



WOOLWORTHS HOLDINGS LIMITED

# INTERIM RESULTS

**H1 / FY22**

# **PRESENTATION OUTLINE**

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**01**

OVERVIEW OF  
THE PERIOD

**02**

FINANCIAL  
OVERVIEW

**03**

STRATEGIC  
UPDATE



# OVERVIEW OF THE PERIOD

*Roy Bagattini*  
Group CEO

## OVERVIEW OF H1 FY22

**WHL**

*We profitably traded our businesses and strengthened our balance sheet, notwithstanding external headwinds*

- **South Africa** impacted by further Covid waves and the knock-on effects of the civil unrest in July
- **Australia** was significantly hampered by government-imposed lockdowns, impeding ability to trade c.70% of store base
- **Relentless focus on profitably trading the business**
- **Group sales base maintained** on constant-currency basis
  - Strong **sales rebound** in Australian businesses and increased **momentum in Food** in last six weeks of period, but **slower FBH** top-line performance
  - Disciplined **inventory management** and **strong cost control**
  - **Normalised aEBIT up 9%** when adjusting for impact of lockdowns (lost sales, JobKeeper, rent relief)
- Further **strengthened the Balance Sheet** – net cash positive



## OVERVIEW OF H1 FY22 (cont'd.)

**WHL**

- **Repatriating c.R1bn from David Jones** to South Africa through a special dividend
- Declared **interim dividend of 80.5 cps**
- **Up-weighted focus on robust capital allocation**
  - Interrogated **principles and approach** to ensure framework and processes support growth and value-creation ambitions
- **Strategic initiatives gaining further traction**
- Pivoted to a new, **more agile operating model in Woolworths SA** – faster decision making, improving efficiency and greater accountability
- First South African retailer to **publish list of suppliers** across all our apparel businesses – key initiative in our **Good Business Journey Vision 2025+**



## OUR PEOPLE, PARTNERS, AND CUSTOMERS

*The collective commitment of our people, and how they continue to show up for each other, our customers, and our communities, is what sets us apart*

- **Recently celebrated 90<sup>th</sup> birthday** – 90 years of making a difference!
- A **big thank you to our employees** – our real differentiator
- **Sincere appreciation to our loyal suppliers, partners and customers** for their continued support and deep trust they place in our brands
- Our primary focus has remained the **health and wellness of our people and the safety of our customers** – particularly focused on driving vaccination rates
- We look forward to intensifying our competitive team spirit under our new, **hybrid working model**







# FINANCIAL OVERVIEW

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***Reeza Isaacs***  
*Group Finance Director*

## FINANCIAL OVERVIEW

**WHL**

- Challenging start to the half with Aus store closures and SA unrest
- Strong Aus rebound post lockdown; improved Food run rate over festive season; slowdown in FBH
- Results non-comp due to store closures and PY one-offs; normalised aEBIT up 9%
- Working capital and costs well managed
- Group now in net cash position; Net equity up 40% to R11.1bn
- Interim dividend of 60% of WSA earnings. DJ special dividend of A\$90m to WHL

*Turnover and concession sales*

**R42.1bn**

*-0.3% on LY\**

*aEBIT*

**R3.2bn**

*-18.2% on LY  
(+9% on normalised basis)*

*Net cash*

**R258m**

*WSA net debt: R4.3bn  
Aus net cash: A\$401m*

*Net debt/EBITDA*

**2.0x**

*2.3x LY  
(including lease liabilities)*

*adHEPS*

**162.2cps**

*-16.3% on LY*

*Interim dividend of*

**80.5cps**

*\* Constant currency*



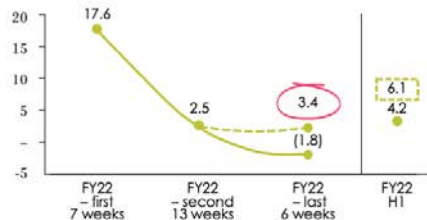
# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## SALES PERFORMANCE

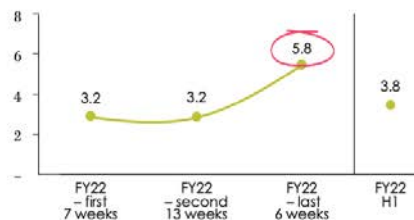
**WHL**

*Food growth accelerated in the last six weeks, while FBH slowed; strong recovery in Australia post lifting of lockdown restrictions*

### WOOLWORTHS FASHION, BEAUTY AND HOME

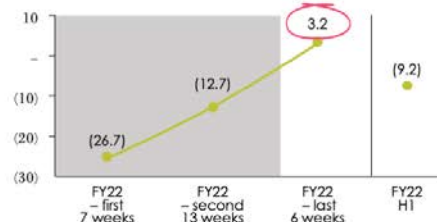


### WOOLWORTHS FOOD

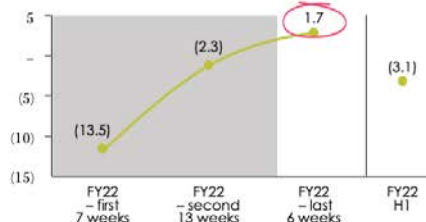


- FBH run rate skewed by earlier winter clearance; last 6 weeks impacted by >R100m promotional sales in the base and underperformance in select Womenswear categories
- Food delivered strong growth over the festive season

### DAVID JONES



### COUNTRY ROAD GROUP



- Strong rebound in DJ in the last six weeks (7.7% adjusting for timing of Boxing Day)
- Solid performance from CR, Wilchery and Trenery notwithstanding online fulfilment issues

● Sales ● % on LY ● July to October lockdown ● Adjusting for clearance

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## ADJUSTED EBIT

**WHL**

*Group aEBIT non comparable to 2021 due to Aus store closures and Jobkeeper and rent relief in the base*

