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WOOLWORTHS HOLDINGS LIMITED

UNAUDITED INTERIM GROUP RESULTS FOR THE 26 WEEKS ENDED 29 DECEMBER 2013

COMMENTARY

Sales for the 26 weeks to 29 December 2013 increased 16.2% over the comparable period.

The South African Clothing and General Merchandise business performed well, with clothing sales growing ahead of the SA apparel market. The Food business traded strongly throughout the period, well ahead of the market. The group's Australian subsidiary Country Road performed extremely well.

Profit before tax increased by 21.1%. Headline earnings increased by 18.5% impacted by an increase in Country Road's minority interest and a higher BEE preference dividend as the group's BEE employee incentive scheme entered its seventh year.

The net impact of unrealised foreign exchange losses of R54 million (Dec 2012: R16 million) and last year's R43 million store restructuring and R52 million Witchery transaction and integration costs (all stated before tax) results in an increase in adjusted headline earnings per share ("aHEPS") of 12.9%.

Earnings per share ("EPS") and headline earnings per share ("HEPS") increased by 17.0% and 17.2% to 191.2 cents and 192.4 cents respectively.

Return on equity remained strong at 55.9% (excluding the unrealised foreign exchange movements).

WOOLWORTHS

Clothing and General Merchandise sales grew by 9.7%, with a price movement of 3.8%. Clothing sales grew by 10.1% with a price movement of 4.4%.

Clothing sales in comparable stores grew by 8.0%. General merchandise grew by 6.9% and by 5.1% in comparable stores. Gross profit margin in Clothing and General Merchandise contracted 0.4% to 45.7% with a higher investment in entry price points and in-season promotions. Adjusted profit before tax grew 7.4% and return on sales was 18.5% (18.9% in the prior period).

Food sales grew by 15.3% with a price movement of 7.2%. Sales in comparable stores grew by 11.8%. Gross profit margin reduced by 0.2% to 25.2% as a result of investment in price and increased promotions. Adjusted profit before tax grew 16.0% and return on sales improved 0.1% to 6.2%.

Store costs increased 9.4% with the addition of 3.5% of net footage. Other operating costs (excluding the impact of unrealised foreign exchange movements and last year's restructuring costs) grew by 16.0%, mainly due to the phasing of the comparable period cost base where costs had been deferred into the second half of the year.

COUNTRY ROAD GROUP

With the inclusion of the Witchery Group for the full period (compared to one quarter in the prior period), sales increased 27.5% in Australian dollar terms. Sales in comparable stores increased 5.5% and net space (excluding the acquisition) increased by 4.2%.

Gross margin improved from 61.3% to 63.0% as a result of improved sourcing as well as the contribution of the higher margin Witchery business. Operating costs were well controlled resulting in a 50.0% increase in adjusted profit before tax from A\$34 million to A\$51 million. Return on sales (adjusted) increased to 12.6% from 10.6% in the prior period. Return on equity increased from 28.5% to 34.6%.

WOOLWORTHS FINANCIAL SERVICES

The debtors book reflected year-on-year growth of 13.8% at the end of December 2013, with the annualised impairment rate (including collection costs) for the six months to December 2013 at 4.3% (December 2012: 2.7%). Net interest income grew 16.7% on the prior period with non-interest revenue up 17.4%. Operating costs were well controlled, up 8.1% on the previous period. The higher impairment constricted growth in profit before tax to 4.3% although return on equity remains above the target range of 22.0% at 24.2% (December 2012: 26.8%).

OUTLOOK

We believe that economic conditions in South Africa will remain constrained, especially in the lower and middle income segments of the market where consumer debt levels remain under pressure. However the upper income segment in which we operate continues to show resilience. Trading for the first six weeks of the second half of the financial year has been positive, and we expect sales growth to be broadly in line with the first half.

In Australia, where consumer confidence remains cautious, there are signs of an improved retail market and we expect sales to be ahead of the market.

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

CHANGES TO THE BOARD OF DIRECTORS

The board of Woolworths Holdings is pleased to announce that Sam Ngumeni, the Chief operating officer of Woolworths, has been appointed as an executive director to the board of the company with effect from 12 February 2014. Sam has been with the group for 13 years and is responsible for supply chain, information technology, people and transformation. He is also a member of the board of Woolworths Financial Services where he was previously CEO.

Norman Thomson retired from the board at the conclusion of the annual general meeting on 26 November 2013. Norman served in a number of senior positions during his 20-year career at Woolworths culminating in his role as Finance Director for the group. We wish Norman well in his retirement.

