



WOOLWORTHS LIMITED



COMPANY RESULTS

FULL YEAR 2015
28 August 2015



Overview

- FY15 NPAT before significant items¹ in line with the prior year at \$2.45b, with FY dividend up 1.5% to 139c
- Australian Food, Liquor & Petrol EBIT growth of 2.1%² reflecting subdued sales growth in H2'15
- We are **resetting our Australian Food business** to ensure a sustainable competitive position and maintain strong shareholder returns
- While we enjoy **significant competitive advantages**, a more competitive environment will result in lower margins as we invest to improve all aspects of the customer offer, notwithstanding gathering momentum in operating efficiencies
- **Three year journey is underway to implement our Australian Supermarket Customer 1st Strategy**
- **New leadership team in place and delivering** on commitment to customers not to be beaten on price, enhancing the shopping experience, improving the fruit and vegetable offer and increasing the effectiveness of our communication
- **Invested >\$200m to lower prices in H2'15** which has continued into FY16. Closed the price gap to Coles with our internal price comparisons of 17,000 items showing price parity since end June 2015, and online prices materially cheaper. We verified this by comparing almost 9,000 items to Coles using Nielsen Homescan over Q4'15 with Woolworths cheaper
- **Reinvestment into team hours in FY15 and FY16** is resulting in improved availability and customer service and a better fruit & vegetable offer, and is also translating into improving customer feedback measures including NPS³
- Given the scale and timing of changes we are making, **we expect it will take time for sales to respond to our initiatives**
- **General Merchandise** has been adversely impacted by BIG W business transformation, clearance of unproductive inventory and system implementation issues. Stock availability and inventory clearance continued to impact Q1'16. We are targeting an improvement in profit in FY16 but require improved sales momentum over the key Christmas period
- Approximately 20% of **Masters** stores are now in the new format with average sales per store >30% higher than original format stores. We will refit 3 stores in NSW in H1'16 and open fewer new stores in FY16
- We have made good progress in our transition to our **Lean Retail Model** with cost savings tracking ahead of stated targets of >\$500m. However, FY16 will bear the impact of our response to the competitive environment to meet our value commitment to customers. **Investments in price, service and experience will exceed cost reductions in FY16**

1. Significant items in FY15 represent costs of \$425.9m (before tax) or \$307.3m (after tax and non controlling interests) resulting from transformation projects and property portfolio management initiatives. Refer to appendices for further detail.

2. Before significant items

3. Net Promoter Score



Results — Full Year 2015

	Total Group		Total Group Before Significant Items ¹	
Sales	\$60.7b	↓ 0.2%	\$60.7b	↓ 0.2%
Earnings Before Interest and Tax (EBIT)	\$3,322.5m	↓ 12.0%	\$3,748.4m	↓ 0.7%
Net Profit After Tax (NPAT)	\$2,146.0m	↓ 12.5%	\$2,453.3m	↑ 0.1%
Earnings Per Share	170.8¢	↓ 13.1%	195.2¢	↓ 0.7%
Dividend Per Share	139¢	↑ 1.5%		
Return On Average Funds Employed (ROFE)			25.7%	↓125 bps ²

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2. Before significant items and the investment in our Home Improvement business, ROFE decreased 37bps

Group EBIT

\$m	FY15	FY14	Change
Before Significant Items ¹			
Australian Food, Liquor & Petrol	3,439.8	3,368.0	2.1%
New Zealand Supermarkets (AUD)	303.2	271.4	11.7%
<i>New Zealand Supermarkets (NZD)</i>	326.0	309.8	5.2%
General Merchandise	114.2	152.9	(25.3)%
Hotels	234.5	275.4	(14.9)%
Home Improvement	(224.7)	(169.0)	33.0%
Central Overheads	(118.6)	(123.5)	(4.0)%
Group EBIT (before Significant Items¹)	3,748.4	3,775.2	(0.7)%
Significant Items ¹ (before tax)	(425.9)	-	n.c
Group EBIT (after Significant Items¹)	3,322.5	3,775.2	(12.0)%

1. Significant items in FY15 represent costs of \$425.9m (before tax) or \$307.3m (after tax and non controlling interests) resulting from transformation projects and property portfolio management initiatives. Refer to appendices for further detail.

WOOLWORTHS LIMITED

Divisional highlights



	FY15	FY14	Change
<i>Before Significant Items</i>			
Sales (\$m)			
Food & Liquor (F&L)	42,132	41,171	2.3%
Petrol ¹	5,632	7,065	(20.3)%
Food, Liquor & Petrol (FLP)¹	47,764	48,236	(1.0)%
EBIT FLP (\$m)	3,439.8	3,368.0	2.1%
Gross Margin (%)	25.70	25.19	51 bps
Cost of Doing Business (CODB) (%)	18.50	18.21	29 bps
EBIT to Sales (%)	7.20	6.98	22 bps
Funds Employed (\$m)	4,756.4	4,576.9	3.9%
ROFE (%)	73.71	75.66	(195) bps

