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WOOLWORTHS HOLDINGS LIMITED

**PRELIMINARY AUDITED GROUP RESULTS FOR THE 52 WEEKS
ENDED 24 JUNE 2018 AND CASH DIVIDEND DECLARATION**



WOOLWORTHS HOLDINGS LIMITED

2018 Annual Results

PRESENTATION OUTLINE

01 / *Review of the year*

02 / *Financial review*

03 / *Strategy update*

04 / *Outlook*

01 REVIEW OF THE YEAR

Ian Moir



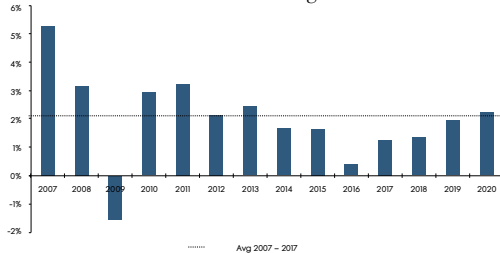
GROUP PERFORMANCE

- Cyclical challenges and structural changes continued
- Extremely tough trading conditions in both markets
- Poor product execution in Clothing in Woolworths
- Continued market-leading sales growth in Woolworths Food
- Significant disruption from transformational initiatives in David Jones
- Carrying value of David Jones assets reduced by A\$712.5 million in December 2017
- Strong performance from Country Road Group
- Turnover up **1.6%**, adjusted profit before tax down **13.8%**
- Headline earnings per share declined by **17.7%**
- Total dividend declined by **23.6%**

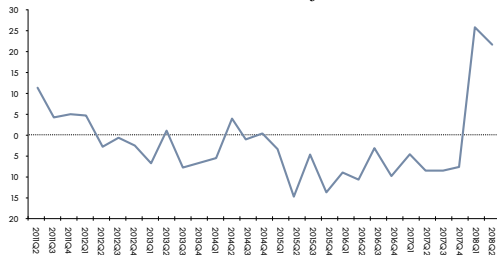


SOUTH AFRICAN MACRO ENVIRONMENT

Real annual GDP growth %



FNB/BER Consumer confidence index



- A turbulent year with political uncertainty and low economic growth impacting consumer confidence in H1
- Improved economic outlook and political change, moderating inflation, and lower interest rates boosted consumer confidence in H2
- However, consumer spending remained under pressure, hampered by increases in fuel and VAT, muted credit extension, and high unemployment

WOOLWORTHS FASHION, BEAUTY & HOME

- Sales **1.5%** lower, with comparable sales **4.1%** lower, price movement of **0.8%**, and **2.5%** net new space
- Poor brand and product execution in clothing, particularly in womenswear
- Improved womenswear ranges delivered in H2, but overall sales in clothing impacted by a more constrained consumer and promotional activity in Q4
- Strong sales growth in Beauty
- Online sales up **77.3%** on LY due to increased availability and online promotions
- Gross profit margin **1.2%** lower due to higher promotional activity and higher summer season markdowns
- Tight inventory management in H2
- Operating profit **21.3%** lower



WOOLWORTHS FOOD

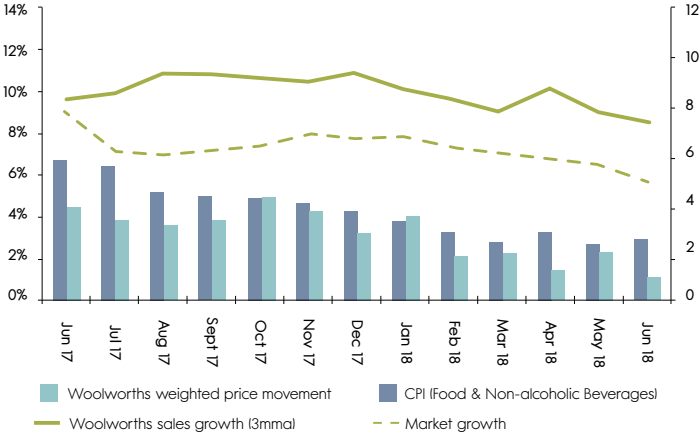
- Consistent growth ahead of market for the past 8 years
- Sales up **8.4%**, with comparable sales up **4.8%** and **3.5%** net new space
- Price movement of **3.2%**, **2.1%** in H2
- Positive volume growth of **1.6%** in comparable stores, **2.2%** in H2
- Strong online sales growth, up **17.6%** on LY
- Gross profit margin declined **0.1%**, due to competitive pricing and increased promotional activity
- Operating profit up **9.6%**



WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

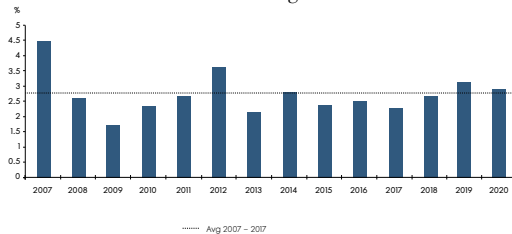
WOOLWORTHS FOOD MARKET SHARE

Woolworths vs market growth (3mma)

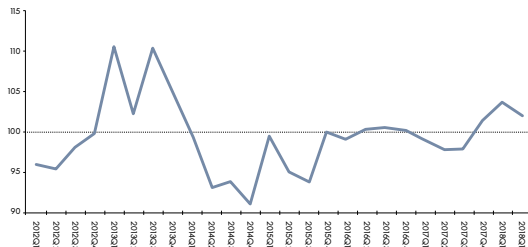


AUSTRALIAN MACRO ENVIRONMENT

Real annual GDP growth %



Westpac-Melbourne Institute Consumer Sentiment Index



- Despite low interest rates and strong job growth, consumer spending remained depressed by high levels of indebtedness, a cooling housing market, low wage growth, and rising non-discretionary costs
- The apparel sector was constrained, highly competitive and promotionally driven
- Continued reduction in shopping mall footfall as customers shift to online shopping

DAVID JONES

- A **significantly disruptive and difficult year**, with major disruption from transformational initiatives and tough economic conditions
- Total sales **0.9%** lower, with comparable sales **0.4%** lower
- Sales improved progressively from mid-November – H2 total sales up **2.2%** and comparable sales up **2.7%**
- **Sales momentum continuing** into the new financial year
- Strong online sales growth of **21.4%**, **5.3%** of total sales, sales growth now >50% on LY since re-platform
- Gross profit margin increased **0.1%** to **37.1%**, despite increased promotional activity in the highly competitive market
- Net space increase of **0.1%**, with gross reductions of **4.1%** from space optimisation
- Adjusted operating profit margin decreased from **6.3%** to **3.8%**, impacted by transformational initiatives
- Ongoing savings of **A\$20 million** achieved post year end



COUNTRY ROAD GROUP

- Sales up **1.7%**, comparable sales **1.8%** lower (excluding Politix acquired in November 2016)
- Strong performance from Witchery, Mimco and Politix offset by poor performance in Country Road
- Gross profit margin up **2.5%** to **62.8%** due to strong focus on full-priced sales and good inventory management
- Continued strong online sales growth, up **20.8%**, now **18.0%** of sales
- Net space increase of **2.5%**, largely due to Politix roll-out in David Jones, with gross reduction of 7.0% from closures in other brands
- Operating profit up **5.1%**
- Operating profit margin up **0.3%** to **9.6%**
- Ongoing cost savings of **A\$5 million** achieved post year end
- New Country Road Managing Director, Elle Roseby, appointed in July 2018