Lindiwe Bakoro retired from the board at the conclusion of the annual general meeting on 26 November 2013. We thank Lindiwe for her considerable contribution.

Reeza Isaacs was appointed to the board effective 26 November 2013 and has assumed the responsibilities of Finance Director.

S N Susman

Chairman

Cape Town, 12 February 2014

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Group chief executive officer

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared an interim gross cash dividend of 101.0 cents (85.85 cents net of dividend withholding tax) per ordinary share for the 26 weeks ended 29 December 2013. The dividend has been declared from income reserves and a dividend withholding tax of 15% will be applicable to all shareholders who are not exempt. The company has no STC credits to be utilised to offset the 15% dividend withholding tax.

The issued share capital at the declaration date is 847 004 975 ordinary shares and 89 192 096 preference shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Friday, 28 February 2014
Shares commence trading "ex" dividend	Monday, 3 March 2014
Record date	Friday, 7 March 2014
Payment date	Monday, 10 March 2014

Share certificates may not be dematerialised or rematerialised between Monday, 3 March 2014 and Friday, 7 March 2014, both days inclusive.

An interim gross cash dividend of 101.0 cents (85.85 cents net of dividend withholding tax) per preference share for the 26 weeks ended 29 December 2013 will be paid to the beneficiaries of the Woolworths Employee Share Ownership Scheme on Monday, 10 March 2014.

Thobeka Sishuba-Mashego

Group secretary

Cape Town, 12 February 2014

INTERIM GROUP STATEMENT OF COMPREHENSIVE INCOME

Restated 53 weeks to 30 Jun 2013 Rm			26 weeks to 29 Dec 2013 Rm	26 weeks to 23 Dec 2012 Rm	% change
	Notes				
35 399	Revenue		19 454	16 771	16.0
35 227	Turnover		19 382	16 683	16.2
21 674	Cost of sales		11 828	10 319	14.6
13 553	Gross profit		7 554	6 364	18.7
115	Other revenue		45	54	(16.7)
10 199	Expenses		5 513	4 720	16.8
6 828	Store costs		3 668	3 178	15.4
3 371	Other operating costs		1 845	1 542	19.6
3 469	Operating profit		2 086	1 698	22.9
57	Investment income		27	34	(20.6)
68	Finance costs		37	34	8.8
3 458	Profit before earnings from joint ventures and associate		2 076	1 698	22.3
180	Earnings from joint ventures		88	85	3.5
9	Earnings from associate		1	5	(80.0)
3 647	Profit before tax		2 165	1 788	21.1
1 009	Tax		598	505	18.4
2 638	Profit for the period		1 567	1 283	22.1
	Other comprehensive income:				
	Amounts that may be reclassified to profit or loss				
88	Net fair value adjustments on financial instruments, after tax		(20)	(4)	
92	Exchange differences on translation of foreign subsidiaries		63	39	
	Amounts that may not be reclassified to profit or loss				
31	Post-retirement medical benefit liability-actuarial gain	10	-	-	
211	Other comprehensive income for the period		43	35	
2 849	Total comprehensive income for the period		1 610	1 318	
2 638	Profit attributable to:		1 567	1 283	
2 597	Shareholders of the parent		1 505	1 261	
41	Non-controlling interests		62	22	
2 849	Total comprehensive income attributable to:		1 610	1 318	
2 779	Shareholders of the parent		1 531	1 288	
70	Non-controlling interests		79	30	
	Reconciliation of headline earnings				
2 597	Earnings attributable to shareholders of the parent		1 505	1 261	19.3
62	BEE preference dividend		58	38	52.6
2 535	Basic earnings		1 447	1 223	18.3
15	Loss on disposal of property, plant and equipment, intangible assets and investment property		-	9	
12	Net impairment of property, plant and equipment and intangible assets		10	-	
(8)	Tax impact of adjustments		(1)	(3)	
2 554	Headline earnings		1 456	1 229	18.5
(67)	Abnormal foreign exchange related loss/(gain)		54	16	
77	Transaction and integration costs		-	52	
43	Restructuring costs		-	43	
(15)	Tax impact of adjustments		(15)	(31)	
2 592	Adjusted headline earnings		1 495	1 309	14.2
340.4	Headline earnings per share (cents)		192.4	164.2	17.2
337.9	Earnings per share (cents)	2	191.2	163.4	17.0
345.5	Adjusted headline earnings per share (cents)		197.5	174.9	12.9
333.8	Diluted headline earnings per share (cents)		189.4	160.2	18.2
331.3	Diluted earnings per share (cents)	2	188.2	159.4	18.1
338.7	Adjusted diluted headline earnings per share (cents)		194.5	170.6	14.0
753.4	Number of shares in issue (millions)		759.3	750.9	1.1
750.3	Weighted average number of shares in issue (millions)		756.8	748.4	1.1