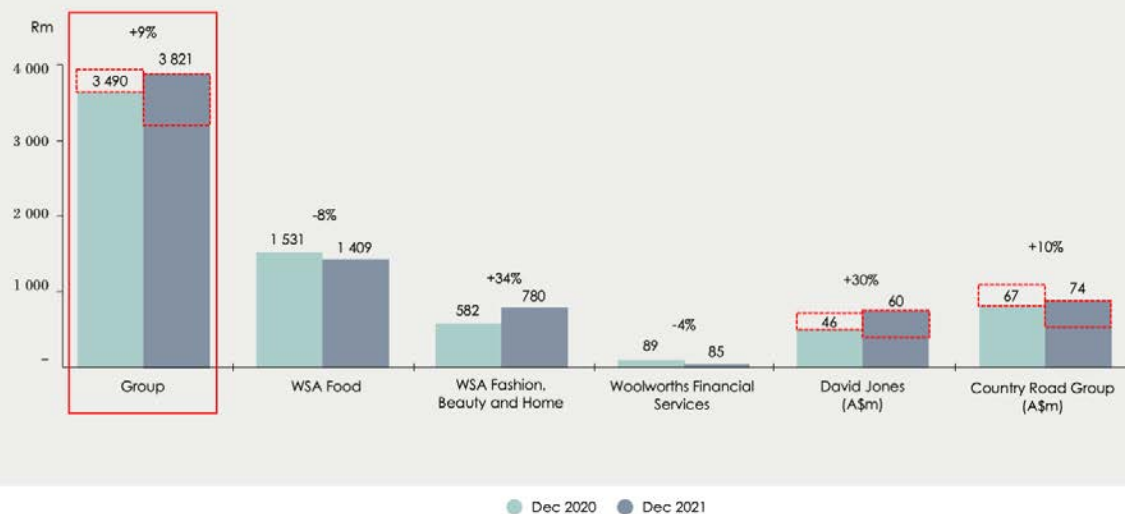


● Dec 2020 ● Dec 2021

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## αEBIT NORMALISED FOR STORE CLOSURES, JOBKEEPER AND RENT RELIEF

*Normalised Group αEBIT 9% up on LY, driven by improved profitability in FBH, DJ and CRG*

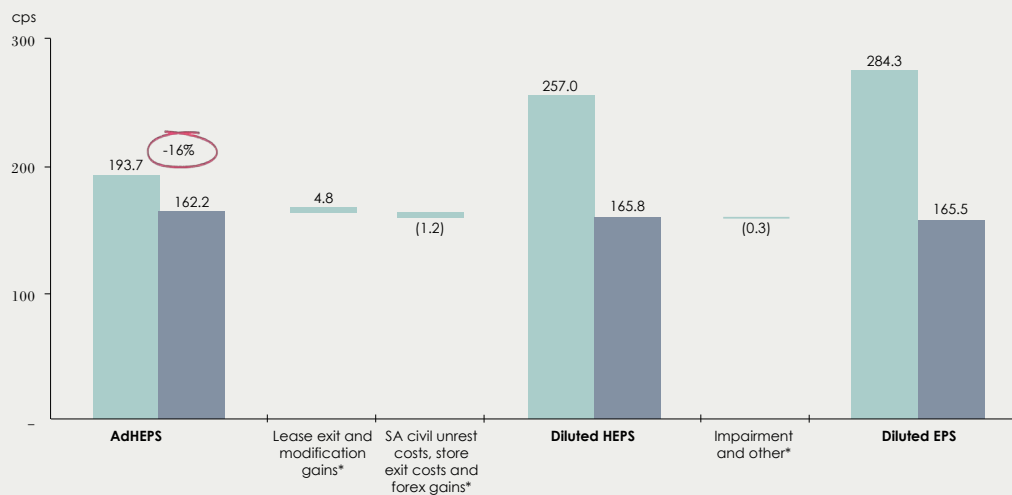


# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## ADJUSTED HEPS, HEPS AND EPS

**WHL**

*Adjusted diluted HEPS of 162.2cps ahead of earnings guidance provided at 20-week update*



\* Post tax

● Dec 2020 ● Dec 2021

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## WOOLWORTHS FASHION, BEAUTY AND HOME

*Improvement in underlying financial health with deliberate focus on full-price sales, optimising clearance calendar, and productivity metrics*

	Dec 2021 Rm	Dec 2020 Rm	% change
Turnover and concession sales	6 697	6 426	4.2
Gross profit margin	46.3%	45.9%	
Expenses	2 351	2 372	(0.9)
Adjusted EBIT	780	582	34.0
Adjusted EBITDA	1 174	1 011	16.1
EBIT margin	11.6%	9.1%	

- Comp sales up 4.7% with price movement of 5.4% (3.6% in Fashion)
- Womenswear up 0.7% with underperformance in select categories
- Beauty and Home grew by 3.5% and 10.3% respectively
- Trading densities up >10% supported by continued reduction in unproductive space (-6.1%)
- Online sales up 19.2%, now 4.4% of SA sales
- Notwithstanding supply chain cost pressures, 2ppt increase in proportion of full-price sales with an improvement in GP margin
- aEBIT up 34%, driven by positive operational leverage



## WOOLWORTHS FOOD

*Accelerating trading momentum over critical festive season notwithstanding demanding prior-year base*

	Dec 2021 Rm	Dec 2020 Rm	% change
Turnover and concession sales	19 630	18 903	3.8
Gross profit margin	24.1%	24.8%	
Expenses	3 322	3 124	6.3
Adjusted EBIT	1 409	1 531	(8.0)
Adjusted EBITDA	1 858	1 983	(6.3)
EBIT margin	7.2%	8.1%	

- Sales growth impacted by high base (2021 was up 10.9%; 2 year CAGR of 7.4%) and low produce inflation
- Comp sales up 2.8% on price movement of 2.6% and underlying product inflation of 3.7%
- Online sales up 55.8%, now 3.1% of SA sales supported by expanded Dash offering
- GP margin non-comp, with high volumes and low waste LY; price investment in key categories and higher online contribution
- Cost growth reflects investment in online and digital; comp store cost growth of 2.7%
- EBIT decline a function of base effect (aEBIT in 2021 up 23.2%; 2 year CAGR of 6.5%)



# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## WOOLWORTHS FINANCIAL SERVICES

*Key metrics have stabilised and lead indicators are improving; business is well positioned for growth*

	Dec 2021 Rm		Dec 2020 Rm		% change
Average total financial services assets	12 919		13 003		(0.6)
<b>Income statement</b>		%		%	
		to book		to book	
Interest income	882	13.7	822	12.6	7.3
Interest paid	205	3.2	202	3.1	1.5
<b>Net interest income</b>	<b>677</b>	<b>10.5</b>	<b>620</b>	<b>9.5</b>	<b>9.2</b>
Impairment charge	261	4.0	266	4.1	(1.9)
<b>Risk-adjusted margin</b>	<b>416</b>	<b>6.4</b>	<b>354</b>	<b>5.4</b>	<b>17.5</b>
Non-interest revenue	416	6.4	397	6.1	4.8
Operating costs	597	9.2	503	7.7	18.7
<b>Profit before tax</b>	<b>235</b>	<b>3.6</b>	<b>248</b>	<b>3.8</b>	<b>(5.2)</b>
Tax	65	1.0	71	1.1	(8.5)
<b>Profit after tax</b>	<b>170</b>	<b>2.6</b>	<b>177</b>	<b>2.7</b>	<b>(4.0)</b>
Return on equity	19.3%		21.3%		