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FINANCIAL REVIEW

Reeza Isaacs



FINANCIAL OVERVIEW

*Turnover and
concession sales*

+1.6%

to R75.2 billion

*Adjusted profit
before tax*

-13.8%

to R4.8 billion

HEPS

-17.7%

to 346.3 cps

*HEPS –
Adjusted diluted*

-12.8%

to 364.1 cps

EPS at

-369.5^{cps}

Total dividend

-23.6%

to 239.0 cps

*ROE**

18.0%

from 20.8%

* DJ asset impairment added back

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

GROUP INCOME STATEMENT

	Jun 2018 Rm	Jun 2017 Rm	% change	
Woolworths Fashion, Beauty and Home	1 707	2 168	(21.3)	
Woolworths Food	2 167	1 977	9.6	
WFS (50% of PATI)	286	259	10.4	
Woolworths	4 160	4 404	(5.5)	Good performance from Food and WFS; further decline in FBH
David Jones	660	1 305	(49.4)	Improved H2 sales growth; costs and disruption of various transformational initiatives
Country Road Group	1 032	987	4.6	Slowdown in H2 sales growth in CR; margins and expenses well managed
Profit before interest and tax	5 852	6 696	(12.6)	Lower base rates and margins; strengthening of the rand
Net finance and other costs	(1 072)	(1 151)	(6.9)	
Adjusted profit before tax	4 780	5 545	(13.8)	
Adjustments	(7 214)	1 181		
(Loss)/profit before tax	(2 434)	6 726	>(100)	
Tax	(1 115)	(1 278)	(12.8)	
(Loss)/profit after tax	(3 549)	5 448	>(100)	
Adjusted effective tax rate	27.4%	27.5%		No tax shield on impairment; adjusted effective rate marginally lower than last year

Adjustments	Jun 2018 Rm	Jun 2017 Rm
Impairment of David Jones assets	(6 927)	–
Relocation and restructure costs	(146)	(173)
Onerous leases	(147)	–
Transaction and swap close-out costs	–	(77)
Forex gain	6	11
Profit on sale of Market Street, net of impairment	–	1 420
	(7 214)	1 181

WOOLWORTHS FASHION, BEAUTY AND HOME

INCOME STATEMENT

	Jun 2018 Rm	Jun 2017 Rm	% change	
Turnover	13 687	13 894	(1.5)	• Comp store sales down 4.1%; price movement 0.8%; womenswear and Edition still in recovery
Cost of sales	7 297	7 244	0.7	
Gross profit	6 390	6 650	(3.9)	• 120 bps lower; higher levels of markdowns and promotions
Other revenue	18	19	(5.3)	
Expenses	4 702	4 502	4.4	
Store costs	3 269	3 071	6.4	• 2.5% new space, comp growth of 2.7%
Other operating costs	1 433	1 431	0.1	• Focus on head office and discretionary costs
Adjusted operating profit	1 706	2 167	(21.3)	
Gross profit margin – on turnover	46.7%	47.9%		
Operating profit margin – on turnover	12.5%	15.6%		

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

WOOLWORTHS FOOD

INCOME STATEMENT

	Jun 2018 Rm	Jun 2017 Rm	% change	
Turnover and concession sales	30 019	27 688	8.4	Strong volume growth; comp store sales up 4.8%, with price movement of 3.2%
Concession sales	(687)	(613)	12.1	
Turnover – own buy	29 332	27 075	8.3	
Cost of sales	21 989	20 281	8.4	Margin 10 bps down; continued price investment and promotional activity; offset by better waste and rebates
Gross profit – own buy	7 343	6 794	8.1	
Concession and other revenue	130	124	4.8	
Expenses	5 306	4 941	7.4	
Store costs	3 848	3 513	9.5	Space growth of 3.5%; comp growth of 5.0%
Other operating costs	1 458	1 428	2.1	Focus on head office and discretionary costs
Adjusted operating profit	2 167	1 977	9.6	
Gross profit margin – on turnover	25.0%	25.1%		
Operating profit margin – on turnover	7.4%	7.3%		

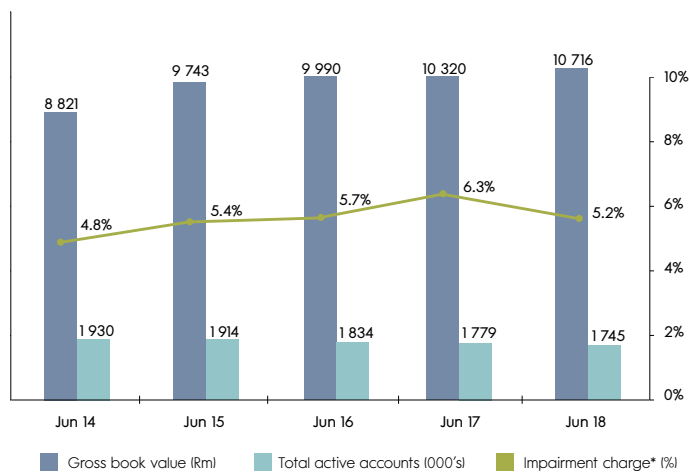
WOOLWORTHS FINANCIAL SERVICES

	Jun 2018 Rm		Jun 2017 Rm		% change	
Average financial services assets	10 659		10 194		4.6	Book growth driven by Credit Card portfolio growth
Income Statement		% to book		% to book		
Interest income	2 166	20.3	2 123	20.8	2.0	
Interest paid	640	6.0	633	6.2	1.1	Lower net yield due to 2 repo rate adjustments
Net interest income	1 526	14.3	1 490	14.6	2.4	
Impairment charge	551	5.2	638	6.3	(13.6)	Improved book shape; strong collections and lower debt counselling inflows
Risk-adjusted margin	975	9.1	852	8.4	14.4	
Non-interest revenue	810	7.6	769	7.5	5.3	Higher credit card spend and monthly fees
Operating costs	985	9.2	906	8.9	8.7	Growth-related costs; investments in customer acquisition campaigns
Profit before tax	800	7.5	715	7.0	11.9	
Return on equity	29.6%		26.4%			Ahead of medium-term target

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

WOOLWORTHS FINANCIAL SERVICES

BOOK PERFORMANCE



* Includes collection costs

DAVID JONES

INCOME STATEMENT

	Jun 2018 A\$m	Jun 2017 A\$m	% Change
Turnover and concession sales	2 212	2 214	(0.1)
Concession sales	(763)	(750)	1.7
Turnover – own buy	1 449	1 464	(1.0)
Cost of sales	829	832	(0.4)
Gross profit – own buy	620	632	(1.9)
Concession and other revenue	200	188	6.4
Gross profit	820	820	–
Expenses	775	712	8.8
Store costs	623	585	6.5
Other operating costs	152	127	19.7
Department store operating profit	45	108	(58.3)
Financial services operating profit	19	19	–
Adjusted operating profit	64	127	(49.6)
Strategic initiatives	38	31	
Food and Value Chain	20	16	
Elizabeth and Market Street costs	18	15	
Adjusted operating profit before strategic initiatives	102	158	(35.4)
Gross profit margin	37.1%	37.0%	
Operating profit margin*	3.8%	6.3%	

Full year comp sales down 0.4%; H2 sales up 2.2% and 2.7% in comp stores; online up 21.4%

GP margin up 10bps; change in mix between own buy and concession; higher number of serviced concessions

Impacted by store openings, and new Food formats

Impact of transformational initiatives – Food, value chain, online re-platforming, increased depreciation, head office rental, Elizabeth Street refurbishment

Cost and structure review will remove A\$20m from base

* Department store operating profit (before strategic initiatives) as a percentage of turnover and concession sales

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

COUNTRY ROAD GROUP

INCOME STATEMENT

	Jun 2018 A\$m	Jun 2017 A\$m	% change	
Turnover	1 074	1 056	1.7	Comp sales down 1.8% impacted by CR womenswear, online up 20.8%
Cost of sales	400	419	(4.5)	
Gross profit	674	637	5.8	Up 250 bps from higher full-priced sales and reduced promotions; sourcing gains
Other revenue	5	4	25.0	
Expenses	576	543	6.1	Includes non-comp Politix costs; comp store costs 1.9% up on last year
Store costs	412	387	6.5	
Other operating costs	164	156	5.1	
Adjusted operating profit	103	98	5.1	
Gross profit margin – on turnover	62.8%	60.3%		
Operating profit margin – on turnover	9.6%	9.3%		

NET FINANCE AND OTHER COSTS

	Capital	Rate*	Jun 2018 Rm	Jun 2017 Rm	
ZAR long-term debt	R9.4bn	8.88%	870	935	•
AUD long-term debt	A\$431m	4.48%	183	197	•
Net finance costs			1 053	1 132	
Other costs			19	19	
Net finance and other costs			1 072	1 151	
Interest cover (times)			7.5	7.3	