Food & Liquor Trading Performance

- Food & Liquor (F&L) sales for the year were \$42.1b, +2.3% with comp sales +0.7%. As previously advised, F&L sales performance in Q4'15 was disappointing, with Easter adjusted comp sales -0.9%
- Deflation in average prices (including effects of promotions & volumes) was 5.2% in Q4'15, significantly above 2.8% deflation for FY15 (FY14: deflation 3.1%) as we accelerated price investment
- The standard shelf price movement index increased 1.2% - also well below the FY15 increase of 3.0% (FY14: 2.1%). Despite significant cost inflation in some products like meat in Q4'15, shelf price increases were kept low as we absorbed higher input costs
- FLP gross margin increased 51 bps, as changes to the Woolworths-Caltex alliance drove a change in sales mix from Petrol towards the higher margin F&L businesses. Continued investment in lowering prices resulted in our F&L gross margin declining by 53 bps
- FLP CODB % increased 29 bps driven by lower sales and investment in store labour - partly offset by lower employee incentives and efficiency cost savings in store operations and support functions
- FLP EBIT increased 2.1% with the EBIT margin increasing 22 bps
- FLP ROFE decreased 195 bps due to continued investment in stores and refurbishments across Supermarkets, Liquor and Petrol on lower EBIT growth
- We expect investment in price and service to continue to exceed cost savings with the impact of this most pronounced in H1'16 as we look to regain comp sales momentum in our Australian Food business

1. Petrol sales are not comparable with the prior year given changes to the Woolworths-Caltex alliance that became effective during Q2'15

Progress to date

- Firmly embedded the customer at the core of our decision making
- New leadership team in place
- Reinvested an incremental 56,000 team hours per week in stores with a particular focus on Fresh, Service and on-shelf availability
- Improved shelf life on key fruit and vegetable lines
- Full review of marketing completed and phase out of Cheap Cheap underway
- First national retailer to sign the Australian Food & Grocery Industry Code of Conduct
- Reinforced our position as Australia's leading online grocery retailer with sales growth >20% in FY15

More to do

- Walk the talk on putting customers first - from store back through the support office
- Better communicate our improved price position
- Further investment of 42,000 store team hours per week
- Rollout capex to improve in-store shopping experience and accelerate store renewal
- Relaunch our Customer Loyalty Program
- Rollout new marketing and brand strategy and communications
- Improve our value proposition on own and exclusive brands to bridge the perception gap with Aldi

Delivering on our price promise for customers:

- Invested over \$200m in price in FY15
- Average price deflation of 5.2% in Q4'15
- Price parity to Coles since the end of June
- Consistent with comparison of 9,000 items using Nielsen Homescan data in Q4'15



Petrol Trading Performance

- Petrol sales for the year were \$5.6b, -20.3% on the previous year (volumes -13.1%), primarily due to changes to the Woolworths-Caltex alliance and declining average fuel sell prices (unleaded FY15: 134.4 cpl; FY14: 151.1 cpl)
- The new arrangement for Caltex operated sites has not had a material profit impact in FY15
- Comp sales (dollars) decreased 10.7% for the year due to the impacts of declining global oil prices and a decline in comp volumes of 2.3% which have been impacted by reduced fuel discount activity following the undertaking to the Australian Competition and Consumer Commission (ACCC) which limited fuel discounts available to customers
- Growth in non-fuel categories continued with total merchandise sales for the year increasing 9.3% and comp merchandise sales increasing 6.2%

Progress to date

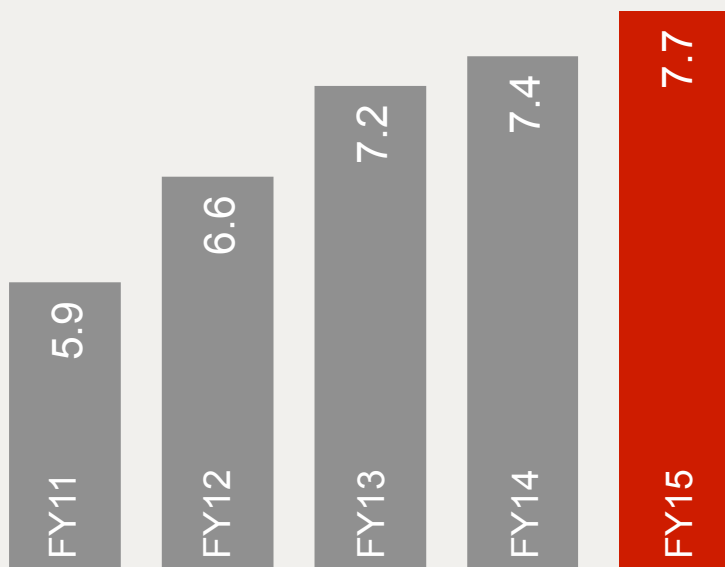
- Invested in forecourt improvements at more than 326 of our sites to improve the customer experience including new electronic price boards at 174 sites
- Accelerated merchandise sales with promotional offers and new range including coffee and bakery
- Increased our network by opening 14 new Petrol sites (net) during the year taking the total number of Woolworths owned sites to 516
- Our customers can now access their fuel discount at a further 11 Woolworths-Caltex alliance sites with 103 redemption sites across the country

More to do

- Grow our network with 18 new sites planned for FY16
- Continued investment in forecourt improvements in FY16 with 100 canopies to be refreshed
- Focus on new categories and specials to drive merchandise sales growth

Progress Against Liquor Plans

Woolworths Liquor Group Sales \$b



- Woolworths Liquor Group is the clear market leader across its formats on price, offer, convenience and innovation

Progress to date

- Continued growth and market share gains in a low growth market environment with Liquor sales of \$7.7b, +4.2% on the prior year
- Balanced growth across our formats with Dan Murphy's (Destination), BWS (Convenience) and The Wine Quarter (Direct & Digital) all reporting improved results
- MyDanMurphy's loyalty program successfully launched in November with >900,000 members to date
- Increased range and reach through the Dan Murphy's Connections program, by providing our customers access to 150 vendors and >3,500 new products
- Reinforced danmurphys.com.au as Australia's premier online liquor destination with another year of strong growth
- Successfully integrated Summergate Fine Wines & Spirits