- Closing book up 5.3% to R10.4bn driven by growth in new accounts
- Market-leading impairment of 4.0%
- Net interest income up with growth in book and repo rate increases
- Non-interest revenue up due to increase in card transactions
- Op cost growth reflects normalisation and investment in digital capabilities





## DAVID JONES

*A\$100m of EBITDA notwithstanding 70% of stores unable to trade for over three months*

	Dec 2021 A\$m	Dec 2020 A\$m	% change
Turnover and concession sales	973	1 072	(9.2)
Gross profit margin	35.0%	34.8%	
Expenses	320	326	(1.8)
Financial services operating profit	10	9	11.1
Adjusted EBIT	31	56	(44.6)
Adjusted EBITDA	100	127	(21.3)
EBIT margin	3.2%	5.2%	

- Sales growth impacted by lockdowns, space reduction of 5.8% and Boxing Day shift to H2
- Online sales up 44.2%, now 28.1% of total
- GP margin improvement driven by focus on full-price sales and tight inventory management
- Expenses down on last year with successful execution of cost-out initiatives despite JobKeeper and rent relief of A\$39m in base
- Food restructure complete and achieving break-even position
- aEBIT up 30% when adjusting for impact of store closures and one-offs
- Net cash of A\$347m at period end enabling special dividend



## COUNTRY ROAD GROUP

*Strong performance underpinned by Country Road brand, Trenery and a recovery in Witchery*

	Dec 2021 A\$m	Dec 2020 A\$m	% change
Turnover	496	512	(3.1)
Gross profit margin	59.5%	60.0%	
Expenses	249	215	15.8
Adjusted EBIT	48	94	(48.9)
Adjusted EBITDA	105	158	(33.5)
EBIT margin	9.7%	18.4%	

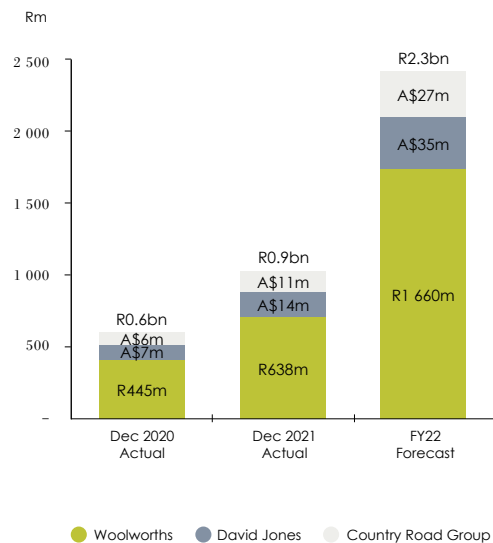
- Sales impacted by lockdown restrictions and 7.4% reduction in space
- Online sales up 3.6%, now 33.8% of sales, notwithstanding labour shortages impacting online fulfilment
- GP margin held up despite the stock build-up from store closures
- Expense growth impacted by JobKeeper and rent relief in the base (A\$35m)
- aEBIT up 10% when adjusting for impact of store closures and one-offs



## CAPITAL EXPENDITURE

**WHL**

*Capex continues shift to digital and online; slower H1 run rate due to focus on cash preservation*



### *FY22 full year forecast*

- Below previous guidance of R2.8bn due to phasing and cash preservation focus
- DJ full year capex includes A\$18m for Bourke Street Womens consolidation
- Growth in WSA reflects investment in digital, online and FBH value chain transformation

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## GROUP BALANCE SHEET

**WHL**

*Strong balance sheet, with net cash and higher equity; improvement in key financial metrics; well within covenant limits*

	Dec 2021 Rm	Dec 2020 Rm	Constant currency % change	
<b>Assets</b>				
Property, plant and equipment	9 540	14 009	(32.8)	Includes sale of Elizabeth Street
Intangible assets	7 452	7 334	0.4	
Right-of-use assets	20 671	17 320	17.4	Positive working capital movement of R400m
Investment in joint ventures	915	831	10.1	
Inventories	9 473	8 724	7.4	
Trade and other receivables and loans	1 967	2 011	(3.0)	
Derivative financial instruments	250	138	78.3	
Deferred tax and tax assets	3 420	3 257	3.5	
Cash and cash equivalents	6 484	8 372	(23.8)	
<b>Total assets</b>	<b>60 172</b>	<b>61 996</b>	<b>(4.3)</b>	
<b>Equity and liabilities</b>				
Shareholders' funds	11 069	7 734	40.4	Increase in equity; after dividend paid on FY21 H2 earnings
Borrowings and overdrafts	6 176	15 101	(59.1)	Elizabeth Street leaseback, partially offset by lease terminations
Lease liabilities	28 928	24 335	16.9	
Other non-current liabilities	772	777	(1.3)	Net cash in Aus of A\$401m, offset by net debt of R4.3bn in SA; 60% of SA debt has sustainability targets
Derivative financial instruments	71	977	(92.7)	
Deferred tax and tax liabilities	85	426	(77.7)	
Trade and other payables and provisions	13 071	12 646	2.3	
<b>Total equity and liabilities</b>	<b>60 172</b>	<b>61 996</b>	<b>(4.3)</b>	
<b>Net (cash)/borrowings</b>	<b>(258)</b>	<b>6 772</b>		
<b>Net gearing including lease liabilities*</b>	<b>21 319</b>	<b>23 933</b>		
<b>Net debt to EBITDA* (times)</b>	<b>2.0</b>	<b>2.3</b>		
<b>Net debt to Equity* (times)</b>	<b>1.9</b>	<b>3.1</b>		
Period-end exchange rate (R/A\$)	11.3	11.1		