Reduction in gearing and decrease in SA base rates and margins

Average debt marginally higher; lower average base rates and margins; stronger rand

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

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

GROUP BALANCE SHEET

	Jun 2018 Rm	Jun 2017 Rm	% change	Constant currency % change	
Assets					
Property, plant and equipment	13 959	13 846	0.8	(0.7)	
Intangible assets	13 410	19 595	(31.6)	(32.7)	Decrease due to impairment of DJ assets
Investments in joint ventures	978	1 015	(3.6)	(3.6)	
Inventories	7 542	6 990	7.9	6.7	Impact of space growth and inflation
Trade and other receivables and loans	1 602	1 325	20.9	19.8	Increased due to timing of receivables and prepayments
Derivative financial instruments	192	43	>100	>100	
Tax and deferred tax assets	441	392	12.5	12.0	
Cash and cash equivalents	2 023	1 787	13.2	12.3	
Total assets	40 147	44 993	(10.8)	(12.0)	
Equity and liabilities					
Shareholders' funds	13 126	19 066	(31.2)	(32.7)	
Borrowings and overdrafts	13 860	13 325	4.0	3.3	
Other non-current liabilities	2 607	2 522	3.4	1.9	
Derivative financial instruments	77	195	(60.5)	(60.5)	
Tax and deferred tax liabilities	882	684	28.9	26.3	
Trade and other payables and provisions	9 595	9 201	4.3	3.3	
Total equity and liabilities	40 147	44 993	(10.8)	(12.0)	
Net gearing	11 837	11 538	2.6	2.0	
Year-end exchange rate (R/A\$)	10.0	9.8			

NET GEARING

	Jun 2018	Jun 2017
WHL Net debt (Rm)	(11 837)	(11 538)
Interest-bearing term debt	(13 715)	(13 325)
Net cash and cash equivalents	1 878	1 787
Unutilised committed facilities – Group	10 216	11 033
Net debt to EBITDA (times)	1.5	1.4
SA Net debt (Rm)	(8 289)	(8 701)
Interest-bearing term debt	(9 414)	(9 881)
Net cash and cash equivalents	1 125	1 180
Rate*	8.88%	9.29%
Unutilised committed facilities – SA	6 661	5 795
Australia Net debt (A\$m)	(355)	(290)
Interest-bearing term debt	(431)	(352)
Net cash and cash equivalents	76	62
Rate*	4.48%	3.78%
Unutilised committed facilities – AUS	356	535

Liquidity remains strong with significant unutilised committed facilities

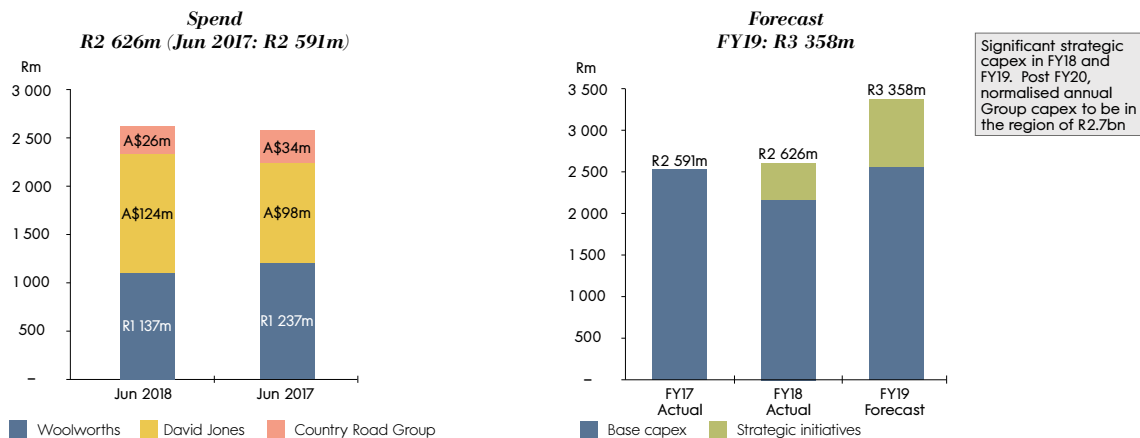
SA funding expanded throughout the year with issuances of R2.5bn under the Domestic Medium-Term Note programme

Period end rates; base rates increased during the year together with a tiered margin increase; excess facilities trimmed

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

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

CAPITAL EXPENDITURE

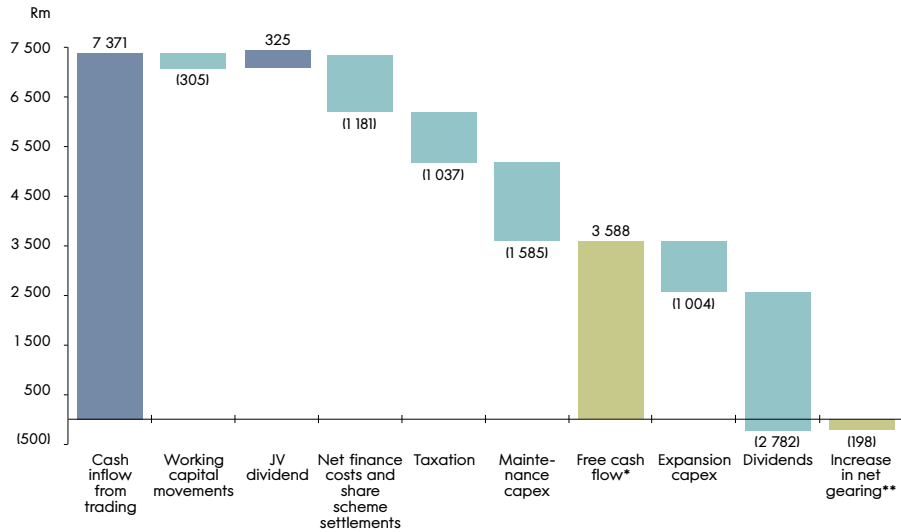


Depreciation and Amortisation

	Jun 2018	Jun 2017	% change
Woolworths (Rm)	1 011	904	12
David Jones (A\$m)	63	63	- *
Country Road Group (A\$m)	39	37	5
Total Group (Rm)	2 018	1 935	4

* Lower depreciation in DJ due to asset impairment in current and prior year

CASH GENERATION FOR THE 52 WEEKS ENDED 24 JUNE 2018



* Free cash flow per share: 373.4 cps (2017: 364.7 cps)

** Net gearing excludes R101 million currency translation impact
Cash conversion ratio (Adjusted PAT and Free cash flow less dividends): 74.5% (2017: 59.2%)

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

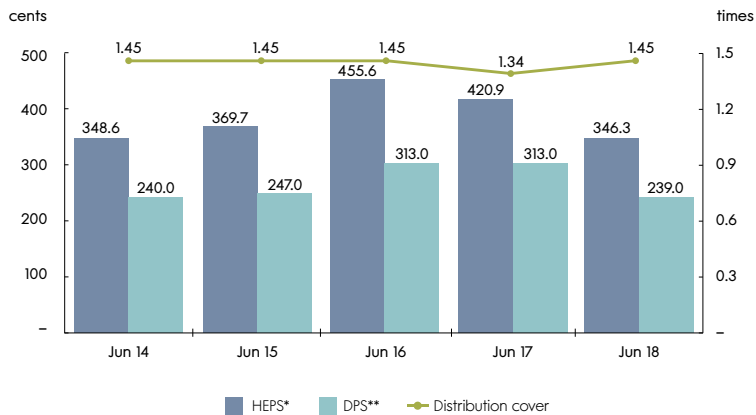
FREE CASH FLOW AND DIVIDENDS

	Jun 2016 Rm	Jun 2017 Rm	Jun 2018 Rm
Free cash flow pre working capital and capital expenditure	6 276	5 356	5 288
Working capital movements	(311)	(615)	(305)
Cash generated by operations	5 965	4 741	4 983
Capital expenditure	(2 849)	(2 413)	(2 005)
Strategic capex, business acquisitions and property disposals	(65)	2 827	(584)
Strategic capex	(65)	(139)	(584)
Acquisition of Politix	-	(711)	-
Sale of Market Street	-	3 677	-
Share-based payments and share scheme settlements	(15)	(33)	(135)
Effect of currency translation	(907)	525	(101)
Free cash flow	2 129	5 647	2 158
Excluding strategic capex, business acquisitions and property disposals	65	(2 827)	584
Net gearing before dividends	2 194	2 820	2 742
Dividends	(2 295)	(2 792)	(2 457)
(Increase)/decrease in net gearing excluding strategic capex	(101)	28	285

