



february 2006  
investment analyst  
presentation

*updated:*

**restatement of June 2005  
numbers for IFRS**

# woolworths holdings limited

## investing for growth

- Revenue up 16.7% to R7.4bn
- Operating profit up 19.6% to R730m
- Operating profit margin widened from 9.6% to 9.8%
- Tax rate of 31.5% (Dec 2004: 29.4%)
- Headline earnings per share up 19.6% to 53.1cps (pre STC: 55cps +23.9%)
- Reduction in weighted average shares in issue of 8.6% to 789.8m
- Distribution to shareholders up 29.7% to 24.0cps
- ROE of 37.2% (Dec 2004 : 27.6%)

# woolworths holdings limited

## trading environment – south africa

Fundamental structural change in South African economy continues

- Economic growth supporting job creation
- Expected tax cuts and social grants
- Continued low inflation environment
- Stable interest rates

Retail

- Good Christmas trading period
- Overall softening retail sales growth rate
- More competitive credit environment

# woolworths holdings limited results

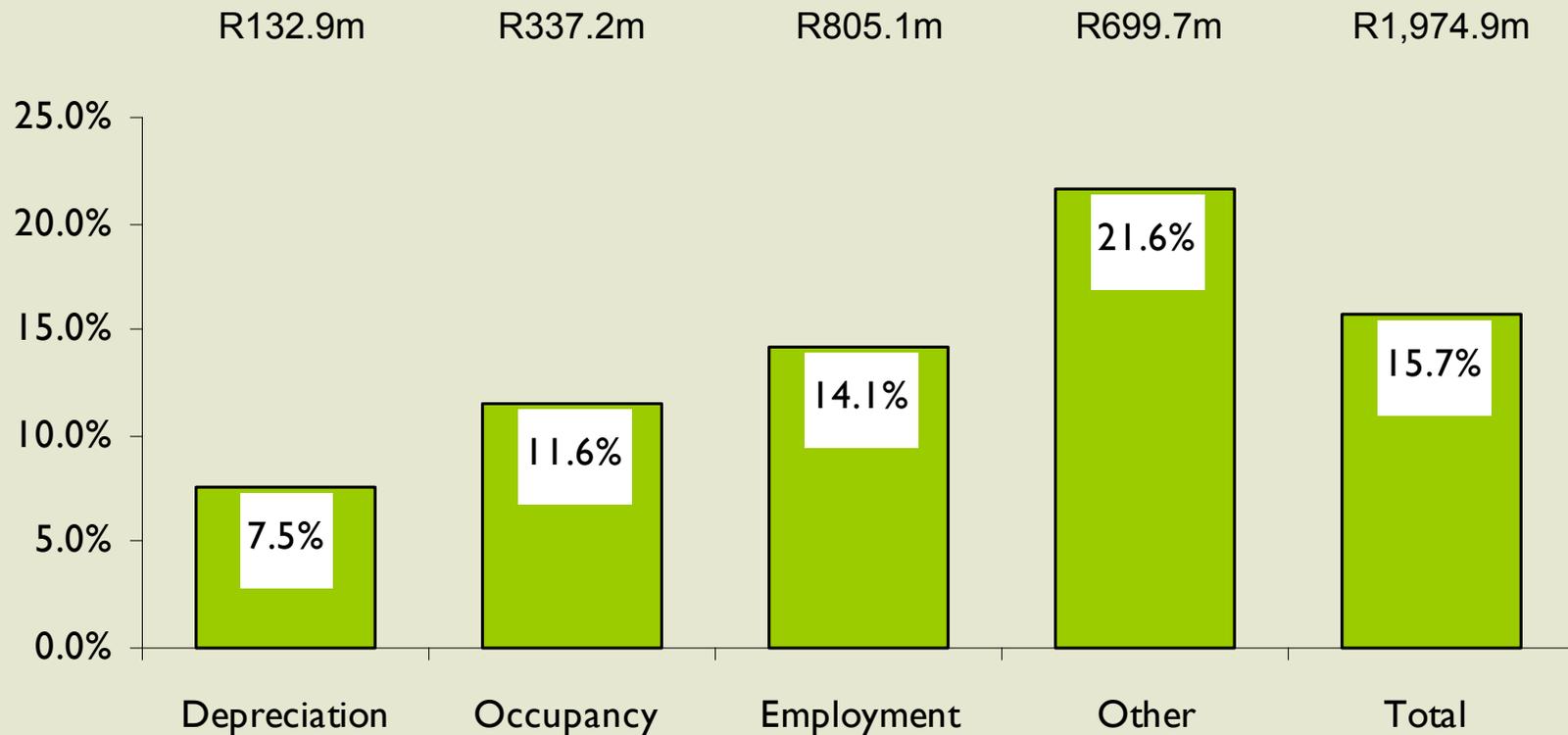
## income statement

	Dec 2005 Rm	Dec 2004* Rm	% Chg
<b>Revenue</b>	<b>7,415.3</b>	<b>6,353.1</b>	<b>16.7%</b>
Turnover	6,995.0	6,016.6	16.3%
Cost of merchandise	4,710.1	4,036.0	16.7%
<b>Gross Profit</b>	<b>2,284.9</b>	<b>1,980.6</b>	<b>15.4%</b>
Other revenue	420.3	336.5	24.9%
Expenses	1,974.9	1,706.7	15.7%
<b>Operating profit</b>	<b>730.3</b>	<b>610.4</b>	<b>19.6%</b>
Finance costs	113.8	62.0	83.5%
Pre share repurchase	77.3	62.0	
As a result of share repurchase	36.5	-	
<b>Net profit before tax</b>	<b>616.5</b>	<b>548.4</b>	<b>12.4%</b>
Tax	194.2	161.0	20.6%
<b>Net profit after tax</b>	<b>422.3</b>	<b>386.7</b>	<b>9.0%</b>
Gross margin - on turnover	32.7%	32.9%	
Operating margin - on revenue	9.8%	9.6%	
ROE	37.2%	27.6%	

\*Prior year figures restated

# woolworths holdings limited results

## expenses analysis



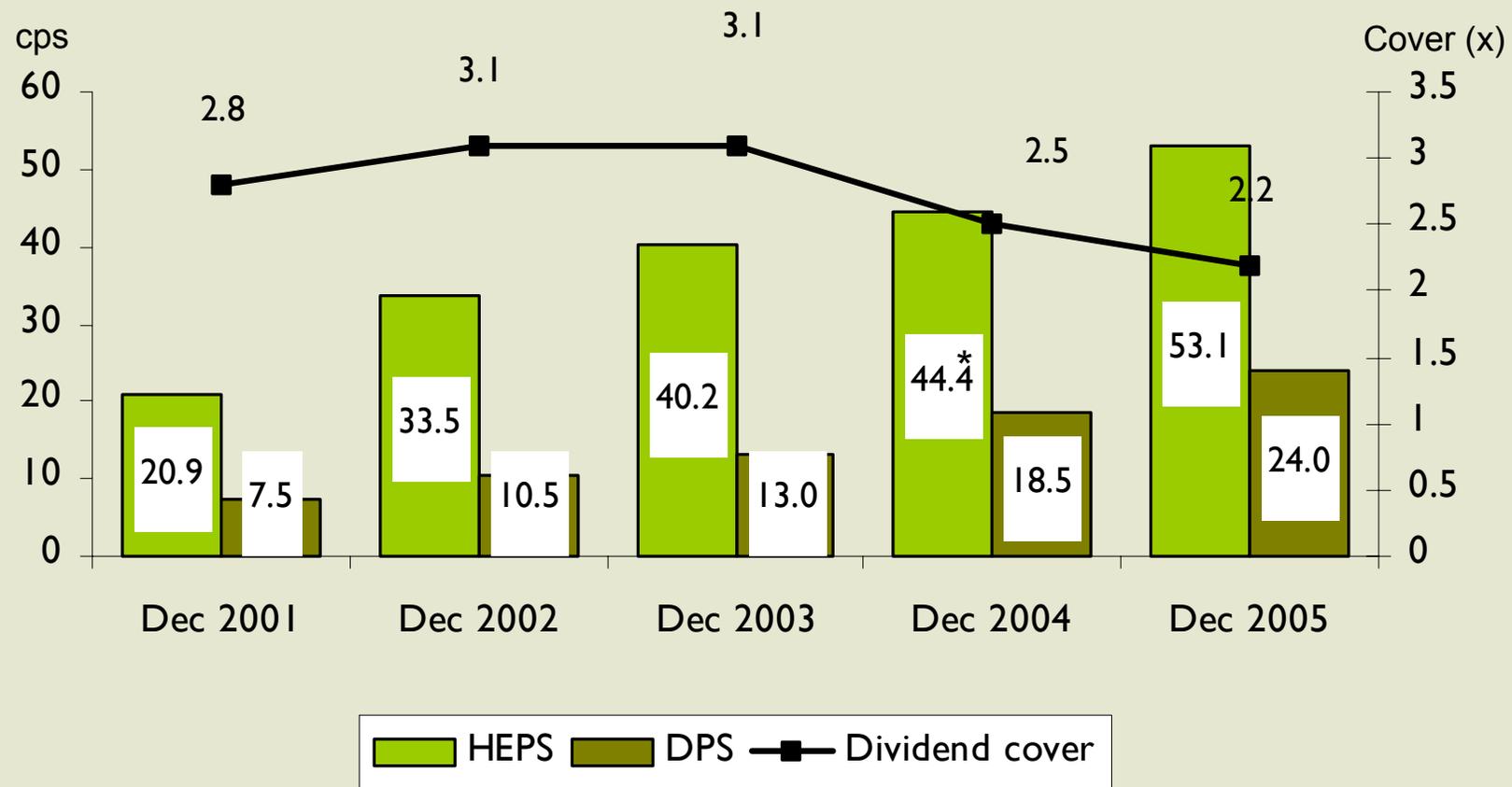
# woolworths holdings limited results

## adoption of IFRS

	Dec-05 Rm	Dec-04 Rm
IFRS adjustments	2.3	( 10.8)
Share based payments	( 8.1)	( 4.8)
Depreciation on properties & motor vehicles	2.7	3.5
Foreign exchange translation differences	2.0	1.6
Provisioning for doubtful debts	5.7	( 11.1)
Non-IFRS adjustment for operating leases	( 11.5)	( 16.7)
Tax effect of the above adjustments	0.9	7.4
Outside shareholders effect of the above adjustments	0.1	0.2
Net effect	<u>( 8.2)</u>	<u>( 19.9)</u>
Weighted average shares in issue (millions)	789.8	869.7
<b>Impact on HEPS (cents per share)</b>	<u><b>( 1.0)</b></u>	<u><b>( 2.3)</b></u>