More to do

- Significant and evolving pipeline of new stores planned for both Dan Murphy's and BWS with 11 new Dan Murphy's and 35 (net 10) new BWS stores planned for FY16
- Continue to capture changing social trends driving premiumisation and new category growth in craft beer and premium spirits
- Remain focused on digital as the fastest growing part of the market through offering more choices to customers
- Renewed focus on best in class, end to end customer experience in all our channels

Note: includes ALH Group on premise liquor sales

NZD	FY15	FY14	Change
<i>Before Significant Items</i>			
Sales (\$m)	5,878	5,737	2.5%
EBIT (\$m)	326.0	309.8	5.2%
Gross Margin (%)	23.50	23.67	(17) bps
CODB (%)	17.95	18.27	(32) bps
EBIT to Sales (%)	5.55	5.40	15 bps
Funds Employed (\$m)	3,080.7	3,052.9	0.9%
ROFE (%)	10.63	9.88	75 bps

Trading Performance

- Sales for the year were NZ\$5.9b, +2.5% (+5.4% in AUD). Comp sales increased 0.9% benefiting from our strategy to invest in lower prices and as we cycled a weaker sales performance
- Countdown Supermarkets food price index showed deflation of 0.2% (Q4'15: deflation 0.3%; FY14: inflation 0.7%), with deflation across a number of categories particularly Grocery and Bakery as the Price Lockdown and Price Drop campaigns gained momentum
- Comp growth in customer numbers and units sold since we launched these campaigns has continued
- Gross margin decreased 17 bps driven by the reinvestment in price
- CODB % decreased 32 bps due to the impact of lower employee incentive compensation combined with strong cost control across support functions
- ROFE was 75 bps higher driven by the 5.2% increase in EBIT

Progress to date

- We delivered better prices by substantially increasing the number of product ranges on Price Lockdown and Price Drop (our price down programs) beating internal targets and improving our price competitiveness vs. our competitors
- We extended and enlivened our offer by rolling out Bulk Foods and continued to build our offer in Kitchenware, Sushi, Better for You, Manchester and Pharmacy
- Countdown.co.nz cemented its position as New Zealand's leading online grocery retailer with another double digit sales increase
- We continued to build the Countdown network with 8 new stores and 6 refurbishments completed during the year

More to do

- Implement same customer metrics and focus as Australian Food
- Continue to extend our price down program
- Lift performance of fruit and vegetables, with a particular focus on fixtures and supply chain
- Continue to drive online shopping via extending both Click & Collect and home delivery
- Grow the Countdown network with 8 new stores planned for FY16 and ongoing store refurbishments



Trading Performance

- FY15 sales were \$4.1b, -5.7% with comp store sales -7.2%. Sales continue to be impacted by the ongoing BIG W transformation plan. As part of the transformation, we introduced a new merchandising system to improve insights into trading and inventory management as the business mix changes towards softgoods
- Issues with implementation during Q4'15 led to low stock availability in a number of categories impacting sales. These issues are now largely resolved with final resolution expected in late September. Sales were also impacted by price deflation (FY15: 2.6%) and inventory clearance cannibalising full priced merchandise
- Trading in July and August, whilst still disappointing, improved relative to Q4'15 with comp sales for the first 8 weeks of FY16 declining 8.9%
- Gross margin improvement of 94 bps reflects shifts in sales mix towards higher margin apparel, better buying and lower shrinkage costs and a full year contribution of EziBuy, partially offset by markdowns and clearance
- CODB (%) increased 167 bps with disappointing trading result limiting the ability to fractionalise costs and inclusion of EziBuy for the full year. CODB (\$) was flat despite opening 2 BIG W and 1 EziBuy store as overhead costs were well managed
- We continue to target an improvement in profitability in FY16 but this will require an improvement in sales momentum over the key Christmas trading period

	FY15	FY14	Change
<i>Before Significant Items</i>			
Sales (\$m)	4,106	4,352	(5.7)%
EBIT (\$m)	114.2	152.9	(25.3)%
Gross Margin (%)	34.72	33.78	94 bps
CODB (%)	31.94	30.27	167 bps
EBIT to Sales (%)	2.78	3.51	(73) bps
Funds Employed (\$m)	1,075.6	1,230.5	(12.6)%
ROFE (%)	9.90	13.75	(385) bps

Progress to date

- Strong progress in clearance of unproductive inventory through Drop Zone with c.80% cleared to date
- Visual merchandising improvement programs in Womenswear, Menswear and Childrenswear rolled out to 40 stores in FY15
- Rolled out new Party category to 63 stores
- Significantly increased the number of products available online to over 28,000 with a further 8,000 products for customers to research
- Ongoing focus on newness with exclusive Arts & Craft, Technology, Toys and Kardashian Kids Clothing Collection in stores from August
- Embedded improved capability in our team with the key appointments of Lesya McQueen, General Manager Buying and Merchandising and Mark Axon, General Manager Operations

More to do

- On track to have completed clearance activity before Christmas
- Planning a further 67 Party stores in H1'16
- Rolling out a second dedicated events space across all stores by September 2015
- Continue visual merchandising improvements across our stores with rollout to 67 stores planned for H1'16
- Refreshing BIG W marketing and communication to be rolled out in FY16
- Appointment of new Managing Director



	FY15	FY14	Change
Sales (\$m)	1,475	1,472	0.2%
EBIT (\$m)	234.5	275.4	(14.9)%
Gross Margin (%)	83.11	82.82	29 bps
CODB (%)	67.21	64.11	310 bps
EBIT to Sales (%)	15.90	18.71	(281) bps