Impact of strategic capex excluded from normal free cash flow calculation

Positive free cash flow, excluding strategic capex

EARNINGS AND DISTRIBUTION



* HEPS based on weighted average number of shares
** DPS based on closing number of shares

03
STRATEGY
UPDATE

Ian Moir



WOOLWORTHS FASHION, BEAUTY & HOME

- **Fix the Fashion offer**
 - Balance **clearly-segmented sub-brands with the Woolworths brand** to ensure each customer segment has the right brand and the right offer
 - Better **management oversight and improved disciplines** in the design review process and critical path management
 - Ensure every brand is **underpinned by beautiful, simple, well-made basics**
 - **Improve the value and price perception**, particularly on key items and entry price points
 - Focus on **quality and fit**
 - **Be design-led** by entrenching an elevated new design team structure and critical focus on talent
- Continue to **build Beauty as a destination** category and enhance customer experience with leading international brands, a strong private label business and online offer



WOOLWORTHS FOOD

- Absolute **focus on delivering 'the difference'** through best-in-class, innovative product with uncompromising quality and provenance
- **Strengthen the value perception** to make Woolworths more affordable, with ongoing price investment in our iconic lines, everyday low prices and promotional activity
- Claim an **increased share of the convenience market** through a variety of store formats and expanded Food Services offer
- Build an **integrated 'World of Wellbeing'**, becoming our customers' partner in healthy living
- Provide **inspiring meal solutions** to meet a range of customer needs
- Continue to **improve availability** while minimising waste
- Leverage new **Cape Town Food distribution centre** capability and capacity



DAVID JONES

- **Major transformational initiatives now completed** including introduction of new systems, new online platform, repositioned Food business and re-located head office
- Optimise **new merchandise planning and finance systems**, allowing for better planning, assortment and buying decisions
- **Enhance the digital experience** to deliver online sales of 10% by 2020
 - Continue to enhance the new website – launched in May 2018
 - Leverage omni-channel fulfilment centre and regional supply chain expertise
- An **absolute focus on cost control**
 - Reduced cost of doing business by A\$25 million with a more cost efficient and focused Australian structure and reduced regional operating costs in supply chain, non-trade procurement and facilities management

DAVID JONES

- **Refurbish Elizabeth Street** store by investing A\$200m and a further A\$200m from concession partners to create a world-class department store – due for completion in FY2019
 - Luxury ‘Shoe Heaven’ floor and immersive children’s world to open by December 2018
 - Both new offerings underpinned by unique brand partnerships e.g. Louis Vuitton, Gucci, Chanel and Disney to create a premium customer experience
- **Optimise our real estate footprint**, new space offset by space reduction of 7% by 2021
- Drive **performance of private label brands**
 - New David Jones private label brand designed by CRG launched in March 2018
 - Improve WSA brands performance with Australian-based edit
 - Continue to roll-out Politix in David Jones stores, to 43 stores by 2020
- Develop market leading, differentiated Food experience, **evaluate and refine Food design formats and offers** by November 2018
 - Malvern Central trading well
 - First Food stand alone store to open in South Yarra in 2019
 - Focus on reducing waste and driving cost efficiencies
- **Relaunch the David Jones loyalty programme**, introducing new member reward benefits, a virtual card and regular exclusive offers

DAVID JONES – DEPARTMENT STORE EXCLUSIVITY

- The key to future department store success is through **brand exclusivity** and private label
- Exclusivity provides brand differentiation and builds brand equity, by creating a compelling assortment by **curating a desirable and exclusive offer**
- We already have key exclusive arrangements with **international luxury houses and leading Australian designer brands**, including Louis Vuitton, Chanel, Gucci and Givenchy
- We have also entered into an exclusive **children’s partnership arrangement with Disney**, the world’s biggest entertainment company
- We have secured **new exclusive arrangements** with Scotch & Soda, Nautica, Loewe, Kenzo, Isabel Marant, Burberry Beauty and Christian Louboutin Beauty
- We are now also pleased to announce that **CRG Brands Country Road, Mimco and Politix will be exclusive to David Jones from September 2019** (Witchery and Trenergy are already exclusive)
- We are **in advanced discussions with other key international and Australian brands** and look forward to announcing new exclusive arrangements soon

COUNTRY ROAD GROUP

- Continue to implement **customer-led strategies and clear visions** for each brand, informed by customer segmentation
 - **Refresh Country Road** brand vision and product direction, particularly in womenswear
 - Continue to **drive full-price sales** with targeted, loyalty-based promotions and less generic discounting
 - **Increase speed to market** through new sourcing routes and more flexibility in buying decisions
 - Design and refine **David Jones private label**
 - Deliver a **market-leading digital experience**, with online sales of over 20% by 2020
 - **Optimise our real estate footprint**, further space reduction of 10% by 2020
 - **Relocate to regional head office** in September 2018
 - **Integrate Politix** into the Group and introduce loyalty programme off CRG platform
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04 OUTLOOK

Ian Moir



OUTLOOK

South Africa

- Despite lower interest rates and muted inflation, consumer spending expected to remain constrained
- Price movement in H1 expected to be 3% for Food and 5% for Fashion, Beauty and Home

Australia

- Growth and consumer sentiment expected to slowly improve on back of supportive economic conditions and strengthening labour market
- Heightened levels of competition and promotional activity expected to continue



TRADING FOR THE FIRST SEVEN WEEKS

	FY2019 First 7 weeks sales growth	FY2018 H2 sales growth
WOOLWORTHS FASHION, BEAUTY & HOME	-1.7%	-2.9%
WOOLWORTHS FOOD	+7.6%	+7.5%
DAVID JONES	+3.7%	+2.2%
COUNTRY ROAD GROUP	+2.1%	-1.7%

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

MEDIUM-TERM TARGETS

	FY2021
OPERATING PROFIT MARGIN	
WOOLWORTHS FASHION, BEAUTY & HOME	14% – 16%
WOOLWORTHS FOOD	7%
DAVID JONES*	6% – 8%
COUNTRY ROAD GROUP	12%
RETURN ON EQUITY	
WOOLWORTHS FINANCIAL SERVICES	27.5%

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

ADDITIONAL INFO

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

TRADING SPACE

	Jun 2018 000m ²	Jun 2017 000m ²	% change	Projected Jun 2019 000m ²	% change	Projected Jun 2020 000m ²	% change	Projected Jun 2021 000m ²	% change
Woolworths Fashion, Beauty and Home	479	468	2.5	486	1.5	488	0.4	494	1.2
South Africa	436	426	2.5	441	1.1	442	0.2	446	0.9
Rest of Africa	43	42	2.4	45	4.7	46	2.2	48	4.3
Woolworths Food	249	241	3.5	257	3.2	266	3.5	275	3.4
South Africa	241	233	3.5	249	3.2	258	3.5	266	3.1
Engen	3	3	-	3	-	3	-	3	-
Rest of Africa	5	5	-	5	-	5	-	6	20.0
David Jones	474	473	0.1	486	2.5	488	0.4	474	(2.9)
Country Road Group*	125	122	2.5	120	(4.0)	119	(0.8)	117	(1.7)
Australasia	103	100	3.0	98	(4.9)	97	(1.0)	95	(2.1)
South Africa	15	16	(6.3)	15	-	15	-	15	-
Polittix	7	6	16.7	7	-	7	-	7	-

* Includes 27 165m² Country Road Group brand concessions in David Jones stores

PROJECTED TRADING SPACE ADDITIONS/REDUCTIONS

000m ²	Woolworths Fashion, Beauty and Home	Woolworths Food	David Jones	Country Road Group
Jun 2018	479	249	474	125
Additions	10	9	14	2
Reductions	(3)	(1)	(2)	(7)
Jun 2019	486	257	486	120
Additions	5	9	13	2
Reductions	(3)	-	(11)	(3)
Jun 2020	488	266	488	119
Additions	9	9	6	1
Reductions	(3)	-	(20)	(3)
Jun 2021	494	275	474	117