# woolworths holdings limited results

## HEPS and dividend cover



- HEPS compound annual growth rate: 27.4% (5 years)

\*Prior year HEPS restated

# woolworths holdings limited results

## balance sheet

	Dec 2005 Rm	Dec 2004* Rm	% Chg
<b>Assets</b>			
Property, plant and equipment	1,421.2	1,262.4	12.6%
Investment property	72.2	56.7	27.3%
Export partnerships	62.4	164.4	-62.0%
Inventory	865.7	801.4	8.0%
Financial services assets	4,010.6	3,388.4	18.4%
Accounts receivable	1,284.4	927.2	38.5%
Cash	282.8	170.9	65.5%
	<b><u>7,999.3</u></b>	<b><u>6,771.4</u></b>	<b>18.1%</b>
<b>Equity and liabilities</b>			
Shareholders funds	2,343.3	2,914.9	-19.6%
Accounts payable and deferred tax	2,773.2	2,327.8	19.1%
Borrowings	2,882.8	1,528.7	88.6%
	<b><u>7,999.3</u></b>	<b><u>6,771.4</u></b>	<b>18.1%</b>
<b>Debt ratio</b>	<b>36.0%</b>	<b>22.6%</b>	

\*Prior year figures restated

# woolworths holdings limited results

## cash flow

	Dec 2005 Rm	Dec 2004 Rm
Cash inflow from trading	515.1	494.8
Net interest received	232.9	225.5
Working Capital movements	90.0	-118.1
Increase in borrowings	216.0	407.1
	<b><u>1,054.0</u></b>	<b><u>1,009.3</u></b>
Utilised by :		
Tax paid	-228.9	-170.3
Distribution paid	-282.3	-221.8
Capex	-303.6	-207.9
Proceeds from disposal/investment income	94.0	0.7
Financial service assets	-336.7	-456.4
Shares issued	48.3	46.4
Other loans	-44.8	-
	<b><u>-1,054.0</u></b>	<b><u>-1,009.3</u></b>