Trading Performance

- Excluding the impact of the additional Victorian gaming tax which came into effect in May 2014, Hotel sales increased 1.5% and comparable sales increased 0.9%
- Sales for the year were \$1,475m, an increase of 0.2% with comparable sales decreasing by 0.4%. While trading in Victoria and Queensland remains subdued, we have seen an improvement in trading conditions over the second half driven by improved promotional offerings
- Gross margin increased 29 bps on the prior year due to changes in sales mix
- CODB % increased 310 bps, impacted mainly by additional rental expense (net of depreciation savings) following the sale and leaseback of 54 freehold hotel sites in October 2014 and the lower trading result due to the Victorian gaming tax. Cost savings from improved efficiency across support functions and venue operations were offset by increased marketing and promotional spend
- Excluding the impact of the additional Victorian gaming tax and the additional net rental expense following the sale of the hotel sites, EBIT increased marginally on the prior year
- Reported EBIT decreased 14.9% on the previous year

Progress Against Hotel Plans

Progress to date

- Rollout of voluntary pre-commitment functionality gathered pace with the NSW rollout completed in June
- Refurbished 39 key venues including the Brunswick Hotel, Melbourne Hotel, Jimboomba Hotel, and Dublin Docks in Queensland, the Pascoe Vale Hotel in Victoria and the Village Tavern in SA
- A focus on improving Bar sales delivering results
- Continued growth in Food and Accommodation sales benefitting from improved menus, promotions and online growth

More to do

- Voluntary pre-commitment functionality to be completed in Queensland and Victoria by December 2015
- More key refurbishments to be completed in FY16
- Upgrading of menus and promotional offers like kids eat free to drive Food sales
- Continue to improve Bar trading with entertainment, sponsorships and events with increased use of online channels to communicate offers to drive customer traffic
- Facilitate growth of the Liquor business with 5 ALH Dan Murphy's to be opened in FY16 adding to the portfolio of 75



	FY15	FY14	Change
<i>Before Significant Items</i>			
Sales (\$m)			
Masters	930	752	23.7%
Home Timber & Hardware (HTH)	937	775	20.9%
Home Improvement	1,867	1,527	22.3%
EBIT (\$m)			
Masters	(245.6)	(176.0)	39.5%
Home Timber & Hardware	20.9	7.0	198.6%
Home Improvement	(224.7)	(169.0)	33.0%

Trading Performance

- Masters sales for the year were \$930m, +23.7%. We opened our 58th store shortly before year end. At the end of FY15, Masters stores had traded on average for 2 years
- First store with the new format and range opened in April with 9 open by year end. New stores are delivering pleasing results with average sales per store >30% higher than original format
- Commenced program to retrofit the new format and range into existing network. We retrofitted 2 stores by the end of FY15 with another store completed in early July. Results from these stores are also pleasing
- At the end of FY15 c.20% of the network was in the new format and we aim to have half the network in the new format and range by end FY16. We continue to carefully assess performance of these stores and have reduced the rollout to focus on key metro areas and high potential sites
- Masters loss before interest and tax increased to \$245.6m with the annualisation of the 18 original format stores opened in FY14 contributing to the increase
- HTH sales for the year were \$937m, an increase of 20.9%, driven by the acquisition of Hudson Building Supplies and Belmont Timber and Hardware as well as strong growth in our wholesale operations benefitting from a buoyant trade market
- HTH reported strong growth in EBIT on the back of the improved sales performance and recent acquisitions

Progress to date

- 11 stores in new format at the end of the financial year including 9 new stores and 2 retrofitted stores
- New store financial performance significantly better than the performance of the original store formats
- Significant progress in our comprehensive range review with new range being progressively rolled out with 5,300 new lines added
- Rollout refocused on strategic and high potential locations

More to do

- Targeting c.50% of fleet in new format by end of FY16
- High potential stores opening in Penrith and Northmead, NSW in FY16
- Global leading brands, Sherwin-Williams (paint), Loctite (adhesives) and Honda (mowers) are due to be rolled out to stores in September/October
- Complete the back-integration of new range to older format stores
- Continue to improve value perception through national campaigns driving foot traffic and sales



WOOLWORTHS LIMITED

Financial update



Balance Sheet

\$m	FY15	FY14	Change
Inventory	4,872.2	4,693.2	3.8%
Trade Payables	(5,040.0)	(4,588.4)	9.8%
Net Investment in Inventory	(167.8)	104.8	(260.1)%
Receivables	1,001.9	965.2	3.8%
Other Creditors	(3,102.9)	(3,184.9)	(2.6)%
Working Capital	(2,268.8)	(2,114.9)	7.3%
Fixed Assets and Investments	10,545.6	10,394.5	1.5%
Intangible Assets	6,244.5	6,335.0	(1.4)%
Total Funds Employed	14,521.3	14,614.6	(0.6)%
Net Tax Balances	654.1	522.9	25.1%
Net Assets Employed	15,175.4	15,137.5	0.3%
Net Repayable Debt ¹	(3,067.3)	(3,731.6)	(17.8)%
Other Financial Liabilities	(976.1)	(880.5)	10.9%
Total Net Assets	11,132.0	10,525.4	5.8%