INTERIM GROUP STATEMENT OF FINANCIAL POSITION

Restated At 30 Jun 2013 Rm		Notes	At 29 Dec 2013 Rm	Restated At 23 Dec 2012 Rm
ASSETS				
6 778	Non-current assets		6 968	6 564
2 683	Property, plant and equipment	3	2 903	2 522
43	Investment properties		36	43
2 440	Intangible assets	3	2 403	2 438
60	Investment in associate		–	56
713	Investment in joint ventures		764	666
–	Prepaid employment costs		–	8
38	Participation in export partnerships		35	49
83	Other loans		69	66
718	Deferred tax		758	716
5 347	Current assets		6 007	4 808
2 901	Inventories		3 229	2 667
668	Trade and other receivables		801	944
211	Derivative financial instruments		50	25
5	Tax		–	–
1 562	Cash and cash equivalents		1 927	1 172
63	Non-current assets held for sale	9	63	63
12 188	TOTAL ASSETS		13 038	11 435
EQUITY AND LIABILITIES				
5 922	TOTAL EQUITY		6 358	4 869
5 637	Equity attributable to shareholders of the parent	10	6 045	4 636
285	Non-controlling interests		313	233
1 890	Non-current liabilities		1 869	1 858
705	Interest-bearing borrowings		676	695
487	Operating lease accrual		483	467
338	Post-retirement medical benefit liability	10	350	360
360	Deferred tax		360	336
4 376	Current liabilities		4 811	4 708
3 837	Trade and other payables		3 997	4 070
297	Provisions		463	343
8	Derivative financial instruments		14	8
107	Tax		206	200
127	Interest-bearing borrowings		131	87
6 266	TOTAL LIABILITIES		6 680	6 566
12 188	TOTAL EQUITY AND LIABILITIES		13 038	11 435
748	Net asset book value - per share (cents)		796	617
GROUP ANALYSIS				
12 188	Total assets		13 038	11 435
7 492	Woolworths*		7 983	7 420
3 901	Country Road Group		4 027	3 431
87	Woolworths Treasury		267	(81)
708	Woolworths Financial Services		761	665
2 901	Inventories		3 229	2 667
2 200	Woolworths*		2 416	2 029
701	Country Road Group		813	638
6 266	Total liabilities		6 680	6 566
4 395	Woolworths*		4 658	4 857
1 871	Country Road Group		2 022	1 709
2 063	Approved commitment for capital expenditure		1 228	876
1 703	Woolworths*		940	730
360	Country Road Group		288	146
–	Approved commitment for franchise acquisitions	13	379	–

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

INTERIM GROUP STATEMENT OF CASH FLOWS

53 weeks to 30 Jun 2013 Rm	Notes	26 weeks to 29 Dec 2013 Rm	26 weeks to 23 Dec 2012 Rm
Cash flow from operating activities			
4 450	Cash inflow from trading	2 689	2 207
(196)	Working capital movements	(125)	192
4 254	Cash generated by operating activities	2 564	2 399
48	Interest income	25	30
(63)	Finance costs paid	(37)	(37)
(1 140)	Tax paid	(533)	(740)
3 099	Cash generated by operations	2 019	1 652
83	Dividends received from joint ventures	35	35
-	Dividends received from associate	61	-
(1 578)	Dividends to ordinary shareholders	(1 177)	(927)
(62)	Dividends to preference shareholders	(58)	(38)
1 542	Net cash inflow from operating activities	880	722
Cash flow from investing activities			
(781)	Net investment in property, plant and equipment and intangible assets	(520)	(392)
(1 490)	Acquisition of subsidiary, net of cash acquired	-	(1 490)
(67)	Acquisition of franchise operations	4 (10)	(6)
26	Other	17	28
(2 312)	Net cash outflow from investing activities	(513)	(1 860)
Cash flow from financing activities			
(192)	Shares repurchased	5 (5)	(198)
(1)	Share repurchase costs	-	(1)
(15)	Finance lease payments	(8)	(6)
872	Borrowings raised	-	746
(607)	Borrowings repaid	-	(500)
108	Acquisitions – non-controlling interest contribution	-	96
165	Net cash (outflow)/inflow from financing activities	(13)	137
(605)	Increase/(decrease) in cash and cash equivalents	354	(1 001)
2 145	Net cash and cash equivalents at the beginning of the period	1 562	2 145
22	Effect of foreign exchange rate changes	11	28
1 562	Net cash and cash equivalents at the end of the period	1 927	1 172
GROUP ANALYSIS			
4 450	Cash inflow from trading	2 689	2 207
3 578	Woolworths	2 087	1 857
872	Country Road Group	602	350
2 313	Gross capital expenditure	505	373
788	Woolworths	428	341
1 525	Country Road Group	77	32