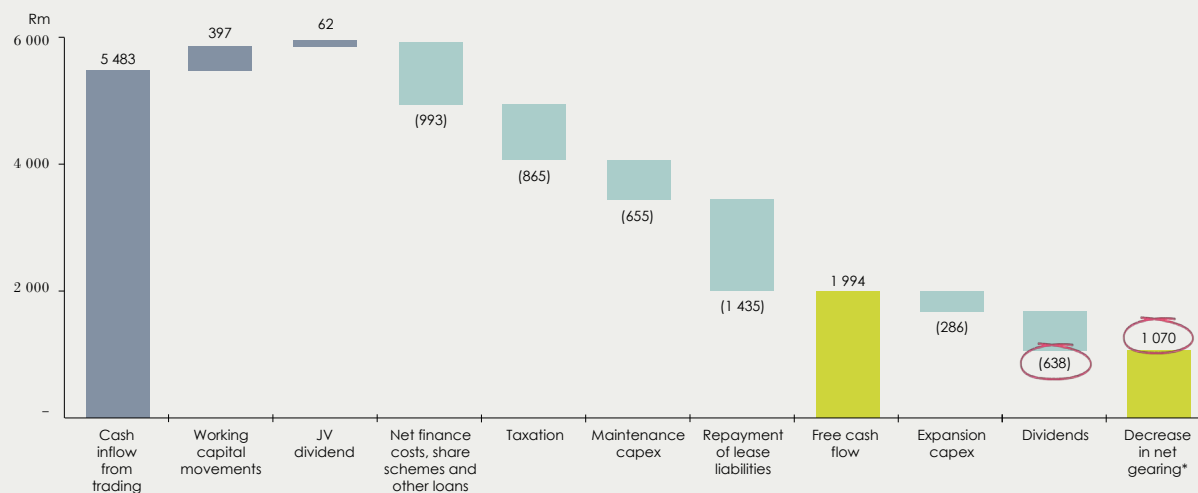
\* Based on lease liabilities net of deferred tax

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## CASH GENERATION

**WHL**

*Positive free cash flow notwithstanding resumption of FY21 H2 dividend and store closures in Australia*



\* Net gearing excludes R244 million currency translation impact

## DIVIDENDS AND CAPITAL STRUCTURE

**WHL**

*Ended H1 in a strong capital position; interim dividend resumed; long-term payout ratio dependent on outlook*

- Borrowings are well within the targeted gearing ratios
  - 1.5x for WSA
  - 1.0x for CRG
  - no debt for DJ
- Successfully set up separate DJ and CRG covenant groups; the Group, DJ and CRG now in a net cash position
- Interim dividend declared in respect of Woolworths South Africa, with a 60% payout ratio maintained, considering the prevailing uncertainty
- A recommencement of the CRG dividend will be considered in August 2022
- DJ special dividend to WHL of A\$90m
- Review of Group capital allocation framework underway



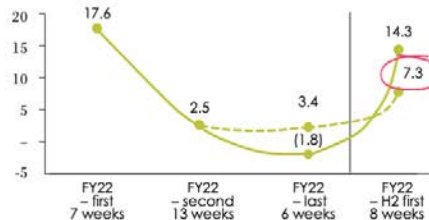
# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## RECENT TRADING

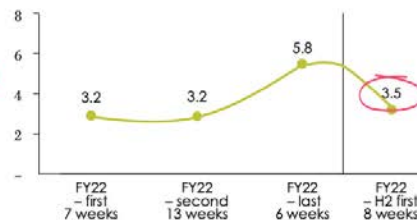
**WHL**

*Sales improvement in first eight weeks of H2 across all apparel divisions*

### WOOLWORTHS FASHION, BEAUTY AND HOME



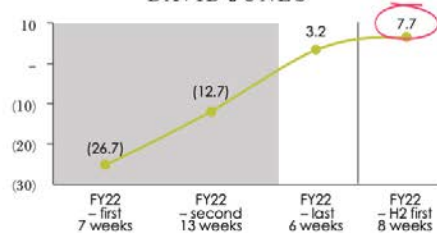
### WOOLWORTHS FOOD



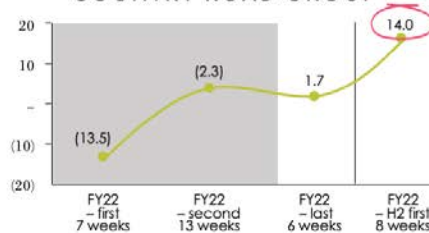
#### South Africa

- FBH growth skewed by earlier summer clearance and re-opening of schools
- Foods growth in line with H1 run rate of 3.8% – still comping a high base

### DAVID JONES



### COUNTRY ROAD GROUP



#### Australia

- Strong growth notwithstanding Omicron and reduced foot traffic particularly in CBDs
- Adjusting for Boxing Day, DJ sales flat on LY

● Sales ● % on LY ● July to October lockdown ● Adjusting for clearance





# **STRATEGIC UPDATE**

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***Roy Bagattini***  
*Group CEO*

## WHL STRATEGIC FRAMEWORK

**WHL**



## ADDRESSING QUESTIONS THAT MAY BE TOP OF MIND

*Fashion turnaround and growth in Beauty and Home*

**Question:** Why aren't you making more progress in the turnaround of your Fashion business, particularly from a top-line perspective?

- Historic challenges have been both in **strategy and execution**
- We are confident in our **refreshed strategy**
  - Reduced proliferation, and defined "must win" categories based on market and customer insights
  - Product resonating more so than it has in the past
  - Increased full-priced sales, including Womenswear
  - Improved trading densities and profit-per-sqm metrics
  - Improved ROS%
- **Execution remains a focus area**, not yet where we need to be
  - Work continues with Planning teams to optimise the "shape of the buy" – volume buys too shallow/inconsistent, resulting in missed opportunities across the store base
  - Availability, particularly in core lines, must be improved
- We are **shifting the trajectory** – momentum will build from here



## ADDRESSING QUESTIONS THAT MAY BE TOP OF MIND

*Leading and iconic Food business*

**Question:** The growth in Food appears to be slowing relative to the market; what are you doing to reverse this trend?

- **New leadership structure**, under Zyda Rylands
- **Refreshed strategy** to **grow share of customers and wallet** centres on becoming **more accessible, whilst remaining aspirational**
  - Enhanced price and promotional strategy
  - Step change in key categories
  - New concepts in pipeline
  - Re-thinking "white space" opportunities
- "Deep-dive" Food Investor Day planned for later this year



## DEFINING THE WHL INVESTMENT THESIS

**WHL**

*WHL is a pre-eminent retailer of iconic brands, with significant self-help opportunities to grow earnings independently of the macro-economic outlook*

- 1. Highest return on capital Food business** in South Africa with unparalleled back-end capabilities in high-end foods, and **further room to grow share** of wallet by improving the accessibility of our superior-quality, premium private-label offering
- 2. Low-hanging fruit in FBH**, with significant scope to **improve the profitability of Fashion**, whilst simultaneously **growing profitable market share in Beauty and Home**
- 3. Value creation in Australia provides upside optionality** in the case of both David Jones and Country Road Group, with each business now able to pursue its respective strategic ambitions
- 4. Strengthened balance sheet and sound capital allocation principles** drive **strong and improving free cash flow conversion**, with potential to return excess cash to shareholders
- 5. Industry-leading, highly-regarded Good Business Journey programme** is embedded in all aspects of the business, in line with the Group's vision of being **one of the world's most responsible retailers**



## CAPITAL ALLOCATION PRINCIPLES

**WHL**

*Our principles support our growth ambitions, whilst also seeking to satisfy our targeted gearing structure and shareholder aspirations*

**CAPITAL ALLOCATION IS DRIVEN TOP-DOWN AND TIGHTLY ALIGNED TO GROUP STRATEGIC PRIORITIES  
WE ARE ASPIRING TO DELIVER:**

Real mid-single digit  
revenue growth – always!

