)	
Gross profit margin	37.0%	37.9%		
Operating profit margin*	6.3%	7.2%		

* Department store operating profit as a percentage of turnover and concession sales

COUNTRY ROAD GROUP

INCOME STATEMENT

	Jun 2017 A\$m	Jun 2016 A\$m	% change	
Turnover	1 056	1 005	5.1	H2 sales up 10.6% from range improvements, and inclusion of Politix (5.0% growth excluding Politix)
Cost of sales	419	408	2.7	
Gross profit	637	597	6.7	Margin gains from improved sourcing, partially offset by promotions and markdowns
Other revenue	4	4	-	
Expenses	543	504	7.7	Excluding Politix, expense growth is 2.4%
Store costs	387	369	4.9	
Other operating costs	156	135	15.6	
Adjusted operating profit	98	97	1.0	H2 profit growth is 30.6%
Gross profit margin - on turnover	60.3%	59.4%		
Operating profit margin - on turnover	9.3%	9.7%		

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

NET FINANCE AND OTHER COSTS

	Capital	Rate*	Jun 2017 Rm	Jun 2016 Rm	
ZAR long-term debt	R9.9bn	9.29%	935	903	Higher due to increase in SA base rates
AUD long-term debt	A\$350m	3.78%	197	283	Lower due to proceeds on sale of Market Street; partially offset by Politix acquisition; some currency impact
Net finance costs			1 132	1 186	
Other costs			19	22	
Net finance and other costs			1 151	1 208	
Interest cover (times)			7.3	7.6	

* Partially hedged all-in rate including amortisation of upfront costs

GROUP BALANCE SHEET

	Jun 2017 Rm	Jun 2016 Rm	% change	Constant currency % change	
Assets					
Property, plant and equipment and investment properties	13 846	17 451	(20.7)	(12.2)	Sale of Market Street; new stores and transformation projects
Intangible assets	19 595	21 136	(7.3)	4.5	
Investments in JVs and associate	1 015	978	3.8	3.8	Impacted by space growth and inflation, and lower than expected sales in DJ and C&GM
Inventories	6 990	7 117	(1.8)	5.4	
Trade and other receivables and loans	1 368	1 606	(14.8)	(9.3)	
Tax and deferred tax assets	392	554	(29.2)	(27.8)	
Cash	1 787	1 525	17.2	23.1	
Total assets	44 993	50 367	(10.7)	(1.4)	
Equity and liabilities					
Shareholders' funds	19 066	19 853	(4.0)	11.9	
Borrowings	13 325	15 918	(16.3)	(13.1)	
Other non-current liabilities	2 541	2 850	(10.8)	(2.1)	
Tax and deferred tax liabilities	684	1 376	(50.3)	(43.2)	
Trade and other payables and provisions	9 377	10 370	(9.6)	(3.2)	
Total equity and liabilities	44 993	50 367	(10.7)	(1.4)	
Net gearing	11 538	14 393	(19.8)	(16.9)	Market Street sale proceeds partly offset by Polifix acquisition
Year-end exchange rate (R/A\$)	9.8	11.2			

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

NET GEARING

	WHL Rm	SA Rm	Australia A\$m
Interest bearing debt	(13 325)	(9 881)	(352)
Cash and cash equivalents	1 787	1 180	62
Net debt June 2017	(11 538)	(8 701)	(290)
Rate*		9.29%	3.78%
Net debt June 2016	(14 393)	(8 987)	(481)
Movement in net debt	2 855	286	191
Unutilised committed facilities	11 032	5 795	535
	2017	2016	
Net debt to equity (times)	0.6	0.7	
Net debt to EBITDA (times)	1.4	1.6	

SA funding sources wider than banks and beyond original syndication (30% non banks)

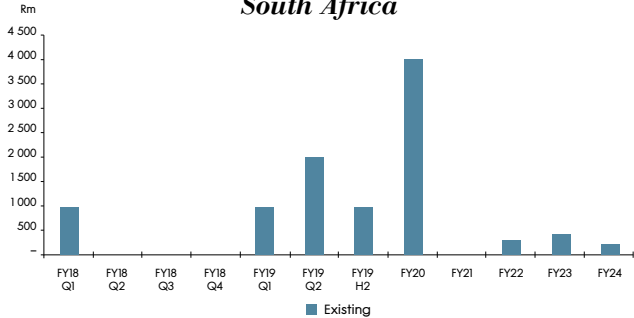
Australian debt all bank funded (expanded to non-Australian banks)

Liquidity remains strong with significant unutilised committed facilities

* Partially hedged all-in rate including amortisation of upfront costs

MATURITY PROFILES OF LONG-TERM DEBT

South Africa



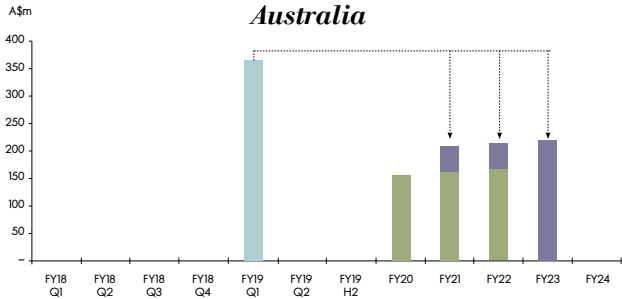
FY18 Q1 tranche has been repaid after year-end

Sources of funding will increase significantly with Domestic Medium Term Note programme

FY20 repayments to be re-profiled into smaller repayments

61% of debt is hedged using an interest rate swap

Australia



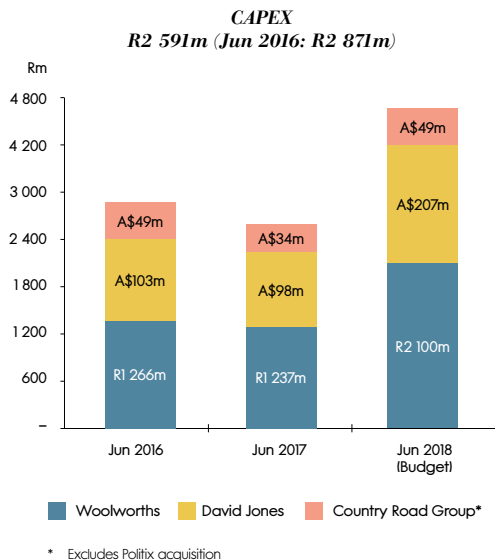
A\$363m debt is currently being refinanced and split into 3, 4 and 5 year tenors