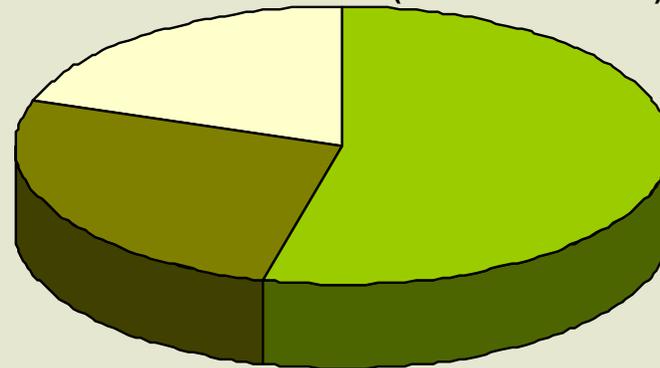
# woolworths holdings limited results

## cash flow (cont.)

**growth in woolworths financial  
services assets R366.5m**

**Personal Loans- R72.7m  
(Dec 04: R95.7m)**

**WW Card, R197.8m  
(Dec 04: R302.9m)**



**VISA- R95.9m  
(Dec 04: 57.8m)**

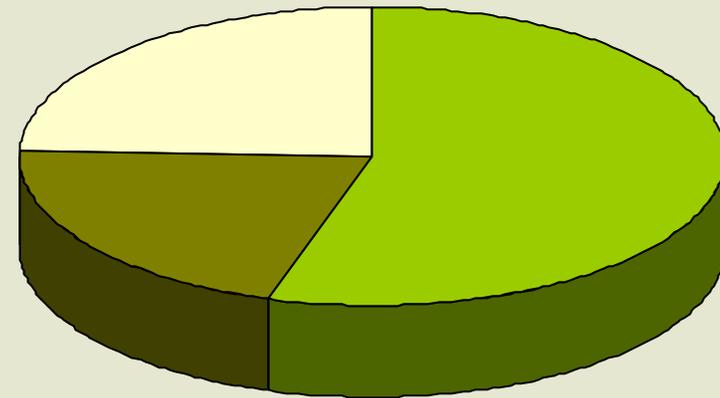
# woolworths holdings limited results

## cash flow (cont.)

Dec 04 capex spend: R292.7m

Other – R71.2m

Retail – R159.8m

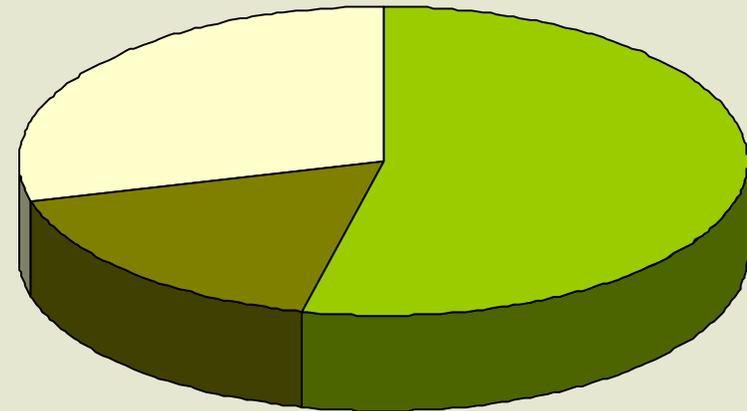


IT- R61.7m

projected to Jun 06: R655.5m

Other – R190.9m

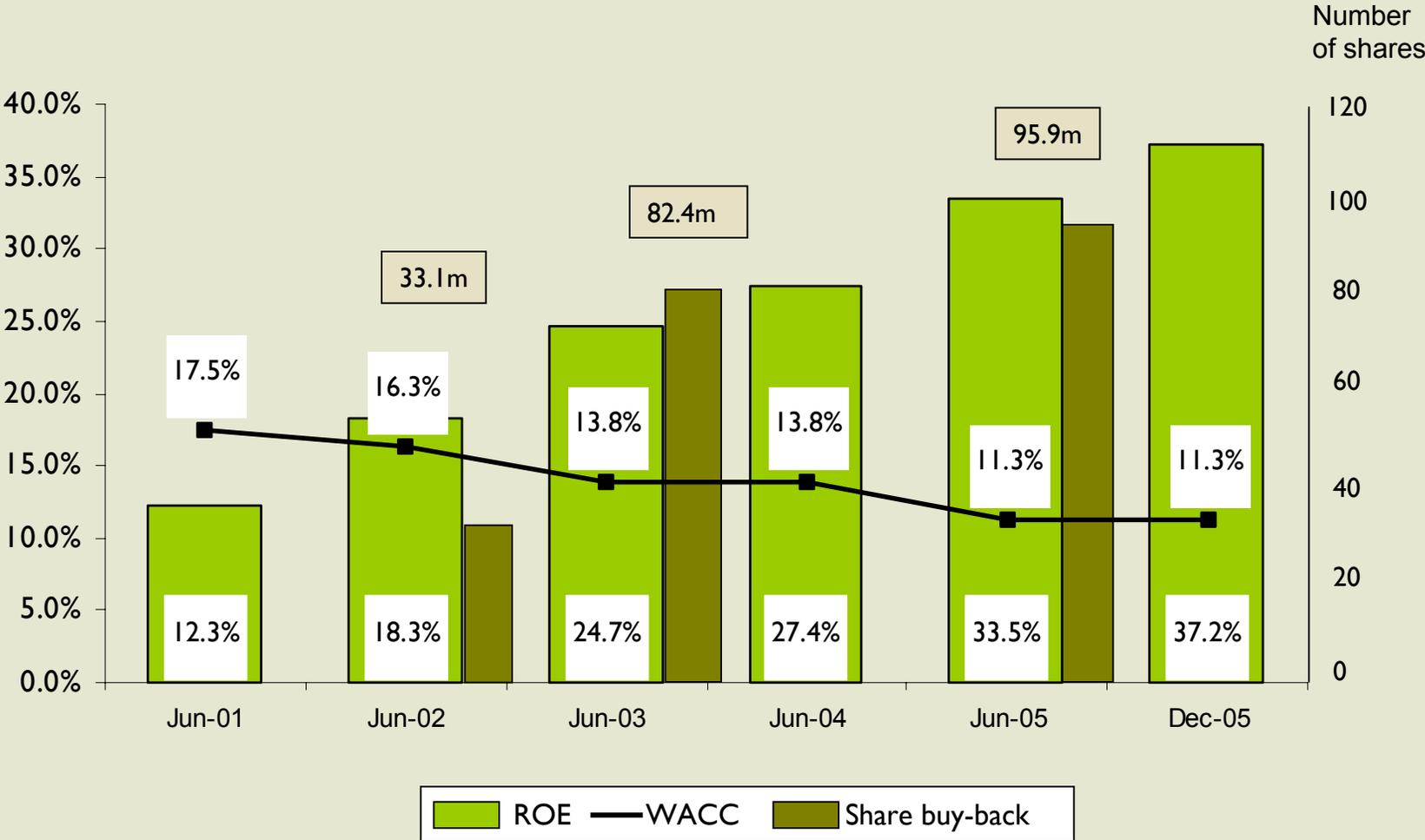
Retail – R350.7m



IT- R113.9m

# woolworths holdings limited results

## return on equity / wacc



# woolworths retail results

## income statement (excluding financial services)

	Dec 2005 Rm	Dec 2004 * Rm	% Chg	Jun 2005 * Rm
<b>Revenue</b>	<b>6,511.2</b>	<b>5,559.1</b>	<b>17.1%</b>	<b>11,288.4</b>
Turnover	6,482.5	5,539.6	17.0%	11,227.0
Cost of merchandise	4,479.6	3,813.7	17.5%	7,738.9
<b>Gross Profit</b>	<b>2,002.9</b>	<b>1,725.9</b>	<b>16.0%</b>	<b>3,488.1</b>
Other revenue	28.7	19.5	47.2%	61.4
Expenses	1,498.9	1,304.1	14.9%	2,690.8
<b>Operating profit</b>	<b>532.7</b>	<b>441.3</b>	<b>20.7%</b>	<b>858.7</b>
Finance costs	-	-		-
Net profit before tax	532.7	441.3	20.7%	858.7
Tax	172.2	135.0	27.6%	242.6
<b>Net profit after tax</b>	<b>360.5</b>	<b>306.3</b>	<b>17.7%</b>	<b>616.1</b>
Gross margin - on turnover	30.9%	31.0%		30.9%
Operating margin - on revenue	8.2%	7.9%		7.6%
ROE	72.0%	77.1%		71.7%

\*Prior year figures restated

# woolworths retail results

## balance sheet (excluding financial services)

	Dec 2005 Rm	Dec 2004 * Rm	Jun 2005 * Rm
<b>Assets</b>			
Property, plant and equipment, investments, deferred tax, loans and goodwill	1,828.3	1,671.1	1,688.0
Inventory	711.0	705.4	563.0
Accounts receivable	759.4	549.8	528.9
Cash	225.7	121.2	163.5
	<u>3,524.4</u>	<u>3,047.5</u>	<u>2,943.4</u>
<b>Equity and liabilities</b>			
Shareholders funds	1,003.8	879.5	984.4
Accounts payable, provisions and tax	2,520.6	2,168.0	1,959.0
Borrowings	-	-	-
	<u>3,524.4</u>	<u>3,047.5</u>	<u>2,943.4</u>

\*Prior year figures restated

# woolworths operations turnover analysis

	Dec 2005 Rm	Dec 2004 * Rm	% Chg	Jun 2005 * Rm
<b>Clothing &amp; home</b>	<b>3,024.3</b>	<b>2,685.1</b>	<b>12.6%</b>	<b>5,349.5</b>
Corporate (retail)	2,644.4	2,364.5	11.8%	4,730.8
Franchise (wholesale) - local	278.3	233.0	19.4%	452.8
Franchise (wholesale) - international	101.6	87.6	16.0%	165.9
<b>Foods</b>	<b>3,329.3</b>	<b>2,753.2</b>	<b>20.9%</b>	<b>5,666.0</b>
Corporate (retail)	3,152.3	2,631.0	19.8%	5,407.8
Franchise (wholesale) - local	160.1	99.1	61.6%	226.7
Franchise (wholesale) - international	16.9	23.1	-26.8%	31.5
<b>Logistics &amp; other</b>	<b>135.1</b>	<b>107.4</b>	<b>25.8%</b>	<b>223.1</b>
	<b>6,488.7</b>	<b>5,545.7</b>	<b>17.0%</b>	<b>11,238.6</b>

\*Prior year figures restated

# financial services results

## income statement

	Dec 2005 Rm	Dec 2005 % to Book	Dec 2004 Rm	Dec 2004 % to Book	Jun 2005 Rm	Jun 2005 % to Book
<b>Income</b>	<b>430.0</b>	<b>22.8%</b>	<b>354.3</b>	<b>23.4%</b>	<b>773.9</b>	<b>22.6%</b>
Interest received	344.6	18.3%	283.9	18.8%	626.8	17.6%
Other income - external	48.7	2.6%	35.8	2.4%	78.6	2.3%
Other income - internal	36.7	1.9%	34.6	2.3%	68.5	2.0%
<b>Expenses</b>	<b>242.7</b>	<b>12.9%</b>	<b>193.2</b>	<b>12.8%</b>	<b>425.7</b>	<b>12.4%</b>
Net bad debt & provisions	88.2	4.7%	73.7	4.9%	171.9	5.0%
Operating costs	154.5	8.2%	119.5	7.9%	253.8	7.4%
<b>Operating profit</b>	<b>187.3</b>	<b>9.9%</b>	<b>161.1</b>	<b>10.7%</b>	<b>348.2</b>	<b>10.2%</b>
<b>Interest</b>	<b>111.5</b>		<b>60.1</b>		<b>149.0</b>	
Base	75.0		60.1		129.0	
On increased gearing	36.5		0.0		20.0	
<b>Profit before tax</b>	<b>75.8</b>		<b>101.0</b>		<b>199.2</b>	
Tax	22.0		26.0		56.9	
<b>Profit after tax</b>	<b>53.8</b>		<b>75.0</b>		<b>142.3</b>	
Average gross books	3,764.2		2,023.3		3,421.6	
Average equity	1,066.4		1,836.2		1,408.9	
<b>Gearing ratio</b>	<b>71.7%</b>		<b>45.3%</b>		<b>72.4%</b>	
<b>ROE</b>	<b>10.1%</b>		<b>8.2%</b>		<b>9.5%</b>	

# financial services

## woolworths credit statistics

	<b>Dec 2005</b>	<b>Dec 2004</b>
Store card sales as a % of total sales	32.5%	34.4%
Average yield	18.3%	18.8%
Weighted average usury rate	20.0%	20.5%
Average cost of funds	7.7%	8.0%

# country road results

## income statement

	Dec 2005 A\$m	Dec 2004* A\$m	% Chg
<b>Revenue</b>	<b>105.1</b>	<b>104.0</b>	<b>1.1%</b>
Turnover	104.2	103.1	1.1%
Cost of merchandise	47.4	48.7	-2.7%
<b>Gross profit</b>	<b>56.8</b>	<b>54.4</b>	<b>4.4%</b>
Other revenue	1.0	0.8	25.0%
Expenses	55.0	53.5	2.8%
<b>Operating profit</b>	<b>2.8</b>	<b>1.7</b>	<b>64.7%</b>
Finance costs	0.5	0.4	25.0%
<b>Net profit before tax</b>	<b>2.3</b>	<b>1.3</b>	<b>76.9%</b>
<b>Average exchange rate (R/A\$)</b>	<b>4.9</b>	<b>4.5</b>	
<b>Effective profit translation rate (R/A\$)</b>	<b>3.4</b>	<b>4.6</b>	
<b>Gross margin - on turnover</b>	<b>54.5%</b>	<b>52.8%</b>	
<b>Operating margin - on revenue</b>	<b>2.7%</b>	<b>1.6%</b>	
<b>ROE (A\$)</b>	<b>8.8%</b>	<b>5.1%</b>	

\*Prior year figures restated

# country road limited results

## balance sheet

	Dec 2005 A\$m	Dec 2004* A\$m
<b>Assets</b>		
Property, plant and equipment	28.6	26.4
Trademarks**	10.9	11.1
Inventory	33.2	22.0
Accounts receivable	9.4	12.2
Cash	12.2	14.4
	<u><b>94.3</b></u>	<u><b>86.1</b></u>
<b>Equity and liabilities</b>		
Shareholders funds	53.6	54.3
Accounts payable and provisions	40.7	31.8
	<u><b>94.3</b></u>	<u><b>86.1</b></u>
<b>Period-end exchange rate (R/A\$)</b>	<b>4.7</b>	<b>4.4</b>