INTERIM GROUP STATEMENT OF CHANGES IN EQUITY

Restated Total		Total			Restated Total		
53 weeks to 30 Jun 2013 Rm	Notes	Share- holders of the parent Rm	Non- controlling interests Rm	26 weeks to 29 Dec 2013 Rm	Share- holders of the parent Rm	Non- controlling interests Rm	26 weeks to 23 Dec 2012 Rm
4 572		5 637	285	5 922	4 465	107	4 572
(13)	Post-retirement medical benefit liability restatement 10	–	–	–	(13)	–	(13)
4 559		5 637	285	5 922	4 452	107	4 559
2 638		1 505	62	1 567	1 261	22	1 283
211	Other comprehensive income 10	26	17	43	27	8	35
2 849	Total comprehensive income for the period	1 531	79	1 610	1 288	30	1 318
337	Shares issued 5	246	–	246	233	–	233
(192)	Shares repurchased 5	(5)	–	(5)	(198)	–	(198)
(1)	(1) Share repurchase costs	–	–	–	(1)	–	(1)
(1 640)	Dividends to shareholders	(1 184)	(51)	(1 235)	(965)	–	(965)
239	Share-based payments	66	–	66	60	–	60
(337)	Settlement of share-based payments through share issue 5	(246)	–	(246)	(233)	–	(233)
108	Non-controlling interest arising on business acquisitions	–	–	–	–	96	96
5 922		6 045	313	6 358	4 636	233	4 869
234.0	Dividend per ordinary share (cents)			101.0			86.0
1.4	Dividend cover (based on headline earnings per share)			1.9			1.9
207.0	Dividend per preference share (cents)			101.0			59.0

SEGMENTAL ANALYSIS

53 weeks to 30 Jun 2013 Rm		26 weeks to 29 Dec 2013 Rm	26 weeks to 23 Dec 2012 Rm	% change
Revenue				
35 227	Turnover	19 382	16 683	16.2
10 764	Woolworths Clothing and General Merchandise	5 756	5 249	9.7
17 469	Woolworths Food	9 498	8 238	15.3
561	Woolworths Logistics	214	262	(18.3)
6 433	Country Road Group	3 914	2 934	33.4
172	Other revenue and investment income	72	88	(18.2)
14	Woolworths Clothing and General Merchandise	7	8	(12.5)
74	Woolworths Food	33	37	(10.8)
45	Country Road Group	16	19	(15.8)
39	Woolworths Treasury	16	24	(33.3)
35 399	Total group	19 454	16 771	16.0
Gross profit				
4 994	Woolworths Clothing and General Merchandise	2 630	2 420	8.7
4 475	Woolworths Food	2 390	2 094	14.1
100	Woolworths Intragroup	66	50	32.0
3 984	Country Road Group	2 468	1 800	37.1
13 553	Total group	7 554	6 364	18.7
Profit before tax-adjusted				
1 856	Woolworths Clothing and General Merchandise	1 066	993	7.4
1 060	Woolworths Food	586	505	16.0
588	Country Road Group	471	310	51.9
180	Woolworths Financial Services	88	85	3.5
16	Woolworths Treasury	8	6	33.3
3 700	Total group-adjusted	2 219	1 899	16.9

NOTES

1. BASIS OF PREPARATION

These abridged interim group financial statements comply with IAS 34 Interim Financial Reporting.

Accounting policies used in the abridged interim group financial statements are consistent with the prior period, and are the same as those used to prepare the 30 June 2013 group annual financial statements, with the exception of all new and revised standards and interpretations that became effective during the period as disclosed in notes 10 and 11. They have been prepared in compliance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa and under the supervision of the group's Finance Director, Reeza Isaacs, CA(SA).

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.

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the financial period, the group acquired property, plant and equipment at a cost of R452 million (2012: R495 million) and acquired intangible assets (including goodwill) at a cost of R71 million (2012: R1 336 million). This includes acquisitions related to business combinations (refer to note 4) as well as R8 million goodwill remeasurement relating to the acquisition of the Witchery Group.

4. ACQUISITION OF FRANCHISE OPERATIONS

During the period, the group acquired a previously franchised store in South Africa for a cash consideration of R10 million. In the prior period, the previously franchised store in Lesotho was acquired for a cash consideration of R6 million.