Sources of funding has been increased

43% of debt is hedged using interest rate swaps

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

CAPITAL EXPENDITURE

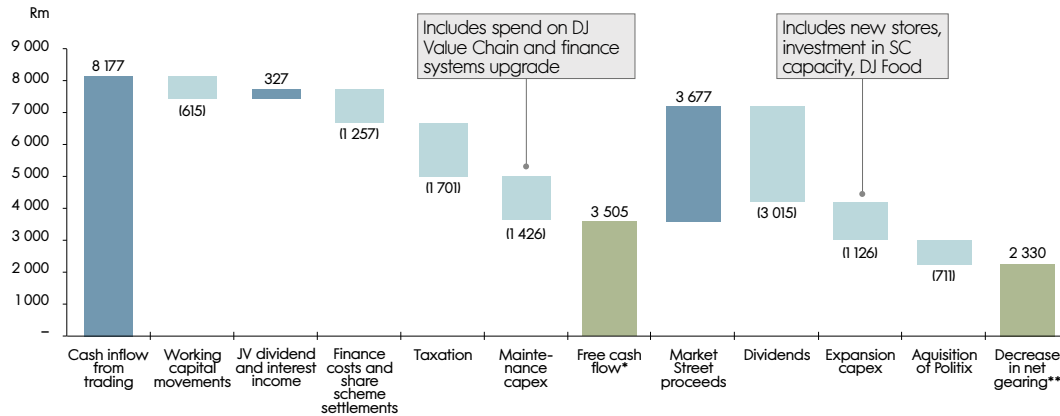


DEPRECIATION AND AMORTISATION

	Jun 2017	Jun 2016	% change
Woolworths (Rm)	904	848	7
David Jones (A\$m)	63	61	3
Country Road Group (A\$m)	37	32	16
Total Group (Rm)	1 935	1 825	6

Higher FY2018 capex spend is due to timing of spend resulting in c. R750m rollover capex and investments in DJ

CASH GENERATION FOR THE 52 WEEKS ENDED 25 JUNE 2017

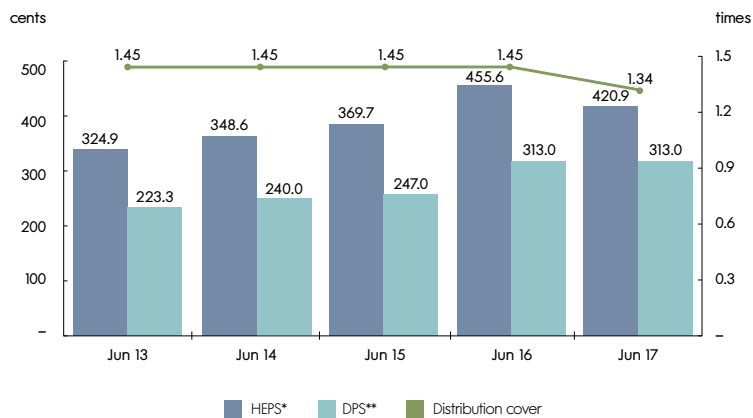


* Free cash flow per share: 364.7 cps

** Net gearing excludes R525m currency translation impact

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

EARNINGS AND DISTRIBUTION



* HEPS based on weighted average number of shares

** DPS based on closing number of shares

03 STRATEGY UPDATE

Ian Moir



RETAIL OUTLOOK

- Retail is in the midst of cyclical and structural change in both geographies
 - **Cyclical change**
 - Continued pressure on growth and consumer confidence
 - **Structural change**
 - Competition and promotional activity continues to intensify
 - Rapid technological development
 - Shifting customer behaviour and spending
 - Customers are increasingly digitally connected, more price-savvy and demanding of seamless shopping experience
 - Rapid growth in online sales, especially mobile
 - Directing spend towards services and experiences
 - Clear strategies to address difficult trading conditions and evolving retail environment
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STRATEGIC PILLARS

WE REMAIN FOCUSED ON EXECUTING OUR CLEARLY DEFINED STRATEGIES BASED ON SIX COMMON GROUP FOCUSES



build stronger
MORE PROFITABLE
CUSTOMER RELATIONSHIPS



become a
BIG FOOD BUSINESS
WITH A DIFFERENCE



towards
CONNECTED RETAIL



drive
SYNERGIES AND EFFICIENCIES
ACROSS THE GROUP



be a
LEADING FASHION
RETAILER IN THE
SOUTHERN HEMISPHERE



embed
THE GOOD BUSINESS JOURNEY
THROUGHOUT THE BUSINESS

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

OUR GOOD BUSINESS JOURNEY

CELEBRATED OUR
10 YEAR
GBJ ANNIVERSARY

GBJ
INTRODUCED THROUGHOUT
THE GROUP

SAVED
R945M
TO DATE THROUGH GBJ INITIATIVES

WSA STORES
16%
YEAR-ON-YEAR WATER REDUCTION
(56% SINCE 2010)

69%
OF WSA FOOD AND CLOTHING PRODUCTS
HAVE A GBJ ATTRIBUTE AND 44% OF
CRG PRODUCTS HAVE A GBJ ATTRIBUTE

WSA STORES
42.5%
ENERGY EFFICIENCY IMPROVEMENT
SINCE 2007 (DJ 38% ENERGY EFFICIENCY
IMPROVEMENT)

269
PRIMARY SUPPLIERS & 97 SECONDARY
SUPPLIERS AUDITED AGAINST FARMING
FOR THE FUTURE STANDARDS

31%
WSA COTTON
FROM SUSTAINABLE SOURCES

WHL CONTRIBUTED
R757M
TO SOCIAL DEVELOPMENT
IN FY2017

WOOLWORTHS

- Use our **rich customer data and deep insights**
 - **Leverage our Single View of Customer** to improve customer engagement with highly personalised, relevant communication and offers
 - **Clear customer segmentation** to inform our product, service and format strategies
- **Bolster digital capability and drive online sales**
 - Rapid online sales growth (up 33% on LY)
 - Improve **site speed and capability**
 - Continue to innovative re-launched **mobile app** to improve digital connection and customer experience
 - Launched **C&GM ‘dark store’** in FY2017, continue to **invest in supply chain** to enhance online availability and fulfilment
- **Innovate WRewards loyalty programme** to provide a differentiated, relationship-based experience, compelling benefits and WFS offers
- **Profitably invest in stores**, balancing real estate investment with online growth, and modernising physical stores to deliver unique in-store experiences
- Continue to **build the brand in Africa**

WOOLWORTHS CLOTHING & GM

- **Continue to build fashion credibility** underpinned by quality, innovation and sustainability
 - Absolute **focus on design**
 - **Clearly segment C&GM offer** with private brands
 - Leverage **world-class supply base, increasing speed-to-market** and maintaining regional sourcing flexibility
 - Ongoing **strengthening of value perception** with price competitive Key Value Lines, tactical promotions and **WRewards**
 - Transform **Beauty as a destination** category and enhance customer experience
 - Continue to introduce **new international brands** including Chanel, Tom Ford, La Prairie, La Mer, Clinique, Estée Lauder, Bobby Brown and Jo Malone
 - Build our own **strong private label brand** business
 - Offer **all beauty ranges online**
-
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WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION