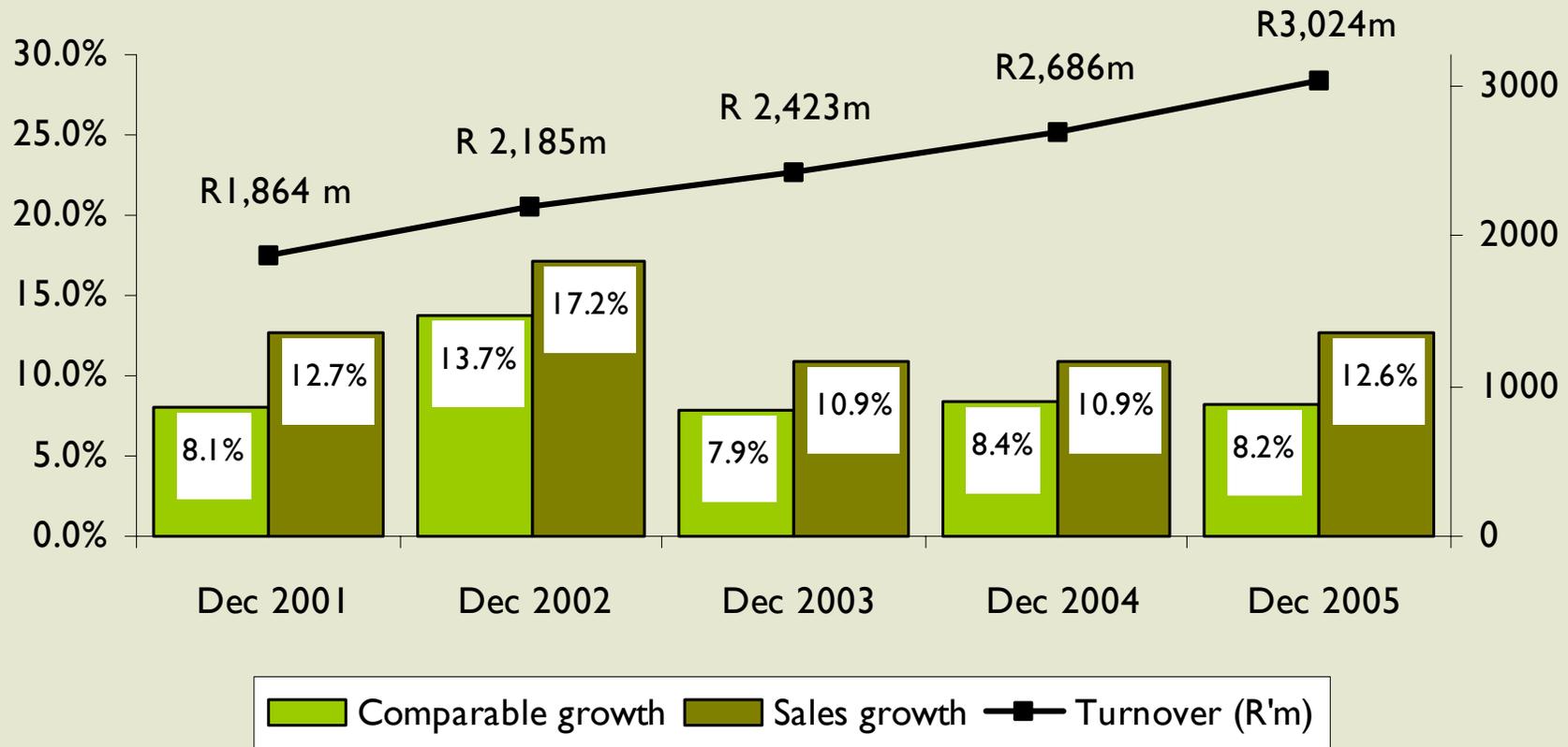
\*Prior year figure restated

\* \*\*Eliminated at Holdings level



clothing and home

# clothing and home turnover & growth



- Sales growth of 12.6% (Dec 04: 10.9%)
- Corporate store comparable growth of 8.2% (Dec 04: 8.4%)
- Deflation averaged -2.3% for the period (Dec 04: 0.6% inflation)

# clothing

## rlc market share

- Market share to Dec 2005
  - 12 month moving average
    - this year 15.3%
    - last year 15.7%
  - 3 month moving average
    - this year 13.4%
    - last year 13.8%
- Continued stabilisation of market share trend



# clothing and home

## delivering on design-led process

### Womenswear

- Continued market share gains ✓
- Design-led process bedded down and showing results ✓
- Consistent taste-levels across the ranges ✓

### Menswear

- Implementation of design-led process underway ✓
- Focus on consistent taste-level x

### Childrenswear

- Strong volume performance ✓
- Availability an issue with high sell-through rates x

### Lingerie

- Relaunch in Winter x
- Focus on fabric and technological innovation x

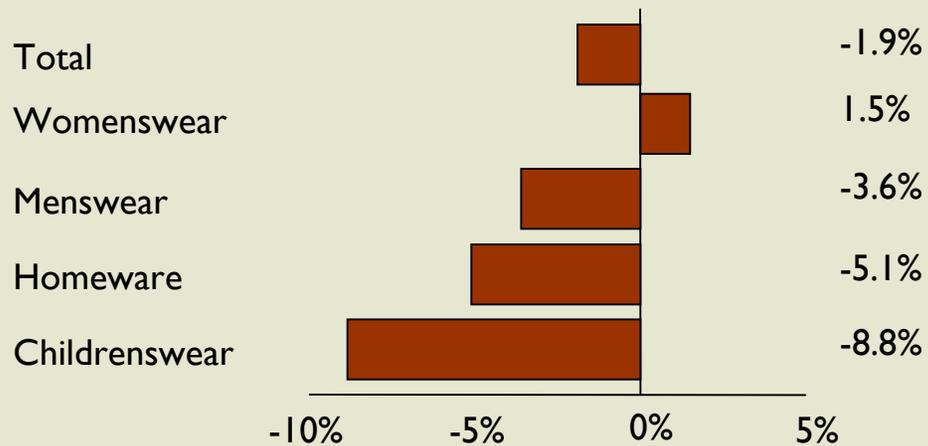
### Home

- Design-led process bedded down ✓
- 2 new lifestyle stores launched ✓

# clothing and home delivering on strategic sourcing

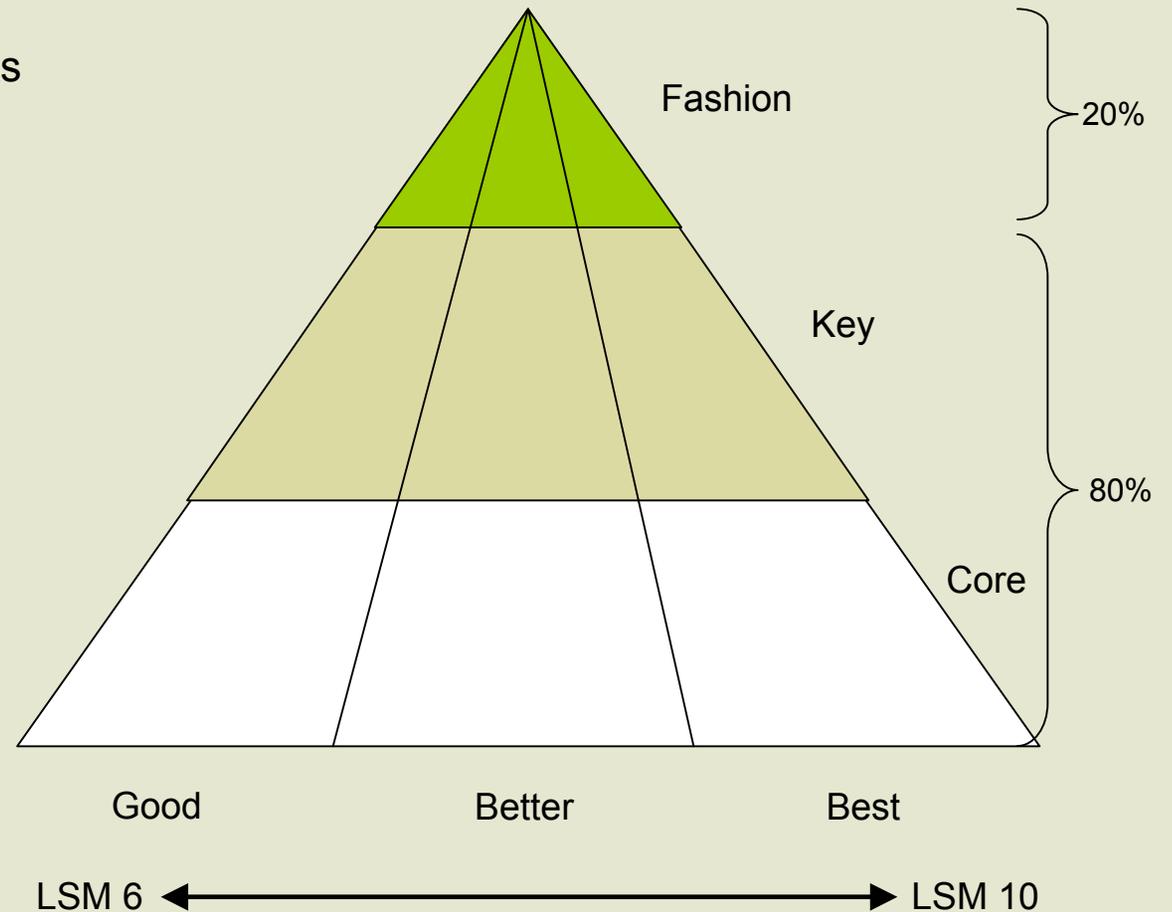
Value = innovation, quality and price

Category (deflation)/inflation



# clothing and home market positioning

- Classic wardrobe building blocks
- LSM 9-10 taste level
- Accessible to aspirational LSM 6-8 via technological fabric innovation and price tiering