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

STORE LOCATIONS

	Jun 2018	Jun 2017	Growth	Projected Jun 2019	Growth	Projected Jun 2020	Growth	Projected Jun 2021	Growth
Woolworths Fashion, Beauty and Home	282	282	-	286	4	286	-	291	5
South Africa	218	217	1	218	-	219	1	220	1
Rest of Africa	64	65	(1)	68	4	67	(1)	71	4
Woolworths Food	430	421	9	444	14	459	15	471	12
South Africa*	334	327	7	342	8	352	10	358	6
Engen	74	72	2	79	5	84	5	89	5
Rest of Africa	22	22	-	23	1	23	-	24	1
David Jones	45	43	2	48	3	49	1	50	1
Country Road Group**	799	741	58	776	(23)	772	(4)	766	(6)
Australasia	618	573	45	589	(29)	580	(9)	574	(6)
South Africa	82	93	(11)	82	-	82	-	82	-
Politix	99	75	24	105	6	110	5	110	-

* Of which 174 are standalone Food stores

** Includes 242 Country Road Group (CRG) brand concessions in David Jones stores, which may extend over multiple pads

WOOLWORTHS FINANCIAL SERVICES

CONTRIBUTION TO SALES

% of sales spent on Woolworths cards	Jun 2018	Jun 2017
Fashion, Beauty and Home	21.4%	21.2%
Food	9.1%	9.7%
Aggregate Woolworths card contribution	13.1%	13.8%
Credit card	2.2%	1.9%
Aggregate Woolworths card and credit card contribution	15.1%	15.6%

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

DAVID JONES

INCOME STATEMENT (IN RANDS)

	Jun 2018 Rm	Jun 2017 Rm	% change
Turnover and concession sales	22 074	22 725	(2.9)
Concession sales	(7 619)	(7 695)	(1.0)
Turnover – own buy	14 455	15 030	(3.8)
Cost of sales	8 249	8 524	(3.2)
Gross profit – own buy	6 206	6 506	(4.6)
Concession and other revenue	2 001	1 924	4.0
Gross profit	8 207	8 430	(2.6)
Expenses	7 738	7 316	5.8
Store costs	6 222	6 014	3.5
Other operating costs	1 516	1 302	16.4
Department store operating profit	469	1 114	(57.9)
Financial services operating profit	191	191	–
Adjusted operating profit	660	1 305	(49.4)

DAVID JONES

BALANCE SHEET

	Jun 2018 A\$m	Jun 2017 A\$m	% change
Assets			
Property, plant and equipment	838	849	(1.3)
Goodwill and brands	568	1 246	(54.4)
Intangible assets	93	66	40.9
Inventories	275	224	22.8
Trade and other receivables, tax and deferred tax	75	185	(59.5)
Cash and cash equivalents	37	18	>100
Total assets	1 886	2 588	(27.1)
Non-current and current non-interest bearing liabilities	(587)	(689)	(14.8)
Capital employed	1 299	1 899	(31.6)
Year-end exchange rate (R/A\$)	10.0	9.8	

WOOLWORTHS HOLDINGS LIMITED FINAL RESULTS 2018 ANALYST PRESENTATION

COUNTRY ROAD GROUP

INCOME STATEMENT (IN RANDB)

	Jun 2018 Rm	Jun 2017 Rm	% change
Turnover	10 689	10 815	(1.2)
Cost of sales	3 977	4 295	(7.4)
Gross profit	6 712	6 520	2.9
Other revenue	50	43	16.3
Expenses	5 730	5 576	2.8
Store costs	4 102	3 973	3.2
Other operating costs	1 628	1 603	1.6
Adjusted operating profit	1 032	987	4.6

COUNTRY ROAD GROUP

BALANCE SHEET*

	Jun 2018 A\$m	Jun 2017 A\$m	% change
Assets			
Property, plant and equipment	148	158	(6.3)
Intangible assets	372	376	(1.1)
Inventories	119	128	(7.0)
Trade and other receivables, tax and deferred tax	84	71	18.3
Cash and cash equivalents	38	44	(13.6)
Total assets	761	777	(2.1)
Non-current and current non-interest bearing liabilities	(196)	(224)	(12.5)
Capital employed	565	553	2.2
Year-end exchange rate (R/A\$)	10.0	9.8	

* Per reporting segment

DISCLAIMER

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

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

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

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

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

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

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WOOLWORTHS HOLDINGS LIMITED

**PRELIMINARY AUDITED GROUP RESULTS FOR THE 52 WEEKS
ENDED 24 JUNE 2018 AND CASH DIVIDEND DECLARATION**

COMMENTARY

2018 has been a difficult year. Significant costs and disruption from transformation initiatives in David Jones and poor performance in our fashion business in South Africa have led to a result for the Group that is disappointing. This was exacerbated by challenging economic and trading conditions in both markets.

A reassessment of the carrying value of the David Jones assets resulted in the recognition of an impairment charge of A\$712.5 million (R6 927 million) processed in the first half of the financial year.

Group sales for the 52 weeks ended 24 June 2018 increased by 1.6% compared to the prior year (and by 2.9% in constant currency).

Woolworths Fashion, Beauty and Home

Sales declined by 1.5% for the year and comparable store sales were 4.1% lower. Price movement was 0.8%. Our womenswear modern range failed to resonate with our core customer. Gross profit margin was impacted by higher markdowns and promotional activity, and declined by 1.2% to 46.7%.

Costs were well controlled, with comparable store costs of 2.7% and total store cost growth of 6.4%, with 2.5% new space added. Other operating costs were flat on the prior year. Despite good cost control, operating profit declined by 21.3%, to R1 706 million.

Woolworths Food

Our Food business continued to outperform the market, with sales growth of 8.4% and comparable store sales growth of 4.8% on price movement of 3.2%.

Store costs increased by 9.5%, with comparable store cost growth of 5.0%. Net new space grew by 3.5%. Other operating costs were 2.1% up on last year. Operating profit increased by 9.6% to R2 167 million.

Woolworths Financial Services

Woolworths Financial Services also had a good year, with the average debtors book growing by 4.6%. The impairment rate for the 12 months ended 30 June 2018 reduced by 1.1% to 5.2%, and operating profit grew by 11.9%.

David Jones

The business experienced significant change during the year, including the implementation of new merchandise and finance systems, the re-platforming of its online systems, the launch of the new food initiative, and the move of its head office from Sydney to Melbourne.

After a difficult first half, sales increased by 2.2% and by 2.7% in comparable stores in the second half. Full year sales were 0.9% lower (and 0.4% lower in comparable stores).

Expenses increased by 8.8% as a result of the investment in food and other strategic initiatives. Comparable store costs were well controlled at 1.5%, but operating profit declined by 49.6% to A\$64 million.

Net retail space grew by 0.1%, with 4.2% new space offset by 4.1% of space reductions and closures. The sales disruption from the refurbishment of the Elizabeth Street store in Sydney will continue for approximately another 18 months.

Country Road Group (CRG)

Country Road Group had a mixed year. Strong performances from Witchery, Mimco and Politix were offset by a weaker Country Road womenswear performance, resulting in comparable store sales, which exclude Politix (acquired in November 2016), declining by 1.8%. Including Politix, sales increased by 1.7% for the year. Net retail space grew by 2.5%.

Gross profit margin improved by 2.5% to 62.8% from higher full-priced sales and reduced promotions.

Store and operating costs increased by 6.1%, mainly as a result of Politix, with comparable store costs increasing by 1.9%. Operating profit increased by 5.1% to A\$103 million.

Group earnings

Headline earnings per share (HEPS) and adjusted diluted HEPS, both of which exclude the A\$712.5 million impairment of David Jones assets recognised in the first half of the year, decreased by 17.7% and 12.8% respectively. Earnings per share, which includes the impairment, decreased by 165.2%.