WOOLWORTHS FOOD

- Deliver **best-in-class, innovative product** with **uncompromising quality**
- Continue to make Woolworths **more affordable** and **improve the value perception** by investing in price and highlighting our superior quality
- **Offer a unique customer experience** through our Food Services business
 - **Interactive Food counters** to provide superior product, service and expert advice
 - Grow and expand our successful **Café business**
 - Increase convenience by expanding to **new channels**, including recently launched 'NowNow' cafés
- Leverage and strengthen our **strategic supplier partnerships**
- Invest in **processes, systems and infrastructure** to make business future-fit:
 - Invest in supply chain capability and capacity to increase Cape Town Food distribution centre by 30% by 2018; and
 - Streamline processes and leverage world-class IT systems including recently implemented replenishment and merchandising systems to improve category and space management

WHL AUSTRALIA

- Create a **centre of retail excellence and a single operational hub** under common leadership to drive substantial financial, operational and cultural benefits
 - Introduce a **single Australian corporate structure** from September 2017
 - Establish a new designed-for-purpose **Australian head office** in Melbourne, co-locating both David Jones and Country Road Group, on track for completion in 2018
- Implement a **new tiered regional loyalty programme**, including David Jones, Country Road Group brands and a financial services product in the first half of 2018
- Leverage **Group scale, skills, knowledge and expertise** to drive synergies and efficiencies
 - Improve margins through **Group sourcing**
 - Leverage **Omni-channel Fulfilment Centre** and regional supply chain expertise

DAVID JONES

- Leverage our deeper **customer data and insights** enabled by new CRM programme to inform business decisions and improve customer engagement and personalisation
- Leverage **new merchandising, planning and finance systems** to optimise trading and reduce markdowns
- Provide customers with the **most desired brands**
 - **Exclusive international brands:** Christian Dior, Stella McCartney, Fendi, Chloé, Bottega Veneta
 - **Leading Australian brands:** Zimmermann, Scanlan and Theodore, Aje, Karen Walker, Tigerlily, Carla Zampatti
- Strengthen **private label offer**
 - Expand WSA and CRG brands, including Politix
 - Leverage Country Road Group design expertise and deep Australian customer knowledge to build David Jones private label brand

DAVID JONES

- **Enhance customer digital experience** through clearly defined digital strategy to deliver online sales of 10% by 2020
 - **Strong online growth** now contributing >4% to total sales
 - Launch **new website** on common, regional platform
 - **Increase brands** available online
 - Improve **customer engagement** with richer content and online services
 - Leverage **Omni-channel Fulfilment Centre** and regional supply chain expertise
- Improve **in-store customer experience**
 - **Refurbish Elizabeth Street** by investing A\$200m to create a multi-level, world-class department store
 - Deliver a unique combination of contemporary **luxury fashion with gourmet food**
 - **Optimise store portfolio** with new stores and formats and drive profitability with improved space planning and space rationalisation
 - Up-weight the focus on **in-store service**, providing a premium in-store experience

DAVID JONES

- Provide a **market leading Food experience** by investing A\$100 million over the next three years in existing and new stores
- Offer **best in class product** from Australia and around the world
 - Drive **exclusivity** as a point of difference
 - Develop **premium private label products**, increasing private label contribution from 24% to 70% by 2020
- **Build and leverage strategic partnerships**, including Neil Perry and Inspired Food (In2Food)
- Leverage **Group skills, experience and world-class systems and processes** (Food value chain went live in July 2017)
- Continue to roll-out a **new Food store design**
 - Opened first flagship **Foodhall at Bondi Junction** in August 2017
 - **Wollongong Food Market** to open in October 2017
 - **Malvern Central** new Food concept store to open in March 2018







WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION





WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION





WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION



COUNTRY ROAD GROUP

- **Customer-led strategies** for each brand based on clear customer segmentation
- Deliver **style with authority**
 - Absolute **focus on design** to deliver fashionable ranges with superior fit and fabric
 - Increase **speed-to-market** by driving flexibility in buying decisions
 - Assume responsibility for the design of **David Jones private label**
- Continue to **lead the market with digital experience**
 - Ongoing **strong online sales growth** (up 24.5% on LY), contributing >14% of total sales
 - On track to deliver online **sales contribution of 20% by 2020** for all brands
 - Continue to develop and introduce **digital initiatives**, new services and improved functionality

COUNTRY ROAD GROUP

- **Leverage Single View of Customer** to increase personalised, targeted promotions and marketing and reduce generic discounting
- **Optimise and enhance loyalty programmes** across all brands, including a new loyalty programme for Politix
- **Integrate Politix** into CRG and introduce into David Jones stores
- Continue to **optimise value chain** (effective store profiling and critical path management, end-to-end stock visibility and improved allocation)



04 OUTLOOK

Ian Moir



OUTLOOK

South Africa

- Political uncertainty and economic headwinds expected to continue in the short-term
- Moderating food inflation but higher personal taxes, subdued employment growth and weaker credit extension weighing heavily on consumer
- Price movement expected to be around 5%

Australia

- Below average GDP growth and subdued consumer confidence expected
- Consumer under increasing pressure due to high indebtedness, underemployment, low wage growth and increasing energy costs
- Significant investment in transformation initiatives in the short-term

Trading for the first eight weeks indicates no change to recent conditions experienced

MEDIUM-TERM TARGETS

	FY2020	
OPERATING PROFIT MARGIN		
WOOLWORTHS CLOTHING & GM	16% – 17%	Dependent on macroeconomic and political outcomes
WOOLWORTHS FOOD	7%	
DAVID JONES*	7% – 9%	Dependent on macroeconomic outcomes and rate of delivery of transformation initiatives
COUNTRY ROAD GROUP	12%	
RETURN ON EQUITY		
WOOLWORTHS FINANCIAL SERVICES	22%	

* Department store operating profit as a percentage of turnover and concession sales

**ADDITIONAL
INFO**

TRADING SPACE

	Jun 2017 000m ²	Jun 2016 000m ²	% change	Projected Jun 2018 000m ²	% change	Projected Jun 2019 000m ²	% change	Projected Jun 2020 000m ²	% change
Woolworths Clothing & GM	468	459	2.0	477	1.9	489	2.5	501	2.5
South Africa	426	418	1.9	432	1.4	443	2.5	453	2.3
Rest of Africa	42	41	2.4	45	7.1	46	2.2	48	4.3
Woolworths Food	241	224	7.6	251	4.1	260	3.6	269	3.5
South Africa	233	217	7.4	242	3.9	251	3.7	259	3.2
Engen	3	2	50.0	3	-	3	-	4	33.3
Rest of Africa	5	5	-	6	20.0	6	-	6	-
David Jones	473	477	(0.8)	482	1.9	487	1.0	489	0.4
Country Road Group*	122	118	3.4	124	1.6	122	(1.6)	123	0.8
Australasia	100	102	(2.0)	101	1.0	99	(2.0)	100	1.0
South Africa	16	16	-	16	-	16	-	16	-
Politix	6	-	-	7	16.7	7	-	7	-