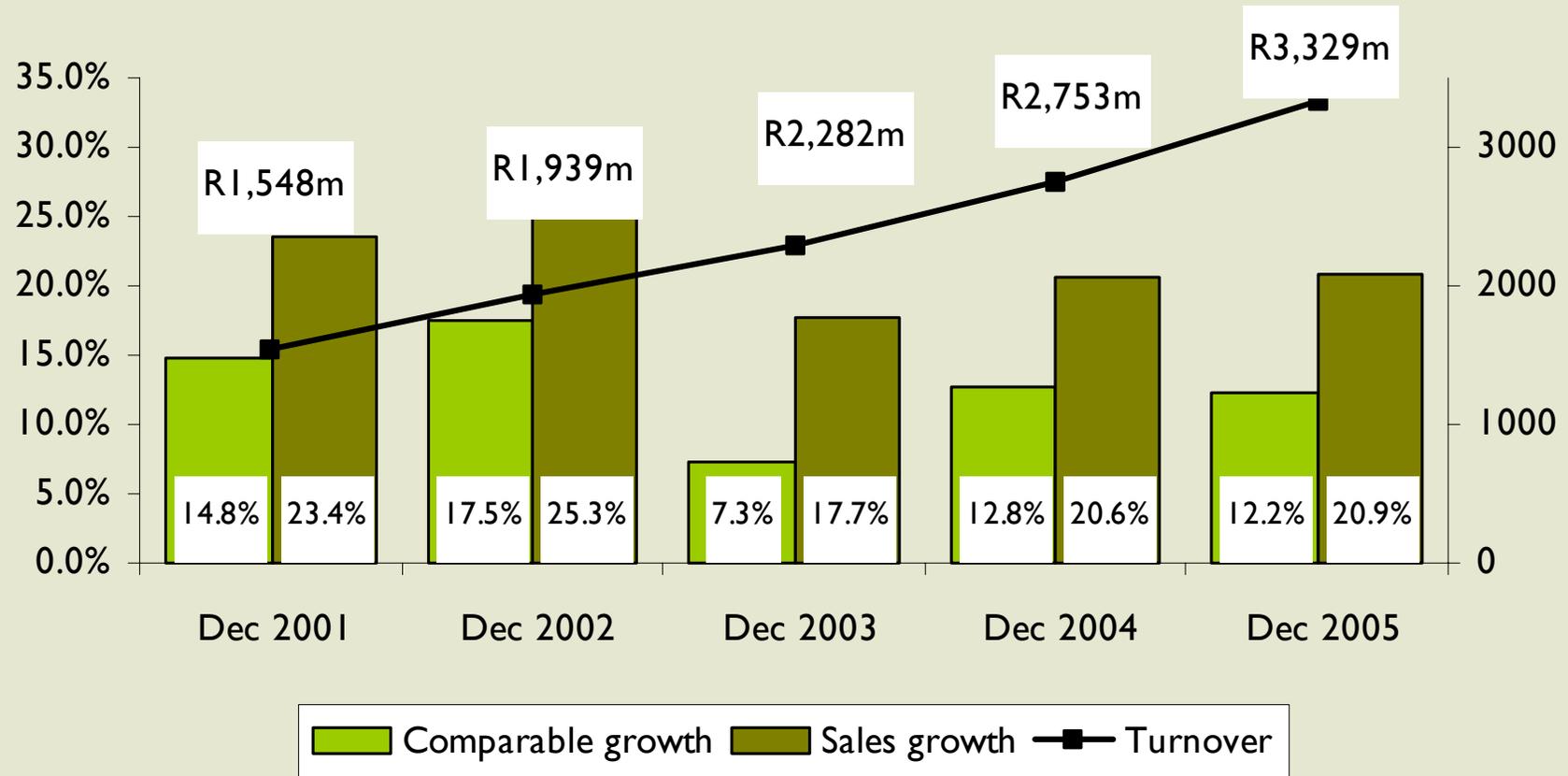




foods

# foods

## turnover & growth

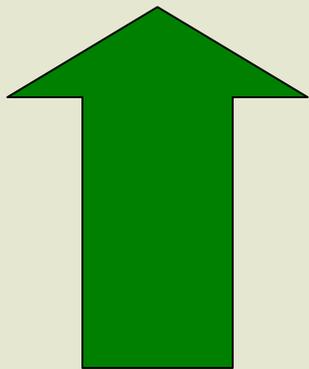


- Sales growth of 20.9% (Dec 04: 20.6%)
- Corporate stores comparable growth of 12.2% (Dec 04: 12.8%)
- Inflation averaged 3.7% for the period (Dec 04: 3.3%)

# foods

## rlc market share

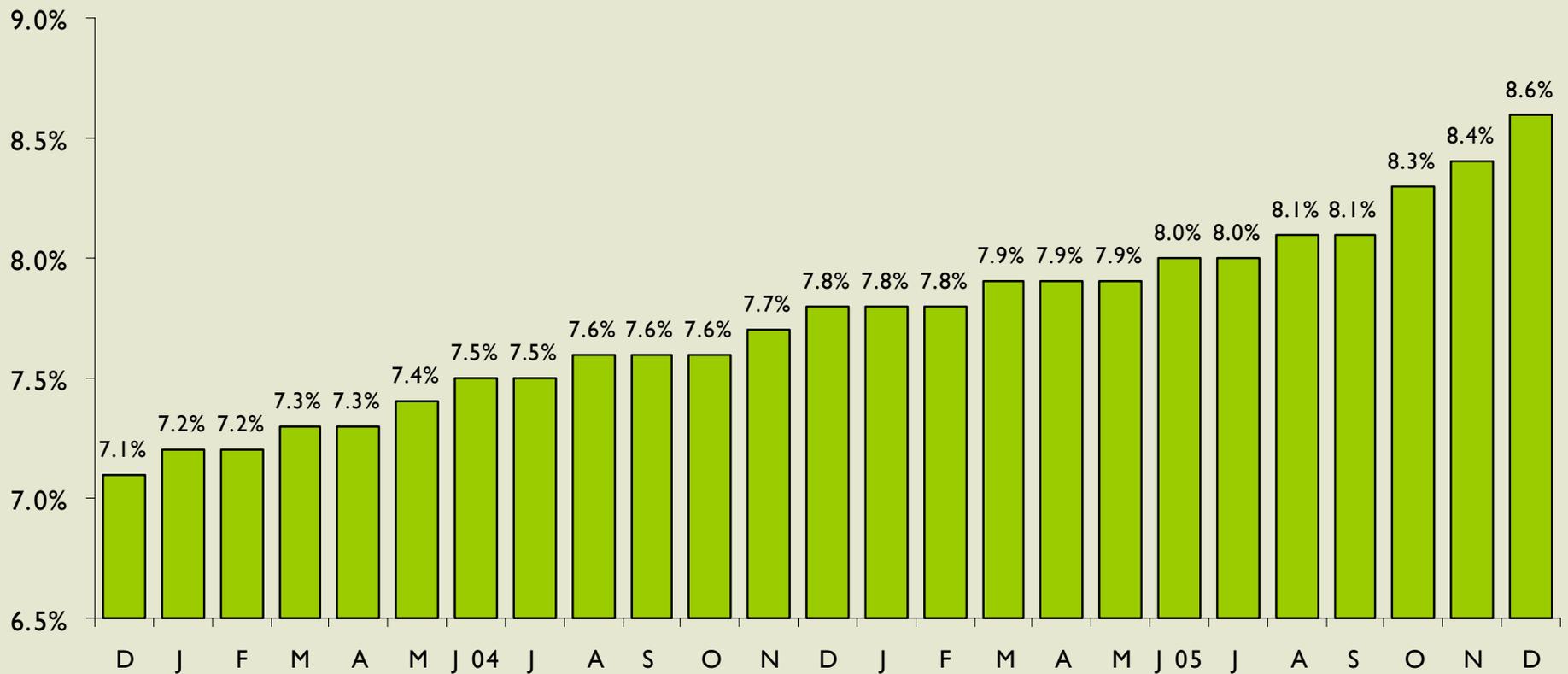
- Market share to Dec 2005
  - 12 month moving average
    - this year 8.2%
    - last year 7.7%
  - 3 month moving average
    - this year 8.6%
    - last year 7.9%



# foods

## rlc market share

Woolworths Foods 3 month moving average market share



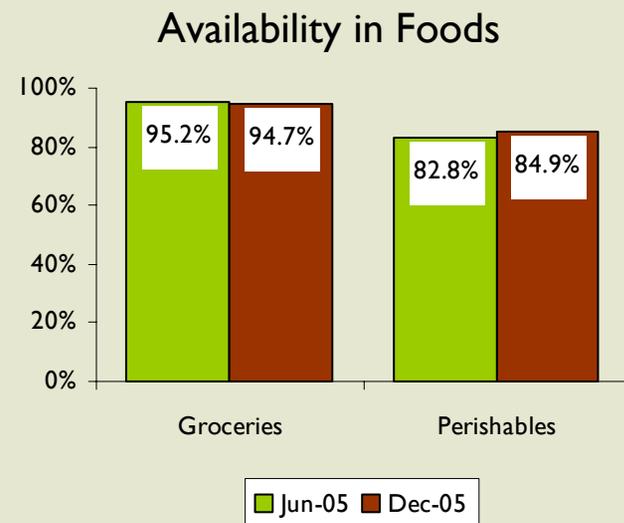
Source: AC Nielsen

# foods

## widening the gap

The good food journey – value, innovation, convenience

- Improving the value offering
  - Better value packs
  - Promotional activity
  - Price competitive branded and main-shop lines
- Continued product innovation
  - Improved taste and flavour
  - Authenticity
  - Health drive
  - Functional food
- Focus on convenience
  - Selected
  - Store accessibility
  - Availability