- **Closing inventory** increase was driven by new store openings, in particular 30 Australian Supermarkets (net), nine Masters and 41 Liquor (net) stores and acquisitions in Liquor and Home Improvement
- **Net investment in inventory** of (\$167.8m) impacted by differences in the timing of creditor payments (approximately \$155m)
- **Fixed assets and investments** increase reflects ongoing property development and capital expenditure, with 157 new stores and 211 refurbishments since FY14
- **Intangible assets** decrease reflects reduction in New Zealand Supermarkets intangibles attributable to the weaker New Zealand dollar offset by intangibles recognised on acquisition of Summergate Fine Wines & Spirits, Hudson Building Supplies and Belmont Timber & Hardware
- **Net repayable debt** decrease reflects additional cash generated from the sale of property (primarily the sale of 54 freehold hotel sites) and investments
- **Other financial liabilities** increase primarily reflects an increase in the value of the Lowe's put option in our Home Improvement business

1. Includes cash, borrowings, hedge assets and liabilities

Cash Flow

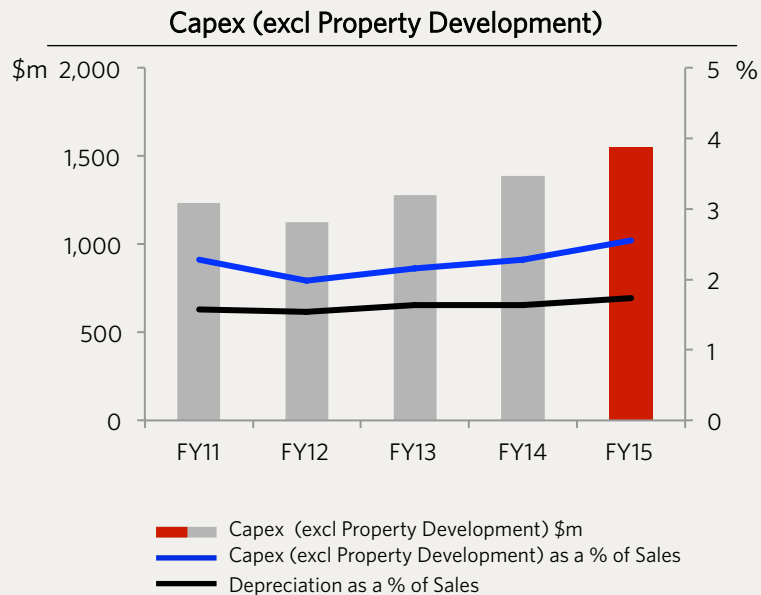
\$m	FY15	FY14	Change
EBITDA – Total¹	4,464.9	4,771.5	(6.4)%
Net increase in inventory	(161.0)	(420.9)	
Net increase in trade payables	406.8	524.1	
Net change in other working capital and non-cash	0.4	98.7	
Cash from Operating Activities before interest and tax	4,711.1	4,973.4	(5.3)%
Net interest paid	(310.3)	(338.2)	
Tax paid	(1,055.7)	(1,162.5)	
Total cash provided by Operating Activities	3,345.1	3,472.7	(3.7)%
Proceeds from the sale of property, plant and equipment	840.5	181.7	
Proceeds from the sale of subsidiaries and investments	84.9	37.0	
Proceeds from the sale of assets to SCA Property Group	-	12.2	
Payments for the purchase of businesses, investments and contingent consideration	(91.2)	(371.5)	
Payments property development	(595.7)	(534.9)	
Payments for property, plant and equipment	(1,535.3)	(1,321.5)	
Payments for intangible assets	(41.7)	(42.3)	
Dividends received	4.6	7.9	
Total cash used in Investing Activities	(1,333.9)	(2,031.4)	(34.3)%
Lowe's cash contributions (Home Improvement)	170.0	183.0	
Transactions with non-controlling interests	(13.5)	-	
Free Cash Flow before equity related Financing Activities	2,167.7	1,624.3	
Proceeds from share issues/other	6.0	35.5	
Dividends paid (including to non-controlling interests)	(1,567.4)	(1,523.1)	
Free Cash Flow after equity related Financing Activities	606.3	136.7	

- Cash flow from operating activities before interest and tax was \$4,711.1m, and was impacted by:
 - Approximately \$100m significant item cash outflows
 - Differences in the timing of creditor payments relative to the reporting date (approximately \$145m)
 - Adjusting for these items, operating cashflow before interest and tax was relatively flat year on year
- Net interest paid decrease was driven by lower average net debt due to proceeds received from the sale of property and investments
- Proceeds from the sale of property, plant and equipment included \$603.0m from the sale of 54 freehold hotel sites
- Payments for the purchase of businesses related to the acquisition of Summergate Fine Wines & Spirits, Hudson Building Supplies and Belmont Timber & Hardware
- Payments for property development relates to property acquisition spend to support our future store network
- Payments for property, plant and equipment were higher in FY15 reflecting increased refurbishments, investment in new merchandising systems and the early stage spend on Mercury2
- Transactions with non-controlling interests represents the purchase of the remaining 40% interest in Hardings Hardware in October 2014

1. Excluding significant items, EBITDA increased 0.6%. Significant items in FY15 represent costs of \$425.9m (before tax) or \$307.3m (after tax and non controlling interests) resulting from transformation projects and property portfolio management initiatives. Refer to appendices for further detail.