* Includes 22 613m² CRG brand concessions in David Jones stores

Note: Ongoing space rationalisation to occur after 2020 in David Jones and Country Road Group

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

STORE LOCATIONS

	Jun 2017	Jun 2016	Growth	Projected Jun 2018	Growth	Projected Jun 2019	Growth	Projected Jun 2020	Growth
Woolworths Clothing & GM	282	285	(3)	285	3	283	(2)	287	4
South Africa	217	220	(3)	219	2	218	(1)	220	2
Rest of Africa	65	65	-	66	1	65	(1)	67	2
Woolworths Food	421	410	11	435	14	458	23	482	24
South Africa*	327	321	6	336	9	354	18	373	19
Engen	72	68	4	77	5	82	5	87	5
Rest of Africa	22	21	1	22	-	22	-	22	-
David Jones	43	40	3	46	3	50	4	54	4
Country Road Group**	741	660	81	761	20	761	-	767	6
Australasia	573	568	5	577	4	572	(5)	575	3
South Africa	93	92	1	93	-	93	-	93	-
Polifix	75	-	75	91	16	96	5	99	3

* Of which 174 are standalone Food stores

** Includes 170 CRG brand concessions in David Jones stores; CRG brand concessions may extend over multiple pads

Note: Ongoing space rationalisation to occur after 2020 in David Jones and Country Road Group

WOOLWORTHS FINANCIAL SERVICES

CONTRIBUTION TO SALES

% of sales spent on Woolworths cards	Jun 2017	Jun 2016
Clothing & GM	21.2%	22.5%
Food	9.7%	10.3%
Aggregate Woolworths card contribution	13.8%	14.7%
Credit card	1.9%	1.6%
Aggregate Woolworths card and credit card contribution	15.6%	16.2%

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

DAVID JONES

INCOME STATEMENT (IN RANDB)

	Jun 2017 Rm	Jun 2016 Rm	% change
Turnover and concession sales	22 725	23 218	(2.1)
Concession sales	(7 695)	(8 033)	(4.2)
Turnover – own buy	15 030	15 185	(1.0)
Cost of sales	8 524	8 283	2.9
Gross profit – own buy	6 506	6 902	(5.7)
Concession and other revenue	1 924	1 902	1.2
Gross profit	8 430	8 804	(4.2)
Expenses	7 316	7 105	3.0
Store costs	6 014	5 952	1.0
Other operating costs	1 302	1 153	12.9
Department store adjusted operating profit	1 114	1 699	(34.4)
Financial services operating profit	191	192	(0.5)
Adjusted operating profit before restructure costs	1 305	1 891	(31.0)
Restructure costs	–	(52)	
Adjusted operating profit	1 305	1 839	(29.0)

DAVID JONES

BALANCE SHEET

	Jun 2017 A\$m	Jun 2016 A\$m	% change
Assets			
Property, plant and equipment	849	1 067	(20.4)
Goodwill and brands	1 519	1 344	13.0
Intangible assets	66	32	>100
Inventories	224	208	7.7
Accounts receivable, tax and deferred tax	185	155	19.4
Cash	18	29	(37.9)
Total assets	2 861	2 835	0.9
Non-current and current non-interest bearing liabilities	(689)	(598)	15.2
Capital employed	2 172	2 237	(2.9)
Year-end exchange rate (R/A\$)	9.8	11.2	

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2017 ANALYST PRESENTATION

COUNTRY ROAD GROUP

INCOME STATEMENT (IN RANDB)

	Jun 2017 Rm	Jun 2016 Rm	% change
Turnover	10 815	10 647	1.6
Cost of sales	4 295	4 334	(0.9)
Gross profit	6 520	6 313	3.3
Other revenue	43	39	10.3
Expenses	5 576	5 317	4.9
Store costs	3 973	3 896	2.0
Other operating costs	1 603	1 421	12.8
Adjusted operating profit	987	1 035	(4.6)

COUNTRY ROAD GROUP

BALANCE SHEET

	Jun 2017 A\$m	Jun 2016 A\$m	% change
Assets			
Property, plant and equipment	158	158	-
Intangible assets	251	161	55.9
Inventories	128	133	(3.8)
Accounts receivable, tax and deferred tax	71	75	(5.3)
Cash	44	22	100.0
Total assets	652	549	18.8
Non-current and current non-interest bearing liabilities	(224)	(178)	25.8
Capital employed	428	371	15.4
Year-end exchange rate (R/A\$)	9.8	11.2	

DISCLAIMER

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

Woolworths Holdings has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements are not statements of fact, but statements by the management of Woolworths Holdings based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this presentation include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic business and market conditions; changes in the domestic regulatory and legislative environments; changes to domestic operational, social, economic and political risks; and the effects of both current and future litigation.

Woolworths Holdings does not undertake to update any forward-looking statements contained in this presentation and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.



WHL

WOOLWORTHS HOLDINGS LIMITED

**PRELIMINARY AUDITED GROUP RESULTS FOR THE 52 WEEKS
ENDED 25 JUNE 2017 AND CASH DIVIDEND DECLARATION**

COMMENTARY

Group sales for the 52 weeks ended 25 June 2017 increased by 3.0% to R74.3 billion. Growth in the second half was impacted by increasingly difficult trading conditions in both South Africa, heightened in the second half of the year by political uncertainty, and in Australia, by weaker consumer confidence.

Earnings per share, which includes the A\$172.6 million (R1 762 million) profit on disposal by David Jones of its Market Street property in Sydney, increased by 24.8%. Headline earnings per share (HEPS) and adjusted diluted HEPS, which exclude the profit on disposal of assets as well as certain other once-off items, declined by 7.6% and 7.9% respectively.

WOOLWORTHS

FOOD

Food sales increased by 8.6%, with growth well above the market throughout the period. Comparable store sales grew by 4.6%. Average price movement for the year was 8.4%. Lower food inflation into the second half of the year saw the return of increasingly positive volume growth. Retail space also grew by a net 7.6% with the roll out of a net 11 new stores.

Gross profit increased by 6.7%, despite gross margin decreasing by 40 bps to 25.1%, as we continued to focus on price competitiveness. Store costs increased by 9.3% as a result of the new space, although cost growth in comparable stores was limited to 2.8%. Other operating costs were 1.2% lower than last year. Adjusted operating profit increased by 8.3% to R1 977 million.