αEBIT growth  
> revenue growth

RoCE never <  
WACC + 5%

Gearing  
<1.5x

**ALLOCATION OF CASH SEEKS TO BALANCE:**

### ***Balance sheet position & aspiration***

- Targeted leverage differs by region and cost of borrowing
  - 1.5x for WSA
  - 1.0x for CRG
  - No debt for DJ

### ***Growth and investment capex***

- Consider sources and allocation of cash based on strategic outlook for each business
- Investments (organic vs. inorganic) must compete with returning excess cash to shareholders

### ***Shareholder return aspirations***

- Revised payout ratio policy TBC
  - WSA dividend resumed with payout ratio of 60%
- Special dividends unlikely
- Share buybacks considered in context of market and growth outlook

# **MEDIUM- TERM FINANCIAL TARGETS**

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## BUILDING BLOCKS TO OUR MARGIN TARGETS – FBH

**WHL**

*FY21*  
**R12.9bn**

### *Turnover*

- Positive sales growth, notwithstanding space reduction
- Market share gain in “must win” categories
- Trading density growth ahead of sales
- Growth in online, skewed to Beauty and Home

*FY24 target*  
**>R15-16bn**

**45.5%**

### *Gross profit margin*

- Improved intake margins through consolidated buying
- Improved promotional efficiency and effectiveness
- Halve our markdown %
- Offset higher online distribution costs

**>48%**

**37.1%**

Cost to sell %

### *Expenses*

- Cost growth < sales growth from space reduction and cost-out initiatives

**<36%**

Cost to sell %

**8.4%**

αEBIT%

### *αEBIT*

- αEBIT margin improvement driven by improved GP margin, and positive operational leverage

**>12%**

αEBIT%

## BUILDING BLOCKS TO OUR MARGIN TARGETS – FOOD

**WHL**

*FY21*  
**R38.3bn**

### *Turnover*

- Longer-term sales growth > market growth
- Growing online sales across multiple channels

*FY24 target*  
**> R46bn**

**24.5%**

### *Gross profit margin*

- Higher distribution costs from online growth
- Price investment of R750m (co-funded by suppliers)
- Partial offset from value delivery initiatives
- Optimise balance between availability vs. waste

**> 24%**

**16.5%**

Cost to sell %

### *Expenses*

- Costs impacted by growth initiatives, including online

**< 17%**

Cost to sell %

**8.0%**

aEBIT%

### *aEBIT*

- Growth in aEBIT, notwithstanding positive Covid-impacted base
- aEBIT% impacted by growth investments and growing online
- Return on capital remains industry-leading

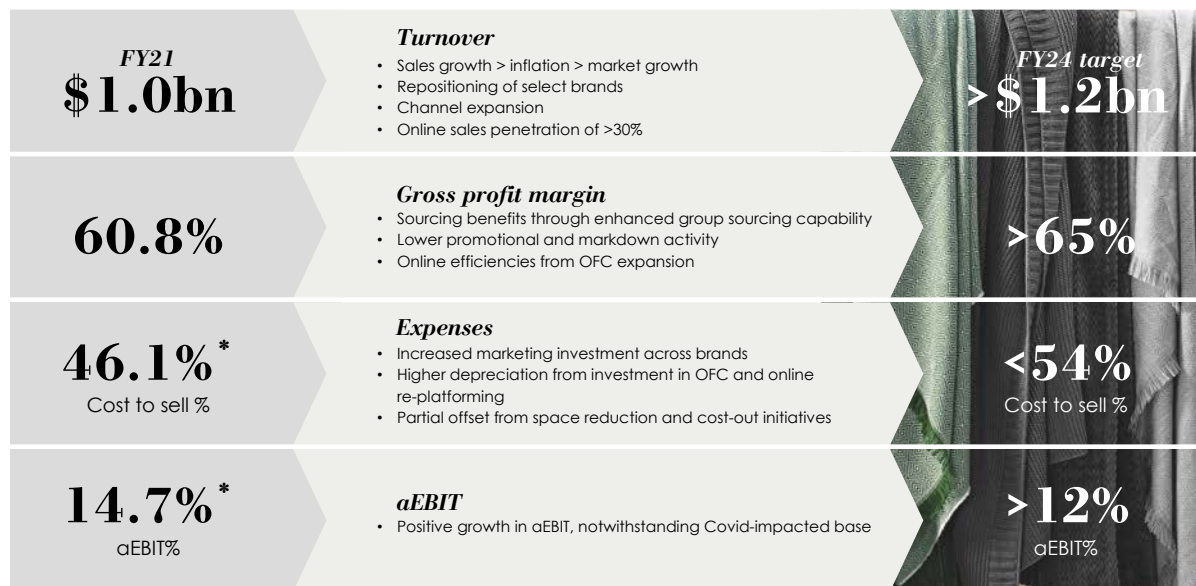
**> 7%-8%**

aEBIT%

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## BUILDING BLOCKS TO OUR MARGIN TARGETS – CRG

**WHL**



\* Includes the impact of Covid-related government support and rent-relief initiatives.