	Dec 2013 Rm	Dec 2012 Rm
Fair value of assets acquired at the date of acquisition		
Reacquired rights	2	-
Deferred tax liability	(1)	-
Goodwill arising on acquisition	9	6
Consideration	10	6

Goodwill of R9 million represents growth and synergies expected to accrue from the acquisition.

There has been no material impact on revenue and profit before tax since the date of acquisition. Had the acquisition been effective from the beginning of the period, the directors consider that, on a pro-forma basis, the contribution to revenue for the 26 weeks ended 29 December 2013 would have been R2 million, and to profit before tax, R1 million.

5. ISSUE AND REPURCHASE OF SHARES

During the period, 4 361 450 (2012: 5 297 843) ordinary shares totalling R246 million (2012: R233 million) were issued to employees and in the prior year, 2 710 328 ordinary shares were purchased from the market and transferred to employees at a net cost of R151 million, in settlement under the group's share incentive schemes.

125 799 (2012: 391 512) ordinary shares totalling R8 million (2012: R25 million) were purchased from the market by Woolworths (Proprietary) Limited and are held as treasury shares by the group and 62 371 shares totalling R3 million (2012: nil) were forfeited by employees. 1 114 674 ordinary shares totalling R63 million (2012: nil) were allocated to employees in terms of the group's Restricted Share Plan.

6. CONTINGENT LIABILITIES

Group companies are party to legal disputes 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 a material financial effect.

7. BORROWING FACILITIES

Unutilised banking facilities amounted to R2 659 million (2012: R2 379 million). There is no limit imposed by the Memorandum of Incorporation on the group's authority to raise interest-bearing debt.

8. RELATED PARTY TRANSACTIONS

During the period the group entered into related party transactions, the substance of which is similar to that explained in the group's 2013 annual financial statements.

9. NON-CURRENT ASSETS HELD FOR SALE

Two fixed properties remain subject to suspensive conditions under a sale agreement. The directors consider the conclusion of the sale to be highly probable.

At 29 December 2013 these assets are recognised at the lower of their carrying amounts and fair value, less costs to sell. The fair value has been determined using the highest and best use of the assets. No depreciation has been recognised.

	Dec 2013	Dec 2012
	Rm	Rm
Non-current assets held for sale	63	63

10. RESTATEMENT OF COMPARATIVE FIGURES

In terms of the revised IAS 19: Employee Benefits, comparative figures have been restated to recognise actuarial gains and losses in other comprehensive income. The opening balance of the post-retirement medical benefit liability as at 25 June 2012 has been restated by R13 million (from R347 million to R360 million) and the liability as at 30 June 2013 has been further restated by R18 million (from R356 million to R338 million) representing the gain during the 2013 financial year. The adjustments have no impact on earnings per share or headline earnings per share. The group's policy is to perform an annual valuation at the end of the financial year.

11. IFRS 13: FAIR VALUE MEASUREMENT

The application of the new standard IFRS 13: Fair value measurement has not materially impacted fair value measurements of the group.

12. APPROVAL OF ABRIDGED INTERIM GROUP FINANCIAL STATEMENTS

The abridged interim group financial statements were approved by the board of directors on 12 February 2014.

13. EVENTS SUBSEQUENT TO THE REPORTING DATE

Agreements to purchase a further three stores in South Africa and 33 stores in Botswana, Namibia, Swaziland and Ghana for a total cash consideration of R379 million are effective from dates subsequent to this report.

14. AUDIT OPINION

These abridged interim group financial statements have not been reviewed or audited.

DIRECTORATE AND STATUTORY INFORMATION

Non-executive directors:

Simon Susman (Chairman), Peter Bacon (British), Zarina Bassa, Tom Boardman (Lead independent director), Andrew Higginson (British), Mike Leeming, Chris Nissen, Stuart Rose (British), Thina Siwendu

Executive directors:

Ian Moir (Group chief executive officer) (Australian), Reeza Isaacs, Zyda Rylands

Group secretary:

Thobeka Sishuba-Mashego

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
70 Marshall Street, Johannesburg, 2001

FINANCIAL HIGHLIGHTS

REVENUE

+16.0%

PROFIT BEFORE TAX

+21.1%

HEADLINE EARNINGS PER SHARE

+17.2%

ADJUSTED HEADLINE EARNINGS PER SHARE

+12.9%

DIVIDEND PER SHARE

+17.4%

RETURN ON EQUITY

55.9%

WOOLWORTHS **COUNTRY ROAD**

studio·w **RE:** **TRENERY** **WITCHERY** **MIMCO**