CLOTHING AND GENERAL MERCHANDISE

Clothing and General Merchandise sales increased by 1.4%, with price movement of 6.6%, whilst sales in comparable stores declined by 0.9%. Retail space grew by a net 2.0%. Despite the difficult trading conditions, we traded ahead of most other apparel retailers and continued to build our fashion credibility with a segmented, brand-directed customer experience. We are in the process of rolling out our new beauty offering that will bring international brands such as Chanel and Estée Lauder into our stores for the first time.

Gross profit margin declined by 40 bps to 47.9%, impacted by higher markdowns, as market conditions worsened. Given the weaker sales environment, store costs were well controlled, increasing by 5.8%, with comparable store cost growth contained to 1.9%. Other operating costs were also well controlled, decreasing by 0.2%. Adjusted operating profit declined by 6.0% to R2 167 million.

WOOLWORTHS FINANCIAL SERVICES (WFS)

The Woolworths Financial Services debtors book grew by 3.3%, reflecting the tight credit environment and the impact of new credit affordability assessment regulations on both new and existing customer growth. The impairment rate for the 12 months ended 30 June 2017 was an industry-leading rate of 6.3% (2016: 5.7%).

DAVID JONES

David Jones sales increased by 1.0% in Australian dollar terms, with the termination of the Dick Smith electronics concession negatively impacting growth by 1.0%. Sales in comparable stores (excluding the impact of Dick Smith) declined by 0.7%. Retail space declined by a net 0.8%. Sales growth slowed in the second half, as consumer sentiment worsened, although our share of the department store and specialty market grew marginally.

Gross profit margin declined by 90 bps to 37.0%, as a result of higher markdowns in the promotion-driven environment. Store costs (which included the impact of three new stores) increased by 3.7%, whilst total expenses increased by 5.6%, reflecting the investment in transformational initiatives. Adjusted operating profit declined by 25.3% to A\$127 million, while adjusted profit before tax was 26.2% lower at A\$124 million.

We have continued to drive the transformation of David Jones, and have achieved significant milestones on numerous key initiatives, including the launch of a new Customer Relationship Management programme, new Merchandise and Inventory Management systems and the opening of a new David Jones Food concept in Bondi Junction, Sydney.

COUNTRY ROAD GROUP

Country Road Group sales increased by 5.1% in Australian dollar terms and showed a marked improvement in the second half, including the newly-acquired Politix business, which added 3.7% to growth. Sales in comparable stores declined by 0.4% and retail space declined by a net 1.9%. Country Road's above-market performance reflects the changes we have made to the business over the past 18 months and the ongoing improvements to ranges during the year.

Gross profit margin increased by 90 bps to 60.3%, as a result of sourcing gains and lower markdowns from better sell through of the improved ranges. Costs, including those of Politix, increased by 7.7%. Adjusted operating profit increased by 1.0% to A\$98 million, whilst adjusted profit before tax was flat on last year at A\$95 million.

OUTLOOK

Market conditions in the year ahead are likely to be constrained by the same economic and political conditions that impacted our performance during the year under review. We will also continue to see more structural change in both South Africa and Australia. We will continue to invest in various transformational initiatives (most notably in David Jones) and remain confident that our strategies will deliver future-fit businesses capable of long-term profitable growth. We expect our food and clothing businesses in both South Africa and Australia to continue to outperform their respective markets.

Trading for the first eight weeks of the new financial year indicates no change to the recent conditions described above.

Any reference to future financial performance included in this statement has not been reviewed and reported on by the Group's external auditors, and does not constitute an earnings forecast.

CHANGES TO THE BOARD OF DIRECTORS

As announced on the JSE Stock Exchange News Service on 22 May 2017, John Dixon was appointed as an Executive Director of the company, with effect from 18 May 2017. The Board further confirms the appointment of Nombulelo Moholi as a member of the Sustainability Committee, with effect from 18 May 2017.

After serving over 11 years as a Non-executive Director, member of the Audit and Remuneration Committees, and trustee of the Woolworths Holdings Share Trust ('Trust'), Peter Bacon will retire from the Board and Trust at the conclusion of the November 2017 Annual General Meeting. His contribution to the Group has been significant and the Board expresses its gratitude to Peter and wishes him well in his future endeavours.

S N Susman
Chairman
Cape Town, 23 August 2017

I Moir
Group Chief Executive Officer

DIVIDEND DECLARATION

Notice is hereby given that the Board of Directors have declared a final gross cash dividend per ordinary share (dividend) of 180.0 cents (144.0 cents net of dividend withholding tax), thereby maintaining the total dividend for the 52 weeks ended 25 June 2017 to 313.0 cents, in line with last year. The dividend has been declared from income reserves and therefore does not constitute a distribution of 'contributed tax capital' as defined in the Income Tax Act, 58 of 1962. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued share capital at the declaration date is 1 047 847 794 ordinary shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 12 September 2017
Shares commence trading 'ex' dividend	Wednesday, 13 September 2017
Record date	Friday, 15 September 2017
Payment date	Monday, 18 September 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 September 2017 and Friday, 15 September 2017, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited or updated on Monday, 18 September 2017. Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders.