## INVESTING TO DRIVE LONG-TERM VALUE CREATION

**WHL**

*We have self-help opportunities across our businesses to grow both revenue and profitability, and are allocating our capital accordingly to enhance the returns profile of the Group*

- **WSA Food** will remain the engine room of our value creation
  - Investment focused on **new sources and channels of growth** to grow market share and EBIT rands
- Low-hanging fruit in **FBH** represents significant delta in resetting the value of the Group
  - Investment focused on **value chain initiatives** to drive better availability, higher stock turns, and **improved profitability**
- **CRG** to become a bigger omni-player
  - As a successful incubator of brands, scope to **expand existing portfolio of brands, and explore new markets**
- Successful execution of capital plan has enabled **c.R1bn of capital repatriation from DJ to South Africa**
  - Continued investment in **strategic initiatives, funded internally** out of operating cash flows





## OUTLOOK

**WHL**

*Trading environment is likely to remain challenging; we have self-help opportunities to use to our advantage and remain steadfast in executing strategies*

- **South Africa's** economic outlook **remains challenging**
- **Australian macro is in relatively better standing**, albeit that foot traffic and retail spend are susceptible to Covid waves
- The diverse nature of our businesses is one of our biggest strengths and differentiators; we have a **runway for top-line growth independent of the macro outlook**, and levers to **grow profits ahead of this**
- We are doubling-down on our respective **strategies** and focusing relentlessly on **execution**







QUESTIONS



## DISCLAIMER

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**WHL**

Shareholders and noteholders are advised that the information, including the constant currency and *pro forma* financial information in this presentation has not been reviewed and reported on by Woolworths Holdings' external auditors and does not constitute a profit forecast.

Woolworths Holdings has taken reasonable efforts to ensure the accuracy and completeness of the information contained in this presentation.

This presentation contains certain forward-looking statements with respect to Woolworths Holdings and its business. Forward-looking statements are not statements of fact, but statements based on Woolworths Holdings current estimates, projections, expectations, beliefs and assumptions regarding the Group's future performance, financial condition and results. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances beyond the control of Woolworths Holdings. 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. As a result, Woolworths Holdings actual future financial condition, performance and results may differ materially from those set out in any forward-looking statements.

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# **APPENDIX**

## APPENDIX CONTENTS

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**WHL**

1. GROUP PERFORMANCE
2. GROUP AND SEGMENTAL INCOME STATEMENTS
3. NET (CASH)/BORROWINGS
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# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## GROUP PERFORMANCE

**WHL**

	<i>Dec 2021</i>	<i>Dec 2020</i>	<i>Change</i>
<i>Turnover and concession sales</i>	<b>R42.1bn</b>	<b>R43.0bn</b>	<b>-2.1%</b>
<i>Adjusted profit before tax</i>	<b>R2.2bn</b>	<b>R2.7bn</b>	<b>-16.9%</b>
<i>Adjusted EBIT</i>	<b>R3.2bn</b>	<b>R3.9bn</b>	<b>-18.2%</b>
<i>Adjusted diluted HEPS</i>	<b>162.2cps</b>	<b>193.7cps</b>	<b>-16.3%</b>
<i>Interim dividend per share</i>	<b>80.5cps</b>	–	
<i>Free cash flow</i>	<b>R2.0bn</b>	<b>R3.5bn</b>	<b>(R1.5bn)</b>
<i>Net (cash)/borrowings (excluding lease liabilities)</i>	<b>(R0.3bn)</b>	<b>R6.8bn</b>	<b>R7.1bn</b>
<i>Net debt to EBITDA</i>	<b>2.0x</b>	<b>2.3x</b>	

*All numbers are post IFRS 16 unless stated otherwise*

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## GROUP INCOME STATEMENT

**WHL**

	Dec 2021 Rm	Dec 2020 Rm	% change
<b>Turnover and concession sales</b>	<b>42 128</b>	<b>43 047</b>	<b>(2.1)</b>
<b>Gross profit</b>	<b>14 124</b>	<b>14 552</b>	<b>(2.9)</b>
<b>Adjusted EBITDA</b>	<b>5 438</b>	<b>6 362</b>	<b>(14.5)</b>
<b>Adjusted EBIT</b>	<b>3 213</b>	<b>3 926</b>	<b>(18.2)</b>
WSA Fashion, Beauty and Home	780	582	34.0
WSA Food	1 409	1 531	(8.0)
Woolworths Financial Services (50% of PAT)	85	89	(4.5)
David Jones	391	639	(38.8)
Country Road Group	548	1 085	(49.5)
Net finance and other costs	(999)	(1 263)	(20.9)
<b>Adjusted profit before tax</b>	<b>2 214</b>	<b>2 663</b>	<b>(16.9)</b>
Tax	(638)	(780)	(18.2)
<b>Adjusted profit after tax</b>	<b>1 576</b>	<b>1 883</b>	<b>(16.3)</b>
Adjustments (post-tax)	34	881	
<b>Profit after tax</b>	<b>1 610</b>	<b>2 764</b>	<b>(41.8)</b>
Adjusted diluted HEPS (cents)	162.2	193.7	(16.3)
Effective tax rate	28.7%	22.7%	
Adjusted effective tax rate	28.8%	29.3%	

Borrowing costs reduced by 55%

Adjustments (post-tax)	Dec 2021 Rm	Dec 2020 Rm
Lease exit and modifications gains	47	452
SA civil unrest costs*	(18)	-
Store exit costs	(8)	3
Forex gains/(losses)	12	(15)
Impairment of assets	-	(7)
Profit on sales of Bourke Street Mens	-	274
Tax losses utilised	1	174
	34	881

Higher effective tax rate due to utilisation of assessed losses in prior period; adjusted effective rate lower due to reduced proportion of profits from Australian entities

\* Net of insurance proceeds received to date

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## H1 FY22 GROUP SEGMENTAL INCOME STATEMENT

**WHL**

	Woolworths				David Jones Rm	Country Road Group Rm	Treasury Rm	Intragroup Rm	Group Rm
Dec 2021	FBH Rm	Food Rm	Logistics Rm	WFS Rm					
<b>Turnover and concession sales</b>	<b>6 697</b>	<b>19 630</b>	<b>305</b>	–	<b>10 798</b>	<b>5 494</b>	–	<b>(796)</b>	<b>42 128</b>
Concession sales	(23)	(308)	–	–	(3 389)	–	–	796	(2 924)
<b>Turnover</b>	<b>6 674</b>	<b>19 322</b>	<b>305</b>	–	<b>7 409</b>	<b>5 494</b>	–	–	<b>39 204</b>
Cost of sales	3 583	14 663	305	–	4 460	2 219	–	(150)	25 080
<b>Gross profit</b>	<b>3 091</b>	<b>4 659</b>	–	–	<b>2 949</b>	<b>3 275</b>	–	<b>150</b>	<b>14 124</b>
Other revenues	40	72	–	–	842	11	–	(211)	754
Expenses	2 351	3 322	–	–	3 508	2 738	7	(61)	11 865
Store costs	1 536	2 366	–	–	2 735	1 914	–	(211)	8 340
Other operating costs	815	956	–	–	773	824	7	150	3 525
Financial services	–	–	–	85	108	–	–	–	193
<b>Adjusted profit before interest and tax</b>	<b>780</b>	<b>1 409</b>	–	<b>85</b>	<b>391</b>	<b>548</b>	<b>(7)</b>	–	<b>3 206</b>
Net finance costs	–	–	–	–	–	(12)	(980)	–	(992)
<b>Adjusted profit before tax</b>	<b>780</b>	<b>1 409</b>	–	<b>85</b>	<b>391</b>	<b>536</b>	<b>(987)</b>	–	<b>2 214</b>
Adjustments	18	(21)	–	–	46	–	–	–	43
<b>Profit before tax</b>	<b>798</b>	<b>1 388</b>	–	<b>85</b>	<b>437</b>	<b>536</b>	<b>(987)</b>	–	<b>2 257</b>