Capital Expenditure

\$m	FY15 Actual	FY14 Actual
New Stores - excluding Home Improvement (HI)	225	266
Refurbishments - excluding HI	416	312
New Stores and Refurbishments - HI	79	91
Supply Chain, IT, Multi-option and Stay in Business	830	717
Capex (excl Property Development)	1,550	1,386
Property Developments (net of sales) - excluding HI ¹	229	177
Property Developments - HI	185	235
Net Capex¹	1,964	1,798

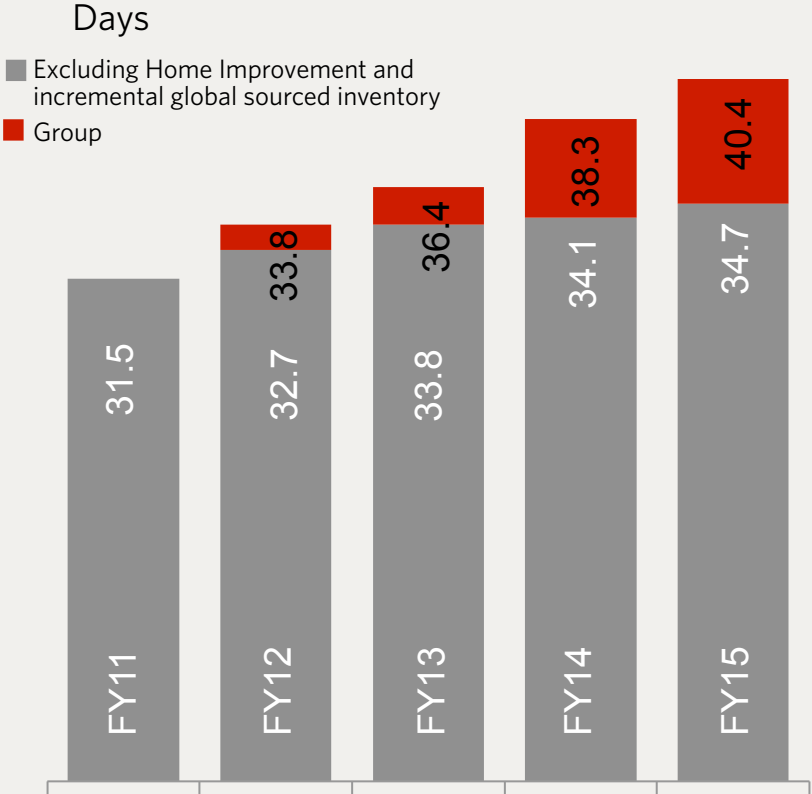


- FY15 Net Capex of \$1.96b was below our original FY15 forecast of \$2.23b as we re-assessed all capex requirements
- We expect FY16 Net Capex to be between \$1.5-1.7b, subject to timing of property disposals

1. Excludes the \$603.0m proceeds received in HY15 in relation to the disposal of 54 freehold Hotel sites and SCA Property Group transaction

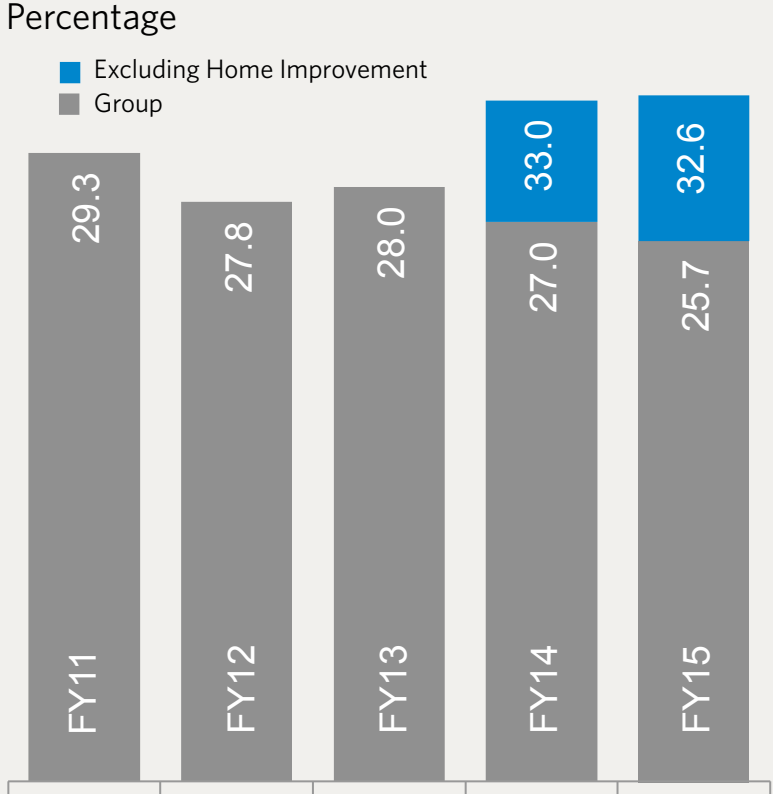
Key Balance Sheet Metrics

Average Inventory Days (Continuing Operations)



Average inventory increased 2.1 days on FY14 or increased 0.6 days excluding Home Improvement and incremental global sourced inventory

Return On Average Funds Employed From Continuing Operations Before Significant Items¹