Chantel Reddiar

Group Company Secretary
Cape Town, 23 August 2017

PRELIMINARY AUDITED GROUP RESULTS

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks to 25 Jun 2017 Rm	52 weeks to 26 Jun 2016 Rm	% change
Revenue		69 451	66 978	3.7
Turnover and concession sales		74 273	72 137	3.0
Concession sales		(6 862)	(7 133)	(3.8)
Turnover		67 411	65 004	3.7
Cost of sales		40 739	38 618	5.5
Gross profit		26 672	26 386	1.1
Other revenue		1 944	1 926	0.9
Expenses		22 410	21 343	5.0
Store costs		16 233	15 640	3.8
Other operating costs		6 177	5 703	8.3
Operating profit		6 206	6 969	(10.9)
Profit on sale of property in Sydney, net of impairment		1 420	-	-
Profit on sale of property	3	1 762	-	-
Impairment due to sale of property		342	-	-
Investment income		96	48	>100
Finance costs		1 256	1 234	1.8
Profit before earnings from joint ventures and associate		6 466	5 783	11.8
Earnings from joint ventures		260	249	4.4
Earnings from associate		-	1	(100.0)
Profit before tax		6 726	6 033	11.5
Tax		1 278	1 680	(23.9)
Profit for the year		5 448	4 353	25.2
Other comprehensive income:				
Amounts that may be reclassified to profit or loss				
Fair value adjustments on financial instruments, after tax		(123)	(104)	
Exchange differences on translation of foreign subsidiaries		(3 087)	3 748	
Amounts that may not be reclassified to profit or loss				
Post-retirement medical benefit liability-actuarial gain, after tax		15	7	
Other comprehensive income for the year		(3 195)	3 651	
Total comprehensive income for the year		2 253	8 004	
Profit attributable to:		5 448	4 353	
Shareholders of the parent		5 446	4 344	
Non-controlling interests		2	9	
Total comprehensive income attributable to:		2 253	8 004	
Shareholders of the parent		2 251	7 988	
Non-controlling interests		2	16	
Reconciliation of headline earnings				
Basic earnings attributable to shareholders of the parent		5 446	4 344	25.4
Net (profit)/loss on disposal of property, plant and equipment and intangible assets		(1 752)	22	
Profit on disposal of associate		-	(7)	
Impairment of property, plant and equipment and intangible assets		382	7	
Tax impact of adjustments		(31)	(8)	
Headline earnings		4 045	4 358	(7.2)
Unrealised foreign exchange (gains)/losses		(11)	13	
Transaction, relocation and swap close-out costs		226	-	
Tax impact of adjustments		(60)	(4)	
Tax base adjustments on David Jones assets at acquisition		(164)	-	
Adjusted headline earnings		4 036	4 367	(7.6)
Earnings per share (cents)	2	566.7	454.2	24.8
Headline earnings per share (cents)		420.9	455.6	(7.6)
Adjusted headline earnings per share (cents)		420.0	456.6	(8.0)
Diluted earnings per share (cents)	2	563.7	451.0	25.0
Diluted headline earnings per share (cents)		418.7	452.5	(7.5)
Adjusted diluted headline earnings per share (cents)		417.7	453.4	(7.9)
Number of shares in issue (millions)		961.7	960.1	0.2
Weighted average number of shares in issue (millions)		961.0	956.5	0.5

PRELIMINARY AUDITED GROUP RESULTS

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	At 25 Jun 2017 Rm	Restated** At 26 Jun 2016 Rm	Restated** At 28 Jun 2015 Rm
ASSETS				
Non-current assets				
Property, plant and equipment	3	34 706	37 978	33 736
Investment properties	3	13 846	15 324	14 430
Intangible assets	3	–	78	78
Investment in joint ventures and associate		19 595	21 136	17 502
Participation in export partnerships		1 015	978	894
Fair value lease adjustment		–	8	19
Other loans		65	83	76
Derivative financial instruments		42	41	55
Deferred tax	6	3	72	82
		140	258	600
Current assets				
Inventories		10 287	10 340	8 251
Trade and other receivables		6 990	7 117	5 881
Derivative financial instruments		1 218	1 312	1 051
Tax	6	40	90	219
Cash and cash equivalents		252	296	209
		1 787	1 525	891
Non-current assets held for sale	3	–	2 049	30
TOTAL ASSETS		44 993	50 367	42 017
EQUITY AND LIABILITIES				
TOTAL EQUITY				
Equity attributable to shareholders of the parent		19 066	19 853	14 297
Non-controlling interests		19 038	19 826	14 251
		28	27	46
Non-current liabilities				
Interest-bearing borrowings		15 336	19 536	18 634
Operating lease accrual and fair value lease adjustment		12 137	15 703	14 922
Post-retirement medical benefit liability		1 980	2 264	2 037
Provisions		386	387	374
Derivative financial instruments		156	187	197
Deferred tax	6	19	12	26
		658	983	1 078
Current liabilities				
Trade and other payables		10 591	10 978	9 086
Provisions		8 262	9 107	7 699
Operating lease accrual and fair value lease adjustment		825	863	738
Derivative financial instruments		114	135	122
Tax	6	176	265	72
Overdrafts and interest-bearing borrowings		26	393	259
		1 188	215	196
TOTAL LIABILITIES		25 927	30 514	27 720
TOTAL EQUITY AND LIABILITIES		44 993	50 367	42 017
Net asset book value – per share (cents)		1 980	2 065	1 532
GROUP ANALYSIS				
Total assets				
Woolworths*		44 993	50 367	42 017
David Jones		12 680	12 246	11 013
Country Road Group		24 217	29 658	24 235
Woolworths Financial Services		7 044	7 471	5 832
Treasury		1 007	971	885
		45	21	52
Inventories				
Woolworths*		6 990	7 117	5 881
David Jones		3 550	3 279	2 912
Country Road Group		2 191	2 345	1 864
		1 249	1 493	1 105
Total liabilities				
Woolworths*		25 927	30 514	27 720
David Jones		5 893	5 672	5 216
Country Road Group		6 703	7 504	5 791
Treasury		1 586	1 857	1 834
		11 745	15 481	14 879
Approved capital commitments				
Woolworths*		4 697	3 902	3 636
David Jones		2 035	2 066	2 032
Country Road Group		2 157	1 330	1 017
		505	506	587

* Includes Woolworths Clothing and General Merchandise, Woolworths Food and Woolworths Logistics.

** Certain comparative amounts shown do not correspond to the 2016 Annual Financial Statements and reflect adjustments made. Refer to note 5.

PRELIMINARY AUDITED GROUP RESULTS (CONTINUED)

GROUP STATEMENT OF CASH FLOWS

Notes	52 weeks to 25 Jun 2017 Rm	52 weeks to 26 Jun 2016 Rm
Cash flow from operating activities		
Cash inflow from trading	8 177	8 940
Working capital movements	(615)	(311)
Cash generated by operating activities		
Investment income received	7 562	8 629
Finance costs paid	(1 216)	(1 168)
Tax paid	(1 701)	(1 536)
Cash generated by operations		
Dividends received from joint ventures	4 741	5 965
Dividends received from associate	223	162
Dividends to ordinary shareholders	-	7
	(3 015)	(2 464)
Net cash inflow from operating activities		
	1 949	3 670
Cash flow from investing activities		
Net investment in property, plant and equipment, intangible assets and investment properties	(2 552)	(2 829)
Proceeds on disposal of property in Sydney	3 677	-
Acquisition of subsidiary, net of cash acquired	10 (711)	-
Other	8	20
Net cash inflow/(outflow) from investing activities		
	422	(2 809)
Cash flow from financing activities		
Settlement of share-based payments through share purchase	4 (39)	(34)
Share purchase costs	(2)	(1)
Finance lease payments	(14)	(12)
Borrowings raised	1 900	190
Borrowings repaid	(3 852)	(384)
Acquisition of non-controlling interests in subsidiaries	-	(85)
Net cash outflow from financing activities		
	(2 007)	(326)
Increase in cash and cash equivalents		
	364	535
Net cash and cash equivalents at the beginning of the year		
	1 497	891
Effect of foreign exchange rate changes		
	(100)	71
Net cash and cash equivalents at the end of the year		
	1 761	1 497
GROUP ANALYSIS		
Cash generated by operating activities		
Woolworths	7 562	8 629
David Jones	5 050	4 906
Country Road Group	1 075	2 508
	1 437	1 215
Additions to property, plant and equipment, intangible assets and investment properties (gross)		
Woolworths	3 344	2 825
David Jones	1 244	1 186
Country Road Group	996	1 093
Country Road Group – Politix acquisition	336	546
	768	-