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## H1 FY21 GROUP SEGMENTAL INCOME STATEMENT

**WHL**

	Woolworths				David Jones Rm	Country Road Group Rm	Treasury Rm	Intragroup Rm	Group Rm
Dec 2020	FBH Rm	Food Rm	Logistics Rm	WFS Rm					
<b>Turnover and concession sales</b>	<b>6 426</b>	<b>18 903</b>	<b>280</b>	–	<b>12 472</b>	<b>5 978</b>	–	<b>(1 012)</b>	<b>43 047</b>
Concession sales	(1)	(242)	–	–	(4 215)	–	–	1 012	(3 446)
<b>Turnover</b>	<b>6 425</b>	<b>18 661</b>	<b>280</b>	–	<b>8 257</b>	<b>5 978</b>	–	–	<b>39 601</b>
Cost of sales	3 477	14 042	280	–	4 990	2 396	–	(136)	25 049
<b>Gross profit</b>	<b>2 948</b>	<b>4 619</b>	–	–	<b>3 267</b>	<b>3 582</b>	–	<b>136</b>	<b>14 552</b>
Other revenue	6	36	–	–	1 068	20	–	(250)	880
Expenses	2 372	3 124	–	–	3 807	2 517	1	(114)	11 707
Store costs	1 600	2 265	–	–	3 308	1 808	–	(284)	8 697
Other operating costs	772	859	–	–	499	709	1	170	3 010
Financial services	–	–	–	89	111	–	–	–	200
<b>Adjusted profit before interest and tax</b>	<b>582</b>	<b>1 531</b>	–	<b>89</b>	<b>639</b>	<b>1 085</b>	<b>(1)</b>	–	<b>3 925</b>
Net finance costs	–	–	–	–	(83)	–	(1 179)	–	(1 262)
<b>Adjusted profit before tax</b>	<b>582</b>	<b>1 531</b>	–	<b>89</b>	<b>556</b>	<b>1 085</b>	<b>(1 180)</b>	–	<b>2 663</b>
Adjustments	(15)	(3)	–	–	943	(11)	–	–	914
<b>Profit before tax</b>	<b>567</b>	<b>1 528</b>	–	<b>89</b>	<b>1 499</b>	<b>1 074</b>	<b>(1 180)</b>	–	<b>3 577</b>

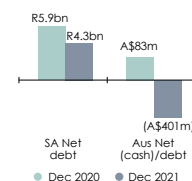
# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## NET (CASH)/BORROWINGS

**WHL**

	Dec 2021	Dec 2020
<b>WHL Net (cash)/debt (Rm)</b>	<b>(258)</b>	<b>6 772</b>
Interest-bearing debt	6 160	15 068
Net cash and cash equivalents	(6 418)	(8 296)
Unutilised committed facilities – Group	7 254	6 454
<b>SA Net debt (Rm)</b>	<b>4 285</b>	<b>5 853</b>
Interest-bearing debt	6 013	8 442
Net cash and cash equivalents	(1 728)	(2 589)
Rate*	5.71%	7.05%
Unutilised committed facilities – SA	6 348	5 944
<b>Aus Net (cash)/debt (A\$m)</b>	<b>(401)</b>	<b>83</b>
Interest-bearing debt	13	598
Net cash and cash equivalents	(414)	(515)
Rate	1.64%	4.66%
Unutilised committed facilities – Aus	80	46
<b>Finance costs on borrowings (Rm)</b>	<b>218</b>	<b>488</b>
ZAR debt (Rm)	206	303
AUD debt (A\$m)	1	18

*Net (cash)/borrowings*



- SA borrowings reduced by R2.4bn and covenants within bank limits
- Market leader in sustainability linked financing facilities

Net cash of A\$347m in DJ and A\$54m in CRG

Borrowing costs 55% lower

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



# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## IFRS 16 – IMPACT BY SEGMENT

**WHL**

### UPDATE TO GROUP LEASE PORTFOLIO

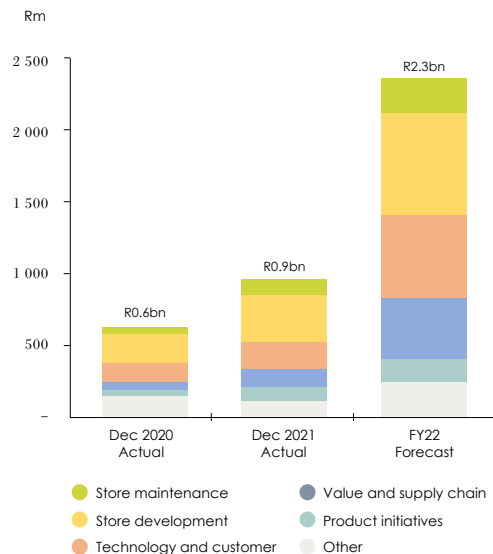
	Group	WSA	DJ	CRG
<b>Lease liabilities</b>	Rm	Rm	A\$m	A\$m
Dec 2020	24 335	6 753	1 163	424
Dec 2021	28 928	6 228	1 629	376
Average remaining lease term (years): Dec 2020	4.9	6.1	10.6	2.8
Average remaining lease term (years): Jun 2021	5.3	6.3	14.9	2.6
Average remaining lease term (years): Dec 2021	5.2	6.1	15.6	2.5
Average remaining lease term with no options (years): Dec 2020	7.7	3.4	10.4	2.7
Average remaining lease term with no options (years): Jun 2021	3.5	3.3	14.6	2.1
Average remaining lease term with no options (years): Dec 2021	3.4	3.0	15.5	2.1