Outlook

In South Africa, the change in political leadership has yet to translate into economic growth. Despite the initial improved consumer confidence experienced in the second half of the year, discretionary spending continued to be under pressure from unemployment and higher costs of living.

In Woolworths Fashion, Beauty and Home, we have made a number of changes to structure, process and product offering to effect improvement in our womenswear ranges.

In David Jones, the head office move to Melbourne is complete, as are the significant systems implementations that began last year. We now look forward to optimising those systems, focusing on trading the business and improving the customer experience.

We have now also reduced our cost base by A\$25 million across Australia, largely through a restructure that took place in June.

Trading for the first seven weeks of the new financial year has shown positive signs. In Australia, David Jones and CRG sales are 3.7% and 2.1% up on last year respectively, while in South Africa, Food sales are up 7.6%. Sales in Woolworths Fashion, Beauty and Home are down 1.7%, but mainly due to a relatively smaller winter sale.

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

CHANGES TO THE BOARD OF DIRECTORS

As previously announced on the JSE Stock Exchange News Service, the following changes to the Board of Directors were effected during the year under review:

- Peter Bacon – retired from the Board on 28 November 2017;
- John Dixon – resigned from the Board on 21 May 2018;
- Stuart Rose – resigned from the Board on 28 May 2018; and
- Sizakele Mzimela – appointed to the Board on 1 July 2018.

The Board expresses its gratitude to the Directors that have left the Board and welcomes the appointment of Ms Mzimela.

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Chairman
Cape Town, 22 August 2018

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Group Chief Executive Officer

DIVIDEND DECLARATION

Notice is hereby given that the Board of Directors has declared a final gross cash dividend per ordinary share (dividend) of 130.5 cents (104.4 cents net of dividend withholding tax) for the 52 weeks ended 24 June 2018, a 27.5% decrease on the prior year's final dividend of 180.0 cents per share. This brings the total dividend for the year to 239.0 cents, a 23.6% decrease on the prior year's total dividend of 313.0 cents per share. The dividend has been declared from reserves and therefore does not constitute a distribution of 'contributed tax capital' as defined in the Income Tax Act, 58 of 1962. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued share capital at the declaration date is 1 048 313 728 ordinary shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 11 September 2018
Shares commence trading 'ex' dividend	Wednesday, 12 September 2018
Record date	Friday, 14 September 2018
Payment date	Monday, 17 September 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 September 2018 and Friday, 14 September 2018, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited or updated on Monday, 17 September 2018. Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders.

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Group Company Secretary
Cape Town, 22 August 2018

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks to 24 Jun 2018 Rm	Restated* 52 weeks to 25 Jun 2017 Rm	% change
Revenue		70 572	69 230	1.9
Turnover and concession sales		75 232	74 052	1.6
Concession sales		(6 640)	(6 862)	(3.2)
Turnover		68 592	67 190	2.1
Cost of sales		41 700	40 518	2.9
Gross profit		26 892	26 672	0.8
Other revenue		1 909	1 944	(1.8)
Expenses		23 542	22 410	5.1
Store costs		16 960	16 233	4.5
Other operating costs		6 582	6 177	6.6
Operating profit		5 259	6 206	(15.3)
Impairment of David Jones assets	3	6 927	-	
Profit on sale of property in Sydney, net of impairment		-	1 420	
Profit on sale of property		-	1 762	
Impairment due to sale of property		-	342	
Investment income		71	96	(26.0)
Finance costs		1 124	1 256	(10.5)
(Loss)/profit before earnings from joint ventures		(2 721)	6 466	>(100)
Earnings from joint ventures		287	260	10.4
(Loss)/profit before tax		(2 434)	6 726	>(100)
Tax		1 115	1 278	(12.8)
(Loss)/profit for the year		(3 549)	5 448	>(100)
Other comprehensive income:				
Amounts that may be reclassified to profit or loss				
Fair value adjustments on financial instruments, after tax		182	(123)	
Exchange differences on translation of foreign subsidiaries		263	(3 087)	
Amounts that may not be reclassified to profit or loss				
Post-retirement medical benefit liability: actuarial gain, after tax		1	15	
Other comprehensive income for the year		446	(3 195)	
Total comprehensive (loss)/income for the year		(3 103)	2 253	
(Loss)/profit attributable to:		(3 549)	5 448	
Shareholders of the parent		(3 550)	5 446	
Non-controlling interests		1	2	
Total comprehensive (loss)/income attributable to:		(3 103)	2 253	
Shareholders of the parent		(3 104)	2 251	
Non-controlling interests		1	2	
Reconciliation of headline earnings				
Basic (loss)/earnings attributable to shareholders of the parent		(3 550)	5 446	>(100)
Net loss/(profit) on disposal of property, plant and equipment and intangible assets		42	(1 752)	
Impairment of property, plant and equipment and intangible assets		6 954	382	
Tax impact of adjustments		(119)	(31)	
Headline earnings		3 327	4 045	(17.8)
Relocation and restructure costs, net of grants received		126	173	
Onerous leases		147	-	
Transaction and swap close-out costs		-	53	
Unrealised foreign exchange gains		(6)	(11)	
Tax impact of adjustments		(75)	(60)	
Tax base adjustments on David Jones assets at acquisition		-	(164)	
Adjusted headline earnings	9	3 519	4 036	(12.8)
(Loss)/earnings per share (cents)	2	(369.5)	566.7	>(100)
Headline earnings per share (cents)		346.3	420.9	(17.7)
Adjusted headline earnings per share (cents)		366.3	420.0	(12.8)
Diluted (loss)/earnings per share (cents)	2	(367.3)	563.7	>(100)
Diluted headline earnings per share (cents)		344.2	418.7	(17.8)
Adjusted diluted headline earnings per share (cents)		364.1	417.7	(12.8)
Number of shares in issue (millions)		960.6	961.7	(0.1)
Weighted average number of shares in issue (millions)		960.8	961.0	(0.0)

* Comparative information has been restated for the change in classification of trucking revenue within the Woolworths Logistics segment, as it was established that gross rebates received from suppliers should have been presented as part of Cost of sales and not Turnover. Consequently, R221 million previously reported under Turnover and concession sales has been reclassified to Cost of sales. The reclassification has had no impact on the prior year statement of financial position, statement of changes in equity, statement of cash flows, nor on earnings per share and other share measures.

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	At 24 Jun 2018 Rm	At 25 Jun 2017 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	3	28 650	34 706
Intangible assets	3	13 959	13 846
Investment in joint ventures		13 410	19 595
Fair value lease adjustment		978	1 015
Other loans		59	65
Derivative financial instruments	7	56	42
Deferred tax		18	3
		170	140
Current assets			
Inventories		11 497	10 287
Trade and other receivables		7 542	6 990
Derivative financial instruments	7	1 487	1 218
Tax		174	40
Cash and cash equivalents		271	252
		2 023	1 787
TOTAL ASSETS		40 147	44 993
EQUITY AND LIABILITIES			
TOTAL EQUITY			
Equity attributable to shareholders of the parent		13 126	19 066
Non-controlling interests		13 113	19 038
		13	28
Non-current liabilities			
Interest-bearing borrowings		15 076	15 336
Operating lease accrual and fair value lease adjustment		11 711	12 137
Post-retirement medical benefit liability		1 906	1 980
Provisions		404	386
Derivative financial instruments	7	297	156
Deferred tax		-	19
		758	658
Current liabilities			
Trade and other payables		11 945	10 591
Provisions		8 728	8 262
Operating lease accrual and fair value lease adjustment		752	825
Derivative financial instruments	7	115	114
Tax		77	176
Overdrafts and interest-bearing borrowings		124	26
		2 149	1 188
TOTAL LIABILITIES		27 021	25 927
TOTAL EQUITY AND LIABILITIES		40 147	44 993
Net asset book value per share (cents)		1 365	1 980
GROUP ANALYSIS			
Total assets			
Woolworths*		40 147	44 993
David Jones		13 198	12 680
Country Road Group		18 804	24 217
Woolworths Financial Services		7 130	7 044
Treasury		969	1 007
		46	45
Inventories			
Woolworths*		7 542	6 990
David Jones		3 610	3 550
Country Road Group		2 747	2 191
		1 185	1 249
Total liabilities			
Woolworths*		27 021	25 927
David Jones		6 143	5 893
Country Road Group		5 474	6 703
Treasury		1 573	1 586
		13 831	11 745
Approved capital commitments			
Woolworths*		3 839	4 697
David Jones		1 811	2 035
Country Road Group		1 648	2 157
		380	505

* Includes Woolworths Fashion, Beauty and Home, Woolworths Food and Woolworths Logistics.