# foods

## increasing market penetration

- Completing the shop
  - Branded 6.4% (Dec 04: 5.6%)
  - Extend main-shop basket, range improvements
- Store rollout accelerated to attract “new” customers
  - Urban densification
  - “Convenience” locations
  - Cannibalisation impact manageable
  - Over 100 new stores in next 4 years





selling

# woolworths operations

## trading space

	Dec-04 m <sup>2</sup>	Dec-05 m <sup>2</sup>	% Chg	Projected Jun-06 m <sup>2</sup>
<b>Total Footage</b>	<b>382,979</b>	<b>411,072</b>	<b>7.3%</b>	<b>426,295</b>
Clothing and Home	298,619	314,890	5.4%	324,583
Corporate	217,848	230,431	5.8%	
Franchise SA	46,985	50,370	7.2%	
Franchise International	33,786	34,089	0.9%	
Foods	82,225	92,551	12.6%	98,001
Corporate	76,226	82,981	8.9%	
Franchise SA	3,161	6,582	108.2%	
Franchise International	2,838	2,988	5.3%	
Coffee	2,135	3,631	70.1%	3,711

# woolworths operations

## store type

	Dec-05 m <sup>2</sup>	Dec-05 no.	% Chg	Projected Jun-06 m <sup>2</sup>	Projected Jun-06 no.
<b>Total Stores</b>	<b>411,072</b>	<b>297</b>	<b>12.9%</b>	<b>426,295</b>	<b>318</b>
Corporate	313,412	165	14.6%	324,621	175
Full-line	278,719	89	8.5%	287,809	93
Clothing	8,925	7	40.0%	7,458	6
Foods	25,768	69	21.1%	29,354	76
Franchise SA	56,595	69	11.3%	60,113	73
Franchise International	37,077	53	1.9%	37,077	53
Engen	357	10	100.0%	773	17
Coffee	3,631			3,711	

- Over 100 new food stores over 4 years (7.5% sqm p.a.)
- Over 50 new clothing and home stores over 4 years (4.0% sqm p.a.)

you "money back"  
vouchers everytime  
you shop



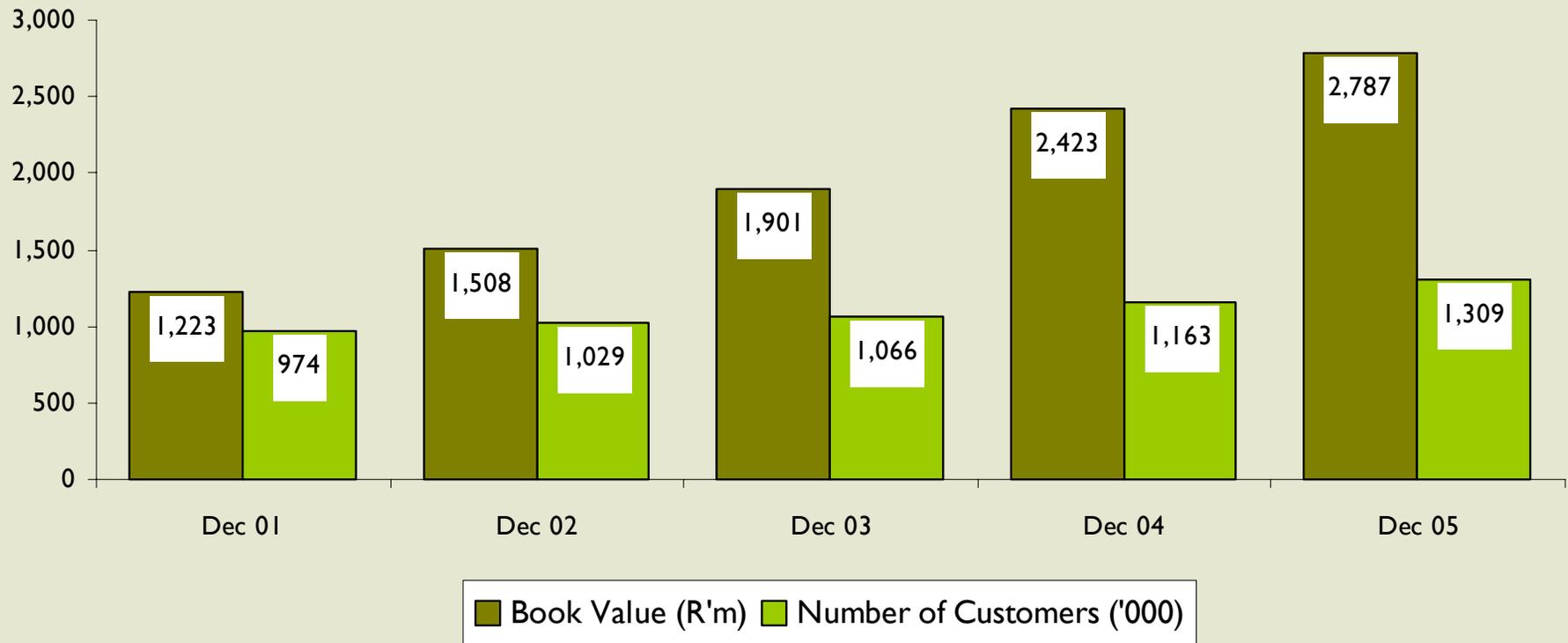
world of difference  
Visa Credit Card  
credit to shop everywhere



financial services

# financial services

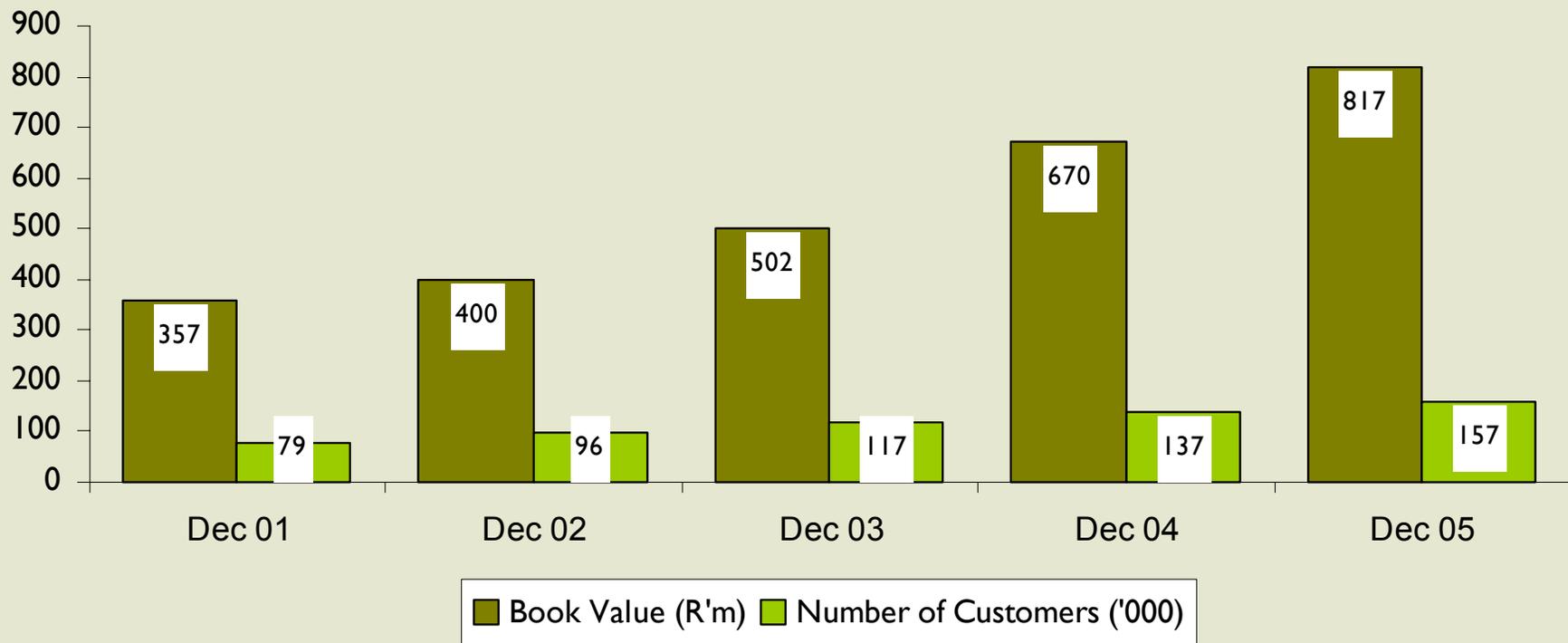
## woolworths card



- Book value growth of 15.0% to R2.8bn (Dec 2004 : R2.4bn)
- Customer numbers growth of 12.6% to 1.3m (Dec 2004 : R1.2m)