PRELIMINARY AUDITED GROUP RESULTS

GROUP STATEMENT OF CHANGES IN EQUITY

Notes	Shareholders of the parent Rm	Non-controlling interests Rm	Total 52 weeks to 25 Jun 2017 Rm	Shareholders of the parent Rm	Non-controlling interests Rm	Total 52 weeks to 26 Jun 2016 Rm
Shareholders' interest at the beginning of the year	19 826	27	19 853	14 251	46	14 297
Movements for the year:						
Profit for the year	5 446	2	5 448	4 344	9	4 353
Other comprehensive income	(3 195)	–	(3 195)	3 644	7	3 651
Total comprehensive income for the year	2 251	2	2 253	7 988	16	8 004
Shares issued, net of costs	4 138	–	138	2 849	–	2 849
Share-based payments, including settlements and costs	(163)	–	(163)	(2 534)	–	(2 534)
Dividends to ordinary shareholders	(3 014)	(1)	(3 015)	(2 716)	–	(2 716)
Acquisition of non-controlling interests	–	–	–	(12)	(35)	(47)
Shareholders' interest at the end of the year	19 038	28	19 066	19 826	27	19 853
Dividend per ordinary share (cents)			313.0			313.0
Dividend cover (based on headline earnings)			1.34			1.45

PRELIMINARY AUDITED GROUP RESULTS (CONTINUED)

SEGMENTAL ANALYSIS

	Notes	52 weeks to 25 Jun 2017 Rm	52 weeks to 26 Jun 2016 Rm	% change
REVENUE				
Turnover		67 411	65 004	3.7
Woolworths Clothing and General Merchandise		13 894	13 701	1.4
Woolworths Food		27 075	24 956	8.5
Woolworths Logistics		597	515	15.9
David Jones		15 030	15 185	(1.0)
Country Road Group		10 815	10 647	1.6
Other revenue and investment income		2 040	1 974	3.3
Woolworths Clothing and General Merchandise		19	27	(29.6)
Woolworths Food		124	115	7.8
David Jones		2 139	2 112	1.3
Country Road Group		52	43	20.9
Treasury		69	28	>100
Intragroup	9	(363)	(351)	3.4
Total Group		69 451	66 978	3.7
GROSS PROFIT				
Woolworths Clothing and General Merchandise		6 650	6 616	0.5
Woolworths Food		6 794	6 370	6.7
David Jones		6 506	6 902	(5.7)
Country Road Group		6 520	6 313	3.3
Intragroup	9	202	185	9.2
Total Group		26 672	26 386	1.1
PROFIT BEFORE TAX				
Woolworths Clothing and General Merchandise		2 168	2 306	(6.0)
Woolworths Food		1 977	1 826	8.3
Woolworths Financial Services		259	248	4.4
David Jones		1 279	1 814	(29.5)
Country Road Group		958	1 016	(5.7)
Treasury		(1 096)	(1 164)	(5.8)
Total Group – adjusted		5 545	6 046	(8.3)
Adjustments				
Unrealised foreign exchange gains/(losses)		11	(13)	
Transaction, relocation, write-down and swap close-out costs		(250)	–	
Profit on sale of property in Sydney		1 762	–	
Impairment due to sale of property		(342)	–	
Total Group		6 726	6 033	11.5
Woolworths Clothing and General Merchandise		2 177	2 295	(5.1)
Woolworths Food		1 979	1 824	8.5
Woolworths Financial Services		259	248	4.4
David Jones		2 502	1 814	37.9
Country Road Group		939	1 016	(7.6)
Treasury		(1 130)	(1 164)	(2.9)

NOTES

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The preliminary Group Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), IAS 34: Interim Financial Reporting, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the requirements of the Companies Act of South Africa and the JSE Limited Listings Requirements.

The preliminary Group Annual Financial Statements have been prepared under the supervision of the Group Finance Director, Reeza Isaacs CA(SA), and are the full responsibility of the directors.

Accounting policies applied in the preparation of these preliminary Group Annual Financial Statements are consistent with those applied in the preparation of the Group Annual Financial Statements for the 52-week period ended 25 June 2017, and are consistent with the prior year, except for the changes in accounting policy disclosed in note 5. The preliminary Group Annual Financial Statements have been prepared on the historical cost and going concern bases, except where otherwise indicated. The presentation and functional currency is the South African rand, rounded to the nearest million, except where otherwise indicated.

2. EARNINGS PER SHARE

The difference between earnings per share and diluted earnings per share is due to the impact of unexercised options under the Group's share incentive schemes (refer to note 4).

3. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTIES

The Group acquired property, plant and equipment at a fair value of R1 962 million (2016: R2 347 million) and acquired intangible assets at a fair value of R1 382 million (2016: R478 million). This included acquisitions related to business combinations (refer to note 10).

The Market Street building in Sydney, Australia, with a carrying value of R2 049 million (A\$182.0 million), and previously reclassified as a non-current asset held for sale, was disposed of in the year. This disposal resulted in a profit on sale of R1 762 million (A\$172.6 million).

The investment property, amounting to R78 million, has been transferred to property, plant and equipment due to a change in use.

4. ISSUE AND PURCHASE OF SHARES

1 820 950 (2016: 2 167 167) ordinary shares totalling R138 million (2016: R183 million) were issued and allocated to employees in terms of the Group's share incentive schemes.

489 382 (2016: 362 215) ordinary shares totalling R39 million (2016: R34 million) were purchased from the market by Woolworths Proprietary Limited for the purposes of share incentive schemes and are held as treasury shares by the Group. 277 228 (2016: 685 540) ordinary shares totalling R18 million (2016: R33 million) were allocated to employees in terms of the Group's Restricted Share Plan.

In the prior year, 24 361 954 ordinary shares totalling R2 414 million were issued and allocated to employees in terms of the Group's Black Economic Empowerment Employee Share Ownership Scheme, which reached maturity on 30 June 2015, and 2 920 865 ordinary shares totalling R252 million were issued and allocated to shareholders in terms of the scrip distribution alternative.

NOTES (CONTINUED)

5. CHANGE IN ACCOUNTING POLICY

Historically, the Group has assessed deferred tax on indefinite life intangible assets using the assumption that the value will be recovered through sale, rather than use, as these assets are not amortised.