GROUP STATEMENT OF CASH FLOWS

	Notes	52 weeks to 24 Jun 2018 Rm	52 weeks to 25 Jun 2017 Rm
Cash flow from operating activities			
Cash inflow from trading		7 371	8 177
Working capital movements		(305)	(615)
Cash generated by operating activities		7 066	7 562
Investment income received		71	96
Finance costs paid		(1 117)	(1 216)
Tax paid		(1 037)	(1 701)
Cash generated by operations		4 983	4 741
Dividends received from joint ventures		325	223
Dividends paid to ordinary shareholders		(2 782)	(3 015)
Net cash inflow from operating activities		2 526	1 949
Cash flow from investing activities			
Investment in property, plant and equipment and intangible assets to maintain operations		(1 664)	(1 439)
Investment in property, plant and equipment and intangible assets to expand operations		(1 004)	(1 126)
Proceeds on disposal of property, plant and equipment and intangible assets		79	13
Proceeds on disposal of property in Sydney		-	3 677
Acquisition of subsidiary, net of cash acquired		-	(711)
Loans (advanced)/repaid		(12)	8
Net cash (outflow)/inflow from investing activities		(2 601)	422
Cash flow from financing activities			
Settlement of share-based payments through share purchase	5	(122)	(39)
Share purchase costs		(1)	(2)
Finance lease payments		(12)	(14)
Borrowings raised		3 306	1 900
Borrowings repaid		(3 000)	(3 852)
Net cash inflow/(outflow) from financing activities		171	(2 007)
Increase in cash and cash equivalents		96	364
Net cash and cash equivalents at the beginning of the year		1 761	1 497
Effect of foreign exchange rate changes		21	(100)
Net cash and cash equivalents at the end of the year		1 878	1 761
GROUP ANALYSIS			
Cash generated by operating activities		7 066	7 562
Woolworths		5 249	5 050
David Jones		414	1 075
Country Road Group		1 403	1 437

GROUP STATEMENT OF CHANGES IN EQUITY

Notes	Share- holders of the parent Rm	Non- controlling interests Rm	Total 52 weeks to 24 Jun 2018 Rm	Share- holders of the parent Rm	Non- controlling interests Rm	Total 52 weeks to 25 Jun 2017 Rm
Shareholders' interest at the beginning of the year	19 038	28	19 066	19 826	27	19 853
Movements for the year:						
(Loss)/profit for the year	(3 550)	1	(3 549)	5 446	2	5 448
Other comprehensive income	446	-	446	(3 195)	-	(3 195)
Total comprehensive						
(loss)/income for the year	(3 104)	1	(3 103)	2 251	2	2 253
Share-based payments, including issues, settlements and costs	(55)	-	(55)	(25)	-	(25)
Transfer between reserves	15	(15)	-	-	-	-
Dividends to ordinary shareholders	(2 781)	(1)	(2 782)	(3 014)	(1)	(3 015)
Shareholders' interest at the end of the year	13 113	13	13 126	19 038	28	19 066
Dividend per ordinary share (cents)			239.0			313.0
Dividend cover (based on headline earnings)			1.45			1.34

SEGMENTAL ANALYSIS

	Notes	52 weeks to 24 Jun 2018 Rm	Restated 52 weeks to 25 Jun 2017 Rm	% change
REVENUE				
Turnover		68 592	67 190	2.1
Woolworths Fashion, Beauty and Home		13 687	13 894	(1.5)
Woolworths Food		29 332	27 075	8.3
Woolworths Logistics		429	376	14.1
David Jones		14 455	15 030	(3.8)
Country Road Group		10 689	10 815	(1.2)
Other revenue and investment income		1 980	2 040	(2.9)
Woolworths Fashion, Beauty and Home		18	19	(5.3)
Woolworths Food		130	124	4.8
David Jones		2 221	2 139	3.8
Country Road Group		81	52	55.8
Treasury		11	69	(84.1)
Intragroup	11	(481)	(363)	32.5
Total Group		70 572	69 230	1.9
GROSS PROFIT				
Woolworths Fashion, Beauty and Home		6 390	6 650	(3.9)
Woolworths Food		7 343	6 794	8.1
David Jones		6 206	6 506	(4.6)
Country Road Group		6 712	6 520	2.9
Intragroup	11	241	202	19.3
Total Group		26 892	26 672	0.8
ADJUSTED (LOSS)/PROFIT BEFORE TAX				
Woolworths Fashion, Beauty and Home		1 707	2 168	(21.3)
Woolworths Food		2 167	1 977	9.6
Woolworths Financial Services		286	259	10.4
David Jones		650	1 279	(49.2)
Country Road Group		1 032	958	7.7
Treasury		(1 062)	(1 096)	(3.1)
Total Group – adjusted		4 780	5 545	(13.8)
Adjustments		(7 214)	1 181	
Impairment of David Jones assets	3	(6 927)	–	
Relocation and restructure costs, net of grants received		(146)	(173)	
Onerous leases		(147)	–	
Transaction and swap close-out costs		–	(77)	
Unrealised foreign exchange gains		6	11	
Profit on sale of property in Sydney		–	1 762	
Impairment due to sale of property		–	(342)	
Total Group – unadjusted		(2 434)	6 726	>(100)
Woolworths Fashion, Beauty and Home		1 712	2 177	(21.4)
Woolworths Food		2 168	1 979	9.6
Woolworths Financial Services		286	259	10.4
David Jones		(6 527)	2 502	>(100)
Country Road Group		991	939	5.5
Treasury		(1 064)	(1 130)	(5.8)

NOTES

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

Accounting policies applied in the preparation of these preliminary Group Annual Financial Statements are consistent with those applied in the preparation of the Group Annual Financial Statements for the 52-week period ended 24 June 2018, and are consistent with the prior year. The preliminary Group Annual Financial Statements have been prepared on the going concern and historical cost bases, except where otherwise indicated. The presentation and functional currency is the South African rand, rounded to the nearest million, except where otherwise indicated.

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

2. EARNINGS PER SHARE

The difference between earnings per share and diluted earnings per share is due to the impact of unexercised options under the Group's share incentive schemes (refer to note 5).

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group acquired property, plant and equipment at a fair value of R2 097 million (2017: R1 962 million) and intangible assets at a fair value of R564 million (2017: R1 382 million).

As a result of the cyclical downturn and structural changes that have impacted performance across the Australian retail sector, and the impact of poor or delayed execution in certain key initiatives within David Jones, the carrying value of property, plant and equipment and intangible assets within David Jones was reassessed during the year. Consequently, an impairment charge of R6 927 million (A\$712.5 million) relating to goodwill and other assets was recognised.

4. PROFIT BEFORE TAX

During the period, the Group received government grants from the State of Victoria, Australia, in respect of operating expenses and capital expenditure, on the establishment of an Australian regional head office for the Group's subsidiaries, David Jones and Country Road Group. Included in profit before tax are grants received in respect of income, which have been deducted from the related expenses in terms of IAS 20: Government Grants. Grants received in respect of capital expenditure have been recognised in profit before tax on a systematic basis over the useful life of the assets. There are no unfulfilled conditions and contingencies attached to the grants recognised in the current period.

5. ISSUE AND PURCHASE OF SHARES

2 300 294 (2017: 489 382) ordinary shares totalling R137 million (2017: R39 million) were purchased from the market by Woolworths Proprietary Limited for the purposes of share incentive schemes and are held as treasury shares by the Group. 266 700 (2017: 27 186) ordinary shares totalling R15 million (2017: R2 million) were sold to the market in terms of the Group's Restricted Share Plan. 444 714 (2017: 250 042) ordinary shares totalling R35 million (2017: R18 million) were purchased and allocated to employees in terms of the Group's Restricted Share Plan.