<b>IMPACT BY SEGMENT</b>	Dec 2021				Dec 2020			
	Group Rm	WSA Rm	DJ A\$m	CRG A\$m	Group Rm	WSA Rm	DJ A\$m	CRG A\$m
<b>Income statement</b>								
Depreciation	1 294	366	40	44	1 353	399	35	47
Finance costs	774	299	35	8	774	320	29	9
<b>Balance sheet</b>								
Right-of-use assets	20 671	4 737	1 106	300	17 320	5 130	752	348
<b>Cash flows</b>								
Lease liabilities repaid (including finance costs)	2 209	656	87	55	2 399	685	62	83
Finance costs paid	995	505	35	9	1 307	648	38	18
On Lease liabilities	774	299	35	8	809	320	28	14
On interest-bearing debt	221	206	–	1	498	328	10	4

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## CAPITAL EXPENDITURE

**WHL**



### Depreciation and amortisation

	Dec 2021	Dec 2020	% change
Woolworths (Rm)	477	482	(1.0)
David Jones (A\$m)	29	36	(19.4)
Country Road Group (A\$m)	13	17	(23.5)
<b>Total Group pre IFRS 16 (Rm)</b>	<b>931</b>	<b>1 083</b>	<b>(14.0)</b>
Right-of-use assets (Rm)	1 294	1 353	(4.4)
<b>Total Group (Rm)</b>	<b>2 225</b>	<b>2 436</b>	<b>(8.7)</b>

	Dec 2021	Dec 2020
<b>ROCE</b>	13.2%	12.0%
<b>WACC</b>	11.5%	10.5%

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## AUSTRALIA BALANCE SHEET

**WHL**

	Dec 2021 A\$m			Dec 2020 A\$m		
	David Jones	Country Road Group	Total	David Jones	Country Road Group	Total
<b>Assets</b>						
Property, plant and equipment	405	95	500	799	106	905
Intangible assets <sup>1&amp;2</sup>	54	355	409	88	364	452
Right-of-use assets	1 106	300	1 406	752	348	1 100
Inventories	281	147	428	261	117	378
Trade and other receivables						
deferred tax and tax assets	222	354	576	217	188	405
<b>Total assets</b>	<b>2 068</b>	<b>1 251</b>	<b>3 319</b>	<b>2 117</b>	<b>1 123</b>	<b>3 240</b>
Liabilities, excluding borrowings	(432)	(230)	(662)	(483)	(268)	(751)
Lease liabilities	(1 629)	(376)	(2 005)	(1 163)	(424)	(1 587)
<b>Capital employed</b>	<b>7</b>	<b>645</b>	<b>652</b>	<b>471</b>	<b>431</b>	<b>902</b>
Equity <sup>1&amp;2</sup>	354	699	1 053	373	446	819
Net (cash)/borrowings	(347)	(54)	(401)	98	(15)	83
Period-end exchange rate (R/A\$)			11.3			11.1

<sup>1</sup> David Jones excludes brands impaired at Group

<sup>2</sup> Country Road Group includes David Jones notional goodwill allocation

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## TRADING SPACE

**WHL**

	Dec 2021 000m <sup>2</sup>	Dec 2020 000m <sup>2</sup>	% change	Projected Jun 2022 000m <sup>2</sup>	% change	Projected Jun 2023 000m <sup>2</sup>	% change	Projected Jun 2024 000m <sup>2</sup>	% change
<b>Woolworths Fashion, Beauty and Home*</b>	<b>446</b>	<b>474</b>	<b>(6.1)</b>	<b>436</b>	<b>(3.8)</b>	<b>405</b>	<b>(7.1)</b>	<b>402</b>	<b>(0.7)</b>
South Africa	400	428	(6.5)	389	(4.4)	357	(8.2)	354	(0.8)
Rest of Africa	46	46	–	47	2.2	48	2.1	48	–
<b>Woolworths Food</b>	<b>268</b>	<b>262</b>	<b>2.2</b>	<b>270</b>	<b>2.3</b>	<b>275</b>	<b>1.9</b>	<b>281</b>	<b>2.2</b>
South Africa	259	254	2.0	260	2.4	265	1.9	270	1.9
Engen	4	3	33.3	4	–	4	–	4	–
Rest of Africa	5	5	–	6	–	5	–	7	16.7
<b>David Jones*</b>	<b>441</b>	<b>468</b>	<b>(5.8)</b>	<b>423</b>	<b>(4.3)</b>	<b>405</b>	<b>(4.3)</b>	<b>397</b>	<b>(2.0)</b>
<b>Country Road Group**</b>	<b>106</b>	<b>114</b>	<b>(7.4)</b>	<b>100</b>	<b>(9.9)</b>	<b>96</b>	<b>(4.0)</b>	<b>94</b>	<b>(2.1)</b>
Australasia	91	99	(8.1)	86	(10.4)	83	(3.5)	81	(2.4)
South Africa	15	15	–	14	(6.7)	13	(7.1)	13	–

\* These projections are linked to contractual agreements and do not reflect negotiations to reduce space currently in flight

\*\* Includes 22 336 m<sup>2</sup> Country Road brand concessions in David Jones stores

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2022 ANALYST PRESENTATION

## STORE LOCATIONS

**WHL**

	Dec 2021	Dec 2020	Growth	Projected Jun 2022	Growth	Projected Jun 2023	Growth	Projected Jun 2024	Growth
<b>Woolworths Fashion, Beauty and Home</b>	<b>264</b>	<b>277</b>	<b>(13)</b>	<b>261</b>	<b>(6)</b>	<b>263</b>	<b>2</b>	<b>259</b>	<b>(4)</b>
South Africa	199	212	(13)	196	(6)	198	2	195	(3)
Rest of Africa	65	65	–	65	–	65	–	64	(1)
<b>Woolworths Food</b>	<b>462</b>	<b>453</b>	<b>9</b>	<b>469</b>	<b>17</b>	<b>474</b>	<b>5</b>	<b>483</b>	<b>9</b>
South Africa*	357	348	9	359	11	359	–	363	4
Engen	83	80	3	88	7	93	5	98	5
Rest of Africa	22	25	(3)	22	(1)	22	–	22	–
<b>David Jones</b>	<b>45</b>	<b>47</b>	<b>(2)</b>	<b>43</b>	<b>(2)</b>	<b>42</b>	<b>(1)</b>	<b>41</b>	<b>(1)</b>
<b>Country Road Group**</b>	<b>639</b>	<b>710</b>	<b>(71)</b>	<b>603</b>	<b>(86)</b>	<b>576</b>	<b>(27)</b>	<b>564</b>	<b>(12)</b>
Australasia	555	627	(72)	520	(86)	498	(22)	489	(9)
South Africa	84	83	1	83	–	78	(5)	75	(3)

\* Of which 202 are standalone Food stores

\*\* Includes 220 Country Road Group brand concessions in David Jones stores, which may extend over multiple pads