In November 2016, the IFRS Interpretations Committee (IFRIC) issued a final agenda decision, clarifying that an intangible asset with an indefinite useful life is subject to consumption and therefore not a non-depreciable asset in terms of paragraph 51B of IAS 12: Income Taxes. IFRIC, therefore, concluded that the assumption of sale could not be presumed in calculating the deferred tax liability on an intangible asset.

As a consequence of this decision, the Group has amended its accounting policy to comply with the revised guidance. The impact of the restatement is to increase goodwill by R2 171 million (A\$193 million) as at 26 June 2016, and by R1 802 million (A\$193 million) as at 28 June 2015, with a corresponding credit to deferred tax, split as follows:

	Goodwill Rm	2016 Deferred tax assets Rm	Deferred tax liabilities Rm	Goodwill Rm	2015 Deferred tax assets Rm	Deferred tax liabilities Rm
David Jones	1 971	1 001	970	1 637	1 074	562
Country Road	200	193	7	165	166	–
Total	2 171	1 194	977	1 802	1 240	562

The adoption of other new standards, which became effective in the current year, has resulted in minor changes to accounting policies and disclosure, none of which have a material impact on the financial position or performance of the Group.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of trade and other receivables, trade and other payables and borrowings approximate their fair values.

In terms of IFRS 13: Fair value measurement, the Group's derivative financial instruments are measured at fair value and determined to be level two under the fair value hierarchy, using inputs that are observable for the asset or liability, either directly or indirectly.

7. CONTINGENT LIABILITIES

Group companies are party to legal disputes and investigations that have arisen in the ordinary course of business.

Whilst the outcome of these matters cannot readily be foreseen, the directors do not expect them to have any material financial effect.

8. BORROWING FACILITIES

Unutilised banking and debt facilities amount to R11 833 million (2016: R9 217 million) as follows:

	2017 Rm	2016 Rm
Committed	11 033	8 417
Uncommitted	800	800
Total	11 833	9 217

In terms of the Memorandum of Incorporation, the Group has unlimited borrowing powers.

9. RELATED-PARTY TRANSACTIONS

The Group entered into related-party transactions, the substance of which is disclosed in the Group's 2017 Annual Financial Statements. Intragroup adjustments relate to the sale of concession goods between segments and supply chain distribution adjustments.

NOTES (CONTINUED)

10. ACQUISITION OF POLITIX

On 7 November 2016, Woolworths Holdings Limited (WHL), through its subsidiary, Country Road Group Proprietary Limited (CRG), acquired 100% of the net assets of Politix for a total value of R711 million (A\$68.7 million). The acquisition was funded through internal sources.

The acquisition is consistent with the Group's southern hemisphere strategy of building a strong and diversified portfolio of iconic brands. Politix will add to the Group's existing Australian stable that already includes David Jones, Country Road, Witchery, Trenergy and Mimco.

Assets acquired and liabilities assumed

WHL has measured the identifiable assets and liabilities of Politix at their acquisition-date fair values. The provisional values are presented below:

	Rm	A\$m
Non-current assets	255	25
Property, plant and equipment	48	5
Intangible assets	207	20
Current assets	42	4
Inventories	34	3
Trade and other receivables	8	1
Non-current liabilities	69	7
Fair value lease adjustment	7	1
Deferred tax	62	6
Current liabilities	30	3
Trade and other payables	12	1
Provisions	18	2
Total identifiable net assets at fair value	198	19
Goodwill arising on acquisition	513	50
Cash outflow on acquisition	711	69

Goodwill of R513 million (A\$49.6 million) and the Politix brand amounting to R207 million (A\$20.0 million) have been recognised. Goodwill is R98 million (A\$9.4 million) higher than previously reported, due to remeasurement of assets and liabilities from acquisition-date fair values, and a change in accounting policy (refer to note 5). The brand was remeasured, and the fair value is R21 million (A\$2.0 million) lower than previously reported. Goodwill represents the value paid in excess of the fair value of net assets and consists largely of synergies and economies of scale expected from strategic initiatives. Transaction costs of R19 million (A\$1.8 million) have been expensed in the current year and are included in other operating costs.

From the date of acquisition, R366 million (A\$36.3 million) of additional revenue and R24 million (A\$2.4 million) profit before tax has accrued. Had the acquisition been effective from the beginning of the year, the directors consider that the contribution to revenue and profit before tax for the 52 weeks ended 25 June 2017, would have been a further R220 million (A\$21.4 million) and R14 million (A\$1.4 million) respectively.

As a result of the acquisition, leases were determined to be either favourable or unfavourable in comparison to market-related rentals, and accordingly, have been disclosed separately as assets or liabilities on the statement of financial position. These will unwind over the duration of the leases through the statement of comprehensive income.

The fair values are provisional and are subject to further review for a period of up to one year from acquisition date.

The Australian dollar values have been translated at the closing exchange rate at 7 November 2016 of A\$1:R10.3.

NOTES (CONTINUED)

11. EVENTS SUBSEQUENT TO THE REPORTING DATE

No event material to the understanding of these preliminary Group Annual Financial Statements has occurred between the end of the financial year and the date of approval.

12. APPROVAL OF PRELIMINARY GROUP FINANCIAL STATEMENTS

The preliminary Group Annual Financial Statements were approved by the Board of Directors on 23 August 2017.

13. AUDIT OPINION

These preliminary Group Annual Financial Statements have not been audited but have been correctly extracted from the audited Group Annual Financial Statements, upon which EY have issued an unqualified audit opinion. The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office.

DIRECTORATE AND STATUTORY INFORMATION

NON-EXECUTIVE DIRECTORS

Simon Susman (Chairman), Patrick Allaway (Australian), Peter Bacon (British), Zarina Bassa, Tom Boardman (Lead Independent Director), Hubert Brody, Andrew Higginson (British), Gail Kelly (Australian), Lord Rose (British), Nombulelo Moholi

EXECUTIVE DIRECTORS

Ian Moir (Group Chief Executive Officer) (Australian), John Dixon (British), Reeza Isaacs, Sam Ngumeni, Zyda Rylands

GROUP COMPANY SECRETARY

Chantel Reddiar

JSE SHARE CODE

WHL

ISIN

ZAE000063863

REGISTERED ADDRESS

Woolworths House, 93 Longmarket Street, Cape Town, 8001
PO Box 680, Cape Town, 8000

REGISTRATION NUMBER

1929/001986/06

TAX NUMBER

9300/149/71/4

JSE SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited)

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
15 Biermann Avenue, Rosebank, 2196

HIGHLIGHTS

*Turnover and
concession sales*

+3.0%
to R74.3 billion

Earnings per share

+24.8%
to 566.7 cps

*Headline earnings
per share*

-7.6%
to 420.9 cps

*Adjusted diluted headline
earnings per share*

-7.9%
to 417.7 cps

*Total dividend per
share maintained at*

313.0
cps

Return on equity

20.8%
from 25.6%