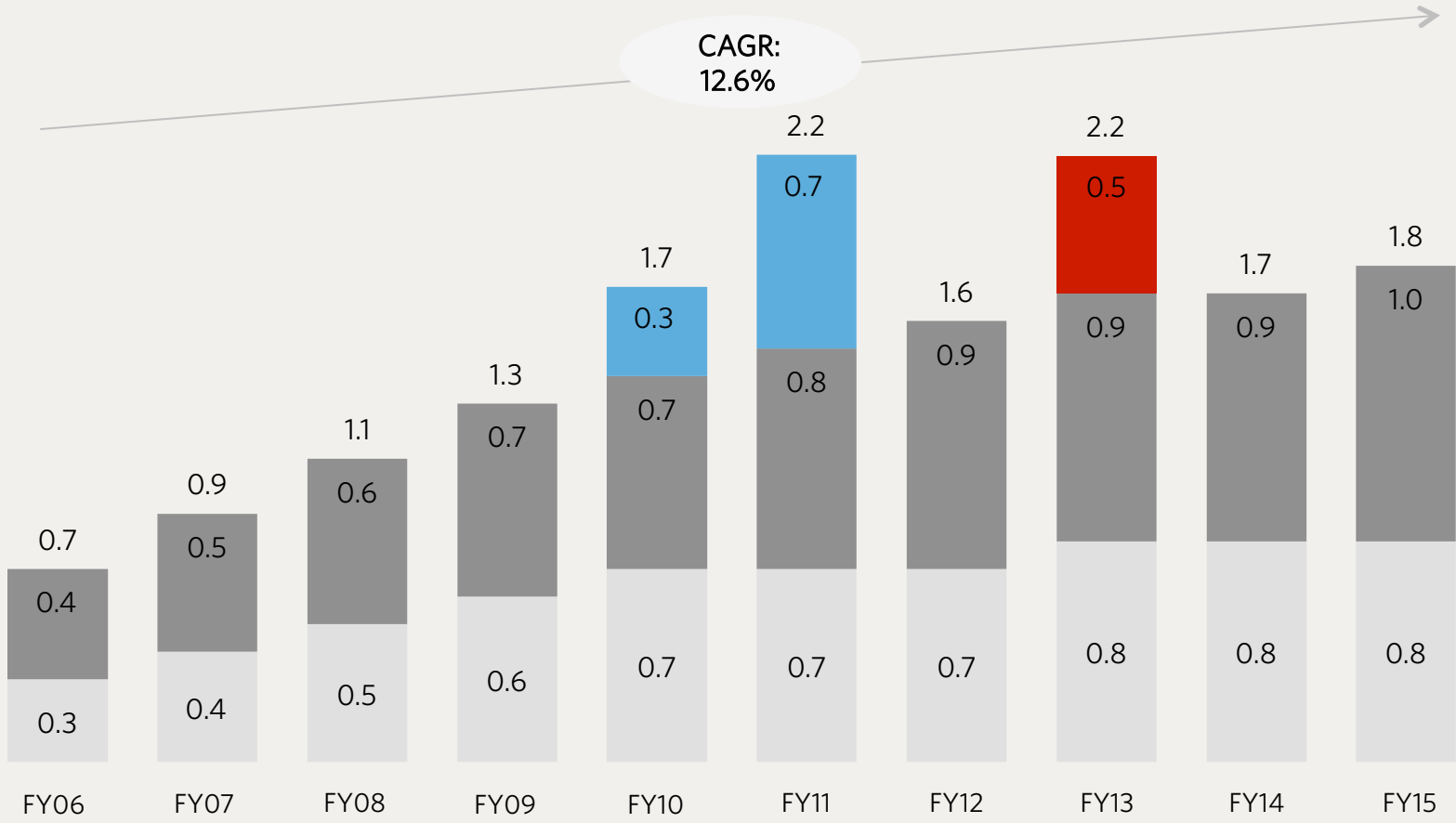
ROFE¹ of 25.7%, decreased 125 bps on FY14.
ROFE¹ excluding Home Improvement decreased 37 bps

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Growth in Shareholder Dividend Payments Continued in FY15

\$b

- Interim dividend
- Buy back
- Final dividend
- In-specie distribution



Outlook

- At the Investor Day in May we identified significant opportunities for performance improvement within the business. We also identified key challenges to realising that performance. Whilst we have begun to address these challenges, there remains much more to do
- As previously disclosed, we will not provide profit guidance for FY16. We expect investment in price and service to continue to exceed cost savings with the impact of this most pronounced in H1'16 as we look to restore the rate of comparable sales growth in our Australian Food business
- We are ensuring that all our divisions are focused on improving sales momentum over the key Christmas trading period