465 934 (2017: 1 820 950) ordinary shares totalling R24 million (2017: R138 million) were issued and allocated to employees in terms of the Group's other share incentive schemes.

NOTES (CONTINUED)

6. ACCOUNTING POLICIES

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

STANDARDS ISSUED, NOT YET EFFECTIVE

The Group has undertaken initial assessments of the financial impact of IFRS 9: Financial Instruments, IFRS 15: Revenue from Contracts with Customers and IFRS 16: Leases, and have identified the following, which will impact on the Group's financial results in the periods that these standards are adopted:

IFRS 9: The standard is effective for financial periods beginning on or after 1 January 2018. The measurement of provisions against receivables will be revised to comply with the expected credit loss method. Accordingly, a reduction of between 13% and 17% of the carrying value of the Group's investment in the joint venture with ABSA Limited, Woolworths Financial Services, is expected. Excluding this, the Group does not consider the potential impact of application of the standard to be material.

IFRS 15: The standard is effective for financial periods beginning on or after 1 January 2018. The Group recognises revenue from the principal activities of retailing and associated activities, such as logistics services and concession sales commission.

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- Rights of return: IFRS 15 requires separate presentation on the statement of financial position of the right to recover the goods from the customer and the refund obligation. The requirements of IFRS 15 are not expected to result in a change in the provisioning for refunds, nor is the right of return asset expected to exceed 0.2% of sales, and is therefore not considered material;
- Gift card breakage: IFRS 15 requires the Group to estimate the value of gift cards that would expire and recognise this amount as revenue. The Group currently does not recognise revenue for future gift card breakage. The value of expected gift card breakage is not expected to exceed 0.1% of sales, and is therefore not considered material;
- Customer loyalty programmes: The standard specifies that, when the Group grants a customer the option to acquire additional goods or services in terms of customer loyalty programmes, and that option is a separate performance obligation, the Group should defer the recognition of revenue relating to the option until the performance obligations are fulfilled. Management has estimated that the impact on revenue is not expected to exceed 0.1% of sales, and is therefore not considered material.

Excluding these areas, the Group does not consider other potential impacts of application of the standard to be material.

IFRS 16: The standard is effective for financial periods beginning on or after 1 January 2019. The standard is expected to have a material impact due to the significant number of leases, and will result in changes to the statement of financial position, whereby a right-of-use asset and lease liability will be recognised. Changes to the statement of comprehensive income will result in the current operating lease costs being replaced by an amortisation of the right-of-use asset and associated finance costs. The standard will also impact a number of statutory measures such as operating profit and cash generated from operations, and will require normalisation of performance measures and covenants. The Group continues to assess the impact on its Annual Financial Statements in respect of the application of IFRS 16, including understanding the practical application of the principles of the standard. It is therefore not practical to provide a reasonable estimate of the financial effect until this review is complete.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of trade and other receivables, trade and other payables and borrowings approximate their fair values. In terms of IFRS 13: Fair Value Measurement, the Group's borrowings are measured at amortised cost and its derivative financial instruments at fair value. These are determined to be level 2 under the fair value hierarchy. Derivatives are valued using valuation techniques with market observable inputs, with derivatives being mainly in respect of interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation technique include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying index.

8. CONTINGENT LIABILITIES

Group companies are party to legal disputes and investigations that have arisen in the ordinary course of business. Whilst the outcome of these matters cannot readily be foreseen, the directors do not expect them to have any material financial effect.

9. PRO FORMA FINANCIAL INFORMATION

Adjusted headline earnings and constant currency information presented in these preliminary Group Annual Financial Statements constitute pro forma financial information.

	2018 Rm	2017 Rm	% change
9.1 Adjusted headline earnings			
Headline earnings	3 327	4 045	(17.8)
Adjustments	192	(9)	
Relocation and restructure costs, net of grants received	126	173	
Onerous leases	147	-	
Transaction and swap close-out costs	-	53	
Unrealised foreign exchange gains	(6)	(11)	
Tax impact of adjustments	(75)	(60)	
Tax base adjustments on David Jones assets at acquisition	-	(164)	
Adjusted headline earnings	3 519	4 036	(12.8)
9.2 Constant currency information			
Turnover and concession sales	76 168	74 052	2.9

Notes

- The accounting policies adopted by the Group in the latest Annual Financial Statements, which have been prepared in accordance with IFRS, have been used in preparing the pro forma financial information.
- Adjusted headline earnings is arrived at, after excluding from headline earnings, costs of a non-recurring nature.
- Constant currency information has been presented to illustrate the impact of changes in the Group's major foreign currency, the Australian dollar. In determining the constant currency information, amounts denoted in Australian dollars for the current financial reporting period have been adjusted by application of the aggregated monthly average Australian dollar exchange rate for the prior comparable period of R10.25/A\$.
- The pro forma financial information, which is the responsibility of the Group's directors, has been presented for illustrative purposes only and is consistent with the prior reporting period.
- Accordingly, the pro forma financial information may not fairly present the Group's financial position, changes in equity, results of operations or cash flows.
- The Group's external auditors, EY, have issued a Reporting Accountant's assurance report in terms of ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information, on the pro forma financial information contained in this announcement, a copy of which is available at the Company's registered office.

10. BORROWING FACILITIES

Unutilised banking and debt facilities amount to R10 716 million (2017: R11 833 million) as follows:

	2018 Rm	2017 Rm
Committed	10 216	11 033
Uncommitted	500	800
Total	10 716	11 833

Notes to the value of R2.5 billion were issued under the Domestic Medium Term Note (DMTN) programme, which is a further source of funding to the Group. The DMTN programme was approved by the JSE on 17 March 2017 and is guaranteed by Woolworths Proprietary Limited. It will be used to raise debt on an ongoing basis.

NOTES (CONTINUED)

11. RELATED-PARTY TRANSACTIONS

The Group entered into related-party transactions, the substance of which is disclosed in the Group's 2018 Annual Financial Statements. Intragroup adjustments relate to the sale of concession goods between segments and supply chain distribution adjustments.

12. EVENTS SUBSEQUENT TO THE REPORTING DATE

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

13. APPROVAL OF PRELIMINARY GROUP ANNUAL FINANCIAL STATEMENTS

The preliminary Group Annual Financial Statements were approved by the Board of Directors on 22 August 2018.

14. AUDIT OPINION

These preliminary Group Annual Financial Statements have been extracted from the audited Group Annual Financial Statements, but is not in itself audited. The Annual Financial Statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited Annual Financial Statements and the auditor's report thereon are available for inspection at the Company's registered office. The directors take full responsibility for the preparation of the summarised report and that the financial information has been correctly extracted from the underlying Annual Financial Statements.

However, the auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report, together with the accompanying financial information from the Company's registered office.

DIRECTORATE AND STATUTORY INFORMATION

NON-EXECUTIVE DIRECTORS

Simon Susman (Chairman), Patrick Alloway (Australian), Zarina Bassa, Tom Boardman (Lead Independent Director), Hubert Brody, Andrew Higginson (British), Gail Kelly (Australian), Nombulelo Mohali, Sizakele Mzimela

EXECUTIVE DIRECTORS

Ian Moir (Group Chief Executive Officer) (Australian), Reeza Isaacs (Group Finance Director), Sam Ngumeni, Zyda Rylands

GROUP COMPANY SECRETARY

Chantel Reddiar

SHARE CODE

WHL

BOND CODE

WHLI

SHARE ISIN

ZAE000063863

BOND ISIN

ZAG000147133

REGISTERED ADDRESS

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

REGISTRATION NUMBER

1929/001986/06

TAX NUMBER

9300/149/71/4

JSE SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited)

TRANSFER SECRETARIES

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

HIGHLIGHTS

*Turnover and
concession sales*

+1.6%

to R75.2 billion

*Adjusted diluted headline
earnings per share*

-12.8%

to 364.1 cps

*Headline earnings
per share*

-17.7%

to 346.3 cps

Earnings per share

-165.2%

to -369.5 cps

*Total dividend
per share*

-23.6%

to 239.0 cps

*Return on equity**

18.0%

from 20.8%

*DJ asset impairment added back