# financial services

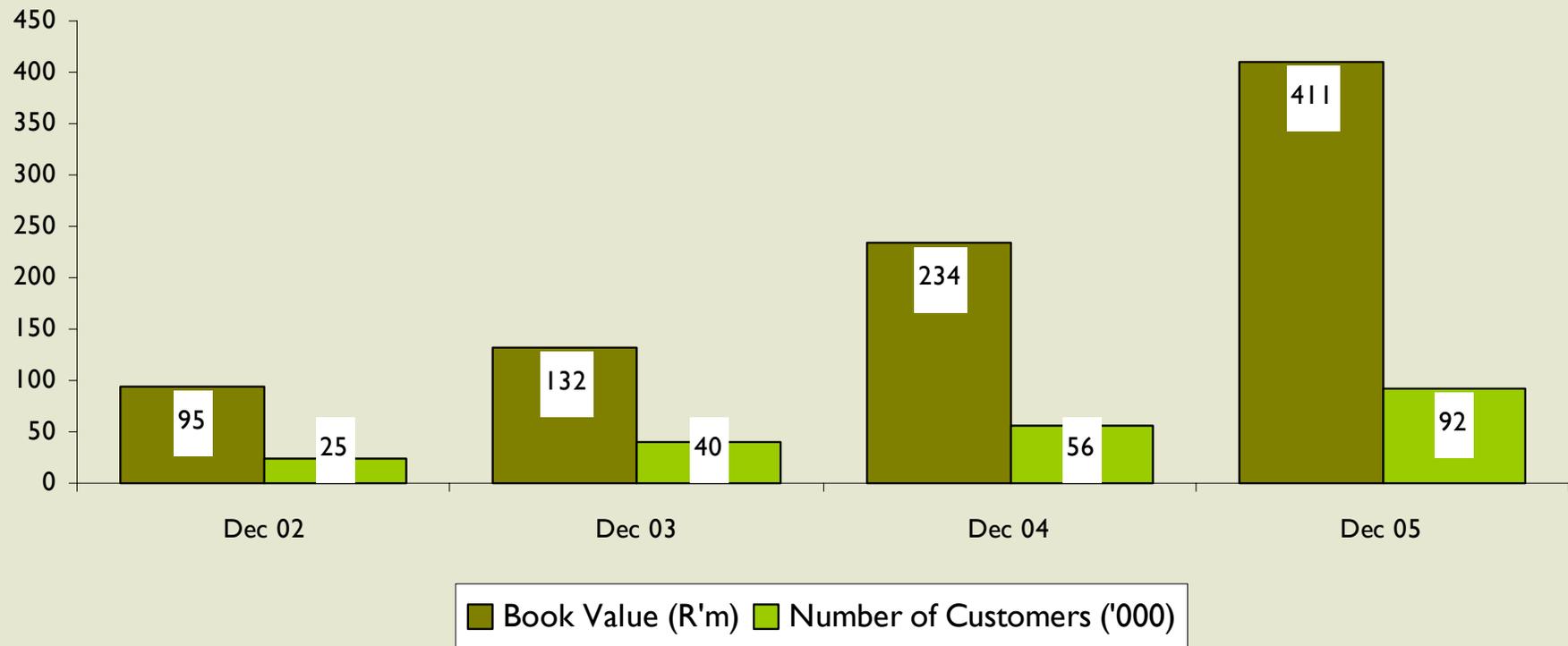
## personal loans



- Book value growth of 21.9% to R817m (Dec 2004 : R670m)
- Customer numbers growth of 14.6% to 157'000 (Dec 2004 : 137'000)

# financial services

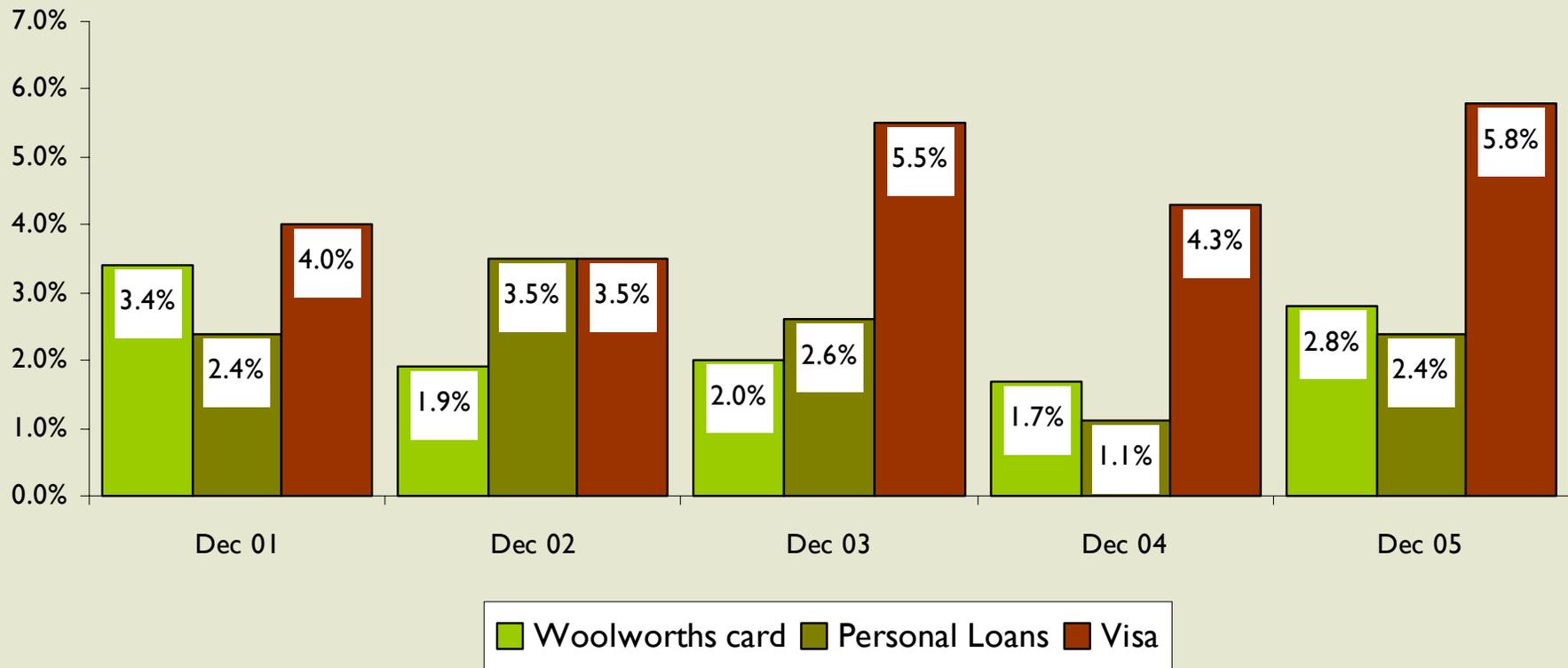
## visa credit card



- Book value growth of 75.6% to R411m (Dec 2004: R234m)
- Customer numbers growth of 64.3% to 92'000 (Dec 2004 : 56'000)

# financial services

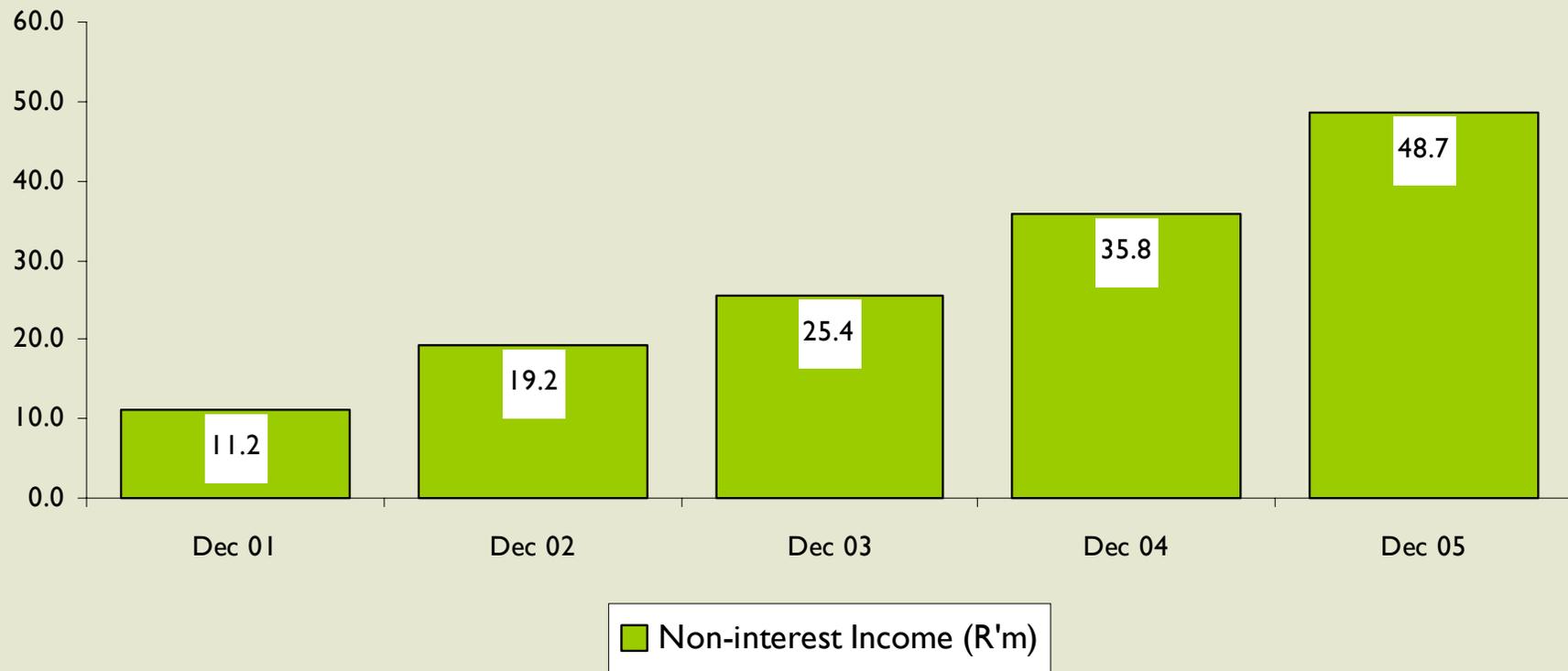
## net bad debt – 12 month moving average