Appendices

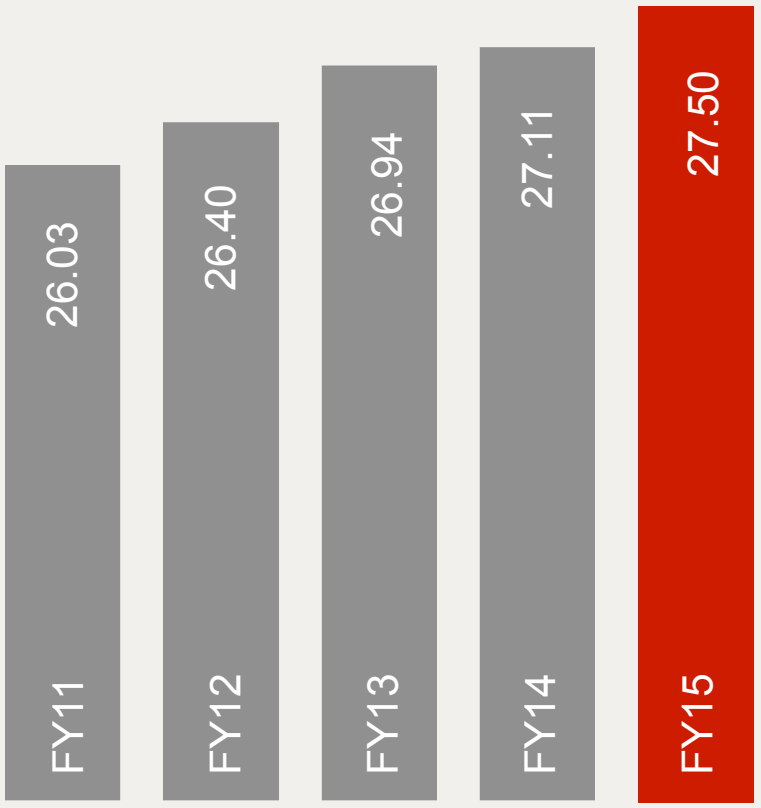
Group Sales

\$m	FY15	FY14	Change
Australian Food & Liquor	42,132	41,171	2.3%
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Australian Food, Liquor & Petrol ¹	47,764	48,236	(1.0)%
New Zealand Supermarkets (AUD)	5,467	5,186	5.4%
<i>New Zealand Supermarkets (NZD)</i>	<i>5,878</i>	<i>5,737</i>	<i>2.5%</i>
General Merchandise	4,106	4,352	(5.7)%
Hotels	1,475	1,472	0.2%
Masters	930	752	23.7%
Home Timber and Hardware	937	775	20.9%
Home Improvement	1,867	1,527	22.3%
Group Sales	60,679	60,773	(0.2)%
<i>Group Sales (excluding Petrol)</i>	<i>55,047</i>	<i>53,708</i>	<i>2.5%</i>

1. Petrol sales are not comparable with the prior year given changes to the Woolworths-Caltex alliance that became effective during Q2'15

Gross Profit Margin From Continuing Operations Before Significant Items¹

Percentage



Comments

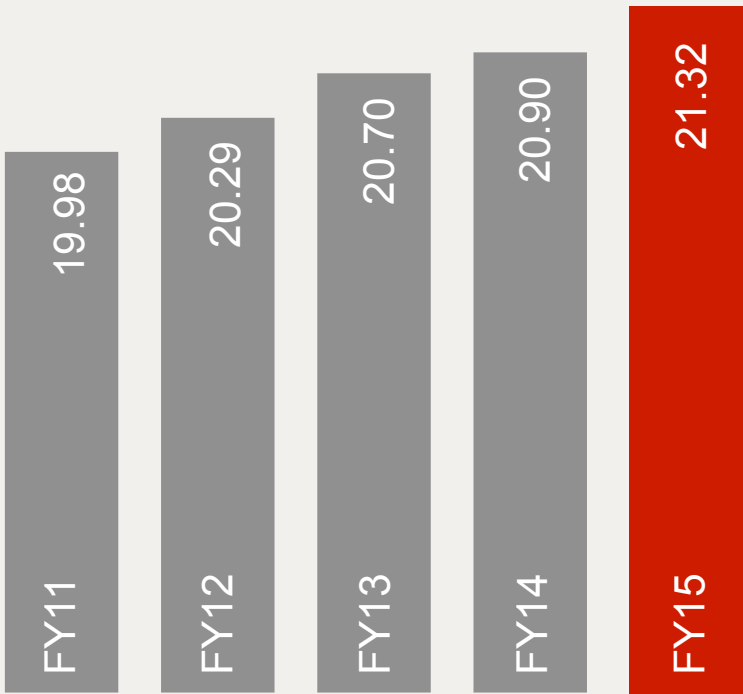
Despite continued investment in prices in both Australian Food & Liquor (-53 bps) and New Zealand Supermarkets (-17 bps), gross margin (before significant items¹) as a percentage of sales increased 39 bps driven by:

- Changes in sales mix from Petrol to our higher margin businesses
- Improved Petrol margin driven by falling wholesale fuel prices

1. Significant items in FY15 represent costs of \$425.9m (before tax) or \$307.3m (after tax and non controlling interests) resulting from transformation projects and property portfolio management initiatives. Refer to appendices for further detail.

CODB/Sales From Continuing Operations Before Significant Items¹

Percentage



Comments

CODB (before significant items¹) as a percentage of sales increased 42 bps impacted by:

- Subdued sales growth
- Changes to the Woolworths-Caltex alliance

Partially offset by:

- Cost savings through improved efficiency across store operations and support functions
- Lower employee incentive based remuneration

1. Significant items in FY15 represent costs of \$425.9m (before tax) or \$307.3m (after tax and non controlling interests) resulting from transformation projects and property portfolio management initiatives. Refer to appendices for further detail.

Significant Items

\$m	Reported at HY15	Reported at June 15	Total FY15
Significant Items			
General Merchandise transformation provision	(148.2)	-	(148.2)
Business transformation costs	-	(199.1)	(199.1)
Redundancy costs	-	(43.0)	(43.0)
Property portfolio review	-	(35.6)	(35.6)
EBIT impact from Significant Items	(148.2)	(277.7)	(425.9)
Tax benefit	44.5	73.3	117.8
Non Controlling interests	-	0.8	0.8
NPAT impact from Significant Items after non controlling interests	(103.7)	(203.6)	(307.3)

Total significant items of \$425.9m before tax (\$307.3m after tax and non controlling interests) comprise of:

- **General Merchandise transformation provision** of \$148.2m before tax primarily related to inventory and associated expenses of facilitating the alignment of inventory to our customer strategy
- **Business transformation costs** of \$199.1m before tax primarily representing resourcing and professional services costs associated with business transformation programs, accelerated depreciation of assets no longer in use and inventory provisioning due to changes in strategy
- **Redundancy costs** of \$43.0m before tax primarily associated with restructuring initiatives across corporate-wide support functions, supply chain and non customer facing positions
- **Property portfolio impact** of \$35.6m before tax primarily associated with accelerating the disposal of certain non-core property sites unlikely to be developed within the next five years

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