- Net bad debt levels in line with controlled growth strategy
- Net bad debts 2.8% of total advances (Dec 2004: 1.6%)

# financial services

## external non-interest revenue

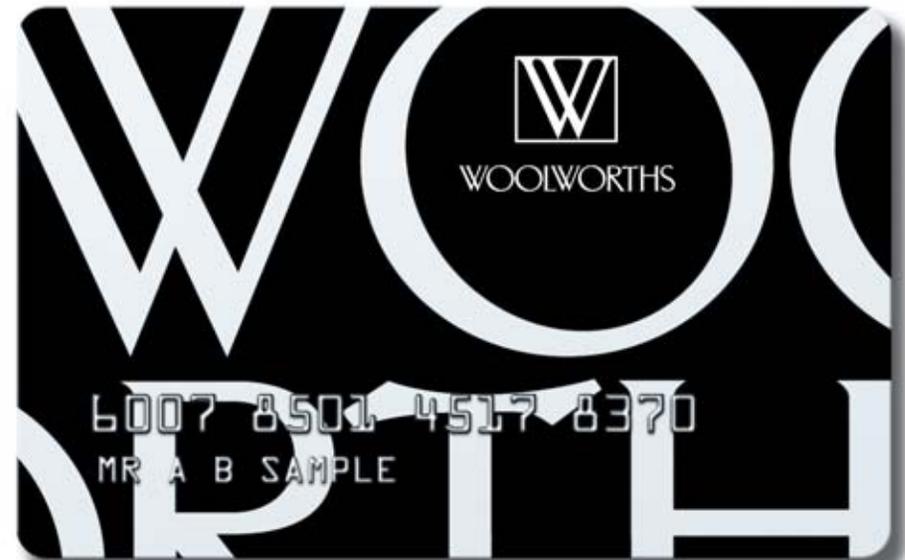


- Non-interest revenue growth of 36.0% to R48.7m (Dec 2004: R35.8m)
- Main revenue streams: Credit Life Insurance and Lost Card protection

# financial services

## building a credit-granting business

- Customer acquisition and retention
  - Relationship building through loyalty
  - VISA card growth
- Grow non-interest revenue
  - Cross-sell potential
  - Expand product range





operations

# operations

## process simplification

Systems underway:

- Foods planning: 75% rolled out (Jun 05: 50%)  
Rollout complete Feb 06
- Clothing buying systems 4 buying groups complete (Jun 05: 1 buying group)  
Rollout complete by Mar 06
- Retek Rollout to commence Apr 06

Total 5 year investment: R500m (currently in year 3)

Bulk of depreciation starts in June 07 financial year

# operations

## supply chain logistics

- Continued reduction in distribution costs per unit
  - Labour productivity and cost reductions
  - Accuracy and controls
- Capacity growth in all regions
  - Montague Gardens
  - Gauteng Campus
  - Maxmead



Total 3 year investment:

R450m

(R178m to Jun 06)

(R218m to Jun 07)

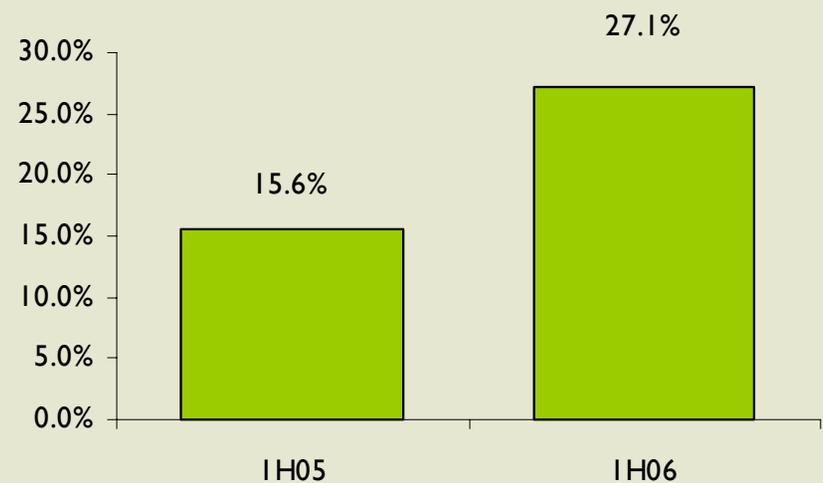


country road

# country road performance

- Sales up 1.1% to A\$104.2m
  - Retail 1<sup>st</sup> sales up 6.6%
  - Wholesale sales down 16%
- Second year of strong volume performance
  - 46.8% growth in volumes over the 2 periods (21.2% compound growth)
- Improved profitability of wholesale sales
- Operating profit up 64.7% to A\$2.3m

Volume performance



# country road strategy

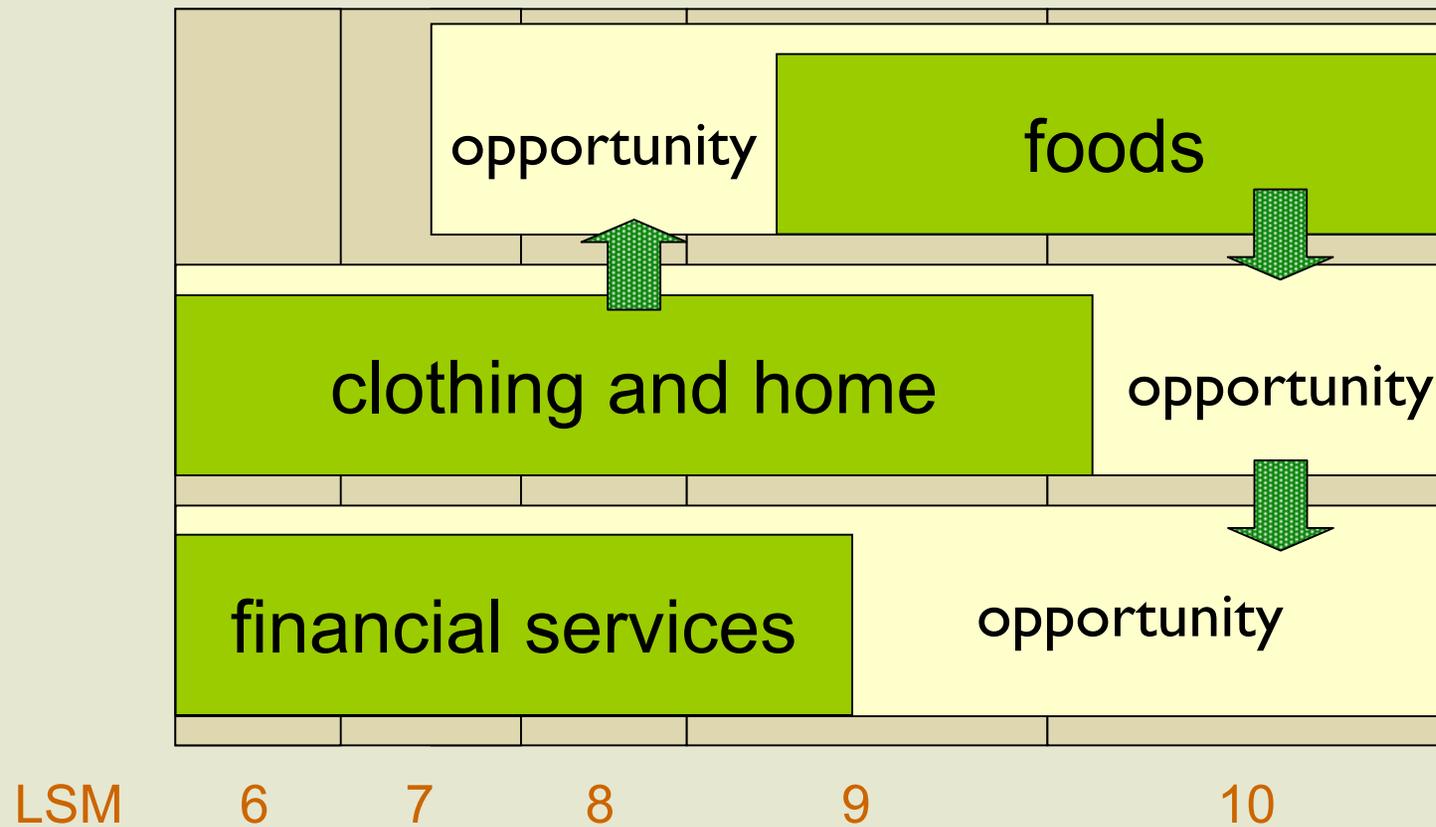
- Strategy bedded down
  - Continued improvement in fashionability and ranges
  - Improvements in buying process
  - Stronger retail growth
  - Aspirational accessibility beginning to pay off



strategy & prospects

# strategy and prospects

woolworths' current and potential customers



# strategy and prospects

- Clothing and Home three-year process well underway
- Foods growth accelerated
- Financial Services sustainable annuity growth
- Country Road delivering on target
- Manage cost growth in low inflation environment
- Continue to deliver real growth in earnings